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

January 2019 Manufacturing ISM® Report On Business®

Choose a Section

PMI® at 56.6%

New Orders, Production, and Employment Growing

Supplier Deliveries Slowing at Slower Rate; Backlog Growing

Raw Materials Inventories Growing; Customers' Inventories Too Low

Prices Decreasing; Exports and Imports Growing

(Tempe, Arizona) — Economic activity in the manufacturing sector expanded in January, and the overall economy grew for the 117th 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 56.6 percent, an increase of 2.3 percentage points from the December reading of 54.3 percent. The New Orders Index registered 58.2 percent, an increase of 6.9 percentage points from the December reading of 51.3 percent. The Production Index registered 60.5 percent, 6.4-percentage point increase compared to the December reading of 54.1 percent. The Employment Index registered 55.5 percent, a decrease of 0.5 percentage point from the December reading of 56 percent. The Supplier Deliveries Index registered 56.2 percent, a 2.8 percentage point decrease from the December reading of 59 percent. The

Inventories Index registered 52.8 percent, an increase of 1.6 percentage points from the December reading of 51.2 percent. The Prices Index registered 49.6 percent, a 5.3-percentage point decrease from the December reading of 54.9 percent, indicating lower raw materials prices for the first time in nearly three years.

“Comments from the panel reflect continued expanding business strength, supported by strong demand and output. Demand expansion improved with the New Orders Index reading returning to the high 50s, the Customers’ Inventories Index remaining too low, and the Backlog of Orders remaining at a near-zero-expansion level. Consumption continued to strengthen, with production expanding strongly and employment continuing to expand at previous-month levels. Inputs — expressed as supplier deliveries, inventories and imports — continued to improve, but are negative to PMI® expansion. Inputs reflect an easing business environment, confirmed by Prices Index contraction.

“Exports continue to expand, but at the lowest level since the fourth quarter of 2016. Prices contracted for the first time since the first quarter of 2016. The manufacturing sector continues to expand, reversing December’s weak expansion, but inputs and prices indicate fundamental changes in supply chain constraints,” says Fiore.

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

What respondents are saying

“Unlike in the last few years, we are experiencing a first quarter slowdown.” (Paper Products)

“Steady supply and production environment.” (Computer & Electronic Products)

“Concerns about oil prices are fueling questions of how strong the economy will be the first half of 2019.” (Chemical Products)

“Overall, business continues to be good; however, margins are being squeezed.” (Transportation Equipment)

“The federal government shutdown is impacting our ability to get new products launched. All wines need TTB [Alcohol and Tobacco Tax and Trade Bureau] approval. We are reforecasting accordingly.” (Food, Beverage & Tobacco Products)

“We continue to enjoy the benefits of a strong general economy. We are busy and maintain a backlog of sales orders.” (Machinery)

“Incoming orders have been steady, but we’re starting to see signs of slowing going into February and March.” (Furniture & Related Products)

“Business conditions are good, and our demand and production are tracking to our forecasted growth levels for the year.” (Miscellaneous Manufacturing)

“Going to be a very strong spring. Business levels will be just as good [compared to] the same time frame in 2018.” (Fabricated Metal Products)

“Steel tariffs continue to put upward pressure on prices of downstream materials.” (Petroleum & Coal Products)

“January is off to a good start versus a lower November and December. We are ahead of both plan and January 2018 performance.” (Plastics and Rubber Products)

“Sales nationally appear to be on target for 2019 and slightly ahead of 2018.” (Nonmetallic Mineral Products)

Manufacturing at a Glance January 2019

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	56.6	54.3	+2.3	Growing	Faster	29
New Orders	58.2	51.3	+6.9	Growing	Faster	37
Production	60.5	54.1	+6.4	Growing	Faster	29
Employment	55.5	56.0	-0.5	Growing	Slower	28
Supplier Deliveries	56.2	59.0	-2.8	Slowing	Slower	35
Inventories	52.8	51.2	+1.6	Growing	Faster	13
Customers' Inventories	42.8	41.7	+1.1	Too Low	Slower	28
Prices	49.6	54.9	-5.3	Decreasing	From Increasing	1
Backlog of Orders	50.3	50.0	+0.3	Growing	From Unchanged	1
New Export	51.8	52.8	-1.0	Growing	Slower	35

Index	Series Index Jan	Series Index Dec	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Orders						
Imports	53.8	52.7	+1.1	Growing	Faster	24
OVERALL ECONOMY				Growing	Faster	117
Manufacturing Sector				Growing	Faster	29

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

Electronic Components (6); Freight (2); Nylon Polymer; Printed Circuit Board Assemblies; Printed Circuit Boards (2); Steel* (5); Steel — Hot Rolled*; Steel — Stainless*; Steel Products* (9); Sulfuric Acid; and Valves.

