

PMI at 53.9%

Economic activity in the manufacturing sector expanded in December for the 29th consecutive month, and the overall economy grew for the 31st consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business®**.

The PMI registered 53.9 percent, an increase of 1.2 percentage points from November's reading of 52.7 percent, indicating expansion in the manufacturing sector for the 29th consecutive month. The New Orders Index increased 0.9 percentage point from November to 57.6 percent, reflecting the third consecutive month of growth after three months of contraction. Prices of raw materials continued to decrease for the third consecutive month, with the Prices Index registering 47.5 percent, which is 2.5 percentage points higher than the November reading of 45 percent. Manufacturing is finishing out the year on a positive note, with new orders, production and employment all growing in December at faster rates than in November, and with an optimistic view toward the beginning of 2012 as reflected by the panel in this month's survey.

Of the 18 manufacturing industries, nine are reporting growth in December, in the following order: Apparel, Leather & Allied Products; Printing & Related Support Activities; Textile Mills; Petroleum & Coal Products; Machinery; Food, Beverage & Tobacco Products; Computer & Electronic Products; Primary Metals; and Paper Products. **ISM**

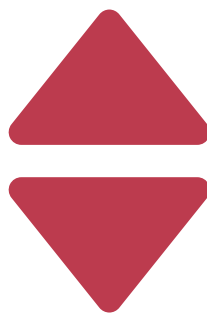
Analysis by **Bradley J. Holcomb, CPSM, CPSD**, chair of the Institute for Supply Management™ Manufacturing Business Survey Committee.

New Orders, Production and Employment Growing; Supplier Deliveries Faster; Inventories Contracting

MANUFACTURING AT A GLANCE

INDEX	DEC INDEX	NOV INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
PMI	53.9	52.7	+1.2	Growing	Faster	29
New Orders	57.6	56.7	+0.9	Growing	Faster	3
Production	59.9	56.6	+3.3	Growing	Faster	4
Employment	55.1	51.8	+3.3	Growing	Faster	27
Supplier Deliveries	49.9	49.9	0.0	Faster	Same	2
Inventories	47.1	48.3	-1.2	Contracting	Faster	3
Customers' Inventories	42.5	50.0	-7.5	Too Low	From Unchanged	1
Prices	47.5	45.0	+2.5	Decreasing	Slower	3
Backlog of Orders	48.0	45.0	+3.0	Contracting	Slower	7
Exports	53.0	52.0	+1.0	Growing	Faster	2
Imports	54.0	49.0	+5.0	Growing	From Contracting	1
OVERALL ECONOMY				Growing	Faster	31
MANUFACTURING SECTOR				Growing	Faster	29

*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.

*Reported as both up and down in price.

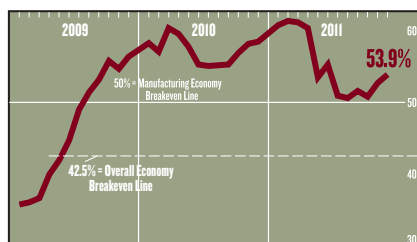
COMMODITIES REPORTED

Commodities Up in Price: Aluminum* (5); Aluminum Products* (5); Corn Based Products; Electronic Components (2); Plastic Products*; Plastic Resins* (2); Rubber Based Products; Steel*; and Steel Products.

Commodities Down in Price: Aluminum* (4); Aluminum Products*; High Density Polyethylene; Natural Gas (5); Nickel; Plastic Products* (3); Plastic Resins* (5); Polypropylene (2); Stainless Steel (2); and Steel* (8).

Commodities in Short Supply: Castings (4); and Hard Drives.

