

## Manufacturing PMI® at 60.8%

### February 2021 Manufacturing ISM® *Report On Business*®

(Tempe, Arizona) — Economic activity in the **manufacturing sector grew in** February, with the **overall economy notching a ninth consecutive month of growth**, say the nation’s supply executives in the latest **Manufacturing ISM® *Report On Business*®**.

The report was issued today by Timothy R. Fiore, CPSM, C.P.M., Chair of the Institute for Supply Management® (ISM®) Manufacturing Business Survey Committee:

“The February Manufacturing PMI® registered 60.8 percent, an increase of 2.1 percentage points from the January reading of 58.7 percent. This figure indicates expansion in the overall economy for the ninth month in a row after contraction in March, April, and May. The New Orders Index registered 64.8 percent, up 3.7 percentage points from the January reading of 61.1 percent. The Production Index registered 63.2 percent, an increase of 2.5 percentage points compared to the January reading of 60.7 percent. The Backlog of Orders Index registered 64 percent, 4.3 percentage points above the January reading of 59.7 percent. The Employment Index registered 54.4 percent, 1.8 percentage points higher from the January reading of 52.6 percent. The Supplier Deliveries Index registered 72 percent, up 3.8 percentage points from the January figure of 68.2 percent. The Inventories Index registered 49.7 percent, 1.1 percentage points lower than the January reading of 50.8 percent. The Prices Index registered 86 percent, up 3.9 percentage points compared to the January reading of 82.1 percent. The New Export Orders Index registered 57.2 percent, an increase of 2.3 percentage points compared to the January reading of 54.9 percent. The Imports Index registered 56.1 percent, a 0.7-percentage point decrease from the January reading of 56.8 percent.”

Fiore continues, “The manufacturing economy continued its recovery in February. Survey Committee members reported that their companies and suppliers continue to operate in reconfigured factories. Issues with absenteeism, short-term shutdowns to sanitize facilities, and difficulties in hiring workers remain challenges and continue to cause strains that limit manufacturing-growth potential. Optimistic panel sentiment increased, with five positive comments for every cautious comment, compared to a 3-to-1 ratio in January. **Demand** expanded, with the (1) New Orders Index growing at a strong level, supported by the New Export Orders Index expanding at a faster rate, (2) Customers’ Inventories Index remaining in ‘too low’ territory (at 32.5 percent, tying its all-time low), and the (3) Backlog of Orders Index growing 4.3 percentage points compared to January. **Consumption** (measured by the Production and Employment indexes) contributed positively (a combined 4.3-percentage point increase) to the Manufacturing PMI® calculation. Five of the top six industries reported moderate to strong expansion. The Employment Index expanded for the third straight month, but panelists continue to note significant difficulties in attracting and retaining labor at their companies and supplier facilities. **Inputs** — expressed as supplier deliveries, inventories and imports — continued to indicate input-driven constraints to production expansion, at higher rates compared to January, as indicated by the Inventories Index returning to contraction territory and another month of slowing supplier delivery performance. Imports marginally slowed in the period, driven by port backlogs. The Prices Index expanded for the ninth consecutive month, indicating continued supplier pricing power and scarcity of supply chain goods.

“Of the six biggest manufacturing industries, five — Chemical Products; Fabricated Metal Products; Transportation Equipment; Computer & Electronic Products; and Food, Beverage & Tobacco Products — registered strong growth in February. Petroleum & Coal Products moderately contracted.

“Manufacturing performed well for the ninth straight month, with demand, consumption and inputs registering strong growth compared to January. Labor-market difficulties at panelists’ companies and their suppliers continued to restrict manufacturing-economy expansion and will remain the primary headwind to production growth until employment levels and factory operations can return to normal across the entire supply chain,” says Fiore.

Of the 18 manufacturing industries, 16 reported growth in February, in the following order: Textile Mills; Electrical Equipment, Appliances & Components; Primary Metals; Paper Products; Chemical Products; Machinery; Fabricated Metal Products; Transportation Equipment; Wood Products; Plastics & Rubber Products; Computer & Electronic Products; Apparel, Leather & Allied Products; Food, Beverage & Tobacco Products; Miscellaneous Manufacturing; Furniture & Related Products; and Nonmetallic Mineral Products. The two industries reporting contraction in February are: Printing & Related Support Activities; and Petroleum & Coal Products.

