

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) October 3rd 2016

Markit U.S. Manufacturing PMI™ – final data

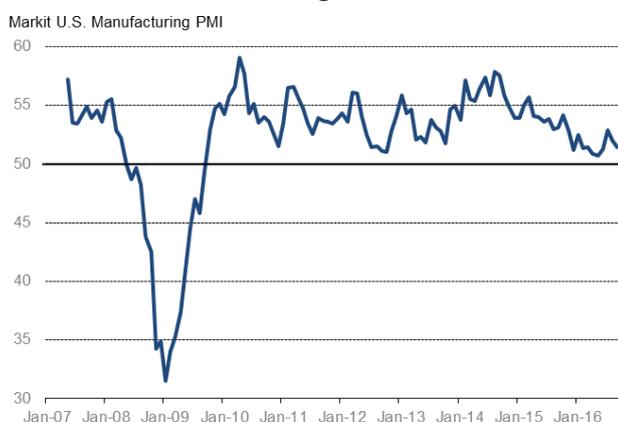
Manufacturing growth slows amid weakest upturn in new orders for nine months

Key findings:

- Headline PMI drops to three-month low of 51.5 in September
- Output and new orders expand at a slower pace
- Subdued input cost pressures continue

Data collected September 12-26

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: IHS Markit.

U.S. manufacturers signalled another moderate upturn in both production volumes and incoming new work during September, but the latest survey indicated a further loss of growth momentum from July's recent peak. Softer overall growth was attributed to generally subdued client demand, alongside a drop in new export sales for the first time in four months.

At the same time, manufacturers sought to streamline their inventories of finished goods, with the pace of stock depletion the fastest since November 2015. The latest survey also pointed to cautious staff hiring strategies, although the rate of job creation picked up from August's recent low.

The seasonally adjusted final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)** registered 51.5 in September (flash: 51.4), down slightly from 52.0 in August, to signal the weakest improvement in overall business conditions since June. Slower rates of output and new order growth were the main factors weighing on the headline index, which more than offset a stronger contribution from the staff hiring component.

September data highlighted that **production** growth eased to a three-month low, driven by a weaker upturn in new work and greater efforts to streamline stocks of finished goods. The latest increase in **new business volumes** was the slowest seen so far in 2016. Some survey respondents commented on delays to decision making among clients ahead of the presidential election.

Moreover, there was an additional drag **from export sales**, with new work from abroad falling fractionally in September, which contrasted with the solid expansion seen in August. Manufacturers noted that the strong dollar continued to exert a negative influence on new export orders.

Softer new business growth resulted in more cautious inventory policies across the manufacturing sector. **Stocks of finished goods** decreased for the fourth month running and at the fastest pace since late-2015. **Pre-production inventories** also fell in September, but the rate of decline was only marginal.

Despite another slowdown in growth momentum, the latest survey signalled a marginal increase in **backlogs of work** at manufacturing firms. This was generally linked to the launch of new products and,

in some cases, subdued jobs growth in recent months. September data indicated that **payroll numbers** increased more quickly than in August. However, the pace of staff hiring remained weaker than the average since the jobs rebound began in early-2010.

Meanwhile, latest survey data pointed to only a slight rise in **average cost burdens** at manufacturing firms. This provided some scope to stimulate demand through price discounting. Although only marginal, the latest fall in **factory gate charges** was the fastest since April.

Comment

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

“Manufacturing growth slowed to a crawl in September, suggesting the economy is stuck in a soft-patch amid widespread uncertainty in the lead up to the presidential election.

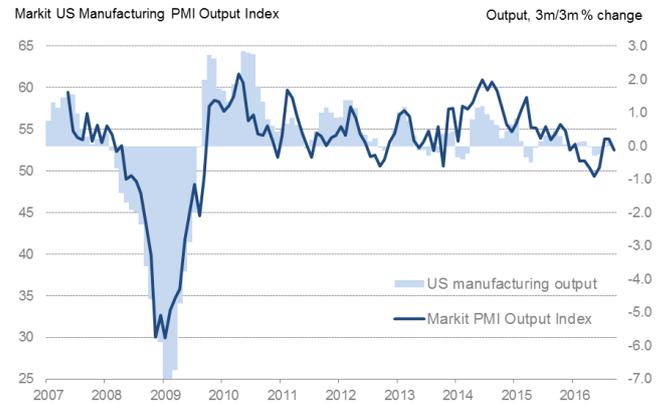
“The survey saw firms pulling back on expanding production and focusing instead on cost-cutting, as inflows of new business slowed to the weakest seen so far this year.

“Any growth is largely being driven by the consumer, in turn helped by tail-winds of low interest rates, low inflation and a solid labour market.

“Business spending, in contrast, is being subdued by the headwinds of uncertainty about the economic outlook, cost-driven inventory reduction and the strong dollar, the latter linked to yet another drop in exports.”

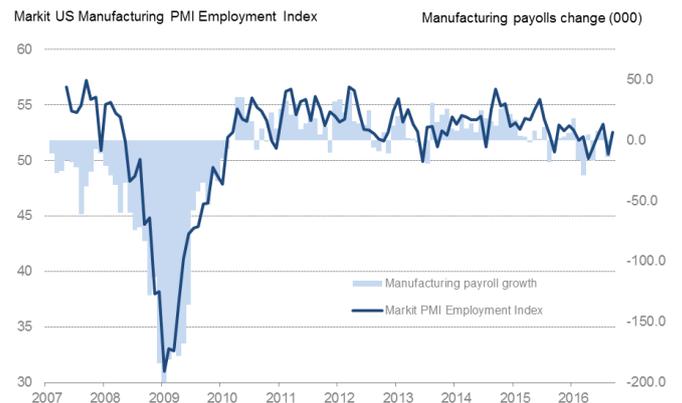
-Ends-

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

Ed Canaday, Corporate Communications

Telephone +1 646 679 3031

Mobile +1 917 434 5075

Email: ed.canaday@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 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@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.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2016 IHS Markit Ltd. All rights reserved.

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.

The intellectual property rights to the U.S. Manufacturing PMI™ provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).