

## June 2019 Manufacturing ISM<sup>®</sup> *Report On Business*<sup>®</sup>

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**PMI<sup>®</sup> at 51.7%**

**New Orders Unchanged; Production and Employment Growing**

**Supplier Deliveries Slowing at a Slower Rate; Backlog Contracting**

**Raw Materials Inventories Contracting; Customers' Inventories Too Low**

**Prices Decreasing; Exports Growing, Imports Unchanged**

(Tempe, Arizona) — Economic activity in the **manufacturing sector** expanded in June, and the **overall economy** grew for the 122nd consecutive month, say the nation's supply executives in the latest **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>**.

The report was issued today by Timothy R. Fiore, CPSM, C.P.M., Chair of the Institute for Supply Management<sup>®</sup> (ISM<sup>®</sup>) Manufacturing Business Survey Committee: "The June PMI<sup>®</sup> registered 51.7 percent, a decrease of 0.4 percentage point from the May reading of 52.1 percent. The New Orders Index registered 50 percent, a decrease of 2.7 percentage points from the May reading of 52.7 percent. The Production Index registered 54.1 percent, a 2.8-percentage point increase compared to the May reading of 51.3 percent. The Employment Index registered 54.5 percent, an increase of 0.8 percentage point from the May reading of 53.7 percent. The Supplier Deliveries Index registered 50.7 percent, a 1.3-percentage point decrease from the May reading of 52 percent. The Inventories Index registered 49.1 percent, a decrease of 1.8 percentage points from the May reading of 50.9 percent. The Prices Index registered 47.9 percent, a 5.3-percentage point decrease from the May reading of 53.2 percent.

“Comments from the panel reflect continued expanding business strength, but at soft levels; June was the third straight month with slowing PMI<sup>®</sup> expansion. **Demand** expansion ended, with the New Orders Index recording zero expansion, the Customers’ Inventories Index remaining at a too-low level, and the Backlog of Orders Index contracting for the second straight month. New export orders remain weak. **Consumption** (measured by the Production and Employment indexes) continued to expand, resulting in a combined increase of 3.6 percentage points. Inputs — expressed as supplier deliveries, inventories and imports — were lower this month, due to inventory contraction and suppliers continuing to deliver faster, resulting in a combined 3.1-percentage point reduction in the Supplier Deliveries and Inventories indexes. Imports registered zero expansion. Overall, inputs indicate (1) supply chains are responding faster and (2) supply managers are again closely watching inventories. Prices contracted for the first time since February.

“Respondents expressed concern about U.S.-China trade turbulence, potential Mexico trade actions and the global economy. Overall, sentiment this month is evenly mixed,” says Fiore.

Of the 18 manufacturing industries, 12 reported growth in June, in the following order: Furniture & Related Products; Printing & Related Support Activities; Textile Mills; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Chemical Products; Computer & Electronic Products; Paper Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; and Machinery. The five industries reporting contraction in June are: Apparel, Leather & Allied Products; Primary Metals; Wood Products; Transportation Equipment; and Fabricated Metal Products.

#### What respondents are saying...

- “China tariffs and pending Mexico tariffs are wreaking havoc with supply chains and costs. The situation is crazy, driving a huge amount of work [and] costs, as well as potential supply disruptions.” (Computer & Electronic Products)
- “Tariffs are causing an increase in cost of goods, meaning U.S. consumers are paying more for products.” (Chemical Products)
- “Demand for the remainder of 2019 has softened significantly, due to issues in the aerospace industry. The 2020 outlook is looking stronger. Overall, state and local economies remain strong. Recruiting for open positions still requires time to find the right candidates.” (Transportation Equipment)
- “Global demand remains very strong. [We] shifted shipments to China from our U.S. plants to our Canadian and European plants because of tariffs.” (Food, Beverage & Tobacco Products)
- “Tariffs continue to be a challenge. We are concerned about the implementation of Mexican tariffs and the cost pressures it will have on our Latin American business.” (Petroleum & Coal Products)
- “Tariffs continue to adversely impact decisions and forecasting. Our increasing fear is that current trends will weaken the global economy, influencing our ability to grow in 2020 and beyond.” (Fabricated Metal Products)
- “A late planting season has caused a slowdown in our agricultural business. Seeing higher prices due to tariffs and tariff-related supply chain issues.” (Machinery)

- “Business is still strong. Pricing on raw materials has stabilized.” (Plastics & Rubber Products)
- “Business has slowed in the last 30 to 60 days. The last 30 days have tracked 4 percent below plan, but still 6 to 8 percent above the previous year to date.” (Miscellaneous Manufacturing)
- “Weather in various markets across the country has improved month over month, which has positively affected our daily output. If the trend continues, we will have to replenish [at] an increased month-over-month rate.” (Wood Products)

