

Economic activity in the manufacturing sector contracted in July for the fourth consecutive month and the 20th time in the last 21 months, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The Manufacturing PMI® registered 46.8 percent in July, down 1.7 percentage points from the 48.5 percent recorded in June. The overall economy continued in expansion for the 51st month after one month of contraction in April 2020. (A Manufacturing PMI® above 42.5 percent, over a period of time, generally indicates an expansion of the overall economy.) The New Orders Index remained in contraction territory, registering 47.4 percent, 1.9 percentage points lower than the 49.3 percent recorded in June. The July reading of the Production Index (45.9 percent) is 2.6 percentage points lower than June's figure of 48.5 percent. The Prices Index registered 52.9 percent, up 0.8 percentage point compared to the reading of 52.1 percent in June. The Backlog of Orders Index registered 41.7 percent, equaling its June reading. The Employment Index registered 43.4 percent, down 5.9 percentage points from June's figure of 49.3 percent. The New Export Orders Index reading of 49 percent is 0.2 percentage point higher than the 48.8 percent registered in June.

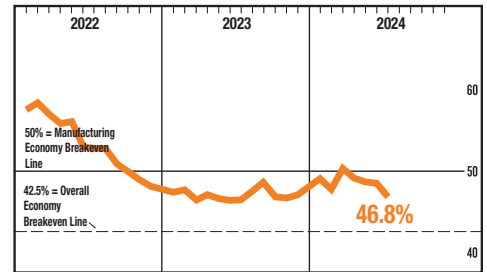
The five manufacturing industries reporting growth in July are: Printing & Related Support Activities; Petroleum & Coal Products; Miscellaneous Manufacturing†; Furniture & Related Products; and Nonmetallic Mineral Products. **ISM**

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



MANUFACTURING PMI® at 46.8%

The U.S. manufacturing sector contracted for the fourth consecutive month in July, as the Manufacturing PMI® registered 46.8 percent, down 1.7 percentage points compared to June's reading of 48.5 percent. After breaking a 16-month streak of contraction by expanding in March, the manufacturing sector has contracted the last four months, and at a faster rate in July. Of the five subindexes that directly factor into the Manufacturing PMI®, only one (Supplier Deliveries) was in expansion territory, up from zero in June. The New Orders Index remained in contraction and moved downward in July.



Manufacturing at a Glance

INDEX	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	46.8	48.5	-1.7	Contracting	Faster	4
New Orders	47.4	49.3	-1.9	Contracting	Faster	4
Production	45.9	48.5	-2.6	Contracting	Faster	2
Employment	43.4	49.3	-5.9	Contracting	Faster	2
Supplier Deliveries	52.6	49.8	+2.8	Slowing	From Faster	1
Inventories	44.5	45.4	-0.9	Contracting	Faster	18
Customers' Inventories	45.8	47.4	-1.6	Too Low	Faster	8
Prices	52.9	52.1	+0.8	Increasing	Faster	7
Backlog of Orders	41.7	41.7	0.0	Contracting	Same	22
New Export Orders	49.0	48.8	+0.2	Contracting	Slower	2
Imports	48.6	48.5	+0.1	Contracting	Slower	2
Overall Economy				Growing	Slower	51
Manufacturing Sector				Contracting	Faster	4

*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.



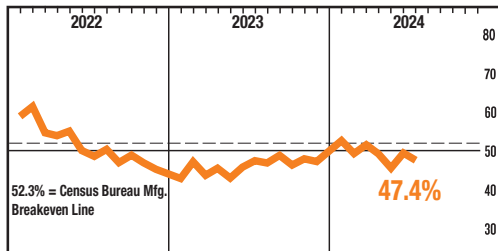
Commodities Reported

Commodities Up in Price: Aluminum (8); Aluminum Products (2); Caustic Soda; Copper* (4); Corrugate; Corrugated Boxes; Electrical Components (3); High-Density Polyethylene (HDPE) Resin; Ocean Freight (3); Paper Products; Plastic Based Products; Plastic Resins (7); Polypropylene Resin; and Titanium Dioxide (2).

Commodities Down in Price: Copper*; Crude Oil; Natural Gas; Steel (3); Steel — Carbon (4); Steel — Hot Rolled (3); Steel — Scrap (3); Steel Products (2); and Sulfur.

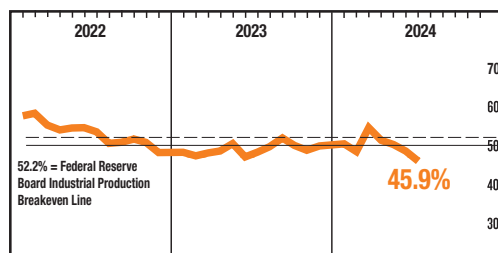
Commodities in Short Supply: Electrical Components (46); Electrical Equipment; Electronic Components (4); Hydraulic Components; and Semiconductors.

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



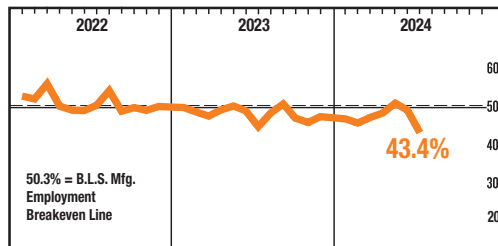
New Orders

ISM's New Orders Index registered 47.4 percent. The six manufacturing industries that reported growth in new orders in July, in order, are: Nonmetallic Mineral Products; Paper Products; Petroleum & Coal Products; Computer & Electronic Products; Furniture & Related Products; and Chemical Products.



