News Release
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S&P Global US Manufacturing PMI®

US manufacturing sector growth accelerates in March, but inflation intensifies due to war in Middle East

March 2026

Higher production recorded amid upturn in overall sales

War in Middle East drives up inflation and adds to supply chain stress

Confidence in outlook little changed overall, but employment growth only fractional

US manufacturing performance improved in March, with growth solid and picking up since February amid better gains in both output and new orders.

However, with tariffs continuing to negatively impact new export sales, growth was principally driven by higher domestic demand.

Moreover, this in part reflected some client safety stock building due to the war in the Middle East, which drove up inflation and added to supply-chain stress. March's survey signaled notable accelerations in both input and output price inflation, whilst the time taken to deliver inputs to manufacturers deteriorated to the greatest degree since October 2022.

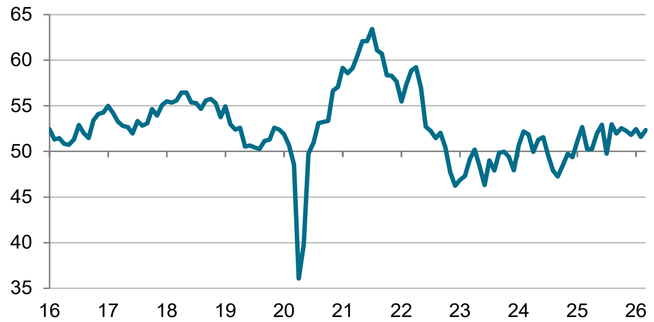
Meanwhile, confidence in the outlook softened fractionally, with firms noting worries over higher energy prices and tariffs. Employment numbers were little changed overall.

The headline index from the report, the seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®), recorded 52.3 in March. That was an improvement from 51.6 in February and indicative of a moderate rate of expansion. It was the eighth successive month that the PMI has posted above the critical 50.0 no-change mark.

Higher output and new orders helped to support the PMI in March. In both instances, growth rates were solid. Some firms reported an uplift in demand, linked in part to safety stock building and attempts to secure supply and prices following the outbreak of war in the Middle East. However, growth was mainly domestically driven. International sales continued to decline as tariffs and shipping challenges weighed on foreign demand.

Firms are hopeful that March's overall increase in sales will be sustained over the coming months, and with planned uplifts to capital expenditure and R&D also noted, confidence in the outlook remained positive overall. However, worries over energy prices and tariffs meant expectations softened slightly since February. More uncertainty in the outlook also meant some firms engaged

S&P Global US Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 12-26 March 2026.
Source: S&P Global PMI. ©2026 S&P Global.

Comment

Chris Williamson, Chief Business Economist at S&P Global Market Intelligence

"Faster growth of output in March points to encouraging resilience for US manufacturing in the face of the outbreak of war in the Middle East. Business confidence regarding output in the year ahead has also so far held up well. This sustained resilience in part reflects reduced concerns over government policies such as tariffs, but also indicates that producers anticipate only a short-term and modest impact from the war, which is clearly uncertain.

"It remains early days in terms of the impact of the conflict, and a sharp rise in prices and delivery delays has cast a cloud over the outlook, threatening to drive inflation higher, dampen demand and throttle supply chains. Factory input costs have already jumped higher on the back of surging oil prices and supplier delays have become more widespread than at any time since October 2022, linked to the war exacerbating existing shipping, haulage and port delays.

"Some manufacturers are hence reporting stock building as a precaution against future price rises or supply shortages, and hiring has almost stalled in order to reduce staffing costs, underscoring the growing concern about how the war might cause problems for factories in the coming weeks. If price pressures and supply delays persist, demand, employment and production capabilities will inevitably start to be more seriously affected."

in safety stock building, the net result being solid growth in buying activity. Purchasing overall rose to its joint-greatest degree since June 2025, although inventories of inputs were unchanged in March.

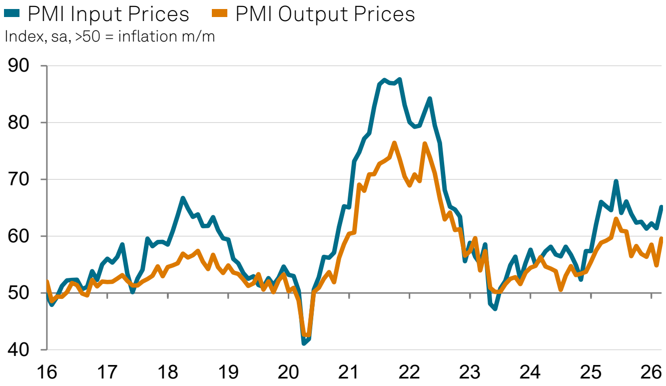
Firms were a little more cautious when it came to recruitment. Latest data showed that staffing levels were broadly unchanged. There were some reports of the non-replacement of leavers at plants.

Manufacturers sought to satisfy workloads directly out of stock wherever possible, as evidenced by a drop in inventories of finished goods for the first time in eight months. The rate of contraction was moderate and was in notable contrast to the record growth rates seen last fall.

Some manufacturers commented on the need to ship directly out of stock due to production delays arising from the slow delivery of inputs to manufacturers. Latest data showed that average vendor times deteriorated to the greatest degree in nearly three-and-a-half years as the war in the Middle East led to noticeable disruptions in transportation and exacerbated stock shortages at vendors.

The war in the Middle East also had a noticeable impact on prices during March, principally by raising global energy prices. Manufacturers added that fuel prices had increased, whilst tariffs also continued to push up costs (most notably for aluminum and steel). Overall input prices subsequently rose sharply, with inflation picking up to its highest level since last August.

Wherever possible, firms increased their own charges in response to greater input costs. Factory gate prices rose at a noticeably quicker rate in March, with inflation reaching its highest in seven months.



Source: S&P Global PMI. ©2026 S&P Global.

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Methodology

The S&P Global US Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 600 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in May 2007.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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PMI by S&P Global

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