

# Economics Group

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## ISM: Still a Growth Story—Prices Paid Up, Metals on the Move

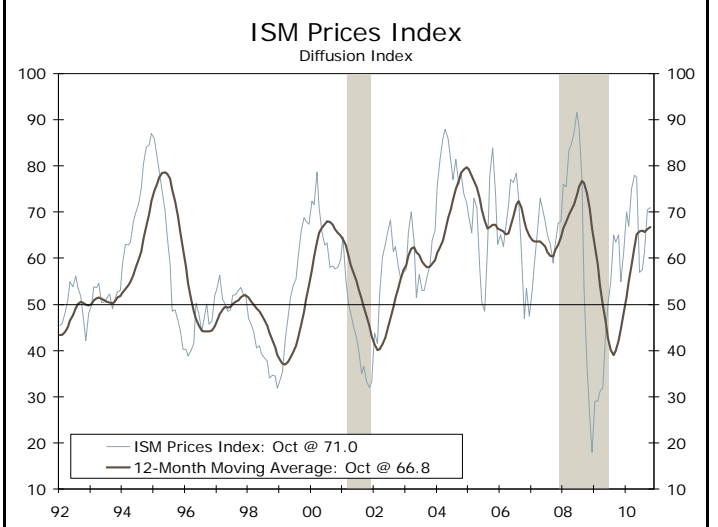
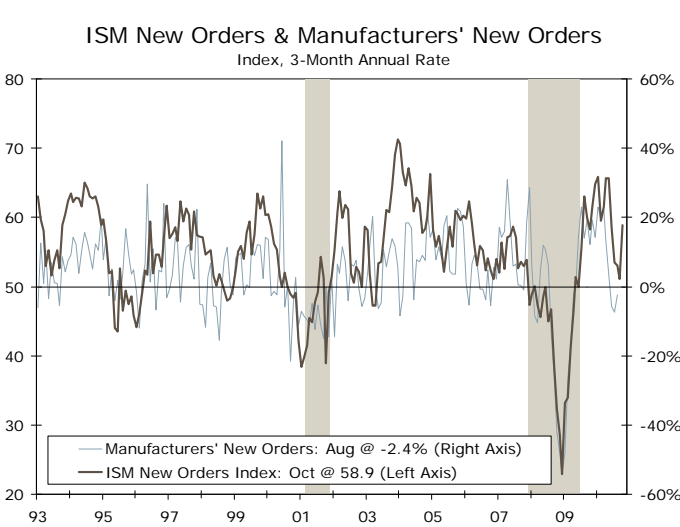
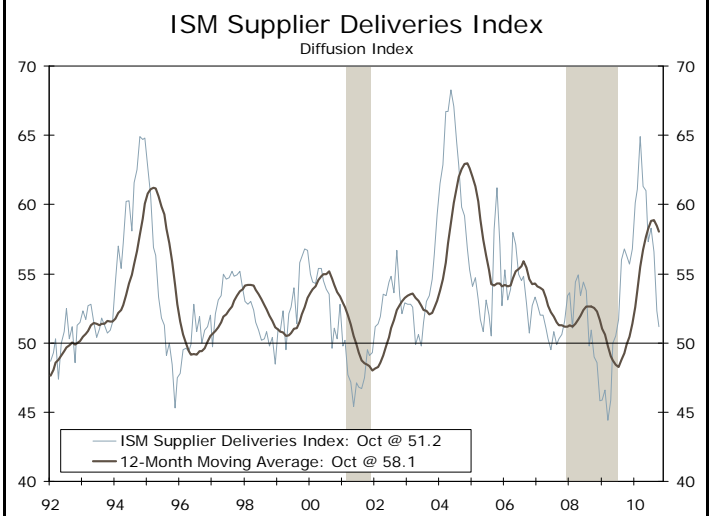
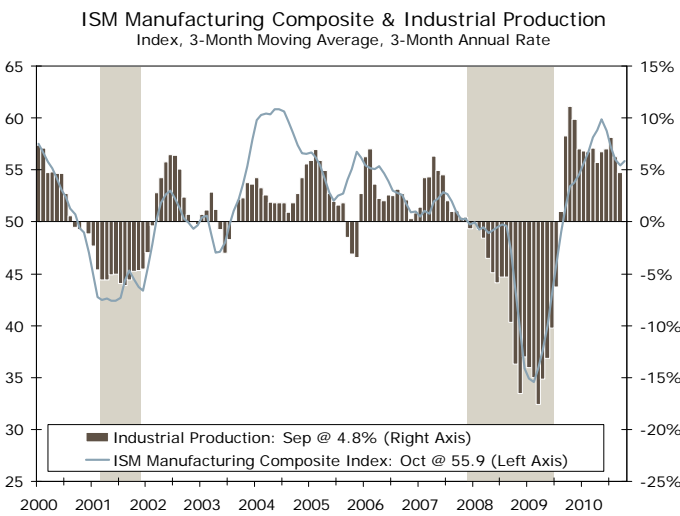
*October's ISM came in at 56.9 with continued growth signals from production, orders and employment. Firms appear to have adjusted their operations to signal growth with export orders very strong.*

### Moderate Growth, No Double Dip, No “V”

- Production, employment, orders and inventories all suggest that firms have adjusted their expectations of top line revenues estimates to be consistent with continued growth ahead.
- Orders continue to show traction suggesting firms are planning for more growth ahead. For now, there is no signal of a slowdown. The six point jump in export orders reflects global growth and tied the second highest monthly gain on record.

### Prices Paid High, Yet Pricing Power on Output Weakens

- Slower deliveries suggest a lack of pricing power on the part of manufacturing firms on the output side.
- However, the prices paid index rose suggesting input price pressures. Corrugated containers were up in price for the eighth straight month. Base metals of copper, steel and aluminum were also up. Thirteen industries reported paying higher prices including paper, primary metals, chemicals and machinery.



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

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