

ISM® REPORT ON BUSINESS® MANUFACTURING

MARCH 2019

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 March, and the overall economy grew for the 119th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The March PMI® registered 55.3 percent. The New Orders Index registered 57.4 percent, an increase of 1.9 percentage points from the February reading of 55.5 percent.

The Production Index registered 55.8 percent, a 1-percentage point increase compared to the February reading of 54.8 percent. The Employment Index registered 57.5 percent, an increase of 5.2 percentage points from the February reading of 52.3 percent. The Inventories Index registered 51.8 percent, a decrease of 1.6 percentage points from the February reading of 53.4 percent.

PMI® @ 55.3%

The Prices Index registered 54.3 percent, a 4.9-percentage point increase from the February reading of 49.4 percent, indicating a return of increasing raw materials prices after a two-month respite. Of the 18 manufacturing industries, 16 reported growth in

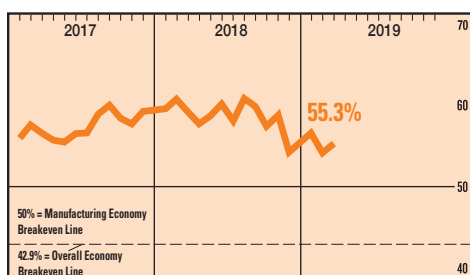
March, in the following order: Printing and Related Support Activities; Textile Mills; Food, Beverage and Tobacco Products; Petroleum and Coal Products; Computer and Electronic Products; Electrical Equipment, Appliances and Components; Furniture and Related Products; Chemical Products; Plastics and Rubber Products; Wood Products; Nonmetallic Mineral Products; Transportation Equipment; Miscellaneous Manufacturing[‡]; Fabricated Metal Products; Primary Metals; and Machinery.

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

MANUFACTURING AT A GLANCE

Index	Mar Index	Feb Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	55.3	54.2	+1.1	Growing	Faster	31
New Orders	57.4	55.5	+1.9	Growing	Faster	39
Production	55.8	54.8	+1.0	Growing	Faster	31
Employment	57.5	52.3	+5.2	Growing	Faster	30
Supplier Deliveries	54.2	54.9	-0.7	Slowing	Slower	37
Inventories	51.8	53.4	-1.6	Growing	Slower	15
Customers' Inventories	42.7	39.0	+3.7	Too Low	Slower	30
Prices	54.3	49.4	+4.9	Increasing	From Decreasing	1
Backlog of Orders	50.4	52.3	-1.9	Growing	Slower	3
New Export Orders	51.7	52.8	-1.1	Growing	Slower	37
Imports	51.1	55.3	-4.2	Growing	Slower	26
OVERALL ECONOMY				Growing	Faster	119
Manufacturing Sector				Growing	Faster	31

*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 March, as the PMI® registered 55.3 percent, an increase of 1.1 percentage points from the February reading of 54.2 percent. This indicates growth in manufacturing for the 31st consecutive month. The PMI® reversed a February expansion decline primarily through improved growth in employment and, to a lesser extent, new orders. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

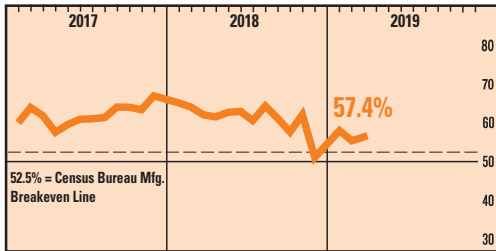
COMMODITIES REPORTED

Commodities Up in Price: Aluminum Products; Copper; Copper Products; Electronic Components (8); Nickel; Oil; Scrap Metal; Steel (7); and Steel — Stainless.

Commodities Down in Price: Polypropylene; Propylene; and Steel Products (3).

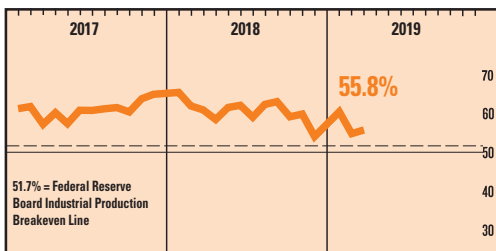
Commodities in Short Supply: Aluminum Products; Electrical Components; Electronic Components (11); and Labor.

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



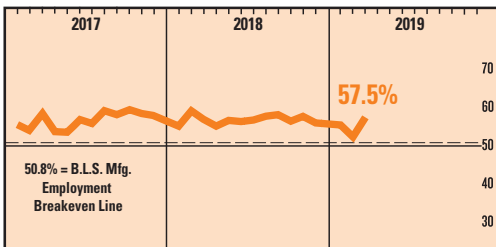
New Orders

ISM's New Orders Index registered 57.4 percent. Fourteen of 18 industries reported growth in new orders in March, in the following order: Wood Products; Printing and Related Support Activities; Food, Beverage and Tobacco Products; Petroleum and Coal Products; Textile Mills; Primary Metals; Chemical Products; Computer and Electronic Products; Plastics and Rubber Products; Transportation Equipment; Fabricated Metal Products; Electrical Equipment, Appliances and Components; Machinery; and Miscellaneous Manufacturing[‡].



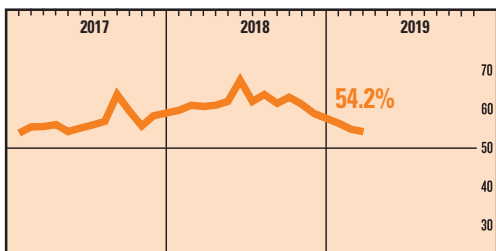
Production

ISM's Production Index registered 55.8 percent. The nine industries reporting growth in production during the month of March — listed in order — are: Food, Beverage and Tobacco Products; Printing and Related Support Activities; Nonmetallic Mineral Products; Textile Mills; Computer and Electronic Products; Electrical Equipment, Appliances and Components; Chemical Products; Petroleum and Coal Products; and Fabricated Metal Products.



