

PMI™

by **S&P Global**

# United States

## US manufacturers report further strong output growth, in June but jobs are cut as optimism fades

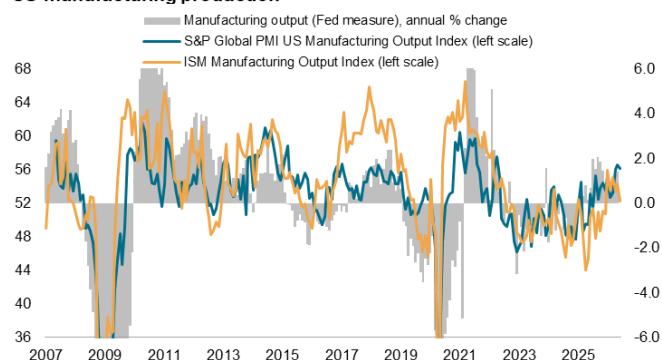
US manufacturers reported a further marked improvement in growth of output and order books in June, according to S&P Global's PMI data, extending the growth spell that has been reported since the outbreak of the war in the Middle East. Employment was nevertheless cut sharply as firms often sought to offset rising costs of energy and raw materials. Supply chain delays and upward price pressures continued to be widely reported, albeit moderating thanks to recent news of an improving situation in the Middle East. However, despite the recent drop in energy prices and brighter outlook for shipping, business confidence fell sharply, in part reflecting concerns that an end to war-related inventory building could start to act as a drag on sales.

### Solid output growth

S&P Global's US Manufacturing PMI surveys indicated strong output growth in June, closing out the best calendar quarter for nearly five years.

Although not as impressive as the earlier 'flash' estimate and dipping from May's recent high, the PMI Output Index for June signaled the second-strongest increase in factory production since April 2022. Production growth has been especially impressive over the second quarter, expanding on aggregate at the fastest pace since the third quarter of 2021.

### US manufacturing production



Data compiled July 1, 2026.

PMI based on 50 = no change on prior month. GFC & pandemic extremes removed.

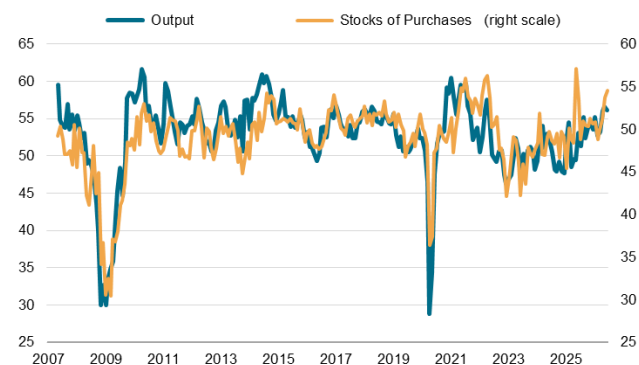
Source: S&P Global PMI, US Federal Reserve via S&P Global Market Intelligence.

© 2026 S&P Global.

### Stock build boosts demand

Driving the upturn in production was a further marked increase in new orders received by factories. However, in both cases, the expansion was in part a reflection of further safety stock building, as manufacturers and their suppliers and customers alike sought to build inventories ahead of potential supply shortages or price hikes. Stocks of purchased inventory, for example, posted one of the largest gains in the history of the survey during June, beaten only by the accumulations seen in the pandemic, the invasion of Ukraine and last year's tariff announcements.

### US manufacturing PMI production and inventories of inputs

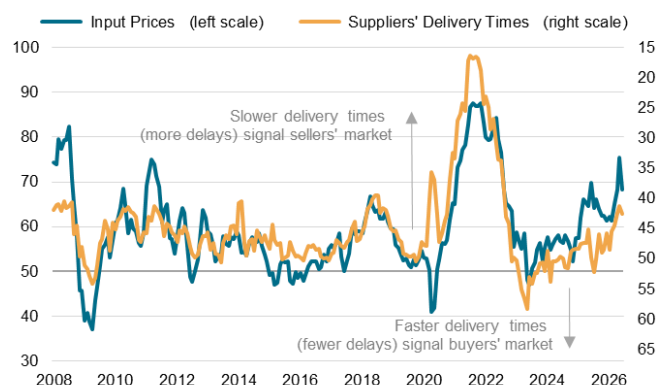


Data compiled July 1, 2026 including PMI data to June 2026.  
 PMI (Purchasing Managers' Index) 50 = no change on prior month  
 Source: S&P Global PMI, S&P Global Market Intelligence.  
 © 2026 S&P Global.

