

APRIL ISM MANUFACTURING INDEX

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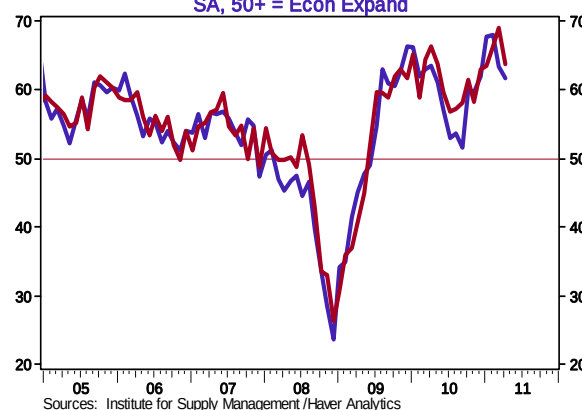
- The ISM Manufacturing index declined to 60.4 in April from 61.2 in March. The consensus expected a larger decline to 59.5. (Levels higher than 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity all declined in April, but also remained well above 50.0, signaling very strong growth. The supplier deliveries index fell to 60.2 from 63.1 and the production index declined to 63.8 from 69.0. The new orders index also fell to 61.7 from 63.3 and the employment index slipped to 62.7 from 63.0.
- The prices paid index increased to 85.5 in April from 85.0 in March.

Implications: Manufacturing continues to boom, with the ISM index coming in at 60.4 in April. The index has now been over 60 for four straight months and the four-month average of 60.9 is the strongest since 1984, when the economy was in the huge 1980s recovery. The sub-indices all remain at very high levels. The only bad news in today's report was on inflation, where the prices paid index rose to 85.5 from an already elevated 85.0 in March. The index is quickly approaching levels seen during the summer of 2008, when oil prices were spiking. The Fed's loose monetary policy continues to become more and more inappropriate as the recovery continues. In other news this morning, construction increased 1.4% in March (1.1% including downward revisions for February). The increase in March was led by home improvements and commercial construction (power plants, manufacturing facilities, and hospitals). We project that, in general, both home building and commercial construction will be moving upward from current levels, although certainly not every month.

ISM Mfg: PMI Composite Index
SA, 50+ = Econ Expand



ISM Mfg: Production Index
SA, 50+ = Econ Expand
ISM Mfg: New Orders Index
SA, 50+ = Econ Expand



Institute for Supply Management Index	Apr-11	Mar-11	Feb-11	3-month moving avg	6-month moving avg	Year-ago level
<i>Seasonally Adjusted Unless Noted: 50+ = Econ Growth</i>						
Business Barometer	60.4	61.2	61.4	61.0	60.1	59.6
<i>New Orders</i>	61.7	63.3	68.0	64.3	63.7	63.6
<i>Production</i>	63.8	69.0	66.3	66.4	64.0	66.4
<i>Inventories</i>	53.6	47.4	48.8	49.9	51.7	49.7
<i>Employment</i>	62.7	63.0	64.5	63.4	61.6	58.7
<i>Supplier Deliveries</i>	60.2	63.1	59.4	60.9	59.4	59.8
<i>Order Backlog (NSA)</i>	61.0	52.5	59.0	57.5	53.9	57.5
<i>Prices Paid (NSA)</i>	85.5	85.0	82.0	84.2	79.3	78.0
<i>New Export Orders</i>	62.0	56.0	62.5	60.2	59.0	61.0

Source: National Association of Purchasing Management