

U.S. Data Review

- ISM manufacturing: contraction in 19 of the past 20 months
- Prices: further moderation in June; close to 50.0 percent

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ISM Manufacturing

- The Institute for Supply Management's Manufacturing PMI eased 0.2 percentage point to 48.5 in June, the 19th month in the past 20 in contraction territory (chart, below left). Of the 18 manufacturing industries covered in the ISM report, eight indicated growth while nine noted contraction (one recorded little change in conditions). Moreover, comments from Timothy R. Fiore, the Chair of the ISM Manufacturing Business Survey Committee, indicated ongoing challenges for the sector: "Demand remains subdued, as companies demonstrate an unwillingness to invest in capital and inventory due to current monetary policy and other conditions."
- Key components signaled contraction in June. The new orders index rose 3.9 percentage points but remained soft at 49.3. Moreover, only six of 18 industries indicated that orders increased. Both production and employment declined in the latest month, with the production measure dropping 1.7 percentage points to 48.5 and the employment index easing 1.8 percentage points to 49.3. Correspondingly, only 8 industries reported growth in production and five in employment.
- The supplier deliveries index rose 0.9 percentage point to 49.8. The sub-50 reading, which specifies faster deliveries (versus 50.0+ readings that imply slower deliveries), suggests that supply chains are functioning well after COVID-related disruptions that pushed the component to a cycle high of 78.8 in 2021.
- The prices index, which does not factor into the manufacturing composite, fell 4.9 percentage points to 52.1 - the second consecutive decline after the measure touched 60.9 percent in April. Although the latest reading still indicates increasing input prices, the measure is not threatening. It remained well below the recent high of 87.1 in March 2022 and cycle peak of 92.1 in June 2021 (chart, below right).

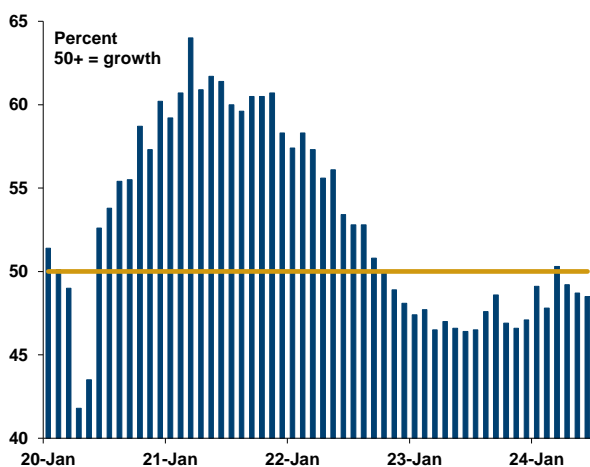
ISM Manufacturing: Monthly Indexes*

	Feb-24	Mar-24	Apr-24	May-24	Jun-24
ISM Mfg. Composite	47.8	50.3	49.2	48.7	48.5
New orders	49.2	51.4	49.1	45.4	49.3
Production	48.4	54.6	51.3	50.2	48.5
Employment	45.9	47.4	48.6	51.1	49.3
Supplier deliveries	50.1	49.9	48.9	48.9	49.8
Inventories	45.3	48.2	48.2	47.9	45.4
Prices paid*	52.5	55.8	60.9	57.0	52.1

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

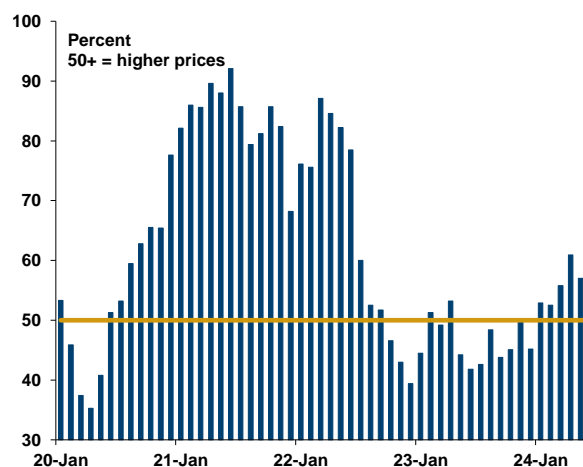
Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: Headline Index



Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: Prices Index



Source: Institute for Supply Management via Haver Analytics

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