

News Release

MARKET SENSITIVE INFORMATION
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J.P.Morgan Global Manufacturing PMI™

Produced by J.P.Morgan and Markit in association with ISM and IFPSM

Global manufacturing starts third quarter on soft footing

Growth in the global manufacturing sector remained lacklustre at the start of the third quarter. At 51.0 in July, unchanged from June, the J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by JPMorgan and Markit in association with ISM and IFPSM – registered its joint-weakest reading during the past two years.

Manufacturing output rose for the thirty-second successive month in July, with the rate of expansion ticking higher from June's recent low.

The strongest expansions in production were in the Czech Republic, the Netherlands, Italy and Poland. The US also remained close to the top of the global manufacturing output growth league table, seeing its rate of expansion pick up to a three-month high.

The eurozone's manufacturing sector largely shouldered the immediate impact of the Greek debt crisis, as manufacturing output in the region expanded at the joint-fastest pace during the past 14 months. Alongside the robust growth in the Netherlands and Italy, production also rose in Germany, Spain and Austria. France reported a mild contraction

The impact on the Greek manufacturing sector was substantial, however, with rates of decline in output, new orders and employment accelerating sharply to the steepest in the (Greek) survey history.

The downturn in Asia continued, with contractions in China, Taiwan, South Korea, Indonesia and Malaysia offsetting solid expansions in Japan and India. Production also fell in Brazil and Russia.

Underpinning the increase in output was further growth in new order inflows. However, the pace of improvement in new business slowed as new export orders declined for the second time in the past three months. New export business decreased in China, Germany, France, the UK, Taiwan, South Korea, Greece, Turkey, Indonesia, Vietnam, Russia and Brazil, and was little-changed in the US and Malaysia.

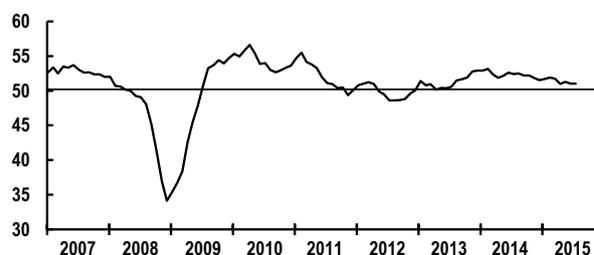
Manufacturing employment rose for the twenty-fourth straight month in July. However, the rate of jobs growth was marginal and broadly in line with the average for that sequence. Staffing levels rose in the US, the eurozone, Japan, the UK, Mexico, Taiwan, Turkey

Commenting on the survey, Joseph Lupton, Senior Economist at J.P.Morgan, said:

“The global manufacturing sector remained on a subdued growth path at the start of the third quarter, according to the latest PMI surveys. The headline index has tracked at a below long-run trend level in recent months as positive growth contributions from North America, Japan and Western Europe have been offset by the ongoing softness across Asia, Russia and Brazil manufacturing sectors. The lackluster trend in new order suggests the soft growth patch may continue in the coming months. This is also suggested by early signs that growth in consumer goods spending may have lost some steam in June.”

JPMorgan Global Manufacturing PMI

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Global Manufacturing PMI™ Summary

50 = no change on prior month.

Index	Jun.	Jul.	+/-	Summary
Global PMI	51.0	51.0	=	Expanding, same rate
Output	51.4	51.6	+	Expanding, faster rate
New Orders	51.3	51.2	-	Expanding, slower rate
New Exports	50.8	49.9	-	Falling, from rising
Employment	50.9	50.7	-	Increasing, slower rate
Input Prices	52.5	51.4	-	Increasing, slower rate
Output Prices	50.3	49.5	-	Falling, from rising

and Vietnam. Headcounts were lowered in Russia, Switzerland, China, India, South Korea, Indonesia, Brazil and Malaysia.

Average input costs rose for the fifth successive month in July, despite the rate of inflation easing to its weakest since April. Meanwhile, average selling prices fell slightly following modest gains in each of the prior two months.

Contact Information:

For economics comments, data and technical queries, please call:

Markit Economics

Rob Dobson
Senior Economist
Telephone: +44-1491-461-095
Mobile: +44-7826-913-863
Email: rob.dobson@markit.com

Markit Press Office

Joanna Vickers
Corporate Communications
Telephone: +44-207-260-2234
Email: joanna.vickers@markit.com

J.P.Morgan Chase Bank

David Hensley
Director of Global Economics
Coordination
Telephone: +1-212-834-5516
Email: david.hensley@jpmorgan.com

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 over 30 countries. Together these countries account for an estimated 89% of global manufacturing output¹. 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 ²	Producer	In association with	Website
United States ¹ :				
After January 2010	25.2%	Markit	–	www.markit.com
Before Feb-2010	25.2%	ISM	–	www.ism.ws
Japan	8.8%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
China	8.4%	Markit	Caixan	www.caixin.com
Germany	5.7%	Markit	BME	www.bme.de
United Kingdom	4.5%	Markit	CIPS	www.cips.org
France	4.2%	Markit	–	www.markit.com
Italy	3.2%	Markit	ADACI	www.adaci.it
India	2.5%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Canada	2.3%	Markit	Royal Bank of Canada/SCMA	www.rbc.com , www.scmanational.ca
Spain	2.2%	Markit	AERCE	www.aerce.org
Brazil	2.1%	Markit	–	www.markit.com
South Korea	2.0%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Mexico	1.9%	Markit	–	www.markit.com
Russia	1.8%	Markit	–	www.markit.com
Australia	1.6%	AiGroup	–	www.aigroup.asn.au
Netherlands (The)	1.3%	Markit	NEVI	www.nevi.nl
Turkey	1.2%	Markit	–	www.markit.com
Taiwan	0.9%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Switzerland	0.8%	procure.ch	Credit Suisse	www.procure.ch , www.credit-suisse.ch
Indonesia	0.8%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Poland	0.8%	Markit	–	www.markit.com
Austria	0.6%	Markit	Bank Austria/OPWZ	www.bankaustria.at , http://einkauf.opwz.com
South Africa	0.6%	BER	CIPS/Barclays	www.ber.sun.ac.za , www.cips.org , www.barclays.com
Denmark	0.5%	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
Ireland	0.4%	Markit	Investec	www.investec.co.uk
Greece	0.4%	Markit	HPI	www.hpi.org
Malaysia	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Singapore	0.3%	SIPMM	–	www.sipmm.org.sg
Israel	0.3%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , http://www.bankhapoalim.co.il
Czech Republic	0.3%	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
Vietnam	0.2%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/

1 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.
2 Source: World Bank World Development Indicators (2012 data, constant US\$ measure).
3 Source: World Bank World Development Indicators (2010 data, constant US\$ measure).

Methodology: Global Manufacturing PMI™ Indices

The Global Manufacturing PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied at the national level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Global Manufacturing PMI™ indices are weighted according to national contributions to global manufacturing gross value added. Weights for the global indices are derived from the latest available World Bank data on the gross value added of manufacturing for each of the nations covered. World Bank data on value added are in constant 2005 US\$, with all national currencies converted to 2005 US\$ by the World Bank using DEC alternative conversion factors.

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