

Data for this report was collected in March 2006.

PMI at 55.2% New Orders, Production, Employment Expanding

Economic activity in the manufacturing sector grew in March for the 34th consecutive month, while the overall economy grew for the 53rd consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business®**.

The manufacturing sector, led by continued strength in new orders and production, continued to grow in March. The first quarter is now complete, and the ISM data indicates that it was a good quarter for U.S. manufacturing. Prices are still

a major concern, particularly in the energy and metals markets. In general, manufacturing continues to experience a significant level of growth.

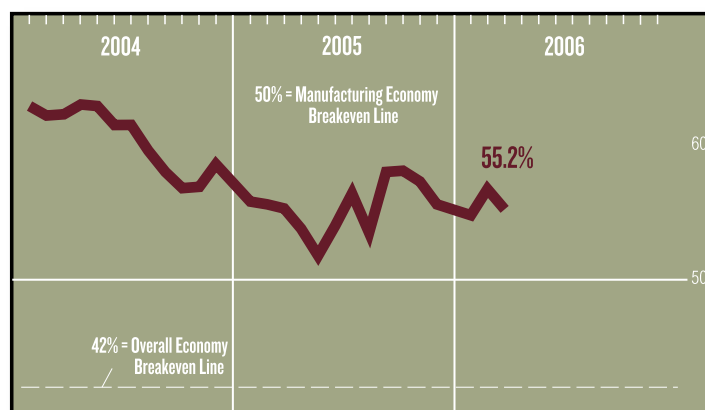
Top Performing Industries

The 15 industries reporting growth in March — listed in order — are: Miscellaneous‡; Apparel; Textiles; Petroleum; Industrial & Commercial Equipment & Computers; Printing & Publishing; Primary Metals; Transportation & Equipment; Wood & Wood Products; Chemicals; Electronic

Components & Equipment; Fabricated Metals; Instruments & Photographic Equipment; Food; and Paper. **ISM**

‡Miscellaneous is a preponderance of jewelry, toys, sporting goods and musical instruments.

PMI



Analysis by **Norbert J. Ore, C.P.M.**, chair of the Institute for Supply Management™ Manufacturing Business Survey Committee; and group director, strategic sourcing and procurement, Georgia-Pacific Corporation.

Business Activity at 60.5% New Orders Index at 59.5%; Employment Index at 54.6%

Business activity in the non-manufacturing sector increased in March 2006, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM Report On Business®**.

Non-manufacturing business activity increased for the 36th consecutive month in March. Business Activity and New Orders increased at faster

rates in March than in February. Inventories, New Export Orders and Imports also increased at faster rates. Backlog of Orders, Employment and Prices increased at slower rates than in February. Members' comments in March are mostly positive concerning current business conditions. The overall indication in March is continued economic growth in the non-manufacturing sector.

Top Performing Industries

The 13 industries reporting growth in March — listed in order — are: Entertainment; Utilities; Mining; Insurance; Legal Services; Business Services; Retail Trade; Wholesale Trade; Public Administration; Other Services‡; Finance & Banking; Communication; and Construction. The two industries reporting activity the same as

last month are: Agriculture and Transportation. The two industries reporting decreased activity from February to March are: Real Estate and Health Services. **ISM**

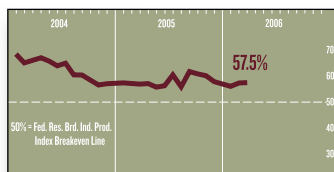
Analysis by **Ralph G. Kauffman, Ph.D., C.P.M.**, chair of the Institute for Supply Management™ Non-Manufacturing Business Survey Committee; and coordinator of the Supply Chain Management Program, University of Houston–Downtown.

‡Other Services include: Hotels, Rooming Houses, Camps, and Other Lodging Places; Personal Services; Automotive Repair, Services, and Parking; Miscellaneous Repair Services; Educational Services; Social Services; Museums, Art Galleries, and Botanical and Zoological Gardens; Membership Organizations; Engineering, Accounting, Research, Management and Related Services; and Miscellaneous Services.

#Miscellaneous is a preponderance of jewelry, toys, sporting goods and musical instruments.

