

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EDT 1 April 2013**

## Markit U.S. Manufacturing PMI™ – final data

**Strong growth of manufacturing output, supporting faster rise in employment**

### Key points:

- Strong rise in output, although the rate of increase eases to three-month low
- Rate of job creation quickens in March
- Input price inflation slowest since last September

### Summary

The final **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**<sup>1</sup> posted 54.6 in March, signalling a further improvement in overall U.S. manufacturing business conditions. The PMI was up from February's 54.3 but down from the earlier flash estimate of 54.9, and consistent with a solid rate of expansion.

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

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

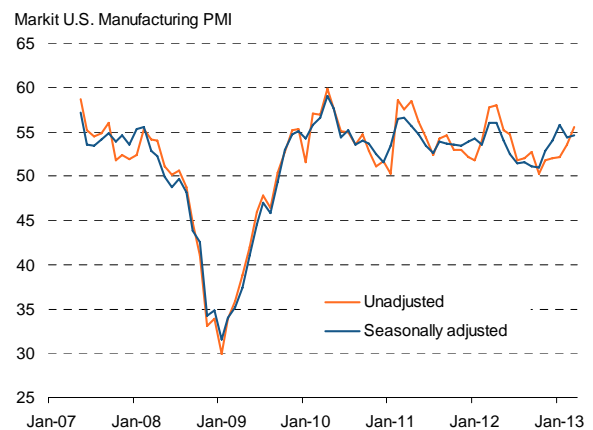
Index	Mar'13	Feb'13	Change signalled
PMI	<b>54.6</b>	54.3	Expansion, faster rate
Output	<b>56.6</b>	57.3	Expansion, slower rate
New Orders	<b>55.4</b>	55.4	Expansion, rate unchanged
New Export Orders	<b>51.8</b>	48.5	Expansion, change in direction
Employment	<b>54.6</b>	53.5	Expansion, faster rate
Backlogs of Work	<b>50.2</b>	49.9	Expansion, change in direction
Output Prices	<b>53.0</b>	53.5	Rise, slower rate
Input Prices	<b>55.4</b>	58.2	Rise, slower rate
Stocks of Purchases	<b>50.4</b>	49.5	Expansion, change in direction
Stocks of Finished Goods	<b>50.3</b>	50.7	Expansion, slower rate
Quantity of Purchases	<b>53.2</b>	53.6	Expansion, slower rate
Suppliers' Delivery Times	<b>47.4</b>	48.5	Lengthening, faster rate

Source: Markit.

Index 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, final and flash, 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)

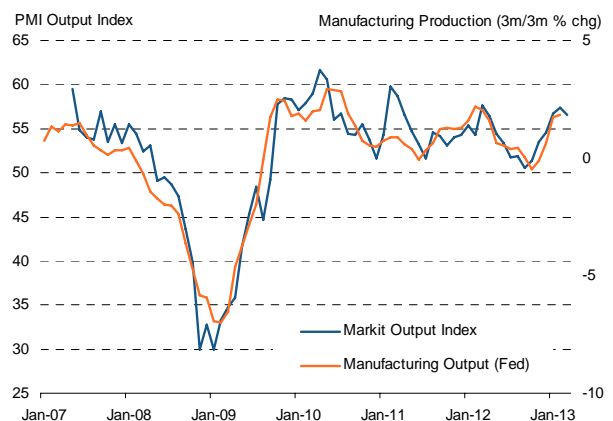


Source: Markit.

The PMI averaged 54.9 in Q1 2013 as a whole and, up from 52.6 in Q4 2012, indicated the strongest quarterly performance in two years.

A further strong rise in manufacturing **output** was recorded in March, although the rate of growth eased to a three-month low. Moreover, all three market groups saw an increase in production over the month, with manufacturers of intermediate goods (suppliers of components to other producers) reporting the strongest expansion.

### Manufacturing output



Sources: Markit, U.S. Federal Reserve.

The increase in output partly reflected higher new work intakes, as well as recent business expansions. Overall, the volume of total **new orders** received by manufacturing firms grew strongly in March (the same pace as in February), with an increase in **new export orders** also reversing a reduction one month previously.

The rate of **job creation** in the U.S. manufacturing sector quickened in March, and was faster than the average for 2012 as a whole. Panellists that hired additional staff over the month generally cited increased business activity.

Manufacturers bought a larger **quantity of inputs** in the latest survey period, reflecting higher production requirements. **Stocks of purchases** also increased, but the marginal rate of inventory accumulation merely reversed the depletion seen one month previously. Meanwhile, **suppliers' delivery times** continued to lengthen in March, and to a greater extent than in February.

Although firms recorded increased **input costs** in March, largely reflecting higher raw material prices, the rate of inflation continued to slow and was the weakest in six months. Companies passed on greater costs to clients by raising their output charges, but the latest increase in **selling prices** was the slowest in four months.

### Company size analysis\*

Large manufacturers (more than 500 employees) continued to report a sharp rise in output during March, although the rate of growth had eased slightly since February.

Small manufacturing companies (less than 100 employees) recorded a marked rise in production – the strongest for almost three years – on the back of the fastest rate of new order growth since March 2012.

