



ISM—Twin Cities, Inc.

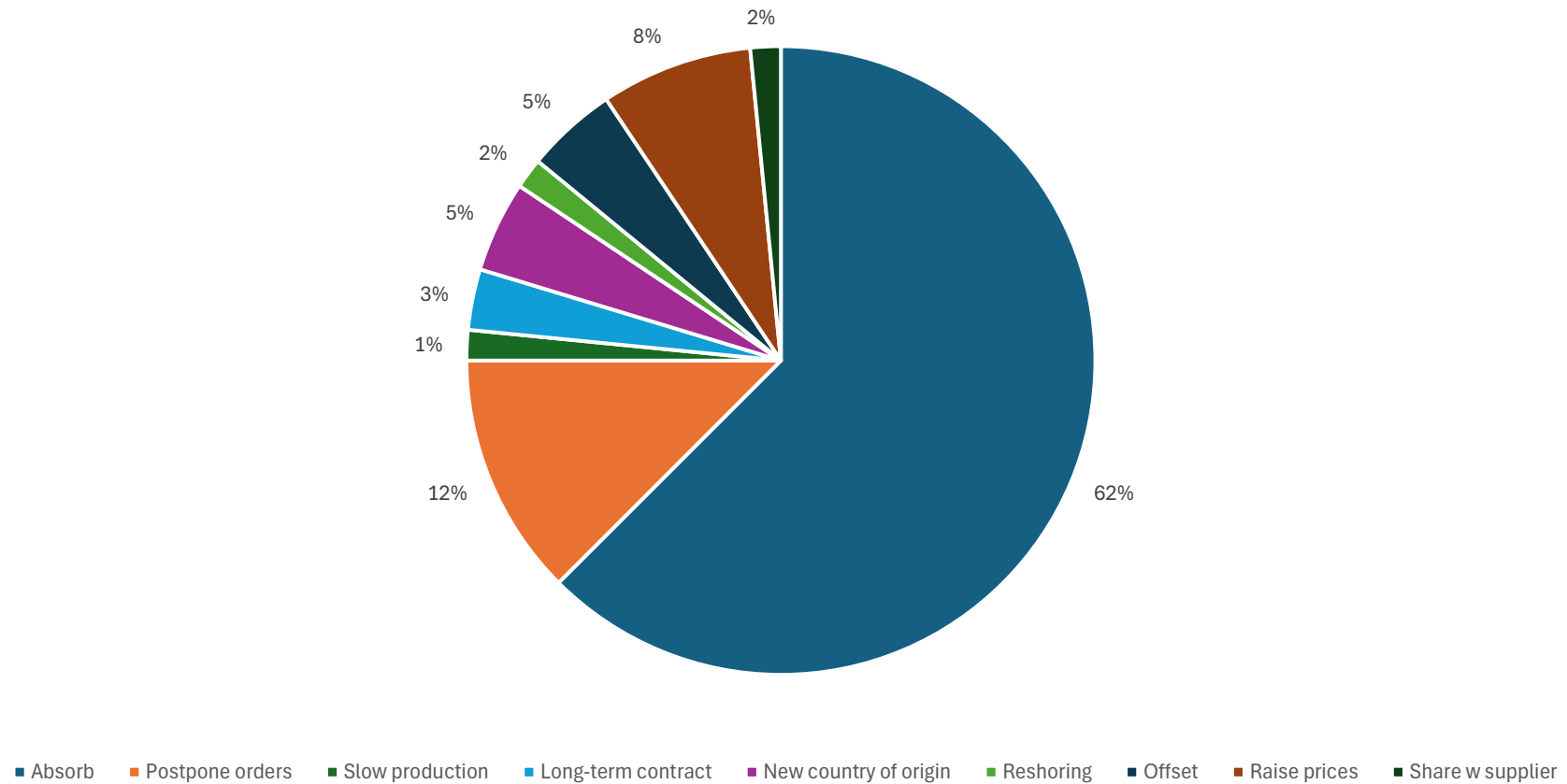
SOURCING LEADERSHIP IN A TURBULENT WORLD

Tom Derry,
CEO, Institute for Supply Management



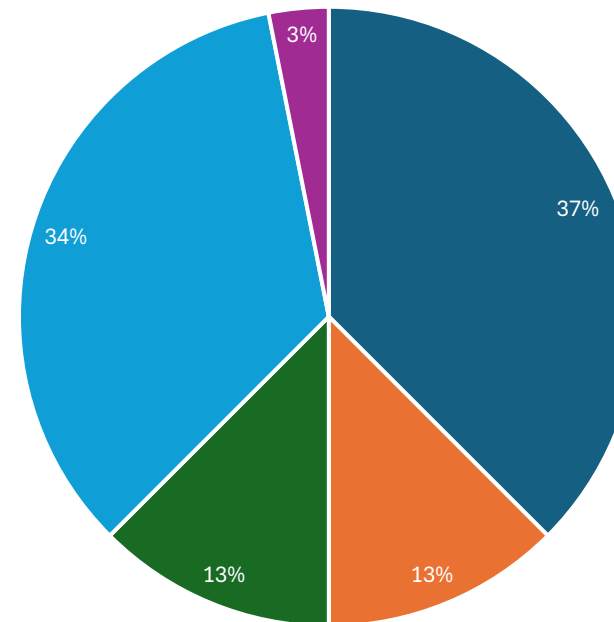
**Your Go-To Network for Sourcing and Supply Chain
Professionals in the Twin Cities**

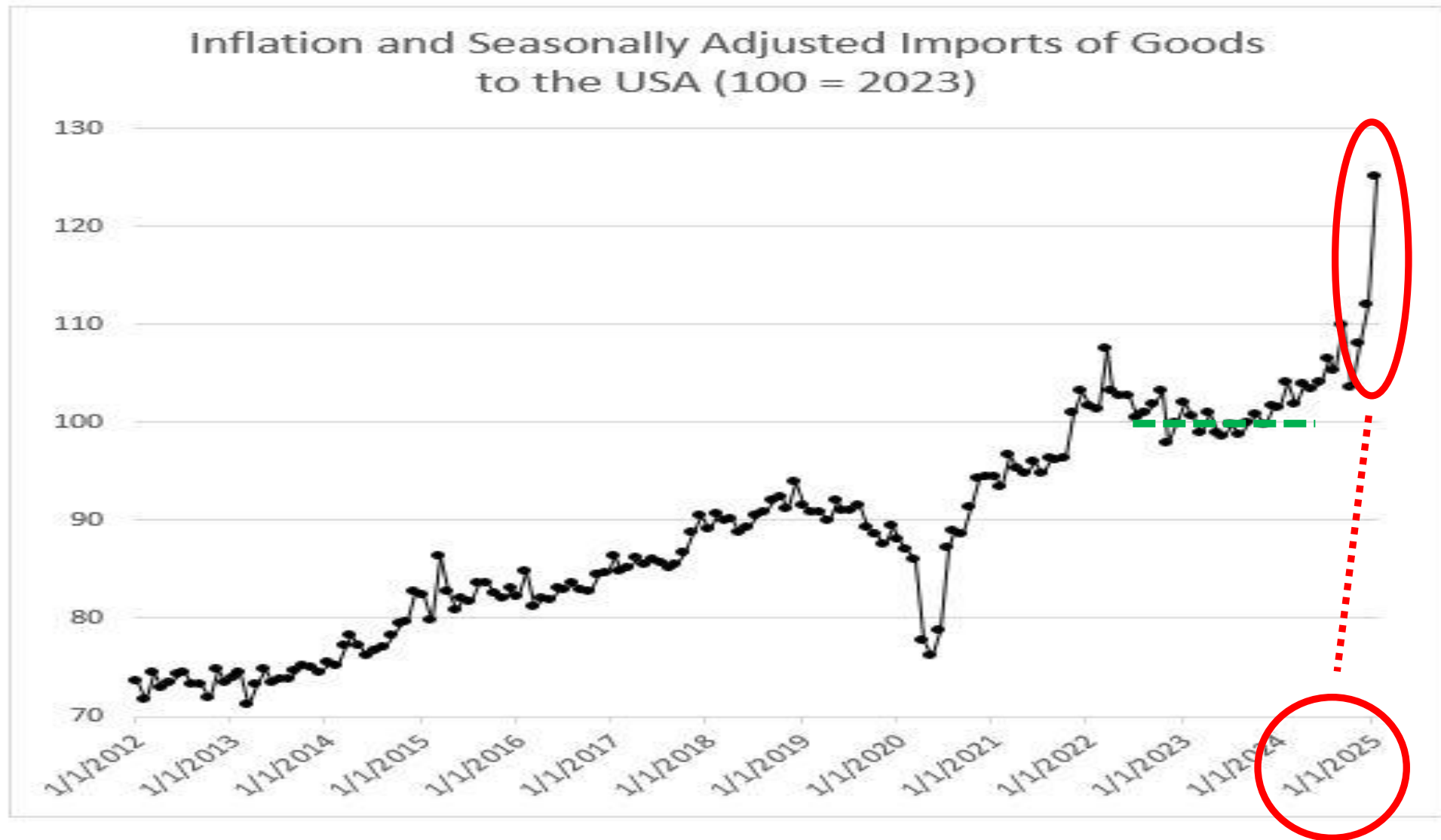
Tariff Mitigation Strategies



Tariff Mitigation Strategies

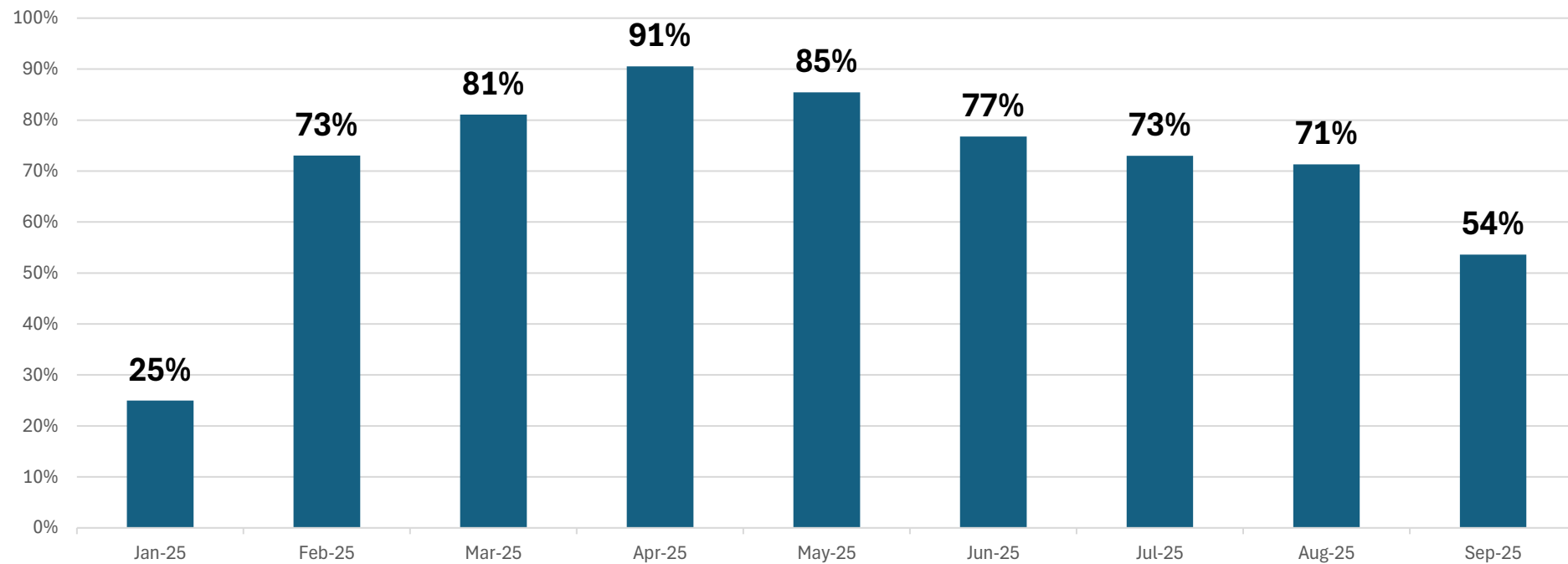
- Absorb
- Domestic reshoring
- New country of origin
- Raise prices
- Seek exemption



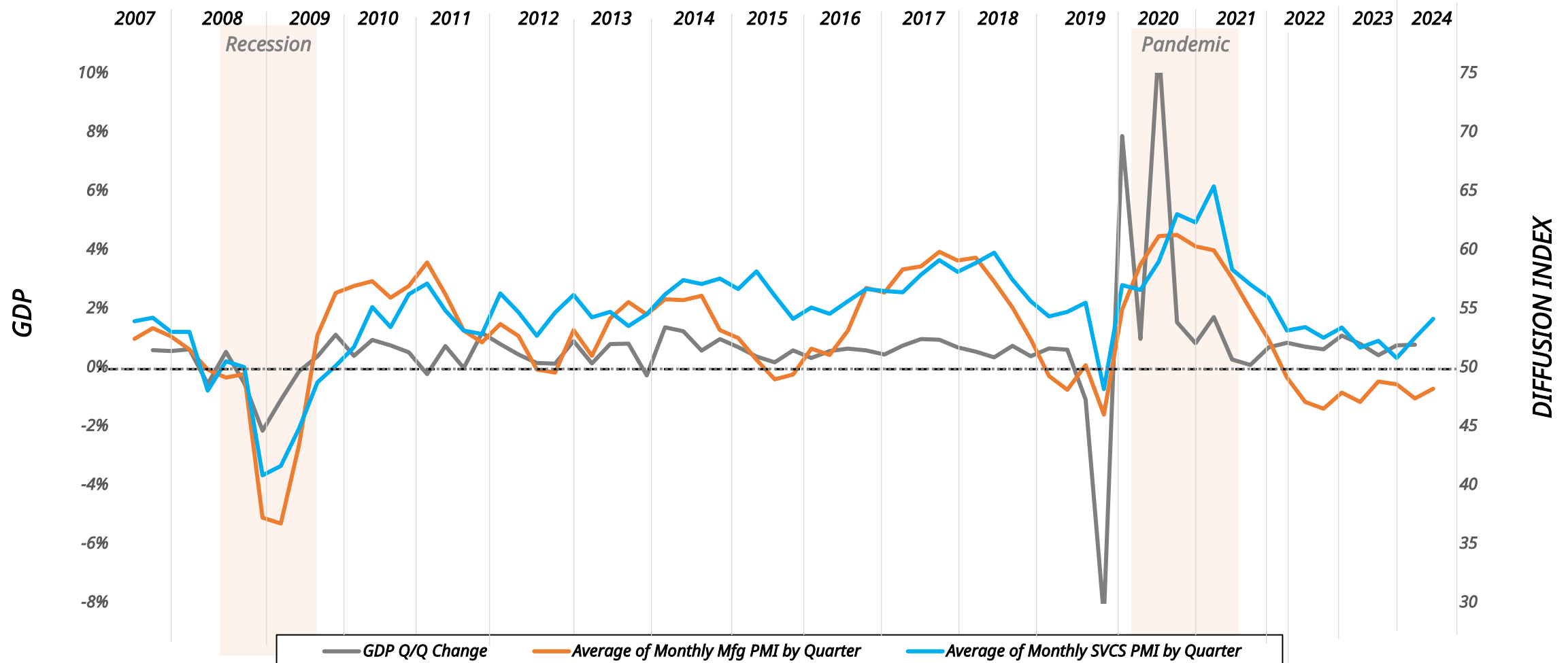


Source: Prof. Jason Miller, Michigan State University, as posted on LinkedIn

Coming to terms?



