

S&P Global US Manufacturing PMI[®]

US manufacturing sector growth sustained in June, but inflation rates accelerate sharply

June 2025

Solid upturn in output as order book growth sustained

Tariffs push up input costs and output charges

Sentiment improves and employment growth hits highest since September 2022

The US manufacturing sector expanded again in June, with operating conditions improving to the greatest degree in over three years. Output increased for the first time since February, and to a solid degree, whilst new orders increased for a sixth successive month due to improved domestic and international demand.

However, tariffs remained a prevalent theme, notably affecting purchasing decisions and prices. Latest data showed manufacturers raising their input buying activity to the greatest extent since April 2022, at times reflective of efforts to build up inventories given ongoing trade and price uncertainty. Nonetheless, input costs still rose sharply, with inflation hitting its highest level for nearly three years. A similar trend was seen for output charges, which rose to the greatest degree since September 2022.

The headline index from the report, the seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index[™] (PMI[®]), improved to 52.9 in June, from 52.0 in May. The latest reading was the highest since May 2022, and indicative of a solid rate of expansion. It was also the sixth successive month in which the PMI has posted above the critical 50.0 no-change mark.

Manufacturers recorded a first rise in production for four months. Growth was the second-steepest since March 2024, surpassed only by February's near three-year record. Firms often linked the rise in production to higher volumes of new orders at their plants, which rose in June as they have done throughout the year to date. Improved domestic demand was noted, with some success in securing new work linked to positive marketing campaigns. International sales also strengthened, with new export orders up modestly and for a second successive month, although growth was partly limited by tariffs.

Tariffs also impacted purchasing and prices during June. Some manufacturers noted that tariff uncertainty had encouraged the building up of inventory and the purchasing of more inputs. The latter rose to the greatest degree in over three years and helped to drive a further monthly increase in stocks of input purchases. Pre-production inventory growth

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



Data were collected 12-25 June 2025.

Source: S&P Global PMI. ©2025 S&P Global.

Comment

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

“June saw a welcome return to growth for US manufacturing production after three months of decline, with higher workloads driven by rising orders from both domestic and export customers. Reviving demand has also encouraged factories to take on additional staff at a rate not seen since September 2022.

“However, at least some of this improvement has been driven by inventory building, as factories and their customers in retail and wholesale markets have sought to safeguard against tariff-related price rises and possible supply issues. It therefore seems likely that we will get pay-back in the form of slower growth as we head into the second half of the year.

“These price pressures are already building, with factories reporting steep cost increases again in June, linked to tariffs, which they are passing through to customers. The big question of course is whether this merely results in a short-term change in the price level rather than a more worrying return of stubborn inflation.

“More encouragingly, business confidence has continued to improve from the low-point seen in April, with US manufacturers becoming more optimistic in the face of fewer trade and tariff worries compared to the heightened uncertainty seen in April. That said, many firms remain cautious as they await news of trade deals as the deadline for paused tariffs draws closer.”

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was marked, and the second-fastest in over three years, surpassed only by May's survey record increase.

There was some notable upward pressure on input prices during June, with inflation accelerating to its highest in just under three years. Firms widely reported the inflationary impact of tariffs on prices, especially for metals like steel. In response, output charges were raised to the greatest degree since September 2022.

US manufacturers are hopeful of a more stable economic environment in the year ahead. Trade uncertainty is expected to dissipate, whilst a generally stronger economy is anticipated to drive sales higher. Overall, confidence with regards to output in 12 months' time improved to its highest in four months.

A relatively positive outlook also helped to underpin a rise in employment during June. Some pressure on capacity encouraged firms to add to their staffing numbers – backlogs of work increased for the first time since September 2022 during June. Overall, employment increased during June for a second successive month and at the fastest pace for over two-and-a-half years.

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.

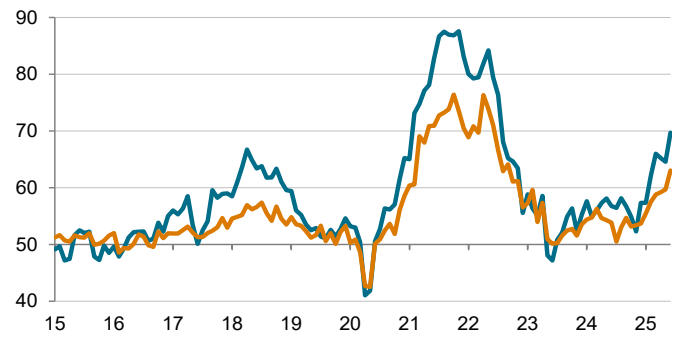
For further information on the PMI survey methodology, please contact economics@spglobal.com.

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■ PMI Input Prices ■ PMI Output Prices
Index, sa, >50 = inflation m/m



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PMI by S&P Global

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