

PMI at 53.4%

Economic activity in the manufacturing sector expanded in March for the 32nd consecutive month, and the overall economy grew for the 34th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business[®]**.

The PMI registered 53.4 percent, an increase of 1 percentage point from February's reading of 52.4 percent, indicating expansion in the manufacturing sector for the 32nd consecutive month. The Production Index increased 3 percentage points from February's reading of 55.3 percent to 58.3 percent, and the Employment Index increased 2.9 percentage points to 56.1 percent. Of the 18 industries included in the survey, 15 are experiencing overall growth. Comments from the panel remain positive, with several respondents citing increased sales and demand for the next few months.

The 15 manufacturing industries reporting growth in March — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Primary Metals; Petroleum & Coal Products; Paper Products; Machinery; Miscellaneous Manufacturing[#]; Wood Products; Furniture & Related Products; Transportation Equipment; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Printing & Related Support Activities; Fabricated Metal Products; and Electrical Equipment, Appliances & Components. **ISM**

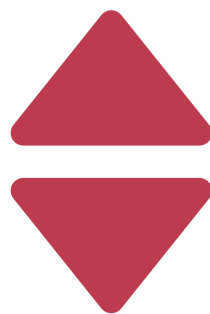
Analysis by **Bradley J. Holcomb, CPSM, CPSD**, chair of the Institute for Supply Management[®] Manufacturing Business Survey Committee.

New Orders, Production and Employment Growing; Supplier Deliveries Faster; Inventories Unchanged

MANUFACTURING AT A GLANCE

INDEX	MAR INDEX	FEB INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
PMI	53.4	52.4	+1.0	Growing	Faster	32
New Orders	54.5	54.9	-0.4	Growing	Slower	35
Production	58.3	55.3	+3.0	Growing	Faster	34
Employment	56.1	53.2	+2.9	Growing	Faster	30
Supplier Deliveries	48.0	49.0	-1.0	Faster	Faster	2
Inventories	50.0	49.5	+0.5	Unchanged	From Contracting	1
Customers' Inventories	44.5	46.0	-1.5	Too Low	Faster	4
Prices	61.0	61.5	-0.5	Increasing	Slower	3
Backlog of Orders	52.5	52.0	+0.5	Growing	Faster	3
Exports	54.0	59.5	-5.5	Growing	Slower	5
Imports	53.5	54.0	-0.5	Growing	Slower	4
OVERALL ECONOMY				Growing	Faster	34
MANUFACTURING SECTOR				Growing	Faster	32

*Number of months moving in current direction.
Manufacturing ISM Report On Business[®] data is seasonally adjusted for the New Orders, Production, Employment and Supplier Deliveries Indexes.



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

*Reported as both up and down in price.

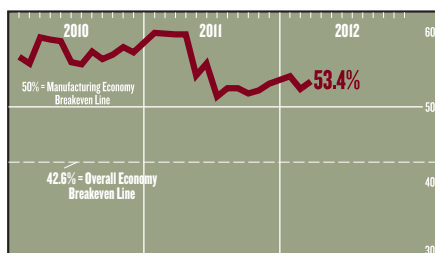
COMMODITIES REPORTED

Commodities Up in Price: Aluminum Products (2); Copper; Crude Oil; Fuel; Gasoline; HDPE; Lumber; Oil; Plastic Components; Plastic Resins (2); Polypropylene (2); Rubber; Rubber Products; Steel* (4); and Whey Protein.

Commodities Down in Price: Natural Gas (8); and Steel*.

Commodities in Short Supply: No commodities are reported in short supply.

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



PMI

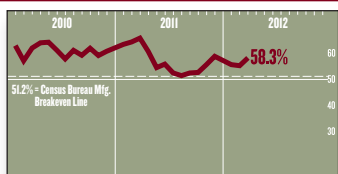
A PMI in excess of 42.6 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the PMI indicates growth for the 34th consecutive month in the overall economy, as well as expansion in the manufacturing sector for the 32nd consecutive month. The past relationship between the PMI and the overall economy indicates that the average PMI for January through March (53.3 percent) corresponds to a 3.6 percent increase in real gross domestic product (GDP). In addition, if the PMI for March (53.4 percent) is annualized, it corresponds to a 3.7 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 58.3 percent in March. Fifteen industries reported growth in production: Apparel, Leather & Allied Products; Primary Metals;

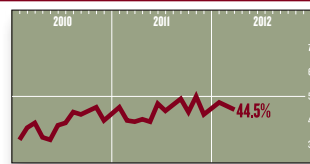
Petroleum & Coal Products; Nonmetallic Mineral Products; Furniture & Related Products; Miscellaneous Manufacturing‡; Paper Products; Plastics & Rubber Products; Machinery; Printing & Related Support Activities; Food, Beverage & Tobacco Products; Transportation Equipment; Fabricated Metal Products; Chemical Products; and Electrical Equipment, Appliances & Components.



