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DO NOT CONFUSE THIS NATIONAL REPORT with the various regional purchasing reports released across the country. The national report's information reflects the entire United States, while the regional reports contain primarily regional data from their local vicinities. Also, the information in the regional reports is not used in calculating the results of the national report. The information compiled in this report is for the month of March 2016.

March Non-Manufacturing ISM[®] *Report On Business*[®]

NMI[®] at 54.5%

Business Activity Index at 59.8%
New Orders Index at 56.7%
Employment Index at 50.3%

(Tempe, Arizona) – Economic activity in the **non-manufacturing sector** grew in March for the 74th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM[®] *Report On Business*[®]**.

The report was issued today by Anthony Nieves, CPSM, C.P.M., CFPM, chair of the Institute for Supply Management[®] (ISM[®]) Non-Manufacturing Business Survey Committee. "The NMI[®] registered 54.5 percent in March, 1.1 percentage points higher than the February reading of 53.4 percent. This represents continued growth in the non-manufacturing sector at a slightly faster rate. The Non-Manufacturing Business Activity Index increased to 59.8 percent, 2 percentage points higher than the February reading of 57.8 percent, reflecting growth for the 80th consecutive month, with a faster rate in March. The New Orders Index registered 56.7 percent, 1.2 percentage points higher than the reading of 55.5 percent in February. The Employment Index increased 0.6 percentage point to 50.3 percent from the February reading of 49.7 percent and indicates growth after a month of contraction. The Prices Index increased 3.6 percentage points from the February reading of 45.5 percent to 49.1 percent, indicating prices decreased in March for the fifth time in the last seven months. According to the NMI[®], 12 non-manufacturing industries reported growth in March. The majority of respondents' comments indicate that business conditions are mostly positive and that the economy is stable and will continue on a course of slow, steady growth."

INDUSTRY PERFORMANCE

The 12 non-manufacturing industries reporting growth in March — listed in order — are: Educational Services; Information; Wholesale Trade; Finance & Insurance; Health Care & Social Assistance; Retail Trade; Mining; Management of Companies & Support Services; Accommodation & Food Services; Public Administration; Utilities; and Professional, Scientific & Technical Services. The two

industries reporting contraction in March are: Arts, Entertainment & Recreation; and Transportation & Warehousing.

WHAT RESPONDENTS ARE SAYING ...

- “Nationally, business seems stronger than a year ago in Q1. Internal volume is better than expected and vendors report stronger Q1 than expected.” (Management of Companies & Support Services)
- “[Business] conditions are moving at a slow, but positive pace in this market. Expansion efforts are back on the horizon for late 2016.” (Finance & Insurance)
- “Macroeconomics, the world oil glut, Fed interest rates, foreign currencies in trouble, the slowing Chinese economy and a strong dollar will continue to place pressure on U.S. exports, especially food commodities. These situations have created lower domestic wholesale prices and lower hotel COGS [Cost of Goods Sold]; a win for us.” (Accommodation & Food Services)
- “Stability/dependability of revenue sources and cost of healthcare continue to be drivers in government revenues and expenditures.” (Public Administration)
- “Similar to last month, our company continues to look for ways to invest in lowering prices to attract cost-conscious consumers in a highly competitive grocery retail environment.” (Retail Trade)
- “No new business, but existing business is up 5 percent month-over-month and 40 percent year-over-year, especially in our e-commerce fulfillment services. Subsequent purchasing is relatively flat as productivity improvements are creating more capacity with less incremental cost.” (Transportation & Warehousing)
- “Lower volumes than expected at the start of the year.” (Arts, Entertainment & Recreation)
- “Business remains the same with an increase in hiring.” (Information)

**ISM® NON-MANUFACTURING SURVEY RESULTS AT A GLANCE
COMPARISON OF ISM® NON-MANUFACTURING AND ISM® MANUFACTURING SURVEYS*
MARCH 2016**

