

# ISM® REPORT ON BUSINESS® MANUFACTURING

JANUARY 2019

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Economic activity in the manufacturing sector expanded in January, and the overall economy grew for the 117th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

This report reflects the recently completed annual adjustments to the seasonal factors used to calculate the indexes. The January PMI® registered 56.6 percent. The New Orders Index registered 58.2 percent, an increase of 6.9 percentage points from the December reading of 51.3 percent. The Production Index registered 60.5 percent, 6.4-percentage point increase compared to the December reading of 54.1 percent. The Employment Index registered 55.5 percent, a decrease of 0.5 percentage point from the December reading of 56 percent. The Supplier Deliveries Index

## PMI® @ 56.6%

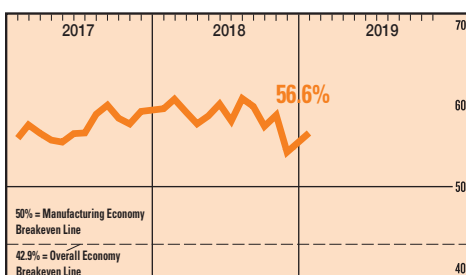
registered 56.2 percent, a 2.8 percentage point decrease from the December reading of 59 percent. The Prices Index registered 49.6 percent, a 5.3-percentage point decrease from the December reading of 54.9 percent, indicating lower raw materials prices for the first time in nearly three years. Of the 18 manufacturing industries, 14 reported growth in January, in the following order: Textile Mills; Computer & Electronic Products; Plastics & Rubber Products; Miscellaneous Manufacturing<sup>‡</sup>; Furniture & Related Products; Printing & Related Support Activities; Primary Metals; Chemical Products; Transportation Equipment; Machinery; Fabricated Metal Products; Petroleum & Coal Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.

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

### MANUFACTURING AT A GLANCE

Index	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	56.6	54.3	+2.3	Growing	Faster	29
New Orders	58.2	51.3	+6.9	Growing	Faster	37
Production	60.5	54.1	+6.4	Growing	Faster	29
Employment	55.5	56.0	-0.5	Growing	Slower	28
Supplier Deliveries	56.2	59.0	-2.8	Slowing	Slower	35
Inventories	52.8	51.2	+1.6	Growing	Faster	13
Customers' Inventories	42.8	41.7	+1.1	Too Low	Slower	28
Prices	49.6	54.9	-5.3	Decreasing	From Increasing	1
Backlog of Orders	50.3	50.0	+0.3	Growing	From Unchanged	1
New Export Orders	51.8	52.8	-1.0	Growing	Slower	35
Imports	53.8	52.7	+1.1	Growing	Faster	24
<b>OVERALL ECONOMY</b>				<b>Growing</b>	<b>Faster</b>	<b>117</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Faster</b>	<b>29</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 January, as the PMI® registered 56.6 percent, an increase of 2.3 percentage points from the December reading of 54.3 percent. This indicates growth in manufacturing for the 29th consecutive month. The PMI® reversed a December decline in expansion primarily through gains in New Orders and Production. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

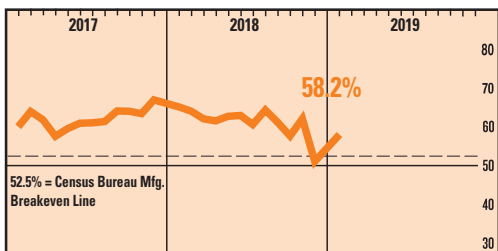
### COMMODITIES REPORTED

**Commodities Up in Price:** Electronic Components (6); Freight (2); Nylon Polymer; Printed Circuit Board Assemblies; Printed Circuit Boards (2); Steel\* (5); Steel — Hot Rolled\*; Steel — Stainless\*; Steel Products\*(9); Sulfuric Acid; and Valves.

