News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 EDT 1 May 2015

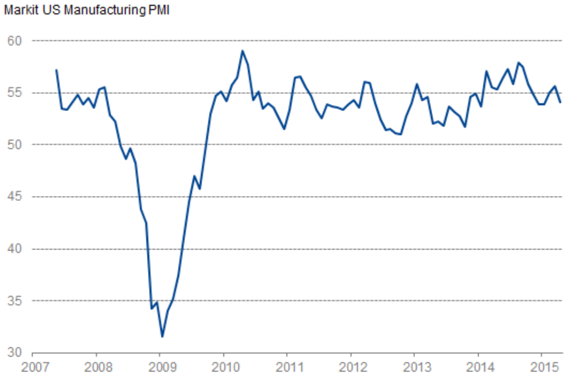
Markit U.S. Manufacturing PMI™ – final data

U.S. manufacturing sees slowest output growth in 2015 so far

Key points:

- Production expands at slowest rate since December as new order growth eases
- New export business falls for first time in five months
- Input prices decline for fourth month running

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Summary

April survey data from Markit indicated a loss of momentum in the U.S. manufacturing economy, following a strong end to the first quarter of 2015. Output and new orders increased at slower rates and new export business declined for the first time since November, partly linked to the strong dollar. The currency also generated downward pressure on import prices, and average input costs at manufacturers fell for the fourth month running as a result. That said, the underlying strength of business conditions remained solid, with backlogs and employment both rising further.

The seasonally adjusted final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)** registered above the 50.0 no-change threshold in April, thereby signalling an overall upturn in business conditions. The index fell to a three-month low of 54.1, from March's 55.7, but still signalled a solid rate of improvement and was above its long-run trend level of 52.2.

Weighing most on the PMI in April was a slower rise in production. The rate of growth moderated to the weakest in 2015 so far, although it remained strong overall. Similarly, firms continued to increase their purchasing activity at a robust, albeit slower, pace. Suppliers' delivery times lengthened further as a result, with ongoing mention of delays associated with the recent West Coast port shutdowns.

The other main factor contributing to the fall in the headline index during April was a slower rise in incoming new business. New order growth eased to a three-month low, but remained strong in the context of historic survey data. Weaker international demand linked to the strong dollar was evident as new export business declined for the first time since November.

Other survey indicators suggested the underlying health of the manufacturing sector remained firm. Employment rose for the twenty-second consecutive month, and at a robust pace. Meanwhile, backlogs of work rose for the fifth month running, while stocks of inputs also expanded as firms addressed order book requirements.

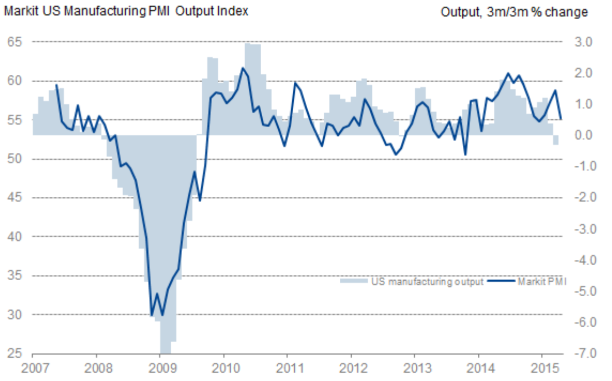
Price indicators from the latest survey continued to point to downward pressure on manufacturing input prices. Average input costs fell for the fourth month running, at a rate little-changed from March. Anecdotal evidence linked lower cost pressures to reduced prices for metals and oil-based inputs, as well as a general deflationary impact of the strong dollar on import prices. Output prices continued to rise, albeit at a fractional pace.

Company size and sector analysis

The slower rise in output in April reflected weaker expansions at small and medium-sized firms, while large firms (those employing more than 500 staff) registered the strongest rate of growth and the fastest expansion in 2015 to date. Large firms also registered stronger workforce growth than small and medium-sized companies.

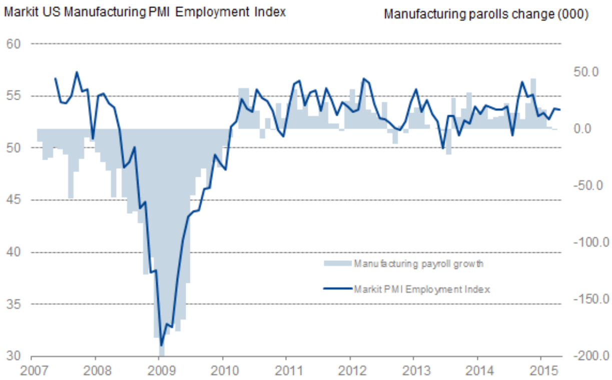
By market group, consumer goods producers continued to drive output growth in April, followed by intermediate goods companies. Makers of investment goods recorded only a marginal increase in output in April, and also registered the slowest rate of job creation among the three monitored sectors.

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

Comment

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

"With manufacturing output growth slowing to the weakest seen so far this year and exports falling for the first time since November, the survey results raise worries that the dollar's appreciation is hurting the economy.

"The slowing in the economy is accompanied by a renewed weakening of price pressures, linked to the exchange rate bringing down the cost of imports. Input prices showed one of the steepest falls seen since the recession, a cost-saving which producers often passed on to customers. Prices charged rose at the slowest rate seen for almost three years.

"The weakening growth trend and fall in price pressures add to a growing clutch of disappointing numbers which suggest the Fed will err on the side of caution and hold off from rate hikes until a clearer picture emerges of the economy's health. Any policy tightening therefore looks likely to be deferred until at least September, but the fact that both manufacturing and services continue to grow at reasonably robust rates at the start of the second quarter suggest that rate hikes towards the end of the year should not be ruled out."

-Ends-

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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 **final** U.S. manufacturing PMI follows on from the **flash** estimate which is released a week earlier and 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 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@markit.com.

About Markit
Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,500 people in 10 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, please see www.markit.com

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.