ECONOMIC INDICATOR REPORT

MARCH 15, 2014 Volume 2, Issue 3

Special points of interest:

- ISA Indexes move in opposite directions; while ISM's Purchasing Manager Index (PMI) rises slightly.
- Mixed signals supported by comments made by some respondents.
- Anticipation for March indicate that things may slow down slightly.
- Uncertainty is still widely prevalent...

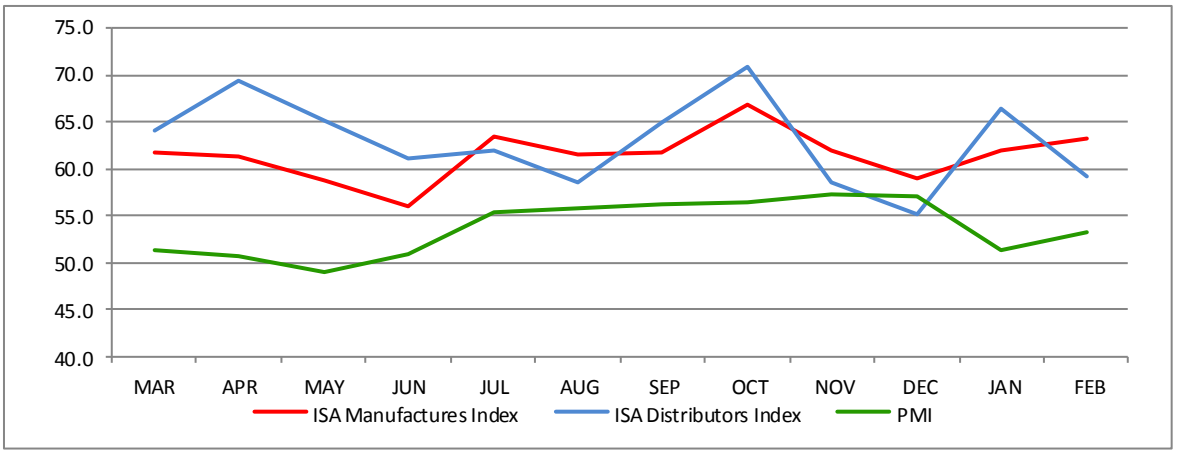
In this issue:

12-Month Running Indicators	1
ISA-Manufacturer and Distributor Index Comparisons	1
Responses to selected questions	2
Responses to selected questions (contd.)	3
Member Comments	4

For More Info Contact:

Bryon Shafer
Chair, Strategic Information Committee,
bryon.shafer@jergensinc.com

There were mixed reactions in February; while the ISA Manufacturers Index rose from 62.0 in January to 63.2 in February, indicating an expansion of the economy at a faster rate, the Distributor Index fell from 66.4 to 59.2 indicating that the growth is slower. During the same period, the PMI rose from 51.3 to 53.2. These signals are consistent with the comments made by some respondents.

