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February 2018 Manufacturing ISM® Report On Business®

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PMI® at 60.8%

New Orders, Production, and Employment Growing

Supplier Deliveries Slowing at Faster Rate; Backlog Growing

Raw Materials Inventories Growing; Customers' Inventories Too Low

Prices Increasing at Faster Rate; Exports and Imports Growing

(Tempe, Arizona) — Economic activity in the manufacturing sector expanded in February, and the overall economy grew for the 106th consecutive month, say the nation's supply executives in the latest Manufacturing ISM® Report On Business®.

The report was issued today by Timothy R. Fiore, CPSM, C.P.M., Chair of the Institute for Supply Management® (ISM®) Manufacturing Business Survey Committee: "The February PMI® registered 60.8 percent, an increase of 1.7 percentage points from the January reading of 59.1 percent. The New Orders Index registered 64.2 percent, a decrease of 1.2 percentage points from the January reading of 65.4

percent. The Production Index registered 62 percent, a 2.5 percentage point decrease compared to the January reading of 64.5 percent. The Employment Index registered 59.7 percent, an increase of 5.5 percentage points from the January reading of 54.2 percent. The Supplier Deliveries Index registered 61.1 percent, a 2 percentage point increase from the January reading of 59.1 percent. The Inventories Index registered 56.7 percent, an increase of 4.4 percentage points from the January reading of 52.3 percent. The Prices Index registered 74.2 percent in February, a 1.5 percentage point increase from the January reading of 72.7 percent, indicating higher raw materials prices for the 24th consecutive month. Comments from the panel reflect expanding business conditions, with new orders and production maintaining high levels of expansion; employment expanding at a faster rate to support production; order backlogs expanding at a faster rate; and export orders and imports continuing to grow faster in February. Supplier deliveries continued to slow (improving) at a faster rate. Price increases occurred across most industry sectors. The Customers' Inventories Index indicates levels remain too low. Capital expenditure lead times improved by five days while production material supplier lead times extended four days during the month of February."

Of the 18 manufacturing industries, 15 reported growth in February, in the following order: Printing & Related Support Activities; Primary Metals; Machinery; Computer & Electronic Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Fabricated Metal Products; Chemical Products; Transportation Equipment; Textile Mills; Miscellaneous Manufacturing; Paper Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products. Two industries reported contraction during the period: Apparel, Leather & Allied Products; and Furniture & Related Products.

What respondents are saying...

"Availability of electronic components, long lead times, allocations and constraints continue to wreak havoc in the purchasing cycle, with no end in sight at this time." (Computer & Electronic Products)

"Our business saw [an] increase in fourth quarter, and it continued in January 2018. CapEx purchase deliveries are moving out globally." (Chemical Products)

"Labor market continues to be tight for supply chain talent in the Southern California area. Overall economy is strong." (Transportation Equipment)

"Employment is one of our biggest challenges. No labor available." (Food, Beverage & Tobacco Products)

"Steel market is doing rather well. Everybody is out of what I need." (Fabricated Metal Products)

"It seems the tax break for business is making a difference. Customers are spending more for capital equipment." (Machinery)

"Hiring has picked up for direct-hire employees. Due to end-of-2017 performance and improvement in commodity price, there has been an increase in capital budget." (Petroleum & Coal Products)

"Business is very strong, and our lines are running at full capacity." (Plastics & Rubber Products)

“We expect to have a strong year in 2018. In expectation, we have added to our sales staff and plan on adding to our production staff.” (Miscellaneous Manufacturing)

“The weakening U.S. dollar in relationship to the yuan is starting to impact importing cost. We are starting to see more supplier price increases.” (Electrical Equipment, Appliances & Components)

MANUFACTURING AT A GLANCE

February 2018

Index	Series Index Feb	Series Index Jan	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	60.8	59.1	+1.7	Growing	Faster	18
New Orders	64.2	65.4	-1.2	Growing	Slower	26
Production	62.0	64.5	-2.5	Growing	Slower	18
Employment	59.7	54.2	+5.5	Growing	Faster	17
Supplier Deliveries	61.1	59.1	+2.0	Slowing	Faster	17
Inventories	56.7	52.3	+4.4	Growing	Faster	2
Customers' Inventories	43.7	45.6	-1.9	Too Low	Faster	17
Prices	74.2	72.7	+1.5	Increasing	Faster	24
Backlog of Orders	59.8	56.2	+3.6	Growing	Faster	13
New Export Orders	62.8	59.8	+3.0	Growing	Faster	24
Imports	60.5	58.4	+2.1	Growing	Faster	13
OVERALL ECONOMY				Growing	Faster	106
Manufacturing Sector				Growing	Faster	18

Manufacturing ISM® Report On Business® data is seasonally adjusted for the New Orders, Production, Employment and Supplier Deliveries Indexes.

