

# ISM® REPORT ON BUSINESS® MANUFACTURING

AUGUST 2018

Analysis by **Timothy R. Fiore, CPSM, C.P.M.**, Chair of the Institute for Supply Management® Manufacturing Business Survey Committee

Economic activity in the manufacturing sector expanded in August, and the overall economy grew for the 112th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The August PMI® registered 61.3 percent. The New Orders Index registered 65.1 percent, an increase of 4.9 percentage points from the July reading of 60.2 percent. The Employment Index registered 58.5 percent, an increase of 2 percentage points from the July reading of 56.5 percent. The Supplier Deliveries Index registered 64.5 percent, a 2.4-percentage point increase from the July reading of 62.1 percent. The Inventories Index registered 55.4 percent, an increase of 2.1 percentage points from the July reading of 53.3 percent. The Prices Index registered 72.1 percent in

## PMI® @ 61.3%

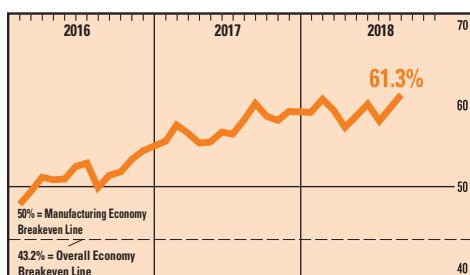
August, a 1.1-percentage point decrease from the July reading of 73.2 percent, indicating higher raw materials prices for the 30th consecutive month. Of the 18 manufacturing industries, 16 reported growth in August, in the following order: Computer & Electronic Products; Apparel, Leather & Allied Products; Textile Mills; Paper Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Furniture & Related Products; Machinery; Nonmetallic Mineral Products; Transportation Equipment; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Plastics & Rubber Products; Fabricated Metal Products; Chemical Products; and Printing & Related Support Activities.

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

### MANUFACTURING AT A GLANCE

Index	Aug Index	Jul Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	61.3	58.1	+3.2	Growing	Faster	24
New Orders	65.1	60.2	+4.9	Growing	Faster	32
Production	63.3	58.5	+4.8	Growing	Faster	24
Employment	58.5	56.5	+2.0	Growing	Faster	23
Supplier Deliveries	64.5	62.1	+2.4	Slowing	Faster	23
Inventories	55.4	53.3	+2.1	Growing	Faster	8
Customers' Inventories	41.0	39.4	+1.6	Too Low	Faster	23
Prices	72.1	73.2	-1.1	Increasing	Slower	30
Backlog of Orders	57.5	54.7	+2.8	Growing	Faster	19
New Export Orders	55.2	55.3	-0.1	Growing	Slower	30
Imports	53.9	54.7	-0.8	Growing	Slower	19
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Faster</b>	<b>112</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>24</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 August as the PMI® registered 61.3 percent, an increase of 3.2 percentage points from the July reading of 58.1 percent. This indicates strong growth in manufacturing for the 24th consecutive month, led by continued expansion in all subindexes that make up the PMI®. The PMI® reached its highest level since May 2004, when it registered 61.4 percent. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

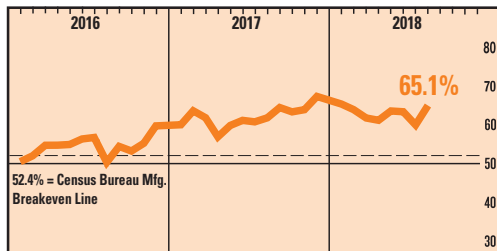
### COMMODITIES REPORTED

**Commodities Up in Price:** Aluminum\* (22); Aluminum Based Products (4); Capacitors (3); Caustic Soda (14); Corrugate (23); Electrical Components; Electronic Components; Flour; Freight (7); Lumber (2); Nylon (3); Packaging Materials; Paper (4); Phosphates; Plastics; Resistors (2); Steel — Cold Rolled; Steel — Hot Rolled (21); Steel — Stainless (5); and Steel Based Products (4).

