

JPMorgan Global PMI

Report on Manufacturing and Services

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

Expansion of global private sector economy remained substantial, but lost some momentum in August.

The current upturn of the global private sector economy was maintained during August. At 57.5, down from 59.8 in July, the **Global All-Industry Output Index** signalled an expansion of activity for the seventeenth successive month. The rate of increase was less pronounced than one month ago, as high oil prices acted as a brake on growth. However, this represented a slight pause in the upswing of the economy, as opposed to a reversal of the current upward trend, with the All-Industry Output Index still consistent with 3-4% saar growth of global GDP.

The expansion of global output remained broad-based, with all of the twenty-nine national manufacturing and service economies for which August data were available recording a rise in activity. The service economy replaced manufacturing as the principal driver of worldwide economic expansion, although the differential between the implied rates of growth was only slight.

At 57.5 in August, the **Global All-Industry New Orders Index** posted a level above the neutral mark of 50.0 for the sixteenth month in a row. Incoming new work rose sharply in both the manufacturing and services economies. However, growth of new orders was slower than in July, reflecting a moderation of the rates of expansion for manufacturing and services.

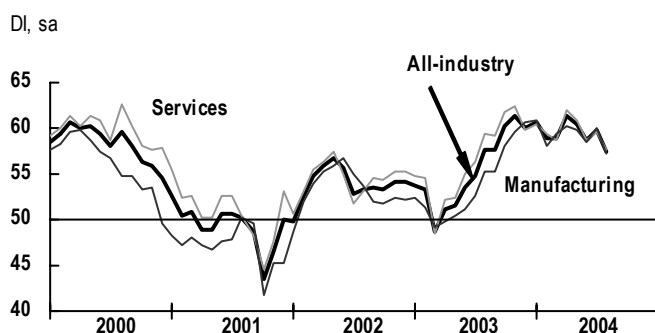
Global private sector employment increased for the eleventh consecutive month, with the rate of expansion picking up during August. The **Global All-Industry Employment Index** registered 51.9, up from 50.8 in July. Manufacturing recorded faster growth of jobs than services, but saw the pace of increase fall further from May's survey record rate. The latest data pointed to a rebound in services employment, following a slight drop one month ago.

Upward cost pressures remained intense, as concerns regarding disruption to oil supply (following instability in Iraq, Venezuelan elections and developments in Russia relating to the oil-giant, Yukos) drove up energy and fuel costs. However, the latest PMI data from across the world suggested that inflationary pressures had already passed their peak. The **Global All-Industry Input Prices Index** posted 64.7, to fall further from May's four-year high of 67.4.

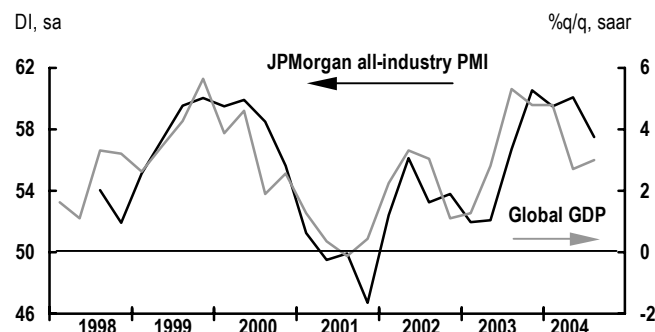
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The global economy expanded at a slower but still healthy pace in August. PMI data show that inflationary pressures are past their peak. It is encouraging that the labor market is still improving in spite of the moderation in economic growth."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		Jul	Aug	Latest movement
Output	Total	59.8	57.5	Expanding at slower rate
	Manufacturing	60.0	57.1	Expanding at slower rate
	Services	59.6	57.7	Expanding at slower rate
New orders	Total	60.4	57.5	Expanding at slower rate
	Manufacturing	59.4	57.6	Expanding at slower rate
	Services	61.1	57.4	Expanding at slower rate
Employment	Total	50.8	51.9	Expanding at faster rate
	Manufacturing	52.7	52.0	Expanding at slower rate
	Services	49.6	51.8	Expanding, change of direction
Input prices	Total	67.0	64.7	Rising at slower rate
	Manufacturing	71.0	71.5	Rising at faster rate
	Services	64.4	60.3	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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