

Economic activity in the manufacturing sector contracted in August for the fifth consecutive month and the 21st time in the last 22 months, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The Manufacturing PMI® registered 47.2 percent. The overall economy continued in expansion for the 52nd 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 44.6 percent, 2.8 percentage points lower than the 47.4 percent recorded in July. The August reading of the Production Index (44.8 percent) is 1.1 percentage points lower than July's figure of 45.9 percent. The Prices Index registered 54 percent, up 1.1 percentage points compared to the reading of 52.9 percent in July. The Backlog of Orders Index registered 43.6 percent, up 1.9 percentage points compared to 41.7 in July. The Employment Index registered 46 percent, up 2.6 percentage points from July's figure of 43.4 percent. The New Export Orders Index reading of 48.6 percent is 0.4 percentage point lower than the 49 percent registered in July.

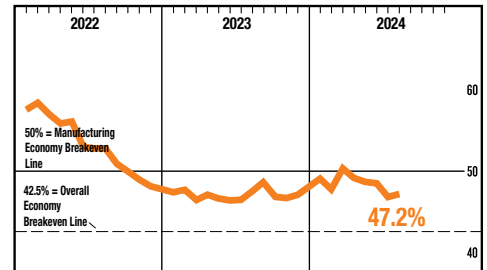
The five manufacturing industries reporting growth in August are: Primary Metals; Petroleum & Coal Products; Furniture & Related Products; Food, Beverage & Tobacco Products; and Computer & Electronic Products. **ISM**

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



MANUFACTURING PMI® at 47.2%

The U.S. manufacturing sector contracted for the fifth consecutive month in August, as the Manufacturing PMI® registered 47.2 percent, up 0.4 percentage point compared to July's reading of 46.8 percent. After breaking a 16-month streak of contraction by expanding in March, the manufacturing sector has contracted the last five months, but at a slower rate in August. Of the five subindexes that directly factor into the Manufacturing PMI®, only one (Supplier Deliveries) was in expansion territory, the same as in July.



Manufacturing at a Glance

INDEX	Aug Index	Jul Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	47.2	46.8	+0.4	Contracting	Slower	5
New Orders	44.6	47.4	-2.8	Contracting	Faster	5
Production	44.8	45.9	-1.1	Contracting	Faster	3
Employment	46.0	43.4	+2.6	Contracting	Slower	3
Supplier Deliveries	50.5	52.6	-2.1	Slowing	Slower	2
Inventories	50.3	44.5	+5.8	Growing	From Contracting	1
Customers' Inventories	48.4	45.8	+2.6	Too Low	Slower	9
Prices	54.0	52.9	+1.1	Increasing	Faster	8
Backlog of Orders	43.6	41.7	+1.9	Contracting	Slower	23
New Export Orders	48.6	49.0	-0.4	Contracting	Faster	3
Imports	49.6	48.6	+1.0	Contracting	Slower	3
Overall Economy				Growing	Faster	52
Manufacturing Sector				Contracting	Slower	5

*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

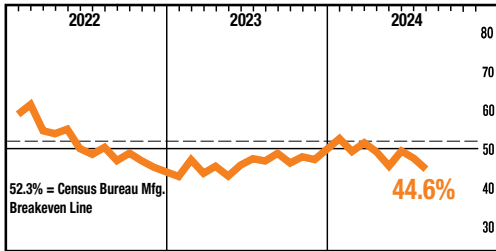
Commodities Up in Price: Aluminum* (9); Corrugate (2); Corrugated Boxes (2); Electrical Components (4); Labor — Temporary; Maintenance, Repair and Operating (MRO) Supplies; Ocean Freight (4); Paper Products (2); Plastic Products; Plastic Resins (8); Polyethylene Resin; Polypropylene Resin (2); Road Freight; and Steel*.

Commodities Down in Price: Aluminum*; Copper (2); Electricity; Natural Gas (2); Packaging Products; Solvents; Steel* (4); Steel — Cold Rolled; Steel — Hot Rolled (4); and Steel Products (3).

