

Economic activity in the **manufacturing sector** expanded in December for the seventh consecutive month, and the overall economy grew for the 55th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business[®]**.

The PMI[™] registered 57 percent, the second highest reading for the year, just 0.3 percentage point below November's reading of 57.3 percent. The New Orders Index increased in December by 0.6 percentage point to 64.2 percent, which is its highest reading since April 2010 when it registered 65.1 percent. The Employment Index registered 56.9 percent, an increase of 0.4 percentage point compared to November's reading of 56.5 percent. December's employment reading is the highest since June 2011 when the Employment Index registered 59 percent. Comments from the panel generally reflect a solid final month of the year, capping off the second half of 2013, which was characterized by continuous growth and momentum in manufacturing.

Of the 18 manufacturing industries, 13 are reporting growth in December in the following order: Furniture & Related Products; Plastics & Rubber Products; Textile Mills; Apparel, Leather & Allied Products; Computer & Electronic Products; Paper Products; Transportation Equipment; Primary Metals; Fabricated Metal Products; Wood Products; Printing & Related Support Activities; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing[‡]. The four industries reporting contraction in December are: Nonmetallic Mineral Products; Machinery; Chemical Products; and Electrical Equipment, Appliances & Components. **ISM**

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

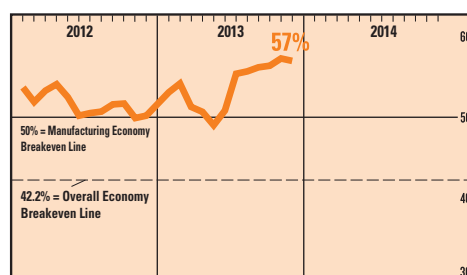
PMI[™] at 57%

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

Manufacturing at a Glance

INDEX	Dec Index	Nov Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI [™]	57.0	57.3	-0.3	Growing	Slower	7
New Orders	64.2	63.6	+0.6	Growing	Faster	7
Production	62.2	62.8	-0.6	Growing	Slower	7
Employment	56.9	56.5	+0.4	Growing	Faster	6
Supplier Deliveries	54.7	53.2	+1.5	Slowing	Faster	6
Inventories	47.0	50.5	-3.5	Contracting	From Growing	1
Customers' Inventories	47.5	45.0	+2.5	Too Low	Slower	25
Prices	53.5	52.5	+1.0	Increasing	Faster	5
Backlog of Orders	51.5	54.0	-2.5	Growing	Slower	3
Exports	55.0	59.5	-4.5	Growing	Slower	13
Imports	55.0	55.0	0.0	Growing	Same	11
Overall Economy				Growing	Slower	55
Manufacturing Sector				Growing	Slower	7

*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[™]

A PMI[™] in excess of 42.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the December PMI[™] indicates growth for the 55th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the seventh consecutive month. The past

relationship between the PMI[™] and the overall economy indicates that the average PMI[™] for January through December (53.9 percent) corresponds to a 3.7 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI[™] for December (57 percent) is annualized, it corresponds to a 4.6 percent increase in real GDP annually.



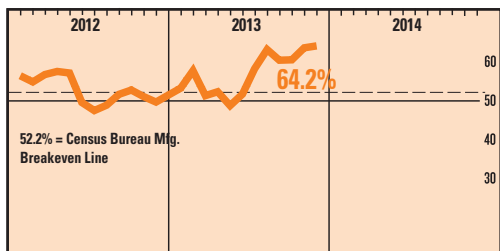
Commodities Reported

Commodities Up in Price: #1 Busheling Scrap; Corrugated Packaging; Galvanized Steel; Methanol; Plastic Resins; Stainless Steel; Steel; Steel — HRPO; Steel — Hot Rolled (2); and Wood (2).

Commodities Down in Price: Aluminum (2); Brass; Corn Based Products (2); Fuel (2); Hydraulic Components; MRO Supplies; and Office Supplies.

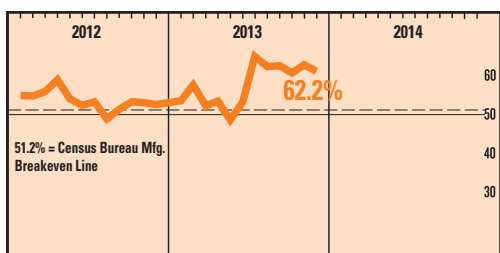
Commodities in Short Supply: No commodities are reported in short supply.