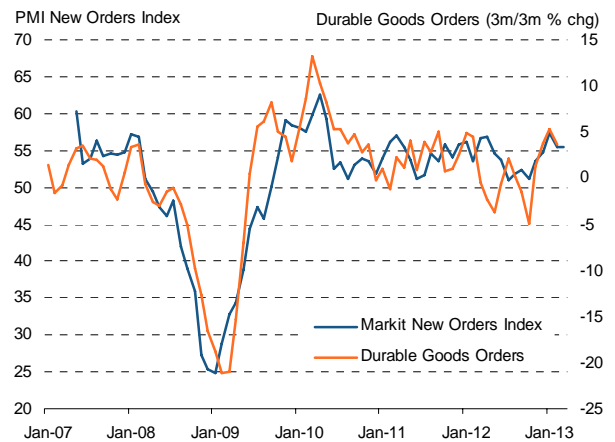
Commenting on the final PMI data, **Chris Williamson, Chief Economist at Markit** said:

*“Manufacturers enjoyed another month of strong output and order book growth in March, finishing off the best quarter for two years. The sector will have provided a firm boost to the economy in the first quarter, with output possibly growing by as much as 2% (roughly 8% annualised) compared to the final quarter of last year.*

*“It is encouraging to see the upturn generating more jobs, with the survey suggesting that approximately 15,000 extra employees were taken on in the sector in March.*

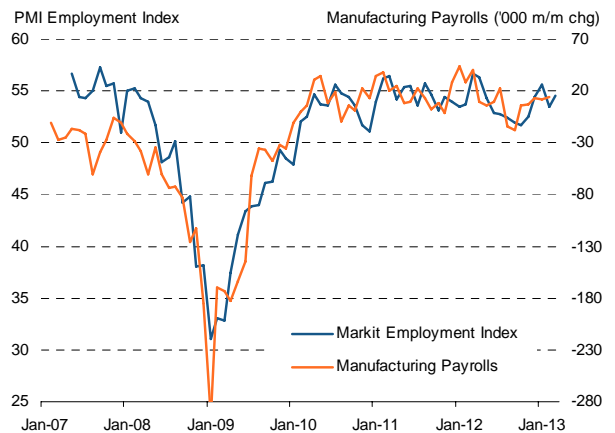
*“The Fed will want to see this pattern of stronger production growth and faster job creation sustained*

### Manufacturing new orders



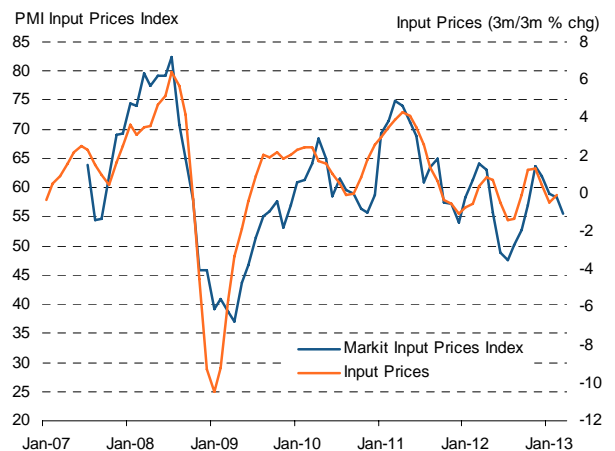
Sources: Markit, U.S. Census Bureau.

### Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

### Input prices



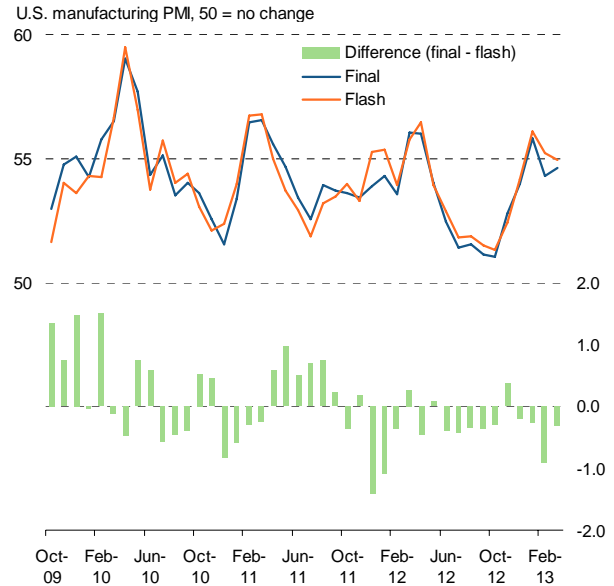
Sources: Markit, Bureau of Labor Statistics.

for some time, and will be especially keen to see how the sector performs when facing fiscal headwinds in the coming months. However, policymakers will be reassured by the strong performance of the manufacturing economy so far this year.”

\* Note that company size and sector data are not adjusted for seasonal influences.

-Ends-

### Markit Final U.S. PMI v. Flash PMI history



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### 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 **final** U.S. manufacturing PMI follows on from the **flash** estimate which is released a week earlier and 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™ (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](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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