



NEWS RELEASE

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ISM[®] REPORTS ECONOMIC IMPROVEMENT TO CONTINUE IN 2025

Manufacturing Growth Expected in 2025
Revenue to Increase 4.2%
Capital Expenditures to Increase 5.2%
Capacity Utilization Currently at 82.3%

Services Growth Projected in 2025
Revenue to Increase 3.9%
Capital Expenditures to Increase 5.1%
Capacity Utilization Currently at 87.4%

(Tempe, Arizona) — Economic improvement in the United States will continue in 2025, say the nation's purchasing and supply management executives in the December 2024 *ISM Supply Chain Planning Forecast*, formerly known as the *Semiannual Economic Forecast*. Revenues are expected to increase in 17 of 18 manufacturing industries and 16 of 18 services-sector industries. Capital expenditures are expected to increase by 5.2 percent in the manufacturing sector (after a 5.6-percent increase in 2024) and increase by 5.1 percent in the services sector (after a 2.8-percent increase in 2024). In 2025, employment is expected to grow by 0.8 percent in manufacturing and 0.8 percent in services. After projected growth in manufacturing and services in the first half (H1) of the year, growth in the second half (H2) is projected to accelerate in manufacturing and maintain momentum in the services sector.

These projections are part of the forecast issued by Institute for Supply Management[®]'s (ISM[®]) Business Survey panelists. The forecast was released today by Timothy R. Fiore, CPSM, C.P.M, Chair of the ISM Manufacturing Business Survey Committee, and by Steve Miller, CPSM, CSCP, Chair of the ISM Services Business Survey Committee.

Manufacturing Summary

Expectations for 2025 are positive, as 60 percent of survey respondents expect revenues to be greater in 2025 than in 2024. The panel of purchasing and supply executives expects a 4.2-percent net increase in overall revenues for 2025, compared to a 0.8 percentage point increase reported for 2024. Sixteen of the 18 manufacturing industries expect revenue improvement in 2025, listed in order of largest to smallest projected increase: Computer & Electronic Products; Machinery; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Transportation Equipment; Miscellaneous Manufacturing; Paper Products; Primary Metals; Plastics & Rubber Products; Chemical Products; Nonmetallic Mineral Products; Wood Products; Printing & Related Support Activities; Furniture & Related Products; and Fabricated Metal Products.

“Manufacturing’s purchasing and supply executives expect to see overall growth in 2025. They are optimistic about overall business prospects for the first half of 2025 and more excited about faster growth in the second half. According to the ISM[®] *Report On Business*[®], manufacturing grew for 28 consecutive months from June 2020 through September 2022, was unchanged in October and dipped into contraction in November 2022. The index has remained in contraction since, except for a reading of 50.3 percent in March 2024. Respondents expect raw materials pricing pressure to ease in 2025 and see first-half 2025 profit margins improving over the second half of 2024. Wages and employment will continue to grow. Manufacturers also predict growth in both exports and imports in 2025,” says Fiore.

In the manufacturing sector, respondents report the companies operating at 82.3 percent of normal capacity, down 0.5 percentage point from the 82.8 percent reported in May 2024. Purchasing and supply executives predict that capital expenditures will increase year over year by 5.2 percent in 2025, compared to a 5.6-percent increase reported for 2024. Manufacturers expect employment in the sector to grow by 0.8 percentage point in 2025 relative to December 2024 levels, while labor and benefit costs are expected to increase an average of 3.3 percent. Respondents also expect the U.S. dollar to strengthen against the currencies of seven major trading partners in 2025.

The Business Survey Panel predicts that prices paid for raw materials will increase 3 percent during the first five months of the year, with an overall increase of 3 percent for 2025. This equates to a reported 3-percent increase in raw materials prices in 2024.

Services Summary

Fifty-nine percent of services supply management executives expect their 2025 revenues to be higher than in 2024. They expect a 3.9-percent net increase in overall revenues for 2025, compared to a 3.7-percent increase reported for 2024. The 17 industries expecting revenue increases in 2025 — listed in order of largest to smallest projected increase — are: Professional, Scientific & Technical Services; Accommodation & Food Services; Other Services; Construction; Management of Companies & Support Services; Mining; Arts, Entertainment & Recreation; Transportation & Warehousing; Retail Trade; Wholesale Trade; Finance & Insurance; Information; Public Administration; Utilities; Real Estate, Rental & Leasing; Educational Services; and Health Care & Social Assistance.

“Services supply executives report operating at 87.4 percent of normal capacity, less than the 88.6 percent reported in May 2024. They are optimistic about the first half of 2025 and expect growth to continue in the second half, with a projected increase in capital investment. They forecast that their capacity to produce products and provide services will rise by 2.8 percent during 2025, and capital expenditures will increase by 5.1 percent. Services Business Survey Panel members also predict their overall employment will increase by 0.8 percent during 2025,” says Miller.

Respondents expect the prices they pay for materials and services to increase by 5.3 percent during 2025. They also forecast that their overall labor and benefit costs will increase 3.5 percent. Profit margins decreased slightly in the second and third quarters of 2024, but respondents expect growth between now and May 2025.

OPERATING RATE

Manufacturing

Manufacturing purchasing and supply executives report their companies are currently operating at 82.3 percent of normal capacity. This is a 0.5-percentage point increase when compared to May 2024 (82.8 percent) and a decrease when compared to December 2023 (83 percent). The following seven industries — listed in order — are operating at or above the average rate of 82.3 percent: Petroleum & Coal Products; Paper Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Wood Products; Chemical Products; and Miscellaneous Manufacturing.

Services

Services supply executives report their organizations are currently operating at 87.4 percent of normal capacity. This is a decrease compared to the 88.6 percent reported in May 2024, but above what was

reported in December 2023 (86.5 percent). The 12 industries operating at or above the average capacity level of 87.4 percent — listed in order — are: Utilities; Real Estate; Rental & Leasing; Construction; Finance & Insurance; Retail Trade; Educational Services; Public Administration; Agriculture; Forestry; Fishing & Hunting; Mining; Transportation & Warehousing; Health Care & Social Assistance; and Other Services.

