



**institute for
supply management**

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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 June 2015.

June Non-Manufacturing ISM® Report On Business®

NMI® at 56%

Business Activity Index at 61.5%
New Orders Index at 58.3%
Employment Index at 52.7%

(Tempe, Arizona) – Economic activity in the **non-manufacturing sector** grew in June for the 65th 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 56 percent in June, 0.3 percentage point higher than the May reading of 55.7 percent. This represents continued growth in the non-manufacturing sector at a slightly faster rate. The Non-Manufacturing Business Activity Index increased to 61.5 percent, which is 2 percentage points higher than the May reading of 59.5 percent, reflecting growth for the 71st consecutive month at a faster rate. The New Orders Index registered 58.3 percent, 0.4 percentage point higher than the reading of 57.9 percent registered in May. The Employment Index decreased 2.6 percentage points to 52.7 percent from the May reading of 55.3 percent and indicates growth for the 16th consecutive month. The Prices Index decreased 2.9 percentage points from the May reading of 55.9 percent to 53 percent, indicating prices increased in June for the fourth consecutive month. According to the NMI®, 15 non-manufacturing industries reported growth in June. The majority of respondents' comments are positive about business conditions and the economy."

INDUSTRY PERFORMANCE

The 15 non-manufacturing industries reporting growth in June — listed in order — are: Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Accommodation & Food Services; Transportation & Warehousing; Management of Companies & Support Services; Health Care & Social Assistance; Public Administration; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance;

Professional, Scientific & Technical Services; Educational Services; Wholesale Trade; Retail Trade; Utilities; and Information. The three industries reporting contraction in June are: Mining; Other Services; and Construction.

WHAT RESPONDENTS ARE SAYING ...

- “Avian Influenza has significantly impacted business.” (Agriculture, Forestry, Fishing & Hunting)
- “Strong Summer in the industry. Supply chain challenges due to the Avian flu.” (Arts, Entertainment & Recreation)
- “Health care continues strong even with the looming negative impacts of Obamacare.” (Health Care & Social Assistance)
- “Favorable weather is keeping transactions positive, as well as the planting season on schedule. Drought in CA may lead to higher costs. Lower fuel cost are allowing people to travel and eat out more often. GDP is down and employment numbers are still too low. Bird Flu is a big concern and is already affecting chicken costs.” (Accommodation & Food Services)
- “The earlier surge this year in new business has slowed and remained constant.” (Professional, Scientific & Technical Services)
- “Activity picking up as the federal government nears late Q3 and early Q4 spending.” (Public Administration)
- “The overall business outlook remains strong and performance in our market has been very good.” (Retail Trade)
- “Our sales are still trending up year-to-date versus last year-to-date.” (Wholesale Trade)

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

Index	Non-Manufacturing						Manufacturing		
	Series Index Jun	Series Index May	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Jun	Series Index May	Percent Point Change
NMI®/PMI®	56.0	55.7	+0.3	Growing	Faster	65	53.5	52.8	+0.7
Business Activity/ Production	61.5	59.5	+2.0	Growing	Faster	71	54.0	54.5	-0.5
New Orders	58.3	57.9	+0.4	Growing	Faster	71	56.0	55.8	+0.2
Employment	52.7	55.3	-2.6	Growing	Slower	16	55.5	51.7	+3.8
Supplier Deliveries	51.5	50.0	+1.5	Slowing	From Unchanged	1	48.8	50.7	-1.9
Inventories	55.0	51.0	+4.0	Growing	Faster	3	53.0	51.5	+1.5
Prices	53.0	55.9	-2.9	Increasing	Slower	4	49.5	49.5	0.0
Backlog of Orders	50.5	48.5	+2.0	Growing	From Contracting	1	47.0	53.5	-6.5
New Export Orders	52.0	55.0	-3.0	Growing	Slower	2	49.5	50.0	-0.5
Imports	48.0	53.5	-5.5	Contracting	From Growing	1	53.5	55.0	-1.5
Inventory Sentiment	65.0	59.0	+6.0	Too High	Faster	217	N/A	N/A	N/A

Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	48.5	45.5	+3.0
Overall Economy				Growing	Faster	71			
Non-Manufacturing Sector				Growing	Faster	65			

*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

Asphalt Products; Beef (8); Chicken (4); Cheese; Copper Products (2); #1 Diesel Fuel (6); #2 Diesel Fuel (3); Eggs (2); Fuel (5); Gasoline (6); Labor (2); and Soybean Oil.

Commodities Down in Price

There were no commodities reported down in price for the month of June.

Commodities in Short Supply

Eggs; and Services Labor (5).