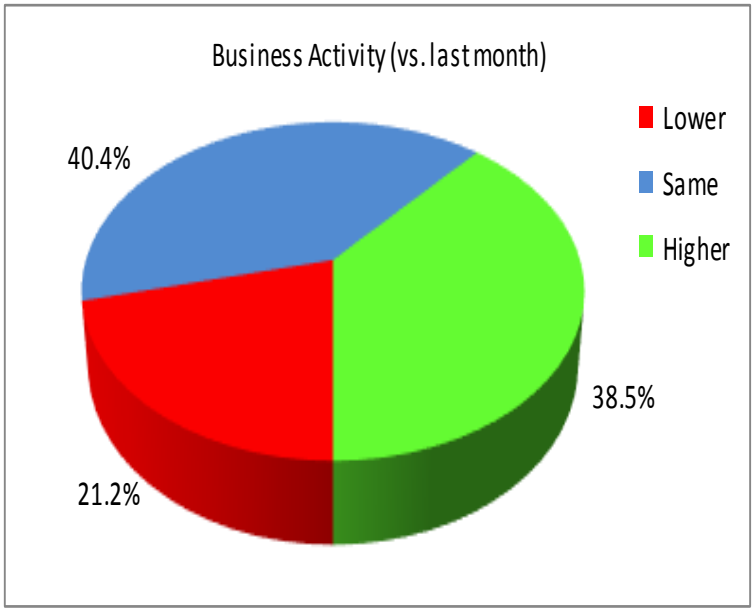


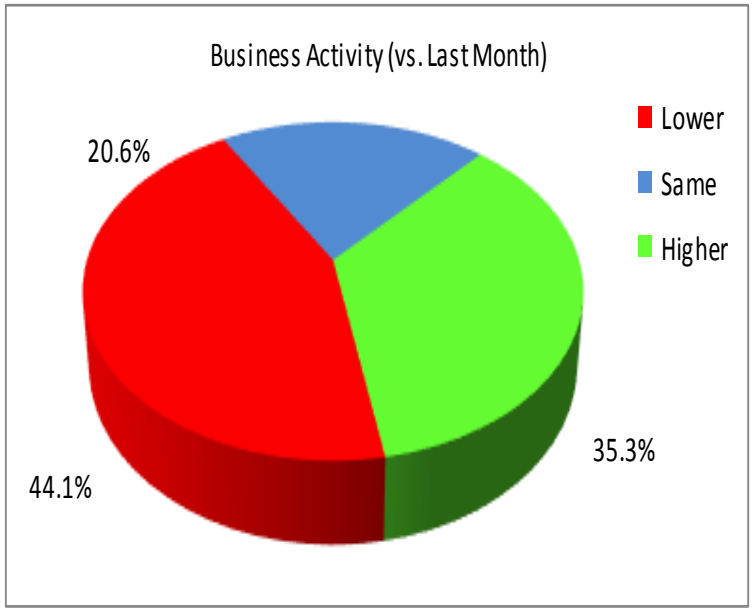
	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
ISA Manufacture Index	61.8	61.4	58.8	55.9	63.5	61.6	61.7	66.7	62.0	58.9	62.0	63.2
ISA Distributor Index	64.1	69.4	65.1	61.2	62.0	58.6	64.8	70.9	58.5	55.2	66.4	59.2
PMI	51.3	50.7	49.0	50.9	55.4	55.7	56.2	56.4	57.3	57.0	51.3	53.2

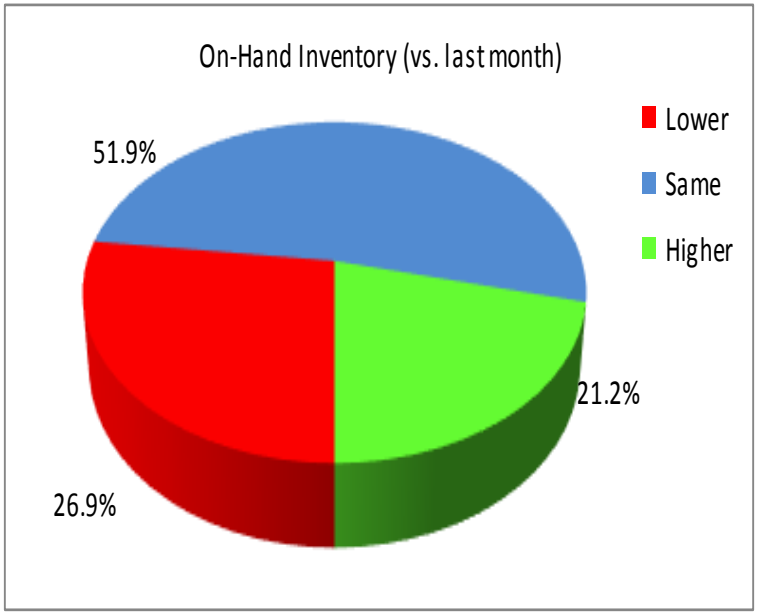
INDUSTRIAL SUPPLY ASSOCIATION					INST. OF SUPPLY MGNT.	
INDEXES	MANUFACTURERS		DISTRIBUTORS		MANUFACTURERS	
	Jan-14	Feb-14	Jan-14	Feb-14	Jan-14	Feb-14
ISA Index	62.0	63.2	66.4	59.2	51.3	53.2
New Orders	46.4	43.3	52.9	36.8	51.2	54.5
Business Activity	50.9	59.6	51.5	38.2	54.8	48.2
Employment	83.0	82.7	83.8	86.8	52.3	52.3
Supplier Deliveries	80.4	83.7	91.2	89.7	54.3	58.5
Inventories	67.0	62.5	72.1	77.9	44.0	52.5
New Exports	61.7	58.0			54.5	53.5
Imports			75.0	100.0	53.5	53.5
Sales Revenue	42.9	39.4	52.9	41.2		
Anticipated Business Conditions	67.9	64.4	69.1	63.2		
Anticipated New Orders	67.0	59.6	66.2	63.2		

