

# ISM® REPORT ON BUSINESS® MANUFACTURING

FEBRUARY 2019

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

**E**conomic activity in the manufacturing sector expanded in February, and the overall economy grew for the 118th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The February PMI® registered 54.2 percent. The New Orders Index registered 55.5 percent, a decrease of 2.7 percentage points from the January reading of 58.2 percent.

The Production Index registered 54.8 percent, 5.7-percentage point decrease compared to the January reading of 60.5 percent. The Employment Index registered 52.3 percent, a decrease of 3.2 percentage points from the January reading of 55.5 percent. The Inventories Index registered 53.4 percent, an increase of 0.6 percentage point from the January reading of 52.8 percent.

## PMI® @ 54.2%

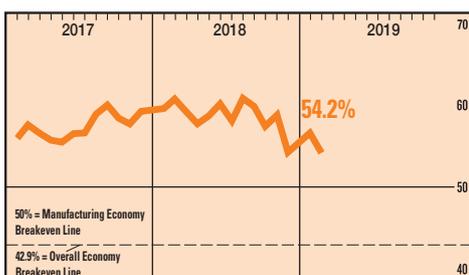
The Prices Index registered 49.4 percent, a 0.2-percentage point decrease from the January reading of 49.6 percent, indicating lower raw materials prices for the second straight month after nearly three years of increases. Of the 18 manufacturing industries, 16 reported growth in February, in the following order: Printing & Related Support Activities; Textile Mills; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Paper Products; Wood Products; Primary Metals; Chemical Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing‡; Petroleum & Coal Products; Transportation Equipment; Machinery; Furniture & Related Products; and Plastics & Rubber Products.

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

### MANUFACTURING AT A GLANCE

Index	Feb Index	Jan Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	54.2	56.6	-2.4	Growing	Slower	30
New Orders	55.5	58.2	-2.7	Growing	Slower	38
Production	54.8	60.5	-5.7	Growing	Slower	30
Employment	52.3	55.5	-3.2	Growing	Slower	29
Supplier Deliveries	54.9	56.2	-1.3	Slowing	Slower	36
Inventories	53.4	52.8	+0.6	Growing	Faster	14
Customers' Inventories	39.0	42.8	-3.8	Too Low	Faster	29
Prices	49.4	49.6	-0.2	Decreasing	Faster	2
Backlog of Orders	52.3	50.3	+2.0	Growing	Faster	2
New Export Orders	52.8	51.8	+1.0	Growing	Faster	36
Imports	55.3	53.8	+1.5	Growing	Faster	25
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Slower</b>	<b>118</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>30</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 February, as the PMI® registered 54.2 percent, a decrease of 2.4 percentage points from the January reading of 56.6 percent. This indicates growth in manufacturing for the 30th consecutive month. The PMI® reversed a January increase in expansion primarily through an expansion softening of a combined 8.9 points in production and employment. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

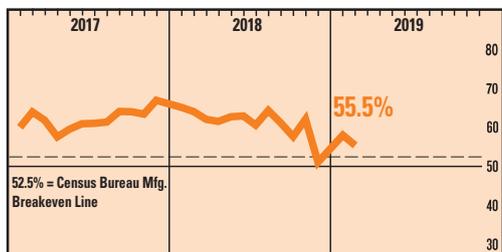
### COMMODITIES REPORTED

**Commodities Up in Price:** Aluminum\*; Electronic Components (7); Paper-Based Products; Plastic Components; Printed Circuit Board Assemblies (2); Steel\* (6); Steel — Hot Rolled\* (2); and Steel Products\* (10).

**Commodities Down in Price:** Aluminum\* (5); Caustic Soda (5); Memory (2); Oil; Steel\* (6); Steel — Hot Rolled\* (6); and Steel Products\* (2).

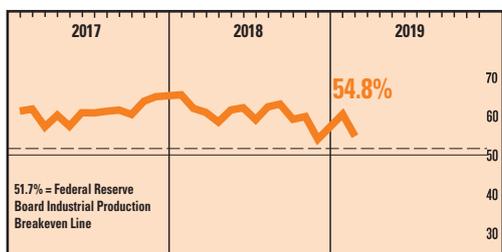
**Commodities in Short Supply:** Capacitors (20); Electronic Components (10); and Resistors (16).

