

Economic activity in the manufacturing sector grew in July, with the overall economy achieving a 26th consecutive month of growth, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

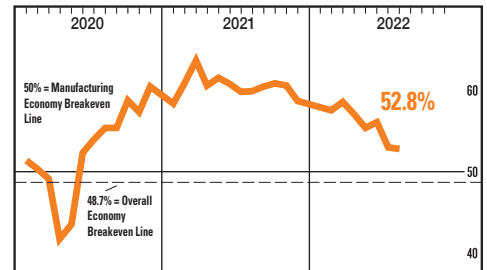
The July Manufacturing PMI® registered 52.8 percent. The New Orders Index registered 48 percent, 1.2 percentage points lower than the 49.2 percent recorded in June. The Production Index reading of 53.5 percent is a 1.4-percentage point decrease compared to June's figure of 54.9 percent. The Prices Index registered 60 percent, down 18.5 percentage points compared to the June figure of 78.5 percent; this is the index's lowest reading since August 2020 (59.5 percent). The Employment Index contracted for a third straight month at 49.9 percent, 2.6 percentage points higher than the 47.3 percent recorded in June.

Eleven manufacturing industries reported growth in July, in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Printing & Related Support Activities; Computer & Electronic Products; Transportation Equipment; Machinery; Textile Mills; Primary Metals; Plastics & Rubber Products; and Electrical Equipment, Appliances & Components. Also, four of the six biggest manufacturing industries — Petroleum & Coal Products; Computer & Electronic Products; Transportation Equipment; and Machinery — registered moderate-to-strong growth. **ISM**

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

# MANUFACTURING PMI® at 52.8%

The U.S. manufacturing sector grew in July, as the Manufacturing PMI® registered 52.8 percent, 0.2 percentage point lower than the June reading of 53 percent. The Manufacturing PMI® continued to indicate sector expansion and U.S. economic growth in July. Three of the five subindexes that directly factor into the Manufacturing PMI® (Production, Supplier Deliveries and Inventories) were in growth territory. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.



## Manufacturing at a Glance

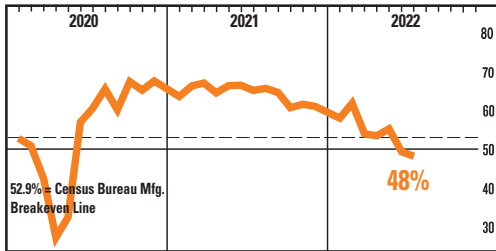
INDEX	Jul Index	Jun Index	% Point Change	Direction	Rate of Change	Trend* (months)
<b>Manufacturing PMI®</b>	52.8	53.0	-0.2	Growing	Slower	26
New Orders	48.0	49.2	-1.2	Contracting	Faster	2
Production	53.5	54.9	-1.4	Growing	Slower	26
Employment	49.9	47.3	+2.6	Contracting	Slower	3
Supplier Deliveries	55.2	57.3	-2.1	Slowing	Slower	77
Inventories	57.3	56.0	+1.3	Growing	Faster	12
Customers' Inventories	39.5	35.2	+4.3	Too Low	Slower	70
Prices	60.0	78.5	-18.5	Increasing	Slower	26
Backlog of Orders	51.3	53.2	-1.9	Growing	Slower	25
New Export Orders	52.6	50.7	+1.9	Growing	Faster	25
Imports	54.4	50.7	+3.7	Growing	Faster	2
<b>Overall Economy</b>				<b>Growing</b>	<b>Slower</b>	<b>26</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>26</b>

\*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.



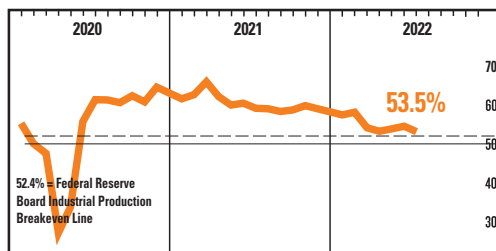
## Commodities Reported

**Commodities Up in Price:** Adhesives and Paint (8); Aluminum\* (26); Caustic Soda (5); Corrugate (6); Corrugated Packaging (21); Crude Oil (3); Diesel Fuel\* (19); Electrical Components (20); Electricity (2); Electronic Components (20); Freight (21); Labor — Temporary (15); Logistics Services; Maintenance, Repair and Operating (MRO) Supplies; Natural Gas\* (13); Petroleum Based Products (3); Plastic Resins\* (7); Polyethylene; Rubber Based Products (12); Solvents; and Steel Products\* (23).



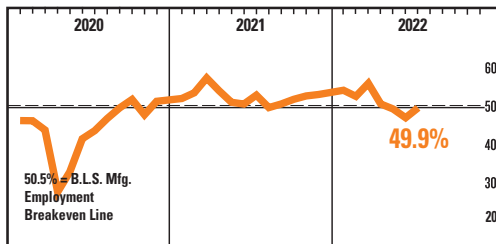
### New Orders

ISM's New Orders Index registered 48 percent. Of the 18 manufacturing industries, four reported growth in new orders in July: Nonmetallic Mineral Products; Printing & Related Support Activities; Primary Metals; and Computer & Electronic Products.



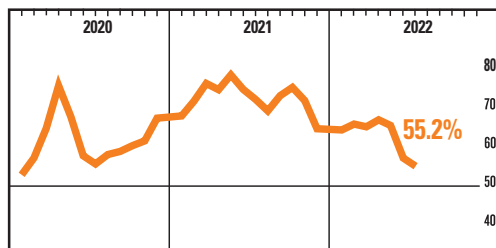
### Production

The Production Index registered 53.5 percent. Five industries reported growth in production during the month of July: Apparel, Leather & Allied Products; Petroleum & Coal Products; Computer & Electronic Products; Transportation Equipment; and Plastics & Rubber Products.



