

Economic activity in the manufacturing sector contracted in September for the seventh consecutive month, following a two-month expansion preceded by 26 straight months of contraction, say the nation's supply executives in the latest ISM® *Manufacturing PMI® Report*.

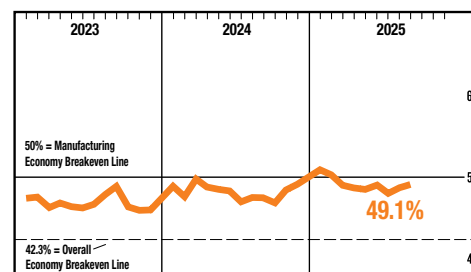
The Manufacturing PMI® registered 49.1 percent in September. The overall economy continued in expansion for the 65th month after one month of contraction in April 2020. (A Manufacturing PMI® above 42.3 percent, over a period of time, generally indicates an expansion of the overall economy.) The New Orders Index contracted in September following one month of growth; the figure of 48.9 percent is 2.5 percentage points lower than the 51.4 percent recorded in August. The September reading of the Production Index (51 percent) is 3.2 percentage points higher than August's figure of 47.8 percent. The Prices Index remained in expansion (or "increasing" territory), registering 61.9 percent, down 1.8 percentage points compared to the reading of 63.7 percent reported in August. The Backlog of Orders Index registered 46.2 percent, up 1.5 percentage points compared to the 44.7 percent recorded in August. The Employment Index registered 45.3 percent, up 1.5 percentage points from August's figure of 43.8 percent.

The five manufacturing industries reporting growth in September are: Petroleum & Coal Products; Primary Metals; Textile Mills; Fabricated Metal Products; and Miscellaneous Manufacturing†. **ISM**

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

MANUFACTURING PMI® at 49.1%

The U.S. manufacturing sector contracted in September for the seventh consecutive month after two months of expansion preceded by 26 months of contraction. The Manufacturing PMI® registered 49.1 percent in September, a 0.4-percentage point increase compared to the 48.7 percent recorded in August. Of the five subindexes that directly factor into the Manufacturing PMI®, two (Production and Supplier Deliveries) are in expansion territory, the same number as in August.



Manufacturing at a Glance

INDEX	Sep Index	Aug Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	49.1	48.7	+0.4	Contracting	Slower	7
New Orders	48.9	51.4	-2.5	Contracting	From Growing	1
Production	51.0	47.8	+3.2	Growing	From Contracting	1
Employment	45.3	43.8	+1.5	Contracting	Slower	8
Supplier Deliveries	52.6	51.3	+1.3	Slowing	Faster	2
Inventories	47.7	49.4	-1.7	Contracting	Faster	5
Customers' Inventories	43.7	44.6	-0.9	Too Low	Faster	12
Prices	61.9	63.7	-1.8	Increasing	Slower	12
Backlog of Orders	46.2	44.7	+1.5	Contracting	Slower	36
New Export Orders	43.0	47.6	-4.6	Contracting	Faster	7
Imports	44.7	46.0	-1.3	Contracting	Faster	6
Overall Economy				Growing	Faster	65
Manufacturing Sector				Contracting	Slower	7

*Number of months moving in current direction. ISM® *Manufacturing PMI® Report* data has been seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.



Commodities Reported

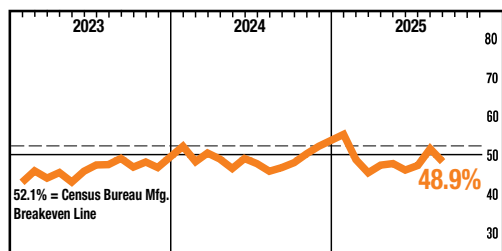
Commodities Up in Price: Aluminum (22); Copper (3); Copper Products (3); Corn; Corrugate; Electrical Components (8); Electronic Components; Metal Based Products; Steel* (8); Steel — Stainless (7); and Steel Products (7).

Commodities Down in Price: Polypropylene Resin; and Steel* (2).

Commodities in Short Supply: Electrical Components (3); Electronic Components (7); Labor; Rare Earth Magnets; and Semiconductors.

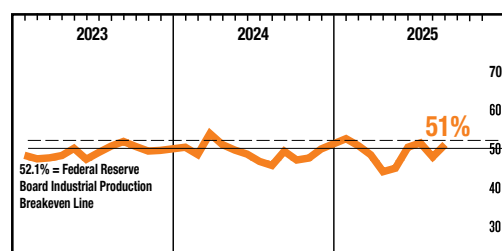
Manufacturing PMI®

Analysis by **Susan Spence, MBA**, Chair of the Institute for Supply Management® Manufacturing Business Survey Committee



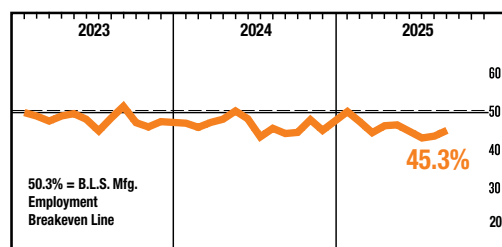
New Orders

ISM's New Orders Index registered 48.9 percent. The six manufacturing industries that reported growth in new orders in September — in the following order — are: Textile Mills; Furniture & Related Products; Fabricated Metal Products; Miscellaneous Manufacturing‡; Primary Metals; and Electrical Equipment, Appliances & Components.