**Commodities Down in Price:** Aluminum (4); Base Oils; Caustic Soda (4); Copper; Diesel; Gasoline (2); Memory; Polyethylene; Polypropylene; Steel\* (5); Steel — Carbon; Steel — Hot Rolled\* (5); Steel — Stainless\*; Steel Products\*; and Steel Scrap.

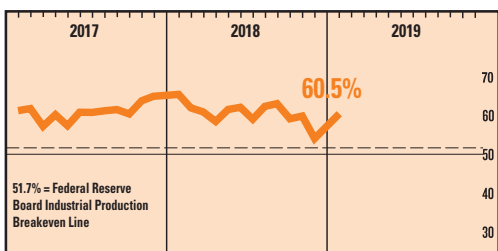
**Commodities in Short Supply:** Capacitors (19); Electrical Components; Electronic Components (9); Integrated Circuits; Nylon Polymer; and Resistors (15).

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



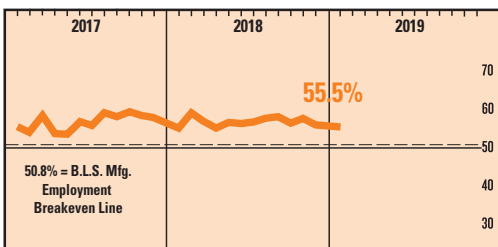
## New Orders

ISM's New Orders Index registered 58.2 percent. Eleven of 18 industries reported growth in new orders in January, in the following order: Apparel, Leather and Allied Products; Printing & Related Support Activities; Miscellaneous Manufacturing<sup>‡</sup>; Plastics & Rubber Products; Primary Metals; Electrical Equipment, Appliances & Components; Petroleum and Coal Products; Computer & Electronic Products; Chemical Products; Fabricated Metal Products; and Food, Beverage & Tobacco Products.



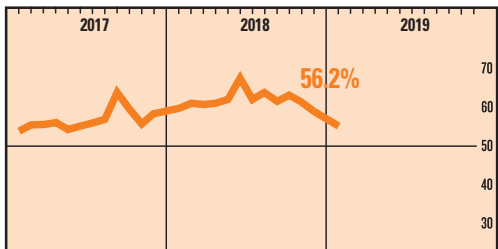
## Production

ISM's Production Index registered 60.5 percent. The 14 industries reporting growth in production during the month of January — listed in order — are: Wood Products; Printing & Related Support Activities; Furniture & Related Products; Fabricated Metal Products; Plastics & Rubber Products; Miscellaneous Manufacturing<sup>‡</sup>; Paper Products; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Chemical Products; Computer & Electronic Products; Transportation Equipment; and Machinery.



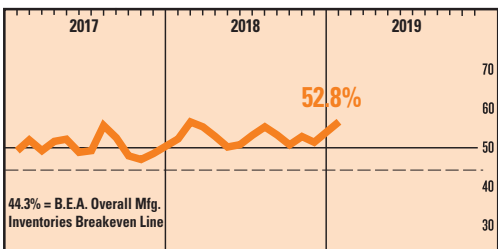
## Employment

ISM's Employment Index registered 55.5 percent. Nine of 18 manufacturing industries reported employment growth in January in the following order: Textile Mills; Computer & Electronic Products; Primary Metals; Transportation Equipment; Machinery; Paper Products; Electrical Equipment, Appliances & Components; Chemical Products; and Plastic & Related Products.



## Supplier Deliveries

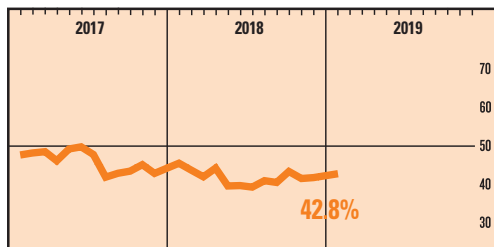
The delivery performance of suppliers to manufacturing organizations slowed in January, as the Supplier Deliveries Index registered 56.2 percent. The 11 industries reporting slower supplier deliveries in January — listed in order — are: Textile Mills; Printing & Related Support Activities; Computer & Electronic Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Plastics & Rubber Products; Machinery; Transportation Equipment; Chemical Products; Fabricated Metal Products; and Miscellaneous Manufacturing<sup>‡</sup>.



