News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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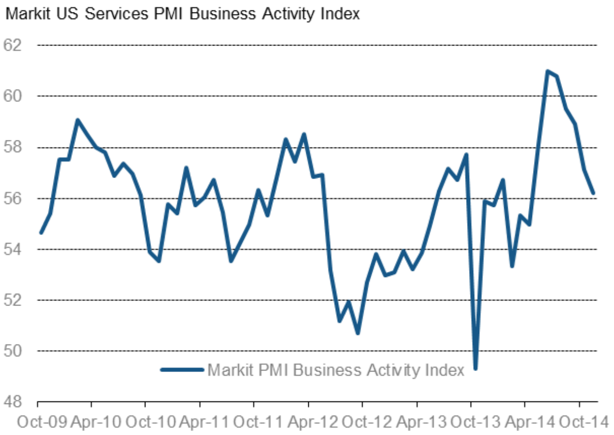
Markit U.S. Services PMI™ – final data (with composite PMI™)

Weakest rise in U.S. service sector business activity since April

Key points:

- Output growth slows for the fifth month running in November...
- ...but payroll numbers continue to rise at a solid pace
- Cost inflation moderates to 19-month low

Markit U.S. Services Business Activity Index



Sources: Markit.

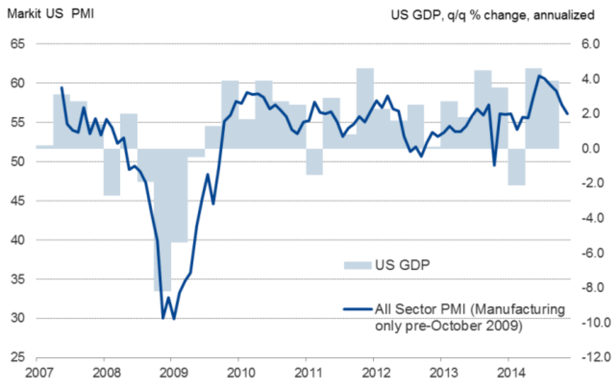
November data signalled a further slowdown in U.S. service sector growth, with output and new business volumes expanding at the weakest rates for seven months. Despite a moderation in new business growth, service providers indicated a solid rise in payroll numbers and a rebound in business confidence towards the year-ahead outlook. Meanwhile, cost pressures continued to dissipate in November, which contributed to the least marked rise in prices charged by service providers for four months.

At 56.2 in November, the seasonally adjusted final **Markit U.S. Services Business Activity Index** posted above the neutral 50.0 threshold for the thirteenth successive month (earlier 'flash' reading 56.3). However, the index fell from 57.1 during October and has pointed to slower output growth in each month since June's post crisis peak. The latest reading signalled the weakest pace of output expansion for seven months.

Adjusted for seasonal influences, the final **Markit U.S. Composite PMI™ Output Index** (covering manufacturing and services) posted 56.1 in November, unchanged from the 'flash' reading and down from 57.4 in October. The latest index reading signalled the weakest expansion of private sector output since April.

The latest growth slowdown in the U.S. private sector was driven by weaker contributions from both manufacturing production (55.6 in November, down from 57.8) and services activity (56.2, down from 57.1 in October).

Markit U.S. Composite PMI™ Output Index



Source: Markit.

Weaker activity growth largely reflected softer new business gains in November. Moreover, the rate of new business expansion has now slowed for two successive months. Some survey respondents commented that the uncertain global economic outlook had weighed on clients' willingness to commit to new projects. Nonetheless, backlogs of work accumulated for the fourth successive month and at a slightly faster pace than in October.

The latest survey highlighted a solid increase in service sector payroll numbers, and the rate of job creation picked up to its strongest since June. Anecdotal evidence suggested that rising workloads and strong confidence towards the business outlook had led firms to recruit additional staff in November.

Service providers are highly upbeat about their growth prospects over the next 12 months, with more than half of the survey panel (59%) anticipating a rise and only 7% forecasting a reduction. Moreover, the latest index reading signalled that the degree of positive sentiment rebounded sharply since October and was the strongest for five months.

November data pointed to a further moderation in input price inflation, with the latest increase in cost burdens the slowest since April 2013. Service providers cited lower transportation and food costs. As a result, prices charged inflation also eased in the service sector and was the lowest since July.

Comment:

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

“The final PMI data confirm earlier flash readings that the US economy is likely to have slowed further in the fourth quarter. GDP looks set to rise at an annualised rate of 2.5%, down from 3.9% in the third quarter.

“Whereas the manufacturing slowdown was largely linked to weaker global demand and a renewed fall in export orders, moderating growth in the service sector is a sign of domestic demand weakening.

“The concern is that, with new business across manufacturing and services collectively growing at a much reduced rate compared to the summer months, companies could become more hesitant in taking on staff unless demand picks up again soon.

"However, at present, the slowing is still only modest, and leaves the economy growing at its approximate long-term trend rate. Importantly, growth is also sufficiently strong to create new jobs in impressive numbers. The survey data remain consistent with another month of non-farm payrolls rising by at least 200,000 in November.

“Price pressures have meanwhile fallen, meaning policymakers can enjoy a ‘goldilocks’ scenario of robust growth and low inflation, providing greater leeway to hold off with raising interest rates.”

-Ends-

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Note to Editors:

The U.S. Services *PMI*™ (*Purchasing Managers' Index*™) 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 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 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.

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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.