#### **WHAT RESPONDENTS ARE SAYING**

- “The coronavirus [COVID-19] pandemic is affecting us in terms of getting material to build from local and our overseas third- and fourth-tier suppliers. Suppliers are complaining of [a lack of] available resources [people] for manufacturing, creating major delivery issues.” (Computer & Electronic Products)
- “Supply chains are depleted; inventories up and down the supply chain are empty. Lead times increasing, prices increasing, [and] demand increasing. Deep freeze in the Gulf Coast expected to extend duration of shortages.” (Chemical Products)
- “Steel prices have increased significantly in recent months, driving costs up from our suppliers and on proposals for new work that we are bidding. In addition, the tariffs and anti-dumping fees/penalties incurred by international mills/suppliers are being passed on to us.” (Transportation Equipment)
- “We have experienced a higher rate of delinquent shipments from our ingredient suppliers in the last month. We are still struggling keeping our production lines fully manned. We anticipate a fast and large order surge in the food-service sector as restaurants open back up.” (Food, Beverage & Tobacco Products)
- “Overall capacities are full across our industry. Logistics times are at record times. Continuing to fight through shipping and increased lead times on both raw materials and finished goods due to the pandemic.” (Fabricated Metal Products)
- “Prices are going up, and lead times are growing longer by the day. While business and backlog remain strong, the supply chain is going to be stretched very [thin] to keep up.” (Machinery)
- “Things are now out of control. Everything is a mess, and we are seeing wide-scale shortages.” (Electrical Equipment, Appliances & Components)

- “Labor shortages at suppliers are affecting material deliveries and prices.” (Plastics & Rubber Products)
- “We have seen our new-order log increase by 40 percent over the last two months. We are overloaded with orders and do not have the personnel to get product out the door on schedule.” (Primary Metals)
- “A sense of urgency is being felt regarding new orders. Customers are giving an impression that a presence of stability is forthcoming and order flow is increasing.” (Textile Mills)
- “Prices are rising so rapidly that many are wondering if [the situation] is sustainable. Shortages have the industry concerned for supply going forward, at least deep into the second quarter.” (Wood Products)

**Manufacturing at a Glance  
February 2021**

<b>Index</b>	<b>Series Index Feb</b>	<b>Series Index Jan</b>	<b>Percentage Point Change</b>	<b>Direction</b>	<b>Rate of Change</b>	<b>Trend* (Months)</b>
<b>Manufacturing PMI®</b>	60.8	58.7	+2.1	Growing	Faster	9
<b>New Orders</b>	64.8	61.1	+3.7	Growing	Faster	9
<b>Production</b>	63.2	60.7	+2.5	Growing	Faster	9
<b>Employment</b>	54.4	52.6	+1.8	Growing	Faster	3
<b>Supplier Deliveries</b>	72.0	68.2	+3.8	Slowing	Faster	60
<b>Inventories</b>	49.7	50.8	-1.1	Contracting	From Growing	1
<b>Customers' Inventories</b>	32.5	33.1	-0.6	Too Low	Faster	55
<b>Prices</b>	86.0	82.1	+3.9	Increasing	Faster	9
<b>Backlog of Orders</b>	64.0	59.7	+4.3	Growing	Faster	8
<b>New Export Orders</b>	57.2	54.9	+2.3	Growing	Faster	8
<b>Imports</b>	56.1	56.8	-0.7	Growing	Slower	8
<b>OVERALL ECONOMY</b>				Growing	Faster	9
<b>Manufacturing Sector</b>				Growing	Faster	9

Manufacturing ISM® *Report On Business*® data is seasonally adjusted for the New Orders, Production, Employment and Inventories indexes.

\*Number of months moving in current direction.

