

## MARKET SENSITIVE INFORMATION

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# S&P Global Flash US Composite PMI<sup>®</sup>

## Services drive sustained robust economic upturn in September, but optimism wanes and prices rise at faster rate

### Key findings:

Flash US PMI Composite Output Index<sup>(1)</sup> at 54.4 (August: 54.6). 2-month low.

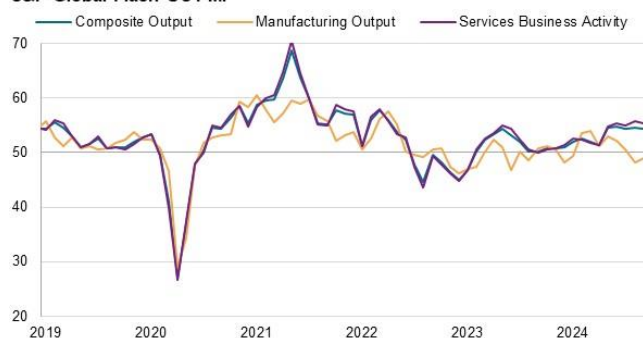
Flash US Services Business Activity Index<sup>(2)</sup> at 55.4 (August: 55.7). 2-month low.

Flash US Manufacturing Output Index<sup>(4)</sup> at 48.9 (August: 48.2). 2-month high.

Flash US Manufacturing PMI<sup>(3)</sup> at 47.0 (August: 47.9). 15-month low.

Data were collected 12-20 September 2024.

### S&P Global Flash US PMI



Data compiled September 20, 2024. Index, sa, >50 = growth since previous month.  
Source: S&P Global PMI.  
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### Overview

US business activity growth remained robust in September, according to flash PMI survey data from S&P Global, signaling a sustained economic expansion over the third quarter. Only a small loss of momentum was evident in September, but growth disparities persisted. A further solid expansion of the service sector contrasted with a second successive month of modestly falling output in the manufacturing sector.

A moderation of order book growth and a deterioration in business expectations for the year ahead to a near two-year low meanwhile reflected heightened uncertainty ahead of the Presidential Election. Companies consequently held back on hiring and allowed employment to fall for a second successive month.

Prices charged rose at the fastest rate for six months, pushed higher by input cost growth accelerating to a one-year high. The acceleration of selling price inflation was common across goods and services, in both cases hitting six-month highs. Service sector input cost growth notably struck a 12-month high, linked to reports of wage growth.

### Output and demand

The headline S&P Global Flash US PMI Composite Output Index registered 54.4 in September, down slightly from 54.6 in August but rounding off the strongest quarter since the first three months of 2022.

However, growth remained uneven by sector. While service sector activity grew at a solid pace, the rate of increase running at the second-highest seen over the past 29 months, manufacturing output fell for a second successive month, albeit dropping only modestly and at a slower rate than in August.

Sector variances were even more marked in terms of order books. Inflows of new work in the service sector rose at a rate just shy of August's 27-month high, but new orders placed at manufacturers fell at the sharpest rate for 21 months. Similarly, new export orders for services rose at an increased rate while goods export orders fell at a faster pace, highlighting divergent broader global demand conditions.

Backlogs of orders consequently rose slightly at service providers, hinting at a lack of spare capacity, but fell sharply, at the fastest rate for nine months, in factories.

### Future sentiment

Optimism about output in the year ahead deteriorated sharply, the survey's future output index falling to its lowest since October 2022 and the second lowest seen this side of the pandemic. The deterioration in confidence was led by the service sector amid concerns over the outlook for the economy and demand, often linked to uncertainty regarding the Presidential Election. In contrast, sentiment held up in manufacturing, shored up in part by hopes of sales growth and investment reviving from recent weakness in response to lower interest rates.

# PMI<sup>™</sup>

by **S&P Global**

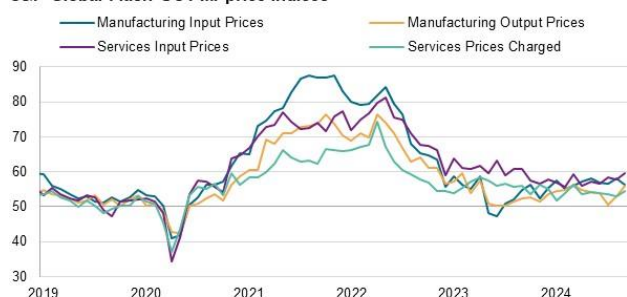
## Employment and capacity

Employment fell for a second month running in September and has now fallen in four of the past six months. That said, the overall decline was only very modest, and less than reported in August amid reduced job losses in the services economy. The decline in service jobs was often linked to difficulties replacing leavers, though the addition of new staff was curbed by uncertainty about the outlook.

Manufacturing payrolls were meanwhile cut at pace not recorded since June 2020. Excluding the pandemic, the decline in factory jobs was the steepest since January 2010 as an increasing number of firms reported the need to reduce operating capacity in line with weak sales.

## Prices

S&P Global Flash US PMI price indices



Data compiled September 20, 2024. Index, s.a. >50 = inflation since previous month  
Source: S&P Global PMI.  
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The September survey also showed average prices charged for goods and services rising at the fastest rate since March, representing the first acceleration of selling price inflation for four months. The upturn lifted the rate of inflation further above the pre-pandemic long-run average.

Rates of selling price inflation moved up to six-month highs in both manufacturing and services, in both cases running above pre-pandemic long-run averages to point to elevated rates of increase.

