

# United States

## Flash US PMI signals strong start to the fourth quarter

October's flash US PMI data point to sustained strong economic growth at the start of the fourth quarter, with business activity picking up momentum across both manufacturing and services, despite some reports of businesses being adversely impacted by the government shutdown.

However, business confidence in the outlook for the coming year has deteriorated further to reach one of the lowest levels seen over the past three years, as companies worry about the impact of policies, most notably tariffs. Companies are also concerned over disappointing export sales, especially in manufacturing, and factories are seeing an unprecedented rise in unsold stock. Having bought excess inputs earlier in the year to front-run tariffs, producers are making more goods to use up these inputs but are often struggling to sell the end product to customers.

Hence, although input costs continued to rise sharply again in October, principally reflecting the pass-through of tariffs, average selling price inflation has cooled to the lowest since April as firms compete on price to win sales.

### Robust growth momentum sustained

Faster economic growth was signalled in October as the headline S&P Global US PMI Composite Output Index rose from 53.9 in September to 54.8 in October, according to the 'flash' reading (based on about 85% of usual survey responses). The latest reading is the highest since July, and among the highest recorded over the past three-and-a-half years. Output has now risen continually for 33 months.

The survey data are consistent with the economy expanding at a 2.5% annualized rate in October after a similar rise was signalled for the third quarter.

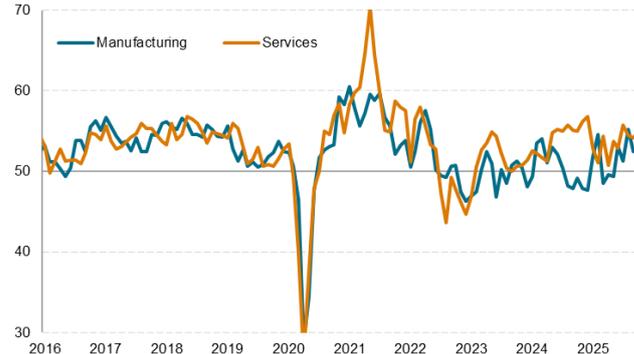
US quarterly GDP growth and the PMI



Data compiled October 24, 2025.  
\* PMI covers manufacturing only prior to 2009 but manufacturing & services thereafter.  
Sources: S&P Global PMI, S&P Global Market Intelligence, BEA.  
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The service sector continued to report especially robust growth, posting the fastest expansion since July and the second-strongest increase so far this year. Inflows of new orders for services likewise improved, rising at the steepest rate seen in 2025 to date. While service providers reported signs of improving domestic demand, albeit subdued in some companies by disruptions caused by the government shutdown, exports of services fell back into decline after modest growth in September.

US PMI output by sector

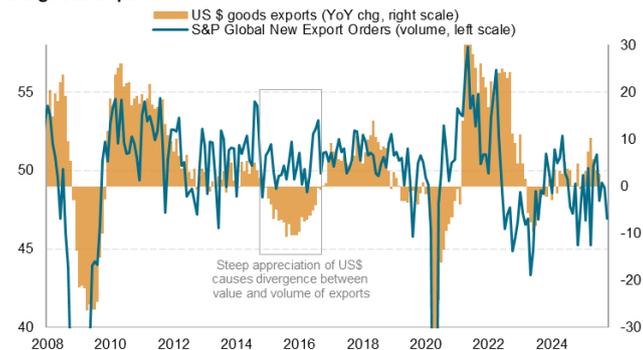


Data compiled October 24, 2025.  
PMI (Purchasing Managers' Index) 50 = no change on prior month.  
Source: S&P Global PMI.  
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Higher output was also reported in the manufacturing sector, where production volumes rose for a fifth consecutive month. The expansion of factory output was

the largest since August, and the second-largest since February, buoyed by the sharpest influx of new orders for just over one-and-a-half years. However, the upturn in orders was driven by the domestic market, as export orders for manufactured goods fell sharply, dropping at the steepest rate since February. Companies reported falling sales to markets including China and Europe, often blamed on tariff policies.

