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03/12/2012

Global manufacturing

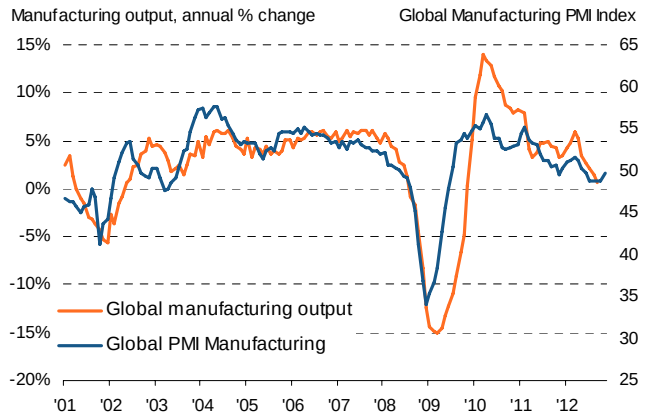
Signs of manufacturing stabilising as PMI hits five-month high

- **PMI rises to 49.7 as output shows first gain since June**
- **Orders fall at reduced rate as downturn in global trade flows shows signs of easing**
- **Supply chain disruptions due to US storms lead to upward price pressures**

Worldwide manufacturing conditions showed signs of stabilising in November, according to purchasing managers from 10,000 companies across the globe. The JPMorgan Global Manufacturing PMI, a survey based barometer of business conditions produced by Markit, rose from 48.8 in October to 49.7 in November, the highest reading for five months and only fractionally below the no-change level of 50.0.

Manufacturers reported the first increase in production, albeit marginal, for five months, as inflows of new orders fell at a reduced rate. New business decreased only slightly in November to signal the smallest deterioration in demand since June.

Global manufacturing production



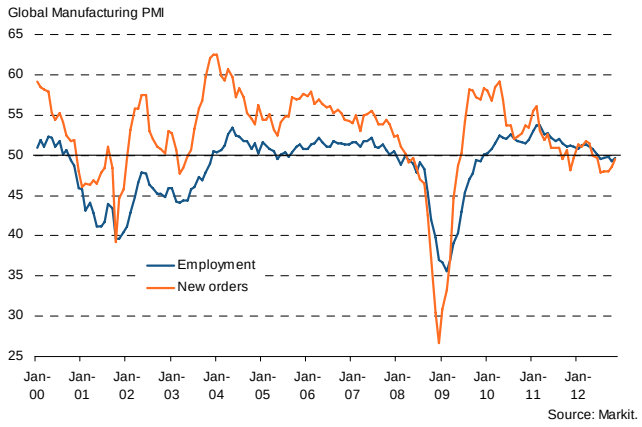
The improvement was largely attributable to signs that the recent downturn in global trade flows has begun to ease. While manufacturers suffered a drop in new export orders for the eighth successive month, consistent with a further downturn in global trade flows, the rate of deterioration slowed markedly to the weakest since May.

Global goods exports

Stocks of finished goods fell at the fastest rate since the start of 2011, often linked to better than expected sales. The ratio of new orders to inventories consequently rose to its highest since March, suggesting that firms will continue to raise production in December.

Employment fell for the fifth month running, but likewise dropped at a reduced rate, registering only a minor cut to staffing levels.

Global new orders and employment



The world's two largest economies both reported an improvement in manufacturing business conditions. The US PMI hit a six-month high of 52.8, up from 51.0 in October, while China's PMI moved into positive

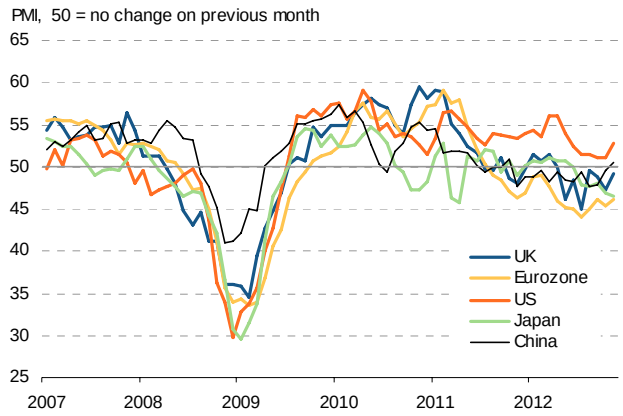
territory for the first time since October of last year, up from 49.5 in October to 50.5.

