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How's Business

1ST QUARTER 2026

Business Intelligence

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1st Quarter 2026
HOW'S BUSINESS

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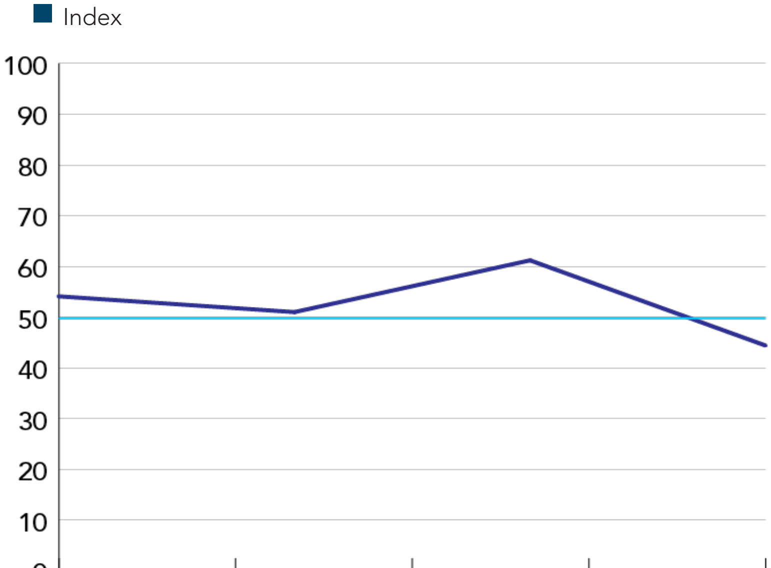
STATE OF MANUFACTURING

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.

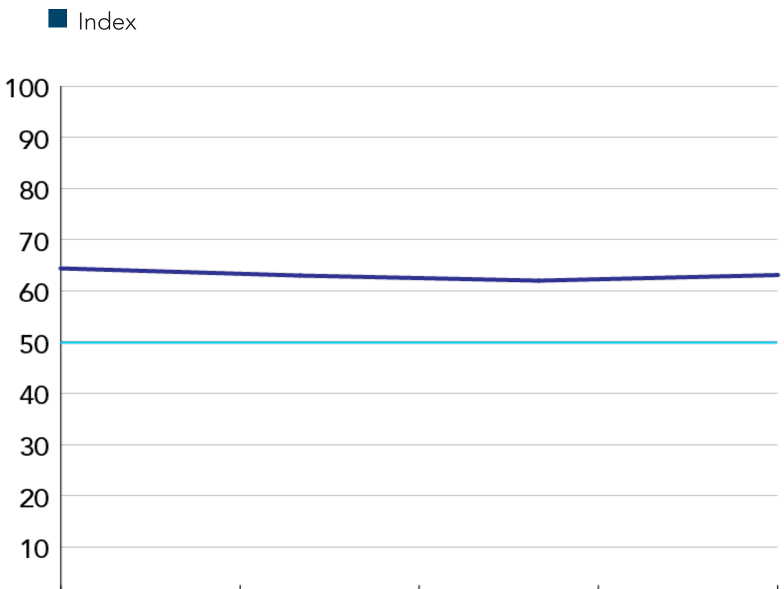
NEW ORDERS Q2 2025 TO Q1 2026



Q2 2025	Q3 2025	Q4 2025	Q1 2026
54.1	51.0	61.2	44.4

- The New Orders Index came in at 44.4 for Q1 2026, falling 16.8 points from Q4 2025. This sharp decline moves the index below the 50 midpoint.
- The index has moved into contraction territory after many consecutive quarters of growth.
- Members should remain mindful of current events, broader economic uncertainty, and fluctuations in oil and material prices that could be affecting new order activity.

