

# **Manufacturing PMI<sup>®</sup> at 60.6%**

## **June 2021 Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>**

**New Orders, & Production Growing; Employment Contracting**

**Supplier Deliveries Slowing at Slower Rate; Backlog Growing**

**Raw Materials Inventories Growing; Customers' Inventories Too Low**

**Prices Increasing; Exports and Imports Growing**

(Tempe, Arizona) — Economic activity in the manufacturing sector grew in June, with the overall economy notching a 13th consecutive month of growth, say the nation's supply executives in the latest **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>**.

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

“The June Manufacturing PMI<sup>®</sup> registered 60.6 percent, a decrease of 0.6 percentage point from the May reading of 61.2 percent. This figure indicates expansion in the overall economy for the 13th month in a row after contraction in April 2020. The New Orders Index registered 66 percent, decreasing 1 percentage point from the May reading of 67 percent. The Production Index registered 60.8 percent, an increase of 2.3 percentage points compared to the May reading of 58.5 percent. The Prices Index registered 92.1 percent, up 4.1 percentage points compared to the May figure of 88 percent and the index's highest reading since July 1979 (93.1 percent). The Backlog of Orders Index registered 64.5 percent, 6.1 percentage points lower than the May reading of 70.6 percent. The Employment Index registered 49.9 percent; 1 percentage point lower compared to the May reading of 50.9 percent. The Supplier Deliveries Index registered 75.1 percent, down 3.7 percentage points from the May figure of 78.8 percent. The Inventories Index registered 51.1 percent, 0.3 percentage point higher than the May reading of 50.8 percent. The New Export Orders Index registered 56.2 percent, an increase of 0.8 percentage point compared to the May reading of 55.4 percent. The Imports Index registered 61 percent, a 7-percentage point increase from the May reading of 54 percent.”

Fiore continues, “Business Survey Committee panelists reported that their companies and suppliers continue to struggle to meet increasing levels of demand. Record-long raw-material lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are continuing to affect all segments of the manufacturing economy. Worker absenteeism, short-term shutdowns due to parts shortages, and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential. Optimistic panel sentiment remained strong, with 16 positive comments for every cautious comment.

Demand expanded, with the (1) New Orders Index growing, supported by the New Export Orders Index continuing to expand, (2) Customers' Inventories Index continuing at very low levels and (3) Backlog of Orders Index continuing at a very high level. Consumption (measured by the Production and Employment indexes) improved in the period, posting a combined 1.3-percentage point increase to the Manufacturing PMI<sup>®</sup> calculation. The Employment Index, which held back further expansion, contracted after six straight months of expansion, as panelists continued 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 May, due to continued trouble in supplier deliveries. The Prices Index expanded for the 13th consecutive month, indicating continued supplier pricing power and scarcity of supply chain goods.

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

“Manufacturing performed well for the 13th straight month, with demand, consumption and inputs registering growth compared to May. Panelists' companies and their supply chains continue to struggle to respond to strong demand due to the difficulty in hiring and retaining direct labor. Continued high backlog levels, too low customers' inventories and record raw-materials lead times are being reported. Labor challenges across the entire value chain continue to be the major obstacles to increasing growth,” says Fiore. Seventeen of 18 manufacturing industries reported growth in June, in the following order: Furniture & Related Products; Machinery; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Plastics & Rubber Products; Chemical Products; Fabricated Metal Products; Transportation Equipment; Miscellaneous Manufacturing; Nonmetallic Mineral Products; Textile Mills; Primary Metals; Food, Beverage & Tobacco Products; Paper Products; Printing & Related Support Activities; Wood Products; and Petroleum & Coal Products. No industry reported a decrease in June.

