

Economic activity in the manufacturing sector contracted in June for the eighth consecutive month following a 28-month period of growth, say the nation's supply executives in the latest Manufacturing ISM® *Report On Business*®.

The June Manufacturing PMI® registered 46 percent. The New Orders Index remained in contraction territory at 45.6 percent, 3 percentage points higher than the figure of 42.6 percent recorded in May. The Production Index reading of 46.7 percent is a 4.4-percentage point decrease compared to May's figure of 51.1 percent. The Prices Index registered 41.8 percent, down 2.4 percentage points compared to the May figure of 44.2 percent. The Backlog of Orders Index registered 38.7 percent, 1.2 percentage points higher than the May reading of 37.5 percent. The Employment Index dropped into contraction, registering 48.1 percent, down 3.3 percentage points from May's reading of 51.4 percent. The Supplier Deliveries Index figure of 45.7 percent is 2.2 percentage points higher than the 43.5 percent recorded in May. For context on the current seven-month run of faster supplier delivery performance: The Supplier Deliveries Index's lowest reading in the last 14 years was in March 2009 (43.2 percent).

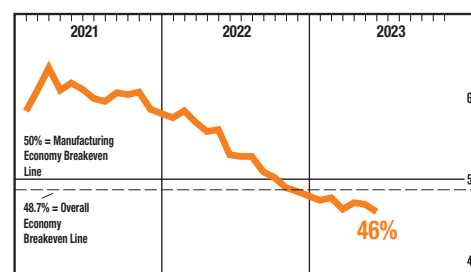
The four manufacturing industries that reported growth in June are: Printing & Related Support Activities; Nonmetallic Mineral Products; Primary Metals; and Transportation Equipment. **ISM**

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



# MANUFACTURING PMI® at 46%

The U.S. manufacturing sector contracted in June, as the Manufacturing PMI® registered 46 percent, 0.9 percentage point lower than the reading of 46.9 percent recorded in May. This is the eighth month of contraction and continuation of a downward trend that began in June 2022. That trend is reflected in the Manufacturing PMI's 12-month average falling to 48.8 percent. Of the five subindexes that directly factor into the Manufacturing PMI®, none are in growth territory. Of the six biggest manufacturing industries, only one (Transportation Equipment) registered growth in June.



## Manufacturing at a Glance

INDEX	Jun Index	May Index	% Point Change	Direction	Rate of Change	Trend* (months)
Manufacturing PMI®	46.0	46.9	-0.9	Contracting	Faster	8
New Orders	45.6	42.6	+3.0	Contracting	Slower	10
Production	46.7	51.1	-4.4	Contracting	From Growing	1
Employment	48.1	51.4	-3.3	Contracting	From Growing	1
Supplier Deliveries	45.7	43.5	+2.2	Faster	Slower	9
Inventories	44.0	45.8	-1.8	Contracting	Faster	4
Customers' Inventories	46.2	51.4	-5.2	Too Low	From Too High	1
Prices	41.8	44.2	-2.4	Decreasing	Faster	2
Backlog of Orders	38.7	37.5	+1.2	Contracting	Slower	9
New Export Orders	47.3	50.0	-2.7	Contracting	From Unchanged	1
Imports	49.3	47.3	+2.0	Contracting	Slower	8
<b>Overall Economy</b>				<b>Contracting</b>	<b>Faster</b>	<b>7</b>
<b>Manufacturing Sector</b>				<b>Contracting</b>	<b>Faster</b>	<b>8</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

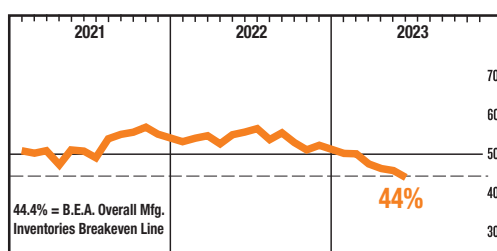
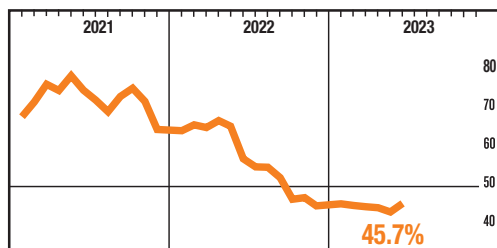
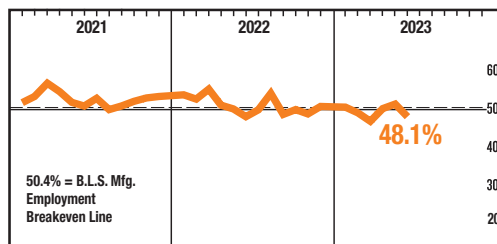
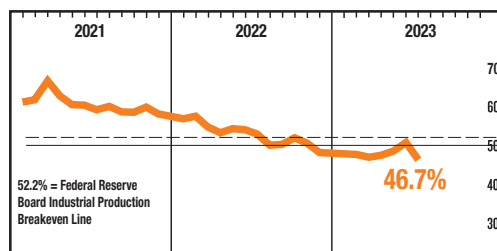
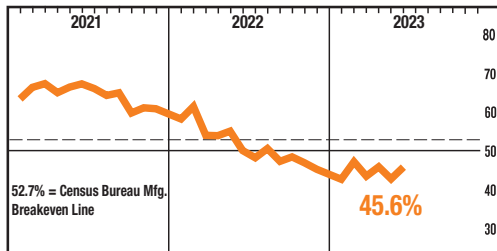
**Commodities Up in Price:** Electrical Components (8); Electronic Components (5); and Steel — Carbon.

