

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Markit U.S. Manufacturing PMI™ – final data

PMI at four-month high in July, as both output and new order growth quickens

Key points:

- PMI signals strongest manufacturing expansion since March
- New orders increase strongly and at fastest pace in six months
- Solid rise in employment, after stagnating in June

Summary

The final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**¹ signalled the strongest manufacturing expansion in four months during July. At 53.7, up from an eight-month low of 51.9 in June and above the earlier flash estimate of 53.2, the PMI suggested a solid improvement in overall manufacturing business conditions.

Final U.S. Manufacturing PMI™ Summary

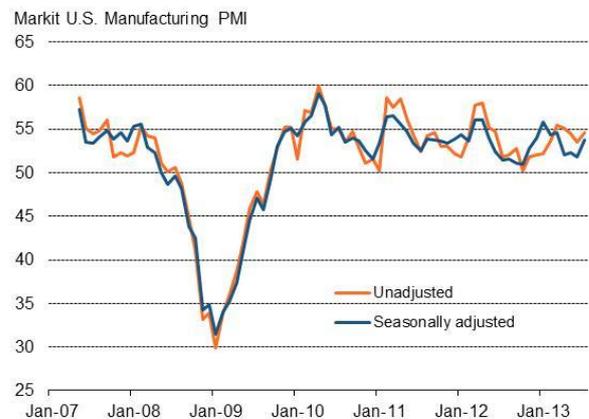
50.0 = no-change on previous month (seasonally adjusted)

Index	Jul'13	Jun'13	Change signalled
PMI	53.7	51.9	Expansion, faster rate
Output	54.8	53.5	Expansion, faster rate
New Orders	55.5	53.4	Expansion, faster rate
New Export Orders	52.5	46.3	Expansion, change in direction
Employment	53.0	49.9	Expansion, change in direction
Backlogs of Work	52.6	51.3	Expansion, faster rate
Output Prices	50.8	51.6	Rise, slower rate
Input Prices	57.8	54.1	Rise, faster rate
Stocks of Purchases	48.7	50.6	Contraction, change in direction
Stocks of Finished Goods	47.6	51.4	Contraction, change in direction
Quantity of Purchases	54.4	53.4	Expansion, faster rate
Suppliers' Delivery Times	47.4	50.6	Lengthening, from shortening

Source: Markit.

Index readings above 50.0 signal an increase or improvement on the prior month, while readings below 50.0 indicate a decrease.

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Incoming **new work** at U.S. manufacturing companies increased further in July, with firms generally commenting on greater client demand. Moreover, the rate of growth accelerated to a strong pace that was the fastest since January.

Although the increase in total new orders continued to be supported by higher volumes of domestic work, **new export orders** also rose during July. The increase in new export work was modest and followed declines in the previous two months.

Manufacturing new orders



Sources: Markit, U.S. Census Bureau.

¹ Please note that Markit's PMI data, final and flash, are derived from information collected by Markit from a different panel of companies to those that participate in the ISM Report on Business. No information from the ISM survey is used in the production of Markit's PMI.

Firms raised their production levels in response to increased new business. **Output** growth was solid and the fastest in four months, with the final PMI reading almost one-point higher than the flash estimate.

All three market groups (consumer, capital and intermediate goods) posted an increase in production during July, with the strongest rise reported by manufacturers of intermediate goods.

Reflective of larger workloads, firms hired additional staff in July. **Employment** in the U.S. manufacturing sector rose solidly over the month, following broad stagnation in June.

Input costs continued to rise in July, with higher raw material prices, particularly for metals, commonly reported by panellists. Overall, the rate of input price inflation was strong and the fastest in five months. Nonetheless, **output charges** rose marginally, with the rate of increase the weakest in the current 11-month sequence.

The quantity of **inputs bought** by manufacturers increased in July and at the fastest pace since last December. Meanwhile, firms reduced their **stocks of purchases**, more than reversing an increase in June. Concurrently, **suppliers' delivery times** lengthened in July, having shortened in June.

Company size analysis*

Production rose strongly at large manufacturing companies (more than 500 employees) in July. This partly reflected a marked rise in new orders. Meanwhile, small manufacturers (less than 100 employees) saw a weaker and more modest increase in output.

Commenting on the final PMI data, **Mark Wingham, Economist at Markit** said:

"The final PMI data confirms the earlier indication from the flash numbers that the manufacturing sector grew at its fastest pace for four months in July.