Operating Rate						
	Manufacturing			Services		
	Dec 2023	May 2024	Dec 2024	Dec 2023	May 2024	Dec 2024
90%+	42%	40%	40%	48%	54%	55%
50%-89%	53%	57%	57%	51%	45%	43%
Below 50%	5%	3%	3%	1%	1%	2%
Est. Overall Average	83.0%	82.8%	82.3%	86.5%	88.6%	87.4%

PRODUCTION CAPACITY

Manufacturing

Production capacity in manufacturing increased 1.7 percent in 2024, as 28 percent of purchasing and supply executives reported an average capacity increase of 10.6 percent, 12 percent reported an average decrease of 9.7 percent, and 60 percent reported no change. This compares to a May 2024 predicted increase in production capacity of 2.4 percent for 2024. Expectations for 2025 are for an increase of 4 percent. The 16 industries that expect an increase in production capacity in 2025 — listed in order — are: Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; Primary Metals; Petroleum & Coal Products; Computer & Electronic Products; Fabricated Metal Products; Machinery; Paper Products; Miscellaneous Manufacturing; Wood Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Textile Mills; Chemical Products; and Nonmetallic Mineral Products.

Manufacturing Production Capacity						
	Predicted For 2024		Reported For 2024		Predicted For 2025	
	Predicted Dec 2023	Magnitude of Change	Reported Dec 2024	Magnitude of Change	Predicted Dec 2024	Magnitude of Change
Higher	44%	+10.5%	28%	+10.6%	46%	+9.7%
Same	52%	NA	60%	NA	50%	NA
Lower	4%	-22.8%	12%	-9.7%	4%	-8.5%
Net Average		+7.8%		+1.7%		+4.0%

The principal means of achieving increases in production capacity in 2024 were (in order of importance):

- 1) More hours worked with existing personnel
- 2) Additional personnel
- 3) Additional plant and/or equipment
- 4) Replaced equipment with technically advanced equipment.

Services

The capacity to produce products or provide services in the services sector increased 3.2 percent during 2024. This is greater than what was predicted in May 2024 (2.6 percent), but 0.9 percentage point lower than the 4.1 percent predicted for the year in December 2023. For 2025, 37 percent of services supply managers expect increases averaging 7.9 percent, and 2 percent of respondents expect decreases averaging 6.4 percent. Sixty-one percent expect no change in capacity. The 17 industries expecting increases in capacity in 2025 — listed in order — are: Accommodation & Food Services; Other Services; Professional, Scientific & Technical Services; Mining; Management of Companies & Support Services;

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Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; Construction; Health Care & Social Assistance; Retail Trade; Utilities; Real Estate, Rental & Leasing; Transportation & Warehousing; Public Administration; Information; Finance & Insurance; and Educational Services.

Services Production or Provision Capacity						
	Predicted For 2024		Reported For 2024		Predicted For 2025	
	Predicted Dec 2023	Magnitude of Change	Reported Dec 2024	Magnitude of Change	Predicted Dec 2024	Magnitude of Change
Higher	47%	+9.3%	31%	+10.9%	37%	+7.9%
Same	50%	NA	66%	NA	61%	NA
Lower	3%	-9.6%	3%	-7.6%	2%	-6.4%
Net Average		+4.1%		+3.2%		+2.8%

The principal means of achieving increases in production or provision capacity in 2024 were (in order of importance):

- 1) Additional plant and/or equipment
- 2) Additional personnel (permanent, temporary or contract)
- 3) More hours worked with existing personnel
- 4) Replaced equipment with technically advanced equipment.

CAPITAL EXPENDITURES — 2024 vs. 2023

Manufacturing

Purchasing and supply executives report 2024 capital expenditures increased 5.2 percent on average when compared to 2023 levels. Expenditures for 2024 beat survey respondents' previous expectations, as they predicted an increase of 1 percent for the year in May 2024. The 33 percent of purchasers who reported increased capital expenditures in 2024 indicated an average increase of 30 percent, while the 20 percent who said their capital spending was reduced reported an average decrease of 21.2 percent. Forty-seven percent of respondents said their spend levels were unchanged in 2024. The 11 industries showing increases in capital expenditures for 2024 — listed in order of percentage increase — are: Food, Beverage & Tobacco Products; Paper Products; Furniture & Related Products; Computer & Electronic Products; Transportation Equipment; Nonmetallic Mineral Products; Miscellaneous Manufacturing; Chemical Products; Fabricated Metal Products; Wood Products; and Machinery.

Services

Services supply management executives report their level of capital expenditures in 2024 increased 2.8 percent year over year. This is lower than the 3.9 percent increase reported for 2023 and marginally lower than the 2.9-percent increase predicted by respondents in May 2024. Thirty-two percent report increases averaging 16.6 percent, while 2.2 percent report decreases averaging 11.8 percent. Forty-six percent indicate they spent the same on capital expenditures in 2024 as in 2023. The 14 industries experiencing increases in capital expenditures in 2024 — listed in order of percentage increase — are: Accommodation & Food Services; Management of Companies & Support Services; Utilities; Health Care & Social Assistance; Public Administration; Educational Services; Mining; Wholesale Trade; Professional, Scientific & Technical Services; Agriculture, Forestry, Fishing & Hunting; Finance & Insurance; Information; Transportation & Warehousing; and Arts, Entertainment & Recreation.

Capital Expenditures 2024 vs. 2023						
	Manufacturing			Services		
	Predicted May 2024	Reported Dec 2024	Magnitude of Change	Predicted May 2024	Reported Dec 2024	Magnitude of Change

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Higher	24%	33%	+30.0%	25%	32%	+16.6%
Same	62%	47%	NA	63%	46%	NA
Lower	14%	20%	-21.2%	12%	22%	-11.8%
Net Average	+1.0%		+5.6%	+1.4%		+2.8%

PREDICTED CAPITAL EXPENDITURES — 2025 vs. 2024

Manufacturing

Purchasing and supply executives expect capital expenditures to increase 5.2 percent in 2025. The 35 percent of respondents predicting increased capital expenditures in 2025 indicate an average increase of 26.2 percent, while the 22 percent who said their capital spending would be reduced predict an average decrease of 19.4 percent. The remaining 43 percent said they expect to spend the same in 2025 as in 2024. The 14 industries predicting increases in capital expenditures for 2025 — in the following order — are: Petroleum & Coal Products; Paper Products; Printing & Related Support Activities; Wood Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Primary Metals; Transportation Equipment; Computer & Electronic Products; Machinery; Food, Beverage & Tobacco Products; Textile Mills; Chemical Products; and Miscellaneous Manufacturing.