Index	Non-Manufacturing						Manufacturing		
	Series Index Mar	Series Index Feb	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Mar	Series Index Feb	Percent Point Change
NMI®/PMI®	54.5	53.4	+1.1	Growing	Faster	74	51.8	49.5	+2.3
Business Activity/ Production	59.8	57.8	+2.0	Growing	Faster	80	55.3	52.8	+2.5
New Orders	56.7	55.5	+1.2	Growing	Faster	80	58.3	51.5	+6.8
Employment	50.3	49.7	+0.6	Growing	From Contracting	1	48.1	48.5	-0.4
Supplier Deliveries	51.0	50.5	+0.5	Slowing	Faster	3	50.2	49.7	+0.5
Inventories	52.5	52.5	0.0	Growing	Same	12	47.0	45.0	+2.0
Prices	49.1	45.5	+3.6	Decreasing	Slower	3	51.5	38.5	+13.0
Backlog of Orders	52.0	52.0	0.0	Growing	Same	3	51.0	48.5	+2.5
New Export Orders	58.5	53.5	+5.0	Growing	Faster	2	52.0	46.5	+5.5
Imports	53.0	55.5	-2.5	Growing	Slower	2	49.5	49.0	+0.5

Inventory Sentiment	62.5	62.0	+0.5	Too High	Faster	226	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	49.0	47.0	+2.0
Overall Economy				Growing	Faster	80			
Non-Manufacturing Sector				Growing	Faster	74			

*Non-Manufacturing ISM® Report On Business® data is seasonally adjusted for the Business Activity, New Orders, Prices and Employment Indexes. Manufacturing ISM® Report On Business® data is seasonally adjusted for New Orders, Production, Employment and Supplier Deliveries.

**Number of months moving in current direction.

COMMODITIES REPORTED UP/DOWN IN PRICE, AND IN SHORT SUPPLY

Commodities Up in Price

Beef (2); #2 Diesel Fuel*; Gasoline; Labor* (11); Lumber Products; Paper (2); and Software Development.

Commodities Down in Price

Blood Products; #2 Diesel Fuel* (7); Eggs; Fuel (8); Labor*; Medical Supplies; and Subcontracted Services.

Commodities in Short Supply

Labor (6); and Produce.

Note: The number of consecutive months the commodity is listed is indicated after each item.

*Reported as both up and down in price.

MARCH 2016 NON-MANUFACTURING INDEX SUMMARIES

NMI®

In March, the NMI® registered 54.5 percent, an increase of 1.1 percentage points when compared to February's reading of 53.4 percent, indicating continued growth in the non-manufacturing sector for the 74th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.

An NMI® above 48.9 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the March NMI® indicates growth for the 80th consecutive month in the overall economy, and indicates expansion in the non-manufacturing sector for the 74th consecutive month. Nieves stated, "The past relationship between the NMI® and the overall economy indicates that the NMI® for March (54.5 percent) corresponds to a 2.2 percent increase in real gross domestic product (GDP) on an annualized basis."

NMI® HISTORY

<i>Month</i>	<i>NMI®</i>	<i>Month</i>	<i>NMI®</i>
Mar 2016	54.5	Sep 2015	56.7
Feb 2016	53.4	Aug 2015	58.3
Jan 2016	53.5	Jul 2015	59.6
Dec 2015	55.8	Jun 2015	56.2
Nov 2015	56.6	May 2015	55.9
Oct 2015	58.3	Apr 2015	57.5

Average for 12 months – 56.4 High – 59.6 Low – 53.4

Business Activity

ISM®'s Business Activity Index in March registered 59.8 percent, an increase of 2 percentage points from February's reading of 57.8 percent. This represents growth in business activity for the 80th consecutive month. Thirteen industries reported increased business activity and one industry reported decreased activity for the month of March. Comments from respondents include: "Higher demand for our services" and "Higher business activity and development for new projects continues to fuel the lines of business."

