

Economic activity in the manufacturing sector contracted in February for the 16th 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 47.8 percent in February. The New Orders Index moved back into contraction territory at 49.2 percent, 3.3 percentage points lower than the 52.5 percent recorded in January. The February reading of the Production Index (48.4 percent) is 2 percentage points lower than January’s figure of 50.4 percent. The Prices Index registered 52.5 percent, down 0.4 percentage point compared to the reading of 52.9 percent in January. The Backlog of Orders Index registered 46.3 percent, 1.6 percentage points higher than the 44.7 percent recorded in January. The Employment Index registered 45.9 percent, down 1.2 percentage points from January’s figure of 47.1 percent. The eight manufacturing industries reporting growth in February — in order — are: Apparel, Leather & Allied Products; Nonmetallic Mineral Products; Primary Metals; Plastics & Rubber Products; Fabricated Metal Products; Chemical Products; Miscellaneous Manufacturing; and Transportation Equipment.

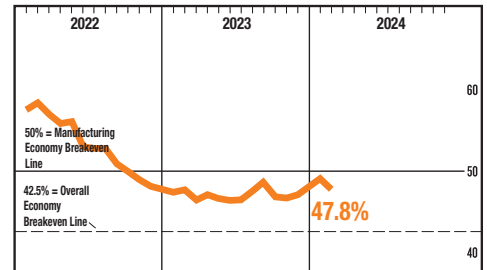
Of the six biggest manufacturing industries, three (Fabricated Metal Products; Chemical Products; and Transportation Equipment) registered growth in February. **ISM**

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



MANUFACTURING PMI® at 47.8%

The U.S. manufacturing sector contracted in February, as the Manufacturing PMI® registered 47.8 percent, down 1.3 percentage points compared to January’s reading of 49.1 percent. This is the 16th consecutive month of contraction. Four out of five subindexes that directly factor into the Manufacturing PMI® are in contraction territory, up from three in January. The New Orders Index dropped back into contraction territory after one month in expansion.



Manufacturing at a Glance

INDEX	Feb Index	Jan Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	47.8	49.1	-1.3	Contracting	Faster	16
New Orders	49.2	52.5	-3.3	Contracting	From Growing	1
Production	48.4	50.4	-2.0	Contracting	From Growing	1
Employment	45.9	47.1	-1.2	Contracting	Faster	5
Supplier Deliveries	50.1	49.1	+1.0	Slowing	From Faster	1
Inventories	45.3	46.2	-0.9	Contracting	Faster	13
Customers' Inventories	45.8	43.7	+2.1	Too Low	Slower	3
Prices	52.5	52.9	-0.4	Increasing	Slower	2
Backlog of Orders	46.3	44.7	+1.6	Contracting	Slower	17
New Export Orders	51.6	45.2	+6.4	Growing	From Contracting	1
Imports	53.0	50.1	+2.9	Growing	Faster	2
Overall Economy				Growing	Slower	46
Manufacturing Sector				Contracting	Faster	16

*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

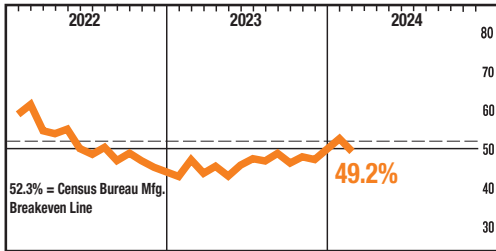
Commodities Up in Price: Aluminum* (3); Electrical Components; Maintenance, Repair, and Operations (MRO) Supplies; Ocean Freight (2); Plastic Resins (2); Polyethylene; Polypropylene (5); Steel (8); Steel — Carbon (2); Steel — Hot Rolled (4); and Steel Products (3).

Commodities Down in Price: Aluminum* (9); Corrugated Boxes (7); Natural Gas (3); Packaging Materials (3); Pallets; Steel; and Steel Products.

Commodities in Short Supply: Coatings and Adhesives; Electrical Equipment; Electrical Components (41); Electronic Assemblies; and Electronic Components (39).

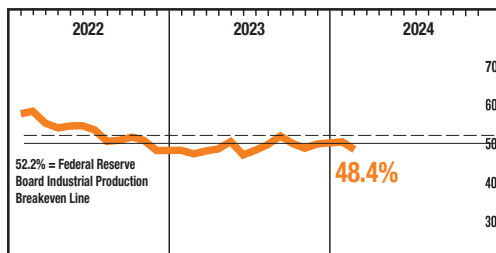
Note: To view the full report, visit the ISM® *Report On Business*® website at ismrob.org

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



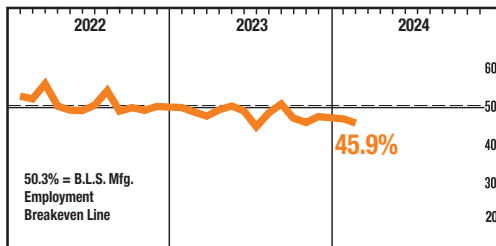
New Orders

ISM's New Orders Index registered 49.2 percent. The 11 manufacturing industries that reported growth in new orders in February — in the following order — are: Apparel, Leather & Allied Products; Paper Products; Plastics & Rubber Products; Wood Products; Fabricated Metal Products; Chemical Products; Primary Metals; Transportation Equipment; Electrical Equipment, Appliances & Components; Miscellaneous Manufacturing[‡]; and Computer & Electronic Products.



