Economic activity in the manufacturing sector expanded in January for the second consecutive month, and the overall economy grew for the 44th consecutive month, say the nation’s supply executives in the latest Manufacturing ISM Report On Business®.

The PMI™ registered 53.1 percent, an increase of 2.9 percentage points from December’s seasonally adjusted reading of 50.2 percent, indicating expansion in manufacturing for the second consecutive month. The New Orders Index registered 53.3 percent, an increase of 3.6 percent over December’s seasonally adjusted reading of 49.7 percent, indicating growth in new orders. Manufacturing is starting out the year on a positive note, with all five of the PMI™’s component indexes — new orders, production, employment, supplier deliveries and inventories — registering above 50 percent in January.

Of the 18 manufacturing industries, 13 are reporting growth in January in the following order: Plastics & Rubber Products; Textile Mills; Furniture & Related Products; Printing & Related Support Activities; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing†; Fabricated Metal Products; Transportation Equipment; Petroleum & Coal Products; Machinery; Primary Metals; and Food, Beverage & Tobacco Products.

**MANUFACTURING AT A GLANCE**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>JAN INDEX</th>
<th>DEC 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>53.1</td>
<td>50.2</td>
<td>+2.9</td>
<td>Growing</td>
<td>Faster</td>
<td>2</td>
</tr>
<tr>
<td>New Orders</td>
<td>53.3</td>
<td>49.7</td>
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<td>From Contracting</td>
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<tr>
<td>Production</td>
<td>53.6</td>
<td>52.6</td>
<td>+1.0</td>
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<td>Faster</td>
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<tr>
<td>Employment</td>
<td>54.0</td>
<td>51.9</td>
<td>+2.1</td>
<td>Growing</td>
<td>Faster</td>
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</tr>
<tr>
<td>Supplier Deliveries</td>
<td>53.6</td>
<td>53.7</td>
<td>-0.1</td>
<td>Slowdown</td>
<td>Slower</td>
<td>3</td>
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<tr>
<td>Inventories</td>
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<td>43.0</td>
<td>+8.0</td>
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<tr>
<td>Customers’ Inventories</td>
<td>48.5</td>
<td>47.0</td>
<td>+1.5</td>
<td>Too Low</td>
<td>Slower</td>
<td>14</td>
</tr>
<tr>
<td>Prices</td>
<td>56.5</td>
<td>55.5</td>
<td>+1.0</td>
<td>Increasing</td>
<td>Faster</td>
<td>6</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>47.5</td>
<td>48.5</td>
<td>-1.0</td>
<td>Contracting</td>
<td>Faster</td>
<td>10</td>
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<tr>
<td>Exports</td>
<td>50.5</td>
<td>51.5</td>
<td>-1.0</td>
<td>Growing</td>
<td>Slower</td>
<td>2</td>
</tr>
<tr>
<td>Imports</td>
<td>50.0</td>
<td>51.5</td>
<td>-1.5</td>
<td>Unchanged</td>
<td>From Growing</td>
<td>1</td>
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<tr>
<td>OVERALL ECONOMY</td>
<td></td>
<td></td>
<td></td>
<td>Growing</td>
<td>Faster</td>
<td>44</td>
</tr>
</tbody>
</table>

**MANUFACTURING SECTOR**

Growing Faster 44

*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.

This report reflects the U.S. Department of Commerce’s recently completed annual adjustment to the seasonal factors used to calculate the indexes.

**COMMODITIES REPORTED**

**Commodities Up in Price:** Aluminum Products (4); Benzene (2); Caustic Soda (6); Copper; Copper Based Products; Corrugated Boxes/ Packaging (6); HDPE; Lumber; Oil; PET Bottles; Polypropylene (3); Polystyrene; Stainless Steel Sheet; Steel — Cold Rolled (2); and Vitamins.

