

S&P Global US Flash PMI®

Growth and hiring accelerate in August, whilst selling price inflation hits three-year high

August 2025

Flash US Composite PMI Output Index: 55.4
(July: 55.1). 8-month high.

Flash US Services PMI Business Activity Index: 55.4 (July: 55.7). 2-month low.

Flash US Manufacturing Output Index: 55.2
(July: 51.3). 39-month high.

Flash US Manufacturing PMI: 53.3
(July: 49.8). 39-month high.

US business activity grew at the fastest rate recorded so far this year in August, according to early 'flash' PMI data, adding to signs of a strong third quarter. Growth was seen across both manufacturing and service sectors of the economy. Hiring also picked up. Job creation reached one of the highest rates seen over the past three years as companies reported the largest build-up in uncompleted work since May 2022.

Business confidence in the outlook meanwhile improved but remained much weaker than seen at the start of the year as companies reported ongoing concerns over the impact of government policies, especially in relation to tariffs.

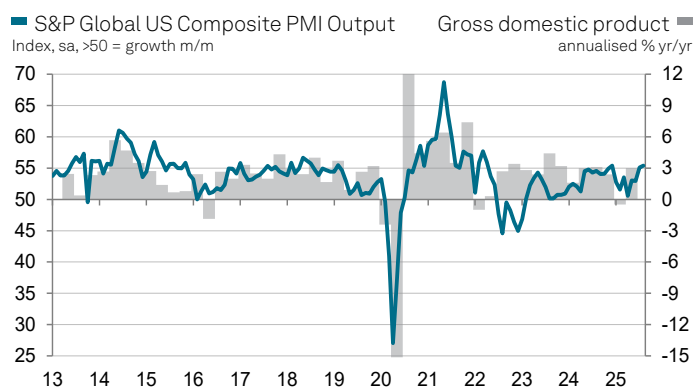
Tariffs were again widely cited as the principal cause of sharply higher costs, which in turn fed through to the steepest rise in average selling prices recorded over the past three years.

Output and demand

The headline S&P Global US PMI Composite Output Index rose to an eight-month high in August, edging up from 55.1 in July to 55.4, according to the 'flash' reading (based on about 85% of usual survey responses). Output has now grown continually for 31 months, with the latest two months seeing the strongest back-to-back expansions since the spring of 2022.

A sustained robust expansion was reported in the services economy, albeit with business activity growth dipping slightly from July's year-to-date high. Sales growth in the sector nevertheless gathered pace to register the steepest improvement in demand for services since last December, assisted by a modest return to growth of services exports. Companies reported improved confidence from customers and new product offerings.

The ongoing service sector expansion was accompanied by a marked acceleration of output growth in the manufacturing



Data were collected 12-20 August 2025.
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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Comment

Chris Williamson, Chief Business Economist at S&P Global Market Intelligence:

"A strong flash PMI reading for August adds to signs that US businesses have enjoyed a strong third quarter so far. The data are consistent with the economy expanding at a 2.5% annualized rate, up from the average 1.3% expansion seen over the first two quarters of the year"

"Companies across both manufacturing and services are reporting stronger demand conditions, but are struggling to meet sales growth, causing backlogs of work to rise at a pace not seen since the pandemic-related capacity constraints recorded in early 2022. Stock building of finished goods has also risen at a survey record pace, linked in part to worries over future supply conditions."

"While this upturn in demand has fueled a surge in hiring, it has also bolstered firms' pricing power. Companies have consequently passed tariff-related cost increases through to customers in increasing numbers, indicating that inflation pressures are now at their highest for three years."

"The resulting rise in selling prices for goods and services suggests that consumer price inflation will rise further above the Fed's 2% target in the coming months. Indeed, combined with the upturn in business activity and hiring, the rise in prices signaled by the survey puts the PMI data more into rate hiking, rather than cutting, territory according to the historical relationship between these economic indicators and FOMC policy changes."

sector, where production surged after a slowdown in July to register the steepest monthly rise since May 2022. Having come close to stalling in July, new order inflows in the goods-producing sector also picked up in August, with growth hitting the highest since February 2024 principally on the back of rising domestic demand but also helped by the largest rise in goods exports for 15 months.

Inventories and supply chains

While many manufacturers reported improved sales and demand, the upturn in production and order inflows was in part linked to renewed inventory building. Stocks of finished goods rose to an extent not previously recorded since data were first available in 2007, while stocks of purchased inputs showed the second-largest rise seen for over three years.

While stock building was partly fueled by expectations of rising demand, some factories also reported increased safety-stock building amid fears of supply shortages or to protect against further price rises, in turn reflecting the recent impact of import tariffs.

Prices

Tariffs were reported as the key driver of further cost increases in August. Companies across both manufacturing and service sectors collectively reported the steepest rise in input prices since May and the second-largest increase since January 2023. Rates of increase accelerated in both sectors. While the manufacturing cost rise was especially large, being the second-steepest since August 2022, the service sector increase was the second-highest since June 2023.

Average prices charged for goods and services rose at the sharpest rate since August 2022 as firms passed higher costs on to customers. Although goods price inflation cooled slightly for a second month in a row, it remained among the highest seen over the past three years. Service sector price inflation meanwhile was the sharpest since August 2022.

Capacity and employment

Employment rose for a sixth successive month, with the pace of job creation hitting the highest since January (and one of the strongest rates seen for over three years). Service providers took on staff at the fastest pace for seven months while factory job gains reached the highest since March 2022.

Companies largely took on additional staff in response to rising backlogs of work. Uncompleted orders rose for a fifth consecutive month, rising in August at a pace unsurpassed since May 2022 reflecting stronger demand and near-term capacity constraints at some companies.

