



**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 August 2015.

August Non-Manufacturing ISM® Report On Business®

NMI® at 59%

Business Activity Index at 63.9%
New Orders Index at 63.4%
Employment Index at 56%

(Tempe, Arizona) – Economic activity in the **non-manufacturing sector** grew in August for the 67th 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 59 percent in August, 1.3 percentage points lower than the July reading of 60.3 percent. This represents continued growth in the non-manufacturing sector at a slower rate. The Non-Manufacturing Business Activity Index decreased to 63.9 percent, which is 1 percentage point lower than the July reading of 64.9 percent, reflecting growth for the 73rd consecutive month at a slower rate. The New Orders Index registered 63.4 percent, 0.4 percentage point lower than the reading of 63.8 percent in July. The Employment Index decreased 3.6 percentage points to 56 percent from the July reading of 59.6 percent and indicates growth for the 18th consecutive month. The Prices Index decreased 2.9 percentage points from the July reading of 53.7 percent to 50.8 percent, indicating prices increased in August for the sixth consecutive month. According to the NMI®, 15 non-manufacturing industries reported growth in August. Overall, respondents continue to be optimistic about business conditions and the economy. This is reflected by indexes that are again strong; however, lower than what was seen in July."

INDUSTRY PERFORMANCE

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

Entertainment & Recreation; Professional, Scientific & Technical Services; and Information. The only industry reporting contraction in August is Mining.

WHAT RESPONDENTS ARE SAYING ...

- “Overall business is increasing.” (Health Care & Social Assistance)
- “Business in commercial real estate and management thereof continues to be strong. Companies want to get out of directly managing brick and mortar structures and the systems that support those assets.” (Management of Companies & Support Services)
- “Business is good and do not see anything to slow it down.” (Construction)
- “Trending towards a positive year-end.” (Finance & Insurance)
- “Avian influenza has impacted the egg market taking 40 percent of the raw material out of the supply chain. Prices have doubled and shortages of liquid eggs have emerged.” (Accommodation & Food Services)
- “Some slowdown in business activity mostly due to vacations. Despite this, the variance still meets Q3 forecasted business level expectations.” (Professional, Scientific & Technical Services)
- “Business and our market sector continue to be strong with continued growth and stability.” (Retail Trade)
- “Sales continue to increase and port congestion on the East Coast is easing up. Intermodal transit time has increased by two days because of rail repairs.” (Wholesale Trade)

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

Index	Non-Manufacturing						Manufacturing		
	Series Index Aug	Series Index Jul	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Aug	Series Index Jul	Percent Point Change
NMI®/PMI®	59.0	60.3	-1.3	Growing	Slower	67	51.1	52.7	-1.6
Business Activity/ Production	63.9	64.9	-1.0	Growing	Slower	73	53.6	56.0	-2.4
New Orders	63.4	63.8	-0.4	Growing	Slower	73	51.7	56.5	-4.8
Employment	56.0	59.6	-3.6	Growing	Slower	18	51.2	52.7	-1.5
Supplier Deliveries	52.5	53.0	-0.5	Slowing	Slower	3	50.7	48.9	+1.8
Inventories	54.5	57.0	-2.5	Growing	Slower	5	48.5	49.5	-1.0
Prices	50.8	53.7	-2.9	Increasing	Slower	6	39.0	44.0	-5.0
Backlog of Orders	56.5	54.0	+2.5	Growing	Faster	3	46.5	42.5	+4.0
New Export Orders	52.0	56.5	-4.5	Growing	Slower	4	46.5	48.0	-1.5
Imports	51.5	50.5	+1.0	Growing	Faster	2	51.5	52.0	-0.5
Inventory Sentiment	69.0	63.5	+5.5	Too High	Faster	219	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	53.0	44.0	+9.0

Overall Economy	Growing	Slower	73
Non-Manufacturing Sector	Growing	Slower	67

*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 (2); Chicken (6); #1 Diesel Fuel*; Eggs (4); Fuel Prices; Gasoline* (8); Labor (4); and Produce Products (2).

