

JPMorgan Global PMI Global Report on Manufacturing

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

Global manufacturing economy expanded at least marked rate in over a year, following further slowdown in production and new order growth.

October data pointed to a further easing in the growth rate of the global manufacturing economy. At 53.9, 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 sixteenth successive month. However, the PMI fell to its lowest level since September 2003, and was well below the survey peaks seen during Q2 2004.

With the inclusion of China from October, the number of nations included in the composition of the Global Manufacturing PMI now stands at twenty-two. Seventeen of these economies had data available to October, with all except one (Hungary – which reported a slight contraction) registering an improvement in operating conditions. The strongest rate of overall growth was recorded by Denmark, followed by the US, then South Africa.

Global manufacturing output expanded for the eighteenth successive month in October. Although still indicative of a robust increase in production, the **Global Manufacturing Output Index** fell to 55.7 – its lowest level for a year – to suggest a further easing in the rate of growth to the least marked since September 2003. Slower expansion of worldwide factory output was led by the US, the Eurozone and Japan – where output rose at the most subdued rates for fifteen, twelve and fourteen months respectively.

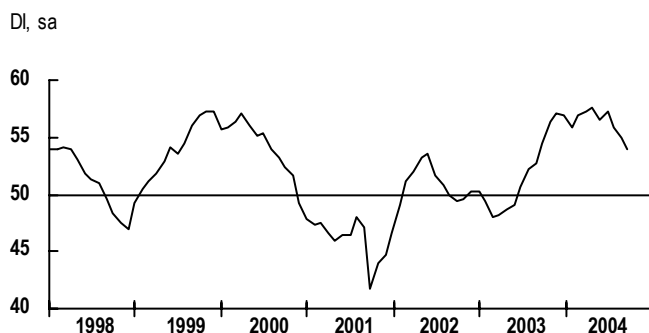
Slower growth of production coincided with a further easing in the rate of increase of new business. At 54.9, the **Global Manufacturing New Orders Index** fell for the third successive month and pointed to the second-slowest expansion in new business volumes during the current (sixteen-month) period of growth.

An increase in global manufacturing employment was recorded for the eleventh month running, although the rate of jobs growth eased to least marked since January. The **Global Manufacturing Employment Index** posted 51.0, down from 52.4 in the previous month. The sharpest rise in staffing levels was recorded by the US (albeit the least marked for nine months), followed by Denmark.

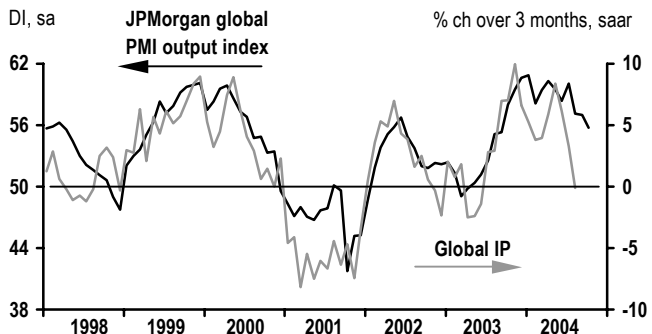
The current strength of oil, energy and steel prices on international markets exerted marked upward pressure on purchasing costs in October, further squeezing manufacturers' profit margins. Moreover, the latest data signalled a re-intensification of cost inflation. This was highlighted by the **Global Manufacturing Input Prices Index** posting 75.3, a level only slightly below May's survey high.

Vendor delays continued to ease in October. The **Global Manufacturing Suppliers' Delivery Times Index** posted 43.7 – to rise further from May's survey low. However, the Index remained well below the 50.0 mark, to suggest that longer lead-times were still widespread.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Sep	Oct	Change	Comparison with previous month
Global PMI	55.0	53.9	-	Expanding at slower rate
Output	57.0	55.7	-	Expanding at slower rate
New Orders	55.5	54.9	-	Expanding at slower rate
Input Prices	71.7	75.3	+	Increasing at faster rate
Employment	52.4	51.0	-	Expanding at slower rate

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

“The global PMI indicates that conditions in the manufacturing sector remain quite weak. The underlying pace of global demand has picked up somewhat, but this has yet to trigger a noticeable pickup in production. Cost inflation neared May's survey peak, placing profitability and job creation under renewed pressure.”

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, China, 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 80% 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
China	3.1	NTC	CLSA	www.clsa.com
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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