Economic activity in the manufacturing sector expanded in June following one month of contraction, and the overall economy grew for the 49th consecutive month, say the nation’s supply executives in the latest Manufacturing ISM Report On Business®.

The PMI™ registered 50.9 percent, an increase of 1.9 percentage points from May’s reading of 49 percent, indicating expansion in the manufacturing sector for the fifth time in the first six months of 2013. The New Orders Index increased in June by 3.1 percentage points to 51.9 percent, and the Production Index increased by 4.8 percentage points to 53.4 percent. The Employment Index registered 48.7 percent, a decrease of 1.4 percentage points compared to May’s reading of 50.1 percent. The Prices Index registered 52.5 percent, indicating that overall raw materials prices increased from last month. Comments from the panel generally indicate slow growth and improving business conditions.

Of the 18 manufacturing industries, 12 are reporting growth in June in the following order: Furniture & Related Products; Apparel, Leather & Allied Products; Paper Products; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Wood Products; Food, Beverage & Tobacco Products; Primary Metals; Fabricated Metal Products; Plastics & Rubber Products; Machinery; and Nonmetallic Mineral Products.

### Manufacturing at a Glance

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<th>JUN INDEX</th>
<th>MAY INDEX</th>
<th>% POINT CHANGE</th>
<th>DIRECTION</th>
<th>RATE OF CHANGE</th>
<th>TREND* (MONTHS)</th>
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<td>PMI™</td>
<td>50.9</td>
<td>49.0</td>
<td>+1.9</td>
<td>Growing</td>
<td>From Contracting</td>
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<tr>
<td>New Orders</td>
<td>51.9</td>
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<td>+3.1</td>
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<tr>
<td>Production</td>
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<tr>
<td>Employment</td>
<td>48.7</td>
<td>50.1</td>
<td>-1.4</td>
<td>Contracting</td>
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<td>Inventories</td>
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<td>Prices</td>
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<td>Backlog of Orders</td>
<td>46.5</td>
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<td>Contracting</td>
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<tr>
<td>Exports</td>
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<td>51.0</td>
<td>+3.5</td>
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<td>Faster</td>
<td>7</td>
</tr>
<tr>
<td>Imports</td>
<td>56.0</td>
<td>54.5</td>
<td>+1.5</td>
<td>Growing</td>
<td>Faster</td>
<td>5</td>
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### Manufacturing Sector

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<th>OVERALL ECONOMY</th>
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<td>MANUFACTURING SECTOR</td>
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<td>From Contracting</td>
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*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 Indicies.

### Commodity Reports

**Commodities Up In Price:** Aluminum Products; Caustic Soda (3); Corrugated Boxes (II); Corrugated Packaging (2); Lumber (6); Plastic Products; Plywood; and Polypropylene*.

**Commodities Down In Price:** Butter; Hydraulic Components; Polypropylene (2)*; Stainless Steel (2); Steel (3); Steel — Cold Rolled; Steel — Hot Rolled (2); and Sugar (2).

**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.

*Reported as both up and down in price.

### ISM Analysis


PMI™ in excess of 42.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the June PMI™ indicates growth for the 49th consecutive month in the overall economy, and indicates expansion in the manufacturing sector following one month of contraction. The past relationship between the PMI™ and the overall economy indicates that the average PMI™ for January through June (51.5 percent) corresponds to a 2.9 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI™ for June (50.9 percent) is annualized, it corresponds to a 2.7 percent increase in real GDP annually.
PRODUCTION
ISM’s Production Index registered 53.4 percent in June. The II industries reporting growth in production during the month of June — listed in order — are: Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; Paper Products; Nonmetallic Mineral Products; Wood Products; Fabricated Metal Products; Primary Metals; Petroleum & Coal Products; Food, Beverage & Tobacco Products; and Computer & Electronic Products.

