Economic activity in the manufacturing sector expanded in January for the second consecutive month, and the overall economy grew for the 44th consecutive month, say the nation’s supply executives in the latest Manufacturing ISM Report On Business®.

The PMI™ registered 53.1 percent, an increase of 2.9 percentage points from December’s seasonally adjusted reading of 50.2 percent, indicating expansion in manufacturing for the second consecutive month. The New Orders Index registered 53.3 percent, an increase of 3.6 percent over December’s seasonally adjusted reading of 49.7 percent, indicating growth in new orders. Manufacturing is starting out the year on a positive note, with all five of the PMI™’s component indexes — new orders, production, employment, supplier deliveries and inventories — registering above 50 percent in January.

Of the 18 manufacturing industries, 13 are reporting growth in January in the following order: Plastics & Rubber Products; Textile Mills; Furniture & Related Products; Printing & Related Support Activities; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; Fabricated Metal Products; Transportation Equipment; Petroleum & Coal Products; Machinery; Primary Metals; and Food, Beverage & Tobacco Products.

A PMI™ in excess of 42.2 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the January PMI™ indicates growth for the 44th consecutive month in the overall economy, and indicates expansion in the manufacturing sector for the second consecutive month. The past relationship between the PMI™ and the overall economy indicates that the PMI™ for January (53.1 percent) corresponds to a 3.4 percent increase in real gross domestic product (GDP) on an annualized basis.

**MANUFACTURING AT A GLANCE**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>JAN INDEX</th>
<th>DEC INDEX</th>
<th>% POINT CHANGE</th>
<th>DIRECTION</th>
<th>RATE OF CHANGE</th>
<th>TREND* (MONTHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMI™</td>
<td>53.1</td>
<td>50.2</td>
<td>+2.9</td>
<td>Growing</td>
<td>Faster</td>
<td>2</td>
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<tr>
<td>New Orders</td>
<td>53.3</td>
<td>49.7</td>
<td>+3.6</td>
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<td>From Contracting</td>
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<tr>
<td>Production</td>
<td>53.6</td>
<td>52.6</td>
<td>+1.0</td>
<td>Growing</td>
<td>Faster</td>
<td>5</td>
</tr>
<tr>
<td>Employment</td>
<td>54.0</td>
<td>51.9</td>
<td>+2.1</td>
<td>Growing</td>
<td>Faster</td>
<td>40</td>
</tr>
<tr>
<td>Supplier Deliveries</td>
<td>53.6</td>
<td>53.7</td>
<td>-0.1</td>
<td>Slowing</td>
<td>Slower</td>
<td>3</td>
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<tr>
<td>Inventories</td>
<td>51.0</td>
<td>43.0</td>
<td>+8.0</td>
<td>Growing</td>
<td>From Contracting</td>
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<tr>
<td>Customers’ Inventories</td>
<td>48.5</td>
<td>47.0</td>
<td>+1.5</td>
<td>Too Low</td>
<td>Slower</td>
<td>14</td>
</tr>
<tr>
<td>Prices</td>
<td>56.5</td>
<td>55.5</td>
<td>+1.0</td>
<td>Increasing</td>
<td>Faster</td>
<td>6</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>47.5</td>
<td>48.5</td>
<td>-1.0</td>
<td>Contracting</td>
<td>Faster</td>
<td>10</td>
</tr>
<tr>
<td>Exports</td>
<td>50.5</td>
<td>51.5</td>
<td>-1.0</td>
<td>Growing</td>
<td>Slower</td>
<td>2</td>
</tr>
<tr>
<td>Imports</td>
<td>50.0</td>
<td>51.5</td>
<td>-1.5</td>
<td>Unchanged</td>
<td>From Growing</td>
<td>1</td>
</tr>
</tbody>
</table>

**OVERALL ECONOMY**

<table>
<thead>
<tr>
<th>GROWING</th>
<th>Faster</th>
<th>44</th>
</tr>
</thead>
</table>

**MANUFACTURING SECTOR**

GROWING | Faster | 2 |

*Number of months moving in current direction.

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

**COMMODITIES REPORTED**

**Commodities Up in Price:** Aluminum Products (4); Benzene (2); Caustic Soda (6); Copper; Copper Based Products; Corrugated Boxes/ Packaging (6); HDPE; Lumber; Oil; PET Bottles; Polypropylene (3); Polystyrene; Stainless Steel Sheet; Steel — Cold Rolled (2); and Vitamins.

