



# HOW'S BUSINESS

YOUR SOURCE FOR THE PULSE OF THE PACKAGING INDUSTRY

May 2023

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## HOW'S BUSINESS



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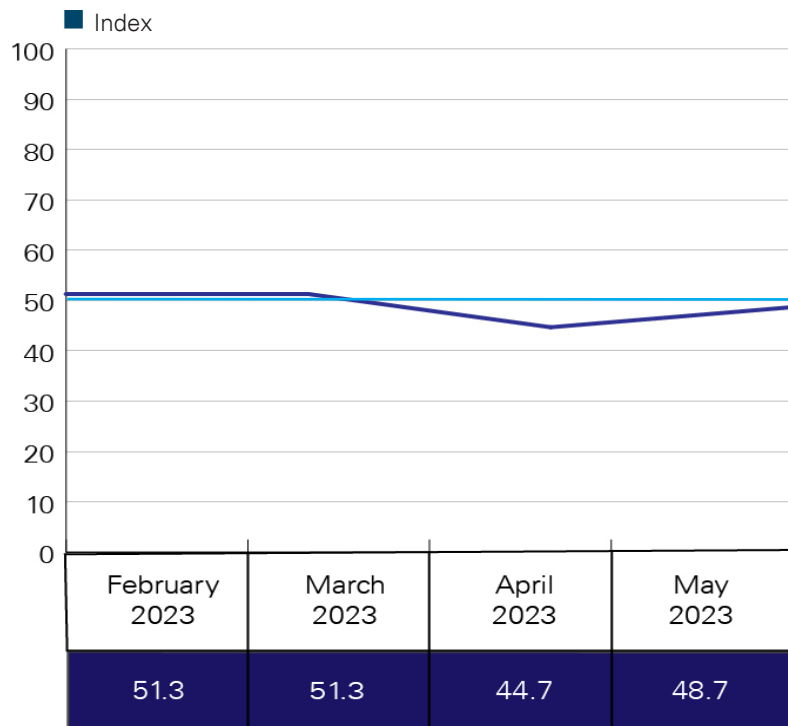
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# WHAT MEMBERS ARE SAYING - HOW'S BUSINESS

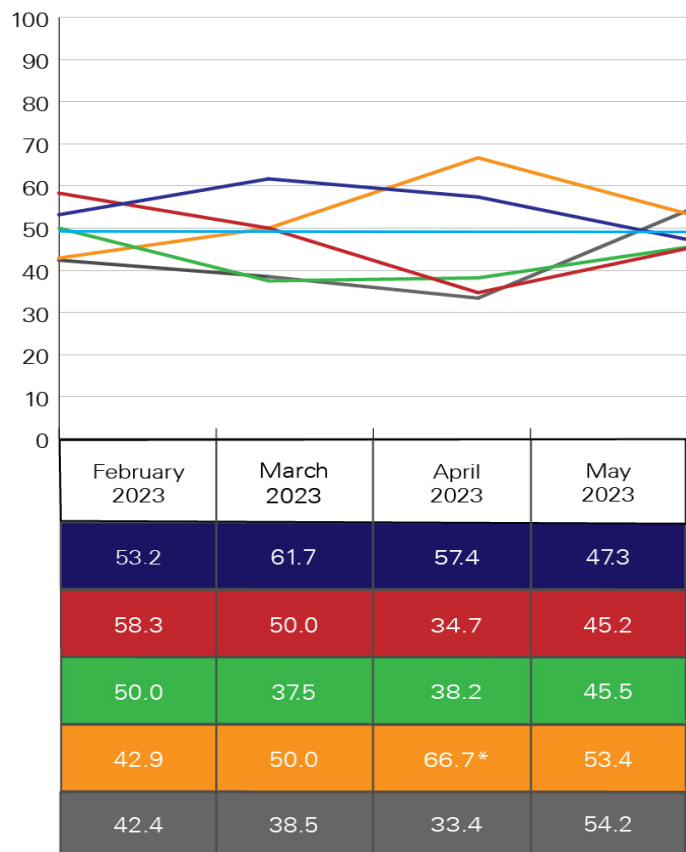
The following charts compare month-over-month activity in NEW ORDERS, QUOTATIONS/PROPOSAL ACTIVITY, LEAD TIME, LATE PAYMENTS, BACKLOG, SHIPMENTS, and SUPPLY CHAIN DISRUPTIONS as reported by Members in PMMI's How's Business Survey.

## NEW ORDERS FEBRUARY 2023 TO MAY 2023



- Data on New Orders has remained relatively constant since February 2023, only dropping 2.6 points since the beginning of the year.
- May 2023's data at 48.7 is still below the midpoint of 50 since last month which is an indication of contraction. Activity has fluctuated from hovering above the midpoint to dropping below over the past few months. Members should expect this fluctuation to continue over the next few months.

