

JPMorgan Global PMI

Report on Manufacturing and Services

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

Strong upturn of the global economy continued in June, but cost constraints slowed growth across manufacturing and services.

The performance of the global private sector economy remained positive in June, as the overall level of economic activity increased for the fifteenth successive month. At 58.7, the **Global All-Industry Output Index** posted a reading substantially above the no-change mark of 50.0 and a level consistent with growth of global GDP of almost 5% saar. Output rose sharply across both manufacturing and services, with the faster rate of increase recorded for services. However, the All-Industry Output Index fell further from April's (joint) survey-high of 61.3, reflecting slower growth of activity in the majority of the national economies surveyed.

PMI data from across the world suggested a further broad-based expansion of the global private sector economy, as all of the twenty-nine surveys covering manufacturing and services for which June data were available recorded a rise in output. South Africa registered the strongest growth of manufacturing production, whilst the US recorded the fastest rate of increase for service sector business activity.

The total volume of new business in the global private sector economy expanded for the fourteenth consecutive month. At 58.1 in June, the **Global All-Industry New Orders Index** posted a reading markedly above the neutral mark of 50.0. However, growth of new business eased from May's four-month high to the least marked since September 2003, reflecting slower rates of increase for both manufacturing and services. For the second successive month, the service economy recorded a sharper rise in new orders than manufacturing, with the differential between the implied rates of growth widening since May.

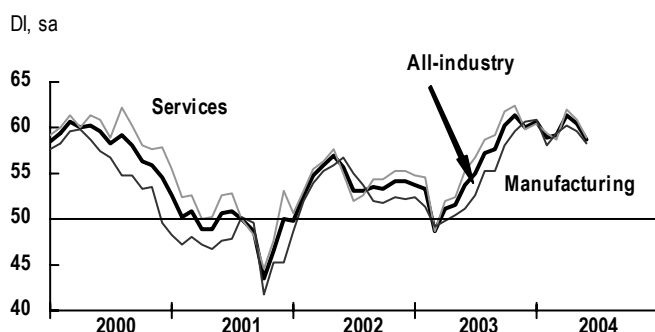
The **Global All-Industry Employment Index** posted 53.1 in June, down slightly from May's three-and-a-half year high of 53.4, but remained at a level indicative of solid growth of worldwide private sector employment. The overall level of global staffing rose for the ninth successive month, and for the seventh and eleventh consecutive months for manufacturing and services respectively.

The upward surge in input prices continued across the global manufacturing and service economies in June, with the sharper inflation of costs again recorded for manufacturing. Meanwhile, the rate of increase reached a four-year peak for services. The **Global All-Industry Input Prices Index** registered 67.2, little changed from May's survey high of 67.3.

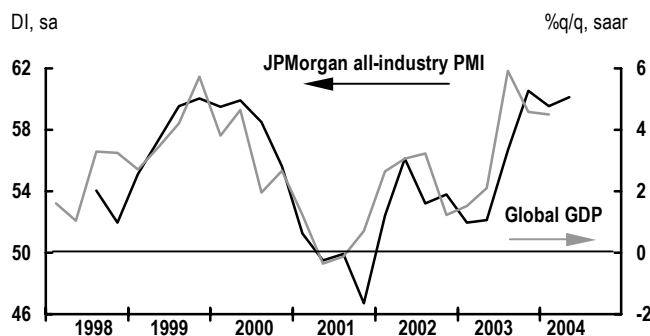
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The global private sector economy continued to exhibit robust growth in June. However, upward momentum has peaked as surging input prices have tempered growth in the manufacturing and service sectors. Growth of jobs was broadly consistent with May's three-and-a-half year high."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		May	June	Latest movement
Output	Total	60.4	58.7	Expanding at slower rate
	Manufacturing	59.5	58.3	Expanding at slower rate
	Services	60.9	58.9	Expanding at slower rate
New orders	Total	59.3	58.1	Expanding at slower rate
	Manufacturing	59.1	57.1	Expanding at slower rate
	Services	59.4	58.8	Expanding at slower rate
Employment	Total	53.4	53.1	Expanding at slower rate
	Manufacturing	54.1	53.2	Expanding at slower rate
	Services	53.0	53.1	Expanding at faster rate
Input prices	Total	67.3	67.2	Rising at slower rate
	Manufacturing	75.7	72.1	Rising at slower rate
	Services	61.9	64.0	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



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