Business conditions continued to deteriorate in Europe, however, with the eurozone and UK PMIs both remaining below 50. However, UK manufacturers reported only a modest deterioration, with the PMI hitting a three-month high of 49.1 (up from 47.3 in October), and producers in the eurozone reported the mildest deterioration for eight months. However, at 46.2, up from 45.4, the Eurozone PMI indicated that the region remained firmly entrenched in a steep downturn and at the centre of the ongoing weakness of global manufacturing.

Manufacturing conditions continued to worsen in Germany, France, Italy and Spain, highlighting the broad-based nature of the downturn across the single currency area.

Japan bucked the trend among the world's five-largest economies, with the PMI falling further below the 50.0 level. At 46.5, down from 46.9 in October, Japanese manufacturers reported the steepest downturn since April 2009 (with the exceptions of March and April of last year, when business was hit by the earthquake).

Manufacturing PMIs for the main economies

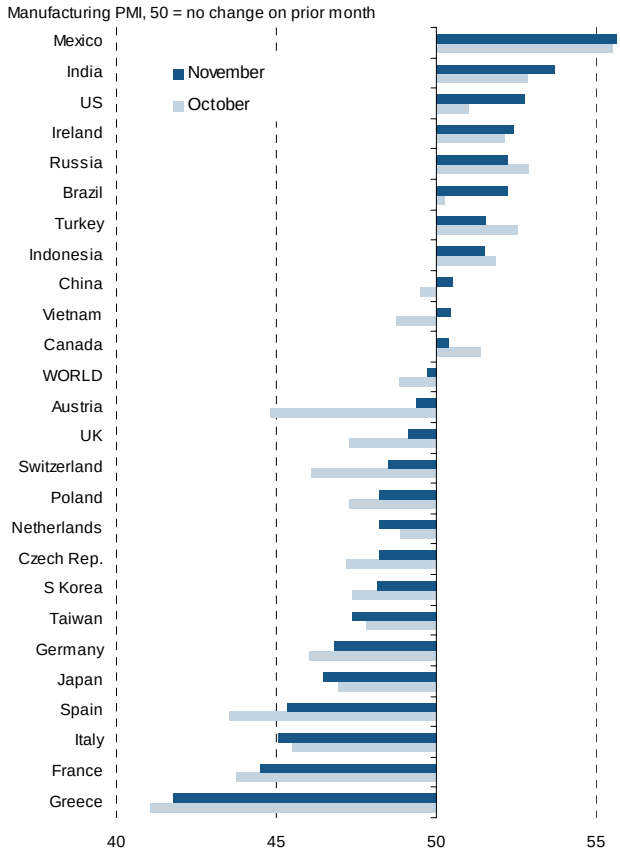


While the US remained a key factor helping global manufacturing to stabilise, the strongest expansions were seen in Mexico and India in November, with Russia, Brazil, Indonesia, Turkey, and Vietnam also providing emerging market support.

The only developed countries besides the US to record an improvement in business conditions were Ireland and Canada.

Across all 25 countries for which data were available, the steepest downturn was again seen in Greece, followed by France, Italy and then Spain.

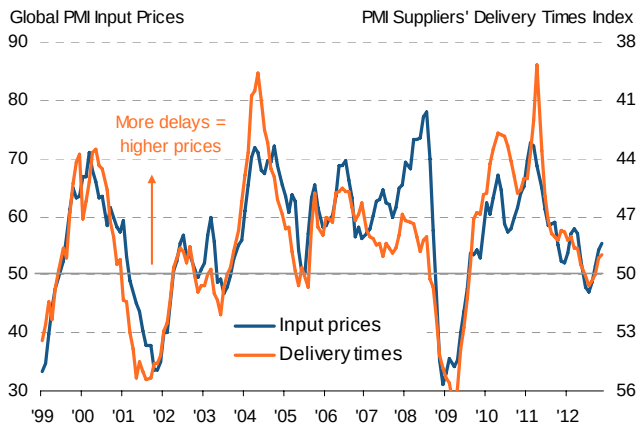
National PMI rankings



The marginal upturn in manufacturing output brought with it increased pressure on supply chains. Average supplier delivery times lengthened for the second successive month, with delays often linked to higher prices charged to producers. Average input prices rose at the steepest rate since April as a result. Manufacturers' selling prices also rose marginally, up for the first time for six months.

However, the delivery delays and associated increase in prices were largely attributable to storm-related disruptions in the US, and elsewhere price pressures remained generally benign.

Raw material prices and supplier delays



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