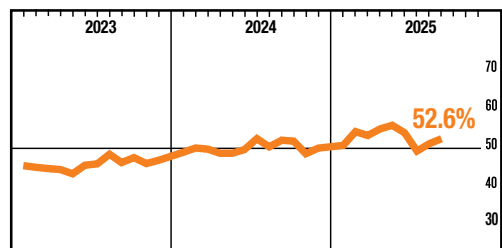
Production

The Production Index registered 51 percent. The eight industries reporting growth in production during the month of September — in the following order — are: Textile Mills; Petroleum & Coal Products; Primary Metals; Miscellaneous Manufacturing‡; Food, Beverage & Tobacco Products; Fabricated Metal Products; Computer & Electronic Products; and Machinery.



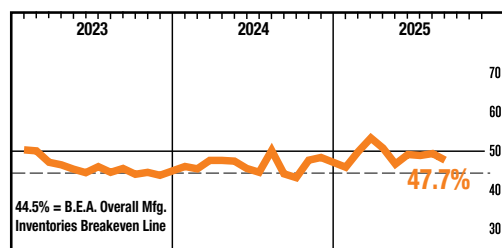
Employment

ISM's Employment Index registered 45.3 percent. Of the 18 manufacturing industries, one reported employment growth in September: Nonmetallic Mineral Products.



Supplier Deliveries

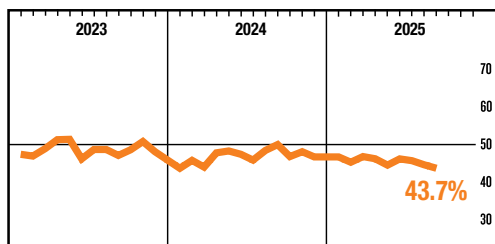
The Supplier Deliveries Index registered 52.6 percent. The nine manufacturing industries reporting slower supplier deliveries in September — in the following order — are: Textile Mills; Wood Products; Computer & Electronic Products; Primary Metals; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Machinery; Fabricated Metal Products; and Chemical Products.



Inventories

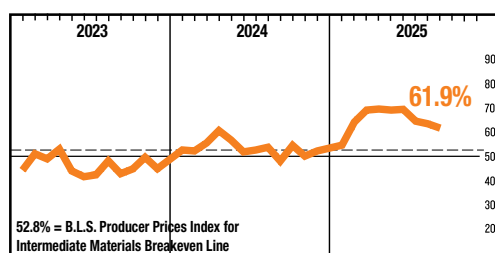
The Inventories Index registered 47.7 percent. Of 18 manufacturing industries, the seven reporting higher inventories in September — listed in order — are: Petroleum & Coal Products; Miscellaneous Manufacturing‡; Paper Products; Electrical Equipment, Appliances & Components; Primary Metals; Transportation Equipment; and Fabricated Metal Products.

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



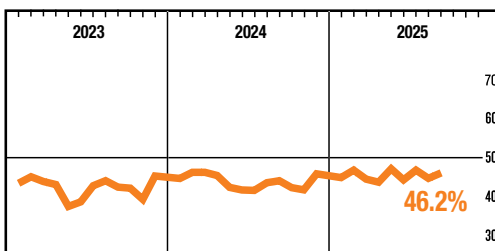
Customers' Inventories

ISM's Customers' Inventories Index registered 43.7 percent. The three industries reporting customers' inventories as too high in September are: Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; and Machinery.



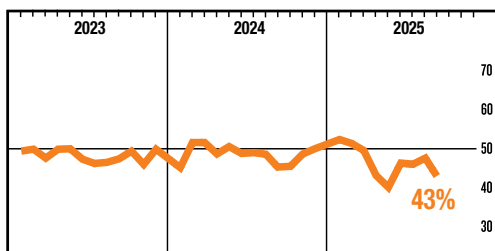
Prices

The ISM Prices Index registered 61.9 percent. In September, the 13 industries that reported paying increased prices for raw materials, in order, are: Textile Mills; Wood Products; Primary Metals; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Fabricated Metal Products; Nonmetallic Mineral Products; Transportation Equipment; and Chemical Products.



