

JPMorgan Global PMI

Report on Manufacturing and Services

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

Marked growth of combined manufacturing and service sector output suggests further robust improvement of global economic strength.

PMI data from around the world indicated that the performance of the global private sector economy had remained extremely positive in January, as the combined level of manufacturing and service sector output increased for the tenth successive month. Moreover, growth of output and new business edged closer to November's series highs.

The **Global All-Industry Output Index** rose marginally to 60.7, from 60.1 in December, to suggest annualized growth of global GDP of 5%. Substantial gains in output were recorded in both the manufacturing and service sectors – with the slightly sharper increase reported by manufacturing. Growth of global manufacturing output has become increasingly marked throughout the current nine-month period of expansion and, following revision to the US series, the latest data signalled the sharpest increase in the six-year series history. Meanwhile, growth of worldwide service sector activity was marginally sharper than one month earlier.

Incoming new business continued to rise at a considerable pace in January. The **Global All-Industry New Business Index** registered 61.9, up from 61.0 in December, to signal stronger growth than during the previous month. Marked expansion of new orders was recorded in both the manufacturing and service sectors, with the rate of increase marginally sharper in services.

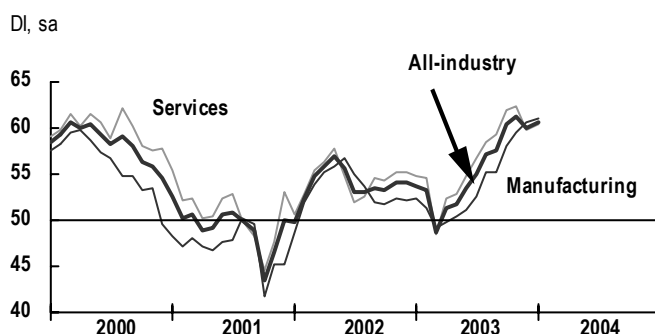
At 51.1 in January, down from last month's three-year peak of 52.6, the **Global All-Industry Employment Index** signalled growth of employment for the fourth successive month. However, the rate of increase was less marked than one month earlier, reflecting slower growth of staffing in both the manufacturing and service economies.

Inflation of average input costs reached a three-year high in January. Furthermore, the **Global All-Industry Input Prices Index** registered 59.3, to remain above the neutral mark of 50.0 for the twenty-third consecutive month. The manufacturing and service economies both reported significant inflation of input prices, with the sharper rise in manufacturing.

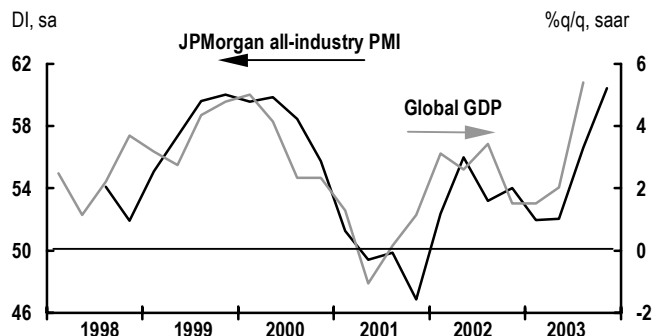
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The outlook for the global private sector economy remains extremely positive at the start of 2004. Combined manufacturing and service sector output rose at a rate close to November's series peak, supported by surging growth of new business. Indeed, the All-Industry Output Index is pointing toward 5% growth in global GDP. Although job growth remains subdued, especially in manufacturing, the labor market is improving."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		Dec'03	Jan'04	Latest movement
Output	Total	60.1	60.7	Expanding at faster rate
	Manufacturing	60.6	61.0	Expanding at faster rate
	Services	59.7	60.5	Expanding at faster rate
New orders	Total	61.0	61.9	Expanding at faster rate
	Manufacturing	62.3	61.8	Expanding at slower rate
	Services	60.1	62.0	Expanding at faster rate
Employment	Total	52.6	51.1	Expanding at slower rate
	Manufacturing	50.9	50.3	Expanding at slower rate
	Services	53.7	51.7	Expanding at slower rate
Input prices	Total	56.8	59.3	Rising at faster rate
	Manufacturing	57.2	61.9	Rising at faster rate
	Services	56.5	57.6	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, Singapore and New Zealand. These countries together account for an estimated 76% of global GDP.

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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