

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EST 27 January 2014**

## Markit Flash U.S. Services PMI™

### Sharpest rise in services business activity since September 2013

- Robust expansion of U.S. service sector activity
- New business growth maintained in January
- Employment rises at a solid pace
- Service providers signal most upbeat business outlook for three years

Data collected 13 – 24 January.

At 56.6 in January, up from 55.7 in December, the **Markit Flash U.S. Services PMI™ Business Activity Index**<sup>1</sup> signalled a further robust expansion of service sector output at the start of 2014. The latest 'flash' PMI reading, which is based on approximately 85% of usual monthly replies, pointed to the steepest rate of service sector growth for four months.

PMI readings above 50.0 signal an increase or improvement on the prior month, while readings below 50.0 indicate a decrease. In January, the index was comfortably above the average seen for 2013 as a whole (54.8). Higher levels of **business activity** reflected a further improvement in underlying demand, as highlighted by a strong upturn in new business intakes at the start of 2014.

#### Flash U.S. Services PMI™ Summary

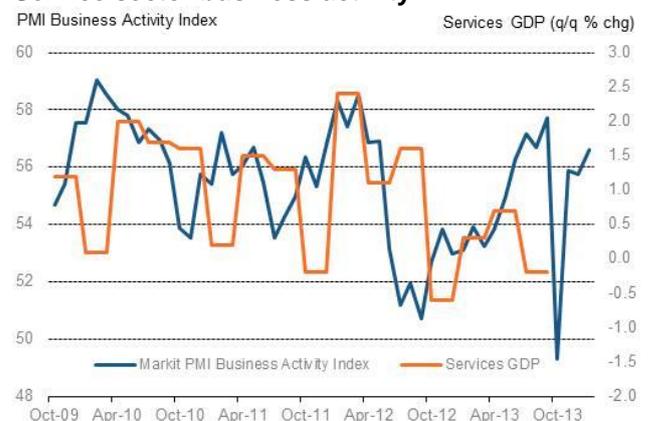
50.0 = no-change on previous month (seasonally adjusted)

Index	Jan'14	Dec'13	Change signalled
Business Activity	56.6	55.7	Expansion, faster rate
New Business	56.4	57.9	Expansion, slower rate
Outstanding Business	49.5	51.5	Contraction, change of direction
Employment	54.1	55.2	Expansion, slower rate
Prices Charged	54.9	54.5	Rise, faster rate
Input Prices	56.3	56.0	Rise, faster rate
Business Expectations*	80.8	78.7	Optimism, greater degree

\* not adjusted for seasonality

<sup>1</sup> 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 Non-Manufacturing Report on Business. No information from the ISM survey is used in the production of Markit's PMI.

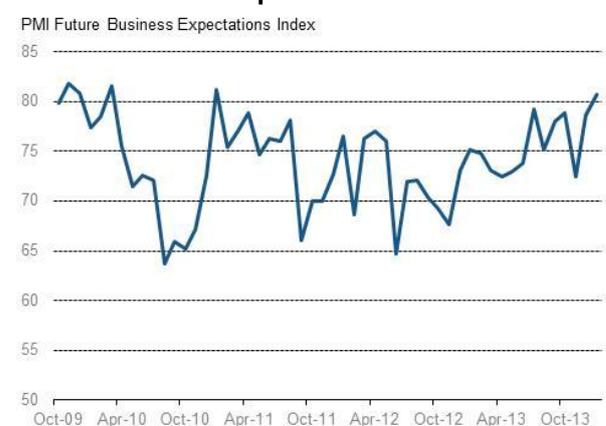
#### Service sector business activity



Sources: Markit, Bureau of Economic Analysis.

Increased levels of activity and improving business conditions across the wider US economy helped bolster confidence in the **outlook for the year ahead**, according to survey respondents. Latest data indicated the strongest degree of positive sentiment towards future business activity since January 2011.

#### Future business expectations

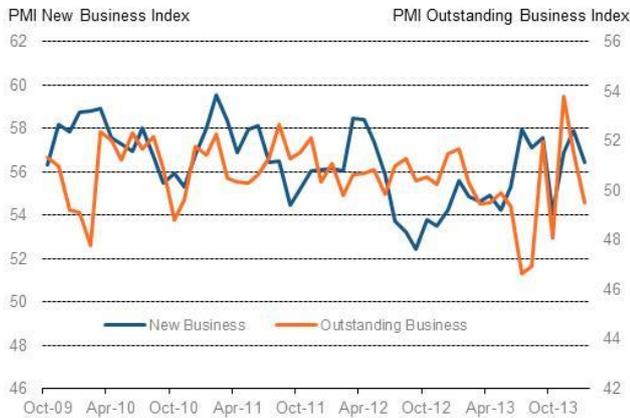


Source: Markit.

