

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Markit Flash U.S. Manufacturing PMI™

Manufacturing output growth slows in April

Key points:

- Weakest rise in production volumes for four months
- New export orders decline for the first time since November 2014
- Input prices decrease again in April

Data collected 13 – 22 April 2015.

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

April data indicated slower growth momentum for the U.S. manufacturing sector, with production volumes and incoming new work both expanding at weaker rates than in the previous month. This contributed to a fall in the headline seasonally adjusted **Markit Flash U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**¹ to 54.2 in April, from 55.7 in March. Although still comfortably above the 50.0 no-change value, the latest index reading signalled the least marked improvement in overall business conditions since January.

Production volumes picked up at a solid pace in April, but the rate of expansion was the slowest so far in 2015. Survey respondents generally cited

softer new business gains, especially from international markets. Measured overall, new work increased at the weakest pace for three months, while export sales dropped for the first time since November 2014. A number of manufacturers noted subdued demand from clients across Europe, in part reflecting the stronger US dollar exchange rate.

Despite a slowdown in output and new business growth, the latest survey indicated that job creation remained solid and was little-changed since March. Anecdotal evidence attributed sustained rises in payroll numbers to strong pipelines of outstanding work, positive sentiment towards the business outlook and the launch of new products.

Manufacturers indicated a slower expansion of input buying during the latest survey period, which in turn contributed to a softer increase in pre-production inventories. Meanwhile, supplier lead times lengthened for the twenty-second month running, with a number of firms noting ongoing transportation delays in the wake of the west coast port strikes earlier in the year.

April data indicated that manufacturing companies experienced another decline in overall input prices, which extended the current run of falling costs to four months (the longest sustained period since 2008/09). As a result, factory gate price inflation across the manufacturing sector eased to its lowest for 11 months.

Comment:

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

“Manufacturers saw a disappointing start to the second quarter, reporting the weakest growth since January. Key to the slowdown was a weakening of export orders, in turn a symptom of the loss of competitiveness arising from the dollar’s strength.

“However, while exporters are suffering, domestic demand looks to have remained robust, helping to

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.

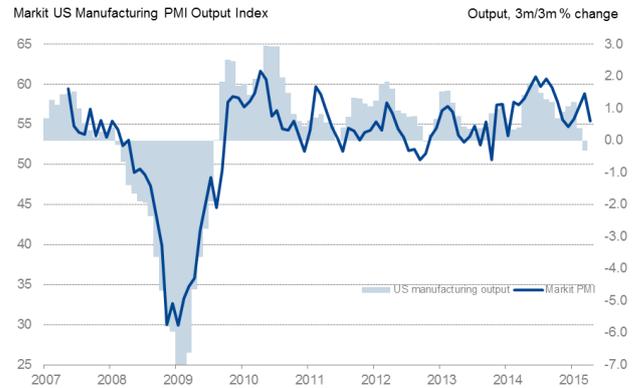
sustain a reasonably strong production trend.

“While growth has clearly slowed in 2015 compared to the impressive rate seen throughout much of last year, the goods-producing sector is by no means collapsing under the weight of the strong dollar, and fears of a sharp slowdown consequently look overplayed.

“The appreciation of the dollar is meanwhile also helping to keep inflation down, with firms reporting lower import prices helping push average prices paid for raw materials down sharply again. The past two months have seen the steepest back-to-back falls in manufacturers’ input prices since 2009.”

-Ends-

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

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Note to Editors:

Final April data are published on 1 May 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 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*[™] (*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.

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About PMI

Purchasing Managers' Index[™] (*PMI*[™]) 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.

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