



## Report for December 2024

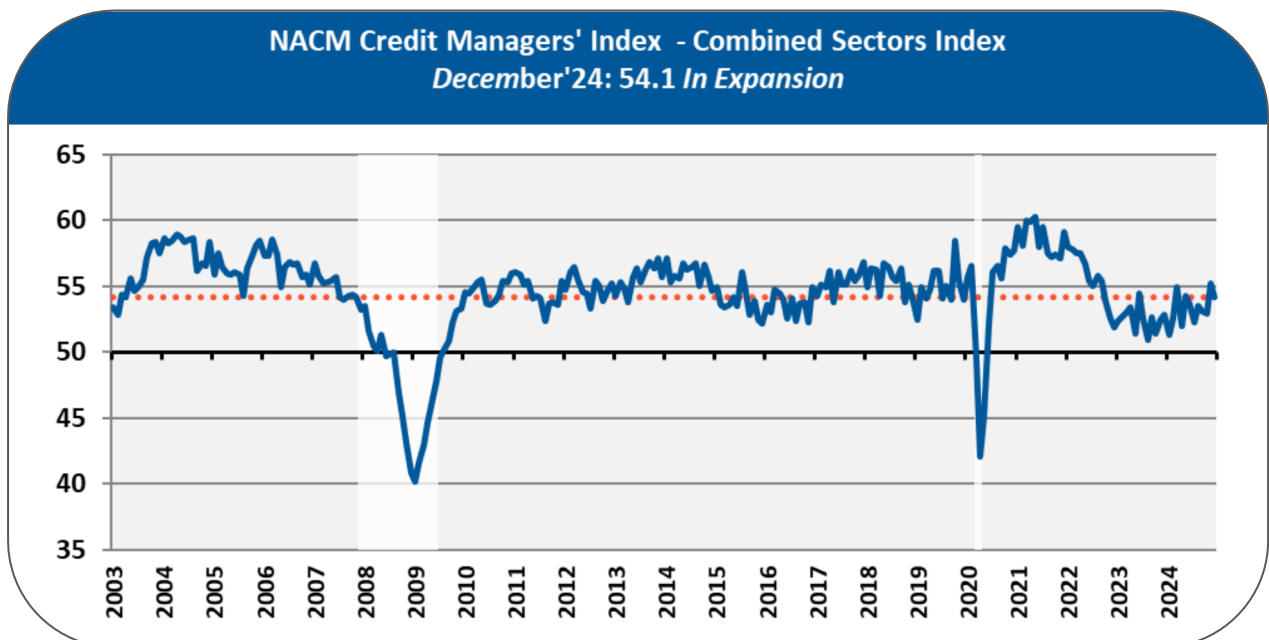
Issued January 2, 2025

### National Association of Credit Management

#### Credit Managers' Index Combined Sectors

The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for December 2024 deteriorated 1.2 points to 54.1. "The December Credit Managers' Index, which reflects November business conditions, came off the 26-month high set last month. The weaker reading is driven by a large drop in sales revenue and dollars collected on due and past due invoices. Several respondents noted the decline in sales and collections, which was unexpected in its magnitude taking seasonal impacts into account," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"During its December Open Market Committee meeting, the Federal Reserve stayed true to its commitment to lower interest rates with a third consecutive decrease in the Fed Funds Target Rate of 25 basis points. This action lowers the overnight rate banks charge each other to borrow to temporarily cover reserves. Similarly, short term Treasury Bill rates declined but market rates on longer term Treasuries, such as on the 10-year Treasury Bond, rose about 20 basis points." Cutts went on to say, "This market action was in response to the comments made by the Committee Members and Chairman Powell regarding inflation expectations next year, particularly if President-elect Trump fulfills his promise to aggressively use tariffs to further American policy interests. The timing of these tariffs, along with which countries and goods might be targeted and what exceptions might be carved out, are mostly unknown at this time and could have devastating impacts on some sectors if implemented with a broad sword. For example, most 'American-made' cars have parts that cross our Northern and Southern borders several times before the finished vehicle is delivered. A straight 25% tariff on all items from Mexico and Canada could be applied several times to the same items as they cross back and forth making them double or triple in costs versus what they are today."



