

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EDT 22 August 2013**

## Markit Flash U.S. Manufacturing PMI™

### Manufacturing recovery gains momentum as order growth hits seven-month high

#### Key points:

- PMI rises to five-month high, signalling moderate growth of manufacturing sector
- New orders increase strongly
- Employment rises for second month running
- Input price inflation slows

Data collected 12–21 August.

The **Markit Flash U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**<sup>1</sup> signalled the strongest improvement in manufacturing business conditions in five months during August. The flash PMI index, which is based on approximately 85% of usual monthly replies, was up slightly from July's 53.7 to 53.9, and suggested a moderate expansion of the manufacturing sector.

#### Flash U.S. Manufacturing PMI™ Summary

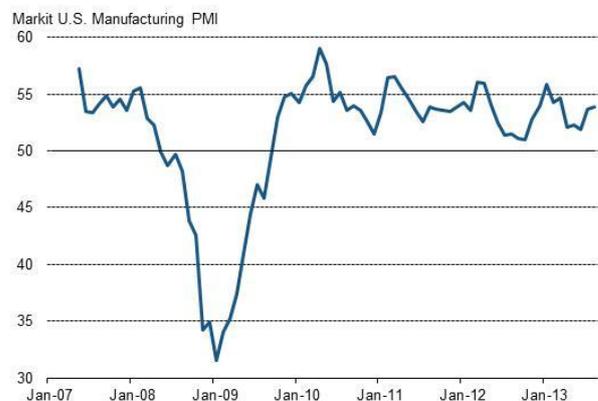
50.0 = no-change on previous month (seasonally adjusted)

Index	Aug'13	Jul'13	Change signalled
PMI	53.9	53.7	Expansion, faster rate
Output	53.4	54.8	Expansion, slower rate
New Orders	56.5	55.5	Expansion, faster rate
New Export Orders	52.0	52.5	Expansion, slower rate
Employment	53.2	53.0	Expansion, faster rate
Backlogs of Work	49.8	52.6	Contraction, change in direction
Output Prices	52.4	50.8	Rise, faster rate
Input Prices	56.3	57.8	Rise, slower rate
Stocks of Purchases	47.0	48.7	Contraction, faster rate
Stocks of Finished Goods	45.3	47.6	Contraction, faster rate
Quantity of Purchases	54.5	54.4	Expansion, faster rate
Suppliers' Delivery Times	45.2	47.4	Lengthening, faster rate

PMI readings above 50.0 signal an increase or improvement on the prior month, while readings below 50.0 indicate a decrease.

<sup>1</sup> 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.

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

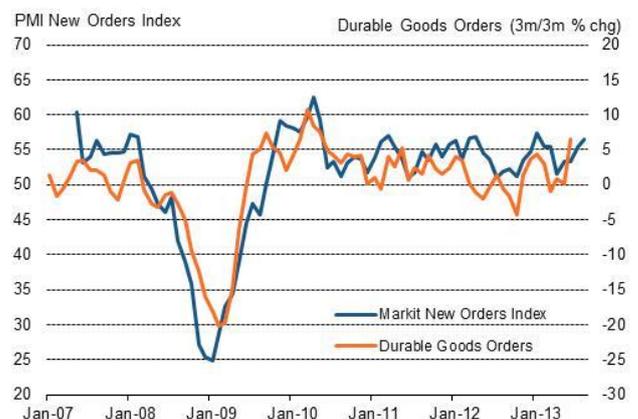


Source: Markit.

Firms received a larger volume of **new orders** in August, with a number of companies linking this to greater demand and new client wins. Moreover, the rate of growth was strong and, having accelerated for the fourth month running, the fastest since January.

Both domestic and export orders increased over the month. Although **new export work** rose modestly, partly reflecting increased global activity, the rate of growth eased from July's seven-month peak.

#### Manufacturing new orders



Sources: Markit, U.S. Census Bureau via EcoWin.

Production was raised to accommodate the increase in new orders. **Output** rose moderately, but the rate of growth nonetheless slowed to a three-month low and was weaker than the average for the year so far.

### Manufacturing output

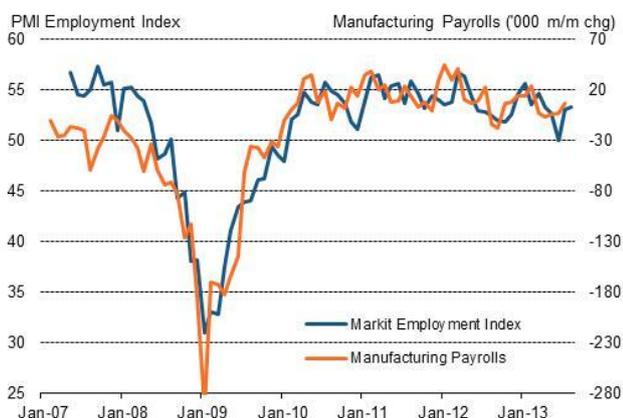


Sources: Markit, U.S. Federal Reserve via Ecwin.

Concurrently, **stocks of finished goods** were depleted at the strongest pace since September 2009. **Backlogs of work** were meanwhile broadly the same as one month previously.

Manufacturing **employment** increased for the second month running in August. The rate of job creation was moderate and, having quickened slightly since July, the fastest in four months. Firms that hired additional staff generally cited increased workloads.

