

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

MAY 2018

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Business Survey Committee

Economic activity in the non-manufacturing sector grew in May for the 100th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 58.6 percent.

The Non-Manufacturing Business Activity Index increased to 61.3 percent, 2.2 percentage points higher than the April reading of 59.1

percent, reflecting growth for the 106th consecutive month, at a faster rate in May. The New Orders Index registered 60.5 percent, 0.5 percentage point higher than the reading of 60 percent in April. The Employment Index increased 0.5 percentage point in May to 54.1 percent from the April reading of 53.6 percent. The Prices

Index increased by 2.5 percentage points from the April reading of 61.8 percent to 64.3 percent, indicating that prices increased in May for the 27th consecutive month. The majority of respondents are optimistic about business conditions and the overall economy. There continues to be concerns about the uncertainty surrounding

tariffs, trade agreements and the impact on cost of goods sold. The 14 non-manufacturing industries reported growth in May — listed in order — are: Wholesale Trade; Mining; Real Estate,

Rental & Leasing; Construction; Retail Trade; Management of Companies & Support Services; Professional, Scientific & Technical Services; Transportation & Warehousing; Public Administration; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Finance & Insurance; Utilities; and Other Services*.

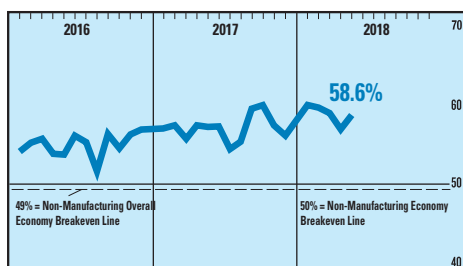
NMI® @ 58.6%

*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	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	58.6	56.8	+1.8	Growing	Faster	100
Business Activity	61.3	59.1	+2.2	Growing	Faster	106
New Orders	60.5	60.0	+0.5	Growing	Faster	88
Employment	54.1	53.6	+0.5	Growing	Faster	51
Supplier Deliveries	58.5	54.5	+4.0	Slowing	Faster	29
Inventories	57.5	57.0	+0.5	Growing	Faster	4
Prices	64.3	61.8	+2.5	Increasing	Faster	27
Backlog of Orders	60.5	52.0	+8.5	Growing	Faster	5
New Export Orders	57.5	61.5	-4.0	Growing	Slower	16
Imports	54.0	54.5	-0.5	Growing	Slower	3
Inventory Sentiment	61.0	60.0	+1.0	Too High	Faster	252
OVERALL ECONOMY				Growing	Faster	105
Non-Manufacturing Sector				Growing	Faster	100

*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 May, the NMI® registered 58.6 percent, 1.8 percentage points higher than the 56.8 percent registered in April, indicating continued growth in the non-manufacturing sector for the 100th 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.

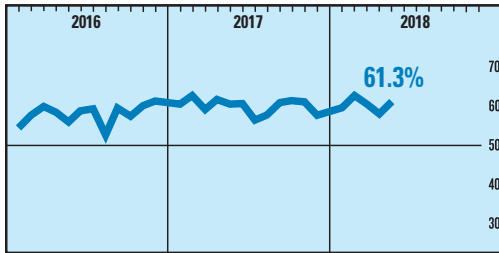
COMMODITIES REPORTED

Commodities Up in Price: Air Freight; Aluminum (2); Corrugated (2); Diesel (2); Freight Charges (4); Fuel (2); Gasoline (2); Labor - Construction; Paper; Paper Products; Plastic Products; Poly Products; Steel (2); Steel Products (8); and Transportation Costs (2).

Commodities Down in Price: Beef (2).

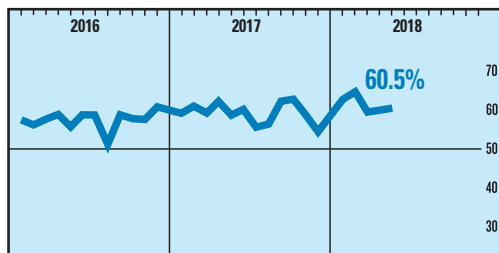
Commodities in Short Supply: Construction Subcontractors (5); and Labor — Construction (26).

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



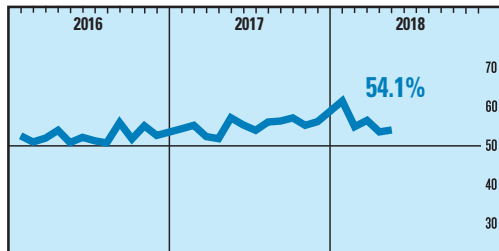
Business Activity

ISM's Business Activity Index registered 61.3 percent. The 13 industries reporting growth of business activity in May — listed in order — are: Wholesale Trade; Mining; Retail Trade; Real Estate, Rental & Leasing; Transportation & Warehousing; Utilities; Construction; Accommodation & Food Services; Professional, Scientific & Technical Services; Management of Companies & Support Services; Finance & Insurance; Public Administration; and Other Services[†].



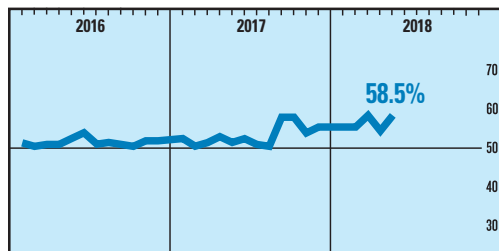
New Orders

ISM's Non-Manufacturing New Orders Index registered 60.5 percent. The 11 industries reporting growth of new orders in May — listed in order — are: Construction; Mining; Wholesale Trade; Real Estate, Rental & Leasing; Retail Trade; Finance & Insurance; Transportation & Warehousing; Public Administration; Professional, Scientific & Technical Services; Accommodation & Food Services; and Management of Companies & Support Services.



