

U.S. Data Review

- ISM manufacturing: factory sector contracts at a slower rate

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ISM Manufacturing

- The ISM Manufacturing PMI rose 1.9 percentage points in November to 48.4 percent, firmer than the Bloomberg median expectation of an increase of 1.1 percentage points to 47.6 percent. That said, even with the upside surprise, the ISM measure still registered a contractionary reading for the 24th time in the past 25 months – a performance indicative of a sector struggling to find its footing in a challenging environment. Assessing conditions, Timothy R. Fiore, the Chair of the ISM Manufacturing Business Survey Committee, stated: “Demand remains weak, as companies prepare plans for 2025 with the benefit of the election cycle ending.”
- Of the five key subcategories that factor into the calculation of the composite measure, the new orders index was the only one in expansion territory. Specifically, this measure rose for the third consecutive month in November, advancing 3.3 percentage points to 50.4 percent (the first above-50 reading since March 2024; chart, below left). However, only five of the 18 industries covered by the survey reported growth in new orders in the latest month.
- The production index, while increasing 0.6 percentage point, remained in contraction territory in November, with the latest observation still among the lowest readings of the current expansion (46.8 percent; chart, below right). Moreover, only six industries indicated increases in production. As indicated in the official release, “New order rates expanded only marginally as backlog levels continued to decline, causing manufacturers to reduce output to close the calendar year.”

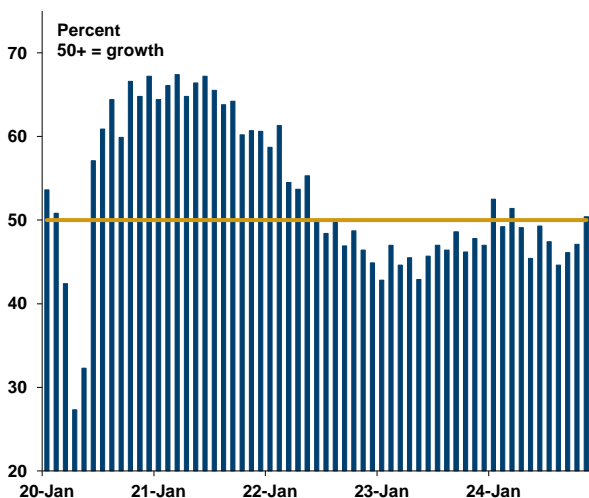
ISM Manufacturing: Monthly Indexes*

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
ISM Mfg. Composite	46.8	47.2	47.2	46.5	48.4
New orders	47.4	44.6	46.1	47.1	50.4
Production	45.9	44.8	49.8	46.2	46.8
Employment	43.4	46.0	43.9	44.4	48.1
Supplier deliveries	52.6	50.5	52.2	52.0	48.7
Inventories	44.5	50.3	43.9	42.6	48.1
Prices paid*	52.9	54.0	48.3	54.8	50.3

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

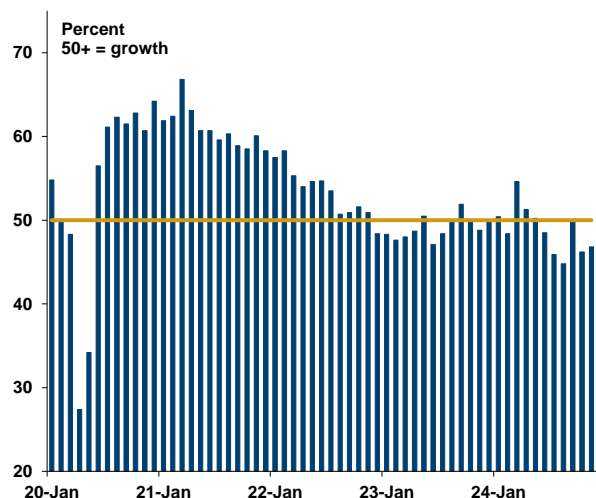
Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: New Orders Index



Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: Production Index

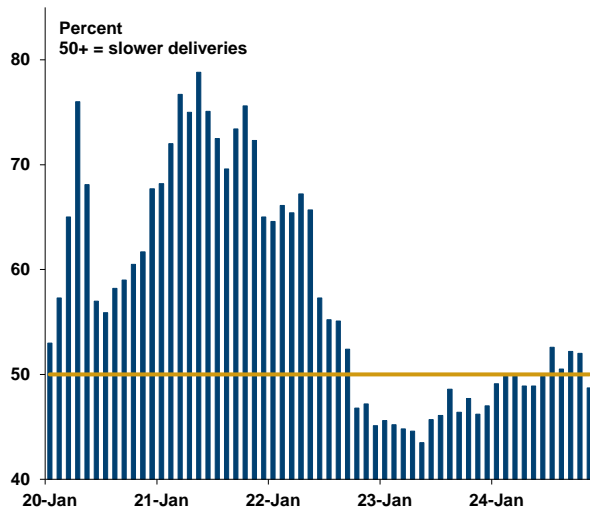


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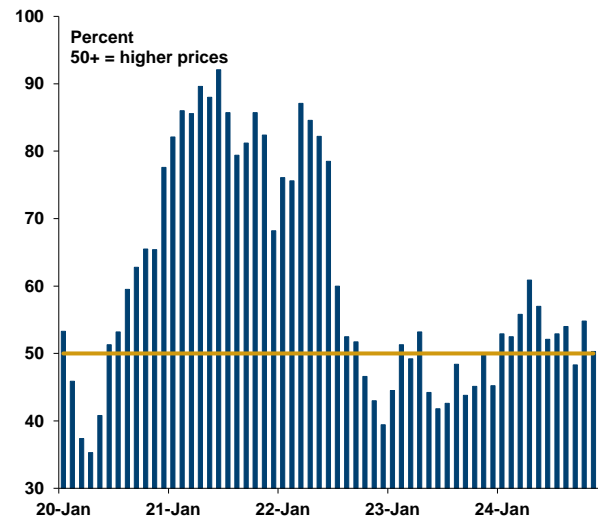
- Even with an increase of 3.7 percentage points in November (the largest month-to-month increase since an advance of 3.9 percentage points in August 2022), the employment index remained in contraction territory for the sixth consecutive month at 48.1 percent. Only three industries reported employment growth – an unimpressive total.
- The supplier deliveries index, contrastingly, slipped 3.3 percentage points in the latest month to 48.7 percent. The decline indicates “faster” deliveries for the first time following four months of “slower” deliveries (chart, below left). Generally speaking, above-50 readings indicate slower deliveries while below-50 observations specify faster deliveries. A reading in the vicinity of 50 suggests normally functioning supply chains.
- Of note, the prices index, which does not factor into the composite, fell 4.5 percentage points to 50.3 percent in November. While still indicating higher prices, the latest reading suggests a relatively benign environment. The index remained well below recent high of 87.1 in March 2022 and cycle peak of 92.1 in June 2021 (chart, below right). In the latest month, five industries reported higher costs associated with the acquisition of raw materials.

ISM Manufacturing: Supplier Deliveries Index



Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: Prices Index



Source: Institute for Supply Management via Haver Analytics