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April 2015 Non-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.

NMI[®] at 57.8%

Business Activity Index at 61.6%

New Orders Index at 59.2%

Employment Index at 56.7%

(Tempe, Arizona) — Economic activity in the **non-manufacturing sector** grew in April for the 63rd 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[®] (ISM[®]) Non-Manufacturing Business Survey Committee. "The NMI[®] registered 57.8 percent in April, 1.3 percentage points higher than the March reading of 56.5 percent. This represents continued growth in the non-manufacturing sector. The Non-Manufacturing Business Activity Index increased substantially to 61.6 percent, which is 4.1 percentage points higher than the March reading of 57.5 percent, reflecting growth for the 69th consecutive month at a faster rate. The New Orders Index registered 59.2 percent, 1.4 percentage points higher than the reading of 57.8 percent registered in March. The Employment Index increased 0.1 percentage point to 56.7 percent from the March reading of 56.6 percent and indicates growth for the 14th consecutive month. The

Prices Index decreased 2.3 percentage points from the March reading of 52.4 percent to 50.1 percent, indicating prices increased in April for the second consecutive month, but at a slower rate. According to the NMI®, 14 non-manufacturing industries reported growth in April. The majority of respondents indicate that there has been an uptick in business activity due to the improved economic climate and prevailing stability in business conditions."

INDUSTRY PERFORMANCE

The 14 non-manufacturing industries reporting growth in April — listed in order — are: Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Management of Companies & Support Services; Transportation & Warehousing; Wholesale Trade; Finance & Insurance; Utilities; Health Care & Social Assistance; Agriculture, Forestry, Fishing & Hunting; Public Administration; Retail Trade; Accommodation & Food Services; Construction; and Educational Services. The four industries reporting contraction in April are: Mining; Other Services; Professional, Scientific & Technical Services; and Information.

WHAT RESPONDENTS ARE SAYING ...

- "Avian Influenza is causing concerns, but has not directly impacted our operations." (Agriculture, Forestry, Fishing & Hunting)
- "Clients in oil refinery sector have reduced their capital spending due to declining oil prices." (Professional, Scientific & Technical Services)
- "Definite signs of economic growth in most markets serviced. New construction and capital spending apparent." (Finance & Insurance)
- "Still have backorders/shortages of IV solutions." (Health Care & Social Assistance)
- "Pork prices are lower due to abatement of the PEDv virus. Chicken and beef prices are up due to higher demand and output. Corn prices and oil for gasoline have been the bright spot keeping prices from taking off higher." (Accommodation & Food Services)
- "Overall we see positive trends; spending has improved." (Retail Trade)
- "Low fuel prices continue to have a positive impact." (Transportation & Warehousing)
- "Business remains strong for this time of year and looks good for the next 12-18 months." (Wholesale Trade)

ISM® NON-MANUFACTURING SURVEY RESULTS AT A GLANCE
COMPARISON OF ISM® NON-MANUFACTURING AND ISM® MANUFACTURING
SURVEYS*
APRIL 2015

Index	Non-Manufacturing						Manufacturing		
	Series Index Apr	Series Index Mar	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Apr	Series Index Mar	Percent Change
NMI®/PMI®	57.8	56.5	+1.3	Growing	Faster	63	51.5	51.5	0.0
Business Activity/Production	61.6	57.5	+4.1	Growing	Faster	69	56.0	53.8	+2.2
New Orders	59.2	57.8	+1.4	Growing	Faster	69	53.5	51.8	+1.7
Employment	56.7	56.6	+0.1	Growing	Faster	14	48.3	50.0	-1.7
Supplier Deliveries	53.5	54.0	-0.5	Slowing	Slower	6	50.1	50.5	-0.4
Inventories	51.0	49.5	+1.5	Growing	From Contracting	1	49.5	51.5	-2.0
Prices	50.1	52.4	-2.3	Increasing	Slower	2	40.5	39.0	+1.5
Backlog of Orders	54.5	53.5	+1.0	Growing	Faster	3	49.5	49.5	0.0
New Export Orders	48.5	59.0	-10.5	Contracting	From Growing	1	51.5	47.5	+4.0
Imports	51.5	55.5	-4.0	Growing	Slower	3	54.0	52.5	+1.5
Inventory Sentiment	59.5	61.0	-1.5	Too High	Slower	215	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	44.0	45.5	-1.5
Overall Economy				Growing	Slower	69			
Non-Manufacturing Sector				Growing	Slower	63			

