

# ISM® REPORT ON BUSINESS® NON-MANUFACTURING

MAY 2019

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Business Survey Committee

**E**conomic activity in the non-manufacturing sector grew in May for the 112th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 56.9 percent. This represents continued growth in the non-manufacturing sector, at a slightly faster rate. The Non-Manufacturing Business Activity Index increased to 61.2 percent, 1.7 percentage points higher than the April reading of 59.5 percent, reflecting growth for the 118th consecutive month, at a faster rate in May. The New Orders Index registered 58.6 percent; 0.5 percentage point higher than the reading of 58.1 percent in April. The Employment Index increased

4.4 percentage points in May to 58.1 percent from the April reading of 53.7 percent. The non-manufacturing sector continues to experience a slight uptick in business activity, but overall it is still leveling off overall. Respondents are mostly optimistic about business conditions, but concerns remain about tariffs and

## NMI® @ 56.9%

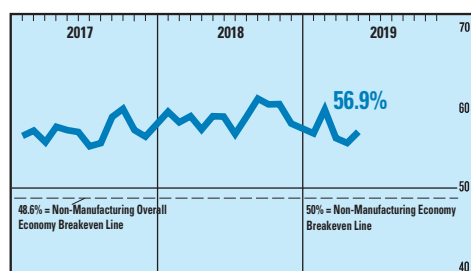
employment resources. The 16 non-manufacturing industries reporting growth in May — listed in order — are: Accommodation & Food Services; Educational Services; Management of Companies & Support Services; Construction; Transportation & Warehousing; Real Estate, Rental & Leasing; Utilities; Wholesale Trade; Public Administration; Professional, Scientific & Technical Services; Mining; Health Care & Social Assistance; Other Services\*; Finance & Insurance; Information; 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).

### NON-MANUFACTURING AT A GLANCE

Index	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	56.9	55.5	+1.4	Growing	Faster	112
Business Activity	61.2	59.5	+1.7	Growing	Faster	118
New Orders	58.6	58.1	+0.5	Growing	Faster	118
Employment	58.1	53.7	+4.4	Growing	Faster	63
Supplier Deliveries	49.5	50.5	-1.0	Faster	From Slowing	1
Inventories	54.0	51.5	+2.5	Growing	Faster	2
Prices	55.4	55.7	-0.3	Increasing	Slower	24
Backlog of Orders	52.5	55.0	-2.5	Growing	Slower	17
New Export Orders	55.5	57.0	-1.5	Growing	Slower	28
Imports	50.0	55.0	-5.0	Unchanged	From Growing	1
Inventory Sentiment	58.5	60.0	-1.5	Too High	Slower	263
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Faster</b>	<b>118</b>
<b>Non-Manufacturing Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>112</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®

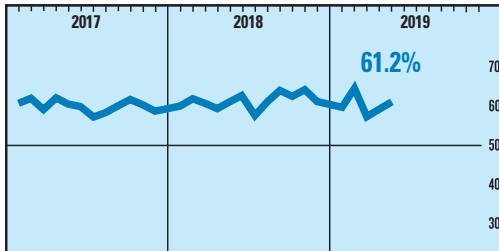
In May, the NMI® registered 56.9 percent, 1.4 percentage points higher than the 55.5 percent in April. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting. An NMI® above 48.6 percent, over time, generally indicates an expansion of the overall economy. Therefore, the May NMI® indicates growth for the 118th consecutive month in the overall economy and expansion in the non-manufacturing sector for the 112th consecutive month.

### COMMODITIES REPORTED

**Commodities Up in Price:** Dairy; Diesel Fuel (3); Freight; Fuel (2); Gasoline (3); Labor (8); Labor — Construction (3); and Labor — Temporary (3).

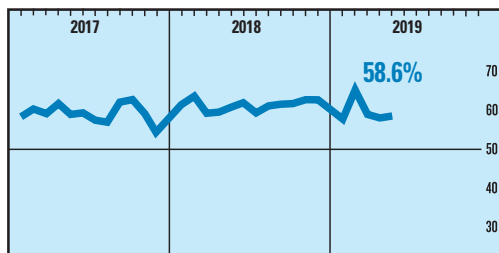
**Commodities Down in Price:** Oriented Strand Board (OSB); and Steel Products (2).

**Commodities in Short Supply:** Construction Subcontractors (17); Labor (8); Labor — Construction (38); Labor — Temporary (9); Trays; and Tubing (2).



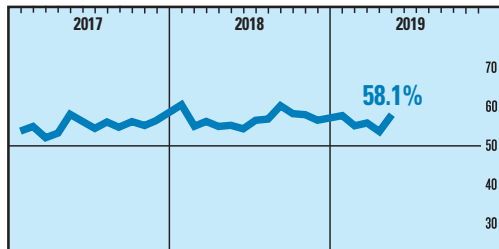
## Business Activity

ISM's Business Activity Index registered 61.2 percent. The 12 industries reporting growth of business activity in May — listed in order — are: Accommodation & Food Services; Management of Companies & Support Services; Construction; Educational Services; Wholesale Trade; Utilities; Public Administration; Transportation & Warehousing; Professional, Scientific & Technical Services; Real Estate, Rental & Leasing; Finance & Insurance; and Health Care & Social Assistance.



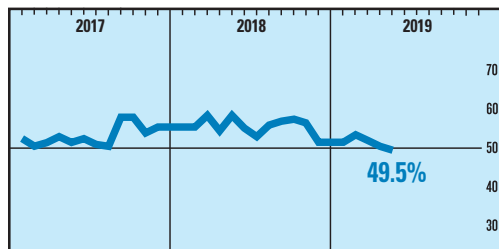
## New Orders

ISM's Non-Manufacturing New Orders Index registered 58.6 percent. The 11 industries reporting growth of new orders in May — listed in order — are: Educational Services; Accommodation & Food Services; Management of Companies & Support Services; Transportation & Warehousing; Utilities; Mining; Wholesale Trade; Public Administration; Construction; Professional, Scientific & Technical Services; and Real Estate, Rental & Leasing.