Commodities Down in Price

Cartons; Cheese; Coffee; #1 Diesel Fuel*; Fuel; Gasoline* (2); Propane; Resin; and Salmon.

Commodities in Short Supply

Contract Administrators; Eggs (3); and Services Labor (7).

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

*Reported as both up and down in price.

AUGUST 2015 NON-MANUFACTURING INDEX SUMMARIES

NMI®

In August, the NMI® registered 59 percent, a decrease of 1.3 percentage points when compared to July’s reading of 60.3 percent, indicating continued growth in the non-manufacturing sector for the 67th 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 August NMI® indicates growth for the 73rd consecutive month in the overall economy, and indicates expansion in the non-manufacturing sector for the 67th consecutive month. Nieves stated, “The past relationship between the NMI® and the overall economy indicates that the NMI® for August (59 percent) corresponds to a 4.4 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>
Aug 2015	59.0	Feb 2015	56.9
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
Average for 12 months – 57.4 High – 60.3 Low – 55.7			

Business Activity

ISM®'s Business Activity Index in August registered 63.9 percent, a decrease of 1 percentage point from July's reading of 64.9 percent. This represents growth in business activity for the 73rd consecutive month. Fourteen industries reported increased business activity, and one industry reported decreased activity for the month of August. Comments from respondents include: "New acquisition" and "Continued market growth has fueled more business activity. Many new projects are starting."

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

Business Activity	%Higher	%Same	%Lower	Index
Aug 2015	38	51	11	63.9
Jul 2015	40	50	10	64.9
Jun 2015	35	50	15	61.5
May 2015	39	47	14	59.5

New Orders

ISM®'s Non-Manufacturing New Orders Index grew in August for the 73rd consecutive month at a slower rate compared to July. The index registered 63.4 percent, a decrease of 0.4 percentage point from the July reading of 63.8 percent. Comments from respondents include: "New customers, network upgrades" and "Successful promotion/new business."

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

New Orders	%Higher	%Same	%Lower	Index
Aug 2015	32	60	8	63.4
Jul 2015	36	54	10	63.8
Jun 2015	33	51	16	58.3
May 2015	34	54	12	57.9

Employment

Employment activity in the non-manufacturing sector grew in August for the 18th consecutive month. ISM®'s Non-Manufacturing Employment Index registered 56 percent, which reflects a decrease of 3.6 percentage points when compared to July's reading of 59.6 percent. Twelve industries reported increased employment, and three industries reported decreased employment. Comments from respondents include: "Ramping up for a new client coming onboard" and "Insourcing responsibilities."

The 12 industries reporting an increase in employment in August — listed in order — are: Accommodation & Food Services; Transportation & Warehousing; Real Estate, Rental & Leasing; Management of Companies & Support Services; Wholesale Trade; Educational Services; Finance & Insurance; Retail Trade; Utilities; Construction; Health Care & Social Assistance; and Public Administration. The three industries reporting a reduction in employment in August are: Mining; Arts, Entertainment & Recreation; and Professional, Scientific & Technical Services.

Employment	%Higher	%Same	%Lower	Index
Aug 2015	28	55	17	56.0
Jul 2015	33	57	10	59.6
Jun 2015	29	56	15	52.7
May 2015	28	61	11	55.3

Supplier Deliveries

Supplier Deliveries slowed in August as the index registered 52.5 percent, which is 0.5 percentage point lower than the 53 percent registered in July. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The 10 industries reporting slower deliveries in August — listed in order — are: Real Estate, Rental & Leasing; Educational Services; Accommodation & Food Services; Construction; Wholesale Trade; Retail Trade; Public Administration; Health Care & Social Assistance; Utilities; and Professional, Scientific & Technical Services. The three industries reporting faster deliveries in August are: Mining; Finance & Insurance; and Transportation & Warehousing.

