OCTOBER 2025

How's Business

3RD QUARTER 2025

PMMI Business Intelligence

pmmi.org

3rd Quarter 2025
HOW'S BUSINESS

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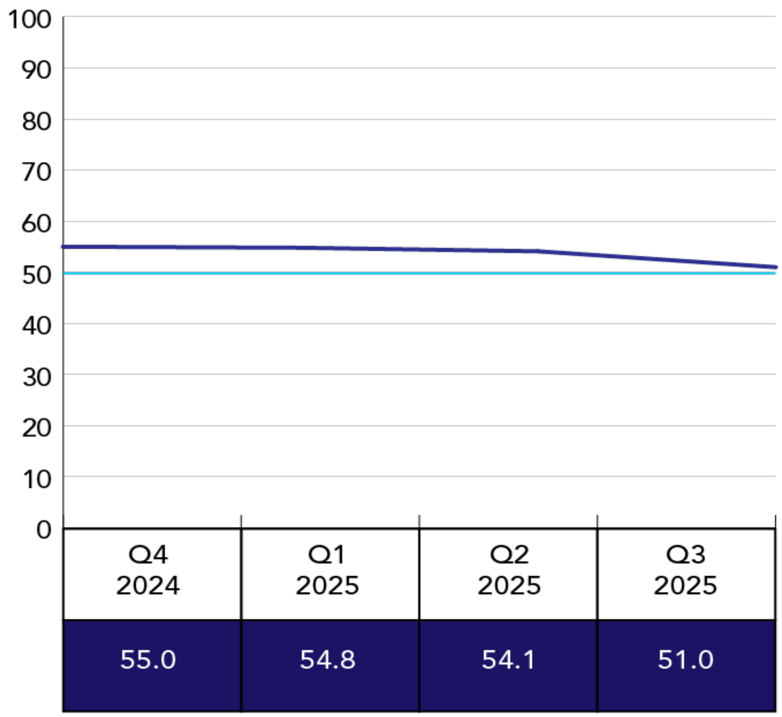
STATE OF MANUFACTURING

WHAT MEMBERS ARE SAYING - HOW'S BUSINESS

The following charts compare quarter-over-quarter activity in NEW ORDERS, QUOTATIONS/PROPOSAL ACTIVITY, LATE PAYMENTS, BACKLOG, and SUPPLY CHAIN DISRUPTIONS as reported by Members in PMMI's How's Business Survey.