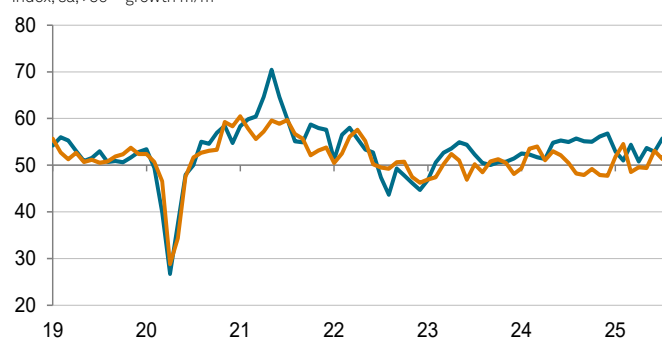
Backlogs rose at an unchanged and therefore joint-steepest rate since May 2022 in the services economy, while manufacturing backlogs also rose to the greatest extent in over three years.

Future sentiment

Having dipped in July, companies' expectations about output in the year ahead rose to a two-month high in August, though remained below the level seen at the start of 2025 and also the survey's long-run average.

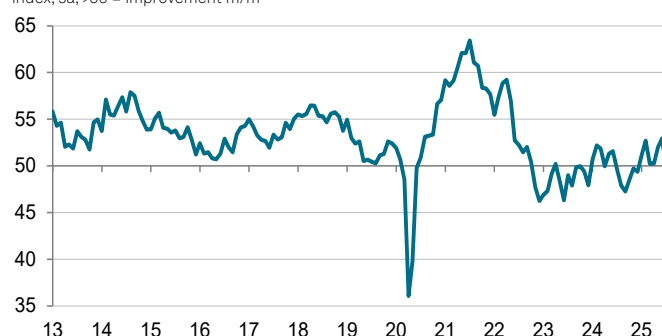
Service sector sentiment revived partly from a drop in July but continued to run weaker than seen in May and June, and far below levels recorded at the turn of the year. This was

US Services PMI Business Activity
US Manufacturing PMI Output
Index, sa, >50 = growth m/m



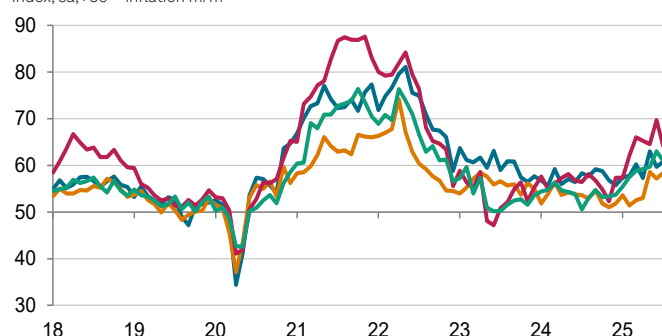
Source: S&P Global PMI. ©2025 S&P Global.

S&P Global US Manufacturing PMI
Index, sa, >50 = improvement m/m



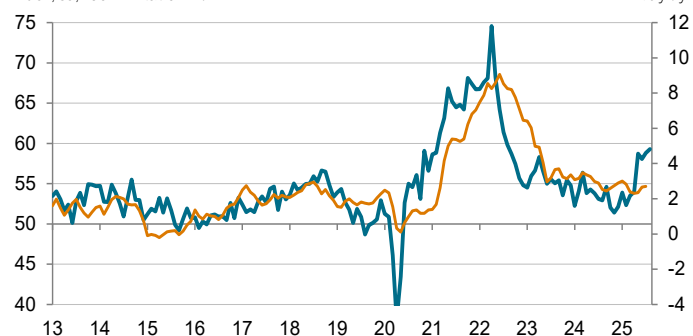
Source: S&P Global PMI. ©2025 S&P Global.

Services PMI Input Prices
Services PMI Prices Charged
Manufacturing PMI Input Prices
Manufacturing PMI Output Prices
Index, sa, >50 = inflation m/m



Source: S&P Global PMI. ©2025 S&P Global.

US Composite PMI Output Prices
Consumer prices
Index, sa, >50 = inflation m/m
% yr/yr



Sources: S&P Global PMI, Bureau of Labor Statistics via S&P Global Market Intelligence.
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closely linked to ongoing concerns regarding government policy.

While support from policies such as tariffs helped lift manufacturing optimism in August to a level well-above the post-pandemic average, the degree of optimism in the goods-producing sector remained below January's recent high, reflecting concerns over higher costs and the impact of geopolitical uncertainty, especially in relation to international trade and supply chains.

Manufacturing PMI

The S&P Global US Manufacturing PMI rose from 49.8 in July to 53.3 in August, according to the flash reading, signaling a renewed improvement of factory business conditions after a brief deterioration in July. August's reading was the highest since May 2022.

Production rose for a third successive month, rising at a pace not recorded since May 2022, buoyed by the largest influx of new orders since February 2024. Factory employment meanwhile rebounded after a decline in July to register the largest payroll gain since March 2022. Inventories of inputs also rose sharply after a drop in July. That left only the suppliers delivery times index acting as a drag on the PMI (reflecting faster deliveries), but to a lesser degree than in July.

Methodology

Final August data are published on 2 September for manufacturing and 4 September for services and composite indicators.

The S&P Global Flash US Composite PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 650 manufacturers and 500 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

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Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.1 (absolute difference 0.4)

Services Business Activity Index = 0.1 (absolute difference 0.4)

Manufacturing PMI = 0.0 (absolute difference 0.3)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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