

NAM MANUFACTURERS' OUTLOOK SURVEY
THIRD QUARTER 2025
 Sept. 16, 2025

By Victoria Bloom

<p>Percentage of Respondents Positive About Their Own Company's Outlook</p> <p style="text-align: center;">65.0% (Q2: 55.4%)</p> <p>Small Manufacturers: 70.0%</p> <p>Medium-Sized Manufacturers: 69.7%</p> <p>Large Manufacturers: 56.2%</p>	<p>Overall Facts About the Survey</p> <p>Number of Responses: 241 In the Field: Aug. 14 – 29, 2025</p> <p>Small Manufacturers: 40 responses (16.6%)</p> <p>Medium-Sized Manufacturers: 109 responses (45.2%)</p> <p>Large Manufacturers: 89 responses (36.9%)</p> <p>Undisclosed: 3 (1.2%)</p>
<p>Expected Growth Rate for <u>SALES</u> Over the Next 12 Months</p> <p style="text-align: center;">↑ 2.6% (Q2: ↑ 1.3%)</p>	<p>Expected Growth Rate for <u>PRODUCTION</u> Over the Next 12 Months</p> <p style="text-align: center;">↑ 2.5% (Q2: ↑ 1.4%)</p>
<p>Expected Growth Rate for <u>FULL-TIME EMPLOYMENT</u> Over the Next 12 Months</p> <p style="text-align: center;">0.9% (Q2: ↑ 0.6%)</p>	<p>Expected Growth Rate for <u>EMPLOYEE WAGES</u> Over the Next 12 Months</p> <p style="text-align: center;">↑ 2.6% (Q2: ↑ 2.5%)</p>
<p>Expected Growth Rate for <u>CAPITAL INVESTMENTS</u> Over the Next 12 Months</p> <p style="text-align: center;">↑ 1.0% (Q2: ↑ 0.3%)</p>	<p>Expected Growth Rate for <u>EXPORTS</u> Over the Next 12 Months</p> <p style="text-align: center;">↓ 0.2% (Q2: ↓ 0.6%)</p>
<p>Expected Growth Rate for <u>PRICES OF COMPANY'S PRODUCTS</u> Over the Next 12 Months</p> <p style="text-align: center;">↑ 3.7% (Q2: ↑ 4.3%)</p>	<p>Expected Growth Rate for <u>RAW MATERIAL PRICES AND OTHER INPUT COSTS</u> Over the Next 12 Months</p> <p style="text-align: center;">↑ 5.4% (Q2: ↑ 5.8%)</p>
<p>Expected Growth Rate for <u>INVENTORIES</u> Over the Next 12 Months</p> <p style="text-align: center;">↓ 0.1% (Q2: ↓ 0.7%)</p>	

Summary of Findings

- **Manufacturing sentiment improves significantly from the previous quarter.** The NAM conducted the Q3 2025 Manufacturers' Outlook Survey August 14 – 29, 2025. In Q3, 65.0% of respondents felt either somewhat or very positive about their company's outlook, up 9.6 percentage points from Q2 2025. (Figures 1 and 2). The average sentiment over the past four quarters is 65.2%.
- **Trade uncertainties, increased input costs and rising health care costs are again at the top of manufacturers' business concerns.** In Q3, 78.2% of manufacturers cited

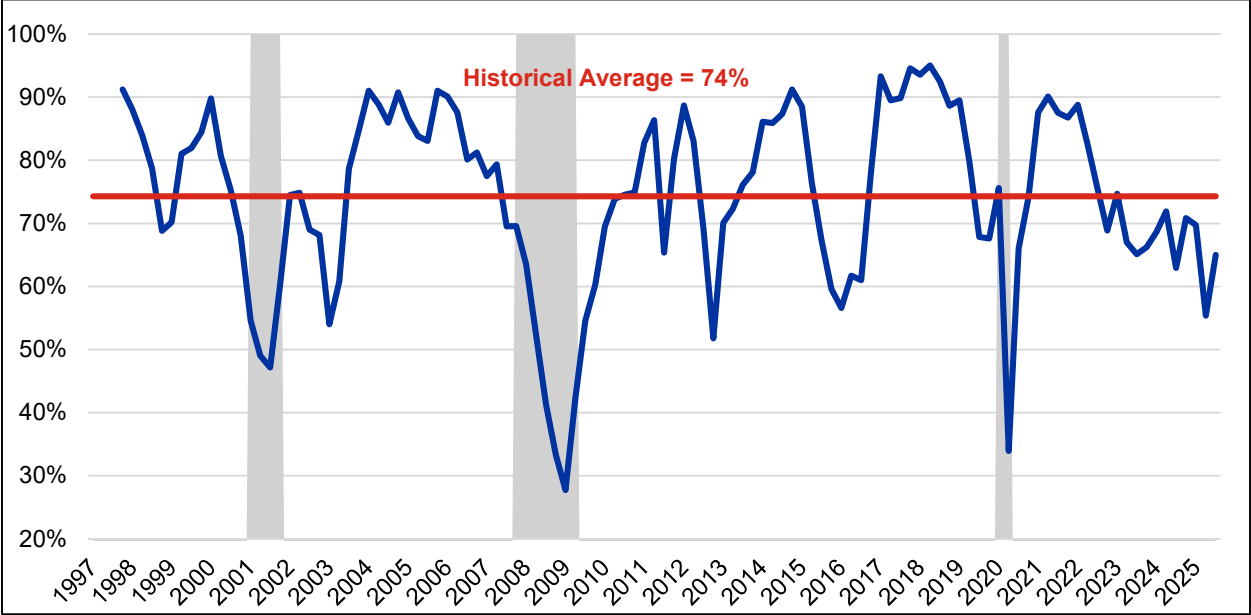
trade uncertainties (e.g., actual or proposed tariffs, trade negotiations uncertainty) as their top business challenge, followed by increased raw material costs (68.1%) and rising health care/insurance costs (65.1%) (Figures 3 and 4). When broken down by business size, 85.4% of large manufacturers (500 or more employees) cited trade uncertainties as their top business challenge. Meanwhile, 67.5% of small manufacturers (fewer than 50 employees) and 78.9% of medium-sized manufacturers (50 to 499 employees) cited rising health care and insurance costs as their top business concern, with trade uncertainties coming in as the second-highest concern at 62.5% and 78.0%, respectively. Respondents were able to check more than one response; therefore, responses exceed 100%.

