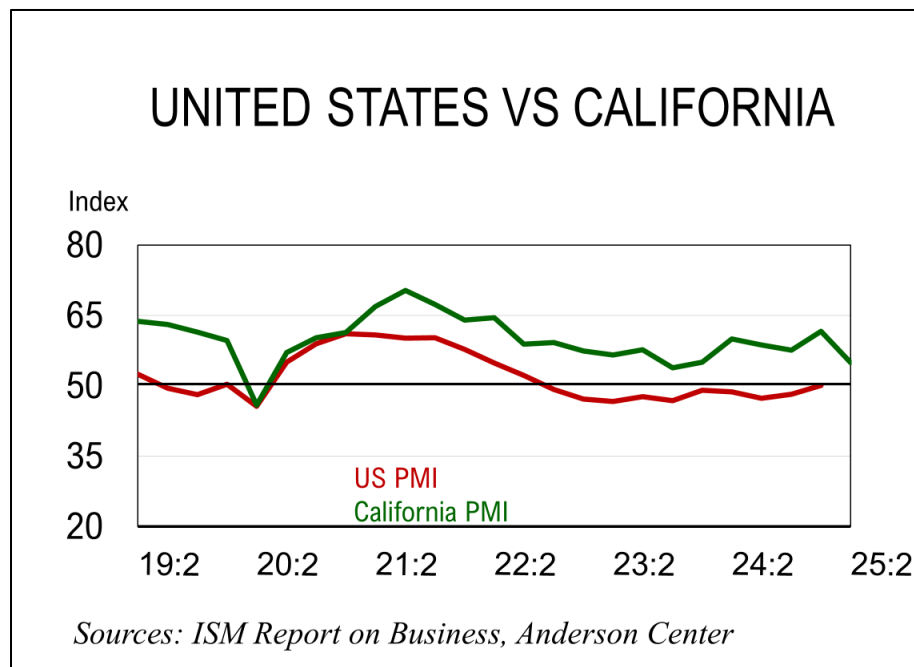


## Current Economic News

# National Purchasing Managers Index Declines

Chapman University produces the California Purchasing Manager's Index (PMI), but we also closely track the [Institute for Supply Management's](#) own index for the nation. We were unsurprised to find that it remained below 50% for the third month in a row in yesterday's release of the May data.

The US PMI came in at 48.5 in the month of May and was 48.7 in April. This means that the second quarter of 2025 will likely finish with a value under 50%, meaning that the United States manufacturing sector is contracting. The quarterly US PMI was under 50 for 2023 and 2024, and the slight rise in the beginning of 2025 to 50.1 was quickly reversed in these last few months.



The Anderson Center is in a unique position to examine these results, as our own PMI survey is forward looking; we predicted that a drop would come in the second quarter in our [April Press Release](#). California and the United States have both shown similar trends over

time, as the graph above demonstrates. Thus, the drop in the California PMI in 2025Q2 will likely be reflected in a similar drop in the United States PMI.

This drop in both indices is unsurprising. Tariffs and uncertainty have been a much bigger problem in the second quarter than they were in the first quarter. Manufacturing is one of the first places that this becomes obvious, as the cost of raw materials affects the producers immediately. Consumers may see these prices passed along as time passes.