

PMI[™] at 51.3%

Economic activity in the manufacturing sector expanded in March for the fourth consecutive month, and the overall economy grew for the 46th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business[®]**.

The PMI[™] registered 51.3 percent, a decrease of 2.9 percentage points from February's reading of 54.2 percent, indicating expansion in manufacturing for the fourth consecutive month, but at a slower rate. Both the New Orders and Production Indexes reflected growth in March compared to February, albeit at slower rates, registering 51.4 and 52.2 percent, respectively. The Employment Index registered 54.2, an increase of 1.6 percentage points compared to February's reading of 52.6 percent. The Prices Index decreased 7 percentage points to 54.5, and the list of commodities up in price reflected far fewer items than in February.

Of the 18 manufacturing industries, 14 are reporting growth in March in the following order: Wood Products; Furniture & Related Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Paper Products; Apparel, Leather & Allied Products; Miscellaneous Manufacturing[‡]; Nonmetallic Mineral Products; Computer & Electronic Products; Transportation Equipment; Printing & Related Support Activities; Primary Metals; and Food, Beverage & Tobacco Products. **ISM**

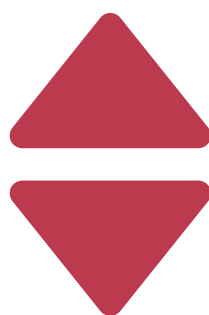
Analysis by **Bradley J. Holcomb, CPSM, CPSD**, chair of the Institute for Supply Management[™] Manufacturing Business Survey Committee.

New Orders, Production and Employment Growing; Inventories Contracting; Supplier Deliveries Faster

MANUFACTURING AT A GLANCE

INDEX	MAR INDEX	FEB INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
PMI [™]	51.3	54.2	-2.9	Growing	Slower	4
New Orders	51.4	57.8	-6.4	Growing	Slower	3
Production	52.2	57.6	-5.4	Growing	Slower	7
Employment	54.2	52.6	+1.6	Growing	Faster	42
Supplier Deliveries	49.4	51.4	-2.0	Faster	From Slowing	1
Inventories	49.5	51.5	-2.0	Contracting	From Growing	1
Customers' Inventories	47.5	46.5	+1.0	Too Low	Slower	16
Prices	54.5	61.5	-7.0	Increasing	Slower	8
Backlog of Orders	51.0	55.0	-4.0	Growing	Slower	2
Exports	56.0	53.5	+2.5	Growing	Faster	4
Imports	54.0	54.0	0.0	Growing	Same	2
OVERALL ECONOMY				Growing	Slower	46
MANUFACTURING SECTOR				Growing	Slower	4

*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.



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

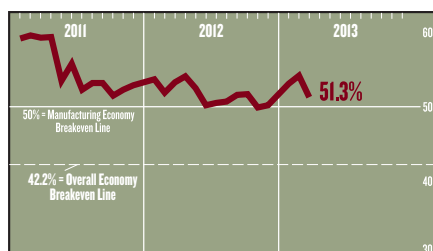
COMMODITIES REPORTED

Commodities Up in Price: Corrugated Boxes (8); HDPE (3); Lumber (3); Pallets; Plastic Resins (2); and Polypropylene (5).

Commodities Down in Price: Sugar; and Wheat (3).

Commodities in Short Supply: No commodities are reported in short supply.

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



PMI[™]

A PMI[™] in excess of 42.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the March PMI[™] indicates growth for the 46th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the fourth consecutive month. The past relationship between the PMI[™] and the overall economy indicates that the average PMI[™] for January through March (52.9 percent) corresponds to a 3.3 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI[™] for March (51.3 percent) is annualized, it cor-

ISM Report On Business[®] MARCH 2013

NMI[™] at 54.4%

Business Activity Index at 56.5%; New Orders Index at 54.6%; Employment Index at 53.3%

Economic activity in the non-manufacturing sector grew in March for the 39th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM Report On Business[®]**.

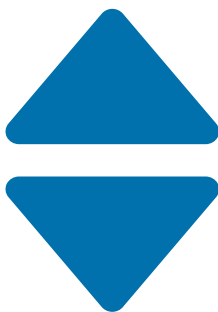
The NMI[™] registered 54.4 percent in March, 1.6 percentage points lower than the 56 percent registered in February. This indicates continued growth at a slightly slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index registered 56.5 percent, reflecting growth for the 44th consecutive month. The New Orders Index decreased by 3.6 percentage points to 54.6 percent, and the Employment Index decreased 3.9 percentage points to 53.3 percent. The Prices Index decreased 5.8 percentage points to 55.9 percent, indicating prices increased at a slower rate in March when compared to February. The majority of respondents' comments continue to be positive about business conditions; however, there is an underlying concern regarding the uncertainty of the future economy.

The 15 non-manufacturing industries reporting growth in March — listed in order — are: Construction; Management of Companies & Support Services; Transportation & Warehousing; Accommodation & Food Services; Educational Services; Retail Trade; Professional, Scientific & Technical Services; Utilities; Wholesale Trade; Public Administration; Information; Real Estate, Rental & Leasing; Finance & Insurance; Arts, Entertainment & Recreation; and Other Services[‡]. **ISM**

Analysis by **Anthony Nieves, C.P.M., CFPM**, chair of the Institute for Supply Management[™] Non-Manufacturing Business Survey Committee.

NON-MANUFACTURING AT A GLANCE						
INDEX	MAR INDEX	FEB INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
NMI [™]	54.4	56.0	-1.6	Growing	Slower	39
Business Activity	56.5	56.9	-0.4	Growing	Slower	44
New Orders	54.6	58.2	-3.6	Growing	Slower	44
Employment	53.3	57.2	-3.9	Growing	Slower	8
Supplier Deliveries	53.0	51.5	+1.5	Slowing	Faster	3
Inventories	51.5	54.0	-2.5	Growing	Slower	2
Prices	55.9	61.7	-5.8	Increasing	Slower	42
Backlog of Orders	54.5	54.5	0.0	Growing	Same	2
New Export Orders	56.5	60.5	-4.0	Growing	Slower	3
Imports	57.5	52.5	+5.0	Growing	Faster	3
Inventory Sentiment	59.5	62.5	-3.0	Too High	Slower	190

*Number of months moving in current direction.
Non-Manufacturing ISM Report On Business[®] data is seasonally adjusted for the Business Activity, New Orders, Prices and Employment Indexes.



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

[‡]Reported as both up and down in price.

COMMODITIES REPORTED

Commodities Up in Price: Beef (4); Chicken Products (3); Crab Products; #1 Diesel Fuel* (3); #2 Diesel Fuel (3); Eggs; Food Products; Freight Costs; Fuel (3); Fuel Surcharges; Gasoline* (3); Gypsum Board; #2 Heating Fuel (2); Hotel Rates; Lumber — Pine and Treated (5); Natural Gas; Office Supplies; Pharmacy Products (4); Plywood; Produce; Roofing Products; Roofing Shingles; Transportation Costs; and Waste Disposal.

Commodities Down in Price: Cheese (3); #1 Diesel Fuel*; Gasoline*; and Soy Products.

Commodities in Short Supply: Helium; IV Products; and Pharmacy Products (3).

[‡]Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services).

NMI[™]

In March, the NMI[™] registered 54.4 percent, indicating continued growth in the non-manufacturing sector for the 39th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.

