

Report on Manufacturing and Services

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

The JPMorgan Global PMI series is produced with NTC Research in association with ISM and IFPMM.

The Global PMI series provides the first indication each month of worldwide business conditions, based on data collected from around 10,000 companies.



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The Institute of Supply Management™, established in 1915, is the world's leading educator of supply management professionals and is a valuable resource for decision makers in major markets, companies and government.



The International Federation of Purchasing and Materials Management is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached.

Growth of the global economy gathers significant momentum as the Output Index climbs to 60.4.

The October purchasing managers' surveys from around the world signalled the most significant growth of the global private sector economy for three-and-a-half years. JPMorgan's Global All-Industry Output Index rose to 60.4, to signal growth for the seventh consecutive month.

At its present level, the output index is consistent with 5% saar* growth of GDP. The last occasion when global growth was at a similar significant rate was in the first quarter of 2000.

The effects of the global economic upturn remain widespread, with almost all of the PMI surveys for which October data were available reporting increased output. Growth was strongest in the US, with both the service and manufacturing economies significant positive contributors. The other major world economies – Japan, the UK and Eurozone – all recorded buoyant private sector growth in October.

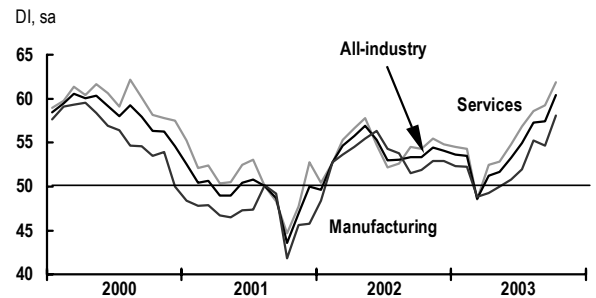
Substantial expansion of incoming new orders was reported in October, with growth of new business rising at a series-record rate. There was also evidence from the manufacturing sector that global trade volumes were recovering.

Notably, the October PMI data suggested the first marginal improvement of global labour market conditions for two-and-a-half years, principally reflecting solid growth of service sector employment. Although further job losses were reported in the manufacturing economy, the rate of decline eased to the weakest since June 2002.

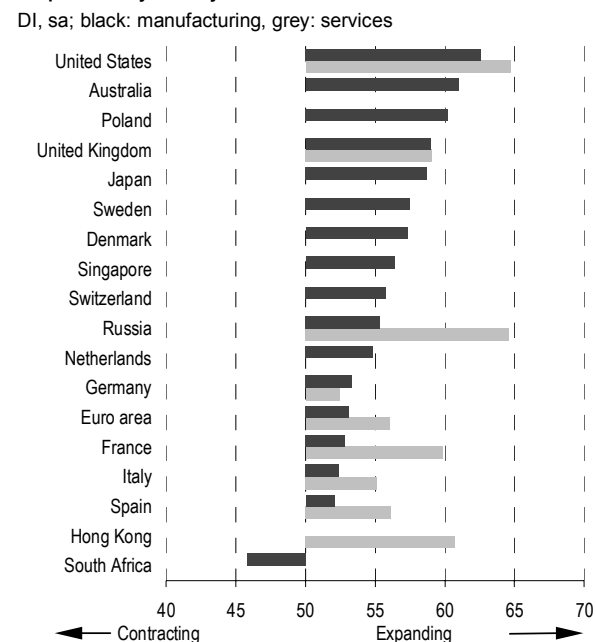
Companies in the manufacturing and services economies reported marked inflation of input costs in October. The Global All-Industry Input Prices Index climbed 1.2 points to 54.5 – a six-month high.

* seasonally adjusted annualised rate.