## NEW ORDERS FEBRUARY 2023 TO MAY 2023 (BROKEN OUT BY EQUIPMENT TYPE)



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

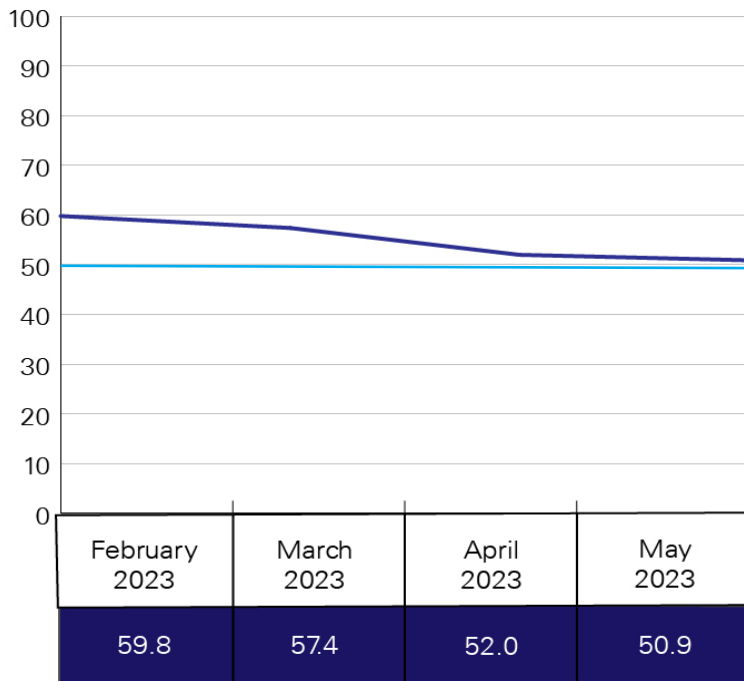
\*5 or less responses

- 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.

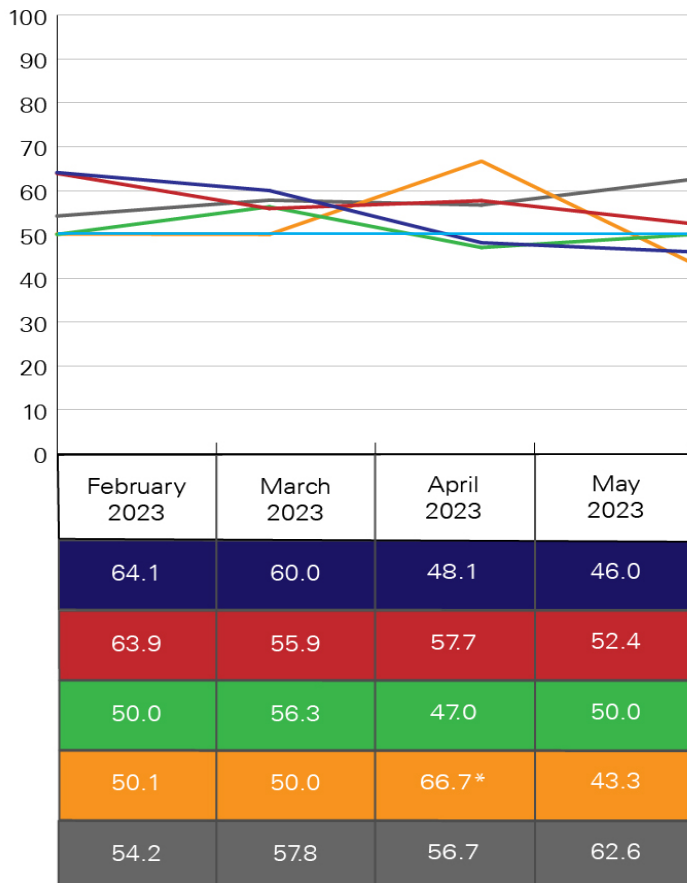
## QUOTATIONS/PROPOSAL ACTIVITY FEBRUARY 2023 TO MAY 2023

■ Index



- Quotations/Proposal Activity has been on a steady decline since February 2023, with this month's activity decreasing 1.1 points to an index of 50.9.
- The decrease in indexed data for Quotations and Proposals still indicates expansion, but is approaching the midpoint signaling that growth is slowing down.

