



Written by [Bob Adelman](#) on October 1, 2024

## U.S. Manufacturing Shrinks for Sixth Month in a Row

In commenting on the Institute for Supply Management (ISM)'s latest report on the manufacturing sector of the U.S. economy, Timothy Fiore, the chairman of the committee responsible for the report issued on Tuesday, said it all:

U.S. manufacturing activity contracted again in September, and at the same rate compared to last month.

Demand continues to be weak, output declined....

New Orders Index remain[ed] in contraction territory....

New Export Orders Index contract[ed] at a faster rate....

Backlog of Orders Index stay[ed] in strong contraction territory....

Output (measured by the Production and Employment indexes) continued in contraction....

Employment shrunk at a faster rate.



yoh4nn/iStock/Getty Images Plus

### “Business Is Flat”

Business owners surveyed by the ISM were equally candid.

- “Business is flat. Waiting for interest rates to drop and the election outcome in November before we confirm our 2025 plans. Currently planning on a flat 2025.” (Furniture & Related Products)
- “Our sales continue to be flat. Our customers are telling us that although our products perform very well, they are forced to seek lower-cost components to maintain their sales.” (Textile Mills)
- “Sales have slowed this quarter compared to the same time period last year. Adjusting production accordingly.” (Miscellaneous Manufacturing)
- “Not adding new jobs. Automotive original equipment manufacturers (OEMs) are starting to slow or cancel orders. The pace is slowing.” (Primary Metals)

According to the ISM, the manufacturing sector of the U.S. economy has been slowing since October 2023, with 11 of the 12 monthly reports since then reflecting a stuttering economy. The only bright spot was in May when the purchasing managers' report briefly rose about the level indicating contraction.

### “Disappointing”

After reviewing today's report from the ISM, Moody's chief business economist, Chris Williamson,



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called the report “disappointing”:

The September PMI survey brings a whole slew of disappointing economic indicators regarding the health of the US economy. Factories reported the largest monthly drop in production for 15 months in response to a slump in new orders, in turn driving further reductions in employment and input buying as producers scaled back operating capacity.

The report comes as the U.S. economy faces additional challenges. Hurricane Helena, now ranked among the five worst hurricanes in U.S. history, wreaked more than \$110 billion of damage to the eastern United States. This is on top of Hurricanes Beryl and Debby earlier this year, which cost upwards of \$25 billion each.

And then there’s the union workers’ strike shutting down 36 U.S. ports, including New York-New Jersey and Houston-Galveston, and idling an estimated 50,000 workers. The risks to the retail goods supply chains could be massive, impacting Thanksgiving and Christmas holiday shopping. Higher wages demanded by the union will show up in higher prices at Walmart, Lowes, Home Depot, Ikea, and Amazon.

The U.S. Maritime Alliance offered the union an increase in wages of nearly 50 percent, would triple employer contributions to workers’ retirement plans, and increase healthcare options.

The union turned the offer down. The International Longshoremen’s Association is demanding a 77-percent increase in wages. Over the next six years, a worker’s wages would increase from the current \$81,120 a year to around \$143,520 a year.

There will be higher prices. And there could be shortages. So told Neil Saunders of Global Data in a message to the DailyMail. And the cost to the economy, according to Grace Zwemmer, an economist at Oxford Economics, could reach \$7 billion a week unless the strike is settled soon.

## **The Details**

September is the sixth straight month that the PMI (Purchasing Managers’ Index) was below 50, indicating a contracting economy;

Eight out of 13 industries reported slowing in September;

Index of new orders remained below 50 in September;

Its employment gauge fell in September as “firms are trying to right-size workforces to levels consistent with demand;” and

ISM’s factory index “has been in contraction territory for 22 of the past 23 months.”

## **Under Trump**

1. Paychecks grew faster than inflation;
2. Earnings for all workers were up 8.4 percent after inflation;
3. The stock market set new records, with the S&P 500 Index gaining 67.5 percent in four years;
4. Home ownership increased;
5. Carbon emissions from energy consumption decreased by 11.3 percent;
6. Handgun production rose 12.5 percent to the highest level since 1997; and
7. Trump added three justices to the Supreme Court, filled 30 percent of the appellate courts, and a quarter of District Court seats with Constitutional conservative justices.



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