



NEWS RELEASE

FOR RELEASE: 11:00 a.m. ET; May 15, 2024
Contact: Kristina M. Cahill
Report On Business[®] Analyst
ISM[®] Research & Analytics Manager
Tempe, Arizona
+1 480.455.5910
email: kcahill@ismworld.org

ISM REPORTS ECONOMIC IMPROVEMENT TO CONTINUE THROUGH 2024

Manufacturing Expected to Expand in 2024 at a Slower Pace than Projected in December 2023
Revenue to Increase 2.1%
Capital Expenditures to Increase 1%
Capacity Utilization at 82.8%

Services is Expected to Expand in 2024 at a Slightly Slower Pace than Projected in December 2023
Revenue to Increase 2.9%
Capital Expenditures to Increase 1.4%
Capacity Utilization at 88.6%

(Tempe, AZ) — The U.S. economy will continue to softly expand for the rest of 2024, say the nation's purchasing and supply executives in the Spring 2024 *Semiannual Economic Forecast*. Expectations for the remainder of 2024 are similar to those expressed in December 2023, despite continued inflation concerns and geopolitical uncertainty.

These projections are part of the forecast issued by the Institute for Supply Management[®] (ISM[®]) Business Survey Committees. The forecast was presented today by Timothy R. Fiore, CPSM, C.P.M., Chair of the ISM Manufacturing Business Survey Committee, and Anthony S. Nieves, CPSM, C.P.M., A.P.P., CFPM, Chair of the ISM Services Business Survey Committee.

Manufacturing Summary

Revenue for 2024 is expected to increase, on average, by 2.1 percent. This is 3.5 percentage points lower than the December 2023 forecast of 5.6 percent, and 1.2 percentage points higher than the 0.9-percentage point year-over-year increase reported for 2023. Forty-four percent of respondents say that revenues for 2024 will increase, on average, 8.6 percent compared to 2023. Fourteen percent say revenues will decrease (12.3 percent, on average), and 42 percent indicate no change. With an operating rate of 82.8 percent and projected increases in capital expenditures (1 percent), prices paid for raw materials (1.9 percent) and employment (0.3 percent) by the end of 2024, the manufacturing sector continues its comeback from the turmoil that began in 2020. "With 12 manufacturing industries expecting revenue growth in 2024 and nine industries expecting employment growth in 2024, panelists forecast that recovery will continue the rest of the year, albeit somewhat softer than originally expected. Sentiment in each industry was generally consistent with performance reports in the April 2024 Manufacturing ISM[®] *Report On Business*[®], as well as the fall *Semiannual Economic Forecast* conducted in December," says Fiore.

Twelve of 18 industries report projected revenue increases for the rest of 2024, listed in order: Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; Chemical Products; Nonmetallic Mineral Products; Primary Metals; Textile Mills; Furniture & Related Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; and Paper Products.

Services Summary

Respondents expect a 2.9-percent net increase in overall revenues, which is 4 percentage points lower than the 6.9-percent increase forecast in December 2023. Thirty-six percent of respondents say that revenues for 2024 will increase, on average, 10.3 percent compared to 2023. Meanwhile, 10 percent expect their revenues to decrease (7.5 percent, on average), and 54 percent indicate no change. “The services sector will continue to grow for the rest of 2024. Services companies are currently operating at 88.6 percent of normal capacity. Supply managers indicate that prices are expected to increase 3.2 percent over the year, reflecting increasing inflation. Employment is projected to increase 0.8 percent. Thirteen industries forecast increased revenues, down from the 16 industries that predicted increases in December 2023,” says Nieves.

Thirteen of 18 industries expect revenue increases in 2024, listed in order: Retail Trade; Mining; Transportation & Warehousing; Other Services; Management of Companies & Support Services; Accommodation & Food Services; Professional, Scientific & Technical Services; Construction; Wholesale Trade; Public Administration; Utilities; Information; and Finance & Insurance.

