NAM MANUFACTURERS' OUTLOOK SURVEY
THIRD QUARTER 2026
Sept. 14, 2026

By Victoria Bloom and Michael Green

Percentage of Respondents Positive About Their Own Company's Outlook	Overall Facts About the Survey
78.9% *(Q2: 74.2%)* Small Manufacturers: 80.5% Medium-Sized Manufacturers: 76.8% Large Manufacturers: 80.3%	Number of Responses: 220 In the Field: Aug. 11–27, 2026 Small Manufacturers: 41 responses (18.6%) Medium-Sized Manufacturers: 99 responses (45.0%) Large Manufacturers: 71 responses (32.3%) Undisclosed: 9 (4.1%)
Expected Growth Rate for <u>SALES</u> Over the Next 12 Months ↑ **4.3%** *(Q2: ↑ 3.3%)*	**Expected Growth Rate for <u>PRODUCTION</u> Over the Next 12 Months** ↑ **3.8%** *(Q2: ↑ 3.0%)*
Expected Growth Rate for <u>FULL-TIME EMPLOYMENT</u> Over the Next 12 Months **1.8%** *(Q2: ↑ 1.0%)*	**Expected Growth Rate for <u>EMPLOYEE WAGES</u> Over the Next 12 Months** ↑ **3.1%** *(Q2: ↑ 2.9%)*
Expected Growth Rate for <u>CAPITAL INVESTMENTS</u> Over the Next 12 Months ↑ **2.6%** *(Q2: ↑ 1.8%)*	**Expected Growth Rate for <u>EXPORTS</u> Over the Next 12 Months** ↑ **0.7%** *(Q2: ↑ 0.3%)*
Expected Growth Rate for <u>PRICES OF COMPANY'S PRODUCTS</u> Over the Next 12 Months ↑ **3.7%** *(Q2: ↑ 4.2%)*	**Expected Growth Rate for <u>RAW MATERIAL PRICES AND OTHER INPUT COSTS</u> Over the Next 12 Months** ↑ **5.0%** *(Q2: ↑ 5.8%)*
Expected Growth Rate for <u>INVENTORIES</u> Over the Next 12 Months ↑ **0.6%** *(Q2: ↑ 0.2%)*	

Summary of Findings

- **Manufacturing sentiment improves to a four-year high.** The NAM conducted the Q3 2026 Manufacturers' Outlook Survey Aug. 11–27, 2026. In Q3, 78.9% of respondents felt either somewhat or very positive about their company's outlook, up 4.7 percentage points from Q2 2026 (Figures 1 and 2) and the highest level since Q2 2022. Sentiment was above the historical average of 74.3%, and the average sentiment over the past four quarters is 74.6%.

- **Increased raw material costs remain at the top of manufacturers' business concerns, followed by rising healthcare costs and trade uncertainties.** In Q3, 80.8% of manufacturers cited increased raw material costs as their top business challenge, consistent with the top challenge in Q2 at 83.1%; the second-highest concern raised by respondents was rising healthcare and insurance costs (72.3%) (Figures 3 and 4). When broken down by business size, 80.3% of large manufacturers (500 or more employees) cited increased raw material costs as their top challenge, followed by 78.9% noting trade uncertainties. Meanwhile, 84.8% of medium-sized manufacturers (50 to 499 employees) cited increased raw material costs as their top concern, with rising healthcare and insurance costs coming in at the second-highest concern at 75.8%. Among small manufacturers (fewer than 50 employees), 80.5% cited rising healthcare and insurance costs as their top challenge, with increased raw material costs coming in as the second-highest concern at 73.2%. Respondents were able to check more than one response; therefore, responses exceed 100%.

- **The conflict in the Middle East continues to provide challenges for manufacturers.** When asked how challenges, such as higher input costs, difficulty sourcing inputs and supply chain disruptions, arising from the conflict in the Middle East compare to last quarter, nearly one-third (33.2%) said challenges have worsened. At the same time, 60.6% said that challenges were about the same as three months ago, while only 6.2% have seen their situation improve.

- **Manufacturers cite need for imported industrial machinery.** Nearly two-thirds (63.0%) of respondents plan to import industrial machinery (including parts and components) in the next year to support existing or planned manufacturing operations. Of those, 69.2% plan to use the machinery to upgrade or replace existing machinery, while 63.6% mentioned plans to use the machinery for new or expanded operations. At the same time, nearly one-third (31.8%) plan to import parts or tools for maintenance and repair of existing machinery. Of those that had to adjust their import strategy for industrial machinery due to trade uncertainty, 41.3% decided to source machinery from alternative suppliers or countries, while more than one-third (36.5%) delayed planned import orders. Respondents were able to check more than one response; therefore, responses exceed 100%.