NEW ORDERS Q4 2024 TO Q3 2025

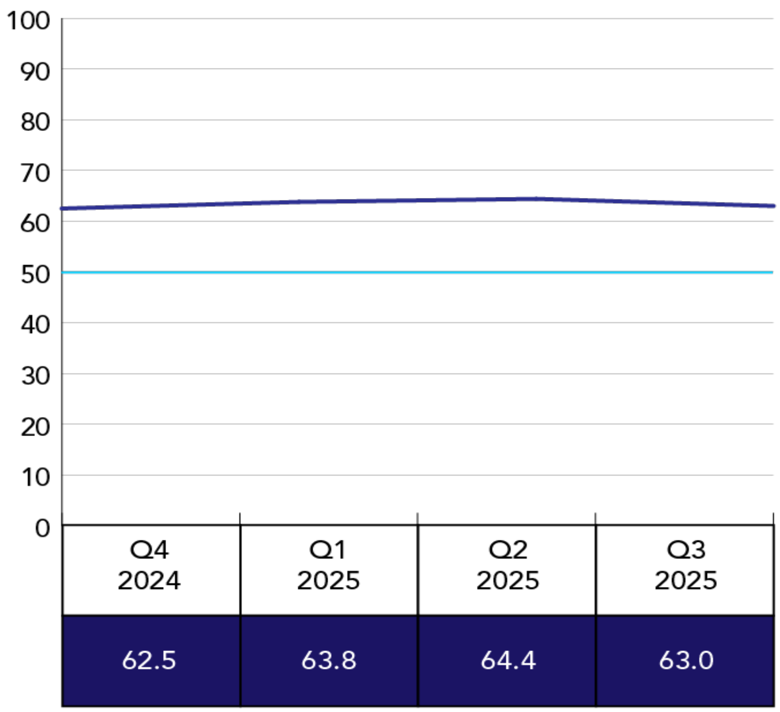
■ Index



- The New Orders Index came in at 51.0 for Q3 2025, marking a slight decline from Q2 2025.
- While this marks another consecutive quarter of expansion, the gradual decline suggests a slowdown in new orders.
- Although new order activity continues to expand, members should continue to monitor other factors including tariff policy developments, labor availability, and supply chain conditions that may influence new order activity through the reminder of 2025.

QUOTATIONS/PROPOSAL ACTIVITY Q4 2025 TO Q3 2025

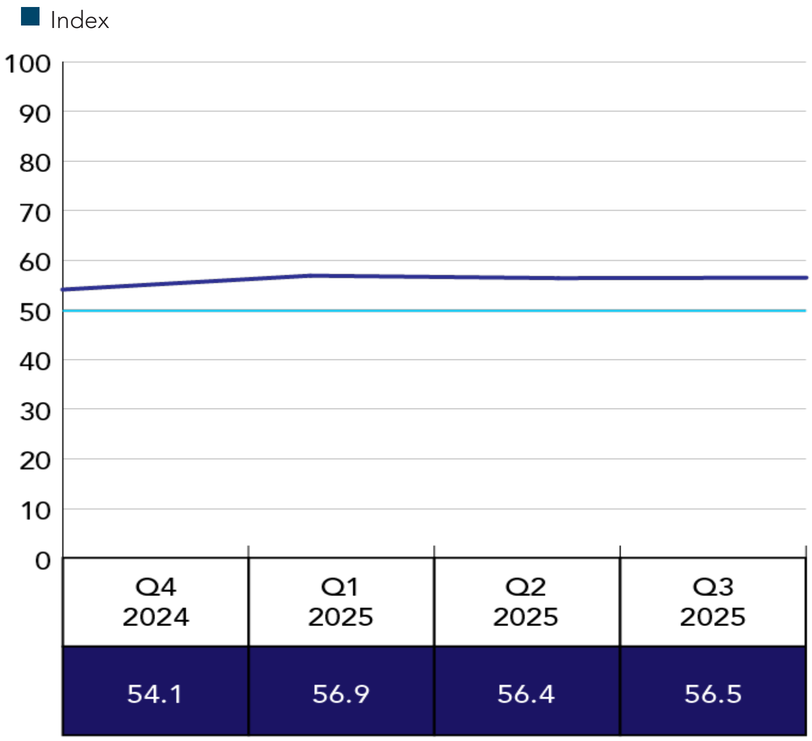
■ Index



- The Quotations/Proposal Activity Index eased slightly to 63.0 in Q3 2025, following two consecutive quarters of growth.
- Although activity declined slightly this quarter, the index has remained above the midpoint since Q4 2024, suggesting that quotations and proposals continue to expand.
- While the outlook remains positive, members are encouraged to stay alert to evolving trade and tariff dynamics, which could affect quoting activity and purchasing confidence in the months ahead.

