

# U.S. Data Review

- ISM services: surge to a record level
- Factory orders: break from a firm trend in February; probably weather constrained

**Michael Moran**

Daiwa Capital Markets America  
 212-612-6392  
[michael.moran@us.daiwacm.com](mailto:michael.moran@us.daiwacm.com)

## ISM Services Index

The ISM services index surged in March, jumping 8.4 percentage points to 63.7 percent, which represented a new record reading (previous record was 62.0 percent in August 1997; the series started in July 1997; chart).

The new orders and business activity components both registered striking increases and moved to record levels (up 15.3 percentage points to 67.2 percent for new orders, and up 13.9 percentage points to 69.4 percent for business activity). With orders and business activity strong, service firms also hired actively, with the employment index increasing 4.5 percentage points to 57.2 percent. The new reading was not a record, but it was in the upper portion of the historical range.

With activity robust, the price index stirred, increasing 2.2 percentage points to 74.0 percent. The latest reading was above all observations in the previous expansion, although a handful of results further back (seven to be exact) were firmer than the latest tally.

## Factory Orders

New orders for manufactured goods fell 0.8 percent, a touch softer than the expected drop of 0.5 percent. Bookings for durable goods fell 1.2 percent (close to the preliminary estimate of -1.1 percent published last week). The surprise occurred in the nondurable area, where orders fell 0.4 percent (versus the expectation of a small increase). The decline occurred despite a price-led increase of 0.8 percent in orders for petroleum and coal products. Nondurable orders excluding petroleum and coal fell 0.6 percent, ending a string of nine consecutive monthly increases.

Although the latest report had a soft tone, the results followed strong activity in preceding months, and adverse weather might have had an influence. In addition, results for ISM manufacturing and payroll employment in the factory sector suggest that activity rebounded in March.

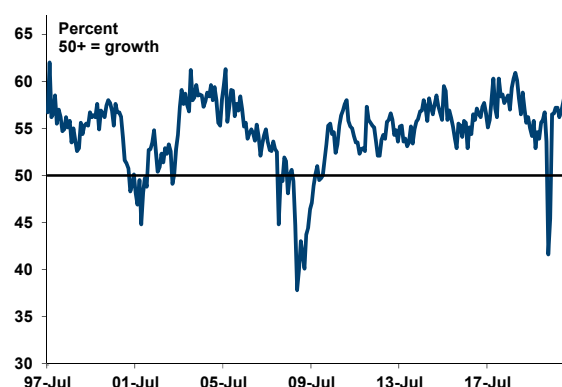
### ISM Services: Monthly Indexes

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
<b>ISM Nonmfg. Composite</b>	56.8	57.7	58.7	55.3	63.7
<b>Business activity</b>	59.6	60.5	59.9	55.5	69.4
<b>New orders</b>	59.0	58.6	61.8	51.9	67.2
<b>Employment</b>	51.5	48.7	55.2	52.7	57.2
<b>Supplier deliveries*</b>	57.1	62.8	57.8	60.8	61.0
<b>Prices</b>	63.9	64.4	64.2	71.8	74.0

\* The supplier deliveries index is not seasonally adjusted. The index differs from the other components of the composite measure (business activity, new orders, employment) in interpretation. An index above 50 percent indicates slower deliveries and readings below 50 percent indicate faster deliveries.

Source: Institute for Supply Management via Haver Analytics

### ISM Services Index



Source: Institute for Supply Management via Haver Analytics

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo ("Daiwa Securities") and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. brokerdealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.