

**E**conomic activity in the **manufacturing sector** expanded in February for the ninth consecutive month, and the overall economy grew for the 57th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The PMI® registered 53.2 percent, an increase of 1.9 percentage points from January's reading of 51.3 percent. The New Orders Index registered 54.5 percent, an increase of 3.3 percentage points from January's reading of 51.2 percent. The Production Index registered 48.2 percent, a decrease of 6.6 percentage points compared to January's reading of 54.8 percent. Inventories of raw materials increased by 8.5 percentage points to 52.5 percent. As in January, several comments from the panel mention adverse weather conditions as a factor impacting their businesses in February. Other comments reflect optimism in terms of demand and growth in the near term.

Of the 18 manufacturing industries, 14 are reporting growth in February in the following order: Textile Mills; Wood Products; Machinery; Printing & Related Support Activities; Plastics & Rubber Products; Nonmetallic Mineral Products; Transportation Equipment; Paper Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Furniture & Related Products; Primary Metals; and Chemical Products. **ISM**

## PMI® at 53.2%

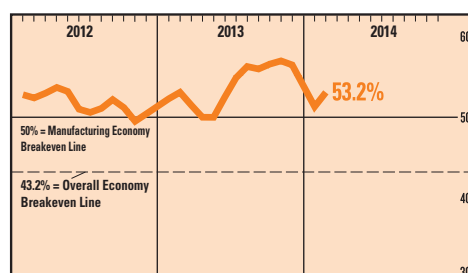
New Orders, Employment and Inventories Growing; Production Contracting; Supplier Deliveries Slowing

### Manufacturing at a Glance

INDEX	Feb Index	Jan Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	53.2	51.3	+1.9	Growing	Faster	9
New Orders	54.5	51.2	+3.3	Growing	Faster	9
Production	48.2	54.8	-6.6	Contracting	From Growing	1
Employment	52.3	52.3	0.0	Growing	Same	8
Supplier Deliveries	58.5	54.3	+4.2	Slowing	Faster	9
Inventories	52.5	44.0	+8.5	Growing	From Contracting	1
Customers' Inventories	46.5	44.0	+2.5	Too Low	Slower	27
Prices	60.0	60.5	-0.5	Increasing	Slower	7
Backlog of Orders	52.0	48.0	+4.0	Growing	From Contracting	1
Exports	53.5	54.5	-1.0	Growing	Slower	15
Imports	53.5	53.5	0.0	Growing	Same	13
<b>Overall Economy</b>				<b>Growing</b>	<b>Faster</b>	<b>57</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>9</b>

\*Number of months moving in current direction.

Manufacturing ISM® Report On Business® data is seasonally adjusted for the New Orders, Production, Employment and Supplier Deliveries Indexes.



## PMI®

A PMI® in excess of 43.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the February PMI® indicates growth for the 57th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the ninth consecutive month. The past relationship between the PMI® and the overall economy indicates that the PMI® for January and February (52.3 percent) corresponds to a 3 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI® for February (53.2 percent) is annualized, it corresponds to a 3.3 percent increase in real GDP annually.

### Commodities Reported

**Commodities Up in Price:** Aluminum; Aluminum Extrusions; Electrical Components (2); HDPE; Dairy; Natural Gas (2); Packaging; Pallets; Plastic Resins (3); Polypropylene Resins (2); Sulfuric Acid; Steel (3); Steel — Hot Rolled (4); Wire; and Wood (4).

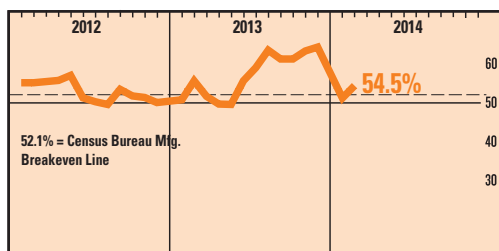
**Commodities Down in Price:** No commodities are reported down in price.