Services

Services purchasing and supply executives are expecting an increase of 5.1 percent in capital expenditures in 2025, higher than the 2.8 percent increase reported for 2024. The 33 percent of respondents expecting to spend more on capital expenditures predict an average increase of 21 percent. An additional 17 percent anticipate a decrease averaging 11 percent. Fifty percent expect to spend the same on capital expenditures in 2025. The 12 industries expecting increases in capital expenditures in 2025 — listed in order of percentage increase — are: Agriculture, Forestry, Fishing & Hunting; Other Services; Accommodation & Food Services; Health Care & Social Assistance; Utilities; Public Administration; Construction; Educational Services; Information; Professional, Scientific & Technical Services; Finance & Insurance; Wholesale Trade; Arts, Entertainment & Recreation; and Transportation & Warehousing.

Predicted Capital Expenditures 2025 vs. 2024				
	Manufacturing		Services	
	Predicted Dec 2024	Magnitude of Change	Predicted Dec 2024	Magnitude of Change
Higher	35%	+26.2%	33%	+21.0%
Same	43%	NA	50%	NA
Lower	22%	-19.4%	17%	-11.0%
Net Average		+5.2%		+5.1%

PRICES — Changes Between End of 2023 and End of 2024

Manufacturing

After a May 2024 forecast of a 1.9-percent increase in prices paid for raw materials in 2024, survey respondents report price increases averaging 3 percent for the year. The 56 percent who say their prices are higher now than at the end of 2023 report an average increase of 7.5 percent, while the 20 percent who report lower prices indicate an average decrease of 6 percent. The remaining 24 percent report no change in 2024. The six industries experiencing price increases above the average of 3 percent in 2024 — listed in order — are: Primary Metals; Textile Mills; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Machinery.

Manufacturing Price Changes Between End of 2023 and End of 2024						
	Predicted	Magnitude	Predicted	Magnitude	Reported	Magnitude

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	Dec 2023	of Change	May 2024	of Change	Dec 2024	of Change
Higher	52%	+7.1%	47%	+6.1%	56%	+7.5%
Same	24%	NA	33%	NA	24%	NA
Lower	24%	-5.2%	20%	-5.2%	20%	-6.0%
Net Average		+3.3%		+1.9%		+3.0%

Services

In 2024, services supply executives report, prices paid increased by 5.2 percent. This is more than the 3.2-percent increase they predicted in May 2024 and more than the 3.4-percent increase for 2024 predicted one year ago. Sixty-seven percent of respondents report price increases averaging 8.7 percent. Ten percent indicate decreased prices, with an average reduction of 6 percent, and 23 percent of respondents did not experience price changes this year. The four industries experiencing price increases above the average of 5.2 percent in 2024 are: Real Estate, Rental & Leasing; Other Services; Public Administration; and Educational Services.

Services Price Changes Between End of 2023 and End of 2024						
	Predicted Dec 2023	Magnitude of Change	Predicted May 2024	Magnitude of Change	Reported Dec 2024	Magnitude of Change
Higher	59%	+6.9%	48%	+7.2%	67%	+8.7%
Same	27%	NA	45%	NA	23%	NA
Lower	14%	-4.8%	7%	-5.0%	10%	-6.0%
Net Average		+3.4%		+3.2%		+5.2%

PRICES – Predicted Changes Between End of 2024 and May 2025

Manufacturing

Fifty-nine percent of purchasing and supply executives expect the prices they pay to increase in the first five months of 2025 by an average of 6 percent, while 13 percent anticipate decreases averaging 4 percent. Including the 28 percent who expect no change in prices, respondents expect a net average overall price increase of 3 percent before the end of May. The seven industries predicting an average increase in prices paid of 3 percent or higher in the first five months of 2025 — listed in order — are: Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Wood Products; Transportation Equipment; Chemical Products; and Primary Metals.

Services

Services survey respondents predict purchases in the first five months of 2025 will cost an average of 4.3 percent more than at the end of 2024. This is less than the increase reported for calendar year 2024. Sixty percent of services respondents predict the prices they pay will increase an average of 8.1 percent before the end of May, 10 percent of respondents expect price decreases averaging 5.6 percent, and the remaining 30 percent predict no change in prices. The six industries predicting average price increases of at least 4.3 percent in the first five months of 2025 — listed in order of percentage increase — are: Real Estate, Rental & Leasing; Management of Companies & Support Services; Public Administration; Utilities; Wholesale Trade; and Agriculture, Forestry, Fishing & Hunting.

Prices – Predicted Changes Between End of 2024 and May 2025				
	Manufacturing		Services	
	Predicted Dec 2024	Magnitude of Change	Predicted Dec 2024	Magnitude of Change

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Higher	59%	+6.0%	60%	+8.1%
Same	28%	NA	30%	NA
Lower	13%	-4.0%	10%	-5.6%
Net Average		+3.0%		+4.3%

PRICES — Predicted Changes Between End of 2024 and End of 2025

Manufacturing

Respondents predict a net average increase in prices paid of 3.3 percent between December 2024 and December 2025. Sixty-two percent of respondents expect an average price increase of 6.2 percent in 2025, while 15 percent expect an average reduction of 5.5 percent. The remaining 23 percent expect no change in their average prices paid for the year. The eight industries expecting price increases above the predicted average of 3 percent by the end of 2025 — listed in order — are: Wood Products; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Chemical Products; Machinery; and Transportation Equipment.

Services

For all of 2025, services supply management executives expect their prices to increase an average of 5.3 percent. Seventy-two percent of respondents expect increases averaging 8.3 percent, 10 percent anticipate prices to drop an average of 6.3 percent, and 18 percent foresee no change in prices next year. The six industries expecting greater than the 5.3-percent average price increase by the end of 2025 — listed in order of percentage increase — are: Management of Companies & Support Services; Real Estate, Rental & Leasing; Public Administration; Agriculture, Forestry, Fishing & Hunting; Wholesale Trade; and Utilities.

