



INSTITUTE FOR SUPPLY MANAGEMENT

FOR RELEASE: 10:00 a.m. ET; June 3, 2024

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Manufacturing PMI® at 48.7%

May 2024 Manufacturing ISM® Report On Business®

New Orders and Backlogs Contracting
Production and Employment Growing
Supplier Deliveries Faster
Raw Materials Inventories Contracting; Customers' Inventories Too Low
Prices Increasing; Exports and Imports Growing

(Tempe, Arizona) — Economic activity in the **manufacturing sector contracted in May for the second consecutive month and the 18th time in the last 19 months**, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The report was issued today by Timothy R. Fiore, CPSM, C.P.M., Chair of the Institute for Supply Management® (ISM®) Manufacturing Business Survey Committee:

“The Manufacturing PMI® registered 48.7 percent in May, down 0.5 percentage point from the 49.2 percent recorded in April. The overall economy continued in expansion for the 49th 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 remained in contraction territory, registering 45.4 percent, 3.7 percentage points lower than the 49.1 percent recorded in April. The May reading of the Production Index (50.2 percent) is 1.1 percentage points lower than April's figure of 51.3 percent. The Prices Index registered 57 percent, down 3.9 percentage points compared to the reading of 60.9 percent in April. The Backlog of Orders Index registered 42.4 percent, down 3 percentage points compared to the 45.4 percent recorded in April. The Employment Index registered 51.1 percent, up 2.5 percentage points from April's figure of 48.6 percent.

“The Supplier Deliveries Index figure of 48.9 percent equaled the reading recorded in April. (Supplier Deliveries is the only ISM® Report On Business® index that is inverted; a reading of above 50 percent indicates slower deliveries, which is typical as the economy improves and customer demand increases.) The Inventories Index registered 47.9 percent, down 0.3 percentage point compared to April's reading of 48.2 percent.

“The New Export Orders Index reading of 50.6 percent is 1.9 percentage points higher than the 48.7 percent registered in April. The Imports Index continued in expansion territory, registering 51.1 percent, 0.8 percentage point lower than the 51.9 percent reported in April. During its current five-month streak in expansion, the Imports Index has averaged 51.8 percent.”

Fiore continues, “U.S. manufacturing activity continued in contraction after growing in March, the first expansion for the sector since September 2022. Demand was soft again, output was stable, and inputs stayed accommodative. **Demand** slowing was reflected by the (1) New Orders Index dropping deeper into contraction, supported by additional comments regarding ‘softening,’ (2) New Export Orders Index edging back into marginal expansion, (3) Backlog of Orders Index regressing lower into contraction territory, and (4) Customers’ Inventories Index at the ‘just right’ level, neutral for future production. **Output** (measured by the Production and Employment indexes) advanced compared to April, with a combined 1.4-percentage point upward impact on the Manufacturing PMI® calculation. Panelists’ companies maintained production levels month over month, and head count reductions continued in May. **Inputs** — defined as supplier deliveries, inventories, prices and imports — continued to accommodate future demand growth. The Supplier Deliveries Index was stable, and the Inventories Index was marginally lower compared to April. The Prices Index eased but remained in strong expansion (or ‘increasing’) territory, as most commodity driven costs continue to climb but at weaker rates. Imports continued to grow, at a slower rate in May.

“Demand remains elusive as companies demonstrate an unwillingness to invest due to current monetary policy and other conditions. These investments include supplier order commitments, inventory building and capital expenditures. Production execution continued to expand but was essentially flat compared to the previous month. Suppliers continue to have capacity, with lead times improving and shortages not as severe. Fifty-five percent of manufacturing gross domestic product (GDP) contracted in May, up from 34 percent in April. More importantly, the share of sector GDP registering a composite PMI® calculation at or below 45 percent — a good barometer of overall manufacturing weakness — was 4 percent in May, the same as in April, but an indication of better health than the 27 percent recorded in January. Among the top six industries by contribution to manufacturing GDP in May, none had a PMI® at or below 45 percent,” says Fiore.

The seven manufacturing industries reporting growth in May — in order — are: Printing & Related Support Activities; Petroleum & Coal Products; Paper Products; Textile Mills; Primary Metals; Fabricated Metal Products; and Chemical Products. The seven industries reporting contraction in May — in the following order — are: Wood Products; Plastics & Rubber Products; Machinery; Computer & Electronic Products; Furniture & Related Products; Transportation Equipment; and Food, Beverage & Tobacco Products.