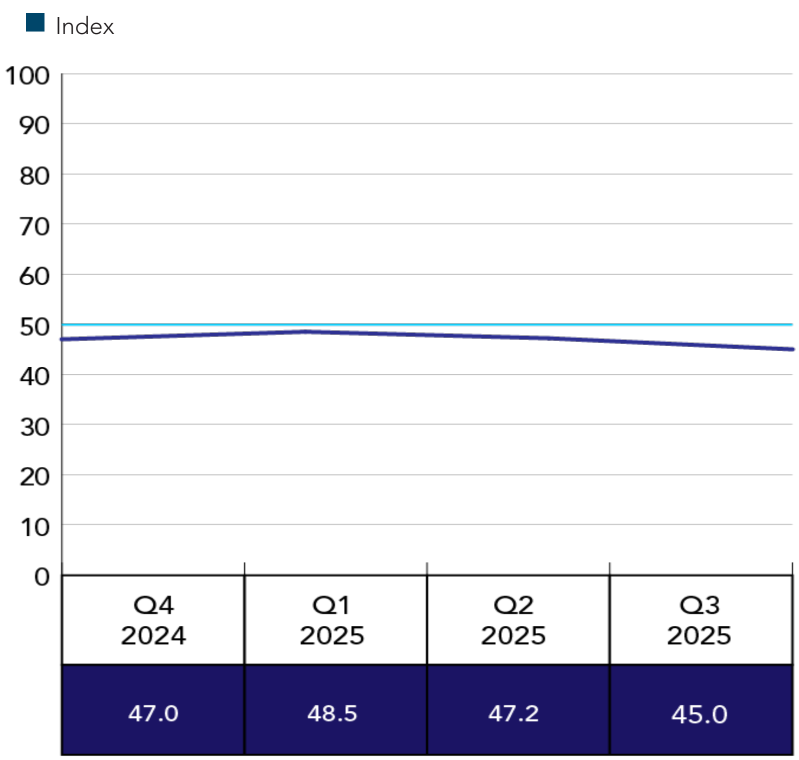
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

LATE PAYMENTS Q4 2024 TO Q3 2025



- The Late Payments Index is 56.5 in Q3 2025, showing little movement from Q2 2025.
- The index continues to indicate that late payments continue to be more common than desired.

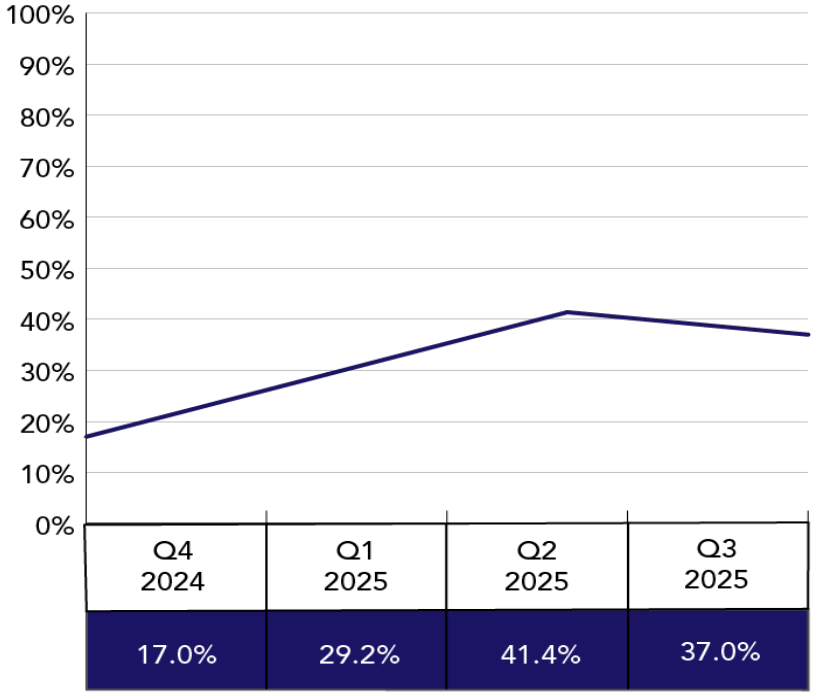
BACKLOG Q4 2024 TO Q3 2025



- The Backlog Index decreased to 45.0 in Q3 2025, down 2.2 points from the previous quarter.
- This marks two consecutive quarters of contraction in this activity.
- Members should note that with backlog activity contracting and new orders losing momentum, this may signal a cooling in market demand in the quarters ahead.

