

FOR RELEASE: September 5, 2013

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

August 2013 Non-Manufacturing ISM Report On Business[®]

NMI™ at 58.6%

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 August 2013.

Due to a system error, an incorrect seasonal adjustment factor was applied to the June indexes. This report reflects the corrected June indexes.

Business Activity Index at 62.2%

New Orders Index at 60.5%

Employment Index at 57%

(Tempe, Arizona) — Economic activity in the **non-manufacturing sector** grew in August for the 44th 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 58.6 percent in August, 2.6 percentage points higher than the 56 percent registered in July. This indicates continued growth at a faster rate in the non-manufacturing sector. This month's NMI™ is the highest reading for the index since its inception in January 2008. The Non-Manufacturing Business Activity Index increased to 62.2 percent, which is 1.8 percentage points higher than the 60.4 percent reported in July, reflecting growth for the 49th consecutive month. The New Orders Index increased by 2.8 percentage points to 60.5 percent, and the Employment Index increased 3.8 percentage points to 57 percent,

indicating growth in employment for the 13th consecutive month. The Prices Index decreased 6.7 percentage points to 53.4 percent, indicating prices increased at a significantly slower rate in August when compared to July. According to the NMI™, 16 non-manufacturing industries reported growth in August. The majority of respondents' comments continue to be mostly positive about business conditions and the direction of the overall economy."

INDUSTRY PERFORMANCE

The 16 non-manufacturing industries reporting growth in August — listed in order — are: Educational Services; Management of Companies & Support Services; Information; Accommodation & Food Services; Public Administration; Construction; Finance & Insurance; Professional, Scientific & Technical Services; Retail Trade; Utilities; Transportation & Warehousing; Real Estate, Rental & Leasing; Agriculture, Forestry, Fishing & Hunting; Other Services; Wholesale Trade; and Health Care & Social Assistance. The two industries reporting contraction in August are: Mining; and Arts, Entertainment & Recreation.

WHAT RESPONDENTS ARE SAYING ...

- "High demand for products is driving expansion." (Management of Companies & Support Services)
- "We continue to see growth in the retail and wholesale sectors of our business, and expect to see new orders for our products continue to grow as well." (Information)
- "We seem to have a flurry of activity in our pipeline." (Construction)
- "Business orders are up and improving. Still concerned about sustainability through Q4." (Professional, Scientific & Technical Services)
- "Experiencing a strong housing rebound and continued solid performance by the tourism sector." (Public Administration)
- "Conditions continue to show improvement." (Retail Trade)
- "Generally slow, increasing economy." (Transportation & Warehousing)

**ISM NON-MANUFACTURING SURVEY RESULTS AT A GLANCE
COMPARISON OF ISM NON-MANUFACTURING AND ISM MANUFACTURING
SURVEYS*
AUGUST 2013**

	Non-Manufacturing						Manufacturing		
Index	Series Index Aug	Series Index Jul	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Aug	Series Index Jul	Percent Point Change
NMI™/PMI™	58.6	56.0	+2.6	Growing	Faster	44	55.7	55.4	+0.3
Business Activity/Production	62.2	60.4	+1.8	Growing	Faster	49	62.4	65.0	-2.6
New Orders	60.5	57.7	+2.8	Growing	Faster	49	63.2	58.3	+4.9
Employment	57.0	53.2	+3.8	Growing	Faster	13	53.3	54.4	-1.1
Supplier Deliveries	54.5	52.5	+2.0	Slowing	Faster	8	52.3	52.1	+0.2
Inventories	56.0	53.5	+2.5	Growing	Faster	7	47.5	47.0	+0.5
Prices	53.4	60.1	-6.7	Increasing	Slower	47	54.0	49.0	+5.0
Backlog of Orders	50.5	46.5	+4.0	Growing	From Contracting	1	46.5	45.0	+1.5
New Export Orders	50.5	49.5	+1.0	Growing	From Contracting	1	55.5	53.5	+2.0
Imports	55.0	50.5	+4.5	Growing	Faster	3	58.0	57.5	+0.5
Inventory Sentiment	63.5	64.0	-0.5	Too High	Slower	195	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	42.5	47.5	-5.0

* **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

Beef (9); Contractors; #2 Diesel Fuel; Fuel (8); Labor; Lumber — Pine, Spruce and Treated; Paper; and Shrimp.

Commodities Down in Price

Natural Gas is the only commodity reported down in price.

Commodities in Short Supply

Helium (3); IV Products; and Truck Parts.

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

AUGUST 2013 NON-MANUFACTURING INDEX SUMMARIES

NMI™

In August, the NMI™ registered 58.6 percent, indicating continued growth in the non-manufacturing sector for the 44th consecutive month. This month's NMI™ is the highest reading for the index since its inception in January 2008. 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>
Aug 2013	58.6	Feb 2013	56.0
Jul 2013	56.0	Jan 2013	55.2
Jun 2013	52.8*	Dec 2012	55.7
May 2013	53.7	Nov 2012	54.8
Apr 2013	53.1	Oct 2012	54.8
Mar 2013	54.4	Sep 2012	55.2
Average for 12 months – 55.0 High – 58.6 Low – 52.8			

***Contains a revision to the previously reported June index.**

Business Activity

ISM's Non-Manufacturing Business Activity Index in August registered 62.2 percent, 1.8 percentage points higher than the 60.4 percent registered in July. This month's reading reflects the highest reading for the index since February 2011, when the index registered 63.5 percent. Fifteen industries reported increased business activity, and two industries reported decreased activity for the month of August. Comments from respondents include: "Business orders are improving" and "Growth in the marketplace."

