

# ISM® REPORT ON BUSINESS® NON-MANUFACTURING

JULY 2019

Analysis by **Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM**,  
Chair of the Institute for Supply Management® Non-Manufacturing  
Business Survey Committee

**E**conomic activity in the non-manufacturing sector grew in July for the 114th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 53.7 percent. This is the index's lowest reading since August 2016, when it registered 51.8 percent. The Non-Manufacturing Business Activity Index decreased to 53.1 percent, 5.1 percentage points lower than the June reading of 58.2 percent, reflecting growth for the 120th consecutive month. The New Orders Index registered 54.1 percent; 1.7 percentage points lower than the reading of 55.8 percent in June. The Employment Index increased 1.2 percentage

points in July to 56.2 percent from the June reading of 55 percent. The non-manufacturing sector's rate of growth continued to cool off. Respondents indicated ongoing concerns related to tariffs and employment resources. Comments remained mixed about business conditions and the overall economy. The 13 non-

## NMI® @ 53.7%

manufacturing industries reporting growth in July — listed in order — are: Accommodation & Food Services; Utilities; Professional, Scientific & Technical Services; Real Estate,

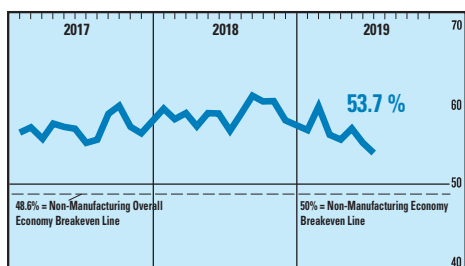
Rental & Leasing; Transportation & Warehousing; Construction; Information; Other Services\*†; Finance & Insurance; Public Administration; Management of Companies & Support Services; Mining; and Health Care & Social Assistance.

\*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).

### NON-MANUFACTURING AT A GLANCE

Index	July Index	June Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	53.7	55.1	-1.4	Growing	Slower	114
Business Activity	53.1	58.2	-5.1	Growing	Slower	120
New Orders	54.1	55.8	-1.7	Growing	Slower	120
Employment	56.2	55.0	+1.2	Growing	Faster	65
Supplier Deliveries	51.5	51.5	0.0	Slowing	Same	2
Inventories	50.0	55.0	-5.0	Unchanged	From Growing	1
Prices	56.5	58.9	-2.4	Increasing	Slower	26
Backlog of Orders	53.5	56.0	-2.5	Growing	Slower	19
New Export Orders	53.5	55.5	-2.0	Growing	Slower	30
Imports	53.5	50.0	+3.5	Growing	From Unchanged	1
Inventory Sentiment	60.5	58.5	+2.0	Too High	Faster	265
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Faster</b>	<b>120</b>
<b>Non-Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>114</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®

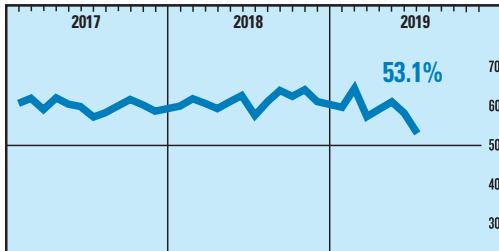
In July, the NMI® registered 53.7 percent, 1.4 percentage points lower than the 55.1 percent in June. The non-manufacturing sector grew for the 114th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting. An NMI® above 48.6 percent, over time, generally indicates an expansion of the overall economy.

### COMMODITIES REPORTED

**Commodities Up in Price:** Cheese (2); Dairy (3); Diesel Fuel (5); Gasoline (5); Lettuce Blends; and Pork Products (2).

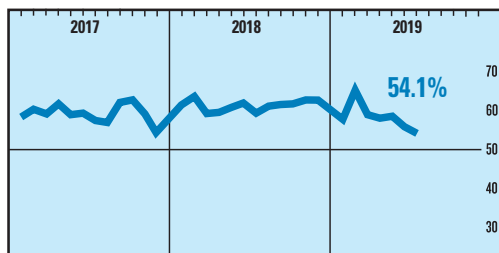
**Commodities Down in Price:** Bacon; Fuel (2); and Steel Products.

**Commodities in Short Supply:** Construction Subcontractors (19); Labor (10); Labor — Construction (40); Labor — Temporary; and Medical Supplies (2).



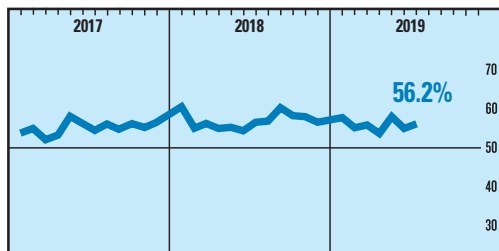
## Business Activity

ISM's Business Activity Index registered 53.1 percent. The nine industries reporting growth of business activity in July — listed in order — are: Utilities; Accommodation & Food Services; Professional, Scientific & Technical Services; Finance & Insurance; Information; Construction; Other Services<sup>†\*</sup>; Transportation & Warehousing; and Public Administration.



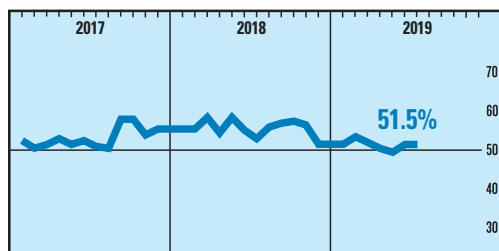
## New Orders

ISM's Non-Manufacturing New Orders Index registered 54.1 percent. The 11 industries reporting growth of new orders in July — listed in order — are: Utilities; Professional, Scientific & Technical Services; Construction; Transportation & Warehousing; Mining; Finance & Insurance; Accommodation & Food Services; Health Care & Social Assistance; Information; Other Services<sup>†\*</sup>; and Management of Companies & Support Services.



