

JPMorgan Global PMI Global Report on Manufacturing

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

Growth of manufacturing output slowed further as new orders stagnated.

Cost inflation rose sharply to second-highest rate in survey history.

March data indicated that growth of global manufacturing production was the weakest since May 2003, as the volume of new orders was unchanged compared to levels one month ago. Cost inflationary pressures remained elevated, with the rate of increase in average purchase prices accelerating sharply to reach its second-highest in the survey history.

At 50.8 in March, down from 51.1 in February, the **JPMorgan Global Manufacturing PMI** remained at a level indicative of only minor improvement in overall operating conditions. PMIs for China and India both remained solidly above the 50.0 no-change mark. Although still signalling improvement, the Eurozone PMI lost further ground – posting a five-month low of 52.0 – as robust gains in Germany were partly offset by weakness in Ireland, Spain and Italy. The ISM PMI signalled a deterioration in the health of the US manufacturing economy for the second month running, the first time back-to-back readings below 50.0 have been recorded since mid-2003 and the onset of the Iraq war. The Japan PMI fell back below the 50.0 mark for the first time since last October.

The **Global Manufacturing New Orders Index** posted 50.0 in March, following fifty-seven successive months above the no-change mark. National PMI data indicated that the stagnant trend in total new orders mainly reflected weaker demand in home markets for domestically produced goods, as levels of international trade continued to increase (albeit at the slowest pace for thirty-three months). Measured overall, new orders declined in the US (fastest rate for six-and-a-half years), Japan (sharpest contraction since July 2007), the UK, Italy (fastest for forty months), Spain (sharpest for seventy-five months), Ireland, South Africa and Turkey (survey-record reduction).

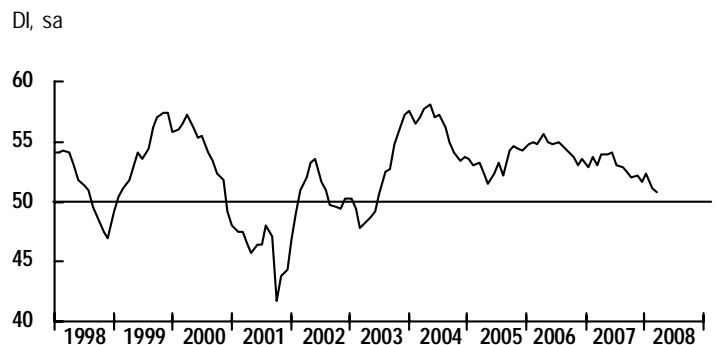
At 51.0 in March, the **Global Manufacturing Output Index** signalled an expansion of production for the fifty-ninth successive month. The sharpest rates of increase were recorded for the Czech Republic and India. China also saw a marked increase in output, with the rate of expansion accelerating to a five-month high. Production rose in the Eurozone and the UK, but eased to thirty-one and fifteen-month lows respectively. Output declined in the US and Japan.

Average purchase prices increased at the second-sharpest rate in the survey history in March, as highlighted by the **Global Manufacturing Input Prices Index** rising sharply to 75.9, from 70.9 in February. Cost inflation accelerated across the majority of the national manufacturing sectors for which March PMI data were available. The sharpest rates of increase were recorded for the US and China, with inflation hitting a near two-and-a-half year high in the US and a survey-record high in China.

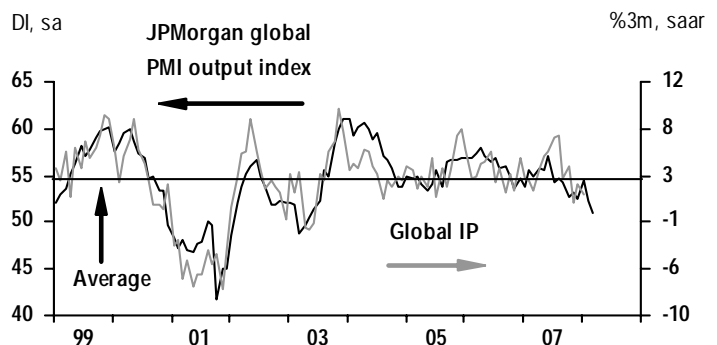
The global manufacturing labour market showed improved resilience in March, with **employment** rising for the first time in Q1 2008 despite slower growth of output. Staffing levels rose in the Eurozone (within which Germany saw survey-record jobs growth), Japan, China, the UK and India. Job cuts were recorded in the US manufacturing sector for the fifth month running, although the rate of decline was the weakest during that period.

