

Economic activity in the **manufacturing sector** expanded in June for the 13th consecutive month, and the overall economy grew for the 61st consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The June PMI® registered 55.3 percent, a decrease of 0.1 percentage point from May's reading of 55.4 percent, indicating expansion in manufacturing for the 13th consecutive month. The New Orders Index registered 58.9 percent, an increase of 2 percentage points from the 56.9 percent reading in May, indicating growth in new orders for the 13th consecutive month. The Production Index registered 60 percent, 1 percentage point below the May reading of 61 percent. Employment grew for the 12th consecutive month, registering 52.8 percent, the same level of growth as reported in May. Inventories of raw materials remained at 53 percent, the same reading as reported in both May and April. The prices of raw materials grew at a slower rate in June, registering 58 percent, down 2 percentage points from May.

Of the 18 manufacturing industries, 15 are reporting growth in June in the following order: Furniture & Related Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Machinery; Fabricated Metal Products; Computer & Electronic Products; Transportation Equipment; Miscellaneous Manufacturing‡; Electrical Equipment, Appliances & Components; Apparel, Leather & Allied Products; Wood Products; Printing & Related Support Activities; Petroleum & Coal Products; Primary Metals; and Paper Products. **ISM**

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

PMI® at 55.3%

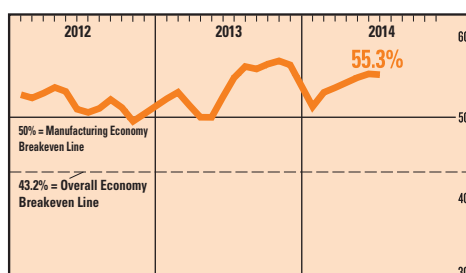
New Orders, Employment and Production Growing; Inventories Growing; Supplier Deliveries Slowing

Manufacturing at a Glance

INDEX	Jun Index	May Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	55.3	55.4	-0.1	Growing	Slower	13
New Orders	58.9	56.9	+2.0	Growing	Faster	13
Production	60.0	61.0	-1.0	Growing	Slower	4
Employment	52.8	52.8	0.0	Growing	Same	12
Supplier Deliveries	51.9	53.2	-1.3	Slowing	Slower	13
Inventories	53.0	53.0	0.0	Growing	Same	5
Customers' Inventories	46.5	46.5	0.0	Too Low	Same	31
Prices	58.0	60.0	-2.0	Increasing	Slower	11
Backlog of Orders	48.0	52.5	-4.5	Contracting	From Growing	1
Exports	54.5	56.5	-2.0	Growing	Slower	19
Imports	57.0	54.5	+2.5	Growing	Faster	17
Overall Economy				Growing	Slower	61
Manufacturing Sector				Growing	Slower	13

*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 June PMI® indicates growth for the 61st consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the 13th consecutive month. "The past relation-

ship between the PMI® and the overall economy indicates that the average PMI® for January through June (54 percent) corresponds to a 3.6 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI® for June (55.3 percent) is annualized, it corresponds to a 4 percent increase in real GDP annually."



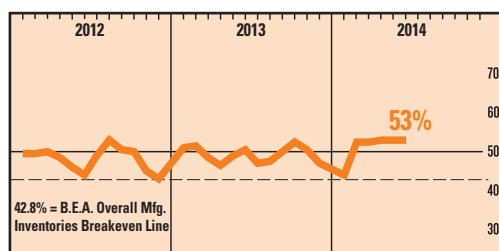
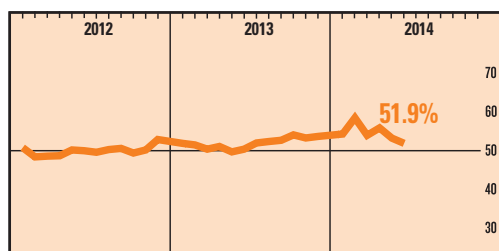
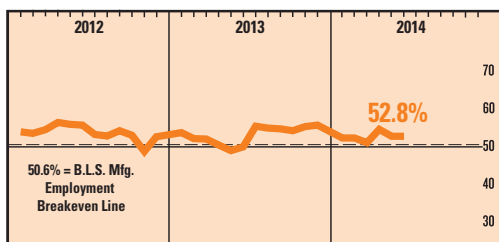
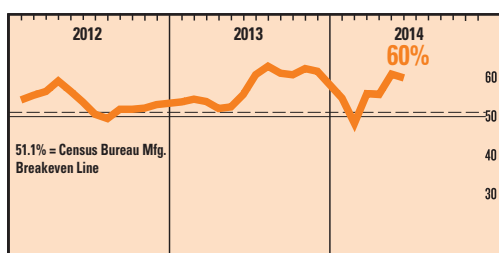
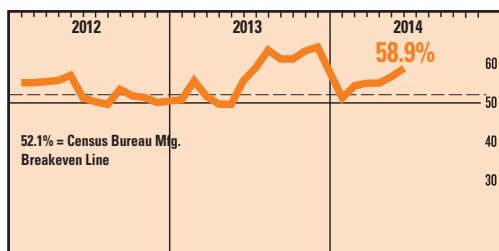
Note: The number of consecutive months the commodity is listed is indicated after each item.

