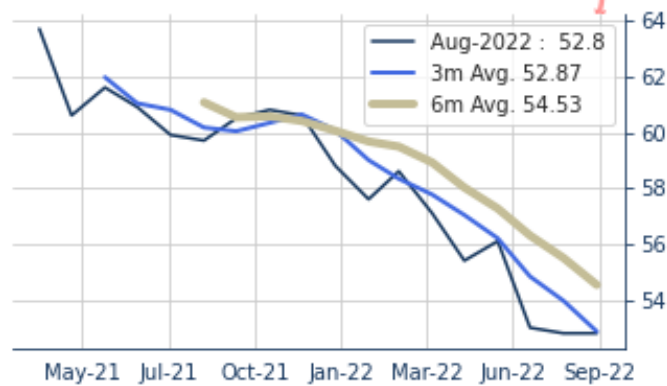


01.Sep.2022

ISM Manufacturing: Continued Gains As Price Pressures Ease

Bottom Line: ISM's survey-based index of manufacturing managers still showed modestly positive growth as production rose and new order growth rebounded. Prices paid rose at the slowest pace since the early days of the pandemic. The difference between new orders and inventories, often a more forward-looking indicator, fell again but less than in August. Anecdotal reports suggested managers were worried about bloated inventory levels. **Overall, this report suggested national manufacturing activity was somewhat better than reported in many of the regional surveys. Manufacturers have largely worked through order backlogs, and new order growth suggests activity will slow, but perhaps not as quickly as feared. Moreover, supply bottlenecks have eased, putting dramatically less upward pressure on input prices.**

ISM PMI August: +52.8, consensus: +51.9



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

The ISM Manufacturing Index was unchanged at 52.8, BELOW the 3-Month average of 52.87, BELOW the 6-Month average of 54.53 and 6.9 BELOW the year-ago level.

- **New orders** ROSE 3.3 points to 51.3, ABOVE the 3-Month average of 49.5, BELOW the 6-Month average of 51.82 but 14.2 BELOW the year-ago level.
- **Production** FELL 3.1 points to 50.4, BELOW the 3-Month average of 52.93, BELOW the 6-Month average of 53.52 and 9 BELOW the year-ago level.
- **Employment** ROSE 4.3 points to 54.2, ABOVE the 3-Month average of 50.47, ABOVE the 6-Month average of 51.37 and 4.2 ABOVE the year-ago level.
- **Inventories** FELL 4.2 points to 53.1, BELOW the 3-Month average of 55.47, BELOW the 6-Month average of 54.9 and 0.9 BELOW the year-ago level.
- **Prices paid** FELL 7.5 points to 52.5, BELOW the 3-Month average of 63.67, BELOW the 6-Month average of 74.15 and 26.9 BELOW the year-ago level.

- **Backlog orders** ROSE 1.7 points to 53, ABOVE the 3-Month average of 52.5, BELOW the 6-Month average of 55.37 but 15.2 BELOW the year-ago level.

WHAT RESPONDENTS ARE SAYING

- “Demand from customers is still strong, but much of that is because there is still fear of not getting product due to constraints. They are stocking up. There will be a reckoning in the market when the music stops, and everyone’s inventories are bloated.” [Computer & Electronic Products]
- “Sales in target business softening month-over-month, down 12 percent by revenue. Inventory days are increasing.” [Chemical Products]
- “Strong sales continue. The impact of the chip shortage is slowing, and the decreasing COVID-19 resurgence in Asia is now affecting production more than chips.” [Transportation Equipment]
- “Supply in most groups is slowly increasing, but demand appears to be outpacing — causing pricing to either stabilize or increase.” [Petroleum & Coal Products]
- “Inventories are far too high, and we are on pins and needles to see how quickly and at what magnitude our busy season begins. We will start seeing that in the next few weeks.” [Food, Beverage & Tobacco Products]
- “Continue to struggle with electronic component shortages. Several smaller machine shops are (manufacturing) the pacing item for our production due to lack of direct labor machinists.” [Machinery]
- “Overall, I have seen much improvement in the availability of raw materials. However, trucking issues continued, and production capacity within some industries remains tight. I have growing concerns that as cement and mineral companies run ‘all out’ to meet demand, we will see more downtime due to maintenance (issues).” [Nonmetallic Mineral Products]
- “Demand is softening; however, we are continuing to produce to replenish inventory.” [Primary Metals]
- “Orders are still strong through the end of the year, but there is a feeling that customers may start pulling back on orders, either cancelling them or pushing them into 2023.” [Plastics & Rubber Products]
- “Business conditions are good, and demand is strong. Securing enough raw material supply to keep up is still a challenge.” [Miscellaneous Manufacturing]

