

# ISM® REPORT ON BUSINESS® MANUFACTURING

JULY 2018

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Economic activity in the manufacturing sector expanded in July, and the overall economy grew for the 111th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The July PMI® registered 58.1 percent. The New Orders Index registered 60.2 percent, a decrease of 3.3 percentage points from the June reading of 63.5 percent. The

Production Index registered 58.5 percent, a 3.8 percentage point decrease compared to the June reading of 62.3 percent. The Employment Index registered 56.5 percent, an increase of 0.5 percentage point from the June reading of 56 percent. The Inventories Index registered 53.3 percent, an increase of 2.5 percentage points from the June reading of 50.8 percent. The Prices Index registered 73.2 percent in July, a 3.6 percentage

## PMI® @ 58.1%

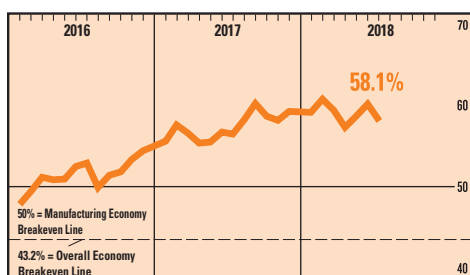
point decrease from the June reading of 76.8 percent, indicating higher raw materials prices for the 29th consecutive month. Of the 18 manufacturing industries, 17 reported growth in July, in the following order: Textile Mills; Electrical Equipment, Appliances & Components; Apparel, Leather & Allied Products; Computer & Electronic Products; Petroleum & Coal Products; Paper Products; Printing & Related Support Activities; Nonmetallic Mineral Products; Machinery; Plastics & Rubber Products; Miscellaneous Manufacturing†; Fabricated Metal Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Chemical Products; Wood Products; and Transportation Equipment.

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

### MANUFACTURING AT A GLANCE

Index	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	58.1	60.2	-2.1	Growing	Slower	23
New Orders	60.2	63.5	-3.3	Growing	Slower	31
Production	58.5	62.3	-3.8	Growing	Slower	23
Employment	56.5	56.0	0.5	Growing	Faster	22
Supplier Deliveries	62.1	68.2	-6.1	Slowing	Slower	22
Inventories	53.3	50.8	2.5	Growing	Faster	7
Customers' Inventories	39.4	39.7	-0.3	Too Low	Faster	22
Prices	73.2	76.8	-3.6	Increasing	Slower	29
Backlog of Orders	54.7	60.1	-5.4	Growing	Slower	18
New Export Orders	55.3	56.3	-1.0	Growing	Slower	29
Imports	54.7	59.0	-4.3	Growing	Slower	18
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Slower</b>	<b>111</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>23</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®

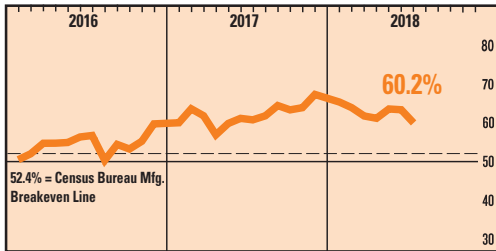
Manufacturing expanded in July as the PMI® registered 58.1 percent, a decrease of 2.1 percentage points from the June reading of 60.2 percent. This indicates strong growth in manufacturing for the 23rd consecutive month, led by continued expansion in new orders, production and employment. Inventories are expanding at a faster rate as a result of supplier deliveries improving compared to the prior 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:** Aluminum (21); Aluminum Based Products (3); Capacitors (2); Caustic Soda (13); Chemicals; Copper\* (9); Corrugate (22); Corrugated Boxes (2); Diesel (2); Fabricated Metal Products; Freight (6); Hydraulic Valves (2); Lumber; Machine Components; Natural Gas (2); Nylon (2); Paper (3); Resistors; Silicone Fluids; Solvents (2); Steel; Steel — Galvanized (2); Steel — Hot Rolled (20); Steel — Stainless (4); and Steel Based Products (3).

