

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

## **November 2013 Non-Manufacturing ISM Report On Business®**

**NMI® at 53.9%**

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 2013.

**Business Activity Index at 55.5%**

**New Orders Index at 56.4%**

**Employment Index at 52.5%**

(Tempe, Arizona) — Economic activity in the **non-manufacturing sector** grew in November for the 47th 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, CPSM, C.P.M., CFPM, chair of the Institute for Supply Management™ Non-Manufacturing Business Survey Committee. "The NMI® registered 53.9 percent in November, 1.5 percentage points lower than October's reading of 55.4 percent. This indicates continued growth at a slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index decreased to 55.5 percent, which is 4.2 percentage points lower than the 59.7 percent reported in October, reflecting growth for the 52nd consecutive month, but at a slower rate. The New Orders Index decreased slightly by 0.4 percentage point to 56.4 percent, and the Employment Index decreased 3.7 percentage points to 52.5 percent, indicating growth in employment for the 16th consecutive month, but at a slower rate. The Prices Index decreased 3.9 percentage points to 52.2 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 for the most part indicate the non-

manufacturing sector is maintaining a steady course of incremental growth and a positive outlook for the upcoming months."

## **INDUSTRY PERFORMANCE**

The 11 non-manufacturing industries reporting growth in November — listed in order — are: Transportation & Warehousing; Retail Trade; Management of Companies & Support Services; Other Services; Information; Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Finance & Insurance; Public Administration; Educational Services; and Professional, Scientific & Technical Services. The six industries reporting contraction in November — listed in order — are: Mining; Accommodation & Food Services; Utilities; Health Care & Social Assistance; Arts, Entertainment & Recreation; and Construction.

## **WHAT RESPONDENTS ARE SAYING ...**

- "Optimistic fourth quarter in sight." (Information)
- "Slight slowdown in occupancy." (Accommodation & Food Services)
- "Things are improving very slowly." (Finance & Insurance)
- "Business is steady at this time, with little fluctuation from last month." (Health Care & Social Assistance)
- "Regulatory uncertainty is having an effect on consumers who are spending, but not aggressively." (Retail Trade)
- "Business remains steady, with gains in new orders and projections into 2014." (Professional, Scientific & Technical Services)
- "We are clearly seeing a pickup in activity, which began in August." (Wholesale Trade)

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

	Non-Manufacturing						Manufacturing		
Index	Series Index Nov	Series Index Oct	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Nov	Series Index Oct	Percent Point Change
<b>NMI®/PMI™</b>	53.9	55.4	-1.5	Growing	Slower	47	57.3	56.4	+0.9
<b>Business Activity/Production</b>	55.5	59.7	-4.2	Growing	Slower	52	62.8	60.8	+2.0
<b>New Orders</b>	56.4	56.8	-0.4	Growing	Slower	52	63.6	60.6	+3.0
<b>Employment</b>	52.5	56.2	-3.7	Growing	Slower	16	56.5	53.2	+3.3
<b>Supplier Deliveries</b>	51.0	49.0	+2.0	Slowing	From Faster	1	53.2	54.7	-1.5
<b>Inventories</b>	54.0	54.5	-0.5	Growing	Slower	10	50.5	52.5	-2.0
<b>Prices</b>	52.2	56.1	-3.9	Increasing	Slower	50	52.5	55.5	-3.0
<b>Backlog of Orders</b>	49.0	50.0	-1.0	Contracting	From Unchanged	1	54.0	51.5	+2.5
<b>New Export Orders</b>	58.0	53.0	+5.0	Growing	Faster	4	59.5	57.0	+2.5
<b>Imports</b>	55.0	55.0	0.0	Growing	Same	6	55.0	55.5	-0.5
<b>Inventory Sentiment</b>	60.5	62.5	-2.0	Too High	Slower	198	N/A	N/A	N/A
<b>Customers' Inventories</b>	N/A	N/A	N/A	N/A	N/A	N/A	45.0	47.0	-2.0

\* **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**

Armored Carrier Services; and Corrugated.

### **Commodities Down in Price**

Computer & Peripherals; #1 Diesel Fuel; #2 Diesel Fuel (2); Fuel (2); Gasoline (3); and Natural Gas.

### **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.

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## NOVEMBER 2013 NON-MANUFACTURING INDEX SUMMARIES

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### NMI<sup>®</sup>

In November, the NMI<sup>®</sup> registered 53.9 percent, indicating continued growth in the non-manufacturing sector for the 47th 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 <sup>®</sup> HISTORY			
<i>Month</i>	<i>NMI<sup>®</sup></i>	<i>Month</i>	<i>NMI<sup>®</sup></i>
Nov 2013	53.9	May 2013	53.7
Oct 2013	55.4	Apr 2013	53.1
Sep 2013	54.4	Mar 2013	54.4
Aug 2013	58.6	Feb 2013	56.0
Jul 2013	56.0	Jan 2013	55.2
Jun 2013	52.8	Dec 2012	55.7
Average for 12 months – 54.9 High – 58.6 Low – 52.8			

### Business Activity

ISM's Non-Manufacturing Business Activity Index in November registered 55.5 percent, 4.2 percentage points lower than the 59.7 percent registered in October. Ten industries reported increased business activity, and five industries reported decreased activity for the month of November. Comments from respondents include: "Modest growth this month" and "Economic conditions are more stable, and customers are increasing discretionary spending."

