

# U.S. Data Review

- ISM manufacturing: softer but indicative of expansion for the sixth consecutive month; prices drop but remain elevated

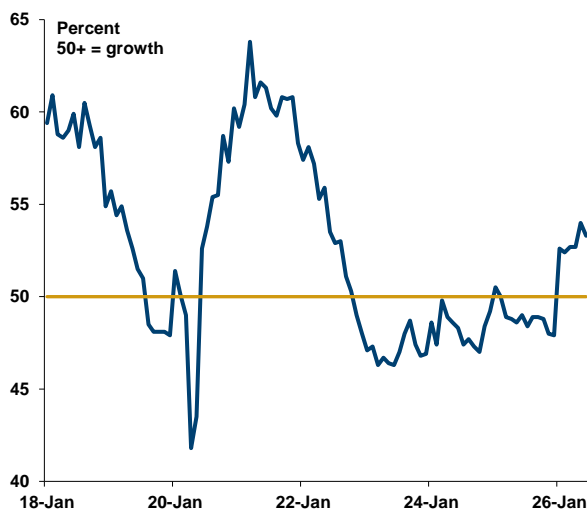
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## ISM Manufacturing Index

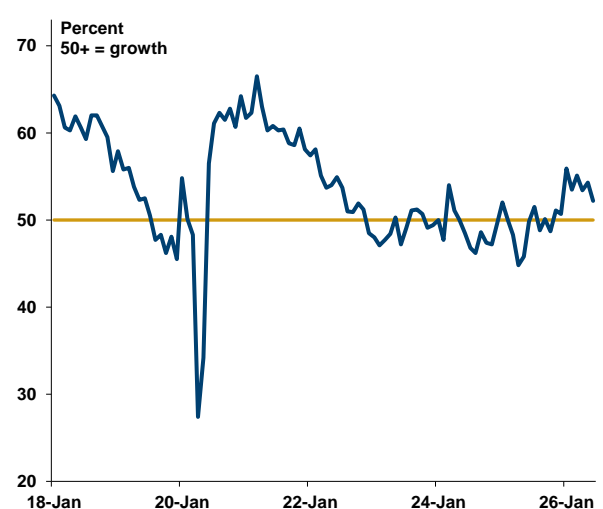
- After rising to a four-year high of 54.0 percent in the prior month, the Institute for Supply Management's manufacturing PMI eased by 0.7 percentage point to 53.3 percent in June (versus the median expectation of a marginal decrease to 53.9 percent from the Bloomberg economist survey). The latest shift leaves this metric in expansion territory for the sixth consecutive month after a 10-month string of contraction previously, highlighting ongoing resilience of the factory sector despite headwinds generated by the Iran conflict. That said, there were some elements of pessimism evident in the anecdotal elements of the latest report, with Susan Spence, Chair of the Institute for Supply Management Manufacturing Business Survey Committee, noting: "In June, 34 percent of the comments were positive and 66 percent negative, with a 1-to-1.9 ratio of positive to negative sentiment. Among negative comments, the Iran war was mentioned in 31 percent and tariffs in 17 percent; 50 percent of the panelists mentioned pricing volatility as an issue for their companies."
- Despite the easing, performance across subcomponents was mostly favorable, with four of the five indexes that factor into the composite indicating expansion in June (versus three in May). Among the more notable shifts, the production index fell 2.1 percentage point to 52.2 percent, but it still remained above the critical threshold for the eighth straight month. Concurrently, new orders also softened with a 0.8-percentage-point dip to 56.0 percent, its sixth consecutive expansionary reading. Meanwhile, employment firmed up to a 33-month high in June, though it has remained in contractionary territory since the fall of 2023 (+1.1 percentage point to 49.7 percent). Curiously, as mentioned by Spence in the official release, "36 percent indicated that managing head counts remains the norm at their companies, while 64 percent are hiring — a near reversal of those numbers from the start of the year (66 percent of companies were managing staff levels in the January report)." A separate monthly report on nonfarm employment by the Bureau of Labor Statistics will be published tomorrow, July 2nd.

