

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 remained buoyant in June, but eased slightly from May's survey record rate.

The growth rate of the global manufacturing economy remained close to last month's survey record pace in June. At 56.5, down from 57.6 in May, the **Global Manufacturing PMI** – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM – posted a reading above the neutral mark of 50.0 for the twelfth consecutive month. Nineteen out of the twenty-two nations included in the composition of the PMI had data available to June. All of these economies reported an improvement in operating conditions, with seven seeing stronger rates of expansion than May. The US was again the principal growth engine of the worldwide manufacturing economy.

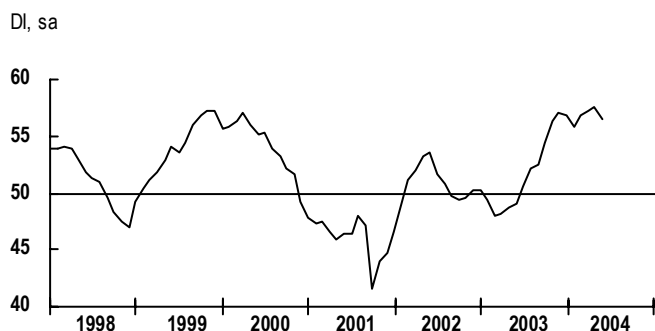
The strong upturn of global manufacturing production continued in June. Growth of output has remained buoyant since the start of Q4 2003, with the monthly rate of increase throughout this period consistently well above the average for the series history. The strongest rate of increase was recorded for South Africa, followed closely by the US, whilst the performance of the other broad regions covered by the survey remained positive. However, at 58.3, the **Global Manufacturing Output Index** registered a lower reading than in May, as a majority of nations (including the three principal world economies – the US, the Eurozone and Japan) reported slower growth than one month ago.

The broad-based expansion of new business continued, with all of the nations for which June data were available reporting a rise in new orders. South Africa registered the sharpest rate of increase, followed by the US. At 57.1, the **Global Manufacturing New Orders Index** pointed to a marked increase of worldwide manufacturing new orders. However, the Index edged further from December 2003's survey high of 62.3, as growth of new business eased in the majority of countries.

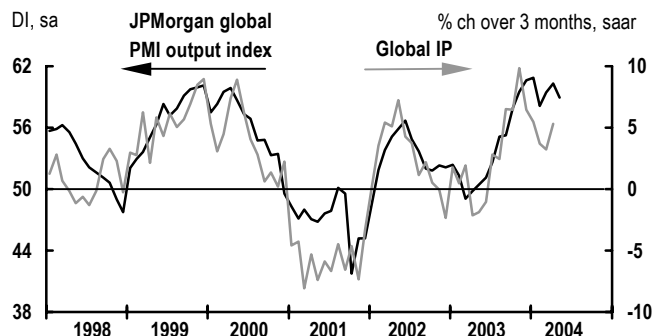
At 53.2 in June, down from May's survey peak of 54.1, the **Global Manufacturing Employment Index** signalled growth of employment for the seventh month in a row. The rise in staffing levels was principally led by the strong US jobs market, whilst Japan and the UK both recorded marginal growth of employment. Although staffing has fallen across the Eurozone throughout the past three years, the rate of decline eased in June to equal the slowest recorded during this period.

The latest data suggested that the upward surge in input costs resulting from the current strength of oil prices and the short supply of steel had peaked in the previous month. At 72.1 in June, the **Global Manufacturing Input Prices Index** pointed to a marked rate of cost inflation. However, the Index fell back from May's survey high of 75.7, to suggest an easing in the rate of increase for the first time since costs started to rise in September 2003.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	May	Jun	Change	Comparison with previous month
Global PMI	57.6	56.5	-	Expanding at slower rate
Output	59.5	58.3	-	Expanding at slower rate
New Orders	59.1	57.1	-	Expanding at slower rate
Input Prices	75.7	72.1	-	Increasing at slower rate
Employment	54.1	53.2	-	Expanding at slower rate

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

"The performance of the global manufacturing economy remains strong. Output, new orders and employment are all rising at robust rates. PMI data also suggest cost inflationary pressure peaked in May and that the worldwide preference for leaner stocks is starting to reverse."

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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