



**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 July 2015.

July Non-Manufacturing ISM® Report On Business®

NMI® at 60.3%

Business Activity Index at 64.9%
New Orders Index at 63.8%
Employment Index at 59.6%

(Tempe, Arizona) – Economic activity in the **non-manufacturing sector** grew in July for the 66th 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 60.3 percent in July, 4.3 percentage points higher than the June reading of 56 percent. This represents continued growth in the non-manufacturing sector at a faster rate. The Non-Manufacturing Business Activity Index increased to 64.9 percent, which is 3.4 percentage points higher than the June reading of 61.5 percent, reflecting growth for the 72nd consecutive month at a faster rate. The New Orders Index registered 63.8 percent, 5.5 percentage points higher than the reading of 58.3 percent registered in June. The Employment Index increased 6.9 percentage points to 59.6 percent from the June reading of 52.7 percent and indicates growth for the 17th consecutive month. The Prices Index increased 0.7 percentage point from the June reading of 53 percent to 53.7 percent, indicating prices increased in July for the fifth consecutive month. According to the NMI®, 15 non-manufacturing industries reported growth in July. The majority of the respondents continue to have a positive outlook on business conditions and the overall economy. This is reflected directly by a number of new highs for some of the indexes."

INDUSTRY PERFORMANCE

The 15 non-manufacturing industries reporting growth in July — listed in order — are: Arts, Entertainment & Recreation; Educational Services; Retail Trade; Real Estate, Rental & Leasing; Public Administration; Transportation & Warehousing; Finance & Insurance; Wholesale Trade; Health Care & Social Assistance; Construction; Utilities; Accommodation & Food Services; Management of Companies

& Support Services; Professional, Scientific & Technical Services; and Information. The two industries reporting contraction in July are: Mining; and Other Services.

WHAT RESPONDENTS ARE SAYING ...

- “The psychological impact of Avian Influenza has dissipated; however, the impact on egg supplies is still being felt.” (Agriculture, Forestry, Fishing & Hunting)
- “Fifteen percent annual growth expected.” (Finance & Insurance)
- “Upsurge in business from last month continues. Prices mostly staying the same.” (Professional, Scientific & Technical Services)
- “Business volume is increasing.” (Public Administration)
- “Business remains strong. Outlook for the rest of the year is favorable.” (Retail Trade)
- “Capital purchasing on infrastructure improvement [is] up to accommodate new business growth.” (Transportation & Warehousing)
- “Maintaining manageable growth. Local capital projects and investment continue to provide new opportunities.” (Wholesale Trade)
- “New business continues.” (Utilities)

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

Index	Non-Manufacturing						Manufacturing		
	Series Index Jul	Series Index Jun	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Jul	Series Index Jun	Percent Point Change
NMI®/PMI®	60.3	56.0	+4.3	Growing	Faster	66	52.7	53.5	-0.8
Business Activity/ Production	64.9	61.5	+3.4	Growing	Faster	72	56.0	54.0	+2.0
New Orders	63.8	58.3	+5.5	Growing	Faster	72	56.5	56.0	+0.5
Employment	59.6	52.7	+6.9	Growing	Faster	17	52.7	55.5	-2.8
Supplier Deliveries	53.0	51.5	+1.5	Slowing	Faster	2	48.9	48.8	+0.1
Inventories	57.0	55.0	+2.0	Growing	Faster	4	49.5	53.0	-3.5
Prices	53.7	53.0	+0.7	Increasing	Faster	5	44.0	49.5	-5.5
Backlog of Orders	54.0	50.5	+3.5	Growing	Faster	2	42.5	47.0	-4.5
New Export Orders	56.5	52.0	+4.5	Growing	Faster	3	48.0	49.5	-1.5
Imports	50.5	48.0	+2.5	Growing	From Contracting	1	52.0	53.5	-1.5
Inventory Sentiment	63.5	65.0	-1.5	Too High	Slower	218	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	44.0	48.5	-4.5
Overall Economy				Growing	Faster	72			

Non-Manufacturing Sector	Growing	Faster	66
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*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

Bacon; Chicken (5); Corn; Dairy*; #2 Diesel Fuel (4); Eggs (3); Fuel (6); Gasoline* (7); Labor (3); Lettuce; Produce Products; Soybean Oil (2); and Telecom Services.

Commodities Down in Price

Dairy*; Diesel Fuel; and Gasoline*.

Commodities in Short Supply

Construction Labor; Eggs (2); Egg Whites; and Services Labor (6).

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

*Reported as both up and down in price.

JULY 2015 NON-MANUFACTURING INDEX SUMMARIES

NMI®

In July, the NMI® registered 60.3 percent, an increase of 4.3 percentage points when compared to June’s reading of 56 percent, indicating continued growth in the non-manufacturing sector for the 66th consecutive month. This is the highest reading of the NMI® since inception of the composite index in 2008. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.

