

# ISM® REPORT ON BUSINESS® NON-MANUFACTURING

SEPTEMBER 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

**E**conomic activity in the non-manufacturing sector grew in September for the 93rd consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 59.8 percent.

This is the highest reading since August 2005 when the index registered 61.3 percent. The Non-Manufacturing Business Activity

Index increased to 61.3 percent, 3.8 percentage points higher than the August reading of 57.5 percent. The New Orders Index registered 63 percent, 5.9 percentage points higher than the reading of 57.1 percent in August. The Prices Index increased substantially by 8.4 percentage points from the August reading

of 57.9 percent to 66.3 percent. This is the highest reading since February 2012 when the index registered 67.6 percent. The non-manufacturing sector has reflected strong growth in the month of September despite the impact on the supply chain from the recent hurricanes. Respondents' comments indicate a good outlook for

business conditions. The 15 non-manufacturing industries reporting growth in September — listed in order — are: Retail Trade; Other Services\*;

Management of Companies & Support Services; Information; Utilities; Transportation & Warehousing; Real Estate, Rental & Leasing; Wholesale Trade; Construction; Professional, Scientific & Technical Services; Finance & Insurance; Health Care & Social Assistance; Public Administration; Educational Services; and Accommodation & Food Services.

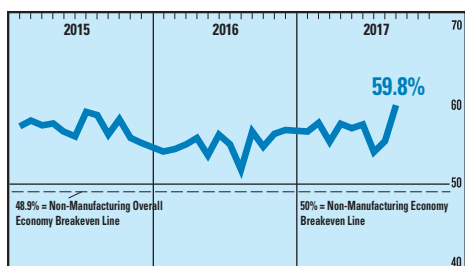
## NMI® @ 59.8%

\*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                           | Sep Index | Aug Index | % Point Change | Direction      | Rate of Change | Trend* (months) |
|---------------------------------|-----------|-----------|----------------|----------------|----------------|-----------------|
| NMI®                            | 59.8      | 55.3      | +4.5           | Growing        | Faster         | 93              |
| Business Activity               | 61.3      | 57.5      | +3.8           | Growing        | Faster         | 98              |
| New Orders                      | 63.0      | 57.1      | +5.9           | Growing        | Faster         | 98              |
| Employment                      | 56.8      | 56.2      | +0.6           | Growing        | Faster         | 43              |
| Supplier Deliveries             | 58.0      | 50.5      | +7.5           | Slowing        | Faster         | 21              |
| Inventories                     | 51.5      | 53.5      | -2.0           | Growing        | Slower         | 6               |
| Prices                          | 66.3      | 57.9      | +8.4           | Increasing     | Faster         | 4               |
| Backlog of Orders               | 56.0      | 53.5      | +2.5           | Growing        | Faster         | 8               |
| New Export Orders               | 56.0      | 55.0      | +1.0           | Growing        | Faster         | 8               |
| Imports                         | 52.0      | 50.5      | +1.5           | Growing        | Faster         | 4               |
| Inventory Sentiment             | 58.5      | 61.0      | -2.5           | Too High       | Slower         | 244             |
| <b>OVERALL ECONOMY</b>          |           |           |                | <b>Growing</b> | <b>Faster</b>  | <b>98</b>       |
| <b>Non-Manufacturing Sector</b> |           |           |                | <b>Growing</b> | <b>Faster</b>  | <b>93</b>       |

\*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 September, the NMI® registered 59.8 percent, 4.5 percentage points higher than the 55.3 percent registered in August, indicating continued growth in the non-manufacturing sector for the 93rd 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.

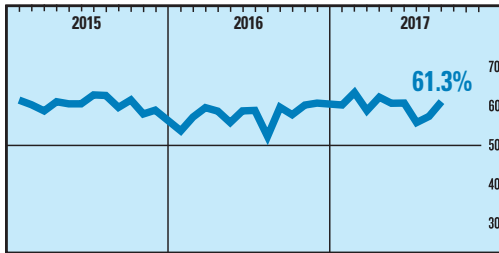
### COMMODITIES REPORTED

**Commodities Up in Price:** Aluminum; Cheese; Copper Fittings; Copper Pipe; Copper Products (2); Corrugated Boxes (5); #1 Diesel Fuel (4); #2 Diesel Fuel (2); Fuel (3); Gasoline (2); Labor (6); Labor — Construction (7); Lumber Products — Plywood and Spruce (3); Medical/Surgical Supplies (3); Natural Gas; Paper (4); Polypropylene; Poly Products; PVC Products (2); Services; Tires; and Transportation Costs.

