

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) May 3rd 2018

IHS Markit U.S. Services PMI™ – final data (with composite PMI™)

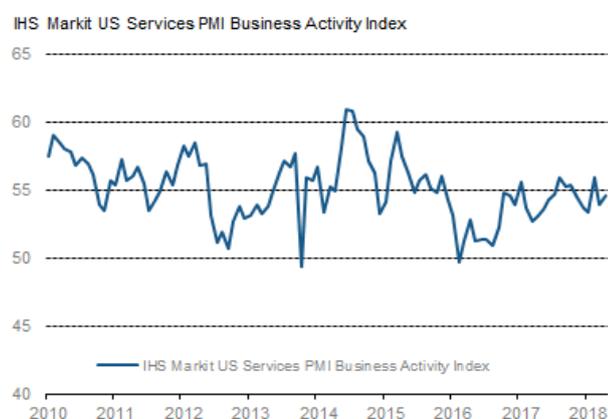
New business growth fastest since March 2015

Key findings:

- New orders increase at accelerated and sharp pace
- Upturn in business activity quickens
- Business confidence highest since May 2015

Data collected April 12-25

Service sector business activity (seasonally adjusted)



Source: IHS Markit.

April survey data indicated a strong expansion in business activity across the U.S. service sector. However, although the rate of growth accelerated, it remained below the series' long-run average. Meanwhile, the upturn in new business quickened to a sharp rate that was the fastest since March 2015. Greater client demand was also reflected in a strong rise in employment and increased backlogs. Operating expenses continued to rise, with input price inflation the second-strongest since June 2015. Business confidence also picked up, reaching the highest in almost three years.

The seasonally adjusted final **IHS Markit U.S.**

Services Business Activity Index registered 54.6 in April, up from 54.0 in March. The latest index reading was the highest for three months and signalled a strong expansion in business activity across the service sector. Panellists attributed the output rise to increased order volumes from new and existing clients. That said, the rate of growth remained below the long-run series average of 55.2.

New business received by service providers increased further in April, and at a quicker rate. Moreover, the pace of the upturn was the fastest since March 2015 and sharp overall. Panellists suggested that growth was influenced by the acquisition of new clients and more favourable economic conditions, which buoyed demand.

In line with a sharp increase in new business, pressure was placed on operating capacity. Firms noted that strong employment growth stemmed from greater business requirements. Although the rate of job creation was unchanged since March, it was still one of the fastest in the last three years.

Backlogs of work also rose moderately as the pace of new order growth outstripped that seen for output. Moreover, outstanding business increased at the quickest rate since March 2015.

On the price front, input cost inflation picked up in April. The rate of increase was strong overall and the second-quickest since June 2015. Where price rises were reported, anecdotal evidence partly linked this to increased fuel costs. Respondents also linked inflation to higher raw material prices.

Average prices charged rose at a rate in line with the robust rate seen in March. Panellists stated that more favourable demand conditions allowed firms

to partly pass higher input costs on to clients.

Finally, business expectations towards the coming year were robust in April. The degree of confidence reached the highest in almost three years, helped by recent solid rises in output and new orders.

IHS Markit Final U.S. Composite PMI™

The final seasonally adjusted **IHS Markit U.S. Composite PMI™ Output Index** rose to 54.9 in April from 54.2 in March. The faster overall output expansion was driven by quicker growth in both the manufacturing and service sectors.

The latest composite reading signalled a strong start to the second quarter of 2018, despite being just below the long-run series average.

The composite index is based on original survey data from the IHS Markit U.S. Services PMI and the IHS Markit U.S. Manufacturing PMI.

Comment

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

“The improved service sector performance comes on the heels of news of faster manufacturing growth, pointing to a welcome broad-based strengthening of the economy at the start of the second quarter.

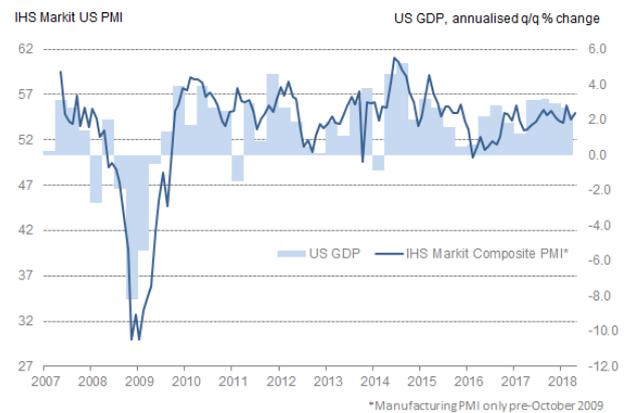
“As such, the data support the view that second quarter GDP growth will come in stronger than the 2.3% rate seen at the start of the year.

“The two surveys also collectively point to another month of solid job gains, commensurate with the official measure of non-farm payrolls rising by approximately 200,000 in April.

“Perhaps the most important development, however, is the upturn in price pressures. Survey evidence indicates that rising demand has allowed increasing numbers of companies to raise prices for both goods and services in recent months. Higher

oil prices are also pushing up costs. Measured across both manufacturing and services, input costs are rising at the fastest rate since 2013, which will inevitably put greater pressure on consumer prices in coming months, all of which makes for a hawkish policy outlook.”

IHS Markit Composite PMI and U.S. GDP



Sources: IHS Markit, U.S. Bureau of Economic Analysis.

-Ends-

For further information, please contact:**IHS Markit**

Chris Williamson, Chief Economist

Telephone +44-207 260 2329

Email chris.williamson@ihsmarkit.com

Sian Jones, Economist

Telephone +44-1491-461-017

Email sian.jones@ihsmarkit.com

Joanna Vickers, Corporate Communications

Telephone +44-207 260 2234

E-mail joanna.vickers@ihsmarkit.com**Note to Editors:**

The U.S. Services PMI™ (*Purchasing Managers' Index*™) is produced by IHS Markit and is based on original survey data collected from a representative panel of over 400 companies based in the U.S. service sector. IHS Markit originally began collecting monthly PMI data in the U.S. service sector in October 2009.

The final U.S. Services PMI follows on from the flash estimate which 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 IHS Markit U.S. Services PMI complements the IHS Markit U.S. Manufacturing PMI and enables the production of the IHS Markit U.S. Composite PMI which tracks business trends across both the manufacturing and service sectors, based on original survey data collected from a representative panel of over 1,000 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'.

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 solutions to 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 ihsmarkit.com/products/pmi.

The intellectual property rights to the U.S. Services 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](#).