OPERATING RATE

Manufacturing

Purchasing and supply executives report that their companies are operating, on average, at 82.8 percent of normal capacity, 0.2 percentage point lower than the figure reported in December 2023. The 10 industries reporting operating capacity levels above the average rate of 82.8 percent — listed in order — are: Paper Products; Textile Mills; Petroleum & Coal Products; Transportation Equipment; Computer & Electronic Products; Wood Products; Machinery; Primary Metals; Food, Beverage & Tobacco Products; and Fabricated Metal Products.

Services

Organizations are operating, on average, at 88.6 percent of normal capacity, according to Business Survey Committee respondents. This is 2.1 percentage points higher compared to December 2023. The eight industries operating at capacity levels above the average rate of 88.6 percent — listed in order — are: Educational Services; Other Services; Finance & Insurance; Retail Trade; Utilities; Agriculture, Forestry, Fishing & Hunting; Construction; and Public Administration.

	Operating Rate					
	Manufacturing			Services		
	May 2023	Dec 2023	May 2024	May 2023	Dec 2023	May 2024
90%+	41%	42%	40%	69%	48%	54%
50%-89%	55%	53%	57%	30%	51%	45%
Below 50%	4%	5%	3%	1%	1%	1%
Overall Average	82.0%	83.0%	82.8%	91.0%	86.5%	88.6%

PRODUCTION CAPACITY

Manufacturing

Production capacity is expected to increase 2.4 percent in 2024; in December, panelists reported an increase of 0.7 percentage point for 2023 and projected an increase of 7.8 percent this year. Thirty percent of respondents expect capacity increases of, on average, 12.6 percent; 7 percent expect decreases of, on average, 19.7 percent; and 62 percent expect no change. The 12 industries expecting production capacity increases for 2024 — listed in order — are: Nonmetallic Mineral Products; Furniture & Related Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Primary Metals; Chemical Products; Plastics & Rubber Products; Petroleum & Coal Products; Transportation Equipment; Electrical Equipment, Appliances & Components; and Paper

ISM® Semiannual Economic Forecast – Spring 2024

Products.

Manufacturing Production Capacity						
	For 2023		For 2024		For 2024	
	Reported Dec 2023	Magnitude of Change	Predicted Dec 2023	Magnitude of Change	Predicted May 2024	Magnitude of Change
Higher	35%	+9.8%	44%	+10.5%	30%	+12.6%
Same	47%	NA	52%	NA	62%	NA
Lower	18%	-17.4%	4%	-22.8%	8%	-19.7%
Net Average		+0.7%		+7.8%		+2.4%

Services

The capacity to produce products or provide services in the services sector is expected to increase 2.6 percent in 2024. This compares to an increase of 3.9 percent reported for 2023 and a December projection of a 4.1-percent increase for this year. Sixteen percent of services respondents expect their capacity for 2024 to increase, on average, 17.6 percent, and 2 percent foresee capacity decreasing, on average, 11.2 percent. Eighty-two percent expect no change in capacity. The 14 industries expecting production capacity increases for 2024 — listed in order — are: Retail Trade; Mining; Professional, Scientific & Technical Services; Construction; Transportation & Warehousing; Arts, Entertainment & Recreation; Accommodation & Food Services; Wholesale Trade; Information; Management of Companies & Support Services; Public Administration; Health Care & Social Assistance; Utilities; and Finance & Insurance.

