

Economic activity in the manufacturing sector expanded in January for the first time in 12 months, preceded by 26 straight months of contraction, say the nation's supply executives in the latest ISM® *Manufacturing PMI® Report*. The Manufacturing PMI® registered 52.6 percent in January.

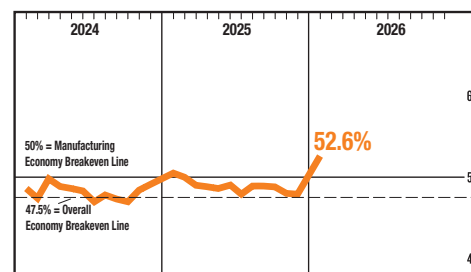
The overall economy continued in expansion for the 15th month. (A Manufacturing PMI® above 47.5 percent, over a period of time, generally indicates an expansion of the overall economy.) The New Orders Index expanded for the first time since August, with a reading of 57.1 percent, up 9.7 percentage points over December's seasonally adjusted figure of 47.4 percent and its highest since February 2022 (59.7 percent). The January reading of the Production Index (55.9 percent) is 5.2 percentage points higher than December's seasonally adjusted figure of 50.7 percent and the highest since it reached 58.1 percent in February 2022. The Prices Index remained in expansion (or 'increasing' territory), registering 59 percent, 0.5 percentage point higher than December's reading of 58.5 percent. The Backlog of Orders Index registered 51.6 percent, up 5.8 percentage points compared to the 45.8 percent recorded in December and the highest reading since August 2022 (53 percent).

The nine manufacturing industries reporting growth in January — listed in order — are: Printing & Related Support Activities; Apparel, Leather & Allied Products; Fabricated Metal Products; Primary Metals; Transportation Equipment; Machinery; Chemical Products; Food, Beverage & Tobacco Products; and Computer & Electronic Products. **ISM**

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

MANUFACTURING PMI® at 52.6%

The U.S. manufacturing sector expanded in January for the first time in 12 months, registering 52.6 percent, a 4.7-percentage point increase compared to the seasonally adjusted reading of 47.9 percent in December. Of the five subindexes that directly factor into the Manufacturing PMI®, three (New Orders, Production, and Supplier Deliveries) are in expansion territory, one more than in December. The Employment and Inventories indexes stayed in contraction, though both improved compared to December.



Manufacturing at a Glance

INDEX	Jan Index	Dec Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	52.6	47.9	+4.7	Growing	From Contracting	1
New Orders	57.1	47.4	+9.7	Growing	From Contracting	1
Production	55.9	50.7	+5.2	Growing	Faster	3
Employment	48.1	44.8	+3.3	Contracting	Slower	28
Supplier Deliveries	54.4	50.8	+3.6	Slowing	Faster	2
Inventories	47.6	45.7	+1.9	Contracting	Slower	9
Customers' Inventories	38.7	43.3	-4.6	Too Low	Faster	16
Prices	59.0	58.5	+0.5	Increasing	Faster	16
Backlog of Orders	51.6	45.8	+5.8	Growing	From Contracting	1
New Export Orders	50.2	46.8	+3.4	Growing	From Contracting	1
Imports	50.0	44.6	+5.4	Unchanged	From Contracting	1
Overall Economy				Growing	Faster	15
Manufacturing Sector				Growing	From Contracting	1

*Number of months moving in current direction. ISM® *Manufacturing PMI® Report* data have 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

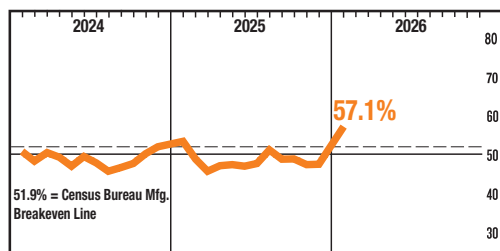
Commodities Up in Price: Aluminum (26); Brass (2); Copper (7); Copper Based Products (2); Critical Minerals (3); Electronic Components; Freight; Labor; Memory (2); Precious Metals; Steel (3); Steel — Cold Rolled; Steel — Hot Rolled; Steel Products* (2); Wire Products; and Zinc.

