

FOR RELEASE: May 1, 2013

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

April 2013 Manufacturing ISM Report On Business[®]

PMI[™] at 50.7%

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 April 2013.

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

(Tempe, Arizona) — Economic activity in the **manufacturing sector** expanded in April for the fifth consecutive month, and the **overall economy** grew for the 47th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM Report On Business[®]**.

The report was issued today by Bradley J. Holcomb, CPSM, CPSD, chair of the Institute for Supply Management[™] Manufacturing Business Survey Committee. "The PMI[™] registered 50.7 percent, a decrease of 0.6 percentage point from March's reading of 51.3 percent, indicating expansion in manufacturing for the fifth consecutive month, but at the lowest rate of the year. The New Orders Index increased in April by 0.9 percentage point to 52.3 percent, and the Production Index increased by 1.3 percentage points to 53.5 percent. The Employment Index registered 50.2 percent, a decrease of 4 percentage points compared to March's reading of 54.2 percent. The Prices Index registered 50 percent, decreasing 4.5 percentage points from March, indicating that overall raw materials prices remained unchanged from last month. Comments from the panel indicate a range of strong/steady growth, to flat/declining volumes, depending upon the particular industry."

Of the 18 manufacturing industries, 14 are reporting growth in April in the following order: Furniture & Related Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Apparel, Leather & Allied Products; Fabricated Metal Products; Paper Products; Machinery; Nonmetallic Mineral Products; Primary Metals; Miscellaneous Manufacturing; Petroleum & Coal Products; Plastics & Rubber Products; Transportation Equipment; and Computer & Electronic Products. The three industries reporting contraction in April are: Wood Products; Food, Beverage & Tobacco Products; and Chemical Products.

WHAT RESPONDENTS ARE SAYING ...

- "Business can be described as flat at best." (Food, Beverage & Tobacco Products)
- "Production is still strong; several new projects to support alternative energy." (Primary Metals)
- "Slight uptick in business, but overall continuing slowdown in defense due to budget/sequester." (Computer & Electronic Products)
- "We have concerns about safety of doing business in South Korea. Our largest customer and part owner is in South Korea." (Electrical Equipment, Appliances & Components)
- "Automotive demand remains firm." (Fabricated Metal Products)
- "Business continues at a steady pace." (Machinery)
- "General business conditions and industrial markets remain strong." (Transportation Equipment)
- "Seasonal pick-up underway in the office furniture industry." (Furniture & Related Products)
- "Market has slowed this month — weather in some parts of the country, also customers built inventory in anticipation of building increase, but the economy is still slow to pick up this spring." (Wood Products)
- "Overall, volume is steady or slightly declining. Q1 sales volume is lower than projected." (Chemical Products)

**MANUFACTURING AT A GLANCE
APRIL 2013**

Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI™	50.7	51.3	-0.6	Growing	Slower	5
New Orders	52.3	51.4	+0.9	Growing	Faster	4
Production	53.5	52.2	+1.3	Growing	Faster	8
Employment	50.2	54.2	-4.0	Growing	Slower	43
Supplier Deliveries	50.9	49.4	+1.5	Slowing	From Faster	1
Inventories	46.5	49.5	-3.0	Contracting	Faster	2
Customers' Inventories	44.5	47.5	-3.0	Too Low	Faster	17
Prices	50.0	54.5	-4.5	Unchanged	From Increasing	1
Backlog of Orders	53.0	51.0	+2.0	Growing	Faster	3
Exports	54.0	56.0	-2.0	Growing	Slower	5
Imports	55.0	54.0	+1.0	Growing	Faster	3
OVERALL ECONOMY				Growing	Slower	47
Manufacturing Sector				Growing	Slower	5

*Number of months moving in current direction.

COMMODITIES REPORTED UP/DOWN IN PRICE and IN SHORT SUPPLY

Commodities Up in Price

Caustic Soda; Corrugated Boxes (9); HDPE (4); Lumber (4); Natural Gas; Plastic Resins (3); and Polypropylene (6).

Commodities Down in Price

Aluminum; Steel; and Steel — Cold Rolled.

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.

APRIL 2013 MANUFACTURING INDEX SUMMARIES

PMI™

Manufacturing expanded in April as the PMI™ registered 50.7 percent, a decrease of 0.6 percentage point when compared to March's reading of 51.3 percent. This month's reading reflects the fifth consecutive month of growth in the manufacturing sector. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

A PMI™ in excess of 42.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the April PMI™ indicates growth for the 47th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the fifth consecutive month. Holcomb stated, "The past relationship between the PMI™ and the overall economy indicates that the average PMI™ for January through April (52.3 percent) corresponds to a 3.2 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI™ for April (50.7 percent) is annualized, it corresponds to a 2.7 percent increase in real GDP annually."

