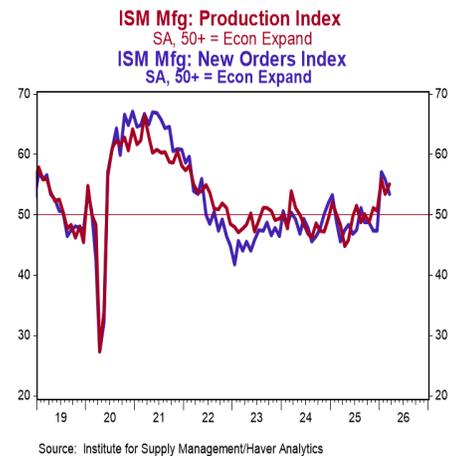
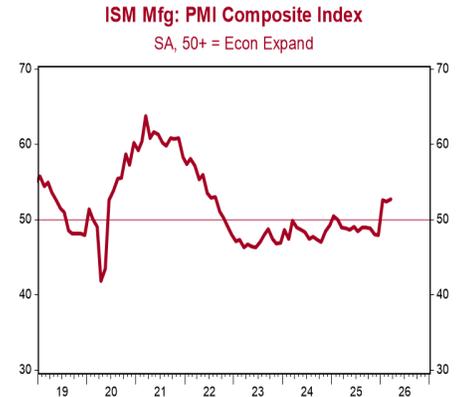


March ISM Manufacturing Index

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- The ISM Manufacturing Index increased to 52.7 in March, beating the consensus expected 52.3. (Levels higher than 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mixed in March. The new orders index declined to 53.5 from 55.8, while the production index rose to 55.1 from 53.5. The employment index ticked down to 48.7 from 48.8, while the supplier deliveries index increased to 58.9 from 55.1.
- The prices paid index increased to 78.3 in March from 70.5 in February.

Implications: Activity in the manufacturing sector surprised to the upside for the third month in a row in March, while the prices index signaled that inflation pressures remain stubbornly high. The good news is the 52.7 level registered in March marks the first time the ISM Manufacturing Index has been in expansion territory for three consecutive months since 2022. While we remain cautious given last year’s head-fake (where the index briefly rose above 50 in January and February), the recent strength is a welcome development for an industry that has faced an army of headwinds in recent years. Looking at the details, growth broadened slightly in March, with thirteen out of the eighteen major manufacturing categories reporting growth (versus twelve in February), while three reported contraction, and two reported no change. The major measures of activity were mixed: the index for new orders declined to 53.5 from 55.8, while the production index increased to 55.1 from 53.5, but both remain in solid expansion territory, signaling growth. It’s important to remember that order books have been very weak since 2023, and manufacturers had to rely on their order backlogs to keep production going. The great news is that backlogs started growing again 2026, with the index sitting at 54.4 in March – now the third consecutive month in expansion territory – when before it had contracted for 39 straight months going back to September 2022. Despite signs of improving demand, it has not been enough to meaningfully change hiring efforts in the manufacturing industry. The employment index ticked down to 48.7 in March, signaling contraction, now for the 30th consecutive month. The even worse news was a sustained pickup in pricing pressures, with the prices index jumping to 78.3 in March from 70.5 in February – markedly higher than the 59.0 level registered two months ago in January. With the ongoing war in Iran and the recent Supreme Court ruling against much of the Trump’s Administration tariffs, we expect volatility to continue for this category in the months ahead. In other news this morning, construction spending declined 0.3% in January, as drops in homebuilding and manufacturing construction fully offset a large increase for highway & street projects. In other manufacturing news, the Kansas City Fed Manufacturing Index – a measure of factory sentiment in that region – rose to 11 in March from a reading of 5 in February, the highest level since mid-2022. Meanwhile, the Chicago Purchasing Managers Index (PMI) – where readings above 50 signal growth – declined to 52.8 in March from 57.7 in February, signaling slower growth than the previous month.



Institute for Supply Management Index	Mar-26	Feb-26	Jan-26	3-month moving avg	6-month moving avg	Year-ago level
<i>Seasonally Adjusted Unless Noted: 50+ = Econ Growth</i>						
Business Barometer	52.7	52.4	52.6	52.6	50.4	48.9
New Orders	53.5	55.8	57.1	55.5	51.6	45.6
Production	55.1	53.5	55.9	54.8	52.5	48.3
Inventories	47.1	48.8	47.6	47.8	47.4	52.7
Employment	48.7	48.8	48.1	48.5	46.7	44.4
Supplier Deliveries	58.9	55.1	54.4	56.1	53.8	53.5
Order Backlog (NSA)	54.4	56.6	51.6	54.2	50.1	44.5
Prices Paid (NSA)	78.3	70.5	59.0	69.3	63.8	69.4
New Export Orders	49.9	50.3	50.2	50.1	48.0	49.6

Source: National Association of Purchasing Management