

ISM® REPORT ON BUSINESS® MANUFACTURING

MAY 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 May, and the overall economy grew for the 109th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The May PMI® registered 58.7 percent. The New Orders Index registered 63.7 percent, an increase of 2.5 percentage points from the April reading of 61.2 percent. The

Production Index registered 61.5 percent, a 4.3 percentage point increase compared to the April reading of 57.2 percent. The Employment Index registered 56.3 percent, an increase of 2.1 percentage points from the April reading of 54.2 percent. The Supplier Deliveries Index registered 62 percent, a 0.9 percentage point increase from the April reading of 61.1 percent. The Inventories Index registered 50.2 percent, a decrease of 2.7

PMI® @ 58.7%

percentage points from the April reading of 52.9 percent. The Prices Index registered 79.5 percent in May, a 0.2 percentage point increase from the April reading of 79.3 percent, indicating higher raw materials prices for the 27th consecutive month. Of the 18

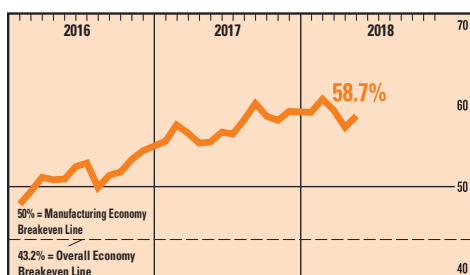
manufacturing industries, 16 reported growth in May, in the following order: Textile Mills; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Printing & Related Support Activities; Fabricated Metal Products; Furniture & Related Products; Machinery; Chemical Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Petroleum & Coal Products; Plastics & Rubber Products; Miscellaneous Manufacturing‡; Transportation Equipment; Paper 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	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	58.7	57.3	+1.4	Growing	Faster	21
New Orders	63.7	61.2	+2.5	Growing	Faster	29
Production	61.5	57.2	+4.3	Growing	Faster	21
Employment	56.3	54.2	+2.1	Growing	Faster	20
Supplier Deliveries	62.0	61.1	+0.9	Slowing	Faster	20
Inventories	50.2	52.9	-2.7	Growing	Slower	5
Customers' Inventories	39.6	44.3	-4.7	Too Low	Faster	20
Prices	79.5	79.3	+0.2	Increasing	Faster	27
Backlog of Orders	63.5	62.0	+1.5	Growing	Faster	16
New Export Orders	55.6	57.7	-2.1	Growing	Slower	27
Imports	54.1	57.8	-3.7	Growing	Slower	16
OVERALL ECONOMY				Growing	Faster	109
Manufacturing Sector				Growing	Faster	21

*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 May as the PMI® registered 58.7 percent, an increase of 1.4 percentage points from the April reading of 57.3 percent. This indicates strong growth in manufacturing for the 21st consecutive month. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. A PMI® above 43.2 percent, over a period of time, generally indicates an expansion of the overall economy.

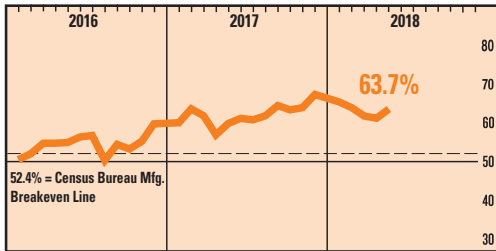
COMMODITIES REPORTED

Commodities Up in Price: Aluminum (19); Aluminum Based Products; Brass; Capacitors; Caustic Soda (11); Cobalt; Copper (7); Corrugate (20); Corrugated Boxes; Corrugated Cartons; Electrical Components (2); Freight (4); Paper; Resistors; Steel — Galvanized; Steel — Hot Rolled (18); Steel — Hot Rolled Plate; Steel — Stainless (2); Steel — Stainless Steel Bar; Steel — Stainless Steel Sheet; Steel Based Products; and Wood (2).

Commodities Down in Price: None.

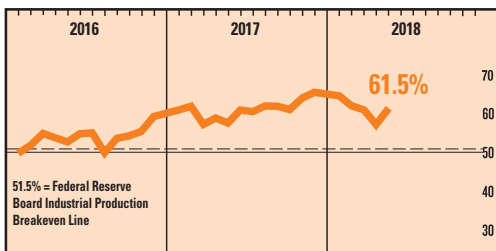
Commodities in Short Supply: Aluminum; Capacitors (11); Electrical Components (2); Electronic Components; Freight; Memory; Resistors (7); Steel Based Products; and Steel — Hot Rolled (2).

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



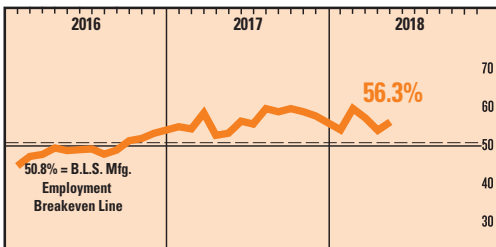
New Orders

ISM's New Orders Index registered 63.7 percent. Fifteen of 18 industries reported growth in new orders in May, listed in the following order: Nonmetallic Mineral Products; Computer & Electronic Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; Miscellaneous Manufacturing[‡]; Textile Mills; Printing & Related Support Activities; Chemical Products; Machinery; Transportation Equipment; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Plastics & Rubber Products; and Primary Metals.



