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J.P.Morgan Global Manufacturing PMI™

Manufacturing production edges higher as supply chain pressures ease to greatest extent in 14 years

Key findings

Manufacturing PMI unchanged at 49.6 in April

Output rises despite further drop in new order intakes

Input cost inflation at 34-month low

April saw a further marginal increase in global manufacturing production, as improved supply-chain conditions and the clearance of existing backlogs offset weaker demand.

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 – was unchanged at 49.6 in April. The PMI has stayed below the neutral 50.0 mark for eight successive months.

Two out of the five PMI components (output and employment) indicated better operating conditions, whereas the remaining three (new orders, stocks of purchases and supplier delivery times) were consistent with a deterioration.

Manufacturing output edged higher for the third successive month at the start of the second quarter. The upturn was mainly driven by a solid expansion in consumer goods production, while marginal growth was also signalled in the investment goods industry. The downturn in the intermediate goods category extended into its tenth consecutive month, although the rate of contraction was the weakest during that sequence.

Data broken down by nation indicated that output growth accelerated to an 11-month high in the US. An expansion was also signalled in China, in contrast to declines in Japan and the euro area.

Global manufacturing new orders continued to fall, however. The further deterioration in demand for goods was linked to the rising cost of living, a post-pandemic switch towards spending on services and a preference for lower inventory holdings at clients. New work received decreased in the intermediate and investment goods industries.

Although weaker inflows of new business raised the likelihood that once backlogs of work are cleared the trend in production volumes will soften, April data suggested that manufacturers expect any such slowdown to be short-lived. Business optimism rose to a 14-month high, with

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month



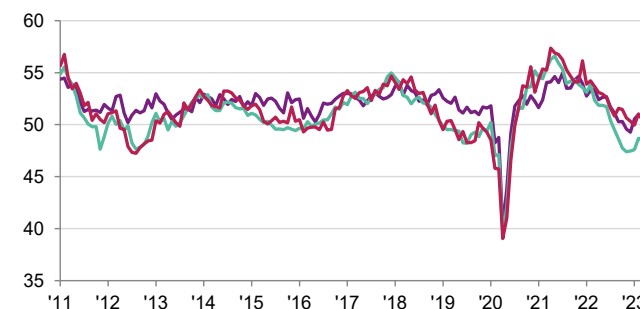
Source: J.P.Morgan, S&P Global.

■ Consumer Goods PMI

■ Intermediate Goods PMI

■ Investment Goods PMI

sa, >50 = improvement since previous month

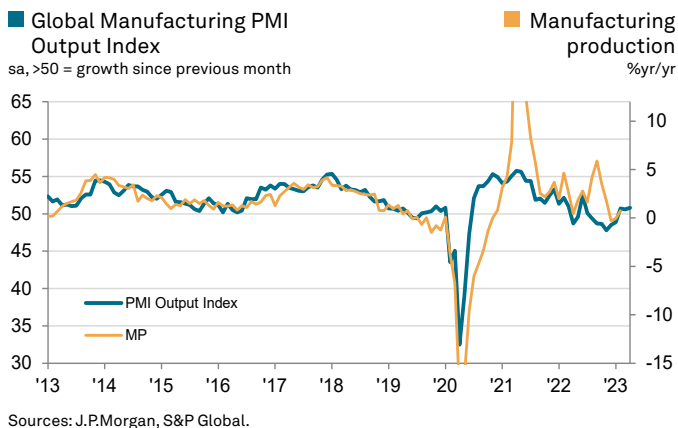


Source: J.P.Morgan, S&P Global.

Index summary

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

Index	Mar-23	Apr-23	Interpretation
PMI	49.6	49.6	Deterioration, same rate
Output	50.6	50.8	Growth, faster rate
New Orders	49.5	49.4	Decline, faster rate
New Export Orders	47.7	48.4	Decline, slower rate
Future Output	62.5	63.0	Growth expected, better sentiment
Employment	50.3	50.5	Growth, faster rate
Input Prices	53.6	52.3	Inflation, slower rate
Output Prices	52.8	51.6	Inflation, slower rate



manufacturers forecasting (on average) growth of output over the coming year.

April saw a slight increase in manufacturing employment, the third in as many months. Growth was signalled in the intermediate and investment goods sectors and consumer goods producers registered no change. Job creation was seen in the US, the euro area and Japan.

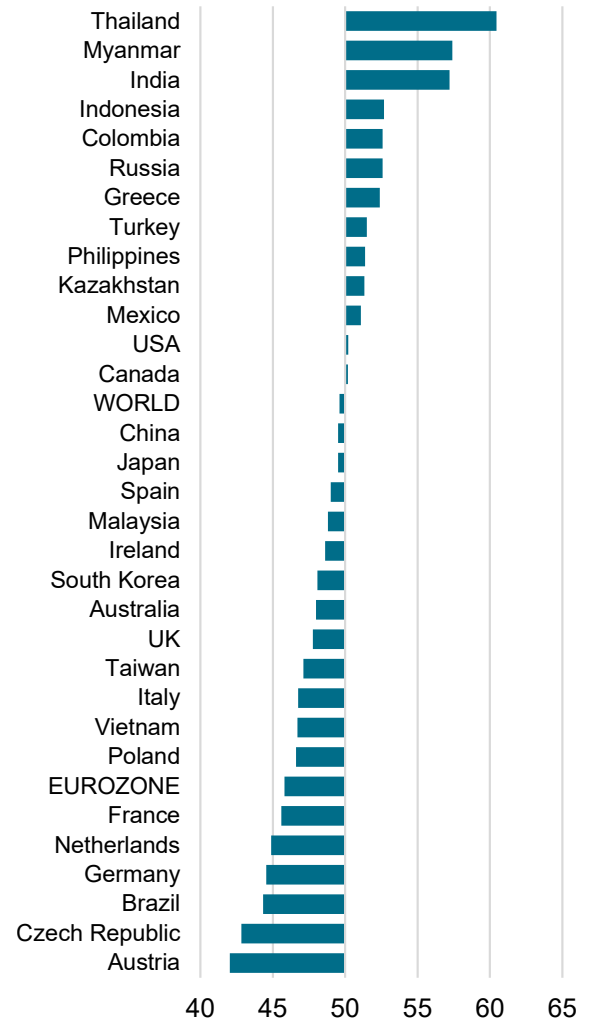
Average vendor performance improved for the third month running in April, signalling a further easing in supply chain pressures following the substantial disruption experienced through much of the past three years. Furthermore, lead times shortened to the greatest extent since May 2009.

April saw rates of increase in average input costs and selling prices ease to their lowest since June 2020 and September 2020 respectively. Both price measures signalled slower inflation in the consumer and investment goods sectors (with the steeper increases in the latter) in contrast to the declines registered in the intermediate goods category.

Manufacturing PMI

sa, >50 = improvement since previous month

Apr '23



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

Comment

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

"The April PMI surveys point to the continuation of a gradual growth path for global manufacturing production following a step out of contraction territory at the start of the year. Underlying details of the survey suggest that growth is being held back by softening investment spending and a continued drag from inventories. This dynamic is consistent with the relative weakness in North Asia, where tech sector weakness persists."

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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 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	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	Daviyenda
Czech Republic	S&P Global	–
Denmark	DILF	Kairoscommodities
Egypt*	S&P Global	–
Eurozone	S&P Global	HCGB
France	S&P Global	HCGB
Germany	S&P Global	HCGB
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	HCGB
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	HCGB
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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