News Release

MARKET SENSITIVE INFORMATION

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JPMorgan Global Manufacturing & Services PMI

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

Global PMI Output and New Orders indexes rose back above 50.0 for first time since May 2008. Solid increase in costs signalled.

At 52.1 in August, up from 48.2 in July, the **JPMorgan Global All-Industry Output Index** moved back into expansion territory. The index posted its highest level since December 2007 and signalled an expansion in activity for the first time in fifteen months.

The **manufacturing sector** continued to lead the rebound in global economic activity. Manufacturing production levels rose for the third month running and to the greatest extent since April 2006. Meanwhile, **service sector** activity rose slightly for the first time in fifteen months.

August data also pointed to the first increase in global new business since May last year. Moreover, at 51.1, the **Global All-Industry New Orders Index** posted its highest reading since the end of 2007.

Manufacturers reported substantial gains in new work, with the rate of growth reaching a 61-month high. Levels of **manufacturing new export orders** rose for the second month running. The outlook for the manufacturing sector also remained positive. This was signalled by the orders-to-inventory ratio – which tends to move in advance of the production cycle – hitting a series record high. Although service providers continued to see new business drop, the pace of decline was the weakest during the current fifteen-month period of reduction.

Global employment fell for the sixteenth consecutive month in August, with similar rates of job losses signalled for both manufacturers and services providers. However, the **Global All-Industry Employment Index** rose to 46.1, from 44.1 in July, its highest level since last September.

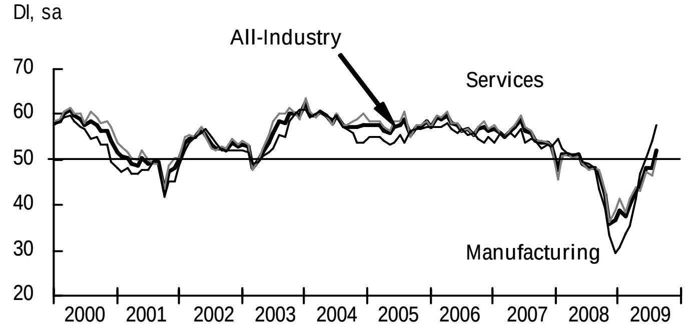
Having risen by a series record 10.8 points from 45.1 in July, the **Global All-Industry Input Prices Index** posted 55.9 in August – its highest reading for eleven months. Purchase prices rose at manufacturers for the first time since September 2008. Service sector costs increased for the second time in the past three months. The strongest rates of inflation were seen in the Chinese manufacturing, US manufacturing, US non-manufacturing and Turkish manufacturing sectors. The surge in cost pressures in the US was especially marked.

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

"The PMI output index rose above the neutral level for the first time since May 2008, consistent with growth of global GDP moving back into positive territory in Q3. The manufacturing sector is still leading the rebound, although signs of recovery are also firming at service providers. Companies are still shedding jobs but the pace is easing substantially."

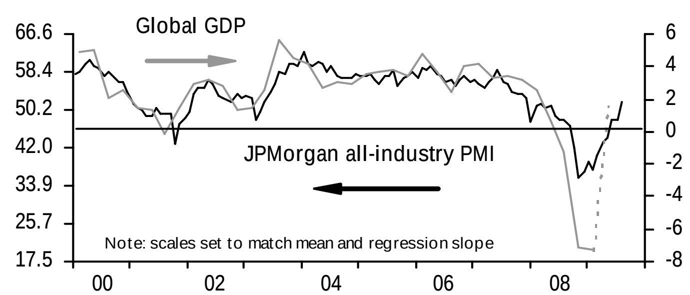
JPMorgan global PMI output

DI, sa



Global activity indicators

DI, sa; dashed grey line is 2Q forecast %q/q, saar



Global Manufacturing & Services PMI Summary

50 = no change on previous month.

	Jul	Aug	Change	Summary
Output	48.2	52.1	+	Rising, index at 20-month high
New Orders	48.2	51.1	+	Rising, index at 20-month high
Input Prices	45.1	55.9	+	Rising, index at 11-month high
Employment	44.1	46.1	+	Declining, slower rate

– Ends –

compiled by markit

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Notes to editors

The Global Report on Manufacturing & Services is compiled by Markit Economics based on the results of surveys covering over 11,000 purchasing executives in 26 countries. Together these countries account for an estimated 81% of global GDP. 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	HSBC	www.hsbc.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	HSBC	www.hsbc.com
India	1.7	Markit	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	0.9	Markit	VTB Capital	www.vtb.com
Switzerland	0.7	SVME	Credit Suisse	www.svme.ch, www.credit-suisse.ch
Turkey	0.7	Markit	HSBC	www.hsbc.com
Austria	0.6	Markit	BA Creditanstalt/OPWZ	www.ba-ca.com, http://einkauf.opwz.com
Poland	0.5	Markit	HSBC	www.hsbc.com
Denmark	0.5	DILF	Kairoscommodities	www.dilf.dk, www.kairoscommodities.com
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	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

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ISM
institute for supply management
www.ism.ws

IFPSM
www.ifpsm.org

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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.

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