

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Markit U.S. Manufacturing PMI™ – final data

PMI at one-year low, as output growth eases sharply

Key points:

- PMI signals only modest improvement in business conditions
- Output growth joint-weakest for over four years
- New orders increase at slowest pace since April
- Rate of job creation quickens

Summary

The U.S. manufacturing sector grew at its slowest rate for a year in October, according to the final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**¹. At 51.8, down from 52.8 in September, but above the earlier flash estimate of 51.1, the PMI suggested that the rate of expansion was only modest.

Final U.S. Manufacturing PMI™ Summary

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

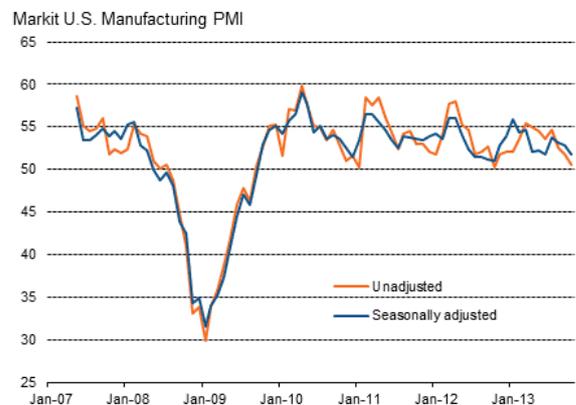
Index	Oct'13	Sep'13	Change signalled
PMI	51.8	52.8	Expansion, slower rate
Output	50.6	55.3	Expansion, slower rate
New Orders	52.7	53.2	Expansion, slower rate
New Export Orders	51.3	49.0	Expansion, change in direction
Employment	52.7	51.3	Expansion, faster rate
Backlogs of Work	51.4	50.2	Expansion, faster rate
Output Prices	53.8	51.4	Rise, faster rate
Input Prices	57.7	55.7	Rise, faster rate
Stocks of Purchases	44.8	47.8	Contraction, faster rate
Stocks of Finished Goods	49.7	48.6	Contraction, slower rate
Quantity of Purchases	48.5	51.3	Contraction, change in direction
Suppliers' Delivery Times	44.7	46.8	Lengthening, faster 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.

¹ Please note that Markit's PMI data, final and flash, 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.

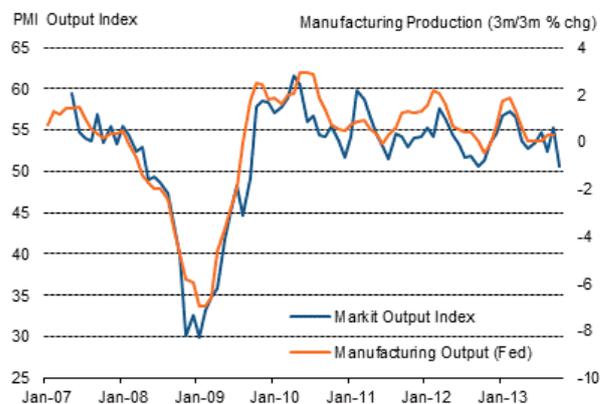
Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

A sharp easing in the rate of output growth was the main factor behind the lower PMI reading compared with September. Production rose marginally in October – after the earlier flash reading suggested a slight reduction – with the rate of growth the joint-weakest since September 2009.

Manufacturing output

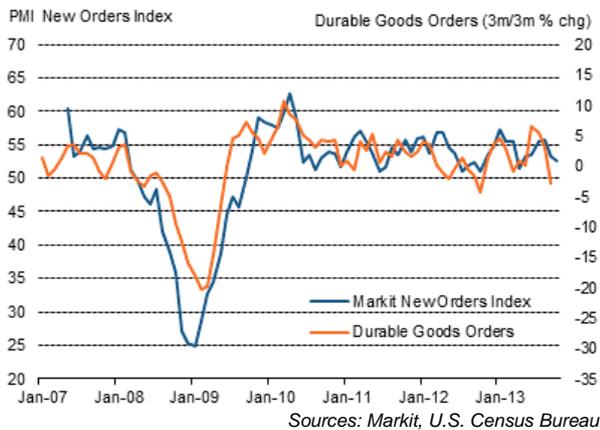


Sources: Markit, U.S. Federal Reserve.

Manufacturers linked the slight increase in output primarily to a weaker rise in new orders. Total incoming new work rose modestly and at the slowest pace in six months in October. Panellists commented on greater client demand in both the domestic and international markets. Nevertheless, a marginal increase in new export orders merely

reversed a decline in September.

