

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 EDT 20 June 2013

Markit Flash U.S. Manufacturing PMI™

Solid rise in manufacturing output in June, with growth at three-month high

Key points:

- PMI signals modest manufacturing expansion in June
- Production increases solidly
- Fastest rate of new order growth since March
- Employment increases at weakest pace in the current 41-month growth sequence

Data collected 12–19 June.

The **Markit Flash U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**¹ suggested that U.S. manufacturing expansion remained modest during June. At 52.2, the flash PMI index, which is based on around 85% of usual monthly replies, was little-changed from May's 52.3 and the second-lowest since last October.

Flash U.S. Manufacturing PMI™ Summary

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

Index	Jun'13	May'13	Change signalled
PMI	52.2	52.3	Expansion, slower rate
Output	53.9	52.7	Expansion, faster rate
New Orders	53.7	53.3	Expansion, faster rate
New Export Orders	47.5	49.8	Contraction, faster rate
Employment	50.4	52.6	Expansion, slower rate
Backlogs of Work	51.5	51.2	Expansion, faster rate
Output Prices	51.7	51.9	Rise, slower rate
Input Prices	54.6	53.4	Rise, faster rate
Stocks of Purchases	51.0	50.0	Expansion, from no change
Stocks of Finished Goods	51.0	50.0	Expansion, from no change
Quantity of Purchases	53.7	51.2	Expansion, faster rate
Suppliers' Delivery Times	50.4	49.3	Shortening, change in direction

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

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.

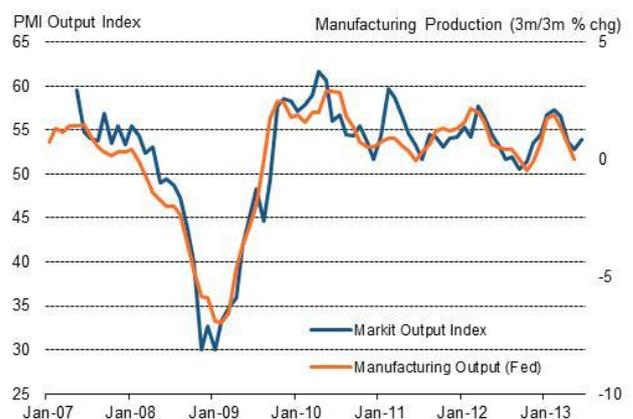
Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

After having eased to a seven-month low in May, growth of manufacturing **output** quickened during June. The latest increase in production was solid and the greatest since March, but remained weaker than seen in the first quarter of the year.

Manufacturing output



Sources: Markit, U.S. Federal Reserve via EcoWin.

Manufacturers largely linked higher output levels to greater client demand. **New order** volumes rose solidly, with the rate of growth also the strongest in three months. However, the increase in incoming new work largely reflected higher domestic demand, as **new export orders** fell for the second

month running and at the strongest pace since last October.

Meanwhile, manufacturing **employment** rose only marginally in June. The rate of job creation was the weakest in the current sequence that began in February 2010. Although a number of firms hired additional staff in light of higher output requirements, other companies reduced their workforces in a bid to control costs.

Concurrently, **input prices** continued to rise in June, with raw materials and metals including steel commonly reported as having increased in cost since May. Overall, the rate of input price inflation was solid and the strongest in three months.

Part of the increase in costs was passed on to clients in the form of higher selling prices. **Output charges** have risen for ten consecutive months, although the latest increase was modest and weaker than the average for this sequence.

Reflective of higher production levels, the quantity of inputs bought by firms increased in June. **Purchasing activity** rose solidly and at the joint-fastest pace in 2013 so far. Meanwhile, **suppliers' delivery times** were shorter than in May. Although marginal, this was the first improvement in vendor performance since June 2009.

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

"The U.S. manufacturing sector appears to have remained stuck in a low gear in June, rounding off the weakest quarter since the third quarter of last year. With the average PMI reading down to 52.2 (compared to 54.9 in the first three months of the year), slower growth in the goods-producing sector looks likely to have acted as a drag on the wider economy, pulling GDP growth down from the annualised rate of 2.4% seen in the first quarter."

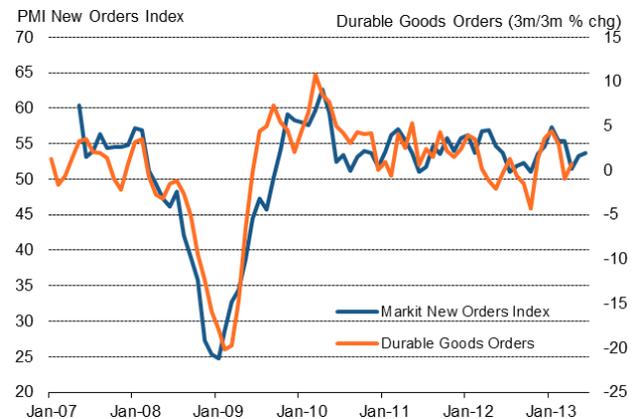
"The upturn in growth of new orders brings a ray of hope that production could lift higher again in July, but it remains too early to say if this represents the start of a growth upturn."

"Companies are certainly circumspect about any sustained revival of demand: with hiring at its weakest since the start of 2010 firms are clearly wary of expanding capacity."

"Employment is also being held down by the need to boost productivity, especially with intensifying competition from overseas and in export markets, as evidenced by June seeing one of the largest falls in export orders since the height of the global financial crisis in 2009."

