

U.S. Manufacturing Off To Strong Start

eResearch Corporation is pleased to provide an article by Scott Grannis for his Blog, "Calafia Beach Pundit".

In this article, Mr. Grannis provides evidence that the U.S. manufacturing sector is off to a strong start in 2018.

The article is reproduced below, beginning on the next page, or you can go to this specific Blog at the following link: [Manufacturing is off to a strong start](#)

You can also visit Scott Grannis' Home Page for his Blog at the link below:
<http://scottgrannis.blogspot.ca/>



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Last week brought the good news that the December ISM manufacturing index exceeded expectations (59.7 vs. 58.2), while the new orders sub-index hit a 14-year high. Some impressive charts:

Chart #1 compares the ISM manufacturing index to quarterly annualized GDP growth. The two tend to move together. As the chart suggests, the recent strength of the manufacturing index is consistent with very strong GDP growth in the fourth quarter. The market is expecting to see something on the order of 3%, but this chart says it could be 4% or better.



<continued>



Chart #2 compares U.S. manufacturing to that of the Eurozone. Both have been unusually strong of late. It is very likely that the world is in the midst of a relatively strong, synchronized growth phase.



Chart #3 shows the New Orders sub-index of the ISM manufacturing survey. It has rarely been this strong.





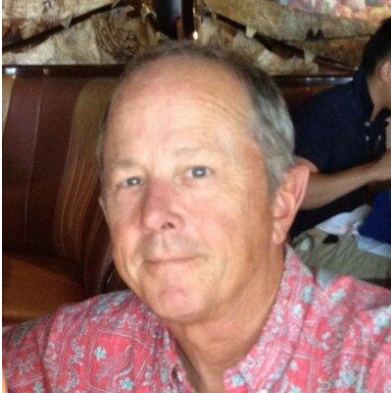
Not surprisingly, equity markets continue to do very well, both here and abroad, as Chart #4 shows.



BW: See ABOUT THE AUTHOR on the following page.



ABOUT THE AUTHOR



Scott Grannis was Chief Economist from 1979-2007 at Western Asset Management, a Pasadena-based, global manager of fixed-income portfolios for institutional clients.

He now enjoys keeping up on economics, markets, and politics from his condo overlooking Calafia Beach on the southern California coast, where he likes to think that he is immune to Wall Street group-think.

Married for 45 years to his Argentine wife, Norma, he has four children and five grandchildren (four boys and one girl).

He is a believer in supply-side economic theory, as practiced by his mentors, the late Jude Wanniski, Art Laffer, and Larry Kudlow. John Rutledge is another of his mentors, from the days that they worked together at Claremont Economics Institute.

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