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



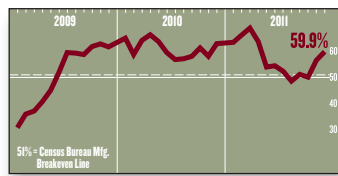
PMI

A PMI in excess of 42.5 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the PMI indicates growth for the 31st consecutive month in the overall economy, as well as expansion in the manufacturing sector for the 29th consecutive month. The past relationship between the PMI and the overall economy indicates that the average PMI for January through December (55.3 percent) corresponds to a 4.5 percent increase in real gross domestic product (GDP). In addition, if the PMI for December (53.9 percent) is annualized, it corresponds to a 4 percent increase in real GDP annually.

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

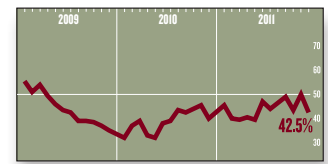
PRODUCTION

ISM's Production Index registered 59.9 percent in December. The 10 industries reporting growth in production during the month of December — listed in order — are: Printing & Related Support Activities; Textile Mills; Food, Beverage & Tobacco Products; Primary Metals; Petroleum & Coal Products; Miscellaneous Manufacturing[‡]; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; and Transportation Equipment.



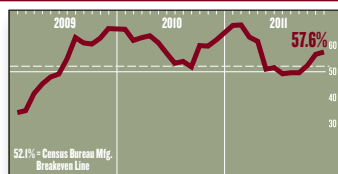
CUSTOMERS' INVENTORIES

The ISM Customers' Inventories Index registered 42.5 percent in December, 7.5 percentage points lower than in November when the index registered 50 percent. Customers' inventories have registered at or below 50 percent for 33 consecutive months. The three manufacturing industries reporting customers' inventories as being too high during December are: Nonmetallic Mineral Products; Furniture & Related Products; and Fabricated Metal Products.



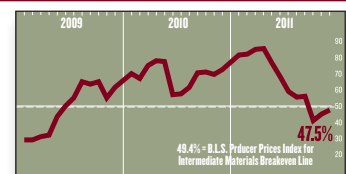
NEW ORDERS

ISM's New Orders Index registered 57.6 percent in December. The nine industries reporting growth in new orders in December — listed in order — are: Printing & Related Support Activities; Textile Mills; Apparel, Leather & Allied Products; Primary Metals; Paper Products; Machinery; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.



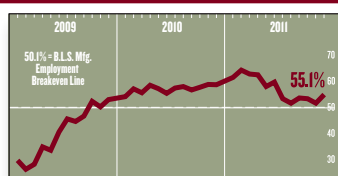
PRICES

The ISM Prices Index registered 47.5 percent in December, 2.5 percentage points higher than the 45 percent reported in November. Of the 18 manufacturing industries, six industries report paying increased prices during the month of December in the following order: Textile Mills; Plastics & Rubber Products; Furniture & Related Products; Fabricated Metal Products; Computer & Electronic Products; and Transportation Equipment.



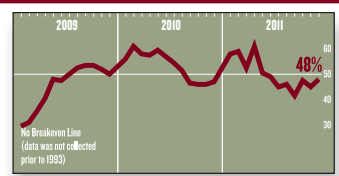
EMPLOYMENT

ISM's Employment Index registered 55.1 percent in December, which is 3.3 percentage points higher than the 51.8 percent reported in November. Ten manufacturing industries reported growth in employment in the following order: Printing & Related Support Activities; Petroleum & Coal Products; Textile Mills; Apparel, Leather & Allied Products; Machinery; Food, Beverage & Tobacco Products; Fabricated Metal Products; Transportation Equipment; Paper Products; and Computer & Electronic Products.



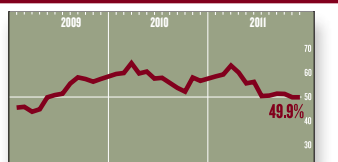
BACKLOG OF ORDERS

ISM's Backlog of Orders Index registered 48 percent in December, which is 3 percentage points higher than the 45 percent reported in November. The five industries reporting increased order backlogs in December are: Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; and Transportation Equipment.



