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State of the Industry Report

FORECAST UPDATE

2025

PMMI Business Intelligence

PMMI The Association for Packaging and Processing Technologies
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How To Use This Report

This forecast update provides a streamlined snapshot of the U.S. andCanadian packaging machinery markets. It is intended to give PMMI members, OEMs, and industry stakeholders quick access to **revised shipment values, updated forecasts**, and key **economic signals** influencing demand since the full *State of the Industry Report* was published in August 2025.

What This Summary Covers:

- Updated U.S. and Canada **domestic shipment forecasts (2024–2030)**
- Revised total market values and **growth rates** based on new data
- U.S. **packaging machinery forecast adjustments by industry segment**
- Select **macro-level developments** impacting equipment investments

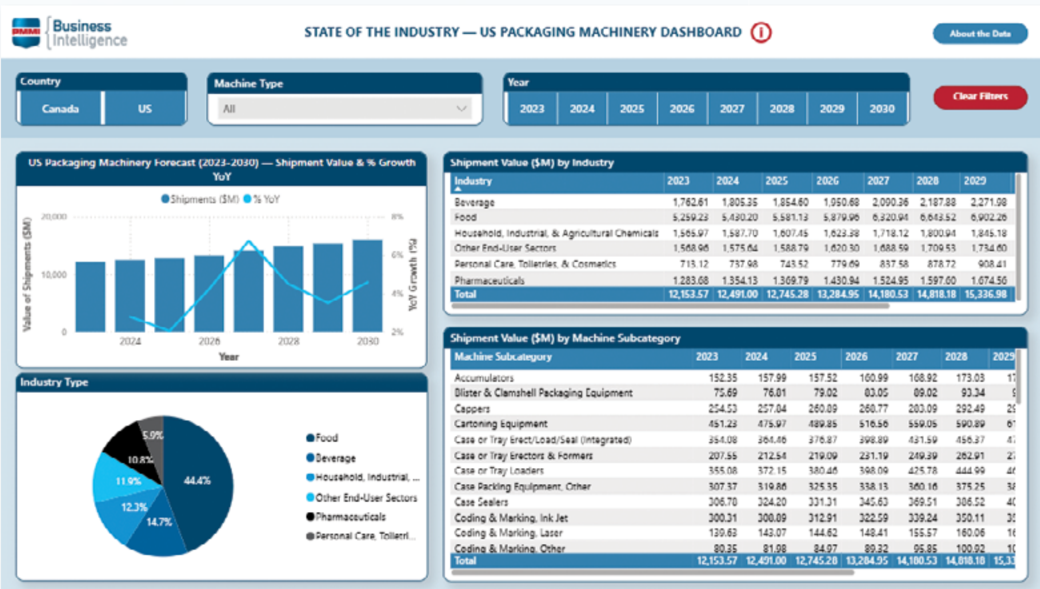
For a more detailed and interactive view, including sub-machine breakouts, industry-specific filters, PMMI members can access the interactive **State of the Industry Dashboard** at: pmmi.org/content/soti-dashboard

PMMI Dashboard Highlight

Looking for detailed insights? The PMMI State of the Industry Dashboard has been refreshed with the **full updated dataset, incorporating the mid-year adjusted forecasts**. Available to PMMI members, the dashboard allows users to:

- **Machine Type and Subcategory** – View shipment values and growth projections by main machine types and their detailed subcategories (e.g., depalletizing, load stabilization).
- **Industry Filters** – Filters by specific industry sectors to view only relevant machine shipments and projections.
- **Country View** – Toggle between U.S. and Canada data.
- **Shipment Value Tables** – Compare shipment values by industry and subcategory side by side.

To access the dashboard, visit the **PMMI State of the Industry Dashboard** at: pmmi.org/content/soti-dashboard



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Introduction to Mid-Year Update

CAUTIOUS OPTIMISM ACROSS THE MARKET HEADED INTO 2026

A Slight Revision Upwards for 2025 and 2026

As part of our ongoing commitment to provide PMMI members and the packaging industry with timely, relevant insights, PMMI collaborated with our research partner to produce this mid-year update to the *2025 State of the Industry Report* published in August.