QUOTATIONS/PROPOSAL ACTIVITY Q2 2025 TO Q1 2026

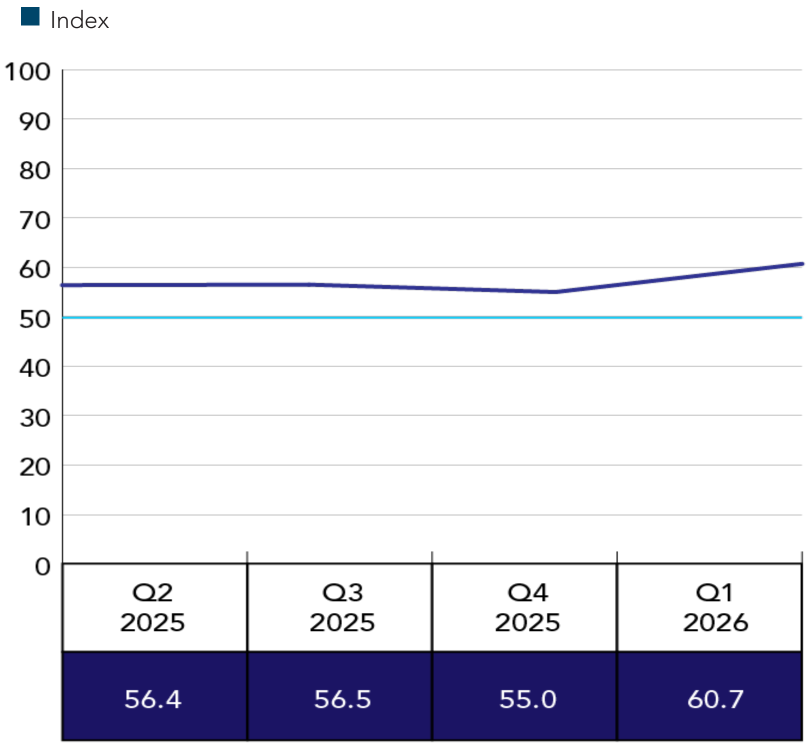


Q2 2025	Q3 2025	Q4 2025	Q1 2026
64.4	63.0	62.0	63.1

- The Quotations/Proposal Activity Index increased slightly to 63.1 in Q1 2026, up from 62.0 in Q4 2025.
- The index continues to be above the 50 midpoint, marking another quarter of sustained expansion and indicating ongoing strength in quoting and proposal activity.
- While momentum remains steady, members should continue to monitor external factors that could influence quoting activity and customer decision-making in the months ahead.

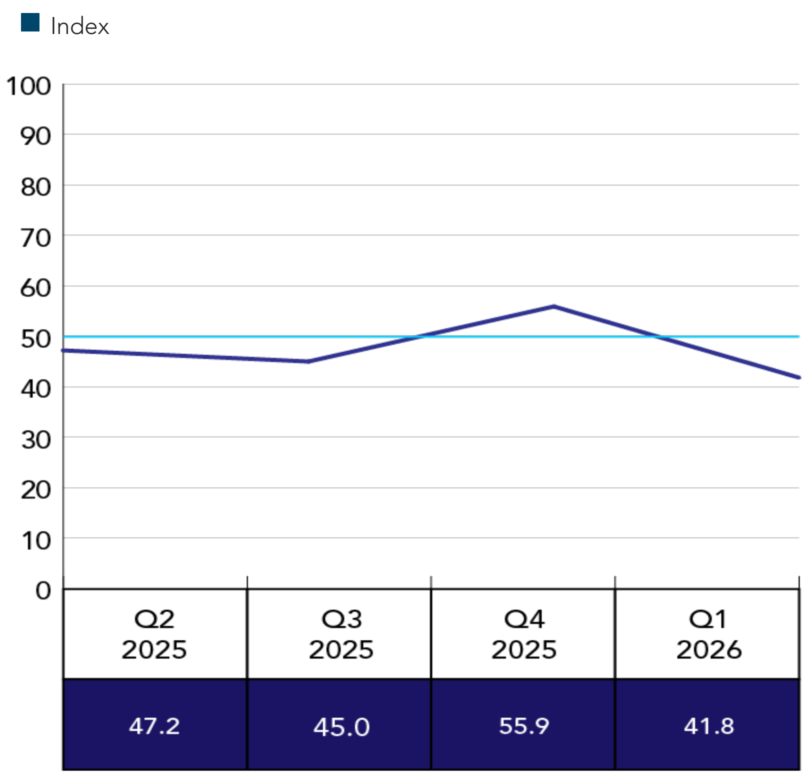
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

LATE PAYMENTS Q2 2025 TO Q1 2026



- The Late Payments Index increased to 60.7 in Q1 2026, rising 5.5 points from 55.0 in Q4 2025.
- This uptick indicates that late payments have become more prevalent, reversing the slight easing observed in the previous quarter.

