

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

OCTOBER 2018

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Economic activity in the non-manufacturing sector grew in October for the 105th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 60.3 percent. The Non-Manufacturing Business Activity Index decreased to 62.5 percent. The New Orders Index registered 61.5 percent, 0.1 percentage point lower than the reading of 61.6 percent in September. The Employment Index decreased 2.7 percentage points in October to 59.7 percent from the September reading of 62.4 percent. The non-manufacturing sector has again reflected strong growth despite a slight cooling

NMI® @ 60.3%

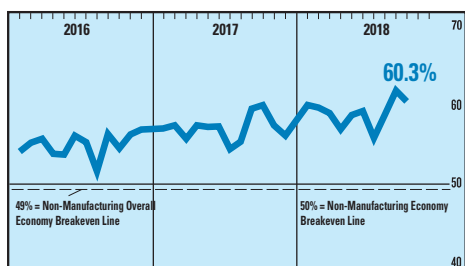
off after a record month in September. There are continued concerns about capacity, logistics and tariffs. The respondents are positive about current business conditions and the economy. The 17 non-manufacturing industries reporting growth in October — listed in order — are: Real Estate, Rental & Leasing; Information; Transportation & Warehousing; Utilities; Arts, Entertainment & Recreation; Professional, Scientific & Technical Services; Construction; Health Care & Social Assistance; Management of Companies & Support Services; Wholesale Trade; Public Administration; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Mining; Finance & Insurance; Retail Trade; and Other 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	Oct Index	Sep Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	60.3	61.6	-1.3	Growing	Slower	105
Business Activity	62.5	65.2	-2.7	Growing	Slower	111
New Orders	61.5	61.6	-0.1	Growing	Slower	93
Employment	59.7	62.4	-2.7	Growing	Slower	56
Supplier Deliveries	57.5	57.0	+0.5	Slowing	Faster	34
Inventories	56.0	54.5	+1.5	Growing	Faster	9
Prices	61.7	64.2	-2.5	Increasing	Slower	32
Backlog of Orders	53.5	58.5	-5.0	Growing	Slower	10
New Export Orders	61.0	61.0	0.0	Growing	Same	21
Imports	51.0	55.0	-4.0	Growing	Slower	8
Inventory Sentiment	62.0	59.5	+2.5	Too High	Faster	257
OVERALL ECONOMY				Growing	Slower	110
Non-Manufacturing Sector				Growing	Slower	105

*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 October, the NMI® registered 60.3 percent, 1.3 percentage points lower than the 61.6 percent registered in September, indicating continued growth in the non-manufacturing sector for the 105th 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.

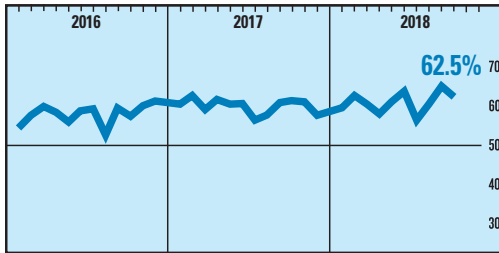
COMMODITIES REPORTED

Commodities Up in Price: Aluminum (7); Cheese; Construction Subcontractors; Diesel (7); Electrical Components; Freight (3); Fuel; Gasoline; Labor; Labor — Temporary; Natural Gas; Oil Products; Pharmaceuticals; Paper (3); Paper Products (3); Plastic Products; Potato Products; Steel Products (13); and Transportation Costs.

Commodities Down in Price: Bacon; Beef (2); Chicken Breasts; and Lumber

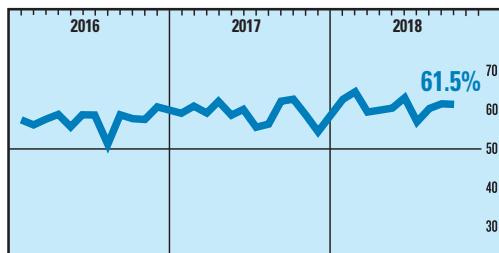
Commodities in Short Supply: Construction Subcontractors (10); Labor; Labor — Construction (31); Labor — Temporary (2); Needles and Syringes; and Trucking.

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



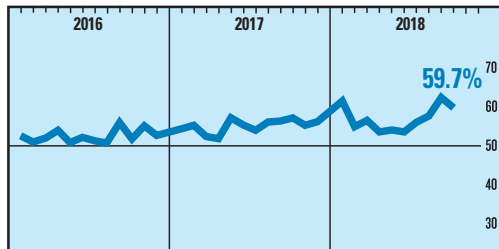
Business Activity

ISM's Business Activity Index registered 62.5 percent. The 15 industries reporting growth of business activity in October — listed in order — are: Real Estate, Rental & Leasing; Utilities; Information; Transportation & Warehousing; Professional, Scientific & Technical Services; Construction; Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; Accommodation & Food Services; Wholesale Trade; Management of Companies & Support Services; Finance & Insurance; Health Care & Social Assistance; Public Administration; and Mining.



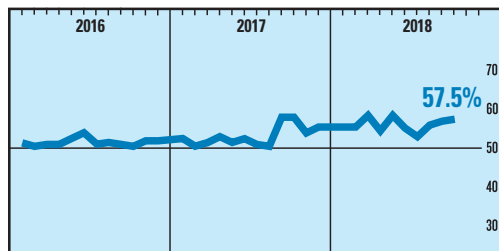
New Orders

ISM's Non-Manufacturing New Orders Index registered 61.5 percent. The 16 industries reporting growth of new orders in October — listed in order — are: Information; Real Estate, Rental & Leasing; Transportation & Warehousing; Accommodation & Food Services; Utilities; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Professional, Scientific & Technical Services; Construction; Health Care & Social Assistance; Mining; Public Administration; Retail Trade; Wholesale Trade; Management of Companies & Support Services; and Finance & Insurance.