The industries reporting growth of business activity in August — listed in order — are: Management of Companies & Support Services; Educational Services; Agriculture, Forestry, Fishing & Hunting; Utilities; Transportation & Warehousing; Finance & Insurance; Construction; Real Estate, Rental & Leasing; Professional, Scientific & Technical

Services; Accommodation & Food Services; Public Administration; Information; Retail Trade; Wholesale Trade; and Health Care & Social Assistance. The industries reporting decreased business activity in August are: Mining; and Other Services.

Business Activity	% Higher	% Same	% Lower	Index
Aug 2013	28	61	11	62.2
Jul 2013	31	55	14	60.4
Jun 2013	26	56	18	51.6*
May 2013	31	56	13	56.5

***Contains a revision to the previously reported June index.**

New Orders

ISM's Non-Manufacturing New Orders Index grew in August for the 49th consecutive month. The index registered 60.5 percent, an increase of 2.8 percentage points from the 57.7 percent reported in July. This month's reading reflects the highest reading for the index since February 2011, when the index registered 61.7 percent. Comments from respondents include: "Slight increase in demand" and "Promotional activity increasing business."

The fifteen industries reporting growth of new orders in August — listed in order — are: Educational Services; Utilities; Accommodation & Food Services; Other Services; Public Administration; Real Estate, Rental & Leasing; Transportation & Warehousing; Finance & Insurance; Information; Health Care & Social Assistance; Construction; Management of Companies & Support Services; Professional, Scientific & Technical Services; Wholesale Trade; and Retail Trade. The only industry reporting contraction of new orders in August is Mining.

New Orders	% Higher	% Same	% Lower	Index
Aug 2013	25	63	12	60.5
Jul 2013	25	59	16	57.7
Jun 2013	23	61	16	52.9*
May 2013	30	58	12	56.0

***Contains a revision to the previously reported June index.**

Employment

Employment activity in the non-manufacturing sector grew in August for the 13th consecutive month. ISM's Non-Manufacturing Employment Index registered 57 percent, which reflects an increase of 3.8 percentage points when compared to the 53.2 percent registered in July. Nine industries reported increased employment, and five industries reported decreased employment. Comments from respondents include: "Business requirements force the need for additional staff" and "Staffing to volume."

The industries reporting an increase in employment in August — listed in order — are: Management of Companies & Support Services; Information; Finance & Insurance; Other Services; Retail Trade; Public Administration; Wholesale Trade; Construction; and Accommodation & Food Services. The industries reporting a reduction in employment in August are: Mining; Utilities; Real Estate, Rental & Leasing; Health Care & Social Assistance; and Arts, Entertainment & Recreation.

Employment	% Higher	% Same	% Lower	Index
Aug 2013	26	58	16	57.0
Jul 2013	25	62	13	53.2
Jun 2013	31	57	12	55.1*
May 2013	24	61	15	50.1

***Contains a revision to the previously reported June index.**

Supplier Deliveries

The Supplier Deliveries Index registered 54.5 percent in August, indicating that supplier deliveries were slower in August for the eighth consecutive month. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The 11 industries reporting slower deliveries in August — listed in order — are: Educational Services; Retail Trade; Professional, Scientific & Technical Services; Information; Real Estate, Rental & Leasing; Utilities; Construction; Accommodation & Food Services; Health Care & Social Assistance; Wholesale Trade; and Public Administration. The only industry reporting faster deliveries in August is: Finance & Insurance. Six industries reported no change in supplier deliveries in August compared to July.

Supplier Deliveries	% Slower	% Same	% Faster	Index
Aug 2013	11	87	2	54.5
Jul 2013	7	91	2	52.5
Jun 2013	7	89	4	51.5
May 2013	8	88	4	52.0

Inventories

ISM's Non-Manufacturing Inventories Index grew in August for the seventh consecutive month. The index registered 56 percent, which is 2.5 percentage points higher than the 53.5 percent reported in July. Of the total respondents in August, 28 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Higher sales than planned" and "Increasing inventory to meet future demand."

The 12 industries reporting an increase in inventories in August — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Utilities; Transportation & Warehousing; Real Estate, Rental & Leasing; Information; Management of Companies & Support Services; Health Care & Social Assistance; Retail Trade; Accommodation & Food Services; Construction; Wholesale Trade; and Public Administration. The three industries reporting decreases in inventories in August are: Finance & Insurance; Professional, Scientific & Technical Services; and Arts, Entertainment & Recreation.

