

S&P Global US Flash PMI[®]

Flash PMI signals weakened output growth and sharply higher prices following outbreak of war in Middle East

March 2026

Flash US Composite PMI Output Index: 51.4 (February: 51.9). 11-month low.

Flash US Services PMI Business Activity Index: 51.1 (February: 51.7). 11-month low.

Flash US Manufacturing Output Index: 52.9 (February: 52.7). 2-month high.

Flash US Manufacturing PMI: 52.4 (February: 51.6). 2-month high.

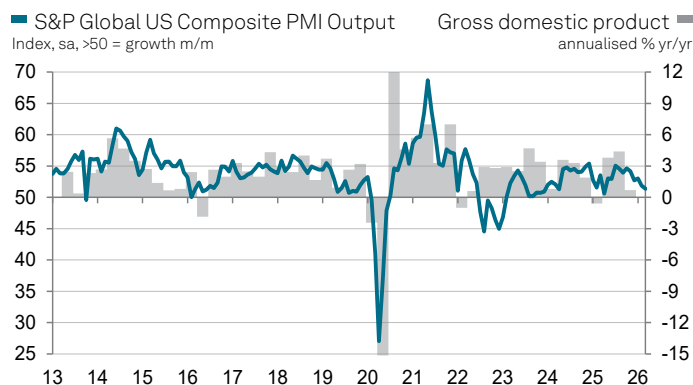
US business activity growth slowed to an 11-month low in March as businesses reported a slightly weaker upturn in new orders and spike in prices following the outbreak of war in the Middle East. The service sector was harder hit as manufacturers reported an upturn in output and new order book growth. A similar divergence was also seen regarding output expectations, with a weaker outlook among service providers contrasting with a more upbeat perspective among manufacturers, the latter buoyed in part by fewer tariff-related worries. However, overall private sector confidence declined and contributed to the first fall in employment for over a year.

Average input costs meanwhile rose at a sharp rate again, posting the largest monthly increase for ten months and feeding through to the largest increase in average selling prices since August 2022. Higher prices were widely linked to the war-related spike in energy costs and tightening supply conditions. Supplier delivery times in manufacturing lengthened to the greatest extent since October 2022.

Output and demand

The headline flash S&P Global US PMI Composite Output Index fell from 51.9 in February to 51.4 in March, the lowest level since April of last year. Although above the 50 no change level to signal an ongoing expansion of output, the March reading pointed to a slowing in the rate of growth for a second successive month to round off the economy's weakest quarter since the fourth quarter of 2023.

The slowdown was led by the service sector, where business activity grew at the weakest pace for 11 months amid a weaker gain in new work, the latter driven by a steepening rate of loss of export sales. Slower growth and falling orders, especially in terms of exports, were commonly blamed on subdued confidence among both consumer and business



Data were collected 12-23 March 2026.

Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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Comment

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

"The flash PMI survey data for March signal an unwelcome combination of slower growth and rising inflation following the outbreak of war in the Middle East. Companies are reporting a hit to demand from the additional uncertainty and cost of living impact generated by the conflict. Travel, transport and tourism related issues are compounded by financial market jitters and affordability constraints, notably including concern over the impact of higher interest rates, surging energy prices and supply chain delays.

"Companies are meanwhile building safety stocks amid concerns that the war may lead to more protracted supply issues and price rises while trimming headcounts to reduce overheads.

"The PMI data are indicative of GDP rising at an annualized rate of just 1.0%, with a modest 1.3% expansion signalled for the first quarter as a whole. The survey's price gauges meanwhile point to consumer price inflation accelerating back to around 4%, hinting at a growing risk of the US moving into an environment of stagflation.

"The Fed will therefore need juggle these intensifying upside risks to inflation against the growing risk of the economy losing growth momentum, with much depending on the duration of the war and its impact on energy prices and global supply chains."

customers. A reticence to commit to additional projects and orders amid the increased geopolitical uncertainty caused by the war in the Middle East reportedly compounded existing policy-related concerns over federal spending.

There was better news from manufacturing, where output growth accelerated slightly as new orders rose at their fastest rate for five months. Export orders stabilized after eight months of decline. Panelists indicated some softening of the tariff impact on order books, as well as instances of purchasing safety stocks, with factories and their customers keen to secure prices and ensure supply availability.

Supply chains and prices

War-related shipping issues were a key cause of longer supplier delivery times in March. Supply delays were more widely reported by manufacturers than at any time since October 2022. In addition to shipping-related disruptions due to the war in the Middle East, upward pressure on supplier lead times was also caused by an increase in purchasing by factories. Purchasing activity showed the largest monthly increase since last June, and one of the largest rises recorded over the past four years.

Prices paid for inputs meanwhile spiked higher, due principally to the energy price jump caused by the war. Overall average input costs rose to the fastest degree for ten months.