The 13 industries reporting growth of business activity in March — listed in order — are: Mining; Educational Services; Health Care & Social Assistance; Wholesale Trade; Information; Management of Companies & Support Services; Accommodation & Food Services; Finance & Insurance; Public Administration; Retail Trade; Utilities; Transportation & Warehousing; and Professional, Scientific & Technical Services. The only industry reporting a decrease in business activity in March is Arts, Entertainment & Recreation.

Business Activity	%Higher	%Same	%Lower	Index
Mar 2016	36	52	12	59.8
Feb 2016	31	51	18	57.8
Jan 2016	30	41	29	53.9
Dec 2015	32	50	18	59.5

New Orders

ISM®'s Non-Manufacturing New Orders Index registered 56.7 percent, an increase of 1.2 percentage points from the February reading of 55.5 percent. March represents growth in new orders for the 80th consecutive month and at a faster rate compared to February. Comments from respondents include: "Higher sales" and "New projects and expanding programs."

The 10 industries reporting growth of new orders in March — listed in order — are: Educational Services; Finance & Insurance; Wholesale Trade; Information; Management of Companies & Support Services; Retail Trade; Utilities; Public Administration; Health Care & Social Assistance; and Professional, Scientific & Technical Services. The three industries reporting contraction of new orders in March are: Arts, Entertainment & Recreation; Transportation & Warehousing; and Accommodation & Food Services.

New Orders	%Higher	%Same	%Lower	Index
Mar 2016	31	55	14	56.7
Feb 2016	29	52	19	55.5
Jan 2016	28	49	23	56.5
Dec 2015	28	55	17	58.9

Employment

Employment activity in the non-manufacturing sector grew in March after a month of contraction. ISM®'s Non-Manufacturing Employment Index registered 50.3 percent, which reflects an increase of 0.6 percentage point when compared to February's reading of 49.7 percent. Nine industries reported increased employment, and six industries reported decreased employment. Comments from respondents include: "More job awards" and "Open requisitions are continuing to be filled."

The nine industries reporting an increase in employment in March — listed in order — are: Mining; Educational Services; Health Care & Social Assistance; Information; Accommodation & Food Services; Retail Trade; Finance & Insurance; Construction; and Public Administration. The six industries reporting a reduction in employment in March — listed in order — are: Arts, Entertainment & Recreation; Utilities; Management of Companies & Support Services; Professional, Scientific & Technical Services; Transportation & Warehousing; and Wholesale Trade.

Employment	%Higher	%Same	%Lower	Index
Mar 2016	19	67	14	50.3
Feb 2016	19	63	18	49.7
Jan 2016	15	68	17	52.1
Dec 2015	20	70	10	56.3

Supplier Deliveries

Supplier deliveries were slower in March for the third consecutive month. The index registered 51 percent, which is 0.5 percentage point higher than the reading of 50.5 percent that was registered in February. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The four industries reporting slower deliveries in March are: Transportation & Warehousing; Wholesale Trade; Information; and Management of Companies & Support Services. The five industries reporting faster deliveries in March are: Mining; Health Care & Social Assistance; Construction; Finance & Insurance; and Public Administration. Nine industries reported no change in supplier deliveries in March compared to February.

Supplier Deliveries	%Slower	%Same	%Faster	Index
Mar 2016	6	90	4	51.0
Feb 2016	7	87	6	50.5
Jan 2016	9	85	6	51.5
Dec 2015	6	85	9	48.5

Inventories

ISM®'s Non-Manufacturing inventories grew for the 12th consecutive month and registered 52.5 percent in March, which is the same reading that was reported in February. Of the total respondents in March, 30 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Increased buying levels to lower unit costs" and "Slower shipping routes have caused a backup in warehouses."

