

## 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 sector contracted for the first time in five years in June, as companies faced weaker demand and survey record cost increases

At 49.5 in June, the JPMorgan **Global Manufacturing PMI** fell below the no-change mark of 50.0 for the first time in five years. The main factors underlying the decline in the PMI were weaker operating conditions in the European and Japanese manufacturing economies. In contrast, PMIs for China and India remained at expansionary levels, and for the US posted above the neutral mark for the first time since January.

Manufacturers faced a restrictive combination of survey record cost inflation and tighter market conditions in June. At 80.1, the **Global Manufacturing Input Prices Index** was driven higher by record oil prices and the increased cost of commodities such as metals, plastics and food products. Purchase price inflation was especially marked in the US, reaching its highest level since July 1979 (around the start of the 1979 oil crisis).

The **Global Manufacturing New Orders Index** posted 48.3 in June, down from 49.7 in May, to signal the sharpest decrease in new work received for sixty-three months. The contraction in new business was especially marked in the Eurozone (fastest rate of decline for five years), Japan and the UK (sharpest since late 2001 and late 1998 respectively). A slight reduction in new work was reported by US manufacturers. The decline in the US was mainly centred on the domestic market, as new export orders continued to surge upwards.

World manufacturing production fell marginally in June. This was highlighted by the **Global Manufacturing Output Index** registering 49.8, a sub-50.0 reading for the first time since April 2003. Production fell in the Eurozone (first time in almost five years), Japan (sharpest rate since January 2002) and the UK (fastest decline since late 1998). A modest increase in output was posted for the US. Growth slowed to a four-month low in China, but hit its highest in 2008-to-date in India.

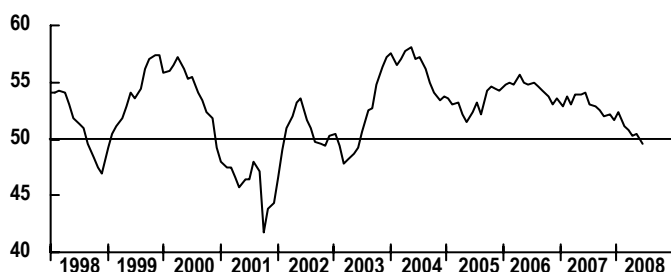
The weaker performance of the global manufacturing sector led to further **job losses** in June, with employment declining at the fastest pace since September 2003. The downturn in the US manufacturing labour market deepened, with employment reduced to the greatest extent for over five years. Staffing levels fell for the first time since February 2006 in the Eurozone and at the sharpest pace in almost three years in the UK.

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

"The Global PMI slipped below the neutral 50.0 mark in June, as indexes for output, new orders and employment posted on the downside. Manufacturers, especially those in the advanced economies, are being hit by a sharp downshift in demand at a time when cost inflation remains persistently high. Conditions are unlikely to improve significantly during the 3rd quarter."

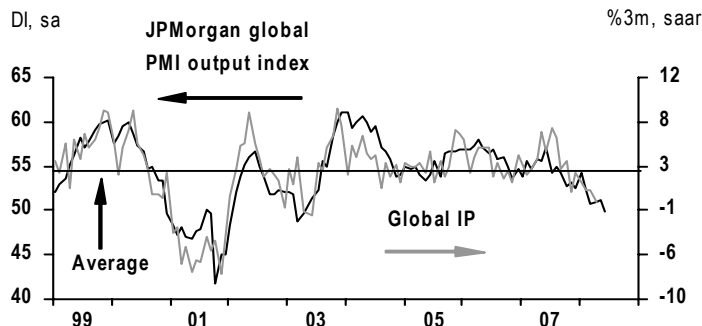
JPMorgan global manufacturing PMI

DI, sa



Global manufacturing output

DI, sa



### Global Manufacturing PMI Summary

50 = no change on previous month.

