

April ISM Manufacturing Index

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- The ISM manufacturing index was unchanged in April at 51.5, coming in below the consensus expected level of 52.0. (Levels higher than 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mixed in April. The production index rose to 56.0 from 53.8, while the new orders index moved higher to 53.5 from 51.8. The employment index declined to 48.3 from 50.0, and the supplier deliveries slipped to 50.1 from 50.5 in March.
- The prices paid index rose to 40.5 in April from 39.0 in March.

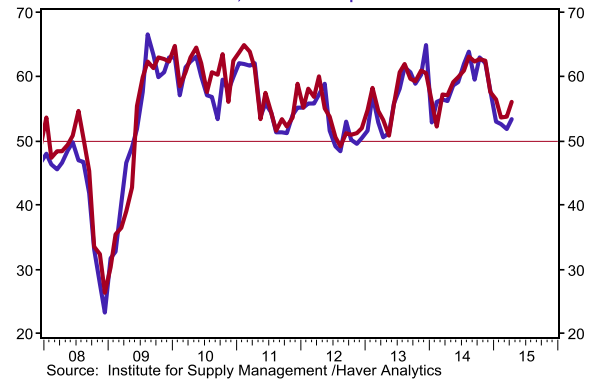
Implications: While the ISM manufacturing index, which measures factory sentiment around the country, was unchanged in April, the underlying details show growing strength. In April, fifteen of eighteen industries reported growth, an improvement from the ten industries reporting growth in March. In addition, the two most forward looking indexes, new orders and production, showed their largest gains since late last year. We don't believe the decline from 58.1 in August to the current reading of 51.5 is anything to worry about. Remember that the economy was unusually strong in the summer of last year as it recovered from bad weather in the first quarter of 2014. On the inflation front, the prices paid index remained depressed at 40.5 in April, as firms continue to report low energy costs and depressed raw materials prices. The employment index dipped in April to 48.3, the first slip into contraction territory in nearly two years. However, other data on the economy, which we put more confidence in, signals that job creation was strong in April. These include the drop in both initial and continuing claims to the lowest level since 2000, as well as continuing increases in consumer spending. Taken as a whole, this month's report shows the Plow Horse continues to plod forward. In other news this morning, construction declined 0.6% in March, below consensus expectations for a gain of 0.5%. A drop in single-family home building as well as a slower pace of government projects (highways and schools) offset stronger commercial construction, which was led by manufacturing facilities, communications infrastructure, and offices. Look for a rebound in the next couple of months as weather patterns return to normal.

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	Apr-15	Mar-15	Feb-15	3-month moving avg	6-month moving avg	Year-ago level
<i>Seasonally Adjusted Unless Noted: 50+ = Econ Growth</i>						
Business Barometer	51.5	51.5	52.9	52.0	53.7	55.3
New Orders	53.5	51.8	52.5	52.6	55.1	56.2
Production	56.0	53.8	53.7	54.5	56.7	57.1
Inventories	49.5	51.5	52.5	51.2	50.3	53.0
Employment	48.3	50.0	51.4	49.9	52.4	54.7
Supplier Deliveries	50.1	50.5	54.3	51.6	53.9	55.4
Order Backlog (NSA)	49.5	49.5	51.5	50.2	50.7	55.5
Prices Paid (NSA)	40.5	39.0	35.0	38.2	38.8	56.5
New Export Orders	51.5	47.5	48.5	49.2	50.7	57.0

Source: National Association of Purchasing Management