### US goods exports

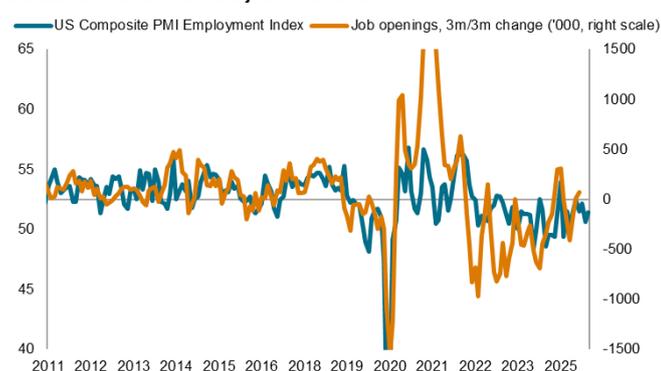


Data compiled October 24, 2025.  
 PMI (Purchasing Managers' Index), 50 = no change on prior month. All data seasonally adjusted.  
 Sources: S&P Global PMI, US Commerce Dept. via S&P Global Market Intelligence.  
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## Sluggish hiring trend

Employment rose for the tenth time in the past 11 months, but although the rate of job creation improved on September's recent low and was broadly in line with the average for the year to date, the data are consistent with a sluggish hiring trend and falling job openings.

### US labour market: PMI and job vacancies



As of October 24, 2025.  
 PMI 50 = no change on prior month.  
 Source: S&P Global PMI, Bureau of Labor Statistics JOLTS report.  
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An upturn in service sector job creation, albeit remaining only modest, was accompanied by a slowing of job gains in manufacturing. In both cases, employment growth was curtailed by a lack of suitable candidates to replace leavers but also reflected concerns over staffing needs given current sales levels and uncertainty over the demand outlook. Manufacturers reported the steepest drop in backlogs of work recorded so far this year, hinting at

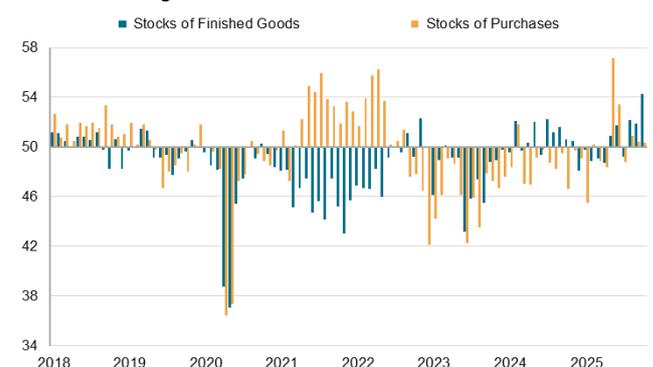
excess production capacity, and in the service sector backlogs of work rose at the slowest rate for six months.

## Steep rise in unsold stock

With backlogs of work falling, manufacturers reduced their input buying in October, though some factories continued to accumulate inventories to avoid potential price rises linked to future tariffs. Inventories of purchases rose only marginally as a result, increasing at a much-reduced rate compared to the strong tariff-related stock build of inputs reported earlier in the year.

Inventories of inputs were also again used to produce more finished goods stock, which rose at an unprecedented rate in the survey's 18-year history during October, rising for the fifth time in the past six months.

### US manufacturing PMI inventories

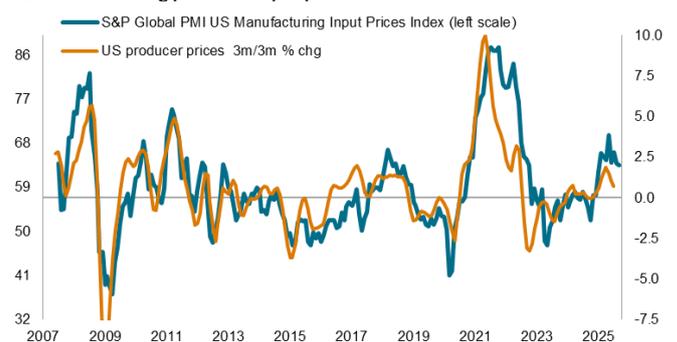


Data compiled October 24, 2025.  
 PMI (Purchasing Managers' Index) 50 = no change on prior month  
 Source: S&P Global PMI, S&P Global Market Intelligence.  
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## Tariffs drive costs higher...

Input cost inflation remained elevated in October, running below the highs seen earlier in the year but picking up slightly since September. Despite being the lowest since February, manufacturing input price inflation remained especially high, once again widely attributed to tariffs.

