

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 manufacturing recovery continued in February

The recovery in the global manufacturing sector continued in February. At 55.2, down slightly from 56.1 in January, the JPMorgan **Global Manufacturing PMI** posted its second-highest reading in almost four years. The average reading so far in Q1 2010 (55.7) is above that for Q4 of last year (54.2).

The headline Manufacturing PMI has remained above the no-change mark of 50.0 for eight successive months.

At 57.4 in February, down from 60.2 in January, the **Global Manufacturing Output Index** signalled an expansion in production for the ninth month running. Although the lowest reading in three months, it was still consistent with a marked increase in production and well above the series average.

The US and China continued to report above global average rates of expansion, despite seeing growth ease sharply to five- and three-month lows respectively. Output in Japan rose solidly, but at the slowest pace since last November. Growth in the Eurozone hit a near three-year high, but disparities remained between the fast expanding manufacturing sectors of Germany, Austria and France and the deepening downturn in Greece. UK output rose at the quickest rate since September 1996.

Levels of **new work received** rose for the eighth month running in February. The rate of growth remained robust, but eased noticeably over the month to its weakest since last November. Meanwhile, **new export orders** rose at the fastest pace in over five-and-a-half years. Of the countries for which exports data are collected, only Greece reported a decline in February.

Global manufacturing employment increased for the second month running in February, with the latest data pointing to a further slight gain in staffing levels. After rising in almost every month since hitting a record low last February, the Global Manufacturing Employment Index reached a 29-month high of 51.4. Among the major industrial regions covered by the survey, jobs were added in the US (steepest since January 2005), China and the UK. Employment fell in Japan and in all of the EZ nations.

February data signalled a further substantial increase in average **purchase prices**, with the rate of inflation only slightly below January's 17-month high. Part of the increase reflected supply-chain pressures – resulting from low stock holdings at suppliers – as highlighted by the sharpest deterioration in vendor performance since August 2004.

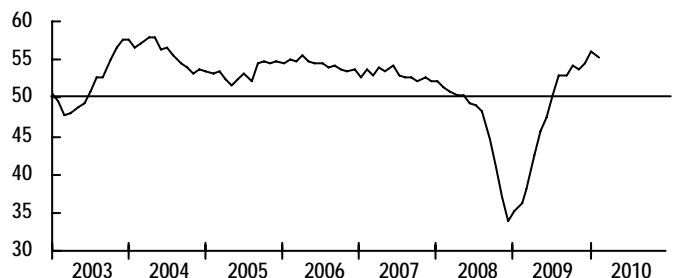
Although **stocks of purchases** fell for the 35th consecutive month in February, the extent of the depletion was the weakest since August 2008. Inventories generally fell in Western Europe and the US, but rose in Japan, China and India.

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

"The recovery of the global manufacturing sector continued in February, but the rate of expansion has eased back from the highs recorded around the turn of the year. The upturn is likely to be sustained in the coming months, as growth is still coming from a broad-base and labour markets are moving closer to stabilising. Levels of new orders are rising, and there are signs that international trade is continuing to strengthen."

JPMorgan Global Manufacturing PMI

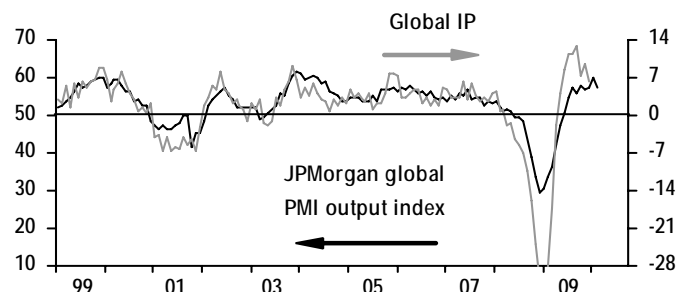
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Global manufacturing output

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Global Manufacturing PMI Summary

50 = no change on previous month.

	Jan	Feb	Change	Summary
Global PMI	56.1	55.2	-	Expanding, slower rate
Output	60.2	57.4	-	Expanding, slower rate
New Orders	59.5	56.9	-	Expanding, slower rate
Input Prices	63.3	61.8	-	Rising, slower rate
Employment	50.4	51.4	+	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 29 countries. Together these countries account for an estimated 90% 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	28.8	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	www.aigroup.asn.au , www.pwcglobal.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)



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