### **COMMODITIES REPORTED UP/DOWN IN PRICE AND IN SHORT SUPPLY**

#### **Commodities Up in Price**

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Acetone; Acrylonitrile Butadiene Styrene (ABS) Plastic (2); Aluminum (9); Aluminum Extrusions; Capacitors; Copper (9); Corrugate (5); Corrugated Boxes (4); Crude Oil (3); Diesel (2); Electrical Components (3); Electronic Components (3); Fiberglass Products; Freight (4); High-Density Polyethylene (HDPE) (2); Lumber (8); Methyl Methacrylate; Natural Gas (2); Nylon Fiber (2); Ocean Freight (3); Oil-Derived Products; Packaging Supplies (3); Paper Products (3); Personal Protective Equipment (PPE) — Gloves (3); Plastic Resins (6); Plywood; Polyethylene; Polyethylene Terephthalate (PET); Polypropylene (8); Polyurethane Foam Products; Polyvinyl Chloride (PVC) (5); Precious Metals (2); Propylene (2); Resin-Based Products; Resistors; Rubber Products; Semiconductors; Solvents — Other; Soybean Products (5); Steel (7); Steel — Carbon (3); Steel — Cold Rolled (6); Steel — Hot Rolled (6); Steel — Scrap (3); Steel — Stainless (4); Steel Plate; Steel Products (6); and Wood — Pallets (3).

#### **Commodities Down in Price**

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Dairy.

#### **Commodities in Short Supply**

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Acetone; Aluminum; Computer Displays/Monitors; Corrugate (2); Corrugated Boxes (4); Electrical Components (5); Electronic Components (3); Freight — Ocean; Isocyanates; Methacrylate; Personal Protective Equipment (PPE) — Gloves (12); Plastic Products; Polypropylene; Propylene; Semiconductors (3); Steel (3); Steel — Cold Rolled (2); Steel — Hot Rolled (4); Steel — Specialty; and Steel Products.

Note: The number of consecutive months the commodity is listed is indicated after each item.

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### **FEBRUARY 2021 MANUFACTURING INDEX SUMMARIES**

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**MANUFACTURING PMI®**

Manufacturing grew in February, as the Manufacturing PMI® registered 60.8 percent, 2.1 percentage points higher than the January reading of 58.7 percent. This equals the highest reading since February 2018 (60.8 percent); prior to that, the PMI® registered 61.4 percent in May 2004. “The Manufacturing PMI® continued to indicate strong sector expansion and U.S. economic growth in February. Four of the five subindexes that directly factor into the PMI® were in growth territory and at a higher level compared to January. Of the six biggest manufacturing industries, five — Chemical Products; Fabricated Metal Products; Transportation Equipment; Computer & Electronic Products; and Food, Beverage & Tobacco Products — expanded. The New Orders and Production indexes continued to expand at strong levels. The Supplier Deliveries Index continued to reflect suppliers’ difficulties in maintaining delivery rates, due to factory labor-safety issues and transportation challenges. Nine of 10 subindexes were positive for the period; a reading of ‘too low’ for Customers’ Inventories Index is considered a positive for future production,” says Fiore. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting.

A Manufacturing PMI® above 43.1 percent, over a period of time, generally indicates an expansion of the overall economy. Therefore, the February Manufacturing PMI® indicates the overall economy grew in February for the ninth consecutive month following contractions in March, April, and May. “The past relationship between the Manufacturing PMI® and the overall economy indicates that the Manufacturing PMI® for January (60.8 percent) corresponds to a 5-percent increase in real gross domestic product (GDP) on an annualized basis,” says Fiore.

#### THE LAST 12 MONTHS

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Month	Manufacturing PMI®
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Feb 2021	60.8
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Jan 2021	58.7
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Dec 2020	60.5
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Nov 2020	57.7
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Oct 2020	58.8
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Sep 2020	55.7
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Month	Manufacturing PMI®
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Aug 2020	55.6
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Jul 2020	53.7
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Jun 2020	52.2
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May 2020	43.1
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**Month    Manufacturing PMI®**

**Apr 2020**                    41.7

**Mar 2020**                    49.7

Average for 12 months - 54.0

High - 60.8

Low - 41.7

**New Orders**

ISM®'s New Orders Index registered 64.8 percent in February, up 3.7 percentage points compared to the 61.1 percent reported in January. This indicates that new orders grew for the ninth consecutive month. "Of the six largest manufacturing sectors, five — Transportation Equipment; Chemical Products; Fabricated Metal Products; Computer & Electronic Products; and Food, Beverage & Tobacco Products — expanded at very strong levels. Petroleum & Coal Products retained its previous-month reading of 50 percent," says Fiore. A New Orders Index above 52.8 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders (in constant 2000 dollars).