Commodities in Short Supply: Electrical Components (47); Electrical Equipment (2); Electronic Components (5); Hydraulic Components (2); and Pigments.

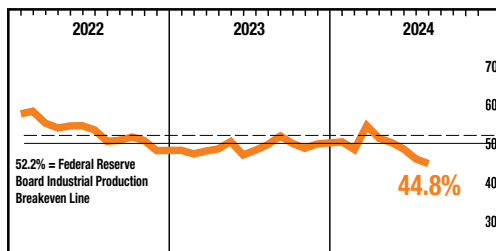
Note: To view the full report, visit the ISM® *Report On Business*® website at ismrob.org

The number of consecutive months the commodity has been listed is indicated after each item. *Indicates both up and down in price.



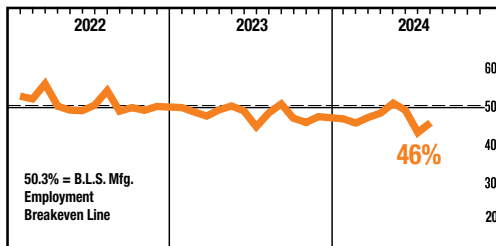
New Orders

ISM's New Orders Index registered 44.6 percent. The four manufacturing industries that reported growth in new orders in August are: Paper Products; Primary Metals; Wood Products; and Computer & Electronic Products.



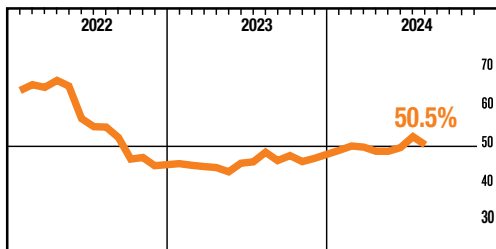
Production

The Production Index continued in contraction territory in August, registering 44.8 percent. The three industries reporting growth in production during the month of August are: Computer & Electronic Products; Primary Metals; and Miscellaneous Manufacturing[‡].



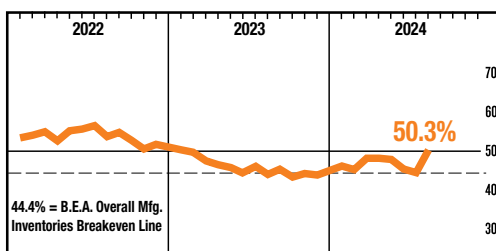
Employment

ISM's Employment Index registered 46 percent. Of 18 manufacturing industries, the three industries reporting employment growth in August are: Furniture & Related Products; Food, Beverage & Tobacco Products; and Primary Metals.



Supplier Deliveries

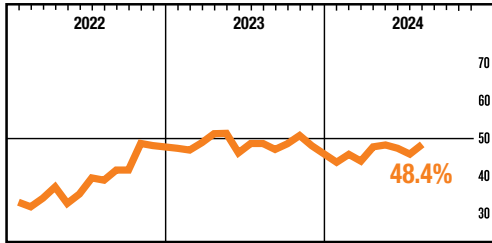
Delivery performance of suppliers to manufacturing organizations was marginally slower in August, with the Supplier Deliveries Index registering 50.5 percent. The eight manufacturing industries reporting slower supplier deliveries in August — listed in order — are: Petroleum & Coal Products; Textile Mills; Furniture & Related Products; Miscellaneous Manufacturing[‡]; Food, Beverage & Tobacco Products; Computer & Electronic Products; Transportation Equipment; and Electrical Equipment, Appliances & Components.



Inventories

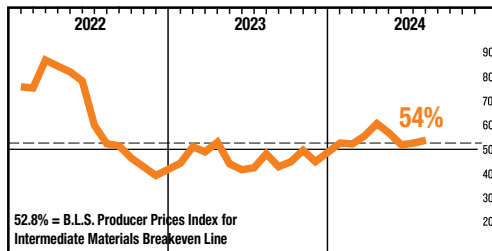
The Inventories Index registered 50.3 percent. Of 18 manufacturing industries, eight reported higher inventories in August, in the following order: Petroleum & Coal Products; Furniture & Related Products; Primary Metals; Food, Beverage & Tobacco Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; and Chemical Products.

