News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) September 23rd 2015

Markit Flash U.S. Manufacturing PMI™

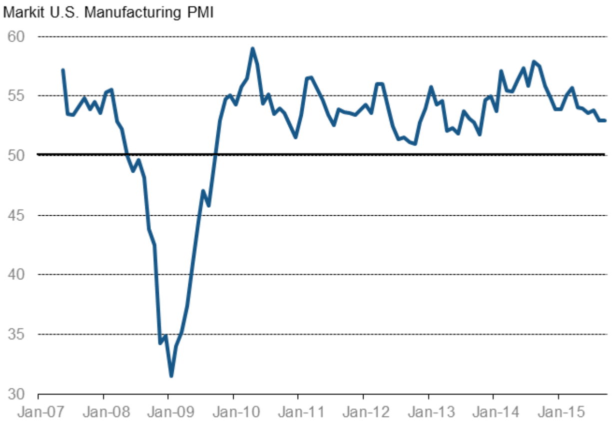
Manufacturing PMI remains at lowest level since October 2013, while factory gate prices fall for the first time in over three years

Key points:

- PMI unchanged from August's 22-month low
- Output growth picks up slightly in September…
- …but incoming new work and employment numbers rise at slower rates
- Factory gate prices fall for the first time in over three years

Data collected 14 – 22 September 2015.

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

September data highlighted another month of relatively subdued growth momentum across the U.S. manufacturing sector. The headline seasonally adjusted **Markit Flash U.S. Manufacturing *Purchasing Managers' Index*™ (*PMI*™)**[1] registered 53.0 in September, unchanged from August's 22-month low, to signal one of the slowest rates of overall manufacturing sector expansion in the past two years. The latest index reading was also weaker than the post-financial crisis average (54.3).

Although **output** rose at a slightly faster pace in September, softer rates of new business and employment growth placed downward pressure on the headline PMI reading. The latest increase in **new work** was the weakest since January 2014, which manufacturers linked to greater caution among clients and subdued overall business conditions.

New export orders picked up marginally in September, despite widespread reports that the strong dollar had weighed on demand from abroad. Although only slight, the latest rise was the most marked since February.

Weaker overall new order growth and heightened uncertainty regarding the global economic outlook encouraged inventory streamlining and more cautious job hiring across the manufacturing sector in September.

The latest increase in **payroll numbers** was only marginal and the weakest since July 2014. A number of firms commented on the non-replacement of departing staff and efforts to boost productivity at their plants.

Stocks of finished goods meanwhile decreased for the second month running, and the rate of contraction was the fastest since June 2014. **Pre-production inventories** rose at the slowest pace for over a year in September, which manufacturers linked to subdued business conditions.

Average cost burdens decreased in September, thereby ending a four-month period of rising input prices. Manufacturers cited lower prices for a range of raw materials, particularly metals, alongside decreased oil-related costs.

Meanwhile, **factory gate charges** dropped for the first time since August 2012. Anecdotal evidence from survey respondents suggested that falling commodity prices, intense competitive pressures and softer demand conditions were all factors contributing to price discounting in September.

[1] Please note that Markit's PMI data, flash and final, are derived from information collected by Markit from a different panel of companies to those that participate in the ISM Report on Business. No information from the ISM survey is used in the production of Markit's PMI.

Comment:

Commenting on the flash PMI data, **Chris Williamson, chief economist at Markit** said:

“Manufacturing remained stuck in crawler gear in September, fighting an uphill battle against the stronger dollar, slumping demand in many export markets and reduced capital spending, especially by the energy sector.

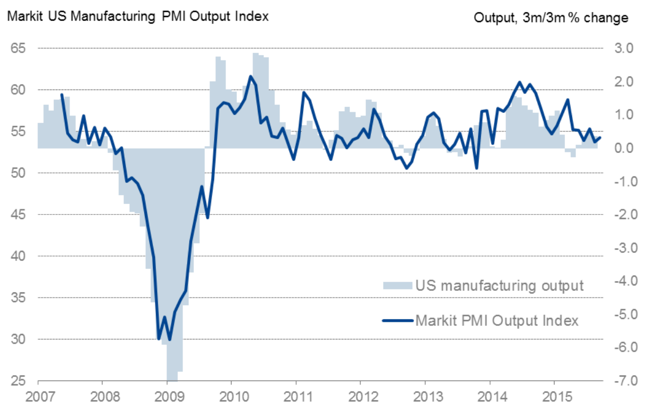
“The survey is indicating the weakest manufacturing growth for almost two years, meaning the sector will have acted as a drag on the economy in the third quarter.

“The disappointing performance of the goods producing sector has so far been offset by stronger expansion in the larger services sector, which means the economy looks to have grown at a reasonable 2.5% annualised pace in the third quarter, but there are question marks over whether this growth can be sustained as we move towards the end of the year. Inflows of work showed the smallest rise since the start of 2014, and job creation has also slowed.

“The sluggish growth, weaker forward-looking indicators and downturn in price pressures all point to the Fed holding off with rate hikes until next year.”

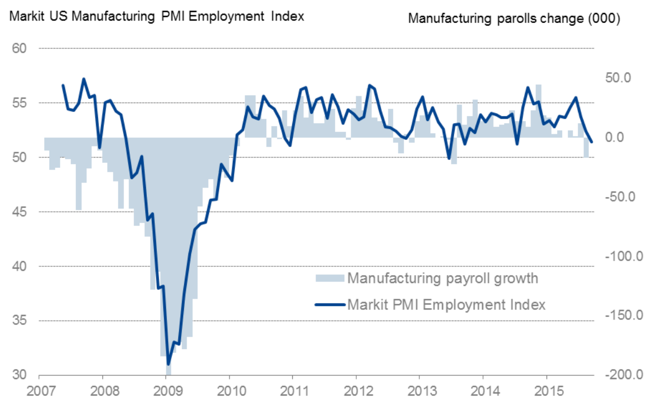
-Ends-

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

For further information, please contact:

Markit
Tim Moore, Senior Economist
Telephone +44-1491-461-067
Mobile +44-780-972-1666
Email tim.moore@markit.com

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

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

Note to Editors:

Final September data are published on 1 October 2015.

Markit originally 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, 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 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 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 indictors 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*™ (*PMI*™) 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.

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 over 4,000 people in 11 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, please see www.markit.com

About PMI
Purchasing Managers' Index™ (PMI™) 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.