

Global manufacturing

Global PMI at nine-month low amid near-stagnation of worldwide exports

- **Global Manufacturing PMI at lowest since August 2017**
- **Global exports show smallest rise for 21 months**
- **US outpaces eurozone for second successive month**
- **Price pressures at seven-year high**

PMI survey data indicate that global manufacturing growth eased to a nine-month low in May, largely reflecting a waning of global trade flows to the weakest for over one-and-a-half years. However, the US continued to show notable resilience to the wide trade slowdown.

Manufacturing PMI at nine-month low

The headline JPMorgan Global Manufacturing PMI, compiled by IHS Markit, fell from 53.5 in April to 53.1 in May, its lowest since August of last year.

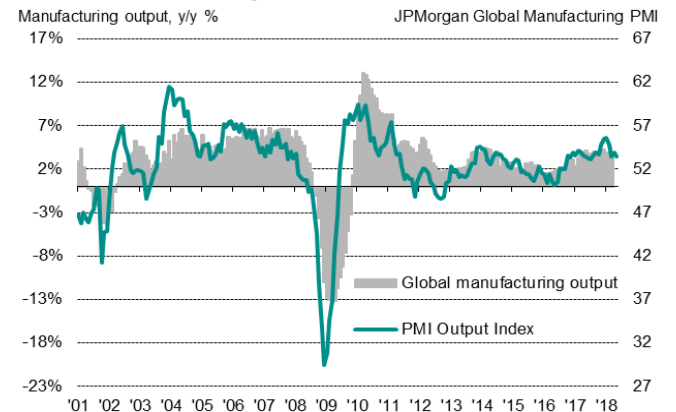
The latest output index reading remained at a level broadly consistent with global factory production rising at an annual rate of approximately 4% (at market exchange rates). However, a weakening of new order inflows to the lowest since June of last year suggests production growth could wane further in coming months.

Prices rise amid sellers' market

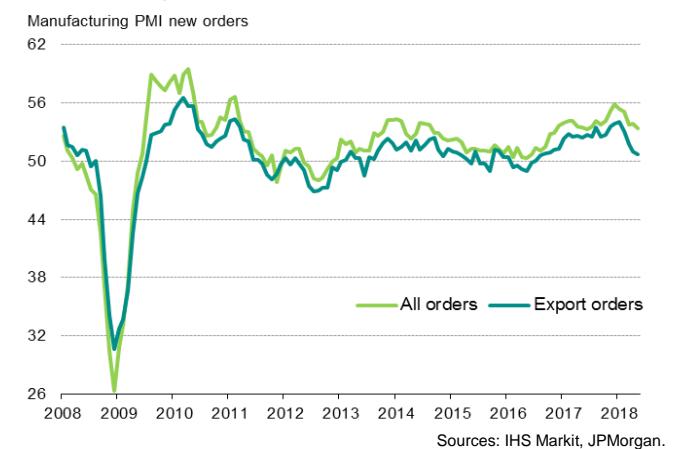
The softer upturn in new orders largely reflected a slowing in global trade flows. New export sales rose only marginally in May, registering the smallest monthly global increase since August 2016. Emerging market exports were especially subdued, falling for a second successive month to indicate the worst period of emerging market export growth for almost one-and-a-half years.

The May survey also brought further signs of rising price pressures. Average prices charged by manufacturers worldwide grew at the fastest rate since May 2011. Higher selling prices often reflected the need to pass higher costs onto customers. Average input prices showed the fastest rate of increase since

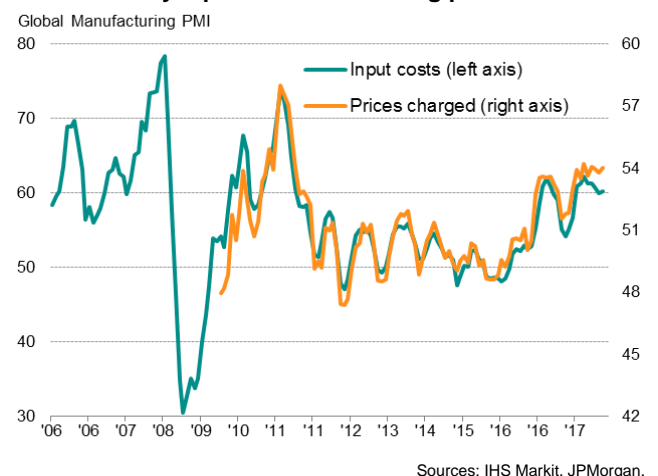
Global manufacturing PMI output



Global factory orders and exports



Global factory input costs and selling prices



January, blamed on higher oil prices as well as suppliers enjoying more pricing power amid strong demand for inputs.