THE LAST 12 MONTHS

<i>Month</i>	<i>PMI™</i>	<i>Month</i>	<i>PMI™</i>
Apr 2013	50.7	Oct 2012	51.7
Mar 2013	51.3	Sep 2012	51.6
Feb 2013	54.2	Aug 2012	50.7
Jan 2013	53.1	Jul 2012	50.5
Dec 2012	50.2	Jun 2012	50.2
Nov 2012	49.9	May 2012	52.5
Average for 12 months – 51.4 High – 54.2 Low – 49.9			

New Orders

ISM's New Orders Index registered 52.3 percent in April, an increase of 0.9 percentage point when compared to the March reading of 51.4 percent. This represents growth in new orders for the fourth consecutive month. A New Orders Index above 52.2 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

The 10 industries reporting growth in new orders in April — listed in order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Furniture & Related Products; Transportation Equipment; Fabricated Metal Products; Paper Products; Machinery; Chemical Products; Electrical Equipment, Appliances & Components; and Computer & Electronic Products. The three industries reporting a decrease in new orders during April are: Wood Products; Primary Metals; and Food, Beverage & Tobacco Products.

New Orders	% Better	% Same	% Worse	Net	Index
Apr 2013	34	46	20	+14	52.3
Mar 2013	31	52	17	+14	51.4
Feb 2013	37	47	16	+21	57.8
Jan 2013	28	51	21	+7	53.3

Production

ISM's Production Index registered 53.5 percent in April, which is an increase of 1.3 percentage points when compared to the 52.2 percent reported in March. This indicates growth in production for the eighth consecutive month. An index above 51.2 percent, over time, is generally consistent with an increase in the Federal Reserve Board's Industrial Production figures.

The 12 industries reporting growth in production during the month of April — listed in order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Furniture & Related Products; Electrical Equipment, Appliances & Components; Primary Metals; Fabricated Metal Products; Machinery; Paper Products; Transportation Equipment; Chemical Products; Miscellaneous Manufacturing; and Computer & Electronic Products. The two industries reporting a decrease in production in April are: Plastics & Rubber Products; and Wood Products.

Production	% Better	% Same	% Worse	Net	Index
Apr 2013	33	53	14	+19	53.5
Mar 2013	33	51	16	+17	52.2
Feb 2013	36	49	15	+21	57.6
Jan 2013	25	56	19	+6	53.6

Employment

ISM's Employment Index registered 50.2 percent in April, which is 4 percentage points lower than the 54.2 percent reported in March. This month's reading indicates growth in employment for the 43rd consecutive month, but at a slower rate. An Employment Index above 50.5 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

Of the 18 manufacturing industries, 12 reported growth in employment in April in the following order: Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Furniture & Related Products; Fabricated Metal Products; Petroleum & Coal Products; Plastics & Rubber Products; Primary Metals; Machinery; Miscellaneous Manufacturing; Paper Products; and Food, Beverage & Tobacco Products. The four industries reporting a decrease in employment in April are: Wood Products; Transportation Equipment; Computer & Electronic Products; and Chemical Products.

Employment	% Higher	% Same	% Lower	Net	Index
Apr 2013	26	57	17	+9	50.2
Mar 2013	24	60	16	+8	54.2
Feb 2013	21	65	14	+7	52.6
Jan 2013	17	71	12	+5	54.0

Supplier Deliveries

The delivery performance of suppliers to manufacturing organizations was slower in April as the Supplier Deliveries Index registered 50.9 percent, which is 1.5 percentage points higher than the 49.4 percent reported in March. This indicates the third month of slower supplier deliveries in 2013, but follows one month of faster deliveries in March. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

The six industries reporting slower supplier deliveries in April — listed in order — are: Electrical Equipment, Appliances & Components; Furniture & Related Products; Primary Metals; Miscellaneous Manufacturing; Fabricated Metal Products; and Computer & Electronic Products. The two industries reporting faster supplier deliveries in April are: Food, Beverage & Tobacco Products; and Chemical Products. Nine industries reported no change in supplier deliveries in April compared to March.

Supplier Deliveries	% Slower	% Same	% Faster	Net	Index
Apr 2013	12	81	7	+5	50.9
Mar 2013	11	82	7	+4	49.4
Feb 2013	9	84	7	+2	51.4
Jan 2013	10	85	5	+5	53.6

Inventories*

The Inventories Index registered 46.5 percent in April, which is 3 percentage points lower than the 49.5 percent reported in March. This month's reading indicates that respondents are reporting inventories are contracting in April for the second consecutive month, and at a faster rate than in March. An Inventories Index greater than 42.7 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis' (BEA) figures on overall manufacturing inventories (in chained 2000 dollars).

