

**E**conomic activity in the manufacturing sector expanded in March for the 10th consecutive month, and the overall economy grew for the 58th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The March PMI® registered 53.7 percent, an increase of 0.5 percentage point from February's reading of 53.2 percent, indicating expansion in manufacturing. The New Orders Index registered 55.1 percent, an increase of 0.6 percentage point from February's reading of 54.5 percent. The Production Index registered 55.9 percent, a substantial increase of 7.7 percentage points compared to February's reading of 48.2 percent. Employment grew for the ninth consecutive month, but at a slower rate by 1.2 percentage points, registering 51.1 percent compared to February's reading of 52.3 percent. 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.

Of the 18 manufacturing industries, 14 are reporting growth in March in the following order: Petroleum & Coal Products; Transportation Equipment; Furniture & Related Products; Paper Products; Printing & Related Support Activities; Plastics & Rubber Products; Fabricated Metal Products; Machinery; Textile Mills; Computer & Electronic Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Chemical Products; and Primary Metals. **ISM**

## PMI® at 53.7%

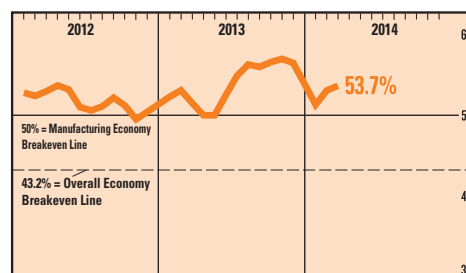
New Orders, Employment and Production Growing; Inventories Growing; Supplier Deliveries Slowing

### Manufacturing at a Glance

| INDEX                       | Mar Index | Feb Index | % Point Change | Direction      | Rate of Change   | Trend* (months) |
|-----------------------------|-----------|-----------|----------------|----------------|------------------|-----------------|
| PMI®                        | 53.7      | 53.2      | +0.5           | Growing        | Faster           | 10              |
| New Orders                  | 55.1      | 54.5      | +0.6           | Growing        | Faster           | 10              |
| Production                  | 55.9      | 48.2      | +7.7           | Growing        | From Contracting | 1               |
| Employment                  | 51.1      | 52.3      | -1.2           | Growing        | Slower           | 9               |
| Supplier Deliveries         | 54.0      | 58.5      | -4.5           | Slowing        | Slower           | 10              |
| Inventories                 | 52.5      | 52.5      | 0.0            | Growing        | Same             | 2               |
| Customers' Inventories      | 42.0      | 46.5      | -4.5           | Too Low        | Faster           | 28              |
| Prices                      | 59.0      | 60.0      | -1.0           | Increasing     | Slower           | 8               |
| Backlog of Orders           | 57.5      | 52.0      | +5.5           | Growing        | Faster           | 2               |
| Exports                     | 55.5      | 53.5      | +2.0           | Growing        | Faster           | 16              |
| Imports                     | 54.5      | 53.5      | +1.0           | Growing        | Faster           | 14              |
| <b>Overall Economy</b>      |           |           |                | <b>Growing</b> | <b>Faster</b>    | <b>58</b>       |
| <b>Manufacturing Sector</b> |           |           |                | <b>Growing</b> | <b>Faster</b>    | <b>10</b>       |

\*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.



## PMI®

A PMI® in excess of 43.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the March PMI® indicates growth for the 58th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the 10th consecutive month. Holcomb

stated, "The past relationship between the PMI® and the overall economy indicates that the average PMI® for January through March (52.7 percent) corresponds to a 3.1 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI® for March (53.7 percent) is annualized, it corresponds to a 3.5 percent increase in real GDP annually."

### Commodities Reported

**Commodities Up in Price:** Aluminum (2); Corn; Dairy (2); Diesel; Foam; Freight; Gasoline; HDPE (2); Lumber; MRO Supplies; Molybdenum; Nickel; Packaging (2); Plastic Resins (4); Polyethylene Resin; Stainless Steel; Steel\* (4); and Wood (5).

