

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

AUGUST 2018

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Economic activity in the non-manufacturing sector grew in August for the 103rd consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 58.5 percent.

The Non-Manufacturing Business Activity Index increased to 60.7 percent, 4.2 percentage points higher than the July reading of 56.5 percent,

reflecting growth for the 109th consecutive month, at a faster rate in August. The New Orders Index registered 60.4 percent, 3.4 percentage points higher than the reading of 57 percent in July. The Employment Index increased 0.6 percentage point in August to 56.7 percent from the July reading of 56.1 percent. There was

a strong rebound for the non-manufacturing sector in August after growth "cooled off" in July. Logistics, tariffs and employment resources continue to have an impact on many of the respective industries. Overall, the respondents remain positive about business conditions and the economy. The 16 non-manufacturing industries reported growth in August — listed in order — are: Construction; Transportation & Warehousing; Retail Trade; Educational Services; Other Services; Real Estate, Rental & Leasing; Public Administration; Management of Companies & Support Services; Wholesale Trade; Mining; Accommodation & Food Services; Health Care & Social Assistance; Finance & Insurance; Utilities; Professional, Scientific & Technical Services; and Information.

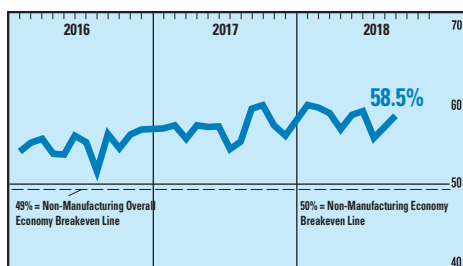
NMI® @ 58.5%

❖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	Aug Index	Jul Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	58.5	55.7	+2.8	Growing	Faster	103
Business Activity	60.7	56.5	+4.2	Growing	Faster	109
New Orders	60.4	57.0	+3.4	Growing	Faster	91
Employment	56.7	56.1	+0.6	Growing	Faster	54
Supplier Deliveries	56.0	53.0	+3.0	Slowing	Faster	32
Inventories	53.5	53.5	0.0	Growing	Same	7
Prices	62.8	63.4	-0.6	Increasing	Slower	30
Backlog of Orders	56.5	51.5	+5.0	Growing	Faster	8
New Export Orders	60.5	58.0	+2.5	Growing	Faster	19
Imports	52.0	52.5	-0.5	Growing	Slower	6
Inventory Sentiment	59.5	58.0	+1.5	Too High	Faster	255
OVERALL ECONOMY				Growing	Faster	108
Non-Manufacturing Sector				Growing	Faster	103

*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 August, the NMI® registered 58.5 percent, 2.8 percentage points higher than the 55.7 percent registered in July, indicating continued growth in the non-manufacturing sector for the 103rd 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.

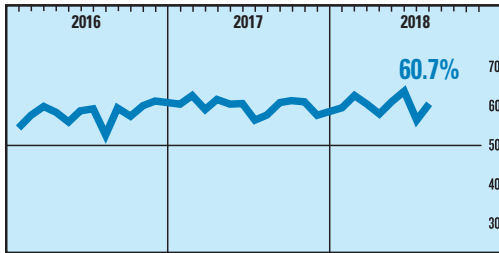
COMMODITIES REPORTED

Commodities Up in Price: Aluminum (5); Aluminum Products (2); Diesel* (5); Fittings; Freight; Fuel (5); Logistics Services; Packaging; Paper and Printing; Paper Products; Pharmaceuticals (2); Polypropylene; Professional Services; Steel (5); Steel Products (11); and Transportation and Trucking Services (2).

Commodities Down in Price: Diesel*; and Lumber Products.

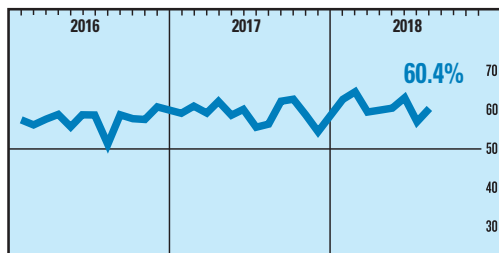
Commodities in Short Supply: Construction Subcontractors (8); IV Solutions; Labor — Construction (29); Medical Supplies; and Transportation and Trucking Services.

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



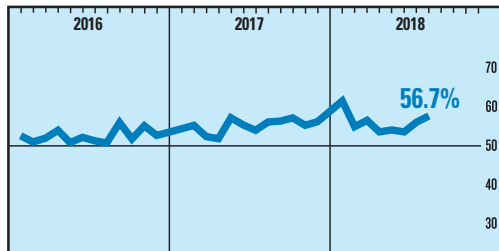
Business Activity

ISM's Business Activity Index registered 60.7 percent. The 14 industries reporting growth of business activity in August — listed in order — are: Educational Services; Retail Trade; Construction; Management of Companies & Support Services; Public Administration; Transportation & Warehousing; Other Services^{†*}; Information; Accommodation & Food Services; Real Estate, Rental & Leasing; Wholesale Trade; Finance & Insurance; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



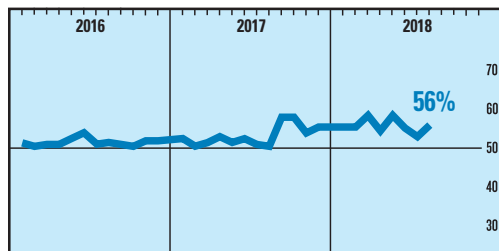
New Orders

ISM's Non-Manufacturing New Orders Index registered 60.4 percent. The 16 industries reporting growth of new orders in August — listed in order — are: Educational Services; Management of Companies & Support Services; Retail Trade; Construction; Public Administration; Transportation & Warehousing; Finance & Insurance; Utilities; Real Estate, Rental & Leasing; Wholesale Trade; Other Services^{†*}; Professional, Scientific & Technical Services; Accommodation & Food Services; Health Care & Social Assistance; Information; and Mining.



