JULY 2026

How's Business

2ND QUARTER 2026

PMMI Business Intelligence

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2nd Quarter 2026
HOW'S BUSINESS

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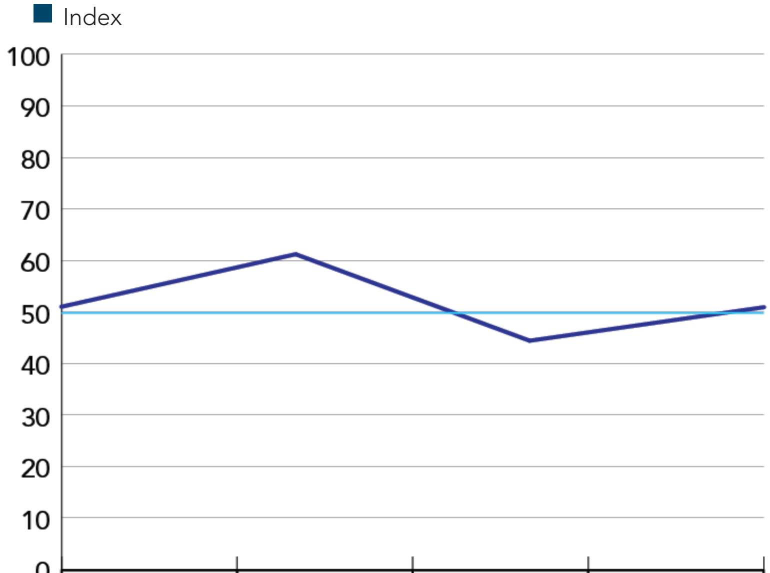
WHAT MEMBERS ARE SAYING - HOW'S BUSINESS

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.

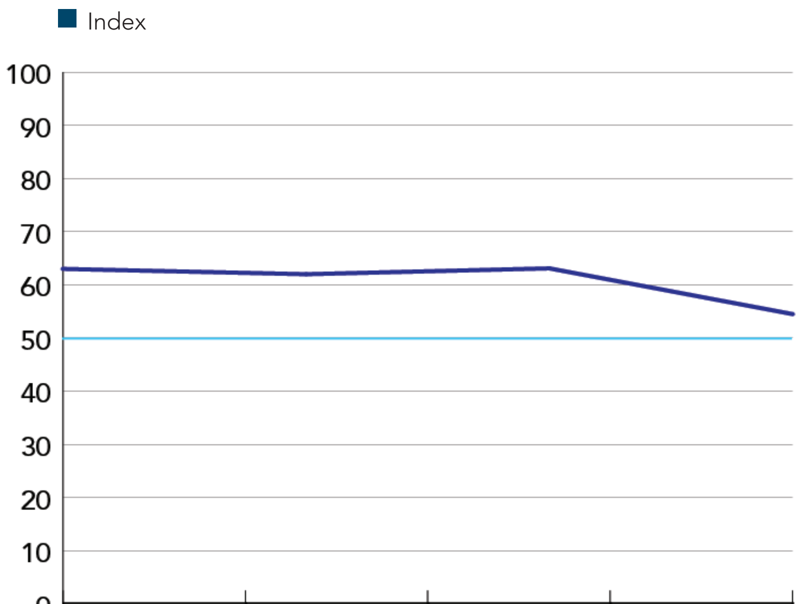
NEW ORDERS Q3 2025 TO Q2 2026



Q3 2025	Q4 2025	Q1 2026	Q2 2026
51.0	61.2	44.4	50.9

- The New Orders Index came in at 50.9 for Q2 2026, rising 6.5 points from Q1 2026 and moving back above the 50 midpoint.
- This marks a return to expansion following one quarter of contraction, though the index sits just barely above the midpoint, indicating only slight growth.
- Members should note the volatility in this index over the past year and continue to monitor broader economic uncertainty, tariff and trade developments, and material price fluctuations that could influence new order activity through the second half of 2026.

