News Release
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S&P Global US Manufacturing PMI®

Employment rises amid improved business confidence

New orders near stabilisation

Rebound in business optimism leads to renewed job creation

Cost inflation lowest in a year

The US manufacturing sector neared stabilization midway through the final quarter of the year.

The rate of decline in new orders slowed sharply, while stronger confidence around the future encouraged firms to take on additional staff. Output continued to be scaled back, however.

Meanwhile, the rate of input cost inflation weakened further and was the slowest for a year. In contrast, output prices were raised at a slightly faster pace.

The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®) remained below the 50.0 no-change mark in November, but at 49.7 pointed to only a marginal worsening in the health of the sector during the month. The reading was up from 48.5 in October and the highest in the current five-month sequence of deteriorating business conditions.

Central to the near-stabilization of the sector in November was a much slower reduction in new orders, which decreased only marginally and at the slowest pace in five months. Some manufacturers indicated that domestic demand conditions had started to improve following the results of the Presidential Election.

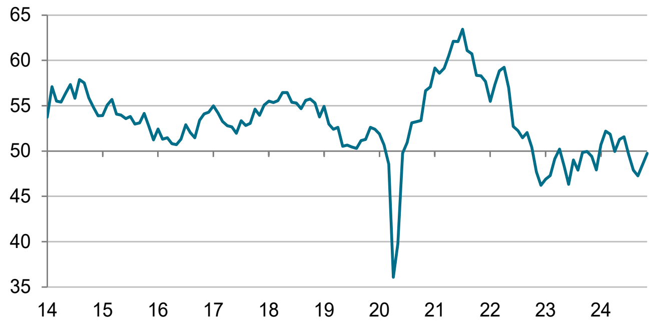
On the other hand, new export orders decreased at a sharper pace. The rate of contraction was the fastest since June 2023 as international demand worsened.

Although the pace of reduction in total new orders eased, a further fall in new business contributed to another drop in manufacturing production, the fourth in as many months. Hurricane disruption, price increases and a partial hangover from pre-election uncertainty were also mentioned as factors leading production to fall. The pace of decline quickened from that seen in October.

While production decreased, there was a marked improvement in the outlook for output over the coming year. November saw business sentiment rise to the joint-highest in just over two-and-a-half years as almost half of respondents predicted growth.

Firms commented on hopes that the incoming administration will help strengthen the business environment, while improved economic conditions, new order growth and capacity

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



Data compiled 12-26 November 2024.
Source: S&P Global PMI. ©2024 S&P Global.

Comment

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

"The mood among US manufacturers brightened in November, though any feel-good factor has yet to feed through to higher output on the factory floor.

"Optimism about the year ahead has improved to a level not beaten in two and a half years, buoyed by the lifting of uncertainty seen in the lead up to the election, as well as the prospect of stronger economic growth and greater protectionism against foreign competition under the new Trump administration in 2025.

"In contrast, current production levels fell for a fourth straight month in November, dropping at a rate not exceeded for nearly one and a half years. The gap between expected future output and actual current output is now the widest seen for a decade if the pandemic is excluded, underscoring the marked divergence between tough current conditions and the mounting expectation of better times to come.

"Demand conditions need to improve alongside the improvement in confidence to encourage producers to raise production. However, although export sales continue to fall sharply, we note that November's fall in overall new orders was the smallest seen over the past five months, hinting that the downturn in domestic demand for goods is easing and could help revive the manufacturing sector as we head into 2025.

"The promise of protectionism has meanwhile led to an increase in input buying by some US producers, as they seek to front-run price hikes on imports from threatened tariffs. One in four companies reporting higher input purchases in November attributed the rise to tariff threats, underlying US manufacturers' concerns over the inflationary impact of tariffs."

enhancements were also factors supporting the positive outlook.

Growing confidence encouraged manufacturers to expand their workforce numbers in November, thereby ending a three-month run of job cuts.

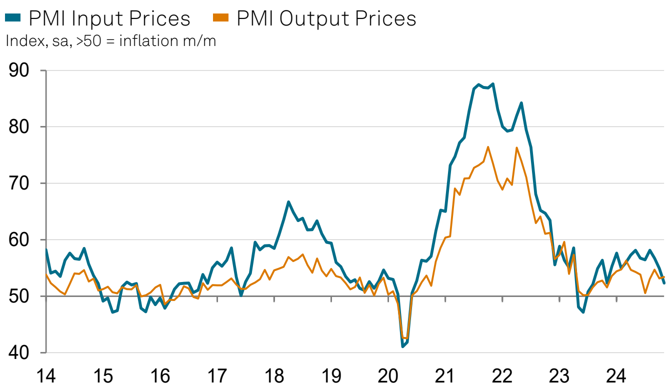
The increase in staffing levels at a time when new orders were continuing to fall meant that firms were able to reduce their backlogs of work again midway through the final quarter of the year. Moreover, the rate of depletion in outstanding business was the fastest in 16 months. Meanwhile, stocks of finished goods increased for the fifth month running.

Purchasing activity and stocks of inputs decreased again in November. However, as was the case with new orders, both rates of decline eased and were only slight. Some firms started to purchase additional inputs in response to positive output expectations, while others did so in an effort to get ahead of the potential imposition of tariffs.

Manufacturers recorded a slower rise in input costs in November, and one that was only modest. The pace of input price inflation eased for the third month running to the weakest for a year.

On the other hand, the pace of output price inflation quickened slightly and remained slightly above the pre-pandemic average.

Finally, suppliers' delivery times lengthened for the second successive month. The modest lengthening of lead times was nonetheless the most pronounced since October 2022. Respondents indicated that delivery delays reflected labor shortages at suppliers and issues with transportation logistics.



Source: S&P Global PMI. ©2024 S&P Global.

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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.

PMI by S&P Global

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

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