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April 2017 Non-Manufacturing ISM® Report On Business®

NMI® at 57.5%

Business Activity Index at 62.4%

New Orders Index at 63.2%

Employment Index at 51.4%

(Tempe, Arizona) — Economic activity in the **non-manufacturing sector** grew in April for the 88th 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., A.P.P., CFPM, Chair of the Institute for Supply Management® (ISM®) Non-Manufacturing Business Survey Committee: "The NMI® registered 57.5 percent, which is 2.3 percentage points higher than the March reading of 55.2 percent. This represents continued growth in the non-manufacturing sector at a faster rate. The Non-Manufacturing Business Activity Index increased to 62.4 percent, 3.5 percentage points higher than the March reading of 58.9 percent, reflecting growth for the 93rd consecutive month, at a faster rate in April. The New Orders Index registered 63.2 percent, 4.3 percentage points higher than the reading of 58.9 percent in March. The Employment Index decreased 0.2 percentage point in April to 51.4 percent from the March reading of 51.6 percent. The Prices Index increased 4.1 percentage points from the March reading of 53.5 percent to 57.6 percent, indicating prices increased for the 13th consecutive month, at a faster rate in April. According to the NMI®, 16 non-manufacturing industries reported growth. In April the non-manufacturing sector reflected strong growth after a slowing in the rate from the previous month. Respondents' comments are mostly positive about business conditions and the overall economy."

INDUSTRY PERFORMANCE

The 16 non-manufacturing industries reporting growth in April — listed in order — are: Wholesale Trade; Utilities; Arts, Entertainment & Recreation; Mining; Retail Trade; Construction; Professional, Scientific & Technical Services; Information; Management of Companies & Support Services; Public Administration; Health Care & Social Assistance; Real Estate, Rental & Leasing; Other Services; Finance & Insurance; Accommodation & Food Services; and Transportation & Warehousing. The only industry reporting contraction in April is Agriculture, Forestry, Fishing & Hunting.

WHAT RESPONDENTS ARE SAYING ...

- "Business level increasing. More project inquiries are being received." (Construction)
- "Beginning of Q2, business is profitable, maybe a bit slower than anticipated. Opportunity still positive." (Finance & Insurance)
- "Stable activity. Waiting on health care reform and its impact on our organization." (Health Care & Social Assistance)
- "Ongoing rain in Northern California is degrading the quality and increasing the prices of some vegetables, such as iceberg lettuce, broccoli, napa cabbage, and some varieties of romaine." (Accommodation & Food Services)
- "[Overall] positive outlook for Q2, Q3, and Q4 [in] 2017." (Retail Trade)
- "Optimistic business outlook, but cautious in light of [the] geopolitical instability with North Korea." (Management of Companies & Support Services)
- "First three months of 2017, sales have exceeded each of [the first] three months of 2016." (Wholesale Trade)

ISM® NON-MANUFACTURING SURVEY RESULTS AT A GLANCE
COMPARISON OF ISM® NON-MANUFACTURING AND ISM® MANUFACTURING SURVEYS*
APRIL 2017

	Non-Manufacturing						Manufacturing		
Index	Series Index Apr	Series Index Mar	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Apr	Series Index Mar	Percent Point Change
NMI®/PMI®	57.5	55.2	+2.3	Growing	Faster	88	54.8	57.2	-2.4
Business Activity/Production	62.4	58.9	+3.5	Growing	Faster	93	58.6	57.6	+1.0
New Orders	63.2	58.9	+4.3	Growing	Faster	93	57.5	64.5	-7.0
Employment	51.4	51.6	-0.2	Growing	Slower	38	52.0	58.9	-6.9
Supplier Deliveries	53.0	51.5	+1.5	Slowing	Faster	16	55.1	55.9	-0.8
Inventories	52.5	48.5	+4.0	Growing	From Contracting	1	51.0	49.0	+2.0
Prices	57.6	53.5	+4.1	Increasing	Faster	13	68.5	70.5	-2.0
Backlog of Orders	53.5	53.0	+0.5	Growing	Faster	3	57.0	57.5	-0.5
New Export Orders	65.5	62.5	+3.0	Growing	Faster	3	59.5	59.0	+0.5
Imports	53.0	56.5	-3.5	Growing	Slower	4	55.5	53.5	+2.0
Inventory Sentiment	60.0	65.0	-5.0	Too High	Slower	239	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	45.5	47.0	-1.5
Overall Economy				Growing	Faster	93			
Non-Manufacturing Sector				Growing	Faster	88			

* **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

#1 Diesel Fuel (2); Beef (2); Chemical Products; Copper Pipe; Fuel Prices; Gasoline (2); Gloves; Labor — Construction (2); Labor; Lettuce (2); Lumber; Poly Bags; Produce; Software; Steel Products (5); and Transportation Costs (2).

Commodities Down in Price

Bacon; Cheese (2); Copper Wire; and Maintenance Services.

Commodities in Short Supply

Labor (3); Labor — Construction (13); and IV Fluids.

