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November ISM Manufacturing Index

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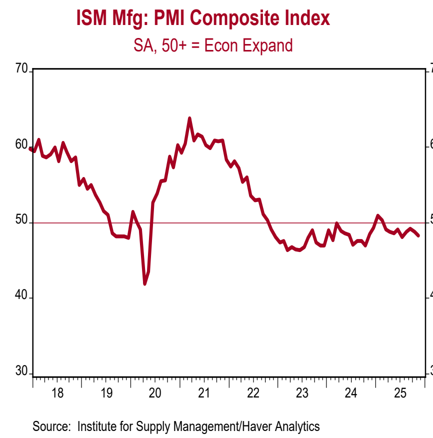
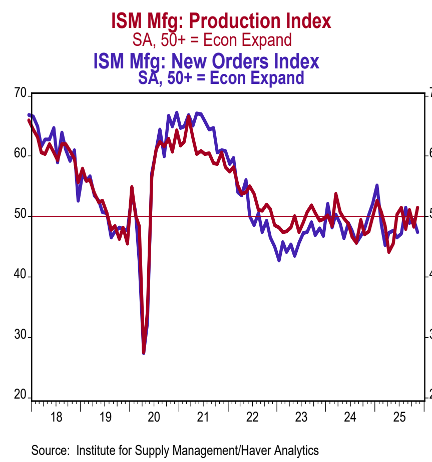
- The ISM Manufacturing Index declined to 48.2 in November, lagging the consensus expected 49.0. (Levels higher than 50 signal expansion; levels below 50 signal contraction.)

- The major measures of activity were mostly lower in November. The new orders index declined to 47.4 from 49.4, while the production index rose to 51.4 from 48.2. The employment index fell to 44.0 from 46.0 in October and the supplier deliveries index declined to 49.3 from 54.2.

- The prices paid index rose to 58.5 in November from 58.0 in October.





Implications: Manufacturing activity weakened again in November, as the ISM Manufacturing index missed consensus expectations and declined to a four-month low of 48.2. This makes nine consecutive months the index has been below 50, continuing a pattern that stretched all of 2023 and 2024. Though many believed the downturn was over when the index briefly rose above 50 in January and February, the subsequent streak of contractionary readings indicates the sector continues to face headwinds. Looking at the details, just four of the eighteen major manufacturing categories reported growth in October, while nearly triple (eleven) reported contraction. The overall decline was driven by weakening demand, softer employment conditions, and faster supplier deliveries. The new orders index – which returned to expansion territory briefly back in August – continues to struggle for traction, as the index fell to a four-month low of 47.4. Order books were already weak heading into this year, and now survey comments blame trade uncertainty for the weakness as many customer orders have been placed on pause until stability returns. This has caused companies to look for ways to reduce overhead, most notably through their hiring efforts. The employment index fell deeper into contraction at 44.0, with only two major manufacturing categories (Computer & Electronic Products and Machinery) reporting an increase in employment in November versus twelve reporting a decline. One component that weighed on the headline index – but is not necessarily negative – was a sharp drop in the supplier deliveries index, from 54.2 to 49.3. Faster deliveries typically signal fewer supply chain bottlenecks, even though they mechanically reduce the headline reading. Meanwhile, it appears that inflation pressures have begun to stabilize, with the price index ticking up to 58.5 from 58.0 after declining for four consecutive months. The 58.5 reading is below the recent peak of 69.8 in April, and well below the levels during the post-COVID inflation surge. Given the slow growth in the M2 measure of the money supply over the last 3+ years, we expect inflation to trend lower in the coming year.

Institute for Supply Management Index *Seasonally Adjusted Unless Noted: 50+ = Econ Growth*	Nov-25	Oct-25	Sep-25	3-month *moving avg*	6-month *moving avg*	Year-ago *level*
Business Barometer	**48.2**	48.7	49.1	48.7	48.6	48.4
New Orders	**47.4**	49.4	48.9	48.6	48.4	50.3
Production	**51.4**	48.2	51.0	50.2	50.0	47.5
Inventories	**48.9**	45.8	47.7	47.5	48.3	47.7
Employment	**44.0**	46.0	45.3	45.1	44.6	48.1
Supplier Deliveries	**49.3**	54.2	52.6	52.0	51.8	48.7
Order Backlog *(NSA)*	**44.0**	47.9	46.2	46.0	45.7	41.8
Prices Paid *(NSA)*	**58.5**	58.0	61.9	59.5	62.8	50.3
New Export Orders	**46.2**	44.5	43.0	44.6	45.6	48.7

Source: National Association of Purchasing Management