

ISM® REPORT ON BUSINESS® NON-MANUFACTURING

AUGUST 2019

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Business Survey Committee

Economic activity in the non-manufacturing sector grew in August for the 115th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM® *Report On Business*®.

The NMI® registered 56.4 percent.

The Non-Manufacturing Business Activity Index increased to 61.5 percent, 8.4 percentage points higher than the July reading of 53.1

percent, reflecting growth for the 121st consecutive month. The New Orders Index registered 60.3 percent; 6.2 percentage points higher than the reading of 54.1 percent in July. The Employment Index decreased 3.1 percentage points in August to 53.1 percent from the July reading of 56.2 percent. The non-manufacturing

sector's rate of growth rebounded after two consecutive months of cooling off. The respondents remain concerned about tariffs and geopolitical uncertainty; however, they are mostly positive about business conditions. The 16 non-manufacturing industries reporting growth in August — listed in order — are: Real Estate,

Rental & Leasing; Accommodation & Food Services; Public Administration; Retail Trade; Utilities; Construction; Professional, Scientific & Technical Services; Other Services*†; Agriculture,

Forestry, Fishing & Hunting; Transportation & Warehousing; Finance & Insurance; Health Care & Social Assistance; Arts, Entertainment & Recreation; Information; Mining; and Management of Companies & Support Services.

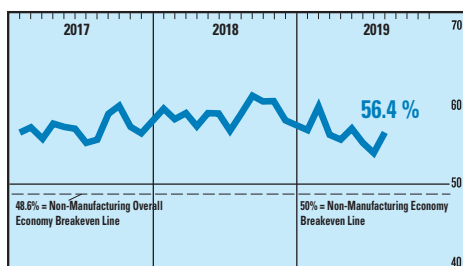
NMI® @ 56.4%

*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	Aug Index	July Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	56.4	53.7	+2.7	Growing	Faster	115
Business Activity	61.5	53.1	+8.4	Growing	Faster	121
New Orders	60.3	54.1	+6.2	Growing	Faster	121
Employment	53.1	56.2	-3.1	Growing	Slower	66
Supplier Deliveries	50.5	51.5	-1.0	Slowing	Slower	3
Inventories	55.0	50.0	+5.0	Growing	From Unchanged	1
Prices	58.2	56.5	+1.7	Increasing	Faster	27
Backlog of Orders	49.0	53.5	-4.5	Contracting	From Growing	1
New Export Orders	50.5	53.5	-3.0	Growing	Slower	31
Imports	50.5	53.5	-3.0	Growing	Slower	2
Inventory Sentiment	56.0	60.5	-4.5	Too High	Slower	266
OVERALL ECONOMY				Growing	Faster	121
Non-Manufacturing Sector				Growing	Faster	115

*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 August, the NM® registered 56.4 percent, 2.7 percentage points higher than the 53.7 percent in July. The non-manufacturing sector grew for the 115th 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.

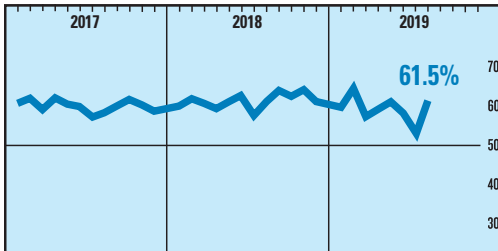
COMMODITIES REPORTED

Commodities Up in Price: Dairy (4); Electrical Components; Fuel; Medical Supplies; Office Supplies; and Steel Products*.

Commodities Down in Price: Diesel; Gasoline; Plastic Products; and Steel Products* (2).

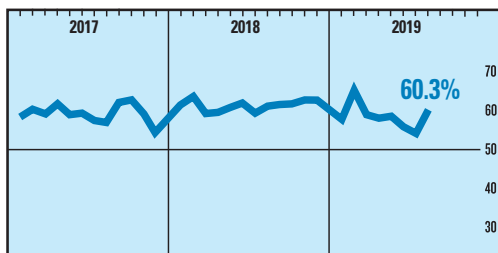
Commodities in Short Supply: Construction Subcontractors (20); Labor (11); Labor — Construction (41); and Labor — Temporary (2).

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



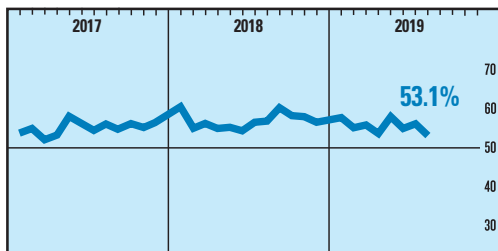
Business Activity

ISM's Business Activity Index registered 61.5 percent. The 14 industries reporting growth of business activity in August — listed in order — are: Real Estate, Rental & Leasing; Other Services[†]; Utilities; Retail Trade; Public Administration; Accommodation & Food Services; Mining; Professional, Scientific & Technical Services; Health Care & Social Assistance; Finance & Insurance; Construction; Educational Services; Transportation & Warehousing; and Information.



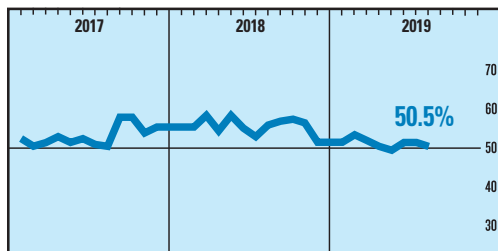
New Orders

ISM's Non-Manufacturing New Orders Index registered 60.3 percent. The 15 industries reporting growth of new orders in August — listed in order — are: Retail Trade; Accommodation & Food Services; Arts, Entertainment & Recreation; Public Administration; Transportation & Warehousing; Finance & Insurance; Health Care & Social Assistance; Construction; Professional, Scientific & Technical Services; Educational Services; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Utilities; Other Services[†]; and Information.



