

# ISM® REPORT ON BUSINESS® NON-MANUFACTURING

JULY 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 July for the 102nd consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 55.7 percent. The New Orders Index registered 57 percent, 6.2 percentage points lower than the reading of 63.2 percent in June. The Employment Index increased 2.5 percentage points in July to 56.1 percent from the June reading of 53.6 percent. The Prices Index increased by 2.7 percentage points from the June reading of 60.7 percent to 63.4 percent, indicating that prices increased in July for the 29th consecutive month. There has been a "cooling off" in growth for

the non-manufacturing sector. Tariffs and deliveries are an ongoing concern. The majority of respondents remain positive about business conditions and the economy. The 16 non-manufacturing industries reporting growth in July — listed in order — are: Mining; Public Administration; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Other Services†; Construction; Real Estate, Rental & Leasing; Transportation & Warehousing; Finance & Insurance; Retail Trade; Wholesale Trade; Arts, Entertainment & Recreation; Information; Utilities; Health Care & Social Assistance; and Management of Companies & Support Services. The two industries reporting a decrease are: Educational Services; and Professional, Scientific & Technical Services.

## NMI® @ 55.7%

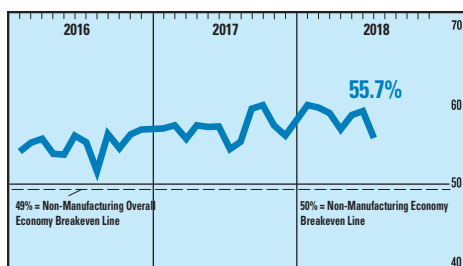
†Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services and Dating Services).

†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	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	55.7	59.1	-3.4	Growing	Slower	102
Business Activity	56.5	63.9	-7.4	Growing	Slower	108
New Orders	57.0	63.2	-6.2	Growing	Slower	90
Employment	56.1	53.6	+2.5	Growing	Faster	53
Supplier Deliveries	53.0	55.5	-2.5	Slowing	Slower	31
Inventories	53.5	53.5	0.0	Growing	Same	6
Prices	63.4	60.7	+2.7	Increasing	Faster	29
Backlog of Orders	51.5	56.5	-5.0	Growing	Slower	7
New Export Orders	58.0	60.5	-2.5	Growing	Slower	18
Imports	52.5	51.5	+1.0	Growing	Faster	5
Inventory Sentiment	58.0	57.5	+0.5	Too High	Faster	254
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Slower</b>	<b>107</b>
<b>Non-Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>102</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®

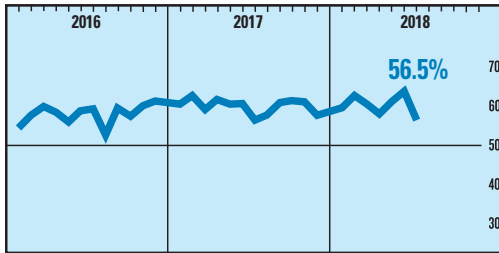
In July, the NMI® registered 55.7 percent, 3.4 percentage points lower than the 59.1 percent registered in June, indicating growth in the non-manufacturing sector for the 102nd consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 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 (4); Aluminum Products; Diesel (4); Electronic Components; Fuel (4); Gasoline; Metal Products (2); Oil (2); Pharmaceuticals; Plastic Products; Steel (4); Steel Products (10); and Transportation and Trucking Services.

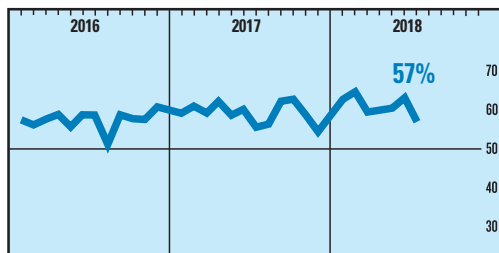
**Commodities Down in Price:** None.

**Commodities in Short Supply:** Construction Subcontractors (7); Labor — Construction (28); and Labor — Temporary (2); and Truck Drivers.



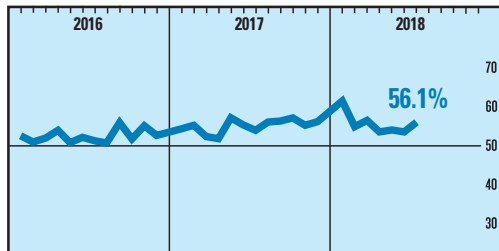
## Business Activity

ISM's Business Activity Index registered 56.5 percent. The 12 industries reporting growth of business activity in July — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Mining; Public Administration; Accommodation & Food Services; Finance & Insurance; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Wholesale Trade; Transportation & Warehousing; Retail Trade; Other Services<sup>†</sup>; and Information.



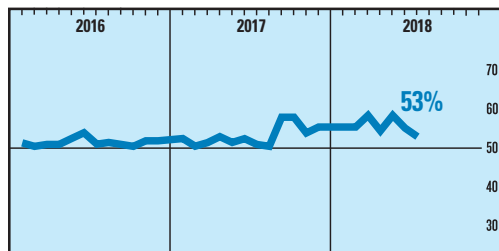
## New Orders

ISM's Non-Manufacturing New Orders Index registered 57 percent. The 12 industries reporting growth of new orders in July — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Public Administration; Mining; Accommodation & Food Services; Other Services<sup>†</sup>; Construction; Transportation & Warehousing; Finance & Insurance; Retail Trade; Professional, Scientific & Technical Services; Information; and Real Estate, Rental & Leasing.



