

Economic activity in the manufacturing sector grew in May, with the overall economy achieving a 24th consecutive month of growth, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The May Manufacturing PMI® registered 56.1 percent. The New Orders Index registered 55.1 percent, up 1.6 percentage points compared to the April reading of 53.5 percent. The Production Index reading of 54.2 percent is a 0.6-percentage point increase compared to April's figure of 53.6 percent. The Prices Index registered 82.2 percent, down 2.4 percentage points compared to the April figure of 84.6 percent. Overseas partners' disruptions are beginning to impact U.S. manufacturing, creating a near-term headwind for factory output growth.

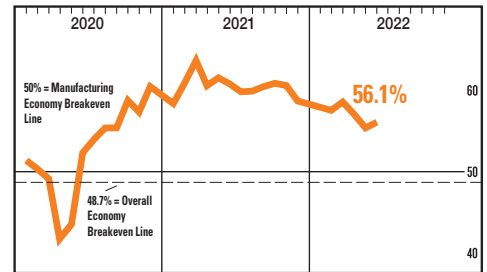
Ten percent of panelists' general comments expressed difficulty obtaining material from their Asian partners, which will impact reliable deliveries in the summer months.

Fifteen manufacturing industries reported growth in May, in the following order: Apparel, Leather & Allied Products; Printing & Related Support Activities; Machinery; Nonmetallic Mineral Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Transportation Equipment; Paper Products; Petroleum & Coal Products; Plastics & Rubber Products; Fabricated Metal Products; Chemical Products; Miscellaneous Manufacturing†; Primary Metals; 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 56.1%

Manufacturing grew in May, as the Manufacturing PMI® registered 56.1 percent, 0.7 percentage point higher than the April reading of 55.4 percent. The Manufacturing PMI® continued to indicate solid sector expansion and U.S. economic growth in May. Four of the five subindexes that directly factor into the Manufacturing PMI® were in growth territory. All of the six biggest manufacturing industries — Machinery; Computer & Electronic Products; Food, Beverage & Tobacco Products; Transportation Equipment; Petroleum & Coal Products; and Chemical Products — registered moderate-to-strong growth in May.



Manufacturing at a Glance

INDEX	May Index	Apr Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	56.1	55.4	+0.7	Growing	Faster	24
New Orders	55.1	53.5	+1.6	Growing	Faster	24
Production	54.2	53.6	+0.6	Growing	Faster	24
Employment	49.6	50.9	-1.3	Contracting	From Growing	1
Supplier Deliveries	65.7	67.2	-1.5	Slowing	Slower	75
Inventories	55.9	51.6	+4.3	Growing	Faster	10
Customers' Inventories	32.7	37.1	-4.4	Too Low	Faster	68
Prices	82.2	84.6	-2.4	Increasing	Slower	24
Backlog of Orders	58.7	56.0	+2.7	Growing	Faster	23
New Export Orders	52.9	52.7	+0.2	Growing	Faster	23
Imports	48.7	51.4	-2.7	Contracting	From Growing	1
Overall Economy				Growing	Faster	24
Manufacturing Sector				Growing	Faster	24

*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.

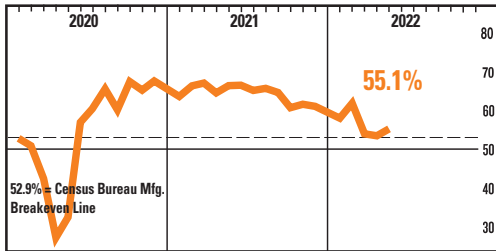


Commodities Reported

Commodities Up in Price: Adhesives and Paint (6); Aluminum* (24); Aluminum Extrusions; Aluminum Products (5); Caustic Soda (3); Copper (5); Corrugate (4); Corrugated Packaging (19); Crude Oil; Diesel Fuel (17); Electrical Components (18); Electronic Components (18); Electronic Controls; Energy (3); Epoxy (2); Fiber Optic Cable; Freight (19); Hydraulic Components; Labor — Temporary (13); Lumber (6); Natural Gas (11); Packaging Supplies (18); Paper (3); Petrochemical Based Products*; Petroleum Based Products; Plastic Resins (5); Polyethylene; Polypropylene (3); Polypropylene Containers; Resin Based Products (2); Rubber Based Products (10); Semiconductors; Solvents (4); Steel* (22); Steel — Fabricated and Machined Components; Steel — Stainless (19); Steel Bars; Steel Castings; Steel Products (21); and Wheat. **Commodities Down in Price:** Aluminum*; Petrochemical Based Products*; Steel*; Steel — Scrap; and Steel — Hot Rolled.