*The Global Manufacturing PMI is calculated as a weighted average of the New Orders (30%), Output (25%), Employment (20%), inverted Suppliers' Delivery Times (15%) and Stocks of Purchases (10%) indexes.

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Feb	Mar	Change	Comparison with previous month
Global PMI	51.1	50.8	-	Expanding at slower rate
Output	52.4	51.0	-	Expanding at slower rate
New Orders	51.4	50.0	-	No change, from expanding
Input Prices	70.9	75.9	+	Increasing at faster rate
Employment	49.3	50.8	+	Expanding, change of direction

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

"Global manufacturers faced the dual headwinds of muted demand and accelerated cost inflationary pressure in March, with the rate of increase in input prices the second strongest in the survey history. The current data also suggest that growth of global IP slowed to a rate of around 1% saar towards the end of Q1 2008, and provided no real evidence that this trend is likely to be reversed in the coming months."

JPMorgan Global PMI

Global Report on Manufacturing

Press contacts

For further information or for other press enquiries please contact:

David Hensley
(1-212) 834-5516
david.hensley@jpmorgan.com
JPMorgan Chase Bank

Rob Dobson
(44) 1491 418 695
rob.dobson@ntceconomics.com
NTC Economics Ltd.

Notes on data

The Global Report on Manufacturing is based on the results of surveys carried out in the USA by ISM, in Japan, Germany, China, the UK, France, Italy, Spain, Brazil, India, the Netherlands, Russia, Turkey, Austria, Poland, Greece, Ireland and Czech Republic by NTC Economics and in a number of other countries: Australia, Switzerland, Denmark, South Africa, Israel, Singapore, New Zealand and Hungary. These countries together account for an estimated 83% of global manufacturing output.

The Global Report on Manufacturing provides the first indication each month of global manufacturing business conditions, based on data collected from around 7,500 purchasing executives. It is compiled by NTC Economics. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case.

The wide coverage of the indexes, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations world-wide. 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	NTC	Royal Bank of Scotland	www.rbs.co.uk
Japan	13.9	NTC	Nomura/JMMA	www.nomura.co.jp, www.jmma.gr.jp
Germany	5.6	NTC	BME	www.bme.de
China	4.9	NTC	CLSA	www.clsa.com
United Kingdom	4.5	NTC	CIPS	www.cips.org
France	4.0	NTC	CDAF	www.cdaf.asso.fr
Italy	3.2	NTC	ADACI	www.adaci.it
Spain	1.9	NTC	AERCE	www.aerce.org
Brazil	1.9	NTC	Banco Real	www.bancoreal.com.br, www.abnamro.com
India	1.7	NTC	ABN AMRO	www.abnamro.com
Australia	1.3	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au, www.pwcglobal.com/au
Netherlands	1.1	NTC	NEVI/DPA	www.nevi.nl, www.dpasupplychainpeople.com
Russia	0.9	NTC	VTB Bank Europe	www.vtb.com
Switzerland	0.7	SVME	Credit Suisse	www.svme.ch, www.credit-suisse.ch
Turkey	0.7	NTC	ABN AMRO	www.abnamro.com
Austria	0.6	NTC	BA Creditanstalt/OPWZ	www.ba-ca.com, http://einkauf.opwz.com
Poland	0.5	NTC	ABN AMRO	www.abnamro.com
Denmark	0.5	DILF	-	www.dilf.dk
South Africa	0.4	BER	IPSA/Investec	www.ber.sun.ac.za, www.ipsa.co.za, www.investec.co.za
Greece	0.4	NTC	HPI	www.hpi.org
Israel	0.3	IPLMA	Dun & Bradstreet	www.iplma.org.il, www.dnb.com, www.dbisrael.co.il
Ireland	0.3	NTC	NCB Stockbrokers	www.ncbdirect.com
Singapore	0.3	SIPMM	-	www.sipmm.org.sg
Czech Republic	0.2	NTC	ABN AMRO	www.abnamro.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.h

* Source: World Bank



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