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J.P.Morgan Global Manufacturing PMI®

Global manufacturing output rises for first time in eight months in January

Key findings

Global Manufacturing PMI climbs to 50.0

Output rises supported by work on existing contracts

Supplier lead times lengthen

The global manufacturing sector showed signs of stabilisation at the start of 2024. After contracting for seven successive months, production volumes edged higher for the first time since May 2023 as new order intakes fell at the slowest rate in the current 19-month downturn in demand. The year-ahead outlook also brightened, with business confidence rising to its highest level since April last year.

Emphasising the sense of stabilisation, 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 – posted 50.0 in January, a level consistent with no-change in operating conditions over the month. This halted a 16-month sequence below the neutral 50.0 mark.

Only two of the five PMI components (output and vendor lead times) were consistent with an outright improvement in operating conditions, while the others all signalled declines. That said, movements in all five sub-index levels positively affected the level of the PMI, as rates of contraction in new orders, employment and stocks of purchases all slowed.

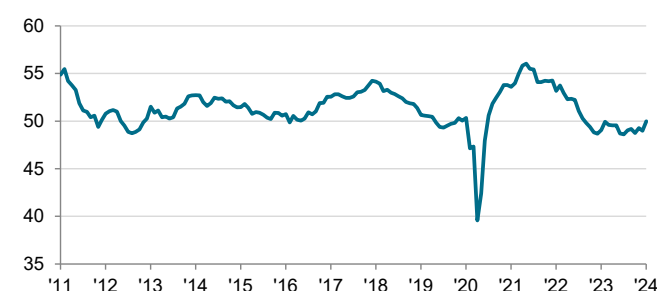
Production rose at consumer goods manufacturers, was unchanged in the intermediate goods category and fell in the investment goods sector. Data broken down by nation showed that output rose in China, India and Brazil (among others), and fell more slowly in the US, Japan and the euro area.

Global manufacturing employment fell for the fifth straight month in January, although the rate of job losses eased to a four-month low. Staffing levels rose in the US and Brazil (among others) but fell in China, the euro area, Japan and India. There remained sufficient capacity at the global level to achieve reductions to backlogs of work, however, with work-in-hand volumes falling for the nineteenth month in a row.

This suggested that output growth was partly supported by work on existing contracts while the downturn in new orders

J.P.Morgan Global Manufacturing PMI

sa, >50 = improvement since previous month



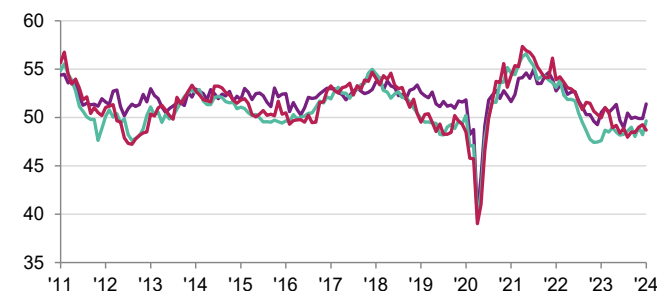
Source: J.P.Morgan, S&P Global PMI.

■ Consumer Goods PMI

■ Intermediate Goods PMI

■ Investment Goods PMI

sa, >50 = improvement since previous month

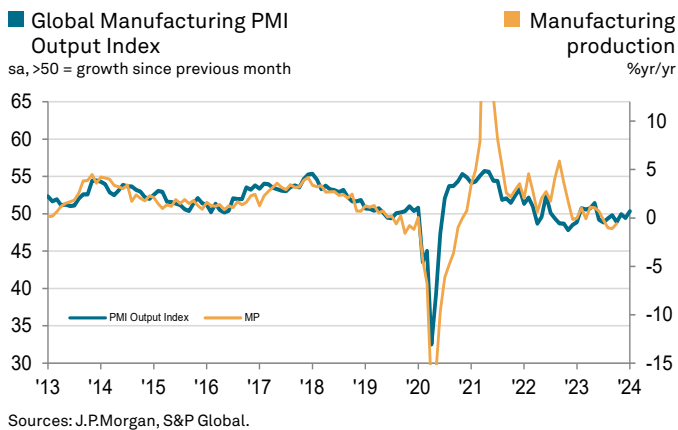


Source: J.P.Morgan, S&P Global PMI.

Index summary

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

Index	Dec-23	Jan-24	Interpretation
PMI	49.0	50.0	No change, from contraction
Output	49.4	50.3	Growth, from contraction
New Orders	48.6	49.8	Decline, slower rate
New Export Orders	48.1	48.8	Decline, slower rate
Future Output	60.6	62.5	Growth expected, better sentiment
Employment	48.7	49.5	Decline, slower rate
Input Prices	52.4	52.9	Inflation, faster rate
Output Prices	51.5	51.5	Inflation, same rate



continued. The decrease in total new business was mainly due to the ongoing weakness of international trade flows.

