

**E**conomic activity in the manufacturing sector expanded in January for the eighth consecutive month, and the overall economy grew for the 56th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business®**.

The PMI® registered 51.3 percent, a decrease of 5.2 percentage points from December's seasonally adjusted reading of 56.5 percent. The New Orders Index registered 51.2 percent, a significant decrease of 13.2 percentage points from December's seasonally adjusted reading of 64.4 percent. The Production Index registered 54.8 percent, a decrease of 6.9 percentage points compared to December's seasonally adjusted reading of 61.7 percent. Inventories of raw materials decreased by 3 percentage points to 44 percent, its lowest reading since December 2012 when the Inventories Index registered 43 percent. A number of comments from the panel cite adverse weather conditions as a factor negatively impacting their businesses in January, while others reflect optimism and increasing volumes in the early stages of 2014.

Of the 18 manufacturing industries, 11 are reporting growth in January in the following order: Plastics & Rubber Products; Primary Metals; Textile Mills; Wood Products; Printing & Related Support Activities; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Machinery; Furniture & Related Products; and Food, Beverage & Tobacco Products. **ISM**

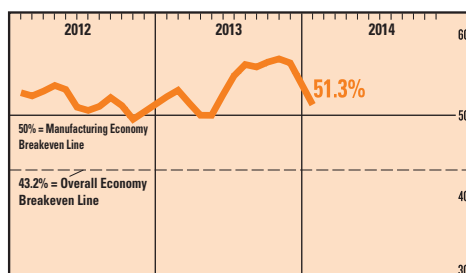
## PMI® at 51.3%

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

### Manufacturing at a Glance

INDEX	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
PMI®	51.3	56.5	-5.2	Growing	Slower	8
New Orders	51.2	64.4	-13.2	Growing	Slower	8
Production	54.8	61.7	-6.9	Growing	Slower	17
Employment	52.3	55.8	-3.5	Growing	Slower	7
Supplier Deliveries	54.3	53.7	+0.6	Slowing	Faster	8
Inventories	44.0	47.0	-3.0	Contracting	Faster	2
Customers' Inventories	44.0	47.5	-3.5	Too Low	Faster	26
Prices	60.5	53.5	+7.0	Increasing	Faster	6
Backlog of Orders	48.0	51.5	-3.5	Contracting	From Growing	1
Exports	54.5	55.0	-0.5	Growing	Slower	14
Imports	53.5	55.0	-1.5	Growing	Slower	12
<b>Overall Economy</b>				<b>Growing</b>	<b>Slower</b>	<b>56</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>8</b>

\*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 43.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the January PMI® indicates growth for the 56th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the eighth consecutive month. The past relationship between the PMI® and the overall economy indicates that the PMI® for January (51.3 percent) corresponds to a 2.7 percent increase in real gross domestic product (GDP) on an annualized basis.



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

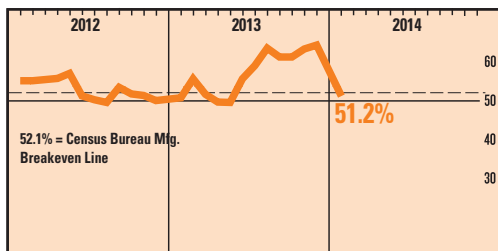
### Commodities Reported

**Commodities Up in Price:** Copper; Electrical Components; Natural Gas; Plastic Resins (2); Polypropylene Resins; Stainless Steel (2); Steel (2); Steel — Hot Rolled (3); and Wood (3).

**Commodities Down in Price:** Caustic Soda is the only commodity reported in short supply.

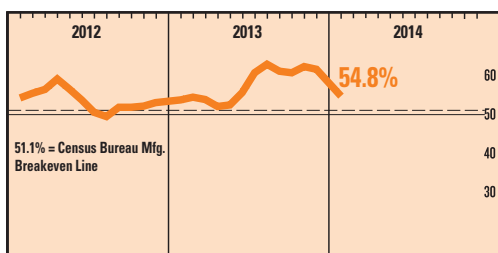
**Commodities in Short Supply:** No commodities are reported in short supply.

