

ISM® REPORT ON BUSINESS® MANUFACTURING

JUNE 2018

Analysis by **Timothy R. Fiore, CPSM, C.P.M.**, Chair of the Institute for Supply Management® Manufacturing Business Survey Committee

Economic activity in the manufacturing sector expanded in June, and the overall economy grew for the 110th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The June PMI® registered 60.2 percent. The New Orders Index registered 63.5 percent, a decrease of 0.2 percentage point from the May reading of 63.7 percent. The Production Index registered 62.3 percent, a 0.8 percentage point increase compared to the May reading of 61.5 percent. The Employment Index registered 56 percent, a decrease of 0.3 percentage point from the May reading of 56.3 percent. The Supplier Deliveries Index registered 68.2 percent, a 6.2 percentage point increase from the May reading of 62 percent. The Inventories Index registered 50.8 percent, an increase of 0.6 percentage point

PMI® @ 60.2%

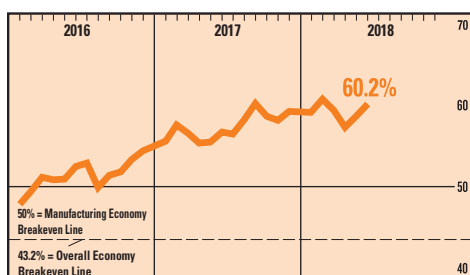
from the May reading of 50.2 percent. The Prices Index registered 76.8 percent in June, a 2.7 percentage point decrease from the May reading of 79.5 percent, indicating higher raw materials prices for the 28th consecutive month. Of the 18 manufacturing industries, 17 reported growth in June, in the following order: Textile Mills; Wood Products; Nonmetallic Mineral Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Paper Products; Transportation Equipment; Furniture & Related Products; Machinery; Primary Metals; Miscellaneous Manufacturing‡; Chemical Products; Petroleum & Coal Products; and Plastics & Rubber Products.

‡Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).

MANUFACTURING AT A GLANCE

Index	Jun Index	May Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	60.2	58.7	+1.5	Growing	Faster	22
New Orders	63.5	63.7	-0.2	Growing	Slower	30
Production	62.3	61.5	+0.8	Growing	Faster	22
Employment	56.0	56.3	-0.3	Growing	Slower	21
Supplier Deliveries	68.2	62.0	+6.2	Slowing	Faster	21
Inventories	50.8	50.2	+0.6	Growing	Faster	6
Customers' Inventories	39.7	39.6	+0.1	Too Low	Slower	21
Prices	76.8	79.5	-2.7	Increasing	Slower	28
Backlog of Orders	60.1	63.5	-3.4	Growing	Slower	17
New Export Orders	56.3	55.6	+0.7	Growing	Faster	28
Imports	59.0	54.1	+4.9	Growing	Faster	17
OVERALL ECONOMY				Growing	Faster	110
Manufacturing Sector				Growing	Faster	22

*Number of months moving in current direction. Manufacturing ISM® *Report On Business*® data is seasonally adjusted for the New Orders, Production, Employment and Supplier Deliveries Indexes.



PMI®

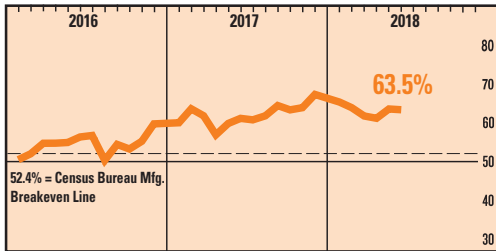
Manufacturing expanded in June as the PMI® registered 60.2 percent, an increase of 1.5 percentage points from the May reading of 58.7 percent. This indicates strong growth in manufacturing for the 22nd consecutive month, led by continued expansion in new orders, production and employment. The PMI® reached its highest level since February 2018, when it reached 60.8 points. However, inventories continue to struggle to maintain expansion levels as a result of supplier deliveries slowing further.

COMMODITIES REPORTED

Commodities Up in Price: Aluminum (20); Aluminum Based Products (2); Butadiene; Capacitors; Caustic Soda (12); Copper (8); Corrugate (21); Corrugated Boxes; Diesel; Freight (5); Hydraulic Hoses/Fittings; Hydraulic Valves; Isopropyl Alcohol; Natural Gas; Nylon; Packaging Materials; Paper (2); Phosphoric Acid; Plastic Components; Plastic Resins; Polypropylene; Resistors (2); Rubber; Solvents; Steel — Cold Rolled; Steel — Galvanized; Steel — Hot Rolled (19); Steel — Stainless (3); Steel Based Products (2); Steel Tubing; and Wood Pallets.

