

# Global economy

## Manufacturing growth hits ten-month high in January

- Global manufacturing PMI hits ten-month high
- Growth led by US and emerging markets
- Eurozone nations and Japan dominate lower end of growth rankings

The global economy showed further signs of pulling out of the soft patch seen last year, with worldwide manufacturers reporting the first significant improvement in business conditions since last April. The JPMorgan Global Manufacturing PMI rose for the fourth successive month in January, up from 50.1 in December to a ten-month high of 51.5. Growth is being led by the US and emerging markets, including all four BRIC economies.

The modest growth signalled by the PMI in January represents an improvement on a very marginal increase seen in December and six continual months of decline between June and November of last year.

The data suggest that the global manufacturing economy has regained momentum, but that production grew at only a weak pace, consistent with annual growth of approximately 1% per annum compared with double-digit rates of increase seen earlier in the recovery from the 2008-9 crisis. However, the data nevertheless suggest that late-2012 represented a low point in the global business cycle and that growth has resumed an upward trend.

### Global manufacturing production

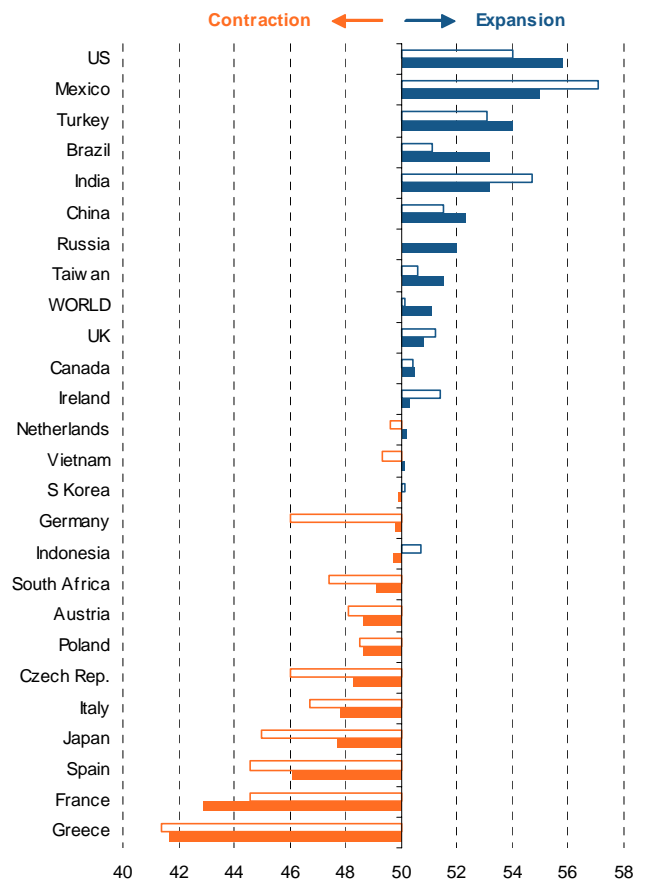


### US-led industrial upturn

US manufacturers reported the strongest rate of improvement of the 25 countries covered. However, with the exception of the US, the top of the league table was dominated by emerging markets. Of the other 12 countries that reported improved conditions in January, only four others, the UK, Canada, Ireland and the Netherlands, were developed world countries, and in the latter three cases the rates of growth were only modest at best.

### Manufacturing PMI rankings

Manufacturing PMI (Solid bars = January, empty bars = December)



### Eurozone and Japan sit at foot of rankings

The lower end of the PMI ranking table was once again dominated by Eurozone countries, with Greece recording the steepest downturn, followed by France

and Spain. Outside of the Eurozone, the steepest deterioration was recorded in Japan. However, with the exceptions of France, Indonesia and South Korea, rates of decline eased. This adds to growing indications that the rate of economic decline in the Eurozone periphery – which has acted as one of the major drags on the global economy over the past two years – continued to moderate in January.

### Global trade flows pick up from post-crisis low

Weak global trade flows had also been a factor, and symptom, behind the extent of the global economic slowdown last year, but showed further signs of reviving in January. The Global Manufacturing New Export Orders Index hit a post-crisis low last July but has since risen to reach a nine-month high in January.

#### Global trade

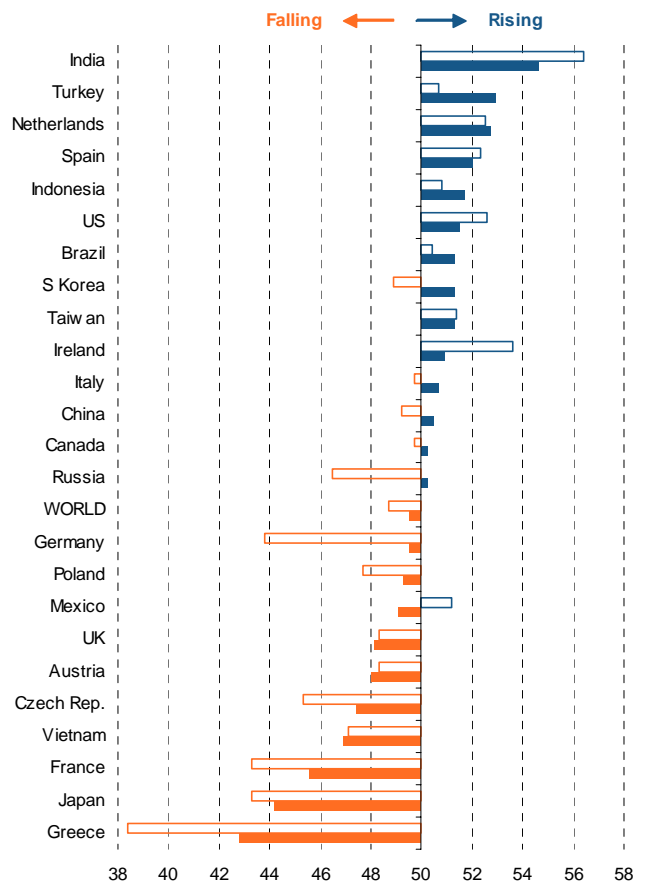


An increase in exports was reported in 14 countries in January while ten saw a decline. Of those reporting an increase, India enjoyed the strongest growth, followed by Turkey. Both China and South Korea meanwhile saw exports return to growth, raising hopes that Asian trade flows have begun to pick up, as did Italy, Canada and Russia.

Greece saw the steepest rate of export decline, followed by Japan and then France.

### New Export Orders Index by country

PMI New Export Orders Index (Solid bars = January, empty bars = December)



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