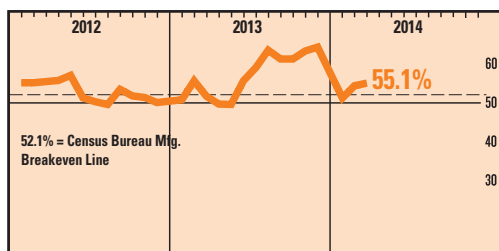
**Commodities Down in Price:** Caustic Soda; Copper; Natural Gas; Steel\*; Steel – Hot Rolled.

**Commodities in Short Supply:** The only commodity reported in short supply is Helium.

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

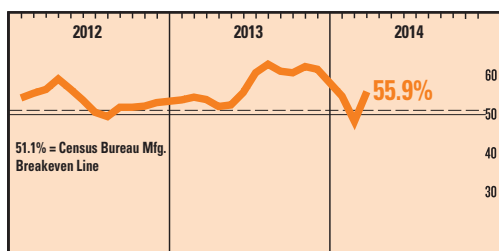
\*Reported as both up and down in price.

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



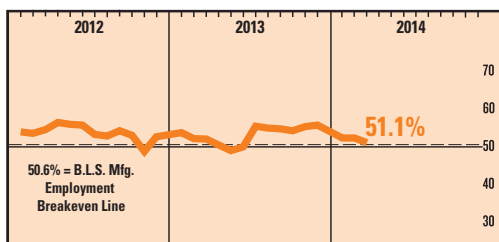
## New Orders

ISM®'s New Orders Index registered 55.1 percent in March, an increase of 0.6 percentage point when compared to the February reading of 54.5 percent. The 11 industries reporting growth in new orders in March — listed in order — are: Textile Mills; Transportation Equipment; Machinery; Petroleum & Coal Products; Furniture & Related Products; Paper Products; Fabricated Metal Products; Primary Metals; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Chemical Products.



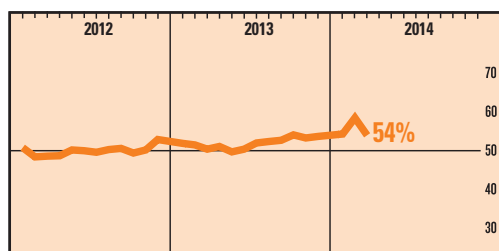
## Production

ISM®'s Production Index registered 55.9 percent in March, which is an increase of 7.7 percentage points when compared to the 48.2 percent reported in February. The 11 industries reporting growth in production during the month of March — listed in order — are: Paper Products; Primary Metals; Plastics & Rubber Products; Fabricated Metal Products; Transportation Equipment; Furniture & Related Products; Machinery; Chemical Products; Petroleum & Coal Products; Food, Beverage & Tobacco Products; and Computer & Electronic Products.



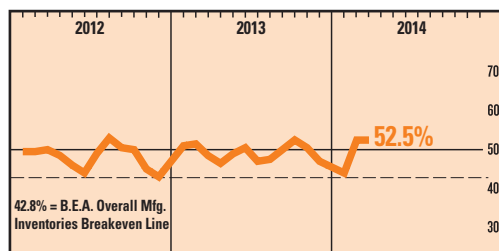
## Employment

ISM®'s Employment Index registered 51.1 percent in March, which is a decrease of 1.2 percentage points when compared February's reading of 52.3 percentage points. Of the 18 manufacturing industries, 10 reported growth in employment in March in the following order: Printing & Related Support Activities; Furniture & Related Products; Petroleum & Coal Products; Paper Products; Transportation Equipment; Machinery; Chemical Products; Fabricated Metal Products; Computer & Electronic Products; and Miscellaneous Manufacturing<sup>‡</sup>.



## Supplier Deliveries

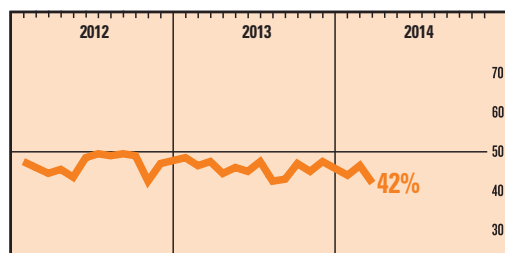
The delivery performance of suppliers to manufacturing organizations slowed in March at a slower rate relative to February as the Supplier Deliveries Index registered 54 percent. The nine industries reporting slower supplier deliveries in March — listed in order — are: Plastics & Rubber Products; Computer & Electronic Products; Nonmetallic Mineral Products; Chemical Products; Food, Beverage & Tobacco Products; Paper Products; Fabricated Metal Products; Machinery; and Transportation Equipment.



