

March ISM Non-Manufacturing Index

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- The ISM non-manufacturing index increased to 53.1 in March, coming in below the consensus expected 53.5. (Levels above 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mixed in March, but all were above 50. The employment index jumped to 53.6 from 47.5 while the new orders index increased to 53.4 from 51.3. The supplier deliveries index moved lower to 52.0 from 53.0 while the business activity index declined to 53.4 from 54.6.
- The prices paid index rose to 58.3 in March from 53.7 in February.

Implications: A solid plow horse report out of the service sector today. After signaling in February the slowest growth in the service sector in four years, the ISM service sector rebounded to 53.1 in March. A harsher than normal winter has wreaked havoc over much of the country and it now looks like the weather and economy are starting to thaw. After falling sharply last month to the lowest level since 2010, the employment index surged 6.1 points rising to 53.6 from 47.5 in February, the largest single-month gain ever recorded. Even though the business activity index – which has a stronger correlation with economic growth than the overall index – dipped to 53.4, the index still remains at a level that signals solid economic growth. On the inflation front, the prices paid index jumped to 58.3 in March from 53.7 in February. Still no sign of runaway inflation, but given loose monetary policy, we expect this measure to either stay elevated or even move upward over the coming year. In other recent news, automakers sold cars and light trucks at a 16.3 million annual rate in March, up 6.9% from February, up 6.9% from a year ago, and the fastest pace since November. Sales were held down by unusually bad weather in December thru February so the surge in March was, in part, catch up for lost time. However, sales in 2014 should continue to outstrip year-ago levels as consumers with growing incomes update the ageing fleet of autos now on roads across the US.

ISM Nonmanufacturing: NMI Composite Index
 SA, 50+=Increasing



ISM: Nonmfg: Prices Index
 SA, 50+ = Econ Expand



Non-Manufacturing ISM Index <i>Seasonally Adjusted Unless Noted</i>	Mar-14	Feb-14	Jan-14	3-month moving avg	6-month moving avg	Year-ago level
Composite Index	53.1	51.6	54.0	52.9	53.5	54.5
Business Activity	53.4	54.6	56.3	54.8	55.5	56.6
New Orders	53.4	51.3	50.9	51.9	53.0	55.2
Employment	53.6	47.5	56.4	52.5	53.9	53.2
Supplier Deliveries (NSA)	52.0	53.0	52.5	52.5	51.5	53.0
Prices	58.3	53.7	57.1	56.4	55.5	56.4

Source: Institute for Supply Management