

Economic activity in the manufacturing sector contracted in March after two consecutive months of expansion preceded by 26 straight months of contraction, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The Manufacturing PMI® registered 49 percent in March. The New Orders Index contracted for the second month in a row following a three-month period of expansion; the figure of 45.2 percent is 3.4 percentage points lower than the 48.6 percent recorded in February. The March reading of the Production Index (48.3 percent) is 2.4 percentage points lower than February's figure of 50.7 percent. The index dropped back into contraction after two months of expansion, with eight months of contraction before that. The Prices Index surged further into expansion (or "increasing") territory, registering 69.4 percent, up 7 percentage points compared to the reading of 62.4 percent in February. The Backlog of Orders Index registered 44.5 percent, down 2.3 percentage points compared to the 46.8 percent recorded in February. The Employment Index registered 44.7 percent, down 2.9 percentage points from February's figure of 47.6 percent.

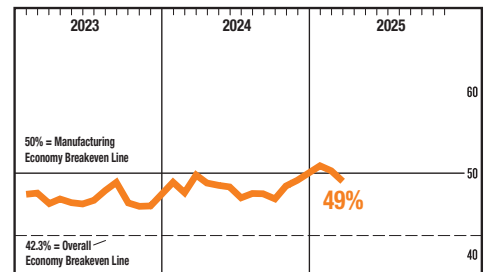
The nine manufacturing industries reporting growth in March — listed in order — are: Textile Mills; Petroleum & Coal Products; Fabricated Metal Products; Primary Metals; Computer & Electronic Products; Nonmetallic Mineral Products; Transportation Equipment; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing†. **ISM**

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



# MANUFACTURING PMI® at 49%

The U.S. manufacturing sector contracted in March after two consecutive months of expansion preceded by 26 months of contraction, as the Manufacturing PMI® registered 49 percent, 1.3 percentage points lower compared to the 50.3 percent reported in February. In March, the Manufacturing PMI® reversed its recent momentum to register below its reading in December.



## Manufacturing at a Glance

INDEX	Mar Index	Feb Index	% Point Change	Direction	Rate of Change	Trend* (months)
<b>Manufacturing PMI®</b>	49.0	50.3	-1.3	Contracting	From Growing	1
New Orders	45.2	48.6	-3.4	Contracting	Faster	2
Production	48.3	50.7	-2.4	Contracting	From Growing	1
Employment	44.7	47.6	-2.9	Contracting	Faster	2
Supplier Deliveries	53.5	54.5	-1.0	Slowing	Slower	4
Inventories	53.4	49.9	+3.5	Growing	From Contracting	1
Customers' Inventories	46.8	45.3	+1.5	Too Low	Slower	6
Prices	69.4	62.4	+7.0	Increasing	Faster	6
Backlog of Orders	44.5	46.8	-2.3	Contracting	Faster	30
New Export Orders	49.6	51.4	-1.8	Contracting	From Growing	1
Imports	50.1	52.6	-2.5	Growing	Slower	3
<b>Overall Economy</b>				<b>Growing</b>	<b>Slower</b>	<b>59</b>
<b>Manufacturing Sector</b>				<b>Contracting</b>	<b>From Growing</b>	<b>1</b>

\*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.

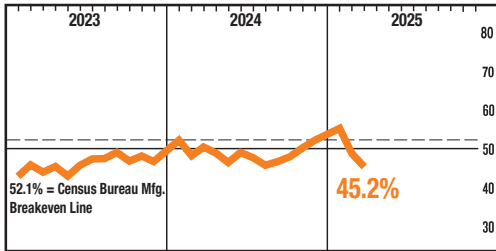


## Commodities Reported

**Commodities Up in Price:** Aluminum (16); Aluminum Products; Brass; Copper (2); Corrugate; Corrugated Boxes; Critical Minerals; Electrical Components (2); Electronic Components (2); Packaging; Paints & Adhesives; Plastic Resin (2); Polypropylene Resin (2); Steel (2); Steel — Carbon (2); Steel — Cold Rolled; Steel — Hot Rolled (2); Steel — Scrap (3); Steel — Stainless; and Steel Products.

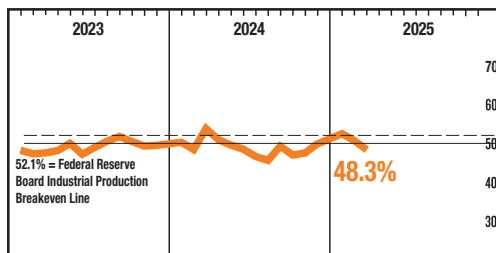
**Commodities Down in Price:** Industrial Alcohols; and Natural Gas.

**Commodities in Short Supply:** Cable Assemblies; Critical Minerals; Electrical Components (54); and Electronic Components.



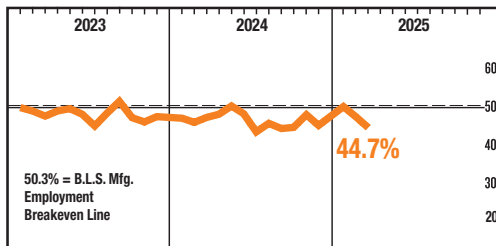
### New Orders

ISM's New Orders Index registered 45.2 percent. The six manufacturing industries that reported growth in new orders in March, in order, are: Textile Mills; Petroleum & Coal Products; Nonmetallic Mineral Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Primary Metals.



