

Economics Group

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ISM: Recovery Continues, Jobs Improve, Prices Rise

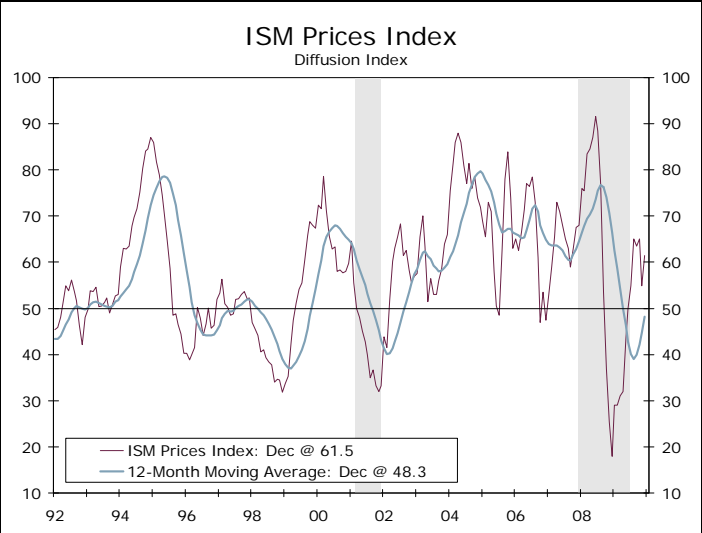
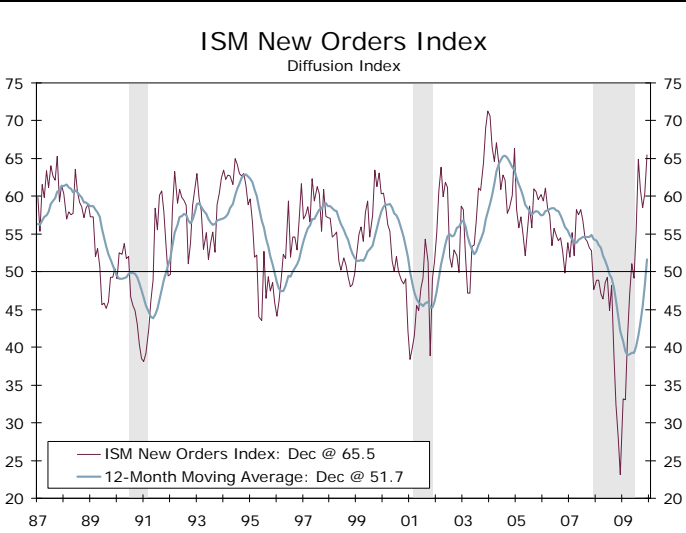
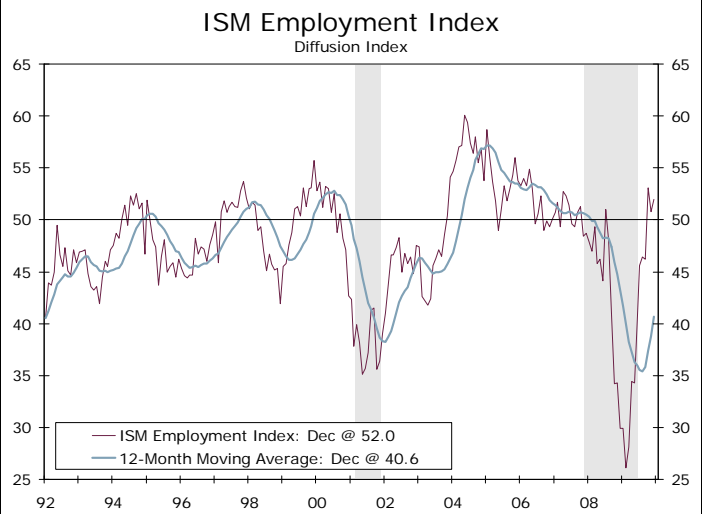
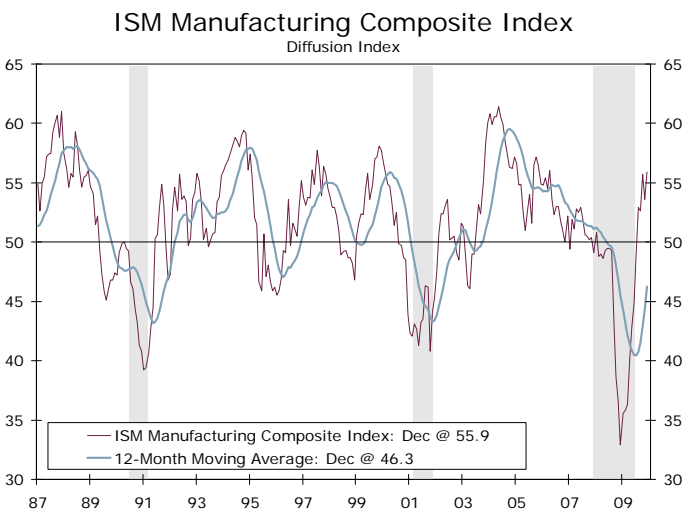
Continued growth in the manufacturing sector is the bottom line. The ISM index came in at 55.9 with gains registered in orders, production and employment. Prices paid rose with metals (aluminum/steel/copper) up.

Recovery Continues with Gains in Orders

- Growth in the manufacturing sector continues as the Institute for Supply Management (ISM) index came in at 55.9—above the breakeven 50 level for the fifth straight month.
- New orders came in at 65.5 and this index has remained above 50 since July. Orders are a leading indicator and suggest continued economic gains in the manufacturing sector as well as the overall economy for the first half of this year.

Employment up, Prices Moderate

- The employment index came in at 52.0 and has now been above the 50 break-even level since October. Our outlook is for positive employment gains for the overall economy in the first half of this year and thereby continued gains in consumer spending.
- Prices paid rose to 61.5 from 55.0 in the latest month. Key price increases were in metals. These prices have been rising for the past six months and show no sign of stopping.



Source: Institute for Supply Management and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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