

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 EDT 23 September 2013

Markit Flash U.S. Manufacturing PMI™

PMI at three-month low as new order growth slows

Key points:

- PMI down for second month running, but still consistent with modest manufacturing expansion
- New orders increase at slowest rate since April
- Solid rise in manufacturing output
- Employment growth at three-month low

Data collected 12–20 September.

At 52.8 in September, the **Markit Flash U.S. Manufacturing Purchasing Managers' Index (PMI)™**¹ suggested a modest improvement in manufacturing business conditions. The flash PMI index, which is based on approximately 85% of usual monthly survey replies, was down from 53.1 in August, and indicated that the rate of growth was the weakest since June.

Flash U.S. Manufacturing PMI™ Summary

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

Index	Sep'13	Aug'13	Change signalled
PMI	52.8	53.1	Expansion, slower rate
Output	55.3	52.5	Expansion, faster rate
New Orders	52.7	55.7	Expansion, slower rate
New Export Orders	49.1	52.0	Contraction, change in direction
Employment	51.4	53.1	Expansion, slower rate
Backlogs of Work	50.6	49.6	Expansion, change in direction
Output Prices	51.4	51.1	Rise, faster rate
Input Prices	55.8	56.2	Rise, slower rate
Stocks of Purchases	48.9	46.2	Contraction, slower rate
Stocks of Finished Goods	49.1	45.5	Contraction, slower rate
Quantity of Purchases	51.1	53.9	Expansion, slower rate
Suppliers' Delivery Times	46.7	46.2	Lengthening, slower rate

Source: Markit.

¹ Please note that Markit's PMI data, flash and final, 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.

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Manufacturing **output** increased at a solid rate in September. Moreover, the rate of growth was the fastest since March, having accelerated from a ten-month low in August. Firms that raised production often attributed this to higher new orders.

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

The volume of **new orders** received by manufacturers continued to rise during September. However, the rate of increase was modest and the weakest in five months.

The slower rate of total new order growth partly reflected a renewed contraction in **exports**. New

export work fell modestly and followed two months of increases.

Manufacturing new orders



Sources: Markit, U.S. Census Bureau.

Firms reported an increase in outstanding business in September. However, the accumulation of **backlogs** merely reversed a fall in August. Meanwhile, **stocks of finished goods** fell for the third month running, but at a much reduced pace.

Manufacturers took a cautious approach to hiring in September, with the rate of **job creation** the weakest in the current three-month sequence. Although some firms hired additional staff in response to greater activity, others reduced their workforces in a bid to cut overheads.

Manufacturing employment

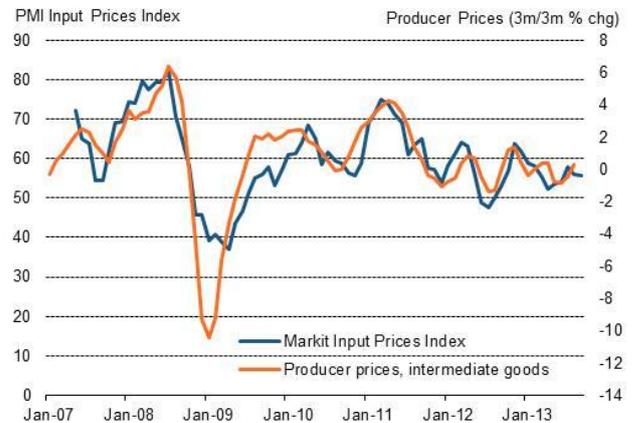


Sources: Markit, Bureau of Labor Statistics.

Although **input price** pressures eased for the second month running in September, the rate of inflation was solid and on par with the average for 2013 to date. Raw materials including steel and lumber were commonly reported by manufacturers as having increased in cost over the month.

Companies passed on greater costs to clients by raising their **output charges**. The latest increase in selling prices was the fastest in three months.

Input prices



Sources: Markit, Bureau of Labor Statistics.

The **quantity of inputs bought** by manufacturing companies increased at the weakest rate for a year in September. Meanwhile, **stocks of purchases** were depleted for the third month running. Concurrently, **suppliers' delivery times** lengthened further, but to a lesser extent than in August.

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

"The flash PMI indicates that manufacturers enjoyed a further improvement in business conditions in September, suggesting the third quarter has on the whole seen stronger growth than the lacklustre performance seen in the second quarter."

"However, as far as policymakers are concerned there are some worrying signals in relation to the sector's growth momentum, which vindicate the Fed's decision to hold off on tapering its asset purchases."

"Whereas output growth accelerated to a six-month high in September, order inflows grew at a much reduced pace, in fact the weakest for five months. In particular, export orders were down for the first time in three months. Production growth is therefore likely to weaken in the fourth quarter unless demand picks up again in October."