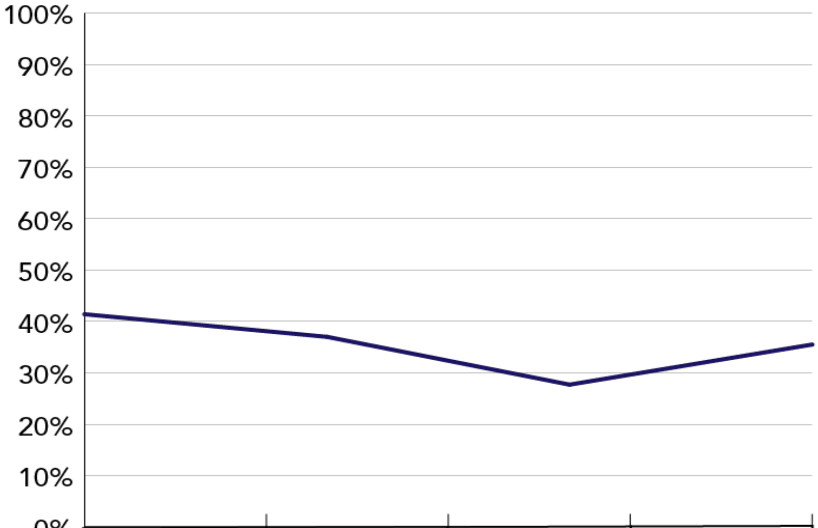
BACKLOG Q2 2025 TO Q1 2026



- The Backlog Index fell to 41.8 in Q1 2026, dropping 14.1 points from Q4 2025.
- This decline returns the index to contraction territory after a brief period of expansion.
- Members should be aware that with both new orders and backlog declining, demand appears to be cooling.

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 Q2 2025 TO Q1 2026



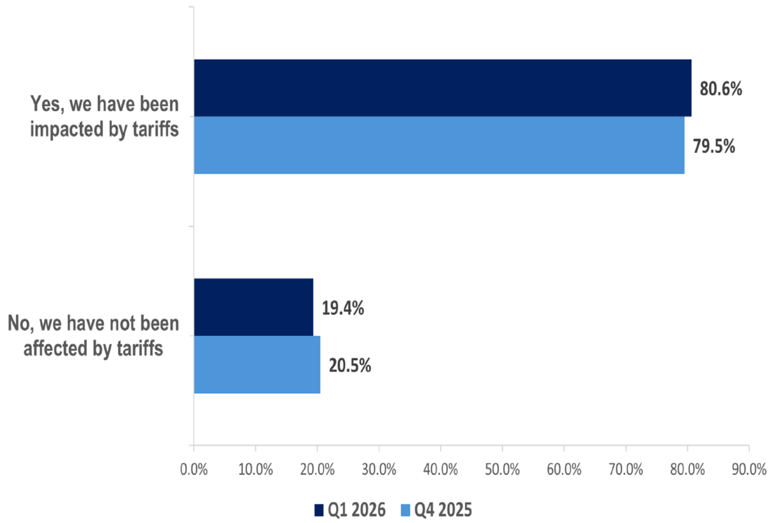
Q2 2025	Q3 2025	Q4 2025	Q1 2026
41.4%	37.0%	27.7%	35.5%

- 35.5% of members reported experiencing supply chain disruptions in Q1 2026, up 7.8 percentage points from Q4 2025.
- Members should remain attentive to material availability, broader economic uncertainty, and evolving global conditions, as these factors may continue to contribute to supply chain instability and impact operations in the months ahead.

TARIFF IMPACTS - SELECT INSIGHTS FROM PMMI'S QUICKIE SURVEY

Given the current economic climate, a few tariff-related questions were included in PMMI's How's Business Survey. Below are select findings. For more detailed insights, PMMI members can access the full "2026 Q1 QS Tariffs Report" at pmmi.org.

Have you been impacted by any of the recently imposed tariffs?

