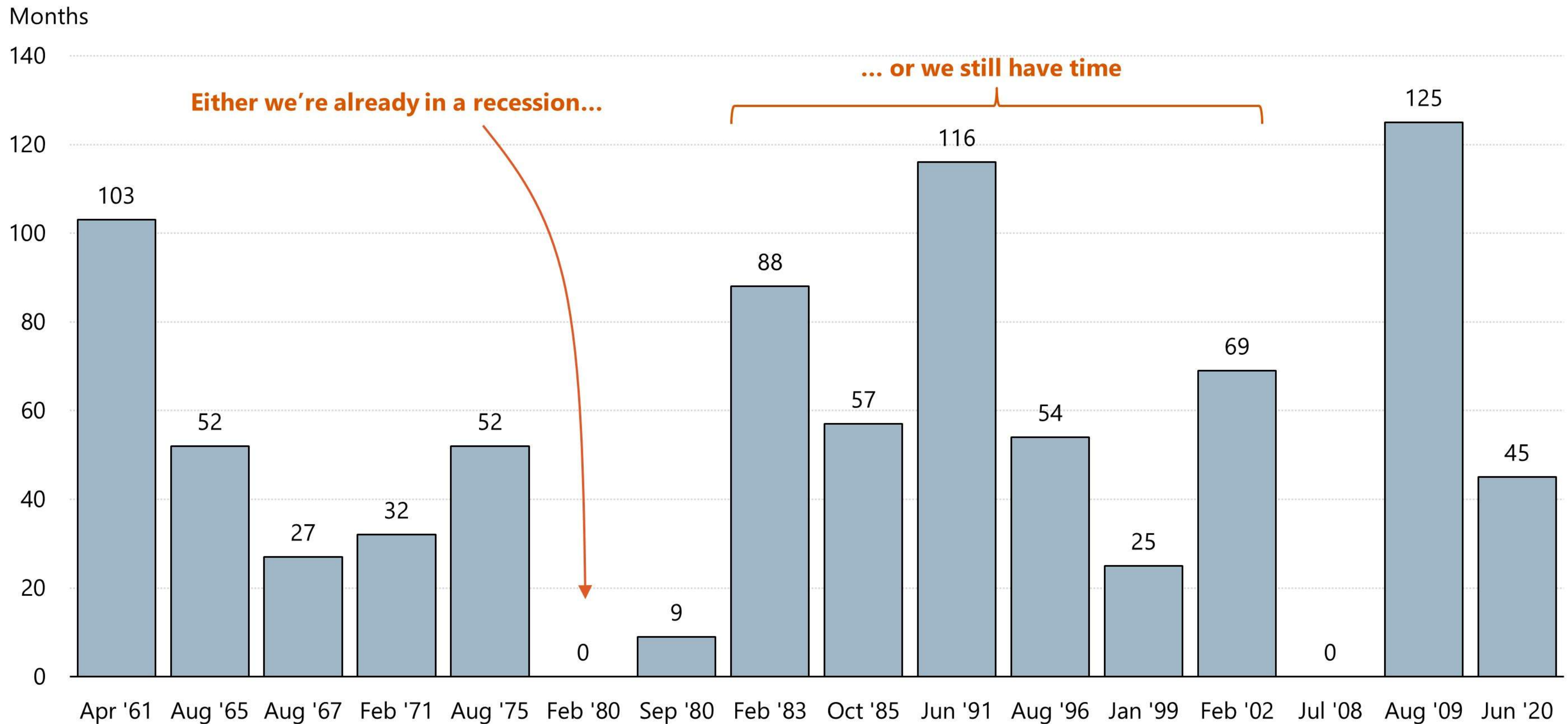


Goods News

Months To The Next Recession When ISM Manufacturing PMI* Turns Above 50

For The Week Ending 04/05/2024



Sources: Institute for Supply Management

*Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index (PMI)

This week, the Institute for Supply Management's (ISM's) Manufacturing Purchasing Managers' Index (PMI) for March surged above 50, signaling expansion in the goods sector for the first time since September 2022 (17 months!). The March ISM corroborates a similar gauge of U.S. manufacturing activity tabulated by S&P Global that turned positive to start the year. Perhaps more interesting, with the ISM survey dating back to 1968, acceleration in the goods side of the economy tends to bode well for growth. For example, in the nine other post-war cycles for which we have the data, when the ISM manufacturing survey breaks back above 50 after consecutive negative readings, either a recession is already underway (as was the case in 1980 and 2008) or a recession is far in the future—an average of 50 months (or about 4.5 years) ahead. Has another plank in the bearish narrative evaporated?