

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

### Strongest manufacturing production growth for almost two years

#### Key findings:

- Robust expansion of output volumes at the start of 2017
- New order growth accelerates to a 28-month high
- Fastest rise in input costs since September 2014

Data collected January 12-25

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



Source: IHS Markit.

US manufacturers signalled a strong start to 2017, with both output and new order growth accelerating since the end of last year. Improving business conditions were also reflecting in a sustained upturn in payroll numbers and the steepest rise in stocks of finished goods since the index began in 2007. Meanwhile, manufacturers reported that confidence regarding the year-ahead business outlook was the strongest since March 2016, which was mainly linked to hopes of a continued upturn in domestic economic conditions.

At 55.0 in January, up from 54.3 in December, the seasonally adjusted **Markit final US Manufacturing Purchasing Managers' Index™ (PMI™)** signalled a robust and accelerated improvement in overall business conditions across the manufacturing sector. The latest reading was little changed from

the earlier 'flash' reading of 55.1 and pointed to the fastest upturn in manufacturing performance since March 2015. All five index components exerted a positive influence in the headline PMI in January, led by the sharpest expansion of incoming new work for over two years.

January data revealed a renewed acceleration in output growth among manufacturing firms, with the rate of expansion reaching its strongest for 22 months. Survey respondents noted that greater production volumes had been underpinned by improved client demand and efforts to boost inventory levels at the start of 2017. Reflecting this, latest data signalled the fastest accumulation of post-production stocks for almost ten years.

New business growth picked up again in January, thereby signalling a sustained turnaround from the soft patch seen during the third quarter of 2016. Anecdotal evidence indicated that stronger order books reflected an improved economic backdrop and a corresponding rise in clients' willingness to spend. However, export sales growth remained only marginal at the start of 2017, suggesting a continued drag on external demand from the strong dollar.

Input buying gathered momentum during January, largely in response to increased production schedules. The latest upturn in purchasing activity was the fastest since March 2015, which was in line with the trends seen for output and new business intakes. The latest survey also pointed to another rise in stocks of purchases and a solid expansion of workforce numbers.

Meanwhile, manufacturers indicated that cost pressures intensified in January, driven by higher prices for a range of raw materials (particularly oil and metals). The overall rate of input cost inflation

was the fastest for almost two-and-a-half years, but manufacturers' factory gate charges increased only moderately at the start of 2017.

### Comment

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

*"The US manufacturing sector has started 2017 with strong momentum. Despite exports being subdued by the strong dollar, order books are growing at the fastest pace for over two years on the back of improved domestic demand."*

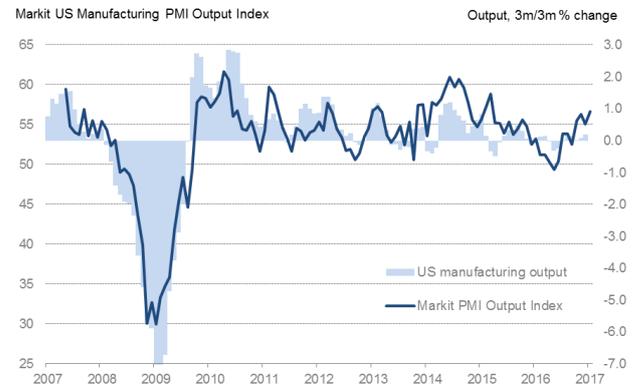
*"With optimism about the year ahead at the highest since last March, the outlook has also brightened."*

*"Production is consequently growing at the strongest rate for almost two years and inventories are rising at a rate not seen for nearly a decade as firms respond to higher demand, suggesting the goods-producing sector will make a decent contribution to first quarter GDP."*

*"With input costs also rising at the steepest rate for over two years, and hiring sustained at an encouragingly solid pace as firms expand capacity, all of the survey indicators point to the Fed hiking interest rates again soon."*

-Ends-

### Manufacturing output



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

### Manufacturing employment



Sources: IHS Markit, Bureau of Labor Statistics.

### For further information, please contact:

#### IHS Markit

Tim Moore, Senior Economist  
 Telephone +44-1491-461-067  
 Email [tim.moore@ihsmarkit.com](mailto:tim.moore@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
 Telephone +44207 260 2234  
 E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.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 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@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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