

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EST 21 February 2013**

## Markit Flash U.S. Manufacturing PMI™

### Sharpest rise in manufacturing output in almost two years

#### Key points:

- Strongest rise in output since March 2011
- New order growth remains strong, but slower than January
- Job creation at three-month low
- Input price inflation slows, but remains strong

Data collected 12–20 February.

The **Markit Flash U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**<sup>1</sup> signalled further expansion of the U.S. manufacturing sector in February, although the rate of growth slowed slightly on January's nine-month peak. At 55.2, down from 55.8, the 'flash' PMI reading, which is based on around 85% of usual monthly replies, continued to suggest a strong improvement in overall manufacturing business conditions.

#### Flash U.S. Manufacturing PMI™ Summary

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

Index	Feb'13	Jan'13	Change signalled
PMI	55.2	55.8	Expansion, slower rate
Output	58.1	56.8	Expansion, faster rate
New Orders	56.4	57.4	Expansion, slower rate
New Export Orders	48.7	51.5	Contraction, change in direction
Employment	54.1	55.6	Expansion, slower rate
Backlogs of Work	51.2	50.3	Expansion, faster rate
Output Prices	54.2	53.3	Rise, faster rate
Input Prices	58.6	59.0	Rise, slower rate
Stocks of Purchases	50.6	51.5	Expansion, slower rate
Stocks of Finished Goods	51.2	50.4	Expansion, faster rate
Quantity of Purchases	53.9	53.7	Expansion, faster rate
Suppliers' Delivery Times	47.2	45.7	Lengthening, slower rate

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

<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 Report on Business. No information from the ISM survey is used in the production of Markit's PMI.

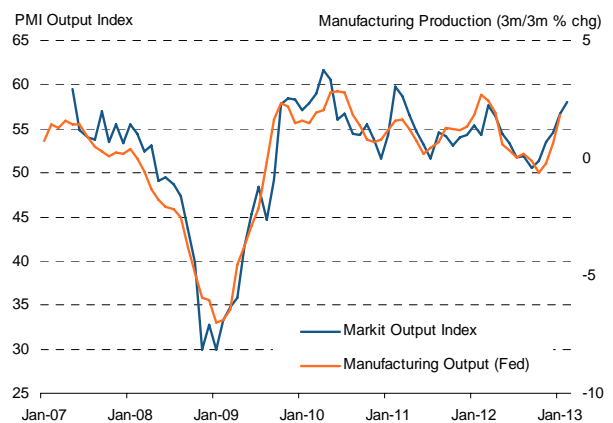
#### Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Manufacturers reported the sharpest rise in **output** for almost two years in February. The rate of growth was strong and faster than the series average.

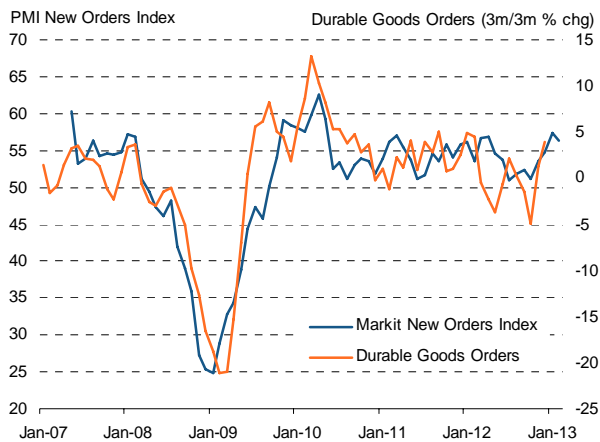
#### Manufacturing output



Sources: Markit, U.S. Federal Reserve via EcoWin.

**Incoming new work** received by manufacturers also rose strongly during February. However, the rate of increase eased from January's 32-month peak. Firms generally commented on greater client demand, partly linked to improving market conditions.

