

U.S. Data Review

- ISM manufacturing: soft performance in April, with contractions in orders and employment; prices jump

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ISM Manufacturing

- The Institute for Supply Management's Manufacturing PMI slipped 1.1 percentage points in April to 49.2. The measure had signaled an expansion in the manufacturing sector in the previous month after 16 consecutive sub-50 readings, but the improvement was short-lived (chart, below left). Of the 18 manufacturing industries covered in the survey, nine reported growth while seven indicated contraction (two recorded little change in overall conditions).
- The production index registered the largest decline in April, although it was the only component to remain in expansion territory (-3.3 percentage points to 51.3 percent). Previously, this component was in contraction for 11 of the past 16 months. In the latest month, eight of 18 industries surveyed indicated growth in production.
- The new orders index also was soft in April with a decline of 2.3 percentage points to 49.1. The component had been in contraction territory for 16 consecutive months from September 2022 through December 2023 before showing hints of improvement in early 2024 (readings in the low 50s in January and March). That said, order flows remain choppy and only eight of 18 industries reported growth in April.
- The employment index improved marginally in April (+1.2 percentage points to 48.6). However, the measure indicated contraction for the thirteenth month in the past 15. Only four industries reported employment growth in April while seven reported a contraction. According to the survey, "Many Business Survey Committee respondents' companies are continuing to reduce head counts though layoffs..."
- The supplier deliveries index declined 1.0 percentage point to 48.9. The sub-50 reading, which specifies faster deliveries (versus 50.0+ readings that imply slower deliveries), suggests that supply chains are functioning well after COVID-related disruptions that pushed the component to a cycle high of 78.8 in May 2021.
- The prices index, which does not factor into the composite index, increased 5.1 percentage points to 60.9, the fourth consecutive reading above 50.0 and the highest since a print of 78.5 in June 2022. Observations in 2024 thus far suggest a stirring in input prices, although they remain well below the recent high of 87.1 in March 2022 and cycle peak of 92.1 in June 2021 (chart, below right).

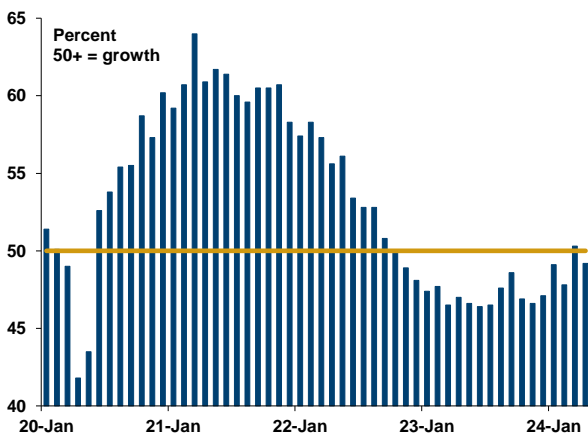
ISM Manufacturing: Monthly Indexes*

	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
ISM Mfg. Composite	47.1	49.1	47.8	50.3	49.2
New orders	47.0	52.5	49.2	51.4	49.1
Production	49.9	50.4	48.4	54.6	51.3
Employment	47.5	47.1	45.9	47.4	48.6
Supplier deliveries	47.0	49.1	50.1	49.9	48.9
Inventories	43.9	46.2	45.3	48.2	48.2
Prices paid*	45.2	52.9	52.5	55.8	60.9

* The prices paid index is not seasonally adjusted. The measure is not part of the ISM manufacturing composite index.

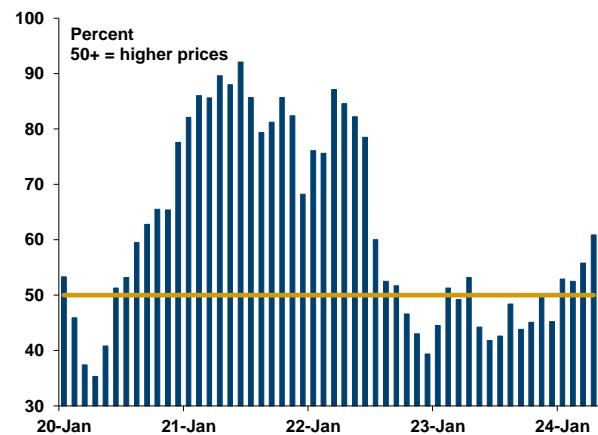
Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: Headline Index



Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: Prices Index



Source: Institute for Supply Management via Haver Analytics

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