

JPMorgan Global PMI Global Report on Manufacturing

Produced by JPMorgan and NTC Research in association with ISM and IFPMM

Global Manufacturing PMI rises to fifteen-month high of 52.3 in September as growth of new orders accelerates.

The **Global Manufacturing PMI** – a composite indicator produced by JPMorgan and NTC in association with ISM and IFPMM, which provides an overall view of global manufacturing conditions – rose for the fifth straight month in September. At 52.3, up from 52.0 in August, the PMI has signalled an expansion of the manufacturing sector for three consecutive months (following five months of decline). The latest rate of increase was the fastest since June 2002.

The Global Manufacturing PMI is based on responses from approximately 7,000 companies worldwide, operating in countries that account for roughly 76% of total global manufacturing output.

PMIs rose in fourteen of the nineteen countries for which data were available. One notable exception was the US, where the PMI fell from the eight-month high seen in August. In contrast, PMIs rose to fifteen and sixteen-month highs in Japan and the UK respectively. Even the Eurozone saw the PMI rise above the 50.0 no-change mark for the first time in seven months, driven mainly by an improving German economy.

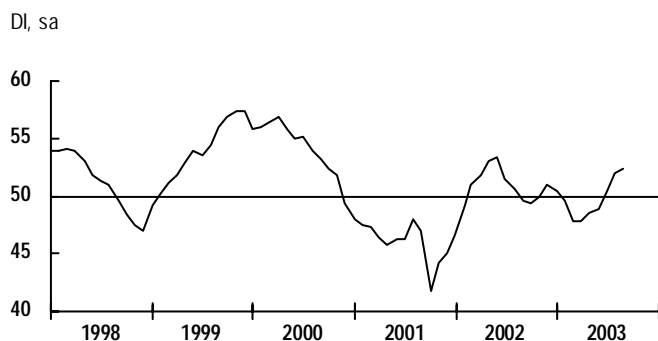
The latest Global PMI reflected a further significant expansion of output. At 54.6, the **Global Manufacturing Output Index** registered an increase in production for the fourth month running. The rate of increase slipped from August's fourteen-month peak but remained high by recent survey standards. The principal cause of slower output growth was an easing in the rates of increase in the US and UK, but in both countries growth had been particularly strong in August. Growth meanwhile picked up in Japan and the Eurozone.

The **Global Manufacturing New Orders Index** continued to rise, increasing from 54.8 in August to 56.3. New orders have now risen for three successive months, with the rate of growth accelerating over this period to reach a fifteen-month peak in September. The improvement in demand was also widely reported, with growth of order books accelerating in the US, Japan, Eurozone and the UK.

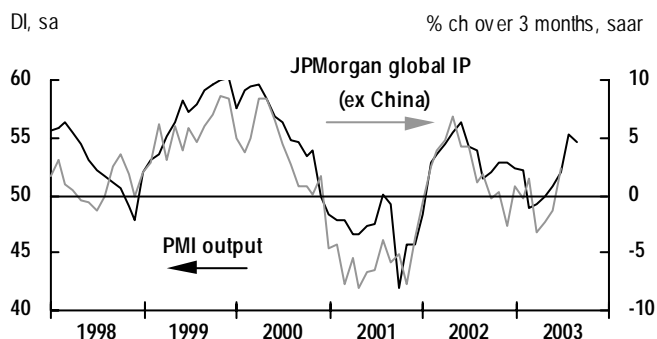
At 47.5, the **Global Manufacturing Employment Index** signalled a drop in staffing levels for the thirty-fourth straight month. Moreover, having eased over the previous five months, the rate of job losses picked up slightly in September as manufacturers continued to focus on boosting productivity in the face of strong competition.

The **Global Manufacturing Input Prices Index** rose from 49.5 in August to 51.3 in September, moving above the 50.0 no-change level to indicate the first increase in average raw material prices in the past three months. Although only modest, the rate of increase was the strongest since April, when the rate of inflation was driven up by higher oil prices during the Iraq war.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Aug	Sep	Change	Comparison with previous month
Global PMI	52.0	52.3	+	Expanding at faster rate
Output	55.3	54.6	-	Expanding at slower rate
New Orders	54.8	56.3	+	Expanding at faster rate
Input Prices	49.5	51.3	+	Change from decrease to increase
Employment	47.6	47.5	-	Contracting at faster rate

Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

“The global PMI is signalling a sharp acceleration in manufacturing activity. The strength of production and new orders is particularly impressive. The remaining impediments to a sustained manufacturing recovery are employment and inventories, which were weak again in September. However, JPMorgan expects some improvement in these key indicators in coming months.”

JPMorgan Global PMI

Global Report on Manufacturing

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Notes on data

The Global Report on Manufacturing is based on the results of surveys carried out in the USA by ISM, in Japan, the UK, Germany, France, Spain, Italy, Russia, Ireland, Greece, Austria, the Netherlands, Poland and Czech Republic by NTC Research and in a number of other countries: Denmark, Israel, Hungary, South Africa, Switzerland, Australia and Singapore. These countries together account for an estimated 76% of global manufacturing output.

The Global Report on Manufacturing provides the first indication each month of global manufacturing business conditions, based on data collected from around 7,000 purchasing executives. It is compiled by NTC Research. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case.

The wide coverage of the indexes, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations world-wide. Questions are asked about real events and are not opinion based. Data are presented in the form of diffusion indices, where an index reading above 50.0 indicates an increase in the variable since the previous month and below 50.0 a decrease.

Data sources

Country	% share of global GDP*	Producer	In association with	Web
US	27.0	ISM	-	www.ism.ws
Japan	17.0	NTC	Reuters/Nomura/JMMA	www.reuters.co.jp, www.nomura.co.jp, www.jmma.gr.jp
Germany	8.0	NTC	BME/Reuters	www.bme.de, www.reuters.de
France	5.3	NTC	CDAF/Reuters	www.cdaf.asso.fr, www.reuters.fr
UK	3.9	NTC	CIPS/Reuters	www.cips.org, www.reuters.co.uk
Italy	3.6	NTC	Reuters/ADACI	www.reuters.it, www.adaci.it
Spain	2.1	NTC	AERCE	www.aerce.org
Netherlands	1.5	NTC	NEVI/YACHT	www.nevi.nl, www.yachtgroup.com
Australia	1.4	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au, www.pwcglobal.com/au
Russia	1.1	NTC	Moscow Narodny Bank	www.mosnar.com
Switzerland	1.0	SVME	Credit Suisse	www.svme.ch, www.credit-suisse.ch
Austria	0.8	NTC	BA Creditanstalt/OPWZ	www.ba-ca.com, http://einkauf.opwz.com
Denmark	0.6	DILF	Danske Bank	www.dilf.dk, www.danskebank.dk
South Africa	0.5	BER	IPSA/Investec	www.ber.sun.ac.za, www.ipsa.co.za, www.investec.co.za
Poland	0.5	NTC	-	www.ntc-research.com
Greece	0.4	NTC	HPI	www.hpi.org
Ireland	0.3	NTC	NCB Stockbrokers	www.ncbdirect.com
Singapore	0.3	SIPMM	-	www.sipmm.org.sg
Israel	0.3	IPLMA	-	www.iplma.org.il
Czech Republic	0.2	NTC	-	www.ntc-research.com
Hungary	0.2	HALPIM	-	www.logisztika.hu

* Source: World Bank



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The **International Federation of Purchasing and Materials Management (IFPMM)** is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached. IFPMM is a non-political, independent and non-profit oriented international organisation, registered in Aarau, Switzerland. IFPMM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices.

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