- **Changes to trade policy are increasing costs for manufacturers.** When asked what manufacturers expect to happen with raw material prices and other input costs, 89.9% of respondents expect those costs to increase over the next year and by 5.4% on average, down slightly from 5.8% in Q2 but remaining higher than the historical average of 3.9%. Apart from Q2, manufacturers anticipate the highest rate of growth (3.7%) in prices on their company's overall product line since Q3 2022 when inflation was still more than 8%. Of those surveyed, nearly 83% said that changes to trade policy this year have increased compliance costs. The average stated cost increase is 7.8% (Figure 6). Meanwhile, when asked about the estimated amount paid in tariffs since the start of the year, a majority of respondents have paid more than \$250,000, with roughly one-third paying more than \$1 million and 10% paying more than \$100 million (Figure 7).
- **It is more urgent than ever for Congress to deliver comprehensive permitting reform legislation.** Given the increasing importance of artificial intelligence for manufacturing operations and the need to maintain an affordable, reliable power grid, nearly 8 in 10 manufacturers (79.2%) support President Trump's announcement of permitting reforms to streamline project development for AI and related energy, grid and manufacturing projects (Figure 8). Specifically, 96% support the buildout of energy generation, infrastructure and products (Figure 9). Meanwhile, nearly 80% of manufacturers support the Trump administration working with Congress to build on the AI Action Plan and deliver comprehensive permitting reform legislation to increase energy generation and grid modernization to supply the energy needed to power both AI growth and traditional manufacturing, while only 3% oppose. (Figure 10).
- **Manufacturers prioritize digital transformation.** Of those surveyed, 89.4% of manufacturers plan on emphasizing digital transformation in their operations in the next 12 months, an increase from 84.7% in Q2. This includes 25.4% that plan on placing a significant emphasis in their operations (Figure 11).
- Some other trends regarding predicted growth rates over the next 12 months (Figure 5):
 - **Sales:** Respondents expect sales to rise 2.6% over the next 12 months, up from the previous quarter (1.3%). More than 60% of manufacturers predict sales will increase over the next four quarters, with 37.2% anticipating orders will rise 5% or more. In contrast, 16.3% foresee declining sales, and 23.4% predict no change. Small and medium-sized firms forecast the strongest growth (3.1%) over the next 12 months, while large firms expect 1.8% growth.
 - **Production:** Respondents expect production to increase 2.5% on average over the next 12 months, up from 1.4% in Q2. More than half of respondents (56.9%) forecast

output to rise over the coming months, while 15.9% predict declining production, a notable improvement from Q2 (29.0%). Meanwhile, 27.2% of respondents anticipate production levels will stay about the same. Small and medium-sized firms forecast the strongest growth, averaging 3.0% over the next 12 months, while large firms expect 1.5% growth.

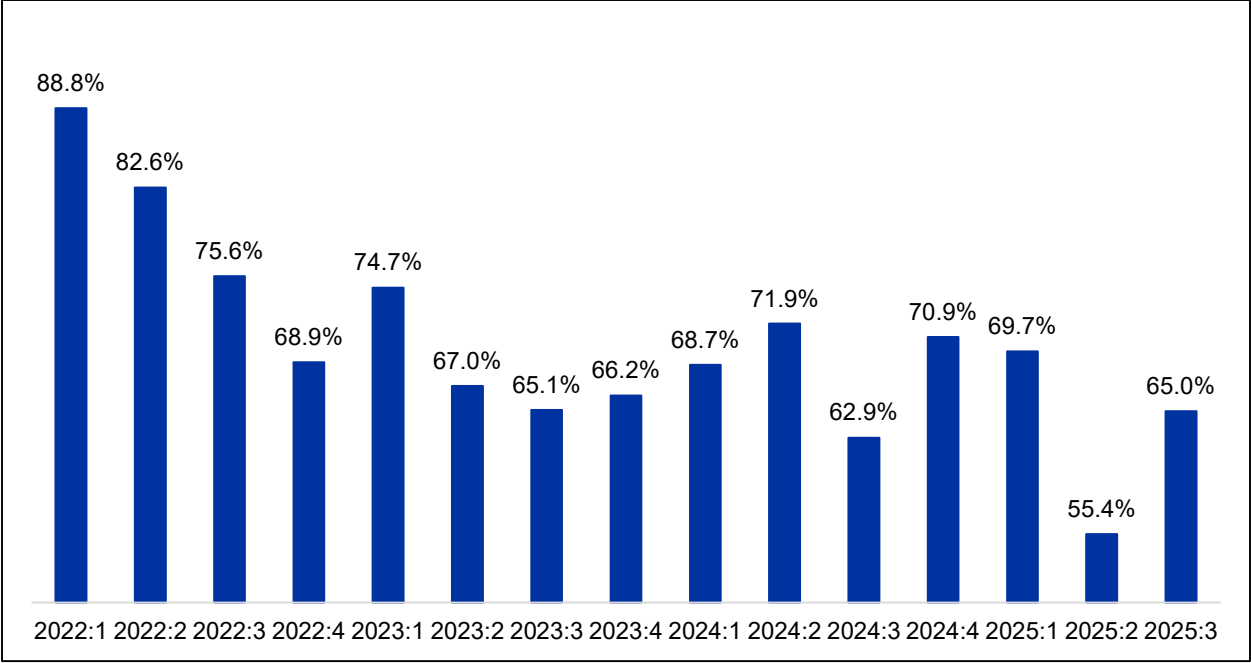
- **Full-Time Employment:** Respondents expect full-time employment to rise just 0.9% over the next 12 months, up slightly from 0.6% in Q2. More than one-third (36.8%) anticipate an increase in full-time hiring over the next year, while 18.4% predict reduced employment. At the same time, 44.8% forecast hiring levels to remain the same over the next year. While small and medium-sized firms expect 1.6% growth in employment, large firms predict full-time employment will fall 0.5%
- **Employee Wages:** Respondents forecast employee wages (excluding nonwage compensation, such as benefits) to rise 2.6% over the next 12 months, just above the prior quarter's expectation of 2.5%. While 88.8% of manufacturers predict some level of wage growth over the next 12 months, only 6.7% forecast wage growth of 5% or more. Small and medium-sized firms anticipate employee wage growth to be the greatest, averaging 2.8% over the next 12 months, while large firms expect 2.3% growth.
- **Input Costs:** Respondents anticipate raw material prices and other input costs to increase 5.4% over the next 12 months, down slightly from 5.8% in Q2. Overall, 89.9% expect an increase in raw material prices over the next year, with a majority (54.2%) anticipating increases of more than 5%. While 8.8% see input costs remaining the same, only 1.3% predict reduced input costs. Small and medium-sized firms expect the most significant growth in raw material prices, averaging 5.6% over the next year. Meanwhile, large firms predict a 5.2% increase.
- **Prices:** Respondents expect prices on their company's product line to increase 3.7% over the next 12 months, down from 4.3% in Q2. Overall, 79.0% forecast an increase in prices over the next year, with 35.3% anticipating increases of more than 5%. Meanwhile just 4.6% predict reduced prices, and 16.4% see prices remaining the same. Small and large firms expect similar growth in product prices (3.4%). Meanwhile, medium-sized firms predict a 4.1% increase.
- **Capital Investments:** Respondents forecast capital spending to improve nominally, rising 1.0% over the next 12 months, an increase from the 0.3% rise expected in Q2. In this survey, 36.1% of respondents anticipate additional capital spending in the next year, an increase from last quarter (29.9%), while 42.4% predict no change and 21.4% see reduced capital expenditures. Small and medium-sized firms predict the greatest level of investment, averaging 1.4% over the next 12 months. Large firms expect just 0.4% growth.
- **Exports:** Respondents predict export sales to decrease 0.2% over the next 12 months, remaining negative after the previous quarter's first expected decline since Q2 2020. Overall, just 19.2% anticipate higher export sales in the next year, while 53.9% see no changes and 26.9% forecast declines. Small and medium-sized firms predict a similar decline, averaging -0.15% over the next 12 months, while large firms expect a 0.3% decline.

