

Economic activity in the **manufacturing sector** expanded in May for the third consecutive month, while the overall economy grew for the 84th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The May PMI® registered 51.3 percent. The New Orders Index registered 55.7 percent, a decrease of 0.1 percentage point from the April reading of 55.8 percent. The Production Index registered 52.6 percent, 1.6 percentage points lower than the April reading of 54.2 percent. The Employment Index registered 49.2 percent, the same reading as in April. Inventories of raw materials registered 45 percent, a decrease of 0.5 percentage point from the April reading of 45.5 percent. The Prices Index registered 63.5 percent, an increase of 4.5 percentage points from the April reading of 59 percent, indicating higher raw materials prices for the third consecutive month. Of the 18 manufacturing industries, 12 are reporting growth in May in the following order: Wood Products; Textile Mills; Printing & Related Support Activities; Fabricated Metal Products; Paper Products; Plastics & Rubber Products; Computer & Electronic Products; Miscellaneous Manufacturing‡; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Machinery; and Primary Metals. The six industries reporting contraction in May are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Transportation Equipment; Nonmetallic Mineral Products; Chemical Products; and Furniture & Related Products. **ISM**

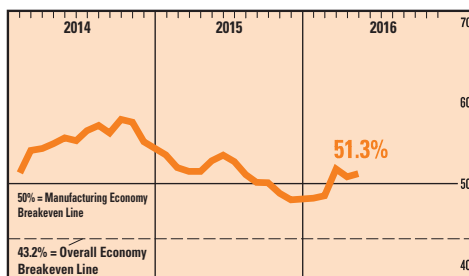
PMI® at 51.3%

New Orders and Production Growing; Employment and Inventories Contracting; Supplier Deliveries Slower

Manufacturing at a Glance

INDEX	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	51.3	50.8	+0.5	Growing	Faster	3
New Orders	55.7	55.8	-0.1	Growing	Slower	5
Production	52.6	54.2	-1.6	Growing	Slower	5
Employment	49.2	49.2	0.0	Contracting	Same	6
Supplier Deliveries	54.1	49.1	+5.0	Slower	From Faster	1
Inventories	45.0	45.5	-0.5	Contracting	Faster	11
Customers' Inventories	50.0	46.0	+4.0	Unchanged	From Too Low	1
Prices	63.5	59.0	+4.5	Increasing	Faster	3
Backlog of Orders	47.0	50.5	-3.5	Contracting	From Growing	1
New Export Orders	52.5	52.5	0.0	Growing	Same	3
Imports	50.0	50.0	0.0	Unchanged	Same	2
Overall Economy				Growing	Faster	84
Manufacturing Sector				Growing	Faster	3

*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 51.3 percent, an increase of 0.5 percentage point from the April reading of 50.8 percent. That indicates growth in manufacturing for the third consecutive month, following five consecutive months of contraction in manufacturing. A reading above 50 percent

indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. The past relationship between the PMI® and the overall economy indicates that the average PMI® for January through May (50.3 percent) corresponds to a 2.2 percent increase in real gross domestic product (GDP) on an annualized basis.



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

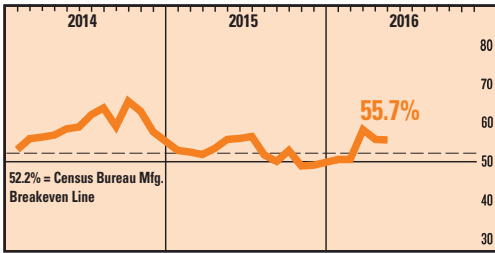
Commodities Reported

Commodities Up in Price: Aluminum (4); #1 Bundle Scrap (2); Copper (3); Corn; Crude Oil; Diesel (2); Electric Components; Gasoline; HDPE Resin (2); Oil (2); Petroleum Based Products; Polypropylene (4); Silver; Stainless Steel (2); Steel (5); Steel — Cold Rolled (2); Steel — Hot Rolled (4); and Structural Steel Tubing.

Commodities Down in Price: Corrugated Boxes.

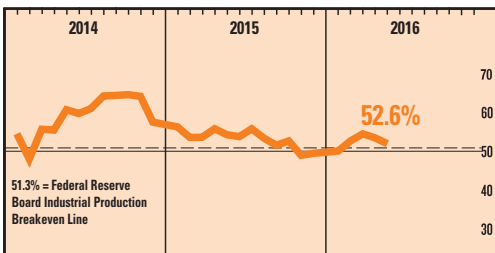
Commodities in Short Supply: None.

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



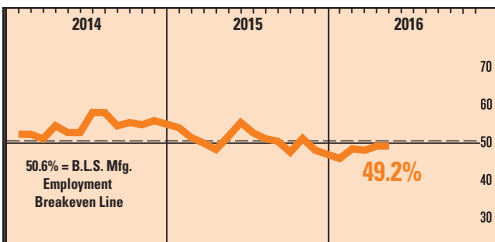
New Orders

ISM's New Orders Index registered 55.7 percent. The 14 industries reporting growth in new orders in May — listed in order — are: Textile Mills; Printing & Related Support Activities; Wood Products; Miscellaneous Manufacturing[‡]; Primary Metals; Fabricated Metal Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Plastics & Rubber Products; Machinery; Electrical Equipment, Appliances & Components; Chemical Products; Paper Products; and Nonmetallic Mineral Products.