JPMorgan global PMI output



Output PMIs by country in Oct 2003



Global PMI summary

		Jun	Jul	Aug	Sep	Oct
Output	Total	53.2	54.9	57.3	57.5	60.4
	Manufacturing	50.8	52.0	55.3	54.7	58.1
	Services	54.8	56.9	58.6	59.3	61.9
New orders	Total	52.3	56.7	57.3	57.0	62.0
	Manufacturing	49.6	52.8	54.8	56.2	59.2
	Services	54.1	59.2	59.0	57.5	63.9
Employment	Total	48.4	48.5	49.2	49.1	50.7
	Manufacturing	46.8	46.7	47.6	47.5	48.3
	Services	49.4	49.6	50.2	50.1	52.3
Input prices	Total	50.8	50.5	53.3	53.3	54.5
	Manufacturing	50.4	47.9	49.5	51.3	54.2
	Services	51.1	52.1	55.8	54.6	54.8

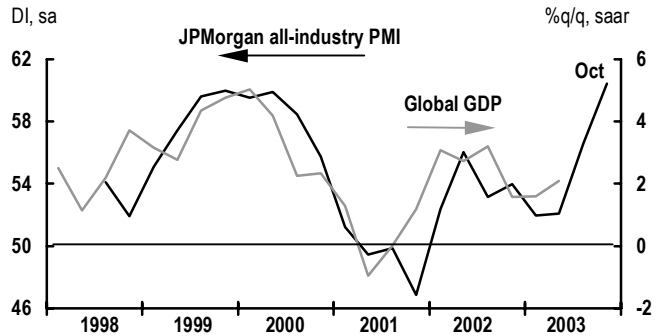
Notes: data for Singapore relate to September. The Hong Kong PMI covers all sectors.

Global Report on Manufacturing and Services

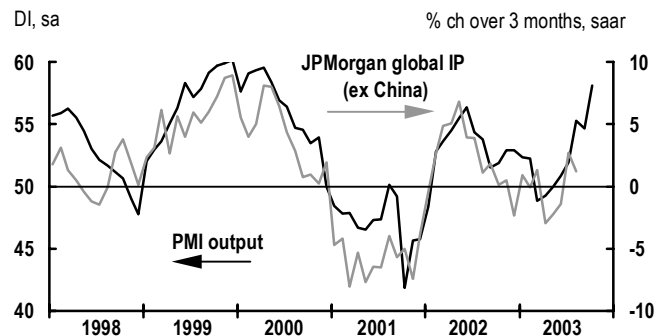
PMI component summary

- At 60.4 in October, up from 57.5 in September, the **Global All-Industry Output Index** signalled the strongest expansion of global economic activity since May 2000. Output has risen in each of the past seven months, with the rate of growth gathering significant momentum during this period.
- Both the global manufacturing and service sectors saw marked expansion of activity in October. Growth of service sector output and manufacturing production hit thirty-eight and forty-one month peaks respectively. Meanwhile, continuing the trend observed since April, activity in the services economy expanded at a rate above that of the manufacturing sector (although the differential between the implied rates of growth narrowed).
- Supporting the latest increase of economic output was the most significant expansion of incoming new business since the all-industry series began in July 1998. At 62.0 in October, the **Global All-Industry New Business Index** signalled growth for the sixth successive month. New orders expanded at a survey record rate in the services economy, and at a pace exceeding that seen by manufacturing. Nevertheless, despite being less marked than the services sector, manufacturing saw new business rise at the steepest pace since January 2000.
- At 50.7 in October, the **Global All-Industry Employment Index** signalled the first marginal expansion of world-wide private sector employment since January 2001. The overall increase in employment principally reflected the current strength of the service sector labour market (which was at its most buoyant for two-and-a-half years), as further, albeit less marked, job shedding was reported in the manufacturing economy.
- The **Global All-Industry Prices Index** (which posted 54.5) signalled the strongest inflation of average input costs for six months in October. Input prices rose markedly in both the services and manufacturing economies.

