



FOR RELEASE: 10:00 A.M. ET January 6, 2016

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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 December 2015.

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

NMI[®] at 55.3%

Business Activity Index at 58.7%
New Orders Index at 58.2%
Employment Index at 55.7%

(Tempe, Arizona) – Economic activity in the **non-manufacturing sector** grew in December for the 71st 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 55.3 percent in December, 0.6 percentage point lower than the November reading of 55.9 percent. This represents continued growth in the non-manufacturing sector at a slightly slower rate. The Non-Manufacturing Business Activity Index increased to 58.7 percent, which is 0.5 percentage point higher than the November reading of 58.2 percent, reflecting growth for the 77th consecutive month at a slightly faster rate. The New Orders Index registered 58.2 percent, 0.7 percentage point higher than the reading of 57.5 percent in November. The Employment Index increased 0.7 percentage point to 55.7 percent from the November reading of 55 percent and indicates growth for the 22nd consecutive month. The Prices Index decreased 0.6 percentage point from the November reading of 50.3 percent to 49.7 percent, indicating prices decreased in December for the third time in the last four months. According to the NMI[®], 11 non-manufacturing industries reported growth in December. Faster deliveries in December contributed to the overall slight slowing in the rate of growth according to the NMI[®] composite index. All of the other component indexes increased in the month of December. The majority of respondents' comments remain positive about business conditions and the overall economy."

INDUSTRY PERFORMANCE

The 11 non-manufacturing industries reporting growth in December — listed in order — are: Accommodation & Food Services; Management of Companies & Support Services; Health Care & Social

Assistance; Information; Retail Trade; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Finance & Insurance; Construction; Professional, Scientific & Technical Services; and Utilities. The five industries reporting contraction in December are: Other Services; Educational Services; Wholesale Trade; Public Administration; and Transportation & Warehousing.

WHAT RESPONDENTS ARE SAYING ...

- “Business continues to be strong for consulting/operational outsourcing of real estate operations.” (Management of Companies & Support Services)
- “Professional and skilled craft labor is difficult to find.” (Construction)
- “Continued downturn in global energy pricing has given way to reduced costs from vendors.” (Mining)
- “We see continued spend demand higher than any months of this year; however, productivity reaches its peak and projects have to be carried over to 2016.” (Professional, Scientific & Technical Services)
- “Holiday shopping volume is in line with forecast.” (Retail Trade)
- “Currently very busy in the holiday rush season. Purchasing of supplies, postage & freight, and direct labor all more than double non-holiday periods.” (Transportation & Warehousing)
- “The supply chain is faster than in previous years and equipment is more readily available.” (Wholesale Trade)
- “Construction projects continue at a record pace.” (Educational Services)

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

Index	Non-Manufacturing						Manufacturing		
	Series Index Dec	Series Index Nov	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Dec	Series Index Nov	Percent Point Change
NMI®/PMI®	55.3	55.9	-0.6	Growing	Slower	71	48.2	48.6	-0.4
Business Activity/ Production	58.7	58.2	+0.5	Growing	Faster	77	49.8	49.2	+0.6
New Orders	58.2	57.5	+0.7	Growing	Faster	77	49.2	48.9	+0.3
Employment	55.7	55.0	+0.7	Growing	Faster	22	48.1	51.3	-3.2
Supplier Deliveries	48.5	53.0	-4.5	Faster	From Slower	1	50.3	50.6	-0.3
Inventories	53.0	54.5	-1.5	Growing	Slower	9	43.5	43.0	+0.5
Prices	49.7	50.3	-0.6	Decreasing	From Increasing	1	33.5	35.5	-2.0
Backlog of Orders	50.0	51.5	-1.5	Unchanged	From Growing	1	41.0	43.0	-2.0
New Export Orders	53.5	49.5	+4.0	Growing	From Contracting	1	51.0	47.5	+3.5
Imports	49.0	51.0	-2.0	Contracting	From Growing	1	45.5	49.0	-3.5
Inventory Sentiment	64.5	63.5	+1.0	Too High	Faster	223	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	51.5	50.5	+1.0

Overall Economy	Growing	Slower	77
Non-Manufacturing Sector	Growing	Slower	71

***Non-Manufacturing ISM® Report On Business®** data is seasonally adjusted for the 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

Broccoli; Eggs; Labor (8); and Produce (2).

Commodities Down in Price

Beef (2); Blood Products; Dairy; #1 Diesel Fuel (5); #2 Diesel Fuel (4); Fuel (5); Gasoline (6); Medical Supplies; Pork; Software Related (2); Stainless Steel Products; and Steel.

