



HOW'S BUSINESS

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3rd QUARTER 2023

3rd Quarter 2023

HOW'S BUSINESS



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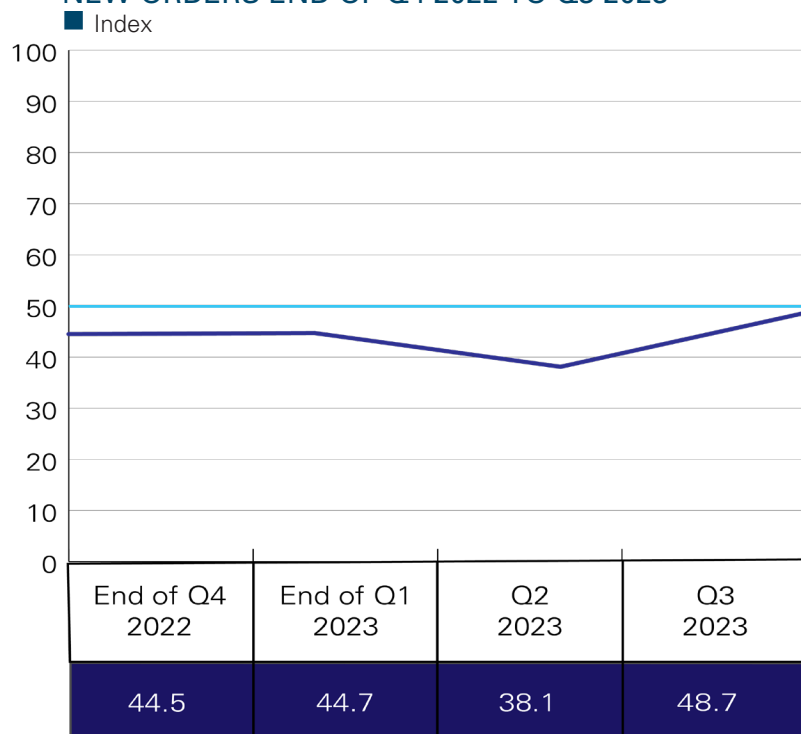
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WHAT MEMBERS ARE SAYING - HOW'S BUSINESS

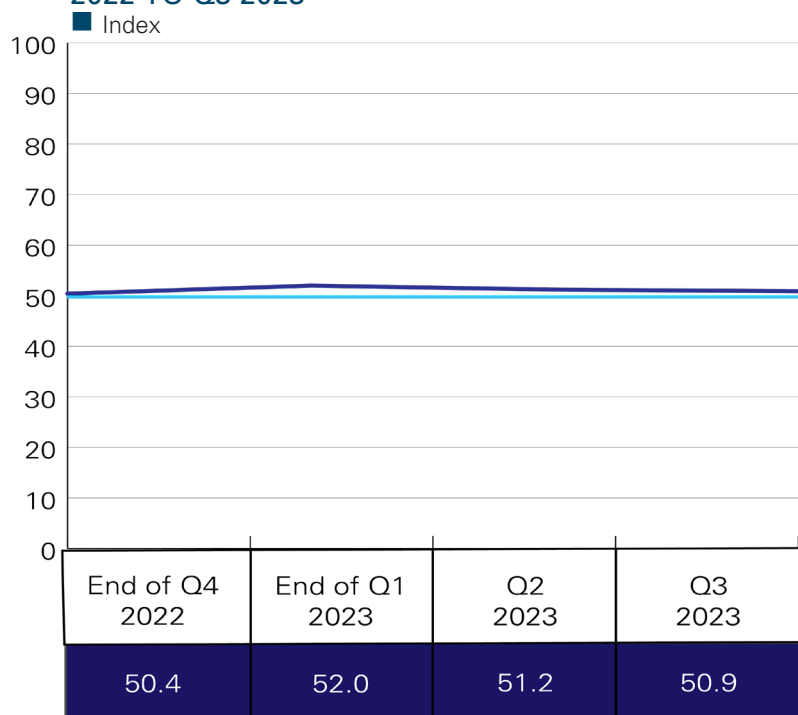
The following charts compare quarter-over-quarter activity in NEW ORDERS, QUOTATIONS/PROPOSAL ACTIVITY, LATE PAYMENTS, BACKLOG, and SUPPLY CHAIN DISRUPTIONS as reported by Members in PMMI's How's Business Survey.

