

News Release

MARKET SENSITIVE INFORMATION

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JPMorgan Global Manufacturing PMI

Produced by JPMorgan and Markit Economics in association with ISM and IFPSM

Upturn in output gained traction as new orders recovered

At 50.0 in July, the **JPMorgan Global Manufacturing PMI** indicated that operating conditions stabilised following a sustained period of weakness. PMIs remained above 50.0 in China, India and Turkey and rose back above this level in Japan and the UK for the first time in 17 and 16 months respectively.

The **Global Manufacturing Output Index** rose to an 18-month high in July. The index has recovered strongly since hitting a record low in December last year. At a twenty-month high of 53.3, the **Global Manufacturing New Orders Index** pointed to an increase in new work received for the first time since March 2008. **International trade** volumes rose slightly in July, following ten months of sustained decline.

Looking ahead, the **new orders-to-inventory ratio** – which tends to move in advance of production – continued to rise and hit a survey record high in July.

The upturn was more evenly balanced between developed and emerging nations in July. The emerging markets – which generally entered recovery mode earlier – continued to report solid growth of production (on average) in July. Rates of expansion hit a 14-month high in China and growth steadied at an elevated level in India. East-European economies, Russia and Brazil all saw output fall, but at slower rates in all but Brazil.

Following recent solid recoveries, the US, Japan and the UK saw production rise at the fastest rates for 25, 34 and 19 months respectively. New orders rose at the strongest pace for two years in the US, while rates of increase hit 18 and 20-month highs in Japan and the UK. Eurozone production and new orders moved closer to stabilizing in July. Marginal gains in both variables were recorded in Germany, France, Spain, the Netherlands and Austria. Ireland was the only euro area nation to see output and new orders decline at accelerated rates.

Global manufacturing staffing levels fell for the sixteenth successive month in July. However, the **Global Manufacturing Employment Index** rose to 45.1, its highest level since last September. The extent of the easing in the rate of decline during June and July is without precedent in the series history.

Of the countries covered, only China and Turkey reported higher employment. The vast majority of the remaining nations covered reported slower rates of decline in July. The pace of job losses eased to eleven, nine and eight-month lows in the US, Japan and the Eurozone respectively.

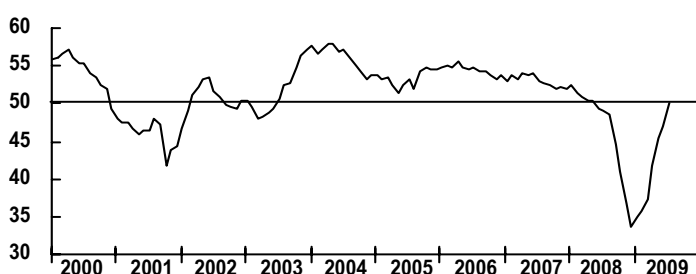
At 47.6 in July, the **Global Manufacturing Input Prices Index** posted its highest reading since October 2008. Input prices fell in Japan, the Eurozone and the UK. Costs increased in the US and China – with the rates of inflation reaching eleven-month highs in both.

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

"Global manufacturing started Q3 2009 on a strong footing. The PMI indicates that growth continued to accelerate through July. The rebound is likely to gain traction in the coming months, as the forward-looking orders-to-inventory ratio surged to a record high. Job losses remain substantial, but signs are that the worst of the labour market retrenchment is now already behind us."

JPMorgan Global Manufacturing PMI

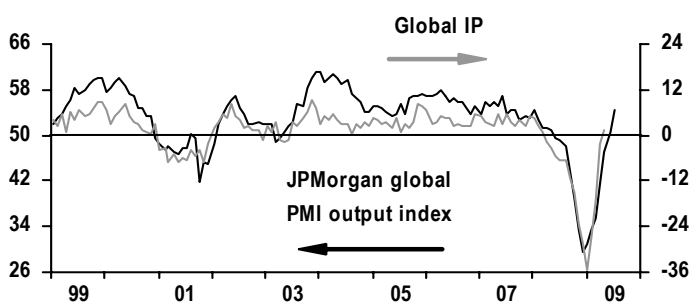
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Global manufacturing output

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Global Manufacturing PMI Summary

50 = no change on previous month.

	Jun	Jul	Change	Summary
Global PMI	47.0	50.0	+	PMI at 14-month high
Output	50.4	54.3	+	Growth, 18-month high
New Orders	49.1	53.3	+	Growth, 20-month high
Input Prices	44.4	47.6	+	Falling, slower rate
Employment	42.3	45.1	+	Falling, slower rate

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Notes to editors

The Global Report on Manufacturing is compiled by Markit Economics based on the results of surveys covering over 7,500 purchasing executives in 26 countries. Together these countries account for an estimated 83% of global manufacturing output. 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
United States	30.5	ISM	–	www.ism.ws
Eurozone	18.7	Markit	–	www.markit.com
Japan	13.9	Markit	Nomura/JMMA	www.nomura.co.jp , www.jmma.gr.jp
Germany	5.6	Markit	BME	www.bme.de
China	4.9	Markit	CLSA	www.clsa.com
United Kingdom	4.5	Markit	CIPS	www.cips.org
France	4.0	Markit	CDAF	www.cdaf.asso.fr
Italy	3.2	Markit	ADACI	www.adaci.it
Spain	1.9	Markit	AERCE	www.aerce.org
Brazil	1.9	Markit	Santander	www.santander.com
India	1.7	Markit	–	www.markit.com
Australia	1.3	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au , www.pwcglobal.com/au
Netherlands	1.1	Markit	NEVI	www.nevi.nl
Russia	0.9	Markit	VTB Capital	www.vtb.com
Switzerland	0.7	SVME	Credit Suisse	www.svme.ch , www.credit-suisse.ch
Turkey	0.7	Markit	–	www.markit.com
Austria	0.6	Markit	BA Credenstalt/OPWZ	www.ba-ca.com , http://einkauf.opwz.com
Poland	0.5	Markit	–	www.markit.com
Denmark	0.5	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
South Africa	0.4	BER	IPSA/Investec	www.ber.sun.ac.za , www.ipsa.co.za , www.investec.co.za
Greece	0.4	Markit	HPI	www.hpi.org
Israel	0.3	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , http://www.bankhapoalim.co.il
Ireland	0.3	Markit	NCB Stockbrokers	www.ncbdirect.com
Singapore	0.3	SIPMM	–	www.sipmm.org.sg
Czech Republic	0.2	Markit	–	www.markit.com
New Zealand	0.2	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
Hungary	0.2	HALPIM	Hungarian National Bank	www.logisztika.hu

* Source: World Bank



www.jpmorganchase.com



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