

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

JANUARY 2019

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Economic activity in the non-manufacturing sector grew in January for the 108th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

This report reflects the recently completed annual adjustments to the seasonal factors used to calculate the indexes. The NMI® registered 56.7

percent. The Non-Manufacturing Business Activity Index decreased to 59.7 percent, 1.5 percentage points lower than the December reading of 61.2 percent, reflecting growth for the 114th consecutive month, at a slower rate in January. The New Orders Index registered 57.7 percent, 5 percentage points lower than the reading of 62.7 percent in December. The

NMI® @ 56.7%

Employment Index increased 1.2 percentage points in January to 57.8 percent from the December reading of 56.6 percent. The Prices Index increased 1.4 percentage points from the December reading of 58 percent to 59.4 percent, indicating that prices increased in January for the 20th consecutive month. Respondents are concerned about the impacts of the government shutdown but remain mostly optimistic about overall business conditions. The 11 non-manufacturing industries reporting growth in January

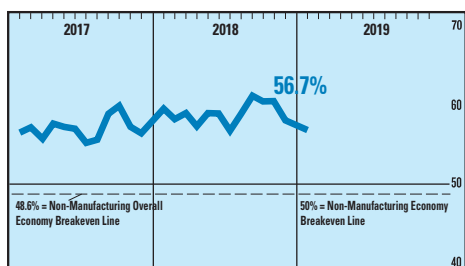
— listed in order — are: Transportation & Warehousing; Health Care & Social Assistance; Mining; Accommodation & Food Services; Wholesale Trade; Finance & Insurance; Utilities; Real Estate, Rental & Leasing; Construction; Professional, Scientific & Technical Services; and Public Administration.

❖ *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).*

NON-MANUFACTURING AT A GLANCE

Index	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	56.7	58.0	-1.3	Growing	Slower	108
Business Activity	59.7	61.2	-1.5	Growing	Slower	114
New Orders	57.7	62.7	-5.0	Growing	Slower	114
Employment	57.8	56.6	+1.2	Growing	Faster	59
Supplier Deliveries	51.5	51.5	0.0	Slowing	Unchanged	37
Inventories	49.0	51.5	-2.5	Contracting	From Growing	1
Prices	59.4	58.0	+1.4	Increasing	Faster	20
Backlog of Orders	52.5	50.5	+2.0	Growing	Faster	13
New Export Orders	50.5	59.5	-9.0	Growing	Slower	24
Imports	52.0	53.5	-1.5	Growing	Slower	11
Inventory Sentiment	60.5	59.0	+1.5	Too High	Faster	259
OVERALL ECONOMY				Growing	Slower	114
Non-Manufacturing Sector				Growing	Slower	108

*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®

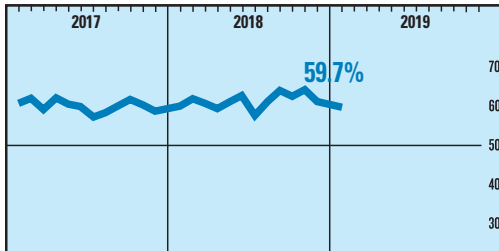
In January, the NMI® registered 56.7 percent, 1.3 percentage points lower than the 58 percent registered in December, indicating continued growth in the non-manufacturing sector for the 108th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.

COMMODITIES REPORTED

Commodities Up in Price: Beef; Electrical Components (2); Labor (4); Steel Products (16); and Vinyl Products.

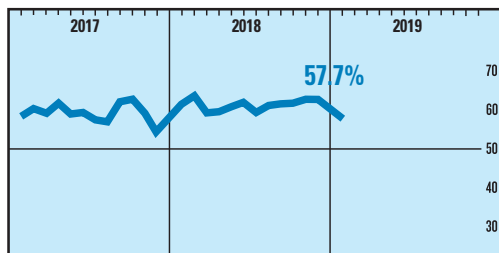
Commodities Down in Price: Dairy Products; Diesel (2); Fuel (3); Gasoline (3); Laboratory Supplies; and Unleaded Fuel.

Commodities in Short Supply: Central Processing Units, Construction Subcontractors (13); Labor (4); Labor — Construction (34); Labor — Skilled; Labor — Temporary (5); Medical Supplies (3); Syringes; and Titanium Products.



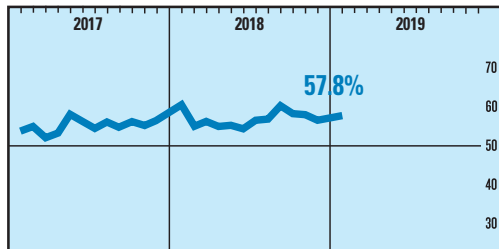
Business Activity

ISM's Business Activity Index registered 59.7 percent. The nine industries reporting growth of business activity in January — listed in order — are: Transportation & Warehousing; Health Care & Social Assistance; Mining; Accommodation & Food Services; Utilities; Construction; Wholesale Trade; Finance & Insurance; and Real Estate, Rental & Leasing.



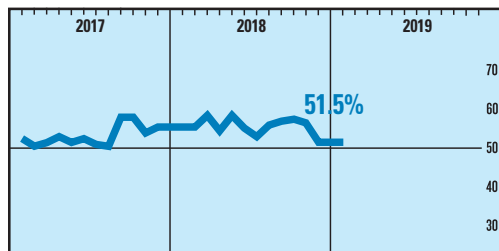
New Orders

ISM's Non-Manufacturing New Orders Index registered 57.7 percent. The 10 industries reporting growth of new orders in January — listed in order — are: Transportation & Warehousing; Mining; Finance & Insurance; Health Care & Social Assistance; Utilities; Accommodation & Food Services; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Management of Companies & Support Services; and Public Administration.



