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March 2019 Manufacturing ISM® Report On Business®

Choose a Section

PMI® at 55.3%

New Orders, Production, and Employment Growing

Supplier Deliveries Slowing at Slower Rate; Backlog Growing

Raw Materials Inventories Growing; Customers' Inventories Too Low

Prices Increasing; Exports and Imports Growing

(Tempe, Arizona) — Economic activity in the manufacturing sector expanded in March, and the overall economy grew for the 119th 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 March PMI® registered 55.3 percent, an increase of 1.1 percentage points from the February reading of 54.2 percent. The New Orders Index registered 57.4 percent, an increase of 1.9 percentage points from the February reading of 55.5 percent. The Production Index registered 55.8 percent, a 1-percentage point increase compared to the February reading of 54.8 percent. The Employment Index registered 57.5 percent, an increase of 5.2 percentage points from the February reading of 52.3 percent. The Supplier Deliveries Index registered 54.2 percent, a 0.7 percentage point decrease from the February reading of 54.9 percent. The Inventories Index registered 51.8 percent, a decrease of 1.6 percentage points from the February

reading of 53.4 percent. The Prices Index registered 54.3 percent, a 4.9-percentage point increase from the February reading of 49.4 percent, indicating a return of increasing raw materials prices after a two-month respite.

“Comments from the panel reflect continued expanding business strength, supported by gains in new orders and employment. Demand expansion continued, with the New Orders Index returning to the high 50s, the Customers’ Inventories Index improving but remaining too low, and the Backlog of Orders Index softening to marginal expansion levels. Consumption (production and employment) continued to expand and regained its footing with a combined 6.2-percentage point gain from the previous month’s levels, recovering most of February’s loss. Inputs — expressed as supplier deliveries, inventories and imports — were lower this month, primarily due to inventory consumption exceeding inputs, resulting in a combined 2.3-point decline in the Supplier Deliveries and Inventories indexes that contributed negatively to the PMI®. Imports expansion declined to near-zero expansion levels. Overall, inputs continue to reflect an easing business environment, but to a lesser extent than in February, confirmed by the Prices Index returning to expansion.

“Exports orders continue to expand, but at marginal levels. Prices reversed two months of contraction by returning to a robust mid-50s level. The manufacturing sector continues to expand, demonstrated by improvements in the PMI® three-month rolling average, which is consistent with overall manufacturing growth projections,” says Fiore.

Of the 18 manufacturing industries, 16 reported growth in March, in the following order: Printing and Related Support Activities; Textile Mills; Food, Beverage and Tobacco Products; Petroleum and Coal Products; Computer and Electronic Products; Electrical Equipment, Appliances and Components; Furniture and Related Products; Chemical Products; Plastics and Rubber Products; Wood Products; Nonmetallic Mineral Products; Transportation Equipment; Miscellaneous Manufacturing; Fabricated Metal Products; Primary Metals; and Machinery. The two industries reporting contraction in March are: Apparel, Leather and Allied Products; and Paper Products.

What respondents are saying

“Customer orders remain strong.” (Textile Mills)

“The electronics industry seems to be slowly coming out of crisis mode. Lead times and costs have leveled out in some commodities, and dynamic random access memory (DRAM) prices are actually coming down.” (Computer & Electronic Products)

“Brexit continues to be a concern, despite the fact that our organization has already rolled out a plan to minimize its impact.” (Chemical Products)

“Business remains very strong amid rumors of a slowdown, but forecasts do not indicate this. Electronics are at tight capacity from manufacturers, with no [change] in the near future.” (Transportation Equipment)

“Strong customer orders continue.” (Food, Beverage & Tobacco Products)

“Current weather conditions causing significant delivery delays [and] diminishing our production capabilities.” (Machinery)

“Strong business momentum coming into January and early February has slowed to typical seasonal business conditions for our industry.” (Miscellaneous Manufacturing)

“General procurement levels remain strong based on demand. Backlog for domestic new and repaired equipment continues to grow. Production meeting customer delivery requirements is a challenge. Still experiencing a skills gap in hiring qualified shop personnel, machinists and mechanics.” (Fabricated Metal Products)

“Steel tariffs continue to put upward pressure on our input costs. The government shutdown delayed the process of gaining exemptions to the tariffs.” (Petroleum & Coal Products)