"Buoyed by the strongest increases in output and new orders since March and January respectively, the goods-producing sector is on course to see an improvement in the third quarter following second quarter softness.

"Nevertheless, the rate of manufacturing growth remains weaker than at the start of the year. In particular, employment is generally rising at a disappointingly weak pace and, despite growing at the fastest rate in 2013 so far, the increase in new export orders could be payback from declines in the previous two months."

-Ends-

Manufacturing output



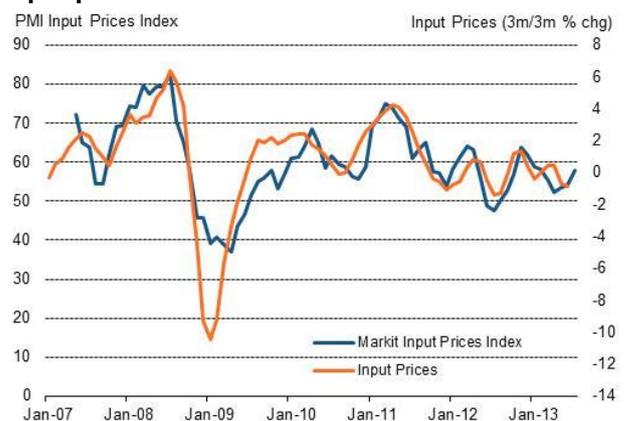
Sources: Markit, U.S. Federal Reserve.

Manufacturing employment



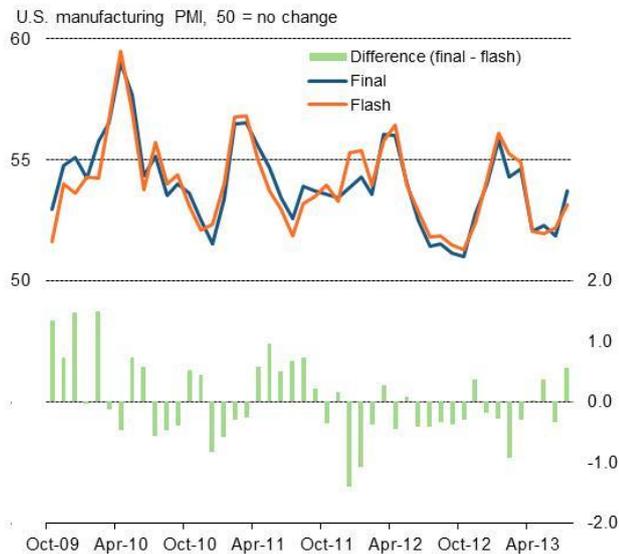
Sources: Markit, Bureau of Labor Statistics.

Input prices



Sources: Markit, Bureau of Labor Statistics.

Markit Final U.S. PMI v. Flash PMI history



Source: Markit.

* Note that company size and sector data are not adjusted for seasonal influences.

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Note to Editors:

Markit originally began collecting monthly *Purchasing Managers' Index*[™] (*PMI*[™]) data in the U.S. in April 2004, initially from a panel of manufacturers in the U.S. electronics goods producing sector. In May 2007, Markit's U.S. PMI research was extended out to cover producers of metal goods. In October 2009, Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. Back data for Markit's U.S. Manufacturing PMI between May 2007 and September 2009 are an aggregation of data collected from producers of electronic goods and metal goods producers, while data from October 2009 are based on data collected from a panel representing the entire U.S. manufacturing economy. Markit's total U.S. Manufacturing PMI survey panel comprises over 600 companies.

The **final** U.S. manufacturing PMI follows on from the **flash** estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* data.

The panel is stratified by North American Industrial Classification System (NAICS) group and company size, based on industry contribution to U.S. GDP. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the 'Report' shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the 'diffusion' index. This index is the sum of the positive responses plus a half of those responding 'the same'.

The *Purchasing Managers' Index*[™] (*PMI*[™]) is a composite index based on five of the individual indexes with the following weights: New Orders – 0.3, Output – 0.25, Employment – 0.2, Suppliers' Delivery Times – 0.15, Stocks of Items Purchased – 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from Markit. Please contact economics@markit.com.

About Markit

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About PMIs

Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*[™] (*PMI*[™]) surveys 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. To learn more go to www.markit.com/economics.

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