

# News Release

**Purchasing Managers' Index™**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 EDT 23 April 2013**

## Markit Flash U.S. Manufacturing PMI™

### PMI points to weakest manufacturing expansion since last October

#### Key points:

- PMI signals modest improvement in manufacturing business conditions during April
- New order growth slows sharply
- Weakest rise in output in five months
- Rate of input price inflation eases to eight-month low

Data collected 12–22 April.

The **Markit Flash U.S. Manufacturing Purchasing Managers' Index™ (PMI™)**<sup>1</sup> fell to its lowest reading in six months during April. At 52.0, the flash PMI index, which is based on around 85% of usual monthly replies, was down from 54.6 in March and indicated a moderate improvement in overall manufacturing business conditions.

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

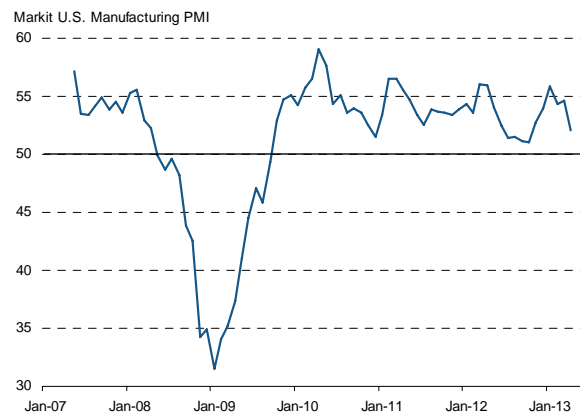
50.0 = no-change on previous month (seasonally adjusted)

Index	Apr'13	Mar'13	Change signalled
PMI	<b>52.0</b>	54.6	Expansion, slower rate
Output	<b>53.6</b>	56.6	Expansion, slower rate
New Orders	<b>51.8</b>	55.4	Expansion, slower rate
New Export Orders	<b>52.2</b>	51.8	Expansion, faster rate
Employment	<b>52.7</b>	54.6	Expansion, slower rate
Backlogs of Work	<b>48.8</b>	50.2	Contraction, change in direction
Output Prices	<b>51.8</b>	53.0	Rise, slower rate
Input Prices	<b>52.3</b>	55.4	Rise, slower rate
Stocks of Purchases	<b>49.3</b>	50.4	Contraction, change in direction
Stocks of Finished Goods	<b>51.4</b>	50.3	Expansion, faster rate
Quantity of Purchases	<b>50.8</b>	53.2	Expansion, slower rate
Suppliers' Delivery Times	<b>49.3</b>	47.4	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.

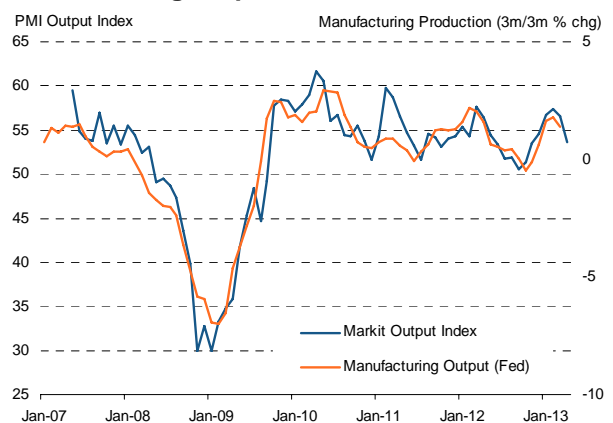
**Markit U.S. Manufacturing PMI** (seasonally adjusted)



Source: Markit.

Manufacturers recorded higher production levels in April, but the rate of **output** growth slowed further from February's near one-year peak. Overall, the latest increase in output was moderate and the weakest since last November.

#### Manufacturing output



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

The slower expansion in manufacturing production partly reflected the weakest rise in **new orders** for six months. Total new work intakes rose modestly in April and at a much slower pace than the 32-month high recorded in January. However, the weakness in new orders was largely confined to the

domestic market, as **new export work** grew at a stronger rate than one month previously.

Manufacturing **employment** continued to rise in April, with a number of firms linking job creation to greater workloads. Although the overall increase in employee numbers was solid, it was nonetheless the weakest monthly rise since last November.

Firms recorded higher **input prices** during April, with electrical items, solvents and raw materials such as steel commonly reported as having risen in cost since March. That said, the overall rate of input price inflation has now slowed for five months running and was modest in April.

Although manufacturing companies generally passed on greater costs to clients by raising their selling prices, the latest increase in **output charges** was also weaker.