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



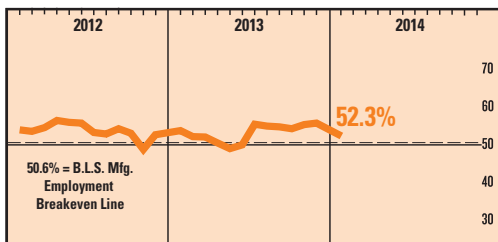
## New Orders

ISM's New Orders Index registered 51.2 percent in January, a significant decrease of 13.2 percentage points when compared to the December seasonally adjusted reading of 64.4 percent. The eight industries reporting growth in new orders in January — listed in order — are: Primary Metals; Electrical Equipment, Appliances & Components; Machinery; Transportation Equipment; Plastics & Rubber Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Chemical Products.



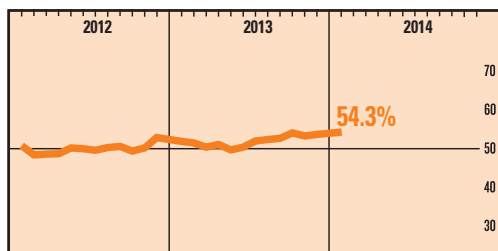
## Production

ISM's Production Index registered 54.8 percent in January, which is a decrease of 6.9 percentage points when compared to the seasonally adjusted 61.7 percent reported in December. The nine industries reporting growth in production during the month of January — listed in order — are: Apparel, Leather & Allied Products; Machinery; Plastics & Rubber Products; Primary Metals; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Paper Products.



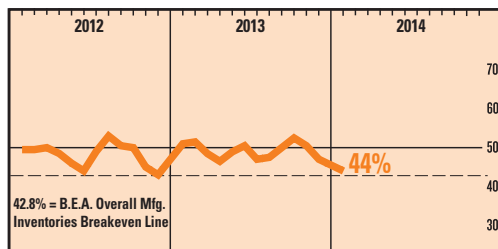
## Employment

ISM's Employment Index registered 52.3 percent in January, which is 3.5 percentage points lower than the seasonally adjusted 55.8 percent reported in December. Of the 18 manufacturing industries, 10 reported growth in employment in January in the following order: Textile Mills; Wood Products; Printing & Related Support Activities; Petroleum & Coal Products; Primary Metals; Furniture & Related Products; Machinery; Transportation Equipment; Fabricated Metal Products; and Food, Beverage & Tobacco Products.



## Supplier Deliveries

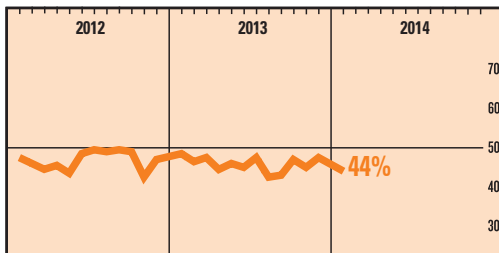
The Supplier Deliveries Index registered 54.3 percent. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries. The 10 industries reporting slower supplier deliveries in January — listed in order — are: Plastics & Rubber Products; Computer & Electronic Products; Paper Products; Primary Metals; Furniture & Related Products; Fabricated Metal Products; Machinery; Chemical Products; Transportation Equipment; and Electrical Equipment, Appliances & Components.



## Inventories

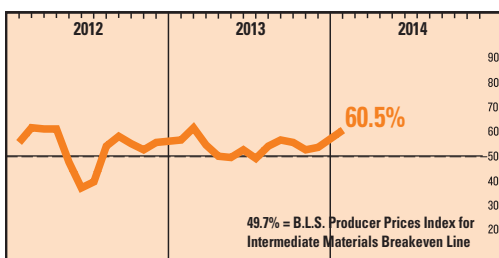
The Inventories Index registered 44 percent in January, which is 3 percentage points lower than the 47 percent reported in December. The five industries reporting higher inventories in January are: Wood Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; and Fabricated Metal Products.

<sup>4</sup>Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



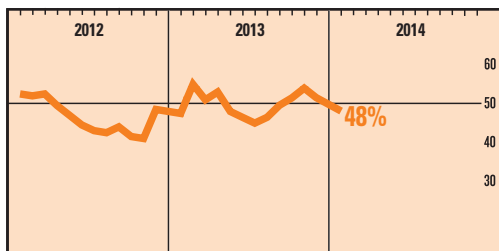
## Customers' Inventories

The ISM Customers' Inventories Index registered 44 percent in January, which is 3.5 percentage points lower than in December when the index registered 47.5 percent. A reading below 50 percent indicates customers' inventories are considered too low. The two manufacturing industries reporting customers' inventories as being too high during the month of January are: Fabricated Metal Products; and Chemical Products.