- **Freight rates and fuel costs are hurting manufacturers' supply chains.** When asked what transportation modes their company or suppliers regularly utilize, 98.6% of respondents mentioned using trucks (Figure 5). Meanwhile, 57.1% use ocean/maritime, 37.7% use air cargo, 28.8% use rail, 21.7% use intermodal and 6.60% employ inland waterways/barges in their operations. When asked about the transportation issues having the greatest impact on their ability to move goods, 77.3% cited freight rates and 74.1% mentioned fuel costs (Figure 6). More than a quarter of manufacturers (26.2%) said that workforce/driver availability was having an impact. Respondents were able to check more than one response; therefore, responses exceed 100%.

- Some other trends regarding predicted growth rates over the next 12 months (Figure 7):

  — **Sales:** Respondents expect sales to rise 4.3% over the next 12 months, up from the previous quarter (3.3%) and a four-year high. Over two-thirds of manufacturers

(71.6%) predict sales will increase over the next four quarters, with over half (50.5%) anticipating orders will rise 5% or more. In contrast, 8.3% foresee declining sales and 20.2% predict no change. Medium and large-sized firms forecast the strongest growth (4.4%) over the next 12 months, while small firms expect 3.5% growth.

— **Production:** Respondents expect production to increase 3.8% on average over the next 12 months, up from 3.0% in Q2 to a four-year high. More than two-thirds of respondents (67.4%) forecast output to rise over the next year, while 8.7% predict declining production, below last quarter's expectation (14.9%). Meanwhile, 23.9% of respondents anticipate production levels will stay about the same. Medium and large-sized firms forecast the strongest growth, averaging 3.8% over the next 12 months, while small firms expect 3.4% growth.

— **Full-Time Employment:** Respondents forecast full-time employment to rise 1.8% over the next 12 months, up from 1.0% in Q2. While 44.2% anticipate an increase in full-time employment over the next year, 11.5% predict reduced employment. At the same time, 44.2% forecast hiring levels to remain the same over the next year. Small and medium-sized firms forecast the strongest growth, averaging 2.1% over the next 12 months, while larger firms expect 1.2% growth.

— **Employee Wages:** Respondents forecast employee wages (excluding nonwage compensation, such as benefits) to rise 3.1% over the next 12 months, above the prior quarter's prediction of 2.9% and a three-year high. While 93.1% of manufacturers predict some level of wage growth over the next year, only 8.7% forecast wage growth of more than 5%. Medium and large-sized firms anticipate employee wage growth to be the greatest, averaging 3.2% over the next 12 months, while small firms expect 3.1% growth.

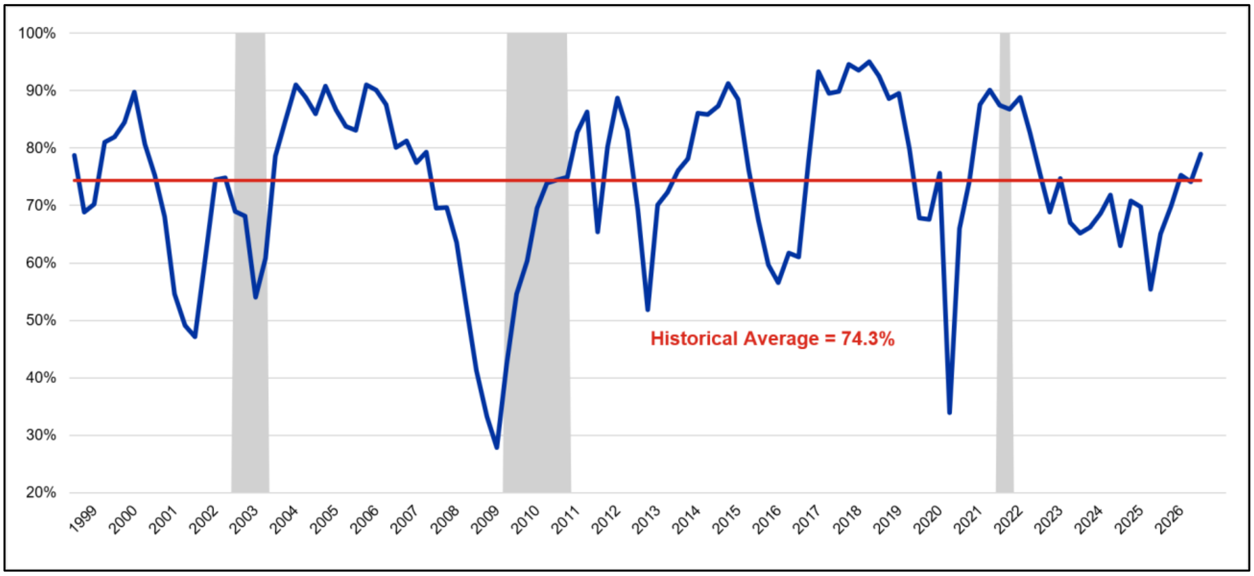
— **Input Costs:** Respondents anticipate raw material prices and other input costs to rise 5.0% over the next 12 months, down from 5.8% in Q2. Overall, 89.6% expect an increase in raw material costs over the next year, with nearly half (48.1%) anticipating increases exceeding 5%. Further, 8.5% see input costs remaining the same, and 1.9% predict reduced input costs. Large firms expect the most significant growth in raw material costs, averaging 5.3% over the next year. Meanwhile, small and medium-sized firms predict a 4.8% increase.