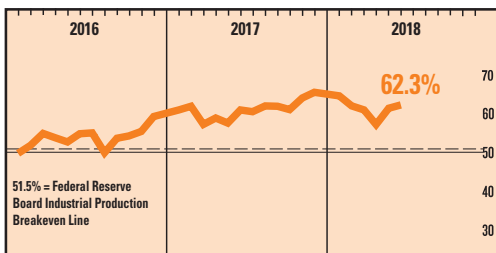
Commodities Down in Price: None. **Commodities in Short Supply:** Aluminum (2); Capacitors (12); Electrical Components (3); Electronic Components (2); Freight (2); Resistors (8); Steel Based Products (2); and Steel — Hot Rolled (3).

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



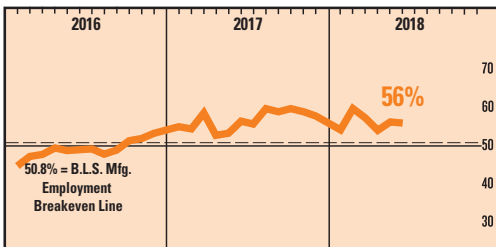
New Orders

ISM's New Orders Index registered 63.5 percent. Sixteen of 18 industries reported growth in new orders in June, listed in the following order: Textile Mills; Furniture & Related Products; Wood Products; Printing & Related Support Activities; Transportation Equipment; Nonmetallic Mineral Products; Plastics & Rubber Products; Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Chemical Products; Electrical Equipment, Appliances & Components; Machinery; Primary Metals; Miscellaneous Manufacturing[‡]; and Paper Products.



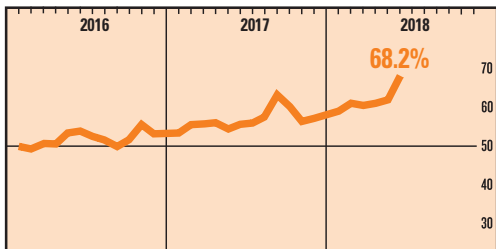
Production

ISM's Production Index registered 62.3 percent. The 16 industries reporting growth in production during the month of June — listed in order — are: Textile Mills; Furniture & Related Products; Nonmetallic Mineral Products; Printing & Related Support Activities; Wood Products; Chemical Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Food, Beverage & Tobacco Products; Primary Metals; Transportation Equipment; Computer & Electronic Products; Petroleum & Coal Products; Miscellaneous Manufacturing[‡]; Machinery; and Paper Products.



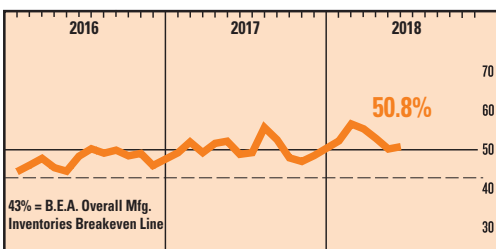
Employment

ISM's Employment Index registered 56 percent. Of the 18 manufacturing industries, the 13 reporting employment growth in June — listed in order — are: Textile Mills; Paper Products; Computer & Electronic Products; Transportation Equipment; Petroleum & Coal Products; Primary Metals; Machinery; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Fabricated Metal Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing[‡]; and Chemical Products.



Supplier Deliveries

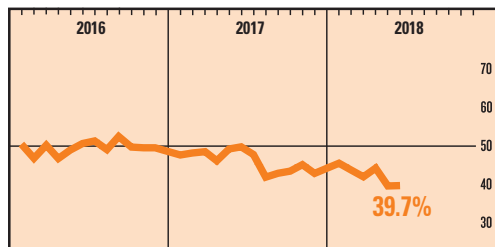
The Supplier Deliveries Index registered 68.2 percent. The 15 industries reporting slower supplier deliveries in June — listed in order — are: Wood Products; Textile Mills; Computer & Electronic Products; Fabricated Metal Products; Machinery; Apparel, Leather & Allied Products; Paper Products; Petroleum & Coal Products; Transportation Equipment; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing[‡]; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Chemical Products; and Primary Metals.



