

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

JANUARY 2018

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Economic activity in the non-manufacturing sector grew in January 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 59.9 percent. The New Orders Index registered 62.7 percent, 8.2 percentage points higher than the seasonally adjusted reading of 54.5 percent in December.

The Employment Index increased 5.3 percentage points in January to 61.6 percent from the seasonally adjusted December reading of 56.3 percent. The Prices Index increased by 2 percentage points from the seasonally adjusted December reading of 59.9 percent to 61.9 percent, indicating that prices increased in January for the 23rd

consecutive month. Overall, the majority of respondents' comments are positive about business conditions and the economy. They also indicated that recent tax changes have had a positive impact on their respective businesses. The 15 non-manufacturing industries reporting growth in January — listed in order — are: Management of Companies & Support Services; Arts, Entertainment & Recreation; Mining; Utilities; Retail Trade; Construction; Transportation & Warehousing; Public Administration; Real Estate, Rental & Leasing; Health Care & Social Assistance; Agriculture, Forestry, Fishing & Hunting; Educational Services; Finance & Insurance; Wholesale Trade; and Accommodation & Food Services. The three industries reporting contraction in January are: Information; Other Services; and Professional, Scientific & Technical Services.

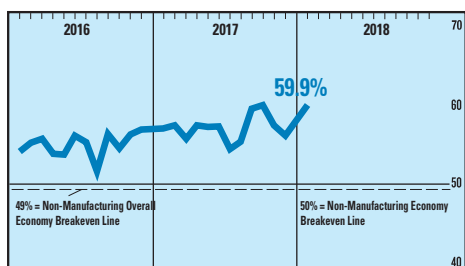
NMI® @ 59.9%

❖ *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 | Jan Index | Dec Index | % Point Change | Direction | Rate of Change | Trend* (months) |
|---------------------------------|-----------|-----------|----------------|----------------|----------------|-----------------|
| NMI® | 59.9 | 56.0 | +3.9 | Growing | Faster | 96 |
| Business Activity | 59.8 | 57.8 | +2.0 | Growing | Faster | 102 |
| New Orders | 62.7 | 54.5 | +8.2 | Growing | Faster | 84 |
| Employment | 61.6 | 56.3 | +5.3 | Growing | Faster | 47 |
| Supplier Deliveries | 55.5 | 55.5 | 0.0 | Slowing | Same | 25 |
| Inventories | 49.0 | 53.5 | -4.5 | Contracting | From Growing | 1 |
| Prices | 61.9 | 59.9 | +2.0 | Increasing | Faster | 23 |
| Backlog of Orders | 50.5 | 50.0 | +0.5 | Growing | From Unchanged | 1 |
| New Export Orders | 58.0 | 56.5 | +1.5 | Growing | Faster | 12 |
| Imports | 54.0 | 52.5 | +1.5 | Growing | Faster | 8 |
| Inventory Sentiment | 61.0 | 62.5 | -1.5 | Too High | Slower | 248 |
| OVERALL ECONOMY | | | | Growing | Faster | 101 |
| Non-Manufacturing Sector | | | | Growing | Faster | 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®

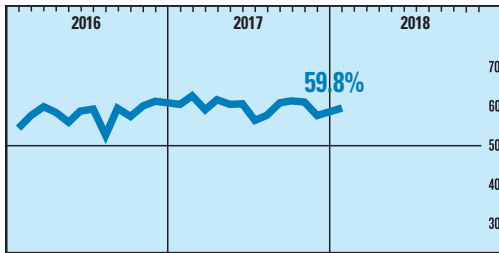
In January, the NMI® registered 59.9 percent, 3.9 percentage points higher than the seasonally adjusted 56 percent registered in December, indicating continued growth in the non-manufacturing sector for the 96th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting. An NMI® above 49 percent, over a period of time, generally indicates an expansion of the overall economy.

