

# Global economy

## World's factories end 2013 on a high note

- **Global manufacturing PMI at 32-month high in December**
- **Manufacturing output and employment growth accelerates**
- **Factory gate prices rise at fastest rate since September 2011**

Global manufacturing ended 2013 on a high note, with growth of both output and employment picking up further momentum in December. The JPMorgan Global Manufacturing PMI™, produced by Markit, edged higher to a 32-month high in December. The headline index was 53.3, up from 53.1, and the highest since April 2011.

Meanwhile, the PMI Output Index rose to its highest level since February 2011 and was broadly consistent with global production expanding at an annual rate of 5.0%.

The PMI New Export Orders Index also showed a sixth consecutive monthly increase in trade, though the rate of increase eased slightly compared to the 32-month high seen in November. Overall, new order book growth slowed as a result but, nevertheless, held close to November's 33-month peak.

However, perhaps one of the best pieces of news from the survey was an upturn in the Employment Index, which signalled the largest increase in global manufacturing workforce numbers since August 2011, as a growing number of producers took on extra staff in light of sustained growth of demand.

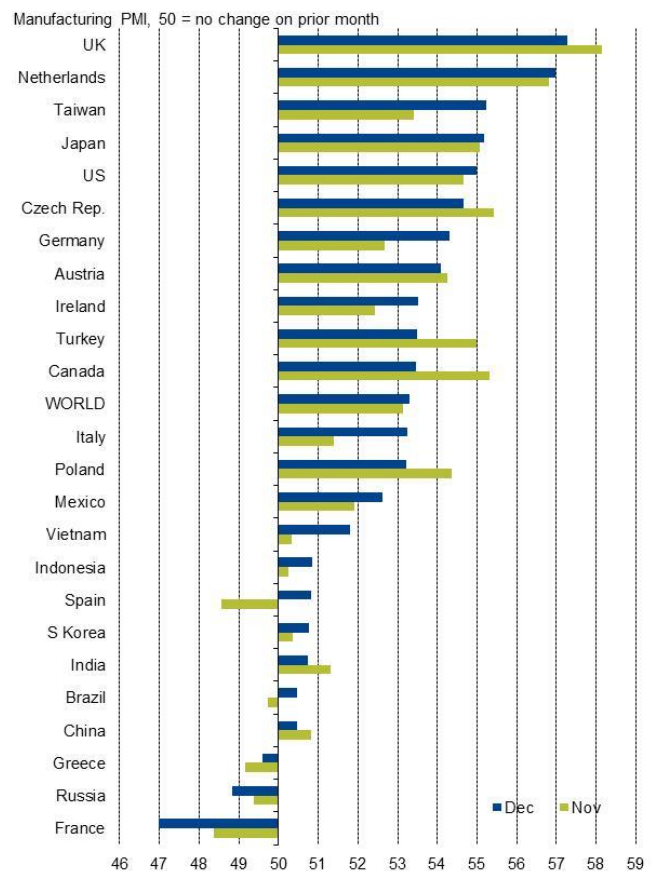
On the prices front, the survey showed the largest increase in factory gate prices since September 2011. This in part reflected the need for producers to pass on higher raw material prices, which showed the largest increase since April 2012. However, although rising, both price measures remained below prior peaks seen since the 2008-9 recession.

### Global manufacturing



Source: Markit

### Global PMI rankings



Sources: Markit, JPMorgan, HSBC, JMMA, Investec, RBC.

## UK holds top position in growth ranking

The UK held the top spot of the Markit-produced PMI survey rankings for the seventh consecutive month. Although the [UK PMI fell compared with November](#), the country is seeing the fastest growth spurt of output and new orders since the late 1990s.

The [Netherlands](#) held on to second place in the rankings, with the PMI hitting a 32-month high. This suggested that the economy will have seen a manufacturing-led growth revival at the end of 2013.

## Mixed news out of Asia

Stronger growth in Taiwan and Japan meanwhile pushed the two Asian manufacturing powerhouses into third and fourth place respectively. The [Japanese PMI](#) indicated the fastest rate of expansion since mid-2006, while Taiwan's PMI was the highest since April 2011. Growth also accelerated in [Vietnam](#), [South Korea](#) and [Indonesia](#).

It was not all good news from Asia, however, with [China's PMI falling to a three-month low](#) and the PMI for [India](#) also retreating slightly compared with November, though remaining in growth territory. The downturn in the PMI for China pushed the world's largest manufacturing economy to the fourth-lowest in the global rankings.

Meanwhile, the US remained at the top end of the rankings. The PMI reached an [11-month high](#) and indicated the fifth-fastest rate of expansion globally.

## Eurozone disparities widen

The upturn in the Netherlands was reflective of a wider [eurozone recovery](#), with the region's manufacturing PMI hitting its highest since May 2011. However, not all countries fared as well as the Netherlands. Although growth hit a 30-month peak in Germany, a 32-month peak in Italy and also picked up in Spain and Ireland, France saw the steepest rate of contraction for seven months, meaning the eurozone's second-largest economy remained at the foot of the global growth rankings.

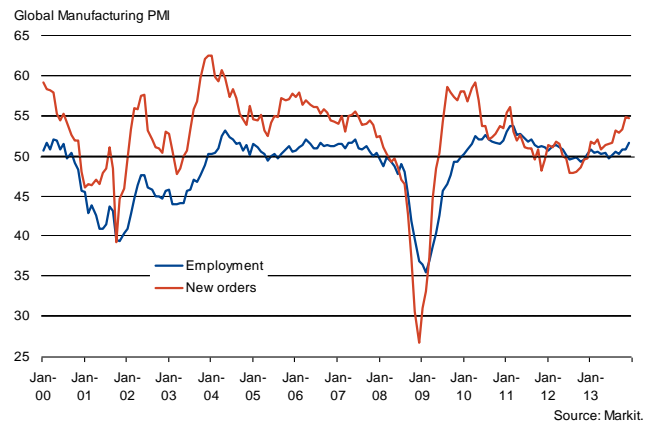
A near-stabilisation of manufacturing activity in [Greece](#) (its best result for some 52 months) meant Russia was pulled down to the second weakest nation globally.

## Global manufacturing exports



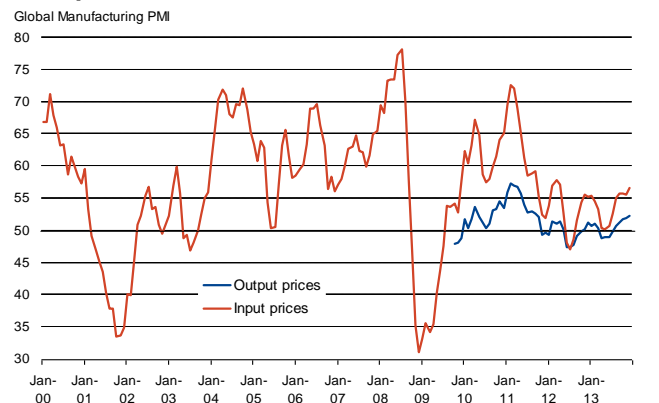
Source: Markit

## Employment and new orders



Source: Markit

## Price pressures



Source: Markit

## Chris Williamson

Chief Economist, Markit

Tel: +44 207 260 2329

Email: [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

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