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



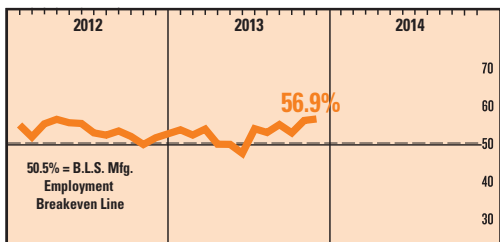
New Orders

ISM's New Orders Index registered 64.2 percent in December. The 11 industries reporting growth in new orders in December — listed in order — are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Computer & Electronic Products; Primary Metals; Machinery; Transportation Equipment; Miscellaneous Manufacturing[‡]; and Chemical Products.



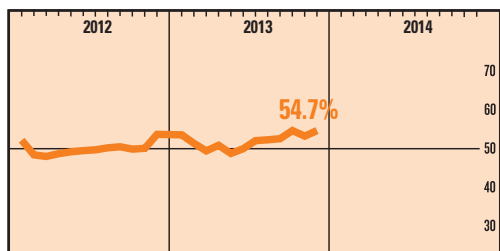
Production

ISM's Production Index registered 62.2 percent in December. The nine industries reporting growth in production during the month of December — listed in order — are: Plastics & Rubber Products; Furniture & Related Products; Computer & Electronic Products; Paper Products; Primary Metals; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Fabricated Metal Products; and Transportation Equipment.



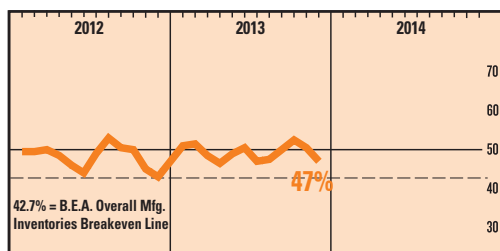
Employment

ISM's Employment Index registered 56.9 percent in December. Of the 18 manufacturing industries, nine reported growth in employment in December in the following order: Textile Mills; Furniture & Related Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Primary Metals; Paper Products; Transportation Equipment; Computer & Electronic Products; and Fabricated Metal Products.



Supplier Deliveries

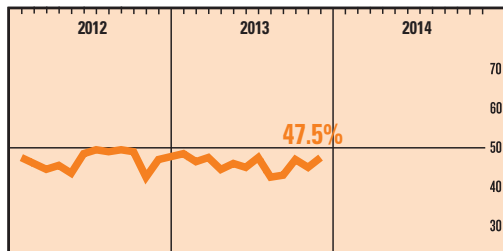
The delivery performance of suppliers to manufacturing organizations slowed in December at a faster rate relative to November as the Supplier Deliveries Index registered 54.7 percent. The six industries reporting slower supplier deliveries in December — listed in order — are: Plastics & Rubber Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Paper Products; Computer & Electronic Products; and Transportation Equipment.



Inventories

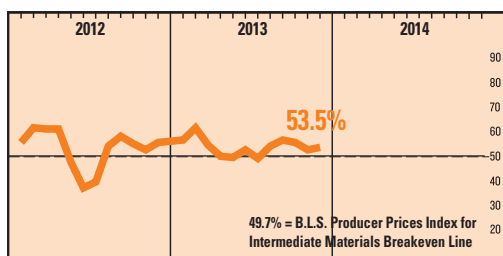
The Inventories Index registered 47 percent in December. The eight industries reporting higher inventories in December — listed in order — are: Wood Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Furniture & Related Products; Paper Products; Computer & Electronic Products; Transportation Equipment; and Electrical Equipment, Appliances & Components.

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



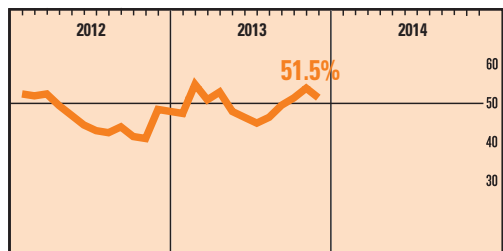
Customers' Inventories

The ISM Customers' Inventories Index registered 47.5 percent in December. The five manufacturing industries reporting customers' inventories as being too high during the month of December are: Apparel, Leather & Allied Products; Miscellaneous Manufacturing[‡]; Chemical Products; Food, Beverage & Tobacco Products; and Fabricated Metal Products.



