



HOW'S BUSINESS

YOUR SOURCE FOR THE PULSE OF THE PACKAGING INDUSTRY

June 2023

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PMMI The Association for Packaging and Processing Technologies
12930 Worldgate Drive, Suite 200 Herndon, VA 20170
Phone: (571) 612-3200 pmmi.org/research

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Jorge Izquierdo, Vice President, Market Development, PMMI
Andrea Admana, Specialist, Market Development, PMMI

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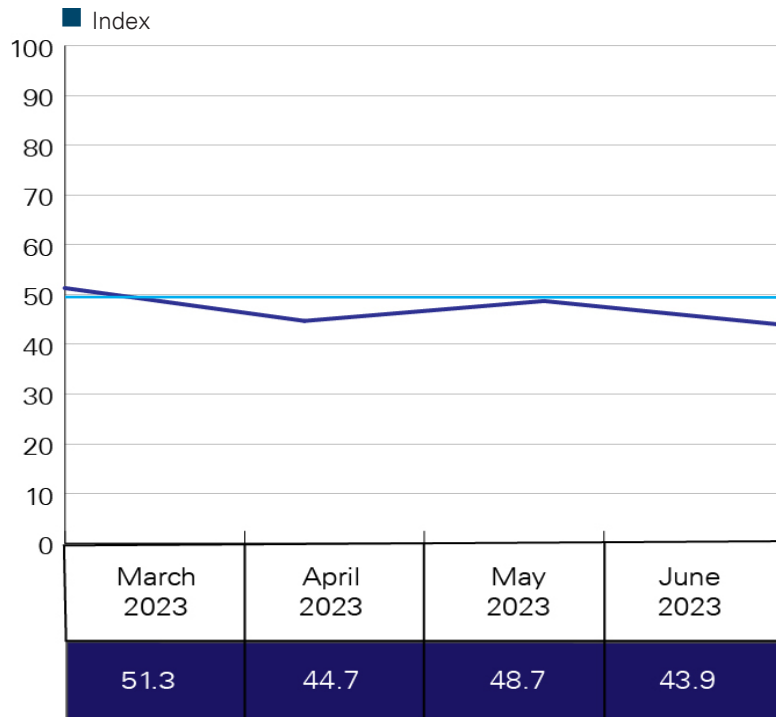
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WHAT MEMBERS ARE SAYING - HOW'S BUSINESS

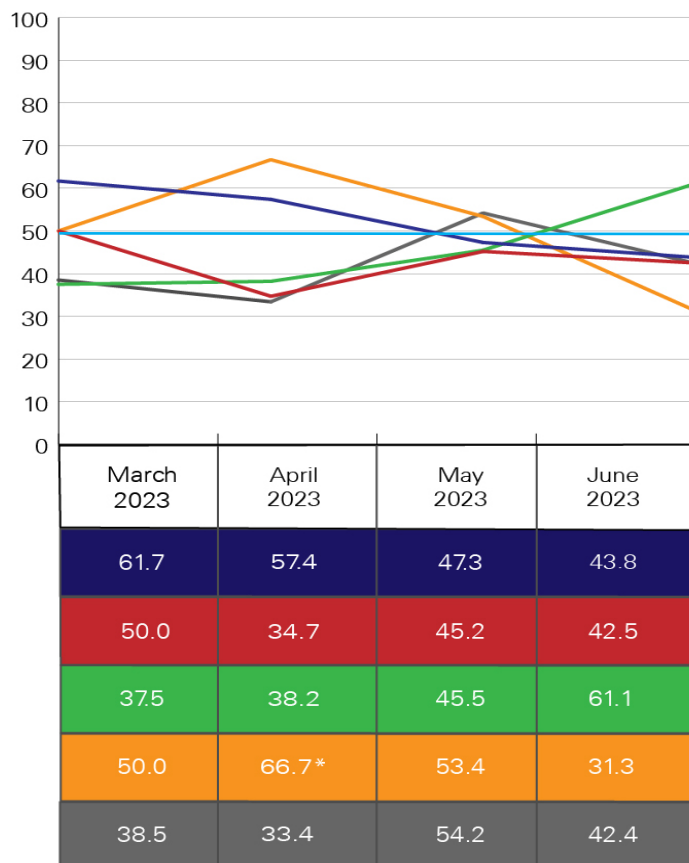
The following charts compare month-over-month activity in NEW ORDERS, QUOTATIONS/PROPOSAL ACTIVITY, LEAD TIME, LATE PAYMENTS, BACKLOG, SHIPMENTS, and SUPPLY CHAIN DISRUPTIONS as reported by Members in PMMI's How's Business Survey.

NEW ORDERS MARCH 2023 TO JUNE 2023



- Data on New Orders has dipped, dropping 4.8 points since May 2023.
- June 2023's data at 43.9 marks the third consecutive month that New Orders data is below the midpoint of 50 which is an indication of contraction. Activity has fluctuated from hovering above the midpoint to dropping below since the beginning of the year. Members should expect this fluctuation to continue over the next few months.