## QUOTATIONS/PROPOSAL ACTIVITY FEBRUARY 2023 TO MAY 2023 (BROKEN OUT BY EQUIPMENT TYPE)



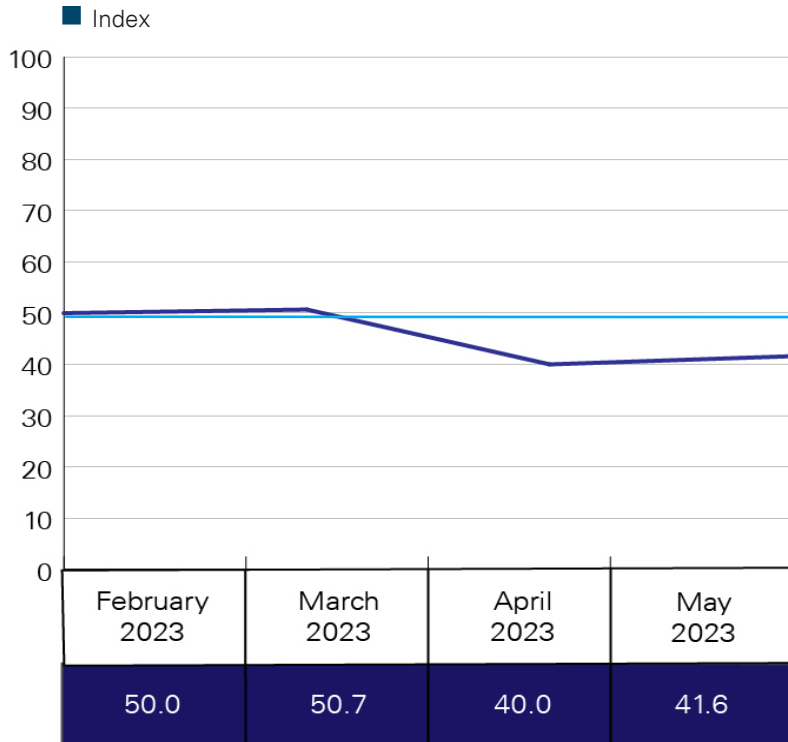
- Activity in Secondary Packaging, and Other Equipment are expanding.
- End of Line equipment shows a slight expansion to the midpoint of 50.
- Activity in Primary Packaging and Processing Equipment are contracting. Processing Equipment has fallen below the midpoint since last month.

\*5 or less responses

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

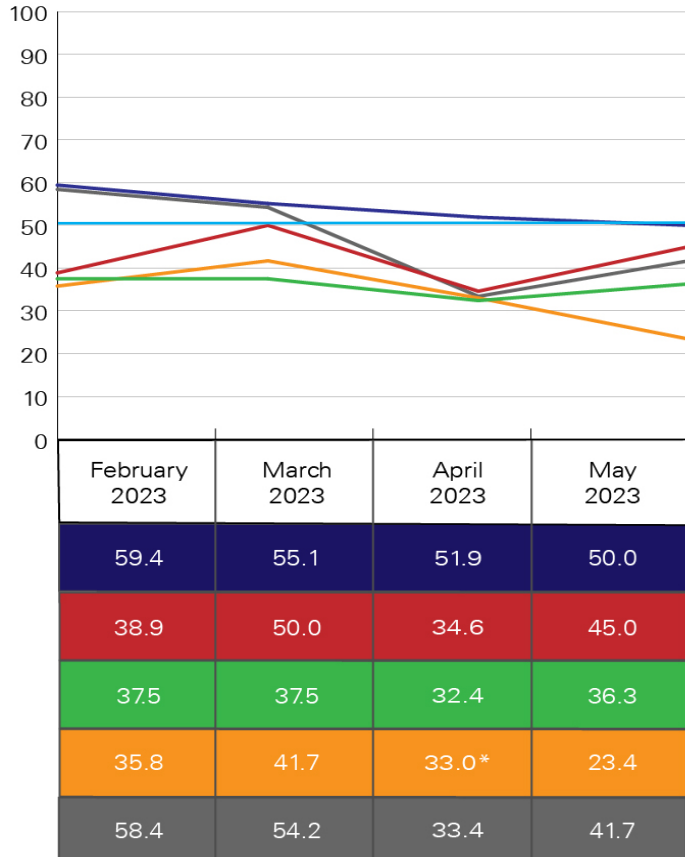
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

## LEAD TIME FEBRUARY 2023 TO MAY 2023



- Lead Time data has increased 1.6 points but is still below the midpoint of 50.
- May 2023's index (41.6 points) indicates that Lead Time activity is contracting.

## LEAD TIME FEBRUARY 2023 TO MAY 2023 (BROKEN OUT BY EQUIPMENT TYPE)



- Activity in most equipment types is still contracting.
- Activity in Primary Packaging Equipment is expanding but has been declining since February 2023 approaching the midpoint which signals slowing growth.
- Activity in Secondary Packaging, End of Line Packaging, Processing, and Other Equipment are continuing to contract, falling very low from the midpoint line of 50. Secondary Packaging and Other Equipment have slightly increased since last month but still signal contraction.

