

News Release

MARKET SENSITIVE INFORMATION
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JPMorgan Global Manufacturing & Services PMI™

Produced by JPMorgan and Markit in association with ISM and IFPSM

Recovery of global economy lost further impetus in August, led by slower service sector growth

At 53.9 in August, the JPMorgan **Global All-Industry Output Index** signalled that world economic activity had expanded for the thirteenth successive month. However, the rate of increase eased further from April's 34-month high to its weakest since February.

The **manufacturing** and **service** sectors continued to recover in August. Manufacturing production rose for the fifteenth month running and business activity at service providers has now increased in each month since August 2009. However, rates of growth eased further in both sectors.

National PMI data pointed to slower rates of expansion for the US, the Eurozone and the UK in August. Growth accelerated in China, reaching a four-month high. Activity declined in Japan for the third successive month, reflecting the ongoing recession in services and a moderation in manufacturing sector growth.

New business increased at the weakest rate for a year in August, reflecting slower growth of new work at both manufacturers and service providers. National PMI data indicated that new business growth slowed sharply in the US and the UK, while Japan reported a contraction for the third month running. However, China reported the fastest increase in new work since April, following only modest gains in the previous two months. Growth also accelerated slightly in the Eurozone.

August saw **employment** rise for the sixth consecutive month. However, the increase at the headline level masked disparities between the manufacturing and service sectors. Manufacturing employment increased for the eighth consecutive month, with jobs growth accelerating to a rate close to May's post-recession peak. In contrast, service sector staffing was reduced for the first time in five months.

This disparity was most pronounced in the US. US manufacturing employment rose at the fastest pace since December 1983, but non-manufacturing sector jobs were cut to the greatest extent since January. Staffing levels rose in the Eurozone and China, but fell in Japan and the UK.

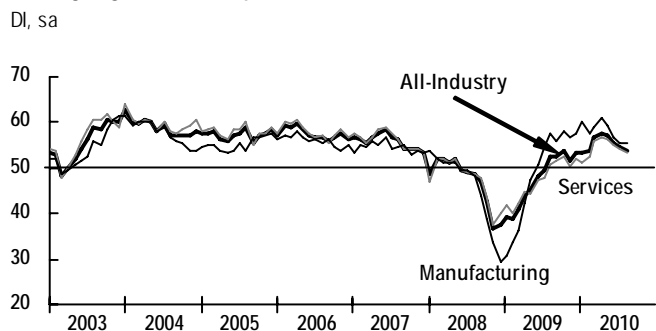
Average input prices rose for the thirteenth month in August, with the rate of inflation accelerating sharply to a three-month high. Costs rose in both the manufacturing and service sectors, with manufacturing seeing the faster pace of increase.

The US and France reported the steepest rises in all-industry input costs in August.

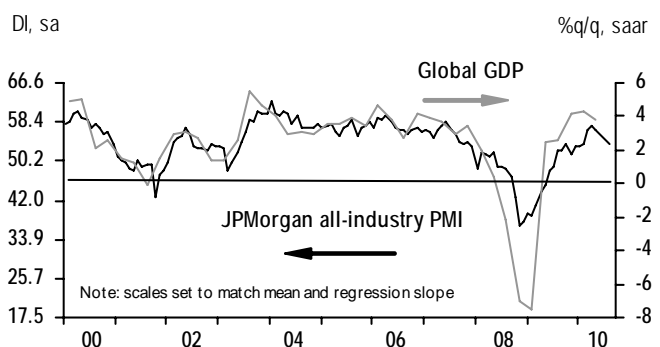
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"August PMI data pointed to a further downshift in the rate of recovery of the global economy. Growth of global GDP is likely to slow to around 2.5% in the third quarter, down from a peak of almost 4% in the second quarter. However, what we are seeing is more in line with a moderation than a sharp slowdown, suggesting that there is still sufficient momentum heading forward to maintain the recovery."

JPMorgan global PMI output



Global activity indicators



Global Manufacturing & Services PMI™ Summary

50 = no change on previous month.

	Jul	Aug	Change	Summary
Output	54.6	53.9	-	Expanding, slower rate
New Orders	53.5	52.3	-	Expanding, slower rate
Input Prices	53.3	56.8	+	Rising, faster rate
Employment	51.4	50.5	-	Rising, slower rate

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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	–	–
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 Commonwealth Bank	www.aigroup.asn.au , www.pwcglobal.com/au www.commbank.com.au
Netherlands	1.1	Markit	NEVI	www.nevi.nl
Russia	1.1	Markit	HSBC	www.hsbc.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)



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