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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 October 2015.

October Non-Manufacturing ISM[®] *Report On Business*[®]

NMI[®] at 59.1%

Business Activity Index at 63%
New Orders Index at 62%
Employment Index at 59.2%

(Tempe, Arizona) – Economic activity in the **non-manufacturing sector** grew in October for the 69th 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 59.1 percent in October, 2.2 percentage points higher than the September reading of 56.9 percent. This represents continued growth in the non-manufacturing sector at a faster rate. The Non-Manufacturing Business Activity Index increased to 63 percent, which is 2.8 percentage points higher than the September reading of 60.2 percent, reflecting growth for the 75th consecutive month at a faster rate. The New Orders Index registered 62 percent, 5.3 percentage points higher than the reading of 56.7 percent in September. The Employment Index increased 0.9 percentage point to 59.2 percent from the September reading of 58.3 percent and indicates growth for the 20th consecutive month. The Prices Index increased 0.7 percentage point from the September reading of 48.4 percent to 49.1 percent, indicating prices decreased in October for the second consecutive month. According to the NMI[®], 14 non-manufacturing industries reported growth in October. After the slight cooling off in September, the non-manufacturing sector reflected growth across most of the indexes. Respondents remain mostly positive about business conditions and the overall economy."

INDUSTRY PERFORMANCE

The 14 non-manufacturing industries reporting growth in October — listed in order — are: Transportation & Warehousing; Health Care & Social Assistance; Professional, Scientific & Technical Services; Utilities; Retail Trade; Construction; Management of Companies & Support Services;

Information; Finance & Insurance; Other Services; Arts, Entertainment & Recreation; Public Administration; Wholesale Trade; and Accommodation & Food Services. The only industry reporting contraction in October is Mining.

WHAT RESPONDENTS ARE SAYING ...

- “Less volatile pricing in last month. Concern remains about entering fall migration and Avian Influenza risk.” (Accommodation & Food Services)
- “Overall good weather keeps business results strong.” (Arts, Entertainment & Recreation)
- “Economy remains steady—new construction (residential and commercial) apparent in most areas serviced. Agriculture weakening significantly—especially cattle.” (Finance & Insurance)
- “Changes in Medicare/Medicaid requirements under the ACA are impacting healthcare businesses. Some insurance companies are discontinuing services in some states.” (Health Care & Social Assistance)
- “Economic outlook appears consistent, but clients suddenly very conservative with discretionary spending.” (Professional, Scientific & Technical Services)
- “Overall business and volume have been very consistent and strong the past month.” (Retail Trade)
- “Currently building inventories and work force for Q4, holiday, and peak seasons.” (Transportation & Warehousing)
- “Overall our business continues to grow at an unprecedented rate. We believe it to be in direct correlation to the price of gas giving the consumer more expendable income.” (Wholesale Trade)

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

Index	Non-Manufacturing						Manufacturing		
	Series Index Oct	Series Index Sep	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Oct	Series Index Sep	Percent Point Change
NMI®/PMI®	59.1	56.9	+2.2	Growing	Faster	69	50.1	50.2	-0.1
Business Activity/ Production	63.0	60.2	+2.8	Growing	Faster	75	52.9	51.8	+1.1
New Orders	62.0	56.7	+5.3	Growing	Faster	75	52.9	50.1	+2.8
Employment	59.2	58.3	+0.9	Growing	Faster	20	47.6	50.5	-2.9
Supplier Deliveries	52.0	52.5	-0.5	Slowing	Slower	5	50.4	50.2	+0.2
Inventories	52.5	51.0	+1.5	Growing	Faster	7	46.5	48.5	-2.0
Prices	49.1	48.4	+0.7	Decreasing	Slower	2	39.0	38.0	+1.0
Backlog of Orders	54.5	54.5	0.0	Growing	Same	5	42.5	41.5	+1.0
New Export Orders	54.5	52.5	+2.0	Growing	Faster	6	47.5	46.5	+1.0
Imports	54.5	53.0	+1.5	Growing	Faster	4	47.0	50.5	-3.5
Inventory Sentiment	63.0	65.0	-2.0	Too High	Slower	221	N/A	N/A	N/A

Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	51.0	54.5	-3.5
Overall Economy				Growing	Faster	75			
Non-Manufacturing Sector				Growing	Faster	69			

*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; Butter (2); #1 Diesel Fuel*; Eggs* (6); Food Products; Labor (6); Lab Supplies; Temporary Labor; and Turkey.

Commodities Down in Price

Cotton; #1 Diesel Fuel* (3); #2 Diesel Fuel (2); Eggs*; (-2); Fuel (3); Gasoline (4); Lumber Products — Pine, Spruce, and Treated; and Pork Products.

