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TEMPE, Ariz. — Economic growth is expected to continue in the United States throughout the remainder of 2013, say the nation's purchasing and supply executives in their spring 2013 Semiannual Economic Forecast. Expectations for the remainder of 2013 continue to be positive in both the manufacturing and non-manufacturing sectors.

These projections are part of the forecast issued by the Business Survey Committee of the Institute for Supply Management (ISM). The forecast was presented today by Bradley J. Holcomb, CPSM, CPSD, chair of the ISM Manufacturing Business Survey Committee; and by Anthony S. Nieves, C.P.M., CFPM, chair of the ISM Non-Manufacturing Business Survey Committee.

Manufacturing Summary

Sixty-six percent of respondents from the panel of manufacturing supply management executives predict their revenues will be 9.9 percent greater in 2013 compared to 2012, 12 percent expect a 14.6 percent decline, and 22 percent foresee no change. This yields an overall average expectation of 4.8 percent revenue growth among manufacturers in 2013, which is a slight increase of 0.2 percentage point from December 2012 when the panel predicted a 4.6 percent increase in 2013 revenues. With operating capacity at 80.2 percent, an expected capital expenditure increase of 9.1 percent, prices paid expected to increase a modest 0.9 percent from now through the end of 2013, and employment expected to grow only 0.9 percent for the balance of 2013, manufacturers are positioned to grow revenues while containing costs through the remainder of the year. "With 17 out of 18 industries within the manufacturing sector predicting growth in 2013 over 2012, U.S. manufacturing

continues to demonstrate its broad-based strength, efficiency and leadership in the

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Non-Manufacturing Summary

Fifty-six percent of non-manufacturing purchasing and supply executives expect their 2013 revenues to be greater by 7.9 percent than in 2012. Overall, respondents currently expect a 3.5 percent net increase in overall revenues, which is less than the 4.3 percent increase that was forecast in December 2012. "Non-manufacturing will continue to grow for the balance of 2013. Non-manufacturing companies continue to do more with less as evidenced by the high percentage of capacity utilization. Strategic cost management has been of paramount importance for supply managers. This is indicated by the minimal percentage increase in prices despite the volatility of various commodities. The slowing in the rate of increase for overall employment is a potential challenge. However, with 15 out of 18 industries forecasting increased revenues, the non-manufacturing sector will continue on the path of economic growth and recovery," Nieves said.

The 15 non-manufacturing industries expecting increases in revenue in 2013 — listed in order — are: Construction; Transportation & Warehousing; Retail Trade; Professional, Scientific & Technical Services; Other Services; Accommodation & Food Services; Management of Companies & Support Services; Mining; Wholesale Trade; Finance & Insurance; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Public Administration; Information; and Utilities.

OPERATING RATE

Manufacturing

Purchasing and supply managers report that their companies are currently operating at 80.2 percent of normal capacity, representing an increase from the 77.5 percent reported in December 2012, and a decrease from the 81.6 percent reported in April 2012. The seven industries reporting operating capacity levels at or above the average capacity of 80.2 percent — listed in order — are: Apparel, Leather & Allied Products;

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Accommodation & Food Services; Other Services; Finance & Insurance; Mining; and Public Administration.

The Manufacturing and Non-Manufacturing ISM Report On Business is produced monthly by the Institute for Supply Management. The full version of the report is posted on ISM's Home Page at www.ism.ws.

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