

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

OCTOBER 2017

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Business Survey Committee

Economic activity in the non-manufacturing sector grew in October for the 94th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 60.1 percent.

This is the highest NMI® reading since the index's debut in 2008. The highest reading among pre-2008 composite index calculations is 61.3

percent in August 2005. The Non-Manufacturing Business Activity Index increased to 62.2 percent. The New Orders Index registered 62.8 percent, 0.2 percentage point lower than the reading of 63 percent in September. The Prices Index decreased by 3.6 percentage points from the September reading of 66.3 percent to

62.7 percent, indicating prices increased in October for the fifth consecutive month. The non-manufacturing sector has reflected the third consecutive month of strong growth. Respondent comments continue to indicate a positive outlook for business conditions, and the economy as we begin the fourth quarter. The

16 non-manufacturing industries reporting growth in October — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Construction; Transportation & Warehousing; Mining;

Real Estate, Rental & Leasing; Utilities; Other Services*†; Wholesale Trade; Management of Companies & Support Services; Retail Trade; Finance & Insurance; Health Care & Social Assistance; Public Administration; Information; Professional, Scientific & Technical Services; and Accommodation & Food Services.

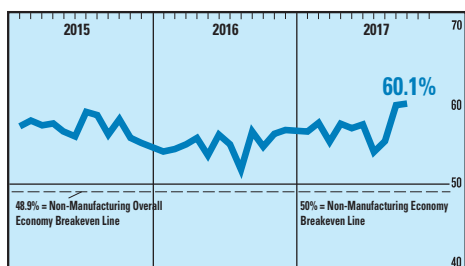
NMI® @ 60.1%

*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	Oct Index	Sep Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	60.1	59.8	+0.3	Growing	Faster	94
Business Activity	62.2	61.3	+0.9	Growing	Faster	99
New Orders	62.8	63.0	-0.2	Growing	Slower	99
Employment	57.5	56.8	+0.7	Growing	Faster	44
Supplier Deliveries	58.0	58.0	0.0	Slowing	Same	22
Inventories	52.5	51.5	+1.0	Growing	Faster	7
Prices	62.7	66.3	-3.6	Increasing	Slower	5
Backlog of Orders	53.5	56.0	-2.5	Growing	Slower	9
New Export Orders	60.0	56.0	+4.0	Growing	Faster	9
Imports	52.0	52.0	0.0	Growing	Same	5
Inventory Sentiment	61.0	58.5	+2.5	Too High	Faster	245
OVERALL ECONOMY				Growing	Faster	99
Non-Manufacturing Sector				Growing	Faster	94

*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 October, the NMI® registered 60.1 percent, 0.3 percentage point higher than the 59.8 percent registered in September, indicating continued growth in the non-manufacturing sector for the 94th 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. The past relationship between the NMI® and the overall economy indicates that the NMI® for October (60.1 percent) corresponds to a 4.3 percent increase in real gross domestic product (GDP) on an annualized basis.

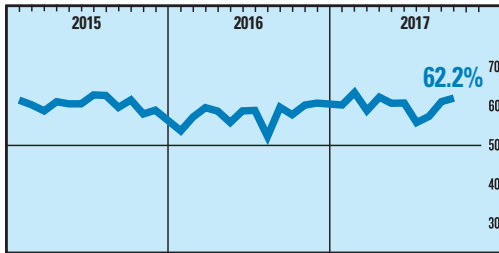
COMMODITIES REPORTED

Commodities Up in Price: Aircraft Parts; Aluminum (2); Beef; Carbon Products; Cheese (2); Chemical Products; Construction Contractors; Construction Services; Copper; Copper Products (3); Corrugated Boxes (6); #1 Diesel Fuel (5); #2 Diesel Fuel (3); Electrical Equipment; Fuel (4); Gasoline* (3); Labor (7); Labor — Construction (8); Lumber; Lumber Products (4); Medical/Surgical Supplies (4); Polypropylene (2); Poly Products — Poly Bags and Poly Film (2); PVC Pipe & Fittings; PVC Products (3); Resin Products; Seafood; and Steel Products.

