In December, the NMI® registered 55 percent, 1.1 percentage points higher than the 53.9 percent in November. The non-manufacturing sector grew for the 119th 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 NMI® for December (55 percent) corresponds to a 2.2-percent increase in real gross domestic product (GDP) on an annualized basis.

Non-Manufacturing at a Glance

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Dec Index</th>
<th>Nov Index</th>
<th>% Point Change</th>
<th>Direction</th>
<th>Rate of Change</th>
<th>Trend* (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMI®</td>
<td>55.0</td>
<td>53.9</td>
<td>+1.1</td>
<td>Growing</td>
<td>Faster</td>
<td>119</td>
</tr>
<tr>
<td>Business Activity</td>
<td>57.2</td>
<td>51.6</td>
<td>+5.6</td>
<td>Growing</td>
<td>Faster</td>
<td>125</td>
</tr>
<tr>
<td>New Orders</td>
<td>54.9</td>
<td>57.1</td>
<td>-2.2</td>
<td>Growing</td>
<td>Slower</td>
<td>125</td>
</tr>
<tr>
<td>Employment</td>
<td>55.2</td>
<td>55.5</td>
<td>-0.3</td>
<td>Growing</td>
<td>Slower</td>
<td>70</td>
</tr>
<tr>
<td>Supplier Deliveries</td>
<td>52.5</td>
<td>51.5</td>
<td>+1.0</td>
<td>Slowing</td>
<td>Faster</td>
<td>7</td>
</tr>
<tr>
<td>Inventories</td>
<td>51.0</td>
<td>50.5</td>
<td>+0.5</td>
<td>Growing</td>
<td>Faster</td>
<td>5</td>
</tr>
<tr>
<td>Prices</td>
<td>58.5</td>
<td>58.5</td>
<td>0.0</td>
<td>Increasing</td>
<td>Same</td>
<td>31</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>47.5</td>
<td>48.5</td>
<td>-1.0</td>
<td>Contracting</td>
<td>Faster</td>
<td>3</td>
</tr>
<tr>
<td>New Export Orders</td>
<td>51.0</td>
<td>52.0</td>
<td>-1.0</td>
<td>Growing</td>
<td>Slower</td>
<td>2</td>
</tr>
<tr>
<td>Imports</td>
<td>48.0</td>
<td>45.0</td>
<td>+3.0</td>
<td>Contracting</td>
<td>Slower</td>
<td>4</td>
</tr>
<tr>
<td>Inventory Sentiment</td>
<td>60.0</td>
<td>58.5</td>
<td>+1.5</td>
<td>Too High</td>
<td>Faster</td>
<td>270</td>
</tr>
<tr>
<td>Overall Economy</td>
<td></td>
<td></td>
<td></td>
<td>Growing</td>
<td>Faster</td>
<td>119</td>
</tr>
</tbody>
</table>

*Number of months moving in current direction.

Commodities Reported

**Commodities Up in Price**: Beef Products; Cheese Products (2); Fuel; and Oriented Strand Board.

**Commodities Down in Price**: Lettuce; and Steel Products (6).

**Commodities in Short Supply**: Blades; Construction Contractors (2); Construction Subcontractors (24); IV Solutions (3); Labor (15); Labor — Construction (45); Labor — Temporary (6); and Pharmaceuticals (4).

Note: The number of consecutive months the commodity is listed is indicated after each item. *Reported as both up and down in price.
**ISM® Report On Business®**

**December 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

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### Business Activity

ISM’s Business Activity Index registered 57.2 percent. The 10 industries reporting growth of business activity in December — listed in order — are: Retail Trade; Management of Companies & Support Services; Arts, Entertainment & Recreation; Health Care & Social Assistance; Information; Professional, Scientific & Technical Services; Other Services®; Transportation & Warehousing; Finance & Insurance; and Construction.

### New Orders

ISM’s Non-Manufacturing New Orders Index registered 54.9 percent. The 10 industries reporting growth of new orders in December — listed in order — are: Retail Trade; Management of Companies & Support Services; Arts, Entertainment & Recreation; Finance & Insurance; Health Care & Social Assistance; Accommodation & Food Services; Information; Transportation & Warehousing; Professional, Scientific & Technical Services; and Utilities.

### Employment

Employment activity in the non-manufacturing sector grew in December for the 70th consecutive month and registered 55.2 percent. The 10 industries reporting an increase in employment in December — listed in order — are: Arts, Entertainment & Recreation; Utilities; Management of Companies & Support Services; Health Care & Social Assistance; Accommodation & Food Services; Other Services®; Retail Trade; Professional, Scientific & Technical Services; Wholesale Trade; and Transportation & Warehousing.

### Supplier Deliveries

The Supplier Deliveries Index registered 52.5 percent. The eight industries reporting slower deliveries in December — listed in order — are: Utilities; Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Information; Construction; Transportation & Warehousing; Health Care & Social Assistance; and Wholesale Trade. The three industries reporting faster deliveries in December are: Real Estate, Rental & Leasing; Public Administration; and Professional, Scientific & Technical Services.

### Inventories

ISM’s Non-Manufacturing Inventories Index grew in December, registering 51 percent, which is 0.5 percentage point higher than the 50.5 percent reported in November. The eight industries reporting an increase in inventories in December — listed in order — are: Management of Companies & Support Services; Agriculture, Forestry, Fishing & Hunting; Construction; Health Care & Social Assistance; Professional, Scientific & Technical Services; Utilities; Information; and Retail Trade.

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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 December for the 31st consecutive month. ISM’s Non-Manufacturing Prices Index registered 58.5 percent; the same figure reported in November. The nine non-manufacturing industries reported an increase in prices paid during the month of December — listed in order — are: Accommodation & Food Services; Construction; Wholesale Trade; Health Care & Social Assistance; Utilities; Retail Trade; Information; Finance & Insurance; and Public Administration.

**Backlog of Orders**

ISM’s Non-Manufacturing Backlog of Orders Index registered 47.5 percent. The seven industries reporting an increase in order backlogs in December — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Health Care & Social Assistance; Public Administration; Construction; and Finance & Insurance.

**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 in December as the New Export Orders Index registered 51 percent. The four industries reporting an increase in new export orders in December are: Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Other Services; and Professional, Scientific & Technical Services.

**Imports**

The Imports Index contracted for the fourth consecutive month, registering 48 percent in December. The four industries reporting an increase in imports for the month of December are: Real Estate, Rental & Leasing; Finance & Insurance; Transportation & Warehousing; and Information.

**Inventory Sentiment**

The Inventory Sentiment Index in December registered 60 percent. The 11 industries reporting sentiment that their inventories were too high in December — listed in order — are: Information; Real Estate, Rental & Leasing; Wholesale Trade; Utilities; Other Services; Health Care & Social Assistance; Accommodation & Food Services; Management of Companies & Support Services; Mining; Construction; and Public Administration.

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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).