NEW ORDERS END OF Q4 2022 TO Q3 2023



- New Orders data has stayed below the mid-point, which is an indication of contraction, from the end of Q4 2022 through Q3 2023.
- Data on New Orders has increased, rising 10.6 points since Q2 2023.

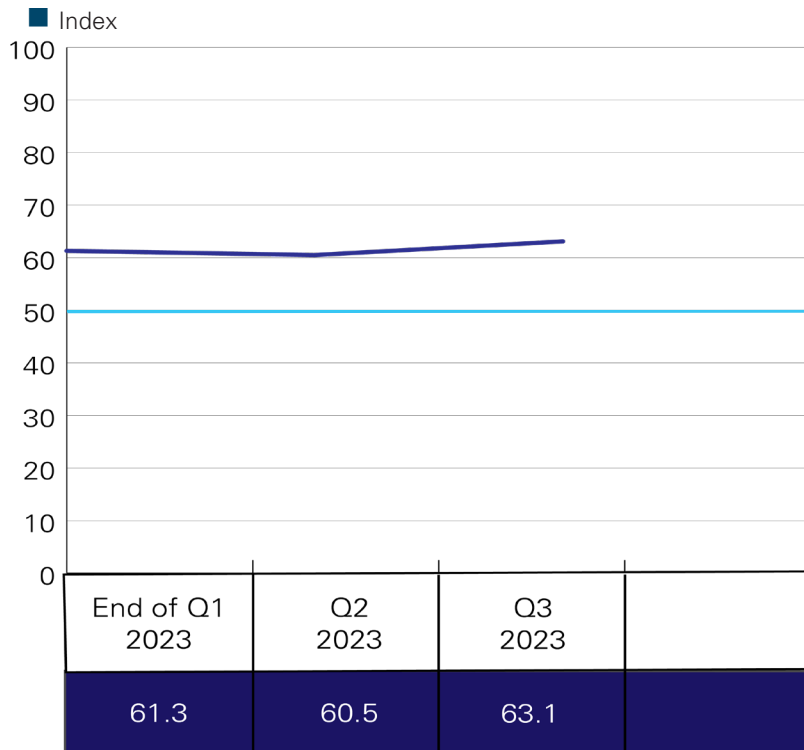
QUOTATIONS/PROPOSAL ACTIVITY END OF Q4 2022 TO Q3 2023



- Quotations/Proposal Activity has stayed slightly above the midpoint from the end of Q4 2022 through Q3 2023.
- Quotations/Proposal Activity decreased during Q3, dropping 0.3 points since Q2 2023.
- An index of 50.9 is still above the midpoint, indicating that Quotations and Proposals is expanding, which members should view as a positive.