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

JUNE 2015 NON-MANUFACTURING INDEX SUMMARIES

NMI®

In June, the NMI® registered 56 percent, 0.3 percentage point higher when compared to May's reading of 55.7 percent, indicating continued growth in the non-manufacturing sector for the 65th 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 June NMI® indicates growth for the 71st consecutive month in the overall economy, and indicates expansion in the non-manufacturing sector for the 65th consecutive month. Nieves stated, "The past relationship between the NMI® and the overall economy indicates that the NMI® for June (56 percent) corresponds to a 3.1 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>
Jun 2015	56.0	Dec 2014	56.5
May 2015	55.7	Nov 2014	58.8
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
Average for 12 months – 57.2 High – 58.8 Low – 55.7			

Business Activity

ISM®'s Business Activity Index in June registered 61.5 percent; an increase of 2 percentage points above May's reading of 59.5 percent. This represents growth in business activity for the 71st consecutive month. Eleven industries reported increased business activity, and three industries reported decreased activity for the month of June. Comments from respondents include: "Overall activity and work has increased as result of more customer traffic" and "Consumer traffic seems to be up as people appear to be driving more as a result of lower fuel prices and summer vacations."

The 11 industries reporting growth of business activity in June — listed in order — are: Arts, Entertainment & Recreation; Management of Companies & Support Services; Real Estate, Rental & Leasing; Public Administration; Health Care & Social Assistance; Transportation & Warehousing; Accommodation & Food Services; Finance & Insurance; Professional, Scientific & Technical Services; Information; and Wholesale Trade. The three industries reporting a decrease in business activity in June are: Mining; Construction; and Educational Services.

Business Activity	%Higher	%Same	%Lower	Index
Jun 2015	35	50	15	61.5
May 2015	39	47	14	59.5
Apr 2015	40	51	9	61.6
Mar 2015	36	51	13	57.5

New Orders

ISM®'s Non-Manufacturing New Orders Index grew in June for the 71st consecutive month at a slightly faster rate compared to May. The index registered 58.3 percent, an increase of 0.4 percentage point from the May reading of 57.9 percent. Comments from respondents include: "Business expansion" and "Acquiring orders in several sections of the business not previously received."

The 12 industries reporting growth of new orders in June — listed in order — are: Health Care & Social Assistance; Arts, Entertainment & Recreation; Public Administration; Accommodation & Food Services; Real Estate, Rental & Leasing; Management of Companies & Support Services; Utilities; Information; Finance & Insurance; Professional, Scientific & Technical Services; Retail Trade; and Wholesale Trade. The two industries reporting contraction of new orders in June are: Mining; and Educational Services.

New Orders	%Higher	%Same	%Lower	Index
Jun 2015	33	51	16	58.3
May 2015	34	54	12	57.9
Apr 2015	35	53	12	59.2
Mar 2015	32	57	11	57.8

Employment

Employment activity in the non-manufacturing sector grew in June for the 16th consecutive month. ISM®'s Non-Manufacturing Employment Index registered 52.7 percent, which reflects a decrease of 2.6 percentage points when compared to May's reading of 55.3 percent. Thirteen industries reported increased employment, and three industries reported decreased employment. Comments from respondents include: "Reduction in force due to business trend" and "We've had normal attrition, and those positions are mostly being backfilled (albeit slowly)."

The 13 industries reporting an increase in employment in June — listed in order — are: Transportation & Warehousing; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Educational Services; Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Management of Companies & Support Services; Public Administration; Retail Trade; Health

Care & Social Assistance; Professional, Scientific & Technical Services; and Wholesale Trade. The three industries reporting a reduction in employment in June are: Mining; Other Services; and Information.

Employment	%Higher	%Same	%Lower	Index
Jun 2015	29	56	15	52.7
May 2015	28	61	11	55.3
Apr 2015	28	63	9	56.7
Mar 2015	26	65	9	56.6

Supplier Deliveries

Supplier Deliveries slowed in June as the index registered 51.5 percent which is 1.5 percentage points higher than the 50 percent registered in May. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The six industries reporting slower deliveries in June — listed in order — are: Accommodation & Food Services; Agriculture, Forestry, Fishing & Hunting; Construction; Transportation & Warehousing; Management of Companies & Support Services; and Wholesale Trade. The five industries reporting faster deliveries in June are: Mining; Finance & Insurance; Information; Educational Services; and Retail Trade. Seven industries listed no change in supplier deliveries in June compared to May.

Supplier Deliveries	%Slower	%Same	%Faster	Index
Jun 2015	7	89	4	51.5
May 2015	8	84	8	50.0
Apr 2015	12	83	5	53.5
Mar 2015	12	84	4	54.0

Inventories

ISM®'s Non-Manufacturing Inventories grew for the third consecutive month and registered 55 percent in June, which is 4 percentage points higher than the 51 percent that was reported in May. Of the total respondents in June, 30 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Utilizing previously purchased inventories" and "Seasonal buildup."