CUSTOMERS' INVENTORIES

The ISM Customers' Inventories Index registered 44.5 percent in March. Customers' inventories have registered at or below 50

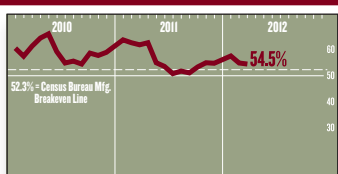
percent for 36 consecutive months. A reading below 50 percent indicates customers' inventories are considered too low. The two manufacturing industries reporting customers' inventories as being too high during March are: Fabricated Metal Products; and Electrical Equipment, Appliances & Components.



NEW ORDERS

ISM's New Orders Index registered 54.5 percent in March. The 15 industries reporting growth in new orders in March — listed in order — are: Apparel, Leather & Allied

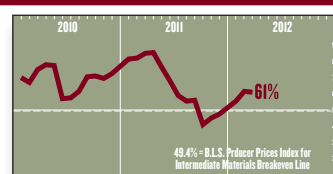
Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Primary Metals; Wood Products; Printing & Related Support Activities; Transportation Equipment; Furniture & Related Products; Paper Products; Miscellaneous Manufacturing‡; Food, Beverage & Tobacco Products; Machinery; Petroleum & Coal Products; Fabricated Metal Products; and Chemical Products.



PRICES

The ISM Prices Index registered 61 percent in March. Fifteen industries reported paying increased prices during the month of March: Textile Mills; Furniture & Related

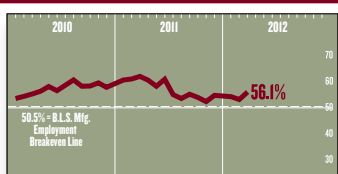
Products; Nonmetallic Mineral Products; Wood Products; Printing & Related Support Activities; Chemical Products; Primary Metals; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Computer & Electronic Products; Miscellaneous Manufacturing‡; Paper Products; and Machinery.



EMPLOYMENT

ISM's Employment Index registered 56.1 percent in March. Of the 18 manufacturing industries, 12 reported growth in employment in March in the following

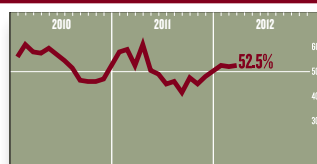
order: Apparel, Leather & Allied Products; Paper Products; Wood Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Primary Metals; Machinery; Miscellaneous Manufacturing‡; Transportation Equipment; Fabricated Metal Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.



BACKLOG OF ORDERS

ISM's Backlog of Orders Index registered 52.5 percent in March. The nine industries reporting increased order backlogs in

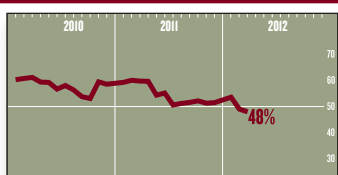
March — listed in order — are: Plastics & Rubber Products; Apparel, Leather & Allied Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Furniture & Related Products; Paper Products; and Fabricated Metal Products.



SUPPLIER DELIVERIES

ISM's Supplier Deliveries Index registered 48 percent in March. This is the second consecutive month supplier deliveries have

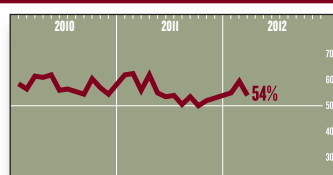
been faster than the previous month, following 31 consecutive months in which supplier deliveries slowed. The six industries reporting slower supplier deliveries in March — listed in order — are: Petroleum & Coal Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Machinery; and Computer & Electronic Products.



NEW EXPORT ORDERS

ISM's New Export Orders Index registered 54 percent in March, which is 5.5 percentage points lower than the 59.5 percent

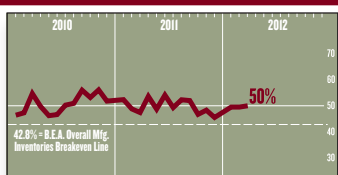
reported in February. The eight industries reporting growth in new export orders in March — listed in order — are: Textile Mills; Furniture & Related Products; Transportation Equipment; Fabricated Metal Products; Paper Products; Food, Beverage & Tobacco Products; Chemical Products; and Machinery.



INVENTORIES

The Inventories Index registered 50 percent in March. This month's reading, at 50 percent, indicates that respondents are reporting inventories are

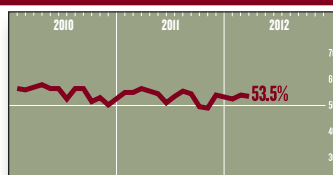
unchanged from last month. The seven industries reporting higher inventories in March — listed in order — are: Machinery; Nonmetallic Mineral Products; Miscellaneous Manufacturing‡; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Petroleum & Coal Products.