Commodities Reported

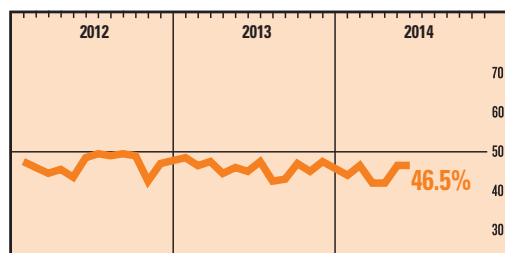
Commodities Up in Price: Aluminum (5); Electric Components; Hydrochloric Acid; Lumber (4); MRO Supplies (2); Natural Gas (2); Nickel (4); Plastic Components; Stainless Steel (4); Steel (7); and Steel — Hot Rolled (3).

Commodities Down in Price: Copper (4) is the only commodity reported down in price.

Commodities in Short Supply: Helium (2); and Wood Pallets (2).

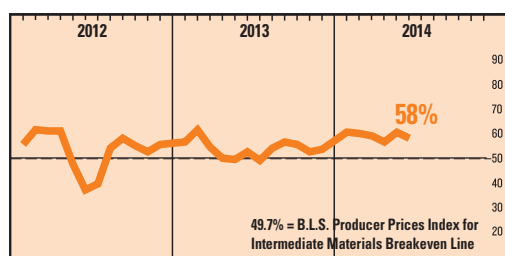


[‡]Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



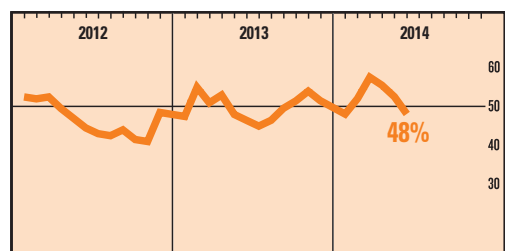
Customers' Inventories

ISM's Customers' Inventories Index registered 46.5 percent in June, the same percentage as reported in May. The five manufacturing industries reporting customers' inventories as being too high during the month of June are: Petroleum & Coal Products; Food, Beverage & Tobacco Products; Chemical Products; Computer & Electronic Products; and Miscellaneous Manufacturing[‡].



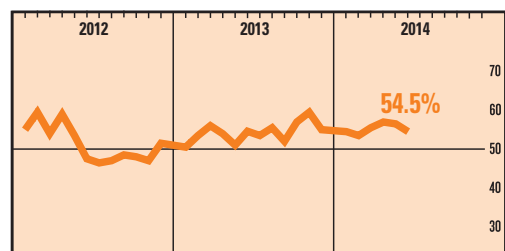
Prices

The ISM Prices Index registered 58 percent in June, which is a decrease of 2 percentage points compared to the May reading of 60 percent. Of the 18 manufacturing industries, 11 reported paying increased prices during the month of June in the following order: Furniture & Related Products; Paper Products; Petroleum & Coal Products; Fabricated Metal Products; Machinery; Primary Metals; Miscellaneous Manufacturing[‡]; Transportation Equipment; Chemical Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.



