Economic activity in the manufacturing sector grew in June, with the overall economy achieving a 25th consecutive month of growth, say the nation’s supply executives in the latest Manufacturing ISM® Report On Business®.

The June Manufacturing PMI® registered 53 percent. The New Orders Index reading of 49.2 percent is 5.9 percentage points lower than the May 55.1 percent recorded. The Production Index reading of 54.9 percent is a 0.7-percentage point increase compared to May’s figure of 54.2 percent. The Prices Index registered 78.5 percent, down 3.7 percentage points compared to the May figure of 82.2 percent. Manufacturing performed well for the 25th straight month. There are signs of new order rate softening — cited in 17 percent of general comments, compared to 10 percent in May — but the root cause is difficult to determine: (1) demand reduction, (2) adjustment for excessive lead times, causing order rate adjustments or (3) a combination of both.

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

Manufacturing grew in June, as the Manufacturing PMI® registered 53 percent, 3.1 percentage points lower than the May reading of 56.1 percent. Three of the five subindexes that directly factor into the Manufacturing PMI® were in growth territory. All of the six biggest manufacturing industries registered moderate-to-strong growth in June, in this order: Computer & Electronic Products; Machinery; Transportation Equipment; Petroleum & Coal Products; Food, Beverage & Tobacco Products; and Chemical Products.

**Manufacturing at a Glance**

<table>
<thead>
<tr>
<th>INDEX</th>
<th>Jun Index</th>
<th>May Index</th>
<th>% Point Change</th>
<th>Direction</th>
<th>Rate of Change</th>
<th>Trend* (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing PMI®</td>
<td>53.0</td>
<td>56.1</td>
<td>-3.1</td>
<td>Growing</td>
<td>Slower</td>
<td>25</td>
</tr>
<tr>
<td>New Orders</td>
<td>49.2</td>
<td>55.1</td>
<td>-5.9</td>
<td>Contracting</td>
<td>From Growing</td>
<td>1</td>
</tr>
<tr>
<td>Production</td>
<td>54.9</td>
<td>54.2</td>
<td>+0.7</td>
<td>Growing</td>
<td>Faster</td>
<td>25</td>
</tr>
<tr>
<td>Employment</td>
<td>47.3</td>
<td>49.6</td>
<td>-2.3</td>
<td>Contracting</td>
<td>Slower</td>
<td>2</td>
</tr>
<tr>
<td>Supplier Deliveries</td>
<td>57.3</td>
<td>65.7</td>
<td>-8.4</td>
<td>Slowing</td>
<td>Faster</td>
<td>76</td>
</tr>
<tr>
<td>Inventories</td>
<td>56.0</td>
<td>55.9</td>
<td>+0.1</td>
<td>Growing</td>
<td>Faster</td>
<td>11</td>
</tr>
<tr>
<td>Customers’ Inventories</td>
<td>35.2</td>
<td>32.7</td>
<td>+2.5</td>
<td>Too Low</td>
<td>Slower</td>
<td>69</td>
</tr>
<tr>
<td>Prices</td>
<td>78.5</td>
<td>82.2</td>
<td>-3.7</td>
<td>Increasing</td>
<td>Slower</td>
<td>25</td>
</tr>
<tr>
<td>Backlog of Orders</td>
<td>53.2</td>
<td>58.7</td>
<td>-5.5</td>
<td>Growing</td>
<td>Slower</td>
<td>24</td>
</tr>
<tr>
<td>New Export Orders</td>
<td>50.7</td>
<td>52.9</td>
<td>-2.2</td>
<td>Growing</td>
<td>Slower</td>
<td>24</td>
</tr>
<tr>
<td>Imports</td>
<td>50.7</td>
<td>48.7</td>
<td>+2.0</td>
<td>From Contracting</td>
<td>Slower</td>
<td>1</td>
</tr>
<tr>
<td>Overall Economy</td>
<td>Growing</td>
<td>Slower</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing Sector</td>
<td>Growing</td>
<td>Slower</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*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 (7); Aluminum* (25); Caustic Soda (4); Corrugate (5); Corrugated Packaging (20); Crude Oil (2); Diesel Fuel (18); Electrical Components (19); Electricity; Electronic Components (19); Energy (4); Freight (20); High-Density Polyethylene (HDPE) Resin; Labor — Temporary (14); Lumber* (7); Natural Gas (12); Packaging Supplies (19); Paper (4); Petroleum Based Products (2); Pigments and Dyes; Resin Based Products (3); Plastic Resins* (6); Rubber Based Products (11); Steel* (23); Steel — Fabricated & Machined Components (2); Steel — Stainless (20); Steel Castings; Steel Products (22); and Synthetic Rubber.

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 dropped to 49.2 percent. Of the 18 manufacturing industries, eight reported growth in new orders in June, in the following order: Textile Mills; Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Primary Metals; Plastics & Rubber Products; Computer & Electronic Products; and Miscellaneous Manufacturing.

Production
The Production Index registered 54.9 percent. Ten industries reported growth in production during the month of June, in the following order: Apparel, Leather & Allied Products; Printing & Related Support Activities; Petroleum & Coal Products; Nonmetallic Mineral Products; Computer & Electronic Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Chemical Products; Plastics & Rubber Products; and Fabricated Metal Products.

