



HOW'S BUSINESS

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2nd QUARTER
2025

2nd Quarter 2025

HOW'S BUSINESS



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Publication Date: July 2025

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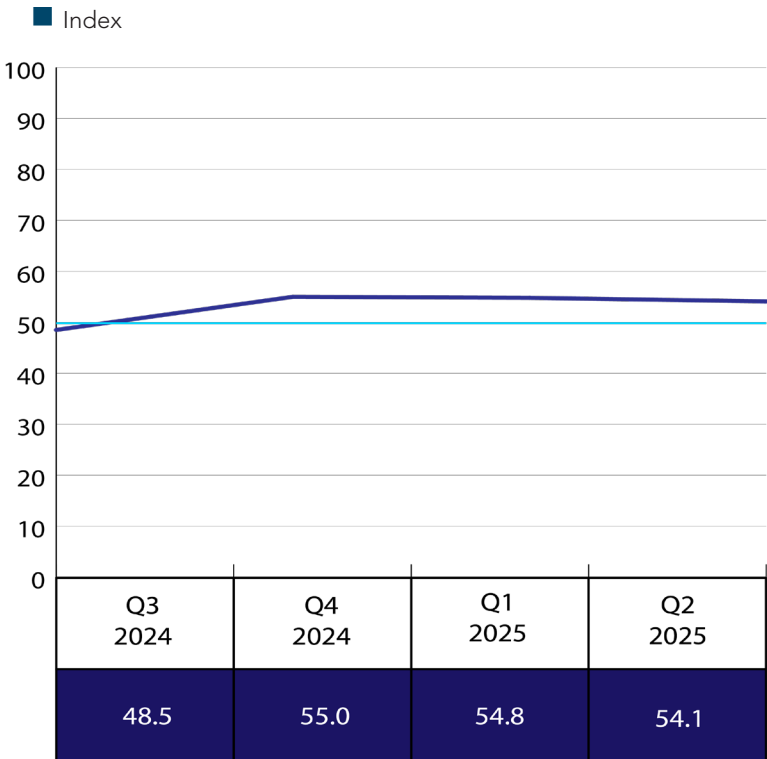
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WHAT MEMBERS ARE SAYING - HOW'S BUSINESS

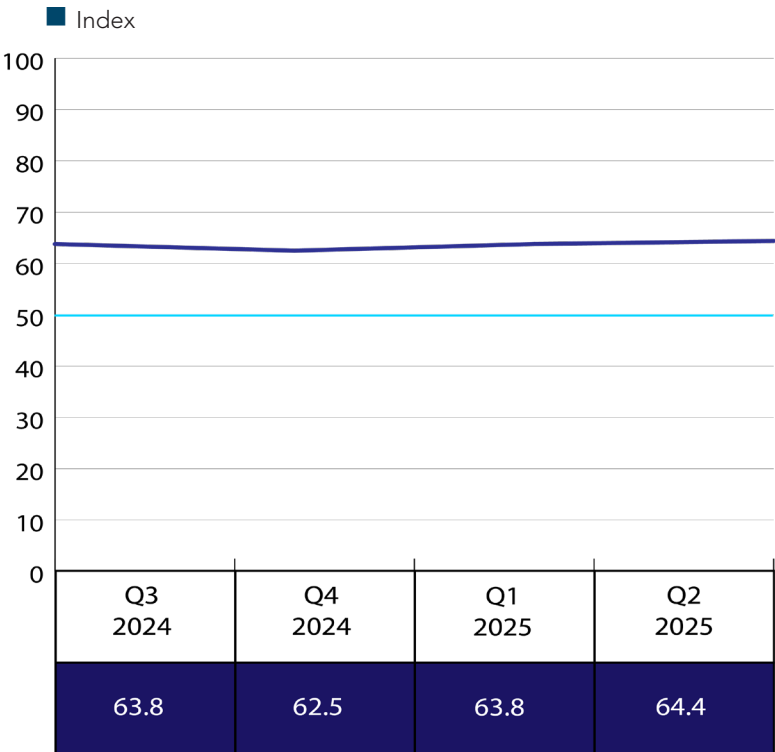
The following charts compare quarter-over-quarter activity in NEW ORDERS, QUOTATIONS/PROPOSAL ACTIVITY, LATE PAYMENTS, BACKLOG, and SUPPLY CHAIN DISRUPTIONS as reported by Members in PMMI's How's Business Survey.

