FOR RELEASE: February 2, 2015

Contact: Kathleen Lacy
Report On Business® Analyst
ISM®, ROB/Research
Tempe, Arizona
800/888-6276, Ext. 3143
E-mail: **klacy@ism.ws**

January 2015 Manufacturing ISM® *Report On Business*®

PMI® at 53.5%

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 January 2015.

This report reflects the recently completed annual adjustments to the seasonal adjustment factors used to calculate the indexes.

New Orders, Employment and Production Growing
Inventories Growing
Supplier Deliveries Slowing

(Tempe, Arizona) — Economic activity in the **manufacturing sector** expanded in January for the 20th consecutive month, and the **overall economy** grew for the 68th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® *Report On Business*®**.

The report was issued today by Bradley J. Holcomb, CPSM, CPSD, chair of the Institute for Supply Management® (ISM®) Manufacturing Business Survey Committee. "The January PMI® registered 53.5 percent, a decrease of 1.6 percentage points from December's seasonally adjusted reading of 55.1 percent. The New Orders Index registered 52.9 percent, a decrease of 4.9 percentage points from the seasonally adjusted reading of 57.8 percent in December. The Production Index registered 56.5 percent, 1.2 percentage points below the seasonally adjusted December reading of 57.7 percent. The Employment Index registered 54.1 percent, a decrease of 1.9 percentage points below the seasonally adjusted December reading of 56 percent. Inventories of raw materials registered 51 percent, an increase of 5.5 percentage points above the December reading of 45.5 percent. The Prices Index registered 35 percent, down 3.5 percentage points from the December reading of 38.5 percent, indicating lower raw materials prices in January relative to December. Comments from the panel indicate that most industries, but not all, are experiencing strong demand as 2015 kicks off. The West Coast dock slowdown continues to be a problem, negatively impacting both exports and imports as well as inventories."

Of the 18 manufacturing industries, 14 are reporting growth in January in the following order: Primary Metals; Wood Products; Printing & Related Support Activities; Miscellaneous Manufacturing; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Paper Products; Transportation Equipment; Chemical Products; Machinery; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Furniture & Related Products. The two industries reporting contraction in January are: Textile Mills; and Nonmetallic Mineral Products.

WHAT RESPONDENTS ARE SAYING ...

- "Strong customer demand for our products continues to grow." (Food, Beverage & Tobacco Products)
- "Customers are presenting many new opportunities." (Fabricated Metal Products)
- "Consumer demand remains strong for automotive. Seeking alternatives to maximize production with existing production capacity." (Transportation Equipment)
- "Chinese New Year, West Coast port dock slowdowns, coupled with railroad embargo are all creating logistical challenges and increased backlog of orders." (Wood Products)
- "Sales have stayed very strong even with the dip in oil prices." (Computer & Electronic Products)
- "Dock problems in California continue to delay shipment out of the West Coast. Most material prices are the same except resin prices are down." (Chemical Products)
- "Business conditions are good, stable to improving." (Miscellaneous Manufacturing)
- "West Coast port slowdown is getting serious. Mill has 40+ days of production at the ports and various warehouses." (Paper Products)
- "Agriculture equipment production remains weaker than previous year as farm commodity prices remain low." (Machinery)
- "Business in 2015 has started off on a fast pace. Very busy." (Primary Metals)

MANUFACTURING AT A GLANCE JANUARY 2015						
Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	53.5	55.1	-1.6	Growing	Slower	20
New Orders	52.9	57.8	-4.9	Growing	Slower	20
Production	56.5	57.7	-1.2	Growing	Slower	11
Employment	54.1	56.0	-1.9	Growing	Slower	19
Supplier Deliveries	52.9	58.6	-5.7	Slowing	Slower	20
Inventories	51.0	45.5	+5.5	Growing	From Contracting	1
Customers' Inventories	42.5	44.5	-2.0	Too Low	Faster	2
Prices	35.0	38.5	-3.5	Decreasing	Faster	3
Backlog of Orders	46.0	52.5	-6.5	Contracting	From Growing	1
Exports	49.5	52.0	-2.5	Contracting	From Growing	1
Imports	55.5	55.0	+0.5	Growing	Faster	24
OVERALL ECONOMY				Growing	Slower	68
Manufacturing Sector				Growing	Slower	20

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

Corn Based Products; and Electric Components (2).