NEW ORDERS MARCH 2023 TO JUNE 2023 (BROKEN OUT BY EQUIPMENT TYPE)



- Activity in End of Line Equipment is expanding and has finally reached above the midpoint of 50 since March 2023.
- Activity in Primary Packaging, Secondary Packaging, Processing and Other Equipment are contracting. Processing, and Other Equipment have fallen below the midpoint since last month.

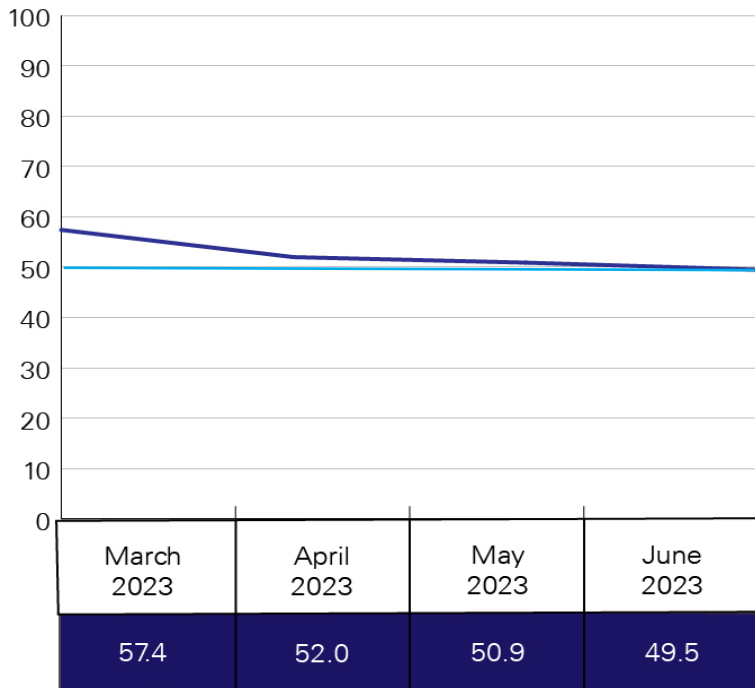
*5 or less responses

- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

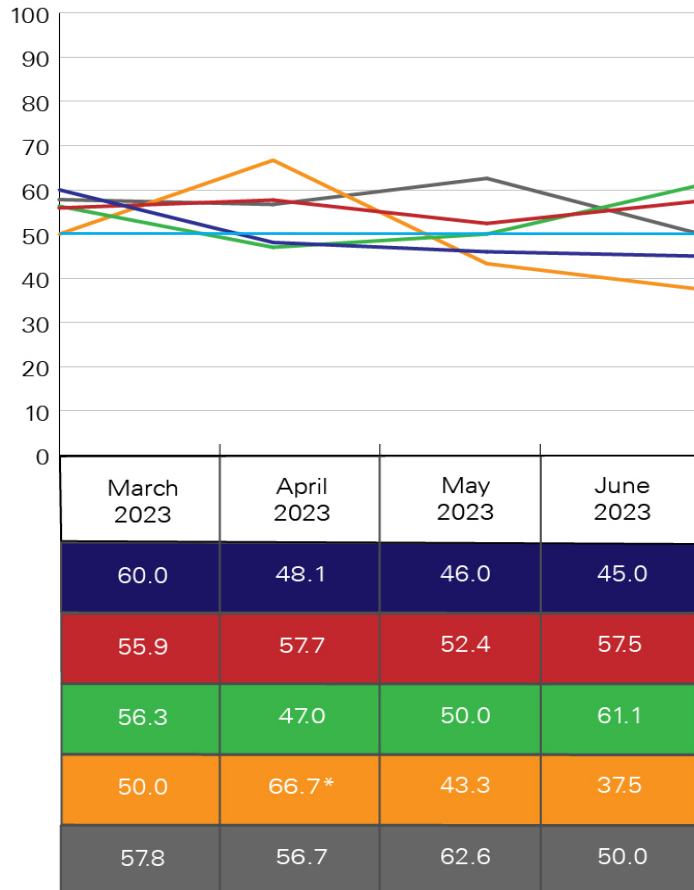
QUOTATIONS/PROPOSAL ACTIVITY MARCH 2023 TO JUNE 2023

■ Index



- Quotations/Proposal Activity has been on a steady decline since March 2023, with this month's activity decreasing 1.4 points to an index of 49.5.
- The decrease in indexed data for Quotations and Proposals has reached below the midpoint indicating contraction.