**Commodities Down in Price:** Steel (11); Sugar (2); Titanium Dioxide (2); and Wheat.

**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 January PMI™ indicates growth for the 44th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the second consecutive month. The past relationship between the PMI™ and the overall economy indicates that the PMI™ for January (53.1 percent) corresponds to a 3.4 percent increase in real gross domestic product (GDP) on an annualized basis.
Inventories Breakeven Line

ISM Report On Business® JANUARY 2013 — MANUFACTURING

ISM's Production Index registered 53.6 percent in January, which is an increase of 0.1 percentage point when compared to the seasonally adjusted 52.6 percent reported in December. Nine industries reported growth in production during the month of January: Electrical Equipment, Appliances & Components; Textile Mills; Plastics & Rubber Products; Miscellaneous Manufacturing‡; Apparel, Leather & Allied Products; Fabricated Metal Products; Furniture & Related Products; Primary Metals; and Transportation Equipment.

ISM's New Orders Index registered 53.3 percent in January, an increase of 3.6 percentage points when compared to the seasonally adjusted December reading of 49.7 percent. Ten industries reported growth in new orders in January: Textile Mills; Printing & Related Support Activities; Furniture & Related Products; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Petroleum & Coal Products; Machinery; Transportation Equipment; and Primary Metals.

ISM's Employment Index registered 54 percent in January, which is 2.1 percentage points higher than the seasonally adjusted 51.9 percent reported in December. Nine manufacturing industries reported growth in employment in January: Petroleum & Coal Products; Plastics & Rubber Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Miscellaneous Manufacturing‡; Fabricated Metal Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.

ISM’s Supplier Deliveries Index registered 53.3 percent in January, which is 0.1 percentage point lower than the seasonally adjusted 53.7 percent reported in December. The seven industries reporting slower supplier deliveries in January — listed in order — are: Nonmetallic Mineral Products; Plastics & Rubber Products; Chemical Products; Petroleum & Coal Products; Furniture & Related Products; Food, Beverage & Tobacco Products; and Transportation Equipment.

The Inventories Index registered 51 percent in January, which is 8 percentage points higher than the 43 percent reported in December. This month’s reading indicates that respondents are reporting inventories are growing in January. The seven industries reporting higher inventories in January — listed in order — are: Plastics & Rubber Products; Furniture & Related Products; Miscellaneous Manufacturing‡; Food, Beverage & Tobacco Products; Transportation Equipment; Machinery; and Primary Metals.

The ISM Customers’ Inventories Index registered 48.5 percent in January. This month’s reading indicates that customers’ inventories are considered too low, but not as low as reported in December. The four manufacturing industries reporting customers’ inventories as being too high during the month of January are: Petroleum & Coal Products; Plastics & Rubber Products; Chemical Products; and Computer & Electronic Products.

ISM’s New Export Orders Index registered 56.5 percent in January. Of the 18 manufacturing industries, 10 reported paying increased prices during the month of January in the following order: Plastics & Rubber Products; Wood Products; Petroleum & Coal Products; Chemical Products; Paper Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Transportation Equipment; and Fabricated Metal Products.

ISM’s Backlog of Orders Index registered 47.5 percent in January. This is the 10th consecutive month of contraction in order backlogs. The eight industries reporting increased order backlogs in January — listed in order — are: Petroleum & Coal Products; Primary Metals; Furniture & Related Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Paper Products; Food, Beverage & Tobacco Products; and Machinery.

ISM’s Imports Index registered 50.5 percent in January. This month’s reading represents only the second month of growth in the index since May 2012, when the index registered 53.5 percent. The four industries reporting growth in new export orders in January are: Apparel, Leather & Allied Products; Textile Mills; Fabricated Metal Products; and Furniture & Related Products.

ISM’s New Export Orders Index registered 50.5 percent in January. This month’s reading indicates that import levels are unchanged from December. The six industries reporting growth in imports during the month of January — listed in order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Food, Beverage & Tobacco Products; Furniture & Related Products; Fabricated Metal Products; and Miscellaneous Manufacturing‡.
Economic activity in the non-manufacturing sector grew in January for the 37th consecutive month, say the nation’s purchasing and supply executives in the latest Non-Manufacturing ISM Report On Business®.

The NMI™ registered 55.2 percent in January, 0.5 percentage point lower than the seasonally adjusted 55.7 percent registered in December. This indicates continued growth at a slightly slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index registered 56.4 percent, which is 4.4 percentage points lower than the seasonally adjusted 60.8 percent reported in December, reflecting growth for the 42nd consecutive month. The New Orders Index decreased by 3.9 percentage points to 54.4 percent, and the Employment Index increased 2.2 percentage points to 57.5 percent. The Prices Index increased 1.9 percentage points to 58 percent. Respondents’ comments are mixed about the economy and business conditions; however, the majority of respondents are optimistic about the overall direction.