## Inventories

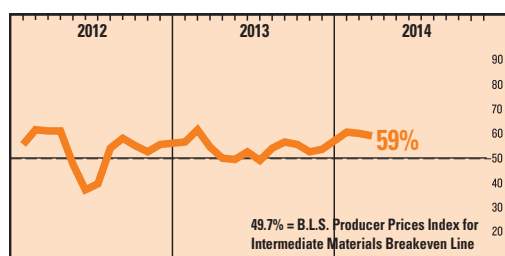
The Inventories Index registered 52.5 percent in March, the same reading as reported in February. The 12 industries reporting higher inventories in March — listed in order — are: Textile Mills; Printing & Related Support Activities; Petroleum & Coal Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Transportation Equipment; Furniture & Related Products; Paper Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Computer & Electronic Products; and Electrical Equipment, Appliances & Components.

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



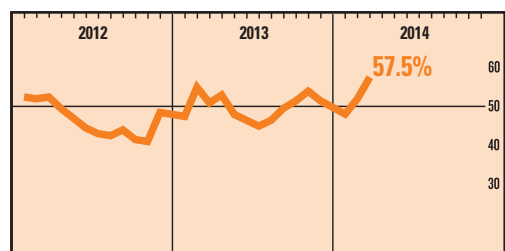
## Customers' Inventories

ISM® Customers' Inventories Index registered 42 percent in March, which is 4.5 percentage points lower than in February when the index registered 46.5 percent. This month's reading indicates that customers' inventories are considered too low, and is the lowest reading since May 2011 when the Customers' Inventories Index registered 39.5 percent. The only manufacturing industry reporting customers' inventories as being too high during the month of March is Food, Beverage & Tobacco Products.



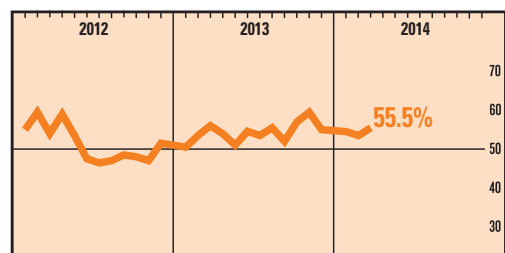
## Prices

The ISM® Prices Index registered 59 percent in March. Of the 18 manufacturing industries, 12 reported paying increased prices during the month of March in the following order: Food, Beverage & Tobacco Products; Wood Products; Plastics & Rubber Products; Apparel, Leather & Allied Products; Furniture & Related Products; Petroleum & Coal Products; Miscellaneous Manufacturing<sup>‡</sup>; Textile Mills; Chemical Products; Electrical Equipment, Appliances & Components; Paper Products; and Machinery.



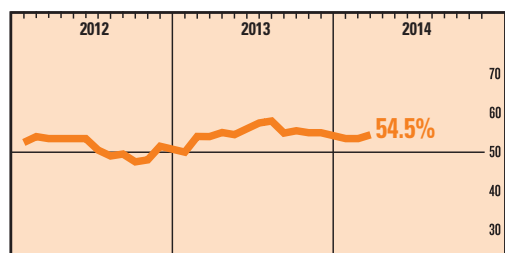
## Backlog of Orders

ISM®'s Backlog of Orders Index registered 57.5 percent in March. The 14 industries reporting increased order backlogs in March — listed in order — are: Textile Mills; Paper Products; Nonmetallic Mineral Products; Furniture & Related Products; Transportation Equipment; Plastics & Rubber Products; Machinery; Primary Metals; Fabricated Metal Products; Computer & Electronic Products; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.



## New Export Orders

ISM®'s New Export Orders Index registered 55.5 percent in March. The 11 industries reporting growth in new export orders in March — listed in order — are: Wood Products; Furniture & Related Products; Transportation Equipment; Textile Mills; Petroleum & Coal Products; Machinery; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Chemical Products; Food, Beverage & Tobacco Products; and Computer & Electronic Products.



