

# Global Report on Manufacturing

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

The JPMorgan Global PMI series is produced with NTC Research in association with ISM and IFPMM.

The Global PMI series provides the first indication each month of worldwide business conditions, based on data collected from over 9,000 companies.

Subscriptions of the Global PMI are available from NTC at [www.ntc-research.com](http://www.ntc-research.com)



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The Institute for Supply Management™, established in 1915, is the world's leading educator of supply management professionals and is a valuable resource for decision makers in major markets, companies and government.



The International Federation of Purchasing and Materials Management is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached.

## Global manufacturing PMI reaches a thirty-nine month high of 54.5.

The global manufacturing economy expanded at the fastest rate for over three years in October. At 54.5, the Global Manufacturing PMI – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM, registered its highest reading since July 2000 and signalled expansion for the fourth consecutive month. The PMI suggests that the recovery of the manufacturing economy from war-related lows earlier in 2003 has gathered significant momentum.

PMIs rose in fourteen of the nineteen countries for which October data were available. Growth was especially marked in the US, which saw the most significant improvement of business conditions since January 2000. The Japanese and UK manufacturing sectors also saw robust expansion, with growth hitting a survey-high in Japan and expanding at the strongest pace for forty-six months in the UK. Meanwhile, although remaining below the levels seen in the US, UK and Japan, the Eurozone Manufacturing PMI reached its highest level for fifteen months.

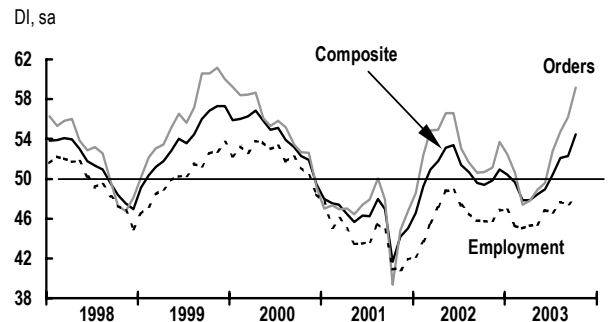
The overall level of production rose for the fifth straight month and at the sharpest rate since May 2000. Increased output was principally stimulated by the recent strengthening of global economic sentiment, which had led to a recovery of domestic demand in many countries and improved levels of world trade. Growth of output picked-up in the US, Eurozone, Japan and UK.

The current upwards trend of global manufacturing new orders continued in October. The volume of incoming new business increased for the fourth straight month and at the strongest rate since January 2000.

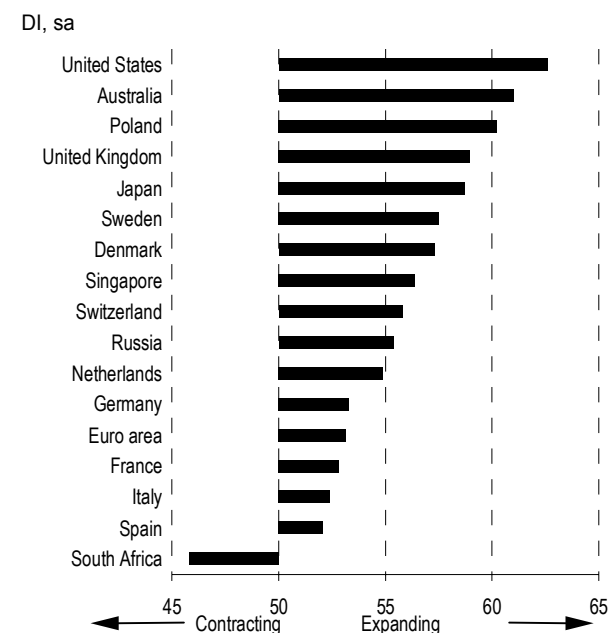
Staffing levels fell for the thirty-fifth consecutive month in October. However, after picking-up slightly during September, the latest data suggested that the rate of job shedding had been only modest and the least severe for sixteen months.

Inflation of raw material prices reached a six-month high in October.