The CMI is centered on a value of 50, with values greater indicating expansion and values lower indicating economic contraction.

| <b>Combined Manufacturing and Service Sectors (seasonally adjusted)</b> | <b>Dec '23</b> | <b>Jan '24</b> | <b>Feb '24</b> | <b>Mar '24</b> | <b>Apr '24</b> | <b>May '24</b> | <b>Jun '24</b> | <b>Jul '24</b> | <b>Aug '24</b> | <b>Sep '24</b> | <b>Oct '24</b> | <b>Nov '24</b> | <b>Dec '24</b> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Dollar Sales  | 54.5           | 53.9           | 58.8           | 62.1           | 57.9           | 62.2           | 60.1           | 55.1           | 58.5           | 55.3           | 55.8           | 63.4           | 53.6           |
| New credit applications   | 60.9           | 55.1           | 59.6           | 61.0           | 57.7           | 60.4           | 58.5           | 58.2           | 57.1           | 55.6           | 57.5           | 58.9           | 59.2           |
| Dollar collections  | 59.0           | 56.2           | 59.2           | 60.8           | 55.3           | 60.0           | 58.5           | 55.3           | 62.0           | 57.5           | 58.2           | 63.4           | 60.0           |
| Amount of credit extended   | 58.8           | 58.0           | 56.2           | 64.5           | 60.9           | 60.5           | 59.4           | 60.8           | 58.6           | 57.6           | 58.2           | 63.7           | 62.0           |
| <b>Index of favorable factors</b>                                       | <b>58.3</b>    | <b>55.8</b>    | <b>58.4</b>    | <b>62.1</b>    | <b>57.9</b>    | <b>60.8</b>    | <b>59.1</b>    | <b>57.4</b>    | <b>59.1</b>    | <b>56.5</b>    | <b>57.4</b>    | <b>62.3</b>    | <b>58.7</b>    |
| Rejections of credit applications                                       | 49.2           | 50.9           | 48.0           | 51.5           | 49.4           | 51.0           | 51.0           | 49.9           | 50.5           | 52.1           | 50.0           | 50.6           | 50.6           |
| Accounts placed for collection  | 45.9           | 44.8           | 42.9           | 45.9           | 44.9           | 45.0           | 46.1           | 46.4           | 45.7           | 48.9           | 47.0           | 47.1           | 49.6           |
| Disputes  | 49.6           | 48.8           | 48.2           | 49.6           | 49.7           | 49.7           | 49.2           | 49.1           | 49.8           | 51.0           | 50.6           | 52.6           | 51.5           |
| Dollar amount beyond terms  | 48.7           | 43.8           | 50.8           | 54.8           | 43.6           | 50.7           | 50.6           | 46.1           | 49.7           | 50.9           | 49.6           | 52.6           | 50.2           |
| Dollar amount of customer deductions                                    | 50.4           | 50.0           | 49.7           | 50.1           | 50.7           | 51.9           | 51.5           | 51.1           | 51.8           | 51.3           | 52.0           | 51.8           | 53.0           |
| Filings for bankruptcies  | 51.0           | 51.6           | 52.6           | 49.6           | 49.9           | 50.7           | 52.4           | 50.9           | 51.7           | 50.9           | 50.3           | 48.5           | 51.5           |
| <b>Index of unfavorable factors</b>                                     | <b>49.1</b>    | <b>48.3</b>    | <b>48.7</b>    | <b>50.2</b>    | <b>48.0</b>    | <b>49.9</b>    | <b>50.1</b>    | <b>48.9</b>    | <b>49.9</b>    | <b>50.8</b>    | <b>49.9</b>    | <b>50.5</b>    | <b>51.1</b>    |
| <b>NACM Combined CMI</b>  | <b>52.8</b>    | <b>51.3</b>    | <b>52.6</b>    | <b>55.0</b>    | <b>52.0</b>    | <b>54.2</b>    | <b>53.7</b>    | <b>52.3</b>    | <b>53.5</b>    | <b>53.1</b>    | <b>52.9</b>    | <b>55.3</b>    | <b>54.1</b>    |

