News Release
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S&P Global US Flash PMI®

Flash US PMI signals strong start to fourth quarter

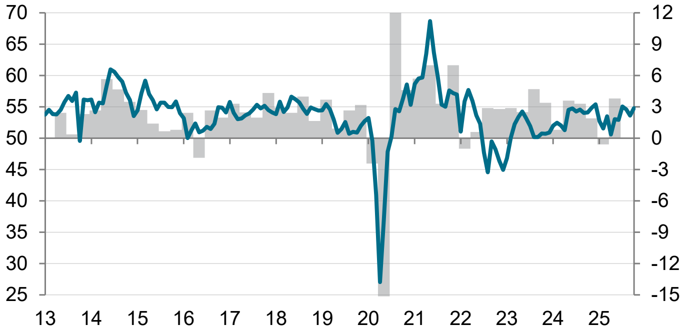
October 2025

Flash US Composite PMI Output Index: 54.8 (September: 53.9). 3-month high.

Flash US Services PMI Business Activity Index: 55.2 (September: 54.2). 3-month high.

Flash US Manufacturing Output Index: 52.8 (September: 52.4). 2-month high.

Flash US Manufacturing PMI: 52.2 (September: 52.0). 2-month high.



Data were collected 9-23 October 2025.
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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US business activity growth accelerated in October to the second-fastest so far this year, according to early 'flash' PMI data, accompanied by the largest rise in new business seen in 2025 to date. Improvements in output and new work were recorded in manufacturing and services, though both sectors signaled falling exports. Factories also reported falling input buying amid a steep drop in backlogs of work and an unprecedented build-up of unsold stock.

Meanwhile, while employment growth picked up, the pace of job creation remained only modest, and weakened especially in manufacturing. Jobs growth was also limited by a worsening of business confidence, principally reflecting ongoing concerns over the impact of government policies such as tariffs. Sentiment was supported, however, by lower interest rates.

Prices charged for goods and services rose at the slowest rate since April, but firms' costs continued to increase sharply, attributed to the impact of tariffs alongside upward wage pressures.

Output and demand

The headline S&P Global US PMI Composite Output Index rose from 53.9 in September to 54.8 in October, according to the 'flash' reading (based on about 85% of usual survey responses). The latest reading is the highest since July and signals an acceleration of growth to a pace just above the third quarter average. Output has now risen continually for 33 months.

The service sector continued to report especially robust growth, posting the fastest expansion since July and the second-strongest increase so far this year. Inflows of new orders for services likewise improved, rising at the steepest rate seen in 2025 to date. While service providers reported signs of improving domestic demand, exports of services fell back into decline after modest growth in September.

Higher output was also reported in manufacturing, where

Comment

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

"October's flash PMI data point to sustained strong economic growth at the start of the fourth quarter, with business activity picking up momentum across both manufacturing and services despite some reports of businesses being adversely impacted by the government shutdown. The survey data are consistent with the economy expanding at a 2.5% annualized rate in October after a similar rise was signalled for the third quarter.

"However, business confidence in the outlook for the coming year has deteriorated further, and is at one of the lowest levels seen over the past three years as companies worry about the impact of policies, most notably tariffs. Companies are also concerned over disappointing export sales, especially in manufacturing, and factories are seeing an unprecedented rise in unsold stock. Having bought excess inputs earlier in the year to front-run tariffs, producers are making more goods to use up these inputs but are often struggling to sell the end product to customers.

"Hence, although input costs continued to rise sharply again in October, principally reflecting the pass-through of tariffs, average selling price inflation has cooled to the lowest since April as firms compete on price to win sales."

production volumes rose for a fifth consecutive month. The expansion of factory output was the largest since August, and the second steepest since February, buoyed by the sharpest influx of new orders for just over one-and-a-half years. However, the upturn in orders was driven by the domestic market, as export orders for manufactured goods fell sharply, dropping at the sharpest rate since February. Companies reported falling sales to markets including China and Europe, often blamed on tariff policies.

Capacity and employment

Employment rose for the tenth time in the past 11 months, with the rate of job creation improving on September's recent low and broadly in line with the average for the year to date. An upturn in service sector job creation, albeit remaining only modest, was accompanied by slower job gains in manufacturing.

In both cases, employment growth was curtailed by a lack of suitable candidates to replace leavers but also reflected concerns over staffing needs given current sales levels and uncertainty over the demand outlook. Manufacturers reported the steepest drop in backlogs of work recorded so far this year, hinting at excess production capacity. In the service sector, outstanding business rose at the slowest rate for six months.

Inventories and supply chains

With backlogs of work falling, manufacturers reduced their input buying in October, though some factories continued to accumulate inventories to avoid potential price rises linked to future tariffs. Inventories of purchases rose only marginally as a result, increasing at a much-reduced rate compared to the strong tariff-related stock building reported earlier in the year.

Inventories of inputs were also again used to produce more finished goods stock, which rose at an unprecedented rate in the survey's 18-year history during October. Warehouse stocks have now risen five times in the past six months.