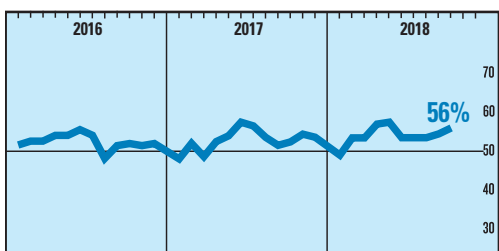
Employment

ISM's Non-Manufacturing Employment Index registered 59.7 percent. The 10 industries reporting an increase in employment in October — listed in order — are: Public Administration; Health Care & Social Assistance; Management of Companies & Support Services; Arts, Entertainment & Recreation; Other Services^{**}; Wholesale Trade; Construction; Professional, Scientific & Technical Services; Mining; and Finance & Insurance.



Supplier Deliveries

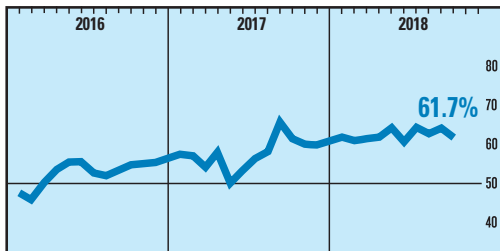
Supplier deliveries were slower in October for the 34th consecutive month. The index registered 57.5 percent, which is 0.5 percentage point higher than the 57 percent registered in September. The 13 industries reporting slower deliveries in October — listed in order — are: Real Estate, Rental & Leasing; Transportation & Warehousing; Mining; Wholesale Trade; Information; Utilities; Accommodation & Food Services; Management of Companies & Support Services; Health Care & Social Assistance; Construction; Public Administration; Retail Trade; and Professional, Scientific & Technical Services.



Inventories

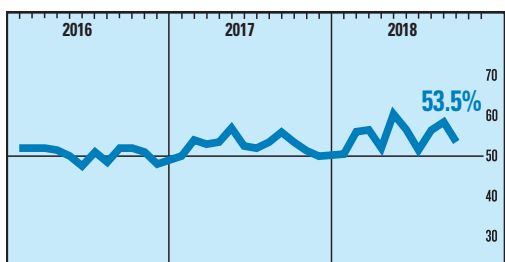
ISM's Non-Manufacturing Inventories Index grew in October for the ninth consecutive month, registering 56 percent, which is 1.5 percentage points higher than the 54.5 that was reported in September. The seven industries reporting an increase in inventories in October — listed in order — are: Real Estate, Rental & Leasing; Information; Other Services^{**}; Wholesale Trade; Transportation & Warehousing; Health Care & Social Assistance; 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).



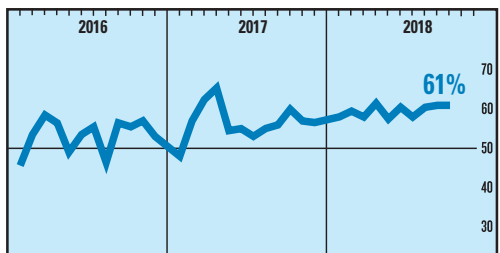
Prices

ISM's Non-Manufacturing Prices Index registered 61.7 percent. The 14 non-manufacturing industries reporting an increase in prices paid during the month of October — listed in order — are: Wholesale Trade; Transportation & Warehousing; Mining; Construction; Real Estate, Rental & Leasing; Utilities; Public Administration; Management of Companies & Support Services; Retail Trade; Finance & Insurance; Information; Other Services[†]; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



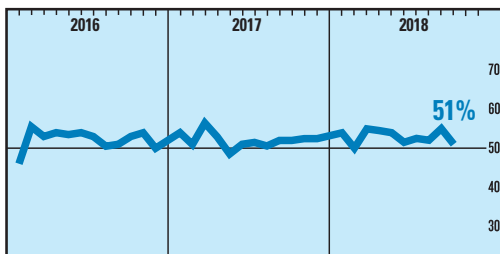
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders registered 53.5 percent. The nine industries reporting an increase in order backlogs in October — listed in order — are: Educational Services; Utilities; Information; Construction; Accommodation & Food Services; Professional, Scientific & Technical Services; Health Care & Social Assistance; Transportation & Warehousing; and Wholesale Trade.



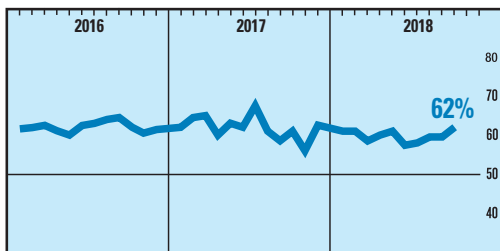
New Export Orders

The New Export Orders Index registered 61 percent. The eight industries reporting an increase in new export orders in October — listed in order — are: Information; Management of Companies & Support Services; Real Estate, Rental & Leasing; Accommodation & Food Services; Professional, Scientific & Technical Services; Construction; Other Services[†]; and Wholesale Trade.



Imports

The Imports Index reading of 51 percent is 4 percentage points lower than the 55 percent reported in September. The seven industries reporting an increase in imports for the month of October — listed in order — are: Information; Health Care & Social Assistance; Retail Trade; Transportation & Warehousing; Wholesale Trade; Mining; and Professional, Scientific & Technical Services.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in October registered 62 percent. The 12 industries reporting a feeling that their inventories were too high in October — listed in order — are: Information; Wholesale Trade; Mining; Construction; Utilities; Management of Companies & Support Services; Other Services[†]; Health Care & Social Assistance; Retail Trade; Transportation & Warehousing; Accommodation & Food Services; and Public Administration.

[†]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).