Anecdotal evidence collected via the June PMI surveys indicate that this inventory build added around 2-3 index points to the PMI output, new orders and input buying survey gauges, albeit still implying moderate growth in each case.

Safety stock building remained prevalent as supply chain delays were again widely reported in June and were commonly cited as causing producers' input costs to have risen sharply again. Since the outbreak of the war in the Middle East, the price and supply shock has been the greatest seen since the invasion of Ukraine exacerbated post-pandemic price and supply issues in 2022. However, we note that tariff-related supply issues and associated higher import costs continue to be reported alongside the impact of the war.

### US manufacturing PMI input prices and supplier delivery times



Data compiled July 1, 2026.  
 PMI (Purchasing Managers' Index) 50 = no change on prior month  
 Source: S&P Global PMI, S&P Global Market Intelligence.  
 © 2026 S&P Global.

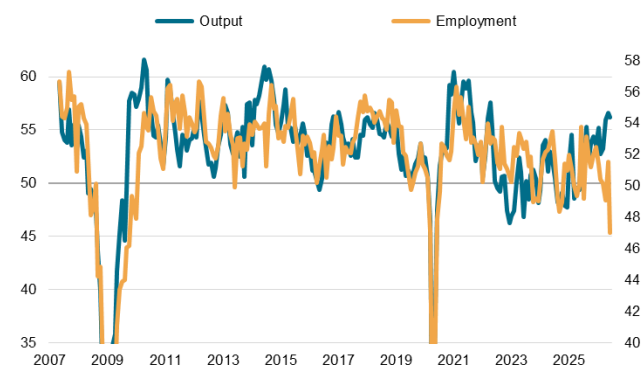
Encouragingly, the reporting of supply delays and higher input costs showed some signs of easing in June from the recent highs seen in May, attributed to the lower energy prices seen during June and the easing of some supply concerns emanating from the closure of the Strait of Hormuz. Although both gauges foretell higher consumer price inflation to come in the months ahead, as price pressures feed through with a lag to the end consumer, the

falls in June at least hint at a potential peaking in these inflationary pressures.

## Employment slumps

Despite the rise in order book inflows and production, firms reported lower employment levels. In fact, June saw the largest drop in factory payroll numbers since the early pandemic months in the first half of 2020. Although the fall came on the heels of a rise in headcounts in May, factory jobs have now been cut among PMI respondents on average in two of the past three months, with the employment trend having weakened since the summer of last year.

### US manufacturing PMI production and employment



Data compiled July 1, 2026 including PMI data to June 2026.  
 PMI (Purchasing Managers' Index) 50 = no change on prior month  
 Source: S&P Global PMI, S&P Global Market Intelligence.  
 © 2026 S&P Global.

## Productivity gains

The combination of sharply rising production and falling employment implies rising productivity. The last three months have in fact seen the biggest improvement in output per worker indicated by the PMI survey since the productivity gains seen in the recovery from the depths of the global financial crisis over 15 years ago.

### Manufacturing PMI: implied labor productivity growth



Data compiled June 1, 2026.  
 Data show PMI Output Index / PMI Employment Index (x50) averaged for the prior three months.  
 Source: S&P Global PMI.  
 © 2026 S&P Global.