An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

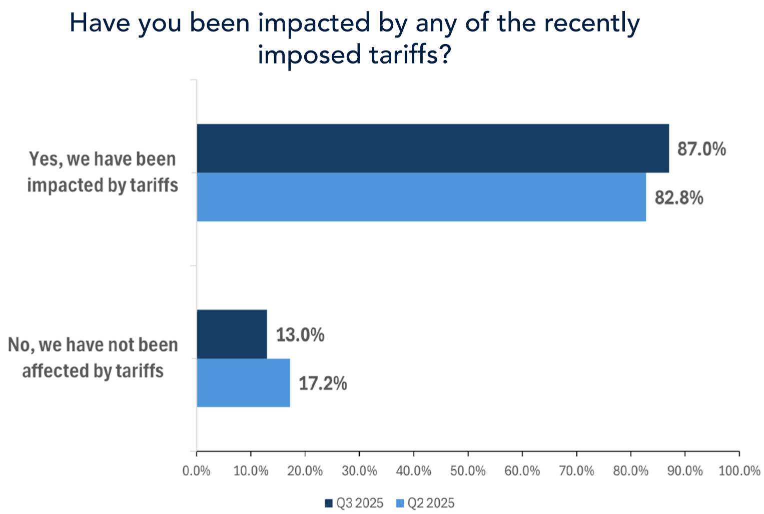
SUPPLY CHAIN DISRUPTION Q4 2024 TO Q3 2025



- 37.0% of members reported experiencing supply chain disruptions in Q3 2025, down 4.4 percentage points from Q2 2025.
- This should be viewed as a positive development as fewer members are reporting disruption impacts compared to the previous quarter.

TARIFF IMPACTS - SELECT INSIGHTS FROM PMMI'S QUICKIE SURVEY

Given the current economic climate, a few tariff-related questions were included in PMMI's Q3 How's Business Survey. Below are select findings. For more detailed insights, PMMI members can access the full "2025 QS Q3Tariffs Report" at pmmi.org.

