Economic activity in the manufacturing sector grew in April, with the overall economy achieving a 23rd consecutive month of growth, say the nation’s supply executives in the latest Manufacturing ISM® Report On Business®.

The April Manufacturing PMI® registered 55.4 percent. This is the lowest reading since July 2020 (53.9 percent). The New Orders Index registered 53.5 percent, down 0.3 percentage point compared to the March reading of 53.8 percent.

Manufacturing performed well for the 23rd straight month, with demand registering slower month-over-month growth (likely due to extended lead times and decades-high material price increases) and consumption softening (due to labor force constraints). Overseas partners are experiencing COVID-19 impacts, creating a near-term headwind for the U.S. manufacturing community.

Seventeen manufacturing industries reported growth in April, in the following order: Apparel, Leather & Allied Products; Machinery; Plastics & Rubber Products; Nonmetallic Mineral Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Transportation Equipment; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Paper Products; Primary Metals; Furniture & Related Products; Chemical Products; Textile Mills; Fabricated Metal Products; Miscellaneous Manufacturing‡; and Wood Products.

MANUFACTURING PMI® at 55.4%

Manufacturing grew in April, as the Manufacturing PMI® registered 55.4 percent, 1.7 percentage points lower than the March reading of 57.1 percent. The 55.4-percent reading is the same as in August and September 2020 and the lowest since July 2020, when the composite index registered 53.9 percent. The Manufacturing PMI® continued to indicate solid sector expansion and U.S. economic growth in April. All five subindexes that directly factor into the Manufacturing PMI® were in growth territory.

Manufacturing at a Glance

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*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: Adhesives and Paint (5); Aluminum (23); Aluminum Products (4); Brass (2); Caustic Soda (2); Copper (4); Corrugate (3); Corrugated Packaging (18); Diesel Fuel (16); Electrical Components (17); Electronic Components (17); Energy (2); Epoxy; Freight (18); High-Density Polyethylene (HDPE); Hydraulic Components (2); Labor — Temporary (12); Lumber (5); Natural Gas* (10); Nickel (2); Packaging Supplies (17); Paper (2); Plastic Resins (4); Plywood (2); Polypropylene (2); Polyvinyl Chloride (PVC); Resin Based Products; Rubber Based Products (9); Solvents (3); Soy Based Products (9); Steel (21); Steel — Cold Rolled; Steel — Hot Rolled (2); Steel — Stainless (18); Steel Products (20); and Titanium Dioxide.

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

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. *Reported as both up and down in price.
New Orders

ISM’s New Orders Index registered 53.5 percent. Of the 18 manufacturing industries, 11 reported growth in new orders in April, in the following order: Printing & Related Support Activities; Computer & Electronic Products; Transportation Equipment; Food, Beverage & Tobacco Products; Furniture & Related Products; Paper Products; Fabricated Metal Products; Machinery; Miscellaneous Manufacturing; Chemical Products; and Plastics & Rubber Products.

Production

The Production Index registered 53.6 percent. The 14 industries reporting growth in production during the month of April — listed in order — are: Printing & Related Support Activities; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Primary Metals; Wood Products; Plastics & Rubber Products; Transportation Equipment; Machinery; Computer & Electronic Products; Miscellaneous Manufacturing; Paper Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; and Chemical Products.

Employment

ISM’s Employment Index registered 50.9 percent. Of 18 manufacturing industries, nine industries reported employment growth in April, in the following order: Apparel, Leather & Allied Products; Textile Mills; Electrical Equipment, Appliances & Components; Transportation Equipment; Machinery; Primary Metals; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Chemical Products.

Supplier Deliveries

The Supplier Deliveries Index registered 67.2 percent. Of 18 manufacturing industries, 16 reported slower supplier deliveries in April, in the following order: Apparel, Leather & Allied Products; Plastics & Rubber Products; Textile Mills; Paper Products; Food, Beverage & Tobacco Products; Printing & Related Support Activities; Computer & Electronic Products; Machinery; Primary Metals; Furniture & Related Products; Chemical Products; Fabricated Metal Products; Miscellaneous Manufacturing; Nonmetallic Mineral Products; Transportation Equipment; and Electrical Equipment, Appliances & Components.

Inventories

The Inventories Index registered 51.6 percent. The 11 industries reporting higher inventories in April — in the following order — are: Apparel, Leather & Allied Products; Textile Mills; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Paper Products; Machinery; Chemical Products; Plastics & Rubber Products; Transportation Equipment; Fabricated Metal Products; and Computer & Electronic 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 37.1 percent. Only Apparel, Leather & Allied Products reported customers’ inventories as too high in April. The 13 industries reporting customers’ inventories as too low during April — listed in order — are: Nonmetallic Mineral Products; Plastics & Rubber Products; Transportation Equipment; Machinery; Fabricated Metal Products; Wood Products; Primary Metals; Miscellaneous Manufacturing; Computer & Electronic Products; Chemical Products; Furniture & Related Products; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.

Prices
The ISM Prices Index registered 84.6 percent. In April, 17 of 18 industries reported paying increased prices for raw materials, in the following order: Apparel, Leather & Allied Products; Paper Products; Plastics & Rubber Products; Textile Mills; Primary Metals; Machinery; Food, Beverage & Tobacco Products; Furniture & Related Products; Miscellaneous Manufacturing; Transportation Equipment; Computer & Electronic Products; Fabricated Metal Products; Chemical Products; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Printing & Related Support Activities; and Wood Products.

Backlog of Orders
ISM’s Backlog of Orders Index registered 56 percent. Ten industries reported growth in order backlogs in April, in the following order: Apparel, Leather & Allied Products; Computer & Electronic Products; Paper Products; Machinery; Plastics & Rubber Products; Furniture & Related Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing; Fabricated Metal Products; and Wood Products.

New Export Orders
ISM’s New Export Orders Index registered 52.7 percent. The five industries reporting growth in new export orders in April are: Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; Machinery; and Chemical Products. The only industry reporting a decrease in new export orders in April is Paper Products.

Imports
ISM’s Imports Index registered 51.4 percent in April. The four industries reporting growth in imports in April are: Wood Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Chemical Products. Eight industries reported no change in imports in April.
The Manufacturing PMI® above 48.7 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.7 percent, it is generally declining. The distance from 50 percent or 48.7 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 50.1 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 50.1 percent, it is generally declining. The distance from 50 percent or 50.1 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 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.