

# ISM® REPORT ON BUSINESS® MANUFACTURING

DECEMBER 2018

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Economic activity in the manufacturing sector expanded in December, and the overall economy grew for the 116th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The December PMI® registered 54.1 percent. The New Orders Index registered 51.1 percent, a decrease of 11 percentage points from the November reading of 62.1 percent. The Production Index registered 54.3 percent, 6.3-percentage point decrease compared to the November reading of 60.6 percent. The Employment Index registered 56.2 percent, a decrease of 2.2 percentage points from the November reading of 58.4 percent. The Supplier Deliveries Index registered

## PMI® @ 54.1%

57.5 percent. The Inventories Index registered 51.2 percent, a decrease of 1.7 percentage points from the November reading of 52.9 percent. The Prices Index registered 54.9 percent, a 5.8-percentage point decrease from the November reading

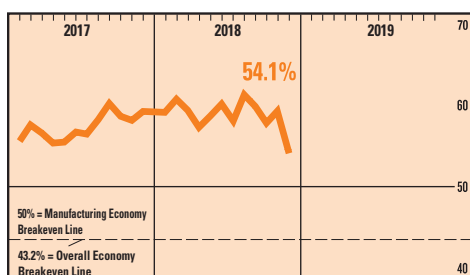
of 60.7 percent, indicating higher raw materials prices for the 34th consecutive month. Of the 18 manufacturing industries, 11 reported growth in December, in the following order: Textile Mills; Apparel, Leather & Allied Products; Machinery; Transportation Equipment; Computer & Electronic Products; Wood Products; Chemical Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing‡; Electrical Equipment, Appliances & Components; and Primary Metals.

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

## MANUFACTURING AT A GLANCE

Index	Dec Index	Nov Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	54.1	59.3	-5.2	Growing	Slower	28
New Orders	51.1	62.1	-11.0	Growing	Slower	36
Production	54.3	60.6	-6.3	Growing	Slower	28
Employment	56.2	58.4	-2.2	Growing	Slower	27
Supplier Deliveries	57.5	62.5	-5.0	Slowing	Slower	27
Inventories	51.2	52.9	-1.7	Growing	Slower	12
Customers' Inventories	41.7	41.5	+0.2	Too Low	Slower	27
Prices	54.9	60.7	-5.8	Increasing	Slower	34
Backlog of Orders	50.0	56.4	-6.4	Unchanged	Slower	1
New Export Orders	52.8	52.2	+0.6	Growing	Faster	34
Imports	52.7	53.6	-0.9	Growing	Slower	23
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Slower</b>	<b>116</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>28</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 December, as the PMI® registered 54.1 percent, a decrease of 5.2 percentage points from the November reading of 59.3 percent. This indicates growth in manufacturing for the 28th consecutive month. The PMI® recorded a substantial softening in December and retreated to a level not seen since November 2016, when it registered 53.4 percent. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

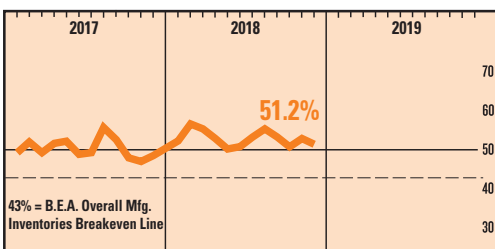
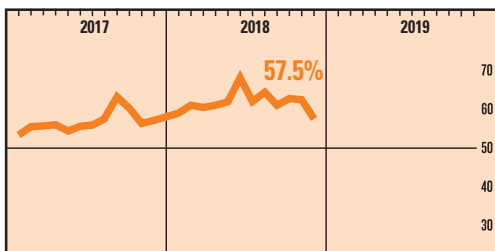
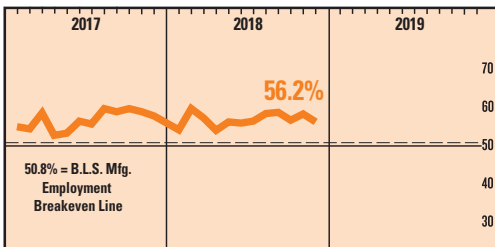
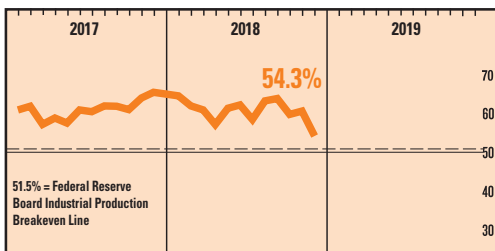
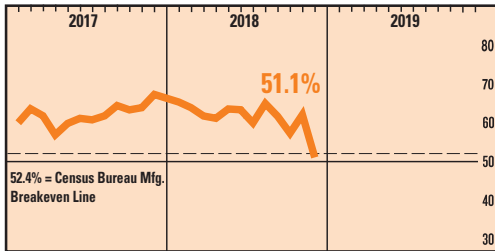
## COMMODITIES REPORTED

**Commodities Up in Price:** Chemicals; Electrical Components (2); Electronic Components (5); Freight; Labor — Construction; Metal-Based Products; Natural Gas; PET Resin; Printed Circuit Boards; Steel\* (4); and Steel-Based Products (8).