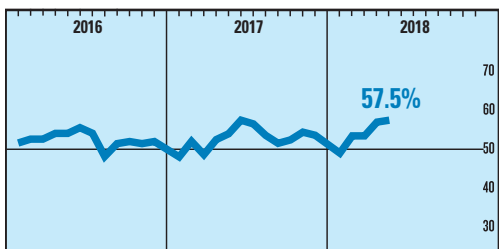
Employment

ISM's Non-Manufacturing Employment Index registered 54.1 percent. The 11 industries reporting an increase in employment in May — listed in order — are: Mining; Wholesale Trade; Management of Companies & Support Services; Educational Services; Transportation & Warehousing; Retail Trade; Public Administration; Real Estate, Rental & Leasing; Construction; Professional, Scientific & Technical Services; and Other Services[†].



Supplier Deliveries

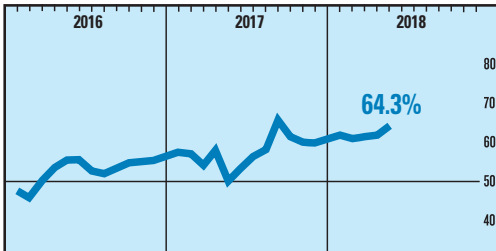
The Supplier deliveries Index registered 58.5 percent. The 13 industries reporting slower deliveries in May — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Information; Real Estate, Rental & Leasing; Management of Companies & Support Services; Accommodation & Food Services; Professional, Scientific & Technical Services; Mining; Public Administration; Construction; Other Services[†]; Retail Trade; and Finance & Insurance.



Inventories

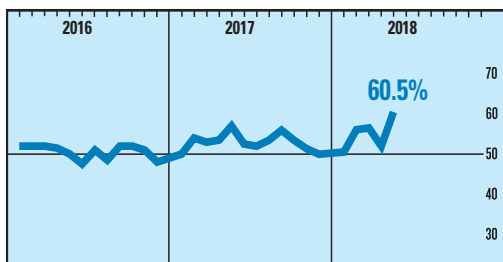
ISM's Non-Manufacturing Inventories Index grew in May for the fourth consecutive month, registering 57.5 percent. The 10 industries reporting an increase in inventories in May — listed in order — are: Utilities; Real Estate, Rental & Leasing; Wholesale Trade; Management of Companies & Support Services; Agriculture, Forestry, Fishing & Hunting; Retail Trade; Construction; Accommodation & Food Services; Transportation & Warehousing; 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).



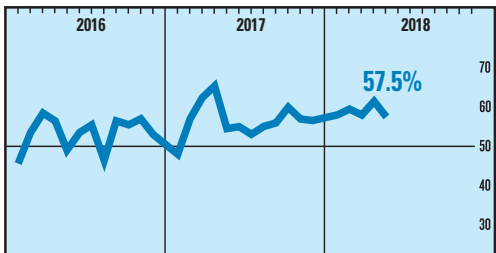
Prices

ISM's Non-Manufacturing Prices Index registered 64.3 percent. The 15 non-manufacturing industries reporting an increase in prices paid during the month of May — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Construction; Mining; Wholesale Trade; Management of Companies & Support Services; Arts, Entertainment & Recreation; Utilities; Public Administration; Information; Transportation & Warehousing; Retail Trade; Accommodation & Food Services; Other Services^{†*}; Professional, Scientific & Technical Services; and Finance & Insurance.



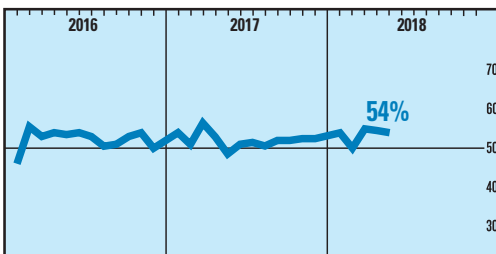
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index registered 60.5 percent. The 11 industries reporting an increase in order backlogs in May are: Educational Services; Accommodation & Food Services; Construction; Transportation & Warehousing; Finance & Insurance; Management of Companies & Support Services; Wholesale Trade; Public Administration; Mining; Information; and Professional, Scientific & Technical Services.



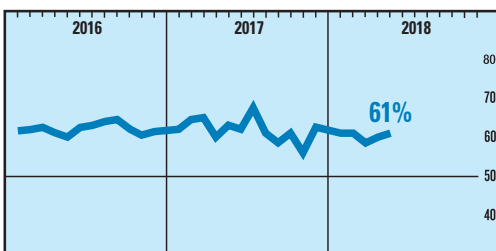
New Export Orders

The New Export Orders Index registered 57.5 percent. The 10 industries reporting an increase in new export orders in May — listed in order — are: Public Administration; Mining; Construction; Other Services^{†*}; Real Estate, Rental & Leasing; Retail Trade; Accommodation & Food Services; Wholesale Trade; Transportation & Warehousing; and Professional, Scientific & Technical Services.



Imports

The Imports Index reading of 54 percent is 0.5 percentage point lower than the 54.5 percent reported in April. The six industries reporting an increase in imports for the month of May — listed in order — are: Construction; Mining; Transportation & Warehousing; Wholesale Trade; Professional, Scientific & Technical Services; and Retail Trade.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in May registered 61 percent. The nine industries reporting a feeling that their inventories were too high in May — listed in order — are: Wholesale Trade; Agriculture, Forestry, Fishing & Hunting; Information; Management of Companies & Support Services; Professional, Scientific & Technical Services; Utilities; Retail Trade; Accommodation & Food Services; and Construction.

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