

News Release

Embargoed until 0945 EDT (1345 UTC) 3 June 2024

S&P Global US Manufacturing PMI[®]

Renewed increase in new orders in May

Key findings

New business returns to growth

Faster rises in production and employment

Cost inflation hits 13-month high

New orders returned to growth in the US manufacturing sector in May, supporting a faster expansion in production midway through the second quarter of the year. Meanwhile, business confidence picked up and positive expectations regarding the future for the sector contributed to the hiring of additional staff, a renewed rise in purchasing activity and a build-up of stocks of finished goods.

Meanwhile, the rate of input cost inflation quickened to the fastest in just over a year, with firms raising their selling prices in response.

The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI[®]) rose to 51.3 in May, after having posted in line with the 50.0 no-change mark in April. The reading signaled a modest improvement in the health of the manufacturing sector, the fourth in the past five months.

May saw a renewed expansion in new orders, following a modest reduction in April. While customer demand improved during the month, overall economic conditions remained muted, according to respondents. As such, the rate of expansion in new orders was only marginal.

In fact, the rise in total new business was softer than that seen for new export orders, which increased at the fastest pace in two years. Firms reported signs of improving demand in Europe, alongside growth in new orders from Asia, Canada and Mexico.

The increase in new orders, alongside better material availability, led manufacturers to expand production at a solid pace in May, with the rate of growth quickening from that seen in April.

Firms were also confident that production will rise over the coming year, thanks to optimism that the renewed expansion in new orders will be sustained in the months ahead. Plans to increase capacity also contributed to positive sentiment.

Optimism regarding future new orders and production

US Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global PMI.
Data were collected 10-28 May 2024.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

"It was pleasing to see new orders return to growth in May following a blip in April. Although modest, the expansion in new work bodes well for production in the coming months. In fact, manufacturers cited confidence in the future as a factor contributing to increases in employment, purchasing activity and finished goods stocks."

"Cost pressures continued to build, however, with inflation on that front the strongest in just over a year. Although output prices rose at a slower pace in May, this is unlikely to be sustainable should cost burdens ramp up further in the months ahead."

PMI[®]

by S&P Global

requirements encouraged manufacturers to take on additional staff, raise purchasing activity and accumulate stocks of finished goods.

Employment increased for the fifth consecutive month, and at the fastest pace since July 2023. Alongside positive expectations, higher staffing levels also reflected the filling of previously vacant positions.

Meanwhile, the rise in purchasing activity in May was the first in three months, but only marginal. The expansion in input buying was not sufficient to prevent a further reduction in stocks of purchases, but it at least restricted the pace of depletion to the weakest in the current three-month sequence of falling inventories.

Stocks of finished goods on the other hand increased for the second month running, and to a larger extent than in April.

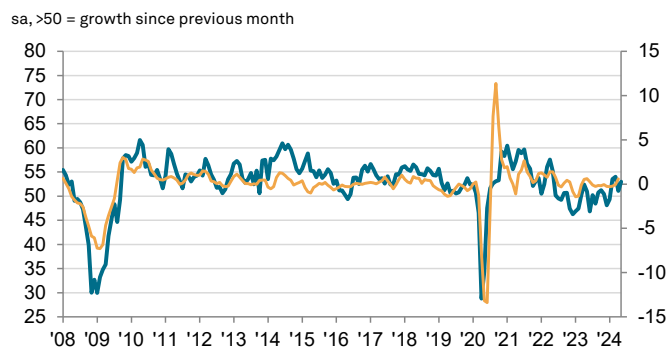
Expansions to capacity and recent muted demand conditions meant that manufacturers continued to lower their backlogs of work. The pace of depletion was only slight, however, and the weakest since February.

The rate of input cost inflation continued to accelerate, quickening for the third consecutive month to the fastest since April 2023. The latest increase was also sharper than the pre-pandemic average. Higher costs for aluminium and copper in particular, and metals more generally, were reported, as were increased fuel costs feeding through to rising transportation prices.

With input costs increasing sharply, firms also registered a rise in selling prices, although here the pace of inflation eased from April to a five-month low.

Finally, suppliers' delivery times were broadly unchanged in May.

■ PMI Output Index ■ Manufacturing production



Sources: S&P Global PMI, US Federal Reserve via S&P Global Market Intelligence.

Contact

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

Andrew Harker
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-016
andrew.harker@spglobal.com

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

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey 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 800 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 2004.

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

About PMI

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