“Awaiting with anticipation the outcome of the U.S.-China trade deal.” (Plastics and Rubber Products)

“Experienced a reduction in orders, with forecasted softness going into Q2.” (Primary Metals)

“Weather in the domestic market is constraining homebuilding across the nation — too wet in the south, severe winter in the north. Expectations are that homebuilding backlog is growing, and a surge of domestic business will come in May and June. Internationally, the Chinese trade war is still holding business back, but expectations are that in April or May, business will spring back materially as tariffs resolve.” (Wood Products)

“Skilled labor is still tough to find.” (Apparel, Leather & Allied Products)

“Steel in U.S. remains strong, driving numerous product lines.” (Nonmetallic Mineral Products)

“Business is very strong and has been for over two years.” (Furniture & Related Products)

Manufacturing at a Glance

March 2019

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	55.3	54.2	+1.1	Growing	Faster	31
New Orders	57.4	55.5	+1.9	Growing	Faster	39
Production	55.8	54.8	+1.0	Growing	Faster	31
Employment	57.5	52.3	+5.2	Growing	Faster	30
Supplier Deliveries	54.2	54.9	-0.7	Slowing	Slower	37

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Inventories	51.8	53.4	-1.6	Growing	Slower	15
Customers' Inventories	42.7	39.0	+3.7	Too Low	Slower	30
Prices	54.3	49.4	+4.9	Increasing	From Decreasing	1
Backlog of Orders	50.4	52.3	-1.9	Growing	Slower	3
New Export Orders	51.7	52.8	-1.1	Growing	Slower	37
Imports	51.1	55.3	-4.2	Growing	Slower	26
OVERALL ECONOMY				Growing	Faster	119
Manufacturing Sector				Growing	Faster	31

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 Products; Copper; Copper Products; Electronic Components (8); Nickel; Oil; Scrap Metal; Steel (7); and Steel — Stainless.

Commodities Down in Price

Polypropylene; Propylene; and Steel Products (3).

Commodities in Short Supply

Aluminum Products; Electrical Components; Electronic Components (11); and Labor.

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

Manufacturing Index Summaries

PMI®

Manufacturing expanded in March, as the PMI® registered 55.3 percent, an increase of 1.1 percentage points from the February reading of 54.2 percent. “This indicates growth in manufacturing for the 31st consecutive month. The PMI® reversed a February expansion decline primarily through improved growth in employment and, to a lesser extent, new orders,” 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 42.9 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the March PMI® indicates growth for the 119th consecutive month in the overall economy and the 31st straight month of growth in the manufacturing sector. “The past relationship between the PMI® and the overall economy indicates that the PMI® for March (55.3 percent) corresponds to a 3.7-percent increase in real gross domestic product (GDP) on an annualized basis,” says Fiore.

The Last 12 Months

Month	PMI®
Mar 2019	55.3
Feb 2019	54.2
Jan 2019	56.6
Dec 2018	54.3
Nov 2018	58.8
Oct 2018	57.5
Month	PMI®
Sep 2018	59.5
Aug 2018	60.8
Jul 2018	58.4
Jun 2018	60.0

Month	PMI®
May 2018	58.7
Apr 2018	57.9
Average for 12 months - 57.7	
High - 60.8	
Low - 54.2	

New Orders

ISM®'s New Orders Index registered 57.4 percent in March, which is an increase of 1.9 percentage points when compared to the 55.5 percent reported for February, indicating growth in new orders for the 39th consecutive month. "Customer demand expansion improved compared to February, with all six of the top six industry sectors expanding," says Fiore. A New Orders Index above 52.5 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

Fourteen of 18 industries reported growth in new orders in March, in the following order: Wood Products; Printing and Related Support Activities; Food, Beverage and Tobacco Products; Petroleum and Coal Products; Textile Mills; Primary Metals; Chemical Products; Computer and Electronic Products; Plastics and Rubber Products; Transportation Equipment; Fabricated Metal Products; Electrical Equipment, Appliances and Components; Machinery; and Miscellaneous Manufacturing. The two industries reporting a decline in new orders in March are: Apparel, Leather and Allied Products; and Paper Products.

