

News Release

Purchasing Managers' Index™
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0945 (EST) / 14:45 (UTC) December 1st 2015

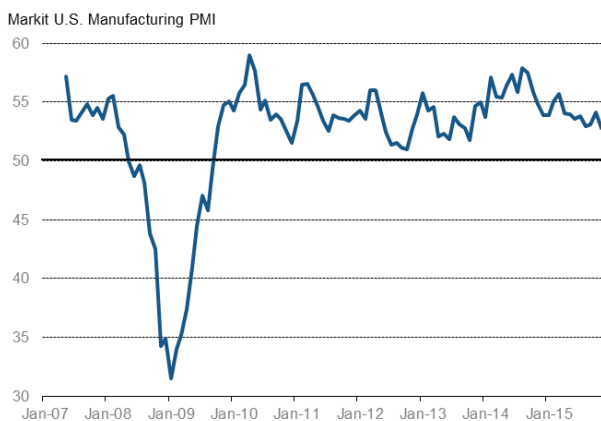
Markit U.S. Manufacturing PMI™ – final data

Manufacturing PMI at lowest level for 25 months

Key points:

- Weakest improvement in business conditions since October 2013
- Output, new orders and employment all expanded at slower rates
- Average cost burdens fall for the third month running

Markit U.S. Manufacturing PMI (seasonally adjusted)



Source: Markit.

Summary

U.S. manufacturers signalled a loss of momentum in November, with business conditions improving at the slowest pace since October 2013. This was highlighted by a fall in the final seasonally adjusted **Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™)** from 54.1 to 52.8 during November. Although still above the neutral 50.0 value, the latest reading was weaker than the post-crisis average (54.3) and signalled a relatively subdued manufacturing sector performance over the month.

Softer new business growth was the main factor weighing on the manufacturing PMI in November. Volumes of new work rose at the weakest pace for just over two years, which survey respondents attributed to reduced client confidence and weak export demand. Latest data indicated a fall in new work from abroad for the first time since August,

reflecting pressure from the strong dollar and less favourable global economic conditions.

Output growth moderated during the latest survey period, following a seven-month high recorded in October. Moreover, backlogs of work decreased for the first time since November 2014, suggesting a lack of pressure on operating capacity. Manufacturers sought to lower their stocks of finished goods in response to softer growth patterns, with post-production inventories decreasing for the fourth month running.

November data indicated that manufacturers were more cautious in terms of their staff hiring, as jobs growth moderated since the previous month and was below the post-crisis trend. Anecdotal evidence suggested that greater concerns about the economic outlook and a less upbeat assessment of near-term client demand had limited the latest rise in payroll numbers across the manufacturing sector.

At the same time, input buying also expanded at a slower pace than in October. This contributed to a weaker rise in pre-production inventories, but did not prevent another slight deterioration in supplier performance. That said, the latest lengthening of vendor lead-times was the least marked since July.

Average cost burdens continued to fall across the manufacturing sector in November, which extended the current period of decline to three months. Survey respondents mostly commented on lower commodity prices and reduced transportation costs. Meanwhile, factory gate charges were reported to have risen slightly during November, but the pace of inflation remained below the long-run survey average.

Comment

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

“While the pace of manufacturing growth appears to have slowed in November, it remains encouragingly resilient, which is all the more impressive once

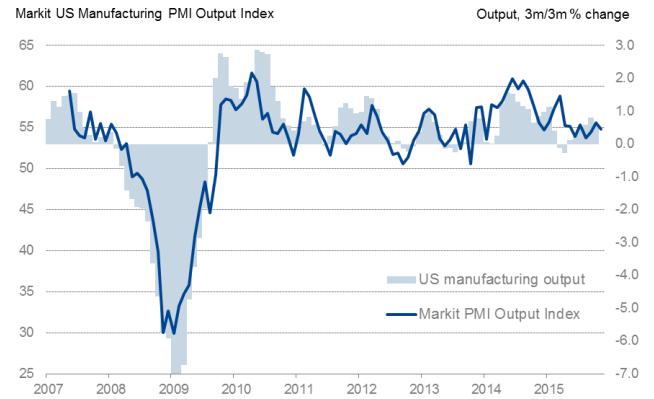
headwinds such as the strength of the dollar and malaise in overseas markets are taken into account.

“The PMI results are indicative of the manufacturing sector growing at an annualised rate of around 2% in the fourth quarter so far.

“Growth is being driven by domestic demand, with exports falling back into decline. The uncertain global picture and strong currency are key areas of worry to manufacturers, which led to a more cautious approach to hiring during the month. However, there’s nothing new that will overly concern policymakers, leaving the door open for rates to rise later in the month.”

-Ends-

Manufacturing output



Sources: Markit, U.S. Federal Reserve.

Manufacturing employment



Sources: Markit, Bureau of Labor Statistics.

For further information, please contact:

Markit

Tim Moore, Senior Economist
 Telephone +44-1491-461-067
 Email tim.moore@markit.com

Ed Canaday, Corporate Communications
 Telephone +1 646 679 3031
 Mobile +1 917 434 5075
 Email: ed.canaday@markit.com

Joanna Vickers, Corporate Communications
 Telephone: +44-207-260-2234
 Email: joanna.vickers@markit.com

Note to Editors:

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 **final** U.S. manufacturing PMI follows on from the **flash** estimate which is released a week earlier and 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 indicators 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 approximately 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.

The intellectual property rights to the U.S. Manufacturing PMI™ provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.