

MARKET SENSITIVE INFORMATION

Embargoed until 0945 EST (1445 UTC) 24 November 2023

S&P Global Flash US Composite PMI[®]

US private sector employment falls for first time since June 2020 amid muted demand conditions

Key findings:

Flash US PMI Composite Output Index⁽¹⁾ at 50.7 (October: 50.7). Unchanged.

Flash US Services Business Activity Index⁽²⁾ at 50.8 (October: 50.6). 4-month high.

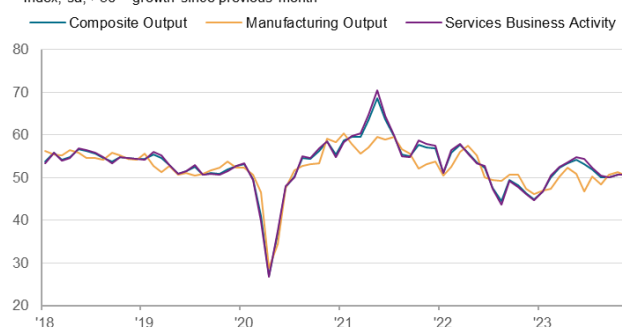
Flash US Manufacturing Output Index⁽⁴⁾ at 50.4 (October: 51.2). 3-month low.

Flash US Manufacturing PMI⁽³⁾ at 49.4 (October: 50.0). 3-month low.

Data were collected 08-21 November 2023.

S&P Global Flash US PMI

Index, sa, >50 = growth since previous month



Source: S&P Global PMI.
© 2023 S&P Global.

Overview

US businesses signalled a further marginal expansion in output during November, with the rate of growth in business activity in line with that seen in October. Although manufacturers and service providers registered another monthly rise in activity, paces of expansion were only slight overall.

Total new orders returned to growth, thereby ending a three-month sequence of contraction. That said, demand conditions at manufacturers were unchanged on the month.

Relatively subdued demand conditions and dwindling backlogs led firms to cut their workforce numbers for the first time since June 2020, as service providers joined

goods producers in reducing headcounts.

Cost pressures softened further, with input prices rising at the slowest pace in just over three years. Higher service sector output charges pushed up the rate of total selling price inflation, with manufacturers seeing a slower increase in factory gate charges in November.

Output and demand

The headline S&P Global Flash US PMI Composite Output Index posted at 50.7 in November, matching the figure seen in October. This indicated a marginal rise in business activity that was the joint-fastest since July.

Although manufacturing firms signalled a slower pace of expansion, service providers saw a fractional uptick in the rate of output growth. Manufacturing firms noted greater efficiency in production processes supported the increase in output, while demand conditions stagnated. Meanwhile, the upturn in services activity was the quickest since July as companies noted growth in customer bases following successful marketing campaigns.

The first expansion in service sector new business for four months helped support a renewed rise in total new orders during November. The pace of growth was only fractional, however, as goods producers recorded a stagnation in new sales on the month. At the same time, total new export orders rose for the first time since July as manufacturers noted an expansion in new sales from external customers.

Less robust expectations regarding the outlook for output over the coming 12 months at service providers weighed on overall business confidence in November. Manufacturers saw an uptick in the degree of optimism, albeit still below the long-run series average, amid hopes of a stabilization in global economic conditions and ongoing investments in improved production processes. Service sector business expectations dipped to their lowest since July as firms highlighted concerns regarding tightening customer spending and lingering economic uncertainty.

PMI[™]

by **S&P Global**

News Release

Employment

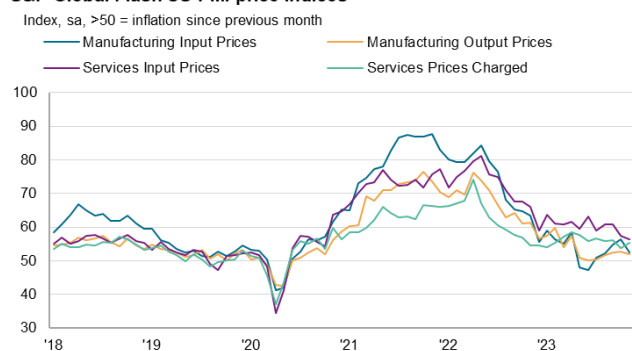
US companies lowered their workforce numbers during November for the first time in almost three-and-a-half years. Although only fractional, employment tipped into contractionary territory following the first drop in service sector headcounts since June 2020. Manufacturers, meanwhile, recorded back-to-back declines in staffing numbers.

Businesses commonly mentioned that relatively muted demand conditions and elevated cost pressures had led to lay-offs. Other companies noted that hiring freezes were in place amid pressure on margins.

Dwindling levels of unfinished business also impacted hiring decisions, as backlogs of work fell for the seventh month running midway through the final quarter of 2023. Goods producers and service providers alike recorded quicker contractions in incomplete business, largely due to a lack of pressure on operating capacity.

Prices

S&P Global Flash US PMI price indices



Source: S&P Global PMI.
© 2023 S&P Global.

Margin pressures eased across the private sector, as firms raised their selling prices at a quicker pace despite a second successive monthly slowdown in the rate of cost inflation. Input prices continued to rise, but at a pace that was the slowest since October 2020 and softer than the long-run series average. Firms noted that lower energy and raw material costs dampened price increases, with some also highlighting that a reduction in workforce numbers had eased cost pressures. Manufacturers signalled a notable slowdown in input price inflation following successive monthly accelerations in the pace of increase between July and October.

A faster rise in overall selling prices was led by service sector firms in November, with the pace of charge inflation picking up from October's three-year low. In contrast, manufacturers recorded the slowest increase in factory gate charges since August amid efforts to drive new sales and remain competitive.