## Imports

ISM®'s Imports Index registered 54.5 percent in March, which is 1 percentage point higher than the 53.5 percent reported in February. The nine industries reporting growth in imports during the month of March — listed in order — are: Primary Metals; Petroleum & Coal Products; Transportation Equipment; Plastics & Rubber Products; Furniture & Related Products; Machinery; Computer & Electronic Products; Chemical Products; and Food, Beverage & Tobacco Products.

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

Analysis by **Anthony Nieves, CPSM, C.P.M., CFPM**,  
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Non-Manufacturing Business Survey Committee.

non-manufacturing

# NMI® at 53.1%

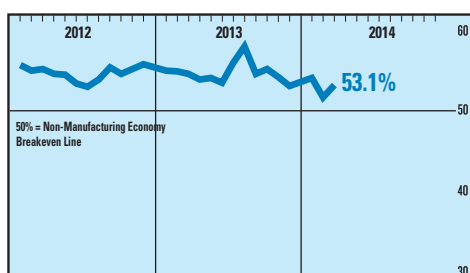
Business Activity Index at 53.4%; New Orders Index at 53.4%; Employment Index at 53.6%

## Non-Manufacturing at a Glance

| INDEX               | Mar Index | Feb Index | % Point Change | Direction   | Rate of Change   | Trend* (months) |
|---------------------|-----------|-----------|----------------|-------------|------------------|-----------------|
| NMI®                | 53.1      | 51.6      | +1.5           | Growing     | Faster           | 50              |
| Business Activity   | 53.4      | 54.6      | -1.2           | Growing     | Slower           | 56              |
| New Orders          | 53.4      | 51.3      | +2.1           | Growing     | Faster           | 56              |
| Employment          | 53.6      | 47.5      | +6.1           | Growing     | From Contracting | 1               |
| Supplier Deliveries | 52.0      | 53.0      | -1.0           | Slowing     | Slower           | 5               |
| Inventories         | 48.0      | 50.5      | -2.5           | Contracting | From Growing     | 1               |
| Prices              | 58.3      | 53.7      | +4.6           | Increasing  | Faster           | 54              |
| Backlog of Orders   | 51.5      | 52.0      | -0.5           | Growing     | Slower           | 2               |
| New Export Orders   | 49.5      | 47.5      | +2.0           | Contracting | Slower           | 3               |
| Imports             | 50.5      | 47.0      | +3.5           | Growing     | From Contracting | 1               |
| Inventory Sentiment | 60.5      | 62.0      | -1.5           | Too High    | Slower           | 202             |

\*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.



## NMI®

In March, the NMI® registered 53.1 percent, an increase of 1.5 percentage points when compared to February's reading of 51.6 percent indicating continued growth in the non-manufacturing sector for the 50th 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.

Economic activity in the **non-manufacturing sector** grew in March for the 50th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM® Report On Business®**.

The NMI® registered 53.1 percent in March, 1.5 percentage points higher than February's reading of 51.6 percent. The Non-Manufacturing Business Activity Index decreased to 53.4 percent, which is 1.2 percentage points lower than the reading of 54.6 percent reported in February, reflecting growth for the 56th consecutive month but at a slower rate. The New Orders Index registered 53.4 percent, 2.1 percentage points higher than the reading of 51.3 percent registered in February. The Employment Index increased 6.1 percentage points to 53.6 percent from the February reading of 47.5 percent and indicates substantial growth after one month of contraction. Despite the affects of weather on many of the respective businesses, the majority of respondents indicate that business conditions are improving.

The 13 non-manufacturing industries reporting growth in March — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Construction; Utilities; Management of Companies & Support Services; Wholesale Trade; Finance & Insurance; Arts, Entertainment & Recreation; Accommodation & Food Services; Retail Trade; Public Administration; Information; and Professional, Scientific & Technical Services. **ISM**

✦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).

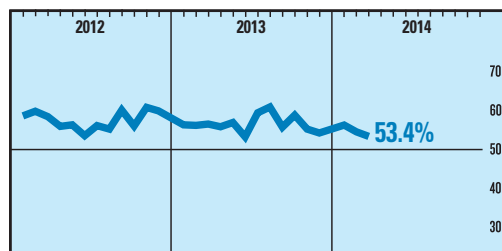
## Commodities Reported

**Commodities Up in Price:** Airfares; Bacon; Beef Items (4); Cheese (2); Coffee (2); Copier Paper (2); Crab; Dairy (4); #1 Diesel Fuel (3); #2 Diesel Fuel (4); #2 Heating Fuel (2); Gasoline (4); Paper Products; Pharmaceuticals (2); Plastic Film (2); Plastic Products (2); Pork Products; Produce; Professional Labor; Propane (3); and Transportation.

