

JPMorgan Global PMI

Report on Manufacturing and Services

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

Expansion of the global economy accelerated to a near-survey record rate, as the All-Industry Output Index rose to 60.1 in July.

The global economy exhibited further strength in July, as growth of combined manufacturing and services output moved closer to April's survey record rate after easing in each of the previous two months.

At 60.1, the **Global All-Industry Output Index** remained above the neutral mark of 50.0 that separates expansion from contraction for the sixteenth consecutive month. Manufacturing production and service sector business activity were both up sharply on a month earlier, and expanded at faster rates than in June.

At the national level, all except one of the twenty-seven surveys covering manufacturing and services for which July data were available (Swiss manufacturing – which reported no change) recorded a rise in output, with the majority seeing more buoyant growth than one month ago. The performance of the US was especially positive, reporting the fastest expansion of both manufacturing production and service sector business activity. The other major world economies all saw marked increases in output.

At 60.4 in July, the **Global All-Industry New Orders Index** signalled an expansion of incoming new business for the fifteenth successive month. Moreover, the rate of increase suggested by the Index remained substantial and, after easing to the least marked for nine months in June, picked up to its strongest pace since January. Growth of new business was again stronger for services than for manufacturing, although the differential in the rates of increase narrowed slightly on one month ago.

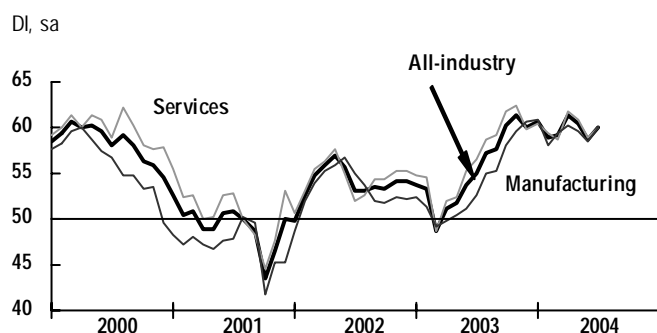
Combined manufacturing and service sector employment rose for the tenth month running. This was the result of a solid increase in manufacturing recruitment, as service sector employment fell (albeit only negligibly) for the first time since September 2003. The drop in services employment principally reflected a slight decline in US services jobs. The **Global All-Industry Employment Index** registered 50.9, down from 52.9 in June.

Intense upward pressure on input costs continued in July, as highlighted by the **Global All-Industry Input Prices Index** posting a level of 67.0. However, the rate of increase eased for the second month running. Inflation of manufacturing input prices slower further from recent highs, whilst the latest data suggested that the rate of increase of service sector costs was nearing its peak.

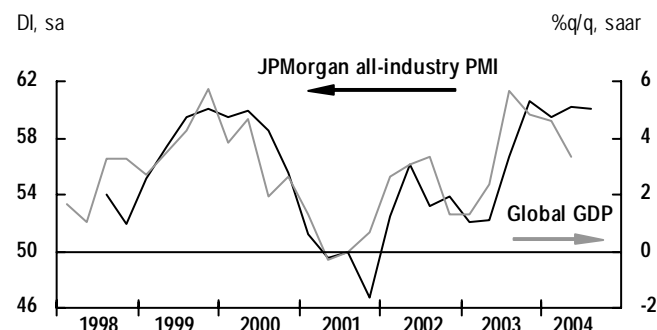
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The All-Industry Index pointed to a pick up in the already buoyant rate of expansion of the global economy. The Index is currently at a level consistent with global GDP growth of around 5% saar. Growth of employment slowed, but should recover in the coming months."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		June	July	Latest movement
Output	Total	58.7	60.1	Expanding at faster rate
	Manufacturing	58.4	60.1	Expanding at faster rate
	Services	58.9	60.1	Expanding at faster rate
New orders	Total	58.3	60.4	Expanding at faster rate
	Manufacturing	57.2	59.5	Expanding at faster rate
	Services	59.1	61.0	Expanding at faster rate
Employment	Total	52.9	50.9	Expanding at slower rate
	Manufacturing	53.2	52.7	Expanding at slower rate
	Services	52.7	49.9	Contracting, change of direction
Input prices	Total	67.3	67.0	Rising at slower rate
	Manufacturing	72.0	71.1	Rising at slower rate
	Services	64.2	64.3	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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