## CMI Combined Sectors Factor Indexes

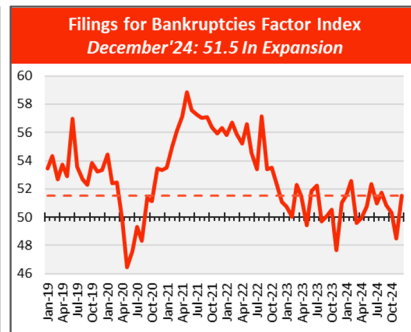
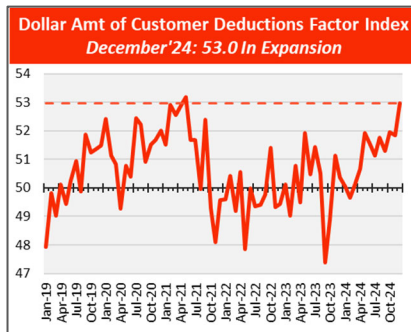
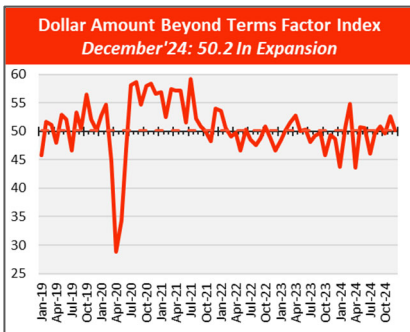
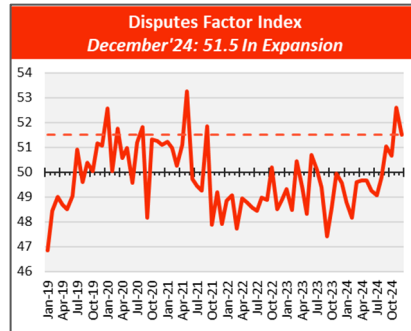
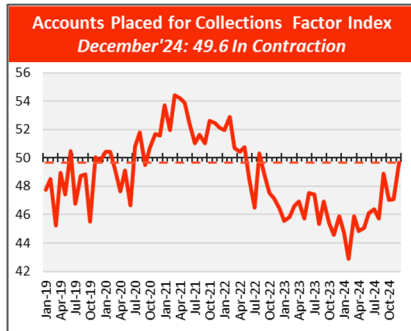
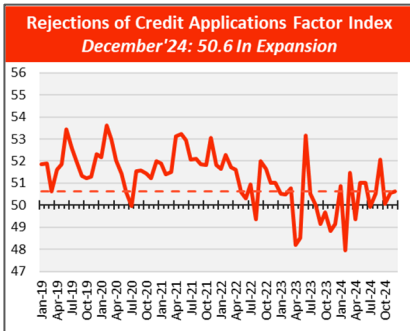
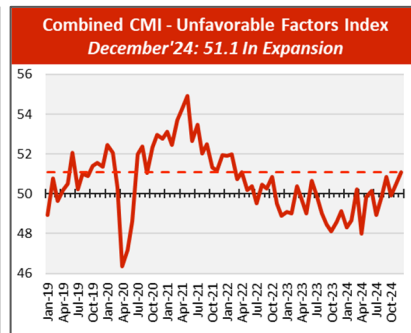
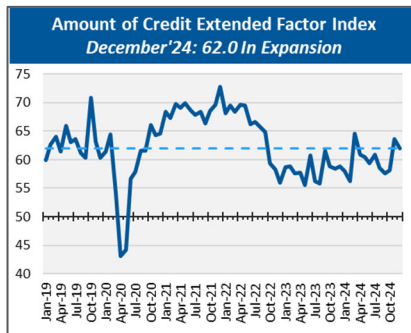
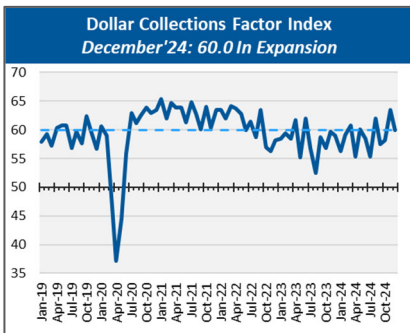
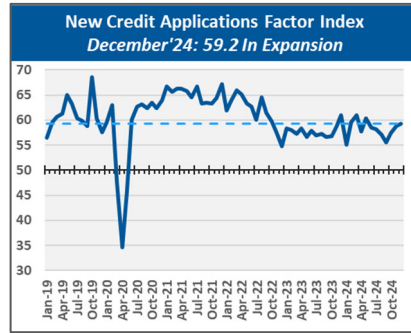
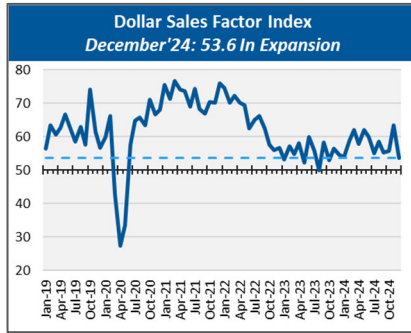
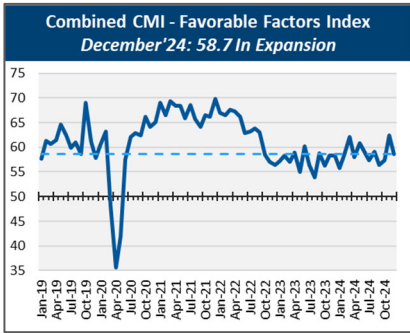
### Key Findings:

