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April 2015 Manufacturing ISM[®] *Report On Business*[®]

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 2015.

PMI[®] at 51.5%

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

(Tempe, Arizona) — Economic activity in the **manufacturing sector** expanded in April for the 28th consecutive month, and the **overall economy** grew for the 71st 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[®] (ISM[®]) Manufacturing Business Survey Committee. "The April PMI[®] registered 51.5 percent, the same reading as in March. The New Orders Index registered 53.5 percent, an increase of 1.7 percentage points from the reading of 51.8 percent in March. The Production Index registered 56 percent, 2.2 percentage points above the March reading of 53.8 percent. The Employment Index registered 48.3 percent, 1.7 percentage points below the March reading of 50 percent, reflecting contracting employment levels from March. Inventories of raw materials registered 49.5 percent, a

decrease of 2 percentage points from the March reading of 51.5 percent. The Prices Index registered 40.5 percent, 1.5 percentage points above the March reading of 39 percent, indicating lower raw materials prices for the sixth consecutive month. While the March and April PMI® were equal, both registering 51.5 percent, 15 of the 18 manufacturing industries reported growth in April while only 10 industries reported growth in March, indicating a broader distribution of growth in April among the 18 industries."

Of the 18 manufacturing industries, 15 are reporting growth in April in the following order: Nonmetallic Mineral Products; Plastics & Rubber Products; Wood Products; Printing & Related Support Activities; Furniture & Related Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Paper Products; Miscellaneous Manufacturing; Machinery; Transportation Equipment; Textile Mills; Electrical Equipment, Appliances & Components; Chemical Products; and Primary Metals. The two industries reporting contraction in April are: Apparel, Leather & Allied Products; and Computer & Electronic Products.

WHAT RESPONDENTS ARE SAYING ...

- "Low energy costs continue to help the bottom line." (Food, Beverage & Tobacco Products)
- "Automotive industry is still very strong." (Fabricated Metal Products)
- "Business holding relatively flat in North America, softening a bit globally." (Transportation Equipment)
- "Foreign Exchange is reducing revenue, but volume has remained consistent." (Chemical Products)
- "International shipments still being delayed by the strikes at ports on the West Coast." (Computer & Electronic Products)
- "Production and orders remain strong and steady." (Primary Metals)
- "Business conditions are good, with slowly rising demand for our products." (Miscellaneous Manufacturing)
- "Labor, both skilled and unskilled, remains difficult to find qualified individuals." (Furniture & Related Products)
- "Continuing to expedite shipments through Vancouver due to ongoing port delays." (Machinery)
- "Customers perceive that raw materials prices have bottomed out so are now releasing orders." (Plastics & Rubber Products)

MANUFACTURING AT A GLANCE						
APRIL 2015						
Index	Series Index Apr	Series Index Mar	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	51.5	51.5	0.0	Growing	Same	28
New Orders	53.5	51.8	+1.7	Growing	Faster	29
Production	56.0	53.8	+2.2	Growing	Faster	32
Employment	48.3	50.0	-1.7	Contracting	From Unchanged	1
Supplier Deliveries	50.1	50.5	-0.4	Slowing	Slower	23
Inventories	49.5	51.5	-2.0	Contracting	From Growing	1
Customers' Inventories	44.0	45.5	-1.5	Too Low	Faster	5
Prices	40.5	39.0	+1.5	Decreasing	Slower	6
Backlog of Orders	49.5	49.5	0.0	Contracting	Same	2
Exports	51.5	47.5	+4.0	Growing	From Contracting	1
Imports	54.0	52.5	+1.5	Growing	Faster	27
OVERALL ECONOMY				Growing	Same	71
Manufacturing Sector				Growing	Same	28

Manufacturing ISM® Report On Business® data is seasonally adjusted for New Orders, Production, Employment and Supplier Deliveries indexes.

*Number of months moving in current direction.

COMMODITIES REPORTED UP/DOWN IN PRICE AND IN SHORT SUPPLY

Commodities Up in Price

The only commodity listed up in price for the month of April is Freight.