Of the 18 manufacturing industries, the 13 that reported growth in new orders in February — in the following order — are: Paper Products; Wood Products; Primary Metals; Textile Mills; Electrical Equipment, Appliances & Components; Transportation Equipment; Chemical Products; Machinery; Fabricated Metal Products; Printing & Related Support Activities; Computer & Electronic Products; Food, Beverage & Tobacco Products; and Plastics & Rubber Products. The only industry reporting a decline in new orders in February is Miscellaneous Manufacturing.

**New Orders % Higher % Same % Lower Net    Index**

**Feb 2021**    42.4    51.2    6.4    +36.0 64.8

**Jan 2021**    37.0    51.0    12.0    +25.0 61.1

**Dec 2020**    40.3    45.1    14.6    +25.7 67.5

**Nov 2020**    35.9    50.1    14.0    +21.9 65.7

**Production**

The Production Index registered 63.2 percent in February, 2.5 percentage points higher than the January reading of 60.7 percent, indicating growth for the ninth consecutive month. "Five (Chemical Products; Fabricated Metal Products; Transportation Equipment; Food, Beverage & Tobacco Products; and Computer & Electronic Products) of the top six industries expanded at moderate to strong levels," says Fiore. An index above 52.1 percent, over time, is generally consistent with an increase in the Federal Reserve Board's Industrial Production figures.

The 14 industries reporting growth in production during the month of February — listed in order — are: Paper Products; Textile Mills; Primary Metals; Electrical Equipment, Appliances & Components; Machinery; Chemical Products; Fabricated Metal Products; Wood Products; Transportation Equipment;

Plastics & Rubber Products; Food, Beverage & Tobacco Products; Furniture & Related Products; Computer & Electronic Products; and Miscellaneous Manufacturing. The two industries reporting decreased production in February are: Printing & Related Support Activities; and Nonmetallic Mineral Products.

**Production % Higher % Same % Lower Net Index**

<b>Feb 2021</b>	36.8	51.7	11.6	+25.2	63.2
<b>Jan 2021</b>	30.8	57.8	11.4	+19.4	60.7
<b>Dec 2020</b>	32.3	54.6	13.1	+19.2	64.7
<b>Nov 2020</b>	33.7	52.0	14.3	+19.4	62.2

**Employment**

ISM®'s Employment Index registered 54.4 percent in February, 1.8 percentage points higher than the January reading of 52.6 percent. "The Employment Index grew for the third month in a row, with five (Chemical Products; Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; and Fabricated Metal Products) of the six big industry sectors expanding. Continued strong new-order levels, low customer inventories and an expanding backlog indicate potential employment strength for the rest of the first quarter. For the sixth straight month, survey panelists' comments indicate that significantly more companies are hiring or attempting to hire than those reducing labor forces," says Fiore. An Employment Index above 50.6 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) data on manufacturing employment.

Of the 18 manufacturing industries, the 11 industries to report employment growth in February — in the following order — are: Electrical Equipment, Appliances & Components; Textile Mills; Primary Metals; Miscellaneous Manufacturing; Machinery; Chemical Products; Food, Beverage & Tobacco Products; Transportation Equipment; Computer & Electronic Products; Plastics & Rubber Products; and Fabricated Metal Products. The four industries reporting a decrease in employment in February are: Printing & Related Support Activities; Furniture & Related Products; Petroleum & Coal Products; and Paper Products.

**Employment % Higher % Same % Lower Net Index**

<b>Feb 2021</b>	19.2	68.5	12.3	+6.9	54.4
<b>Jan 2021</b>	13.9	72.2	13.8	+0.1	52.6
<b>Dec 2020</b>	14.9	68.8	16.3	-1.4	51.7
<b>Nov 2020</b>	14.8	66.4	18.9	-4.1	48.3

