



**institute for
supply management**

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DO NOT CONFUSE THIS NATIONAL REPORT with the various regional purchasing reports released across the country. The national report's information reflects the entire United States, while the regional reports contain primarily regional data from their local vicinities. Also, the information in the regional reports is not used in calculating the results of the national report. The information compiled in this report is for the month of June 2015.

June Manufacturing ISM® Report On Business®

PMI® at 53.5%

**New Orders, Production, Employment and Inventories Growing
Supplier Deliveries Faster**

(Tempe, Arizona) — Economic activity in the **manufacturing sector** expanded in June for the 30th consecutive month, and the **overall economy** grew for the 73rd 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 June PMI® registered 53.5 percent, an increase of 0.7 percentage point over the May reading of 52.8 percent. The New Orders Index registered 56 percent, an increase of 0.2 percentage point from the reading of 55.8 percent in May. The Production Index registered 54 percent, 0.5 percentage point below the May reading of 54.5 percent. The Employment Index registered 55.5 percent, 3.8 percentage points above the May reading of 51.7 percent, reflecting growing employment levels from May at a faster rate. Inventories of raw materials registered 53 percent, an increase of 1.5 percentage points from the May reading of 51.5 percent. The Prices Index registered 49.5 percent, the same reading as in May, indicating lower raw materials prices for the eighth consecutive month. Comments from the panel indicate mostly stable to improving business conditions, with the notable exception relating to the oil and gas markets. Also noted is the negative effect on egg prices and availability due to the avian flu outbreak."

Of the 18 manufacturing industries, 11 are reporting growth in June in the following order: Furniture & Related Products; Wood Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Fabricated Metal Products; Chemical Products; Paper Products; and Computer & Electronic Products. The four industries reporting contraction in June are: Petroleum & Coal Products; Primary Metals; Plastics & Rubber Products; and Machinery.

WHAT RESPONDENTS ARE SAYING ...

- “Avian flu is having a huge effect on egg pricing and items manufactured with eggs.” (Food, Beverage & Tobacco Products)
- “Automotive industry remains strong and is expected to stay that way through 2015.” (Fabricated Metal Products)
- “Business continues to hold in the U.S., [but is] soft in Europe and in decline in Asia.” (Transportation Equipment)
- “Manufacturing business has improved slightly.” (Chemical Products)
- “Slight improvement in defense spending on future business.” (Computer & Electronic Products)
- “Most prices are stable and business is stable.” (Nonmetallic Mineral Products)
- “Downturn in oil and gas markets impacting demand.” (Miscellaneous Manufacturing)
- “Stable. Extra capacity available if more orders come in.” (Textile Mills)
- “A bit slow. Sales down from last year.” (Machinery)
- “Business continues to be strong, with housing starts being up in our markets driving cabinet sales.” (Furniture and Related Products)

MANUFACTURING AT A GLANCE JUNE 2015						
Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	53.5	52.8	+0.7	Growing	Faster	30
New Orders	56.0	55.8	+0.2	Growing	Faster	31
Production	54.0	54.5	-0.5	Growing	Slower	34
Employment	55.5	51.7	+3.8	Growing	Faster	2
Supplier Deliveries	48.8	50.7	-1.9	Faster	From Slowing	1
Inventories	53.0	51.5	+1.5	Growing	Faster	2
Customers' Inventories	48.5	45.5	+3.0	Too Low	Slower	7
Prices	49.5	49.5	0.0	Decreasing	Same	8
Backlog of Orders	47.0	53.5	-6.5	Contracting	From Growing	1
Exports	49.5	50.0	-0.5	Contracting	From Unchanged	1
Imports	53.5	55.0	-1.5	Growing	Slower	29
OVERALL ECONOMY				Growing	Faster	73
Manufacturing Sector				Growing	Faster	30

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**

Aluminum*; Eggs; and HDPE Resin (2).

