

Economic activity in the **manufacturing sector** expanded in May for the 29th consecutive month, and the overall economy grew for the 72nd consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The May PMI® registered 52.8 percent, an increase of 1.3 percentage points over the April reading of 51.5 percent. The New Orders Index registered 55.8 percent, an increase of 2.3 percentage points from the reading of 53.5 percent in April. The Production Index registered 54.5 percent, 1.5 percentage points below the April reading of 56 percent. The Employment Index registered 51.7 percent, 3.4 percentage points above the April reading of 48.3 percent, reflecting growing employment levels from April. The Prices Index registered 49.5 percent, 9 percentage points above the April reading of 40.5 percent, indicating lower raw materials prices for the seventh consecutive month.

Of the 18 manufacturing industries, 14 are reporting growth in May in the following order: Apparel, Leather & Allied Products; Furniture & Related Products; Paper Products; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Primary Metals; Transportation Equipment; Printing & Related Support Activities; Fabricated Metal Products; Machinery; Miscellaneous Manufacturing‡; and Chemical Products. **ISM**

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

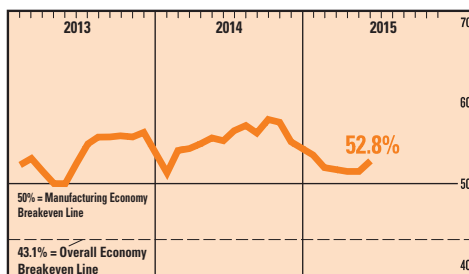
PMI® at 52.8%

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

Manufacturing at a Glance

INDEX	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	52.8	51.5	+1.3	Growing	Faster	29
New Orders	55.8	53.5	+2.3	Growing	Faster	30
Production	54.5	56.0	-1.5	Growing	Slower	33
Employment	51.7	48.3	+3.4	Growing	From Contracting	1
Supplier Deliveries	50.7	50.1	+0.6	Slowing	Faster	24
Inventories	51.5	49.5	+2.0	Growing	From Contracting	1
Customers' Inventories	45.5	44.0	+1.5	Too Low	Slower	6
Prices	49.5	40.5	+9.0	Decreasing	Slower	7
Backlog of Orders	53.5	49.5	+4.0	Growing	From Contracting	1
Exports	50.0	51.5	-1.5	Unchanged	From Growing	1
Imports	55.0	54.0	+1.0	Growing	Faster	28
Overall Economy				Growing	Faster	72
Manufacturing Sector				Growing	Faster	29

*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®

Manufacturing expanded in May as the PMI® registered 52.8 percent. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. A PMI® in excess of 43.1 percent, over a period of time, generally indicates an expansion of the overall economy.

Therefore, the May PMI® indicates growth for the 72nd consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the 29th consecutive month.



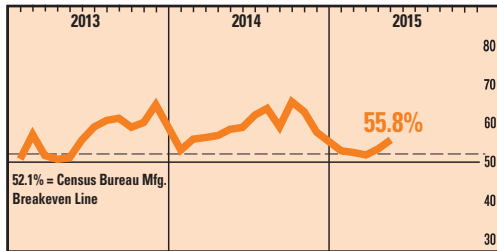
Commodities Reported

Commodities Up in Price: Copper; Diesel Fuel; HDPE Resin; and Nickel.

Commodities Down in Price: Aluminum (6); Corn; Scrap Steel (6); Stainless Steel (7); Steel (6); and Steel – Hot Rolled (7).

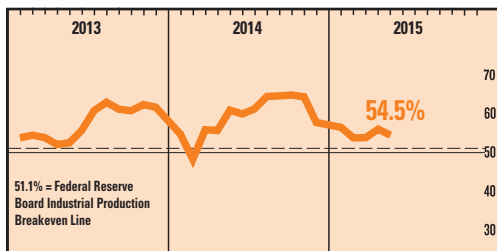
Commodities in Short Supply: There were no commodities listed in short supply for the month of May.

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



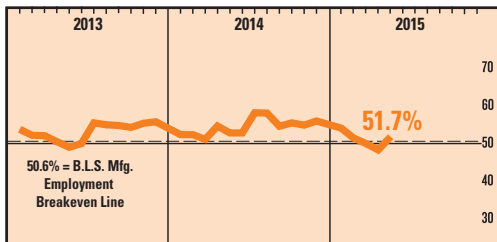
New Orders

ISM's New Orders Index registered 55.8 percent in May. The 11 industries reporting growth in new orders in May — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Furniture & Related Products; Paper Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Machinery; Primary Metals; Transportation Equipment; Miscellaneous Manufacturing[‡]; and Chemical Products.