Figure 1: Manufacturing Business Outlook by Quarter, Q4 1997 – Q3 2025
(Recessions Are Highlighted with Gray Shading)



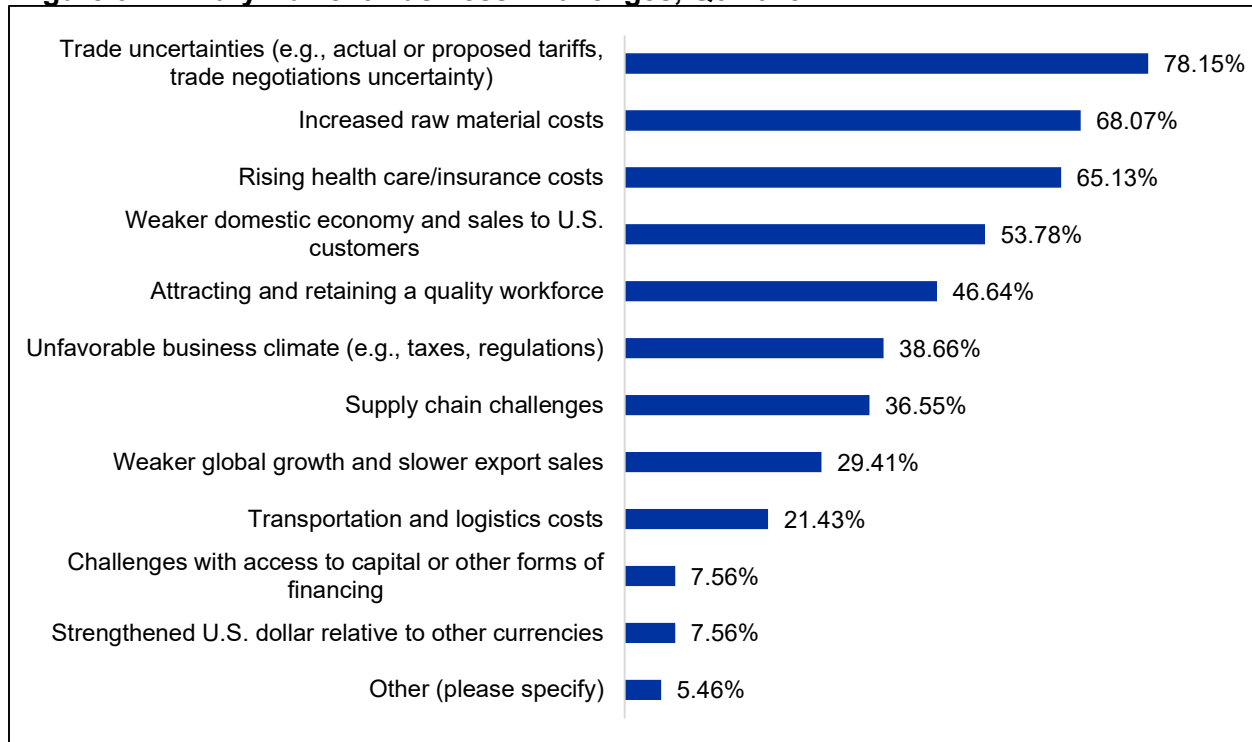
Note: Percentage of respondents who characterized the current business outlook as somewhat or very positive. Recessions are designated by the National Bureau of Economic Research.

Figure 2: Manufacturing Business Outlook by Quarter, Q1 2022 – Q3 2025



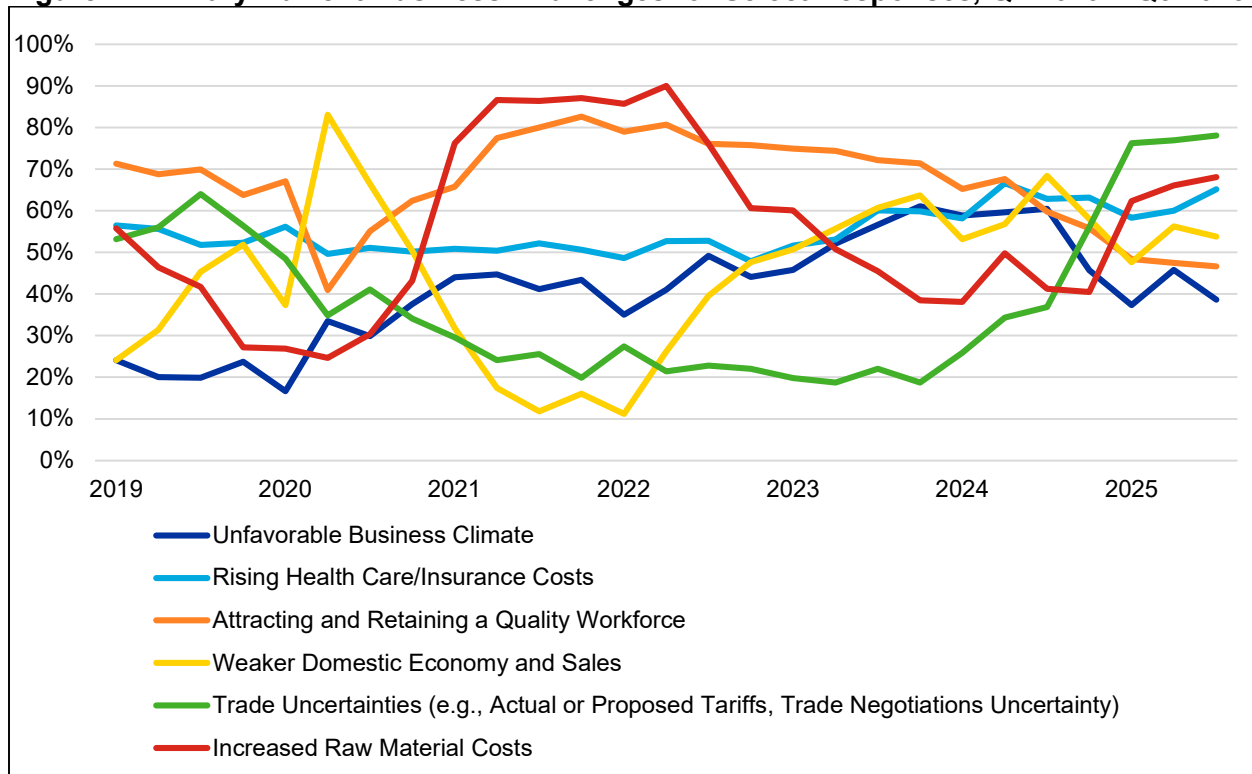
Note: Percentage of respondents who characterized the current business outlook as somewhat or very positive.