*Number of months moving in current direction.

Commodities reported up/down in price and in short supply

Commodities Up in Price

Aluminum (16); Caustic Soda (8); Copper (4); Corrugate (17); Crude Oil (2); Diesel; Freight; Nickel (2); Memory; Packaging Materials; PET Bottles; Phosphoric Acid; Pigments; Polyethylene (2); Polyurethane (2); PVC Resin; Resin Based Products; Steel — Cold Rolled (2); Steel — Fabricated & Machined Parts; Steel — SBQ & Alloy Bars; Steel — Scrap (3); Steel — Galvanized (2); Steel — Hot Rolled (15); Steel — Stainless (3); Sulfuric Acid (2); Titanium Dioxide (5); and Vitamins (2).

Commodities Down in Price

None.

Commodities in Short Supply

Capacitors (8); Freight; Resistors (4); Skilled Labor; and Titanium Dioxide (4).

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

Manufacturing Index Summaries

PMI®

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Manufacturing expanded in February as the PMI® registered 60.8 percent, an increase of 1.7 percentage points from the January reading of 59.1 percent. “This indicates growth in manufacturing for the 18th consecutive month at strong levels led by continued expansion in new orders, production activity, employment and inventories, with suppliers continuing to struggle delivering to demand. The PMI® at 60.8 percent is the highest level of expansion seen since May 2004, when it reached 61.4 percent,” says Fiore. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

A PMI® above 43.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the February PMI® indicates growth for the 106th consecutive month in the overall economy and the 18th straight month of growth in the manufacturing sector. “The past relationship between the PMI® and the overall economy indicates that the average PMI® for February (60.8 percent) corresponds to a 5.4 percent increase in real gross domestic product (GDP) on an annualized basis.”

The Last 12 Months

Month	PMI®
Feb 2018	60.8
Jan 2018	59.1
Dec 2017	59.3
Nov 2017	58.2
Oct 2017	58.5
Sep 2017	60.2
Month	PMI®
Aug 2017	59.3
Jul 2017	56.5
Jun 2017	56.7
May 2017	55.5
Apr 2017	55.3
Mar 2017	56.6
Average for 12 months - 58.0	
High - 60.8	
Low - 55.3	

New Orders

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ISM®'s New Orders Index registered 64.2 percent in February, which is a decrease of 1.2 percentage points when compared to the 65.4 percent reported for January, indicating growth in new orders for the 26th consecutive month. "New Orders expansion continues at a strong pace, off slightly from January's expansion, with 10 straight months at 60 percent or above," says Fiore. A New Orders Index above 52.4 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

Fifteen of 18 industries reported growth in new orders in February, listed in the following order: Textile Mills; Paper Products; Printing & Related Support Activities; Primary Metals; Chemical Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; Nonmetallic Mineral Products; Machinery; Plastics & Rubber Products; Miscellaneous Manufacturing; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products. The only industry reporting a decrease in new orders in February compared to January is Apparel, Leather & Allied Products.

New Orders	% Higher	% Same	% Lower	Net	Index
Feb 2018	40.6	50.9	8.5	+32.1	64.2
Jan 2018	35.2	54.3	10.5	+24.7	65.4
Dec 2017	35.3	56.5	8.1	+27.2	67.4
Nov 2017	30.0	60.9	9.1	+20.9	63.9

Production

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ISM®'s Production Index registered 62 percent in February, which is a decrease of 2.5 percentage points when compared to the 64.5 percent reported for January, indicating growth in production for the 18th consecutive month. "Production expansion continues, in spite of labor, capacity constraints and supplier delivery difficulties. Raw material inventories increased during the period. Production could not keep pace with new order input and customer inventory needs, resulting in higher backlogs," says Fiore. An index above 51.5 percent, over time, is generally consistent with an increase in the Federal Reserve Board's Industrial Production figures.

