

01.Mar.2022

ISM Manufacturing: Continued Robust Activity

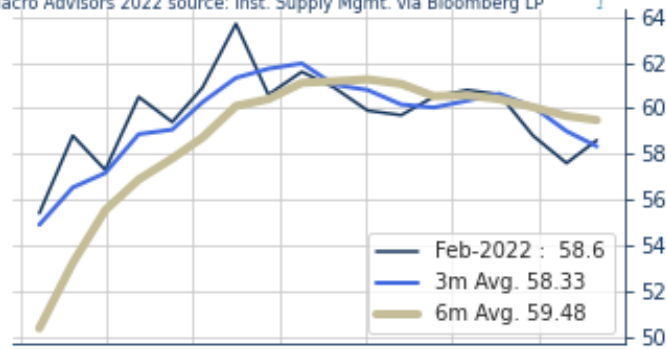
Bottom Line: ISM's survey-based index of manufacturing managers rose slightly in February, suggesting a modestly more rosy outlook at the national level than seen in most regional surveys. Overall, the level of the index remains consistent with robust activity levels. The index of prices paid showed a slight easing in price pressures. New order growth accelerated, and inventories fell, a positive sign for activity in the coming months. Total employment growth eased slightly as skills gaps remain an issue. Most manufacturers continued to report supply chain concerns but also reported strong demand. While most indicators suggest manufacturing growth is decelerating, this report offers hope that most of the slowdown was due to omicron and that there's hope for another surge in growth.

ISM PMI February: +58.6, consensus: +58



monthly levels

Contingent Macro Advisors 2022 source: Inst. Supply Mgmt. via Bloomberg LP



Sep-20 Dec-20 Feb-21 May-21 Jul-21 Oct-21 Jan-22

The ISM Manufacturing Index ROSE 1 point to 58.6, ABOVE the 3-Month average of 58.33, BELOW the 6-Month average of 59.48 but 2.3 BELOW the year-ago level.

- New orders ROSE 3.8 points to 61.7, ABOVE the 3-Month average of 60.2, ABOVE the 6-Month average of 61.17 but 4.7 BELOW the year-ago level.
- Production ROSE 0.7 points to 58.5, BELOW the 3-Month average of 58.57, BELOW the 6-Month average of 58.93 and 4.3 BELOW the year-ago level.
- Employment FELL 1.6 points to 52.9, BELOW the 3-Month average of 53.77, ABOVE the 6-Month average of 52.88 and 0.8 BELOW the year-ago level.
- Inventories ROSE 0.4 points to 53.6, BELOW the 3-Month average of 53.8, BELOW the 6-Month average of 54.88 but 3.7 ABOVE the year-ago level.
- Prices paid were nearly unchanged, down 0.5 points to 75.6, ABOVE the 3-Month average of 73.3, BELOW the 6-Month average of 78.2 but 10.4 BELOW

the year-ago level.

- Backlog orders ROSE 8.6 points to 65, ABOVE the 3-Month average of 61.4, ABOVE the 6-Month average of 62.42 and 1 ABOVE the year-ago level.

WHAT RESPONDENTS ARE SAYING

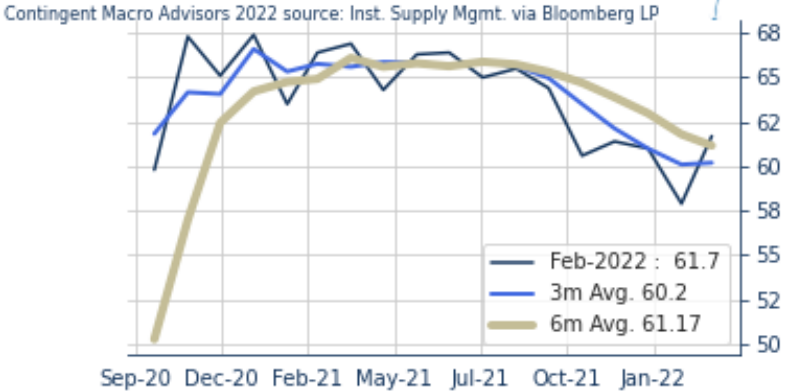
- “Electronic supply chain is still a mess.” [Computer & Electronic Products]
- “Strong sales growth as retail continues to return.” [Chemical Products]
- “Demand for transportation equipment remains strong. Supply of transportation services continues to be a major issue for the supply chain.” [Transportation Equipment]
- “Strong demand has continued beyond our traditional seasonality curves. Coupled with the continuing difficulties in procurement of ocean freight, operational planning and managing costs are our biggest challenges.” [Food, Beverage & Tobacco Products]
- “We have seen year-over-year revenue growth of about 10 percent due to markets coming back. However, in the automotive area, the microchip shortage is causing slowness in growth.” [Machinery]
- “Demand for steel products has increased to historic levels, driven by the automotive and energy industries.” [Fabricated Metal Products]
- “We are expecting a year of strong demand, higher prices and continued supply chain challenges.” [Textile Mills]
- “Demand continues to be strong, increasing our backlog. Production has been more consistent due to availability of parts, but we are not able to increase builds to cut into the backlog.” [Electrical Equipment, Appliances & Components]
- “Business conditions are good, demand remains strong, and we continue to be challenged to keep up with demand.” [Miscellaneous Manufacturing]
- “Business is still strong. Facing logistics and raw material supply chain issues with some products.” [Plastics & Rubber Products]

