

## PMI at 60.4%

**E**conomic activity in the manufacturing sector expanded in April for the 21st consecutive month, and the overall economy grew for the 23rd consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business®**.

The recent trend of rapid growth in the manufacturing sector continued in April as the PMI registered above 60 percent for the fourth consecutive month. The New Orders and Production Indexes continue to drive the PMI, as they have both exceeded 60 percent for five consecutive months. Manufacturing employment appears to have developed significant momentum, as the Employment Index readings for the first four months of 2011 are the highest readings in the last 38 years. While the manufacturing sector is definitely performing above most expectations so far in 2011, manufacturers are experiencing significant cost pressures from commodities and other inputs.

Seventeen manufacturing industries are reporting growth in April: Wood Products; Plastics & Rubber Products; Primary Metals; Transportation Equipment; Fabricated Metal Products; Computer & Electronic Products; Apparel, Leather & Allied Products; Machinery; Textile Mills; Paper Products; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Miscellaneous Manufacturing†; Food, Beverage & Tobacco Products; Chemical Products; Printing & Related Support Activities; and Petroleum & Coal Products. **ISM**

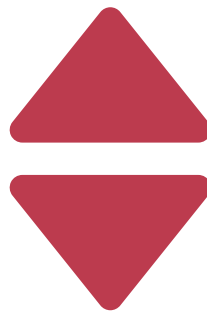
Analysis by **Norbert J. Ore, CPSM, C.P.M.**, chair of the Institute for Supply Management™ Manufacturing Business Survey Committee.

## New Orders, Production, Employment and Inventories Growing; Supplier Deliveries Slower

### MANUFACTURING AT A GLANCE

INDEX	APR. INDEX	MAR. INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
PMI	60.4	61.2	-0.8	Growing	Slower	21
New Orders	61.7	63.3	-1.6	Growing	Slower	22
Production	63.8	69.0	-5.2	Growing	Slower	23
Employment	62.7	63.0	-0.3	Growing	Slower	19
Supplier Deliveries	60.2	63.1	-2.9	Slowing	Slower	23
Inventories	53.6	47.4	+6.2	Growing	From Contracting	1
Customers' Inventories	40.5	39.5	+1.0	Too Low	Slower	25
Prices	85.5	85.0	+0.5	Increasing	Faster	22
Backlog of Orders	61.0	52.5	+8.5	Growing	Faster	4
Exports	62.0	56.0	+6.0	Growing	Faster	22
Imports	55.5	56.5	-1.0	Growing	Slower	20
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Slower</b>	<b>23</b>
<b>MANUFACTURING SECTOR</b>				<b>Growing</b>	<b>Slower</b>	<b>21</b>

\*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.

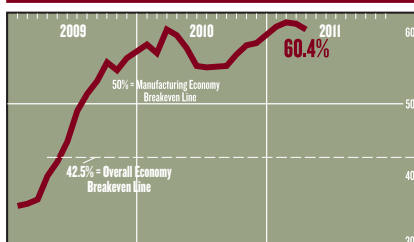
### COMMODITIES REPORTED

**Commodities Up in Price:** Aluminum (8); Aluminum Products (4); Brass (5); Caustic Soda (2); Chemicals (2); Cocoa/Cocoa Powder (3); Copper (9); Copper Based Products (6); Copper Wire; Corn (8); Diesel (5); Electric/Electronic Components (2); Fuel Oils (4); Fuel Surcharges (2); High Density Polyethylene (2); LDPE; Natural Gas; Oils and Lubrication; PET (2); Plastics (4); Plastic Products (4); Plastic Resins (6); Poly Bags; Polyethylene (3); Polyethylene Resin (4); Polypropylene (4); Resins (2); Resin Based Products (2); Rubber (2); Rubber Products (3); Silver (2); Solvents; Stainless Steel (6); Steel (8); Steel — Cold Rolled; Steel — Galvanized; Steel Products (5); Titanium Dioxide; and Transportation Rates (2).

