

Economic activity in the manufacturing sector grew in September, with the overall economy achieving a 28th consecutive month of growth, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

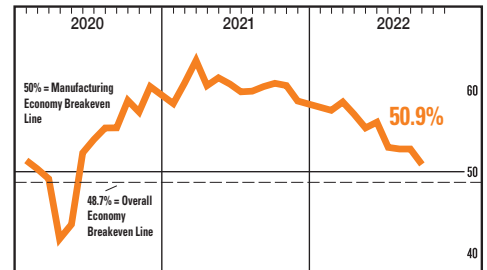
The September Manufacturing PMI® registered 50.9 percent. The New Orders Index returned to contraction territory at 47.1 percent, 4.2 percentage points lower than the 51.3 percent recorded in August. The Production Index reading of 50.6 percent is a 0.2-percentage point increase compared to August's figure of 50.4 percent. The Prices Index registered 51.7 percent, down 0.8 percentage point compared to the August figure of 52.5 percent. This is the index's lowest reading since June 2020 (51.3 percent). The Backlog of Orders Index registered 50.9 percent, 2.1 percentage points lower than the August reading of 53 percent. After a single month of expansion, the Employment Index contracted at 48.7 percent, 5.5 percentage points lower than the 54.2 percent recorded in August.

Nine manufacturing industries reported growth in September, in the following order: Nonmetallic Mineral Products; Machinery; Plastics & Rubber Products; Miscellaneous Manufacturing‡; Apparel, Leather & Allied Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; 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 50.9%

The U.S. manufacturing sector grew in September, as the Manufacturing PMI® registered 50.9 percent, 1.9 percentage points below the reading of 52.8 percent recorded in August. The Manufacturing PMI® continued to indicate sector expansion and U.S. economic growth in September. Of the five subindexes that directly factor into the Manufacturing PMI®, three (Production, Supplier Deliveries and Inventories) were in growth territory.



## Manufacturing at a Glance

INDEX	Sep Index	Aug Index	% Point Change	Direction	Rate of Change	Trend* (months)
<b>Manufacturing PMI®</b>	<b>50.9</b>	<b>52.8</b>	<b>-1.9</b>	<b>Growing</b>	<b>Slower</b>	<b>28</b>
New Orders	47.1	51.3	-4.2	Contracting	From Growing	1
Production	50.6	50.4	+0.2	Growing	Faster	28
Employment	48.7	54.2	-5.5	Contracting	From Growing	1
Supplier Deliveries	52.4	55.1	-2.7	Slowing	Slower	79
Inventories	55.5	53.1	+2.4	Growing	Faster	14
Customers' Inventories	41.6	38.9	+2.7	Too Low	Slower	72
Prices	51.7	52.5	-0.8	Increasing	Slower	28
Backlog of Orders	50.9	53.0	-2.1	Growing	Slower	27
New Export Orders	47.8	49.4	-1.6	Contracting	Faster	2
Imports	52.6	52.5	+0.1	Growing	Faster	4
<b>Overall Economy</b>				<b>Growing</b>	<b>Slower</b>	<b>28</b>
<b>Manufacturing Sector</b>				<b>Growing</b>	<b>Slower</b>	<b>28</b>

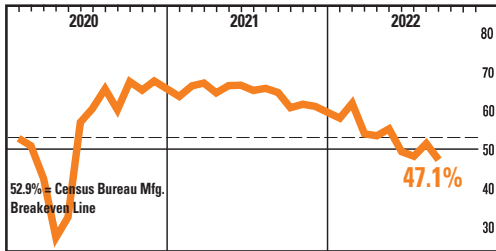
\*Number of months moving in current direction. Manufacturing ISM® *Report On Business*® data has been seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.