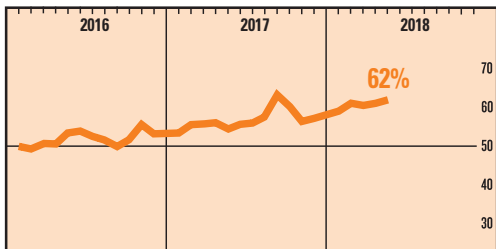
Production

ISM's Production Index registered 61.5 percent. The 15 industries reporting growth in production during the month of May — listed in order — are: Textile Mills; Furniture & Related Products; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Plastics & Rubber Products; Fabricated Metal Products; Printing & Related Support Activities; Machinery; Chemical Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Miscellaneous Manufacturing[‡]; Petroleum & Coal Products; Transportation Equipment; and Paper Products.



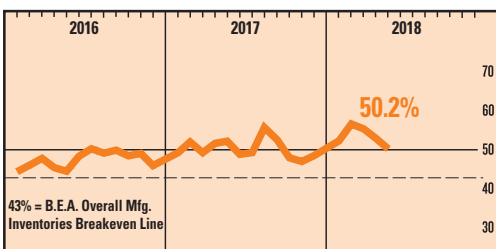
Employment

ISM's Employment Index registered 56.3 percent. Of the 18 manufacturing industries, the 13 reporting employment growth in May — listed in order — are: Textile Mills; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Chemical Products; Furniture & Related Products; Miscellaneous Manufacturing[‡]; Fabricated Metal Products; Plastics & Rubber Products; Transportation Equipment; Computer & Electronic Products; Machinery; and Paper Products.



Supplier Deliveries

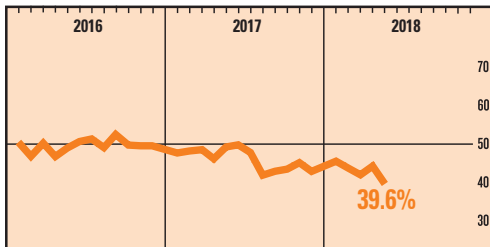
The delivery performance of suppliers to manufacturing organizations was slower in May, as the Supplier Deliveries Index registered 62 percent. The 17 industries reporting slower supplier deliveries in May — listed in order — are: Printing & Related Support Activities; Apparel, Leather & Allied Products; Fabricated Metal Products; Machinery; Petroleum & Coal Products; Plastics & Rubber Products; Textile Mills; Electrical Equipment, Appliances & Components; Paper Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Furniture & Related Products; Primary Metals; Transportation Equipment; Chemical Products; and Miscellaneous Manufacturing[‡].



Inventories

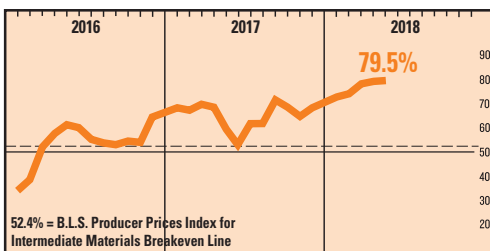
The Inventories Index registered 50.2 percent. The eight industries reporting higher inventories in May — listed in order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Textile Mills; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Chemical Products; and Machinery.

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



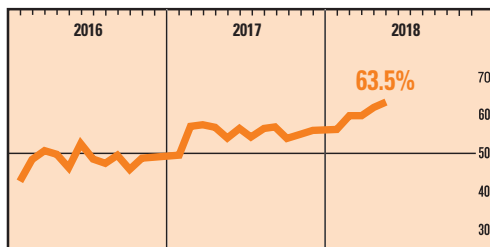
Customers' Inventories

ISM's Customers' Inventories Index registered 39.6 percent. The only manufacturing industry reporting customers' inventories as too high during the month of May is Miscellaneous Manufacturing[‡].



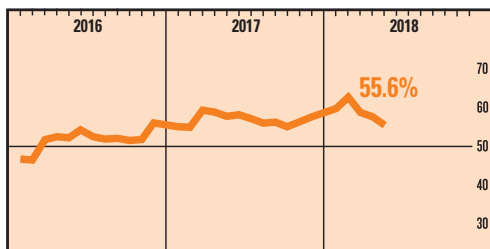
Prices

The ISM Prices Index registered 79.5 percent. Seventeen industries reported paying increased prices for raw materials in May, in the following order: Apparel, Leather & Allied Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; Petroleum & Coal Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Primary Metals; Machinery; Computer & Electronic Products; Paper Products; Textile Mills; Transportation Equipment; Furniture & Related Products; Chemical Products; and Plastics & Rubber Products.



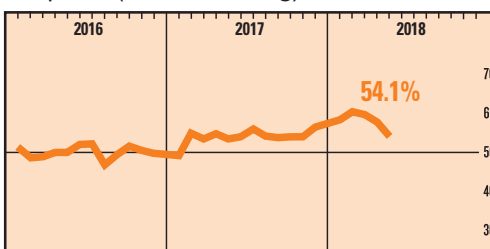
Backlog of Orders

ISM's Backlog of Orders Index registered 63.5 percent. The 13 industries reporting growth in order backlogs in May — listed in order — are: Printing & Related Support Activities; Paper Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Computer & Electronic Products; Fabricated Metal Products; Chemical Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Machinery; Furniture & Related Products; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing[‡].



New Export Orders

ISM's New Export Orders Index registered 55.6 percent. The eight industries reporting growth in new export orders in May — listed in order — are: Nonmetallic Mineral Products; Furniture & Related Products; Chemical Products; Computer & Electronic Products; Transportation Equipment; Machinery; Plastics & Rubber Products; and Fabricated Metal Products.



Imports

ISM's Imports Index registered 54.1 percent. The six industries reporting growth in imports during the month of May — listed in order — are: Furniture & Related Products; Electrical Equipment, Appliances & Components; Chemical Products; Computer & Electronic Products; Transportation Equipment; and Machinery.

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