

United States

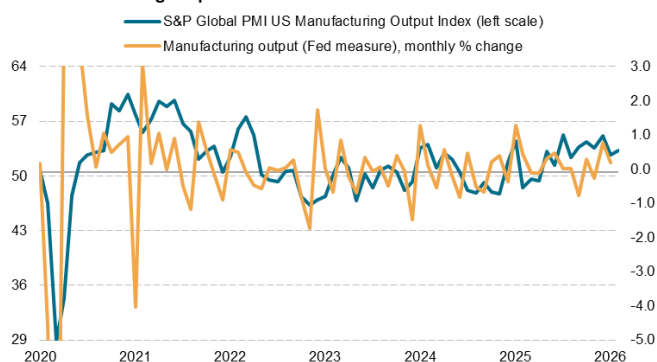
US manufacturers show resilience on outbreak of war despite rising prices and supply delays

US manufacturers reported faster growth of output and order books in March, pointing to encouraging resilience in the face of the outbreak of war in the Middle East. However, key areas of concern at the moment are prices and supply chains. A sharp rise in prices and delivery delays has cast a cloud over the outlook, threatening to drive inflation higher, dampen demand and throttle supply chains.

Robust output growth persists

S&P Global's manufacturing PMI surveys indicated rising output among manufacturers in March, the rate of growth ticking higher to round off a solid first quarter. Production has now risen for eight straight months, with the March PMI reading consistent with a monthly rise in industrial production of approximately 0.5%.

US manufacturing output



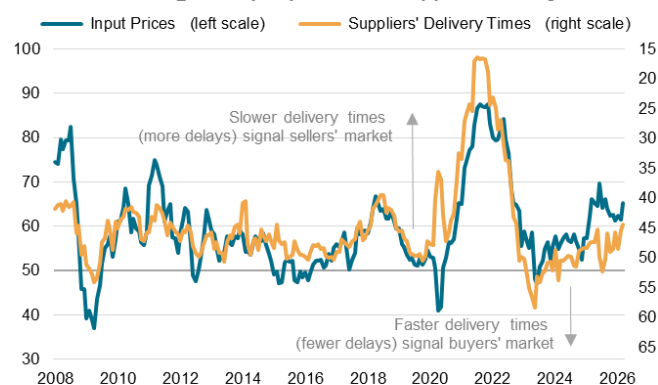
Demand was reportedly supported principally by improved domestic sales, in part linked to protection from tariffs and some inventory building, offsetting a further drop in exports. Export sales have dropped continually over the past nine months, but total order book volumes have risen in all of the past 15 months bar December, rising at an increased rate in March.

Price and supply worries

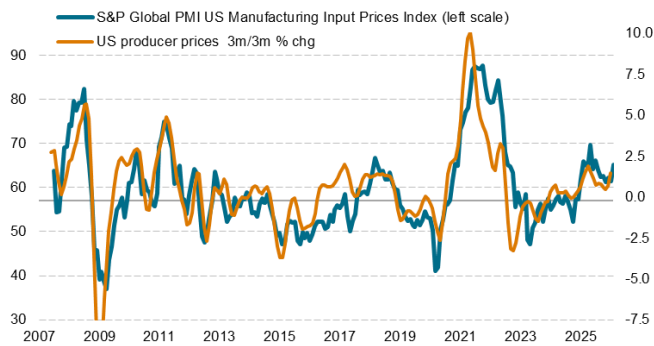
Few instances were reported of the war in the Middle East having so far directly affecting either production or order books, although March saw some cases of manufacturers and their customers building stocks as a precaution against future price rises or supply shortages.

Prices paid for inputs have jumped higher thanks primarily to the impact of higher oil prices, with the rate of inflation accelerating to the highest since last August, while supplier delays have become more widely reported than at any time since October 2022, linked to the war exacerbating existing shipping, haulage and port delays.

US manufacturing PMI input prices and supplier delivery times



US manufacturing producer input prices

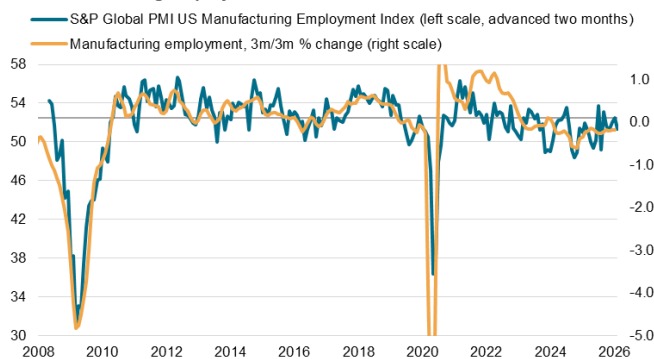


Data compiled April 1, 2026.
PMI (Purchasing Managers' Index), 50 = no change on prior month. All data seasonally adjusted.
Sources: S&P Global PMI, US Commerce Dept. via S&P Global Market Intelligence.
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Hiring on hold

March also saw a worrying lack of hiring, with manufacturing payrolls instead remaining under pressure as factories sought to reduce staffing costs in the face of rising energy and raw material prices. Only a marginal increase in employment was reported by the survey panel, representing the smallest increase since last July and suggestive of a further fall in official manufacturing payroll numbers according to historical comparisons.

US manufacturing employment



Data compiled April 1, 2026.
PMI (Purchasing Managers' Index), 50 = no change on prior month. All data seasonally adjusted.
Sources: S&P Global PMI, BLS via S&P Global Market Intelligence.
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Outlook steady, for now

If price pressures and supply delays persist, demand, employment and production capabilities will inevitably start to be more seriously affected. However, business confidence regarding output in the year ahead has so far held up well, especially in relation to manufacturers in other economies, notably in Europe. Expectations for output in the year ahead cooled only marginally in March among US producers, running at one of the highest levels seen over the past year.

US manufacturing PMI future output expectations



Data compiled April 1, 2026.
PMI (Purchasing Managers' Index) 50 = no change in output expected over coming year.
Source: S&P Global PMI, S&P Global Market Intelligence.
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Sustained optimism in part reflecting reduced concerns over government policies such as tariffs, but also indicated that producers anticipate only a short-term and modest impact from the war. Much therefore hinges on the duration of the war and its related energy market disruption.

There may also be a delay by which the rise in energy prices (and related pull-back in interest rate cut expectations) feeds through to order books, as customers start to feel the pinch more in April. Supply chain delays will also take a while to feed through. Upcoming PMI data will therefore be important to monitor.

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