Commodities Down in Price

Aluminum (4); Base Oils; Caustic Soda (4); Copper; Diesel; Gasoline (2); Memory; Polyethylene; Polypropylene; Steel* (5); Steel — Carbon; Steel — Hot Rolled* (5); Steel — Stainless*; Steel Products*; and Steel Scrap.

Commodities in Short Supply

Capacitors (19); Electrical Components; Electronic Components (9); Integrated Circuits; Nylon Polymer; and Resistors (15).

The number of consecutive months the commodity is listed is indicated after each item. *Indicates both up and down in price.

Manufacturing Index Summaries

PMI®

Manufacturing expanded in January, as the PMI® registered 56.6 percent, an increase of 2.3 percentage points from the December reading of 54.3 percent. “This indicates growth in manufacturing for the 29th consecutive month. The PMI® reversed a December decline in expansion primarily through gains in New Orders and Production,” 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 January PMI® indicates growth for the 117th consecutive month in the overall economy and the 29th straight month of growth in the manufacturing sector. “The past relationship between the PMI® and the overall economy indicates that the PMI® for January (56.6 percent) corresponds to a 4-percent increase in real gross domestic product (GDP) on an annualized basis,” says Fiore.

The Last 12 Months

Month	PMI®
Jan 2019	56.6
Dec 2018	54.3
Nov 2018	58.8
Oct 2018	57.5
Sep 2018	59.5
Aug 2018	60.8
Month	PMI®
Jul 2018	58.4
Jun 2018	60.0
May 2018	58.7
Apr 2018	57.9
Mar 2018	59.3
Feb 2018	60.7

Average for 12 months - 58.5

High - 60.8

Low - 54.6

New Orders

ISM®'s New Orders Index registered 58.2 percent in January, which is an increase of 6.9 percentage points when compared to the 51.3 percent reported for December, indicating growth in new orders for the 37th consecutive month. "Customer demand expansion strengthened compared to December and registered the strongest gain of the five PMI® subindexes," 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).

Eleven of 18 industries reported growth in new orders in January, in the following order: Apparel, Leather & Allied Products; Printing & Related Support Activities; Miscellaneous Manufacturing; Plastics & Rubber Products; Primary Metals; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Computer and Electronic Products; Chemical Products; Fabricated Metal Products; and Food, Beverage & Tobacco Products. The only industry reporting a decrease in new orders in January is Machinery. Six industries reported no change in new orders in January compared to December.

New Orders	% Higher	% Same	% Lower	Net	Index
Jan 2019	29.8	52.0	18.3	+11.5	58.2
Dec 2018	19.7	57.5	22.9	-3.2	51.3
Nov 2018	31.0	55.0	14.0	+17.0	61.8
Oct 2018	27.2	54.5	18.3	+8.9	58.0

Production

ISM®'s Production Index registered 60.5 percent in January, which is an increase of 6.4 percentage points when compared to the 54.1 percent reported for December, indicating growth in production for the 29th consecutive month. "Production expansion continued in January, recording the strongest growth since September 2018, when the index registered 63.1 percent," 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 14 industries reporting growth in production during the month of January — listed in order — are: Wood Products; Printing & Related Support Activities; Furniture & Related Products; Fabricated Metal Products; Plastics & Rubber Products; Miscellaneous Manufacturing; Paper Products; Electrical

Equipment, Appliances & Components; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Chemical Products; Computer & Electronic Products; Transportation Equipment; and Machinery. The only industry reporting a decrease in production in January is Textile Mills.

Production	% Higher	% Same	% Lower	Net	Index
Jan 2019	28.3	56.0	15.7	+12.6	60.5
Dec 2018	21.6	58.8	19.5	+2.1	54.1
Nov 2018	30.6	56.8	12.6	+18.0	59.9
Oct 2018	28.2	60.7	11.2	+17.0	59.3

Employment

ISM®'s Employment Index registered 55.5 percent in January, a decrease of 0.5 percentage point when compared to the December reading of 56 percent. This indicates growth in employment in January for the 28th consecutive month. "Employment continued to expand, supporting production growth, but at the lowest expansion level since April 2018, when the index registered 55.2 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.

Nine of 18 manufacturing industries reported employment growth in January in the following order: Textile Mills; Computer & Electronic Products; Primary Metals; Transportation Equipment; Machinery; Paper Products; Electrical Equipment, Appliances & Components; Chemical Products; and Plastic & Related Products. The five industries reporting a decrease in employment in January are: Wood Products; Printing & Related Support Activities; Furniture & Related Products; Nonmetallic Mineral Products; and Fabricated Metal Products.