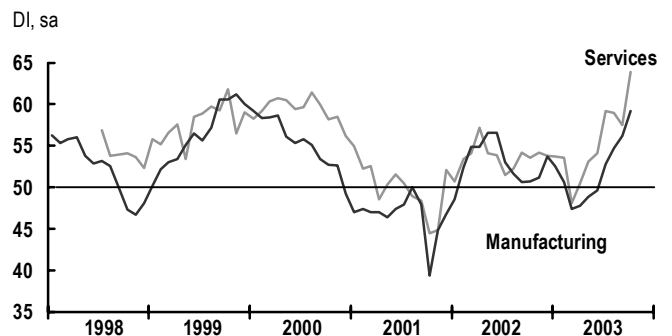
Global activity indicators



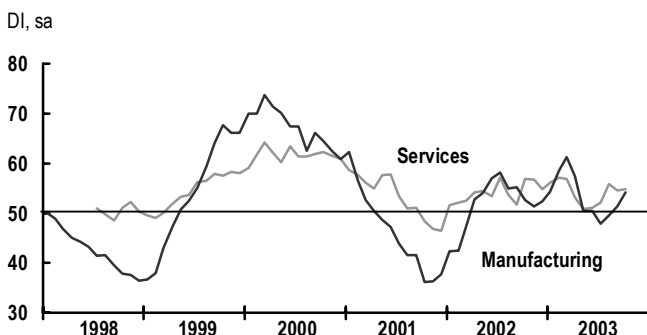
Global manufacturing output



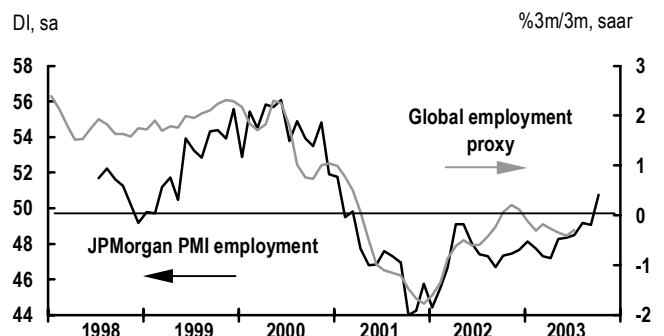
Global new orders



Global input prices



Global total employment

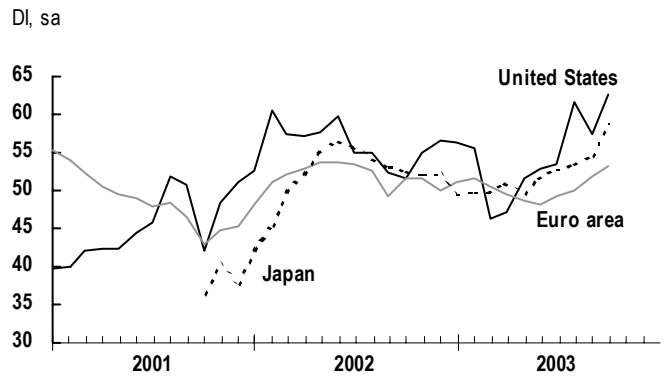


National PMI summary

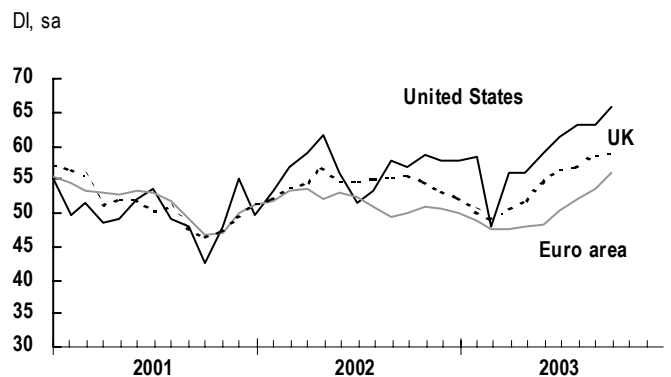
Significant broad-based global growth recorded