**Supplier Deliveries\***

The delivery performance of suppliers to manufacturing organizations was slower in February, as the Supplier Deliveries Index registered 72 percent. This is 3.8 percentage points higher than the 68.2

percent reported in January. “Suppliers continue to struggle to deliver, with deliveries slowing at a faster rate compared to the previous month. Transportation challenges and challenges in supplier-labor markets are still constraining production growth — and to a greater extent compared to January. The Supplier Deliveries Index also reflects difficulties suppliers continue to experience due to COVID-19 impacts combined with strong growth in economic activity. Since stable manufacturing began in August 2020, the index has gone up every month, indicating that suppliers are experiencing greater difficulties in meeting factory needs. Supplier labor and transportation constraints are not expected to diminish in the near-to-moderate term due to COVID-19 impacts,” says Fiore. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

Of the 18 industries, 16 reported slower supplier deliveries in February, listed in the following order: Apparel, Leather & Allied Products; Textile Mills; Fabricated Metal Products; Furniture & Related Products; Electrical Equipment, Appliances & Components; Paper Products; Machinery; Chemical Products; Plastics & Rubber Products; Computer & Electronic Products; Miscellaneous Manufacturing; Transportation Equipment; Nonmetallic Mineral Products; Wood Products; Food, Beverage & Tobacco Products; and Primary Metals. No industries reported faster supplier deliveries in February.

<b>Supplier Deliveries</b>	<b>% Slower</b>	<b>% Same</b>	<b>% Faster</b>	<b>Net</b>	<b>Index</b>
<b>Feb 2021</b>	45.4	53.1	1.5	+43.9	72.0
<b>Jan 2021</b>	39.9	56.5	3.5	+36.4	68.2
<b>Dec 2020</b>	39.5	56.3	4.2	+35.3	67.7*
<b>Nov 2020</b>	27.5	68.4	4.1	+23.4	61.7

\*Supplier Deliveries is no longer seasonally adjusted; however, due to more precise rounding, this number increased by 0.1 percentage point.

### **Inventories**

The Inventories Index registered 49.7 percent in February, 1.1 percentage points lower than the 50.8 percent reported for January. Inventories contracted after four consecutive months of marginal growth, following three months of contraction. “Inventory-growth stability in light of ongoing supplier constraints indicates that supply chains are meeting near-term production demand, despite transportation challenges and COVID-19 headwinds. However, supplier delivery rates are not strong enough to grow inventories, as most panelists would prefer,” says Fiore. An Inventories Index greater than 44.5 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis (BEA) figures on overall manufacturing inventories (in chained 2000 dollars).

The six industries reporting higher inventories in February — listed in order — are: Textile Mills; Primary Metals; Chemical Products; Food, Beverage & Tobacco Products; Machinery; and Fabricated Metal Products. The five industries reporting a decrease in inventories in February are: Printing & Related Support Activities; Paper Products; Plastics & Rubber Products; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing. Seven industries reported no change in February compared to January.



**Inventories % Higher % Same % Lower Net Index**

<b>Feb 2021</b>	19.8	63.1	17.1	+2.7	49.7
<b>Jan 2021</b>	18.1	65.6	16.3	+1.8	50.8
<b>Dec 2020</b>	22.1	53.5	24.4	-2.3	51.0
<b>Nov 2020</b>	18.1	62.4	19.4	-1.3	50.8

**Customers' Inventories\***

ISM<sup>®</sup>'s Customers' Inventories Index registered 32.5 percent in February, 0.6 percentage point lower than the 33.1 percent reported for January, indicating that customers' inventory levels were considered too low. "Customers' inventories are too low for the 55th consecutive month, a positive for future production growth. This reading is tied with December 2009 as the lowest reported since the subindex was established in January 1997. For seven months in a row, the Customers' Inventories Index has been at historically low levels," says Fiore.

Of the 18 industries, the only one reporting higher customers' inventories in February is Printing & Related Support Activities. The 16 industries reporting customers' inventories as too low during February — listed in order — are: Fabricated Metal Products; Wood Products; Machinery; Primary Metals; Nonmetallic Mineral Products; Computer & Electronic Products; Transportation Equipment; Petroleum & Coal Products; Paper Products; Furniture & Related Products; Chemical Products; Electrical Equipment, Appliances & Components; Plastics & Rubber Products; Textile Mills; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing.

