News Release

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IHS MARKIT US MANUFACTURING PMI™

Solid rise in new orders drives further improvement in operating conditions

KEY FINDINGS

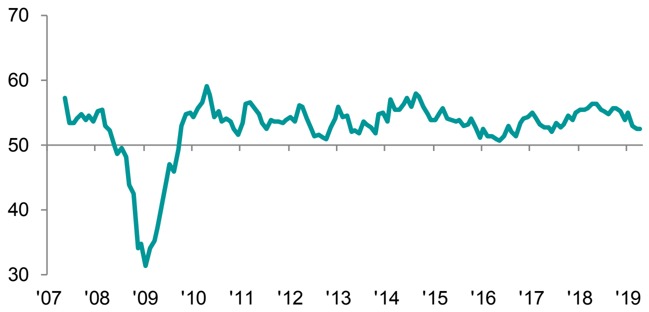
New business growth picks up to three-month high...

...leading to slightly stronger increase in output

Employment expands at softest rate since June 2017

Manufacturing PMI

sa, >50 = improvement since previous month



U.S. manufacturing firms registered a moderate improvement in operating conditions in April. Expansions in output and new orders picked up from March's recent lows, with new business growth the fastest for three months. Despite a further rise in backlogs of work, the rate of job creation was the slowest since June 2017 and only moderate overall, in part reflecting skill shortages. Expectations towards the coming year were relatively subdued and down to the lowest seen so far this year. Meanwhile, inflationary pressures continued to soften for a sixth month running.

The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 52.6, up slightly from March's recent low of 52.4. This signalled that the latest improvement in the health of the U.S. manufacturing sector was the second-slowest since June 2017.

Although faster than that seen in March, the latest upturn in production across the goods producing sector was among the softest seen in the last two years and below the series trend. Nonetheless, panellists linked the sustained rise in output to a further increase in new orders and efforts to clear backlogs.

New business growth also quickened from March's recent low in April. The solid expansion was the fastest for three months, albeit notably slower than the 2018 average. Anecdotal evidence suggested the rise in new orders was due to greater marketing activity and new product launches. Foreign client demand remained subdued, however. The marginal upturn in export sales was linked to the acquisition of new clients, but many highlighted global trade tensions and slowing foreign demand as factors dampening growth.

Although new business grew at a faster pace, the rate of job creation eased in April. The rise in payroll numbers was the softest since June 2017, in part because firms struggled to find staff and replace leavers. The slower jobs growth also reflected subdued confidence among manufacturers. Output expectations dipped to a four-month low, with panellists expressing concerns surrounding less robust demand conditions in 2019 so far.

Meanwhile, manufacturing firms registered a rise in backlogs in April. The rate of accumulation was the fastest since last November as new order growth outpaced the increase in output.

On the price front, input price inflation eased for the sixth successive month and signalled the slowest rise in cost burdens since July 2017. Subsequently, firms increased their factory gate charges at a softer pace.

Finally, both pre- and post-production inventories continued to rise in April. Manufacturing firms reportedly increased their stock holdings amid forecasts of further new order growth. At the same time, lead times for inputs lengthened to the smallest extent since June 2017 as purchasing activity increased only moderately.

PMI™ By IHS Markit

COMMENT

Chris Williamson, Chief Business Economist at IHS Markit said:

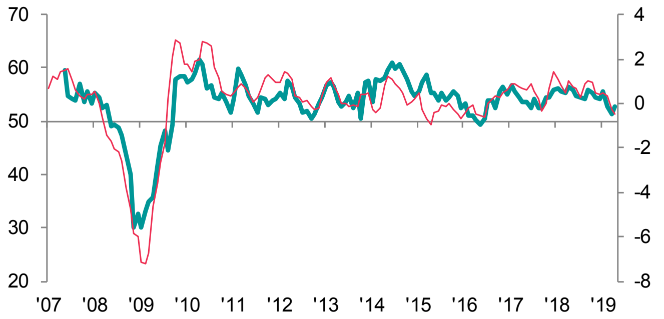
"Although the PMI ticked higher in April, the survey remains consistent with manufacturing acting as a drag on the economy at the start of the second quarter, albeit with the rate of contraction easing. Historical comparisons indicate that the survey's output gauge needs to rise above 53.5 to signal growth of factory production. As such, the data add to signs that the economy looks set to slow after the stronger than expected start to the year.

"Employment growth also disappointed as hiring slipped to the lowest for nearly two years, albeit in part due to firms reporting difficulties finding staff amid the current tight labour market.

"There was better news on the order book front, however, with inflows of new business rising and firms signalling an improved export performance. Unfortunately, on balance, manufacturers seem sceptical that the rise in demand will persist, with future expectations of output growth slumping lower in April.

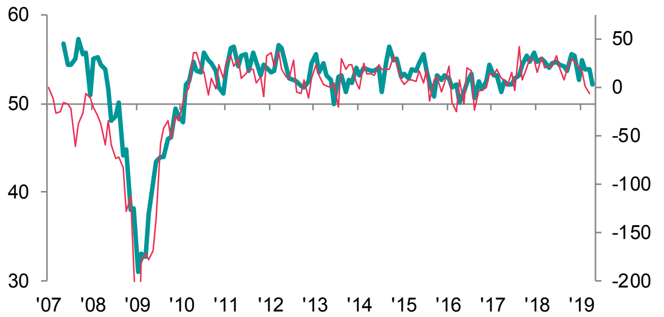
"Both input cost and factory gate price inflation rates meanwhile eased further, down to the lowest for over one and a half years, hinting that consumer price inflation rates will have continued to cool in April."

Output Index — sa, >50 = growth since previous month
Manufacturing production — %3m/3m



Sources: IHS Markit, U.S. Federal Reserve.

Employment Index — sa, >50 = growth since previous month
Manufacturing payrolls — Monthly change (000s)



Sources: IHS Markit, Bureau of Labor Statistics.

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Methodology

The IHS Markit US Manufacturing PMI™ is compiled by IHS Markit from responses to questionnaires sent to purchasing managers in a panel of around 800 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

April 2019 data were collected 10-24 April 2019.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 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 ihsmarkit.com/products/pmi.html.