New Orders	% Higher	% Same	% Lower	Net	Index
Mar 2019	37.2	49.8	13.0	+24.2	57.4
Feb 2019	28.2	57.8	14.0	+14.2	55.5
Jan 2019	29.8	52.0	18.3	+11.5	58.2
Dec 2018	19.7	57.5	22.9	-3.2	51.3

Production

ISM®'s Production Index registered 55.8 percent in March, which is an increase of 1 percentage point when compared to the 54.8 percent reported for February, indicating growth in production for the 31st consecutive month. "Production expansion continued in March, at a faster pace compared to February.

Production output was able to improve customer-inventory positions and reduce growth in backlog orders. Many respondents noted that weather conditions continue to have a negative impact on factory output,” says Fiore. An index above 51.7 percent, over time, is generally consistent with an increase in the Federal Reserve Board’s Industrial Production figures.

The nine industries reporting growth in production during the month of March — listed in order — are: Food, Beverage and Tobacco Products; Printing and Related Support Activities; Nonmetallic Mineral Products; Textile Mills; Computer and Electronic Products; Electrical Equipment, Appliances and Components; Chemical Products; Petroleum and Coal Products; and Fabricated Metal Products. The four industries reporting a decrease in production in March are: Apparel, Leather and Allied Products; Paper Products; Machinery; and Miscellaneous Manufacturing.

Production	% Higher	% Same	% Lower	Net	Index
Mar 2019	30.8	54.8	14.4	+16.4	55.8
Feb 2019	26.0	59.5	14.5	+11.5	54.8
Jan 2019	28.3	56.0	15.7	+12.6	60.5
Dec 2018	21.6	58.8	19.5	+2.1	54.1

Employment

ISM®’s Employment Index registered 57.5 percent in March, an increase of 5.2 percentage points when compared to the February reading of 52.3 percent. This indicates growth in employment in March for the 30th consecutive month. “Employment continued to expand, improving on February’s performance and achieving its highest expansion level since November 2018, when the index registered 57.7 percent,” 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.

Thirteen of 18 manufacturing industries reported employment growth in March, in the following order: Textile Mills; Wood Products; Furniture and Related Products; Printing and Related Support Activities; Food, Beverage and Tobacco Products; Electrical Equipment, Appliances and Components; Computer and Electronic Products; Miscellaneous Manufacturing; Paper Products; Nonmetallic Mineral Products; Petroleum and Coal Products; Plastics and Rubber Products; and Transportation Equipment. The four industries reporting a decrease in employment in March are: Apparel, Leather and Allied Products; Primary Metals; Fabricated Metal Products; and Machinery.

Employment	% Higher	% Same	% Lower	Net	Index
Mar 2019	24.9	63.7	11.5	+13.4	57.5

Employment	% Higher	% Same	% Lower	Net	Index
Feb 2019	18.2	68.7	13.2	+5.0	52.3
Jan 2019	17.6	71.1	11.3	+6.3	55.5
Dec 2018	18.6	70.7	10.7	+7.9	56.0

Supplier Deliveries

The delivery performance of suppliers to manufacturing organizations slowed in March, as the Supplier Deliveries Index registered 54.2 percent. This is 0.7 percentage point lower than the 54.9 percent reported for February. “This is the 37th straight month of slowing supplier deliveries, with the index recording its lowest level of expansion since January 2017, when it registered 53.9 percent. Supplier delivery improvement was unable to maintain acceptable inventory expansion,” says Fiore. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

The 10 industries reporting slower supplier deliveries in March — listed in order — are: Textile Mills; Furniture and Related Products; Computer and Electronic Products; Machinery; Fabricated Metal Products; Paper Products; Chemical Products; Food, Beverage and Tobacco Products; Miscellaneous Manufacturing; and Transportation Equipment. The two industries reporting faster supplier deliveries in March are: Wood Products; and Electrical Equipment, Appliances and Components. Six industries reported no change in supplier deliveries in March compared to February.