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



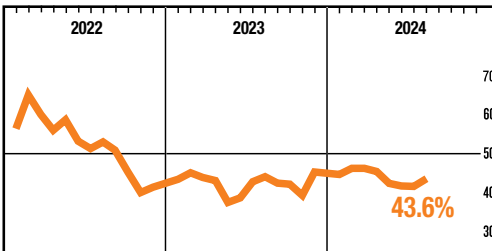
Customers' Inventories

ISM's Customers' Inventories Index registered 48.4 percent. The four industries reporting customers' inventories as too high in August are: Textile Mills; Machinery; Electrical Equipment, Appliances & Components; and Computer & Electronic Products.



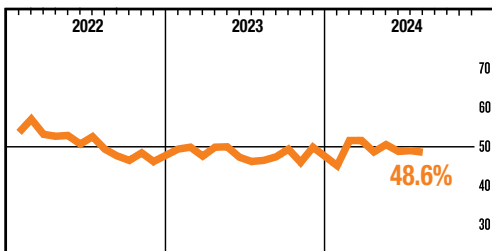
Prices

The ISM Prices Index registered 54 percent. In August, the nine industries that reported paying increased prices for raw materials, in order, are: Textile Mills; Furniture & Related Products; Plastics & Rubber Products; Petroleum & Coal Products; Miscellaneous Manufacturing[‡]; Chemical Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Transportation Equipment.



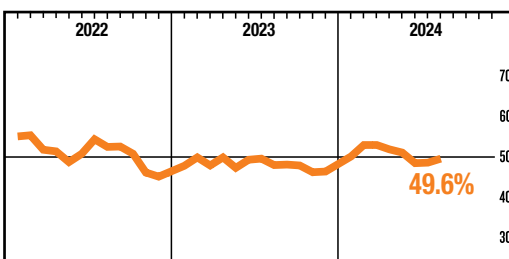
Backlog of Orders

ISM's Backlog of Orders Index registered 43.6 percent. Of the 18 manufacturing industries, the only one that reported growth in order backlogs in August is Computer & Electronic Products.



New Export Orders

ISM's New Export Orders Index registered 48.6 percent. The six industries reporting growth in new export orders in August — in the following order — are: Nonmetallic Mineral Products; Furniture & Related Products; Paper Products; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Miscellaneous Manufacturing[‡].



Imports

ISM's Imports Index registered 49.6 percent. The six industries reporting an increase in import volumes in August — in the following order — are: Wood Products; Furniture & Related Products; Miscellaneous Manufacturing[‡]; Computer & Electronic Products; Chemical Products; and Food, Beverage & Tobacco Products.

[‡]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 Panel is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industries' contribution to gross domestic product (GDP): Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies). The data are weighted based on each industry's contribution to GDP. According to 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 Panel (formerly Non-Manufacturing Business Survey Panel) is diversified by NAICS-based industries' contribution to gross domestic product (GDP). The Services Business Survey Panel responses are divided into the following NAICS code categories: Agriculture, Forestry, Fishing & Hunting; Mining; Utilities; Construction; Wholesale Trade; Retail Trade; Transportation & Warehousing; Information; Finance & Insurance; Real Estate, Rental & Leasing; Professional, Scientific & Technical Services; Management of Companies & Support Services; Educational Services; Health Care & Social Assistance; Arts, Entertainment & Recreation; Accommodation & Food Services; Public Administration; and Other Services (services such as Equipment & Machinery Repairing; Promoting or Administering Religious Activities; Grantmaking; Advocacy; and Providing Dry-Cleaning & Laundry Services, Personal Care Services, Death Care Services, Pet Care Services, Photofinishing Services, Temporary Parking Services, and Dating Services). The data are weighted based on each industry's contribution to GDP. According to 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 Panel respondents the first part of each month. Respondents are asked to report on information for the current month for U.S. operations only. ISM® receives survey responses throughout most of any given month, with the majority of respondents generally waiting until late in the month to submit responses to give the most accurate picture of current business activity.

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

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