

## News Release

**MARKET SENSITIVE INFORMATION**

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## JPMorgan Global Manufacturing PMI™

Produced by JPMorgan and Markit in association with ISM and IFPSM

### Global Manufacturing PMI at 38-month low in August

The global manufacturing downturn gathered pace in August, with rates of contraction in output and new orders accelerating to the fastest since mid-2009.

At 48.1 in August, down slightly from 48.4 in July, the **JPMorgan Global Manufacturing PMI™** – a composite index produced by JPMorgan and Markit in association with ISM and IFPSM – remained below the neutral 50.0 mark that separates expansion from contraction for the third consecutive month. The headline index currently stands at its lowest level since June 2009.

Manufacturing production fell at the fastest pace for 39 months in August, reflecting declining levels of new business and weaker international trade flows. Spare capacity also remained available at manufacturers, as highlighted by the steepest depletion of backlogs of work for almost three-and-a-half years.

ISM data indicated that US manufacturing production contracted for the first time since May 2009. Conditions also remained weak in Europe, with output falling sharply in the Eurozone and a modest decline also signalled for the UK. The Czech Republic and Poland also saw slight reductions in production. In Asia, contractions were reported for China, Japan, South Korea, Taiwan and Vietnam.

Brighter spots were provided by the expansions seen in Canada, India, Indonesia, Ireland, Mexico, Russia, South Africa and Turkey.

The level of new export business contracted for the fourth straight month in August. Although the pace of decline eased slightly since July, the trend in new export business was still weak in comparison to its long-run trend. The US, Asia and Europe all reported declining volumes of new export business.

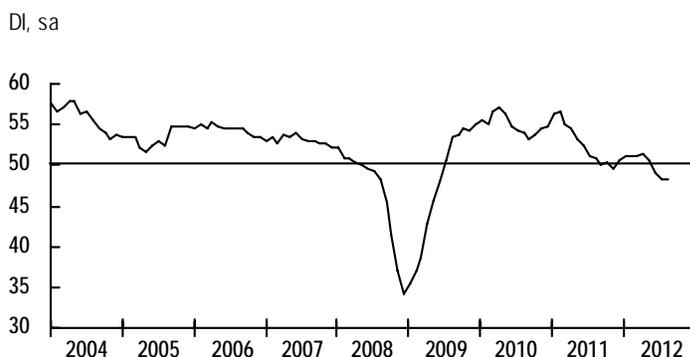
August saw global manufacturing employment decline for the second successive month, following a 31-month period of sustained job creation. Marginal losses were reported in both developed and emerging nations.

Manufacturers continued to report reductions in average input prices during August. Costs have now fallen for three successive months. However, the rate of input price deflation eased sharply since July. This mainly reflected the higher costs of oil and associated by-products.

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

"The August PMIs point to a further modest acceleration in the rate of contraction of global industry, as the sector is buffeted by rising headwinds in a number of key economic regions and falling levels of international trade. The labour market is still holding up better than the activity indicators, but this could be threatened as signs of excess capacity become more visible."

JPMorgan Global Manufacturing PMI



### Global Manufacturing PMI™ Summary

50 = no change on previous month.

	Jul	Aug	Change	Summary, rate of change
Global PMI	48.4	48.1	-	Contracting, faster rate
Output	48.8	47.4	-	Contracting, faster rate
New Orders	47.1	46.8	-	Contracting, faster rate
Input Prices	44.8	49.2	+	Falling, slower rate
Employment	49.3	49.6	+	Falling, 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 10,000 purchasing executives in 31 countries. Together these countries account for an estimated 89% 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	28.1	ISM	–	www.ism.ws
Japan	12.1	Markit	JMMA	www.jmma.gr.jp
China	7.9	Markit	HSBC	www.hsbc.com
Germany	5.0	Markit	BME	www.bme.de
United Kingdom	4.1	Markit	CIPS	www.cips.org
France	3.6	Markit	–	www.markit.com
Italy	2.7	Markit	ADACI	www.adaci.it
India	2.3	Markit	HSBC	www.hsbc.com
Brazil	2.2	Markit	HSBC	www.hsbc.com
Canada	2.1	Markit	Royal Bank of Canada/PMAC	www.rbc.com, www.pmac.ca
South Korea	1.9	Markit	HSBC	www.hsbc.com
Spain	1.7	Markit	AERCE	www.aerce.org
Mexico	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	1.0	Markit	HSBC	www.hsbc.com
Turkey	0.9	Markit	HSBC	www.hsbc.com
Taiwan	0.7	Markit	HSBC	www.hsbc.com
Indonesia	0.7	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	CIPS/Kagiso	www.ber.sun.ac.za, www.cips.org, www.kagiso.com
Denmark	0.4	DILF	Kairoscommodities	www.dilf.dk, www.kairoscommodities.com
Israel	0.4	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il, http://www.bankhapoalim.co.il
Singapore	0.4	SIPMM	–	www.sipmm.org.sg
Greece	0.4	Markit	HPI	www.hpi.org
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
Vietnam	0.2	Markit	HSBC	www.hsbc.com
Hungary	0.1	HALPIM	Hungarian National Bank	www.logisztika.hu

\* Source: World Bank WDI (2010 data, constant US\$ measure)

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