IMPORTS

ISM's Imports Index registered 53.5 percent in March. The eight industries reporting growth in imports during the month of

March — listed in order — are: Petroleum & Coal Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Machinery; Miscellaneous Manufacturing‡; and Fabricated Metal Products.



NMI at 56%

Economic activity in the non-manufacturing sector grew in March for the 27th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM Report On Business®.

The NMI registered 56 percent in March, 1.3 percentage points lower than the 57.3 percent registered in February, and indicating continued growth at a slower rate. The Non-Manufacturing Business Activity Index registered 58.9 percent. The New Orders Index decreased by 2.4 percentage points to 58.8 percent, and the Employment Index increased by 1 percentage point to 56.7 percent. The Prices Index decreased 4.5 percentage points to 63.9 percent. Respondents' comments remain mostly optimistic about business conditions. They indicate that increased discretionary spending reflects the increased confidence level of businesses and consumers. There is continued concern about cost pressures and the instability of fuel prices.

The 16 non-manufacturing industries reporting growth in March — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Accommodation & Food Services; Construction; Other Services[‡]; Wholesale Trade; Finance & Insurance; Information; Public Administration; Health Care & Social Assistance; Utilities; Real Estate, Rental & Leasing; Retail Trade; Educational Services; Professional, Scientific & Technical Services; and Transportation & Warehousing. **ISM**

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

NMI

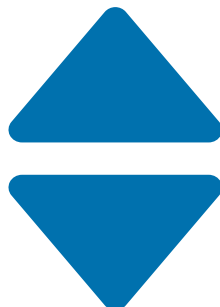
In March, the NMI registered 56 percent, indicating continued growth in the non-manufacturing sector for the 27th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.

Business Activity Index at 58.9%; New Orders Index at 58.8%; Employment Index at 56.7%

NON-MANUFACTURING AT A GLANCE

INDEX	MAR INDEX	FEB INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
NMI	56.0	57.3	-1.3	Growing	Slower	27
Business Activity	58.9	62.6	-3.7	Growing	Slower	32
New Orders	58.8	61.2	-2.4	Growing	Slower	32
Employment	56.7	55.7	+1.0	Growing	Faster	3
Supplier Deliveries	49.5	49.5	0.0	Faster	Same	2
Inventories	54.0	53.5	+0.5	Growing	Faster	2
Prices	63.9	68.4	-4.5	Increasing	Slower	32
Backlog of Orders	49.5	53.0	-3.5	Contracting	From Growing	1
New Export Orders	52.5	54.5	-2.0	Growing	Slower	8
Imports	56.0	52.0	+4.0	Growing	Faster	4
Inventory Sentiment	58.5	61.5	-3.0	Too High	Slower	178

*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.



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

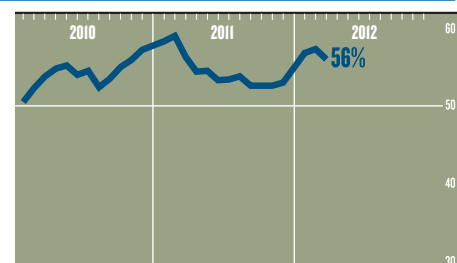
COMMODITIES REPORTED

Commodities Up in Price: Airfares (3); Aluminum Products; Copper Products (2); Diesel Fuel (2); #1 Diesel Fuel (4); #2 Diesel Fuel (5); Food & Beverage; Freight Charges; Fuel (3); Fuel Products; Fuel Surcharges; Gasoline (3); #2 Heating Fuel (2); Lumber (2); Medical/Surgical Supplies; Pharmaceuticals; Plastic Bags; Plastic Film (2); Plastic Products (2); and Urea.

Commodities Down in Price: Natural Gas (2) is the only commodity reported down in price.

Commodities in Short Supply: Crab (3); and Pharmaceuticals.

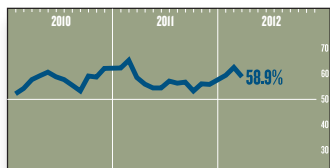
[‡]Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services,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



†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).

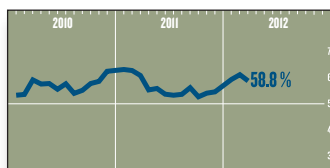
BUSINESS ACTIVITY

ISM's Non-Manufacturing Business Activity Index in March registered 58.9 percent. The 13 industries reporting growth of business activity in March — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Accommodation & Food Services; Construction; Finance & Insurance; Health Care & Social Assistance; Information; Real Estate, Rental & Leasing; Other Services†; Wholesale Trade; Public Administration; Retail Trade; and Utilities.



