

PMI at 52.6%

Economic activity in the manufacturing sector expanded in September for the second consecutive month, and the overall economy grew for the fifth consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business®**.

The manufacturing sector grew for the second consecutive month in September. While the rate of growth moderated slightly when compared to August, the recovery broadened as the number of industries reporting growth increased from 11 to 13. Both new orders and production are growing, but at a slower rate when compared to August. It appears the fundamentals for continuing recovery are still at work as inventories and sales are gaining balance.

In September, 13 of the 18 manufacturing industries reported growth. The industries — listed in order — are: Wood Products; Paper Products; Apparel, Leather & Allied Products; Transportation Equipment; Textile Mills; Printing & Related Support Activities; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Chemical Products; Computer & Electronic Products; Miscellaneous Manufacturing‡; and Food, Beverage & Tobacco Products. **ISM**

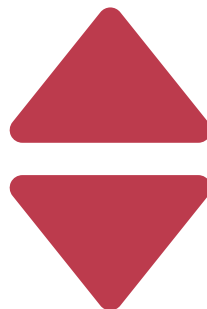
Analysis by **Norbert J. Ore, CPSM, C.P.M.**, chair of the Institute for Supply Management™ Manufacturing Business Survey Committee.

New Orders and Production Growing; Employment and Inventories Contracting; Supplier Deliveries Slower

MANUFACTURING AT A GLANCE

INDEX	SEPT. INDEX	AUGUST INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
PMI	52.6	52.9	-0.3	Growing	Slower	2
New Orders	60.8	64.9	-4.1	Growing	Slower	3
Production	55.7	61.9	-6.2	Growing	Slower	4
Employment	46.2	46.4	-0.2	Contracting	Faster	14
Supplier Deliveries	58.0	57.1	+0.9	Slowing	Faster	4
Inventories	42.5	34.4	+8.1	Contracting	Slower	41
Customers' Inventories	39.0	39.0	0	Too Low	Same	6
Prices	63.5	65.0	-1.5	Increasing	Slower	3
Backlog of Orders	53.5	52.5	+1.0	Growing	Faster	2
Exports	55.0	55.5	-0.5	Growing	Slower	3
Imports	52.0	49.5	+2.5	Growing	From Contracting	1
OVERALL ECONOMY				Growing	Slower	5
MANUFACTURING SECTOR				Growing	Slower	2

*Number of months moving in current direction.
Manufacturing ISM Report On Business® data is seasonally adjusted except for Backlog of Orders, Prices, Customers' Inventories, Imports and New Export Orders.



Note: The number of consecutive months the commodity is listed is indicated after each item.

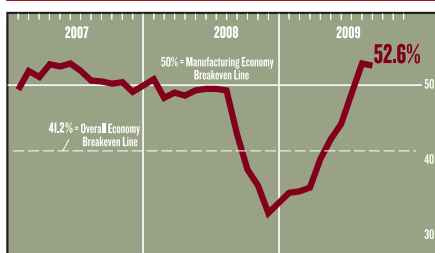
COMMODITIES REPORTED

Commodities Up in Price: Aluminum (3); Copper (4); Copper Based Products (3); Diesel Fuel; Plastic Products; Polypropylene (3); PVC; Stainless Steel (2); Stainless Steel Products (2); Steel (3); and Steel Products (3).

Commodities Down in Price: No commodities are reported down in price.

Commodities in Short Supply: Electronic Components is the only commodity reported in short supply.

‡Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



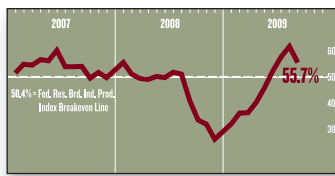
PMI

A PMI in excess of 41.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the PMI indicates growth for the fifth consecutive month in the overall economy, as well as expansion in the manufacturing sector for the second consecutive month since January 2008. The past relationship between the PMI and the overall economy indicates that the average PMI for January through September (43.3 percent) corresponds to a 0.7 percent increase in real gross domestic product (GDP). However, if the PMI for September (52.6 percent) is annualized, it corresponds to a 3.6 percent increase in real GDP annually.

*Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).

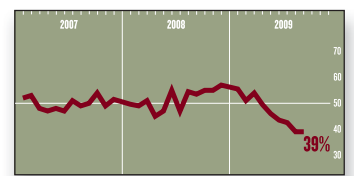
PRODUCTION

ISM's Production Index registered 55.7 percent in September. The 11 industries reporting growth in production during the month of September — listed in order — are: Paper Products; Electrical Equipment, Appliances & Components; Apparel, Leather & Allied Products; Wood Products; Transportation Equipment; Printing & Related Support Activities; Chemical Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing[‡]; Fabricated Metal Products; and Food, Beverage & Tobacco Products.