## Manufacturing at a Glance

June 2019

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
PMI®	51.7	52.1	-0.4	Growing	Slower	34
New Orders	50.0	52.7	-2.7	Unchanged	From Growing	1
Production	54.1	51.3	+2.8	Growing	Faster	34
Employment	54.5	53.7	+0.8	Growing	Faster	33
Supplier Deliveries	50.7	52.0	-1.3	Slowing	Slower	40
Inventories	49.1	50.9	-1.8	Contracting	From Growing	1
Customers' Inventories	44.6	43.7	+0.9	Too Low	Slower	33
Prices	47.9	53.2	-5.3	Decreasing	From Increasing	1
Backlog of Orders	47.4	47.2	+0.2	Contracting	Slower	2
New Export Orders	50.5	51.0	-0.5	Growing	Slower	2
Imports	50.0	49.4	+0.6	Unchanged	From Contracting	1
<b>OVERALL ECONOMY</b>				Growing	Slower	122
<b>Manufacturing Sector</b>				Growing	Slower	34

Manufacturing ISM® *Report On Business*® data is seasonally adjusted for the New Orders, Production, Employment and Supplier Deliveries Indexes.

\*Number of months moving in current direction.

## Commodities reported up/down in price and in short supply

## **Commodities Up in Price**

Corn; Printed Circuit Board Assemblies; Soybean Products; and Steel Products\* (2).

## **Commodities Down in Price**

Aluminum (3); Copper; Corrugated Boxes; Lumber Products; Memory; Natural Gas (2); Scrap Metal (2); Steel — Cold Rolled; Steel — Hot Rolled (3); Steel — Stainless; and Steel Products\* (6).

## **Commodities in Short Supply**

Capacitors (3); Electrical Components; Electronic Components (14); and Integrated Circuits (2).

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

\*Indicates both up and down in price.

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## **June Manufacturing Index Summaries**

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### **PMI<sup>®</sup>**

Manufacturing expanded in June, as the PMI<sup>®</sup> registered 51.7 percent, a decrease of 0.4 percentage point from the May reading of 52.1 percent. This is the lowest reading since October 2016, when the index registered 51.7 percent. “This indicates growth in manufacturing for the 34th consecutive month. The PMI<sup>®</sup> continued a period of expansion softening that began in September 2018. Softening this month was primarily due to demand and inputs — new orders, supplier deliveries and inventories. Four of the six big industries expanded (up from three the previous month), but at lower rates,” 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<sup>®</sup> above 42.9 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the June PMI<sup>®</sup> indicates growth for the 122nd consecutive month in the overall economy and the 34th straight month of growth in the manufacturing sector. “The past relationship between the PMI<sup>®</sup> and the overall economy indicates that the PMI<sup>®</sup> for June

(51.7 percent) corresponds to a 2.6-percent increase in real gross domestic product (GDP) on an annualized basis,” says Fiore.

## The Last 12 Months

Month	PMI®
Jun 2019	51.7
May 2019	52.1
Apr 2019	52.8
Mar 2019	55.3
Feb 2019	54.2
Jan 2019	56.6

Month	PMI®
Dec 2018	54.3
Nov 2018	58.8
Oct 2018	57.5
Sep 2018	59.5
Aug 2018	60.8
Jul 2018	58.4

Average for 12 months - 56.0

High - 60.8

Low - 51.7

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## New Orders

ISM®’s New Orders Index registered 50 percent in June, which is a decrease of 2.7 percentage points when compared to the 52.7 percent reported for May, indicating that new orders remained unchanged after increasing for 41 consecutive months. “Customer demand did not expand for the first time since December 2015, when the index registered 49.6 percent. Three of the top six industry sectors expanded, two contracted and one was unchanged,” 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).

Of 18 manufacturing industries, 10 reported growth in new orders in June, in the following order: Furniture & Related Products; Nonmetallic Mineral Products; Textile Mills; Printing & Related Support Activities; Chemical Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Miscellaneous Manufacturing; Paper Products; and Computer & Electronic Products. The six industries reporting a decline in new orders in June — in the following order — are: Apparel, Leather & Allied Products; Primary Metals; Wood Products; Transportation Equipment; Machinery; and Fabricated Metal Products.