— **Prices:** Respondents expect prices on their company's product line to increase 3.7% over the next 12 months, down from 4.2% in Q2. Overall, 76.9% forecast an increase in prices over the next year, with 33.0% anticipating increases of 5% or more. Meanwhile, just 1.9% predict reduced prices, and 21.2% see prices remaining the same. Small and large firms expect the biggest increase in prices, averaging 4.1% over the next year. Meanwhile, medium-sized firms predict a 3.2% increase.

— **Capital Investments:** Respondents forecast capital spending to improve, rising 2.6% over the next 12 months, up from the 1.8% boost expected in Q2 to a four-year high. In this survey, 49.3% of respondents anticipate additional capital spending in the next year, an improvement from last quarter (37.1%), while 39.4% predict no change, and 11.3% see reduced capital expenditures. Large firms forecast the greatest level of investment, expecting 2.9% growth over the next 12 months. Small and medium-sized firms anticipate 2.3% growth.

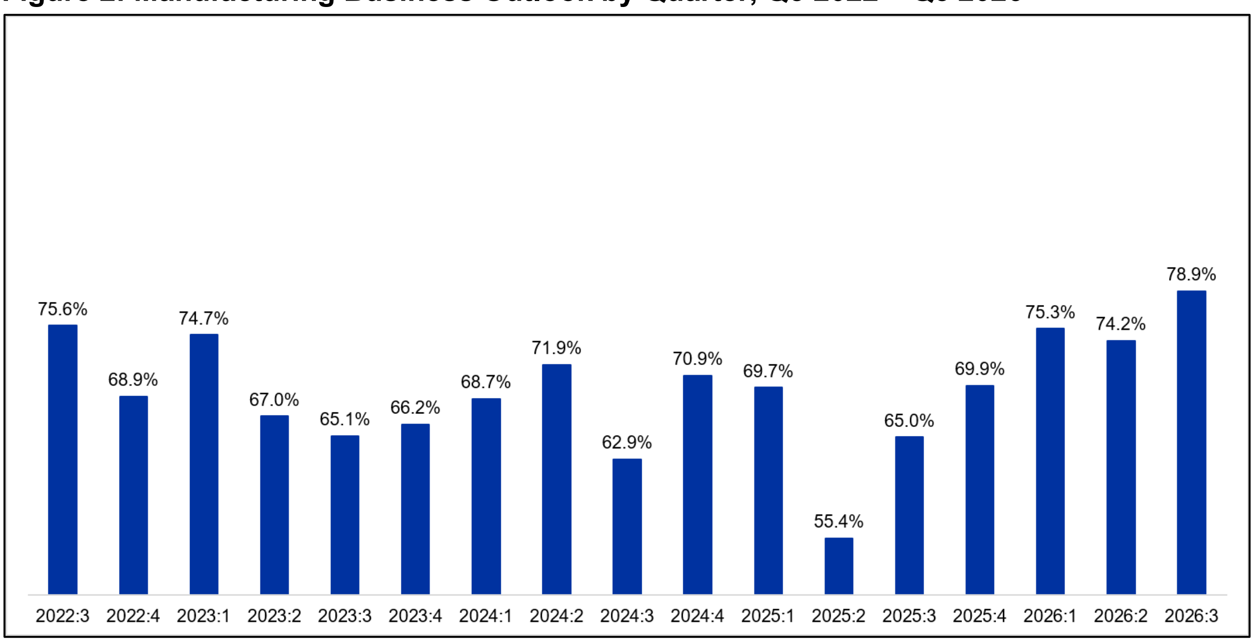
— **Exports:** Respondents predict export sales to increase 0.7% over the next 12 months, up from the growth expected in Q2 (0.3%) and the highest rate since Q1 2022. Over one-quarter (29.0%) anticipate higher export sales in the next year, while 63.3% see no changes, and 7.7% forecast declines. Large firms predict a 0.8% increase over the next 12 months, while small and medium-sized firms expect a 0.7% increase in exports.

Figure 1: Manufacturing Business Outlook by Quarter, Q3 1998 – Q3 2026
(Recessions Are Highlighted with Gray Shading)



