

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0945 EST 3 November 2014**

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

#### Manufacturing new business growth eases to nine-month low

##### Key points:

- Slower rises in new business and production levels
- Solid expansion of payroll numbers
- Input cost inflation hits six-month low

##### Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

##### Summary

October data highlighted a slowdown in the ongoing U.S. manufacturing sector recovery, with output and new business growth both moderating during the latest survey period. Manufacturers pointed to a weaker contribution from export sales in October, but job creation remained resilient. Meanwhile, input cost inflation was the weakest since April and factory gate charges rose at a slower pace.

The headline figure derived from the survey is the Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™), which is designed to signal changes in prevailing business conditions in the U.S. manufacturing sector. PMI readings above 50.0 signal an improvement in business conditions, while readings below 50.0 signal deterioration.

The seasonally adjusted final **Markit U.S. Manufacturing PMI** posted 55.9 in October, to remain well above the neutral 50.0 threshold. However, the headline index dropped from 57.5 in September and signalled the slowest overall

improvement in business conditions for three months.

Weaker new business growth was the main factor weighing on the headline PMI in October. Although still strong in the context of the survey history, the latest expansion of new orders was the least marked since January (when sales were suppressed by adverse weather conditions). Softer new business growth in part reflected a subdued contribution from export sales. Latest data highlighted only a marginal rise in new work from abroad, and the rate of expansion was the slowest for three months.

Output growth moderated to a seven-month low in October, but was still stronger than the post-crisis trend. Weaker new business gains also contributed to the slowest increase in backlogs of work across the manufacturing sector since January.

Robust job creation continued in October, with the rate of employment growth remaining close to September's recent peak. Survey respondents generally linked staff hiring to rising business investment, confidence towards the economic outlook and the launch of new products at their units.

Some manufacturers responded to weaker new business gains by adopting more cautious input buying policies in October. The latest rise in purchasing activity was the least marked since March, but pre-production inventories continued to increase at a solid pace.

Latest data highlighted a sharp moderation in input cost inflation, which some firms linked to lower commodity prices on world markets. Meanwhile, factory gate charges rose at the slowest rate for four months in October.

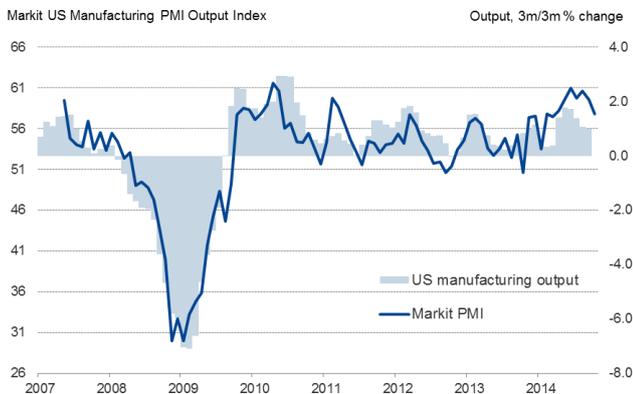
##### Company size and sector analysis

October data highlighted that large manufacturers (500+ employees) experienced the fastest overall improvement in business conditions, supported by the strongest rise in new orders since March. However, large manufactures indicated a moderation in job creation during the latest survey period, which contrasted with sharper payroll growth

among small and medium sized manufacturers.

Consumer goods producers registered the most marked upturn in overall business conditions in October, and this market group bucked the overall slowdown in growth over the month. Meanwhile, investment goods producers were saw the weakest gains in new business and output volumes in October.

### Manufacturing output



Sources: Markit, U.S. Federal Reserve.

-Ends-

### Comment

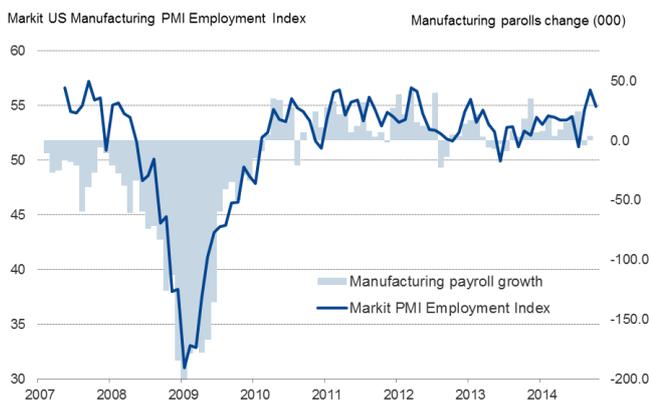
Commenting on the final PMI data, **Tim Moore, Senior Economist at Markit said:**

*“October’s survey highlights that the revival in U.S. manufacturing conditions remains on track. Production levels expanded at an impressive rate by international standards and overall momentum is still stronger than the post-recession trend.”*

*“However, the latest figures indicate that the recovery has lost some intensity at the start of the fourth quarter, reflecting subdued export demand from the euro area and key emerging markets.”*

*“Meanwhile, a solid rate of manufacturing job creation was sustained in October, which provides an early indication that domestic labour market conditions have continued to strengthen through the final quarter of the year.”*

### Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

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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**

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**About PMI**

*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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