

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

DECEMBER 2017

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Economic activity in the non-manufacturing sector grew in December for the 96th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 55.9 percent. The Non-Manufacturing Business Activity Index decreased to 57.3 percent, 4.1 percentage points lower than the November reading of 61.4 percent, reflecting growth for the 101st consecutive month, at a slower rate in December. The Employment Index increased 1 percentage point in December to 56.3 percent from the November reading of 55.3 percent. The Prices Index increased by 0.1 percentage point from the November reading of

60.7 percent to 60.8 percent, indicating that prices increased in December for the seventh consecutive month. There has been a second consecutive month of pullback in the rate of growth. Overall, the majority of respondents' comments indicate that they will finish the year on a positive note. They also indicate optimism

for business conditions and the economic outlook going forward.

The 14 non-manufacturing industries reporting growth in December — listed in order — are: Retail Trade;

Utilities; Arts, Entertainment & Recreation; Other Services; Health Care & Social Assistance; Accommodation & Food Services; Finance & Insurance; Real Estate, Rental & Leasing; Transportation & Warehousing; Mining; Construction; Wholesale Trade; Public Administration; and Professional, Scientific & Technical Services.

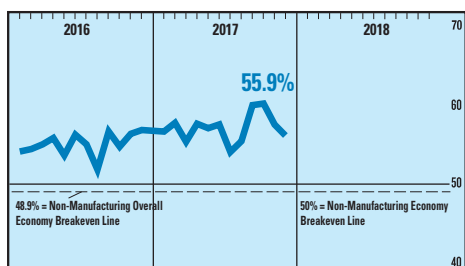
NMI® @ 55.9%

❖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	Dec Index	Nov Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	55.9	57.4	-1.5	Growing	Slower	96
Business Activity	57.3	61.4	-4.1	Growing	Slower	101
New Orders	54.3	58.7	-4.4	Growing	Slower	101
Employment	56.3	55.3	+1.0	Growing	Faster	46
Supplier Deliveries	55.5	54.0	+1.5	Slowing	Faster	24
Inventories	53.5	54.5	-1.0	Growing	Slower	9
Prices	60.8	60.7	+0.1	Increasing	Faster	7
Backlog of Orders	50.0	51.5	-1.5	Unchanged	From Growing	1
New Export Orders	56.5	57.0	-0.5	Growing	Slower	11
Imports	52.5	52.5	0.0	Growing	Same	7
Inventory Sentiment	62.5	56.0	+6.5	Too High	Faster	247
OVERALL ECONOMY				Growing	Slower	101
Non-Manufacturing Sector				Growing	Slower	96

*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 December, the NMI® registered 55.9 percent, 1.5 percentage points lower than the 57.4 percent registered in November, indicating continued growth in the non-manufacturing sector for the 96th 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.

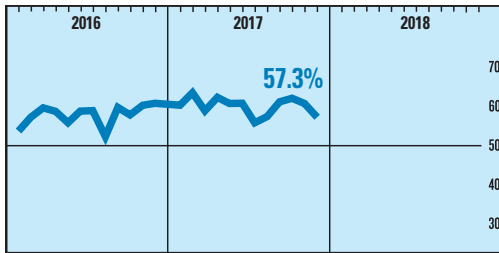
COMMODITIES REPORTED

Commodities Up in Price: Bacon; Copper Products (5); #1 Diesel Fuel (7); #2 Diesel Fuel (5); Eggs; Gasoline* (5); Labor — Construction (10); Lumber Products* (6); Natural Gas (2); Paper (2); PVC Products; Resin; Steel Products (3); and Tomatoes.

Commodities Down in Price: Gasoline*; and Lumber Products*.

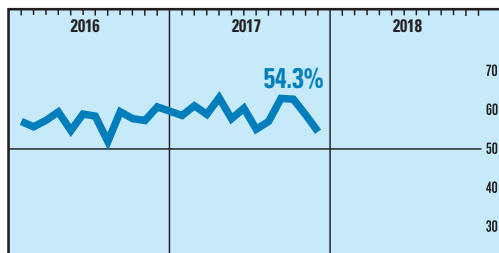
Commodities in Short Supply: Construction Contractors; Groundwood (2); IV Solutions (5); Labor (5); Labor — Construction (21); and Labor — Temporary (4); Lumber Products; and Transportation Services.

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



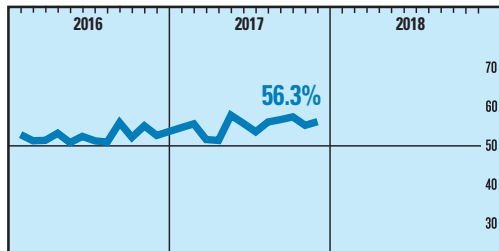
Business Activity

ISM's Business Activity Index registered 57.3 percent. The 10 industries reporting growth of business activity in December — listed in order — are: Utilities; Retail Trade; Arts, Entertainment & Recreation; Other Services^{††}; Health Care & Social Assistance; Accommodation & Food Services; Transportation & Warehousing; Finance & Insurance; Real Estate, Rental & Leasing; and Public Administration.



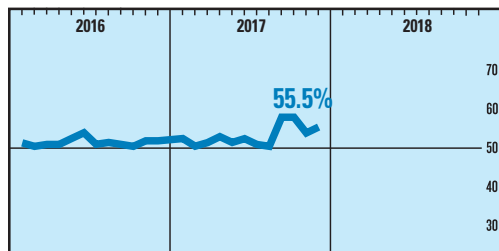
New Orders

ISM's Non-Manufacturing New Orders Index registered 54.3 percent. The nine industries reporting growth of new orders in December — listed in order — are: Retail Trade; Finance & Insurance; Health Care & Social Assistance; Utilities; Other Services^{††}; Real Estate, Rental & Leasing; Transportation & Warehousing; Accommodation & Food Services; and Construction.



