

Economic activity in the manufacturing sector contracted in August for the 10th consecutive month following a 28-month period of growth, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The August Manufacturing PMI® registered 47.6 percent. Regarding the overall economy, this figure indicates a ninth month of contraction after a 30-month period of expansion. The New Orders Index remained in contraction territory at 46.8 percent, 0.5 percentage point lower than the figure of 47.3 percent recorded in July. The Production Index reading of 50 percent is a 1.7-percentage point increase compared to July's figure of 48.3 percent. The Prices Index registered 48.4 percent, up 5.8 percentage points compared to the July figure of 42.6 percent. The Backlog of Orders Index registered 44.1 percent, 1.3 percentage points higher than the July reading of 42.8 percent. The Employment Index registered 48.5 percent, up 4.1 percentage points from July's reading of 44.4 percent.

Of the five subindexes that directly factor into the Manufacturing PMI®, none are in growth territory. Of the six biggest manufacturing industries, three (Transportation Equipment; Food, Beverage & Tobacco Products; and Petroleum & Coal Products) registered growth in August.

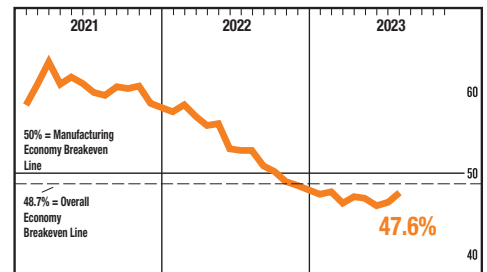
The five manufacturing industries that reported growth in August are: Printing & Related Support Activities; Transportation Equipment; Food, Beverage & Tobacco Products; Petroleum & Coal Products; and Miscellaneous Manufacturing†. **ISM**

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



MANUFACTURING PMI® at 47.6%

The U.S. manufacturing sector contracted in August, as the Manufacturing PMI® registered 47.6 percent, 1.2 percentage points higher than the reading of 46.4 percent recorded in July. This is the 10th month of contraction and continuation of a downward trend that began in June 2022. That trend is reflected in the Manufacturing PMI®'s 12-month average falling to 47.8 percent.



Manufacturing at a Glance

INDEX	Aug Index	Jul Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	47.6	46.4	+1.2	Contracting	Slower	10
New Orders	46.8	47.3	-0.5	Contracting	Faster	12
Production	50.0	48.3	+1.7	Unchanged	From Contracting	1
Employment	48.5	44.4	+4.1	Contracting	Slower	3
Supplier Deliveries	48.6	46.1	+2.5	Faster	Slower	11
Inventories	44.0	46.1	-2.1	Contracting	Faster	6
Customers' Inventories	48.7	48.7	0.0	Too Low	Same	3
Prices	48.4	42.6	+5.8	Decreasing	Slower	4
Backlog of Orders	44.1	42.8	+1.3	Contracting	Slower	11
New Export Orders	46.5	46.2	+0.3	Contracting	Slower	3
Imports	48.0	49.6	-1.6	Contracting	Faster	10
Overall Economy				Contracting	Slower	9
Manufacturing Sector				Contracting	Slower	10

*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: Bearings; Crude Oil; Diesel Fuel; Electrical Components (10); Natural Gas* (2); Steel* (2); and Steel Products* (2).

Commodities Down in Price: Aluminum (3); Aluminum Products; Caustic Soda (2); Corrugate Boxes; Natural Gas (2)*; Paper (4); Plastic Resins (15); Polypropylene (4); Steel* (5); Steel — Hot Rolled (4); Steel — Scrap; Steel — Stainless (2); Steel Plates; and Steel Products* (3).

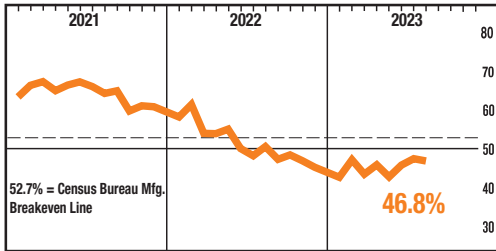
Commodities in Short Supply: Automation Equipment; Electrical Components (35); Electrical Transmission Products; Electronic Components (33); Hydraulic Components (3); Rolling Stock; Semiconductors (33); and Valves.

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. *Indicates both up and down in price.

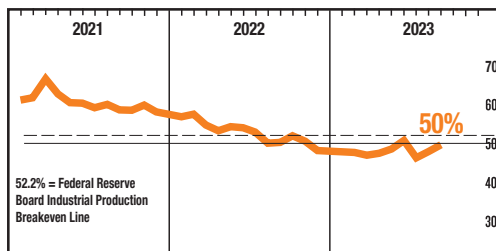
Manufacturing PMI[®]

Analysis by **Timothy R. Fiore, CPSM, C.P.M.**, Chair of the Institute for Supply Management[®] Manufacturing Business Survey Committee



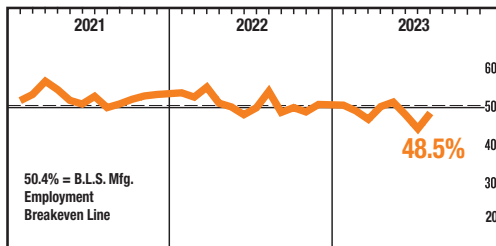
New Orders

ISM's New Orders Index registered 46.8 percent. The four manufacturing industries that reported growth in new orders in August are: Nonmetallic Mineral Products; Textile Mills; Paper Products; and Transportation Equipment.



