



Written by [Bob Adelman](#) on June 1, 2020

Institute of Supply Management Says Purchasing Managers Are Guardedly Optimistic

The Purchasing Managers Index (PMI) from the Institute of Supply Management [released on Monday](#) moved from abysmal to hopeful. Specifically the index for May came in at 43.1 percent, up 1.6 percent from April's 41.5 percent. Anything below 50 reflects contraction.

The index is a composite of a number of smaller targeted indexes, and many of them are turning around, some decisively. Take altogether, "the overall economy returned to expansion after one month of contraction," said Timothy Fiore, ISM's chairman.



From the report:

The New Orders Index jumped 4.7 percent in May;

The Production Index leapt 5.7 percent in May;

The Employment Index rose 4.6 percent; and

The New Export Orders Index increased by 4.2 percent compared to April.

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Six of the 18 manufacturing industries tracked by the ISM reported growth in May: mineral producers, furniture makes, apparel, leather products, food/beverage and tobacco, paper goods, and wood products.

Notable also is the fact that the PMI was at 50.9 in January, right before the COVID shutdown hit. That's just eight points away as the index continues its rebound as the shutdown restrictions are being lifted.

Also revealing is the attitude of some of the respondents to the survey conducted by the ISM for May:

"Despite the COVID-19 issues, we are seeing an increase of quoting activity. This has not turned into orders yet, but it is a positive sign." (Computer & Electronic Products)

"Fuel sales demand are beginning to rebound in May as stay-at-home orders are lifted across the country." (Petroleum & Coal Products)

"Returning to full production for automotive, ramp-up will still depend on speed of automotive start-ups. We have built up inventory to stock. Ready to ship." (Fabricated Metal Products)

"Business activity remains strong for consumable applications and very weak in durable segments." (Plastics & Rubber Products)

"We have been fortunate that most of our customer base is considered to be a part of the critical workforce, so we have been running at around 80 percent of our normal production volume."



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(Primary Metals)

“We see a lot of positive signs, despite what’s going on. People seem to continue to be building and looking to projects for fall of 2020 and beyond. There is good optimism out there.” (Nonmetallic Mineral Products)

This builds on the case made last week by *The New American* that noted that credit card usage is increasing; airline travel is picking up, along with long-haul trucking; and real estate property showings are up greatly, along with new mortgage applications.

Add to that the president’s show of determination to stay in office for a second term, ordering his executive branch agencies “to use any and all authority to waive, suspend and eliminate unnecessary regulations that impede economic recovery” and the stage is set for a substantial rebound in economic activity in the coming months.

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