Commodities Down in Price: Cooking Oils; Fuel (2); Gasoline (3); Plastic Resins; and Steel Products*.

Commodities in Short Supply: Electrical Components (7); Electronic Components (11); Labor (5); Memory; Rare Earth Components (3); and Steel Products.

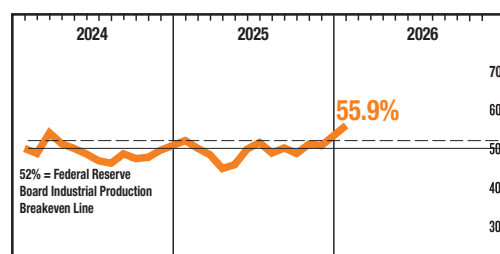
Manufacturing PMI®

Analysis by **Susan Spence, MBA**, Chair of the Institute for Supply Management® Manufacturing Business Survey Committee



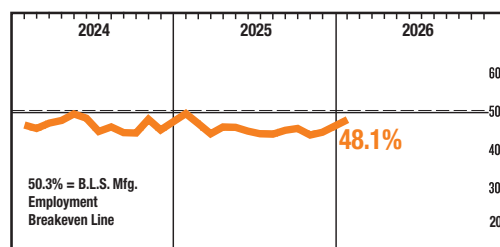
New Orders

ISM's New Orders Index expanded in January with a reading of 57.1 percent. The eight manufacturing industries that reported growth in new orders in January, in order, are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Primary Metals; Machinery; Transportation Equipment; Chemical Products; Fabricated Metal Products; and Food, Beverage & Tobacco Products.



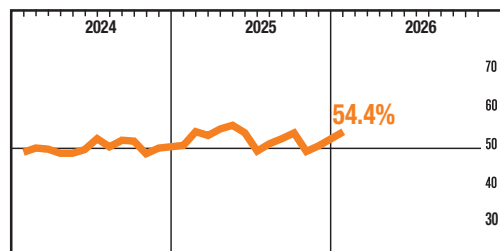
Production

The Production Index registered 55.9 percent. The 11 industries reporting growth in production during the month of January — listed in order — are: Apparel, Leather & Allied Products; Printing & Related Support Activities; Fabricated Metal Products; Paper Products; Machinery; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; Plastics & Rubber Products; Primary Metals; and Miscellaneous Manufacturing‡.



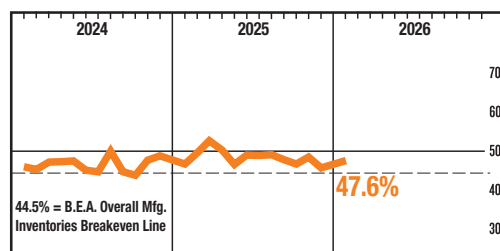
Employment

ISM's Employment Index registered 48.1 percent. Of the 18 manufacturing industries, five reported employment growth in January: Fabricated Metal Products; Transportation Equipment; Computer & Electronic Products; Miscellaneous Manufacturing‡; and Nonmetallic Mineral Products.



Supplier Deliveries

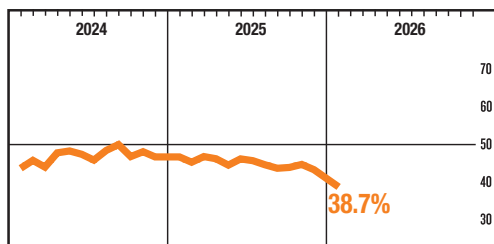
The Supplier Deliveries Index registered 54.4 percent. The nine manufacturing industries reporting slower supplier deliveries in January, in order, are: Paper Products; Textile Mills; Computer & Electronic Products; Primary Metals; Food, Beverage & Tobacco Products; Transportation Equipment; Fabricated Metal Products; Machinery; and Chemical Products.



Inventories

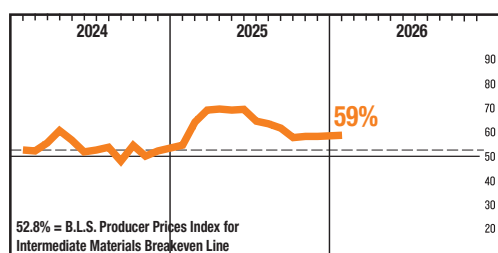
The Inventories Index registered 47.6 percent in January. Of 18 manufacturing industries, the four reporting higher inventories in January are: Wood Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing‡.

