

S&P Global Flash US PMI®

Output growth hits 16-month low as confidence slumps and selling prices rise at increased rate

Key findings, March:

Flash US PMI Composite Output Index⁽¹⁾: 51.2 (Mar: 53.5). 16-month low.

Flash US Services PMI Business Activity Index⁽²⁾: 51.4 (Mar: 54.4). 2-month low.

Flash US Manufacturing Output Index⁽³⁾: 50.2 (Mar: 48.6). 2-month high.

Flash US Manufacturing PMI⁽⁴⁾: 50.7 (Mar: 50.2). 2-month high.

Data were collected 09-22 April

US business activity growth slowed to a 16-month low in April, according to flash PMI® survey data, with business expectations about the year ahead also dropping to one of the lowest levels seen since the pandemic. Prices charged for goods and services meanwhile rose at the sharpest rate for just over a year, with an especially steep increase reported for manufactured goods, linked to tariffs.

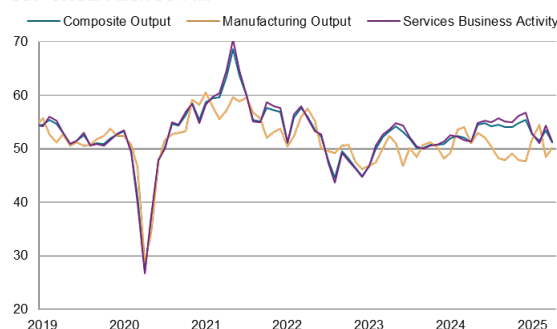
Output and demand

The headline S&P Global US PMI Composite Output Index fell from 53.5 in March to 51.2 in April, according to the preliminary 'flash' reading (based on approximately 85% of usual survey responses). The fall in the index signals a deceleration of activity growth to a 16-month low from the three-month high seen in March.

Growth of service sector business activity slowed sharply to only a modest pace, registering the second-weakest expansion recorded over the past year, in response to slower order book growth. New business inflows in the services sector showed the second-smallest gain recorded over the past 11 months, often linked by survey respondents to uncertainty surrounding the economy and tariffs. Demand growth was subdued in particular by a fall in exports of services (which include tourism-related activities as well as cross-border activities by service providers) on a scale not seen since January 2023.

Manufacturing output meanwhile edged back into growth after slipping into decline in March, though the expansion was only marginal. Whilst new orders placed at factories rose at a slightly increased rate, linked to higher domestic orders, the increase was only modest and curbed by a marked fall in export orders. While tariffs had in some instances reportedly helped drive new sales to domestic customers, trade policy was widely linked to falling foreign sales.

S&P Global Flash US PMI



Data compiled April 23, 2025. Index, sa, >50 = growth since previous month. Source: S&P Global PMI. © 2025 S&P Global.

Future sentiment

Sentiment among companies about their output over the coming year fell for a third successive month, dropping sharply to register the least optimistic outlook since July 2022. The latest reading was the joint-second lowest since September 2020, surpassed only by October 2022.

Sentiment about the future was relatively more resilient in manufacturing than services, as factories often reported hopes of positive impacts from government policies such as recent trade protectionism measures. Factory confidence nonetheless fell to its lowest since last August amid concerns over higher costs, supply constraints, weaker economic growth, and falling demand from export customers.

Service sector optimism also cooled, sliding further from December's one-and-a-half year high to its lowest since October 2022. April saw growing numbers of

News release

companies cite concerns over government policies and the resulting economic uncertainty.

As with manufacturing, the number of service providers expecting output to rise over the coming year continued to exceed those reporting a decline, though in both cases the resulting net degree of positive sentiment has fallen well below long-run averages to signal subdued confidence levels.

Employment

Employment rose slightly in April, up for the fourth time in the past five months, albeit registering a smaller gain than in March and a much-reduced rate of hiring compared to the strong 31-month high seen at the start of the year. Although a modest net increase in payroll numbers was recorded across the service sector in April, manufacturing jobs were cut for the first time since October.

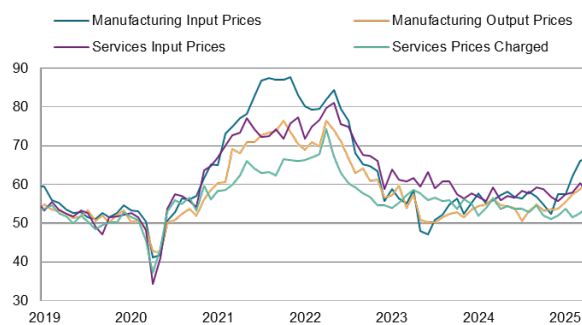
Hiring was often restricted by concerns over the economic outlook and demand environments both at home and in export markets, with rising cost concerns and labor availability also cited as restricting factors.

Prices

Average prices charged for goods and services rose in April at the sharpest rate for 13 months, increasing especially steeply in manufacturing (where the rate of inflation hit a 29-month high) but also picking up further pace in services (where the rate of inflation struck a seven-month high).

