

Economic activity in the manufacturing sector grew in October, with the overall economy achieving a 29th consecutive month of growth, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

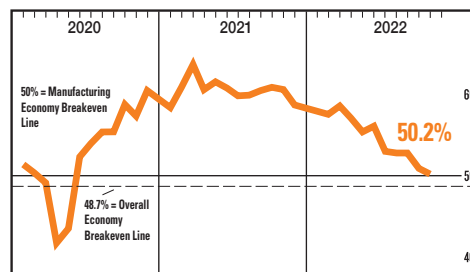
The October Manufacturing PMI® registered 50.2 percent. The New Orders Index remained in contraction territory at 49.2 percent, 2.1 percentage points higher than the 47.1 percent recorded in September. The Production Index reading of 52.3 percent is a 1.7-percentage point increase compared to September's figure of 50.6 percent. The Prices Index registered 46.6 percent, down 5.1 percentage points compared to the September figure of 51.7 percent. This is the index's lowest reading since May 2020 (40.8 percent). The Backlog of Orders Index registered 45.3 percent, 5.6 percentage points lower than the September reading of 50.9 percent.

Eight manufacturing industries reported growth in October, in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Machinery; Petroleum & Coal Products; Transportation Equipment; Miscellaneous Manufacturing†; Plastics & Rubber Products; and Electrical Equipment, Appliances & Components. Of the six biggest manufacturing industries, three — Machinery; Petroleum & Coal Products; and Transportation Equipment — registered moderate-to-strong growth in October. **ISM**

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

MANUFACTURING PMI® at 50.2%

The U.S. manufacturing sector grew in October, as the Manufacturing PMI® registered 50.2 percent, 0.7 percentage point below the reading of 50.9 percent recorded in September. The Manufacturing PMI® indicated weak sector expansion and U.S. economic growth in October. Of the five subindexes that directly factor into the Manufacturing PMI®, two (Production and Inventories) were in growth territory.



Manufacturing at a Glance

INDEX	Oct Index	Sep Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	50.2	50.9	-0.7	Growing	Slower	29
New Orders	49.2	47.1	+2.1	Contracting	Slower	2
Production	52.3	50.6	+1.7	Growing	Faster	29
Employment	50.0	48.7	+1.3	Unchanged	From Contracting	1
Supplier Deliveries	46.8	52.4	-5.6	Faster	From Slowing	1
Inventories	52.5	55.5	-3.0	Growing	Slower	15
Customers' Inventories	41.6	41.6	0.0	Too Low	Same	73
Prices	46.6	51.7	-5.1	Decreasing	From Increasing	1
Backlog of Orders	45.3	50.9	-5.6	Contracting	From Growing	1
New Export Orders	46.5	47.8	-1.3	Contracting	Faster	3
Imports	50.8	52.6	-1.8	Growing	Slower	5
Overall Economy				Growing	Slower	29
Manufacturing Sector				Growing	Slower	29

*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

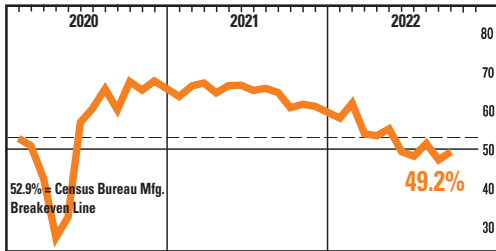
Commodities Up in Price: Caustic Soda; Corn; Diesel; Electronic Components (23); Freight (24); Gasoline; Labor — Temporary (2); Metal Based Products; and Paper (3).

Commodities Down in Price: Aluminum (6); Aluminum Products; Brass; Copper; High-Density Polyethylene (HDPE) Resin (2); Low-Density Polyethylene (LDPE) Resin; Lumber (2); Natural Gas; Ocean Freight (2); Plastic Resins (5); Polypropylene (3); Polyvinyl Chloride (PVC); Steel (6); Steel — Carbon (4); Steel — Hot Rolled (6); Steel Products (4); and Wood Pallets.

Commodities in Short Supply: Bearings; Electrical Components (25); Electrical Motors; Electronic Components (23); Hydraulic Components (6); Labor — Temporary (2); Paper Products; Plastic Resins; and Semiconductors (23).

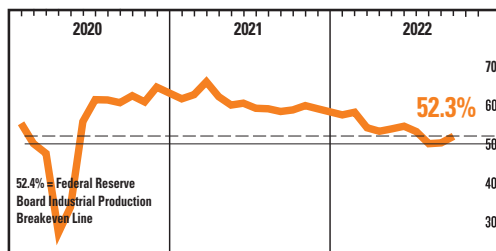
Note: To view the full report, visit the ISM® *Report On Business*® website at ismrob.org

The number of consecutive months the commodity has been listed is indicated after each item.



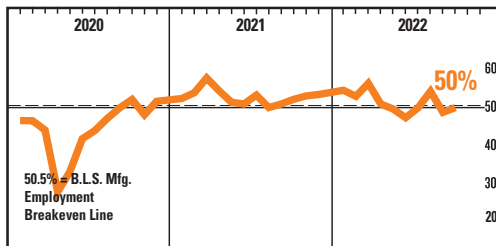
New Orders

ISM's New Orders Index registered 49.2 percent. Of the 18 manufacturing industries, three reported growth in new orders in October: Apparel, Leather & Allied Products; Petroleum & Coal Products; and Plastics & Rubber Products. Twelve industries reported a decline in new orders in October, in the following order: Wood Products; Furniture & Related Products; Printing & Related Support Activities; Paper Products; Textile Mills; Fabricated Metal Products; Primary Metals; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; and Miscellaneous Manufacturing‡.



