

Economic activity in the manufacturing sector contracted in July for the fifth 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*®.

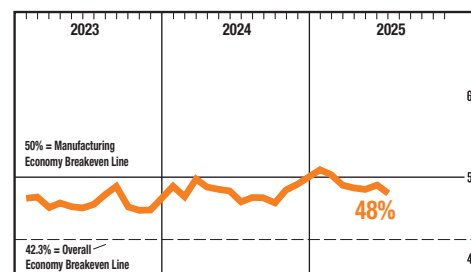
The Manufacturing PMI® registered 48 percent. The overall economy continued in expansion for the 63rd month after one month of contraction in April 2020. (A Manufacturing PMI® above 42.3 percent, over a period of time, generally indicates an expansion of the overall economy.) The New Orders Index contracted for the sixth month in a row following a three-month period of expansion; the figure of 47.1 percent is 0.7 percentage point higher than the 46.4 percent recorded in June. The July reading of the Production Index (51.4 percent) is 1.1 percentage points higher than June's figure of 50.3 percent. The Prices Index remained in expansion (or "increasing") territory, registering 64.8 percent, down 4.9 percentage points compared to the reading of 69.7 percent reported in June. The Backlog of Orders Index registered 46.8 percent, up 2.5 percentage points compared to the 44.3 percent recorded in June. The Employment Index registered 43.4 percent, down 1.6 percentage points from June's figure of 45 percent.

The seven manufacturing industries reporting growth in July — listed in order — are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Textile Mills; Miscellaneous Manufacturing†; Furniture & Related Products; and Primary Metals. **ISM**

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

MANUFACTURING PMI® at 48%

The U.S. manufacturing sector contracted in July for the fifth consecutive month after two months of expansion preceded by 26 months of contraction. The Manufacturing PMI® registered 48 percent, 1 percentage point lower compared to the 49 percent reported in June. Of the five subindexes that directly factor into the Manufacturing PMI®, only one (Production) is in expansion territory, down from two in June.



Manufacturing at a Glance

INDEX	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	48.0	49.0	-1.0	Contracting	Faster	5
New Orders	47.1	46.4	+0.7	Contracting	Slower	6
Production	51.4	50.3	+1.1	Growing	Faster	2
Employment	43.4	45.0	-1.6	Contracting	Faster	6
Supplier Deliveries	49.3	54.2	-4.9	Faster	From Slower	1
Inventories	48.9	49.2	-0.3	Contracting	Faster	3
Customers' Inventories	45.7	46.7	-1.0	Too Low	Faster	10
Prices	64.8	69.7	-4.9	Increasing	Slower	10
Backlog of Orders	46.8	44.3	+2.5	Contracting	Slower	34
New Export Orders	46.1	46.3	-0.2	Contracting	Faster	5
Imports	47.6	47.4	+0.2	Contracting	Slower	4
Overall Economy				Growing	Slower	63
Manufacturing Sector				Contracting	Faster	5

*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.

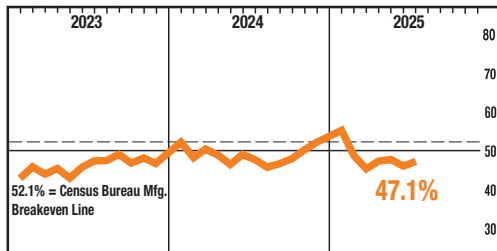


Commodities Reported

Commodities Up in Price: Aluminum (20); Aluminum Products; Brass Products; Copper; Copper Products; Corrugated Boxes (5); Electrical Components (6); Electronic Components (6); Fabricated Metal Components; Freight; Polypropylene; Steel (6); Steel — Stainless (5); Steel Products (5); and Wire Products.

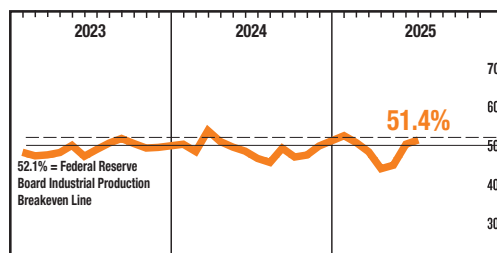
Commodities Down in Price: Corn; Natural Gas; Ocean Freight; and Soybean Meal.

Commodities in Short Supply: Electrical Components, Electronic Components (5); and Rare Earth Magnets.



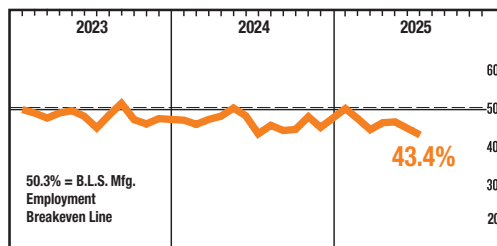
New Orders

ISM's New Orders Index contracted in July for the sixth consecutive month after three consecutive months of expansion, registering 47.1 percent. The four manufacturing industries that reported growth in new orders in July are: Apparel, Leather & Allied Products; Plastics & Rubber Products; Primary Metals; and Miscellaneous Manufacturing‡.