Commodities Down in Price

Aluminum (5); Carbon Steel (4); Crude Oil; Nickel (4); Plastic Resin (5); Polypropylene Resin; Scrap Steel (5); Stainless Steel (6); Steel (5); Steel — Cold Rolled (2); and Steel — Hot Rolled (6).

Commodities in Short Supply

There were no commodities listed in short supply for the month of April.

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

APRIL 2015 MANUFACTURING INDEX SUMMARIES

PMI®

Manufacturing expanded in April as the PMI® registered 51.5 percent, the same reading as in March, indicating growth in manufacturing for the 28th consecutive month. 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 43.1 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the April PMI® indicates growth for the 71st consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the 28th consecutive month. Holcomb stated, "The past relationship between the PMI® and the overall economy indicates that the average PMI® for January through April (52.4 percent) corresponds to a 2.9 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI® for April (51.5 percent) is annualized, it corresponds to a 2.6 percent increase in real GDP annually."

THE LAST 12 MONTHS

<i>Month</i>	<i>PMI®</i>	<i>Month</i>	<i>PMI®</i>
Apr 2015	51.5	Oct 2014	57.9
Mar 2015	51.5	Sep 2014	56.1
Feb 2015	52.9	Aug 2014	58.1
Jan 2015	53.5	Jul 2014	56.4
Dec 2014	55.1	Jun 2014	55.7
Nov 2014	57.6	May 2014	55.6
Average for 12 months – 55.2			
High – 58.1			
Low – 51.5			

New Orders

ISM®'s New Orders Index registered 53.5 percent in April, an increase of 1.7 percentage points when compared to the March reading of 51.8 percent, indicating growth in new orders for the 29th consecutive month. A New Orders Index above 52.1 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars). The 11 industries reporting growth in new orders in April — listed in order — are: Wood Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Furniture & Related Products; Paper Products; Machinery; Fabricated Metal Products; Transportation Equipment; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; and Chemical Products. The three industries reporting a decrease in new orders during April are: Computer & Electronic Products; Primary Metals; and Textile Mills.

New Orders	% Better	% Same	% Worse	Net	Index
Apr 2015	35	48	17	+18	53.5
Mar 2015	27	58	15	+12	51.8
Feb 2015	28	55	17	+11	52.5
Jan 2015	24	59	17	+7	52.9

Production

ISM®'s Production Index registered 56 percent in April, which is an increase of 2.2 percentage points when compared to the 53.8 percent reported in March, indicating growth in production for the 32nd consecutive month. An index above 51.1 percent, over time, is generally consistent with an increase in the Federal Reserve Board's Industrial Production figures.

The 13 industries reporting growth in production during the month of April — listed in order — are: Textile Mills; Plastics & Rubber Products; Nonmetallic Mineral Products; Paper Products; Printing & Related Support Activities; Fabricated Metal Products; Food, Beverage & Tobacco Products; Chemical Products; Transportation Equipment; Miscellaneous Manufacturing; Furniture & Related Products; Machinery; and Primary Metals. The two industries reporting a decrease in production during April are: Petroleum & Coal Products; and Computer & Electronic Products.

Production	% Better	% Same	% Worse	Net	Index
Apr 2015	36	52	12	+24	56.0
Mar 2015	25	64	11	+14	53.8
Feb 2015	27	57	16	+11	53.7
Jan 2015	24	61	15	+9	56.5

Employment

ISM®'s Employment Index registered 48.3 percent in April, which is a decrease of 1.7 percentage points when compared to the 50 percent reported in March. The April reading of 48.3 percent is the lowest reading since September 2009 when the Employment Index registered 47.8 percent. An Employment Index above 50.6 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, in April, 11 industries reported employment growth in the following order: Printing & Related Support Activities; Nonmetallic Mineral Products; Furniture & Related Products; Petroleum & Coal Products; Plastics & Rubber Products; Miscellaneous Manufacturing; Machinery; Transportation Equipment; Food, Beverage & Tobacco Products; Fabricated Metal Products; and Primary Metals. The three industries reporting a decrease in employment in April are: Textile Mills; Computer & Electronic Products; and Chemical Products.