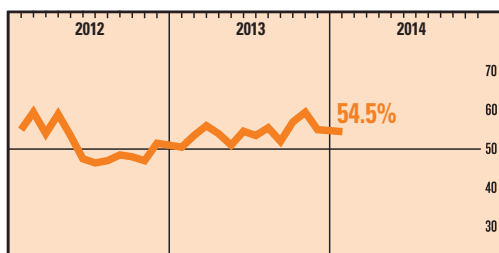
## Prices

The ISM Prices Index registered 60.5 percent in January. Of the 18 manufacturing industries, 12 reported paying increased prices during the month of January in the following order: Wood Products; Printing & Related Support Activities; Petroleum & Coal Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Machinery; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; and Food, Beverage & Tobacco Products.



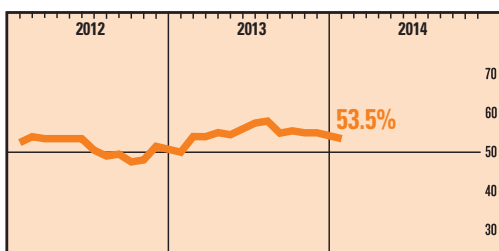
## Backlog of Orders

ISM's Backlog of Orders Index registered 48 percent in January, which is 3.5 percentage points lower than the 51.5 percent reported in December. The three industries reporting increased order backlogs in January are: Primary Metals; Machinery; and Fabricated Metal Products.



## New Export Orders

ISM's New Export Orders Index registered 54.5 percent in January, which is 0.5 percentage point lower than the 55 percent reported in December. The eight industries reporting growth in new export orders in January — listed in order — are: Apparel, Leather & Allied Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Fabricated Metal Products; Chemical Products; Machinery; and Miscellaneous Manufacturing<sup>‡</sup>.



## Imports

ISM's Imports Index registered 53.5 percent in January, which is 1.5 percentage points lower than the 55 percent reported in December. The nine industries reporting growth in imports during the month of January — listed in order — are: Textile Mills; Computer & Electronic Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Transportation Equipment; Machinery; Furniture & Related Products; and Miscellaneous Manufacturing<sup>‡</sup>.

<sup>‡</sup>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.

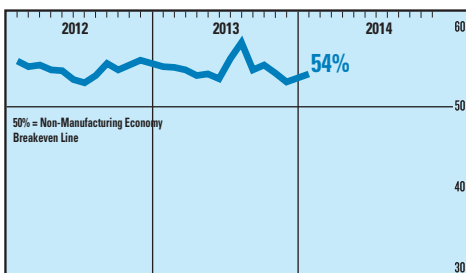
## NMI® at 54%

Business Activity Index at 56.3%; New Orders Index at 50.9%; Employment Index at 56.4%.

### Non-Manufacturing at a Glance

INDEX	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
NMI®	54.0	53.0	+1.0	Growing	Faster	48
Business Activity	56.3	54.3	+2.0	Growing	Faster	54
New Orders	50.9	50.4	+0.5	Growing	Faster	54
Employment	56.4	55.6	+0.8	Growing	Faster	25
Supplier Deliveries	52.5	51.5	+1.0	Slowing	Faster	3
Inventories	50.5	48.0	+2.5	Growing	From Contracting	1
Prices	57.1	54.7	+2.4	Increasing	Faster	52
Backlog of Orders	49.0	46.0	+3.0	Contracting	Slower	3
New Export Orders	49.0	51.5	-2.5	Contracting	From Growing	1
Imports	48.0	50.5	-2.5	Contracting	From Growing	1
Inventory Sentiment	63.0	57.5	+5.5	Too High	Faster	200

\*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 January, the NMI® registered 54 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.

Economic activity in the non-manufacturing sector grew in January 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 54 percent in January, 1 percentage point higher than the seasonally adjusted reading of 53 percent registered in December. The Non-Manufacturing Business Activity Index increased to 56.3 percent, which is 2 percentage points higher than the seasonally adjusted reading of 54.3 percent reported in December, reflecting growth for the 54th consecutive month and at a faster rate. The New Orders Index increased to 50.9 percent, 0.5 percentage point higher than the seasonally adjusted reading of 50.4 registered in December. The Employment Index increased 0.8 percentage point to 56.4 percent from the December seasonally adjusted reading of 55.6 percent and indicates growth in employment for the 25th consecutive month and at a faster rate.

