

Global economy

World's factories report best performance for almost three years

- **Global PMI highest since April 2011**
- **Developed country dominance led by US & UK**
- **Deepening downturn sees China drop to joint-bottom of PMI growth table**

Business conditions in the world's factories showed the largest monthly improvement for almost three years in February. The JPMorgan Global PMI™, compiled by Markit from its surveys, rose to 53.3, up from 53.0 in January. That was the highest reading since April 2011.

The PMI showed output growth holding steady on the firm pace seen in January, consistent with global production increasing at an annual rate of approximately 5%, which is broadly in line with the trend rate seen in the five years prior to the 2008 financial crisis.

Further robust expansion of production is indicated for March, as factory order books showed the largest monthly increase since February 2011. Job creation meanwhile picked up to match the 27-month high recorded in December, suggesting companies have gained in optimism regarding future production.

US pushes UK off league table top-spot

It took a rebound in business activity from extreme weather in January to push the US ahead of the UK at the top of the manufacturing PMI league table. [The US PMI](#) hit its highest since May 2010 as companies saw supply chains being restored after weather related disruptions in January. The [UK](#) had led the Markit PMI league table over the past eight months and saw a slight uptick in growth in February, recording some of the strongest output and new order gains seen in the survey's two-decade history in recent months despite severe flooding in some parts of the country.

Central and northern European countries, including Germany, the Netherlands, Poland and the Czech Republic also continued to fare well, as did [Japan](#), where the weak yen has helped goods producers enjoy some of the strongest production gains recorded in the PMI survey's 13-year history in recent months.

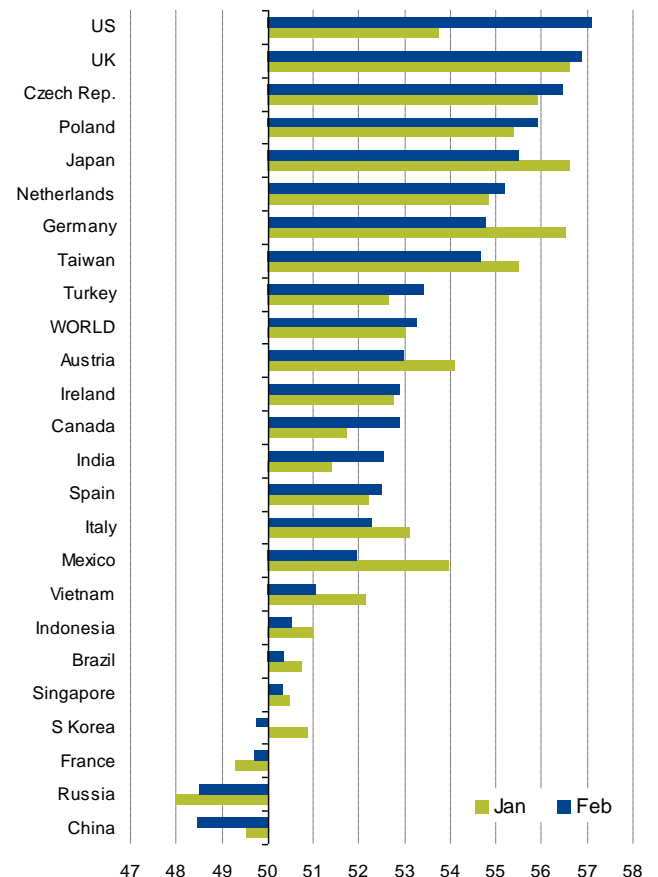
Global factory output



Sources: JPMorgan, Markit, Ecwin.

Countries ranked by manufacturing PMI™

Manufacturing PMI, 50 = no change on prior month



Source: Markit.

While the German-led Eurozone upturn remain robust, spreading further south to other member states such as Spain and Italy, an ongoing downturn in France remained a key factor holding back the region's recovery.

China slides to foot of PMI league table

France was in fact one of only four countries surveyed by Markit to see a sub-50 PMI reading in February, which signals an overall deterioration of business conditions. The other three were China, which sank to the joint-bottom of the PMI table for the first time in the ten-year history of the country's PMI survey, Russia and South Korea.

While business conditions deteriorated for a second successive month in China, with the rate of decline hitting the fastest since last July, Russia saw the seventh deterioration in the past eight months, pointing to a prolonged downturn. Meanwhile, the decline in South Korea was the first recorded for five months, signalling a renewed weakening of the export-oriented economy.

The lower end of the PMI ranking continued to be dominated by other emerging markets, including Singapore, Brazil, Indonesia, Vietnam and Mexico. However, it was not all bad news for the emerging economies, with the PMI for India rising to a 12-month high, and Taiwan and Turkey residing in the top ten of the national PMI rankings.

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