**Commodities Down in Price:** Aluminum\*; Copper (2); and Corn.

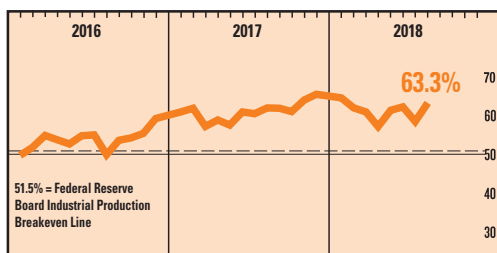
**Commodities in Short Supply:** Capacitors (14); Electrical Components (5); Electronic Components (4); Freight (4); Labor; and Resistors (10).

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



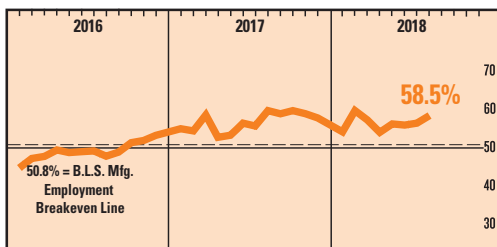
## New Orders

ISM's New Orders Index registered 65.1 percent. Thirteen of 18 industries reported growth in new orders in August, in the following order: Textile Mills; Computer & Electronic Products; Paper Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; Fabricated Metal Products; Miscellaneous Manufacturing<sup>‡</sup>; Electrical Equipment, Appliances & Components; Machinery; Petroleum & Coal Products; and Plastics & Rubber Products.



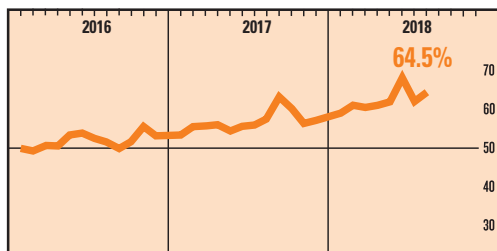
## Production

ISM's Production Index registered 63.3 percent. The 16 industries reporting growth in production during the month of August — listed in order — are: Printing & Related Support Activities; Computer & Electronic Products; Apparel, Leather & Allied Products; Miscellaneous Manufacturing<sup>‡</sup>; Nonmetallic Mineral Products; Textile Mills; Paper Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; Transportation Equipment; Fabricated Metal Products; Food, Beverage & Tobacco Products; Machinery; Petroleum & Coal Products; Chemical Products; and Plastics & Rubber Products.



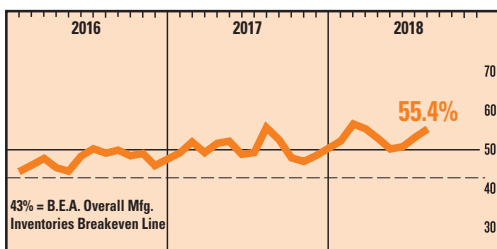
## Employment

ISM's Employment Index registered 58.5 percent. Of the 18 manufacturing industries, the 10 reporting employment growth in August — listed in order — are: Miscellaneous Manufacturing<sup>‡</sup>; Computer & Electronic Products; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Transportation Equipment; Paper Products; Plastics & Rubber Products; Machinery; Chemical Products; and Fabricated Metal Products.



## Supplier Deliveries

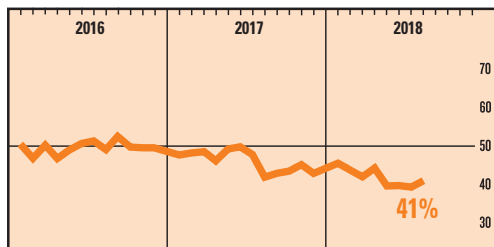
The delivery performance of suppliers to manufacturing organizations slowed in August, as the Supplier Deliveries Index registered 64.5 percent. The 17 industries reporting slower supplier deliveries in August — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Machinery; Furniture & Related Products; Wood Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Textile Mills; Miscellaneous Manufacturing<sup>‡</sup>; Paper Products; Transportation Equipment; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Chemical Products; Primary Metals; and Fabricated Metal Products.



