

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 EDT 1 October 2013

Markit U.S. Manufacturing PMI™ – final data

PMI signals slower manufacturing expansion

Key points:

- PMI down to three-month low, signalling modest improvement of business conditions
- New order growth slows to five-month low...
- ...as new export work contracts
- Employment rises marginally

Summary

The manufacturing expansion in the U.S. eased to a three-month low in September, according to the final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**¹. At 52.8, down from 53.1 in August and in line with the flash estimate, the PMI indicated that manufacturing business conditions improved modestly over the month.

Final U.S. Manufacturing PMI™ Summary

50.0 = no-change on previous month (seasonally adjusted)

Index	Sep'13	Aug'13	Change signalled
PMI	52.8	53.1	Expansion, slower rate
Output	55.3	52.5	Expansion, faster rate
New Orders	53.2	55.7	Expansion, slower rate
New Export Orders	49.0	52.0	Contraction, change in direction
Employment	51.3	53.1	Expansion, slower rate
Backlogs of Work	50.2	49.6	Expansion, change in direction
Output Prices	51.4	51.1	Rise, faster rate
Input Prices	55.7	56.2	Rise, slower rate
Stocks of Purchases	47.8	46.2	Contraction, slower rate
Stocks of Finished Goods	48.6	45.5	Contraction, slower rate
Quantity of Purchases	51.3	53.9	Expansion, slower rate
Suppliers' Delivery Times	46.8	46.2	Lengthening, slower rate

Source: Markit.

Index readings above 50.0 signal an increase or improvement on the prior month, while readings below 50.0 indicate a decrease.

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Incoming new work at U.S. manufacturers continued to increase in September, with firms often linking this to new contract wins. However, the rate of **new order** growth eased to a modest pace, which was the slowest in five months.

The weaker rise in total new orders partly reflected a renewed contraction of **new export work**. Although marginal, new export business fell for the first time in three months during September.

Manufacturing new orders



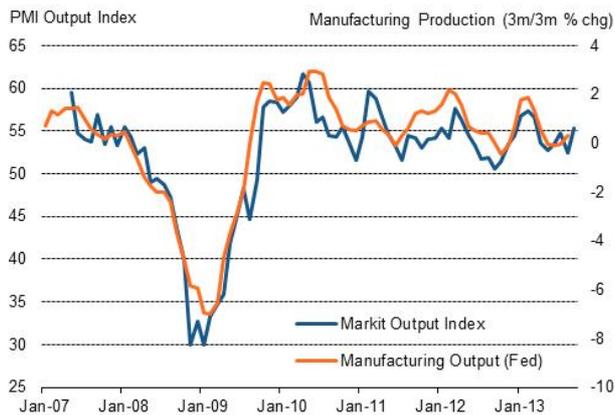
Sources: Markit, U.S. Census Bureau.

Firms raised their **production** levels in response to increased new orders. Moreover, the rate of output

¹ Please note that Markit's PMI data, final and flash, 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.

growth was solid and the fastest since March. All three market groups (consumer, investment and intermediate) saw an increase in output over the month, with the strongest rise recorded for manufacturers of consumer goods.

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

The **quantity of inputs bought** by manufacturers increased in September. Meanwhile, **stocks of purchases** fell for the third consecutive month, although the rate of decline slowed. The increased purchasing activity was a factor behind a further lengthening of **suppliers' delivery times**, as a number of vendors struggled with greater demand.

Employment in the U.S. increased for the third month running in September. However, the rate of job creation was marginal and the weakest in the current sequence.

Sector data suggested that job creation at producers of consumer and intermediate goods was partly offset by job losses at manufacturers of investment products.

