

ISM® REPORT ON BUSINESS® MANUFACTURING

MARCH 2018

Analysis by **Timothy R. Fiore, CPSM, C.P.M.**, Chair of the Institute for Supply Management® Manufacturing Business Survey Committee

Economic activity in the manufacturing sector expanded in March, and the overall economy grew for the 107th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The March PMI® registered 59.3 percent. Demand remains robust, with the New Orders Index at 60 or above for the 11th straight month, and the Customers' Inventories

Index at its lowest level since July 2011. The Backlog of Orders Index continued a 14 month expansion with its highest reading since May 2004, when it registered 63 percent. Export orders remained strong, supported by a weaker U.S. currency. The Prices Index is at its highest level since April 2011, when it registered 82.6 percent. In March, price increases occurred across 17 of

18 industry sectors. Demand remains robust, but the nation's employment resources and supply chains are still struggling to keep up. Of the 18 manufacturing industries, 17 reported growth in March, in the following order: Fabricated Metal Products;

Plastics & Rubber Products;
Computer & Electronic Products;
Paper Products; Printing & Related
Support Activities; Nonmetallic
Mineral Products; Transportation
Equipment; Petroleum & Coal

PMI® @ 59.3%

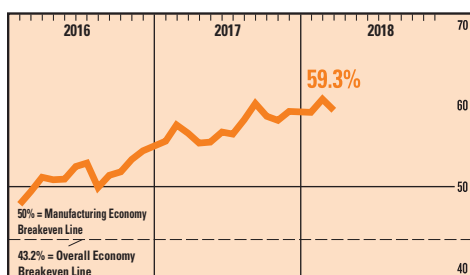
Products; Wood Products; Machinery; Chemical Products; Textile Mills; Electrical Equipment, Appliances & Components; Furniture & Related Products; Miscellaneous Manufacturing‡; Food, Beverage & Tobacco Products; and Primary Metals.

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

MANUFACTURING AT A GLANCE

Index	Mar Index	Feb Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	59.3	60.8	-1.5	Growing	Slower	19
New Orders	61.9	64.2	-2.3	Growing	Slower	27
Production	61.0	62.0	-1.0	Growing	Slower	19
Employment	57.3	59.7	-2.4	Growing	Slower	18
Supplier Deliveries	60.6	61.1	-0.5	Slowing	Slower	18
Inventories	55.5	56.7	-1.2	Growing	Slower	3
Customers' Inventories	42.0	43.7	-1.7	Too Low	Faster	18
Prices	78.1	74.2	+3.9	Increasing	Faster	25
Backlog of Orders	59.8	59.8	0.0	Growing	Same	14
New Export Orders	58.7	62.8	-4.1	Growing	Slower	25
Imports	59.7	60.5	-0.8	Growing	Slower	14
OVERALL ECONOMY				Growing	Slower	107
Manufacturing Sector				Growing	Slower	19

*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®

Manufacturing expanded in March as the PMI® registered 59.3 percent, a decrease of 1.5 percentage points from the February reading of 60.8 percent. This indicates strong growth in manufacturing for the 19th consecutive month, led by continued expansion in new orders, production activity, employment and inventories, with suppliers continuing to struggle delivering to demand.” A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

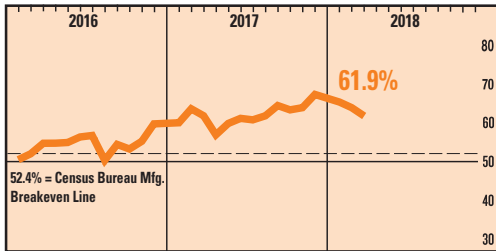
COMMODITIES REPORTED

Commodities Up in Price: Aluminum (17); Caustic Soda (9); Cobalt; Copper (5); Corrugate (18); Freight (2); Resin Based Products (2); Steel; Steel — Cold Rolled (3); Steel — Fabricated & Machined Parts (2); Steel — Galvanized (3); Steel — Hot Rolled (16); and Steel — Scrap (4).

Commodities Down in Price: None (2).

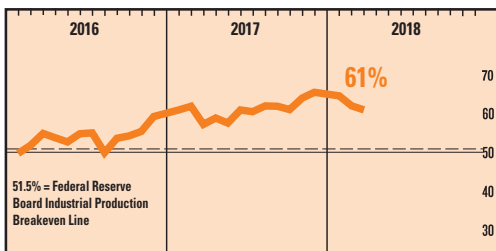
Commodities in Short Supply: Capacitors (9); Resistors (5); and Silicone.

Note: The number of consecutive months the commodity is listed is indicated after each item. *Reported as both up and down in price.



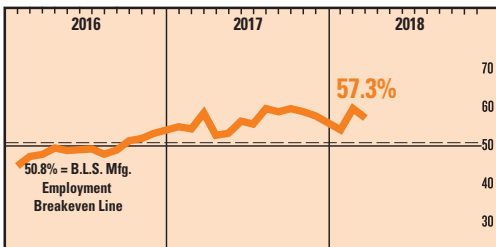
New Orders

ISM's New Orders Index registered 61.9 percent. Fifteen of 18 industries reported growth in new orders in March, listed in the following order: Wood Products; Nonmetallic Mineral Products; Computer & Electronic Products; Paper Products; Transportation Equipment; Plastics & Rubber Products; Chemical Products; Printing & Related Support Activities; Fabricated Metal Products; Primary Metals; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; and Machinery.