The eight non-manufacturing industries reporting growth in January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Construction; Public Administration; Finance & Insurance; Professional, Scientific & Technical Services; Real Estate, Rental & Leasing; and Mining.

In January, the NMI™ registered 55.2 percent, indicating continued growth in the non-manufacturing sector for the 37th 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.

**Commodities Reported**

**Commodities Up in Price:** Airfares; Beef (2); Cheese*; Chicken Products; Corrugated; #1 Diesel Fuel; #2 Diesel Fuel; Fuel; Gasoline; Hotel Rates; Labor; Lumber — Pine, Spruce, Plywood and Treated (3); Medical Supplies; Pharmacy Products (2); Pipe, Valves and Fittings; Safety Products (2); and Wallboard.

**Commodities Down in Price:** Cheese*; Computer Products (2); Dairy (2); and Paper.

**Commodities in Short Supply:** Pharmacy Products are the only commodities reported in short supply.

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*NMI™ at 55.2%* Business Activity Index at 56.4%; New Orders Index at 54.4%; Employment Index at 57.5%

**Non-Manufacturing at a Glance**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>JAN INDEX</th>
<th>DEC 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>
<td>55.2</td>
<td>55.7</td>
<td>-0.5</td>
<td>Growing</td>
<td>Slower</td>
<td>37</td>
</tr>
<tr>
<td>Business Activity</td>
<td>56.4</td>
<td>60.8</td>
<td>-4.4</td>
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<td>Slower</td>
<td>42</td>
</tr>
<tr>
<td>New Orders</td>
<td>54.4</td>
<td>58.3</td>
<td>-3.9</td>
<td>Growing</td>
<td>Slower</td>
<td>42</td>
</tr>
<tr>
<td>Employment</td>
<td>57.5</td>
<td>55.3</td>
<td>+2.2</td>
<td>Growing</td>
<td>Faster</td>
<td>6</td>
</tr>
<tr>
<td>Supplier Deliveries</td>
<td>52.5</td>
<td>48.5</td>
<td>+4.0</td>
<td>Slowing</td>
<td>From Faster</td>
<td>1</td>
</tr>
<tr>
<td>Inventories</td>
<td>47.0</td>
<td>50.0</td>
<td>-3.0</td>
<td>Contracting</td>
<td>From Unchanged</td>
<td>1</td>
</tr>
<tr>
<td>Prices</td>
<td>58.0</td>
<td>56.1</td>
<td>+1.9</td>
<td>Increasing</td>
<td>Faster</td>
<td>40</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>49.0</td>
<td>49.5</td>
<td>-0.5</td>
<td>Contracting</td>
<td>Faster</td>
<td>2</td>
</tr>
<tr>
<td>New Export Orders</td>
<td>55.5</td>
<td>49.5</td>
<td>+6.0</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>Imports</td>
<td>51.0</td>
<td>49.0</td>
<td>+2.0</td>
<td>Growing</td>
<td>From Contracting</td>
<td>1</td>
</tr>
<tr>
<td>Inventory Sentiment</td>
<td>64.0</td>
<td>58.0</td>
<td>+6.0</td>
<td>Too High</td>
<td>Faster</td>
<td>188</td>
</tr>
</tbody>
</table>

*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:** Airfares; Beef (2); Cheese*; Chicken Products; Corrugated; #1 Diesel Fuel; #2 Diesel Fuel; Fuel; Gasoline; Hotel Rates; Labor; Lumber — Pine, Spruce, Plywood and Treated (3); Medical Supplies; Pharmacy Products (2); Pipe, Valves and Fittings; Safety Products (2); and Wallboard.