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



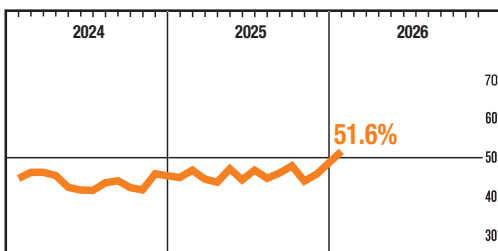
Customers' Inventories

ISM's Customers' Inventories Index registered 38.7 percent. Two industries reported customers' inventories as too high in January: Plastics & Rubber Products; and Electrical Equipment, Appliances & Components.



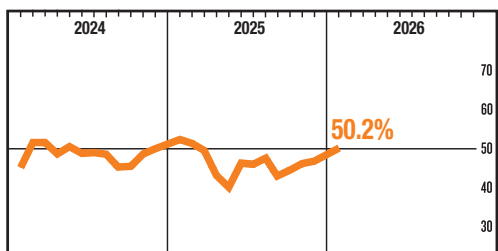
Prices

The ISM Prices Index registered 59 percent in January. The 11 industries that reported paying increased prices for raw materials, in order, are: Primary Metals; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing‡; Machinery; Computer & Electronic Products; Textile Mills; Wood Products; Transportation Equipment; and Chemical Products.



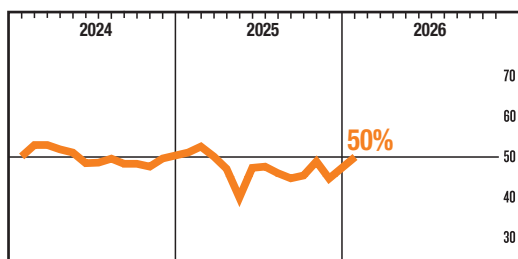
Backlog of Orders

ISM's Backlog of Orders Index registered 51.6 percent. The five industries reporting higher backlogs in January are: Food, Beverage & Tobacco Products; Fabricated Metal Products; Primary Metals; Machinery; and Electrical Equipment, Appliances & Components.



New Export Orders

ISM's New Export Orders Index expanded in January, registering 50.2 percent. Of the 18 manufacturing industries, the four that reported growth in new export orders in January are: Transportation Equipment; Computer & Electronic Products; Machinery; and Electrical Equipment, Appliances & Components.



Imports

ISM's Imports Index was unchanged (50 percent) in January. Seven industries reported higher imports in January, in the following order: Apparel, Leather & Allied Products; Furniture & Related Products; Primary Metals; Transportation Equipment; Plastics & Rubber Products; Miscellaneous Manufacturing‡; 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 **ISM® Manufacturing PMI® Report** is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Panel 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 U.S. Bureau of Economic Analysis (BEA) estimates (the average of the fourth quarter 2024 GDP estimate and the GDP estimates for first, second, and third quarter 2025, as released on January 22, 2026), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; and Petroleum & Coal Products.

The **ISM® Services PMI® Report** (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 Panel (formerly Non-Manufacturing Business Survey Committee) is diversified by the North American Industry Classification System (NAICS), based on each industry's contribution to gross domestic product (GDP). The Services Business Survey Panel 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 U.S. Bureau of Economic Analysis (BEA) estimates (the average of the fourth quarter 2024 GDP estimate and the GDP estimates for first, second, and third quarter 2025, as released on January 22, 2026), 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 47.5 percent, over a period of time, indicates that the overall economy, or gross

domestic product (GDP), is generally expanding; below 47.5 percent, it is generally declining. The distance from 50 percent or 47.5 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 48.1 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.1 percent, it is generally declining. The distance from 50 percent or 48.1 percent is indicative of the strength of the expansion or decline. With some of the indicators within the ISM® Manufacturing PMI® Report, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The ISM® PMI® Report surveys are sent out to Manufacturing and Services Business Survey Panel 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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