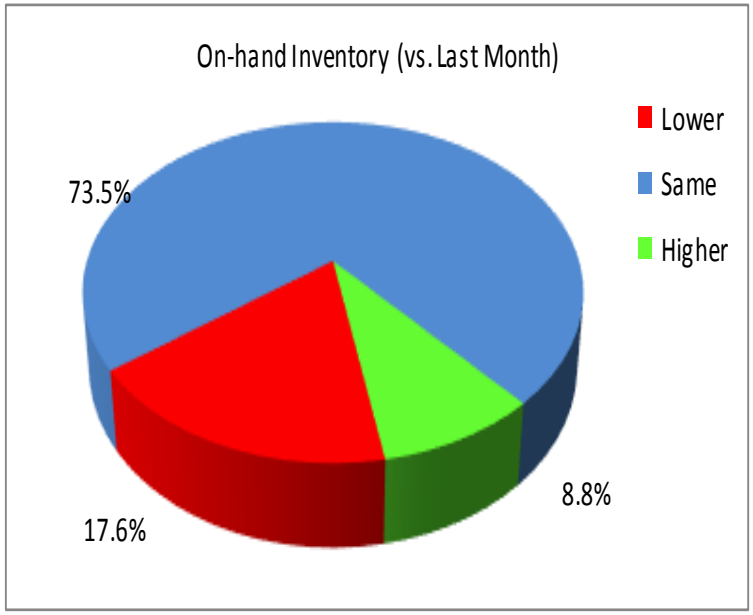
While the ISA Manufacturer and ISA Distributor Indexes are weighted measure of selected diffusion indexes, diffusion indexes themselves are summary measures indicating *directions of change*. A diffusion index takes all those respondents indicating "Better" and half of those indicating "Same" and adds their respective percentages. For example, if the response to a specific question is 30% "Better," 60% "Same," and 10% "Worse," then the diffusion index for that economic variable would be **60%** (30% + (0.50 x 60%)). For each index, a reading above 50% indicates expansion, while a reading below 50% indicates contraction.

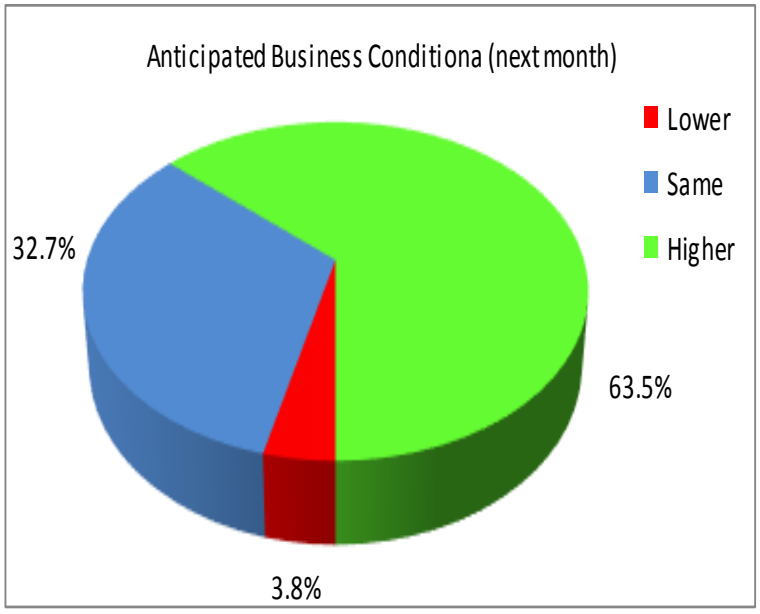
RESPONSES FROM: M A N U F A C T U R E R S	RESPONSES FROM: D I S T R I B U T O R S

