

# United States

## Manufacturing PMI adds to hope of investment upturn

- **Production of investment goods accelerates on the back of upswing in domestic orders**
- **Data suggest business investment will revive after third quarter downturn**

US producers reported the strongest rise in output for capital goods, such as plant and machinery, for at least four years in November, providing a sign that an upturn in business investment in the wider economy is taking place.

### New orders and output surge higher

Markit manufacturing PMI™ data showed overall business conditions among US producers of capital goods improving in November, and at the fastest rate since May 2010. This was buoyed by output and new orders showing some of the largest monthly gains since data were first collected in late-2009.

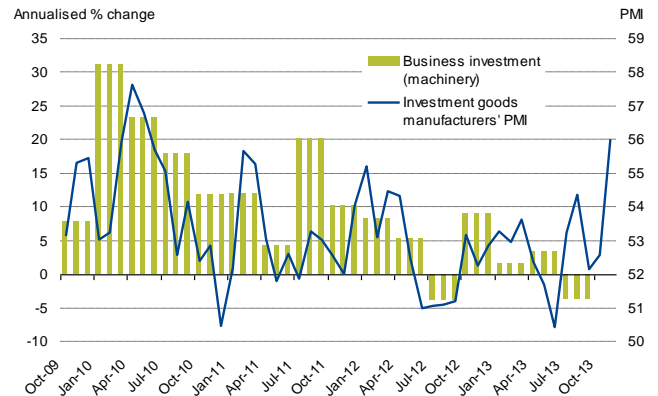
The headline PMI – a composite indicator of business conditions – for capital goods producers rose for a second successive month in November, up from 52.6 in October to 56.0.

The PMI correlates well with official data on business investment on machinery. Although the surveys relatively short history and the tendency for official data to get revised makes it hard to draw firm conclusions, the PMI has tracked the broad trend in business machinery investment in advance. The data suggest that investment spending will rebound from the annualised 3.7% decline seen in the third quarter.

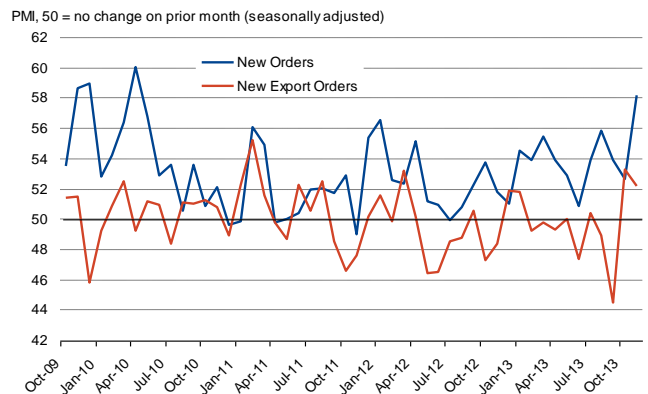
Encouragingly, although new export orders rose, overall order books showed an even stronger increase, pointing to domestic demand for investment goods being the primary driver of growth.

In addition to the faster growth of output and new orders seen in November, employment also rose at an increased rate, purchasing of inputs gathered pace, and backlogs of work grew for a second successive month. The improvements in all of these variables suggest that companies are expecting production to continue to rise in the coming months.

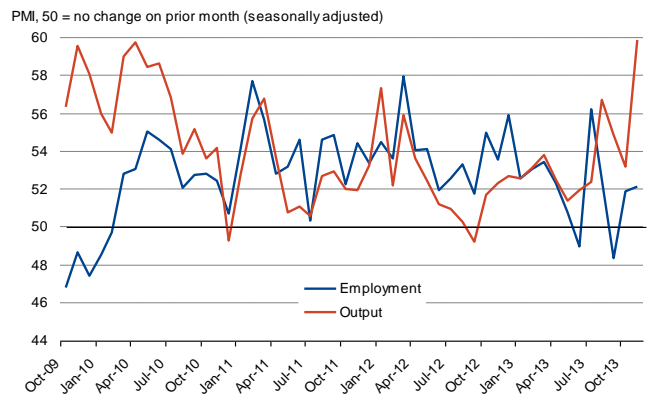
### US business investment



### Orders and exports



### Output and employment

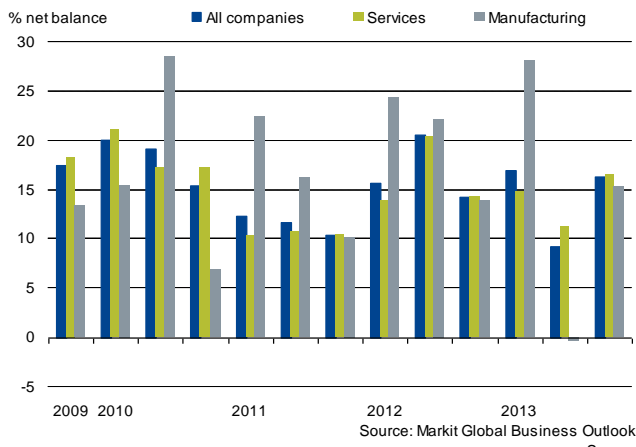


The upturn in the monthly PMI data for capital goods producers follow better news on investment from the latest [Markit Global Business Outlook survey](#), which showed US firms' expectations about their capital expenditure has risen compared with the mid-year.

Manufacturers reported a particularly marked improvement in capital expenditure compared to the June survey, though business investment intentions also picked up among service providers.

**Global Business Outlook survey: October 2013**

Do you expect capital investment at your company to be higher the same or lower than now in 12 months' time?



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