PRESS RELEASE

Embargoed until 11:00am US Eastern Time 4 August 2004

JPMorgan Global PMI

Global Report on Services

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

Strong growth of global services activity gathered pace in July, but upturn of employment stalled as costs rose at a marked rate.

The performance of the global service economy continued to improve in July, as the overall level of business activity rose for the sixteenth successive month. At 60.1, up from 58.9, the **Global Services Business Activity Index** signalled a further marked increase in activity and a pick-up in the rate of expansion since June (when growth eased to the slowest rate in three months).

All of the nations for which July data were available reported growth of output, with the US again registering the strongest performance. US services activity increased for the sixteenth successive month, and at a faster rate than June's already considerable pace. In second-place was Italy. Russia also saw a marked rise in activity, although growth of the Russian services economy was again below the survey record rates seen during H2 2003. The UK service sector saw a sharp rise in activity, but the slowest growth since June 2003.

The Eurozone saw a robust increase in services activity, with the rate of growth consistent with one month ago. Within the euro area, the strongest rate of expansion was recorded for Italy. Spain and France also reported substantial increases in services output. Germany continued to lag behind its euro area counterparts, despite seeing growth of business activity reach a five-month high.

The **Global Services New Business Index** rose to 61.0, its highest level since January. The fastest growth was recorded for the US, which saw new orders expand at the most buoyant rate for eight months. Australia saw a sharp pick up in the rate of expansion of new work, and rose from last to second-place in the new business growth league.

The recent upturn of global services employment was halted during July as, at 49.9, the **Global Services Employment Index** fell below the neutral mark of 50.0 for the first time in ten months – albeit only negligibly. This principally reflected job cuts in the US (after a fourteen-month period of increased recruitment) and Germany. All of the other nations reported a rise in employment during July.

Inflation of average costs reached a four-year high in July, with all of the nations for which services PMI data were collected reporting an increase in input prices. However, at 64.3, the **Global Services Input Prices Index** was up only slightly on June's level of 64.2, suggesting that the rate of inflation might be nearing its peak.

The Global Report on Services data are combined with the equivalent manufacturing data to produce indicators of all-industry global business conditions. See www.ntc-research.com for details.

Service sector business activity

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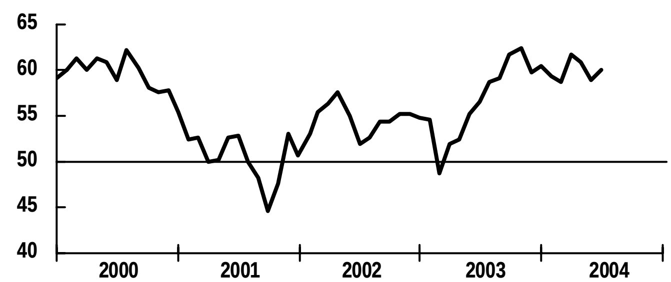

Service sector employment and input costs

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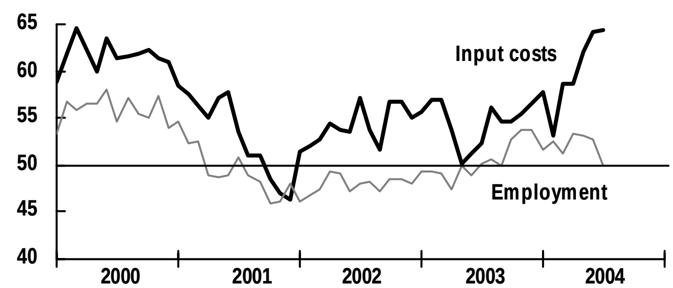

Global Services Summary

50 = no change on previous month.

	June	July	Change	Change on previous month
Output/activity	58.9	60.1	+	Expanding at faster rate
New business	59.1	61.0	+	Expanding at faster rate
Backlogs of work	53.1	53.6	+	Expanding at faster rate
Input prices	64.2	64.3	+	Rising at faster rate
Employment	52.7	49.9	–	Contracting, change of direction

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

"The performance of the global service economy surprised on the upside during July, with growth of activity picking up after slowing in recent months. PMI data indicate a freeze on hiring, but a rebound in hiring is expected consisent with continued strong growth in output."

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Notes on data

The Global Report on Services is based on the results of surveys carried out in the USA by ISM, and in the UK, Germany, France, Spain, Italy, Russia, Ireland and Hong Kong by NTC Research and in Australia. These countries together account for an estimated 60% of global service sector output. For the US, data for service industries are extracted from the ISM non-manufacturing survey in order to retain consistency with data for other countries.

The Global Report on Services provides the first indication each month of global private service sector business conditions, based on data collected from around 3,500 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 services report is accompanied by a Global Report on Manufacturing and a Global All-Industry PMI Report. See www.ntc-research.com for details.

Data sources

Country*	% share of global GDP**	Producer	In association with	Web
US*	27.0	ISM	–	www.ism.ws
Germany	8.0	NTC	Reuters	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
Australia	1.4	AiG	Commonwealth Bank	www.aigroup.asn.au, www.commbank.com.au
Russia	1.1	NTC	Moscow Narodny Bank	www.mosnar.com
Hong Kong	0.5	NTC	–	www.ntc-research.com
Ireland	0.3	NTC	NCB Stockbrokers	www.ncbdirect.com

* Note: ISM non-manufacturing data have been recalculated to be consistent with the service sector coverage used by NTC. ** Source: World Bank

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www.ntc-research.com

www.ism.ws

www.ifpmm.org

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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.

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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.