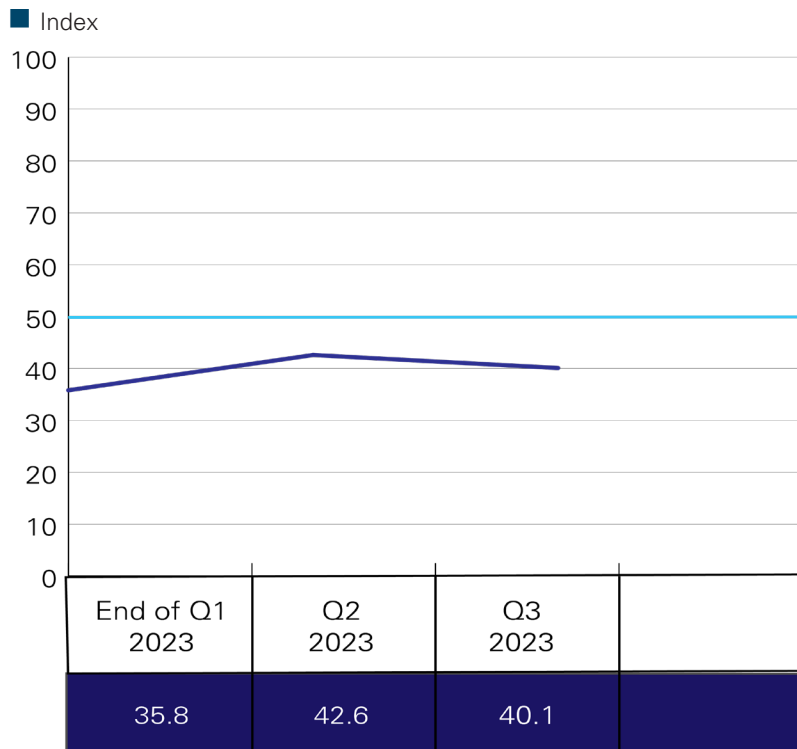
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

LATE PAYMENTS END OF Q4 2022 TO Q3 2023



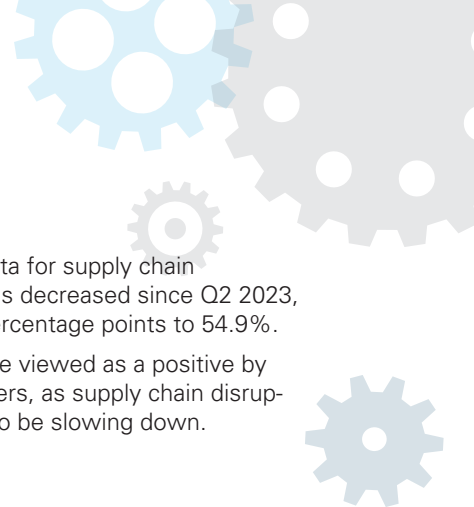
- Late Payments data collection started in February 2023. Data for this will be updated each quarter.
- Late Payments data has stayed above the midpoint, indicating expansion, from the end of Q1 2023 through Q3 2023.
- Data on Late Payments has increased 2.6 points since Q2 2023.

BACKLOG END OF Q4 2022 TO Q3 2023

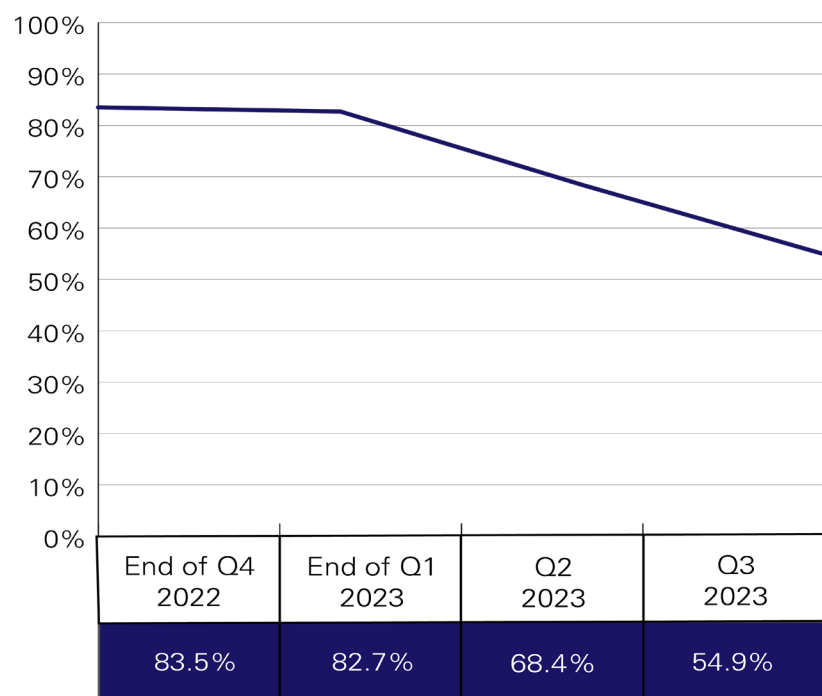


- Backlog data collection started in February 2023. Data for this will be updated each quarter.
- Backlog data has stayed below the midpoint, indicating contraction, from the end of Q1 2023 through Q3 2023.
- Data on Backlog has decreased 2.5 points since Q2 2023.

