

# United States

## Industrial production upturn confirms PMI signal of stronger Q1 growth

- Industrial production rose 0.7% in February, led by 0.8% upturn in manufacturing
- Three-month manufacturing growth rate is strongest seen for a year
- But consumer confidence falls in March

US industrial production rose 0.7% in February, led by a 0.8% increase in manufacturing output. Analysts had been expecting increases of just 0.4% for both measures.

The February upturn takes industrial production 1.5% higher in the three months to February compared with the prior three months, while manufacturing output is up some 2.3% in the same period – the strongest rate of expansion since March of last year.

These data therefore point to a strengthening rate of growth of the industrial sector in the first quarter compared to the end of last year. Industrial production rose just 0.7% in the fourth quarter, while manufacturing output was up 0.8%.

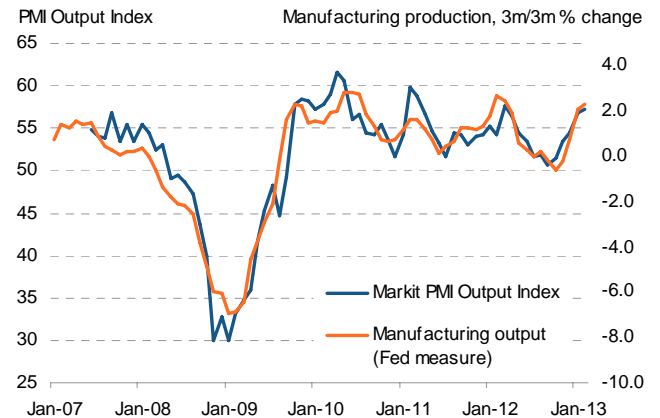
Industrial production has now risen to a level last seen in March 2008, while manufacturing output has regained its May 2008 level.

The official data are almost exactly in line with Markit's US Manufacturing PMI survey, the Output Index of which rose to its highest since March of last year. The PMI has provided a reliable advance guide to official data, and flash data for March published on 21 March will give an insight into the full first quarter's manufacturing performance.

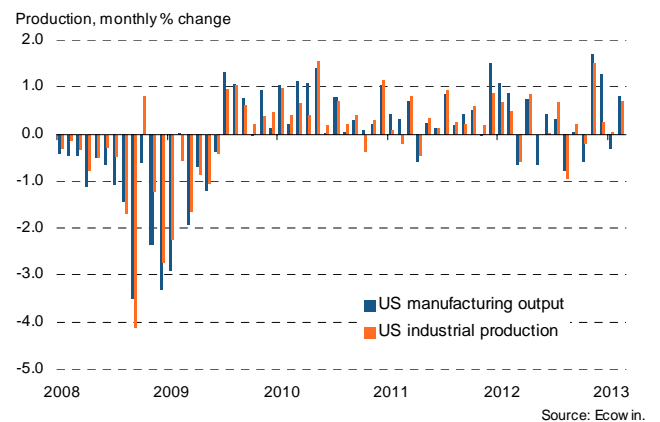
The upturn in manufacturing so far this year has coincided with better-than-expected non-farm payroll and retail sales data, suggesting that the US economy is faring well in the face of weak global economic growth, an increase in payroll tax and uncertainty caused by looming fiscal headwinds.

However, a steeper-than-expected downturn in the University of Michigan's consumer sentiment index in March to a 15-month low suggests that anxiety about fiscal issues may be creeping in.

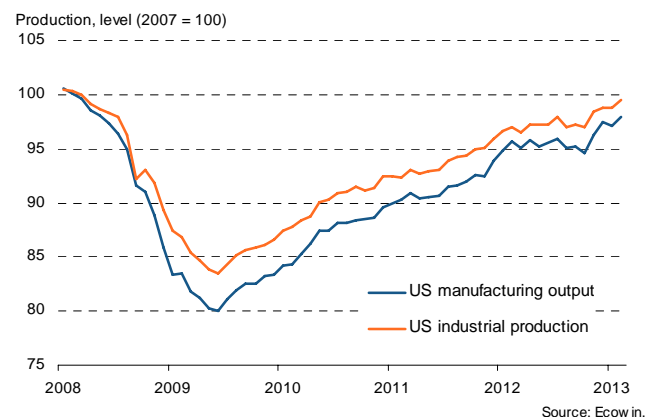
### US manufacturing output & the Markit PMI



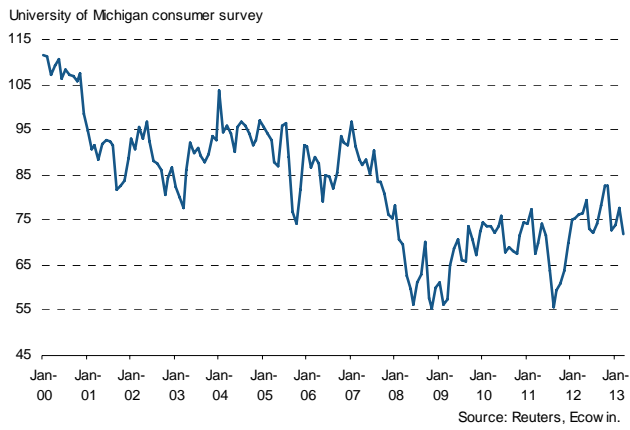
### Monthly % change in production



### Production levels



## Consumer sentiment



## Chris Williamson

### Chief Economist

Markit

Tel: +44 207 260 2329

Email: [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

For further information, please visit [www.markit.com](http://www.markit.com)