

ECONOMIC ALERT

U.S. ISM MANUFACTURING INDEX – FEB 2018

Released Thursday, March 1, 2018

ISM Manufacturing Index: 60.8 (Cons: 58.7)

ISM Manufacturing New Orders Index: 64.2

Quick Take:

The headline ISM Manufacturing PMI increased 1.7 points in February. The headline reading of 60.8 is the highest reading since January 2004.

The ISM manufacturing index hit a new cycle high and has been in expansion territory for 18 straight months. Business sentiment has improved notably since the 2016 election and, while there has been modest improvement in industrial production growth, there remains a divergence between business sentiment and the hard manufacturing data.

Given the current age of the cycle, we do not expect manufacturing production to meaningfully reaccelerate. With waning capacity in the economy, there simply is less fuel for growth. We believe there is a higher likelihood that business sentiment reverts back to more modest levels versus the likelihood of any sustained reacceleration of growth in the manufacturing sector.

Notable Data:

The New Orders Index fell 1.2 points to 64.2.

The Employment Index rose 5.5 points to 59.7.

The Prices Index rose 1.5 points to 74.2 and was above 60 for the eighth consecutive month.