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



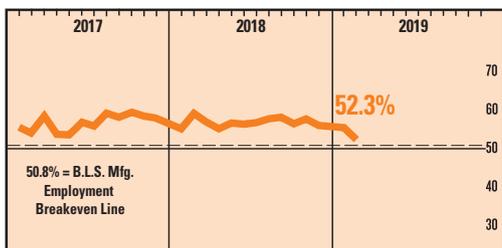
## New Orders

ISM's New Orders Index registered 55.5 percent. Thirteen of 18 industries reported growth in new orders in February, in the following order: Wood Products; Computer & Electronic Products; Printing & Related Support Activities; Fabricated Metal Products; Primary Metals; Furniture & Related Products; Plastics & Rubber Products; Chemical Products; Miscellaneous Manufacturing<sup>‡</sup>; Paper Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; and Machinery.



## Production

ISM's Production Index registered 54.8 percent. The 12 industries reporting growth in production during the month of February — listed in order — are: Printing & Related Support Activities; Chemical Products; Miscellaneous Manufacturing<sup>‡</sup>; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Petroleum & Coal Products; Fabricated Metal Products; Primary Metals; Paper Products; Transportation Equipment; Food, Beverage & Tobacco Products; and Machinery.



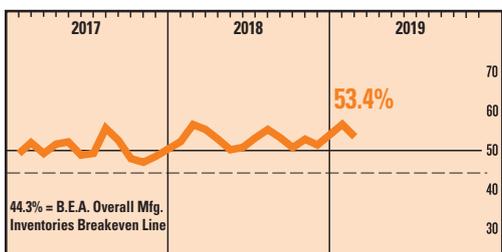
## Employment

ISM's Employment Index registered 52.3 percent. Ten of 18 manufacturing industries reported employment growth in February in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Primary Metals; Computer & Electronic Products; Machinery; Transportation Equipment; and Chemical Products.



## Supplier Deliveries

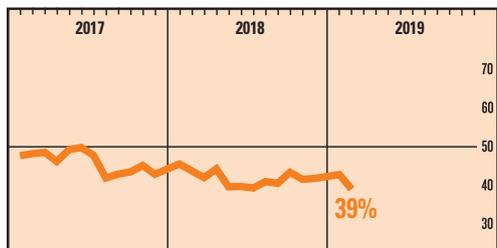
The delivery performance of suppliers to manufacturing organizations slowed in February, as the Supplier Deliveries Index registered 54.9 percent. The 12 industries reporting slower supplier deliveries in February — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Fabricated Metal Products; Petroleum & Coal Products; Primary Metals; Nonmetallic Mineral Products; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; Food, Beverage & Tobacco Products; Machinery; Chemical Products; and Computer & Electronic Products.



## Inventories

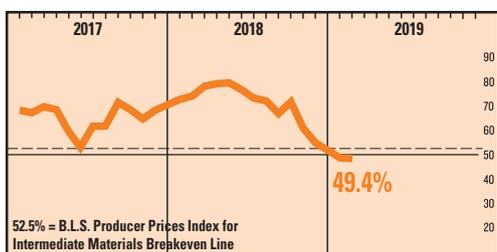
The Inventories Index registered 53.4 percent. The 10 industries reporting higher inventories in February — listed in order — are: Textile Mills; Wood Products; Printing & Related Support Activities; Paper Products; Furniture & Related Products; Transportation Equipment; Machinery; Electrical Equipment, Appliances & Components; Computer & Electronic Products; 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 percent in February, which is 3.8 percentage points lower than the 42.8 percent reported for January, indicating that customers' inventory levels were considered too low. The only industry reporting customers' inventories as too high during the month of February is Apparel, Leather and Allied Products.



## Prices

The ISM Prices Index registered 49.4 percent. Six of the 18 industries reported paying increased prices for raw materials in February, in the following order: Printing & Related Support Activities; Textile Mills; Computer & Electronic Products; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; and Machinery.



## Backlog of Orders

ISM's Backlog of Orders Index registered 52.3 percent. The nine industries reporting growth in order backlogs in February — listed in order — are: Wood Products; Printing & Related Support Activities; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Primary Metals; Paper Products; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; and Machinery.



## New Export Orders

ISM's New Export Orders Index registered 52.8 percent. The seven industries reporting growth in new export orders in February — listed in order — are: Wood Products; Furniture & Related Products; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; Food, Beverage & Tobacco Products; Machinery; and Plastics & Rubber Products.



## Imports

ISM's Imports Index registered 55.3 percent. The 13 industries reporting growth in imports during the month of February — listed in order — are: Wood Products; Textile Mills; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; Plastics & Rubber Products; Miscellaneous Manufacturing<sup>‡</sup>; Machinery; Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Fabricated Metal Products.

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