* **Non-Manufacturing ISM® Report On Business®** data is seasonally adjusted for Business Activity, New Orders, Prices and Employment Indexes. **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 (6); Chicken (2); #1 Diesel Fuel (4); #2 Diesel Fuel*; Fuel (3); Gasoline* (4); IV Solutions; and Paper (2).

Commodities Down in Price

Dairy (3); #2 Diesel Fuel*; Gasoline*; Medical Supplies; Monitors; Pork; Services Labor; and Steel Products.

Commodities in Short Supply

Medical IV Solutions (16); Pharmacy Drugs (2); and Services Labor (3).

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

*Reported as both up and down in price.

APRIL 2015 NON-MANUFACTURING INDEX SUMMARIES

NMI®

In April, the NMI® registered 57.8 percent, an increase of 1.3 percentage points when compared to March's reading of 56.5 percent, indicating continued growth in the non-manufacturing sector for the 63rd 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.

An NMI® in excess of 48.7 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the April NMI® indicates growth for the 69th consecutive month in the overall economy, and indicates expansion in the non-manufacturing sector for the 63rd consecutive month. Nieves stated, "The past relationship between the NMI® and the overall economy indicates that the NMI® for April (57.8 percent) corresponds to a 3.9 percent increase in real gross domestic product (GDP) on an annualized basis."

NMI® HISTORY			
<i>Month</i>	<i>NMI®</i>	<i>Month</i>	<i>NMI®</i>
Apr 2015	57.8	Oct 2014	56.9
Mar 2015	56.5	Sep 2014	58.1
Feb 2015	56.9	Aug 2014	58.6
Jan 2015	56.7	Jul 2014	57.9
Dec 2014	56.5	Jun 2014	56.3
Nov 2014	58.8	May 2014	56.1
Average for 12 months – 57.3			
High – 58.8			
Low – 56.1			

Business Activity

ISM®'s Business Activity Index in April registered 61.6 percent; an increase of 4.1 percentage points above March's reading of 57.5 percent. This represents growth in business activity for the 69th consecutive month. Fifteen industries reported increased business activity, and three industries reported decreased activity for the month of April. Comments from respondents include: "Improved weather, lower fuel costs" and "Several new construction/development projects."

The 15 industries reporting growth of business activity in April — listed in order — are: Transportation & Warehousing; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Agriculture, Forestry, Fishing & Hunting; Management of Companies & Support Services; Finance & Insurance; Utilities; Health Care & Social Assistance; Public Administration; Accommodation & Food Services; Wholesale Trade; Retail Trade; Information; Educational Services; and Construction. The three industries reporting a decrease in business activity in April are: Mining; Other Services; and Professional, Scientific & Technical Services.

	%	%	%	
Business Activity	Higher	Same	Lower	Index
Apr 2015	40	51	9	61.6
Mar 2015	36	51	13	57.5
Feb 2015	32	54	14	59.4
Jan 2015	35	45	20	61.5

New Orders

ISM®'s Non-Manufacturing New Orders Index grew in April for the 69th consecutive month at a faster rate compared to March. The index registered 59.2 percent, an increase of 1.4 percentage

points from the March reading of 57.8 percent. Comments from respondents include: "Increase demand from segments of business" and "School construction projects."

The 14 industries reporting growth of new orders in April — listed in order — are: Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Transportation & Warehousing; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Utilities; Management of Companies & Support Services; Retail Trade; Public Administration; Health Care & Social Assistance; Wholesale Trade; Educational Services; Information; and Construction. The three industries reporting contraction of new orders in April are: Mining; Other Services; and Professional, Scientific & Technical Services.

