

JPMorgan Global PMI Global Report on Manufacturing

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

Global manufacturing economy exhibited further strength in August, despite softer growth of production, new business and employment.

The global manufacturing economy continued to show robust overall growth during the latest survey period. At 55.8 in August, the **Global Manufacturing PMI** – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM – remained above the neutral 50.0 mark for the fourteenth month in a row. However, the rate of expansion was the slowest since February, as an unplanned rise in inventories and intense upward pressure on costs reined in growth of output and new business.

Nineteen of the twenty-two national economies included in the composition of the Global Manufacturing PMI had data available to August. All of these nations reported an improvement in operating conditions, although only six recorded a faster rate of expansion than in the previous month. Denmark registered the most pronounced strengthening of business conditions, and replaced the US at the top of the global growth table (a position the US held in each of the previous nine months). Although the US registered the joint second-sharpest rate of expansion – tied with South Africa – the ISM PMI currently stands at its lowest level since October 2003.

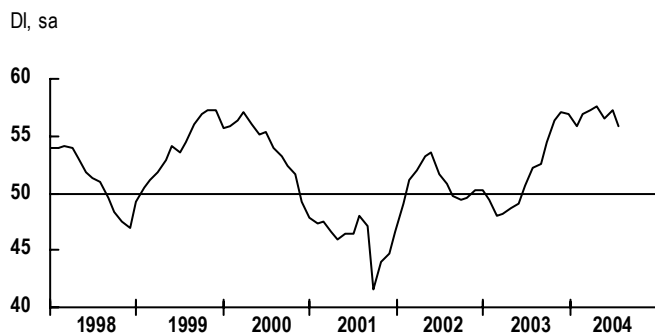
At 57.1 in August, the **Global Manufacturing Output Index** pointed to 6% annualized growth of global industrial production. South Africa saw the sharpest expansion, followed by the Czech Republic, then Denmark, with the US in fourth place. However, the Output Index eased to the lowest level since September 2003. This reflected slower expansions of output in the majority of nations, with the slowdown of growth in the US and the UK especially marked.

The current upturn of new business extended into its fourteenth successive month in August, with the rate of expansion remaining substantial. However, growth of new orders was less marked than one month ago, as highlighted by the **Global Manufacturing New Orders Index** falling to 57.6, down from 59.4 in July. Denmark registered the fastest growth of new orders, followed by South Africa and then the US. Japan, the Eurozone and the UK all saw new business expand, but at rates below the global private sector average.

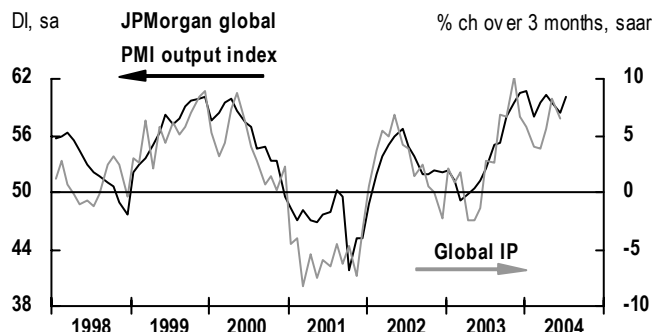
The **Global Manufacturing Employment Index** posted 52.0, to signal a ninth successive monthly expansion of staff levels (although the rate of increase eased further from May's series high). The upturn of employment in the US was maintained, but lost further momentum, while Japan and the UK recorded marginal growth of jobs. In a major development, the three-year downturn of German manufacturing employment halted (although this failed to prevent a fall in the level of staffing across the Eurozone in August).

August data suggested a slight uptick in the rate of increase of input prices, after recent indications that inflationary pressures were falling back from the survey highs seen during Q2 2004. The principal driver of cost inflation was higher oil prices, as concerns about supply disruption heightened following instability in Iraq, Venezuelan elections and developments relating to the Russian oil-producer Yukos. Shortages of raw materials disrupted suppliers' delivery schedules. However, vendor delays were less pronounced than July.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Jul	Aug	Change	Comparison with previous month
Global PMI	57.2	55.8	-	Expanding at slower rate
Output	60.0	57.1	-	Expanding at slower rate
New Orders	59.4	57.6	-	Expanding at slower rate
Input Prices	71.0	71.5	+	Increasing at faster rate
Employment	52.7	52.0	-	Expanding at slower rate

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

"The pace of global manufacturing production is moderating in response to an unplanned rise in inventories. Cost pressures also are weighing on growth. With oil prices now receding, the pace of global consumer demand and manufacturing output should accelerate in coming months."

JPMorgan Global PMI

Global Report on Manufacturing

Press contacts

For further information or for other press enquiries please contact:

David Hensley
(1-212) 834-5516
david.hensley@jpmorgan.com
JPMorgan Chase Bank

Rob Dobson
(44) 1491 418 695
rob.dobson@ntc.co.uk
NTC Research Ltd

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



NTC RESEARCH
www.ntc-research.com



www.ism.ws



www.ifpmm.org

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$803 billion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers nationwide, and many of the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at www.jpmorganchase.com.

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.

Founded in 1915, the **Institute for Supply Management™ (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.

Whilst every effort has been made in the preparation of this report to ensure accuracy of the statistical and other contents, the publishers and data suppliers cannot accept any liability in respect of errors or omissions or for any losses or consequential losses arising from such errors or omissions.

© Copyright and database rights in the compiled global PMI data owned by NTC Research Limited. Distribution or storage including databasing by any means including, without limitation, electronic distribution is not permitted without the prior consent of NTC.