

PMI at 61.2%

Economic activity in the manufacturing sector expanded in March for the 20th consecutive month, and the overall economy grew for the 22nd consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business®**.

The recent trend of rapid growth in the manufacturing sector continued in March, as the PMI registered above 60 percent for the third consecutive month. The component indexes of the PMI remain at very positive levels and signal strong sector performance in the first quarter. While manufacturers are benefiting from strength in new orders and production, there is significant concern with regard to commodity prices. Many manufacturers indicate the prices they have to pay for inputs are rising, and there is concern about the impact of higher prices on their margins.

Of the 18 manufacturing industries, 15 are reporting growth in March, in the following order: Apparel, Leather & Allied Products; Transportation Equipment; Fabricated Metal Products; Machinery; Textile Mills; Computer & Electronic Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Paper Products; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; and Printing & Related Support Activities. **ISM**

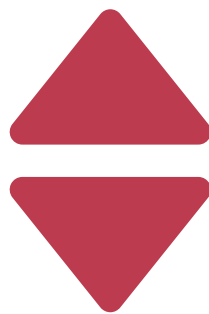
Analysis by **Norbert J. Ore, CPSM, C.P.M.**, chair of the Institute for Supply Management™ Manufacturing Business Survey Committee.

New Orders, Production and Employment Growing; Supplier Deliveries Slower; Inventories Contracting

MANUFACTURING AT A GLANCE

INDEX	MAR. INDEX	FEB. INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
PMI	61.2	61.4	-0.2	Growing	Slower	20
New Orders	63.3	68.0	-4.7	Growing	Slower	21
Production	69.0	66.3	+2.7	Growing	Faster	22
Employment	63.0	64.5	-1.5	Growing	Slower	18
Supplier Deliveries	63.1	59.4	+3.7	Slowing	Faster	22
Inventories	47.4	48.8	-1.4	Contracting	Faster	2
Customers' Inventories	39.5	40.0	-0.5	Too Low	Faster	24
Prices	85.0	82.0	+3.0	Increasing	Faster	21
Backlog of Orders	52.5	59.0	-6.5	Growing	Slower	3
Exports	56.0	62.5	-6.5	Growing	Slower	21
Imports	56.5	55.0	+1.5	Growing	Faster	19
OVERALL ECONOMY				Growing	Slower	22
MANUFACTURING SECTOR				Growing	Slower	20

*Number of months moving in current direction.
Manufacturing ISM Report On Business® data is seasonally adjusted except for Backlog of Orders, Prices, Customers' Inventories, Imports and New Export Orders.



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

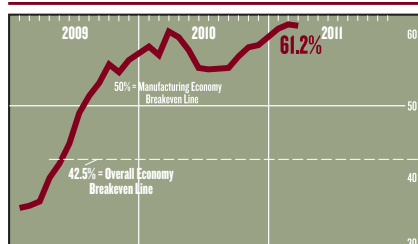
COMMODITIES REPORTED

Commodities Up in Price: Aluminum (7); Aluminum Products (3); Brass (4); Caustic Soda; Chemicals; Cocoa/Cocoa Powder (2); Copper (8); Copper Based Products (5); Corn (7); Corn Syrup; Diesel (4); Electronic Components; Fuel Oils (3); Fuel Surcharges; High Density Polyethylene; Nickel (2); PET; Plastics (3); Plastic Products (3); Plastic Resins (5); Polyethylene (2); Polyethylene Resin (3); Polypropylene (3); Resins; Resin Based Products; Rubber; Rubber Products (2); Silver; Stainless Steel (5); Steel (7); Steel — Hot Rolled (2); Steel Products (4); Steel Surcharges (3); Sugar (3); and Transportation Rates.

Commodities Down in Price: Natural Gas is the only commodity reported down in price.

Commodities in Short Supply: Cocoa Powder (2); Electric Components (3); and Titanium Dioxide.