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 END OF Q4 2022 TO Q3 2023



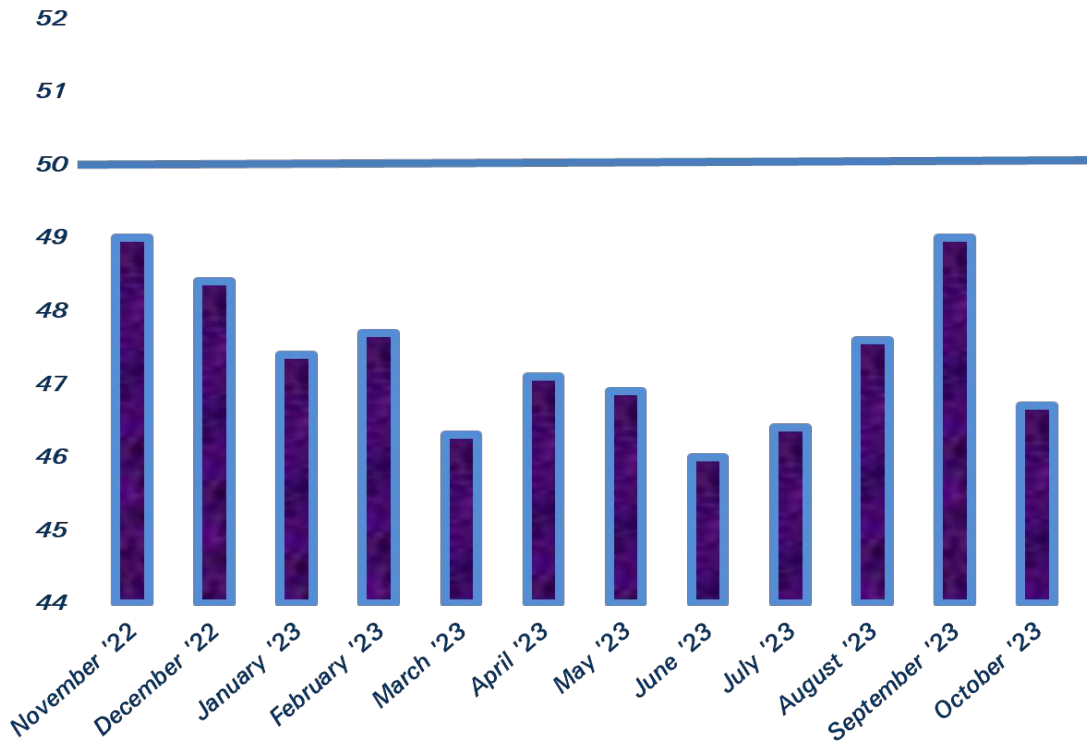
- Q3 2023's data for supply chain disruptions has decreased since Q2 2023, falling 13.5 percentage points to 54.9%.
- This should be viewed as a positive by PMMI members, as supply chain disruption appears to be slowing down.

THE STATE OF MANUFACTURING

► ISM Report on Business (PMI)

Purchasing Managers Index

October 2023 PMI 46.7



- 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 46.7 percent in October, 2.3 percentage points lower than the 49 percent recorded in September.