Commodities Down in Price

Aluminum (2); Brass (2); Butter; Carbon Steel; Copper (6); Copper Based Products; Diesel* (4); Ethylene; Fuel Oil*; Gasoline* (4); HDPE Resin (2); Natural Gas*; Nickel; Oil* (2); Oil Based Products* (3); PET Resin (3); Plastic Resin (2); Polypropylene Resin (2); Scrap Steel (2); Stainless Steel (3); Steel (2); Steel — Cold Rolled; and Steel — Hot Rolled (3).

Commodities in Short Supply

No commodities were reported in short supply.

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

*For additional information on the developing **impact of declining oil prices, see the Addendum below.**

JANUARY 2015 MANUFACTURING INDEX SUMMARIES

PMI®

Manufacturing expanded in January as the PMI® registered 53.5 percent, a decrease of 1.6 percentage points when compared to December's reading of 55.1 percent, indicating growth in manufacturing for the 20th consecutive month. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

A PMI® in excess of 43.1 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the January PMI® indicates growth for the 68th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the 20th consecutive month. Holcomb stated, "The past relationship between the PMI® and the overall economy indicates that the PMI® for January (53.5 percent) corresponds to a 3.3 percent increase in real gross domestic product (GDP) on an annualized basis."

THE LAST 12 MONTHS

Month	PMI®		Month	PMI®
Jan 2015	53.5		Jul 2014	56.4
Dec 2014	55.1		Jun 2014	55.7
Nov 2014	57.6		May 2014	55.6
Oct 2014	57.9		Apr 2014	55.3
Sep 2014	56.1		Mar 2014	54.4
Aug 2014	58.1		Feb 2014	54.3
Average for 12 months – 55.8 High – 58.1 Low – 53.5				

New Orders

ISM®'s New Orders Index registered 52.9 percent in January, a decrease of 4.9 percentage points when compared to the December seasonally adjusted reading of 57.8 percent, indicating growth in new orders for the 20th consecutive month. A New Orders Index above 52.1 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

The 10 industries reporting growth in new orders in January — listed in order — are: Printing & Related Support Activities; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Paper Products; Primary Metals; Fabricated Metal Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Chemical Products. The four industries reporting a decrease in new orders during January are: Textile Mills; Furniture & Related Products; Petroleum & Coal Products; and Nonmetallic Mineral Products.

New Orders	% Better	% Same	% Worse	Net	Index
Jan 2015	24	59	17	+7	52.9
Dec 2014	25	57	18	+7	57.8
Nov 2014	38	47	15	+23	62.1
Oct 2014	34	52	14	+20	63.0

Production

ISM®'s Production Index registered 56.5 percent in January, which is a decrease of 1.2 percentage points when compared to the seasonally adjusted 57.7 percent reported in December, indicating growth in production for the 11th consecutive month. An index above 51.1 percent, over time, is generally consistent with an increase in the Federal Reserve Board's Industrial Production figures.

The eight industries reporting growth in production during the month of January — listed in order — are: Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Primary Metals; Paper Products; Miscellaneous Manufacturing; Fabricated Metal Products; Computer & Electronic Products; and Chemical Products. The three industries reporting a decrease in production during January are: Textile Mills; Nonmetallic Mineral Products; and Food, Beverage & Tobacco Products. Seven industries reported no change in production in January compared to December.

Production	% Better	% Same	% Worse	Net	Index
Jan 2015	24	61	15	+9	56.5
Dec 2014	24	59	17	+7	57.7
Nov 2014	34	55	11	+23	62.6
Oct 2014	34	53	13	+21	62.8

Employment

ISM®'s Employment Index registered 54.1 percent in January, which is a decrease of 1.9 percentage points when compared to the seasonally adjusted 56 percent reported in December. This is the 19th consecutive month of growth in employment. An Employment Index above 50.6 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, in January, nine industries reported employment growth in the following order: Petroleum & Coal Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Miscellaneous Manufacturing; Primary Metals; Paper Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Chemical Products. The four industries reporting a decrease in employment in January are: Nonmetallic Mineral Products; Computer & Electronic Products; Transportation Equipment; and Machinery.