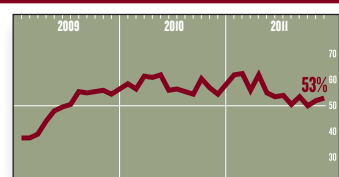
SUPPLIER DELIVERIES

The delivery performance of suppliers to manufacturing organizations was faster in December as the Supplier Deliveries Index registered 49.9 percent, which is the same level registered in November and indicates faster deliveries this month compared to last month. This is the second consecutive month supplier deliveries have been below 50 percent. The two industries reporting slower supplier deliveries in December are: Computer & Electronic Products; and Electrical Equipment, Appliances & Components.



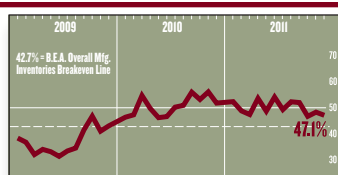
NEW EXPORT ORDERS

ISM's New Export Orders Index registered 53 percent in December. The New Export Orders Index has registered 50 percent or greater for the past 30 consecutive months. The five industries reporting growth in new export orders in December are: Apparel, Leather & Allied Products; Computer & Electronic Products; Fabricated Metal Products; Machinery; and Transportation Equipment.



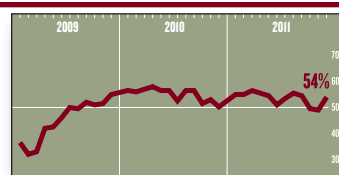
INVENTORIES

The Inventories Index registered 47.1 percent in December, 1.2 percentage points lower than the 48.3 percent reported in November. The five industries reporting higher inventories in December are: Apparel, Leather & Allied Products; Furniture & Related Products; Machinery; Food, Beverage & Tobacco Products; and Paper Products.



IMPORTS

ISM's Imports Index registered 54 percent in December, which is 5 percentage points higher than the 49 percent reported in November. The seven industries reporting growth in imports during the month of December — listed in order — are: Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Printing & Related Support Activities; Transportation Equipment; Miscellaneous Manufacturing[‡]; Machinery; and Fabricated Metal Products.



NMI at 52.6%

**Business Activity Index at 56.2%; New Orders Index at 53.2%;
Employment Index at 49.4%**

Economic activity in the non-manufacturing sector grew in December for the 25th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM Report On Business[®]**.

The NMI registered 52.6 percent in December, 0.6 percentage point higher than the 52 percent registered in November, and indicating continued growth at a slightly faster rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index registered 56.2 percent, which is the same reading as reported in November, reflecting growth for the 29th consecutive month. The New Orders Index increased by 0.2 percentage point to 53.2 percent. The Employment Index increased 0.5 percentage point to 49.4 percent, indicating contraction in employment for the third time in the last four months. The Prices Index decreased 1.3 percentage points to 61.2 percent. Respondents' comments are mixed and vary by industry and company. Economic growth continues to be slowed by the lag in employment.

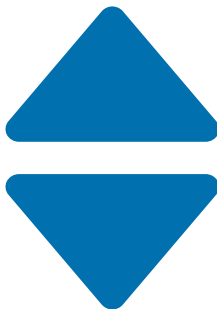
The 11 non-manufacturing industries reporting growth in December based on the NMI composite index — listed in order — are: Retail Trade; Professional, Scientific & Technical Services; Finance & Insurance; Information; Construction; Other Services[‡]; Wholesale Trade; Public Administration; Educational Services; Mining; and Transportation & Warehousing. **ISM**

Analysis by **Anthony Nieves, C.P.M., CFPM**, chair of the Institute for Supply Management[™] Non-Manufacturing Business Survey Committee.