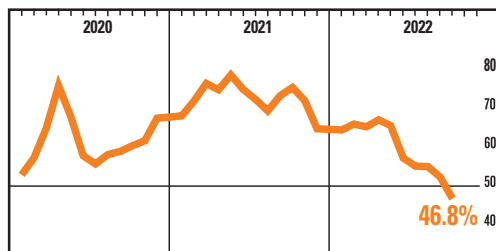
Production

The Production Index registered 52.3 percent. The six industries reporting growth in production during the month of October — listed in order — are: Plastics & Rubber Products; Computer & Electronic Products; Transportation Equipment; Primary Metals; Machinery; and Fabricated Metal Products.



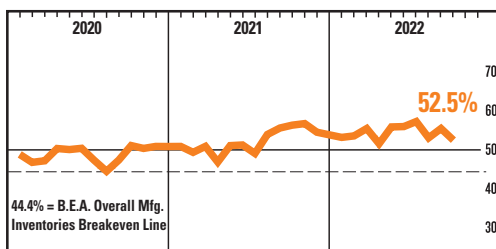
Employment

ISM's Employment Index registered 50 percent. Of 18 manufacturing industries, nine reported employment growth in October, in the following order: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Machinery; Plastics & Rubber Products; Miscellaneous Manufacturing‡; Electrical Equipment, Appliances & Components; and Chemical Products.



Supplier Deliveries

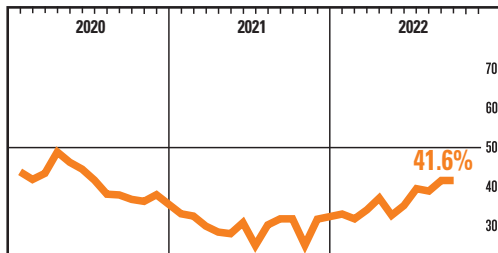
The delivery performance of suppliers to manufacturing organizations was faster in October, as the Supplier Deliveries Index registered 46.8 percent. Four of 18 manufacturing industries reported slower supplier deliveries in October: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Textile Mills; and Transportation Equipment.



Inventories

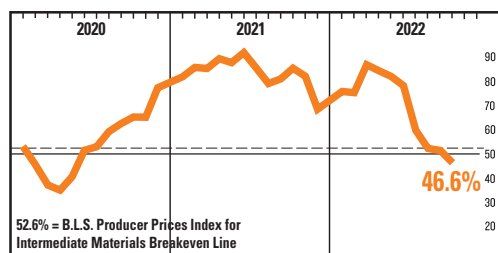
The Inventories Index registered 52.5 percent. Of 18 manufacturing industries, the nine reporting higher inventories in October — in the following order — are: Machinery; Primary Metals; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Furniture & Related Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing‡; Transportation Equipment; and Food, Beverage & Tobacco Products.

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



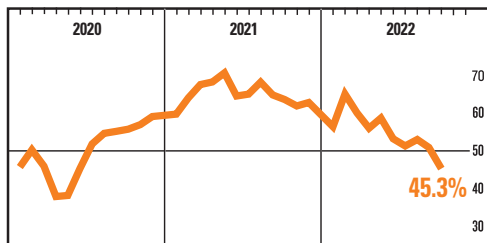
Customers' Inventories

ISM's Customers' Inventories Index registered 41.6 percent. Four industries (Paper Products; Wood Products; Electrical Equipment, Appliances & Components; and Primary Metals) reported customers' inventories as too high in October.



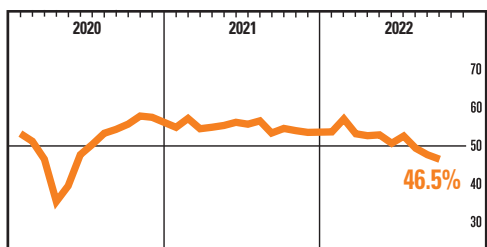
Prices

The ISM Prices Index registered 46.6 percent. In October, five of 18 industries reported paying increased prices for raw materials: Paper Products; Food, Beverage & Tobacco Products; Primary Metals; Miscellaneous Manufacturing‡; and Computer & Electronic Products.



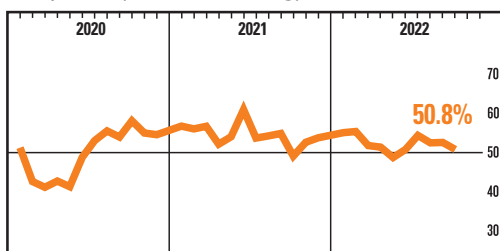
Backlog of Orders

ISM's Backlog of Orders Index registered 45.3 percent. Three industries reported growth in order backlogs in October: Apparel, Leather & Allied Products; Petroleum & Coal Products; and Food, Beverage & Tobacco Products.



New Export Orders

ISM's New Export Orders Index registered 46.5 percent. Three industries reported growth in new export orders in October: Miscellaneous Manufacturing‡; Plastics & Rubber Products; and Food, Beverage & Tobacco Products.



Imports

ISM's Imports Index registered 50.8 percent. The seven industries reporting growth in imports in October — in the following order — are: Primary Metals; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing‡; Transportation Equipment; Food, Beverage & Tobacco Products; Plastics & Rubber 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.

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