

ISM Semiannual Forecast: Manufacturing Revenues to Grow 4.5% in 2012

Economic growth is expected to continue in the U.S. throughout the remainder of 2012, say purchasing and supply executives in their spring 2012 Semiannual Economic Forecast. Expectations for the remainder of 2012 continue to be positive in both the manufacturing and non-manufacturing sectors. These projections are part of the forecast issued by the Institute for Supply Management.

Manufacturing Sector Summary

Sixty-six percent of respondents forecast revenues will be 9.5 percent greater in 2012, 15 percent expect a 12.1 percent decline, and 19 percent foresee no change. This yields an overall average expectation of 4.5 percent revenue growth among manufacturers in 2012, which is a modest reduction of 1 percentage point from December 2011.

Non-manufacturing Summary

Fifty-five percent of non-manufacturing purchasing and supply executives expect their 2012 revenues to be greater by 9.9 percent than in 2011. Overall, respondents currently expect a 4.8 percent net increase in overall revenues, which is greater than the 3.1 percent increase that was forecast in December 2011.

More details from the semiannual report:

Business Revenues: 2012 vs. 2011

The table below shows the percentage of manufacturing and non-manufacturing respondents to the ISM survey who predict higher, same or lower revenues for 2012 compared with 2011. The bottom row shows the average change expected.

	Manufacturing Forecast	Non-manufacturing Forecast
Higher	66%	55%
Same	19%	37%
Lower	15%	8%
Average Change	+4.5%	+4.8%

Operating Rate

Manufacturing purchasing and supply managers report that their companies are currently operating at 81.6 percent of normal capacity, representing an increase from the 79.2 percent reported in December 2011, and a decrease from the 83.2 percent reported in April 2011.

Non-manufacturing purchasing and supply executives report that their organizations are currently operating at 85.2 percent of normal capacity.

Production Capacity

Production capacity in manufacturing is expect-

Calculation of MDM Inflation Index for April 2012

	BLS Price Indices Apr. '12	BLS Price Indices Mar. '12	BLS Price Indices Apr. '11	% Sales Weight	Weighted Indices Apr. '12 (1)X(4)	% Change Apr. '12 Mar. '12	% Change Apr. '12 Apr. '11
1136 Abr. Prod.	549.2	548.6	540.0	19.1	104.89	0.11	1.70
1135 Cutting Tools	486.7	487.8	472.3	18.9	91.99	-0.22	3.04
1145 Power Trans.	772.6	768.5	748.5	15.4	118.98	0.53	3.21
1081 Fasteners	499.9	501.2	485.8	9.0	44.99	-0.27	2.89
1149.01 Valves, etc.	929.9	926.5	875.1	7.6	70.67	0.37	6.27
1132 Power Tools	346.5	347.0	338.8	6.5	22.52	-0.13	2.29
1144 Mat. Handling	553.9	550.2	536.4	6.2	34.34	0.68	3.26
0713.03 Belting	799.9	791.5	691.7	6.1	48.79	1.06	15.64
1042 Hand Tools	750.2	749.5	736.6	8.1	60.77	0.09	1.85
108 Misc. Metal	474.1	474.9	466.7	3.1	14.70	-0.18	1.57
"New" April Index	320.1	April Inflation Index			612.64	0.23	3.92
"New" March Index	319.3	March Inflation Index			611.23		
		April 2011 Inflation Index			589.52		

New index reflects 1977=100 base other #: 1967 To convert multiply by .52247