Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EST) / 1445 (UTC) December 1st 2016

Markit U.S. Manufacturing PMI™ – final data

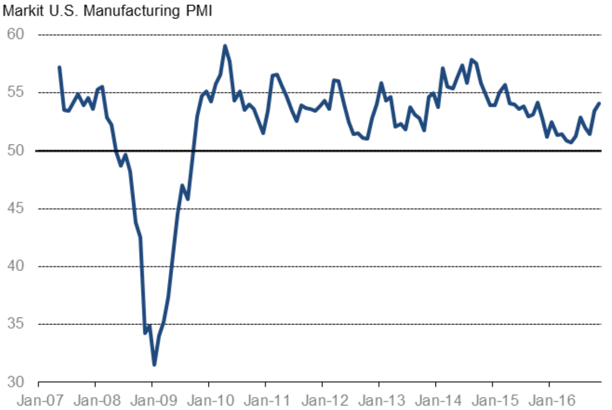
Strongest rate of new order growth since March 2015

Key findings:

- Fastest rise in output for 20 months, underpinned by improving order books
- Payroll numbers and input buying increase during November
- Cost inflation slows from October's two-year peak

Data collected November 11-23

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: IHS Markit.

November data pointed to a sustained acceleration in U.S. manufacturing growth, with production volumes and incoming new work both rising at the fastest pace since March 2015. Stronger demand patterns, especially from domestic clients, resulted in greater input buying and increased payroll numbers across the manufacturing sector. Meanwhile, factory gate charges increased only slightly in November amid a slowdown in cost inflation from October's two-year high.

At 54.1 in November, the final **Markit U.S. Manufacturing *Purchasing Managers' Index™ (PMI™)*** picked up from 53.4 in October and signalled the strongest improvement in business conditions for just over one year. The latest reading was up from the earlier 'flash' reading (53.9) and the joint-highest seen since March 2015, thereby signalling a robust improvement in manufacturing performance.

A sharp and accelerated rise in new business volumes was reported by manufacturing companies during November. This was mainly driven by domestic sales, as new orders from abroad increased only marginally since the previous month, with survey respondents citing competitive pressures and the strong dollar. Anecdotal evidence suggested that improving U.S. economic conditions and greater confidence among clients had led to rising levels of new work.

Mirroring the trend for new business, latest survey data highlighted the steepest rise in production volumes since early-2015. Increased manufacturing output has now been recorded for six months in a row, and the latest expansion was faster than the post-crisis trend. Alongside stronger sales, higher production also reflected efforts to boost inventories. Stocks of finished goods have risen in each of the past two months, in contrast to the declines seen through the third quarter of 2016.

Improving demand conditions resulted in a sustained accumulation of unfinished work across the manufacturing sector in November. Backlogs have now risen for six months running, which is the longest continuous period since late-2015.

Renewed pressures on operating capacity resulted in a moderate increase in payroll numbers. Some firms linked greater staff recruitment to more confidence regarding the business outlook. This also contributed to further increases in input buying and pre-production inventories at manufacturing companies in November.

Despite rising purchasing activity, supplier lead-times were broadly unchanged in November. Moreover, input cost pressures remained moderate, and the rate of inflation eased from October's two-year peak. Factory gate charges also increased at a slower pace in November, reflecting weaker cost pressures and intense competition for new work.

Comment

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

"The final PMI numbers have come in even stronger than the preliminary flash reading, adding to signs of buoyant business conditions in the US manufacturing sector.

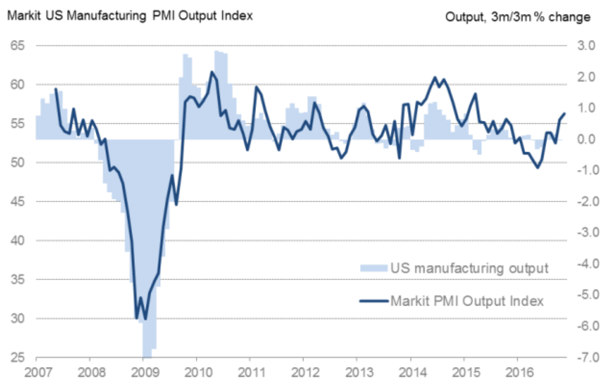
"Both production and order books are growing at impressive rates, fuelled predominantly by rising domestic demand for goods from both consumers and businesses. Companies are also rebuilding stock levels, suggesting the recent inventory drag is easing.

"The stronger dollar is hurting exporters, but the flip-side of the exchange rate appreciation is lower import costs, which have in turn helped to ameliorate the impact of rising global commodity prices compared to other countries.

"However, although employment rose, the survey found ongoing caution in respect to hiring new staff, linked in turn to uncertainty about the outlook and worries about rising costs."

-Ends-

Manufacturing output



Sources: IHS Markit, U.S. Federal Reserve.

Manufacturing employment

Sources: IHS Markit, Bureau of Labor Statistics.

For further information, please contact:

IHS Markit
Tim Moore, Senior Economist
Telephone +44-1491-461-067
Email tim.moore@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44207 260 2234
E-mail joanna.vickers@ihsmarkit.com

Note to Editors:

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 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@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 expertise to forge solutions for 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 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.