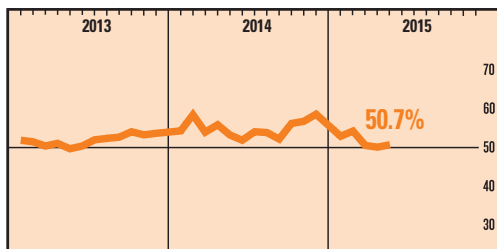
Production

ISM's Production Index registered 54.5 percent. The 11 industries reporting growth in production during the month of May — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Paper Products; Primary Metals; Transportation Equipment; Machinery; Furniture & Related Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Fabricated Metal Products; and Chemical Products.



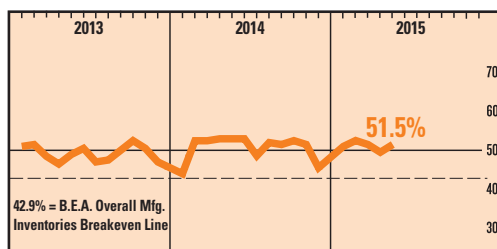
Employment

ISM's Employment Index registered 51.7 percent. Of the 18 manufacturing industries, in May, 14 industries reported employment growth in the following order: Textile Mills; Printing & Related Support Activities; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Machinery; Plastics & Rubber Products; Primary Metals; Paper Products; Miscellaneous Manufacturing[‡]; Chemical Products; and Transportation Equipment.



Supplier Deliveries

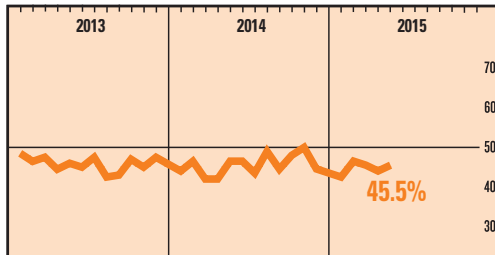
The delivery performance of suppliers to manufacturing organizations slowed in May at a faster rate as the Supplier Deliveries Index registered 50.7 percent. The six industries reporting slower supplier deliveries in May — listed in order — are: Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Paper Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; and Transportation Equipment.



Inventories

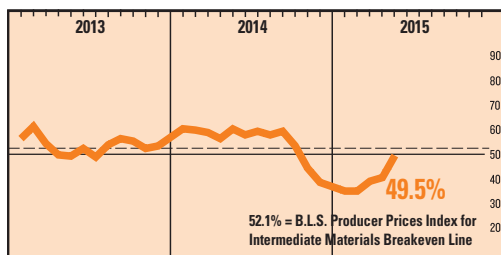
The Inventories Index registered 51.5 percent. The seven industries reporting higher inventories in May — listed in order — are: Electrical Equipment, Appliances & Components; Furniture & Related Products; Miscellaneous Manufacturing[‡]; Plastics & Rubber Products; Primary Metals; Chemical Products; and Computer & Electronic Products.

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



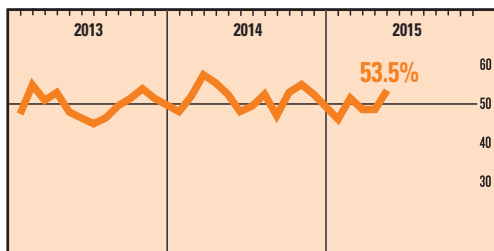
Customers' Inventories

ISM's Customers' Inventories Index registered 45.5 percent. The two manufacturing industries reporting customers' inventories as being too high during the month of May are: Fabricated Metal Products; and Paper Products.



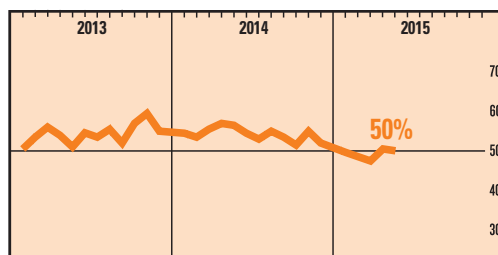
Prices

The ISM Prices Index registered 49.5 percent. Of the 18 manufacturing industries, the five industries reporting paying increased prices for their raw materials in May are: Plastics & Rubber Products; Primary Metals; Computer & Electronic Products; Paper Products; and Miscellaneous Manufacturing[‡].



