

News Release

MARKET SENSITIVE INFORMATION
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JPMorgan Global Manufacturing PMI™

Produced by JPMorgan and Markit in association with ISM and IFPSM

Growth of global manufacturing sector moves closer to stagnation

The global manufacturing sector continued to cool at the start of H2 2011. Growth of production slowed to a near standstill, as levels of incoming new business declined slightly for the first time in over two years.

At 50.6 in July, the **JPMorgan Global Manufacturing PMI™** fell to its lowest level since July 2009, the first month of the ongoing recovery. The headline PMI has signalled a substantial easing in the overall rate of expansion since hitting a near-record high only five months ago.

Manufacturing production rose for the twenty-sixth consecutive month in July, although the rate of increase was the slowest since the opening month of this sequence.

Among the major economic regions covered by the survey, output expansion was the slowest in 25 months in the US, hit a 20-month low in India and eased to the weakest in their respective recoveries in the Eurozone and the UK (which extended to 24 and 26 months respectively). Meanwhile, the China Output Index remained below the 50.0 mark for the second month running. Japan bucked this trend, however, with output rising to the greatest extent since February.

Total new orders posted a negligible decline in July. New work fell in the US, the Eurozone and the UK. Rates of increase eased to a near-standstill in China and to the weakest in the ongoing 28-month period of expansion in India. Japan saw new business rise at a faster pace.

July data signalled that the growth rate of international trade volumes was unchanged from the previous month's two-year low. The rate of increase eased in developed markets, whereas emerging nations saw a further modest reduction in new exports.

Manufacturing employment rose for the twentieth consecutive month in July. However, jobs growth slipped to a one-and-a-half year low that was below the average for the current sequence of increase.

Employment rose at a weaker pace in the US and the Eurozone. The extent of the drop in the ISM US Manufacturing Employment Index was the steepest since October 2008. Japan and India saw staffing increase for the first time four and nine months respectively. Job losses were seen in China for the second month running, and in the UK for the first time since March 2010.

Slower global growth and recent falls in the price of a number of commodities led to a further easing in input cost inflation. The latest increase in purchase prices was the least marked in a year. Slower cost increases were seen in the US, the Eurozone, Japan and the UK. In contrast, inflation picked up across China and India.

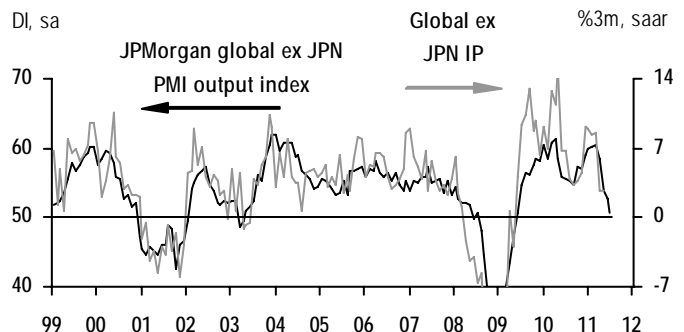
Commenting on the survey, Joseph Lupton, Global Economist at JPMorgan, said:

"Growth of the global manufacturing sector drifted closer to stagnation in July. Hopes of a near-term acceleration may have also been knocked by a slight retreat into contraction territory by the new orders index. More positive is that jobs growth, although slowing, is holding up comparatively well. Weaker price inflation and subsiding supply-chain pressures will also provide some welcome respite for manufacturers."

JPMorgan Global Manufacturing PMI



Global ex Japan manufacturing output



Global Manufacturing PMI™ Summary

50 = no change on previous month.

	Jun	Jul	Change	Summary, rate of change
Global PMI	52.3	50.6	-	Expanding, slower rate
Output	52.6	51.0	-	Expanding, slower rate
New Orders	51.0	49.9	-	Contracting, change of direction
Input Prices	60.8	57.7	-	Rising, slower rate
Employment	53.4	51.6	-	Rising, slower 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 almost 30 countries. Together these countries account for an estimated 86% 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	28.6	ISM	–	www.ism.ws
Japan	12.3	Markit	JMMA	www.jmma.gr.jp
China	7.4	Markit	HSBC	www.hsbc.com
Germany	5.0	Markit	BME	www.bme.de
United Kingdom	4.2	Markit	CIPS	www.cips.org
France	3.7	Markit	–	www.markit.com
Italy	2.8	Markit	ADACI	www.adaci.it
Brazil	2.2	Markit	HSBC	www.hsbc.com
India	2.2	Markit	HSBC	www.hsbc.com
South Korea	1.9	Markit	HSBC	www.hsbc.com
Spain	1.8	Markit	AERCE	www.aerce.org
Australia	1.4	AIG	PriceWaterhouseCoopers	www.aigroup.asn.au, www.pwcglobal.com/au
Netherlands	1.1	Markit	NEVI	www.nevi.nl
Russia	1.0	Markit	HSBC	www.hsbc.com
Turkey	0.9	Markit	HSBC	www.hsbc.com
Taiwan	0.8	Markit	HSBC	www.hsbc.com
Switzerland	0.7	procure.ch	Credit Suisse	www.procure.ch, www.credit-suisse.ch
Poland	0.6	Markit	HSBC	www.hsbc.com
Austria	0.5	Markit	Bank Austria/OPWZ	www.bankaustria.at, 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
Singapore	0.4	SIPMM	–	www.sipmm.org.sg
Ireland	0.3	Markit	NCB Stockbrokers	www.ncbdirect.com
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	0.1	HALPIM	Hungarian National Bank	www.logisztika.hu

* Source: World Bank WDI (2009 data, constant US\$ measure)



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