NAM MANUFACTURERS' OUTLOOK SURVEY
SECOND QUARTER 2026
June 10, 2026

By Victoria Bloom and Michael Green

Percentage of Respondents Positive About Their Own Company's Outlook	**Overall Facts About the Survey**
74.2% *(Q1: 75.3%)* Small Manufacturers: 76.9% Medium-Sized Manufacturers: 76.1% Large Manufacturers: 70.0%	Number of Responses: 215 In the Field: May 12–28, 2026 Small Manufacturers: 39 responses (18.1%) Medium-Sized Manufacturers: 93 responses (43.3%) Large Manufacturers: 81 responses (37.7%) Undisclosed: 2 (0.9%)
Expected Growth Rate for SALES Over the Next 12 Months ↑ **3.3%** *(Q1: ↑ 3.8%)*	**Expected Growth Rate for PRODUCTION Over the Next 12 Months** ↑ **3.0%** *(Q1: ↑ 3.5%)*
Expected Growth Rate for FULL-TIME EMPLOYMENT Over the Next 12 Months **1.0%** *(Q1: ↑ 1.3%)*	**Expected Growth Rate for EMPLOYEE WAGES Over the Next 12 Months** ↑ **2.9%** *(Q1: ↑ 2.7%)*
Expected Growth Rate for CAPITAL INVESTMENTS Over the Next 12 Months ↑ **1.8%** *(Q1: ↑ 1.7%)*	**Expected Growth Rate for EXPORTS Over the Next 12 Months** ↑ **0.3%** *(Q1: ↑ 0.1%)*
Expected Growth Rate for PRICES OF COMPANY'S PRODUCTS Over the Next 12 Months ↑ **4.2%** *(Q1: ↑ 3.1%)*	**Expected Growth Rate for RAW MATERIAL PRICES AND OTHER INPUT COSTS Over the Next 12 Months** ↑ **5.8%** *(Q1: ↑ 4.1%)*
Expected Growth Rate for INVENTORIES Over the Next 12 Months ↑ **0.2%** *(Q1: ↑ 0.3%)*	

Summary of Findings

- **Manufacturing sentiment slipped slightly from the previous quarter.** The NAM conducted the Q2 2026 Manufacturers' Outlook Survey May 12–28, 2026. In Q2, 74.2% of respondents felt either somewhat or very positive about their company's outlook, down 1.1 percentage points from Q1 2026 (Figures 1 and 2) but remaining relatively consistent with the historical average of 74.3%. The average sentiment over the past four quarters is 71.1%.

- **Increased raw material costs are at the top of manufacturers' business concerns, followed by trade uncertainties and rising healthcare costs.** In Q2, 83.1% of manufacturers cited increased raw material costs as their top business challenge, which appears to be driven in large part by increased costs associated with the conflict in the Middle East (see below); the second-highest concern raised by respondents was trade uncertainties (71.8%) (Figures 3 and 4). When broken down by business size, 86% of large manufacturers (500 or more employees) cited trade uncertainties as their top business challenge, followed by 83% noting increased raw material costs. Meanwhile, 83% of medium (50 to 499 employees) and 85% of small (fewer than 50 employees) cited increased raw material costs as their top concern, with rising healthcare and insurance costs coming in as the second-highest concern at 78% and 74%, respectively. Respondents were able to check more than one response; therefore, responses exceed 100%.

- **The conflict in the Middle East is costing manufacturers.** Nearly three-quarters (72.0%) of respondents reported that the conflict in the Middle East has led to increased cost of energy inputs. At the same time, 43.1% cited higher cost of nonenergy inputs as the industry endures supply shortages. These results were borne out as manufacturers' top business concerns, with increased raw material costs (83.1%), transportation and logistics costs (61.0%) and supply chain challenges (50.2%) cited as growing business challenges this quarter. Respondents were able to check more than one response; therefore, responses exceed 100%.

- **Industrial machinery and energy inputs are pivotal to manufacturing operations.** More than half (54.3%) of respondents cited industrial machinery (electrical power distribution equipment or other industrial machinery) as being "most critical" to their operations over the next 12 months (Figure 5). Similarly, 53.3% of respondents cited energy inputs as being critical, and about a quarter (22.1%) mentioned legacy chips. Respondents were able to check more than one response; therefore, responses exceed 100%.

- **Years of rising healthcare costs have had an impact on manufacturers.** When asked if they have had to make any changes over the past five years as a result of increased health insurance premiums, 76.8% of manufacturers noted changes to their business. Of those, 57.4% of respondents switched health insurance providers, while 43.8% reduced health-related benefit offerings (Figure 6). Moreover, 30.9% lowered contributions to employee health insurance premiums, and 21.6% pared back wage increases or bonuses or reduced overall compensation to account for healthcare spending increases. Respondents were able to check more than one response; therefore, responses exceed 100%.

- **Manufacturers see the need for AI training for frontline workers.** More than half (55.2%) of respondents provide AI-related training to frontline manufacturing workers. Of those that provide it, 78.5% offer introductory or awareness-level training, and nearly half (49.5%) focus training on data, analytics or interpreting AI outputs. At the same time, 42.1% train workers on using AI for quality, production, maintenance or logistics tasks. When prompted on what AI-related skills frontline manufacturing workers will need for success, those who were certain cited foundational, practical skills (39.6%) and moderate, role-specific skills (31.1%) as being most important. Respondents were able to check more than one response; therefore, responses exceed 100%.