NEW ORDERS Q3 2024 TO Q2 2025



- The New Orders Index came in at 54.1 for Q2 2025.
- This marks the third consecutive quarter in expansion territory, but the gradual easing suggests a slowdown in the pace of growth.
- While the industry continues to show signs of stability, this softening may point to buyer caution amid persistent economic and geopolitical uncertainty. Members should continue monitoring external factors - including tariff policy developments, labor availability, and supply chain conditions - that may influence new order activity in the second half of the year.

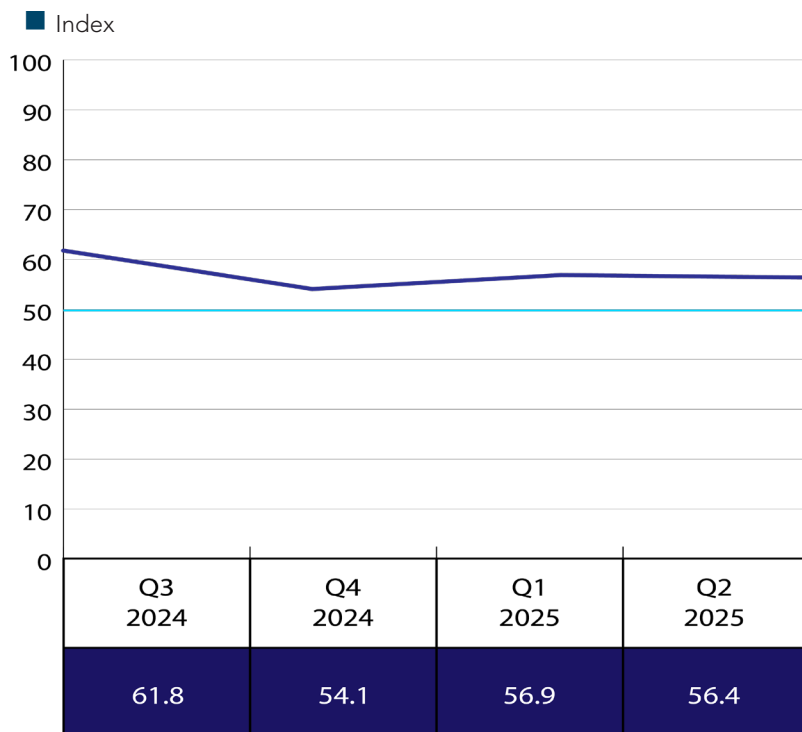
QUOTATIONS/PROPOSAL ACTIVITY Q3 2024 TO Q2 2025



- The Quotations/Proposal Activity Index slightly increased to 64.4 in Q2 2025, making the second consecutive quarter of growth following a dip in Q4 2024.
- This continued rise points to healthy quoting activity, though it remains to be seen how much of this interest will convert to orders amid economic and policy uncertainty.
- Members should continue to monitor external pressures that could affect quoting timelines and buyer confidence in the upcoming months.

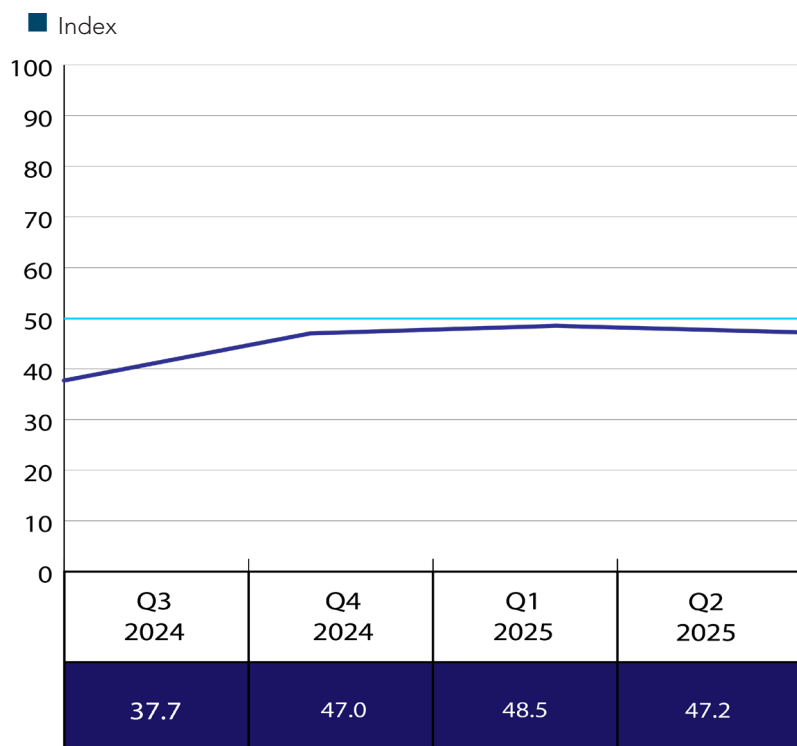
An index of 50 represents the midpoint, no change. A reading above 50 indicates that activity is generally expanding. Below 50 indicates that it is generally contracting.