Predicted Price Changes Between End of 2024 and End of 2025				
	Manufacturing		Services	
	Predicted Dec 2024	Magnitude of Change	Predicted Dec 2024	Magnitude of Change
Higher	62%	+6.2%	72%	+8.3%
Same	23%	NA	18%	NA
Lower	15%	-5.5%	10%	-6.3%
Net Average		+3.0%		+5.3%

LABOR AND BENEFIT COSTS — Predicted Rate Change End of 2024 vs. End of 2025

Manufacturing

Purchasing and supply executives expect higher overall labor and benefit costs for 2025. Sixty-nine percent of respondents expect labor and benefit costs to grow by an average of 5.1 percent for all of 2025, while the 2 percent forecasting lower costs project an average decrease of 5.3 percent. Including the 29 percent of respondents who believe costs will remain the same, the overall net rate of increase is expected to be 3.3 percent for the year. The nine industries expecting to pay an increase of 3.3 percent or greater — listed in order — are: Textile Mills; Petroleum & Coal Products; Primary Metals; Electrical Equipment, Appliances & Components; Paper Products; Wood Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; and Transportation Equipment.

Services

Services purchasing and supply executives expect a 3.5-percent increase in labor and benefit costs in 2025. Seventy-three percent of respondents expect such costs to increase by an average of 5.5 percent. Another 4 percent of respondents expect labor and benefit costs to shrink by an average of 13.3 percent, and 23 percent believe costs will remain stable during 2025. The five industries expecting to pay an increase of 3.5 percent or higher are: Accommodation & Food Services; Real Estate, Rental & Leasing; Public Administration; Retail Trade; and Wholesale Trade.

Labor and Benefit Costs — Predicted Rate Change End of 2024 vs. End of 2025						
	Manufacturing			Services		
	Predicted for 2024 Dec 2023	Predicted for 2025 Dec 2024	Magnitude of Change	Predicted for 2024 Dec 2023	Predicted for 2025 Dec 2024	Magnitude of Change
Higher	70%	69%	+5.1%	65%	73%	+5.5%
Same	28%	29%	NA	32%	23%	NA
Lower	2%	2%	-5.3%	3%	4%	-13.3%
Net Average	+5.2%		+3.3%	+3.3%		+3.5%

EMPLOYMENT — Change in Overall Employment

Manufacturing

ISM’s Manufacturing panelists report that sector employment decreased 1.1 percent in 2024 and forecast that employment will increase by 0.8 percentage point, on average, for the full year of 2025. Twenty-eight percent of respondents expect employment to be, on average, 6.6 percent higher in 2025, while 18 percent predict employment to be lower by an average of 5.7 percent. The remaining 54 percent of respondents expect their employment levels to be unchanged in 2025. The 11 industries predicting increases in employment in 2025 — listed in order — are: Plastics & Rubber Products; Food, Beverage & Tobacco Products; Wood Products; Machinery; Computer & Electronic Products; Transportation Equipment; Fabricated Metal Products; Paper Products; Furniture & Related Products; Miscellaneous Manufacturing; and Primary Metals.

Manufacturing Change in Overall Employment						
	Reported for 2023 (since Dec 2022)	Magnitude of Change	Reported for 2024 (since Dec 2023)	Magnitude of Change	Predicted for 2025 Dec 2024	Magnitude of Change
Higher	32%	+8.9%	24%	+6.6%	28%	+6.6%
Same	39%	NA	44%	NA	54%	NA
Lower	29%	-11.0%	32%	-8.5%	18%	-5.7%
Net Average		-0.6%		-1.1%		+0.8%

Services

ISM’s Services panelists report that sector employment was up 0.7 percent for all of 2024. They forecast that employment will increase 0.8 percent by the end of 2025. In the coming year, 28 percent of respondents expect higher levels of employment (up 6.7 percent on average), 11 percent anticipate lower levels (down 10 percent on average), and 61 percent expect their employment levels to be unchanged. The 11 industries anticipating increases in employment in 2025 — listed in order — are: Accommodation & Food Services; Mining; Wholesale Trade; Construction; Public Administration; Management of Companies & Support Services; Finance & Insurance; Health Care & Social Assistance; Professional, Scientific & Technical Services; Other Services; and Utilities.

Services Change in Overall Employment						
	Reported for 2023 (since Dec 2022)	Magnitude of Change	Reported for 2024 (since Dec 2023)	Magnitude of Change	Predicted for 2025 Dec 2024	Magnitude of Change
Higher	40%	+8.4%	29%	+9.9%	28%	+6.7%
Same	41%	NA	47%	NA	61%	NA
Lower	19%	-8.1%	24%	-9.1%	11%	-10.0%
Net Average		+1.9%		+0.7%		+0.8%

EXPORT BUSINESS — Predicted Change for Next Half Year (First Half of 2025)

Manufacturing

Survey responses indicate executives expect increases in new export orders for the first half of 2025. Of the 74 percent of respondents who indicated their companies track export activity, 38 percent predict an increase (35 percent moderate and 3 percent substantial) over the next six months. Fourteen percent of respondents predict a decrease (14 percent moderate and 0 percent substantial) in their exports, and 48 percent anticipate no change in exports over the next six months. The 13 industries expecting growth in exports during the first half of 2025 — listed in order — are: Nonmetallic Mineral Products; Miscellaneous Manufacturing; Furniture & Related Products; Paper Products; Chemical Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Machinery; and Transportation Equipment.

Services

For the first half of 2025, respondents whose organizations provide services outside the U.S. are optimistic concerning business. Of the 17 percent of Services respondents who report that their companies measure exports, 15 percent predict an increase (15 percent moderate and 0 percent substantial) over the next six months. Six percent of respondents expect a decrease in exports (6 percent moderate and 0 percent substantial), and 79 percent anticipate no change in exports over the next six months. Of the industries that track exports, the four that expect growth in the first half of 2025 are: Information; Transportation & Warehousing; Educational Services; and Professional, Scientific & Technical Services.

Predicted Change in Export Business — Next Half Year				
	Manufacturing		Services	
	Predicted For 2024	Predicted For 2025	Predicted For 2024	Predicted For 2025
	First Half of 2024 Predicted Dec 2023	First Half of 2025 Predicted Dec 2024	First Half of 2024 Predicted Dec 2023	First Half of 2025 Predicted Dec 2024
Substantial Increase	2%	3%	0%	0%
Moderate Increase	40%	35%	22%	15%
No Change	49%	48%	76%	79%
Moderate Decrease	9%	14%	2%	6%
Substantial Decrease	0%	0%	0%	0%
Diffusion Index	66.2%	62.6%	59.8%	54.3%

IMPORT BUSINESS — Predicted Change for Next Half Year (First Half of 2025)

Manufacturing

Respondents expect increases in imports in the first half of 2025. Of the 87 percent of purchasers who reported that their companies import materials, 30 percent predict an increase over the next six months (26 percent moderate and 4 percent substantial), while 21 percent predict a decrease (20 percent moderate and 1 percent substantial). The remaining 49 percent of survey respondents expect no change in imports in the first half of 2025. The seven industries expecting growth in imports — listed in order — are: Miscellaneous Manufacturing; Plastics & Rubber Products; Wood Products; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; and Chemical Products.