- The latest PMI surveys from around the world provided further evidence of widespread strengthening of economic conditions, with only the South African manufacturing sector reporting lower levels of output in October. All of the other surveys signalled significant expansion of output, with many recording survey or near-survey record growth.
- The US saw combined manufacturing and service sector output rise at the strongest pace since January 1998. Service sector activity rose at the steepest rate for over five-and-a-half years, whilst growth of manufacturing output hit a seventy-five month peak.
- The UK and Eurozone both reported that growth of combined manufacturing and service sector output had gathered significant momentum in October, with the UK expanding at the strongest rate since June 1997.
- However, despite reaching a near three-year peak, the growth rate of the Eurozone private sector economy remained modest in comparison to those implied for the US, Japan and UK.
- Growth in Asia gathered further pace in October. The Japanese manufacturing sector expanded at the strongest rate so far during the entire (Japanese) survey history and growth of the Hong Kong economy was the fastest for three-and-a-half years. Meanwhile, the Australian manufacturing Output Index rose to its highest level so far this year.

Manufacturing output PMIs



Services output PMIs



Regional PMI data summary

		Output					New Orders				
		Jun	Jul	Aug	Sep	Oct	Jun	Jul	Aug	Sep	Oct
United States	Total	57.8	59.7	62.9	61.9	65.1	57.2	63.9	63.0	59.7	68.9
	Manufacturing	52.9	53.3	61.6	57.3	62.6	52.2	56.6	59.6	60.4	64.3
	Services	59.0	61.3	63.2	63.0	65.8	58.5	65.8	63.9	59.5	70.0
Euro area	Total	48.2	49.8	51.2	52.8	54.9	46.2	49.5	51.2	53.0	54.6
	Manufacturing	48.2	49.3	50.0	51.8	53.1	45.7	48.8	50.1	52.0	53.2
	Services	48.2	50.2	52.0	53.6	56.0	46.5	49.9	51.8	53.6	55.5
Japan	Manufacturing	51.5	52.8	53.5	54.4	58.7	51.1	52.2	54.8	56.2	60.9
United Kingdom	Total	53.7	55.9	56.8	57.7	59.1	53.5	55.2	56.6	58.0	58.0
	Manufacturing	51.6	53.9	56.2	54.9	59.0	51.1	53.1	53.9	56.4	57.0
	Services	54.5	56.6	57.0	58.7	59.1	54.3	56.0	57.5	58.6	58.4
Switzerland	Manufacturing	42.5	50.1	58.8	51.8	55.8	39.1	52.4	51.6	52.6	56.9
Russia	Total	60.2	61.3	63.5	60.7	62.6	60.2	61.6	63.4	60.7	62.3
	Manufacturing	57.2	57.1	56.4	56.3	55.4	58.3	58.2	57.0	55.3	56.1
	Services	61.0	62.5	65.5	61.9	64.6	60.7	62.5	65.2	62.3	64.1
Poland	Manufacturing	52.9	54.2	58.8	59.3	60.2	50.7	54.3	56.5	57.4	57.7
South Africa	Manufacturing	47.8	49.9	51.1	44.0	45.8	43.8	53.5	48.5	46.6	49.2
Hong Kong	Total	50.5	51.3	54.9	57.1	60.7	52.1	52.7	55.6	58.6	60.2
Singapore	Manufacturing	51.9	50.2	50.7	53.5	n/a	50.5	51.9	52.3	55.4	n/a
Australia	Manufacturing	50.2	52.3	54.5	54.8	61.0	49.8	51.9	48.5	52.4	60.1

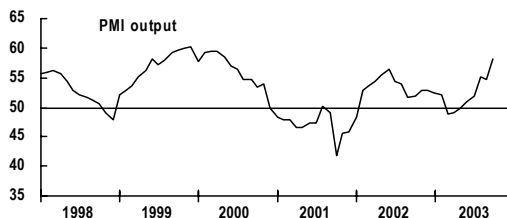
* For the US, data for service industries are extracted from the ISM non-manufacturing survey in order to retain consistency with data for other countries.