## Commodities Reported

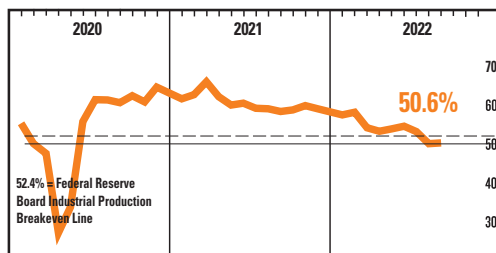
**Commodities Up in Price:** Adhesives; Copper; Diesel\*; Electrical Components (22); Electricity; Electronic Components (22); Freight\* (23); Hydraulic Components (2); Labor — Temporary; Natural Gas (15); Paint; Paper (2); Plastic Resins\* (9); Rubber Based Products (14); Semiconductors; and Steel — Stainless\*.

**Commodities Down in Price:** Aluminum (5); Diesel\*; Freight\* (2); High-Density Polyethylene (HDPE) Resin; Lumber — Hardwood; Lumber — Softwood; Methanol; Ocean Freight; Plastic Resins\* (4); Polyethylene; Polypropylene (2); Steel (5); Steel — Carbon (3); Steel — Hot Rolled (5); Steel — Stainless\* (2); and Steel Products (3).



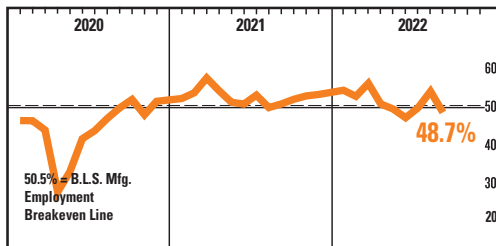
## New Orders

ISM's New Orders Index registered 47.1 percent. Of the 18 manufacturing industries, five reported growth in new orders in September: Nonmetallic Mineral Products; Transportation Equipment; Miscellaneous Manufacturing<sup>‡</sup>; Computer & Electronic Products; and Machinery.



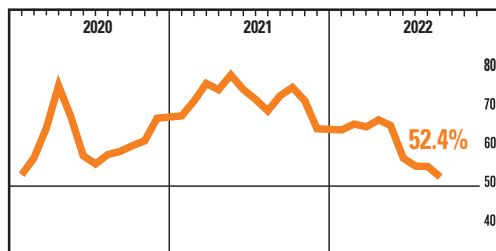
## Production

The Production Index registered 50.6 percent. The eight industries reporting growth in production during the month of September — listed in order — are: Nonmetallic Mineral Products; Primary Metals; Plastics & Rubber Products; Machinery; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing<sup>‡</sup>; Fabricated Metal Products; and Computer & Electronic Products.



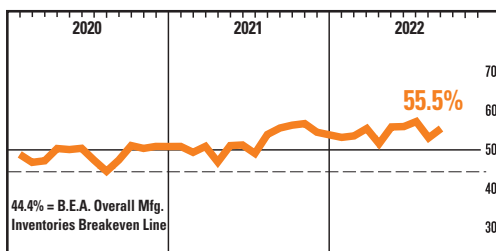
## Employment

ISM's Employment Index registered 48.7 percent. Of 18 manufacturing industries, six reported employment growth in September, in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Machinery; and Food, Beverage & Tobacco Products.



## Supplier Deliveries

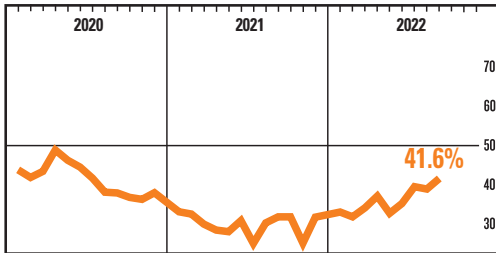
The delivery performance of suppliers to manufacturing organizations was slower in September, as the Supplier Deliveries Index registered 52.4 percent. Ten manufacturing industries reported slower supplier deliveries in September, in the following order: Apparel, Leather & Allied Products; Printing & Related Support Activities; Textile Mills; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing<sup>‡</sup>; Primary Metals; Transportation Equipment; Fabricated Metal Products; Computer & Electronic Products; and Chemical Products.