The industries reporting growth of business activity in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Retail Trade; Transportation & Warehousing; Other Services; Management of Companies & Support Services; Finance & Insurance; Information; Wholesale Trade; Public Administration; and Professional, Scientific & Technical Services. The industries reporting decreased business activity in November are: Mining; Accommodation & Food Services; Arts, Entertainment & Recreation; Utilities; and Health Care & Social Assistance.

<b>Business Activity</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
Nov 2013	26	55	19	55.5
Oct 2013	32	50	18	59.7
Sep 2013	27	56	17	55.1
Aug 2013	28	61	11	62.2

## **New Orders**

ISM's Non-Manufacturing New Orders Index grew in November for the 52nd consecutive month. The index registered 56.4 percent, a decrease of 0.4 percentage point from the 56.8 percent reported in October. Comments from respondents include: "New orders coming in for end of year" and "Improving economy."

The 11 industries reporting growth of new orders in November — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Other Services; Transportation & Warehousing; Retail Trade; Information; Educational Services; Wholesale Trade; Finance & Insurance; Public Administration; and Professional, Scientific & Technical Service. The four industries reporting contraction of new orders in November are: Mining; Accommodation & Food Services; Utilities; and Health Care & Social Assistance.

<b>New Orders</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
Nov 2013	29	54	17	56.4
Oct 2013	27	54	19	56.8
Sep 2013	29	59	12	59.6
Aug 2013	25	63	12	60.5

## **Employment**

Employment activity in the non-manufacturing sector grew in November for the 16th consecutive month. ISM's Non-Manufacturing Employment Index registered 52.5 percent, which reflects a decrease of 3.7 percentage points when compared to the 56.2 percent registered in October. Seven industries reported increased employment, and eight industries reported decreased employment. Comments from respondents include: "Rightsizing the workforce" and "Employment ramp up."

The industries reporting an increase in employment in November — listed in order — are: Transportation & Warehousing; Retail Trade; Information; Management of Companies & Support Services; Wholesale Trade; Public

Administration; and Finance & Insurance. The industries reporting a reduction in employment in November — listed in order — are: Mining; Utilities; Educational Services; Accommodation & Food Services; Construction; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Other Services.

<b>Employment</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
Nov 2013	16	68	16	52.5
Oct 2013	22	60	18	56.2
Sep 2013	20	60	20	52.7
Aug 2013	26	58	16	57.0

### **Supplier Deliveries**

The Supplier Deliveries Index registered 51 percent in November, indicating that deliveries were slower in November after a reading of 49 percent reported in October. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The five industries reporting slower deliveries in November are: Educational Services; Management of Companies & Support Services; Professional, Scientific & Technical Services; Accommodation & Food Services; and Health Care & Social Assistance. The two industries reporting faster deliveries in November are: Agriculture, Forestry, Fishing & Hunting; and Finance & Insurance. Eleven industries reported no change in supplier deliveries in November compared to October.

<b>Supplier Deliveries</b>	<b>% Slower</b>	<b>% Same</b>	<b>% Faster</b>	<b>Index</b>
Nov 2013	5	92	3	51.0
Oct 2013	4	90	6	49.0
Sep 2013	7	86	7	50.0
Aug 2013	11	87	2	54.5

### **Inventories**

ISM's Non-Manufacturing Inventories Index grew in November for the 10th consecutive month. The index registered 54 percent, which is 0.5 percentage point lower than the 54.5 percent reported in October. Of the total respondents in November, 30 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Planning for next year" and "Getting ready for year-end strong sales months."

The 10 industries reporting an increase in inventories in November — listed in order — are: Retail Trade; Agriculture, Forestry, Fishing & Hunting; Mining; Other Services; Information; Accommodation & Food Services; Utilities; Professional, Scientific & Technical Services; Construction; and Health Care & Social Assistance. The four industries reporting decreases in inventories in November are: Arts, Entertainment & Recreation; Public Administration; Finance & Insurance; and Wholesale Trade.

<b>Inventories</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
Nov 2013	25	58	17	54.0
Oct 2013	24	61	15	54.5
Sep 2013	24	61	15	54.5
Aug 2013	25	62	13	56.0

## **Prices**

Prices paid by non-manufacturing organizations for purchased materials and services increased in November for the 50th consecutive month. ISM's Non-Manufacturing Prices Index for November registered 52.2 percent, 3.9 percentage points lower than the 56.1 percent reported in October. In November, the percentage of respondents reporting higher prices is 11 percent, the percentage indicating no change in prices paid is 77 percent, and 12 percent of the respondents reported lower prices.