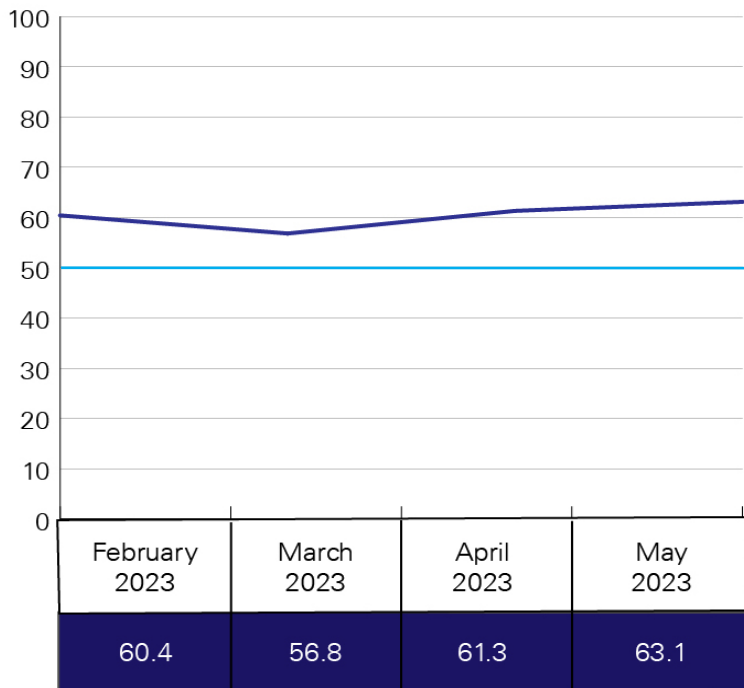
\*5 or less responses

- 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.

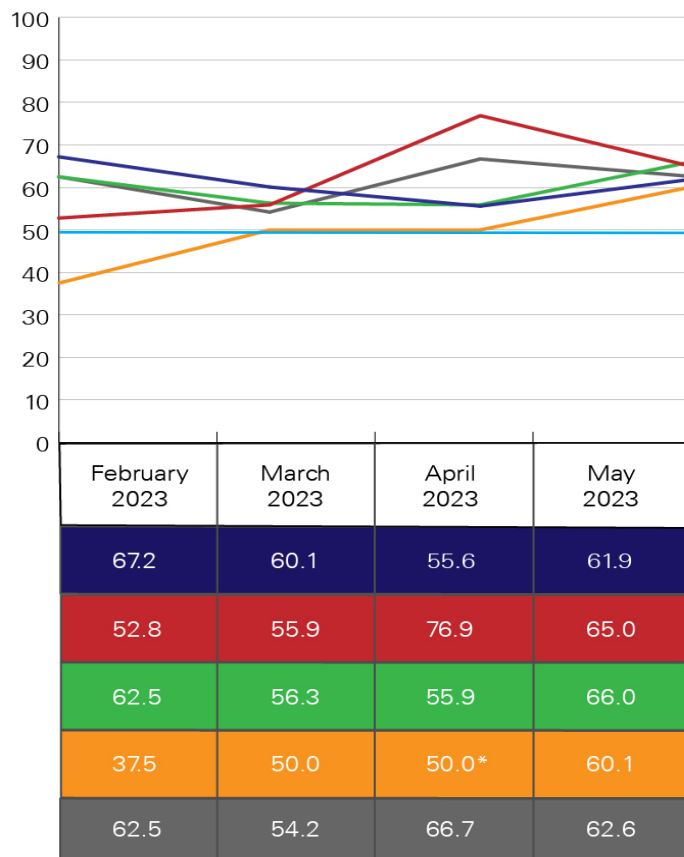
## LATE PAYMENTS FEBRUARY 2023 TO MAY 2023

■ Index



- Late Payment data has been relatively constant since collection started in February 2023.
- May 2023's index (63.1 points) indicates that Late Payment activity is expanding amongst How's Business respondents.