<b>New Orders</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2019</b>	24.6	55.9	19.5	+5.1	50.0
<b>May 2019</b>	26.9	56.7	16.4	+10.5	52.7
<b>Apr 2019</b>	31.0	50.2	18.8	+12.2	51.7
<b>Mar 2019</b>	37.2	49.8	13.0	+24.2	57.4

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## **Production**

ISM<sup>®</sup>'s Production Index registered 54.1 percent in June, which is an increase of 2.8 percentage points when compared to the 51.3 percent reported for May, indicating growth in production for the 34th consecutive month. "Production expansion continued in June, and at a stronger pace compared to May. The index recorded the strongest gain of all PMI<sup>®</sup> subindexes. Production output was able to improve customer-inventory positions and reduce backlog orders," 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 13 industries reporting growth in production during the month of June — listed in order — are: Wood Products; Furniture & Related Products; Textile Mills; Printing & Related Support Activities; Petroleum & Coal Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Chemical Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Paper Products; Miscellaneous Manufacturing; and Machinery. The five industries reporting a decrease in production in June are: Apparel, Leather & Allied Products; Transportation Equipment; Primary Metals; Fabricated Metal Products; and Plastics & Rubber Products.

<b>Production</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2019</b>	31.7	48.7	19.6	+12.1	54.1
<b>May 2019</b>	25.4	54.9	19.7	+5.7	51.3
<b>Apr 2019</b>	30.4	51.5	18.1	+12.3	52.3
<b>Mar 2019</b>	30.8	54.8	14.4	+16.4	55.8

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## **Employment**

ISM<sup>®</sup>'s Employment Index registered 54.5 percent in June, an increase of 0.8 percentage point when compared to the May reading of 53.7 percent. This indicates growth in employment in June for the 33rd consecutive month. "Employment continued to expand, and at marginally higher levels compared to May. Comments were predominantly 'pro hire' in support of capacity expansion, replacing retiring workers and adding summer help. Few comments were in support of hiring freezes and head-count reductions," 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 18 manufacturing industries, 12 reported employment growth in June, in the following order: Furniture & Related Products; Printing & Related Support Activities; Paper Products; Petroleum & Coal Products; Textile Mills; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Miscellaneous Manufacturing; Machinery; Food, Beverage & Tobacco Products; Chemical Products; and Transportation Equipment. The four industries reporting a decrease in employment in June are: Wood Products; Primary Metals; Plastics & Rubber Products; and Fabricated Metal Products.

<b>Employment</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2019</b>	26.2	61.2	12.6	+13.6	54.5
<b>May 2019</b>	23.1	63.6	13.2	+9.9	53.7
<b>Apr 2019</b>	19.6	68.0	12.4	+7.2	52.4
<b>Mar 2019</b>	24.9	63.7	11.5	+13.4	57.5

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## Supplier Deliveries

The delivery performance of suppliers to manufacturing organizations slowed in June, as the Supplier Deliveries Index registered 50.7 percent. This is 1.3 percentage points lower than the 52 percent reported for May. “This is the 40th straight month of slowing supplier deliveries, with the index achieving its lowest level since September 2016 (50.2 percent). Supplier deliveries are improving, with many respondents noting more readily available goods and shorter lead times. Land-, port- and river-transportation bottlenecks continue to impact the supply chain,” says Fiore. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

The nine industries reporting slower supplier deliveries in June — listed in order — are: Nonmetallic Mineral Products; Furniture & Related Products; Primary Metals; Computer & Electronic Products; Chemical Products; Plastics & Rubber Products; Machinery; Miscellaneous Manufacturing; and Food, Beverage & Tobacco Products. The five industries reporting faster supplier deliveries in June are: Wood Products; Fabricated Metal Products; Paper Products; Electrical Equipment, Appliances & Components; and Transportation Equipment.

<b>Supplier Deliveries</b>	<b>% Slower</b>	<b>% Same</b>	<b>% Faster</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2019</b>	9.7	83.0	7.3	+2.4	50.7
<b>May 2019</b>	11.0	82.9	6.1	+4.9	52.0
<b>Apr 2019</b>	18.0	73.6	8.4	+9.6	54.6
<b>Mar 2019</b>	16.4	76.9	6.7	+9.7	54.2

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## Inventories\*

The Inventories Index registered 49.1 percent in June, a decrease of 1.8 percentage points from the 50.9 percent reported for May. “The index contracted for the first time since December 2017,

when it registered 48.5 percent. Inventories were again depleted relative to production, due to production-output strength and despite suppliers delivering at a slower rate. Many respondents noted that they continue to watch inventories closely to align with softening demand, prepare for a period-measurement point, and reflect peak-season manufacturing declines in the summer,” says Fiore. An Inventories Index greater than 44.3 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories (in chained 2000 dollars).