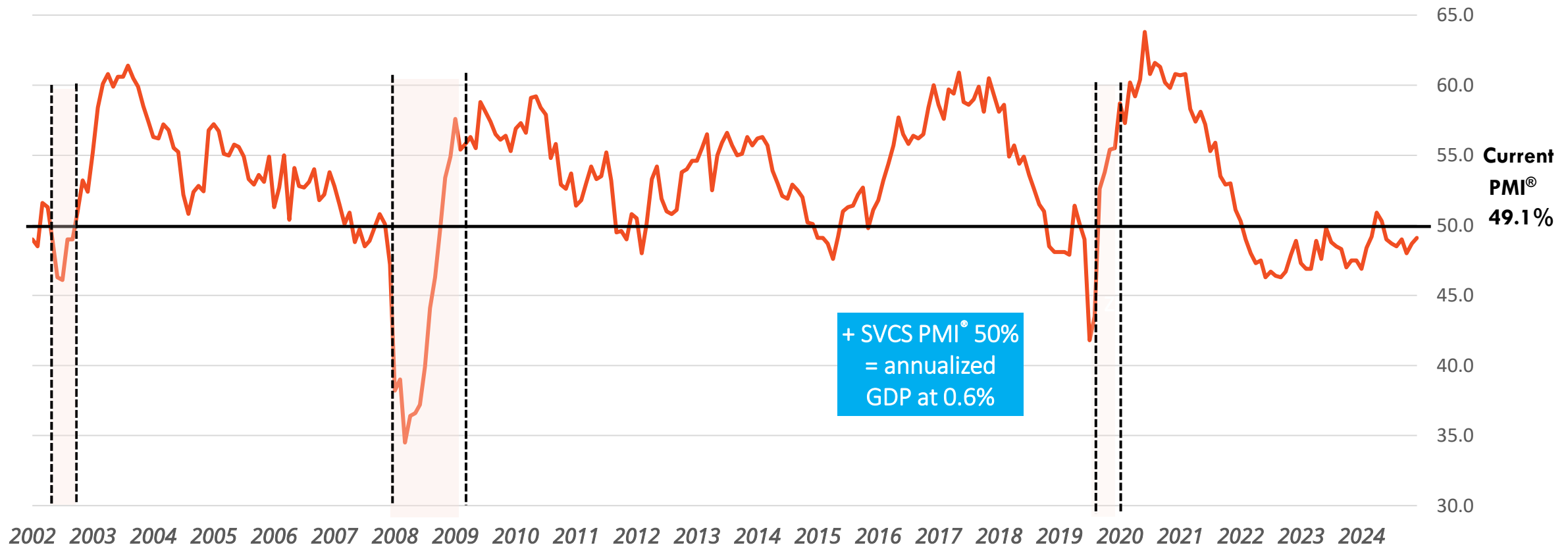
GDP, Manufacturing PMI®, & Services PMI® (2007- LATE 2024)



PMI® 2002 to 2025

We are 7 Months into Contraction out of a Typical 35+ Month Expansion Cycle

U.S. Economic Outlook and GDP 'Speedometer'

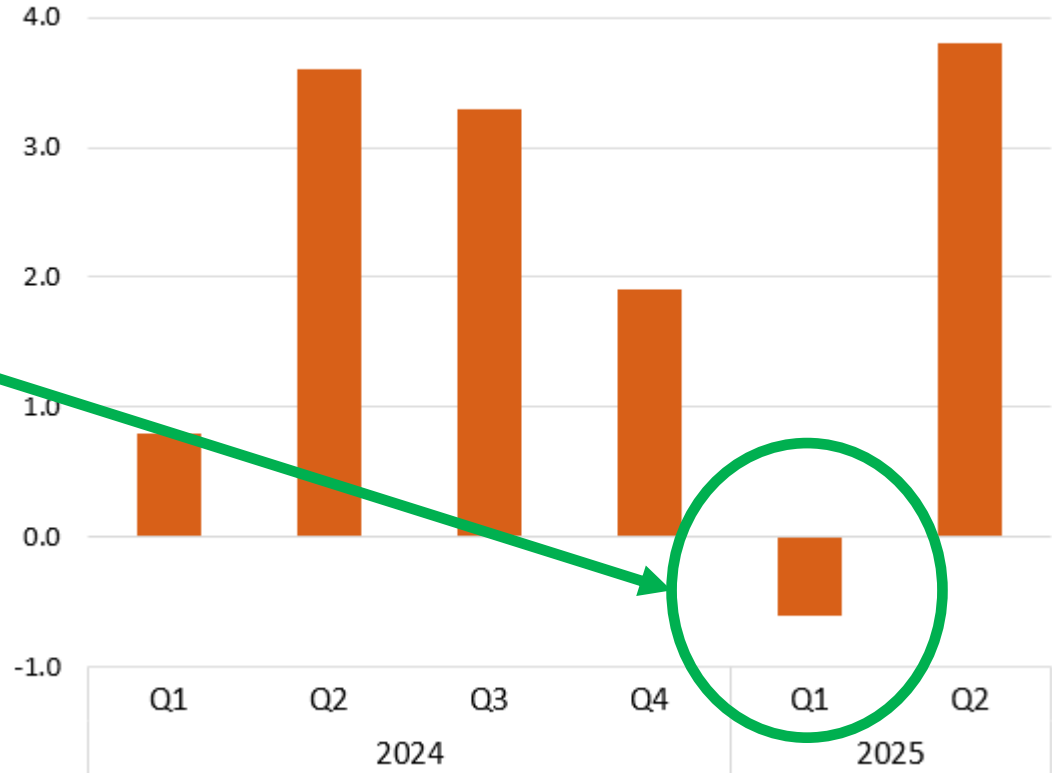


Shaded areas indicate U.S. recessions

$$\text{GDP} = C + I + G + (X - M)$$

aka “Net Exports”

Real GDP, Percent Change From Preceding Quarter



U.S. Bureau of Economic Analysis

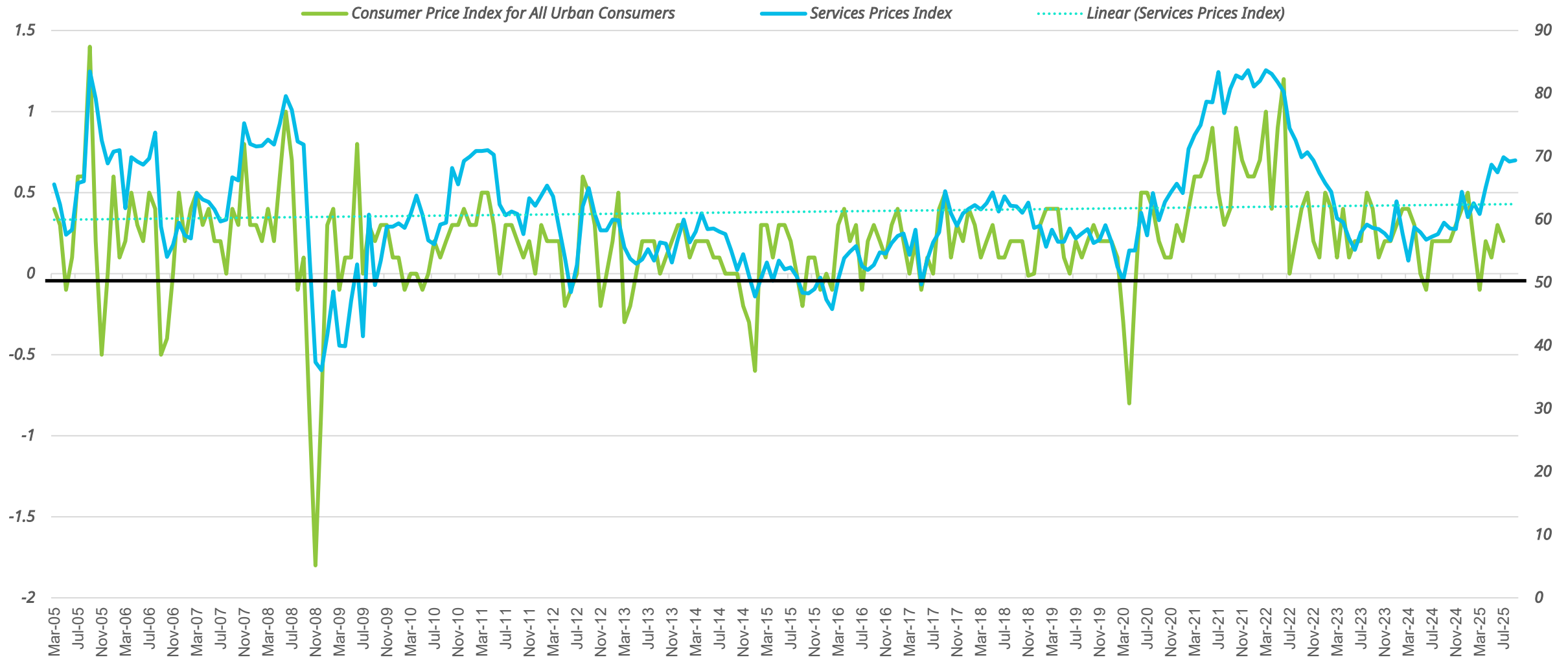
Seasonally adjusted annual rates

The increase in real GDP in the second quarter primarily reflected a decrease in imports, which are a subtraction in the calculation of GDP, and an increase in consumer spending.

Inflation & Service Sector Prices Index

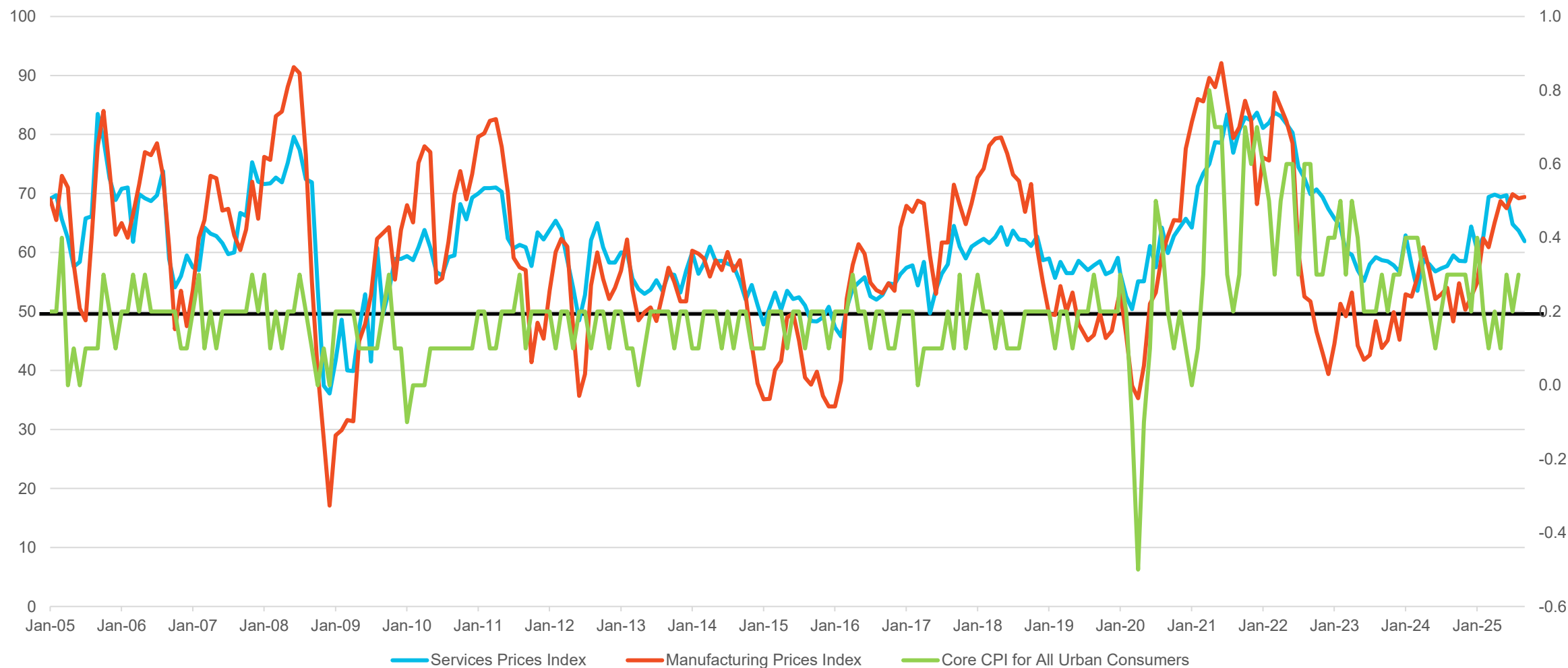
to Sep 2025)

(Jan 2005



Core CPI; Manufacturing & Service Prices Index

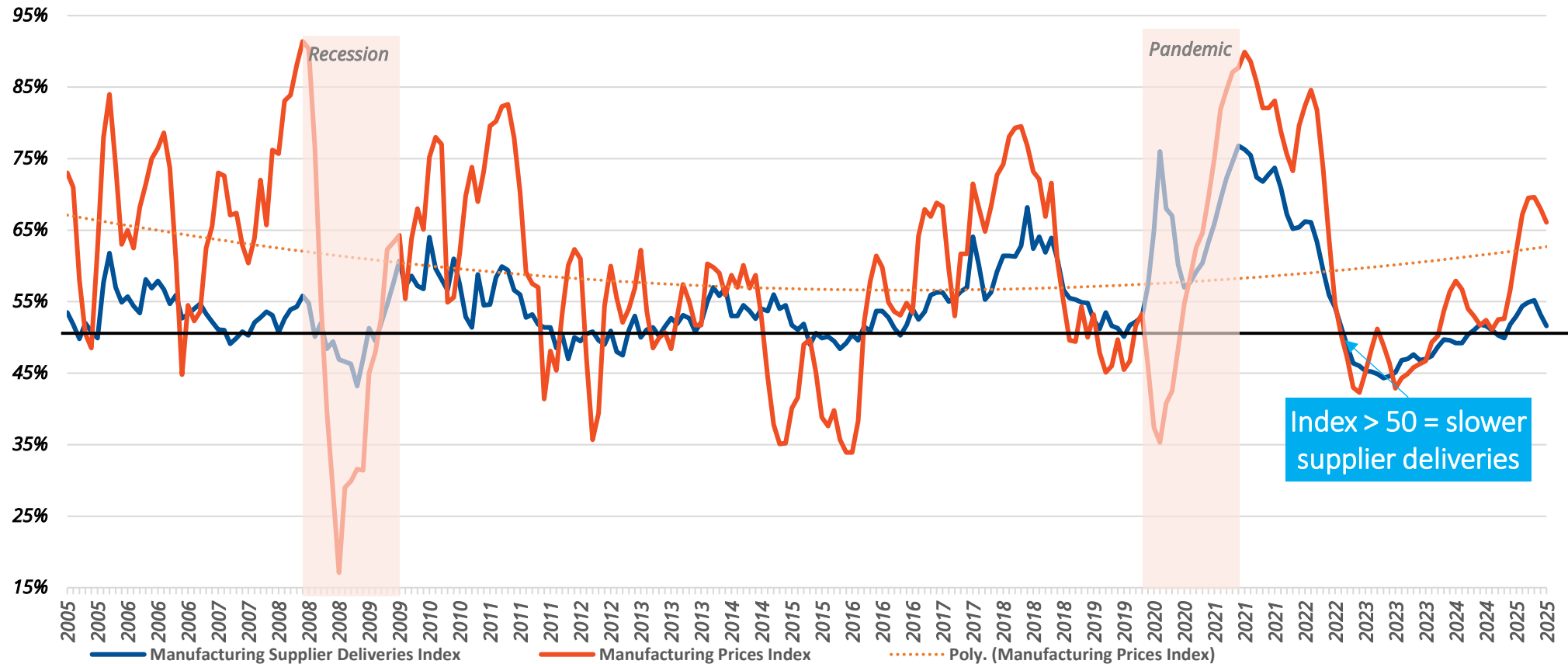
(Jan 05 to Sep 25)



