Economic activity in the manufacturing sector contracted in November following two months of modest expansion, while the overall economy grew for the 42nd consecutive month, say the nation's supply executives in the latest Manufacturing ISM Report On Business®.

The PMI™ registered 49.5 percent, a decrease of 2.2 percentage points from October's reading of 51.7 percent, indicating contraction in manufacturing for the fourth time in the last six months. This month's PMI™ reading reflects the lowest level since July 2009 when the PMI™ registered 49.2 percent. The New Orders Index registered 50.3 percent, indicating growth in new orders for the third consecutive month. The Production Index registered 53.7 percent, indicating growth in production for the second consecutive month. The Employment Index registered 48.4 percent, a decrease of 3.7 percentage points. The Prices Index registered 52.5 percent. Comments from the panel this month generally indicate that the second half of the year continues to show a slowdown in demand; respondents also express concern over how and when the fiscal cliff issue will be resolved.

Of the 18 manufacturing industries, six are reporting growth in November in the following order: Petroleum & Coal Products; Paper Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; and Computer & Electronic Products.


**PMI™ at 49.5%**

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

### MANUFACTURING AT A GLANCE

<table>
<thead>
<tr>
<th>INDEX</th>
<th>NOV INDEX</th>
<th>OCT INDEX</th>
<th>% POINT CHANGE</th>
<th>DIRECTION</th>
<th>RATE OF CHANGE</th>
<th>TREND* (MONTHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMI™</td>
<td>49.5</td>
<td>51.7</td>
<td>-2.2</td>
<td>Contracting</td>
<td>From Growing</td>
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<td>54.2</td>
<td>-3.9</td>
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<td>Slower</td>
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<tr>
<td>Production</td>
<td>53.7</td>
<td>52.4</td>
<td>+1.3</td>
<td>Growing</td>
<td>Faster</td>
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<tr>
<td>Employment</td>
<td>48.4</td>
<td>52.1</td>
<td>-3.7</td>
<td>Contracting</td>
<td>From Growing</td>
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<tr>
<td>Supplier Deliveries</td>
<td>50.3</td>
<td>49.6</td>
<td>+0.7</td>
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<td>From Faster</td>
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<tr>
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<td>50.0</td>
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<td>Customers’ Inventories</td>
<td>42.5</td>
<td>49.0</td>
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<td>Too Low</td>
<td>Faster</td>
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<tr>
<td>Prices</td>
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<td>55.0</td>
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<td>Slower</td>
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<tr>
<td>Backlog of Orders</td>
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<td>Faster</td>
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<tr>
<td>Exports</td>
<td>47.0</td>
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<td>Contracting</td>
<td>Faster</td>
<td>6</td>
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<tr>
<td>Imports</td>
<td>48.0</td>
<td>47.5</td>
<td>+0.5</td>
<td>Contracting</td>
<td>Slower</td>
<td>4</td>
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</tbody>
</table>

**OVERALL ECONOMY**

Growing Slower 42

Contracting From Growing 1

**MANUFACTURING SECTOR**

Contracting From Growing 1

**COMMODITIES REPORTED**

- **Commodities Up in Price:** Aluminum Products (2); Caustic Soda (4); Corrugated Boxes/Packaging (4); Polypropylene; Propylene; Steel*; and Steel — Hot Rolled.
- **Commodities Down in Price:** Fuel; Oil; and Steel* (9).
- **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.

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

**PMI™**

A PMI™ in excess of 42.6 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the November PMI™ indicates growth for the 42nd consecutive month in the overall economy, and indicates contraction in the manufacturing sector for the first month following two consecutive months of expansion. The past relationship between the PMI™ and the overall economy indicates that the average PMI™ for January through November (51.8 percent) corresponds to a 3.1 percent increase in real gross domestic product (GDP). In addition, if the PMI™ for November (49.5 percent) is annualized, it corresponds to a 2.3 percent increase in real GDP annually.
PRODUCTION
ISM’s Production Index registered 53.7 percent in November, which is an increase of 1.3 percentage points when compared to the 52.4 percent reported in October. The eight industries reporting growth in production during the month of November — listed in order — are: Wood Products; Electrical Equipment, Appliances & Components; Paper Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Miscellaneous Manufacturing; Computer & Electronic Products; and Fabricated Metal Products.

NEW ORDERS
ISM’s New Orders Index registered 50.3 percent in November, which is a decrease of 3.9 percentage points when compared to the October reading of 54.2 percent. The seven industries reporting growth in new orders in November — listed in order — are: Petroleum & Coal Products; Paper Products; Plastics & Rubber Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; and Furniture & Related Products.

EMPLOYMENT
ISM’s Employment Index registered 48.4 percent in November, which is 3.7 percentage points lower than the 52.1 percent reported in October. Of the 18 manufacturing industries, seven reported growth in employment in November in the following order: Textile Mills; Paper Products; Petroleum & Coal Products; Primary Metals; Furniture & Related Products; Food, Beverage & Tobacco Products; and Machinery.

