

# U.S. Data Review

- ISM manufacturing: slight improvement in June though still signaling contraction; prices remain elevated

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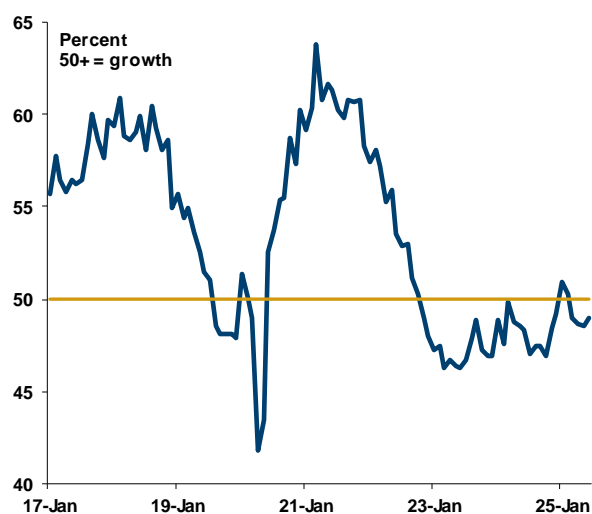
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## ISM Manufacturing Index

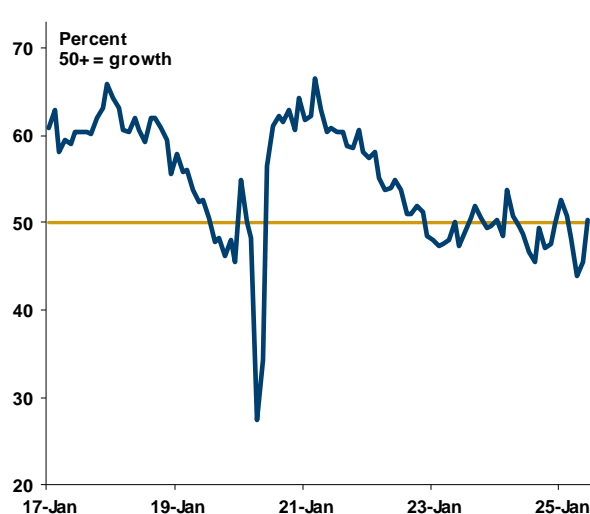
- The Institute for Supply Management's manufacturing index increased 0.5 percentage point to 49.0 percent in June, a touch firmer than the Bloomberg economist survey expectation of a 0.3 percentage point uptick to 48.8 percent. Despite the improvement, the ISM measure remained in contractionary territory for the fourth consecutive month (and 30th in the past 32), highlighting the current holding pattern displayed by factory firms as managers wait for the potential effects of tariff policy to unfold (chart, below left). With respect to the Trump administration's trade program, businesses noted that tariff uncertainty is causing consumers to hesitate in making commitments, inducing confusion for long-term procurement decisions, and impacting materials pricing.
- Of the five subcomponents that directly influence the composite measure, three indicated contraction in June, one less than in May. The production component, however, surprised to the upside in the latest month, rising 4.9 percentage points to 50.3 percent – its first expansionary reading since last February (chart, below right). That said, as noted by Susan Spence, Chair of the Institute for Supply Management Manufacturing Business Survey Committee, in the official release: "Production levels in June, while improved, are still fragile as order books remain weak and new orders continue to decline. Panelists noted reduced output in production due to business-climate uncertainty, with a 1-to-1.5 ratio of positive to negative comments." On the point of new orders, that component eased 1.2 percentage points to 46.4 percent, its fifth consecutive contractionary reading, with buyers and sellers still negotiating over the potential distribution of tariff-related costs (chart, next page, left). The employment component eased in June as well, declining 1.8 percentage points to 45.0 percent, also its fifth consecutive contractionary reading (chart, next page, right). Similar to May's report, given the uncertain demand outlook, headcount reductions continue to be "urgent" for manufacturing firms, with layoffs being the primary method deployed.

