

News Release

MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 11:00am (US EASTERN TIME) 4 January 2010

JPMorgan Global Manufacturing PMI

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

Global Manufacturing PMI ended 2009 at 44-month high

The global manufacturing sector ended 2009 on a positive footing. The **JPMorgan Global Manufacturing PMI** posted 55.0 in December, up from 53.7 in November and its highest reading for 44 months. The headline PMI has remained above the neutral 50.0 mark in each of the past six months. Its average reading in Q4 2009 was the highest since Q3 2006.

After easing in November, rates of expansion improved for both **new orders** and **production** in December. Growth of new work received was the fastest in over five-and-a-half years, while the pace of increase in output neared October's 63-month high.

Broadly speaking, growth of both production and new orders was led by the US and emerging Asian manufacturing sectors in December. Growth of new orders hit a five-year high in the US. In the emerging Asia markets, the performances of China, India and Taiwan were especially robust. France and Brazil also recorded marked rates of expansion in output. There were signs that conditions were strengthening in the Japanese manufacturing sector, with rates of increase improving for both new work and production. In the UK, output and new orders rose at the quickest rates for 25 and 29 months respectively.

Growth of production in the euro area again lagged the global trend, despite hitting a 27-month high in December. There also remained marked disparities between the performances of the big-4 Eurozone economies. While the recoveries in Germany, France and Italy continued, there were signs that the Spanish manufacturing sector remained firmly in recession territory.

December data pointed to an ongoing rebound in international trade volumes, with growth of **new export orders** the fastest for almost two years. The latest increase came from a broad-base, with Australia, Brazil, Greece, Russia and Spain the only nations for which December data were available to report reductions.

At 50.2 in December, the **Global Manufacturing Employment Index** signalled a slight increase in staffing levels for the first time since March 2008. The rise in worldwide manufacturing employment was mainly focused on the emerging markets (particularly China, Taiwan and South Korea) and the US. Staffing levels fell in all of the West-European nations covered by the survey, but rates of decline were slower than the previous month.

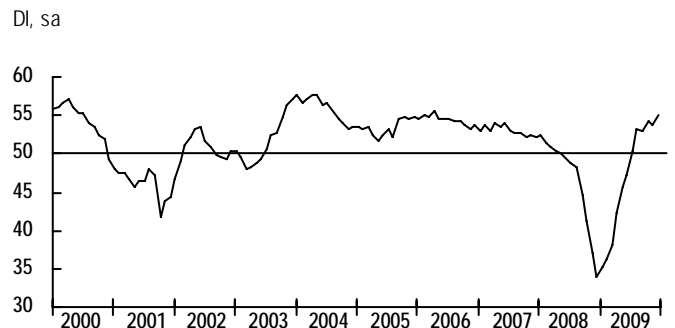
The **Global Manufacturing Input Prices Index** rose sharply to a 15-month high of 58.5 in December, mainly as a result of higher commodity prices. Part of the increase in costs also reflected supply-side pressures, as highlighted by the most noticeable deterioration in average vendor performance since August 2006.

The sharpest rates of cost inflation were reported in Taiwan (68-month high), China (17-month high) and the US. Purchase prices rose at the fastest pace since September 2008 in the euro area, and fell at a markedly reduced rate in Japan.

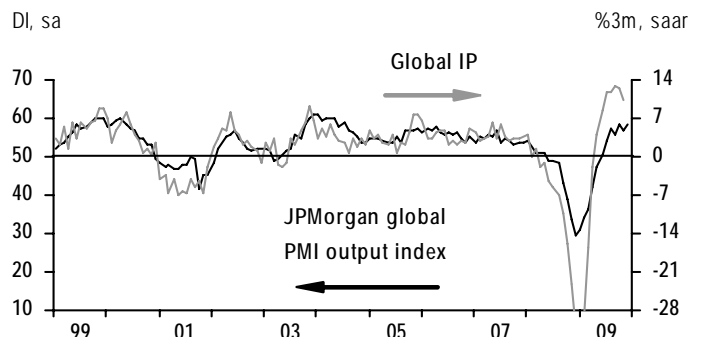
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"December PMI data indicate that the global manufacturing sector approaches 2010 on a positive footing. The headline PMI rose to a 44-month high, with rates of growth in production and new orders accelerating. Employment also rose slightly for the first time since March 2008. If a rebound in the manufacturing labour market can be maintained, this should aid with sustaining the broader recovery. Price pressures are rising, but mainly as a result of the improving economic climate."