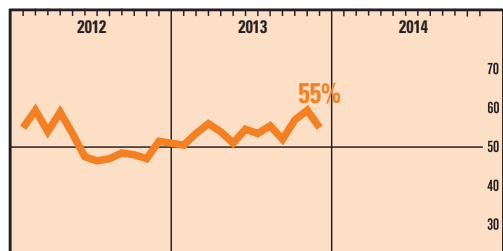
Prices

The ISM Prices Index registered 53.5 percent in December. Of the 18 manufacturing industries, seven reported paying increased prices during the month of December in the following order: Printing & Related Support Activities; Plastics & Rubber Products; Primary Metals; Furniture & Related Products; Fabricated Metal Products; Machinery; and Transportation Equipment.



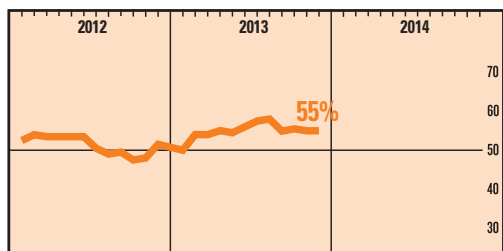
Backlog of Orders

ISM's Backlog of Orders Index registered 51.5 percent in December. The eight industries reporting increased order backlogs in December — listed in order — are: Primary Metals; Plastics & Rubber Products; Nonmetallic Mineral Products; Furniture & Related Products; Food, Beverage & Tobacco Products; Paper Products; Fabricated Metal Products; and Transportation Equipment.



New Export Orders

ISM's New Export Orders Index registered 55 percent in December. The nine industries reporting growth in new export orders in December — listed in order — are: Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; Miscellaneous Manufacturing[‡]; Machinery; and Chemical Products.



Imports

ISM's Imports Index registered 55 percent in December. The eight industries reporting growth in imports during the month of December — listed in order — are: Textile Mills; Nonmetallic Mineral Products; Computer & Electronic Products; Transportation Equipment; Furniture & Related Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing[‡]; and Chemical Products.

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

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

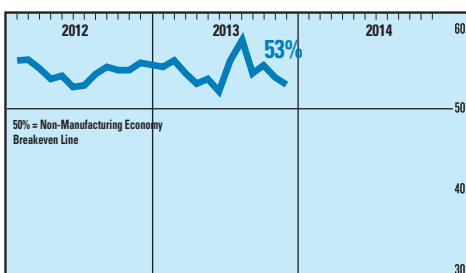
NMI® at 53%

Business Activity Index at 55.2%; New Orders Index at 49.4%; Employment Index at 55.8%

Non-Manufacturing at a Glance

INDEX	Dec Index	Nov Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	53.0	53.9	-0.9	Growing	Slower	48
Business Activity	55.2	55.5	-0.3	Growing	Slower	53
New Orders	49.4	56.4	-7.0	Contracting	From Growing	1
Employment	55.8	52.5	+3.3	Growing	Faster	17
Supplier Deliveries	51.5	51.0	+0.5	Slowing	Faster	2
Inventories	48.0	54.0	-6.0	Contracting	From Growing	1
Prices	55.1	52.2	+2.9	Increasing	Faster	51
Backlog of Orders	46.0	49.0	-3.0	Contracting	Faster	2
New Export Orders	51.5	58.0	-6.5	Growing	Slower	5
Imports	50.5	55.0	-4.5	Growing	Slower	7
Inventory Sentiment	57.5	60.5	-3.0	Too High	Slower	199

*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.



NMI®

In December, the NMI® registered 53 percent, indicating continued growth in the non-manufacturing sector for the 48th 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. The eight non-manufacturing industries reporting growth in December — listed in order — are: Management of Companies & Support Services; Retail Trade; Other Services†; Finance & Insurance; Public Administration; Construction; Information; and Health Care & Social Assistance.

Economic activity in the non-manufacturing sector grew in December for the 48th consecutive month, say the nation’s purchasing and supply executives in the latest **Non-Manufacturing ISM Report On Business®**.

