

U.S. Data Review

- ISM: slight improvement from an elevated level
- Construction: soft residential; improvement in nonresidential

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ISM Manufacturing

The manufacturing index from the Institute for Supply Management rose modestly in November. The increase of 0.3 percentage point was insignificant, but the change occurred from an already elevated level, and thus the new reading of 61.1 percent was strong by historical standards and about equal to the expected total of 61.2 percent.

The new orders component rose 1.7 percentage points to 61.5 percent. This measure was in the low end of the recent range in both October and November, but that range is quite strong by historical standards, and thus recent observations should be viewed as favorable. The firm order flow led to a pickup in production, with this component increasing 2.2 percentage points to 61.5 percent, a little shy of the best readings in the current cycle, but strong by historical standards. The employment index rose for the third consecutive month (up 1.3 percentage points to 53.3 percent), but the level was underwhelming, perhaps because of difficulty in finding workers.

The supplier delivery index fell 3.4 percentage points to 72.2 percent. The shift made a negative contribution to the headline index, but in the current setting this change should be viewed as favorable, as it suggests that supply-chain disruptions have eased somewhat. The level of the index is still high by historical standards, signaling that problems remain, but things are moving in the desired direction (chart).

Construction

Total construction activity rose 0.2 percent in October, a touch shy of the expected increase of 0.4 percent. Private residential building fell 0.5 percent, marking the third decline in the past four months and turning a firm upward trend into a downward tilt. Private nonresidential construction rose 0.2 percent. The change was modest, but it represented the fourth consecutive increase (and the fifth in the past six months). In addition, results in the prior two months were revised higher, with the changes pushing the level of activity in September 2.8 percent above the previous estimate. The combined changes left an upward tilt, a welcome change from the downward trend during most of last year and sideways movement much of this year. Building by state and local governments rose 0.9 percent, marking the fourth consecutive advance and possibly signaling the beginning of an upward trend after a generally soft performance during much of the current expansion. Activity at the federal level surged 14.6 percent, but this is a small component of total construction and it followed several months of low readings.

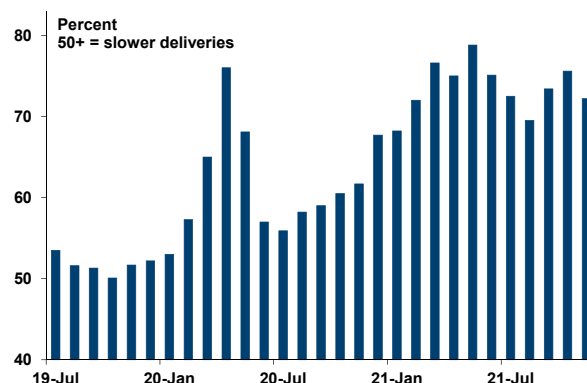
ISM Manufacturing: Monthly Indexes

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
ISM Mfg. Composite	59.5	59.9	61.1	60.8	61.1
New orders	64.9	66.7	66.7	59.8	61.5
Production	58.4	60.0	59.4	59.3	61.5
Employment	52.9	49.0	50.2	52.0	53.3
Supplier deliveries	72.5	69.5	73.4	75.6	72.2
Inventories	48.9	54.2	55.6	57.0	56.8
Prices paid*	85.7	79.4	81.2	85.7	82.4

* 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

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