SUPPLIER DELIVERIES
The delivery performance of suppliers to manufacturing organizations was slower in November as the Supplier Deliveries Index registered 50.3 percent. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries. The five industries reporting slower supplier deliveries in November are: Electrical Equipment, Appliances & Components; Computer & Electronic Products; Transportation Equipment; Chemical Products; and Miscellaneous Manufacturing.

INVENTORIES
The Inventories Index registered 45 percent in November, which is 5 percentage points lower than the 50 percent reported in October. The five industries reporting higher inventories in November are: Petroleum & Coal Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Furniture & Related Products.

CUSTOMERS’ INVENTORIES
ISM’s Customers’ Inventories Index registered 42.5 percent in November, which is 0.5 percentage points lower than in October when the index registered 49 percent. Customers’ inventories have registered at or below 50 percent for 44 consecutive months. A reading below 50 percent indicates customers’ inventories are considered too low. The only manufacturing industry reporting customers’ inventories as being too high during the month of November is Petroleum & Coal Products.

PRICES
The ISM Prices Index registered 52.5 percent in November, which is a decrease of 2.5 percentage points compared to the October reading of 55 percent. Of the 18 manufacturing industries, seven reported paying increased prices during the month of November in the following order: Primary Metals; Chemical Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Machinery; Fabricated Metal Products; and Furniture & Related Products.

BACKLOG OF ORDERS
ISM’s Backlog of Orders Index registered 41 percent in November, which is 0.5 percentage point lower than the 41.5 percent reported in October. This is the eighth consecutive month of contraction in order backlogs. The three industries reporting increased order backlogs in November are: Electrical Equipment, Appliances & Components; Machinery; and Paper Products.

NEW EXPORT ORDERS
ISM’s New Export Orders Index registered 47 percent in November. This month’s reading represents the sixth month of contraction in the index since June 2009, when the index registered 49.5 percent. The five industries reporting growth in new export orders in November are: Petroleum & Coal Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Paper Products; and Miscellaneous Manufacturing.

IMPORTS
ISM’s Imports Index registered 48 percent in November. This month’s reading reflects the fourth consecutive month of contraction in imports since November 2011, when the Imports Index registered 49 percent. Six industries reported growth in imports during the month of November in the following order: Textile Mills; Plastics & Rubber Products; Furniture & Related Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.
Economic activity in the non-manufacturing sector grew in November for the 35th consecutive month, say the nation’s purchasing and supply executives in the latest Non-Manufacturing ISM Report On Business®.

The NMI™ registered 54.7 percent in November, 0.5 percentage point higher than the 54.2 percent registered in October. This indicates continued growth this month at a slightly faster rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index registered 61.2 percent, an increase of 5.8 percentage points. The New Orders Index increased by 3.3 percentage points to 58.1 percent. The Employment Index decreased by 4.6 percentage points to 50.3 percent, indicating growth in employment for the fourth consecutive month but at a slower rate. The Prices Index decreased 8.6 percentage points to 57 percent, indicating prices increased at a slower rate in November when compared to October. Respondents’ comments are mixed; however, the majority of survey respondents reflect a cautious optimism about current economic conditions.

The 11 non-manufacturing industries reporting growth in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Utilities; Retail Trade; Real Estate, Rental & Leasing; Finance & Insurance; Public Administration; Construction; Health Care & Social Assistance; Professional, Scientific & Technical Services; Information; and Other Services.®

In November, the NMI™ registered 54.7 percent, indicating continued growth in the non-manufacturing sector for the 35th 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.

**Business Activity Index at 61.2%; New Orders Index at 58.1%; Employment Index at 50.3%**

**NON-MANUFACTURING AT A GLANCE**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>NOV INDEX</th>
<th>OCT INDEX</th>
<th>% POINT CHANGE</th>
<th>DIRECTION</th>
<th>RATE OF CHANGE</th>
<th>TREND* (MONTHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMI™</td>
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<td>54.2</td>
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<td>Faster</td>
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<td>Faster</td>
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<tr>
<td>Employment</td>
<td>50.3</td>
<td>54.9</td>
<td>-4.6</td>
<td>Growing Slower</td>
<td>Slower</td>
<td>4</td>
</tr>
<tr>
<td>Supplier Deliveries</td>
<td>49.0</td>
<td>51.5</td>
<td>-2.5</td>
<td>Faster</td>
<td>From Slower</td>
<td>1</td>
</tr>
<tr>
<td>Inventories</td>
<td>47.0</td>
<td>46.5</td>
<td>+0.5</td>
<td>Contracting</td>
<td>Slower</td>
<td>3</td>
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<tr>
<td>Prices</td>
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<td>65.6</td>
<td>-8.6</td>
<td>Growing Slower</td>
<td>Slower</td>
<td>5</td>
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<tr>
<td>Backlog of Orders</td>
<td>53.5</td>
<td>49.0</td>
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<td>Growing From Contracting</td>
<td>1</td>
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<tr>
<td>New Export Orders</td>
<td>48.0</td>
<td>47.5</td>
<td>+0.5</td>
<td>Contracting</td>
<td>Slower</td>
<td>2</td>
</tr>
<tr>
<td>Imports</td>
<td>55.5</td>
<td>49.5</td>
<td>+6.0</td>
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<tr>
<td>Inventory Sentiment</td>
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<td>Too High</td>
<td>Slower</td>
<td>186</td>
</tr>
</tbody>
</table>

*Number of months moving in current direction.