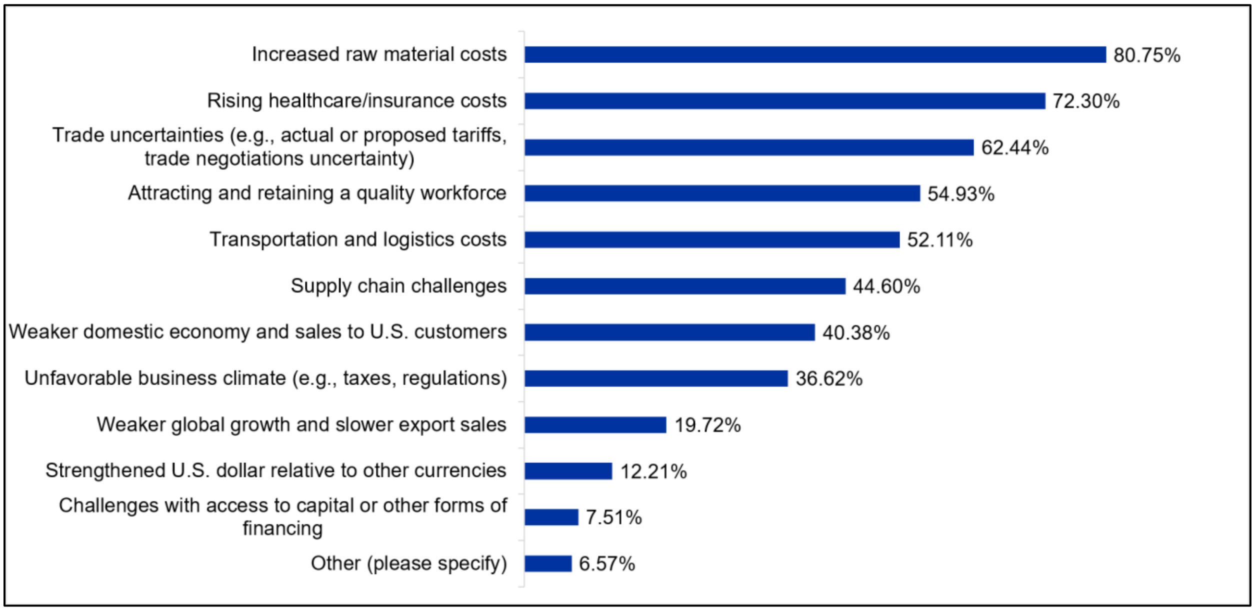
Note: Percentage of respondents who characterized the current business outlook as somewhat or very positive. Recessions are designated by the National Bureau of Economic Research.

Figure 2: Manufacturing Business Outlook by Quarter, Q3 2022 – Q3 2026



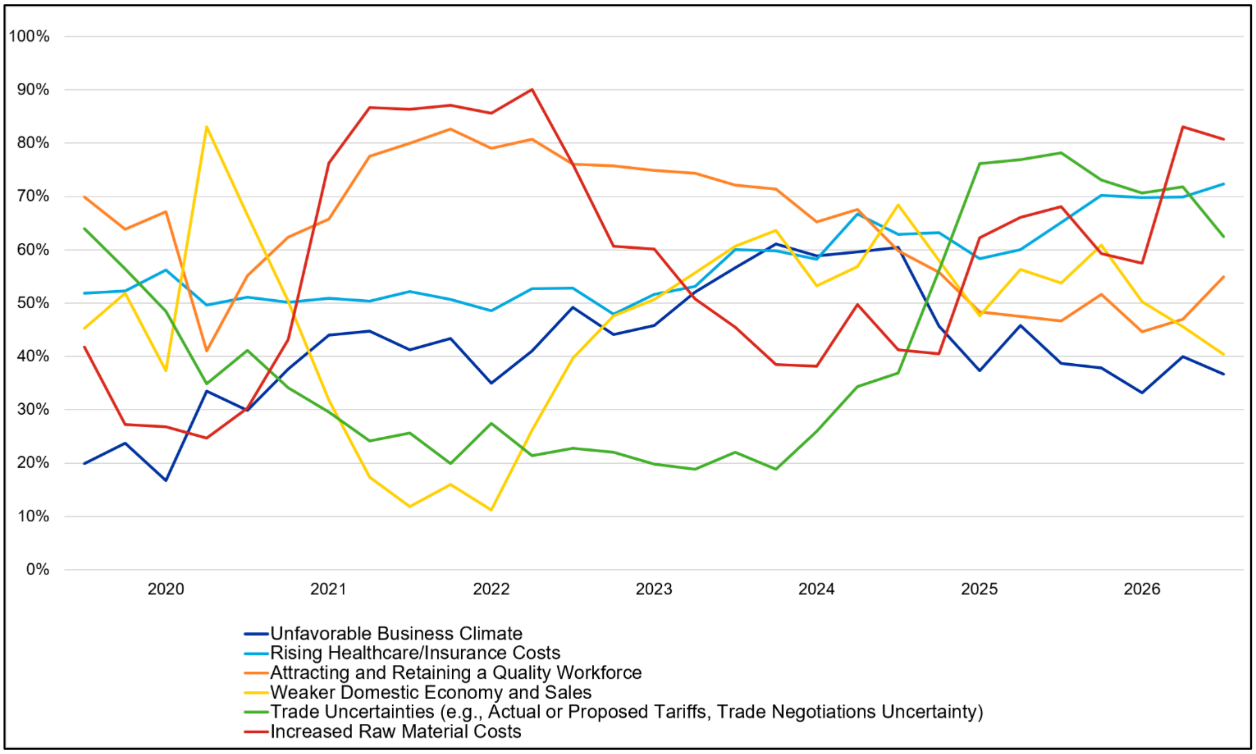
Note: Percentage of respondents who characterized the current business outlook as somewhat or very positive.

