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## DATAWATCH

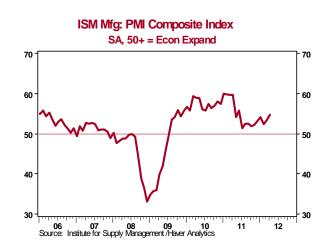
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## **April ISM Manufacturing Index**

- The ISM manufacturing index increased to 54.8 in April from 53.4 in March, coming in well above the consensus expected 53.0. (Levels higher than 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity all increased in April and most remain well above 50, signaling growth. The production index rose to 61.0 from 58.3 and the employment index increased to 57.3 from 56.1. The new orders index also gained to 58.2 from 54.5. The supplier deliveries index rose to 49.2 from 48.0.
- The prices paid index was unchanged at 61.0 in April.

Implications: Manufacturing was much stronger than expected in April, with the ISM report beating the estimate of every single one of the 79 forecasting groups polled by Bloomberg. At 54.8, April's reading was the highest in ten months and has now remained above 50 for 33 straight months. And just in case you still think a double-dip is possible, the new orders index, came in at a stellar 58.2, the highest in a year, suggesting more growth in production ahead. The employment index rose to 57.3, the highest level since June last year, and is consistent with our view of private payrolls rising 175,000 in April. The index level for inventories dropped to 48.5 and is once again The reluctance of manufacturers to accumulate contracting. inventories may hold back GDP in the short term, but we view this reluctance as temporary and indicative of better future growth. On the inflation front, the prices paid index remained at an elevated 61.0 in April. Given the loose stance of monetary policy, this index should move higher in the year ahead. In other news this morning, the Census Bureau reported that construction spending increased 0.1% in March, although it dipped 0.1% including revisions to prior months. The slight increase in March itself was a combination of a 0.7% increase in private construction, while government projects fell 1.1%. The rise in private construction was a due to single-family homes and office buildings; the drop in government projects was led by public colleges.

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Institute for Supply Management Index	Apr-12	Mar-12	Feb-12	3-month	6-month	Year-ago
Seasonally Adjusted Unless Noted: 50+ = Econ Growth				moving avg	moving avg	level
Business Barometer	54.8	53.4	52.4	53.5	53.3	59.7
New Orders	58.2	54.5	54.9	55.9	55.8	62.7
Production	61.0	58.3	55.3	58.2	57.5	60.8
Inventories	48.5	50.0	49.5	49.3	48.3	54.5
Employment	57.3	56.1	53.2	55.5	54.7	60.6
Supplier Deliveries	49.2	48.0	49.0	48.7	50.4	59.7
Order Backlog (NSA)	49.5	52.5	52.0	51.3	49.9	49.5
Prices Paid (NSA)	61.0	61.0	61.5	61.2	55.3	85.5
New Export Orders	59.0	54.0	59.5	57.5	55.4	62.0

Source: National Association of Purchasing Management

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