### ISM Manufacturing: Headline Index



Source: Institute for Supply Management via Haver Analytics

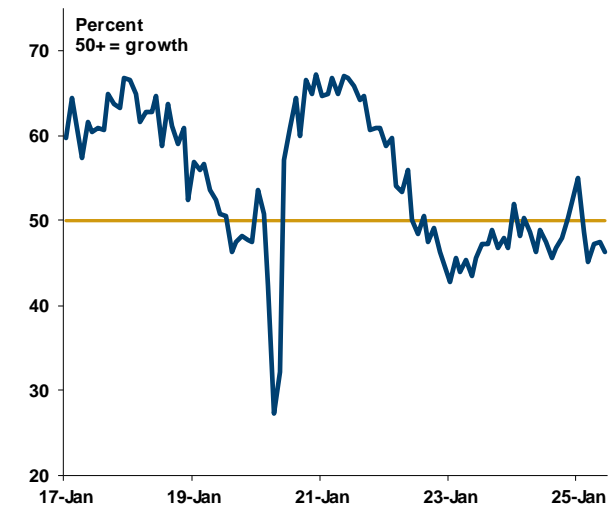
### ISM Manufacturing: Production Index



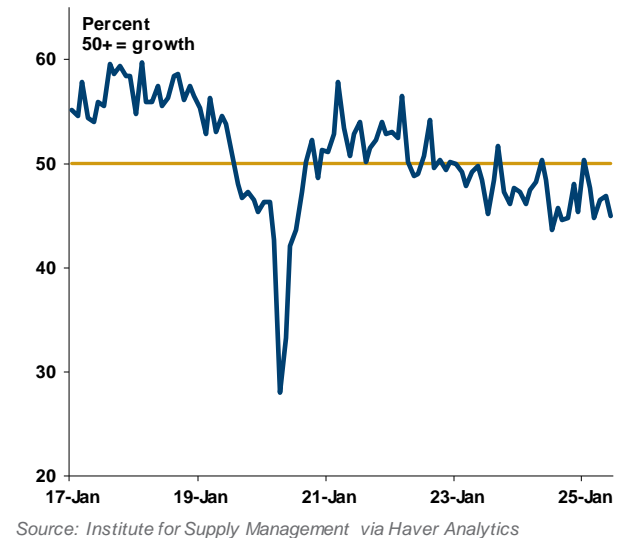
Source: Institute for Supply Management via Haver Analytics

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### ISM Manufacturing: New Orders Index

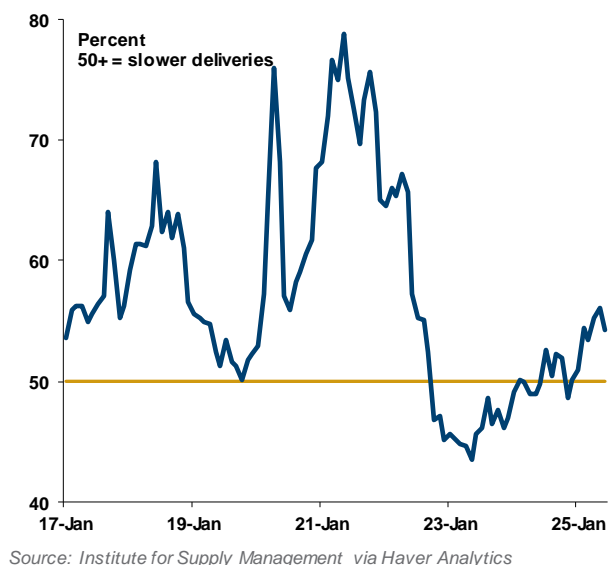


### ISM Manufacturing: Employment Index



- Despite the 1.9 percentage point decline, the supplier deliveries index remained above the critical threshold of 50.0 percent (54.2 percent in June), indicating “slower” deliveries for the seventh consecutive month (chart, below left). Tariff policy continues to affect the supply chains, with Spence stating that June’s result reflects “haggling” between suppliers and respondents’ companies over who has to bear the brunt of applied levies.
- The prices index rose 0.3 percentage point to 69.7 percent in June, its ninth consecutive above-50 read. This metric has displayed a pronounced upward tilt since November 2024 (+19.4 percentage points over the past seven months; chart, below right), reflecting the level of influence the prevailing tariff agenda has exerted on the current pricing environment. On the point, this acceleration has primarily been driven by “increases in steel and aluminum prices that impact the entire value chain, as well as the general 10-percent tariff applied to many imported goods.” With that said, the prices index remained well below the expansion peak of 92.1 percent in June 2021, suggesting moderate price pressure with pockets of more acute intensity rather than a broad-based surge in costs.

### ISM Manufacturing: Supplier Deliveries Index



### ISM Manufacturing: Prices Index