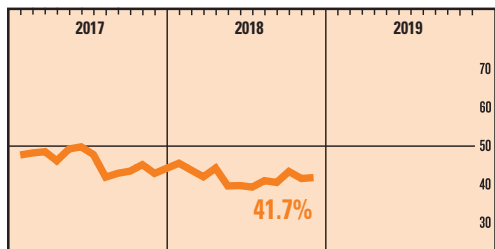
**Commodities Down in Price:** Aluminum (3); Caustic Soda (3); Crude Oil; Gasoline; Steel\* (4); and Steel — Hot Rolled (4).

**Commodities in Short Supply:** Capacitors (18); Electronic Components (8); Hardwood; Labor; Resistors (14); Steel; 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.

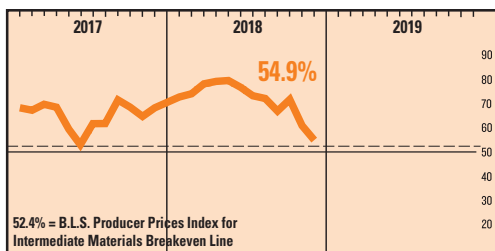


<sup>‡</sup>Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



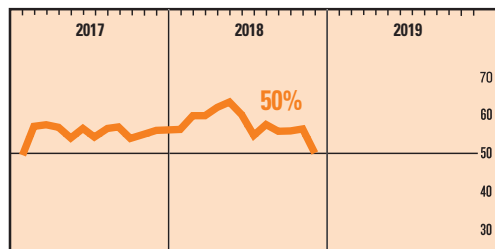
## Customers' Inventories

ISM's Customers' Inventories Index registered 41.7 percent. No industry reported customers' inventories as too high during the month of December. The 13 industries reporting customers' inventories as too low during December — listed in order — are: Textile Mills; Wood Products; Machinery; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Primary Metals; Chemical Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Plastics & Rubber Products; Fabricated Metal Products; Miscellaneous Manufacturing<sup>‡</sup>; and Transportation Equipment.



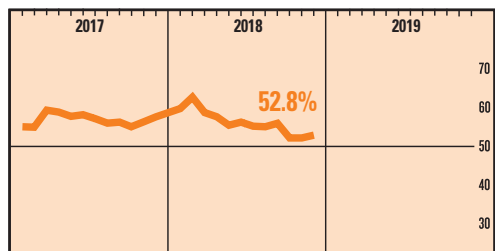
## Prices

The ISM Prices Index registered 54.9 percent. Eight of the 18 industries reported paying increased prices for raw materials in December, in the following order: Apparel, Leather & Allied Products; Paper Products; Miscellaneous Manufacturing<sup>‡</sup>; Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; Machinery; and Primary Metals.



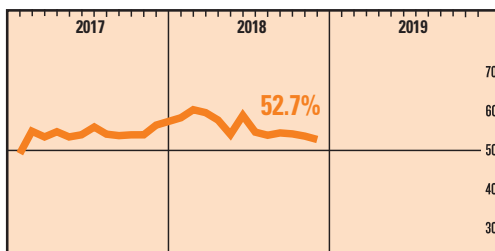
## Backlog of Orders

ISM's Backlog of Orders Index registered 50 percent. The six industries reporting growth in order backlogs in December — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Plastics & Rubber Products; Computer & Electronic Products; Chemical Products; and Transportation Equipment.



## New Export Orders

ISM's New Export Orders Index registered 52.8 percent. The six industries reporting growth in new export orders in December — listed in order — are: Chemical Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Machinery; Transportation Equipment; and Miscellaneous Manufacturing<sup>‡</sup>.



## Imports

ISM's Imports Index registered 52.7 percent. The 10 industries reporting growth in imports during the month of December — listed in order — are: Textile Mills; Wood Products; Furniture & Related Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Transportation Equipment; Fabricated Metal Products; Machinery; and Chemical Products.

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