

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

NOVEMBER 2018

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Business Survey Committee

Economic activity in the non-manufacturing sector grew in November for the 106th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® Report On Business®.

The NMI® registered 60.7 percent. The Non-Manufacturing Business Activity Index increased to 65.2 percent, 2.7 percentage points higher than the October reading of 62.5 percent, reflecting growth for the 112th consecutive month, at a faster rate in November. The New Orders Index registered 62.5 percent, 1 percentage point higher than the reading of 61.5 percent in October. The Employment Index decreased 1.3

percentage points in November to 58.4 percent from the October reading of 59.7 percent. Concerns persist about the impact of tariffs. Respondents remain positive about employment resources and current business conditions and the direction of the economy. The 17 non-manufacturing industries reporting growth in November

— listed in order — are: Educational Services; Professional, Scientific & Technical Services; Health Care & Social Assistance; Transportation & Warehousing; Construction; Wholesale

Trade; Real Estate, Rental & Leasing; Management of Companies & Support Services; Information; Finance & Insurance; Retail Trade; Other Services*; Mining; Accommodation & Food Services; Public Administration; Arts, Entertainment & Recreation; and Utilities.

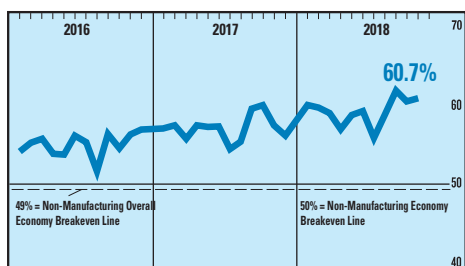
NMI® @ 60.7%

*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).

NON-MANUFACTURING AT A GLANCE

| Index | Nov Index | Oct Index | % Point Change | Direction | Rate of Change | Trend* (months) |
|---------------------------------|-----------|-----------|----------------|----------------|----------------|-----------------|
| NMI® | 60.7 | 60.3 | +0.4 | Growing | Faster | 106 |
| Business Activity | 65.2 | 62.5 | +2.7 | Growing | Faster | 112 |
| New Orders | 62.5 | 61.5 | +1.0 | Growing | Faster | 94 |
| Employment | 58.4 | 59.7 | -1.3 | Growing | Slower | 57 |
| Supplier Deliveries | 56.5 | 57.5 | -1.0 | Slowing | Slower | 35 |
| Inventories | 57.5 | 56.0 | +1.5 | Growing | Faster | 10 |
| Prices | 64.3 | 61.7 | +2.6 | Increasing | Faster | 33 |
| Backlog of Orders | 55.5 | 53.5 | +2.0 | Growing | Faster | 11 |
| New Export Orders | 57.5 | 61.0 | -3.5 | Growing | Slower | 22 |
| Imports | 54.5 | 51.0 | +3.5 | Growing | Faster | 9 |
| Inventory Sentiment | 60.0 | 62.0 | -2.0 | Too High | Slower | 258 |
| OVERALL ECONOMY | | | | Growing | Faster | 111 |
| Non-Manufacturing Sector | | | | Growing | Faster | 106 |

*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®

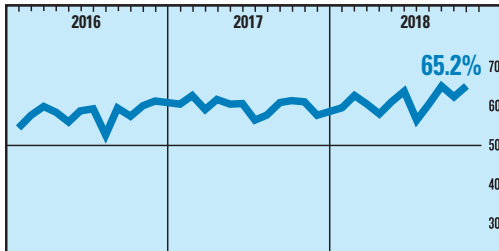
In November, the NMI® registered 60.7 percent, 0.4 percentage point higher than the 60.3 percent registered in October, indicating continued growth in the non-manufacturing sector for the 106th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting. The past relationship between the NMI® and the overall economy indicates that the NMI® for November corresponds to a 4.3-percent increase in real gross domestic product (GDP) on an annualized basis.

COMMODITIES REPORTED

Commodities Up in Price: Aluminum (8); Labor (2); Labor — Construction; Medical Supplies; Paper (4); Steel Products (14); and Tomatoes.

