# News Release

**Purchasing Managers' Index™**
**MARKET SENSITIVE INFORMATION**
**EMBARGOED UNTIL: 0945 EST 20 November 2014**

# Markit Flash U.S. Manufacturing PMI™

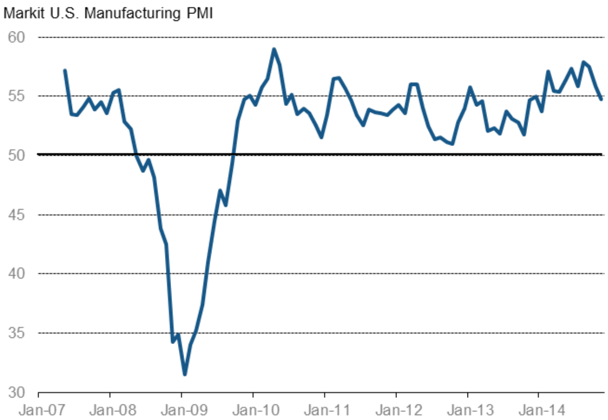
## Weakest increase in U.S. manufacturing output since January

### Key points:

- Manufacturing PMI hits 10-month low…
- …driven by softer output and new order growth
- New export sales decline at sharpest pace since June 2013

Data collected 12 – 19 November 2014.

**Markit U.S. Manufacturing PMI** (seasonally adjusted)




*Source: Markit.*

November data highlighted a further slowdown in the pace of recovery across the U.S. manufacturing sector. At 54.7, down from 55.9 in October, the seasonally adjusted **Markit Flash U.S. Manufacturing *Purchasing Managers' Index*™ (*PMI*™)**[1] indicated the weakest overall improvement in business conditions since the snow-related setback in January. Although the latest reading remained well above the neutral 50.0 threshold, the index has now dropped for three months in a row.

Weaker rates of **output** and new business growth were the main negative influences on the headline PMI figure in November. Latest data pointed to the slowest expansion of manufacturing production for ten months, with a number of survey respondents citing less favourable demand conditions.

**Incoming new work** also increased at the weakest pace since January, partly reflecting a reversal in **export sales** volumes. Although only modest, the rate of decline in new orders from abroad was the most marked for 17 months. Some survey respondents commented on the strengthening dollar exchange rate, as well as more subdued underlying export market business conditions.

Resilient job market trends continued across the U.S. manufacturing sector in November. Latest data highlighted a robust rise in **payroll numbers**, and the rate of expansion was slightly stronger than seen in the previous month. However, there were signs of moderating capacity pressures, as manufacturers indicated that **backlogs of work** increased at the slowest pace for ten months.

In line with softer new business gains, the latest survey indicated the weakest upturn in **input buying** since March. **Pre-production inventories** increased for the fifth month running, but at a slower pace than in October, while **stocks of finished goods rose** only marginally. Despite slower growth of purchasing activity, average **lead times from suppliers** continued to lengthen in November, which extended the current period of deterioration to 17 months.

Meanwhile, manufacturers indicated that **input price inflation** eased for the second month running in November. Moreover, the latest increase in average cost burdens was the slowest for a year-and-a-half. Anecdotal evidence highlighted lower raw material costs and falling commodity prices. However, **factory gate price inflation** accelerated slightly in November, which extended the current period of rising output charges to 27 months.

### Comment:

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

*"The manufacturing sector is undergoing a marked slowdown in the fall after enjoying a buoyant*

[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.

*summer. Output growth has now fallen for three straight months, taking the pace of expansion down to its lowest since the start of the year. Unlike January, however, this time the weaker rate of growth can't be blamed on the weather.*

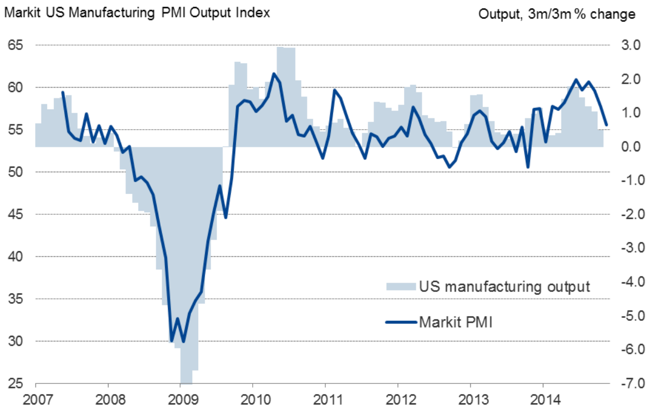
*"Export market weakness holds the key to the recent slowdown, with manufacturers reporting the largest drop in export orders for nearly one and a half years.*

*"There's some reassurance from manufacturers continuing to boost their payroll numbers at a robust pace, but with backlogs of work showing almost no growth, the rate of job creation looks likely to moderate in coming months unless new order inflows pick up again.*

*"The manufacturing and service sector PMI data available so far point to GDP growth slowing to around 2.5% in the fourth quarter."*

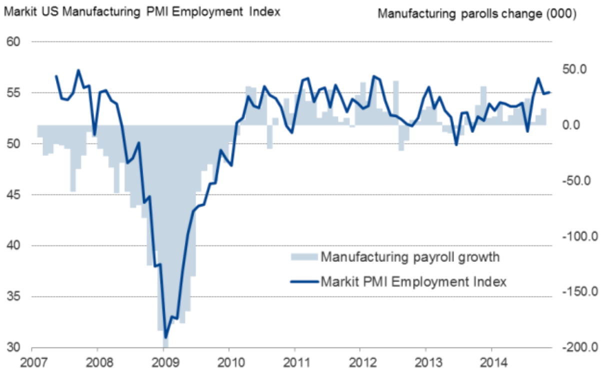
-Ends-

**Manufacturing output**




*Sources: Markit, U.S. Federal Reserve.*

**Manufacturing employment**




*Sources: Markit, Bureau of Labor Statistics.*

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## Note to Editors:

Final November data are published on 1 December 2014.

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 3,000 people in 10 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 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.