U.S. Data Review

- ISM manufacturing: constrained by supply-side factors, but still elevated
- Construction: residential advancing; business & government soft

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ISM Manufacturing

The manufacturing index of the Institute for Supply Management fell 1.1 percentage points in July to 59.5 percent. The change deviated from the expectation of a small increase to 60.9 percent, but it was still firm by historical standards and signaled a solid pace of activity in the manufacturing sector.

The supplier delivery component led the decline in the headline index with a drop of 2.6 percentage points to 72.5 percent. This decline, though, could be viewed as a favorable development, as it suggests some improvement to supply-chain disruptions, although the elevated level indicates that problems still exist. A drop in the inventory index also suggests supply-side difficulties, as manufacturers were forced to draw on inventories to compensate for slow deliveries (off 2.2 percentage points to 48.9 percent). The production index also hinted at supply-side issues, as this component fell 2.4 percentage points despite strong orders. The production index, despite the drop, remained strong by historical standards (58.4 percent).

The new orders index eased 1.1 percentage points in July, but the drop occurred from an unusually strong reading in the prior month and it remained in the upper portion of its historical range (64.9 percent). Orders suggested strong activity, and so too did the employment index, as it rebounded from a sub-50 reading in June (up 3.0 percentage points to 52.9 percent).

The prices index fell noticeably, but remained elevated (off 6.4 percentage points to 85.7 percent).

Construction

The rebound in construction activity in the second half of last year has stalled, as new building has shown little net change since January. That pattern continued into June, as construction rose only marginally (0.1 percent) after a dip of 0.2 percent in May. Private residential construction has continued to move higher, as the increase of 1.1 percent in June represented the 12th increase in the past 13 months. However, private nonresidential construction and government-sponsored building continue to trend downward. Private nonresidential construction fell 0.7 percent in June, marking the 14th decline in the past 17 months. Government building fell 1.2 percent, the 10th decline in the past 13 months.

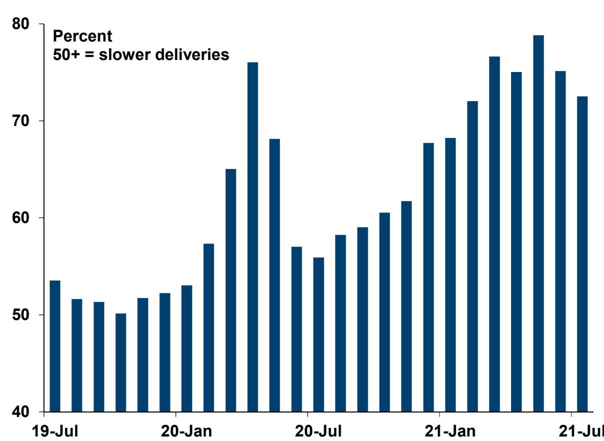
ISM Manufacturing: Monthly Indexes

	Mar-21	Apr-21	May-21	Jun-21	Jul-21
ISM Mfg. Composite	64.7	60.7	61.2	60.6	59.5
New orders	68.0	64.3	67.0	66.0	64.9
Production	68.1	62.5	58.5	60.8	58.4
Employment	59.6	55.1	50.9	49.9	52.9
Supplier deliveries	76.6	75.0	78.8	75.1	72.5
Inventories	50.8	46.5	50.8	51.1	48.9
Prices paid*	85.6	89.6	88.0	92.1	85.7

** The prices paid index is not seasonally adjusted. The measure is not part of the ISM manufacturing composite index.*

Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: Supplier Deliveries Index



Source: Institute for Supply Management via Haver Analytics