News Release
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S&P Global US Flash PMI®

Flash PMI signals sustained business output growth in January but employment remains little changed

January 2026

Flash US Composite PMI Output Index: 52.8 (December: 52.7). 2-month high.

Flash US Services PMI Business Activity Index: 52.5 (December: 52.5). Unchanged rate of growth.

Flash US Manufacturing Output Index: 54.8 (December: 53.6). 5-month high.

Flash US Manufacturing PMI: 51.9 (December: 51.8). 2-month high.

US business activity growth ticked higher in January, according to early 'flash' PMI data, albeit remaining subdued compared to the typical rate of expansion seen in the second half of 2025. Manufacturing growth accelerated to outpace that of services, but the January survey brought further signs that underlying order book growth has softened in both sectors recently, led by falling exports. Job numbers consequently remained little changed in January.

Confidence in the year ahead outlook meanwhile remained positive but dipped slightly lower, as hopes for sustained economic growth and favorable demand conditions were somewhat offset by ongoing worries over the political environment and higher prices.

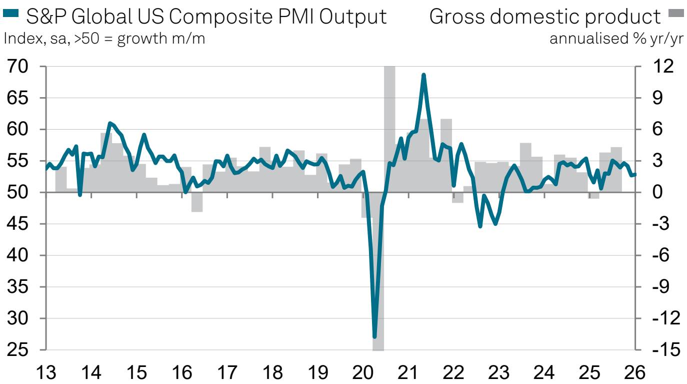
Elevated rates of input cost and selling price inflation were again commonly attributed to tariffs, especially in the manufacturing sector, where price pressures intensified in January. However, service sector inflation moderated, linked in part to intensifying competition.

Output and demand

The headline S&P Global US PMI® Composite Output Index signalled ongoing growth of business activity at the start of 2026. Output has now grown continually for 36 months. However, at 52.8, up fractionally from 52.7 in December, the 'flash' reading (based on about 85% of usual survey responses) signalled only a marginal improvement in growth from December's eight-month low.

The sustained upturn was driven by a rise in new order growth from December's 20-month low. The rate of expansion was nevertheless the second-lowest seen over the past nine months, remaining well below the highs seen in the second half of last year and suggestive of soft underlying demand at the turn of the year.

By sector, services recorded a solid rise in activity, although growth was unchanged on December's eight-month low. Moreover, despite inflows of new orders into services



Data were collected 12-22 January 2026.
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:

"The flash PMI brought news of sustained economic growth at the start of the year, but there are further signs that the rate of expansion has cooled over the turn of the new year compared to the hotter pace indicated back in the fall.

"The survey is signalling annualised GDP growth of 1.5% for both December and January, and a worryingly subdued rate of new business growth across both manufacturing and services adds further to signs that first quarter growth could disappoint.

"Jobs growth is meanwhile already disappointing, with near stagnant payroll numbers reported again in January, as businesses worry about taking on more staff in an environment of uncertainty, weak demand and high costs.

"Increased costs, widely blamed on tariffs, are again cited as a key driver of higher prices for both goods and services in January, meaning inflation and affordability remains a widespread concern among businesses."

companies picking up compared to December, the latest growth was again notably below average.

There was better news from manufacturing, where output growth picked up to the highest since last August, reaching the second strongest since May 2022. That said, new orders for manufactured goods rose only slightly following a fall in December, hinting that underlying growth of demand for goods remains weak compared to levels typically seen in 2025.

Export markets were a key source of order book weakness for both manufacturing and services, resulting in the largest drop in overall new export orders since April 2025. While goods exports fell at the fastest pace since last April, exports of services fell at a rate not seen since November 2022.

Inventories and supply chains

With output growth remaining solid in the manufacturing sector but inflows of new orders rising only slightly, producers reported a further increase in stocks of finished goods in January, marking the eighth rise in the past nine months. Although January's increase in inventories was the smallest seen since last July, typical inventory growth in recent months has comfortably been the strongest recorded since survey data were first available in 2007.

Input buying meanwhile rose at the sharpest rate since last June as firms increased purchasing to meet production needs. However, inventories of inputs were unchanged overall in the latest survey period.

Employment and capacity

Employment rose only slightly in January following a similarly weak increase reported in December. The near-stalled job market reflected concerns from companies over rising costs and softer sales growth in recent months. Only a marginal rise in payroll numbers was reported across the service sector while manufacturing jobs growth weakened to a six-month low.

Some companies also continued to report difficulties finding staff, often struggling to fill vacancies and meet demand. These capacity issues contributed to the largest rise in backlogs of work since last August, albeit largely confined to the service sector.

