

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 EDT 21 March 2013

Markit Flash U.S. Manufacturing PMI™

PMI signals faster manufacturing expansion in March

Key points:

- PMI at second-highest level in almost a year, partly reflecting faster new order growth
- Strong rise in manufacturing output
- Rate of job creation quickens
- Slowest rate of input price inflation in six months

Data collected 12–20 March.

The expansion of the U.S. manufacturing sector strengthened to the second-fastest pace in almost a year during March. This was signalled by the **Markit Flash U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**¹, which is based on around 85% of usual monthly replies, rising to 54.9 from 54.3 in February, consistent with a solid rate of growth overall.

Flash U.S. Manufacturing PMI™ Summary

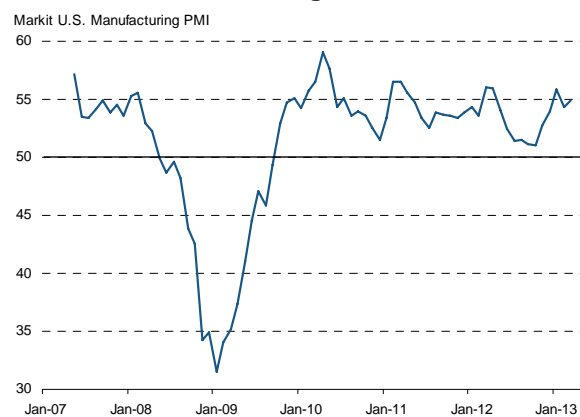
50.0 = no-change on previous month (seasonally adjusted)

Index	Mar'13	Feb'13	Change signalled
PMI	54.9	54.3	Expansion, faster rate
Output	56.8	57.3	Expansion, slower rate
New Orders	55.9	55.4	Expansion, faster rate
New Export Orders	51.2	48.5	Expansion, change in direction
Employment	54.6	53.5	Expansion, faster rate
Backlogs of Work	50.1	49.9	Expansion, change in direction
Output Prices	52.9	53.5	Rise, slower rate
Input Prices	55.2	58.2	Rise, slower rate
Stocks of Purchases	50.2	49.5	Expansion, change in direction
Stocks of Finished Goods	49.4	50.7	Contraction, change in direction
Quantity of Purchases	53.0	53.6	Expansion, slower rate
Suppliers' Delivery Times	46.6	48.5	Lengthening, faster rate

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

¹ 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.

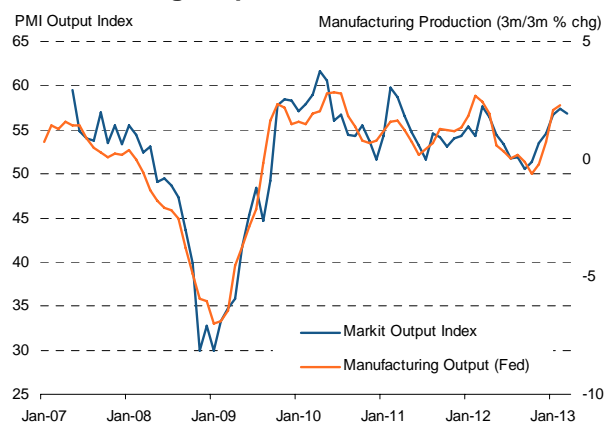
Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Production at manufacturing companies rose further during March and, although having slowed from an 11-month high in February, the rate of growth remained strong. Firms generally linked higher **output** levels to increased new orders and improving market conditions.

Manufacturing output

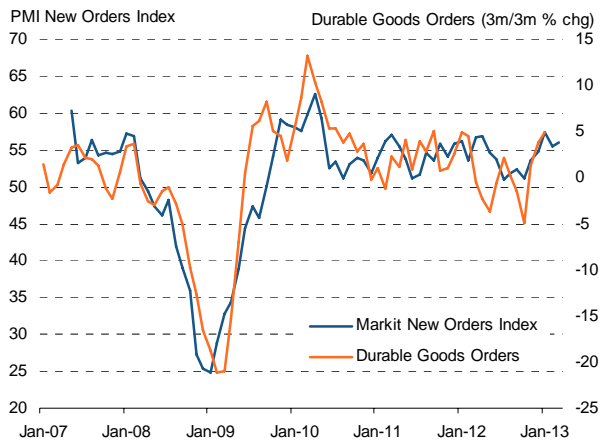


Sources: Markit, U.S. Federal Reserve via EcoWin.

Incoming new work increased strongly over the month and to a greater extent than in February, with the rise continuing to be supported by higher domestic demand. However, an increase in **new export orders**, which mostly reversed a reduction

one month previously, also contributed to a stronger expansion in total new work.