QUOTATIONS/PROPOSAL ACTIVITY Q3 2025 TO Q2 2026

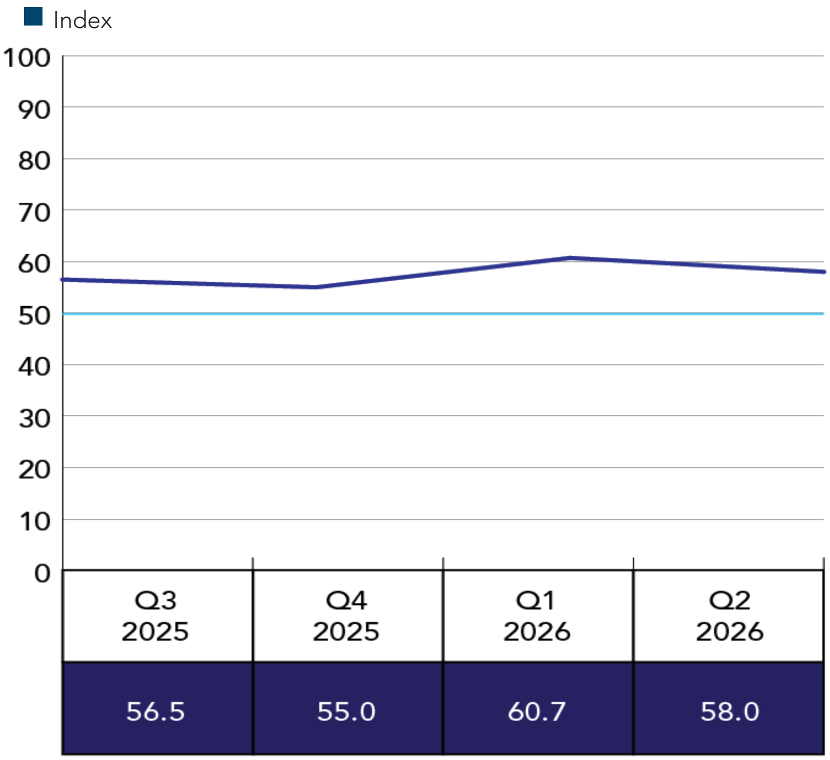


Q3 2025	Q4 2025	Q1 2026	Q2 2026
63.0	62.0	63.1	54.5

- The Quotations/Proposal Activity Index declined to 54.5 in Q2 2026, falling 8.6 points from 63.1 in Q1 2026.
- The index remains above the 50 midpoint, indicating that quoting and proposal activity continues to expand, but the decline in this recent quarter points to a loss of momentum.
- With quoting activity cooling, members should stay attentive to customer decision making timelines and external pressures that could further slow the conversion of quotes into orders in the months ahead.

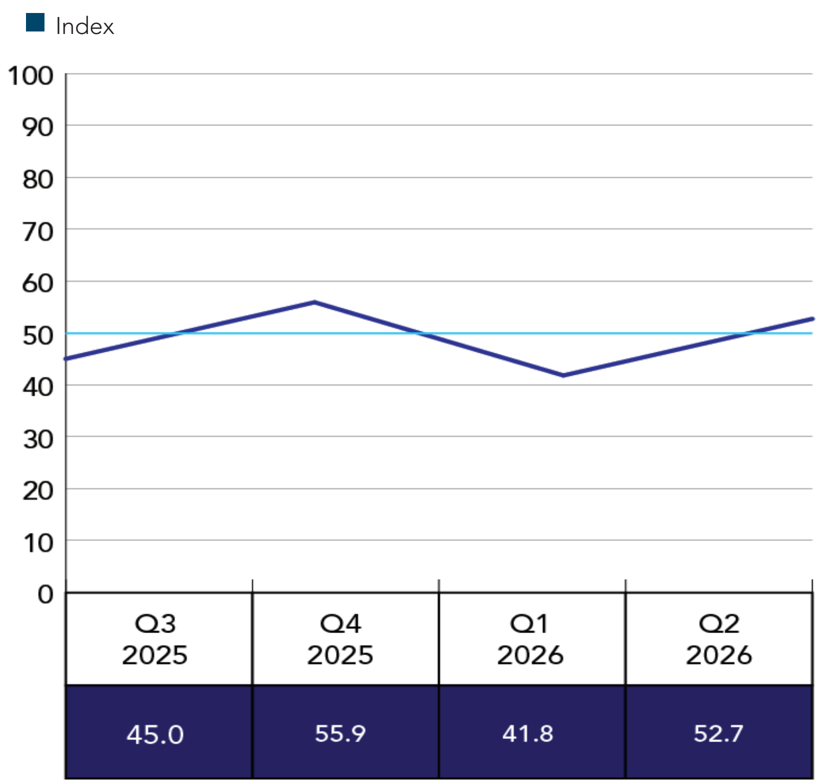
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