Commodities Down in Price: Bacon (2); Beef (2); Dairy Products; Gasoline*; Ground Beef Patties 75/25; and Pork.

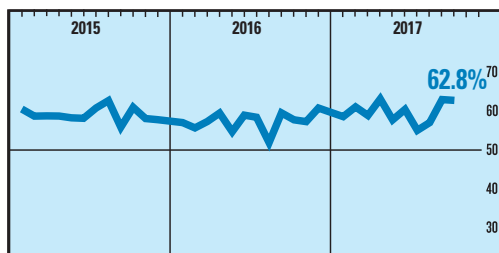
Commodities in Short Supply: Construction; Construction Contractors; IV Solutions (3); Labor (3); Labor — Construction (19); Labor — Temporary (2); Medical Supplies (5); Plastic Products; and PVC Products (2).

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



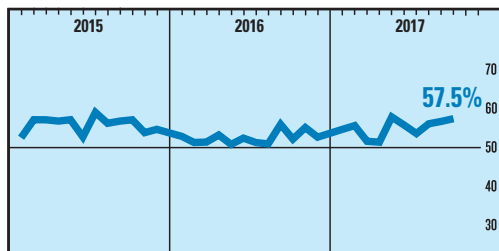
Business Activity

ISM's Business Activity Index registered 62.2 percent. The 16 industries reporting growth of business activity in October — listed in order — are: Utilities; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Other Services[†]; Construction; Transportation & Warehousing; Information; Retail Trade; Public Administration; Finance & Insurance; Health Care & Social Assistance; Mining; Management of Companies & Support Services; Professional, Scientific & Technical Services; Wholesale Trade; and Accommodation & Food Services.



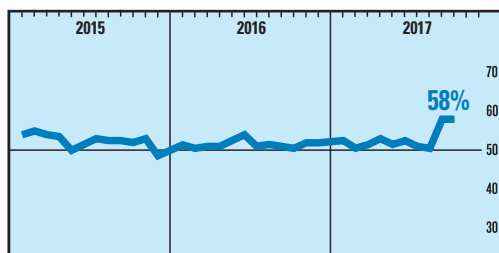
New Orders

ISM's Non-Manufacturing New Orders Index registered 62.8 percent. The 16 industries reporting growth of new orders in October — listed in order — are: Construction; Utilities; Transportation & Warehousing; Other Services[†]; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Real Estate, Rental & Leasing; Retail Trade; Finance & Insurance; Health Care & Social Assistance; Mining; Wholesale Trade; Professional, Scientific & Technical Services; Information; Accommodation & Food Services; and Public Administration.



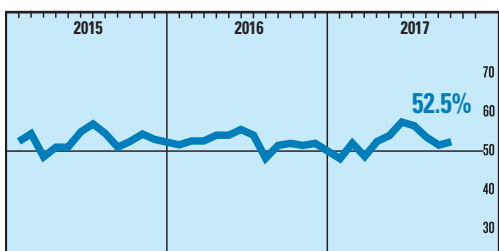
Employment

ISM's Non-Manufacturing Employment Index registered 57.5 percent. The 13 industries reporting an increase in employment in October — listed in order — are: Mining; Educational Services; Finance & Insurance; Real Estate, Rental & Leasing; Transportation & Warehousing; Wholesale Trade; Management of Companies & Support Services; Public Administration; Accommodation & Food Services; Retail Trade; Construction; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



Supplier Deliveries

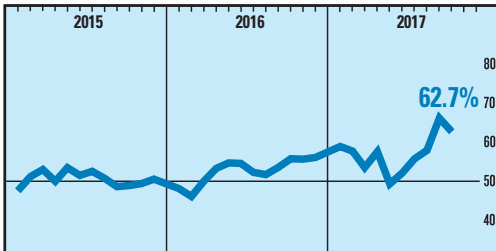
Supplier deliveries were slower in October for the 22nd consecutive month and the index registered 58 percent. The 14 industries reporting slower deliveries in October — listed in order — are: Wholesale Trade; Construction; Agriculture, Forestry, Fishing & Hunting; Mining; Transportation & Warehousing; Retail Trade; Management of Companies & Support Services; Information; Real Estate, Rental & Leasing; Other Services[†]; Public Administration; Health Care & Social Assistance; Accommodation & Food Services; and Professional, Scientific & Technical Services.



