

News Release

MARKET SENSITIVE INFORMATION
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JPMorgan Global Manufacturing PMI

Produced by JPMorgan and Markit in association with ISM and IFPSM

Growth of global manufacturing neared series record high in April

The global manufacturing sector made a robust start to Q2 2010. At 57.8 in April, the JPMorgan **Global Manufacturing PMI** rose to its joint second-highest level in the series history – bettered only by that registered in May 2004. The PMI has signalled expansion in each of the past ten months.

April saw **manufacturing production** rise at the fastest pace since January 2004 and at the third-sharpest pace in the survey history. Among the major nations covered by the survey, growth of output hit a 75-month high in the US, was the fastest in almost ten years in the Eurozone (led by a survey record rate of increase in Germany) and the sharpest since February in Japan. The rate of expansion in China also remained elevated.

Supporting the latest expansion in world manufacturing output was the steepest increase in **new orders** for six years. Companies reported that global market conditions were generally improving. Further evidence of this was provided by a marked increase in international trade volumes, as **new export orders** rose for the tenth month running and at the fastest pace in the survey history.

The outlook for the global manufacturing sector also remained positive. Firstly, the **orders-to-inventory ratio** rose sharply and was well above its long-run average, suggesting that manufacturers would need to boost output further in the coming months to meet demand requirements. Secondly, **backlogs of work** rose to the greatest extent in over four years. This suggested that growth in new orders was constraining capacity, although part of the gain also reflected ongoing supply-chain disruption.

Higher levels of output, new orders and backlogs of work led to a further increase in staffing levels in April. **Employment** rose for the fourth month in a row, with the rate of job creation accelerating to its sharpest in almost six years. With the exception of the Eurozone, jobs were added in all of the nations covered by the survey. The Eurozone manufacturing labour market moved to the cusp of stabilisation, however, led by higher employment in Germany and Austria.

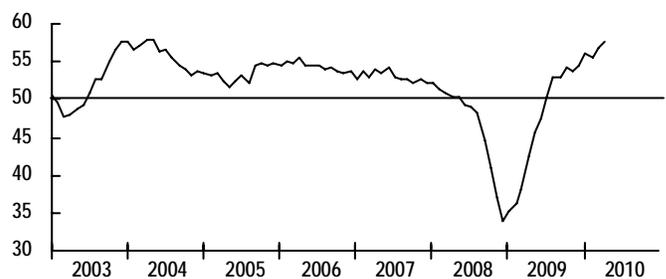
April saw **suppliers' delivery times** lengthen for the tenth month running. Moreover, the average increase in vendor lead times in March and April this year has been exceeded in only one period in the survey history (between March and June 2004). Meanwhile, **purchase price inflation** hit a 20-month peak. Companies reported increases in the cost of chemicals, energy, food products, metals and wood products, many of which were influenced by supply-chain factors. Input price inflation was especially marked in the US, Taiwan and Turkey.

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

"The global manufacturing sector got off to a robust start to Q2, with rates of growth in production and new orders amongst the highest in the survey history. New export orders rose at a record pace, a real turnaround considering the severe impact the recession had on international trade. Although the current pace of expansion is likely to cool somewhat, output growth should remain strong as firms strive to keep pace with rising sales and lift the rate of inventory accumulation."

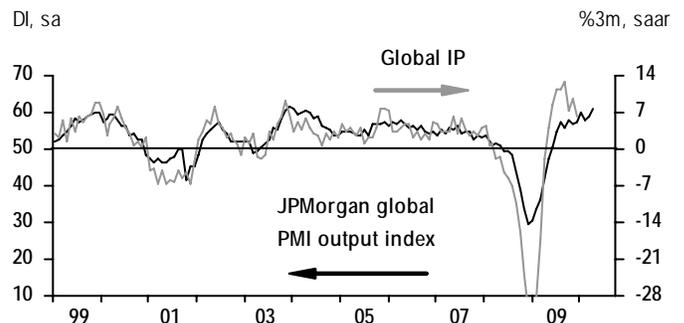
JPMorgan Global Manufacturing PMI

DI, sa



Global manufacturing output

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Global Manufacturing PMI Summary

50 = no change on previous month.

	Mar	Apr	Change	Summary, rate of change at...
Global PMI	56.8	57.8	+	Expanding, 71-month high
Output	58.9	60.9	+	Expanding, 75-month high
New Orders	58.8	60.3	+	Expanding, 72-month high
Input Prices	66.3	70.4	+	Rising, 20-month high
Employment	52.0	53.6	+	Rising, 71-month high

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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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