News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) October 23rd 2015

Markit Flash U.S. Manufacturing PMI™

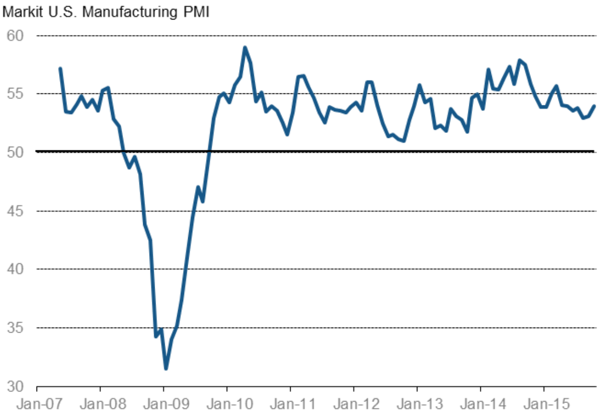
Manufacturing PMI rebounds to five-month high in October

Key points:

- Sharpest improvement in business conditions since May
- Faster rises in both output and new order volumes during October
- Input costs fall for the second month running

Data collected 12 – 22 October 2015.

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

U.S. manufacturers signalled a rebound in overall business conditions during October. This was highlighted by a rise in the seasonally adjusted **Markit Flash U.S. Manufacturing *Purchasing Managers' Index*™ (*PMI*™)**[1] to 54.0, up from 53.1 in September and well above the neutral 50.0 threshold. The latest reading pointed to the fastest upturn in business conditions since May.

October data indicated a robust and accelerated expansion of **production levels** across the manufacturing sector. The latest rise in output was the fastest since March, which brought the pace of expansion back in line with the post-crisis average. Survey respondents mainly cited improving demand from domestic markets and competitive pricing strategies. At the same time, global economic uncertainty and lower energy sector capex were reportedly factors acting as a brake on manufacturing growth in October.

Volumes of new work received by U.S. manufacturers expanded at a strong pace in October, with the latest rise the steepest for seven months. Although **export sales** made only a modest contribution to new business growth, the latest increase in new orders from abroad was the fastest since February.

Improved sales patterns and rising production requirements contributed to a rebound in **job creation** from the 27-month low recorded during September. Manufacturers signalled the sharpest increase in payroll numbers since July, but the pace of staff hiring was still weaker than the post-crisis average.

Manufacturers remained cautious in terms of their **inventory holdings** and **input buying** during October. Reflecting this, stocks of finished goods decreased for the third successive month. The latest survey marked two years of rising purchasing activity at manufacturing companies, but their pre-production inventories increased only modestly.

October data pointed to another moderate reduction in **average cost burdens** across the manufacturing sector. Anecdotal evidence highlighted the strong dollar exchange rate and falling raw material prices, especially for steel.

Meanwhile, the latest survey indicated that **factory gate charges** were broadly unchanged over the month. As a result, the seasonally adjusted Output Charges Index was little-changed from the 37-month low recorded in September.

Manufacturers noted that intense competition for new work and falling input costs had acted to prevent a rise in average prices charged at their plants.

[1] Please note that Markit's PMI data, flash and final, are derived from information collected by Markit from a different panel of companies to those that participate in the ISM Report on Business. No information from the ISM survey is used in the production of Markit's PMI.

© Markit
compiled by markit

Comment:

Commenting on the flash PMI data, **Chris Williamson, chief economist at Markit** said:

"October's flash PMI survey brought welcome signs of stronger manufacturing growth at the start of the fourth quarter.

"The positive start to the fourth quarter suggests the economy may be picking up speed again after slowing in the third quarter, for which the PMI surveys pointed to annualised GDP growth of 2.2%."

"Production growth rebounded in October to the fastest since March, in line with its post-recession average, as order book growth revived amid improved demand from both home and abroad.

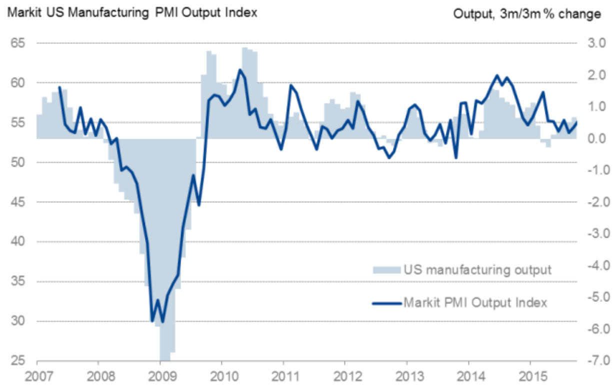
"The faster growth of export sales is particularly good news and will help to alleviate fears that the US economy is being hurt by the stronger dollar and slower growth in China.

"A lightening of the mood in the goods-producing sector was perhaps best reflected in the rebound in job creation, which points to manufacturers having increased confidence that the current upturn will be sustained.

"However, worries about the dollar's strength, export weakness and the recent downturn in the energy sector mean that business optimism and employment gains remain weaker than seen earlier in the year."

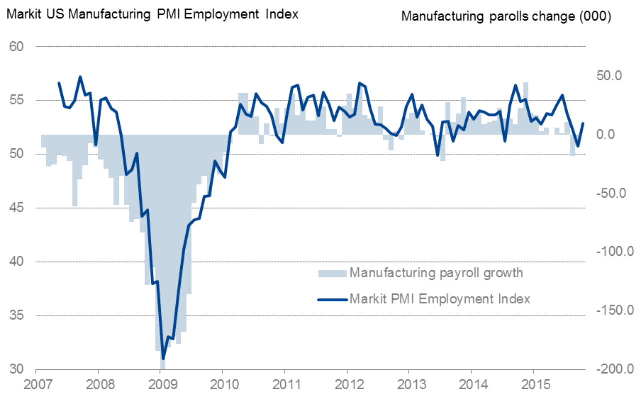
-Ends-

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

© Markit

For further information, please contact:

Markit
Tim Moore, Senior Economist
Telephone +44-1491-461-067
Mobile +44-780-972-1666
Email tim.moore@markit.com

Ed Canaday, Corporate Communications
Telephone +1 646 679 3031
Mobile +1 917 434 5075
Email: ed.canaday@markit.com

Joanna Vickers, Corporate Communications
Telephone: +44-207-260-2234
Email: joanna.vickers@markit.com

Note to Editors:

Final October data are published on 2 November 2015.

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 flash estimate 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 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 indictors 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@markit.com.

About Markit
Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 4,000 people in 11 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, please see www.markit.com

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.

The intellectual property rights to the Flash U.S. Manufacturing PMI™ provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. 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 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. Markit is a registered trade mark of Markit Group Limited.