Services

Services executives' expectations for import activity for the first half of 2025 have decreased compared to their expectations in December 2024 for the first half of 2025. Of the 44 percent of services respondents who report their organizations import materials and services, 16 percent (16 percent moderate and 0

percent substantial) predict an increase during the first half of 2025. Fourteen percent of respondents (14 percent moderate and 0 percent substantial) predict a decrease. The remaining 70 percent expect no change in imports over the next six months. The six industries expecting growth in imports — listed in order — are: Arts, Entertainment & Recreation; Retail Trade; Wholesale Trade; Information; Professional, Scientific & Technical Services; and Educational Services.

Predicted Change in Import Business — Next Half Year				
	Manufacturing		Services	
	Predicted For 2024	Predicted For 2025	Predicted For 2024	Predicted For 2025
	First Half of 2024 Predicted Dec 2023	First Half of 2025 Predicted Dec 2024	First Half of 2024 Predicted Dec 2023	First Half of 2025 Predicted Dec 2024
Substantial Increase	2%	4%	3%	0%
Moderate Increase	33%	26%	33%	16%
No Change	48%	49%	52%	70%
Moderate Decrease	16%	20%	12%	14%
Substantial Decrease	1%	1%	0%	0%
Diffusion Index	58.9%	54.7%	61.7%	50.8%

INVENTORY-TO-SALES RATIO

Manufacturing

Among manufacturing panelist companies, 18 percent anticipate increasing their purchased inventory-to-sales ratio during 2025. An additional 20 percent expect their ratio to drop, and 62 percent forecast no change. The diffusion index of 49.3 percent suggests the inventory-to-sales ratio will decrease in 2025.

Services

Ten percent of respondents' companies project increasing their purchased inventory-to-sales ratio during 2025. An additional 5 percent expect their ratio to drop, and 85 percent forecast no change. The diffusion index of 52.3 percent suggests the inventory-to-sales ratio will increase in 2025.

Predicted Change in Purchased Inventory-to-Sales Ratio				
	Manufacturing		Services	
	For 2024 Predicted Dec 2023	For 2025 Predicted Dec 2024	For 2024 Predicted Dec 2023	For 2025 Predicted Dec 2024
	Greater	15%	18%	18%
Same	61%	62%	74%	85%
Smaller	24%	20%	8%	5%
Diffusion Index	45.4%	49.3%	55.0%	52.3%

Note: A diffusion index above 50 percent would indicate an increase in the inventory-to-sales ratio; below 50 percent, a decrease in the ratio.

U.S. DOLLAR — Predicted Strength vs. Major Trading Currencies — in 2025 — Manufacturing Only

Manufacturing

Purchasing and supply executives are expecting the U.S. dollar will generally strengthen in 2025 against all the foreign currencies listed below. The average diffusion index for this forecast is 62.8 percent, an increase of 8.5 percentage points compared to the December 2023 forecast average of 54.3 percent for 2024.

U.S. Dollar Will Be:	Euro	Canada Dollar	British Pound	Japanese Yen	Mexican Peso	Korean Won	Taiwan New Dollar
Stronger than	48%	45%	41%	37%	54%	32%	37%
Same as	32%	43%	37%	45%	35%	53%	49%
Weaker than	20%	12%	22%	18%	11%	15%	14%
Diffusion Index	63.8%	66.4%	59.8%	59.1%	70.9%	58.5%	61.1%

Note: A diffusion index above 50 percent would predict a generally stronger U.S. dollar; below 50 percent, a generally weaker U.S. dollar, with the distance from 50 percent indicative of the predicted strength or weakness.

BUSINESS REVENUES

Business Revenues Comparison — 2024 vs. 2023

Manufacturing

Overall, revenues increased for manufacturers. Forty-four percent of respondents say the companies' revenues were better than in 2023, increasing on average 8.5 percent. Twenty-six percent say revenues decreased in 2024 by an average of 11.7 percent, and the remaining 30 percent indicate no change. Overall, purchasing and supply executives indicate a net increase of 0.8 percentage point in business revenues for 2024 over 2023. This is less than the 2.1-percent increase that was forecast in May 2024 for all of 2024 and much less than the 5.6-percent increase predicted in December 2023. The 10 industries reporting increases in revenues in 2024 — listed in order — are: Computer & Electronic Products; Miscellaneous Manufacturing; Furniture & Related Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Transportation Equipment; Nonmetallic Mineral Products; Paper Products; and Wood Products.

Manufacturing Business Revenues — 2024 vs. 2023						
	Predicted Dec 2023	% Change	Predicted May 2024	% Change	Reported Dec 2024	% Change
Higher	58%	+9.2%	44%	+8.6%	44%	+8.5%
Same	29%	NA	42%	NA	30%	NA
Lower	13%	-10.3%	14%	-12.3%	26%	-11.7%
Net Average		+5.6%		+2.1%		+0.8%

Services

Services supply management executives report that business revenues for 2024 increased year over year by 3.7 percent. This is more than the 2.9-percent increase predicted for the year in May 2024. The 51 percent of respondents reporting better business revenues in 2024 than in 2023 estimate an average revenue increase of 9.6 percent. This contrasts with an average decrease of 10.5 percent reported by the 11 percent of respondents who project worse business in 2024. The remaining 38 percent have experienced no change in 2024. The 18 industries reporting increases in revenues in 2024 — in the following order — are: Professional, Scientific & Technical Services; Accommodation & Food Services; Mining; Transportation & Warehousing; Arts, Entertainment & Recreation; Real Estate, Rental & Leasing; Finance & Insurance; Public Administration; Construction; Agriculture, Forestry, Fishing & Hunting; Other Services; Management of Companies & Support Services; Retail Trade; Health Care & Social Assistance; Information; Educational Services; Utilities; and Wholesale Trade.

