News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Markit U.S. Services PMI™ – final data (with composite PMI™)

Activity growth rebounds in March, but new orders rise at slowest pace for a year-and-a-half

Key points:

- Business activity increases for fifth month running
- Slowest new order growth since September 2012
- Input cost inflation eases again in March

March data pointed to a further increase in business activity across the U.S. service sector, and the rate of expansion accelerated from the snow-related four-month low seen during February. However, job creation remained only modest in March, partly reflecting a moderation in new business growth to its weakest for a year-and-a-half.

At 55.3 in March (55.5 flash), up from 53.3 in February, the **Markit U.S. Services PMI™ Business Activity Index**[1] signalled a marked acceleration in service sector output growth following disruptions to business activity amid adverse weather conditions in the previous month. The index has posted above the 50.0 no-change value in each month since November 2013, but the latest reading was the second-lowest seen over this period.

Final U.S. Services PMI™ Summary

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

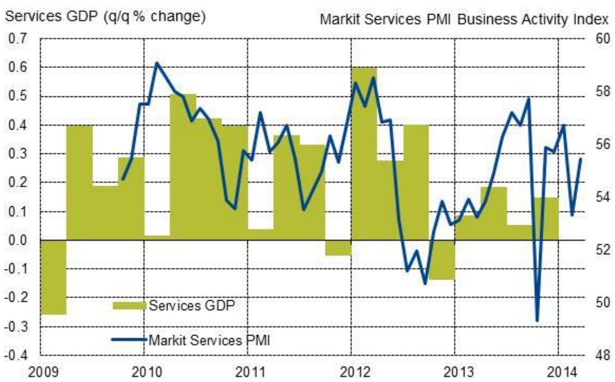
Index	Mar'14	Feb'14	Change signalled
Business Activity	**55.3**	53.3	Expansion, faster rate
New Business	**53.0**	56.0	Expansion, slower rate
Outstanding Business	**48.3**	50.9	Contraction, change of direction
Employment	**51.8**	51.9	Expansion, slower rate
Prices Charged	**53.0**	52.9	Rise, faster rate
Input Prices	**53.2**	54.7	Rise, slower rate
Business Expectations*	**76.4**	73.4	Optimism, higher degree

*not adjusted for seasonality

[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 Manufacturing and Non-Manufacturing Report on Business. No information from the ISM survey is used in the production of Markit's PMI.

At 55.7 in March (55.8 flash), the seasonally adjusted final **Markit U.S. Composite PMI™ Output Index** (covering manufacturing and services) picked up from 54.1 in February. Although the index signalled a solid rate of private sector output growth, the latest reading was the second-lowest since October 2013.

Service sector business activity



Sources: Markit, Bureau of Economic Analysis.

Companies that reported an increase in business activity generally cited improving domestic economic conditions and efforts to work through backlogs that had been accumulated in February. As a result, latest data indicated a renewed reduction in volumes of outstanding business at service providers in March, and the rate of decline was the most marked since October 2013. Some firms noted that a lack of pressure on operating capacity had contributed to the drop in unfinished work in March.

Service providers pointed to a further rise in new business levels in March, but the rate of expansion eased for the third month running and was well below last December's near two-year peak. Softer growth of incoming new orders contributed to another moderation in job creation during March.

compiled by markit

The latest expansion in employment levels was the weakest for a year.

Despite a sustained moderation in new business growth so far in 2014, service providers remain highly upbeat about the prospects for output growth at their units over the year ahead. The degree of positive sentiment picked up in March and was above the average seen since the survey began in late 2009.

Meanwhile, service sector cost inflation eased for the second successive month in March and was the least marked since April 2013. As a result, survey respondents indicated that output charge inflation was little-changed from the five-month low registered in February.

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

"Service sector business activity rebounded in March after being hit by the adverse weather, and companies have grown more upbeat about the outlook. But hiring remained disappointingly subdued, suggesting firms are reluctant to expand capacity until they see firm evidence of stronger demand feeding through to their businesses.

"The final PMI data for March have come in slightly weaker than the flash estimate but not enough to change the picture of the manufacturing and surveys collectively signalling annualised GDP growth of approximately 2.5% in the first quarter.

"While fairly robust, given the bad weather seen at the start of the year, this pace of expansion is not sufficient to drive strong employment growth: the survey is running at a level historically consistent with private sector payrolls growing by around 130,000 per month.

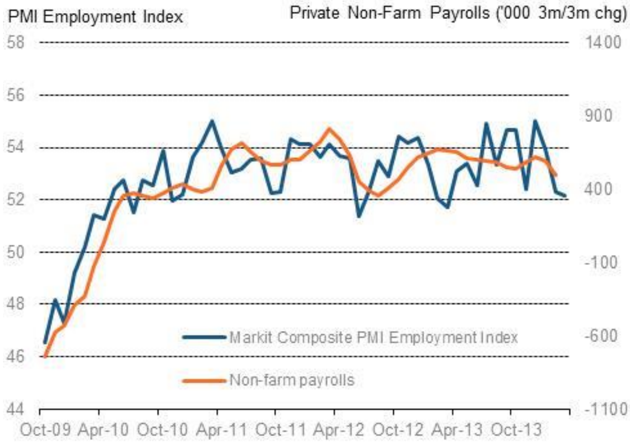
"This weak hiring is due to inflows of work across both manufacturing and servicers growing at the slowest rate for six months. As a result, backlogs of work fell in March. If your order books are waning, it's clearly not a good time to be recruiting. Policymakers will therefore want to see signs of demand picking up to be reassured that the economy and the labour market is not slowing."

-Ends-

New business

Source: Markit.

Employment



Source: Markit.

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Note to Editors:

The U.S. Services *PMI*™ (*Purchasing Managers' Index™*) is produced by Markit and is based on original survey data collected from a representative panel of over 400 companies based in the U.S. service sector. Markit originally began collecting monthly PMI data in the U.S. service sector in October 2009.

The final U.S. Services *PMI* follows on from the flash estimate which 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 Markit U.S. Services PMI complements the Markit U.S. Manufacturing PMI and enables the production of the Markit U.S. Composite PMI which tracks business trends across both the manufacturing and service sectors, based on original survey data collected from a representative panel of over 1,000 companies.

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 indictors 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 percentage of positive responses plus a half of the percentage of those responding 'the same'.

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.

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About PMI
Purchasing Managers' Index™ (PMI™) 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.