- **Trade with Mexico and Canada supports U.S. manufacturing investment.** When asked about U.S. investments, existing or planned, 42.2% of manufacturers said they have investments in the U.S. supported by the United States–Mexico–Canada Agreement and/or trade with Mexico and Canada, including 67.9% of large manufacturers.

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

  — **Sales:** Respondents expect sales to rise 3.3% over the next 12 months, down from the previous quarter (3.8%). Almost two-thirds of manufacturers (63.7%) predict sales will increase over the next four quarters, with 39.1% anticipating orders will rise 5% or more. In contrast, 13.5% foresee declining sales, and 22.8% predict no change. Small and medium-sized firms forecast the strongest growth (3.6%) over the next 12 months, while large firms expect 2.6% growth.

  — **Production:** Respondents expect production to increase 3.0% on average over the next 12 months, down from 3.5% in Q1. More than half of respondents (61.9%) forecast output to rise over the next year, while 14.9% predict declining production, above last quarter's expectation (10.5%). Meanwhile, 23.3% of respondents anticipate production levels will stay about the same. Small and medium-sized firms forecast the strongest growth, averaging 3.2% over the next 12 months, while larger firms expect 2.4% growth.

  — **Full-Time Employment:** Respondents forecast full-time employment to rise 1.0% over the next 12 months, down slightly from 1.3% in Q1. While 36.5% anticipate an increase in full-time hiring over the next year, 17.3% predict reduced employment. At the same time, 46.3% forecast hiring levels to remain the same over the next year. Small and medium-sized firms forecast the strongest growth, averaging 1.7% over the next 12 months, while larger firms expect a slight decline of 0.1%.

  — **Employee Wages:** Respondents forecast employee wages (excluding nonwage compensation, such as benefits) to rise 2.9% over the next 12 months, above the prior quarter's prediction of 2.7%. While 90.2% of manufacturers predict some level of wage growth over the next year, only 7.0% forecast wage growth of 5% or more. Medium and large-sized firms anticipate employee wage growth to be the greatest, averaging 2.9% over the next 12 months, while small firms expect 2.6% growth.

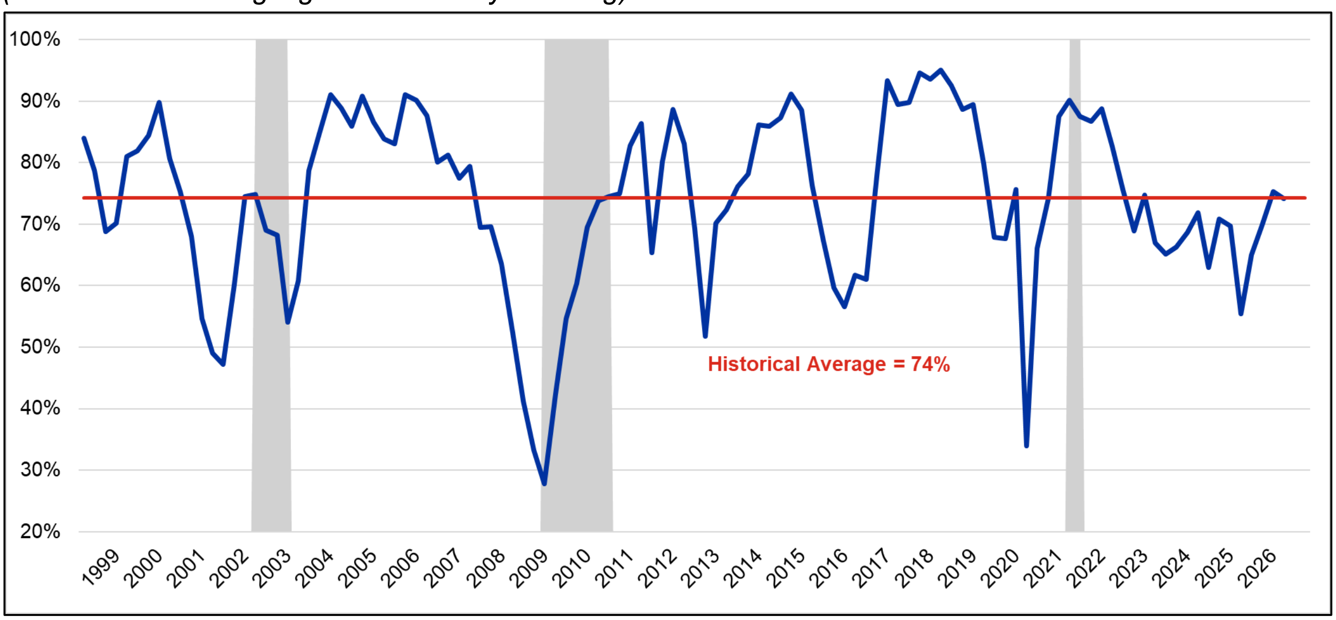
  — **Input Costs:** Respondents anticipate raw material prices and other input costs to rise 5.8% over the next 12 months, a dramatic increase from the projected cost change in Q1 (4.1%). Overall, 94.4% expect an increase in raw material prices over the next year, with more than half (59.6%) anticipating increases exceeding 5%. Further, 4.2% see input costs remaining the same, and 1.4% predict reduced input costs. Small and medium-sized firms expect the most significant growth in raw material costs, averaging 6.3% over the next year. Meanwhile, large firms predict a 5.0% increase.

