PMI™

by S&P Global

United States

US flash PMI signals welcome mix of hotter output growth, cooler inflation

Flash PMI data from S&P Global showed US business activity growth accelerating sharply for a second successive month in August to reach the fastest since April 2022. Supply times lengthened sharply again, however, and to one of the greatest extents seen over the past four years, contributing to a further build-up of uncompleted orders across both manufacturing and services.

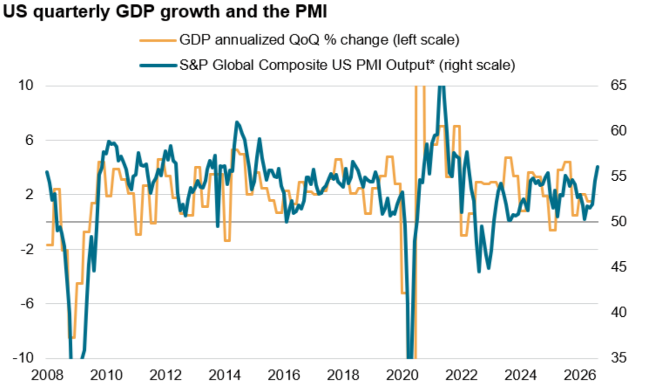
Jobs were added at the fastest rate since the start of last year as increasingly confident companies took on more staff to meet higher demand. Business growth expectations struck a nine-month high. Price pressures meanwhile moderated, especially in terms of selling price inflation, though input cost inflation remained elevated thanks principally to high energy prices. As such the data hint at a hawkish bias among policymakers.

Strong third quarter GDP signaled as growth surges in August

The headline flash S&P Global US PMI Composite Output Index rose from 54.5 in July to 56.0 in August, registering the fastest growth since April 2022.

The survey data for the third quarter is currently pointing to annualized growth approaching 3.0%, up solidly from the 1.5% pace seen in the second quarter.

US quarterly GDP growth and the PMI



Data compiled August 21, 2026.
* PMI covers manufacturing only prior to 2009 but manufacturing & services thereafter.
Sources: S&P Global PMI, S&P Global Market Intelligence, BEA.
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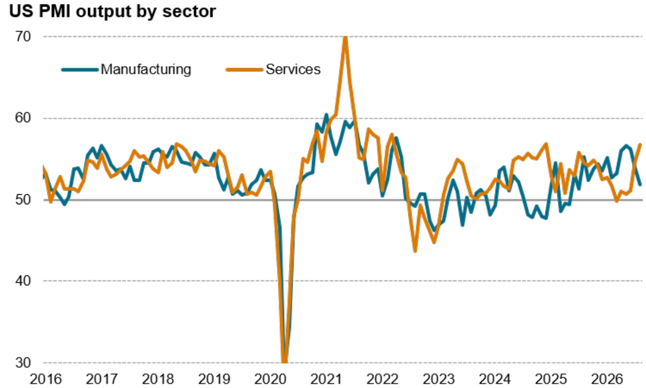
Sector divergence

While the survey signals a marked acceleration of business growth so far in the third quarter, the drivers of growth have diverged. While strong manufacturing growth throughout the second quarter has faded over the summer, such that goods production showed the smallest monthly rise for 13 months in August, service sector activity has revived from the sluggish pace reported in the second quarter to reach the fastest since December 2024 in August.

US PMI output by sector



Data compiled August 21, 2026.
PMI (Purchasing Managers' Index) 50 = no change on prior month.
Source: S&P Global PMI.
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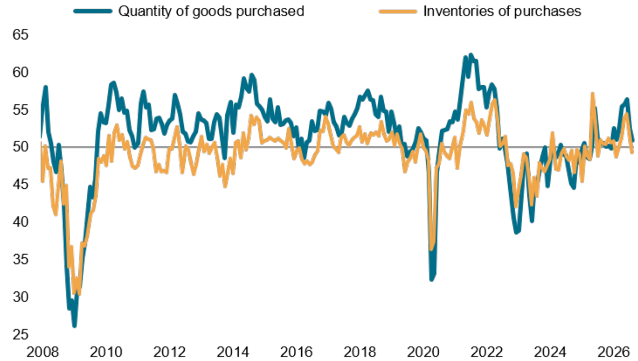
This changing sector pattern of growth is less evident for order books, with both manufacturing and services again registering robust increases in demand in August. Nonetheless, while the growth trend for orders has slowed in manufacturing, it has improved in services.

Supply delays lead to higher order backlogs

This divergence reflects some cases of manufacturing production being constrained by raw material shortages, linked to supply chain delays, as well as reports of less precautionary inventory accumulation. Safety stock building due to concerns over price rises and supply shortages due to the war in the Middle East had been a key driver of factory growth in the early months of the conflict, but now appears to be fading. Input buying by manufacturers also rose only slightly in August, registering the smallest increase so far this year.

US PMI manufacturing input buying and inventories



Data compiled August 21, 2026.
PMI (Purchasing Managers' Index) 50 = no change, covers manufacturing only.
Source: S&P Global PMI.

However, supply chain delays remain widespread, with supplier delivery times lengthening in August to one of the greatest extents seen over the past four years, blamed on shipping delays, tariffs, and diminished stock availability at suppliers.