Employment	% Higher	% Same	% Lower	Net	Index
Jan 2015	15	75	10	+5	54.1
Dec 2014	19	70	11	+8	56.0
Nov 2014	21	63	16	+5	54.6
Oct 2014	19	69	12	+7	55.2

Supplier Deliveries

The delivery performance of suppliers to manufacturing organizations slowed in January at a slower rate as the Supplier Deliveries Index registered 52.9 percent. This month's reading is 5.7 percentage points lower than the seasonally adjusted 58.6 percent reported in December. 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 January — listed in order — are: Primary Metals; Plastics & Rubber Products; Transportation Equipment; Furniture & Related Products; Fabricated Metal Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Machinery; and Chemical Products. The two industries reporting faster supplier deliveries during January are: Printing & Related Support Activities; and Paper Products. Six industries reported no change in supplier deliveries in January compared to December.

Supplier Deliveries	% Slower	% Same	% Faster	Net	Index
Jan 2015	14	80	6	+8	52.9
Dec 2014	17	80	3	+14	58.6
Nov 2014	14	80	6	+8	57.0
Oct 2014	15	79	6	+9	56.1

Inventories*

The Inventories Index registered 51 percent in January, which is 5.5 percentage points higher than the 45.5 percent registered in December, indicating raw materials inventories are growing following one month of inventories contracting. An Inventories Index greater than 42.9 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 six industries reporting higher inventories in January — listed in order — are: Wood Products; Fabricated Metal Products; Machinery; Furniture & Related Products; Chemical Products; and Primary Metals. The seven industries reporting lower inventories in January — listed in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Paper Products; and Food, Beverage & Tobacco Products.

Inventories	% Higher	% Same	% Lower	Net	Index
Jan 2015	21	60	19	+2	51.0
Dec 2014	17	57	26	-9	45.5
Nov 2014	21	61	18	+3	51.5
Oct 2014	21	63	16	+5	52.5

Customers' Inventories*

ISM®'s Customers' Inventories Index registered 42.5 percent in January, a decrease of 2 percentage points from December when customers' inventories registered 44.5 percent. January's reading indicates that customers' inventories are considered to be too low, and lower than December.

The two manufacturing industries reporting customers' inventories as being too high during the month of January are: Nonmetallic Mineral Products; and Food, Beverage & Tobacco Products. The 10 industries reporting customers' inventories as too low during January — listed in order — are: Textile Mills; Transportation Equipment; Apparel, Leather & Allied Products; Plastics & Rubber Products; Machinery; Electrical Equipment, Appliances & Components; Primary Metals; Paper Products; Computer & Electronic Products; and Miscellaneous Manufacturing.

Customers' Inventories	% Reporting	%Too High	%About Right	%Too Low	Net	Index
Jan 2015	62	9	67	24	-15	42.5
Dec 2014	62	10	69	21	-11	44.5
Nov 2014	61	13	74	13	0	50.0
Oct 2014	59	10	76	14	-4	48.0

Prices*

The ISM® Prices Index registered 35 percent in January, which is a decrease of 3.5 percentage points compared to the December reading of 38.5 percent. In January, 11 percent of respondents reported paying higher prices, 41 percent reported paying lower prices, and 48 percent of supply executives reported paying the same prices as in December. This is the third consecutive month that raw materials prices have registered a decrease, with the Prices Index decreasing a total of 18.5 percentage points over these three months. A Prices Index above 52.1 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

Of the 18 manufacturing industries, the only industry reporting increased prices in January is Printing & Related Support Activities. The 15 industries reporting paying lower prices during the month of January — listed in order — are: Textile Mills; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Petroleum & Coal Products; Paper Products; Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Chemical Products; Computer & Electronic Products; Furniture & Related Products; Machinery; Transportation Equipment; Primary Metals; and Miscellaneous Manufacturing.

Prices	% Higher	% Same	% Lower	Net	Index
Jan 2015	11	48	41	-30	35.0
Dec 2014	12	53	35	-23	38.5
Nov 2014	14	61	25	-11	44.5
Oct 2014	21	65	14	+7	53.5

Backlog of Orders*

ISM®'s Backlog of Orders Index registered 46 percent in January, which is 6.5 percentage points lower than the 52.5 percent reported in December, indicating contraction in order backlogs following three months of growth in order backlogs. Of the 87 percent of respondents who reported their backlog of orders, 18 percent reported greater backlogs, 26 percent reported smaller backlogs, and 56 percent reported no change from December.

