News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) April 23rd 2018

IHS Markit Flash U.S. PMI™

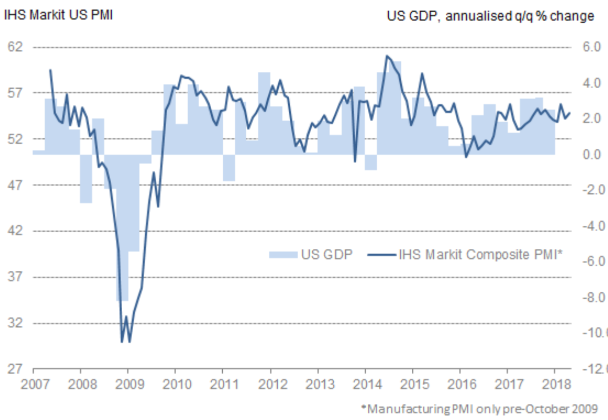
US private sector output rises solidly, underpinned by fastest new order growth since March 2015

Key findings:

- Flash U.S. Composite Output Index at 54.8 (54.2 in March). 2-month high.
- Flash U.S. Services Business Activity Index at 54.4 (54.0 in March). 2-month high.
- Flash U.S. Manufacturing PMI at 56.5 (55.6 in March). 43-month high.
- Flash U.S. Manufacturing Output Index at 56.4 (55.2 in March). 15-month high.

Data collected April 12-20

IHS Markit Composite PMI and U.S. GDP



Sources: IHS Markit, U.S. Bureau of Economic Analysis.

April survey data signalled a further strong increase in private sector output across the U.S, alongside steep growth in new orders and intensifying price pressures.

At 54.8 in April, up from 54.2 in March, the seasonally adjusted **IHS Markit Flash U.S. Composite PMI Output Index** indicated a faster upturn in business activity across the private sector, driven by accelerated growth at both **manufacturing** and **service sector firms.** While the former recorded the steeper rate of expansion, both sectors enjoyed solid rates of growth.

New orders placed with private sector firms rose sharply in April, showing the largest gain since March 2015. The upturn in new business underpinned more buoyant output expectations. Furthermore, the **outlook for business activity** over the next 12 months rose to the highest since May 2015.

Meanwhile, sustained growth in new orders drove the strongest increase in **backlogs of work** since March 2015. That said, the pace of **job creation** softened slightly to a three-month low.

In line with stronger client demand, and rising cost burdens, **average prices charged** for goods and services increased solidly. The rate of **input price inflation** was the quickest since July 2013, with panellists noting that the introduction of tariffs had been a key factor pushing raw material costs higher.

The composite index is based on original survey data from the IHS Markit U.S. Services PMI and the IHS Markit U.S. Manufacturing PMI.

IHS Markit U.S. Services PMI™

The seasonally adjusted **IHS Markit Flash U.S. Services PMI™ Business Activity Index** posted 54.4 in April, up from 54.0 in March. Although below the long-run series average, the latest reading indicated the twenty-sixth successive month of output expansion at service sector firms.

As has been the case throughout the series history, **new business** at service providers increased in April. Notably, the rate of growth was the fastest since March 2015 and led to a solid rise in **outstanding business**.

Average cost burdens continued to rise in April, with the rate of input price inflation edging up slightly since March. **Average prices charged** meanwhile increased at a pace broadly in line with that seen in March, albeit one that was weaker than seen for input costs.

IHS Markit U.S. Manufacturing PMI™

Manufacturers reported the greatest improvement in overall business conditions since September 2014 in April. This was highlighted by the seasonally adjusted **IHS Markit Flash U.S. Manufacturing *Purchasing Managers' Index*™ (*PMI*™)**[1] rising from 55.6 in March to 56.5.

The headline PMI was boosted by marked expansions in **output** and **new orders**, with the latter growing at the quickest pace in over three-and-a-half years. A steeper deterioration in **vendor performance** also lifted the headline index.

Stronger growth in new orders drove a solid increase in the level of **outstanding business** at manufacturers. Robust client demand and signs of sustained pressure on capacities did not, however, lead to improved **employment growth**. The rate of job creation eased to an eight-month low as firms reportedly pushed for greater efficiency.

Price pressures within the factory sector intensified, with the rate of **input cost inflation** picking up to the fastest since June 2011. Cost increases were partly linked by producers to the introduction of tariffs. Moreover, greater client demand and higher raw material prices underpinned the quickest rise in **average selling prices** for almost seven years.

In line with greater production requirements, firms signalled the strongest rise in **purchasing activity** since September 2014. Survey respondents noted that lengthening delivery times was a key factor leading firms to ramp up their buying activity. Furthermore, **average supplier performance** deteriorated at the joint-fastest pace in the series history (on par with February 2014, when severe weather disrupted supply chains). Longer lead times were linked to demand exceeding supply but also partly attributed by panellists to new trucking regulations.

Comment

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

"The US economy picked up pace again at the start of the second quarter. The April PMI surveys registered the second-strongest monthly expansion since last October. Manufacturing is leading the upturn, with factories reporting the strongest output gains for 15 months, and the vast service sector is enjoying a steady, robust expansion.

"After a relatively disappointing start to the year, the second quarter should prove a lot more encouraging. The current data point to an annualised GDP growth rate of 2.5%, with scope for some substantial upside surprises in coming months.

"First, growth in new orders accelerated to show the largest surge in demand for goods and services for just over three years. Second, companies' expectations of growth over the coming year jumped to a three-year high. Third, hiring remains robust as firms struggle to cope with demand. The surveys point to non-farm payroll growth of approximately 200,000 in April.

"The details of the survey therefore suggest that output growth is on course to accelerate as we move into the summer. Prices are meanwhile being pulled upwards by the strength of the upturn, however, sending hawkish signals for policy makers."

-Ends-

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

PMI™ By IHS Markit

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Note to Editors:

Final April data are published on May 1 for manufacturing and May 3 for services and composite indicators.

The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"

The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?".

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

IHS Markit 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, IHS Markit's U.S. PMI research was extended out to cover producers of metal goods. In October 2009, IHS Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. Back data for IHS 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. IHS Markit's total U.S. Manufacturing PMI survey panel comprises over 600 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 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'. 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.

IHS 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 IHS Markit. Please contact economics@ihsmarkit.com.

About IHS Markit (www.ihsmarkit.com)
IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge 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 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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 https://ihsmarkit.com/products/pmi.html.