Services Production or Provision Capacity						
	For 2023		For 2024		For 2024	
	Reported Dec 2023	Magnitude of Change	Predicted Dec 2023	Magnitude of Change	Predicted May 2024	Magnitude of Change
Higher	31%	+14.6%	47%	+9.3%	16%	+17.6%
Same	64%	NA	50%	NA	82%	NA
Lower	5%	-12.3%	3%	-9.6%	2%	-11.2%
Net Average		+3.9%		+4.1%		+2.6%

PREDICTED CAPITAL EXPENDITURES — 2024 vs. 2023

Manufacturing

Survey respondents expect a 1-percent increase in capital expenditures in 2024, much lower than the 11.9 percent increase forecast by the panel in December. Twenty-four percent of respondents predict increased (on average, 19.8 percent) capital expenditures in 2024, 14 percent said their capital spending would decrease (on average, 26.2 percent), and 62 percent expect no change. The 10 industries expecting capital expenditure increases for 2024 — listed in order — are: Food, Beverage & Tobacco Products; Furniture & Related Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Petroleum & Coal Products; Chemical Products; Paper Products; Transportation Equipment; and Machinery.

Services

This year, services purchasing and supply executives expect capital expenditures to increase 1.4 percent compared to 2023. The 25 percent of respondents expecting to spend more predict an average increase of 16 percent, 12 percent anticipate an average decrease of 20.8 percent, and 63 percent expect no change in capital expenditures in 2024. The 10 industries expecting an increase in capital expenditures — listed in order — are: Public Administration; Utilities; Retail Trade; Accommodation & Food Services; Mining; Transportation & Warehousing; Professional, Scientific & Technical Services; Educational Services; Construction; and Finance & Insurance.

Predicted Capital Expenditures 2024 vs. 2023

ISM® Semiannual Economic Forecast – Spring 2024

	Manufacturing			Services		
	Predicted Dec 2023	Predicted May 2024	Magnitude of Change	Predicted Dec 2023	Predicted May 2024	Magnitude of Change
Higher	35%	24%	+19.8%	40%	25%	+16.0%
Same	43%	62%	NA	38%	63%	NA
Lower	22%	14%	-26.2%	22%	12%	-20.8%
Net Average	+11.9%		+1.0%	+2.9%		+1.4%

PRICES — Changes Between End of 2023 and May 2024

Manufacturing

In the December forecast, respondents predicted an increase of 3.2 percent in prices paid during the first four months of 2024; they now report prices increased by 1.6 percent. The 45 percent who say their prices are higher now than at the end of 2023 report an average increase of 5.8 percent, while 17 percent reported lower prices (by 6 percent, on average). The remaining 39 percent indicated no change for the period. Seventeen manufacturing industries reported an increase in prices paid for the first part of 2024, listed in order: Textile Mills; Printing & Related Support Activities; Apparel, Leather & Allied Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Paper Products; Chemical Products; Computer & Electronic Products; Machinery; Miscellaneous Manufacturing; Fabricated Metal Products; Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Food, Beverage & Tobacco Products.

Services

Services respondents report that purchases during the first four months of this year cost an average of 2.3 percent more than at the end of 2023. This is 1.4 percentage points less than the 3.7-percent increase predicted in December. Forty-six percent of services respondents report that prices increased, on average, 6.7 percent; 11 percent report price decreases of, on average, 7.2 percent; and 43 percent indicate no change. Fourteen of 18 industries reported an increase in prices paid in the first part of 2024, listed in order: Public Administration; Management of Companies & Support Services; Utilities; Retail Trade; Professional, Scientific & Technical Services; Transportation & Warehousing; Construction; Educational Services; Finance & Insurance; Health Care & Social Assistance; Wholesale Trade; Arts, Entertainment & Recreation; Other Services; and Information.