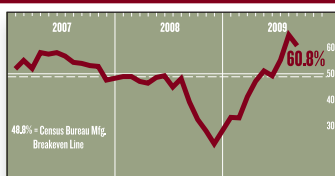
CUSTOMERS' INVENTORIES

The ISM Customers' Inventories Index registered 39 percent in September, the same rate of decline reported in August. The index indicates that respondents believe their customers' inventories are too low at this time. This is the sixth consecutive month the Customers' Inventories Index has been below 50 percent, following eight months above 50 percent. Two industries reported higher customers' inventories during September: Food, Beverage & Tobacco Products; and Machinery.



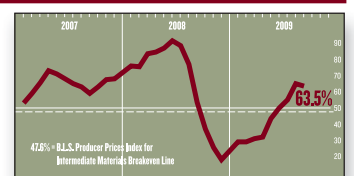
NEW ORDERS

ISM's New Orders Index registered 60.8 percent in September. The 13 industries reporting growth in new orders in September — listed in order — are: Textile Mills; Paper Products; Petroleum & Coal Products; Apparel, Leather & Allied Products; Wood Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Fabricated Metal Products; Printing & Related Support Activities; Miscellaneous Manufacturing[‡]; Chemical Products; Food, Beverage & Tobacco Products; and Transportation Equipment.



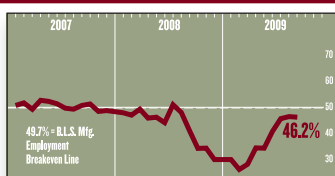
PRICES

The ISM Prices Index registered 63.5 percent in September. The 12 industries reporting paying increased prices during the month of September — listed in order — are: Textile Mills; Fabricated Metal Products; Paper Products; Plastics & Rubber Products; Machinery; Nonmetallic Mineral Products; Transportation Equipment; Computer & Electronic Products; Printing & Related Support Activities; Miscellaneous Manufacturing[‡]; Primary Metals; and Chemical Products.



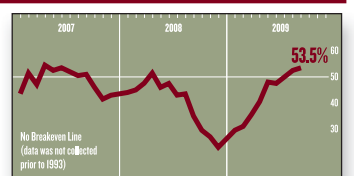
EMPLOYMENT

ISM's Employment Index registered 46.2 percent in September, which is 0.2 percentage point lower than the 46.4 percent reported in August. This is the 14th consecutive month of decline in employment. Three of the 18 manufacturing industries reported growth in employment in September: Apparel, Leather & Allied Products; Wood Products; and Transportation Equipment.



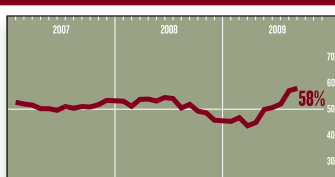
BACKLOG OF ORDERS

ISM's Backlog of Orders Index registered 53.5 percent in September, 1 percentage point higher than the 52.5 percent reported in August. The nine industries reporting increased order backlogs in September — listed in order — are: Apparel, Leather & Allied Products; Wood Products; Paper Products; Primary Metals; Furniture & Related Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Transportation Equipment; and Miscellaneous Manufacturing[‡].



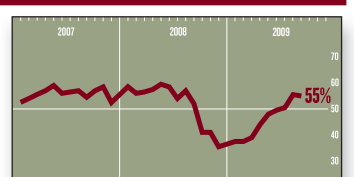
SUPPLIER DELIVERIES

The delivery performance of suppliers to manufacturing organizations was slower in September as the Supplier Deliveries Index registered 58 percent. The nine industries reporting slower supplier deliveries in September — listed in order — are: Printing & Related Support Activities; Plastics & Rubber Products; Fabricated Metal Products; Nonmetallic Mineral Products; Computer & Electronic Products; Paper Products; Transportation Equipment; Machinery; and Chemical Products.



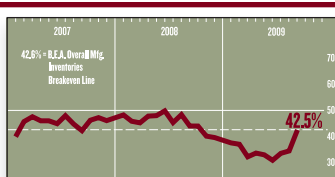
NEW EXPORT ORDERS

ISM's New Export Orders Index registered 55 percent in September, 0.5 percentage point lower than the 55.5 percent reported in August. The nine industries reporting growth in new export orders in September — listed in order — are: Apparel, Leather & Allied Products; Paper Products; Fabricated Metal Products; Transportation Equipment; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Chemical Products; and Computer & Electronic Products.



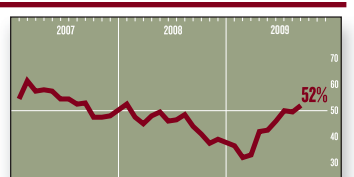
INVENTORIES

Manufacturers' inventories contracted at a slower rate in September as the Inventories Index registered 42.5 percent. The index is 8.1 percentage points higher than the August reading of 34.4 percent. Two of the 18 manufacturing industries reported higher inventories in September: Wood Products; and Food, Beverage & Tobacco Products.



