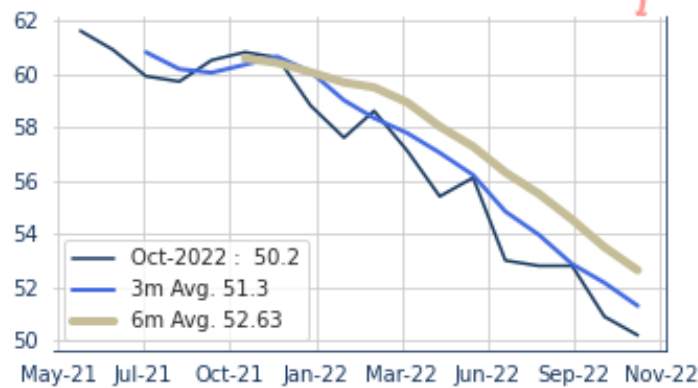
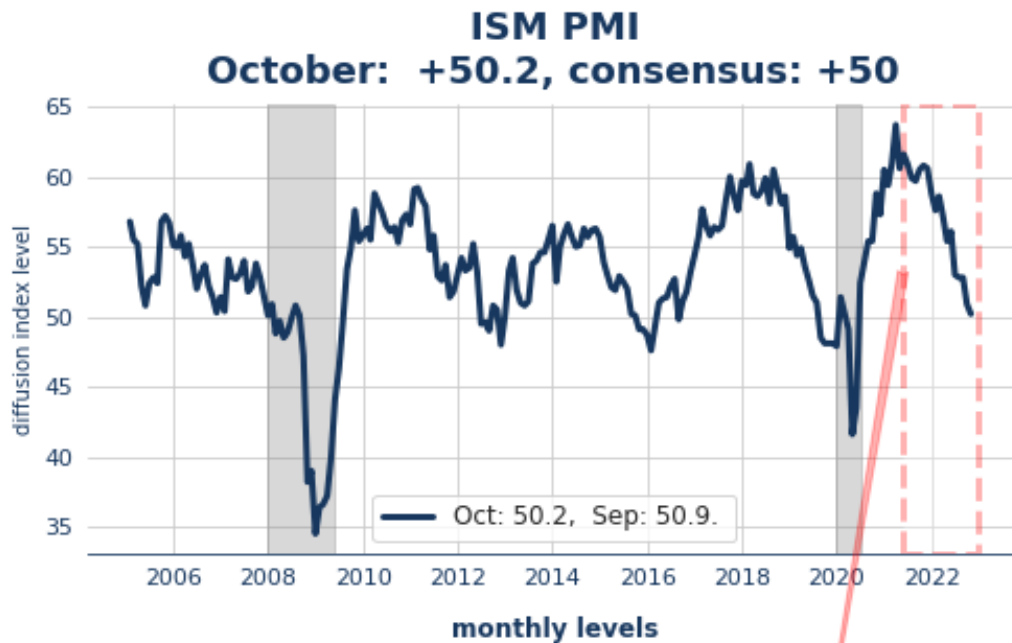


01.Nov.2022

ISM Manufacturing: Barely Hanging On

Bottom Line: ISM's survey-based index of manufacturing managers held just above 50, the dividing line between growth and contraction. Production growth remained positive, accelerating just a touch, while new orders contracted at a slower pace in October. Overall, the report confirmed a marked slowdown in manufacturing. But on the plus side, anecdotes suggested supply chain congestion easing even further. Moreover, prices paid were sharply lower, falling for the first time since the pandemic.



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

The ISM Manufacturing Index FELL 0.7 points to 50.2, BELOW the 3-Month average of 51.3, BELOW the 6-Month average of 52.63, and 10.6 BELOW the year-ago level.

- **New orders** ROSE 2.1 points to 49.2, BELOW the 3-Month average of 49.2, BELOW the 6-Month average of 49.98, and 11.4 BELOW the year-ago level.
- **Production** ROSE 1.7 points to 52.3, ABOVE the 3-Month average of 51.1, BELOW the 6-Month average of 52.65 but 6.7 BELOW the year-ago level.
- **Employment** ROSE 1.3 points to 50, BELOW the 3-Month average of 50.97, ABOVE the 6-Month average of 49.95, and 2.1 BELOW the year-ago level.
- **Inventories** FELL 3 points to 52.5, BELOW the 3-Month average of 53.7, BELOW the 6-Month average of 55.05 and 3.9 BELOW the year-ago level.
- **Prices paid** FELL 5.1 points to 46.6, BELOW the 3-Month average of 50.27, BELOW the 6-Month average of 61.92 and 39.1 BELOW the year-ago level.

- **Backlog orders** FELL 5.6 points to 45.3, BELOW the 3-Month average of 49.73, BELOW the 6-Month average of 52.07 and 18.3 BELOW the year-ago level.