The NMI® registered 53 percent in December, 0.9 percentage point lower than November’s reading of 53.9 percent. This indicates continued growth at a slightly slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index decreased to 55.2 percent, which is 0.3 percentage point lower than the 55.5 percent reported in November, reflecting growth for the 53rd consecutive month, but at a slightly slower rate. The New Orders Index contracted after 52 consecutive months of growth for the first time since July 2009, when it registered 48 percent. The index decreased significantly by 7 percentage points to 49.4 percent, and the Employment Index increased 3.3 percentage points to 55.8 percent, indicating growth in employment for the 17th consecutive month and at a faster rate. The Prices Index increased 2.9 percentage points to 55.1 percent, indicating prices increased at a faster rate in December when compared to November. According to the NMI®, eight non-manufacturing industries reported growth in December. Despite the substantial decrease in the New Orders Index, respondents’ comments predominately reflect that business conditions are stable. **ISM**



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

Commodities Reported

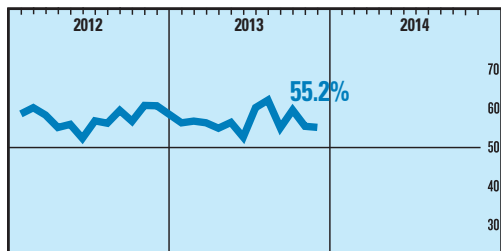
Commodities Up in Price: Airfares; Beef Items; Dairy; Diesel Fuel; Gasoline*; Milk; and Shrimp.

Commodities Down in Price: Chicken; Computer & Peripherals (2); #1 Diesel Fuel (2); #2 Diesel Fuel (3); Fuel (3); Gasoline* (4); Soybean Oil; and Tires.

Commodities in Short Supply: Shrimp is the only commodity reported in short supply.

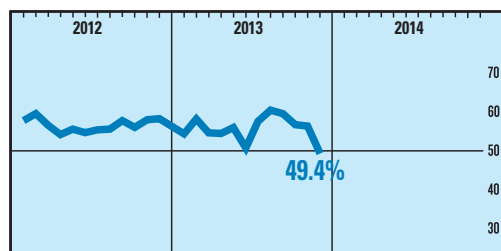
*Reported as both up and down in price.

†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).



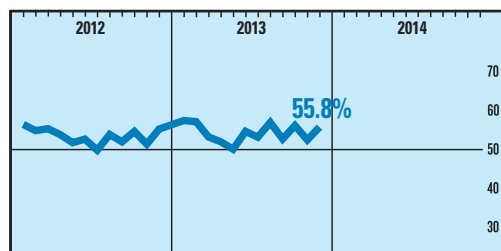
Business Activity

ISM's Non-Manufacturing Business Activity Index in December registered 55.2 percent, 0.3 percentage point lower than the 55.5 percent registered in November. The nine industries reporting growth of business activity in December — listed in order — are: Management of Companies & Support Services; Retail Trade; Finance & Insurance; Public Administration; Utilities; Information; Construction; Accommodation & Food Services; and Professional, Scientific & Technical Services.



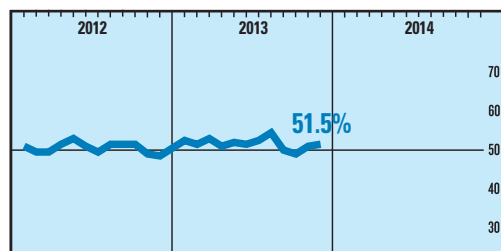
New Orders

ISM's Non-Manufacturing New Orders Index registered 49.4 percent, a significant decrease of 7 percentage points from the 56.4 percent reported in November. The six industries reporting growth of new orders in December — listed in order — are: Management of Companies & Support Services; Retail Trade; Information; Public Administration; Construction; and Finance & Insurance.



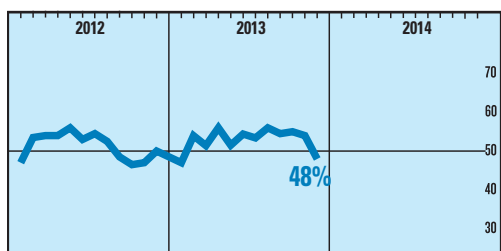
Employment

ISM's Non-Manufacturing Employment Index registered 55.8 percent, which reflects an increase of 3.3 percentage points when compared to the 52.5 percent registered in November. The eight industries reporting an increase in employment in December — listed in order — are: Management of Companies & Support Services; Other Services*; Retail Trade; Finance & Insurance; Transportation & Warehousing; Wholesale Trade; Public Administration; and Professional, Scientific & Technical Services.