Inventories	% Higher	% Same	% Lower	Index
Aug 2013	25	62	13	56.0
Jul 2013	22	63	15	53.5
Jun 2013	22	65	13	54.5
May 2013	21	61	18	51.5

Prices

Prices paid by non-manufacturing organizations for purchased materials and services increased in August for the 47th consecutive month, although at a considerably slower rate when compared to July. ISM's Non-Manufacturing Prices Index for August registered 53.4 percent, 6.7 percentage points lower than the 60.1 percent reported in July. In August, the percentage of respondents reporting higher prices is 13 percent, the percentage indicating no change in prices paid is 78 percent, and 9 percent of the respondents reported lower prices.

Ten non-manufacturing industries reported an increase in prices paid during the month of August, in the following order: Educational Services; Retail Trade; Accommodation & Food Services; Real Estate, Rental & Leasing; Utilities; Wholesale Trade; Finance & Insurance; Public Administration; Professional, Scientific & Technical Services; and Health Care & Social Assistance. The five industries reporting a decrease in prices paid during August are: Agriculture, Forestry, Fishing & Hunting; Mining; Management of Companies & Support Services; Information; and Construction.

Prices	% Higher	% Same	% Lower	Index
Aug 2013	13	78	9	53.4
Jul 2013	21	72	7	60.1
Jun 2013	19	74	7	56.8*
May 2013	20	69	11	51.1

***Contains a revision to the previously reported June index.**

Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index grew in August after one month of contraction. The index registered 50.5 percent, which is 4 percentage points higher than the 46.5 percent that was reported in July. Of the total respondents in August, 35 percent indicated they do not measure backlog of orders.

The seven industries reporting an increase in order backlogs in August — listed in order — are: Real Estate, Rental & Leasing; Health Care & Social Assistance; Accommodation & Food Services; Management of Companies & Support Services; Professional, Scientific & Technical Services; Information; and Construction. The four industries reporting a decrease in order backlogs are: Mining; Other Services; Wholesale Trade; and Finance & Insurance. Seven industries reported no change in order backlogs in August compared to July.

Backlog of Orders	% Higher	% Same	% Lower	Index
Aug 2013	12	77	11	50.5
Jul 2013	11	71	18	46.5
Jun 2013	13	78	9	52.0
May 2013	14	75	11	51.5

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 grew in August after two consecutive months of contraction. The New Export Orders Index for August registered 50.5 percent, which is 1 percentage point higher than the 49.5 percent reported in July. Of the total respondents in August, 60 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The six industries reporting an increase in new export orders in August — listed in order — are: Transportation & Warehousing; Construction; Information; Management of Companies & Support Services; Public Administration; and Accommodation & Food Services. The five industries reporting a decrease in export orders in August are: Mining; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Wholesale Trade; and Professional, Scientific & Technical Services.

New Export Orders	% Higher	% Same	% Lower	Index
Aug 2013	11	79	10	50.5
Jul 2013	13	73	14	49.5
Jun 2013	16	63	21	47.5
May 2013	16	68	16	50.0

Imports

The ISM Non-Manufacturing Imports Index grew in August for the third consecutive month. This month's reading at 55 percent is 4.5 percentage points higher than the 50.5 percent reported in July. Fifty-three percent of respondents reported that they do not use, or do not track the use of, imported materials.

The eight industries reporting an increase in imports for the month of August — listed in order — are: Public Administration; Utilities; Transportation & Warehousing; Management of Companies & Support Services; Accommodation & Food Services; Wholesale Trade; Professional, Scientific & Technical Services; and Retail Trade. The two industries reporting a decrease in imports for the month of August are: Information; and Finance & Insurance. Seven industries reported no change in imports for the month of August compared to July.

Imports	% Higher	% Same	% Lower	Index
Aug 2013	16	78	6	55.0
Jul 2013	8	85	7	50.5
Jun 2013	11	85	4	53.5
May 2013	11	77	12	49.5

Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in August registered 63.5 percent, which is 0.5 percentage point lower than the 64 percent reported in July. This indicates that respondents believe their inventories are still too high at this time. In August, 34 percent of respondents said their inventories were too high, 7 percent said their inventories were too low, and 59 percent said their inventories were about right.

The 13 industries reporting a feeling that their inventories are too high in August — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Mining; Other Services; Wholesale Trade; Management of Companies & Support Services; Arts, Entertainment & Recreation; Health Care & Social Assistance; Utilities; Public Administration; Accommodation & Food Services; Information; Professional, Scientific & Technical Services; and Finance & Insurance. The only industry reporting a feeling that its inventory is too low in August is Construction.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Aug 2013	34	59	7	63.5
Jul 2013	32	64	4	64.0
Jun 2013	27	69	4	61.5
May 2013	30	65	5	62.5

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**[®] survey is 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 report 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 report, 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 enhance the value and performance of procurement and supply chain management practitioners and their organizations worldwide.

The full text version of the **Non-Manufacturing ISM Report On Business**[®] is posted on ISM's website 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 September 2013 data will be released at 10:00 a.m. (ET) on Thursday, October 3, 2013.