

# U.S. Data Review

- ISM manufacturing: factory sector eases further into contraction; prices remain elevated

**Lawrence Werther**

lawrence.werther@us.daiwacm.com  
+1-212-612-6393

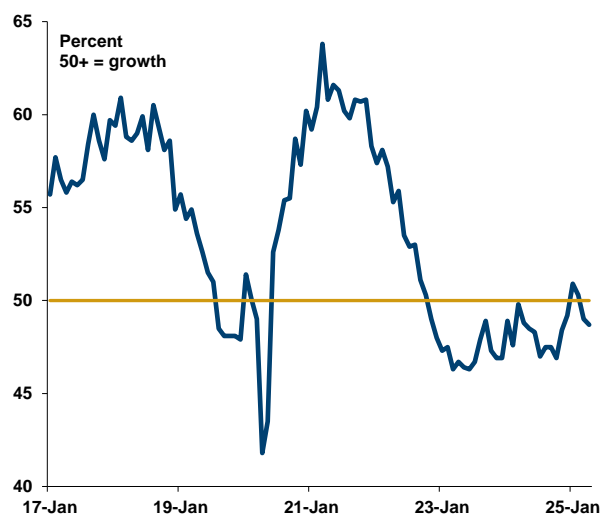
**Brendan Stuart**

brendan.stuart@us.daiwacm.com  
+1-212-612-6172

## ISM Manufacturing Index

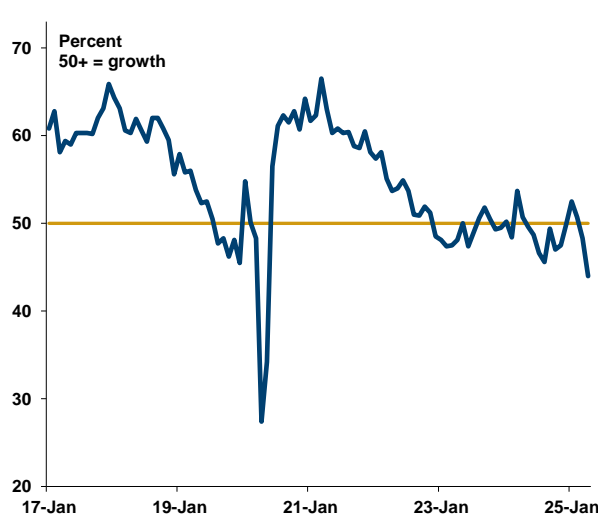
- The Institute for Supply Management's manufacturing index decreased 0.3 percentage point to 48.7 percent in April, a bit better than the Bloomberg economist survey expectation of a 1.1 percentage point decline to 47.9 percent. Following a brief period of recovery in the first two months of 2025, the ISM measure has remained in contractionary territory for the second consecutive month (and 28th in the past 30; chart, below left). Tariff-related concerns were again a key issue amongst survey respondents, with firms noting price growth acceleration, supply chain disruptions, and delays in buyer/seller negotiations.
- Of the five subindexes that factor directly into the calculation of the composite measure, three indicated contraction in April. The production component was particularly soft, easing 4.3 percentage points to 44.0 percent – the lowest read since May 2020 (chart, below right). Correspondingly, only seven of the 18 industries covered in the survey reported growth. Moreover, As noted by Timothy R. Fiore, Chair of the Institute for Supply Management, "Production levels in April showed a significant decrease for the second time in 2025, as order books remain weak and new orders continue to decline." On the point of new orders, while the index was improved in April (+2.0 percentage points to 47.2 percent), it still remained in contractionary territory for the third straight month. Similarly, the employment index also posted a sub-50 reading in the latest report (+1.8 percentage points to 46.5 percent; charts, next page). Of note, as indicated in the official release, firms continued to engage in "destaffing," with layoffs being the primary the method.

