

U.S. Data Review

- ISM manufacturing: brief recovery may be stalling amid tariff-related uncertainty; employment and orders weak
- Prices paid: higher for the fifth consecutive month

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ISM Manufacturing Index

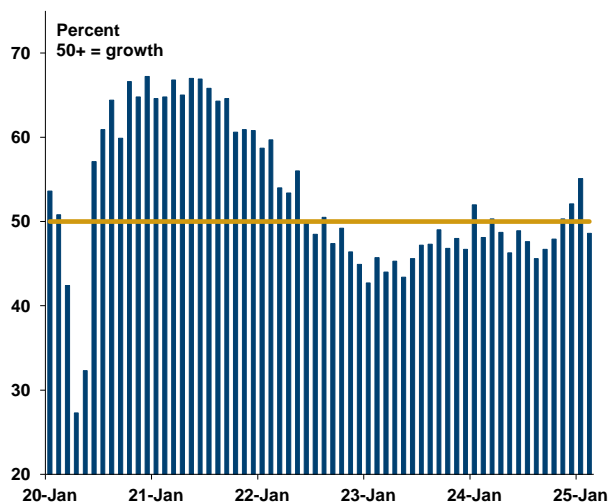
- The ISM Manufacturing PMI fell 0.6 percentage point to 50.3 percent, weaker than the Bloomberg median expectation of a 0.2 percentage point dip to 50.7 percent. Despite the downtick, the indicator remained above 50 percent (the critical threshold that separates expansion from the contraction) for the second time in February after 26 straight contractionary readings from November 2022 through December 2024. That said, the internals of the report tilted to the soft side, with key components (new orders, production, and employment) all deteriorating. In assessing conditions, Timothy R. Fiore, Chair of the Institute for Supply Management Manufacturing Business Survey Committee, stated: “Demand eased, production stabilized, and destaffing continued as panelists’ companies experience the first operational shock of the new administration’s tariff policy.”
- Following expansionary readings in the prior month, both the new orders and employment components fell into contractionary territory in February. Specifically, after recording above-50 readings in the previous three months, new orders fell 6.5 percentage points to 48.6 percent (chart, below left). On the point, uncertainty over tariff policy and future rate cuts by the Fed both contributed to the drop. Additionally, following a brief period of expansion in January, employment returned to contractionary territory, falling 2.7 percentage points to 47.6 percent (the 25th sub-50 reading in the past 30 months; chart, below right). Moreover, growth across business lines was weak, with only six of 18 industries surveyed reporting increases in employment.

ISM Manufacturing: Monthly Indexes*

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
ISM Mfg. Composite	46.9	48.4	49.2	50.9	50.3
New orders	47.9	50.3	52.1	55.1	48.6
Production	47.0	47.5	49.9	52.5	50.7
Employment	44.8	48.1	45.4	50.3	47.6
Supplier deliveries	52.0	48.7	50.1	50.9	54.5
Inventories	43.2	47.7	48.4	45.9	49.9
Prices paid*	54.8	50.3	52.5	54.9	62.4

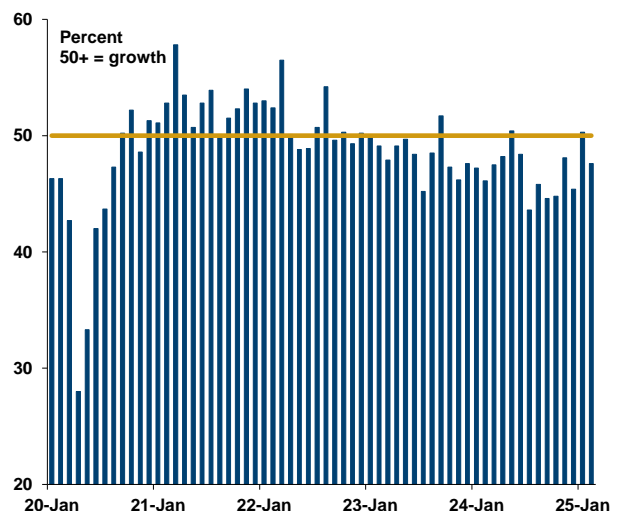
* The prices paid index is not seasonally adjusted. The measure is not part of the ISM manufacturing composite index.
 Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: New Orders Index



Source: Institute for Supply Management via Haver Analytics

ISM Manufacturing: Employment Index

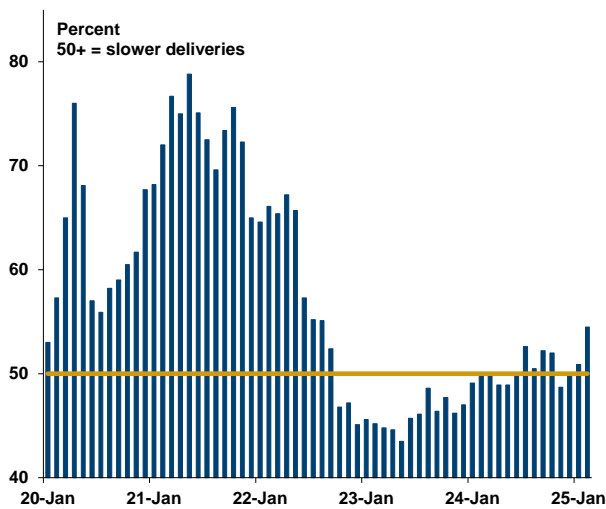


Source: Institute for Supply Management via Haver Analytics

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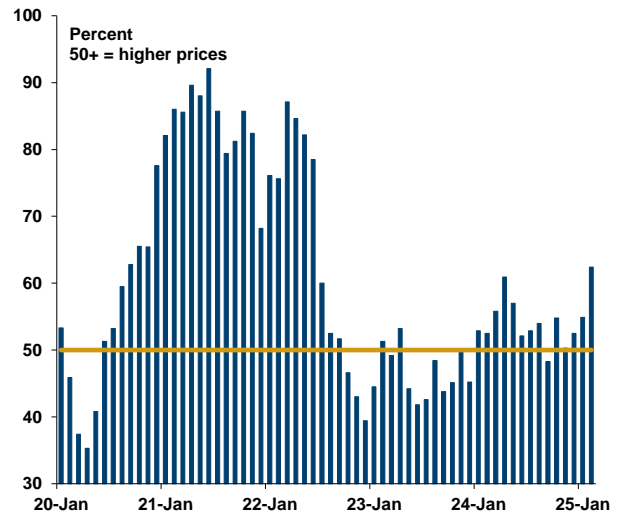
- The production index, while decreasing 1.8 percentage points, remained in expansion territory in February (50.7 percent). That said, only seven industries indicated increases in production – up from six in the prior month. As noted in the official release, production was “similar to January’s performance, as order books remain weak and new orders remain elusive.”
- The supplier deliveries index, contrastingly, firmed up 3.6 percentage points to 54.5 percent in February. The increase indicated “slower” deliveries for the third consecutive month (and seventh in the past eight; chart, below left). Keep in mind that this index is inversed and should be interpreted differently than the other components, with observations above 50 percent indicating slower deliveries while those below 50 specifying faster ones (and observations in the vicinity of 50 suggesting well-functioning supply chains).
- The prices index increased for the fifth consecutive month, surging 7.5 percentage points to 62.4 percent, the highest reading since an observation of 78.5 percent in June 2022 (chart, below right). Concurrent with the rise in commodity prices, which at least in part resulted from “new and potential tariffs,” 14 industries indicated higher costs associated with the acquisition of raw materials (versus 11 in the prior month).

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