

Economic activity in the manufacturing sector contracted in April after one month of expansion following 16 consecutive months of contraction, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

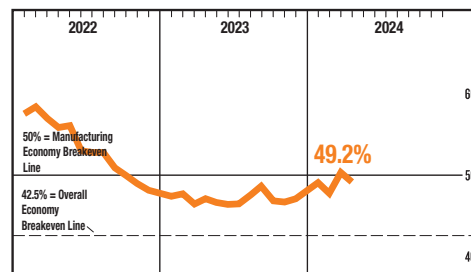
The Manufacturing PMI® registered 49.2 percent. The overall economy continued in expansion for the 48th month after one month of contraction in April 2020. (A Manufacturing PMI® above 42.5 percent, over a period of time, generally indicates an expansion of the overall economy.) The New Orders Index moved back into contraction territory after one month of expansion, registering 49.1 percent, 2.3 percentage points lower than the 51.4 percent recorded in March. The April reading of the Production Index (51.3 percent) is 3.3 percentage points lower than March's figure of 54.6 percent. The Prices Index registered 60.9 percent, up 5.1 percentage points compared to the reading of 55.8 percent in March. The Backlog of Orders Index registered 45.4 percent, down 0.9 percentage point compared to the 46.3 percent recorded in March. The Employment Index registered 48.6 percent, up 1.2 percentage points from March's figure of 47.4 percent.

The nine manufacturing industries reporting growth in April — in order — are: Nonmetallic Mineral Products; Printing & Related Support Activities; Primary Metals; Textile Mills; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Transportation Equipment; Chemical Products; and Plastics & Rubber Products. **ISM**

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

# MANUFACTURING PMI® at 49.2%

The U.S. manufacturing sector contracted in April, as the Manufacturing PMI® registered 49.2 percent, down 1.1 percentage points compared to March's reading of 50.3 percent. After breaking a 16-month streak of contraction with an expansion in March, the manufacturing sector dropped back into contraction. Only one out of five subindexes that directly factor into the Manufacturing PMI® is in expansion territory, down from two in March.



## Manufacturing at a Glance

INDEX	Apr Index	Mar Index	% Point Change	Direction	Rate of Change	Trend* (months)
<b>Manufacturing PMI®</b>	49.2	50.3	-1.1	Contracting	From Growing	1
New Orders	49.1	51.4	-2.3	Contracting	From Growing	1
Production	51.3	54.6	-3.3	Growing	Slower	2
Employment	48.6	47.4	+1.2	Contracting	Slower	7
Supplier Deliveries	48.9	49.9	-1.0	Faster	Faster	2
Inventories	48.2	48.2	0.0	Contracting	Same	15
Customers' Inventories	47.8	44.0	+3.8	Too Low	Slower	5
Prices	60.9	55.8	+5.1	Increasing	Faster	4
Backlog of Orders	45.4	46.3	-0.9	Contracting	Faster	19
New Export Orders	48.7	51.6	-2.9	Contracting	From Growing	1
Imports	51.9	53.0	-1.1	Growing	Slower	4
<b>Overall Economy</b>				<b>Growing</b>	<b>Slower</b>	<b>48</b>
<b>Manufacturing Sector</b>				<b>Contracting</b>	<b>From Growing</b>	<b>1</b>

\*Number of months moving in current direction. Manufacturing ISM® *Report On Business*® data has been seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.

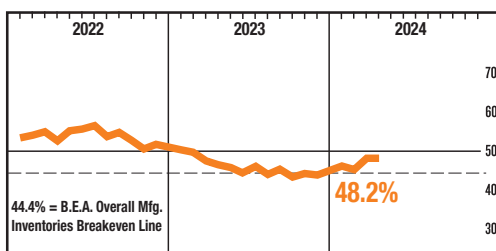
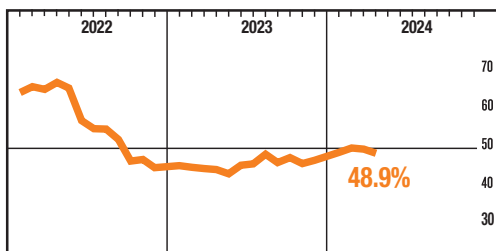
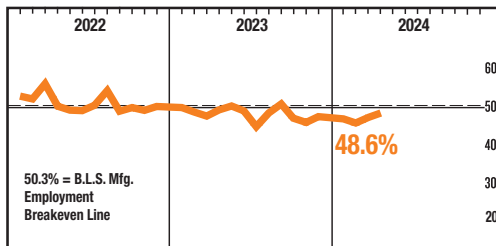
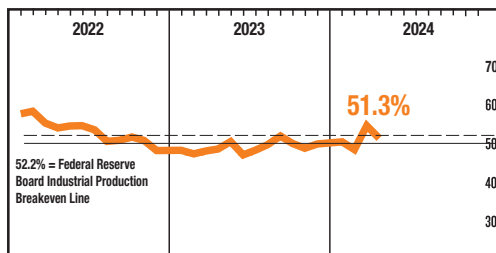
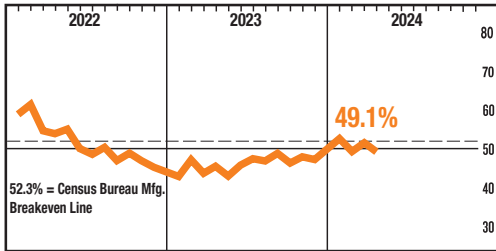


