News Release

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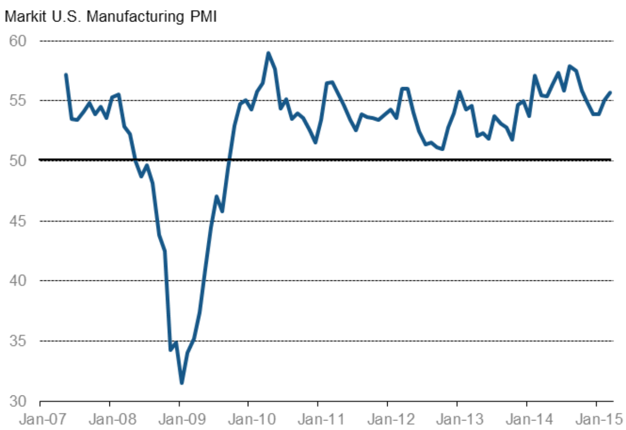
Markit U.S. Manufacturing PMI™ – final data

Sharpest improvement in U.S. manufacturing business conditions for five months

Key points:

- Output and new orders rebound in March...
- ...but export sales stagnate amid stronger dollar exchange rate
- Job creation accelerates from February's seven-month low

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Summary

March data pointed to a positive month for U.S. manufacturing business conditions, with momentum building again after a slowdown at the turn of the year. This was highlighted by stronger rates of output and new business growth, alongside sustained job creation during the latest survey period. New export sales remained a source of weakness in March, partly reflecting the stronger exchange rate. Meanwhile, input costs decreased for the third month running, which led to the weakest rise in factory gate charges since May 2014.

At 55.7 in March, up from 55.1 in February, the seasonally adjusted final **Markit U.S. Manufacturing *Purchasing Managers' Index™ (PMI™)*** registered above the 50.0 no-change threshold, thereby signalling an overall upturn in business conditions.

The latest survey indicated a robust and accelerated expansion of manufacturing production levels. Anecdotal evidence cited stronger inflows of new business and improving domestic economic conditions. That said, the overall rate of output growth remained slower than the peaks seen last summer.

Volumes of new work also increased at a strong pace in March, with the latest upturn the fastest for six months. The launch of new products, successful marketing initiatives and greater underlying client demand were all cited as factors supporting new order growth. However, new export sales stagnated during the latest survey period, thereby ending a three-month period of modest expansion.

Manufacturers indicated greater pressure on operating capacity in March, as highlighted by a robust and accelerated rise in backlogs of work. The latest increase in unfinished work was the most marked since September 2014. Efforts to boost production schedules, as well as positive sentiment towards the business outlook, contributed to further job creation in March. The latest upturn in payroll numbers was the steepest for four months.

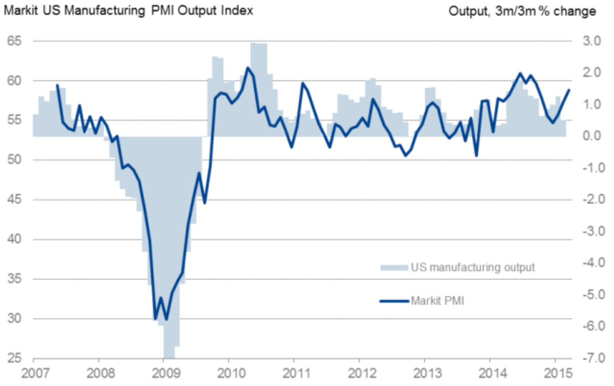
Suppliers' delivery times lengthened in March, as has now been the case for 21 consecutive months. However, the rate of deterioration eased markedly since February, which some firms linked to better weather conditions and an alleviation of delays related to West Coast port strikes. Meanwhile, average cost burdens decreased at the most marked pace since June 2009, with manufacturers mainly citing lower raw material and energy prices.

Company size and sector analysis

Large manufacturers (500+ employees) recorded an especially sharp pace of output growth in March. Job creation was broad-based by company size, with the fastest rate of staff hiring seen at medium sized manufacturers (100-499 employees).

By market group, consumer goods producers posted by far the steepest increase in output levels, followed by intermediate goods producers. Investment goods producers recorded the slowest rises in output and new business volumes in March.

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Manufacturing employment

Sources: Markit, Bureau of Labor Statistics.

Comment

Commenting on the final PMI data**, Tim Moore, Senior Economist at Markit said:**

"The U.S. manufacturing sector is clearly regaining momentum after a slow start to 2015. Stronger new order growth and rising input buying in March should help set the scene for improving production trends into the second quarter of the year. Moreover, job creation has remained resilient in recent months, and falling raw material costs continue to support operating margins.

"Improving domestic economic conditions remain the key growth driver for U.S. manufacturers, with consumer goods producers recording an especially robust upturn in March.

"Output growth was reasonably broad-based across the manufacturing sector in March, although some investment goods producers cited weaker spending patterns among clients in the energy sector. Meanwhile, export sales were again a drag on overall new business growth, in part reflecting the stronger dollar exchange rate."

-Ends-

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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 **final** U.S. manufacturing PMI follows on from the **flash** estimate which is released a week earlier and 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.

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About PMI
Purchasing Managers' Index™ (PMI™) surveys are now available for 32 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.