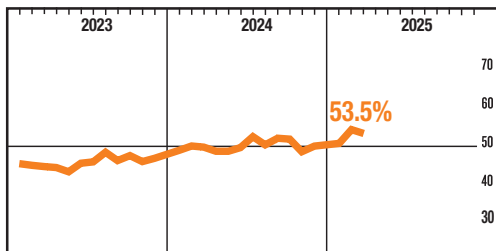
### Production

The Production Index dropped into contraction territory in March after two consecutive months of expansion, registering 48.3 percent. The five industries reporting growth in production during the month of March are: Textile Mills; Fabricated Metal Products; Computer & Electronic Products; Transportation Equipment; and Primary Metals.



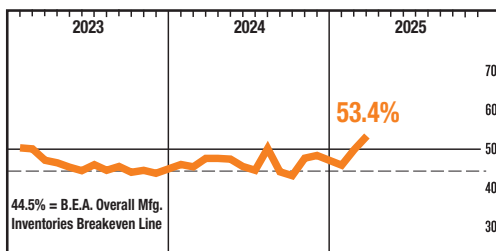
### Employment

ISM's Employment Index registered 44.7 percent. Of the 18 manufacturing industries, the only industry reporting employment growth in March is Primary Metals. The seven industries reporting a decrease in employment in March, in the following order, are: Wood Products; Textile Mills; Chemical Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Computer & Electronic Products.



### Supplier Deliveries

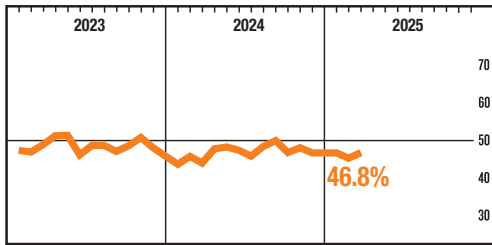
Delivery performance of suppliers to manufacturing organizations was slower in March, with the Supplier Deliveries Index registering 53.5 percent. The 11 manufacturing industries reporting slower supplier deliveries in March — in the following order — are: Petroleum & Coal Products; Textile Mills; Nonmetallic Mineral Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Chemical Products; Primary Metals; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; Machinery; and Computer & Electronic Products.



### Inventories

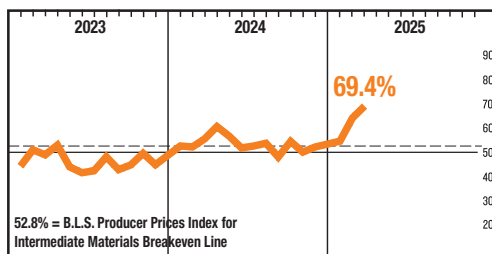
The Inventories Index registered 53.4 percent. Of 18 manufacturing industries, the 12 industries reporting higher inventories in March — listed in order — are: Petroleum & Coal Products; Textile Mills; Furniture & Related Products; Miscellaneous Manufacturing<sup>‡</sup>; Paper Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Transportation Equipment; Primary Metals; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Machinery.

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



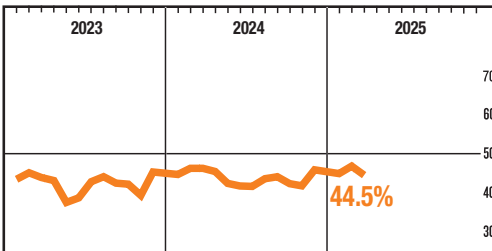
### Customers' Inventories

ISM's Customers' Inventories Index registered a reading of 46.8 percent. The seven industries reporting customers' inventories as too high in March — in the following order — are: Furniture & Related Products; Paper Products; Wood Products; Miscellaneous Manufacturing<sup>‡</sup>; Electrical Equipment, Appliances & Components; Machinery; and Plastics & Rubber Products.



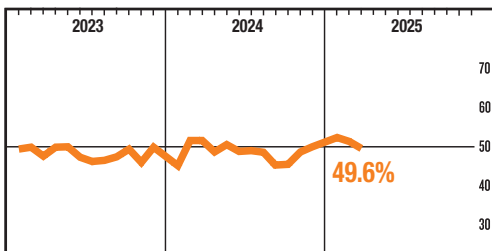
### Prices

The ISM Prices Index registered 69.4 percent. In March, the 15 industries that reported paying increased prices for raw materials, in order, are: Nonmetallic Mineral Products; Textile Mills; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Primary Metals; Plastics & Rubber Products; Paper Products; Miscellaneous Manufacturing<sup>‡</sup>; Transportation Equipment; Wood Products; Machinery; Chemical Products; Food, Beverage & Tobacco Products; Furniture & Related Products; and Computer & Electronic Products.



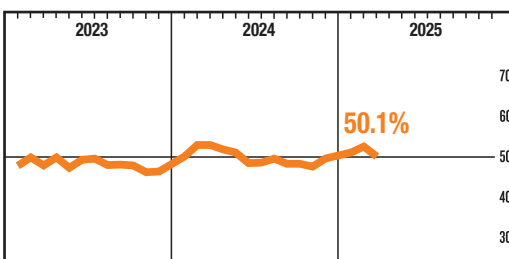
### Backlog of Orders

ISM's Backlog of Orders Index registered 44.5 percent. Of the 18 manufacturing industries, only two reported growth in order backlogs in March: Fabricated Metal Products; and Food, Beverage & Tobacco Products.



### New Export Orders

ISM's New Export Orders Index contracted in March after expanding for two consecutive months, registering 49.6 percent. The five industries reporting growth in new export orders in March are: Paper Products; Textile Mills; Computer & Electronic Products; Transportation Equipment; and Machinery.



### Imports

ISM's Imports Index showed growth for the third straight month in March, registering 50.1 percent. The five industries reporting an increase in import volumes in March are: Textile Mills; Fabricated Metal Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Transportation Equipment.

<sup>‡</sup>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.

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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® *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](http://www.ismworld.org).