

Economic activity in the manufacturing sector expanded in January after 26 consecutive months of contraction, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The Manufacturing PMI® registered 50.9 percent in January. The overall economy continued in expansion for the 57th 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 continued in expansion territory for the third month after seven months of contraction, strengthening again to a reading of 55.1 percent, 3 percentage points higher than the seasonally adjusted 52.1 percent recorded in December. The January reading of the Production Index (52.5 percent) is 2.6 percentage points higher than December's seasonally adjusted figure of 49.9 percent. The index returned to expansion after eight months in contraction. The Prices Index continued in expansion (or "increasing") territory, registering 54.9 percent, up 2.4 percentage points compared to the reading of 52.5 percent in December. The Backlog of Orders Index registered 44.9 percent, down 1 percentage point compared to the 45.9 percent recorded in December.

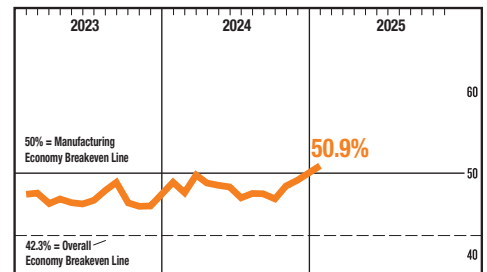
The eight manufacturing industries reporting growth in January — listed in order — are: Textile Mills; Primary Metals; Petroleum & Coal Products; Chemical Products; Machinery; Transportation Equipment; Plastics & Rubber Products; and Electrical Equipment, Appliances & Components. **ISM**

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



MANUFACTURING PMI® at 50.9%

The U.S. manufacturing sector expanded for first time in January after 26 months of contraction, as the Manufacturing PMI® registered 50.9 percent, 1.7 percentage points higher compared to the seasonally adjusted 49.2 percent reported in December. Of the five subindexes that directly factor into the Manufacturing PMI®, four (New Orders, Production, Employment and Supplier Deliveries) were in expansion territory, compared to two in December.



Manufacturing at a Glance

INDEX	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	50.9	49.2	+1.7	Growing	From Contracting	1
New Orders	55.1	52.1	+3.0	Growing	Faster	3
Production	52.5	49.9	+2.6	Growing	From Contracting	1
Employment	50.3	45.4	+4.9	Growing	From Contracting	1
Supplier Deliveries	50.9	50.1	+0.8	Slowing	Faster	2
Inventories	45.9	48.4	-2.5	Contracting	Faster	5
Customers' Inventories	46.7	46.7	0.0	Too Low	Same	4
Prices	54.9	52.5	+2.4	Increasing	Faster	4
Backlog of Orders	44.9	45.9	-1.0	Contracting	Faster	28
New Export Orders	52.4	50.0	+2.4	Growing	From Unchanged	1
Imports	51.1	49.7	+1.4	Growing	From Contracting	1
Overall Economy				Growing	Faster	57
Manufacturing Sector				Growing	From Contracting	1

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

This report reflects the recently completed annual adjustments to the seasonal factors used to calculate the indexes.



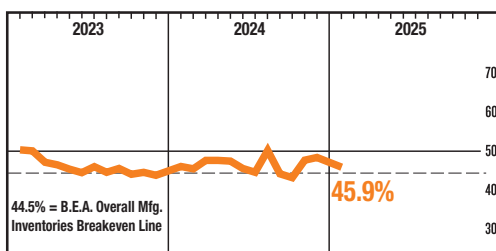
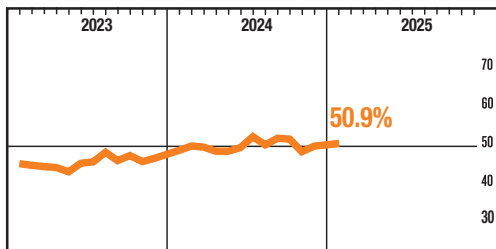
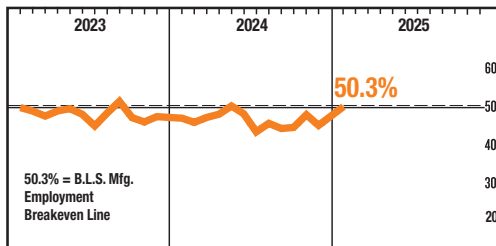
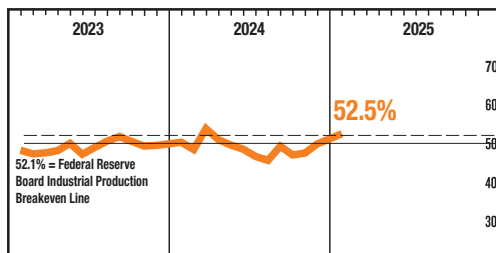
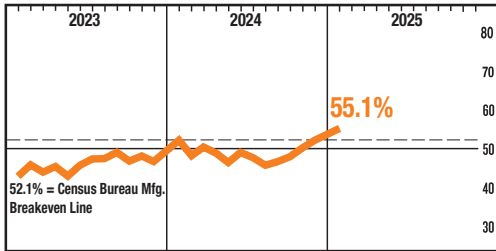
Commodities Reported

