

S&P Global Flash US PMI[®]

Output growth improves in May, but prices spike higher amid tariff impact

Key findings, May:

Flash US PMI Composite Output Index⁽¹⁾: 52.1 (Apr: 50.6). 2-month high.

Flash US Services PMI Business Activity Index⁽²⁾: 52.3 (Apr: 50.8). 2-month high.

Flash US Manufacturing Output Index⁽³⁾: 50.7 (Apr: 49.6). 3-month high.

Flash US Manufacturing PMI⁽⁴⁾: 52.3 (Apr: 50.2). 3-month high.

Data were collected 12-21 May

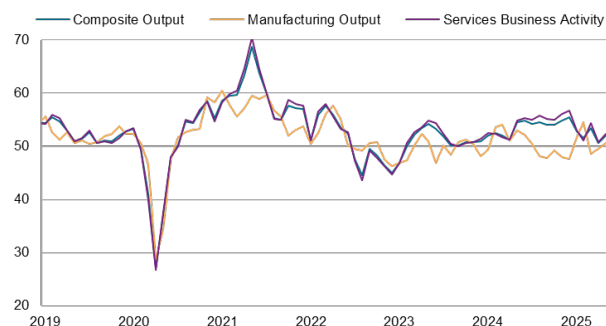
US business activity growth and expectations for future output improved from lows seen in April, according to flash PMI[®] survey data for May. However, they both remained historically subdued amid ongoing concerns over the detrimental impact of tariffs on demand, supply chains, and prices. Export orders continued to fall, dropping especially sharply for services, supply chain delays intensified, and prices charged for goods and services surged to an extent not seen since August 2022, overwhelming linked to tariffs. Manufacturing input inventory holdings meanwhile showed the largest jump on record as firms sought to safeguard against further tariff related issues.

Output and demand

The headline S&P Global US PMI Composite Output Index rose from 50.6 in April to 52.1 in May, according to the 'flash' reading (based on about 85% of usual survey responses). The rise in the index signaled an acceleration of activity growth from April's 19-month low to the fastest since March, although it remained one of the weakest readings seen since early-2024.

The strongest expansion was recorded in the service sector, where business activity growth rebounded from April's 17-month low but remained below March's pace and the average seen in 2024. Manufacturing output meanwhile returned to growth after falling in both March and April, albeit expanding only slightly.

S&P Global Flash US PMI



Data compiled May 22, 2025. Index, sa, >50 = growth since previous month. Source: S&P Global PMI. © 2025 S&P Global.

The improved performances were driven by faster rates of growth of new orders. Inflows of new work in the manufacturing sector notably rose at the sharpest pace for 15 months while demand growth for services was merely the strongest since March.

These order book improvements were fueled principally by domestic demand, as exports of both goods and services fell for second successive months in May. While tariffs had in some instances reportedly helped encourage new sales to domestic customers and prompted increased activity to front-run tariff-related price hikes, trade policy was widely linked to falling foreign sales of both goods and services.

Although manufacturing reported an easing in the steep export decline reported in April, exports of services (which includes spending by foreigners in the US) fell at the sharpest rate since the pandemic lockdowns of early 2020. In fact, excluding the pandemic, the fall in exports of services was the largest recorded since comparable data were first available in late 2014.

Future sentiment

Having slumped sharply to a two-and-a-half year low in April, sentiment among companies about their output over the coming year rebounded in May to its highest since January.

Sentiment was buoyed in part by reduced trade worries following the pause on additional tariffs and

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accompanying improved economic growth prospects. Confidence about the outlook rose to a four-month high in services and the best in three months in manufacturing. Goods producers also continued to display relatively greater optimism largely based on hopes of greater reshoring of production and demand switching to domestically produced goods in response to tariffs.

Despite the rebound, overall optimism was still slightly below the average seen in 2024, attributable to reports of supply worries, rising prices, ongoing uncertainty and concerns over detrimental impacts from government policies including tariffs and spending cuts.

Employment

Employment fell slightly in May, having risen in March and April, primarily reflecting concerns over future demand prospects but also in response to worries over rising costs and labor shortages.

Service sector payrolls were trimmed for the second time in four months, while manufacturing jobs were cut for a second successive month.

Inventories and supply chains

Manufacturers stocked up on inputs, generally citing concerns over potential tariff-related price increases and supply shortages, the latter reflected in suppliers' delivery times lengthening in May to the greatest extent since October 2022. The increase in buying activity was the highest since July 2022 and the resulting rise in inventories of purchases was the largest recorded in the 18-year survey history.

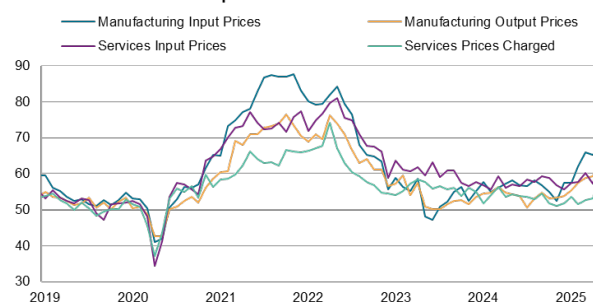
Prices

Average prices charged for goods and services jumped higher in May, rising at a rate not witnessed since August 2022, when pandemic-related shortages caused widespread price inflation.