QUOTATIONS/PROPOSAL ACTIVITY MARCH 2023 TO JUNE 2023 (BROKEN OUT BY EQUIPMENT TYPE)



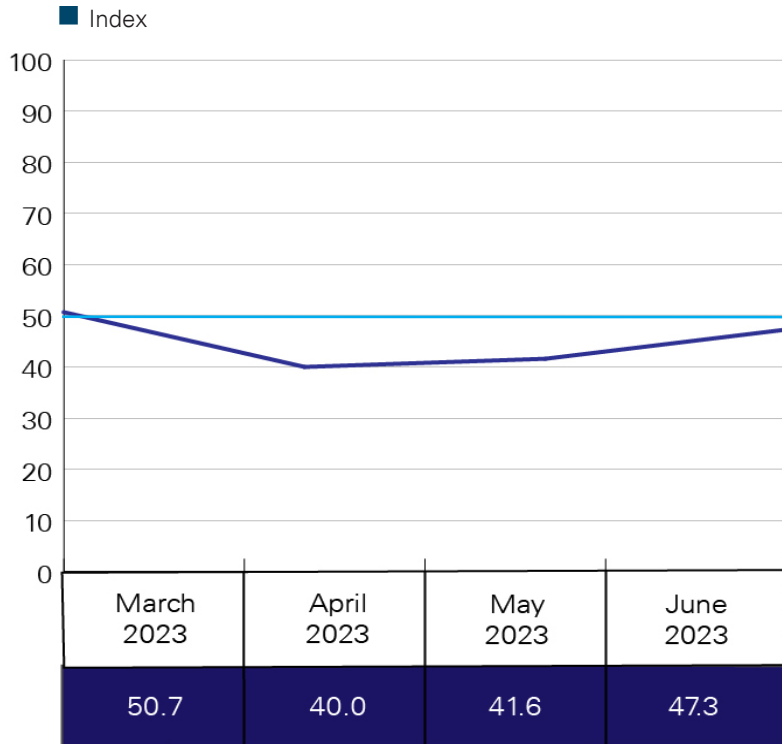
- Activity in Secondary Packaging and End of Line Equipment are expanding.
- Activity in Other Equipment has significantly decreased since last month reaching the midpoint of 50.
- Activity in Primary Packaging and Processing Equipment are continuing contraction since last month.

*5 or less responses

- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

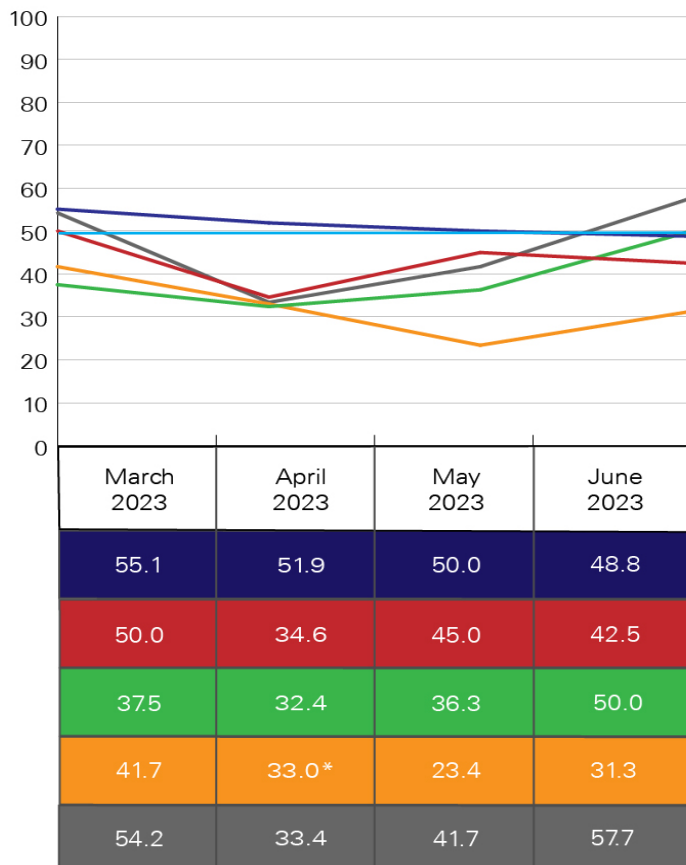
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

LEAD TIME MARCH 2023 TO JUNE 2023



- Lead Time data has increased 5.7 points since last month but is still below the midpoint of 50.
- June 2023's index (47.3 points) indicates that Lead Time activity is contracting but moving closer to the midpoint.

LEAD TIME MARCH 2023 TO JUNE 2023 (BROKEN OUT BY EQUIPMENT TYPE)



- Activity in most equipment types is still contracting.
- Activity in Other Equipment is expanding and has finally reached above the midpoint since April 2023.
- Activity in End of Line Packaging has increased since last month reaching the midpoint of 50.
- Activity in Primary Packaging, Secondary Packaging, and Processing Equipment are contracting. Primary Packaging has decreased from the midpoint of 50 since last month.

