

## Manufacturing PMI® at 64.7%

### March 2021 Manufacturing ISM® Report On Business®

(Tempe, Arizona) — Economic activity in the **manufacturing sector grew in March**, with the **overall economy notching a 10th consecutive month of growth**, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The report was issued today by Timothy R. Fiore, CPSM, C.P.M., Chair of the Institute for Supply Management® (ISM®) Manufacturing Business Survey Committee:

“The March Manufacturing PMI® registered 64.7 percent, an increase of 3.9 percentage points from the February reading of 60.8 percent. This figure indicates expansion in the overall economy for the 10th month in a row after contraction in April. The New Orders Index registered 68 percent, up 3.2 percentage points from the February reading of 64.8 percent. The Production Index registered 68.1 percent, an increase of 4.9 percentage points compared to the February reading of 63.2 percent. The Backlog of Orders Index registered 67.5 percent, 3.5 percentage points above the February reading of 64 percent. The Employment Index registered 59.6 percent, 5.2 percentage points higher than the February reading of 54.4 percent. The Supplier Deliveries Index registered 76.6 percent, up 4.6 percentage points from the February figure of 72 percent. The Inventories Index registered 50.8 percent, 1.1 percentage points higher than the February reading of 49.7 percent. The Prices Index registered 85.6 percent, down 0.4 percentage point compared to the February reading of 86 percent. The New Export Orders Index registered 54.5 percent, a decrease of 2.7 percentage points compared to the February reading of 57.2 percent. The Imports Index registered 56.7 percent, a 0.6-percentage point increase from the February reading of 56.1 percent.”

Fiore continues, “The manufacturing economy continued its recovery in March. However, Survey Committee Members reported that their companies and suppliers continue to struggle to meet increasing rates of demand due to coronavirus (COVID-19) impacts limiting availability of parts and materials. Extended lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are affecting all segments of the manufacturing economy. Worker absenteeism, short-term shutdowns due to part shortages, and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential. Optimistic panel sentiment increased, with eight positive comments for every cautious comment, compared to a 5-to-1 ratio in February. **Demand** expanded, with the (1) New Orders Index growing at a strong level, supported by the New Export Orders Index continuing to expand, (2) Customers’ Inventories Index at an all-time low and (3) Backlog of Orders Index growing to an all-time high. **Consumption** (measured by the Production and Employment indexes) contributed positively (a combined 10.1-percentage point increase) to the Manufacturing PMI® calculation. All top six industries reported moderate to strong expansion. The Employment Index expanded for the fourth straight month, but panelists continue to note significant difficulties in attracting and retaining labor at their companies’ and suppliers’ facilities. **Inputs** — expressed as supplier deliveries, inventories, and imports — continued to support input-driven constraints to production expansion, at higher rates compared to February. Inputs positively contributed to the PMI® calculation, by a combined 5.7 percentage points. The importation of items marginally slowed in the period, driven by port backlogs. The Prices Index expanded for the 10th consecutive month, indicating continued supplier pricing power and scarcity of supply chain goods.

“All of the six biggest manufacturing industries — Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; and Petroleum & Coal Products, in that order — registered strong growth in March.

“Manufacturing performed well for the 10th straight month, with demand, consumption and inputs registering strong growth compared to February. Labor-market difficulties at panelists’ companies and their suppliers persist. End-user lead times (for refilling customers’ inventories) are extending due to very high demand and output restrictions as supply chains continue to recover from COVID-19 impacts,” says Fiore.

Of the 18 manufacturing industries, 17 reported growth in March, in the following order: Textile Mills; Electrical Equipment, Appliances & Components; Machinery; Computer & Electronic Products; Apparel, Leather & Allied Products; Furniture & Related Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Primary Metals; Plastics & Rubber Products; Paper Products; Transportation Equipment; Chemical Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; Printing & Related Support Activities; and Petroleum & Coal Products. No industries reported contraction in March.