Higher charges were attributed to rising costs, linked widely in turn to tariffs, rising import prices, and increased labor costs. Input costs in the manufacturing sector rose at a pace not seen since August 2022, as suppliers pushed through price hikes linked to tariffs, supply concerns and a weakened exchange rate. Service sector costs meanwhile rose at a slower rate than in March, though the increase was the second-largest recorded over the past six months as higher raw material prices were accompanied by upward wage pressures.

S&P Global Flash US PMI price indices

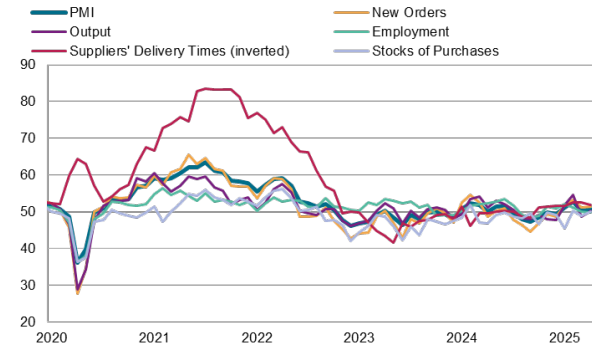


Data compiled April 23, 2025. Index, sa, >50 = inflation since previous month
Source: S&P Global PMI.
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Manufacturing PMI

The S&P Global Flash US Manufacturing PMI edged up from 50.2 in March to 50.7 in April, remaining above the 50.0 no change level for a fourth month in a row, yet signaling only a marginal improvement in business conditions for a second consecutive month.

US Manufacturing PMI and its components



Data compiled April 23, 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 a brief decline in March, and new orders growth ticked higher from the modest gain signaled in March. Longer delivery times – which are typically associated with busier manufacturing supply chains – were also again reported, albeit to a slightly lesser degree than in March. However, employment fell for the first time since last October, acting as a drag on the headline PMI index. Inventories of inputs were unchanged.

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

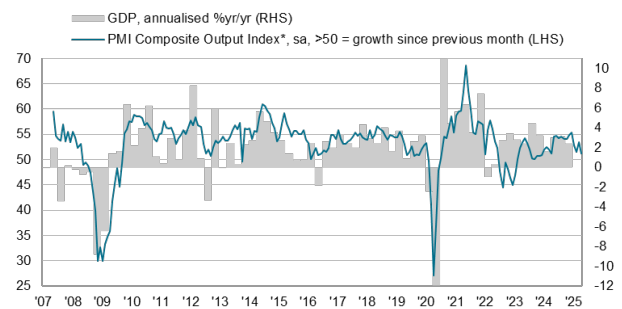
“The early flash PMI data for April point to a marked slowing of business activity growth at the start of the second quarter, accompanied by a slump in optimism about the outlook. At the same time, price pressures intensified, creating a headache for a central bank which is coming under increasing pressure to shore up a weakening economy just as inflation looks set to rise.

“Output rose in April at its slowest pace since December 2023, indicating that the US economy is growing at a modest annualized rate of just 1.0%. Manufacturing is broadly stagnating as any beneficial effect of tariffs are offset by heightened economic uncertainty, supply chain concerns and falling exports, while the services economy is slowing amid weakened demand growth, notably in terms of exports such as travel and tourism.

“Confidence about business conditions in the year ahead has meanwhile deteriorated sharply, worsening among manufacturers and service providers alike, largely thanks to growing concerns about the impact of recent government policy announcements.

“Tariffs are meanwhile being cited as the key cause of higher prices, though labor costs are also reportedly continuing to rise, causing companies to hike their selling prices at a pace not seen for over a year. In manufacturing, the rate of price increase is the steepest for nearly two-and-a-half years. These higher prices will inevitably feed through to higher consumer inflation, potentially limiting the scope for the Federal Reserve to reduce interest rates at a time when a slowing economy looks in need of a boost.”

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



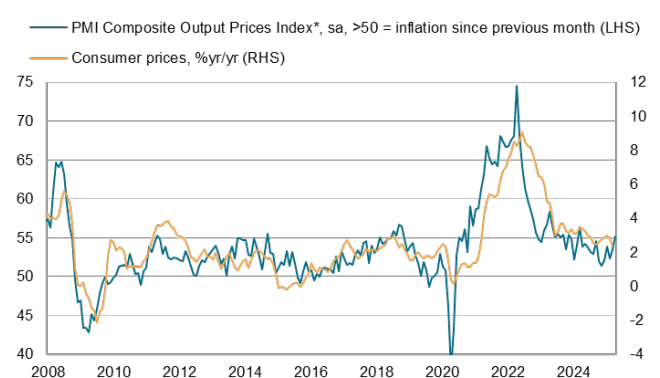
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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US flash PMI future output expectations



Data compiled April 23, 2025.
PMI (Purchasing Managers' Index) 50 = no change over next 12 months, covers manufacturing and services.
Source: S&P Global PMI.
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S&P Global Flash US PMI vs inflation



Data compiled April 23, 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 April data are published on 1 May for manufacturing and 5 May 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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