SOURCE: ISMWorld.org

New orders



monthly levels

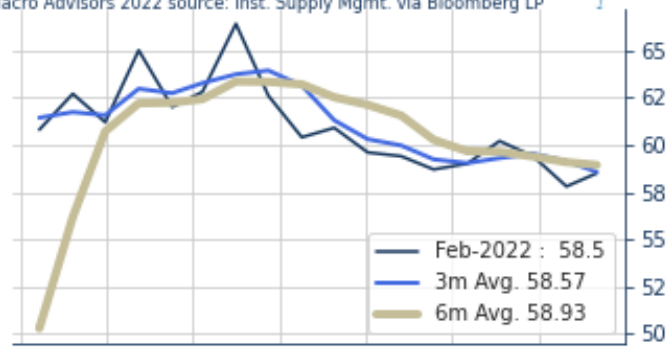


Production



monthly levels

Contingent Macro Advisors 2022 source: Inst. Supply Mgmt. via Bloomberg LP

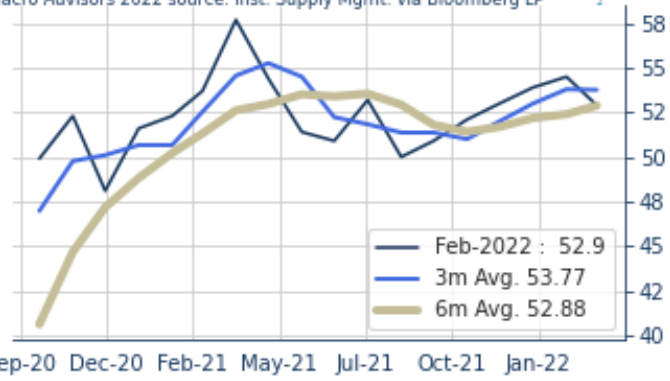


Employment



monthly levels

Contingent Macro Advisors 2022 source: Inst. Supply Mgmt. via Bloomberg LP

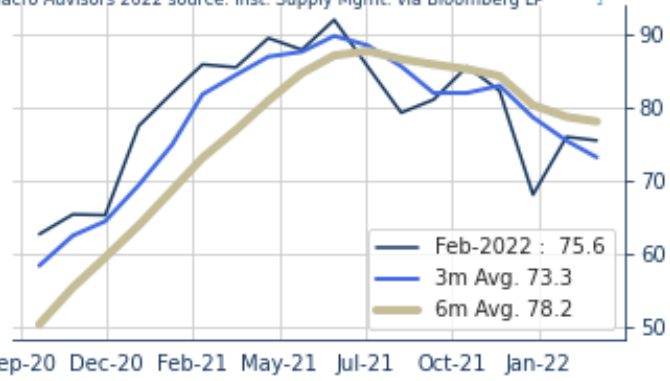


Prices paid

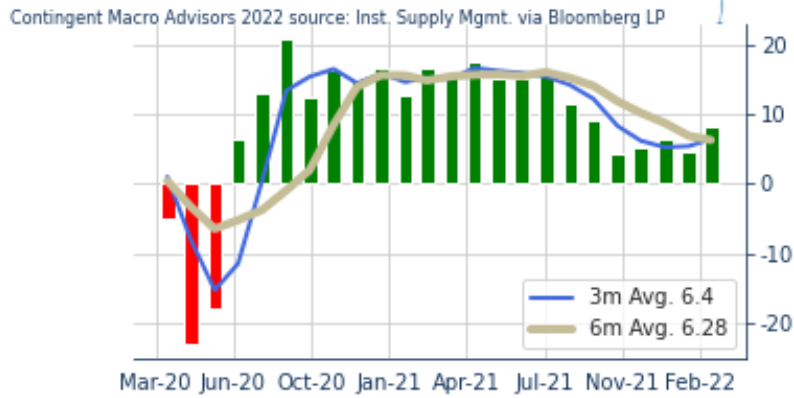


monthly levels

Contingent Macro Advisors 2022 source: Inst. Supply Mgmt. via Bloomberg LP



New Orders Less Inventories



ISM Manufacturing Survey	Feb-22	Jan-22	Dec-21	3m. avg.	6m. avg.	12m. avg.	2021	5y
ISM PMI	58.6	57.6	58.8	58.3	59.5	60.3	60.6	56.2
New orders	61.7	57.9	61.0	60.2	61.2	63.4	64.3	58.6
Production	58.5	57.8	59.4	58.6	58.9	60.2	60.9	57.4
Employment	52.9	54.5	53.9	53.8	52.9	52.9	52.8	52.3
Supplier	66.1	64.6	64.9	65.2	69.5	72.0	72.8	61.6
Inventories	53.6	53.2	54.6	53.8	54.9	52.7	52.2	50.9
Inv	31.8	33.0	31.7	32.2	30.8	29.8	29.8	40.1
Prices paid	75.6	76.1	68.2	73.3	78.2	82.5	83.8	65.0
Backlog orders	65.0	56.4	62.8	61.4	62.4	64.9	65.1	55.2
Export orders	57.1	53.7	53.6	54.8	54.4	55.0	55.1	53.4

Imports	55.4	55.1	53.8	54.8	53.5	54.4	54.6	52.9
# Industries Reporting Growth	nan	14.0	15.0	14.5	15.0	15.9	16.1	13.5
# Reporting New Orders	nan	11.0	13.0	12.0	12.2	13.7	13.8	12.1
Manuf New Orders % Better	32.5	25.0	24.6	27.4	28.6	35.6	37.4	32.5
Manuf New Orders % Same	61.4	60.5	64.6	62.2	60.8	55.4	53.8	52.0
Manuf New Orders % Worse	6.1	14.5	10.8	10.5	10.5	8.9	8.8	15.6
New Orders Less Inventories	8.1	4.7	6.4	6.4	6.3	10.7	12.1	7.6

Source: Institute for Supply Management