NON-MANUFACTURING AT A GLANCE

INDEX	DEC INDEX	NOV INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
NMI	52.6	52.0	+0.6	Growing	Faster	25
Business Activity	56.2	56.2	0.0	Growing	Same	29
New Orders	53.2	53.0	+0.2	Growing	Faster	29
Employment	49.4	48.9	+0.5	Contracting	Slower	2
Supplier Deliveries	51.5	50.0	+1.5	Slower	From Unchanged	1
Inventories	48.5	52.5	-4.0	Contracting	From Growing	1
Prices	61.2	62.5	-1.3	Increasing	Slower	29
Backlog of Orders	45.5	48.0	-2.5	Contracting	Faster	3
New Export Orders	51.0	55.5	-4.5	Growing	Slower	5
Imports	54.0	48.5	+5.5	Growing	From Contracting	1
Inventory Sentiment	59.5	63.0	-3.5	Too High	Slower	175

*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.

COMMODITIES REPORTED

Commodities Up in Price: Coffee; #1 Diesel Fuel; #2 Diesel Fuel (2); Food Products (2); Gloves (2); Medical Supplies; Professional Labor; Protein; and Steel.

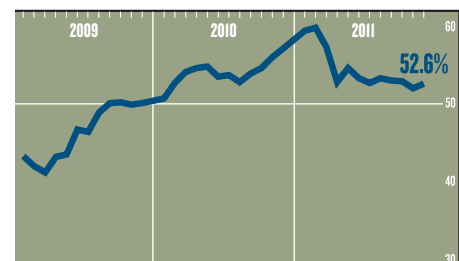
Commodities Down in Price: Fuel (2); and Gasoline.

Commodities in Short Supply: #2 Diesel Fuel is the only commodity reported in short supply.

[‡]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

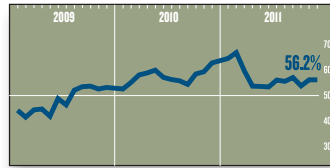
In December, the NMI registered 52.6 percent, indicating continued growth in the non-manufacturing sector for the 25th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.



†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

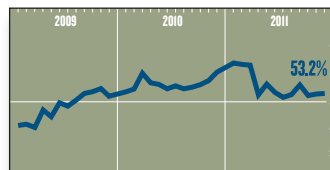
ISM's Non-Manufacturing Business Activity Index in December registered 56.2 percent, the same percent registered in



November. The 11 industries reporting growth of business activity in December — listed in order — are: Retail Trade; Other Services†; Information; Finance & Insurance; Professional, Scientific & Technical Services; Educational Services; Mining; Public Administration; Construction; Wholesale Trade; and Accommodation & Food Services.

NEW ORDERS

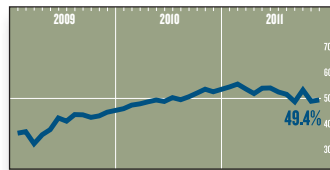
ISM's Non-Manufacturing New Orders Index registered 53.2 percent in December, an increase of 0.2 percentage point from the 53 percent reported in November.



The 10 industries reporting growth of new orders in December — listed in order — are: Arts, Entertainment & Recreation; Retail Trade; Professional, Scientific & Technical Services; Information; Other Services†; Finance & Insurance; Wholesale Trade; Public Administration; Construction; and Utilities.

EMPLOYMENT

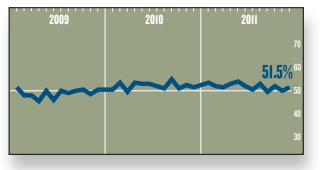
Employment activity in the non-manufacturing sector contracted in December for the third time in four months, as ISM's Non-Manufacturing Employment Index



registered 49.4 percent. This reflects an increase of 0.5 percentage point when compared to the 48.9 percent registered in November. The six industries reporting an increase in employment in December — listed in order — are: Transportation & Warehousing; Retail Trade; Wholesale Trade; Utilities; Construction; and Finance & Insurance.