The seven industries reporting higher inventories in June — listed in order — are: Printing & Related Support Activities; Textile Mills; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; and Machinery. The five industries reporting a decrease in inventories in June are: Apparel, Leather & Allied Products; Primary Metals; Transportation Equipment; Fabricated Metal Products; and Chemical Products. Six industries reported no change in raw materials inventories in June as compared to May.

**Inventories % Higher % Same % Lower Net Index**

<b>Jun 2019</b>	16.5	65.1	18.4	-1.9	49.1
<b>May 2019</b>	18.8	64.3	16.9	+1.9	50.9
<b>Apr 2019</b>	20.5	64.8	14.7	+5.8	52.9
<b>Mar 2019</b>	18.4	66.9	14.7	+3.7	51.8

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**Customers' Inventories\***

ISM<sup>®</sup>'s Customers' Inventories Index registered 44.6 percent in June, which is 0.9 percentage point higher than the 43.7 percent reported for May, indicating that customers' inventory levels were considered too low. “Although customers' inventories are too low for the 33rd consecutive month, they are approaching preferable levels. This the second straight month of increasing customer-inventory levels. The ‘too low’ status continues to indicate future production-growth potential, but the index is at its lowest level since January 2018 (45.6 percent),” says Fiore.

The five industries reporting customers' inventories as too high during the month of June are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; and Primary Metals. The nine industries reporting customers' inventories as too low during June — listed in order — are: Wood Products; Furniture & Related Products; Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; Paper Products; Machinery; Fabricated Metal Products; and Chemical Products.

<b>Customers' Inventories</b>	<b>% Reporting</b>	<b>% Too High</b>	<b>% About Right</b>	<b>% Too Low</b>	<b>Net Index</b>
<b>Jun 2019</b>	77	11.1	66.9	22.0	-10.9 44.6
<b>May 2019</b>	81	10.5	66.5	23.0	-12.5 43.7
<b>Apr 2019</b>	78	10.5	64.2	25.3	-14.8 42.6
<b>Mar 2019</b>	80	6.8	71.7	21.4	-14.6 42.7

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## **Prices\***

The ISM<sup>®</sup> Prices Index registered 47.9 percent in June, a decrease of 5.3 percentage points from the May reading of 53.2 percent, indicating raw materials prices decreased following one month of increases. “Prices contracted in June for the first time since February, when the index registered 49.4 percent. Shortages and price increases remain in electronic components and food ingredients; they are offset by copper, steel, energy and aluminum price declines,” 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.

Six of the 18 industries reported paying increased prices for raw materials in June in the following order: Furniture & Related Products; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Computer & Electronic Products; and Transportation Equipment. The 10 industries reporting a decrease in prices for raw materials in June — listed in the following order — are: Primary Metals; Fabricated Metal Products; Apparel, Leather & Allied Products; Paper Products; Wood Products; Textile Mills; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Chemical Products; and Machinery.

<b>Prices</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net Index</b>
<b>Jun 2019</b>	19.7	56.4	23.9	-4.2 47.9
<b>May 2019</b>	22.0	62.3	15.7	+6.3 53.2
<b>Apr 2019</b>	19.0	62.1	19.0	0.0 50.0
<b>Mar 2019</b>	19.1	70.5	10.5	+8.6 54.3

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## **Backlog of Orders\***

ISM<sup>®</sup>'s Backlog of Orders Index registered 47.4 percent in June, which is 0.2 percentage point higher than the 47.2 percent reported in May, indicating order backlogs contracted for a second consecutive month, at a slower rate in June. “Backlogs shrank during June due to production output being able to exceed new order intake rates,” says Fiore.

The six industries reporting growth in order backlogs in June — listed in order — are: Furniture & Related Products; Nonmetallic Mineral Products; Printing & Related Support Activities; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; and Fabricated Metal Products. The 12 industries reporting a decrease in order backlogs during June — listed in order — are:

Wood Products; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Textile Mills; Petroleum & Coal Products; Primary Metals; Plastics & Rubber Products; Paper Products; Machinery; Computer & Electronic Products; Transportation Equipment; and Chemical Products.

