

U.S. Data Review

- ISM nonmanufacturing: solid report for February

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ISM Nonmanufacturing Index

The ISM nonmanufacturing index rose 1.8 percentage points in February to 57.3 percent, beating the expected dip of approximately one-half percentage point. The new level of the index exceeded the average of 55.5 percent in 2019 and was firmer than all but one observation from last year (58.5 percent in February 2019), although it still trailed the average of 59.0 percent from 2018. The coronavirus was the dominant story in the news during much of February, but associated risks did not seem to have a significant influence on the pace of activity in the nonmanufacturing sectors of the U.S. economy.

A surge in the new orders component led the advance in the headline index, increasing 6.9 percentage points and moving to the upper portion of the range from the current expansion. The latest tally for new orders of 63.1 percent was the second strongest of the current expansion, trailing the best by a modest amount (63.4 percent in July 2014; results for June 2018 matched the latest level; chart). Although new orders climbed, the business activity index (a measure of production) eased 3.1 percentage points. However, the activity index was elevated in the prior month, and the new total of 57.8 percent represents a fine performance (close to the average of 58.0 percent in 2019, although shy of the average of 61.7 percent in 2018).

The employment index rebounded from a disappointing performance in the prior month, increasing 2.5 percentage points to 55.6 percent. The new level was slightly higher than the average of 55.0 percent from last year and not far from the average of 56.9 percent in 2018.

With orders firm, employment back on track, and business activity at a healthy level, the nonmanufacturing sectors seem to be on solid ground.

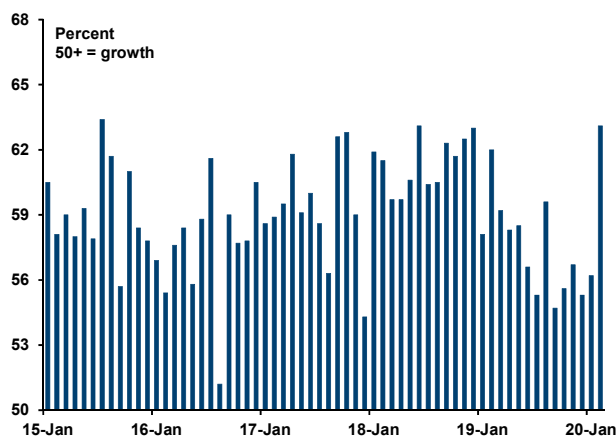
ISM Nonmanufacturing -- Monthly Indexes

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20
ISM Nonmfg. Composite	54.4	53.9	54.9	55.5	57.3
Business activity	55.5	52.3	57.0	60.9	57.8
New orders	55.6	56.7	55.3	56.2	63.1
Employment	53.9	54.9	54.8	53.1	55.6
Supplier deliveries*	52.5	51.5	52.5	51.7	52.4
Prices	57.3	58.8	59.3	55.5	50.8

* The supplier deliveries index is not seasonally adjusted. The index differs from the other components of the composite measure (business activity, new orders, employment) in interpretation. An index above 50 percent indicates slower deliveries and readings below 50 percent indicate faster deliveries.

Source: Institute for Supply Management via Haver Analytics

ISM Nonmanufacturing: New Orders Index



Source: Institute for Supply Management via Haver Analytics

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