Inventories

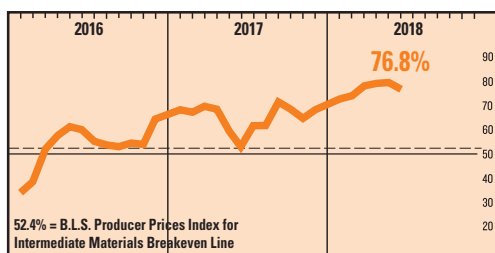
The Inventories Index registered 50.8 percent. The 10 industries reporting higher inventories in June — listed in order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Wood Products; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Paper Products; Miscellaneous Manufacturing[‡]; Primary Metals; and Machinery.

[‡]Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



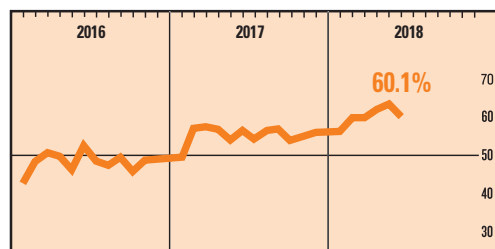
Customers' Inventories

ISM's Customers' Inventories Index registered 39.7 percent. No manufacturing industries reported customers' inventories as too high during the month of June. The 14 industries reporting customers' inventories as too low during June — listed in order — are: Wood Products; Apparel, Leather & Allied Products; Plastics & Rubber Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Machinery; Miscellaneous Manufacturing[‡]; Fabricated Metal Products; Computer & Electronic Products; Paper Products; Food, Beverage & Tobacco Products; and Chemical Products.



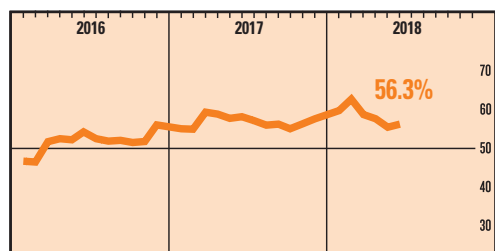
Prices

The ISM Prices Index registered 76.8 percent. All 18 industries reported paying increased prices for raw materials in June, in the following order: Apparel, Leather & Allied Products; Textile Mills; Printing & Related Support Activities; Fabricated Metal Products; Furniture & Related Products; Paper Products; Machinery; Chemical Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Nonmetallic Mineral Products; Primary Metals; Wood Products; Miscellaneous Manufacturing[‡]; Transportation Equipment; Food, Beverage & Tobacco Products; Petroleum & Coal Products; and Plastics & Rubber Products.



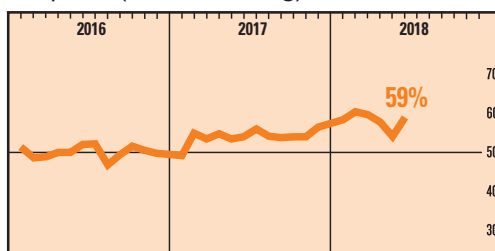
Backlog of Orders

ISM's Backlog of Orders Index registered 60.1 percent. The 12 industries reporting growth in order backlogs in June — listed in order — are: Printing & Related Support Activities; Computer & Electronic Products; Textile Mills; Petroleum & Coal Products; Paper Products; Fabricated Metal Products; Transportation Equipment; Machinery; Primary Metals; Furniture & Related Products; Chemical Products; and Plastics & Rubber Products. The two industries reporting a decrease in order backlogs during June are: Apparel, Leather & Allied Products; and Food, Beverage & Tobacco Products.



New Export Orders

ISM's New Export Orders Index registered 56.3 percent. The 10 industries reporting growth in new export orders in June — listed in order — are: Furniture & Related Products; Fabricated Metal Products; Chemical Products; Paper Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; Machinery; and Transportation Equipment.



Imports

ISM's Imports Index registered 59 percent. The 14 industries reporting growth in imports during the month of June — listed in order — are: Printing & Related Support Activities; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Computer & Electronic Products; Primary Metals; Miscellaneous Manufacturing[‡]; Petroleum & Coal Products; Furniture & Related Products; Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Plastics & Rubber Products; and Machinery.

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