## LATE PAYMENTS FEBRUARY 2023 TO MAY 2023 (BROKEN OUT BY EQUIPMENT TYPE)



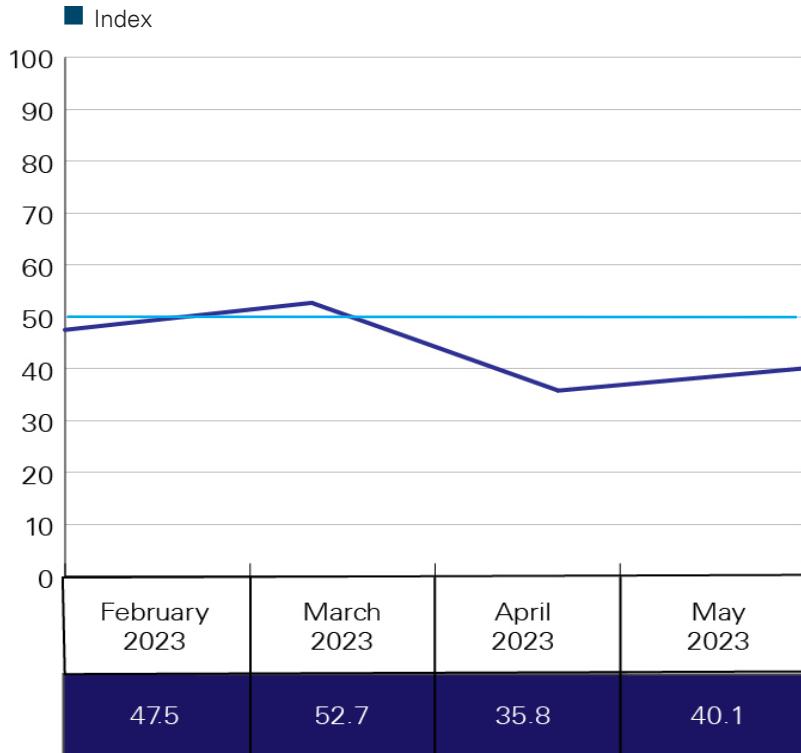
- Activity in all equipment types are above the midpoint of 50.
- Activity in Primary Packaging and End of Line Packaging continue to be above the midpoint, signaling expansion.
- Activity in Secondary Packaging and Other Equipment is still above the midpoint of 50 but has decreased since last month.

\*5 or less responses

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

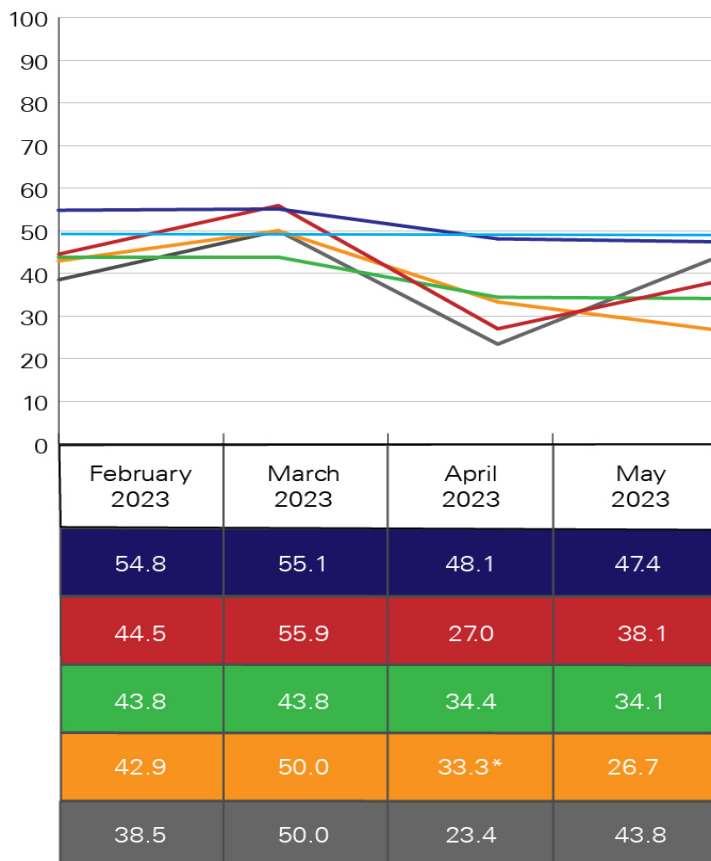
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

## BACKLOG FEBRUARY 2023 TO MAY 2023



- Backlog data has significantly decreased since data collection started in February 2023.
- May 2023's data at 40.1 has increased 4.3 points but is still below the midpoint of 50 indicating contraction.

## BACKLOG FEBRUARY 2023 TO MAY 2023 (BROKEN OUT BY EQUIPMENT TYPE)



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

\*5 or less responses

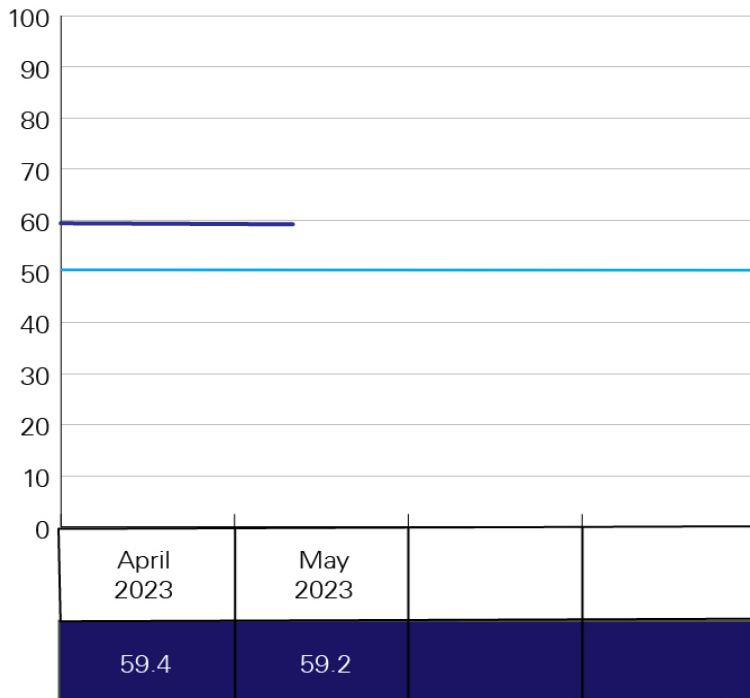
- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

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.