‡Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



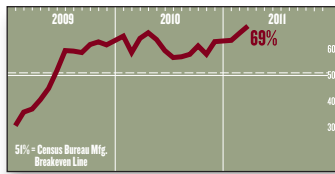
PMI

A PMI in excess of 42.5 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the PMI indicates growth for the 22nd consecutive month in the overall economy, as well as expansion in the manufacturing sector for the 20th consecutive month. The past relationship between the PMI and the overall economy indicates that the average PMI for January through March (61.1 percent) corresponds to a 6.5 percent increase in real gross domestic product (GDP). In addition, if the PMI for March (61.2 percent) is annualized, it corresponds to a 6.5 percent increase in real GDP annually.

‡Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).

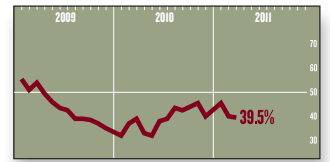
PRODUCTION

ISM's Production Index registered 69 percent in March. The 14 industries reporting growth in production during the month of March — listed in order — are: Apparel, Leather & Allied Products; Furniture & Related Products; Textile Mills; Plastics & Rubber Products; Transportation Equipment; Fabricated Metal Products; Paper Products; Food, Beverage & Tobacco Products; Machinery; Petroleum & Coal Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing‡; and Chemical Products.



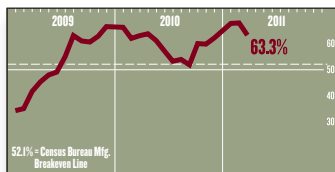
CUSTOMERS' INVENTORIES

The ISM Customers' Inventories Index registered 39.5 percent in March, 0.5 percentage point lower than in February when the index registered 40 percent. This is the 24th consecutive month the Customers' Inventories Index has been below 50 percent, indicating that respondents believe their customers' inventories are too low at this time. The only manufacturing industry reporting customers' inventories as being too high during March is Primary Metals.



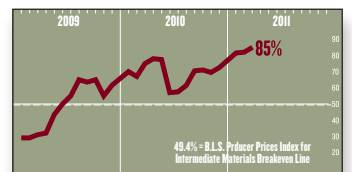
NEW ORDERS

ISM's New Orders Index registered 63.3 percent in March. The 14 industries reporting growth in new orders in March — listed in order — are: Apparel, Leather & Allied Products; Furniture & Related Products; Transportation Equipment; Fabricated Metal Products; Textile Mills; Paper Products; Printing & Related Support Activities; Miscellaneous Manufacturing‡; Petroleum & Coal Products; Computer & Electronic Products; Chemical Products; Machinery; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.



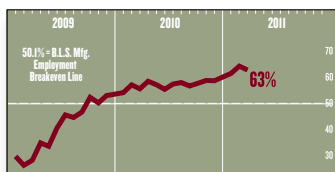
PRICES

The ISM Prices Index registered 85 percent in March. Prices increased the greatest in the following industries in the month of March: Textile Mills; Apparel, Leather & Allied Products; Wood Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Fabricated Metal Products; Machinery; Transportation Equipment; Primary Metals; Chemical Products; Paper Products, Miscellaneous Manufacturing‡; Nonmetallic Mineral Products; and Printing & Related Support Activities.



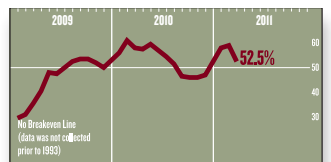
EMPLOYMENT

ISM's Employment Index registered 63 percent in March. Of the 18 manufacturing industries, 12 reported growth in employment in March in the following order: Apparel, Leather & Allied Products; Machinery; Transportation Equipment; Textile Mills; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Paper Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Printing & Related Support Activities; and Fabricated Metal Products.



BACKLOG OF ORDERS

ISM's Backlog of Orders Index registered 52.5 percent in March, which is 6.5 percentage points lower than the 59 percent reported in February. The eight industries reporting increased order backlogs in March — listed in order — are: Apparel, Leather & Allied Products; Primary Metals; Petroleum & Coal Products; Nonmetallic Mineral Products; Furniture & Related Products; Machinery; Miscellaneous Manufacturing‡; and Fabricated Metal Products.