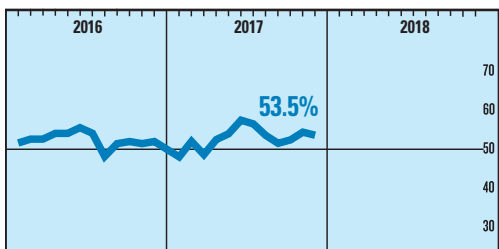
Employment

Employment activity in the non-manufacturing sector grew in December for the 46th consecutive month and the Employment Index registered 56.3 percent. The 12 industries reporting an increase in employment in December — listed in order — are: Educational Services; Arts, Entertainment & Recreation; Retail Trade; Other Services^{††}; Management of Companies & Support Services; Public Administration; Construction; Accommodation & Food Services; Finance & Insurance; Health Care & Social Assistance; Wholesale Trade; and Real Estate, Rental & Leasing.



Supplier Deliveries

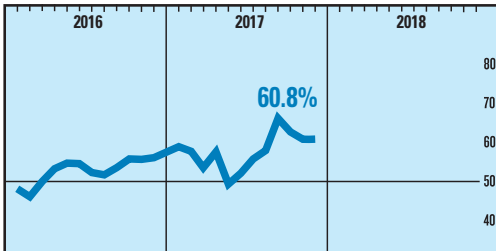
Supplier deliveries were slower in December for the 24th consecutive month. The index registered 55.5 percent, which is 1.5 percentage points higher than the 54 percent that was registered in November. The eight industries reporting slower deliveries in December — listed in order — are: Mining; Wholesale Trade; Professional, Scientific & Technical Services; Accommodation & Food Services; Health Care & Social Assistance; Public Administration; Construction; and Finance & Insurance.



Inventories

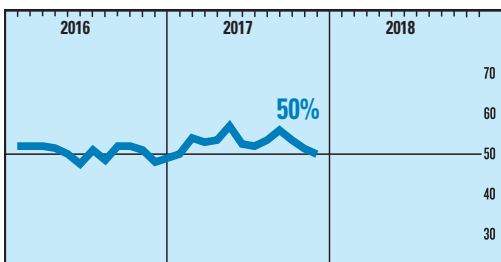
ISM's Non-Manufacturing Inventories Index grew in December for the ninth consecutive month and registered 53.5 percent, 1 percentage point lower than the 54.5 percent that was reported in November. The seven industries reporting an increase in inventories in December — listed in order — are: Retail Trade; Wholesale Trade; Real Estate, Rental & Leasing; Other Services^{††}; Public Administration; Finance & Insurance; and Accommodation & Food 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).



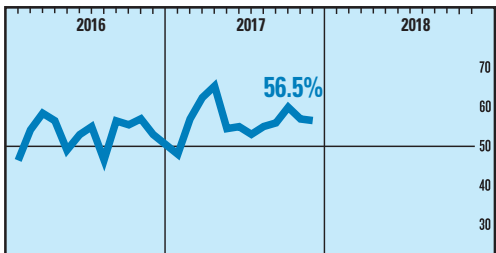
Prices

ISM's Non-Manufacturing Prices Index registered 60.8 percent. The 13 non-manufacturing industries reporting an increase in prices paid during the month of December — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Management of Companies & Support Services; Other Services[†]; Accommodation & Food Services; Construction; Health Care & Social Assistance; Mining; Transportation & Warehousing; Finance & Insurance; Information; Professional, Scientific & Technical Services; and Public Administration.



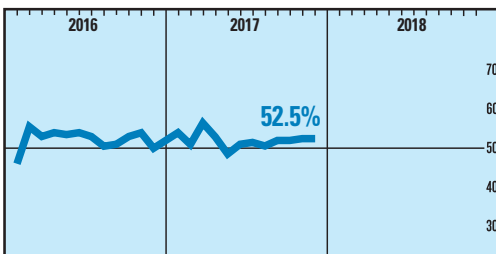
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index indicates that order backlogs were unchanged in December. The index registered 50 percent, which is 1.5 percentage points lower than the 51.5 percent reported in November. The eight industries reporting an increase in order backlogs in December — listed in order — are: Utilities; Management of Companies & Support Services; Accommodation & Food Services; Construction; Transportation & Warehousing; Finance & Insurance; Wholesale Trade and Professional, Scientific & Technical Services.



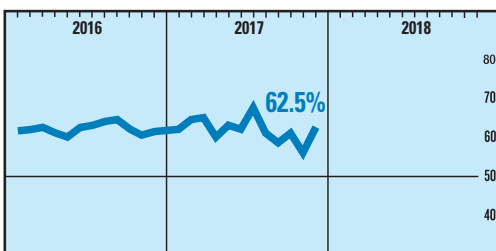
New Export Orders

The New Export Orders Index registered 56.5 percent. The 10 industries reporting an increase in new export orders in December — listed in order — are: Construction; Mining; Retail Trade; Finance & Insurance; Other Services[†]; Real Estate, Rental & Leasing; Transportation & Warehousing; Professional, Scientific & Technical Services; Information; and Accommodation & Food Services.



Imports

The Imports Index reading of 52.5 percent is the same as what was reported in November. The five industries reporting an increase in imports for the month of December are: Construction; Retail Trade; Transportation & Warehousing; Accommodation & Food Services; and Wholesale Trade.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in December registered 62.5 percent. The 11 industries reporting a feeling that their inventories were too high in December — listed in order — are: Mining; Information; Utilities; Real Estate, Rental & Leasing; Finance & Insurance; Wholesale Trade; Construction; Retail Trade; Other 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).