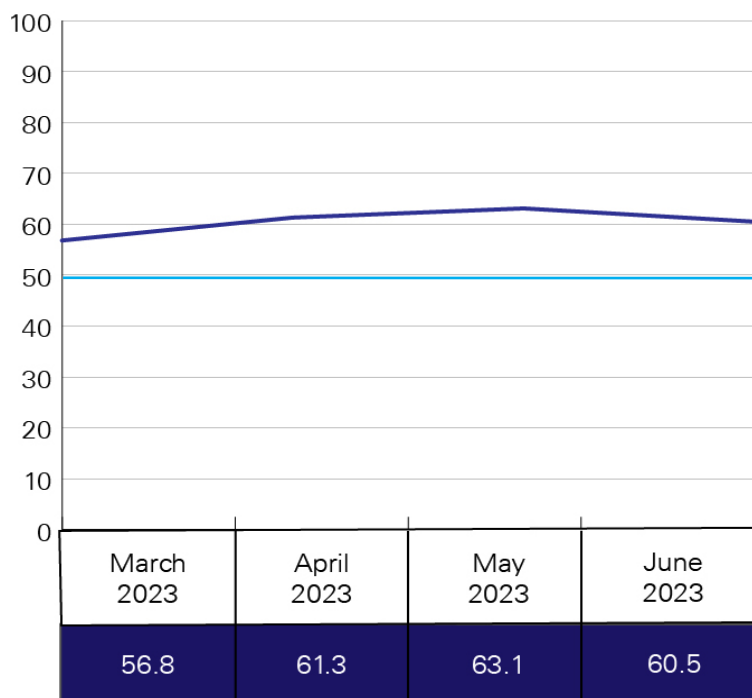
*5 or less responses

- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

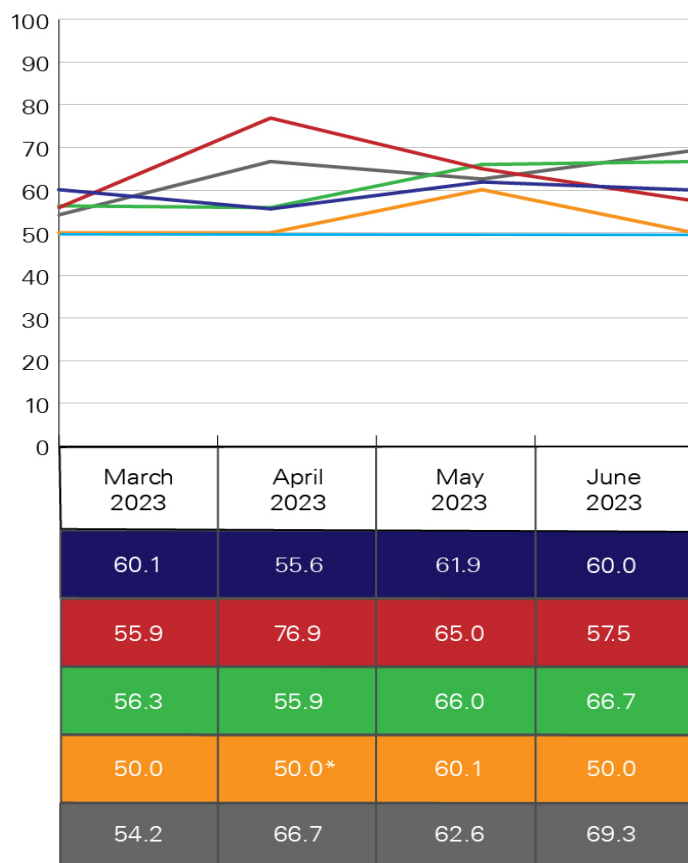
LATE PAYMENTS MARCH 2023 TO JUNE 2023

■ Index



- Late Payment data has been relatively constant since March 2023.
- June 2023's index (60.5 points) has decreased 2.6 points indicating that Late Payment activity is still expanding amongst How's Business respondents.

LATE PAYMENTS MARCH 2023 TO JUNE 2023 (BROKEN OUT BY EQUIPMENT TYPE)



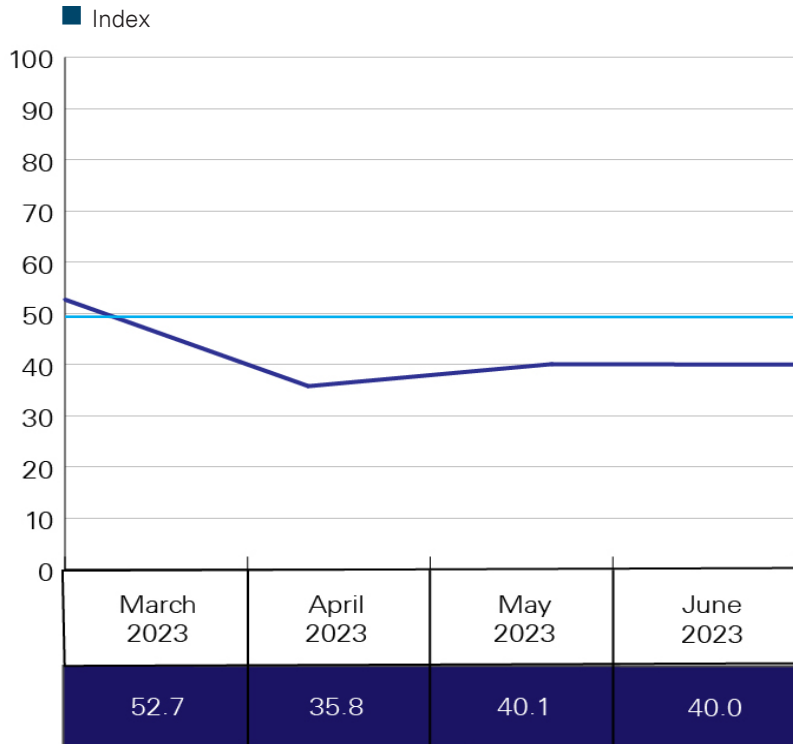
- Activity in almost all equipment types indicates expansion.
- Activity in End of Line Packaging and Other Equipment continues to be above the midpoint, signaling expansion.
- Activity in Primary Packaging and Secondary Packaging is still above the midpoint of 50 but has decreased since last month.
- Activity in Processing Equipment has decreased since last month reaching the midpoint of 50.