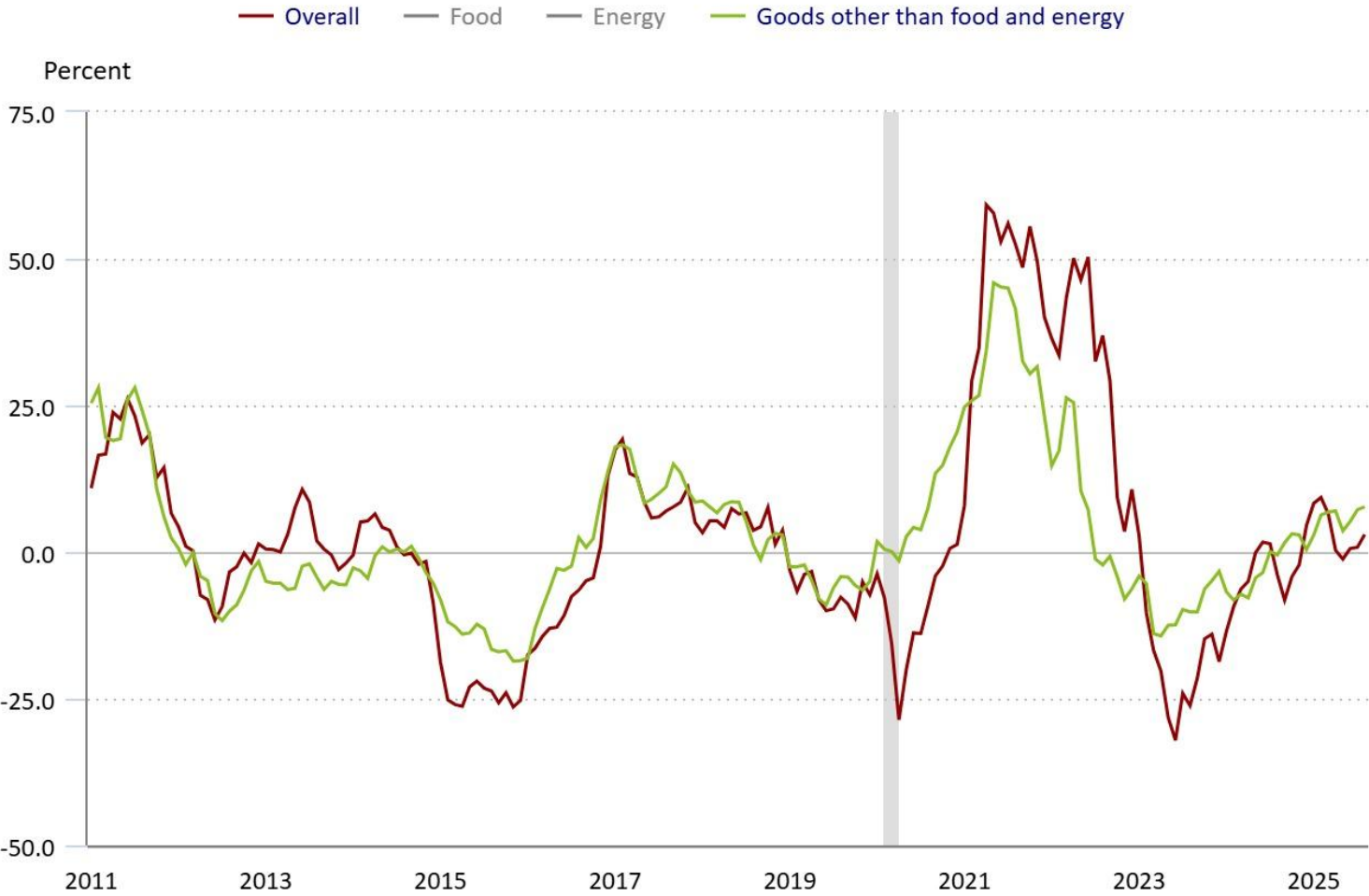
Source: bls.gov/cpi/home.htm

ISM® Manufacturing Supplier Deliveries & Prices Indexes

Jun 2005 to Sep 2025 (3 Month Rolling Average)



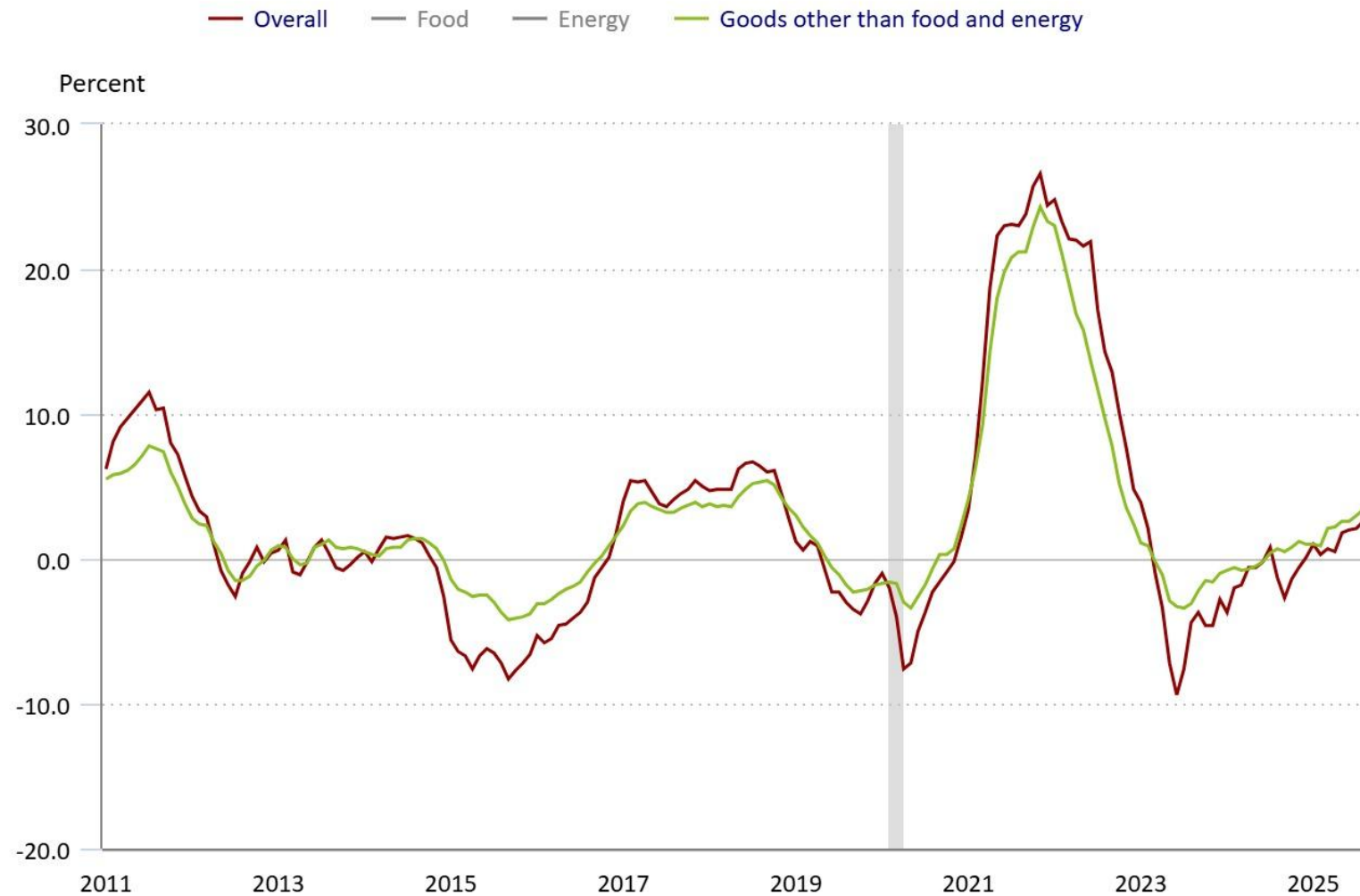
PPI for unprocessed goods for intermediate demand, 12-month percent change, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.



PPI for processed goods for intermediate demand, 12-month percent change, not seasonally adjusted



12-month change
(August) = 3.4%

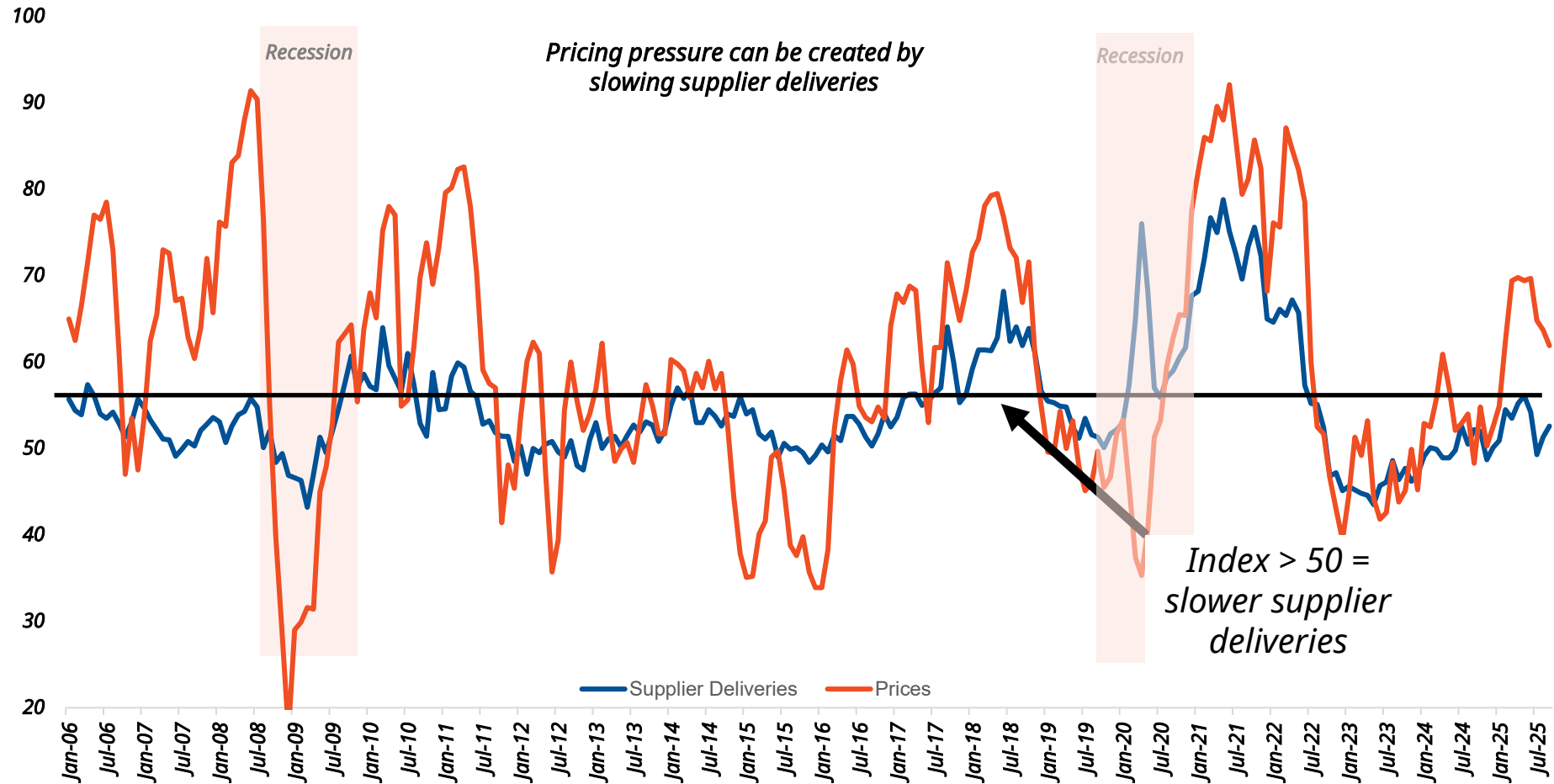
Examples: car
parts, electronic
components

Source: U.S. Bureau of Labor Statistics.



Lead Times, Market Conditions, Commodity Detail

ISM® Manufacturing Supplier Deliveries and Prices 2006-2025



Up in Price

Aluminum (22)
Copper (3)
Copper Products (3)
Corn
Corrugate; Electrical Components (8)
Electronic Components
Metal Based Products
Steel* (8)
Steel — Stainless (7)
Steel Products (7)

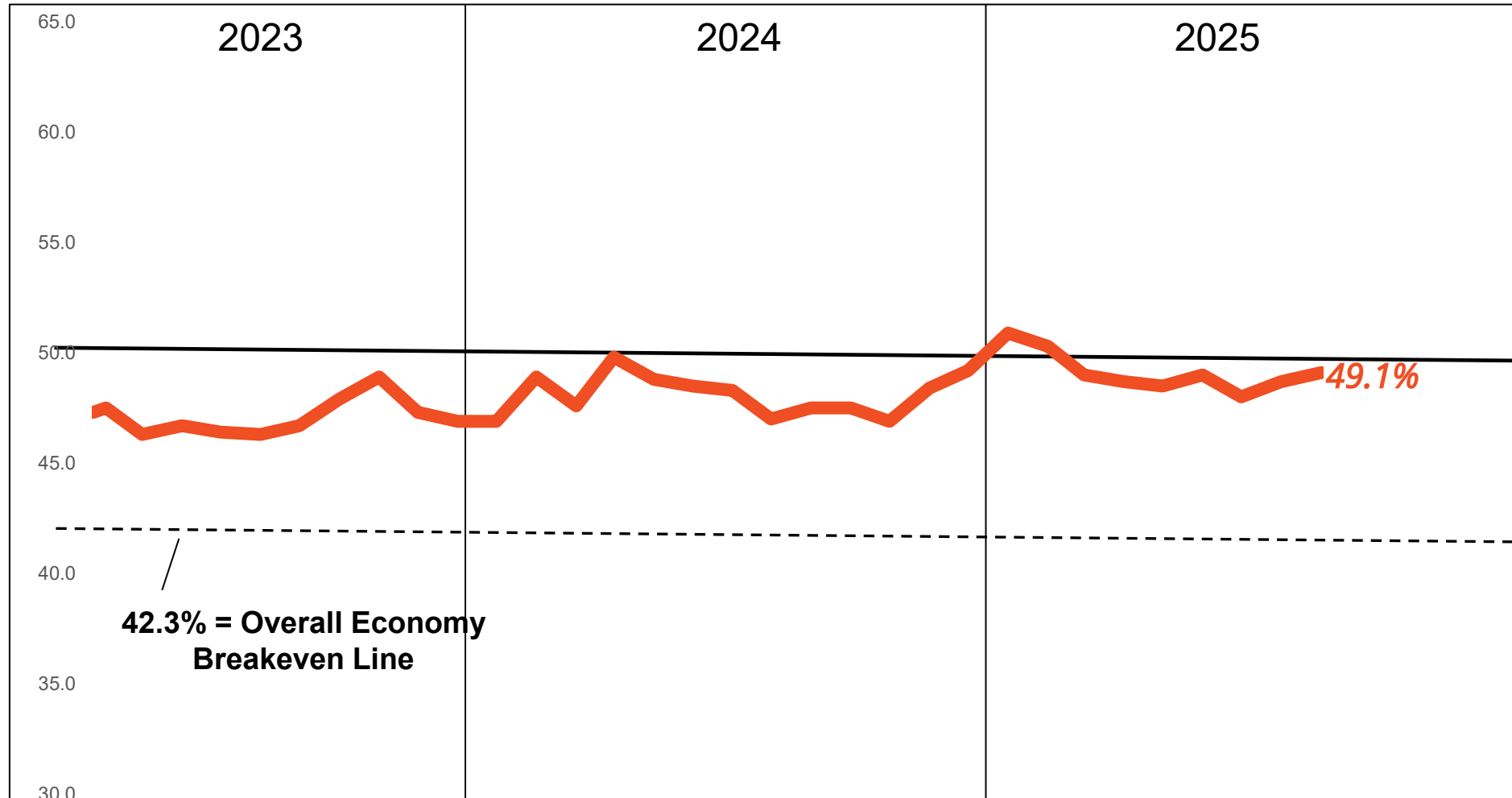
Short Supply

Electrical Components (3)
Electronic Components (7) Labor
Rare Earth Magnets
Semiconductors