The seven industries reporting higher inventories in April — listed in order — are: Wood Products; Plastics & Rubber Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Paper Products; Machinery; and Computer & Electronic Products. The seven industries reporting decreases in inventories in April — listed in order — are: Apparel, Leather & Allied Products; Primary Metals; Transportation Equipment; Chemical Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing.

Inventories	% Higher	% Same	% Lower	Net	Index
Apr 2013	18	57	25	-7	46.5
Mar 2013	20	59	21	-1	49.5
Feb 2013	22	59	19	+3	51.5
Jan 2013	20	62	18	+2	51.0

Customers' Inventories*

The ISM Customers' Inventories Index registered 44.5 percent in April, which is 3 percentage points lower than in March when the index registered 47.5 percent. This month's reading indicates that customers' inventories are considered too low, and lower than reported in March. Customers' inventories have registered at or below 50 percent for 49 consecutive months. 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 April are: Food, Beverage & Tobacco Products; and Chemical Products. The 10 industries reporting customers' inventories as too low during April — listed in order — are: Plastics & Rubber Products; Wood Products; Furniture & Related Products; Computer & Electronic Products; Primary Metals; Transportation Equipment; Fabricated Metal Products; Paper Products; Miscellaneous Manufacturing; and Electrical Equipment, Appliances & Components.

Customers' Inventories	% Reporting	%Too High	%About Right	%Too Low	Net	Index
Apr 2013	71	11	67	22	-11	44.5
Mar 2013	75	14	67	19	-5	47.5
Feb 2013	69	11	71	18	-7	46.5
Jan 2013	71	14	69	17	-3	48.5

Prices*

The ISM Prices Index remained unchanged at 50 percent in April, which is a decrease of 4.5 percentage points compared to the March reading of 54.5 percent. The Prices Index has decreased by 11.5 percentage points in the last two months. In April, 15 percent of respondents reported paying higher prices, 15 percent reported paying lower prices, and 70 percent of supply executives reported paying the same prices as in March. A Prices Index above 49.7 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Index of Manufacturers Prices.

Of the 18 manufacturing industries, six reported paying increased prices during the month of April in the following order: Furniture & Related Products; Paper Products; Petroleum & Coal Products; Wood Products; Plastics & Rubber Products; and Chemical Products. The seven industries reporting paying lower prices during April — listed in order — are: Transportation Equipment; Computer & Electronic Products; Primary Metals; Machinery; Food, Beverage & Tobacco Products; Fabricated Metal Products; and Miscellaneous Manufacturing.

Prices	% Higher	% Same	% Lower	Net	Index
Apr 2013	15	70	15	0	50.0
Mar 2013	21	67	12	+9	54.5
Feb 2013	31	61	8	+23	61.5
Jan 2013	23	67	10	+13	56.5

Backlog of Orders*

ISM's Backlog of Orders Index registered 53 percent in April, which is 2 percentage points higher than the 51 percent reported in March. This is the third consecutive month of growth in order backlogs, following 10 consecutive months of contraction. Of the 85 percent of respondents who reported their backlog of orders, 25 percent reported greater backlogs, 19 percent reported smaller backlogs, and 56 percent reported no change from March.

The eight industries reporting increased order backlogs in April — listed in order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Furniture & Related Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Paper Products; Chemical Products; and Transportation Equipment. The six industries reporting decreases in order backlogs during April — listed in order — are: Machinery; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Computer & Electronic Products; and Wood Products.

Backlog of Orders	% Reporting	% Greater	% Same	% Less	Net	Index
Apr 2013	85	25	56	19	+6	53.0
Mar 2013	85	22	58	20	+2	51.0
Feb 2013	83	26	58	16	+10	55.0
Jan 2013	85	20	55	25	-5	47.5

New Export Orders*

ISM's New Export Orders Index registered 54 percent in April, which is 2 percentage points lower than the 56 percent reported in March. This month's reading represents the fifth consecutive month of growth in new export orders, and follows six months of contraction dating back to June 2012.

The seven industries reporting growth in new export orders in April — listed in order — are: Apparel, Leather & Allied Products; Wood Products; Furniture & Related Products; Fabricated Metal Products; Chemical Products; Paper

Products; and Transportation Equipment. The three industries reporting a decrease in new export orders during April are: Primary Metals; Computer & Electronic Products; and Miscellaneous Manufacturing. Seven industries reported no change in new export orders in April compared to March.

