

# ISM® REPORT ON BUSINESS® MANUFACTURING

SEPTEMBER 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 September, and the overall economy grew for the 100th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The September PMI® registered 60.8 percent. The New Orders Index registered 64.6 percent, an increase of 4.3 percentage points from the August reading of 60.3 percent.

The Employment Index registered 60.3 percent, an increase of 0.4 percentage point from the August reading of 59.9 percent. The Prices Index registered 71.5 percent in September, a 9.5 percentage point increase from the August level of 62, indicating higher raw materials prices for the 19th consecutive month.

Comments from the panel reflect expanding business conditions,

with new orders, production, employment, order backlogs and export orders all growing in September. Of the 18 manufacturing industries, 17 reported growth in September, in the following order: Textile Mills; Machinery; Nonmetallic Mineral Products;

Transportation Equipment; Plastics & Rubber Products; Paper Products; Wood Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Chemical Products; Fabricated Metal Products;

Miscellaneous Manufacturing‡; Petroleum & Coal Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; and Primary Metals. One industry, Furniture & Related Products, reported contraction in September compared to August.

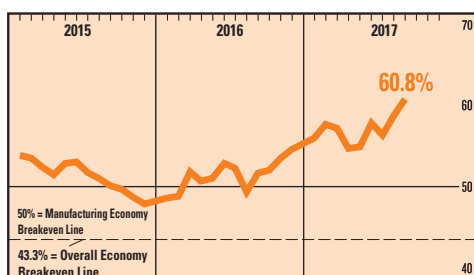
‡Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).

## PMI® @ 60.8%

### MANUFACTURING AT A GLANCE

Index	Sep Index	Aug Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	60.8	58.8	+2.0	Growing	Faster	13
New Orders	64.6	60.3	+4.3	Growing	Faster	13
Production	62.2	61.0	+1.2	Growing	Faster	13
Employment	60.3	59.9	+0.4	Growing	Faster	12
Supplier Deliveries	64.4	57.1	+7.3	Slowing	Faster	17
Inventories	52.5	55.5	-3.0	Growing	Slower	2
Customers' Inventories	42.0	41.0	+1.0	Too Low	Slower	3
Prices	71.5	62.0	+9.5	Increasing	Faster	19
Backlog of Orders	58.0	57.5	+0.5	Growing	Faster	8
New Export Orders	57.0	55.5	+1.5	Growing	Faster	19
Imports	54.0	54.5	-0.5	Growing	Slower	8
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Faster</b>	<b>100</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>13</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 September as the PMI® registered 60.8 percent, an increase of 2 percentage points from the August reading of 58.8 percent. This indicates growth in manufacturing for the 13th consecutive month and is the highest reading since May 2004, when the index registered 61.4 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.

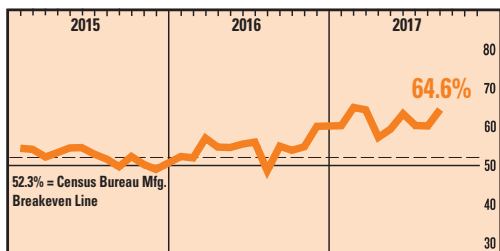
### COMMODITIES REPORTED

**Commodities Up in Price:** Aluminum (11); Brass; Caustic Soda (3); Copper (2); Corrugate (12); Freight; Gasoline; HDPE; Home Heating Oil; Hydrochloric Acid; LDPE; Lumber (3); Memory — Computer (3); Nickel; Plastic Resins (2); Polyethylene Products; Polypropylene; Polyvinyl Chloride; Solvents (2); Stainless Steel; Steel Scrap — All Types (2); Steel (2); and Steel — Hot Rolled (10).

**Commodities Down in Price:** None.

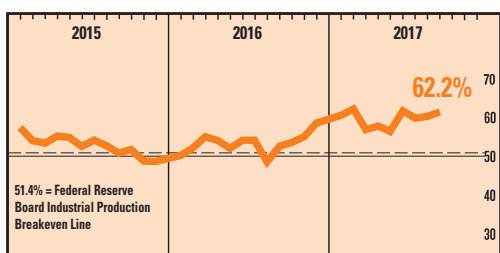
**Commodities in Short Supply:** Capacitors (3); Electric Components (4); Freight; HDPE; Memory — Computer (3); Methacrylates (2); Plastic Resins; Polyvinyl Chloride; Resistors; Synthetic Fibers; and Titanium Dioxide.

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



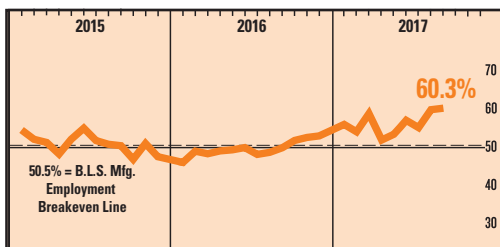
## New Orders

ISM's New Orders Index registered 64.6 percent. Fourteen of 18 industries reported growth in new orders in September, listed in the following order: Apparel, Leather & Allied Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing<sup>‡</sup>; Paper Products; Chemical Products; Transportation Equipment; Machinery; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Computer & Electronic Products; Primary Metals; Fabricated Metal Products; and Electrical Equipment, Appliances & Components.



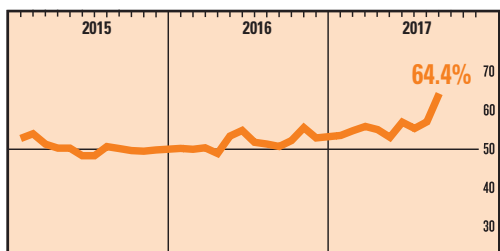
## Production

ISM's Production Index registered 62.2 percent. The 13 industries reporting growth in production during the month of September — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Wood Products; Nonmetallic Mineral Products; Machinery; Transportation Equipment; Chemical Products; Computer & Electronic Products; Miscellaneous Manufacturing<sup>‡</sup>; Fabricated Metal Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; and Paper Products.