— **Prices:** Respondents expect prices on their company's product line to increase 4.2% over the next 12 months, up from 3.1% in Q1. Overall, 81.7% forecast an increase in prices over the next year, with 39.4% anticipating increases of more than 5%. Meanwhile, just 2.4% predict reduced prices, and 16.0% see prices remaining the same. Small and medium-sized firms expect the largest increase in prices, averaging 4.8% over the next year. Meanwhile, large firms predict a 3.2% increase.

— **Capital Investments:** Respondents forecast capital spending to improve slightly, rising 1.8% over the next 12 months, a slight uptick from the 1.7% boost expected in Q1. In this survey, 37.1% of respondents anticipate additional capital spending in the next year, a decline from last quarter (41.0%), while 49.3% predict no change, and 13.6% see reduced capital expenditures. Medium and large firms forecast the greatest level of investment, expecting 1.9% growth over the next 12 months. Small firms anticipate 1.0% growth.

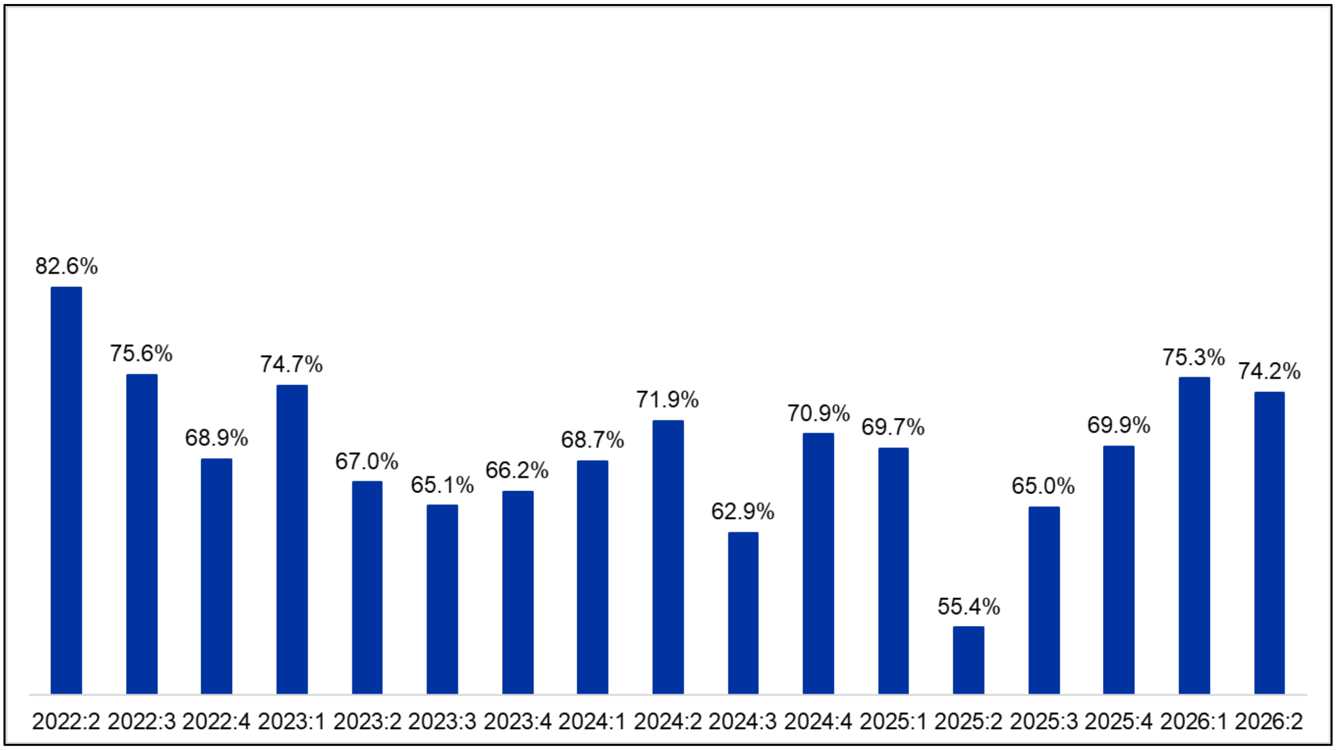
— **Exports:** Respondents predict export sales to increase 0.3% over the next 12 months, up slightly from the growth expected in Q1 (0.1%). Nearly one-quarter (23.8%) anticipate higher export sales in the next year, while 61.0% see no changes, and 15.3% forecast declines. Large and medium-sized firms predict a small increase, averaging 0.4% over the next 12 months, while small firms expect less than a 0.1% increase in exports.