**Commodities Down in Price:** Steel (11); Sugar (2); Titanium Dioxide (2); and Wheat.

**Commodities in Short Supply:** No commodities are reported in short supply.

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

‡Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).

This report reflects the U.S. Department of Commerce’s recently completed annual adjustment to the seasonal factors used to calculate the indexes.
PRODUCTION
ISM’s Production Index registered 53.6 percent in January, which is an increase of 1 percentage point when compared to the seasonally adjusted 52.6 percent reported in December. Nine industries reported growth in production during the month of January: Electrical Equipment, Appliances & Components; Textile Mills; Plastics & Rubber Products; Miscellaneous Manufacturing‡; Apparel, Leather & Allied Products; Fabricated Metal Products; Furniture & Related Products; Primary Metals; and Transportation Equipment.

NEW ORDERS
ISM’s New Orders Index registered 53.3 percent in January, an increase of 3.6 percentage points when compared to the seasonally adjusted December reading of 49.7 percent. Ten industries reported growth in new orders in January: Textile Mills; Printing & Related Support Activities; Furniture & Related Products; Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Petroleum & Coal Products; Machinery; Transportation Equipment; and Primary Metals.

EMPLOYMENT
ISM’s Employment Index registered 54 percent in January, which is 2.1 percentage points higher than the seasonally adjusted 51.9 percent reported in December. Nine manufacturing industries reported growth in employment in January: Petroleum & Coal Products; Plastics & Rubber Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Miscellaneous Manufacturing‡; Fabricated Metal Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.

SUPPLIER DELIVERIES
ISM’s Supplier Deliveries Index registered 53.6 percent in January, which is 0.1 percentage point lower than the seasonally adjusted 53.7 percent reported in December. The seven industries reporting slower supplier deliveries in January — listed in order — are: Nonmetallic Mineral Products; Plastics & Rubber Products; Chemical Products; Petroleum & Coal Products; Furniture & Related Products; Food, Beverage & Tobacco Products; and Transportation Equipment.

INVENTORIES
The Inventories Index registered 51 percent in January, which is 8 percentage points higher than the 43 percent reported in December. This month’s reading indicates that respondents are reporting inventories are growing in January. The seven industries reporting higher inventories in January — listed in order — are: Plastics & Rubber Products; Furniture & Related Products; Miscellaneous Manufacturing‡; Food, Beverage & Tobacco Products; Transportation Equipment; Machinery; and Primary Metals.

CUSTOMERS’ INVENTORIES
The ISM Customers’ Inventories Index registered 48.5 percent in January. This month’s reading indicates that customers’ inventories are considered too low, but not as low as reported in December. The four manufacturing industries reporting customers’ inventories as being too high during the month of January are: Petroleum & Coal Products; Plastics & Rubber Products; Chemical Products; and Computer & Electronic Products.

PRICES
The ISM Prices Index registered 56.5 percent in January. Of the 18 manufacturing industries, 10 reported paying increased prices during the month of January in the following order: Plastics & Rubber Products; Wood Products; Petroleum & Coal Products; Chemical Products; Paper Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Transportation Equipment; and Fabricated Metal Products.

BACKLOG OF ORDERS
ISM’s Backlog of Orders Index registered 47.5 percent in January. This is the 10th consecutive month of contraction in order backlogs. The eight industries reporting increased order backlogs in January — listed in order — are: Petroleum & Coal Products; Primary Metals; Furniture & Related Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Paper Products; Food, Beverage & Tobacco Products; and Machinery.

NEW EXPORT ORDERS
ISM’s New Export Orders Index registered 50.5 percent in January. This month’s reading represents only the second month of growth in the index since May 2012, when the index registered 53.5 percent. The four industries reporting growth in new export orders in January are: Apparel, Leather & Allied Products; Textile Mills; Fabricated Metal Products; and Furniture & Related Products.

IMPORTS
ISM’s Imports Index registered 50 percent in January. This month’s reading indicates that import levels are unchanged from December. The six industries reporting growth in imports during the month of January — listed in order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Food, Beverage & Tobacco Products; Furniture & Related Products; Fabricated Metal Products; and Miscellaneous Manufacturing‡.