NEW ORDERS
ISM’s New Orders Index registered 51.9 percent in June. The II industries reporting growth in new orders in June — listed in order — are: Apparel, Leather & Allied Products; Paper Products; Furniture & Related Products; Primary Metals; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Plastics & Rubber Products; Machinery; Electrical Equipment, Appliances & Components; Fabricated Metal Products; and Miscellaneous Manufacturing.

EMPLOYMENT
ISM’s Employment Index registered 48.7 percent in June. This month’s reading indicates contraction in employment for the first time since September 2009, when the index registered 47.8 percent. Of the 18 manufacturing industries, eight reported growth in employment in June in the following order: Wood Products; Furniture & Related Products; Paper Products; Plastics & Rubber Products; Machinery; Electrical Equipment, Appliances & Components; Fabricated Metal Products; and Primary Metals.

SUPPLIER DELIVERIES
The delivery performance of suppliers to manufacturing organizations in June was unchanged from May as the Supplier Deliveries Index registered 50 percent. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries. Six industries reported slower supplier deliveries in June: Petroleum & Coal Products; Furniture & Related Products; Fabricated Metal Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Metals.

INVENTORIES
The Inventories Index registered 50.5 percent in June. This month’s reading indicates that respondents are reporting inventories expanded in June, following three consecutive months of contraction. The seven industries reporting higher inventories in June — listed in order — are: Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Primary Metals; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; and Machinery.

CUSTOMERS’ INVENTORIES
ISM’s Customers’ Inventories Index registered 45 percent in June. This month’s reading indicates that customers’ inventories are considered too low, and lower than reported in May. A reading below 50 percent indicates customers’ inventories are considered too low. The four manufacturing industries reporting customers’ inventories as being too high during the month of June are: Apparel, Leather & Allied Products; Primary Metals; Chemical Products; and Food, Beverage & Tobacco Products.

PRICES
The ISM Prices Index registered 52.5 percent in June. Of the 18 manufacturing industries, nine reported paying increased prices during the month of June in the following order: Textile Mills; Furniture & Related Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; Paper Products; Plastics & Rubber Products; Primary Metals; Food, Beverage & Tobacco Products; and Computer & Electronic Products.

BACKLOG OF ORDERS
ISM’s Backlog of Orders Index registered 46.5 percent in June. This is the second month of contracting order backlogs since January 2013, when the index registered 47.5 percent. The five industries reporting increased order backlogs in June are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; and Machinery.

NEW EXPORT ORDERS
ISM’s New Export Orders Index registered 54.5 percent in June, which is 3.5 percentage points higher than the 51 percent reported in May. The seven industries reporting growth in new export orders in June — listed in order — are: Primary Metals; Furniture & Related Products; Paper Products; Miscellaneous Manufacturing; Fabricated Metal Products; Machinery; and Transportation Equipment.

IMPORTS
ISM’s Imports Index registered 56 percent in June, which is 1.5 percentage points higher than the 54.5 percent reported in May. The 10 industries reporting growth in imports during the month of June — listed in order — are: Wood Products; Primary Metals; Fabricated Metal Products; Miscellaneous Manufacturing; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Machinery; Food, Beverage & Tobacco Products; and Furniture & Related Products.
Economic activity in the non-manufacturing sector grew in June for the 42nd consecutive month, say the nation’s purchasing and supply executives in the latest Non-Manufacturing ISM Report On Business®. The NMI™ registered 52.2 percent in June, 1.5 percentage points lower than the 53.7 percent registered in May. This indicates continued growth at a slightly slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index registered 51.7 percent, which is 4.8 percentage points lower than the 56.5 percent reported in May. The New Orders Index decreased by 5.2 percentage points to 50.8 percent, and the Employment Index increased 4.6 percentage points to 54.7 percent. Respondents’ comments are mixed about business conditions depending upon the industry and company. The majority indicate that growth has been slow and incremental; however, it is still better year over year.