An NMI® in excess of 48.7 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the July NMI® indicates growth for the 72nd consecutive month in the overall economy, and indicates expansion in the non-manufacturing sector for the 66th consecutive month. Nieves stated, “The past relationship between the NMI® and the overall economy indicates that the NMI® for July (60.3 percent) corresponds to a 5.0 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>
Jul 2015	60.3	Jan 2015	56.7
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
Average for 12 months – 57.4 High – 60.3 Low – 55.7			

Business Activity

ISM®'s Business Activity Index in July registered 64.9 percent, an increase of 3.4 percentage points above June's reading of 61.5 percent. This represents growth in business activity for the 72nd consecutive month. This is the highest reading since December 2004 when the index registered 65 percent. Fourteen industries reported increased business activity, and two industries reported decreased activity for the month of July. Comments from respondents include: "New product offerings, increased advertising" and "Pent up demand starting to loosen."

The 14 industries reporting growth of business activity in July — listed in order — are: Educational Services; Arts, Entertainment & Recreation; Public Administration; Wholesale Trade; Finance & Insurance; Retail Trade; Health Care & Social Assistance; Utilities; Real Estate, Rental & Leasing; Accommodation & Food Services; Management of Companies & Support Services; Construction; Transportation & Warehousing; and Information. The two industries reporting a decrease in business activity in July are: Professional, Scientific & Technical Services; and Mining.

Business Activity	%Higher	%Same	%Lower	Index
Jul 2015	40	50	10	64.9
Jun 2015	35	50	15	61.5
May 2015	39	47	14	59.5
Apr 2015	40	51	9	61.6

New Orders

ISM®'s Non-Manufacturing New Orders Index grew in July for the 72nd consecutive month at a faster rate compared to June. The index registered 63.8 percent, an increase of 5.5 percentage points from the June reading of 58.3 percent. This represents the highest reading since August 2005 when the index registered 65.3 percent. Comments from respondents include: "Customer interest in new products" and "More work available."

The 13 industries reporting growth of new orders in July — listed in order — are: Educational Services; Arts, Entertainment & Recreation; Retail Trade; Public Administration; Finance & Insurance; Utilities; Real Estate, Rental & Leasing; Transportation & Warehousing; Wholesale Trade; Health Care & Social Assistance; Construction; Accommodation & Food Services; and Management of Companies & Support Services. The three industries reporting contraction of new orders in July are: Other Services; Professional, Scientific & Technical Services; and Mining.

New Orders	%Higher	%Same	%Lower	Index
Jul 2015	36	54	10	63.8
Jun 2015	33	51	16	58.3
May 2015	34	54	12	57.9
Apr 2015	35	53	12	59.2

Employment

Employment activity in the non-manufacturing sector grew in July for the 17th consecutive month. ISM®'s Non-Manufacturing Employment Index registered 59.6 percent, which reflects a substantial increase of 6.9 percentage points when compared to June's reading of 52.7 percent. This represents the highest reading since August 2005 when the index registered 60.2 percent. Fourteen industries reported increased employment, and three industries reported decreased employment. Comments from respondents include: "Additional staffing to meet service needs" and "We continue to add staff to support organizational growth and new initiatives."

The 14 industries reporting an increase in employment in July — listed in order — are: Arts, Entertainment & Recreation; Transportation & Warehousing; Educational Services; Health Care & Social

Assistance; Real Estate, Rental & Leasing; Finance & Insurance; Retail Trade; Public Administration; Wholesale Trade; Professional, Scientific & Technical Services; Construction; Accommodation & Food Services; Management of Companies & Support Services; and Information. The three industries reporting a reduction in employment in July are: Mining; Other Services; and Utilities.

Employment	%Higher	%Same	%Lower	Index
Jul 2015	33	57	10	59.6
Jun 2015	29	56	15	52.7
May 2015	28	61	11	55.3
Apr 2015	28	63	9	56.7

Supplier Deliveries

Supplier Deliveries slowed in July as the index registered 53 percent, which is 1.5 percentage points higher than the 51.5 percent registered in June. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The seven industries reporting slower deliveries in July — listed in order — are: Real Estate, Rental & Leasing; Construction; Wholesale Trade; Retail Trade; Utilities; Professional, Scientific & Technical Services; and Transportation & Warehousing. The three industries reporting faster deliveries in July are: Mining; Information; and Public Administration. Eight industries listed no change in supplier deliveries in July compared to June.