## New orders

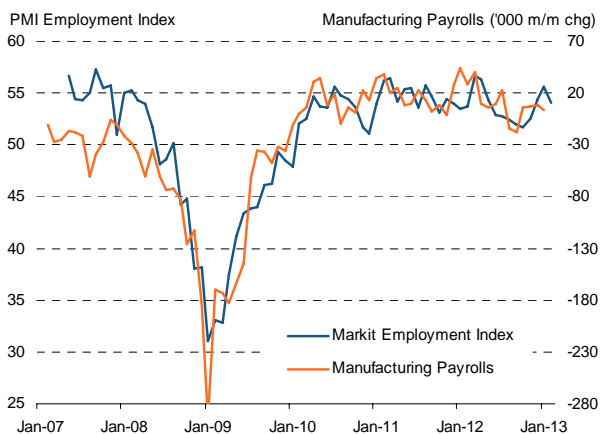


Sources: Markit, U.S. Census Bureau via Ecwin.

The increase in total new orders largely reflected higher domestic sales, as new export work fell over the month. Although this was the first reduction in **new export orders** in four months, the rate of decline was only modest.

Reflective of greater output requirements, companies hired additional staff in February. Manufacturing **employment** rose solidly, albeit at its weakest rate since last November.

## Manufacturing employment

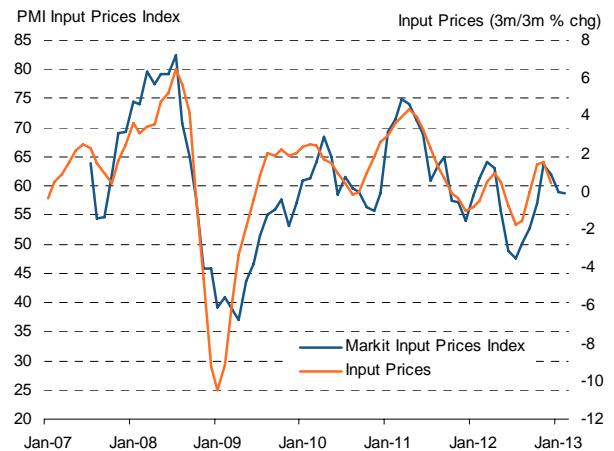


Sources: Markit, Bureau of Labor Statistics via Ecwin.

The rate of **input price** inflation, although remaining strong, slowed to a four-month low in February. Companies reported that raw materials, packaging and electronics all increased in price over the month.

Meanwhile, average **selling prices** rose strongly and at the fastest pace since August 2011. A number of respondents commented that larger costs were passed on to clients.

## Input prices



Sources: Markit, Bureau of Labor Statistics via Ecwin.

The **quantity of inputs** bought by manufacturers rose further in February, reflecting higher output requirements. **Stocks of purchases** also rose and for the second month running (albeit marginally). Concurrently, **suppliers' delivery times** lengthened, but the increase was the weakest in four months.

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

*"U.S. manufacturers reported the largest monthly rise in production for almost two years in February, suggesting that the economy is set to rebound from the weak patch seen late last year and allaying fears of a double-dip recession."*

*"The domestic market is providing the main stimulus to growth, but weak demand in other countries caused export orders to fall slightly for the first time since October."*

*"The disappointing export performance led overall growth of order books to slow slightly, which in turn caused increasing numbers of manufacturers to think twice about hiring extra staff. Employment rose in February, but the rate of job creation slowed and remained weaker than policymakers would like to see."*

*"While the survey therefore paints an encouraging picture of the manufacturing sector, helping to drive a return to growth for the economy as a whole in the first quarter of this year, firms still need to see greater confidence in the longer-term economic outlook for employment numbers to pick up again."*

-Ends-

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**Markit**

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**Note to Editors:**

Final February data are published on 1 March 2013.

Markit originally began collecting monthly *Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) 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 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*<sup>™</sup> (*PMI*<sup>™</sup>) 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](mailto:economics@markit.com).

**About Markit**

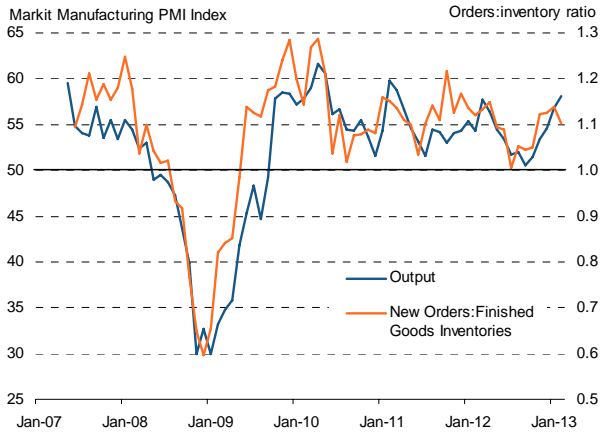
Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see <http://www.markit.com/en/>.