COMMODITIES REPORTED

Commodities Up in Price: Aircraft Parts; Aluminum Products; Bacon (2); Chemical Products; Copper; Copper Products (6); Copper Wire; #1 Diesel Fuel (8); #2 Diesel Fuel (6); Electrical Equipment; Fuel; Gasoline (6); Labor — Construction (11); Lumber Products (7); Natural Gas (3); Paper (2); Poly Products; Steel; Steel Plate; Steel Products (4); Transportation Costs and Transportation Services.

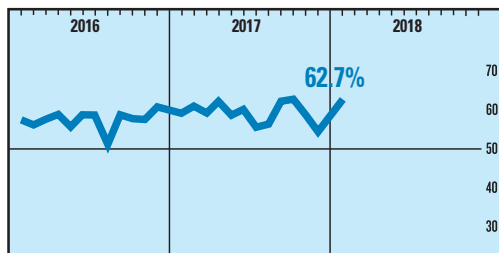
Commodities Down in Price: Chicken Products.

Commodities in Short Supply: Coated Freesheet; Construction Subcontractors; IV Solutions (6); Labor (6); Labor — Construction (22); and Labor — Temporary (5);



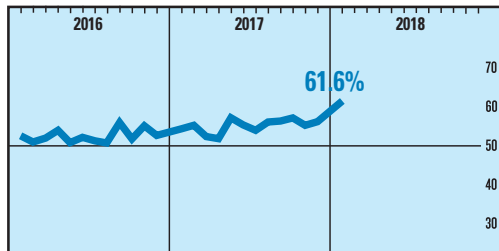
Business Activity

ISM's Business Activity Index registered 59.8 percent. The 11 industries reporting growth of business activity in January — listed in order — are: Mining; Utilities; Arts, Entertainment & Recreation; Health Care & Social Assistance; Real Estate, Rental & Leasing; Public Administration; Transportation & Warehousing; Construction; Finance & Insurance; Retail Trade; and Management of Companies & Support Services.



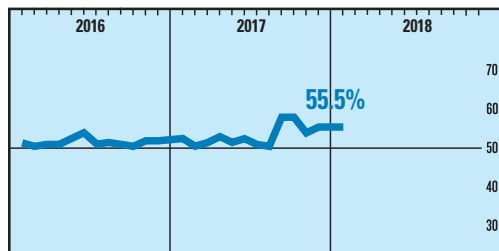
New Orders

ISM's Non-Manufacturing New Orders Index registered 62.7 percent. The 14 industries reporting growth of new orders in January — listed in order — are: Management of Companies & Support Services; Mining; Utilities; Arts, Entertainment & Recreation; Public Administration; Agriculture, Forestry, Fishing & Hunting; Construction; Retail Trade; Transportation & Warehousing; Health Care & Social Assistance; Real Estate, Rental & Leasing; Finance & Insurance; Accommodation & Food Services; and Wholesale Trade.



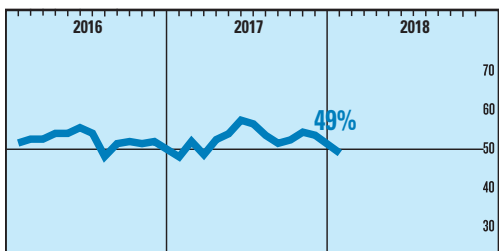
Employment

Employment activity in the non-manufacturing sector grew in January for the 47th consecutive month. ISM's Non-Manufacturing Employment Index registered 61.6 percent. The 13 industries reporting an increase in employment in January — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Retail Trade; Real Estate, Rental & Leasing; Educational Services; Utilities; Transportation & Warehousing; Construction; Wholesale Trade; Health Care & Social Assistance; Public Administration; Finance & Insurance; and Other Services^{**}.



Supplier Deliveries

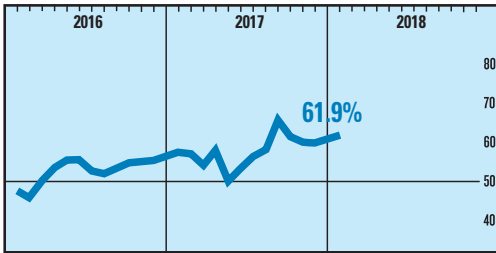
Supplier deliveries were slower in January for the 25th consecutive month. The index registered 55.5 percent. The 14 industries reporting slower deliveries in January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Mining; Educational Services; Wholesale Trade; Management of Companies & Support Services; Accommodation & Food Services; Construction; Other Services^{**}; Transportation & Warehousing; Retail Trade; Finance & Insurance; Health Care & Social Assistance; Public Administration; and Information.