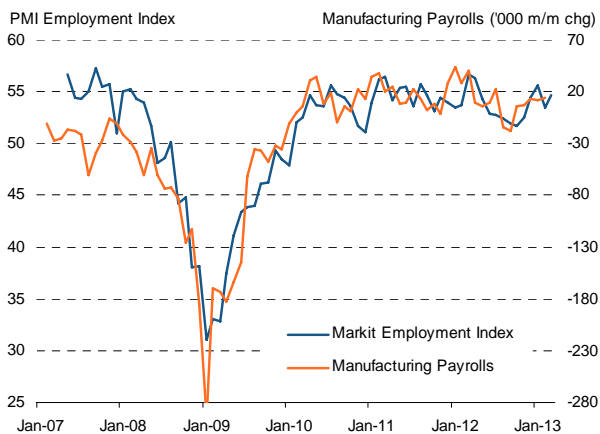
New orders



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

Manufacturers hired additional staff in March, with the overall rise in **employment** greater than in February. Companies largely attributed the solid rate of job creation to higher production requirements.

Manufacturing employment

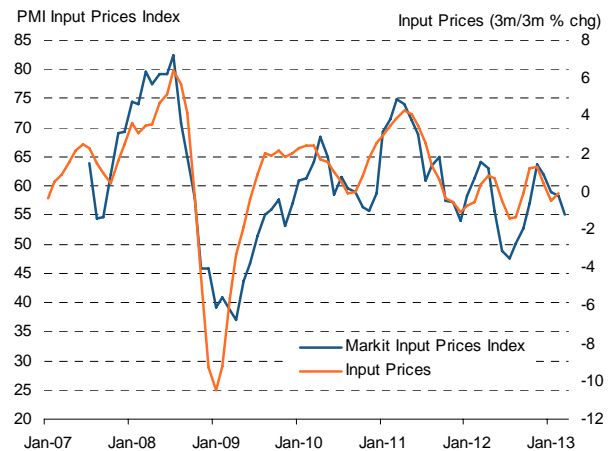


Sources: Markit, Bureau of Labor Statistics via Ecwin.

The rate of **input price** inflation was the weakest in six months during March. A number of panellists particularly mentioned higher prices for chemicals, electronics and metals in the latest survey, but the overall reported rise in costs was weak in the context of historical data.

Manufacturing firms meanwhile raised their **selling prices** to pass higher input costs downstream. However, the rate of increase was similarly the slowest since last November.

Input prices



Sources: Markit, Bureau of Labor Statistics via Ecwin.

The **quantity of inputs** bought by manufacturers rose further during March, albeit the rate of increase was the weakest in four months. Meanwhile, **stocks of purchases** were largely unchanged since February. Concurrently, **suppliers' delivery times** continued to lengthen and to a greater extent than in the previous month.

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

"Manufacturers reported a reassuringly strong upturn in business conditions in March, adding to evidence that the U.S. has enjoyed a solid upturn in economic growth so far this year. With manufacturing a reliable bellwether of the rest of the economy, gross domestic product will have risen at a much improved rate compared with the moribund 0.1% annualised pace of expansion seen in the final quarter of last year."

"Manufacturers reported a further robust increase in production and new orders in March, rounding off the strongest quarterly expansion for two years."

"Firms took on more staff again in response to the improving business climate, with job creation over the first three months of the year running at the fastest rate since early last year."

"The survey data have provided an accurate advance guide to official data, and point to manufacturing output rising at a quarterly rate of approximately 2.0% in the first quarter, and roughly 15,000 jobs being created each month so far this year. The goods-producing sector is therefore showing reassuring resilience in the face of fiscal headwinds at home as well as ongoing uncertain economic conditions in major export markets, such as Europe."

-Ends-

For further information, please contact:

Markit

Chris Williamson, Chief Economist
Telephone +44-20-7260-2329
Mobile +44-779-555-5061
Email chris.williamson@markit.com

Rob Dobson, Senior Economist
Telephone +44-1491-461-095
Mobile +44-782-691-3863
Email rob.dobson@markit.com

Rachel Harling, Corporate Communications
Telephone +1-917-441-6345
Mobile +1-646-351-3584
Email rachel.harling@markit.com

Alex Paidas, Corporate Communications
Telephone +1-212-205-7101
Mobile +1-646-246-4889
Email alex.paidas@markit.com

Note to Editors:

Final March data are published on 1 April 2013.

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 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*[™] (*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.