LATE PAYMENTS Q3 2024 TO Q2 2025



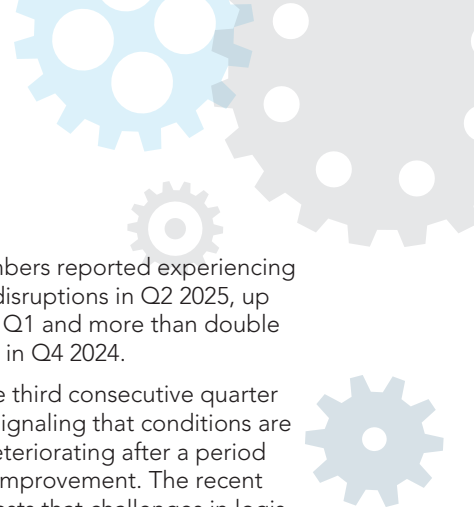
- The Late Payments Index is 56.4 in Q2 2025.
- While this small decrease may suggest some easing, the index remains firmly above 50, indicating that late payments continue to be more common than desired.
- Members are encouraged to continue monitoring cash flow and credit risk exposure as macroeconomic and supply chain uncertainties persist.

BACKLOG Q3 2024 TO Q2 2025

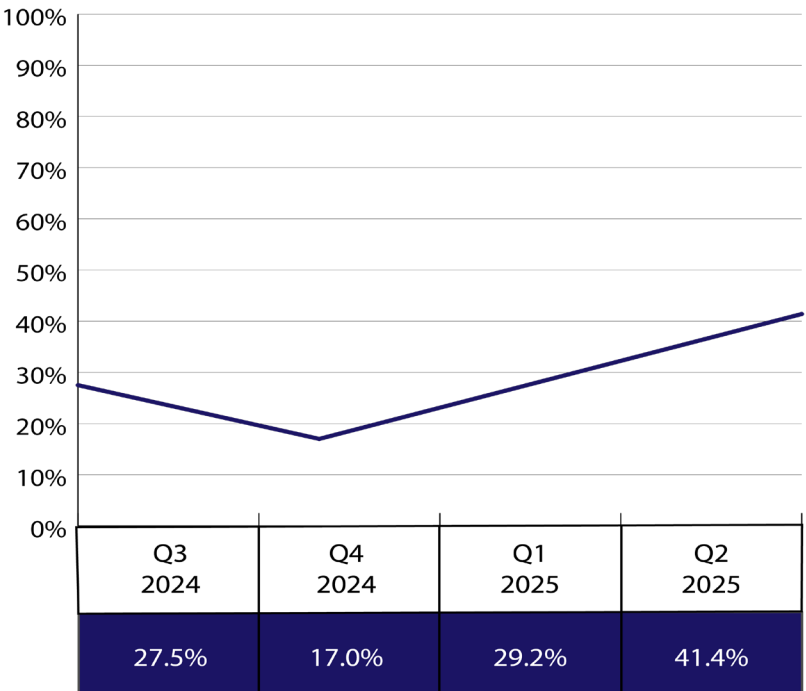


- The Backlog Index decreased slightly to 47.2 in Q2 2025, down from 48.5 in the previous quarter.
- After two quarters of steady improvement, this pullback may indicate slower project flow or fulfillment headwinds, keeping backlog levels below the expansion threshold.
- While still elevated compared to Q3 2024, the recent dip suggests that backlog growth has stalled, reinforcing that any recovery remains tentative in light of broader headwinds. Members should continue to watch for impacts from tariff-related decisions, materials availability, and overall economic uncertainty, which could affect both order intake and delivery schedules.