Prices — Changes Between End of 2023 and May 2024						
	Manufacturing			Services		
	Predicted Dec 2023	Reported May 2024	Magnitude of Change	Predicted Dec 2023	Reported May 2024	Magnitude of Change
Higher	49%	45%	+5.8%	61%	46%	+6.7%
Same	29%	39%	NA	27%	43%	NA
Lower	22%	16%	-6.0%	12%	11%	-7.2%
Net Average	+3.2%		+1.6%	+3.7%		+2.3%

PRICES — Predicted Changes Between End of 2023 and End of 2024

Manufacturing

Survey respondents expect a year-over-year, net-average prices increase of 1.9 percent for 2024. With respondents reporting price increases of 1.6 percent through April 2024, prices are projected to increase slightly for the rest of the year. Forty-seven percent of respondents project prices to increase, on average, 6.1 percent for the full year, 20 percent anticipate a decrease (5.2 percent, on average), and 33 percent expect no change. The 15 industries expect price increases for all of 2024, listed in order are: Textile Mills; Apparel, Leather & Allied Products; Primary Metals; Plastics & Rubber Products; Nonmetallic Mineral Products; Chemical Products; Paper Products; Furniture & Related Products; Fabricated Metal Products; Transportation Equipment; Miscellaneous Manufacturing; Petroleum & Coal Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; and Machinery.

Services

This year, services respondents expect prices to increase, on average, 3.2 percent compared to the end of 2023. With respondents reporting an increase of 2.3 percent through April 2024, prices are projected to increase over the rest of the year. Forty-eight of respondents anticipate increases of, on average, 7.2 percent; 7 percent expect decreases of, on average, 5 percent; and 45 percent do not expect prices to change. Fifteen of 18 industries project price increases for all of 2024, listed in order: Public Administration; Retail Trade; Arts, Entertainment & Recreation; Utilities; Wholesale Trade; Management of Companies & Support Services; Construction; Health Care & Social Assistance; Professional, Scientific & Technical Services; Educational Services; Finance & Insurance; Transportation & Warehousing; Accommodation & Food Services; Information; and Other Services.

Prices — Predicted Changes Between End of 2023 and End of 2024						
	Manufacturing			Services		
	Predicted Dec 2023	Predicted May 2024	Magnitude of Change	Predicted Dec 2023	Predicted May 2024	Magnitude of Change
Higher	52%	47%	+6.1%	59%	48%	+7.2%
Same	24%	33%	NA	27%	45%	NA
Lower	24%	20%	-5.2%	14%	7%	-5.0%
Net Average	+3.3%		+1.9%	+3.4%		+3.2%

EMPLOYMENT

Employment — Predicted Changes Between End of 2023 and End of 2024

Manufacturing

ISM’s Manufacturing Business Survey Committee respondents forecast that sector employment in 2024 will increase 0.3 percentage point year over year. Twenty-three percent of respondents expect employment to be, on average, 7.4 percent higher; 15 percent predict employment to decrease, on average, 8.7 percent; and 62 percent expect employment levels to be unchanged. The nine industries projecting employment growth during 2024 — listed in order — are: Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Primary Metals; Plastics & Rubber Products; Petroleum & Coal Products; Fabricated Metal Products; Textile Mills; Computer & Electronic Products; and Chemical Products.

Services

Sector employment will increase 0.8 percent in 2024, according to the forecast of ISM’s Services Business Survey Committee respondents. For the remaining months of the year, 25 percent expect employment to increase, on average, 5.2 percent; 8 percent anticipate employment to decrease, on average, 7 percent; and 67 percent expect no change in employment levels. The 13 industries anticipating increases in employment — listed in order — are: Other Services; Retail Trade; Accommodation & Food Services; Mining; Arts, Entertainment & Recreation; Construction; Transportation & Warehousing; Utilities; Public Administration; Health Care & Social Assistance; Wholesale Trade; Real Estate, Rental & Leasing; and Professional, Scientific & Technical Services.