#### **WHAT RESPONDENTS ARE SAYING**

- “Late-winter storms in unexpected [areas] of the U.S. had our organization exercising business-continuity plans on a much more aggressive scale than anticipated. While the storms slowed our supply chain down, we did what we could to meet orders, even though few were short. We feel that in the coming month, we will be able to make up the misses as well as continue strong deliveries in the next month. As consumer confidence grows and the academia market reopens globally, we do expect orders to increase.” (Computer & Electronic Products)
- “Demand remains strong. Significant supply impacts on raw materials due to the Texas freeze. All major raw-material and suppliers on force majeure.” (Chemical Products)
- “Business conditions are positive for our industry and company. The constraints are mainly related to parts availability (imports, supply chain congestion). Manpower is also a constraint; hiring new members is a challenge.” (Transportation Equipment)
- “Winter Storm Uri has made daily life in supply chain quite a challenge. Everything from plastic substrates to adhesives have been significantly impacted by the production interruptions.” (Food, Beverage & Tobacco Products)
- “The spring and summer months look great for the national oil markets.” (Petroleum & Coal Products)
- “A lack of qualified machine and fabrication shop talent makes it difficult to keep up with production demands when there is no backup (second string). Qualified new hires are an ongoing challenge. We have had to provide better compensation to keep qualified talent. Raw-material prices are up 50 percent to 60 percent over the last six months, which results in increased prices to our customers and a disincentive to build inventory.” (Fabricated Metal Products)
- “Widespread supply chain issues. Suppliers are struggling to manage demand and capacity in the face of chronic logistics and labor issues. No end in sight.” (Machinery)

- “Business is even stronger for us this year through the third quarter, and we expect a very healthy growth of our manufacturing sales.” (Electrical Equipment, Appliances & Components)
- “Business bottomed out in February; we are expecting steady improvement through the end of the year. Inflation and material availability, along with logistics, are major concerns.” (Furniture & Related Products)
- “Tremendous stress on the supply chain since the winter storm in Texas. Chemicals are on allocations or unavailable. Resin is on allocation and unavailable.” (Plastics & Rubber Products)

## Manufacturing at a Glance

March 2021

Index	Series Index Mar	Series Index Feb	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Manufacturing PMI*	64.7	60.8	+3.9	Growing	Faster	10
New Orders	68.0	64.8	+3.2	Growing	Faster	10
Production	68.1	63.2	+4.9	Growing	Faster	10
Employment	59.6	54.4	+5.2	Growing	Faster	4
Supplier Deliveries	76.6	72.0	+4.6	Slowing	Faster	61
Inventories	50.8	49.7	+1.1	Growing	From Contracting	1
Customers' Inventories	29.9	32.5	-2.6	Too Low	Faster	54**
Prices	85.6	86.0	-0.4	Increasing	Slower	10
Backlog of Orders	67.5	64.0	+3.5	Growing	Faster	9
New Export Orders	54.5	57.2	-2.7	Growing	Slower	9
Imports	56.7	56.1	+0.6	Growing	Faster	9
<b>OVERALL ECONOMY</b>				Growing	Faster	10
<b>Manufacturing Sector</b>				Growing	Faster	10

Manufacturing ISM® *Report On Business*® data is seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.

\*Number of months moving in current direction.

\*\*Correction made to consecutive months from previous report.

## **COMMODITIES REPORTED UP/DOWN IN PRICE AND IN SHORT SUPPLY**

### **Commodities Up in Price**

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Acetone (2); Acrylonitrile Butadiene Styrene (ABS) Plastic (3); Adhesives; Aluminum (10); Aluminum Extrusions (2); Brass Products; Copper (10); Copper Products; Corn; Corrugate (6); Corrugated Boxes (5); Crude Oil (4); Diesel (3); Electrical Components (4); Electronic Components (4); Epoxy Resins; Ethylene; Freight (5); Foam Products; High-Density Polyethylene (HDPE) (3); Isocyanate; Labor — Temporary; Light Emitting Diode (LED) Displays; Lumber (9); Medium-Density Fiberboard (MDF); Nylon Fiber (3); Ocean Freight (4); Oil-Derived Products (2); Packaging Supplies (4); Paper Products (4); Petroleum-Based Products; Phosphates; Plastic Resins (7); Plasticizers; Polyethylene (2); Polypropylene (9); Polyvinyl Chloride (PVC) (6); Propylene (3); Resin-Based Products (2); Rubber Products (2); Semiconductors (2); Solvents — Other (2); Soybean Products (6); Steel (8); Steel — Carbon (4); Steel — Cold Rolled (7); Steel — Galvanized; Steel — Hot Rolled (7); Steel — Scrap (4); Steel — Stainless (5); Steel Products (7); Styrene; Surfactants; Wire Products; Wood — Pallets (4); and Vinyl Acetate Monomer.

### **Commodities Down in Price**

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None.