**Commodities in Short Supply:** No commodities are reported in short supply.



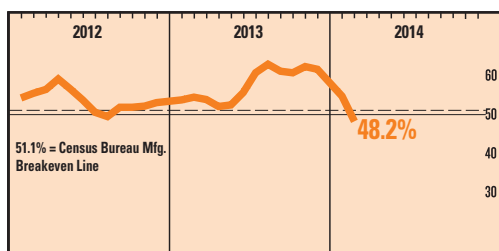
**Note:** The number of consecutive months the commodity is listed is indicated after each item.

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



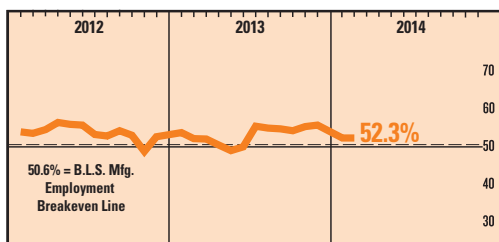
## New Orders

ISM®'s New Orders Index registered 54.5 percent in February, an increase of 3.3 percentage points when compared to the January reading of 51.2 percent. The 11 industries reporting growth in new orders in February — listed in order — are: Wood Products; Paper Products; Textile Mills; Printing & Related Support Activities; Machinery; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; and Primary Metals.



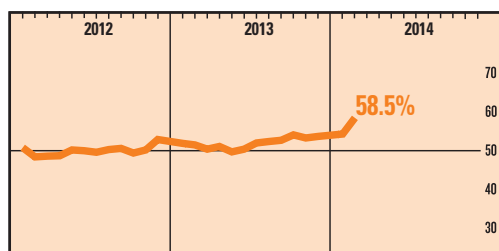
## Production

ISM®'s Production Index registered 48.2 percent in February, which is a decrease of 6.6 percentage points when compared to the 54.8 percent reported in January, and is the lowest production reading since May 2009 when the index registered 42.7 percent. The seven industries reporting growth in production during the month of February — listed in order — are: Nonmetallic Mineral Products; Textile Mills; Transportation Equipment; Machinery; Plastics & Rubber Products; Food, Beverage & Tobacco Products; and Fabricated Metal Products.



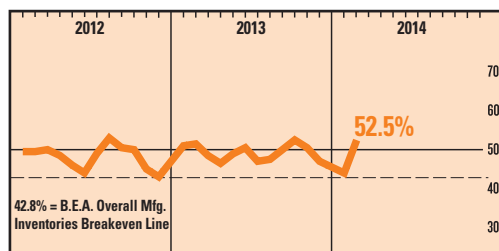
## Employment

ISM®'s Employment Index registered 52.3 percent in February, which is the same percentage that was reported in January. Of the 18 manufacturing industries, 12 reported growth in February in the following order: Wood Products; Textile Mills; Printing & Related Support Activities; Petroleum & Coal Products; Furniture & Related Products; Machinery; Plastics & Rubber Products; Transportation Equipment; Fabricated Metal Products; Paper Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.



## Supplier Deliveries

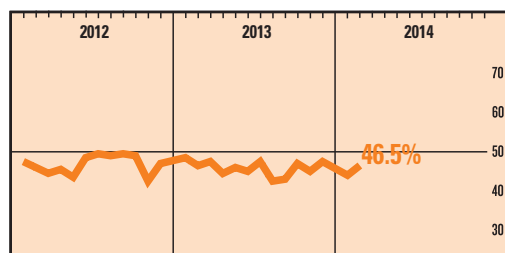
The delivery performance of suppliers to manufacturing organizations slowed in February at a faster rate relative to January as the Supplier Deliveries Index registered 58.5 percent. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries. The nine industries reporting slower supplier deliveries in February — listed in order — are: Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Paper Products; Computer & Electronic Products; Machinery; Transportation Equipment; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Chemical Products.



