U.S. Data Review

- ISM: manufacturing sector losing momentum
- Construction: residential on track in March; business and government slip

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ISM Manufacturing

The index on manufacturing activity from the Institute for Supply Management fell 1.7 index points in April to 55.4 percent, softer than the expected increase of 0.5 point. The drop marked the fourth meaningful decline in the past five months and continued the downward trend that began in the spring of last year. The level of the headline index was still respectable by historical standards, but recent shifts signal a loss of vigor in manufacturing.

The employment index led the drop in the headline measure with a decline of 5.4 index points. The decline might be viewed as random volatility, as it followed a high-side reading in March, but the level of the index at 50.9 was disappointing. Difficulty in finding workers might have been a factor, but considering recent softness in the orders and production components, businesses might be less anxious to hire than they were a short time ago. The new orders and production components fell only modestly in April (off 0.3 and 0.9 point, respectively), but they had lost ground in earlier months and the new levels of approximately 53.5 were less than impressive (chart).

The supplier delivery index contributed positively to the headline measure with an increase of 1.8 percentage points to 67.2, but this elevated reading did not reflect positive news for the manufacturing sector. To the contrary, it signaled continued problems in supply chains that are most likely hampering activity.

Construction

Total construction activity rose 0.1 percent in March, shy of the expected increase of 0.8 percent. However, results in the prior two months were revised upward, with the combined changes leaving the level of activity in February 1.4 percent firmer than previously believed. Private residential construction accounted for all of the increase in March with a gain of 1.0, and it accounted for the bulk of the revision. Residential building continued to move along a solid upward trend. Private non-residential construction (business, educational, religious, etc) fell 1.2 percent, ending a string of eight monthly increases. Government-related building dipped 0.3 percent, continuing a pattern of small changes that has traced a sideways path in the past five months.

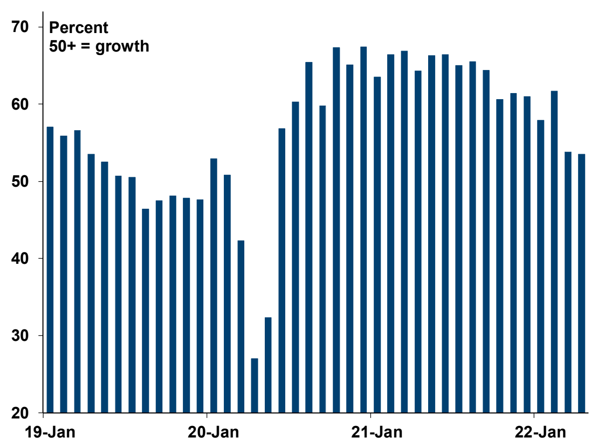
ISM Manufacturing: Monthly Indexes

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22
ISM Mfg. Composite	58.8	57.6	58.6	57.1	55.4
New orders	61.0	57.9	61.7	53.8	53.5
Production	59.4	57.8	58.5	54.5	53.6
Employment	53.9	54.5	52.9	56.3	50.9
Supplier deliveries	64.9	64.6	66.1	65.4	67.2
Inventories	54.6	53.2	53.6	55.5	51.6
Prices paid*	68.2	76.1	75.6	87.1	84.6

** 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: New Orders Index



Source: Institute for Supply Management via Haver Analytics