News Release
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S&P Global US Manufacturing PMI®

Steady growth of US manufacturing sector in October

October 2025

Higher production underpinned by fastest demand growth in 20 months

Tariffs weigh on exports and underpin further steep rise in input prices

Survey-record increase in finished goods

The performance of the US manufacturing economy improved again in October, with both output and new orders rising at stronger rates. However, growth was domestic led as new exports fell due to tariffs reportedly negatively impacting international trade.

Challenges in predicting future trade policy also served to limit confidence in the outlook, although some manufacturers expect to benefit in time from the reshoring of industrial output to the United States. Tariffs also continued to underpin a steep level of cost inflation in the manufacturing economy.

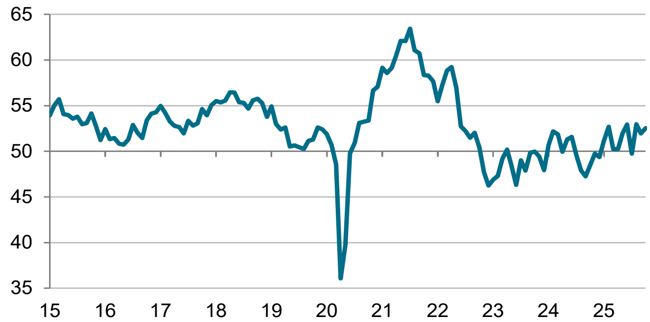
Employment growth meanwhile remained modest amid evidence of spare plant capacity. Moreover, firms added to their warehouse inventories at an unprecedented pace as production volumes remained more than sufficient to satisfy workloads.

The headline index from the report, the seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®), recorded 52.5 in October, compared to 52.0 in September. That signaled a third successive month that the PMI has posted above the critical 50.0 no-change mark and indicative of a solid improvement in operating conditions that was in line with the survey's trend pace.

The PMI was supported in October by concurrent and accelerated gains in both output and new orders. Production was increased at a solid pace, whilst the gain in new orders was the best recorded in 20 months. Growth in new work has been registered consistently throughout the year to date, albeit to varying degrees, and panelists noted in October an uplift in market demand and success in securing new contracts. However, October's growth was increasingly reliant on the domestic market as new export orders faltered. Exports declined for a fourth successive month and to the greatest degree since July. Tariffs reportedly remained the primary driver behind the drop in exports, with sales declining to key markets such as Canada, China, Europe and Mexico.

Tariffs also remained a dominant theme in firms' assessment

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



Data were collected 9-28 October 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"US manufacturers reported a solid start to the fourth quarter with production rising at an increased rate in response to an encouragingly robust jump in new orders. However, lift the hood and the picture is not so healthy.

"Most worrying is the unprecedented rise in unsold stock reported in October, widely linked to weaker than anticipated sales to customers, especially in export markets, which could trigger a downshifting of production in the coming months unless demand revives.

"Companies have also become less optimistic about the year ahead, with sentiment back down close to the gloomy levels seen around the April tariff announcements. US trade policy uncertainties are again a big factor in dampening business spirits, with tariff policies being increasingly blamed both on rising export losses and import supply chain disruptions.

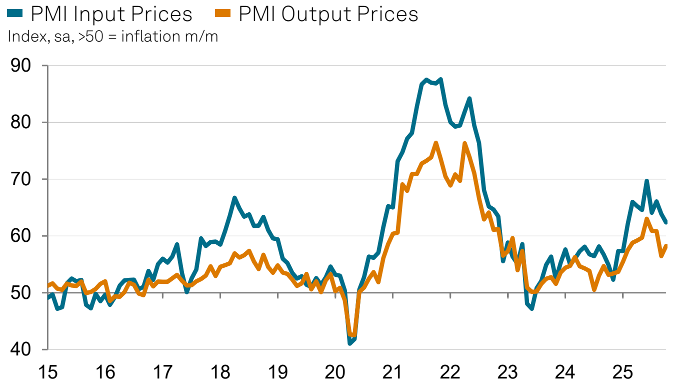
"These export and import worries are being exacerbated by more domestically focused political concerns, including the federal shutdown, which are manifesting themselves most prominently in consumer-focused industries. Business confidence among producers of consumer goods is now down to its lowest for two years as firms growing increasingly worried about household spending in the US and falling sales to consumers in export markets."

of future output trends, although the uncertainty around trade policies again made predicting future output challenging. Overall confidence remained historically subdued and dropped to its lowest since April, despite some firms expecting to benefit from a reshoring of industrial production and domestic demand in the months ahead. Broader investment was also commonly expected to help to support production over the coming year.

Some uncertainty in the outlook restrained hiring in October, causing employment to rise only modestly overall (albeit for a third successive month). A degree of excess capacity in the manufacturing sector also served to limit hiring, with backlogs of work declining again and to the greatest degree since April. Firms were also able to bolster their inventories of finished goods, amid some reports that production volumes had exceed overall workloads. Overall, the rise in stocks was the steepest recorded in over 18 years of survey history and marked a third successive month of growth.

Manufacturers also tended to have sufficient stock on hand to meet current production requirements, with stocks of purchases rising for a third successive month in October whilst purchasing activity was broadly unchanged. Despite little variation in demand, vendor performance continued to deteriorate amid reports of low stock availability, transportation delays and ongoing import challenges due to tariffs.

Finally, tariffs remained a key source of higher input costs during October with latest data showing another round of historically elevated inflation – albeit the lowest since February. Selling prices were raised markedly in response, and to a quicker degree than September's recent low.



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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.