Figure 3: Primary Current Business Challenges, Q3 2026



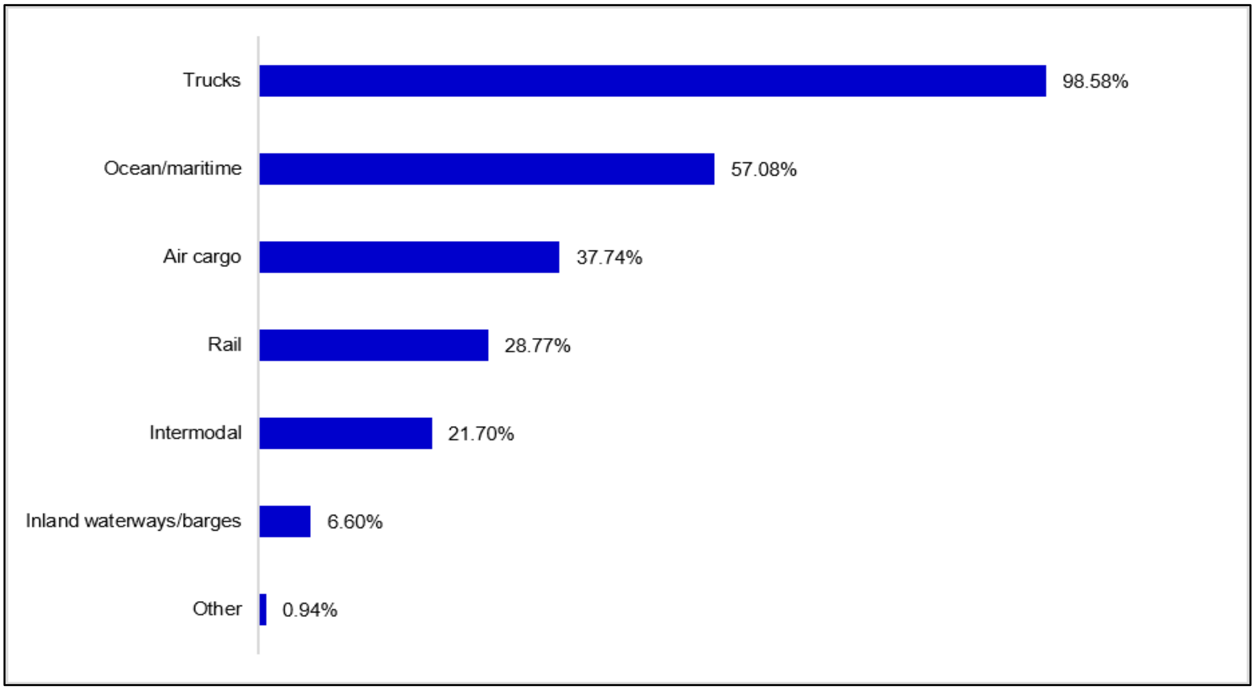
Note: Respondents were able to check more than one response; therefore, responses exceed 100%.

Figure 4: Primary Current Business Challenges for Select Responses, Q3 2019 – Q3 2026



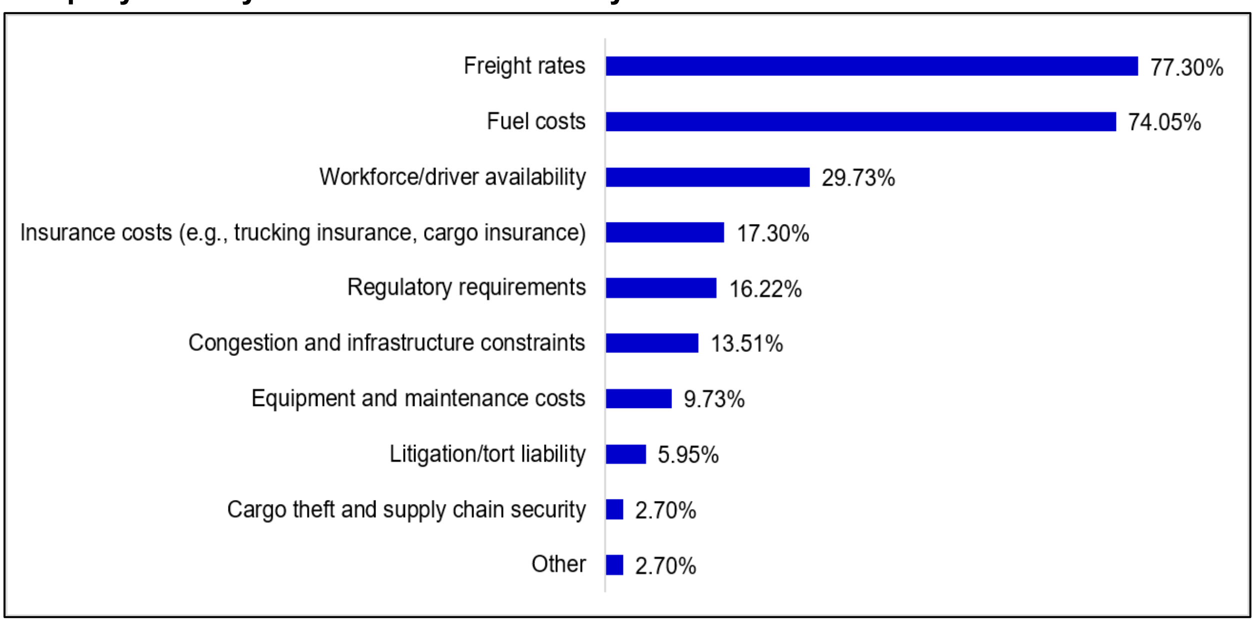
Note: Respondents were able to check more than one response; therefore, responses exceed 100%.