- The index for unfavorable factors rose for a second month, remaining in expansion territory. The index sits at 51.1, up 0.5 points from last month's value. This index has been bouncing in a very tight range right around the threshold line but now sits at its highest value since April 2022.
- The index for accounts placed for collection is at 49.6 this month, its 28<sup>th</sup> month in contraction. This means the number of accounts placed for collections has increased every month for more than two years.
- The index for favorable factors remains solidly in expansion even after declining 3.6 points in this month's survey. The index sits at 58.7.
- The index for sales had the largest decline in the December survey. The index fell 9.8 points to 53.6, its weakest reading since August 2023.

“Weather events in October could still be having an effect on the data, and then we have the election impact which could be causing some businesses to change their plans,” said Cutts. “The overall CMI remains robust but the sharp drop in sales revenue is worth watching to see if it is a temporary phenomenon or more problematic.”

# CMI Combined Sectors Factor Indexes Charts

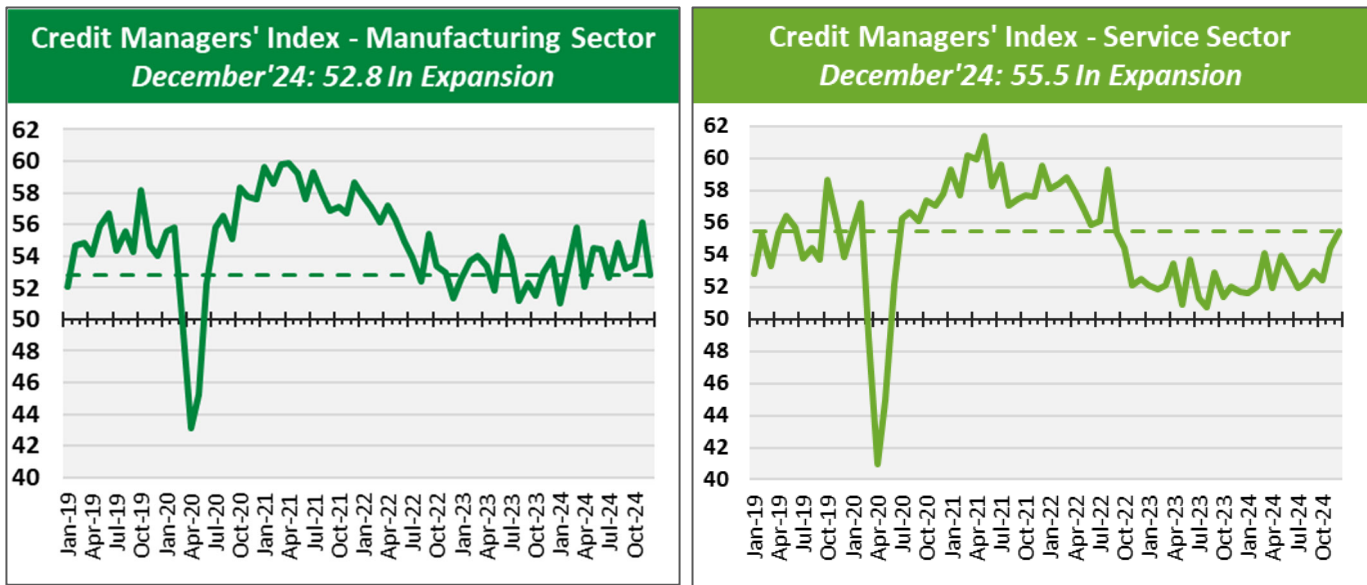
All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.