Commodities in Short Supply

Eggs (5); Labor; Medical Supplies; and Turkey.

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

*Reported as both up and down in price.

OCTOBER 2015 NON-MANUFACTURING INDEX SUMMARIES

NMI®

In October, the NMI® registered 59.1 percent, an increase of 2.2 percentage points when compared to September's reading of 56.9 percent, indicating continued growth in the non-manufacturing sector for the 69th 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® above 48.7 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the October NMI® indicates growth for the 75th consecutive month in the overall economy, and indicates expansion in the non-manufacturing sector for the 69th consecutive month. Nieves stated, "The past relationship between the NMI® and the overall economy indicates that the NMI® for October (59.1 percent) corresponds to a 4.5 percent increase in real gross domestic product (GDP) on an annualized basis."

NMI® HISTORY

Month	NMI®	Month	NMI®
Oct 2015	59.1	Apr 2015	57.8
Sep 2015	56.9	Mar 2015	56.5
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

Average for 12 months – 57.5 High – 60.3 Low – 55.7

Business Activity

ISM®'s Business Activity Index in October registered 63 percent; an increase of 2.8 percentage points from September's reading of 60.2 percent. This represents growth in business activity for the 75th consecutive month. Thirteen industries reported increased business activity, and two industries reported decreased activity for the month of October. Comments from respondents include: "More clinical services being provided" and "Business activity has increased over the past month, with heavy store traffic."

The 13 industries reporting growth of business activity in October — listed in order — are: Information; Utilities; Transportation & Warehousing; Professional, Scientific & Technical Services; Retail Trade; Finance & Insurance; Management of Companies & Support Services; Arts, Entertainment & Recreation; Health Care & Social Assistance; Public Administration; Construction; Accommodation & Food Services; and Other Services. The two industries reporting a decrease in business activity in October are: Mining; and Educational Services.

Business Activity	%Higher	%Same	%Lower	Index
Oct 2015	31	59	10	63.0
Sep 2015	31	58	11	60.2
Aug 2015	38	51	11	63.9
Jul 2015	40	50	10	64.9

New Orders

ISM®'s Non-Manufacturing New Orders Index registered 62 percent, an increase of 5.3 percentage points from the September reading of 56.7 percent. October represents growth in new orders for the 75th consecutive month at a faster rate compared to September. Comments from respondents include: "Customer demand as a result of expanding products and services offered" and "New customers added."

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

New Orders	%Higher	%Same	%Lower	Index
Oct 2015	29	60	11	62.0
Sep 2015	28	59	13	56.7
Aug 2015	32	60	8	63.4
Jul 2015	36	54	10	63.8

Employment

Employment activity in the non-manufacturing sector grew in October for the 20th consecutive month. ISM®'s Non-Manufacturing Employment Index registered 59.2 percent, which reflects an increase of 0.9 percentage point when compared to September's reading of 58.3 percent. Eleven industries reported increased employment, and four industries reported decreased employment. Comments from respondents include: "Constantly adding FTEs" and "Hiring due to increased revenue."

The 11 industries reporting an increase in employment in October — listed in order — are: Health Care & Social Assistance; Educational Services; Construction; Other Services; Transportation & Warehousing; Wholesale Trade; Professional, Scientific & Technical Services; Management of Companies & Support Services; Finance & Insurance; Public Administration; and Retail Trade. The four industries reporting a reduction in employment in October are: Utilities; Accommodation & Food Services; Information; and Mining.

Employment	%Higher	%Same	%Lower	Index
Oct 2015	24	65	11	59.2
Sep 2015	21	67	12	58.3
Aug 2015	28	55	17	56.0
Jul 2015	33	57	10	59.6

Supplier Deliveries

Supplier Deliveries continued to slow in October as the index registered 52 percent, which is 0.5 percentage point lower than the 52.5 reading that was registered in September. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The nine industries reporting slower deliveries in October — listed in order — are: Retail Trade; Utilities; Wholesale Trade; Other Services; Construction; Accommodation & Food Services; Transportation & Warehousing; Public Administration; and Professional, Scientific & Technical Services. The five industries reporting faster deliveries in October are: Mining; Educational Services; Information; Health Care & Social Assistance; and Finance & Insurance.

Supplier Deliveries	%Slower	%Same	%Faster	Index
Oct 2015	9	86	5	52.0
Sep 2015	8	89	3	52.5
Aug 2015	8	89	3	52.5
Jul 2015	11	84	5	53.0

Inventories

ISM®'s Non-Manufacturing Inventories grew for the seventh consecutive month and registered 52.5 percent in October, which is 1.5 percentage points higher than the 51 percent that was reported in September. Of the total respondents in October, 32 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "On-hand inventory value is down after lean reduction" and "Building inventories for anticipated strong 4Q."

