

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

JULY 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 July for the 91st consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 53.9 percent. This represents continued growth in the non-manufacturing sector at a slower rate. The Non-Manufacturing Business Activity Index decreased to 55.9 percent, 4.9 percentage points lower than the June reading of 60.8 percent, reflecting growth for the 96th consecutive month, at a slower rate in July. The New Orders Index registered 55.1 percent, 5.4 percentage points lower than the reading of 60.5 percent in June. The Prices Index increased 3.6 percentage

points from the June reading of 52.1 percent to 55.7 percent, indicating prices increased in July for the second consecutive month. The non-manufacturing sector did not sustain the previous rate of growth and cooled off in July. The majority of respondents' comments were mostly positive about business conditions and

NMI® @ 53.9%

the state of the economy. The 15 non-manufacturing industries reporting growth in July — listed in order — are: Accommodation & Food Services; Information; Educational Services;

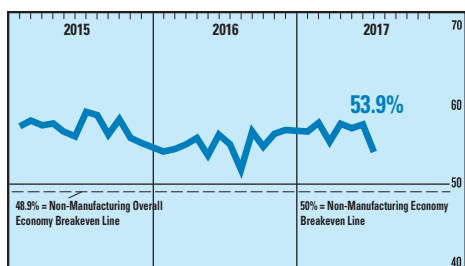
Other Services*†; Utilities; Public Administration; Wholesale Trade; Retail Trade; Mining; Real Estate, Rental & Leasing; Construction; Transportation & Warehousing; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Finance & Insurance.

*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	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	53.9	57.4	-3.5	Growing	Slower	91
Business Activity	55.9	60.8	-4.9	Growing	Slower	96
New Orders	55.1	60.5	-5.4	Growing	Slower	96
Employment	53.6	55.8	-2.2	Growing	Slower	41
Supplier Deliveries	51.0	52.5	-1.5	Slowing	Slower	19
Inventories	56.5	57.5	-1.0	Growing	Slower	4
Prices	55.7	52.1	+3.6	Increasing	Faster	2
Backlog of Orders	52.0	52.5	-0.5	Growing	Slower	6
New Export Orders	53.0	55.0	-2.0	Growing	Slower	6
Imports	51.5	51.0	+0.5	Growing	Faster	2
Inventory Sentiment	67.5	62.0	+5.5	Too High	Faster	242
OVERALL ECONOMY				Growing	Slower	96
Non-Manufacturing Sector				Growing	Slower	91

*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®

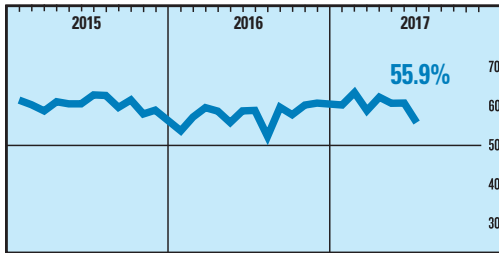
In July, the NMI® registered 53.9 percent, 3.5 percentage points lower than the 57.4 percent registered in June, indicating continued growth in the non-manufacturing sector for the 91st consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; 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: Aircraft Parts; Bacon (2); Beef (5); Beef Products (2); Cheese; Copper Wire; Corrugated Boxes (3); Dairy* (2); #1 Diesel Fuel (2); Fuel; Labor (4); Labor — Construction (5); Lumber Products — Plywood and Spruce; Medical Gases; Medical/Surgical Supplies; Medical Equipment; Passenger Vans; Paper (2); Paper Products; Pork Products; Seafood Products; Steel Products (8); and #10 Window Envelopes.

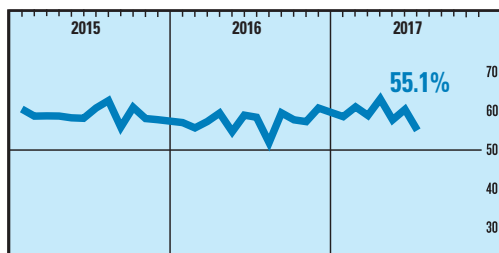
Commodities Down in Price: Dairy*; Gasoline; and Lumber — Pine.

Commodities in Short Supply: Chemical Products; Labor — Construction (16); Labor — Services (3); Labor — Temporary (2); Laboratory Supplies (2); and Medical Supplies (2).



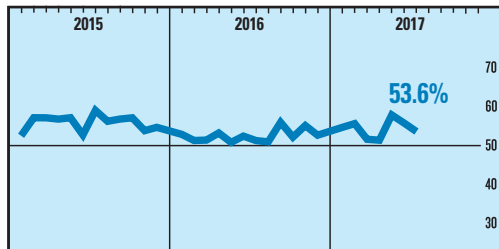
Business Activity

ISM's Business Activity Index registered 55.9 percent. The 14 industries reporting growth of business activity in July — listed in order — are: Accommodation & Food Services; Utilities; Other Services^{††}; Educational Services; Information; Retail Trade; Public Administration; Transportation & Warehousing; Real Estate, Rental & Leasing; Mining; Construction; Finance & Insurance; Wholesale Trade; and Professional, Scientific & Technical Services.



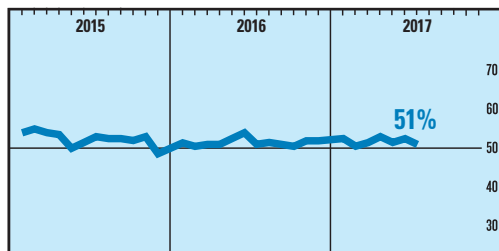
New Orders

ISM's Non-Manufacturing New Orders Index registered 55.1 percent. The 13 industries reporting growth of new orders in July — listed in order — are: Utilities; Educational Services; Other Services^{††}; Information; Accommodation & Food Services; Public Administration; Transportation & Warehousing; Professional, Scientific & Technical Services; Retail Trade; Mining; Wholesale Trade; Finance & Insurance; and Construction.