LATE PAYMENTS Q3 2025 TO Q2 2026



- The Late Payments Index eased to 58.0 in Q2 2026, down 2.7 points from 60.7 in Q1 2026.
- Despite the decline, the index remains well above the midpoint, indicating that late payments continue to be more common than desired.

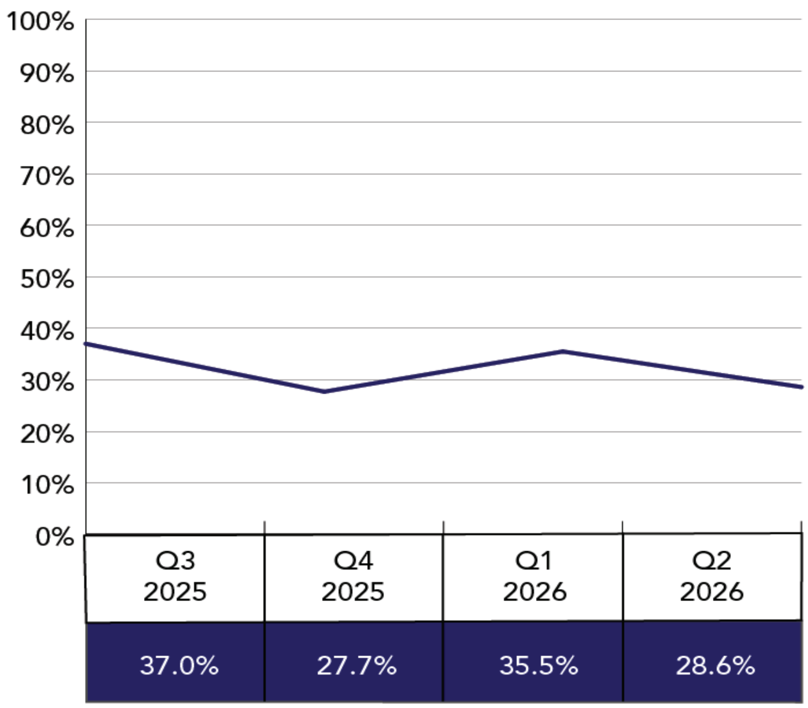
BACKLOG Q3 2025 TO Q2 2026



- The Backlog Index increased to 52.7 in Q2 2026, up 10.9 points from Q1 2026.
- This returns the index to expansion territory after one quarter of contraction.
- With both new orders and backlog moving back above the midpoint, conditions have improved from last quarter's decline. However, members should continue to monitor whether this improvement develops into sustained demand growth.

