

March ISM Manufacturing Index

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- The ISM manufacturing index rose to 51.8 in March, coming in above the consensus expected level of 51.0. (Levels higher than 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mostly higher in March. The new orders index rose to 58.3 from 51.5 while the production index moved higher to 55.3 from 52.8 in February. The supplier deliveries index increased to 50.2 from 49.7. The employment index fell slightly to 48.1 from 48.5 in February.
- The prices paid index surged to 51.5 in March from 38.5.

Implications: No, it's not an April Fools' Day joke, the ISM manufacturing index really did rise to 50+ in March for the first time in six months, signaling growth in the beleaguered sector of the economy. The surge in the ISM is in line with the improvements that have been reported in recent regional manufacturing surveys, nearly all of which have moved higher over the past month. And beneath the headline growth, the details in today's report show positive prospects for the months ahead. The two most forward looking measures, new orders and production, led the growth, suggesting a continued pickup in activity in the spring. And the improvements weren't limited to a few select industries. Thirteen of eighteen industries reported growth in new orders, while just three reported declines. New orders lead to increased production, and as companies hire to fill new demand, manufacturing employment should move higher as well, offsetting the March decline in [manufacturing payrolls](#). On the inflation front, the prices paid index jumped 13 points to 51.5, the first reading above 50 since October of 2014. Rising energy and metal prices led ten of eighteen industries to report higher input costs. As a whole, today's data shows manufacturing activity moving in the right direction. It isn't booming, but it should continue to plow forward at a modest pace. In other news today, construction declined 0.5% in February, but rose 0.3% including upward revisions to prior months. The decline in February was due to a drop in commercial construction (particularly manufacturing and communications facilities) as well as government projects (bridges and public college classrooms), which offset an increase in home building. In other recent news, the national Case-Shiller index, which measures home prices, rose 0.5% in January and is up 5.4% from a year ago, ending in January 2015. In the past twelve months, price gains have been led by

Portland, Seattle, San Francisco, and Denver. That's an acceleration from the 4.3% gain in the year

ISM Mfg: PMI Composite Index

SA, 50+ = Econ Expand

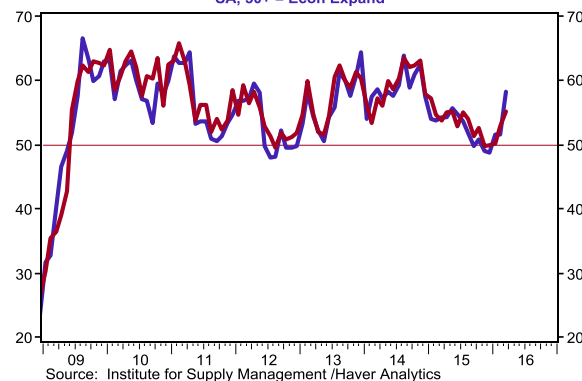


ISM Mfg: Production Index

SA, 50+ = Econ Expand

ISM Mfg: New Orders Index

SA, 50+ = Econ Expand



Institute for Supply Management Index	Mar-16	Feb-16	Jan-16	3-month moving avg	6-month moving avg	Year-ago level
<i>Seasonally Adjusted Unless Noted: 50+ = Econ Growth</i>						
Business Barometer	51.8	49.5	48.2	49.8	49.2	52.3
<i>New Orders</i>	58.3	51.5	51.5	53.8	51.7	54.2
<i>Production</i>	55.3	52.8	50.2	52.8	51.8	53.9
<i>Inventories</i>	47.0	45.0	43.5	45.2	44.8	51.5
<i>Employment</i>	48.1	48.5	45.9	47.5	48.2	50.9
<i>Supplier Deliveries</i>	50.2	49.7	50.0	50.0	49.8	51.1
<i>Order Backlog (NSA)</i>	51.0	48.5	43.0	47.5	44.8	49.5
<i>Prices Paid (NSA)</i>	51.5	38.5	33.5	41.2	38.6	39.0
<i>New Export Orders</i>	52.0	46.5	47.0	48.5	48.6	47.5

Source: National Association of Purchasing Management