WHAT RESPONDENTS ARE SAYING

- “Seems like a minor slowdown is happening. With less spending in the economy, less pressure on us for our products.” [Chemical Products]
- “Business conditions are pacing with budget and forecast for 2024. Certain markets are soft, but others are ahead of forecast, allowing us to maintain overall. Concerns with the economy continue to drive business decisions.” [Transportation Equipment]
- “Volume continues to be challenging, mostly due to inflationary impacts.” [Food, Beverage & Tobacco Products]
- “Orders have started to rebound, but inventory levels remain high enough for no impact on our supplier orders. It will take a few more strong months before supplier orders are reactivated or increased.” [Computer & Electronic Products]
- “Backlog is dwindling as we get caught up on orders; new orders are not coming in as robust as the backlog is going down. Inflation continues to be a problem with pricing of raw material and interest rates. We expect a flat rest of calendar year 2024, especially given that it’s a presidential election year.” [Machinery]
- “Export shipments continue to be soft as capital equipment sales remain lower than forecast. As a result, production is also trending lower and inventory that is not able to be pushed out is growing.” [Fabricated Metal Products]
- “Demand has been strong the first few months — ahead of budget, consistent with last year. Bookings are starting to slow down for May and June. We are monitoring this data closely to

determine if it is a sign of decline or our typical cyclical demand.” [Electrical Equipment, Appliances & Components]

- “Business is picking up, with incoming bookings increasing.” [Furniture & Related Products]
- “Overall softening of markets for the month of June. Some impacts on a regional basis with the continued weather in the northeast, south and southeast regions. Delays in shipments continue across multiple regions.” [Petroleum & Coal Products]
- “General concern about overall industry economics. Pricing weakness continues, and we anticipate more headwinds in the coming months for spot orders and inflation. Contract order book remains steady.” [Primary Metals]

MANUFACTURING AT A GLANCE						
May 2024						
Index	Series Index May	Series Index Apr	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI®	48.7	49.2	-0.5	Contracting	Faster	2
New Orders	45.4	49.1	-3.7	Contracting	Faster	2
Production	50.2	51.3	-1.1	Growing	Slower	3
Employment	51.1	48.6	+2.5	Growing	From Contracting	1
Supplier Deliveries	48.9	48.9	0.0	Faster	Same	3
Inventories	47.9	48.2	-0.3	Contracting	Faster	16
Customers' Inventories	48.3	47.8	+0.5	Too Low	Slower	6
Prices	57.0	60.9	-3.9	Increasing	Slower	5
Backlog of Orders	42.4	45.4	-3.0	Contracting	Faster	20
New Export Orders	50.6	48.7	+1.9	Growing	From Contracting	1
Imports	51.1	51.9	-0.8	Growing	Slower	5
OVERALL ECONOMY				Growing	Slower	49
Manufacturing Sector				Contracting	Faster	2

Manufacturing ISM® Report On Business® data is seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.

*Number of months moving in current direction.

COMMODITIES REPORTED UP/DOWN IN PRICE AND IN SHORT SUPPLY

Commodities Up in Price

Aluminum (6); Brass; Copper (2); Diesel Fuel (3); Electrical Components; Electronic Components; Labor — Temporary; Natural Gas; Ocean Freight; Plastic Resins (5); Solvents (2); Steel Fabrications; and Zinc (2).

Commodities Down in Price

Packaging Components; Steel; Steel — Carbon (2); Steel — Hot Rolled; and Steel — Scrap.

Commodities in Short Supply

Electrical Components (44); Electrical Equipment (3); Electronic Components (2); and Printed Circuit Board Assemblies (PCBA).

Note: The number of consecutive months the commodity is listed is indicated after each item.

