

Economic activity in the manufacturing sector grew in December, with the overall economy achieving a 19th consecutive month of growth, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The December Manufacturing PMI® registered 58.7 percent. The New Orders Index registered 60.4 percent, down 1.1 percentage points compared to the November reading of 61.5 percent. The Production Index registered 59.2 percent, a decrease of 2.3 percentage points compared to the November reading of 61.5 percent. The Prices Index registered 68.2 percent, down 14.2 percentage points compared to the November figure of 82.4 percent. The Backlog of Orders Index registered 62.8 percent, 0.9 percentage point higher than the November reading of 61.9 percent.

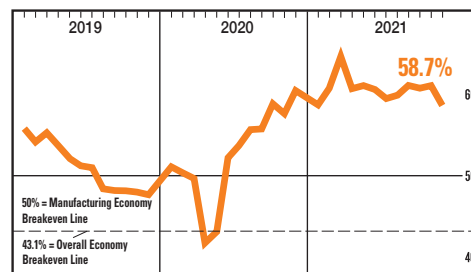
The 15 manufacturing industries reporting growth in December — in the following order — are: Apparel, Leather & Allied Products; Furniture & Related Products; Textile Mills; Plastics & Rubber Products; Machinery; Nonmetallic Mineral Products; Miscellaneous Manufacturing†; Chemical Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Transportation Equipment; Primary Metals; and Petroleum & Coal Products. The three industries reporting a decrease in December compared to November are: Wood Products; Printing & Related Support Activities; and Paper Products. **ISM**

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



# MANUFACTURING PMI® at 58.7%

Manufacturing grew in December, as the Manufacturing PMI® registered 58.7 percent, 2.4 percentage points lower than the November reading of 61.1 percent. All five subindexes that directly factor into the Manufacturing PMI® were in growth territory. All of the six biggest manufacturing industries expanded, in the following order: Chemical Products; Fabricated Metal Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Petroleum & Coal Products.



## Manufacturing at a Glance

INDEX	Dec Index	Nov Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	58.7	61.1	-2.4	Growing	Slower	19
New Orders	60.4	61.5	-1.1	Growing	Slower	19
Production	59.2	61.5	-2.3	Growing	Slower	19
Employment	54.2	53.3	+0.9	Growing	Faster	4
Supplier Deliveries	64.9	72.2	-7.3	Slowing	Slower	70
Inventories	54.7	56.8	-2.1	Growing	Slower	5
Customers' Inventories	31.7	25.1	+6.6	Too Low	Slower	63
Prices	68.2	82.4	-14.2	Increasing	Slower	19
Backlog of Orders	62.8	61.9	+0.9	Growing	Faster	18
New Export Orders	53.6	54.0	-0.4	Growing	Slower	18
Imports	53.8	52.6	+1.2	Growing	Faster	2
<b>Overall Economy</b>				<b>Growing</b>	<b>Slower</b>	<b>19</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>19</b>

\*Number of months moving in current direction. Manufacturing ISM® *Report On Business*® data has been seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.



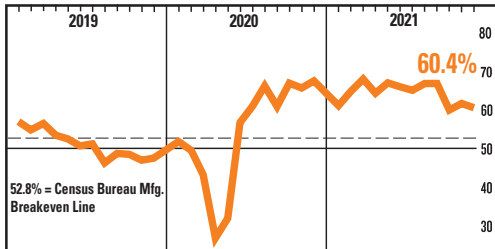
## Commodities Reported

**Commodities Up in Price:** Adhesives and Paint; Aluminum\* (19); Capacitors; Corrugate (15); Corrugated Packaging (14); Diesel Fuel (12); Electrical Components (13); Electronic Components (13); Freight (14); Labor — Services; Labor — Temporary (8); Logistics Services; Lubricants; Lumber; Natural Gas\*; Nylon (3); Ocean Freight (13); Packaging Supplies (13); Printed Circuit Boards (PCBs); Resin-Based Products (11); Resistors; Rubber-Based Products (5); Semiconductors (11); Silicone (2); Steel\* (17); Steel — Galvanized; Steel — Stainless (14); and Steel Products\* (16). **Commodities Down in Price:** Aluminum\* (2); Crude Oil; Ethylene; Natural Gas\*; Polyethylene; Propylene; Steel\* (2); and Steel — Hot Rolled (2). **Commodities in Short Supply:** Aluminum (2); Copper Products; Electrical Cables; Electrical Components (15); Electronic Components (13); Labor — Temporary (8); Plastic Resins — Other (10); Rubber-Based Products; Semiconductors (13); and Steel (13).