JPMorgan global manufacturing PMI



Countries ranked by manufacturing PMI output in Oct 2003



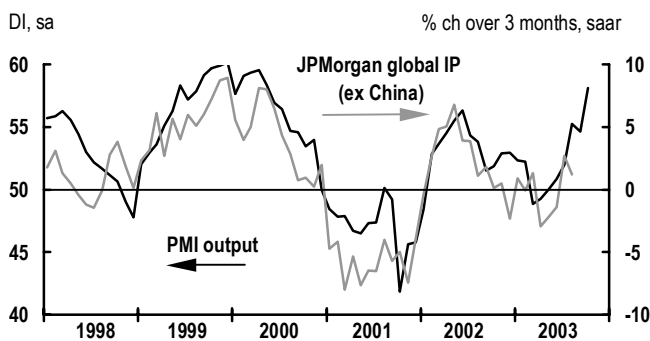
JPMorgan global manufacturing PMI summary

	May	Jun	Jul	Aug	Sep	Oct
Global PMI	48.5	48.9	50.4	52.1	52.3	<b>54.5</b>
Output	50.0	50.8	52.0	55.3	54.7	<b>58.1</b>
New orders	48.9	49.6	52.8	54.8	56.2	<b>59.2</b>
Export orders	48.6	50.2	51.3	52.4	51.7	<b>55.3</b>
Employment	45.4	46.8	46.7	47.6	47.5	<b>48.3</b>
Input prices	50.5	50.4	47.9	49.5	51.3	<b>54.2</b>
Delivery times	49.4	50.1	49.1	48.4	48.7	<b>47.7</b>
Inventories	46.3	44.7	46.3	45.5	45.8	<b>46.8</b>

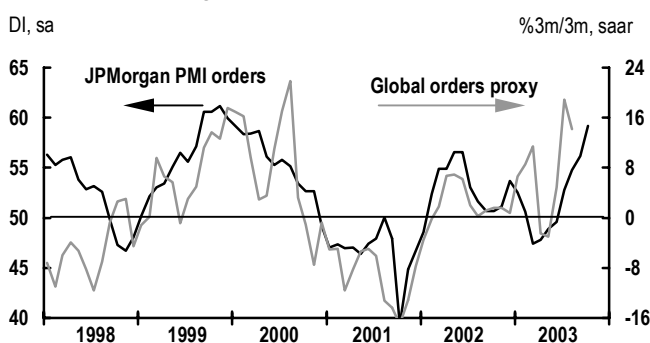
## PMI component summary

- Robust output gains ahead.** The global manufacturing output index surged 3.4 points to a level of 58.1 in October. The index, now at its highest level since May 2000, is consistent with near 7% saar growth in global IP. JPMorgan's calculations show that global IP rose at a lackluster 0.1% m/m pace over the three months to August. However, an apparent record increase in global output in September, followed by more moderate m/m gains in October and November, would lift the three-month annualized IP growth rate to 7% by November.
- Orders still climbing.** The global orders index leapt to 59.2 in October, the highest level since January 2000. The strength of PMI orders is seen in JPMorgan's separate tally of global manufacturing orders, which rose at a 14% saar over the three months ended August. The robust orders trend points to strong production growth in coming months.
- World trade poised to accelerate sharply.** The export orders index climbed to 55.3 in October, pointing to a sharp acceleration in world trade. JPMorgan's global exports index, which extends only through August, is languishing. However, September and October export gains have been very strong in Asia, which tends to lead the global trade cycle.
- Moderate input price pressures.** Input prices rose at a quicker rate in October. Base metal prices are a key culprit; on JPMorgan's measure, they rose 8.5% over the past 30 days. However, the prospect of significant price increases at the finished goods level still appears far out on the horizon.
- Employment losses diminishing.** The employment index climbed to 48.3 in October, consistent with continued, but diminishing, job losses in manufacturing. Similarly, the 1%-pt increase in the inventory index to 46.8 suggests that the pace of inventory liquidation is abating.