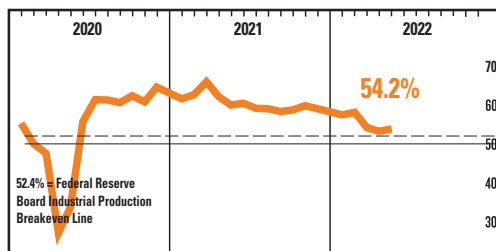
Note: To view the full report, visit the ISM® *Report On Business*® website at ismrob.org

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



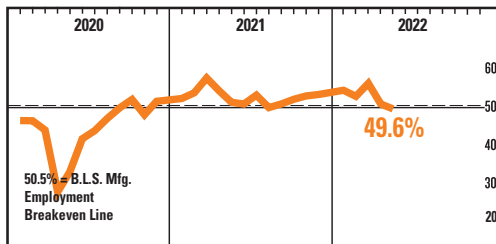
New Orders

ISM's New Orders Index registered 55.1 percent. Of the 18 manufacturing industries, 11 reported growth in new orders in May, in the following order: Apparel, Leather & Allied Products; Computer & Electronic Products; Primary Metals; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Machinery; Miscellaneous Manufacturing[‡]; Plastics & Rubber Products; Chemical Products; Transportation Equipment; and Fabricated Metal Products.



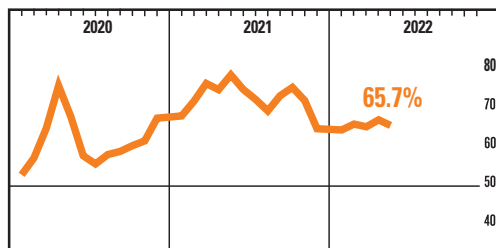
Production

The Production Index registered 54.2 percent. The eight industries reporting growth in production during the month of May — listed in order — are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Paper Products; Food, Beverage & Tobacco Products; Machinery; Transportation Equipment; and Chemical Products.



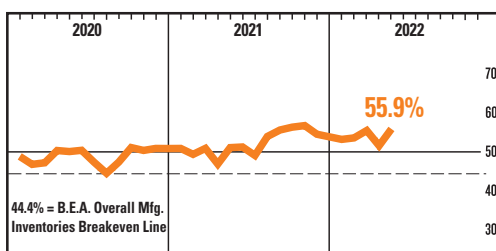
Employment

ISM's Employment Index registered 49.6 percent. Of 18 manufacturing industries, eight industries reported employment growth in May, in the following order: Apparel, Leather & Allied Products; Printing & Related Support Activities; Machinery; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Transportation Equipment; Fabricated Metal Products; and Chemical Products.



Supplier Deliveries

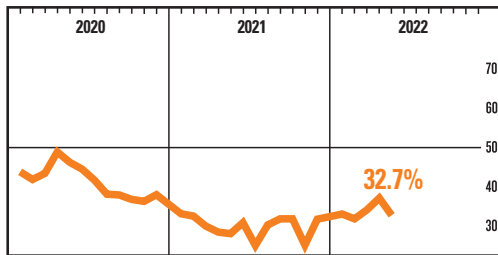
The delivery performance of suppliers to manufacturing organizations was slower in May, as the Supplier Deliveries Index registered 65.7 percent. Of 18 manufacturing industries, 15 reported slower supplier deliveries in May, in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Paper Products; Primary Metals; Machinery; Computer & Electronic Products; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Textile Mills; Transportation Equipment; Fabricated Metal Products; Miscellaneous Manufacturing[‡]; Plastics & Rubber Products; Chemical Products; and Furniture & Related Products.



Inventories

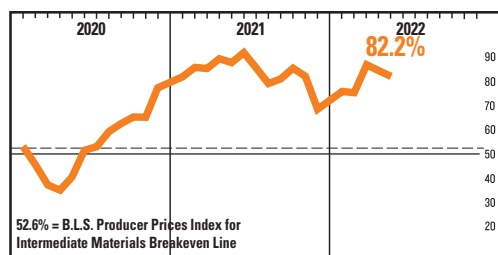
The Inventories Index registered 55.9 percent. The 14 industries reporting higher inventories in May — in the following order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Textile Mills; Computer & Electronic Products; Nonmetallic Mineral Products; Wood Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; Transportation Equipment; Machinery; Fabricated Metal Products; Plastics & Rubber Products; and Chemical Products.