## Inventories

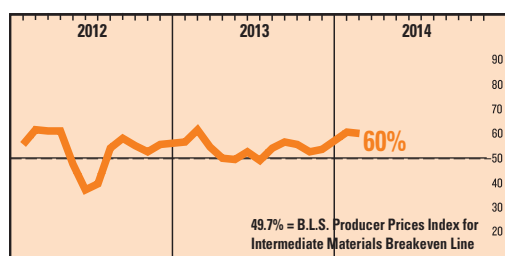
The Inventories Index registered 52.5 percent in February, which is 8.5 percentage points higher than the 44 percent reported in January, and indicates that inventories are growing, following two consecutive months of contraction. The eight industries reporting higher inventories in February — listed in order — are: Textile Mills; Nonmetallic Mineral Products; Plastics & Rubber Products; Machinery; Furniture & Related Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Electrical Equipment, Appliances & Components.

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



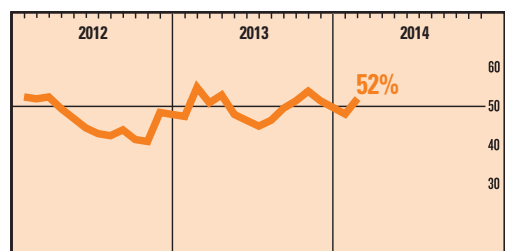
## Customers' Inventories

ISM®'s Customers' Inventories Index registered 46.5 percent in February, which is 2.5 percentage points higher than in January when the index registered 44 percent. A reading below 50 percent indicates customers' inventories are considered too low. The five manufacturing industries reporting customers' inventories as being too high during the month of February are: Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing<sup>‡</sup>; and Chemical Products.



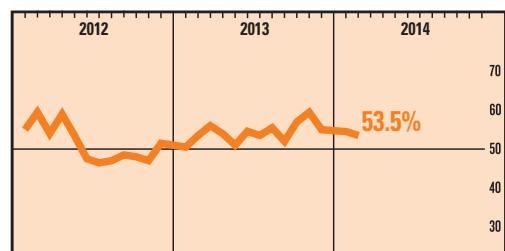
## Prices

The ISM® Prices Index registered 60 percent in February. Of the 18 manufacturing industries, 13 reported paying increased prices during the month of February in the following order: Wood Products; Textile Mills; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Chemical Products; Furniture & Related Products; Machinery; Paper Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Miscellaneous Manufacturing<sup>‡</sup>; Transportation Equipment; and Computer & Electronic Products.



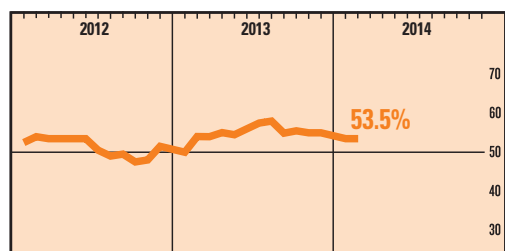
## Backlog of Orders

ISM®'s Backlog of Orders Index registered 52 percent in February, which is 4 percentage points higher than the 48 percent reported in January, indicating growth in order backlogs following one month of contraction in the last five months. The eight industries reporting increased order backlogs in February — listed in order — are: Wood Products; Primary Metals; Electrical Equipment, Appliances & Components; Chemical Products; Paper Products; Fabricated Metal Products; Machinery; and Computer & Electronic Products.



## New Export Orders

ISM®'s New Export Orders Index registered 53.5 percent in February, which is 1 percentage point lower than the 54.5 percent reported in January. The eight industries reporting growth in new export orders in February — listed in order — are: Textile Mills; Electrical Equipment, Appliances & Components; Chemical Products; Transportation Equipment; Paper Products; Machinery; Food, Beverage & Tobacco Products; and Fabricated Metal Products.



## Imports

ISM®'s Imports Index registered 53.5 percent in February, which is the same percentage that was reported in January. This month's reading represents 13 consecutive months of growth in imports. The six industries reporting growth in imports during the month of February — listed in order — are: Primary Metals; Food, Beverage & Tobacco Products; Machinery; Transportation Equipment; Computer & Electronic Products; and Chemical Products.

