

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EDT) / 1345 (UTC) August 3rd 2017

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

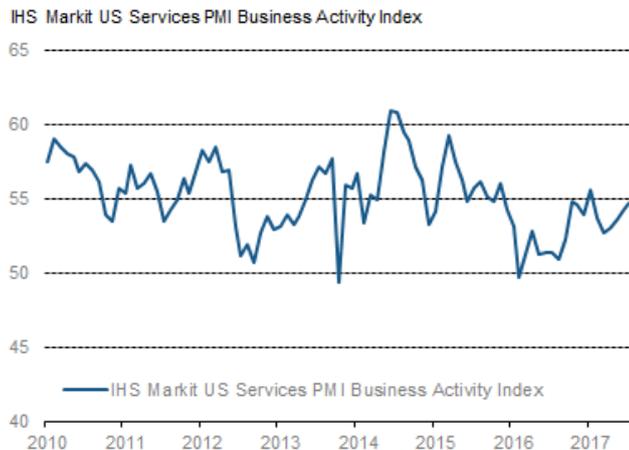
Business activity growth accelerates to six-month high in July

Key findings:

- Solid increase in business activity
- New business expands at quickest rate for two years
- Workforce numbers increase at fastest pace in 2017 so far

Data collected July 12-26

Service sector business activity (seasonally adjusted)



Source: IHS Markit.

July survey data signalled a solid expansion in business activity among US service providers. New orders received by firms increased at the fastest pace for two years, which in turn contributed to a stronger rise in backlogs of work. As a result, firms increased their staff numbers at the quickest pace since last December. At the same time, inflationary pressures remained relatively strong, and business confidence suggestive of ongoing expansion in coming months.

The seasonally adjusted **IHS Markit U.S. Services Business Activity Index** registered 54.7 in July, up

from 54.2 in June. The latest reading signalled the largest expansion of business activity since January and the fourth consecutive month of accelerated growth. Despite being marginally below the long-run series average, the latest upturn in activity was solid overall.

Increased business activity at service sector firms was supported by a further expansion in new business. July data indicated that the pace of new order growth was the strongest in two years. A number of panel members noted that new marketing strategies were effective in securing new clients.

In line with upturns in both business activity and new orders, service providers expanded their payroll numbers at a marked and accelerated pace. The rate of job creation was the strongest so far this year. However, capacity pressures persisted, as shown by a further increase in the level of outstanding business. Though modest, the rate of backlog accumulation was the strongest seen for nine months.

July survey data indicated robust business confidence among service providers. Optimism was built upon marked improvements in overall activity and new business, while some firms linked positive sentiment to improving conditions and strengthening client demand. This was despite the overall level of confidence slipping from June's five-month high.

Input costs paid by service providers continued to rise in July, thereby extending the trend seen every month since data collection began in October 2009. The pace was solid overall, with firms stating that higher demand for raw materials at suppliers had often pushed purchase costs up. That said, the pace of input cost inflation eased from June's two-year high.

Average prices charged by service sector firms also increased at a weaker pace than the previous

survey period. Notably, panellists stated that increased client demand had enabled some firms to raise their charges in July.

IHS Markit Final U.S. Composite PMI™

The final seasonally adjusted **IHS Markit U.S. Composite PMI™ Output Index** rose to 54.6 in July, up from 53.9 in the previous month.

The latest composite figure signalled a pick up in momentum supported by stronger output growth in both the manufacturing and service sectors. Manufacturers and service providers saw rates of expansion improve to four- and six-month highs, respectively.

Overall, July's composite index figure indicated the quickest increase in US business activity since January.

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:

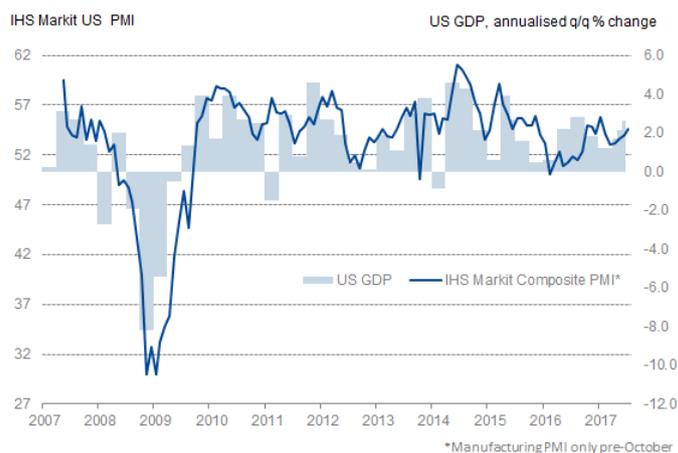
“The PMI surveys have now shown growth accelerating for four consecutive months, meaning the economy started the third quarter with the strongest momentum since January. This is also a broad-based improvement, with the upturn in service sector activity coming on the heels of news of faster manufacturing growth.

“With inflows of new business into the vast service sector rising at the fastest rate for two years, the survey data support the view that the economy is on course for solid growth in the third quarter. At current levels, the surveys are indicative of GDP rising at an annualised rate of approximately 2%, but if growth accelerates further in line with the upturn in new business, the third quarter could be even stronger.

“Hiring meanwhile remains encouragingly buoyant, with the July PMI surveys indicating a payroll rise in the region of 200,000. Firms retained a strong hiring appetite in response to widespread optimism

of future growth and the need to deal with rising backlogs of existing orders, underscoring the current positive mood in the business sector.”

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

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 © 2017 IHS Markit Ltd. All rights reserved.

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 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](#).