

# U.S. Factory Activity Picks Up a Bit

## Purchasing Managers Index Suggests Spring Thaw After Rough Winter

By

KATHLEEN MADIGAN

Updated April 1, 2014 11:02 a.m. ET

<http://online.wsj.com/news/articles/SB10001424052702304432604579475260185772686?mg=reno64-wsj&url=http%3A%2F%2Fonline.wsj.com%2Farticle%2FSB10001424052702304432604579475260185772686.html>

U.S. manufacturers reported a small pickup in activity in March, a jump supporting the view that the U.S. economy is strengthening after a weather-related pause.



The national manufacturing purchasing managers index edged up to 53.7 in March from 53.2 in February, according to the Institute for Supply Management.

Economists surveyed by The Wall Street Journal had expected the latest PMI to increase to 53.9. A reading above 50 indicates expanding activity.

"Several comments from the panel reflect favorable demand and good business conditions, with some lingering concerns about the particularly adverse weather conditions across the country," the ISM report said.

"The first quarter is going to be a soggy one for manufacturing and the entire economy; but March shows that things ended on a fairly even keel and the second quarter should start off good, but not great," wrote Michael Montgomery, U.S. economist at IHS Global Insight, in a research note.

The ISM reading is another sign that the U.S. economy has begun bouncing back from a stretch of weak data in December and January. In February, retail sales were higher and

industrial production rose, while nonfarm payrolls added an estimated 175,000 jobs, the labor market's strongest performance since November. However, the housing market has remained weak so far this year.

The indication of improvement in the U.S. compared with mixed sentiment abroad. China's official purchasing-managers index published on Tuesday crept higher, but the competing HSBC China PMI fell. Economists said the divergent outcomes suggested some sluggishness.

But indexes released for individual countries in the euro zone and that region as a whole, showed that on balance manufacturing there is picking up, especially in France and Italy. Purchasing-manager surveys for some developing economies, however, were mixed.

Meantime, the markets saw the U.S. index as further evidence of expansion in the country's manufacturing. Stocks ticked up on the news, while the safe haven of Treasuries saw prices fall.

As expected, the ISM production subindex bounced back from its multiyear low in February. The output index increased to 55.9 from 48.2 in February, which was the lowest since May 2009. The reading under 50 indicated the sector was contracting. This March gain "represents the largest month-over-month increase in production since June 2009," the report said.

Most ISM subindexes also improved.

For example, the ISM new orders index increased to 55.1 in March from 54.5 in February. The exports index rose to 55.5 from 53.5.

Labor demand, however, weakened last month. The ISM employment index slowed to 51.1 from 52.3 in February.

**Write to** Kathleen Madigan at [kathleen.madigan@wsj.com](mailto:kathleen.madigan@wsj.com)