About Markit

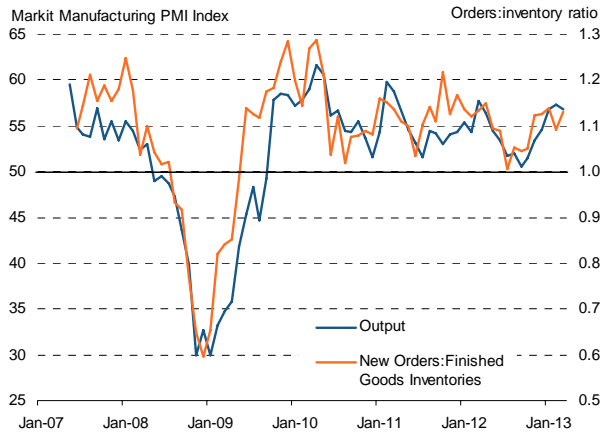
Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the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

About PMIs

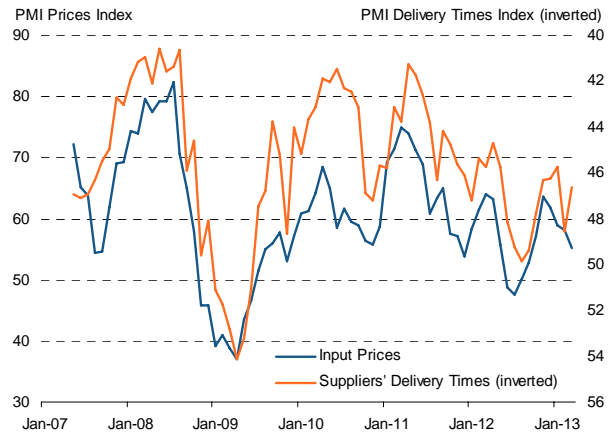
Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*[™] (*PMI*[™]) surveys have become the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics.

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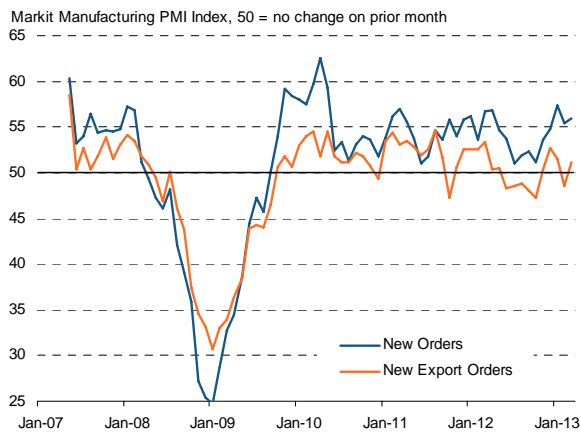
Output and orders:inventory ratio



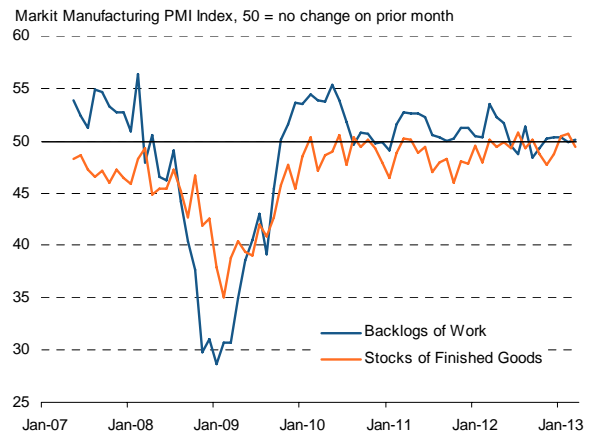
Supply chain delays



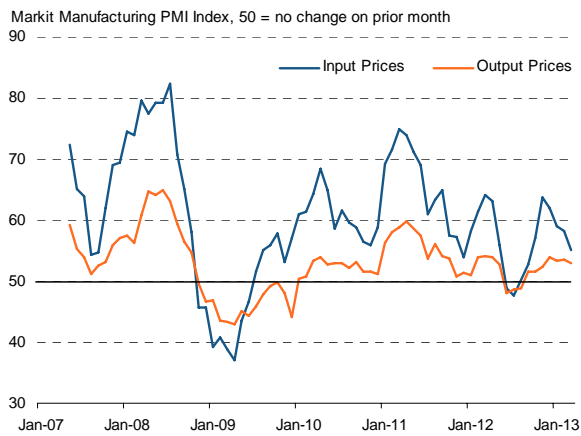
New orders



Backlogs of work and warehouse inventories



Prices



Purchasing and input inventories