Figure 5: Which Transportation Modes Does Your Company or Suppliers Regularly Utilize?



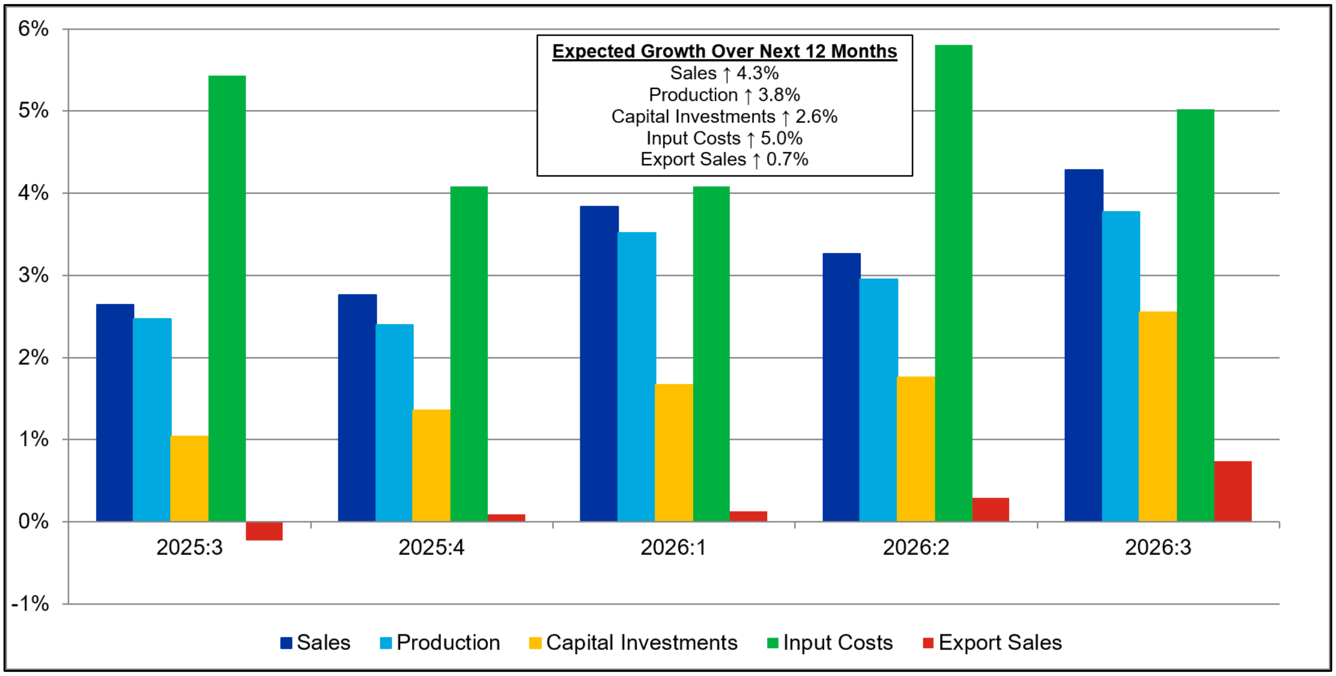
Note: Respondents were able to check more than one response; therefore, responses exceed 100%.

Figure 6: Which Transportation Issues Are Having the Greatest Impact on Your Company's Ability to Move Goods Efficiently?



Note: Respondents were able to check more than one response; therefore, responses exceed 100%.

Figure 7: Expected Growth of Manufacturing Activity, Q3 2025 – Q3 2026



Note: Expected growth rates are annual averages.