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

Analysis by **Anthony Nieves, CPSM, C.P.M., CFPM**,  
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Non-Manufacturing Business Survey Committee.

non-manufacturing

# NMI® at 51.6%

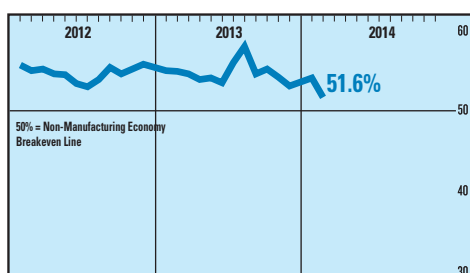
Business Activity Index at 54.6%; New Orders Index at 51.3%; Employment Index at 47.5%

## Non-Manufacturing at a Glance

INDEX	Feb Index	Jan Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	51.6	54.0	-2.4	Growing	Slower	49
Business Activity	54.6	56.3	-1.7	Growing	Slower	55
New Orders	51.3	50.9	+0.4	Growing	Faster	55
Employment	47.5	56.4	-8.9	Contracting	From Growing	1
Supplier Deliveries	53.0	52.5	+0.5	Slowing	Faster	4
Inventories	50.5	50.5	0.0	Growing	Same	2
Prices	53.7	57.1	-3.4	Increasing	Slower	53
Backlog of Orders	52.0	49.0	+3.0	Growing	From Contracting	1
New Export Orders	47.5	49.0	-1.5	Contracting	Faster	2
Imports	47.0	48.0	-1.0	Contracting	Faster	2
Inventory Sentiment	62.0	63.0	-1.0	Too High	Slower	201

\*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.



## NMI®

In February, the NMI® registered 51.6 percent, a decrease of 2.4 percentage points when compared to January's reading of 54 percent, indicating continued growth in the non-manufacturing sector for the 49th consecutive month. This month's reading reflects the lowest NMI® since January 2010, when the index registered 49.6 percent.

Economic activity in the non-manufacturing sector grew in February for the 49th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM® Report On Business®**.

The NMI® registered 51.6 percent in February, 2.4 percentage points lower than January's reading of 54 percent, indicating contraction in non-manufacturing for the first time since January 2010. The New Orders Index registered 51.3 percent, 0.4 percentage point higher than the reading of 50.9 percent registered in January. The Employment Index decreased 8.9 percentage points to 47.5 percent from the January reading of 56.4 percent and indicates contraction in employment for the first time after 25 consecutive months of growth. The Prices Index decreased 3.4 percentage points from the January reading to 53.7 percent. The majority of respondents' comments indicate a slowing in the rate of growth month over month of business activity. Some of the respondents attribute this to weather conditions. Overall respondents' comments reflect cautiousness regarding business conditions and the economy.

The 10 non-manufacturing industries reporting growth in February are: Other Services; Management of Companies & Support Services; Public Administration; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Utilities; Transportation & Warehousing; Educational Services; Professional, Scientific & Technical Services; and Information. **ISM**

✚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).

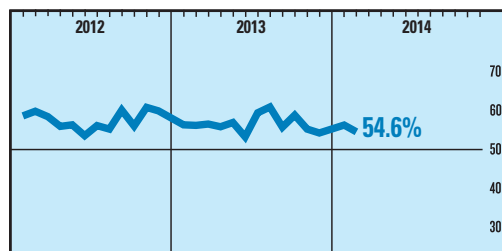
## Commodities Reported

**Commodities Up in Price:** Beef Items (3); Cheese; Coffee; Copier Paper; Dairy (3); #1 Diesel Fuel (2); #2 Diesel Fuel (3); #2 Heating Fuel; Gasoline (3); Janitorial Supplies; Laptop Computers; Lumber — Pine, Spruce and Treated (2); Medical IV Solutions; Natural Gas; Pharmaceuticals; Plastic Film; Plastic Products; Propane (2); and Shrimp (3).

