

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EDT 1 July 2013**

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

### Pace of manufacturing expansion eases to eight-month low in June

#### Key points:

- PMI signals modest improvement in manufacturing business conditions
- Output growth accelerates slightly in June
- Employment unchanged from May

#### Summary

At 51.9, the final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**<sup>1</sup> signalled only a modest manufacturing expansion in June. Having fallen from 52.3 in May, and dropping below the earlier flash estimate of 52.2, the PMI indicated the slowest rate of growth since last October.

The PMI averaged 52.1 in Q2 as a whole. This was down from 54.9 in Q1 and was the lowest reading since Q3 2012.

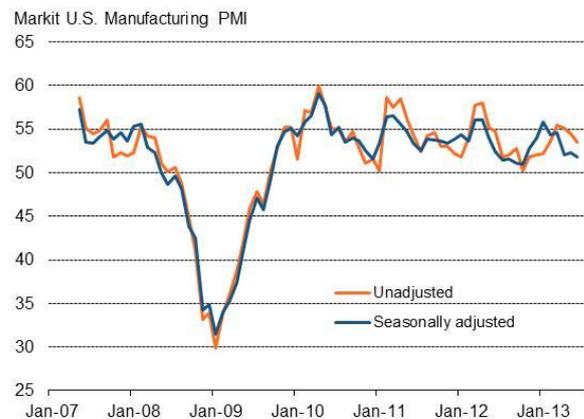
#### Final U.S. Manufacturing PMI™ Summary

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

| Index                     | Jun'13 | May'13 | Change signalled                 |
|---------------------------|--------|--------|----------------------------------|
| PMI                       | 51.9   | 52.3   | Expansion, slower rate           |
| Output                    | 53.5   | 52.7   | Expansion, faster rate           |
| New Orders                | 53.4   | 53.3   | Expansion, faster rate           |
| New Export Orders         | 46.3   | 49.8   | Contraction, faster rate         |
| Employment                | 49.9   | 52.6   | Contraction, change in direction |
| Backlogs of Work          | 51.3   | 51.2   | Expansion, faster rate           |
| Output Prices             | 51.6   | 51.9   | Rise, slower rate                |
| Input Prices              | 54.1   | 53.4   | Rise, faster rate                |
| Stocks of Purchases       | 50.6   | 50.0   | Expansion, from no change        |
| Stocks of Finished Goods  | 51.4   | 50.0   | Expansion, from no change        |
| Quantity of Purchases     | 53.4   | 51.2   | Expansion, faster rate           |
| Suppliers' Delivery Times | 50.6   | 49.3   | Shortening, from lengthening     |

Source: Markit.

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

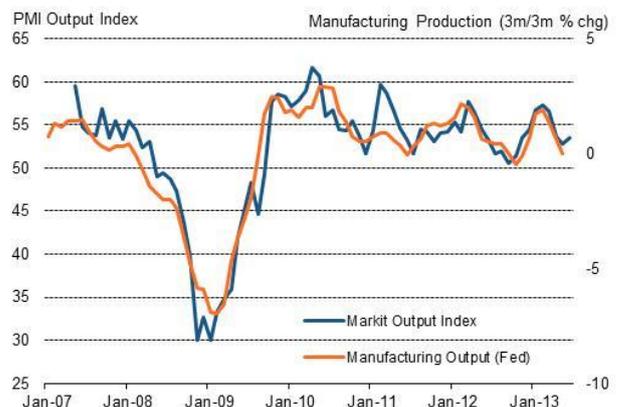


Source: Markit.

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

Manufacturing output increased at a moderate pace in June, accelerating from that recorded in May. All three market groups – consumer, capital and intermediate goods – posted higher **production** levels, with the largest rise recorded for manufacturers of intermediate goods, indicating especially strong growth in the supply of components to other producers.

#### Manufacturing output

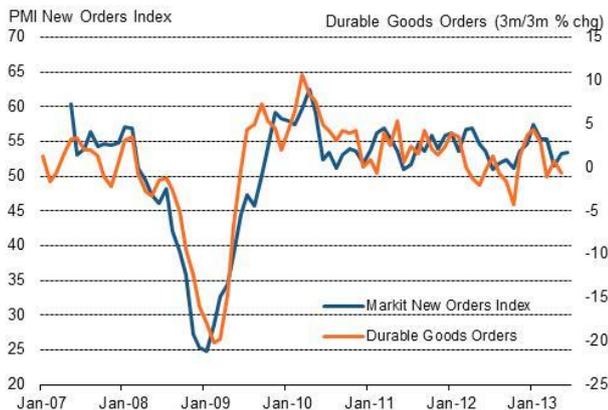


Sources: Markit, U.S. Federal Reserve.

