

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 PMI eased to 9-month low in August, as sector recovery slowed further

PMI data signalled that the recovery in global manufacturing production extended into its fifteenth consecutive month in August. However, there were further signs that the upturn in the sector was losing momentum, reflecting slower growth of new orders and a waning boost from inventory rebuilding.

The JPMorgan **Global Manufacturing PMI™** fell to a nine-month low of 53.8 in August, down further from April's near six-year high. The PMI has remained above the 50.0 no-change level for fourteen months running.

Although growth of **global manufacturing output** remained robust in August, the rate of expansion eased slightly to a thirteen-month low. This mainly reflected a broad-based slowdown of the recovery ongoing in Europe, with output growth easing to a three-month low in the Eurozone and to its weakest since September 2009 in the UK. The expansion in Japan was the slowest for fourteen months. However, the US and China – two of the nations leading the slowdown in recent months – saw their respective PMI Output Indexes rise in August.

The slowdown in growth of **new orders** was more pronounced than that signalled for output. The level of new work received increased only moderately since July, and at the weakest pace during the current fourteen-month period of expansion. Growth of new orders slowed in the US, the Eurozone and the UK, whereas the trend improved in China. Japan saw a decline in new work. Meanwhile, the rate of increase in global manufacturing new export orders eased to a thirteen-month low.

The cyclically sensitive new orders-to-inventory ratio dropped sharply to a seventeen-month low in August, suggesting output growth may ease further in the coming months.

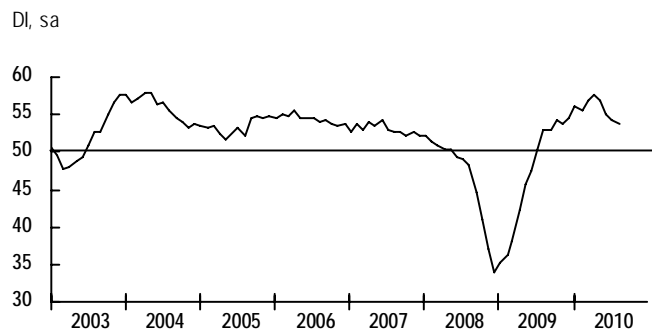
Manufacturing employment increased for the eighth successive month in August. Moreover, the rate of jobs growth accelerated to its fastest since May. Staffing levels rose at the quickest pace in the US, were jobs growth hit its highest since December 1983. Employment also rose in the Eurozone, China and the UK, but fell in Japan.

After easing to an eight-month low in July, global manufacturing **purchase price inflation** accelerated in August. The principal drivers of the faster rate of increase in costs were the US and China, as input price inflation slowed in the Eurozone, Japan and the UK. Part of the increase in costs reflected ongoing **supply-chain pressures** in August. This was highlighted by a further historically marked lengthening of vendor lead times.

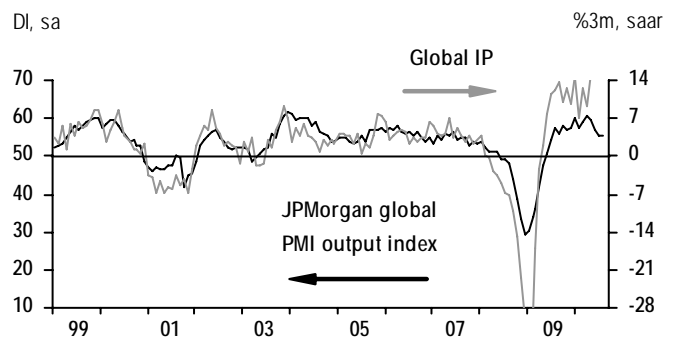
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"August PMI data suggest that the manufacturing recovery slowed further from the boom rates seen earlier in 2010, as the boost from inventory rebuilding waned and global trade flows remained muted. However, signs are that the slowdown in Q3 will not be too excessive. While conditions will continue to cool as the year progresses, there looks to be sufficient traction remaining to sustain the recovery."

JPMorgan Global Manufacturing PMI



Global manufacturing output



Global Manufacturing PMI™ Summary

50 = no change on previous month.

	Jul	Aug	Change	Summary, rate of change
Global PMI	54.3	53.8	-	Expanding, slower rate
Output	55.6	55.5	-	Expanding, slower rate
New Orders	54.0	52.5	-	Expanding, slower rate
Input Prices	56.9	58.5	+	Rising, faster rate
Employment	53.5	53.7	+	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	–	www.markit.com
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	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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