Commodities in Short Supply

Labor (3).

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

DECEMBER 2015 NON-MANUFACTURING INDEX SUMMARIES

NMI®

In December, the NMI® registered 55.3 percent, a decrease of 0.6 percentage point when compared to November’s reading of 55.9 percent, indicating continued growth in the non-manufacturing sector for the 71st 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 December NMI® indicates growth for the 77th consecutive month in the overall economy, and indicates expansion in the non-manufacturing sector for the 71st consecutive month. Nieves stated, “The past relationship between the NMI® and the overall economy indicates that the NMI® for December (55.3 percent) corresponds to a 2.8 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>
Dec 2015	55.3	Jun 2015	56.0
Nov 2015	55.9	May 2015	55.7
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
Average for 12 months – 57.2 High – 60.3 Low – 55.3			

Business Activity

ISM®'s Business Activity Index in December registered 58.7 percent, an increase of 0.5 percentage point from November's reading of 58.2 percent. This represents growth in business activity for the 77th consecutive month. Twelve industries reported increased business activity, and four industries reported decreased activity for the month of December. Comments from respondents include: "New sales, mostly overseas" and "It looks like end-of-year deadlines are being pushed to complete work in 2015."

The 12 industries reporting growth of business activity in December — listed in order — are: Accommodation & Food Services; Management of Companies & Support Services; Arts, Entertainment & Recreation; Information; Health Care & Social Assistance; Retail Trade; Mining; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Construction; Utilities; and Finance & Insurance. The four industries reporting a decrease in business activity in December are: Educational Services; Other Services; Public Administration; and Wholesale Trade.

Business Activity	%Higher	%Same	%Lower	Index
Dec 2015	32	50	18	58.7
Nov 2015	32	51	17	58.2
Oct 2015	31	59	10	63.0
Sep 2015	31	58	11	60.2

New Orders

ISM®'s Non-Manufacturing New Orders Index registered 58.2 percent, an increase of 0.7 percentage point from the November reading of 57.5 percent. December represents growth in new orders for the 77th consecutive month at a faster rate compared to November. Comments from respondents include: "Business expansion" and "New projects coming on line."

The 10 industries reporting growth of new orders in December — listed in order — are: Accommodation & Food Services; Information; Health Care & Social Assistance; Retail Trade; Real Estate, Rental & Leasing; Management of Companies & Support Services; Arts, Entertainment & Recreation; Finance & Insurance; Utilities; and Professional, Scientific & Technical Services. The five industries reporting contraction of new orders in December are: Other Services; Educational Services; Mining; Wholesale Trade; and Public Administration.

New Orders	%Higher	%Same	%Lower	Index
Dec 2015	28	55	17	58.2
Nov 2015	31	55	14	57.5
Oct 2015	29	60	11	62.0
Sep 2015	28	59	13	56.7

Employment

Employment activity in the non-manufacturing sector grew in December for the 22nd consecutive month. ISM®'s Non-Manufacturing Employment Index registered 55.7 percent, which reflects an increase of 0.7 percentage point when compared to November's reading of 55 percent. Nine industries reported increased employment, and four industries reported decreased employment. Comments from respondents include: "Increased business demands" and "Filled open positions."

The nine industries reporting an increase in employment in December — listed in order — are: Management of Companies & Support Services; Retail Trade; Mining; Health Care & Social Assistance; Accommodation & Food Services; Information; Educational Services; Public Administration; and Finance & Insurance. The four industries reporting a reduction in employment in December are: Arts, Entertainment & Recreation; Other Services; Utilities; and Wholesale Trade.

Employment	%Higher	%Same	%Lower	Index
Dec 2015	20	70	10	55.7
Nov 2015	18	66	16	55.0
Oct 2015	24	65	11	59.2
Sep 2015	21	67	12	58.3

Supplier Deliveries

Supplier Deliveries were faster in December as the index reflected contraction and registered 48.5 percent, which is 4.5 percentage points lower than the reading of 53 percent that was registered in November. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The six industries reporting slower deliveries in December — listed in order — are: Real Estate, Rental & Leasing; Management of Companies & Support Services; Accommodation & Food Services; Construction; Public Administration; and Health Care & Social Assistance. The seven industries reporting faster deliveries in December — listed in order — are: Information; Mining; Transportation & Warehousing; Professional, Scientific & Technical Services; Retail Trade; Finance & Insurance; and Wholesale Trade.