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

**Commodities in Short Supply:** Capacitors; Electric/Electronic Components (4); Nuts — Food; and Titanium Dioxide (2).

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



### PMI

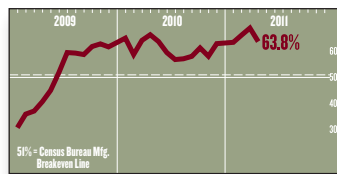
**A** PMI in excess of 42.5 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the PMI indicates growth for the 23rd consecutive month in the overall economy, as well as expansion in the manufacturing sector for the 21st consecutive month. The past relationship between the PMI and the overall economy indicates that the average PMI for January through April (61 percent) corresponds to a 6.5 percent increase in real gross domestic product (GDP). In addition, if the PMI for April (60.4 percent) is annualized, it corresponds to a 6.3 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 63.8 percent in April. The 14 industries reporting growth in production during the month of April — listed in order — are:

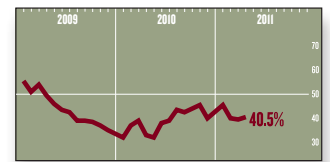
Petroleum & Coal Products; Primary Metals; Apparel, Leather & Allied Products; Transportation Equipment; Fabricated Metal Products; Wood Products; Paper Products; Plastics & Rubber Products; Machinery; Miscellaneous Manufacturing‡; Nonmetallic Mineral Products; Chemical Products; Computer & Electronic Products; and Electrical Equipment, Appliances & Components.



## CUSTOMERS' INVENTORIES

The ISM Customers' Inventories Index registered 40.5 percent in April. This is the 25th consecutive month the Customers'

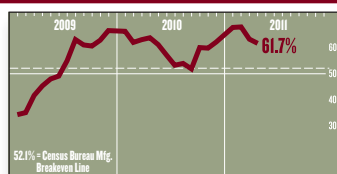
Inventories Index has been below 50 percent, indicating that respondents believe their customers' inventories are too low at this time. The two manufacturing industries reporting customers' inventories as being too high during April are: Paper Products and Fabricated Metal Products.



## NEW ORDERS

ISM's New Orders Index registered 61.7 percent in April. Fifteen industries reported growth in new orders in April in the following order: Textile Mills; Primary Metals;

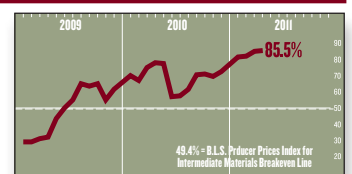
Apparel, Leather & Allied Products; Fabricated Metal Products; Transportation Equipment; Wood Products; Paper Products; Plastics & Rubber Products; Miscellaneous Manufacturing‡; Computer & Electronic Products; Machinery; Chemical Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.



## PRICES

The ISM Prices Index registered 85.5 percent in April. Prices increased the greatest in the following industries in the month of April: Textile Mills; Printing &

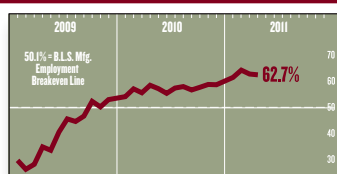
Related Support Activities; Plastics & Rubber Products; Chemical Products; Fabricated Metal Products; Machinery; Primary Metals; Electrical Equipment, Appliances & Components; Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Paper Products; Transportation Equipment; Miscellaneous Manufacturing‡; and Wood Products.



## EMPLOYMENT

ISM's Employment Index registered 62.7 percent in April. Of the 18 manufacturing industries, 15 reported growth in employment in April in the following order: Wood

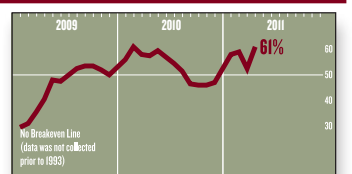
Products; Transportation Equipment; Textile Mills; Nonmetallic Mineral Products; Machinery; Computer & Electronic Products; Printing & Related Support Activities; Fabricated Metal Products; Plastics & Rubber Products; Primary Metals; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Paper Products; Chemical Products; and Miscellaneous Manufacturing‡.



## BACKLOG OF ORDERS

ISM's Backlog of Orders Index registered 61 percent in April, which is 8.5 percentage points higher than the 52.5 percent reported in March. The

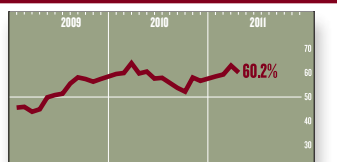
12 industries reporting increased order backlogs in April — listed in order — are: Primary Metals; Paper Products; Wood Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Miscellaneous Manufacturing‡; Machinery; Fabricated Metal Products; Transportation Equipment; and Chemical Products.



