

Embargoed until 0945 EST (1445 UTC) 2 December 2019

IHS Markit U.S. Manufacturing PMI™

November PMI at seven-month high amid stronger upturn in new orders

Key findings

Output and new order growth rates improve to 10-month highs

Fastest rise in employment since March...

...but business confidence remains subdued

November data indicated a faster rate of improvement in operating conditions across the U.S. manufacturing sector. Overall growth was supported by quicker expansions in production and new orders, with both domestic and foreign client demand strengthening. Manufacturers also increased their workforce numbers at a quicker pace amid reports of greater operational requirements. Business confidence remained historically muted, however, as global economic uncertainty continued to weigh on expectations.

Meanwhile, rates of input price and output charge inflation picked up due to supplier shortages, tariffs and higher raw material costs.

The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 52.6 in November, up from 51.3 in October, to signal the strongest improvement in the health of the manufacturing sector since April. The reading was above the earlier 'flash' figure of 52.2, but remained below the long-run series trend and indicative of only a modest upturn overall.

The rate of output growth accelerated further from July's recent low in November, with the pace of expansion reaching a ten-month high. Companies commonly linked the upturn in production to stronger client demand.

New order volumes also increased at the fastest pace since January, reportedly buoyed by greater marketing activity and a reduction in hesitancy among customers in placing orders. Foreign client demand also picked up midway through the final quarter, with new export orders increasing at the quickest rate since June. The upturn was often attributed by firms to greater interest from key export partners.

In line with stronger client demand, manufacturers expanded their workforce numbers, and at the fastest pace since March.

continued...

U.S. Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"A third consecutive monthly rise in the PMI indicates that US manufacturing continues to pull out of its soft patch. New orders and production are rising at the fastest rates since January, encouraging increasing numbers of firms to take on more workers. Exports are also back on a rising trend, firms are buying more inputs and re-building inventories, adding to the signs of improvement.

"Some caution is needed, as these improved survey numbers merely translate into very subdued growth in comparable official gauges of manufacturing production and factory payrolls. Business sentiment also remains worryingly subdued, with expectations about future output growth well down on earlier in the year and running at one of the lowest levels seen since comparable data were first available in 2012.

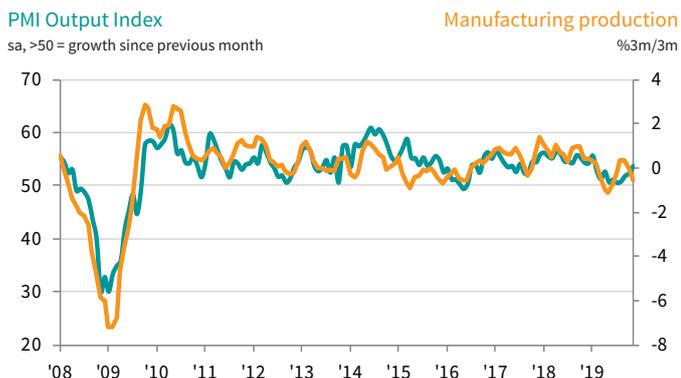
"Firms remain very concerned about the disruptive effects of tariffs and trade wars in particular, both in terms of rising prices and weakened demand, though the survey also saw further worries among manufacturers that the economy could slow in the upcoming presidential election year as customers delay spending and investment decisions."

Pressure on capacity was also reflected in the first rise in backlogs of work since June.

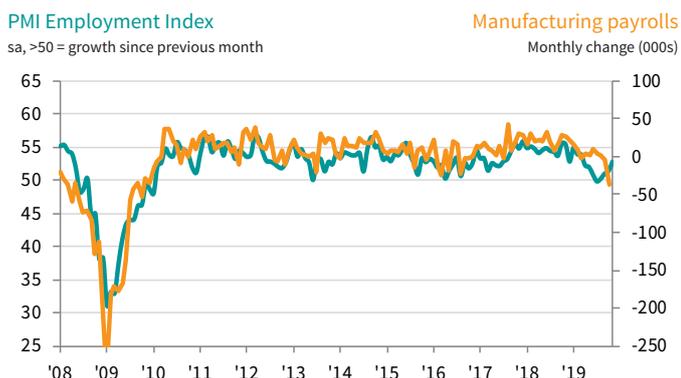
Nonetheless, confidence among firms of a rise in output over the coming year remained historically subdued. Ongoing economic uncertainty reportedly weighed on expectations, as the level of optimism slipped to a three-month low.

On the price front, although inflationary pressures intensified in November, the rate of increase in input costs was relatively muted. Where a rise was reported, firms commonly linked this to higher raw material prices, often due to supplier shortages and tariffs. That said, others noted that increases were generally only slight overall. Output charges also rose at a modest pace, the rate of inflation rising to a four-month high, with manufacturers seeking to protect their margins by partly passing higher costs, including tariffs, on to clients.

Finally, goods producers recorded a second successive monthly increase in purchasing activity in November, reportedly stemming from greater production requirements and efforts to replenish stocks following stronger new order growth.



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



Sources: IHS Markit, Bureau of Labor Statistics.

Disclaimer

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.

Contact

Chris Williamson
Chief Business Economist
IHS Markit
T: ++44-20-7260-2329
chris.williamson@ihsmarkit.com

Siân Jones
Economist
IHS Markit
T: +44-1491-461-017
sian.jones@ihsmarkit.com

Katherine Smith
Corporate Communications
IHS Markit
T: +1 (781) 301-9311
katherine.smith@ihsmarkit.com

Survey methodology

The IHS Markit U.S. 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.

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

Survey dates and history

November 2019 data were collected 12-25 November 2019.

Data collection began in April 2004 from a survey panel of electronics manufacturers. In May 2007, the panel was expanded to cover manufacturers of metal products. In October 2009, the panel was expanded further to cover all manufacturing activity. Data from May 2007 to September 2009 are compiled from responses from manufacturers of electronics and metal products, while data from October 2009 are compiled from responses from all areas of manufacturing.

About IHS Markit

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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@ihsmarkit.com. To read our privacy policy, click [here](#).

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.