Supplier Deliveries	%Slower	%Same	%Faster	Index
Dec 2015	6	85	9	48.5
Nov 2015	9	88	3	53.0
Oct 2015	9	86	5	52.0
Sep 2015	8	89	3	52.5

Inventories

ISM®'s Non-Manufacturing Inventories grew for the ninth consecutive month and registered 53 percent in December, which is 1.5 percentage points lower than the 54.5 percent that was reported in November. Of the total respondents in December, 30 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Inventory levels are reduced for year-end accounting" and "Business decision to increase inventory at additional locations."

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

Inventories	%Higher	%Same	%Lower	Index
Dec 2015	26	54	20	53.0
Nov 2015	28	53	19	54.5
Oct 2015	22	61	17	52.5
Sep 2015	19	64	17	51.0

Prices

Prices paid by non-manufacturing organizations for purchased materials and services decreased in December for the third time in the last four months. ISM®'s Non-Manufacturing Prices Index for December registered 49.7 percent, 0.6 percentage point lower than the 50.3 percent reported in November. The proportion of respondents reporting higher prices is 8 percent, 78 percent indicated no change in prices paid, and 14 percent of the respondents reported lower prices.

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

Prices	%Higher	%Same	%Lower	Index
Dec 2015	8	78	14	49.7
Nov 2015	9	75	16	50.3
Oct 2015	10	74	16	49.1
Sep 2015	11	72	17	48.4

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 indicates order backlogs in December were unchanged. The index registered 50 percent, which is 1.5 percentage points lower than the 51.5 percent that was reported in November. Of the total respondents in December, 41 percent indicated they do not measure backlog of orders.

The five industries reporting an increase in order backlogs in December are: Transportation & Warehousing; Construction; Finance & Insurance; Accommodation & Food Services; and Health Care & Social Assistance. The six industries reporting a decrease in order backlogs in December — listed in order — are: Utilities; Other Services; Mining; Public Administration; Wholesale Trade; and Professional, Scientific & Technical Services. Six industries listed no change in order backlogs in December compared to November.

Backlog of Orders	%Higher	%Same	%Lower	Index
Dec 2015	17	66	17	50.0
Nov 2015	18	67	15	51.5
Oct 2015	20	69	11	54.5
Sep 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 December after a month of contraction. The New Export Orders Index for December registered 53.5 percent, which is 4 percentage points higher than the 49.5 percent reported in November. Of the total respondents in December, 65 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The five industries reporting an increase in new export orders in December are: Educational Services; Information; Construction; Retail Trade; and Management of Companies & Support Services. The three industries reporting a decrease in new export orders in December are: Other Services; Wholesale Trade; and Professional, Scientific & Technical Services. Ten industries reported no change in new export orders in December compared to November.

New Export Orders	%Higher	%Same	%Lower	Index
Dec 2015	15	77	8	53.5
Nov 2015	11	77	12	49.5
Oct 2015	16	77	7	54.5
Sep 2015	18	69	13	52.5

Imports

Imports of raw materials contracted in December after five consecutive months of growth. This month's reading at 49 percent is 2 percentage points lower than the reading of 51 percent reported in November. 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 December — listed in order — are: Information; Utilities; Agriculture, Forestry, Fishing & Hunting; Accommodation & Food Services; Construction; and Retail Trade. The four industries reporting a decrease in imports for the month of December are: Transportation & Warehousing; Other Services; Wholesale Trade; and Professional, Scientific & Technical Services. Eight industries listed no change in imports in December compared to November.

Imports	%Higher	%Same	%Lower	Index
Dec 2015	11	76	13	49.0
Nov 2015	13	76	11	51.0
Oct 2015	13	83	4	54.5
Sep 2015	12	82	6	53.0

Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in December registered 64.5 percent, which is 1 percentage point higher than the 63.5 percent reported in November. This indicates that respondents believe their inventories are still too high at this time. In December, 34 percent of respondents said their inventories were too high, 5 percent said their inventories were too low, and 61 percent said their inventories were about right.

The eight industries reporting a feeling that their inventories are too high in December — listed in order — are: Mining; Arts, Entertainment & Recreation; Wholesale Trade; Finance & Insurance; Public Administration; Utilities; Retail Trade; and Health Care & Social Assistance. The only industry reporting a feeling that their inventories were too low for the month of December is Transportation & Warehousing. Eight industries listed no change in inventory sentiment in December compared to November.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Dec 2015	34	61	5	64.5
Nov 2015	37	53	10	63.5
Oct 2015	30	66	4	63.0

Sep 2015	34	62	4	65.0
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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.

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The next **Non-Manufacturing ISM® *Report On Business*®** featuring the January 2016 data will be released at 10:00 a.m. (ET) on Wednesday, February 3, 2016.

*Unless the NYSE is closed.