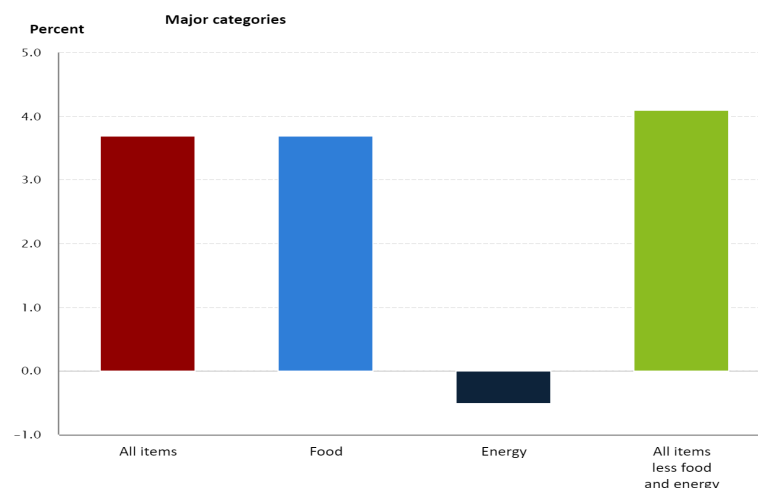
www.ism.ws/ISMReport/index.cfm

► Consumer Price Index

- CPI for all items rises 0.4% in September.
- In September, the Consumer Price Index for All Urban Consumers increased 0.4 percent, seasonally adjusted, and rose 3.7 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy increased 0.3 percent in September (SA); up 4.1 percent over the year (NSA).

www.bls.gov/cpi

12-month percentage change, Consumer Price Index, selected categories, September 2023, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.

3-YEAR U.S. OUTLOOK

	12/12	12MMT/A	Current 12/12	2023	2024	2025	Highlights
US Industrial Production			1.1	0.2	-3.6	2.0	A 12/12 low around year-end 2024 remains probable, but there is potential for the low to slide into early 2025.
US Nondefense Capital Goods New Orders			2.6	0.3	-3.3	3.8	New Orders are expected to peak imminently. Subsequent decline will extend into around the end of 2024.
US Private Sector Employment			3.1	2.4	-0.3	-0.7	Wage growth is slowing as inflation moves lower and the economy softens, but it is still elevated.
US Total Retail Sales			4.5	2.1	-0.7	4.4	Cumulative inflation and high interest rates are impacting consumers. The effects will linger into 2024, resulting in Retail Sales decline.
US Wholesale Trade of Durable Goods			1.9	-1.3	-2.7	3.2	We downgraded the forecast; the 12MMT will decline through 2024. Anticipate 12MMT rise in 2025.
US Wholesale Trade of Nondurable Goods			2.8	-3.2	-2.2	5.0	We downgraded the forecast; the 12MMT will decline into late 2024 and rise in 2025.

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

- We lowered our outlooks for US Wholesale Trade of Durable Goods and US Wholesale Trade of Nondurable Goods by 3%–5% for each of the next three year-ends. The revision accounts for underperformance relative to our prior outlooks, our latest pricing expectations, and leading indicator evidence. The Wholesale Trade 12MMTs will decline into the end of 2024, then rise in 2025.
- Declining corporate profits, elevated interest rates, and weakening consumer finances signal further downside pressure on the economy is likely, corroborating our expectations for decline in 2024 for all series in this module, with most commencing decline in the near term. US Private Sector Employment, which lags the other series in this module, will begin declining slightly later, around mid-2024.
- Interest rate trends and the Federal Reserve's policy messaging indicate that the US Treasury yield curve could remain inverted into 2024. This poses a risk that the anticipated 12/12 low for Industrial Production and the markets that trend closely with it could slide into early 2025. However, moderate rise will characterize the majority of 2025 for Industrial Production and closely tied markets.

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

Producer Price Index September 2023 PPI 370.1

- The Producer Price Index for final demand increased 0.5 percent in September, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Final demand prices rose 0.7 percent in August and 0.6 percent in July.
- On an unadjusted basis, the index for final demand advanced 2.2 percent for the 12 months ended in September, the largest increase since moving up 2.3 percent for the 12 months ended in April.

www.bls.gov

Producer Price Index Commodity Code 11-67 Packaging Machinery

