

ISM® REPORT ON BUSINESS® MANUFACTURING

JULY 2017

Analysis by **Timothy R. Fiore, CPSM, C.P.M.**, Chair of the Institute for Supply Management® Manufacturing Business Survey Committee.

Economic activity in the manufacturing sector expanded in July, and the overall economy grew for the 98th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The July PMI® registered 56.3 percent. The New Orders Index registered 60.4 percent, a decrease of 3.1 percentage points from the June reading of 63.5 percent. The

Production Index registered 60.6 percent, a 1.8 percentage point decrease compared to the June reading of 62.4 percent. The Employment Index registered 55.2 percent, a decrease of 2 percentage points from the June reading of 57.2 percent. The Supplier Deliveries Index registered 55.4 percent, a 1.6 percentage point decrease from the June reading of 57 percent. Comments

PMI® @ 56.3%

from the panel generally reflect expanding business conditions, with new orders, production, employment, backlog and exports all growing in July compared to June, as well as supplier deliveries slowing (improving) and inventories unchanged during the period.

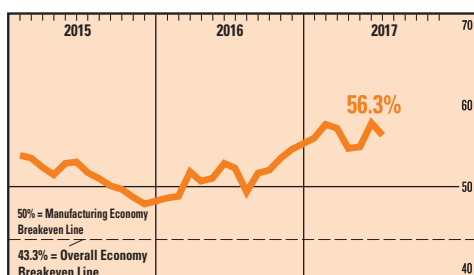
Of the 18 manufacturing industries, 15 reported growth in July in the following order: Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Wood Products; Fabricated Metal Products; Machinery; Chemical Products; Paper Products; Food, Beverage & Tobacco Products; Printing & Related Support Activities; Computer & Electronic Products; Nonmetallic Mineral Products; Furniture & Related Products; Miscellaneous Manufacturing‡; Primary Metals; and Transportation Equipment.

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

MANUFACTURING AT A GLANCE

Index	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	56.3	57.8	-1.5	Growing	Slower	11
New Orders	60.4	63.5	-3.1	Growing	Slower	11
Production	60.6	62.4	-1.8	Growing	Slower	11
Employment	55.2	57.2	-2.0	Growing	Slower	10
Supplier Deliveries	55.4	57.0	-1.6	Slowing	Slower	15
Inventories	50.0	49.0	+1.0	Unchanged	From Contracting	1
Customers' Inventories	49.0	50.5	-1.5	Too Low	From Too High	1
Prices	62.0	55.0	+7.0	Increasing	Faster	17
Backlog of Orders	55.0	57.0	-2.0	Growing	Slower	6
New Export Orders	57.5	59.5	-2.0	Growing	Slower	17
Imports	56.0	54.0	+2.0	Growing	Faster	6
OVERALL ECONOMY				Growing	Slower	98
Manufacturing Sector				Growing	Slower	11

*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 July as the PMI® registered 56.3 percent, a decrease of 1.5 percentage points from the June reading of 57.8 percent. A PMI® above 43.3 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the July PMI® indicates growth for the 98th consecutive month in the overall economy and the 11th straight month of growth in the manufacturing sector.

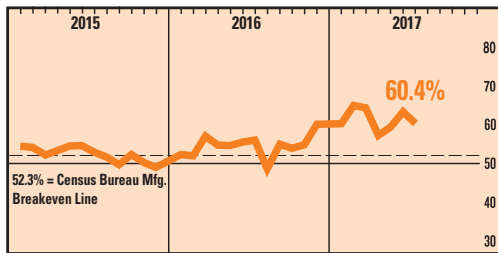
COMMODITIES REPORTED

Commodities Up in Price: Aluminum (9); Caustic Soda; Corn; Corrugate (10); Corrugated Boxes (5); Electric Components (2); LCD Displays; Lumber; Memory — Computer; Polypropylene; Precious Metals; Steel — Cold Rolled; Steel — Hot Rolled* (8); Titanium Dioxide; and Wheat.

Commodities Down in Price: Milk Products; and Steel — Hot Rolled* (2).

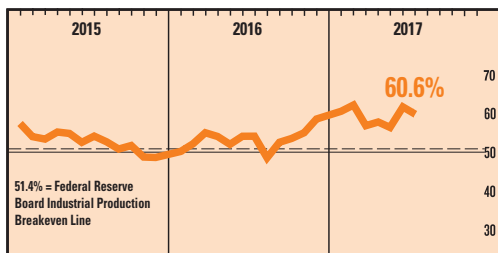
Commodities in Short Supply: Capacitors; Electric Components (2); Electronic Components (5); Integrated Circuits; Mechanical Components; Memory — Computer; Resistors; and Titanium Dioxide.

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



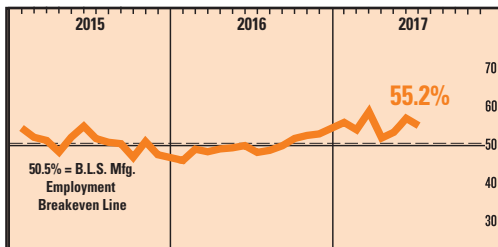
New Orders

ISM's New Orders Index registered 60.4 percent. Fourteen of 18 industries reported growth in new orders in July, listed in the following order: Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Chemical Products; Primary Metals; Fabricated Metal Products; Printing & Related Support Activities; Furniture & Related Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Paper Products; Transportation Equipment; Miscellaneous Manufacturing[‡]; and Machinery.



