

JPMorgan Global PMI

Report on Manufacturing and Services

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

Expansion of global private sector economy lost further momentum in September, as growth of new orders eased to slowest rate since July 2003.

At 57.2 in September, the **Global All-Industry Output Index** registered a level above the critical no-change mark of 50.0 for the eighteen month in a row. The rate of expansion remained robust, with the All-Industry Index consistent with growth of global GDP of 3-4% saar. However, recent data suggest that the upturn of the global economy is past its peak, with the current rate of increase of combined manufacturing and service sector output the lowest for fourteen months.

September data suggested that the current downturn in activity growth may not yet have run its course, as growth of new business (which tends to lead output) eased for the second successive month. Moreover, although still indicative of robust expansion, at 56.2, the **Global All-Industry New Orders Index** registered its lowest level since July 2003. Manufacturing new orders and service sector new business rose at the slowest rates for thirteen and fifteen months respectively.

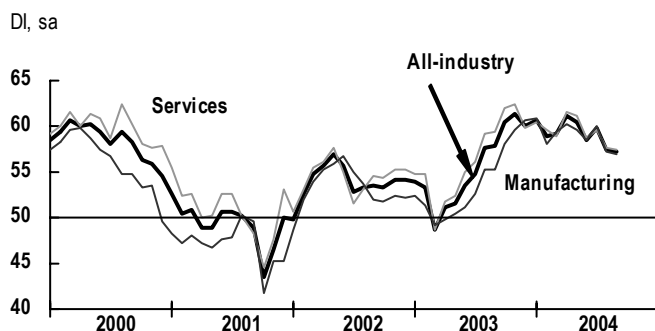
At 53.1, the **Global All-Industry Employment Index** remained above the critical no-change mark of 50.0 for the twelfth successive month. Furthermore, despite slower growth of output and new orders, the rate of increase of global staffing levels picked up for the second month running to the fastest since May. Growth of employment in both the manufacturing and service economies was sharper than one month ago, with the rate of increase for service sector staffing outpacing manufacturing for the first time in five months.

Average input costs increased for the thirty-first month in a row in September, as higher energy and oil prices exerted upward pressure on costs. At 64.3, the **Global All-Industry Input Prices Index** posted a level indicative of a further sharp increase in input prices. However, the Index fell to its lowest level in six months, to suggest that the current upturn of costs may have passed its peak. Input prices rose across manufacturing and services, with the faster rate of inflation recorded for manufacturing. Service sector cost inflation remained marked, although the Services Input Prices Index fell below the 60.0 mark for the first time in five months.

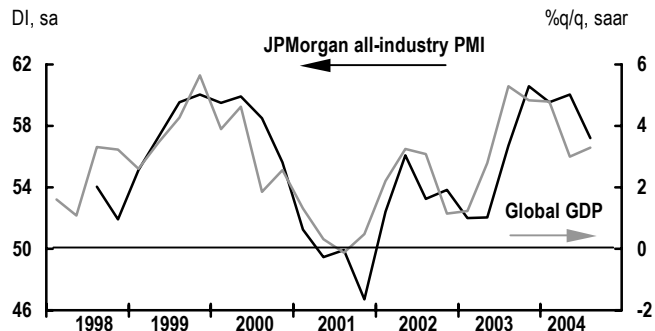
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"September PMI data suggest that the global economy is growing at a trend-like 3.5% pace. Compared with early this year, output growth has slowed in both manufacturing and services. Employment growth is holding up well."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		Aug	Sep	Latest movement
Output	Total	57.4	57.2	Expanding at slower rate
	Manufacturing	57.1	57.0	Expanding at slower rate
	Services	57.6	57.3	Expanding at slower rate
New orders	Total	57.4	56.2	Expanding at slower rate
	Manufacturing	57.6	55.5	Expanding at slower rate
	Services	57.2	56.7	Expanding at slower rate
Employment	Total	52.0	53.1	Expanding at faster rate
	Manufacturing	52.0	52.4	Expanding at faster rate
	Services	51.9	53.5	Expanding at faster rate
Input prices	Total	65.0	64.3	Rising at slower rate
	Manufacturing	71.6	71.7	Rising at faster rate
	Services	60.8	59.6	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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