Figure 1: Manufacturing Business Outlook by Quarter, Q2 1998 – Q2 2026
(Recessions Are Highlighted with Gray Shading)



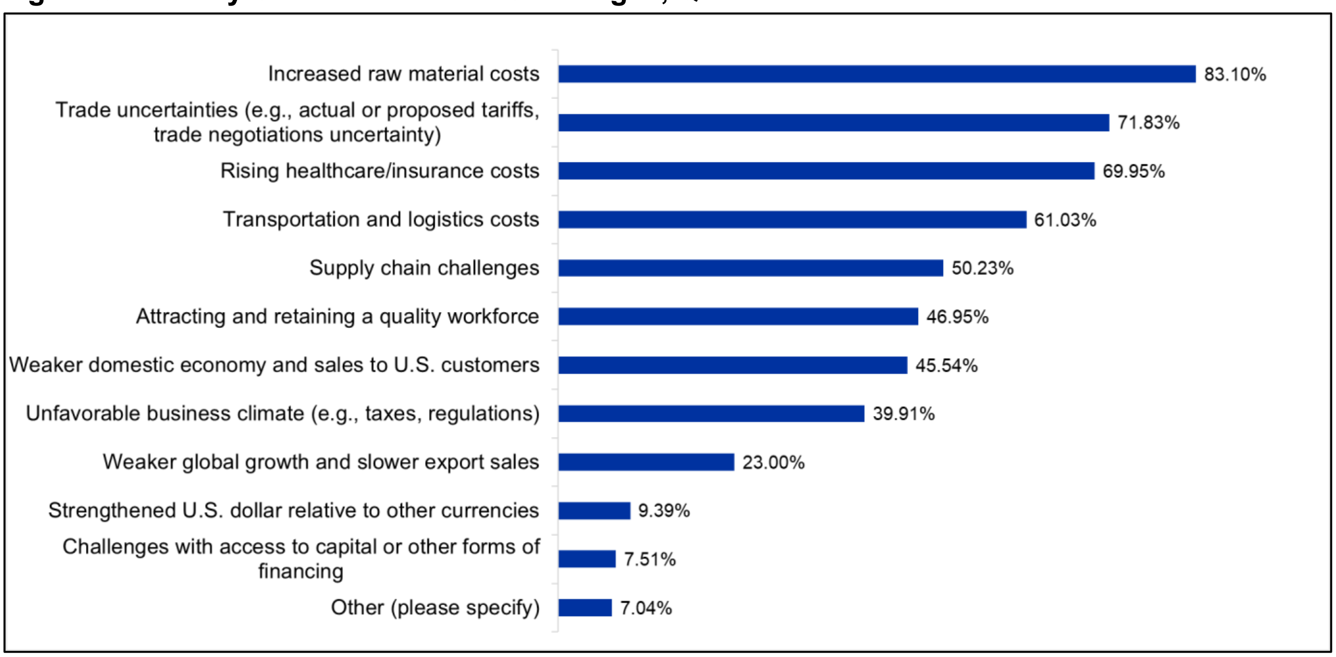
Note: Percentage of respondents who characterized the current business outlook as somewhat or very positive. Recessions are designated by the National Bureau of Economic Research.

Figure 2: Manufacturing Business Outlook by Quarter, Q2 2022 – Q2 2026



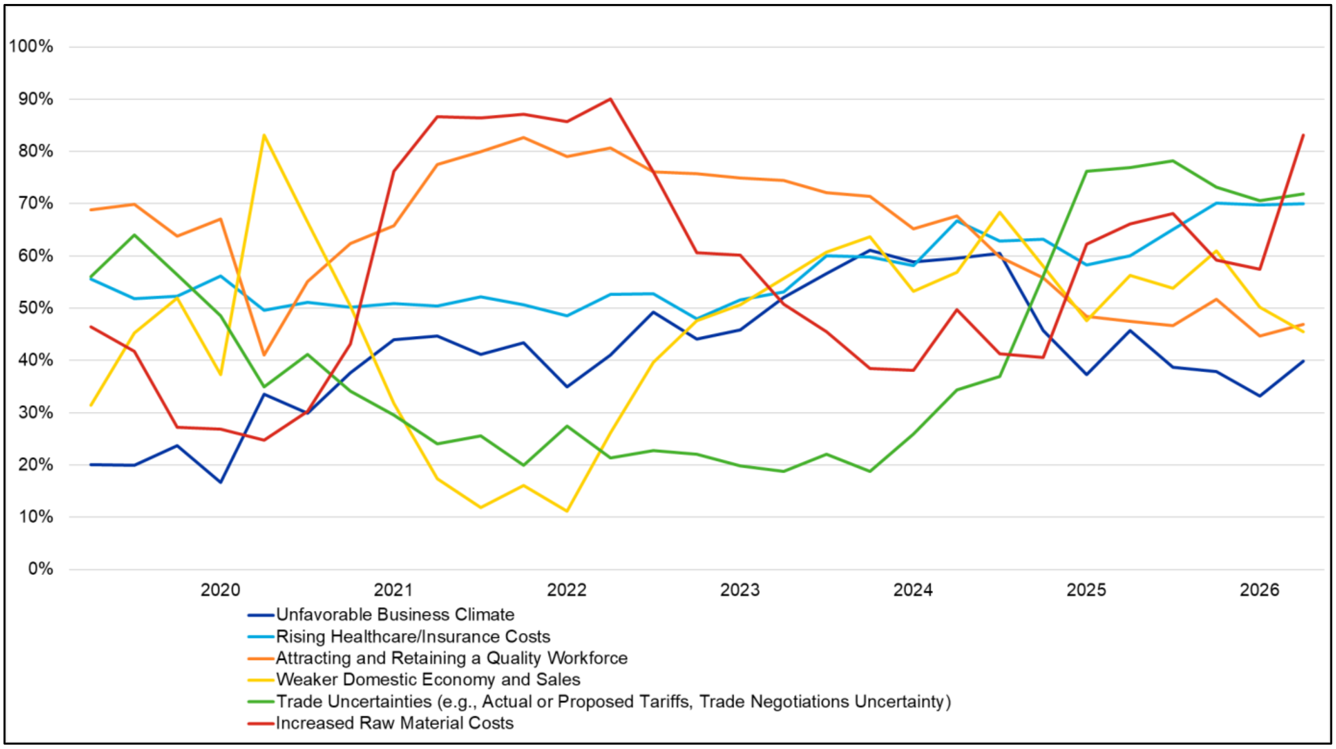
Note: Percentage of respondents who characterized the current business outlook as somewhat or very positive.

