

# ISM® REPORT ON BUSINESS® NON-MANUFACTURING

FEBRUARY 2018

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Business Survey Committee

Economic activity in the non-manufacturing sector grew in February for the 97th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 59.5 percent. The Non-Manufacturing Business Activity Index increased to 62.8 percent, 3 percentage points higher than the January reading of 59.8 percent, reflecting growth for the 103rd consecutive month, at a faster rate in February. The New Orders Index registered 64.8 percent, 2.1 percentage points higher than the reading of 62.7 percent in January. The Employment Index decreased 6.6 percentage points in February to 55 percent from the January reading of 61.6 percent.

## NMI® @ 59.5%

The non-manufacturing sector reflected the second consecutive month of strong growth in February. The decrease in the Employment Index affected the potential of an even stronger reading for the NMI® composite index. Overall, the majority of respondents continue to be positive about business conditions and the economy.

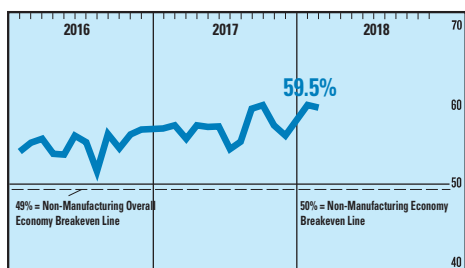
The 16 non-manufacturing industries reporting growth in February — listed in order — are: Educational Services; Transportation & Warehousing; Utilities; Real Estate, Rental & Leasing; Wholesale Trade; Finance & Insurance; Management of Companies & Support Services; Professional, Scientific & Technical Services; Health Care & Social Assistance; Other Services\*; Construction; Mining; Public Administration; Retail Trade; Agriculture, Forestry, Fishing & Hunting; and Information.

\*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	Feb Index	Jan Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	59.5	59.9	-0.4	Growing	Slower	97
Business Activity	62.8	59.8	+3.0	Growing	Faster	103
New Orders	64.8	62.7	+2.1	Growing	Faster	85
Employment	55.0	61.6	-6.6	Growing	Slower	48
Supplier Deliveries	55.5	55.5	0.0	Slowing	Same	26
Inventories	53.5	49.0	+4.5	Growing	From Contracting	1
Prices	61.0	61.9	-0.9	Increasing	Slower	24
Backlog of Orders	56.0	50.5	+5.5	Growing	Faster	2
New Export Orders	59.5	58.0	+1.5	Growing	Faster	13
Imports	50.0	54.0	-4.0	Unchanged	From Growing	1
Inventory Sentiment	61.0	61.0	0.0	Too High	Same	249
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Slower</b>	<b>102</b>
<b>Non-Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>97</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 February, the NMI® registered 59.5 percent, 0.4 percentage point lower than the 59.9 percent registered in January, indicating continued growth in the non-manufacturing sector for the 97th 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.

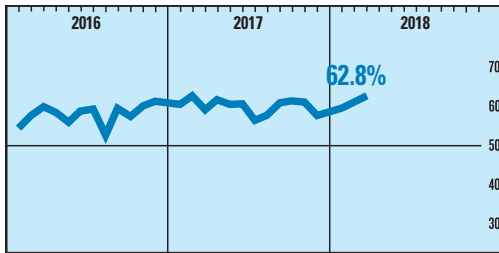
## COMMODITIES REPORTED

**Commodities Up in Price:** Aluminum Products (2); Chemical Products (2); Consulting Services; Copper Fittings; Copper Products (7); #1 Diesel Fuel (9); #2 Diesel Fuel (7); Eggs; Freight Charges; Fuel (2); Gasoline (7); Labor; Labor — Construction (12); Labor — Temporary; Lumber Products (8); Natural Gas (4); OSB; Paper (3); Polypropylene; PVC Products; Rebar; Steel Products (5); and Transportation Costs (2).