MAY 2024 MANUFACTURING INDEX SUMMARIES

Manufacturing PMI®

The U.S. manufacturing sector contracted for the second consecutive month in May, as the Manufacturing PMI® registered 48.7 percent, down 0.5 percentage point compared to April's reading of 49.2 percent. "After breaking a 16-month streak of contraction by expanding in March, the manufacturing sector has contracted the last two months, and at a faster rate in May. Two out of five subindexes that directly factor into the Manufacturing PMI® are in expansion territory, up from one in April. The New Orders Index moved deeper into contraction after one month of expansion in March. Of the six biggest manufacturing industries, two (Fabricated Metal Products; and Chemical Products) registered growth in May," says Fiore. A reading above 50 percent indicates that the manufacturing sector is generally expanding; below 50 percent indicates that it is generally contracting.

A Manufacturing PMI® above 42.5 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the May Manufacturing PMI® indicates the overall economy grew for the 49th straight month after one month of contraction (April 2020). "The past relationship between the Manufacturing PMI® and the overall economy indicates that the May reading (48.7 percent) corresponds to a change of plus-1.7 percent in real gross domestic product (GDP) on an annualized basis," says Fiore.

THE LAST 12 MONTHS

Month	Manufacturing PMI®	Month	Manufacturing PMI®
May 2024	48.7	Nov 2023	46.6
Apr 2024	49.2	Oct 2023	46.9
Mar 2024	50.3	Sep 2023	48.6
Feb 2024	47.8	Aug 2023	47.6
Jan 2024	49.1	Jul 2023	46.5
Dec 2023	47.1	Jun 2023	46.4
Average for 12 months – 47.9 High – 50.3 Low – 46.4			

New Orders

ISM®'s New Orders Index contracted in May for the second month, registering 45.4 percent, a decrease of 3.7 percentage points compared to April's figure of 49.1 percent and the lowest reading since May 2023 (42.9 percent). The New Orders Index hasn't indicated consistent growth since a 24-month streak of expansion ended in May 2022. "Of the six largest manufacturing sectors, one (Chemical Products) reported increased new orders. Panelists indicated that the months of April and May experienced a slowing compared to the beginning of the year as housing, construction and capital expenditures activity continue to underperform," says Fiore. A New Orders Index above 52.3 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

The four manufacturing industries that reported growth in new orders in May are: Printing & Related Support Activities; Petroleum & Coal Products; Miscellaneous Manufacturing; and Chemical Products.

The eight industries reporting a decline in new orders in May — in the following order — are: Wood Products; Textile Mills; Nonmetallic Mineral Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Machinery.

New Orders	%Higher	%Same	%Lower	Net	Index
May 2024	19.0	57.4	23.6	-4.6	45.4
Apr 2024	19.9	63.2	16.9	+3.0	49.1
Mar 2024	26.1	57.7	16.2	+9.9	51.4
Feb 2024	24.4	58.2	17.4	+7.0	49.2

Production

The Production Index pulled back slightly, but remained in expansion territory in May, registering 50.2 percent, 1.1 percentage points lower than the April reading of 51.3 percent. The Production Index has been in expansion in four of the last five months. Of the six largest manufacturing sectors, two (Fabricated Metal Products; and Chemical Products) reported increased production. “Panelists’ companies marginally improved output levels compared to April. With new order rates weak and backlog levels sagging to historical lows, maintaining production output without growing intermediate goods and finished goods inventory will be a challenge in June,” says Fiore. An index above 52.2 percent, over time, is generally consistent with an increase in the Federal Reserve Board’s Industrial Production figures.

The six industries reporting growth in production during the month of May, in order, are: Petroleum & Coal Products; Printing & Related Support Activities; Nonmetallic Mineral Products; Paper Products; Fabricated Metal Products; and Chemical Products. The six industries reporting a decrease in production in May, in order, are: Plastics & Rubber Products; Food, Beverage & Tobacco Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Machinery; and Computer & Electronic Products.