Figure 3: Primary Current Business Challenges, Q3 2025



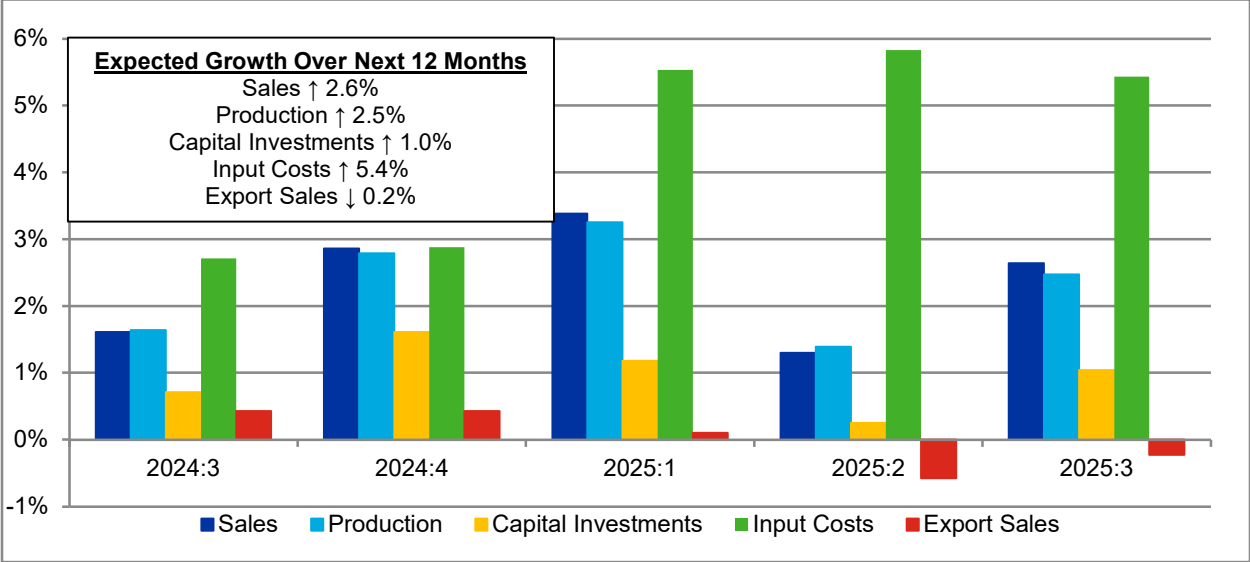
Note: Respondents were able to check more than one response; therefore, responses exceed 100%.

Figure 4: Primary Current Business Challenges for Select Responses, Q1 2019 – Q3 2025



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

Figure 5: Expected Growth of Manufacturing Activity, Q3 2024 – Q3 2025



Note: Expected growth rates are annual averages.

Figure 6: How Much Have Your Compliance Costs (e.g., Customs Brokers, Consultants, Technology and Systems, Compliance Staff) Increased Since the Beginning of the Year Due to Changes in Trade Policy?

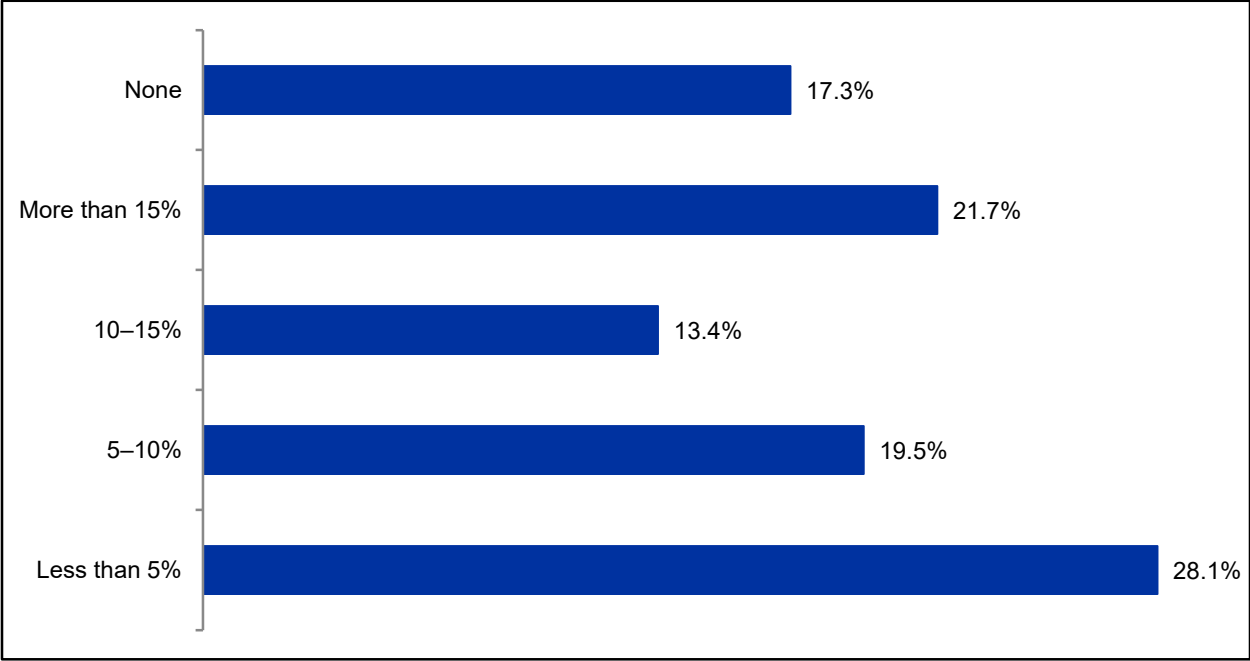


Figure 7: What Is the Estimated Amount Your Company Has Paid in Tariffs Since the Start of the Year?