US PMI manufacturing supplier performance

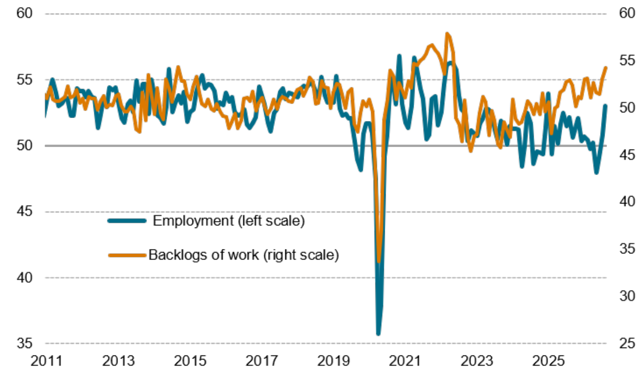
Data compiled August 21, 2026.
PMI (Purchasing Managers' Index) 50 = no change, covers manufacturing only. Note that this index is inverted when included in the headline PMI.
Source: S&P Global PMI.

Supply delays caused backlogs of work to accumulate again in manufacturing, with outstanding orders having risen since the start of the war to a degree not seen since 2022. However, strong demand combined with supply constraints has also led to rising backlogs in the service sector, where outstanding orders rose in August at the sharpest rate since May 2022.

Hiring perks up

Having shown little net change over the prior eight months, employment rose sharply in August. The increase in payrolls signaled was the largest since January 2025 and second largest recorded over the past four years. An especially marked rise in staffing was reported in the service sector, the largest rise since the start of last year, but factory job growth also picked up to the highest since January of this year. Job gains reflected improved business confidence about the near-term outlook and fuller order books.

US PMI employment and backlogs of work

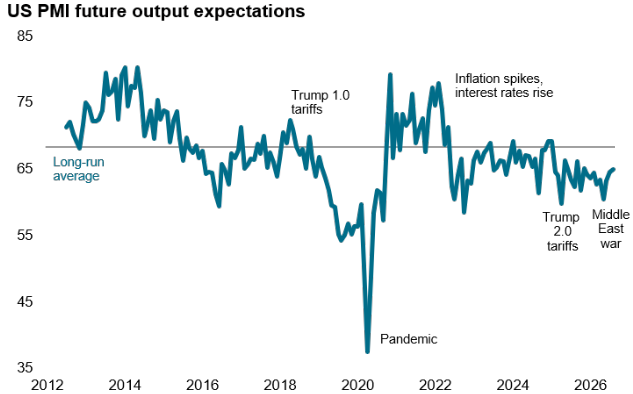


Data compiled August 21, 2026.
PMI (Purchasing Managers' Index) 50 = no change, covers manufacturing and services.
Source: S&P Global PMI.

Optimism rises

Business output expectations also improved in August, recovering to their highest since November of last year, reflecting a combination of order book backlogs, rising customer enquiries, expansion plans, and an easing of concerns over the economic impacts of tariffs and the war in the Middle East. Confidence improved in both manufacturing and services during the month.

US PMI future output expectations



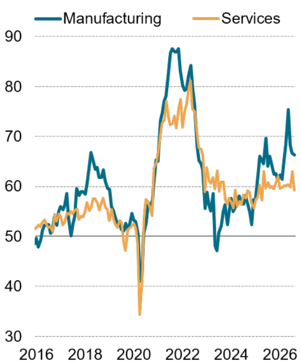
Data compiled August 21, 2026
PMI 50 = no expected change over next 12 months, covers manufacturing and services.
Source: S&P Global PMI.

Prices pressures cool

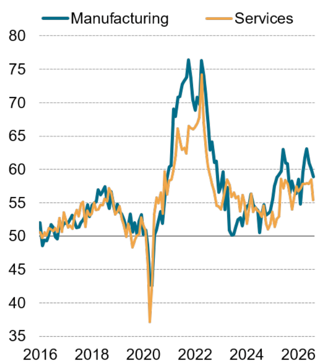
Confidence was also buoyed by price pressures having moderated in August. Average input costs measured across both goods and services rose at the slowest pace since February. However, rates of increase remained elevated by historical standards, blamed by survey contributors on high energy prices, squeezed supply lines, and tariffs. The average cost increase so far in the third quarter consequently slightly exceeds that seen in the second quarter despite August's easing.

As input cost inflation dropped to the lowest since the start of the war in the Middle East, selling price inflation also moderated. Average prices charged for goods and services rose in August at the slowest rate since last November, softening to a ten-month low in services and a six-month low in manufacturing. Fewer reports of the need to pass through higher fuel and energy prices were a key driver of the reduced rates of increase.

US PMI input prices



US PMI selling prices



Data compiled August 21, 2026.
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Source: S&P Global PMI.
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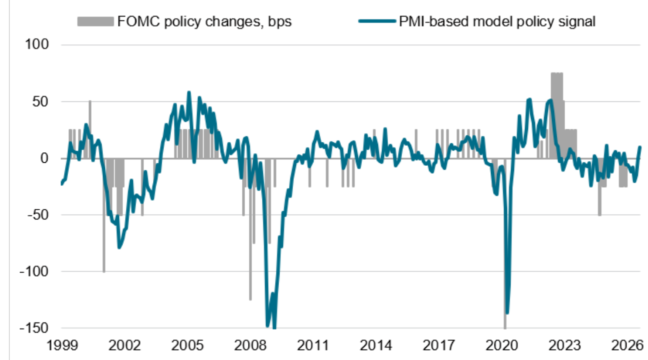
Hawkish bias

The improvement in the employment index from the flash PMI, combined with the acceleration of output and elevated price gauges, pushes the survey data back into rate hike territory, according to historical comparisons of the survey against FOMC policy decisions in prior years. However, the signals have been volatile so far this year, reflecting the rapidly changing geopolitical environment in particular, and notably the volatility of energy prices. It is therefore likely that the FOMC will retain a hawkish bias but leave rates on hold pending further clarity on the economic situation.

PMI-based FOMC policy indicator



As of August 21, 2026.
PMI model based on survey output, input price and employment variables. ISM data used as PMI proxy prior to October 2009.
Source: S&P Global PMI, S&P Global Market Intelligence, FOMC.
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