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January 2018 Manufacturing ISM® *Report On Business®*

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

PMI® at 59.1%

New Orders, Production, and Employment Continue Growing
Supplier Deliveries Slowing at Faster Rate; Backlog Growing
Raw Materials Inventories Growing, Customers' Inventories Too Low
Prices Increasing at Faster Rate

(Tempe, Arizona) — Economic activity in the **manufacturing sector** expanded in January, and the **overall economy** grew for the 105th 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 January PMI® registered 59.1 percent, a decrease of 0.2 percentage point from the seasonally adjusted December reading of 59.3 percent. The New Orders Index registered 65.4 percent, a decrease of 2 percentage points from the seasonally adjusted December reading of 67.4 percent. The Production Index registered 64.5 percent, a 0.7 percentage point decrease compared to the seasonally adjusted December reading of 65.2 percent. The Employment Index registered 54.2 percent, a decrease of 3.9 percentage points from the seasonally adjusted December reading of 58.1 percent. The Supplier Deliveries Index registered 59.1 percent, a 1.9 percentage point increase from the seasonally adjusted December reading of 57.2 percent. The Inventories Index registered 52.3 percent, an increase of 3.8 percentage points from the December reading of 48.5 percent. The Prices Index registered 72.7 percent in January, a 4.4 percentage point increase from the December reading of 68.3 percent, indicating higher raw materials prices for the 23rd consecutive month. Comments from the panel reflect expanding business conditions, with new orders and production maintaining high levels of expansion; employment expanding at a slower rate; order backlogs expanding at a faster rate; and export orders and imports continuing to grow faster in January. Supplier deliveries continued to slow (improving) at a faster rate. Price increases occurred across all industry sectors. The Customers' Inventories Index indicates levels are still too low. Capital expenditure lead times increased 8 percent during the month of January."

Of the 18 manufacturing industries, 14 reported growth in January in the following order: Textile Mills; Fabricated Metal Products; Plastics & Rubber Products; Primary Metals; Machinery; Transportation Equipment; Apparel, Leather & Allied Products; Chemical Products; Computer & Electronic Products; Paper Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; and Food, Beverage & Tobacco Products. Four industries reported contraction during the period: Printing & Related Support Activities; Wood Products; Furniture & Related Products; and Nonmetallic Mineral Products.

WHAT RESPONDENTS ARE SAYING ...

- "Sales nationally and internationally are strong in Q1. We are increasing our CapEx spend by 30 percent to 40 percent over [the] previous year." (Chemical Products)
- "We have heard reports of additional business due to the recent reduction of tax rates." (Machinery)
- "Business outlook is positive on all fronts right now with our customers. Budgets are being approved for new projects, and component prices from suppliers have temporarily stabilized." (Computer & Electronic Products)
- "Our usual winter slowdown has not occurred, and we are very busy with new orders." (Furniture & Related Products)
- "Slow start to 2018; pricing on metals is heading up and quotes/orders are picking up as well." (Fabricated Metal Products)
- "Overall, business remains steady. With several key programs to begin ramping up in the industry, outlook looks good for calendar year 2018." (Transportation Equipment)
- "Employment is very tight in our area." (Food, Beverage & Tobacco Products)
- "Business continues to strengthen." (Paper Products)
- "Business is starting the new year strong. Consumer confidence seems to be driving a lot of our customers' order requirements higher." (Plastics & Rubber Products)

MANUFACTURING AT A GLANCE January 2018						
Index	**Series Index Jan**	**Series Index Dec**	**Percentage Point Change**	**Direction**	**Rate of Change**	**Trend* (Months)**
PMI®	59.1	59.3	-0.2	Growing	Slower	17
New Orders	65.4	67.4	-2.0	Growing	Slower	25
Production	64.5	65.2	-0.7	Growing	Slower	17
Employment	54.2	58.1	-3.9	Growing	Slower	16
Supplier Deliveries	59.1	57.2	+1.9	Slowing	Faster	16
Inventories	52.3	48.5	+3.8	Growing	From Contracting	1
Customers' Inventories	45.6	42.9	+2.7	Too Low	Slower	16
Prices	72.7	68.3	+4.4	Increasing	Faster	23
Backlog of Orders	56.2	54.9	+1.3	Growing	Faster	12
New Export Orders	59.8	57.6	+2.2	Growing	Faster	23
Imports	58.4	56.5	+1.9	Growing	Faster	12
OVERALL ECONOMY				Growing	Slower	105
Manufacturing Sector				Growing	Slower	17

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.

