

**E**conomic activity in the manufacturing sector contracted in February for the fifth consecutive month, while the overall economy grew for the 81st consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The February PMI® registered 49.5 percent, an increase of 1.3 percentage points from the January reading of 48.2 percent. The New Orders Index registered 51.5 percent, the same reading as in January. The Production Index registered 52.8 percent, 2.6 percentage points higher than the January reading of 50.2 percent. The Employment Index registered 48.5 percent, 2.6 percentage points above the January reading of 45.9 percent. Inventories of raw materials registered 45 percent, an increase of 1.5 percentage points above the January reading of 43.5 percent. The Prices Index registered 38.5 percent, an increase of 5 percentage points above the January reading of 33.5 percent, indicating lower raw materials prices for the 16th consecutive month. Comments from the panel indicate a more positive view of demand than in January.

Of the 18 manufacturing industries, nine are reporting growth in February in the following order: Textile Mills; Wood Products; Furniture & Related Products; Miscellaneous Manufacturing‡; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Chemical Products; Primary Metals; and Paper Products. **ISM**

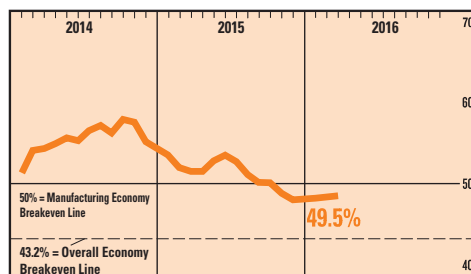
## PMI® at 49.5%

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

### Manufacturing at a Glance

INDEX	Feb Index	Jan Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	49.5	48.2	+1.3	Contracting	Slower	5
New Orders	51.5	51.5	0.0	Growing	Same	2
Production	52.8	50.2	+2.6	Growing	Faster	2
Employment	48.5	45.9	+2.6	Contracting	Slower	3
Supplier Deliveries	49.7	50.0	-0.3	Faster	From Unchanged	1
Inventories	45.0	43.5	+1.5	Contracting	Slower	8
Customers' Inventories	47.0	51.5	-4.5	Too Low	From Too High	1
Prices	38.5	33.5	+5.0	Decreasing	Slower	16
Backlog of Orders	48.5	43.0	+5.5	Contracting	Slower	9
Exports	46.5	47.0	-0.5	Contracting	Faster	2
Imports	49.0	51.0	-2.0	Contracting	From Growing	1
<b>Overall Economy</b>				<b>Growing</b>	<b>Faster</b>	<b>81</b>
<b>Manufacturing Sector</b>				<b>Contracting</b>	<b>Slower</b>	<b>5</b>

\*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 contracted in February as the PMI® registered 49.5 percent. The past relationship between the PMI® and the overall economy indicates that the average PMI® for January and February (48.9 percent) corresponds to a 1.8 percent increase in real gross domestic product (GDP) on an annualized

basis. In addition, if the PMI® for February (49.5 percent) is annualized, it corresponds to a 2 percent increase in real GDP annually.



### Commodities Reported

**Commodities Up in Price:** Aluminum\*; Polypropylene; Stainless Steel\*; Steel\* (2); and Steel – Hot Rolled\*.

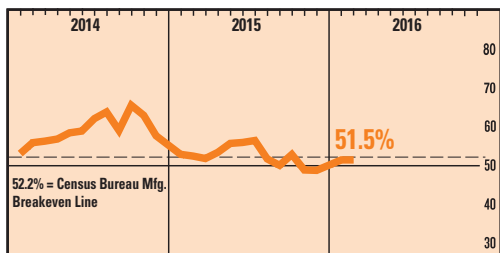
**Commodities Down in Price:** Aluminum\* (15); Aluminum Products; Copper (4); Copper Based Products; Corrugated Boxes; Diesel (3); Gasoline (3); Natural Gas; Nickel (8); Oil (3); Oil Based Products; PET Resin; Propylene; Stainless Steel\* (16); Steel\* (8); Steel – Hot Rolled\* (5); and Steel Products.

**Commodities in Short Supply:** None (4).

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

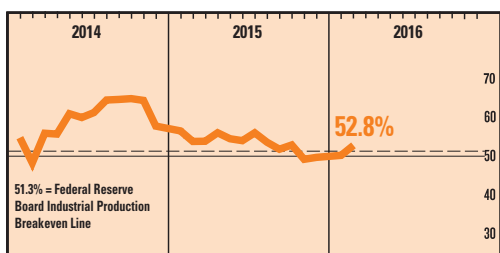
\*Reported as both up and down in price.

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



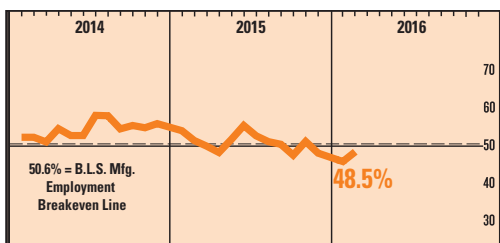
## New Orders

ISM's New Orders Index registered 51.5 percent. The 12 industries reporting growth in new orders in February — listed in order — are: Textile Mills; Wood Products; Furniture & Related Products; Machinery; Plastics & Rubber Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing<sup>‡</sup>; Primary Metals; Transportation Equipment; Chemical Products; and Fabricated Metal Products.