The 14 non-manufacturing industries reporting growth in June — listed in order — are: Management of Companies & Support Services; Arts, Entertainment & Recreation; Transportation & Warehousing; Wholesale Trade; Retail Trade; Information; Accommodation & Food Services; Utilities; Real Estate, Rental & Leasing; Public Administration; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Construction; and Professional, Scientific & Technical Services.

The NMI™ registered 52.2 percent in June, indicating continued growth in the non-manufacturing sector for the 42nd consecutive month. This month’s reading reflects the lowest reading for the index since February 2010, when the index registered 51.7 percent. 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
ISM's Non-Manufacturing Business Activity Index in June registered 51.7 percent, 4.8 percentage points lower than the 56.5 percent registered in May. Eleven industries reported growth of business activity in June: Transportation & Warehousing; Management of Companies & Support Services; Utilities; Accommodation & Food Services; Wholesale Trade; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Retail Trade; Information; Professional, Scientific & Technical Services; and Finance & Insurance.

NEW ORDERS
ISM’s Non-Manufacturing New Orders Index registered 50.8 percent in June, a decrease of 5.2 percentage points from the 56 percent reported in May. The nine industries reporting growth of new orders in June — listed in order — are: Arts, Entertainment & Recreation; Transportation & Warehousing; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Wholesale Trade; Retail Trade; Utilities; Information; and Public Administration.

EMPLOYMENT
ISM’s Non-Manufacturing Employment Index registered 54.7 percent in June, which reflects an increase of 4.6 percentage points when compared to the 50.1 percent registered in May. The 10 industries reporting an increase in employment in June — listed in order — are: Management of Companies & Support Services; Transportation & Warehousing; Information; Public Administration; Wholesale Trade; Construction; Finance & Insurance; Arts, Entertainment & Recreation; Accommodation & Food Services; and Retail Trade.

SUPPLIER DELIVERIES
ISM’s Supplier Deliveries Index registered 51.5 percent in June. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries. The eight industries reporting slower deliveries in June — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Educational Services; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Wholesale Trade; Management of Companies & Support Services; Construction; and Professional, Scientific & Technical Services.

INVENTORIES
ISM’s Non-Manufacturing Inventories Index grew in June for the fifth consecutive month. The index registered 54.5 percent. The nine industries reporting an increase in inventories in June — listed in order — are: Mining; Agriculture, Forestry, Fishing & Hunting; Utilities; Information; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Transportation & Warehousing; Wholesale Trade; and Public Administration.

PRICES
ISM’s Non-Manufacturing Prices Index for June registered 52.5 percent. Eleven non-manufacturing industries reported an increase in prices paid during the month of June, in the following order: Educational Services; Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Retail Trade; Arts, Entertainment & Recreation; Health Care & Social Assistance; Real Estate, Rental & Leasing; Construction; Professional, Scientific & Technical Services; and Public Administration.

BACKLOG OF ORDERS
ISM’s Non-Manufacturing Backlog of Orders Index registered 52 percent in June, which is 0.5 percentage point higher than the 51.5 percent that was reported in May. The seven industries reporting an increase in order backlogs in June — listed in order — are: Real Estate, Rental & Leasing; Retail Trade; Information; Finance & Insurance; Construction; Professional, Scientific & Technical Services; and Management of Companies & Support Services.

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 for the month of June. The New Export Orders Index for June registered 47.5 percent. The four industries reporting an increase in new export orders in June are: Construction; Transportation & Warehousing; Arts, Entertainment & Recreation; and Management of Companies & Support Services.

IMPORTS
The ISM Non-Manufacturing Imports Index grew in June after a month of contraction. This month’s reading at 53.5 percent is 4 percentage points higher than the 49.5 percent reported in May. The five industries reporting an increase in imports for the month of June are: Arts, Entertainment & Recreation; Information; Finance & Insurance; Wholesale Trade; and Professional, Scientific & Technical Services.

INVENTORY SENTIMENT
The ISM Non-Manufacturing Inventory Sentiment Index in June registered 61.5 percent. The 10 industries reporting a feeling that their inventories are too high in June — listed in order — are: Mining; 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).