**Commodities Down in Price:** Chicken (4); and Copper Products.

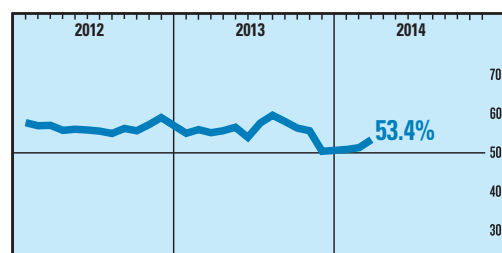
**Commodities in Short Supply:** Beef Trimmings; Medical IV Solutions (3); and Road Salt (2).

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



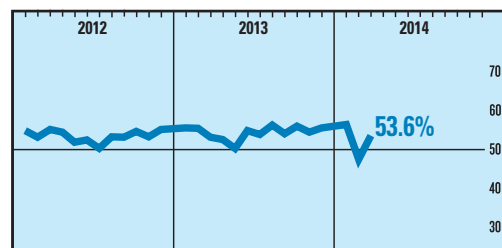
## Business Activity

ISM®'s Business Activity Index in March registered 53.4 percent. The 12 industries reporting growth of business activity in March — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Utilities; Construction; Retail Trade; Accommodation & Food Services; Management of Companies & Support Services; Finance & Insurance; Transportation & Warehousing; Professional, Scientific & Technical Services; Public Administration; Wholesale Trade; and Information.



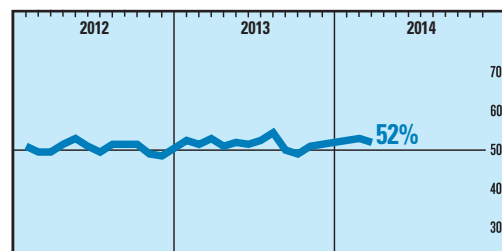
## New Orders

ISM®'s Non-Manufacturing New Orders Index grew in March and registered 53.4 percent. The 13 industries reporting growth of new orders in March — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Utilities; Management of Companies & Support Services; Arts, Entertainment & Recreation; Retail Trade; Finance & Insurance; Information; Accommodation & Food Services; Wholesale Trade; Construction; Public Administration; and Professional, Scientific & Technical Services.



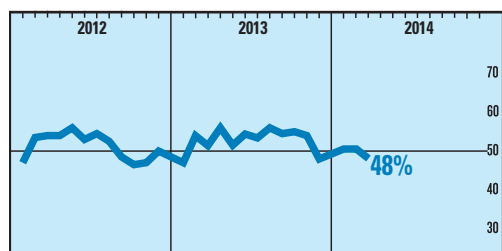
## Employment

Employment activity in the non-manufacturing sector grew in March after one month of contraction. ISM®'s Non-Manufacturing Employment Index registered 53.6 percent, which reflects a notable increase of 6.1 percentage points. The nine industries reporting an increase in employment in March — listed in order — are: Arts, Entertainment & Recreation; Wholesale Trade; Management of Companies & Support Services; Finance & Insurance; Construction; Public Administration; Retail Trade; Professional, Scientific & Technical Services; and Utilities.



## Supplier Deliveries

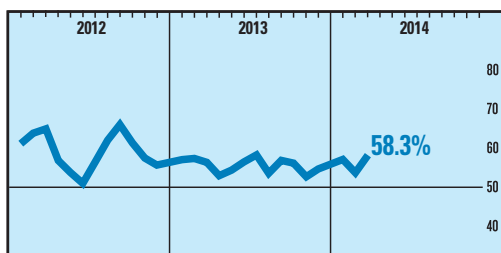
The Supplier Deliveries Index registered 52 percent in March indicating that deliveries were slower after the February reading of 53 percent. The nine industries reporting slower deliveries in March — listed in order — are: Transportation & Warehousing; Other Services<sup>†</sup>; Utilities; Construction; Wholesale Trade; Health Care & Social Assistance; Information; Accommodation & Food Services; and Public Administration.