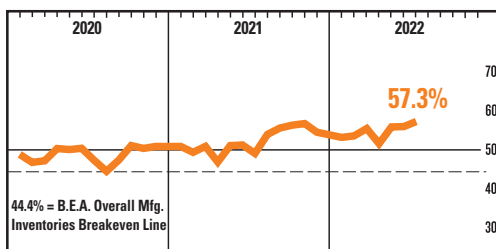
### Employment

ISM's Employment Index registered 49.9 percent. Eight of 18 manufacturing industries reported employment growth in July, in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Printing & Related Support Activities; Transportation Equipment; Petroleum & Coal Products; Plastics & Rubber Products; Machinery; and Electrical Equipment, Appliances & Components.



### Supplier Deliveries

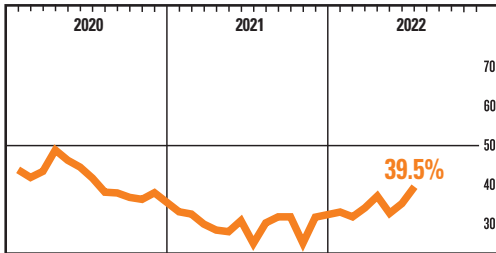
The delivery performance of suppliers to manufacturing organizations was slower in July, as the Supplier Deliveries Index registered 55.2 percent. Ten of 18 manufacturing industries reported slower supplier deliveries in July, in the following order: Textile Mills; Paper Products; Nonmetallic Mineral Products; Primary Metals; Miscellaneous Manufacturing<sup>‡</sup>; Petroleum & Coal Products; Computer & Electronic Products; Transportation Equipment; Machinery; and Chemical Products.



### Inventories

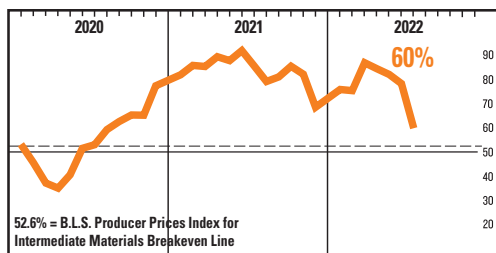
The Inventories Index registered 57.3 percent. Of 18 manufacturing industries, the 13 reporting higher inventories in July — in the following order — are: Apparel, Leather & Allied Products; Textile Mills; Computer & Electronic Products; Nonmetallic Mineral Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Wood Products; Petroleum & Coal Products; Machinery; Plastics & Rubber Products; Transportation Equipment; Fabricated Metal Products; and Chemical Products.

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



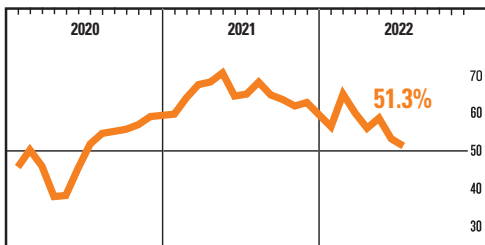
### Customers' Inventories

ISM's Customers' Inventories Index registered 39.5 percent. Three industries (Wood Products; Food, Beverage & Tobacco Products; and Chemical Products) reported customers' inventories as too high in July. The 12 industries reporting customers' inventories as too low during July — listed in order — are: Nonmetallic Mineral Products; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; Petroleum & Coal Products; Furniture & Related Products; Primary Metals; Plastics & Rubber Products; Computer & Electronic Products; Machinery; Paper Products; Fabricated Metal Products; and Electrical Equipment, Appliances & Components.



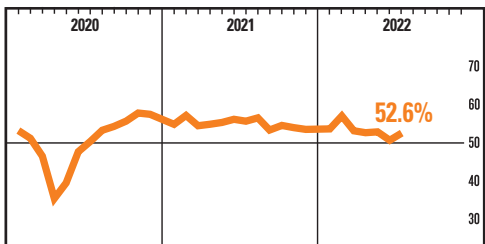
### Prices

The ISM Prices Index registered 60 percent. In July, 12 of 18 industries reported paying increased prices for raw materials, in the following order: Nonmetallic Mineral Products; Printing & Related Support Activities; Paper Products; Plastics & Rubber Products; Textile Mills; Computer & Electronic Products; Food, Beverage & Tobacco Products; Chemical Products; Miscellaneous Manufacturing<sup>‡</sup>; Machinery; Furniture & Related Products; and Transportation Equipment.



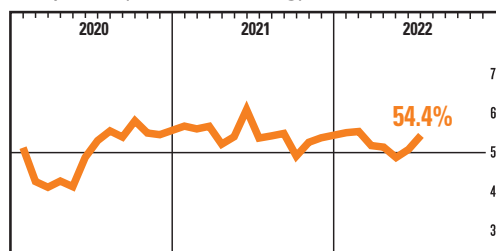
### Backlog of Orders

ISM's Backlog of Orders Index registered 51.3 percent. Five industries reported growth in order backlogs in July: Nonmetallic Mineral Products; Petroleum & Coal Products; Printing & Related Support Activities; Machinery; and Transportation Equipment.



### New Export Orders

ISM's New Export Orders Index registered 52.6 percent. The four industries reporting growth in new export orders in July are: Petroleum & Coal Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Computer & Electronic Products.



### Imports

ISM's Imports Index registered 54.4 percent. The 10 industries reporting growth in imports in July — in the following order — are: Textile Mills; Printing & Related Support Activities; Petroleum & Coal Products; Primary Metals; Electrical Equipment, Appliances & Components; Transportation Equipment; Computer & Electronic Products; Fabricated Metal Products; Plastics & Rubber Products; and Machinery.

<sup>‡</sup>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.

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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.