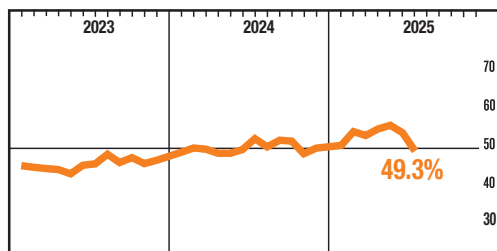
Production

The Production Index was in expansion territory for the second consecutive month in July, registering 51.4 percent. The seven industries reporting growth in production during the month of July — in the following order — are: Apparel, Leather & Allied Products; Textile Mills; Petroleum & Coal Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing‡; and Transportation Equipment.



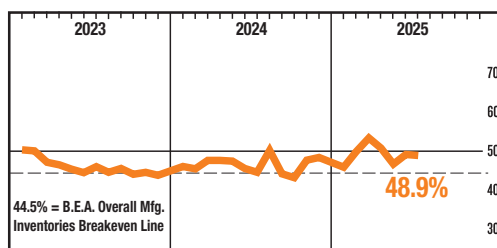
Employment

ISM's Employment Index registered 43.4 percent. Of the 18 manufacturing industries, three reported employment growth in July: Nonmetallic Mineral Products; Miscellaneous Manufacturing‡; and Plastics & Rubber Products.



Supplier Deliveries

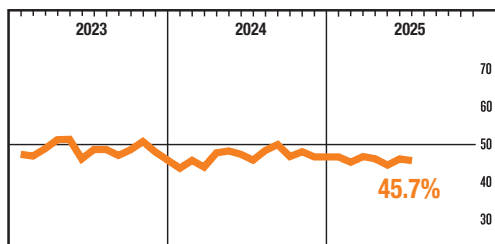
The Supplier Deliveries Index registered 49.3 percent. The nine manufacturing industries reporting slower supplier deliveries in July — in the following order — are: Nonmetallic Mineral Products; Furniture & Related Products; Paper Products; Plastics & Rubber Products; Primary Metals; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Fabricated Metal Products.



Inventories

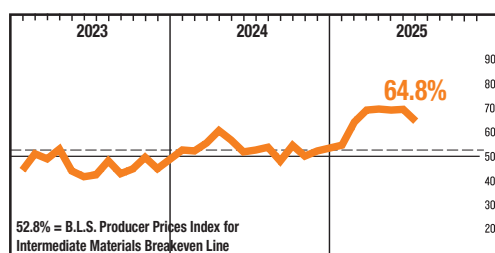
The Inventories Index registered 48.9 percent. Of 18 manufacturing industries, the 10 reporting higher inventories in July — listed in order — are: Apparel, Leather & Allied Products; Textile Mills; Paper Products; Nonmetallic Mineral Products; Primary Metals; Plastics & Rubber Products; Miscellaneous Manufacturing‡; Fabricated Metal Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.

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



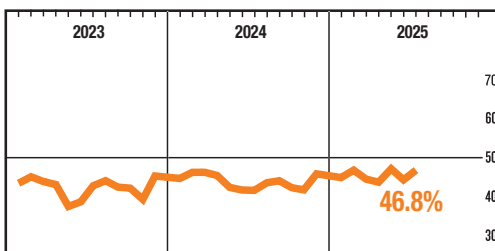
Customers' Inventories

ISM's Customers' Inventories Index registered 45.7 percent. The three industries reporting customers' inventories as too high in July are: Wood Products; Miscellaneous Manufacturing‡; and Transportation Equipment.



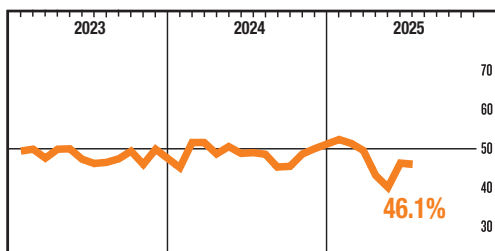
Prices

The ISM Prices Index registered 64.8 percent. In July, the 16 industries that reported paying increased prices for raw materials, in order, are: Nonmetallic Mineral Products; Textile Mills; Furniture & Related Products; Primary Metals; Plastics & Rubber Products; Machinery; Wood Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Miscellaneous Manufacturing‡; Chemical Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Petroleum & Coal Products; Paper Products; and Transportation Equipment.



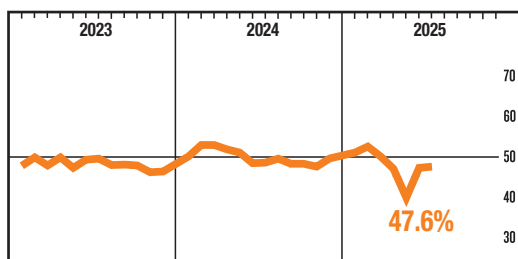
Backlog of Orders

ISM's Backlog of Orders Index registered 46.8 percent. Of the 18 manufacturing industries, the three that reported growth in order backlogs in July are: Furniture & Related Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.



New Export Orders

ISM's New Export Orders Index contracted in July, registering 46.1 percent. Of the 18 manufacturing industries, the only industry reporting growth in new export orders in July is Furniture & Related Products.



Imports

ISM's Imports Index registered 47.6 percent. The five industries reporting an increase in import volumes in July are: Textile Mills; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Miscellaneous Manufacturing‡; 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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