Reflective of the slower rate of new order growth, the **quantity of inputs** bought by manufacturers rose marginally in April. **Stocks of purchases** fell, reversing an increase in March. Concurrently, **suppliers' delivery times** lengthened over the month, but the latest deterioration in vendor performance was slight.

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

*"The biggest monthly fall in the PMI since June 2010 raises concerns that the U.S. manufacturing expansion is losing momentum rapidly as businesses and households worry about the impact of tax hikes and government spending cuts. The PMI suggests that output growth has slowed from an annual pace approaching 8% earlier in the year to only 2% at the start of the second quarter."*

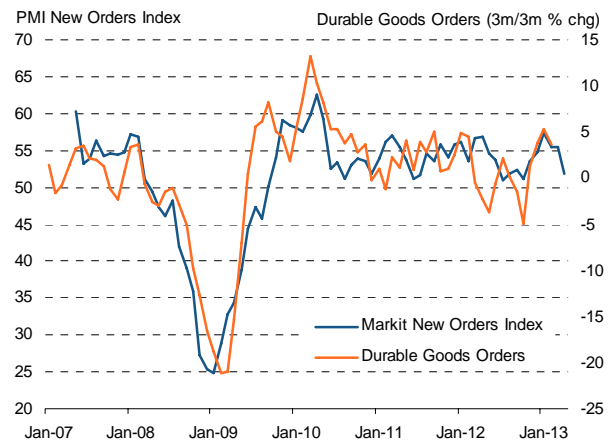
*"While this week's first quarter GDP numbers may therefore bring some brighter news on the economy, the picture looks to have already begun to darken again, with GDP growth set to weaken in the second quarter."*

*"Exports remain a bright spot, rising at the fastest rate since December, but a weakening of demand from domestic customers meant overall order books showed the smallest increase since October. With backlogs of work falling at one of the fastest rates since the height of the financial crisis, firms will also look to cut headcounts soon unless demand improves in the coming months."*

*"From a policy perspective, a marked easing in inflationary pressures is signalled in manufacturing supply chains, which should take further heat out of consumer price inflation."*

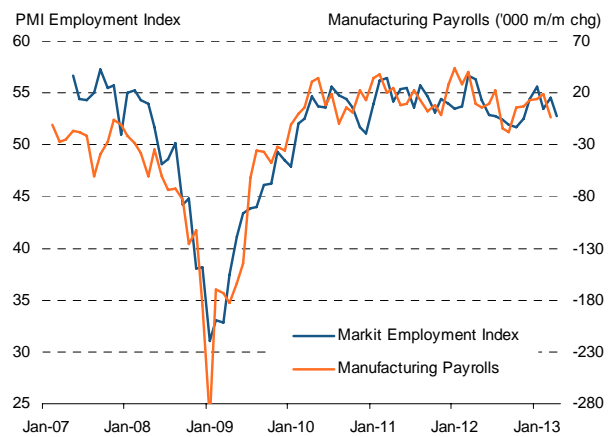
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### Manufacturing new orders



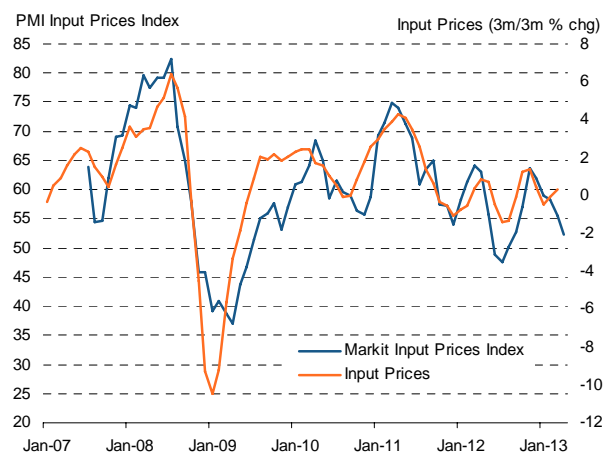
Sources: Markit, U.S. Census Bureau via Ecwin.

### Manufacturing employment



Sources: Markit, Bureau of Labor Statistics via Ecwin.

### Input prices



Sources: Markit, Bureau of Labor Statistics via Ecwin.