Figure 3: Primary Current Business Challenges, Q2 2026



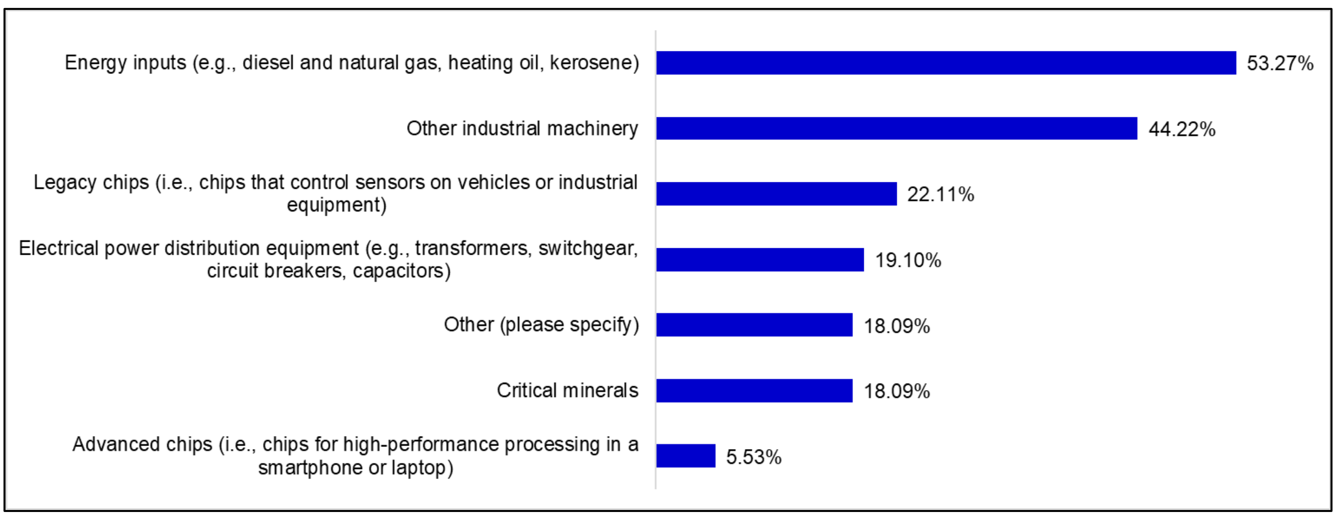
Note: Respondents were able to check more than one response; therefore, responses exceed 100%.

Figure 4: Primary Current Business Challenges for Select Responses, Q2 2019 – Q2 2026



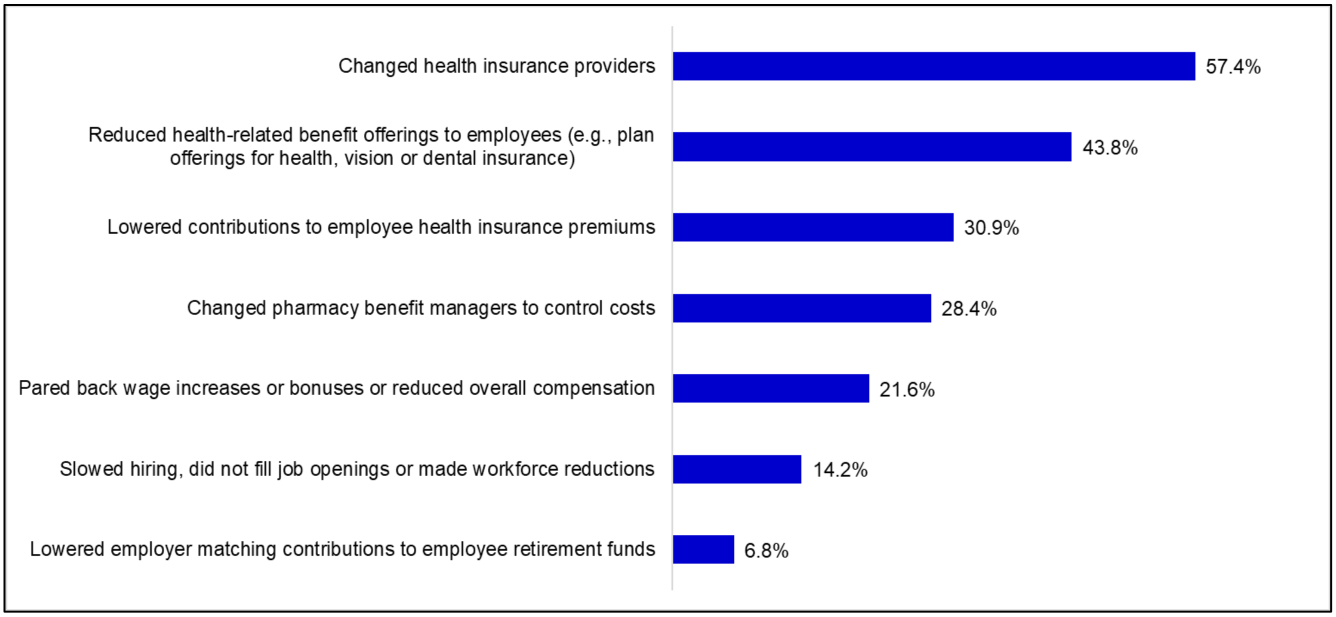
Note: Respondents were able to check more than one response; therefore, responses exceed 100%.

