

ISM® REPORT ON BUSINESS® MANUFACTURING

DECEMBER 2017

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Economic activity in the manufacturing sector expanded in December, and the overall economy grew for the 103rd consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The December PMI® registered 59.7 percent. The New Orders Index registered 69.4 percent, an increase of 5.4 percentage points from the November reading of 64 percent. The Production Index registered 65.8 percent, a 1.9 percentage point increase compared to the November reading of 63.9 percent. The Employment Index registered 57 percent, a decrease of 2.7 percentage points from the November reading of 59.7 percent. The Supplier Deliveries Index registered 57.9 percent, a 1.4 percentage point increase from the November reading of 56.5 percent. Supplier deliveries continued to slow

PMI® @ 59.7%

(improving) at a faster rate, and inventories continued to contract at a slower rate during the period. Price increases continued at a faster rate. The Customers' Inventories Index declined and remains at low levels. Of the 18 manufacturing industries, 16

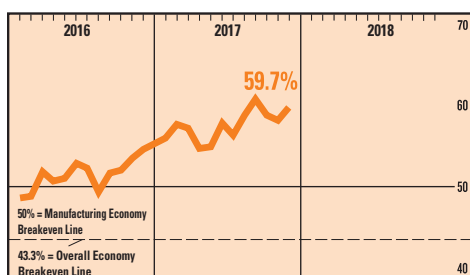
reported growth in December in the following order: Machinery; Computer & Electronic Products; Paper Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Primary Metals; Nonmetallic Mineral Products; Petroleum & Coal Products; Plastics & Rubber Products; Miscellaneous Manufacturing†; Food, Beverage & Tobacco Products; Furniture & Related Products; Transportation Equipment; Chemical Products; Fabricated Metal Products; and Electrical Equipment, Appliances & Components.

†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®	59.7	58.2	+1.5	Growing	Faster	16
New Orders	69.4	64.0	+5.4	Growing	Faster	16
Production	65.8	63.9	+1.9	Growing	Faster	16
Employment	57.0	59.7	-2.7	Growing	Slower	15
Supplier Deliveries	57.9	56.5	+1.4	Slowing	Faster	20
Inventories	48.5	47.0	+1.5	Contracting	Slower	3
Customers' Inventories	42.0	45.5	-3.5	Too Low	Faster	6
Prices	69.0	65.5	+3.5	Increasing	Faster	22
Backlog of Orders	56.0	55.0	+1.0	Growing	Faster	11
New Export Orders	58.5	56.0	+2.5	Growing	Faster	22
Imports	57.5	54.5	+3.0	Growing	Faster	11
OVERALL ECONOMY				Growing	Faster	103
Manufacturing Sector				Growing	Faster	16

*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 59.7 percent, an increase of 1.5 percentage points from the November reading of 58.2 percent. This indicates growth in manufacturing for the 16th consecutive month led by strong expansion in new orders and production with hiring growing at a slower rate and supplier deliveries continuing to struggle. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

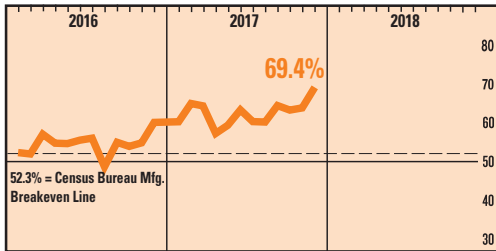
COMMODITIES REPORTED

Commodities Up in Price: Aluminum* (14); Caustic Soda (6); Copper (2); Corrugate (15); Electrical Components; Memory; Polypropylene (4); Rubber; Steel; Steel — Scrap; Steel — Hot Rolled (13); Stainless Steel; and Titanium Dioxide (3).

Commodities Down in Price: Aluminum*.

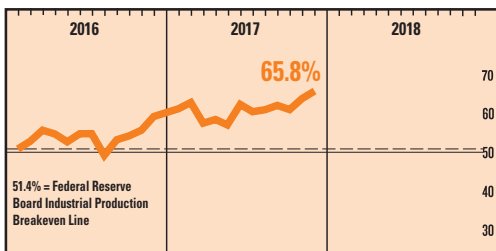
Commodities in Short Supply: Capacitors (6); Electrical Components; Resistors (2); and Titanium Dioxide (2).

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



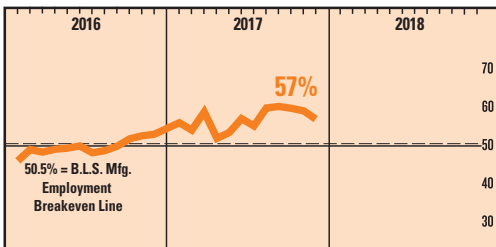
New Orders

ISM's New Orders Index registered 69.4 percent. Fifteen of 18 industries reported growth in new orders in December, listed in the following order: Machinery; Apparel, Leather & Allied Products; Primary Metals; Computer & Electronic Products; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; Printing & Related Support Activities; Paper Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Chemical Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Transportation Equipment; and Petroleum & Coal Products.



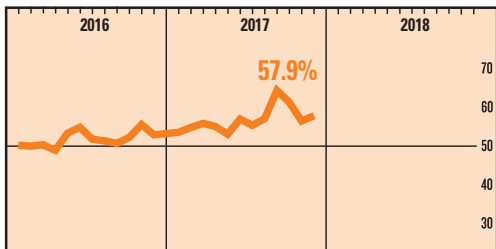
Production

ISM's Production Index registered 65.8 percent. The 13 industries reporting growth in production during the month of December — listed in order — are: Apparel, Leather & Allied Products; Machinery; Paper Products; Computer & Electronic Products; Petroleum & Coal Products; Primary Metals; Printing & Related Support Activities; Furniture & Related Products; Transportation Equipment; Chemical Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing[‡]; and Electrical Equipment, Appliances & Components.