Global Report on Manufacturing and Services

Manufacturing summary

OUTPUT

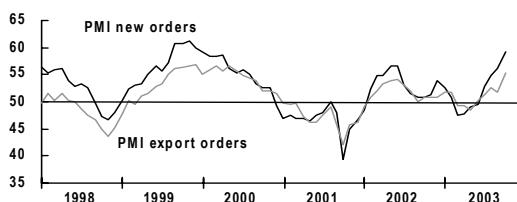
The **Global Manufacturing Output Index** registered 58.1 in October, to suggest that the overall level of production had risen for the fifth straight month and at the sharpest rate since May 2000. Increased output was stimulated by the recent strengthening of global economic sentiment. Growth of production picked up in the US, Eurozone, Japan and UK.



Output	
May 03	50.0
Jun 03	50.8
Jul 03	52.0
Aug 03	55.3
Sep 03	54.7
Oct 03	58.1

NEW ORDERS

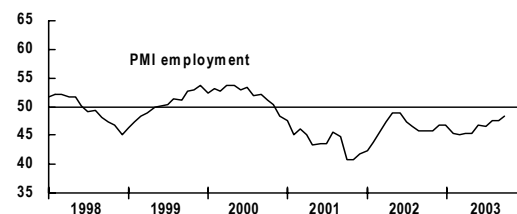
The current upwards trend of the **Global Manufacturing New Orders Index** continued in October, with the index rising for the seventh consecutive month to record 59.2. New orders have increased in each of the past four months, with the rate of growth accelerating throughout this period to its strongest since January 2000.



New Orders	
May 03	48.9
Jun 03	49.6
Jul 03	52.8
Aug 03	54.8
Sep 03	56.2
Oct 03	59.2

EMPLOYMENT

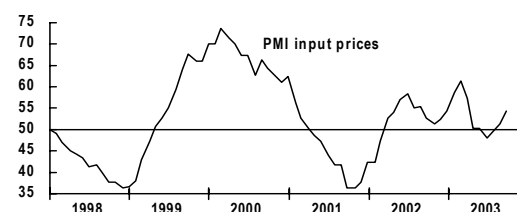
At 48.3 in October, the **Global Manufacturing Employment Index** signalled that staffing levels had fallen for the thirty-fifth consecutive month. However, the latest data showed that the rate of decline eased to the weakest for sixteen months. Lower employment was reported by the US, Eurozone, Japan and UK.



Employment	
May 03	45.4
Jun 03	46.8
Jul 03	46.7
Aug 03	47.6
Sep 03	47.5
Oct 03	48.3

INPUT PRICES

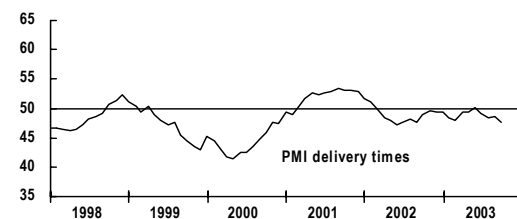
The **Global Manufacturing Input Prices Index** signalled inflation of raw material prices for the second consecutive month in October. The index rose to a six-month high of 54.2. Average input prices rose in all except two of those countries for which October data were available.



Input Prices	
May 03	50.5
Jun 03	50.4
Jul 03	47.9
Aug 03	49.5
Sep 03	51.3
Oct 03	54.2

SUPPLIER DELIVERY TIMES

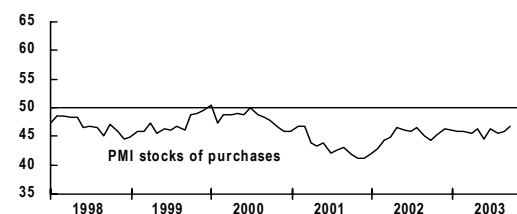
At 47.7 in October, the **Global Manufacturing Suppliers' Delivery Times Index** signalled that average lead-times around the world had lengthened at the most significant rate for thirteen months. Delivery times from suppliers have deteriorated in each of the past four months. The most significant lengthening of average lead-times was reported by the US.