Employment — Predicted Changes Between End of 2023 and End of 2024	
Manufacturing	Services

ISM® Semiannual Economic Forecast – Spring 2024

	Predicted for 2024 Dec 2023	Predicted May 2024	Magnitude of Change	Predicted for 2024 Dec 2023	Predicted May 2024	Magnitude of Change
Higher	33%	23%	+7.4%	29%	25%	+5.2%
Same	50%	62%	NA	55%	67%	NA
Lower	17%	15%	-8.7%	16%	8%	-7.0%
Net Average	+2.0%		+0.3%	+0.8%		+0.8%

BUSINESS REVENUES

Business Revenues Comparison — 2024 vs. 2023

Manufacturing

Increased revenues are expected this year, as purchasing and supply management executives predict an overall net increase of 2.1 percent compared to 2023. This is 3.5 percentage points lower than the 5.6-percent increase forecast in December, and 1.2 percentage points higher than the 0.9-percent increase reported for 2023. Forty-four percent of respondents say that revenues for 2024 will increase, on average, 8.6 percent; 14 percent say their revenues will decrease, on average, 12.3 percent; and 42 percent forecast no change. The 12 manufacturing industries expecting increases in revenue in 2024 — listed in order — are: Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; Chemical Products; Nonmetallic Mineral Products; Primary Metals; Textile Mills; Furniture & Related Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; and Paper Products.

Manufacturing Business Revenue						
	2023 vs. 2022		2024 vs. 2023			
	Reported Dec 2023	% Change	Predicted Dec 2023	% Change	Predicted May 2024	% Change
Higher	41%	+9.9%	58%	+9.2%	44%	+8.6%
Same	31%	NA	29%	NA	42%	NA
Lower	28%	-12.5%	13%	-10.3%	14%	-12.3%
Net Average		+0.9%		+5.6%		+2.1%

Services

This year, services purchasing and supply management executives predict a net increase of 2.9 percent in sector business revenue compared to 2023. This is 4 percentage points lower than the 6.9-percent increase forecast in December, and 1.3 percentage points lower than the 4.2-percent increase reported for 2023. Thirty-six percent of respondents indicate revenues for 2024 will increase, on average, 10.3 percent; 10 percent say their revenues will decrease, on average, 7.5 percent; and 54 percent expect no change. Thirteen of 18 services industries project revenue increases in 2024, listed in order: Retail Trade; Mining; Transportation & Warehousing; Other Services; Management of Companies & Support Services; Accommodation & Food Services; Professional, Scientific & Technical Services; Construction; Wholesale Trade; Public Administration; Utilities; Information; and Finance & Insurance.

Services Business Revenue						
	2023 vs. 2022		2024 vs. 2023			
	Reported Dec 2023	% Change	Predicted Dec 2023	% Change	Predicted May 2024	% Change
Higher	46%	+19.4%	43%	+17.2%	36%	+10.3%
Same	31%	NA	52%	NA	54%	NA
Lower	23%	-21.6%	5%	-9.2%	10%	-7.5%
Net Average		+4.2%		+6.9%		+2.9%

SPECIAL QUESTION TOPIC No. 1: HIRING WORKERS TO FILL OPEN POSITIONS

We asked the panel, “In the past six months, has your organization had difficulty hiring workers to fill open positions?”

Answer options:

- Yes, we have had difficulty hiring
- No, we have not had difficulty hiring
- No, we are reducing head count or keeping it flat
- No, we have not had any open positions
- No, we are on a hiring freeze.

Respondents indicated:

	Hiring Workers to Fill Open Positions					
	Manufacturing			Services		
	Reported May 2023	Reported Dec 2023	Reported May 2024	Reported May 2023	Reported Dec 2023	Reported May 2024
We have had difficulty hiring	67%	59%	49%	67%	75%	56%
We have not had difficulty	26%	37%	30%	22%	21%	28%
No, we are reducing head count or keeping it flat	—	—	14%	—	—	8%
No, we have not had any open positions	2%	4%	5%	5%	4%	5%
No, we are on a hiring freeze	5%	—	3%	6%	—	2%

SPECIAL QUESTION TOPIC No. 2: HIRING DIFFICULTIES

We asked the panel, “If ‘yes,’ what have you done to deal with these difficulties?”