**Commodities Down in Price:** Chicken (3); Fuel Services; Soybean Oil; and Steel Pipe.

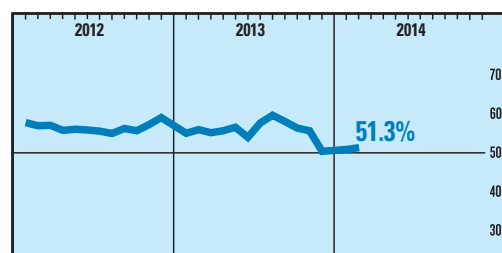
**Commodities in Short Supply:** Helium (2); IT Consultants/Labor (2); Medical IV Solutions (2); RAM; Road Salt; and Salt.

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



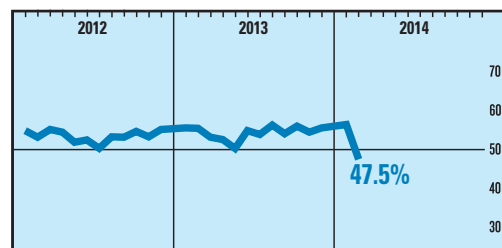
## Business Activity

ISM®'s Business Activity Index in February registered 54.6 percent, 1.7 percentage points lower than the reading of 56.3 percent registered in January. The 11 industries reporting growth of business activity in February — listed in order — are: Utilities; Other Services\*; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Public Administration; Finance & Insurance; Educational Services; Transportation & Warehousing; Information; Professional, Scientific & Technical Services; and Health Care & Social Assistance.



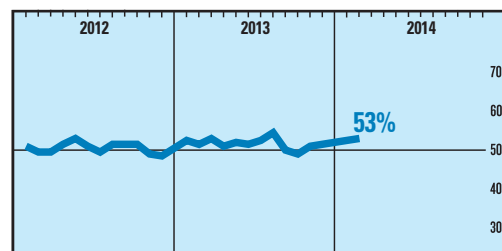
## New Orders

ISM®'s Non-Manufacturing New Orders Index grew in February for the 55th consecutive month, registering 51.3 percent. The 10 industries reporting growth of new orders in February — listed in order — are: Educational Services; Other Service\*; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Management of Companies & Support Services; Public Administration; Finance & Insurance; Utilities; Information; and Professional, Scientific & Technical Services.



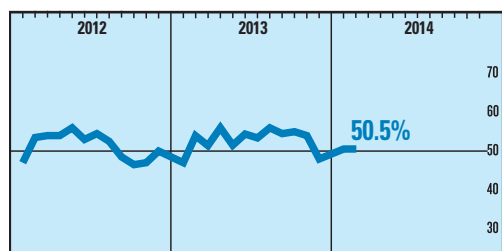
## Employment

Employment activity in the non-manufacturing sector contracted in February after 25 consecutive months of growth. ISM®'s Non-Manufacturing Employment Index registered 47.5 percent, which reflects a decrease of 8.9 percentage points when compared to the reading of 56.4 percent registered in January. The seven industries reporting an increase in employment in February — listed in order — are: Management of Companies & Support Services; Transportation & Warehousing; Other Services\*; Finance & Insurance; Construction; Public Administration; and Information.



## Supplier Deliveries

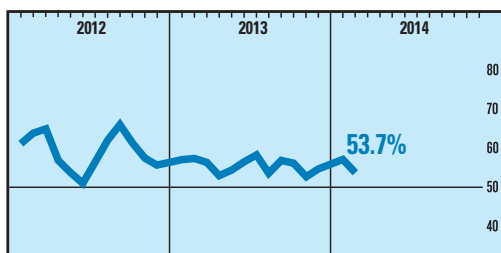
The Supplier Deliveries Index registered 53 percent in February, indicating that deliveries were slower after the January reading of 52.5 percent. The six industries reporting slower deliveries in February — listed in order — are: Other Services\*; Health Care & Social Assistance; Professional, Scientific & Technical Services; Public Administration; Wholesale Trade; and Information.



