

Economic activity in the **manufacturing sector** expanded in July for the fifth consecutive month, while the overall economy grew for the 86th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The July PMI® registered 52.6 percent. The New Orders Index registered 56.9 percent, a decrease of 0.1 percentage point from the June reading of 57 percent. The Production Index registered 55.4 percent, 0.7 percentage point higher than the June reading of 54.7 percent. The Employment Index registered 49.4 percent, a decrease of 1 percentage point from the June reading of 50.4 percent. Inventories of raw materials registered 49.5 percent, an increase of 1 percentage point from the June reading of 48.5 percent. The Prices Index registered 55 percent, a decrease of 5.5 percentage points from the June reading of 60.5 percent, indicating higher raw materials prices for the fifth consecutive month. Manufacturing registered growth in July for the fifth consecutive month, as 12 of the 18 industries reported an increase in new orders in July (same as in June), and nine of the 18 industries reported an increase in production in July (down from 12 in June). Of the 18 manufacturing industries, 11 are reporting growth in July in the following order: Textile Mills; Printing & Related Support Activities; Miscellaneous Manufacturing†; Wood Products; Furniture & Related Products; Chemical Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Nonmetallic Mineral Products; Petroleum & Coal Products; and Computer & Electronic Products. **ISM**

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

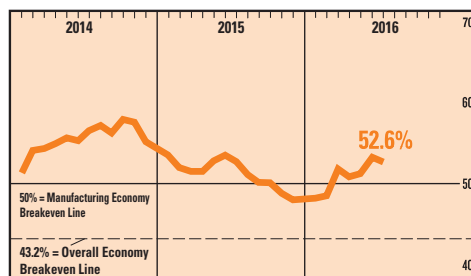
PMI® at 52.6%

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

Manufacturing at a Glance

INDEX	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	52.6	53.2	-0.6	Growing	Slower	5
New Orders	56.9	57.0	-0.1	Growing	Slower	7
Production	55.4	54.7	+0.7	Growing	Faster	7
Employment	49.4	50.4	-1.0	Contracting	From Growing	1
Supplier Deliveries	51.8	55.4	-3.6	Slowing	Slower	3
Inventories	49.5	48.5	+1.0	Contracting	Slower	13
Customers' Inventories	51.0	51.0	0.0	Too High	Same	2
Prices	55.0	60.5	-5.5	Increasing	Slower	5
Backlog of Orders	48.0	52.5	-4.5	Contracting	From Growing	1
New Export Orders	52.5	53.5	-1.0	Growing	Slower	5
Imports	52.0	52.0	0.0	Growing	Same	2
Overall Economy				Growing	Slower	86
Manufacturing Sector				Growing	Slower	5

*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 July as the PMI® registered 52.6 percent, a decrease of 0.6 percentage point from the June reading of 53.2 percent, indicating growth in manufacturing for the fifth 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

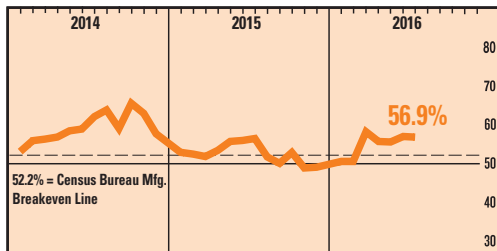
Commodities Up in Price: Copper*; Corrugate* (2); Dairy; Diesel (4); Gold; Natural Gas (2); Petroleum Based Products; Polyethylene Resins; Stainless Steel (4); Steel (7); Steel — Carbon (2); and Steel — Hot Rolled (6).

Commodities Down in Price: Copper*; Corn; Corrugate*; and Steel.

Commodities in Short Supply: None (4).

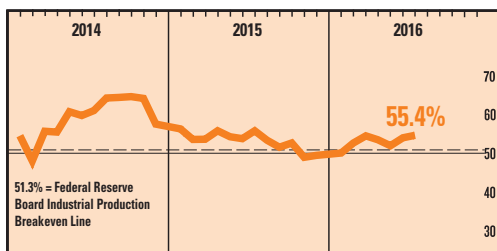
Note: The number of consecutive months the commodity is listed is indicated after each item.

*Reported as both up and down in price.



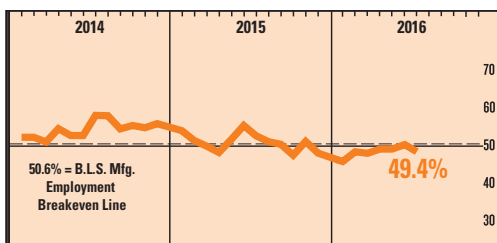
New Orders

ISM's New Orders Index registered 56.9 percent. The 12 industries reporting growth in new orders in July — listed in order — are: Textile Mills; Miscellaneous Manufacturing[‡]; Printing & Related Support Activities; Furniture & Related Products; Chemical Products; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Fabricated Metal Products; Computer & Electronic Products; Petroleum & Coal Products; Primary Metals; and Paper Products.



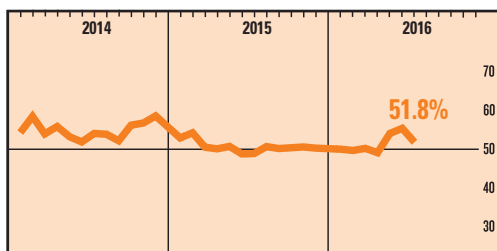
Production

ISM's Production Index registered 55.4 percent. The nine industries reporting growth in production during the month of July — listed in order — are: Printing & Related Support Activities; Miscellaneous Manufacturing[‡]; Furniture & Related Products; Food, Beverage & Tobacco Products; Chemical Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Fabricated Metal Products; and Paper Products.



