

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EST 16 December 2013**

## Markit Flash U.S. Manufacturing PMI™

### Output growth remains strong and close to November's 20-month peak

#### Key points:

- PMI signals solid improvement in manufacturing business conditions
- Higher production supports strongest rise in employment since March
- Input price inflation quickens to one-year high

Data collected 5 – 13 December.

Manufacturing business conditions in the U.S. improved solidly in December, despite the rate of growth having eased slightly over the month. This was signalled by the **Markit Flash U.S. Manufacturing Purchasing Managers' Index (PMI)™**<sup>1</sup>, which is based on approximately 85% of usual monthly replies, posting 54.4, down marginally from 54.7 in November.

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

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

Index	Dec'13	Nov'13	Change signalled
PMI	54.4	54.7	Expansion, slower rate
Output	57.3	57.4	Expansion, slower rate
New Orders	54.5	56.2	Expansion, slower rate
New Export Orders	51.4	51.4	Expansion, rate unchanged
Employment	53.7	52.3	Expansion, faster rate
Backlogs of Work	52.6	52.0	Expansion, faster rate
Output Prices	54.4	54.3	Rise, faster rate
Input Prices	59.6	57.3	Rise, faster rate
Stocks of Purchases	47.9	46.6	Contraction, slower rate
Stocks of Finished Goods	49.6	47.9	Contraction, slower rate
Quantity of Purchases	55.1	54.3	Expansion, faster rate
Suppliers' Delivery Times	45.3	44.5	Lengthening, slower rate

*Source: Markit.*

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

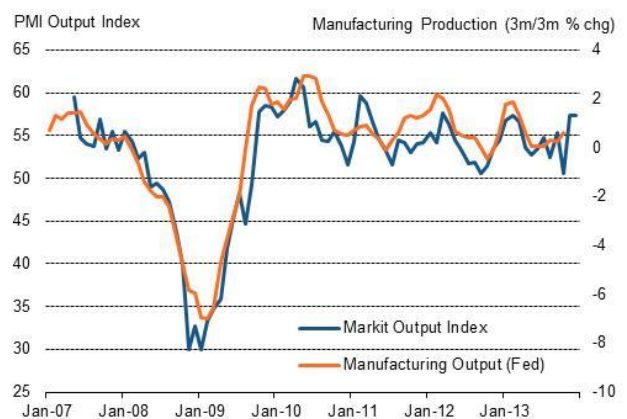


*Source: Markit.*

The PMI averaged 53.6 in the three months to December. This was up from an average reading of 53.2 in the three months to September and the highest since the first three months of the year.

Production at U.S. manufacturing firms continued to rise sharply in December, with the rate of growth remaining close to November's 20-month peak. The strong increases in output were in contrast with only a marginal rise in October. Panellists generally attributed higher production to increased new orders.

#### Manufacturing output



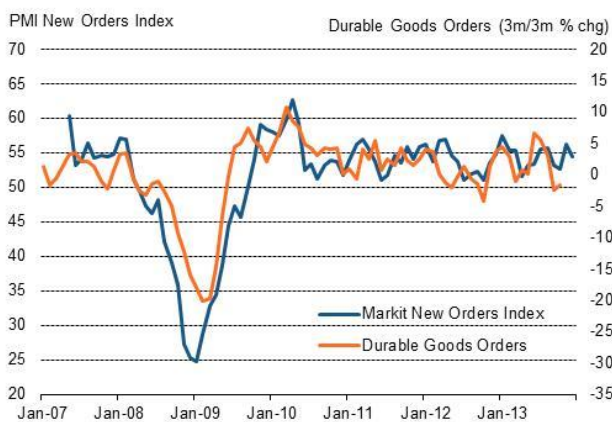
*Sources: Markit, U.S. Federal Reserve.*

<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.

A combination of greater client demand (reflecting improved economic conditions) and new product offerings were factors behind another increase in new orders at manufacturers. The rate of growth was solid and, although having eased over the month, in line with the average for the year.

Both the levels of new work from the domestic and international markets increased in December. In particular, new export orders rose for the third consecutive month – one of the longest sequences of growth in the past year-and-a-half.

### Manufacturing new orders



Sources: Markit, U.S. Census Bureau.

Manufacturing employment in the U.S. rose for the sixth consecutive month in December. Moreover, the rate of job creation was solid and the fastest since March.

### Manufacturing employment



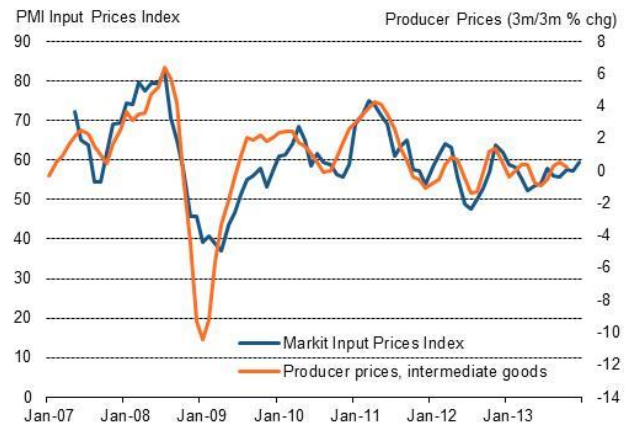
Sources: Markit, Bureau of Labor Statistics.

