



FOR RELEASE: May 3, 2013

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April 2013 Non-Manufacturing ISM Report On Business[®]

NMI[™] at 53.1%

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 April 2013.

Business Activity Index at 55%
New Orders Index at 54.5%
Employment Index at 52%

(Tempe, Arizona) — Economic activity in the **non-manufacturing sector** grew in April for the 40th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM Report On Business[®]**.

The report was issued today by Anthony Nieves, C.P.M., CFPM, chair of the Institute for Supply Management[™] Non-Manufacturing Business Survey Committee. "The NMI[™] registered 53.1 percent in April, 1.3 percentage points lower than the 54.4 percent registered in March. This indicates continued growth at a slightly slower rate in the non-manufacturing sector. The Non-Manufacturing Business Activity Index registered 55 percent, which is 1.5 percentage points lower than the 56.5 percent reported in March, reflecting growth for the 45th consecutive month. The New Orders Index decreased by 0.1 percentage point to 54.5 percent, and the Employment Index decreased 1.3 percentage points to 52 percent, indicating growth in employment for the ninth consecutive month. The Prices Index decreased 4.7 percentage points to 51.2 percent, indicating prices increased at a slower rate in April when compared to March. According to the NMI[™], 14 non-manufacturing industries reported growth in April. Respondents' comments remain mostly positive about business conditions. Cost management and revenue pressures are areas of concern for many of the respective

companies."

INDUSTRY PERFORMANCE

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The 14 non-manufacturing industries reporting growth in April — listed in order — are: Transportation & Warehousing; Retail Trade; Accommodation & Food Services; Construction; Management of Companies & Support Services; Arts, Entertainment & Recreation; Information; Utilities; Real Estate, Rental & Leasing; Wholesale Trade; Public Administration; Professional, Scientific & Technical Services; Agriculture, Forestry, Fishing & Hunting; and Finance & Insurance. The four industries reporting contraction in April are: Mining; Educational Services; Other Services; and Health Care & Social Assistance.

WHAT RESPONDENTS ARE SAYING ...

- "Similar demand as 2012; demand well-controlled by suppliers. Overall demand trend to become weak." (Agriculture, Forestry, Fishing & Hunting)
- "Continued corporate cost pressures creating greater demand for cost restructuring/productivity work." (Professional, Scientific & Technical Services)
- "Business continues to fluctuate, making it extremely difficult to forecast. Economic uncertainty is clearly a factor that is influencing discretionary spending. Marketing efforts, therefore, are focused mostly on increasing the spend per visit, getting consumers to stay longer at the property as the frequency of repeat business trends down." (Arts, Entertainment & Recreation)
- "Revenue pressures are creating challenges on the expense side of the house." (Finance & Insurance)
- "Reducing costs in healthcare and higher education remains of paramount importance." (Educational Services)
- "We are seeing no real change for our next fiscal year — budgets are still tough with anticipated spend at previous-year levels." (Public Administration)
- "Business appears to be on the up-swing." (Transportation & Warehousing)

ISM NON-MANUFACTURING SURVEY RESULTS AT A GLANCE COMPARISON OF ISM NON-MANUFACTURING AND ISM MANUFACTURING SURVEYS* APRIL 2013

Index	Non-Manufacturing						Manufacturing		
	Series Index Apr	Series Index Mar	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Apr	Series Index Mar	Percent Point Change
NMI™/PMI™	53.1	54.4	-1.3	Growing	Slower	40	50.7	51.3	-0.6
Business Activity/Production	55.0	56.5	-1.5	Growing	Slower	45	53.5	52.2	+1.3
New Orders	54.5	54.6	-0.1	Growing	Slower	45	52.3	51.4	+0.9
Employment	52.0	53.3	-1.3	Growing	Slower	9	50.2	54.2	-4.0
Supplier Deliveries	51.0	53.0	-2.0	Slowing	Slower	4	50.9	49.4	+1.5
Inventories	56.0	51.5	+4.5	Growing	Faster	3	46.5	49.5	-3.0
Prices	51.2	55.9	-4.7	Increasing	Slower	43	50.0	54.5	-4.5
Backlog of Orders	51.5	54.5	-3.0	Growing	Slower	3	53.0	51.0	+2.0
New Export Orders	53.5	56.5	-3.0	Growing	Slower	4	54.0	56.0	-2.0
Imports	58.5	57.5	+1.0	Growing	Faster	4	55.0	54.0	+1.0

Inventory Sentiment	60.5	59.5	+1.0	Too High	Faster	191	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	44.5	47.5	-3.0

* **Non-Manufacturing ISM Report On Business[®]** data is seasonally adjusted for Business Activity, New Orders, Prices and Employment. **Manufacturing ISM Report On Business[®]** data is seasonally adjusted for New Orders, Production, Employment and Supplier Deliveries.