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

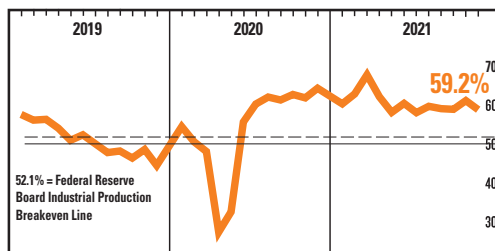
## Manufacturing PMI®

Analysis by **Timothy R. Fiore, CPSM, C.P.M.**, Chair of the Institute for Supply Management® Manufacturing Business Survey Committee



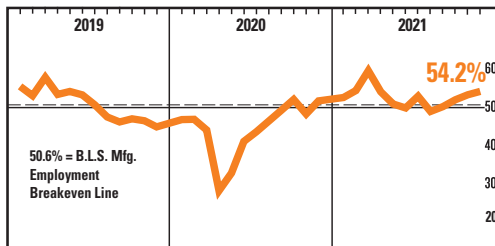
### New Orders

ISM's New Orders Index registered 60.4 percent. Thirteen of 18 manufacturing industries reported growth in new orders in December, in the following order: Textile Mills; Furniture & Related Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing<sup>‡</sup>; Petroleum & Coal Products; Primary Metals; Machinery; Chemical Products; Fabricated Metal Products; Transportation Equipment; Plastics & Rubber Products; and Computer & Electronic Products.



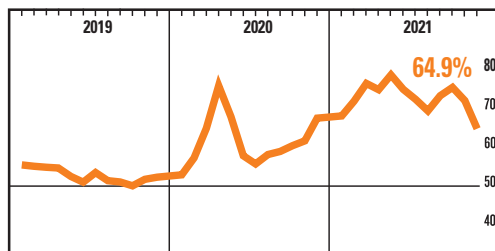
### Production

The Production Index registered 59.2 percent. The 10 industries reporting growth in production during the month of December — listed in order — are: Furniture & Related Products; Plastics & Rubber Products; Textile Mills; Paper Products; Chemical Products; Machinery; Computer & Electronic Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Miscellaneous Manufacturing<sup>‡</sup>.



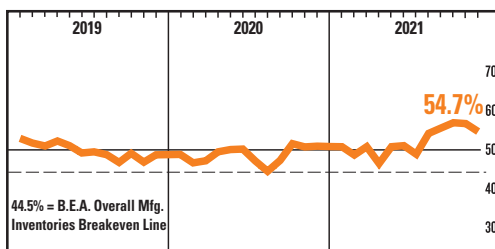
### Employment

ISM's Employment Index registered 54.2 percent. Of 18 manufacturing industries, eight industries reported employment growth in December, in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Machinery; Fabricated Metal Products; Chemical Products; and Computer & Electronic Products.



### Supplier Deliveries

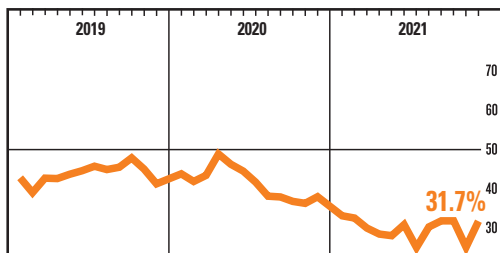
The delivery performance of suppliers to manufacturing organizations was slower in December, as the Supplier Deliveries Index registered 64.9 percent. Fourteen of 18 industries reported slower supplier deliveries in December, in the following order: Apparel, Leather & Allied Products; Textile Mills; Nonmetallic Mineral Products; Furniture & Related Products; Miscellaneous Manufacturing<sup>‡</sup>; Paper Products; Plastics & Rubber Products; Fabricated Metal Products; Primary Metals; Food, Beverage & Tobacco Products; Machinery; Computer & Electronic Products; Chemical Products; and Transportation Equipment.