Supplier Deliveries	% Slower	% Same	% Faster	Net	Index
Mar 2019	16.4	76.9	6.7	+9.7	54.2
Feb 2019	16.6	77.3	6.1	+10.5	54.9
Jan 2019	17.7	75.6	6.7	+11.0	56.2
Dec 2018	17.6	78.0	4.4	+13.2	59.0

Inventories*

The Inventories Index registered 51.8 percent in March, a decrease of 1.6 percentage points from the 53.4 percent reported for February. “Inventories expanded for the 15th consecutive month, but at a slower rate than the previous month. Inventory expansion declined due to increased production output and despite supplier delivery improvements,” says Fiore. An Inventories Index greater than 44.3 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 seven industries reporting higher inventories in March — listed in order — are: Apparel, Leather and Allied Products; Electrical Equipment, Appliances and Components; Printing and Related Support Activities; Petroleum and Coal Products; Plastics and Rubber Products; Paper Products; and Transportation Equipment. The five industries reporting a decrease in inventories in March are: Computer and Electronic Products; Chemical Products; Miscellaneous Manufacturing; Fabricated Metal Products; and Machinery. Six industries reported no change in inventories in March compared to February.

Inventories	% Higher	% Same	% Lower	Net	Index
Mar 2019	18.4	66.9	14.7	+3.7	51.8
Feb 2019	20.0	66.8	13.2	+6.8	53.4
Jan 2019	21.5	62.5	16.0	+5.5	52.8
Dec 2018	20.9	60.6	18.4	+2.5	51.2

Customers' Inventories*

ISM®'s Customers' Inventories Index registered 42.7 percent in March, which is 3.7 percentage points higher than the 39 percent reported for February, indicating that customers' inventory levels were considered too low. "Customers' inventories are too low for the 30th consecutive month, rebounding from historic lows. The 'too low' status indicates future production growth potential," says Fiore.

The three industries reporting customers' inventories as too high during the month of March are: Apparel, Leather and Allied Products; Electrical Equipment, Appliances and Components; and Miscellaneous Manufacturing. The eight industries reporting customers' inventories as too low during March — listed in order — are: Plastics and Rubber Products; Machinery; Fabricated Metal Products; Paper Products; Transportation Equipment; Computer and Electronic Products; Food, Beverage and Tobacco Products; and Chemical Products. Seven industries reported no change in customer's inventories in March compared to February.

Customers' Inventories	% Reporting	% Too High	% About Right	% Too Low	Net	Index
Mar 2019	80	6.8	71.7	21.4	-14.6	42.7
Feb 2019	74	4.3	69.4	26.3	-22.0	39.0
Jan 2019	77	9.6	66.4	24.0	-14.4	42.8

Customers' Inventories	% Reporting	% Too High	% About Right	% Too Low	Net	Index
Dec 2018	82	4.3	74.7	21.0	-16.7	41.7

Prices*

The ISM® Prices Index registered 54.3 percent in March, an increase of 4.9 percentage points from the February reading of 49.4 percent, indicating increases in raw materials prices after two months of declines. “Prices increased in March, rebounding to a marginally strong level, primarily due to fewer respondents reporting price declines. This represents more stability in the markets. Increases were reported in aluminum, copper, oil, and steel, including steel scrap. Steel prices remain at more normal levels. Shortages continue for passive electronic components and labor,” says Fiore. A Prices Index above 52.5 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

Seven of the 18 industries reported paying increased prices for raw materials in March, in the following order: Fabricated Metal Products; Transportation Equipment; Machinery; Food, Beverage and Tobacco Products; Petroleum and Coal Products; Miscellaneous Manufacturing; and Paper Products. The five industries reporting a decrease in prices for raw materials in March are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Primary Metals; Chemical Products; and Computer & Electronic Products. Six industries reported no change in prices in March compared to February.

Prices	% Higher	% Same	% Lower	Net	Index
Mar 2019	19.1	70.5	10.5	+8.6	54.3
Feb 2019	20.0	58.9	21.1	-1.1	49.4
Jan 2019	20.6	57.9	21.5	-0.9	49.6
Dec 2018	26.8	56.1	17.1	+9.7	54.9

Backlog of Orders*

ISM®'s Backlog of Orders Index registered 50.4 percent in March, which is 1.9 percentage points lower than the 52.3 percent reported in February, indicating order backlogs grew for the month. “Backlogs expanded during March, but at lower levels compared to February due to gains in production and despite new orders and customer-inventory improvements,” says Fiore.