Production	%Higher	%Same	%Lower	Net	Index
May 2024	19.8	62.6	17.6	+2.2	50.2
Apr 2024	22.1	62.6	15.3	+6.8	51.3
Mar 2024	25.3	61.7	13.0	+12.3	54.6
Feb 2024	18.0	64.8	17.2	+0.8	48.4

Employment

ISM®’s Employment Index registered 51.1 percent in May, 2.5 percentage points higher than the April reading of 48.6 percent. “The index indicated employment expanded after seven consecutive months of contraction. Of the six big manufacturing sectors, three (Food, Beverage & Tobacco Products; Transportation Equipment; and Chemical Products) expanded employment in May. Many Business Survey Committee respondents’ companies are continuing to reduce head counts through layoffs (which accounted for 38 percent of reduction activity, down from 50 percent in April), attrition and hiring freezes. Panelists’ comments in May indicated an increase in staff reductions compared to April. The approximately 1-to-1 ratio of hiring versus reduction comments is consistent with activity from November 2023 through March,” says Fiore. An Employment Index above 50.3 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

Of 18 manufacturing industries, the seven industries reporting employment growth in May — in the following order — are: Printing & Related Support Activities; Petroleum & Coal Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Transportation Equipment; Primary Metals; and Chemical Products. The six industries reporting a decrease in employment in May, in the following order,

are: Wood Products; Plastics & Rubber Products; Furniture & Related Products; Computer & Electronic Products; Machinery; and Fabricated Metal Products.

Employment	%Higher	%Same	%Lower	Net	Index
May 2024	17.1	69.0	13.9	+3.2	51.1
Apr 2024	16.3	67.9	15.8	+0.5	48.6
Mar 2024	14.1	67.8	18.1	-4.0	47.4
Feb 2024	10.9	70.5	18.6	-7.7	45.9

Supplier Deliveries†

Delivery performance of suppliers to manufacturing organizations was faster in May, with the Supplier Deliveries Index registering 48.9 percent, the same reading reported in April. This is the third consecutive month of faster deliveries after one month of slower performance preceded by 16 straight months in “faster” territory. After a reading of 52.4 percent in September 2022, the index went into contraction territory in October and remained there until February. Of the six big industries, only one (Chemical Products) reported slower supplier deliveries in May. “Suppliers continue to support their customers adequately as suppliers deliver faster, make more reliable promises and slowly reduce lead times. Panelists predict faster supplier deliveries through the rest of 2024,” says Fiore. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

The six manufacturing industries reporting slower supplier deliveries in May, in order, are: Textile Mills; Petroleum & Coal Products; Primary Metals; Paper Products; Electrical Equipment, Appliances & Components; and Chemical Products. The seven industries reporting faster supplier deliveries in May — in the following order — are: Wood Products; Machinery; Fabricated Metal Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Transportation Equipment.

Supplier Deliveries	%Slower	%Same	%Faster	Net	Index
May 2024	6.2	85.3	8.5	-2.3	48.9
Apr 2024	8.1	81.6	10.3	-2.2	48.9
Mar 2024	9.0	81.7	9.3	-0.3	49.9
Feb 2024	8.9	82.4	8.7	+0.2	50.1

Inventories

The Inventories Index registered 47.9 percent in May, down 0.3 percentage point compared to the reading of 48.2 reported in April. “Manufacturing inventories contracted at a slightly faster rate compared to the previous month. Of the six big industries, two (Fabricated Metal Products; and Food, Beverage & Tobacco Products) increased manufacturing inventories in May. Due to demand uncertainty, panelists’ companies are showing caution in inventory investment, relying more on suppliers to carry inventory ‘on demand.’ This caution likely extends to more acute management of accounts payable and accounts receivable activities,” says Fiore. An Inventories Index greater than 44.4 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories (in chained 2000 dollars).

Of 18 manufacturing industries, six reported higher inventories in May, in the following order: Paper Products; Textile Mills; Wood Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; and Food, Beverage & Tobacco Products. The nine industries reporting lower inventories in May — in the following order — are: Computer & Electronic Products; Petroleum & Coal Products; Nonmetallic Mineral Products; Furniture & Related Products; Machinery; Miscellaneous Manufacturing; Plastics & Rubber Products; Primary Metals; and Chemical Products.

Inventories	%Higher	%Same	%Lower	Net	Index
May 2024	14.4	66.4	19.2	-4.8	47.9
Apr 2024	13.1	67.7	19.2	-6.1	48.2
Mar 2024	16.0	66.2	17.8	-1.8	48.2
Feb 2024	12.7	70.4	16.9	-4.2	45.3

Customers' Inventories[†]

ISM®'s Customers' Inventories Index registered 48.3 percent in May, up 0.5 percentage point compared to the 47.8 percent reported in April. "Customers' inventory levels decreased at a slower rate in May, with the index moving upward in 'about right' territory. For the second month, panelists report their companies' customers have sufficient amounts of their products in inventory, which is considered neutral for future new orders and production," says Fiore.

