

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) November 1st 2017

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

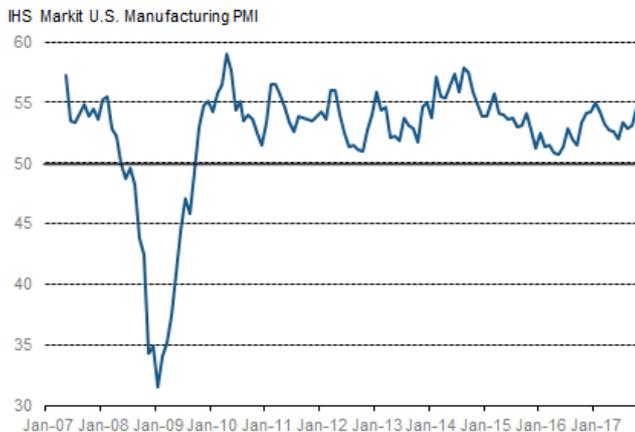
Operating conditions improve at quickest rate for nine months

Key findings:

- Production and new orders both increase at steeper rates
- Supplier performance deteriorates at quickest pace since February 2014
- Growth in employment picks up to 28-month record

Data collected October 12-25

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



Source: IHS Markit.

October survey data signalled a strong improvement in operating conditions across the US manufacturing sector. The health of the sector improved to the greatest extent since January, supported by accelerated expansions in output and new orders. Moreover, export sales increased at the quickest pace since August 2016. Meanwhile, inflationary pressures remained marked despite the rate of input price inflation softening from September. Notably, employment rose at the strongest pace since June 2015.

The seasonally adjusted IHS Markit final **US Manufacturing Purchasing Managers' Index™ (PMI™)** registered 54.6 in October, up from 53.1 in September. The latest index figure indicated a solid improvement in manufacturing operating conditions, that was the fastest seen since the start of the year.

Production grew at an accelerated rate in October, with the pace of expansion reaching an eight-month high. Anecdotal evidence suggested the rise was due to a strong demand environment and larger new order volumes.

Similarly, new business received by manufacturers increased solidly and at the fastest pace since March. Panellists generally attributed the upturn to larger client bases. Demand from foreign clients was also substantial, reflected in the quickest rise in export orders since August 2016. Survey respondents noted firmer demand among clients from Europe and Asia.

In response to greater production requirements, US manufacturing firms expanded their workforce numbers and at the strongest rate since June 2015. Despite further job creation, the level of outstanding business grew for the third successive month.

Meanwhile, purchasing activity continued to rise, with firms replenishing inventories to ensure orders could be met in a timely manner. Notably, both pre-production inventories and buying levels rose at the fastest pace in three months.

On the prices front, inflationary pressures remained marked in October. Output charge inflation accelerated to a solid rate that was the fastest since April. Input costs, however, increased at a slightly softer pace than September. The rate of inflation was nonetheless sharp and above the survey average. Panellists linked the rise to supplier

shortages stemming from supply chain disruption after the recent hurricanes. Furthermore, supplier delivery times lengthened to the greatest extent since February 2014.

Expectations regarding future output improved to a three-month high in October. Anecdotal evidence linked confidence to more favourable business conditions.

Comment

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

“US manufacturing stepped up a gear at the start of the fourth quarter, boding well for higher factory production to support robust economic growth in the closing months of 2017.

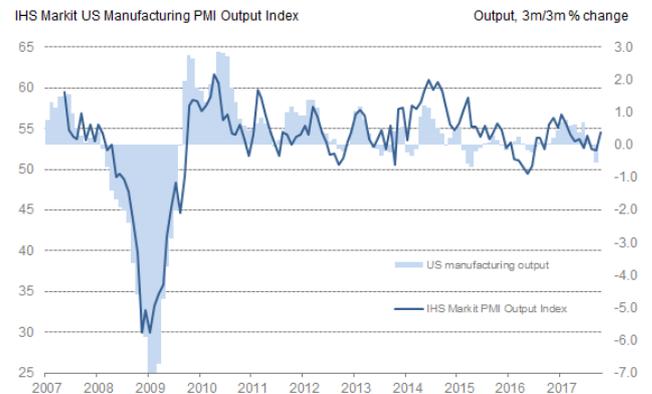
“Production volumes jumped higher on the back of a substantial improvement in order book inflows, in part due to supply chains returning to normal after the hurricanes but also reflecting a combination of strong underlying demand.

“Factory jobs growth has also picked up to one of the strongest since the global financial crisis, underscoring the improvement in optimism about future trading among manufacturers.

“An important change in October was the broadening out of the expansion to smaller firms, which have lagged behind the strong growth reported by larger rivals throughout much of the year to date but under-performed to a lesser extent in October.”

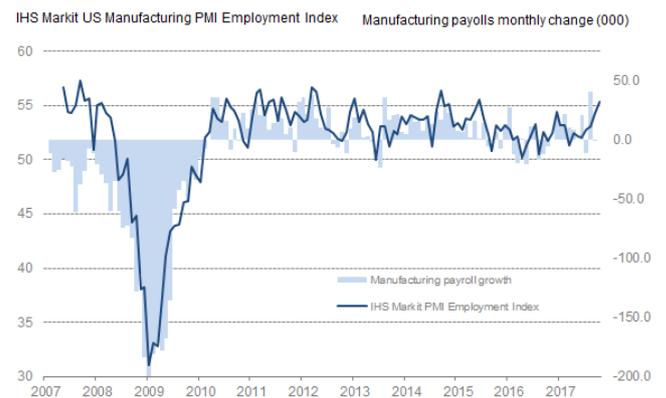
-Ends-

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

Joanna Vickers, Corporate Communications

Telephone +44207 260 2234

E-mail 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.

About IHS Markit (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 40 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.

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. To read our privacy policy, [click here](#).