

FOR RELEASE: December 5, 2012

Contact: Rose Marie Goupil
ISM, ROB Media Relations
Tempe, Arizona
800/888-6276, Ext. 3015
E-mail: rgoupil@ism.ws

November 2012 Non-Manufacturing ISM *Report On Business*[®]

NMI[™] at 54.7%

DO NOT CONFUSE THIS NATIONAL REPORT with the various regional purchasing reports released across the country. The national report's information reflects the entire United States, while the regional reports contain primarily regional data from their local vicinities. Also, the information in the regional reports is not used in calculating the results of the national report. The information compiled in this report is for the month of November 2012.

Business Activity Index at 61.2%

New Orders Index at 58.1%

Employment Index at 50.3%

(Tempe, Arizona) — 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 report was issued today by Anthony Nieves, C.P.M., CFPM, chair of the Institute for Supply Management[™] Non-Manufacturing Business Survey Committee. "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 at a slightly faster rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index registered 61.2 percent, which is 5.8 percentage points higher than the 55.4 percent reported in October, reflecting growth for the 40th consecutive month. 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. According to the NMI[™], 11 non-manufacturing industries reported growth in November. Respondents'

comments are mixed; however, the majority of survey respondents reflect a cautious optimism about current economic conditions."

INDUSTRY PERFORMANCE

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. The six industries reporting contraction in November — listed in order — are: Mining; Educational Services; Management of Companies & Support Services; Transportation & Warehousing; Accommodation & Food Services; and Wholesale Trade.

WHAT RESPONDENTS ARE SAYING ...

- "Cautiously optimistic is the best way to describe customer sentiment. Revenue continues to remain well below last year, but seems to have finally reached a point of stability. Price pressures are beginning to ease and customer traffic is once again picking up." (Arts, Entertainment & Recreation)
- "We have experienced an estimated 25 percent [increase] in new job orders, and in new hires for services." (Professional, Scientific & Technical Services)
- "Some companies seemed slower to make hiring decisions and/or place new positions on hold due to uncertainty in the economy and political climate." (Management of Companies & Support Services)
- "Worries about global slowdown persist; however, the housing market appears to have hit its lows and is beginning to climb. This is good news for governmental tax base projections." (Public Administration)
- "Hurricane Sandy has impacted our business activity tremendously. This emergency should not be misconstrued as a positive increase in business as usual; we merely facilitated emergency equipment and supplies to be delivered to the affected areas and the emergency responders." (Wholesale Trade)
- "Sales continue to lag, but there are signs of improvement." (Retail Trade)

**ISM NON-MANUFACTURING SURVEY RESULTS AT A GLANCE
COMPARISON OF ISM NON-MANUFACTURING AND ISM MANUFACTURING
SURVEYS*
NOVEMBER 2012**

Index	Non-Manufacturing						Manufacturing		
	Series Index Nov	Series Index Oct	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Nov	Series Index Oct	Percent Point Change
NMI™/PMI™	54.7	54.2	+0.5	Growing	Faster	35	49.5	51.7	-2.2
Business Activity/Production	61.2	55.4	+5.8	Growing	Faster	40	53.7	52.4	+1.3
New Orders	58.1	54.8	+3.3	Growing	Faster	40	50.3	54.2	-3.9
Employment	50.3	54.9	-4.6	Growing	Slower	4	48.4	52.1	-3.7
Supplier Deliveries	49.0	51.5	-2.5	Faster	From Slower	1	50.3	49.6	+0.7
Inventories	47.0	46.5	+0.5	Contracting	Slower	3	45.0	50.0	-5.0
Prices	57.0	65.6	-8.6	Increasing	Slower	5	52.5	55.0	-2.5
Backlog of Orders	53.5	49.0	+4.5	Growing	From Contracting	1	41.0	41.5	-0.5
New Export Orders	48.0	47.5	+0.5	Contracting	Slower	2	47.0	48.0	-1.0
Imports	55.5	49.5	+6.0	Growing	From Contracting	1	48.0	47.5	+0.5
Inventory Sentiment	62.5	64.0	-1.5	Too High	Slower	186	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	42.5	49.0	-6.5

* **Non-Manufacturing ISM Report On Business®** data is seasonally adjusted for Business Activity, New Orders, Prices and Employment. **Manufacturing ISM Report On Business®** data is seasonally adjusted for New Orders, Production, Employment and Supplier Deliveries.

** Number of months moving in current direction.

COMMODITIES REPORTED UP / DOWN IN PRICE, and IN SHORT SUPPLY

Commodities Up in Price

Airfares; Corrugated Boxes/Products (2); Dairy (3); #1 Diesel Fuel (4); Fuel* (5); Gasoline* (11); 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.

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

*Reported as both up and down in price.

