

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

JUNE 2017

Analysis by **Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM**,
Chair of the Institute for Supply Management® Non-Manufacturing
Business Survey Committee.

Economic activity in the non-manufacturing sector grew in June for the 90th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 57.4 percent.

The Non-Manufacturing Business Activity Index increased to 60.8 percent, 0.1 percentage point higher than the May reading of 60.7

percent, reflecting growth for the 95th consecutive month, at a slightly faster rate in June. The New Orders Index registered 60.5 percent, 2.8 percentage points higher than the reading of 57.7 percent in May. The Employment Index decreased 2 percentage points in June to 55.8 percent from the May reading of 57.8

percent. The Prices Index increased 2.9 percentage points from the May reading of 49.2 percent to 52.1 percent, indicating prices increased in June after decreasing in May. The non-manufacturing sector continued to reflect strength for the month of June. The 16 non-manufacturing industries reporting growth in June — listed

in order — are: Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Management of Companies & Support Services; Accommodation & Food Services; Public Administration;

Transportation & Warehousing; Professional, Scientific & Technical Services; Health Care & Social Assistance; Mining; Information; Utilities; Educational Services; Construction; Real Estate, Rental & Leasing; Retail Trade; and Finance & Insurance.

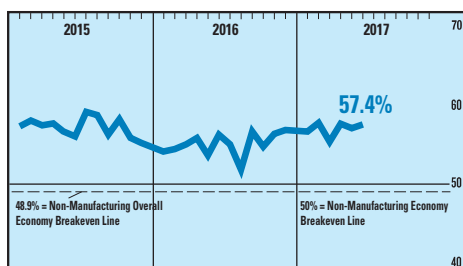
NMI® @ 57.4%

†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).

NON-MANUFACTURING AT A GLANCE

Index	Jun Index	May Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	57.4	56.9	+0.5	Growing	Faster	90
Business Activity	60.8	60.7	+0.1	Growing	Faster	95
New Orders	60.5	57.7	+2.8	Growing	Faster	95
Employment	55.8	57.8	-2.0	Growing	Slower	40
Supplier Deliveries	52.5	51.5	+1.0	Slowing	Faster	18
Inventories	57.5	54.0	+3.5	Growing	Faster	3
Prices	52.1	49.2	+2.9	Increasing	From Decreasing	1
Backlog of Orders	52.5	57.0	-4.5	Growing	Slower	5
New Export Orders	55.0	54.5	+0.5	Growing	Faster	5
Imports	51.0	48.5	+2.5	Growing	From Contracting	1
Inventory Sentiment	62.0	63.0	-1.0	Too High	Slower	241
OVERALL ECONOMY				Growing	Faster	95
Non-Manufacturing Sector				Growing	Faster	90

*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 June, the NMI® registered 57.4 percent, 0.5 percentage point higher than the 56.9 percent registered in May, indicating continued growth in the non-manufacturing sector for the 90th 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.

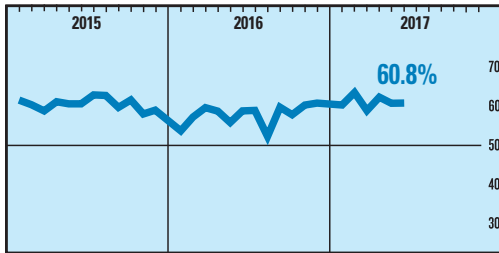
COMMODITIES REPORTED

Commodities Up in Price: Bacon*; Beef (4); Beef Products; Chicken; Construction Trades/Subcontractors (2); Corn; Corrugated Boxes (2); Dairy; #1 Diesel Fuel; Unleaded Fuel*; Labor (3); Labor — Construction (4); Labor — Temporary (2); Paper; and Steel Products (7).

Commodities Down in Price: Bacon* (3); Cheese; Lumber: Pine, Plywood, and Spruce; Tomatoes; and Unleaded Fuel*/Gasoline (2).

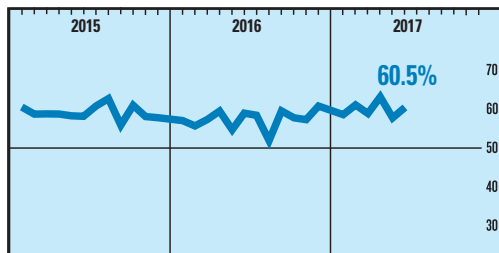
Commodities in Short Supply: Labor (5); Labor — Construction (15); Labor — Services (2); Labor — Temporary; Laboratory Supplies; and Medical Supplies.

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



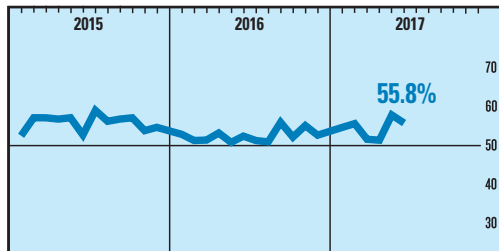
Business Activity

ISM's Business Activity Index registered 60.8 percent. The 14 industries reporting growth of business activity in June — listed in order — are: Educational Services; Accommodation & Food Services; Public Administration; Agriculture, Forestry, Fishing & Hunting; Professional, Scientific & Technical Services; Management of Companies & Support Services; Utilities; Transportation & Warehousing; Information; Health Care & Social Assistance; Mining; Wholesale Trade; Other Services[†]; and Finance & Insurance.



