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J.P.Morgan Global Manufacturing PMI™

Global manufacturing production falls again as new orders contract at quickest pace in 28 months

Key findings

Global Manufacturing PMI at 49.4 in October

Downturn in output centred on intermediate goods sector

Business optimism drops to near two-and-a-half year low

The October PMI surveys signalled a third successive monthly contraction in global manufacturing production. The latest decline in output was driven by weaker intakes of new business, deteriorating international trade flows and lower business confidence.

The J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – fell to a 28-month low of 49.4 in October and remained below the neutral 50.0 mark for the second successive month.

Two of the five PMI components – new orders and output – had greater negative effects on its level. Although indices tracking trends in employment and supplier lead times had a positive influence overall, these were to lesser extents than in the prior survey month.

Output data broken down by sector indicated that the downturn was concentrated in the intermediate goods category. Excluding the early months of the global pandemic, the latest contraction in intermediate goods production was the steepest in close to 11 years. In contrast, output rose in both the consumer and investment goods sub-industries.

China, the euro area and Japan were among the larger manufacturing economies to see output contract during October. Although production rose in the US, the rate of expansion was again only slight.

The outlook for production also deteriorated in October. Manufacturing business optimism about the year ahead and the cyclically sensitive new orders-to-finished goods inventory ratio both dropped to near two-and-a-half year lows. Positive sentiment weakened in the US and the UK, but improved in China and Japan. Eurozone manufacturers forecast that their output would contract (on average) over the coming year.

The level of incoming new work contracted for the fourth

J.P.Morgan Global Manufacturing PMI™

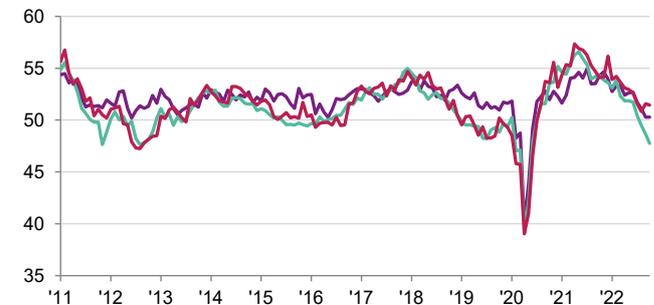
sa, >50 = improvement since previous month



Source: J.P.Morgan, S&P Global.

- Consumer Goods PMI
- Intermediate Goods PMI
- Investment Goods PMI

sa, >50 = improvement since previous month

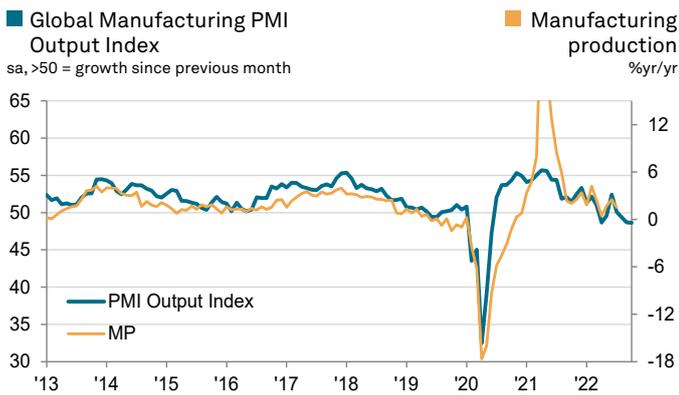


Source: J.P.Morgan, S&P Global.

Index summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Sep-22	Oct-22	Interpretation
PMI	49.8	49.4	Deterioration, faster rate
Output	48.7	48.6	Decline, faster rate
New Orders	47.7	46.9	Decline, faster rate
New Export Orders	45.9	46.2	Decline, slower rate
Future Output	57.9	56.7	Growth expected, lesser sentiment
Employment	50.8	50.3	Growth, slower rate
Input Prices	61.3	61.1	Inflation, slower rate
Output Prices	56.6	56.5	Inflation, slower rate



successive month, with the rate of decline accelerating to a 28-month record. 25 out of the 32 nations for which October data were available saw decreases, including China, the US, Japan and the UK. New business also fell (on average) in the euro area.

October saw international trade volumes contract for the eighth successive month. The rate of decline remained solid, albeit slightly weaker than September's 27-month record. Lower levels of new export business were registered across the consumer, intermediate and investment goods industries.

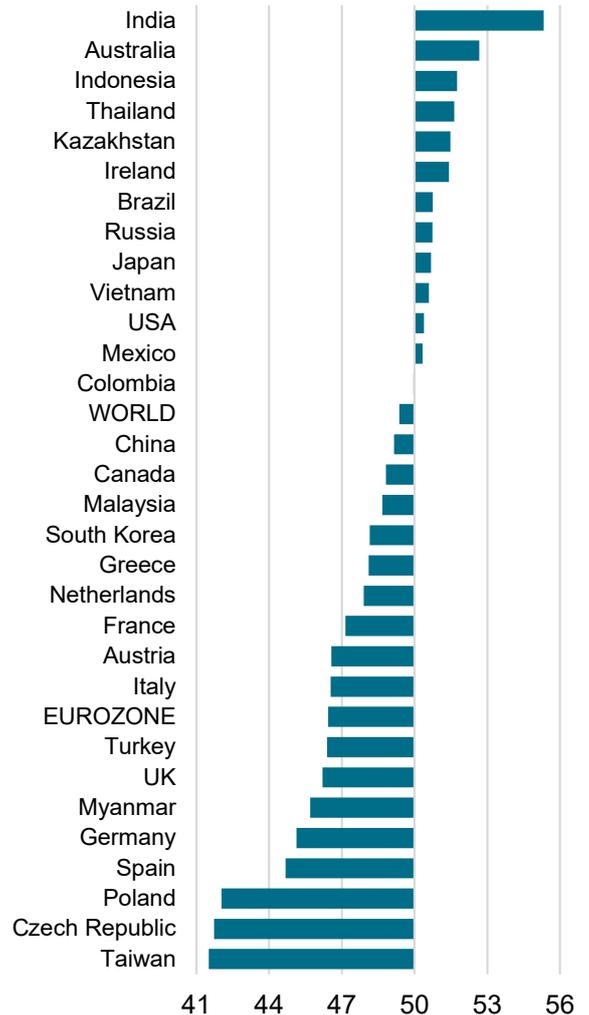
Global manufacturing employment continued to edge higher in October, despite the downturns in both output and new orders. However, the rate of job creation was among the weakest during the current two-year sequence of expansion. Higher staffing levels in the US, the euro area and Japan were partly offset by cuts in China and the UK.