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

Inventories	%Higher	%Same	%Lower	Index
Jun 2015	26	58	16	55.0
May 2015	23	56	21	51.0
Apr 2015	21	60	19	51.0
Mar 2015	19	61	20	49.5

Prices

Prices paid by non-manufacturing organizations for purchased materials and services increased in June for the fourth consecutive month. ISM®'s Non-Manufacturing Prices Index for June registered 53

percent, 2.9 percentage points lower than the 55.9 percent reported in May. The percentage of respondents reporting higher prices is 18 percent, the percentage indicating no change in prices paid is 72 percent, and 10 percent of the respondents reported lower prices.

The 11 non-manufacturing industries reporting an increase in prices paid during the month of June — listed in order — are: Arts, Entertainment & Recreation; Accommodation & Food Services; Educational Services; Wholesale Trade; Real Estate, Rental & Leasing; Transportation & Warehousing; Public Administration; Construction; Finance & Insurance; Management of Companies & Support Services; and Health Care & Social Assistance. The five industries reporting a decrease in prices paid for the month of June are: Mining; Agriculture, Forestry, Fishing & Hunting; Information; Retail Trade; and Professional, Scientific & Technical Services.

Prices	%Higher	%Same	%Lower	Index
Jun 2015	18	72	10	53.0
May 2015	20	73	7	55.9
Apr 2015	15	75	10	50.1
Mar 2015	21	70	9	52.4

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 June after a month of contraction. The index registered 50.5 percent, which is 2 percentage points higher than the 48.5 percent that was reported in May. Of the total respondents in June, 44 percent indicated they do not measure backlog of orders.

The eight industries reporting an increase in order backlogs in June — listed in order — are: Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Finance & Insurance; Wholesale Trade; Public Administration; Construction; Retail Trade; and Professional, Scientific & Technical Services. The five industries reporting a decrease in order backlogs in June are: Mining; Utilities; Transportation & Warehousing; Other Services; and Information.

Backlog of Orders	%Higher	%Same	%Lower	Index
Jun 2015	15	71	14	50.5
May 2015	14	69	17	48.5
Apr 2015	20	69	11	54.5
Mar 2015	21	65	14	53.5

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 June for the second consecutive month. The New Export Orders Index for June registered 52 percent, which is 3 percentage points lower than the 55 percent reported in May. Of the total respondents in June, 71 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The three industries reporting an increase in new export orders in June are: Finance & Insurance; Professional, Scientific & Technical Services; and Wholesale Trade. The three industries reporting a decrease in new export orders in June are: Utilities; Mining; and Retail Trade. Ten industries reported no change in new export orders in June compared to May.

New Export Orders	%Higher	%Same	%Lower	Index
Jun 2015	10	84	6	52.0
May 2015	19	72	9	55.0
Apr 2015	13	71	16	48.5
Mar 2015	25	68	7	59.0

Imports

The ISM® Non-Manufacturing Imports Index contracted in June after four consecutive months of growth. This month's reading at 48 percent is 5.5 percentage points lower than the reading of 53.5 percent reported in May. Fifty-six percent of respondents reported that they do not use, or do not track the use of, imported materials.

The three industries reporting an increase in imports for the month of June are: Other Services; Wholesale Trade; and Retail Trade. The three industries reporting a decrease in imports for the month of June are: Mining; Agriculture, Forestry, Fishing & Hunting; and Professional, Scientific & Technical Services. Ten industries reported no change in imports in June compared to May.

Imports	%Higher	%Same	%Lower	Index
Jun 2015	6	84	10	48.0
May 2015	17	73	10	53.5
Apr 2015	15	73	12	51.5
Mar 2015	17	77	6	55.5

Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in June registered 65 percent, which is 6 percentage points higher than the 59 percent reported in May. This indicates that respondents believe their inventories are still too high at this time. In June, 33 percent of respondents said their inventories were too high, 3 percent said their inventories were too low, and 64 percent said their inventories were about right.

The seven industries reporting a feeling that their inventories are too high in June — listed in order — are: Wholesale Trade; Mining; Retail Trade; Utilities; Professional, Scientific & Technical Services; Public Administration; and Information. The two industries reporting a feeling that their inventories are too low in June are: Construction; and Agriculture, Forestry, Fishing & Hunting. Eight industries reported no change in inventory sentiment in June compared to May.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Jun 2015	33	64	3	65.0
May 2015	24	70	6	59.0
Apr 2015	24	71	5	59.5
Mar 2015	29	64	7	61.0

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 July 2015 data will be released at 10:00 a.m. (ET) on Wednesday, August 5, 2015.

*Unless the NYSE is closed.