Figure 5: Which of the Following will be most critical for your operations over the next 12 months?



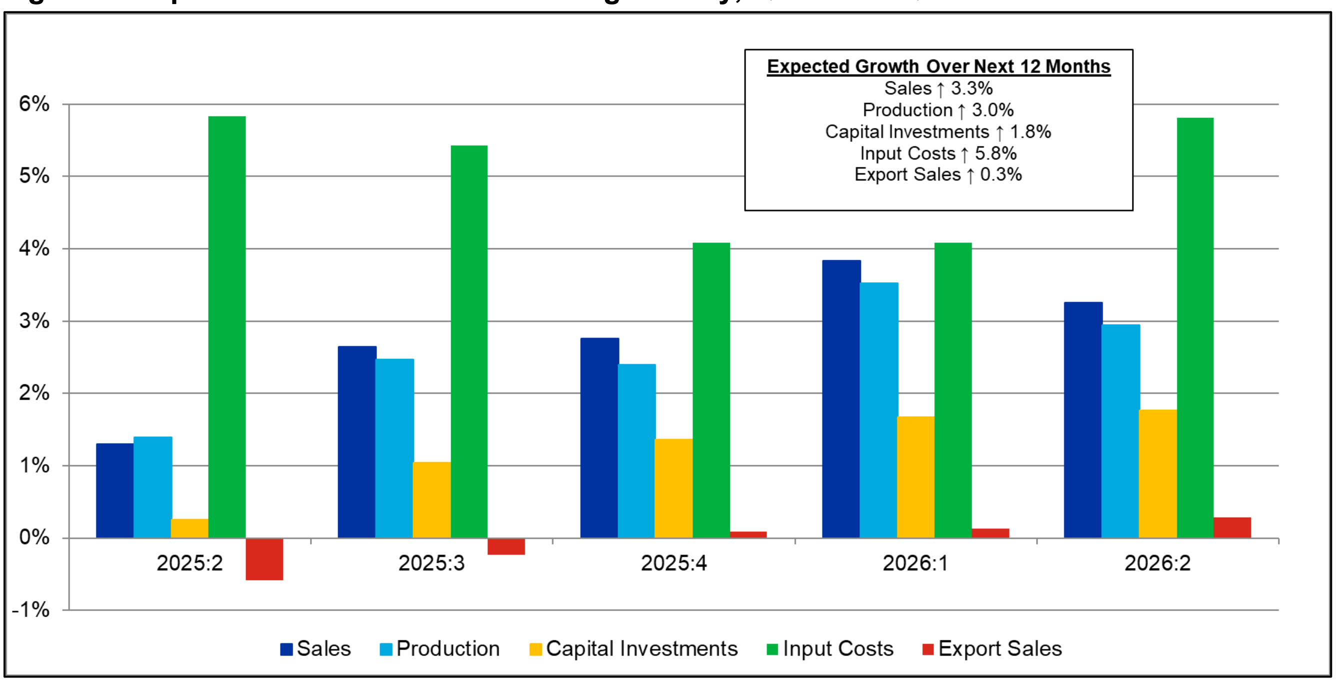
Note: Respondents were able to check more than one response; therefore, responses exceed 100%.

Figure 6: Have You Had to Do Any of the Following in the Past Five Years as a Result of Increased Healthcare Costs?



Note: Respondents were able to check more than one response; therefore, responses exceed 100%. Calculations omit respondents who selected "no change."

Figure 7: Expected Growth of Manufacturing Activity, Q2 2025 – Q2 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 – 15.49%
    b. Somewhat positive – 58.69%
    c. Somewhat negative – 20.66%
    d. Very negative – 5.16%

    Percentage that is either somewhat or very positive in their outlook = 74.18%

2. Over the next year, what do you expect to happen with your company's overall sales?
    a. Increase more than 10% – 16.28%
    b. Increase 5–10% – 22.79%
    c. Increase up to 5% – 24.65%
    d. Stay about the same – 22.79%
    e. Decrease up to 5% – 7.91%
    f. Decrease 5–10% – 2.33%
    g. Decrease more than 10% – 3.26%