Indexes reflect newly released seasonal adjustment factors.

COMMODITIES REPORTED UP/DOWN IN PRICE AND IN SHORT SUPPLY

Commodities Up in Price

Aluminum (15); Ammonia; Brass; Caustic Soda (7); Copper (3); Corrugate (16); Crude Oil; Electrical Components (2); Emulsions; Hardwood Lumber; Natural Gas; Nickel;

Paper; Polycarbonate; Polyethylene; Polypropylene (5); Polyurethane; Pulp; Resins; Steel (2); Steel — Scrap (2); Steel – Cold Rolled; Steel — Galvanized; Steel — Hot Rolled (14); Stainless Steel (2); Sulfur; Sulfuric Acid; Titanium Dioxide (4); and Vitamins.

Commodities Down in Price

None.

Commodities in Short Supply

Capacitors (7); Electrical Components (2); Integrated Circuits; Memory; Resistors (3); Silicone; and Titanium Dioxide (3).

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

JANUARY 2018 MANUFACTURING INDEX SUMMARIES

PMI®

Manufacturing expanded in January as the PMI® registered 59.1 percent, a decrease of 0.2 percentage point from the seasonally adjusted December reading of 59.3 percent. "This indicates growth in manufacturing for the 17th consecutive month at strong levels led by continued expansion in new order and production activity, with employment growing at a slower rate and supplier deliveries continuing to struggle," 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 January PMI® indicates growth for the 105th consecutive month in the overall economy and the 17th straight month of growth in the manufacturing sector. Fiore says, "The past relationship between the PMI® and the overall economy indicates that the average PMI® for January (59.1 percent) corresponds to a 4.9 percent increase in real gross domestic product (GDP) on an annualized basis."

THE LAST 12 MONTHS

Month	***PMI®***		***Month***	***PMI®***
Jan 2018	59.1		Jul 2017	56.5
Dec 2017	59.3		Jun 2017	56.7
Nov 2017	58.2		May 2017	55.5
Oct 2017	58.5		Apr 2017	55.3
Sep 2017	60.2		Mar 2017	56.6
Aug 2017	59.3		Feb 2017	57.6
Average for 12 months – 57.7 High – 60.2 Low – 55.3				

New Orders

ISM®'s New Orders Index registered 65.4 percent in January, which is a decrease of 2 percentage points when compared to the 67.4 percent reported for December, indicating growth in new orders for the 25th consecutive month. "New Orders expansion continues at a strong pace, with the index at nine 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).

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

New Orders	**% Higher**	**% Same**	**% Lower**	**Net**	**Index**
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
Oct 2017	34.0	53.1	12.9	+21.1	63.5

Production

ISM®'s Production Index registered 64.5 percent in January, which is a decrease of 0.7 percentage point when compared to the 65.2 percent reported for December, indicating growth in production for the 17th consecutive month. "Production expansion continues, but due to employment and supplier delivery constraints, it could not keep up 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 11 industries reporting growth in production during the month of January — listed in order — are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Fabricated Metal Products; Primary Metals; Chemical Products; Paper Products; Transportation Equipment; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Machinery; and Miscellaneous Manufacturing. The two industries reporting a decrease in production in January compared to December are: Nonmetallic Mineral Products; and Printing & Related Support Activities.