Supplier Deliveries	%Slower	%Same	%Faster	Index
Jul 2015	11	84	5	53.0
Jun 2015	7	89	4	51.5
May 2015	8	84	8	50.0
Apr 2015	12	83	5	53.5

Inventories

ISM®'s Non-Manufacturing Inventories grew for the fourth consecutive month and registered 57 percent in July, which is 2 percentage points higher than the 55 percent that was reported in June. This is the highest reading since June 2010 when the index registered 58.5 percent. Of the total respondents in July, 31 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "New business demands driving new consumption of supplies" and "Right-sizing inventory levels."

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

Inventories	%Higher	%Same	%Lower	Index
Jul 2015	25	64	11	57.0
Jun 2015	26	58	16	55.0
May 2015	23	56	21	51.0
Apr 2015	21	60	19	51.0

Prices

Prices paid by non-manufacturing organizations for purchased materials and services increased in July for the fifth consecutive month. ISM®'s Non-Manufacturing Prices Index for July registered 53.7 percent, 0.7 percentage point higher than the 53 percent reported in June. The proportion of respondents reporting higher prices is 14 percent, 80 percent indicated no change in prices paid, and 6 percent of the respondents reported lower prices.

The eight non-manufacturing industries reporting an increase in prices paid during the month of July — listed in order — are: Accommodation & Food Services; Real Estate, Rental & Leasing; Educational Services; Public Administration; Management of Companies & Support Services; Wholesale Trade; Finance & Insurance; and Retail Trade. The three industries reporting a decrease in prices paid for the month of July are: Mining; Information; and Transportation & Warehousing. Seven industries reported no change in prices in July compared to June.

Prices	%Higher	%Same	%Lower	Index
Jul 2015	14	80	6	53.7
Jun 2015	18	72	10	53.0
May 2015	20	73	7	55.9
Apr 2015	15	75	10	50.1

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 July for the second consecutive month. The index registered 54 percent, which is 3.5 percentage points higher than the 50.5 percent that was reported in June. Of the total respondents in July, 40 percent indicated they do not measure backlog of orders.

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

Backlog of Orders	%Higher	%Same	%Lower	Index
Jul 2015	21	66	13	54.0
Jun 2015	15	71	14	50.5
May 2015	14	69	17	48.5
Apr 2015	20	69	11	54.5

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 July for the third consecutive month. The New Export Orders Index for July registered 56.5 percent, which is 4.5 percentage points higher than the 52 percent reported in June. Of the total respondents in July, 64 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The seven industries reporting an increase in new export orders in July — listed in order — are: Utilities; Information; Arts, Entertainment & Recreation; Accommodation & Food Services; Construction; Wholesale Trade; and Professional, Scientific & Technical Services. The two industries reporting a

decrease in new export orders in July are: Mining; and Finance & Insurance. Seven industries reported no change in new export orders in July compared to June.

New Export Orders	%Higher	%Same	%Lower	Index
Jul 2015	23	67	10	56.5
Jun 2015	10	84	6	52.0
May 2015	19	72	9	55.0
Apr 2015	13	71	16	48.5

Imports

The ISM® Non-Manufacturing Imports Index grew in July after a month of contraction. This month's reading at 50.5 percent is 2.5 percentage points higher than the reading of 48 percent reported in June. Fifty-five percent of respondents reported that they do not use, or do not track the use of, imported materials.

The six industries reporting an increase in imports for the month of July — listed in order — are: Arts, Entertainment & Recreation; Accommodation & Food Services; Utilities; Information; Transportation & Warehousing; and Retail Trade. The five industries reporting a decrease in imports for the month of July are: Other Services; Agriculture, Forestry, Fishing & Hunting; Professional, Scientific & Technical Services; Construction; and Wholesale Trade.

Imports	%Higher	%Same	%Lower	Index
Jul 2015	12	77	11	50.5
Jun 2015	6	84	10	48.0
May 2015	17	73	10	53.5
Apr 2015	15	73	12	51.5

Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in July registered 63.5 percent, which is 1.5 percentage points lower than the 65 percent reported in June. This indicates that respondents believe their inventories are still too high at this time. In July, 33 percent of respondents said their inventories were too high, 6 percent said their inventories were too low, and 61 percent said their inventories were about right.

The nine industries reporting a feeling that their inventories are too high in July — listed in order — are: Real Estate, Rental & Leasing; Wholesale Trade; Information; Retail Trade; Mining; Professional, Scientific & Technical Services; Utilities; Construction; and Health Care & Social Assistance. The two industries reporting a feeling that their inventories are too low in July are: Accommodation & Food Services; and Public Administration.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Jul 2015	33	61	6	63.5
Jun 2015	33	64	3	65.0
May 2015	24	70	6	59.0
Apr 2015	24	71	5	59.5

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 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 August 2015 data will be released at 10:00 a.m. (ET) on Thursday, September 3, 2015.

*Unless the NYSE is closed.