IMPORTS

Imports of materials by manufacturers expanded in September as the Imports Index registered 52 percent, 2.5 percentage points higher than the 49.5 percent reported in August. The seven industries reporting growth in imports during the month of September — listed in order — are: Paper Products; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Transportation Equipment; Machinery; and Chemical Products.



NMI at 50.9%

**Business Activity Index at 55.1%; New Orders Index at 54.2%;
Employment Index at 44.3%**

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

The NMI (Non-Manufacturing Index) registered 50.9 percent in September, 2.5 percentage points higher than the 48.4 percent registered in August, indicating growth in the non-manufacturing sector after 11 consecutive months of contraction. The Non-Manufacturing Business Activity Index increased 3.8 percentage points to 55.1 percent. This is the second consecutive month this index has reflected growth since September 2008. The New Orders Index increased 4.3 percentage points to 54.2 percent, and the Employment Index increased 0.8 percentage point to 44.3 percent. The Prices Index decreased 14.3 percentage points to 48.8 percent in September, indicating a significant reversal and decrease in prices paid from August. Even with the overall month-over-month growth reflected in the report this month, respondents' comments vary by industry and remain mixed about business conditions and the overall economy.

The five industries reporting growth in September based on the NMI composite index — listed in order — are: Utilities; Health Care & Social Assistance; Retail Trade; Construction; and Wholesale Trade. **ISM**

Analysis by Anthony Nieves, C.P.M., CFPM, chair of the Institute for Supply Management™ Non-Manufacturing Business Survey Committee; and senior vice president — supply management for Hilton Hotels Corporation.

NON-MANUFACTURING AT A GLANCE

INDEX	SEPT. INDEX	AUGUST INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
NMI	50.9	48.4	+2.5	Growing	From Contracting	1
Business Activity	55.1	51.3	+3.8	Growing	Faster	2
New Orders	54.2	49.9	+4.3	Growing	From Contracting	1
Employment	44.3	43.5	+0.8	Contracting	Slower	17
Supplier Deliveries	50.0	49.0	+1.0	Unchanged	From Faster	1
Inventories	47.5	43.0	+4.5	Contracting	Slower	13
Prices	48.8	63.1	-14.3	Decreasing	From Increasing	1
Backlog of Orders	51.5	41.0	+10.5	Growing	From Contracting	1
New Export Orders	48.5	54.0	-5.5	Contracting	From Growing	1
Imports	51.5	49.0	+2.5	Growing	From Contracting	1
Inventory Sentiment	62.0	67.5	-5.5	Too High	Slower	148

*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.



Note: The number of consecutive months the commodity is listed is indicated after each item.

*Reported as both up and down in price

COMMODITIES REPORTED

Commodities Up in Price: Canned Fruit; Cheese (2); Gasoline* (2); Milk; and Steel Products.

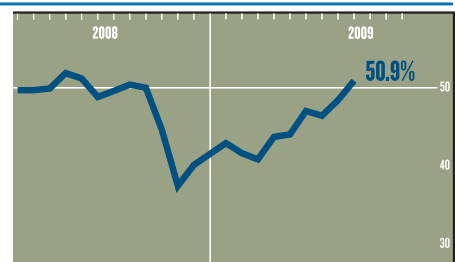
Commodities Down in Price: Gasoline*; and Pork.

Commodities in Short Supply: No commodities were reported in short supply for the third consecutive month.

*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).

NMI

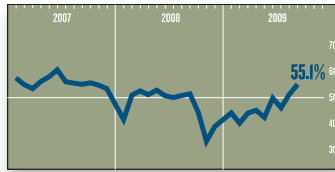
In September, the NMI registered 50.9 percent, indicating expansion in the non-manufacturing sector for the first time since August 2008. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.



†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).

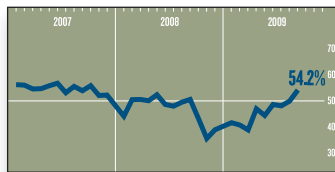
BUSINESS ACTIVITY

ISM's Non-Manufacturing Business Activity Index in September registered 55.1 percent, an increase of 3.8 percentage points when compared to the 51.3 percent registered in August. The eight industries reporting growth of business activity in September — listed in order — are: Mining; Construction; Retail Trade; Health Care & Social Assistance; Transportation & Warehousing; Educational Services; Information; and Wholesale Trade.