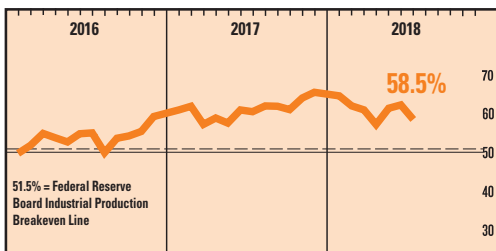
**Commodities Down in Price:** Copper\*. **Commodities in Short Supply:** Aluminum (3); Capacitors (13); Electrical Components (4); Electronic Components (3); Fabricated Metal Products; Freight (3); Integrated Circuits; Memory; Nylon; Resistors (9); and Steel Based Products (3).

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



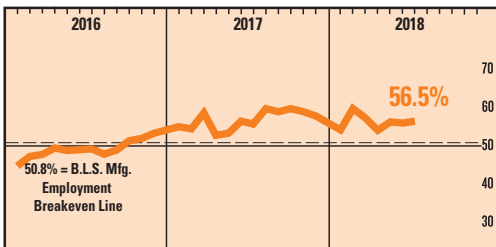
## New Orders

ISM's New Orders Index registered 60.2 percent. Sixteen of 18 industries reported growth in new orders in July, listed in the following order: Printing & Related Support Activities; Apparel, Leather & Allied Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Textile Mills; Machinery; Furniture & Related Products; Petroleum & Coal Products; Chemical Products; Paper Products; Fabricated Metal Products; Primary Metals; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; and Food, Beverage & Tobacco Products.



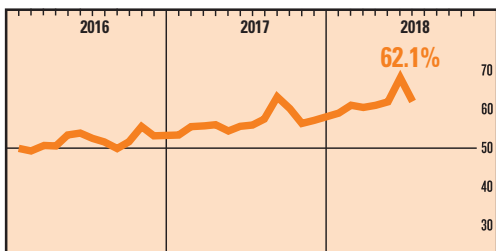
## Production

ISM's Production Index registered 58.5 percent. The 15 industries reporting growth in production during the month of July — listed in order — are: Electrical Equipment, Appliances & Components; Apparel, Leather & Allied Products; Wood Products; Textile Mills; Petroleum & Coal Products; Computer & Electronic Products; Furniture & Related Products; Nonmetallic Mineral Products; Chemical Products; Fabricated Metal Products; Machinery; Miscellaneous Manufacturing<sup>‡</sup>; Paper Products; Food, Beverage & Tobacco Products; and Plastics & Rubber Products.



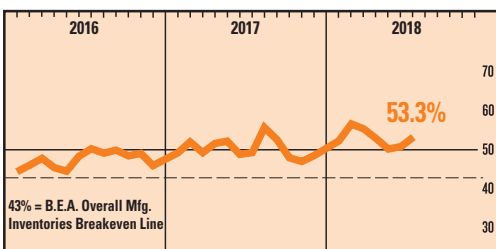
## Employment

ISM's Employment Index registered 56.5 percent. Of the 18 manufacturing industries, the 13 reporting employment growth in July — listed in order — are: Apparel, Leather & Allied Products; Textile Mills; Miscellaneous Manufacturing<sup>‡</sup>; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Machinery; Fabricated Metal Products; Paper Products; Transportation Equipment; and Chemical Products.



## Supplier Deliveries

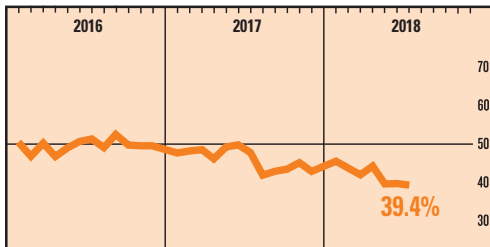
The delivery performance of suppliers to manufacturing organizations slowed in July, as the Supplier Deliveries Index registered 62.1 percent. The 15 industries reporting slower supplier deliveries in July — listed in order — are: Machinery; Apparel, Leather & Allied Products; Paper Products; Computer & Electronic Products; Textile Mills; Nonmetallic Mineral Products; Furniture & Related Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; and Transportation Equipment.