**Commodities Down in Price:** Bacon; Beef; and Beef Products (2).

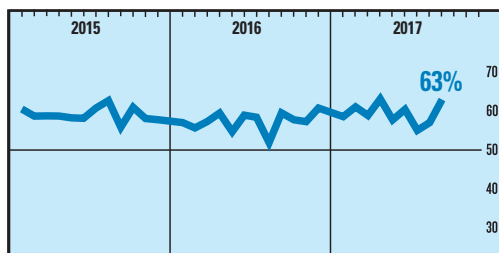
**Commodities in Short Supply:** #1 Diesel Fuel; #2 Diesel Fuel; Electronic Parts; IV Solutions (2); Labor (2); Labor — Construction (18); Labor — Temporary; Medical Supplies (4); and PVC Products.

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



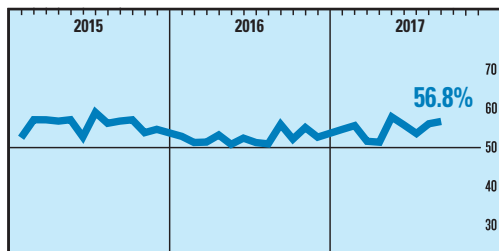
## Business Activity

ISM's Business Activity Index registered 61.3 percent. The 14 industries reporting growth of business activity in September — listed in order — are: Utilities; Retail Trade; Information; Other Services<sup>†</sup>; Management of Companies & Support Services; Transportation & Warehousing; Real Estate, Rental & Leasing; Construction; Accommodation & Food Services; Wholesale Trade; Health Care & Social Assistance; Professional, Scientific & Technical Services; Public Administration; and Finance & Insurance.



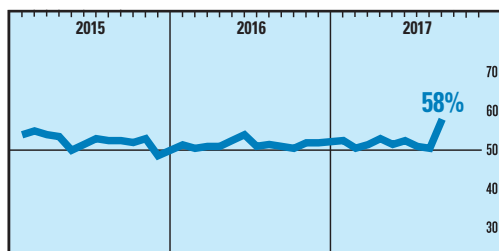
## New Orders

ISM's Non-Manufacturing New Orders Index registered 63 percent. The 15 industries reporting growth of new orders in September — listed in order — are: Retail Trade; Utilities; Information; Other Services<sup>†</sup>; Transportation & Warehousing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Finance & Insurance; Educational Services; Public Administration; Construction; Real Estate, Rental & Leasing; Wholesale Trade; Accommodation & Food Services; and Health Care & Social Assistance.



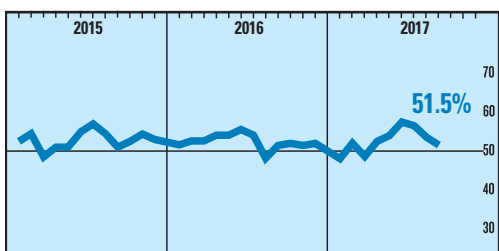
## Employment

Employment activity in the non-manufacturing sector grew in September for the 43rd consecutive month. ISM's Non-Manufacturing Employment Index registered 56.8 percent. The 10 industries reporting an increase in employment in September — listed in order — are: Real Estate, Rental & Leasing; Other Services<sup>†</sup>; Wholesale Trade; Retail Trade; Finance & Insurance; Management of Companies & Support Services; Mining; Transportation & Warehousing; Health Care & Social Assistance; and Construction.



## Supplier Deliveries

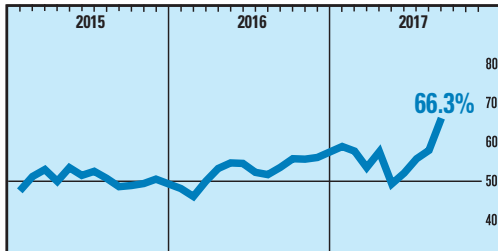
The Supplier Deliveries Index registered 58 percent. The 13 industries reporting slower deliveries in September — listed in order — are: Management of Companies & Support Services; Transportation & Warehousing; Wholesale Trade; Agriculture, Forestry, Fishing & Hunting; Educational Services; Professional, Scientific & Technical Services; Construction; Mining; Retail Trade; Public Administration; Information; Other Services<sup>†</sup>; and Health Care & Social Assistance.