While the full report established baseline expectations for 2025, shifts in economic conditions, trade policy, and end-user demand have prompted slight adjustments to the outlook. This mid-year update reflects the latest available data for the both U.S. and Canadian packaging machinery markets and highlights new signals heading into 2026.

In summary, we have revised our forecasts for 2025 and 2026 slightly upward to reflect a few recent positive developments in the industry. For example, the growth rate for the U.S. market in 2025 was revised from 2.2% to 2.6%, representing a $51 million increase in shipment value.

Current Market Sentiment: Cautious Optimism

As part of this mid-year update, a wide range of machinery suppliers and industry participants were interviewed in Q3. Across the board, companies described 2025 as a slower year compared to prior cycles, with most citing high uncertainty and political headwinds, particularly tariff volatility, as the main reasons.

For global players, the environment has been especially challenging, as they have had to adapt to shifting trade conditions across multiple regions. Although interest in machinery remains strong, many reported that orders were frequently delayed. Customers engaged in discussions, requested proposals, and showed intent to invest, but often chose to pause decisions or defer commitments by several months.

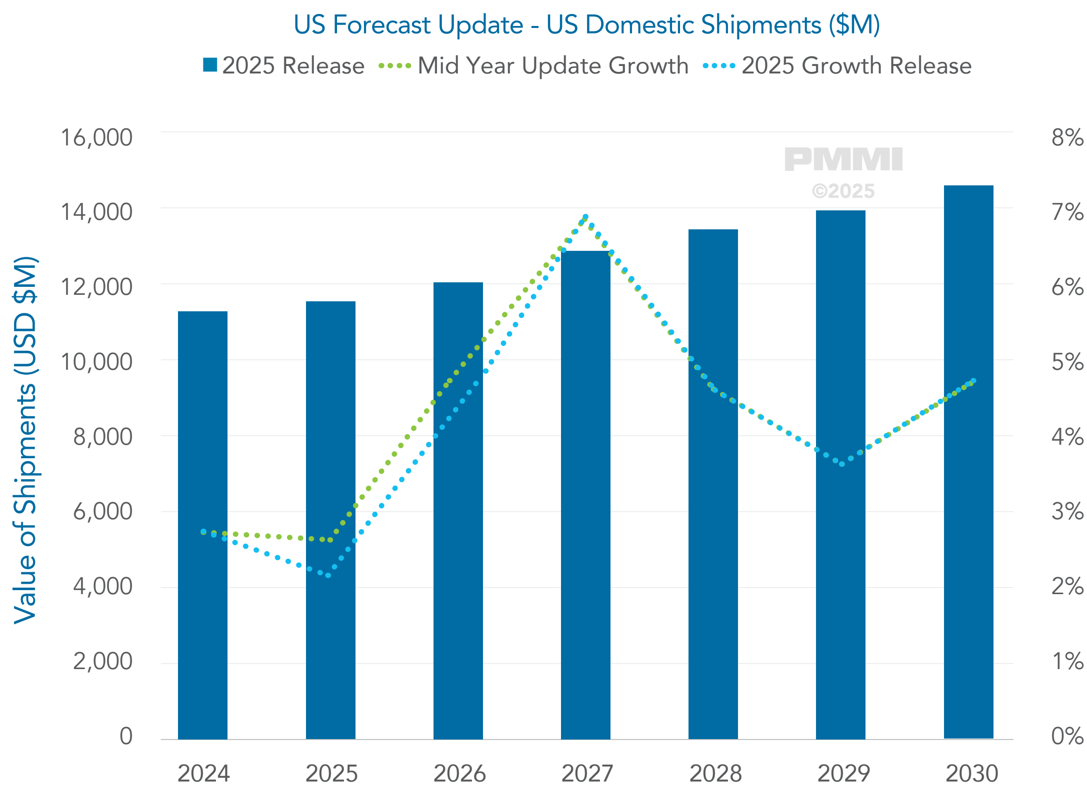
This reinforces an important point: the demand for packaging machinery has not disappeared. Instead, purchasing activity has been slowed by external conditions. Suppliers consistently indicated that the need for equipment is clear, but uncertainty around costs, tariffs, and financing has caused many projects to stall in 2025.

