

ISM Report On Business[®]

PMI[™] at 56.2%

New Orders, Production and Employment Growing; Inventories Unchanged; Supplier Deliveries Slowing

Economic activity in the manufacturing sector expanded in September for the fourth consecutive month, and the overall economy grew for the 52nd consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business[®]**.

The PMI[™] registered 56.2 percent, an increase of 0.5 percent from August's reading of 55.7 percent. September's PMI[™] reading is the highest of the year, leading to an average PMI[™] reading of 55.8 percent for the third quarter. The New Orders Index decreased in September by 2.7 percentage points to 60.5 percent, and the Production Index increased by 0.2 percentage point to 62.6 percent. The Employment Index registered 55.4 percent, an increase of 2.1 percentage points compared to August's reading of 53.3 percent, which is the highest reading for the year. Comments from the panel are generally positive and optimistic about increasing demand and improving business conditions.

Of the 18 manufacturing industries, 11 are reporting growth in September in the following order: Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Furniture & Related Products; Petroleum & Coal Products; Fabricated Metal Products; Paper Products; Printing & Related Support Activities; Transportation Equipment; Computer & Electronic Products; Machinery; and Plastics & Rubber Products. **ISM**

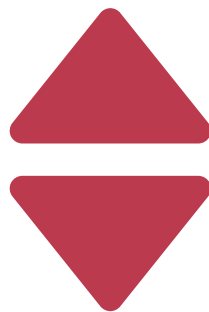
Analysis by **Bradley J. Holcomb, CPSM, CPD**, chair of the Institute for Supply Management[™] Manufacturing Business Survey Committee.

MANUFACTURING AT A GLANCE

INDEX	SEP INDEX	AUG INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
PMI [™]	56.2	55.7	+0.5	Growing	Faster	4
New Orders	60.5	63.2	-2.7	Growing	Slower	4
Production	62.6	62.4	+0.2	Growing	Faster	4
Employment	55.4	53.3	+2.1	Growing	Faster	3
Supplier Deliveries	52.6	52.3	+0.3	Slowing	Faster	3
Inventories	50.0	47.5	+2.5	Unchanged	From Contracting	1
Customers' Inventories	43.0	42.5	+0.5	Too Low	Slower	22
Prices	56.5	54.0	+2.5	Increasing	Faster	2
Backlog of Orders	49.5	46.5	+3.0	Contracting	Slower	5
Exports	52.0	55.5	-3.5	Growing	Slower	10
Imports	55.0	58.0	-3.0	Growing	Slower	8
OVERALL ECONOMY				Growing	Faster	52
MANUFACTURING SECTOR				Growing	Faster	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.

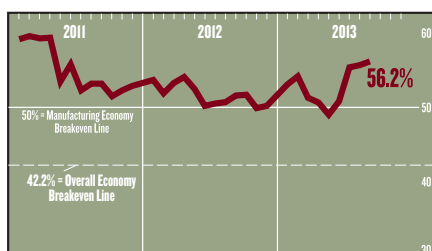
COMMODITIES REPORTED

Commodities Up in Price: Aluminum; Aluminum Based Products; Caustic Soda; Corrugated Boxes (14); HDPE Resin; Metal Parts; Oil (3); Plastic Resin (3); and Steel Based Products.

Commodities Down in Price: Corn (2); and Latex.

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

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



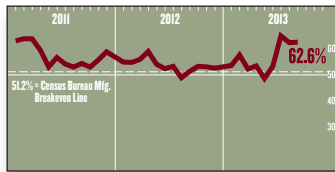
PMI[™]

A PMI[™] in excess of 42.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the September PMI[™] indicates growth for the 52nd 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 September (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 September (56.2 percent) is annualized, it corresponds to a 4.4 percent increase in real GDP annually.

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

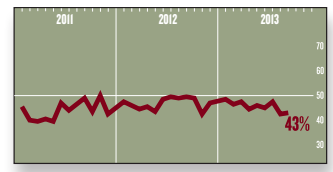
PRODUCTION

ISM's Production Index registered 62.6 percent in September. The 10 industries reporting growth in production during the month of September — listed in order — are: Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; Paper Products; Fabricated Metal Products; Petroleum & Coal Products; Transportation Equipment; Computer & Electronic Products; Miscellaneous Manufacturing[†]; and Chemical Products.