**Commodities Down in Price:** Chicken Products (2); Office Supplies; and Soybean Oil.

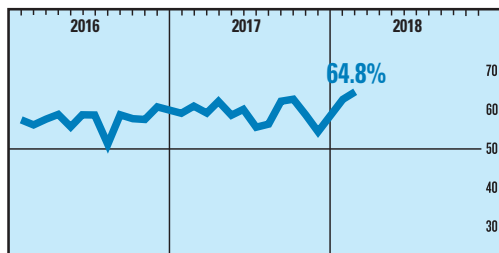
**Commodities in Short Supply:** Construction Subcontractors (2); IV Solutions (7); Labor (7); Labor — Construction (23); Labor — Temporary (6); and Masks for TB/H1N1.

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



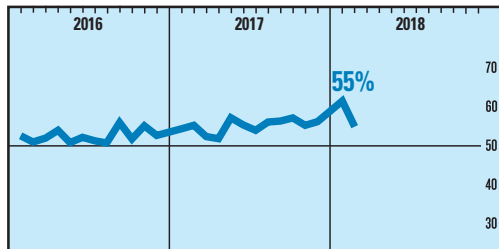
## Business Activity

ISM's Business Activity Index registered 62.8 percent. The 15 industries reporting growth of business activity in February — listed in order — are: Educational Services; Utilities; Transportation & Warehousing; Finance & Insurance; Management of Companies & Support Services; Professional, Scientific & Technical Services; Health Care & Social Assistance; Public Administration; Real Estate, Rental & Leasing; Wholesale Trade; Other Services<sup>††</sup>; Mining; Retail Trade; Construction; and Information.



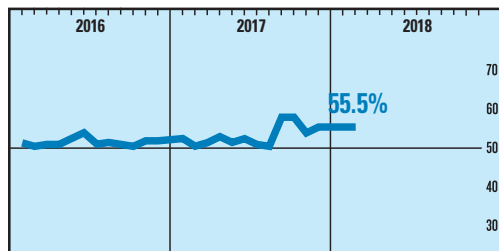
## New Orders

ISM's Non-Manufacturing New Orders Index registered 64.8 percent. The 15 industries reporting growth of new orders in February — listed in order — are: Educational Services; Transportation & Warehousing; Utilities; Real Estate, Rental & Leasing; Management of Companies & Support Services; Construction; Finance & Insurance; Professional, Scientific & Technical Services; Mining; Wholesale Trade; Accommodation & Food Services; Other Services<sup>††</sup>; Public Administration; Retail Trade; and Health Care & Social Assistance.



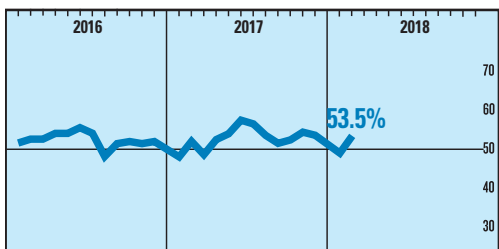
## Employment

ISM's Non-Manufacturing Employment Index registered 55 percent. The 13 industries reporting an increase in employment in February — listed in order — are: Other Services<sup>††</sup>; Educational Services; Real Estate, Rental & Leasing; Health Care & Social Assistance; Management of Companies & Support Services; Wholesale Trade; Transportation & Warehousing; Retail Trade; Finance & Insurance; Construction; Public Administration; Information; and Professional, Scientific & Technical Services.



## Supplier Deliveries

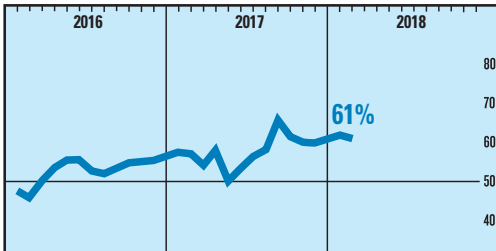
Supplier deliveries were slower in February for the 26th consecutive month. The index registered 55.5 percent, which is the same reading registered in both December and January. The 10 industries reporting slower deliveries in February — listed in order — are: Wholesale Trade; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Health Care & Social Assistance; Mining; Information; Professional, Scientific & Technical Services; Accommodation & Food Services; Construction; and Public Administration.