The six industries reporting customers' inventories as too high in May, in order, are: Printing & Related Support Activities; Textile Mills; Wood Products; Computer & Electronic Products; Miscellaneous Manufacturing; and Plastics & Rubber Products. The seven industries reporting customers' inventories as too low in May, in order, are: Nonmetallic Mineral Products; Primary Metals; Petroleum & Coal Products; Furniture & Related Products; Machinery; Electrical Equipment, Appliances & Components; and Chemical Products.

Customers' Inventories	% Reporting	%Too High	%About Right	%Too Low	Net	Index
May 2024	75	14.8	66.9	18.3	-3.5	48.3
Apr 2024	76	15.6	64.3	20.1	-4.5	47.8
Mar 2024	75	8.9	70.2	20.9	-12.0	44.0
Feb 2024	77	10.9	69.7	19.4	-8.5	45.8

Prices[†]

The ISM® Prices Index registered 57 percent, 3.9 percentage points lower compared to the April reading of 60.9 percent, indicating raw materials prices increased in May for the fifth month after eight consecutive months of decreases. Of the six largest manufacturing industries, five — Machinery; Chemical Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Fabricated Metal Products — reported price increases in May. "The Prices Index indicated strong expansion in May, but also easing compared to the previous month. Commodity prices continue to increase, especially fuel, natural gas, aluminum and plastics. Steel is showing signs of weakness. Twenty-six percent of companies reported higher prices in May, compared to 31 percent in April," says Fiore. A Prices Index above 52.8 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

In May, the 12 industries that reported paying increased prices for raw materials, in order, are: Primary Metals; Textile Mills; Paper Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Machinery; Chemical Products; Computer & Electronic Products; Miscellaneous Manufacturing; Food, Beverage & Tobacco Products; and Fabricated Metal Products. The three industries reporting paying decreased prices for raw materials in May are: Petroleum & Coal Products; Nonmetallic Mineral Products; and Transportation Equipment.

Prices	%Higher	%Same	%Lower	Net	Index
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May 2024	25.5	63.0	11.5	+14.0	57.0
Apr 2024	30.8	60.1	9.1	+21.7	60.9
Mar 2024	23.6	64.4	12.0	+11.6	55.8
Feb 2024	18.3	68.3	13.4	+4.9	52.5

Backlog of Orders[†]

ISM®'s Backlog of Orders Index registered 42.4 percent, down 3 percentage points from the 45.4 percent reported in April, indicating order backlogs contracted for the 20th consecutive month after a 27-month period of expansion. Only one of the six largest manufacturing industries (Chemical Products) reported expanded order backlogs in May. "The index remained in contraction in May, as new order rates were insufficient to allow backlogs to grow," says Fiore.

Of 18 manufacturing industries, the four that reported growth in order backlogs in May are: Textile Mills; Paper Products; Primary Metals; and Chemical Products. The nine industries reporting lower backlogs in May — in the following order — are: Wood Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Machinery; Transportation Equipment; Furniture & Related Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; and Fabricated Metal Products.

Backlog of Orders	% Reporting	%Higher	%Same	%Lower	Net	Index
May 2024	91	12.3	60.1	27.6	-15.3	42.4
Apr 2024	90	12.2	66.4	21.4	-9.2	45.4
Mar 2024	92	14.8	62.9	22.3	-7.5	46.3
Feb 2024	93	14.9	62.8	22.3	-7.4	46.3

New Export Orders[†]

ISM®'s New Export Orders Index registered 50.6 percent in May, up 1.9 percentage points from April's reading of 48.7 percent. "The New Export Orders Index reading indicates that export orders expanded slightly in May after one month of contraction and two straight months of expansion before that. Panelists' comments continue to support marginal improvement in demand from overseas customers," says Fiore.

The four industries reporting growth in new export orders in May are: Wood Products; Chemical Products; Food, Beverage & Tobacco Products; and Computer & Electronic Products. The six industries reporting a decrease in new export orders in May — in the following order — are: Paper Products; Furniture & Related Products; Plastics & Rubber Products; Primary Metals; Transportation Equipment; and Machinery. Seven industries reported no change in exports in May.

