United States: ISM Manufacturing Index at Its Highest Since 2004

**HIGHLIGHTS**

- The ISM index went from 58.8 in August to 60.8 in September, its highest point since May 2004.
- Eight of the manufacturing index’s ten components went up in September. New orders increased 4.3 points, while supplier deliveries went up 7.3 points. The current production component advanced 1.2 points, going from 61.0 to 62.2.
- The price component jumped 9.5 points. The index’s strongest monthly growth this year is mainly due to Hurricane Harvey’s effects on Texas.
- The employment component increased 0.4 points, going from 59.9 to 60.3.
- Inventories (-3.0 points) and imports (-0.5 points) are the only components that went down.

**COMMENTS**

Although the consensus had been expecting the manufacturing ISM to tick down in September, it gained 2 points instead, hitting its highest point in this growth cycle. Moreover, except for the 61.4 recorded in May 2004, the last time the ISM was this high was December 1987. The manufacturing sector therefore seems to be doing better, as was evident already with the 83,000 manufacturing jobs created between June and August, the best 3-month performance since winter 2012. No doubt the U.S. dollar’s recent weakness is good for manufacturing.

**IMPLICATIONS**

The ISM manufacturing index’s good performance is good news for economic growth. Among other things, it suggests that the recent acceleration in business investment should keep going.

Francis Généreux, Senior Economist

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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