    Average expected increase in sales consistent with these responses = 3.26%

3. Over the next year, what do you expect to happen with your company's overall production levels?
    a. Increase more than 10% – 13.49%
    b. Increase 5–10% – 23.26%
    c. Increase up to 5% – 25.12%
    d. Stay about the same – 23.26%
    e. Decrease up to 5% – 8.84%
    f. Decrease 5–10% – 2.33%
    g. Decrease more than 10% – 3.72%

    Average expected increase in production consistent with these responses = 2.95%

4. Over the next year, what do you expect in terms of full-time employment in your company?
    a. Increase more than 10% – 4.21%
    b. Increase 5–10% – 10.75%
    c. Increase up to 5% – 21.50%
    d. Stay about the same – 46.26%
    e. Decrease up to 5% – 11.21%
    f. Decrease 5–10% – 4.67%
    g. Decrease more than 10% – 1.40%

Average expected increase in full-time employment consistent with these responses = 0.99%

5. What percentage of jobs remain unfilled in your company?
    a. Less than 5% – 74.65%
    b. 5–10% – 17.37%
    c. 10–15% – 4.69%
    d. More than 15% – 3.29%

    Average number of jobs expected to remain unfilled consistent with these responses = 4.25%

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% – 6.98%
    b. Increase 3–5% – 50.23%
    c. Increase up to 3% – 33.02%
    d. Stay about the same – 9.77%
    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 = 2.85%

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% – 6.67%
    b. Increase 3–5% – 11.43%
    c. Increase up to 3% – 5.71%
    d. Stay about the same – 60.95%
    e. Decrease up to 3% – 4.29%
    f. Decrease 3–5% – 2.86%
    g. Decrease more than 5% – 8.10%

    Average expected increase in exports consistent with these responses = 0.29%

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% – 10.33%
    b. Increase 5–10% – 29.11%
    c. Increase up to 5% – 42.25%
    d. Stay about the same – 15.96%
    e. Decrease up to 5% – 1.41%

f. Decrease 5–10% – 0.94%
g. Decrease more than 10% – 0.00%

Average expected increase in product prices consistent with these responses = 4.17%

9. Over the next year, what do you expect to happen to raw material prices and other input costs?
    a. Increase more than 10% – 21.13%
    b. Increase 5–10% – 38.50%
    c. Increase up to 5% – 34.74%
    d. Stay about the same – 4.23%
    e. Decrease up to 5% – 0.94%
    f. Decrease 5–10% – 0.47%
    g. Decrease more than 10% – 0.00%

    Average expected increase in raw material prices consistent with these responses = 5.81%

10. Over the next year, what are your company's capital investment plans?
    a. Increase more than 10% – 16.43%
    b. Increase 5–10% – 10.80%
    c. Increase up to 5% – 9.86%
    d. Stay about the same – 49.30%
    e. Decrease up to 5% – 4.23%
    f. Decrease 5–10% – 4.23%
    g. Decrease more than 10% – 5.16%

    Average expected increase in capital investments consistent with these responses = 1.76%

11. Over the next year, what are your inventory plans?
    a. Increase more than 10% – 2.36%
    b. Increase 5–10% – 10.85%
    c. Increase up to 5% – 13.68%
    d. Stay about the same – 48.11%
    e. Decrease up to 5% – 15.57%
    f. Decrease 5–10% – 7.08%
    g. Decrease more than 10% – 2.36%

    Average expected change in inventories consistent with these responses = 0.24%

12. What degree of emphasis will your company be placing on digital transformation of your operations in the next 12 months?
    a. Significant emphasis – 34.74%
    b. Moderate emphasis – 30.52%
    c. Slight emphasis – 25.35%
    d. No emphasis – 9.39%

13. What are the biggest challenges you are facing? (Select all that apply.)
    a. Weaker domestic economy and sales to U.S. customers – 45.54%
    b. Weaker global growth and slower export sales – 23.00%
    c. Trade uncertainties (e.g., actual or proposed tariffs, trade negotiations uncertainty) – 71.83%
    d. Strengthened U.S. dollar relative to other currencies – 9.39%
    e. Challenges with access to capital or other forms of financing – 7.51%
    f. Unfavorable business climate (e.g., taxes, regulations) – 39.91%
    g. Increased raw material costs – 83.10%
    h. Rising healthcare/insurance costs – 69.95%
    i. Transportation and logistics costs – 61.03%
    j. Supply chain challenges – 50.23%
    k. Attracting and retaining a quality workforce – 46.95%
    l. Other __________ – 7.04%

14. What is your company's primary industrial classification?
    a. Building materials and supplies – 3.29%
    b. Chemicals – 6.10%
    c. Computer and electronic products – 0.94%
    d. Consumer goods – 3.76%
    e. Electrical equipment and appliances – 7.98%
    f. Fabricated metal products – 23.47%
    g. Food manufacturing – 3.29%
    h. Furniture and related products – 1.41%
    i. Machinery – 10.80%
    j. Nonmetallic mineral products – 0.94%
    k. Paper and paper products – 1.88%
    l. Petroleum and coal products – 1.41%
    m. Pharmaceuticals and medical devices – 4.69%
    n. Plastics and rubber products – 7.04%
    o. Primary metals – 2.35%
    p. Transportation equipment – 8.45%
    q. Wood products – 1.41%
    r. Other ________ – 10.80%

15. What is your firm size (e.g., the parent company, not your establishment)?
    a. Fewer than 50 employees – 18.31%

b. 50 to 500 employees – 43.66%
c. More than 500 employees – 38.03%
d. Uncertain – 0.00%

Special Questions

16. Does your company have any investments in the U.S. (e.g., facilities, major capex expenses, operations), existing or planned, that are supported by the United States–Mexico–Canada Agreement and/or trade with Mexico and Canada?
    a. Yes – 39.81%
    b. No – 54.50%
    c. Uncertain – 5.69%

    Taking into account that 5.7% of respondents selected "uncertain," for those who responded definitively, 42.2% said "yes," while 57.8% answered "no."