The five industries reporting growth in order backlogs in March are: Printing and Related Support Activities; Food, Beverage and Tobacco Products; Electrical Equipment, Appliances and Components; Machinery; and Chemical Products. The six industries reporting a decrease in order backlogs during

March in the following order are: Apparel, Leather and Allied Products; Furniture and Related Products; Computer and Electronic Products; Paper Products; Transportation Equipment; and Fabricated Metal Products. Seven industries reported no change in order backlogs in March compared to February.

Backlog of Orders*	% Reporting	% Higher	% Same	% Lower	Net	Index
Mar 2019	86	19.0	62.8	18.2	+0.8	50.4
Feb 2019	88	23.4	57.8	18.8	+4.6	52.3
Jan 2019	88	20.1	60.3	19.6	+0.5	50.3
Dec 2018	89	19.8	60.3	19.9	-0.1	50.0

New Export Orders*

ISM®'s New Export Orders Index registered 51.7 percent in March, 1.1 percentage points lower compared to the February reading of 52.8 percent, indicating growth in new export orders for the 37th consecutive month. "Export orders continued to expand but returned to low growth levels, consistent with the prior five months. Exports expanded at the lowest level since October 2016, when the index registered 51.5 percent. Two of the six big industry sectors contributed to the expansion," says Fiore.

The six industries reporting growth in new export orders in March — listed in order — are: Wood Products; Textile Mills; Nonmetallic Mineral Products; Food, Beverage and Tobacco Products; Chemical Products; and Miscellaneous Manufacturing. The four industries reporting a decrease in new export orders in March are: Apparel, Leather and Allied Products; Paper Products; Transportation Equipment; and Machinery. Eight industries reported no change in new export orders in March as compared to February.

New Export Orders*	% Reporting	% Greater	% Same	% Less	Net	Index
Mar 2019	78	10.7	82.0	7.3	+3.4	51.7
Feb 2019	78	11.8	82.2	6.1	+5.7	52.8
Jan 2019	78	12.8	77.8	9.3	+3.5	51.8
Dec 2018	80	13.9	77.7	8.4	+5.5	52.8

Imports*

ISM®'s Imports Index registered 51.1 percent in March, a decrease of 4.2 percentage points when compared to the 55.3 percent reported for February, indicating that imports grew in March for the 26th

consecutive month. “Imports expansion declined compared to the previous month. The index reached its lowest level since January 2017, when it registered 49.2 percent,” says Fiore.

The 11 industries reporting growth in imports during the month of March — listed in order — are: Wood Products; Textile Mills; Plastics and Rubber Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances and Components; Fabricated Metal Products; Transportation Equipment; Food, Beverage and Tobacco Products; Miscellaneous Manufacturing; Chemical Products; and Machinery. The six industries reporting a decrease in imports in March — listed in order — are: Apparel, Leather & Allied Products; Primary Metals; Furniture & Related Products; Petroleum & Coal Products; Paper Products; and Computer & Electronic Products.

Imports	% Reporting	% Higher	% Same	% Lower	Net	Index
Mar 2019	82	12.0	78.2	9.8	+2.2	51.1
Feb 2019	80	16.6	77.5	5.9	+10.7	55.3
Jan 2019	85	17.0	73.6	9.4	+7.6	53.8
Dec 2018	86	16.7	72.0	11.3	+5.4	52.7

*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

Average commitment lead time for Capital Expenditures increased by four days in March to 150 days, returning to near-historic levels. Average lead time for Production Materials was unchanged at 68 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies increased by one day to 34 days.

Percent Reporting

Capital Expenditures	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Mar 2019	20	5	9	18	26	22	150
Feb 2019	18	3	13	20	26	20	146
Jan 2019	20	4	12	18	24	22	148
Dec 2018	19	5	11	22	23	20	142

Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Mar 2019	11	33	28	17	8	3	68
Feb 2019	10	37	24	17	9	3	68
Jan 2019	13	30	27	19	8	3	68
Dec 2018	11	35	27	17	6	4	68

MRO Supplies	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Mar 2019	35	39	17	7	2	0	34
Feb 2019	34	45	15	4	1	1	33
Jan 2019	35	39	17	6	2	1	36
Dec 2018	37	41	14	5	3	0	32

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 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 March 2019.

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 42.9 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.9 percent, it is generally declining. The distance from 50 percent or 42.9 percent is indicative of the extent 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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