

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 growth ticks higher in May

The rate of expansion in global manufacturing production accelerated slightly during May, as companies responded to a modest improvement in inflows of new orders. However, the trend in international trade flows remained weak, as levels of new export business decreased for the first time in almost two years.

At 51.2 in May, the J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by JPMorgan and Markit in association with ISM and IFPSM – ticked higher from April’s 21-month low of 51.0. The headline PMI has signalled expansion in each month since December 2012.

May data also saw rates of growth in manufacturing production and new orders both accelerate from April’s recent lows. Spain, Italy and Vietnam were at the top of the PMI output growth league table.

The US also remained a prime driver of the expansion, despite seeing its rate of output growth ease to a five-month low. Japanese production returned to expansion following April’s decline, whereas China slipped into contraction for the first time in the year-to-date.

The recovery in the eurozone was ongoing in May, although the rate of expansion was a shade weaker than in April. Alongside the robust growth in Spain and Italy, production increased in the Netherlands, Germany and Austria. France contracted again, but the rate of decline eased sharply.

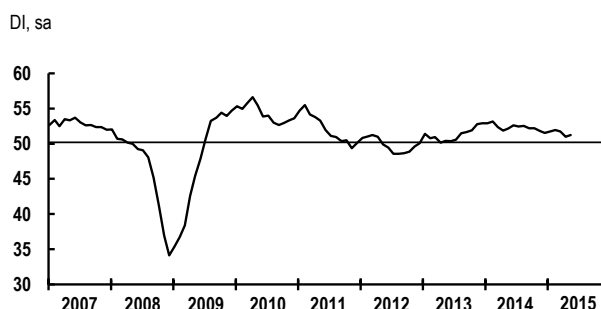
Elsewhere in the global manufacturing sector, growth slowed to a moderate pace in the UK, while India, Poland and the Czech Republic recorded robust expansions. Contractions were seen in Russia, Taiwan, South Korea and Brazil.

With the upturn in the sector continuing, companies were encouraged to further raise staffing levels, with employment rising for the twenty-second month in a row. Moreover, the pace of jobs growth was the fastest since February.

Commenting on the survey, David Hensley, Director of Global Economics Coordination at J.P.Morgan, said:

“May PMI data signalled mild improvements in both the rates of expansion in global manufacturing production and new orders. Although the trend in international trade flows remains weak and a drag on the sector’s improvement, the bounces in the other indices still put us on course for a mid-year growth acceleration. With this in mind, manufacturers also raised the pace of job creation during the latest survey month.”

JPMorgan Global Manufacturing PMI



Global Manufacturing PMI™ Summary

50 = no change on prior month.

| Index | Apr. | May | +/- | Summary |
|---------------|------|------|-----|-------------------------|
| Global PMI | 51.0 | 51.2 | + | Expanding, faster rate |
| Output | 51.7 | 51.9 | + | Expanding, faster rate |
| New Orders | 51.0 | 51.4 | + | Expanding, faster rate |
| New Exports | 50.0 | 49.8 | - | Falling, from no change |
| Employment | 50.7 | 51.0 | + | Increasing, faster rate |
| Input Prices | 50.1 | 52.4 | + | Increasing, faster rate |
| Output Prices | 49.4 | 50.4 | + | Rising, from falling |

Among the largest nations covered by the survey, staffing levels were raised in the US, eurozone, Japan, the UK, Taiwan, Mexico and Vietnam, but reduced in China, South Korea, India, Russia, Brazil and Canada.

On the price front, cost inflation accelerated to an eight-month high in May. Average selling prices, meanwhile, edged higher for the first time since November of last year.

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 | JMMA | www.jmma.gr.jp |
| China | 8.4% | Markit | HSBC | www.hsbc.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 |
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| Vietnam | 0.2% | Markit | HSBC | www.hsbc.com |

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.

J.P.Morgan

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