PRODUCTION

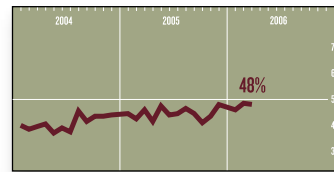
ISM's Production Index registered 57.5 percent in March. Thirteen industries registered growth: Miscellaneous[†]; Industrial & Commercial Equipment & Computers; Instruments & Photographic Equipment; Apparel; Printing & Publishing; Wood & Wood Products; Textiles; Primary Metals; Chemicals; Transportation & Equipment; Electronic Components & Equipment; Fabricated Metals; and Food.



CUSTOMERS' INVENTORIES

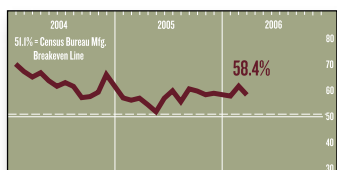
The March Customers' Inventories Index is at 48 percent, 0.5 percentage point lower than the 48.5 percent reported in

February. This is the 58th consecutive month that the index has registered below 50 percent. Eight industries reported higher customers' inventories during March: Miscellaneous[†]; Instruments & Photographic Equipment; Paper; Chemicals; Rubber & Plastic Products; Food; Primary Metals; and Fabricated Metals.



NEW ORDERS

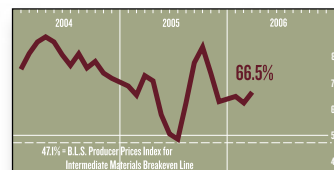
ISM's New Orders Index grew in March with a reading of 58.4 percent. Fourteen industries reported increases during March: Petroleum; Miscellaneous[†]; Textiles; Printing & Publishing; Primary Metals; Industrial & Commercial Equipment & Computers; Transportation & Equipment; Apparel; Wood & Wood Products; Paper; Chemicals; Fabricated Metals; Instruments & Photographic Equipment; and Electronic Components & Equipment.



PRICES

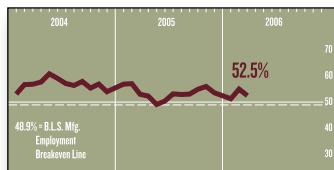
ISM's Prices Index registered 66.5 percent in March, indicating manufacturers are paying higher prices on average when compared to February. Fifteen industries

reported paying higher prices: Tobacco; Printing & Publishing; Petroleum; Furniture; Fabricated Metals; Transportation & Equipment; Glass, Stone & Aggregate; Electronic Components & Equipment; Wood & Wood Products; Food; Industrial & Commercial Equipment & Computers; Textiles; Primary Metals; Instruments & Photographic Equipment; and Chemicals.



EMPLOYMENT

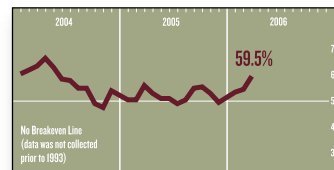
ISM's Employment Index expanded for the 10th consecutive month in March, registering 52.5 percent and compared to the seasonally adjusted 55 percent registered in February. The nine industries reporting growth in employment during March are: Miscellaneous[†]; Apparel; Textiles; Electronic Components & Equipment; Industrial & Commercial Equipment & Computers; Transportation & Equipment; Food; Primary Metals; and Chemicals.



BACKLOG OF ORDERS

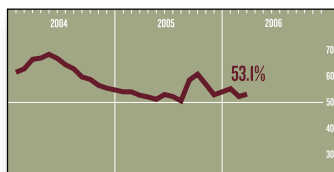
ISM's Backlog of Orders Index registered 59.5 percent in March. The 14 industries

reporting an increase in order backlogs during the month are: Miscellaneous[†]; Textiles; Primary Metals; Transportation & Equipment; Wood & Wood Products; Apparel; Printing & Publishing; Paper; Industrial & Commercial Equipment & Computers; Fabricated Metals; Rubber & Plastic Products; Chemicals; Instruments & Photographic Equipment; and Food.