## Inventories

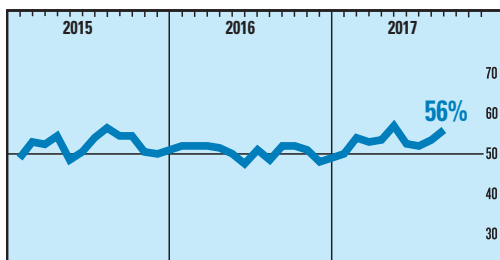
ISM's Non-Manufacturing Inventories Index grew in September for the sixth consecutive month and registered 51.5 percent, 2 percentage points lower than the 53.5 percent that was reported in August. The six industries reporting an increase in inventories in September — listed in order — are: Other Services<sup>†</sup>; Utilities; Professional, Scientific & Technical Services; Construction; Wholesale Trade; and Health Care & Social Assistance.

<sup>†</sup>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).



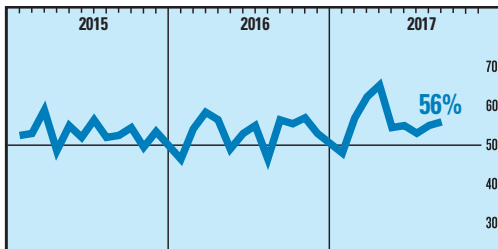
## Prices

ISM's Non-Manufacturing Prices Index registered 66.3 percent. The 16 non-manufacturing industries reporting an increase in prices paid during the month of September — listed in order — are: Management of Companies & Support Services; Wholesale Trade; Construction; Public Administration; Agriculture, Forestry, Fishing & Hunting; Mining; Arts, Entertainment & Recreation; Finance & Insurance; Utilities; Transportation & Warehousing; Educational Services; Professional, Scientific & Technical Services; Other Services<sup>‡</sup>; Health Care & Social Assistance; Information; and Retail Trade.



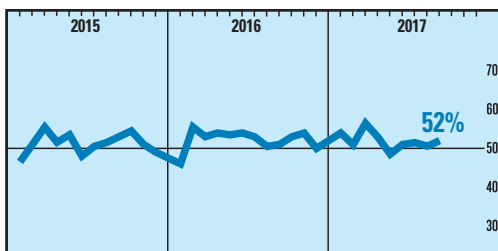
## Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index indicates that order backlogs grew in September. The index registered 56 percent, which is 2.5 percentage points higher than the 53.5 percent reported in August. The eight industries reporting an increase in order backlogs in September — listed in order — are: Management of Companies & Support Services; Retail Trade; Health Care & Social Assistance; Information; Utilities; Finance & Insurance; Public Administration; and Wholesale Trade.



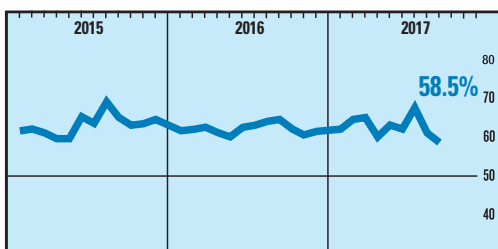
## New Export Orders

The New Export Orders Index registered 56 percent. The eight industries reporting an increase in new export orders in September — listed in order — are: Retail Trade; Public Administration; Information; Other Services<sup>‡</sup>; Construction; Accommodation & Food Services; Finance & Insurance; and Professional, Scientific & Technical Services.



## Imports

Imports grew in September for the fourth consecutive month. This month's reading at 52 percent is 1.5 percentage points higher than the reading of 50.5 percent reported in August. The four industries reporting an increase in imports for the month of September are: Retail Trade; Other Services<sup>‡</sup>; Information; and Construction.



## Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in September registered 58.5 percent, which is 2.5 percentage points lower than the reading of 61 percent reported in August. The seven industries reporting a feeling that their inventories are too high in September — listed in order — are: Mining; Utilities; Construction; Wholesale Trade; Accommodation & Food Services; Finance & Insurance; and Public Administration.

<sup>‡</sup>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).