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

Inventories	%Higher	%Same	%Lower	Index
Oct 2015	22	61	17	52.5
Sep 2015	19	64	17	51.0
Aug 2015	21	67	12	54.5

Jul 2015	25	64	11	57.0
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Prices

Prices paid by non-manufacturing organizations for purchased materials and services decreased in October for the second consecutive month. ISM®'s Non-Manufacturing Prices Index for October registered 49.1 percent, 0.7 percentage point higher than the 48.4 percent reported in September. The proportion of respondents reporting higher prices is 10 percent, 74 percent indicated no change in prices paid, and 16 percent of the respondents reported lower prices.

The four non-manufacturing industries reporting an increase in prices paid during the month of October are: Accommodation & Food Services; Transportation & Warehousing; Educational Services; and Public Administration. The eight industries reporting a decrease in prices paid for the month of October — listed in order — are: Mining; Retail Trade; Construction; Information; Finance & Insurance; Wholesale Trade; Professional, Scientific & Technical Services; and Management of Companies & Support Services. Six industries reported no change in prices in October compared to September.

Prices	%Higher	%Same	%Lower	Index
Oct 2015	10	74	16	49.1
Sep 2015	11	72	17	48.4
Aug 2015	11	77	12	50.8
Jul 2015	14	80	6	53.7

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 indicates growth in order backlogs in October for the fifth consecutive month. The index registered 54.5 percent, which is the same reading reported in September. Of the total respondents in October, 43 percent indicated they do not measure backlog of orders.

The eight industries reporting an increase in order backlogs in October — listed in order — are: Information; Construction; Finance & Insurance; Accommodation & Food Services; Wholesale Trade; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Public Administration. The three industries reporting a decrease in order backlogs in October are: Mining; Retail Trade; and Transportation & Warehousing. Six industries listed no change in order backlogs in October compared to September.

Backlog of Orders	%Higher	%Same	%Lower	Index
Oct 2015	20	69	11	54.5
Sep 2015	20	69	11	54.5
Aug 2015	24	65	11	56.5
Jul 2015	21	66	13	54.0

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 grew in October for the sixth consecutive month. The New Export Orders Index for October registered 54.5 percent, which is 2 percentage points higher than

the 52.5 percent reported in September. Of the total respondents in October, 65 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 October — listed in order — are: Educational Services; Construction; Arts, Entertainment & Recreation; Information; Management of Companies & Support Services; Retail Trade; and Professional, Scientific & Technical Services. The three industries reporting a decrease in new export orders in October are: Mining; Wholesale Trade; and Transportation & Warehousing. Eight industries reported no change in new export orders in October compared to September.

New Export Orders	%Higher	%Same	%Lower	Index
Oct 2015	16	77	7	54.5
Sep 2015	18	69	13	52.5
Aug 2015	9	86	5	52.0
Jul 2015	23	67	10	56.5

Imports

The ISM® Non-Manufacturing Imports Index grew in October for the fourth consecutive month. This month’s reading at 54.5 percent is 1.5 percentage points higher than the reading of 53 percent reported in September. Fifty-seven 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 October — listed in order — are: Information; Wholesale Trade; Transportation & Warehousing; Retail Trade; Professional, Scientific & Technical Services; and Accommodation & Food Services. The two industries reporting a decrease in imports for the month of October are: Other Services; and Mining. Ten industries listed no change in imports in October compared to September.

Imports	%Higher	%Same	%Lower	Index
Oct 2015	13	83	4	54.5
Sep 2015	12	82	6	53.0
Aug 2015	11	81	8	51.5
Jul 2015	12	77	11	50.5

Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in October registered 63 percent, which is 2 percentage points lower than the 65 percent reported in September. This indicates that respondents believe their inventories are still too high at this time. In October, 30 percent of respondents said their inventories were too high, 4 percent said their inventories were too low, and 66 percent said their inventories were about right.

The 10 industries reporting a feeling that their inventories are too high in October — listed in order — are: Mining; Wholesale Trade; Utilities; Health Care & Social Assistance; Information; Retail Trade; Construction; Finance & Insurance; Accommodation & Food Services; and Public Administration. No industry reported a feeling that their inventories were too low for the month of October. Six industries listed no change in inventory sentiment in October compared to September.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Oct 2015	30	66	4	63.0

Sep 2015	34	62	4	65.0
Aug 2015	39	60	1	69.0
Jul 2015	33	61	6	63.5

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® above 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 November 2015 data will be released at 10:00 a.m. (ET) on Thursday, December 3, 2015.

*Unless the NYSE is closed.