## Inventories

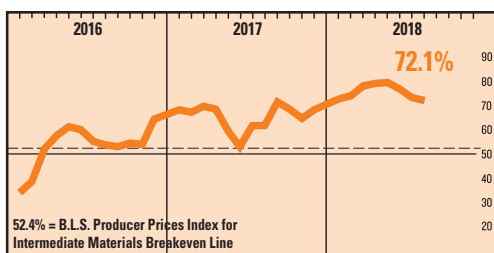
The Inventories Index registered 55.4 percent. The 14 industries reporting higher inventories in August — listed in order — are: Apparel, Leather & Allied Products; Furniture & Related Products; Wood Products; Electrical Equipment, Appliances & Components; Textile Mills; Paper Products; Primary Metals; Transportation Equipment; Machinery; Computer & Electronic Products; Fabricated Metal Products; Miscellaneous Manufacturing<sup>‡</sup>; 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).



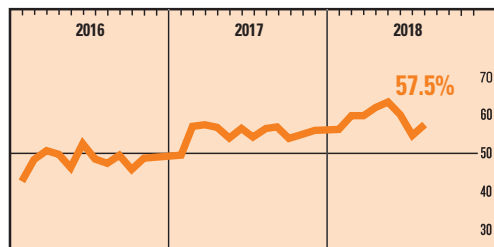
## Customers' Inventories

ISM's Customers' Inventories Index registered 41 percent. The only manufacturing industry that reported customers' inventories as too high during the month of August is Nonmetallic Mineral Products.



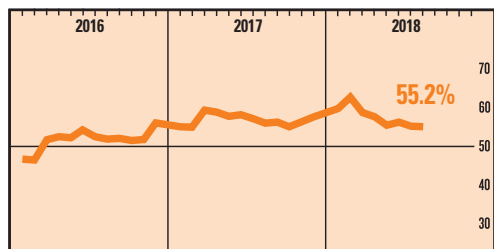
## Prices

The ISM Prices Index registered 72.1 percent. Sixteen of the 18 industries reported paying increased prices for raw materials in August, in the following order: Apparel, Leather & Allied Products; Furniture & Related Products; Textile Mills; Machinery; Petroleum & Coal Products; Computer & Electronic Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing<sup>‡</sup>; Plastics & Rubber Products; Fabricated Metal Products; Chemical Products; Transportation Equipment; Paper Products; Primary Metals; and Food, Beverage & Tobacco Products.



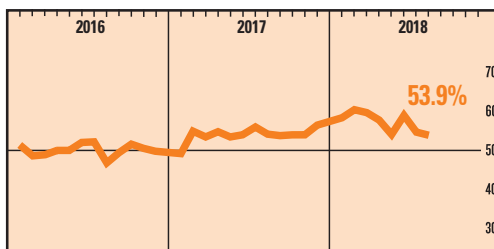
## Backlog of Orders

ISM's Backlog of Orders Index registered 57.5 percent. The 12 industries reporting growth in order backlogs in August — listed in order — are: Textile Mills; Computer & Electronic Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Petroleum & Coal Products; Paper Products; Chemical Products; Machinery; Miscellaneous Manufacturing<sup>‡</sup>; and Transportation Equipment.



## New Export Orders

ISM's New Export Orders Index registered 55.2 percent. The six industries reporting growth in new export orders in August — listed in order — are: Petroleum & Coal Products; Computer & Electronic Products; Chemical Products; Fabricated Metal Products; Miscellaneous Manufacturing<sup>‡</sup>; and Food, Beverage & Tobacco Products.



## Imports

ISM's Imports Index registered 53.9 percent. The 10 industries reporting growth in imports during the month of August — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Furniture & Related Products; Fabricated Metal Products; Computer & Electronic Products; Miscellaneous Manufacturing<sup>‡</sup>; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Machinery; and Transportation Equipment.

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