## Inventories

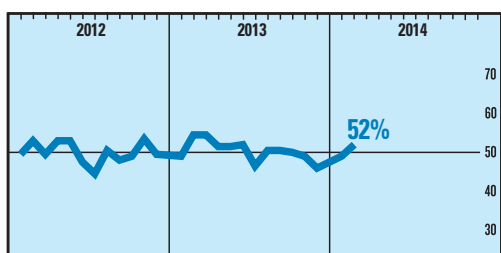
ISM®'s Non-Manufacturing Inventories Index grew for the second consecutive month. The index registered 50.5 percent, which is the same percentage that was reported in January. The eight industries reporting an increase in inventories in February — listed in order — are: Utilities; Management of Companies & Support Services; Finance & Insurance; Retail Trade; Wholesale Trade; Accommodation & Food Services; Professional, Scientific & Technical Services; and Public Administration.

\*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).



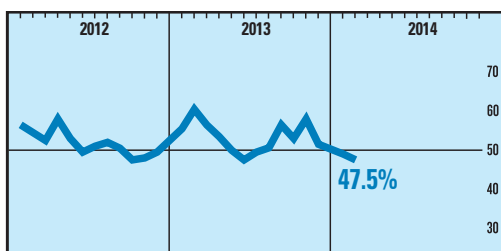
## Prices

ISM®'s Non-Manufacturing Prices Index for February registered 53.7 percent, 3.4 percentage points lower than the 57.1 percent reported in January. Fifteen non-manufacturing industries reported an increase in prices paid during the month of February, in the following order: Mining; Educational Services; Utilities; Wholesale Trade; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Health Care & Social Assistance; Real Estate, Rental & Leasing; Other Services\*; Retail Trade; Finance & Insurance; Professional, Scientific & Technical Services; Public Administration; and Information.



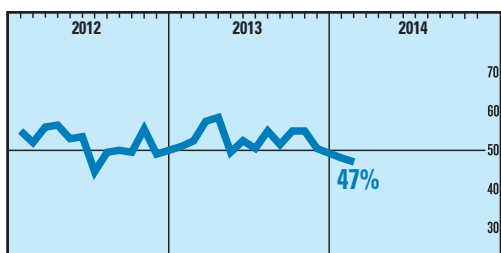
## Backlog of Orders

ISM®'s Non-Manufacturing Backlog of Orders Index grew in February after three consecutive months of contraction. The index registered 52 percent, which is 3 percentage points higher than the 49 percent reported in January. The seven industries reporting an increase in order backlogs in February — listed in order — are: Other Services\*; Real Estate, Rental & Leasing; Finance & Insurance; Management of Companies & Support Services; Construction; Accommodation & Food Services; and Public Administration.



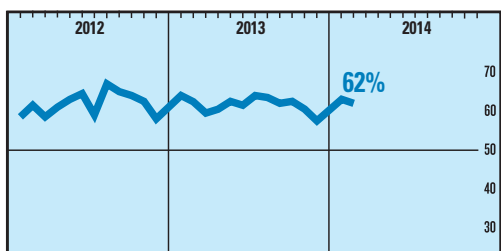
## New Export Orders

The New Export Orders Index for February registered 47.5 percent, which is 1.5 percentage points lower than the 49 percent reported in January. The three industries reporting an increase in new export orders in February are: Transportation & Warehousing; Finance & Insurance; and Professional, Scientific & Technical Services.



## Imports

The ISM® Non-Manufacturing Imports Index contracted in February for the second consecutive month after seven consecutive months of growth. This month's reading at 47 percent is 1 percentage point lower than the 48 percent that was reported in January. The three industries reporting an increase in imports for the month of February are: Other Services\*; Agriculture, Forestry, Fishing & Hunting; and Professional, Scientific & Technical Services.



## Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in February registered 62 percent, which is 1 percentage point lower than the 63 percent reported in January. The nine industries reporting a feeling that their inventories are too high in February — listed in order — are: Mining; Finance & Insurance; Retail Trade; Wholesale Trade; Utilities; Health Care & Social Assistance; Information; Accommodation & Food Services; and Public Administration.

\*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).