

## News Release

### MARKET SENSITIVE INFORMATION

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## JPMorgan Global Manufacturing PMI

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

### Global Manufacturing PMI at five-year low in July, as weaker demand and high cost inflation pushed new orders and production lower.

Global manufacturers faced a stagflationary combination of weaker demand, falling output and rising cost inflation in July. At 49.0, the **JPMorgan Global Manufacturing PMI** signalled that operating conditions had deteriorated for the second successive month and to the greatest extent in over five years. Amongst the major industrial regions covered by the survey, the performances of the Eurozone, Japan and the UK weighed heavily on the global PMI average, while operating conditions in the US remained relatively subdued overall.

At 45.9 in July, the **Global Manufacturing New Orders Index** posted its lowest reading since the marked downturn in new orders recorded during the months immediately following 9/11. US and Eurozone manufacturers saw levels of new business decline at the fastest rates since October 2001 and December 2001 respectively. Within the euro area the contraction in Spain was especially notable. The drop in new orders to the UK was the sharpest in over nine-and-a-half years, while Japanese manufacturers also fared poorly. In contrast, the BRIC nations all reported increases in new orders in July.

Growth of global trade volumes continued to slow and was only negligible in July.

Global manufacturing production edged lower for the second month in a row in July, as expanded output in the US and BRIC manufacturing economies was more than offset by marked downturns in the Eurozone (fastest fall in seventy-nine months), Japan and the UK (sharpest contraction since late 1998). The **Global Manufacturing Output Index** registered 49.3, its lowest reading since March 2003.

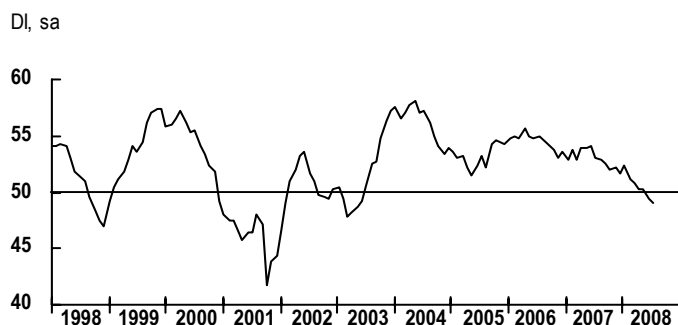
At 81.1 in July, the **Global Manufacturing Input Prices Index** set a new survey record high for the third month running. High energy, food product, metal and oil prices remained the principal factors pushing up costs. Cost inflation was strongest in South Africa and the US. Meanwhile, China, Japan, the UK, Brazil and Ireland all saw their respective rates of purchase price inflation rise to series records.

July data indicated the world manufacturing **employment** was little changed compared to levels one month ago. There was a marked recovery in the US manufacturing labour market, where staffing levels rose following a marked reduction in June. Gains were also recorded in Japan and China. In contrast, the Eurozone and the UK reported further job losses.

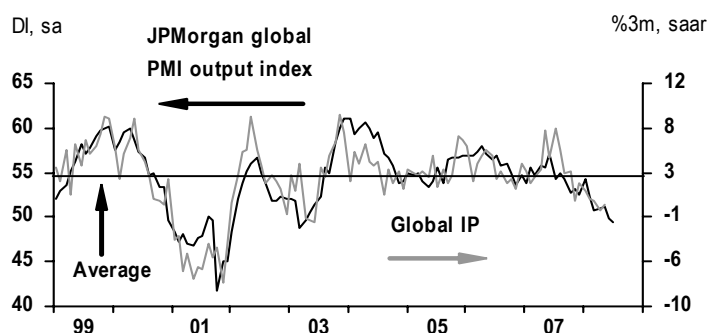
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"Conditions affecting the global manufacturing sector were highly restrictive in July, as producers faced a corrosive mix of rising costs and waning demand growth. While all components of the global PMI index having trended down since the middle of last year, the declines have intensified of late and now suggest global manufacturing is contracting slightly at mid-year. Moreover, this month's sharp fall in the new orders index points to continued weakness into the second half of this year."

#### JPMorgan global manufacturing PMI



#### Global manufacturing output



#### Global Manufacturing PMI Summary

50 = no change on previous month.

	Jun	Jul	Change	Summary
Global PMI	49.5	49.0	-	Contracting at faster rate
Output	49.8	49.3	-	Contracting at faster rate
New Orders	48.3	45.9	-	Contracting at faster rate
Input Prices	80.0	81.1	+	Increasing at faster rate
Employment	48.0	50.1	+	Change of direction

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**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	30.5	ISM	–	www.ism.ws
Eurozone	18.7	Markit	Royal Bank of Scotland	www.rbs.co.uk
Japan	13.9	Markit	Nomura/JMMA	www.nomura.co.jp, www.jmma.gr.jp
Germany	5.6	Markit	BME	www.bme.de
China	4.9	Markit	CLSA	www.clsa.com
United Kingdom	4.5	Markit	CIPS	www.cips.org
France	4.0	Markit	CDAF	www.cdaf.asso.fr
Italy	3.2	Markit	ADACI	www.adaci.it
Spain	1.9	Markit	AERCE	www.aerce.org
Brazil	1.9	Markit	Banco Real	www.bancoreal.com.br, www.abnamro.com
India	1.7	Markit	ABNAMRO	www.abnamro.com
Australia	1.3	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au, www.pwcglobal.com/au
Netherlands	1.1	Markit	NEVI/DPA	www.nevi.nl, www.dpasupplychainpeople.com
Russia	0.9	Markit	VTB Bank Europe	www.vtb.com
Switzerland	0.7	SVME	Credit Suisse	www.svme.ch, www.credit-suisse.ch
Turkey	0.7	Markit	ABNAMRO	www.abnamro.com
Austria	0.6	Markit	BA Creditanstalt/OPWZ	www.ba-ca.com, http://einkauf.opwz.com
Poland	0.5	Markit	ABNAMRO	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	Markit	HPI	www.hpi.org
Israel	0.3	IPLMA	Dun & Bradstreet	www.iplma.org.il, www.dnb.com, www.dbisrael.co.il
Ireland	0.3	Markit	NCB Stockbrokers	www.ncbdirect.com
Singapore	0.3	SIPMM	–	www.sipmm.org.sg
Czech Republic	0.2	Markit	ABNAMRO	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.hu

\* Source: World Bank



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