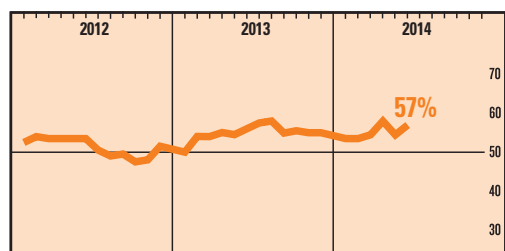
Backlog of Orders

ISM's Backlog of Orders Index registered 48 percent in June, which is 4.5 percentage points lower than the 52.5 percent reported in May. The six industries reporting increased order backlogs in June — listed in order — are: Plastics & Rubber Products; Furniture & Related Products; Paper Products; Electrical Equipment, Appliances & Components; Transportation Equipment; and Miscellaneous Manufacturing[‡].



New Export Orders

ISM's New Export Orders Index registered 54.5 percent in June. The nine industries reporting growth in new export orders in June — listed in order — are: Furniture & Related Products; Primary Metals; Fabricated Metal Products; Transportation Equipment; Chemical Products; Miscellaneous Manufacturing[‡]; Machinery; Paper Products; and Computer & Electronic Products.



Imports

ISM's Imports Index registered 57 percent in June. The 11 industries reporting growth in imports during the month of June — listed in order — are: Textile Mills; Nonmetallic Mineral Products; Transportation Equipment; Plastics & Rubber Products; Fabricated Metal Products; Machinery; Furniture & Related Products; Miscellaneous Manufacturing[‡]; Chemical Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.

[‡]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

NMI® at 56%

Business Activity Index at 57.5%; New Orders Index at 61.2%;

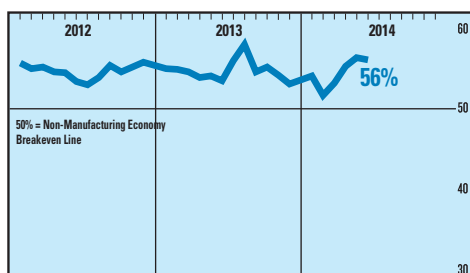
Employment Index at 54.4%

Non-Manufacturing at a Glance

INDEX	Jun Index	May Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	56.0	56.3	-0.3	Growing	Slower	53
Business Activity	57.5	62.1	-4.6	Growing	Slower	59
New Orders	61.2	60.5	+0.7	Growing	Faster	59
Employment	54.4	52.4	+2.0	Growing	Faster	4
Supplier Deliveries	51.0	50.0	+1.0	Slowing	From Unchanged	1
Inventories	53.5	55.5	-2.0	Growing	Slower	3
Prices	61.2	61.4	-0.2	Increasing	Slower	57
Backlog of Orders	53.0	54.0	-1.0	Growing	Slower	2
New Export Orders	55.0	53.0	+2.0	Growing	Faster	3
Imports	53.0	55.5	-2.5	Growing	Slower	4
Inventory Sentiment	60.5	63.0	-2.5	Too High	Slower	205

*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 June, the NMI® registered 56 percent, a decrease of 0.3 percentage point when compared to May's reading of 56.3 percent, indicating continued growth in the non-manufacturing sector for the 53rd 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.

Economic activity in the **non-manufacturing sector** grew in June for the 53rd consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM® Report On Business®**.

The NMI® registered 56 percent in June representing continued growth at a slightly slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index decreased to 57.5 percent, which is 4.6 percentage points lower than the May reading of 62.1 percent, reflecting growth for the 59th consecutive month at a slower rate. The New Orders Index registered 61.2 percent, 0.7 percentage point higher than the reading of 60.5 percent registered in May. The Employment Index increased 2 percentage points to 54.4 percent from the May reading of 52.4 percent and indicates growth for the fourth consecutive month and at a faster rate. The Prices Index decreased 0.2 percentage point from the May reading of 61.4 percent to 61.2 percent, indicating prices increased at a slightly slower rate in June when compared to May. The 14 non-manufacturing industries reporting growth in June — listed in order — are: Construction; Real Estate, Rental & Leasing; Utilities; Management of Companies & Support Services; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Information; Public Administration; Retail Trade; Transportation & Warehousing; Professional, Scientific & Technical Services; Wholesale Trade; Finance & Insurance; and Other Services†. **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: Airfares; Asphalt Products; Bacon; Beef; Beef Items (7); Cheese*; Chicken; Copper Products; Dairy (7); #1 Diesel Fuel (6); #2 Diesel Fuel (7); Food Products (2); Fuel (3); Gasoline (7); Natural Gas; Paper (2); Pork; Pork Products; Plumbing Supplies (2); Shipping Costs; Stainless Steel Products (3); and Transportation Services.