*5 or less responses

- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

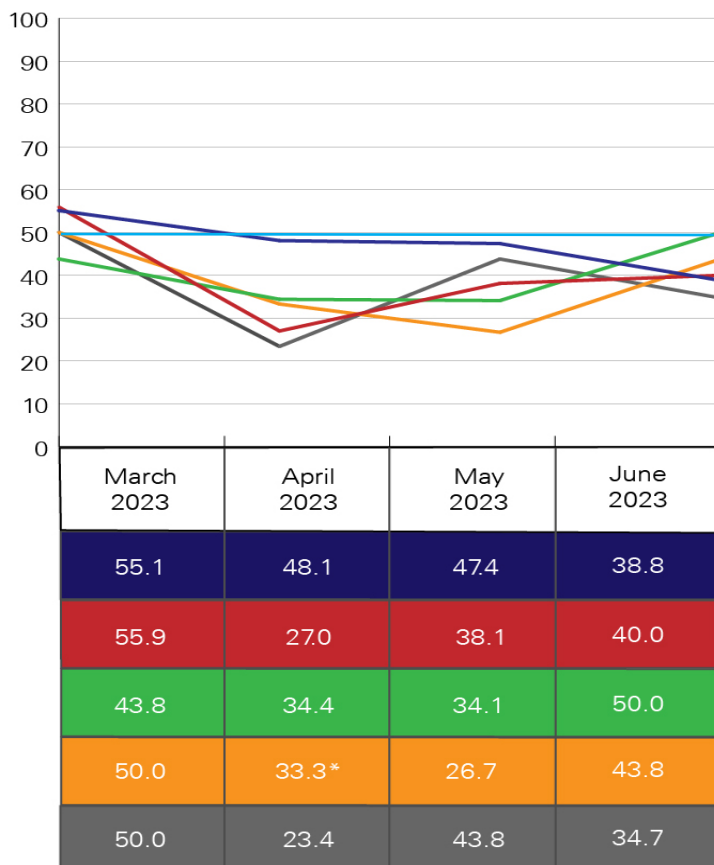
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

BACKLOG MARCH 2023 TO JUNE 2023



- Backlog data has stayed constant since the last month, only decreasing 0.1 points.
- June 2023's data at 40.0 is still below the midpoint of 50 indicating contraction.

BACKLOG MARCH 2023 TO JUNE 2023 (BROKEN OUT BY EQUIPMENT TYPE)



- Activity in almost all equipment types are still contracting.
- Activity in Primary Packaging and Other Equipment has decreased since last month, falling way below the midpoint line.
- Activity in Secondary Packaging and Processing Equipment has increased since last month but is still below the midpoint of 50.
- Activity in End of Line Packaging Equipment has significantly increased since last month and reached the midpoint line.