** Number of months moving in current direction.

COMMODITIES REPORTED UP / DOWN IN PRICE, and IN SHORT SUPPLY

Commodities Up in Price

A/C Parts; Beef (5); Chicken Products (4); Fuel* (4); Lumber — Plywood, Spruce and Treated (6); Natural Gas (2); Pharmacy Products (5); Skilled Labor; and Software Development/Maintenance.

Commodities Down in Price

Computer and Peripherals; Copper Products; #1 Diesel Fuel (2); #2 Diesel Fuel; Fuel*; and Gasoline (2).

Commodities in Short Supply

Drugs; and Pharmacy Products (4).

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

*Reported as both up and down in price.

APRIL 2013 NON-MANUFACTURING INDEX SUMMARIES

NMI™

In April, the NMI™ registered 53.1 percent, indicating continued growth in the non-manufacturing sector for the 40th consecutive month. A reading above 50 percent indicates the non-manufacturing sector economy is generally expanding; below 50 percent indicates the non-manufacturing sector is generally contracting.

NMI™ HISTORY

Month	NMI™	Month	NMI™
Apr 2013	53.1	Oct 2012	54.8
Mar 2013	54.4	Sep 2012	55.2
Feb 2013	56.0	Aug 2012	54.3
Jan 2013	55.2	Jul 2012	52.9
Dec 2012	55.7	Jun 2012	52.7

Nov 2012 54.8 May 2012 54.1

Average for 12 months – 54.4

High – 56.0

Low – 52.7

Business Activity

ISM's Non-Manufacturing Business Activity Index in April registered 55 percent, 1.5 percentage points lower than the 56.5 percent registered in March. Twelve industries reported increased business activity, and four industries reported decreased activity for the month of April. Comments from respondents include: "Increased customer base" and "Improved economic environment."

The industries reporting growth of business activity in April — listed in order — are: Accommodation & Food Services; Transportation & Warehousing; Arts, Entertainment & Recreation; Utilities; Retail Trade; Construction; Real Estate, Rental & Leasing; Management of Companies & Support Services; Information; Professional, Scientific & Technical Services; Wholesale Trade; and Public Administration. The industries reporting decreased business activity in April are: Educational Services; Other Services; Health Care & Social Assistance; and Agriculture, Forestry, Fishing & Hunting.

	%	%	%	
Business Activity	Higher	Same	Lower	Index
Apr 2013	33	52	15	55.0
Mar 2013	36	51	13	56.5
Feb 2013	32	50	18	56.9
Jan 2013	31	44	25	56.4

New Orders

ISM's Non-Manufacturing New Orders Index grew in April for the 45th consecutive month. The index registered 54.5 percent, a decrease of 0.1 percentage point from the 54.6 percent reported in March. Comments from respondents include: "Implementation of new projects" and "New product placements."

The 13 industries reporting growth of new orders in April — listed in order — are: Transportation & Warehousing; Accommodation & Food Services; Construction; Retail Trade; Real Estate, Rental & Leasing; Information; Management of Companies & Support Services; Arts, Entertainment & Recreation; Utilities; Finance & Insurance; Wholesale Trade; Professional, Scientific & Technical Services; and Public Administration. The five industries reporting contraction of new orders in April are: Mining; Educational Services; Other Services; Health Care & Social Assistance; and Agriculture, Forestry, Fishing & Hunting.

	%	%	%	
New Orders	Higher	Same	Lower	Index
Apr 2013	30	56	14	54.5
Mar 2013	31	57	12	54.6
Feb 2013	31	56	13	58.2
Jan 2013	28	51	21	54.4

Employment

Employment activity in the non-manufacturing sector grew in April for the ninth consecutive month. ISM's

Non-Manufacturing Employment Index registered 52 percent, which reflects a decrease of 1.3 percentage points when compared to the 53.3 percent registered in March. Ten industries reported increased employment, and six industries reported decreased employment. Comments from respondents include: "Increasing work-force levels" and "Right-sizing the operations to the economy right now."

The industries reporting an increase in employment in April — listed in order — are: Retail Trade; Management of Companies & Support Services; Construction; Transportation & Warehousing; Wholesale Trade; Information; Public Administration; Accommodation & Food Services; Health Care & Social Assistance; and Finance & Insurance. The industries reporting a reduction in employment in April — listed in order — are: Mining; Agriculture, Forestry, Fishing & Hunting; Real Estate, Rental & Leasing; Utilities; Professional, Scientific & Technical Services; and Arts, Entertainment & Recreation.

