

News Release

MARKET SENSITIVE INFORMATION

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JPMorgan Global Manufacturing PMI™

Produced by JPMorgan and Markit in association with ISM and IFPSM

Global manufacturing growth remains lacklustre in July

The global manufacturing sector made a subdued start to the third quarter. At 50.8 in July, the **JPMorgan Global Manufacturing PMI™** – a composite index* produced by JPMorgan and Markit in association with ISM and IFPSM – remained only slightly above the no-change mark of 50.0.

Rates of expansion in production and new orders were broadly unchanged from the modest levels signalled during the second quarter of the year. July nonetheless saw output and new orders rise for the ninth and seventh successive months respectively.

National PMI suggested that the Asia region was the main drag on global manufacturing growth during July. Production volumes declined in China, India, Taiwan, South Korea and Vietnam, stagnated in Indonesia, while growth slowed to a five-month low in Japan. Elsewhere, Spain, Brazil, Russia, Mexico, Australia and Greece also reported contractions.

In contrast, output growth hit a four-month high in the US, near two-and-a-half year high in the UK and returned to expansion for the first time since February 2012 in the eurozone. Eastern Europe also fared better, with production rising in both Poland and the Czech Republic. The upturn in Canada extended into its third successive month.

The level of new export orders – an indicator of international trade flows – rose for the fourth time in the past five months, although only slightly. Growth of new export business was registered in the US, the eurozone, Japan, Canada, India, Poland, Czech Republic, Singapore and Russia.

Global manufacturing employment was broadly unchanged in July, as the labour market maintained its tepid performance. Job creation in North America, the UK, India, Taiwan, Turkey, Czech Republic, Ireland, Singapore and Indonesia was offset by losses in the other nations covered by the survey.

Price pressures also remained relatively subdued in July. Although cost inflation accelerated to a four-month high, it was below the long-run survey average. Meanwhile, average output charges declined slightly over the month. Stocks of both finished products and raw materials also showed further decreases during the latest survey period.

Commenting on the survey, Joe Lupton, Senior Economist at JPMorgan, said:

"Global manufacturing output continues to expand at a modest pace, consistent with a global economy that is held back from considerable fiscal drags in the first half of the year. However, the survey reading showing a sharp move down in the pace of stockbuilding is an encouraging sign that the recent period of soft growth in production alongside somewhat stronger gains in final demand is making for a leaner inventory backdrop and setting the stage for some lift heading into the second half of the year."

Global manufacturing output



Global Manufacturing PMI™ Summary

50 = no change on previous month.

	Jun	Jul	Change	Summary, rate of change
Global PMI	50.6	50.8	+	Expanding, faster rate
Output	51.4	51.5	+	Expanding, faster rate
New Orders	51.5	51.6	+	Expanding, faster rate
Input Prices	50.7	52.2	+	Expanding, faster rate
Employment	49.6	50.1	+	Increasing, from declining

*Data from the Markit survey of US manufacturing are included in the global manufacturing PMI composition from February 2010 onwards. Data prior to that date are based on the ISM US manufacturing survey. Please email rob.dobson@markit.com for further details.

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Notes to editors

The Global Report on Manufacturing is compiled by Markit based on the results of surveys covering over 10,000 purchasing executives in 32 countries. Together these countries account for an estimated 89% 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 (pre Feb-10)	28.1	ISM	–	www.ism.ws
United States (post Jan-10)	28.1	Markit	–	www.markit.com
Japan	12.1	Markit	JMMA	www.jmma.gr.jp
China	7.9	Markit	HSBC	www.hsbc.com
Germany	5.0	Markit	BME	www.bme.de
United Kingdom	4.1	Markit	CIPS	www.cips.org
France	3.6	Markit	–	www.markit.com
Italy	2.7	Markit	ADACI	www.adaci.it
India	2.3	Markit	HSBC	www.hsbc.com
Brazil	2.2	Markit	HSBC	www.hsbc.com
Canada	2.1	Markit	Royal Bank of Canada/PMAC	www.rbc.com, www.pmac.ca
South Korea	1.9	Markit	HSBC	www.hsbc.com
Spain	1.7	Markit	AERCE	www.aerce.org
Mexico	1.7	Markit	HSBC	www.hsbc.com
Australia	1.3	AiGroup	–	www.aigroup.asn.au
Netherlands	1.1	Markit	NEVI	www.nevi.nl
Russia	1.0	Markit	HSBC	www.hsbc.com
Turkey	0.9	Markit	HSBC	www.hsbc.com
Taiwan	0.7	Markit	HSBC	www.hsbc.com
Indonesia	0.7	Markit	HSBC	www.hsbc.com
Switzerland	0.7	procure.ch	Credit Suisse	www.procure.ch, www.credit-suisse.ch
Poland	0.6	Markit	HSBC	www.hsbc.com
Austria	0.5	Markit	Bank Austria/OPWZ	www.bankaustria.at, http://einkauf.opwz.com
South Africa	0.5	BER	CIPS/Kagiso	www.ber.sun.ac.za, www.cips.org, www.kagiso.com
Denmark	0.4	DILF	Kairoscommodities	www.dilf.dk, www.kairoscommodities.com
Israel	0.4	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il, http://www.bankhapoalim.co.il
Singapore	0.4	SIPMM	–	www.sipmm.org.sg
Greece	0.4	Markit	HPI	www.hpi.org
Ireland	0.3	Markit	Investec	www.investec.co.uk
Czech Republic	0.2	Markit	HSBC	www.hsbc.com
New Zealand	0.2	Business NZ	Bank of New Zealand	www.businessnz.org.nz, www.bnz.co.nz
Vietnam	0.2	Markit	HSBC	www.hsbc.com
Hungary	0.1	HALPIM	Hungarian National Bank	www.logisztika.hu

* Source: World Bank WDI (2010 data, constant US\$ measure)

J.P.Morgan

www.jpmorganchase.com

markit
www.markit.com



institute for supply management
www.ism.ws



IFPSM
www.ifpsm.org

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