

News Release

MARKET SENSITIVE INFORMATION
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JPMorgan Global Manufacturing PMI

Produced by JPMorgan and Markit Economics in association with ISM and IFPSM

Global manufacturing output stabilised in June

The worldwide manufacturing sector took a further step towards recovery in June. The JPMorgan **Global Manufacturing PMI** – which acts a barometer of the overall health of the sector – posted 46.9, its highest reading since last August. Output expanded slightly following a year-long period of contraction.

The PMI has now remained below the neutral 50.0 mark for thirteen successive months. The principal factors weighing on the level of the PMI in June were declines in new orders, employment and inventory holdings. However, rates of contraction in new work and employment eased to their weakest for thirteen and eight months respectively. Looking ahead, the new orders to inventories ratio – which tends to move in advance of the production cycle – rose for the sixth month running to its highest since April 2004.

Only the PMIs for China, India and Turkey posted above 50.0 in June. There was a synchronized easing in the rates of contraction recorded elsewhere, with the PMIs and indexes tracking output and new orders rising for almost all other nations for which June data were available.

The **Global Manufacturing Output Index** posted 50.4 in June. Production continued to rise in China, India, Denmark and Turkey while there were returns to growth for the US, Japan, the UK and Brazil. The performance of the Eurozone remained noticeably weaker than the global average. Euro area output fell for the thirteenth month running, and across all of the member states covered, but at the weakest pace since August 2008.

After rising in each month of 2009-to-date, the **Global Manufacturing New Orders Index** registered 49.0 in June. Total new orders fell only marginally and to the weakest extent since May 2008. Similar to output, there was a broad-based upturn in the national new orders indexes. One of the exceptions was the US, where new work received fell slightly following a gain in the previous month.

Worldwide manufacturing staffing levels continued to fall in June. Although the **Global Manufacturing Employment Index** posted its greatest month-on-month gain, rising 2.7 points to reach an eight-month high of 42.2, it remained well below levels consistent with recovery. China, India and Turkey were the only nations to report slight gains in employment. Rates of decline generally eased elsewhere, including in the US (weakest fall for nine months), Japan (slowest since last October), the Eurozone (least marked in 2009 so far) and the UK (weakest for ten months).

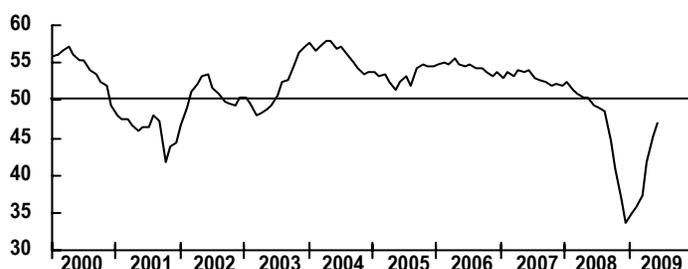
Cost deflation eased for the third month running and to its slowest since October 2008 in June. Only India, Russia, Turkey and South Africa reported higher costs. After eight months of sharp falls, purchase prices were unchanged in the US.

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

"The latest data suggest that the global manufacturing sector took a further step along the road to recovery in June. Levels of output stabilised and there are growing signs that demand may be on the verge of staging a recovery. The new orders to inventory ratio is still rising, suggesting that the ongoing recovery is getting traction. If this is confirmed by the official data, global IP should begin its ascent during Q3 2009."

JPMorgan Global Manufacturing PMI

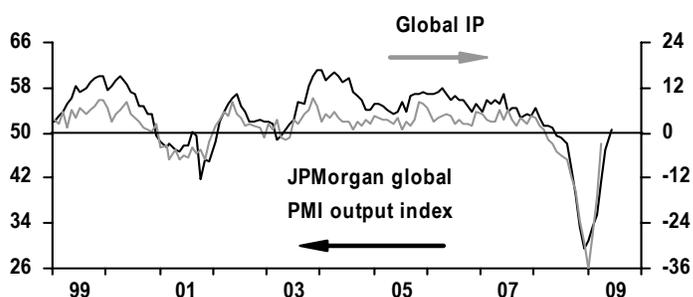
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Global manufacturing output

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Global Manufacturing PMI Summary

50 = no change on previous month.

	May	Jun	Change	Summary
Global PMI	45.3	46.9	+	Deteriorating, slower rate
Output	46.9	50.4	+	Rising, change of direction
New Orders	48.5	49.0	+	Contracting, slower rate
Input Prices	40.8	44.4	+	Falling, slower rate
Employment	39.5	42.2	+	Falling, slower rate

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Notes to editors

The Global Report on Manufacturing is compiled by Markit Economics based on the results of surveys covering over 7,500 purchasing executives in 26 countries. Together these countries account for an estimated 83% 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	30.5	ISM	–	www.ism.ws
Eurozone	18.7	Markit	–	www.markit.com
Japan	13.9	Markit	Nomura/JMMA	www.nomura.co.jp , www.jmma.gr.jp
Germany	5.6	Markit	BME	www.bme.de
China	4.9	Markit	CLSA	www.clsa.com
United Kingdom	4.5	Markit	CIPS	www.cips.org
France	4.0	Markit	CDAF	www.cdaf.asso.fr
Italy	3.2	Markit	ADACI	www.adaci.it
Spain	1.9	Markit	AERCE	www.aerce.org
Brazil	1.9	Markit	Santander	www.santander.com
India	1.7	Markit	–	www.markit.com
Australia	1.3	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au , www.pwcglobal.com/au
Netherlands	1.1	Markit	NEVI	www.nevi.nl
Russia	0.9	Markit	VTB Capital	www.vtb.com
Switzerland	0.7	SVME	Credit Suisse	www.svme.ch , www.credit-suisse.ch
Turkey	0.7	Markit	–	www.markit.com
Austria	0.6	Markit	BA Credenstalt/OPWZ	www.ba-ca.com , http://einkauf.opwz.com
Poland	0.5	Markit	–	www.markit.com
Denmark	0.5	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
South Africa	0.4	BER	IPSA/Investec	www.ber.sun.ac.za , www.ipsa.co.za , www.investec.co.za
Greece	0.4	Markit	HPI	www.hpi.org
Israel	0.3	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	–	www.markit.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



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