Services Business Revenues — 2024 vs. 2023						
	Predicted Dec 2023	% Change	Predicted May 2024	% Change	Reported Dec 2024	% Change
Higher	43%	+17.2%	36%	+10.3%	51%	+9.6%
Same	52%	NA	54%	NA	38%	NA
Lower	5%	-9.2%	10%	-7.5%	11%	-10.5%
Net Average		+6.9%		+2.9%		+3.7%

Business Revenues Prediction for 2025

Manufacturing

Manufacturing survey respondents forecast that business revenues for 2025 will be stronger than in 2024. The 60 percent of respondents forecasting better organizational business revenues in 2025 estimate an average increase of 9 percent. This contrasts with an average decrease of 10.2 percent forecast by the 12 percent who predict lower business revenues in 2025. Including the 28 percent who see no change in 2025, the forecast for overall net increase in business revenues for 2025 is 4.2 percent. Sixteen of the 18 manufacturing industries expect revenue improvement in 2025, listed in order of largest to smallest projected increase: Computer & Electronic Products; Machinery; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Petroleum & Coal Products; Transportation Equipment; Miscellaneous Manufacturing; Paper Products; Primary Metals; Plastics & Rubber Products; Chemical Products; Nonmetallic Mineral Products; Wood Products; Printing & Related Support Activities; Furniture & Related Products; and Fabricated Metal Products.

Services

Services survey respondents forecast that their companies' business revenues for 2025 will improve by an average of 3.9 percent. This is slightly more than the 3.7-percent increase reported for 2024, but less than the 6.9-percent increase predicted one year ago for 2024 revenues. The 59 percent of respondents forecasting better business in 2025 estimate an average revenue increase of 7.8 percent. This contrasts with an average decrease of 10.7 percent forecast by the 7 percent who predict worse business in 2025. The remaining 34 percent see no change. The 17 industries expecting revenue increases in 2025 — listed in order of largest to smallest projected increase — are: Professional, Scientific & Technical Services; Accommodation & Food Services; Other Services; Construction; Management of Companies & Support Services; Mining; Arts, Entertainment & Recreation; Transportation & Warehousing; Retail Trade; Wholesale Trade; Finance & Insurance; Information; Public Administration; Utilities; Real Estate, Rental & Leasing; Educational Services; and Health Care & Social Assistance.

Business Revenues — 2025 vs. 2024				
	Manufacturing		Services	
	Predicted Dec 2024	% Change	Predicted Dec 2024	% Change
Higher	60%	+9.0%	59%	+7.8%
Same	28%	NA	34%	NA
Lower	12%	-10.2%	7%	-10.7%
Net Average		+4.2%		+3.9%

PROFIT MARGINS

Manufacturing

Survey respondents report that profit margins decreased on average during the second and third quarters of 2024. Twenty-six percent of respondents' companies experienced an increase, 34 percent had lower margins, and 40 percent reported no change. Expectations are higher between now and May 2025, as 30

percent of respondents forecast better profit margins, 19 percent predict lower profit margins, and 51 percent predict no change. The 11 industries expecting an increase in profit margins through May 2025 — listed in order of percentage increase — are: Paper Products; Primary Metals; Textile Mills; Miscellaneous Manufacturing; Computer & Electronic Products; Plastics & Rubber Products; Machinery; Food, Beverage & Tobacco Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; and Chemical Products.

Services

Among services supply management executives, 21 percent indicated their organizations experienced an increase in profit margins during the second and third quarters of 2024, 27 percent found smaller profit margins, and 52 percent had no change in margins during that timeframe. From now through May 2025, 36 percent of supply managers expect improved profit margins, 19 percent expect lower profit margins, and the remaining 45 percent of respondents anticipate no change. The nine industries expecting an increase in profit margins through May 2025 are, in the following order: Accommodation & Food Services; Real Estate, Rental & Leasing; Retail Trade; Information; Management of Companies & Support Services; Professional, Scientific & Technical Services; Wholesale Trade; Educational Services; and Utilities.

Profit Margins				
	Manufacturing		Services	
	May 2024 through Dec 2024 Reported Dec 2024	Dec 2024 through May 2025 Predicted Dec 2024	May 2024 through Dec 2024 Reported Dec 2024	Dec 2024 through May 2025 Predicted Dec 2024
Better	26%	30%	21%	36%
Same	40%	51%	52%	45%
Worse	34%	19%	27%	19%
Diffusion Index	45.7%	56.1%	46.7%	59.0%

BUSINESS COMPARISON

The First Half of 2025 Compared with the Last Half of 2024

Manufacturing

Manufacturing survey respondents are optimistic about the next six months, as reflected in the diffusion index reading of 60.2 percent. Comparing their outlook for the first half of 2025 to the last half of 2024, 38 percent predict it will be better, 17 percent predict it will be worse, and 45 percent expect no change. The 14 industries expecting improvement in the first half of 2025 — listed in order — are: Textile Mills; Computer & Electronic Products; Petroleum & Coal Products; Miscellaneous Manufacturing; Paper Products; Electrical Equipment, Appliances & Components; Wood Products; Plastics & Rubber Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Primary Metals; Fabricated Metal Products; Transportation Equipment; and Chemical Products.

Services

Services purchasing and supply executives feel positive about the first half of 2025. The diffusion index indicating current expectations registered 64 percent. Thirty-seven percent of respondents expect the first half of next year to be better than the last half of 2024. Ten percent anticipate it will be worse, and 53 percent predict no change. The 14 industries expecting improvement in the first half of 2025 — listed in order — are: Accommodation & Food Services; Management of Companies & Support Services; Other Services; Wholesale Trade; Arts, Entertainment & Recreation; Transportation & Warehousing; Public Administration; Professional, Scientific & Technical Services; Utilities; Educational Services; Finance & Insurance; Health Care & Social Assistance; Retail Trade; and Construction.

Business — First Half 2025 vs. Last Half 2024		
	Manufacturing	Services
	Predicted Dec 2024	Predicted Dec 2024
Better	38%	37%
Same	45%	53%
Worse	17%	10%
Diffusion Index	60.2%	64.0%

Note: A diffusion index above 50 percent would generally indicate an expectation of the first half of the coming year being better than the second half of the current year.