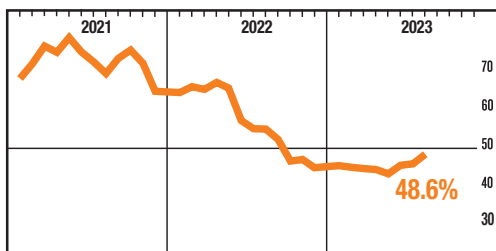
Production

The Production Index registered 50 percent ("unchanged") in August. The five industries reporting growth in production during the month of August are: Printing & Related Support Activities; Transportation Equipment; Machinery; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing[‡].



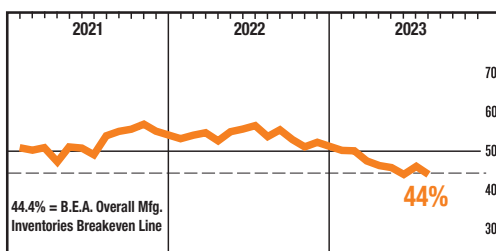
Employment

ISM's Employment Index registered 48.5 percent. Of 18 manufacturing industries, two reported employment growth in August: Machinery; and Transportation Equipment.



Supplier Deliveries

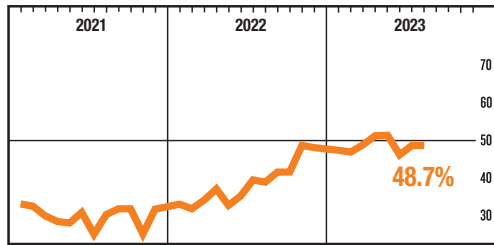
The Supplier Deliveries Index registered 48.6 percent. The seven manufacturing industries reporting slower supplier deliveries in August — in the following order — are: Textile Mills; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing[‡]; Primary Metals; Transportation Equipment; and Paper Products.



Inventories

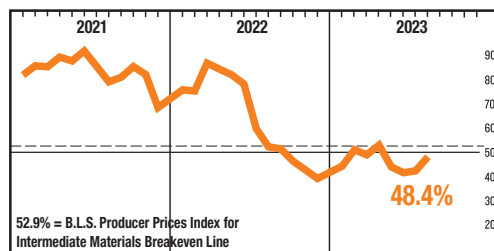
The Inventories Index registered 44 percent. Of 18 manufacturing industries, the three reporting higher inventories in August are: Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing[‡].

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



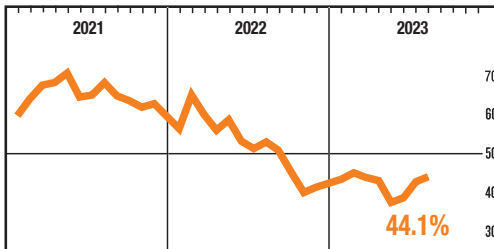
Customers' Inventories

ISM's Customers' Inventories Index registered 48.7 percent. The seven industries reporting customers' inventories as too high in August are, in order: Plastics & Rubber Products; Furniture & Related Products; Paper Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Fabricated Metal Products; and Primary Metals.



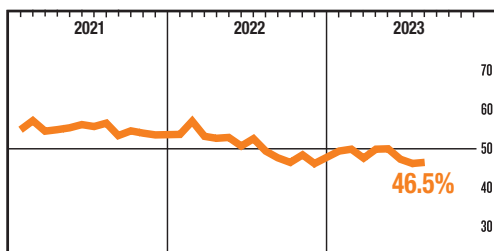
Prices

The ISM Prices Index registered 48.4 percent. In August, the five industries that reported paying increased prices for raw materials: Nonmetallic Mineral Products; Petroleum & Coal Products; Plastics & Rubber Products; Computer & Electronic Products; and Miscellaneous Manufacturing[‡].



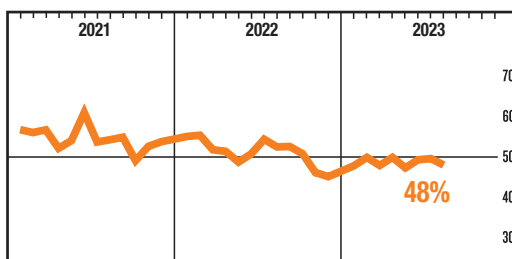
Backlog of Orders

ISM's Backlog of Orders Index registered 44.1 percent. The four industries reporting growth in order backlogs in August are: Printing & Related Support Activities; Textile Mills; Paper Products; and Chemical Products.



New Export Orders

ISM's New Export Orders Index registered 46.5 percent. Two industries reported growth in new export orders in August: Paper Products; and Transportation Equipment.



Imports

ISM's Imports Index registered 48 percent. The three industries reporting an increase in import volumes in August are: Primary Metals; Transportation Equipment; 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 2021 GDP (released December 22, 2022), the six largest manufacturing subsectors are: Computer & Electronic Products; Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Machinery; and Petroleum & Coal Products.

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 2021 GDP (released December 22, 2022), the six largest services sectors are: Real Estate, Rental & Leasing; Government; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance.

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 49.9 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 49.9 percent, it is generally declining. The distance from 50 percent or 49.9 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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