Price inflationary pressures remained elevated at the start of the fourth quarter. Rates of increase in input costs and output charges both remained above their respective survey averages, despite easing slightly over the month.

Manufacturing PMI

sa, >50 = improvement since previous month

Oct '22



Sources: J.P.Morgan, S&P Global, Unicredit Bank Austria, Caixin, Davivienda, BME, HPI, AIB, Jibun Bank, NEVI, AERCE, Istanbul Chamber of Industry, CIPS.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said:

"The global manufacturing output PMI remained in contraction territory in October. The output index ticked down by 0.1pt to 48.6, its lowest level for 28 months. The index for new orders also lost ground, falling to its lowest level for close to 11 years (excluding the pandemic months). With business optimism and the orders-to-inventory ratio also both dipping to their lowest levels in two-and-a-half years, the outlook for production remains downbeat."

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Survey methodology

The J.P.Morgan Global Manufacturing PMI™ is produced by S&P Global in association ISM and IFPSM.

Global manufacturing PMI indices are compiled by S&P Global from responses to monthly questionnaires sent to purchasing managers in survey panels in over 40 countries (see table, right for full coverage), totalling around 13,500 companies. These countries account for 98% of global manufacturing value added*.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Indices are calculated for the following variables: output, new orders, new export orders, future output, backlogs of work, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, stocks of finished goods, input prices and output prices.

Global manufacturing indices are calculated by weighting together the country indices. Country weights are calculated from annual manufacturing value added*.

The headline figure is the Global Manufacturing Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five global indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economic@ihsmarkit.com.

The J.P.Morgan Global Manufacturing PMI provides the first indication each month of world manufacturing business conditions. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case. The wide coverage of the indices, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations world-wide.

* Source: World Bank World Development Indicators.

About J.P.Morgan

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. www.jpmorganchase.com.

About S&P Global

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About ISM

Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the ISM Mastery Model®. www.instituteforsupplymanagement.org

About IFPSM

The International Federation of Purchasing and Supply Management (IFPSM) is the union of 48 National and Regional Purchasing Associations worldwide. Within this circle, about 250,000 Purchasing Professionals can be reached. IFPSM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices. The term procurement is taken to embrace purchasing, materials management, logistics, supply chain management and strategic sourcing. IFPSM is a non-political, independent and non-profit oriented International Organization. www.ifpsm.org

About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. ihsmarkit.com/products/pmi.html.

Data sources

Region	Producer	In association with
Australia	S&P Global	–
Austria	S&P Global	Unicredit Bank Austria / OPWZ
Brazil	S&P Global	–
Canada	S&P Global	–
China (mainland)	S&P Global	Caixin
Colombia	S&P Global	Daviyenda
Czech Republic	S&P Global	–
Denmark	DILF	Kairoscommodities
Egypt*	S&P Global	–
France	S&P Global	–
Germany	S&P Global	BME
Greece	S&P Global	HPI
Hong Kong SAR ¹ *	S&P Global	–
Hungary	HALPIM	–
India	S&P Global	–
Indonesia	S&P Global	–
Ireland	S&P Global	AIB
Israel	IPLMA	Bank Hapoalim Ltd
Italy	S&P Global	–
Japan	S&P Global	au Jibun Bank
Kazakhstan	S&P Global	Tengri Partners
Kenya*	S&P Global	Stanbic Bank
Lebanon*	S&P Global	BLOMINVEST Bank
Malaysia	S&P Global	–
Mexico	S&P Global	–
Myanmar	S&P Global	–
Netherlands (The)	S&P Global	Nevi
New Zealand	Business NZ	Bank of New Zealand
Nigeria*	S&P Global	Stanbic IBTC Bank
Philippines (The)	S&P Global	–
Poland	S&P Global	–
Russia	S&P Global	–
Saudi Arabia*	S&P Global	–
Singapore*	S&P Global	–
South Africa*	S&P Global	–
South Korea	S&P Global	–
Spain	S&P Global	AERCE
Switzerland	procure.ch	Credit Suisse
Taiwan	S&P Global	–
Thailand	S&P Global	–
Turkey	S&P Global	Istanbul Chamber of Industry
UAE*	S&P Global	–
United Kingdom	S&P Global	CIPS
United States ²	S&P Global / ISM	–
Vietnam	S&P Global	–

*Indices calculated from manufacturing responses extracted from survey panels covering the entire private sector economy.

¹Hong Kong is a Special Administrative Region of China.

²US data compiled by ISM pre-February 2010 and by S&P Global post-January 2010.

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