### US manufacturing producer input prices



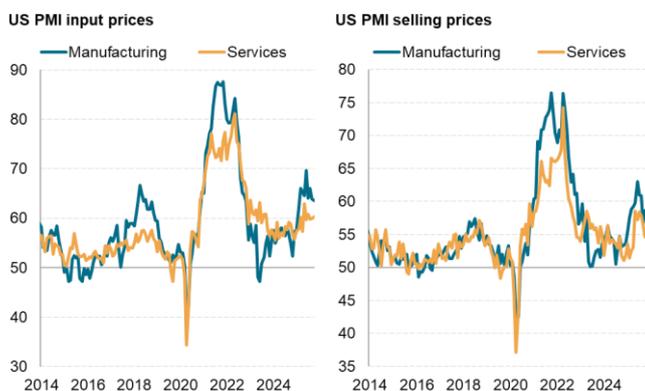
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Service sector cost inflation meanwhile rose to the highest for three months, registering one of the steepest increases seen over the past two years. Higher wage costs reportedly often added to the inflationary impact of tariffs on purchased input costs.

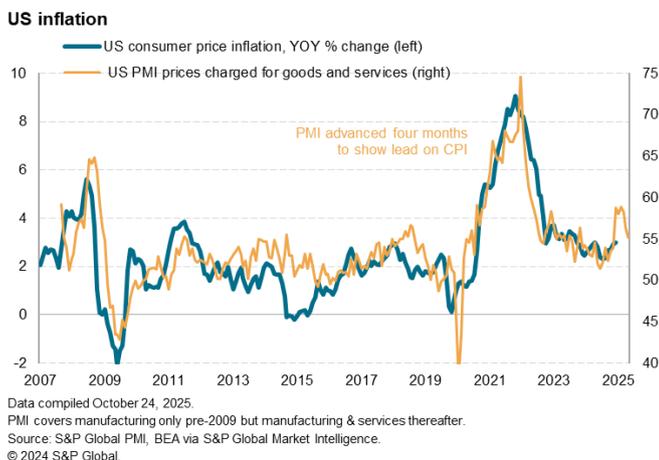
## ... but margin squeeze helps soften inflation impact

Although overall input cost inflation accelerated slightly in October, average prices charged for goods and services rose at the slowest rate since April. Firms across both manufacturing and services often reported difficulties passing the higher costs on to customers in the face of subdued demand and intense competition.

In terms of prices charged, while service sector inflation eased especially sharply, to its lowest since April, goods price inflation accelerated since September but was still below rates recorded in the preceding six months.



The release of the PMI data followed the updating of consumer price inflation for September, which showed prices rising 3.0% on a year ago, up from 2.9% in August.

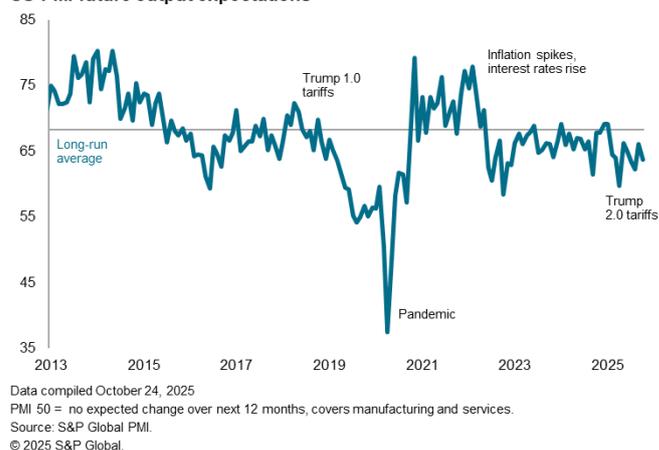


## Optimism fades

Looking ahead, companies' expectations about output in the year ahead fell from September's four-month high, dropping to one of the lowest readings seen over the past three years. Manufacturing optimism sank to the second-lowest since June of last year, with only April having witnessed lower business sentiment. Service sector optimism also deteriorated and remained well below the survey's long-run average.

Outlook concerns again centered on the detrimental impact of government policies, notably tariffs and the recent federal shutdown, and broader political uncertainty, though some manufacturers again often cited tariffs as a possible stimulus to domestic production. Both sectors also saw business growth expectations supported by lower interest rate policy.

### US PMI future output expectations



Access the press release [here](#).

## Links to more resources

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- [PMI Frequently Asked Questions](#)
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