### **Commodities in Short Supply**

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Adhesives; Corrugated Boxes (5); Electrical Components (6); Electronic Components (4); Epoxy Resins; Fiberboard; Foam Products; Freight; Light Emitting Diode (LED) Displays; Lumber; Personal Protective Equipment (PPE) — Gloves (13); Plasticizers; Polyols; Polypropylene (2); Polyvinyl Chloride (PVC); Plastic Resins — Other; Plastic Products (2); Semiconductors (4); Solvents; Steel (4); Steel — Carbon; Steel — Hot Rolled (5); Steel — Stainless; Steel Products (2); Vinyl Acetate Monomer; and Wood Products.

Note: The number of consecutive months the commodity is listed is indicated after each item.

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## **MARCH 2021 MANUFACTURING INDEX SUMMARIES**

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### **Manufacturing PMI®**

Manufacturing grew in March, as the Manufacturing PMI® registered 64.7 percent, 3.9 percentage points higher than the February reading of 60.8 percent. This is the highest reading since December 1983 (69.9 percent); prior to that, the Manufacturing PMI® registered 66 percent in November 1983. “The Manufacturing PMI® continued to indicate strong sector expansion and U.S. economic growth in March. All five subindexes that directly factor into the Manufacturing PMI® were in growth territory and at higher levels compared to February. All of the six biggest manufacturing industries expanded, in the following order: Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; and Petroleum & Coal Products. The New Orders and Production indexes continued to expand at strong levels. The Supplier Deliveries Index continued to reflect suppliers’ difficulties in maintaining delivery rates, due to factory labor-safety issues, transportation challenges and increased demand. All 10 subindexes were positive for the period; a reading of ‘too low’ for Customers’ Inventories Index is considered a positive for future production,” says Fiore. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

A Manufacturing PMI® above 43.1 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the March Manufacturing PMI® indicates the overall economy grew in March for the 10th consecutive month following contraction in April 2020. “The past relationship between the Manufacturing PMI® and the overall economy indicates that the Manufacturing PMI® for March (64.7 percent) corresponds to a 6.2-percent increase in real gross domestic product (GDP) on an annualized basis,” says Fiore.

### **THE LAST 12 MONTHS**

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<b>Month</b>	<b>Manufacturing PMI®</b>
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<b>Mar 2021</b>	64.7
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<b>Feb 2021</b>	60.8
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<b>Jan 2021</b>	58.7
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<b>Dec 2020</b>	60.5
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<b>Nov 2020</b>	57.7
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<b>Oct 2020</b>	58.8
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<b>Month</b>	<b>Manufacturing PMI®</b>
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**Month    Manufacturing PMI®****Sep 2020**            55.7**Aug 2020**            55.6**Jul 2020**             53.7**Jun 2020**            52.2**May 2020**           43.1**Apr 2020**            41.7

Average for 12 months - 55.3

High - 64.7

Low - 41.7

**New Orders**

ISM®'s New Orders Index registered 68 percent in March, up 3.2 percentage points compared to the 64.8 percent reported in February. This indicates that new orders grew for the 10th consecutive month. This is the highest reading since January 2004, when the index registered 70.6 percent. "Of the six largest manufacturing sectors, five — Fabricated Metal Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Chemical Products — expanded at very strong levels. Petroleum & Coal Products retained its previous-month reading of 50 percent," says Fiore. A New Orders Index above 52.8 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

Of the 18 manufacturing industries, the 15 that reported growth in new orders in March — in the following order — are: Apparel, Leather & Allied Products; Electrical Equipment, Appliances & Components; Textile Mills; Paper Products; Nonmetallic Mineral Products; Furniture & Related Products; Machinery; Fabricated Metal Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Primary Metals; Transportation Equipment; Chemical Products; Plastics & Rubber Products; and Miscellaneous Manufacturing. The only industry reporting a decline in new orders in March is Wood Products.

**New Orders % Higher % Same % Lower Net    Index****Mar 2021**    45.3    49.2    5.5    +39.8 68.0**Feb 2021**    42.4    51.2    6.4    +36.0 64.8**Jan 2021**    37.0    51.0    12.0    +25.0 61.1**Dec 2020**    40.3    45.1    14.6    +25.7 67.5

## Production

The Production Index registered 68.1 percent in March, 4.9 percentage points higher than the February reading of 63.2 percent, indicating growth for the 10th consecutive month. This is the highest reading since January 2004, when the index registered 69.3 percent. “All of the top six industries (Petroleum & Coal Products; Computer & Electronic Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Transportation Equipment; and Chemical Products) expanded at strong levels,” says Fiore. An index above 52.1 percent, over time, is generally consistent with an increase in the Federal Reserve Board’s Industrial Production figures.