### Inventories

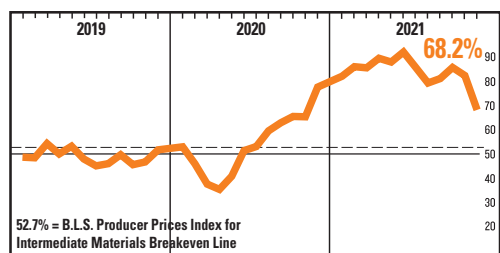
The Inventories Index registered 54.7 percent. The 10 industries reporting higher inventories in December — in the following order — are: Apparel, Leather & Allied Products; Machinery; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Plastics & Rubber Products; Transportation Equipment; and Computer & Electronic Products.

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



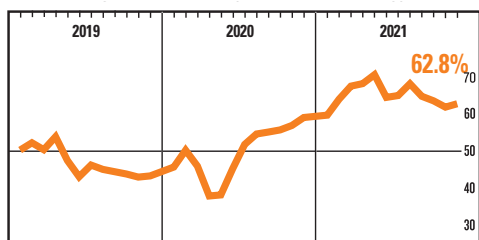
### Customers' Inventories

ISM's Customers' Inventories Index registered 31.7 percent. No industries reported higher customers' inventories in December. The 14 industries reporting customers' inventories as too low during December — listed in order — are: Printing & Related Support Activities; Nonmetallic Mineral Products; Textile Mills; Paper Products; Fabricated Metal Products; Machinery; Electrical Equipment, Appliances & Components; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; Computer & Electronic Products; Chemical Products; Wood Products; Furniture & Related Products; and Food, Beverage & Tobacco Products.



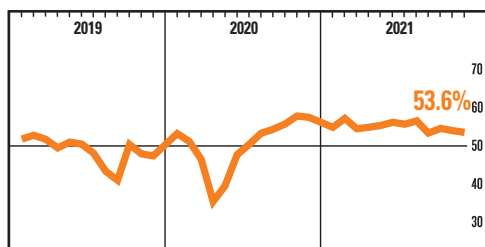
### Prices

The ISM Prices Index registered 68.2 percent. In December, 16 industries reported paying increased prices for raw materials, in the following order: Apparel, Leather & Allied Products; Textile Mills; Furniture & Related Products; Paper Products; Primary Metals; Miscellaneous Manufacturing<sup>‡</sup>; Machinery; Computer & Electronic Products; Chemical Products; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Fabricated Metal Products; Transportation Equipment; Wood Products; Electrical Equipment, Appliances & Components; and Plastics & Rubber Products.



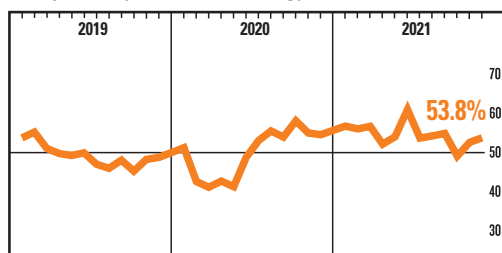
### Backlog of Orders

ISM's Backlog of Orders Index registered 62.8 percent. The 11 industries reporting growth in order backlogs in December, in the following order, are: Apparel, Leather & Allied Products; Textile Mills; Petroleum & Coal Products; Transportation Equipment; Machinery; Fabricated Metal Products; Chemical Products; Miscellaneous Manufacturing<sup>‡</sup>; Primary Metals; Food, Beverage & Tobacco Products; and Computer & Electronic Products.



### New Export Orders

ISM's New Export Orders Index registered 53.6 percent. The six industries reporting growth in new export orders in December — in the following order — are: Plastics & Rubber Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; and Transportation Equipment.



### Imports

ISM's Imports Index registered 53.8 percent. The six industries reporting growth in imports in December — in the following order — are: Furniture & Related Products; Petroleum & Coal Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Machinery; and Chemical Products.

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