News Release
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S&P Global US Flash PMI®

Business growth slows in September, but selling price inflation also cools

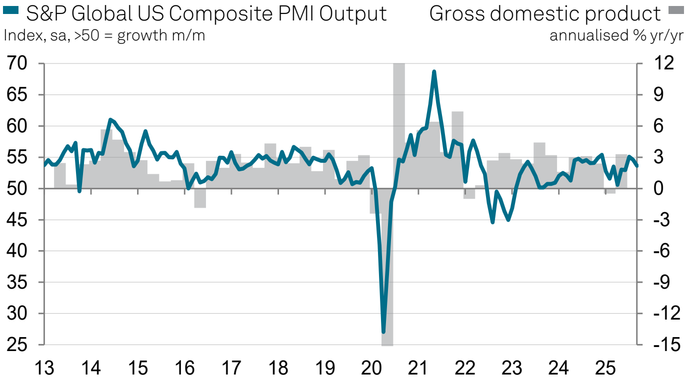
September 2025

Flash US Composite PMI Output Index: 53.6 (August: 54.6). 3-month low.

Flash US Services PMI Business Activity Index: 53.9 (August: 54.5). 3-month low.

Flash US Manufacturing Output Index: 52.1 (August: 55.2). 2-month low.

Flash US Manufacturing PMI: 52.0 (August: 53.0). 2-month low.



Data were collected 11-22 September 2025.
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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US business activity growth slowed for a second successive month in September, according to early 'flash' PMI data, accompanied by a softening of demand growth. While growth was again seen across both manufacturing and service sectors, both categories reported weakened expansions, leading to slower hiring in both cases.

Tariffs were meanwhile again widely cited as the main cause of sharply higher costs, but weaker demand and stiff competition reportedly limited the scope to raise selling prices, which rose on average at the slowest rate since April. Slower than expected sales reportedly also contributed to the largest rise in factory inventory levels of unsold stock in the history of the survey.

More encouragingly, business confidence in the outlook improved, partly reflecting hopes that lower interest rates will help offset some of the anticipated impacts from tariffs and broader policy uncertainty.

Output and demand

The headline S&P Global US PMI Composite Output Index fell from 54.6 in August to 53.6 in September, according to the 'flash' reading (based on about 85% of usual survey responses). However, although signaling a weakened rate of growth for a second successive month, the still-elevated PMI reading indicates that the third quarter a whole has seen the strongest average monthly expansion since the end quarter of 2024. Output has now grown continually for 32 months.

While the services economy provided the main driving force behind September's rise in business activity, the sector registered a slowing of growth for a second successive month to the weakest since June. Inflows of new orders for services likewise showed the smallest rise for three months as weaker domestic demand growth offset the first rise in exports since March.

Higher output was meanwhile reported in the manufacturing sector for a fourth consecutive month, but the expansion

Comment

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

"Further robust growth of output in September rounds off the best quarter so far this year for US businesses. PMI survey data are consistent with the economy expanding at a 2.2% annualized rate in the third quarter.

"However, the monthly profile is one of growth having slowed from its recent peak back in July, and September saw companies also pull back on their hiring. Softening demand conditions are also becoming more widely reported, curbing pricing power. Although tariffs were again cited as a driver of higher input costs across both manufacturing and services, the number of companies able to hike selling prices to pass these costs on to customers has fallen, hinting at squeezed margins but boding well for inflation to moderate.

"The survey data are nevertheless still indicative of consumer inflation remaining above the central bank's 2% target in the coming months. However, in manufacturing, there are also signs that disappointing sales growth has caused inventories to accumulate at an unprecedented rate, which could also further help soften inflation in the coming months.

"The inventory build-up of course also hints at some downside risks to future production. While growth expectations across both manufacturing and services also continue to be dogged by concerns over the political environment, and especially tariffs, September encouragingly saw business sentiment improve in part due to the anticipated beneficial impact of lower interest rates."

was much weaker than the strong gain (a 39-month high) seen in August. New order inflows in the goods-producing sector also weakened to only a marginal pace, in part due to an increased rate of loss of exports due to tariffs.

Capacity and employment

Employment rose for a seventh straight month in September, though the rate of job creation slowed. Lower job gains were seen across both manufacturing and service sectors.

Although service companies continued to take on extra staff in response to rising workloads and improved confidence, the September survey saw a higher incidence of companies unable or unwilling to fill vacant positions. In manufacturing, the survey saw more of a focus on job losses due to cost cutting.

Although September saw a sixth successive month of rising backlogs of work, the build-up was focused on the service sector, with manufacturing reporting the fastest decline in backlogs of uncompleted orders since April.

Inventories and supply chains

With backlogs of work falling, manufacturers cut back on their input buying in September for the first time since April. More supply chain delays were also reported, inhibiting purchasing, often linked to tariffs and imports. September's lengthening of delivery times was the second-largest recorded for nearly three years, exceeded only by that recorded in May after April's tariff announcements had disrupted shipments. Stocks of purchases consequently rose less than in August.

Higher production at a time of slowing sales growth was meanwhile commonly cited as the underlying cause of the largest build up of finished goods inventories in over 18 years of manufacturing PMI data collection. Inventories have now also risen in four of the past five months.