The 14 industries reporting growth in production during the month of February — listed in order — are: Printing & Related Support Activities; Primary Metals; Paper Products; Petroleum & Coal Products; Plastics & Rubber Products; Machinery; Transportation Equipment; Chemical Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; Fabricated Metal Products; and Food, Beverage & Tobacco Products. The two industries reporting a decrease in production in February compared to January are: Apparel, Leather & Allied Products; and Furniture & Related Products.

Production	% Higher	% Same	% Lower	Net	Index
Feb 2018	35.5	54.9	9.6	+25.9	62.0
Jan 2018	32.8	56.2	11.0	+21.8	64.5
Dec 2017	30.8	60.7	8.5	+22.3	65.2
Nov 2017	32.2	61.0	6.8	+25.4	64.3

Employment

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ISM®'s Employment Index registered 59.7 percent in February, an increase of 5.5 percentage points when compared to the January reading of 54.2 percent. This indicates growth in employment in February for the 17th consecutive month. "Employment expansion remains strong, with panel member companies increasing head count during February to support growth in production activity," says Fiore. An Employment Index above 50.8 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

Of the 18 manufacturing industries, the 11 reporting employment growth in January — listed in order — are: Printing & Related Support Activities; Petroleum & Coal Products; Primary Metals; Machinery; Computer & Electronic Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Transportation Equipment. Seven industries reported no change in employment in February compared to January. No industry reported a decrease in employment in February.

Employment	% Higher	% Same	% Lower	Net	Index
Feb 2018	28.4	61.8	9.8	+18.7	59.7
Jan 2018	17.6	70.6	11.8	+5.8	54.2
Dec 2017	20.3	71.6	8.2	+12.1	58.1
Nov 2017	22.9	70.0	7.0	+15.9	59.2

Supplier Deliveries

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The delivery performance of suppliers to manufacturing organizations was slower in February, as the Supplier Deliveries Index registered 61.1 percent. This is 2 percentage points higher than the 59.1 percent reported for January. “This is the 17th straight month of slowing supplier deliveries and is likely the single biggest constraint to production growth at this time. During the period, additional gains were made to inventories in spite of these ongoing supply chain issues,” says Fiore. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

The 12 industries reporting slower supplier deliveries in February — listed in order — are: Nonmetallic Mineral Products; Machinery; Printing & Related Support Activities; Fabricated Metal Products; Computer & Electronic Products; Plastics & Rubber Products; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Chemical Products; Primary Metals; Transportation Equipment; and Miscellaneous Manufacturing. The two industries reporting faster deliveries in February compared to January are: Electrical Equipment, Appliances & Components; and Paper Products.

Supplier Deliveries	% Slower	% Same	% Faster	Net	Index
Feb 2018	26.2	70.4	3.4	+22.8	61.1
Jan 2018	23.5	71.3	5.2	+18.3	59.1
Dec 2017	19.0	74.6	6.3	+12.7	57.2
Nov 2017	21.0	68.5	10.5	+10.5	56.6

Inventories*

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The Inventories Index registered 56.7 percent in February, which is an increase of 4.4 percentage points when compared to the 52.3 percent reported for January, indicating raw materials inventories grew in February. “Suppliers made progress in responding to production demand increases, with the Inventories Index achieving the highest level since March 2010, when the index registered 56.8 percent. Inventory growth is a direct result of increased production demand supporting new order inputs,” says Fiore. An Inventories Index greater than 43 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories (in chained 2000 dollars).

The 12 industries reporting higher inventories in February — listed in order — are: Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Primary Metals; Plastics & Rubber Products; Fabricated Metal Products; Nonmetallic Mineral Products;

Chemical Products; Machinery; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Transportation Equipment. The only industry reporting lower inventories in February is Paper Products.

Inventories	% Higher	% Same	% Lower	Net	Index
Feb 2018	23.8	66.0	10.3	+13.5	56.7
Jan 2018	24.4	55.7	19.9	+4.5	52.3
Dec 2017	18.0	60.9	21.1	-3.0	48.5
Nov 2017	16.0	62.1	21.9	-5.8	47.1

Customers' Inventories*

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ISM®'s Customers' Inventories Index registered 43.7 percent in February, which is 1.9 percentage points lower than the 45.6 percent reported for January, indicating that customers' inventory levels were still considered too low in February. "Customers' inventory levels remain too low for the 17th consecutive month," says Fiore.

The only manufacturing industry reporting customers' inventories as too high during the month of February is Furniture & Related Products. The 10 industries reporting customers' inventories as too low during February — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Paper Products; Chemical Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; Machinery; and Computer & Electronic Products.

