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J.P.Morgan Global Manufacturing PMI®

Global Manufacturing PMI slips below 50.0 as output growth slows and new orders decline

Key findings

Global Manufacturing PMI at 49.7 in July

New business falls for first time in six months

Output growth slows in US and China, Japan back in contraction

The global manufacturing sector experienced a growth setback at the start of the second half of 2024, with July seeing output expand at the weakest rate in the current seven-month sequence of increases.

The slowdown reflected weaker expansions in the US and China, an ongoing downturn in the euro area and a fall back into contraction in Japan. Declining new order intakes were also a major factor underlying the weaker expansion, as new business fell for the first time since January.

The J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and S&P Global Market Intelligence in association with ISM and IFPSM – posted 49.7 in July, down from 50.8 in June and below the neutral 50.0 mark separating expansion from contraction for the first time in 2024 so far.

Two out of the five PMI components (new orders and stocks of purchases) were consistent with a deterioration in operating conditions, employment signalled no change and the trend in output had a much less positive effect than in recent months. Although vendor lead times lengthened this was mainly due to supply-chain disruptions as opposed to improving demand for raw materials.

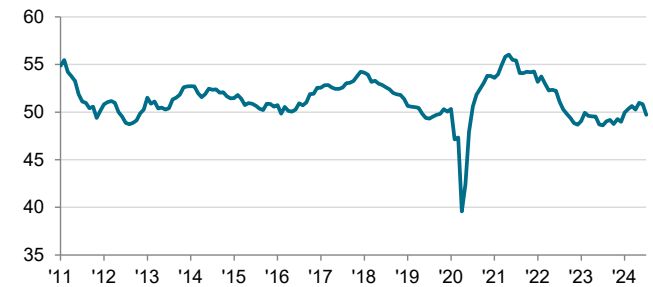
Data broken down by sector signalled output growth in the consumer and intermediate goods industries (albeit weaker than in the prior survey month). Investment goods production fell for the second successive month, the first back-to-back contractions in the sector since late-2023.

The sector picture was bleaker in the case of new business, with all three sub-industries seeing declines. The steepest was in the investment goods category, whereas the declines at consumer and intermediate goods producers were only mild.

Of the 32 nations for which July PMI data were available, only 15 registered an increase in manufacturing production. India saw the fastest rate of expansion, while growth was

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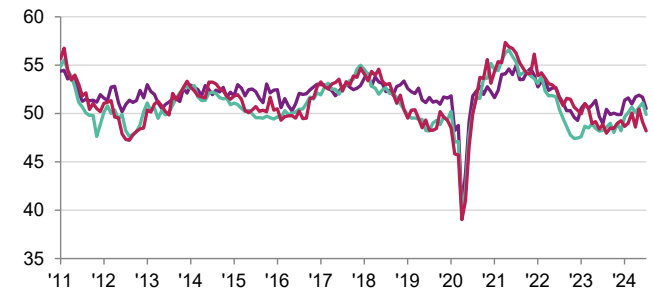
sa, >50 = improvement since previous month



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

Consumer Goods PMI
Intermediate Goods PMI
Investment Goods PMI

sa, >50 = improvement since previous month

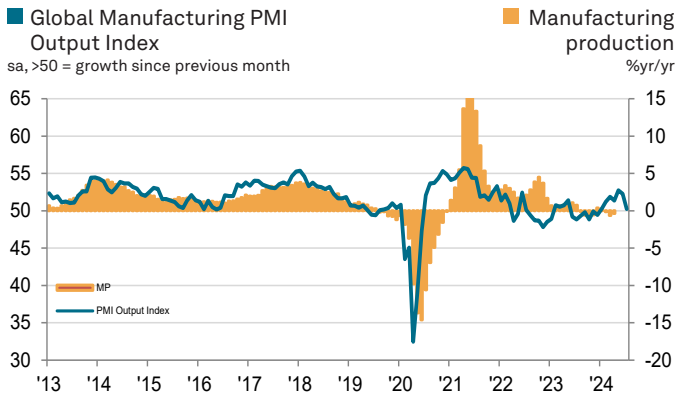


Source: J.P.Morgan, S&P Global PMI.