SUPPLIER DELIVERIES

The delivery performance of suppliers to manufacturing organizations was slower in March as the Supplier Deliveries Index registered 63.1 percent. Eleven industries reported slower supplier deliveries in March: Machinery; Apparel, Leather & Allied Products; Fabricated Metal Products; Transportation Equipment; Petroleum & Coal Products; Primary Metals; Plastics & Rubber Products; Computer & Electronic Products; Chemical Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.



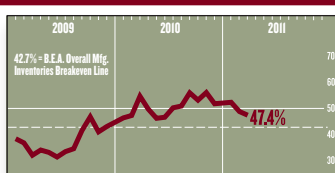
NEW EXPORT ORDERS

ISM's New Export Orders Index registered 56 percent in March, which is 6.5 percentage points lower than the 62.5 percent reported in February. The eight industries reporting growth in new export orders in March — listed in order — are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Primary Metals; Fabricated Metal Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Chemical Products.



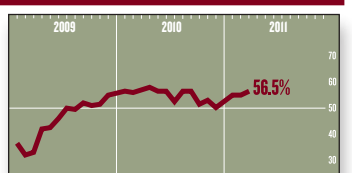
INVENTORIES

Manufacturers' inventories declined in March for the second consecutive month. The Inventories Index registered 47.4 percent, 1.4 percentage points less than the 48.8 percent recorded for February. The seven industries reporting higher inventories in March — listed in order — are: Apparel, Leather & Allied Products; Fabricated Metal Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Chemical Products; and Machinery.



IMPORTS

Imports of materials by manufacturers continued to expand in March as the Imports Index registered 56.5 percent. The eight industries reporting growth in imports during the month of March — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Fabricated Metal Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Machinery; Chemical Products; and Miscellaneous Manufacturing‡.



NMI at 57.3%

Economic activity in the non-manufacturing sector grew in March for the 16th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM Report On Business®**.

The NMI registered 57.3 percent in March, 2.4 percentage points lower than the 59.7 percent registered in February, and indicating continued growth at a slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index decreased 7.2 percentage points to 59.7 percent. Respondents' comments reflect concern about the recent natural disasters in Japan and the associated supply chain ramifications. Additionally, there is concern over rising costs, most notably for fuel and fuel products. Overall, most respondents remain confident about the direction of the economy.

The 16 industries reporting growth in March based on the NMI composite index — listed in order — are: Real Estate, Rental & Leasing; Mining; Management of Companies & Support Services; Retail Trade; Arts, Entertainment & Recreation; Wholesale Trade; Accommodation & Food Services; Professional, Scientific & Technical Services; Health Care & Social Assistance; Information; Finance & Insurance; Agriculture, Forestry, Fishing & Hunting; Utilities; Construction; Transportation & Warehousing; and Public Administration. **ISM**

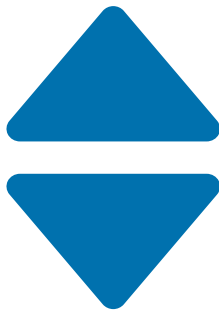
Analysis by **Anthony Nieves, C.P.M., C.FPM**, chair of the Institute for Supply Management™ Non-Manufacturing Business Survey Committee.

Business Activity Index at 59.7%; New Orders Index at 64.1%; Employment Index at 53.7%

NON-MANUFACTURING AT A GLANCE

INDEX	MAR. INDEX	FEB. INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
NMI	57.3	59.7	-2.4	Growing	Slower	16
Business Activity	59.7	66.9	-7.2	Growing	Slower	20
New Orders	64.1	64.4	-0.3	Growing	Slower	20
Employment	53.7	55.6	-1.9	Growing	Slower	7
Supplier Deliveries	51.5	52.0	-0.5	Slowing	Slower	12
Inventories	55.5	55.5	0.0	Growing	Same	2
Prices	72.1	73.3	-1.2	Increasing	Slower	20
Backlog of Orders	56.0	52.0	+4.0	Growing	Faster	3
New Export Orders	59.0	56.5	+2.5	Growing	Faster	7
Imports	50.0	53.5	-3.5	Unchanged	From Growing	1
Inventory Sentiment	67.0	57.5	+9.5	Too High	Faster	166

*Number of months moving in current direction.
Non-Manufacturing ISM Report On Business® data is seasonally adjusted for the Business Activity, New Orders, Prices and Employment Indexes.