Commodities Down in Price

Aluminum* (7); Corn (2); Natural Gas; Stainless Steel (8); Steel – Cold Rolled; and Steel – Hot Rolled (8).

Commodities in Short Supply

Egg Powder; and Eggs.

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

*Reported as both up and down in price.

JUNE 2015 MANUFACTURING INDEX SUMMARIES

PMI®

Manufacturing expanded in June as the PMI® registered 53.5 percent, an increase of 0.7 percentage point over the May reading of 52.8 percent, indicating growth in manufacturing for the 30th 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 June PMI® indicates growth for the 73rd consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the 30th consecutive month. Holcomb stated, “The past relationship between the PMI® and the overall economy indicates that the average PMI® for January through June (52.6 percent) corresponds to a 3 percent increase in real gross domestic product (GDP) on an annualized basis. In addition, if the PMI® for June (53.5 percent) is annualized, it corresponds to a 3.3 percent increase in real GDP annually.”

THE LAST 12 MONTHS

<i>Month</i>	<i>PMI®</i>		<i>Month</i>	<i>PMI®</i>
Jun 2015	53.5		Dec 2014	55.1
May 2015	52.8		Nov 2014	57.6
Apr 2015	51.5		Oct 2014	57.9
Mar 2015	51.5		Sep 2014	56.1
Feb 2015	52.9		Aug 2014	58.1
Jan 2015	53.5		Jul 2014	56.4
Average for 12 months – 54.7 High – 58.1 Low – 51.5				

New Orders

ISM®’s New Orders Index registered 56 percent in June, an increase of 0.2 percentage point when compared to the May reading of 55.8 percent, indicating growth in new orders for the 31st 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 11 industries reporting growth in new orders in June — listed in order — are: Wood Products; Furniture & Related Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; Paper Products; Computer & Electronic Products; Transportation Equipment; Chemical Products; Food,

Beverage & Tobacco Products; Fabricated Metal Products; and Machinery. The four industries reporting a decrease in new orders during June are: Primary Metals; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; and Plastics & Rubber Products.

New Orders	%Better	%Same	%Worse	Net	Index
Jun 2015	29	51	20	+9	56.0
May 2015	29	57	14	+15	55.8
Apr 2015	35	48	17	+18	53.5
Mar 2015	27	58	15	+12	51.8

Production

ISM®'s Production Index registered 54 percent in June, which is a decrease of 0.5 percentage point when compared to the 54.5 percent reported in May, indicating growth in production for the 34th 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 10 industries reporting growth in production during the month of June — listed in order — are: Furniture & Related Products; Nonmetallic Mineral Products; Paper Products; Miscellaneous Manufacturing; Computer & Electronic Products; Plastics & Rubber Products; Transportation Equipment; Chemical Products; Fabricated Metal Products; and Primary Metals. The three industries reporting a decrease in production during June are: Petroleum & Coal Products; Machinery; and Food, Beverage & Tobacco Products.

Production	%Better	%Same	%Worse	Net	Index
Jun 2015	24	59	17	+7	54.0
May 2015	27	62	11	+16	54.5
Apr 2015	36	52	12	+24	56.0
Mar 2015	25	64	11	+14	53.8

Employment

ISM®'s Employment Index registered 55.5 percent in June, which is an increase of 3.8 percentage points when compared to the 51.7 percent reported in May, indicating growth in employment for the second consecutive month. 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 June, 10 industries reported employment growth in the following order: Textile Mills; Furniture & Related Products; Fabricated Metal Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Food, Beverage & Tobacco Products; Paper Products; Chemical Products; and Primary Metals. The three industries reporting a decrease in employment in June are: Apparel, Leather & Allied Products; Machinery; and Petroleum & Coal Products.