	%	%	%	
New Orders	Higher	Same	Lower	Index
Apr 2015	35	53	12	59.2
Mar 2015	32	57	11	57.8
Feb 2015	26	63	11	56.7
Jan 2015	29	54	17	59.5

Employment

Employment activity in the non-manufacturing sector grew in April for the 14th consecutive month. ISM®'s Non-Manufacturing Employment Index registered 56.7 percent, which reflects an increase of 0.1 percentage point when compared to March's reading of 56.6 percent. Thirteen industries reported increased employment, and four industries reported decreased employment. Comments from respondents include: "Business expansion" and "Filled open positions, able to retain contractors for special projects."

The 13 industries reporting an increase in employment in April — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Finance & Insurance; Wholesale Trade; Real Estate, Rental & Leasing; Health Care & Social Assistance; Utilities; Construction; Accommodation & Food Services; Public Administration; Educational Services; Retail Trade; and Transportation & Warehousing. The four industries reporting a reduction in employment in April are: Mining; Information; Other Services; and Professional, Scientific & Technical Services.

	%	%	%	
Employment	Higher	Same	Lower	Index
Apr 2015	28	63	9	56.7
Mar 2015	26	65	9	56.6
Feb 2015	23	67	10	56.4
Jan 2015	17	64	19	51.6

Supplier Deliveries

The Supplier Deliveries Index decreased and registered 53.5 percent in April, 0.5 percentage point lower than the 54 percent registered in March. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The eight industries reporting slower deliveries in April — listed in order — are: Wholesale Trade; Mining; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Management of Companies & Support Services; Transportation & Warehousing; Professional, Scientific & Technical Services; and Retail Trade. The five industries reporting faster deliveries in April are: Educational Services; Accommodation & Food Services; Information; Finance & Insurance; and Construction.

	%	%	%	
Supplier Deliveries	Slower	Same	Faster	Index
Apr 2015	12	83	5	53.5
Mar 2015	12	84	4	54.0
Feb 2015	12	86	2	55.0
Jan 2015	11	86	3	54.0

Inventories

ISM®'s Non-Manufacturing Inventories grew after a month of contraction and registered 51 percent in April, which is 1.5 percentage points higher than the 49.5 percent that was reported in March. Of the total respondents in April, 31 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Reduced amounts of on-hand materials as part of lean initiative" and "Higher inventories are needed to calm fears about more backorders from ports."

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

	%	%	%	
Inventories	Higher	Same	Lower	Index
Apr 2015	21	60	19	51.0
Mar 2015	19	61	20	49.5
Feb 2015	26	57	17	54.5
Jan 2015	27	51	22	52.5

Prices

Prices paid by non-manufacturing organizations for purchased materials and services increased in April for the second consecutive month. ISM®'s Non-Manufacturing Prices Index for April registered 50.1 percent, 2.3 percentage points lower than the 52.4 percent reported in March. The percentage of respondents reporting higher prices is 15 percent, the percentage indicating no change in prices paid is 75 percent, and 10 percent of the respondents reported lower prices.

The nine non-manufacturing industries reporting an increase in prices paid during the month of April — listed in order — are: Educational Services; Public Administration; Retail Trade; Finance & Insurance; Wholesale Trade; Utilities; Management of Companies & Support Services; Professional, Scientific & Technical Services; and Health Care & Social Assistance. The seven industries reporting a decrease in prices paid for the month of April — listed in order — are: Mining; Information; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Transportation & Warehousing; Construction; and Arts, Entertainment & Recreation.

	%	%	%	
Prices	Higher	Same	Lower	Index
Apr 2015	15	75	10	50.1
Mar 2015	21	70	9	52.4
Feb 2015	15	74	11	49.7
Jan 2015	14	66	20	45.5

NOTE: Commodities reported as up in price and down in price are listed in the commodities section of this report.

Backlog of Orders

ISM®'s Non-Manufacturing Backlog of Orders Index grew in April for the third consecutive month. The index registered 54.5 percent, which is 1 percentage point higher than the 53.5 percent that was reported in March. Of the total respondents in April, 39 percent indicated they do not measure backlog of orders.