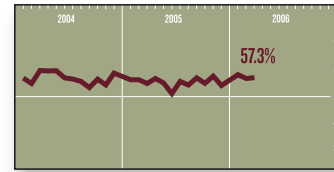
SUPPLIER DELIVERIES

ISM's Supplier Deliveries Index for March registered 53.1 percent, an increase of 0.9 percentage point when compared to February's seasonally adjusted reading of 52.2 percent. The 10 industries reporting slower supplier deliveries in March are: Miscellaneous[†]; Printing & Publishing; Electronic Components & Equipment; Paper; Food; Primary Metals; Transportation & Equipment; Fabricated Metals; Industrial & Commercial Equipment & Computers; and Chemicals.



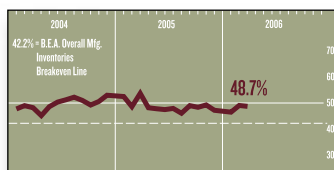
NEW EXPORT ORDERS

ISM's New Export Orders Index for March registered 57.3 percent. The 10 industries reporting growth in new export orders in March are: Miscellaneous[†]; Instruments & Photographic Equipment; Printing & Publishing; Industrial & Commercial Equipment & Computers; Transportation & Equipment; Furniture; Electronic Components & Equipment; Chemicals; Paper; and Fabricated Metals.



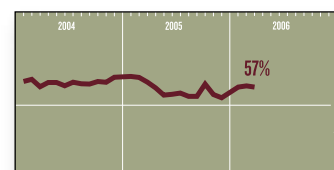
INVENTORIES

ISM's Inventories Index registered 48.7 percent in March, indicating a faster rate of liquidation when compared to February's seasonally adjusted reading of 49.6 percent. The seven industries reporting higher inventories in March are: Textiles; Miscellaneous[†]; Fabricated Metals; Apparel; Wood & Wood Products; Food; and Chemicals.



IMPORTS

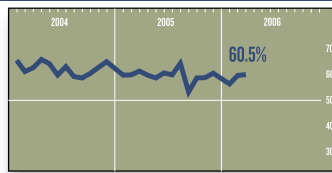
The ISM Imports Index registered 57 percent in March. The 13 industries reporting growth in import activity for March are: Miscellaneous[†]; Wood & Wood Products; Textiles; Furniture; Instruments & Photographic Equipment; Food; Fabricated Metals; Paper; Transportation & Equipment; Rubber & Plastic Products; Chemicals; Industrial & Commercial Equipment & Computers; and Electronic Components & Equipment.



†Other Services include: Hotels, Rooming Houses, Camps, and Other Lodging Places; Personal Services; Automotive Repair, Services, and Parking; Miscellaneous Repair Services; Educational Services; Social Services; Museums, Art Galleries, and Botanical and Zoological Gardens; Membership Organizations; Engineering, Accounting, Research, Management and Related Services; and Miscellaneous Services.

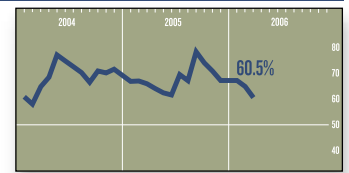
BUSINESS ACTIVITY

ISM's Non-Manufacturing Business Activity Index in March increased to 60.5 percent from February's seasonally adjusted 60.1 percent, indicating a slightly faster rate of growth of activity in March. The industries reporting the highest rates of growth of business activity in March are: Entertainment; Utilities; Mining; Insurance; and Legal Services. The industries reporting contraction of business activity in March are: Real Estate and Health Services.



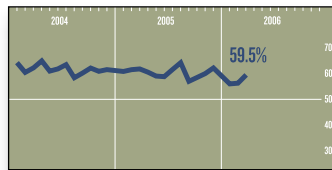
PRICES

ISM's Non-Manufacturing Prices Index for March is 60.5 percent, 4.3 percentage points lower than February's 64.8 percent. The industries reporting the highest rates of increase in prices paid in March are: Entertainment; Business Services; Mining; Construction; Utilities; and Legal Services. The one industry reporting price decreases in March is Real Estate.