Input prices continued to rise in December, particularly for metals and electronics. Overall, the latest increase was strong and the fastest for a year.

Firms partially passed on higher costs to clients by raising their selling prices. Notably, the latest

increase in output charges was the strongest since August 2011.

### Input prices



Sources: Markit, Bureau of Labor Statistics.

The quantity of inputs bought by manufacturers rose at the strongest pace for 20 months in December, reflecting higher output requirements. Meanwhile, suppliers' delivery times continued to lengthen and at a rate faster than the series average. A number of firms linked the latest increase in lead times for inputs to recent storms.

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

*"The flash PMI remained surprisingly high in December, suggesting strong growth momentum in the goods producing sector. The PMI fell just short of the November reading, which had been buoyed by a rebound after a disrupted October."*

*"Over the fourth quarter as a whole, manufacturing has enjoyed its best performance since the start of the year. Growth of output looks to have accelerated to an annualised rate of approximately 4% or more, and is driving greater job creation. The survey's Employment Index rose to its highest since March, adding to indications that the manufacturing workforce is growing at a reasonable rate again."*

*"The survey is yet another indication that the U.S. economy has shown greater than expected resilience to the headwinds of the uncertainty caused by the government shutdown and debt crisis, and will add to the likelihood of the Fed tapering its huge stimulus of \$85bn per month asset purchases sooner rather than later."*

-Ends-

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### Note to Editors:

Final December data are published on 2 January 2014.

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 3,000 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 PMI

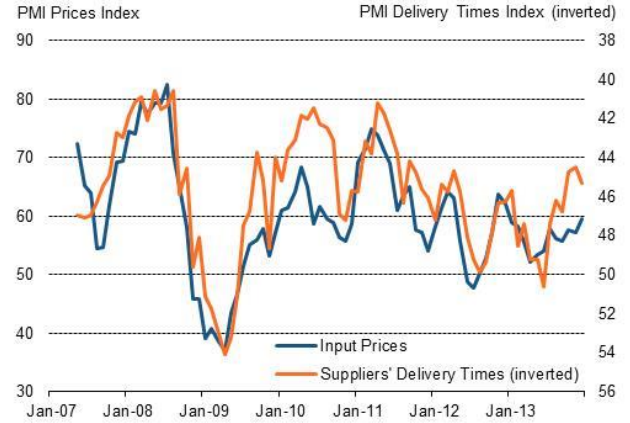
Purchasing Managers' Index<sup>™</sup> (*PMI*<sup>™</sup>) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability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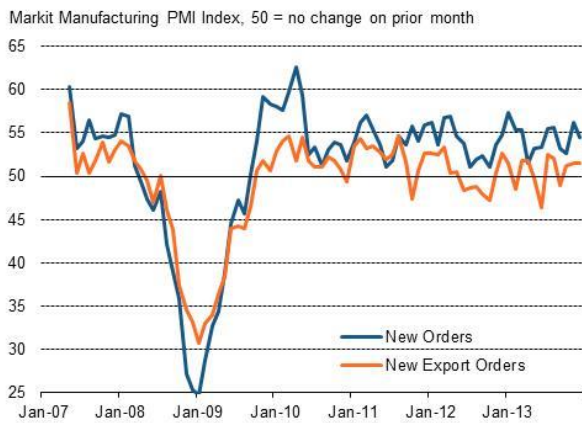
### Output and orders:inventory ratio



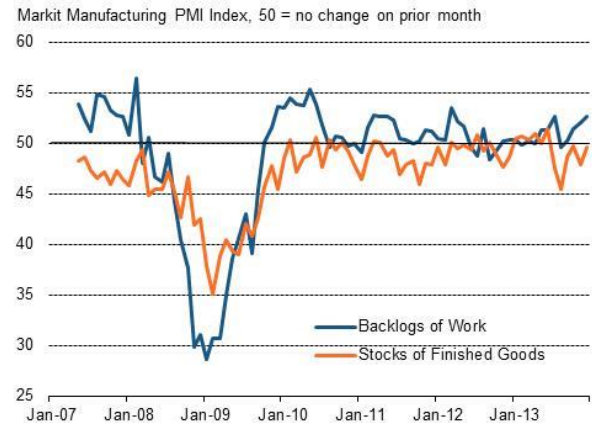
### Supply chain developments



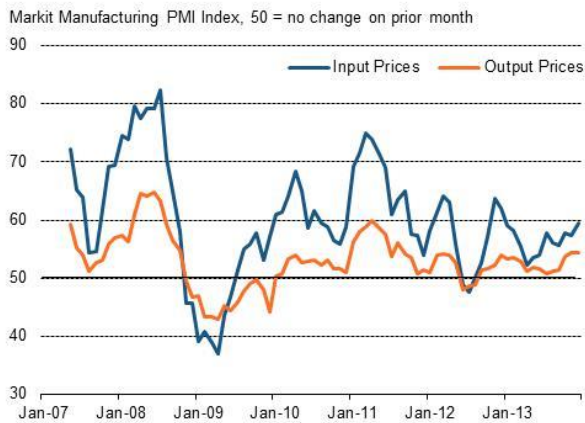
### New orders



### Backlogs of work and warehouse inventories



### Prices



### Purchasing and input inventories