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

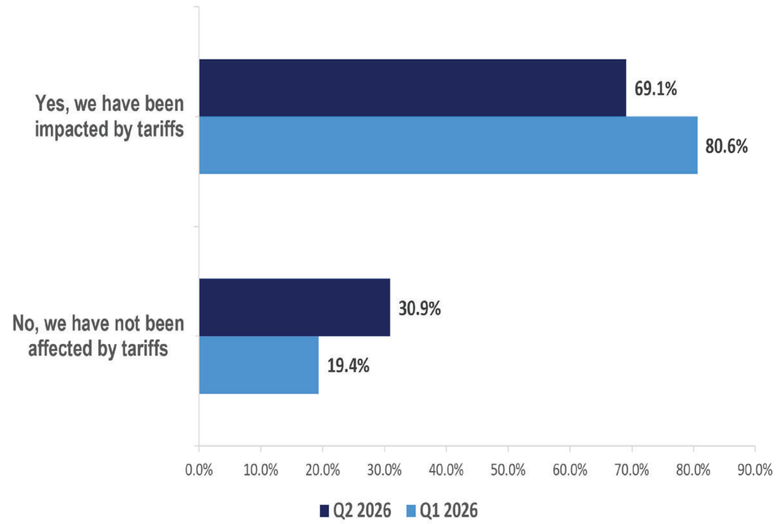


- 28.6% of members reported experiencing supply chain disruptions in Q2 2026, down 6.9 percentage points from Q1 2026.
- This should be viewed as a positive development, as fewer members are reporting disruption impacts compared with the previous quarter.
- Disruption levels still remain above the 17.0% low recorded in Q4 2024, and members should continue to monitor evolving global trade conditions that could impact the supply chain.

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 Q2 QS Tariffs Report" at pmmi.org.