Employment	%Higher	%Same	%Lower	Net	Index
Jun 2015	25	62	13	+12	55.5
May 2015	20	68	12	+8	51.7

Apr 2015	16	72	12	+4	48.3
Mar 2015	17	68	15	+2	50.0

Supplier Deliveries

The delivery performance of suppliers to manufacturing organizations was faster in June as the Supplier Deliveries Index registered 48.8 percent, which is 1.9 percentage points lower than the 50.7 percent reported in May. This is the first month supplier deliveries have been faster than the previous month since October 2012 when the index registered 49.5 percent. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

The two industries reporting slower supplier deliveries in June are: Food, Beverage & Tobacco Products; and Fabricated Metal Products. The six industries reporting faster supplier deliveries during June — listed in order — are: Computer & Electronic Products; Miscellaneous Manufacturing; Paper Products; Transportation Equipment; Machinery; and Chemical Products. Ten industries reported no change in supplier deliveries in June compared to May.

Supplier Deliveries	%Slower	%Same	%Faster	Net	Index
Jun 2015	6	85	9	-3	48.8
May 2015	11	80	9	+2	50.7
Apr 2015	12	80	8	+4	50.1
Mar 2015	14	76	10	+4	50.5

Inventories*

The Inventories Index registered 53 percent in June, which is 1.5 percentage points higher than the 51.5 percent registered in May, indicating raw materials inventories are growing in June for the second consecutive month. 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 10 industries reporting higher inventories in June — listed in order — are: Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; Furniture & Related Products; Food, Beverage & Tobacco Products; Machinery; Computer & Electronic Products; Chemical Products; Fabricated Metal Products; and Primary Metals. The four industries reporting lower inventories in June are: Textile Mills; Nonmetallic Mineral Products; Paper Products; and Plastics & Rubber Products.

Inventories	%Higher	%Same	%Lower	Net	Index
Jun 2015	21	64	15	+6	53.0
May 2015	17	69	14	+3	51.5
Apr 2015	19	61	20	-1	49.5
Mar 2015	15	73	12	+3	51.5

Customers' Inventories*

ISM®'s Customers' Inventories Index registered 48.5 percent in June, an increase of 3 percentage points from May when customers' inventories registered 45.5 percent. June's reading indicates that customers' inventories are considered to be too low, but higher than in May.

The six manufacturing industries reporting customers' inventories as being too high during the month of June — listed in order — are: Primary Metals; Furniture & Related Products; Paper Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Chemical Products. The five industries reporting customers' inventories as too low during June are: Machinery; Transportation Equipment; Plastics & Rubber Products; Miscellaneous Manufacturing; and Computer & Electronic Products.

Customers' Inventories	% Reporting	%Too High	%About Right	%Too Low	Net	Index
Jun 2015	62	13	71	16	-3	48.5
May 2015	63	13	65	22	-9	45.5
Apr 2015	66	11	66	23	-12	44.0
Mar 2015	60	12	67	21	-9	45.5

Prices*

The ISM® Prices Index registered 49.5 percent in June, the same reading as in May, indicating a decrease in raw materials prices for the eighth consecutive month. In June, 14 percent of respondents reported paying higher prices, 15 percent reported paying lower prices, and 71 percent of supply executives reported paying the same prices as in May. 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 five industries reporting paying increased prices for their raw materials in June are: Plastics & Rubber Products; Food, Beverage & Tobacco Products; Paper Products; Miscellaneous Manufacturing; and Machinery. The seven industries reporting paying lower prices during the month of June — listed in order — are: Primary Metals; Electrical Equipment, Appliances & Components; Furniture & Related Products; Transportation Equipment; Chemical Products; Fabricated Metal Products; and Computer & Electronic Products. Six industries reported no change in prices in June compared to May.

Prices	%Higher	%Same	%Lower	Net	Index
Jun 2015	14	71	15	-1	49.5
May 2015	15	69	16	-1	49.5
Apr 2015	7	67	26	-19	40.5
Mar 2015	10	58	32	-22	39.0

Backlog of Orders*

ISM®'s Backlog of Orders Index registered 47 percent in June, a decrease of 6.5 percentage points as compared to the May reading of 53.5 percent, indicating contraction in order backlogs following one month of growth in the backlog of orders. Of the 89 percent of respondents who measure their backlog of orders, 21 percent reported greater backlogs, 27 percent reported smaller backlogs, and 52 percent reported no change from May.

