

JPMorgan Global PMI

Report on Manufacturing and Services

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

Global economy expanded at most subdued rate in over a year. Input prices rose at fastest rate since March 2000 as upward cost pressure intensified.

Growth of the global private sector economy steadied in October. At 57.1, the **Global All-Industry Output Index** posted a reading above the neutral 50.0 mark for the nineteenth consecutive month, and pointed to a rate of expansion broadly unchanged from that recorded in the previous two months. The Index is consistent with growth of global GDP of around 3.5% saar.

Nevertheless, the All-Industry Output Index has (in general) suggested a gradual decline in the growth momentum of the global economy since April's survey high, and currently stands at its lowest level for fifteen months. The trend of the Output Index also masked the relative performances of the manufacturing and service sectors. Both economies continued to record robust growth in October, but the differential between their respective rates of expansion widened (in favor of services) to the most marked in a year. This followed a pick-up in growth of service sector activity to the strongest for three months, while manufacturing production expanded at the most subdued rate since September 2003.

Growth of new business picked up slightly during October, after easing in both of the previous two months. The **Global All-Industry New Orders Index** registered 56.7, to remain well above the neutral mark of 50.0. The services economy recorded the stronger rate of expansion for new work, rising at the fastest rate for three months, while manufacturing new orders registered the least robust growth since July 2003.

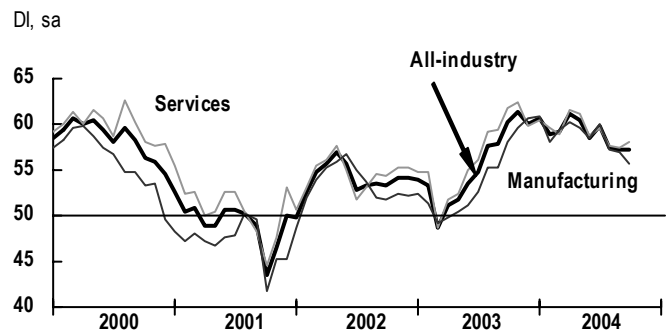
At 67.9 in October, up from 64.3 in September, the **Global All-Industry Input Prices Index** pointed to a re-intensification of the already considerable upward pressure on total costs. Input prices are now rising at the fastest rate since March 2000. The sustained sharp upward trend in overall costs is likely to play a major role in determining the development of the global economy going forward, especially in the manufacturing industry – which (due to its more energy-intensive nature) is more vulnerable to the current strength of energy and oil prices than services.

The current upturn of global private sector employment extended into its thirteenth successive month, with the rate of jobs growth remaining solid. However, this largely reflects the continued strength of the service sector labor market. Services employment rose at a rate broadly consistent with September's five-month high. In contrast, growth of manufacturing staffing levels eased to the slowest since January. The **Global All-Industry Employment Index** registered 52.5, down slightly from 53.1.

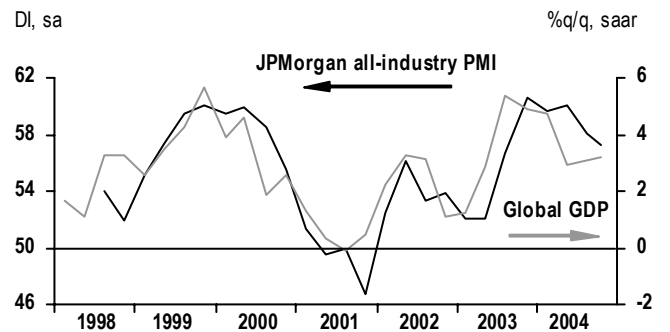
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The all-industry PMI looks to be stabilizing at a level consistent with 3-4% global GDP growth. The manufacturing sector is significantly underperforming activity elsewhere in the economy. High energy prices remain the biggest risk in the outlook."

JPMorgan global PMI output



Global activity indicators



Global PMI Summary

50 = no change on previous month.

		Sep	Oct	Latest movement
Output	Total	57.2	57.1	Expanding at slower rate
	Manufacturing	57.0	55.7	Expanding at slower rate
	Services	57.3	58.0	Expanding at faster rate
New orders	Total	56.3	56.7	Expanding at faster rate
	Manufacturing	55.5	54.9	Expanding at slower rate
	Services	56.8	57.9	Expanding at faster rate
Employment	Total	53.1	52.5	Expanding at slower rate
	Manufacturing	52.4	51.0	Expanding at slower rate
	Services	53.6	53.5	Expanding at slower rate
Input prices	Total	64.3	67.9	Rising at faster rate
	Manufacturing	71.7	75.3	Rising at faster rate
	Services	59.6	63.1	Rising at faster rate

JPMorgan Global PMI

Global Report on Manufacturing and Services

Press contacts

For further information or for other press enquiries please contact:

David Hensley
(1-212) 834-5516
david.hensley@jpmorgan.com
JPMorgan Chase Bank

Rob Dobson
(44) 1491 418 695
rob.dobson@ntc.co.uk
NTC Research Ltd

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, China, 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 80% 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
China	3.1	NTC	CLSA	www.clsa.com
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



NTC RESEARCH
www.ntc-research.com



www.ifpmm.org

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$803 billion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers nationwide, and many of the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at www.jpmorganchase.com.

NTC Research is one of the world's largest specialist providers of business research information, operating business surveys on behalf of blue-chip clients. Current research includes continuous surveys providing original data on economic conditions in the UK, Japan, China, Germany, France, Italy, Spain, the Netherlands, Austria, Ireland, Greece, Russia, Poland, the Czech Republic and Hong Kong. NTC surveys are widely used by governments, businesses and financial markets.

Founded in 1915, the **Institute for Supply Management™ (ISM)** is the largest supply management organization in the world as well as one of the most respected. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities and education. ISM's membership base includes more than 45,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit institute that provides opportunities for the promotion of the profession and the expansion of professional skills and knowledge.

The **International Federation of Purchasing and Materials Management (IFPMM)** is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached. IFPMM is a non-political, independent and non-profit oriented international organisation, registered in Aarau, Switzerland. IFPMM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices.

Whilst every effort has been made in the preparation of this report to ensure accuracy of the statistical and other contents, the publishers and data suppliers cannot accept any liability in respect of errors or omissions or for any losses or consequential losses arising from such errors or omissions.

© Copyright and database rights in the compiled global PMI data owned by NTC Research Limited. Distribution or storage including databasing by any means including, without limitation, electronic distribution is not permitted without the prior consent of NTC.