COMMODITIES REPORTED

Commodities Up in Price: Airfares (4); Aluminum Based Products; Coffee (2); Copper (2); Copper Products (4); Copper Tubing; Corn; Cotton (5); Cotton Products (7); Dairy (2); #1 Diesel Fuel (6); #2 Diesel Fuel (9); Food and Beverage (3); Fuel (15); Fuel Products; Fuel Surcharges (3); Gasoline (6); Ground Beef; #2 Heating Fuel; Janitorial Supplies (3); Latex Gloves (3); Medical Supplies; Packaging Materials; Paper (5); Petroleum Products (3); Plastic Pipe; Plastic Products; Plastic Resins; Polyester (2); Polyester Garments; Polyethylene Bags (4); Roofing Shingles; Steel (4); Steel Products (4); Trucks (2); Truck Freight; and Valves.

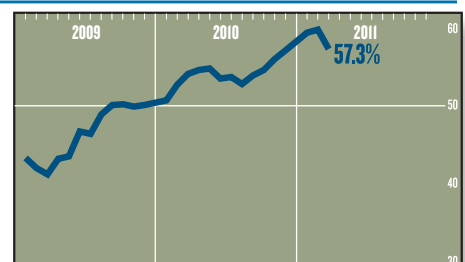
Commodities Down in Price: No commodities are reported down in price.

Commodities in Short Supply: Cotton (3); Electrical Components (2); Integrated Circuits; and Lettuce.

*+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).

NMI

In March, the NMI registered 57.3 percent, indicating continued growth in the non-manufacturing sector for the 16th 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.

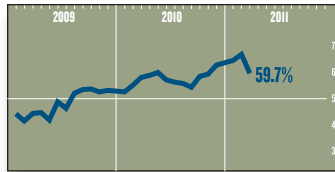


±Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services).

BUSINESS ACTIVITY

ISM's Non-Manufacturing Business Activity Index in March registered 59.7 percent. Fifteen industries reported growth of business activity

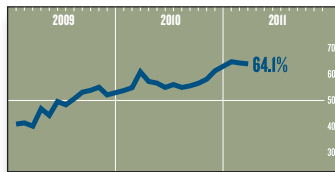
in March: Real Estate, Rental & Leasing; Mining; Retail Trade; Arts, Entertainment & Recreation; Finance & Insurance; Health Care & Social Assistance; Accommodation & Food Services; Management of Companies & Support Services; Wholesale Trade; Utilities; Information; Construction; Professional, Scientific & Technical Services; Public Administration; and Educational Services.



NEW ORDERS

ISM's Non-Manufacturing New Orders Index registered 64.1 percent in March. Sixteen industries reported growth of new orders in the following order: Real Estate, Rental & Leasing; Management of Companies & Support Services; Mining; Utilities;

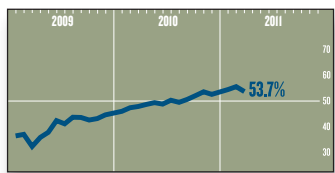
Arts, Entertainment & Recreation; Wholesale Trade; Professional, Scientific & Technical Services; Information; Accommodation & Food Services; Finance & Insurance; Health Care & Social Assistance; Retail Trade; Educational Services; Construction; Transportation & Warehousing; and Public Administration.



EMPLOYMENT

ISM's Non-Manufacturing Employment Index registered 53.7 percent in March. The 11 industries reporting an increase in employment in March — listed in order — are: Mining; Agriculture, Forestry, Fishing & Hunting; Retail Trade; Transportation & Warehousing; Arts, Entertainment & Recreation;

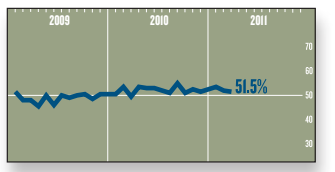
Management of Companies & Support Services; Other Services[±]; Public Administration; Wholesale Trade; Professional, Scientific & Technical Services; and Construction.