New Export Orders	% Reporting	% Higher	% Same	% Lower	Net	Index
Apr 2013	75	18	72	10	+8	54.0
Mar 2013	77	22	68	10	+12	56.0
Feb 2013	73	16	75	9	+7	53.5
Jan 2013	72	12	77	11	+1	50.5

Imports*

ISM's Imports Index registered 55 percent in April, which is 1 percentage point higher than the 54 percent reported in March. This month's reading represents the fifth consecutive month that the Imports Index has registered at or above 50 percent.

The eight industries reporting growth in imports during the month of April — listed in order — are: Printing & Related Support Activities; Primary Metals; Furniture & Related Products; Fabricated Metal Products; Transportation Equipment; Computer & Electronic Products; Machinery; and Miscellaneous Manufacturing. The four industries reporting a decrease in imports during April are: Petroleum & Coal Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; and Chemical Products.

Imports	% Reporting	% Higher	% Same	% Lower	Net	Index
Apr 2013	76	19	72	9	+10	55.0
Mar 2013	77	18	72	10	+8	54.0
Feb 2013	75	20	68	12	+8	54.0
Jan 2013	75	13	74	13	0	50.0

* The Inventories, Customers' Inventories, Prices, Backlog of Orders, New Export Orders and Imports Indexes do not meet the accepted criteria for seasonal adjustments.

Buying Policy

Average commitment lead time for Capital Expenditures increased 8 days to 122 days. Average lead time for Production Materials increased 1 day to 58 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies remained the same at 26 days.

Percent Reporting							
Capital Expenditures	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Apr 2013	26	4	13	16	28	13	122
Mar 2013	28	7	9	19	25	12	114
Feb 2013	28	10	9	18	22	13	112
Jan 2013	27	7	12	14	26	14	120
Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Apr 2013	18	30	33	13	3	3	58
Mar 2013	17	37	26	13	4	3	57
Feb 2013	17	35	27	14	5	2	56
Jan 2013	16	35	26	16	4	3	59
MRO Supplies	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Apr 2013	43	40	13	4	0	0	26
Mar 2013	44	39	13	3	1	0	26
Feb 2013	47	38	10	4	1	0	25
Jan 2013	44	39	12	4	0	1	28

About this Report

The data presented herein is obtained from a survey of 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 **Manufacturing ISM Report On Business**[®] is based on data compiled from purchasing and supply executives nationwide. Membership of the Manufacturing Business Survey Committee is diversified by NAICS, based on each industry's contribution to gross domestic product (GDP). Manufacturing Business Survey Committee responses are divided into the following NAICS code categories: Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), this report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction (higher, better and slower for Supplier Deliveries) and the negative economic direction (lower, worse and faster for Supplier Deliveries), and the diffusion index. Responses are raw data and are never changed. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive).

The resulting single index number for those meeting the criteria for seasonal adjustments (PMI[™], New Orders, Production, Employment and Supplier Deliveries) is then seasonally adjusted to allow for the effects of repetitive intra-year variations resulting primarily from normal differences in weather conditions, various institutional arrangements, and differences attributable to non-moveable holidays. 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 PMI[™] is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries (seasonally adjusted), and Inventories.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A PMI[™] reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A PMI[™] in excess of 42.2 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.2 percent, it is generally declining. The distance from 50 percent or 42.2 percent is indicative of the strength of the expansion or decline. With some of the indicators within this report, ISM has

indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The **Manufacturing ISM Report On Business**[®] surveys are sent out to 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 first business day of the following month.

The industries reporting growth, as indicated in the **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.

Responses to Buying Policy reflect the percent reporting the current month's lead time, the approximate weighted number of days ahead for which commitments are made for Production Materials; Capital Expenditures; and Maintenance, Repair and Operating (MRO) Supplies, expressed as hand-to-mouth (five days), 30 days, 60 days, 90 days, six months (180 days), a year or more (360 days), and the weighted average number of days. These responses are raw data, never revised, and not seasonally adjusted since there is no significant seasonal pattern.

The **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 enhance the value and performance of procurement and supply chain management practitioners and their organizations worldwide. This report has been issued by the association since 1931, except for a four-year interruption during World War II.

The full text version of the **Manufacturing ISM Report On Business**[®] is posted on ISM's website at www.ism.ws on the first business day of every month after 10:10 a.m. (ET).

The next **Manufacturing ISM Report On Business**[®] featuring the May 2013 data will be released at 10:00 a.m. (ET) on Monday, June 3, 2013.