### ISM Manufacturing: Headline Index



Source: Institute for Supply Management via Haver Analytics

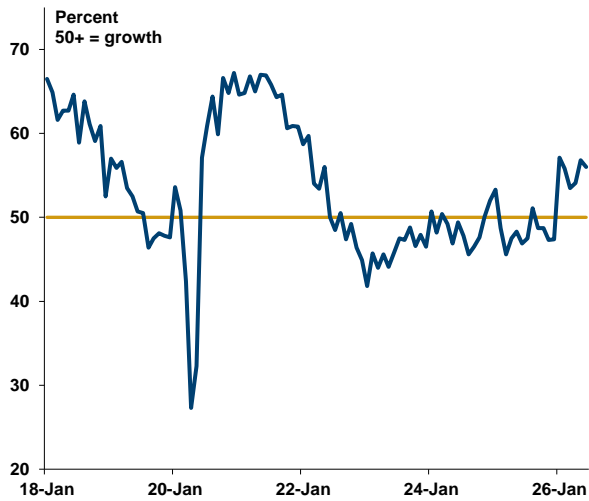
### ISM Manufacturing: Production Index



Source: Institute for Supply Management via Haver Analytics

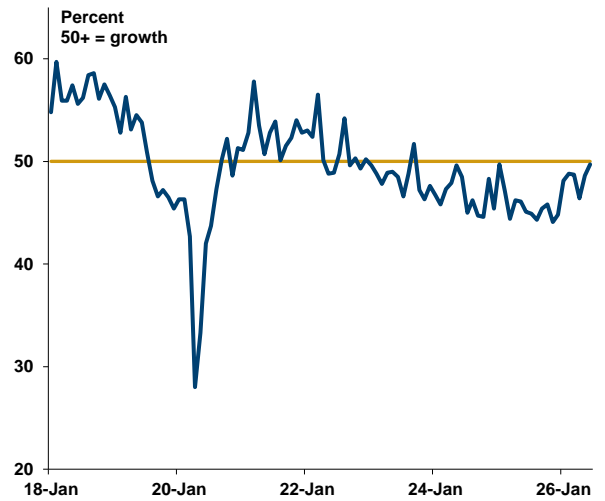
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**ISM Manufacturing: New Orders Index**



Source: Institute for Supply Management via Haver Analytics

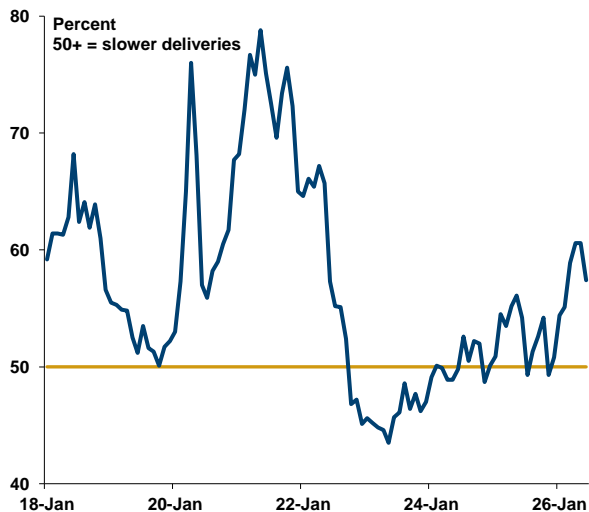
**ISM Manufacturing: Employment Index**



Source: Institute for Supply Management via Haver Analytics

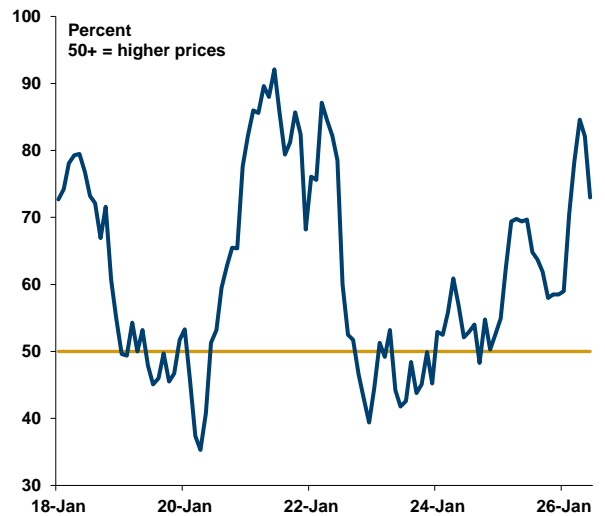
- With respect to other key components, the inventories index increased 1.5 percentage points to 51.4 percent in June, its first 50+ reading since April 2025. The supplier deliveries index, however, decreased 3.2 percentage points to 57.4 percent, indicating “slower” deliveries for the seventh straight month. Following the recent signing of the US-Iran memorandum of understanding, cargo traffic in the Strait of Hormuz has shown gradual signs of normalization – a development, if maintained, that could portend further easing for this component in the months ahead.
- The prices index, which doesn’t factor into the composite, dropped 9.1 percentage points to 73.0 percent – the largest one-month decline since July 2022 but still the 21st consecutive month signaling higher prices. While June’s observation is 11.6 percentage points below the recent high of 84.6 percent last April, it is well above levels that prevailed just prior to recent initiatives by the Trump administration. Similar to prior reports, the latest pressure can be primarily attributed to increases in steel and aluminum prices, prevailing tariff policy, and the war-driven energy shock. That said, of the 18 manufacturing industries surveyed by ISM, 15 indicated paying higher prices for raw materials in June -- down from 16 in the prior month.

**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