Delivery Times	
May 03	49.4
Jun 03	50.1
Jul 03	49.1
Aug 03	48.4
Sep 03	48.7
Oct 03	47.7

STOCKS OF PURCHASES

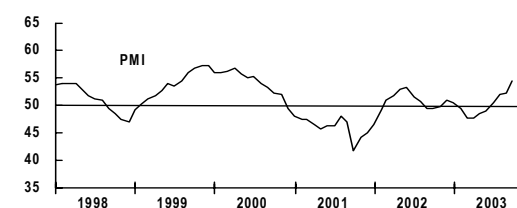
Stocks of purchases were eroded for the forty-fifth consecutive month in October. However, after rising for the second consecutive month, the **Global Manufacturing Stocks of Purchases Index** registered 46.8 – its highest reading since March 2001. Of the countries for which October data were available, only Japan and South Africa reported (marginal) growth of inventories.



Inventories	
May 03	46.3
Jun 03	44.7
Jul 03	46.3
Aug 03	45.5
Sep 03	45.8
Oct 03	46.8

MANUFACTURING PMI

At 54.5, the **Global Manufacturing PMI** – a composite indicator which provides an overall view of global manufacturing conditions – registered its highest reading since July 2000 and signalled expansion for the fourth consecutive month. The PMI suggests that the recovery of the manufacturing economy from war-related lows earlier in 2003 has gathered significant momentum.

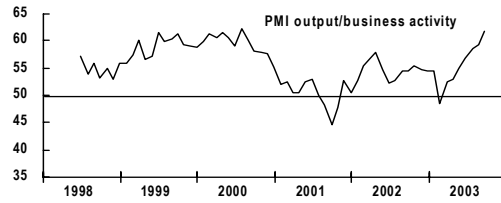


PMI	
May 03	48.5
Jun 03	48.9
Jul 03	50.4
Aug 03	52.1
Sep 03	52.3
Oct 03	54.5

Services summary

OUTPUT

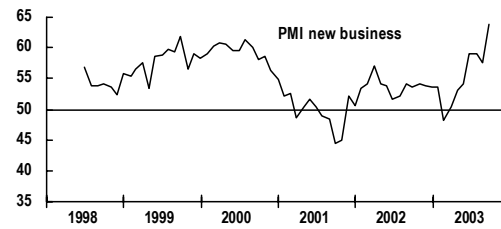
At 61.9 in October, the **Global Services Business Activity Index** remained above the critical no-change mark of 50.0 for the seventh consecutive month. Furthermore, the Index has risen throughout this period, suggesting that the rate of growth has gained significant momentum since April. All of the countries surveyed reported that activity levels had expanded in October.



	Output
May 03	52.9
Jun 03	54.8
Jul 03	56.9
Aug 03	58.6
Sep 03	59.3
Oct 03	61.9

NEW ORDERS

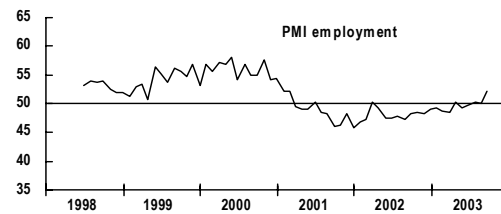
October saw the most significant increase of incoming new business since the survey began in July 1998. At 63.9, up from 57.5 in September, the **Global Services New Business Index** signalled expansion for the seventh consecutive month. Growth was strongest in the US, followed by Australia, whilst the euro area recorded its most pronounced expansion for three years.



	New Orders
May 03	53.1
Jun 03	54.1
Jul 03	59.2
Aug 03	59.0
Sep 03	57.5
Oct 03	63.9

EMPLOYMENT

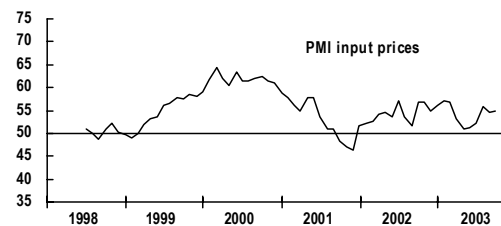
October saw widespread growth of staffing levels. At 52.3, the **Global Services Employment Index** indicated that employment was increasing at its most buoyant rate for over two-and-a-half years. Growth of staffing was strongest in Russia, and reached a thirty-five month peak in the US. Meanwhile, the pace of job shedding in Germany remained severe.