**Customers' Inventories % Reporting % Too High % About Right % Too Low Net Index**

<b>Feb 2021</b>	79	4.8	55.4	39.8	-35.0	32.5
<b>Jan 2021</b>	75	3.3	59.6	37.1	-33.8	33.1
<b>Dec 2020</b>	75	7.2	61.4	31.4	-24.2	37.9
<b>Nov 2020</b>	78	6.7	59.3	34.0	-27.3	36.3

**Prices\***

The ISM<sup>®</sup> Prices Index registered 86 percent, an increase of 3.9 percentage points compared to the January reading of 82.1 percent, indicating raw materials prices increased for the ninth consecutive month. This is the index's highest reading since July 2008, when it registered 90.4 percent. "Aluminum, copper, chemicals, all varieties of steel, soy, petroleum-based products including plastics, transportation costs, electrical and electronic components, corrugate, and wood and lumber products all continued to record price increases," says Fiore. A Prices Index above 52.7 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

All 18 industries reported paying increased prices for raw materials in February, in the following order: Apparel, Leather & Allied Products; Furniture & Related Products; Paper Products; Primary Metals;

Fabricated Metal Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Machinery; Electrical Equipment, Appliances & Components; Petroleum & Coal Products; Textile Mills; Miscellaneous Manufacturing; Chemical Products; Food, Beverage & Tobacco Products; Printing & Related Support Activities; Wood Products; Transportation Equipment; and Computer & Electronic Products.

<b>Prices</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Feb 2021</b>	73.1	25.7	1.2	+71.9	86.0
<b>Jan 2021</b>	64.3	35.7	0.0	+64.3	82.1
<b>Dec 2020</b>	57.8	39.7	2.6	+55.2	77.6
<b>Nov 2020</b>	36.7	57.3	6.0	+30.7	65.4

### **Backlog of Orders\***

ISM<sup>®</sup>'s Backlog of Orders Index registered 64 percent in February, a 4.3-percentage point increase compared to the 59.7 percent reported in January, indicating order backlogs expanded for the eighth consecutive month. February's reading is the second-highest since January 1993, when reporting for this subindex began, exceeded only by April 2004 (66.5 percent). "Backlogs expanded at faster rates in February, indicating that new-order intakes more than fully offset production outputs for the eighth straight month. Five (Transportation Equipment; Computer & Electronic Products; Fabricated Metal Products; Chemical Products; and Food, Beverage & Tobacco Products) of the six big industry sectors' backlogs expanded with significant strength," says Fiore.

The 14 industries reporting growth in order backlogs in February, in the following order, are: Electrical Equipment, Appliances & Components; Machinery; Transportation Equipment; Wood Products; Textile Mills; Paper Products; Computer & Electronic Products; Plastics & Rubber Products; Fabricated Metal Products; Primary Metals; Chemical Products; Furniture & Related Products; Food, Beverage & Tobacco Products; and Miscellaneous Manufacturing. No industries reported a decline in February compared to January.

<b>Backlog of Orders</b>	<b>% Reporting</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Feb 2021</b>	91	38.5	51.0	10.5	+28.0	64.0
<b>Jan 2021</b>	91	32.1	55.2	12.7	+19.4	59.7
<b>Dec 2020</b>	90	31.4	55.4	13.2	+18.2	59.1
<b>Nov 2020</b>	89	28.9	56.1	15.0	+13.9	56.9

### **New Export Orders\***

ISM<sup>®</sup>'s New Export Orders Index registered 57.2 percent in February, up 2.3 percentage points compared to the January reading of 54.9 percent. "The New Export Orders Index grew for the eighth consecutive month at a faster rate. Five (Transportation Equipment; Fabricated Metal Products; Food, Beverage &

Tobacco Products; Computer & Electronic Products; and Chemical Products) of the six big industry sectors expanded. New export orders were again a positive factor to the growth in the New Orders Index,” says Fiore.

The 13 industries reporting growth in new export orders in February — in the following order — are: Nonmetallic Mineral Products; Textile Mills; Wood Products; Electrical Equipment, Appliances & Components; Machinery; Transportation Equipment; Fabricated Metal Products; Food, Beverage & Tobacco Products; Primary Metals; Computer & Electronic Products; Miscellaneous Manufacturing; Plastics & Rubber Products; and Chemical Products. The only industry reporting a decrease in new export orders is Furniture & Related Products.

