

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

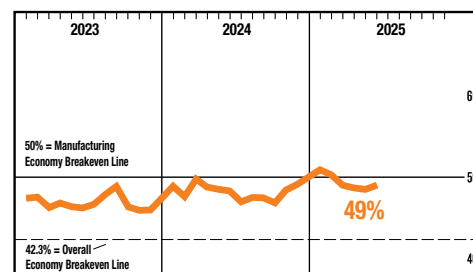
The Manufacturing PMI® registered 49 percent. The overall economy continued in expansion for the 62nd month after one month of contraction in April 2020. (A Manufacturing PMI® above 42.3 percent, over a period of time, generally indicates an expansion of the overall economy.) The New Orders Index contracted for the fifth month in a row following a three-month period of expansion; the figure of 46.4 percent is 1.2 percentage points lower than the 47.6 percent recorded in May. The June reading of the Production Index (50.3 percent) is 4.9 percentage points higher than May's figure of 45.4, returning the index to expansion territory. The Prices Index remained in expansion (or "increasing") territory, registering 69.7 percent, up 0.3 percentage point compared to the reading of 69.4 percent reported in May. The Backlog of Orders Index registered 44.3 percent, down 2.8 percentage points compared to the 47.1 percent recorded in May.

The nine manufacturing industries reporting growth in June — listed in order — are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing†; Furniture & Related Products; Computer & Electronic Products; Machinery; Food, Beverage & Tobacco 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 49%

The Manufacturing PMI® registered 49 percent, 0.5 percentage point higher compared to the 48.5 percent reported in May. Of the five subindexes that directly factor into the Manufacturing PMI®, two (Production and Supplier Deliveries) were in expansion territory, up from one in May. The slowing of supplier deliveries eased month over month, with a 1.9-percentage point improvement, indicating that port congestion and a drawdown of manufacturing inventories have eased.



Manufacturing at a Glance

INDEX	Jun Index	May Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	49.0	48.5	+0.5	Contracting	Slower	4
New Orders	46.4	47.6	-1.2	Contracting	Faster	5
Production	50.3	45.4	+4.9	Growing	From Contracting	1
Employment	45.0	46.8	-1.8	Contracting	Faster	5
Supplier Deliveries	54.2	56.1	-1.9	Slowing	Slower	7
Inventories	49.2	46.7	+2.5	Contracting	Slower	2
Customers' Inventories	46.7	44.5	+2.2	Too Low	Slower	9
Prices	69.7	69.4	+0.3	Increasing	Faster	9
Backlog of Orders	44.3	47.1	-2.8	Contracting	Faster	33
New Export Orders	46.3	40.1	+6.2	Contracting	Slower	4
Imports	47.4	39.9	+7.5	Contracting	Slower	3
Overall Economy				Growing	Faster	62
Manufacturing Sector				Contracting	Slower	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.

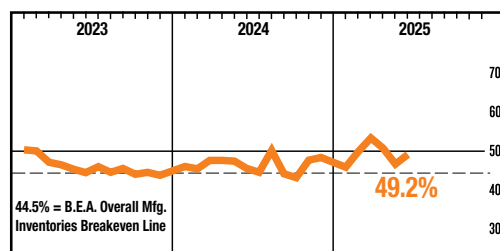
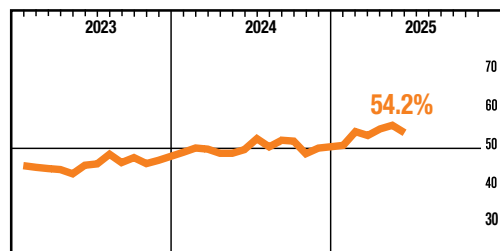
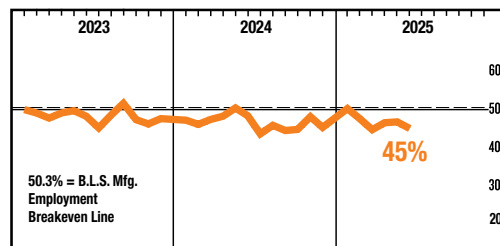
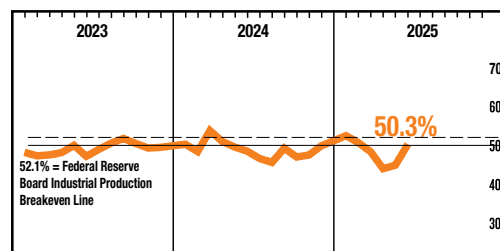
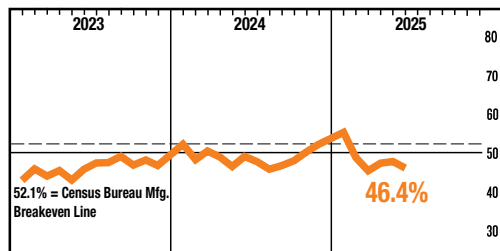


