

Economic activity in the **manufacturing sector** expanded in October, and the overall economy grew for the 89th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The October PMI® registered 51.9 percent. The New Orders Index registered 52.1 percent, a decrease of 3 percentage points from the September reading of 55.1 percent. The Production Index registered 54.6 percent, 1.8 percentage points higher than the September reading of 52.8 percent. The Employment Index registered 52.9 percent, an increase of 3.2 percentage points from the September reading of 49.7 percent. Inventories of raw materials registered 47.5 percent, a decrease of 2 percentage points from the September reading of 49.5 percent. The Prices Index registered 54.5 percent in October, an increase of 1.5 percentage points from the September reading of 53 percent, indicating higher raw materials prices for the eighth consecutive month.

Comments from the panel are largely positive, citing a favorable economy and steady sales, with some exceptions. Of the 18 manufacturing industries, 10 are reporting growth in October in the following order: Textile Mills; Miscellaneous Manufacturing‡; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Computer & Electronic Products; Furniture & Related Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; and Chemical Products. **ISM**

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

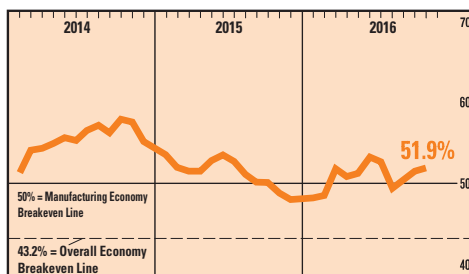
PMI® at 51.9%

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

Manufacturing at a Glance

INDEX	Oct Index	Sep Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	51.9	51.5	+0.4	Growing	Faster	2
New Orders	52.1	55.1	-3.0	Growing	Slower	2
Production	54.6	52.8	+1.8	Growing	Faster	2
Employment	52.9	49.7	+3.2	Growing	From Contracting	1
Supplier Deliveries	52.2	50.3	+1.9	Slowing	Faster	6
Inventories	47.5	49.5	-2.0	Contracting	Faster	16
Customers' Inventories	49.5	53.0	-3.5	Too Low	From Too High	1
Prices	54.5	53.0	+1.5	Increasing	Faster	8
Backlog of Orders	45.5	49.5	-4.0	Contracting	Faster	4
New Export Orders	52.5	52.0	+0.5	Growing	Faster	8
Imports	52.0	49.0	+3.0	Growing	From Contracting	1
Overall Economy				Growing	Faster	89
Manufacturing Sector				Growing	Faster	2

*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 October as the PMI® registered 51.9 percent, an increase of 0.4 percentage point from the September reading of 51.5 percent, indicating growth in manufacturing for the second consecutive month. A reading above 50 percent indicates that the manufacturing economy is generally

expanding; below 50 percent indicates that it is generally contracting.



Commodities Reported

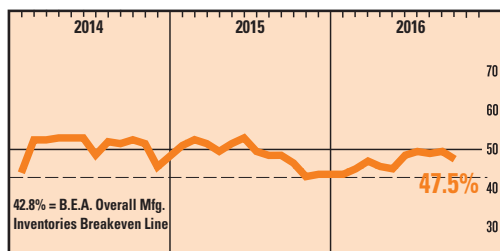
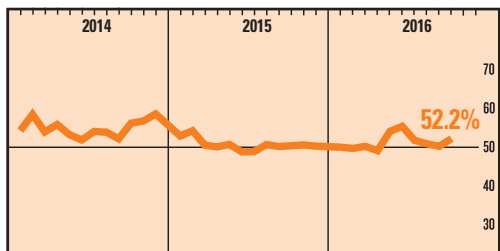
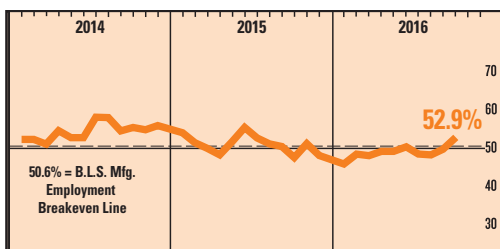
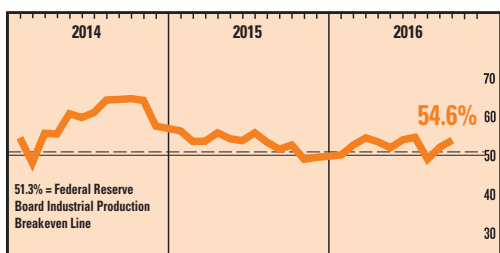
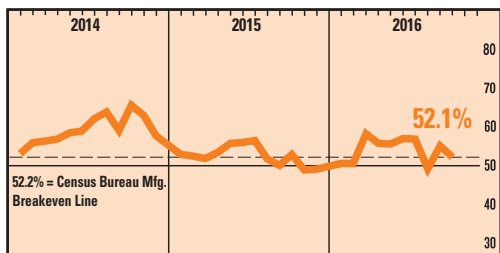
Commodities Up in Price: Corn; Corrugate; Diesel; HDPE (2); Methanol; Nickel; Petroleum (2); Plastic Resins (3); Polyethylene (2); Polypropylene (2); Propylene (3); Stainless Steel* (7); and Steel* (10).

