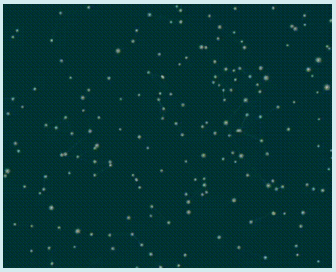
ISM June 2021 Report: Manufacturers See Increased Demand, but Struggle to Keep Up



Key Takeaways

- Demand from the market remains strong, with ISM reporting a 13th consecutive month of growth.
- However, supply chain issues like material shortages and rising commodity prices hinder manufacturers from producing as much as they could.

Demand for goods remains strong, with the Institute for Supply Management's monthly index reporting a 13th consecutive month of growth across 17 of 18 industries. However, many of these manufacturers are having a hard time keeping pace due to a plethora of supply chain issues, ranging from material shortages to commodity price increases.

According to ISM, lead time for production materials reached 88 days in June—the highest figure ever recorded in the history of the report. This has led to slower deliveries across the board, particularly in electronic supplies. ISM's Supplier Deliveries Index illustrates this impact, registering at 75.1% in June, with scores above 50% indicating slower deliveries.

> Record-long raw-material lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are continuing to affect all segments of the manufacturing economy.

Supply chain issues, material shortages, labor issues, and other obstacles are now beginning to manifest in prices. ISM's manufacturing price index reached its highest mark in the last 40 years, jumping 4.1% to 92.1% in June.

"Record-long raw-material lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are continuing to affect all segments of

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the manufacturing economy," said Timothy Fiore, CPSM, CPM, Chair of the ISM Manufacturing Business Survey Committee.

Despite these obstacles, sentiment among manufacturers remains strong. The survey committee received 16 positive comments about the future outlook of the industry for every cautious comment.

"Continue to see very strong demand across all business units," said one respondent from the chemicals production space. "In many cases, we are limited on our ability to supply by raw-materials availability. Still running at record volume but could be producing much more."

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As supply constraints, material costs, and other obstacles begin to impact activity across the sector, it's critical manufacturers address supply chain friction whenever and wherever they can. Supply chain issue management is a low-hanging fruit in that regard, with multienterprise work management solutions enabling manufacturers to significantly improve the way they work with their supply chain partners. This enables dramatic improvements in supply chain issue resolution and delivery performance.

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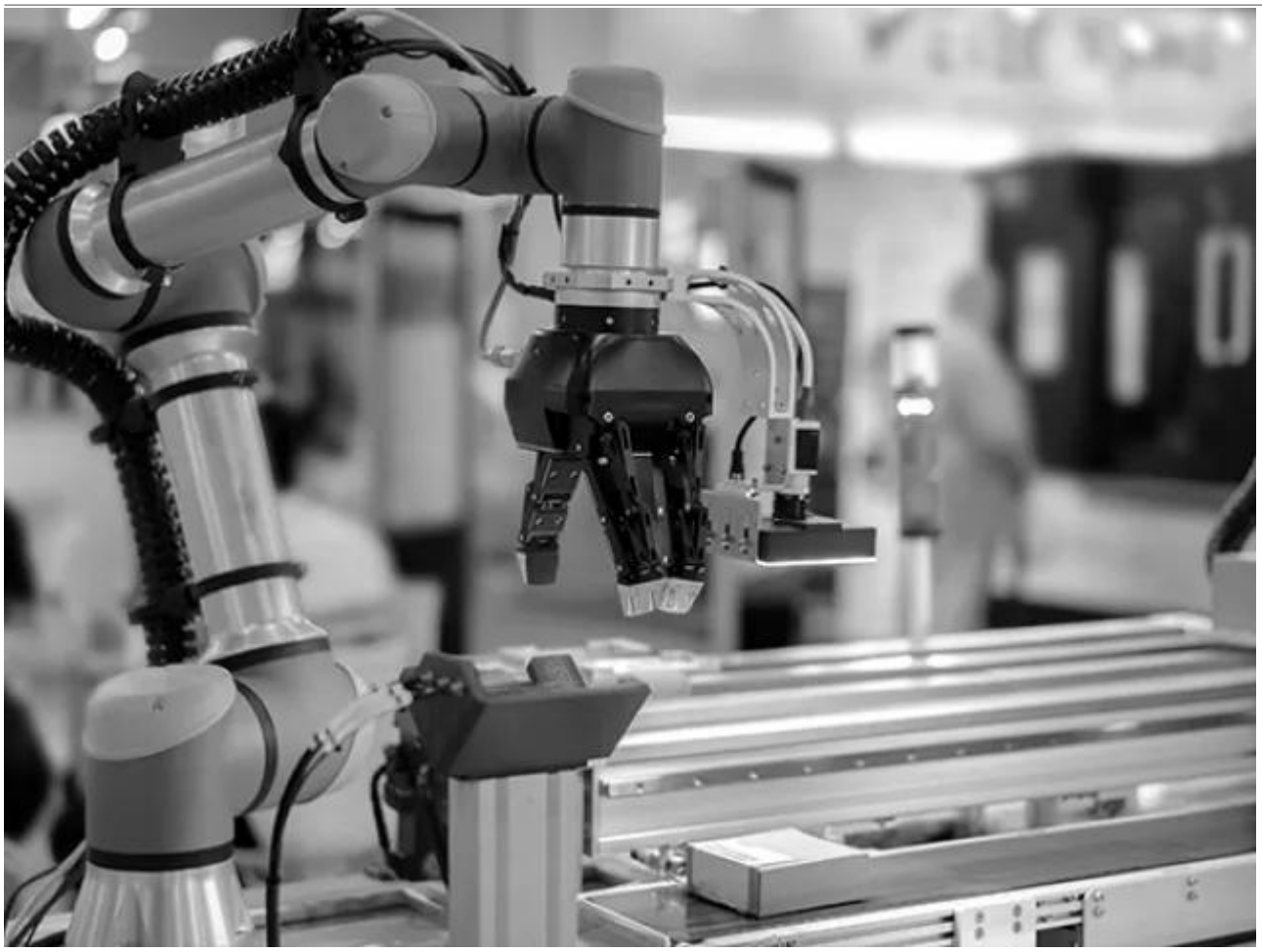


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