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United States

Weak flash manufacturing PMI rounds off worst quarter since mid-2012

- **Flash PMI edges up from 51.3 in February to 51.4 in March**
- **Exports stagnate**
- **Domestic demand hit by struggling energy sector and uncertainty**
- **Prices continue to fall**

US factories continue to endure their worst spell for three-and-a-half years.

At 51.4, the seasonally adjusted Markit Flash PMI was up only fractionally from 51.3 in February. Moreover, at 51.7, the average PMI reading for the first quarter as a whole points to the weakest improvement over any quarter since the third quarter of 2012.

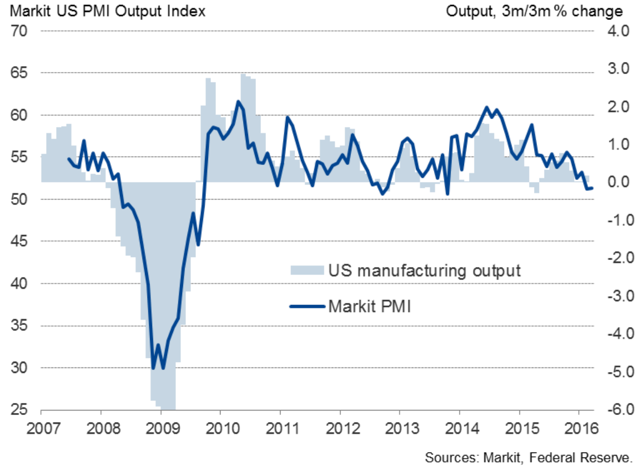
Headwinds reported by companies include reduced spending by the struggling energy sector, the strength of the dollar, persistent weak global demand and growing uncertainty caused by the looming presidential election.

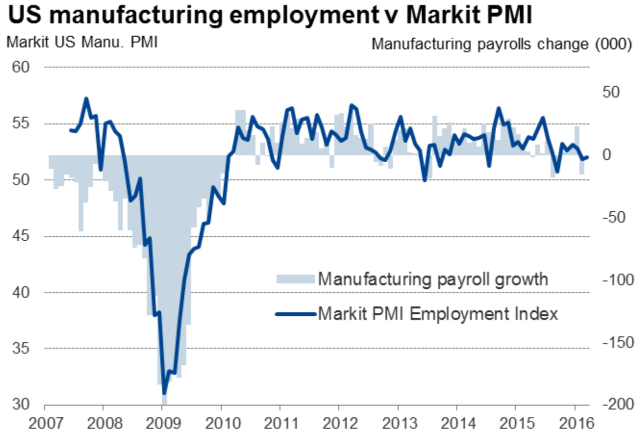
New work from abroad was unchanged, following a marginal decline in February, and overall order books showed one of the smallest increases recorded in recent years, albeit slightly better than February.

While some comfort might be drawn from the marginal rise in the PMI compared to February, the rate of growth remains worryingly weak and the lack of a stronger rebound is a disappointment, given that many companies reported bad weather to have hit activity in the first two months of the year.

On the prices front, the latest survey indicated that manufacturers' average input costs dropped for the seventh month running, leading to a second consecutive month of falling factory gate prices.

The persistent weakness of the manufacturing indices seen in March therefore ends a disappointing quarter for industry. When viewed alongside the similar downturn seen in the sister services PMI in February, the survey data are pointing to very modest GDP growth in the first quarter. Hopes are therefore pinned on a rise in Thursday's services flash PMI for March to reassure that the economy is not completely stalling.





Chris Williamson

Chief Economist, Markit
Tel: +44 207 260 2329
Email: chris.williamson@markit.com

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