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 Q3 2024 TO Q2 2025

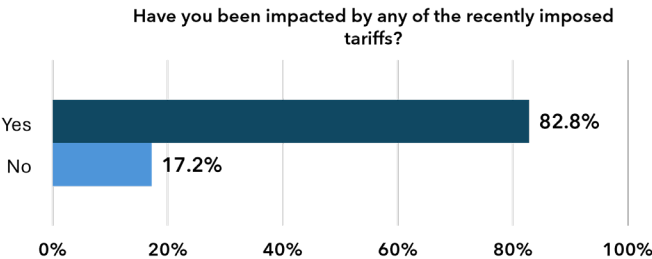


- 41.4% of Members reported experiencing supply chain disruptions in Q2 2025, up from 29.2% in Q1 and more than double the 17.0% low in Q4 2024.
- This marks the third consecutive quarter of increases, signaling that conditions are once again deteriorating after a period of significant improvement. The recent reversal suggests that challenges in logistics, material availability, or tariff-driven sourcing pressures are re-emerging.



TARIFF IMPACTS - SELECT INSIGHTS FROM PMMI'S QUICKIE SURVEY

Given the current economic climate, a few tariff-related questions were included in PMMI's Q2 How's Business Survey. Below are select findings. For more detailed insights, PMMI members can access the full "[QS Tariffs Report](#)" at [pmmi.org](#).

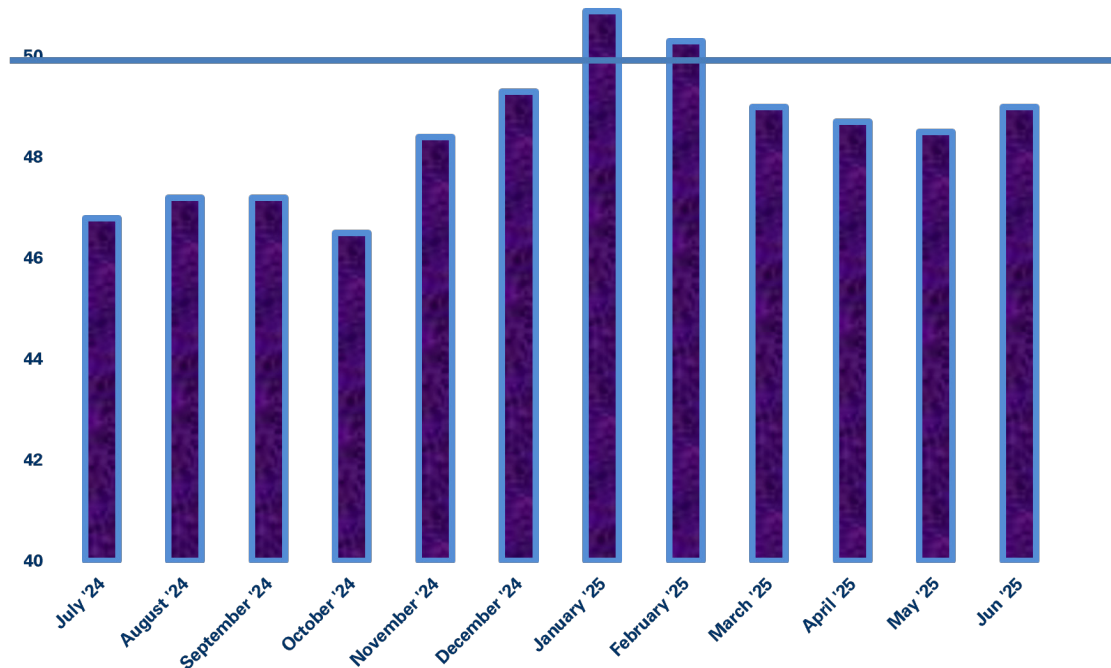


- 82.8% PMMI Members who participated in the "Tariffs Quickie Survey (July 2025)" indicated they have been impacted by the recently imposed tariffs.
- The top reported impacts include, 'increased cost of procurement for imported parts (86.1%)', 'price increases for domestic customers (59.7%)', and 'higher cost of domestic parts (45.8%).'
- For more insights—including what actions member companies are taking and how they view the outlook—refer to the full "[2025 QS Tariffs Report](#)."

THE STATE OF MANUFACTURING

ISM Report on Business (PMI) - Purchasing Managers Index

June 2025 PMI 49.0



- 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 Manufacturing PMI® registered 49.0 percent in June, a 0.5-percentage point increase compared to the 48.5 percent recorded in May. The overall economy continued in expansion for the 62nd month after one month of contraction in April 2020.

