

JPMorgan Global PMI Global Report on Manufacturing

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

Growth of the global manufacturing economy reaches four-year high in January, reflecting survey record gains in production.

The positive performance of the global manufacturing economy recorded during the second half of 2003, continued at the start of 2004. After revisions to the US data series, the **Global Manufacturing PMI** – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM – registered 57.1 in January, its highest level in four years and a figure indicative of the further marked improvement of operating conditions.

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 January data were available.

Growth of the worldwide manufacturing economy was again driven by the major industrial nations in January. Marked expansions were recorded by the US (where overall growth hit a twenty-year high), Japan, the UK and, to a lesser extent, the euro area – with the sharpest growth reported in the US. The latest data also suggested that the performance of all the other broad regions covered had been positive.

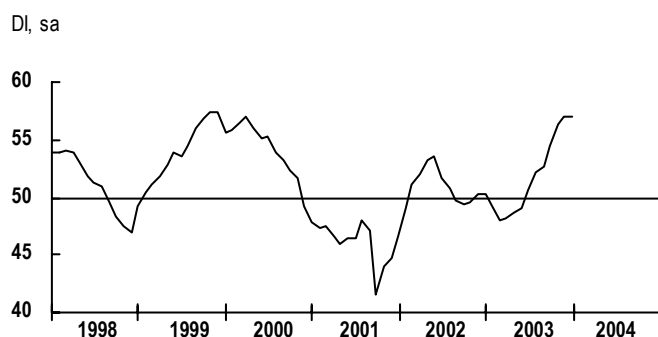
The **Global Manufacturing Output Index** posted 61.0 in January, up from 60.6 in December, to signal the sharpest growth of production since the series was first compiled in January 1998. The expansion of output remained broad-based, with only Denmark reporting a decline. The sharpest rise was recorded in the US, where growth of output hit a twenty-year high. Japan and the UK also reported robust expansion, albeit slightly slower than one month earlier. Meanwhile, growth of output in the euro area hit a three-year peak.

At 61.8 in January, down from December's survey high of 62.3, the **Global Manufacturing New Orders Index** remained at a level significantly above the neutral mark of 50.0. Overall trading volumes have increased in each of the past seven months, with growth especially marked in the US during January. Meanwhile, the latest data suggested a further significant rise in the level of new export business.

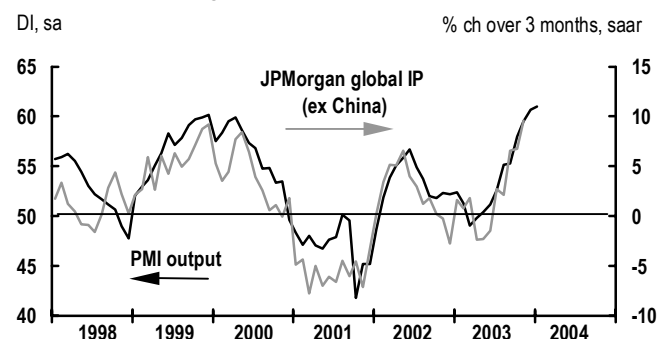
The start of 2004 saw worldwide manufacturing employment rise for the second successive month. Although the **Global Manufacturing Employment Index** fell to 50.3 in January – a level indicative of only marginal increase – this was still positive in comparison to the three-year period of sustained contraction recorded between December 2000 and November 2003. Employment increased in the US and the UK, but declined in Japan and the euro area.

At 61.9 in January, up sharply from 57.2 in December, the **Global Manufacturing Input Prices Index** signalled the most significant inflation of input costs for three years.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Dec'03	Jan'04	Change	Comparison with previous month
Global PMI	57.0	57.1	+	Expanding at faster rate
Output	60.6	61.0	+	Expanding at faster rate
New Orders	62.3	61.8	-	Expanding at slower rate
Input Prices	57.2	61.9	+	Increasing at faster rate
Employment	50.9	50.3	-	Expanding at slower rate

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

"The start of 2004 has seen continued, robust, broad-based expansion of the global manufacturing economy. Output and new orders are booming, although there has yet to be a decisive strengthening in employment. As anticipated by the PMI, global industry is expanding at a 10% annual rate."

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, Singapore and New Zealand. 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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