*indicates both up and down in price

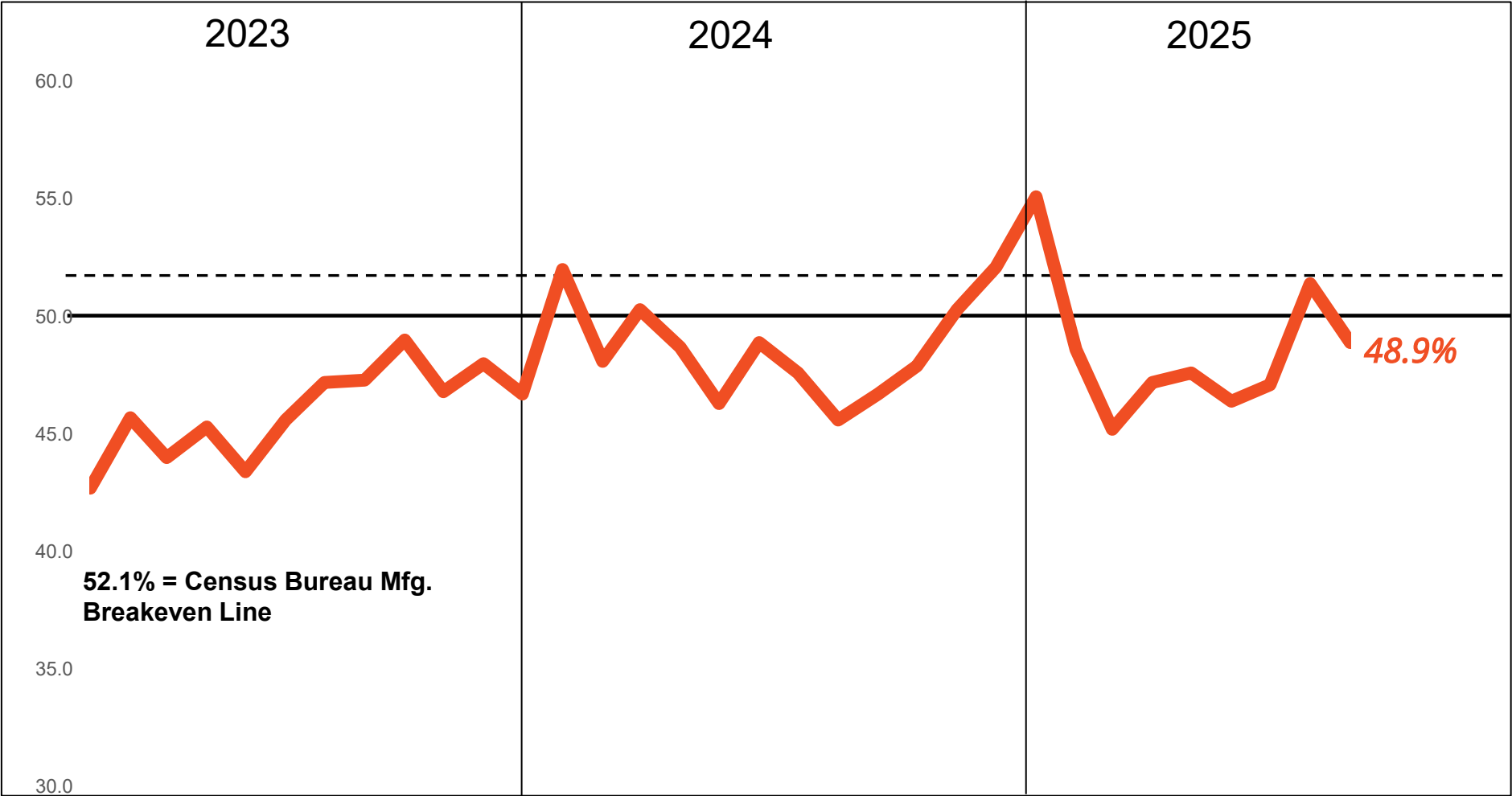
Manufacturing PMI®

ISM® Manufacturing PMI 2023-2025



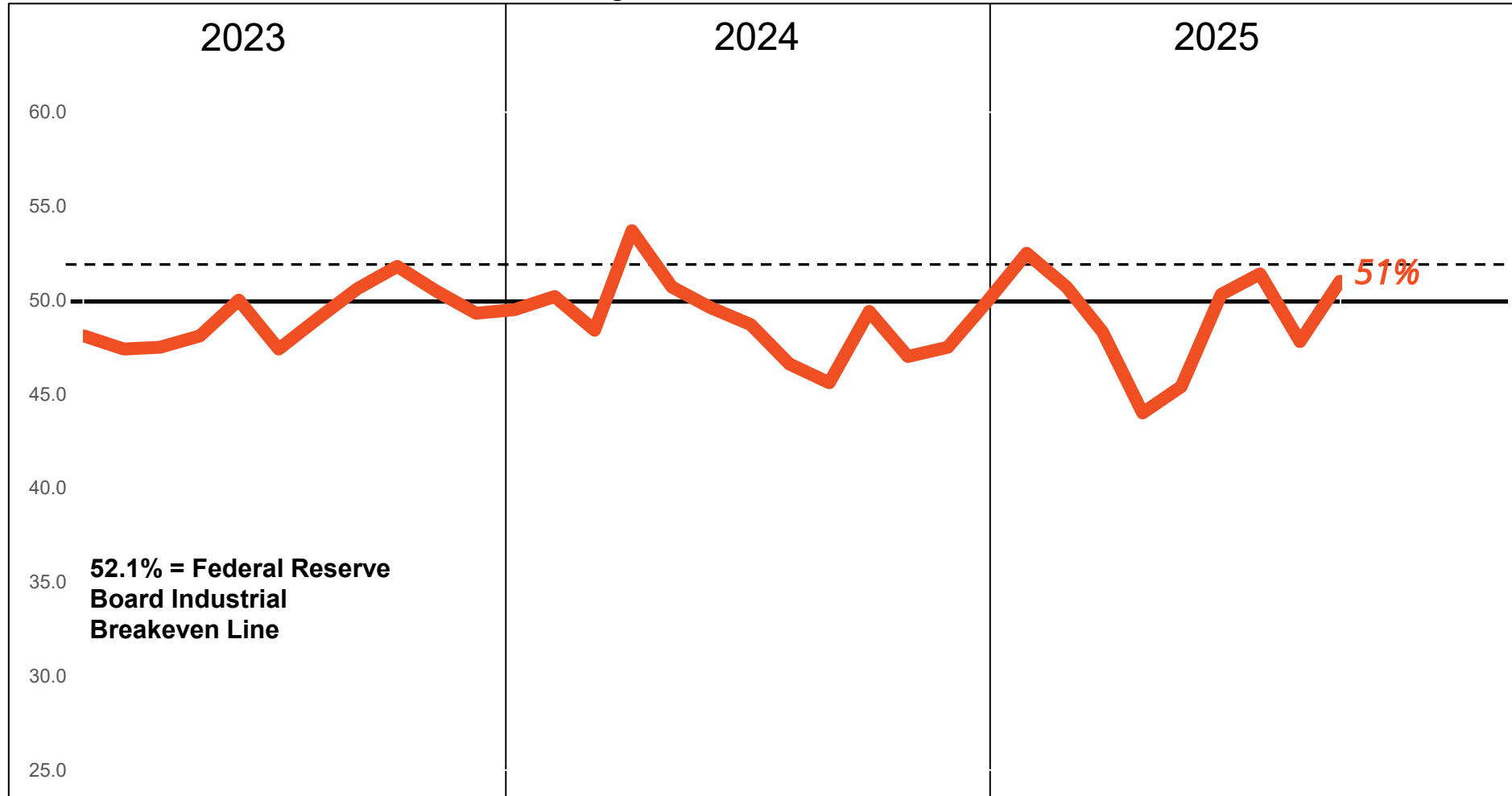
Manufacturing New Orders Index

ISM® Manufacturing New Orders 2023-2025



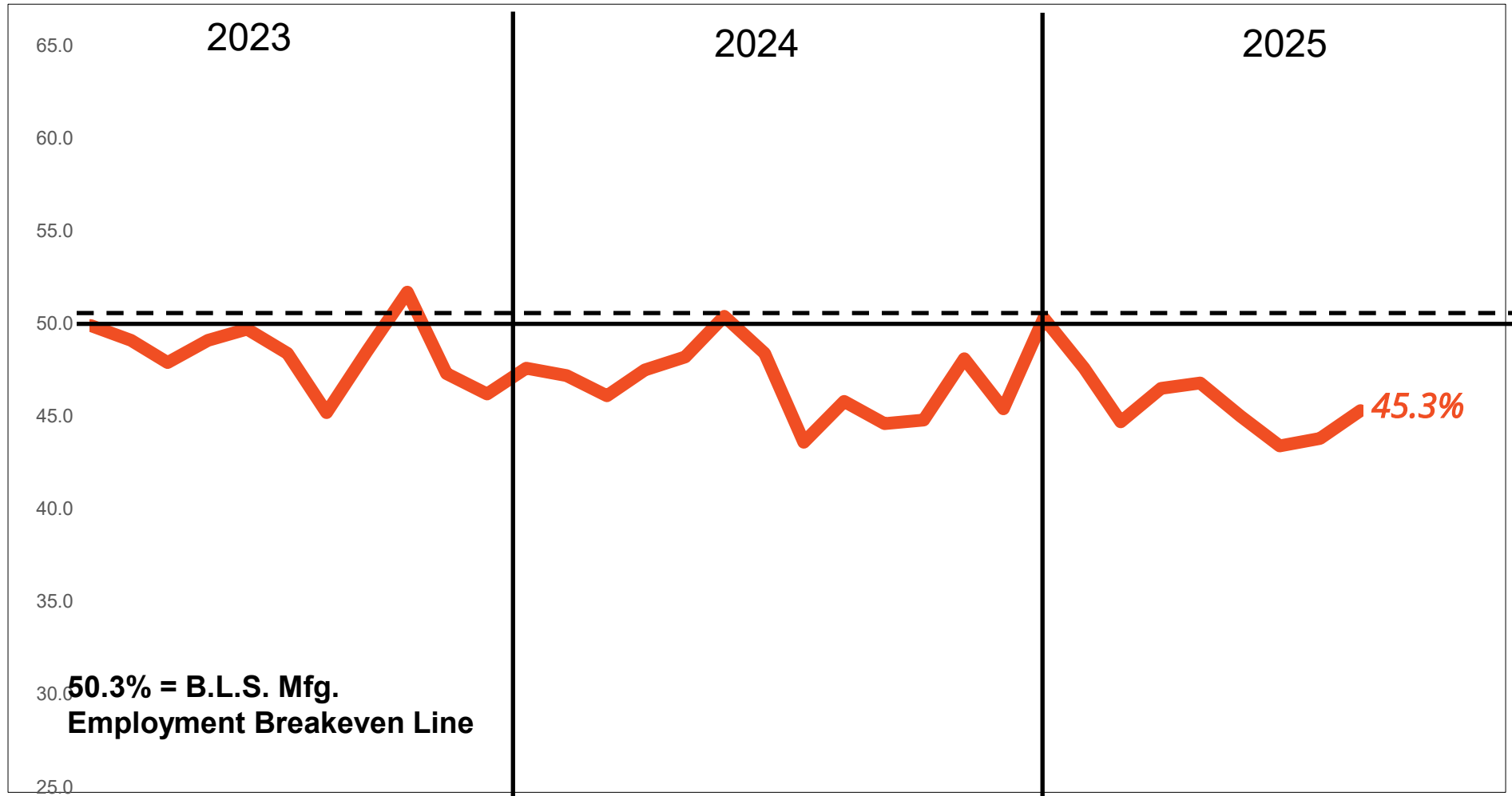
Manufacturing Production Index

ISM® Manufacturing Production 2023-2025



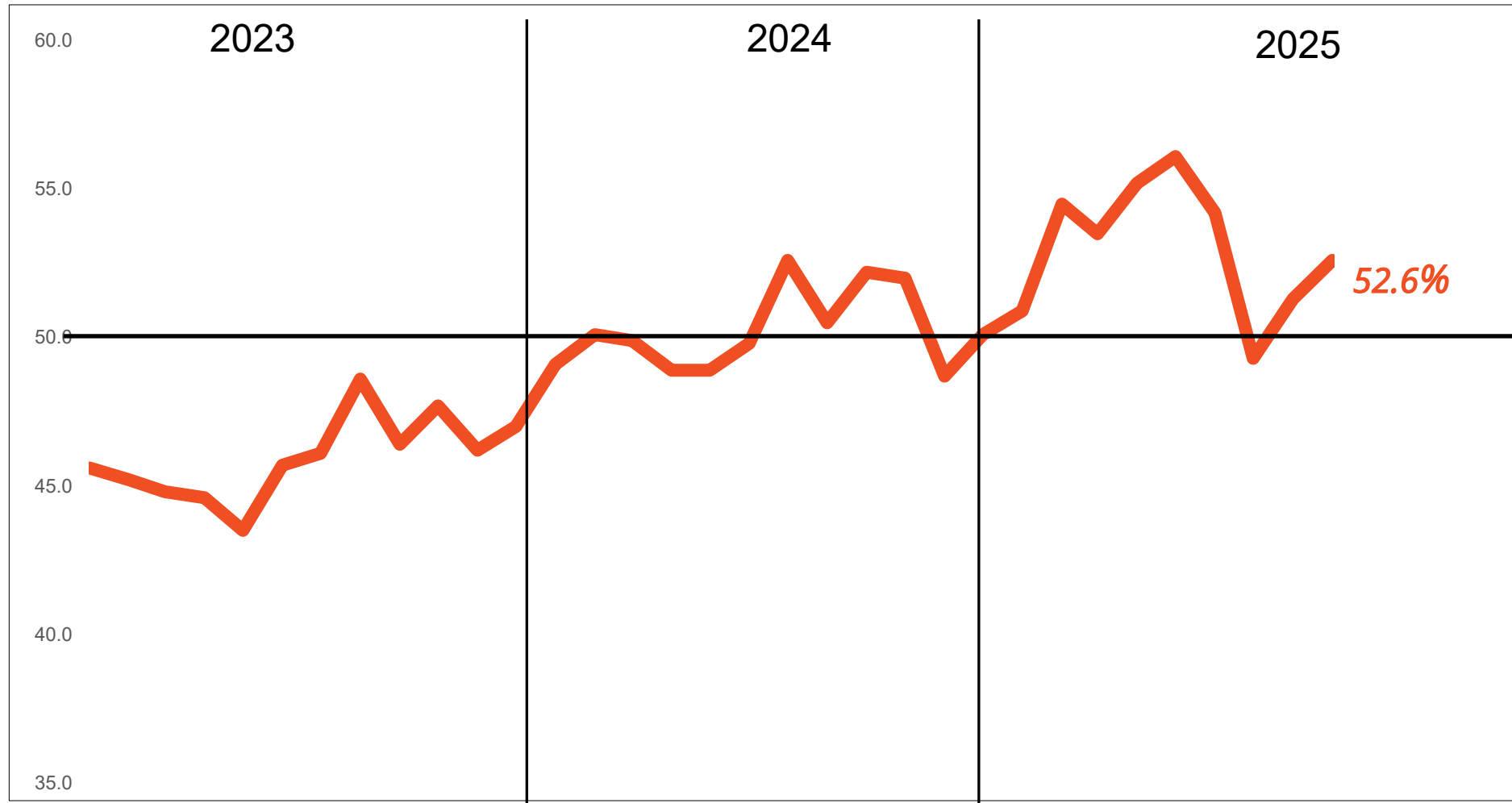