## SUPPLIER DELIVERIES

The delivery performance of suppliers to manufacturing organizations was slower in April as the Supplier Deliveries Index registered

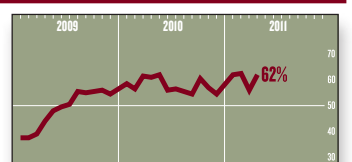
60.2 percent. The 10 industries reporting slower supplier deliveries in April — listed in order — are: Petroleum & Coal Products; Plastics & Rubber Products; Fabricated Metal Products; Transportation Equipment; Primary Metals; Electrical Equipment, Appliances & Components; Machinery; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Chemical Products.



## NEW EXPORT ORDERS

ISM's New Export Orders Index registered 62 percent in April. The 13 industries reporting growth in new export orders in April — listed in

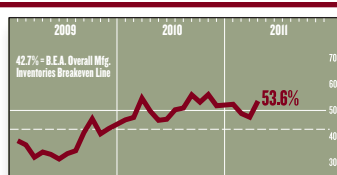
order — are: Paper Products; Primary Metals; Printing & Related Support Activities; Petroleum & Coal Products; Fabricated Metal Products; Miscellaneous Manufacturing‡; Computer & Electronic Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Chemical Products; Machinery; Transportation Equipment; and Electrical Equipment, Appliances & Components.



## INVENTORIES

ISM's Inventories Index registered 53.6 percent in April, 6.2 percentage points higher than the 47.4 percent recorded for March. The nine industries

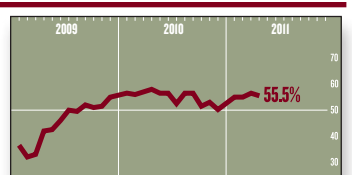
reporting higher inventories in April — listed in order — are: Wood Products; Plastics & Rubber Products; Fabricated Metal Products; Apparel, Leather & Allied Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Machinery; Electrical Equipment, Appliances & Components; and Transportation Equipment.



## IMPORTS

Imports of materials by manufacturers continued to expand in April as the Imports Index registered 55.5 percent. The eight

industries reporting growth in imports during the month of April — listed in order — are: Primary Metals; Apparel, Leather & Allied Products; Machinery; Transportation Equipment; Chemical Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; and Fabricated Metal Products.



## NMI at 52.8%

**E**conomic activity in the non-manufacturing sector grew in April for the 17th consecutive month, say the nation's purchasing and supply executives in the latest Non-Manufacturing ISM Report On Business®.

The NMI registered 52.8 percent in April, 4.5 percentage points lower than the 57.3 percent registered in March, and indicating continued growth at a slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index decreased 6 percentage points to 53.7 percent. The New Orders Index decreased substantially by 11.4 percentage points to 52.7 percent. The Employment Index decreased 1.8 percentage points to 51.9 percent. Respondents' comments are mixed about overall business conditions; however, they are mostly positive. Respondents' comments also indicate concern over rising fuel costs, commodity costs and the lingering uncertainty about the economy.

The 17 industries reporting growth in April based on the NMI composite index — listed in order — are: Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Mining; Management of Companies & Support Services; Information; Other Services\*; Wholesale Trade; Utilities; Public Administration; Accommodation & Food Services; Construction; Real Estate, Rental & Leasing; Educational Services; Health Care & Social Assistance; Transportation & Warehousing; Professional, Scientific & Technical Services; and Finance & Insurance. **ISM**

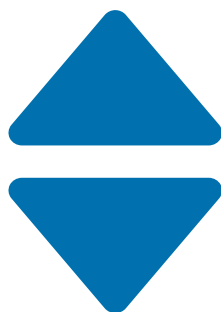
Analysis by **Anthony Nieves, C.P.M., C.FPM**, chair of the Institute for Supply Management™ Non-Manufacturing Business Survey Committee.