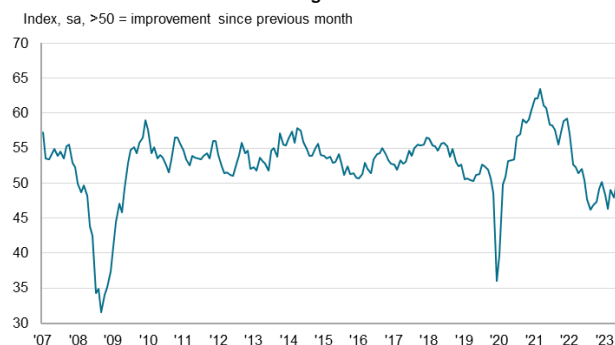
Manufacturing PMI

The S&P Global Flash US Manufacturing PMI posted 49.4 in November, down from 50.0 in October, to signal a decline in operating conditions at manufacturing firms. The rate of deterioration in the health of the sector was only marginal, but was the fastest since August and restarted the period of contraction seen for much of the past year.

Goods producers continued to report an improvement in vendor performance in November, as lead times for inputs were reduced. Anecdotal evidence highlighted greater stocks of inputs at suppliers amid subdued global demand, with vendors better able to service incoming orders. The extent to which delivery times dropped was the second-smallest since January, however.

Weak demand for inputs was reflected in a further contraction in purchasing activity at manufacturers. The fall in input buying was only fractional and the slowest since August 2022. However, businesses continued to run down their stocks of purchases and finished items amid improvements in supply chains, relatively subdued demand conditions and efforts to cut costs.

S&P Global Flash US Manufacturing PMI



Source: S&P Global PMI.
© 2023 S&P Global.

Comment

Commenting on the data, Siân Jones, Principal Economist at S&P Global Market Intelligence said:

“The US private sector remained in expansionary territory in November, as firms signalled another marginal rise in business activity. Moreover, demand conditions – largely driven by the service sector – improved as new orders returned to growth for the first time in four months. The upturn was historically subdued, however, amid challenges securing orders as customers remained concerned about global economic uncertainty, muted demand and high interest rates. Business uncertainty was also heightened among US firms, as expectations regarding the year-ahead outlook slipped to the weakest since July.

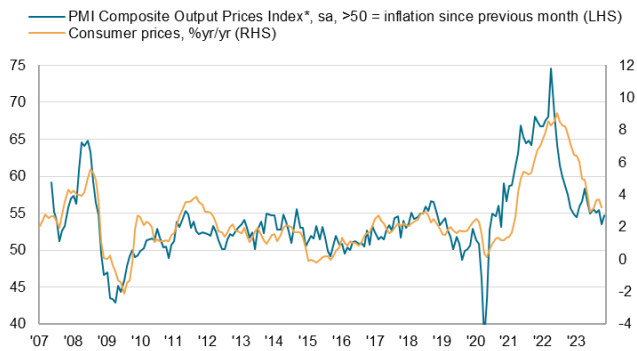
“Businesses cut employment for the first time in almost

News Release

three-and-a-half years in response to concerns about the outlook. Job shedding has spread beyond the manufacturing sector, as services firms signalled a renewed drop in staff in November as cost savings were sought.

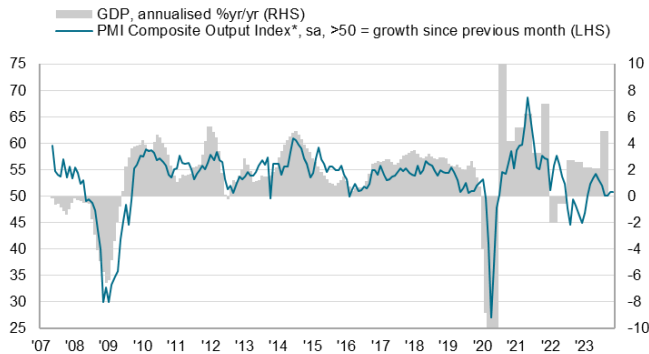
“On a more positive note, input price inflation softened again, with cost burdens rising at the slowest rate in over three years. The impact of hikes in oil prices appear to be dissipating in the manufacturing sector, where the rate of cost inflation slowed notably. Although ticking up slightly, selling price inflation remained subdued relative to the average over the last three years and was consistent with a rate of increase close to the Fed’s 2% target.”

S&P Global Flash US PMI vs inflation



Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
© 2023 S&P Global. *PMI Manufacturing Output Prices Index May '07- Sep '09.

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.
© 2023 S&P Global. *PMI Manufacturing Output Index May '07- Sep '09.

News Release

Contact

S&P Global Market Intelligence

Siân Jones
Principal Economist
S&P Global Market Intelligence
Telephone +44-1491-461-017
Email: sian.jones@spglobal.com

Katherine Smith
Corporate Communications
S&P Global Market Intelligence
Telephone +1 (781) 301-9311
Email katherine.smith@spglobal.com

Notes to editors

Final November data are published on 1 December for manufacturing and 5 December 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 ¹	0.1	0.4
Manufacturing <i>PMI</i> ³	0.0	0.3
Services Business Activity Index ²	0.2	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@ihsmarkit.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?"

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2023 S&P Global Ltd. All rights reserved. www.spglobal.com

About PMI

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.

www.spglobal.com/marketintelligence/en/mi/products/pmi.html

If you prefer not to receive news releases from S&P Global, please contact katherine.smith@spglobal.com. To read our privacy policy, [click here](#).

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global 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 S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and *PMI*® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.