Customers' Inventories	% Reporting	% Too High	% About Right	% Too Low	Net	Index
Feb 2018	50	5.1	77.3	17.7	-12.6	43.7
Jan 2018	58	9.4	72.5	18.1	-8.7	45.6
Dec 2017	54	6.8	72.3	20.9	-14.1	42.9
Nov 2017	57	8.4	73.5	18.1	-9.7	45.1

Prices*

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The ISM® Prices Index registered 74.2 percent in February, an increase of 1.5 percentage points from the January level of 72.7 percent, indicating an increase in raw materials prices for the 24th consecutive month. In February, 51 percent of respondents reported paying higher prices, 2.7 percent reported paying lower prices, and 46.4 percent of supply executives reported paying the same prices as in January. The Prices Index is at its highest level since May 2011, when it registered 77.9 percent. “The Business Survey Committee noted price increases continue in metals (all steels, steel scrap, steel components, aluminum and copper), various intermediate chemicals, corrugate, crude oil, plastic resins and parts made from plastics. Shortages continue in the electronics area, labor and freight was noted as being short for the first time,” says Fiore. A Prices Index above 52.4 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

Seventeen industries reported paying increased prices for raw materials in February, in the following order: Apparel, Leather & Allied Products; Textile Mills; Petroleum & Coal Products; Machinery; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Paper Products; Plastics & Rubber Products; Chemical Products; Printing & Related Support Activities; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Transportation Equipment; Primary Metals; Miscellaneous Manufacturing; Furniture & Related Products; and Computer & Electronic Products. No industry reported a decrease in prices in February compared to January.

Prices	% Higher	% Same	% Lower	Net	Index
Feb 2018	51.0	46.4	2.7	+48.3	74.2
Jan 2018	46.6	52.1	1.3	+45.3	72.7
Dec 2017	40.4	55.8	3.9	+36.5	68.3
Nov 2017	35.3	58.9	5.8	+29.5	64.8

Backlog of Orders*

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ISM®’s Backlog of Orders Index registered 59.8 percent in February, an increase of 3.6 percentage points when compared to the 56.2 percent reported for January, indicating growth in order backlogs for the 13th consecutive month. “Backlog expansion continued during the period, with the index achieving its highest level since April 2011, when it registered 59.2 percent. Strong backlog, low customer inventory levels and continued strong new order expansion indicates confidence the production requirements will remain strong through the quarter and into the second quarter,” says Fiore.

The 12 industries reporting growth in order backlogs in February — listed in order — are: Textile Mills; Nonmetallic Mineral Products; Printing & Related Support Activities; Primary Metals; Plastics & Rubber Products; Paper Products; Petroleum & Coal Products; Computer & Electronic Products; Chemical Products; Transportation Equipment; Fabricated Metal Products; and Machinery. The three industries reporting a decrease in order backlogs during February are: Apparel, Leather & Allied Products; Furniture & Related Products; and Food, Beverage & Tobacco Products.

Backlog of Orders*	% Reporting	% Higher	% Same	% Lower	Net	Index
Feb 2018	88	31.8	56.0	12.2	+19.6	59.8
Jan 2018	89	27.8	56.8	15.4	+12.5	56.2
Dec 2017	89	25.6	58.6	15.9	+9.7	54.9
Nov 2017	92	23.7	61.2	15.1	+8.6	54.3

New Export Orders*

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ISM®'s New Export Orders Index registered 62.8 percent in February, an increase of 3 percentage points when compared to the 59.8 percent reported for January, indicating growth in new export orders for the 24th consecutive month. Exports achieved their highest expansion since April 2011, when the index reached 63.8 percent. "All six big industry sectors, accounting for 71 percent of manufacturing GDP, continued to expand export activity during the period," says Fiore.

The 11 industries reporting growth in new export orders in January — listed in order — are: Wood Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Chemical Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; Transportation Equipment; Fabricated Metal Products; and Paper Products. The only industry reporting a decrease in new export orders in February is Apparel, Leather & Allied Products. Six industries reported no change in export orders in February compared to January.