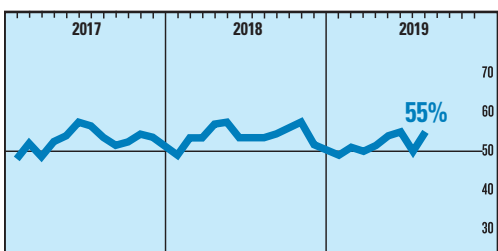
Employment

Employment activity in the non-manufacturing sector grew in August for the 66th consecutive month. ISM's Non-Manufacturing Employment Index registered 53.1 percent. The 10 industries reporting an increase in employment in August — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Other Services[†]; Construction; Public Administration; Utilities; Professional, Scientific & Technical Services; Accommodation & Food Services; Transportation & Warehousing; and Management of Companies & Support Services.



Supplier Deliveries

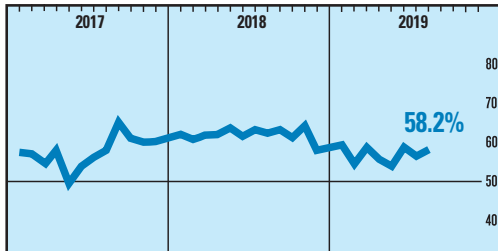
The Supplier Deliveries Index registered 50.5 percent. The four industries reporting slower deliveries in August are: Wholesale Trade; Management of Companies & Support Services; Accommodation & Food Services; and Information.



Inventories

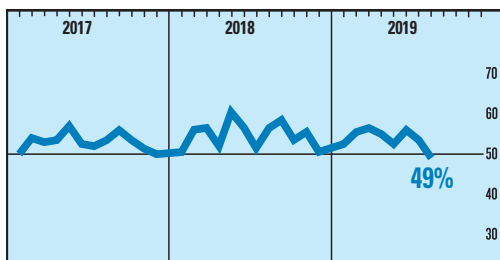
ISM's Non-Manufacturing Inventories Index grew in August, registering 55 percent. The 11 industries reporting an increase in inventories in August — listed in order — are: Utilities; Educational Services; Accommodation & Food Services; Transportation & Warehousing; Retail Trade; Construction; Real Estate, Rental & Leasing; Other Services[†]; Wholesale Trade; Professional, Scientific & Technical Services; 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).



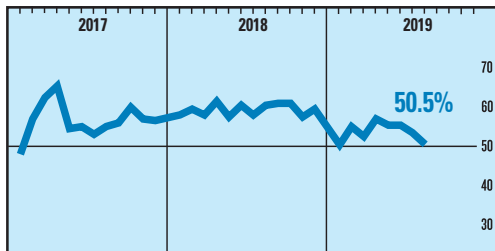
Prices

Prices paid by non-manufacturing organizations for materials and services increased in August for the 27th consecutive month. ISM's Non-Manufacturing Prices Index registered 58.2 percent. Twelve non-manufacturing industries reported an increase in prices paid during the month of August, listed in the following order: Management of Companies & Support Services; Accommodation & Food Services; Information; Construction; Agriculture, Forestry, Fishing & Hunting; Educational Services; Wholesale Trade; Health Care & Social Assistance; Professional, Scientific & Technical Services; Public Administration; Retail Trade; and Utilities.



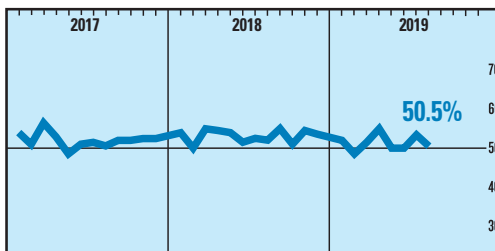
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index contracted in August. The index registered 49 percent, which is 4.5 percentage points lower than the 53.5 percent reported in July. The six industries reporting an increase in order backlogs in August — listed in order — are: Management of Companies & Support Services; Other Services[†]; Mining; Health Care & Social Assistance; Finance & Insurance; and Professional, Scientific & Technical Services.



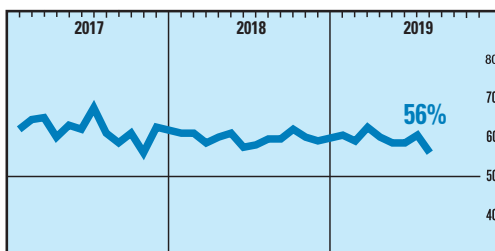
New Export Orders

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 31st consecutive month. The New Export Orders Index registered 50.5 percent. The three industries reporting an increase in new export orders in August are: Real Estate, Rental & Leasing; Information; and Construction.



Imports

The Imports Index decreased, registering 50.5 percent. The six industries reporting an increase in imports for the month of August — listed in order — are: Finance & Insurance; Utilities; Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Professional, Scientific & Technical Services; and Information.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in August registered 56 percent. The seven industries reporting sentiment that their inventories were too high in August — listed in order — are: Educational Services; Wholesale Trade; Utilities; Information; Retail Trade; Construction; and Mining.

[†]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).