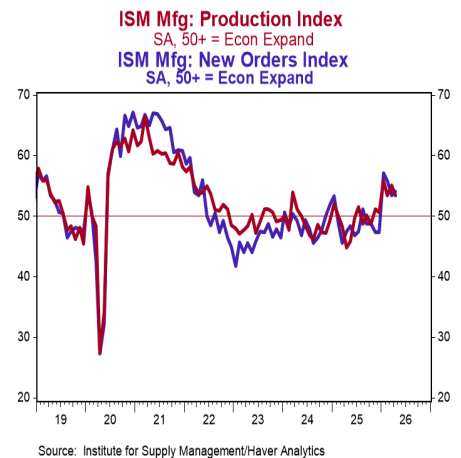
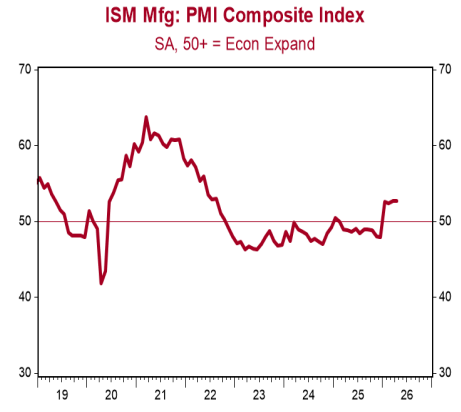


# April ISM Manufacturing Index

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- The ISM Manufacturing Index remained unchanged at 52.7 in April, lagging the consensus expected 53.2. (Levels higher than 50 signal expansion; levels below 50 signal contraction.)
- The major measures of activity were mixed in April. The new orders index rose to 54.1 from 53.5, while the production index declined to 53.4 from 55.1. The employment index fell to 46.4 from 48.7, while the supplier deliveries index increased to 60.6 from 58.9.
- The prices paid index increased to 84.6 in April from 78.3 in March.

**Implications:** Activity in the manufacturing sector continued to expand in April, matching the pace from the previous month at 52.7, which is the fastest since 2022. The expansion comes in spite of numerous headwinds facing the industry, such as elevated prices and longer supplier delivery times due to the closure of the Strait of Hormuz. While we were cautious the improved performance to start 2026 would be a “head-fake” similar to what we had in 2025, this is now the fourth straight month of expansion in manufacturing, signaling solid underlying growth in the sector. Looking at the details, growth remained broad in April, with thirteen out of the eighteen major manufacturing categories reporting expansion, while three reported contraction, and two reported no change. The major measures of activity were mixed: the index for new orders rose to 54.1 from 53.5, while the production index declined to 53.4 from 55.1, but both remain in solid expansion territory, signaling growth. It’s important to remember that order books have been very weak since 2023, and manufacturers had to rely on their order backlogs to keep production going. The great news is that backlogs started growing again 2026, with the index sitting at 51.4 in April – now the fourth consecutive month in expansion territory – when before it had contracted for 39 straight months going back to September 2022. Despite the meaningful improvement in demand, it has not been enough to spark increased hiring efforts in the industry. The employment index fell once again to 46.4 in April, now the 31st consecutive month of contraction. Even worse was the acceleration of pricing pressures, with the prices index jumping up to 84.6 – significantly higher than the 59.0 registered in January, and nearing the peak following the post-COVID inflation surge, where the index reached the low 90s. With the ongoing conflict in Iran and the February Supreme Court ruling against many of the Trump Administration’s tariffs, followed by their replacement by other tariffs, we expect volatility to continue in this category in the months ahead.



| Institute for Supply Management Index<br><i>Seasonally Adjusted Unless Noted: 50+ = Econ Growth</i> | Apr-26      | Mar-26 | Feb-26 | 3-month<br><i>moving avg</i> | 6-month<br><i>moving avg</i> | Year-ago<br><i>level</i> |
|---|-------------|--------|--------|------------------------------|------------------------------|--------------------------|
| <b>Business Barometer</b>   | <b>52.7</b> | 52.7   | 52.4   | 52.6                         | 51.1                         | 48.8                     |
| <i>New Orders</i>   | <b>54.1</b> | 53.5   | 55.8   | 54.5                         | 52.5                         | 47.5                     |
| <i>Production</i>   | <b>53.4</b> | 55.1   | 53.5   | 54.0                         | 53.3                         | 44.8                     |
| <i>Inventories</i>  | <b>49.0</b> | 47.1   | 48.8   | 48.3                         | 47.8                         | 50.3                     |
| <b>Employment</b>   | <b>46.4</b> | 48.7   | 48.8   | 48.0                         | 46.8                         | 46.2                     |
| <i>Supplier Deliveries</i>  | <b>60.6</b> | 58.9   | 55.1   | 58.2                         | 54.9                         | 55.2                     |
| <i>Order Backlog (NSA)</i>  | <b>51.4</b> | 54.4   | 56.6   | 54.1                         | 50.6                         | 43.7                     |
| <i>Prices Paid (NSA)</i>  | <b>84.6</b> | 78.3   | 70.5   | 77.8                         | 68.2                         | 69.8                     |
| <i>New Export Orders</i>  | <b>47.9</b> | 49.9   | 50.3   | 49.4                         | 48.6                         | 43.1                     |

Source: National Association of Purchasing Management