News Release
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# S&P Global US Manufacturing PMI®

## US manufacturing PMI picks up in May, but tariffs continue to dominate sector performance

### May 2025

Growth driven in part by survey record rise in input inventories

Efforts to front-run higher prices and supply chain disruption noted

Selling charge inflation highest since late 2022

Tariffs and trade policy continued to dominate the manufacturing landscape in May, according to the latest PMI survey data from S&P Global.

Amid evidence of client efforts to front-run tariff related price increases and supply chain disruption, new orders to US manufacturers increased. Similar factors led to a survey record increase in stocks of inputs, whilst higher input prices due to tariffs were signaled and output charge inflation was the highest since November 2022. Delivery delays were at their most acute since October 2022.

Hopes of a stabilization in trade policies ensured that confidence in the outlook improved to a three-month high, whilst a rise in employment was registered – although the rate of growth was marginal amid some challenges in finding suitable staff to fill vacancies.

The headline index from the report, the seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®), posted 52.0 in May. That was up from readings of 50.2 in the preceding two months and represented solid overall growth which was the best since February's recent high.

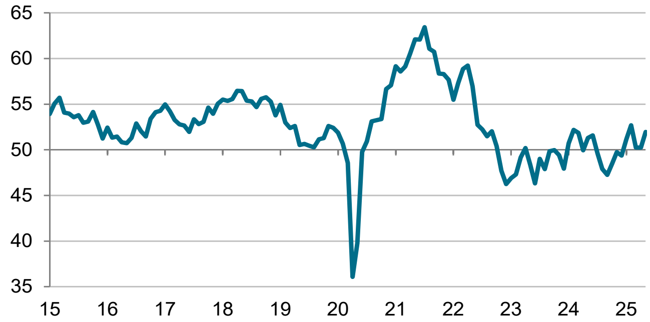
May's improvement in the PMI was driven by an uplift in new orders and an outsized contribution from input inventories which, in 18 years of data collection, rose at an unprecedented pace. Similar factors drove growth in both instances – efforts by manufacturers and their clients to front-run tariff related increases in prices and supply-side disruption.

For new orders, which rose to the strongest degree in three months, demand from within the United States was noted as the primary driver of growth as international sales remained relatively subdued, rising only slightly following April's steep fall. Trade policies and tariffs continued to weigh on foreign demand, according to panelists.

Despite the uplift in order books, production volumes were trimmed marginally for a third month in a row. Capacity was also broadly sufficient to deal with the dual requirements of both incoming and existing orders as backlogs of work fell again, albeit modestly. Firms also added to their finished

S&P Global US Manufacturing PMI

Index, sa, >50 = improvement m/m




Data were collected 12-27 May 2025.
Source: S&P Global PMI. ©2025 S&P Global.

### Comment

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

"The rise in the PMI during May masks worrying developments under the hood of the US manufacturing economy. While growth of new orders picked up and suppliers were reportedly busier as companies built up their inventory levels at an unprecedented rate, the common theme was a temporary surge in demand as manufacturers and their customers worry about supply issues and rising prices.

"These concerns were not without basis: supplier delays have risen to the highest since October 2022, and incidences of price hikes are at their highest since November 2022, blamed in most cases on tariffs. Smaller firms, and those in consumer facing markets, appear worst hit so far by the impact of tariffs on supply and prices.

"Encouragingly, manufacturers regained some optimism in May after sentiment had been hit hard by tariff announcements in April, partly reflecting the pauses on new levies. However, uncertainty clearly remains elevated amid the fluid tariff environment, and factories have so far shown a reluctance to expand headcounts in the face of such volatility."

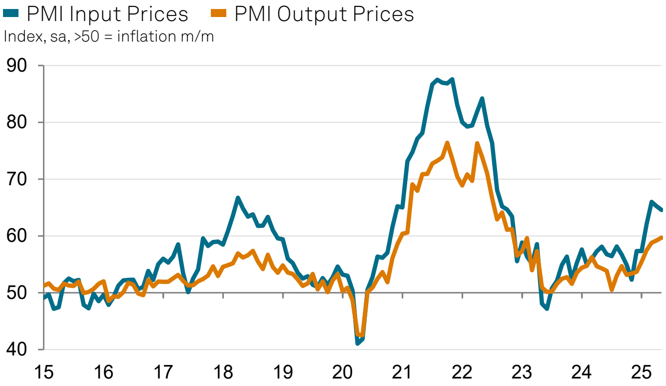
goods inventory, which rose for the first time since last November.

An increase in labor capacity was registered in May, with a net increase in employment signaled for the first time in three months. However, growth was only marginal, with some firms noting difficulties in finding suitable workers to fill vacancies.

Tariffs helped explain another steep increase in manufacturing input prices during May. Latest data showed that raw material price inflation remained high, despite dropping to a three-month low, amid reports that suppliers were passing on tariff related cost increases. Supplier delivery delays were also noted, linked to growing stock shortages at vendors. The degree to which supplier performance worsened was the steepest for over two-and-a-half years.

In response to higher input costs, factory gate prices were also raised in May, and to the greatest degree since November 2022.

Finally, manufacturers are hopeful of a more stable trading environment in a year's time, with growing expectations among the panel that disruption to markets caused by tariffs will dissipate in the months ahead. This helped to explain why confidence in the outlook improved in May to a three-month high – and to a level fractionally above the survey average.

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## 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.