Looking ahead, several companies noted a more positive tone for 2026, with discussions around larger projects beginning to resurface. While it remains too early to call a broad recovery, the sentiment suggests that the rebound is more a matter of timing than of underlying demand. PMMI's Q3 2025 How's Business survey reflects the same cautious tone observed in our industry discussions. Order activity remains positive but continues to decelerate while quoting activity stays strong, a sign that end users remain engaged but hesitant to commit. Backlogs have softened further, confirming that 2025 is characterized more by delayed spending than by lost demand.

WHERE WE STARTED

Base Forecast Recap

The original forecast, conducted in May of 2025, reflected a cautious stance shaped by several key factors at the time.



Source: Interact Analysis

Tariff volatility at an all-time high

Successive announcements created cost uncertainty and disrupted supply chain planning. Buyers delayed machinery orders while waiting for clarity on trade policy.

Interest rate environment

The Federal Reserve had begun lowering rates in 2024, but ceased lowering them in response to anticipated tariff related inflation. Timelines for financing large projects were therefore pushed out, dampening near-term demand.

Rising uncertainty in the U.S. economy

Businesses faced political instability and mixed economic signals, which translated into slower capital spending decisions.

Labor market pressures

Tight labor supply and rising wages weighed on manufacturers, both by adding operating costs and by forcing companies to prioritize workforce issues over equipment investments.

Together, these drivers supported a conservative growth outlook. We anticipated that 2025 would see modest gains, but with risks tilted to the downside given the potential for further tariff shocks or policy turbulence.

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What's Changed

A FEW DEVELOPMENTS SINCE OUR ORIGINAL PUBLICATION HAVE INFLUENCED THE NEAR-TERM OUTLOOK

Tariff volatility has eased somewhat

While tariff announcements remain disruptive, the pace and intensity have slowed compared to late 2024. Many buyers, initially shocked by the volume of changes, have since adjusted expectations. This "normalization" effect has reduced hesitation for some investments, contributing to modestly improved spending in early 2025.

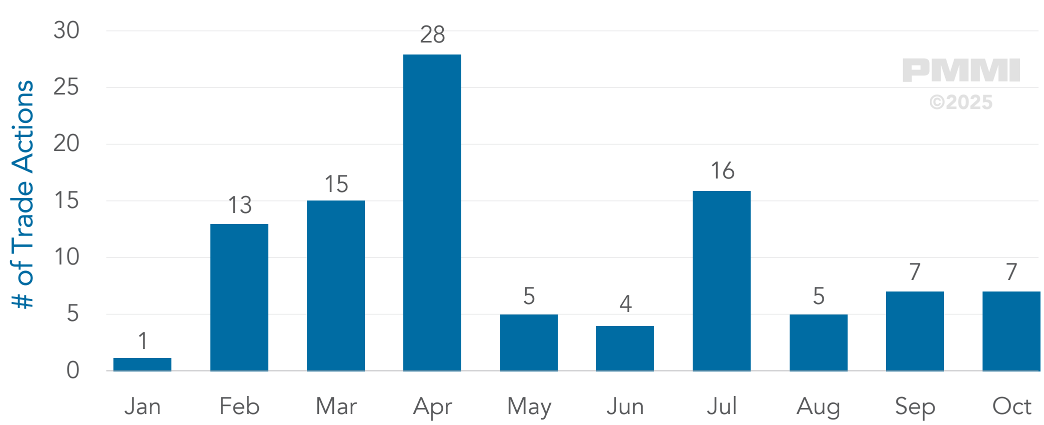
The One Big Beautiful Bill (OBBB)

Introduced after our initial forecast, the OBBB was intended to stimulate investment. For capital expenditures, the bill brought back the 100% depreciation program that was present during the first Trump administration. In short, this allows purchasers of capital equipment to depreciate 100% of the value of the asset in the first year of ownership, incentivizing companies to commit to capital purchases while the program is in effect. While we continue to view its overall effect as limited, certain sectors, particularly pharmaceuticals, appear to be using its provisions to justify capital commitments. We believe its influence will be most visible among companies already near a decision point, nudging projects that might otherwise have been delayed.

Shifts in end-user demand

A notable example has been the sudden spike in consumer demand for cottage cheese, which has gained significant traction in the U.S. dairy sector. Cottage cheese is one example of high-protein food which has seen strong demand over the last few years. This trend has led to a surge of investment into the dairy industry during 2025. While this trend may not yet have a large structural impact on packaging machinery orders, it illustrates how short-term consumer preferences can create pockets of unexpected demand. At present, we view this more as a case study in sector-specific growth than as a driver of the overall forecast.