Manufacturing Employment Index

ISM® Manufacturing Employment 2023-2025



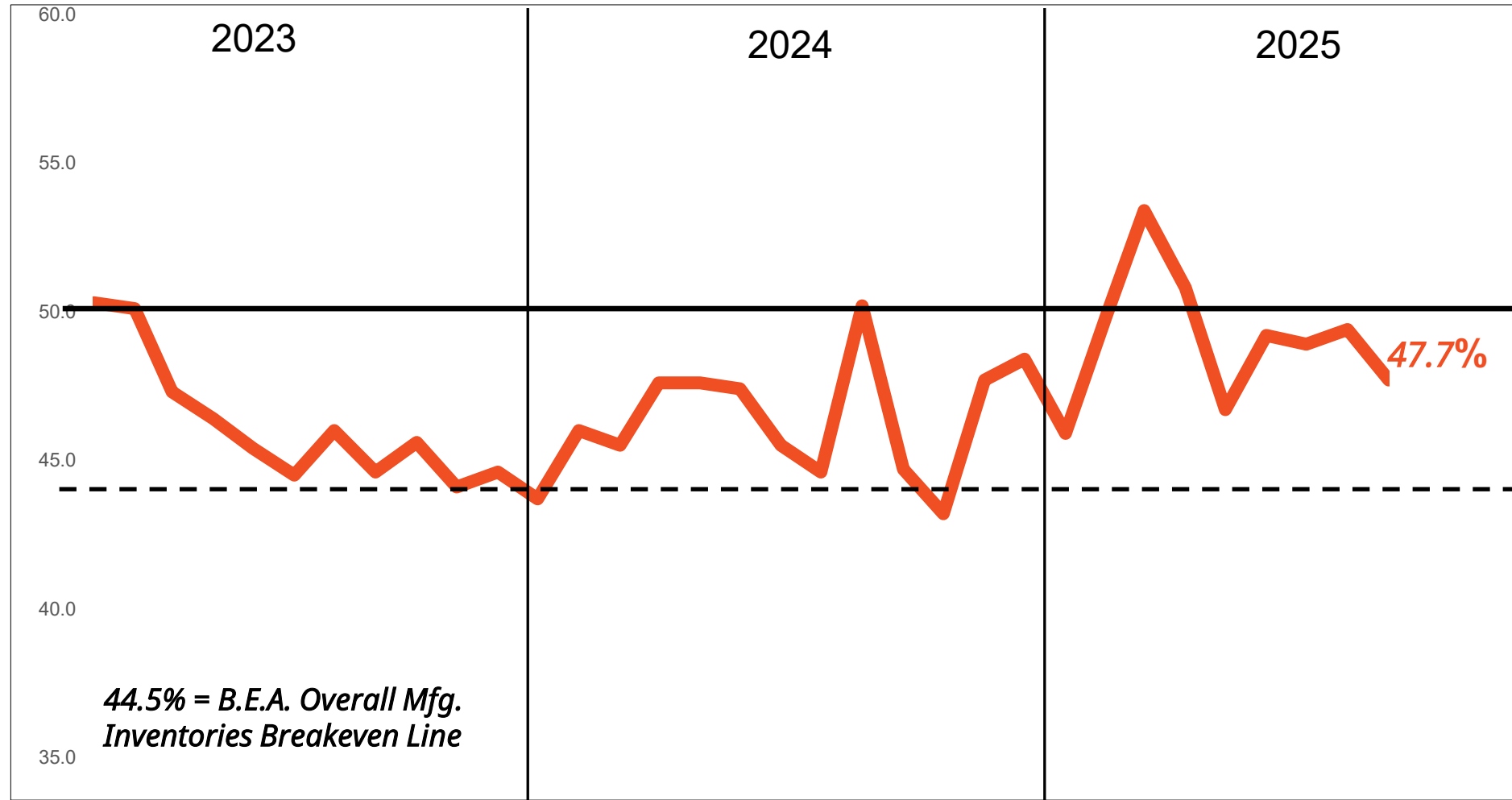
Manufacturing Supplier Deliveries Index

ISM® Manufacturing Deliveries 2023-2025



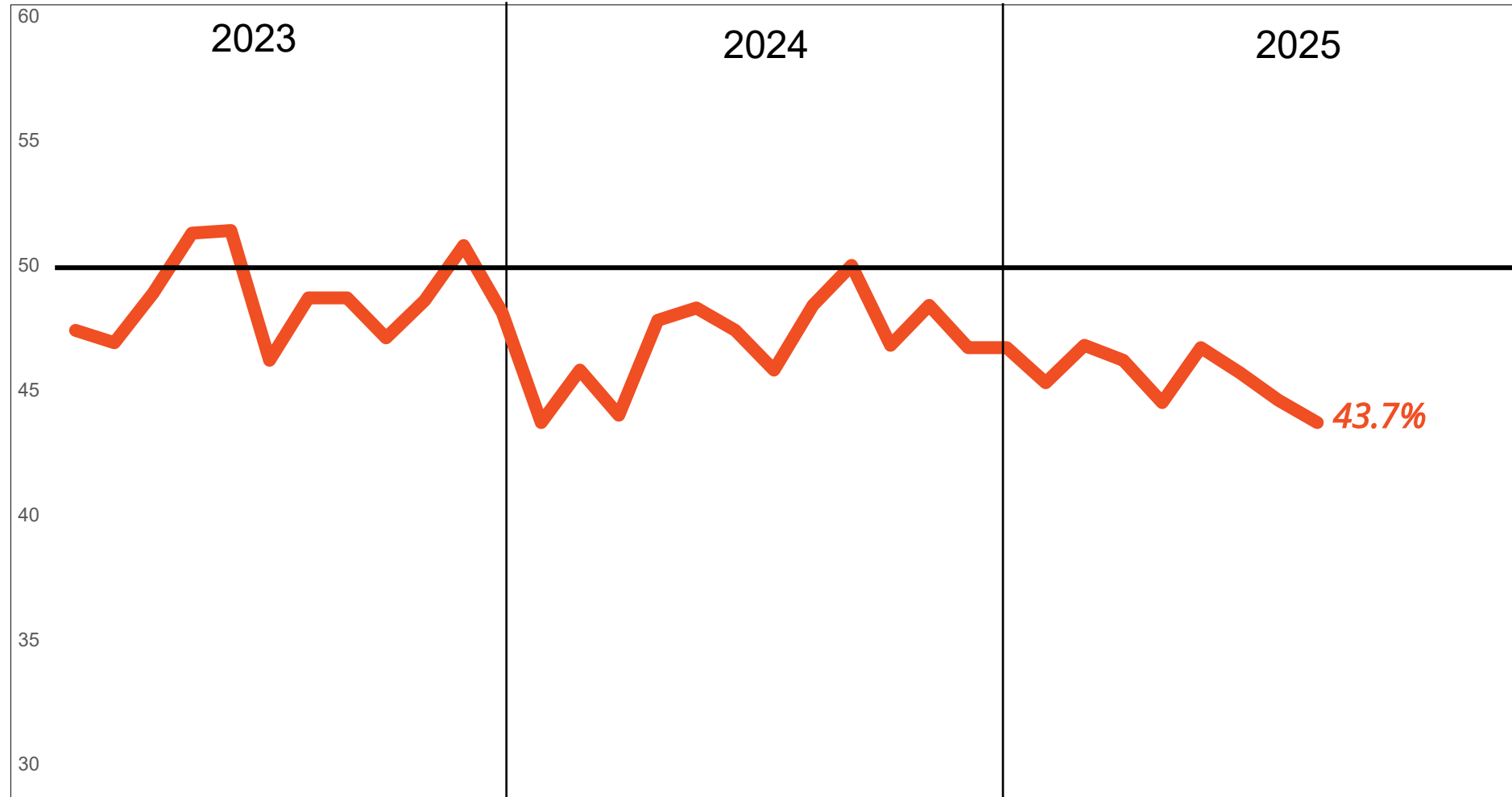
Manufacturing Inventories Index

ISM® Manufacturing Inventories 2023-2025



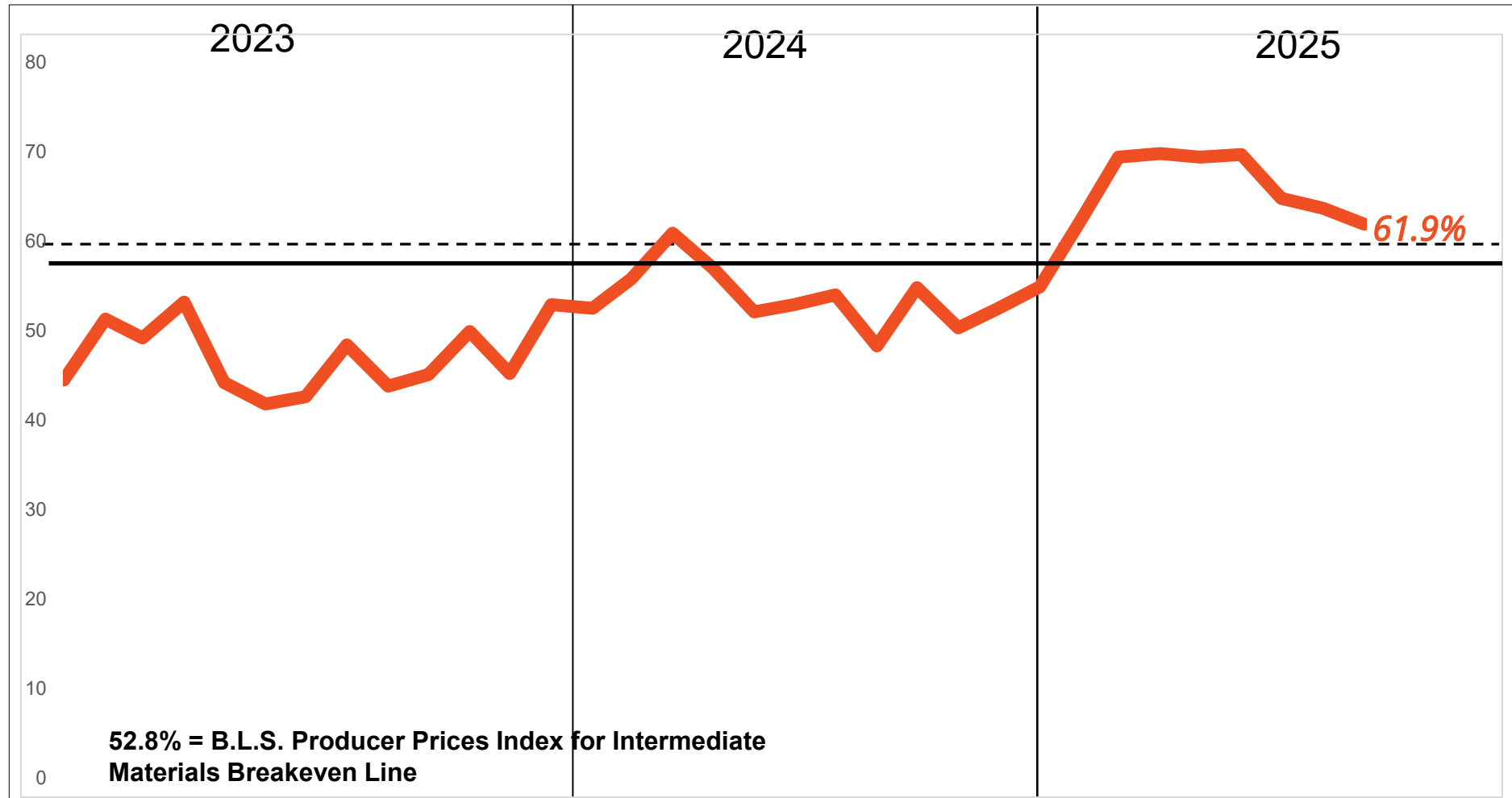
Manufacturing Customers' Inventories Index