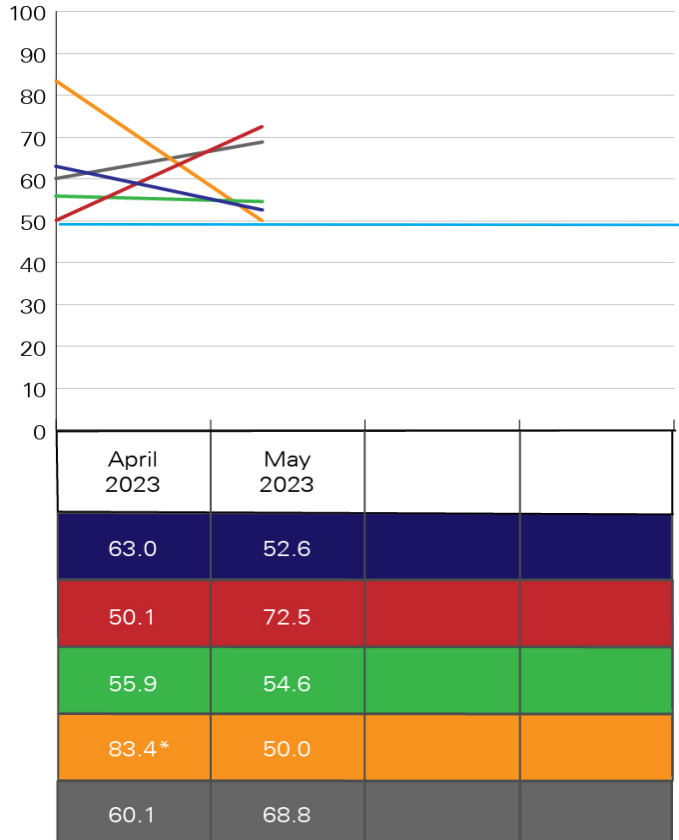
## SHIPMENTS APRIL 2023 TO MAY 2023

■ Index



- Shipments data collection started in April 2023. Data for this will be updated each month.
- April 2023's index (59.2 points) has slightly decreased 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 MAY 2023 (BROKEN OUT BY EQUIPMENT TYPE)



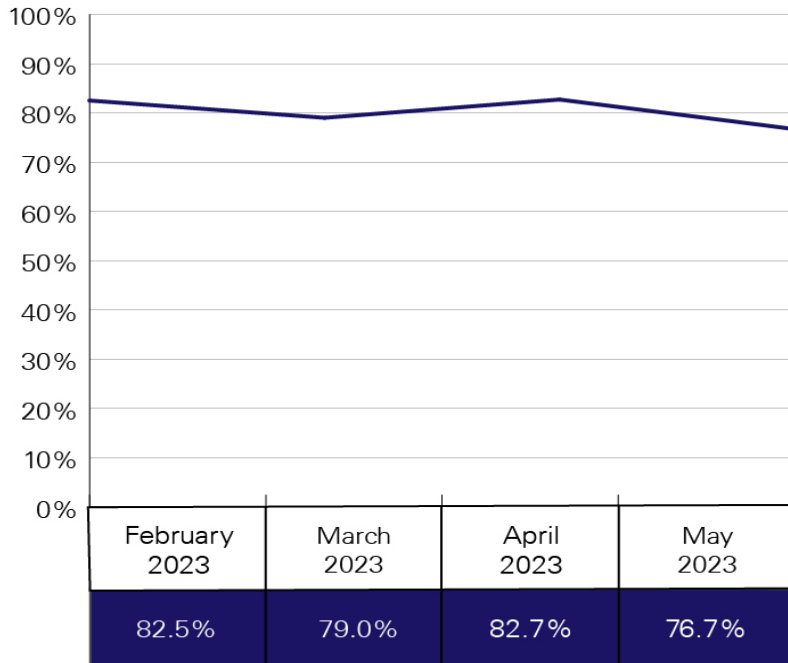
- Activity in almost all equipment types are above the midpoint of 50.
- Activity in Primary Packaging, Secondary Packaging, End of Line Packaging, and Other Equipment are expanding.
- Activity in Processing Equipment has significantly dropped to the midpoint of 50 signaling no change.