Index summary

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

Index	Jun-24	Jul-24	Interpretation
PMI	50.8	49.7	Deterioration, from expanding
Output	52.3	50.2	Growth, slower rate
New Orders	50.7	48.8	Decline, from expanding
New Export Orders	49.3	49.4	Decline, slower rate
Future Output	59.6	60.4	Growth expected, better sentiment
Employment	50.5	50.0	No change, from rising
Input Prices	55.3	55.2	Inflation, slower rate
Output Prices	52.3	51.4	Inflation, slower rate



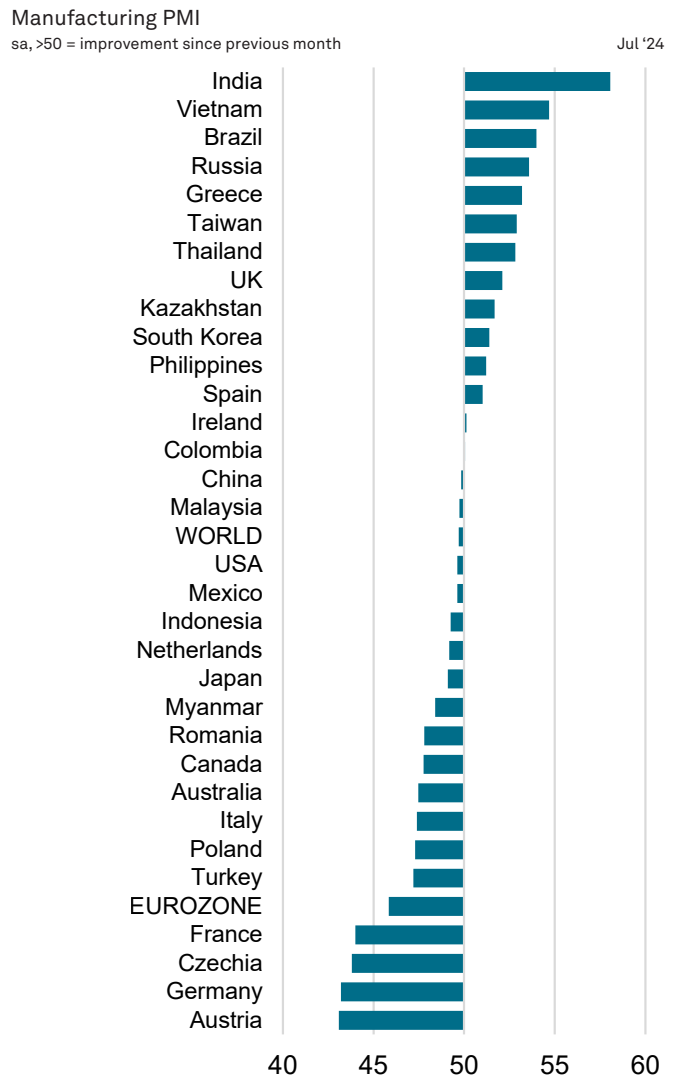
also recorded in China, the US, the UK and Brazil. Although the euro area remained the main source of weakness – with output falling across the currency bloc for the sixteenth month in a row – sharp growth slowdowns in China and the US alongside renewed contraction in Japan also contributed to the slowdown at the global level.

Manufacturing employment was unchanged over the month in July, as increases in several nations including the US and Japan offset job losses in the euro area and China. Companies remained reluctant to hire additional staff while cost and cash flow considerations were at the forefront of their decision-making. This also contributed to cutbacks in purchasing activity and inventory holdings. Suppliers' delivery times meanwhile lengthened for the second month in a row, mainly due to ongoing shipping disruptions.

Average input costs and selling prices both continued to rise during July, although rates of increase eased in both cases. Inflation of purchasing costs and output charges was (on average) still stronger in developed nations compared to emerging markets.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said: "The J.P. Morgan global manufacturing output PMI fell 2.0-pt to 50.2 in July, its largest single-month drop since June 2023. In addition to a slowdown in output growth, survey details suggested declining new order intakes and moderation in the pace of hiring. Although the Euro area remained the weakest performing region, output growth slowed sharply in both the US and China according to the July surveys. The pricing PMIs eased in July, but cost concerns remain, especially given the ongoing inflationary impact of higher shipping costs."



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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 economics@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.

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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. 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	–
Romania	S&P Global	BCR
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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