Frequency of Trade Announcements and Actions

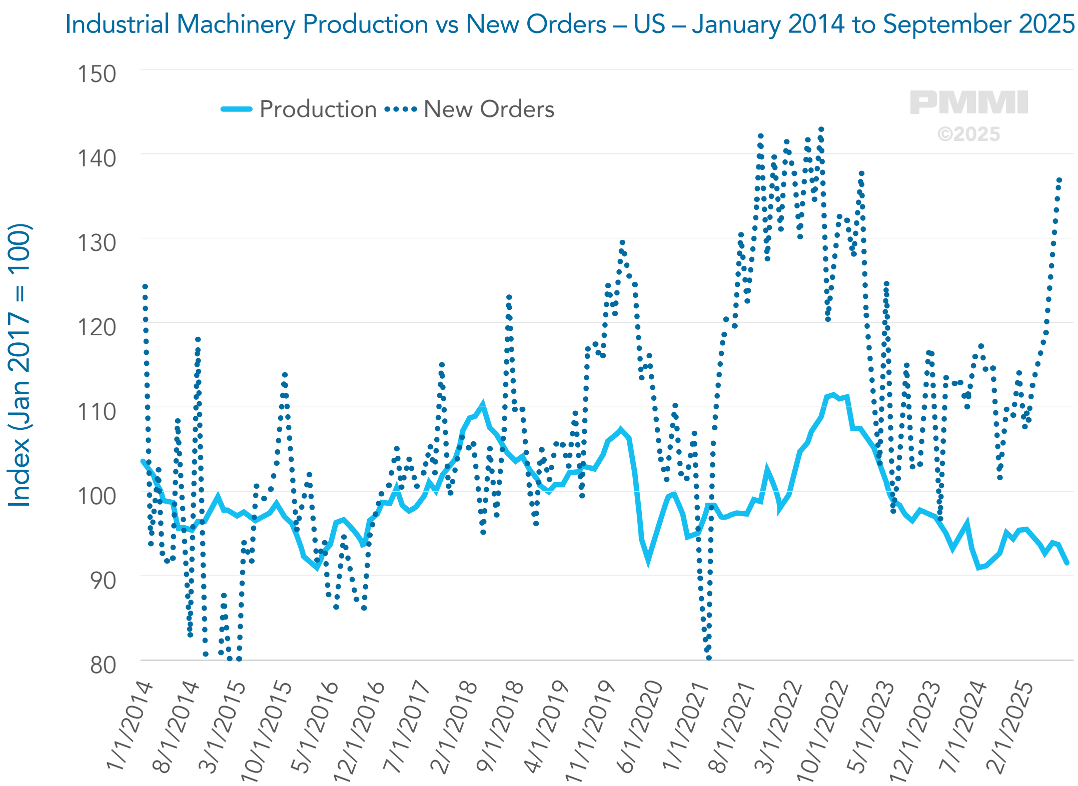


Source: PIIE, Trade War Timeline 2.0 (2025).

Each data point represents a major trade-related policy action or announcement recorded by PIIE, including new tariffs, trade negotiations, and related measures.

1H 2026 COULD SEE A PRODUCTION BOOM

Order Hoarding Has Occurred to Some Extent



Source: Board of Governors of the Federal Reserve System (US), Industrial Production: Manufacturing: Durable Goods: Industrial Machinery (NAICS = 3332) [IPG3332S], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/IPG3332S, October 15, 2025.

The graph to the right displays two macroeconomic series tracked monthly through September 2025. The dotted line represents new orders for industrial machinery (of which packaging machinery is a part of), while the solid line shows the value of industrial machines produced. Over the last few years, production has lagged new orders. While in 2021/2022 this was related to issues with the supply chain, we expect the lag being experienced now is related to a new phenomenon: order hoarding.