\*5 or less responses

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

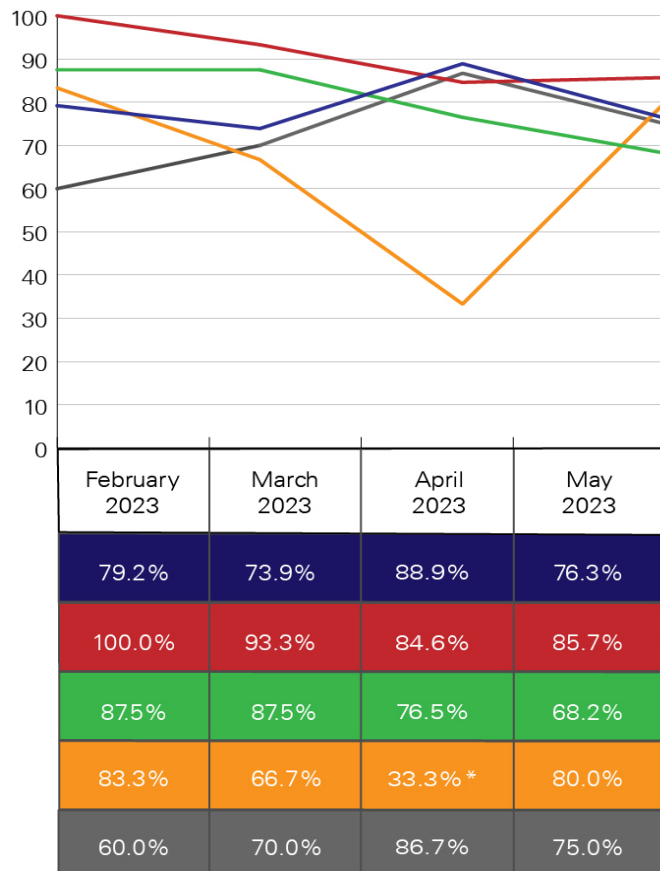
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

## SUPPLY CHAIN DISRUPTION FEBRUARY 2023 TO MAY 2023



- May 2023's data for supply chain disruptions has slightly decreased since April 2023, dropping 6.0 percentage points to 76.7%. 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 FEBRUARY 2023 TO MAY 2023 (BROKEN OUT BY EQUIPMENT TYPE)



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

\*5 or less responses

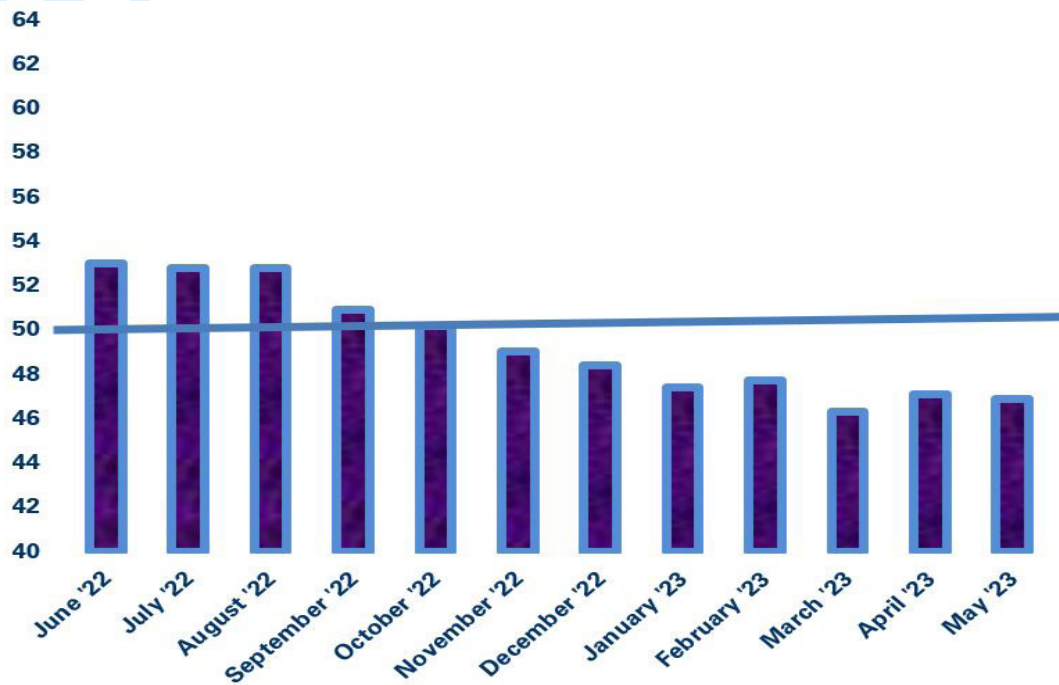
- Primary Packaging Equipment
- Secondary Packaging Equipment
- End of Line Packaging
- Processing
- Other

# THE STATE OF MANUFACTURING

## ► ISM Report on Business (PMI)

Purchasing Managers Index

May 2023 PMI 46.9



- 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 May Manufacturing PMI® registered 46.9 percent, 0.2 percentage point lower than the 47.1 percent recorded in April.

