

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EST 3 February 2014**

## Markit U.S. Manufacturing PMI™ – final data

### Manufacturing PMI eases to three-month low in January

#### Key points:

- Weaker output and new order growth
- Solid pace of job creation continues
- Sharp lengthening of supplier lead-times

#### Summary

Adjusted for seasonal influences, the headline U.S. Manufacturing **Purchasing Managers' Index™ (PMI™)**<sup>1</sup> registered 53.7 in January, down from an 11-month high of 55.0 during December. The latest reading was the lowest since last October, but remained above the neutral 50.0 value and pointed to a solid improvement in business conditions.

#### Final U.S. Manufacturing PMI™ Summary

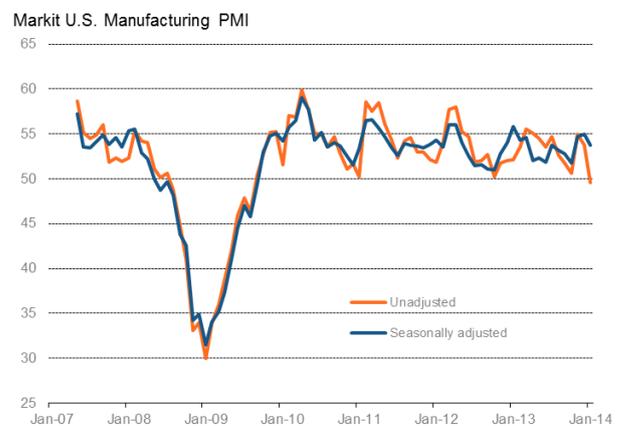
**50.0 = no-change on previous month (seasonally adjusted)**

Index	Jan'14	Dec'13	Change signalled
PMI	<b>53.7</b>	55.0	Expansion, slower rate
Output	<b>53.5</b>	57.5	Expansion, slower rate
New Orders	<b>53.9</b>	56.1	Expansion, slower rate
New Export Orders	<b>48.4</b>	51.4	Contraction, change of direction
Employment	<b>53.2</b>	54.0	Expansion, slower rate
Backlogs of Work	<b>49.2</b>	52.8	Contraction, change of direction
Output Prices	<b>53.8</b>	55.6	Rise, slower rate
Input Prices	<b>58.2</b>	59.0	Rise, slower rate
Stocks of Purchases	<b>46.6</b>	48.5	Contraction, faster rate
Stocks of Finished Goods	<b>45.1</b>	49.5	Contraction, faster rate
Quantity of Purchases	<b>52.0</b>	56.0	Expansion, slower rate
Suppliers' Delivery Times	<b>40.9</b>	45.9	Lengthening, faster rate

*Source: Markit.*

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

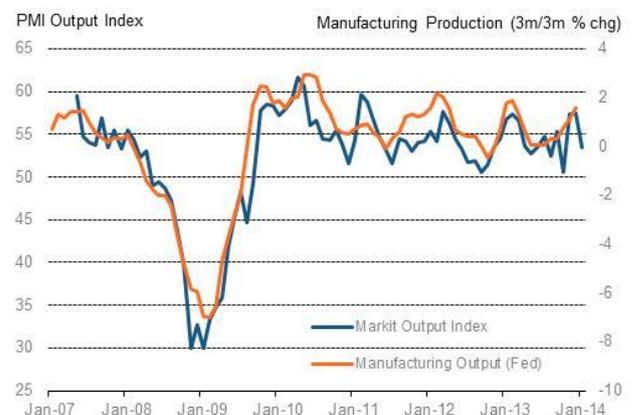
#### Markit U.S. Manufacturing PMI (seasonally adjusted)



*Source: Markit.*

U.S. manufacturers indicated that **output** and **new business** growth rates slowed in January, with some attributing this to disruptions from the extreme weather conditions at the start of the year. The slowdown also reflected in part a drop in new **export orders** for the first time since last September. Nonetheless, manufacturers remained positive in terms of their **staff hiring** in January, with employment levels rising for the seventh successive month.

#### Manufacturing output



*Sources: Markit, U.S. Federal Reserve.*

<sup>1</sup> 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.

January data signalled a further expansion of manufacturing production levels, although the latest rise was the least marked for three months. Survey respondents commented that output and had been disrupted by extreme weather conditions at the start of 2014, with a number of firms noting delays in the receipt of inputs from suppliers.

In line with the trend for output, levels of new work received by U.S. manufacturers rose at the slowest pace for three months in January. Weaker overall growth of incoming new business partly reflected softer export demand at the start of the year. Latest data signalled a drop in new orders from abroad for the first time in four months, although the pace of decline was only slight.

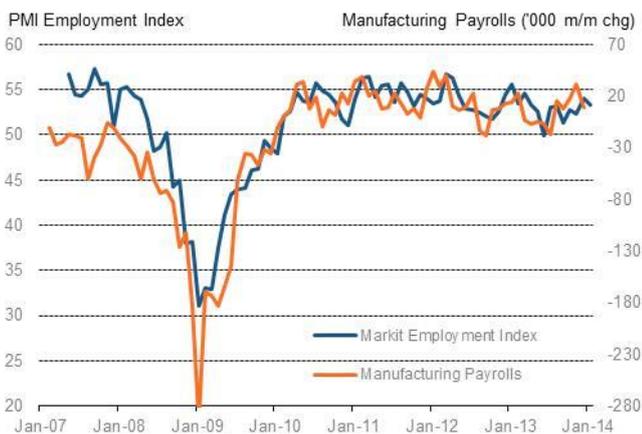
### Manufacturing new orders



Sources: Markit, U.S. Census Bureau.