	Employment
May 03	50.1
Jun 03	49.4
Jul 03	49.6
Aug 03	50.2
Sep 03	50.1
Oct 03	52.3

INPUT PRICES

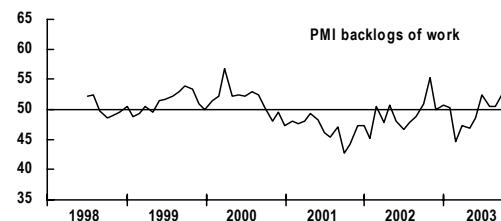
At 54.8 in October, the **Global Services Input Prices Index** signalled that inflation of input costs had picked-up slightly compared to the previous month. The recovery of oil prices (and its effect on fuel costs) remained the principal factor resulting in upward cost pressure. All of the countries surveyed reported that input prices had risen, with the strongest inflation recorded by Russia.



	Input Prices
May 03	50.8
Jun 03	51.1
Jul 03	52.1
Aug 03	55.8
Sep 03	54.6
Oct 03	54.8

BACKLOGS OF WORK

October data signalled that the volume of outstanding business had increased for the fourth successive month. Moreover, the **Global Services Backlogs of Work Index** registered 52.4, to suggest that the level of work-in-hand had increased at a faster rate than the previous two months. The steepest increase of outstanding business was reported by the US.



	Backlogs of work
May 03	46.9
Jun 03	48.5
Jul 03	52.4
Aug 03	50.4
Sep 03	50.6
Oct 03	52.4

Notes on data

Global Composite Indexes are calculated by taking a weighted average of the Global Manufacturing and Services Indexes shown on these pages, and in total cover countries which account for an estimated 76% of global output.

Global Manufacturing Indexes are based on the results of surveys carried out in the US, Japan, Germany, France, Spain, the UK, Italy, Ireland, Greece, Austria, the Netherlands, Poland, the Czech Republic, Russia, Sweden, Denmark, Singapore, Australia, South Africa, Hungary and Israel. These countries together account for an estimated 77% of global manufacturing output. The manufacturing survey data cover around 7,000 respondents. The data for each country are combined using weights determined by national contribution of manufacturing output to total global manufacturing output. The Global Manufacturing PMI is a composite index based on five of the individual manufacturing indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers' Delivery Times - 0.15, Stock of Purchases - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

Global Service Sector Indexes are based on the results of surveys carried out in the US, Germany, Italy, France, Spain, Russia, the UK and Ireland. Combined, these countries account for an estimated 56% of global private sector services output. The service sector survey data cover around 3,000 respondents. The data for each country are then combined using weights determined by national contribution of services output to total global services output.

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.

Global Report on Manufacturing and Services

About this report

The Global Report on Manufacturing and Services is produced by JPMorgan and NTC Research in association with ISM and IFPMM

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Data sources

Ranked by contribution to global GDP

Country	Producer	In association with
US	ISM	–
Japan	NTC	Reuters/Nomura/JMMA
Germany	NTC	BME/Reuters
France	NTC	CDAF/Reuters
UK	NTC	CIPS/Reuters
Italy	NTC	Reuters/ADACI
Spain	NTC	AERCE
Netherlands	NTC	NEVI/YACHT
Australia	AiG	PriceWaterhouseCoopers
Russia	NTC	Moscow Narodny Bank
Austria	NTC	BA Creditanstalt/OPWZ
Denmark	DILF	Danske Bank
South Africa	BER	IPSA/Investec
Poland	NTC	–
Hong Kong	NTC	–
Greece	NTC	HPI
Ireland	NTC	NCB Stockbrokers
Singapore	SIPMM	–
Israel	IPLMA	–
Czech Republic	NTC	–
Hungary	HALPIM	Hungarian National Bank
Switzerland	SVME	Credit Suisse

PMI surveys

The Global Report on Manufacturing and Services provides the first indication each month of global private sector business conditions, based on data collected from around 10,000 executives. It is compiled by NTC Research. The data enable decision makers in the financial world and in government 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.

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