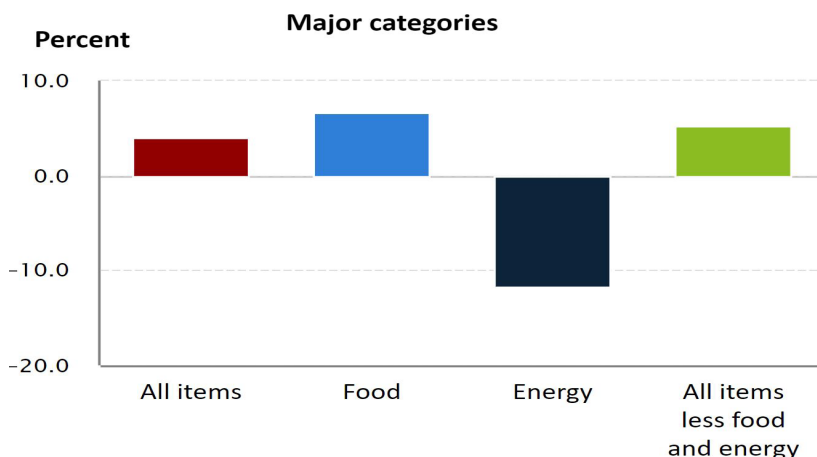
[www.ism.ws/ISMReport/index.cfm](http://www.ism.ws/ISMReport/index.cfm)

## ► Consumer Price Index

- CPI for all items rises 0.1% in May; shelter and used cars and trucks are up
- In May, the Consumer Price Index for All Urban Consumers increased 0.1 percent, seasonally adjusted, and rose 4.0 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy increased 0.4 percent in May (SA); up 5.3 percent over the year (NSA).

[www.bls.gov/cpi](http://www.bls.gov/cpi)

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



## ► 3-YEAR U.S. OUTLOOK

	12/12	12MMT/A	Current 12/12	2023	2024	2025	Highlights
US Industrial Production			2.5	0.1	-2.3	2.7	The 12MMA will flatten out in the near term and then decline from late this year through 2024. Production will rise in 2025.
US Nondefense Capital Goods New Orders			6.3	1.8	-4.6	5.5	Decline in the New Orders 12MMT from the latter half of this year through 2024 will be due to decline in both pricing and volume.
US Private Sector Employment			4.3	2.2	-0.3	-0.5	The Employment 12MMA will rise into the middle of next year. Quit rates suggest weakening confidence in the labor market.
US Total Retail Sales			7.6	2.1	-0.7	4.4	Improving consumer purchasing power will help buffer downward pressure. Growth will slow this year. Decline is expected in 2024.
US Wholesale Trade of Durable Goods			7.9	1.5	-2.6	3.8	The forecast was lowered due to a data revision. The shape of the forecast, with slowing growth in 2023 and decline in 2024, is little-changed.
US Wholesale Trade of Nondurable Goods			15.7	1.5	-2.1	5.0	The forecast was lowered due to a data revision. Trends in inventories suggest downside pressure will mount as the year progresses.
US Real Gross Domestic Product (3/12)			1.6	0.9	-0.3	2.5	Real GDP rose in the first quarter. The 3MMA will be flat in the latter half of this year, then decline for a portion of 2024. Rise will occur in 2025.

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

- US Real GDP expanded in the first quarter of 2023, in line with our expectations. This movement largely represents the consumer side of the economy, as roughly two-thirds of GDP is consumer spending. We expect GDP will rise for approximately one more quarter, then plateau through the end of this year. GDP will decline for a portion of 2024, but the decline will be mild. Similarly, the US Retail Sales 12MMT will rise through the end of this year, though at a muted pace relative to the past two years, then decline mildly in 2024. Both GDP and Retail Sales will rise in 2025. We adjusted the 2025 GDP forecast slightly downward due to concerns about the Federal Reserve's policy decisions.

[www.itrondemand.com/insider/3-year-us-outlook](http://www.itrondemand.com/insider/3-year-us-outlook)

## ► Producer Price Index May 2023 PPI 367.0

- The Producer Price Index for final demand declined 0.3 percent in May, seasonally adjusted, the U.S. Bureau of Labor Statistics reported today. Final demand prices rose 0.2 percent in April and fell 0.4 percent in March.
- On an unadjusted basis, the index for final demand moved up 1.1 percent for the 12 months ended in May.

[www.bls.gov](http://www.bls.gov)

### Producer Price Index Commodity Code 11-67 Packaging Machinery

