

JPMorgan Global PMI

Report on Manufacturing and Services

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

Global economic growth remained substantial in February, reflecting considerable gains in manufacturing output and service sector activity.

The global private sector economy continued to expand at a substantial rate in February, with marked gains recorded in both manufacturing and services. Growth of output remained broad-based. Seventeen of the nineteen countries for which manufacturing data were available reported a rise in production, and all of the service sector PMI data from around the globe indicated an increase in activity.

The **Global All-Industry Output Index** registered 58.8 in February, to remain above the neutral mark of 50.0 for the eleventh successive month. Furthermore, the rate of expansion implied by the Index was substantial, albeit slower than the previous month. Manufacturing output and service sector activity both rose considerably during February, with the faster growth recorded in services for the first time in three months. Nevertheless, the PMI data for manufacturing and services suggested slower expansions than one month earlier.

The **Global All-Industry New Orders Index** posted 58.9 in February, to indicate further substantial growth of incoming new business. Marked expansions were recorded in both the manufacturing and service sectors, with the sharper increase in manufacturing for the third month running. However, the All-Industry Index fell by 2.6 points from 61.5 in January, reflecting slower growth in manufacturing and services.

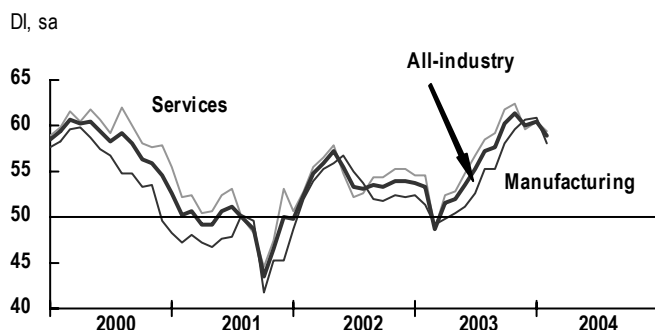
Substantial growth of output and new business supported a further modest increase of employment in February. The **Global All-Industry Employment Index** posted 52.0, up from 51.1 in January, to suggest slightly stronger growth than one month earlier. Expansion of employment was recorded in both the manufacturing and service economies (and at slightly sharper rates than in January), with the faster growth recorded in services.

At 58.4 in February, the **Global All-Industry Input Prices Index** pointed to strong inflation of average input costs. Manufacturing input prices rose markedly, with the rate of increase picking up sharply compared to one month earlier. Service sector companies from around the globe also reported a robust rise in input prices, although the rate of increase eased markedly from one month earlier (and was considerably slower than in manufacturing).

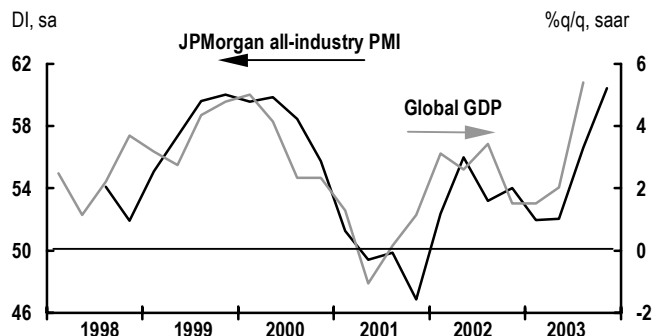
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The global private sector economy continued to expand at a substantial rate in February, with marked gains recorded in both manufacturing and services. At its current level, the All-Industry Output Index is consistent with growth of annualized growth of 4-5% in global GDP and 8% in industrial production. This represents only a slight moderation from the boom conditions of late 2003."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		Jan	Feb	Latest movement
Output	Total	60.5	58.8	Expanding at slower rate
	Manufacturing	60.9	58.1	Expanding at slower rate
	Services	60.3	59.3	Expanding at slower rate
New orders	Total	61.5	58.9	Expanding at slower rate
	Manufacturing	61.6	59.2	Expanding at slower rate
	Services	61.5	58.7	Expanding at slower rate
Employment	Total	51.1	52.0	Expanding at faster rate
	Manufacturing	50.3	51.1	Expanding at faster rate
	Services	51.6	52.6	Expanding at faster rate
Input prices	Total	59.5	58.4	Rising at slower rate
	Manufacturing	61.8	66.5	Rising at faster rate
	Services	58.0	53.3	Rising at slower rate

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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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