

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0945 (EST) / 1445 (UTC) February 3<sup>rd</sup> 2017**

## Markit U.S. Services PMI™ – final data (with composite PMI™)

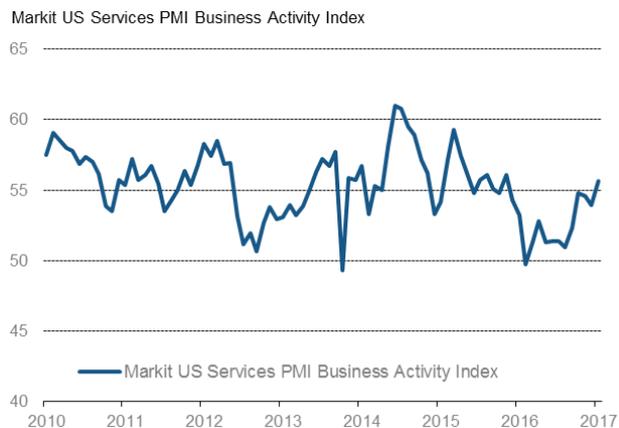
### Service sector growth reaches 14-month high in January

#### Key findings:

- Fastest rise in business activity since November 2015
- New work expands at strongest pace for a year-and-a-half
- Business confidence highest since May 2015

Data collected January 12-26

#### Service sector business activity (seasonally adjusted)



Source: IHS Markit.

U.S. service providers started the year with the fastest rise in business activity since late-2015, driven by another robust increase in incoming new work. Greater willingness to spend among clients and signs of an upturn in domestic economic conditions also contributed to stronger business optimism across the service sector. January data signalled that services companies are more confident about their growth prospects than at any time since May 2015.

The seasonally adjusted final **Markit U.S. Services Business Activity Index** rebounded to 55.6 in January, up from December's three-month low of 53.9. Moreover, the latest reading was comfortably above the average for Q4 2016 (54.4) and signalled the fastest rate of business activity growth since

November 2015. Higher levels of business activity were mainly linked to improved sales growth and a more supportive economic backdrop.

January's survey data revealed a robust and accelerated increase in new work received by service sector companies. The rate of expansion was the fastest since July 2015. Anecdotal evidence linked the rise to greater levels of business and consumer spending at the start of 2017.

Increased volumes of new business exerted pressure on operating capacity among service sector firms. Reflecting this, backlogs of work rose for the fifth time in the past six months. Survey respondents sought to alleviate capacity constraints by taking on additional staff in January. Higher levels of employment were also linked to new project starts and improved confidence regarding the business outlook. Measured overall, the rate of job creation was only slightly weaker than December's 15-month peak.

Some firms noted that squeezed margins had acted as a brake on employment growth at their business units in January. The latest increase in average cost burdens was close to December's recent peak. Rising input prices were attributed to higher fuel costs and greater salary payments. Meanwhile, prices charged by service sector firms increased at only a moderate pace in January.

Looking ahead, service sector firms signalled another rise in business optimism regarding the 12-month growth outlook. Improved business confidence has now been recorded in three of the past four months, with the rebound mainly linked to hopes of a sustained acceleration in domestic economic conditions.

#### Markit Final U.S. Composite PMI™

At 55.8 in January, up from 54.1 in December, the seasonally adjusted final **Markit U.S. Composite PMI™ Output Index** signalled the strongest rise in private sector business activity since November 2015. This reflected positive contributions to growth

from both the manufacturing and service sectors at the start of 2017.

The composite index is based on original survey data from the Markit U.S. Services PMI and the Markit U.S. Manufacturing PMI.

### Comment

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

*“The US economy has started 2017 on the front foot. Business activity across the economy is growing at the fastest rate for over a year and optimism about the business outlook has risen to the highest for a year and a half.*

*“The January surveys signal annualized GDP growth of approximately 2.5%, setting the scene for a solid first quarter. With January seeing the largest inflow of new business for 18 months, there’s good reason to believe that firms will be even busier in coming months.*

*“Even more encouraging is the ongoing impressive rate of job creation, with the January PMI numbers comparable to around 200,000 jobs being added.*

*“A waning of price pressures takes some heat off the Fed, though the sustained strong output and jobs growth signalled by the surveys will fuel speculation that the next rate hike will be sooner rather than later, with June looking most likely.”*

-Ends-

### Markit Composite PMI and U.S. GDP



Sources: IHS Markit, U.S. Bureau of Economic Analysis.

### For further information, please contact:

#### IHS Markit

Tim Moore, Senior Economist

Telephone +44-1491-461-067

Email [tim.moore@ihsmarkit.com](mailto:tim.moore@ihsmarkit.com)

Joanna Vickers, Corporate Communications

Telephone +44207 260 2234

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

**Note to Editors:**

The U.S. Services *PMI*™ (*Purchasing Managers' Index*™) is produced by Markit and is based on original survey data collected from a representative panel of over 400 companies based in the U.S. service sector. Markit originally began collecting monthly PMI data in the U.S. service sector in October 2009.

The final U.S. Services *PMI* follows on from the flash estimate which 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 Markit U.S. Services PMI complements the Markit U.S. Manufacturing PMI and enables the production of the Markit U.S. Composite PMI which tracks business trends across both the manufacturing and service sectors, based on original survey data collected from a representative panel of over 1,000 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'.

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](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 solutions to 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. Services 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](#).