

Another Strong US ISM Manufacturing Report

United States, ISM Manufacturing Index, index level, October:

Actual: 58.7

Scotia: 60.0

Consensus: 59.5

Prior: 60.8

- The ISM manufacturing headline slipped by 2.1 points to a still very elevated reading overall that continues to fit the picture of very solid momentum in the global manufacturing sector. All of the underlying details reinforce a directional cooling at still elevated levels across all components. I would not read really anything into the modest deceleration from elevated peaks not least of which because the fact it held up so strongly during the hurricane-related disruptions to supply chains was a feat in itself.
- New orders are still rising at a rapid pace with a 63.4 print (64.6 prior) which suggests continued momentum for production.
- Shipments were up at a slightly cooler pace of 61 (62.2 prior).
- Employment is still advancing at a healthy clip with a 59.8 reading (60.3 prior).
- Inflation signals remain firm with prices paid at 68.5, 71.5 prior and hence still very strong this year. While it's tempting to dismiss any one report for idiosyncratic reasons, the prices paid subcomponent has been running at the hottest trend rate since 2011.
- Updated charts for global manufacturing and service sector PMIs are attached. Next up will be U.S. ISM-services and the UK services PMIs on Friday plus tomorrow night's state services PMI from China.
- As an aside, also note that construction spending during September was broadly in line with expectations including revision effects. Spending was up 0.3% m/m in September (-0.2% expected) but revised lower to a 0.1% rise in August (0.5% initially).

CONTACTS

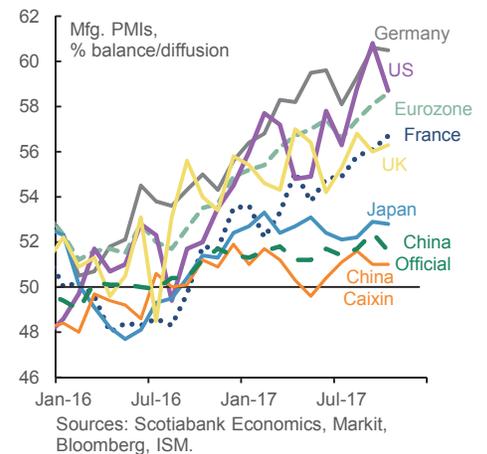
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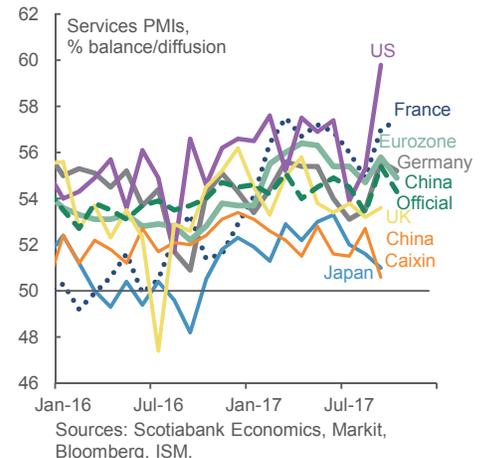
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Global Manufacturing



Global Services



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