Answer options:

- We raised wages (or used other forms of monetary compensation) to recruit new hires
- We didn’t hire/were not able to hire as many workers as we would have liked
- We lowered our hiring standards
- Something else.

Respondents indicated:

	“If ‘yes,’ what have you done to deal with these difficulties?”					
	Manufacturing			Services		
	Reported May 2023	Reported Dec 2023	Reported May 2024	Reported May 2023	Reported Dec 2023	Reported May 2024
We raised wages	47%	51%	45%	41%	43%	38%
We didn’t hire as many as we would have liked	34%	22%	31%	33%	43%	29%
We weren’t trying to hire new workers	—	10%	—	—	—	—
We lowered our hiring	5%	6%	6%	4%	6%	4%

ISM® Semiannual Economic Forecast – Spring 2024

standards						
Something else	14%	11%	18%	21%	8%	29%

SPECIAL QUESTION TOPIC No. 3: NO HIRING DIFFICULTIES

We asked the panel, “If you have not had difficulty hiring, why not?”

Answer options:

- We raised wages in order to attract the applicants we needed
- We didn’t have difficulty hiring because we weren’t trying to hire new workers
- The local labor market is not that tight; it was easy to find an ample supply of applicants
- We lowered our hiring standards
- Something else.

Respondents indicated:

	“If you have not had difficulty hiring, why not?”					
	Manufacturing			Services		
	Reported May 2023	Reported Dec 2023	Reported May 2024	Reported May 2023	Reported Dec 2023	Reported May 2024
We raised wages	38%	40%	30%	25%	36%	33%
We weren’t trying to hire new workers	18%	23%	27%	13%	23%	21%
It was easy to find an ample supply of applicants	19%	4%	21%	17%	6%	12%
We lowered our hiring standards	3%	21%	3%	1%	19%	1%
Something else	23%	12%	18%	44%	16%	33%

SPECIAL QUESTION TOPIC No. 4: NO HIRING DIFFICULTIES

We asked the panel, “If ‘no, we’re reducing head count or keeping it flat,’ how?”

Answer options:

- Reduced head count via layoffs
- Reduced head count via attrition
- Freezing hiring and holding on to qualified labor (but not filling vacated positions)
- Freezing hiring, but refilling vacated positions
- Something else.

Respondents indicated:

	If “no, we’re reducing head count or keeping it flat,” how?	
	Manufacturing	Services
	Reported May 2024	Reported May 2024
Reduced head count via layoffs	16%	12%
Reduced head count via attrition	23%	16%
Freezing hiring and holding on to qualified labor (but not filling vacated positions)	22%	17%

ISM® Semiannual Economic Forecast – Spring 2024

Freezing hiring, but refilling vacated positions	17%	18%
Something else	22%	37%

SPECIAL QUESTION TOPIC No. 5 and 6: SUPPLY CHAIN PROBLEMS

We asked the panel, “Do you anticipate supply chain problems for the third quarter (Q3) and fourth quarter (Q4) to be better, the same or worse?”

Respondents indicated:

	Supply Chain Problems Q3 & Q4			
	Manufacturing		Services	
	Q3 2024	Q4 2024	Q3 2024	Q4 2024
Better	20%	24%	14%	17%
Same	68%	63%	79%	72%
Worse	12%	13%	7%	11%
Diffusion Index	54%	55%	53%	53%

SPECIAL QUESTION TOPIC No. 7: CAUSE OF SUPPLY CHAIN DISRUPTIONS

We asked the panel, “What is the cause of most of the supply chain disruptions in the manufacturing sector?”

Answer options:

- Foreign developments, foreign sourced microchips
- Foreign developments, foreign sourced minerals
- Foreign developments, other foreign sourced supplies
- Other foreign developments
- Domestic developments, port delays
- Domestic developments, lack of truck drivers
- Domestic developments, domestically produced supplies
- Other domestic developments.

