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JPMorgan Global PMI

Report on Manufacturing and Services

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

Strong growth of the global private sector economy maintained in May. Input costs surged across manufacturing and services.

The global private sector economy continued to exhibit robust growth in May, as levels of activity increased across the manufacturing and service industries. The service economy was again the principal driver of the global economy, as service sector business activity increased at a faster rate than manufacturing output for the second month in a row.

At 60.8, the **Global All-Industry Output Index** posted a level above the neutral mark of 50.0 for the fourteenth successive month. However, the rate of overall expansion eased on that recorded one month ago, reflecting slightly slower growth of both manufacturing production and services activity.

The upturn of the global economy remained broad-based, with all of the twenty-nine PMI surveys covering manufacturing and services for which May data were available recording growth of output. The US was the strongest performing nation overall, and reported the fastest growth for both manufacturing production and service sector activity.

Supporting the latest rise in global economic output was a substantial increase in the level of incoming new business. At 59.4 in May, little changed from 59.2 in April, the **Global All-Industry New Orders Index** recorded growth of new orders for the thirteenth month running and a rate of increase broadly consistent with that seen one month earlier. New orders rose at a slightly sharper rate in the service sector than in manufacturing for the first time in six months, suggesting a slight shift in the growth momentum of new business towards the services economy.

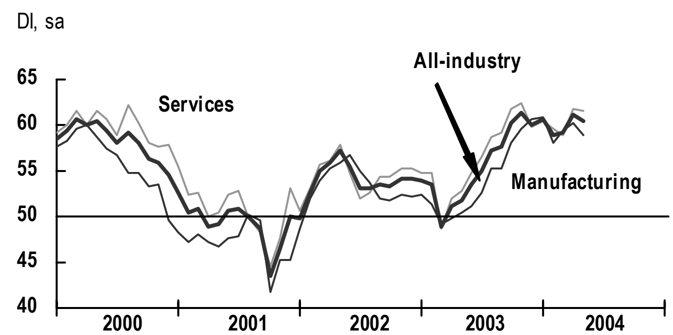
The upturn in global private sector employment extended into its eighth successive month in May. Moreover, at 53.6, little changed from 53.2 in April, the **Global All-Industry Employment Index** pointed to a further solid increase of worldwide staffing levels.

The current strength of oil prices and the short supply of key metals (especially steel) on international markets led to a further intensification of the marked upward pressure on costs during May. At 67.2, the **Global All-Industry Input Prices Index** remained at a level substantially above the no-change mark of 50.0 and pointed to a sharper rate of inflation than one month earlier. A considerable rise in input costs was recorded in both the manufacturing and service sectors, although the rate of increase for manufacturing was again well above that for services.

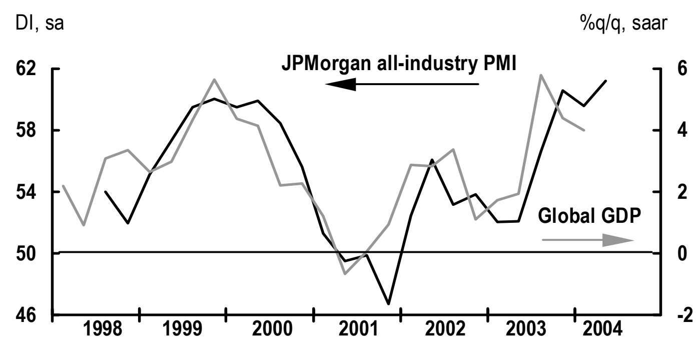
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The latest All-Industry Output Index pointed to annualized growth of global GDP of 5%. PMI data also indicated a solid increase in employment. The strength of oil and metal prices maintained the intense upward pressure on costs, particularly in the manufacturing industry."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		Apr	May	Latest movement
Output	Total	61.2	60.8	Expanding at slower rate
	Manufacturing	60.3	59.7	Expanding at slower rate
	Services	61.8	61.4	Expanding at slower rate
New orders	Total	59.2	59.4	Expanding at faster rate
	Manufacturing	59.7	59.2	Expanding at slower rate
	Services	58.9	59.5	Expanding at faster rate
Employment	Total	53.2	53.6	Expanding at faster rate
	Manufacturing	52.4	54.1	Expanding at faster rate
	Services	53.8	53.3	Expanding at slower rate
Input prices	Total	64.6	67.2	Rising at faster rate
	Manufacturing	74.2	75.9	Rising at faster rate
	Services	58.5	61.6	Rising at faster 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

www.ntc-research.com

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www.ism.ws

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www.ifpmm.org

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