The nine industries reporting an increase in inventories in March — listed in order — are: Other Services; Real Estate, Rental & Leasing; Finance & Insurance; Wholesale Trade; Information; Construction; Retail Trade; Health Care & Social Assistance; and Public Administration. The five industries reporting decreases in inventories in March are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Utilities; Professional, Scientific & Technical Services; and Accommodation & Food Services.

Inventories	%Higher	%Same	%Lower	Index
Mar 2016	21	63	16	52.5
Feb 2016	23	59	18	52.5

Jan 2016	25	53	22	51.5
Dec 2015	26	54	20	53.0

Prices

Prices paid by non-manufacturing organizations for purchased materials and services decreased in March for the fifth time in the last seven months. ISM®'s Non-Manufacturing Prices Index for March registered 49.1 percent, 3.6 percentage points higher than the 45.5 percent reported in February. The proportion of respondents reporting higher prices is 14 percent, 77 percent indicated no change in prices paid, and 9 percent of the respondents reported lower prices.

The seven non-manufacturing industries reporting an increase in prices paid during the month of March — listed in order — are: Wholesale Trade; Utilities; Public Administration; Transportation & Warehousing; Retail Trade; Professional, Scientific & Technical Services; and Finance & Insurance. The four industries reporting a decrease in prices paid for the month of March are: Management of Companies & Support Services; Accommodation & Food Services; Health Care & Social Assistance; and Information. Seven industries listed no change in prices in March compared to February.

Prices	%Higher	%Same	%Lower	Index
Mar 2016	14	77	9	49.1
Feb 2016	10	73	17	45.5
Jan 2016	12	69	19	46.4
Dec 2015	8	78	14	51.0

NOTE: Commodities reported as up in price and down in price are listed in the commodities section of this report.

Backlog of Orders

ISM®'s Non-Manufacturing Backlog of Orders Index indicates order backlogs in March grew. The index registered 52 percent, which is the same reading that was reported in both January and February. Of the total respondents in March, 36 percent indicated they do not measure backlog of orders.

The seven industries reporting an increase in order backlogs in March — listed in order — are: Management of Companies & Support Services; Health Care & Social Assistance; Information; Construction; Public Administration; Professional, Scientific & Technical Services; and Wholesale Trade. The three industries reporting a decrease in order backlogs in March are: Mining; Other Services; and Finance & Insurance. Seven industries reported no change in order backlogs in March compared to February.

Backlog of Orders	%Higher	%Same	%Lower	Index
Mar 2016	18	68	14	52.0
Feb 2016	18	68	14	52.0
Jan 2016	21	62	17	52.0
Dec 2015	17	66	17	50.0

New Export Orders

Orders and requests for services and other non-manufacturing activities to be provided outside of the United States by domestically based personnel grew in March for the third time in the last five months. The New Export Orders Index for March registered 58.5 percent, which is 5 percentage points greater than the 53.5 percent reported in February. Of the total respondents in March, 68 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The four industries reporting an increase in new export orders in March are: Information; Wholesale Trade; Professional, Scientific & Technical Services; and Retail Trade. The only industry reporting a decrease in new export orders in March is Construction. Eleven industries reported no change in new export orders in March compared to February.

New Export Orders	%Higher	%Same	%Lower	Index
Mar 2016	21	75	4	58.5
Feb 2016	19	69	12	53.5
Jan 2016	11	69	20	45.5
Dec 2015	15	77	8	53.5

Imports

Imports of raw materials grew in March for the second consecutive month. This month’s reading at 53 percent is 2.5 percentage points lower than the reading of 55.5 percent reported in February. Fifty-four percent of respondents reported that they do not use, or do not track the use of, imported materials.

The six industries reporting an increase in imports for the month of March — listed in order — are: Public Administration; Information; Accommodation & Food Services; Wholesale Trade; Transportation & Warehousing; and Professional, Scientific & Technical Services. The four industries reporting a decrease in imports for the month of March are: Other Services; Health Care & Social Assistance; Utilities; and Construction. Seven industries reported no change in imports in March compared to February.

