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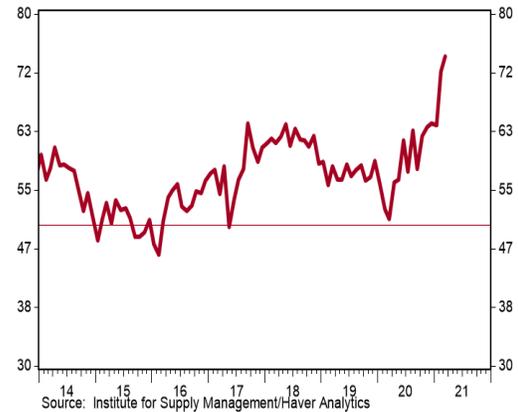
## March ISM Non-Manufacturing Index

- The ISM Non-Manufacturing index rose to 63.7 in March, easily beating the consensus expected 59.0. (Levels above 50 signal expansion; levels below signal contraction.)
- The major measures of activity were all higher in March, and all stand above 50, signaling growth. The new orders index surged to 67.2 from 51.9 in February, while the business activity index jumped to 69.4 from 55.5. The employment index rose to 57.2 from 52.7 in February, and the supplier deliveries index increased to 61.0 from 60.8.
- The prices paid index rose to 74.0 from 71.8 in February.

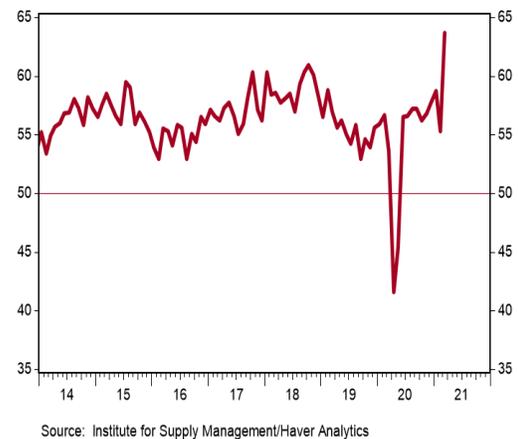
**Implications:** Following in the footsteps of last week’s report on manufacturing, today’s ISM report on the service sector was a blowout. The 8.4 point jump in the headline index represents the second largest monthly rise in series history, behind just June of last year when the index was emerging from the shelter-in-place orders that decimated activity, and the March reading of 63.7 is the single best reading since recording began back in 1997. All eighteen industries reported growth on the month, a feat rarely seen even in the best of months. Given the broad-based pickup in activity, it’s little surprise that survey respondent comments remain overwhelmingly positive. Where cautious comments did appear, they tended to revolve around continued supply chain issues (note the supplier deliver index – which rises as companies report longer delivery delays - rising to 61.0 from 60.8 in February), which in turn is putting upward pressure on prices. Thirty commodities reported up in price (and sixteen listed in short supply) in March, driving the prices paid index to the highest reading in more than a decade at 74.0. The two most forward-looking indices – business activity and new orders – surged in March, both hitting new series highs. A combination of the vaccine roll-out, state’s easing restrictions, and some make-up activity following February’s harsh winter weather and blackouts provided a tailwind. With demand rising, companies moved to fill positions, as shown by the employment index rising to 57.2 from 52.7 in February. As last Friday’s report on employment shows, job gains accelerated in March due to the same factors that boosted the ISM reports, and we forecast strong job growth to continue as we move toward the second half of the year. We now have three vaccines being distributed, and all three are ramping up production. With each passing day, we get one step closer to getting back to “normal.” That – not checks out of Washington - is the best possible stimulus the U.S. economy could ask for.

In other recent news, cars and light trucks were sold at a 17.75 million annual rate in March. Sales increased 12.6% from February and were up a massive 56.2% from a year ago, when restrictions began to go into place across the country. The rebound in March also included some delayed activity due to February storms, so expect sales to temper in April but continue at a solid pace as the weather warms and the economy reopens.

**ISM Services: Prices Index**  
 SA, 50+ = Economy Expanding



**ISM Services: Services PMI Composite Index**  
 SA, 50+=Increasing



<b>Non-Manufacturing ISM Index</b> <i>Seasonally Adjusted Unless Noted</i>	<b>Mar-21</b>	<b>Feb-21</b>	<b>Jan-21</b>	<b>3-month moving avg</b>	<b>6-month moving avg</b>	<b>Year-ago level</b>
<b>Composite Index</b>	<b>63.7</b>	55.3	58.7	59.2	58.1	53.6
<b>Business Activity</b>	<b>69.4</b>	55.5	59.9	61.6	61.0	48.8
<b>New Orders</b>	<b>67.2</b>	51.9	61.8	60.3	59.3	55.4
<b>Employment</b>	<b>57.2</b>	52.7	55.2	55.0	52.6	48.1
<b>Supplier Deliveries (NSA)</b>	<b>61.0</b>	60.8	57.8	59.9	59.3	62.1
<b>Prices</b>	<b>74.0</b>	71.8	64.2	70.0	66.8	50.9

Source: Institute for Supply Management