Prices

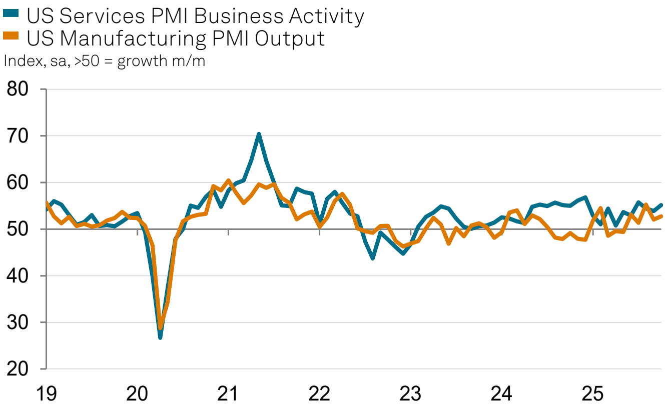
Input cost inflation remained elevated in October, running below the highs seen earlier in the year but picking up slightly since September. Despite being the lowest since February, manufacturing input price inflation remained especially high, once again widely attributed to tariffs. Service sector cost inflation meanwhile was the highest for three months, registering one of the steepest increases seen over the past two years. Higher wage costs reportedly often added to the inflationary impact of tariffs on purchased input costs.

Although overall input cost inflation accelerated slightly in October, overall average prices rose at the slowest rate since April. Firms across both manufacturing and services often reported difficulties passing higher costs on to customers in the face of subdued demand and intense competition.

In terms of prices charged, while service sector inflation eased especially sharply, to its lowest since April, goods price inflation accelerated since September but remained below rates seen in the preceding six months.

Future sentiment

Expectations about year ahead output fell from September's four-month high, dropping to one of the lowest seen over the past three years. Manufacturing optimism sank to



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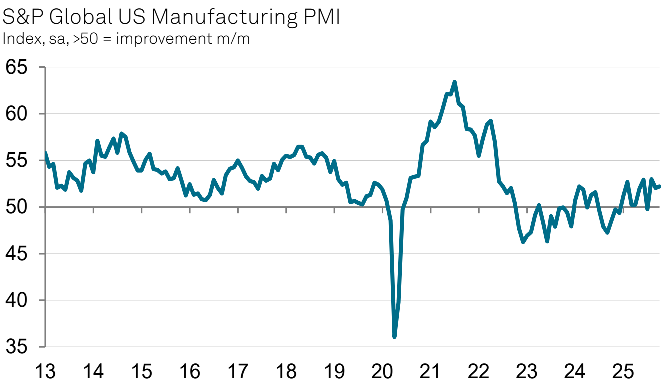

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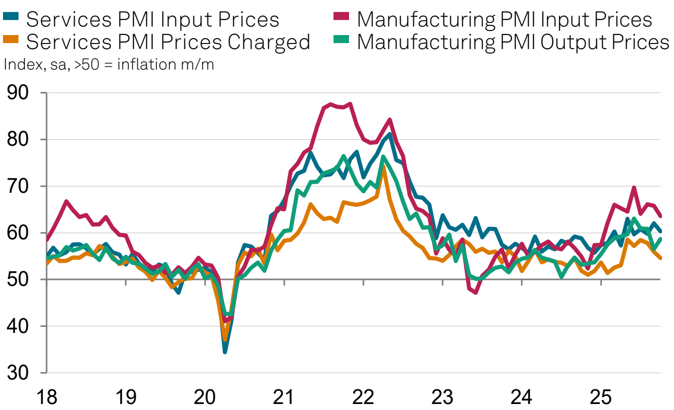

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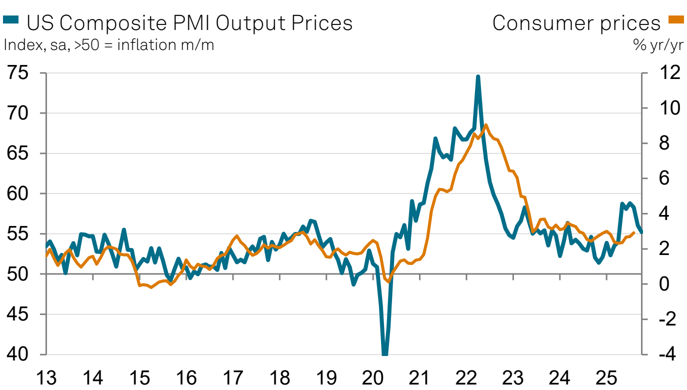

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the second lowest since June 2024, with only April having witnessed lower business sentiment. Service sector optimism also deteriorated and remained well below the survey's long-run average.

Outlook concerns again centered on the detrimental impact of government policies, notably tariffs, and broader political uncertainty, though some manufacturers again often cited tariffs as a possible stimulus to domestic production. Both sectors also saw business growth expectations supported by lower interest rate policy.

Manufacturing PMI

The S&P Global US Manufacturing PMI rose from 52.0 in September to 52.2 signaling an improvement of factory business conditions for the ninth time in the past ten months (July saw a marginal deterioration).

Production and new orders growth both accelerated, the latter notably signaling the sharpest improvement in demand for 20 months. However, employment growth weakened to a three-month low. While inventories of inputs also rose, the gain was only marginal. The suppliers' delivery times index also acted as a reduced positive influence on the headline PMI higher, via a reduced lengthening of lead times compared to September.

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Methodology

Final October data are published on 3 November for manufacturing and 5 November 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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