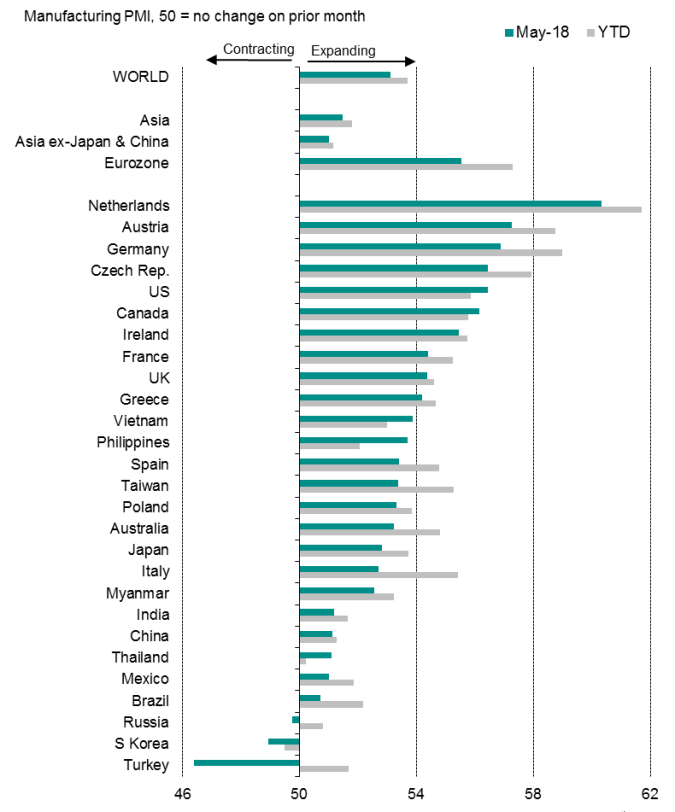
Suppliers' delivery times, a key gauge of the extent to which demand and supply are in balance, indicates that suppliers continued to struggle to meet demand in May, pointing to a sellers' market for many inputs. The incidence of supply chain delays was the highest for seven years.

US shines brighter as eurozone dims

A major change in recent months has related to the regional breakdown. In particular, the US has now recorded faster manufacturing growth than the Eurozone for two successive months, the former enjoying its best growth spell for almost four years so far in the second quarter. The Eurozone has meanwhile seen growth wane from recent highs, sliding to a 15-month low in May.

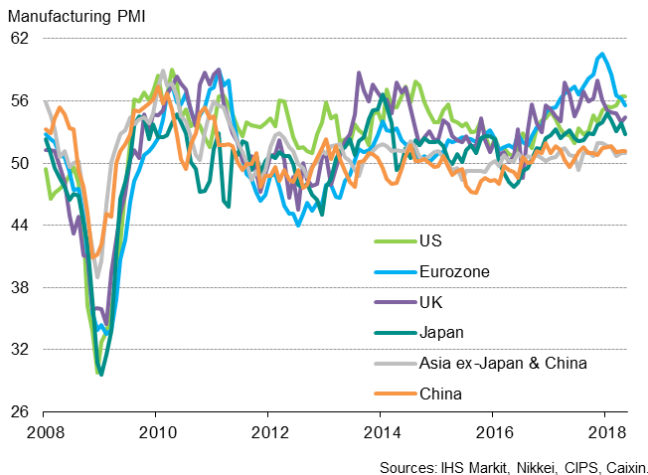
Despite the brighter performance from the US, the top of the manufacturing rankings continued to be dominated by a handful of European countries, clustered around Germany and led once again by the Netherlands.

Global manufacturing PMI rankings

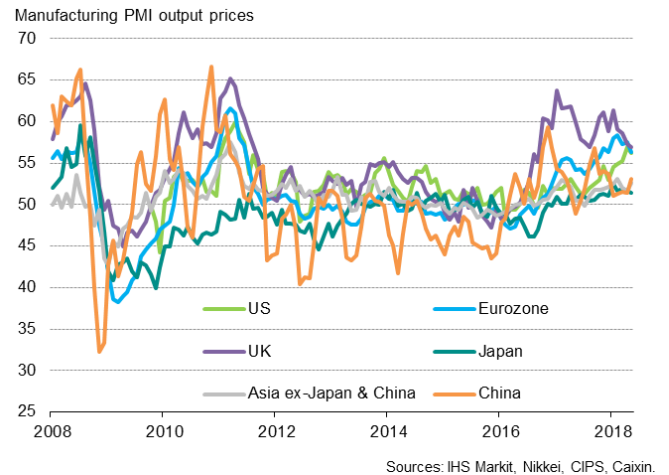


NB. Data for Indonesia and Malaysia are released on 4th June.
Sources: IHS Markit, JPMorgan, CBA, ISO, CIPS, NEVI, Nikkei, BME, Bank Austria, Investec, AERCE, Caixin, HPI, CBA.

Manufacturing PMI comparisons



Manufacturing PMI output price comparisons



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