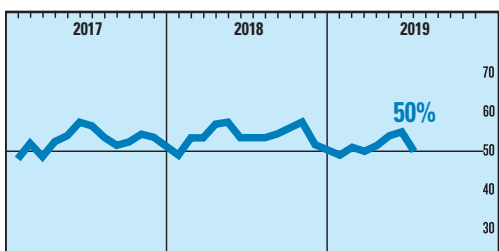
## Employment

ISM's Non-Manufacturing Employment Index registered 56.2 percent. The 11 industries reporting an increase in employment in July — listed in order — are: Real Estate, Rental & Leasing; Accommodation & Food Services; Construction; Professional, Scientific & Technical Services; Other Services<sup>†\*</sup>; Transportation & Warehousing; Utilities; Public Administration; Information; Wholesale Trade; and Finance & Insurance.



## Supplier Deliveries

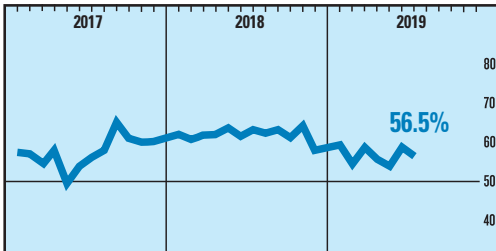
The Supplier Deliveries Index registered 51.5 percent. The nine industries reporting slower deliveries in July — listed in order — are: Mining; Educational Services; Management of Companies & Support Services; Accommodation & Food Services; Professional, Scientific & Technical Services; Transportation & Warehousing; Information; Public Administration; and Health Care & Social Assistance.



## Inventories

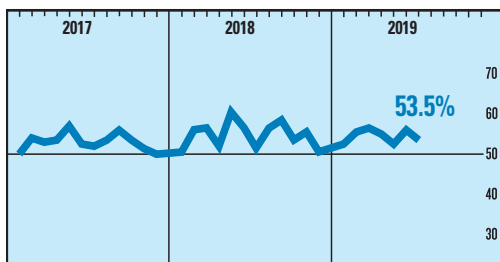
ISM's Non-Manufacturing Inventories Index was unchanged in July, registering 50 percent, which is 5 percentage points lower than the 55 percent that was reported in June. The eight industries reporting an increase in inventories in July — listed in order — are: Utilities; Mining; Transportation & Warehousing; Accommodation & Food Services; Information; 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).



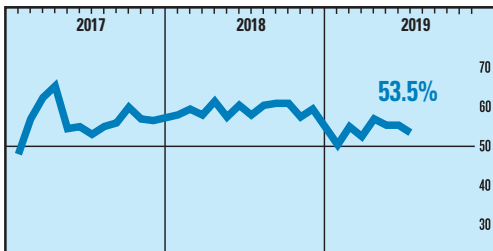
## Prices

ISM's Non-Manufacturing Prices Index registered 56.5 percent. Thirteen non-manufacturing industries reported an increase in prices paid during the month of July, listed in the following order: Public Administration; Arts, Entertainment & Recreation; Wholesale Trade; Retail Trade; Accommodation & Food Services; Real Estate, Rental & Leasing; Transportation & Warehousing; Utilities; Health Care & Social Assistance; Other Services<sup>†\*</sup>; Professional, Scientific & Technical Services; Management of Companies & Support Services; and Construction.



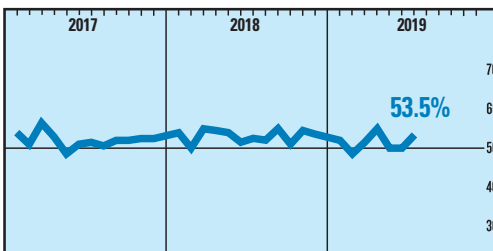
## Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index grew in July. The index registered 53.5 percent, which is 2.5 percentage points lower than the 56 percent reported in June. The eight industries reporting an increase in order backlogs in July — listed in order — are: Educational Services; Accommodation & Food Services; Mining; Construction; Transportation & Warehousing; Health Care & Social Assistance; Finance & Insurance; and Professional, Scientific & Technical Services.



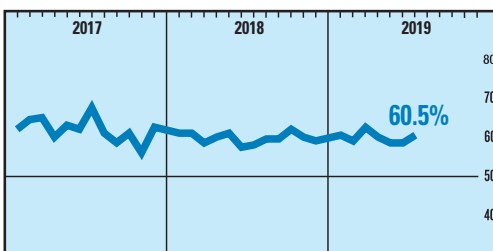
## New Export Orders

Orders and requests for services and other non-manufacturing activities to be provided outside of the U.S. by domestically based personnel grew for the 30th consecutive month. The New Export Orders Index registered 53.5 percent. The six industries reporting an increase in new export orders in July — listed in order — are: Real Estate, Rental & Leasing; Information; Finance & Insurance; Transportation & Warehousing; Professional, Scientific & Technical Services; and Accommodation & Food Services.



## Imports

The Imports Index was unchanged, registering 53.5 percent. The six industries reporting an increase in imports for the month of July — listed in order — are: Educational Services; Mining; Other Services<sup>†\*</sup>; Professional, Scientific & Technical Services; Retail Trade; and Wholesale Trade.



## Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in July registered 60.5 percent. The 12 industries reporting sentiment that their inventories were too high in July — listed in order — are: Wholesale Trade; Information; Utilities; Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Other Services<sup>†\*</sup>; Finance & Insurance; Management of Companies & Support Services; Retail Trade; Accommodation & Food Services; Health Care & Social Assistance; and Public Administration.

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