## Inventories

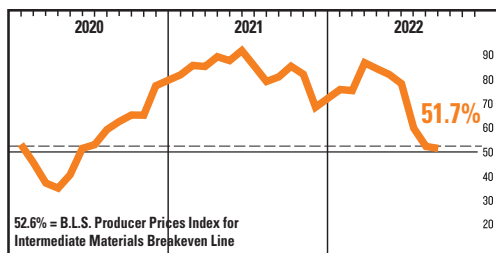
The Inventories Index registered 55.5 percent. Of 18 manufacturing industries, the 11 reporting higher inventories in September — in the following order — are: Wood Products; Miscellaneous Manufacturing<sup>‡</sup>; Nonmetallic Mineral Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Machinery; Transportation Equipment; Furniture & Related Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Plastics & Rubber Products.

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



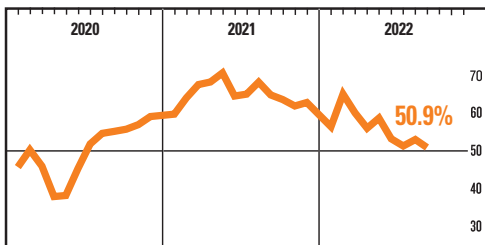
## Customers' Inventories

ISM's Customers' Inventories Index registered 41.6 percent. Three industries (Apparel, Leather & Allied Products; Wood Products; and Furniture & Related Products) reported customers' inventories as too high in September. The 11 industries reporting customers' inventories as too low — listed in order — are: Nonmetallic Mineral Products; Transportation Equipment; Fabricated Metal Products; Machinery; Miscellaneous Manufacturing<sup>‡</sup>; Primary Metals; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Plastics & Rubber Products; Chemical Products; and Food, Beverage & Tobacco Products.



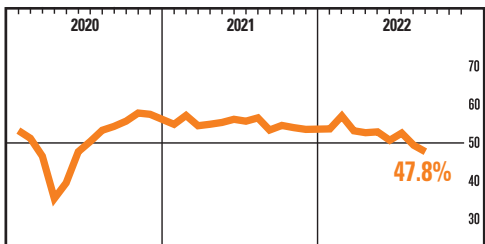
## Prices

The ISM Prices Index registered 51.7 percent. In September, 10 of 18 industries reported paying increased prices for raw materials, in the following order: Miscellaneous Manufacturing<sup>‡</sup>; Nonmetallic Mineral Products; Printing & Related Support Activities; Primary Metals; Computer & Electronic Products; Paper Products; Machinery; Transportation Equipment; Food, Beverage & Tobacco Products; and Chemical Products.



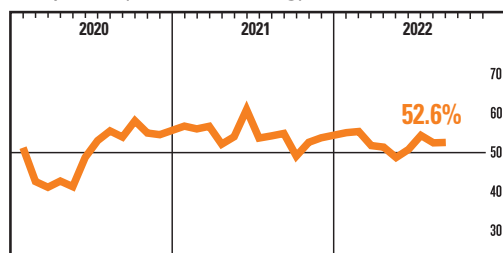
## Backlog of Orders

ISM's Backlog of Orders Index registered 50.9 percent. Eight industries reported growth in order backlogs in September, in the following order: Plastics & Rubber Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Transportation Equipment; Computer & Electronic Products; Primary Metals; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products.



## New Export Orders

ISM's New Export Orders Index registered 47.8 percent. Three industries reported growth in new export orders in September: Food, Beverage & Tobacco Products; Computer & Electronic Products; and Transportation Equipment.



## Imports

ISM's Imports Index registered 52.6 percent. The eight industries reporting growth in imports in September — in the following order — are: Textile Mills; Printing & Related Support Activities; Miscellaneous Manufacturing<sup>‡</sup>; Transportation Equipment; Machinery; Chemical Products; Plastics & Rubber Products; and Food, Beverage & Tobacco Products.

<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.

## ISM ROB Content

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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.