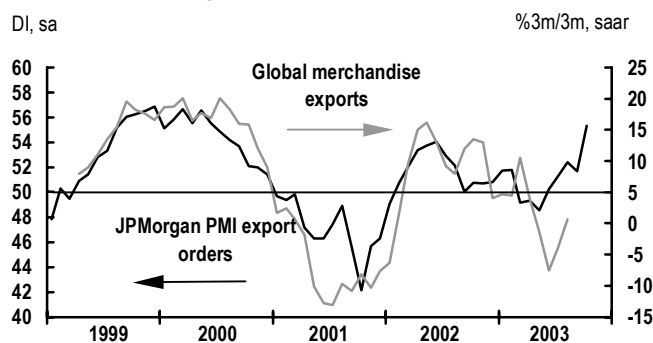
Global manufacturing output



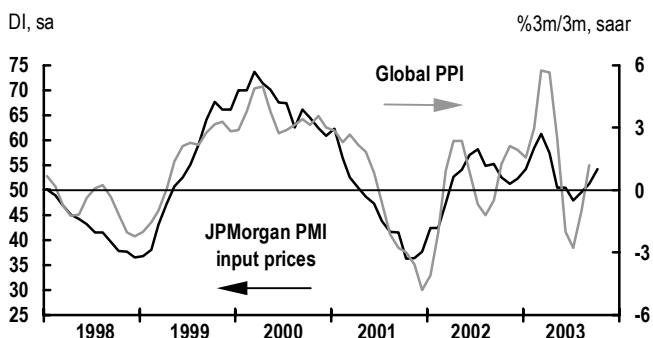
Global manufacturing new orders



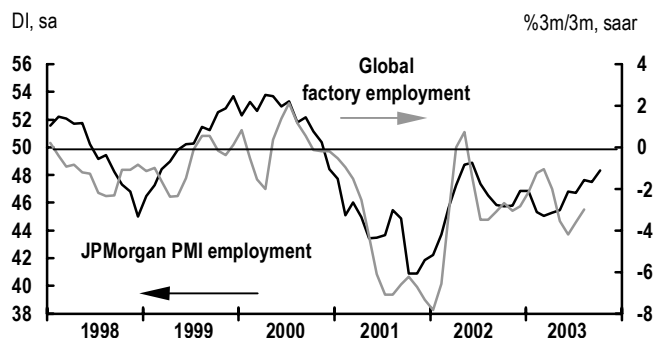
Global manufacturing export orders



Global manufacturing input prices



Global manufacturing employment



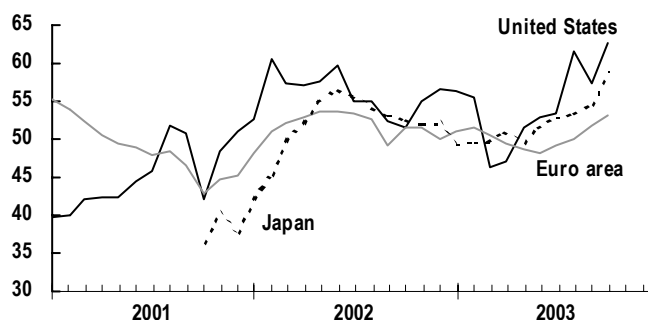
## National PMI summary

### Growth of global output hits forty-one month high

- The October manufacturing PMI surveys suggested that the recent improvement in business conditions has gathered pace. Of the twenty-one countries included in the Global Manufacturing PMI, October data were available for nineteen. Manufacturing production increased in eighteen of these countries, with twelve seeing the rate of growth accelerate. The only country to report lower output was South Africa.
- Focussing on the world's largest economies, concurrent growth of output was recorded in the US, Eurozone, Japan and UK for the second consecutive month. Moreover, the rate of expansion in each of these economies was more marked than during September. All of the major world economies saw improved growth of incoming new orders, suggesting that the expansion of production volumes will gather further momentum in coming months.
- After easing during the previous month, October saw US manufacturing output expand at the most significant rate since July 1997. Moreover, the US reported the strongest growth of production volumes of all the countries for which data were available.
- In Japan, output increased for the fifth straight month, and at the sharpest pace since Japanese data were first collected in October 2001.