"Employment growth also slowed, reflecting manufacturers' concerns about the strength of future demand and the on-going need to boost productivity to remain competitive at home and abroad. The sector is consequently not helping to bring unemployment down."

-Ends-

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

Rob Dobson, Senior Economist
Telephone +44-1491-461-095
Mobile +44-782-691-3863
Email rob.dobson@markit.com

Rachel Harling, Corporate Communications
Telephone +1-917-441-6345
Mobile +1-646-351-3584
Email rachel.harling@markit.com

Alex Paidas, Corporate Communications
Telephone +1-212-205-7101
Mobile +1-646-246-4889
Email alex.paidas@markit.com

Note to Editors:

Final September data are published on 1 October 2013.

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 flash estimate 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

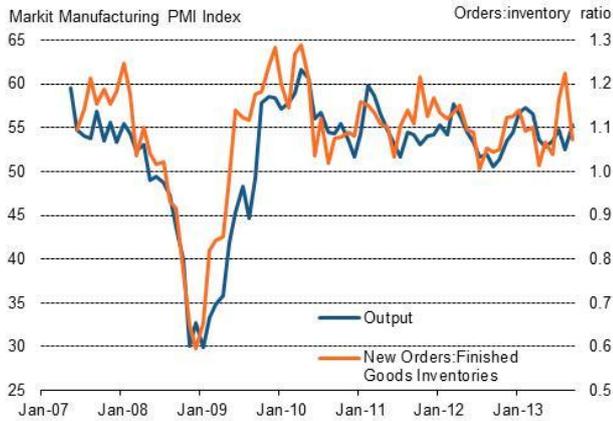
Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the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

About PMIs

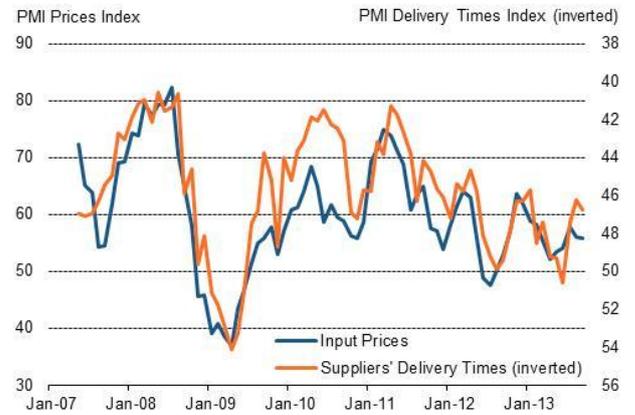
Purchasing Managers' Index[™] (*PMI*[™]) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.

The intellectual property rights to the Flash U.S. Manufacturing *PMI*[™] provided herein is owned by 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*[™] and *PMI*[™] are trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.

Output and orders:inventory ratio



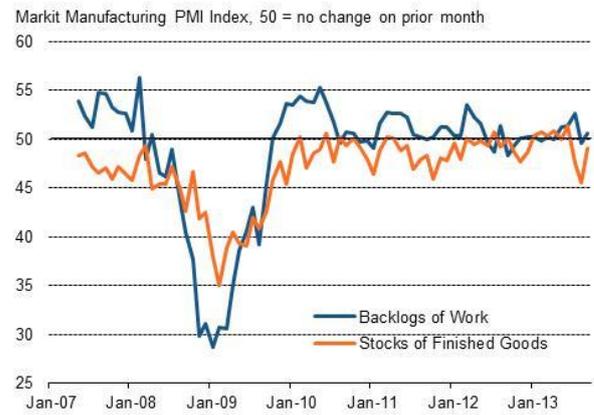
Supply chain developments



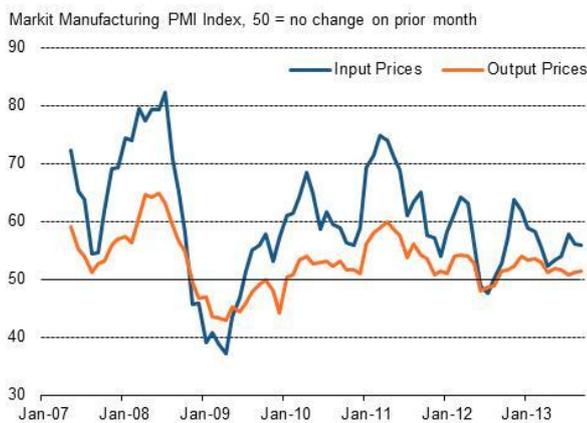
New orders



Backlogs of work and warehouse inventories



Prices



Purchasing and input inventories