The 14 industries reporting growth in production during the month of March — listed in order — are: Textile Mills; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Machinery; Computer & Electronic Products; Primary Metals; Food, Beverage & Tobacco Products; Fabricated Metal Products; Furniture & Related Products; Transportation Equipment; Chemical Products; Nonmetallic Mineral Products; Miscellaneous Manufacturing; and Plastics & Rubber Products. No industries reported decreased production in March.

	<b>Production % Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Mar 2021</b>	43.0	48.9	8.1	+34.9	68.1
<b>Feb 2021</b>	36.8	51.7	11.6	+25.2	63.2
<b>Jan 2021</b>	30.8	57.8	11.4	+19.4	60.7
<b>Dec 2020</b>	32.3	54.6	13.1	+19.2	64.7

## Employment

ISM<sup>®</sup>'s Employment Index registered 59.6 percent in March, 5.2 percentage points higher than the February reading of 54.4 percent. “The Employment Index grew for the fourth month in a row. This is the highest reading since February 2018 (59.8 percent); the index registered 62.1 percent in June 2011. Of the six big industry sectors, five (Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; Food, Beverage & Tobacco Products; and Chemical Products) expanded. Continued strong new-order levels, low customer inventories and expanding backlogs indicate potential employment strength for the next three months. For the seventh straight month, survey panelists’ comments indicate that significantly more companies are hiring or attempting to hire than those reducing labor forces,” says Fiore. An Employment Index above 50.6 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

Of the 18 manufacturing industries, the 14 industries reporting employment growth in March — in the following order — are: Electrical Equipment, Appliances & Components; Textile Mills; Primary Metals; Machinery; Printing & Related Support Activities; Computer & Electronic Products; Nonmetallic Mineral Products; Fabricated Metal Products; Paper Products; Furniture & Related Products; Transportation Equipment; Plastics & Rubber Products; Food, Beverage & Tobacco Products; and Chemical Products. No industries reported a decrease in employment in March.

**Employment % Higher % Same % Lower Net Index**

<b>Mar 2021</b>	23.9	69.0	7.2	+16.7	59.6
<b>Feb 2021</b>	19.2	68.5	12.3	+6.9	54.4
<b>Jan 2021</b>	13.9	72.2	13.8	+0.1	52.6
<b>Dec 2020</b>	14.9	68.8	16.3	-1.4	51.7

**Supplier Deliveries\***

The delivery performance of suppliers to manufacturing organizations was slower in March, as the Supplier Deliveries Index registered 76.6 percent. This is 4.6 percentage points higher than the 72 percent reported in February. This is the highest reading since April 1974 — at the end of the 1973 oil crisis — when the index registered 82.1 percent. Five (Chemical Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; and Food, Beverage & Tobacco Products) of the six top manufacturing industries reported slowing deliveries. “Suppliers continue to struggle to deliver, with deliveries slowing at a faster rate compared to the previous month. Transportation challenges and challenges in supplier-labor markets are still constraining production growth — and to a greater extent compared to February. The Supplier Deliveries Index also reflects difficulties suppliers continue to experience due to COVID-19 impacts combined with strong growth in economic activity. Supplier labor and transportation constraints are not expected to diminish in the near term due to continuing pandemic impacts and strong demand,” says Fiore. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

Of the 18 industries, 17 reported slower supplier deliveries in March, listed in the following order: Apparel, Leather & Allied Products; Wood Products; Plastics & Rubber Products; Machinery; Textile Mills; Electrical Equipment, Appliances & Components; Furniture & Related Products; Paper Products; Miscellaneous Manufacturing; Chemical Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; Printing & Related Support Activities; and Primary Metals. No industries reported faster supplier deliveries in March.

**Supplier Deliveries % Slower % Same % Faster Net Index**

<b>Mar 2021</b>	54.9	43.5	1.6	+53.3	76.6
<b>Feb 2021</b>	45.4	53.1	1.5	+43.9	72.0
<b>Jan 2021</b>	39.9	56.5	3.5	+36.4	68.2
<b>Dec 2020</b>	39.5	56.3	4.2	+35.3	67.7*

\*Supplier Deliveries is no longer seasonally adjusted; however, due to more precise rounding, this number increased by 0.1 percentage point.