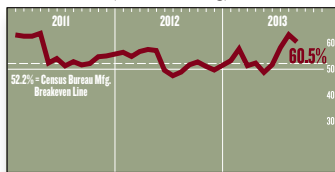
CUSTOMERS' INVENTORIES

The ISM Customers' Inventories Index registered 43 percent in September. This month's reading indicates that customers' inventories are considered too low, but slightly higher than reported in August. The five manufacturing industries reporting customers' inventories as being too high during the month of September are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Miscellaneous Manufacturing[†]; Chemical Products; and Machinery.



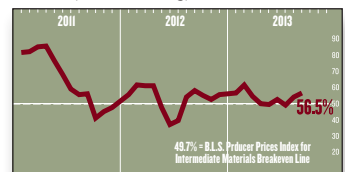
NEW ORDERS

ISM's New Orders Index registered 60.5 percent in September. The 12 industries reporting growth in new orders in September — listed in order — are: Textile Mills; Plastics & Rubber Products; Petroleum & Coal Products; Fabricated Metal Products; Printing & Related Support Activities; Furniture & Related Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[†]; Paper Products; Transportation Equipment; and Computer & Electronic Products.



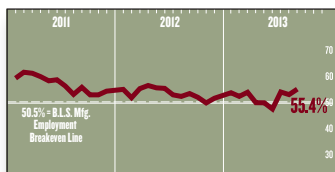
PRICES

The ISM Prices Index registered 56.5 percent in September. Of the 18 manufacturing industries, 12 reported paying increased prices during the month of September in the following order: Wood Products; Printing & Related Support Activities; Plastics & Rubber Products; Miscellaneous Manufacturing[†]; Electrical Equipment, Appliances & Components; Chemical Products; Transportation Equipment; Paper Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Machinery.



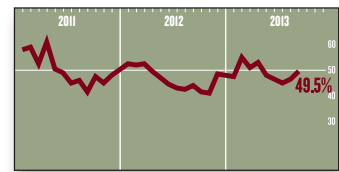
EMPLOYMENT

ISM's Employment Index registered 55.4 percent in September, which is 2.1 percentage points higher than the 53.3 percent reported in August. Of the 18 manufacturing industries, eight reported growth in employment in September in the following order: Electrical Equipment, Appliances & Components; Wood Products; Printing & Related Support Activities; Furniture & Related Products; Paper Products; Food, Beverage & Tobacco Products; Chemical Products; and Fabricated Metal Products.



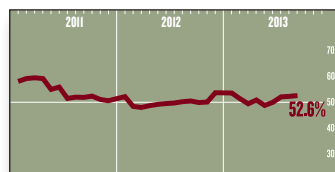
BACKLOG OF ORDERS

ISM's Backlog of Orders Index registered 49.5 percent in September, which is 3 percentage points higher than the 46.5 percent reported in August. The eight industries reporting increased order backlogs in September — listed in order — are: Textile Mills; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Paper Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Furniture & Related Products.



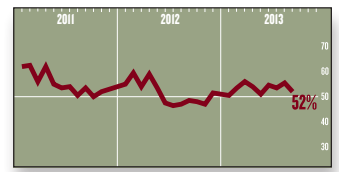
SUPPLIER DELIVERIES

The delivery performance of suppliers to manufacturing organizations slowed in September at a slightly faster rate relative to August as the Supplier Deliveries Index registered 52.6 percent. The seven industries reporting slower supplier deliveries in September — listed in order — are: Petroleum & Coal Products; Fabricated Metal Products; Furniture & Related Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Transportation Equipment; and Machinery.



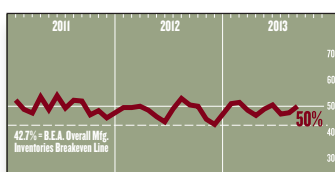
NEW EXPORT ORDERS

ISM's New Export Orders Index registered 52 percent in September, which is 3.5 percentage points lower than the 55.5 percent reported in August. This month's reading represents the 10th consecutive month of growth in new export orders. The six industries reporting growth in new export orders in September — listed in order — are: Textile Mills; Wood Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Machinery; and Transportation Equipment.



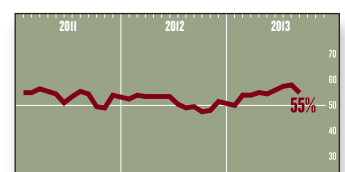
INVENTORIES

The Inventories Index registered 50 percent in September. This month's reading indicates that respondents are reporting inventories are unchanged from August. The seven industries reporting higher inventories in September — listed in order — are: Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Transportation Equipment; Furniture & Related Products; Machinery; and Computer & Electronic Products.