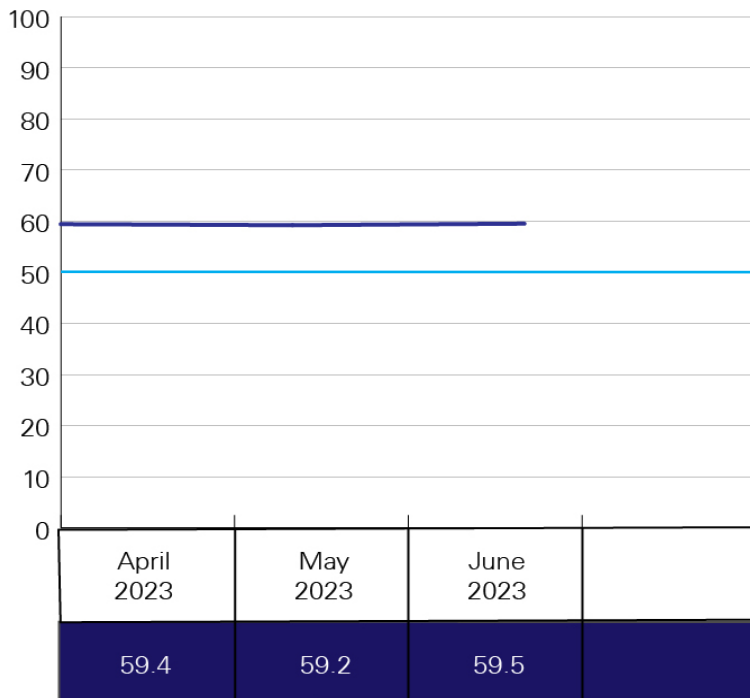
*5 or less responses

- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

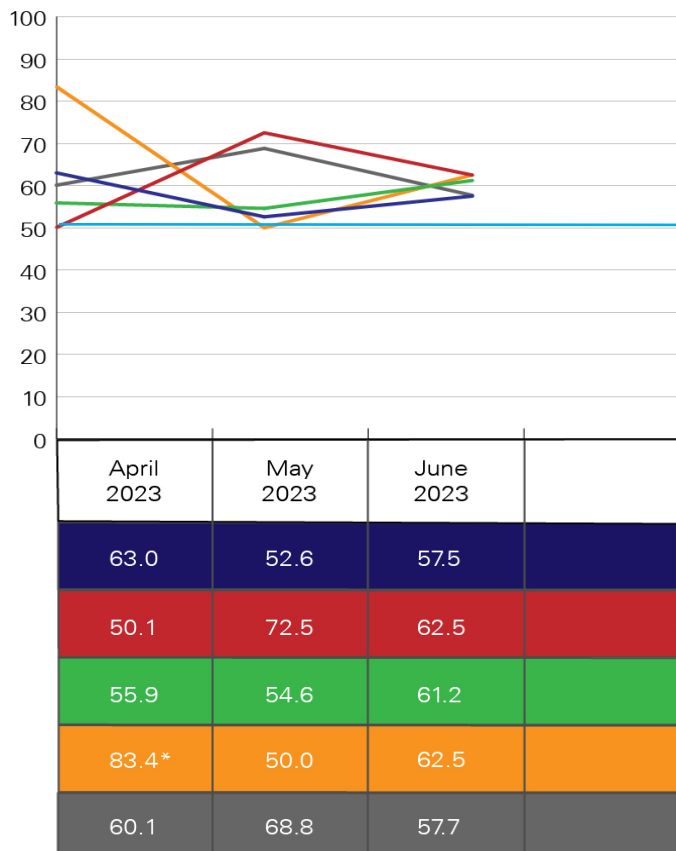
SHIPMENTS APRIL 2023 TO JUNE 2023

■ Index



- Shipments data collection started in April 2023. Data for this will be updated each month.
- May 2023's index (59.5 points) has slightly increased since last month but still indicates that Shipments activity is expanding amongst How's Business respondents. Members should view this as a positive.

SHIPMENTS APRIL 2023 TO JUNE 2023 (BROKEN OUT BY EQUIPMENT TYPE)



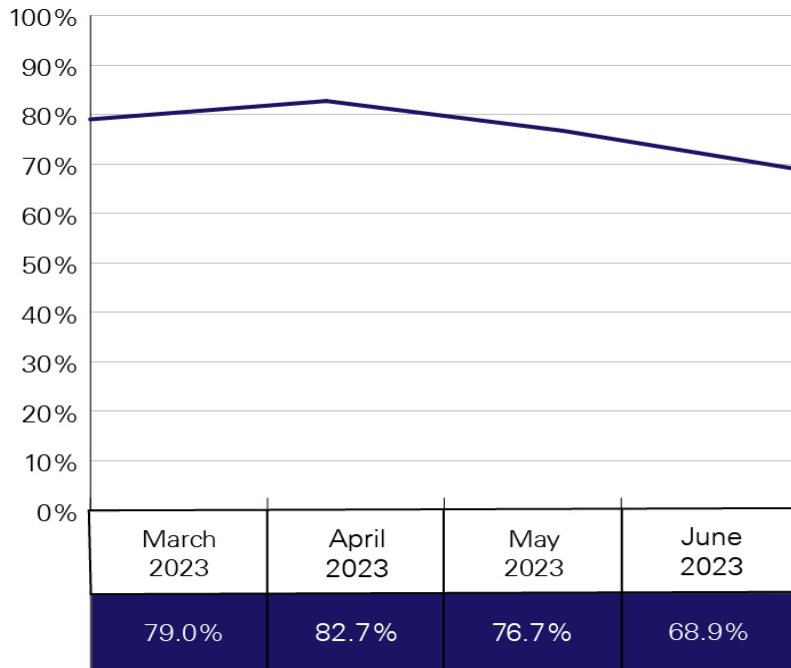
- Activity in all equipment types are above the midpoint of 50.
- Activity in Primary Packaging, End of Line Packaging, and Processing Equipment have increased since last month.
- Activity in Secondary Packaging and Other Equipment have decreased but still remain well above the midpoint line.

