

**E**conomic activity in the **manufacturing sector** contracted in August following five consecutive months of expansion, while the overall economy grew for the 87th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The August PMI® registered 49.4 percent. The New Orders Index registered 49.1 percent, a decrease of 7.8 percentage points from the July reading of 56.9 percent. The Production Index registered 49.6 percent, 5.8 percentage points lower than the July reading of 55.4 percent. The Employment Index registered 48.3 percent, a decrease of 1.1 percentage points from the July reading of 49.4 percent. Inventories of raw materials registered 49 percent, a decrease of 0.5 percentage point from the July reading of 49.5 percent. The Prices Index registered 53 percent, a decrease of 2 percentage points from the July reading of 55 percent, indicating higher raw materials prices for the sixth consecutive month. Manufacturing contracted in August for the first time since February of this year, as only six of our 18 industries reported an increase in new orders in August (down from 12 in July), and only eight industries reported an increase in production in August (down from nine in July). Of the 18 manufacturing industries, six are reporting growth in August in the following order: Printing & Related Support Activities; Nonmetallic Mineral Products; Computer & Electronic Products; Miscellaneous Manufacturing†; Food, Beverage & Tobacco Products; and Chemical Products. **ISM**

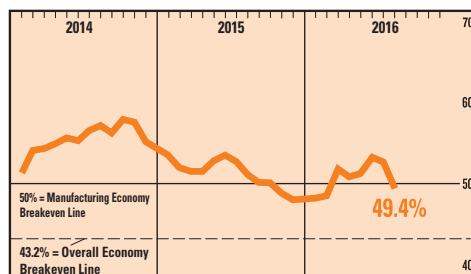
## PMI® at 49.4%

New Orders, Production and Employment Contracting; Inventories Contracting; Supplier Deliveries Slowing

### Manufacturing at a Glance

INDEX	Aug Index	Jul Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	49.4	52.6	-3.2	Contracting	From Growing	1
New Orders	49.1	56.9	-7.8	Contracting	From Growing	1
Production	49.6	55.4	-5.8	Contracting	From Growing	1
Employment	48.3	49.4	-1.1	Contracting	Faster	2
Supplier Deliveries	50.9	51.8	-0.9	Slowing	Slower	4
Inventories	49.0	49.5	-0.5	Contracting	Faster	14
Customers' Inventories	49.5	51.0	-1.5	Too Low	From Too High	1
Prices	53.0	55.0	-2.0	Increasing	Slower	6
Backlog of Orders	45.5	48.0	-2.5	Contracting	Faster	2
New Export Orders	52.5	52.5	0.0	Growing	Same	6
Imports	47.0	52.0	-5.0	Contracting	From Growing	1
<b>Overall Economy</b>				<b>Growing</b>	<b>Slower</b>	<b>87</b>
<b>Manufacturing Sector</b>				<b>Contracting</b>	<b>From Growing</b>	<b>1</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 August as the PMI® registered 49.4 percent, a decrease of 3.2 percentage points from the July reading of 52.6 percent, indicating contraction in manufacturing for the first time since February 2016, when the PMI registered 49.5. 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:** Caustic Soda; Copper (2); Gold (2); Nickel; Plastic Resins; Propylene; Stainless Steel (5); Steel\* (8); and Titanium Dioxide.

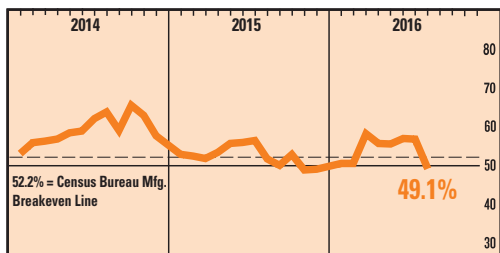
**Commodities Down in Price:** Corn (2); Corrugate (2); Diesel; Scrap Steel; Steel\* (2); Steel – Cold Rolled; and Steel – Hot Rolled.

**Commodities in Short Supply:** None (5).

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

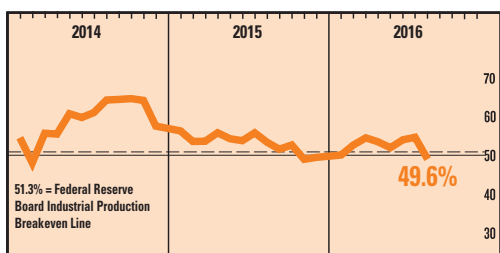
\*Reported as both up and down in price.

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



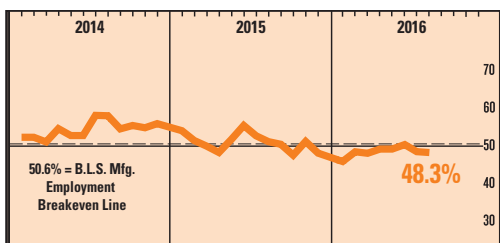
## New Orders

ISM's New Orders Index registered 49.1 percent. The six industries reporting growth in new orders in August — listed in order — are: Nonmetallic Mineral Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; and Fabricated Metal Products.



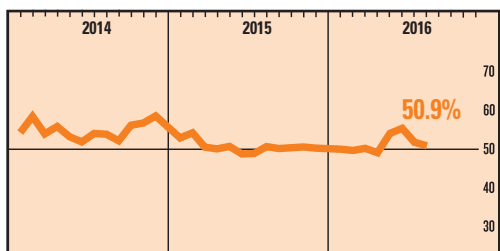
## Production

ISM's Production Index registered 49.6 percent. The eight industries reporting growth in production during the month of August — listed in order — are: Printing & Related Support Activities; Chemical Products; Primary Metals; Computer & Electronic Products; Fabricated Metal Products; Miscellaneous Manufacturing<sup>‡</sup>; Food, Beverage & Tobacco Products; and Nonmetallic Mineral Products.



