

News Release

MARKET SENSITIVE INFORMATION
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JPMorgan Global Manufacturing PMI™

Produced by JPMorgan and Markit in association with ISM and IFPSM

Global PMI edges back into expansion territory in December

Conditions in the global manufacturing sector improved for the first time in four months in December. At 50.8, up from 49.7 in November, the **JPMorgan Global Manufacturing PMI™** rose to a level consistent with a modest expansion and posted its highest reading since June.

However, the average PMI reading over Q4 2011 as a whole (50.2) was unchanged from the previous quarter's near two-and-a-half year low.

December saw manufacturing output increase for the first time in five months, as levels of incoming new orders held steady following a four-month sequence of contraction.

International trade also showed signs of stabilisation. New export orders fell for the fifth month running, but only marginally and to the weakest extent during that period. Subsequently, with overall demand still relatively subdued, manufacturers depleted backlogs of work further to sustain production volumes.

The US was the principal driver of the expansion seen in December. US production growth accelerated sharply to hit an eight-month high, and new orders rose at the quickest pace since April. Outside of the US, manufacturing output and new orders declined (on average) for the fourth and fifth successive months respectively.

Among the major industrial regions covered by the survey, production declined in the Eurozone, China and Japan during December. However, rates of decline in all of these regions were slower than in the previous month.

Global manufacturing employment increased for the twenty-fifth consecutive month in December, with the pace of jobs growth the quickest since July. Staffing levels were raised in the US, Japan, Germany, France, Austria, Canada, Russia, India, Taiwan, Ireland and Turkey.

Average input prices fell for the second month in a row, mainly reflecting reductions in the US and China. Input prices also fell slightly in the European Union. There were, however, pockets of high cost inflation, particularly in Eastern Europe, Japan, Ireland, India and Turkey.

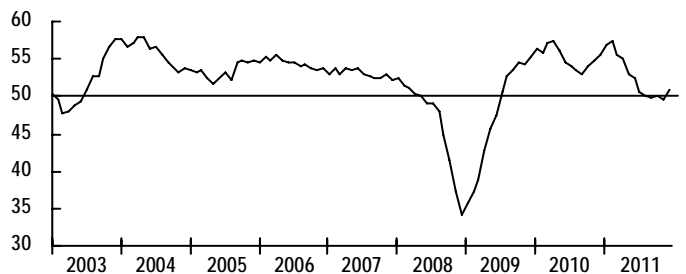
December saw holdings of raw materials depleted for the sixth month running and to the greatest extent in two years. Stock levels fell in all nations except India and Turkey.

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

"December saw output and new orders recover some of the ground lost in prior months, and jobs growth pick up to a five-month high. However, the sector is still tracking well below its long-run trend. Ongoing weakness in the Eurozone and Asia remain a drag on activity with inventory adjustments still ongoing."

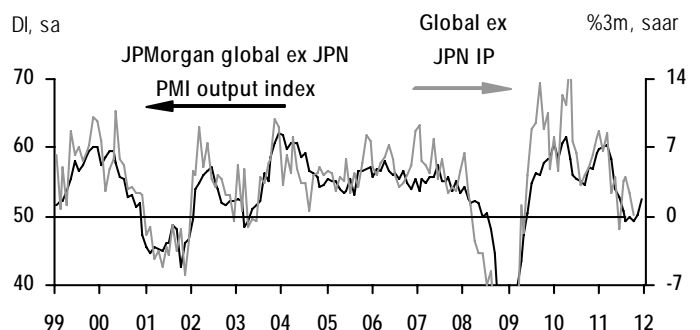
JPMorgan Global Manufacturing PMI

DI, sa



Global ex Japan manufacturing output

DI, sa



Global Manufacturing PMI™ Summary

50 = no change on previous month.

	Nov	Dec	Change	Summary, rate of change
Global PMI	49.7	50.8	+	Expanding, change of direction
Output	49.7	52.1	+	Expanding, change of direction
New Orders	48.8	50.1	+	Expanding, change of direction
Input Prices	48.6	49.7	+	Falling, slower rate
Employment	50.5	51.6	+	Rising, faster rate

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Notes to editors

The Global Report on Manufacturing is compiled by Markit based on the results of surveys covering over 7,500 purchasing executives in almost 30 countries. Together these countries account for an estimated 86% 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	28.6	ISM	–	www.ism.ws
Japan	12.3	Markit	JMMA	www.jmma.gr.jp
China	7.4	Markit	HSBC	www.hsbc.com
Germany	5.0	Markit	BME	www.bme.de
United Kingdom	4.2	Markit	CIPS	www.cips.org
France	3.7	Markit	–	www.markit.com
Italy	2.8	Markit	ADACI	www.adaci.it
Brazil	2.2	Markit	HSBC	www.hsbc.com
India	2.2	Markit	HSBC	www.hsbc.com
South Korea	1.9	Markit	HSBC	www.hsbc.com
Spain	1.8	Markit	AERCE	www.aerce.org
Australia	1.4	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au, www.pwcglobal.com/au
Netherlands	1.1	Markit	NEVI	www.nevi.nl
Russia	1.0	Markit	HSBC	www.hsbc.com
Turkey	0.9	Markit	HSBC	www.hsbc.com
Taiwan	0.8	Markit	HSBC	www.hsbc.com
Switzerland	0.7	procure.ch	Credit Suisse	www.procure.ch, www.credit-suisse.ch
Poland	0.6	Markit	HSBC	www.hsbc.com
Austria	0.5	Markit	Bank Austria/OPWZ	www.bankaustria.at, 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
Singapore	0.4	SIPMM	–	www.sipmm.org.sg
Ireland	0.3	Markit	NCB Stockbrokers	www.ncbdirect.com
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	0.1	HALPIM	Hungarian National Bank	www.logisztika.hu

* Source: World Bank WDI (2009 data, constant US\$ measure)



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