*5 or less responses

- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

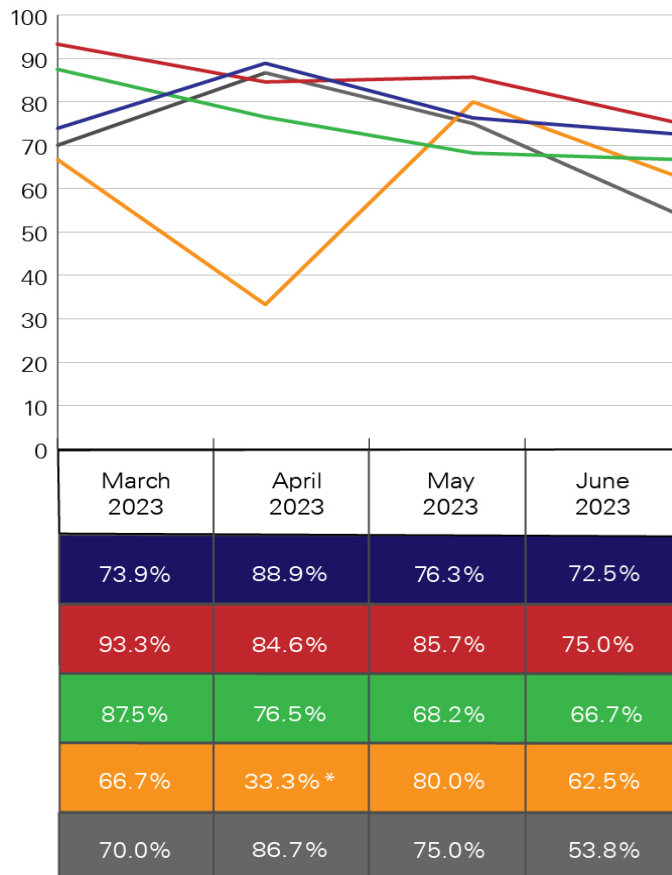
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

SUPPLY CHAIN DISRUPTION MARCH 2023 TO JUNE 2023



- June 2023's data for supply chain disruptions has decreased since May 2023, dropping 7.8 percentage points to 68.9%. Supply chain disruptions have stayed relatively constant since the beginning of the year.
- Supply chain disruptions have been on a steady decline since the end of last year, which members should view as a positive.

SUPPLY CHAIN DISRUPTION MARCH 2023 TO JUNE 2023 (BROKEN OUT BY EQUIPMENT TYPE)



- Equipment types that are experiencing the most amount of disruption are Primary Packaging, Secondary Packaging, and End of Line Equipment.
- Processing and Other Equipment are still experiencing levels of disruption but have decreased since last month.

*5 or less responses

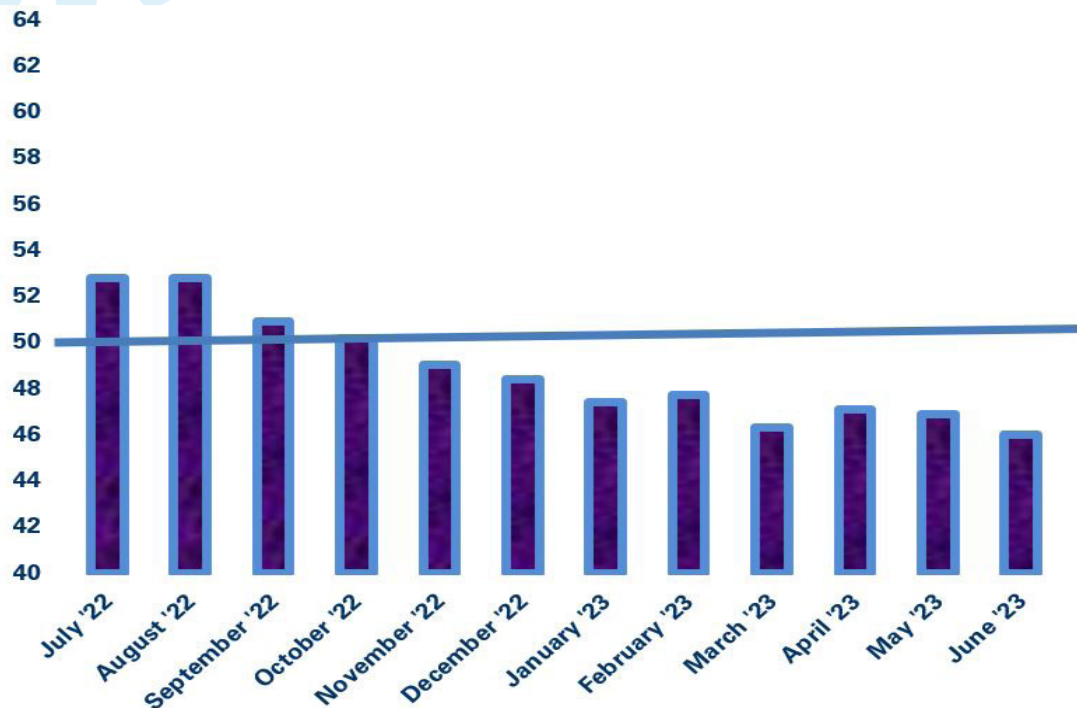
- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

THE STATE OF MANUFACTURING

► ISM Report on Business (PMI)

Purchasing Managers Index

June 2023 PMI 46.0



- The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. The headline PMI is a number from 0 to 100. A PMI above 50 represents an expansion when compared with the previous month. A PMI reading under 50 represents a contraction, and a reading at 50 indicates no change. The further away from 50 the greater the level of change.
- The June Manufacturing PMI® registered 46 percent, 0.9 percentage point lower than the 46.9 percent recorded in May.