Inventories

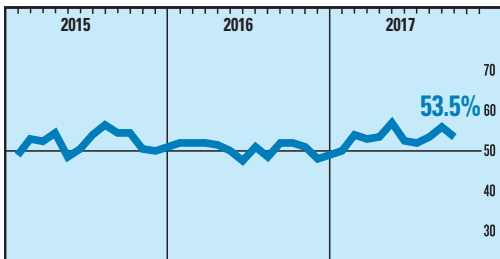
ISM's Non-Manufacturing Inventories Index grew in October for the seventh consecutive month and registered 52.5 percent. The seven industries reporting an increase in inventories in October — listed in order — are: Utilities; Wholesale Trade; Transportation & Warehousing; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Retail Trade; 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).



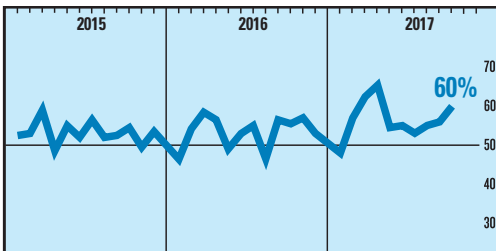
Prices

ISM's Non-Manufacturing Prices Index registered 62.7 percent. The 13 non-manufacturing industries reporting an increase in prices paid during the month of October — listed in order — are: Construction; Wholesale Trade; Public Administration; Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Other Services^{†*}; Retail Trade; Information; Mining; Transportation & Warehousing; Professional, Scientific & Technical Services; and Finance & Insurance.



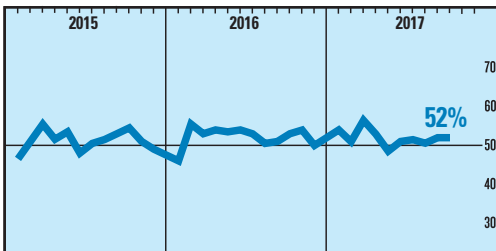
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index indicates that order backlogs grew in October. The index registered 53.5 percent. The 10 industries reporting an increase in order backlogs in October — listed in order — are: Utilities; Management of Companies & Support Services; Other Services^{†*}; Information; Mining; Public Administration; Finance & Insurance; Professional, Scientific & Technical Services; Construction; and Transportation & Warehousing.



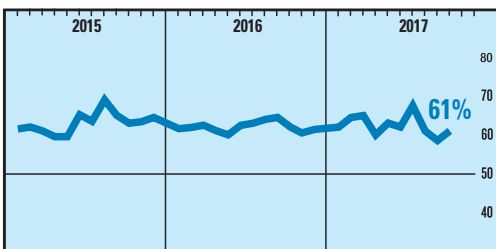
New Export Orders

The New Export Orders Index registered 60 percent. The nine industries reporting an increase in new export orders in October — listed in order — are: Construction; Information; Retail Trade; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Accommodation & Food Services; Public Administration; Transportation & Warehousing; and Professional, Scientific & Technical Services.



Imports

Imports grew in October for the fifth consecutive month. This month's reading at 52 percent is the same reading as what was reported in September. The nine industries reporting an increase in imports for the month of October — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Other Services^{†*}; Information; Public Administration; Wholesale Trade; Finance & Insurance; Retail Trade; and Transportation & Warehousing.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in October registered 61 percent. The eight industries reporting a feeling that their inventories are too high in October — listed in order — are: Mining; Utilities; Wholesale Trade; Retail Trade; Information; Finance & Insurance; Health Care & Social Assistance; 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).