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# Textiles Mills Report Growth in August as US Manufacturing Declines

By Arthur Friedman



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Economic activity in the U.S. [manufacturing](#) sector fell in August, supply executives said in the latest Manufacturing Institute for Supply Management (ISM) “Report on Business.” But [textile mills](#) bucked the trend.

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U.S. manufacturing contracted in August, as the Purchasing Managers Index (PMI) fell 2.1 percent to 49.1 percent. This is the lowest reading since January 2016, when the index registered 48 percent.

“The PMI contracted for the first time since August 2016 and ended a 35-month expansion period in which the composite index averaged 56.5 percent,” ISM chair Timothy R. Fiore said. “The August contraction ended four straight months of expansion softening. Only one of the PMI subindexes (Supplier Deliveries) registered expansion. Three of the six big industries modestly expanded, but two contracted strongly.”

A reading above 50 percent indicates that the manufacturing economy is generally expanding, while below 50 percent indicates it is generally contracting. Of the 18 manufacturing industries, nine reported growth in August, led by [Textile Mills](#), while seven industries reporting contraction in the month, topped by Apparel, and Leather & Allied Products.

Jay Timmons, president and CEO of the National Association of Manufacturers, said, “These numbers, though disappointing, are not entirely surprising. We’ve started feeling the effects of a slowing global economy.”

According to Timmons, 10 of the top 20 countries that manufacturers sell to have contracting economies.

“Manufacturers have also warned that trade uncertainty would affect our industry,” he said. “Here’s what manufacturers need: pass the USMCA, turn the trade war with China into a trade deal with China and reauthorize the Export-Import Bank.”

Comments from the panel of executives surveyed reflect a notable decrease in business confidence. Demand and the New Orders Index contracted, while the Customers’ Inventories Index recovered slightly from prior months. The New Export Orders Index experienced the biggest loss among the subindexes, the report noted.

Overall, inputs indicate supply chains are responding better and companies are continuing to closely match inventories to new orders, a positive sign for future expansion. [Prices](#) contracted for the third consecutive month, indicating lower overall systemic demand.

“Respondents expressed slightly more concern about U.S.-China trade turbulence, but trade remains the most significant issue, indicated by the strong contraction in new export orders,” Fiore said. “Respondents continued to note supply chain adjustments as a result of moving manufacturing from China.”

ISM's Production Index registered 49.5 percent in August, a decrease of 1.3 percent for the month, after nearly three years of growth. The four industries reporting growth in production during the month were led by Textile Mills, followed by Food, Beverage & Tobacco Products; Nonmetallic Mineral Products and Chemical Products. The nine industries reporting a decrease in production in August included Apparel and Leather & Allied Products with the biggest declines.

The ISM Prices Index registered 46 percent in August, an increase of 0.9 percent from July, indicating raw materials prices decreased for the third consecutive month. Apparel, and Leather & Allied Products topped the list of industries reporting a decline in prices for raw materials last month.

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