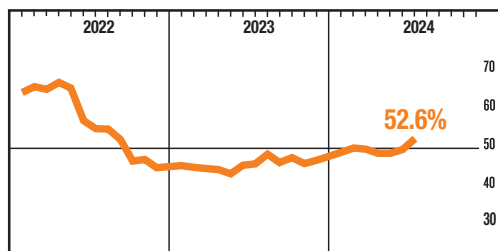
Production

The Production Index continued in contraction territory in July, registering 45.9 percent. The four industries reporting growth in production during the month of July are: Printing & Related Support Activities; Furniture & Related Products; Paper Products; and Miscellaneous Manufacturing[‡].



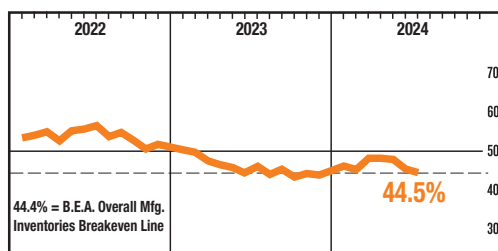
Employment

ISM's Employment Index registered 43.4 percent in July, 5.9 percentage points lower than the June reading of 49.3 percent. Of 18 manufacturing industries, the two industries reporting employment growth in July are: Nonmetallic Mineral Products; and Miscellaneous Manufacturing[‡].



Supplier Deliveries

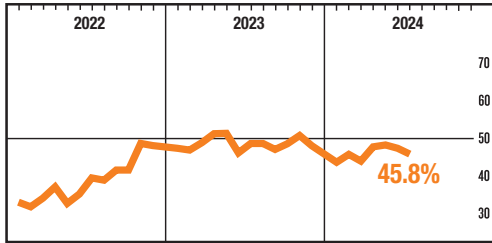
Delivery performance of suppliers to manufacturing organizations was slower in July, with the Supplier Deliveries Index registering 52.6 percent. The eight manufacturing industries reporting slower supplier deliveries in July — listed in order — are: Textile Mills; Petroleum & Coal Products; Wood Products; Transportation Equipment; Chemical Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; and Computer & Electronic Products.



Inventories

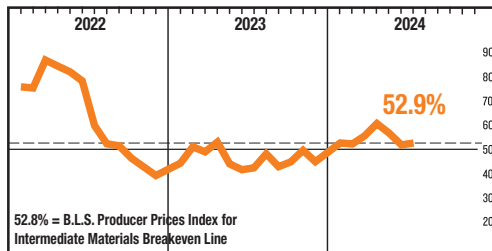
The Inventories Index registered 44.5 percent. Of 18 manufacturing industries, two reported higher inventories in July: Petroleum & Coal Products; and Electrical Equipment, Appliances & Components.

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



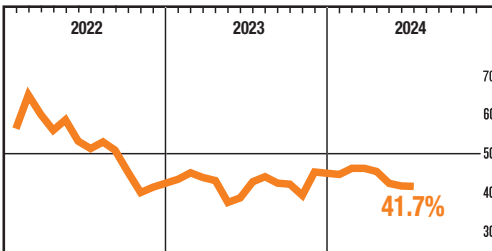
Customers' Inventories

ISM's Customers' Inventories Index registered 45.8 percent. The eight industries reporting customers' inventories as too high in July, in order, are: Textile Mills; Furniture & Related Products; Wood Products; Plastics & Rubber Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; and Chemical Products.



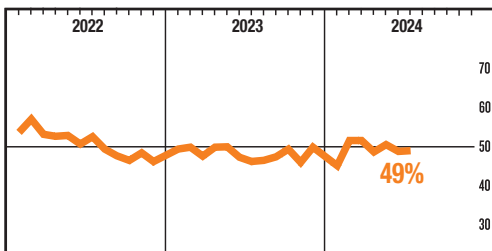
Prices

The ISM Prices Index registered 52.9 percent. In July, the 10 industries that reported paying increased prices for raw materials, in order, are: Textile Mills; Plastics & Rubber Products; Printing & Related Support Activities; Miscellaneous Manufacturing[‡]; Wood Products; Chemical Products; Furniture & Related Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.



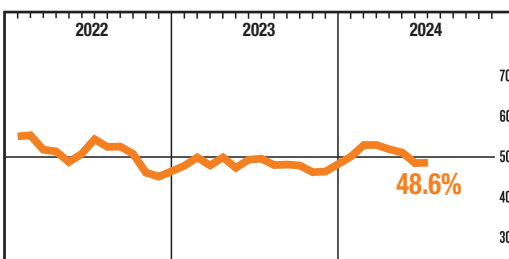
Backlog of Orders

ISM's Backlog of Orders Index registered 41.7 percent. Of the 18 manufacturing industries, the only one that reported growth in order backlogs in July is Petroleum & Coal Products.



New Export Orders

ISM's New Export Orders Index registered 49 percent. The four industries reporting growth in new export orders in July are: Paper Products; Primary Metals; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing[‡].



Imports

ISM's Imports Index cooled again in July with a reading of 48.6 percent. The four industries reporting an increase in import volumes in July are: Petroleum & Coal Products; Primary Metals; Chemical Products; and Food, Beverage & Tobacco Products.

[‡]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 Committee 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 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; and Fabricated Metal 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 Committee (formerly Non-Manufacturing Business Survey Committee) is diversified by NAICS-based industries' contribution to gross domestic product (GDP). The Services Business Survey Committee 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 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), 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 42.5 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.5 percent, it is generally declining.

The distance from 50 percent or 42.5 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 49 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 49 percent, it is generally declining. The distance from 50 percent or 49 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 Committee 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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