



ISM Manufacturing Posts Climbs to 49.1 in September 2025

Headlines

- **Topline ISM Manufacturing Index reaches its highest result since February, but remains in contractionary territory.**
- **Manufacturers' cost pressures moderated to 61.9 in September 2025, the lowest value since January.**
- **Manufacturing hiring gained ground in September 2025 but remained weak overall at 45.3.**
- **Manufacturers' Imports (44.7) fell to their lowest levels since May 2020.**

The ISM Manufacturing PMI survey rose modestly to 49.1 in September 2025, up from 48.7 in August and representing the second consecutive monthly gain for the index. Gains in Production and Suppliers Deliveries pushed the topline number higher, while continued weakness in the survey's Employment component and a reversion in New Orders into contractionary territory undermined a potential return to topline expansion. Manufacturers' costs continue to moderate with the ISM Manufacturing report's Commodity Prices index falling to its lowest level since the start of this year.

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 revealing net contraction across the manufacturing sector. September 2025's topline reading of 49.1 represents the seventh consecutive monthly contraction after two months above the expansionary threshold to open this year.

The ISM Manufacturing PMI's Employment component continued to disappoint with a 45.3 reading for September 2025. September's reading is a modest improvement from August's 43.8 result but remains firmly indicative of contraction in the sector. Manufacturers have not consistently indicated expansionary hiring conditions since the earliest stages of post-pandemic normalization in the second half of 2021. Without job creation among manufacturers, it is difficult to argue that the detrimental impacts of tariff policy on the U.S. economy offer an upside.



The ISM Manufacturing report's Production index posted a third expansionary reading in the past four months. The Production index rose to 51.0 in September 2025 after briefly dipping into contraction in August (47.8). There continue to be comments from survey respondents that indicate hesitancy and activity delays resulting from tariff uncertainty, with "[b]usiness slowing down," and that "[o]rder books are softening as customers push orders out." With Production remaining in expansionary territory despite these concerns, there appears to be potential for stronger U.S. manufacturing industry conditions if policy uncertainty could be brought to a definitive resolution.

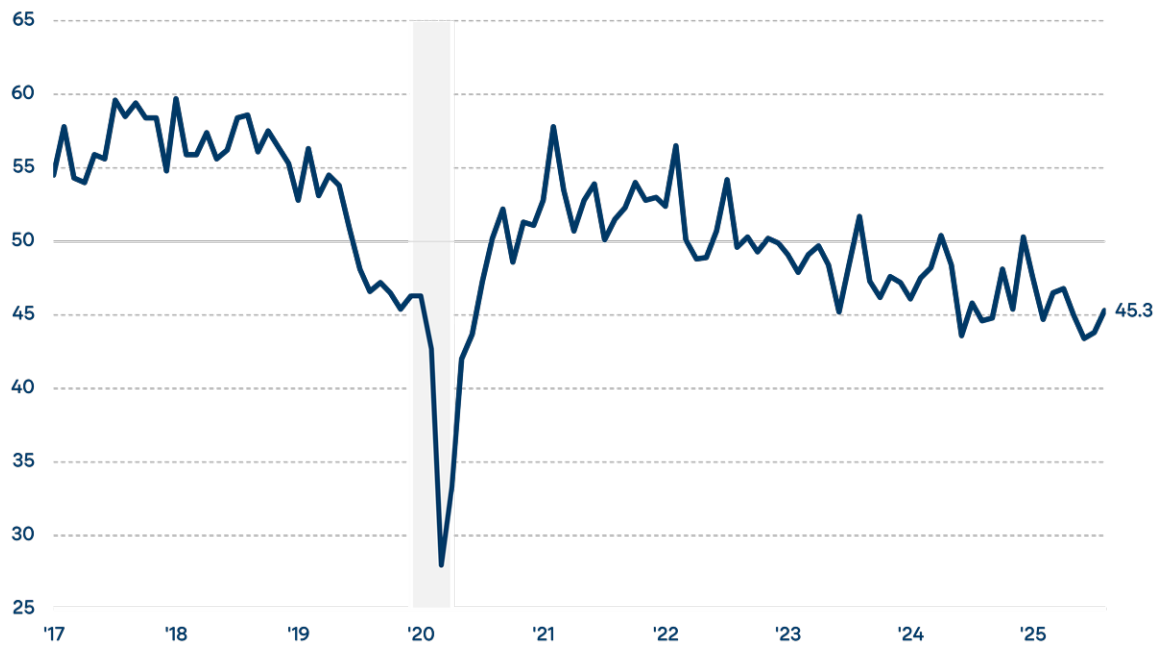
The Federal government's shutdown casts the spotlight on private data such as the ISM Manufacturing survey. While not officially representative of Bureau of Labor Statistics jobs numbers or Bureau of Economic Analysis inflation data, the ISM Manufacturing survey and its Services industry counterpart will continue to offer perspectives on the U.S. economy's performance should the shutdown persist and result in ongoing delays in the release of the government bellwether results. The September 2025 ISM Manufacturing report offers a hint at modest improvements in economic conditions and in potential growth prospects should policy uncertainties be resolved. But the bottom line of September's results still point to a manufacturing sector that is trying to establish solid footing in a more volatile global economic climate.

Figure 1: ISM Manufacturing Survey





Figure 2: ISM Manufacturing - Employment



Please reach out with any questions,

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