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

APRIL 2017 NON-MANUFACTURING INDEX SUMMARIES

NMI®

In April, the NMI® registered 57.5 percent, 2.3 percentage points higher than the 55.2 percent registered in March, indicating continued growth in the non-manufacturing sector for the 88th 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 48.9 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the April NMI® indicates growth for the 93rd consecutive month in the overall economy, and indicates expansion in the non-manufacturing sector for the 88th consecutive month. Nieves stated, "The past relationship between the NMI® and the overall economy indicates that the NMI® for April (57.5 percent) corresponds to a 3.3 percent increase in real gross domestic product (GDP) on an annualized basis."

NMI® HISTORY			
Month	NMI®	Month	NMI®
Apr 2017	57.5	Oct 2016	54.6
Mar 2017	55.2	Sep 2016	56.6
Feb 2017	57.6	Aug 2016	51.7
Jan 2017	56.5	Jul 2016	54.9
Dec 2016	56.6	Jun 2016	56.1
Nov 2016	56.2	May 2016	53.6
Average for 12 months – 55.6 High – 57.6 Low – 51.7			

Business Activity

ISM®'s Business Activity Index in April registered 62.4 percent, an increase of 3.5 percentage points from the March reading of 58.9 percent. This represents growth in business activity for the 93rd consecutive month. Seventeen industries reported increased business activity and one industry reported decreased activity for the month of April. Comments from respondents include: "Increased marketing efforts" and "Business activity is very solid with higher activity over the past few months. Future activity looks to be on the same trajectory."

The 17 industries reporting growth of business activity in April — listed in order — are: Arts, Entertainment & Recreation; Utilities; Wholesale Trade; Real Estate, Rental & Leasing; Management of Companies & Support Services; Information; Professional, Scientific & Technical Services; Retail Trade; Construction; Other Services; Finance & Insurance; Public Administration; Health Care & Social Assistance; Educational Services; Mining; Transportation & Warehousing; and Accommodation & Food Services. The only industry reporting a decrease in business activity in April is Agriculture, Forestry, Fishing & Hunting.

Business Activity	% Higher	% Same	% Lower	Index
Apr 2017	42	50	8	62.4
Mar 2017	36	50	14	58.9
Feb 2017	36	51	13	63.6
Jan 2017	34	44	22	60.3

New Orders

ISM®'s Non-Manufacturing New Orders Index registered 63.2 percent, an increase of 4.3 percentage points from the March reading of 58.9 percent. April represents growth in new orders for the 93rd consecutive month at a faster rate compared with March. Comments from respondents include: "Winning more projects" and "Ramp up new programs."

The 15 industries reporting growth of new orders in April — listed in order — are: Utilities; Wholesale Trade; Information; Construction; Mining; Management of Companies & Support Services; Public Administration; Other Services; Retail Trade; Professional, Scientific & Technical Services; Transportation & Warehousing; Finance & Insurance; Educational Services; Health Care & Social Assistance; and Accommodation & Food Services. No industry reported a contraction of new orders in April compared to March.

New Orders	% Higher	% Same	% Lower	Index
Apr 2017	41	51	8	63.2
Mar 2017	34	52	14	58.9
Feb 2017	30	58	12	61.2
Jan 2017	27	54	19	58.6

Employment

Employment activity in the non-manufacturing sector grew in April for the 38th consecutive month. ISM®'s Non-Manufacturing Employment Index registered 51.4 percent, which reflects a decrease of 0.2 percentage point when compared to the March reading of 51.6 percent. Nine industries reported increased employment, and five industries reported decreased employment. Comments from respondents include: "Slightly higher only by ~1 percent compared to March" and "Corporate restructuring."

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

Employment	% Higher	% Same	% Lower	Index
Apr 2017	23	62	15	51.4
Mar 2017	21	63	16	51.6
Feb 2017	21	66	13	55.2
Jan 2017	17	67	16	54.7

Supplier Deliveries

Supplier deliveries were slower in April for the 16th consecutive month. The index registered 53 percent, which is 1.5 percentage points higher than the 51.5 percent that was registered in March. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries. Comments from respondents include: "Capacity issues" and "Some items are taking much longer."

The six industries reporting slower deliveries in April — listed in order — are: Mining; Professional, Scientific & Technical Services; Wholesale Trade; Transportation & Warehousing; Information; and Health Care & Social Assistance. The only industry reporting faster deliveries in April is Finance & Insurance. Eleven industries reported no change in supplier deliveries in April compared to March.

Supplier Deliveries	% Slower	% Same	% Faster	Index
Apr 2017	8	90	2	53.0
Mar 2017	7	89	4	51.5
Feb 2017	7	87	6	50.5
Jan 2017	10	85	5	52.5

Inventories

ISM®'s Non-Manufacturing Inventories Index grew in April (after one month of contraction) and registered 52.5 percent, 4 percentage points higher than the 48.5 percent that was reported in March. Of the total respondents in April, 31 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Building inventories for upcoming spring orders" and "Some hedge buying ahead of price increases."

