

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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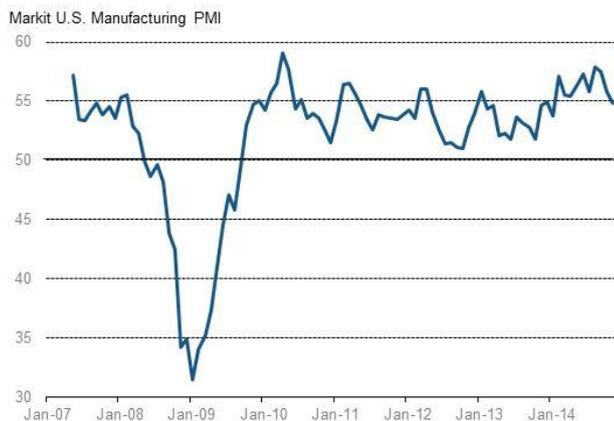
Markit U.S. Manufacturing PMI™ – final data

Weakest expansion of U.S. manufacturing output since January

Key points:

- Output and new business growth continue to moderate
- Robust increase in employment numbers
- New export orders fall at the most marked pace since June 2013

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Summary

Business conditions continued to improve across the U.S. manufacturing sector in November, but the pace of recovery eased to its weakest since the start of 2014. This was highlighted by the final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)** registering 54.8 in November (earlier 'flash' reading 54.7), down from 55.9 in October and the lowest reading for ten months. Nonetheless, the latest PMI figure, which is designed to signal changes in prevailing business conditions in the U.S. manufacturing sector, remained well above the neutral 50.0 threshold.

November data signalled that manufacturing output growth moderated for the third month running. Although still indicative of a robust rise in production volumes, the latest survey pointed to the weakest pace of expansion since January. Manufacturers mostly commented that slower new business gains,

especially from export markets, had weighed on output growth at their plants.

Volumes of new work received by U.S. manufacturers continued to increase at a solid pace during November, but the latest rise was the weakest since the start of the year. Anecdotal evidence suggested a greater degree of caution among clients and weaker sales to export markets. Although only modest, the latest data indicated that new business from abroad decreased at the fastest pace since June 2013.

The latest survey indicated that backlogs of work were broadly unchanged across the U.S. manufacturing sector, which ended a nine-month period of expansion. Despite reduced pressure on operating capacity, manufacturing job creation remained relatively strong in November. Moreover, the rate of employment growth accelerated since the previous month and was the second-fastest since January 2013.

There were again signs of pressure on supply chains in November, as highlighted by a deterioration in vendor performance for the seventeenth successive month. However, latest data indicated that input buying growth eased to its least marked since March. Manufacturers recorded a solid increase in their pre-production inventories during November. Meanwhile, stocks of finished goods were accumulated for the fifth month running.

Input price inflation eased further in November, with the latest rise in average cost burdens the slowest since April. A number of survey respondents cited lower commodity prices and falling energy costs at their plants. Factory gate price inflation also remained relatively subdued in November, reflecting strong competition for new work and falling input cost pressures across the manufacturing sector.

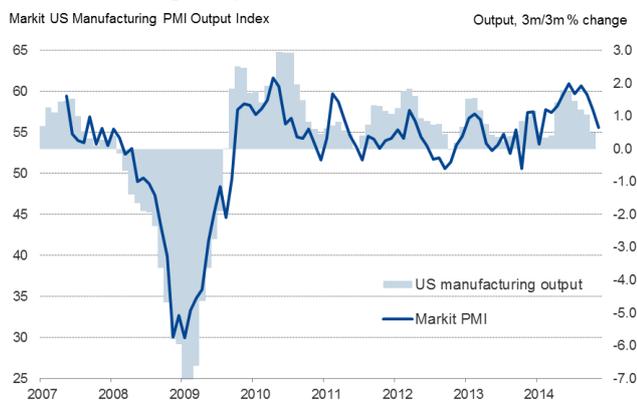
Company size and sector analysis

Large manufacturers (500+ employees) bucked the weaker overall trend seen across the sector in November, with business conditions improving at the fastest rate for almost five years. Meanwhile,

small and medium sized manufacturers saw a moderation in growth momentum during the latest survey period.

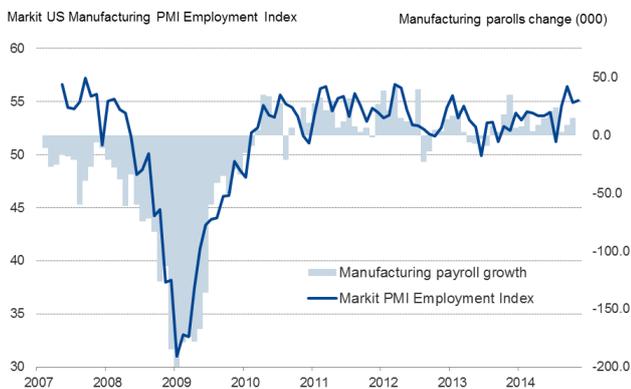
Intermediate and investment goods producers recorded the strongest improvements in business conditions respectively in November. Meanwhile, consumer goods producers were the weakest performing market group, with operating conditions improving at the slowest pace since October 2013.

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:**

“The final PMI came in slightly ahead of the earlier flash estimate, confirming a solid expansion of manufacturing activity in November.

“However, although still reasonably strong, the pace of growth has slowed for three successive months, taking it down to the slowest since January, when business was hit by extreme weather arising from the Polar Vortex. This time, there was little anecdotal evidence from companies of the weather affecting business.

“What’s more, with inflows of new orders slowing sharply, there’s a good chance that production growth will deteriorate further in December.

“The principal cause of the order book slowdown is a renewed downturn in export orders, which fell for the first time since January. Demand from many emerging markets remains well down on pre-crisis levels, and a deteriorating situation in the Eurozone has hit trade flows to Europe.

“Unless order book growth picks up, factories will inevitably soon turn to cutting jobs in order to bring capacity down in line with weaker demand.”

-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 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@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.

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