News Release
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S&P Global US Manufacturing PMI®

US manufacturing sector expansion holds steady but masks softer production and sales growth

July 2026

Softest rise in output for four months

Purchasing activity rises at weaker rate amid deepening supply chain disruptions

Confidence in outlook falls to nine-month low

US manufacturing performance remained positive in July, but sector expansion was unchanged from June's three-month low as output growth slowed sharply.

At the same time, new order growth eased for the third consecutive month at the start of the third quarter as subdued client confidence and inflationary pressures weighed on demand.. Moreover, growth was primarily domestically driven, following another moderate reduction in new export sales.

Evidence of supply chain disruption was also prominent in the latest survey data, with manufacturers signaling one of the sharpest deteriorations in vendor performance over the past four years. This contributed to slower growth in both inventories and purchases of pre-production goods, which eased to three- and four-month lows respectively. July's survey data also indicated marked, albeit softer, increases in input costs and selling prices. Confidence in the outlook meanwhile weakened for the third month running, reaching its lowest level since October 2025.

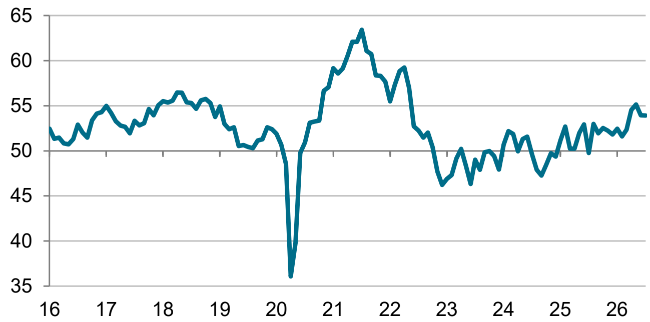
The headline seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®) recorded 53.9 in July. The reading was unchanged from June and signaled a solid rate of expansion. Operating conditions have now improved consistently for a year.

Slower output and new order growth was recorded in July. Production volumes rose at the weakest pace since March, while the expansion in new order intakes eased for the third successive month. Firms reported some new customer acquisitions over the month, though these were increasingly offset by raw material supply issues, challenging economic conditions and weaker demand, with the war in the Middle East continuing to have a notable impact on the health of the sector. Growth was also mainly domestically driven. International sales continued to decline as tariffs and subdued foreign demand weighed on new export orders.

Manufacturers sought to complete workloads directly from stock wherever possible during July, as evidenced by the

S&P Global US Manufacturing PMI

Index, sa, >50 = improvement m/m



Data were collected 9-28 July 2026.

Source: S&P Global PMI. ©2026 S&P Global.

Comment

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

"Although the headline PMI held steady in July, beneath the survey we see some warning signs about the future growth trajectory. Production rose at a markedly slower rate in July, linked to a third month of weakened growth of new business, in turn reflecting reduced inventory building after the especially strong precautionary stock accumulation reported in the second quarter. Further pressure came from increased supply chain delays, falling exports, and further pushback on high prices from customers.

"While input cost inflation moderated slightly, inflationary pressures remained elevated thanks principally to the combination of high energy prices and tariffs. In response, producers are either trying to raise selling prices to protect margins or boost productivity, hence July also saw another month of high factory gate price inflation and subdued job gains.

"In this environment, business optimism about growth prospects slipped to the lowest since last October, underscoring the downside risks to the near-term outlook."

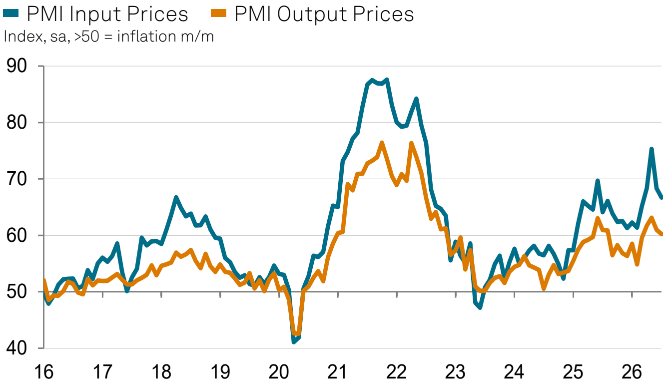
first drop in inventories of finished goods for four months. The rate of depletion was solid and the steepest since September 2023.

Latest data showed that average vendor times deteriorated at the second-sharpest rate in the past four years (after May 2026) as the Middle East conflict continued to cause delivery delays and contribute to material shortages. Pressure on suppliers was intensified by another increase in purchasing activity in July, though the pace of growth was the joint-weakest since February. At the same time, inventories of inputs rose at the softest rate for three months amid difficulties sourcing and receiving raw materials.

Goods producers were cautious regarding recruitment. Staffing rose only marginally at the start of the third quarter, with anecdotal evidence suggesting that vacancies had been broadly filled. However, backlogs of work also rose modestly, signaling some pressure on capacity. According to survey members, material shortages was a key driver of rising workloads.

Cost burdens continued to rise markedly in July, principally due to higher energy prices and tariffs. Although input cost inflation moderated to a four-month low, it remained stronger than the series average. In response, firms raised their own charges where possible, though at a similarly weaker pace.

Finally, firms remained hopeful that output would continue to increase in the coming months, as confidence in the outlook stayed positive overall. However, concerns over high inflation, increasing supply chain disruption and slowing sales growth meant expectations fell to their lowest level since October 2025.



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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.