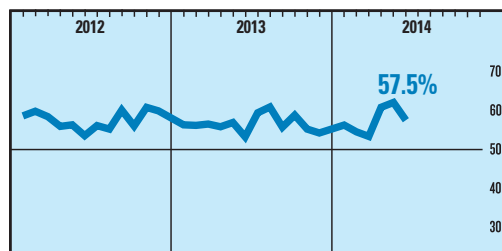
Commodities Down in Price: Cheese* is the only commodity reported down in price.

Commodities in Short Supply: Drug Related Products; and Medical IV Solutions (6).



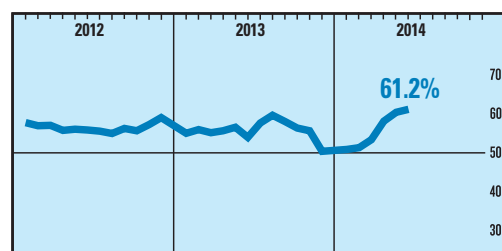
Note: The number of consecutive months the commodity is listed is indicated after each item.

*Reported as both up and down in price.



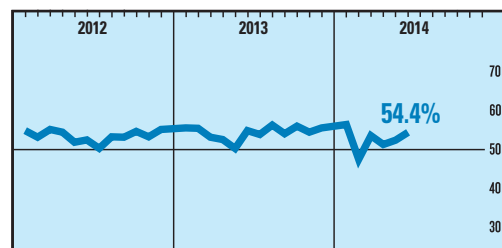
Business Activity

ISM's Business Activity Index in June registered 57.5 percent. The 15 industries reporting growth of business activity in June — listed in order — are: Real Estate, Rental & Leasing; Mining; Construction; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Utilities; Public Administration; Information; Professional, Scientific & Technical Services; Transportation & Warehousing; Management of Companies & Support Services; Retail Trade; Wholesale Trade; Health Care & Social Assistance; and Finance & Insurance.



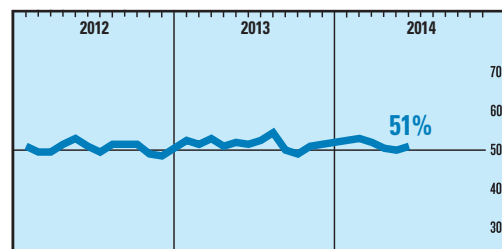
New Orders

ISM's Non-Manufacturing New Orders Index registered 61.2 percent. The 15 industries reporting growth of new orders in June — listed in order — are: Real Estate, Rental & Leasing; Construction; Transportation & Warehousing; Information; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Public Administration; Utilities; Professional, Scientific & Technical Services; Retail Trade; Other Services[†]; Wholesale Trade; Finance & Insurance; Management of Companies & Support Services; and Health Care & Social Assistance.



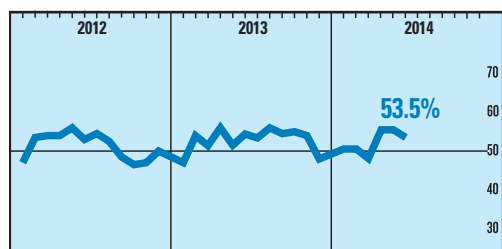
Employment

ISM's Non-Manufacturing Employment Index registered 54.4 percent. The 13 industries reporting an increase in employment in June — listed in order — are: Management of Companies & Support Services; Utilities; Construction; Retail Trade; Transportation & Warehousing; Arts, Entertainment & Recreation; Wholesale Trade; Real Estate, Rental & Leasing; Public Administration; Professional, Scientific & Technical Services; Accommodation & Food Services; Information; and Finance & Insurance.