The Second Half of 2025 Compared with the First Half of 2025

Manufacturing

Purchasing and supply executives in manufacturing are even more optimistic about the second half of 2025 compared to the first half. The share of survey respondents who forecast the second half of 2025 to be better than the first half is 50 percent, while 9 percent expect it to be worse, and 41 percent expect no change. The diffusion index figure for the second half of 2025 is 70.3 percent, compared to 60.2 percent for the first half of 2025. The 15 industries predicting improvement in the second half of 2025 — listed in order — are: Wood Products; Computer & Electronic Products; Textile Mills; Primary Metals; Machinery; Fabricated Metal Products; Furniture & Related Products; Food, Beverage & Tobacco Products; Chemical Products; Miscellaneous Manufacturing; Nonmetallic Mineral Products; Transportation Equipment; Electrical Equipment, Appliances & Components; Paper Products; and Plastics & Rubber Products.

Services

Services purchasing and supply executives feel more optimistic about the second half of 2025 as compared to the first half of the year. (The diffusion index reading for the second half is 66.7 percent; it is 64 percent for the first half.) The share of respondents who currently forecast the second half of 2025 to be better than the first half is 45 percent, while 11 percent expect it to be worse. An additional 44 percent of purchasers expect no change. The 15 industries expecting improvement in the second half of 2025 — listed in order — are: Accommodation & Food Services; Arts, Entertainment & Recreation; Retail Trade; Other Services; Construction; Wholesale Trade; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Public Administration; Utilities; Educational Services; Health Care & Social Assistance; Management of Companies & Support Services; Information; and Transportation & Warehousing.

Business — Second Half 2025 vs. First Half 2025		
	Manufacturing	Services
	Predicted Dec 2024	Predicted Dec 2024
Better	50%	45%
Same	41%	44%
Worse	9%	11%
Diffusion Index	70.3%	66.7%

Note: A diffusion index above 50 percent would generally indicate an expectation of the second half of the coming year being better than the first half.

OUTLOOK FOR THE NEXT 12 MONTHS

Manufacturing

Compared to the outlook for 2024 reported in December 2023, survey respondents this year are more optimistic about the outlook for 2025. Forty-three percent of respondents believe 2025 will be better than 2024. Forty-two percent of respondents believe 2025 will be the same as 2024, and 15 percent believe 2025 will be worse than 2024. The resulting diffusion index for the 2025 outlook is 63.5 percent, compared with 56.5 percent for 2024.

Services

Services survey respondents are overall more optimistic compared to their predictions for 2024. A larger proportion of respondents this year believe 2025 will be better than 2024. This is bolstered by a decrease in the proportion of respondents indicating that 2025 will be worse. The diffusion index for the 2025 outlook of 63.7 percent is higher than the diffusion index going into 2024 (55.3 percent).

Outlook — Next 12 Months				
	Manufacturing		Services	
	Predicted for 2024 Dec 2023	Predicted for 2025 Dec 2024	Predicted for 2024 Dec 2023	Predicted for 2025 Dec 2024
Better	34%	43%	33%	39%
Same	46%	42%	44%	49%
Worse	20%	15%	23%	12%
Diffusion Index	56.5%	63.5%	55.3%	63.7%

SPECIAL QUESTION TOPIC #1: HIRING WORKERS TO FILL OPEN POSITIONS

We asked the Business Survey panelists, “In the past six months, has your company had difficulty hiring workers to fill open positions?”

Respondents indicated:

	Hiring Workers to Fill Open Positions							
	Manufacturing				Services			
	Reported Dec 2021	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024	Reported Dec 2021	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024
We have had difficulty hiring	81%	77%	59%	45%	81%	84%	75%	42%
We have not had difficulty	12%	22%	37%	48%	13%	10%	21%	52%
Not applicable (we have not had any open positions)	7%	1%	4%	7%	6%	6%	4%	6%

SPECIAL QUESTION TOPIC #2: HIRING DIFFICULTIES

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

Respondents indicated:

	If "Yes," What Have You Done?							
	Manufacturing				Services			
	Reported Dec 2021	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024	Reported Dec 2021	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024
We raised wages to recruit new hires	43%	45%	51%	37%	44%	51%	43%	42%
We didn't hire as many as we would have liked	35%	34%	22%	26%	43%	32%	43%	33%
We lowered our hiring standards	6%	10%	10%	11%	3%	7%	6%	3%
No difficulty because we weren't looking for workers	12%	3%	6%	11%	0%	0%	0%	0%
Something else	4%	8%	11%	15%	10%	10%	8%	22%

SPECIAL QUESTION TOPIC #3: NO HIRING DIFFICULTIES

We asked, "If you have not had difficulty hiring, why not?"

Respondents indicated:

	If "No," Why not?							
	Manufacturing				Services			
	Reported Dec 2021	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024	Reported Dec 2021	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024
We raised wages to attract applicants	31%	27%	40%	28%	31%	45%	36%	35%
Local labor market had ample supply of applicants	20%	17%	23%	41%	17%	5%	23%	37%
We lowered our hiring standards	3%	9%	4%	3%	25%	13%	6%	2%
No difficulty because we weren't trying to hire	25%	16%	21%	18%	10%	17%	19%	7%
Something else	21%	31%	12%	10%	17%	20%	16%	18%

SPECIAL QUESTION TOPIC #4: ABILITY TO PASS PRICING INCREASES

We asked, “Are you able to pass price increases to customers?”

Respondents indicated:

	Pass Price Increases to Customers?					
	Manufacturing			Services		
	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024
Yes	72%	69%	56%	48%	64%	58%
No	28%	31%	44%	52%	36%	42%

SPECIAL QUESTION TOPIC #5: CAUSE OF SUPPLY CHAIN DISRUPTIONS

We asked, “Are most of the supply chain disruptions in the manufacturing/services sectors due to foreign developments (for example, geopolitical turbulence for microchips or other foreign-sourced supplies) or to domestic developments (such as port delays or lack of truck drivers for domestically produced supplies like steel or aluminum)?”

Respondents indicated:

	Cause of Supply Chain Disruptions					
	Manufacturing			Services		
	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024	Reported Dec 2022	Reported Dec 2023	Reported Dec 2024
Foreign-Sourced	56%	51%	45%	49%	64%	30%
Domestic-Sourced	44%	49%	55%	51%	36%	70%

SPECIAL QUESTION TOPIC #6: LEVEL OF BACK ORDERS SUPPORTING PRODUCTION

We asked, “How do you see your current level of back orders supporting your production presently and over the new few months?”

