



United States / États-Unis

Mitigated rebound

The ISM manufacturing survey shows a rebound in the sentiment in February. However, the increase in the ISM index is both limited and unbalanced. Production kept on falling, reaching its lowest level in almost five years. As new orders bounced back, while employment and imports remained steady, it looks like the slowdown is to be short-lived.

■ After a surprise slide in January, with a PMI falling from 56.5 to 51.3, the manufacturing sentiment, as measured by the ISM survey bounced back to 53.1 in February.

■ However, the sub-index for production continued the slide, losing an additional 6.6 points on top of the 6.9 points January decline. It fell below the 50-mark (at 48.7) for the first time since August 2012, reaching its lowest reading in almost five years.

■ The biggest contribution to the February improvement came from inventories, which index jumped 8.5 points to 52.5. Together with the decrease in production, this leads to a rather worrying development, as the lack of demand could explain both.

■ On a more positive tone, however, new orders rebounded, even if it corrected not even a third of the January drop. Additionally, the component for employment remained flat, but at an encouraging 52.3. The fact that new orders and employment hold up better is in line with a temporary slowdown in production

■ Still, the weather issue is raised by numerous industries, from energy extraction to clothing. The winter may be not that colder than usual, several snowstorms hit the north-east part of the country with disruptive effects. As it is very difficult to extract the underlying trend from the effects of the weather, as recently noted by Janet Yellen, one should not overreact to this report.

■ Furthermore, some details are still encouraging. Inventories may be growing fast, the level of customer's inventories remain too low as judged by manufacturers. Additionally, even if domestic demand remains weak and may have been weaker because of cold temperatures, external demand remains strong. New export orders remained strong, at 53.5 in February, as imports did, signalling still a growing demand for crude and intermediate goods, which is supportive of the hypothesis that the slowdown is to prove short-lived.

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Rebond en demi-teinte

L'enquête ISM illustre un rebond de la confiance dans le secteur manufacturier, rebond déséquilibré et limité, avec une chute de la production au plus bas en près de cinq ans. Mais le rebond des nouvelles commandes et le maintien des composantes emploi et importations semblent confirmer l'hypothèse d'un ralentissement temporaire.

■ A limited rebound

— PMI ; — Production ; — New orders



Source : ISM

■ Data in details

Index	Feb 14	Jan 14	Dec 13
PMI	53.2	51.3	56.5
Production	48.2	54.8	61.7
New Orders	54.5	51.2	64.4
Supplier Deliveries	58.5	54.3	53.7
Inventories	52.5	44.0	47.0
Employment	52.3	52.3	55.8
Backlog of Orders	52.0	48.0	51.5
Prices	60.0	60.5	53.5
Customers' Inventories	46.5	44.0	47.5
New Export Orders	53.5	54.5	55.0
Imports	53.5	53.5	55.0

Source : ISM



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