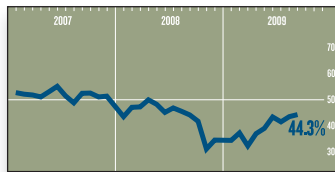
NEW ORDERS

ISM's Non-Manufacturing New Orders Index grew in September after 11 consecutive months of contraction. The index registered 54.2 percent, which is an increase of 4.3 percentage points from the 49.9 percent registered in August. The seven industries reporting growth of new orders in September — listed in order — are: Utilities; Construction; Retail Trade; Transportation & Warehousing; Health Care & Social Assistance; Wholesale Trade; and Educational Services.



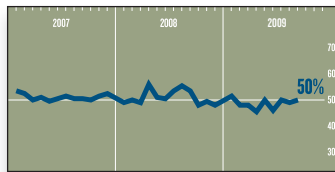
EMPLOYMENT

Employment activity in the non-manufacturing sector contracted in September for the 20th time in the last 21 months. ISM's Non-Manufacturing Employment Index for September registered 44.3 percent. The three industries reporting an increase in employment in September are: Health Care & Social Assistance; Management of Companies & Support Services; and Educational Services.



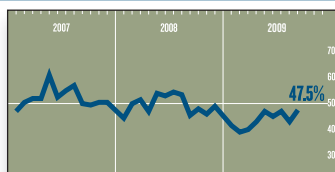
SUPPLIER DELIVERIES

The Supplier Deliveries Index registered 50 percent in September, indicating supplier deliveries were unchanged in September when compared to August. A reading at 50 percent indicates an equal balance of non-manufacturing respondents reporting slower and faster deliveries from suppliers. The five industries reporting slower deliveries in September are: Utilities; Real Estate, Rental & Leasing; Management of Companies & Support Services; Wholesale Trade; and Professional, Scientific & Technical Services.



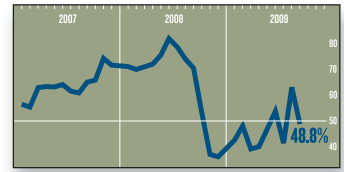
INVENTORIES

ISM's Non-Manufacturing Inventories Index registered 47.5 percent in September, indicating that inventory levels contracted in September for the 13th consecutive month. The seven industries reporting an increase in inventories in September — listed in order — are: Real Estate, Rental & Leasing; Health Care & Social Assistance; Other Services[†]; Utilities; Construction; Finance & Insurance; and Retail Trade.



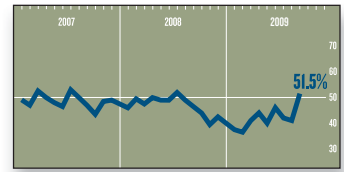
PRICES

Prices paid by non-manufacturing organizations for purchased materials and services decreased significantly in September. ISM's Non-Manufacturing Prices Index for September registered 48.8 percent, 14.3 percentage points lower than the 63.1 percent reported in August. In September, six industries reported an increase in prices paid: Arts, Entertainment & Recreation; Management of Companies & Support Services; Health Care & Social Assistance; Wholesale Trade; Transportation & Warehousing; and Educational Services.



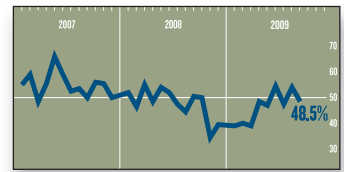
BACKLOG OF ORDERS

ISM's Non-Manufacturing Backlog of Orders Index grew in September after 13 consecutive months of contraction. The index registered 51.5 percent, 10.5 percentage points higher than the 41 percent reported in August. The five industries reporting an increase in order backlogs in September are: Construction; Accommodation & Food Services; Finance & Insurance; Health Care & Social Assistance; and Wholesale Trade.



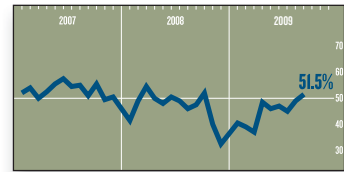
NEW EXPORT ORDERS

Orders and requests for services and other non-manufacturing activities to be provided outside of the United States by domestically based personnel contracted in September after one month of growth in August. The New Export Orders Index for September registered 48.5 percent. The four industries reporting an increase in new export orders in September are: Mining; Transportation & Warehousing; Accommodation & Food Services; and Professional, Scientific & Technical Services.



IMPORTS

The ISM Non-Manufacturing Imports Index registered 51.5 percent in September. The index is 2.5 percentage points higher than August's index of 49 percent. The four industries reporting an increase in the use of imports in September are: Real Estate, Rental & Leasing; Other Services[†]; Information; and Retail Trade.



INVENTORY SENTIMENT

The ISM Non-Manufacturing Inventory Sentiment Index in September registered 62 percent. The 10 industries reporting a feeling that their inventories are too high in September — listed in order — are: Mining; Finance & Insurance; Other Services[†]; Wholesale Trade; Professional, Scientific & Technical Services; Management of Companies & Support Services; Accommodation & Food Services; Retail Trade; Information; and Health Care & Social Assistance.