**Commodities Down in Price:** Cheese*; Computer Products (2); Dairy (2); and Paper.

**Commodities in Short Supply:** Pharmacy Products are the only commodities 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 January registered 50.4 percent, 4.4 percentage points lower than the seasonally adjusted 60.8 percent registered in December. Ten industries reported growth of business activity in January: Agriculture, Forestry, Fishing & Hunting; Mining; Construction; Management of Companies & Support Services; Public Administration; Finance & Insurance; Accommodation & Food Services; Information; Health Care & Social Assistance; and Professional, Scientific & Technical Services.

**NEW ORDERS**
ISM's Non-Manufacturing New Orders Index registered 54.4 percent in January, a decrease of 3.9 percentage points from the seasonally adjusted 58.3 percent reported in December. Eleven industries reported growth of new orders in January: Agriculture, Forestry, Fishing & Hunting; Utilities; Management of Companies & Support Services; Mining; Public Administration; Construction; Finance & Insurance; Professional, Scientific & Technical Services; Transportation & Warehousing; Information; and Accommodation & Food Services.

**EMPLOYMENT**
ISM's Non-Manufacturing Employment Index registered 57.5 percent in January, which reflects an increase of 2.2 percentage points when compared to the seasonally adjusted 55.3 percent registered in December. The nine industries reporting an increase in employment in January — listed in order — are: Management of Companies & Support Services; Construction; Finance & Insurance; Public Administration; Educational Services; Retail Trade; Professional, Scientific & Technical Services; Wholesale Trade; and Other Services.

**SUPPLIER DELIVERIES**
The Supplier Deliveries Index registered 52.5 percent in January, indicating that supplier deliveries were slower in January after two consecutive months of faster deliveries. The nine industries reporting slower deliveries in January — listed in order — are: Mining; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Educational Services; Other Services; Wholesale Trade; Management of Companies & Support Services; Health Care & Social Assistance; and Construction.

**INVENTORIES**
ISM's Non-Manufacturing Inventories Index contracted in January for the fourth time in the last five months. The index registered 47 percent, which is 3 percentage points lower than the 50 percent reported in December. The seven industries reporting an increase in inventories in January — listed in order — are: Mining; Agriculture, Forestry, Fishing & Hunting; Utilities; Real Estate, Rental & Leasing; Health Care & Social Assistance; Retail Trade; and Public Administration.

**PRICES**
ISM's Non-Manufacturing Prices Index for January registered 58 percent. Fourteen non-manufacturing industries reported an increase in prices paid during the month of January: Agriculture, Forestry, Fishing & Hunting; Utilities; Accommodation & Food Services; Educational Services; Other Services; Wholesale Trade; Professional, Scientific & Technical Services; Real Estate, Rental & Leasing; Finance & Insurance; Retail Trade; Management of Companies & Support Services; Public Administration; Construction; and Health Care & Social Assistance.

**BACKLOG OF ORDERS**
ISM's Non-Manufacturing Backlog of Orders Index contracted in January for the fourth time in the past five months. The index registered 49 percent, which is 0.5 percentage point lower than the 49.5 percent reported in December. The six industries reporting an increase in order backlogs in January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Utilities; Retail Trade; Real Estate, Rental & Leasing; Finance & Insurance; and Public Administration.

**NEW EXPORT ORDERS**
ISM's New Export Orders Index for January registered 55.5 percent, which is 6 percentage points higher than the 49.5 percent reported in December. The seven industries reporting an increase in new export orders in January — listed in order — are: Mining; Retail Trade; Agriculture, Forestry, Fishing & Hunting; Information; Arts, Entertainment & Recreation; Construction; and Management of Companies & Support Services.

**IMPORTS**
The ISM Non-Manufacturing Imports Index grew in January after contracting four times in the last seven months. This month's reading at 51 percent is 2 percentage points higher than the 49 percent reported in December. The five industries reporting an increase in imports for the month of January are: Public Administration; Information; Retail Trade; Wholesale Trade; and Accommodation & Food Services.

**INVENTORY SENTIMENT**
ISM's Non-Manufacturing Inventory Sentiment Index in January registered 64 percent, which is 6 percentage points higher than the 58 percent reported in December. The 10 industries reporting a feeling that their inventories are too high in January — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Mining; Educational Services; Finance & Insurance; Wholesale Trade; Professional, Scientific & Technical Services; Public Administration; Utilities; Retail Trade; and Health Care & Social Assistance.