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

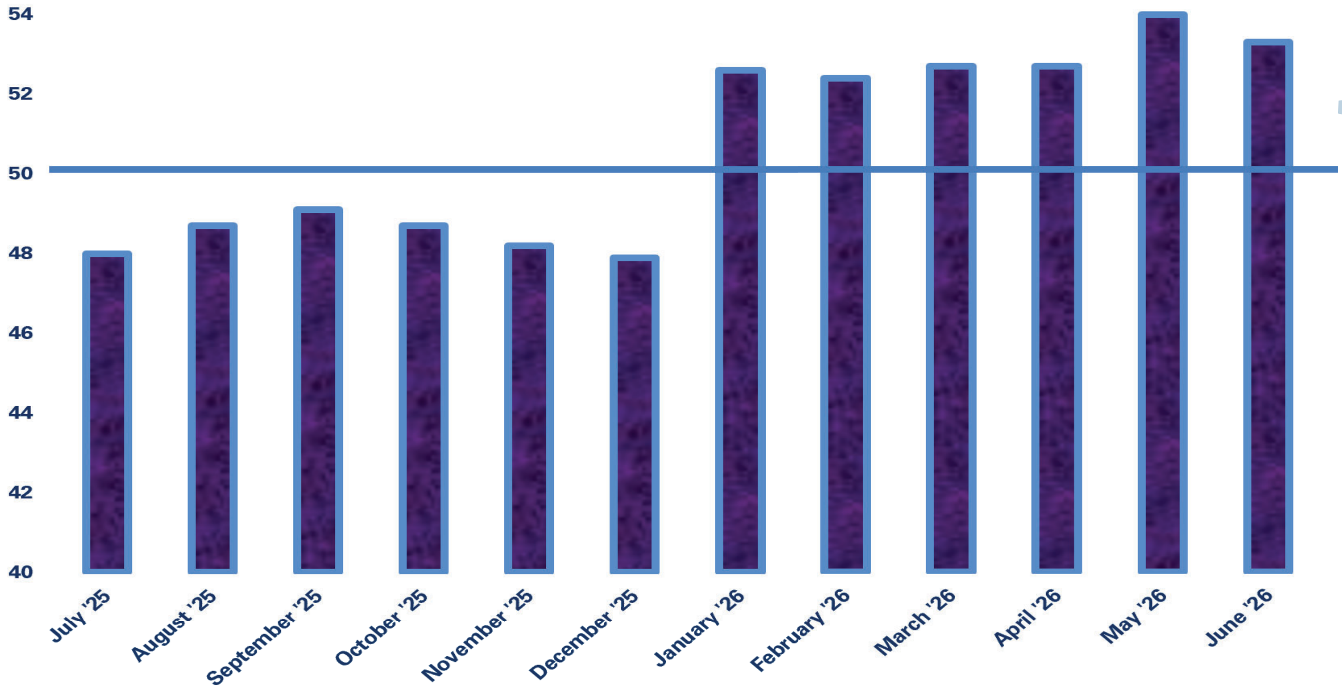


- 69.1% of PMMI members who participated in the "2026 Q2 Tariffs Quickie Survey (July 2026)" indicated they have been impacted by the recently imposed tariffs, down from 80.6% in Q1 2026.
- This 11.5 percentage point decline is the lowest share reported since the question was first asked in Q2 2025, suggesting that fewer member companies are feeling direct tariff effects than at any point in the past year.
- For more insights —including what actions member companies are taking and current member outlook — refer to the full "2026 Q2 QS Tariffs Report."

THE STATE OF MANUFACTURING

ISM Report on Business (PMI) - Purchasing Managers Index

June 2026 PMI 53.3



- 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 53.3 percent in June, 0.7 percentage point lower than in May. The overall economy continued in expansion for the 20th month in a row.

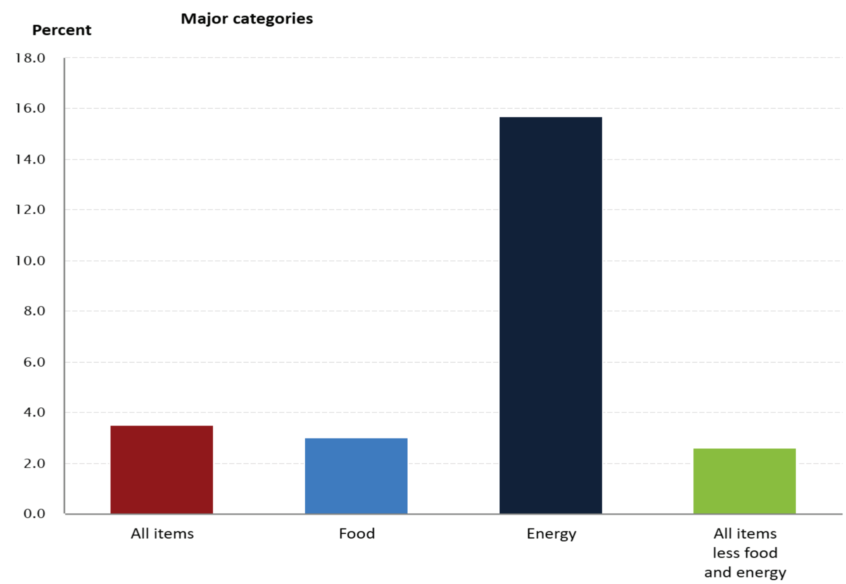
www.ismworld.org

Consumer Price Index

- CPI for all items falls 0.4% in June; gasoline down.
- In June, the Consumer Price Index for All Urban Consumers fell 0.4 percent, seasonally adjusted, and rose 3.5 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy was unchanged in June (SA); up 2.6 percent over the year (NSA).

www.bls.gov/cpi

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



3-Year U.S. Outlook

	Historical 3/12	Historical 3MMA	Current 3/12	2026	2027	2028	Highlights
US Real Gross Domestic Product			2.7	2.1	2.1	2.5	GDP rose in Q1 largely due to services, investment, and government spending. Consumer goods spending was weak.

	Historical 12/12	Historical 12MMA	Current 12/12	2026	2027	2028	Highlights
US Industrial Production Index			1.2	1.5	-0.3	1.7	The 12MMA will generally rise through 2028. The PMI signals rise ahead despite uncertainty, but growth is likely to be muted.
US Private Sector Employment			0.4	0.5	1.4	1.6	Green shoots are appearing for an upcoming transition to Phase B, Accelerating Growth, in Employment.