**COMMODITIES REPORTED**

**Commodities Up in Price:** Airfares; Corrugated Boxes/Products (2); Dairy (3); #1 Diesel Fuel (4); Fuel* (5); Gasoline* (II); Lumber; and Maintenance Contracts.

**Commodities Down in Price:** #2 Diesel Fuel (2); Fuel*; Gasoline* (2); and Steel Products.

**Commodities in Short Supply:** No commodities are 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).
BUSINESS ACTIVITY
ISM's Non-Manufacturing Business Activity Index in November registered 61.2 percent. The 13 industries reporting growth of business activity in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Utilities; Real Estate, Rental & Leasing; Finance & Insurance; Public Administration; Accommodation & Food Services; Health Care & Social Assistance; Construction; Professional, Scientific & Technical Services; Information; Wholesale Trade; Retail Trade; and Other Services.

NEW ORDERS
ISM's Non-Manufacturing New Orders Index registered 58.1 percent in November. The 13 industries reporting growth of new orders in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; Retail Trade; Real Estate, Rental & Leasing; Utilities; Construction; Finance & Insurance; Professional, Scientific & Technical Services; Public Administration; Health Care & Social Assistance; Wholesale Trade; Information; and Transportation & Warehousing.

EMPLOYMENT
Employment activity in the non-manufacturing sector grew in November for the fourth consecutive month. ISM’s Non-Manufacturing Employment Index registered 50.3 percent, which reflects a decrease of 4.6 percentage points when compared to the 54.9 percent registered in October. The seven industries reporting an increase in employment in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Construction; Retail Trade; Other Services; Public Administration; Finance & Insurance; and Wholesale Trade.

SUPPLIER DELIVERIES
The Supplier Deliveries Index registered 49 percent in November, indicating that supplier deliveries were faster in November after three consecutive months of slower deliveries. The seven industries reporting slower deliveries in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Utilities; Educational Services; Retail Trade; Management of Companies & Support Services; Professional, Scientific & Technical Services; and Health Care & Social Assistance.

INVENTORIES
ISM’s Non-Manufacturing Inventories Index contracted for the third consecutive month in November after seven months of growth. The index registered 47 percent, which is 0.5 percentage point higher than the 46.5 percent reported in October. The seven industries reporting an increase in inventories in November — listed in order — are: Retail Trade; Agriculture; Forestry, Fishing & Hunting; Mining; Transportation & Warehousing; Utilities; Public Administration; and Accommodation & Food Services.

PRICES
ISM’s Non-Manufacturing Prices Index for November registered 57 percent, 8.6 percentage points lower than the 65.6 percent reported in October. Eleven non-manufacturing industries reported an increase in prices paid during the month of November: Agriculture, Forestry, Fishing & Hunting; Retail Trade; Information; Mining; Educational Services; Accommodation & Food Services; Other Services; Management of Companies & Support Services; Wholesale Trade; Professional, Scientific & Technical Services; and Finance & Insurance.

BACKLOG OF ORDERS
ISM’s Non-Manufacturing Backlog of Orders Index registered 53.5 percent in November. The nine industries reporting an increase in order backlogs in November — listed in order — are: Management of Companies & Support Services; Retail Trade; Transportation & Warehousing; Real Estate, Rental & Leasing; Health Care & Social Assistance; Construction; Finance & Insurance; Professional, Scientific & Technical Services; and Wholesale Trade.

NEW EXPORT ORDERS
Orders and requests for services and other non-manufacturing activities to be provided outside of the United States by domestically based personnel contracted in November for the second consecutive month. The New Export Orders Index for November registered 48 percent. The three industries reporting an increase in new export orders in November are: Information; Public Administration; and Finance & Insurance.

IMPORTS
The ISM Non-Manufacturing Imports Index grew in November after contracting three out of the last four months. This month’s reading at 55.5 percent is 6 percentage points higher than the 49.5 percent reported in October. The five industries reporting an increase in imports for the month of November are: Information; Agriculture, Forestry, Fishing & Hunting; Retail Trade; Management of Companies & Support Services; and Professional, Scientific & Technical Services.

INVENTORY SENTIMENT
The ISM Non-Manufacturing Inventory Sentiment Index in November registered 62.5 percent. The 12 industries reporting a feeling that their inventories are too high in November — listed in order — are: Other Services; Mining; Wholesale Trade; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Finance & Insurance; Utilities; Information; Professional, Scientific & Technical Services; Accommodation & Food Services; Retail Trade; and Health Care & Social Assistance.