

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EST 2 December 2013**

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

### PMI jumps to highest reading since January

#### Key points:

- PMI rebounds to ten-month high, signalling solid improvement in business conditions
- Output and new order growth accelerates sharply
- Rate of job creation slows

#### Summary

The final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**<sup>1</sup> registered 54.7 in November, signalling the strongest improvement in manufacturing business conditions since January. The headline index was up sharply from 51.8 in October (a one-year low) and above the earlier flash estimate of 54.3.

The three-month average of the PMI – an indication of underlying trends – was 53.1 and broadly in line with the respective average for 2013 to date.

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

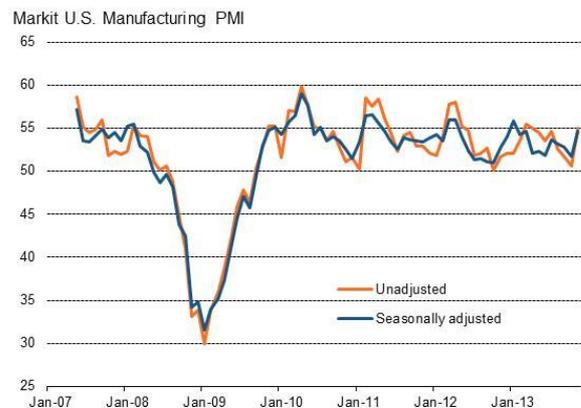
50.0 = no-change on previous month (seasonally adjusted)

Index	Nov'13	Oct'13	Change signalled
PMI	54.7	51.8	Expansion, faster rate
Output	57.4	50.6	Expansion, faster rate
New Orders	56.2	52.7	Expansion, faster rate
New Export Orders	51.4	51.3	Expansion, faster rate
Employment	52.3	52.7	Expansion, slower rate
Backlogs of Work	52.0	51.4	Expansion, faster rate
Output Prices	54.3	53.8	Rise, faster rate
Input Prices	57.3	57.7	Rise, slower rate
Stocks of Purchases	46.6	44.8	Contraction, slower rate
Stocks of Finished Goods	47.9	49.7	Contraction, faster rate
Quantity of Purchases	54.3	48.5	Expansion, change in direction
Suppliers' Delivery Times	44.5	44.7	Lengthening, faster rate

Source: Markit.

<sup>1</sup> 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)



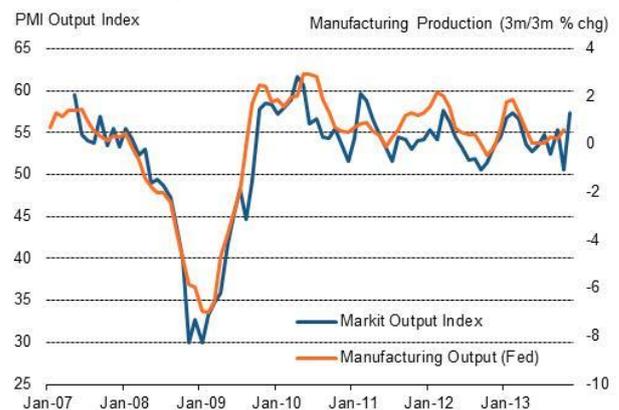
Source: Markit.

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

Manufacturing production in the U.S. increased at the sharpest pace for 20 months in November. The marked rate of output growth was much faster than the slight expansion seen in October, which was partly a result of disruption caused by the government shutdown.

All three market groups (consumer, intermediate and investment) saw improved output trends over the month, led by producers of consumer goods.

#### Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Firms linked the marked rise in output to a stronger increase in new work intakes. Notably, new order growth was strong and accelerated to one of the fastest rates for over one-and-a-half years.

A second consecutive monthly rise in new export orders contributed to the overall increase in total new work. The latest rise in new export orders was above the average for 2013 to date, though modest.

### Manufacturing new orders



Sources: Markit, U.S. Census Bureau.

Reflective of higher new order requirements, manufacturers raised their purchasing volumes and depleted their existing input inventories. Subsequently, greater demand for materials put added pressure on vendors, with suppliers' delivery times lengthening to the greatest extent since September 2011.

Employment in the U.S. manufacturing sector increased for the fifth consecutive month in November. However, the rate of job creation slowed to a modest pace that was weaker than the average for 2013 so far.

### Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

Input costs faced by manufacturers continued to rise strongly in November, with panellists commonly reporting higher raw material prices, particularly for

metals. That said, the overall rate of inflation eased from October's three-month peak.

Firms passed on greater costs to clients by raising their selling prices. The latest rise in output charges was solid and the fastest for over two years.

### Input prices



Sources: Markit, Bureau of Labor Statistics.

### Company size analysis

Output growth at large manufacturers (more than 500 employees) rose at a marked and accelerated pace in November. This generally reflected the sharpest increase in new orders for almost three years.

Small manufacturers (less than 100 employees) similarly saw a strong increase in production. The rate of growth was the fastest since February 2011.

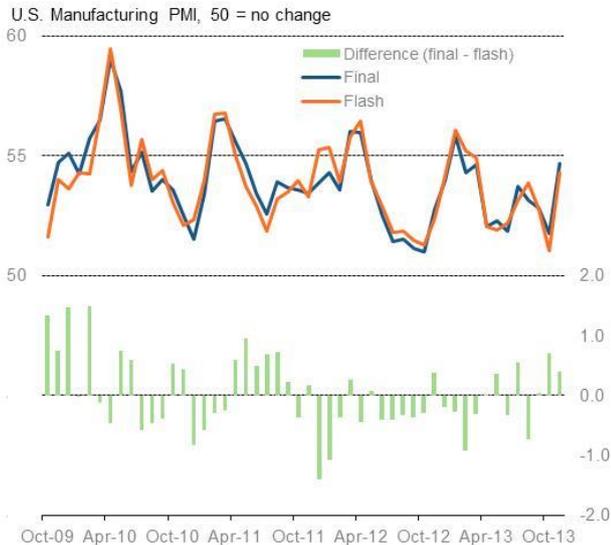
Commenting on the final PMI data, **Chris Williamson, Chief Economist at Markit** said:

*"The U.S. manufacturing sector has shown surprising resilience in the face of the government shutdown. The average PMI reading so far in the fourth quarter is unchanged on the average seen in the third quarter and the survey is consistent with production growing at an annualised rate of approximately 2.5%."*

*"Large companies are leading the upturn, having escaped the impact of the shutdown, with output and new orders growth rending higher in recent months. SMEs suffered a bigger shutdown impact, but saw growth rebound again in November. Similarly, while employment rose in SMEs, it is larger firms that are driving job creation."*

*"One of the most encouraging trends we are seeing, however, is a surge in the production of capital goods such as plant and machinery, which is growing at the fastest rate since the financial crisis, fuelled by rising domestic demand. This is a great sign that companies are feeling sufficiently confident to be boosting investment."*

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



Source: Markit.

-Ends-

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### 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 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<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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