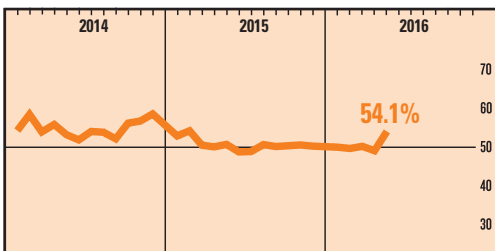
Production

ISM's Production Index registered 52.6 percent. The 12 industries reporting growth in production during the month of May — listed in order — are: Wood Products; Primary Metals; Paper Products; Fabricated Metal Products; Textile Mills; Printing & Related Support Activities; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Machinery.



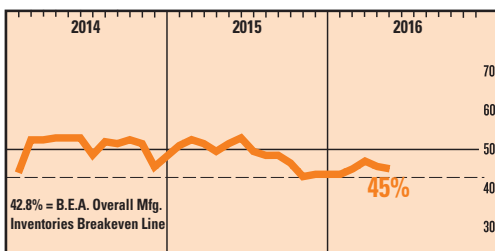
Employment

ISM's Employment Index registered 49.2 percent. Of the 18 manufacturing industries, in May, the 10 industries reporting employment growth — listed in order — are: Textile Mills; Wood Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Paper Products; Primary Metals; Miscellaneous Manufacturing[‡]; Machinery; and Computer & Electronic Products.



Supplier Deliveries

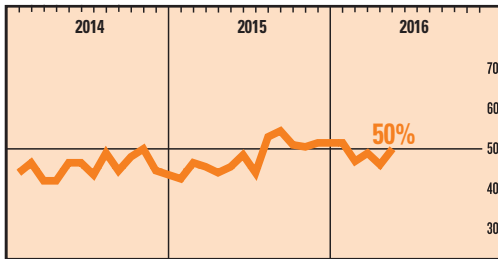
The delivery performance of suppliers to manufacturing organizations was slower in May as the Supplier Deliveries Index registered 54.1 percent. The six industries reporting slower supplier deliveries in May — listed in order — are: Plastics & Rubber Products; Machinery; Fabricated Metal Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Transportation Equipment.



Inventories

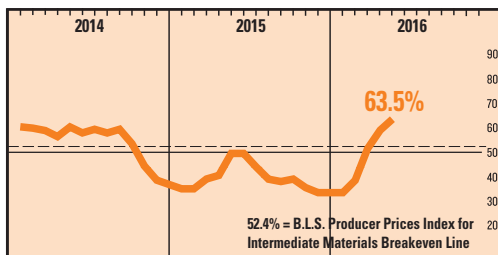
The Inventories Index registered 45 percent in May, which is a decrease of 0.5 percentage point when compared to the 45.5 percent reported for April. That indicates raw materials inventories contracted in May for the 11th consecutive month and at a faster rate than in April. The four industries reporting higher inventories in May are: Apparel, Leather & Allied Products; Wood Products; Computer & Electronic Products; and Fabricated Metal Products.

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



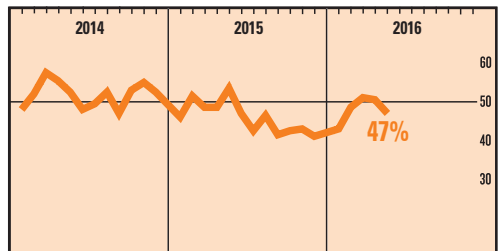
Customers' Inventories

ISM's Customers' Inventories Index registered 50 percent. The seven manufacturing industries reporting customers' inventories as being too high during the month of May — listed in order — are: Apparel, Leather & Allied Products; Furniture & Related Products; Transportation Equipment; Chemical Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing[‡].



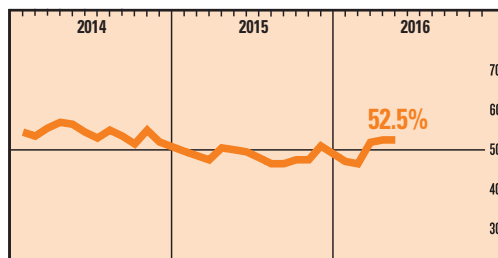
Prices

The ISM Prices Index registered 63.5 percent. Of the 18 manufacturing industries, the 13 industries that reported paying increased prices for its raw materials in May — listed in order — are: Fabricated Metal Products; Plastics & Rubber Products; Apparel, Leather & Allied Products; Primary Metals; Electrical Equipment, Appliances & Components; Machinery; Food, Beverage & Tobacco Products; Paper Products; Transportation Equipment; Chemical Products; Furniture & Related Products; Miscellaneous Manufacturing[‡]; and Computer & Electronic Products.



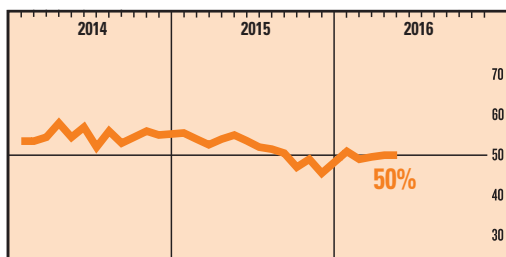
Backlog of Orders

ISM's Backlog of Orders Index registered 47 percent. The six industries reporting an increase in order backlogs in May — listed in order — are: Textile Mills; Printing & Related Support Activities; Plastics & Rubber Products; Furniture & Related Products; Fabricated Metal Products; and Electrical Equipment, Appliances & Components.



New Export Orders

ISM's New Export Orders Index registered 52.5 percent. The six industries reporting growth in new export orders in May — listed in order — are: Wood Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing[‡]; Paper Products; Transportation Equipment; and Computer & Electronic Products.



Imports

ISM's Imports Index registered 50 percent. The six industries reporting growth in imports during the month of May — listed in order — are: Nonmetallic Mineral Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Machinery; and Furniture & Related Products.

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