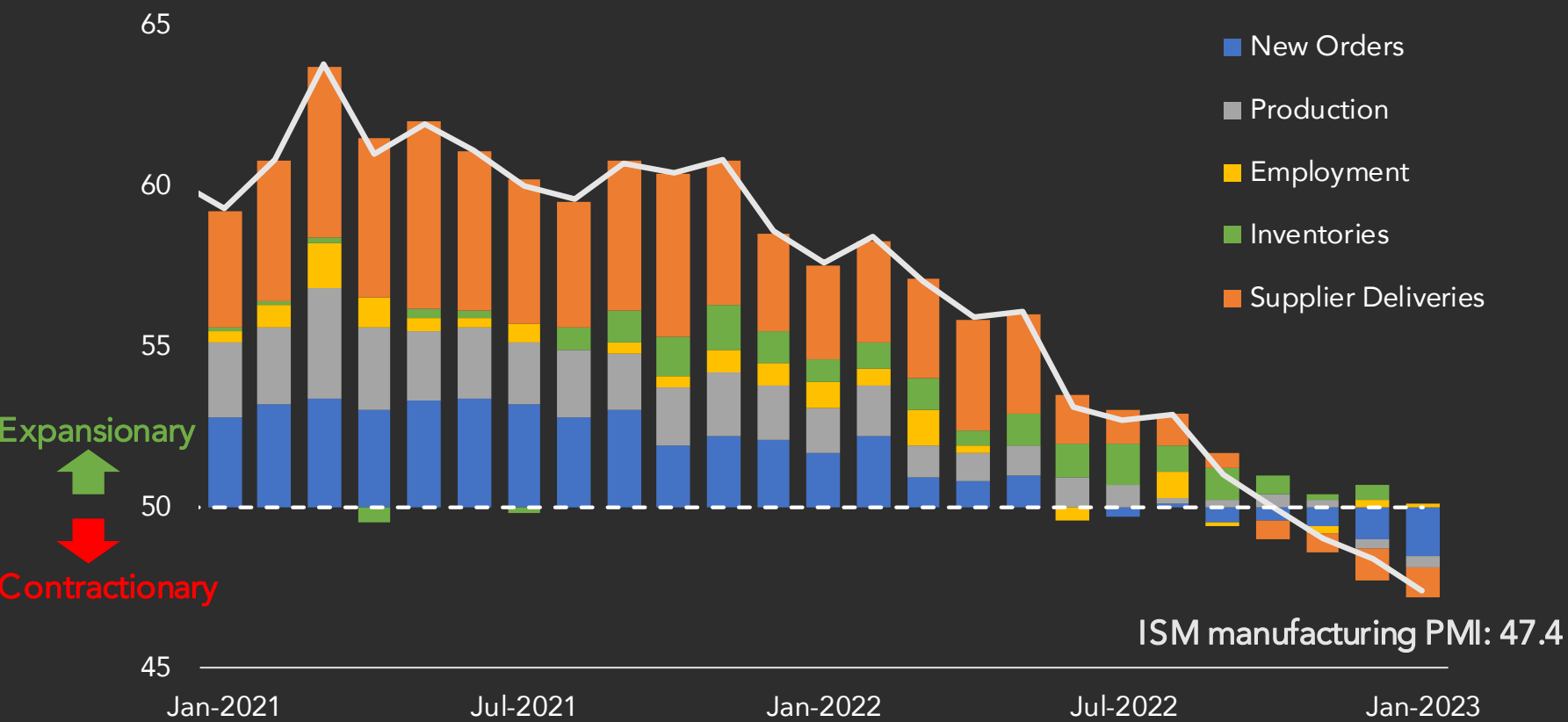


# Chart of the Day

The January ISM Manufacturing Index retreated for the 5th consecutive month to 47.4 in January, its 3rd straight month in contractionary territory (i.e., < 50). The manufacturing index also hit new post GFC lows, having fallen below the contraction levels of 2015-16. Sixteen of the 18 manufacturing industries reported contractions in activity and respondent commentary for the 2023 outlook was not encouraging. In addition, the sharp drop in the new orders index to a new cyclical low of 42.5 points to a larger slowdown ahead. The front-loading of goods purchases during the COVID crisis is clearly in the rear-view mirror, and the impact of nearly 500 bps of Fed tightening activity in less than one year has taken its toll.

## Contribution to headline ISM manufacturing PMI index



Source: (1) Bloomberg. Data as of February 1, 2023. Oxford Economics, "US: Manufacturing downturn becomes more entrenched."

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**"Macro stability isn't everything, but without it, you have nothing."**