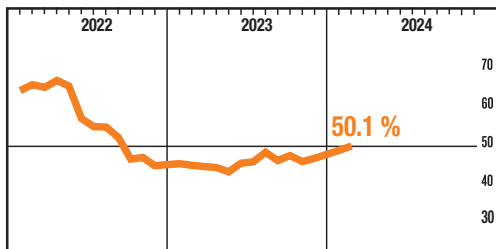
Production

The Production Index moved back into contraction territory in February, registering 48.4 percent. The seven industries reporting growth in production during the month of February, in order, are: Paper Products; Nonmetallic Mineral Products; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; Primary Metals; Fabricated Metal Products; and Chemical Products.



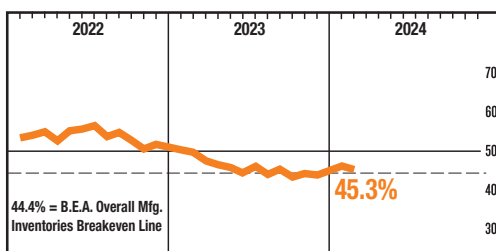
Employment

ISM's Employment Index registered 45.9 percent. Of 18 manufacturing industries, four reported employment growth in February: Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Primary Metals; and Transportation Equipment.



Supplier Deliveries

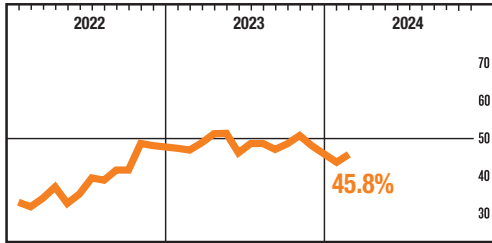
The Supplier Deliveries Index registered 50.1 percent. The four manufacturing industries reporting slower supplier deliveries in February are: Plastics & Rubber Products; Chemical Products; Electrical Equipment, Appliances & Components; and Transportation Equipment.



Inventories

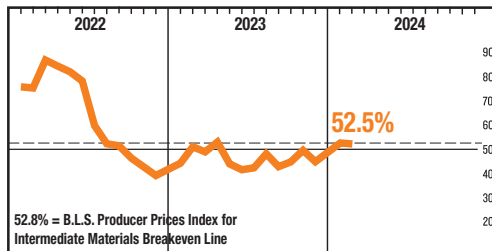
The Inventories Index registered 45.3 percent. Of 18 manufacturing industries, six reported higher inventories in February, in the following order: Textile Mills; Nonmetallic Mineral Products; Miscellaneous Manufacturing[‡]; Primary Metals; Food, Beverage & Tobacco Products; and Fabricated Metal Products.

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



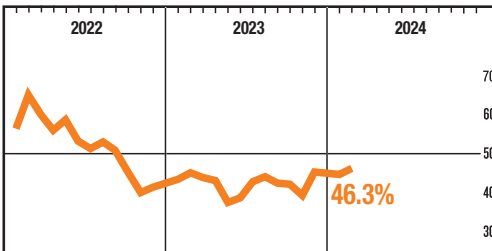
Customers' Inventories

ISM's Customers' Inventories Index registered 45.8 percent. The three industries reporting customers' inventories as too high in February are: Computer & Electronic Products; Food, Beverage & Tobacco Products; and Plastics & Rubber Products.



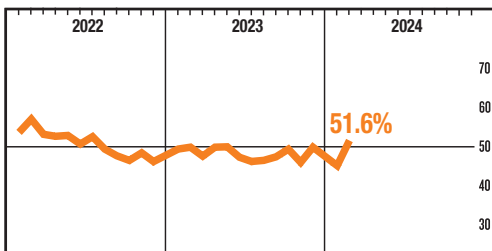
Prices

The ISM Prices Index registered 52.5 percent. In February, the 11 industries that reported paying increased prices for raw materials, in order, are: Textile Mills; Printing & Related Support Activities; Plastics & Rubber Products; Miscellaneous Manufacturing[‡]; Furniture & Related Products; Paper Products; Nonmetallic Mineral Products; Transportation Equipment; Chemical Products; Computer & Electronic Products; and Electrical Equipment, Appliances & Components.



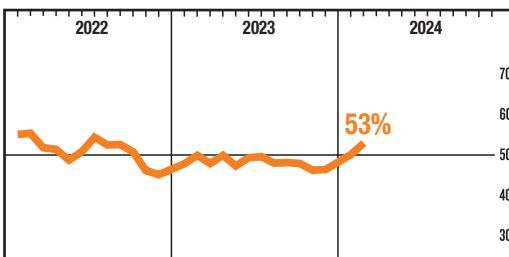
Backlog of Orders

ISM's Backlog of Orders Index registered 46.3 percent. Of 18 manufacturing industries, the five that are reporting growth in order backlogs in February are: Plastics & Rubber Products; Paper Products; Primary Metals; Electrical Equipment, Appliances & Components; and Fabricated Metal Products.



New Export Orders

ISM's New Export Orders Index registered 51.6 percent. The six industries reporting growth in new export orders in February — in the following order — are: Wood Products; Nonmetallic Mineral Products; Fabricated Metal Products; Transportation Equipment; Food, Beverage & Tobacco Products; and Machinery.



Imports

ISM's Imports Index registered 53 percent. The nine industries reporting an increase in import volumes in February — listed in the following order — are: Wood Products; Printing & Related Support Activities; Transportation Equipment; Chemical Products; Fabricated Metal Products; Miscellaneous Manufacturing[‡]; Machinery; Computer & Electronic Products; and Food, Beverage & Tobacco Products.

[‡]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.

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