ISM® Manufacturing Customers' Inventories 2023-2025



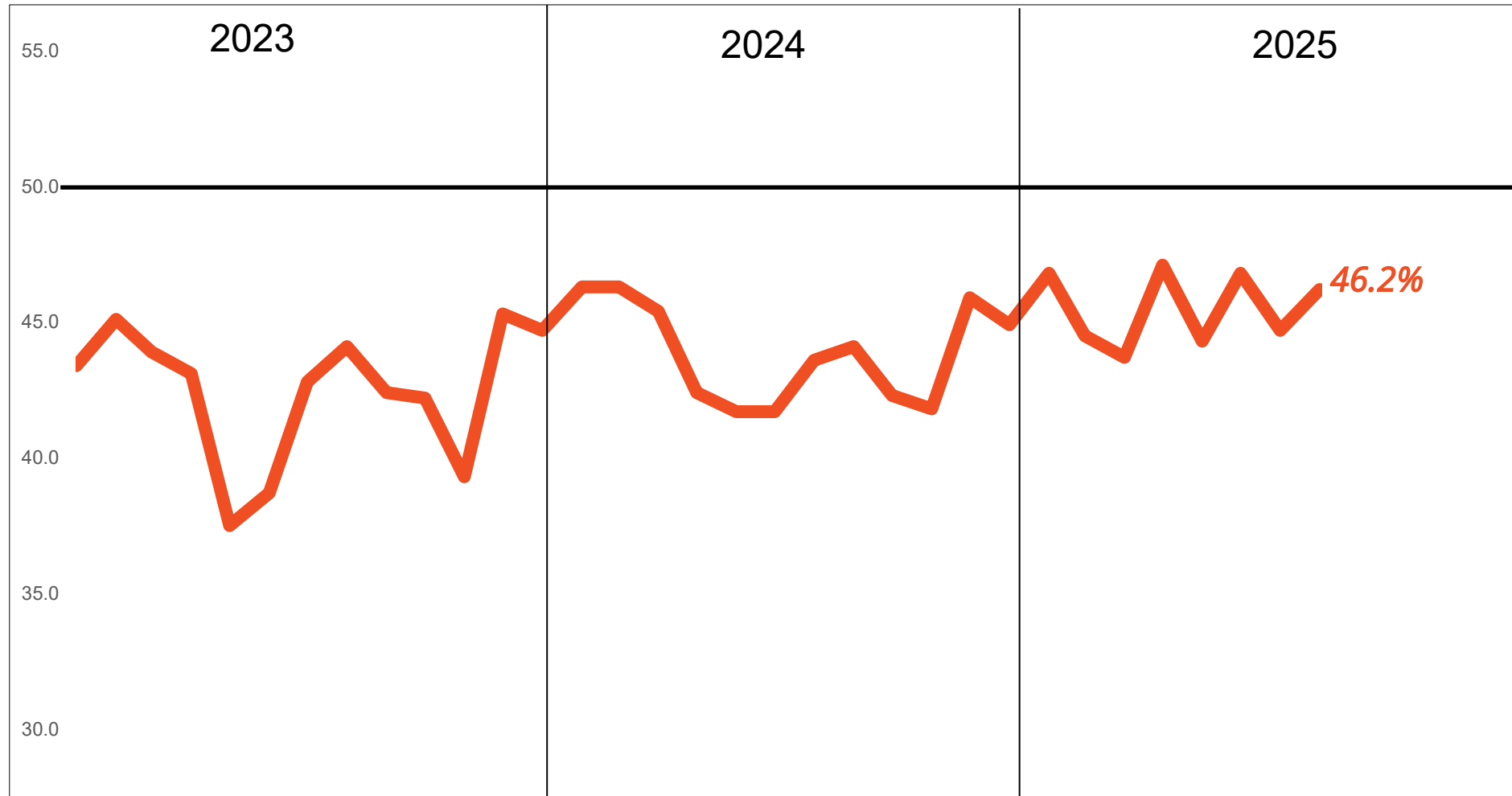
Manufacturing Prices Index

ISM® Manufacturing Prices 2023-2025



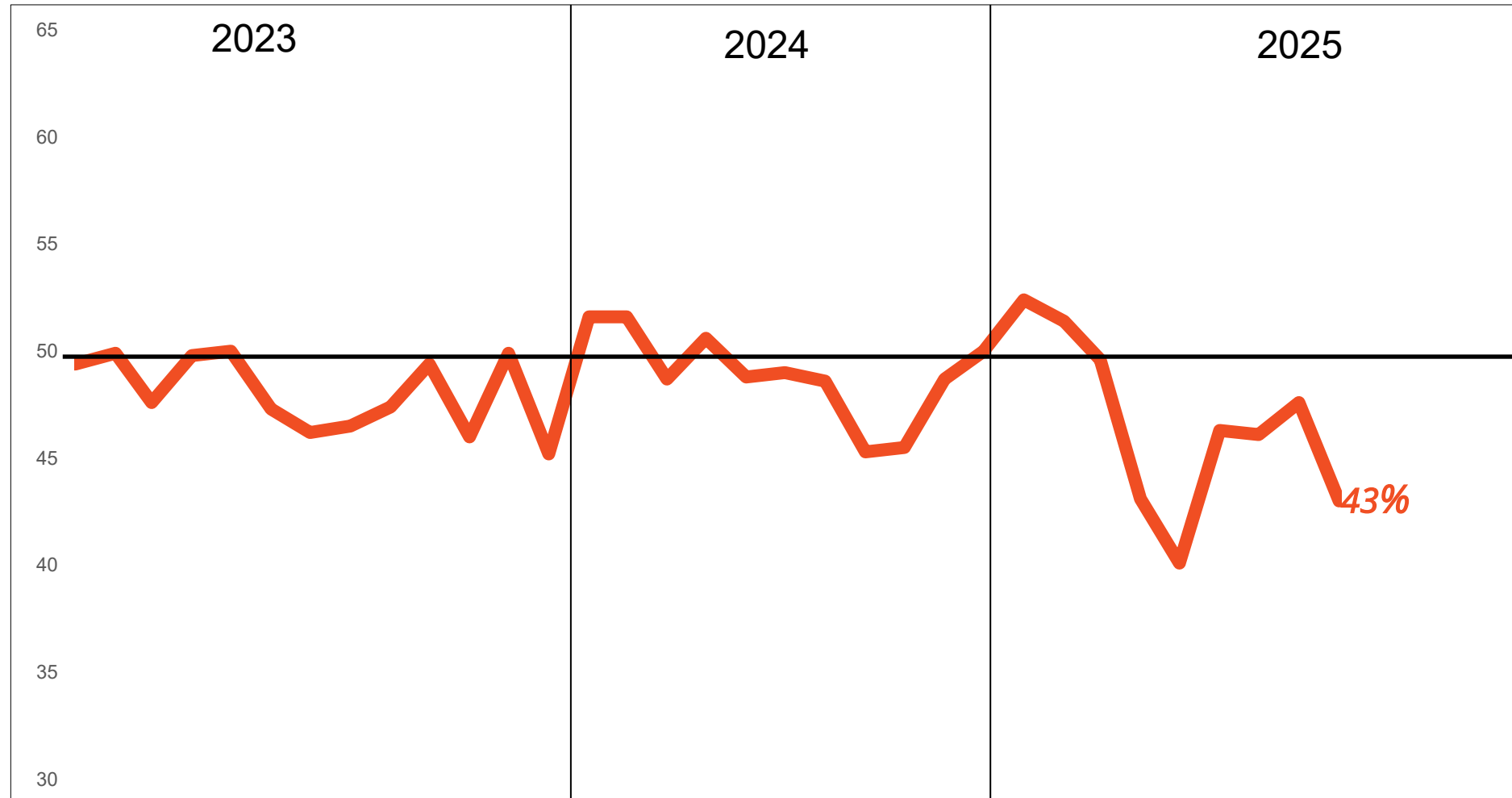
Manufacturing Backlog of Orders Index

ISM® Manufacturing Backlog of Orders 2023-2025



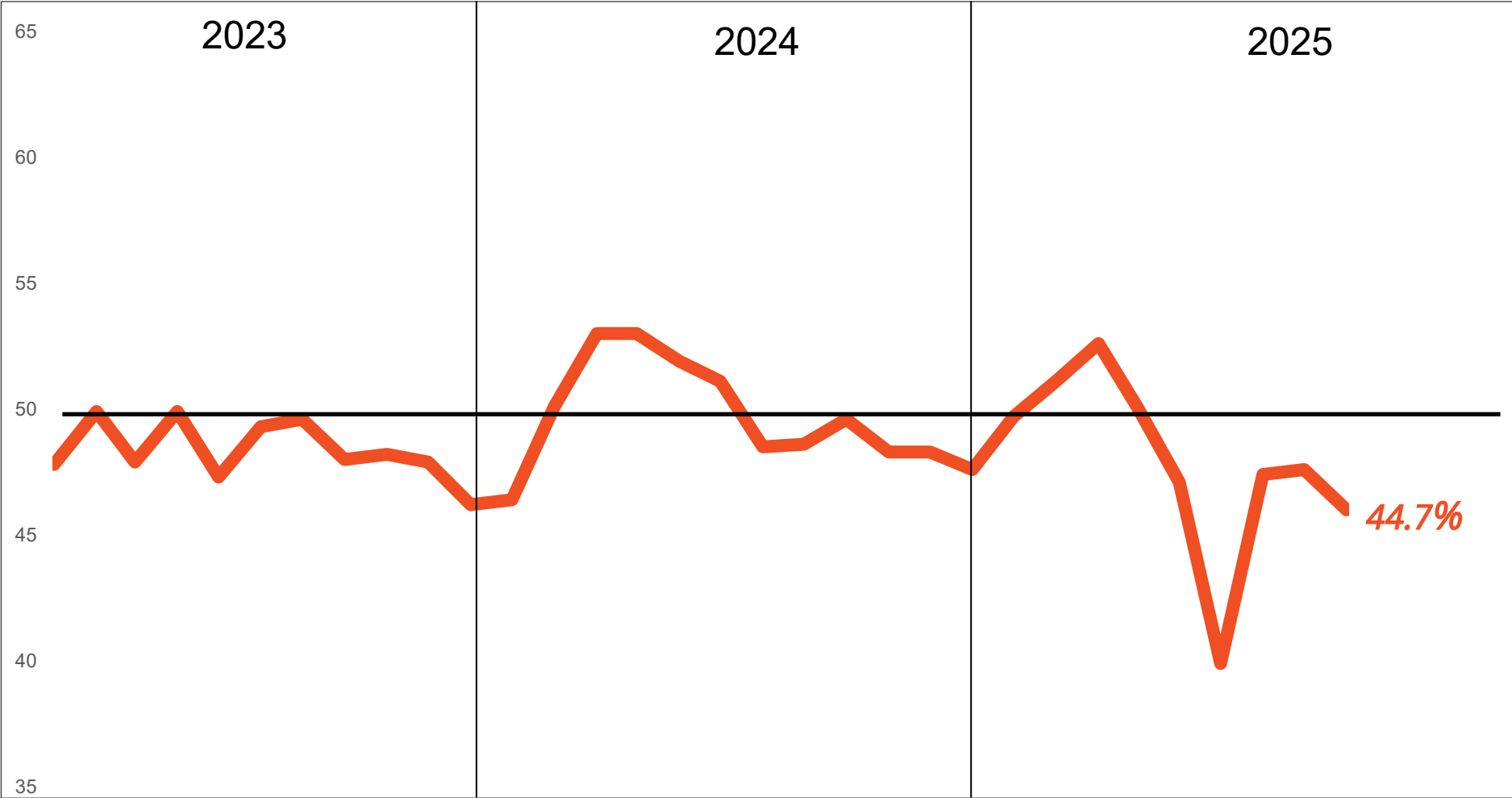
Manufacturing Exports Index

ISM® Manufacturing Exports 2023-2025



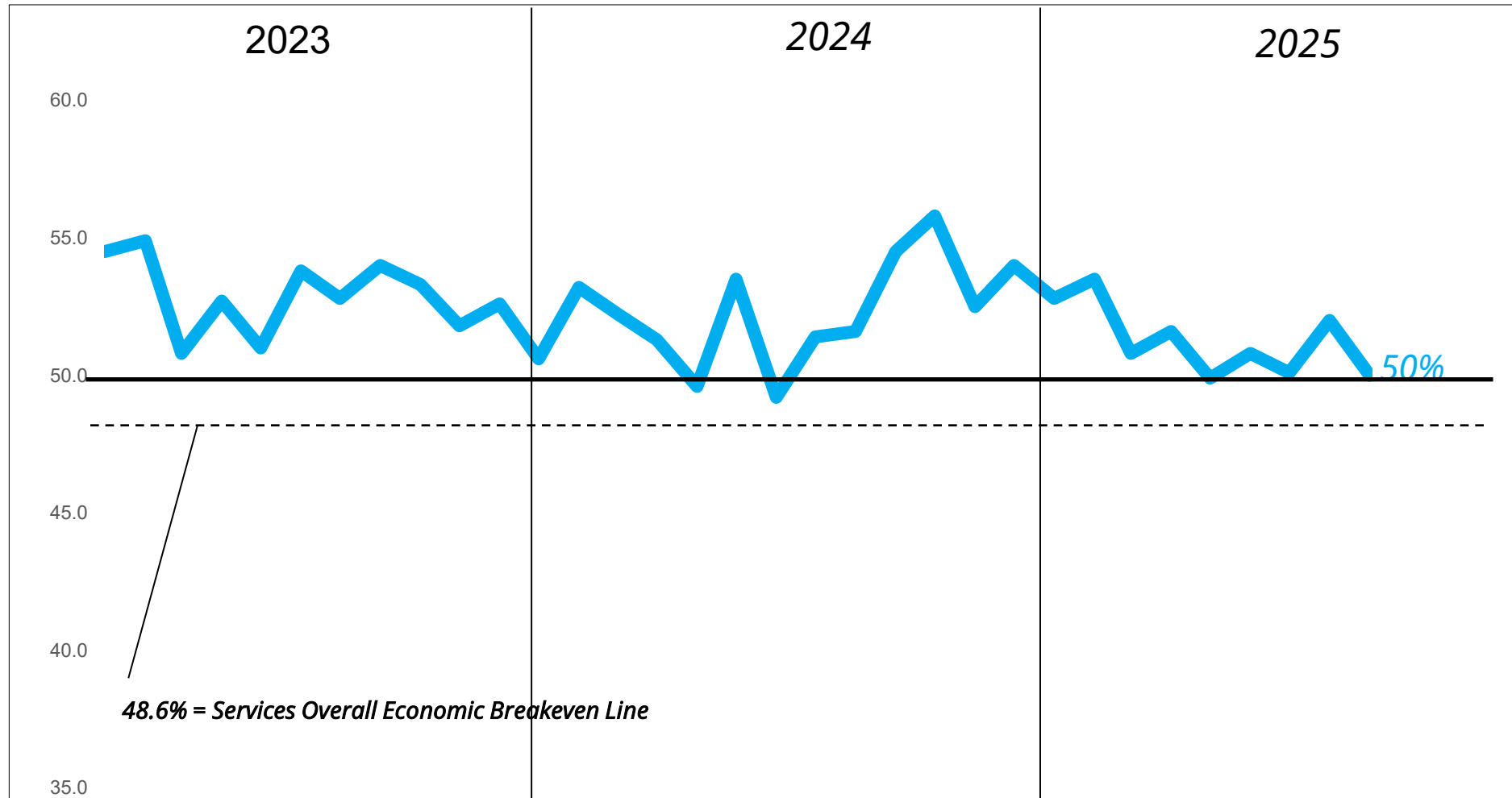