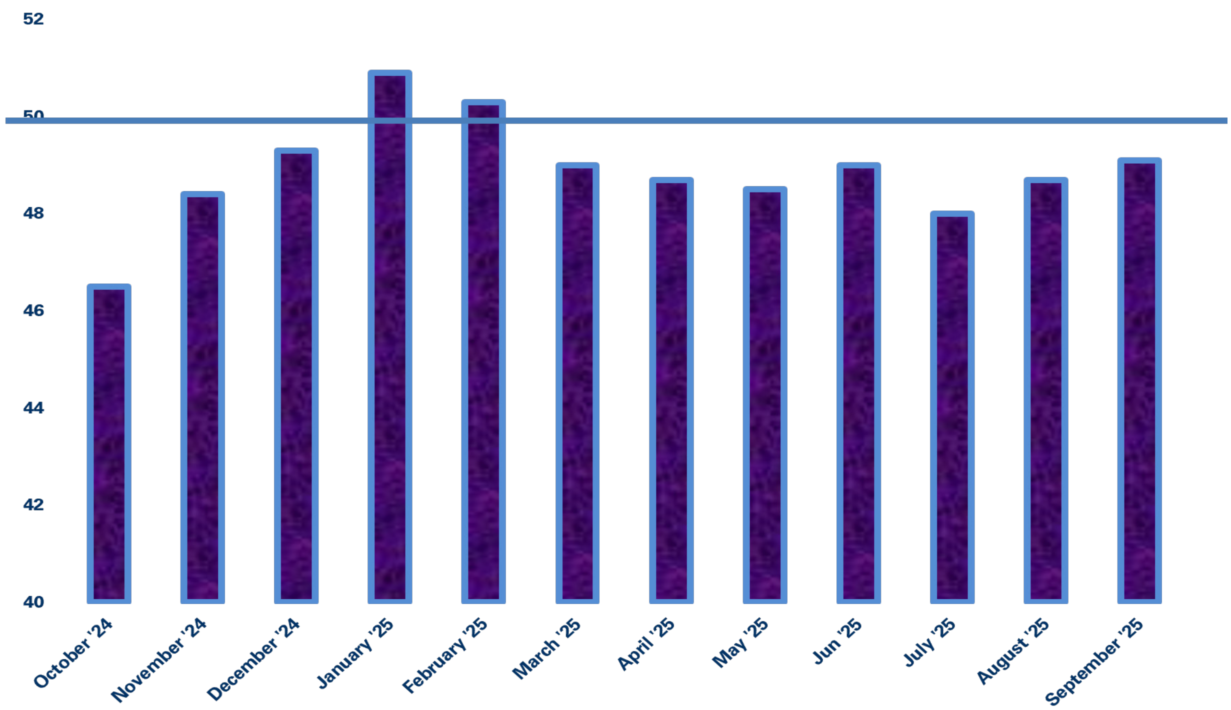


- 87.0% of PMMI members who participated in the "2025 Q3 Tariffs Quickie Survey (October 2025)" indicated they have been impacted by the recently imposed tariffs, an increase from 82.8% in Q2 2025.
- The top reported impacts include, 'increased cost of procurement for imported parts (90.8%)', 'price increases for domestic customers (71.3%)', and 'higher cost of domestic parts (52.9%).'
- For more insights —including what actions member companies are taking and how they view the outlook — refer to the full "2025 QS Q3 Tariffs Report."

THE STATE OF MANUFACTURING

ISM Report on Business (PMI) - Purchasing Managers Index

September 2025 PMI 49.1



- The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. The headline PMI is a number from 0 to 100. A PMI above 50 represents an expansion when compared with the previous month. A PMI reading under 50 represents a contraction, and a reading at 50 indicates no change. The further away from 50 the greater the level of change.
- The Manufacturing PMI® registered 49.1 percent in September, a 0.4-percentage point increase compared to the reading of 48.7 percent recorded in August. The overall economy continued in expansion for the 65th month after one month of contraction in April 2020.

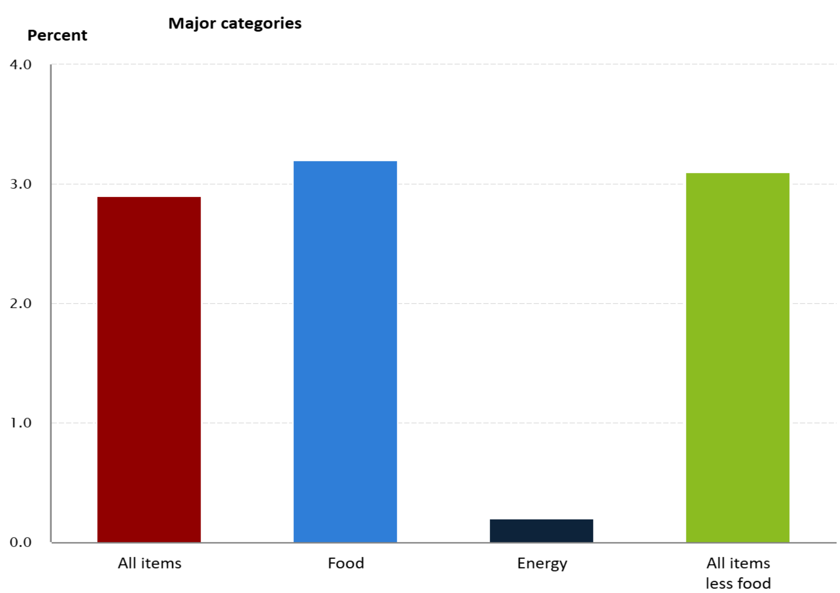
www.ismworld.org

Consumer Price Index

- CPI for all items rises 0.4% in August; shelter and food up
- In August, the Consumer Price Index for All Urban Consumers rose 0.4 percent, seasonally adjusted, and rose 2.9 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy increased 0.3 percent in August (SA); up 3.1 percent over the year (NSA).

www.bls.gov/cpi

12-month percentage change, CPI, selected categories, August 2025, not seasonally adjusted



3-Year U.S. Outlook

	Historical 3/12	Historical 3MMA	Current 3/12	2025	2026	2027	Highlights
US Real Gross Domestic Product			2.0	2.5	2.1	2.1	Beneath dramatic swings in trade and change in inventories, consumer activity rose, albeit mildly.

	Historical 12/12	Historical 12MMA	Current 12/12	2025	2026	2027	Highlights
US Industrial Production Index			0.7	1.4	1.5	1.3	Consumer and business financials suggest rise ahead. Investments in industrial capacity will allow for record highs ahead.
US Private Sector Employment			1.1	1.0	1.4	1.7	We revised the Employment forecast downward 0.5% for 2026 and 2027. The 12MMA will still rise through at least 2027.

