

Economic activity in the manufacturing sector contracted in January for the 15th consecutive month following one month of “unchanged” status (a PMI® reading of 50 percent) and 28 months of growth prior to that, say the nation’s supply executives in the latest Manufacturing ISM® *Report On Business*®.

The Manufacturing PMI® registered 49.1 percent in January. The overall economy continued in expansion for the 45th month after one month of contraction in April 2020. (A Manufacturing PMI® above 42.5 percent, over a period of time, generally indicates an expansion of the overall economy.) The New Orders Index moved into expansion territory at 52.5 percent, 5.5 percentage points higher than the seasonally adjusted figure of 47 percent recorded in December. The January reading of the Production Index (50.4 percent) is 0.5 percentage point higher than December’s seasonally adjusted figure of 49.9 percent. The Prices Index registered 52.9 percent, up 7.7 percentage points compared to the reading of 45.2 percent in December. The Backlog of Orders Index registered 44.7 percent, 0.6 percentage point lower than the 45.3 percent recorded in December. The Employment Index registered 47.1 percent, down 0.4 percentage point from December’s seasonally adjusted figure of 47.5 percent.

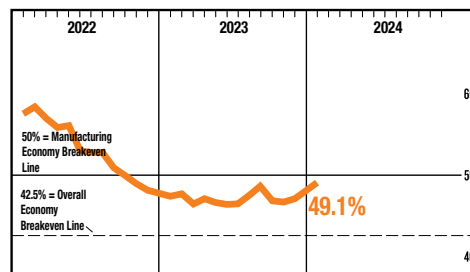
The four manufacturing industries reporting growth in January are: Apparel, Leather & Allied Products; Textile Mills; Transportation Equipment; and Chemical Products. **ISM**

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



# MANUFACTURING PMI® at 49.1%

The U.S. manufacturing sector contracted in January, as the Manufacturing PMI® registered 49.1 percent, up 2 percentage points compared to December’s seasonally adjusted reading of 47.1 percent. This is the highest reading since October 2022, when the PMI® registered a seasonally adjusted 50 percent. This is the 15th month of contraction. Three out of five subindexes that directly factor into the Manufacturing PMI® are in contraction territory, down from four in December. The New Orders Index broke its 16-month streak in contraction territory by indicating expansion in January.



## Manufacturing at a Glance

INDEX	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
<b>Manufacturing PMI®</b>	49.1	47.1	+2.0	Contracting	Slower	15
New Orders	52.5	47.0	+5.5	Growing	From Contracting	1
Production	50.4	49.9	+0.5	Growing	From Contracting	1
Employment	47.1	47.5	-0.4	Contracting	Faster	4
Supplier Deliveries	49.1	47.0	+2.1	Faster	Slower	16
Inventories	46.2	43.9	+2.3	Contracting	Slower	12
Customers' Inventories	43.7	48.1	-4.4	Too Low	Faster	2
Prices	52.9	45.2	+7.7	Increasing	From Decreasing	1
Backlog of Orders	44.7	45.3	-0.6	Contracting	Faster	16
New Export Orders	45.2	49.9	-4.7	Contracting	Faster	8
Imports	50.1	46.4	+3.7	Growing	From Contracting	1
<b>Overall Economy</b>				<b>Growing</b>	<b>Faster</b>	<b>45</b>
<b>Manufacturing Sector</b>				<b>Contracting</b>	<b>Slower</b>	<b>15</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.

This report reflects the recently completed annual adjustments to the seasonal factors used to calculate the indexes.



## Commodities Reported

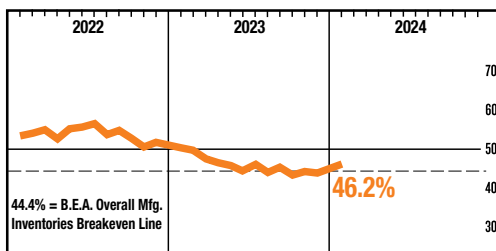
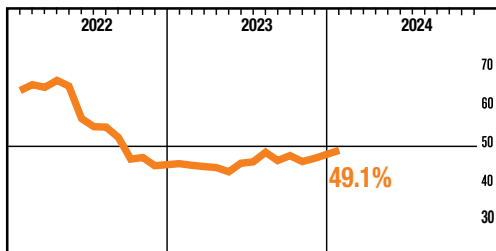
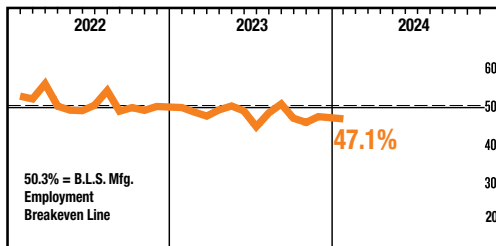
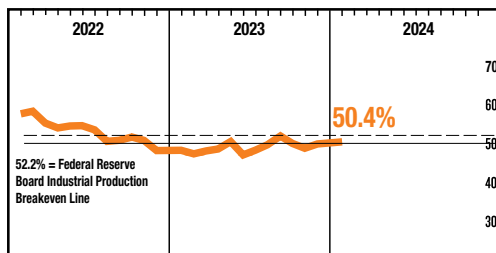
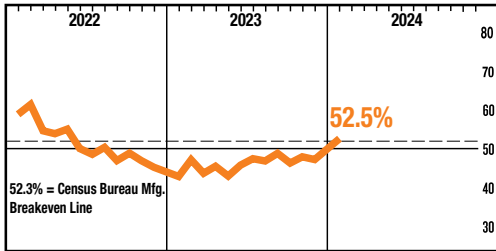
**Commodities Up in Price:** Aluminum\* (2); Labor — Temporary (5); Ocean Freight; Plastic Resins; Polypropylene (4); Steel (7); Steel — Carbon; Steel — Hot Rolled (3); Steel Products (2); and Steel Wire.