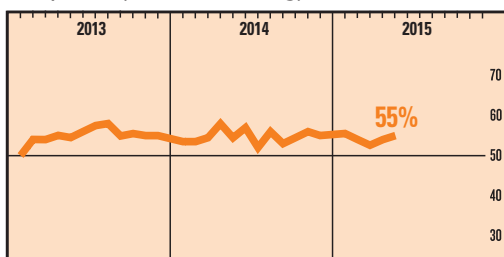
Backlog of Orders

ISM's Backlog of Orders Index registered 53.5 percent. The nine industries reporting increased order backlogs in May – listed in order – are: Primary Metals; Textile Mills; Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; Paper Products; Food, Beverage & Tobacco Products; and Machinery.



New Export Orders

ISM's New Export Orders Index registered 50 percent. The seven industries reporting growth in new export orders in May – listed in order – are: Apparel, Leather & Allied Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Paper Products; Fabricated Metal Products; and Transportation Equipment.



Imports

ISM's Imports Index registered 55 percent. The 10 industries reporting growth in imports during the month of May – listed in order – are: Textile Mills; Nonmetallic Mineral Products; Furniture & Related Products; Miscellaneous Manufacturing[‡]; Machinery; Food, Beverage & Tobacco Products; Fabricated Metal Products; Transportation Equipment; Chemical Products; and Computer & Electronic Products.

[‡]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**,
 chair of the Institute for Supply Management®
 Non-Manufacturing Business Survey Committee.

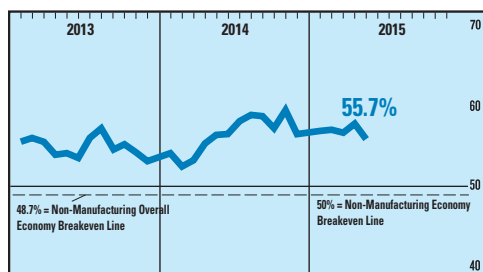
NMI® at 55.7%

Business Activity Index at 59.5%; New Orders Index at 57.9%; Employment Index at 55.3%

Non-Manufacturing at a Glance

INDEX	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	55.7	57.8	-2.1	Growing	Slower	64
Business Activity	59.5	61.6	-2.1	Growing	Slower	70
New Orders	57.9	59.2	-1.3	Growing	Slower	70
Employment	55.3	56.7	-1.4	Growing	Slower	15
Supplier Deliveries	50.0	53.5	-3.5	Unchanged	From Slower	1
Inventories	51.0	51.0	0	Growing	Same	2
Prices	55.9	50.1	+5.8	Increasing	Faster	3
Backlog of Orders	48.5	54.5	-6.0	Contracting	From Growing	1
New Export Orders	55.0	48.5	+6.5	Growing	From Contracting	1
Imports	53.5	51.5	+2.0	Growing	Faster	4
Inventory Sentiment	59.0	59.5	-0.5	Too High	Slower	216
Overall Economy				Growing	Slower	70
Non-Manufacturing Sector				Growing	Slower	64

*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 May, the NMI® registered 55.7 percent, a decrease of 2.1 percentage points when compared to April's reading of 57.8 percent, indicating continued growth in the non-manufacturing sector for the 64th 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® in excess of 48.7 percent, over a period of time, generally indicates an expansion of the overall economy.

Economic activity in the **non-manufacturing sector** grew in May for the 64th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM® Report On Business®**.

The NMI® registered 55.7 percent in May. The Non-Manufacturing Business Activity Index decreased to 59.5 percent. The New Orders Index registered 57.9 percent, 1.3 percentage points lower than the reading of 59.2 percent registered in April. The Employment Index decreased 1.4 percentage points to 55.3 percent from the April reading of 56.7 percent. The Prices Index increased 5.8 percentage points from the April reading of 50.1 percent to 55.9 percent, indicating prices increased in May for the third consecutive month.

