

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) October 5<sup>th</sup> 2015**

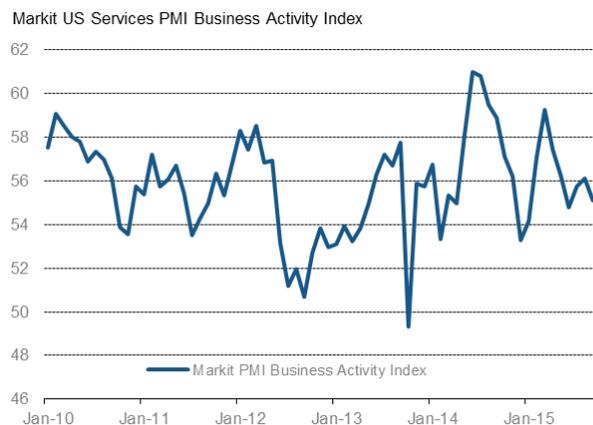
## Markit U.S. Services PMI™ – final data (with composite PMI™)

### Service sector output expands at slightly slower pace in September

**Key points:**

- Business activity and incoming new work rise at weaker rates than in August
- Input cost inflation moderates again
- Average prices charged decline slightly

**Markit U.S. Services Business Activity Index**



Source: Markit.

September data pointed to sustained growth across the U.S. service sector, although both output and new business expanded at slightly slower rates than in August. Job creation was also maintained at a robust pace, while a decline in backlogs of work for the third time in the past four months pointed to lower pressure on operating capacity. Looking ahead, service providers are optimistic about the business outlook, but the degree of positive sentiment dipped to its second-lowest since June 2012. On the inflation front, average prices charged decline for the second month running, which represented the first back-to-back declines in output charges since the survey began six years ago.

At 55.1 in September, the seasonally adjusted final **Markit U.S. Services Business Activity** Index was well above the 50.0 no-change value, but down from 56.1 in August and the lowest reading since

June. This also placed the headline index slightly below the average seen since the survey began in late-2010 (55.8).

The seasonally adjusted final **Markit U.S. Composite PMI™ Output Index** posted 55.0 in September, down from 55.7 in August and the lowest reading for three months. Slower U.S. private sector output growth mainly reflected a weaker contribution from services (index at 55.1 in September, down from 56.1 during August), while manufacturing production growth picked up slightly (54.5, up from 53.8 in August).

**Markit U.S. Composite PMI™ Output Index**



Source: Markit.

Survey respondents commented on generally supportive economic conditions during September, particularly in domestic markets, but some firms noted that weaker new business growth had weighed on activity over the month. Reflecting this, the latest increase in new work received by service providers was the slowest since January. Moreover, business confidence across the service sector moderated since August and reached its second-lowest level for just over three years. Some panel

members pointed to greater caution among clients and the uncertain global economic outlook.

Despite softer new business growth and reduced confidence regarding the year-ahead outlook, service providers maintained a robust pace of job hiring in September. The latest expansion of workforce numbers was only fractionally slower than in August and still above the average for 2015 so far.

Input cost inflation moderated for the third month running to its lowest since February. Reports from survey respondents mainly cited lower fuel costs, which had partially offset rising salary payments and higher food prices. At the same time, average prices charged by service providers decreased at the most marked pace for almost five years in September.

**Comment:**

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

*“The US economic growth slowed in the third quarter according the PMI surveys, down to around 2.2%. But this largely represents a payback after growth rebounded in the second quarter, suggesting that the economy is settling down to a moderate rate of growth in line with its long term average.*

*“Hiring also remains relatively robust, albeit down from earlier in the year, again suggesting that the economy has shifted down a gear but remains in good health.*

*“At the moment it remains unclear as to whether growth will weaken further as we move into the fourth quarter. However, with inflationary pressures waning, policymakers may have some breathing space to gauge the extent of any slowdown. Lower fuel costs helped push average prices charged for goods and services dropping at steepest rate for nearly five years.”*

-Ends-

**For further information, please contact:**

**Markit**

Tim Moore, Senior Economist  
Telephone +44-1491-461-067  
Email [tim.moore@markit.com](mailto:tim.moore@markit.com)

Ed Canaday, Corporate Communications  
Telephone +1 646 679 3031  
Mobile +1 917 434 5075  
Email: [ed.canaday@markit.com](mailto:ed.canaday@markit.com)

Joanna Vickers, Corporate Communications  
Telephone: +44-207-260-2234  
Email: [joanna.vickers@markit.com](mailto:joanna.vickers@markit.com)

### Note to Editors:

The U.S. Services *PMI*<sup>™</sup> (*Purchasing Managers' Index*<sup>™</sup>) is produced by Markit and is based on original survey data collected from a representative panel of over 400 companies based in the U.S. service sector. Markit originally began collecting monthly PMI data in the U.S. service sector in October 2009.

The final U.S. Services *PMI* follows on from the flash estimate which 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 Markit U.S. Services PMI complements the Markit U.S. Manufacturing PMI and enables the production of the 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.

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 percentage of positive responses plus a half of the percentage 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.

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

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, please see [www.markit.com](http://www.markit.com).

### About PMI

Purchasing Managers' Index<sup>™</sup> (PMI<sup>™</sup>) surveys are now available for over 30 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).

**The intellectual property rights to the U.S. Services PMI<sup>™</sup> provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. 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 Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index<sup>™</sup> and PMI<sup>™</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.**