New Export Orders*	% Reporting	% Higher	% Same	% Lower	Net	Index
Feb 2018	79	27.9	69.8	2.3	+25.6	62.8
Jan 2018	79	20.7	78.2	1.1	+19.6	59.8
Dec 2017	78	18.4	78.5	3.1	+15.3	57.6
Nov 2017	80	14.7	83.2	2.1	+12.6	56.3

Imports*

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ISM®'s Imports Index registered 60.5 percent in February, an increase of 2.1 percentage points when compared to the 58.4 percent reported for January, indicating that imports grew in February for the 13th consecutive month. Import expansion reached its highest level since February 2007, when the index reached 61.1 percent. "Imports continued to expand at noticeably greater rates during the period in order to support production demand," says Fiore.

The 14 industries reporting growth in imports during the month of February — listed in order — are: Textile Mills; Printing & Related Support Activities; Nonmetallic Mineral Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Primary Metals; Furniture & Related Products; Petroleum & Coal Products; Machinery; Chemical Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; and Computer & Electronic Products. The only industry that reported a decrease in imports during February compared to January is Apparel, Leather & Allied Products.

Imports	% Reporting	% Higher	% Same	% Lower	Net	Index
Feb 2018	82	24.5	71.9	3.5	+21.0	60.5
Jan 2018	81	22.5	71.6	5.8	+16.7	58.4
Dec 2017	83	19.3	74.4	6.3	+13.0	56.5
Nov 2017	82	13.9	80.9	5.2	+8.6	54.3

*The Inventories, Customers' Inventories, Prices, Backlog of Orders, New Export Orders and Imports Indexes do not meet the accepted criteria for seasonal adjustments.

Buying Policy

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Average commitment lead time for Capital Expenditures decreased in February by 5 days from 150 days to 145 days. Average lead time for Production Materials increased by 4 days from 60 days to 64 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies decreased by 1 day to 33 days. "Capital expenditure lead time decreased 5 days during this period, settling at more historical levels, but at the high end of the range. Production material lead times increased 4 days, confirming continued supplier delivery difficulties and reflecting increased longer-term materials demand," says Fiore.

Percent Reporting

Capital Expenditures	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Feb 2018	21	6	11	17	23	22	145
Jan 2018	18	6	11	18	25	22	150
Dec 2017	19	9	11	17	25	19	139
Nov 2017	19	7	10	18	28	18	140

Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Feb 2018	12	37	27	14	7	3	64
Jan 2018	11	40	25	16	6	2	60
Dec 2017	12	38	25	19	4	2	59
Nov 2017	11	37	26	19	6	1	59

MRO Supplies	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Feb 2018	33	42	17	6	2	0	33
Jan 2018	33	42	15	8	2	0	34
Dec 2017	33	41	15	8	3	0	36
Nov 2017	32	38	19	8	3	0	37

About This Report

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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 U.S., 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 February 2018.

The data presented herein is obtained from a survey of 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 Manufacturing ISM® Report On Business® is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Committee is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industry's contribution to gross domestic product (GDP): Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies). The data are weighted based on each industry's contribution to GDP. Beginning in January 2018, computation of the indexes is accomplished utilizing unrounded numbers.

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), this report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction (higher, better and slower for Supplier Deliveries) and the negative economic direction (lower, worse and faster for Supplier Deliveries), and the diffusion index. Responses are raw data and are never changed. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive).

The resulting single index number for those meeting the criteria for seasonal adjustments (PMI®, New Orders, Production, Employment and Supplier Deliveries) is then seasonally adjusted to allow for the effects of repetitive intra-year variations resulting primarily from normal differences in weather conditions, various institutional arrangements, and differences attributable to non-moveable holidays. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them. The PMI® is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries (seasonally adjusted), and Inventories.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A PMI® reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A PMI® above 43.2 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 43.2 percent, it is generally declining. The distance from 50 percent or 43.2 percent is indicative of the strength of the expansion or decline. With some of the indicators within this report, ISM® has indicated the departure point between

expansion and decline of comparable government series, as determined by regression analysis. The Manufacturing ISM® Report On Business® survey is sent out to 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 first business day of the following month.

The industries reporting growth, as indicated in the 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.

Responses to Buying Policy reflect the percent reporting the current month's lead time, the approximate weighted number of days ahead for which commitments are made for Capital Expenditures; Production Materials; and Maintenance, Repair and Operating (MRO) Supplies, expressed as hand-to-mouth (five days), 30 days, 60 days, 90 days, six months (180 days), a year or more (360 days), and the weighted average number of days. These responses are raw data, never revised, and not seasonally adjusted since there is no significant seasonal pattern.

ISM ROB Content

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