## Commodities Reported

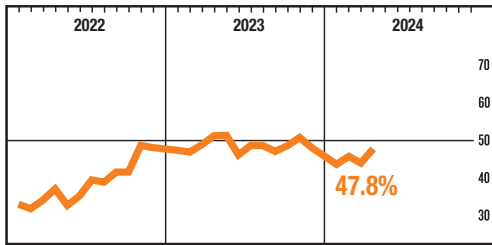
**Commodities Up in Price:** Aluminum (5); Copper; Corrugated Boxes (2); Corrugated Sheets (2); Crude Oil (2); Diesel; Gasoline (2); High-Density Polyethylene (HDPE) Resin; Plastic Resins (4); Polypropylene (7); Precious Metals; Solvents; Steel (10); Steel — Carbon\*; Steel — Hot Rolled; Steel Products; Titanium Dioxide; and Zinc.

**Commodities Down in Price:** Steel — Carbon\*.

**Commodities in Short Supply:** Electrical Components (43); Electrical Equipment (3); Electronic Components; and Labor — Temporary.

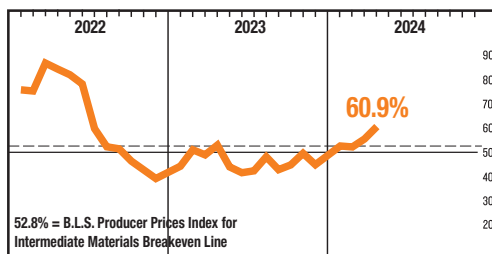


<sup>‡</sup>Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



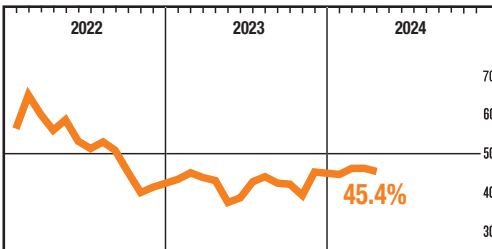
### Customers' Inventories

ISM's Customers' Inventories Index registered 47.8 percent. The five industries reporting customers' inventories as too high in April are: Textile Mills; Wood Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing<sup>‡</sup>; and Plastics & Rubber Products.



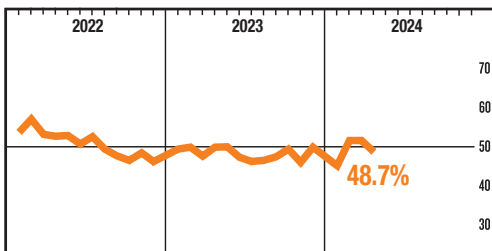
### Prices

The ISM Prices Index registered 60.9 percent. In April, the 13 industries that reported paying increased prices for raw materials, in order, are: Printing & Related Support Activities; Textile Mills; Petroleum & Coal Products; Plastics & Rubber Products; Chemical Products; Nonmetallic Mineral Products; Paper Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Primary Metals; Computer & Electronic Products; Furniture & Related Products; and Machinery.



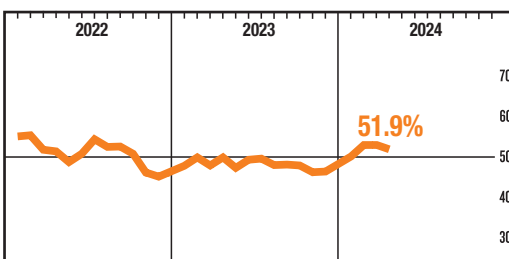
### Backlog of Orders

ISM's Backlog of Orders Index registered 45.4 percent. Of 18 manufacturing industries, the three that reported growth in order backlogs in April are: Wood Products; Nonmetallic Mineral Products; and Plastics & Rubber Products.