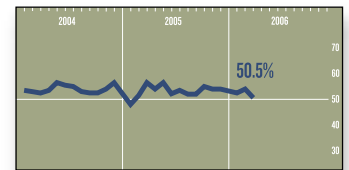
NEW ORDERS

ISM's Non-Manufacturing New Orders Index increased to 59.5 percent in March from the seasonally adjusted 56.2 percent registered in February. Industries reporting the highest rates of growth of new orders in March are: Entertainment; Utilities; Legal Services; Retail Trade; and Wholesale Trade. No industry reported contraction of new orders in March.



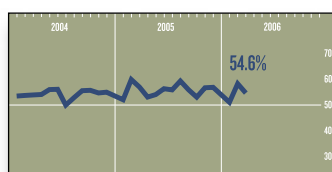
BACKLOG OF ORDERS

ISM's Non-Manufacturing Backlog of Orders Index registered 50.5 percent in March, 3.5 percentage points lower than the 54 percent reported in February. The industries reporting increases in order backlogs in March are: Legal Services; Construction; Business Services; and Wholesale Trade. Industries reporting decreases in backlog of orders in March are: Other Services†; Health Services; and Retail Trade.



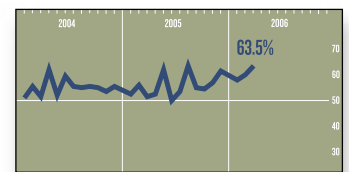
EMPLOYMENT

ISM's Non-Manufacturing Employment Index for March is 54.6 percent, a drop of 3.6 percentage points from February's seasonally adjusted 58.2 percent. The industries reporting the highest rates of growth in employment in March are: Business Services; Mining; Legal Services; Entertainment; Utilities; and Real Estate. The one industry reporting a reduction in employment in March is Wholesale Trade.



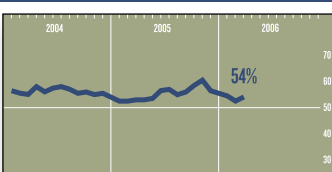
NEW EXPORT

ISM's Non-Manufacturing New Export Orders Index for March is 63.5 percent, compared to February's 60 percent. The industries reporting the highest rates of increase in new export orders in March are: Insurance; Entertainment; Finance & Banking; Utilities; and Business Services. No industry reported a decrease in new export orders in March.



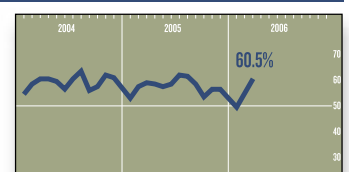
SUPPLIER DELIVERIES

The ISM Non-Manufacturing Supplier Deliveries Index registered 54 percent in March, 1.5 percentage points higher than in February. The industries reporting the highest rates of slowing in supplier deliveries in March are: Legal Services; Agriculture; Transportation; Construction; Utilities; and Other Services†. No industry reported faster supplier deliveries in March.



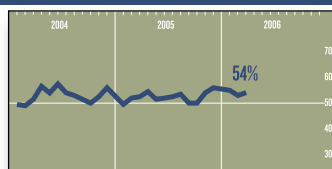
IMPORTS

The ISM Non-Manufacturing Imports Index registered 60.5 percent in March, 5.5 percentage points higher than the 55 percent registered in February. The industries reporting an increase in the use of imports in March are: Construction; Business Services; Wholesale Trade; Utilities; and Retail Trade. No industry reported a decrease in the use of imports in March.



INVENTORIES

ISM's Non-Manufacturing Inventories Index registered 54 percent in March, indicating an increase in inventories at a faster rate of increase compared to February. The industries reporting the highest rates of increase in inventories in March are: Insurance; Communication; Utilities; Agriculture; and Other Services†. The industries reporting inventory decreases in March are: Entertainment; Construction; Business Services; and Public Administration.



INVENTORY SENTIMENT

The ISM Non-Manufacturing Inventory Sentiment Index in March registered 63 percent, 0.5 percentage point lower than the 63.5 percent reported in February. The industries reporting the highest rates of feeling that their inventories are too high in March are: Communication; Transportation; Wholesale Trade; Insurance; Business Services; and Legal Services. No industry reported that its inventories are too low in March.

