News Release

**MARKET SENSITIVE INFORMATION**

**EMBARGOED UNTIL: 11:00am (US EASTERN TIME) 3 March 2010**

# JPMorgan Global Manufacturing & Services PMI

Produced by JPMorgan and Markit in association with ISM and IFPSM

## Global All-Industry Output Index rose to four-month high in February

At 53.6 in February, the JPMorgan **Global All-Industry Output Index** rose to its highest level since October 2009. The headline index has now remained above the neutral 50.0 mark for seven successive months, with its latest reading consistent with annualised growth of global GDP of around 3% to 4%.

However, growth was again centred on the manufacturing sector, as the recovery in services remained fragile in comparison.

**Manufacturing output** rose for the ninth month running and, although weaker than January's high, the pace of expansion was well above its long-run average. Manufacturers continued to benefit from a supportive inventory cycle (the new orders to inventory ratio was above its long-term trend) and a further improvement in international trade volumes.

**Service sector business activity** increased for the seventh month running. The rate of growth was the fastest since December 2007. However, the output index reading for services (52.6) was well below that for manufacturing (57.4).

Levels of **new business** rose for the seventh consecutive month in February, with the rate of growth only marginally slower than January's 27-month high. Manufacturing new orders rose at a markedly steeper pace than new business to service providers.

February data pointed to further **job losses** in the global economy, as a reduction in service sector staffing levels more than offset an increase in manufacturing employment. Manufacturers added jobs for the second successive month. Service providers have cut employment in each month since May 2008, although the latest reduction was the least marked for 19 months.

In a further sign that the manufacturing labour market is likely to continue stabilising in the coming months, levels of **work-in-hand** in the sector rose at the fastest rate since April 2006. In contrast, service sector outstanding business has now fallen throughout the past two-and-a-half years. Measured overall, all-industry backlogs of work decreased for the 30th month running in February, but at the slowest rate in four months.

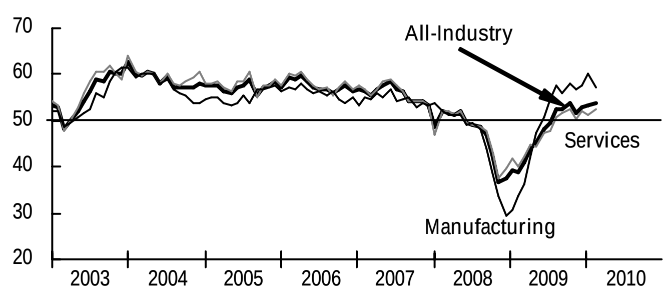
At 56.8 in February, down slightly from January's sixteen-month high of 57.5, the **Global All-Industry Input Prices Index** pointed to a further marked increase in average costs. The index has now remained above its neutral mark of 50.0 for seven consecutive months. Cost inflation was again higher at manufacturers than service providers, reflecting high commodity prices and supply-chain pressures. Service sector costs rose for the seventh month in a row.

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

"February PMI data pointed to the fastest growth in business activity since last October. The recovery was again firmly centred on the manufacturing sector, however, as the rebound in services remained fragile in comparison. Sustainability will be reinforced once the labour market starts to recover. To this effect, the PMI employment index edged ever closer to its stabilisation point, with jobs already being added at manufacturers."

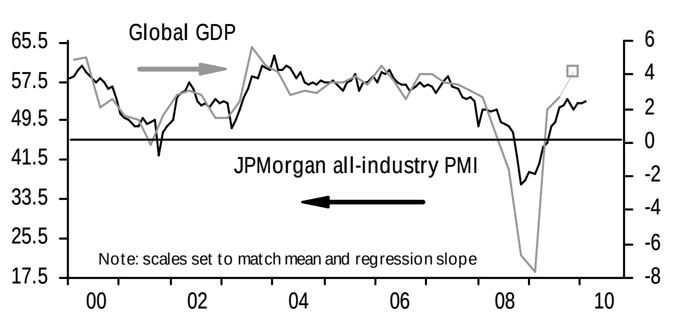
JPMorgan global PMI output

DI, sa




Global activity indicators

DI, sa; grey box represents 4Q GDP forecast %q/q, saar




### Global Manufacturing & Services PMI Summary

50 = no change on previous month.

| | Jan | Feb | Change | Summary |
|---|---|---|---|---|
| Output | 53.2 | 53.6 | + | Expanding, faster rate |
| New Orders | 54.0 | 53.6 | – | Expanding, slower rate |
| Input Prices | 57.5 | 56.8 | – | Rising, slower rate |
| Employment | 47.5 | 49.2 | + | Declining, slower rate |

– Ends –

## For further information, please contact:


**Markit**

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

Caroline Lumley, Director, Corporate Communications
Telephone +44-20-7260-2047
Email caroline.lumley@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 & Services is compiled by Markit based on the results of surveys covering over 11,000 purchasing executives in almost 30 countries. Together these countries account for an estimated 84% of global GDP. 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 |
| 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 |
| Mexico | 1.7 | HSBC | – | www.hsbc.com |
| Australia | 1.3 | AIG | PriceWaterhouseCoopers<br>Commonwealth Bank | www.aigroup.asn.au, www.pwcglobal.com/au<br>www.commbank.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 | 0.8 | 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 data, constant US$ measure)

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.