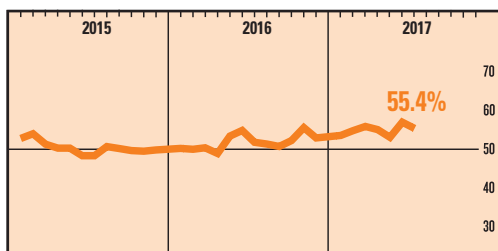
Production

ISM's Production Index registered 60.6 percent. The 14 industries reporting growth in production during the month of July — listed in order — are: Wood Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Transportation Equipment; Chemical Products; Machinery; Printing & Related Support Activities; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Primary Metals; Fabricated Metal Products; Paper Products; and Computer & Electronic Products.



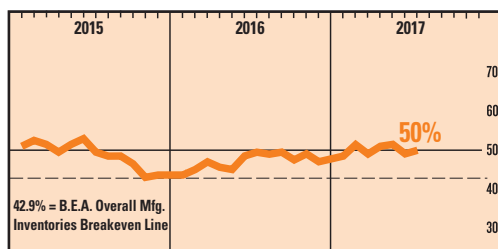
Employment

ISM's Employment Index registered 55.2 percent. Of the 18 manufacturing industries, the 11 reporting employment growth in July — listed in order — are: Paper Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Chemical Products; Printing & Related Support Activities; Furniture & Related Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Miscellaneous Manufacturing[‡]; Transportation Equipment; and Machinery.



Supplier Deliveries

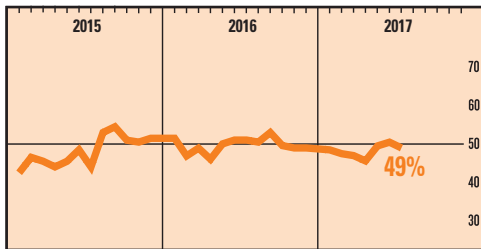
The delivery performance of suppliers to manufacturing organizations was slower in July, as the Supplier Deliveries Index registered 55.4 percent. The 12 industries reporting slower supplier deliveries in July — listed in order — are: Plastics & Rubber Products; Primary Metals; Machinery; Computer & Electronic Products; Paper Products; Furniture & Related Products; Fabricated Metal Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Chemical Products; and Electrical Equipment, Appliances & Components.



Inventories

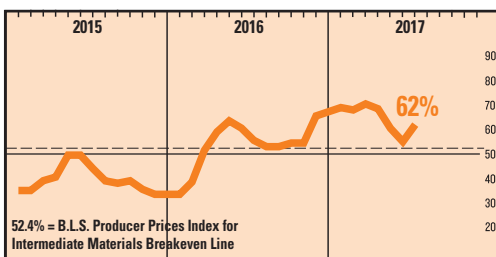
The Inventories Index registered 50 percent. The seven industries reporting higher inventories in July — listed in order — are: Electrical Equipment, Appliances & Components; Textile Mills; Nonmetallic Mineral Products; Computer & Electronic Products; Machinery; Fabricated Metal Products; and Food, Beverage & Tobacco Products.

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



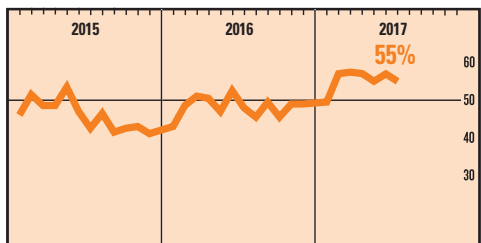
Customers' Inventories

ISM's Customers' Inventories Index registered 49 percent. The three manufacturing industries reporting customers' inventories as being too high during the month of July are: Apparel, Leather & Allied Products; Fabricated Metal Products; and Computer & Electronic Products.



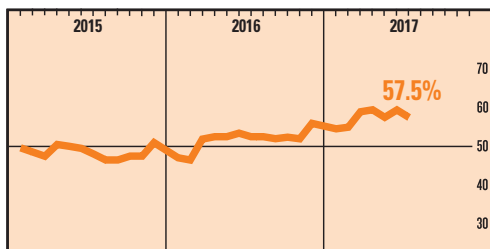
Prices

The ISM Prices Index registered 62 percent. Of the 18 manufacturing industries, the 14 that reported paying increased prices for raw materials in July — listed in order — are: Nonmetallic Mineral Products; Paper Products; Furniture & Related Products; Primary Metals; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Plastics & Rubber Products; Machinery; Transportation Equipment; Chemical Products; Computer & Electronic Products; and Miscellaneous Manufacturing[‡].



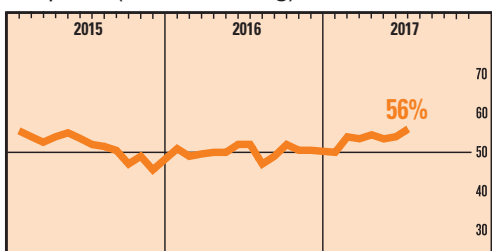
Backlog of Orders

ISM's Backlog of Orders Index registered 55 percent. The nine industries reporting growth in order backlogs in July — listed in order — are: Nonmetallic Mineral Products; Primary Metals; Plastics & Rubber Products; Paper Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Machinery; and Chemical Products.



New Export Orders

ISM's New Export Orders Index registered 57.5 percent. The 11 industries reporting growth in new export orders in July — listed in order — are: Apparel, Leather & Allied Products; Wood Products; Primary Metals; Nonmetallic Mineral Products; Paper Products; Chemical Products; Miscellaneous Manufacturing[‡]; Machinery; Food, Beverage & Tobacco Products; Transportation Equipment; and Fabricated Metal Products.



Imports

ISM's Imports Index registered 56 percent. The 12 industries reporting growth in imports during the month of July — listed in order — are: Apparel, Leather & Allied Products; Primary Metals; Nonmetallic Mineral Products; Transportation Equipment; Furniture & Related Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Miscellaneous Manufacturing[‡]; Chemical Products; Machinery; and Computer & Electronic Products.

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