Imports	%Higher	%Same	%Lower	Index
Mar 2016	14	78	8	53.0
Feb 2016	16	79	5	55.5
Jan 2016	5	82	13	46.0
Dec 2015	11	76	13	49.0

Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in March registered 62.5 percent, which is 0.5 percentage point higher than the 62 percent reported in February. This indicates that respondents believe their inventories are still too high at this time. In March, 30 percent of respondents said their inventories were too high, 5 percent said their inventories were too low, and 65 percent said their inventories were about right.

The eight industries reporting a feeling that their inventories are too high in March — listed in order — are: Mining; Information; Arts, Entertainment & Recreation; Wholesale Trade; Utilities; Retail Trade; Professional, Scientific & Technical Services; and Public Administration. The only industry reporting a feeling that their inventory was too low for the month of March is Transportation & Warehousing. Seven industries reported no change in inventory sentiment in March compared to February.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Mar 2016	30	65	5	62.5
Feb 2016	28	68	4	62.0
Jan 2016	31	61	8	61.5

Dec 2015	34	61	5	64.5
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About This Report

The data presented herein is obtained from a survey of non-manufacturing supply managers based on information they have collected within their respective organizations. ISM® makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

Data and Method of Presentation

The **Non-Manufacturing ISM® Report On Business**® is based on data compiled from purchasing and supply executives nationwide. Membership of the Non-Manufacturing Business Survey Committee is diversified by NAICS, based on each industry’s contribution to gross domestic product (GDP). The Non-Manufacturing Business Survey Committee responses are divided into the following NAICS code categories: Agriculture, Forestry, Fishing & Hunting; Mining; Utilities; Construction; Wholesale Trade; Retail Trade; Transportation & Warehousing; Information; Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Educational Services; Health Care & Social Assistance; Arts, Entertainment & Recreation; Accommodation & Food Services; Public Administration; and Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services).

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries), this report shows the percentage reporting each response, and the diffusion index. Responses represent raw data and are never changed. Data is seasonally adjusted for Business Activity, New Orders, Prices and Employment. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them. The remaining indexes have not indicated significant seasonality.

The NMI® (Non-Manufacturing Index) is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. An index reading above 50 percent indicates that the non-manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. Supplier Deliveries is an exception. A Supplier Deliveries Index above 50 percent indicates slower deliveries and below 50 percent indicates faster deliveries.

An NMI® above 48.9 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.9 percent, it is generally declining. The distance from 50 percent or 48.9 percent is indicative of the strength of the expansion or decline.

The **Non-Manufacturing ISM® Report On Business**® survey is sent out to Non-Manufacturing Business Survey Committee respondents the first part of each month. Respondents are asked to ONLY report on information for the current month. ISM® receives survey responses throughout most of any given month, with the majority of respondents generally waiting until late in the month to submit responses in order to give the most accurate picture of current business activity. ISM® then compiles the report for release on the third business day of the following month.

The industries reporting growth, as indicated in the **Non-Manufacturing ISM® Report On Business**® monthly report, are listed in the order of most growth to least growth. For the industries reporting contraction or decreases, those are listed in the order of the highest level of contraction/decrease to the least level of contraction/decrease.

About Institute for Supply Management®

Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 48,000 members around the world manage about \$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM *Report On Business*®, its highly regarded certification programs and the newly launched ISM Mastery Model™. This report has been issued by the association since 1931, except for a four-year interruption during World War II.

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The full text version of the **Non-Manufacturing ISM® *Report On Business*®** is posted on ISM®'s website at www.instituteforsupplymanagement.org on the third business day* of every month after 10:00 a.m. (ET).

The next **Non-Manufacturing ISM® *Report On Business*®** featuring the April 2016 data will be released at 10:00 a.m. (ET) on Wednesday, May 4, 2016.

*Unless the NYSE is closed.