## **WHAT RESPONDENTS ARE SAYING**

- “Supply chain constraints, from mechanical to electronics (products) continue to be challenging, from both availability and logistics perspectives. Inflationary pressure on materials due to supply and demand imbalance. Electronic components by far the biggest challenge, with lead times going from 16 weeks to 52-plus weeks. Processors are a critical shortage, leading to us working 24/7 to redesign printed circuit board assemblies to change components. We are extending our PO coverage over 12 months in many cases and committing to non-cancelable, non-returnable (NCNR) terms to assure supply.”  
[Computer & Electronic Products]

- “Continue to see very strong demand across all business units. In many cases, we are limited on our ability to supply by raw-materials availability. Still running at record volume but could be producing much more. Even if we were able to get all the raw materials needed, we would have capacity issues on many of our production units. Manpower has been a concern.” [Chemical Products]
- “Strong sales continue, and production output is at 100 percent. COVID-19 restrictions have been mostly lifted. Global chip allocation continues to limit some feature offerings — production schedules have been updated to restrict content affected by the chip shortage.” [Transportation Equipment]
- “Poultry markets are higher, as demand for chicken has been very strong. Higher costs are starting to be passed along to customers.” [Food, Beverage & Tobacco Products]
- “No major concerns or activity to report this month. Oil prices have continued to steadily rise, which gives our executive-level management confidence that our capital budgets are set to the correct amounts, and we can proceed with already planned projects without fear that they’ll need to be deferred or canceled due to dynamic oil markets.” [Petroleum & Coal Products]
- “Demand continues to be strong, and customer-ordering patterns are shifting to include long-term demand. Customers are now placing orders for fourth quarter 2021 and first quarter 2022 due to global supply chain issues.” [Fabricated Metal Products]
- “Other than material availability/volatility and rising prices, the outlook for our company is good. We can’t keep up with the increase in orders and have projects that may require a second shift to be added temporarily, but that might not be possible if material availability — for example, lumber products — remains an issue for us.” [Furniture & Related Products]
- “Customer demand remains strong. Supply chain issues continue to hamper materials availability and impact production scheduling. Supplier costs continue to rise due to increasing materials, labor and shipping costs.” [Machinery]
- “Higher prices, inflation and lack of available labor are impacting all organizations in our supply chain.” [Electrical Equipment, Appliances & Components]
- “Supply disruptions continue, with no end in sight!” [Nonmetallic Mineral Products]
- “We continue to be oversold, based on what we are currently capable of producing. Lack of labor is killing us.” [Primary Metals]

### Manufacturing at a Glance June 2021

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
<b>Manufacturing PMI®</b>	60.6	61.2	-0.6	Growing	Slower	13
<b>New Orders</b>	66.0	67.0	-1.0	Growing	Slower	13
<b>Production</b>	60.8	58.5	+2.3	Growing	Faster	13
<b>Employment</b>	49.9	50.9	-1.0	Contracting	From Growing	1

Index	Series Index Jun	Series Index May	Percentage Point Change	Direction	Rate of Change	Trend* (Months)
Supplier Deliveries	75.1	78.8	-3.7	Slowing	Slower	64
Inventories	51.1	50.8	+0.3	Growing	Faster	2
Customers' Inventories	30.8	28.0	+2.8	Too Low	Slower	57
Prices	92.1	88.0	+4.1	Increasing	Faster	13
Backlog of Orders	64.5	70.6	-6.1	Growing	Slower	12
New Export Orders	56.2	55.4	+0.8	Growing	Faster	12
Imports	61.0	54.0	+7.0	Growing	Faster	12
<b>OVERALL ECONOMY</b>				Growing	Slower	13
<b>Manufacturing Sector</b>				Growing	Slower	13

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.

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

## Commodities Up in Price

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Acrylonitrile Butadiene Styrene (ABS); Aluminum (13); Aluminum Products (3); Brass (2); Caustic Soda; Coatings (3); Copper (13); Copper Products (4); Copper Wire; Corn (2); Corrugate (9); Corrugated Packaging (8); Crude Oil; Diesel Fuel (6); Electric Motors; Electrical Components (7); Electronic Assemblies; Electronic Components (7); Epoxy Resin (2); Foam Products (4); Freight (8); High-Density Polyethylene (HDPE) (6); Labor — Temporary (2); Lubricants (3); Lumber (12); Maintenance Repair Operations (MRO) Items; Ocean Freight (7); Packaging Supplies (7); Paper (2); Plastic Resins (10); Polyethylene (5); Polypropylene (12); Polyvinyl Chloride (PVC) Products; Precious Metals (3); Resin-Based Products (5); Rubber Products (5); Semiconductors (5); Soybean Products (9); Steel (11); Steel — Carbon (7); Steel

— Cold Rolled (10); Steel — Galvanized (2); Steel — Hot Rolled (10); Steel — Plate; Steel — Scrap (2); Steel — Sheet; Steel — Stainless (8); Steel Products (10); Wood; Wood Pallets (7); and Wood Products.