## Inventories

The Inventories Index registered 50.8 percent in March, 1.1 percentage points higher than the 49.7 percent reported for February. The Inventories Index moved back into growth territory after contracting for one month. “Inventory-growth stability in light of ongoing supplier constraints indicates that supply chains are meeting near-term production demand, despite transportation challenges and COVID-19 headwinds. However, supplier delivery rates continue to not be fast enough to grow inventories, as most panelists would prefer,” says Fiore. An Inventories Index greater than 44.5 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories (in chained 2000 dollars).

The eight industries reporting higher inventories in March — listed in order — are: Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Textile Mills; Computer & Electronic Products; Furniture & Related Products; Food, Beverage & Tobacco Products; Primary Metals; and Plastics & Rubber Products. The five industries reporting a decrease in inventories in March are: Wood Products; Nonmetallic Mineral Products; Transportation Equipment; Chemical Products; and Machinery.

### **Inventories % Higher % Same % Lower Net Index**

<b>Mar 2021</b>	22.4	58.4	19.2	+3.2	50.8
<b>Feb 2021</b>	19.8	63.1	17.1	+2.7	49.7
<b>Jan 2021</b>	18.1	65.6	16.3	+1.8	50.8
<b>Dec 2020</b>	22.1	53.5	24.4	-2.3	51.0

## Customers' Inventories\*

ISM<sup>®</sup>'s Customers' Inventories Index registered 29.9 percent in March, 2.6 percentage points lower than the 32.5 percent reported for February, indicating that customers' inventory levels were considered too low. “Customers' inventories are too low for the 54th consecutive month, a positive for future production growth. This reading is the lowest ever reported since the subindex was established in January 1997. For eight months in a row, the Customers' Inventories Index has been at historically low levels,” says Fiore.

None of the 18 industries reported higher customers' inventories in March. The 15 industries reporting customers' inventories as too low during March — listed in order — are: Wood Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Machinery; Chemical Products; Transportation Equipment; Computer & Electronic Products; Paper Products; Textile Mills; Plastics & Rubber Products; Furniture & Related Products; Miscellaneous Manufacturing; and Food, Beverage & Tobacco Products.

**Customers' Inventories % Reporting % Too High % About Right % Too Low Net Index**

<b>Mar 2021</b>	79	5.3	49.2	45.5	-40.2	29.9
<b>Feb 2021</b>	79	4.8	55.4	39.8	-35.0	32.5
<b>Jan 2021</b>	75	3.3	59.6	37.1	-33.8	33.1
<b>Dec 2020</b>	75	7.2	61.4	31.4	-24.2	37.9

**Prices\***

The ISM® Prices Index registered 85.6 percent, a decrease of 0.4 percentage point compared to the February reading of 86 percent, indicating raw materials prices increased for the 10th consecutive month. In the last two months, the index has been at its highest levels since July 2008, when it registered 90.4 percent. “Aluminum, copper, chemicals, all varieties of steel, plastics, transportation costs, wood and lumber products all continued to record price increases as a result of product scarcity,” says Fiore. A Prices Index above 52.7 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

All 18 industries reported paying increased prices for raw materials in March, in the following order: Apparel, Leather & Allied Products; Furniture & Related Products; Wood Products; Machinery; Miscellaneous Manufacturing; Fabricated Metal Products; Nonmetallic Mineral Products; Primary Metals; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Computer & Electronic Products; Chemical Products; Printing & Related Support Activities; Textile Mills; Transportation Equipment; Paper Products; and Petroleum & Coal Products.

**Prices % Higher % Same % Lower Net Index**

<b>Mar 2021</b>	71.6	27.9	0.5	+71.1	85.6
<b>Feb 2021</b>	73.1	25.7	1.2	+71.9	86.0
<b>Jan 2021</b>	64.3	35.7	0.0	+64.3	82.1
<b>Dec 2020</b>	57.8	39.7	2.6	+55.2	77.6

**Backlog of Orders\***

ISM®’s Backlog of Orders Index registered 67.5 percent in March, a 3.5-percentage point increase compared to the 64 percent reported in February, indicating order backlogs expanded for the ninth straight month. March’s reading is the highest since reporting for this subindex began in January 1993. “Backlogs expanded at faster rates in March, indicating nine months of new-order intakes more than fully offsetting production outputs. Five of the six big industry sectors (Fabricated Metal Products; Transportation Equipment; Computer & Electronic Products; Chemical Products; and Food, Beverage & Tobacco Products) reported that backlogs expanded with significant strength,” says Fiore.

