

# U.S. Data Review

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

**Michael Moran**

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

## 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.

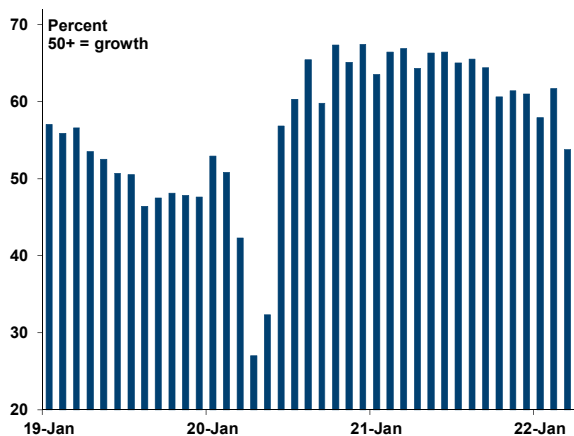
### ISM Manufacturing: Monthly Indexes

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

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.