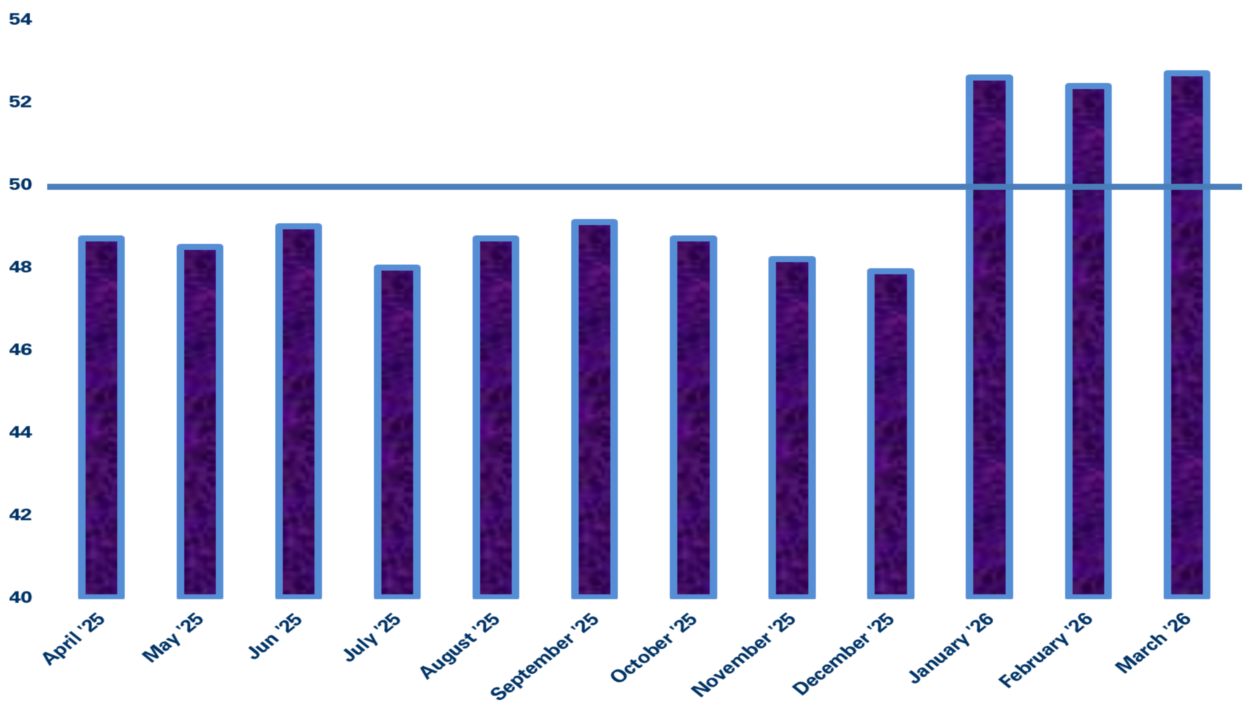


- 80.6% of PMMI members who participated in the "2026 Q1 Tariffs Quickie Survey (April 2026)"indicated they have been impacted by the recently imposed tariffs, a slight increase from 79.5% in Q4 2025.
- The top reported impacts include, 'increased cost of procurement for imported parts (87.8%)', 'price increases for domestic customers (65.3%)', and 'higher cost of domestic parts (53.1%).'
- For more insights —including what actions member companies are taking and current member outlook — refer to the full "2026 Q1 QS Tariffs Report."

THE STATE OF MANUFACTURING

ISM Report on Business (PMI) - Purchasing Managers Index

March 2026 PMI 52.7



- 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 52.7 percent in March, a 0.3-percentage point increase compared to the reading of 52.4 percent in February. The overall economy continued in expansion for the 17th month in a row.

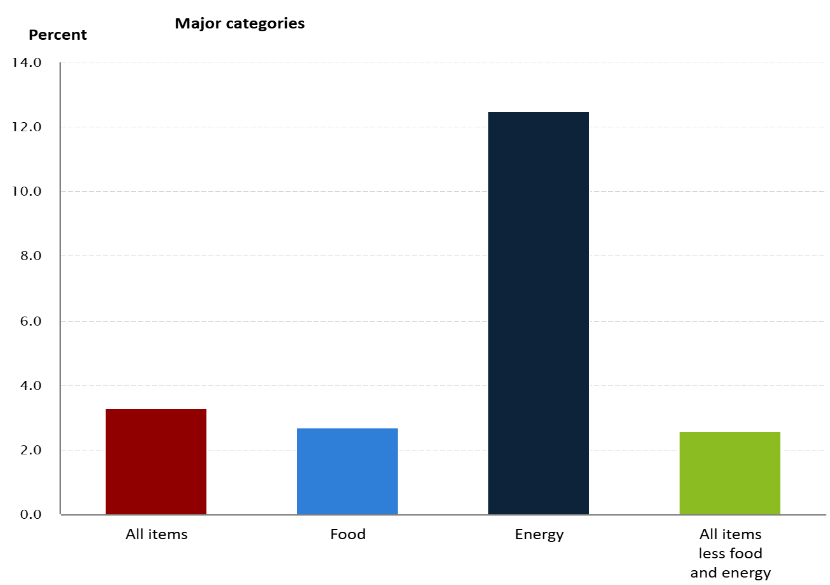
www.ismworld.org

Consumer Price Index

- CPI for all items rises 0.9% in March; gasoline up.
- In March, the Consumer Price Index for All Urban Consumers rose 0.9 percent, seasonally adjusted, and rose 3.3 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy increased 0.2 percent in March (SA); up 2.6 percent over the year (NSA).