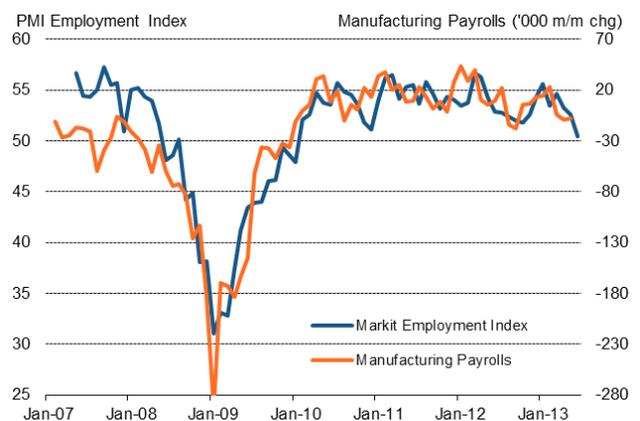
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Manufacturing new orders



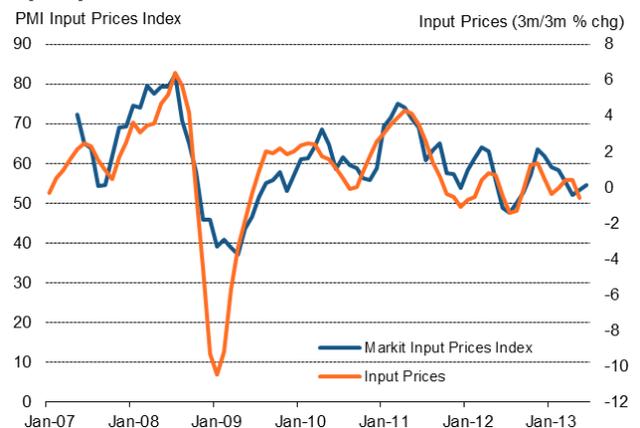
Sources: Markit, U.S. Census Bureau via Ecwin.

Manufacturing employment



Sources: Markit, Bureau of Labor Statistics via Ecwin.

Input prices



Sources: Markit, Bureau of Labor Statistics via Ecwin.

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Note to Editors:

Final June data are published on 1 July 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

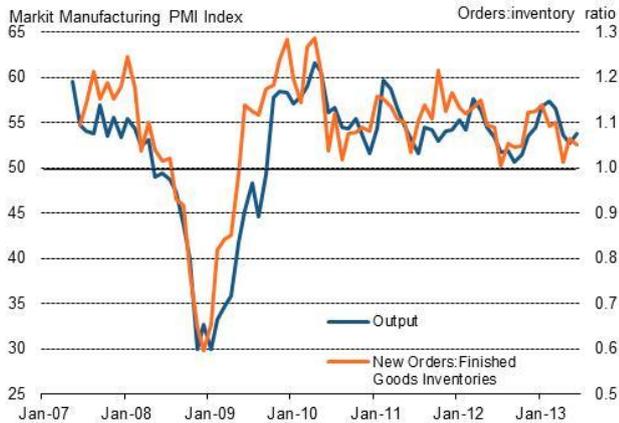
Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see <http://www.markit.com/en/>.

About PMIs

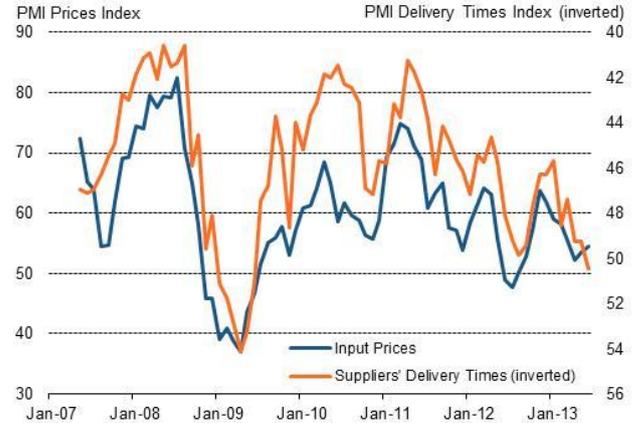
Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*[™] (*PMI*[™]) surveys have become the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date,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

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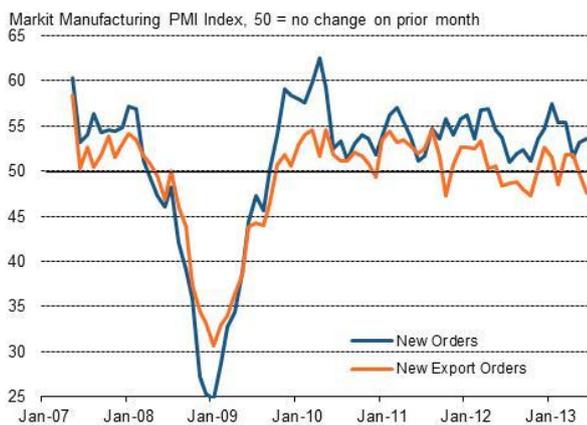
Output and orders:inventory ratio



Supply chain developments



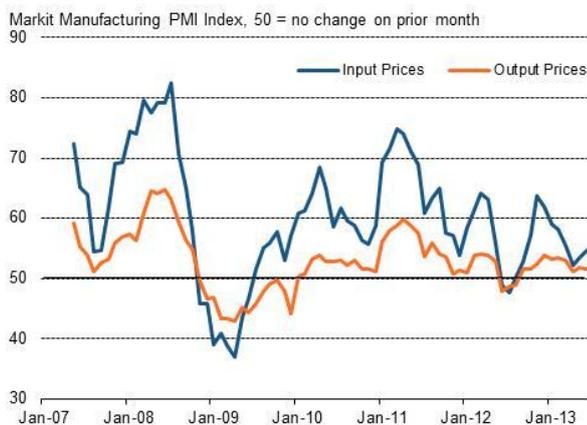
New orders



Backlogs of work and warehouse inventories



Prices



Purchasing and input inventories

