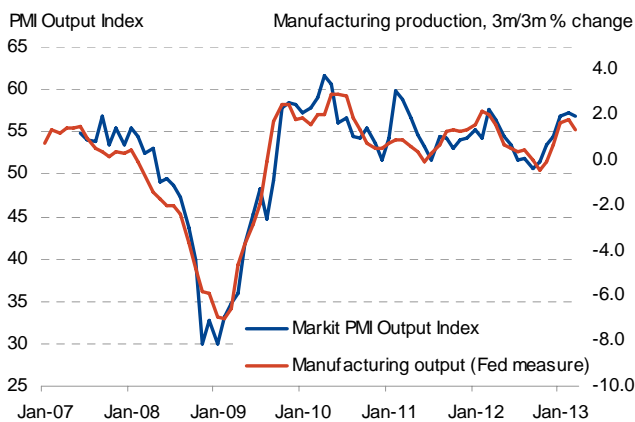


United States

Robust rise in industry and house building marks positive end to Q1

- Industrial production rose 0.4% in March, up 1.3% in first quarter
- New housing starts jump 7.0% higher

US manufacturing output



Strong industrial production and housing data suggest that the US economy saw a robust end to the first quarter, but nagging doubts persist about the sustainability of such impressive growth in the spring.

US industrial production rose 0.4% in March, according to official data, enjoying further robust growth after a stronger than previously reported 1.1% rise in February. Over the first quarter as a whole, production is up 1.3% compared to the fourth quarter. Manufacturing is likewise up 1.3%.

The improvement in industry had been anticipated by the business surveys: Markit's Manufacturing PMI rose from 54.3 in February to 54.6 in March, its second-highest reading in the past 11 months, reflecting ongoing robust growth of both production and new orders. The survey's rise in new orders bodes well for further growth of production in April.

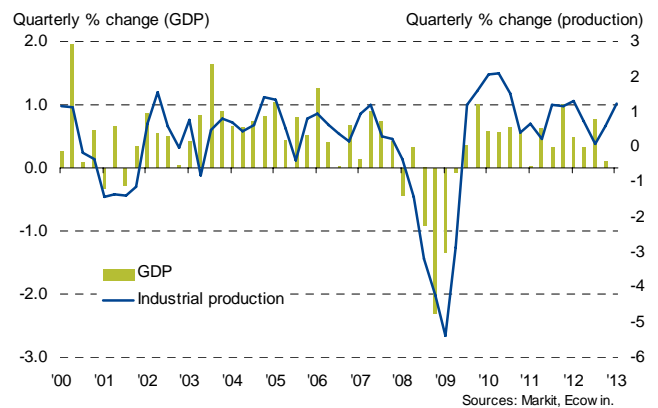
However, while manufacturing remained buoyant in March, job creation has disappointed, with non-farm payrolls registering the smallest increase for 20 months, and the consumer sector is also showing signs of weakness. Retail sales dropped for the second time this year in March, albeit after a strong February, alongside downturns in measures of

consumer confidence, which suggest that recent tax rises which hit at the start of the year are having an impact on consumer sentiment.

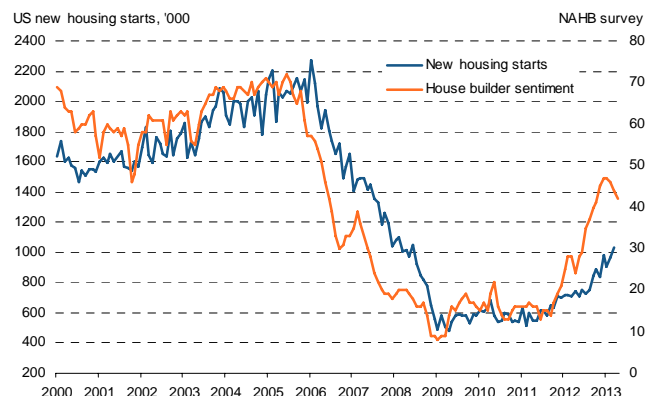
Similarly, new housing starts rose 7.0% in March, building on a 7.3% increase in February and taking the annualised number of monthly starts above one million and to the highest since June 2008. However, the NAHB survey of house builder sentiment has weakened steadily since the start of the year suggesting that such strong gains in housing starts may soon come to an end.

There are therefore mixed signals about the health of the US economy which has led to a perceived increase in the risk of a renewed weakening occurring in the spring. April's flash PMI, published 23rd April, will provide an important clue as to growth momentum.

Industrial production and GDP growth



US house building



Chris Williamson

Chief Economist

Markit

Tel: +44 207 260 2329

Email: chris.williamson@markit.com

For further information, please visit www.markit.com