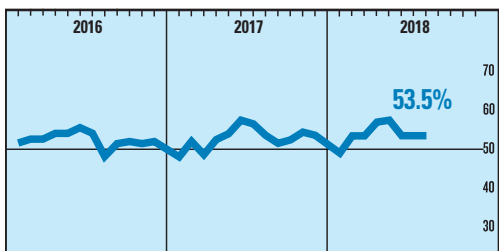
Employment

ISM's Non-Manufacturing Employment Index registered 56.7 percent. The 12 industries reporting an increase in employment in August — listed in order — are: Real Estate, Rental & Leasing; Other Services^{†*}; Mining; Transportation & Warehousing; Construction; Utilities; Retail Trade; Public Administration; Health Care & Social Assistance; Finance & Insurance; Wholesale Trade; and Professional, Scientific & Technical Services.



Supplier Deliveries

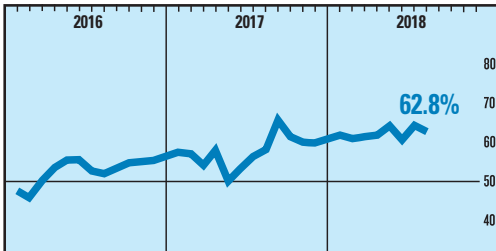
The Supplier Deliveries Index registered 56 percent. The nine industries reporting slower deliveries in August — listed in order — are: Mining; Transportation & Warehousing; Wholesale Trade; Construction; Information; Accommodation & Food Services; Public Administration; Health Care & Social Assistance; and Professional, Scientific & Technical Services.



Inventories

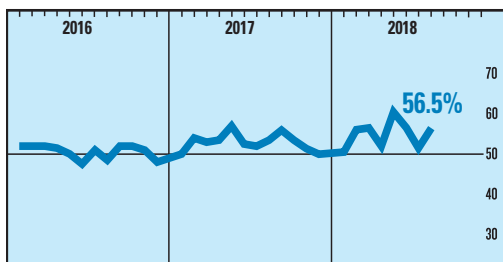
ISM's Non-Manufacturing Inventories Index grew in August for the seventh consecutive month, registering 53.5 percent. The seven industries reporting an increase in inventories in August — listed in order — are: Accommodation & Food Services; Construction; Other Services^{†*}; Management of Companies & Support Services; Finance & Insurance; Wholesale Trade; and Retail Trade.

^{†*}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).



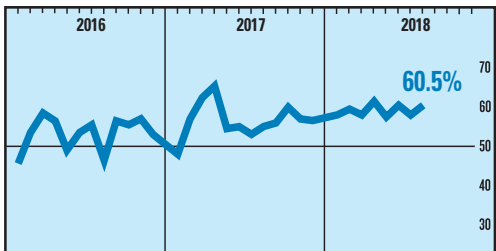
Prices

ISM's Non-Manufacturing Prices Index registered 62.8 percent. The 12 non-manufacturing industries reporting an increase in prices paid during the month of August — listed in order — are: Mining; Management of Companies & Support Services; Utilities; Public Administration; Wholesale Trade; Professional, Scientific & Technical Services; Retail Trade; Construction; Finance & Insurance; Information; Health Care & Social Assistance; and Transportation & Warehousing.



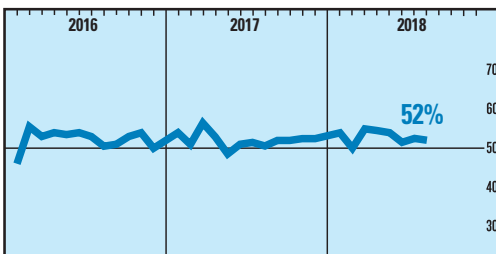
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders registered 56.5 percent. The 14 industries reporting an increase in order backlogs in August — listed in order — are: Arts, Entertainment & Recreation; Retail Trade; Other Services[†]; Accommodation & Food Services; Real Estate, Rental & Leasing; Transportation & Warehousing; Management of Companies & Support Services; Finance & Insurance; Information; Professional, Scientific & Technical Services; Construction; Public Administration; Wholesale Trade; and Health Care & Social Assistance.



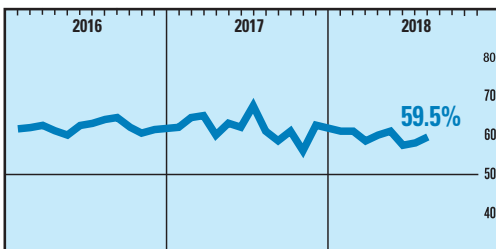
New Export Orders

The New Export Orders Index registered 60.5 percent. The nine industries reporting an increase in new export orders in August — listed in order — are: Construction; Other Services[†]; Real Estate, Rental & Leasing; Accommodation & Food Services; Retail Trade; Mining; Wholesale Trade; Information; and Professional, Scientific & Technical Services.



Imports

The Imports Index reading of 52 percent is 0.5 percentage point lower than the 52.5 percent reported in July. The five industries reporting an increase in imports for the month of August are: Other Services[†]; Management of Companies & Support Services; Construction; Wholesale Trade; and Professional, Scientific & Technical Services.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in August registered 59.5 percent. The 12 industries reporting a feeling that their inventories were too high in August — listed in order — are: Mining; Wholesale Trade; Utilities; Information; Construction; Retail Trade; Management of Companies & Support Services; Accommodation & Food Services; Health Care & Social Assistance; Public Administration; Professional, Scientific & Technical Services; and Transportation & Warehousing.

[†]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).