Employment	% Higher	% Same	% Lower	Net	Index
Jan 2019	17.6	71.1	11.3	+6.3	55.5
Dec 2018	18.6	70.7	10.7	+7.9	56.0
Nov 2018	22.7	69.1	8.2	+14.5	57.7
Oct 2018	22.5	67.2	10.3	+12.2	56.5

Supplier Deliveries

The delivery performance of suppliers to manufacturing organizations slowed in January, as the Supplier Deliveries Index registered 56.2 percent. This is 2.8 percentage points lower than the 59 percent reported for December. “This is the 35th straight month of slowing supplier deliveries, with the index recording its lowest level of expansion since November 2017, when it registered 55.7 percent. Deliveries kept pace with improved production output and contributed to slight inventory gains,” says Fiore. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

The 11 industries reporting slower supplier deliveries in January — listed in order — are: Textile Mills; Printing & Related Support Activities; Computer & Electronic Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Plastics & Rubber Products; Machinery; Transportation Equipment; Chemical Products; Fabricated Metal Products; and Miscellaneous Manufacturing. The only industry reporting faster supplier deliveries in January is Paper Products. Six industries reported no change in supplier deliveries in January compared to December.

Supplier Deliveries	% Slower	% Same	% Faster	Net	Index
Jan 2019	17.7	75.6	6.7	+11.0	56.2
Dec 2018	17.6	78.0	4.4	+13.2	59.0
Nov 2018	25.9	70.2	3.9	+22.0	61.5
Oct 2018	30.4	66.9	2.7	+27.7	63.2

Inventories

The Inventories Index registered 52.8 percent in January, an increase of 1.6 percentage points from the 51.2 percent reported for December. “Inventories expanded for the 13th consecutive month, at a faster rate than the previous month and reflect growth due to improved supplier delivery performance,” 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 10 industries reporting higher inventories in January — listed in order — are: Furniture & Related Products; Textile Mills; Computer & Electronic Products; Miscellaneous Manufacturing; Transportation Equipment; Primary Metals; Chemical Products; Plastics & Rubber Products; Machinery; and Food, Beverage & Tobacco Products. The six industries reporting a decrease in inventories in January — listed in order — are: Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Paper Products; Petroleum & Coal Products; Nonmetallic Mineral Products; and Fabricated Metal Products.

Inventories	% Higher	% Same	% Lower	Net	Index
Jan 2019	21.5	62.5	16.0	+5.5	52.8
Dec 2018	20.9	60.6	18.4	+2.5	51.2
Nov 2018	23.4	59.0	17.6	+5.8	52.9
Oct 2018	18.8	63.6	17.5	+1.3	50.7

Customers' Inventories*

ISM®'s Customers' Inventories Index registered 42.8 percent in January, which is 1.1 percentage points higher than the 41.7 percent reported for December, indicating that customers' inventory levels were considered too low. "Customers' inventories are too low for the 28th consecutive month and reflect marginal gains compared to the previous period. Low customer inventories continue to represent future production-growth potential," says Fiore.

The only industry reporting customers' inventories as too high during the month of January is Nonmetallic Mineral Products. The 12 industries reporting customers' inventories as too low during January — listed in order — are: Textile Mills; Fabricated Metal Products; Plastics & Rubber Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Machinery; Paper Products; Chemical Products; Primary Metals; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Transportation Equipment.

Customers' Inventories	% Reporting	% Too High	% About Right	% Too Low	Net	Index
Jan 2019	77	9.6	66.4	24.0	-14.4	42.8
Dec 2018	82	4.3	74.7	21.0	-16.7	41.7
Nov 2018	79	8.9	65.1	26.0	-17.1	41.5
Oct 2018	79	10.1	66.4	23.5	-13.4	43.3

Prices*

The ISM® Prices Index registered 49.6 percent in January, a decrease of 5.3 percentage points from the December reading of 54.9 percent, indicating a decrease in raw materials prices for the first time in 34 months. The Prices Index has dropped 22 percentage points over the past three months. "Prices contracted for the first time since February 2016, when the index registered 38.3 points. The Business Survey Committee noted a mix of increases and decreases. This reflects price turbulence, especially in

the steel markets. However, steel prices have generally returned to more normal, pre-tariff levels, including for products manufactured primarily from steel, like mechanical components and fabricated metal products. Price increases continue for electronic components, including integrated circuits and printed circuit board assemblies, and freight. Shortages continue for electrical and most electronic components,” 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 January, in the following order: Textile Mills; Printing & Related Support Activities; Paper Products; Transportation Equipment; Miscellaneous Manufacturing; Computer & Electronic Products; and Food, Beverage & Tobacco Products. The seven industries reporting a decrease in prices for raw materials in January — listed in order — are: Fabricated Metal Products; Furniture & Related Products; Plastics & Rubber Products; Machinery; Chemical Products; Primary Metals; and Electrical Equipment, Appliances & Components.