Commodities Up in Price: Aluminum* (14); Aluminum Coil; Freight Rates; Industrial Gases; Natural Gas (4); Packaging Materials (2); Steel — Scrap; and Sulfur.

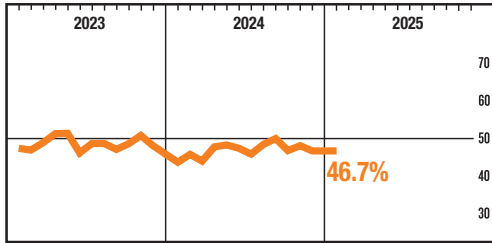
Commodities Down in Price: Aluminum*; Plastic Resins (3); Polypropylene Resin (2); Solvents (3); Steel — General (2); and Steel — Hot Rolled (3).

Commodities in Short Supply: Electrical Components (52); Electronic Components (10); Labor — Construction; Rare Earths; and Semiconductors.

Note: To view the full report, visit the ISM® *Report On Business*® website at ismrob.org
 The number of consecutive months the commodity is listed is indicated after each item. *Indicates both up and down in price.

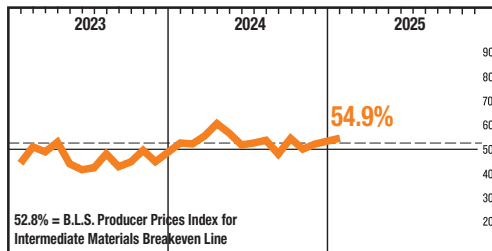


[‡]Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



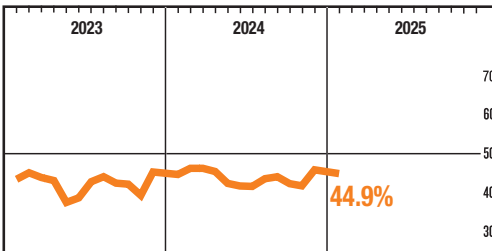
Customers' Inventories

ISM's Customers' Inventories Index registered a reading of 46.7 percent. The five industries reporting customers' inventories as too high in January are: Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Miscellaneous Manufacturing[‡]; and Plastics & Rubber Products.



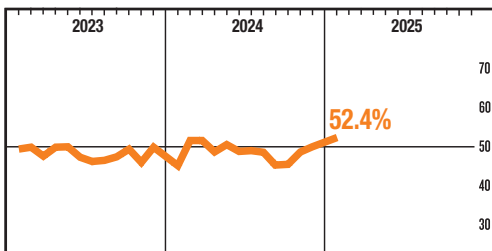
Prices

The ISM Prices Index registered 54.9 percent. In January, the 11 industries that reported paying increased prices for raw materials, in order, are: Paper Products; Petroleum & Coal Products; Primary Metals; Wood Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Fabricated Metal Products; Miscellaneous Manufacturing[‡]; Chemical Products; and Transportation Equipment.