	May	Jun	Change	Summary
Global PMI	50.4	49.5	-	Change of direction
Output	51.2	49.8	-	Change of direction
New Orders	49.7	48.3	-	Contracting at faster rate
Input Prices	76.3	80.1	+	Increasing at faster rate
Employment	49.2	48.0	-	Contracting at faster rate

- Ends -

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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	–	<a href="http://www.ism.ws">www.ism.ws</a>
Eurozone	18.7	Markit	Royal Bank of Scotland	<a href="http://www.rbs.co.uk">www.rbs.co.uk</a>
Japan	13.9	Markit	Nomura/JMMA	<a href="http://www.nomura.co.jp">www.nomura.co.jp</a> , <a href="http://www.jmma.gr.jp">www.jmma.gr.jp</a>
Germany	5.6	Markit	BME	<a href="http://www.bme.de">www.bme.de</a>
China	4.9	Markit	CLSA	<a href="http://www.clsa.com">www.clsa.com</a>
United Kingdom	4.5	Markit	CIPS	<a href="http://www.cips.org">www.cips.org</a>
France	4.0	Markit	CDAF	<a href="http://www.cdaf.asso.fr">www.cdaf.asso.fr</a>
Italy	3.2	Markit	ADACI	<a href="http://www.adaci.it">www.adaci.it</a>
Spain	1.9	Markit	AERCE	<a href="http://www.aerce.org">www.aerce.org</a>
Brazil	1.9	Markit	Banco Real	<a href="http://www.bancoreal.com.br">www.bancoreal.com.br</a> , <a href="http://www.abnamro.com">www.abnamro.com</a>
India	1.7	Markit	ABNAMRO	<a href="http://www.abnamro.com">www.abnamro.com</a>
Australia	1.3	AIG	PriceWaterhouseCoopers	<a href="http://www.aigroup.asn.au">www.aigroup.asn.au</a> , <a href="http://www.pwcglobal.com/au">www.pwcglobal.com/au</a>
Netherlands	1.1	Markit	NEVI/DPA	<a href="http://www.nevi.nl">www.nevi.nl</a> , <a href="http://www.dpasupplychainpeople.com">www.dpasupplychainpeople.com</a>
Russia	0.9	Markit	VTB Bank Europe	<a href="http://www.vtb.com">www.vtb.com</a>
Switzerland	0.7	SVME	Credit Suisse	<a href="http://www.svme.ch">www.svme.ch</a> , <a href="http://www.credit-suisse.ch">www.credit-suisse.ch</a>
Turkey	0.7	Markit	ABNAMRO	<a href="http://www.abnamro.com">www.abnamro.com</a>
Austria	0.6	Markit	BA Creditanstalt/OPWZ	<a href="http://www.ba-ca.com">www.ba-ca.com</a> , <a href="http://einkauf.opwz.com">http://einkauf.opwz.com</a>
Poland	0.5	Markit	ABNAMRO	<a href="http://www.abnamro.com">www.abnamro.com</a>
Denmark	0.5	DILF	–	<a href="http://www.dilf.dk">www.dilf.dk</a>
South Africa	0.4	BER	IPSA/Investec	<a href="http://www.ber.sun.ac.za">www.ber.sun.ac.za</a> , <a href="http://www.ipsa.co.za">www.ipsa.co.za</a> , <a href="http://www.investec.co.za">www.investec.co.za</a>
Greece	0.4	Markit	HPI	<a href="http://www.hpi.org">www.hpi.org</a>
Israel	0.3	IPLMA	Dun & Bradstreet	<a href="http://www.iplma.org.il">www.iplma.org.il</a> , <a href="http://www.dnb.com">www.dnb.com</a> , <a href="http://www.dbisrael.co.il">www.dbisrael.co.il</a>
Ireland	0.3	Markit	NCB Stockbrokers	<a href="http://www.ncbdirect.com">www.ncbdirect.com</a>
Singapore	0.3	SIPMM	–	<a href="http://www.sipmm.org.sg">www.sipmm.org.sg</a>
Czech Republic	0.2	Markit	ABNAMRO	<a href="http://www.abnamro.com">www.abnamro.com</a>
New Zealand	0.2	Business NZ	Bank of New Zealand	<a href="http://www.businessnz.org.nz">www.businessnz.org.nz</a> , <a href="http://www.bnz.co.nz">www.bnz.co.nz</a>
Hungary	0.2	HALPIM	Hungarian National Bank	<a href="http://www.logisztika.hu">www.logisztika.hu</a>

\* Source: World Bank



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[www.ism.ws](http://www.ism.ws)



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