## CMI Manufacturing versus CMI Service Sectors Indexes

The Manufacturing Sector CMI deteriorated 3.3 points in the December CMI survey to a level of 52.8. The Service Sector CMI improved by 1.1 points to sit at 55.5, its highest level since August 2022.

“Respondents in manufacturing were more vocal regarding the sudden and worrisome change in sales activity,” Cutts said. “Respondents in services focused their comments more on weather impacts and seasonal patterns. Overall, there is an undercurrent of worry. For example, CMI Survey respondents noted that warehouses are full so for now the upside for sales is limited, that higher interest rates are causing both residential and commercial building to slow, and customers are seeking more discounts than before.”



The data in the charts are seasonally adjusted.

## CMI Manufacturing Sector Factor Indexes

Among the CMI Manufacturing Sector Factor Indexes, favorable factors deteriorated 6.3 points to 55.9. The Unfavorable Factor Index deteriorated 1.3 points and stands at 50.7.

### Key Findings:

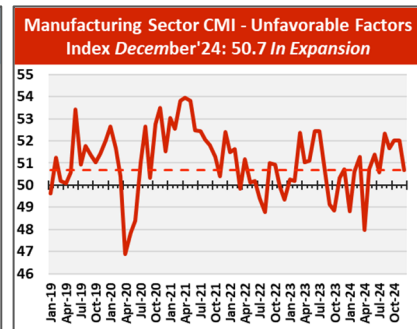
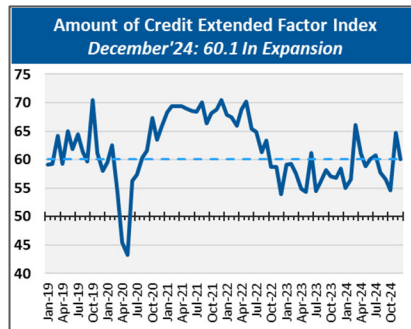
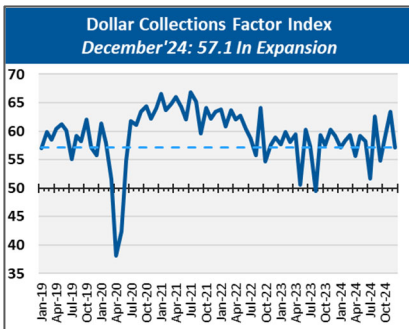
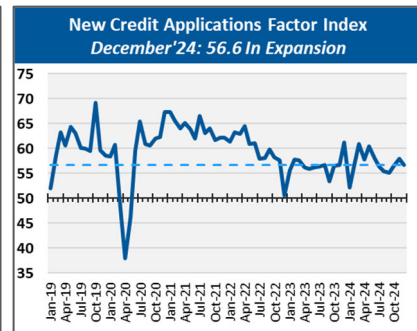
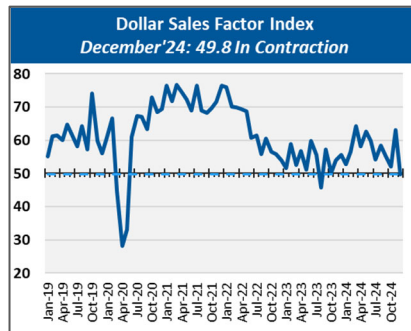
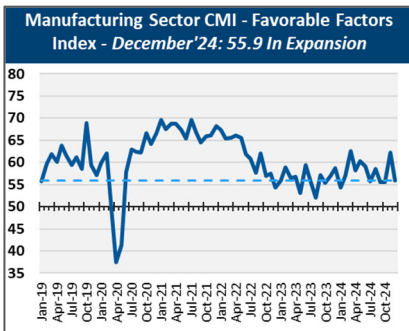
- All favorable factor indexes deteriorated this month, with one registering a double-digit slide: Sales (revenues) declined 13.2 points to 49.8, marking the second time the index has been in contraction since May of 2020. All of the other favorable factor indexes remain in expansion territory.
- Among unfavorable factor indexes, only two factor indexes improved: The Dollar Amount of Customer Deductions factor index rose 1.1 points and is in expansion, while filings for bankruptcies rose 2.0 points but remain in contraction.
- Although the combined Accounts Placed for Collections Index has been in contraction for 28 months, among respondents in the manufacturing sector, this index has been bouncing between contraction and expansion. After three months in expansion this index deteriorated by 3.7 points to fall back into contraction with a level of 47.6.