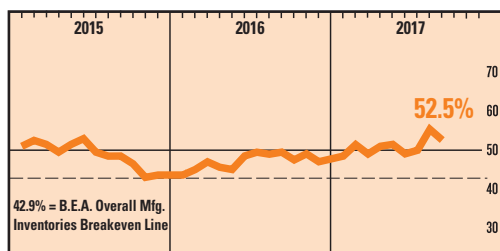
## Employment

ISM's Employment Index registered 60.3 percent. Of the 18 manufacturing industries, the 13 reporting employment growth in September — listed in order — are: Textile Mills; Wood Products; Machinery; Paper Products; Nonmetallic Mineral Products; Printing & Related Support Activities; Fabricated Metal Products; Plastics & Rubber Products; Primary Metals; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Petroleum & Coal Products.



## Supplier Deliveries

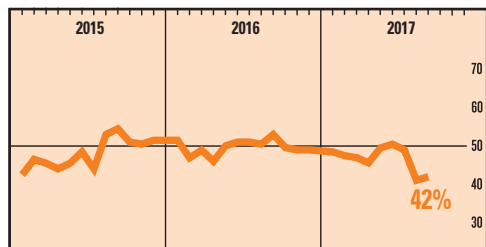
The delivery performance of suppliers to manufacturing organizations was slower in September, as the Supplier Deliveries Index registered 64.4 percent. The 14 industries reporting slower supplier deliveries in September — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Printing & Related Support Activities; Nonmetallic Mineral Products; Paper Products; Machinery; Plastics & Rubber Products; Petroleum & Coal Products; Chemical Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Computer & Electronic Products; Fabricated Metal Products; and Transportation Equipment.



## Inventories

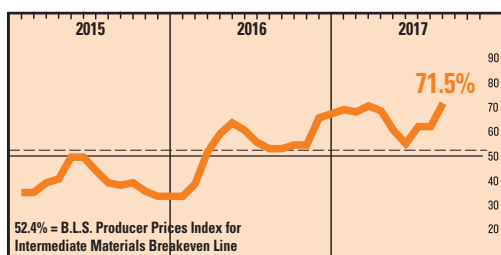
The Inventories Index registered 52.5 percent. The nine industries reporting higher inventories in September — listed in order — are: Textile Mills; Furniture & Related Products; Transportation Equipment; Computer & Electronic Products; Machinery; Plastics & Rubber Products; Miscellaneous Manufacturing<sup>‡</sup>; Fabricated Metal Products; and Petroleum & Coal Products.

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



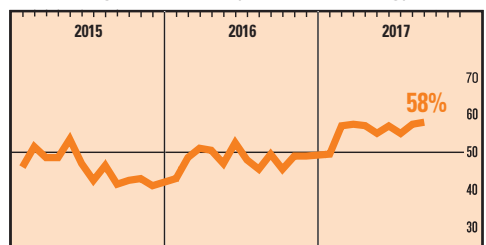
## Customers' Inventories

ISM's Customers' Inventories Index registered 42 percent. Two manufacturing industries — Nonmetallic Mineral Products; and Furniture & Related Products — reported customers' inventories as being too high during the month of September.



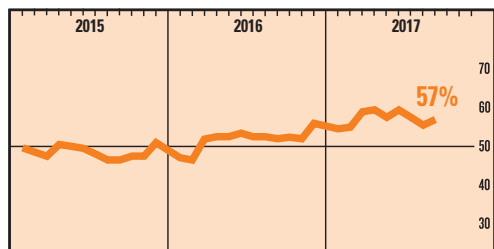
## Prices

The ISM Prices Index registered 71.5 percent. All 18 industries reported paying increased prices for raw materials in September, in the following order: Textile Mills; Furniture & Related Products; Paper Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Apparel, Leather & Allied Products; Wood Products; Electrical Equipment, Appliances & Components; Chemical Products; Fabricated Metal Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Transportation Equipment; Primary Metals; Machinery; Miscellaneous Manufacturing<sup>‡</sup>; Computer & Electronic Products; and Printing & Related Support Activities.



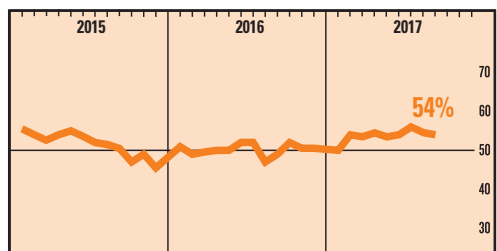
## Backlog of Orders

ISM's Backlog of Orders Index registered 58 percent. The 12 industries reporting growth in order backlogs in September — listed in order — are: Apparel, Leather & Allied Products; Paper Products; Plastics & Rubber Products; Fabricated Metal Products; Computer & Electronic Products; Chemical Products; Machinery; Petroleum & Coal Products; Miscellaneous Manufacturing<sup>‡</sup>; Transportation Equipment; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.



## New Export Orders

ISM's New Export Orders Index registered 57 percent. The nine industries reporting growth in new export orders in September — listed in order — are: Chemical Products; Food, Beverage & Tobacco Products; Machinery; Fabricated Metal Products; Paper Products; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; Plastics & Rubber Products; and Computer & Electronic Products.



## Imports

ISM's Imports Index registered 54 percent. The eight industries reporting growth in imports during the month of September — listed in order — are: Transportation Equipment; Furniture & Related Products; Plastics & Rubber Products; Computer & Electronic Products; Chemical Products; Miscellaneous Manufacturing<sup>‡</sup>; Machinery; and Fabricated Metal Products.

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