

Economic activity in the manufacturing sector contracted in September for the sixth consecutive month and the 22nd time in the last 23 months, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The Manufacturing PMI® registered 47.2 percent. The New Orders Index remained in contraction territory, registering 46.1 percent, 1.5 percentage points higher than the 44.6 percent recorded in August. The September reading of the Production Index (49.8 percent) is 5 percentage points higher than August's figure of 44.8 percent. The Prices Index went into contraction (or "decreasing") territory for the first time this year, registering 48.3 percent, down 5.7 percentage points compared to the reading of 54 percent in August. The Backlog of Orders Index registered 44.1 percent, up 0.5 percentage point compared to the 43.6 percent recorded in August. The Employment Index registered 43.9 percent, down 2.1 percentage points from August's figure of 46 percent. The Supplier Deliveries Index indicated slowing deliveries, registering 52.2 percent, 1.7 percentage points higher than the 50.5 percent recorded in August. (Supplier Deliveries is the only ISM® *Report On Business*® index that is inverted; a reading of above 50 percent indicates slower deliveries, which is typical as the economy improves and customer demand increases.)

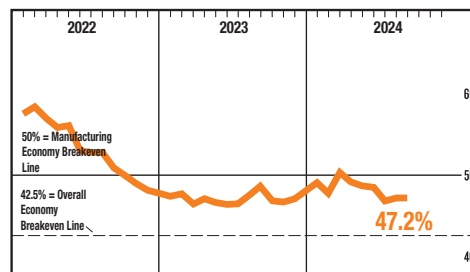
The five manufacturing industries reporting growth in September are: Petroleum & Coal Products; Food, Beverage & Tobacco Products; Textile Mills; Furniture & Related Products; and Miscellaneous Manufacturing†. **ISM**

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



MANUFACTURING PMI® at 47.2%

The U.S. manufacturing sector contracted for the sixth consecutive month in September, as the Manufacturing PMI® registered 47.2 percent, the same reading as in August. After breaking a 16-month streak of contraction by expanding in March, the manufacturing sector has contracted the last six months. Of the five subindexes that directly factor into the Manufacturing PMI®, only one (Supplier Deliveries) was in expansion territory, the same as in August.



Manufacturing at a Glance

INDEX	Sep Index	Aug Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	47.2	47.2	0.0	Contracting	Same	6
New Orders	46.1	44.6	+1.5	Contracting	Slower	6
Production	49.8	44.8	+5.0	Contracting	Slower	4
Employment	43.9	46.0	-2.1	Contracting	Faster	4
Supplier Deliveries	52.2	50.5	+1.7	Slowing	Faster	3
Inventories	43.9	50.3	-6.4	Contracting	From Growing	1
Customers' Inventories	50.0	48.4	+1.6	About Right	From Too Low	1
Prices	48.3	54.0	-5.7	Decreasing	From Increasing	1
Backlog of Orders	44.1	43.6	+0.5	Contracting	Slower	24
New Export Orders	45.3	48.6	-3.3	Contracting	Faster	4
Imports	48.3	49.6	-1.3	Contracting	Faster	4
Overall Economy				Growing	Same	53
Manufacturing Sector				Contracting	Same	6

*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* (10); Corrugate (3); Corrugated Boxes (3); Electrical Components (5); Ocean Freight (5); Plastic Resins (9); Polypropylene Resin (3); Steel Products*; and Synthetic Fibers.

Commodities Down in Price: Aluminum* (2); Copper (3); Crude Oil; Diesel Fuel; Steel (5); Steel — Stainless; and Steel Products* (4).

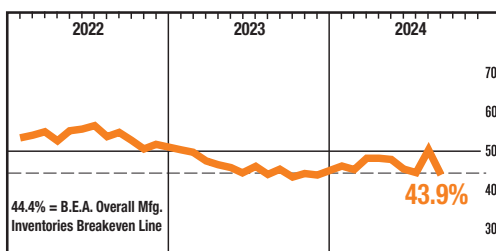
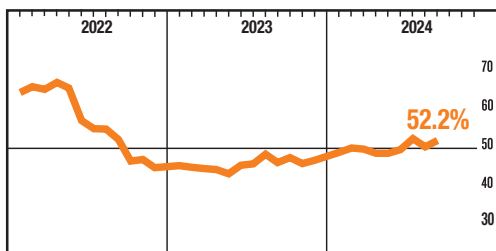
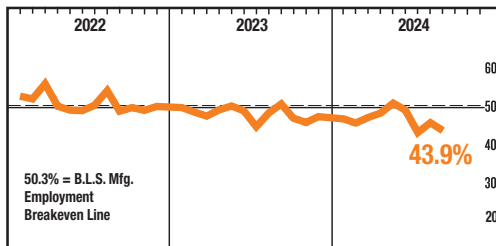
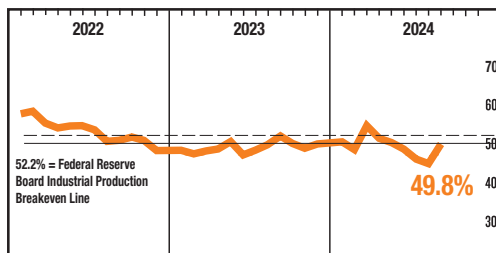
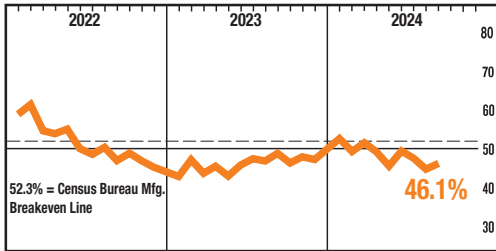
Commodities in Short Supply: Electrical Components (48); and Electronic Components (6).