### Manufacturing output PMIs

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- UK output increased for the fifth straight month, and at the strongest rate for seven years.
- Meanwhile, growth of Eurozone output picked-up, reaching a fifteen-month high. Furthermore, the euro area's three largest economies (Germany, France and Italy) all saw production increase at sharper rates than September.
- Eastern European economies saw further marked growth of production in October, with the strongest expansion in Poland. Meanwhile, in the Asia-Pacific region, the most robust increase was reported in Australia.

### National manufacturing PMI data summary

	OUTPUT				NEW ORDERS			
	Jul	Aug	Sep	Oct	Jul	Aug	Sep	Oct
Global	52.0	55.3	54.7	58.1	52.8	54.8	56.2	59.2
United States	53.3	61.6	57.3	62.6	56.6	59.6	60.4	64.3
Western Europe								
Eurozone	49.3	50.0	51.8	53.1	48.8	50.1	52.0	53.2
Germany	48.1	49.1	51.5	53.3	50.4	50.9	54.0	53.6
France	48.9	51.3	50.3	52.8	45.4	50.9	50.4	53.2
Italy	49.1	47.7	50.9	52.4	48.2	46.5	49.3	53.0
Spain	50.8	50.9	52.7	52.1	49.3	49.7	51.7	51.0
Netherlands	51.5	52.0	54.7	54.9	50.9	53.8	53.7	54.7
Austria	54.0	55.7	57.9	57.3	52.7	53.5	56.1	55.4
Ireland	46.1	49.2	52.6	54.5	43.9	48.0	52.4	52.6
Greece	52.6	54.3	52.9	51.2	51.7	54.6	52.3	50.3
UK	53.9	56.2	54.9	59.0	53.1	53.9	56.4	57.0
Switzerland	50.1	58.8	51.8	55.8	52.4	51.6	52.6	56.9
Denmark	55.0	56.3	67.7	57.3	55.2	55.0	69.1	63.8
Eastern Europe								
Russia	57.1	56.4	56.3	55.4	58.2	57.0	55.3	56.1
Poland	54.2	58.8	59.3	60.2	54.3	56.5	57.4	57.7
Czech Republic	56.4	56.0	56.5	59.8	56.0	55.4	56.3	57.4
Hungary	55.0	53.3	60.1	60.0	55.9	56.1	58.6	59.7
Asia Pacific								
Japan	52.8	53.5	54.4	58.7	52.2	54.8	56.2	60.9
Australia	52.3	54.5	54.8	61.0	51.9	48.5	52.4	60.1
Singapore	50.2	50.7	53.5	n/a	51.9	52.3	55.4	n/a
Others								
South Africa	49.9	51.1	44.0	45.8	53.5	48.5	46.6	49.2
Israel	54.4	41.2	58.2	n/a	47.0	41.4	41.8	n/a

The Global PMI Survey is produced in association with NTC Research, ISM and IFPMM

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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.



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.

**Data sources**

Country	Producer	In association with
US	ISM	–
Japan	NTC	Reuters/Nomura/JMMA
Germany	NTC	BME/Reuters
France	NTC	CDAF/Reuters
UK	NTC	CIPS/Reuters
Italy	NTC	Reuters/ADACI
Spain	NTC	AERCE
Netherlands	NTC	NEVI/YACHT
Australia	AiG	PriceWaterhouseCoopers
Switzerland	SVME	Credit Suisse
Russia	NTC	Moscow Narodny Bank
Sweden	SILF	Foreningssparbanken
Austria	NTC	BA Creditanstalt /OPWZ
Denmark	DILF	Danske Bank
South Africa	BER	IPSA/Investec
Poland	NTC	–
Greece	NTC	HPI
Ireland	NTC	NCB Stockbrokers
Singapore	SIPMM	–
Israel	IPLMA	–
Czech Republic	NTC	–
Hungary	HALPIM	Hungarian National Bank

**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, Sweden, Israel, Hungary, South Africa, Australia, Switzerland and Singapore. 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 over 6,000 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.

The manufacturing report is accompanied by a Global Report on Manufacturing and Services, which features separate service sector data as well as composite manufacturing and services data. See www.ntc-research.com for further details.

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