## **Commodities Down in Price**

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Acetone (2).

## **Commodities in Short Supply**

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Aluminum (3); Aluminum Products (2); Caustic Soda; Corrugate; Electrical Components (9); Electronic Components (7); Epoxy; Fasteners; Foam Products (4); Labor — Temporary (2); Ocean Freight (3); Packaging Supplies; Paper; Plastic Products (5); Plastic Resins — Other (4); Polyvinyl Chloride (PVC) Resin (2); Printed Circuit Board (PCB) Components; Printed Circuit Boards (2); Semiconductors (7); Steel (7); Steel — Cold Rolled (2); Steel — Hot Rolled (8); Steel — Stainless (4); Steel Containers; Steel Products (5); and Wood — Pallets (3).

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

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# **JUNE 2021 MANUFACTURING INDEX SUMMARIES**

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## **Manufacturing PMI®**

Manufacturing grew in June, as the Manufacturing PMI® registered 60.6 percent, 0.6 percentage point lower than the May reading of 61.2 percent. “The Manufacturing PMI® continued to indicate strong sector expansion and U.S. economic growth in June. Four out of five subindexes that directly factor into the Manufacturing PMI® were in growth territory. All of the six biggest manufacturing industries expanded, in the following order: Computer & Electronic Products;

Chemical Products; Fabricated Metal Products; Transportation Equipment; Food, Beverage & Tobacco 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 a lack of direct labor, transportation challenges and increased demand. Nine out of 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 June Manufacturing PMI® indicates the overall economy grew in June for the 13th consecutive month following contraction in April 2020. "The past relationship between the Manufacturing PMI® and the overall economy indicates that the Manufacturing PMI® for June (60.6 percent) corresponds to a 5-percent increase in real gross domestic product (GDP) on an annualized basis," says Fiore.

## THE LAST 12 MONTHS

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Month	Manufacturing PMI®
<b>Jun 2021</b>	60.6
<b>May 2021</b>	61.2
<b>Apr 2021</b>	60.7
<b>Mar 2021</b>	64.7
<b>Feb 2021</b>	60.8
<b>Jan 2021</b>	58.7

Month	Manufacturing PMI®
<b>Dec 2020</b>	60.5
<b>Nov 2020</b>	57.7
<b>Oct 2020</b>	58.8
<b>Sep 2020</b>	55.7
<b>Aug 2020</b>	55.6
<b>Jul 2020</b>	53.7

Average for 12 months - 59.1

High - 64.7

Low - 53.7

## New Orders

ISM®'s New Orders Index registered 66 percent in June, down 1 percentage point compared to the 67 percent reported in May. This indicates that new orders grew for the 13th consecutive

month. “All of the six largest manufacturing sectors — Transportation Equipment; Chemical Products; Computer & Electronic Products; Fabricated Metal Products; Petroleum & Coal Products; and Food, Beverage & Tobacco Products, in that order — expanded at strong levels,” 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 June — in the following order — are: Furniture & Related Products; Printing & Related Support Activities; Transportation Equipment; Miscellaneous Manufacturing; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Machinery; Chemical Products; Computer & Electronic Products; Fabricated Metal Products; Paper Products; Plastics & Rubber Products; Petroleum & Coal Products; Primary Metals; and Food, Beverage & Tobacco Products. The only industry reporting a decline in new orders in June is Wood Products.

	<b>New Orders %</b>	<b>Higher %</b>	<b>Same %</b>	<b>Lower %</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	42.1	49.7	8.2		+33.9	66.0
<b>May 2021</b>	46.9	43.1	10.0		+36.9	67.0
<b>Apr 2021</b>	48.7	43.4	7.9		+40.8	64.3
<b>Mar 2021</b>	45.3	49.2	5.5		+39.8	68.0