**Commodities Down in Price:** Aluminum; Aluminum Products; Corrugate (7); Crude Oil; Diesel (2); Freight (8); Ocean Freight; Pallets (2); Paper (2); Plastic Resins (13); Polypropylene (2); Steel (3); Steel - Hot Rolled (2); Steel Products; and Synthetic Rubber.

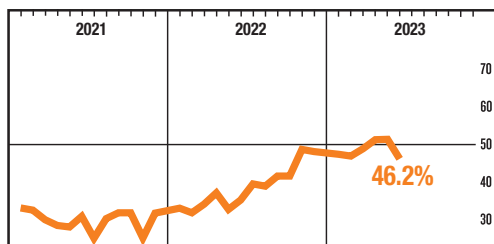
**Commodities in Short Supply:** Electrical Components (33); Electrical Controls and Equipment; Electronic Assemblies; Electronic Components (31); Hydraulic Components; Semiconductors (31); and Titanium.

Note: To view the full report, visit the ISM® *Report On Business*® website at [ismrob.org](http://ismrob.org)

The number of consecutive months the commodity has been listed is indicated after each item.

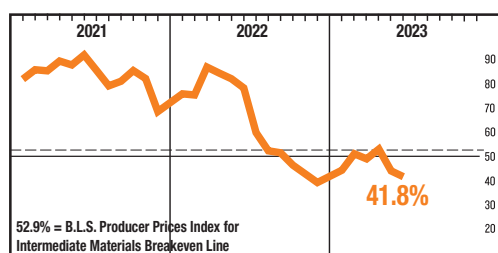


†Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies).



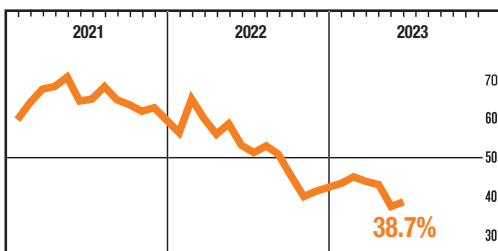
## Customers' Inventories

ISM's Customers' Inventories Index registered 46.2 percent. The six industries reporting customers' inventories as too high in June are, in order: Paper Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Chemical Products; and Computer & Electronic Products.



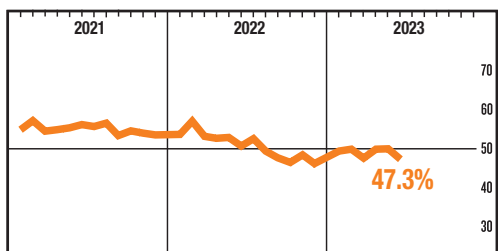
## Prices

The ISM Prices Index registered 41.8 percent. In June, three industries reported paying increased prices for raw materials: Textile Mills; Nonmetallic Mineral Products; and Computer & Electronic Products.



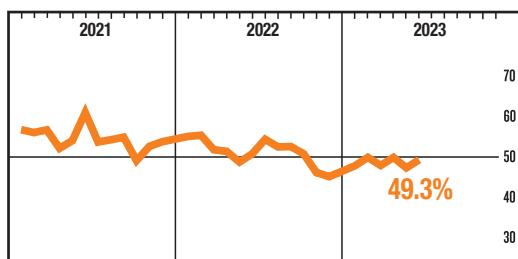
## Backlog of Orders

ISM's Backlog of Orders Index registered 38.7 percent. No industries reported growth in order backlogs in June. The 13 industries reporting lower backlogs in June — in the following order — are: Textile Mills; Plastics & Rubber Products; Wood Products; Paper Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Miscellaneous Manufacturing<sup>‡</sup>; Chemical Products; Transportation Equipment; Primary Metals; and Machinery.



## New Export Orders

ISM's New Export Orders Index registered 47.3 percent. Two industries reported growth in new export orders in June: Printing & Related Support Activities; and Miscellaneous Manufacturing<sup>‡</sup>.



## Imports

ISM's Imports Index registered 49.3 percent. The four industries reporting an increase in import volumes in June are: Petroleum & Coal Products; Nonmetallic Mineral Products; Primary Metals; and Food, Beverage & Tobacco 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 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 the BEA estimates for 2021 GDP (released December 22, 2022), the six largest manufacturing subsectors are: Computer & Electronic Products; Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; Machinery; and Petroleum & Coal 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 on each industry's 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 the BEA estimates for 2021 GDP (released December 22, 2022), the six largest services sectors are: Real Estate, Rental & Leasing; Government; 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 48.7 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 48.7 percent, it is generally declining.

The distance from 50 percent or 48.7 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 49.9 percent, over time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 49.9 percent, it is generally declining. The distance from 50 percent or 49.9 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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Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM® *Report On Business®*, its highly regarded certification programs and the ISM Advance™ Digital Platform. This report has been issued by the association since 1931, except for a four-year interruption during World War II.