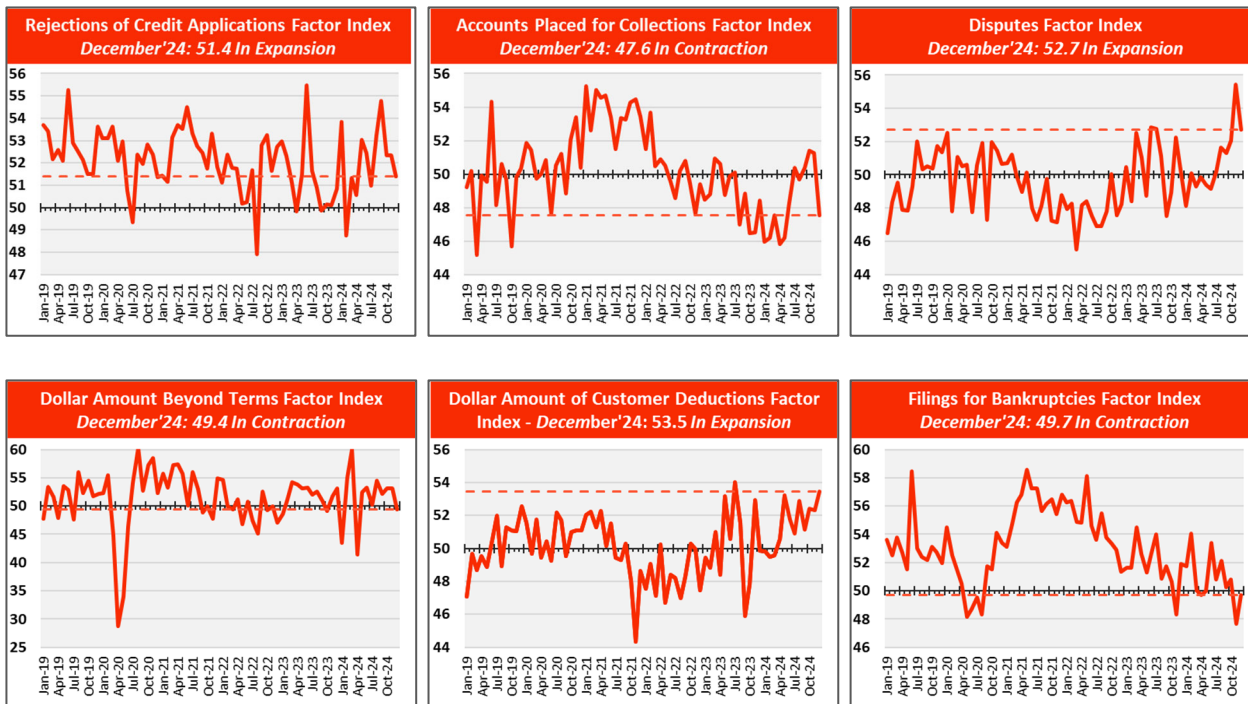
“The double-digit decline in sales revenues was unexpected, especially after the large bounce we saw in the November survey,” Cutts said. “No respondents mentioned the election or possible tariffs as a reason, but several were alarmed by the sudden change. Hopefully, this was an anomaly month. It bears watching to see if it is a temporary thing or a more serious development. One respondent noted that their customers had full warehouses so until that inventory is reduced, they see little upside for orders. Another specifically thought January would be as slow or slower than December, with both months surprisingly slower than they would normally expect.”