Slower new order growth helped alleviate pressures on capacity at U.S. manufacturers, as highlighted by a drop in backlogs of work for the first time since August 2013. Reduced levels of unfinished work also reflected ongoing job creation in the manufacturing sector, with employment growth sustained at a solid pace in January.

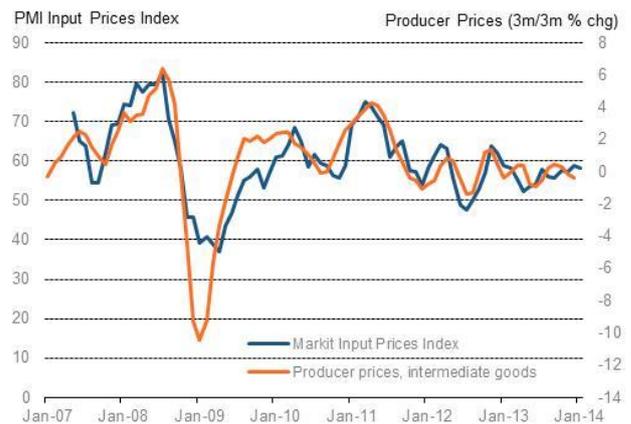
### Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

Manufacturers responded to weaker new business gains by increasing their input buying at a slower rate in January. Nonetheless, supplier lead-times lengthened markedly amid disruptions from extreme weather conditions. On the inflation front, average input costs and factory gate charges both increased at slower rates in January.

### Input prices



Sources: Markit, Bureau of Labor Statistics.

### Company size and sector analysis

Large manufacturers (more than 500 employees) were the weakest performing of the three company size categories monitored by the survey in January, with business conditions improving at the slowest pace for a year-and-a-half. Nonetheless, in line with the trend seen across other company size groups, a positive trend in employment numbers was sustained at the start of 2014.

By market group, intermediate goods producers recorded the strongest improvement in business conditions, followed by companies operating in the investment goods category. The weakest improvement in business conditions was posted by consumer goods producers in January. Latest data indicated that net job creation was maintained across all three market groups at the start of the year.

Commenting on the final PMI data, **Chris Williamson, Chief Economist at Markit** said:

*“Survey respondents reported the weakest growth of output and new orders for three months in January, but with many companies blaming exceptionally cold weather for production and supply chain disruptions, the underlying trend looks to have remained robust.*

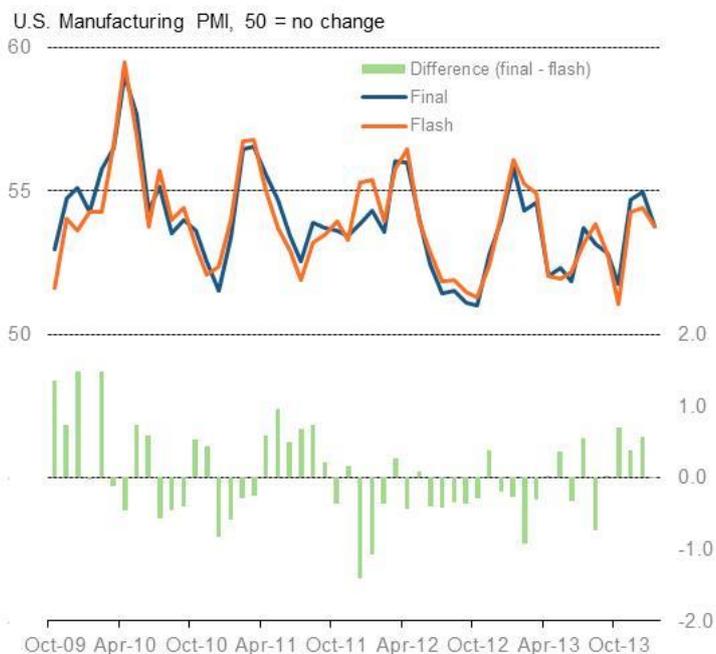
*“The ongoing expansion suggests that the goods producing sector is on course to contribute to another quarter of solid economic growth in the first quarter, and is also helping sustain a decent rate of job creation. The survey is broadly consistent with*

10,000 jobs being created per month in the manufacturing sector which, added to the signal from the flash services PMI, points to non-farm payroll growth in the region of 200,000 in January.

“The improvement supports the view that the economy is withstanding the ongoing tapering by the Fed. However, it will be important to see the indices bounce back from January’s weather-related weakness to be sure of this resilience.”

-Ends-

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



Source: Markit.

### For further information, please contact:

#### Markit

Chris Williamson, Chief Economist  
 Telephone +44-20-7260-2329  
 Mobile +44-779-555-5061  
 Email [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

Tim Moore, Senior Economist  
 Telephone +44-1491-461-067  
 Email [tim.moore@markit.com](mailto:tim.moore@markit.com)

Caroline Lumley, Corporate Communications  
 Telephone +44-20-7260-2047  
 Mobile +44-7815-812-162  
 Email [caroline.lumley@markit.com](mailto:caroline.lumley@markit.com)

Alex Paidas, Corporate Communications  
 Telephone +1-212-205-7101  
 Mobile +1-646-246-4889  
 Email [alex.paidas@markit.com](mailto:alex.paidas@markit.com)

### 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*<sup>™</sup> (*PMI*<sup>™</sup>) 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](mailto:economics@markit.com).

#### **About Markit**

Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see <http://www.markit.com/en/>.

#### **About PMI**

Purchasing Managers' Index<sup>™</sup> (*PMI*<sup>™</sup>) surveys are now available for 32 countries and also for key regions including the Eurozone. They are 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](http://www.markit.com/economics).

**The intellectual property rights to the U.S. Manufacturing PMI<sup>™</sup> provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index<sup>™</sup> and PMI<sup>™</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.**