Production	**% Higher**	**% Same**	**% Lower**	**Net**	**Index**
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
Oct 2017	30.0	59.6	10.4	+19.5	61.0

Employment

ISM®'s Employment Index registered 54.2 percent in January, a decrease of 3.9 percentage points when compared to the December reading of 58.1 percent. This indicates growth in employment in January for the 16th consecutive month. "Employment expansion remains strong, but difficulties across the supply chain continue to constrain production output," 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 seven reporting employment growth in January — listed in order — are: Machinery; Fabricated Metal Products; Petroleum & Coal Products; Primary Metals; Nonmetallic Mineral Products; Computer & Electronic Products; and Transportation Equipment. The six industries reporting a decrease in employment in January — listed in order — are: Furniture & Related Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Chemical Products; Miscellaneous Manufacturing; and Food, Beverage & Tobacco Products.

Employment	% Higher	% Same	% Lower	Net	Index
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
Oct 2017	24.2	69.3	6.6	+17.6	59.8

Supplier Deliveries

The delivery performance of suppliers to manufacturing organizations was slower in January, as the Supplier Deliveries Index registered 59.1 percent. This is 1.9 percentage points higher than the 57.2 percent reported for December. "This is the 16th straight month of slowing supplier deliveries. Continued delivery/performance difficulties are affecting production expansion. During the period, 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 January — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Petroleum & Coal Products; Machinery; Nonmetallic Mineral Products; Paper Products; Chemical Products; Plastics & Rubber Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Transportation Equipment. The only industry reporting faster deliveries in January compared to December is Primary Metals.

Supplier Deliveries	% Slower	% Same	% Faster	Net	Index
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
Oct 2017	25.7	68.8	5.5	+20.2	60.1

Inventories*

The Inventories Index registered 52.3 percent in January, which is an increase of 3.8 percentage points when compared to the 48.5 percent reported for December, indicating raw materials inventories grew in January. "Suppliers made progress in responding to production demand increases by expanding their customers inventory levels," 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 eight industries reporting higher inventories in January — listed in order — are: Textile Mills; Plastics & Rubber Products; Primary Metals; Fabricated Metal Products; Transportation Equipment; Chemical Products; Computer & Electronic Products; and Electrical Equipment, Appliances & Components. The eight industries reporting lower inventories in January — listed in order — are: Printing & Related Support Activities; Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Paper Products; Machinery; and Petroleum & Coal Products.

Inventories	**% Higher**	**% Same**	**% Lower**	**Net**	**Index**
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
Oct 2017	16.8	62.5	20.6	-3.8	48.1

Customers' Inventories*

ISM®'s Customers' Inventories Index registered 45.6 percent in January, which is 2.7 percentage points higher than the 42.9 percent reported for December, indicating that customers' inventory levels were still considered too low in January. "Factory output made gains in improving customers' inventory levels; however, inventory levels remain too low for the 16th consecutive month," says Fiore.

Two manufacturing industries — Furniture & Related Products; and Transportation Equipment — reported customers' inventories as being too high during the month of January. The nine industries reporting customers' inventories as too low during January — listed in order — are: Apparel, Leather & Allied Products; Primary Metals; Paper Products; Machinery; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Computer & Electronic Products; and Chemical Products. Six industries reported no change in January compared to December.

Customers' Inventories	**% Reporting**	**%Too High**	**%About Right**	**%Too Low**	**Net**	**Index**
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
Oct 2017	54	8.5	70.1	21.4	-13.0	43.5

Prices*

The ISM® Prices Index registered 72.7 percent in January, an increase of 4.4 percentage points from the December level of 68.3 percent, indicating an increase in raw materials prices for the 23rd consecutive month. In January, 47 percent of respondents reported paying higher prices, 1 percent reported paying lower prices, and 52 percent of supply executives reported paying the same prices as in December. The Price 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 (steel, stainless, brass, aluminum, copper and scrap), intermediate chemicals, corrugate, crude oil, natural gas, various wood based products and plastic resins. There was a significant increase in items short, during the period," 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.