Manufacturing employment

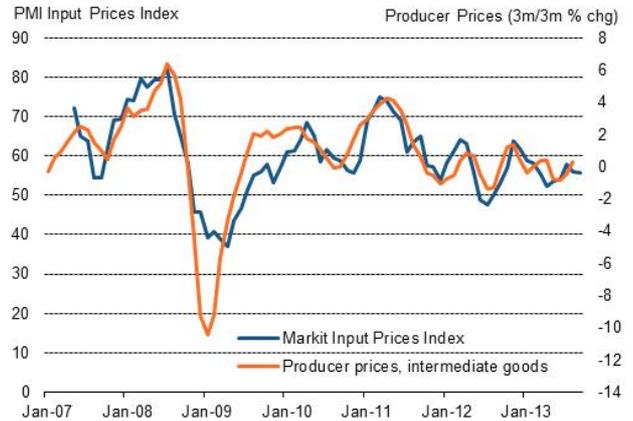


Sources: Markit, Bureau of Labor Statistics.

Input prices continued to rise in September, but the rate of inflation eased for the second month in a row and was slower than that at the start of the year.

Firms passed on greater costs to clients by raising their selling prices further. **Output charges** rose modestly and for the thirteenth consecutive month.

Input prices



Sources: Markit, Bureau of Labor Statistics.

Company size analysis*

Output growth accelerated to a strong pace at large manufacturing companies (more than 500 employees) in September. Production also rose at a faster pace at small manufacturers (less than 100 employees), despite seeing little-change in the volume of new orders since August.

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

"The final PMI data confirm the message from the earlier flash reading, namely that the U.S. manufacturing sector is barely growing. Although output growth picked up in September, a weakening in growth of new orders suggests that the upturn could prove temporary and that growth could slow again in the fourth quarter.

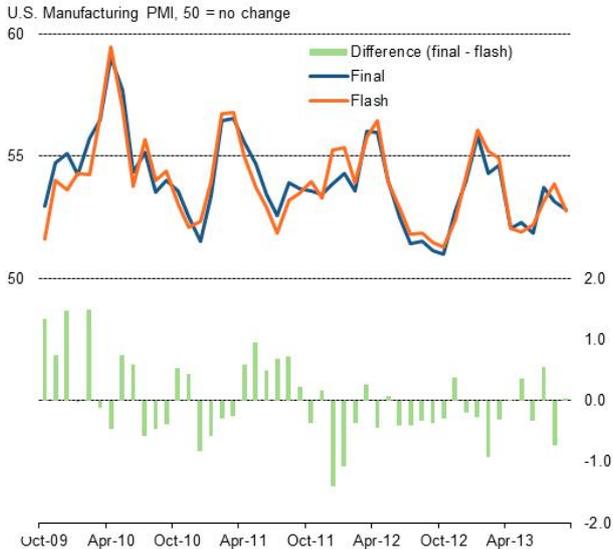
"Of particular concern is a renewed decline in new export orders, which highlights how global demand remains frustratingly subdued.

"Manufacturers themselves are battenning down the hatches, cutting back on employment wherever possible to boost productivity. Job creation could well stall altogether unless demand picks up again.

"Policymakers at the Fed will surely want to see the economy faring far better than these data are suggesting before countenancing any cuts to the stimulus."

-Ends-

Markit Final U.S. PMI v. Flash PMI history



Source: Markit.

* Note that company size and sector data are not adjusted for seasonal influences.

For further information, please contact:

Markit

Chris Williamson, Chief Economist
 Telephone +44-20-7260-2329
 Mobile +44-779-555-5061
 Email chris.williamson@markit.com

Mark Wingham, Economist
 Telephone +44-1491-461-004

Email mark.wingham@markit.com

Rachel Harling, Corporate Communications
 Telephone +1-917-441-6345
 Mobile +1-646-351-3584
 Email rachel.harling@markit.com

Alex Paidas, Corporate Communications
 Telephone +1-212-205-7101
 Mobile +1-646-246-4889
 Email alex.paidas@markit.com

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 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@markit.com.

About Markit

Markit is a leading, global financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see <http://www.markit.com/en/>.

About PMIs

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.

The intellectual property rights to the U.S. Manufacturing *PMI*[™] provided herein is owned by Markit Economics Limited. 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 trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.