

ISM® REPORT ON BUSINESS® MANUFACTURING

AUGUST 2017

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 99th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The August PMI® registered 58.8

percent. The New Orders Index

registered 60.3 percent, a decrease

of 0.1 percentage point from the

July reading of 60.4 percent. The

Employment Index registered 59.9

percent, an increase of 4.7 percentage points from the July reading

of 55.2 percent. The Inventories Index registered 55.5 percent,

an increase of 5.5 percentage points from the July reading of 50

percent. The Prices Index registered 62 percent in August, the

same reading as July, indicating higher raw materials' prices for

the 18th consecutive month. Comments from the panel reflect

expanding business conditions, with new orders, production, employment, backlog and exports all growing in August, as well as supplier deliveries slowing (improving) and inventories increasing during the period. The Customers' Inventories Index experienced

a sharp decline in August compared

to July. Of the 18 manufacturing

industries, 14 reported growth in

August, in the following order: Textile

Mills; Petroleum & Coal Products;

Machinery; Transportation Equipment;

Fabricated Metal Products; Computer & Electronic Products;

Paper Products; Electrical Equipment, Appliances & Components;

Miscellaneous Manufacturing†; Chemical Products; Nonmetallic

Mineral Products; Plastics & Rubber Products; Printing & Related

Support Activities; and Food, Beverage & Tobacco Products.

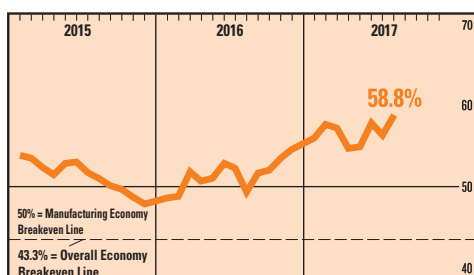
†Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).

PMI® @ 58.8%

MANUFACTURING AT A GLANCE

Index	Aug Index	Jul Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	58.8	56.3	+2.5	Growing	Faster	12
New Orders	60.3	60.4	-0.1	Growing	Slower	12
Production	61.0	60.6	+0.4	Growing	Faster	12
Employment	59.9	55.2	+4.7	Growing	Faster	11
Supplier Deliveries	57.1	55.4	+1.7	Slowing	Faster	16
Inventories	55.5	50.0	+5.5	Growing	From Unchanged	1
Customers' Inventories	41.0	49.0	-8.0	Too Low	Slower	2
Prices	62.0	62.0	0	Increasing	Same	18
Backlog of Orders	57.5	55.0	+2.5	Growing	Faster	7
New Export Orders	55.5	57.5	-2.0	Growing	Slower	18
Imports	54.5	56.0	-1.5	Growing	Slower	7
OVERALL ECONOMY				Growing	Faster	99
Manufacturing Sector				Growing	Faster	12

*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 58.8 percent, an increase of 2.5 percentage points from the July reading of 56.3 percent. This indicates growth in manufacturing for the 12th consecutive month and is the highest reading since April 2011, when the index registered 59.1 percent. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. A PMI® above 43.3 percent, over a period of time, generally indicates an expansion of the overall economy.

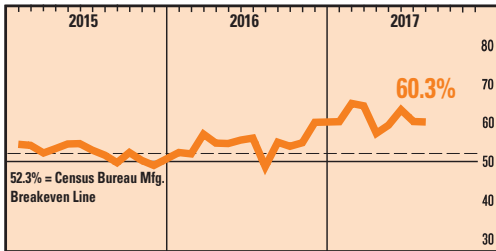
COMMODITIES REPORTED

Commodities Up in Price: Aluminum (10); Caustic Soda (2); Copper; Corrugate (11); Corrugated Boxes (6); Electric Components (3); Food Ingredients; Lumber (2); Mechanical Components; Memory — Computer (2); Resins; Scrap — All Types; Solvents; Steel; Steel — Hot Rolled (9); and Titanium Dioxide (2).

Commodities Down in Price: Benzene Products.

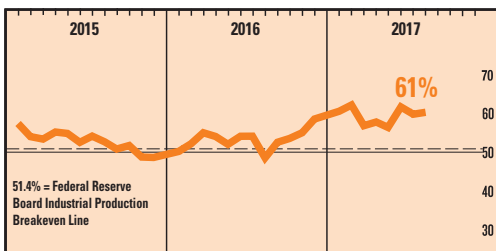
Commodities in Short Supply: Capacitors (2); Electric Components (3); Electronic Components (6); Integrated Circuits (2); Memory — Computer (2); and Methacrylates.

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



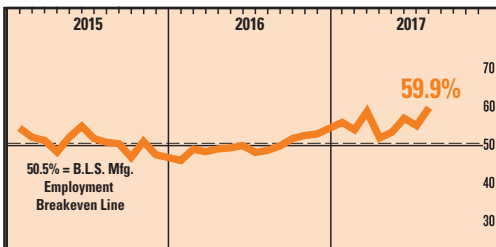
New Orders

ISM's New Orders Index registered 60.3 percent. Twelve of 18 industries reported growth in new orders in August, listed in the following order: Textile Mills; Petroleum & Coal Products; Paper Products; Transportation Equipment; Miscellaneous Manufacturing[‡]; Electrical Equipment, Appliances & Components; Printing & Related Support Activities; Computer & Electronic Products; Machinery; Chemical Products; Fabricated Metal Products; and Plastics & Rubber Products.



