

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 EDT 1 April 2014

Markit U.S. Manufacturing PMI™ – final data

Strong output and new business growth continues in March

Key points:

- Robust improvement in business conditions
- Output and new orders rise again in March
- Employment increases for the ninth month in a row

Summary

March data indicated that the U.S. manufacturing sector remained on a solid growth footing, with output levels and new business volumes both rising sharply. The latest increase in new work was slower than in the previous month, but still the second-fastest since May 2010. Meanwhile, the rate of production growth was little-changed from the near three-year high recorded in February. Survey respondents commented on a combination of improving underlying demand and a catch-up effect following the weather-related slowdown seen earlier in the year.

Final U.S. Manufacturing PMI™ Summary

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

Index	Mar'14	Feb'14	Change signalled
PMI	55.5	57.1	Expansion, slower rate
Output	57.5	57.8	Expansion, slower rate
New Orders	58.1	59.6	Expansion, slower rate
New Export Orders	51.1	51.6	Expansion, slower rate
Employment	53.9	54.1	Expansion, slower rate
Backlogs of Work	54.5	57.9	Expansion, slower rate
Output Prices	51.6	52.3	Rise, slower rate
Input Prices	54.5	54.1	Rise, faster rate
Stocks of Purchases	50.8	50.6	Expansion, faster rate
Stocks of Finished Goods	47.9	47.0	Decline, slower rate
Quantity of Purchases	55.3	55.6	Expansion, slower rate
Suppliers' Delivery Times	47.6	40.6	Lengthening slower rate

Source: Markit.

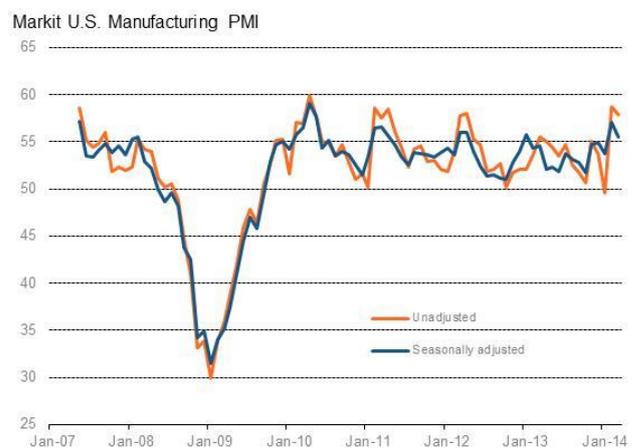
Index readings above 50.0 signal an increase or improvement on the prior month, while readings below 50.0 indicate a decrease.

Adjusted for seasonal influences, the final **Markit U.S. Manufacturing PMI** registered 55.5 in March,

unchanged from the earlier 'flash' reading. The PMI was down from 57.1 in the previous month, but nonetheless at its second-highest level since January 2013. The main factor behind the drop in the headline index since February was the suppliers' delivery times component, and to a lesser extent the moderation in new order growth from February's recent high. Stocks of purchases had a slightly more positive influence on the headline PMI during March, while output and employment growth were little-changed over the month.

A strong overall increase in manufacturing **production** levels during March was mainly linked to stronger domestic demand. Overall levels of **new work** rose sharply, but new orders from abroad continued to expand at a only marginal pace. Higher new order volumes contributed to an accumulation of **unfinished work** for the second month running, but the latest rise in backlogs was slower than February's survey-record high.

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Manufacturing **job creation** was recorded for the ninth month running in March, with firms generally attributing the increase in employment to improving confidence about the economic outlook. Meanwhile, rising production requirements also led to a robust expansion of **purchasing activity** and a further

increase in input stocks. There were signs that the worst of the weather-related squeeze on supply chains had started to ease in March, as **vendor performance** deteriorated at a much slower pace than in February.

Factory gate price inflation slowed for the third month running and was the weakest since September 2013. Meanwhile, input **cost inflation** was the second-weakest for nine months in March.

Company size and sector analysis

March data signalled that large manufacturers (more than 500 employees) were by far the best performing of the three company size categories monitored by the survey. Large manufacturers were also the only company size group to record faster expansions of output and new business than one month previously.

Output growth was broad-based across the three market groups monitored by the survey. Intermediate goods producers posted the steepest rate of expansion, followed by consumer goods. In line with the trend for output, solid rates of job creation were recorded across all three market groups in March.

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

Comment

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

“The fall in the composite Manufacturing PMI masks the ongoing resilience of output, new orders and employment growth, all of which continued to rise at historically strong rates in March. That’s because the PMI also includes a measure of supplier delivery times, which dragged the PMI down but only because deliveries were quicker as a result of improved weather.”

“The survey indicates that factory output growth has picked up again after the weather-related disruptions seen at the start of the year, presenting policymakers with an encouraging picture of a healthy goods-producing sector that is generating jobs at the rate of 15-20,000 per month.”

“With warehouse inventories falling, in many cases due to sales outstripping production, factories look set to continue to expand capacity in coming months, taking on more staff and boosting business investment.”

-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

Tim Moore, Senior Economist
Telephone +44-1491-461-067
Email tim.moore@markit.com

Alex Brog, Corporate Communications
Telephone: +44-207-264-7602
Email: alex.brog@markit.com

Alex Paidas, Corporate Communications
Telephone +1-212-205-7101
Mobile +1-646-246-4889
Email 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*[™] (*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 diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 11 countries. For more information, please see www.markit.com

About PMI

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 U.S. Manufacturing PMI[™] 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[™] and PMI[™] 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.