Prices	% Higher	% Same	% Lower	Net	Index
Jan 2019	20.6	57.9	21.5	-0.9	49.6
Dec 2018	26.8	56.1	17.1	+9.7	54.9
Nov 2018	32.0	57.3	10.7	+21.3	60.7
Oct 2018	51.1	41.0	7.9	+43.2	71.6

Backlog of Orders*

ISM®’s Backlog of Orders Index registered 50.3 percent in January, which is 0.3 percentage point higher than the 50 percent reported in December, indicating order backlogs grew slightly for the month. “Backlogs expanded marginally during January, in spite of the relatively strong growth in new orders that was likely due to the strong growth in production output,” says Fiore.

The seven industries reporting growth in order backlogs in January — listed in order — are: Textile Mills; Plastics & Rubber Products; Chemical Products; Electrical Equipment, Appliances & Components; Primary Metals; Food, Beverage & Tobacco Products; and Machinery. The four industries reporting a decrease in order backlogs during January are: Petroleum & Coal Products; Nonmetallic Mineral Products; Fabricated Metal Products; and Transportation Equipment.

Backlog of Orders*	% Reporting	% Higher	% Same	% Lower	Net	Index
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

Backlog of Orders*	% Reporting	% Higher	% Same	% Lower	Net	Index
Nov 2018	88	27.7	57.5	14.9	+12.8	56.4
Oct 2018	89	26.9	57.8	15.3	+11.6	55.8

New Export Orders*

ISM®'s New Export Orders Index registered 51.8 percent in January, 1 percentage point lower compared to the December reading of 52.8 percent, indicating growth in new export orders for the 35th consecutive month. "Export expansion continued to decline, recording its first contraction since February 2016, when the index registered 46.4 percent. Four of the six big industry sectors contributed to the expansion, but at lower expansion levels compared to the previous month," says Fiore.

The eight industries reporting growth in new export orders in January — listed in order — are: Furniture & Related Products; Miscellaneous Manufacturing; Plastics & Rubber Products; Chemical Products; Fabricated Metal Products; Machinery; Computer & Electronic Products; and Food, Beverage & Tobacco Products. The three industries reporting a decrease in new export orders in January are: Wood Products; Paper Products; and Transportation Equipment. Seven industries reported no change in new export orders in January.

New Export Orders*	% Reporting	% Higher	% Same	% Lower	Net	Index
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
Nov 2018	81	12.9	78.6	8.4	+4.5	52.2
Oct 2018	80	12.3	79.7	8.0	+4.3	52.2

Imports*

ISM®'s Imports Index registered 53.8 percent in January, an increase of 1.1 percentage points when compared to the 52.7 percent reported for December, indicating that imports grew in January for the 24th consecutive month. "Imports expansion improved, reversing a three-month expansion decline, in part due to continued activity to import prior to Lunar New Year, as well as the potential for increased tariffs on March 1," says Fiore.

The 11 industries reporting growth in imports during the month of January — listed in order — are: Wood Products; Furniture & Related Products; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Textile Mills; Miscellaneous Manufacturing; Plastics & Rubber Products;

Computer & Electronic Products; Fabricated Metal Products; Chemical Products; and Machinery. The only industry reporting a decrease in imports during January is Transportation Equipment. Six industries reported no change in imports.

Imports	% Reporting	% Higher	% Same	% Lower	Net	Index
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
Nov 2018	83	18.7	69.8	11.5	+7.2	53.6
Oct 2018	86	17.6	73.5	8.9	+8.7	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 by six days in January to 148 days. Average lead time for Production Materials was unchanged at 68 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies increased by four days to 36 days.

Percent Reporting

Capital Expenditures	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Jan 2019	20	4	12	18	24	22	148
Dec 2018	19	5	11	22	23	20	142
Nov 2018	19	5	9	22	22	23	150
Oct 2018	20	5	8	19	25	23	152

Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Jan 2019	13	30	27	19	8	3	68
Dec 2018	11	35	27	17	6	4	68
Nov 2018	9	35	30	15	8	3	68

Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Oct 2018	13	32	26	18	8	3	67

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

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 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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About Institute for Supply Management®

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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 2019 data will be released at 10:00 a.m. ET on Friday, March 1, 2019.

*Unless the NYSE is closed.