January PMI™ data from IHS Markit indicated a robust improvement in the health of the U.S. manufacturing sector. Alongside a severe deterioration in vendor performance, the headline figure was pushed up to a record high by accelerated expansions in output and new orders. Meanwhile, cost pressures intensified amid raw material shortages. Firms were able to partially pass on higher costs, however, with selling prices rising at the fastest pace since July 2008.

Robust business confidence was reflected in the strongest rise in workforce numbers for two years, as pressure on capacity increased once again.

The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers’ Index™ (PMI™) posted 59.2 in January, up from 57.1 in December and broadly in line with the earlier released ‘flash’ figure of 59.1. The latest data signalled a substantial improvement in operating conditions among manufacturers, and the most marked since data collection began in May 2007.

Output increased steeply at the start of 2021, as the rate of growth quickened to the fastest since August 2014. The rise in production was often attributed by panellists to stronger client demand and a sharper increase in new orders.

The recommencement of projects following an easing of coronavirus disease 2019 (COVID-19) restrictions reportedly helped boost sales in January. The rate of expansion of new orders was the sharpest in just under six-and-a-half years.

Growth in foreign client demand also accelerated, as new export orders rose at the fastest pace since September 2014.

At the same time, supplier delays persisted. Excluding December’s record low, vendor performance deteriorated to the greatest extent since data collection began in May 2007. Supply continued...
The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS 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 IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers’ Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

© 2021 IHS Markit