Survey Responses

1. How would you characterize the business outlook for your firm right now?
    a. Very positive – 22.48%
    b. Somewhat positive – 56.42%
    c. Somewhat negative – 18.35%
    d. Very negative – 2.75%

    Percentage that is either somewhat or very positive in their outlook = 78.90%

2. Over the next year, what do you expect to happen with your company's overall sales?
    a. Increase more than 10% – 18.35%
    b. Increase 5–10% – 32.11%
    c. Increase up to 5% – 21.10%
    d. Stay about the same – 20.18%
    e. Decrease up to 5% – 3.21%
    f. Decrease 5–10% – 3.67%
    g. Decrease more than 10% – 1.38%

    Average expected increase in sales consistent with these responses = 4.28%

3. Over the next year, what do you expect to happen with your company's overall production levels?
    a. Increase more than 10% – 17.43%
    b. Increase 5–10% – 26.61%
    c. Increase up to 5% – 23.39%
    d. Stay about the same – 23.85%
    e. Decrease up to 5% – 3.21%
    f. Decrease 5–10% – 3.21%
    g. Decrease more than 10% – 2.29%

    Average expected increase in production consistent with these responses = 3.77%

4. Over the next year, what do you expect in terms of full-time employment in your company?
    a. Increase more than 10% – 5.53%
    b. Increase 5–10% – 15.67%
    c. Increase up to 5% – 23.04%
    d. Stay about the same – 44.24%
    e. Decrease up to 5% – 8.29%
    f. Decrease 5–10% – 2.30%
    g. Decrease more than 10% – 0.92%

Average expected increase in full-time employment consistent with these responses = 1.83%

5. What percentage of jobs remain unfilled in your company?
   a. Less than 5% – 66.05%
   b. 5–10% – 23.72%
   c. 10–15% – 6.98%
   d. More than 15% – 3.26%

   Average number of jobs expected to remain unfilled consistent with these responses = 4.79%

6. Over the next year, what do you expect to happen to employee wages (excluding nonwage compensation, such as benefits) in your company?
   a. Increase more than 5% – 8.72%
   b. Increase 3–5% – 57.34%
   c. Increase up to 3% – 27.06%
   d. Stay about the same – 6.88%
   e. Decrease up to 3% – 0.00%
   f. Decrease 3–5% – 0.00%
   g. Decrease more than 5% – 0.00%

   Average expected increase in employee wages consistent with these responses = 3.14%

7. Over the next year, what do you expect to happen to the level of export sales at your company?
   a. Increase more than 5% – 8.21%
   b. Increase 3–5% – 11.11%
   c. Increase up to 3% – 9.66%
   d. Stay about the same – 63.29%
   e. Decrease up to 3% – 2.90%
   f. Decrease 3–5% – 2.42%
   g. Decrease more than 5% – 2.42%

   Average expected increase in exports consistent with these responses = 0.74%

8. Over the next year, what do you expect to happen to prices on your company's overall product line?
   a. Increase more than 10% – 6.13%
   b. Increase 5–10% – 26.89%
   c. Increase up to 5% – 43.87%
   d. Stay about the same – 21.23%
   e. Decrease up to 5% – 1.42%

f. Decrease 5–10% – 0.47%
g. Decrease more than 10% – 0.00%

Average expected increase in product prices consistent with these responses = 3.66%

9. Over the next year, what do you expect to happen to raw material prices and other input costs?
    a. Increase more than 10% – 16.98%
    b. Increase 5–10% – 31.13%
    c. Increase up to 5% – 41.51%
    d. Stay about the same – 8.49%
    e. Decrease up to 5% – 1.89%
    f. Decrease 5–10% – 0.00%
    g. Decrease more than 10% – 0.00%

    Average expected increase in raw material prices consistent with these responses = 5.02%

10. Over the next year, what are your company's capital investment plans?
    a. Increase more than 10% – 17.37%
    b. Increase 5–10% – 16.90%
    c. Increase up to 5% – 15.02%
    d. Stay about the same – 39.44%
    e. Decrease up to 5% – 3.29%
    f. Decrease 5–10% – 1.88%
    g. Decrease more than 10% – 6.10%

    Average expected increase in capital investments consistent with these responses = 2.55%

11. Over the next year, what are your inventory plans?
    a. Increase more than 10% – 3.77%
    b. Increase 5–10% – 11.32%
    c. Increase up to 5% – 14.15%
    d. Stay about the same – 49.53%
    e. Decrease up to 5% – 13.68%
    f. Decrease 5–10% – 5.19%
    g. Decrease more than 10% – 2.36%

    Average expected change in inventories consistent with these responses = 0.61%

12. What degree of emphasis will your company be placing on digital transformation of your operations in the next 12 months?
    a. Significant emphasis – 30.99%
    b. Moderate emphasis – 30.05%
    c. Slight emphasis – 28.17%
    d. No emphasis – 10.80%

13. What are the biggest challenges you are facing? (Select all that apply.)
    a. Weaker domestic economy and sales to U.S. customers – 40.38%
    b. Weaker global growth and slower export sales – 19.72%
    c. Trade uncertainties (e.g., actual or proposed tariffs, trade negotiations uncertainty) – 62.44%
    d. Strengthened U.S. dollar relative to other currencies – 12.21%
    e. Challenges with access to capital or other forms of financing – 7.51%
    f. Unfavorable business climate (e.g., taxes, regulations) – 36.62%
    g. Increased raw material costs – 80.75%
    h. Rising healthcare/insurance costs – 72.30%
    i. Transportation and logistics costs – 52.11%
    j. Supply chain challenges – 44.60%
    k. Attracting and retaining a quality workforce – 54.93%
    l. Other __________ – 6.57%