Respondents indicated:

Supply Chain Disruptions		
	Manufacturing	Services
	Reported May 2024	Reported May 2024
Foreign developments, foreign sourced microchips	7%	5%
Foreign developments, foreign sourced minerals	11%	5%
Foreign developments, other foreign sourced supplies	21%	17%
Other foreign developments	10%	9%
Domestic developments, port delays	8%	9%
Domestic developments, lack of truck drivers	3%	8%
Domestic developments,	27%	16%

ISM® Semiannual Economic Forecast – Spring 2024

domestically produced supplies		
Other domestic developments	13%	31%

SPECIAL QUESTION TOPIC No. 8: WHY ARE CAPITAL EXPENDITURES INCREASING?

We asked the panel, “If your organization is increasing capital expenditures (CapEx), what are the main reason(s)? Rank *all* options (use 0 if they do not apply), using 1 for most important, 2 for second most important, and so on.”

Respondents indicated, based on average ranking for each option:

	Cause of Increases	
	Manufacturing	Services
	Reported May 2024	Reported May 2024
My organization does not plan to increase its capital expenditures	1.79	1.92
Catch up for postponed capacity investment	2.14	1.86
Increased domestic demand	2.01	1.58
Increased foreign demand	3.06	3.06
Federal government programs/incentives (for example, the CHIPS and Science Act or Inflation Reduction Act)	2.70	2.28
State government programs/incentives	4.63	2.74
Increased defense spending	3.83	4.60
Other	3.67	3.34

SPECIAL QUESTION TOPIC No. 9: IS DEMAND MEETING EXPECTATIONS?

We asked the panel, “How would you define your current demand?”

Respondents indicated:

	Current Demand Sentiment	
	Manufacturing	Services
	Reported May 2024	Reported May 2024
Meets expectations	51%	62%
Exceeds expectations	17%	15%
Does not meet expectations	32%	23%

SUMMARY

Manufacturing

- Operating rate is 82.8 percent of normal capacity.

ISM[®] Semiannual Economic Forecast – Spring 2024

- Production capacity is expected to increase 2.4 percent in 2024.
- Capital expenditures are expected to increase 1 percent in 2024.
- Prices paid increased 1.6 percent through April 2024.
- Prices of raw materials are expected to increase a total of 1.9 percent for all of 2024, indicating an expected increase of 0.3 percentage point for the rest of the year.
- Manufacturing employment is expected to increase 0.3 percent in 2024.
- Manufacturing revenues are expected to increase 2.1 percent in 2024.
- The manufacturing sector is expected to grow slightly in 2024.

Services

- Operating rate is 88.6 percent of normal capacity.
- Production capacity is expected to increase 2.6 percent in 2024.
- Capital expenditures are expected to increase 1.4 percent in 2024.
- Prices paid increased 2.3 percent through April 2024.
- Prices of raw materials are expected to increase a total of 3.2 percent for all of 2024, indicating expectations of continuing inflation.
- Services employment is expected to increase 0.8 percent in 2024.
- Services revenues are expected to increase 2.9 percent in 2024.
- The services sector is projected to grow slightly in 2024.

About This Report

In addition to the forecast, the **Manufacturing ISM[®] Report On Business[®]** is issued monthly on the first business day of each month and is considered by many economists to be the most reliable near-term economic barometer available. It is reviewed regularly by top government agencies and economic business leaders. The report, compiled from responses to questions asked of approximately 900 purchasing and supply executives across the country, tracks industrial production, new orders, inventories, supplier deliveries, employment, buying policies and prices. Manufacturing Business Survey Committee responses are divided into the following NAICS code categories: 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 (including products such as Medical Equipment & Supplies, Jewelry, Sporting Goods, Toys & Office Supplies).

