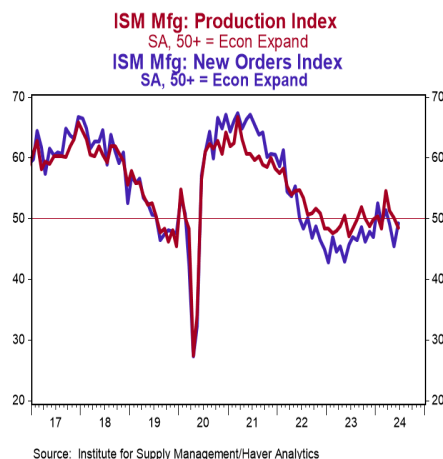
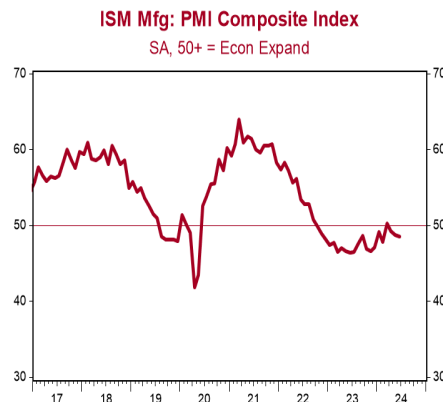


# June ISM Manufacturing Index

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- The ISM Manufacturing Index declined to 48.5 in June, lagging the consensus expected 49.1. (Levels higher than 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mixed in June. The production index declined to 48.5 from 50.2 in May, while the new orders index rose to 49.3 from 45.4. The employment index declined to 49.3 from 51.1 in May, while the supplier deliveries index rose to 49.8 from 48.9.
- The prices paid index declined to 52.1 in June from 57.0 in May.

**Implications:** The ISM Manufacturing index closed out the first half of 2024 worse off than it began, as the index missed consensus expectations once again in June and fell deeper into contraction territory to 48.5. Activity in the US manufacturing sector has now contracted for nineteen out of the last twenty months. Looking at the details of the report, only eight of the eighteen major manufacturing industries reported growth in June, while nine reported contraction, and one reported no change. Production softened in June and fell into contraction territory for the first time in four months. While that index has bounced around 50 since the Federal Reserve began their current tightening cycle in the first quarter of 2022, the new orders index (the other forward-looking piece of the report) has remained below 50 for twenty out of the last twenty-two months. With weakening demand, companies have turned to reducing their order backlog. That index, which declined to 41.7 in June, has been in contraction for twenty-one consecutive months. Survey comments from manufacturing companies warned of dwindling backlogs and have started furloughing workers in response. This can be seen from movement in the employment index, which fell back into contraction territory in June, the eighth month below 50 in the last nine. Looking at the big picture, goods-related activity was artificially boosted during the COVID lockdowns, but then the economy reopened, and consumers started shifting their spending preferences back to services and away from goods. The ISM index peaked in the last month federal stimulus checks were sent out (March 2021) and has been weaker ever since. Expect to see continued manufacturing weakness in the second half of 2024 as the bill for reckless and artificial spending by our government from the COVID years comes due. In other news this morning, construction spending declined 0.1% in May, as drops in homebuilding, office projects, and power facilities more than offset an increase for manufacturing facilities.



Institute for Supply Management Index	Jun-24	May-24	Apr-24	3-month moving avg	6-month moving avg	Year-ago level
<i>Seasonally Adjusted Unless Noted: 50+ = Econ Growth</i>						
<b>Business Barometer</b>	48.5	48.7	49.2	48.8	48.9	46.4
<b>New Orders</b>	49.3	45.4	49.1	47.9	49.5	45.7
<b>Production</b>	48.5	50.2	51.3	50.0	50.6	47.1
<b>Inventories</b>	45.4	47.9	48.2	47.2	46.9	44.5
<b>Employment</b>	49.3	51.1	48.6	49.7	48.2	49.1
<b>Supplier Deliveries</b>	49.8	48.9	48.9	49.2	49.5	45.7
<b>Order Backlog (NSA)</b>	41.7	42.4	45.4	43.2	44.5	38.7
<b>Prices Paid (NSA)</b>	52.1	57.0	60.9	56.7	55.2	41.8
<b>New Export Orders</b>	48.8	50.6	48.7	49.4	49.4	47.3

Source: National Association of Purchasing Management