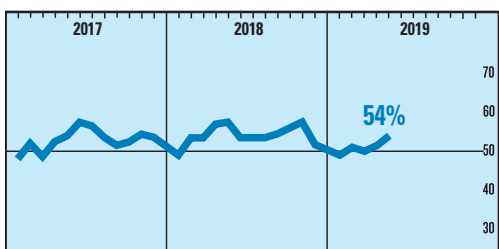
## Employment

ISM's Non-Manufacturing Employment Index registered 58.1 percent. The 12 industries reporting an increase in employment in May — listed in order — are: Real Estate, Rental & Leasing; Transportation & Warehousing; Construction; Accommodation & Food Services; Management of Companies & Support Services; Professional, Scientific & Technical Services; Other Services<sup>\*\*</sup>; Educational Services; Health Care & Social Assistance; Public Administration; Wholesale Trade; and Retail Trade.



## Supplier Deliveries

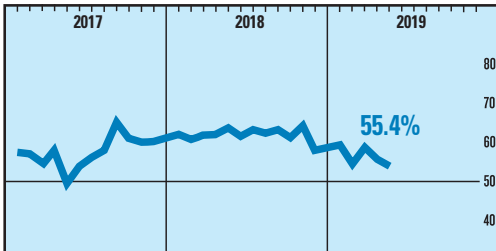
Supplier deliveries contracted in May for the first time since December 2015, when the index registered 48.5 percent. The index registered 49.5 percent, which is 1 percentage point lower than the 50.5 percent registered in April. The four industries reporting slower deliveries in May are: Mining; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Information.



## Inventories

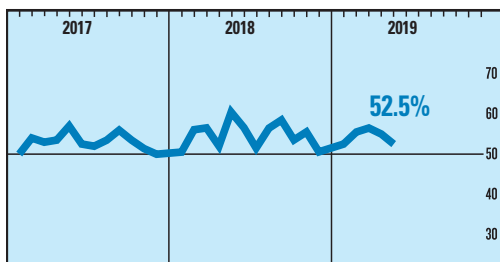
ISM's Non-Manufacturing Inventories Index grew in May, registering 54.0 percent. The 11 industries reporting an increase in inventories in May — listed in order — are: Finance & Insurance; Accommodation & Food Services; Public Administration; Agriculture, Forestry, Fishing & Hunting; Utilities; Transportation & Warehousing; Retail Trade; Construction; Wholesale Trade; Professional, Scientific & Technical Services; 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).



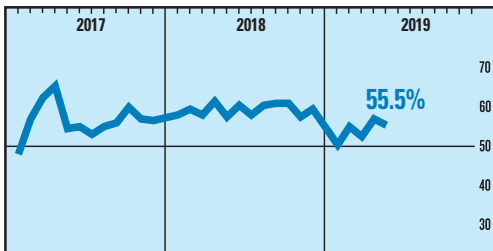
## Prices

ISM's Non-Manufacturing Prices Index registered 55.4 percent, 0.3 percentage point lower than the 55.7 percent reported in April. Thirteen non-manufacturing industries reported an increase in prices paid during the month of May, listed in the following order: Accommodation & Food Services; Construction; Public Administration; Information; Utilities; Wholesale Trade; Health Care & Social Assistance; Professional, Scientific & Technical Services; Transportation & Warehousing; Other Services<sup>‡</sup>; Management of Companies & Support Services; Finance & Insurance; and Retail Trade.



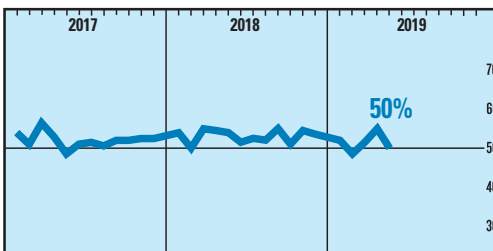
## Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index grew in May. The index registered 52.5 percent, which is 2.5 percentage points lower than the 55.0 percent reported in April. The seven industries reporting an increase in order backlogs in May — listed in order — are: Utilities; Construction; Transportation & Warehousing; Mining; Health Care & Social Assistance; Finance & Insurance; and Professional, Scientific & Technical Services.



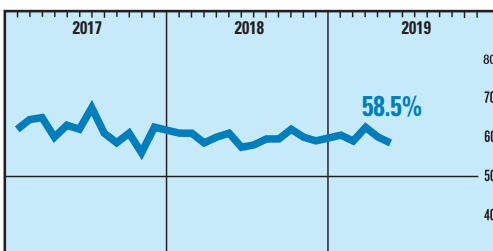
## New Export Orders

The New Export Orders Index registered 55.5 percent. The five industries reporting an increase in new export orders in May are: Real Estate, Rental & Leasing; Wholesale Trade; Accommodation & Food Services; Information; and Professional, Scientific & Technical Services.



## Imports

The Imports Index remained unchanged in May. The reading of 50 percent is 5 percentage points lower than the 55 percent reported in April. The three industries reporting an increase in imports for the month of May are: Mining; Accommodation & Food Services; and Wholesale Trade.



## Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in May registered 58.5 percent. The 11 industries reporting sentiment that their inventories were too high in May — listed in order — are: Wholesale Trade; Other Services<sup>‡</sup>; Information; Accommodation & Food Services; Finance & Insurance; Utilities; Management of Companies & Support Services; Retail Trade; Health Care & Social Assistance; Public Administration; and Construction.

<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).