Covering the services sector, ISM[®] debuted the **Services ISM[®] Report On Business[®]** in June 1998. The **Services ISM[®] Report On Business[®]** is released on the third business day of each month and is based on data received from purchasing and supply executives from 18 different Services industries across the country. The **Services ISM[®] Report On Business[®]** 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; Other Services (including Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grant making; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services); and Public Administration. The report covers business activity, new orders, backlog of orders, new export orders, inventory change, inventory sentiment, imports, prices, employment, and supplier deliveries.

About Institute for Supply Management[®]

Institute for Supply Management[®] (ISM[®]) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the

ISM[®] Semiannual Economic Forecast – Spring 2024

world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the *ISM Report On Business*[®], its highly regarded certification programs and the ISM[®] Advance[™] Digital Platform. This report has been issued by the association since 1931, except for a four-year interruption during World War II.

ISM ROB Content

The Institute for Supply Management[®] ("ISM") *Report On Business*[®] (both Manufacturing and Services) ("ISM ROB") contains information, text, files, images, video, sounds, musical works, works of authorship, applications, and any other materials or content (collectively, "Content") of ISM ("ISM ROB Content"). ISM ROB Content is protected by copyright, trademark, trade secret, and other laws, and as between you and ISM, ISM owns and retains all rights in the ISM ROB Content. ISM hereby grants you a limited, revocable, nonsublicensable license to access and display on your individual device the ISM ROB Content (excluding any software code) solely for your personal, non-commercial use. The ISM ROB Content may also contain Content of users and other ISM licensors. Except as provided herein or as explicitly allowed in writing by ISM, you may not copy, download, stream, capture, reproduce, duplicate, archive, upload, modify, translate, publish, broadcast, transmit, retransmit, distribute, perform, display, sell, or otherwise use any ISM ROB Content.

Except as explicitly and expressly permitted by ISM, you are strictly prohibited from creating works or materials (including but not limited to tables, charts, data streams, time series variables, fonts, icons, link buttons, wallpaper, desktop themes, on-line postcards, montages, mashups and similar videos, greeting cards, and unlicensed merchandise) that derive from or are based on the ISM ROB Content. This prohibition applies regardless of whether the derivative works or materials are sold, bartered, or given away. You may not either directly or through the use of any device, software, internet site, web-based service, or other means remove, alter, bypass, avoid, interfere with, or circumvent any copyright, trademark, or other proprietary notices marked on the Content or any digital rights management mechanism, device, or other content protection or access control measure associated with the Content including geo-filtering mechanisms. Without prior written authorization from ISM, you may not build a business utilizing the Content, whether or not for profit.

You may not create, recreate, distribute, incorporate in other work, or advertise an index of any portion of the Content unless you receive prior written authorization from ISM. Requests for permission to reproduce or distribute ISM ROB Content can be made by contacting in writing at: ISM Research, Institute for Supply Management, 309 W. Elliot Road, Suite 113, Tempe, AZ 85284-1556, or by emailing ismworld.org, Subject: Content Request.

ISM shall not have any liability, duty, or obligation for or relating to the ISM ROB Content or other information contained herein, any errors, inaccuracies, omissions or delays in providing any ISM ROB Content, or for any actions taken in reliance thereon. In no event shall ISM be liable for any special, incidental, or consequential damages, arising out of the use of the ISM ROB. *Report On Business*[®], Manufacturing PMI[®], and Services PMI[®] are registered trademarks of Institute for Supply Management[®]. Institute for Supply Management[®] and ISM[®] are registered trademarks of Institute for Supply Management, Inc.

The full text version of each monthly report is posted on www.ismrob.org on the first and third business days of every month* after 10:00 a.m. (ET).

The next **Manufacturing ISM[®] Report On Business[®]** featuring the May 2024 data will be released at 10:00 a.m. ET on Monday, June 3, 2024.

The next **Services ISM[®] Report On Business[®]** featuring the May 2024 data will be released at 10:00 a.m. ET on Wednesday, June 5, 2024.

*Unless the New York Stock Exchange is closed.

ISM[®] Semiannual Economic Forecast – Spring 2024