### ISM Manufacturing: Headline Index



Source: Institute for Supply Management via Haver Analytics

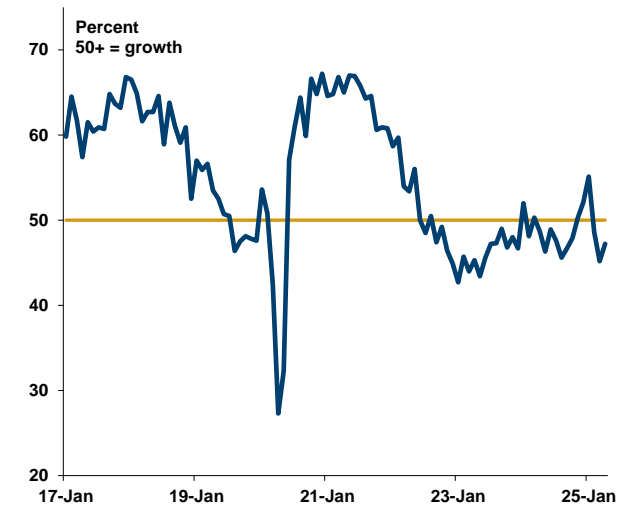
### ISM Manufacturing: Production Index



Source: Institute for Supply Management via Haver Analytics

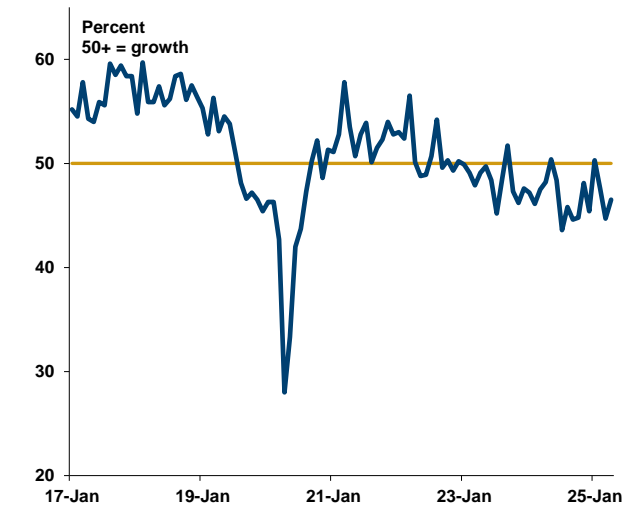
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### ISM Manufacturing: New Orders Index



Source: Institute for Supply Management via Haver Analytics

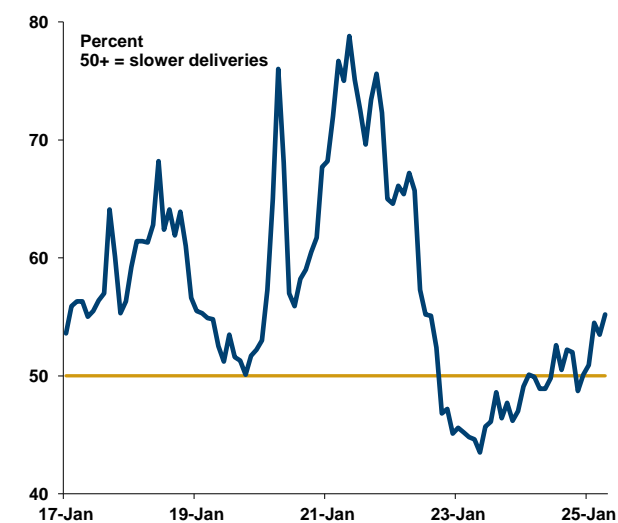
### ISM Manufacturing: Employment Index



Source: Institute for Supply Management via Haver Analytics

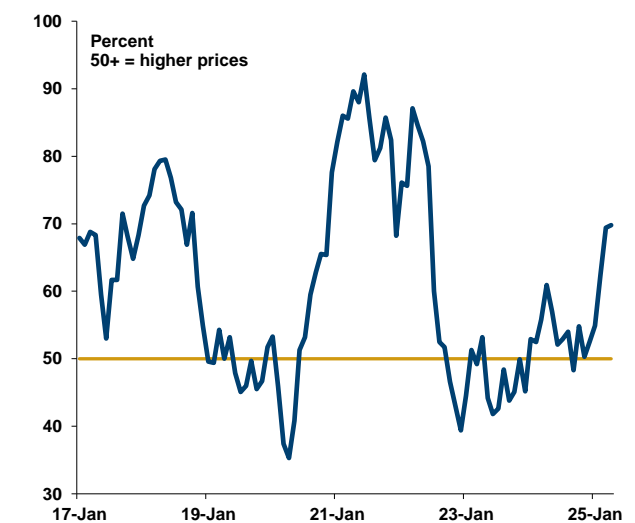
- The supplier deliveries index rose in April (+1.7 percentage points to 55.2 percent), with the above-50 reading suggesting “slower” deliveries for the fifth consecutive month (chart, below left). It appears that tariff effects are starting to filter into the supply chain, with Fiore noting: “Deliveries continued to be marginally strained as (1) suppliers struggled to meet accelerated delivery requests from panelists’ companies, (2) materials are delayed in processing at ports of entry and (3) suppliers and panelists’ companies negotiate who pays for applied tariffs.”
- The prices index increased for the fifth straight month, rising 0.4 percentage point to 69.8 percent – its seventh consecutive above-50 read and the highest since June 2022 (78.5 percent; chart, below right). Tariff policy is exerting significant influence on the current pricing environment, with 49 percent of companies reported paying higher prices in April, up from 46 percent in March.

### ISM Manufacturing: Supplier Deliveries Index



Source: Institute for Supply Management via Haver Analytics

### ISM Manufacturing: Prices Index



Source: Institute for Supply Management via Haver Analytics