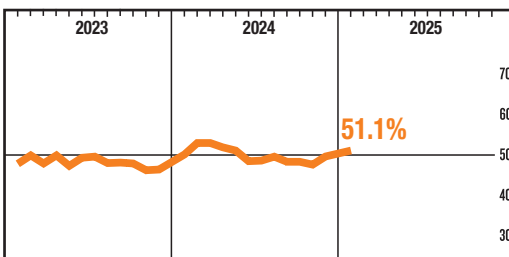
Backlog of Orders

ISM's Backlog of Orders Index registered 44.9 percent. Of the 18 manufacturing industries, five reported growth in order backlogs in January: Textile Mills; Miscellaneous Manufacturing[‡]; Primary Metals; Fabricated Metal Products; and Electrical Equipment, Appliances & Components.



New Export Orders

ISM's New Export Orders Index registered a reading of 52.4 percent. The seven industries reporting growth in new export orders in January — in the following order — are: Textile Mills; Primary Metals; Transportation Equipment; Chemical Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Machinery.



Imports

ISM's Imports Index registered 51.1 percent. The eight industries reporting an increase in import volumes in January, in order, are: Textile Mills; Wood Products; Furniture & Related Products; Machinery; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Transportation Equipment.

[‡]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 **Manufacturing ISM® Report On Business®** 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 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 **Services ISM® Report On Business®** (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 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 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 Manufacturing ISM® Report On Business®, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The *Report On Business®* 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.

ISM ROB Content

The Institute for Supply Management® ("ISM") *Report On Business®* (Manufacturing, Services, and Hospital reports) ("ISM ROB") contains information, text, files, images, video, sounds, musical works, works of authorship, applications, and any other materials or content (collectively, "Content") of ISM ("ISM ROB Content"). ISM ROB Content is protected by copyright, trademark, trade secret, and other laws, and as between you and ISM, ISM owns and retains all rights in the ISM ROB Content. ISM hereby grants you a limited, revocable, nonexclusive license to access and display on your individual device the ISM ROB Content (excluding any software code) solely for your personal, non-commercial use. The ISM ROB Content shall also contain Content of users and other ISM licensors. Except as provided herein or as explicitly allowed in writing by ISM, you shall not copy, download, stream, capture, reproduce, duplicate, archive, upload, modify, translate, publish, broadcast, transmit, retransmit, distribute, perform, display, sell, or otherwise use any ISM ROB Content.

Except as explicitly and expressly permitted by ISM, you are strictly prohibited from creating works or materials (including but not limited to tables, charts, data streams, time-series variables, fonts, icons, link buttons, wallpaper, desktop themes, online postcards, montages, mashups and similar videos, greeting cards, and unlicensed merchandise) that derive from or are based on the ISM ROB Content. This prohibition applies regardless of whether the derivative works or materials are sold, bartered, or given away. You shall not either directly or through the use of any device, software, internet site, web-based service, or other means remove, alter, bypass, avoid, interfere with, or circumvent any copyright, trademark, or other proprietary notices marked on the Content or any digital rights management mechanism, device, or other content protection or access control measure associated with the Content including geo-filtering mechanisms. Without prior written authorization from ISM, you shall not build a business utilizing the Content, whether or not for profit.

You shall not create, recreate, distribute, incorporate in other work, or advertise an index of any portion of the Content unless you receive prior written authorization from ISM. Requests for permission to reproduce or distribute ISM ROB Content can be made by contacting in writing at: ISM Research, Institute for Supply Management, 309 West Elliot Road, Suite 113, Tempe, Arizona 85284-1556, or by emailing kcahill@ismworld.org; Subject: Content Request.

ISM shall not have any liability, duty, or obligation for or relating to the ISM ROB Content or other information contained herein, any errors, inaccuracies, omissions or delays in providing any ISM ROB Content, or for any actions taken in reliance thereon. In no event shall ISM be liable for any special, incidental, or consequential damages, arising out of the use of the ISM ROB. *Report On Business®*, PMI®, Manufacturing PMI®, Services PMI®, and Hospital PMI® are registered trademarks of Institute for Supply Management®. Institute for Supply Management® and ISM® are registered trademarks of Institute for Supply Management, Inc.

About Institute for Supply Management® (ISM®)

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 manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 by practitioners, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM empowers and leads the profession through the ISM® *Report On Business®*, its highly-regarded certification and training programs, corporate services, events, and assessments. The ISM® *Report On Business®*, Manufacturing, Services and Hospital, are three 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.