

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0945 EDT 2 September 2014**

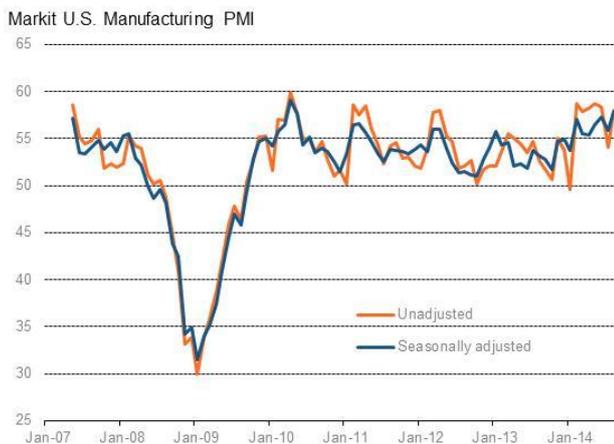
### Markit U.S. Manufacturing PMI™ – final data

## Manufacturing PMI increases to highest level since April 2010

#### Key points:

- Output and new business growth accelerates in August
- Fastest rise in export sales for three years
- Manufacturing payrolls increase at steepest pace since March 2013

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



Source: Markit.

#### Summary

U.S. manufacturers indicated a strong improvement in overall business conditions during August, driven by faster rises in output, new orders and payroll numbers. The latest survey also signalled a boost to production schedules from greater export sales, with new work from abroad increasing at the steepest pace for three years.

The headline figure derived from the survey is the Markit U.S. Manufacturing *Purchasing Managers' Index™* (PMI™), which is designed to signal changes in prevailing business conditions in the U.S. manufacturing sector. PMI readings above 50.0 signal an improvement in business conditions, while readings below 50.0 signal deterioration.

At 57.9 in August, up from 55.8 in July, the final seasonally adjusted **Markit U.S. Manufacturing PMI** remained well above the neutral 50.0 value.

Moreover, the latest headline PMI reading indicated the sharpest improvement in business conditions since April 2010.

August data indicated a further steep increase in production volumes, driven by a sharp and accelerated expansion of incoming new work. The latest rise in new orders was the second-fastest since April 2010. Anecdotal evidence cited improving domestic economic fundamentals as well as stronger export demand.

Backlogs of work increased at manufacturing firms in August, as has now been the case in each of the past seven months. As a result, manufacturers boosted their payroll numbers over the month, with the rate of employment growth accelerating to its sharpest since March 2013.

Stronger inflows of new work and increased production volumes contributed to a sharp and accelerated rise in input buying during August. The latest expansion of purchasing activity was the fastest since the survey began, which placed some pressures on suppliers' lead-times. Latest data indicated that vendor performance deteriorated for the fourteenth month running and at the most marked rate since the weather-related delays seen in February.

Reports from survey respondents suggested that the improving demand environment resulted in efforts to boost stocks in August. Pre-production inventories and stocks of finished goods both increased at the fastest pace in the survey history.

Strong demand for raw materials and higher transportation costs contributed to a robust increase in average input prices in August. That said, the overall pace of cost inflation slipped to a three-month low. Meanwhile, factory gate price inflation was little-changed from July's seven-month high.

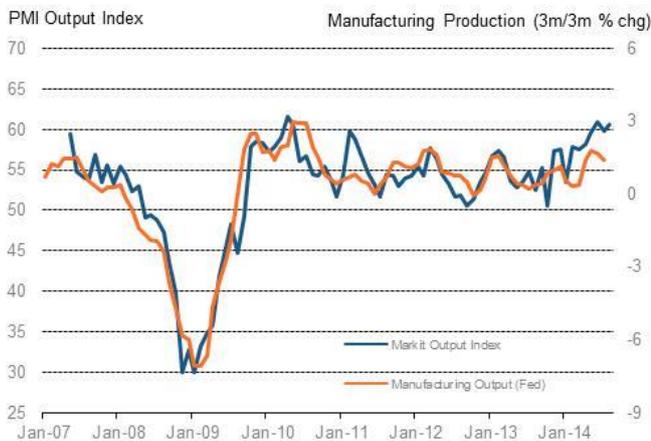
#### Company size and sector analysis

August data suggested that large manufacturers (500+ employees) experienced the fastest expansion of production volumes, helped by a sharp and accelerated expansion of new export sales.

Small manufacturers (1-99 employees) saw the slowest increases in both output and payroll numbers during the latest survey period.

Robust improvements in operating conditions were recorded in all three market groups monitored by the survey (consumer, intermediate and investment goods). Consumer goods producers posted the fastest expansion of production levels. However, intermediate and investment goods producers registered the steepest increases in employment numbers.

### Manufacturing output



Sources: Markit, U.S. Federal Reserve.

### Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

### Comment

Commenting on the final PMI data, **Tim Moore, Senior Economist at Markit said:**

*“The US manufacturing sector has gone from strength to strength this summer, with August’s improvement in business conditions the sharpest for over four years.*

*“Impressive new business and output gains were matched by a solid rebound in employment growth. The latest survey points to the fastest upturn in payroll numbers for around a year-and-a-half, highlighting that the manufacturing sector continues to have a positive impact on overall labor market conditions.*

*“Improving domestic economic fundamentals remain the key engine of growth. However, there were finally signs of external demand gaining traction in August, despite weakness across the euro area, as manufacturers indicated that new export orders picked up at the fastest pace for three years.”*

-Ends-

## For further information, please contact:

### Markit

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

Joanna Vickers, Corporate Communications  
Telephone: +44-207-260-2234  
Email: [joanna.vickers@markit.com](mailto:joanna.vickers@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*<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 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 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see [www.markit.com](http://www.markit.com)

### 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.