

# News Release

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

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

### Fastest expansion of manufacturing output for over three years

#### Key points:

- Output and new order growth accelerates
- Job creation eases only slightly
- Input cost inflation hits 11-month low

#### Summary

U.S. manufacturers indicated a strong start to the second quarter of 2014, with output and new business volumes both rising sharply during April. Job creation continued, albeit at the slowest pace for three months, while input cost inflation moderated to its weakest since May 2013. Factory gate price inflation was the least marked for nine months.

#### Final U.S. Manufacturing PMI™ Summary

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

Index	Apr'14	Mar'14	Change signalled
PMI	55.4	55.5	Expansion, slower rate
Output	58.2	57.5	Expansion, faster rate
New Orders	58.9	58.1	Expansion, faster rate
New Export Orders	51.7	51.1	Expansion, faster rate
Employment	53.7	53.9	Expansion, slower rate
Backlogs of Work	55.2	54.5	Expansion, faster rate
Output Prices	50.9	51.6	Rise, slower rate
Input Prices	53.5	54.5	Rise, slower rate
Stocks of Purchases	48.7	50.8	Decline, change of direction
Stocks of Finished Goods	49.1	47.9	Decline, slower rate
Quantity of Purchases	56.7	55.3	Expansion, faster rate
Suppliers' Delivery Times	49.5	47.6	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.

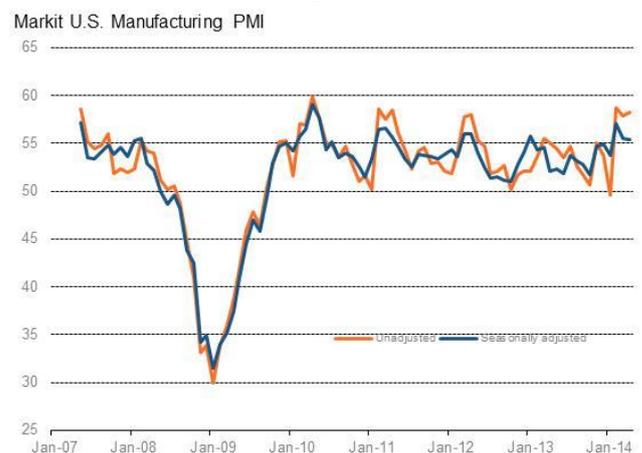
The headline figure derived from the survey is the Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™), which is designed to signal changes in prevailing business conditions in the U.S. manufacturing sector. PMI readings above 50.0

signal an improvement in business conditions, while readings below 50.0 signal deterioration.

At 55.4 in April, the final **Markit U.S. Manufacturing PMI** was little-changed from 55.5 in March and remained well above the 50.0 no-change value. The latest reading signalled an improvement in overall business conditions that matched the average for the first quarter of 2014 (55.4).

Faster expansions of production levels and incoming new work were the main positive influences on the headline PMI in April. Latest data signalled that output increased at the steepest pace since March 2011. Survey respondents commented that improving domestic economic conditions had been a key factor supporting production levels in April.

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



Source: Markit.

New order growth accelerated since March and was one of the fastest recorded over the past four years. April data pointed to only a modest contribution from export sales, although the latest expansion of incoming new work from abroad was the most marked since August 2013.

Increased production requirements contributed to a robust and accelerated expansion of input buying in April, with the latest increase the fastest since March 2012. Meanwhile, supplier performance deteriorated to the least marked degree since the current period

of lengthening lead-times began in July 2013. A number of manufacturers noted that disruptions to delivery schedules had eased as a result of improved weather conditions.

Job growth was recorded for the tenth consecutive month in April. The latest survey pointed to a solid rise in employment numbers, although the pace of expansion eased slightly to its least marked since January. Manufacturers that added to their payroll numbers mostly cited increased client demand, while some also noted reduced pressures on operating margins.

Input cost inflation eased for the third time in the past four months during April. Softer input price pressures in turn contributed to a further moderation in output charge inflation at manufacturing firms.

### Company size and sector analysis

April data indicated that large manufacturers (more than 500 employees) continued to record the steepest output growth of the three company size categories monitored by the survey. Large manufacturers also outperformed the wider manufacturing sector in terms of new export orders and job creation during the latest survey period.

All three market groups monitored by the survey posted higher levels of production in April. Intermediate goods producers again registered the fastest pace of output growth. For the first time in 2014 to date, new export orders increased in all three broad areas of the manufacturing sector, although in each case the pace of expansion was only marginal.

### 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 April PMI represents a good start to the second quarter. The upturn in manufacturing output and new orders signalled by the survey suggest that the economy should rebound after the disappointing 0.1% annualised GDP growth rate seen in the first three months of the year.*

*“However, although GDP may bounce back in the second quarter, the updated manufacturing numbers are not strong enough to offset the softer trend in the flash services PMI, suggesting that the underlying growth rate of the economy has weakened since late last year.*

*“The manufacturing sector continues to benefit from rising domestic demand, but weak overseas demand continues to mean export performance disappoints, with only modest growth of new export orders recorded again in April.”*

-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](mailto:chris.williamson@markit.com)

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

Alex Brog, Corporate Communications  
Telephone: +44-207-264-7602  
Email: [alex.brog@markit.com](mailto:alex.brog@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 11 countries. 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.