The 15 industries reporting growth in order backlogs in March, in the following order, are: Apparel, Leather & Allied Products; Furniture & Related Products; Textile Mills; Paper Products; Nonmetallic

Mineral Products; Machinery; Fabricated Metal Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Plastics & Rubber Products; Computer & Electronic Products; Primary Metals; Chemical Products; Miscellaneous Manufacturing; and Food, Beverage & Tobacco Products. No industries reported a decline in March compared to February.

**Backlog of Orders % Reporting % Higher % Same % Lower Net Index**

<b>Mar 2021</b>	91	43.1	48.8	8.1	+35.0	67.5
<b>Feb 2021</b>	91	38.5	51.0	10.5	+28.0	64.0
<b>Jan 2021</b>	91	32.1	55.2	12.7	+19.4	59.7
<b>Dec 2020</b>	90	31.4	55.4	13.2	+18.2	59.1

**New Export Orders\***

ISM<sup>®</sup>'s New Export Orders Index registered 54.5 percent in March, down 2.7 percentage points compared to the February reading of 57.2 percent. "The New Export Orders Index grew for the ninth consecutive month, and at a slower rate. Of the six big industry sectors, four (Fabricated Metal Products; Food, Beverage & Tobacco Products; Transportation Equipment; and Chemical Products) expanded. New export orders were again a positive factor to the growth in the New Orders Index," says Fiore.

The eight industries reporting growth in new export orders in March — in the following order — are: Printing & Related Support Activities; Fabricated Metal Products; Food, Beverage & Tobacco Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Machinery; Miscellaneous Manufacturing; and Chemical Products. The two industries reporting a decrease in new export orders are: Wood Products; and Paper Products. Eight industries reported no change in exports.

**New Export Orders % Reporting % Higher % Same % Lower Net Index**

<b>Mar 2021</b>	76	16.7	75.6	7.7	+9.0	54.5
<b>Feb 2021</b>	73	20.5	73.4	6.1	+14.4	57.2
<b>Jan 2021</b>	75	17.6	74.6	7.7	+9.9	54.9
<b>Dec 2020</b>	72	20.1	74.8	5.1	+15.0	57.5

**Imports\***

ISM<sup>®</sup>'s Imports Index registered 56.7 percent in March, an increase of 0.6 percentage point compared to the 56.1 percent reported for February. "Imports expanded for the ninth consecutive month, at slightly higher rates compared to February, reflecting continued increases in U.S. factory demand and interest in increasing onshore inventory. Panelists continued to note record-breaking backlogs in ports of entry, as well as difficulties in arranging drayage and operating within the domestic transportation market," says Fiore.

The 11 industries reporting growth in imports in March — in the following order — are: Wood Products; Furniture & Related Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Textile Mills; Food, Beverage & Tobacco Products; Computer & Electronic Products; Chemical Products; Machinery; Transportation Equipment; and Fabricated Metal Products. The only industry reporting a decrease in imports in March is Paper Products. Six industries reported no change in imports in March compared to February.

<b>Imports</b>	<b>% Reporting</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Mar 2021</b>	87	19.9	73.6	6.5	+13.4	56.7
<b>Feb 2021</b>	85	21.0	70.3	8.7	+12.3	56.1
<b>Jan 2021</b>	84	21.9	69.9	8.3	+13.6	56.8
<b>Dec 2020</b>	85	19.2	70.8	10.0	+9.2	54.6

**\*The Supplier Deliveries, Customers' Inventories, Prices, Backlog of Orders, New Export Orders and Imports indexes do not meet the accepted criteria for seasonal adjustments.**

#### **Buying Policy**

Average commitment lead time for Capital Expenditures increased in March by three days to 145 days. Average lead time for Production Materials increased in March by eight days to 75 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies increased in March by two days to 40 days.