## Production

The Production Index registered 60.8 percent in June, 2.3 percentage points higher than the May reading of 58.5 percent, indicating growth for the 13th consecutive month. “All of the top six industries — Petroleum & Coal Products; Chemical Products; Computer & Electronic Products; Fabricated Metal Products; Transportation Equipment; and Food, Beverage & Tobacco Products, in that order — expanded at strong levels. Lack of direct labor and raw materials continued to be constraints to production growth,” 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 June — listed in order — are: Petroleum & Coal Products; Electrical Equipment, Appliances & Components; Nonmetallic Mineral Products; Machinery; Chemical Products; Primary Metals; Wood Products; Computer & Electronic Products; Furniture & Related Products; Fabricated Metal Products; Plastics & Rubber Products; Transportation Equipment; Miscellaneous Manufacturing; and Food, Beverage & Tobacco Products. The only industry reporting decreased production in June is Printing & Related Support Activities.

	<b>Production %</b>	<b>Higher %</b>	<b>Same %</b>	<b>Lower %</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	39.1	49.3	11.6		+27.5	60.8
<b>May 2021</b>	39.2	43.6	17.2		+22.0	58.5
<b>Apr 2021</b>	44.3	44.3	11.4		+32.9	62.5

	<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

## Employment

ISM®’s Employment Index registered 49.9 percent in June, 1 percentage point lower than the May reading of 50.9 percent. “The Employment Index dipped into contraction territory after expanding for six straight months. Of the six big manufacturing sectors, four (Fabricated Metal Products; Chemical Products; Computer & Electronic Products; and Transportation Equipment) expanded. Continued strong new-order levels, low customers’ inventories and expanding backlogs continue to support employment strength; however, survey panelists’ companies continue to struggle to meet labor-management plans. An overwhelming majority of panelists indicate their companies are hiring or attempting to hire, with approximately 36 percent of comments expressing difficulty in filling positions. A significant number of panelists are noting employee turnover due to wage dynamics in the markets,” 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 10 industries reporting employment growth in June — in the following order — are: Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Furniture & Related Products; Miscellaneous Manufacturing; Fabricated Metal Products; Machinery; Chemical Products; Primary Metals; Computer & Electronic Products; and Transportation Equipment. The five industries reporting a decrease in employment in June are: Printing & Related Support Activities; Petroleum & Coal Products; Nonmetallic Mineral Products; Textile Mills; and Food, Beverage & Tobacco Products.

	<b>Employment % Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	26.6	54.1	19.3	+7.3	49.9
<b>May 2021</b>	20.8	61.1	18.0	+2.8	50.9
<b>Apr 2021</b>	21.2	67.9	10.9	+10.3	55.1
<b>Mar 2021</b>	23.9	69.0	7.2	+16.7	59.6

## Supplier Deliveries\*

The delivery performance of suppliers to manufacturing organizations was slower in June, as the Supplier Deliveries Index registered 75.1 percent, 3.7 percentage points lower than the 78.8 percent reported in May. For historical perspective, since the index hit 75.6 percent in April 1979, the June reading has been exceeded just three times, all in the COVID-19 era (April 2020 and March and May 2021). Five (Computer & Electronic Products; Food, Beverage & Tobacco Products; Transportation Equipment; Chemical Products; and Fabricated Metal Products) of the six top manufacturing industries reported slowing deliveries. “Deliveries slowed at a slower rate compared to the previous month. The Supplier Deliveries Index continues to reflect difficulties



suppliers are experiencing in meeting customer demand, including (1) hiring challenges, (2) extended raw-materials lead times and higher prices, as well as products shortages, and (3) inconsistent transportation availability. Supplier labor, materials and transportation constraints are now expected to continue into the third quarter and possibly the fourth, putting further strain on panelists' production plans and raw-materials inventory accounts," 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 June, listed in the following order: Apparel, Leather & Allied Products; Furniture & Related Products; Computer & Electronic Products; Machinery; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Textile Mills; Nonmetallic Mineral Products; Transportation Equipment; Miscellaneous Manufacturing; Paper Products; Printing & Related Support Activities; Electrical Equipment, Appliances & Components; Chemical Products; Fabricated Metal Products; Primary Metals; and Wood Products. No industries reported faster supplier deliveries in June.