**About PMIs**

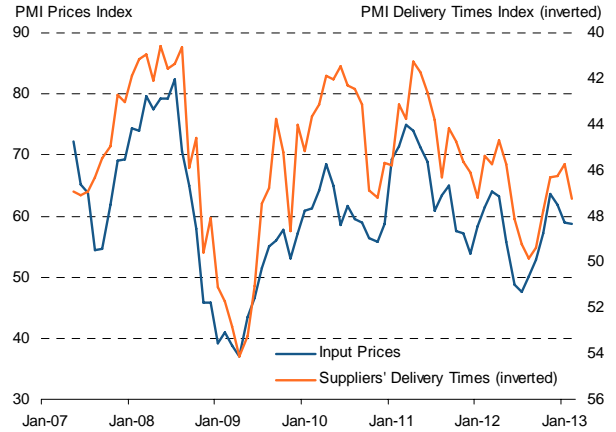
Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) surveys have become the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to 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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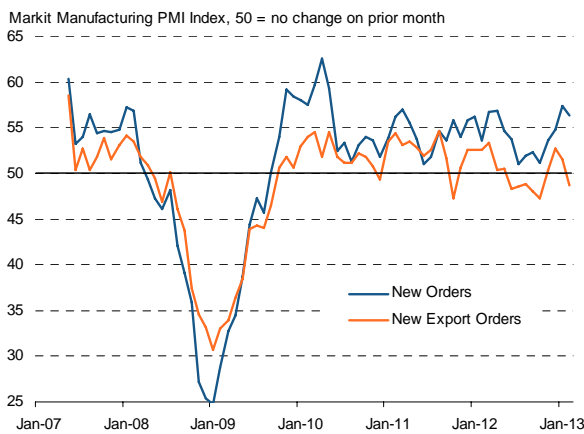
### Output and orders:inventory ratio



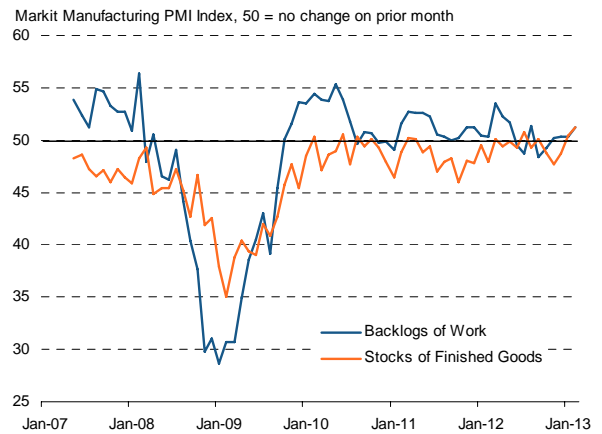
### Supply chain delays



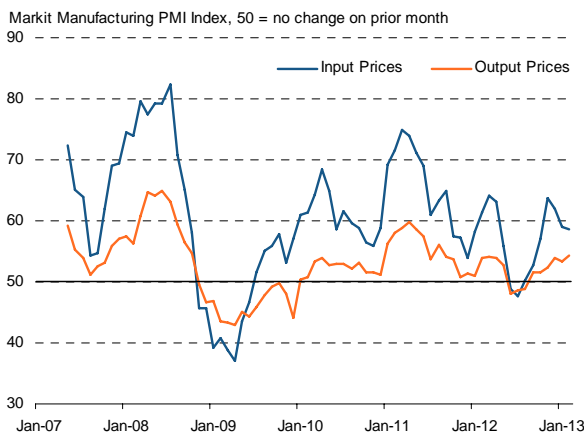
### New orders



### Backlogs of work and warehouse inventories



### Prices



### Purchasing and input inventories