Note: To view the full report, visit the ISM® *Report On Business*® website at ismrob.org

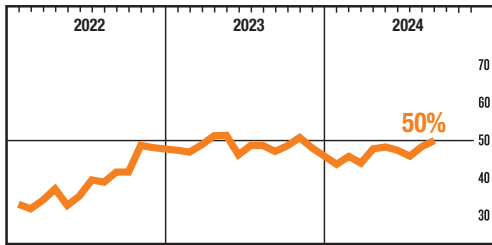
The number of consecutive months the commodity has been listed is indicated after each item. *Indicates both up and down in price.

Manufacturing PMI[®]

Analysis by **Timothy R. Fiore, CPSM, C.P.M.**, Chair of the Institute for Supply Management[®] Manufacturing Business Survey Committee

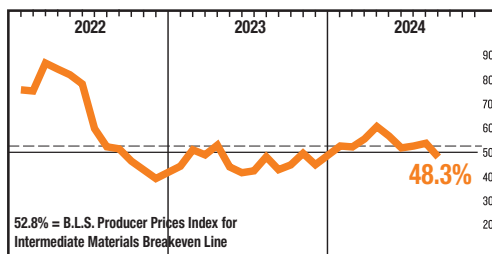


[‡]Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



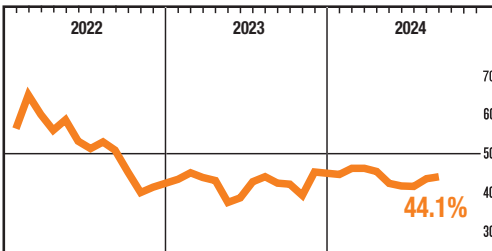
Customers' Inventories

ISM's Customers' Inventories Index registered a reading of 50 percent. The four industries reporting customers' inventories as too high in September are: Nonmetallic Mineral Products; Primary Metals; Transportation Equipment; and Miscellaneous Manufacturing[‡].



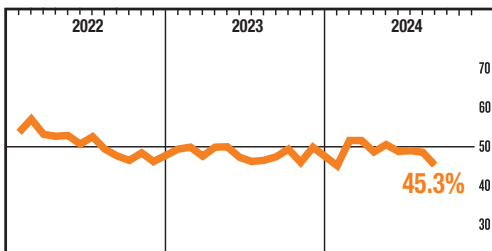
Prices

The ISM Prices Index registered 48.3 percent. In September, the seven industries that reported paying increased prices for raw materials, in order, are: Printing & Related Support Activities; Textile Mills; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; and Machinery.



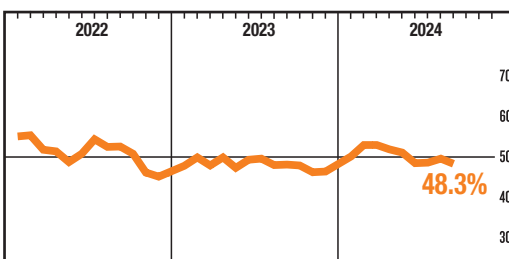
Backlog of Orders

ISM's Backlog of Orders Index registered 44.1 percent. Of the 18 manufacturing industries, two reported growth in order backlogs in September: Textile Mills; and Computer & Electronic Products.



New Export Orders

ISM's New Export Orders Index registered 45.3 percent. The two industries reporting growth in new export orders in September are: Fabricated Metal Products; and Food, Beverage & Tobacco Products.



Imports

ISM's Imports Index registered 48.3 percent. The seven industries reporting an increase in import volumes in September — in the following order — are: Textile Mills; Paper Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing[‡]; Electrical Equipment, Appliances & Components; Chemical Products; and Machinery.

[‡]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 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 Panel (formerly Non-Manufacturing Business Survey Panel) is diversified by NAICS-based industries' 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 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 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, nonsublicensable 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.