New export business has now fallen for 23 consecutive months, although the latest contraction was the weakest since June 2022. Among the largest exporting regions covered by the survey, new export orders rose in China, while the euro area (on average) and Japan saw their respective rates of contraction slow. In contrast, new export work fell at the quickest pace in three months in the US.

Average input price inflation accelerated to a three-month high in January. Part of the increase in costs was passed on to clients in the form of higher selling prices, with output charges rising for the sixth month in a row. Supply chain pressures built at the start of 2024, in several cases due to disruptions caused by the Red Sea crisis. Vendor lead times globally lengthened for the first time since January 2023, with increases seen in the US, the euro area, Japan and the UK.

Comment

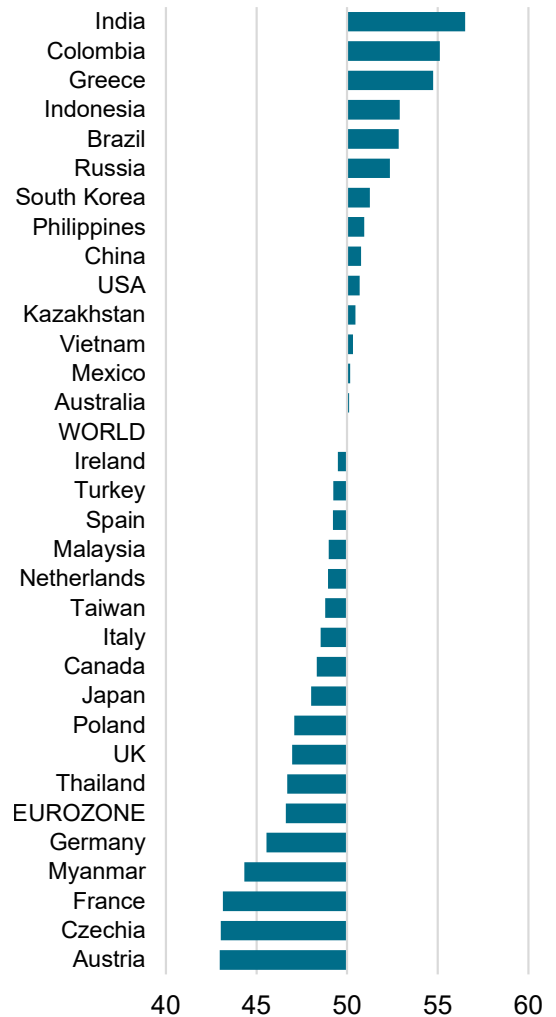
Bennett Parrish, Global Economist at J.P.Morgan, said:

“The global manufacturing output PMI rose 0.9-pt to an eight-month high of 50.3 in January. After global manufacturing lost some steam into year-end, today's news provides a glimmer of hope that momentum is improving again. The PMI subcomponents tracking new orders, future activity and employment also made advances, further raising optimism that fuller recovery could be established during the coming months. The impact of disruptions to Red Sea shipping routes on delivery delays and prices seems minimal thus far, at least at the global level.”

Manufacturing PMI

sa, >50 = improvement since previous month

Jan '24



Sources: J.P.Morgan, S&P Global PMI, HCOB, HSBC, Unicredit Bank Austria, Caixin, Davivienda, HPI, AIB, Jibun Bank, NEVI, Istanbul Chamber of Industry.

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Survey methodology

The J.P.Morgan Global Manufacturing PMI® is produced by S&P Global in association with 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 ecomomics@spglobal.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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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. www.spglobal.com/marketintelligence/en/mi/products/pmi.html

Data sources

Region	Producer	In association with
Australia	S&P Global	Judo Bank
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	–
Egypt*	S&P Global	–
Eurozone	S&P Global	HCOB
France	S&P Global	HCOB
Germany	S&P Global	HCOB
Greece	S&P Global	HPI
Hong Kong SAR ¹ *	S&P Global	–
Hungary	HALPIM	–
India	S&P Global	HSBC
Indonesia	S&P Global	–
Ireland	S&P Global	AIB
Israel	IPLMA	Bank Hapoalim Ltd
Italy	S&P Global	HCOB
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	Riyad Bank
Singapore*	S&P Global	–
South Africa*	S&P Global	–
South Korea	S&P Global	–
Spain	S&P Global	HCOB
Switzerland	procure.ch	UBS
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	–
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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