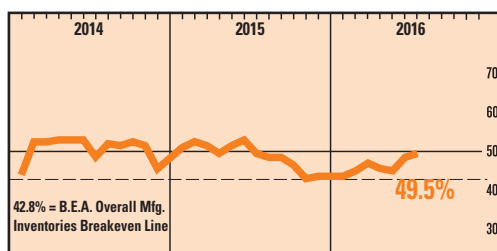
Employment

ISM's Employment Index registered 49.4 percent. Of the 18 manufacturing industries, in July, the eight industries reporting employment growth in July — listed in order — are: Textile Mills; Printing & Related Support Activities; Nonmetallic Mineral Products; Furniture & Related Products; Miscellaneous Manufacturing[‡]; Chemical Products; Food, Beverage & Tobacco Products; and Fabricated Metal Products.



Supplier Deliveries

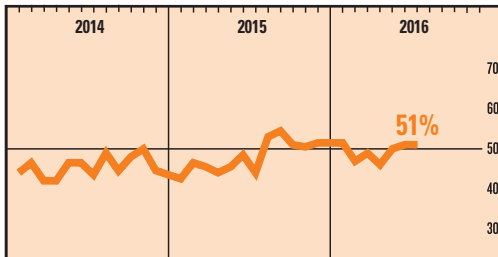
The delivery performance of suppliers to manufacturing organizations was slower in July, as the Supplier Deliveries Index registered 51.8 percent. The 10 industries reporting slower supplier deliveries in July — listed in order — are: Textile Mills; Fabricated Metal Products; Petroleum & Coal Products; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Chemical Products; Machinery; Plastics & Rubber Products; Computer & Electronic Products; and Transportation Equipment.



Inventories

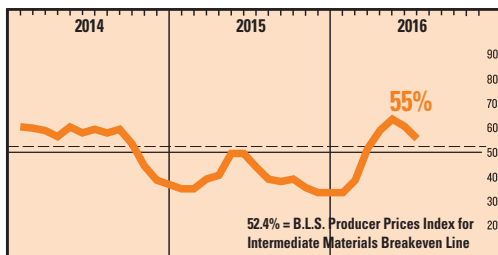
The Inventories Index registered 49.5 percent. The eight industries reporting higher inventories in July — listed in order — are: Apparel, Leather & Allied Products; Wood Products; Chemical Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Machinery; Transportation Equipment; and Furniture & Related Products.

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



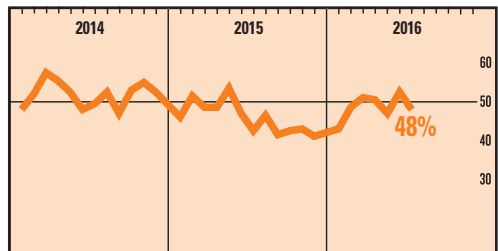
Customers' Inventories

ISM's Customers' Inventories Index registered 51 percent. The six manufacturing industries reporting customers' inventories as being too high during the month of July — listed in order — are: Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Paper Products; Chemical Products; Fabricated Metal Products; and Transportation Equipment.



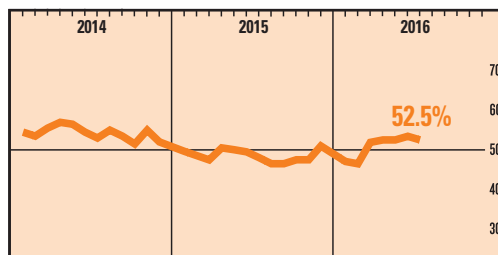
Prices

The ISM Prices Index registered 55 percent. Of the 18 manufacturing industries, the 12 industries that reported paying increased prices for its raw materials in July — listed in order — are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Plastics & Rubber Products; Machinery; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Paper Products; Fabricated Metal Products; Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; and Furniture & Related Products.



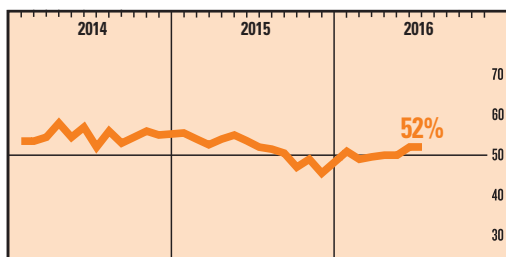
Backlog of Orders

ISM's Backlog of Orders Index registered 48 percent. The six industries reporting growth in order backlogs in July — listed in order — are: Textile Mills; Printing & Related Support Activities; Chemical Products; Paper Products; Miscellaneous Manufacturing[‡]; and Fabricated Metal Products.



New Export Orders

ISM's New Export Orders Index registered 52.5 percent. The eight industries reporting growth in new export orders in July — listed in order — are: Printing & Related Support Activities; Miscellaneous Manufacturing[‡]; Paper Products; Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Chemical Products.



Imports

ISM's Imports Index registered 52 percent. The six industries reporting growth in imports during the month of July — listed in order — are: Computer & Electronic Products; Fabricated Metal Products; Machinery; Chemical Products; Food, Beverage & Tobacco Products; and Furniture & Related Products.

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