Economic activity in the manufacturing sector contracted in November for the 13th consecutive month following a 28-month period of growth, say the nation’s supply executives in the latest Manufacturing ISM® Report On Business®.

The Manufacturing PMI® registered 46.7 percent, unchanged from last month’s reading. The New Orders Index remained in contraction territory at 48.3 percent, 2.8 percentage points higher than the figure of 45.5 percent recorded in October. The Production Index reading of 48.5 percent is a 1.9-percentage point decrease compared to October’s figure of 50.4 percent. The Prices Index registered 49.9 percent, up 4.8 percentage points compared to the reading of 45.1 percent in October. The Backlog of Orders Index registered 39.3 percent, 2.9 percentage points lower than the October reading of 42.2 percent. The Employment Index registered 45.8 percent, down 1 percentage point from the 46.8 percent reported in October. The Inventories Index increased by 1.5 percentage points to 44.8 percent; the October reading was 43.3 percent.

The New Export Orders Index reading of 46 percent is 3.4 percentage points lower than October’s figure of 49.4 percent and the Imports Index remained in contraction territory, registering 46.2 percent.

The three manufacturing industries that reported growth in November are: Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; and Transportation Equipment.

The U.S. manufacturing sector contracted in November, as the Manufacturing PMI® registered 46.7 percent, the same figure recorded in October. This is the 13th month of contraction. All of the five subindexes that directly factor into the Manufacturing PMI® are in contraction territory, up from four in October. Of the six biggest manufacturing industries, two — Food, Beverage & Tobacco Products; and Transportation Equipment — registered growth in November. A reading above 50 percent indicates that the manufacturing sector is generally expanding; below 50 percent indicates that it is generally contracting.

### Manufacturing at a Glance

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<th>Oct Index</th>
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<td>46.7</td>
<td>0.0</td>
<td>Contracting</td>
<td>Same</td>
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<td>New Orders</td>
<td>48.3</td>
<td>45.5</td>
<td>+2.8</td>
<td>Contracting</td>
<td>Slower</td>
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<tr>
<td>Production</td>
<td>48.5</td>
<td>50.4</td>
<td>-1.9</td>
<td>Contracting</td>
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<tr>
<td>Employment</td>
<td>45.8</td>
<td>46.8</td>
<td>-1.0</td>
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<td>Inventories</td>
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<td>Contracting</td>
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<tr>
<td>Customers’ Inventories</td>
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<tr>
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<td>49.4</td>
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<td>Contracting</td>
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<tr>
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<td>47.9</td>
<td>-1.7</td>
<td>Contracting</td>
<td>Faster</td>
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<tr>
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<td>Contracting</td>
<td>Same</td>
<td>13</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:** Cocoa; Electrical Components; Electronic Components (3); Labor — Temporary (3); Natural Gas (5); Polyethylene; Polypropylene (2); Steel (5); Steel — Carbon; Steel — Cold Rolled; and Steel — Hot Rolled.

**Commodities Down in Price:** Aluminum (6); Corrugated Boxes (4); Crude Oil; Diesel; Nickel; and Steel Products (6).

**Commodities in Short Supply:** Electrical Components (38); Electrical Equipment (2); Electronic Components (36); and Semiconductors.

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 48.3 percent. The two manufacturing industries that reported growth in new orders in November are: Food, Beverage & Tobacco Products; and Plastics & Rubber Products.

Production
The Production Index dropped into contraction territory in November, registering 48.5 percent. The five industries reporting growth in production during the month of November are: Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Transportation Equipment; Plastics & Rubber Products; and Electrical Equipment, Appliances & Components.

Employment
ISM’s Employment Index registered 45.8 percent. Of 18 manufacturing industries, three reported employment growth in November: Food, Beverage & Tobacco Products; Transportation Equipment; and Chemical Products.

Supplier Deliveries
Delivery performance of suppliers to manufacturing organizations was faster for the 14th straight month in November, as the Supplier Deliveries Index registered 46.2 percent. The three manufacturing industries reporting slower supplier deliveries in November are: Wood Products; Miscellaneous Manufacturing; and Food, Beverage & Tobacco Products.

Inventories
The Inventories Index registered 44.8 percent. Of 18 manufacturing industries, three reported higher inventories in November: Nonmetallic Mineral Products; Primary Metals; 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 50.8 percent. The eight industries reporting customers’ inventories as too high in November — in the following order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Furniture & Related Products; Fabricated Metal Products; Transportation Equipment; Chemical Products; Electrical Equipment, Appliances & Components; and Primary Metals.

Prices
The ISM Prices Index registered 49.9 percent. In November, the seven industries that reported paying increased prices for raw materials — in the following order — are: Plastics & Rubber Products; Fabricated Metal Products; Primary Metals; Machinery; Miscellaneous Manufacturing†; Food, Beverage & Tobacco Products; and Nonmetallic Mineral Products.

Backlog of Orders
ISM’s Backlog of Orders Index registered 39.3 percent. No industries reported growth in order backlogs in November. The 15 industries reporting lower backlogs in November — in the following order — are: Printing & Related Support Activities; Wood Products; Textile Mills; Primary Metals; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Furniture & Related Products; Machinery; Fabricated Metal Products; Miscellaneous Manufacturing†; Food, Beverage & Tobacco Products; Chemical Products; and Transportation Equipment.

New Export Orders
ISM’s New Export Orders Index registered 46 percent. The six industries reporting growth in new export orders in November — in the following order — are: Nonmetallic Mineral Products; Paper Products; Primary Metals; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing†; and Chemical Products.

Imports
ISM’s Imports Index registered 46.2 percent. The three industries reporting an increase in import volumes in November are: Food, Beverage & Tobacco Products; Fabricated Metal Products; and Transportation Equipment.

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