	% Higher	% Same	% Lower	Index
Apr 2013	28	57	15	52.0
Mar 2013	26	58	16	53.3
Feb 2013	26	61	13	57.2
Jan 2013	20	64	16	57.5

Supplier Deliveries

The Supplier Deliveries Index registered 51 percent in April, indicating that supplier deliveries were slower in April for the fourth consecutive month. A reading above 50 percent indicates slower deliveries, while a reading below 50 percent indicates faster deliveries.

The five industries reporting slower deliveries in April are: Agriculture, Forestry, Fishing & Hunting; Retail Trade; Health Care & Social Assistance; Professional, Scientific & Technical Services; and Transportation & Warehousing. The three industries reporting faster supplier deliveries in April are: Mining; Information; and Finance & Insurance. Ten industries reported no change in supplier deliveries in April compared to March.

	% Slower	% Same	% Faster	Index
Apr 2013	7	88	5	51.0
Mar 2013	9	88	3	53.0
Feb 2013	9	85	6	51.5
Jan 2013	10	85	5	52.5

Inventories

ISM's Non-Manufacturing Inventories Index grew in April for the third consecutive month. The index registered 56 percent, which is 4.5 percentage points higher than the 51.5 percent reported in March. Of the total respondents in April, 26 percent indicated they do not have inventories or do not measure them. Comments from respondents include: "Overseas shipments ordered last year are now arriving" and "Increased inventory to support maintenance activities."

The 11 industries reporting an increase in inventories in April — listed in order — are: Agriculture, Forestry, Fishing & Hunting; Educational Services; Utilities; Mining; Retail Trade; Arts, Entertainment & Recreation; Accommodation & Food Services; Real Estate, Rental & Leasing; Finance & Insurance; Construction; and Wholesale Trade. The five industries reporting decreases in inventories in April are: Other Services; Health Care & Social Assistance; Information; Professional, Scientific & Technical Services; and Public Administration.

Inventories	% Higher	% Same	% Lower	Index
Apr 2013	25	62	13	56.0
Mar 2013	16	71	13	51.5
Feb 2013	20	68	12	54.0
Jan 2013	16	62	22	47.0

Prices

Prices paid by non-manufacturing organizations for purchased materials and services increased in April for the 43rd consecutive month. ISM's Non-Manufacturing Prices Index for April registered 51.2 percent, 4.7 percentage points lower than the 55.9 percent reported in March. In April, the percentage of respondents reporting higher prices is 22 percent, the percentage indicating no change in prices paid is 68 percent, and 10 percent of the respondents reported lower prices.

Eleven non-manufacturing industries reported an increase in prices paid during the month of April, in the following order: Mining; Wholesale Trade; Accommodation & Food Services; Arts, Entertainment & Recreation; Educational Services; Utilities; Health Care & Social Assistance; Retail Trade; Public Administration; Finance & Insurance; and Professional, Scientific & Technical Services. The four industries reporting a decrease in prices paid during April are: Agriculture, Forestry, Fishing & Hunting; Construction; Management of Companies & Support Services; and Information.

Prices	% Higher	% Same	% Lower	Index
Apr 2013	22	68	10	51.2
Mar 2013	26	68	6	55.9
Feb 2013	31	63	6	61.7
Jan 2013	23	72	5	58.0

Backlog of Orders

ISM's Non-Manufacturing Backlog of Orders Index grew in April for the third consecutive month. The index registered 51.5 percent, which is 3 percentage points lower than the 54.5 percent that was reported in March. Of the total respondents in April, 39 percent indicated they do not measure backlog of orders.

The seven industries reporting an increase in order backlogs in April — listed in order — are: Construction; Real Estate, Rental & Leasing; Management of Companies & Support Services; Accommodation & Food Services; Professional, Scientific & Technical Services; Public Administration; and Wholesale Trade. The five industries reporting a decrease in order backlogs are: Other Services; Retail Trade; Mining; Finance & Insurance; and Health Care & Social Assistance. Six industries reported no change in backlog of orders for the month of April compared to March.

Backlog of Orders	% Higher	% Same	% Lower	Index
Apr 2013	15	73	12	51.5
Mar 2013	18	73	9	54.5
Feb 2013	18	73	9	54.5
Jan 2013	15	68	17	49.0

New Export Orders

Orders and requests for services and other non-manufacturing activities to be provided outside of the United States by domestically based personnel grew in April for the fourth consecutive month. The New Export Orders Index for April registered 53.5 percent, which is 3 percentage points lower than the 56.5 percent reported in March. Of the total respondents in April, 69 percent indicated they either do not perform, or do not separately measure, orders for work outside of the United States.