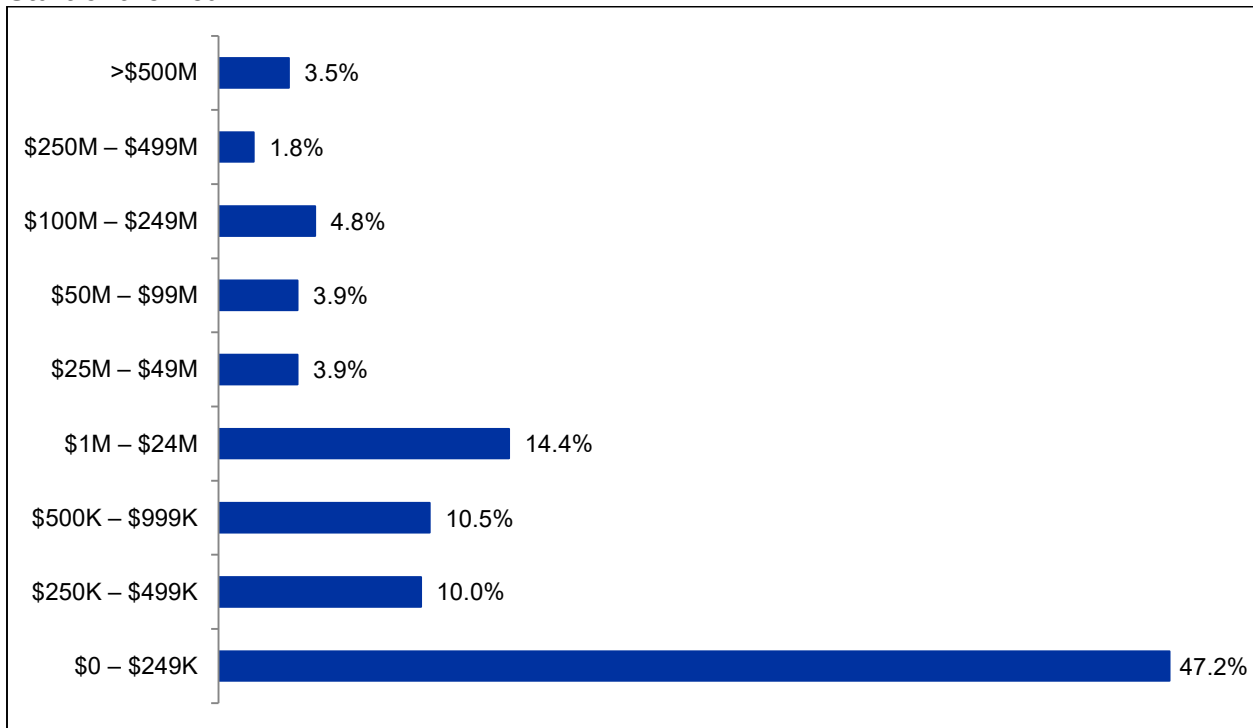


Figure 8: Do You Support President Trump’s Announcement of Permitting Reforms to Streamline Project Development for AI and Related Energy, Grid and Manufacturing Projects?

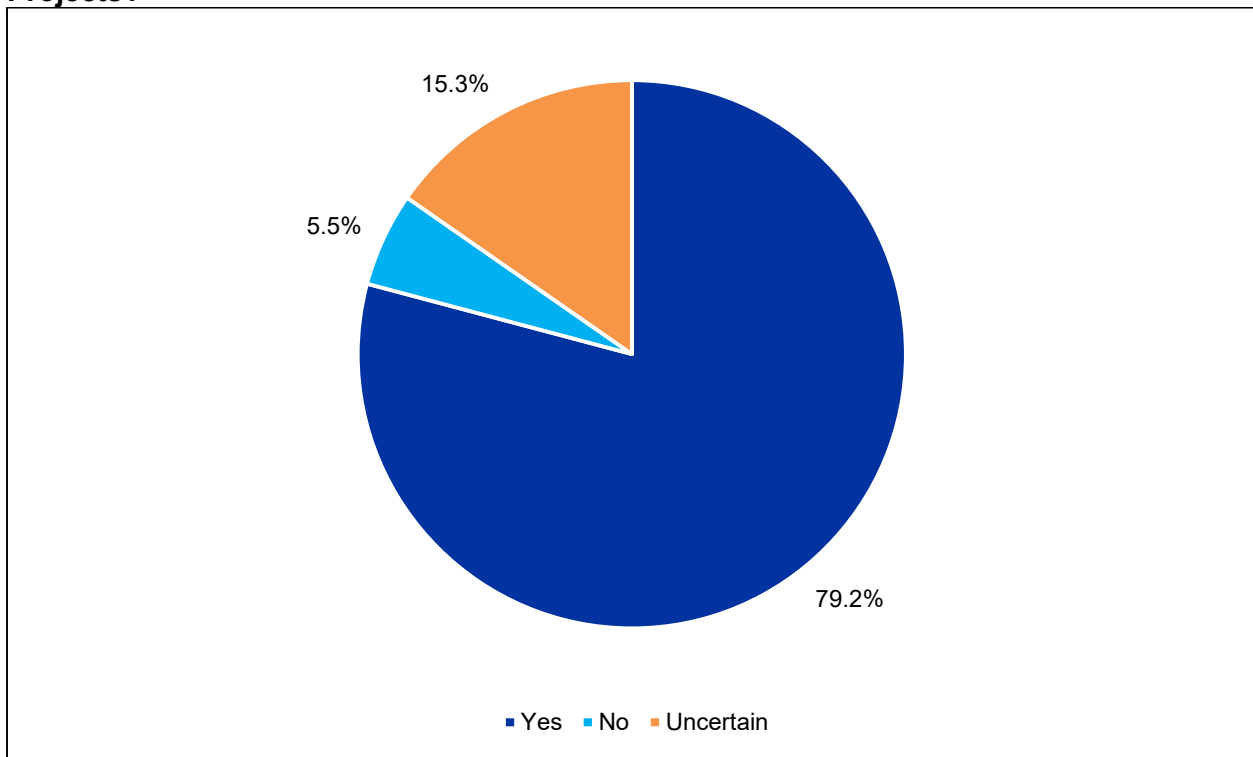


Figure 9: Which of the Permitting Reform Provisions Do You Support? (Select All That Apply.)