## Inventories

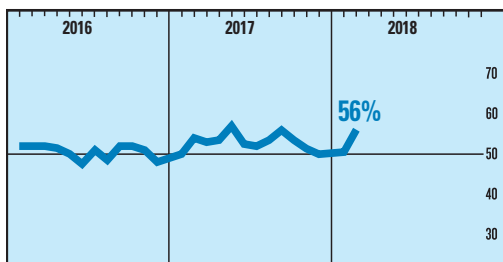
ISM's Non-Manufacturing Inventories Index grew in February after a month of contraction and the index registered 53.5 percent, 4.5 percentage points higher than the 49 percent that was reported in January. The eight industries reporting an increase in inventories in February — listed in order — are: Wholesale Trade; Real Estate, Rental & Leasing; Utilities; Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; Transportation & Warehousing; Retail Trade; 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).



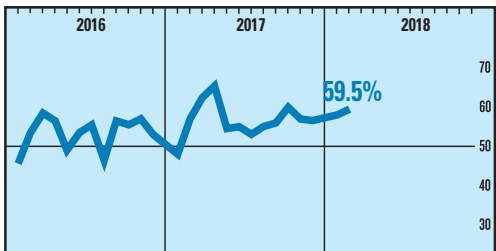
## Prices

ISM's Non-Manufacturing Prices Index registered 61 percent. The 16 non-manufacturing industries reporting an increase in prices paid during the month of February — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Mining; Construction; Management of Companies & Support Services; Real Estate, Rental & Leasing; Public Administration; Information; Professional, Scientific & Technical Services; Utilities; Retail Trade; Finance & Insurance; Accommodation & Food Services; Other Services<sup>†</sup>; Transportation & Warehousing; and Health Care & Social Assistance.



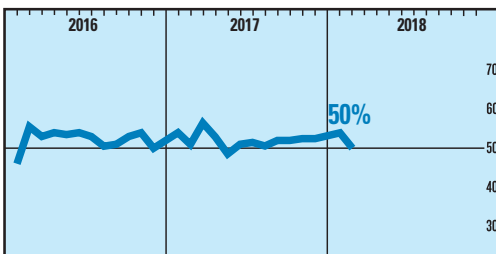
## Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders grew in February. The index registered 56 percent, which is 5.5 percentage points higher than the 50.5 percent reported in January. The eight industries reporting an increase in order backlogs in February — listed in order — are: Construction; Finance & Insurance; Transportation & Warehousing; Professional, Scientific & Technical Services; Health Care & Social Assistance; Public Administration; Wholesale Trade; and Information.



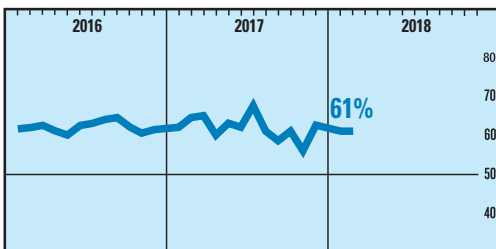
## New Export Orders

The New Export Orders Index registered 59.5 percent. The 10 industries reporting an increase in new export orders in February — listed in order — are: Construction; Mining; Retail Trade; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Finance & Insurance; Accommodation & Food Services; Professional, Scientific & Technical Services; Transportation & Warehousing; and Information.



## Imports

The Imports Index reading of 50 percent is 4 percentage points lower than the 54 percent that was reported in January. The six industries reporting an increase in imports for the month of February — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Retail Trade; Mining; Transportation & Warehousing; Health Care & Social Assistance; and Construction.



## Inventory Sentiment

The Inventory Sentiment Index registered 61 percent. The 10 industries reporting a feeling that their inventories were too high in February — listed in order — are: Management of Companies & Support Services; Wholesale Trade; Mining; Utilities; Construction; Information; Health Care & Social Assistance; Public Administration; Accommodation & Food Services; and Professional, Scientific & Technical Services.

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