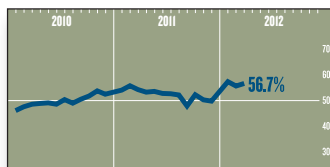
NEW ORDERS

ISM's Non-Manufacturing New Orders Index registered 58.8 percent in March. The 14 industries reporting growth of new orders in March — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Construction; Finance & Insurance; Accommodation & Food Services; Information; Real Estate, Rental & Leasing; Other Services†; Wholesale Trade; Utilities; Public Administration; Retail Trade; Transportation & Warehousing; and Professional, Scientific & Technical Services.



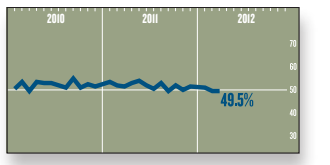
EMPLOYMENT

ISM's Non-Manufacturing Employment Index registered 56.7 percent in March. The 13 industries reporting an increase in employment in March — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Wholesale Trade; Other Services†; Accommodation & Food Services; Information; Educational Services; Construction; Finance & Insurance; Public Administration; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Utilities.



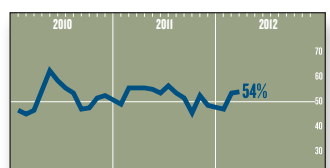
SUPPLIER DELIVERIES

The Supplier Deliveries Index registered 49.5 percent in March. This is the same percentage rate registered in February, indicating that supplier deliveries were faster in March for the second consecutive month. A reading above 50 percent indicates slower deliveries, and below 50 percent indicates faster deliveries. The five industries reporting slower deliveries in March are: Mining; Retail Trade; Educational Services; Public Administration; and Wholesale Trade.



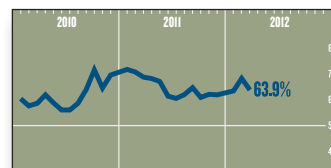
INVENTORIES

ISM's Non-Manufacturing Inventories Index grew in March for the second consecutive month. The index registered 54 percent. The nine industries reporting an increase in inventories in March — listed in order — are: Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Construction; Wholesale Trade; Information; Transportation & Warehousing; Accommodation & Food Services; Retail Trade; and Utilities.



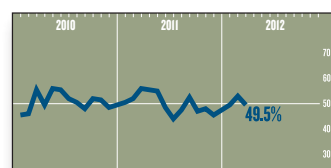
PRICES

ISM's Non-Manufacturing Prices Index for March registered 63.9 percent. Sixteen non-manufacturing industries reported an increase in prices paid: Arts, Entertainment & Recreation; Utilities; Wholesale Trade; Retail Trade; Educational Services; Professional, Scientific & Technical Services; Accommodation & Food Services; Public Administration; Real Estate, Rental & Leasing; Other Services†; Finance & Insurance; Health Care & Social Assistance; Mining; Information; Transportation & Warehousing; and Construction.



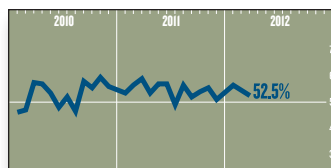
BACKLOG OF ORDERS

ISM's Non-Manufacturing Backlog of Orders Index contracted in March after one month of growth. The index registered 49.5 percent, 3.5 percentage points lower than the 53 percent reported in February. The five industries reporting an increase in order backlogs in March are: Construction; Educational Services; Utilities; Finance & Insurance; and Public Administration.



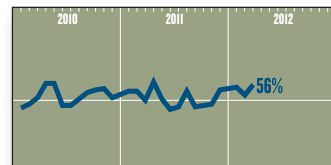
NEW EXPORT ORDERS

ISM's New Export Orders Index for March registered 52.5 percent, which is 2 percentage points lower than the 54.5 percent reported in February. The six industries reporting an increase in new export orders in March — listed in order — are: Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Construction; Information; Finance & Insurance; and Wholesale Trade.



IMPORTS

The ISM Non-Manufacturing Imports Index registered 56 percent in March, which is 4 percentage points higher than the 52 percent reported in February. The nine industries reporting an increase in the use of imports in March — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Arts, Entertainment & Recreation; Other Services†; Construction; Information; Accommodation & Food Services; Wholesale Trade; and Retail Trade.



INVENTORY SENTIMENT

ISM's Non-Manufacturing Inventory Sentiment Index in March registered 58.5 percent, which is 3 percentage points lower than the 61.5 percent reported in February. This indicates that respondents believe their inventories are still too high at this time. The six industries reporting a feeling that their inventories are too high in March — listed in order — are: Other Services†; Mining; Health Care & Social Assistance; Utilities; Finance & Insurance; and Wholesale Trade.