<b>Supplier Deliveries</b>	<b>% Slower</b>	<b>% Same</b>	<b>% Faster</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	53.5	43.2	3.3	+50.2	75.1
<b>May 2021</b>	58.9	39.7	1.4	+57.5	78.8
<b>Apr 2021</b>	53.9	42.2	3.9	+50.0	75.0
<b>Mar 2021</b>	54.9	43.5	1.6	+53.3	76.6

## Inventories

The Inventories Index registered 51.1 percent in June, 0.3 percentage point higher than the 50.8 percent reported for May, indicating growth for a second straight month. "Inventories remain unstable due to ongoing supplier constraints. In June, supplier delivery rates were able to keep up with production levels, but this index is still reflecting a weakness in inventories. Panelists' companies are continuing to request more materials from their suppliers," 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 June — in the following order — are: Textile Mills; Printing & Related Support Activities; Furniture & Related Products; Fabricated Metal Products; Machinery; Chemical Products; Transportation Equipment; and Food, Beverage & Tobacco Products. The seven industries reporting a decrease in inventories in June — listed in order — are: Apparel, Leather & Allied Products; Petroleum & Coal Products; Paper Products; Plastics & Rubber Products; Miscellaneous Manufacturing; Primary Metals; and Electrical Equipment, Appliances & Components.

<b>Inventories</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	20.7	59.9	19.4	+1.3	51.1

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

<b>May 2021</b>	23.8	54.1	22.2	+1.6	50.8
<b>Apr 2021</b>	18.2	58.3	23.5	-5.3	46.5
<b>Mar 2021</b>	22.4	58.4	19.2	+3.2	50.8

## **Customers' Inventories\***

ISM®'s Customers' Inventories Index registered 30.8 percent in June, 2.8 percentage points higher than the 28 percent reported for May, indicating that customers' inventory levels were considered too low. The increase breaks a streak of three straight months that this subindex registered its lowest reading since it was established in January 1997. "Customers' inventories are too low for the 57th consecutive month, a positive for future production growth. For 11 straight months, the Customers' Inventories Index has been at historically low levels," says Fiore.

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

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

<b>Jun 2021</b>	79	6.5	48.7	44.8	-38.3	30.8
<b>May 2021</b>	79	4.6	46.8	48.6	-44.0	28.0
<b>Apr 2021</b>	80	3.7	49.4	46.9	-43.2	28.4
<b>Mar 2021</b>	79	5.3	49.2	45.5	-40.2	29.9

## **Prices\***

The ISM® Prices Index registered 92.1 percent, an increase of 4.1 percentage points compared to the May reading of 88 percent, indicating raw-materials prices increased for the 13th consecutive month. This is the index's highest level since July 1979 (93.1 percent) and the sixth straight month above 80 percent. "Virtually all basic and intermediate manufacturing materials are experiencing price increases as a result of product scarcity and the dynamics of supply and demand, with an increasing number of panelists reporting higher prices compared to May," 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.

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

	<b>Prices</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	84.8	14.5	0.7		+84.1	92.1
<b>May 2021</b>	77.1	21.6	1.2		+75.9	88.0
<b>Apr 2021</b>	80.1	19.1	0.9		+79.2	89.6
<b>Mar 2021</b>	71.6	27.9	0.5		+71.1	85.6

## Backlog of Orders\*

ISM®'s Backlog of Orders Index registered 64.5 percent in June, a 6.1-percentage point decrease compared to the 70.6 percent reported in May, indicating order backlogs expanded for the 12th straight month. “Backlogs expanded at slower rates in June however, indicating production was able to slow the growth of backlog in spite of strong new order levels. Four (Transportation Equipment; Fabricated Metal Products; Computer & Electronic Products; and Chemical Products) of the six big industry sectors reported that backlogs expanded strongly,” says Fiore.

The 12 industries reporting growth in order backlogs in June, in the following order, are: Furniture & Related Products; Nonmetallic Mineral Products; Electrical Equipment, Appliances & Components; Machinery; Transportation Equipment; Fabricated Metal Products; Paper Products; Primary Metals; Miscellaneous Manufacturing; Plastics & Rubber Products; Computer & Electronic Products; and Chemical Products. The only industry reporting lower backlogs in June is Textile Mills.