**Business Activity Index at 53.7%; New Orders Index at 52.7%; Employment Index at 51.9%**

### NON-MANUFACTURING AT A GLANCE

INDEX	APR. INDEX	MAR. INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
NMI	52.8	57.3	-4.5	Growing	Slower	17
Business Activity	53.7	59.7	-6.0	Growing	Slower	21
New Orders	52.7	64.1	-11.4	Growing	Slower	21
Employment	51.9	53.7	-1.8	Growing	Slower	8
Supplier Deliveries	53.0	51.5	+1.5	Slowing	Faster	13
Inventories	55.5	55.5	0.0	Growing	Same	3
Prices	70.1	72.1	-2.0	Increasing	Slower	21
Backlog of Orders	55.5	56.0	-0.5	Growing	Slower	4
New Export Orders	53.5	59.0	-5.5	Growing	Slower	8
Imports	57.0	50.0	+7.0	Growing	From Unchanged	1
Inventory Sentiment	57.5	67.0	-9.5	Too High	Slower	167

\*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.



### COMMODITIES REPORTED

**Commodities Up in Price:** Air Freight; Aircraft Fuel; Airfares (5); Beef; Can Liners; Carbon Pipe; Copper (3); Copper Products (5); Corrugated; Cotton (6); Cotton Products (8); #1 Diesel Fuel (7); #2 Diesel Fuel (10); Freight Charges; Fuel (16); Fuel Surcharges (4); Gasoline (7); Ink Jet Toner Cartridges; Latex Gloves (4); Lube Products; Oil Products; Packaging Materials (2); Paper (6); Petroleum; Petroleum Products (4); Plastics; Plastic Products (2); Plastic Sheet; Polyester Garments (2); Polyethylene Bags (5); Polyethylene Film; Resins; Steel (5); Steel Pipe and Fittings; Steel Products (5); Textiles; Tomatoes; and Transportation Costs.

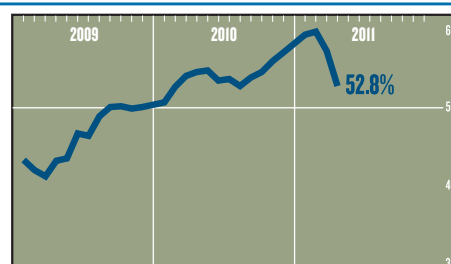
**Commodities Down in Price:** No commodities are reported down in price.

**Commodities in Short Supply:** Cotton (4); Cotton Products; Laptop Computers; and Servers.

\*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 April, the NMI registered 52.8 percent, indicating continued growth in the non-manufacturing sector for the 17th 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.

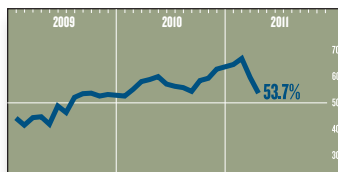


±Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services).

### BUSINESS ACTIVITY

ISM's Non-Manufacturing Business Activity Index in April registered 53.7 percent. Business activity increased the greatest in the fol-

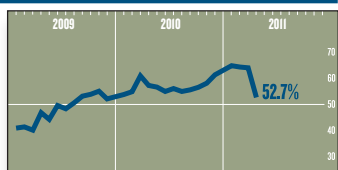
lowing industries in the month of April: Management of Companies & Support Services; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Mining; Real Estate, Rental & Leasing; Utilities; Public Administration; Wholesale Trade; Information; Accommodation & Food Services; Educational Services; Other Services<sup>±</sup>; and Professional, Scientific & Technical Services.



### NEW ORDERS

ISM's Non-Manufacturing New Orders Index registered 52.7 percent in April. The 12 industries reporting growth of new orders in April — listed in order — are:

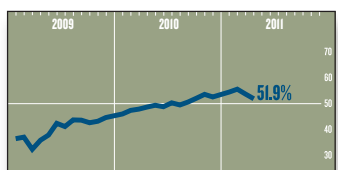
Management of Companies & Support Services; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Mining; Real Estate, Rental & Leasing; Wholesale Trade; Information; Health Care & Social Assistance; Public Administration; Construction; Other Services<sup>±</sup>; and Educational Services.



### EMPLOYMENT

ISM's Non-Manufacturing Employment Index registered 51.9 percent in April. The 12 industries reporting an increase in employment in April — listed in order — are:

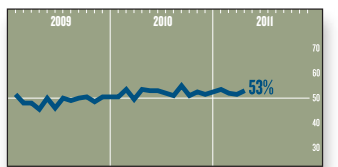
Arts, Entertainment & Recreation; Mining; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Other Services<sup>±</sup>; Information; Construction; Accommodation & Food Services; Finance & Insurance; Public Administration; Wholesale Trade; and Transportation & Warehousing.



