

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EST) / 1445 (UTC) March 1st 2018

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

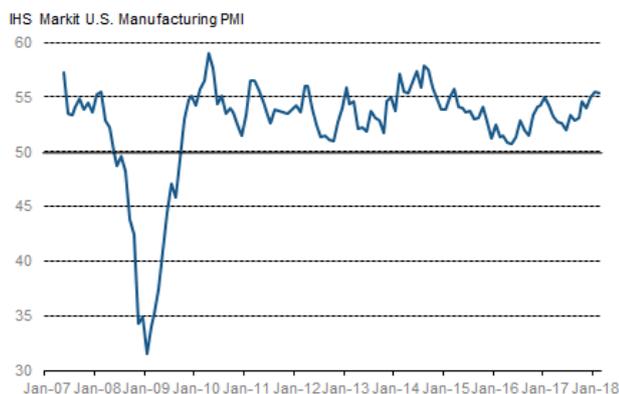
PMI close to three-year peak as new order inflows hit 13-month high

Key findings:

- Growth in new business accelerates...
- ... but output expands at softer pace
- Inflationary pressures intensify

Data collected February 12-22

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



Source: IHS Markit.

February survey data signalled one of the strongest improvements in the health of the U.S. manufacturing sector seen over the past three years, led by a sharp expansion in new orders. Meanwhile, inflationary pressures intensified with rates of both input and output price inflation reaching multi-year highs. At the same time, business confidence towards output in the year-ahead improved, which supported further widespread job creation.

The seasonally adjusted IHS Markit final **U.S. Manufacturing Purchasing Managers' Index™ (PMI™)** registered 55.3 in February, down slightly from 55.5 in January. Although below January's 34-month high, the overall improvement in operating

conditions across the manufacturing sector was one of the strongest recorded since late-2014.

Growth of manufacturing output remained solid in February, despite easing slightly to a three-month low. The sustained upturn in production was widely linked to greater client demand and increased order book volumes.

New business received by manufacturers expanded at a faster pace in February, with growth reaching a 13-month high. The steep upturn was commonly attributed to the acquisition of new clients and successful marketing strategies. New business from abroad also rose further in February, albeit at a slightly slower pace than January.

Improved inflows in new business and more favourable demand conditions were largely stated as key factors behind improved confidence among manufacturers in February. That said, the level of optimism was below the long-run series average.

Inflationary pressures intensified in February. Input prices increased at the fastest pace since December 2012, reportedly driven by supplier shortages and greater global demand for inputs. Supply chain delays were among the highest seen over the past three years. Where possible, panellists reported that costs were passed onto clients through higher charges. Factory gate price inflation accelerated to the fastest for over four years.

In response to sustained and strong growth in new work, goods producers increased their purchasing activity at a sharp rate in February. Despite this, pre-production inventories rose at the weakest pace for five months, as manufacturing firms reportedly used stocks to fulfil new orders.

Finally, the rate of factory job creation strengthened to the third-fastest since June 2015 (after October

and December 2017). Ongoing capacity pressures were also reflected in a further increase in the level of outstanding business.

Comment

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

“US factories are enjoying one of the best growth spells seen since 2014, boding well for the sector to make a solid contribution to GDP in the first quarter.

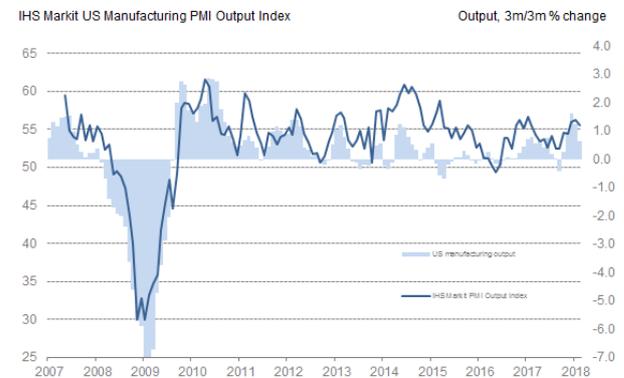
“The survey’s output index readings for the first two months of 2018 are indicative of the sector growing at an annualised rate of just under 3%.

“The most encouraging news was another surge in new order inflows, which helped boost optimism about the year ahead and drive further widespread job gains. Manufacturers are clearly in expansion mode, enjoying robust demand from home alongside rising export orders.

“Capacity is still being stretched, however, as indicated by widespread supply chain delays and the build-up of uncompleted orders at factories. Demand, in other words, is running ahead of supply, meaning pricing power is improving. Factory selling prices are consequently rising at the steepest rate for four years.”

-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 © 2018 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.ihsmarkit.com/products/pmi.

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](#).