



# ISM Manufacturing Sinks to 48.7 in October 2025

## Headlines

- **The Institute for Supply Management (ISM) reported that topline manufacturing activity** weakened further in October 2025.
- **New Orders and Production components reflect** ongoing contraction.
- **Employment among manufacturers remained below the survey's expansionary threshold** and has posted only one such result this year.
- **Pricing pressures eased in October 2025** according to the ISM Manufacturing Survey's Commodity Prices component.
- **Both Manufacturing Exports and Imports** activity remained contractionary in October 2025, reflecting current U.S. trade policy uncertainty.

Kurt Rankin  
kurt.rankin@pnc.com

PNC Economics  
economics@pnc.com

## Details

**The ISM Manufacturing PMI survey fell to 48.7 in October 2025**, giving back the modest gain seen in September's results. New Orders pushed closer to exiting contractionary territory, but remained slightly below that threshold, continuing to indicate demand uncertainty across U.S. supply chains. And whereas New Orders weakness points to forward-looking concerns, October's decline in the ISM Manufacturing Survey's Production sub-index reflects weakening current demand. Spending remains healthy in the U.S. economy overall, but manufacturing output appears to be on the outside looking in at consumer demand trends.

**The ISM Manufacturing PMI diffusion index indicates the net percentage of manufacturers who are experiencing expanding or contracting activity** across various categories, with a reading below 50

indicating net contraction across the manufacturing sector. October 2025's topline reading of 48.7 represents the eighth consecutive monthly contraction after two months above the expansionary threshold to open this year.

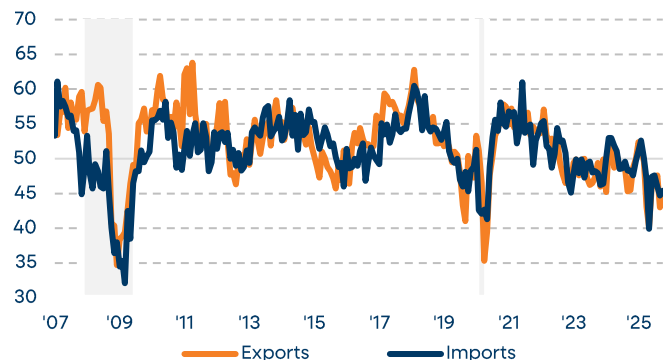
**The Employment component of the ISM Manufacturing Survey came in at 46.0 in October 2025**—rising from September (45.3) and up from exceptionally weak results in July (43.4). But manufacturers' hiring sentiment clearly remains undermined by broad economic uncertainty despite U.S. tariff policy being unleashed upon the sector's international competitors. Without job creation among manufacturers, U.S. import tariffs will ultimately have simply raised consumer prices, thus failing to achieve the policy shift's goals.



**Both the Imports and Exports component indices of the ISM Manufacturing Survey continued to fall further into contractionary territory in October 2025 (see Figure 1).**

Although up modestly from a May 2025 low (39.9), the Imports sub-index remained subdued at 45.4 for the month. Outside of pandemic-induced declines, the Imports sub-index has not seen sustained weakness at these levels since the 2008-2009 Financial Crisis. The Exports component's 44.5 reading for the month reflects the same multi-decade condition. Manufacturers' own Imports indicate production weakness in the U.S. as domestic production continues to draw raw materials and components from across the globe.

**Figure 1: ISM Manufacturing – Export Orders (NSA)**



Source: Institute for Supply Management; National Bureau of Economic Research

**Running contrary to assumptions regarding U.S. tariff policy impacts, pricing pressures among U.S. manufacturers are easing steadily.** The ISM Manufacturing Survey's Commodity Prices component fell to 58.0 in October 2025. While still indicating gains, this result is down from April's high (69.8) and is trending toward the 2024Q4 average of 52.5 (and 54.8 in October 2024), having now fallen for four consecutive months. Announcements regarding U.S. tariff policy remain scattershot and remain a potential source of price pressures until sustained resolutions are reached. But the data suggest that manufacturers are not facing accelerating costs as a primary brake on any growth efforts or interests.

**At 54.2, Supplier Deliveries posted the sole expansionary reading among the ISM Manufacturing Survey's component indices in October 2025.** As U.S. retailers work through existing inventories, and

some import tariffs have been delayed or overwritten by bilateral trade deals, consumer spending has continued to support the flow of goods. Yet New Orders, as noted above, have struggled to remain near the survey's breakeven threshold of 50 since February. The potential domino effect of weakening U.S. labor markets throws this tenuous bright spot in the ISM Manufacturing Survey onto unstable ground.

The U.S. Federal government's shutdown continues to focus the spotlight on private data such as the ISM Manufacturing Survey. The October 2025 ISM Manufacturing report reinforces hypotheses that the resolution of policy uncertainties is the clearest path to resumed manufacturing sector expansion. But the bottom line remains that the manufacturing sector is having difficulty gaining traction in a more volatile global economic climate.



## Disclosures

*The material presented and the views expressed herein are of a general nature and does not constitute the provision of investment or economic advice to any person, or a recommendation of any particular securities, financial instruments, strategies or banking services. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy. You should seek the advice of an investment professional to tailor a financial plan to your needs.*

*Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.*

*“PNC” is a registered mark of the PNC Financial Services Group, Inc.*

*© 2025 The PNC Financial Services Group, Inc. All rights reserved.*