Commodities Down in Price: Aluminum; Carbon Steel; Copper (2); Scrap Steel (3); Stainless Steel*; Steel* (4); Steel – Cold Rolled (3); and Steel – Hot Rolled (3).

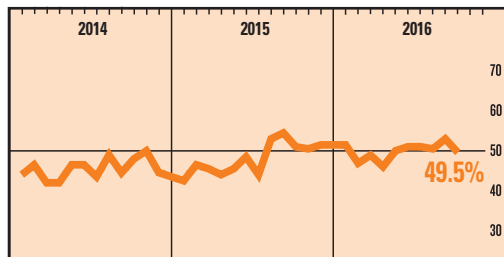
Commodities in Short Supply: None.

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

*Reported as both up and down in price.

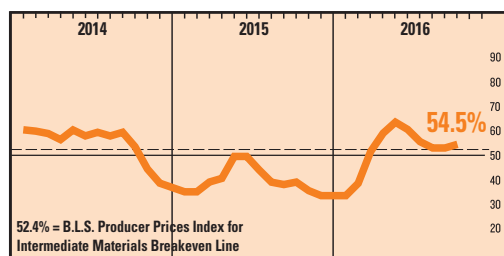


[‡]Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



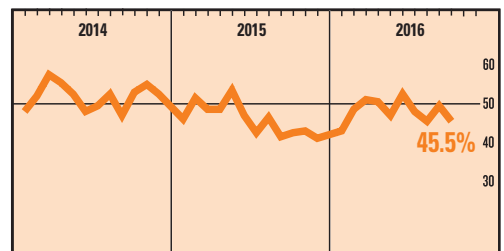
Customers' Inventories

ISM's Customers' Inventories Index registered 49.5 percent. The five manufacturing industries reporting customers' inventories as being too high during the month of October are: Primary Metals; Fabricated Metal Products; Furniture & Related Products; Chemical Products; and Transportation Equipment.



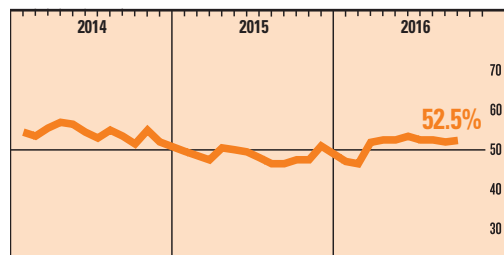
Prices

The ISM Prices Index registered 54.5 percent. Of the 18 manufacturing industries, the seven industries that reported paying increased prices for its raw materials in October — listed in order — are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Petroleum & Coal Products; Chemical Products; Food, Beverage & Tobacco Products; Paper Products; and Computer & Electronic Products.



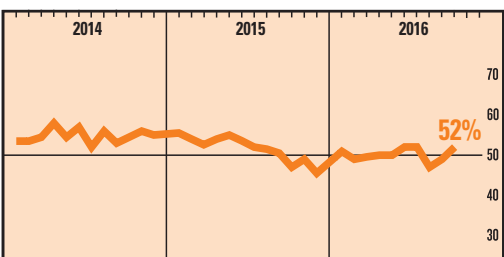
Backlog of Orders

ISM's Backlog of Orders Index registered 45.5 percent. The five industries reporting growth in order backlogs in October are: Textile Mills; Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Computer & Electronic Products; and Paper Products.



New Export Orders

ISM's New Export Orders Index registered 52.5 percent. The six industries reporting growth in new export orders in October — listed in order — are: Textile Mills; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Fabricated Metal Products; Chemical Products; and Computer & Electronic Products.



Imports

ISM's Imports Index registered 52 percent. The nine industries reporting growth in imports during the month of October — listed in order — are: Miscellaneous Manufacturing[‡]; Furniture & Related Products; Fabricated Metal Products; Computer & Electronic Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Machinery; Chemical Products; and Nonmetallic Mineral Products.

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