

Economics Group

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ISM Climbs to Highest Level Since 2004

The ISM index increased to 60.4—the highest reading since June 2004 and the latest affirmation that recovery has taken hold in the manufacturing sector. Growth was reported in 17 of the 18 manufacturing industries.

Strength in Manufacturing Continues, but Elsewhere?

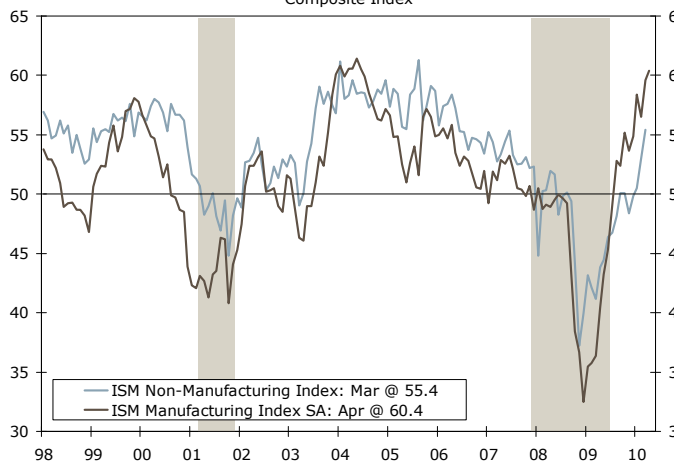
- The highest ISM reading in nearly six years speaks to the robust recovery in the factory sector even as other parts of the economy are recovering more gradually. The ISM Manufacturing Index is outpacing the ISM Non-Manufacturing Index.
- The new orders index jumped to 65.7 and suggests that the gains we have seen in business spending will continue.

Employment Picture Brightening

- The employment index increased to 58.5—the highest reading for this forward-looking measure of the job market in over five years. While we do not expect manufacturing employment to return to pre-recession levels, it is becoming clearer that factory owners may have overdid it on the layoffs last year. We have seen manufacturing jobs increase in each of the last three months, and today's report tells us that growth may continue.

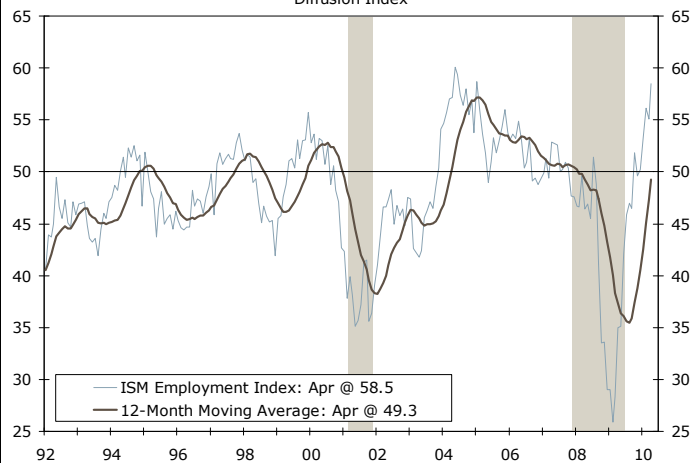
ISM Manufacturing & Non-Manufacturing

Composite Index

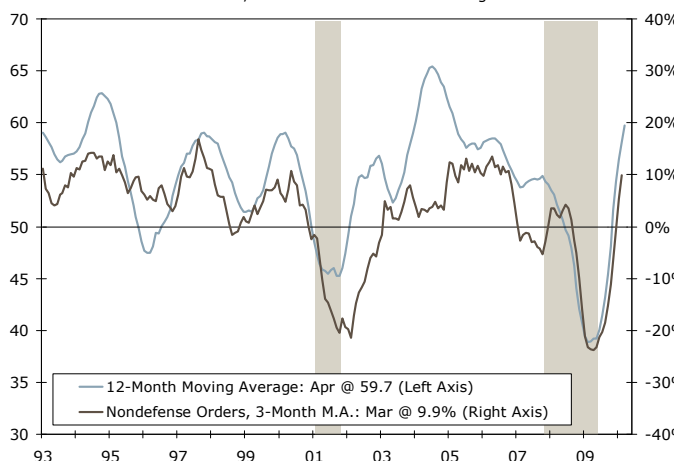


ISM Employment Index

Diffusion Index

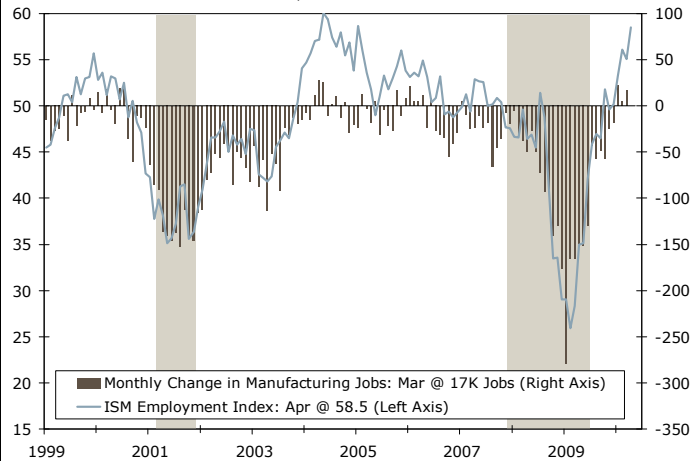


ISM New Orders & Nondef. Cap. Gds Orders Ex. Aircraft
Index, Year-over-Year Percent Change



ISM Employment Index & Manufacturing Jobs

Index, Thousands of Jobs



Source: U.S. Dept. of Labor, U.S. Dept. of Commerce, Institute for Supply Management and Wells Fargo Securities, LLC

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