PMI™

by S&P Global

United States

US flash PMI shows faster growth but price pressures and supply delays intensify

US businesses reported a good start to the third quarter, the 'flash' PMI. The month saw an encouraging return to hiring by companies, with employment rising for the first time in three months.

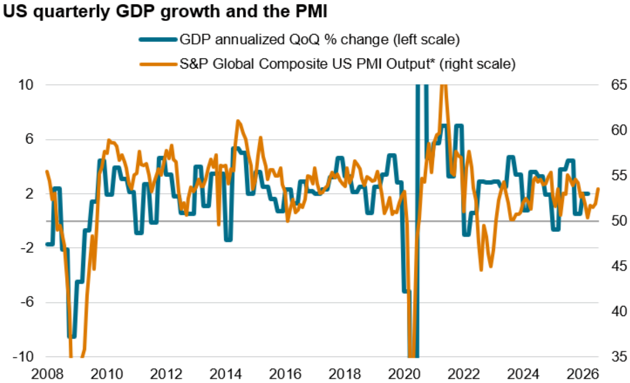
However, the improvement was confined to services, as manufacturing growth slowed sharply. Supplier delays meanwhile worsened to the greatest extent in nearly four years amid the ongoing conflict in the Middle East. Price pressures also intensified, with input cost inflation reaching a more than one-year high and selling price inflation accelerating close to a four-year high.

Faster GDP growth signalled

US business activity growth accelerated at the start of the third quarter, according to provisional PMI survey data. The headline flash S&P Global US PMI Composite Output Index rose from 51.9 in June to 53.6 in July, signaling the fastest growth since last November and a further improvement from the near stagnation seen in March.

The upturn in the PMI means the latest survey data are broadly consistent with GDP growing at an annualized 2.0% rate in July against a 1.2% pace signalled for the second quarter.

US quarterly GDP growth and the PMI

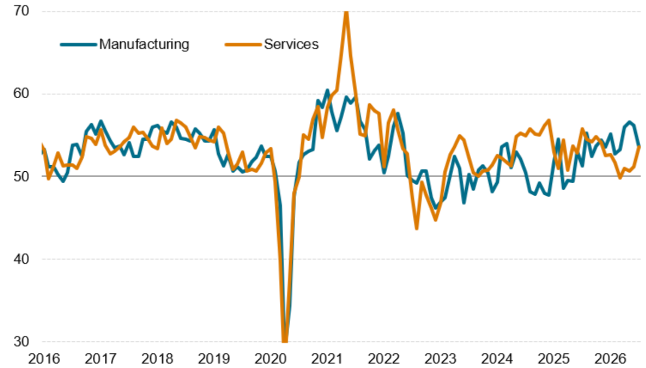


Data compiled July 24, 2026.
* PMI covers manufacturing only prior to 2009 but manufacturing & services thereafter.
Sources: S&P Global PMI, S&P Global Market Intelligence, BEA.
© 2026 S&P Global.

Manufacturing outperformance fades

July's faster expansion was led by services, where business activity hit an eight-month high amid stronger new work inflows. Manufacturing output continued to rise, but factories reported the weakest gains in output and order books since March. These diverging growth trajectories mean rates of expansion have equalized after nine months of outperformance by the goods-producing sector.

US PMI output by sector



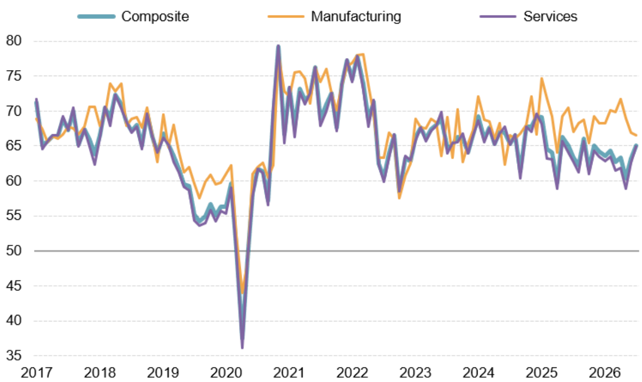
Data compiled July 24, 2026.
PMI (Purchasing Managers' Index) 50 = no change on prior month.
Source: S&P Global PMI.
© 2026 S&P Global.