<b>New Export Orders</b>	<b>% Reporting</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Feb 2021</b>	73	20.5	73.4	6.1	+14.4	57.2
<b>Jan 2021</b>	75	17.6	74.6	7.7	+9.9	54.9
<b>Dec 2020</b>	72	20.1	74.8	5.1	+15.0	57.5
<b>Nov 2020</b>	73	22.3	70.9	6.8	+15.5	57.8

#### **Imports\***

ISM®’s Imports Index registered 56.1 percent in February, a decrease of 0.7 percentage point compared to the 56.8 percent reported for January. “Imports expanded for the eighth consecutive month, at slightly lower rates compared to January, reflecting continued increases in U.S. factory demand and interest in increasing on-shore inventory. Panelists continued to note record-breaking backlogs in ports of entry, as well as difficulties in arranging drayage and operating within the domestic transportation market,” says Fiore.

The 10 industries reporting growth in imports in February — in the following order — are: Textile Mills; Nonmetallic Mineral Products; Transportation Equipment; Primary Metals; Machinery; Computer & Electronic Products; Food, Beverage & Tobacco Products; Fabricated Metal Products; Chemical Products; and Electrical Equipment, Appliances & Components. Two industries reported a decrease in imports in February: Furniture & Related Products; and Plastics & Rubber Products. Six industries reported no change in imports in February compared to January.

<b>Imports</b>	<b>% Reporting</b>	<b>% Higher</b>	<b>% Same</b>	<b>% Lower</b>	<b>Net</b>	<b>Index</b>
<b>Feb 2021</b>	85	21.0	70.3	8.7	+12.3	56.1
<b>Jan 2021</b>	84	21.9	69.9	8.3	+13.6	56.8
<b>Dec 2020</b>	85	19.2	70.8	10.0	+9.2	54.6
<b>Nov 2020</b>	85	17.1	76.0	6.9	+10.2	55.1

**\*The Supplier Deliveries, Customers' Inventories, Prices, Backlog of Orders, New Export Orders and Imports indexes do not meet the accepted criteria for seasonal adjustments.**

## **Buying Policy**

Average commitment lead time for Capital Expenditures increased in February by one day to 142 days. Average lead time for Production Materials decreased in February by one day to 67 days. Average lead time for Maintenance, Repair and Operating (MRO) Supplies decreased in February by one day to 38 days.

### **Percent Reporting**

#### **Capital Expenditures Hand-to-Mouth 30 Days 60 Days 90 Days 6 Months 1 Year + Average Days**

<b>Feb 2021</b>	23	6	8	15	29	19	142
<b>Jan 2021</b>	21	6	10	15	30	18	141
<b>Dec 2020</b>	24	5	10	17	28	16	132
<b>Nov 2020</b>	22	6	10	16	27	19	140

### **Percent Reporting**

#### **Production Materials Hand-to-Mouth 30 Days 60 Days 90 Days 6 Months 1 Year + Average Days**

<b>Feb 2021</b>	11	31	27	20	9	2	67
<b>Jan 2021</b>	9	35	26	20	7	3	68
<b>Dec 2020</b>	9	33	27	21	7	3	69
<b>Nov 2020</b>	10	35	24	22	6	3	67

### **Percent Reporting**

#### **MRO Supplies Hand-to-Mouth 30 Days 60 Days 90 Days 6 Months 1 Year + Average Days**

<b>Feb 2021</b>	33	37	16	11	3	0	38
<b>Jan 2021</b>	31	36	19	11	3	0	39
<b>Dec 2020</b>	32	37	17	12	2	0	37
<b>Nov 2020</b>	34	36	16	10	3	1	40

### **About This Report**

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DO NOT CONFUSE THIS NATIONAL REPORT with the various regional purchasing reports released across the country. The national report's information reflects the entire U.S., while the regional reports contain primarily regional data from their local vicinities. Also, the information in the regional reports is not used

in calculating the results of the national report. The information compiled in this report is for the month of February 2021.

The data presented herein is obtained from a survey of manufacturing supply executives based on information they have collected within their respective organizations. ISM<sup>®</sup> makes no representation, other than that stated within this release, regarding the individual company data collection procedures. The data should be compared to all other economic data sources when used in decision-making.