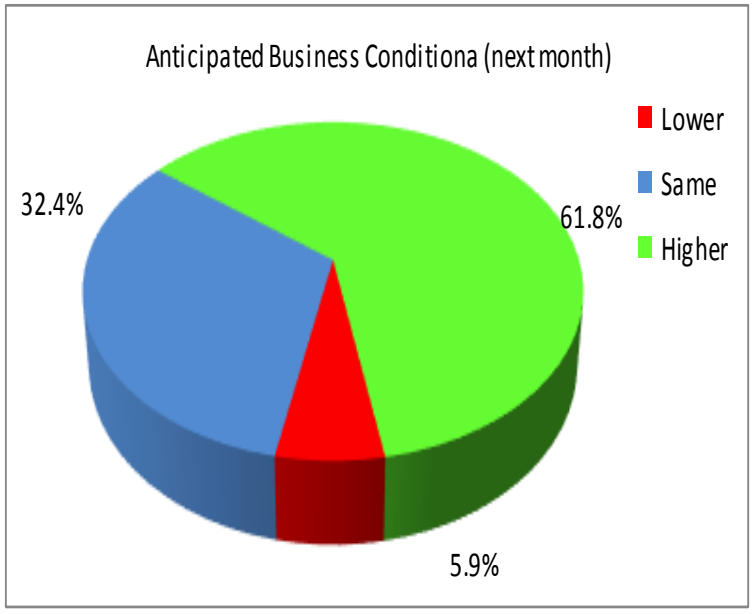




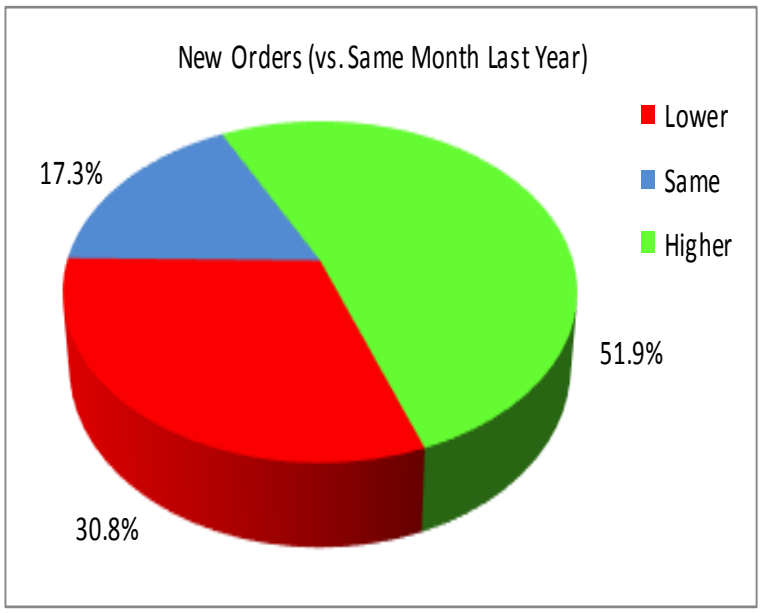


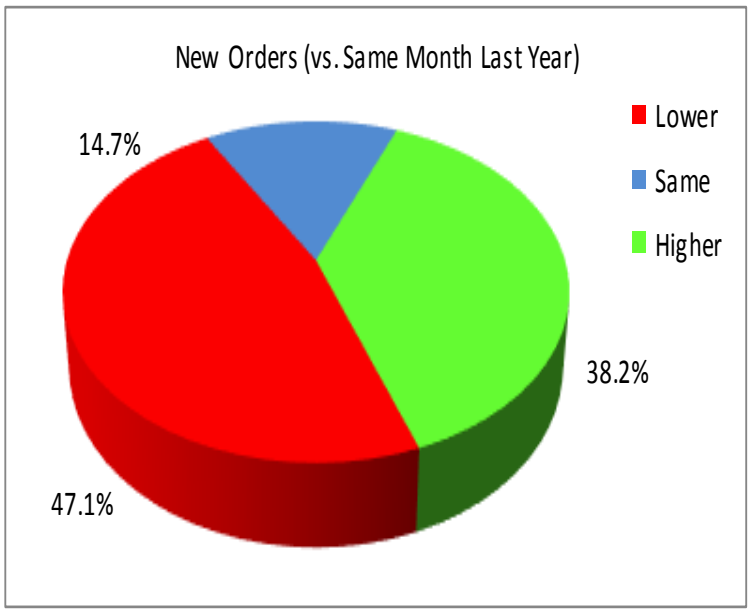


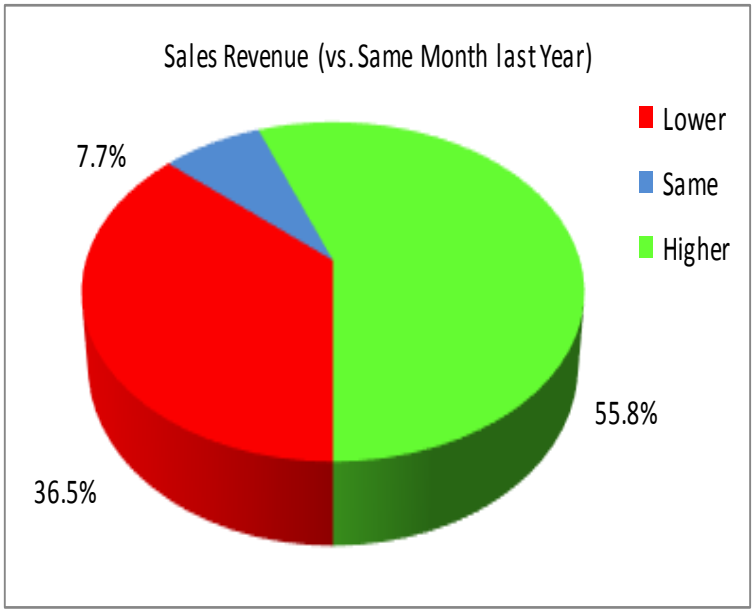


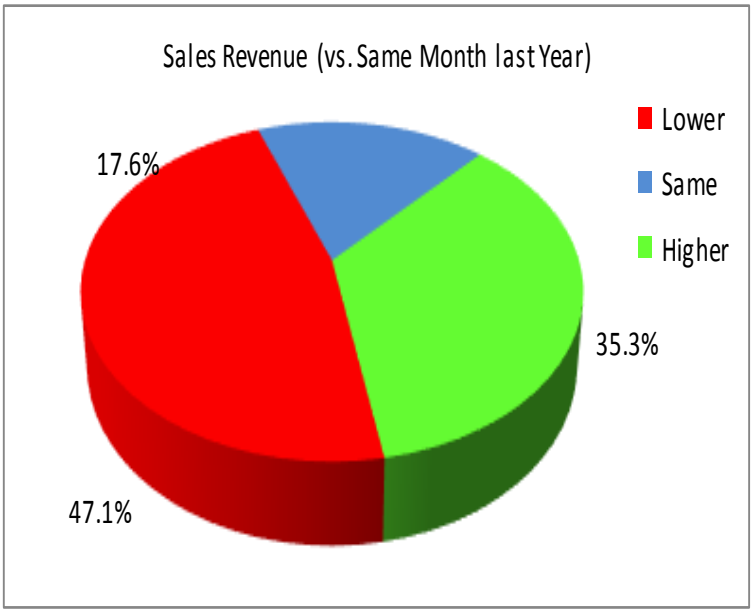


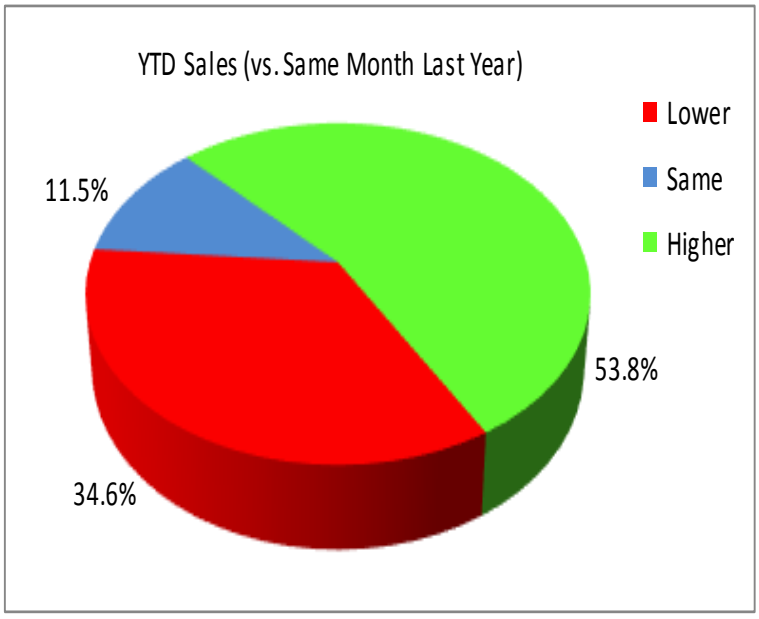
RESPONSES FROM: MANUFACTURERS	RESPONSES FROM: DISTRIBUTORS

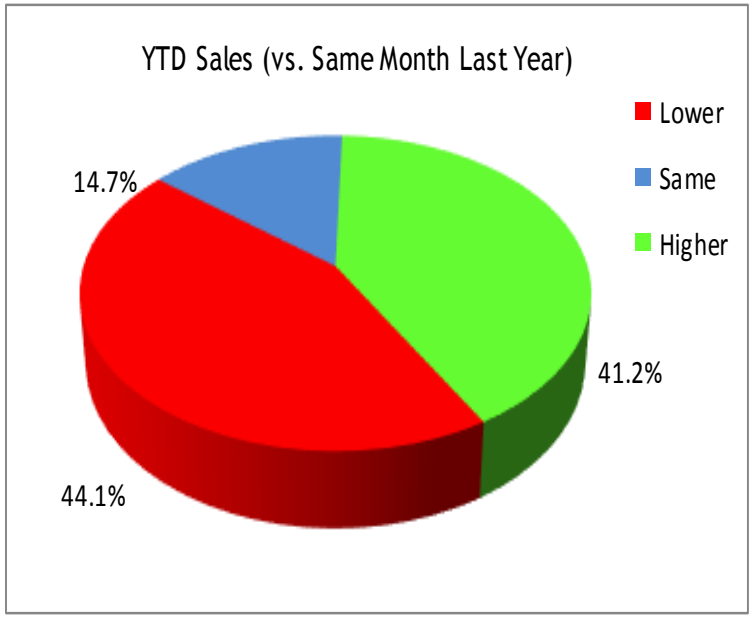












MANUFACTURER COMMENTS:

- February was a good booking month, slower shipping from slow start in January. March look pretty good right now.
- The weather keeps our customers from flying and conducting business, our supply chain breaking down all over the world....it has been slow the first two months. Spring should help us see if 2014 will make a comeback.
- We are up 12% after two months with a large part of that due to 2 large orders. People are optimistic and we expect double digit growth. The weather has impacted overall business to a uncertain degree.