Tariffs Incentivized Early Ordering Across the Economy

We anticipate that in anticipation of higher prices expected due to tariffs, customers across the economy have placed orders in advance to lock in pre-tariff prices. Anecdotally, we've had this confirmed in conversation with machine builders and many have reported the production schedule for these orders are on longer timeframes than usual. This order hoarding behavior by customers has the potential to lead to a boom in production during the 1H of 2026. This is a contributing factor in our decision to raise our forecast by 0.5% for the packaging machinery market in 2026.

A Boom in Production Could Stress Supply Chains

If a boom in production occurs in 1H 2026, it could again stress supply chains for components used in packaging machinery. While we don't anticipate this to be as significant of a supply chain crunch as we saw during 2021 and 2022, there are likely to be targeted shortages of components in 2026. Increasing trade tensions with China threatens US supply of rare earth material. If this coincides with a boom in production, it could spell supply issues for key components like servo motors, drives, and controllers. For more insight on this, please have a read of Interact Analysis' insight on the topic here.

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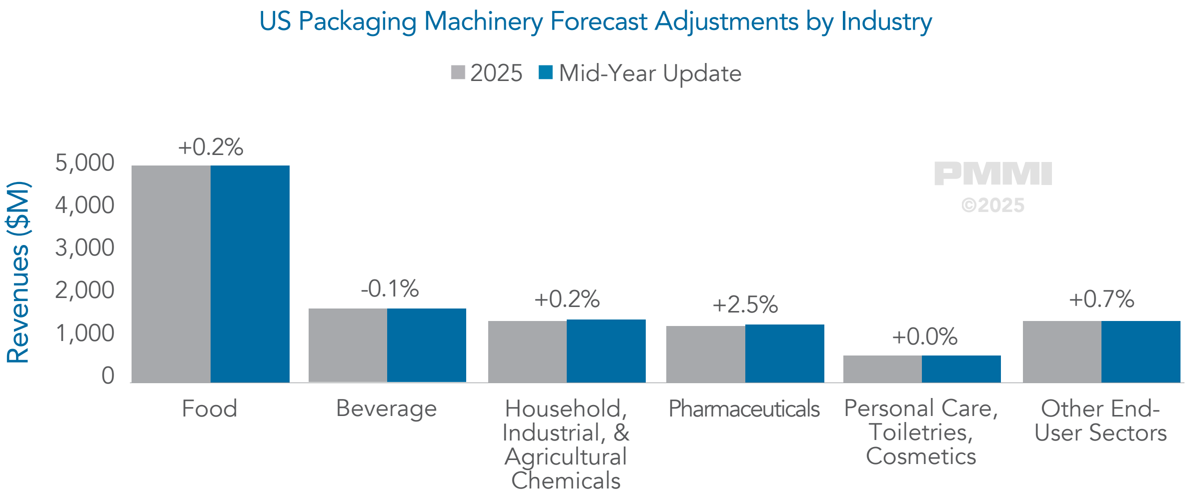
Industry Level Forecasts

PHARMACEUTICALS LEADS MODEST INDUSTRY-LEVEL REVISIONS

The pharmaceutical sector saw the most notable upward revision in this update. Growth expectations increased by 2.5%, bringing 2025 growth to 3.8%. This reflects continued investment tied to the expansion of weight-loss and metabolic drug production, alongside preparations for oral formulations that are still awaiting approval. The potential to bring these therapies to a much broader patient base is prompting early capacity planning and packaging investments. While not transformative for the broader machinery landscape, pharmaceuticals remain one of the few segments showing steady follow-through on capital projects, aided in part by incentives under the OBBB.The remaining sectors saw only minor adjustments, most of which reflect the broader upward revision to the overall 2025 forecast rather than any significant change in sentiment. Overall, these modest shifts reinforce the idea that growth in 2025 is uneven but persistent, driven by isolated areas of activity rather than broad-based acceleration. Despite uncertainty and mixed sentiment, the market continues to show underlying resilience, with machinery suppliers still reporting pockets of momentum.



