News Release
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S&P Global US Manufacturing PMI®

US manufacturing PMI falls below 50.0 for first time this year in July

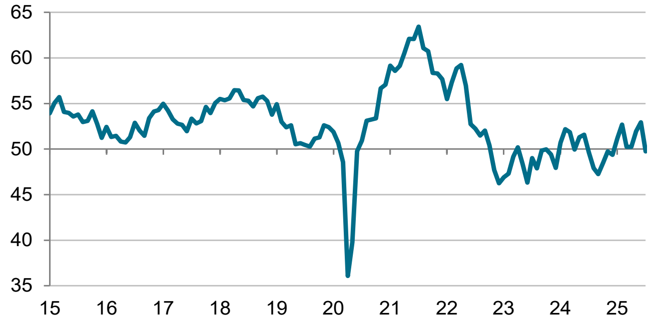
July 2025

Output rises only modestly as new orders broadly stagnate

Stocks reduced as previous front running of tariffs wanes

Selling price inflation remains historically steep

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



Data were collected 10-28 July 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Operating conditions in the US goods producing sector worsened slightly in July as demand stagnated and tariff uncertainty continued to dominate the manufacturing landscape.

International sales were reported to have fallen and uncertainty over federal government policies weighed on sentiment. Employment declined in response, whilst inventory control also added to the deteriorating manufacturing picture with firms reducing their stock holdings as previous efforts to front run tariffs dissipated.

On the price front, input costs continued to rise steeply, again linked to tariffs, although the rate of inflation softened noticeably on June's near three-year high. Selling prices continued to increase markedly, rising to the second-greatest degree since November 2022.

The headline index from the report, the seasonally adjusted **S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®)**, recorded 49.8 in July. That was down noticeably on June's 52.9 and, following six successive months of growth, represented a first overall deterioration of operating conditions in 2025 so far.

Weakness in the headline PMI reflected some softness in market demand, with new orders up only fractionally and to the weakest degree of the year so far. Panelists pointed to the continuation of client uncertainty, especially in relation to tariffs. This led to ongoing hesitancy in committing to new orders, most notably amongst international clients. New export orders were down for the first time in three months according to the latest data, with manufacturers in some instances reporting lower sales with key trading partners like China, the European Union and Japan.

A weaker trend in sales weighed on output volumes in June, with production growth softening since June and only marginal overall. Sentiment related to future output also weakened, dropping to a three-month low. Federal policies and their uncertain direction continued to weigh on confidence, although firms still on average expect output to rise from present levels in a year's time. A resolution of trade

Comment

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

"July saw the first deterioration of manufacturing operating conditions since last December as tariff worries continued to dominate the business environment.

"The downturn at the start of the third quarter in part reflects the passing of a busy period of tariff-related inventory accumulation in prior months. Factories reported little change in inflows of new orders and reduced stock holdings of both raw materials and finished goods in July. This comes after companies had built up inventories in May and June amid concerns over higher import prices and worsening supply availability resulting from tariff hikes.

"Input prices continued to rise at a steep rate, with these higher costs often being passed on to customers to drive another month of elevated selling price inflation, but there are signs that these price pressures may have peaked back in June.

"Optimism about the year ahead has meanwhile taken a knock as factories worry about reduced demand from customers, especially in export markets, and the inflationary impact of tariffs. Employment consequently fell as factories trimmed headcounts amid concerns over rising costs and lower sales."

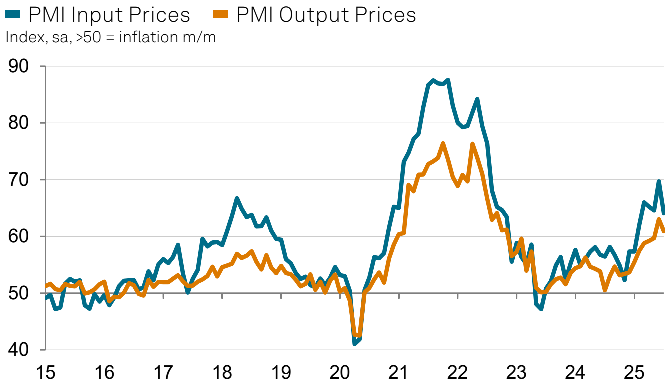
and tariff uncertainty is seen by some panelists as providing the basis for a more stable economic environment in the coming 12 months.

Some weakness in order books and signs of excess capacity – backlogs of work fell in July having risen slightly the previous month – meant firms were reluctant to replace leavers and hire additional workers. Overall employment numbers were fractionally down as a result, the first time a net reduction has been recorded since April.

Cost considerations were also a factor in employment decisions and encouraged firms to utilize their existing inventories in production wherever possible. Overall, stocks of purchases were reduced for the first time in three months, as firms signaled a preference to use existing inventories rather than source new inputs. Although purchasing activity rose, it did so only modestly as prior efforts to front run tariffs and build inventories waned.

Suppliers were widely reported to be raising charges in July, again often linked to tariffs. Although input price inflation softened sharply on June's near three-year high, it remained historically marked and underpinned another notable increase in output charges. Despite easing, the latest increase in selling prices was the second-steepest since November 2022.

There were however some positive developments on the supply front, as average lead times for the delivery of inputs improved for the first time since September 2024 – and to the greatest degree in nearly a year-and-a-half. Panelists noted better stock availability and reduced backlogs at vendors.



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

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Methodology

The S&P Global US Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 600 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 2007.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey 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.

The headline figure is the 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.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

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

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PMI by S&P Global

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