## Data and Method of Presentation

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The **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** is based on data compiled from purchasing and supply executives nationwide. The composition of the Manufacturing Business Survey Committee is stratified according to the North American Industry Classification System (NAICS) and each of the following NAICS-based industry's contribution to gross domestic product (GDP): Food, Beverage & Tobacco Products; Textile Mills; Apparel, Leather & Allied Products; Wood Products; Paper Products; Printing & Related Support Activities; Petroleum & Coal Products; Chemical Products; Plastics & Rubber Products; Nonmetallic Mineral Products; Primary Metals; Fabricated Metal Products; Machinery; Computer & Electronic Products; Electrical Equipment, Appliances & Components; Transportation Equipment; Furniture & Related Products; and Miscellaneous Manufacturing (products such as medical equipment and supplies, jewelry, sporting goods, toys and office supplies). The data are weighted based on each industry's contribution to GDP. According to the BEA estimates for 2018 GDP (released October 29, 2019), the six largest manufacturing subsectors are: Computer & Electronic Products; Chemical Products; Transportation Equipment Manufacturing; Food, Beverage & Tobacco Products; Petroleum & Coal Products; and Fabricated Metal Products. Beginning in February 2018 with January 2018 data, computation of the indexes is accomplished utilizing unrounded numbers.

Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), this report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction (higher, better and slower for Supplier Deliveries) and the negative economic direction (lower, worse and faster for Supplier Deliveries), and the diffusion index. Responses are raw data and are never changed. The diffusion index includes the percent of positive responses plus one-half of those responding the same (considered positive).

The resulting single index number for those meeting the criteria for seasonal adjustments (Manufacturing PMI<sup>®</sup>, New Orders, Production, Employment and Inventories) is then seasonally adjusted to allow for the effects of repetitive intra-year variations resulting primarily from normal differences in weather conditions, various institutional arrangements, and differences attributable to non-moveable holidays. All seasonal adjustment factors are subject annually to relatively minor changes when conditions warrant them. The Manufacturing PMI<sup>®</sup> is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries (seasonally adjusted), and Inventories.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change and the scope of change. A Manufacturing PMI® reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining. A Manufacturing PMI® above 42.8 percent, over a period of time, indicates that the overall economy, or gross domestic product (GDP), is generally expanding; below 42.8 percent, it is generally declining. The distance from 50 percent or 42.8 percent is indicative of the extent of the expansion or decline. With some of the indicators within this report, ISM® has indicated the departure point between expansion and decline of comparable government series, as determined by regression analysis. The **Manufacturing ISM® Report On Business®** survey is sent out to Manufacturing Business Survey Committee respondents the first part of each month. Respondents are asked to report on information for the current month for U.S. operations only. ISM® receives survey responses throughout most of any given month, with the majority of respondents generally waiting until late in the month to submit responses to give the most accurate picture of current business activity. ISM® then compiles the report for release on the first business day of the following month.

The industries reporting growth, as indicated in the **Manufacturing ISM® Report On Business®** monthly report, are listed in the order of most growth to least growth. For the industries reporting contraction or decreases, those are listed in the order of the highest level of contraction/decrease to the least level of contraction/decrease.

Responses to Buying Policy reflect the percent reporting the current month's lead time, the approximate weighted number of days ahead for which commitments are made for Capital Expenditures; Production Materials; and Maintenance, Repair and Operating (MRO) Supplies, expressed as hand-to-mouth (five days), 30 days, 60 days, 90 days, six months (180 days), a year or more (360 days), and the weighted average number of days. These responses are raw data, never revised, and not seasonally adjusted since there is no significant seasonal pattern.

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#### **About Institute for Supply Management<sup>®</sup>**

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Institute for Supply Management<sup>®</sup> (ISM<sup>®</sup>) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the *ISM Report On Business*<sup>®</sup>, its highly regarded certification programs and the ISM Mastery Model<sup>®</sup>. This report has been issued by the association since 1931, except for a four-year interruption during World War II.

The full text version of the **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** is posted on ISM<sup>®</sup>'s website at [www.ismrob.org](http://www.ismrob.org) on the first business day\* of every month after 10:00 a.m. ET.

The next **Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup>** featuring **March 2021** data will be released at 10:00 a.m. ET on **Thursday, April 1, 2021**.

\*Unless the New York Stock Exchange is closed.