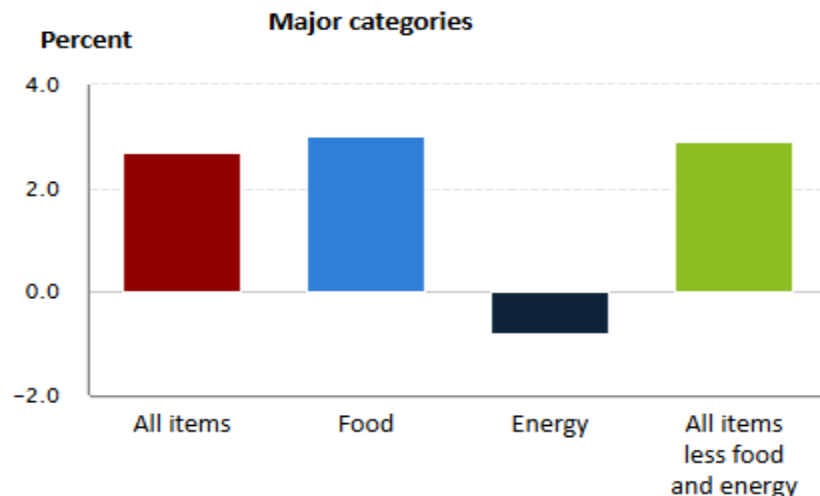
www.ismworld.org

Consumer Price Index

12-month percentage change, CPI, selected categories, June 2025, not seasonally adjusted

- CPI for all items rises 0.3% in June; shelter up.
- In June, the Consumer Price Index for All Urban Consumers rose 0.3 percent, seasonally adjusted, and rose 2.7 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 2.9 percent over the year (NSA).

www.bls.gov/cpi



3-Year U.S. Outlook

	Historical 12/12	Historical 12MMT/A	Current 12/12	2025	2026	2027	Highlights
US Industrial Production			0.5	1.4	1.5	1.3	General rise lies ahead. The utilities component is outperforming, while manufacturing and mining are muted.
US Nondefense Capital Goods New Orders			-0.2	2.1	3.2	0.8	We lowered our forecast based on latest evidence, but still expect rise through 2026 and a plateau in 2027. Historical data was revised.
US Private Sector Employment			1.1	1.0	1.9	1.7	The job market has softened, but the unemployment rate remains low at 3.9%. Employment will rise through at least 2027.
US Total Retail Sales			3.2	3.5	4.8	3.0	Growth may be sluggish in the near term. Conditions still support Retail Sales rise through at least 2027.
US Wholesale Trade of Durable Goods			4.8	3.7	3.7	1.5	The 12MMT will rise through at least 2027, but growth will begin to slow in mid-2025, following housing market trends.
US Wholesale Trade of Nondurable Goods			0.6	-0.2	6.1	3.2	Wholesale Trade will trend flat in 2025 amid muted oil prices and restrained demand. The 12MMT will rise in 2026 and 2027.

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

Phase Key



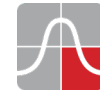
Phase A:
Recovery



Phase B:
Accelerating
Growth



Phase C:
Slowing
Growth



Phase D:
Recession

- In general, 2025 will be a year of growth, but the pace will be muted in the near term. Expect higher growth rates around the end of this year through mid-2026 for many core metrics of the economy. 2027 will be a soft landing for many metrics, with most either plateauing or mildly rising. Some will return to Phase B, Accelerating Growth, by the end of 2027. Note that some markets may struggle on the volume side, but dollar-denominated metrics will be boosted by expected rising inflationary pressures.
- A revision to historical US Nondefense Capital Goods New Orders (excluding aircraft) data reveals capex spending contracted in early 2023 through late 2024 during the inventory overstock period. The impact of the data revision to recent months was minor. We lowered our New Orders forecast given heightened uncertainty and some softness in leading indicators that suggest a slower ramp-up in capex. We reduced our growth-rate outlook but still expect rise in 2025 and 2026 and a plateau in 2027.

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

Producer Price Index

June 2025 PPI 411.4

- The Producer Price Index for final demand was unchanged in June. Final demand prices increased 0.3 percent in May and declined 0.3 percent in April.
- On an unadjusted basis, the index for final demand rose 2.3 percent for the 12 months ending in June.

www.bls.gov

Producer Price Index Commodity Code 11-67 Packaging Machinery