Source: Interact Analysis

UNITED STATES FORECAST UPDATE

Packaging Machinery Market 2025

UNITED STATES

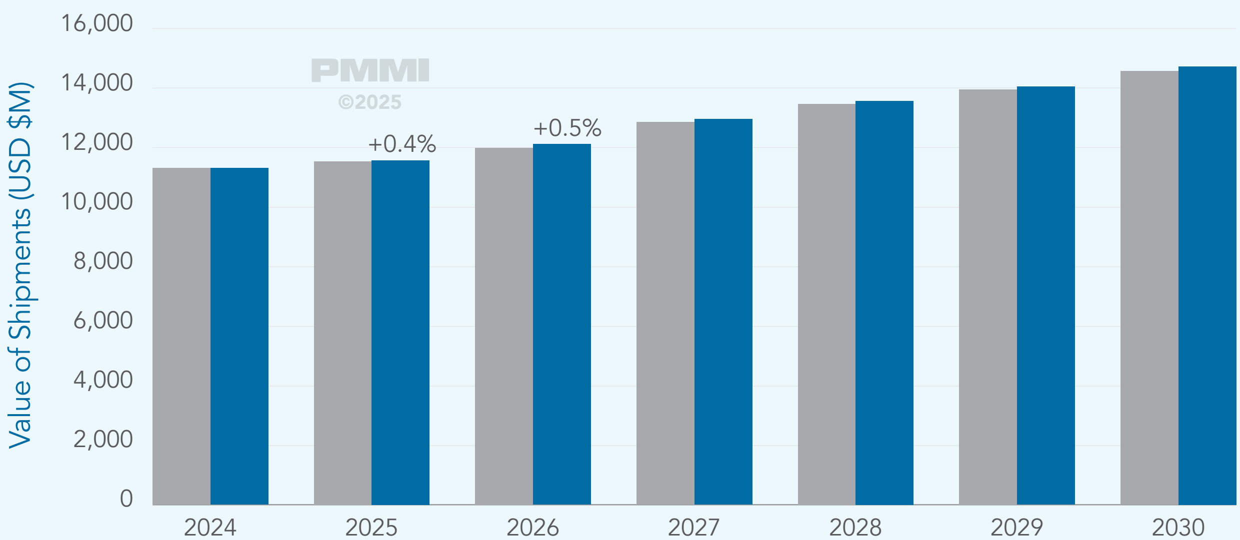
This mid-year update reflects minor adjustments to the packaging machinery forecast, informed by new economic data, updated internal modeling, and recent industry feedback.

2025 growth was revised slightly upward, from 2.2% to 2.6%. While this reflects some reported resilience in machinery orders, industry sentiment continues to characterize 2025 as a relatively weak year. Elevated uncertainty around trade policy and broader macroeconomic conditions has held back large-scale capital commitments, limiting the upside.

The expectation of a stronger upswing has shifted to 2026 and 2027. Feedback from industry participants points to a firmer recovery once uncertainty eases, consistent with our baseline forecast of 4.8% growth in 2026.

US Forecast Update – US Domestic Shipments ($M)

