

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Flash U.S. Composite PMI™

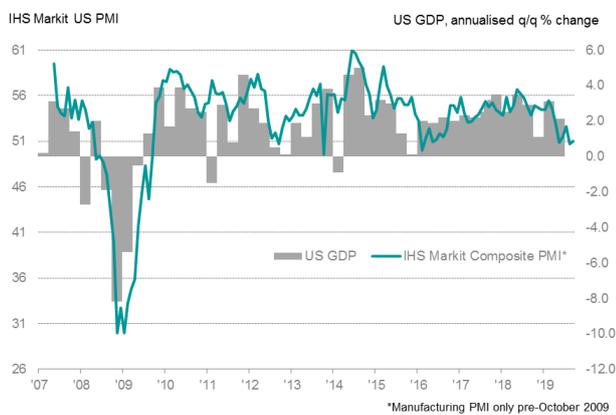
### Muted upturn in business activity growth during September

**Key findings:**

- Flash U.S. Composite Output Index at 51.0 (50.7 in August). 2-month high.
- Flash U.S. Services Business Activity Index at 50.9 (50.7 in August). 2-month high.
- Flash U.S. Manufacturing PMI at 51.0 (50.3 in August). 5-month high.
- Flash U.S. Manufacturing Output Index at 51.7 (50.8 in August). 5-month high.

Data collected August 12-20 September

#### IHS Markit Composite PMI and U.S. GDP



Sources: IHS Markit, U.S. Bureau of Economic Analysis.

Private sector output increased in September, with the rate of expansion slightly faster than the three-and-a-half year low seen during August. The latest survey revealed modest rises in both service sector activity and manufacturing production.

At 51.0 in September, up from 50.7 in the previous month, the seasonally adjusted **IHS Markit Flash U.S. Composite PMI Output Index** posted slightly above the crucial 50.0 no-change value. However, the latest reading was much softer than the average seen over the past decade (55.0).

The composite index is based on original survey data from IHS Markit’s PMI surveys of both services and manufacturing.

Subdued business activity growth reflected a continued soft patch for client demand during September, with some survey respondents linked to less favorable underlying economic conditions. Moreover, the rate of private sector new business growth was the weakest since the series began in October 2009.

Latest data also signalled a sharper decline in backlogs of work, thereby suggesting a lack of pressure on business capacity. Some companies responded to subdued demand conditions by cutting back on staff hiring in September. The latest survey pointed to a drop in private sector payroll numbers for the first time since January 2010. At the same time, business expectations for the next 12 months picked up only slightly from the seven-year low seen in August.

Input prices decreased for the second month running in September, which was largely driven by lower average cost burdens across the service economy. Meanwhile, prices charged by private sector firms were broadly unchanged during the latest survey period.

#### IHS Markit Flash U.S. Services PMI™

The seasonally adjusted **IHS Markit Flash U.S. Services PMI™ Business Activity Index** posted 50.9 in September, up slightly from 50.7 in August but still one of the lowest readings seen over the past three-and-a-half years.

Mirroring the trend for the private sector as a whole, latest data indicated the slowest rise in new work since the survey began in October 2009. Subdued demand resulted in a faster decline in volumes of unfinished work and a reduction in employment numbers for the first time in just under ten years.

September data pointed to some relief from margin pressures as input costs dropped to the greatest extent since the survey began in late-2009, although the impact was limited by another slight reduction in average prices charged by service providers.

## IHS Markit Flash U.S. Manufacturing PMI™

Adjusted for seasonal influences, the **IHS Markit Flash U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**<sup>1</sup> recovered slightly to 51.0 in September, up from 50.3 in August and the highest reading since April. The latest reading signalled a modest overall improvement in manufacturing sector business conditions.

Stronger rates of output and new order growth were the main factors helped to boost the headline PMI in September, alongside a slight upturn in staffing levels. However, export order books continued to weaken, as signalled by a drop in new work from abroad for the fourth time in the past five months.

Manufacturers remained cautious in terms of their input buying strategies in September, as signalled by a further reduction in purchasing activity and lower pre-production inventory holdings. Stocks of finished goods were also depleted, which continued the downward trend seen since May.

Meanwhile, latest data pointed to only modest rises in both input costs and factory gate charges in September, although in each case the rate of inflation accelerated since the previous month.

## Comment

Commenting on the flash PMI data, **Chris Williamson, Chief Business Economist** at IHS Markit, said:

*"The survey indicates that businesses continue to struggle against the headwinds of trade worries and elevated uncertainty about the outlook. Although picking up slightly, the overall rate of growth in September remained among the weakest since 2016, commensurate with GDP rising in the third quarter at a subdued annualized rate of approximately 1.5%. Prospects also look gloomy, with inflows of new business down to the lowest since 2009 and firms' expectations of growth over the coming year stuck at one of the most subdued levels since 2012.*

*"Jobs are now also being cut across the surveyed companies for the first time since January 2010, as firms have become more risk averse and increasingly eager to cut costs. At current levels, the survey employment index is indicative of non-farm payroll growth falling below 100,000.*

*"Price pressures have meanwhile also eased, with both input costs and average selling prices for goods and services dropping again in September, painting a picture of the weakest corporate inflationary pressures for a decade.*

*"Key to the recent deterioration has been a further spill-over of the trade-led slowdown in manufacturing to the service sector. Inflows of new service sector business almost stalled in September to register the smallest rise since the survey began in 2009. A ray of light comes from manufacturing reporting some easing of headwinds, though factory conditions likewise remained among the toughest since 2009 to underscore the broad-based nature of the current lassitude."*

-Ends-

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<sup>1</sup> Please note that IHS Markit's PMI data, flash and final, are derived from information collected by IHS Markit from a different panel of companies to those that participate in the ISM Report on Business and the ISM Non-Manufacturing Report on Business. No information from the ISM survey is used in the production of IHS Markit's PMI.

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**Note to Editors:**

Final September data are published on October 1 for manufacturing and October 3 for services and composite indicators.

The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"

The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

The U.S. Services PMI™ (*Purchasing Managers' Index*™) is produced by IHS Markit and is based on original survey data collected from a representative panel of over 400 companies based in the U.S. service sector. IHS Markit began collecting monthly PMI data in the U.S. service sector in October 2009. The flash estimate 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 IHS Markit U.S. Services PMI complements the IHS Markit U.S. Manufacturing PMI and enables the production of the IHS Markit U.S. Composite PMI which tracks business trends across both the manufacturing and service sectors, based on original survey data collected from a representative panel of over 1,000 companies.

IHS Markit 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, IHS Markit's U.S. PMI research was extended out to cover producers of metal goods. In October 2009, IHS Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. Back data for IHS 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. IHS Markit's total U.S. Manufacturing PMI survey panel comprises over 600 companies.

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'. 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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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IHS Markit (NYSE: 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.

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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 <https://ihsmarkit.com/products/pmi.html>.

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