

Economic activity in the non-manufacturing sector grew in May for the 89th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® Report On Business®.

The NMI® registered 56.9 percent. The Non-Manufacturing Business Activity Index decreased to 60.7 percent, 1.7 percentage points lower than the April reading of 62.4 percent, reflecting growth for the 94th consecutive month, at a slower rate in May. The New Orders Index registered 57.7 percent, 5.5 percentage points lower than the reading of 63.2 percent in April. The Employment Index increased 6.4 percentage points in May to 57.8 percent from the April reading of 51.4 percent. The Prices Index decreased 8.4 percentage points from the April reading of 57.6 percent

to 49.2 percent. The majority of respondents' comments continue to indicate optimism about business conditions and the overall economy. The 17 non-manufacturing industries reporting growth in May — listed in order — are: Real Estate, Rental & Leasing; Construction; Accommodation

NMI® @ 56.9%

& Food Services; Utilities; Arts, Entertainment & Recreation; Wholesale Trade; Mining; Health Care & Social Assistance; Management of Companies & Support Services; Professional, Scientific & Technical Services;

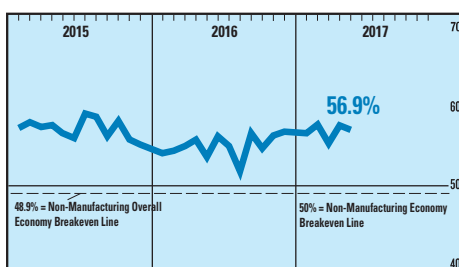
Agriculture, Forestry, Fishing & Hunting; Retail Trade; Finance & Insurance; Public Administration; Transportation & Warehousing; Information; and Other Services*:

*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).

NON-MANUFACTURING AT A GLANCE

Index	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	56.9	57.5	-0.6	Growing	Slower	89
Business Activity	60.7	62.4	-1.7	Growing	Slower	94
New Orders	57.7	63.2	-5.5	Growing	Slower	94
Employment	57.8	51.4	+6.4	Growing	Faster	39
Supplier Deliveries	51.5	53.0	-1.5	Slowing	Slower	17
Inventories	54.0	52.5	+1.5	Growing	Faster	2
Prices	49.2	57.6	-8.4	Decreasing	From Increasing	1
Backlog of Orders	57.0	53.5	+3.5	Growing	Faster	4
New Export Orders	54.5	65.5	-11.0	Growing	Slower	4
Imports	48.5	53.0	-4.5	Contracting	From Growing	1
Inventory Sentiment	63.0	60.0	+3.0	Too High	Faster	240
OVERALL ECONOMY				Growing	Slower	94
Non-Manufacturing Sector				Growing	Slower	89

*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 56.9 percent, 0.6 percentage point lower than the 57.5 percent registered in April, indicating continued growth in the non-manufacturing sector for the 89th 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.

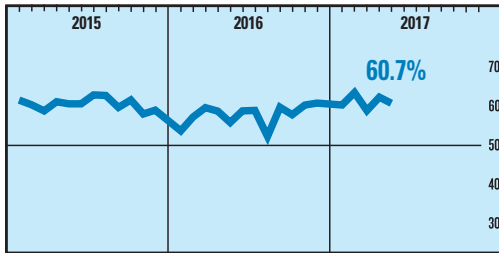
COMMODITIES REPORTED

Commodities Up in Price: Beef (3); Construction; Construction Trades/Subcontractors (3); Corrugated Boxes; Diesel Fuel; #2 Diesel Fuel; Food and Beverages; Gasoline* (3); Labor (2); Labor — Construction (3); Labor — Service; Labor — Temporary; Lettuce (3); Lumber (2); Medical/Surgical Supplies; Ocean Freight; Plastic Products; Produce (2); Seafood; and Steel Products (6).

Commodities Down in Price: Bacon (2); Chicken; Fuel; Gasoline*; and Soy Products.

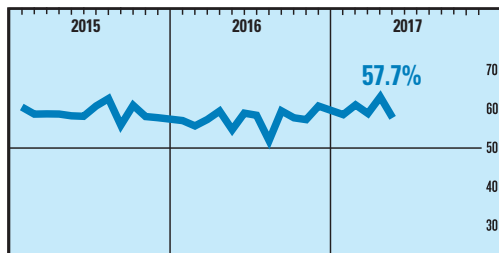
Commodities in Short Supply: Labor (4); Labor — Construction (14); Labor — Service; and Labor — Skilled.

Note: The number of consecutive months the commodity is listed is indicated after each item. *Reported as both up and down in price.



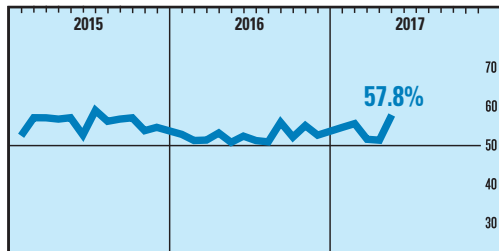
Business Activity

ISM's Business Activity Index registered 60.7 percent. The 16 industries reporting growth of business activity in May — listed in order — are: Real Estate, Rental & Leasing; Accommodation & Food Services; Utilities; Arts, Entertainment & Recreation; Construction; Health Care & Social Assistance; Management of Companies & Support Services; Transportation & Warehousing; Mining; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Information; Wholesale Trade; Other Services[†]; Professional, Scientific & Technical Services; and Public Administration.