## Inventories

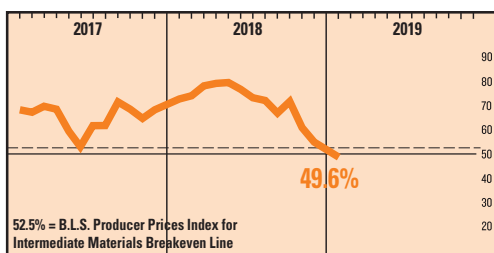
The Inventories Index registered 52.8 percent. The 10 industries reporting higher inventories in January — listed in order — are: Furniture & Related Products; Textile Mills; Computer & Electronic Products; Miscellaneous Manufacturing<sup>‡</sup>; Transportation Equipment; Primary Metals; Chemical Products; Plastics & Rubber Products; Machinery; and Food, Beverage & Tobacco Products.

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



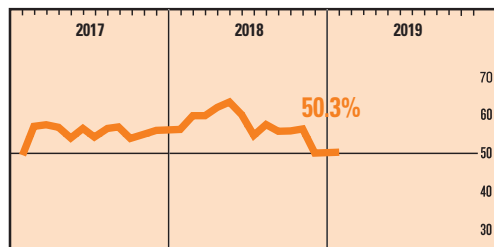
## Customers' Inventories

ISM's Customers' Inventories Index registered 42.8 percent in January, which is 1.1 percentage points higher than the 41.7 percent reported for December, indicating that customers' inventory levels were considered too low. The only industry reporting customers' inventories as too high during the month of January is Nonmetallic Mineral Products.



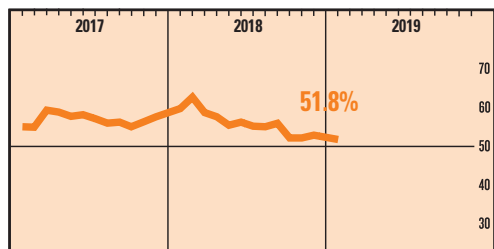
## Prices

The Prices Index registered 49.6 percent. Seven of the 18 industries reported paying increased prices for raw materials in January, in the following order: Textile Mills; Printing & Related Support Activities; Paper Products; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; Computer & Electronic Products; and Food, Beverage & Tobacco Products.



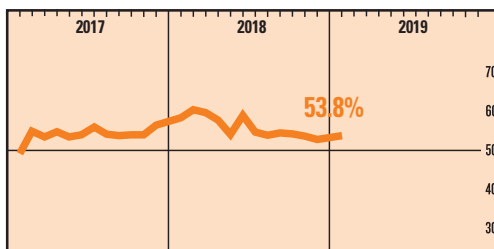
## Backlog of Orders

ISM's Backlog of Orders Index registered 50.3 percent. The seven industries reporting growth in order backlogs in January — listed in order — are: Textile Mills; Plastics & Rubber Products; Chemical Products; Electrical Equipment, Appliances & Components; Primary Metals; Food, Beverage & Tobacco Products; and Machinery.



## New Export Orders

ISM's New Export Orders Index registered 51.8 percent. The eight industries reporting growth in new export orders in January — listed in order — are: Furniture & Related Products; Miscellaneous Manufacturing<sup>‡</sup>; Plastics & Rubber Products; Chemical Products; Fabricated Metal Products; Machinery; Computer & Electronic Products; and Food, Beverage & Tobacco Products.



## Imports

ISM's Imports Index registered 53.8 percent. The 11 industries reporting growth in imports during the month of January — listed in order — are: Wood Products; Furniture & Related Products; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Textile Mills; Miscellaneous Manufacturing<sup>‡</sup>; Plastics & Rubber Products; Computer & Electronic Products; Fabricated Metal Products; Chemical Products; and Machinery.

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