

News Release

MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 11:00am (US EASTERN TIME) 1 July 2010

JPMorgan Global Manufacturing PMI

Produced by JPMorgan and Markit in association with ISM and IFPSM

Pace of recovery eased in June as growth of new orders and output slowed

Growth of the global manufacturing sector eased again in June. At 55.0, the JPMorgan **Global Manufacturing PMI** was down further from the near record high reached in April. Although the rate of improvement eased to its weakest in the year-to-date, it was still solid and above the series average.

Manufacturing production rose for the thirteenth month in a row in June. The rate of growth remained marked, but eased to its weakest since last November. The average reading for the Global Manufacturing Output Index (59.1) during Q2 2010 was the highest since Q2 2004.

Despite easing sharply to a three-month low, growth of production in the US remained rapid and above the global average. Rates of expansion also eased in emerging Asia, Japan, the UK and Australia. Growth of output picked up slightly in the Eurozone, but this followed a sharp slowdown in May.

Growth of **new orders** continued to slow in June. The rate of expansion in new work received eased further from April's near survey record pace to an eleven-month low, but was still above its long-run average. National PMI New Orders indices fell in the US (eight-month low), the Eurozone (weakest expansion in the year-to-date), Asia (one-year low) and the UK (seven-month low), but in each case continued to signal expansion.

Growth of **new export orders** also eased sharply to a six-month low in June. Rates of increase slowed in the majority of the national manufacturing sectors covered by the survey.

June data pointed to a further increase in **manufacturing employment**, reflecting growth of output and rising backlogs of work. Staffing levels have increased in each month so far during the year-to-date, with the latest rate of expansion in jobs slightly above the average for that period. Employment continued to rise in all of the major industrial regions covered by the survey.

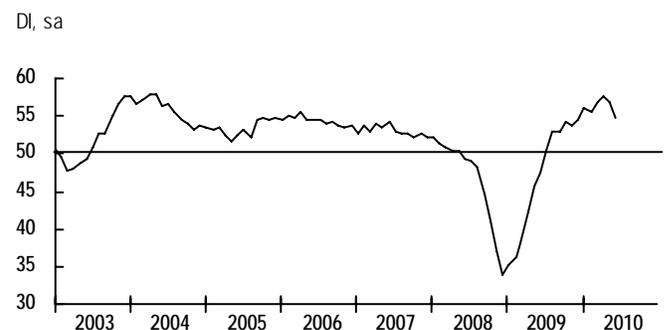
Inflation of **average input prices** eased sharply in June, with the latest data pointing to the weakest rate of increase since last December. Cost inflation slowed across most of the national manufacturing sectors covered by the survey. The extent of the easing was most pronounced in the US and emerging Asia.

Upward pressure on purchase prices remained closely linked to **supply-chain** forces in June. Areas experiencing the sharpest increases in costs, such as Europe, also continued to report substantial lengthening of vendor lead times. In the US and Asia, where costs rose at much reduced rates, the deterioration in vendor performance tended to be less pronounced.

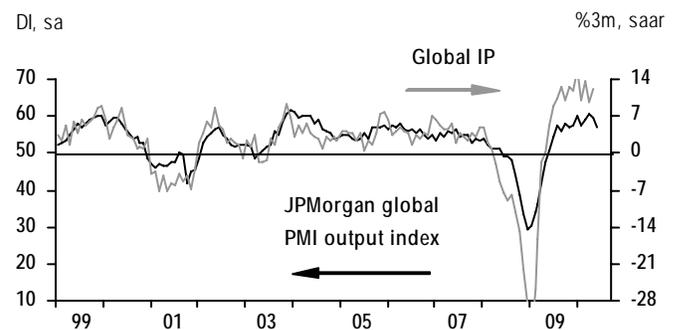
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"June PMI data provided further evidence that growth of the global manufacturing sector is cooling from the red hot rates seen earlier in the year. However, while rates of expansion in production, new orders and employment all eased over the month, growth remains solid overall and above long-run trend. The sector therefore approaches Q3 on a firm footing, but mounting headwinds could temper growth later in the year."

JPMorgan Global Manufacturing PMI



Global manufacturing output



Global Manufacturing PMI Summary

50 = no change on previous month.

	May	Jun	Change	Summary, rate of change
Global PMI	57.0	55.0	-	Expanding, slower rate
Output	59.3	57.0	-	Expanding, slower rate
New Orders	58.9	55.5	-	Expanding, slower rate
Input Prices	68.6	58.8	-	Rising, slower rate
Employment	53.9	53.1	-	Rising, slower rate

For further information, please contact:

Markit

Rob Dobson, Senior Economist
Telephone +44-1491-461-095
Email rob.dobson@markit.com

Caroline Lumley, Director, 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 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	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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