



ECONOMICS GROUP

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ISM Manufacturing Index Remained Steady in February

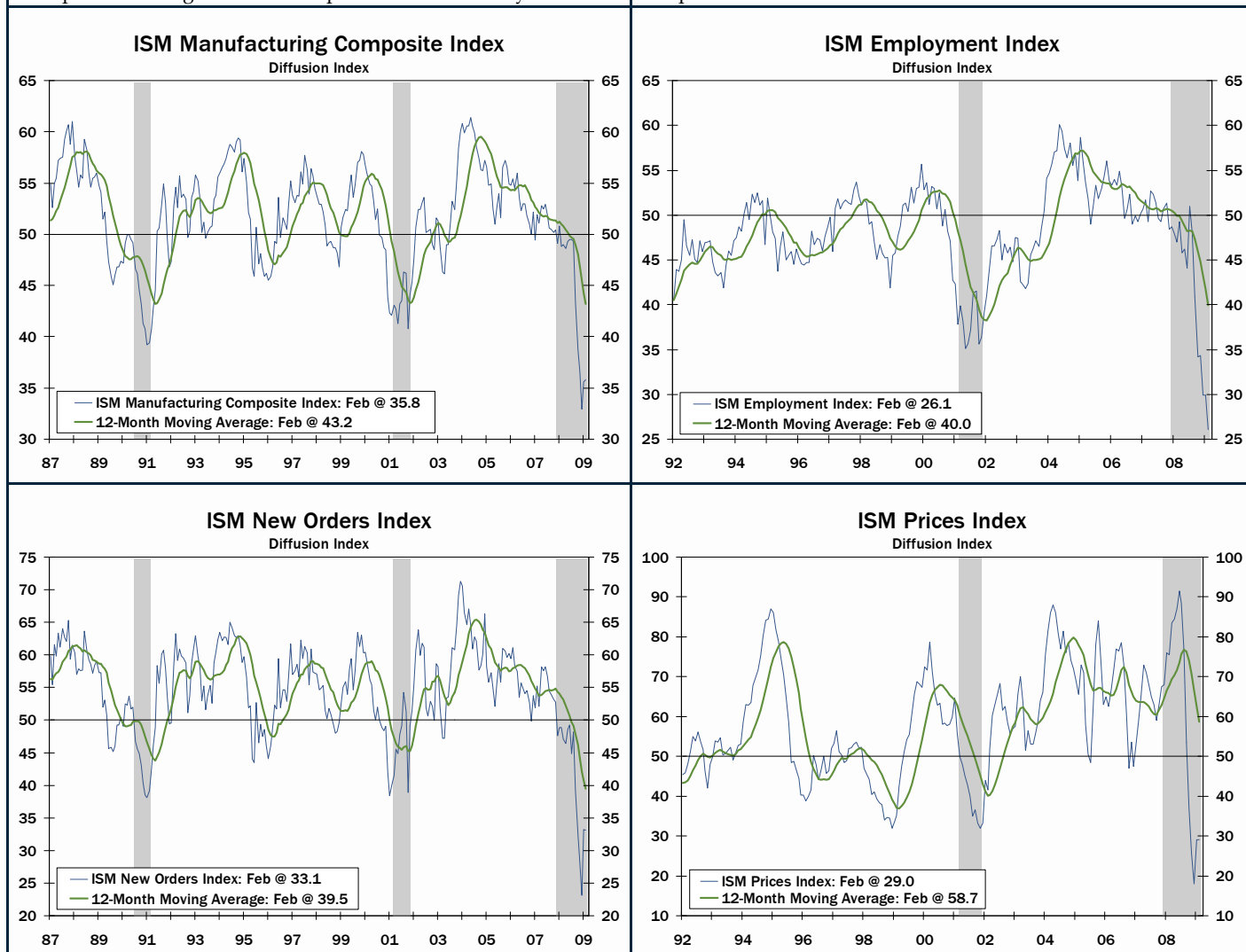
As suggested by the mixed regional manufacturing surveys, the composite ISM manufacturing index changed little from depressed levels in February. The production index increased modestly while new orders stayed flat. The employment index slipped and is consistent with our forecast for a sharp contraction in February payrolls.

Business Activity Starting to Form a Bottom?

- For the second consecutive month, the headline ISM manufacturing index increased – inching to 35.8 in February.
- After jumping nearly ten points in January, the new orders index remained steady on the month. The outlook for the manufacturing sector, however, remains under considerable pressure and growth is not expected to rebound anytime soon.

Employment Drops

- With data going back to 1948, the employment index slipped to a record low of 26.1. This depressed reading suggests further significant employment losses in the manufacturing sector.
- The prices paid index was flat last month. Manufacturers continued to see lower input costs given slower demand for products and services.



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