### SUPPLIER DELIVERIES

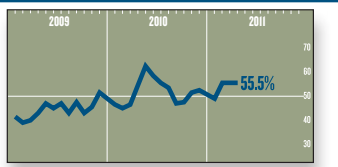
ISM's Supplier Deliveries Index registered 53 percent in April. A reading above 50 percent indicates slower deliveries. The

eight industries reporting slower deliveries in April — listed in order — are: Utilities; Agriculture, Forestry, Fishing & Hunting; Mining; Accommodation & Food Services; Wholesale Trade; Other Services<sup>±</sup>; Information; and Professional, Scientific & Technical Services.



### INVENTORIES

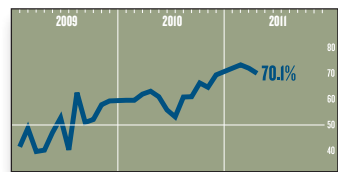
ISM's Non-Manufacturing Inventories Index registered 55.5 percent in April, the same reading as reported in both March and February. The eight industries reporting an increase in inventories in April — listed in order — are: Utilities; Arts, Entertainment & Recreation; Wholesale Trade; Information; Construction; Transportation & Warehousing; Public Administration; and Professional, Scientific & Technical Services.



### PRICES

ISM's Non-Manufacturing Prices Index for April registered 70.1 percent. Prices increased the greatest in the following industries in the month of April: Agriculture, For-

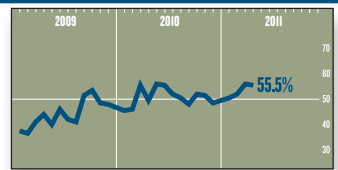
estry, Fishing & Hunting; Mining; Utilities; Arts, Entertainment & Recreation; Construction; Wholesale Trade; Accommodation & Food Services; Finance & Insurance; Transportation & Warehousing; Real Estate, Rental & Leasing; Management of Companies & Support Services; Educational Services; Professional, Scientific & Technical Services; Retail Trade; and Public Administration.



### BACKLOG OF ORDERS

ISM's Non-Manufacturing Backlog of Orders Index registered 55.5 percent in April, 0.5 percentage point lower than the

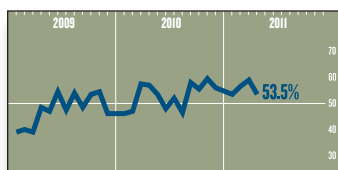
56 percent reported in March. The eight industries reporting an increase in order backlogs in April — listed in order — are: Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Mining; Wholesale Trade; Construction; Health Care & Social Assistance; Public Administration; and Transportation & Warehousing.



### NEW EXPORT ORDERS

The ISM Non-Manufacturing New Export Orders Index registered 53.5 percent in April, which is 5.5 percentage points lower than the

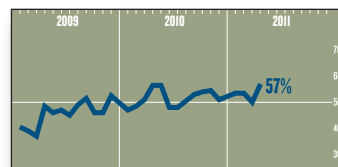
59 percent registered in March. The five industries reporting an increase in new export orders in April are: Mining; Arts, Entertainment & Recreation; Construction; Information; and Wholesale Trade.



### IMPORTS

The ISM Non-Manufacturing Imports Index registered 57 percent in April. The nine industries reporting an increase in the use of imports in April — listed in order — are:

Information; Arts, Entertainment & Recreation; Other Services<sup>±</sup>; Management of Companies & Support Services; Health Care & Social Assistance; Transportation & Warehousing; Professional, Scientific & Technical Services; Accommodation & Food Services; and Wholesale Trade.



### INVENTORY SENTIMENT

The ISM Non-Manufacturing Inventory Sentiment Index in April registered 57.5 percent, which is 9.5 percentage points

lower than the 67 percent reported in March. The eight industries reporting a feeling that their inventories are too high in April — listed in order — are: Mining; Other Services<sup>±</sup>; Professional, Scientific & Technical Services; Accommodation & Food Services; Wholesale Trade; Transportation & Warehousing; Finance & Insurance; and Health Care & Social Assistance.

