

# JPMorgan Global PMI Global Report on Manufacturing

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

## Buoyant growth of the global manufacturing economy reached near-survey record rate in July.

Global manufacturing operating conditions continued to improve at a buoyant rate in July. The **Global Manufacturing PMI** – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM – registered 57.3, up from 56.6 in June, to signal the (joint) second-strongest rate of overall growth since data were first compiled in January 1998. Worldwide manufacturing business conditions have now improved in each of the past thirteen months.

Of the twenty-two nations included in the composition of the Global Manufacturing PMI, eighteen had data available to July. All of these economies recorded an improvement in operating conditions, with twelve seeing a faster rate of growth than one month ago. The US retained its position at the top of the global manufacturing growth league, a position it has held throughout the past nine months.

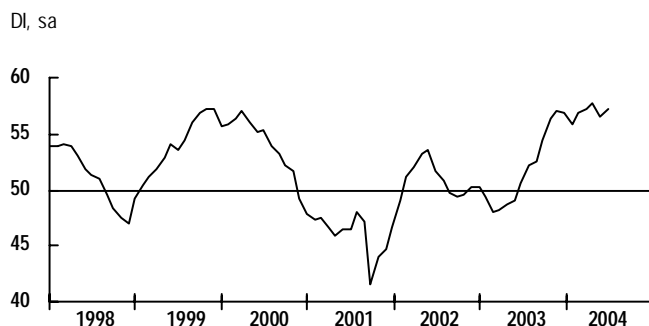
Growth of global manufacturing production remained robust in July. The **Global Manufacturing Output Index** rose to 60.1, to register a level only slightly below January's survey high of 60.8. Output has increased in each of the past fifteen months, with the latest data pointing to a further broad-based expansion. All expect one of the economies (Switzerland – which recorded no change) for which July data were available reported a rise in output, with the majority also seeing sharper growth than one month ago. The US was the principal growth engine of worldwide manufacturing production, and saw output increase at the fastest rate in three months. The UK and Eurozone saw output rise at the sharpest rates for eight and four years respectively, and Japan also reported a marked expansion.

At 59.5 in July, the **Global Manufacturing New Orders Index** posted its highest reading in three months and a level indicative of substantial growth of new business. Denmark reported the strongest growth of new orders of all nations, followed by South Africa and the US. Japan saw new orders rise at a faster rate than June's already marked pace, but growth was slower than the survey peaks recorded during Q4 2003. Meanwhile, international trade volumes (as measured by the total volume of new export orders) rose at a robust rate in July.

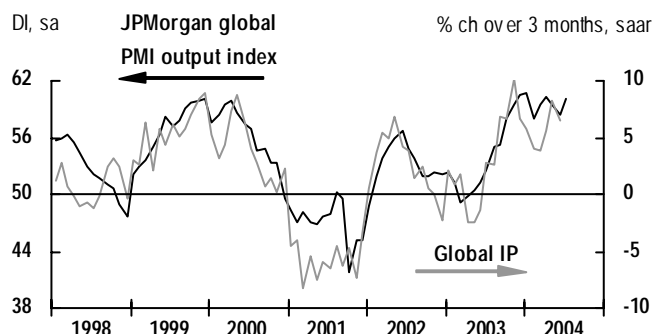
The current upturn of production encouraged worldwide manufacturing companies to expand employment for the eighth successive month. The **Global Manufacturing Employment Index** posted 52.7, to signal a further solid rise in recruitment (albeit a less marked rate of increase than May's survey high).

At 71.1 in July, the **Global Manufacturing Input Prices Index** signalled a further sharp rise in raw material costs. All except one of the nations (South Africa – which saw a fall in input prices) for which July data were available recorded marked inflation of costs, with the fastest rate of increase reported by the Denmark.

JPMorgan global manufacturing PMI



Global manufacturing output



### Global Manufacturing PMI Summary

50 = no change on previous month.

	Jun	Jul	Change	Comparison with previous month
Global PMI	56.6	57.3	+	Expanding at faster rate
Output	58.4	60.1	+	Expanding at faster rate
New Orders	57.2	59.5	+	Expanding at faster rate
Input Prices	72.0	71.1	-	Increasing at slower rate
Employment	53.2	52.7	-	Expanding at slower rate

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

"The global manufacturing economy maintained near-survey record growth of production and new business in July. Employment is still rising. Cost pressures remain intense but the indexes of prices paid and vendor delays have backed away from recent peaks."

# 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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Founded in 1915, the **Institute for Supply Management**<sup>TM</sup> (ISM) is the largest supply management organization in the world as well as one of the most respected. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities and education. ISM's membership base includes more than 45,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit institute that provides opportunities for the promotion of the profession and the expansion of professional skills and knowledge.

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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