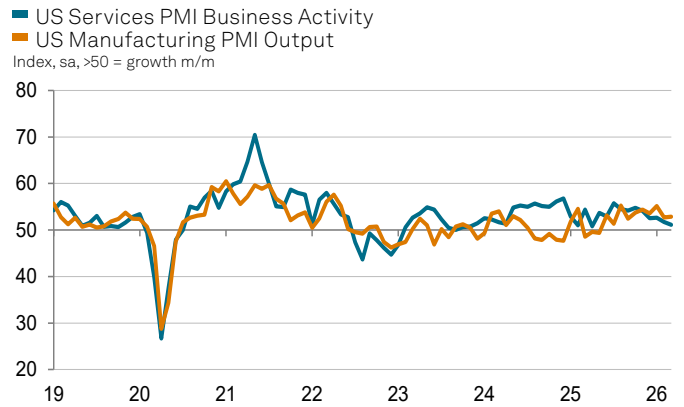
Higher costs were passed on to customers to generate the largest rise in selling prices in over three-and-a-half years. Rates charged for services rose on average at a rate not seen since August 2022 while goods prices increased at the sharpest rate last August.

Employment

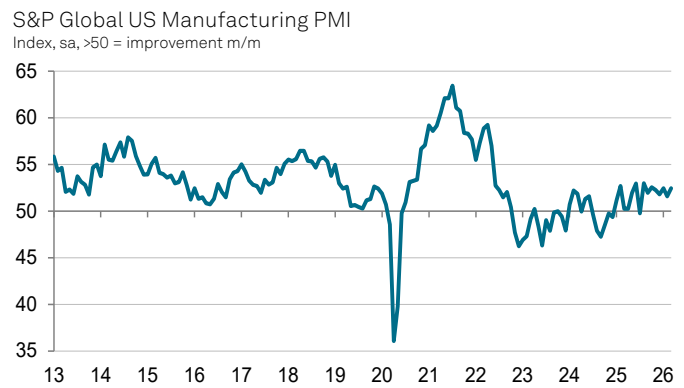
Employment fell for the first time in over a year as firms generally sought to reduce overheads in the uncertain economic climate. Although only modest, the drop in employment was the first recorded since February 2025 and reflected a growing caution to add to headcounts across both manufacturing and services. Manufacturing employment rose only marginally and at the weakest rate for eight months, whereas a decline in service sector staffing levels was reported.

Future sentiment

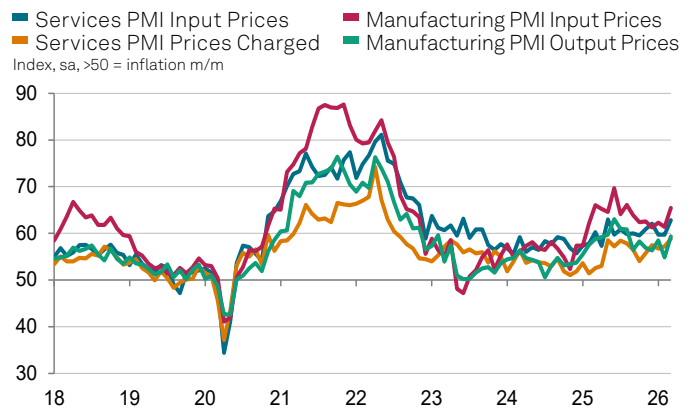
Companies' expectations for output in the year ahead deteriorated slightly in March, albeit still running in line with the average seen over the past year to hint at some resilience in the face of the outbreak of war in the Middle East. However, there were notable differences between sectors. In manufacturing, war-related concerns were countered by reduced worries over the adverse impact of tariffs and hopes of strengthening domestic demand for US-made goods, resulting in growth expectations improving to their highest for 13 months. In contrast, service providers signaled their weakest outlook since last October, commonly citing concerns over the impact of high energy prices on the cost of living, as well as higher interest rates, financial market worries and war-related disruptions to travel.



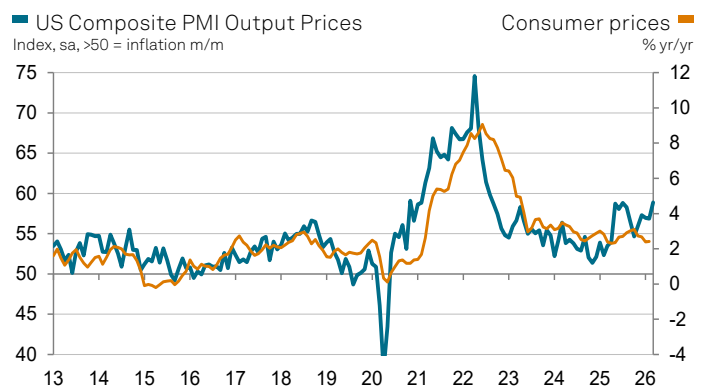
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Manufacturing PMI

The S&P Global US Manufacturing PMI rose from 51.6 in February to 52.4 in March, according to the flash reading, signaling an improvement in factory business conditions for an eighth successive month.

Production growth accelerated slightly as new orders showed the largest rise since last October. Input inventories also contributed positively, rising again after falling for the first time in seven months in February as factories sought to ensure supply of inputs amid delivery worries. Supplier delivery times lengthened to a degree not witnessed since October 2022, further boosting the PMI. The only drag on the PMI came from employment, which rose at its weakest rate for eight months.

Methodology

Final March data are published on 1 April for manufacturing and 3 April 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.

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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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