The six industries reporting an increase in new export orders in April — listed in order — are: Construction; Information; Management of Companies & Support Services; Accommodation & Food Services; Public Administration; and Professional, Scientific & Technical Services. The four industries reporting a decrease in export orders in April are: Health Care & Social Assistance; Other Services; Finance & Insurance; and Wholesale Trade.

	% Higher	% Same	% Lower	Index
New Export Orders				
Apr 2013	22	63	15	53.5
Mar 2013	29	55	16	56.5
Feb 2013	29	63	8	60.5
Jan 2013	27	57	16	55.5

Imports

The ISM Non-Manufacturing Imports Index grew in April for the fourth consecutive month. This month's reading at 58.5 percent is 1 percentage point higher than the 57.5 percent reported in March. Fifty-seven percent of respondents reported that they do not use, or do not track the use of, imported materials.

The eight industries reporting an increase in imports for the month of April — listed in order — are: Finance & Insurance; Public Administration; Retail Trade; Wholesale Trade; Construction; Information; Professional, Scientific & Technical Services; and Accommodation & Food Services. The two industries reporting a decrease in imports for the month of April are: Health Care & Social Assistance; and Transportation & Warehousing. Eight industries reported no change in imports for the month of April compared to March.

	% Higher	% Same	% Lower	Index
Imports				
Apr 2013	20	77	3	58.5
Mar 2013	21	73	6	57.5
Feb 2013	12	81	7	52.5
Jan 2013	10	82	8	51.0

Inventory Sentiment

The ISM Non-Manufacturing Inventory Sentiment Index in April registered 60.5 percent, which is 1 percentage point higher than the 59.5 percent reported in March. This indicates that respondents believe their inventories are still too high at this time. In April, 27 percent of respondents said their inventories were too high, 6 percent said their inventories were too low, and 67 percent said their inventories were about right.

The eight industries reporting a feeling that their inventories are too high in April — listed in order — are: Mining; Utilities; Wholesale Trade; Arts, Entertainment & Recreation; Information; Public Administration; Retail Trade; and

Finance & Insurance. The three industries reporting that their inventories are too low in April are: Agriculture, Forestry, Fishing & Hunting; Health Care & Social Assistance; and Professional, Scientific & Technical Services. Six industries reported no change in inventory sentiment for the month of April compared to March.

Inventory Sentiment	%Too High	%About Right	%Too Low	Index
Apr 2013	27	67	6	60.5
Mar 2013	24	71	5	59.5
Feb 2013	27	71	2	62.5
Jan 2013	33	62	5	64.0

About this Report

The data presented herein is obtained from a survey of non-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. Use of the data is in the public domain and should be compared to all other economic data sources when used in decision-making.

Data and Method of Presentation

The **Non-Manufacturing ISM Report On Business**[®] is based on data compiled from purchasing and supply executives nationwide. Membership of the Non-Manufacturing Business Survey Committee is diversified by NAICS, based on each industry's contribution to gross domestic product (GDP). The Non-Manufacturing Business Survey Committee responses are divided into the following NAICS code categories: Agriculture, Forestry, Fishing & Hunting; Mining; Utilities; Construction; Wholesale Trade; Retail Trade; Transportation & Warehousing; Information; Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Educational Services; Health Care & Social Assistance; Arts, Entertainment & Recreation; Accommodation & Food Services; Public Administration; and Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services).

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries), this report shows the percentage reporting each response, and the diffusion index. Responses represent raw data and are never changed. Data is seasonally adjusted for Business Activity, New Orders, Prices and Employment. All seasonal adjustment factors are supplied by the U.S. Department of Commerce and are subject annually to relatively minor changes when conditions warrant them. The remaining indexes have not indicated significant seasonality.

The NMI[™] (Non-Manufacturing Index) is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries. Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Supplier Deliveries is an exception. A Supplier Deliveries Index above 50 percent indicates slower deliveries and below 50 percent indicates faster deliveries.

The **Non-Manufacturing ISM Report On Business**[®] surveys are sent out to Non-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 reports for release on the third business day of the following month.

The industries reporting growth, as indicated in the **Non-Manufacturing ISM Report On Business**[®] monthly reports, 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.

The **Non-Manufacturing ISM Report On Business**[®] is published monthly by the Institute for Supply Management[™], the first supply institute in the world. Founded in 1915, ISM exists to lead and serve the supply management profession and is a highly influential and respected association in the global marketplace. ISM's mission is to enhance the value and performance of procurement and supply chain management practitioners and their organizations worldwide.

The full text version of the **Non-Manufacturing ISM Report On Business**[®] is posted on ISM's website at www.ism.ws on the third business day of every month after 10:10 a.m. (ET).

The next **Non-Manufacturing ISM Report On Business**[®] featuring the May 2013 data will be released at 10:00 a.m. (ET) on Wednesday, June 5, 2013.

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