	<b>Backlog of Orders</b>	<b>% Reporting</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	92		39.5	50.1	10.4	+29.1	64.5
<b>May 2021</b>	91		49.1	42.9	8.0	+41.1	70.6
<b>Apr 2021</b>	89		44.4	47.6	8.0	+36.4	68.2
<b>Mar 2021</b>	91		43.1	48.8	8.1	+35.0	67.5

## New Export Orders\*

ISM®'s New Export Orders Index registered 56.2 percent in June, up 0.8 percentage point compared to the May reading of 55.4 percent. “The New Export Orders Index grew for the 12th consecutive month, and at a faster rate. Of the six big industry sectors, five (Fabricated Metal

Products; Chemical Products; Transportation Equipment; Food, Beverage & Tobacco Products; and Computer & Electronic Products) expanded. New export orders were again a positive factor to the growth in the New Orders Index,” says Fiore.

The nine industries reporting growth in new export orders in June — in the following order — are: Paper Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Fabricated Metal Products; Chemical Products; Machinery; Transportation Equipment; Food, Beverage & Tobacco Products; and Computer & Electronic Products. No industry reporting a decrease in new export orders in June. Eight industries reported no change in exports in June as compared to May.

<b>New Export Orders</b>	<b>% Reporting</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	76	17.7	77.1	5.2	+12.5	56.2
<b>May 2021</b>	74	16.8	77.2	6.0	+10.8	55.4
<b>Apr 2021</b>	72	16.3	77.1	6.5	+9.8	54.9
<b>Mar 2021</b>	76	16.7	75.6	7.7	+9.0	54.5

## Imports\*

ISM®’s Imports Index registered 61 percent in June, an increase of 7 percentage points compared to the 54 percent reported for May. “Imports expanded for the 12th consecutive month, at a faster rate compared to May, reflecting continuing increases in U.S. factory demand and a measurable amount of throughput improvement in ports of entry. Overland-transport challenges and container shortages continue to persist across the global supply chain, but to a slightly lesser degree. Imports will continue to be challenged through the third quarter of 2021,” says Fiore.

The 11 industries reporting growth in imports in June — in the following order — are: Petroleum & Coal Products; Chemical Products; Primary Metals; Textile Mills; Transportation Equipment; Fabricated Metal Products; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Food, Beverage & Tobacco Products; Computer & Electronic Products; and Machinery. The three industries reporting a decrease in imports in June are: Paper Products; Plastics & Rubber Products; and Furniture & Related Products.

<b>Imports</b>	<b>% Reporting</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Jun 2021</b>	86	30.7	60.6	8.7	+22.0	61.0
<b>May 2021</b>	85	20.6	66.8	12.7	+7.9	54.0
<b>Apr 2021</b>	84	16.3	71.9	11.8	+4.5	52.2
<b>Mar 2021</b>	87	19.9	73.6	6.5	+13.4	56.7

\*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 decreased in June by four days to 144 days. Average lead time for production materials increased in June by three days to 88 days — the highest figure since ISM<sup>®</sup> began collecting this data in 1987. Average lead time for Maintenance, Repair and Operating (MRO) Supplies increased in June by three days to 45 days.

## Percent Reporting

Capital Expenditures	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Jun 2021	23	5	8	16	28	20	144
May 2021	21	5	11	12	31	20	148
Apr 2021	21	5	7	16	32	19	147
Mar 2021	23	4	9	17	26	21	145

## Percent Reporting

Production Materials	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Jun 2021	11	23	27	19	14	6	88
May 2021	11	23	25	23	13	5	85
Apr 2021	10	25	25	26	10	4	79
Mar 2021	11	27	27	20	12	3	75

## Percent Reporting

MRO Supplies	Hand-to-Mouth	30 Days	60 Days	90 Days	6 Months	1 Year +	Average Days
Jun 2021	30	33	20	12	4	1	45
May 2021	28	39	18	10	5	0	42
Apr 2021	29	37	16	13	4	1	45
Mar 2021	31	36	19	10	4	0	40

## 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 June 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.

## **ISM ROB Content**

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## **About Institute for Supply Management<sup>®</sup>**

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Institute for Supply Management<sup>®</sup> (ISM<sup>®</sup>) 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® Report On Business®** is posted on ISM®'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® Report On Business®** featuring July 2021 data will be released at 10:00 a.m. ET on Monday, August 2, 2021.

\*Unless the New York Stock Exchange is closed.