The eleven non-manufacturing industries reporting growth in January — listed in order — are: Management of Companies & Support Services; Agriculture, Forestry, Fishing & Hunting; Other Services; Public Administration; Utilities; Professional, Scientific & Technical Services; Information; Wholesale Trade; Real Estate, Rental & Leasing; Retail Trade; and Finance & Insurance. **ISM**



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

### Commodities Reported

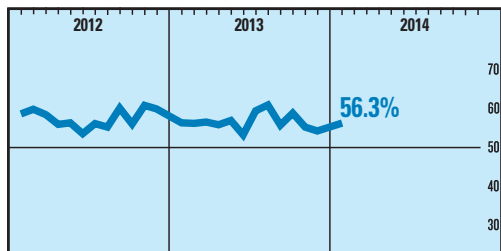
**Commodities Up in Price:** Aircraft Parts; Beef Items (2); Chemical Products; Copper; Copper Products; Dairy (2); #1 Diesel Fuel; #2 Diesel Fuel (2); Gasoline\* (2); Lumber — Pine, Plywood, Treated and Spruce; Produce; Propane; and Shrimp (2).

**Commodities Down in Price:** Chicken (2); Gasoline\* (5); and Labor.

**Commodities in Short Supply:** Helium; IT Consultants/Labor; Medical IV Solutions; and Shrimp (2).

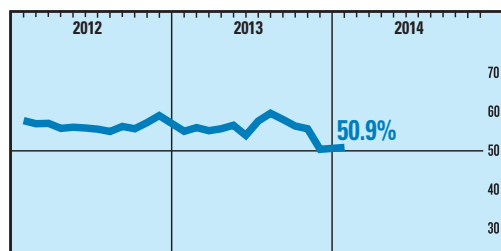
\*Reported as both up and down in price.

†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).



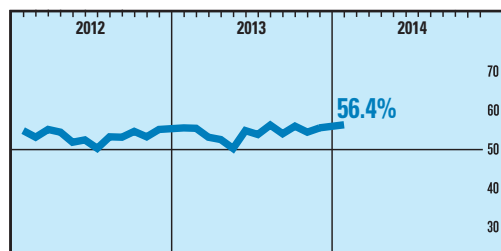
## Business Activity

ISM's Business Activity Index in January registered 56.3 percent, 2 percentage points higher than the seasonally adjusted reading of 54.3 percent registered in December. The 10 industries reporting growth of business activity in November – listed in order – are: Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Information; Public Administration; Finance & Insurance; Professional, Scientific & Technical Services; Other Services\*; Utilities; Wholesale Trade; and Construction.



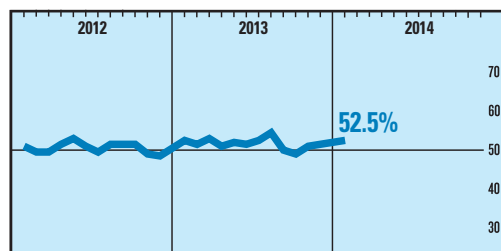
## New Orders

ISM's Non-Manufacturing New Orders Index grew in January for the 54th consecutive month. The eight industries reporting growth of new orders in January – listed in order – are: Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Public Administration; Information; Other Services\*; Utilities; Transportation & Warehousing; and Finance & Insurance.



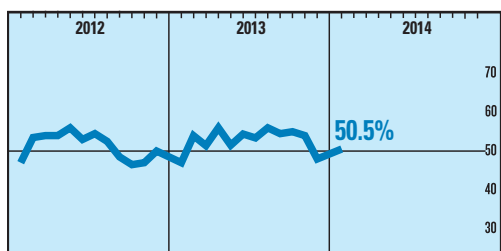
## Employment

ISM's Non-Manufacturing Employment Index registered 56.4 percent, which reflects an increase of 0.8 percentage point when compared to the seasonally adjusted reading of 55.6 percent registered in December. The six industries reporting an increase in employment in January – listed in order – are: Management of Companies & Support Services; Other Services\*; Retail Trade; Wholesale Trade; Professional, Scientific & Technical Services; and Public Administration.



