

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

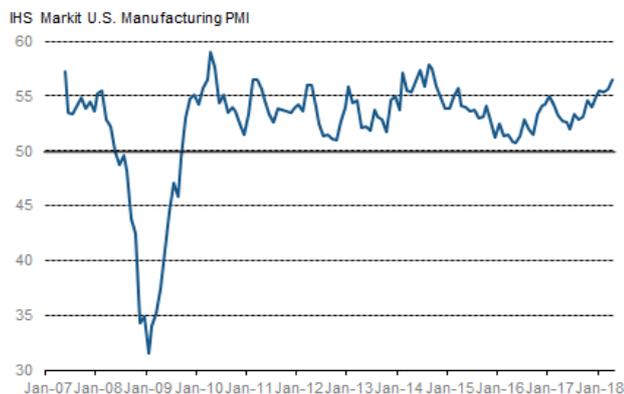
U.S. manufacturing operating conditions improve at fastest rate since September 2014

Key findings:

- PMI rises to highest level in over three-and-a-half years
- Output grows at quickest pace since January 2017
- Inflationary pressures intensify

Data collected April 12-24

IHS Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: IHS Markit.

April survey data signalled a steep improvement in operating conditions across the U.S. manufacturing sector. The latest PMI reading was the highest since September 2014, supported by stronger expansions in output and new orders. Moreover, new business rose at the sharpest pace in over three-and-a-half years. Meanwhile, rates of input price and output charge inflation accelerated to the fastest since mid-2011.

The seasonally adjusted IHS Markit final **U.S. Manufacturing Purchasing Managers' Index™ (PMI™)** registered 56.5 in April, up from 55.6 in

March and indicated the strongest manufacturing growth in over three-and-a-half years. The pace of improvement was also well above the series trend. Quicker rates of output and new order growth and a greater deterioration in vendor performance contributed to the higher index reading.

Growth of goods production accelerated in April, with the rate of increase reaching the fastest since January 2017. Anecdotal evidence suggested the steep rise was due to greater new order volumes and the acquisition of new clients.

Reflective of stronger client demand, new business received by manufacturers rose at an accelerated rate that was the quickest since September 2014. However, new export sales continued to increase at a modest pace that was similar to that seen in March.

As the pace of new order growth continued to exceed that of output, the level of outstanding business increased again in April. At the same time, employment growth softened slightly, with the pace of job creation dipping to an eight-month low, albeit remaining solid.

Greater global demand for raw materials and recently introduced tariffs were reportedly key factors behind greater cost burdens in April. Moreover, the rate of input price inflation accelerated to the sharpest in almost seven years.

Meanwhile, average prices charged rose at the quickest pace since June 2011, with the rate of inflation accelerating for the fourth successive month. Survey respondents commonly noted that higher charges were due to increased costs being passed on to clients.

Purchasing activity increased further in April, with growth quickening to the strongest in over three-and-a-half years. That said, firms expressed difficulties in sourcing inputs as supplier delivery times lengthened to the greatest extent since February 2014. Stockpiling activity was impacted by delays, with pre-production inventories rising only fractionally.

Finally, business confidence toward the year-ahead output outlook remained robust amid a sustained rise in new orders. Optimism was the second-highest since June 2015.

Comment

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

“April saw US manufacturers reporting the strongest monthly improvement in business conditions since September 2014. The survey suggests the economy has started the second quarter on a solid footing and sends an encouraging signal for GDP growth to accelerate after the modest 2.3% rate of expansion seen in the first quarter.”

“With inflows of new orders rising at an accelerated pace, greater input buying and business expectations regarding future production levels running at one of the highest levels seen over the past three years, there’s plenty of evidence to suggest strong growth will persist through May.”

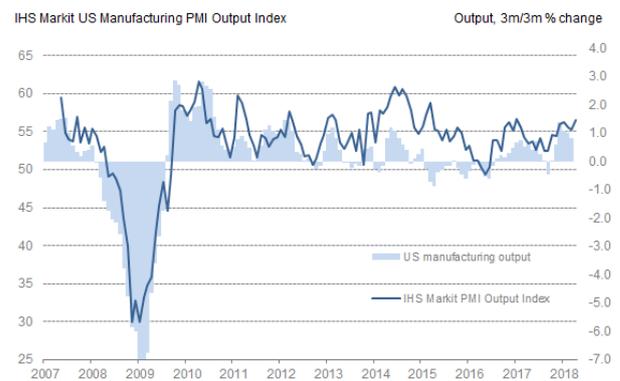
“The upturn is being led by large firms, with smaller companies trailing behind but nonetheless also seeing some of the best business conditions for three years.”

“Warning lights are being flashed in relation to inflation, however, with factories reporting the strongest rise in prices for nearly seven years. Suppliers are hiking prices in response to surging demand, while tariffs and higher oil prices are also

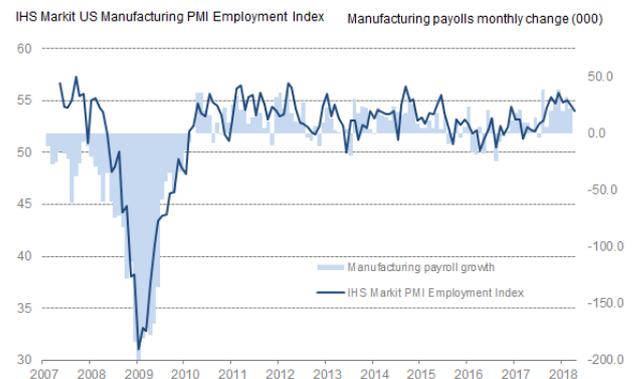
exerting upward pressure on costs. With the average price of goods leaving factories rising at the fastest rate since 2011, consumer price inflation looks set to accelerate.”

-Ends-

Manufacturing output



Manufacturing employment



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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.

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