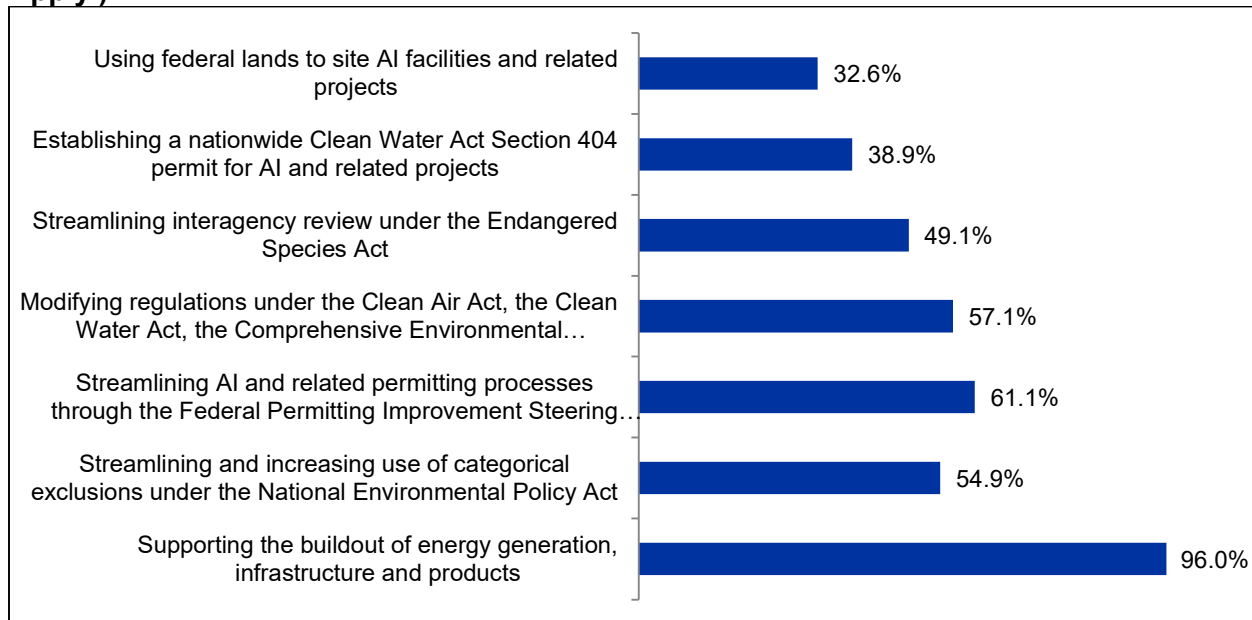


Figure 10: For the Actions That Require Congressional Authorization, Do You Support the Trump Administration Working with Congress to Build on the AI Action Plan and Deliver Comprehensive Permitting Reform Legislation to Increase Energy Generation and Grid Modernization to Supply the Energy Needed to Power Both AI Growth and Traditional Manufacturing?

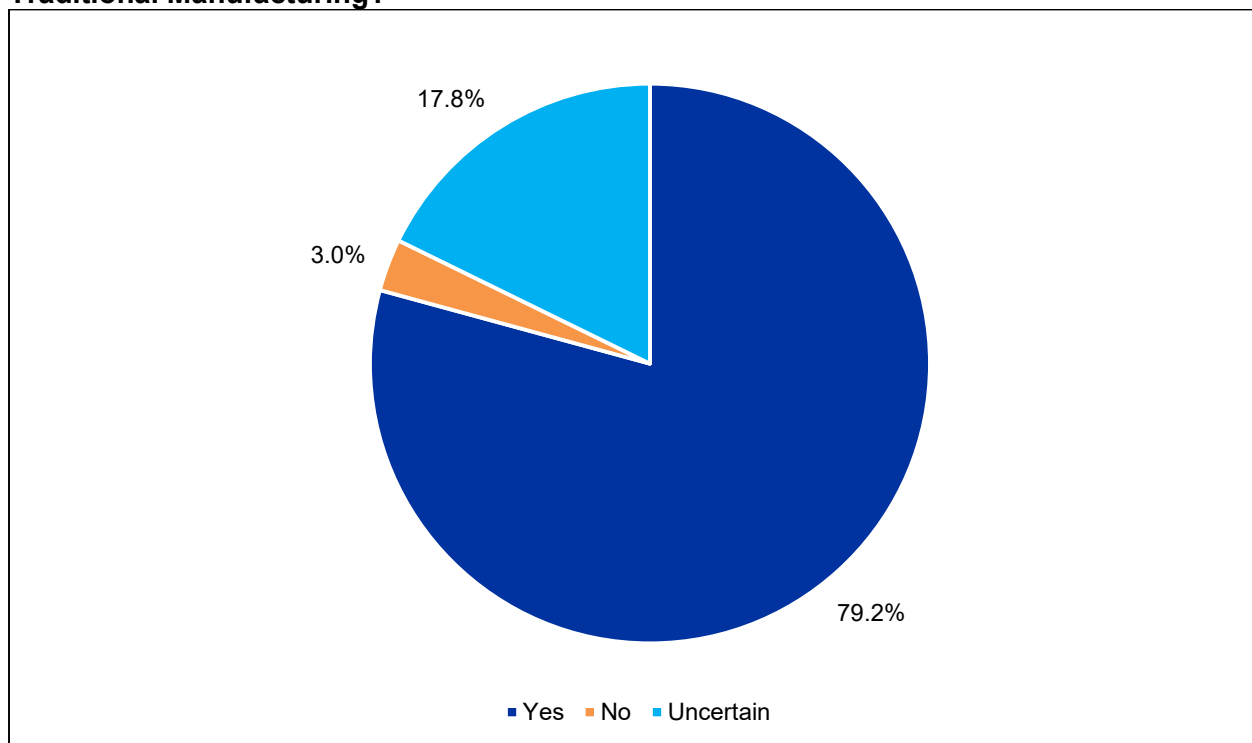
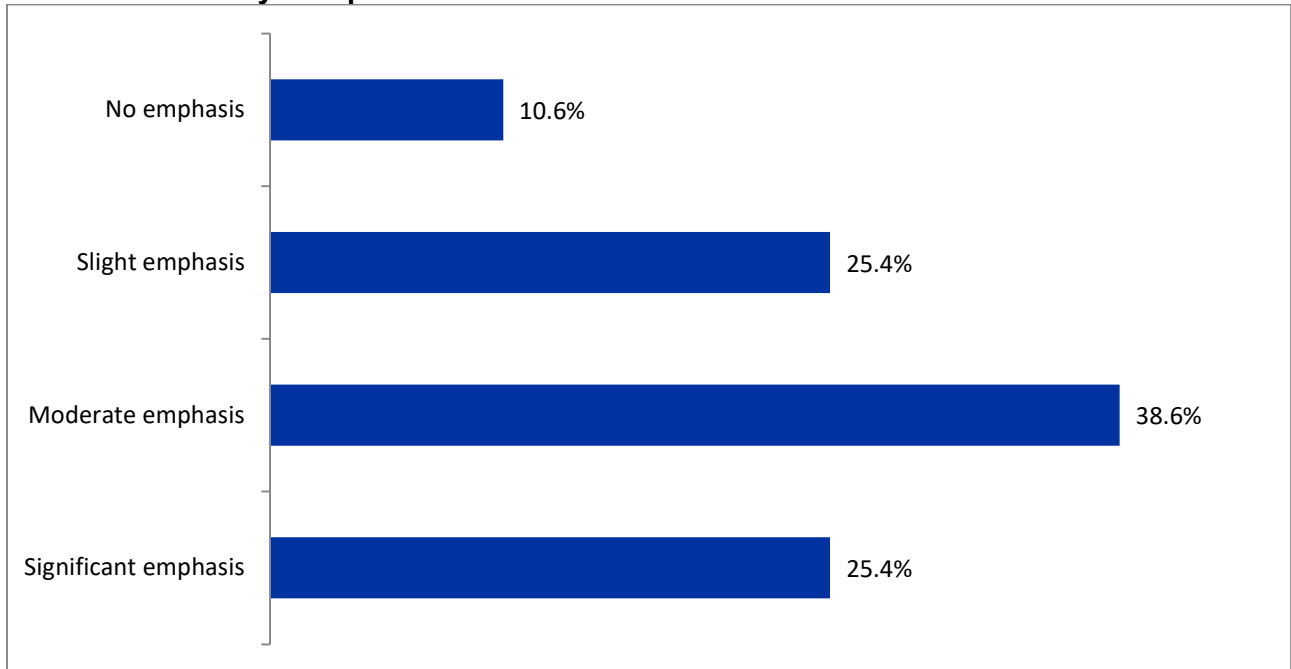