US service providers signalled a strong expansion of incoming **new work** at their units during January, although the rate of growth slipped to a three-month low. Meanwhile, service sector companies recorded a slight reduction in their **backlogs of work** at the

start of 2014, which represented the first reduction in unfinished business since last November.

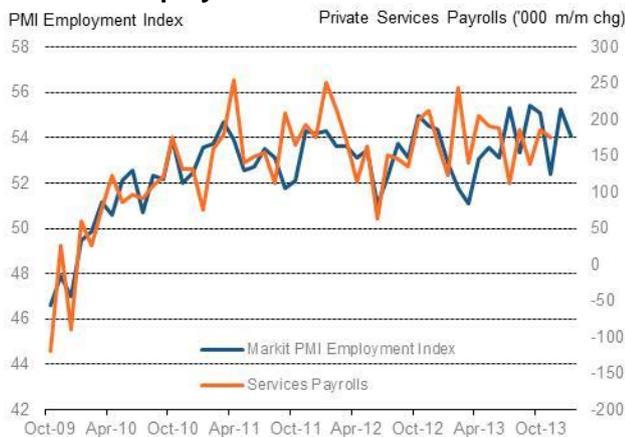
### Services new business



Source: Markit.

Service providers were able to reduce their backlogs of work in part due to greater **staffing numbers** during January. The index measuring employment across the sector has been in positive territory since March 2010, with the latest reading indicating a solid pace of job creation.

### Services employment

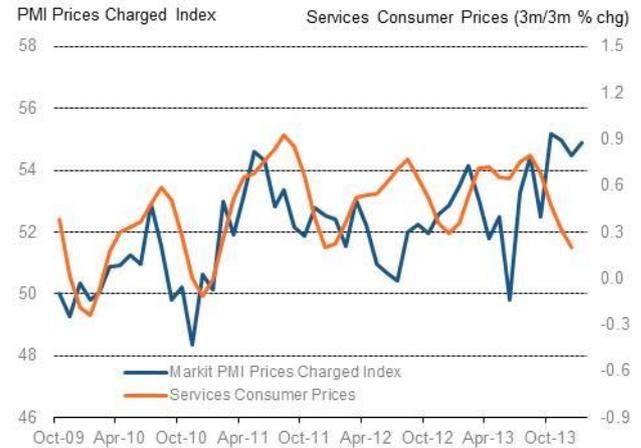


Sources: Markit, U.S. Bureau of Labor Statistics.

Average **cost burdens** continued to rise during January, and the pace of inflation picked up from the six-month low recorded in December. Some survey respondents attributed the latest increase in input prices to higher transportation costs.

Meanwhile, US service providers increased their own **selling prices** at the start of 2014, which respondents widely linked to rising cost burdens. Higher prices charged have now been recorded in the service economy for seven successive months.

### Services prices



Sources: Markit, Bureau of Labor Statistics.

At 56.0 in January, the **Markit U.S. Composite PMI Output Index**, which is based on original survey data from the Markit U.S. Services PMI and the Markit U.S. Manufacturing PMI, was little-changed from 56.1 in December.

The latest reading therefore indicated resilient and strong growth across the **U.S. private sector economy** at the start of 2014, despite a moderation in manufacturing growth in January (the 'flash' output index fell to 53.4, from 57.5 in December).

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

*"US service providers reported a busy January, providing an important signal that the economy remains in good health at the start of the year. Growth of business activity picked up from the already-robust pace seen in December, and optimism about prospects for the year ahead rose to one of the highest levels we've seen since the financial crisis."*

*"The flash manufacturing and services PMI surveys collectively suggest that the economy grew in the final quarter of last year at a rate of around 3.5%, and that the pace will have accelerated at the start of the year."*

*"The PMIs also suggest that job creation continues to run at a rate of around 200,000 per month, meaning the non-farm payroll numbers should recover from December's dip."*

*"The robust signals from the two PMI surveys therefore suggest that the FOMC should be comfortable in sanctioning a further tapering of the Fed's asset purchase programme at its January meeting."*

-Ends-

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**Note to Editors:**

Final January data are published on 5 February 2014.

The U.S. Services *PMI*<sup>™</sup> (*Purchasing Managers' Index*<sup>™</sup>) is produced by Markit and is based on original survey data collected from a representative panel of over 400 companies based in the U.S. service sector. Markit originally began collecting monthly PMI data in the U.S. service sector in October 2009.

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 Markit U.S. Services PMI complements the Markit U.S. Manufacturing PMI and enables the production of the Markit U.S. Composite PMI which tracks business trends across both the manufacturing and service sectors, based on original survey data collected from a representative panel of over 1,000 companies.

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'.

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**

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**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).

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