

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

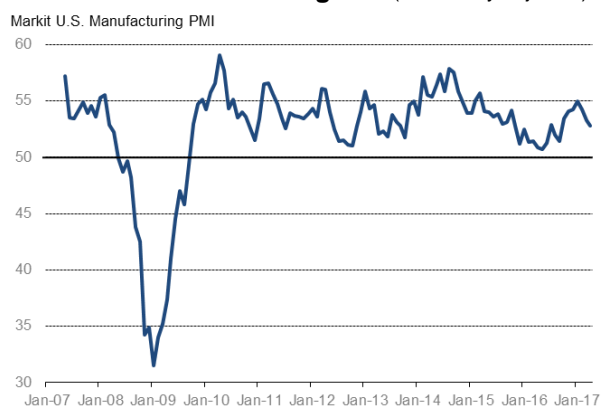
Slowest improvement in manufacturing business conditions since September 2016

Key findings:

- Headline PMI at 52.8 in April, down from 53.3 in March
- Weaker rates of output and new order growth
- Input prices rise at fastest pace since September 2014

Data collected April 11-25

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: IHS Markit.

April data revealed a sustained upturn in U.S. manufacturing production, but the rate of growth moderated further from the 22-month peak recorded in January. The slower rise in output volumes largely reflected a more subdued pace of new business growth in April. Payroll numbers continued to increase across the manufacturing sector, driven by efforts to boost production capacity.

However, latest data indicated that manufacturers sought to reduce their stocks of purchases, which ended a six-month period of inventory building. Meanwhile, cost pressures intensified, with input prices rising at the fastest pace for just over two-and-a-half years.

The seasonally adjusted Markit final **US Manufacturing Purchasing Managers' Index™ (PMI™)** registered 52.8 in April, down from 53.3 in March, to signal the slowest improvement in overall business conditions since September 2016. A fall in the headline PMI largely reflected weaker contributions from output and new business growth in April, which more than offset a slight rebound in job creation.

Manufacturing production increased for the eleventh successive month in April. The latest survey signalled that the rate of expansion nonetheless eased to its weakest for seven months. New order growth also moderated to its slowest since September 2016, which survey respondents mainly linked to more cautious spending among domestic clients. Meanwhile, export sales gained momentum in April, with the latest rise in new work from abroad the fastest since August 2016.

Slower growth of total new work contributed to the weakest upturn in purchasing activity across the manufacturing sector since September 2016. Manufacturers also sought to reduce their inventory holdings, with stocks of purchases falling slightly for the first time in seven months. In contrast, post-production inventories increased at a modest pace in April.

Backlogs of work rose for the eleventh month running and the latest expansion was the fastest since October 2015, suggesting renewed pressures on operating capacity. As a result, employment growth rebounded from the seven-month low recorded in March. Job creation was also supported by positive sentiment regarding the outlook for production over the next 12 months. The degree of

business optimism edged up in April, but remained below the peak seen at the start of 2017.

Meanwhile, the latest survey highlighted strong cost pressures across the manufacturing sector. The rate of input price inflation accelerated to its fastest since September 2014. A number of panel members cited higher prices for metals, especially steel. Efforts to pass on higher costs to clients led to the most marked rise in factory gate charges for nearly two-and-a-half years.

Comment

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

“Manufacturers reported that growth of production and order books have slowed markedly since peaking in January, with April seeing the weakest improvements for seven months.

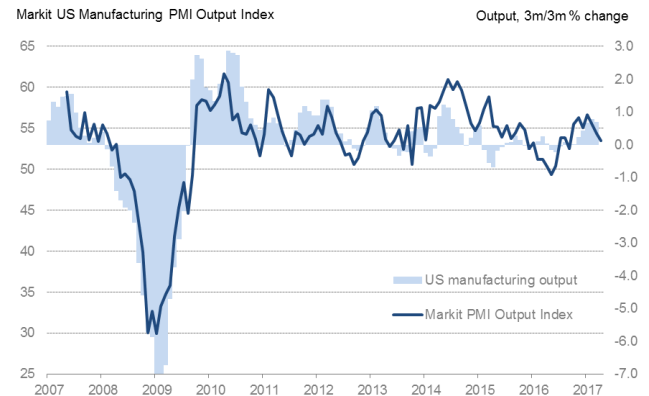
“The signs of slowing growth are most evident in the domestic consumer sector, but investment goods manufacturers continue to fare well, enjoying stronger capital equipment spending from the energy sector in particular. Exports have also perked up, with April seeing the steepest increase in foreign orders for eight months.

“Price pressures have meanwhile risen to a two-and-a-half year high, which is likely to feed through to final prices paid for goods consumers in coming months.

“A more upbeat picture came from hiring, which picked up in April, as did optimism about business conditions in the year ahead, suggesting firms are expecting order books continuing to improve in coming months.”

-Ends-

Manufacturing output



Sources: IHS Markit, U.S. Federal Reserve.

Manufacturing employment



Sources: IHS Markit, Bureau of Labor Statistics.

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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 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@ihsmarkit.com.

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