JPMorgan Global Manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Nov	Dec	Change	Summary
Global PMI	53.7	55.0	+	Expanding, faster rate
Output	56.8	58.2	+	Expanding, faster rate
New Orders	56.7	58.6	+	Expanding, faster rate
Input Prices	53.4	58.5	+	Rising, faster rate
Employment	49.4	50.2	+	Rising, change of direction

For further information, please contact:

Markit

Rob Dobson, Senior Economist
Telephone +44-1491-461-095
Email rob.dobson@markit.com

Claire Gorman, Corporate Communications
Telephone +44-20-7064-6032
Email claire.gorman@markit.com

JPMorgan 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 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	28.8	ISM	–	www.ism.ws
Eurozone	17.7	Markit	–	www.markit.com
Japan	12.8	Markit	Nomura/JMMA	www.nomura.co.jp , www.jmma.gr.jp
China	6.5	Markit	HSBC	www.hsbc.com
Germany	5.2	Markit	BME	www.bme.de
United Kingdom	4.3	Markit	CIPS	www.cips.org
France	3.8	Markit	CDAF	www.cdaf.asso.fr
Italy	2.9	Markit	ADACI	www.adaci.it
Brazil	2.1	Markit	HSBC	www.hsbc.com
India	2.0	Markit	HSBC	www.hsbc.com
South Korea	1.9	Markit	HSBC	www.hsbc.com
Spain	1.8	Markit	AERCE	www.aerce.org
Australia	1.3	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au , www.pwcglobal.com/au
Netherlands	1.1	Markit	NEVI	www.nevi.nl
Russia	1.1	Markit	VTB Capital	www.vtb.com
Turkey	1.0	Markit	HSBC	www.hsbc.com
Taiwan	1.0	Markit	HSBC	www.hsbc.com
Switzerland	0.7	SVME	Credit Suisse	www.svme.ch , www.credit-suisse.ch
Poland	0.6	Markit	HSBC	www.hsbc.com
Austria	0.6	Markit	BA Creditanstalt/OPWZ	www.ba-ca.com , http://einkauf.opwz.com
South Africa	0.5	BER	IPSA/Kagiso	www.ber.sun.ac.za , www.ipsa.co.za , www.kagiso.com
Denmark	0.4	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
Greece	0.4	Markit	HPI	www.hpi.org
Israel	0.4	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	HSBC	www.hsbc.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 WDI 2008



www.jpmorganchase.com



www.markit.com



**institute for
supply management**

www.ism.ws



IFPSM
www.ifpsm.org

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$803 billion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers nationwide, and many of the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at www.jpmorganchase.com.

Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI) series, which is now available for 26 countries and key regions including the Eurozone and BRIC. The PMIs have become the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

Founded in 1915, the **Institute for Supply Management™** (ISM) is the largest supply management organization in the world as well as one of the most respected. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities and education. ISM's membership base includes approximately 40,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit institute that provides opportunities for the promotion of the profession and the expansion of professional skills and knowledge.

The **International Federation of Purchasing and Supply Management** (IFPSM) is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached. IFPSM is a non-political, independent and non-profit oriented international organisation, registered in Aarau, Switzerland. IFPSM 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.

The intellectual property rights to the Global Manufacturing PMI provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit, PMI and Purchasing Managers' Index are all trademarks owned by The Markit Group.