

Global manufacturing

Manufacturing growth slowly gains momentum

- **Manufacturing business conditions improve in China, the US and the eurozone**
- **Employment growth slows in the US, while payrolls fall in China and the eurozone**

The latest flash PMI data from Markit covering the eurozone, China and the US indicated a continuation of the tentative global manufacturing upturn in September. Growth was evident across all three regions, with all PMIs above the 50.0 no-change mark which separates growth from contraction for the second month running. Such a broad-based upturn has not been seen since mid-2011.

However, although growth accelerated to the fastest for six months in China, the manufacturing PMIs signalled weakening rates of expansion in both the US and eurozone, highlighting the ongoing fragility of the global economy.

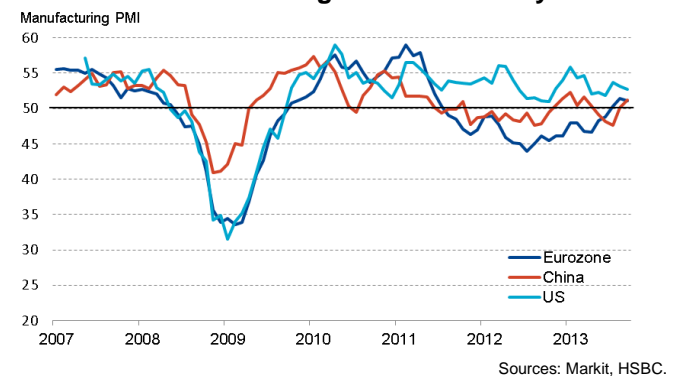
The Markit-produced [HSBC flash manufacturing PMI for China](#) showed a further rebound in September as the seasonally adjusted PMI rose for the second successive month to a six-month high of 51.2. This indicated a modest expansion following the near-stagnation signalled by August's reading of 50.1. Positive signals were reinforced by a six-month high in the growth rate of new orders among Chinese manufacturers, with exports in particular rising for the first time since March.

[Markit's US manufacturing PMI](#) came in at 52.8, down from 53.1 in August to a three-month low. The latest reading rounded off a weak third quarter for the US manufacturing sector, with an easing in the rate of new order growth to a five-month low raising the prospect of the output expansion weakening in the fourth quarter.

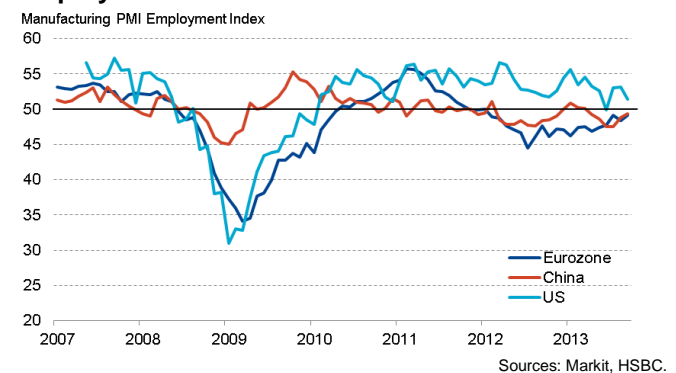
A slow but steady recovery was meanwhile signalled by a flash [Markit Eurozone manufacturing PMI](#) reading of 51.1, as September marked the third successive month of growth. Although coming in marginally below August's reading of 51.4, the survey has nonetheless signalled a welcome return to growth for the eurozone

manufacturing sector in the third quarter for the first time in just over two years.

Flash PMI manufacturing business surveys



Employment



The growth in the eurozone manufacturing sector was accompanied by a strong improvement in services, the combination of which pushed the Eurozone composite PMI to a 27-month high.

Within the single currency area, growth was disappointingly slow among the largest economies. Business conditions in the French manufacturing sector deteriorated marginally following two months of near-stagnation. Meanwhile in Germany, the flash PMI index was the lowest for two months, as output and new order growth both slowed.

Employment

The fragility of the current growth of the global manufacturing sector signalled by the flash PMIs was reflected in an on-going reluctance to take on staff.

Of the three regions, only in the US did manufacturers take on more staff in September, and even there the rate of job creation was disappointing. The latest flash data indicated only a slight expansion in manufacturing payroll numbers, with the rate of growth down from August.

Meanwhile in China, staff numbers contracted for the sixth consecutive month, but some encouragement could be gained from the rate of decline having eased to a five-month low. Employment at goods-producers in the eurozone likewise fell, but the rate of job losses was the lowest for 20 months.

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