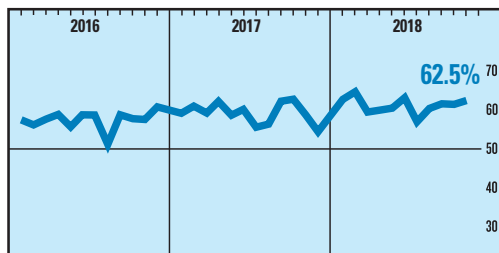
Commodities Down in Price: Cheese; Fuel; Gasoline; Lumber (2); and Lumber Products.

Commodities in Short Supply: Construction Subcontractors (11); Labor (2); Labor — Construction (32); Labor — Temporary (3); Medical Supplies; and Trucking Services (2).



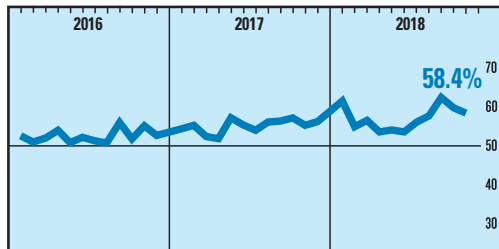
Business Activity

ISM's Business Activity Index registered 65.2 percent. The 16 industries reporting growth of business activity in November — listed in order — are: Health Care & Social Assistance; Professional, Scientific & Technical Services; Educational Services; Real Estate, Rental & Leasing; Transportation & Warehousing; Construction; Finance & Insurance; Information; Wholesale Trade; Utilities; Public Administration; Mining; Management of Companies & Support Services; Retail Trade; Other Services[†]; and Accommodation & Food Services.



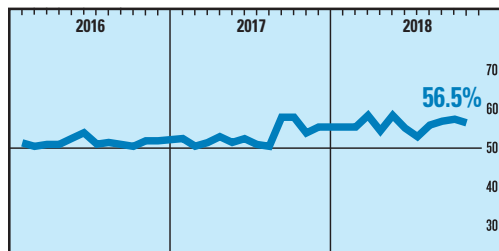
New Orders

ISM's Non-Manufacturing New Orders Index registered 62.5 percent. The 15 industries reporting growth of new orders in November — listed in order — are: Professional, Scientific & Technical Services; Educational Services; Real Estate, Rental & Leasing; Transportation & Warehousing; Mining; Management of Companies & Support Services; Health Care & Social Assistance; Other Services[†]; Arts, Entertainment & Recreation; Retail Trade; Wholesale Trade; Construction; Information; Finance & Insurance; and Public Administration.



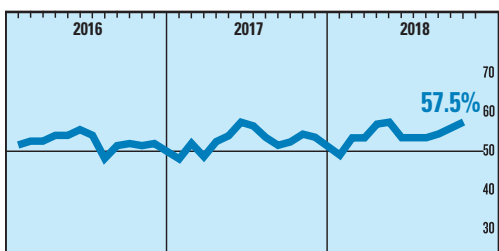
Employment

ISM's Non-Manufacturing Employment Index registered 58.4 percent. The 14 industries reporting an increase in employment in November — listed in order — are: Educational Services; Transportation & Warehousing; Professional, Scientific & Technical Services; Health Care & Social Assistance; Management of Companies & Support Services; Construction; Real Estate, Rental & Leasing; Retail Trade; Wholesale Trade; Accommodation & Food Services; Information; Finance & Insurance; Other Services[†]; and Mining.



Supplier Deliveries

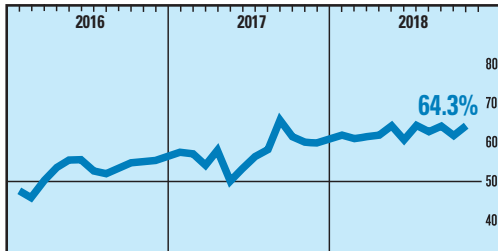
Supplier deliveries were slower in November for the 35th consecutive month. The index registered 56.5 percent, which is 1 percentage point lower than the 57.5 percent registered in October. The 12 industries reporting slower deliveries in November — listed in order — are: Construction; Utilities; Educational Services; Health Care & Social Assistance; Wholesale Trade; Public Administration; Information; Other Services[†]; Transportation & Warehousing; Accommodation & Food Services; Professional, Scientific & Technical Services; and Finance & Insurance.



