

JPMorgan Global PMI

Report on Manufacturing and Services

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

Surging growth of the global private sector economy continues, reflecting significant gains in both manufacturing and services.

The latest **Global Report on Manufacturing and Services** signalled further significant expansion of the global private sector economy at a rate only marginally slower than last month's survey peak. The **Global All-Industry Output Index** posted 60.6, down from 61.6 in November, to record a reading consistent with annualized global GDP growth of around 5%. Furthermore, the rate of expansion signalled by the Index throughout the final quarter of 2003 has remained sharper than that recorded during the previous forty months.

For the first time since August 2002, the implied rate of expansion of global manufacturing output outpaced that of service sector activity. Growth of manufacturing output has gathered considerable pace during the second half of 2003, and reached a new survey record rate in December. Meanwhile, the global services economy expanded for the ninth month running, with the latest data signalling further robust growth.

Significant growth of incoming new business was reported in December, with substantial gains recorded in both manufacturing and services. The **Global All-Industry New Business Index** posted 61.6, down from last month's series peak of 62.9. New orders expanded at a survey record rate in the manufacturing sector and (for the first time in almost one-and-a-half years) at a sharper pace than in the services economy.

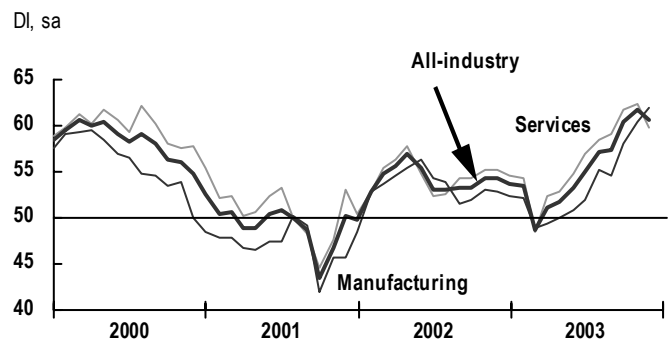
The **Global All-Industry Employment Index** posted 52.9 in December, to signal the sharpest increase of worldwide private sector employment since November 2000. The Index has signalled expansion throughout the final quarter of 2003, with the latest growth principally reflecting the robust performance of the service sector labor market. Nevertheless, in a major development, the size of the global manufacturing workforce increased in December for the first time in three years.

At 56.5 in December, the **Global All-Industry Input Prices Index** signalled the sharpest inflation of input costs for nine months. The steeper rate of increase was reported by the manufacturing economy.

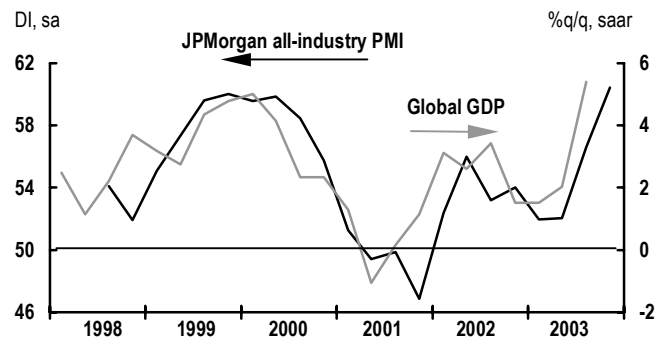
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"PMI survey data from around the globe remained extremely positive in December, with the latest All-Industry Index figure still consistent with annualized global GDP growth of around 5%. The global economic expansion is increasingly broad-based by region and sector. The recent surge in manufacturing activity is particularly encouraging. Global labor markets are strengthening, led by a significant improvement in the US. Inflation pressures are moving up but remain modest overall."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		Nov	Dec	Latest movement
Output	Total	61.6	60.6	Expanding at slower rate
	Manufacturing	60.4	62.0	Expanding at faster rate
	Services	62.4	59.7	Expanding at slower rate
New orders	Total	62.9	61.6	Expanding at slower rate
	Manufacturing	62.8	64.0	Expanding at faster rate
	Services	63.0	60.0	Expanding at slower rate
Employment	Total	52.3	52.9	Expanding at faster rate
	Manufacturing	49.9	51.6	Expanding, change of direction
	Services	53.9	53.7	Expanding at slower rate
Input prices	Total	55.7	56.5	Rising at faster rate
	Manufacturing	56.5	57.4	Rising at faster rate
	Services	55.3	55.9	Rising at faster rate

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Press contacts

For further information or for other press enquiries please contact:

David Hensley
(1-212) 834-5516
david.hensley@jpmorgan.com
JPMorgan Chase Bank

Luke Thompson
(44) 1491 418 626
luke_thompson@ntc.co.uk
NTC Research Ltd

Notes on data

The Global Report on Manufacturing and Services 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, Czech Republic and Hong Kong by NTC Research and in a number of other countries: Denmark, Israel, Hungary, South Africa, Australia, Switzerland and Singapore. These countries together account for an estimated 76% of global gross domestic product.

The Global Report on Manufacturing and Services provides the first indication each month of global business conditions, based on data collected from around 10,000 purchasing executives. It is compiled by NTC Research. The data enable decision makers in the financial world 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	PWC, Commonwealth Bank	www.aigroup.asn.au, www.pwcglobal.com/au, www.commbank.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
Hong Kong	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	Hungarian National Bank	www.logisztika.hu
New Zealand	0.2	Business NZ	ANZ Banking Group	www.businessnz.org.nz, www.anz.com/nz

* Source: World Bank



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NTC Research is one of the world's largest specialist providers of business research information, operating business surveys on behalf of blue-chip clients. Current research includes continuous surveys providing original data on economic conditions in the UK, Japan, Germany, France, Italy, Spain, the Netherlands, Austria, Ireland, Greece, Russia, Poland, the Czech Republic and Hong Kong. NTC surveys are widely used by governments, businesses and financial markets.

Founded in 1915, the **Institute for Supply Management™ (ISM)** is the largest supply management organization in the world as well as one of the most respected. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities and education. ISM's membership base includes more than 45,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit institute that provides opportunities for the promotion of the profession and the expansion of professional skills and knowledge.

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