Commodities Reported

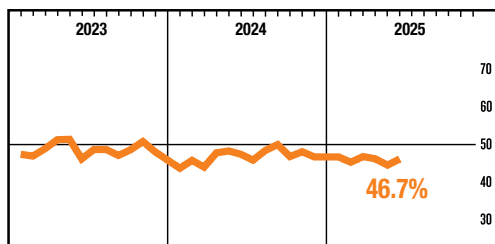
Commodities Up in Price: Aluminum (19); Antimony; Corrugated Boxes (4); Electrical Components (5); Electronic Components (5); Natural Gas; Packaging Materials; Paper Products (2); Steel (5); Steel — Stainless (4); and Steel Products (4).

Commodities Down in Price: Steel — Hot Rolled.

Commodities in Short Supply: Electronic Components (4); and Labor.

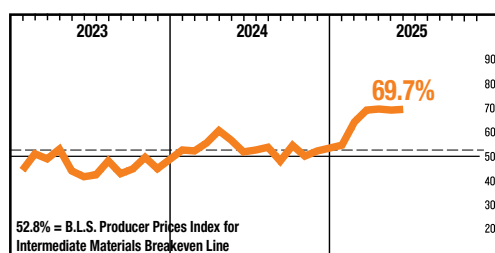


‡Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



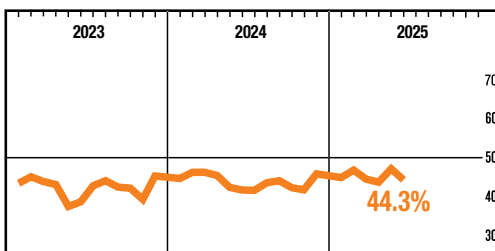
Customers' Inventories

ISM's Customers' Inventories Index registered a reading of 46.7 percent. The four industries reporting customers' inventories as too high in June are: Textile Mills; Paper Products; Computer & Electronic Products; and Transportation Equipment.



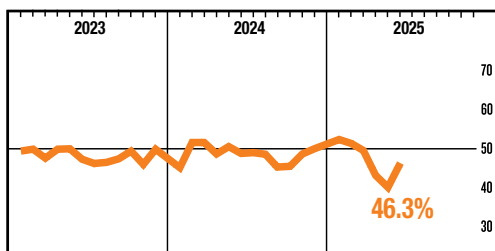
Prices

The ISM Prices Index registered 69.7 percent. In June, the 15 industries that reported paying increased prices for raw materials, in order, are: Textile Mills; Nonmetallic Mineral Products; Petroleum & Coal Products; Primary Metals; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Wood Products; Machinery; Chemical Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Fabricated Metal Products; Furniture & Related Products; Plastics & Rubber Products; and Transportation Equipment.



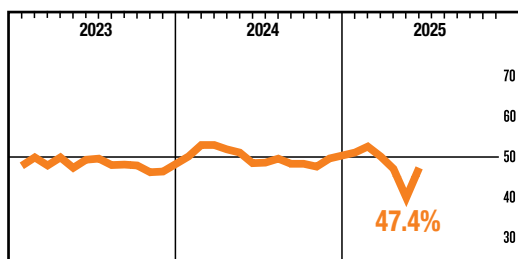
Backlog of Orders

ISM's Backlog of Orders Index registered 44.3 percent. Of the 18 manufacturing industries, the three that reported growth in order backlogs in June are: Petroleum & Coal Products; Computer & Electronic Products; and Miscellaneous Manufacturing[‡].



New Export Orders

ISM's New Export Orders Index contracted in June, registering 46.3 percent. Of the 18 manufacturing industries, the four that reported growth in new export orders in June are: Wood Products; Furniture & Related Products; Nonmetallic Mineral Products; and Miscellaneous Manufacturing[‡].



Imports

ISM's Imports Index registered 47.4 percent. The seven industries reporting an increase in import volumes in June — in the following order — are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Furniture & Related Products; Plastics & Rubber Products; and Fabricated Metal 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 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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