The three industries reporting increased order backlogs in January are: Wood Products; Primary Metals; and Fabricated Metal Products. The 11 industries reporting a decrease in order backlogs during January — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Miscellaneous Manufacturing; Transportation Equipment; Computer & Electronic Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Paper Products; Machinery; and Nonmetallic Mineral Products.

Backlog of Orders	% Reporting	% Greater	% Same	% Less	Net	Index
Jan 2015	87	18	56	26	-8	46.0
Dec 2014	87	25	55	20	+5	52.5
Nov 2014	87	27	56	17	+10	55.0
Oct 2014	88	24	58	18	+6	53.0

New Export Orders*

ISM®'s New Export Orders Index registered 49.5 percent in January, which is 2.5 percentage points lower than the 52 percent reported in December. January's reading reflects a month of contraction in the level of exports, following 25 consecutive months of growth in new export orders.

The five industries reporting growth in new export orders in January are: Electrical Equipment, Appliances & Components; Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Transportation Equipment. The six industries reporting a decrease in new export orders during January — listed in order — are: Textile Mills; Paper Products; Primary Metals; Machinery; Chemical Products; and Furniture and Related Products. Seven industries reported no change in new export orders in January compared to December.

New Export Orders	% Reporting	% Higher	% Same	% Lower	Net	Index
Jan 2015	77	10	79	11	-1	49.5
Dec 2014	76	14	76	10	+4	52.0
Nov 2014	75	15	80	5	+10	55.0
Oct 2014	76	14	75	11	+3	51.5

Imports*

ISM®'s Imports Index registered 55.5 percent in January, which is 0.5 percentage point higher than the 55 percent reported in December. This month's reading represents 24 consecutive months of growth in imports.

The eight industries reporting growth in imports during the month of January — listed in order — are: Printing & Related Support Activities; Transportation Equipment; Fabricated Metal Products; Computer & Electronic Products; Machinery; Chemical Products; Food, Beverage & Tobacco Products; and Furniture & Related Products. The four industries reporting a decrease in imports during January are: Nonmetallic Mineral Products; Plastics & Rubber Products; Paper Products; and Primary Metals.

Imports	% Reporting	% Higher	% Same	% Lower	Net	Index
Jan 2015	76	16	79	5	+11	55.5
Dec 2014	78	18	74	8	+10	55.0
Nov 2014	78	16	80	4	+12	56.0
Oct 2014	77	16	77	7	+9	54.5

* 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 decreased 1 day to 125 days. Average lead time for Production Materials decreased 4 days to 59 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies remained unchanged at 27 days.

Percent Reporting							
Capital Expenditures	**Hand-to-Mouth**	**30 Days**	**60 Days**	**90 Days**	**6 Months**	**1 Year+**	**Average Days**
Jan 2015	28	6	11	16	22	17	125
Dec 2014	26	6	11	17	24	16	126
Nov 2014	28	7	8	19	22	16	123
Oct 2014	29	6	11	18	21	15	118
Production Materials	**Hand-to-Mouth**	**30 Days**	**60 Days**	**90 Days**	**6 Months**	**1 Year+**	**Average Days**
Jan 2015	17	36	22	16	7	2	59
Dec 2014	13	41	22	13	8	3	63
Nov 2014	18	36	23	14	7	2	58
Oct 2014	16	34	24	19	4	3	61
MRO Supplies	**Hand-to-Mouth**	**30 Days**	**60 Days**	**90 Days**	**6 Months**	**1 Year+**	**Average Days**
Jan 2015	45	37	11	6	1	0	27
Dec 2014	47	33	14	5	1	0	27
Nov 2014	45	39	10	4	2	0	27
Oct 2014	45	39	9	6	1	0	27

Addendum

Business Survey Committee Panelists Comment on Declining Oil Prices

Because much of manufacturing is an energy intensive activity, we were curious as to what, if anything, respondents had to say about falling oil/energy prices. Every month, members of the Business Survey Committees are asked to comment about relevant issues facing their worksite. In this addendum, we examine comments regarding oil/energy made by respondents in October, November, and December, 2014, and January 2015.