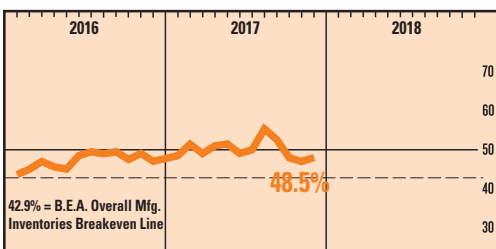
Employment

ISM's Employment Index registered 57 percent. Of the 18 manufacturing industries, the 11 reporting employment growth in December — listed in order — are: Primary Metals; Machinery; Computer & Electronic Products; Paper Products; Transportation Equipment; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Chemical Products; Miscellaneous Manufacturing[‡]; Nonmetallic Mineral Products; and Electrical Equipment, Appliances & Components.



Supplier Deliveries

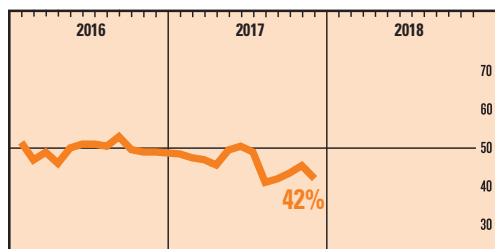
The Supplier Deliveries Index registered 57.9 percent. The 12 industries reporting slower supplier deliveries in December — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Machinery; Fabricated Metal Products; Paper Products; Plastics & Rubber Products; Computer & Electronic Products; Chemical Products; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Primary Metals; and Miscellaneous Manufacturing[‡].



Inventories

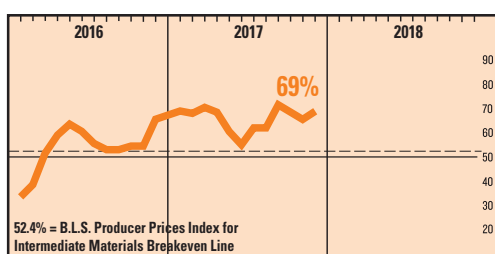
The Inventories Index registered 48.5 percent. The 10 industries reporting higher inventories in December — listed in order — are: Printing & Related Support Activities; Nonmetallic Mineral Products; Furniture & Related Products; Paper Products; Plastics & Rubber Products; Computer & Electronic Products; Petroleum & Coal Products; Machinery; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing[‡].

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



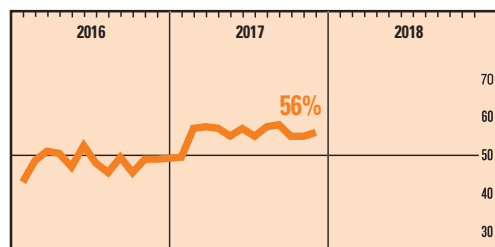
Customers' Inventories

ISM's Customers' Inventories Index registered 42 percent in December, which is 3.5 percentage points lower than the 45.5 percent reported for November, indicating that customers' inventory levels were still considered too low in December. One manufacturing industry — Furniture & Related Products — reported customers' inventories as being too high during the month of December.



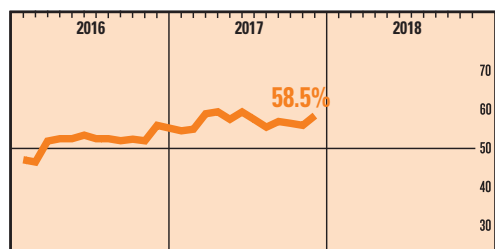
Prices

The ISM Prices Index registered 69 percent. Seventeen industries reported paying increased prices for raw materials in December, in the following order: Apparel, Leather & Allied Products; Wood Products; Nonmetallic Mineral Products; Machinery; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Chemical Products; Computer & Electronic Products; Printing & Related Support Activities; Food, Beverage & Tobacco Products; Primary Metals; Transportation Equipment; Petroleum & Coal Products; Furniture & Related Products; and Paper Products.



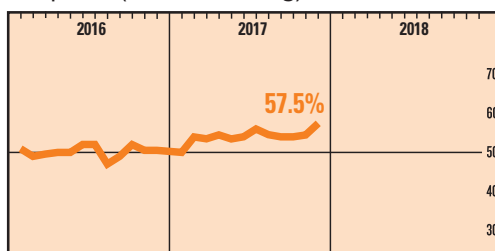
Backlog of Orders

ISM's Backlog of Orders Index registered 56 percent. The 11 industries reporting growth in order backlogs in December — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Plastics & Rubber Products; Machinery; Nonmetallic Mineral Products; Furniture & Related Products; Paper Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; and Primary Metals.



New Export Orders

ISM's New Export Orders Index registered 58.5 percent. The 10 industries reporting growth in new export orders in December — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Computer & Electronic Products; Machinery; Miscellaneous Manufacturing[‡]; Plastics & Rubber Products; Chemical Products; Transportation Equipment; Fabricated Metal Products; and Food, Beverage & Tobacco Products.



Imports

ISM's Imports Index registered 57.5 percent. The 13 industries reporting growth in imports during the month of December — listed in order — are: Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Fabricated Metal Products; Petroleum & Coal Products; Machinery; Miscellaneous Manufacturing[‡]; Transportation Equipment; Food, Beverage & Tobacco Products; Chemical Products; and Paper Products.

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