NOVEMBER 2012 NON-MANUFACTURING INDEX SUMMARIES

NMI™

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.

NMI™ HISTORY

<i>Month</i>	<i>NMI™</i>	<i>Month</i>	<i>NMI™</i>
Nov 2012	54.7	May 2012	53.7
Oct 2012	54.2	Apr 2012	53.5
Sep 2012	55.1	Mar 2012	56.0
Aug 2012	53.7	Feb 2012	57.3
Jul 2012	52.6	Jan 2012	56.8
Jun 2012	52.1	Dec 2011	53.0
Average for 12 months – 54.4 High – 57.3 Low – 52.1			

Business Activity

ISM's Non-Manufacturing Business Activity Index in November registered 61.2 percent, 5.8 percentage points higher than the 55.4 percent registered in October. Thirteen industries reported increased business activity, and two industries reported decreased activity for the month of November. Comments from respondents include: "Improved economic conditions and seasonal opportunities" and "New orders increasing for year-end."

The 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. The industries reporting decreased business activity in November are: Educational Services; and Management of Companies & Support Services.

Business Activity	% Higher	% Same	% Lower	Index
Nov 2012	31	55	14	61.2
Oct 2012	27	55	18	55.4
Sep 2012	30	59	11	59.9
Aug 2012	25	56	19	55.6

New Orders

ISM's Non-Manufacturing New Orders Index grew in November for the 40th consecutive month. The index registered 58.1 percent, an increase of 3.3 percentage points from the 54.8 percent reported in October. Comments from respondents include: "Increased proposal activity" and "Customer schedules are picking up."

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. The four industries reporting contraction of new orders in November are: Accommodation & Food Services; Other Services; Educational Services; and Management of Companies & Support Services.

New Orders	% Higher	% Same	% Lower	Index
Nov 2012	28	59	13	58.1
Oct 2012	29	49	22	54.8
Sept 2012	24	65	11	57.7
Aug 2012	22	60	18	53.7

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. Seven industries reported increased employment, 10 industries reported decreased employment, and one industry reported unchanged employment compared to October. Comments from respondents include: "We are beginning to create and hire a few more positions" and "Attrition continues to be part of our cost containment strategy."

The 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. The industries reporting a reduction in employment in November — listed in order — are: Arts, Entertainment & Recreation; Mining; Management of Companies & Support Services; Professional, Scientific & Technical Services; Accommodation & Food Services; Educational Services; Utilities; Health Care & Social Assistance; Transportation & Warehousing; and Information.

Employment	% Higher	% Same	% Lower	Index
Nov 2012	18	62	20	50.3
Oct 2012	19	63	18	54.9
Sep 2012	22	55	23	51.1
Aug 2012	22	60	18	53.8

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. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster 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. The six industries reporting faster supplier deliveries in November — listed in order — are: Construction; Mining; Wholesale Trade; Transportation & Warehousing; Finance & Insurance; and Public Administration.

Supplier Deliveries	% Slower	% Same	% Faster	Index
Nov 2012	5	88	7	49.0
Oct 2012	8	87	5	51.5
Sep 2012	8	87	5	51.5
Aug 2012	10	83	7	51.5

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. Of the total respondents in October, 32 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Right-sizing inventory levels" and "Reducing to prepare for winter."

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. The four industries reporting decreases in inventories in November are: Wholesale Trade; Health Care & Social Assistance; Information; and Finance & Insurance. Six industries reported no change in inventories in November compared to October.

Inventories	% Higher	% Same	% Lower	Index
Nov 2012	11	72	17	47.0
Oct 2012	12	69	19	46.5
Sep 2012	15	67	18	48.5
Aug 2012	22	61	17	52.5

Prices

Prices paid by non-manufacturing organizations for purchased materials and services increased in November for the fifth consecutive month. ISM's Non-Manufacturing Prices Index for November registered 57 percent, 8.6 percentage points lower than the 65.6 percent reported in October. In November, the percentage of respondents reporting higher prices is 18 percent, the percentage indicating no change in prices paid is 72 percent, and 10 percent of the respondents reported lower prices.

Eleven non-manufacturing industries reported an increase in prices paid during the month of November, in the following order: 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. The four industries reporting a decrease in prices paid during November are: Transportation & Warehousing; Construction; Health Care & Social Assistance; and Public Administration.

Prices	% Higher	% Same	% Lower	Index
Nov 2012	18	72	10	57.0
Oct 2012	25	68	7	65.6
Sep 2012	28	71	1	68.1
Aug 2012	28	65	7	64.3

Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index grew in November after two consecutive months of contraction. The index registered 53.5 percent, which is 4.5 percentage points higher than the 49 percent reported in October. Of the total respondents in November, 43 percent indicated they do not measure backlog of orders.