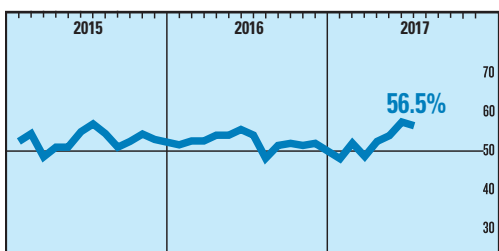
Employment

ISM's Non-Manufacturing Employment Index registered 53.6 percent. The nine industries reporting an increase in employment in July — listed in order — are: Wholesale Trade; Real Estate, Rental & Leasing; Mining; Information; Health Care & Social Assistance; Retail Trade; Accommodation & Food Services; Construction; and Public Administration.



Supplier Deliveries

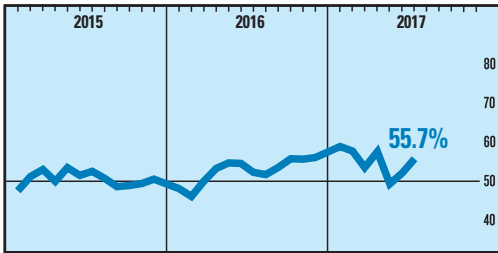
The Supplier Deliveries Index registered 51 percent. The seven industries reporting slower deliveries in July — listed in order — are: Educational Services; Wholesale Trade; Construction; Information; Accommodation & Food Services; Public Administration; and Other Services^{††}.



Inventories

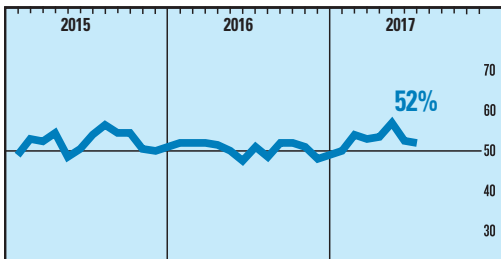
ISM's Inventories Index grew in July for the fourth consecutive month and registered 56.5 percent. The nine industries reporting an increase in inventories in July — listed in order — are: Retail Trade; Other Services^{††}; Mining; Wholesale Trade; Utilities; Health Care & Social Assistance; Accommodation & Food Services; Public Administration; and Professional, Scientific & Technical 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).



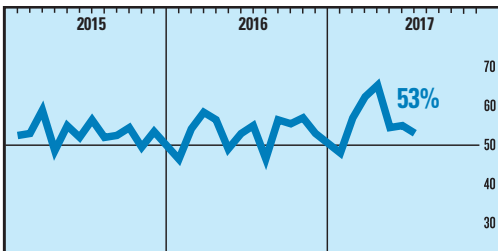
Prices

ISM's Non-Manufacturing Prices Index for July registered 55.7 percent. The 15 non-manufacturing industries reporting an increase in prices paid during the month of July — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Management of Companies & Support Services; Wholesale Trade; Information; Mining; Other Services^{†*}; Transportation & Warehousing; Construction; Public Administration; Retail Trade; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



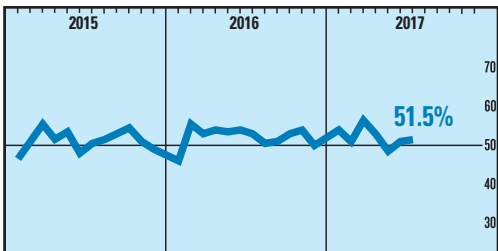
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index registered 52 percent. The eight industries reporting an increase in order backlogs in July — listed in order — are: Transportation & Warehousing; Finance & Insurance; Real Estate, Rental & Leasing; Accommodation & Food Services; Public Administration; Health Care & Social Assistance; Wholesale Trade; and Professional, Scientific & Technical Services.



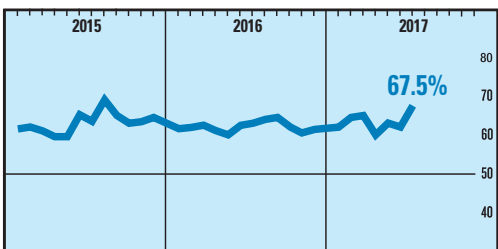
New Export Orders

Orders and requests for services and other non-manufacturing activities to be provided outside of the U.S. by domestically based personnel grew in July for the sixth consecutive month at a slower rate. The New Export Orders Index for July registered 53 percent. The seven industries reporting an increase in new export orders in July — listed in order — are: Other Services^{†*}; Retail Trade; Transportation & Warehousing; Construction; Information; Accommodation & Food Services; and Health Care & Social Assistance.



Imports

Imports grew in July for the second consecutive month. This month's reading at 51.5 percent is 0.5 percentage point higher than the reading of 51 percent reported in June. The four industries reporting an increase in imports for the month of July are: Mining; Retail Trade; Accommodation & Food Services; and Wholesale Trade.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in July registered 67.5 percent. The 12 industries reporting a feeling that their inventories are too high in July — listed in order — are: Mining; Wholesale Trade; Utilities; Information; Finance & Insurance; Real Estate, Rental & Leasing; Health Care & Social Assistance; Construction; Other Services^{†*}; Professional, Scientific & Technical Services; Accommodation & Food Services; and Public Administration.

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