The 15 non-manufacturing industries reporting growth in May — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Real Estate, Rental & Leasing; Utilities; Transportation & Warehousing; Construction; Accommodation & Food Services; Professional, Scientific & Technical Services; Agriculture, Forestry, Fishing & Hunting; Public Administration; Wholesale Trade; Educational Services; Finance & Insurance; Retail Trade; and Health Care & Social Assistance. **ISM**

Commodities Reported

Commodities Up in Price: Beef (7); Beef Products; Chicken (3); Consultants; Copper Products; Dairy Products; #1 Diesel Fuel (5); #2 Diesel Fuel (2); Eggs; Fuel (4); Gasoline (5); Labor; Medical Supplies; Natural Gas*; and Paper (3).

Commodities Down in Price: Bacon; Coffee; Computer Products; Contract Labor; Corn; Lubricant Products; Natural Gas*; Plastic Products; and Pork (2).

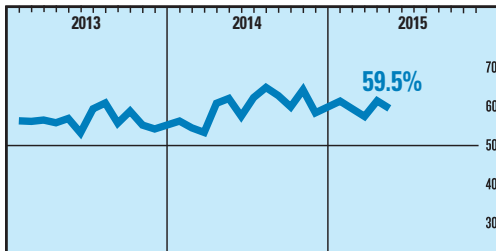
Commodities in Short Supply: Drugs; and Services Labor (4).

*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).



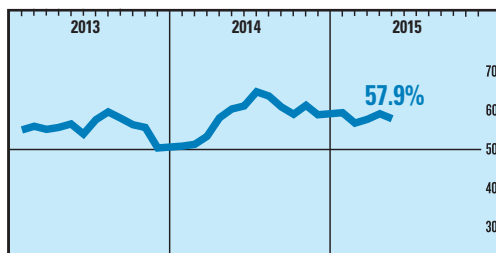
Note: The number of consecutive months the commodity is listed is indicated after each item.

*Reported as both up and down in price.



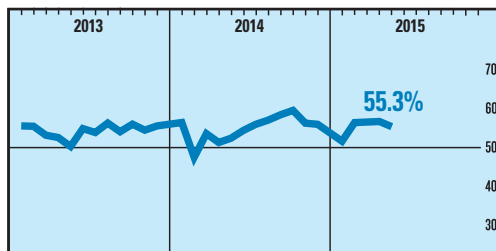
Business Activity

ISM's Business Activity Index in May registered 59.5 percent. The 15 industries reporting growth of business activity in May — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Educational Services; Transportation & Warehousing; Real Estate, Rental & Leasing; Construction; Utilities; Accommodation & Food Services; Public Administration; Professional, Scientific & Technical Services; Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Finance & Insurance; Health Care & Social Assistance; and Information.



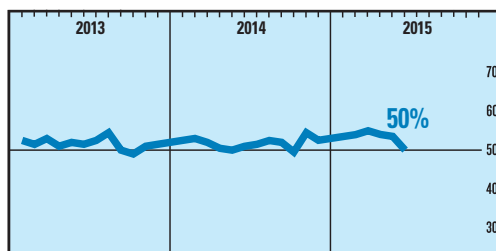
New Orders

ISM's Non-Manufacturing New Orders Index registered 57.9 percent. The 14 industries reporting growth of new orders in May — listed in order — are: Management of Companies & Support Services; Arts, Entertainment & Recreation; Educational Services; Transportation & Warehousing; Real Estate, Rental & Leasing; Utilities; Public Administration; Professional, Scientific & Technical Services; Construction; Accommodation & Food Services; Finance & Insurance; Retail Trade; Health Care & Social Assistance; and Wholesale Trade.



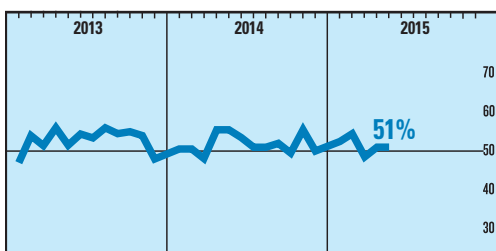
Employment

ISM's Non-Manufacturing Employment Index registered 55.3 percent. The 14 industries reporting an increase in employment in May — listed in order — are: Arts, Entertainment & Recreation; Retail Trade; Utilities; Transportation & Warehousing; Management of Companies & Support Services; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Wholesale Trade; Health Care & Social Assistance; Public Administration; Accommodation & Food Services; and Construction.



