

JPMorgan Global PMI Global Report on Manufacturing

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

Strong performance of the global manufacturing economy continued in February, as the PMI recorded 55.9.

Worldwide manufacturing operating conditions improved considerably in February, to continue the positive performance recorded throughout the second half of 2003 and so far during the start of 2004. The **Global Manufacturing PMI** – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM – registered 55.9, down from 56.9 in January.

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 pointed to expansion in all except one of the nineteen countries for which February data were available. However, the rate of expansion implied by the PMI eased during the month, reflecting slower growth in eleven of these countries. Expansion of the global manufacturing economy was led by the US, which recorded the sharpest growth of all nations for the fourth month in a row. Marked expansion was also reported in Japan, and to a lesser extent in the Eurozone and the UK.

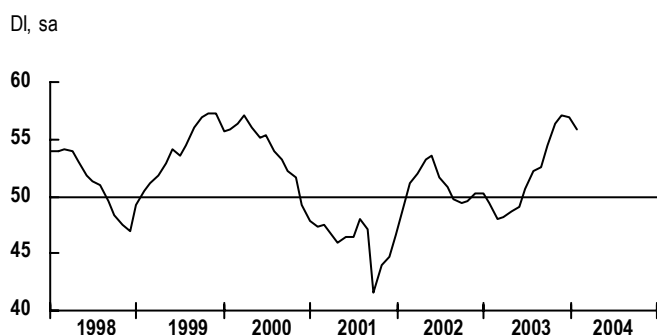
At 58.1 in February, the **Global Manufacturing Output Index** indicated expansion of manufacturing output for the tenth month running and, at its present level, is consistent with annualized growth of worldwide industrial production of around 9%. However, after falling from 60.9 in January, the Index suggested slower growth than in the previous month. The US, Japan, the euro area and the UK all recorded further robust increases of production, although the rates of growth in each of these economies eased from one month ago.

The **Global Manufacturing New Orders Index** registered 59.2 in February, to indicate further substantial growth of new business (although the rate of increase eased for the second month in a row). All of the major industrial nations – the US, Japan, the Eurozone and the UK – recorded marked growth of new orders, albeit at slower rates than one month earlier, with the sharpest rise reported by the US. Meanwhile, the level of international trade continued to expand at a marked rate, as new export orders rose for the ninth consecutive month.

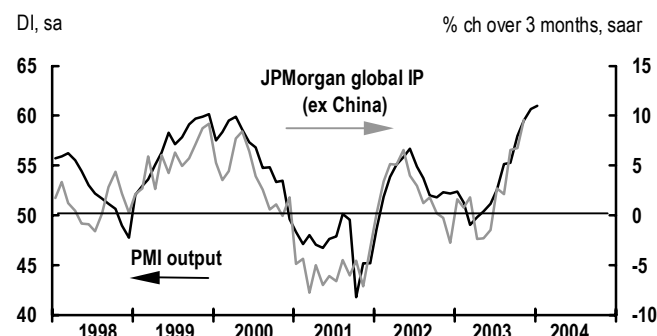
Global manufacturing employment increased for the third successive month in February. Nevertheless, although indicating slightly stronger growth than one month ago, at 51.1, the **Global Manufacturing Employment Index** pointed to only a marginal increase. The US recorded marked growth of staffing levels in February. In contrast, employment declined in Japan and the Eurozone – with the four largest euro area economies all reporting lower staffing.

At 66.5 in February, up markedly from 61.8 in January, the **Global Manufacturing Input Prices Index** continued its current upwards trend and indicated further sharp inflation of worldwide raw material prices.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Jan	Feb	Change	Comparison with previous month
Global PMI	56.9	55.9	-	Expanding at slower rate
Output	60.9	58.1	-	Expanding at slower rate
New Orders	61.6	59.2	-	Expanding at slower rate
Input Prices	61.8	66.5	+	Increasing at faster rate
Employment	50.3	51.1	+	Expanding at faster rate

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

“The global PMI suggests that output and orders growth is moderating somewhat from the breakneck pace of late 2003. However, employment continues to recover, and it appears that firms are building inventories. Pipeline price pressures are becoming more widespread and intense.”

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.ipasa.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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