

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

JUNE 2018

Analysis by **Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM**,
Chair of the Institute for Supply Management® Non-Manufacturing
Business Survey Committee

Economic activity in the non-manufacturing sector grew in June for the 101st consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 59.1 percent. The Non-Manufacturing Business Activity Index increased to 63.9 percent. The New Orders Index registered 63.2 percent, 2.7

percentage points higher than the reading of 60.5 percent in May. The Employment Index decreased 0.5 percentage point in June to 53.6 percent from the May reading of 54.1 percent. The Prices Index decreased by 3.6 percentage points from the May reading of 64.3 percent to 60.7 percent, indicating that prices increased

in June for the 28th consecutive month. Respondents continue to be optimistic about business conditions and the overall economy. There is a continuing concern relating to tariffs, capacity constraints and delivery. The 17 non-manufacturing industries reported growth in June — listed in order — are: Mining; Construction; Wholesale Trade; Retail Trade; Public Administration; Educational Services; Real Estate, Rental & Leasing; Management of Companies & Support Services; Transportation & Warehousing; Health Care & Social Assistance; Utilities; Finance & Insurance; Arts, Entertainment & Recreation; Other Services*†; Professional, Scientific & Technical Services; Information; and Accommodation & Food Services.

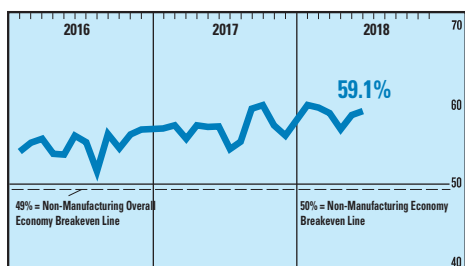
NMI® @ 59.1%

*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	Jun Index	May Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	59.1	58.6	+0.5	Growing	Faster	101
Business Activity	63.9	61.3	+2.6	Growing	Faster	107
New Orders	63.2	60.5	+2.7	Growing	Faster	89
Employment	53.6	54.1	-0.5	Growing	Slower	52
Supplier Deliveries	55.5	58.5	-3.0	Slowing	Slower	30
Inventories	53.5	57.5	-4.0	Growing	Slower	5
Prices	60.7	64.3	-3.6	Increasing	Slower	28
Backlog of Orders	56.5	60.5	-4.0	Growing	Slower	6
New Export Orders	60.5	57.5	+3.0	Growing	Faster	17
Imports	51.5	54.0	-2.5	Growing	Slower	4
Inventory Sentiment	57.5	61.0	-3.5	Too High	Slower	253
OVERALL ECONOMY				Growing	Faster	106
Non-Manufacturing Sector				Growing	Faster	101

*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®

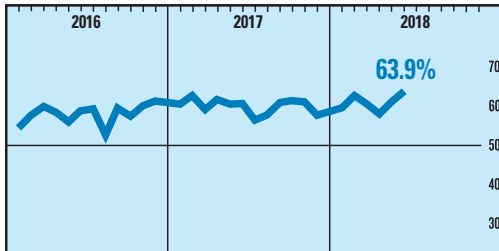
In June, the NMI® registered 59.1 percent, 0.5 percentage point higher than the 58.6 percent registered in May, indicating continued growth in the non-manufacturing sector for the 101st consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; 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 (3); Corrugated Boxes (3); Diesel (3); Fuel (3); Fuel Surcharges; Lumber Products; Metal Products; Oil and Lubricants; Paper (2); Paper Products (2); Rebar; Software Maintenance and Support; Steel (3); and Steel Products (9).

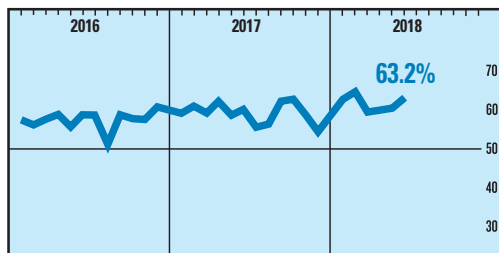
Commodities Down in Price: Gasoline; and Soy Products.

Commodities in Short Supply: Construction Subcontractors (6); IV Solutions; Labor — Construction (27); Labor — Temporary; Needles; Professional Services; and Trucking Services.



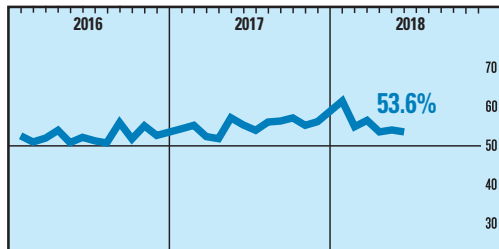
Business Activity

ISM's Business Activity Index registered 63.9 percent. The 16 industries reporting growth of business activity in June — listed in order — are: Mining; Construction; Educational Services; Retail Trade; Public Administration; Wholesale Trade; Accommodation & Food Services; Real Estate, Rental & Leasing; Health Care & Social Assistance; Management of Companies & Support Services; Utilities; Finance & Insurance; Professional, Scientific & Technical Services; Other Services^{**}; Transportation & Warehousing; and Information.



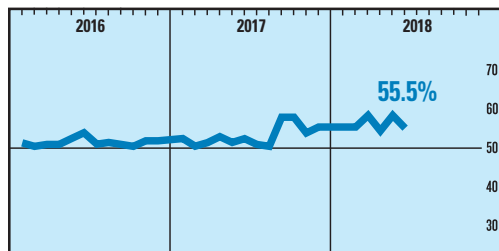
New Orders

ISM's Non-Manufacturing New Orders Index registered 63.2 percent. The 17 industries reporting growth of new orders in June — listed in order — are: Educational Services; Retail Trade; Wholesale Trade; Mining; Construction; Public Administration; Management of Companies & Support Services; Health Care & Social Assistance; Finance & Insurance; Other Services^{**}; Transportation & Warehousing; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Utilities; Real Estate, Rental & Leasing; Information; and Professional, Scientific & Technical Services.