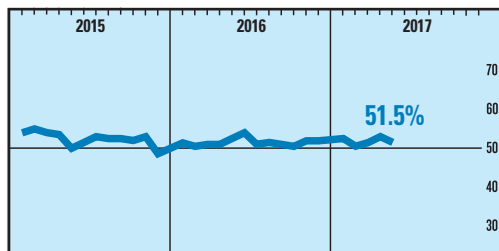
New Orders

ISM's Non-Manufacturing New Orders Index registered 57.7 percent. The 16 industries reporting growth of new orders in May — listed in order — are: Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Utilities; Accommodation & Food Services; Construction; Health Care & Social Assistance; Transportation & Warehousing; Retail Trade; Wholesale Trade; Information; Professional, Scientific & Technical Services; Other Services[†]; Mining; Public Administration; Finance & Insurance; and Management of Companies & Support Services.



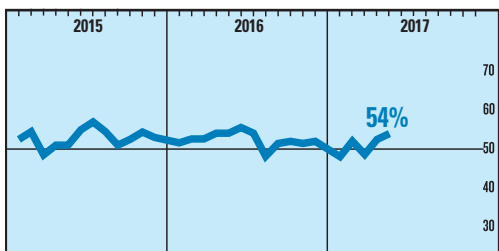
Employment

ISM's Non-Manufacturing Employment Index registered 57.8 percent. The 15 industries reporting an increase in employment in May — listed in order — are: Arts, Entertainment & Recreation; Construction; Real Estate, Rental & Leasing; Retail Trade; Utilities; Educational Services; Professional, Scientific & Technical Services; Public Administration; Finance & Insurance; Accommodation & Food Services; Wholesale Trade; Management of Companies & Support Services; Mining; Health Care & Social Assistance; and Other Services[†].



Supplier Deliveries

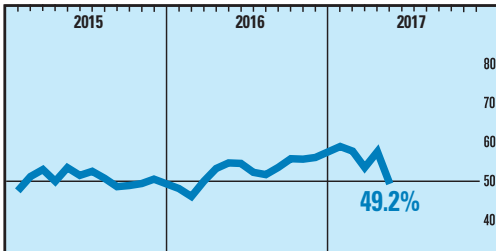
Supplier deliveries were slower in May for the 17th consecutive month. The index registered 51.5 percent, which is 1.5 percentage points lower than the 53 percent that was registered in April. The seven industries reporting slower deliveries in May — listed in order — are: Wholesale Trade; Management of Companies & Support Services; Construction; Mining; Accommodation & Food Services; Professional, Scientific & Technical Services; and Finance & Insurance.



Inventories

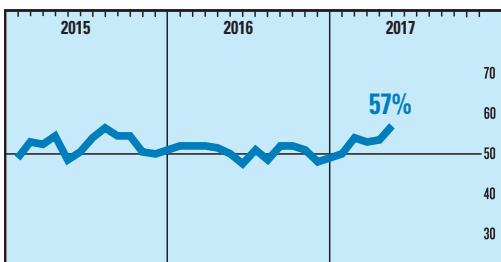
ISM's Non-Manufacturing Inventories Index grew in May for the second consecutive month and registered 54 percent. The nine industries reporting an increase in inventories in May — listed in order — are: Other Services[†]; Utilities; Finance & Insurance; Accommodation & Food Services; Wholesale Trade; Public Administration; Construction; Health Care & Social Assistance; 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).



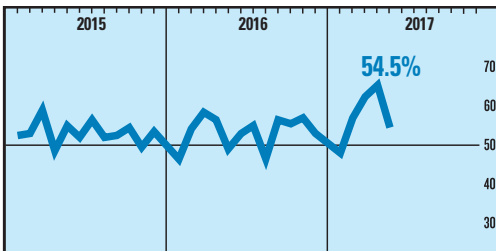
Prices

ISM's Non-Manufacturing Prices Index for May registered 49.2 percent. The seven non-manufacturing industries reporting an increase in prices paid during the month of May — listed in order — are: Mining; Transportation & Warehousing; Public Administration; Other Services[‡]; Construction; Wholesale Trade; and Information.



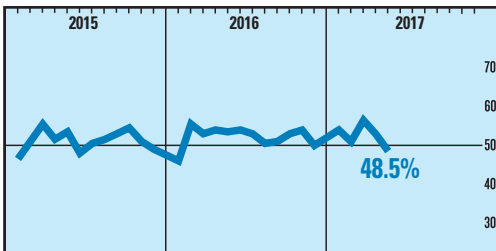
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index indicates that order backlogs grew in May. The index registered 57 percent, which is 3.5 percentage points higher than the 53.5 percent reported in April. The nine industries reporting an increase in order backlogs in May — listed in order — are: Retail Trade; Management of Companies & Support Services; Public Administration; Professional, Scientific & Technical Services; Health Care & Social Assistance; Finance & Insurance; Transportation & Warehousing; Construction; and Wholesale Trade.



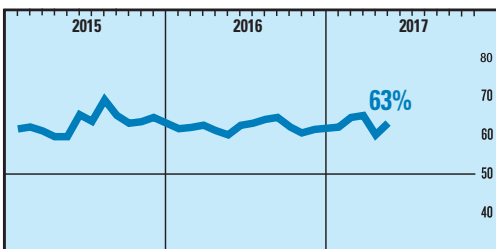
New Export Orders

The New Export Orders Index for May registered 54.5 percent. The eight industries reporting an increase in new export orders in May — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Construction; Retail Trade; Transportation & Warehousing; Other Services[‡]; Information; Finance & Insurance; and Wholesale Trade.



Imports

Imports contracted in May after four consecutive months of growth. This month's reading at 48.5 percent is 4.5 percentage points lower than the reading of 53 percent reported in April. The two industries reporting an increase in imports for the month of May are: Wholesale Trade; and Construction.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in May registered 63 percent. The 10 industries reporting a feeling that their inventories are too high in May — listed in order — are: Mining; Wholesale Trade; Utilities; Information; Construction; Other Services[‡]; Retail Trade; Health Care & Social Assistance; 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).