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



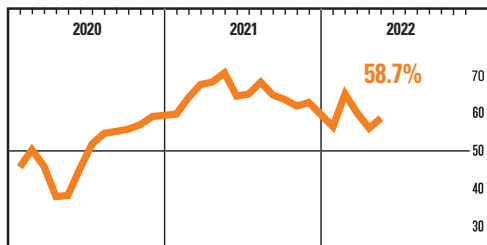
Customers' Inventories

ISM's Customers' Inventories Index registered 32.7 percent. Only Apparel, Leather & Allied Products reported customers' inventories as too high in May. The 14 industries reporting customers' inventories as too low during May — listed in order — are: Textile Mills; Primary Metals; Transportation Equipment; Petroleum & Coal Products; Computer & Electronic Products; Furniture & Related Products; Plastics & Rubber Products; Paper Products; Miscellaneous Manufacturing[‡]; Chemical Products; Machinery; Food, Beverage & Tobacco Products; Fabricated Metal Products; and Electrical Equipment, Appliances & Components.



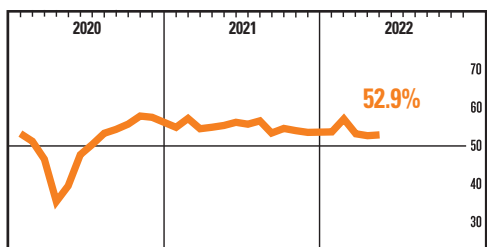
Prices

The ISM Prices Index registered 82.2 percent. In May, 17 of 18 industries reported paying increased prices for raw materials, in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Printing & Related Support Activities; Textile Mills; Chemical Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Paper Products; Machinery; Miscellaneous Manufacturing; Transportation Equipment; Petroleum & Coal Products; Primary Metals; Plastics & Rubber Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; and Fabricated Metal Products.



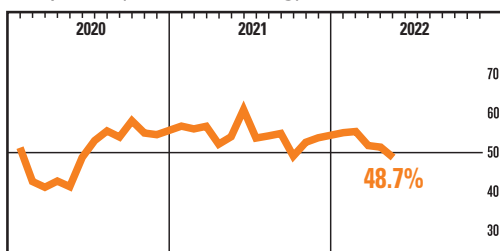
Backlog of Orders

ISM's Backlog of Orders Index registered 58.7 percent. Ten industries reported growth in order backlogs in May, in the following order: Textile Mills; Computer & Electronic Products; Machinery; Transportation Equipment; Primary Metals; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Plastics & Rubber Products; and Miscellaneous Manufacturing[‡].



New Export Orders

ISM's New Export Orders Index registered 52.9 percent. The seven industries reporting growth in new export orders in May — in the following order — are: Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Miscellaneous Manufacturing[‡]; Transportation Equipment; Chemical Products; and Machinery.



Imports

ISM's Imports Index registered 48.7 percent in May. The two industries reporting growth in imports in May are: Food, Beverage & Tobacco Products; and Computer & Electronic Products. Nine industries — in the following order — reported lower volumes of imports in May: Paper Products; Wood Products; Primary Metals; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; 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 Committee is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industry's 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 the BEA estimates for 2020 GDP (released December 22, 2021), the six largest manufacturing subsectors are: Computer & Electronic Products; Chemical Products; Transportation Equipment; Petroleum & Coal Products; Food, Beverage & Tobacco Products; and Machinery. Beginning in February 2018 with January 2018 data, computation of the indexes is accomplished utilizing unrounded numbers.

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 Committee (formerly Non-Manufacturing Business Survey Committee) is diversified by NAICS, based on each industry's contribution to gross domestic product (GDP). The Services Business Survey Committee 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 the BEA estimates for 2020 GDP (released December 22, 2021), the six largest services sectors are: Real Estate, Rental & Leasing; Government; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance. Beginning in February 2020 with January 2020 data, computation of the indexes is accomplished utilizing unrounded numbers.

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 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 *Report On Business®* surveys are sent out to Manufacturing and Services Business Survey Committee 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

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