## Inventories

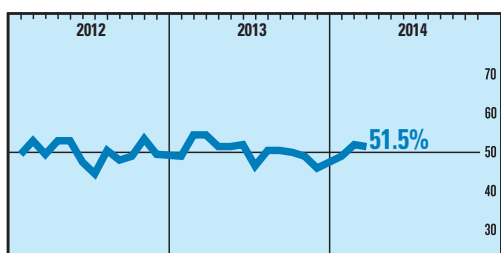
ISM®'s Non-Manufacturing Inventories Index indicated contraction after two consecutive months of growth. The index registered 48 percent, which is 2.5 percentage points lower than the 50.5 percent reported in February. The five industries reporting an increase in inventories in March are: Mining; Other Services<sup>†</sup>; Wholesale Trade; Professional, Scientific & Technical Services; and Accommodation & Food Services.

<sup>†</sup>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).



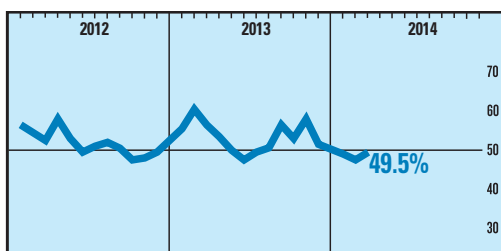
## Prices

ISM®'s Non-Manufacturing Prices Index for March registered 58.3 percent. Thirteen non-manufacturing industries reported an increase in prices paid during the month of March, in the following order: Mining; Agriculture, Forestry, Fishing & Hunting; Utilities; Arts, Entertainment & Recreation; Wholesale Trade; Retail Trade; Educational Services; Accommodation & Food Services; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Public Administration; Health Care & Social Assistance; and Finance & Insurance.



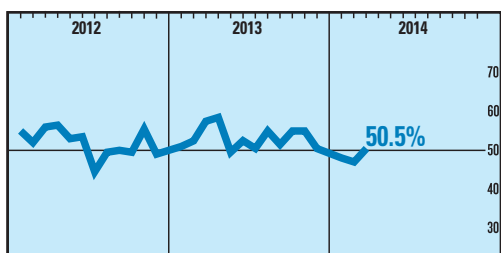
## Backlog of Orders

ISM®'s Non-Manufacturing Backlog of Orders Index grew in March for the second consecutive month. The index registered 51.5 percent, which is 0.5 percentage point lower than the 52 percent reported in February. The six industries reporting an increase in order backlogs in March — listed in order — are: Real Estate, Rental & Leasing; Utilities; Health Care & Social Assistance; Professional, Scientific & Technical Services; Public Administration; and Finance & Insurance.



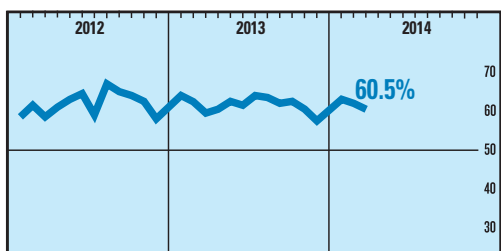
## New Export Orders

The New Export Orders Index for March registered 49.5 percent, which is 2 percentage points higher than the 47.5 percent reported in February. The four industries reporting an increase in new export orders in March are: Management of Companies & Support Services; Information; Finance & Insurance; and Accommodation & Food Services.



## Imports

The ISM® Non-Manufacturing Imports Index grew in March after two consecutive months of contraction. This month's reading at 50.5 percent is 3.5 percentage points higher than the 47 percent that was reported in February. The five industries reporting an increase in imports for the month of March are: Agriculture, Forestry, Fishing & Hunting; Construction; Public Administration; Information; and Retail Trade.



## Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in March registered 60.5 percent, which is 1.5 percentage points lower than the 62 percent reported in February. The eight industries reporting a feeling that their inventories are too high in March — listed in order — are: Mining; Other Services<sup>†</sup>; Health Care & Social Assistance; Wholesale Trade; Utilities; Finance & Insurance; Retail Trade; and Information.

<sup>†</sup>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).