

U.S. Data Review

- ISM Manufacturing: trailing 2021, but still firm
- Construction: strong private activity, at least in nominal terms

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ISM Manufacturing

The ISM manufacturing index rose 1.0 percentage point in February to 58.6 percent, a touch better than the expected reading of 58.0 percent. The increase followed declines in the prior three months that left a cumulative drop of 3.2 percentage points. Thus, the new level of the index remained shy of strong readings seen throughout last year (average of 60.6 percent in 2021), but it still represented a favorable performance for the manufacturing sector.

The new orders component led the advance in February with an increase of 3.8 percentage points to 61.7 percent, a strong showing by historical standards, although shy of the average of 65.4 percent in the first three quarters of last year. The favorable order flow led to some improvement in production, although the change was modest at 0.7 percentage point and the level of the index at 58.5 percent trailed all readings in 2021 and late 2020. The employment index fell 1.6 percentage points to 52.9 percent. The employment result seems disappointing, but the drop and low level probably reflects difficulty in finding workers rather than lack of demand.

The supplier delivery component rose 1.5 percentage points to 66.1 percent. While this index contributed positively to the headline measure, it did not represent favorable news for the manufacturing sector, as it signaled that supply-chain disruptions remain an issue. Delivery times are not as slow as they were most of last year, but they certainly are slower than normal (chart).

Construction

Total construction activity rose 1.3 percent in January, noticeably better than the expected increase of 0.1 percent. In addition, results in the prior two months were revised higher, with the adjustments leaving the level of new building in December 1.0 percent firmer than previously believed. Private nonresidential building led the increase in January (up 1.8 percent), but private residential construction was not far behind with an increase of 1.3 percent. Public construction contributed with a gain of 0.6 percent. The increase in January, while apparently favorable, might not translate to a strong performance in real terms, as the PPI for January showed an increase in construction-related prices of 3.6 percent.

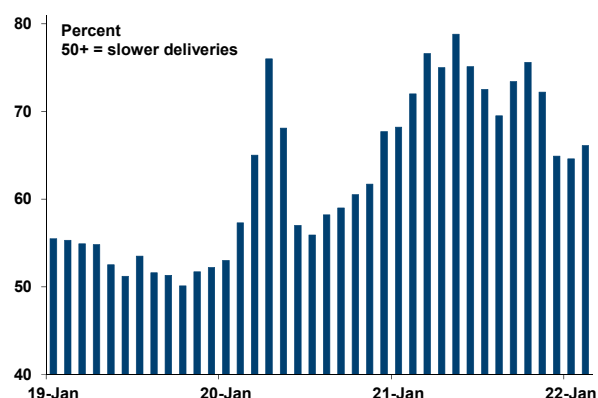
ISM Manufacturing: Monthly Indexes

	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
ISM Mfg. Composite	60.8	60.6	58.8	57.6	58.6
New orders	60.6	61.4	61.0	57.9	61.7
Production	59.0	60.2	59.4	57.8	58.5
Employment	52.1	53.0	53.9	54.5	52.9
Supplier deliveries	75.6	72.2	64.9	64.6	66.1
Inventories	56.4	56.3	54.6	53.2	53.6
Prices paid*	85.7	82.4	68.2	76.1	75.6

* 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: Supplier Deliveries Index



Source: Institute for Supply Management via Haver Analytics

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