## Inventories

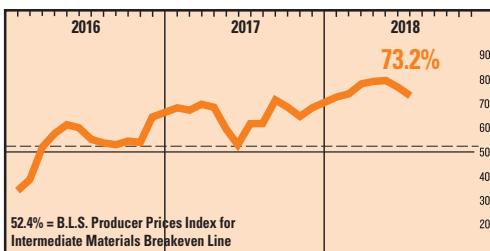
The Inventories Index registered 53.3 percent. The 12 industries reporting higher inventories in July — listed in order — are: Textile Mills; Printing & Related Support Activities; Nonmetallic Mineral Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Paper Products; Plastics & Rubber Products; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Fabricated Metal Products.

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



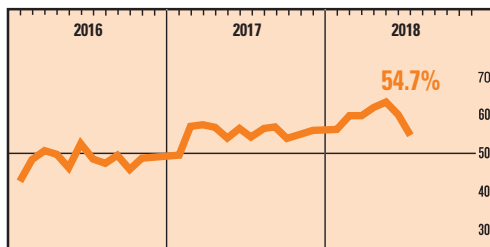
## Customers' Inventories

ISM's Customers' Inventories Index registered 39.4 percent. Only three manufacturing industries reported customers' inventories as too high during the month of July: Apparel, Leather & Allied Products; Wood Products; and Furniture & Related Products.



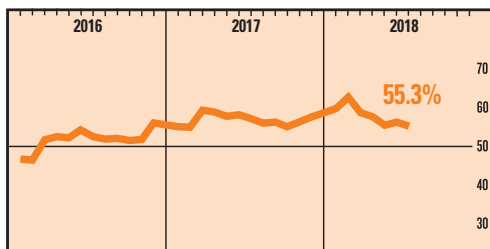
## Prices

The ISM Prices Index registered 73.2 percent. Seventeen of the 18 industries reported paying increased prices for raw materials in July, in the following order: Apparel, Leather & Allied Products; Textile Mills; Fabricated Metal Products; Machinery; Furniture & Related Products; Petroleum & Coal Products; Paper Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Computer & Electronic Products; Miscellaneous Manufacturing<sup>‡</sup>; Primary Metals; Printing & Related Support Activities; Nonmetallic Mineral Products; Chemical Products; Transportation Equipment; and Food, Beverage & Tobacco Products.



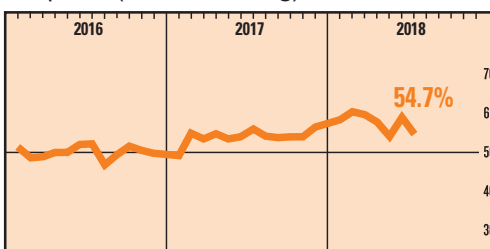
## Backlog of Orders

ISM's Backlog of Orders Index registered 54.7 percent. The 10 industries reporting growth in order backlogs in July — listed in order — are: Apparel, Leather & Allied Products; Textile Mills; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Plastics & Rubber Products; Paper Products; Chemical Products; and Miscellaneous Manufacturing<sup>‡</sup>.



## New Export Orders

ISM's New Export Orders Index registered 55.3 percent. The seven industries reporting growth in new export orders in July — listed in order — are: Petroleum & Coal Products; Nonmetallic Mineral Products; Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Machinery; and Chemical Products.



## Imports

ISM's Imports Index registered 54.7 percent. The 11 industries reporting growth in imports during the month of July — listed in order — are: Apparel, Leather & Allied Products; Textile Mills; Chemical Products; Fabricated Metal Products; Nonmetallic Mineral Products; Machinery; Food, Beverage & Tobacco Products; Computer & Electronic Products; Transportation Equipment; Plastics & Rubber Products; and Miscellaneous Manufacturing<sup>‡</sup>.

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