Supplier Deliveries

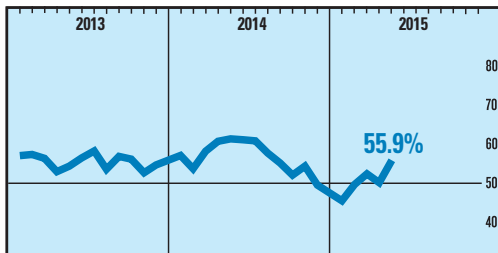
Supplier Deliveries were unchanged in May as the index registered 50 percent. The seven industries reporting slower deliveries in May — listed in order — are: Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Wholesale Trade; Construction; Accommodation & Food Services; and Professional, Scientific & Technical Services.



Inventories

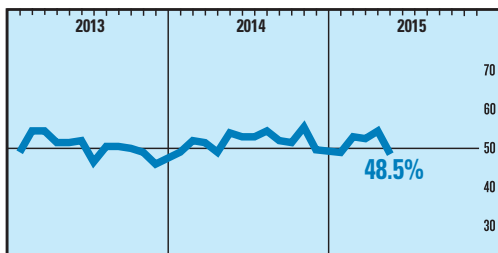
ISM's Non-Manufacturing Inventories registered 51 percent. The eight industries reporting an increase in inventories in May — listed in order — are: Educational Services; Transportation & Warehousing; Real Estate, Rental & Leasing; Other Services[†]; Management of Companies & Support Services; Wholesale Trade; Public Administration; and Retail Trade.

[†]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).



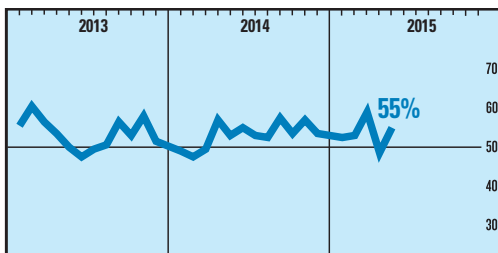
Prices

ISM's Non-Manufacturing Prices Index registered 55.9 percent. The 11 non-manufacturing industries reporting an increase in prices paid during the month of May — listed in order — are: Utilities; Educational Services; Accommodation & Food Services; Arts, Entertainment & Recreation; Wholesale Trade; Construction; Transportation & Warehousing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Public Administration; and Health Care & Social Assistance.



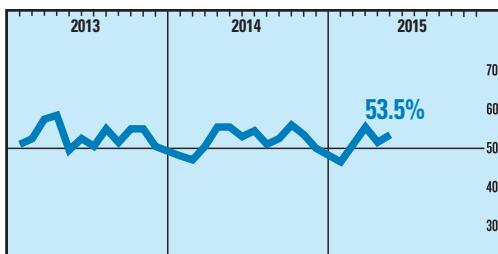
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index registered 48.5 percent. The six industries reporting an increase in order backlogs in May — listed in order — are: Construction; Real Estate, Rental & Leasing; Management of Companies & Support Services; Health Care & Social Assistance; Public Administration; and Wholesale Trade.



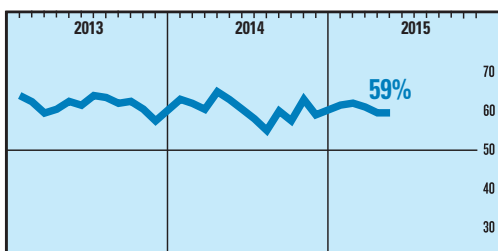
New Export Orders

The New Export Orders Index for May registered 55 percent. The six industries reporting an increase in new export orders in May — listed in order — are: Information; Real Estate, Rental & Leasing; Management of Companies & Support Services; Arts, Entertainment & Recreation; Construction; and Finance & Insurance.



Imports

The ISM Non-Manufacturing Imports Index registered 53.5 percent. The nine industries reporting an increase in imports for the month of May — listed in order — are: Transportation & Warehousing; Real Estate, Rental & Leasing; Management of Companies & Support Services; Other Services^{††}; Agriculture, Forestry, Fishing & Hunting; Information; Retail Trade; Wholesale Trade; and Professional, Scientific & Technical Services.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in May registered 59 percent. The eight industries reporting a feeling that their inventories are too high in May — listed in order — are: Educational Services; Other Services^{††}; Wholesale Trade; Finance & Insurance; Retail Trade; Utilities; Professional, Scientific & Technical Services; and Public Administration.

^{††}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).