#### **Percent Reporting**

##### **Capital Expenditures Hand-to-Mouth 30 Days 60 Days 90 Days 6 Months 1 Year + Average Days**

<b>Mar 2021</b>	23	4	9	17	26	21	145
<b>Feb 2021</b>	23	6	8	15	29	19	142
<b>Jan 2021</b>	21	6	10	15	30	18	141
<b>Dec 2020</b>	24	5	10	17	28	16	132

#### **Percent Reporting**

##### **Production Materials Hand-to-Mouth 30 Days 60 Days 90 Days 6 Months 1 Year + Average Days**

<b>Mar 2021</b>	11	27	27	20	12	3	75
<b>Feb 2021</b>	11	31	27	20	9	2	67
<b>Jan 2021</b>	9	35	26	20	7	3	68
<b>Dec 2020</b>	9	33	27	21	7	3	69

## Percent Reporting

### MRO Supplies Hand-to-Mouth 30 Days 60 Days 90 Days 6 Months 1 Year + Average Days

Mar 2021	31	36	19	10	4	0	40
Feb 2021	33	37	16	11	3	0	38
Jan 2021	31	36	19	11	3	0	39
Dec 2020	32	37	17	12	2	0	37

## About This Report

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DO NOT CONFUSE THIS NATIONAL REPORT with the various regional purchasing reports released across the country. The national report's information reflects the entire U.S., while the regional reports contain primarily regional data from their local vicinities. Also, the information in the regional reports is not used in calculating the results of the national report. The information compiled in this report is for the month of March 2021.

The data presented herein is obtained from a survey of manufacturing supply executives based on information they have collected within their respective organizations. ISM<sup>®</sup> makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

## Data and Method of Presentation

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The **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Committee is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industry's contribution to gross domestic product (GDP): Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies). The data are weighted based on each industry's contribution to GDP. According to the BEA estimates for 2018 GDP (released October 29, 2019), the six largest manufacturing subsectors are: Computer & Electronic Products; Chemical Products; Transportation Equipment Manufacturing; Food, Beverage & Tobacco Products; Petroleum & Coal Products; and Fabricated Metal Products. Beginning in February 2018 with January 2018 data, computation of the indexes is accomplished utilizing unrounded numbers.

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports,

Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), this report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction (higher, better and slower for Supplier Deliveries) and the negative economic direction (lower, worse and faster for Supplier Deliveries), and the diffusion index. Responses are raw data and are never changed. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive).

The resulting single index number for those meeting the criteria for seasonal adjustments (Manufacturing PMI<sup>®</sup>, New Orders, Production, Employment and Inventories) is then seasonally adjusted to allow for the effects of repetitive intra-year variations resulting primarily from normal differences in weather conditions, various institutional arrangements, and differences attributable to non-moveable holidays. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them. The Manufacturing PMI<sup>®</sup> is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries (seasonally adjusted), and Inventories.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A Manufacturing PMI<sup>®</sup> reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A Manufacturing PMI<sup>®</sup> above 43.1 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 43.1 percent, it is generally declining. The distance from 50 percent or 43.1 percent is indicative of the extent of the expansion or decline. With some of the indicators within this report, ISM<sup>®</sup> has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis. The **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** survey is sent out to Manufacturing Business Survey Committee respondents the first part of each month. Respondents are asked to report on information for the current month for U.S. operations only. ISM<sup>®</sup> receives survey responses throughout most of any given month, with the majority of respondents generally waiting until late in the month to submit responses to give the most accurate picture of current business activity. ISM<sup>®</sup> then compiles the report for release on the first business day of the following month.

The industries reporting growth, as indicated in the **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** monthly report, are listed in the order of most growth to least growth. For the industries reporting contraction or decreases, those are listed in the order of the highest level of contraction/decrease to the least level of contraction/decrease.

Responses to Buying Policy reflect the percent reporting the current month's lead time, the approximate weighted number of days ahead for which commitments are made for Capital Expenditures; Production Materials; and Maintenance, Repair and Operating (MRO) Supplies, expressed as hand-to-mouth (five days), 30 days, 60 days, 90 days, six months (180 days), a year or more (360 days), and the weighted average number of days. These responses are raw data, never revised, and not seasonally adjusted since there is no significant seasonal pattern.

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### **About Institute for Supply Management®**

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Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management

institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the *ISM Report On Business*<sup>®</sup>, its highly regarded certification programs and the ISM Mastery Model<sup>®</sup>. This report has been issued by the association since 1931, except for a four-year interruption during World War II.

The full text version of the **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** is posted on ISM<sup>®</sup>'s website at [www.ismrob.org](http://www.ismrob.org) on the first business day\* of every month after 10:00 a.m. ET.

The next **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** featuring **April 2021** data will be released at 10:00 a.m. ET on **Monday, May 3, 2021**.

\*Unless the New York Stock Exchange is closed.