<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.

Firms generally linked the increase in output to larger volumes of new work, though **new order** growth was little-changed from May's modest pace. Much of the increase in new work originated domestically, with **new export orders** falling for the second month running and dropping at the sharpest rate since August 2009.

### Manufacturing new orders



Sources: Markit, U.S. Census Bureau.

**Employment** in the manufacturing sector was broadly unchanged in June. This ended a 40-month sequence of increases. A number of firms commented that higher new order requirements were balanced with attempts to control costs.

### Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

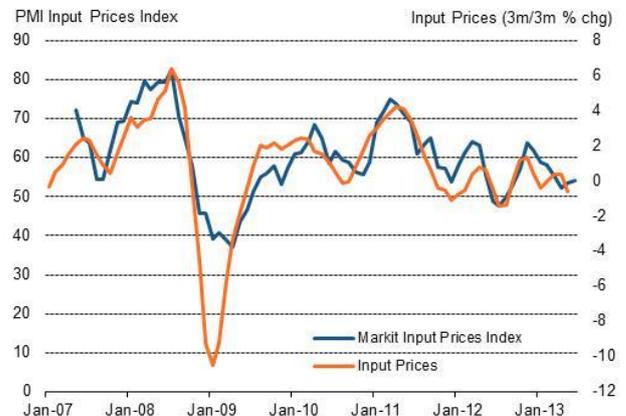
Manufacturers of consumer goods hired additional staff, but producers of intermediate and investment goods reduced their workforces over the month.

**Input costs** continued to rise in June, with raw materials including metals particularly mentioned by firms as having increased in price. The rate of inflation was the strongest in three months, but weaker than the long-run series average and well below that seen late last year.

Greater costs were passed on to clients in the form of higher **selling prices**, although the latest

increase in charges was weaker than in May.

### Input prices



Sources: Markit, Bureau of Labor Statistics.

### Company size analysis\*

Large manufacturing firms (more than 500 employees) continued to report the strongest rise in output in June, reflecting further growth of new orders. By comparison, small manufacturing companies (less than 100 employees) saw a more moderate increase in production, though the rate of expansion quickened slightly over the month.

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

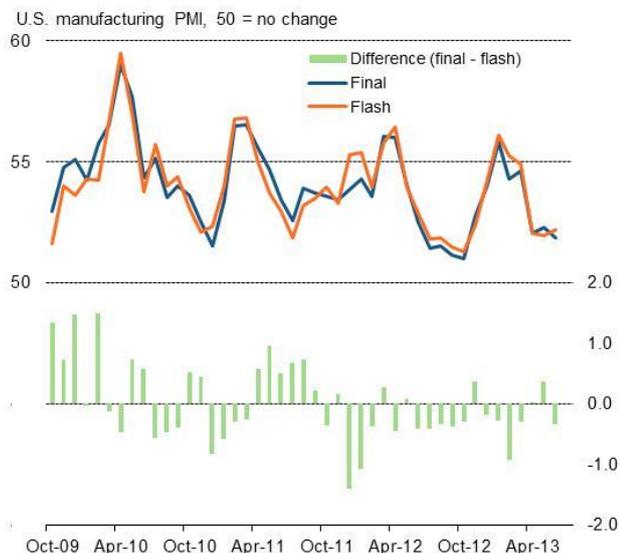
*“Manufacturing clearly down-shifted a gear between the first and second quarters, and is at risk of losing further momentum as we head into the second half of the year.*

*“Output growth remained well down on the robust pace seen at the start of the year and persistent weak order book growth suggests the sector is at risk of stalling. Domestic demand is far from lively, but it is a deteriorating export scene that is causing the real problems. Export orders are being lost at the fastest rate since the height of the financial crisis in mid-2009.*

*“Firms are responding to the increasingly worrying order book trend by pulling back on recruitment. The employment picture from the survey is the weakest for almost three-and-a-half years, consistent with roughly 30,000 jobs being lost per month in the manufacturing sector. We will need to see a swift turnaround in this employment trend if the Fed’s projection of a drop in the unemployment rate to 7.0% by the end of the year is to be achieved.”*

-Ends-

## 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*<sup>™</sup> (*PMI*<sup>™</sup>) 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 2,800 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 PMIs**

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

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