

## **ISM Report: Manufacturing On The Rise Again**

Mike Schmidt, Associate Editor, Manufacturing Business Technology

**Economic activity in the manufacturing sector expanded in March for the 32<sup>nd</sup> consecutive month, and the overall economy grew for the 34th straight month.**

Another month meant another encouraging Manufacturing ISM *Report on Business*.



Bradley J. Holcomb, CPSM, CPSD

According to the most recent report, economic activity in the manufacturing sector expanded in March for the 32<sup>nd</sup> consecutive month, and the overall economy grew for the 34th straight month.

“It’s just a very, very balanced report,” says Bradley J. Holcomb, CPSM, CPSD, chair of the Institute for Supply Management. “If you look at this month and at the first quarter, I think we see a lot of consistency, steady growth, and consistent growth.”

The PMI registered 53.4 percent in March, an increase of 1 percentage point when compared with February’s PMI reading of 52.4 percent. A reading above 50 percent indicates the manufacturing economy is generally expanding, while a reading below 50 percent means it is generally contracting.

Two other indexes that saw improvement over last month were ISM’s Production Index and ISM’s Employment Index. Production registered 58.3 percent in March, up 3 points over last month’s reading of 55.3 percent. Meanwhile, employment registered 56.1 percent in March, which is 2.9 percentage points higher than the

## ISM Report: Manufacturing On The Rise Again

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

53.2 percent reported in February.

“Production kind of comes along with new orders and backlog (both of which grew as well),” says Holcomb. “Employment, this is a good leading indicator of what we’ll see in the Bureau of Labor Statistics figures that come out shortly. I’d expect some more good news in terms of the size of employment. This is anticipating a continuation of new orders and production.”

### Supplier Deliveries

One area that has completely reversed track over the course of the past two months has been supplier deliveries. ISM’s Supplier Deliveries Index registered 48 percent in March, which meant that the delivery performance of suppliers to manufacturing organizations was faster than in previous months. The March reading was 1 percentage point lower than the 49 percent reported in February. Prior to February, there were 31 consecutive months in which supplier deliveries slowed.

According to Holcomb, this is not exactly normal.

“Generally speaking, we like to see slower deliveries,” he says. “Those indexes are above 50 for the long haul. What this says to me is that suppliers have anticipated this consistent demand for their raw materials, and they have increased production and increased inventories in order to be able to fill their orders faster. That’s another good sign, at least in the short term in supplier deliveries.”

### Prices

Prices of raw materials have been on the rise as of late, but Holcomb says that had quite a bit to do with suppliers introducing their new pricing at the start of the year. Furthermore, he isn’t concerned the manufacturing sector (or economy as a whole) will see a repeat of 2011, where prices skyrocketed. The ISM Prices Index registered 61 percent in March, 0.5 percentage point lower than the 61.5 percent reported in March. Though there has been growth in the area of prices for awhile now, it hasn’t been quite as substantial as in past months.

“It leveled off at a pretty respectable rate,” says Holomb. “It’s not too high like it was last year. I think we are continuing to see moderate price increases for 2012.”

### Overall Outlook

According to Holcomb, there’s a lot to like about the March Manufacturing *ISM Report on Business*. He suggests there are no signs that would suggest economic activity in the manufacturing sector and overall economy shouldn’t continue to grow in the coming months.

“I’m always looking for that, but quite honestly I don’t see it,” says Holcomb. “I just see a lot of consistency. I think things are at the right level, which I think leads us to believe that it is sustainable for the next few months -- unlike last year, when we got overheated in the first quarter or so. In this case, I think we have learned from

## **ISM Report: Manufacturing On The Rise Again**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

those lessons. It is more tempered, and it bodes well for the next several months.”

*In his role as the Chair of the Institute for Supply Management Manufacturing Business Survey Committee, Bradley J. Holcomb writes the monthly Manufacturing ISM Report on Business based on the survey results of approximately 350 professionals across 18 different industry sectors. The Report on Business is released on the first business day of each month, and features the PMI Index as its key measure. For more information on the Institute of Supply Management, visit [www.ism.ws](http://www.ism.ws) [1].*

### **Source URL (retrieved on 04/19/2015 - 3:24pm):**

<http://www.impomag.com/articles/2012/04/ism-report-manufacturing-rise-again>

### **Links:**

[1] <http://www.ism.ws/>