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

Inventories	% Higher	% Same	% Lower	Index
Apr 2017	21	63	16	52.5
Mar 2017	16	65	19	48.5
Feb 2017	21	62	17	52.0
Jan 2017	19	58	23	48.0

Prices

Prices paid by non-manufacturing organizations for purchased materials and services increased in April for the 13th consecutive month. ISM®'s Non-Manufacturing Prices Index for April registered 57.6 percent, 4.1 percentage points higher than the 53.5 percent reported in March. Twenty-six percent of respondents reported higher prices, 69 percent indicated no change in prices paid, and 5 percent of respondents reported lower prices.

The 16 non-manufacturing industries reporting an increase in prices paid during the month of April — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Arts, Entertainment & Recreation; Construction; Wholesale Trade; Mining; Utilities; Public Administration; Management of Companies & Support Services; Information; Accommodation & Food Services; Health Care & Social Assistance; Other Services; Professional, Scientific & Technical Services; Transportation & Warehousing; and Finance & Insurance. The only industry reporting a decrease in prices paid for the month of April is Retail Trade.

Prices	% Higher	% Same	% Lower	Index
Apr 2017	26	69	5	57.6
Mar 2017	21	70	9	53.5
Feb 2017	22	72	6	57.7
Jan 2017	20	73	7	59.0

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 that order backlogs grew in April. The index registered 53.5 percent, which is 0.5 percentage point higher than the 53 percent reported in March. Of the total respondents in April, 38 percent indicated they do not measure backlog of orders. The eight industries reporting an increase in order backlogs in April — listed in order — are: Retail Trade; Mining; Wholesale Trade; Transportation & Warehousing; Information; Professional, Scientific & Technical Services; Construction; and Public Administration. The four industries reporting a decrease in order backlogs in April are: Utilities; Other Services; Health Care & Social Assistance; and Finance & Insurance.

Backlog of Orders	% Higher	% Same	% Lower	Index
Apr 2017	15	77	8	53.5
Mar 2017	17	72	11	53.0
Feb 2017	18	72	10	54.0
Jan 2017	14	72	14	50.0

New Export Orders

Orders and requests for services and other non-manufacturing activities to be provided outside of the U.S. by domestically based personnel grew in April for the third consecutive month. The New Export Orders Index for April registered 65.5 percent, which is 3 percentage points higher than the 62.5 percent reported in March. Of the total respondents in April, 63 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The 10 industries reporting an increase in new export orders in April — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Retail Trade; Information; Management of Companies & Support Services; Accommodation & Food Services; Wholesale Trade; Health Care & Social Assistance; Professional, Scientific & Technical Services; Construction; and Transportation & Warehousing. No industry reported a decrease in new export orders in April compared with March.

New Export Orders	% Higher	% Same	% Lower	Index
Apr 2017	31	69	0	65.5
Mar 2017	27	71	2	62.5
Feb 2017	22	70	8	57.0
Jan 2017	6	84	10	48.0

Imports

Imports grew in April for the fourth consecutive month. This month's reading at 53 percent is 3.5 percentage points lower than the reading of 56.5 percent reported in March. Fifty-five percent of respondents reported that they do not use, or do not track the use of, imported materials.

The four industries reporting an increase in imports for the month of April are: Wholesale Trade; Professional, Scientific & Technical Services; Transportation & Warehousing; and Accommodation & Food Services. The two industries reporting a decrease in imports in the month of April are: Health Care & Social Assistance; and Retail Trade. Ten industries reported no change in imports in April compared to March.

Imports	% Higher	% Same	% Lower	Index
Apr 2017	13	80	7	53.0
Mar 2017	18	77	5	56.5
Feb 2017	9	84	7	51.0
Jan 2017	14	80	6	54.0

Inventory Sentiment

The ISM® Non-Manufacturing Inventory Sentiment Index in April registered 60 percent, which is 5 percentage points lower than the reading of 65 percent reported in March. This indicates that respondents believe their inventories are still too high at this time. In April, 26 percent of respondents said their inventories were too high, 6 percent of the respondents said their inventories were too low, and 68 percent said their inventories were about right.

The nine industries reporting a feeling that their inventories are too high in April — listed in order — are: Mining; Utilities; Wholesale Trade; Transportation & Warehousing; Other Services; Construction; Finance & Insurance; Public Administration; and Professional, Scientific & Technical Services. The two industries reporting a feeling that their inventories are too low in April compared with March are: Health Care & Social Assistance; and Accommodation & Food Services.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Apr 2017	26	68	6	60.0
Mar 2017	34	62	4	65.0
Feb 2017	31	67	2	64.5
Jan 2017	24	76	0	62.0

About This Report

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 April 2017.

The data presented herein is obtained from a survey of non-manufacturing supply executives 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 48.9 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.9 percent, it is generally declining. The distance from 50 percent or 48.9 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.

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Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the newly launched ISM Mastery Model®. This report has been issued by the association since 1931, except for a four-year interruption during World War II.

The full text version of the **Non-Manufacturing ISM® Report On Business®** is posted on ISM®'s website at www.ismrob.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 May 2017 data will be released at 10:00 a.m. (ET) on Monday, June 5, 2017.

The next Semiannual Economic Forecast will be released May 22, 2017 at 10:00 a.m. ET at the ISM2017 Annual International Supply Management Conference in Orlando, Florida.

*Unless the NYSE is closed.