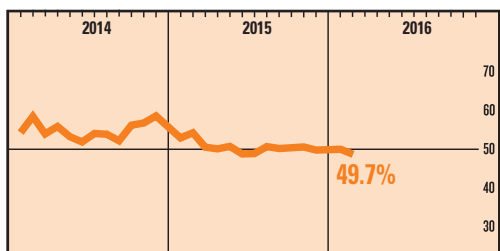
## Production

ISM's Production Index registered 52.8 percent. The 10 industries reporting growth in production during the month of February — listed in order — are: Textile Mills; Wood Products; Miscellaneous Manufacturing<sup>‡</sup>; Furniture & Related Products; Plastics & Rubber Products; Primary Metals; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Machinery; and Fabricated Metal Products.



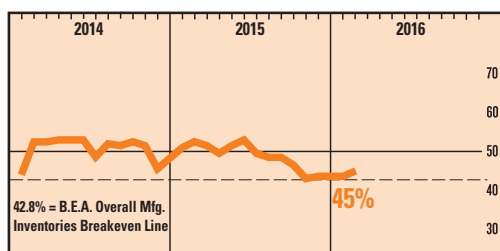
## Employment

ISM's Employment Index registered 48.5 percent. Of the 18 manufacturing industries, the six reporting employment growth in February — listed in order — are: Textile Mills; Furniture & Related Products; Miscellaneous Manufacturing<sup>‡</sup>; Paper Products; Food, Beverage & Tobacco Products; and Primary Metals.



## Supplier Deliveries

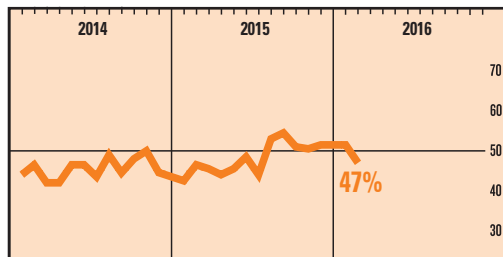
The delivery performance of suppliers to manufacturing organizations was faster in February, as the Supplier Deliveries Index registered 49.7 percent. The five industries reporting slower supplier deliveries in February are: Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Machinery; Chemical Products; and Fabricated Metal Products.



## Inventories

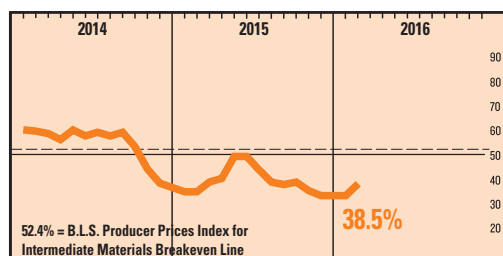
The Inventories Index registered 45 percent. The six industries reporting higher inventories in February — listed in order — are: Wood Products; Electrical Equipment, Appliances & Components; Paper Products; Chemical Products; Transportation Equipment; and Food, Beverage & Tobacco Products.

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



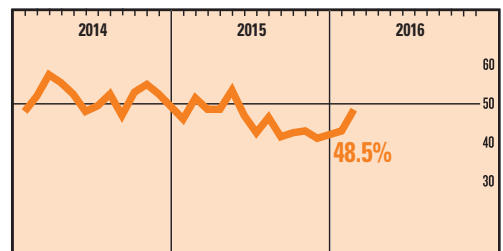
## Customers' Inventories

ISM's Customers' Inventories Index registered 47 percent. The three manufacturing industries reporting customers' inventories as being too high during the month of February are: Apparel, Leather & Allied Products; Furniture & Related Products; and Fabricated Metal Products.



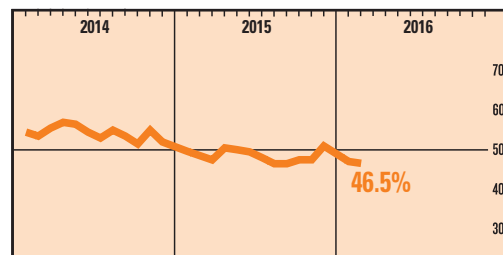
## Prices

The ISM Prices Index registered 38.5 percent in February, which is an increase of 5 percentage points when compared to the 33.5 percent reported for January, indicating a decrease in raw materials prices for the 16th consecutive month. Of the 18 manufacturing industries, the only industry that reported paying increased prices for its raw materials in February is Fabricated Metal Products.



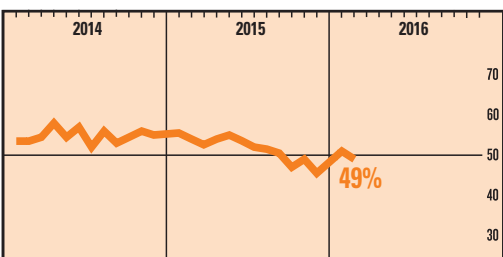
## Backlog of Orders

ISM's Backlog of Orders Index registered 48.5 percent. The five industries reporting an increase in order backlogs in February are: Textile Mills; Furniture & Related Products; Machinery; Transportation Equipment; and Fabricated Metal Products.



## New Export Orders

ISM's New Export Orders Index registered 46.5 percent. The five industries reporting growth in new export orders in February are: Primary Metals; Printing & Related Support Activities; Miscellaneous Manufacturing<sup>‡</sup>; Machinery; and Fabricated Metal Products.



## Imports

ISM's Imports Index registered 49 percent. The four industries reporting growth in imports during the month of February are: Miscellaneous Manufacturing; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Chemical Products.

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