14. What is your company's primary industrial classification?
    a. Building materials and supplies – 4.72%
    b. Chemicals – 6.60%
    c. Computer and electronic products – 1.89%
    d. Consumer goods – 3.30%
    e. Electrical equipment and appliances – 5.19%
    f. Fabricated metal products – 24.06%
    g. Food manufacturing – 1.89%
    h. Furniture and related products – 0.94%
    i. Machinery – 12.26%
    j. Nonmetallic mineral products – 1.89%
    k. Paper and paper products – 0.94%
    l. Petroleum and coal products – 1.42%
    m. Pharmaceuticals and medical devices – 3.77%
    n. Plastics and rubber products – 8.02%
    o. Primary metals – 1.89%
    p. Transportation equipment – 4.25%
    q. Wood products – 1.42%
    r. Other ________ – 15.57%

15. What is your firm size (e.g., the parent company, not your establishment)?
    a. Fewer than 50 employees – 19.43%

b. 50 to 500 employees – 46.92%
c. More than 500 employees – 33.65%
d. Uncertain – 0.00%

Special Questions

16. Have challenges arising from the conflict in the Middle East (e.g., higher input costs, difficulty sourcing inputs, supply chain disruptions) improved or worsened over the past quarter?
    a. Improved relative to three months ago – 5.66%
    b. About the same as three months ago – 55.19%
    c. Worsened relative to three months ago – 30.19%
    d. Uncertain – 8.96%

    Taking into account that 8.96% of respondents selected "uncertain," for those who responded definitively, 6.22% said "improved relative to three months ago," while 60.62% responded with "about the same as three months ago," and 33.16% said "worsened relative to three months ago."

17. The United States is conducting a Section 232 investigation into imports of industrial machinery and robotics. Does your company plan to import industrial machinery (including parts and components) in the next year to support either existing or planned manufacturing operations?
    a. Yes – 51.17%
    b. No – 30.05%
    c. Uncertain – 18.78%

    Taking into account that 18.78% of respondents selected "uncertain," for those who responded definitively, 63.01% said "yes," while 36.99% responded with "no."

18. [If #17 yes] What does your company plan to use new industrial machinery for?
    a. Upgrade/replacement of existing machinery – 69.16%
    b. Parts or tools for maintenance and repair of existing machinery – 31.78%
    c. New activities/expanded manufacturing operations – 63.55%
    d. Other (please specify) – 4.67%

19. [If #17 yes] Has trade uncertainty over the past year led your company to adjust your import strategy for industrial machinery in any of the following ways? (Select all that apply.)
    a. Accelerated planned import orders – 9.52%
    b. Delayed planned import orders – 21.90%
    c. Decreased planned import orders – 11.43%
    d. Cancelled planned import orders – 7.62%

e. Sourced machinery from alternative suppliers or countries – 24.76%
f. Other (please specify) – 7.62%
g. Not applicable (no adjustment to imports of industrial machinery) – 40.00%

Taking into account that 40.00% of respondents selected “not applicable (no adjustment to imports of industrial machinery),” for those who responded as experienced an adjustment, 15.87% responded with “accelerated planned import orders,” 36.51% said “delayed planned import orders,” 19.05% answered “decreased planned import orders,” 12.70% “cancelled planned import orders,” and 41.27% responded with “sourced machinery from alternative suppliers or countries.”

20. Which transportation modes does your company or suppliers regularly utilize? (Select all that apply.)
    a. Trucks – 98.58%
    b. Rail – 28.77%
    c. Ocean/maritime – 57.08%
    d. Inland waterways/barges – 6.60%
    e. Air cargo – 37.74%
    f. Intermodal – 21.70%
    g. Other (please specify) – 0.94%

21. Which transportation issues are having the greatest impact on your company’s ability to move goods efficiently? (Select all that apply.)
    a. Workforce/driver availability – 26.19%
    b. Freight rates – 68.10%
    c. Insurance costs (e.g., trucking insurance, cargo insurance) – 15.24%
    d. Litigation/tort liability – 5.24%
    e. Fuel costs – 65.24%
    f. Equipment and maintenance costs – 8.57%
    g. Regulatory requirements – 14.29%
    h. Congestion and infrastructure constraints – 11.90%
    i. Cargo theft and supply chain security – 2.38%
    j. Other (please specify) – 2.38%
    k. Not applicable – 11.90%

    Taking into account that 11.90% of respondents selected “not applicable” for those who responded as experiencing issues, 29.73% responded with “workforce/driver availability,” 77.30% said “freight rates,” 17.30% answered “insurance costs (e.g., trucking insurance, cargo insurance),” 5.95% responded with “litigation/tort liability,” 74.05% said “fuel costs,” 9.73% answered “equipment and maintenance costs,” 16.22% cited “regulatory requirements,” 13.51% responded with “congestion and infrastructure constraints,” 2.70% answered “cargo theft and supply chain security,” and 2.70% responded “other.”