<b>Backlog of Orders* % Reporting % Higher % Same % Lower Net Index</b>						
<b>Jun 2019</b>	88	17.8	59.2	23.0	-5.2	47.4
<b>May 2019</b>	88	21.7	51.1	27.2	-5.5	47.2
<b>Apr 2019</b>	89	24.1	59.8	16.2	+7.9	53.9
<b>Mar 2019</b>	86	19.0	62.8	18.2	+0.8	50.4

### **New Export Orders\***

ISM<sup>®</sup>'s New Export Orders Index registered 50.5 percent in June, 0.5 percentage point lower compared to the May reading of 51 percent, indicating that new export orders grew for the second consecutive month. "New Export orders expanded marginally, with many respondents noting global trade softness in Europe, Southeast Asia and China as reasons for sluggish activity. Three of the six big industry sectors contributed to the expansion — the same number as last month, but with a different mix," says Fiore.

The seven industries reporting growth in new export orders in June in order are: Textile Mills; Furniture & Related Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; Chemical Products; Paper Products; and Computer & Electronic Products. The eight industries reporting a decrease in new export orders in June — listed in order — are: Apparel, Leather & Allied Products; Wood Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Machinery; Transportation Equipment; and Fabricated Metal Products.

<b>New Export Orders* % Reporting % Higher % Same % Lower Net Index</b>						
<b>Jun 2019</b>	77	13.2	74.5	12.3	+0.9	50.5
<b>May 2019</b>	77	13.6	74.6	11.7	+1.9	51.0
<b>Apr 2019</b>	78	9.1	80.8	10.1	-1.0	49.5
<b>Mar 2019</b>	78	10.7	82.0	7.3	+3.4	51.7

### **Imports\***

ISM<sup>®</sup>'s Imports Index registered 50 percent in June, an increase of 0.6 percentage point when compared to the 49.4 percent reported for May, indicating that imports were unchanged in June after two consecutive months of contraction. "Imports stabilized, with many respondents reporting considerable turbulence in importing, from pulling ahead material to avoid tariffs, onshoring material that used to be imported, and managing inventory heading into possible midyear slowdowns in business," says Fiore.

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

<b>Imports</b>	<b>% Reporting</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net Index</b>
<b>Jun 2019</b>	83	11.1	77.8	11.1	0.0 50.0
<b>May 2019</b>	84	10.7	77.4	11.9	-1.2 49.4
<b>Apr 2019</b>	85	12.5	74.4	13.0	-0.5 49.8
<b>Mar 2019</b>	82	12.0	78.2	9.8	+2.2 51.1

\*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 June to 151 days. Average lead time for Production Materials was unchanged from May, at 72 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies increased by one day in June to 36 days.

## Percent Reporting

<b>Capital Expenditures</b>	<b>Hand-to-Mouth</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>6 Months</b>	<b>1 Year +</b>	<b>Average Days</b>
<b>Jun 2019</b>	19	4	11	16	29	21	151
<b>May 2019</b>	21	4	12	15	28	20	145
<b>Apr 2019</b>	22	4	9	20	23	22	146
<b>Mar 2019</b>	20	5	9	18	26	22	150
<b>Production Materials</b>	<b>Hand-to-Mouth</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>6 Months</b>	<b>1 Year +</b>	<b>Average Days</b>
<b>Jun 2019</b>	12	32	26	17	9	4	72
<b>May 2019</b>	11	32	27	17	9	4	72
<b>Apr 2019</b>	11	31	30	16	8	4	71
<b>Mar 2019</b>	11	33	28	17	8	3	68
<b>MRO Supplies</b>	<b>Hand-to-Mouth</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90 Days</b>	<b>6 Months</b>	<b>1 Year +</b>	<b>Average Days</b>
<b>Jun 2019</b>	37	37	17	6	2	1	36
<b>May 2019</b>	36	40	17	4	2	1	35

	MRO Supplies	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Apr 2019	38	37	16	6	2	1	35	
Mar 2019	35	39	17	7	2	0	34	

## 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 June 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<sup>®</sup> 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<sup>®</sup> Report On Business<sup>®</sup>** 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<sup>®</sup>, 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<sup>®</sup> 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<sup>®</sup> reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A PMI<sup>®</sup> 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<sup>®</sup> has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis. The **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** 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<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> Report On Business<sup>®</sup>** 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.

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## **About Institute for Supply Management<sup>®</sup>**

Institute for Supply Management<sup>®</sup> (ISM<sup>®</sup>) 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<sup>®</sup>, its highly regarded certification programs and the ISM Mastery Model<sup>®</sup>. 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<sup>®</sup> Report On Business<sup>®</sup>** is posted on ISM<sup>®</sup>'s website at [www.ismrob.org](http://www.ismrob.org) on the first business day\* of every month after 10:00 a.m. ET.

The next **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** featuring **July 2019** data will be released at 10:00 a.m. ET on **Thursday, August 1, 2019**.

\*Unless the NYSE is closed.