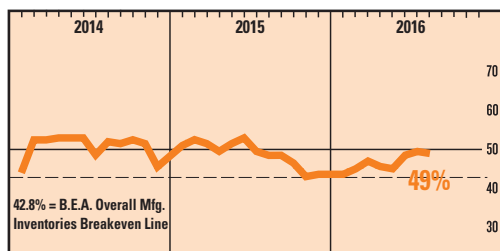
## Employment

ISM's Employment Index registered 48.3 percent in August, a decrease of 1.1 percentage points compared to the July reading of 49.4 percent, indicating contraction in employment in August for the second consecutive month. Of the 18 manufacturing industries, the five reporting employment growth in August are: Printing & Related Support Activities; Paper Products; Primary Metals; Computer & Electronic Products; and Nonmetallic Mineral Products.



## Supplier Deliveries

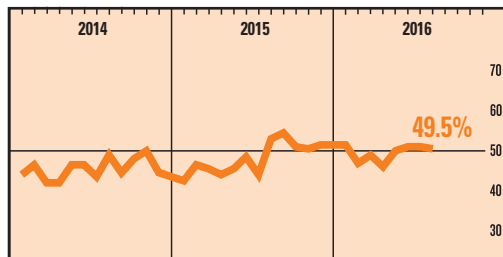
The delivery performance of suppliers to manufacturing organizations was slower in August, as the Supplier Deliveries Index registered 50.9 percent, which is 0.9 percentage point lower than the 51.8 percent reported for July. The six industries reporting slower supplier deliveries in August — listed in order — are: Nonmetallic Mineral Products; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; Machinery; Food, Beverage & Tobacco Products; and Chemical Products.



## Inventories

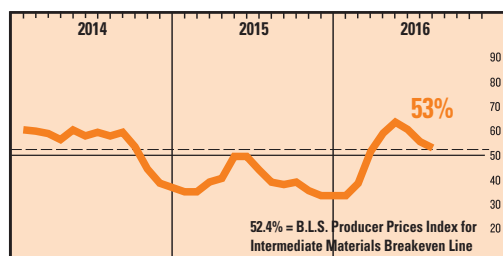
The Inventories Index registered 49 percent in August, which is a decrease of 0.5 percentage point compared to the 49.5 percent reported for July, indicating raw materials inventories contracted in August for the 14th consecutive month. The four industries reporting higher inventories in August are: Wood Products; Apparel, Leather & Allied Products; Transportation Equipment; and Nonmetallic Mineral Products.

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



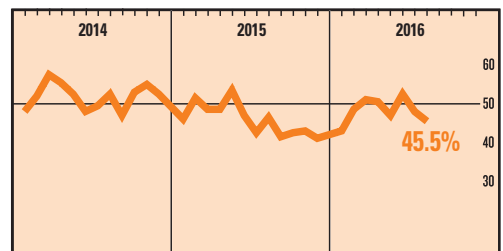
## Customers' Inventories

ISM's Customers' Inventories Index registered 49.5 percent. The five manufacturing industries reporting customers' inventories as being too high during the month of August are: Petroleum & Coal Products; Furniture & Related Products; Transportation Equipment; Machinery; and Plastics & Rubber Products.



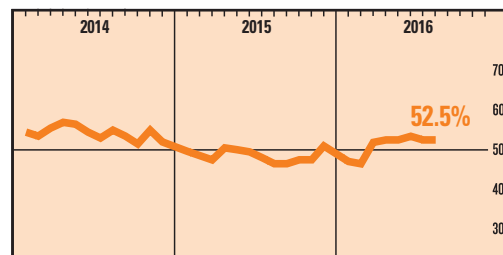
## Prices

The ISM Prices Index registered 53 percent. Of the 18 manufacturing industries, the nine that reported paying increased prices for its raw materials in August — listed in order — are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Transportation Equipment; Petroleum & Coal Products; Machinery; Computer & Electronic Products; Chemical Products; Fabricated Metal Products; and Nonmetallic Mineral Products.



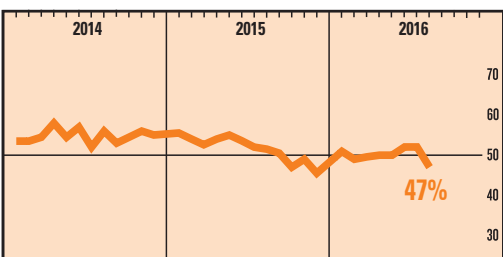
## Backlog of Orders

ISM's Backlog of Orders Index registered 45.5 percent. The four industries reporting growth in order backlogs in August are: Printing & Related Support Activities; Petroleum & Coal Products; Computer & Electronic Products; and Fabricated Metal Products.



## New Export Orders

ISM's New Export Orders Index registered 52.5 percent. The eight industries reporting growth in new export orders in August — listed in order — are: Wood Products; Miscellaneous Manufacturing<sup>‡</sup>; Food, Beverage & Tobacco Products; Chemical Products; Computer & Electronic Products; Fabricated Metal Products; Machinery; and Paper Products.



## Imports

ISM's Imports Index registered 47 percent in August. The four industries reporting growth in imports during the month of August are: Furniture & Related Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Machinery.

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