

markit[®]

PMI[™]



Purchasing Managers' Index™ (PMI™)
series are monthly economic surveys
of carefully selected companies
compiled by Markit®.

They provide an advance signal of what
is really happening in the private sector
economy, by tracking variables such as
output, new orders, employment and
prices across key sectors.



PMI surveys are based on fact, not opinion, and are the first indicators of economic conditions published each month. The data are collected using identical methods in all countries, so that international comparisons can be made between, for example, manufacturing in Brazil and Russia by using the monthly data.

The indexes achieve considerable press coverage on a regular basis and are widely used by economic analysts in financial institutions, industry and commerce. Notably, central banks in the European Union, United States and Asia use PMI data to help make interest rate decisions.

PMI surveys have established highly-regarded track records for accurately anticipating changes in economic conditions in key economies, including the US, the United Kingdom, Germany, France, Italy, Japan, Hong Kong and the Eurozone.

Product Offering

Monthly Data

Economists from central banks and private sector financial institutions almost unanimously cite a preference for monthly data, notably because monthly surveys pick up turning points earlier than quarterly official data.

Internationally Comparable

PMI is produced using an internationally compatible methodology. It is therefore a simple procedure to compare economic conditions in China with those of numerous other countries (including all G8 countries).

Tracks a large number of survey variables

Tracks hard data at panel member companies

Research shows that opinion-based surveys do not generate data that are as reliable as “hard data” surveys. This typically becomes more noticeable in the lead up to events such as a general election, when industry may want to send a signal of discontent to a government and the survey results may be overly pessimistic compared to subsequently published official data.

Why have PMI surveys been developed?

PMI surveys have been developed in order to provide analysts with a useful and timely dataset which helps them to better understand economic conditions. In many cases, the advantages offered by PMI data overcome deficiencies in official economic data. These advantages include:

Frequent publication

PMI surveys are published monthly. National accounts data, from which the most comprehensive and important measure of economic activity – gross domestic product – is derived, are published only quarterly.

Timely publication

PMI surveys are published on a timely basis just after the reference period. In contrast, a significant period of time often elapses before official data are published. For GDP, the delay may be several months. PMI data provide figures several weeks in advance of comparable official monthly output data, and several months ahead of quarterly national accounts data.

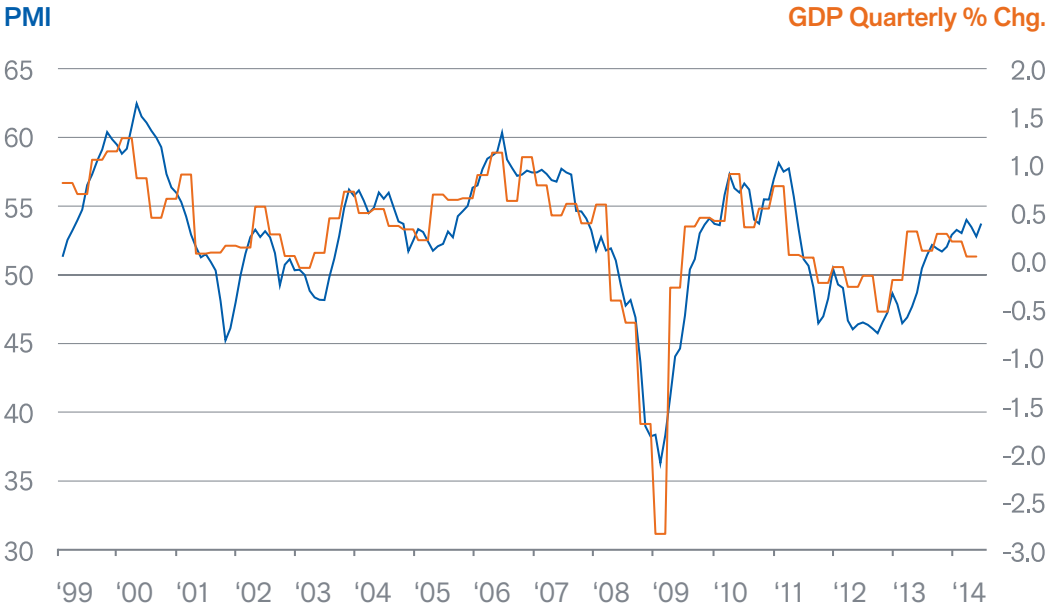
Not subject to revision after first publication

