

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 picked up during March, as gains in production and new business gathered pace.

The current upturn of global manufacturing operating conditions continued during March, with the latest PMI data from around the world pointing to a further broad-based expansion of the manufacturing economy. **The Global Manufacturing PMI** – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM – registered 56.9, up from 55.8 in February, to suggest a pick up in the rate of growth from the previous month's substantial pace.

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 growth in all except one of the nineteen countries for which March data were available. The expansion of the global manufacturing economy was again led by the US, although sharper growth was also recorded in Japan, the Eurozone and the UK.

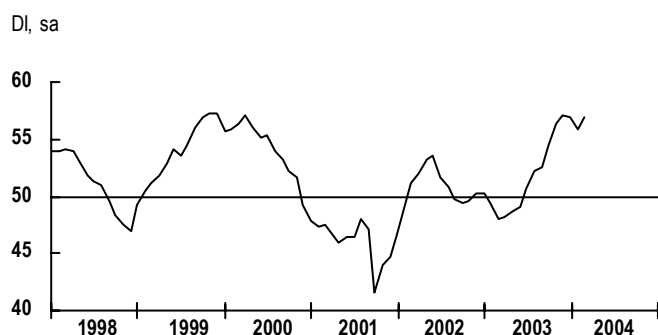
Worldwide manufacturing production increased for the eleventh successive month in March, with the latest data pointing to a further substantial rise in output. **The Global Manufacturing Output Index** registered 59.4, up from 58.1 in February, to signal a sharper rate of expansion than one month ago. All of the major industrial nations reported marked growth of production during March, with the rate of increase picking up in the US (which recorded the sharpest growth), Japan, the Eurozone and the UK.

At 59.7 in March, the **Global Manufacturing New Orders Index** signalled an expansion of new business for the ninth successive month and a slight pick up in the rate of increase from February's marked pace. The US, Japan, the UK and euro area all recorded substantial growth of incoming new orders. Meanwhile, the latest data suggested a further marked improvement in the volume of international trade, as growth of new export business gathered pace in March.

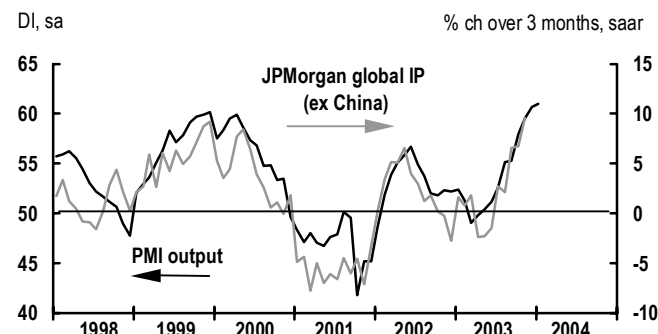
The nascent upturn of global manufacturing employment extended into a fourth successive month during March. However, despite edging higher to 51.3, the **Global Manufacturing Employment Index** remained at a level indicative of only a marginal expansion of staffing levels. Growth of global manufacturing employment reflected the buoyant US jobs market. In contrast, the other broad regions covered by the survey generally reported a drop in staffing levels.

Rapid inflation of input costs was reported around the globe in March, as shortages of key commodities (especially steel) resulted in increased input prices. The shortage of certain commodities was also reflected on the supply-side of the global manufacturing economy, as delivery times from suppliers lengthened markedly during the month.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

| | Feb | Mar | Change | Comparison with previous month |
|--------------|------|------|--------|--------------------------------|
| Global PMI | 55.8 | 56.9 | + | Expanding at faster rate |
| Output | 58.1 | 59.4 | + | Expanding at faster rate |
| New Orders | 59.1 | 59.7 | + | Expanding at faster rate |
| Input Prices | 66.4 | 71.4 | + | Increasing at faster rate |
| Employment | 51.1 | 51.3 | + | Expanding at faster rate |

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

"Growth of the global manufacturing economy picked up during March, and edged closer to the record rates seen toward the end of 2003. At the same time, surging materials prices and widespread production delays underscore the risk that price pressures are migrating further down the production pipeline."

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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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, 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.

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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.

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