WHAT RESPONDENTS ARE SAYING

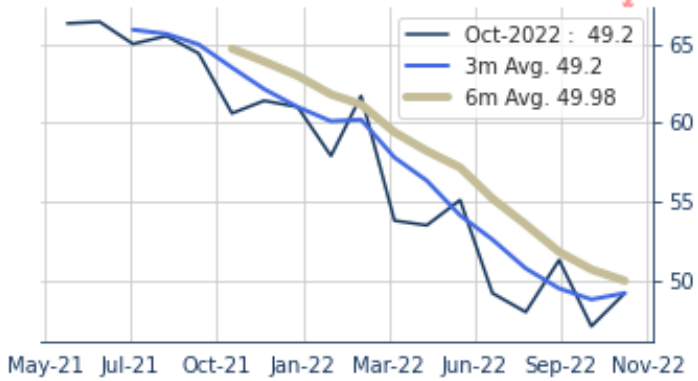
- “Flat business activity; continued electronics market challenges.” [Computer & Electronic Products]
- “Customers are canceling some orders. Inventories of finished goods increasing. Expect some bounce back as some customers may be waiting for commodity prices to decline (further).” [Chemical Products]
- “Challenges with labor and parts delivery are easing. Order levels are slowing down after pent-up demand in the previous month.” [Transportation Equipment]
- “Growing threat of recession is making many customers slow orders substantially. Additionally, global uncertainty about the Russia-Ukraine (war) is influencing global commodity markets.” [Food, Beverage & Tobacco Products]
- “We have seen a general pullback in available capital budgets from our customers, and that is having a significant impact on our sales in the fourth quarter.” [Machinery]
- “Housing market is down, so our business is affected. Capacity has increased over the last two years due to high orders of consumer goods and appliances, so now we’re trying promotions to get our orders up to where we can use all our capacity.” [Electrical Equipment, Appliances & Components]
- “Customer demand has been slower for two months. Production is decreasing our inventory and (we are) implementing forecasts carefully. The headwind seems to be very strong, so we need to be prepared for that.” [Fabricated Metal Products]
- “International conditions loom large and seem very foreboding. Overall, we still think 2023 will be a positive year, with at least some moderate growth.” [Nonmetallic Mineral Products]
- “Lead times are improving. Plastic prices are coming down.” [Plastics & Rubber Products]
- “Prices are continuing a slight decline. Suppliers are trying to hold off decreases, but competition is increasing.” [Miscellaneous Manufacturing]

