News Release
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S&P Global US Flash PMI®

Flash PMI signals slower business growth in December as prices spike higher

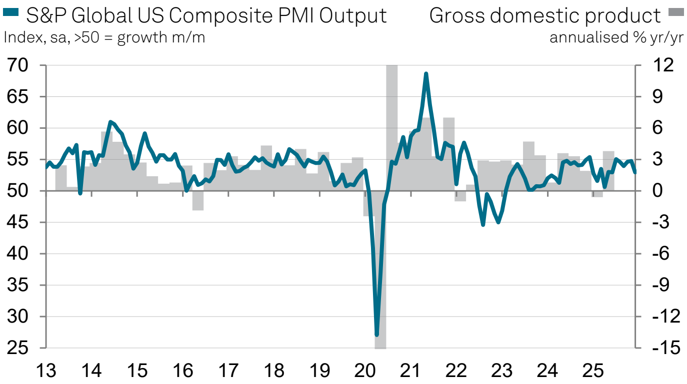
December 2025

Flash US Composite PMI Output Index: 53.0 (November: 54.2). 6-month low.

Flash US Services PMI Business Activity Index: 52.9 (November: 54.1). 6-month low.

Flash US Manufacturing Output Index: 53.0 (November: 54.4). 3-month low.

Flash US Manufacturing PMI: 51.8 (November: 52.2). 5-month low.



Data were collected 04-15 December 2025.
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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US business activity continued to expand in December, according to early 'flash' PMI data. However, the rate of growth dropped to the weakest since June, accompanied by the smallest rise in new business inflows for 20 months. Demand for services grew only modestly, rising at a sharply reduced rate, and new orders for goods fell for the first time in a year.

The survey also saw a slight pull-back in business confidence for the year ahead, which contributed to a softening of employment growth to only a marginal level.

Price pressures meanwhile intensified noticeably, with average selling prices rising at one of the steepest rates since mid-2022. Firms reported passing on the sharpest rise in costs for just over three years, in turn widely blamed on tariffs.

Output and demand

The headline S&P Global US PMI® Composite Output Index fell to 53.0 in December from 54.2 in November, according to the 'flash' reading (based on about 85% of usual survey responses). The latest reading was the lowest since June, though continues to indicate robust economic growth. Output has now risen continually for 35 months.

Similar increases in output were recorded across both manufacturing and service sectors in December, although rates of expansion slowed to three- and six- month lows respectively as demand conditions cooled. Manufacturing new orders fell, albeit only modestly, for the first time in a year, while growth of new business in the service sector slipped to a 20-month low. Measured overall, new order inflows consequently rose only modestly in December and to the smallest degree since orders fell slightly back in April 2024.

Comment

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

"The flash PMI data for December suggest that the recent economic growth spurt is losing momentum. Although the survey data point to annualized GDP expansion of about 2.5% over the fourth quarter, growth has now slowed for two months. With new sales growth waning especially sharply in the lead up to the holiday season, economic activity may soften further as we head into 2026.

"The signs of weakness are also broad-based, with a near-stalling of inflows of work into the vast services economy accompanied by the first fall in factory orders for a year. While manufacturers continue to report higher output, lower sales point to unsustainable production levels which will need to be lowered unless demand revives in the new year. Service providers reported one of the slowest months for sales growth since 2023.

"Firms have also lost some confidence in the outlook and have restricted their hiring in December in accordance with the more challenging business environment. A key concern is rising costs, with inflation jumping sharply to its highest since November 2022, which fed through to one of the steepest increases in selling charges for the past three years. Higher prices are again being widely blamed on tariffs, with an initial impact on manufacturing now increasingly spilling over to services to broaden the affordability problem."

Employment

Employment growth also softened in December, falling to a marginal level that was the lowest since September. Although jobs growth edged up to the highest for four months in manufacturing, service sector employment came close to stalling, with firms reporting the smallest net gain to payrolls since April.

Job growth was commonly constrained by concerns over costs, lacklustre demand and uncertainty over the economic outlook. Some companies also continued to report labor shortages.

Future sentiment

Companies' expectations about output in the year ahead remained positive on balance and above some of the lows seen this year but deteriorated slightly to fall further below the survey's long-run average. Lower confidence was commonly blamed on price increases, uncertainty and reduced customer spending, often in turn linked to tariffs and other government policies. Pessimism was countered by hopes of greater policy support, including lower interest rates and more government fiscal stimulus, alongside plans for new product development and greater investment in sales and marketing.

Prices

Input cost inflation accelerated markedly in December, hitting the fastest since November 2022. Although manufacturers reported slightly slower inflation, the increase in input prices was historically elevated. In contrast, services cost inflation was the steepest in over three years. Cost increases were mostly blamed on tariffs alongside rising labor costs.