SUPPLIER DELIVERIES

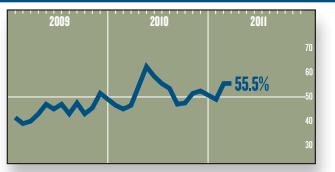
The Supplier Deliveries Index registered 51.5 percent in March, 0.5 percentage point lower than the 52 percent registered in

February, indicating that supplier deliveries continued to slow in March, but at a slightly slower rate. A reading above 50 percent indicates slower deliveries. The five industries reporting slower deliveries in March are: Real Estate, Rental & Leasing; Wholesale Trade; Retail Trade; Other Services[±]; and Professional, Scientific & Technical Services.



INVENTORIES

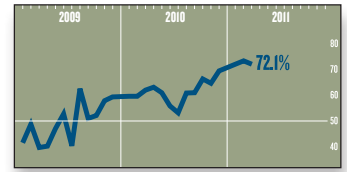
ISM's Non-Manufacturing Inventories Index registered 55.5 percent in March, the same reading as reported in February. The nine industries reporting an increase in inventories in March — listed in order — are: Real Estate, Rental & Leasing; Utilities; Wholesale Trade; Transportation & Warehousing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Finance & Insurance; Health Care & Social Assistance; and Retail Trade.



PRICES

ISM's Non-Manufacturing Prices Index for March registered 72.1 percent. Prices increased the greatest in the following industries in March: Real Estate, Rental

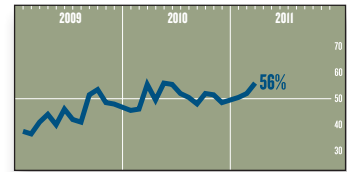
& Leasing; Construction; Accommodation & Food Services; Utilities; Arts, Entertainment & Recreation; Wholesale Trade; Mining; Management of Companies & Support Services; Agriculture, Forestry, Fishing & Hunting; Retail Trade; Public Administration; Finance & Insurance; Other Services[±]; Information; Educational Services; and Professional, Scientific & Technical Services.



BACKLOG OF ORDERS

ISM's Non-Manufacturing Backlog of Orders Index registered 56 percent in March, 4 percentage points higher than the

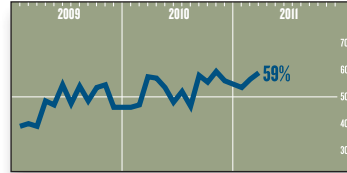
52 percent reported in February. The eight industries reporting an increase in order backlogs in March — listed in order — are: Management of Companies & Support Services; Mining; Real Estate, Rental & Leasing; Construction; Retail Trade; Wholesale Trade; Finance & Insurance; and Professional, Scientific & Technical Services.



NEW EXPORT ORDERS

ISM's New Export Orders Index for March registered 59 percent, which is 2.5 percentage points higher than the 56.5 percent reg-

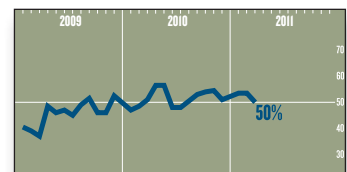
istered in February. The nine industries reporting an increase in new export orders in March — listed in order — are: Construction; Management of Companies & Support Services; Arts, Entertainment & Recreation; Mining; Transportation & Warehousing; Accommodation & Food Services; Retail Trade; Finance & Insurance; and Professional, Scientific & Technical Services.



IMPORTS

The ISM Non-Manufacturing Imports Index registered 50 percent in March, indicating the rate is unchanged compared to February. Sixty-one percent

of respondents reported that they do not use, or do not track, the use of imported materials. The four industries reporting an increase in the use of imports in March are: Professional, Scientific & Technical Services; Management of Companies & Support Services; Accommodation & Food Services; and Other Services[±].



INVENTORY SENTIMENT

ISM's Non-Manufacturing Inventory Sentiment Index in March registered 67 percent. The nine industries reporting a feeling

that their inventories are too high in March — listed in order — are: Wholesale Trade; Professional, Scientific & Technical Services; Construction; Management of Companies & Support Services; Accommodation & Food Services; Utilities; Finance & Insurance; Arts, Entertainment & Recreation; and Public Administration.