■ 2025 Release ■ Mid-Year Update



Source: Interact Analysis

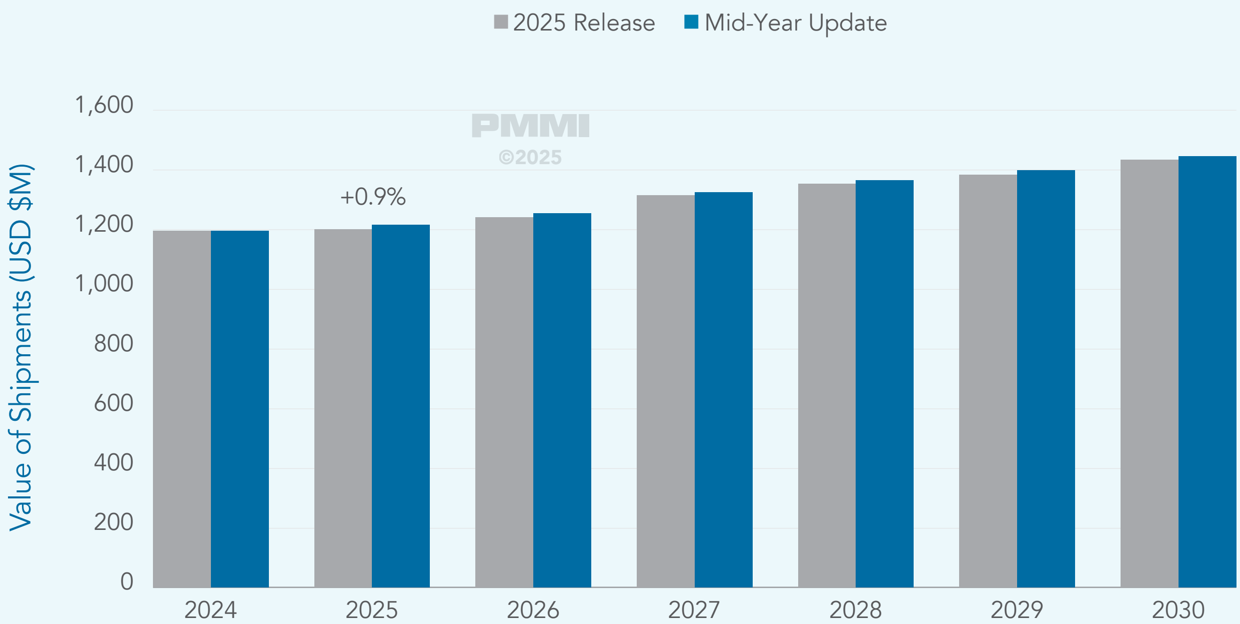
CANADA FORECAST UPDATE

Packaging Machinery Market 2025

At the regional level, Canada was revised upward by 0.9% in 2025, reflecting modest improvements in order activity, while forecasts for 2026 and beyond remain unchanged.

Across the remainder of the forecast period, growth rates are maintained. However, the slight upward revision in 2025 raises the absolute market size, which flows through to subsequent years. In other words, the trajectory of growth remains intact, but the level has shifted modestly higher.

Canada Forecast Update – Canada Domestic Shipments ($M)



Source: Interact Analysis

DIFFERENCES IN THE FORECAST: 2025 VS MID-YEAR RELEASE

Table 1 - The US Market Variance for Packaging Machinery (by Edition)

	2024	2025	2026	2027	2028	2029	2030
2025 Release							
Value of Shipments ($M)	**$11,294**	**$11,540**	**$12,041**	**$12,866**	**$13,461**	**$13,950**	**$14,606**
Annual Growth (YOY %)	2.7%	2.2%	4.3%	6.8%	4.6%	3.6%	4.7%
2025 Mid-Year Release							
Value of Shipments ($M)	**$11,294**	**$11,591**	**$12,152**	**$12,984**	**$13,584**	**$14,079**	**$14,739**
Annual Growth (YOY %)	2.7%	2.6%	4.8%	6.8%	4.6%	3.6%	4.7%
Differences							
Value of Shipments ($M)	0	$51	$111	$118	$123	$128	$134
Annual Growth (YOY %)	0.0%	0.4%	0.5%	0.0%	0.0%	0.0%	0.0%

Source: Interact Analysis

Table 2 - The Canada Market Variance for Packaging Machinery (by Edition)

	2024	2025	2026	2027	2028	2029	2030
2025 Release							
Value of Shipments ($M)	**$1,197**	**$1,206**	**$1,244**	**$1,315**	**$1,357**	**$1,386**	**$1,434**
Annual Growth (YOY %)	3.1%	0.8%	3.2%	5.7%	3.2%	2.2%	3.4%
2025 Mid-Year Release							
Value of Shipments ($M)	**$1,197**	**$1,216**	**$1,255**	**$1,326**	**$1,369**	**$1,398**	**$1,446**
Annual Growth (YOY %)	3.1%	1.6%	3.2%	5.7%	3.2%	2.1%	3.4%
Differences							
Value of Shipments ($M)	0	$11	$11	$11	$11	$11	$11
Annual Growth (YOY %)	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Interact Analysis

PMMI Business Intelligence

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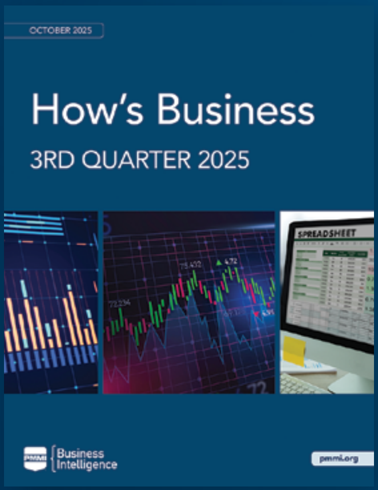

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