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J.P.Morgan Global Manufacturing PMI™

Global manufacturing downturn intensifies as output and new orders fall at faster rates

Key findings

Global Manufacturing PMI at 29-month low in November

Capacity reduced as new order intakes fall

Input cost and selling price inflation both ease

November saw global manufacturing production contract for the fourth consecutive month, as companies were hit by weaker intakes of new business, receding international trade flows and continued high costs. The outlook remained bleak, amid subdued business optimism about the future and rising finished goods holdings.

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 29-month low of 48.8 in November, down from 49.4 in October. The PMI has posted below the neutral mark of 50.0 in each of the past three months. 23 of the 31 nations for which data were available had PMI readings indicating contraction, including China, the US, the euro area and Japan.

Data broken down by sector indicated that output declined across the consumer, intermediate and investment goods industries. The weakest performer was intermediate goods, which saw a solid drop in production volumes. The downturns at consumer and investment goods producers were both mild in comparison.

November saw the majority of the nations covered register a contraction in output, with only Australia, India, Indonesia, Kazakhstan, Russia, Thailand and the Philippines signalling expansions. Rates of decline accelerated in China and Japan, but eased in the euro area. The US contracted following back-to-back expansions in September and October.

November survey data also highlighted a number of potential headwinds for the sector during coming months. New order intakes fell for the fifth month running and to the greatest extent in two-and-a-half years. International trade also retreated further, posting a decline for the ninth successive month.

Weaker demand led to a build up of finished goods inventories at factories, which may act as a further brake

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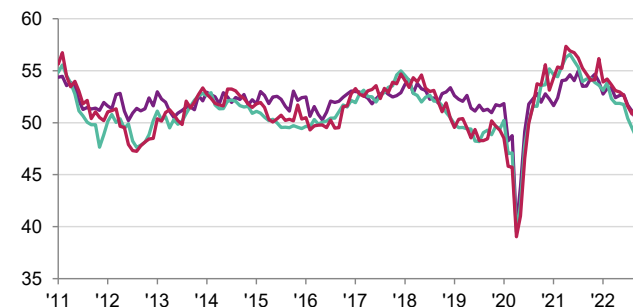
sa, >50 = improvement since previous month



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

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

sa, >50 = improvement since previous month

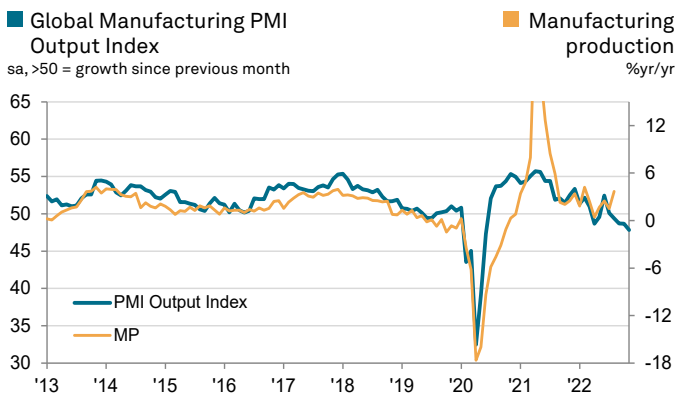


Source: J.P.Morgan, S&P Global.

Index summary

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

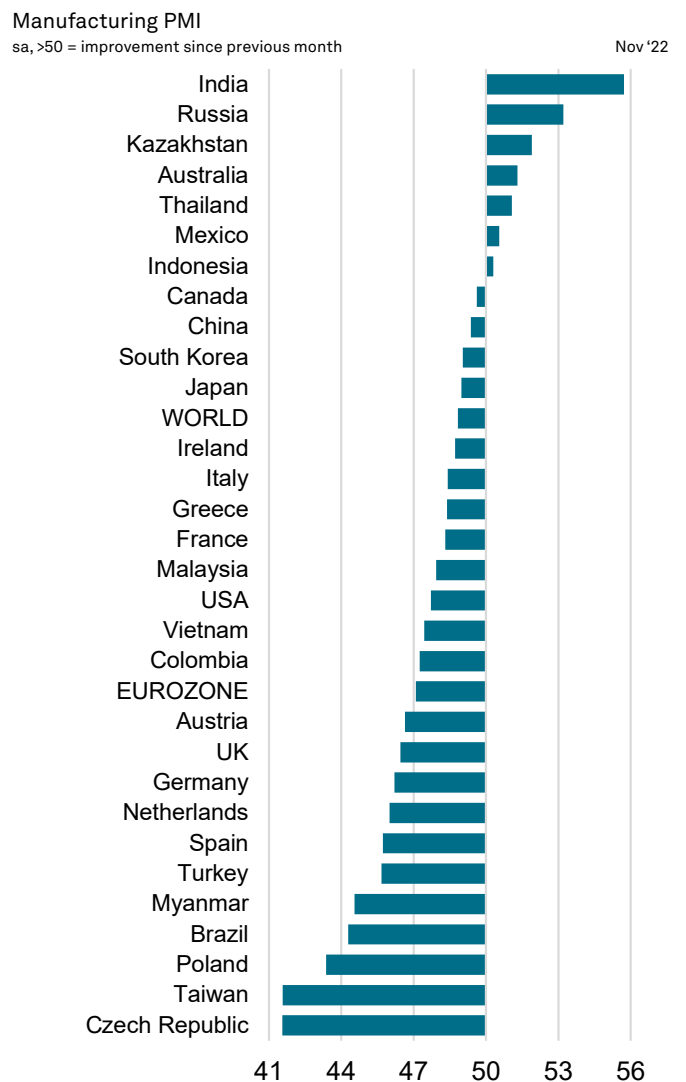
Index	Oct-22	Nov-22	Interpretation
PMI	49.4	48.8	Deterioration, faster rate
Output	48.7	47.8	Decline, faster rate
New Orders	46.9	46.8	Decline, faster rate
New Export Orders	46.2	46.2	Decline, same rate
Future Output	56.7	57.9	Growth expected, better sentiment
Employment	50.3	49.8	Decline, from rising
Input Prices	61.1	59.2	Inflation, slower rate
Output Prices	56.5	56.2	Inflation, slower rate



on production. Stocks rose at the quickest pace since comparable data were first compiled in late-2009. Input inventories meanwhile decreased slightly for the first time in 20 months, as elevated cost pressures led manufacturers to cut back purchasing sharply.

Although improving from October's near two-and-a-half year low, November nonetheless saw business optimism remain at one of its lowest levels outside of the pandemic-affected months of early-2020. The combination of increased caution among manufacturers, weaker new order intakes and elevated cost pressures filtered through to the labour market. Manufacturing employment fell, albeit only slightly, for the first time since October 2020. Staffing levels were reduced in China, the UK, South Korea and Brazil (among others), but raised in the US, the euro area and Japan.

Price inflationary pressures remained elevated at manufacturers during November, with the pace of increase in input costs and selling prices both staying above their long-run averages. That said, rates of inflation eased to 24- and 21-month low respectively. Average vendor lead times lengthened to the least marked extent since January 2020.



Comment

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

"The November PMIs point to an intensification of the global manufacturing downturn, as the output index fell to a new low since June 2020. The decline in output was accompanied by a tick down in new orders as rising inventories have put the brakes on production. There was some positive news on the price front, however, as price pressures continued to ease. The delivery times index also improved, consistent with the signal from high frequency shipping cost indicators that show supply chain conditions normalizing."

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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	Davivienda
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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