**Commodities Down in Price:** Aluminum\* (8); Corrugated Boxes (6); Diesel (3); Natural Gas (2); Packaging Materials (2); and Steel — Stainless.

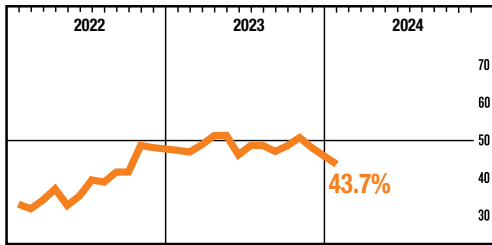
**Commodities in Short Supply:** Electrical Components (40); Electronic Components (38); and Steel — Alloy.

Note: To view the full report, visit the ISM® *Report On Business*® website at [ismrob.org](http://ismrob.org)

The number of consecutive months the commodity has been listed is indicated after each item. \*Reported as both up and down in price.

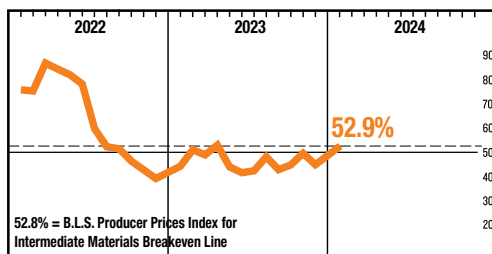


<sup>‡</sup>Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



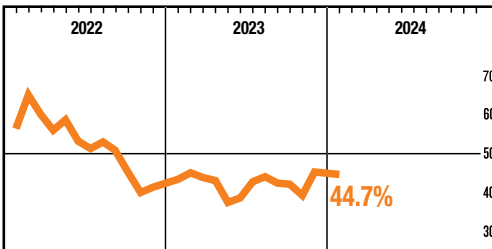
## Customers' Inventories

ISM's Customers' Inventories Index registered 43.7 percent. The two industries reporting customers' inventories as too high in January are: Fabricated Metal Products; and Plastics & Rubber Products.



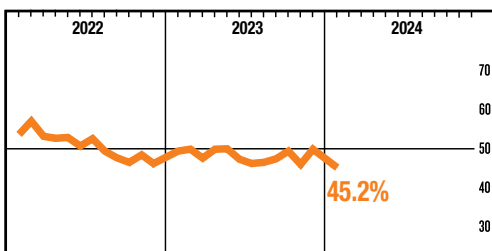
## Prices

The ISM Prices Index registered 52.9 percent. In January, the 10 industries that reported paying increased prices for raw materials, in order, are: Printing & Related Support Activities; Textile Mills; Fabricated Metal Products; Furniture & Related Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing<sup>‡</sup>; Transportation Equipment; Plastics & Rubber Products; and Machinery.



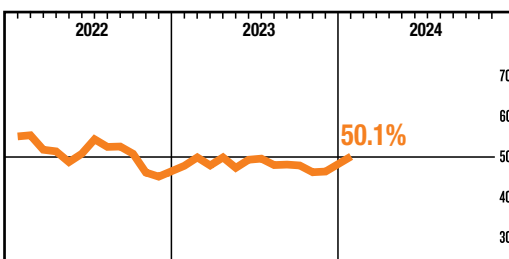
## Backlog of Orders

ISM's Backlog of Orders Index registered 44.7 percent. Of 18 manufacturing industries, the two that are reporting growth in order backlogs in January are: Primary Metals; and Transportation Equipment.



## New Export Orders

ISM's New Export Orders Index registered 45.2 percent in January. The three industries reporting growth in new export orders in January are: Nonmetallic Mineral Products; Miscellaneous Manufacturing<sup>‡</sup>; and Transportation Equipment.



## Imports

ISM's Imports Index registered 50.1 percent. The six industries reporting an increase in import volumes in January — listed in the following order — are: Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Miscellaneous Manufacturing<sup>‡</sup>; and Transportation Equipment.

<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 industries' 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 BEA estimates (the average of the fourth quarter 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; and Fabricated Metal 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 industries' 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 BEA estimates (the average of the fourth quarter 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), the six largest services sectors are: Real Estate, Rental & Leasing; Public Administration; 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 42.5 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.5 percent, it is generally declining.

The distance from 50 percent or 42.5 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 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 49 percent, it is generally declining. The distance from 50 percent or 49 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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