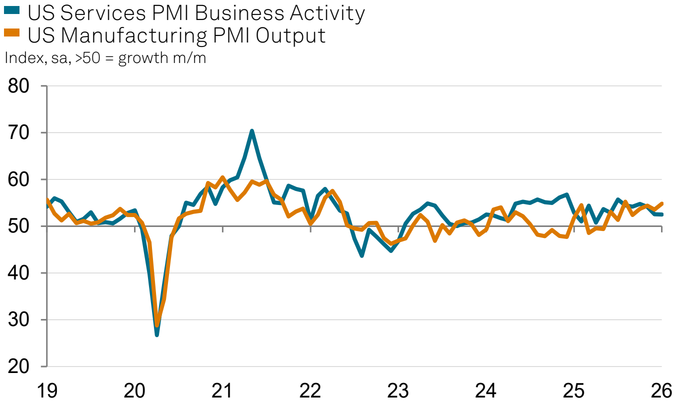
Prices

Input cost inflation remained elevated in January, though moderated from December's seven-month high to sit at the weakest since last April. The moderation reflecting a cooling of input cost inflation in the service sector, as manufacturing input prices rose at the fastest pace since last September, once again widely blamed on tariffs.

The stubbornly elevated level of input cost inflation fed through to a further widespread rise in selling prices for goods and services. January's rise in average prices charged was slightly weaker than seen in December but still among the largest recorded over the last three years. While service sector charges rose at a slightly reduced rate in January, often linked to strong competition, factory gate price inflation hit a five-month high, often attributed to the need to pass tariff-related costs or broader raw material price rises on to customers.

Future sentiment

Companies' expectations about output in the year ahead



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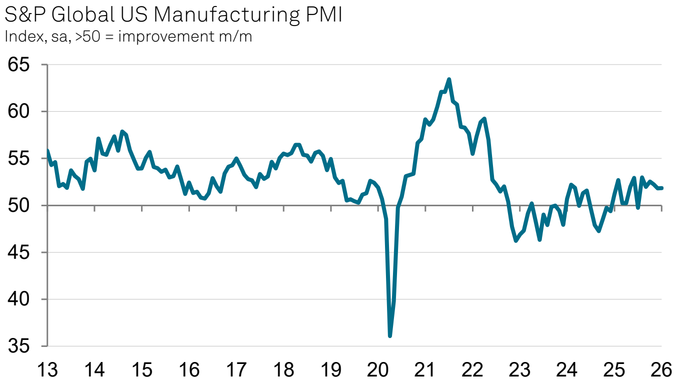

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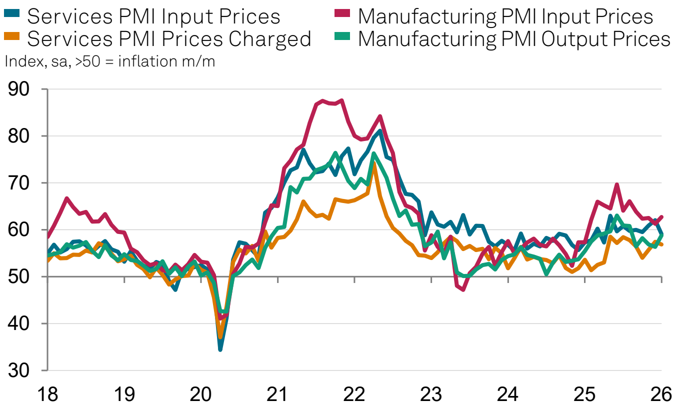

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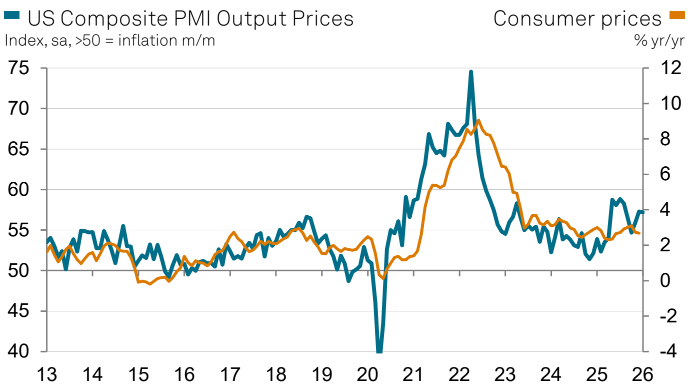

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remained positive but weakened slightly in January to drop slightly below the average seen last year. Continuing the trend seen in recent months, manufacturers expressed greater optimism about growth prospects in the year ahead than service providers, with confidence rising to a seven-month high amongst the former but slipping to a three-month low for the latter.

Confidence principally stemmed from hopes of rising domestic demand, often linked to broader economic growth expectations, government stimulus, strong financial markets and lower interest rates, with manufacturers also reporting protection from tariffs. However, the demand dampening impact of higher prices, geopolitical worries and federal government policies remained a concern among many firms, holding confidence below prior highs.

Manufacturing PMI

The S&P Global US Manufacturing PMI rose from 51.8 in December to 51.9 in January. Despite the rise, the PMI still signalled the second-weakest improvement in factory business conditions since July.

Ouptut growth was the highest since last August, and new orders increased after falling in December. Employment growth meanwhile slipped to the lowest since last July and supplier lead-times lengthened to a lesser degree, Inventories in purchases inputs were meanwhile unchanged.

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Methodology

Final January data are published on 2 February for manufacturing and 4 February 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.

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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