Higher productivity was largely intended: jobs were cut in many companies in response to firms citing the need to

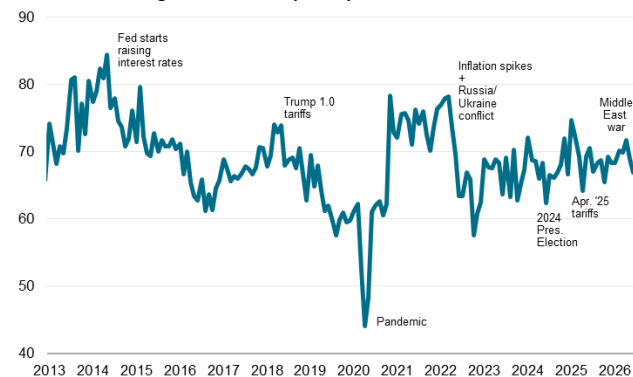
reduce overheads in the face of rising energy and raw material prices amid an uncertain economic outlook. Productivity improvements have been aided by technological, and in particular AI, advances. [You can read our report on AI adoption here.](#)

However, it was not all about deliberate cost savings, roughly one-in-five companies reporting lower employment cited a lack of suitable candidates to fill vacant positions, hinting at constrained production and expansion.

## Gloomier outlook

One further contributor to lost jobs was a drop in business confidence. Despite the June data collection period seeing sharply lower energy prices and including the signing of an MOU between the US and Iran to reopen the Strait of Hormuz, US manufacturers' expectations of their own output over the coming 12 months deteriorated to the gloomiest since last October, contrasting markedly with the 14-month high seen back in April.

### US manufacturing PMI future output expectations



Data compiled June 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.  
© 2026 S&P Global.

One reason hinted at by the anecdotal evidence collected in the June PMI is that companies are anticipating a pull-back in purchasing by customers now that war-related price and supply worries have started to ease. This inventory cycle drag is also hinted at by the survey's new

## CONTACT US

**Chris Williamson**  
Chief Business Economist  
S&P Global Market Intelligence  
London

T: +44 779 5555 061  
[chris.williamson@spglobal.com](mailto:chris.williamson@spglobal.com)

**The Americas**  
+1-877-863-1306

**EMEA**  
+44-20-7176-1234

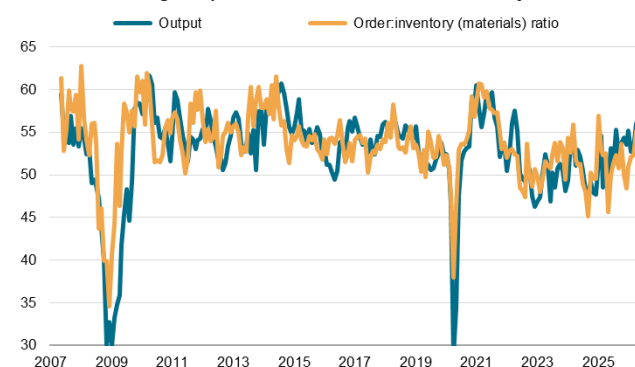
**Asia-Pacific**  
+852-2533-3565

[spglobal.com/marketintelligence/en/mi/products/pmi](https://spglobal.com/marketintelligence/en/mi/products/pmi)

orders to inventory ratio, which is often a reliable indicator of future production trends, which fell sharply in June.

On balance, it therefore seems that producers are telling us that the risks to the near-term outlook are skewed to the downside.

### US manufacturing PMI production and the orders-inventory ratio



Data compiled July 1, 2026 including PMI data to June 2026.  
PMI (Purchasing Managers' Index) 50 = no change on prior month  
Source: S&P Global PMI, S&P Global Market Intelligence.  
© 2026 S&P Global.

Access the latest PMI press release [here](#).

## Links to more resources

- [Sign up to receive updated commentary in your inbox here.](#)
- [Calendar of upcoming PMI releases](#)
- [Running commentary on the PMI survey findings](#)
- [PMI Frequently Asked Questions](#)
- [Background to the PMIs \(video\)](#)
- [Understanding the headline PMI and its various subindices](#)
- [PMI data use-case illustrations](#), from nowcasting to investment strategy
- [PMI podcasts](#)
- [How to subscribe](#) to PMI data