	%	%	%		
Employment	Higher	Same	Lower	Net	Index
Apr 2015	16	72	12	+4	48.3
Mar 2015	17	68	15	+2	50.0
Feb 2015	18	68	14	+4	51.4
Jan 2015	15	75	10	+5	54.1

Supplier Deliveries

The delivery performance of suppliers to manufacturing organizations slowed in April at a slower rate as the Supplier Deliveries Index registered 50.1 percent. This month's reading is 0.4 percentage point lower than the 50.5 percent reported in March. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

The nine industries reporting slower supplier deliveries in April — listed in order — are: Furniture & Related Products; Textile Mills; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Primary Metals; Paper Products; Chemical Products; and Plastics & Rubber Products. The three industries reporting faster supplier deliveries during April are: Petroleum & Coal Products; Fabricated Metal Products; and Transportation Equipment. Six industries reported no change in supplier deliveries in April compared to March.

Supplier Deliveries	% Slower	% Same	% Faster	Net	Index
Apr 2015	12	80	8	+4	50.1
Mar 2015	14	76	10	+4	50.5
Feb 2015	17	75	8	+9	54.3
Jan 2015	14	80	6	+8	52.9

Inventories*

The Inventories Index registered 49.5 percent in April, which is 2 percentage points lower than the 51.5 percent registered in March, indicating raw materials inventories are contracting in April following three consecutive months of growth in inventories. An Inventories Index greater than 42.9 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: Fabricated Metal Products; Plastics & Rubber Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Machinery. The seven industries reporting lower inventories in April — listed in order — are: Apparel, Leather & Allied Products; Furniture & Related Products; Computer & Electronic Products; Chemical Products; Primary Metals; Paper Products; and Textile Mills.

	% Higher	% Same	% Lower	Net	Index
Apr 2015	19	61	20	-1	49.5
Mar 2015	15	73	12	+3	51.5
Feb 2015	21	63	16	+5	52.5
Jan 2015	21	60	19	+2	51.0

Customers' Inventories*

ISM®'s Customers' Inventories Index registered 44 percent in April, a decrease of 1.5 percentage points from March when customers' inventories registered 45.5 percent. April's reading indicates that customers' inventories are considered to be too low, and lower than in March.

The three manufacturing industries reporting customers' inventories as being too high during the month of April are: Petroleum & Coal Products; Fabricated Metal Products; and Food, Beverage & Tobacco Products. The nine industries reporting customers' inventories as too low during April — listed in order — are: Transportation Equipment; Primary Metals; Electrical Equipment, Appliances

& Components; Textile Mills; Plastics & Rubber Products; Chemical Products; Paper Products; Machinery; and Furniture & Related Products.

Customers' Inventories	% Reporting	% Too High	% About Right	% Too Low	Net	Index
Apr 2015	66	11	66	23	-12	44.0
Mar 2015	60	12	67	21	-9	45.5
Feb 2015	65	12	69	19	-7	46.5
Jan 2015	62	9	67	24	-15	42.5

Prices*

The ISM® Prices Index registered 40.5 percent in April, an increase of 1.5 percentage points when compared to the March reading of 39 percent, indicating a decrease in raw materials prices for the sixth consecutive month. In April, 7 percent of respondents reported paying higher prices, 26 percent reported paying lower prices, and 67 percent of supply executives reported paying the same prices as in March. A Prices Index above 52.1 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

Of the 18 manufacturing industries, the only industry reporting paying increased prices for its raw materials in April is Plastics & Rubber Products. The 13 industries reporting paying lower prices during the month of April — listed in order — are: Wood Products; Electrical Equipment, Appliances & Components; Apparel, Leather & Allied Products; Textile Mills; Fabricated Metal Products; Furniture & Related Products; Machinery; Primary Metals; Paper Products; Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; and Computer & Electronic Products.

Prices	% Higher	% Same	% Lower	Net	Index
Apr 2015	7	67	26	-19	40.5
Mar 2015	10	58	32	-22	39.0
Feb 2015	8	54	38	-30	35.0
Jan 2015	11	48	41	-30	35.0

Backlog of Orders*

ISM®'s Backlog of Orders Index registered 49.5 percent in April, the same reading as reported in March, indicating contraction in order backlogs for the second consecutive month. Of the 85 percent of respondents who measure their backlog of orders, 25 percent reported greater backlogs, 26 percent reported smaller backlogs, and 49 percent reported no change from March.

