News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
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Markit Flash U.S. Manufacturing PMI™

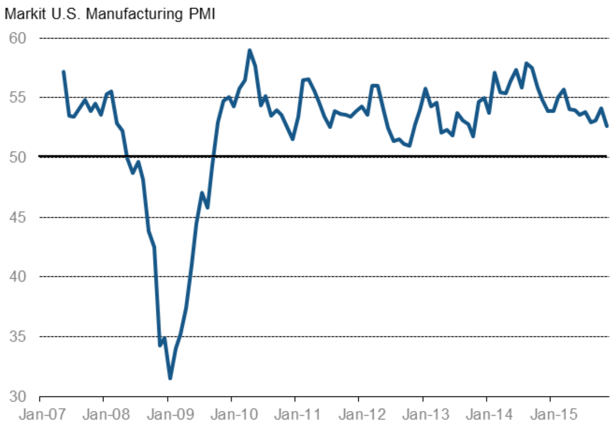
Manufacturing PMI falls to its lowest for just over two years

Key points:

- Headline PMI drops to its weakest for 25 months, reversing the rise seen in October
- Slower rates of output, new orders and employment growth
- Renewed fall in new export sales during November

Data collected 12 – 20 November 2015.

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

November data indicated a setback for U.S. manufacturing sector growth, following the modest rebound recorded during the previous month. At 52.6, down from 54.1 in October, the seasonally adjusted **Markit Flash U.S. Manufacturing *Purchasing Managers' Index*™ (*PMI*™)**[1] pointed to the slowest improvement in overall business conditions since October 2013. The decline in the headline index in November reflected weaker contributions from all five PMI components.

Although still robust, **manufacturing production** growth moderated since the previous month and was slightly weaker than its average for 2015 so far. At the same time, latest data highlighted the softest expansion of **incoming new work** for just over two years. Reports from survey respondents generally cited a cyclical slowdown in demand patterns and ongoing weakness in export sales. Reflecting this, the index measuring **new orders from abroad** dipped back inside negative territory in November. Lower levels of new work from abroad were linked to a combination of the strong dollar and weaker global economic conditions.

In response to slower output and new business growth, manufacturers signalled greater caution in terms of their purchasing activity and inventories during November. The latest rise in **input buying** was the weakest since January 2014, while **stocks of finished goods** dropped for the fourth month running. Meanwhile, latest data showed that **pre-production inventories** were broadly unchanged, which contrasted with the pattern of modest growth seen throughout most of the past year-and-a-half.

Manufacturing **payroll numbers** were reported to have increased again in November, continuing the trend seen for much of the past six years. However, the latest expansion of employment levels was only modest and weaker than seen on average over the recovery period. Softer rates of job hiring reflected greater caution in terms of the business outlook and reduced pressure on operating capacity. This was highlighted by a drop in **backlogs of work** for the first time in 12 months.

November data pointed to a further lengthening of **suppliers' lead-times**, but the latest deterioration was slightly less marked than that recorded in October. Meanwhile, **average cost burdens** fell for the third month running, which was overwhelmingly linked to lower transportation and commodity prices. **Factory gate charges** increased only fractionally in November, and the rate of output charge inflation remained well below the long-run survey average.

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

Comment:

Commenting on the flash PMI data, **Chris Williamson, chief economist at Markit** said:

"November's flash PMI survey indicates that the manufacturing sector lost some growth momentum after the nice pick up seen in October, but still suggests the goods producing sector is expanding at a robust pace which should help support wider economic growth in the fourth quarter. The survey data are broadly consistent with manufacturing output growing at an annualised rate of at least 2% in the fourth quarter so far.

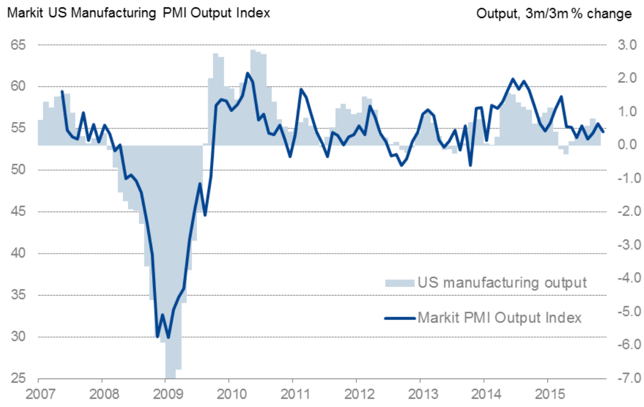
"Domestic demand appears to be holding up well, but the sluggish global economy and strong dollar continue to act as dampeners on firms' order book growth. Export orders showed a renewed decline, dropping for the first time in three months.

"Manufacturers consequently took a more cautious approach to hiring, with employment showing one of the smallest monthly gains seen over the past five years.

"With the survey continuing to show modest growth, and any weakness linked to the global economy rather than a deterioration in domestic demand, there seems little in the survey results to throw up any roadblocks to a Fed that seems intent on hiking interest rates in December."

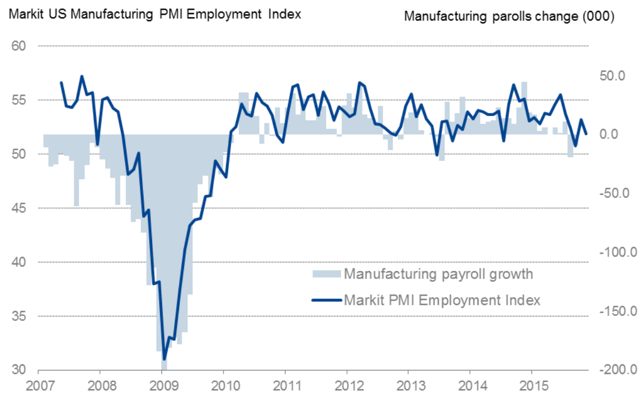
-Ends-

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

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Note to Editors:

Final November data are published on 1 December 2015.

Markit originally began collecting monthly *Purchasing Managers' Index*™ *(PMI*™) 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 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 positive responses plus a half of those responding 'the same'.

The *Purchasing Managers' Index*™ (*PMI*™) 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.

About Markit
Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 4,000 people in 11 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, please see www.markit.com

About PMI
Purchasing Managers' Index™ (PMI™) surveys are now available for over 30 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.