Manufacturing Imports Index

ISM® Manufacturing Imports 2023-2025



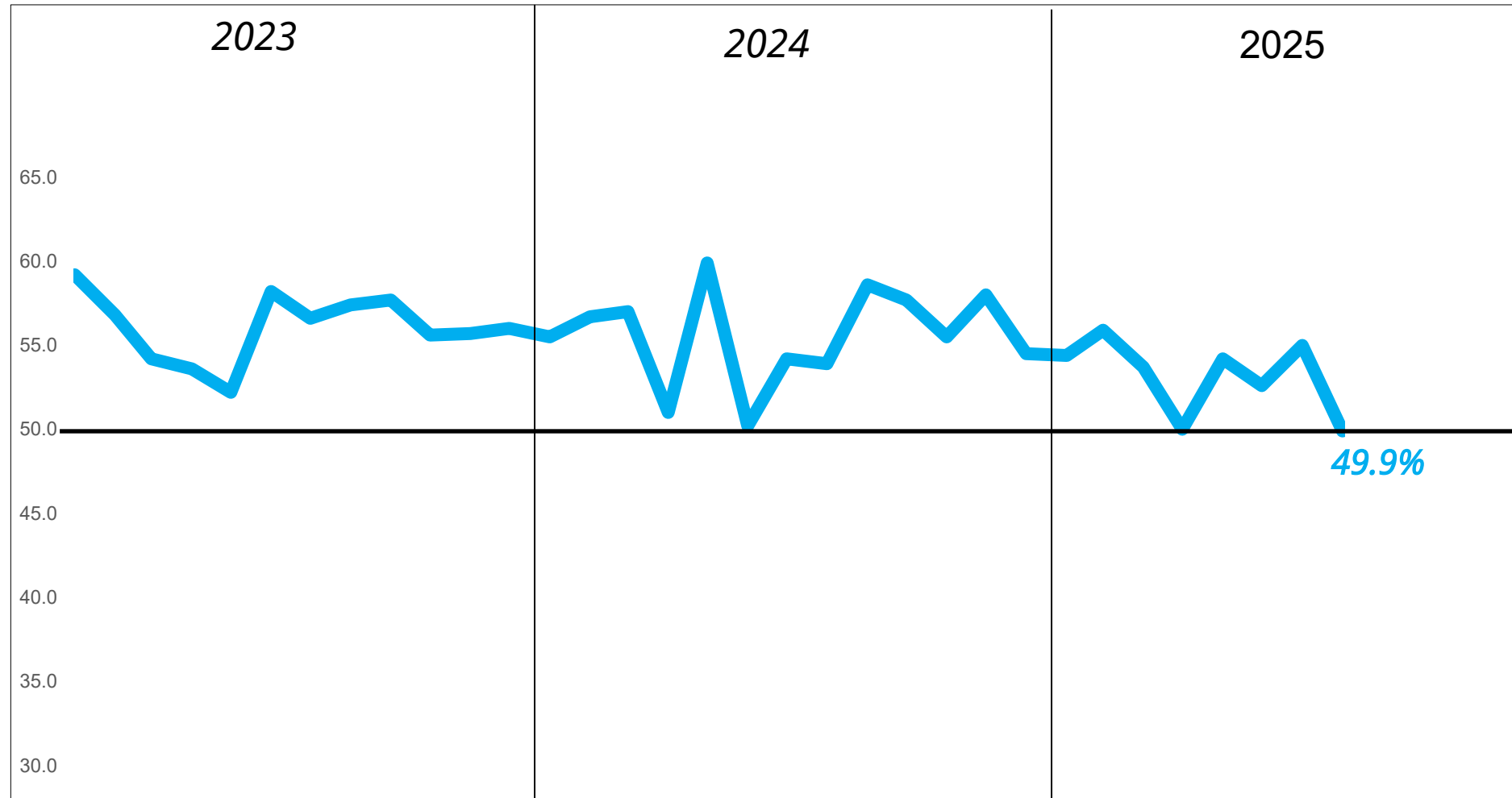
Services PMI® Index

ISM® Services PMI® 2023-2025



Services Business Activity Index

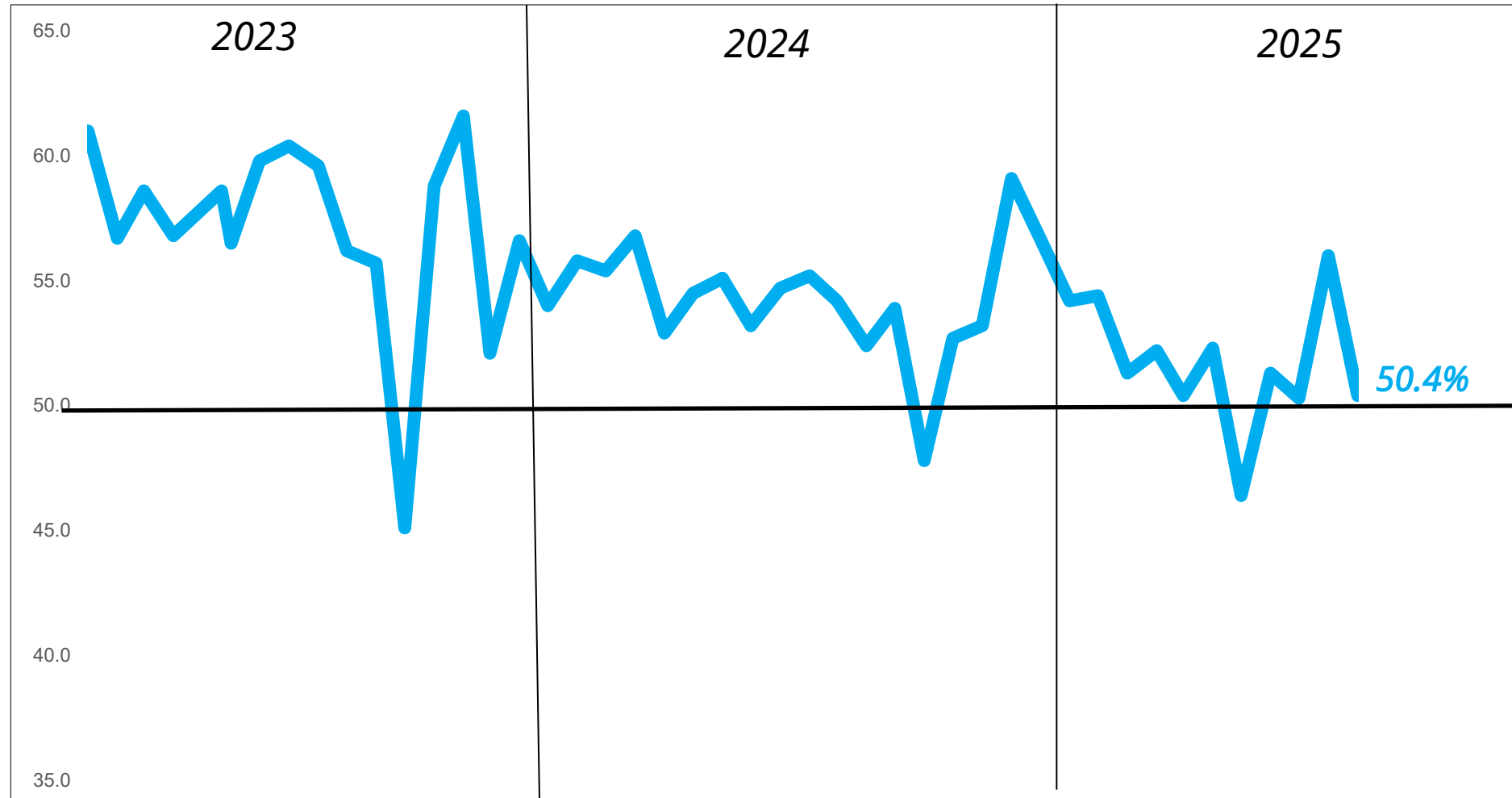
ISM® Services Business Activity Index 2023-2025



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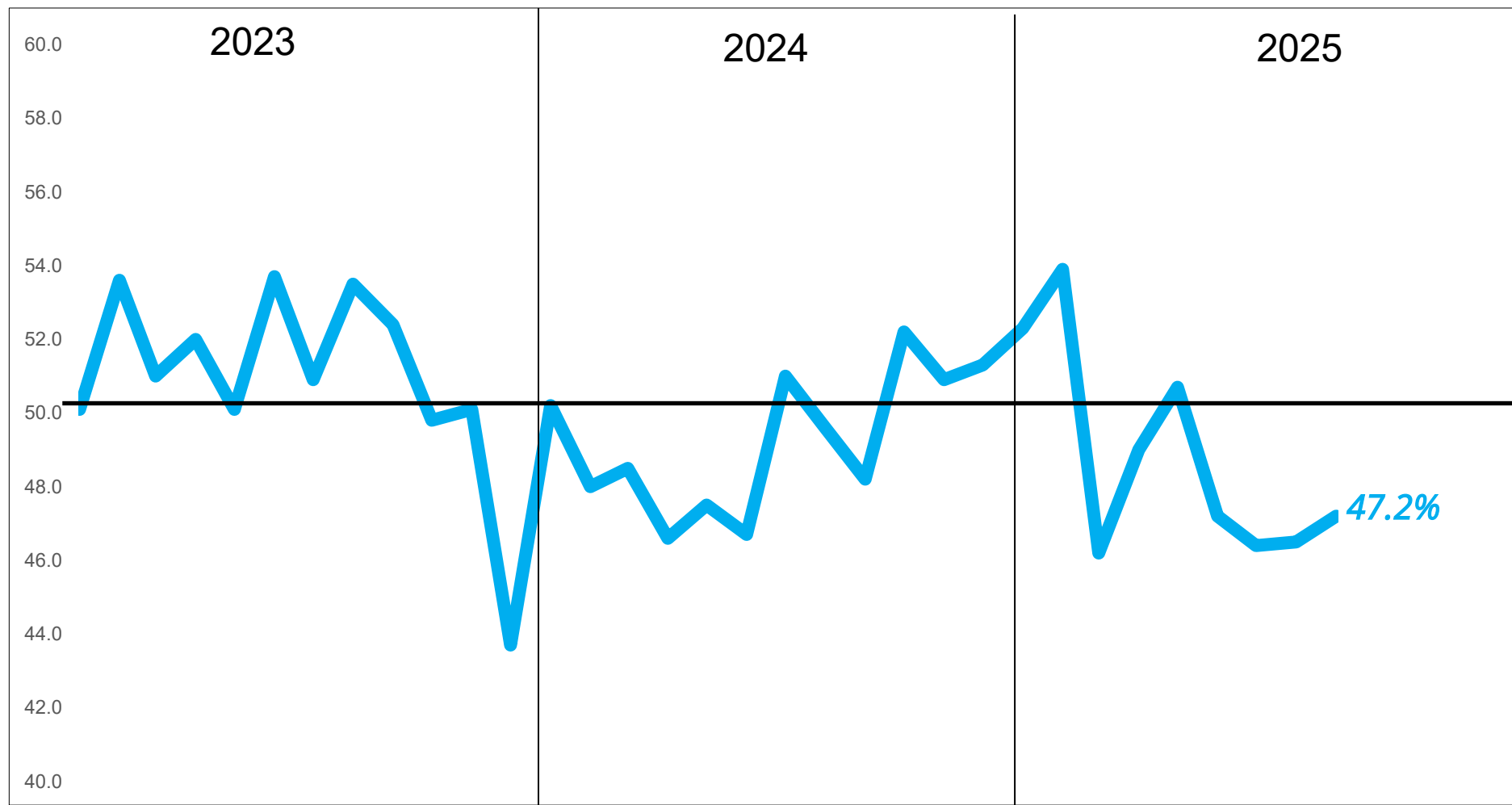
Services New Orders Index