The 10 industries reporting an increase in order backlogs in April — listed in order — are: Real Estate, Rental & Leasing; Construction; Management of Companies & Support Services; Finance & Insurance; Transportation & Warehousing; Utilities; Wholesale Trade; Health Care & Social Assistance; Retail Trade; and Public Administration. The three industries reporting a decrease in order backlogs in April are: Mining; Other Services; and Professional, Scientific & Technical Services.

	%	%	%	
Backlog of Orders	Higher	Same	Lower	Index
Apr 2015	20	69	11	54.5
Mar 2015	21	65	14	53.5
Feb 2015	18	70	12	53.0
Jan 2015	15	68	17	49.0

New Export Orders

Orders and requests for services and other non-manufacturing activities to be provided outside of the United States by domestically based personnel contracted in April for the first time in 12 months. The New Export Orders Index for April registered 48.5 percent, which is 10.5 percentage points lower than the 59 percent reported in March. Of the total respondents in April, 69 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The four industries reporting an increase in new export orders in April are: Agriculture, Forestry, Fishing & Hunting; Utilities; Real Estate, Rental & Leasing; and Information. The four industries reporting a decrease in new export orders in April are: Mining; Other Services; Retail Trade; and Professional, Scientific & Technical Services. Nine industries reported no change in new export orders in April compared to March.

	%	%	%	
New Export Orders	Higher	Same	Lower	Index
Apr 2015	13	71	16	48.5
Mar 2015	25	68	7	59.0
Feb 2015	16	74	10	53.0
Jan 2015	16	73	11	52.5

Imports

The ISM® Non-Manufacturing Imports Index grew in April for the third consecutive month. This month's reading at 51.5 percent is 4 percentage points lower than the 55.5 percent that was reported in March. Fifty-nine percent of respondents reported that they do not use, or do not track the use of, imported materials.

The four industries reporting an increase in imports for the month of April are: Wholesale Trade; Construction; Information; and Professional, Scientific & Technical Services. The five industries reporting a decrease in imports for the month of April are: Other Services; Mining; Utilities;

Accommodation & Food Services; and Retail Trade. Eight industries reported no change in imports in April compared to March.

	%	%	%	
Imports	Higher	Same	Lower	Index
Apr 2015	15	73	12	51.5
Mar 2015	17	77	6	55.5
Feb 2015	14	74	12	51.0
Jan 2015	11	71	18	46.5

Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in April registered 59.5 percent, which is 1.5 percentage points lower than the 61 percent reported in March. This indicates that respondents believe their inventories are still too high at this time. In April, 24 percent of respondents said their inventories were too high, 5 percent said their inventories were too low, and 71 percent said their inventories were about right.

The eight industries reporting a feeling that their inventories are too high in April — listed in order — are: Mining; Arts, Entertainment & Recreation; Wholesale Trade; Information; Utilities; Health Care & Social Assistance; Public Administration; and Retail Trade. The only industry reporting a feeling that their inventory is too low in April is: Transportation & Warehousing. Seven industries reported no change in inventory sentiment in April compared to March.

	%	%	%	
Inventory Sentiment	Too High	About Right	Too Low	Index
Apr 2015	24	71	5	59.5
Mar 2015	29	64	7	61.0
Feb 2015	34	56	10	62.0
Jan 2015	26	71	3	61.5

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. The data 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 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.

An NMI® in excess of 48.7 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.7 percent, it is generally declining. The distance from 50 percent or 48.7 percent is indicative of the strength of the expansion or decline.

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.

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.

The full text version of the **Non-Manufacturing ISM® Report On Business®** is posted on ISM®'s website at www.instituteforsupplymanagement.org on the third business day* of every month after 10:00 a.m. (ET).

The next **Non-Manufacturing ISM® Report On Business®** featuring the May 2015 data will be released at 10:00 a.m. (ET) on Wednesday, June 3, 2015.

*Unless the NYSE is closed.