Supplier Deliveries	%Slower	%Same	%Faster	Index
Aug 2015	8	89	3	52.5
Jul 2015	11	84	5	53.0
Jun 2015	7	89	4	51.5
May 2015	8	84	8	50.0

Inventories

ISM®'s Non-Manufacturing Inventories grew for the fifth consecutive month and registered 54.5 percent in August, which is 2.5 percentage points lower than the 57 percent that was reported in July. Of the total respondents in August, 30 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Burning off contingency stock put in place during port strike planning" and "More inventory turns, but same level."

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

Inventories	%Higher	%Same	%Lower	Index
Aug 2015	21	67	12	54.5
Jul 2015	25	64	11	57.0
Jun 2015	26	58	16	55.0
May 2015	23	56	21	51.0

Prices

Prices paid by non-manufacturing organizations for purchased materials and services increased in August for the sixth consecutive month. ISM®'s Non-Manufacturing Prices Index for August registered 50.8 percent, 2.9 percentage points lower than the 53.7 percent reported in July. The proportion of respondents reporting higher prices is 11 percent, 77 percent indicated no change in prices paid, and 12 percent of the respondents reported lower prices.

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

Prices	%Higher	%Same	%Lower	Index
Aug 2015	11	77	12	50.8
Jul 2015	14	80	6	53.7
Jun 2015	18	72	10	53.0
May 2015	20	73	7	55.9

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 August for the third consecutive month. The index registered 56.5 percent, which is 2.5 percentage points higher than the 54 percent that was reported in July. Of the total respondents in August, 40 percent indicated they do not measure backlog of orders.

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

Backlog of Orders	%Higher	%Same	%Lower	Index
Aug 2015	24	65	11	56.5
Jul 2015	21	66	13	54.0
Jun 2015	15	71	14	50.5
May 2015	14	69	17	48.5

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 August for the fourth consecutive month. The New Export Orders Index for August registered 52 percent, which is 4.5 percentage points lower than the 56.5 percent reported in July. Of the total respondents in August, 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 August are: Construction; Accommodation & Food Services; Retail Trade; and Professional, Scientific & Technical Services. The

only industry reporting a decrease in new export orders in August is Mining. Nine industries reported no change in new export orders in August compared to July.

New Export Orders	%Higher	%Same	%Lower	Index
Aug 2015	9	86	5	52.0
Jul 2015	23	67	10	56.5
Jun 2015	10	84	6	52.0
May 2015	19	72	9	55.0

Imports

The ISM® Non-Manufacturing Imports Index grew in August for the second consecutive month. This month’s reading at 51.5 percent is 1 percentage point higher than the reading of 50.5 percent reported in July. Fifty-six 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 August — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Public Administration; Professional, Scientific & Technical Services; Wholesale Trade; and Retail Trade. The two industries reporting a decrease in imports for the month of August are: Mining; and Other Services.

Imports	%Higher	%Same	%Lower	Index
Aug 2015	11	81	8	51.5
Jul 2015	12	77	11	50.5
Jun 2015	6	84	10	48.0
May 2015	17	73	10	53.5

Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in August registered 69 percent, which is 5.5 percentage points higher than the 63.5 percent reported in July. This indicates that respondents believe their inventories are still too high at this time. In August, 39 percent of respondents said their inventories were too high, 1 percent said their inventories were too low, and 60 percent said their inventories were about right.

The 12 industries reporting a feeling that their inventories are too high in August — listed in order — are: Mining; Arts, Entertainment & Recreation; Other Services; Wholesale Trade; Construction; Management of Companies & Support Services; Accommodation & Food Services; Transportation & Warehousing; Information; Finance & Insurance; Retail Trade; and Utilities.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Aug 2015	39	60	1	69.0
Jul 2015	33	61	6	63.5
Jun 2015	33	64	3	65.0
May 2015	24	70	6	59.0

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 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.

ISM ROB Content

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The next **Non-Manufacturing ISM® *Report On Business*®** featuring the September 2015 data will be released at 10:00 a.m. (ET) on Monday, October 5, 2015.

*Unless the NYSE is closed.