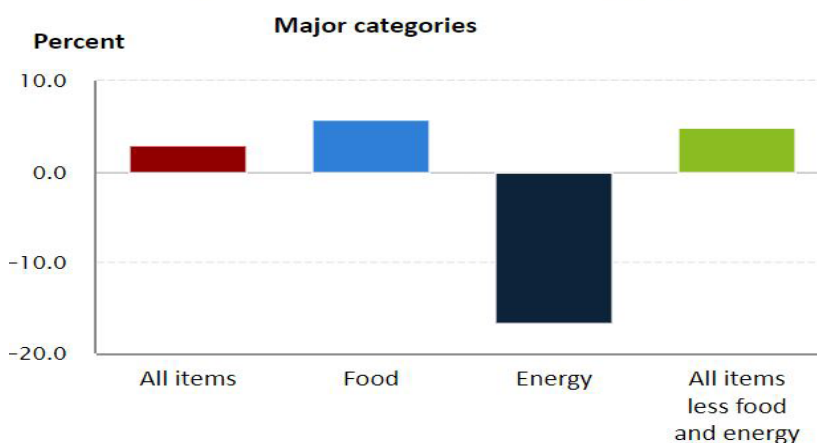
www.ism.ws/ISMReport/index.cfm

► Consumer Price Index

- CPI for all items rises 0.2% in June; shelter is up.
- In June, the Consumer Price Index for All Urban Consumers increased 0.2 percent, seasonally adjusted, and rose 3.0 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy increased 0.2 percent in June (SA); up 4.8 percent over the year (NSA).

www.bls.gov/cpi

12-month percentage change, Consumer Price Index, selected categories, June 2023, not seasonally adjusted



► 3-YEAR U.S. OUTLOOK

| | 12/12 | 12MMT/A | Current 12/12 | 2023 | 2024 | 2025 | Highlights |
|--|-------|---------|---------------|------|------|------|---|
| US Industrial Production | | | 2.2 | 0.1 | -2.3 | 2.7 | Production 12MMA decline will take hold by the end of this year and extend through 2024. |
| US Nondefense Capital Goods New Orders | | | 4.7 | 0.3 | -3.3 | 3.8 | We adjusted the forecast to account for a revision to the historical data. Expect 12MMT decline from the near term through 2024. |
| US Private Sector Employment | | | 4.0 | 2.4 | -0.3 | -0.7 | We revised the forecast upward. We still expect the 12MMA to rise into mid-2024, then decline into the second half of 2025. |
| US Total Retail Sales | | | 7.1 | 2.1 | -0.7 | 4.4 | Retail Sales will rise mildly into late this year, then decline in 2024. Expect steeper decline in discretionary and financed products. |
| US Wholesale Trade of Durable Goods | | | 6.1 | 1.5 | -2.6 | 3.8 | Consumer finances are relatively sound, but interest rates will likely cool demand for durables. Wholesale Trade will contract next year. |
| US Wholesale Trade of Nondurable Goods | | | 13.0 | 1.5 | -2.1 | 5.0 | Oil is a downside pressure, and Grocery is an upside pressure. The 12MMT will rise mildly this year, then decline for most of 2024. |

Note: Forecast color represents what Phase the market will be in at the end of the year.

Phase Key



Phase A:
Recovery



Phase B:
Accelerating Growth



Phase C:
Slowing Growth



Phase D:
Recession

- The US economy is cooling, with growth rates dropping across all major metrics and outright decline on the horizon. Further cyclical decline is signaled by a variety of leading indicators, including the US ISM PMI (Purchasing Managers Index), the ITR Leading Indicator™, and consumer metrics such as the inflation-adjusted US Personal Savings Balance Index. We expect the US Industrial Production 12MMA, US Nondefense Capital Goods New Orders (excluding aircraft) 12MMT, and US Total Retail Sales 12MMT will flatten out as the year progresses and begin declining by the start of 2024. Ensure you are tracking your end-use markets, as some are more reactive to high interest rates – a major contributor to our recessionary outlook – than others.

We revised our US Private Sector Employment forecast to account for recent stronger-than-anticipated results and changes to the historical Employment data. We anticipate the Employment 12MMA will rise into the middle of next year, then decline into the second half of 2025. The US Census Bureau revised the historical data for Nondefense Capital Goods New Orders back through 2017. While our underlying analysis of this market has not changed, we adjusted the forecast due to the data revision. Finally, we adjusted the Retail Sales 12MMT outlook to account for a revision to the historical data; the rate-of-change outlook is unchanged.

www.itrondemand.com/insider/3-year-us-outlook

► Producer Price Index June 2023 PPI 372.5

- The Producer Price Index for final demand increased 0.1 percent in June, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Final demand prices declined 0.4 percent in May and edged up 0.1 percent in April.
- On an unadjusted basis, the index for final demand advanced 0.1 percent for the 12 months ended in June.

www.bls.gov

Producer Price Index Commodity Code 11-67 Packaging Machinery