Prices

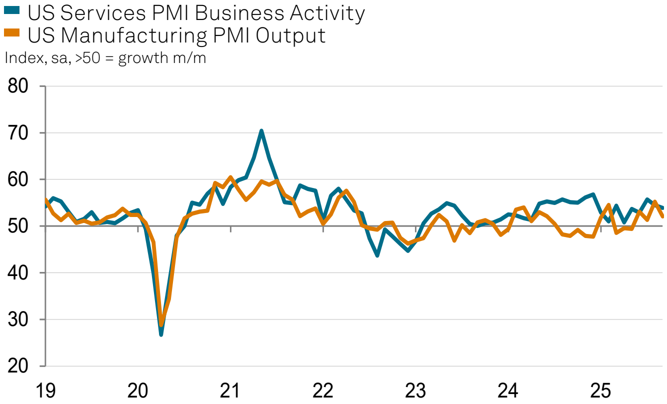
Tariffs were again overwhelmingly cited as the principal cause of further cost increases in September, most evidently in the manufacturing sector. Manufacturing input price inflation remained elevated at one of the highest rates since the pandemic, albeit dipping slightly since August. Service sector inflation meanwhile hit the second-highest recorded over the past 27 months (surpassed only by May 2025).

Although overall input cost inflation consequently accelerated to its highest since May and therefore the second highest level for just over two-and-a-half years, average prices charged for goods and services rose at the slowest rate since April. Firms across both manufacturing and services often reported difficulties passing higher costs on to customers due to weak demand and growing competition. Goods price inflation cooled especially sharply, down to its lowest since January whilst selling prices in the service sector rose at the weakest rate since April.

Future sentiment

Looking ahead, companies' expectations about output in the year ahead improved to a four-month high in September yet remained below the survey's long-run averages in both manufacturing and services.

Service sector sentiment picked up to the highest level since May, while a three-month high was recorded in



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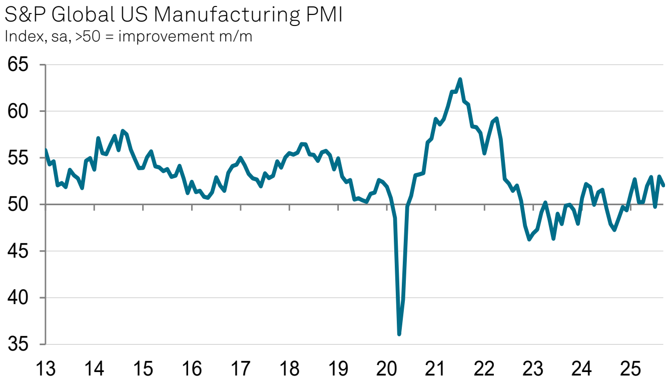

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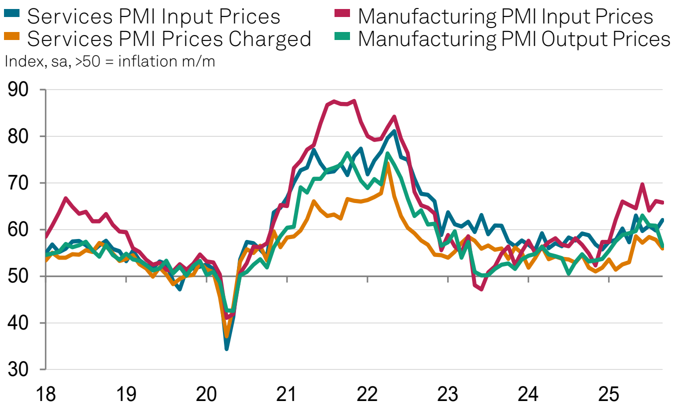

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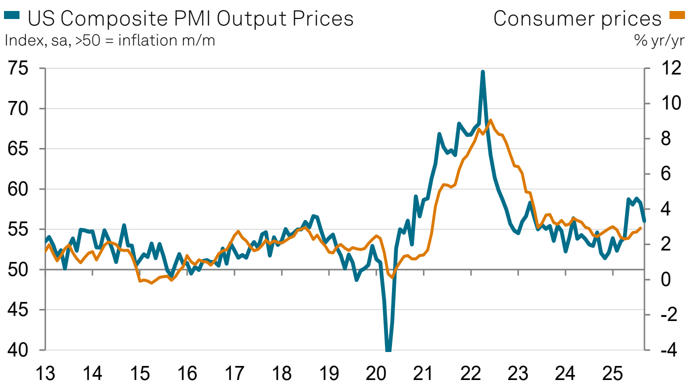

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manufacturing.

Outlook concerns continued to center on government policies, notably tariffs, and broader political uncertainty, though in manufacturing tariffs were again often cited as hopefully providing a stimulus to domestic production in the coming year. Both sectors saw business confidence improve on the back of lower interest rates.

Manufacturing PMI

The S&P Global US Manufacturing PMI fell from 53.0 in August to September 52.0, according to the flash reading, signaling an improvement of factory business conditions for the eighth time in the past nine months, albeit with the rate of improvement slowing from August's 39-month high. The average manufacturing PMI reading for the third quarter was slightly below that of the second quarter.

Production rose for a fourth consecutive month, albeit to a lesser degree. While new orders rose for a ninth straight month, the increase was only marginal. Factory employment growth also edged lower, with a weaker gain in input inventories likewise weighing on the headline PMI. The suppliers' delivery times index was consequently the only component to push the PMI higher as lead times lengthened to the greatest degree in four months.

Contact

Chris Williamson
Chief Business Economist
S&P Global Market Intelligence
T: +44-779-5555-061
chris.williamson@spglobal.com

Florence Bogitsh
Senior Communications Manager, Americas
S&P Global Market Intelligence
T: +1-646-460-7204
florence.bogitsh@spglobal.com
press.mi@spglobal.com

Methodology

Final September data are published on 1 October for manufacturing and 3 October 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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