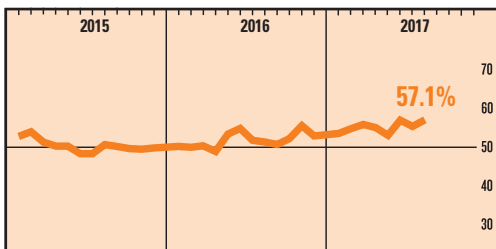
Production

ISM's Production Index registered 61 percent. The 11 industries reporting growth in production during the month of August — listed in order — are: Textile Mills; Petroleum & Coal Products; Transportation Equipment; Computer & Electronic Products; Printing & Related Support Activities; Fabricated Metal Products; Machinery; Miscellaneous Manufacturing[‡]; Paper Products; Chemical Products; and Food, Beverage & Tobacco Products.



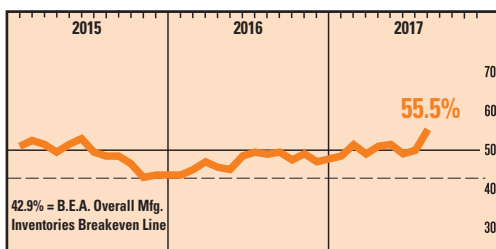
Employment

ISM's Employment Index registered 59.9 percent. Of the 18 manufacturing industries, the 13 reporting employment growth in August — listed in order — are: Textile Mills; Machinery; Food, Beverage & Tobacco Products; Paper Products; Electrical Equipment, Appliances & Components; Printing & Related Support Activities; Transportation Equipment; Plastics & Rubber Products; Chemical Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Fabricated Metal Products; and Computer & Electronic Products.



Supplier Deliveries

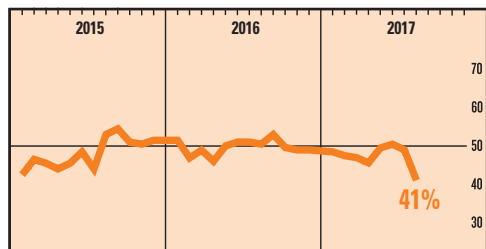
The delivery performance of suppliers to manufacturing organizations was slower in August, as the Supplier Deliveries Index registered 57.1 percent. The 11 industries reporting slower supplier deliveries in August — listed in order — are: Fabricated Metal Products; Plastics & Rubber Products; Machinery; Paper Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Primary Metals; Chemical Products; and Transportation Equipment.



Inventories

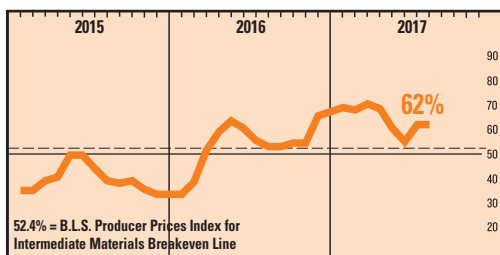
The Inventories Index registered 55.5 percent. The 11 industries reporting higher inventories in August — listed in order — are: Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; Petroleum & Coal Products; Nonmetallic Mineral Products; Furniture & Related Products; Transportation Equipment; Fabricated Metal Products; Computer & Electronic Products; Plastics & Rubber Products; Chemical Products; and Machinery.

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



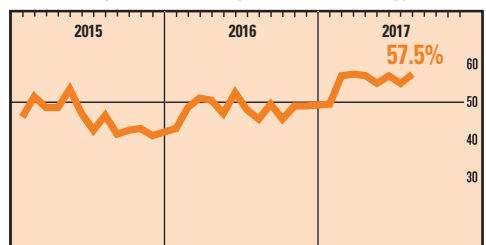
Customers' Inventories

ISM's Customers' Inventories Index registered 41 percent in August, which is 8 percentage points lower than the 49 percent reported for July, indicating that customers' inventory levels are considered too low in August. The only manufacturing industry reporting customers' inventories as being too high during the month of August is Furniture & Related Products.



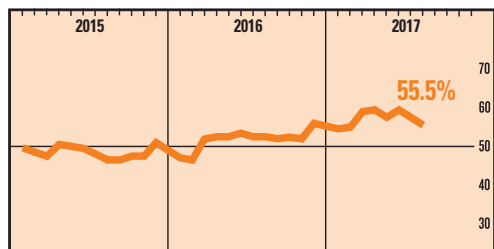
Prices

The ISM Prices Index registered 62 percent. Of the 18 manufacturing industries, the 16 that reported paying increased prices for raw materials in August — listed in order — are: Textile Mills; Fabricated Metal Products; Apparel, Leather & Allied Products; Plastics & Rubber Products; Furniture & Related Products; Primary Metals; Machinery; Printing & Related Support Activities; Food, Beverage & Tobacco Products; Computer & Electronic Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing[‡]; Petroleum & Coal Products; Chemical Products; Electrical Equipment, Appliances & Components; and Transportation Equipment.



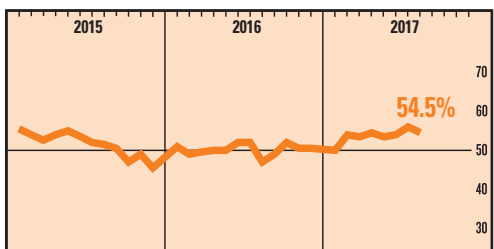
Backlog of Orders

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; Paper Products; Machinery; Fabricated Metal Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Primary Metals; Computer & Electronic Products; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; and Chemical Products.



New Export Orders

ISM's New Export Orders Index registered 55.5 percent. The eight industries reporting growth in new export orders in August — listed in order — are: Petroleum & Coal Products; Machinery; Paper Products; Food, Beverage & Tobacco Products; Chemical Products; Transportation Equipment; Plastics & Rubber Products; and Miscellaneous Manufacturing[‡].



Imports

ISM's Imports Index registered 54.5 percent. The eight industries reporting growth in imports during the month of August — listed in order — are: Textile Mills; Computer & Electronic Products; Transportation Equipment; Machinery; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; Fabricated Metal Products; and Food, Beverage & Tobacco Products.

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