In October, a typical number of comments were received. Of these, only 2.3 percent had anything to say about oil or energy. Less than 0.6 percent of comments were about oil and energy, were positive, and spoke of possible additional demand for their offerings due to more disposable income and the continued strength of their manufacturing sub-sector. The 1.7 percent of comments that were negative conveyed concern about shortages of feed stocks, lack of correlation between the price of plastics and crude, price volatility itself disrupting markets (mentioned by an oil/gas producer), and falling oil prices dampening demand for alternative energy technologies.

In November, the total number of comments dropped somewhat (about five percent). Of these comments, only 2.1 percent mentioned oil or energy. A small handful only noted that oil prices had declined while the other 1.8 percent were more substantive. Overall, 1.2 percent were positive about the oil price decline and mentioned lower prices helping their bottom line, generally stimulating the economy, and bringing down the prices of plastics. On the negative side, oil/gas producers warned that depressed prices are forcing changes to their capital expenditures plans and chemical manufacturers mentioned that the current price environment (November) was accelerating the decline in prices for their products.

December was a different story. Although the total number of comments was 18 percent below that of October, the proportion of oil/gas related comments increased to 6.7 percent overall. A small handful simply noted that oil prices are declining, 3.1 percent were mostly positive, and 2.8 percent spoke to the negative impacts of the decline in prices. In summary, the positive comments mentioned additional demand for oil/gas due to the price decline, additional disposable income for consumers and businesses, and some oil-based products producers’ struggle to maintain their prices. On the downside, there were mentions of buyers demanding reductions or holding orders in anticipation of still lower prices, producers’ need to reevaluate capital expenditures projects, and regional economies being strained by what might be a new normal. Sentiments expressed in December pointed to the double-edged sword that is falling oil/gas prices. While in October and November, only general comments were made, in December, comments were made in the production, new orders, and exports areas of the survey as well.

January saw a rebound of the total count of comments to near normal levels. However, the proportion of oil/gas related comments held almost steady at 6.1 percent overall. A small handful again simply noted that oil prices are declining, while 3.2 percent were mostly positive, and 2.5 percent spoke to the negative effects of this trend. Most of the positive comments have to do with the declining costs for petroleum-based products (plastics, in particular) and other energy related inputs. However, a few respondents are lamenting the fact that they are still waiting for their price reductions. On the downside, the negative comments are becoming a bit darker. There are comments about impacts on growth and investment plans and earnings forecasts and the injection of the unknown into their operating environment. Respondents mention buyers demanding reductions or holding orders in anticipation of still lower prices. An apparent tightening of cash is prompting a few businesses to request rate reductions from their suppliers. Sentiments expressed in January again illustrated that falling oil/gas prices cut both ways. This month, almost all comments were submitted as general comments. The few exceptions were submitted as inventory related comments.

The pros and cons of the downturn in pricing for oil and gas are becoming more evident. The good news is that there are few surprises (either good or bad) regarding how this change in price is playing out through the economy. However, if current trends continue, we may begin to see new, experimental strategies and tactics as to how to survive and grow in a lower price environment as beleaguered oil and gas related firms struggle to move forward.

Return to Summary

About This Report

The data presented herein is obtained from a survey of 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 **Manufacturing ISM®** ***Report On Business®*** is based on data compiled from purchasing and supply executives nationwide. Membership of the Manufacturing Business Survey Committee is diversified by NAICS, based on each industry's contribution to gross domestic product (GDP). Manufacturing Business Survey Committee responses are divided into the following NAICS code categories: 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).

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® in excess of 43.1 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 43.1 percent, it is generally declining. The distance from 50 percent or 43.1 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 Production Materials; Capital Expenditures; 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.

The **Manufacturing ISM®** ***Report On Business®*** is published monthly by Institute for Supply Management®, the first supply institute in the world. Founded in 1915, ISM®'s mission is to enhance the value and performance of procurement and supply chain management practitioners and their organizations worldwide. By executing and extending its mission through education, research, standards of excellence and information dissemination — including the renowned monthly ISM® *Report On Business®* — ISM® maintains a strong global influence among individuals and organizations. ISM® is a not-for-profit educational association that serves professionals with an interest in supply management who live and work in more than 80 countries. 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 **Manufacturing ISM® *Report On Business*®** is posted on ISM®'s website at www.ism.ws on the first business day of every month after 10:00 a.m. (ET).

The next **Manufacturing ISM® *Report On Business*®** featuring the February 2015 data will be released at 10:00 a.m. (ET) on Monday, March 2, 2015.