Supplier Deliveries

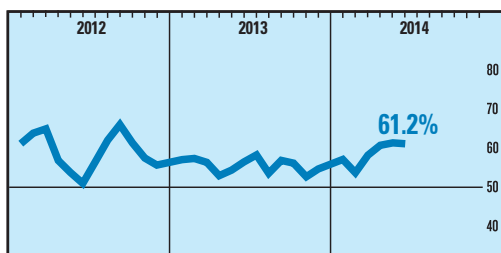
The Supplier Deliveries Index registered 51 percent in June, 1 percentage point higher than the 50 percent registered in May. The six industries reporting slower deliveries in June — listed in order — are: Construction; Agriculture, Forestry, Fishing & Hunting; Information; Other Services[†]; Management of Companies & Support Services; and Retail Trade.



Inventories

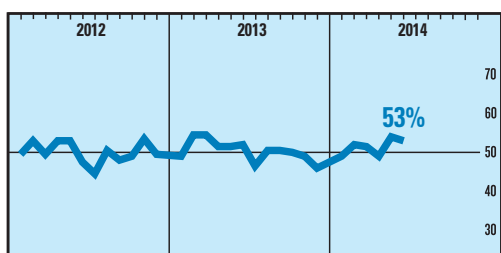
ISM's Non-Manufacturing Inventories registered 53.5 percent in June. The nine industries reporting an increase in inventories in June — listed in order — are: Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Utilities; Information; Real Estate, Rental & Leasing; Finance & Insurance; Health Care & Social Assistance; Construction; and Wholesale Trade.

[†]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).



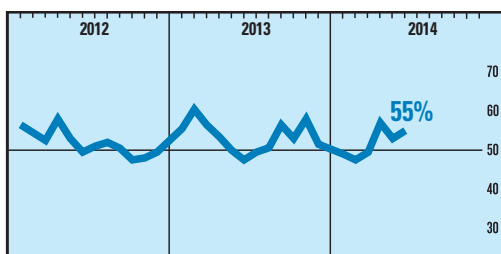
Prices

ISM's Non-Manufacturing Prices Index for June registered 61.2 percent. Sixteen non-manufacturing industries reported an increase in prices paid during the month of June, in the following order: Arts, Entertainment & Recreation; Accommodation & Food Services; Mining; Educational Services; Wholesale Trade; Management of Companies & Support Services; Other Services[†]; Transportation & Warehousing; Real Estate, Rental & Leasing; Construction; Retail Trade; Health Care & Social Assistance; Utilities; Finance & Insurance; Public Administration; and Professional, Scientific & Technical Services.



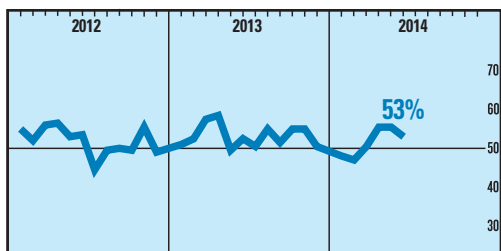
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index registered 53 percent in June. The seven industries reporting an increase in order backlogs in June — listed in order — are: Real Estate, Rental & Leasing; Construction; Public Administration; Management of Companies & Support Services; Finance & Insurance; Wholesale Trade; and Professional, Scientific & Technical Services.



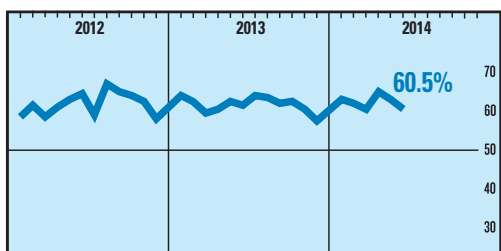
New Export Orders

The New Export Orders Index for June registered 55 percent. The seven industries reporting an increase in new export orders in June — listed in order — are: Utilities; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Information; Construction; Accommodation & Food Services; and Professional, Scientific & Technical Services.



Imports

The ISM Non-Manufacturing Imports Index grew in June for the fourth consecutive month. This month's reading at 53 percent is 2.5 percentage points lower than the 55.5 percent that was reported in May. The five industries reporting an increase in imports for the month of June are: Retail Trade; Information; Wholesale Trade; Accommodation & Food Services; and Professional, Scientific & Technical Services.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index for June registered 60.5 percent. The 10 industries reporting a feeling that their inventories are too high in June — listed in order — are: Mining; Finance & Insurance; Utilities; Wholesale Trade; Health Care & Social Assistance; Retail Trade; Transportation & Warehousing; Information; Construction; 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).