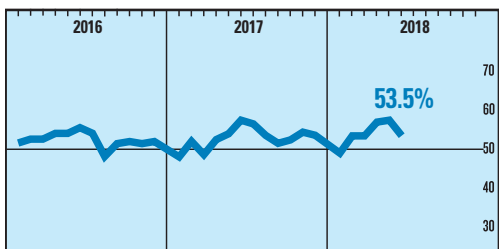
Employment

ISM's Non-Manufacturing Employment Index registered 53.6 percent. The 12 industries reporting an increase in employment in June — listed in order — are: Arts, Entertainment & Recreation; Transportation & Warehousing; Public Administration; Mining; Construction; Real Estate, Rental & Leasing; Wholesale Trade; Retail Trade; Health Care & Social Assistance; Management of Companies & Support Services; Finance & Insurance; and Professional, Scientific & Technical Services.



Supplier Deliveries

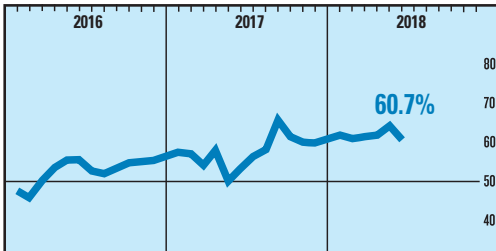
Supplier deliveries were slower in June for the 30th consecutive month. The index registered 55.5 percent, which is 3 percentage points lower than the 58.5 percent registered in May. The 10 industries reporting slower deliveries in June — listed in order — are: Mining; Wholesale Trade; Construction; Information; Utilities; Real Estate, Rental & Leasing; Public Administration; Professional, Scientific & Technical Services; Management of Companies & Support Services; and Health Care & Social Assistance.



Inventories

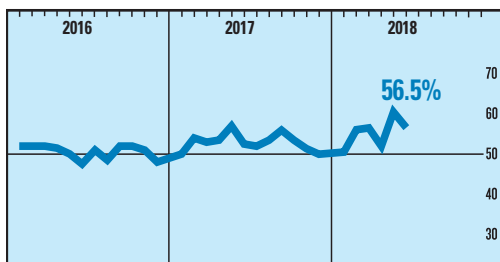
ISM's Non-Manufacturing Inventories Index grew in June for the fifth consecutive month, registering 53.5 percent, which is 4 percentage points lower than the 57.5 percent reported in May. The five industries reporting an increase in inventories in June are: Public Administration; Wholesale Trade; Information; Construction; and Retail Trade. The four industries reporting a decrease in inventories in June are: Finance & Insurance; Transportation & Warehousing; Professional, Scientific & Technical Services; 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).



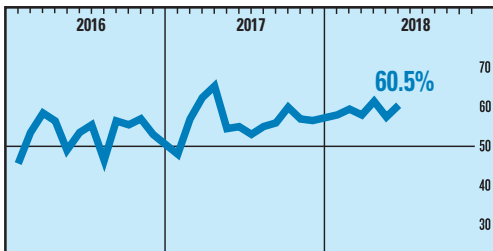
Prices

ISM's Non-Manufacturing Prices Index registered 60.7 percent. The 13 non-manufacturing industries reporting an increase in prices paid during the month of June — listed in order — are: Mining; Construction; Wholesale Trade; Other Services^{†*}; Information; Public Administration; Utilities; Retail Trade; Management of Companies & Support Services; Transportation & Warehousing; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Finance & Insurance.



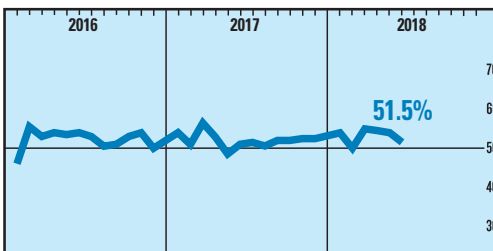
Backlog of Orders

ISM's Non-Manufacturing backlog of orders grew in June. The index registered 56.5 percent, which is 4 percentage points lower than the 60.5 percent reported in May. The nine industries reporting an increase in order backlogs in June — listed in order — are: Mining; Health Care & Social Assistance; Wholesale Trade; Information; Management of Companies & Support Services; Transportation & Warehousing; Construction; Professional, Scientific & Technical Services; and Public Administration.



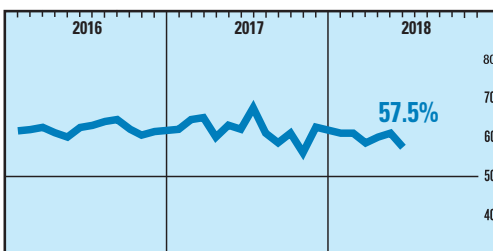
New Export Orders

The New Export Orders Index registered 60.5 percent. The 11 industries reporting an increase in new export orders in June — listed in order — are: Finance & Insurance; Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Construction; Retail Trade; Mining; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Health Care & Social Assistance; Wholesale Trade; and Information.



Imports

The Imports Index reading of 51.5 percent. The five industries reporting an increase in imports for the month of June are: Retail Trade; Construction; Health Care & Social Assistance; Mining; and Wholesale Trade.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in June registered 57.5 percent. The seven industries reporting a feeling that their inventories were too high in June — listed in order — are: Information; Construction; Wholesale Trade; Utilities; Health Care & Social Assistance; Mining; 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).