The four industries reporting increased order backlogs in June are: Furniture & Related Products; Computer & Electronic Products; Fabricated Metal Products; and Machinery. The 10 industries reporting a decrease in order backlogs during June — listed in order — are: Wood Products; Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Primary Metals; Plastics & Rubber Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Paper Products; and Chemical Products.

Backlog of Orders	% Reporting	%Greater	%Same	%Less	Net	Index
Jun 2015	89	21	52	27	-6	47.0
May 2015	88	26	55	19	+7	53.5
Apr 2015	85	25	49	26	-1	49.5
Mar 2015	84	18	63	19	-1	49.5

New Export Orders*

ISM®'s New Export Orders Index registered 49.5 percent in June, indicating that the volume of new export orders decreased slightly relative to May.

The five industries reporting growth in new export orders in June are: Textile Mills; Furniture & Related Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; and Fabricated Metal Products. The six industries reporting a decrease in new export orders during June — listed in order — are: Wood Products; Primary Metals; Paper Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Chemical Products. Seven industries reported no change in New Exports Orders in June compared to May.

New Export Orders	% Reporting	%Higher	%Same	%Lower	Net	Index
Jun 2015	75	13	73	14	-1	49.5
May 2015	78	11	78	11	0	50.0
Apr 2015	77	17	69	14	+3	51.5
Mar 2015	73	10	75	15	-5	47.5

Imports*

ISM®'s Imports Index registered 53.5 percent in June, which is 1.5 percentage points lower than the 55 percent reported in May. This month's reading represents 29 consecutive months of growth in imports.

The eight industries reporting growth in imports during the month of June — listed in order — are: Textile Mills; Furniture & Related Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Transportation Equipment; Machinery; Chemical Products; and Computer & Electronic Products. The two industries reporting a decrease in imports during June are: Apparel, Leather & Allied Products; and Nonmetallic Mineral Products. Seven industries reported no change in Imports in June compared to May.

Imports	% Reporting	%Higher	%Same	%Lower	Net	Index
Jun 2015	79	15	77	8	+7	53.5
May 2015	79	16	78	6	+10	55.0
Apr 2015	77	15	78	7	+8	54.0
Mar 2015	75	17	71	12	+5	52.5

* 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 increased 2 days to 135 days. Average lead time for Production Materials increased by 1 day in June to 67 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies decreased 5 days to 26 days.

Percent Reporting

Capital Expenditures	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Jun 2015	24	7	9	16	26	18	135
May 2015	26	5	10	20	19	20	133
Apr 2015	26	7	8	16	25	18	132
Mar 2015	27	4	9	18	22	20	136

Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Jun 2015	12	39	21	15	10	3	67
May 2015	15	35	24	13	10	3	66
Apr 2015	15	34	24	15	9	3	66
Mar 2015	15	36	23	16	7	3	63

MRO Supplies	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
Jun 2015	47	36	11	5	1	0	26
May 2015	44	36	13	5	1	1	31
Apr 2015	44	36	14	5	1	0	28
Mar 2015	49	31	15	4	1	0	26

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.

About Institute for Supply Management®

Founded in 1915 as the first supply management institute in the world, Institute for Supply Management® (ISM®) is committed to advancing the practice of supply chain management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. This year, ISM celebrates 100 years of leading, innovating and guiding the profession through the renowned *ISM Report On Business*®, highly regarded certification programs, and industry-standard training and educational resources. ISM is a not-for-profit organization with global influence, serving supply chain professionals in more than 90 countries. 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.instituteforsupplymanagement.org on the first business day* of every month after 10:00 a.m. (ET).

The next **Manufacturing ISM® *Report On Business*®** featuring the July 2015 data will be released at 10:00 a.m. (ET) on Monday, August 3, 2015.

*Unless the NYSE is closed.