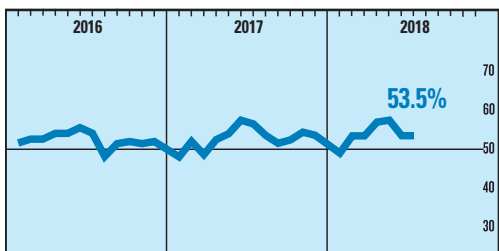
## Employment

ISM's Non-Manufacturing Employment Index registered 56.1 percent. The 12 industries reporting an increase in employment in July — listed in order — are: Other Services<sup>†</sup>; Real Estate, Rental & Leasing; Retail Trade; Mining; Construction; Health Care & Social Assistance; Public Administration; Management of Companies & Support Services; Utilities; Transportation & Warehousing; Finance & Insurance; and Wholesale Trade.



## Supplier Deliveries

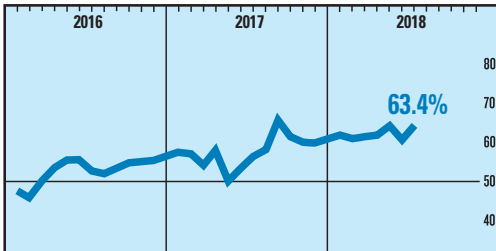
The Supplier Deliveries Index registered 53 percent. The 10 industries reporting slower deliveries in July — listed in order — are: Construction; Information; Mining; Transportation & Warehousing; Wholesale Trade; Accommodation & Food Services; Public Administration; Professional, Scientific & Technical Services; Health Care & Social Assistance; and Real Estate, Rental & Leasing.



## Inventories

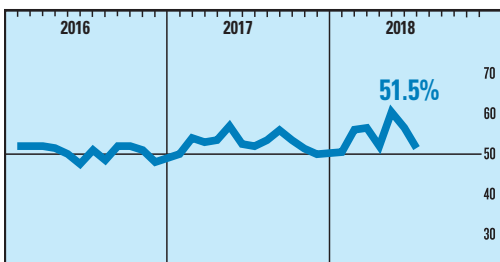
ISM's Non-Manufacturing Inventories Index grew in July for the sixth consecutive month, registering 53.5 percent. The eight industries reporting an increase in inventories in July — listed in order — are: Accommodation & Food Services; Transportation & Warehousing; Wholesale Trade; Finance & Insurance; Mining; Other Services<sup>†</sup>; Information; and Health Care & Social Assistance.

<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).



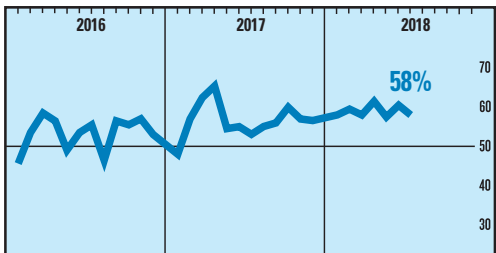
## Prices

ISM's Non-Manufacturing Prices Index registered 63.4 percent. The 15 non-manufacturing industries reporting an increase in prices paid during the month of July — listed in order — are: Mining; Management of Companies & Support Services; Public Administration; Other Services<sup>†\*</sup>; Wholesale Trade; Information; Educational Services; Construction; Transportation & Warehousing; Retail Trade; Professional, Scientific & Technical Services; Real Estate, Rental & Leasing; Health Care & Social Assistance; Accommodation & Food Services; and Finance & Insurance.



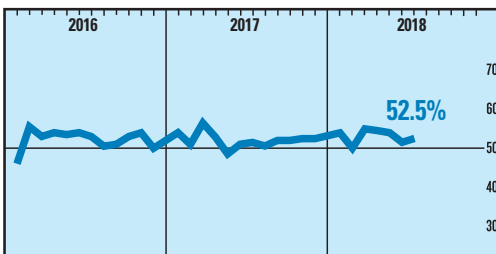
## Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index grew in July, registering 51.5 percent. The seven industries reporting an increase in order backlogs in July — listed in order — are: Accommodation & Food Services; Mining; Other Services<sup>†\*</sup>; Finance & Insurance; Professional, Scientific & Technical Services; Construction; and Wholesale Trade.



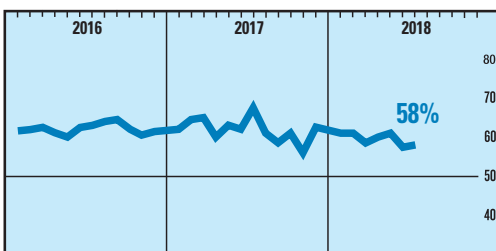
## New Export Orders

The New Export Orders Index registered 58 percent. The 10 industries reporting an increase in new export orders in July — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Mining; Real Estate, Rental & Leasing; Retail Trade; Information; Wholesale Trade; Other Services<sup>†\*</sup>; Accommodation & Food Services; Transportation & Warehousing; and Professional, Scientific & Technical Services.



## Imports

The Imports Index reading of 52.5 percent. The six industries reporting an increase in imports for the month of July — listed in order — are: Utilities; Mining; Other Services<sup>†\*</sup>; Transportation & Warehousing; Wholesale Trade; and Health Care & Social Assistance.



## Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in July registered 58 percent. The six industries reporting a feeling that their inventories were too high in July — listed in order — are: Mining; Wholesale Trade; Utilities; Management of Companies & Support Services; Health Care & Social Assistance; and Information.

<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).