Supplier Deliveries

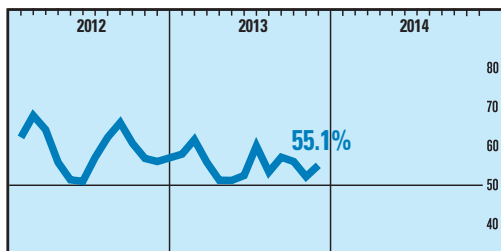
The Supplier Deliveries Index registered 51.5 percent in December. The seven industries reporting slower deliveries in December — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Other Services*; Construction; Health Care & Social Assistance; Information; Wholesale Trade; and Transportation & Warehousing.



Inventories

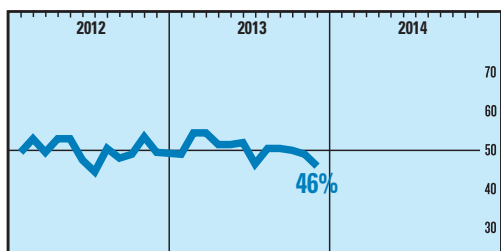
ISM's Non-Manufacturing Inventories Index registered 48 percent, which is 6 percentage points lower than the 54 percent reported in November. The nine industries reporting an increase in inventories in December — listed in order — are: Mining; Agriculture, Forestry, Fishing & Hunting; Utilities; Retail Trade; Management of Companies & Support Services; Transportation & Warehousing; Finance & Insurance; Accommodation & Food Services; and Public Administration.

*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).



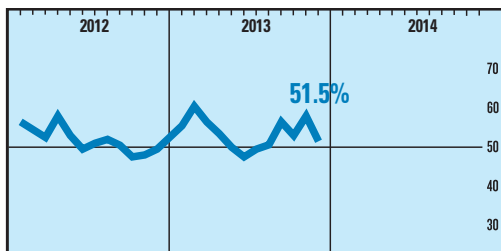
Prices

ISM's Non-Manufacturing Prices Index for December registered 55.1 percent, 2.9 percentage points higher than the 52.2 percent reported in November. Seven non-manufacturing industries reported an increase in prices paid during the month of December, in the following order: Educational Services; Wholesale Trade; Arts, Entertainment & Recreation; Construction; Health Care & Social Assistance; Finance & Insurance; and Professional, Scientific & Technical Services.



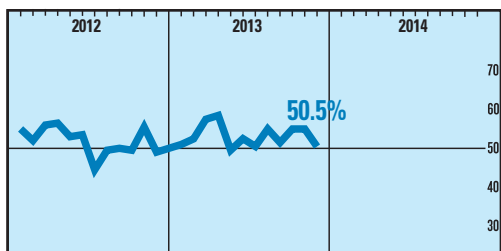
Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index contracted in December for the second consecutive month, registering 46 percent, which is 3 percentage points lower than the 49 percent reported in November. The three industries reporting an increase in order backlogs in December are: Retail Trade; Health Care & Social Assistance; and Finance & Insurance.



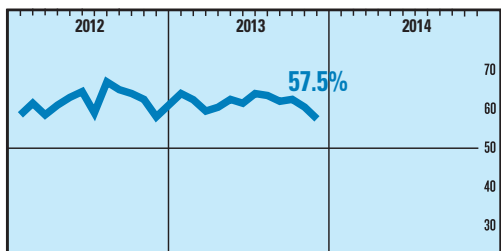
New Export Orders

The New Export Orders Index for December registered 51.5 percent, which is 6.5 percentage points lower than the 58 percent reported in November. The three industries reporting an increase in new export orders in December are: Construction; Wholesale Trade; and Retail Trade.



Imports

The ISM Non-Manufacturing Imports Index grew in December for the seventh consecutive month. This month's reading at 50.5 percent is 4.5 percentage points lower than the 55 percent that was reported in November. The three industries reporting an increase in imports for the month of December are: Agriculture, Forestry, Fishing & Hunting; Retail Trade; and Wholesale Trade.



Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in December registered 57.5 percent, which is 3 percentage points lower than the 60.5 percent reported in November. The 10 industries reporting a feeling that their inventories are too high in December — listed in order — are: Mining; Management of Companies & Support Services; Arts, Entertainment & Recreation; Wholesale Trade; Utilities; Information; Retail Trade; Finance & Insurance; Health Care & Social Assistance; and Public Administration.

*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).