New Export Orders	% Reporting	%Higher	%Same	%Lower	Net	Index
May 2024	72	10.0	81.1	8.9	+1.1	50.6
Apr 2024	74	9.7	78.0	12.3	-2.6	48.7
Mar 2024	76	12.2	78.8	9.0	+3.2	51.6
Feb 2024	71	12.0	79.2	8.8	+3.2	51.6

Imports[†]

ISM®'s Imports Index registered 51.1 percent in May, cooling somewhat with a decrease of 0.8 percentage point compared to April's reading of 51.9 percent. "Imports grew for the fifth consecutive month after contracting for 14 consecutive months. Respondent companies continue to increase on-hand inventories cautiously, as future growth prospects remain cloudy. Ocean freight costs continue to rise as a result of extended transit times, reducing available container and ship availability," says Fiore.

The eight industries reporting an increase in import volumes in May — listed in the following order — are: Printing & Related Support Activities; Textile Mills; Paper Products; Petroleum & Coal Products; Primary Metals; Food, Beverage & Tobacco Products; Fabricated Metal Products; and Transportation Equipment. The seven industries that reported lower volumes of imports in May, in order, are: Wood Products; Nonmetallic Mineral Products; Furniture & Related Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Computer & Electronic Products; and Chemical Products.

Imports	% Reporting	%Higher	%Same	%Lower	Net	Index
May 2024	85	14.8	72.6	12.6	+2.2	51.1
Apr 2024	85	11.6	80.6	7.8	+3.8	51.9
Mar 2024	84	12.5	80.9	6.6	+5.9	53.0
Feb 2024	83	14.0	77.9	8.1	+5.9	53.0

†The Supplier Deliveries, Customers' Inventories, Prices, Backlog of Orders, New Export Orders, and Imports indexes do not meet the accepted criteria for seasonal adjustments.

Buying Policy

The average commitment lead time for Capital Expenditures in May was 172 days, an increase of two days compared to April. Average lead time in May for Production Materials was 80 days, an increase of one day. Average lead time for Maintenance, Repair and Operating (MRO) Supplies was 44 days, the same as in April.

Percent Reporting							
Capital Expenditures	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
May 2024	15	3	9	15	32	26	172
Apr 2024	17	4	8	13	32	26	170
Mar 2024	14	5	9	13	31	28	176
Feb 2024	14	5	7	14	32	28	177

Percent Reporting							
Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days
May 2024	6	26	31	23	10	4	80
Apr 2024	7	23	29	30	7	4	79
Mar 2024	8	22	31	28	7	4	78
Feb 2024	9	25	26	25	11	4	80

Percent Reporting							
MRO Supplies	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year+	Average Days

May 2024	29	38	15	13	4	1	44
Apr 2024	29	37	17	12	4	1	44
Mar 2024	25	40	18	12	5	0	44
Feb 2024	29	36	19	11	5	0	43

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 information compiled in this report is for the month of May 2024.

The data presented herein is obtained from a survey of manufacturing 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.

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), this report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction (higher, better and slower for Supplier Deliveries) and the negative economic direction (lower, worse and faster for Supplier Deliveries), and the diffusion index. 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 (Manufacturing PMI[®], New Orders, Production, Employment and Inventories) 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. 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).

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. With some of the indicators within this report, ISM[®] has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis. The **Manufacturing ISM[®] Report On Business[®]** survey is sent out to Manufacturing 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. ISM[®] then compiles the report for release on the first business day of the following month.

The industries reporting growth, as indicated in the **Manufacturing ISM[®] Report On Business[®]** monthly report, 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.

Responses to Buying Policy reflect the percent reporting the current month's lead time, the approximate weighted number of days ahead for which commitments are made for Capital Expenditures; Production Materials; and Maintenance, Repair and Operating (MRO) Supplies, expressed as hand-to-mouth (five days), 30 days, 60 days, 90 days, six months (180 days), a year or more (360 days), and the weighted average number of days. These responses are raw data, never revised, and not seasonally adjusted.

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The next **Manufacturing ISM[®] Report On Business[®]** featuring June 2024 data will be released at 10:00 a.m. ET on Monday, July 1, 2024.

*Unless the New York Stock Exchange is closed.