Increased costs again fed through to higher selling prices, with the overall rate of inflation rising to the steepest since July and therefore amongst the greatest since the pandemic related price-surge of 2022. Although intensifying competition often restricted the ability of manufacturers to pass on higher costs, resulting in the slowest rate of selling price inflation since January, prices were raised in the service sector to a degree not seen since August 2022.

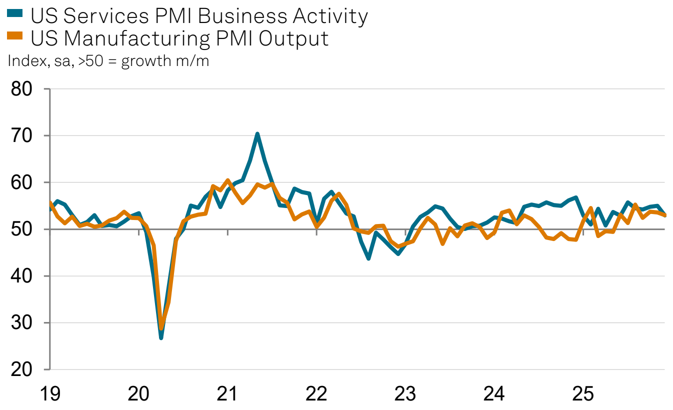
Inventories and supply chains

With output growth remaining solid in the manufacturing sector but inflows of new orders falling, a resulting fall in backlogs of work caused factories to cut back on their input buying for the first time since April. Inventories of unsold stock also accumulated for the seventh time in the past eight months, although the latest rise was less steep than the survey-record increases reported in October and November.

Despite input buying falling, factories reported longer supplier delivery times. The incidence of delays was among the highest seen over the last three years, linked in part to a deteriorating supply of imports.

Manufacturing PMI

At 51.8, down from 52.2 in November, the S&P Global US Manufacturing PMI signalled an improvement in factory business conditions for the fifth successive month in December, albeit to the weakest degree over this period.



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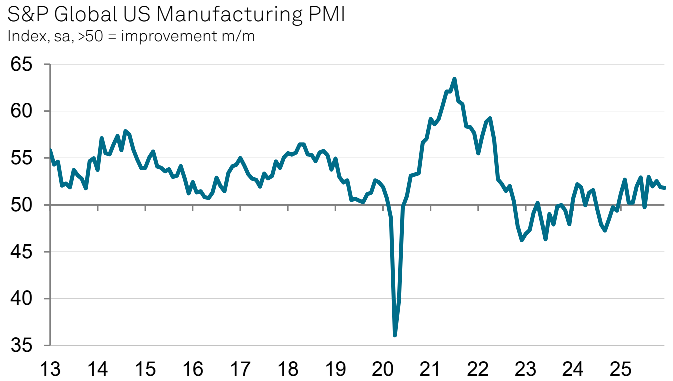

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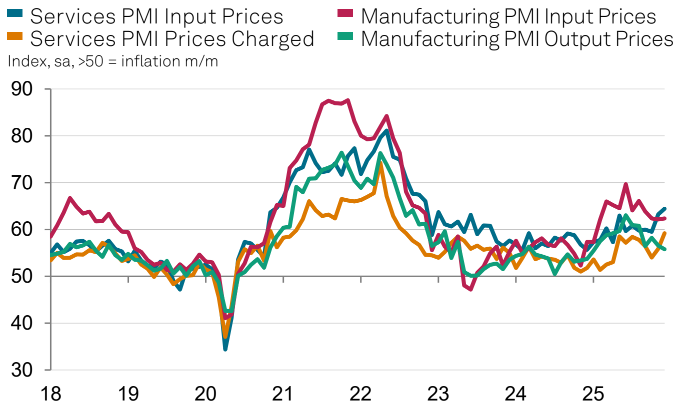

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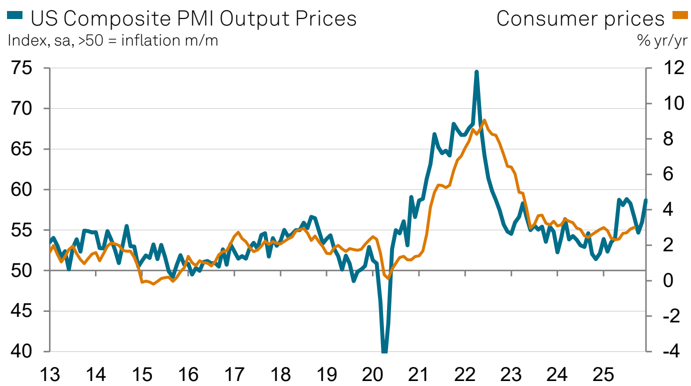

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Production growth dipped to a three-month low as new orders fell for the first time since December 2024. Input inventories also grew at a slower pace. Supporting the PMI was the fastest increase in employment since August, as well as a lengthening of suppliers' delivery times to the greatest extent since September.

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Methodology

Final December data are published on 2 January for manufacturing and 6 January for services and composite indicators.

The S&P Global Flash US Composite 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.

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

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