Figure 11: What degree of emphasis will your company be placing on digital transformation of your operations in the next 12 months?



Survey Responses

1. How would you characterize the business outlook for your firm right now?
 - a. Very positive – 12.92%
 - b. Somewhat positive – 52.08%
 - c. Somewhat negative – 30.42%
 - d. Very negative – 4.58%

Percentage that is either somewhat or very positive in their outlook = 65.00%

2. Over the next year, what do you expect to happen with your company's overall sales?
 - a. Increase more than 10% – 16.32%
 - b. Increase 5–10% – 20.92%
 - c. Increase up to 5% – 23.01%
 - d. Stay about the same – 23.43%
 - e. Decrease up to 5% – 5.02%
 - f. Decrease 5–10% – 4.60%
 - g. Decrease more than 10% – 6.69%

Average expected increase in sales consistent with these responses = 2.64%

3. Over the next year, what do you expect to happen with your company's overall production levels?
 - a. Increase more than 10% – 15.48%
 - b. Increase 5–10% – 17.57%
 - c. Increase up to 5% – 23.85%
 - d. Stay about the same – 27.20%
 - e. Decrease up to 5% – 5.86%
 - f. Decrease 5–10% – 6.28%
 - g. Decrease more than 10% – 3.77%

Average expected increase in production consistent with these responses = 2.47%

4. Over the next year, what do you expect in terms of full-time employment in your company?
 - a. Increase more than 10% – 5.02%
 - b. Increase 5–10% – 10.88%
 - c. Increase up to 5% – 20.92%
 - d. Stay about the same – 44.77%
 - e. Decrease up to 5% – 10.46%
 - f. Decrease 5–10% – 5.02%
 - g. Decrease more than 10% – 2.93%

Average expected increase in full-time employment consistent with these responses = 0.91%

5. What percentage of jobs remain unfilled in your company?
- a. Less than 5% – 74.26%
 - b. 5–10% – 18.14%
 - c. 10–15% – 5.49%
 - d. More than 15% – 2.11%

Average number of jobs expected to remain unfilled consistent with these responses = 4.22%

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% – 6.67%
 - b. Increase 3–5% – 41.67%
 - c. Increase up to 3% – 40.42%
 - d. Stay about the same – 10.83%
 - e. Decrease up to 3% – 0.00%
 - f. Decrease 3–5% – 0.42%
 - g. Decrease more than 5% – 0.00%

Average expected increase in employee wages consistent with these responses = 2.59%

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% – 8.12%
 - b. Increase 3–5% – 5.13%
 - c. Increase up to 3% – 5.98%
 - d. Stay about the same – 53.85%
 - e. Decrease up to 3% – 10.26%
 - f. Decrease 3–5% – 5.98%
 - g. Decrease more than 5% – 10.68%

Average expected increase in exports consistent with these responses = -0.23%

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% – 7.56%
 - b. Increase 5–10% – 27.73%
 - c. Increase up to 5% – 43.70%
 - d. Stay about the same – 16.39%
 - e. Decrease up to 5% – 3.36%
 - f. Decrease 5–10% – 0.42%
 - g. Decrease more than 10% – 0.84%

Average expected increase in product prices consistent with these responses = 3.73%

9. Over the next year, what do you expect to happen to raw material prices and other input costs?
- a. Increase more than 10% – 20.17%
 - b. Increase 5–10% – 34.03%
 - c. Increase up to 5% – 35.71%
 - d. Stay about the same – 8.82%
 - e. Decrease up to 5% – 1.26%
 - f. Decrease 5–10% – 0.00%
 - g. Decrease more than 10% – 0.00%

Average expected increase in raw material prices consistent with these responses = 5.43%

10. Over the next year, what are your company's capital investment plans?
- a. Increase more than 10% – 10.92%
 - b. Increase 5–10% – 10.92%
 - c. Increase up to 5% – 14.29%
 - d. Stay about the same – 42.44%
 - e. Decrease up to 5% – 10.08%
 - f. Decrease 5–10% – 6.30%
 - g. Decrease more than 10% – 5.04%

Average expected increase in capital investments consistent with these responses = 1.04%