### New Export Orders

ISM's New Export Orders Index registered 48.7 percent. The five industries reporting growth in new export orders in April are: Wood Products; Plastics & Rubber Products; Miscellaneous Manufacturing<sup>‡</sup>; Food, Beverage & Tobacco Products; and Electrical Equipment, Appliances & Components.



### Imports

ISM's Imports Index registered 51.9 percent. The six industries reporting an increase in import volumes in April — listed in the following order — are: Wood Products; Paper Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Chemical Products.

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

## About This Report

**DO NOT CONFUSE THIS NATIONAL REPORT** with the various regional purchasing reports released across the country. The national report's information reflects the entire U.S., while the regional reports contain primarily regional data from their local vicinities. Also, the information in the regional reports is not used in calculating the results of the national report.

The data presented herein is obtained from a survey of manufacturing and services supply executives based on information they have collected within their respective organizations. ISM® makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

## Data and Method of Presentation

The **Manufacturing ISM® Report On Business®** is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Committee is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industries' contribution to gross domestic product (GDP): Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies). The data are weighted based on each industry's contribution to GDP. According to BEA estimates (the average of the fourth quarter 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), the six largest manufacturing industries are: Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Computer & Electronic Products; Machinery; and Fabricated Metal Products.

The **Services ISM® Report On Business®** (formerly the Non-Manufacturing ISM® Report On Business®) is based on data compiled from purchasing and supply executives nationwide. Membership of the Services Business Survey Committee (formerly Non-Manufacturing Business Survey Committee) is diversified by NAICS-based industries' contribution to gross domestic product (GDP). The Services Business Survey Committee responses are divided into the following NAICS code categories: Agriculture, Forestry, Fishing & Hunting; Mining; Utilities; Construction; Wholesale Trade; Retail Trade; Transportation & Warehousing; Information; Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Educational Services; Health Care & Social Assistance; Arts, Entertainment & Recreation; Accommodation & Food Services; Public Administration; and Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services). The data are weighted based on each industry's contribution to GDP. According to BEA estimates (the average of the fourth quarter 2022 GDP estimate and the GDP estimates for first, second, and third quarter 2023, as released on December 21, 2023), the six largest services sectors are: Real Estate, Rental & Leasing; Public Administration; Professional, Scientific, & Technical Services; Health Care & Social Assistance; Information; and Finance & Insurance.

Survey responses reflect the change, if any, in the current month compared to the previous month. Responses are raw data and are never changed. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive).

The resulting single index number for those meeting the criteria for seasonal adjustments (for Manufacturing: New Orders, Production, Employment, and Inventories) (for Services: Business Activity, New Orders, Employment and Prices) is then seasonally adjusted to allow for the effects of repetitive intra-year variations resulting primarily from normal differences in weather conditions, various institutional arrangements, and differences attributable to non-moveable holidays. The remaining indexes have not indicated significant seasonality. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them.

The Manufacturing PMI® is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries, and Inventories (seasonally adjusted). The Services PMI® is a composite index based on the diffusion indexes for four of the indicators with equal weights: Business Activity (seasonally adjusted), New Orders (seasonally adjusted), Employment (seasonally adjusted) and Supplier Deliveries.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change.

A Manufacturing PMI® reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A Manufacturing PMI® above 42.5 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.5 percent, it is generally declining.

The distance from 50 percent or 42.5 percent is indicative of the extent of the expansion or decline. A Services PMI® reading above 50 percent indicates that the services economy is generally expanding; below 50 percent indicates that it is generally declining. A Services PMI® above 49 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 49 percent, it is generally declining. The distance from 50 percent or 49 percent is indicative of the strength of the expansion or decline. With some of the indicators within the Manufacturing ISM® Report On Business®, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis.

The *Report On Business®* surveys are sent out to Manufacturing and Services Business Survey Committee respondents the first part of each month. Respondents are asked to report on information for the current month for U.S. operations only. ISM® receives survey responses throughout most of any given month, with the majority of respondents generally waiting until late in the month to submit responses to give the most accurate picture of current business activity.

The industries reporting growth, as indicated in the monthly reports, are listed in the order of most growth to least growth. For the industries reporting contraction or decreases, those are listed in the order of the highest level of contraction/decrease to the least level of contraction/decrease.

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