The seven industries reporting increased order backlogs in April — listed in order — are: Wood Products; Furniture & Related Products; Machinery; Paper Products; Fabricated Metal Products; Transportation Equipment; and Primary Metals. The seven industries reporting a decrease in order backlogs during April — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Miscellaneous Manufacturing; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Chemical Products.

Backlog of Orders	% Reporting	% Greater	% Same	% Less	Net	Index
Apr 2015	85	25	49	26	-1	49.5
Mar 2015	84	18	63	19	-1	49.5
Feb 2015	86	23	57	20	+3	51.5
Jan 2015	87	18	56	26	-8	46.0

New Export Orders*

ISM®'s New Export Orders Index registered 51.5 percent in April, which is 4 percentage points higher than the 47.5 percent reported in March. April's reading reflects a month of growth in export orders following three consecutive months of contraction in new export orders.

The nine industries reporting growth in new export orders in April — listed in order — are: Textile Mills; Furniture & Related Products; Paper Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; Transportation Equipment; Machinery; Computer & Electronic Products; and Chemical Products. The five industries reporting a decrease in new export orders during April are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Primary Metals; and Fabricated Metal Products.

New Export Orders	% Reporting	% Higher	% Same	% Lower	Net	Index
Apr 2015	77	17	69	14	+3	51.5
Mar 2015	73	10	75	15	-5	47.5
Feb 2015	74	11	75	14	-3	48.5
Jan 2015	77	10	79	11	-1	49.5

Imports*

ISM®'s Imports Index registered 54 percent in April, which is 1.5 percentage points higher than the 52.5 percent reported in March. This month's reading represents 27 consecutive months of growth in imports.

The eight industries reporting growth in imports during the month of April — listed in order — are: Machinery; Furniture & Related Products; Transportation Equipment; Miscellaneous Manufacturing; Fabricated Metal Products; Food, Beverage & Tobacco Products; Chemical Products; and Computer & Electronic Products. The three industries reporting a decrease in imports during April are: Primary Metals; Electrical Equipment, Appliances & Components; and Plastics & Rubber Products. Six industries reported no change in imports in April compared to March.

	%	%	%	%		
Imports	Reporting	Higher	Same	Lower	Net	Index
Apr 2015	77	15	78	7	+8	54.0
Mar 2015	75	17	71	12	+5	52.5
Feb 2015	75	17	74	9	+8	54.0
Jan 2015	76	16	79	5	+11	55.5

* 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 decreased 4 days to 132 days. Average lead time for Production Materials increased 3 days to 66 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies increased 2 days to 28 days.

Percent Reporting							
Capital Expenditures	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Apr 2015	26	7	8	16	25	18	132
Mar 2015	27	4	9	18	22	20	136
Feb 2015	27	6	11	14	23	19	132
Jan 2015	28	6	11	16	22	17	125
Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Apr 2015	15	34	24	15	9	3	66
Mar 2015	15	36	23	16	7	3	63
Feb 2015	19	32	23	14	9	3	64
Jan 2015	17	36	22	16	7	2	59
MRO Supplies	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Apr 2015	44	36	14	5	1	0	28
Mar 2015	49	31	15	4	1	0	26
Feb 2015	45	35	15	5	0	0	26
Jan 2015	45	37	11	6	1	0	27

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. The data 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 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 43.1 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 43.1 percent, it is generally declining. The distance from 50 percent or 43.1 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®** survey is 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 report 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 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.

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.

About Institute for Supply Management®

Founded in 1915 as the first supply management institute in the world, Institute for Supply Management® (ISM®) is committed to advancing the practice of supply chain management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. This year, ISM celebrates 100 years of leading, innovating and guiding the profession through the renowned *ISM Report On Business®*, highly regarded certification programs, and industry-standard training and educational resources. ISM is a not-for-profit organization with global influence, serving supply chain professionals in more than 90 countries. 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.instituteforsupplymanagement.org on the first business day* of every month after 10:00 a.m. (ET).

The next **Manufacturing ISM® Report On Business®** featuring the May 2015 data will be released at 10:00 a.m. (ET) on Monday, June 1, 2015.

*Unless the NYSE is closed.