17. Which of the following will be most critical for your operations over the next 12 months? (Select all that apply.)
    a. Energy inputs (e.g., diesel and natural gas, heating oil, kerosene) – 53.27%
    b. Advanced chips (i.e., chips for high-performance processing in a smartphone or laptop) – 5.53%
    c. Legacy chips (i.e., chips that control sensors on vehicles or industrial equipment) – 22.11%
    d. Electrical power distribution equipment (e.g., transformers, switchgear, circuit breakers, capacitors) – 19.10%
    e. Other industrial machinery – 44.22%
    f. Critical minerals – 18.09%
    g. Other (please specify) _______________ – 18.09%

    Within responses, 54.3% selected either "Electrical power distribution equipment," "Other industrial machinery" or both.

18. What challenges have arisen for your company as a result of the conflict in the Middle East? (Select all that apply.)
    a. Increased cost of energy inputs (e.g., crude oil, diesel and natural gas) – 72.04%
    b. Difficulty sourcing energy inputs (e.g., crude oil, diesel and natural gas) – 4.74%
    c. Increased cost of nonenergy inputs (e.g., fertilizer and/or its inputs, helium, aluminum, petrochemicals) – 43.13%
    d. Difficulty sourcing nonenergy inputs (e.g., fertilizer and/or its inputs, helium, aluminum, petrochemicals) – 14.22%
    e. Other (please specify) ___________________ – 9.48%
    f. None of the above – 13.74%

19. Which types of AI-related training does your company provide to frontline manufacturing employees? (Select all that apply.)
    a. Introductory or awareness-level training (i.e., what AI is and how it is used in manufacturing) – 40.00%
    b. Training on operating AI-enabled machines, equipment or software – 18.57%
    c. Training on using AI for quality, production, maintenance or logistics tasks – 21.43%
    d. Training focused on data, analytics or interpreting AI outputs – 25.24%
    e. Advanced or role-specific AI training (e.g., maintenance technicians, engineers, supervisors) – 13.33%
    f. No AI-related training currently provided – 41.43%
    g. Uncertain – 7.62%

    Taking into account that 7.62% of respondents selected "uncertain," and 41.43% of respondents selected "No AI-related training currently provided," for those who responded definitively as providing training, 78.5% provide introductory or awareness training, 36.4% offer training on operating AI-enabled machines, equipment or software, 42.1% provide training on using AI for quality, production, maintenance or logistics and 26.2% mentioned advanced or role-specific AI training.

20. As more AI tools are integrated into manufacturing processes, what level of AI-related skills do you believe frontline manufacturing employees will need to succeed in their roles?
    a. Basic awareness (i.e., understanding what AI is and how it affects their job, with minimal direct interaction) – 17.45%
    b. Foundational, practical skills (i.e., ability to work alongside AI-enabled equipment and tools and understand AI-driven outputs) – 30.66%
    c. Moderate, role-specific skills (i.e., ability to use AI tools regularly to support production, maintenance, quality or logistics tasks) – 24.06%
    d. Advanced technical skills (i.e., ability to troubleshoot, optimize or help implement AI-enabled systems) – 5.19%
    e. Uncertain or too early to determine – 22.64%

    Taking into account that 22.64% of respondents selected "Uncertain or too early to determine," for those who responded in the affirmative, 22.6% believe frontline manufacturing workers will need basic awareness skills related to AI, 39.6% cited foundational, practical skills, 31.1% mentioned moderate, role-specific skills and 6.7% responded that advanced technical skills would be important for success.

21. Have you had to do any of the following in the past five years as a result of increased healthcare costs? (Select all that apply.)

a. Reduced health-related benefit offerings to employees (e.g., plan offerings for health, vision or dental insurance) – 33.65%
b. Lowered contributions to employee health insurance premiums – 23.70%
c. Changed health insurance providers – 44.08%
d. Changed pharmacy benefit managers to control costs – 21.80%
e. Lowered employer matching contributions to employee retirement funds – 5.21%
f. Slowed hiring, did not fill job openings or made workforce reductions – 10.90%
g. Pared back wage increases or bonuses or reduced overall compensation – 16.59%
h. Other (please specify) – 5.69%
i. No change – 23.22%
j. Not applicable – 0.95%

Taking into account that 23.22% of respondents selected "No change," for those who experienced a change, 43.8% reduced health-related benefit offerings to employees, 30.9% lowered contributions to employee health insurance premiums, 57.4% changed health insurance providers, 28.4% changed pharmacy benefit managers to control costs, 6.8% lowered employer matching contributions to employee retirement funds, 14.2% slowed hiring, did not fill job openings or made workforce reductions and 21.6% pared back wage increases or bonuses or reduced overall compensation.