Inventories

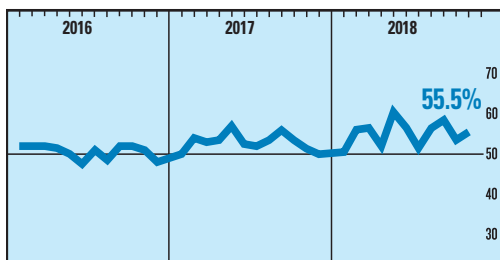
ISM's Non-Manufacturing Inventories Index grew in November for the 10th consecutive month, registering 57.5 percent, which is 1.5 percentage point higher than the 56 percent that was reported in October. The 11 industries reporting an increase in inventories in November — listed in order — are: Retail Trade; Other Services[†]; Wholesale Trade; Management of Companies & Support Services; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Utilities; Finance & Insurance; Public Administration; Transportation & Warehousing; 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).



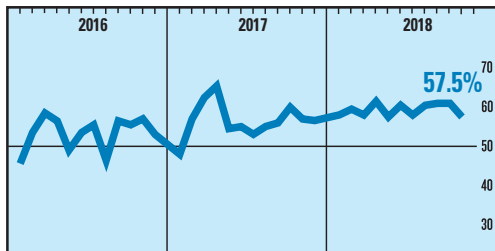
Prices

ISM's Non-Manufacturing Prices Index registered 64.3 percent. All 18 non-manufacturing industries reporting an increase in prices paid during the month of November, listed in the following order are: Transportation & Warehousing; Management of Companies & Support Services; Information; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Wholesale Trade; Construction; Public Administration; Retail Trade; Arts, Entertainment & Recreation; Finance & Insurance; Educational Services; Real Estate, Rental & Leasing; Utilities; Mining; Health Care & Social Assistance; Other Services^{†*}; and Professional, Scientific & Technical Services.



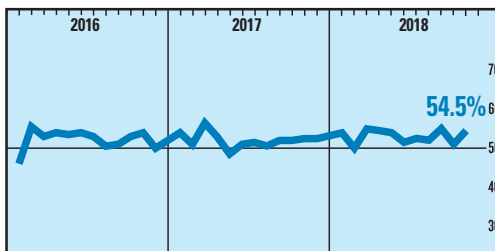
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index registered 55.5 percent. The 10 industries reporting an increase in order backlogs in November — listed in order — are: Educational Services; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Construction; Public Administration; Transportation & Warehousing; Health Care & Social Assistance; Information; Wholesale Trade; and Management of Companies & Support Services.



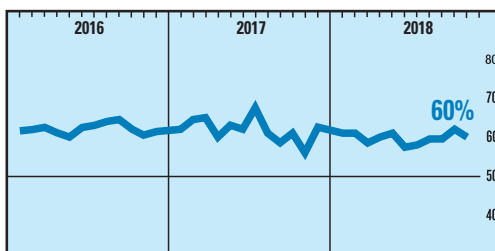
New Export Orders

The New Export Orders Index registered 57.5 percent. The seven industries reporting an increase in new export orders in November — listed in order — are: Accommodation & Food Services; Construction; Other Services^{†*}; Professional, Scientific & Technical Services; Information; Transportation & Warehousing; and Health Care & Social Assistance. The only industry reporting a decrease in exports for the month of November is Management of Companies & Support Services.



Imports

The Imports Index reading of 54.5 percent is 3.5 percentage points higher than the 51 percent reported in October. The six industries reporting an increase in imports for the month of November — listed in order — are: Management of Companies & Support Services; Wholesale Trade; Retail Trade; Accommodation & Food Services; Professional, Scientific & Technical Services; and Transportation & Warehousing.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in November registered 60 percent. The 10 industries reporting a feeling that their inventories were too high in November — listed in order — are: Mining; Wholesale Trade; Information; Utilities; Management of Companies & Support Services; Construction; Retail Trade; Public Administration; 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).