News Release
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S&P Global US Manufacturing PMI®

US manufacturing sector growth accelerates noticeably in February

Output and new work both rise at stronger rates

Modest employment growth sustained as positive outlook retained

Costs and output prices increase to greater degrees

February survey data indicated an acceleration in the rate of US manufacturing sector expansion.

Growth was underpinned by noticeable upturns in both production and new orders. There was some evidence that sector expansion was partially driven by advanced purchases ahead of likely price increases and possible supply disruption related to further tariff impositions in the coming months.

There was also evidence that some suppliers were already adjusting their prices upwards in direct response to tariffs, with input cost inflation increasing to its highest level since November 2022. Output charges also rose to a steeper degree, with inflation picking up to a two-year high in February.

The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®) recorded 52.7 in February, up from 51.2 in January. It was the second successive month that the index has pointed to an improvement in the health of the manufacturing sector, with the rate of growth the best since June 2022.

The strengthening of the headline PMI in February stemmed principally from accelerated gains in both output and new orders.

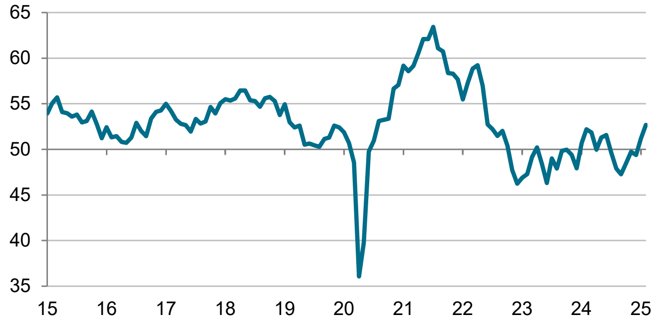
New work rose to the greatest degree in a year, with firms pointing to stronger market demand for their goods in February. Growth was partially driven by client restocking, with customers reportedly keen to get ahead of higher prices and possible supply challenges should a wider range of goods be subject to tariffs. International demand remained a noticeable drag however on overall order books, with new export sales dropping in February for a ninth month in a row and to the greatest degree since last November.

Production growth was the fastest since May 2022. Growth was driven by a combination of increased sales, plus the clearance of work outstanding. Latest data showed that backlogs declined for a twenty-ninth successive month and to a slightly faster degree than at the start of the year.

Backlog clearance was in part enabled by an expansion of labor capacity. February's survey data indicated a fourth successive monthly rise in employment, although growth was modest, especially in relation to recent output and order book gains, and down since January.

S&P Global US Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 10-25 February 2025.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"A rise in the PMI to a 32-month high signals an improvement in the health of the manufacturing sector which may only be skin deep.

"Although manufacturing production grew at the strongest rates since May 2022 and new orders increased at the best pace in a year, there's much to suggest that this improvement could be short lived. Production and purchasing were often buoyed by companies and their customers building inventory to beat price hikes and supply issues caused by tariffs. Exports have meanwhile slumped and supplier delivery delays were the most common since October 2022 amid disruptions to trade caused by tariff worries.

"Business optimism about the year ahead has consequently fallen compared to the buoyant mood evident in January, with February seeing an increase in the number of companies citing concerns over tariffs and other policies introduced by the new Trump administration.

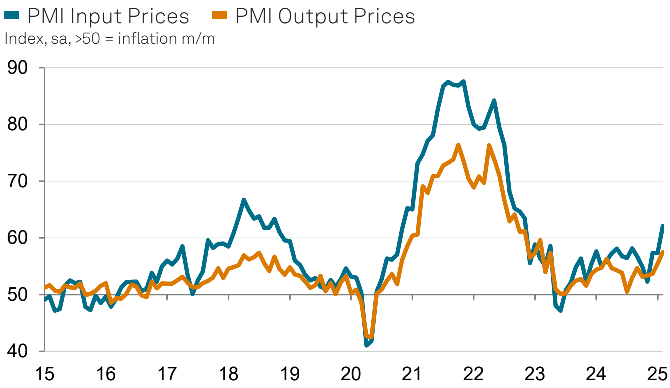
"Worries have noticeably swelled in relation to the inflationary impact of tariffs, which were widely reported as having caused factory input costs to spike higher in February. These higher costs are being passed on to customers, resulting in the strongest factory gate price inflation recorded for two years, which manufacturers fear may in turn not only damage sales in the coming months but also encourage the Fed to take a more hawkish view of inflation."

Job creation was also linked to positive projections for growth in the year ahead. Whilst lower than January's near three-year high, confidence overall remained comfortably above its long-run trend. Panellists are looking to improvements in the economic and geopolitical climates in the year ahead, which are seen as key in supporting growth in sales and production.

Anticipating further output growth meant manufacturers were suitably encouraged to increase their purchasing activity during February. Marginal growth ended an eight-month sequence of declining input buying, with some firms noting the pre-purchasing of inputs ahead of forecasted price rises related to tariffs. This meant inventories of inputs rose slightly for the first time in 12 months, a considerable turnaround from the steepest cut in stocks for over a year-and-a-half during January.

Cost pressures intensified in February as vendors were reportedly adjusting their price lists ahead of a wider range of trade tariffs being imposed on goods and services. Overall, input price inflation was the steepest since November 2022. Increased supply-side challenges were also evident in February, with average lead times for the delivery of inputs worsening for a fifth month running – and to the greatest degree for nearly two-and-a-half years. Stock and labor shortages at vendors were widely noted.

Faced with increased input costs, average output charges also increased in February to a greater degree. Overall, prices charged inflation accelerated for a fourth successive month to its highest level for two years.



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

Contact

Chris Williamson
Chief Business Economist
S&P Global Market Intelligence
T: +44-20-7260-2329
chris.williamson@spglobal.com

Katherine Smith
Corporate Communications
S&P Global Market Intelligence
T: +1 (781) 301-9311
katherine.smith@spglobal.com
press.mi@spglobal.com

Paul Smith
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-038
paul.smith2@spglobal.com

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.

PMI by S&P Global

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi

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