	Historical 12/12	Historical 12MMT	Current 12/12	2025	2026	2027	Highlights
US Nondefense Capital Goods New Orders (excluding aircraft)			1.4	2.1	3.2	0.8	The bulk of leading indicator evidence supports the outlook for mild growth through 2026.
US Total Retail Sales			3.7	3.5	4.8	3.0	A sizeable portion of consumers remain on solid financial footing. Expect Retail Sales rise through 2027.
US Wholesale Trade of Durable Goods			6.1	6.2	4.6	0.9	We lifted the forecast; expect accelerating growth to extend into the first half of 2026.
US Wholesale Trade of Nondurable Goods			0.8	-0.2	6.1	3.2	Diversify supplier relationships where possible to mitigate risks from tariffs and rising import costs.

Note: Forecast color represents what Phase the market will be in at the end of the year.

Phase Key

Phase A: Recovery

Phase B: Accelerating Growth

Phase C: Slowing Growth

Phase D: Recession

- Most core metrics of the US economy are accelerating, led by durables, retail sales, and capital spending. Manufacturing is mixed: tech-related industries are strong and heavy equipment is soft. Employment is slowing, but it remains at record levels; it typically lags other core metrics. Consumers and businesses are financially healthy overall, despite pressure on lower-income households. Leading indicators point to mild to moderate growth in 2026. Planning should emphasize efficiency and margin protection in 2026 given rising inflationary pressures. Our business cycle theory points to 2027 being a softer year, with many segments plateauing or seeing only minor growth.

www.itrondemand.com/insider/3-year-us-outlook

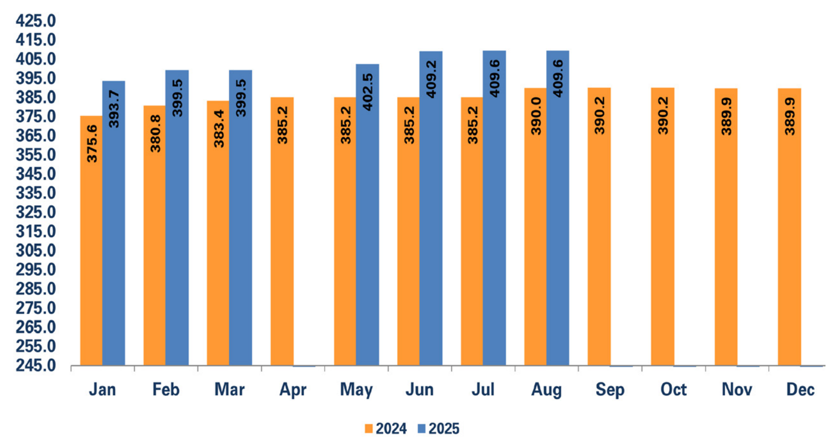
Producer Price Index

August 2025 PPI 409.6

- The Producer Price Index for final demand edged down 0.1 percent in August, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Final demand prices advanced 0.7 percent in July and 0.1 percent in June.
- On an unadjusted basis, the index for final demand rose 2.6 percent for the 12 months ended in August.

www.bls.gov

Producer Price Index Commodity Code 11-67 Packaging Machinery



PMMI Business Intelligence

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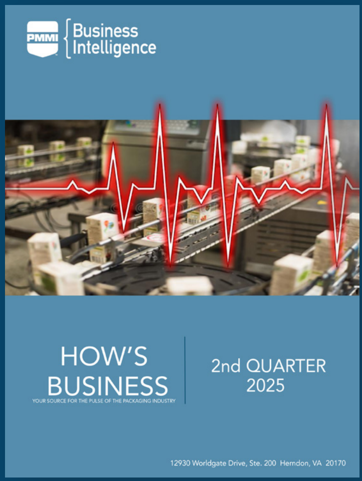

2025 State of the Industry

2025-2027 Economic Outlook

Q2 2025 How's Business

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