

News Release

Embargoed until 0945 EST (1445 UTC) 1 February 2024

S&P Global US Manufacturing PMI®

Strongest improvement in manufacturing performance since September 2022

Key findings

Renewed rise in new orders

Output hampered by supply delays

Rate of cost inflation quickens to nine-month high

The opening month of 2024 saw an improvement in the health of the US manufacturing sector for the first time since April 2023, according to the latest PMI® survey data from S&P Global. Although only marginal, overall growth was supported by a return to expansion in new orders and a slower contraction in output. Production was reportedly hampered, however, by a renewed decline in supplier performance and longer input deliveries. Greater transportation costs pushed input prices higher on the month, with cost inflation hitting a nine-month high. In response, firms hiked their selling prices at the fastest rate since April 2023.

Greater new orders and stronger output expectations for the year ahead spurred firms to hire workers, as employment rose for the first time since last September.

The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI) posted 50.7 in January, up from 47.9 in December and slightly higher than the earlier released 'flash' estimate of 50.3. The latest upturn ended a two-month sequence of decline, and signalled the strongest improvement in operating conditions since September 2022.

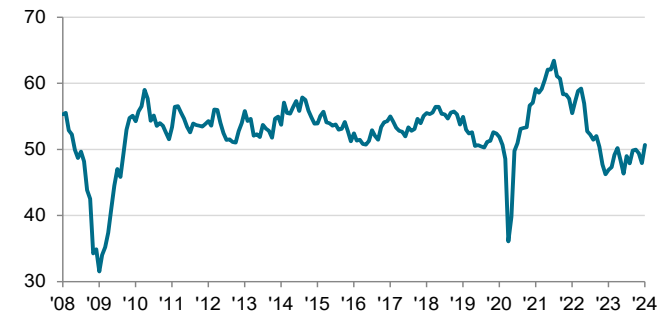
Driving the uptick in the headline figure was a renewed expansion in new orders at manufacturing firms at the start of the year. The pace of growth was moderate overall and the quickest since May 2022. Where an increase was noted, companies linked this to successful marketing initiatives and stronger customer demand.

That said, improved demand conditions were domestically focused, as new export orders fell for the nineteenth time in the last 20 months. Europe and Canada were identified by panellists as key export markets with a weakened sales environment.

Despite greater new order inflows, goods producers recorded a drop in output during January. Supply disruption stemming from severe storms and transportation delays reportedly hampered firms' ability to expand production. The pace of

US Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 11-26 January 2024.

Comment

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

“Manufacturers have started the year with a spring in their step. Business optimism about the year ahead has surged to its highest since early 2022 thanks to a jump in demand. New orders are rising at a pace not seen for over a year and a half, improving especially sharply for consumer goods as households benefit from signs of an easing in inflation and looser financial conditions.

“Factories are also showing signs of restocking, with some firms buying more inputs to support higher production in the coming months. Payroll numbers are also rising again as firms seek to build extra operating capacity, boding well for the upturn to gain further strength as we head through the first quarter.

“The brighter news is tempered by signs of factory costs rising on the back of supply delays, with costlier deliveries often linked to adverse weather and recent disruptions to global shipping. These higher costs are feeding through to increased prices charged for goods by factories, which rose in January at the fastest pace since last April. Some renewed upward pressure on consumer prices could therefore appear in the months ahead if these supply-linked inflationary trends persist.”

PMI®

by S&P Global

output decline eased to only a marginal pace, however.

Supplier delivery performance deteriorated for the first time in just over a year as trucking and transportation was delayed. Although only marginal, the extent to which lead times for inputs lengthened was the greatest since October 2022.

Concurrently, higher transportation, supplier and fuel costs pushed up the pace of input price inflation in January. The rate of increase accelerated for the second month running to the sharpest since April 2023, despite being softer than the series average.

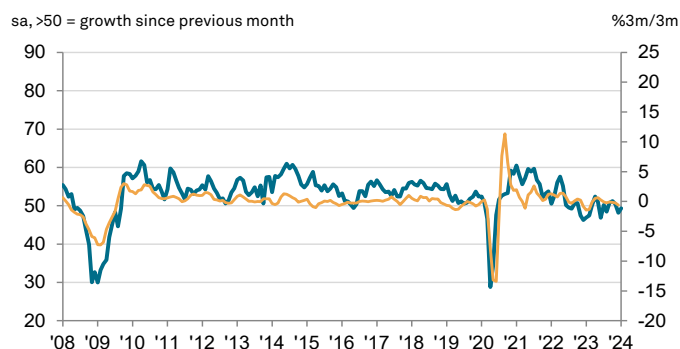
Meanwhile, manufacturers stated that output prices continued to rise as firms sought to pass on higher costs to customers. The pace of charge inflation was broadly in line with the series trend and the quickest in nine months.

Employment at manufacturers rose fractionally in January, thereby ending a three-month period of job shedding. Firms hired in anticipation of greater new orders despite a further strong drop in backlogs of work.

A rise in new orders led firms to cut their input buying at a much slower pace compared to that seen in December. Although stocks of inputs also continued to fall, the pace of depletion eased to a marginal pace, with stocks of finished goods also declining only slightly.

Finally, business confidence at goods producers jumped to a 21-month high in January. Optimism was reportedly underpinned by planned investment in marketing spending and building capacity, alongside hopes of stronger demand conditions.

■ PMI Output Index ■ Manufacturing production



Sources: S&P Global PMI, US Federal Reserve via S&P Global Market Intelligence.

Contact

Chris Williamson
Chief Business Economist
S&P Global Market Intelligence
T: +44-20-7260-2329
chris.williamson@spglobal.com

Siân Jones
Principal Economist
S&P Global Market Intelligence
T: +44-1491-461-017
sian.jones@spglobal.com

Katherine Smith
Corporate Communications
S&P Global Market Intelligence
T: +1 (781) 301-9311
katherine.smith@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

Survey 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 800 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 2004.

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

About PMI

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