

## News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0945 EDT August 25<sup>th</sup> 2015**

### Markit Flash U.S. Services PMI™

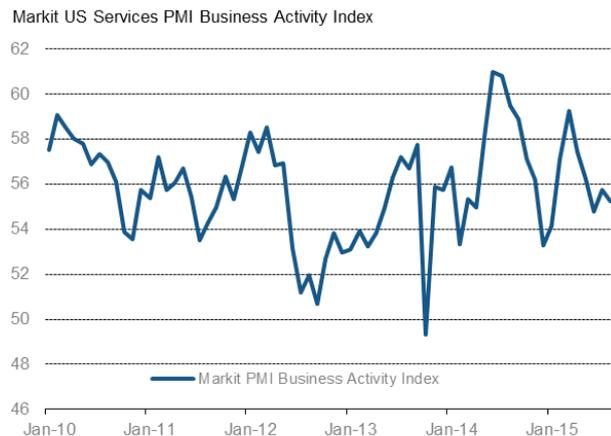
#### Solid pace of U.S. service sector growth maintained in August, but new business volumes expand at slowest rate for seven months

##### Key points:

- Service sector activity growth eases only slightly in August
- New business volumes expand at weakest rate since January
- Service providers signal the slowest pace of cost inflation for five months

Data collected 12 – 24 August.

##### Service sector business activity (seasonally adjusted)



Sources: Markit

At 55.2 in August, the seasonally adjusted **Markit Flash U.S. Services PMI™ Business Activity Index**<sup>1</sup> dropped from 55.7 in July to its second-lowest since January. That said, the latest index reading – which is based on approximately 85% of usual monthly replies – was well above the neutral 50.0 threshold and still close to the average since the survey began almost six years ago (55.8).

Companies that reported a rise in business activity generally cited improving U.S. economic conditions and rising new business volumes during the latest

survey period. August data nonetheless pointed to a marked slowdown in new business growth from the three-month high recorded in July. The latest increase in new work received by service providers was the slowest since January and softer than the average since the series began in late-2009. Some survey respondents commented on more subdued business sentiment and cautious spending patterns among clients.

Despite weaker new business growth in August, the rate of service sector job creation was unchanged from the solid pace seen during the previous month. Moreover, the latest increase in payroll numbers marked five-and-a-half years of sustained job creation across the service economy. Higher staffing levels were linked to ongoing expansion plans and efforts to boost capacity.

Service providers' assessment of the year-ahead business outlook picked up from the 37-month low recorded in July. However, the latest reading was still one of the weakest seen over the past three years and well below the peak recorded in January 2014. Anecdotal evidence from survey respondents mainly cited concerns about the global economic outlook.

On the prices front, latest data pointed to the weakest rate of service sector cost inflation since March. A number of firms noted that lower fuel prices had contributed to reduced pressure on their cost burdens. Meanwhile, the seasonally adjusted index measuring service providers' average prices charged dipped to 49.9 in August, which was the first reading below the 50.0 no-change mark since June 2013.

##### Markit Flash U.S. Composite PMI™

The seasonally adjusted **Markit Flash U.S. Composite PMI Output Index** registered 55.0 in August, down from 55.7 in July and the second-weakest reading since January. That said, the index still pointed to a robust overall expansion of

<sup>1</sup> 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 Non-Manufacturing Report on Business. No information from the ISM survey is used in the production of Markit's PMI.

U.S. private sector output and the rate of growth was only slightly below the series average (55.8).

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

**Comment:**

Commenting on the flash PMI data, **Tim Moore, senior economist at Markit** said:

*“August data signals a renewed slowdown in U.S. service sector growth, and this comes hot on the heels of a 22-month low recorded by the latest flash Manufacturing PMI survey. Moreover, service providers’ new business volumes expanded at the slowest pace since January, suggesting that underlying momentum within the U.S. economy had shifted down a gear even before the recent global market turmoil and escalating worries about China’s growth outlook gathered on the horizon.*

*“Job creation nonetheless continued at a solid pace in August, which marked five-and-half years of sustained employment growth across the service economy. Meanwhile, the latest survey highlighted a further slowdown in input cost inflation, as falling fuel prices continued to alleviate pressures on cost burdens. Average prices charged by service sector firms were broadly unchanged in August, thereby ending a 25-month period of rising output prices.”*

-Ends-

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**Markit Composite PMI and U.S. GDP**



Source: Markit, U.S. Bureau of Economic Analysis.

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**Note to Editors:**

Final August data are published on 3 September 2015.

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

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 Markit U.S. Services PMI complements the Markit U.S. Manufacturing PMI and enables the production of the 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.

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](mailto:economics@markit.com).

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#### **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](http://www.markit.com/economics).

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