News Release
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S&P Global US Manufacturing PMI®

Output falls at fastest pace in 18 months

Sharper falls in output and new orders

Input cost inflation accelerates sharply

Employment continues to rise

The US manufacturing sector ended 2024 on a downbeat note. After having neared stabilization in the previous month, December saw a sharper reduction in new orders.

The rate of decline in production also quickened, while firms scaled back purchasing activity and inventory holdings. Business confidence also waned, after having jumped higher in November. On a more positive note, employment increased modestly for a second month running.

Manufacturers were faced with a much sharper rise in input costs, prompting them to increase their selling prices again.

The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®) posted 49.4 in December, down from 49.7 in November but up from the 'flash' reading of 48.3.

Latest data showed a sixth consecutive monthly worsening in the health of the manufacturing sector. The deterioration in December was more marked than that seen in November, but still only modest overall.

Manufacturing production was down for the fifth successive month, with the rate of contraction the fastest in a year-and-a-half. Lower output generally reflected a drop in new orders.

After having neared stabilization in the previous month, new business decreased at a faster pace in December.

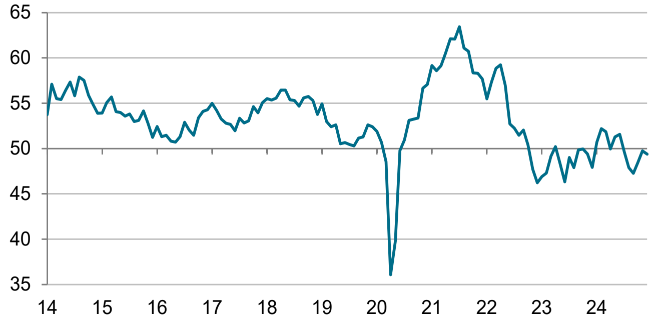
New export orders were also down, and to a greater extent than total new business. Europe and Australia were among the export markets reported to have seen a reduction in demand.

Where new orders decreased, this was often linked to a reluctance among customers to commit to new projects. In some cases, this reflected a pause ahead of the new administration taking power in January.

However, survey respondents generally noted that the incoming administration is expected to help boost demand conditions in the new year. Manufacturers were therefore optimistic that output will increase over the course of 2025. That said, after jumping in November, sentiment fell back in December and was the lowest since August.

Positive expectations for the coming year encouraged manufacturers to increase staffing levels for the second month running. The rate of job creation was modest and

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



Data compiled 05-18 December 2024.
Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

"US factories reported a tough end to 2024, and have scaled back their optimism for growth in the year ahead.

"Production was cut at an increased rate in December amid disappointing inflows of new orders. While November had seen a near-stabilization of order books as uncertainty surrounding the election passed, reviving customer demand, this respite has proved temporary. Factories are reporting an environment of subdued sales and inquiries, notably in terms of exports.

"Many firms are generally anticipating that business will pick up in the New Year, with respondents pinning hopes on expectations that the new administration will loosen regulations, reduce tax burdens and boost demand for US-made goods via tariffs. Confidence has consequently risen from a low-point last June, having jumped higher in November on the election result. However, this optimism has been pared back somewhat in December, as firms are now reporting worries over higher input prices, and are concerned that inflation may pick up again, adding to speculation that interest rates will not be cut as much as previously thought likely over the coming year."

slightly slower than seen in November.

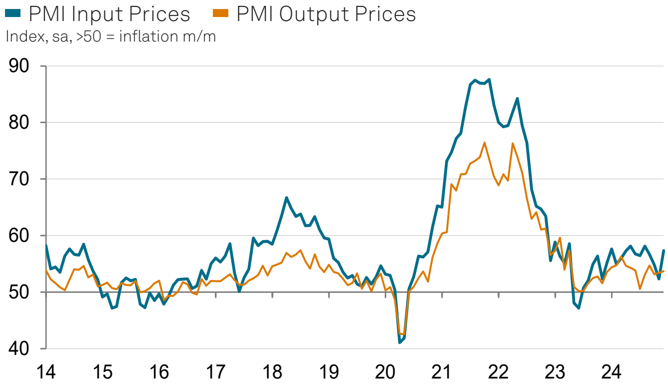
Rising workforce numbers at a time of falling new orders meant that firms continued to work through outstanding business in the final month of the year. Moreover, the pace of depletion was sharp and the steepest since June 2023.

While firms increased employment, the drop in new orders resulted in reductions in purchasing activity, as well as stocks of inputs and finished goods. Input buying and stocks of purchases both decreased more quickly than in November, while the reduction in stocks of finished goods was the first in six months.

The rate of input cost inflation accelerated sharply at the end of the year, with the latest increase the fastest since August. The rise was broadly in line with the pre-pandemic average.

Higher supplier charges and rising costs for raw materials were reported by panellists. In turn, firms increased their output prices, with the pace of inflation quickening to a three-month high. Charges have risen continuously since June 2020.

Meanwhile, suppliers' delivery times lengthened to the greatest extent since October 2022, linked to staff shortages at suppliers and freight delays.



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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.

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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