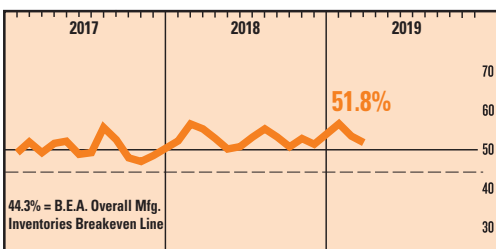
Employment

ISM's Employment Index registered 57.5 percent. Thirteen of 18 manufacturing industries reported employment growth in March, in the following order: Textile Mills; Wood Products; Furniture and Related Products; Printing and Related Support Activities; Food, Beverage and Tobacco Products; Electrical Equipment, Appliances and Components; Computer and Electronic Products; Miscellaneous Manufacturing[‡]; Paper Products; Nonmetallic Mineral Products; Petroleum and Coal Products; Plastics and Rubber Products; and Transportation Equipment.



Supplier Deliveries

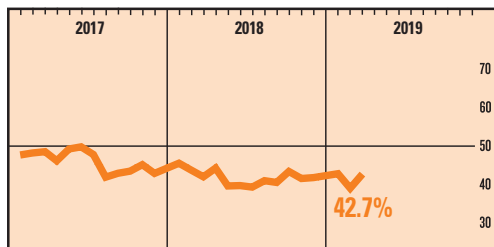
The delivery performance of suppliers to manufacturing organizations slowed in March, as the Supplier Deliveries Index registered 54.2 percent. The 10 industries reporting slower supplier deliveries in March — listed in order — are: Textile Mills; Furniture and Related Products; Computer and Electronic Products; Machinery; Fabricated Metal Products; Paper Products; Chemical Products; Food, Beverage and Tobacco Products; Miscellaneous Manufacturing[‡]; and Transportation Equipment.



Inventories

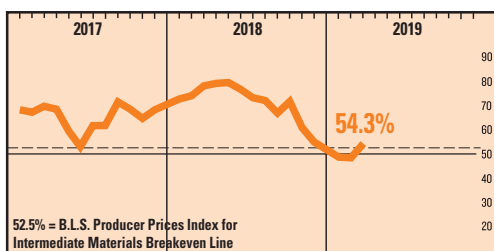
The Inventories Index registered 51.8 percent. The seven industries reporting higher inventories in March — listed in order — are: Apparel, Leather and Allied Products; Electrical Equipment, Appliances and Components; Printing and Related Support Activities; Petroleum and Coal Products; Plastics and Rubber Products; Paper Products; and Transportation Equipment.

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



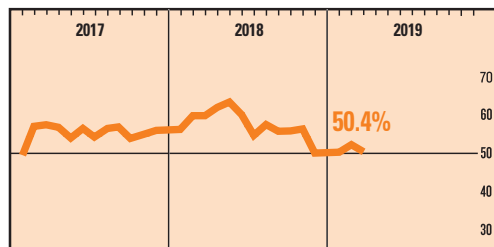
Customers' Inventories

ISM's Customers' Inventories Index registered 42.7 percent. The three industries reporting customers' inventories as too high during the month of March are: Apparel, Leather and Allied Products; Electrical Equipment, Appliances and Components; and Miscellaneous Manufacturing‡.



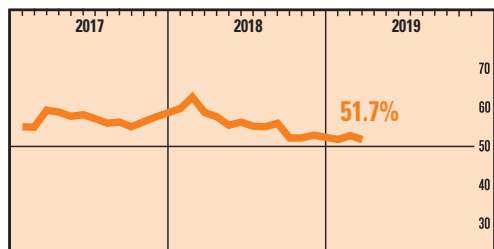
Prices

The Prices Index registered 54.3 percent. Seven of the 18 industries reported paying increased prices for raw materials in March, in the following order: Fabricated Metal Products; Transportation Equipment; Machinery; Food, Beverage and Tobacco Products; Petroleum and Coal Products; Miscellaneous Manufacturing‡; and Paper Products.



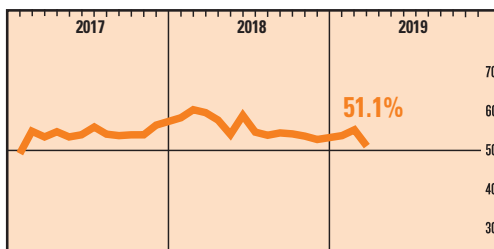
Backlog of Orders

ISM's Backlog of Orders Index registered 50.4 percent. The five industries reporting growth in order backlogs in March are: Printing and Related Support Activities; Food, Beverage and Tobacco Products; Electrical Equipment, Appliances and Components; Machinery; and Chemical Products.



New Export Orders

ISM's New Export Orders Index registered 51.7 percent. The six industries reporting growth in new export orders in March — listed in order — are: Wood Products; Textile Mills; Nonmetallic Mineral Products; Food, Beverage and Tobacco Products; Chemical Products; and Miscellaneous Manufacturing‡.



Imports

ISM's Imports Index registered 51.1 percent. The 11 industries reporting growth in imports during the month of March — listed in order — are: Wood Products; Textile Mills; Plastics and Rubber Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances and Components; Fabricated Metal Products; Transportation Equipment; Food, Beverage and Tobacco Products; Miscellaneous Manufacturing‡; Chemical Products; and Machinery.

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