SUPPLIER DELIVERIES

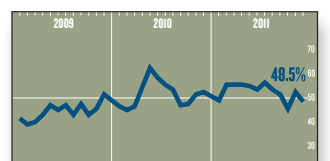
The Supplier Deliveries Index registered 51.5 percent in December, 1.5 percentage points higher than the 50 percent registered



in November, indicating that supplier deliveries were slower in December. The seven industries reporting slower deliveries in December — listed in order — are: Transportation & Warehousing; Mining; Accommodation & Food Services; Construction; Professional, Scientific & Technical Services; Health Care & Social Assistance; and Public Administration.

INVENTORIES

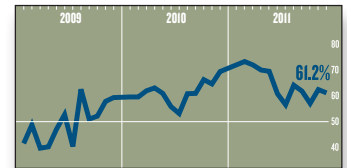
ISM's Non-Manufacturing Inventories Index contracted in December after one month of growth. The index registered 48.5 percent, which is 4 percentage



points lower than the 52.5 percent reading that was reported in November. The four industries reporting an increase in inventories in December are: Retail Trade; Mining; Information; and Accommodation & Food Services.

PRICES

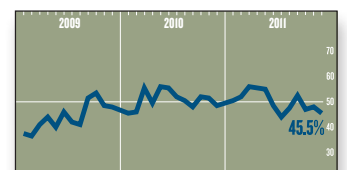
ISM's Non-Manufacturing Prices Index for December registered 61.2 percent, 1.3 percentage points lower than the 62.5 percent reported in November. Twelve non-



manufacturing industries reported an increase in prices paid, in the following order: Wholesale Trade; Information; Arts, Entertainment & Recreation; Professional, Scientific & Technical Services; Health Care & Social Assistance; Educational Services; Other Services†; Mining; Accommodation & Food Services; Utilities; Construction; and Finance & Insurance.

BACKLOG OF ORDERS

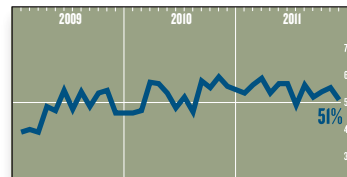
ISM's Non-Manufacturing Backlog of Orders Index contracted in December for the sixth time in seven months. The index



registered 45.5 percent, 2.5 percentage points lower than the 48 percent reported in November. The two industries reporting an increase in order backlogs in December are: Transportation & Warehousing; and Professional, Scientific & Technical Services.

NEW EXPORT ORDERS

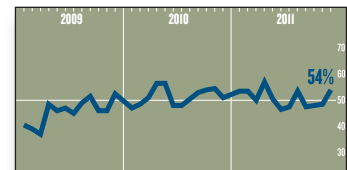
The ISM New Export Orders Index for December registered 51 percent, which is 4.5 percentage points lower than the 55.5 percent reported in November.



The five industries reporting an increase in new export orders in December are: Arts, Entertainment & Recreation; Construction; Mining; Transportation & Warehousing; and Other Services†.

IMPORTS

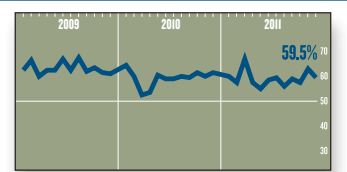
The ISM Non-Manufacturing Imports Index grew in December after three months of contraction. The index registered 54 percent, which is 5.5 percentage



points higher than the 48.5 percent reported in November. The six industries reporting an increase in the use of imports in December — listed in order — are: Information; Arts, Entertainment & Recreation; Retail Trade; Construction; Professional, Scientific & Technical Services; and Wholesale Trade.

INVENTORY SENTIMENT

The ISM Non-Manufacturing Inventory Sentiment Index in December registered 59.5 percent, which is 3.5 percentage points



lower than the 63 percent reported in November. The nine industries reporting a feeling that their inventories are too high in December — listed in order — are: Management of Companies & Support Services; Arts, Entertainment & Recreation; Utilities; Other Services†; Mining; Finance & Insurance; Public Administration; Health Care & Social Assistance; and Wholesale Trade.