Respondents indicated:

	Back Orders Supporting Production?			
	Manufacturing		Services	
	Reported Dec 2023	Reported Dec 2024	Reported Dec 2023	Reported Dec 2024
The level of back orders should not impact production.	43%	58%	62%	68%
The level of back orders should have a small boost in production.	27%	19%	18%	21%
The level of back orders should have a large boost in production.	5%	5%	5%	3%

Declining back orders should be a drag on production.	25%	18%	15%	8%
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SPECIAL QUESTION TOPIC #7: RESHORING FROM CHINA

We asked, “In the past six months, has your organization been impacted by reshoring production from China?”

Respondents indicated:

	Reshoring From China Impact?			
	Manufacturing		Services	
	Reported Dec 2023	Reported Dec 2024	Reported Dec 2023	Reported Dec 2024
Yes, we are actively substituting domestic for production imports.	28%	23%	23%	14%
No, we are not reshoring from China.	48%	56%	62%	65%
No, we are shifting non-domestic, non-China supply chains.	24%	21%	15%	21%

SPECIAL QUESTION TOPIC #8: INCREASING INVENTORIES

Manufacturing

We asked, “Do you plan on increasing your inventory of semi-finished and finished goods over the first half of 2025?”

- Our inventory is in line with expected demand **(61%)**
- Our inventory is insufficient to meet expected demand **(11%)**
- Our inventory currently exceeds expected demand **(24%)**
- Other **(4%)**

Services

We asked, “Do you plan on increasing your inventory of semi-finished and finished goods over the first half of 2025?”

- Our inventory is in line with expected demand **(65%)**
- Our inventory is insufficient to meet expected demand **(8%)**
- Our inventory currently exceeds expected demand **(11%)**
- Other **(16%)**

SPECIAL QUESTION TOPIC #9: RETURN TO PRE-PANDEMIC NORMS

Manufacturing

We asked, “When do you anticipate supply chain conditions to be essentially back to pre-pandemic norms?”

- They are already back to normal **(45%)**
- By next spring **(9%)**
- By the end of next summer **(19%)**

- By the end of 2024 **(3%)**
- Never **(24%)**

Services

We asked, “When do you anticipate supply chain conditions to be essentially back to pre-pandemic norms?”

- They are already back to normal **(42%)**
- By next spring **(15%)**
- By the end of next summer **(10%)**
- By the end of 2024 **(2%)**
- Never **(31%)**

SUMMARY

Manufacturing

The manufacturing sector contracted in November for the eighth consecutive month, and the forecast indicates this trend may reverse in the first half of 2025 with continued strengthening in the second half.

- Operating rate is currently at 82.3 percent.
- Production capacity increased by 1.7 percent in 2024.
- Production capacity is expected to increase by 4 percent in 2025.
- Capital expenditures increased 5.6 percent in 2024.
- Capital expenditures are expected to increase 5.2 percent in 2025.
- Prices paid increased 3 percent in 2024.
- Overall, 2025 prices paid are expected to increase 3 percent.
- Labor and benefit costs are expected to increase 3.3 percent in 2025.
- Manufacturing employment is predicted to increase 0.8 percentage point in 2025.
- U.S. exports growth expected in 2025.
- U.S. imports growth expected in 2025.
- The U.S. dollar is expected to strengthen versus the currencies of seven major trading partners in 2025.
- Manufacturing revenues increased 0.8 percent in 2024.
- Manufacturing revenues are expected to increase 4.2 percent in 2025.
- Manufacturing supply managers have a positive outlook, with 43 percent of respondents predicting 2025 will be better than 2024, and 16 percent of respondents predicting 2025 will be worse than 2024.

Services

The services sector grew for the 5th month in a row in November, and the forecast indicates continued expansion in 2025.

- Operating rate is currently at 87.4 percent.
- Production capacity increased 3.2 percent in 2024.
- Production and provision capacity is expected to increase 2.8 percent in 2025.
- Capital expenditures increased 2.8 percent in 2024.
- Capital expenditures are expected to increase 5.1 percent in 2025.
- Prices paid increased 5.2 percent in 2024.
- Prices paid are expected to increase 5.3 percent in 2025.
- Labor and benefit costs are expected to increase 3.5 percent in 2025.
- Employment is expected to increase 0.8 percent in 2025.
- Export levels expected to increase in 2025.
- Import growth expected in 2025.
- Services revenues are up 3.7 percent in 2024.
- Services revenues are expected to rise 3.9 percent in 2025.
- Services supply managers are positive in their outlook, with 39 percent of respondents predicting 2025 will improve compared to 2024.

***Miscellaneous Manufacturing** includes items such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies.

****Other Services** include services such as equipment and machinery repairing; promoting or administering religious activities; grant making; advocacy; and providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

About This Report

The data presented herein is obtained from a survey of manufacturing and services supply executives nationwide during November 2024 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

In addition to this forecast, the **Manufacturing ISM[®] Report On Business[®]** is issued monthly and is considered by many economists to be the most reliable near-term economic barometer available. It is reviewed regularly by government agencies and economic business leaders. The report, compiled from responses to questions asked of purchasing and supply executives across the country, tracks industrial production, new orders, inventories, supplier deliveries, imports, exports, backlog of orders, employment, customers' inventories, buying policies and prices. The report has been issued by the association since 1931, except during World War II. 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 industry's 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.

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 across the country. The report covers business activity, new orders, backlog of orders, new export orders, inventory change, inventory sentiment, imports, prices, employment, and supplier deliveries. 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 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.

The industries reporting growth, as indicated in the **Manufacturing and Services ISM[®] Report On Business[®]** monthly reports, and in this semiannual forecast, 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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The full text version of each report is posted on ISM's Home Page at www.ismworld.org on the first and third business days* of every month after 10:00 a.m. (ET). The one exception is in January, the reports are released on the second and fourth business day of the month.

The next **Manufacturing ISM[®] Report On Business[®]** featuring December 2024 data will be released at 10:00 a.m. ET on Friday, January 3, 2025.

The next **Services ISM[®] Report On Business[®]** featuring December 2024 data will be released at 10:00 a.m. ET on Tuesday, January 7, 2025.

*Unless the NYSE is closed.