Unadjusted PMI data are not revised after first publication. In comparison, official data are frequently subject to revision, and phrases such as 'the economy grew faster than first thought' remain commonplace in press articles and analysts' briefing notes.

International comparability

PMI surveys are conducted internationally using a consistent methodology. By comparison, a further problem associated with official data is that not all statistical bodies compile data using identical methodologies. For example, a great deal of effort in terms of harmonization of methodologies was required among the national European statistics offices in order to obtain a consistent measure of Eurozone GDP.

Markit Eurozone Composite PMI Output Index vs. Eurozone GDP



Sources: Markit; Eurostat

The PMI was the first indicator to signal the steep downturn in eurozone GDP during the global financial crisis in late-2008, the recession during the euro debt crisis in 2011-12 and the recent economic recovery in 2013-14.

Each country PMI survey for the manufacturing or service sector is based on questionnaire responses from panels of senior purchasing executives (or similar) in over 400 companies. The survey panel is carefully recruited to accurately represent the true structure of that sector.

Questionnaires are completed in the second half of each month and the survey results are then processed by Markit's economists. Respondents are asked to state whether business conditions for a number of variables have improved, deteriorated or stayed the same compared with the previous month. Reasons for any changes are also requested from respondents.

The questionnaire covers the following economic variables

Manufacturing

Output

New Orders

New Export Orders

Backlogs of Work

Output Prices

Input Prices

Suppliers' Delivery Times

Stocks of Finished Goods

Quantity of Purchases

Stocks of Purchases

Employment

Services

Business Activity

New Business

Backlogs of Work

Prices Charged

Input Prices

Employment

Expectations for Activity

Diffusion indexes are calculated for each variable. These indexes vary between 0 and 100 with levels of 50.0 signalling no change on the previous month.

Readings above 50.0 signal an improvement or increase on the previous month. Readings below 50.0 signal a deterioration or decrease on the previous month.

The greater the divergence from 50.0 the greater the rate of change signalled.

COVERAGE OFFERING

PMI Manufacturing

Global	Greece	Russia
Eurozone	India	Singapore
Australia	Indonesia	South Africa
Austria	Ireland	South Korea
Brazil	Israel	Spain
Canada	Italy	Switzerland
China	Japan	Taiwan
Colombia**	Malaysia**	Turkey
Czech Republic	Mexico	United Kingdom
Denmark	Netherlands	United States
France	New Zealand	Vietnam
Germany	Poland	<i>**Under construction</i>

PMI Services

Global	Germany	Spain
Eurozone	India	United Kingdom
Australia	Japan	United States
Brazil	Ireland	
China	Italy	
France	Russia	

PMI Construction

Eurozone	Germany	Italy
France	Ireland	United Kingdom

PMI Whole Economy

Egypt*	Lebanon	Saudi Arabia*
Hong Kong	United Arab Emirates*	South Africa

**Non-oil sector*

PMI Composite*

Global	Germany	Spain
Eurozone	Ireland	United Kingdom
Brazil	Italy	<i>*Manufacturing and services combined</i>
China	Japan	
France	Russia	

Capacity Utilisation

EU	Germany	Poland
Eurozone	Greece	Russia
Austria	Ireland	Spain
China	Italy	United Kingdom
Czech Republic	Japan	
France	Netherlands	

Productivity

EU	France	Italy
Eurozone	Germany	United Kingdom

95

Macroeconomic
Indices

63

National PMI
Indices

30+

Countries
Covered

These numbers are changing as you read this.

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 3,000 people in 10 countries.

For more information, please see markit.com

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