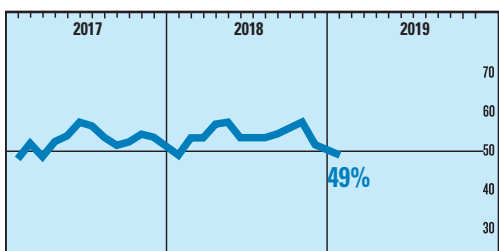
Employment

Employment activity in the non-manufacturing sector grew in January for the 59th consecutive month. ISM's Non-Manufacturing Employment Index registered 57.8 percent. The 10 industries reporting an increase in employment in January — listed in order — are: Real Estate, Rental & Leasing; Other Services^{**}; Construction; Accommodation & Food Services; Health Care & Social Assistance; Mining; Wholesale Trade; Finance & Insurance; Transportation & Warehousing; and Professional, Scientific & Technical Services.



Supplier Deliveries

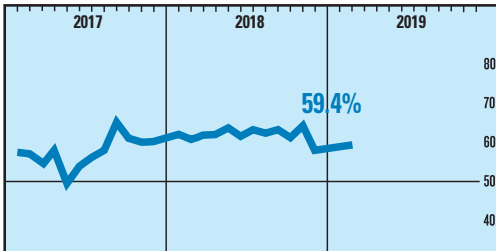
Supplier deliveries were slower in January for the 37th consecutive month. The index registered 51.5 percent, which is unchanged from the 51.5 percent registered in December. The seven industries reporting slower deliveries in January — listed in order — are: Transportation & Warehousing; Wholesale Trade; Professional, Scientific & Technical Services; Public Administration; Health Care & Social Assistance; Information; and Management of Companies & Support Services.



Inventories

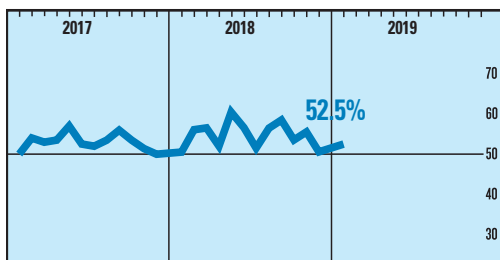
ISM's Non-Manufacturing Inventories Index contracted in January for the first time in 11 months, registering 49 percent, which is 2.5 percentage points lower than the 51.5 that was reported in December. The eight industries reporting an increase in inventories in January — listed in order — are: Educational Services; Finance & Insurance; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Utilities; Wholesale Trade; Retail Trade; 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).



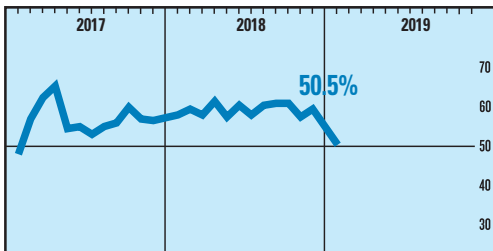
Prices

ISM's Non-Manufacturing Prices Index registered 59.4 percent. Fourteen non-manufacturing industries reporting an increase in prices paid during the month of January, listed in the following order, are: Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Construction; Transportation & Warehousing; Other Services^{†*}; Educational Services; Professional, Scientific & Technical Services; Wholesale Trade; Accommodation & Food Services; Health Care & Social Assistance; Information; Public Administration; Retail Trade; and Finance & Insurance.



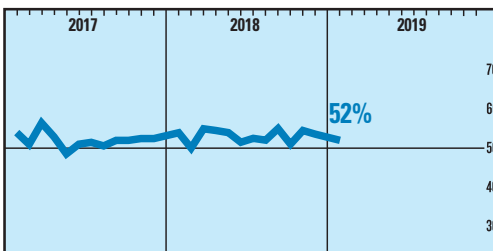
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index registered 52.5 percent. The nine industries reporting an increase in order backlogs in January — listed in order — are: Mining; Real Estate, Rental & Leasing; Construction; Professional, Scientific & Technical Services; Accommodation & Food Services; Finance & Insurance; Transportation & Warehousing; Health Care & Social Assistance; and Public Administration.



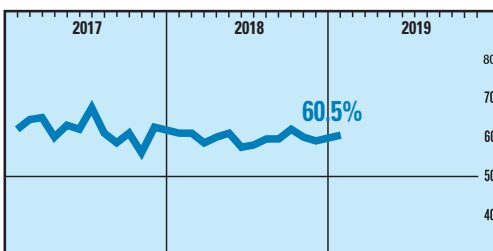
New Export Orders

The New Export Orders Index registered 50.5 percent. The six industries reporting an increase in new export orders in January — listed in order — are: Real Estate, Rental & Leasing; Other Services^{†*}; Construction; Accommodation & Food Services; Wholesale Trade; and Professional, Scientific & Technical Services.



Imports

The Imports Index registered 52 percent. The seven industries reporting an increase in imports for the month of January — listed in order — are: Real Estate, Rental & Leasing; Finance & Insurance; Management of Companies & Support Services; Accommodation & Food Services; Information; Professional, Scientific & Technical Services; and Construction.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in January registered 60.5 percent. The 11 industries reporting a feeling that their inventories were too high in January — listed in order — are: Educational Services; Wholesale Trade; Information; Utilities; Agriculture, Forestry, Fishing & Hunting; Mining; Management of Companies & Support Services; Construction; Retail Trade; Health Care & Social Assistance; and Public Administration.

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