SOURCE: ISMWorld.org

New orders



monthly levels

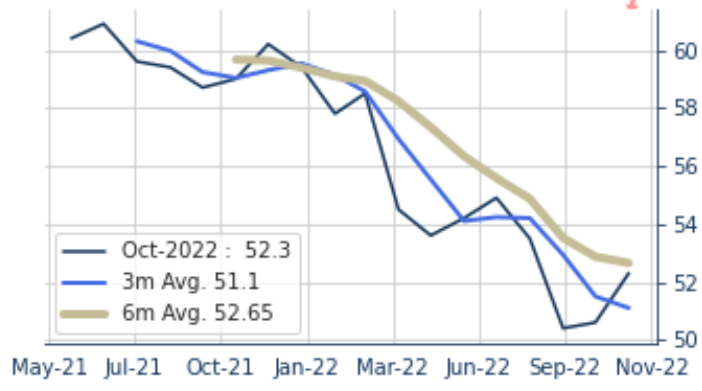


Contingent Macro Advisors 2022 source: Inst. Supply Mgmt. via Bloomberg LP

Production

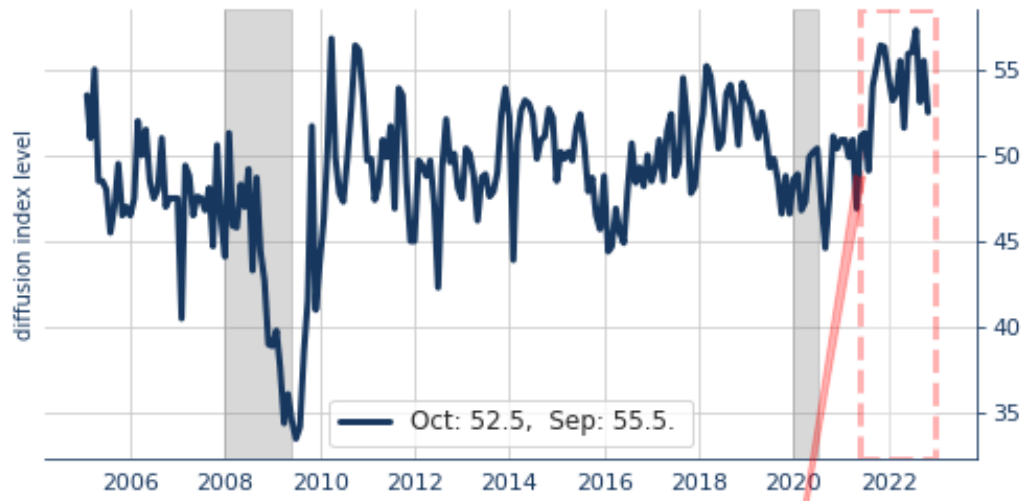


monthly levels

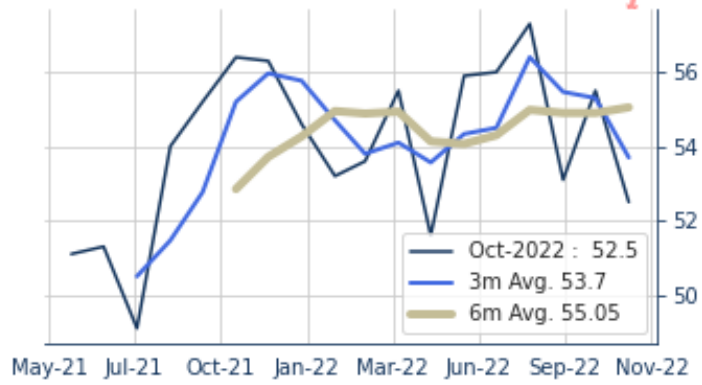


Contingent Macro Advisors 2022 source: Inst. Supply Mgmt. via Bloomberg LP

Inventories



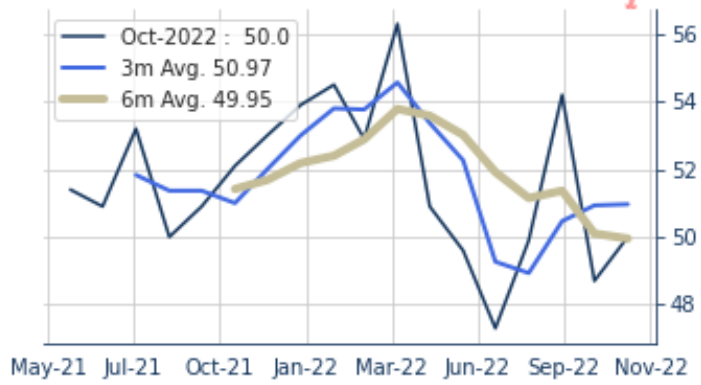
monthly levels



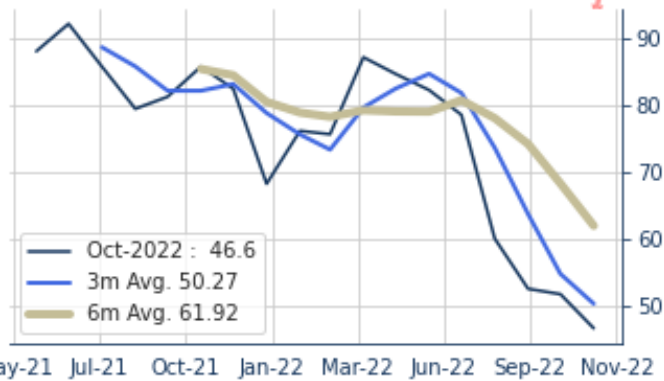
Employment



monthly levels



Prices paid



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

ISM Manufacturing Survey	Oct-22	Sep-22	Aug-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
ISM PMI	50.2	50.9	52.8	51.3	52.6	55.3	60.6	55.7
New orders	49.2	47.1	51.3	49.2	50.0	54.1	64.3	57.2
Production	52.3	50.6	50.4	51.1	52.6	55.0	60.9	56.5
Employment	50.0	48.7	54.2	51.0	49.9	51.8	52.8	51.5
Supplier	46.8	52.4	55.1	51.4	55.4	61.1	72.8	61.7
Inventories	52.5	55.5	53.1	53.7	55.0	54.6	52.2	51.5
Inventories of Customers	41.6	41.6	38.9	40.7	38.2	35.2	29.8	38.9
Prices paid	46.6	51.7	52.5	50.3	61.9	70.5	83.8	65.5
Backlog orders	45.3	50.9	53.0	49.7	52.1	56.2	65.1	54.9
Export orders	46.5	47.8	49.4	47.9	50.0	52.0	55.1	52.6

Imports	50.8	52.6	52.5	52.0	51.6	52.5	54.6	52.6
# Industries Reporting Growth	nan	9.0	10.0	9.5	12.0	13.6	16.1	13.2
# Reporting New Orders	nan	5.0	6.0	5.5	6.8	9.5	13.8	11.3
Manuf New Orders % Better	nan	16.0	17.5	16.8	19.3	23.2	37.4	30.8
Manuf New Orders % Same	nan	62.8	63.1	63.0	62.5	62.7	53.8	52.9
Manuf New Orders % Worse	nan	21.2	19.4	20.3	18.2	14.1	8.8	16.3
New Orders Less Inventories	-3.3	-8.4	-1.8	-4.5	-5.1	-0.5	12.1	5.7

Source: Institute for Supply Management