PRESS RELEASE

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JPMorgan Global PMI

Global Report on Manufacturing

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

Global manufacturing economy recorded weakest growth since September 2003, as expansion of output and new orders lost momentum.

The current upturn of the global manufacturing economy lost further momentum in November. At 53.2, the **Global Manufacturing PMI** – a composite index produced by JPMorgan and NTC in association with ISM and IFPMM – posted its lowest level since September 2003 and a reading well below May's survey high. The majority (fourteen) of the national manufacturing economies covered performed less robustly than in October, with three (Germany, Italy and Russia) seeing a deterioration in operating conditions. The US recorded the strongest growth of all nations, followed by Switzerland, then Denmark.

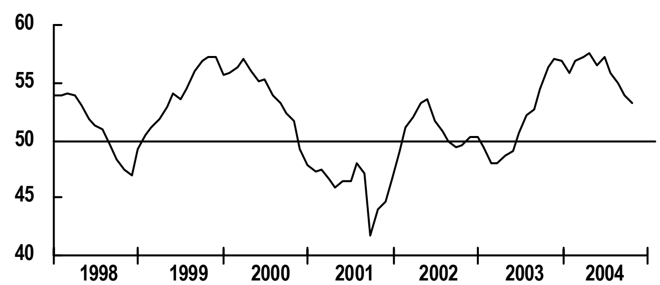
Worldwide manufacturing production increased for the nineteenth successive month in November. However, after falling in each of the past four months, the **Global Manufacturing Output Index** registered 53.4, to signal the least marked expansion in production since July 2003. Denmark recorded the strongest growth of output of all nations, despite seeing the rate of improvement ease over the month. The US saw production expand at the least robust rate in sixteen months, but was still third-placed in the global growth league table. Output growth was relatively subdued across the European Union, with gains in the UK (the second-strongest overall and a four-month high), France and Spain largely offset by contractions in Germany and Italy – the first falls in output in these nations for fifteen months. In the Asia-Pacific region, Japan saw output expand at the least marked rate during the current one-and-a-half year period of sustained growth, and China also recorded a slower increase in production.

At 53.9 in November, the **Global Manufacturing New Orders Index** fell to its lowest level since July 2003 (when the current seventeen-month upturn began). Slower growth of new orders principally reflected weaker demand conditions in the Asia-Pacific and Eurozone regions. New business contracted for the first time in sixteen in the euro area and in eighteen months in Japan, as the current weakness of the US dollar impacted on the export-led recoveries of these regions. The US recorded strong growth of total new orders, with the rate of expansion picking up to a four-month high.

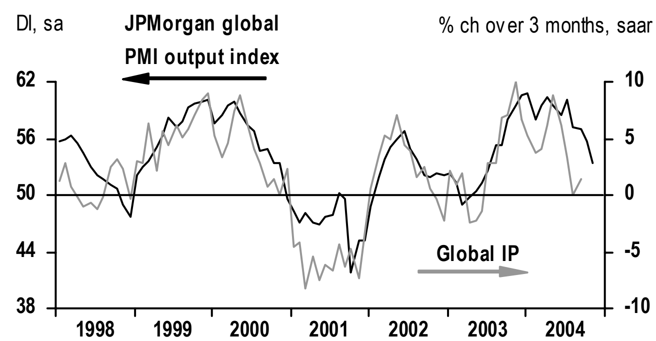
Employment increased for the twelfth month running in November, and at a faster rate than one month ago, as highlighted by the **Global Manufacturing Employment Index** registering 52.0. The US recorded the fastest growth in staffing levels of all nations, with the rate of increase picking-up from October's nine-month low. Japan and the UK also reported higher employment, while China registered little change over the month. In contrast, the Eurozone saw staffing fall for the forty-second consecutive month and at the fastest rate in a year.

At 71.9 in November, down from October's five-month high of 75.0, the **Global Manufacturing Input Prices Index** posted a reading indicative of a marked rise in raw material costs. Companies again blamed high costs on the strength of oil and steel prices. However, upward pressure on input costs was less marked than one month ago.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Oct	Nov	Change	Comparison with previous month
Global PMI	53.9	53.2	–	Expanding at slower rate
Output	55.7	53.4	–	Expanding at slower rate
New Orders	54.9	53.9	–	Expanding at slower rate
Input Prices	75.0	71.9	–	Increasing at slower rate
Employment	51.0	52.0	+	Expanding at faster rate

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

"Conditions in the global manufacturing economy are weak overall, with growth of global IP below trend at around 1% saar. PMI data for production and new business showed the least marked growth for almost one-and-a-half years. The labour market remained resilient, however, with net gains in employment more pronounced than in October."

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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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www.ifpmm.org

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