Higher charges were driven by increased costs, with input costs rising at fastest pace for a year in September. A one-year high rate of cost inflation in the service sector was often linked to the need to raise pay rates for staff.

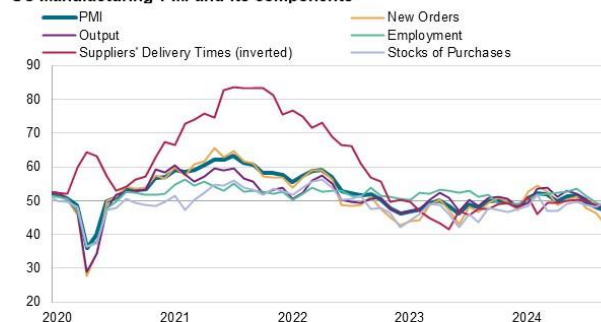
In contrast, manufacturing input cost growth cooled to a six-month low thanks to lower energy prices and fewer supply chain price pressures. Delivery times quickened for a second month running as supplier were less busy amid weakened demand.

## Manufacturing PMI

The S&P Global Flash US Manufacturing PMI fell from 47.9 in August to 47.0 in September, signaling a deterioration in business conditions within the goods-producing sector for a third successive month and the steepest rate of deterioration since June 2023.

The largest negative contribution to the PMI came from new orders, which fell at the fastest rate since December 2022, followed by employment, which fell at a pace not seen since June 2020. Supplier performance also detracted from the PMI, with delivery times shortening to a degree not witnessed since February (indicating spare supply chain capacity). Production also acted as a drag on the PMI, though the decline moderated compared to August. Inventories were meanwhile unchanged.

US Manufacturing PMI and its components



Data compiled July 23, 2024. Index, s.a. >50 = improvement since previous month.  
Source: S&P Global PMI.  
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## Comment

Commenting on the data, Chris Williamson, Chief Business Economist at S&P Global Market Intelligence said:

*“The early survey indicators for September point to an economy that continues to grow at a solid pace, albeit with a weakened manufacturing sector and intensifying political uncertainty acting as substantial headwinds. A reacceleration of inflation is meanwhile also signalled, suggesting the Fed cannot totally shift its focus away from its inflation target as it seeks to sustain the economic upturn.*”

*“The sustained robust expansion of output signaled by the PMI in September is consistent with a healthy annualized rate of GDP growth of 2.2% in the third quarter. But there are some warning lights flashing, notably in terms of the dependence on the service sector for growth, as manufacturing remained in decline, and the worrying drop in business confidence.*”

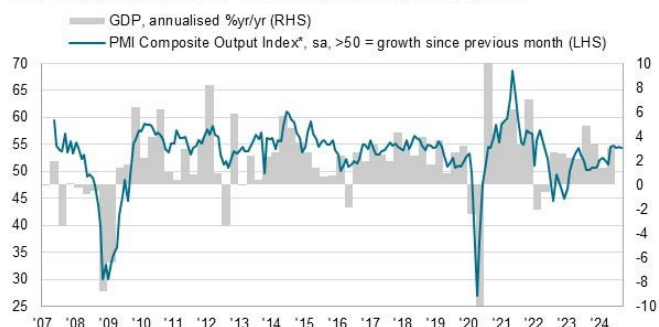
*“Business sentiment, demand, hiring and investment are being subdued by uncertainty surrounding the Presidential Election, casting a shadow over the outlook for the year ahead at many firms.*”

*“The survey’s price gauges meanwhile serve as a warning*

# News Release

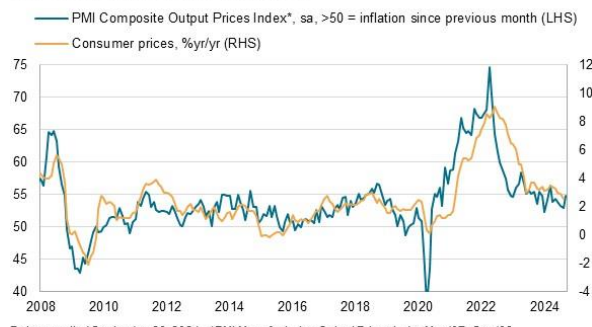
that, despite the PMI indicating a further deterioration of the hiring trend in September, the FOMC may need to move cautiously in implementing further rate cuts. Prices charged for goods and services are both rising at the fastest rates for six months, with input costs in the services sector – a major component of which is wages and salaries – rising at the fastest rate for a year.”

**S&P Global Flash US PMI vs gross domestic product (GDP)**



Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.  
© 2024 S&P Global. \*PMI Manufacturing Output Index May '07- Sep '09.

**S&P Global Flash US PMI vs inflation**



Data compiled September 20, 2024. \*PMI Manufacturing Output Prices Index May '07- Sep '09  
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.  
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## Notes to editors

Final September data are published on 1 October for manufacturing and 3 October for services and composite indicators.

The US PMI® (Purchasing Managers' Index™) is produced by S&P Global and is based on original survey data collected from a representative panel of around 800 companies based in the US manufacturing and service sectors. The flash estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final *PMI* index values (final minus flash) since comparisons were first available in October 2009 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Composite Output Index <sup>1</sup>	0.1	0.4
Manufacturing <i>PMI</i> <sup>2</sup>	0.0	0.3
Services Business Activity Index <sup>2</sup>	0.1	0.4

The *Purchasing Managers' Index*™ (*PMI*®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI*™ surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

S&P Global 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 S&P Global. Please contact [economics@spglobal.com](mailto:economics@spglobal.com).

### Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

# PMI™

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# News Release

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Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 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.

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