IMPORTS

ISM's Imports Index registered 55 percent in September. The 10 industries reporting growth in imports during the month of September — listed in order — are: Primary Metals; Plastics & Rubber Products; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[†]; Food, Beverage & Tobacco Products; Transportation Equipment; and Furniture & Related Products.



NMI™ at 54.4%

**Business Activity Index at 55.1%; New Orders Index at 59.6%;
Employment Index at 52.7%**

Economic activity in the non-manufacturing sector grew in September for the 45th 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 September, 4.2 percentage points lower than August's reading of 58.6 percent. This indicates continued growth at a slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index decreased to 55.1 percent, which is 7.1 percentage points lower than the 62.2 percent reported in August, reflecting growth for the 50th consecutive month. The New Orders Index decreased by 0.9 percentage point to 59.6 percent, and the Employment Index decreased 4.3 percentage points to 52.7 percent. The Prices Index increased 3.8 percentage points to 57.2 percent. The majority of the respondents' comments continue to be positive; however, there is an increase in the degree of uncertainty regarding the future business climate and the direction of the economy.

The 11 non-manufacturing industries reporting growth in September — listed in order — are: Retail Trade; Management of Companies & Support Services; Transportation & Warehousing; Construction; Utilities; Information; Finance & Insurance; Other Services*; Wholesale Trade; Professional, Scientific & Technical Services; and Public Administration. **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	SEP INDEX	AUG INDEX	% POINT CHANGE	DIRECTION	RATE OF CHANGE	TREND* (MONTHS)
NMI™	54.4	58.6	-4.2	Growing	Slower	45
Business Activity	55.1	62.2	-7.1	Growing	Slower	50
New Orders	59.6	60.5	-0.9	Growing	Slower	50
Employment	52.7	57.0	-4.3	Growing	Slower	14
Supplier Deliveries	50.0	54.5	-4.5	Unchanged	From Slowing	1
Inventories	54.5	56.0	-1.5	Growing	Slower	8
Prices	57.2	53.4	+3.8	Increasing	Faster	48
Backlog of Orders	50.5	50.5	0.0	Growing	Same	2
New Export Orders	57.5	50.5	+7.0	Growing	Faster	2
Imports	51.5	55.0	-3.5	Growing	Slower	4
Inventory Sentiment	62.0	63.5	-1.5	Too High	Slower	196

*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.

COMMODITIES REPORTED

Commodities Up in Price: Cheese; #1 Diesel Fuel; #2 Diesel Fuel (2); and Fuel (9).

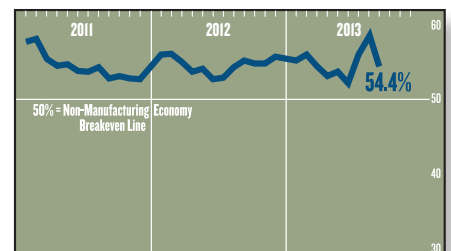
Commodities Down in Price: Gasoline; Lumber — Pine, Plywood Products and Treated; and Soy Oil.

Commodities in Short Supply: Helium (4) is the only commodity reported in short supply.

*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™

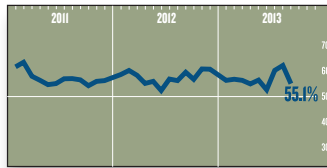
In September, the NMI™ registered 54.4 percent, indicating continued growth in the non-manufacturing sector for the 45th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.



*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).

BUSINESS ACTIVITY

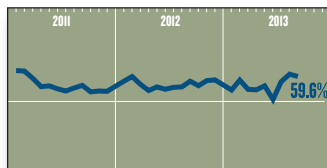
ISM's Non-Manufacturing Business Activity Index in September registered 55.1 percent, 7.1 percentage points lower than the 62.2 percent



registered in August. The 12 industries reporting growth of business activity in September — listed in order — are: Retail Trade; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Utilities; Construction; Information; Real Estate, Rental & Leasing; Finance & Insurance; Other Services*; Wholesale Trade; Transportation & Warehousing; and Public Administration.

NEW ORDERS

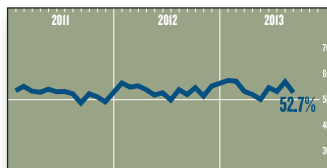
ISM's Non-Manufacturing New Orders Index registered 59.6 percent in September. The 13 industries reporting growth of new orders in September — listed in order — are:



Construction; Utilities; Retail Trade; Transportation & Warehousing; Information; Finance & Insurance; Real Estate, Rental & Leasing; Wholesale Trade; Other Services*; Management of Companies & Support Services; Professional, Scientific & Technical Services; Health Care & Social Assistance; and Public Administration.