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. The only industry reporting lower backlog of orders in November is Other Services. Eight industries reported no change in order backlogs in November compared to October.

Backlog of Orders	% Higher	% Same	% Lower	Index
Nov 2012	17	73	10	53.5
Oct 2012	15	68	17	49.0
Sep 2012	14	68	18	48.0
Aug 2012	16	69	15	50.5

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, which is 0.5 percentage point higher than the 47.5 percent reported in October. Of the total respondents in October, 66 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The three industries reporting an increase in new export orders in November are: Information; Public Administration; and Finance & Insurance. The five industries reporting a decrease in export orders in November are: Transportation & Warehousing; Wholesale Trade; Construction; Accommodation & Food Services; and Professional, Scientific & Technical Services. Eight industries reported no change in export orders in November compared to October.

New Export Orders	% Higher	% Same	% Lower	Index
Nov 2012	13	70	17	48.0
Oct 2012	11	73	16	47.5
Sep 2012	15	71	14	50.5
Aug 2012	20	64	16	52.0

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. Sixty-two percent of respondents reported that they do not use, or do not track, the use of imported materials.

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. The two industries reporting a decrease in imports for the month of November are: Accommodation & Food Services; and Wholesale Trade. Ten industries reported no change in imports for the month of November compared to October.

Imports	% Higher	% Same	% Lower	Index
Nov 2012	18	75	7	55.5
Oct 2012	9	81	10	49.5
Sep 2012	9	82	9	50.0
Aug 2012	8	83	9	49.5

Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in November registered 62.5 percent, which is 1.5 percentage points lower than the 64 percent reported in October. This indicates that respondents believe their inventories are still too high at this time. In November, 29 percent of respondents said their inventories were too high, 4 percent said their inventories were too low, and 67 percent said their inventories were about right.

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. The only industry reporting that its inventories are too low in November is Construction.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Nov 2012	29	67	4	62.5
Oct 2012	31	66	3	64.0
Sep 2012	31	68	1	65.0
Aug 2012	35	64	1	67.0

About this Report

The data presented herein is obtained from a survey of non-manufacturing supply managers based on information they have collected within their respective organizations. ISM makes no representation, other than that stated within this release, regarding the individual company data collection procedures. Use of the data is in the public domain and should be compared to all other economic data sources when used in decision-making.

Data and Method of Presentation

The **Non-Manufacturing ISM Report On Business**[®] is based on data compiled from purchasing and supply executives nationwide. Membership of the Non-Manufacturing Business Survey Committee is diversified by NAICS, based on each industry's contribution to gross domestic product (GDP). The Non-Manufacturing Business Survey Committee responses are divided into the following NAICS code categories: Agriculture, Forestry, Fishing & Hunting; Mining; Utilities; Construction; Wholesale Trade; Retail Trade; Transportation & Warehousing; Information; Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Educational Services; Health Care & Social Assistance; Arts, Entertainment & Recreation; Accommodation & Food Services; Public Administration; and 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).

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries), this report shows the percentage reporting each response, and the diffusion index. Responses represent raw data and are never changed. Data is seasonally adjusted for Business Activity, New Orders, Prices and Employment. All seasonal adjustment factors are supplied by the U.S. Department of Commerce and are subject annually to relatively minor changes when conditions warrant them. The remaining indexes have not indicated significant seasonality.

The NMI™ (Non-Manufacturing Index) is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Supplier Deliveries is an exception. A Supplier Deliveries Index above 50 percent indicates slower deliveries and below 50 percent indicates faster deliveries.

The **Non-Manufacturing ISM Report On Business**® surveys are sent out to Non-Manufacturing Business Survey Committee respondents the first part of each month. Respondents are asked to ONLY report on information for the current month. ISM receives survey responses throughout most of any given month, with the majority of respondents generally waiting until late in the month to submit responses in order to give the most accurate picture of current business activity. ISM then compiles the reports for release on the third business day of the following month.

The industries reporting growth, as indicated in the **Non-Manufacturing ISM Report On Business**® monthly reports, are listed in the order of most growth to least growth. For the industries reporting contraction or decreases, those are listed in the order of the highest level of contraction/decrease to the least level of contraction/decrease.

The **Non-Manufacturing ISM Report On Business**® is published monthly by the Institute for Supply Management™, the first supply institute in the world. Founded in 1915, ISM exists to lead and serve the supply management profession and is a highly influential and respected association in the global marketplace. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities and education.

The full text version of the **Non-Manufacturing ISM Report On Business**® is posted on ISM's Web site at www.ism.ws on the third business day of every month after 10:10 a.m. (ET).

The next **Non-Manufacturing ISM *Report On Business***[®] featuring the December 2012 data will be released at 10:00 a.m. (ET) on Friday, January 4, 2013.