Manufacturing new orders

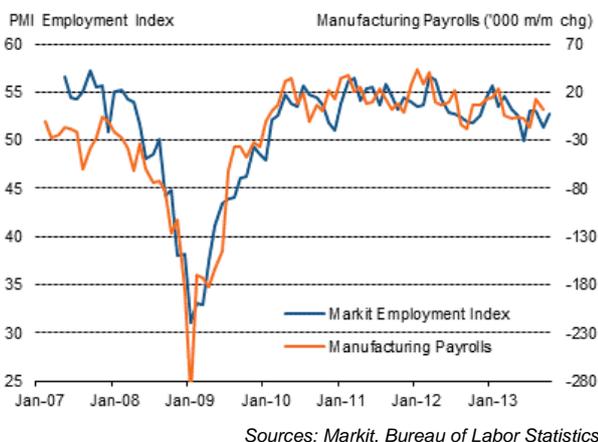


Reflective of the weak trend for new orders, the quantity of inputs bought by manufacturing companies fell for the first time in almost three years in October. This was accompanied by the sharpest depletion of stocks of purchases since September 2009. Concurrently, suppliers' delivery times continued to lengthen, with the latest increase in lead times the greatest for a year-and-a-half.

Manufacturing employment in the U.S. rose for the fourth consecutive month in October. Overall, the rate of job creation accelerated to a moderate pace, but was nonetheless weaker than at the start of the year.

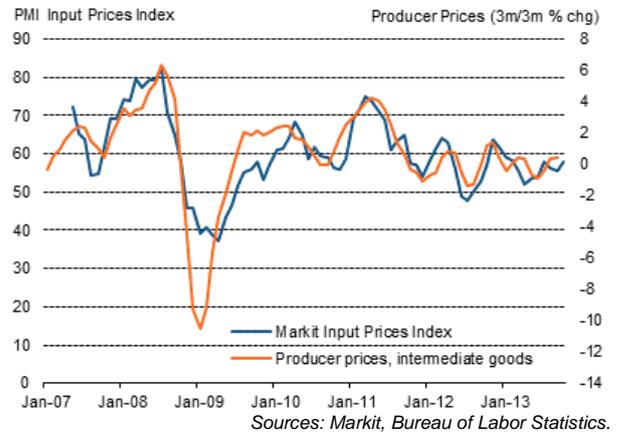
All three market groups (consumer, intermediate and investment) saw an increase in employment in the latest survey period. The strongest rise was recorded by manufacturers of consumer goods.

Manufacturing employment



Input costs faced by manufacturers rose at a strong and accelerated pace in October. However, the rate of inflation remained weaker than the series average. Firms passed on greater costs to clients by raising their selling prices. The latest increase in output charges was the largest in 2013 to date.

Input prices



Company size analysis*

Large manufacturers (more than 500 employees) saw an increase in output during October, while small and medium-sized firms reported a reduction. The sharpest rate of contraction was registered by small manufacturers (less than 100 employees).

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

"While better than the earlier flash reading, the final PMI data indicate that the U.S. manufacturing sector ground to a near standstill in October.

"Encouragingly, it looks like companies are expecting the slowdown to be temporary, most likely linked to the government shutdown, as indicated by an upturn in the rate of job creation.

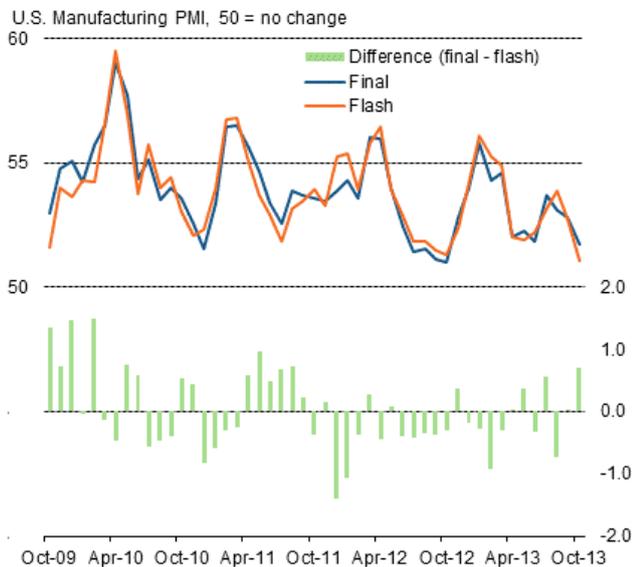
"However, even the faster growth of employment remains only modest, consistent with barely any increase in official data on manufacturing payrolls. In addition, companies allowed their input inventories to fall at the fastest rate since 2009, highlighting widespread uncertainty towards the near-term outlook.

"The mixed signals from the survey therefore add to the likelihood that policymakers will need to wait for some time, perhaps a few months, until the picture clears as to the true underlying health of the U.S. economy and its ability to create jobs."

We are pleased to announce the introduction of the **Markit U.S. Services PMI**, which will provide one of the earliest indications of business trends in the U.S. private service sector each month. The **Markit U.S. Composite PMI** covering both the manufacturing and service sectors will also be available.

The Markit Flash U.S. Services PMI will be released at 0900 ET 25 November 2013.

Markit Final U.S. PMI v. Flash PMI history



Source: Markit.

* Note that company size and sector data are not adjusted for seasonal influences.

-Ends-

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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 financial information services company with over 3,000 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

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.

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