### Manufacturing employment



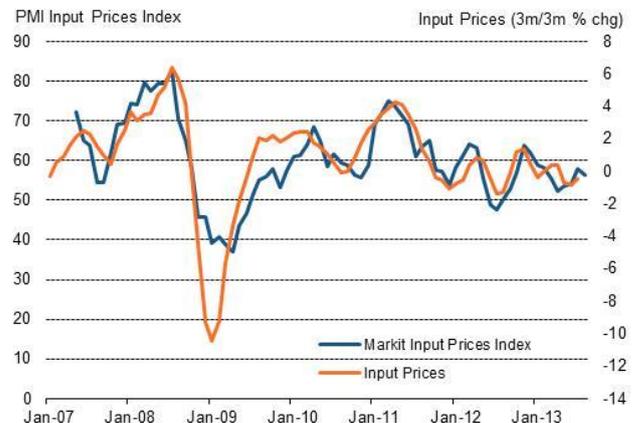
Sources: Markit, Bureau of Labor Statistics via Ecwin.

The rate of input price inflation eased during August, having reached a five-month peak in July. Nonetheless, **input costs** continued to rise strongly, with steel and packaging commonly reported as having increased in price.

Manufacturers passed on greater costs to clients by

raising their **selling prices**. On average, output charges rose at the strongest pace since March.

### Input prices



Sources: Markit, Bureau of Labor Statistics via Ecwin.

Reflective of increased new work, the **quantity of purchases** bought by manufacturing firms rose further during August. At the same time, **stocks of purchases** were depleted for the second month running. **Suppliers' delivery times** lengthened further as a result of the increase in purchasing activity, with the latest increase in lead times the greatest since April 2012.

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

*"The U.S. manufacturing sector saw only modest growth of production in August, suggesting that the economy is continuing to recover in the third quarter but that the pace of expansion remains disappointingly sluggish.*

*"Hopefully the faster growth of new orders seen during August will translate into increasingly strong production gains in coming months, and also boost hiring. Job creation was the strongest for four months in August, but the sector is still barely contributing to non-farm payroll growth.*

*"Policymakers will be encouraged by the sustained recovery and signs of strengthening demand, which add further weight to the possibility of the Fed starting to taper its asset purchases as soon as September. However, the Fed will also be wary of how fragile growth both at home and abroad is looking, and will therefore be keen to ensure policy is not tightened too much too fast."*

-Ends-

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### Note to Editors:

Final August data are published on 3 September 2013.

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 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*<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

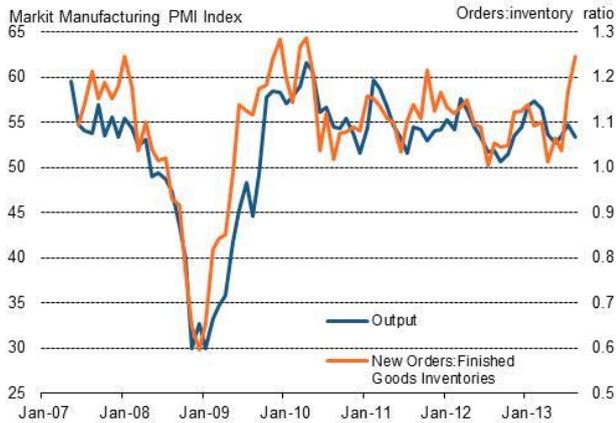
Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see <http://www.markit.com/en/>.

### About PMIs

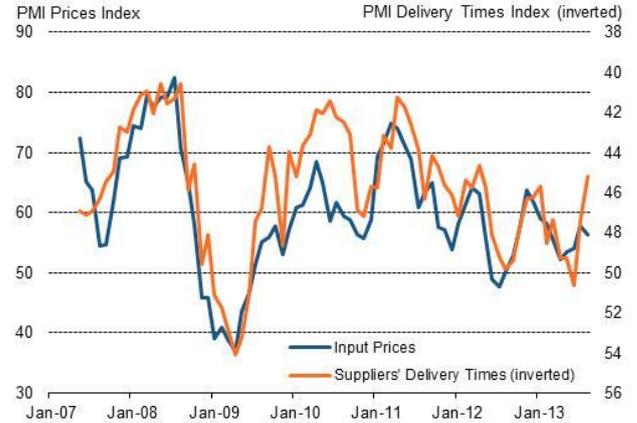
Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) surveys have become the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to 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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### Output and orders:inventory ratio



### Supply chain developments



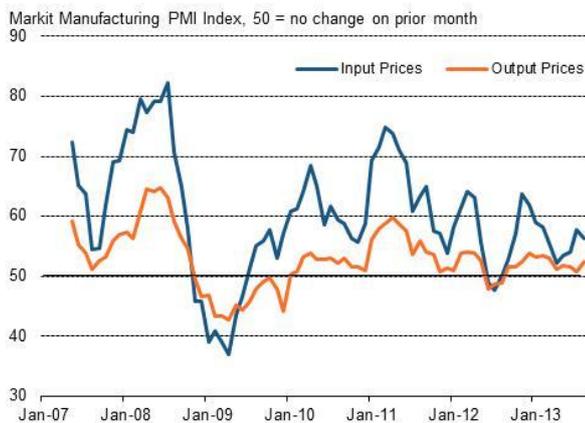
### New orders



### Backlogs of work and warehouse inventories



### Prices



### Purchasing and input inventories