Domestic demand drove growth across both services and manufacturing, as exports of goods and services continued to fall in July. Firms cited a lift from FIFA World Cup-related spending, stronger-than-usual July 4th activity and increased investment in sales, marketing and product development. Manufacturers again reported precautionary stock building amid concerns over prices and supply availability linked to the war in the Middle East, though fewer such reports helped explain the slowdown in manufacturing growth.

Brighter future sentiment drives hesitant return of job creation

Business output expectations improved in July to an eight-month high, but prospects again diverged by sector. Services firms reported the strongest 12-month outlook since last September, helped in part by lower energy prices, which had previously squeezed customer spending power and lifted interest rate expectations. Manufacturing optimism slipped to its lowest since last October, reflecting weaker demand growth, global trade worries, geopolitical uncertainty, tariffs and high costs.

US PMI future output expectations indicators



Data compiled July 24, 2025.
PMI (Purchasing Managers' Index) 50 = no change on prior month.
Source: S&P Global PMI.

Employment rose only marginally in July after two months of decline, with modest gains in both services and manufacturing. High costs and an uncertain trading environment restrained hiring and often led firms to not replace leavers, though some companies continued to report difficulties finding staff.

Supply chains lengthen and prices rise

War-related disruptions meanwhile further intensified existing supply problems. Manufacturers reported the sharpest lengthening of supplier delivery times since August 2022, with lead times now worsening for 11 straight months as shipping disruption around the Strait of Hormuz and demand for safety stocks compounded tariff-related availability issues.

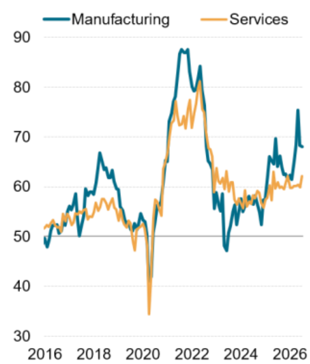
US PMI manufacturing supplier performance

Data compiled July 24, 2026.
PMI (Purchasing Managers' Index) 50 = no change, covers manufacturing only. Note inverted scale as this index is inverted when included in the headline PMI.
Source: S&P Global PMI.

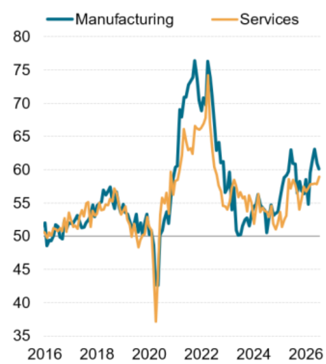
Input cost inflation rose to its highest since May 2025, as cooler manufacturing cost growth was more than offset by a 14-month high in services. Manufacturers nevertheless continued to report the steeper overall increase. Companies attributed higher costs to elevated energy and shipping prices, tariffs and broad-based supplier price rises.

Selling price inflation also accelerated as firms passed higher costs on to customers, with the overall rise in charges the steepest since July 2022. Factory gate inflation remained sharp, albeit reduced, while services charge inflation climbed to the highest in just under four years.

US PMI input prices



US PMI selling prices



Data compiled July 24, 2026.
PMI (Purchasing Managers' Index) 50 = no change on prior month.
Source: S&P Global PMI.

Downside risk to outlook

Looking ahead, some of the improvements reported in July may prove short-lived. Not only did July see hospitality spend being boosted by special events, but it was also worrying – though not unexpected given warnings from prior months – to see manufacturing growth weaken as some of the stock building activities evident since the start of the war showed signs of fading. Instead, July saw a concerning intensification of supply chain delays and accompanying renewed upturn in price pressures, constraining growth and subduing demand.

Events over recent days in the Middle East will have only further exacerbated these supply chain and price worries and raise downside risks to the near-term outlook for the economy, hinting that July's upturn may not be the start of an improving trend.

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

CONTACT US

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

T: +44 779 5555 061
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