EMPLOYMENT

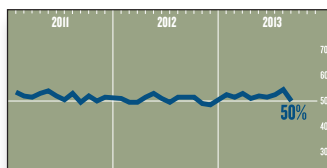
ISM's Non-Manufacturing Employment Index registered 52.7 percent in September, which reflects a decrease of 4.3 percentage points when compared to the 57 percent



registered in August. The nine industries reporting an increase in employment in September — listed in order — are: Retail Trade; Mining; Management of Companies & Support Services; Transportation & Warehousing; Information; Other Services*; Finance & Insurance; Wholesale Trade; and Public Administration.

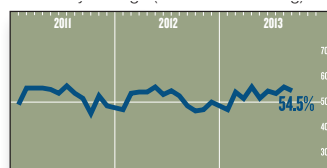
SUPPLIER DELIVERIES

The Supplier Deliveries Index remained unchanged at 50 percent in September. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries. The seven industries reporting slower deliveries in September — listed in order — are: Educational Services; Construction; Transportation & Warehousing; Retail Trade; Professional, Scientific & Technical Services; Health Care & Social Assistance; and Accommodation & Food Services.



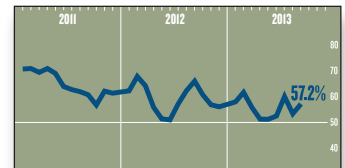
INVENTORIES

ISM's Non-Manufacturing Inventories Index registered 54.5 percent in September. The 11 industries reporting an increase in inventories in September — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Utilities; Transportation & Warehousing; Real Estate, Rental & Leasing; Other Services*; Professional, Scientific & Technical Services; Finance & Insurance; Construction; Retail Trade; Accommodation & Food Services; and Wholesale Trade.



PRICES

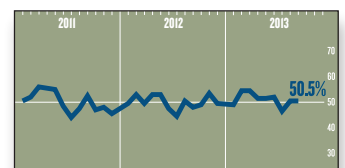
ISM's Non-Manufacturing Prices Index for September registered 57.2 percent, 3.8 percentage points higher than the 53.4 percent reported in August. Nine non-



manufacturing industries reported an increase in prices paid during the month of September, in the following order: Mining; Educational Services; Retail Trade; Public Administration; Wholesale Trade; Other Services*; Utilities; Health Care & Social Assistance; and Finance & Insurance.

BACKLOG OF ORDERS

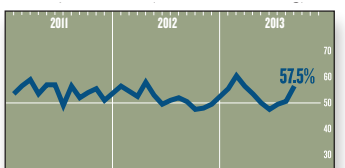
ISM's Non-Manufacturing Backlog of Orders Index grew in September for the second consecutive month. The index registered 50.5 percent,



which is the same reading that was reported in August. The six industries reporting an increase in order backlogs in September — listed in order — are: Accommodation & Food Services; Transportation & Warehousing; Real Estate, Rental & Leasing; Construction; Information; and Professional, Scientific & Technical Services.

NEW EXPORT ORDERS

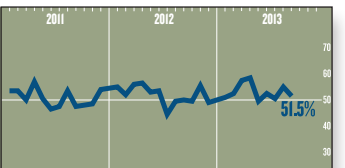
ISM's New Export Orders Index for September registered 57.5 percent, which is 7 percentage points higher than the 50.5



percent reported in August. The eight industries reporting an increase in new export orders in September — listed in order — are: Mining; Utilities; Public Administration; Management of Companies & Support Services; Professional, Scientific & Technical Services; Information; Accommodation & Food Services; and Wholesale Trade.

IMPORTS

The ISM Non-Manufacturing Imports Index grew in September for the fourth consecutive month. This month's reading at 51.5



percent is 3.5 percentage points lower than the 55 percent reported in August. The four industries reporting an increase in imports for the month of September are: Agriculture, Forestry, Fishing & Hunting; Public Administration; Mining; and Retail Trade.

INVENTORY SENTIMENT

ISM's Non-Manufacturing Inventory Sentiment Index in September registered 62 percent. The industries reporting the greatest feeling that their inventories are too high in September are: Agriculture, Forestry, Fishing & Hunting; Mining; Utilities; Arts, Entertainment & Recreation; Other Services*; Wholesale Trade; Finance & Insurance; Retail Trade; Health Care & Social Assistance; and Professional, Scientific & Technical Services.