- We seem to be stuck in the doldrums. We are revising 2014 as flat or down.
- February was a good shipping month finally getting caught up on backlog from slow start after holiday. Incoming orders were light though so backlog after end of month rush is down. Need stronger orders than February to maintain pace and not repeat slow month of January.
- If there's reason to be optimistic I'm all ears!
- A short month and East Coast weather effected sales. Still day to day variation in activity.
- Continue to see pick up in new orders and sales. Aerospace, auto, medical lead the industry segments.
- Good start to 2014 with YTD shipments 10.4% over prior year. No particular industry driving the increase just good solid growth.
- February was just a level extension of January. I hope the weather improves and orders also.
- A record month of incoming orders in February. We cannot place a reason or market on exactly why but we will take it.
- Despite the weather, we are doing well and are ahead for the year. We certainly plan on continuing to increase.
- Q1 shaping up to be reasonably strong, up just under 5%. There are still pockets of sluggishness in some channels, but overall comfortably close to plan.
- Business is very good.
- Slow start due to weather
- We're off both January and February for sales, but last year we got off to a tremendous start. Incoming orders for January and February have been strong, which bodes well for March.

DISTRIBUTOR COMMENTS:

- Flat
- February was a good bounce back month from January. We are beginning to see new orders pick up.
- Our current sales and bookings are outstanding
- Very slow in our area. January was ok, February was terrible. Not a ton of explanation just seems soft.
- It's hard to exceed January with 2 fewer business days, but the average was similar. Off to a good start!