Employment
ISM’s Employment Index registered 47.3 percent. Nine of 18 manufacturing industries reported employment growth in June, in the following order: Nonmetallic Mineral Products; Apparel, Leather & Allied Products; Printing & Related Support Activities; Textile Mills; Plastics & Rubber Products; Computer & Electronic Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.

Supplier Deliveries
The delivery performance of suppliers to manufacturing organizations was slower in June, as the Supplier Deliveries Index registered 57.3 percent. Fourteen of 18 manufacturing industries reported slower supplier deliveries in June, in the following order: Textile Mills; Furniture & Related Products; Apparel, Leather & Allied Products; Machinery; Printing & Related Support Activities; Primary Metals; Computer & Electronic Products; Paper Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Fabricated Metal Products; and Chemical Products.

Inventories
The Inventories Index registered 56 percent. Of 18 manufacturing industries, the eight reporting higher inventories in June — in the following order — are: Textile Mills; Apparel, Leather & Allied Products; Computer & Electronic Products; Machinery; Electrical Equipment, Appliances & Components; Chemical Products; Transportation Equipment; and Miscellaneous Manufacturing.

‡Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).
Customers' Inventories
ISM’s Customers’ Inventories Index registered 35.2 percent. Two industries (Apparel, Leather & Allied Products; and Wood Products) reported customers’ inventories as too high in June. The 14 industries reporting customers’ inventories as too low during June — listed in order — are: Textile Mills; Nonmetallic Mineral Products; Primary Metals; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Miscellaneous Manufacturing; Plastics & Rubber Products; Petroleum & Coal Products; Furniture & Related Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; and Chemical Products.

Backlog of Orders
ISM’s Backlog of Orders Index registered 53.2 percent. Nine industries reported growth in order backlogs in June, in the following order: Apparel, Leather & Allied Products; Printing & Related Support Activities; Petroleum & Coal Products; Textile Mills; Electrical Equipment, Appliances & Components; Machinery; Primary Metals; Computer & Electronic Products; and Miscellaneous Manufacturing.

New Export Orders
ISM’s New Export Orders Index registered 50.7 percent. The five industries reporting growth in new export orders in June are: Paper Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; and Fabricated Metal Products. The five industries reporting a decrease in new export orders in June are: Wood Products; Primary Metals; Machinery; Transportation Equipment; and Miscellaneous Manufacturing.

Imports
ISM’s Imports Index registered 50.7 percent. The 12 industries reporting growth in imports in June — in the following order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Furniture & Related Products; Primary Metals; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; Machinery; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; and Fabricated Metal Products.
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 index 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 index 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

The Institute for Supply Management® (ISM) Report On Business® (Manufacturing, Services, and Hospital reports) (ISM ROB) contains information, text, files, images, video, sounds, musical works, works of authorship, applications, and any other materials or content (collectively, “Content”) of ISM (“ISM ROB Content”). ISM ROB Content is protected by copyright, trademark, trade secret, and other laws, and as between you and ISM, owns and retains all rights in the ISM ROB Content. ISM hereby grants you a limited, revocable, nonexclusive sublicense to access and display on your individual device the ISM ROB Content (excluding any software code) solely for your personal, non-commercial use. The ISM ROB Content shall also contain Content of users and other ISM licensors. Except as provided herein or as explicitly allowed in writing by ISM, you shall not copy, download, stream, capture, reproduce, duplicate, archive, upload, modify, translate, publish, broadcast, transmit, retransmit, distribute, perform, display, sell, or otherwise use any ISM ROB Content.

Except as explicitly and expressly permitted by ISM, you are strictly prohibited from creating works or materials (including but not limited to tables, charts, data streams, time-series variables, fonts, icons, link buttons, wallpaper, desktop themes, online postcards, montages, mashups and similar videos, greeting cards, and unlicensed merchandise) that derive from or are based on the ISM ROB Content. This prohibition applies regardless of whether the derivative works or materials are sold, bartered, or given away. You shall not either directly or through the use of any device, software, internet site, web-based service, or other means remove, alter, bypass, avoid, interfere with, or circumvent any copyright, trademark, or other proprietary notices marked on the Content or any digital rights management mechanism, device, or other content protection or access control measure associated with the Content including geo-filtering mechanisms. Without prior written authorization from ISM, you shall not build a business utilizing the Content, whether or not for profit.

You shall not create, recreate, distribute, incorporate in other work, or advertise an index of any portion of the Content unless you receive prior written authorization from ISM. Requests for permission to reproduce or distribute ISM ROB Content can be made by contacting in writing at: ISM Research, Institute for Supply Management, 309 West Elliot Road, Suite 113, Tempe, Arizona 85284-1556, or by emailing kcb腭@ismworld.org. Subject: Content Request.

ISM shall not have any liability, duty, or obligation for or relating to the ISM ROB Content or other information contained herein, any errors, inaccuracies, omissions or delays in providing any ISM ROB Content, or for any actions taken in reliance thereon. In no event shall ISM be liable for any special, incidental, or consequential damages, arising out of the use of the ISM ROB. Report On Business®, PMI®, Manufacturing PMI®, Services PMI®, and Hospital PMI® are registered trademarks of Institute for Supply Management®, Institute for Supply Management® and ISM® are registered trademarks of Institute for Supply Management, Inc.

About Institute for Supply Management®

Institute for Supply Management® (ISM) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the ISM Advance™ Digital Platform. This report has been issued by the association since 1931, except for a four-year interruption during World War II.