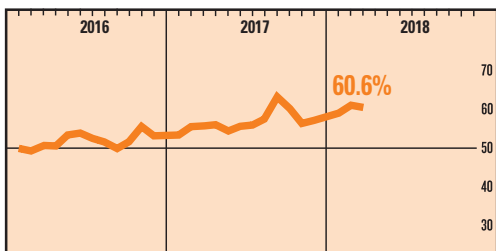
Production

ISM's Production Index registered 61 percent in March. The 14 industries reporting growth in production during the month of March — listed in order — are: Printing & Related Support Activities; Plastics & Rubber Products; Paper Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; Petroleum & Coal Products; Chemical Products; Primary Metals; Machinery; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing[‡].



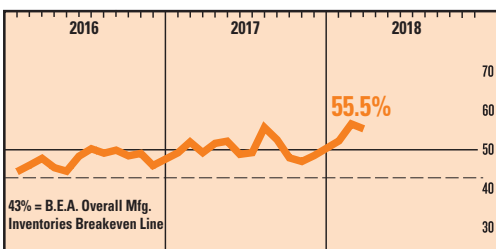
Employment

ISM's Employment Index registered 57.3 percent. Of the 18 manufacturing industries, the 12 reporting employment growth in March — listed in order — are: Paper Products; Furniture & Related Products; Textile Mills; Miscellaneous Manufacturing[‡]; Fabricated Metal Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Machinery; Transportation Equipment; Computer & Electronic Products; Plastics & Rubber Products; and Chemical Products.



Supplier Deliveries

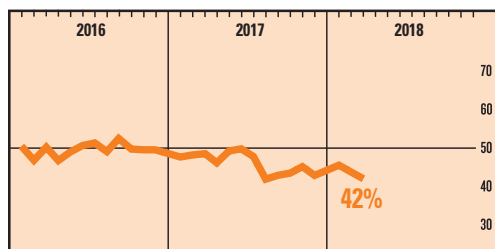
The Supplier Deliveries Index registered 60.6 percent. The 13 industries reporting slower supplier deliveries in March — listed in order — are: Textile Mills; Machinery; Fabricated Metal Products; Nonmetallic Mineral Products; Computer & Electronic Products; Furniture & Related Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Chemical Products; Plastics & Rubber Products; Petroleum & Coal Products; Transportation Equipment; and Paper Products.



Inventories

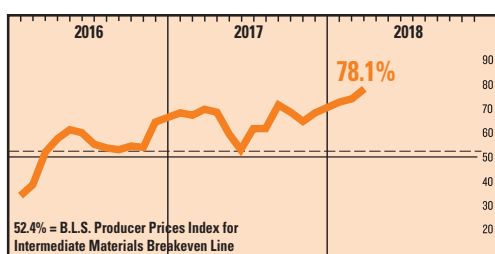
The Inventories Index registered 55.5 percent. The nine industries reporting higher inventories in March — listed in order — are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Printing & Related Support Activities; Fabricated Metal Products; Transportation Equipment; Nonmetallic Mineral Products; Petroleum & Coal Products; Computer & Electronic Products; and Chemical Products.

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



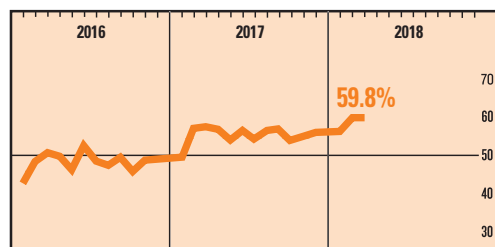
Customers' Inventories

ISM's Customers' Inventories Index registered 42 percent in March, which is 1.7 percentage points lower than the 43.7 percent reported for February, indicating that customers' inventory levels were still considered too low in March. The only manufacturing industry reporting customers' inventories as too high during the month of March is Miscellaneous Manufacturing[‡].



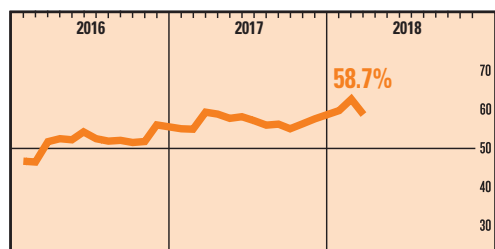
Prices

The ISM Prices Index registered 78.1 percent. Seventeen industries reported paying increased prices for raw materials in March, in the following order: Apparel, Leather & Allied Products; Textile Mills; Furniture & Related Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Machinery; Paper Products; Plastics & Rubber Products; Chemical Products; Primary Metals; Transportation Equipment; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing[‡]; Computer & Electronic Products; Printing & Related Support Activities; and Petroleum & Coal Products.



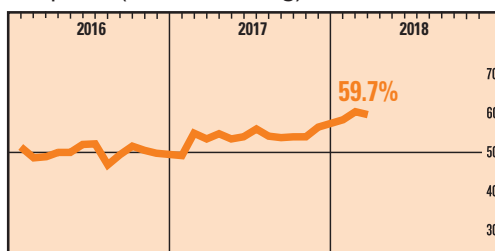
Backlog of Orders

ISM's Backlog of Orders Index registered 59.8 percent. The 11 industries reporting growth in order backlogs in March — listed in order — are: Wood Products; Textile Mills; Nonmetallic Mineral Products; Paper Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; Machinery; Chemical Products; Primary Metals; and Plastics & Rubber Products.



New Export Orders

ISM's New Export Orders Index registered 58.7 percent. The 11 industries reporting growth in new export orders in March — listed in order — are: Wood Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Chemical Products; Machinery; Transportation Equipment; Computer & Electronic Products; Fabricated Metal Products; and Miscellaneous Manufacturing[‡].



Imports

ISM's Imports Index registered 59.7 percent. The 12 industries reporting growth in imports during the month of March — listed in order — are: Nonmetallic Mineral Products; Petroleum & Coal Products; Computer & Electronic Products; Printing & Related Support Activities; Transportation Equipment; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Chemical Products; Miscellaneous Manufacturing[‡]; Machinery; and Plastics & Rubber Products.

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