11. Over the next year, what are your inventory plans?
- a. Increase more than 10% – 4.20%
 - b. Increase 5–10% – 4.62%
 - c. Increase up to 5% – 11.76%
 - d. Stay about the same – 51.68%
 - e. Decrease up to 5% – 19.75%
 - f. Decrease 5–10% – 7.14%
 - g. Decrease more than 10% – 0.84%

Average expected change in inventories consistent with these responses = -0.05%

12. What degree of emphasis will your company be placing on digital transformation of your operations in the next 12 months?
- a. Significant emphasis – 25.42%
 - b. Moderate emphasis – 38.56%
 - c. Slight emphasis – 25.42%
 - d. No emphasis – 10.59%

13. What are the biggest challenges you are facing? (Select all that apply.)
- a. Weaker domestic economy and sales to U.S. customers – 53.78%
 - b. Weaker global growth and slower export sales – 29.41%
 - c. Trade uncertainties (e.g., actual or proposed tariffs, trade negotiation uncertainty) – 78.15%
 - d. Strengthened U.S. dollar relative to other currencies – 7.56%
 - e. Challenges with access to capital or other forms of financing – 7.56%
 - f. Unfavorable business climate (e.g., taxes, regulations) – 38.66%
 - g. Increased raw material costs – 68.07%
 - h. Rising health care/insurance costs – 65.13%
 - i. Transportation and logistics costs – 21.43%
 - j. Supply chain challenges – 36.55%
 - k. Attracting and retaining a quality workforce – 46.64%
 - l. Other _____ – 5.46%
14. What is your company's primary industrial classification?
- a. Building materials and supplies – 5.88%
 - b. Chemicals – 5.04%
 - c. Computer and electronic products – 2.94%
 - d. Consumer goods – 5.46%
 - e. Electrical equipment and appliances – 6.72%
 - f. Fabricated metal products – 24.79%
 - g. Food manufacturing – 2.94%
 - h. Furniture and related products – 1.26%
 - i. Machinery – 9.66%
 - j. Nonmetallic mineral products – 1.68%
 - k. Paper and paper products – 2.10%
 - l. Petroleum and coal products – 0.84%
 - m. Pharmaceuticals and medical devices – 2.52%
 - n. Plastics and rubber products – 4.20%
 - o. Primary metals – 3.36%
 - p. Transportation equipment – 4.62%
 - q. Wood products – 0.42%
 - r. Other _____ – 15.55%
15. What is your firm size (e.g., the parent company, not your establishment)?
- a. Fewer than 50 employees – 16.81%
 - b. 50 to 500 employees – 45.80%
 - c. More than 500 employees – 37.39%
 - d. Uncertain – 0.00%

Special Questions

16. Before the passage of the H.R. 1 tax law, facilities (like newly constructed factories) were amortized over a 39-year period. The law allows the cost of new manufacturing

production facilities to be expensed in the first year, resulting in tax savings. This provision applies to facilities beginning construction between Jan. 19, 2025, and Jan. 1, 2029, and placed in service by Jan. 1, 2031. How do you anticipate this new provision to impact your investment plans?

- a. Our company will invest in a new production facility that we otherwise would not have. – 5.51%
- b. Our company will accelerate the timeline for the construction of a new production facility so that we can utilize the incentive before it expires. – 9.75%
- c. Our company will utilize the incentive for our production facility and reinvest those savings, but it will not affect the timing or whether we would have made the investment – 22.03%
- d. Our company does not plan to utilize the new incentive. – 34.75%
- e. Uncertain – 25.00%
- f. Other (please specify) – 2.97%

17. The frequent changes to tariff policy this year have created significant complexity to ensure accurate classification and documentation of traded goods. How much have your compliance costs (e.g., customs brokers, consultants, technology and systems, compliance staff) increased since the beginning of the year due to changes in trade policy?

- a. Less than 5% – 28.14%
- b. 5–10% – 19.48%
- c. 10–15% – 13.42%
- d. More than 15% – 21.65%
- e. None – 17.32%

Average increase in compliance costs consistent with these responses = 7.79%

18. What is the estimated amount your company has paid in tariffs since the start of the year?

- a. \$0 – \$249K – 47.16%
- b. \$250K – \$499K – 10.04%
- c. \$500K – \$999K – 10.48%
- d. \$1M – \$24M – 14.41%
- e. \$25M – \$49M – 3.93%
- f. \$50M – \$99M – 3.93%
- g. \$100M – \$249M – 4.80%
- h. \$250M – \$499M – 1.75%
- i. >\$500M – 3.49%

19. The Trump administration is ramping up enforcement of immigration laws. Do you believe the E-Verify and Form I-9 Employment Eligibility Verification systems are straightforward and reliable enough to protect your company against compliance risks?

- a. Yes – 50.43%

- b. No – 15.38%
 - c. Uncertain – 34.19%

- 20. The Trump administration has terminated a number of immigration programs e.g., the Cuba, Haiti, Nicaragua and Venezuela parole program and Temporary Protected Status, while the future of other programs (e.g., Deferred Action for Childhood Arrivals) is uncertain. Are you concerned about the pressure this will put on your ability to meet your workforce needs?
 - a. Yes – 30.34%
 - b. No – 58.12%
 - c. Uncertain – 11.54%

- 21. (a) Given the increasing importance of artificial intelligence for manufacturing operations and the need to maintain an affordable, reliable power grid for both AI and traditional manufacturing, do you support President Trump's announcement of permitting reforms to streamline project development for AI and related energy, grid and manufacturing projects?
 - a. Yes – 79.15%
 - b. No – 5.53%
 - c. Uncertain – 15.32%

- (b) [If yes] which of the provisions included in President Trump's announcement of permitting reforms do you support? (Select all that apply.)
 - a. Supporting the buildout of energy generation, infrastructure and products – 96.00%
 - b. Streamlining and increasing use of categorical exclusions under the National Environmental Policy Act – 54.86%
 - c. Streamlining AI and related permitting processes through the Federal Permitting Improvement Steering Council – 61.14%
 - d. Modifying regulations under the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Toxic Substances Control Act – 57.14%
 - e. Streamlining interagency review under the Endangered Species Act – 49.14%
 - f. Establishing a nationwide Clean Water Act Section 404 permit for AI and related projects – 38.86%
 - g. Using federal lands to site AI facilities and related projects – 32.57%

- 22. For the actions that require congressional authorization, do you support the Trump administration working with Congress to build on the AI Action Plan and deliver comprehensive permitting reform legislation to increase energy generation and grid modernization to supply the energy needed to power both AI growth and traditional manufacturing?
 - a. Yes – 79.22%
 - b. No – 3.03%
 - c. Uncertain – 17.75%