Inventories

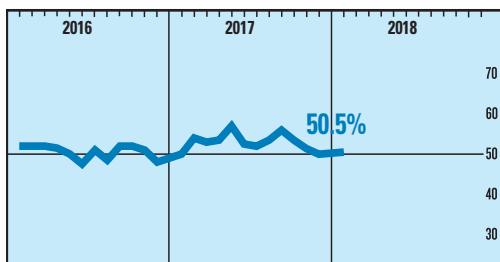
ISM's Non-Manufacturing Inventories Index contracted in January for the first time after nine consecutive months of growth and registered 49 percent. The five industries reporting an increase in inventories in January are: Finance & Insurance; Real Estate, Rental & Leasing; Health Care & Social Assistance; Public Administration; and Transportation & Warehousing.

^{**}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).



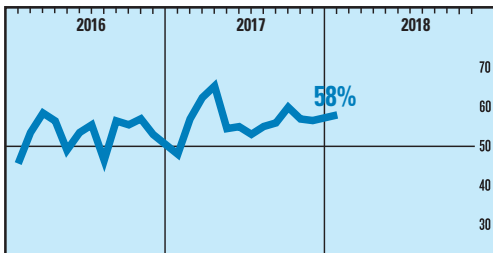
Prices

ISM's Non-Manufacturing Prices Index registered 61.9 percent. The 15 non-manufacturing industries reporting an increase in prices paid during the month of January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Construction; Mining; Transportation & Warehousing; Finance & Insurance; Accommodation & Food Services; Utilities; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Other Services[‡]; Public Administration; Retail Trade; Information; and Health Care & Social Assistance.



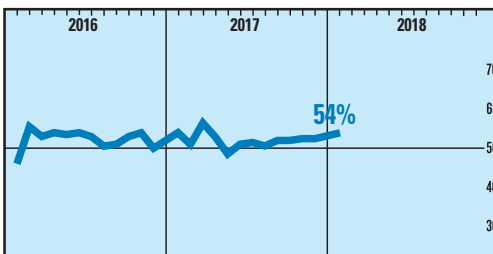
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders registered 50.5 percent. The seven industries reporting an increase in order backlogs in January — listed in order — are: Utilities; Finance & Insurance; Management of Companies & Support Services; Accommodation & Food Services; Construction; Public Administration; and Professional, Scientific & Technical Services.



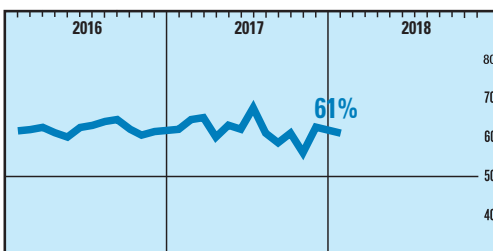
New Export Orders

The New Export Orders Index registered 58 percent. The 10 industries reporting an increase in new export orders in January — listed in order — are: Construction; Mining; Management of Companies & Support Services; Real Estate, Rental & Leasing; Public Administration; Information; Accommodation & Food Services; Transportation & Warehousing; Wholesale Trade; and Professional, Scientific & Technical Services.



Imports

The Imports Index reading of 54 percent. The eight industries reporting an increase in imports for the month of January — listed in order — are: Other Services[‡]; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Mining; Health Care & Social Assistance; Accommodation & Food Services; Wholesale Trade; and Construction.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in January registered 61 percent. The eight industries reporting a feeling that their inventories were too high in January — listed in order — are: Mining; Utilities; Construction; Information; Wholesale Trade; Other Services[‡]; Finance & Insurance; and Health Care & Social Assistance.

[‡]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).