ISM® Services New Orders 2023-2025



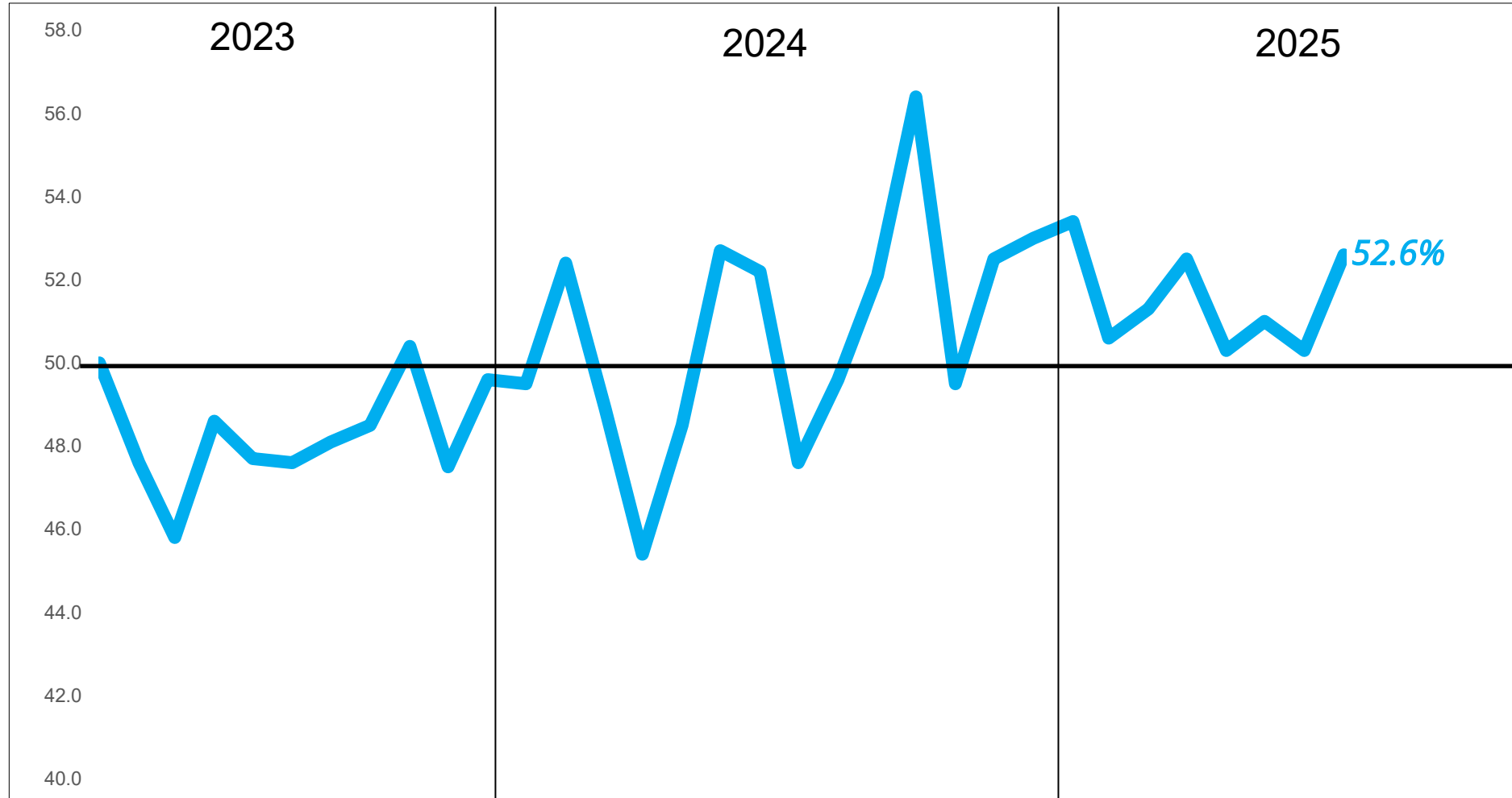
Services Employment Index

ISM® Services Employment 2023-2025



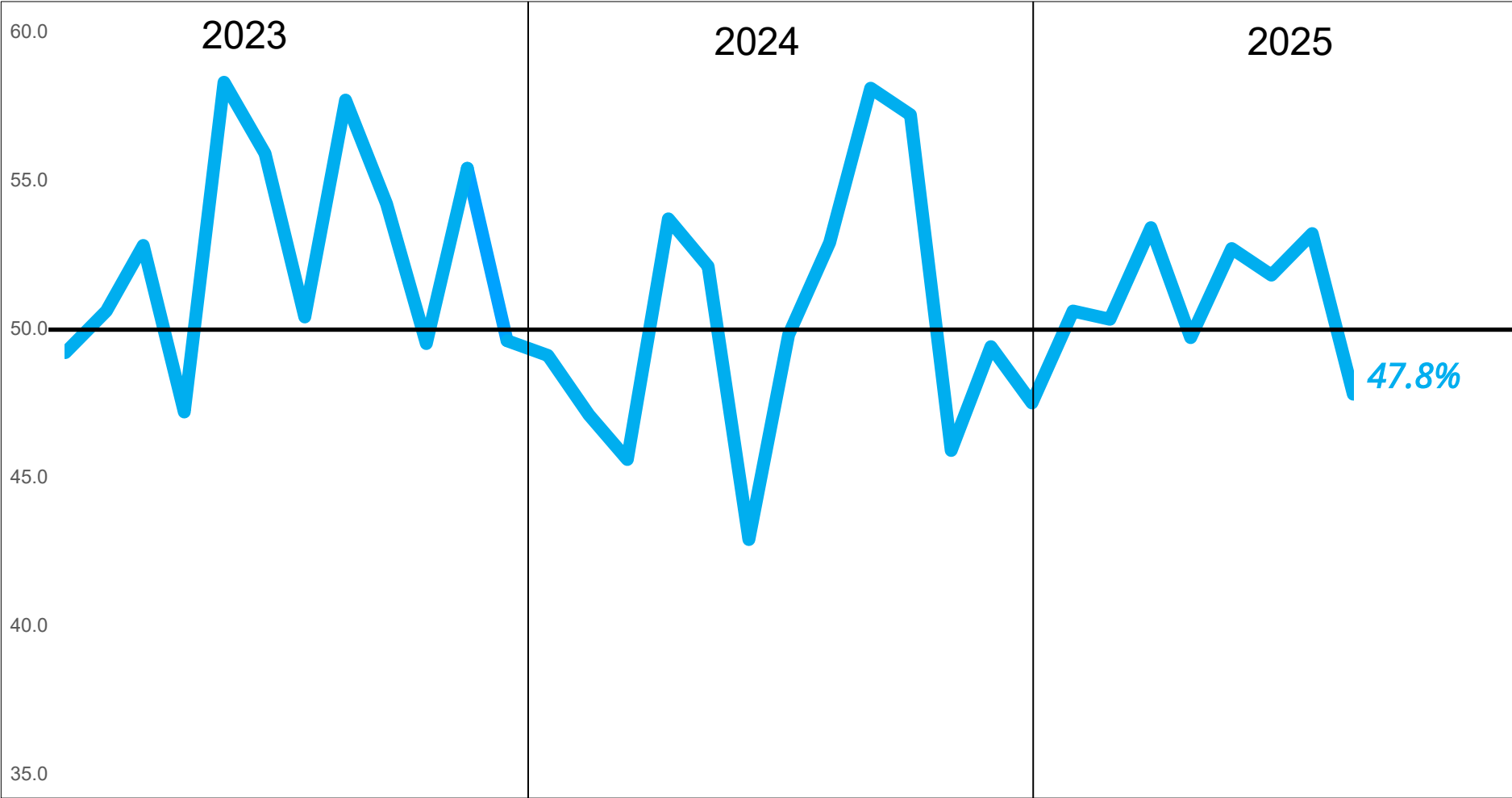
Services Supplier Deliveries Index

ISM® Services Supplier Deliveries 2023-2025



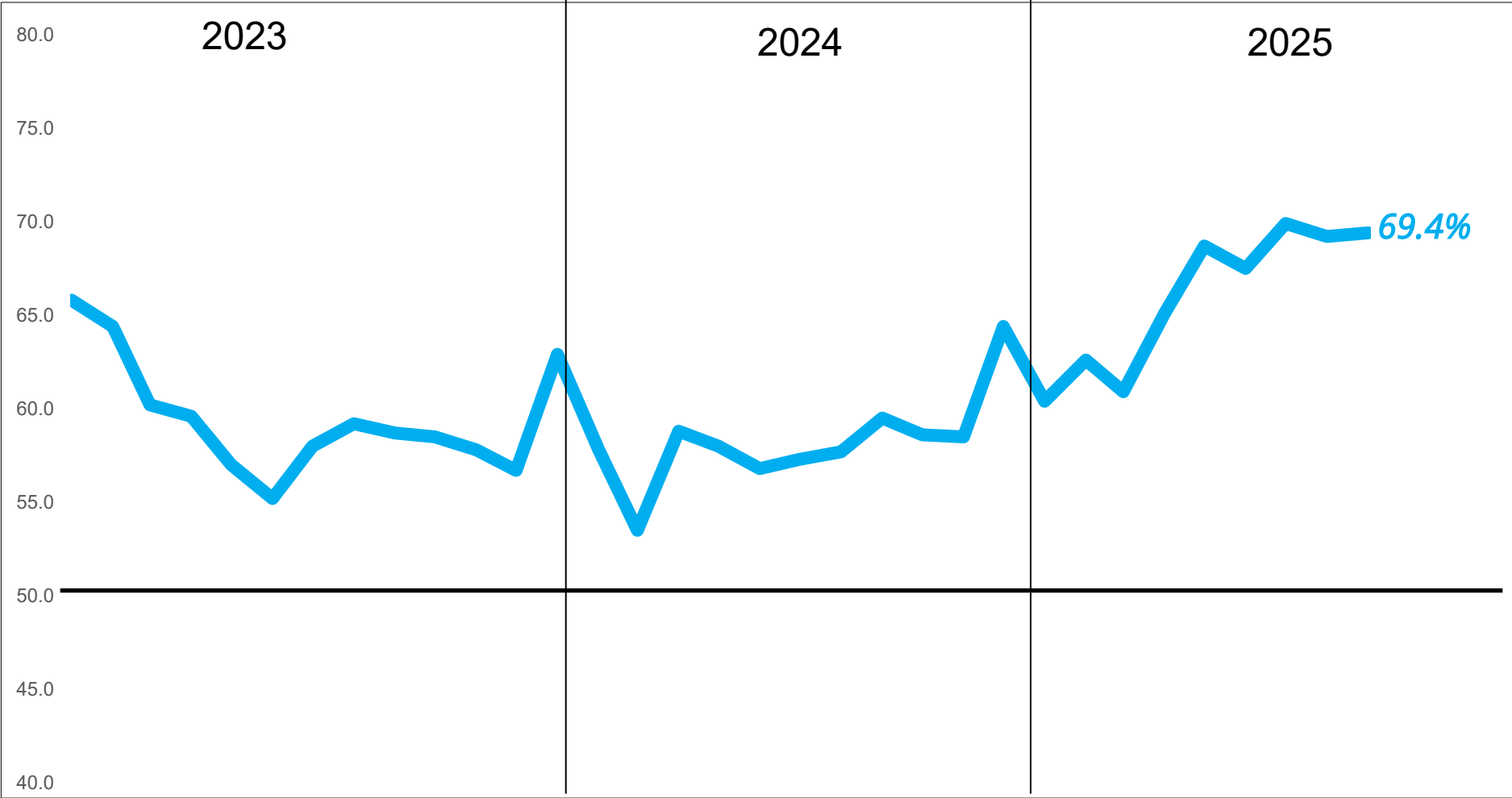
Services Inventories Index

ISM® Services Inventories 2023-2025



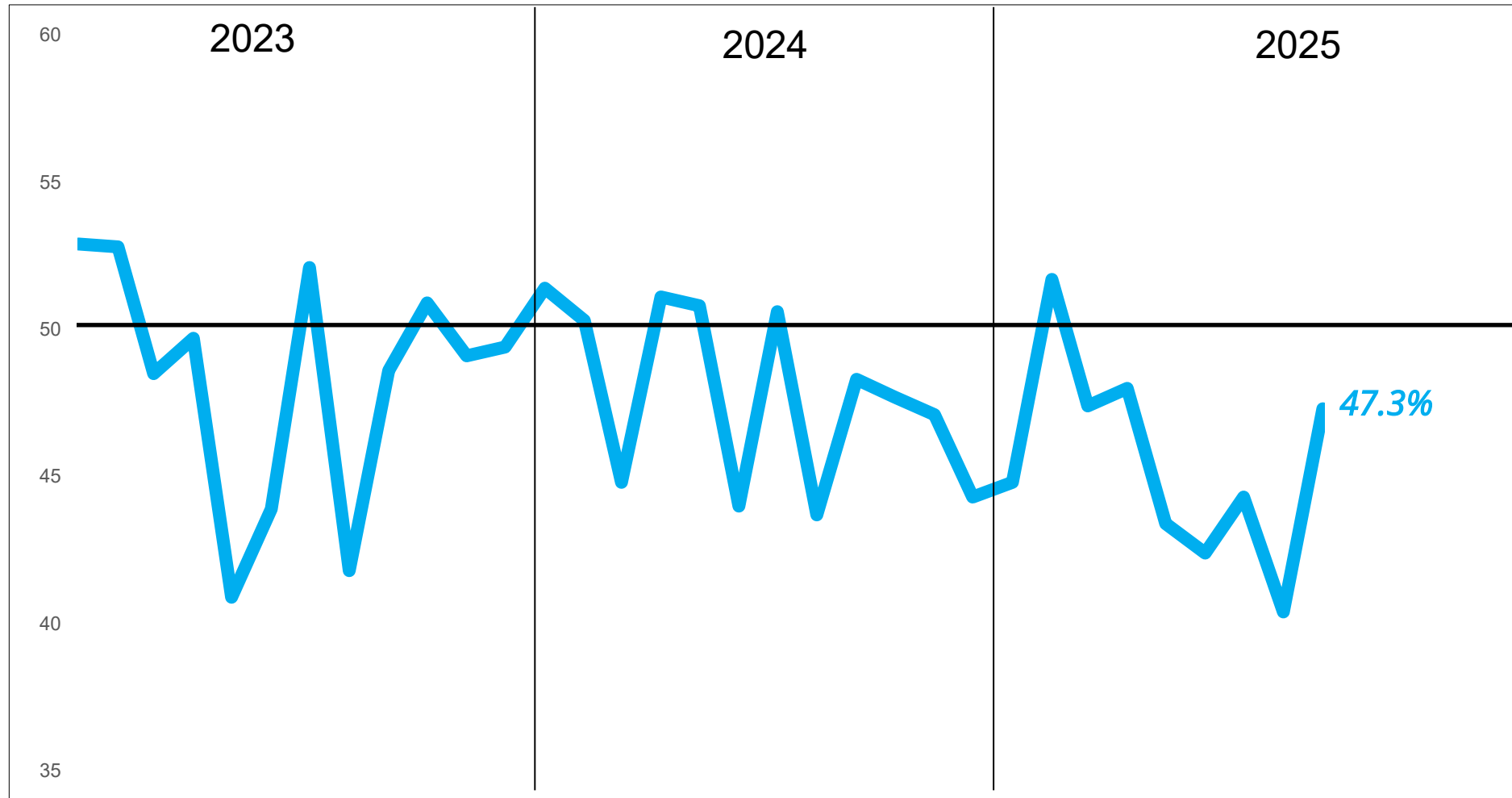
Services Prices Index

ISM® Services Prices 2023-2025



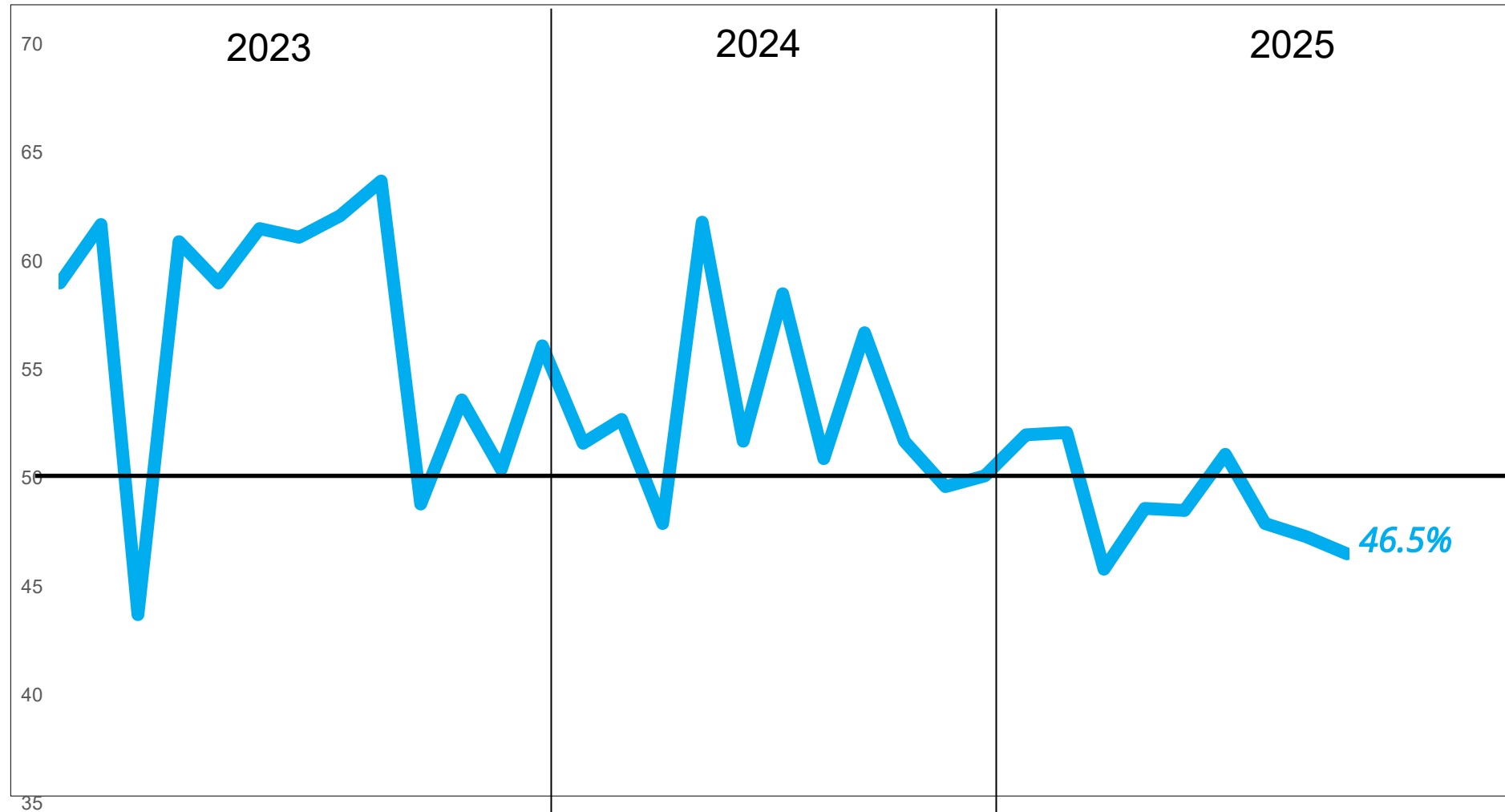
Services Backlog of Orders Index

ISM® Services Backlog of Orders 2023-2025



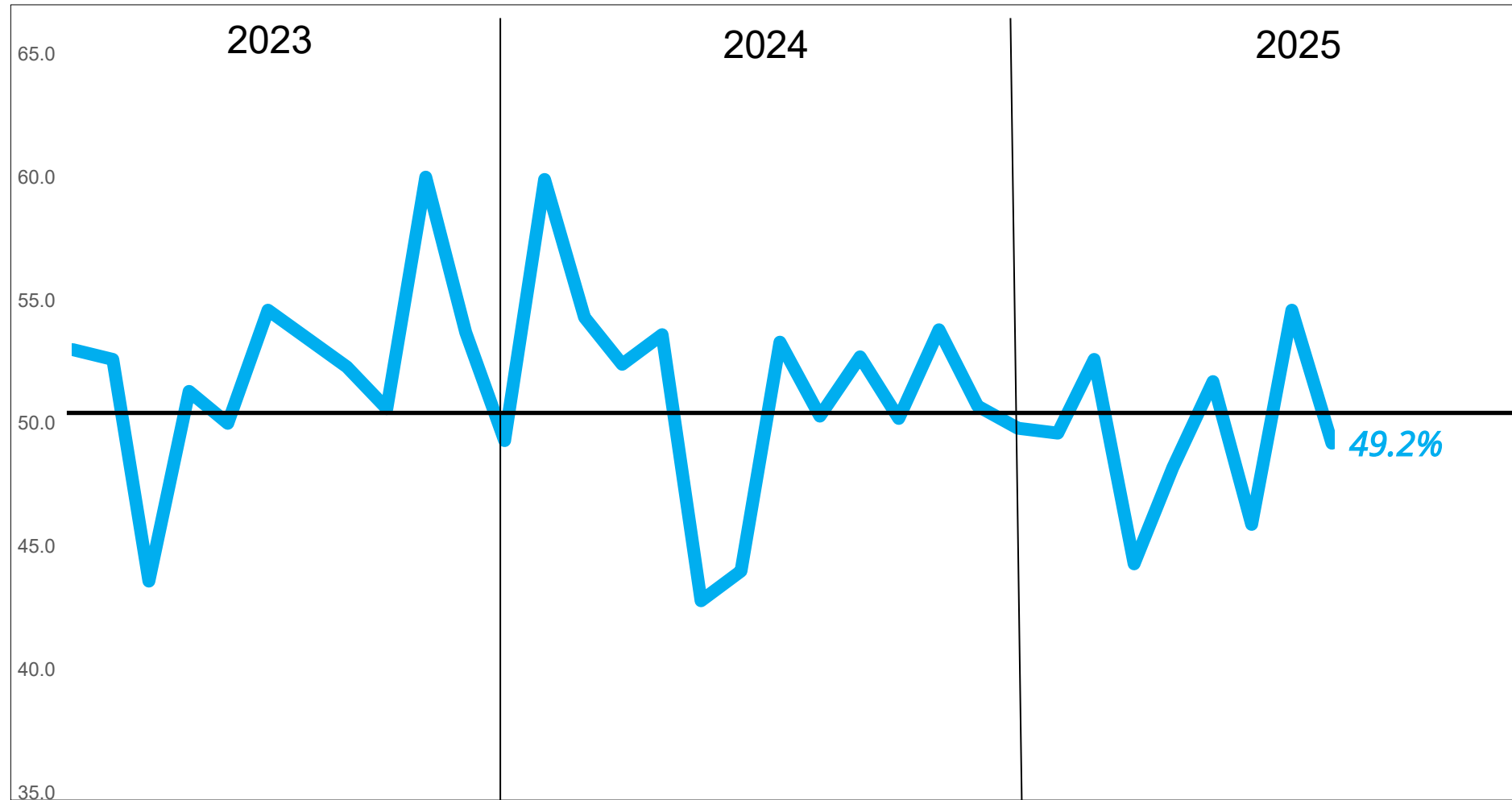
Services Exports Index

ISM® Services Exports 2023-2025



Services Imports Index

ISM® Services Imports 2023-2025



Services Inventory Sentiment Index

ISM® Services Inventory Sentiment 2023-2025