SOURCE: ISMWorld.org

New orders



monthly levels

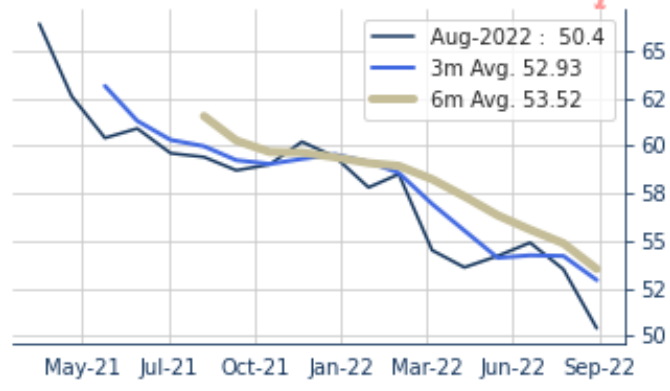


Contingent Macro Advisors 2022 source: Inst. Supply Mgmt. via Bloomberg LP

Production



monthly levels

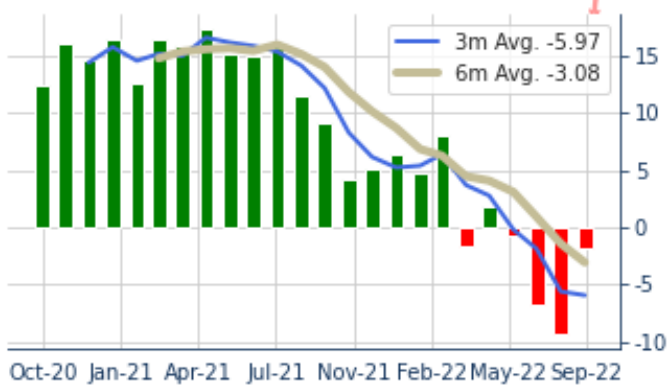


Contingent Macro Advisors 2022 source: Inst. Supply Mgmt. via Bloomberg LP

New Orders Less Inventories



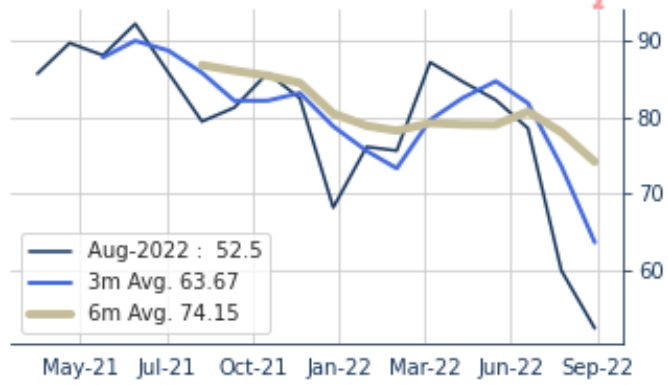
monthly levels



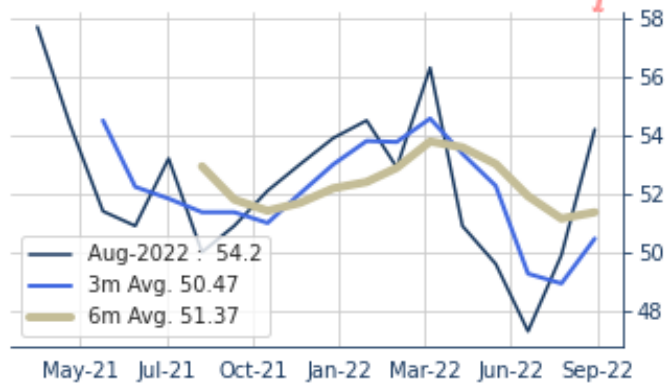
Prices paid



monthly levels



Employment



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

ISM Manufacturing Survey	Aug-22	Jul-22	Jun-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
ISM PMI	52.8	52.8	53.0	52.9	54.5	57.0	60.6	55.9
New orders	51.3	48.0	49.2	49.5	51.8	56.5	64.3	57.7
Production	50.4	53.5	54.9	52.9	53.5	56.2	60.9	56.8
Employment	54.2	49.9	47.3	50.5	51.4	52.1	52.8	51.8
Supplier	55.1	55.2	57.3	55.9	61.0	65.2	72.8	62.1
Inventories	53.1	57.3	56.0	55.5	54.9	54.9	52.2	51.3
Inventories of Customers	38.9	39.5	35.2	37.9	36.3	33.5	29.8	39.0
Prices paid	52.5	60.0	78.5	63.7	74.1	76.2	83.8	66.2
Backlog orders	53.0	51.3	53.2	52.5	55.4	58.9	65.1	55.1
Export orders	49.4	52.6	50.7	50.9	51.9	53.2	55.1	52.8

Imports	52.5	54.4	50.7	52.5	51.6	52.5	54.6	52.7
# Industries Reporting Growth	nan	11.0	15.0	13.0	14.6	14.9	16.1	13.4
# Reporting New Orders	nan	4.0	8.0	6.0	9.4	11.0	13.8	11.6
Manuf New Orders % Better	17.5	17.2	17.8	17.5	22.3	25.5	37.4	31.2
Manuf New Orders % Same	63.1	63.0	65.1	63.7	62.4	61.6	53.8	52.8
Manuf New Orders % Worse	19.4	19.8	17.1	18.8	15.3	12.9	8.8	16.0
New Orders Less Inventories	-1.8	-9.3	-6.8	-6.0	-3.1	1.6	12.1	6.4

Source: Institute for Supply Management