

JPMorgan Global PMI Global Report on Manufacturing

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

Global manufacturing economy expands at survey record rate in December.

Growth of the global manufacturing economy reached a survey record rate in December. At 58.1, up from 56.8 in November, the **Global Manufacturing PMI** – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM – remained above the neutral mark of 50.0 for the sixth successive month. Furthermore, the PMI has maintained an upward trend throughout this period, to suggest that growth of the worldwide manufacturing economy has gathered considerable momentum during the second half of 2003.

The Global Manufacturing PMI is based on responses from approximately 7,000 companies worldwide, operating in countries that account for roughly 76% of total global manufacturing output. PMIs signalled expansion in all except one of the eighteen countries for which December data were available, with only Greece reporting a negligible contraction. Worldwide growth was again led by the extremely positive performance of the dominant US manufacturing sector, which saw operating conditions improve at the sharpest rate since December 1983. Growth in the UK and the Euro area hit four-year and three-year peaks respectively, whilst the Japanese PMI signalled a rate of expansion close to November's (Japanese) survey record.

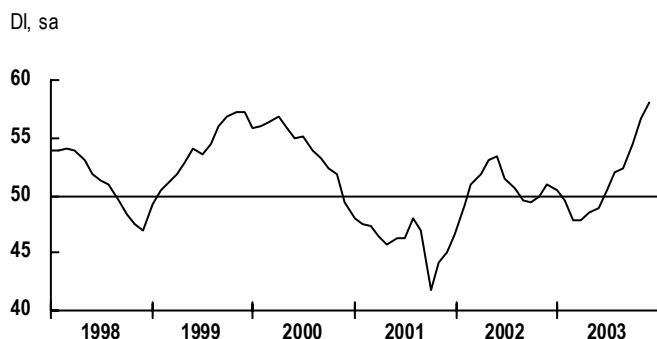
At 62.0 in December, the **Global Manufacturing Output Index** signalled that growth of worldwide manufacturing production had reached a new survey peak. The Index has signalled expansion in each of the past seven months. Growth of US manufacturing production surged in December, rising at the sharpest rate for twenty years. The steepest increase was recorded by Denmark, while growth picked-up in the UK and Eurozone, and remained robust in Japan.

December saw the most significant expansion of incoming new orders since the global series was first compiled in January 1998. The **Global Manufacturing New Orders Index** signalled growth for the sixth month running and rose again to post 64.0. Furthermore, the expansion of trading volumes was broad-based, with Greece the only country for which December data were available that reported a decline in new business.

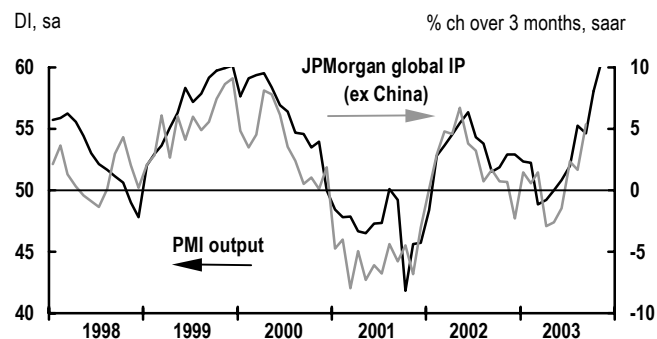
The robust performance of the global manufacturing economy was reflected in the labor market in December, as employment increased for the first time in three years. The **Global Manufacturing Employment Index** posted 51.6. Growth of staffing worldwide was led by the US, which saw employment rise at the sharpest rate since the end of 1999. Japan and the UK also reported increased staffing.

At 57.4 in December, the **Global Manufacturing Input Prices Index** signalled the strongest inflation of purchase prices for eight months. With the exception of the Netherlands, all of the countries for which December data were available recorded increased input costs.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Nov	Dec	Change	Comparison with previous month
Global PMI	56.8	58.1	+	Expanding at faster rate
Output	60.4	62.0	+	Expanding at faster rate
New Orders	62.8	64.0	+	Expanding at faster rate
Input Prices	56.5	57.4	+	Increasing at faster rate
Employment	49.9	51.6	+	Expanding, change of direction

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

“The global PMI points to a powerful, widespread recovery in global manufacturing. Survey details show that a sustained surge in new orders is prompting firms to lift output, employment, and inventories. Indeed, global industrial production rose at an estimated 7.5% saar in 03Q4, one of the strongest increases in over a decade. The continued advance of the global PMI indicates that growth momentum remained strong heading into the new year.”

JPMorgan Global PMI

Global Report on Manufacturing

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Notes on data

The Global Report on Manufacturing 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 and Czech Republic by NTC Research and in a number of other countries: Denmark, Israel, Hungary, South Africa, Switzerland, Australia and Singapore. These countries together account for an estimated 76% of global manufacturing output.

The Global Report on Manufacturing provides the first indication each month of global manufacturing business conditions, based on data collected from around 7,000 purchasing 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. 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	PriceWaterhouseCoopers	www.aigroup.asn.au, www.pwcglobal.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
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, www.anz.com/nz

* Source: World Bank



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