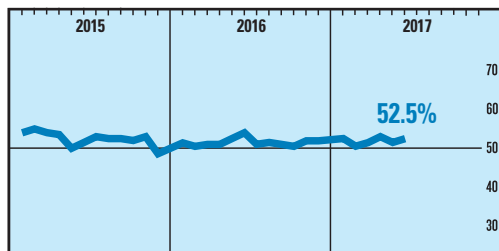
New Orders

ISM's Non-Manufacturing New Orders Index registered 60.5 percent. The 15 industries reporting growth of new orders in June — listed in order — are: Educational Services; Management of Companies & Support Services; Transportation & Warehousing; Public Administration; Agriculture, Forestry, Fishing & Hunting; Professional, Scientific & Technical Services; Accommodation & Food Services; Wholesale Trade; Utilities; Information; Health Care & Social Assistance; Retail Trade; Other Services[†]; Finance & Insurance; and Construction.



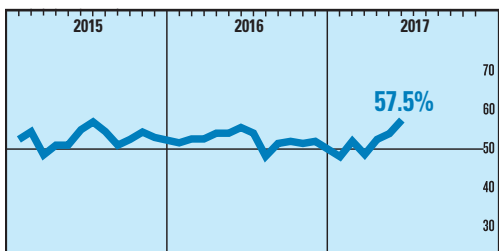
Employment

ISM's Non-Manufacturing Employment Index registered 55.8 percent. The 14 industries reporting an increase in employment in June — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Mining; Construction; Real Estate, Rental & Leasing; Health Care & Social Assistance; Wholesale Trade; Retail Trade; Management of Companies & Support Services; Transportation & Warehousing; Accommodation & Food Services; Information; Professional, Scientific & Technical Services; Finance & Insurance; and Public Administration.



Supplier Deliveries

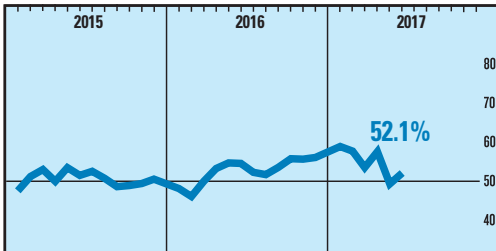
The Supplier Deliveries Index registered 52.5 percent. The eight industries reporting slower deliveries in June — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Mining; Retail Trade; Public Administration; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Transportation & Warehousing.



Inventories

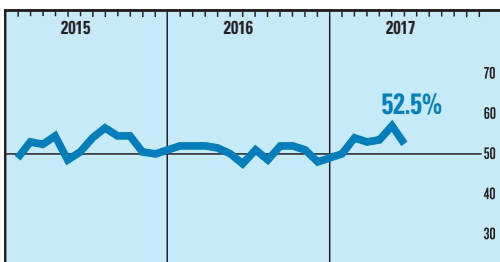
ISM's Non-Manufacturing Inventories Index grew in June for the third consecutive month and registered 57.5 percent. The 12 industries reporting an increase in inventories in June — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Other Services[†]; Mining; Finance & Insurance; Wholesale Trade; Utilities; Accommodation & Food Services; Information; Health Care & Social Assistance; Professional, Scientific & Technical Services; Public Administration; and Transportation & Warehousing.

[†]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).



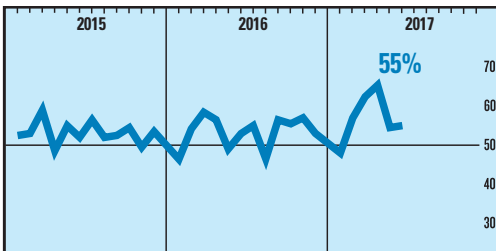
Prices

ISM's Non-Manufacturing Prices Index for June registered 52.1 percent. The 14 non-manufacturing industries reporting an increase in prices paid during the month of June — listed in order — are: Mining; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Accommodation & Food Services; Utilities; Retail Trade; Construction; Transportation & Warehousing; Public Administration; Information; Wholesale Trade; Finance & Insurance; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



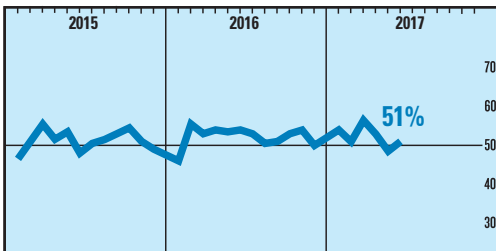
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index registered 52.5 percent. The seven industries reporting an increase in order backlogs in June — listed in order — are: Management of Companies & Support Services; Finance & Insurance; Accommodation & Food Services; Health Care & Social Assistance; Transportation & Warehousing; Professional, Scientific & Technical Services; and Public Administration.



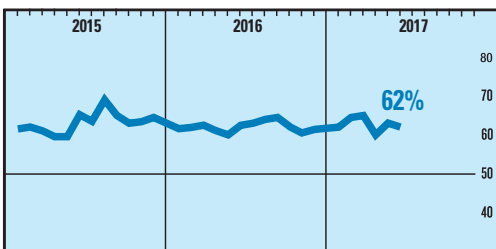
New Export Orders

The New Export Orders Index for June registered 55 percent. The eight industries reporting an increase in new export orders in June — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Mining; Other Services^{†*}; Retail Trade; Public Administration; Transportation & Warehousing; Wholesale Trade; and Professional, Scientific & Technical Services.



Imports

Imports grew in June after a month of contraction. This month's reading at 51 percent is 2.5 percentage points higher than the reading of 48.5 percent reported in May. The four industries reporting an increase in imports for the month of June are: Mining; Transportation & Warehousing; Wholesale Trade; and Professional, Scientific & Technical Services.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in June registered 62 percent. The 11 industries reporting a feeling that their inventories are too high in June — listed in order — are: Mining; Utilities; Wholesale Trade; Other Services^{†*}; Finance & Insurance; Retail Trade; Information; Professional, Scientific & Technical Services; Public Administration; Accommodation & Food Services; and Health Care & Social Assistance.

^{†*}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).