	Historical 12/12	Historical 12MMT	Current 12/12	2026	2027	2028	Highlights
US Nondefense Capital Goods New Orders (excluding aircraft)			6.4	6.2	0.5	4.7	Business confidence has risen despite geopolitical uncertainty and cost pressures. Expect 12MMT rise through 2026.
US Total Retail Sales			4.0	4.8	3.0	5.4	Retail Sales will rise through at least 2028, but a bifurcated consumer base means that not all businesses will benefit.
US Wholesale Trade of Durable Goods			8.6	10.3	1.4	4.4	Relatively high sales to inventory ratios are a positive sign for near-term Wholesale Trade activity.
US Wholesale Trade of Nondurable Goods			5.5	5.0	1.6	5.4	Expect pricing will account for a larger share of top-line growth.

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

- The US economy remains in a cyclical expansion; however, volume growth is modest while dollar-based growth is strengthened by inflation. Uneven performance continues for consumers and industrial markets, with technology-related sectors outperforming. Inflation is squeezing lower- and middle-income consumers, while higher-income households remain relatively resilient. Overall Retail Sales are steadily rising. Growth should continue through the rest of this year before moderating in 2027. Volumes could be weaker in 2027. Businesses should prioritize efficiency and align inventory, hiring, and investment decisions with their specific end-market outlook.

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

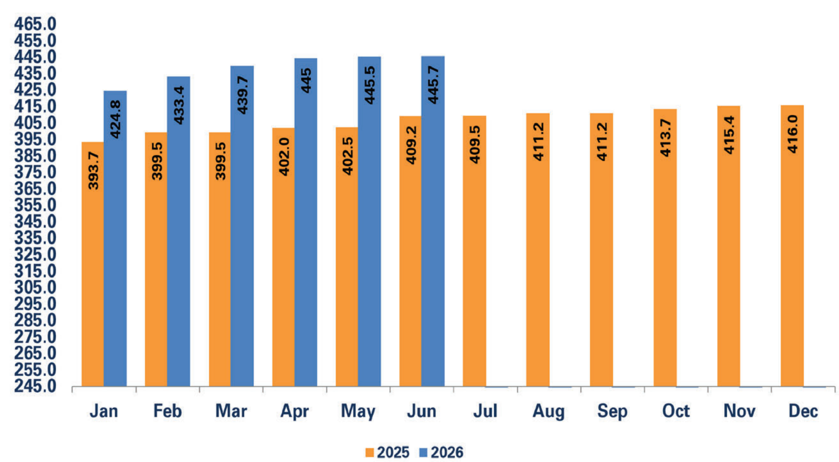
Producer Price Index

June 2026 PPI 445.7

- The Producer Price Index for final demand fell 0.3 percent in June, seasonally adjusted, the U.S. Bureau of Labor Statistics reported. Final demand prices advanced 0.6 percent in May and 1.1 percent in April.
- On an unadjusted basis, the index for final demand increased 5.5 percent for the 12 months ended in June.

www.bls.gov

Producer Price Index Commodity Code 11-67 Packaging Machinery



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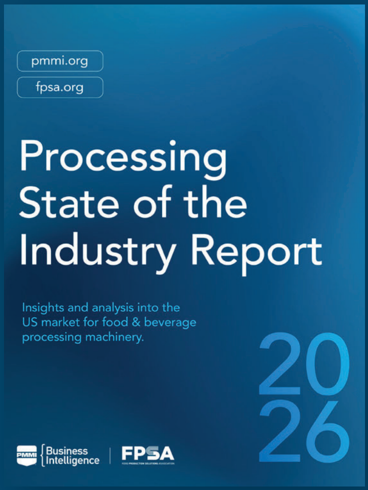

2026 Processing State of the Industry

2026-2027 Economic Outlook

State of the Industry 2025 - Forecast update

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