## For further information, please contact:

### Markit

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### Note to Editors:

Final April data are published on 1 May 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

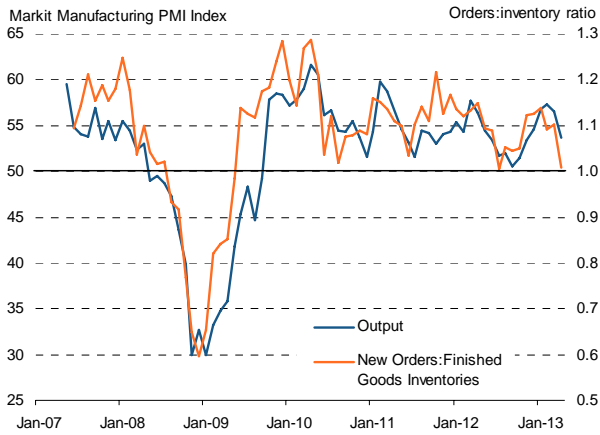
Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the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

### About PMIs

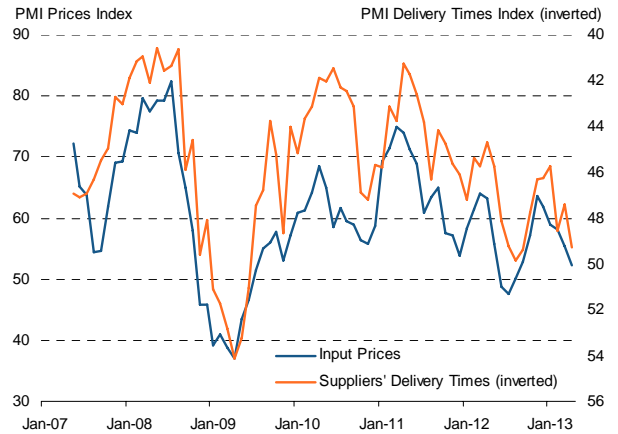
Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*<sup>™</sup> (*PMI*<sup>™</sup>) surveys have become the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to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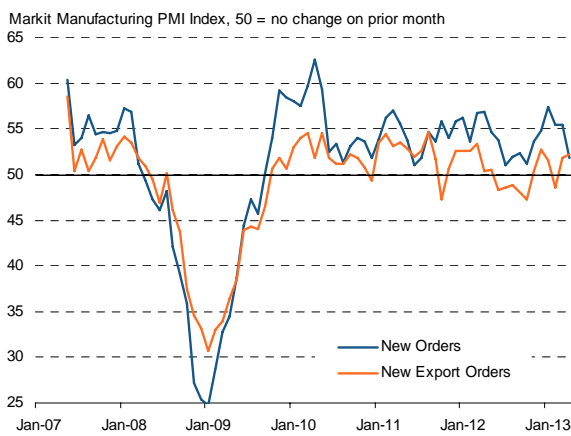
### Output and orders:inventory ratio



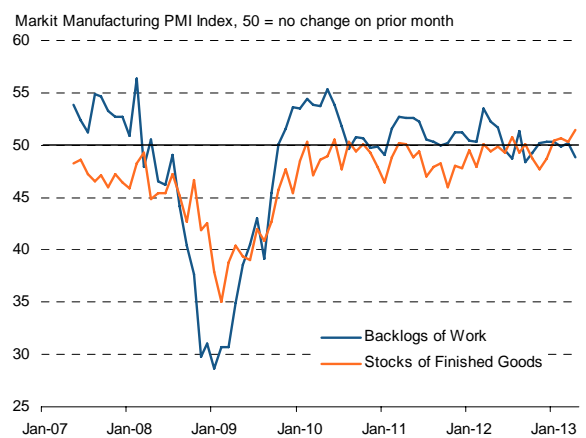
### Supply chain delays



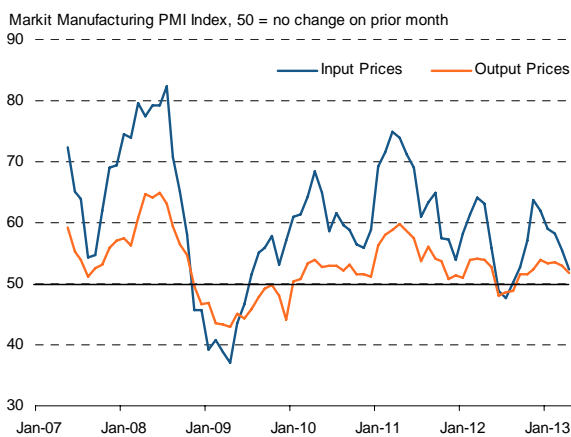
### New orders



### Backlogs of work and warehouse inventories



### Prices



### Purchasing and input inventories