Five non-manufacturing industries reported an increase in prices paid during the month of November, in the following order: Educational Services; Other Services; Wholesale Trade; Finance & Insurance; and Retail Trade. The seven industries reporting a decrease in prices paid during November — listed in order — are: Mining; Agriculture, Forestry, Fishing & Hunting; Arts, Entertainment & Recreation; Utilities; Professional, Scientific & Technical Services; Information; and Health Care & Social Assistance. Six industries reported no change in prices paid in November compared to October.

<b>Prices</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
Nov 2013	11	77	12	52.2
Oct 2013	16	77	7	56.1
Sep 2013	16	78	6	57.2
Aug 2013	13	78	9	53.4



## Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index contracted in November, registering 49 percent, which is 1 percentage point lower than the 50 percent reported in October. Of the total respondents in November, 35 percent indicated they do not measure backlog of orders.

The six industries reporting an increase in order backlogs in November — listed in order — are: Real Estate, Rental & Leasing; Other Services; Retail Trade; Finance & Insurance; Wholesale Trade; and Construction. The six industries reporting a decrease in order backlogs — listed in order — are: Mining; Arts, Entertainment & Recreation; Health Care & Social Assistance; Professional, Scientific & Technical Services; Accommodation & Food Services; and Public Administration.

Backlog of Orders	% Higher	% Same	% Lower	Index
Nov 2013	11	76	13	49.0
Oct 2013	12	76	12	50.0
Sep 2013	15	71	14	50.5
Aug 2013	12	77	11	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 grew in November for the fourth consecutive month. The New Export Orders Index for November registered 58 percent, which is 5 percentage points higher than the 53 percent reported in October. Of the total respondents in November, 63 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The nine industries reporting an increase in new export orders in November — listed in order — are: Construction; Management of Companies & Support Services; Utilities; Transportation & Warehousing; Information; Other Services; Retail Trade; Finance & Insurance; and Professional, Scientific & Technical Services. The only industry reporting a decrease in export orders in November is Accommodation & Food Services. Seven industries reported no change in export orders in November compared to October.

<b>New Export Orders</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
Nov 2013	19	78	3	58.0
Oct 2013	11	84	5	53.0
Sep 2013	23	69	8	57.5
Aug 2013	11	79	10	50.5

## **Imports**

The ISM Non-Manufacturing Imports Index grew in November for the sixth consecutive month. This month's reading at 55 percent is the same reading that was reported in October. Fifty-five percent of respondents reported that they do not use, or do not track the use of, imported materials.

The seven industries reporting an increase in imports for the month of November — listed in order — are: Management of Companies & Support Services; Health Care & Social Assistance; Agriculture, Forestry, Fishing & Hunting; Utilities; Information; Accommodation & Food Services; and Retail Trade. No industry reported a decrease in imports for the month of November. Eleven industries reported no change in imports for the month of November compared to October.

<b>Imports</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Index</b>
Nov 2013	16	78	6	55.0
Oct 2013	12	86	2	55.0
Sep 2013	11	81	8	51.5
Aug 2013	16	78	6	55.0

## **Inventory Sentiment**

The ISM Non-Manufacturing Inventory Sentiment Index in November registered 60.5 percent, which is 2 percentage points lower than the 62.5 percent reported in October. This indicates that respondents believe their inventories are still too high at this time. In November, 25 percent of respondents said their inventories were too high, 4 percent said their inventories were too low, and 71 percent said their inventories were about right.

The 10 industries reporting a feeling that their inventories are too high in November — listed in order — are: Transportation & Warehousing; Arts, Entertainment & Recreation; Professional, Scientific & Technical Services; Wholesale Trade; Retail Trade; Health Care & Social Assistance; Utilities; Construction; Public Administration; and Finance & Insurance. No industry reported a feeling that its inventory is too low in November.

<b>Inventory Sentiment</b>	<b>%Too High</b>	<b>%About Right</b>	<b>%Too Low</b>	<b>Index</b>
Nov 2013	25	71	4	60.5
Oct 2013	28	69	3	62.5
Sep 2013	31	62	7	62.0
Aug 2013	34	59	7	63.5

### **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<sup>®</sup>** 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<sup>®</sup> (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<sup>®</sup>** 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<sup>®</sup>** 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<sup>®</sup>** is published monthly by the Institute for Supply Management<sup>™</sup>, 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<sup>®</sup>** is posted on ISM's website at [www.ism.ws](http://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<sup>®</sup>** featuring the December 2013 data will be released at 10:00 a.m. (ET) on Monday, January 6, 2014.