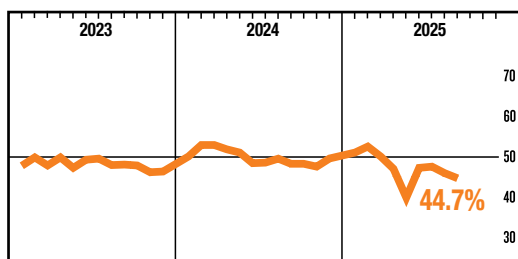
Backlog of Orders

ISM's Backlog of Orders Index registered 46.2 percent. Of the 18 manufacturing industries, the four that reported growth in order backlogs in September are: Wood Products; Transportation Equipment; Fabricated Metal Products; and Miscellaneous Manufacturing[‡].



New Export Orders

ISM's New Export Orders Index registered 43 percent. Of the 18 manufacturing industries, none reported growth in new export orders in September.



Imports

ISM's Imports Index registered 44.7 percent. No industry reported an increase in import volumes in September.

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

About This Report

DO NOT CONFUSE THIS NATIONAL REPORT with the various regional purchasing reports released across the country. The national report's information reflects the entire U.S., 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 data presented herein is obtained from a survey of manufacturing and services supply executives 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. The data should be compared to all other economic data sources when used in decision-making.

Data and Method of Presentation

The **ISM® Manufacturing PMI® Report** is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Panel is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industries' contribution to gross domestic product (GDP): Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies). The data are weighted based on each industry's contribution to GDP. According to U.S. Bureau of Economic Analysis (BEA) estimates (the average of the fourth quarter 2023 GDP estimate and the GDP estimates for first, second, and third quarter 2024, as released on December 19, 2024), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Computer & Electronic Products; Food, Beverage & Tobacco Products; Machinery; and Petroleum & Coal Products.

The **ISM® Services PMI® Report** (formerly the Non-Manufacturing ISM® *Report On Business*®) is based on data compiled from purchasing and supply executives nationwide. Membership of the Services Business Survey Panel (formerly Non-Manufacturing Business Survey Panel) is diversified by North American Industry Classification System (NAICS), based on each industry's contribution to gross domestic product (GDP). The Services Business Survey Panel 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). The data are weighted based on each industry's contribution to GDP. According to U.S. Bureau of Economic Analysis (BEA) estimates (the average of the fourth quarter 2023 GDP estimate and the GDP estimates for first, second, and third quarter 2024, as released on December 19, 2024), the six largest services sectors are: Real Estate, Rental & Leasing; Public Administration; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance.

Survey responses reflect the change, if any, in the current month compared to the previous month. Responses are raw data and are never changed. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive).

The resulting single index number for those meeting the criteria for seasonal adjustments (for Manufacturing: New Orders, Production, Employment, and Inventories) (for Services: Business Activity, New Orders, Employment and Prices) is then seasonally adjusted to allow for the effects of repetitive intra-year variations resulting primarily from normal differences in weather conditions, various institutional arrangements, and differences attributable to non-moveable holidays. The remaining indexes have not indicated significant seasonality. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them.

The Manufacturing PMI® is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries, and Inventories (seasonally adjusted). The Services PMI® 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.

A Manufacturing PMI® reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A Manufacturing PMI® above 42.3 percent, over a period of time, indicates that the overall economy, or gross

domestic product (GDP), is generally expanding; below 42.3 percent, it is generally declining. The distance from 50 percent or 42.3 percent is indicative of the extent of the expansion or decline. A Services PMI® reading above 50 percent indicates that the services economy is generally expanding; below 50 percent indicates that it is generally declining. A Services PMI® above 48.6 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.6 percent, it is generally declining. The distance from 50 percent or 48.6 percent is indicative of the strength of the expansion or decline. With some of the indicators within the ISM® Manufacturing PMI® Report, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The ISM® PMI® Report surveys are sent out to Manufacturing and Services Business Survey Panel respondents the first part of each month. Respondents are asked to report on information for the current month for U.S. operations only. 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 to give the most accurate picture of current business activity.

The industries reporting growth, as indicated in the 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.

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Institute for Supply Management® (ISM®) is the first and leading not-for-profit professional supply management organization worldwide. Its community of more than 50,000 in more than 100 countries around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 by practitioners, ISM is committed to advancing the strategy and practice of integrated, end-to-end supply chain management through leading edge data-driven resources, community, and education to empower individuals, create organizational value and to drive competitive advantage. ISM's vision is to foster a prosperous, sustainable world. ISM empowers and leads the profession through the ISM® PMI® Reports (formerly *Report On Business*®), its highly-regarded certification and training programs, corporate services, events and assessments. The ISM® PMI® Reports — Manufacturing and Services — are two of the most reliable economic indicators available, providing guidance to supply management professionals, economists, analysts, and government and business leaders. For more information, please visit: www.ismworld.org.