

News Release

MARKET SENSITIVE INFORMATION

EMBARGOED UNTIL: 11:00am (US EASTERN TIME) 3 November 2008

JPMorgan Global Manufacturing PMI

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

Global Manufacturing PMI sank to record low in October.

The world manufacturing sector suffered its sharpest contraction in survey history during October, as the ongoing retrenchment of global demand and further deepening of the credit market crisis negatively impacted on the trends in output, new orders and employment. The **JPMorgan Global Manufacturing PMI** posted 41.0, its lowest reading since data were first compiled in January 1998 and a level below the no-change mark of 50.0 for the fifth month in a row.

Output, total new orders and new export orders all contracted at the fastest rates in the survey history in October. With the exception of India, which again bucked the global trend, all of the national manufacturing surveys posted declines in output and new orders. The impact of the downshift in global market conditions also had a far-reaching effect on international trade volumes. Although new export orders fell at a slower rate than total new business, all of the national manufacturing sectors covered by the survey (including India) saw a reduction in new export orders.

The turnaround in the performance of the US manufacturing sector has been especially marked in recent months and, in October, production and new orders fell to the greatest extents since mid-1980 when the US economy was in the midst of a deep recession. The downturn in the Eurozone gathered pace in October, with production and new work contracting at the fastest rates in the survey history. Within the euro area, the majority of the national manufacturing sectors posted series record losses for output and new orders, including the big-four economies. Output fell at survey record rates in China and Brazil, and at near-series records in Japan and the UK.

At 48.1 in October, the **Global Manufacturing Input Prices Index** signalled a decline in average purchase prices for the first time since August 2003. The drop in input costs was mainly focussed on the US and China, both of which have seen cost inflationary pressures retreat sharply from highs in mid-2008. Rates of increase in raw material prices eased sharply in the Eurozone, the UK and India.

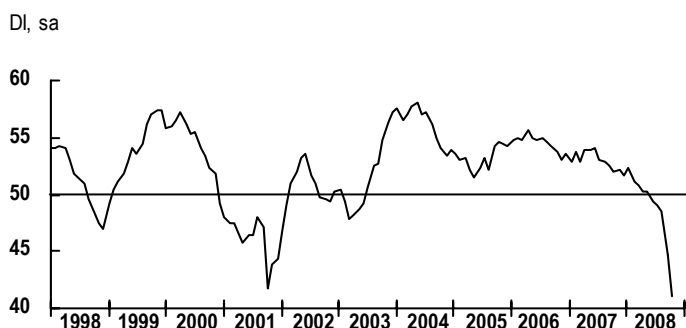
Employment fell for the third successive month and at the fifth-fastest rate in the survey history in October. Job cutting was especially marked in the US, where employment fell at the quickest pace since March 1991.

Supply-side pressure declined in October, leading to a slight improvement in **average vendor performance** for the first time in almost five-and-a-half years.

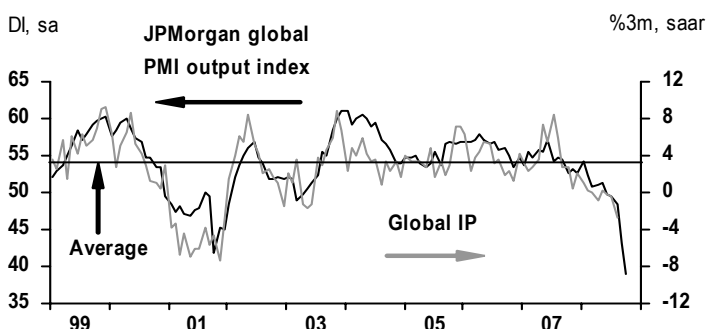
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"October manufacturing PMI data reinforce the stark retrenchment that the sector is currently facing, with production, total new business and new export orders all falling at record rates. The latest Output Index reading is consistent with a fall in global IP of almost 8%. The only positive from the surveys was a decline in input prices for the first time since August 2003."

JPMorgan global manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	Sep	Oct	Change	Summary
Global PMI	44.7	41.0	-	Contracting at faster rate
Output	43.3	39.1	-	Contracting at faster rate
New Orders	41.4	36.2	-	Contracting at faster rate
Input Prices	59.9	48.1	-	Falling, change of direction
Employment	45.5	42.2	-	Contracting at faster rate

For further information, please contact:

Markit

Rob Dobson, Senior Economist
Telephone +44-1491-418-695
Email rob.dobson@markit.com

Caroline Lumley, Corporate Communications
Telephone +44-20-7260-2047
Email caroline.lumley@markit.com

JPMorgan Chase Bank

David Hensley, Director of Global Economics Coordination
Telephone +1-212-834-5516
Email david.hensley@jpmorgan.com

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	Banco Real	www.bancoreal.com.br , www.abnamro.com
India	1.7	Markit	ABNAMRO	www.abnamro.com
Australia	1.3	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au , www.pwcglobal.com/au
Netherlands	1.1	Markit	NEVI/DPA	www.nevi.nl , www.dpasupplychainpeople.com
Russia	0.9	Markit	VTB Bank Europe	www.vtb.com
Switzerland	0.7	SVME	Credit Suisse	www.svme.ch , www.credit-suisse.ch
Turkey	0.7	Markit	ABNAMRO	www.abnamro.com
Austria	0.6	Markit	BA Creditanstalt/OPWZ	www.ba-ca.com , http://einkauf.opwz.com
Poland	0.5	Markit	ABNAMRO	www.abnamro.com
Denmark	0.5	DILF	–	www.dilf.dk
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	Dun & Bradstreet	www.iplma.org.il , www.dnb.com , www.dbisrael.co.il
Ireland	0.3	Markit	NCB Stockbrokers	www.ncbdirect.com
Singapore	0.3	SIPMM	–	www.sipmm.org.sg
Czech Republic	0.2	Markit	ABNAMRO	www.abnamro.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



www.jpmorganchase.com



www.markit.com



**institute for
supply management**

www.ism.ws



IFPSM
www.ifpsm.org

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$803 billion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers nationwide, and many of the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at www.jpmorganchase.com.

Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI) series, which is now available for 26 countries and key regions including the Eurozone and BRIC. The PMIs have become the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

Founded in 1915, the **Institute for Supply Management™** (ISM) is the largest supply management organization in the world as well as one of the most respected. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities and education. ISM's membership base includes approximately 40,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit institute that provides opportunities for the promotion of the profession and the expansion of professional skills and knowledge.

The **International Federation of Purchasing and Supply Management** (IFPSM) is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached. IFPSM is a non-political, independent and non-profit oriented international organisation, registered in Aarau, Switzerland. IFPSM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices.

The intellectual property rights to the Global Manufacturing PMI provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit, PMI and Purchasing Managers' Index are all trademarks owned by The Markit Group.