## Supplier Deliveries

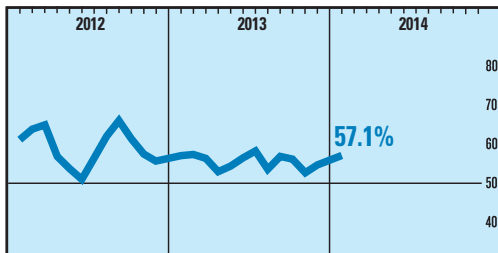
The Supplier Deliveries Index registered 52.5 percent in January, indicating that deliveries were slower after the December seasonally adjusted reading of 51.5 percent. The 11 industries reporting slower deliveries in January – listed in order – are: Utilities; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Information; Other Services\*; Health Care & Social Assistance; Retail Trade; Accommodation & Food Services; Wholesale Trade; Professional, Scientific & Technical Services; and Public Administration.



## Inventories

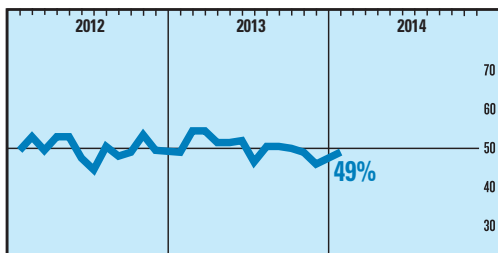
ISM's Non-Manufacturing Inventories Index grew in January after contracting. The index registered 50.5 percent, which is 2.5 percentage points higher than the 48 percent reported in December. The eight industries reporting an increase in inventories in January – listed in order – are: Mining; Agriculture, Forestry, Fishing & Hunting; Transportation & Warehousing; Wholesale Trade; Accommodation & Food Services; Finance & Insurance; Professional, Scientific & Technical 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).



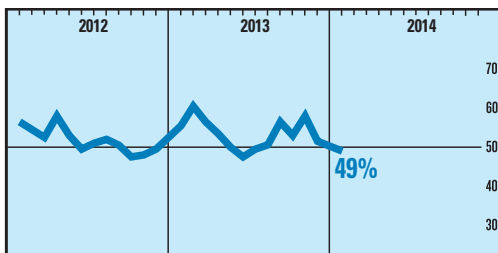
## Prices

ISM's Non-Manufacturing Prices Index for January registered 57.1 percent, 2.4 percentage points higher than the seasonally adjusted 54.7 percent reported in December. Fifteen non-manufacturing industries reported an increase in prices paid during the month of January, in the following order: Educational Services; Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; Wholesale Trade; Real Estate, Rental & Leasing; Utilities; Accommodation & Food Services; Professional, Scientific & Technical Services; Construction; Transportation & Warehousing; Other Services; Public Administration; Retail Trade; Finance & Insurance; and Health Care & Social Assistance.



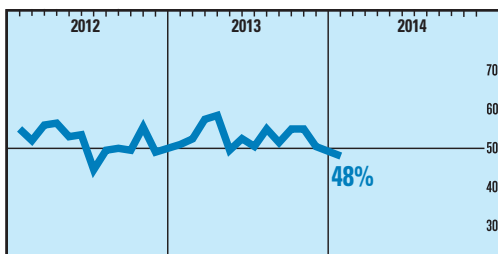
## Backlog of Orders

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



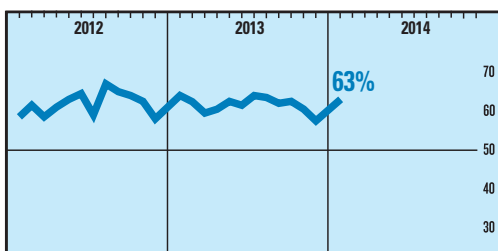
## New Export Orders

The New Export Orders Index for January registered 49 percent, which is 2.5 percentage points lower than the 51.5 percent reported in December. The three industries reporting an increase in new export orders in January are: Construction; Information; and Finance & Insurance.



## Imports

The ISM Non-Manufacturing Imports Index contracted in January after seven consecutive months of growth. This month's reading at 48 percent is 2.5 percentage points lower than the 50.5 percent that was reported in December. The three industries reporting an increase in imports for the month of January are: Agriculture, Forestry, Fishing & Hunting; Other Services<sup>†</sup>; and Information.



## Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in January registered 63 percent, which is 5.5 percentage points higher than the 57.5 percent reported in December. The 10 industries reporting a feeling that their inventories are too high in January — listed in order — are: Mining; Finance & Insurance; Public Administration; Professional, Scientific & Technical Services; Wholesale Trade; Utilities; Arts, Entertainment & Recreation; Accommodation & Food Services; Health Care & Social Assistance; and Information.

<sup>†</sup>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).