www.bls.gov/cpi

12-month percentage change, CPI, selected categories, March 2026, not seasonally adjusted



3-Year U.S. Outlook

	Historical 12/12	Historical 12MMA	Current 12/12	2026	2027	2028	Highlights
US Industrial Production Index			1.2	1.5	-0.3	1.7	Production will rise a cumulative 2.8% by the end of 2028, fueled by rising nationalism and solid consumer financials.
US Private Sector Employment			0.4	0.5	1.4	1.6	Data and forecast revised. Employment will rise, but growth will be muted due to demographic headwinds.

	Historical 12/12	Historical 12MMT	Current 12/12	2026	2027	2028	Highlights
US Nondefense Capital Goods New Orders (excluding aircraft)			3.6	3.2	0.8	6.3	Equipment price increases are driving a slight outperformance in New Orders, but there is some volume growth as well.
US Total Retail Sales			3.7	4.8	3.0	5.4	Overall, consumers are well positioned to increase purchases, but Retail Sales rise will be relatively mild.
US Wholesale Trade of Durable Goods			6.2	4.6	0.9	3.8	Rising business spending and higher inflation support our forecast for Wholesale Trade rise, but slower growth is coming.
US Wholesale Trade of Nondurable Goods			3.4	3.3	2.6	6.3	Oil Price volatility poses a risk to the outlook, but economic fundamentals signal rise through 2028.

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

- US Private Sector Employment growth was revised down to 0.5% in 2025, reflecting very muted job gains. Job losses in manufacturing, warehousing, and business services were offset by gains inhealth care and education. The labor market remains tight due to demographic reasons. Retail sales are growing but modestly (around 3.7%), constrained by soft real income growth. Capital goods orders are outperforming expectations, signaling continued business investment. Capex growth is a mixture of higher volume and higher prices. Oil price volatility tied to geopolitical conflict could push up costs for fuel, fertilizer, and food in the near term. Overall economic activity is expanding across most sectors, but growth in 2026 is expected to remain mild to moderate.

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

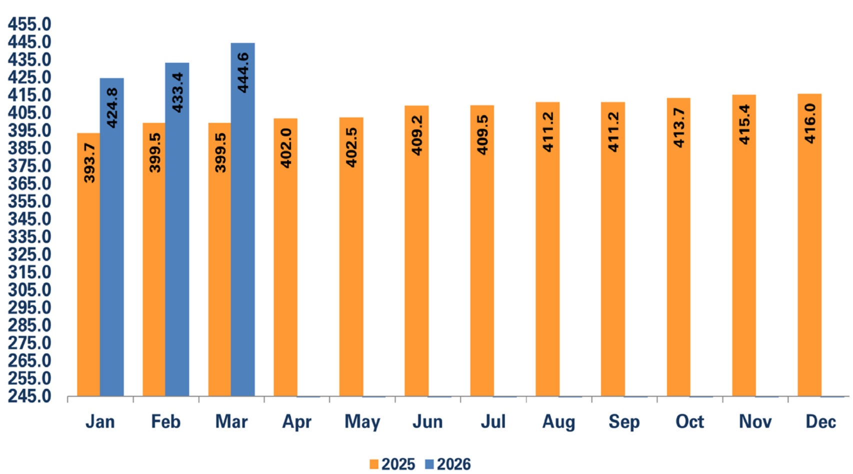
Producer Price Index

March 2026 PPI 444.6

- The Producer Price Index for final demand increased 0.5 percent in March, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Final demand prices moved up 0.5 percent in February and 0.6 percent in January.
- On an unadjusted basis, the index for final demand rose 4.0 percent for the 12 months ended in March, the largest 12-month advance since increasing 4.7 percent in February 2023.

www.bls.gov

Producer Price Index Commodity Code 11-67 Packaging Machinery



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