All 18 industries reported paying increased prices for raw materials in January, in the following order: Textile Mills; Apparel, Leather & Allied Products; Wood Products; Nonmetallic Mineral Products; Fabricated Metal Products; Furniture & Related Products; Chemical Products; Paper Products; Machinery; Primary Metals; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Plastics & Rubber Products; Miscellaneous Manufacturing; Transportation Equipment; Food, Beverage & Tobacco Products; Printing & Related Support Activities; and Computer & Electronic Products.

Prices	**% Higher**	**% Same**	**% Lower**	**Net**	**Index**
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
Oct 2017	42.9	50.4	6.7	+36.1	68.1

Backlog of Orders*

ISM®'s Backlog of Orders Index registered 56.2 percent in January, an increase of 1.3 percentage points when compared to the 54.9 percent reported for December, indicating growth in order backlogs for the 12th consecutive month. "Backlog expansion continued during the period," says Fiore. Of the 89 percent of respondents who reported their backlog of orders, 28 percent reported greater backlogs, 15 percent reported smaller backlogs, and 57 percent reported no change from December.

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

Backlog of Orders	**% Reporting**	**% Higher**	**% Same**	**% Lower**	**Net**	**Index**
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
Oct 2017	88	24.2	59.3	16.5	+7.7	53.9

New Export Orders*

ISM®'s New Export Orders Index registered 59.8 percent in January, an increase of 2.2 percentage points when compared to the 57.6 percent reported for December, indicating growth in new export orders for the 23rd 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 13 industries reporting growth in new export orders in January — listed in order — are: Textile Mills; Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Transportation Equipment; Miscellaneous Manufacturing; Chemical Products; Plastics & Rubber Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Food, Beverage & Tobacco Products; Machinery; and Paper Products. No industries reported a decrease in new export orders in January compared to December.

New Export Orders	**% Reporting**	**% Higher**	**% Same**	**% Lower**	**Net**	**Index**
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
Oct 2017	77	15.0	80.1	4.9	+10.1	55.1

Imports*

ISM®'s Imports Index registered 58.4 percent in January, an increase of 1.9 percentage points when compared to the 56.5 percent reported for December, indicating that imports grew in January for the 12th consecutive month. Import expansion reached its highest level since April 2014, when the index reached the same level, 58.4 percent.

"Imports expanded at noticeably greater rates during the period in order to keep pace with production demand," says Fiore.

The 12 industries reporting growth in imports during the month of January — listed in order — are: Primary Metals; Apparel, Leather & Allied Products; Machinery; Miscellaneous Manufacturing; Fabricated Metal Products; Computer & Electronic Products; Nonmetallic Mineral Products; Transportation Equipment; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; and Chemical Products. The only industry that reported a decrease in imports during January compared to December is Printing & Related Support Activities.

Imports	**% Reporting**	**% Higher**	**% Same**	**% Lower**	**Net**	**Index**
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
Oct 2017	80	16.2	76.2	7.6	+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

Average commitment lead time for Capital Expenditures increased in January to 150 days from 139 days. Average lead time for Production Materials increased to 60 days from 59 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies decreased by 2 days to 34 days. "Capital expenditure leadtime increased substantially during this period reflecting increased rates of ordering activity as the community enters 2018," says Fiore.

Percent Reporting							
Capital Expenditures	**Hand-to-Mouth**	**30 Days**	**60 Days**	**90 Days**	**6 Months**	**1 Year+**	**Average Days**
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
Oct 2017	20	5	13	18	22	22	145

Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
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
Oct 2017	13	36	26	17	6	2	60
MRO Supplies	**Hand-to-Mouth**	**30 Days**	**60 Days**	**90 Days**	**6 Months**	**1 Year+**	**Average Days**
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
Oct 2017	34	40	19	5	2	0	33

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 January 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.

About Institute for Supply Management®

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

The full text version of the **Manufacturing ISM® *Report On Business*®** is posted on ISM®'s website at www.ismrob.org on the first business day* of every month after 10:00 a.m. ET.

The next **Manufacturing ISM® *Report On Business*®** featuring February 2018 data will be released at 10:00 a.m. ET on Thursday, March 1, 2018.

*Unless the NYSE is closed.