

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) August 1<sup>st</sup> 2017**

## IHS Markit U.S. Manufacturing PMI™ – final data

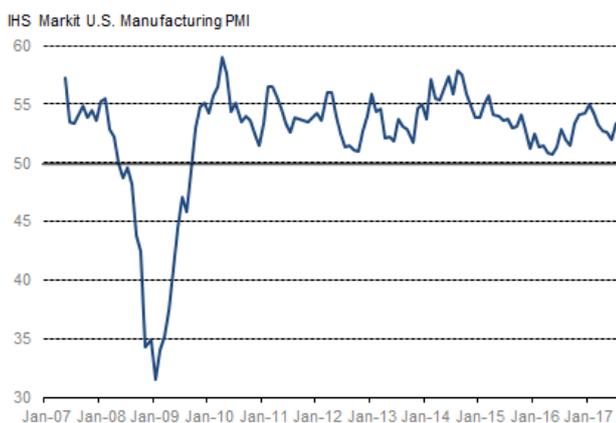
### PMI signals solid improvement in operating conditions

#### Key findings:

- PMI reaches four-month high of 53.3
- Growth in output and new orders rebounds
- Inflationary pressures remain muted

Data collected July 12-25

#### IHS Markit U.S. Manufacturing PMI (s. adjusted)



Source: IHS Markit.

July survey data signalled a solid improvement in operating conditions in the US manufacturing sector. The upturn in business conditions was largely driven by marked and accelerated expansions in both output and new orders. Meanwhile, firms added to their payrolls and raised purchasing activity at the quickest rates since February. Business confidence reached a six-month high, as firms became more optimistic regarding future output. Inflationary pressures remained relatively muted, despite a pick up in the rate of input cost inflation.

The seasonally adjusted IHS Markit final **US Manufacturing Purchasing Managers' Index™ (PMI™)** registered 53.3 in July, up from 52.0 in June

to signal a further improvement in the health of the sector. Notably, the latest improvement in operating conditions was solid and the strongest in four months.

Production at US manufacturers increased for the fourteenth month running in July. The pace of expansion accelerated from that seen in June to a solid rate. Panellists commonly attributed the upturn to higher client demand.

New orders received by US manufacturing firms grew at a solid pace, recovering from the nine-month low seen in June. A number of respondents noted that the expansion in new business was due to larger client bases and an increased willingness to spend. That said, orders from abroad decreased for the first time in ten months, albeit only slightly.

Backlogs of work fell for the third month running in July. Respondents commonly stated that outstanding business had decreased due to job creation and efficiencies made in the production process. Notably, the latest expansion in staffing levels was the strongest in five months.

In line with greater production schedules, firms increased their purchasing activity and to the greatest extent in five months. At the same time, companies signalled higher inventories of both post- and pre-production items in July. Stock building was generally linked to increased output and greater client demand. However, stronger demand for inputs and stock shortages at vendors led to a further lengthening in average delivery times.

Business confidence among US manufacturing firms improved to a six-month high in July. Stronger optimism was generally linked to more encouraging

market conditions and stronger client demand.

Average input costs rose at a modest pace in July. Anecdotal evidence linked input price inflation to higher component costs and supplier shortages. Meanwhile, average prices charged by US manufacturing firms increased at a modest pace.

## Comment

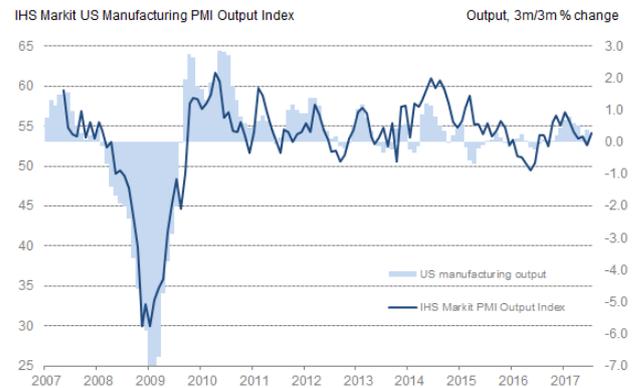
Commenting on the final PMI data, Chris Williamson, Chief Business Economist at IHS Markit said:

*“The second half of the year got off to a good start for US manufacturers, with the health of the sector improving at the fastest rate for four months. Output, new orders, employment and buying activity all grew at increased rates. The only real blot on the copybook was a decline in exports for the first time since last September.”*

*“However, although rising, the survey indices remain consistent with only very modest increases in comparable official data such as manufacturing output, durable goods orders and payroll numbers. Clearly the manufacturing sector remains stuck in a low gear, though is at least gaining momentum and will hopefully shift up a gear as we move through the second half of the year if demand continues to improve. IHS Markit expects GDP growth to accelerate to a near 3% annualised rate in the third quarter, fueled by gains in consumer spending and business investment, which should benefit manufacturing.”*

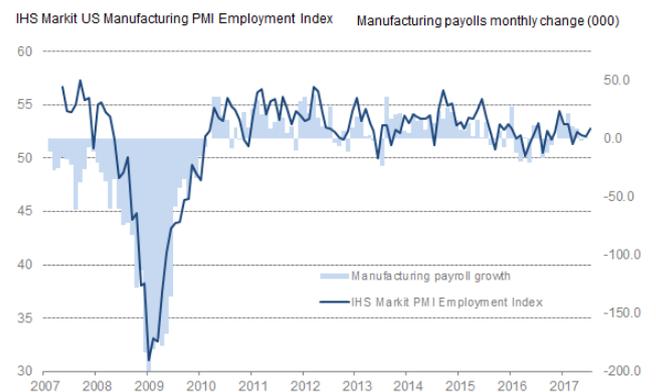
-Ends-

## 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

Sian Jones, Economist

Telephone +44-1491-461-017

Email [sian.jones@ihsmarkit.com](mailto:sian.jones@ihsmarkit.com)

Joanna Vickers, Corporate Communications

Telephone +44207 260 2234

E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

## Note to Editors:

IHS 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, IHS Markit's U.S. PMI research was extended out to cover producers of metal goods. In October 2009, IHS Markit's U.S. Manufacturing PMI survey panel was extended further to cover all areas of U.S. manufacturing activity. Back data for IHS 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. IHS 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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### About IHS Markit ([www.ihsmarkit.com](http://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 © 2017 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](http://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](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).