An especially steep rise was seen for manufacturers' selling prices, which posted the largest monthly increase since September 2022. Charges levied for services rose to the greatest extent since April 2023

The latest rise in output prices was overwhelmingly linked to tariffs, having directly driven up the cost of imported inputs or caused suppliers to pass through tariff-related cost increases. Manufacturing input costs rose at the sharpest rate since August 2022 while service sector costs rose at the fastest rate since June 2023.

S&P Global Flash US PMI price indices

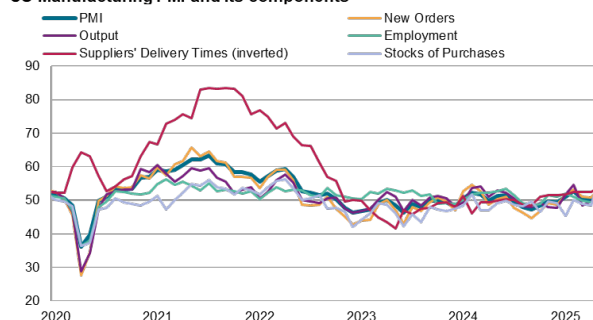


Data compiled May 22, 2025. Index, sa, >50 = inflation since previous month
Source: S&P Global PMI.
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Manufacturing PMI

The S&P Global Flash US Manufacturing PMI rose from 50.2 in April to 52.3 in May, signaling the strongest improvement in business conditions since June 2022.

US Manufacturing PMI and its components



Data compiled May 22, 2025. Index, sa, >50 = improvement since previous month.
Source: S&P Global PMI.
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Factory production moved back into expansion territory after two months of decline, and new order growth hit a 15-month high. However, the biggest positive contribution came from inventories, which rose to the greatest extent recorded since the survey began in 2009. Longer delivery times – which are typically associated with busier manufacturing supply chains – also helped push the PMI higher, with delays the most pronounced in 31 months. However, employment fell for a second successive month, acting as a drag on the PMI.

Commenting on the flash PMI data, Chris Williamson, Chief Business Economist at S&P Global Market Intelligence said:

“Business confidence has improved in May from the worrying slump seen in April, with gloom about prospects for the year ahead lifting somewhat thanks largely to the pause on higher rate tariffs. Current output growth has also picked up from April’s recent low, which had seen the weakest rise for over one-and-a-half years, in response to an upturn in demand.

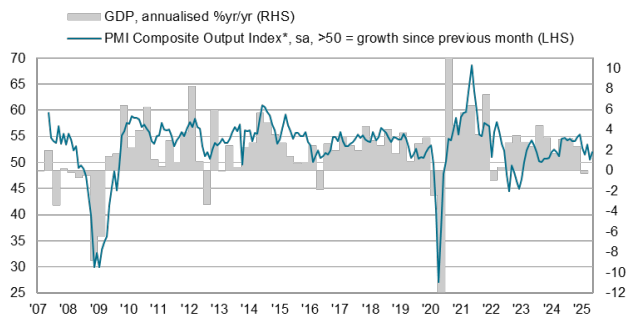
“However, both sentiment and output growth remain relatively subdued, and at least some of the upturn in May can be linked to companies and their customers

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seeking to front-run further possible tariff-related issues, most notably the potential for future tariff hikes after the 90-day pause lapses in July. In particular, concerns over tariff-related supply shortages and price rises led to the largest accumulation of input inventories recorded since survey data were first available 18 years ago.

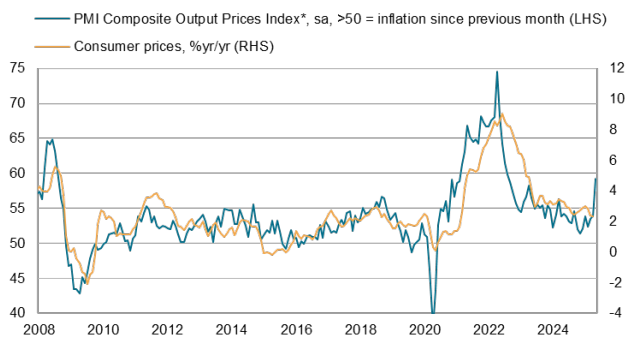
“Supply chain delays are now more prevalent than at any time since the pandemic led to widespread shortages in 2022, and prices charged for both goods and services have spiked higher as firms and their suppliers seek to pass on tariff levies to customers. The overall rise in prices charged for goods and services in May was the steepest since August 2022, which is indicative of consumer price inflation moving sharply higher.”

S&P Global Flash US PMI vs gross domestic product (GDP)



Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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S&P Global Flash US PMI vs inflation



Data compiled May 22, 2025. *PMI Manufacturing Output Prices Index May '07- Sep '09
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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Notes to editors

Final May data are published on 2 June for manufacturing and 4 June for services and composite indicators.

The S&P Global Flash US 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. Please contact economics@spglobal.com.

Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

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PMI by S&P Global

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