| <b>Manufacturing Sector<br/>(seasonally adjusted)</b> | <b>Dec<br/>'23</b> | <b>Jan<br/>'24</b> | <b>Feb<br/>'24</b> | <b>Mar<br/>'24</b> | <b>Apr<br/>'24</b> | <b>May<br/>'24</b> | <b>Jun<br/>'24</b> | <b>Jul<br/>'24</b> | <b>Aug<br/>'24</b> | <b>Sep<br/>'24</b> | <b>Oct<br/>'24</b> | <b>Nov<br/>'24</b> | <b>Dec<br/>'24</b> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Dollar Sales  | 55.7               | 52.7               | 56.5               | 64.3               | 58.2               | 62.6               | 59.9               | 54.2               | 58.3               | 55.4               | 52.2               | 63.0               | 49.8               |
| New credit applications                               | 61.2               | 52.2               | 56.8               | 60.9               | 57.7               | 60.4               | 58.1               | 56.4               | 55.4               | 55.1               | 56.5               | 57.9               | 56.6               |
| Dollar collections                                    | 59.2               | 57.1               | 58.3               | 59.4               | 55.6               | 59.3               | 58.2               | 51.7               | 62.7               | 54.8               | 58.9               | 63.4               | 57.1               |
| Amount of credit extended                             | 58.5               | 55.0               | 56.5               | 66.1               | 61.1               | 58.8               | 60.0               | 60.8               | 57.8               | 56.6               | 54.6               | 64.7               | 60.1               |
| <b>Index of favorable factors</b>                     | <b>58.6</b>        | <b>54.3</b>        | <b>57.0</b>        | <b>62.7</b>        | <b>58.1</b>        | <b>60.3</b>        | <b>59.1</b>        | <b>55.8</b>        | <b>58.5</b>        | <b>55.5</b>        | <b>55.6</b>        | <b>62.2</b>        | <b>55.9</b>        |
| Rejections of credit applications                     | 50.8               | 53.8               | 48.8               | 51.3               | 50.6               | 53.0               | 52.4               | 51.0               | 53.2               | 54.8               | 52.3               | 52.3               | 51.4               |
| Accounts placed for collection                        | 48.4               | 45.9               | 46.2               | 47.6               | 45.8               | 46.2               | 48.3               | 50.4               | 49.7               | 50.4               | 51.4               | 51.2               | 47.6               |
| Disputes  | 50.0               | 48.1               | 50.1               | 49.3               | 49.9               | 49.4               | 49.2               | 50.2               | 51.6               | 51.3               | 52.1               | 55.4               | 52.7               |
| Dollar amount beyond terms                            | 53.1               | 43.5               | 55.1               | 60.0               | 41.4               | 52.5               | 53.3               | 50.2               | 54.4               | 52.1               | 53.1               | 53.1               | 49.4               |
| Dollar amount of customer deductions                  | 49.9               | 49.8               | 49.5               | 49.6               | 50.6               | 53.2               | 51.7               | 50.9               | 52.9               | 51.2               | 52.4               | 52.3               | 53.5               |
| Filings for bankruptcies                              | 51.9               | 51.7               | 54.1               | 50.0               | 49.7               | 50.0               | 53.4               | 50.8               | 52.1               | 50.3               | 50.8               | 47.7               | 49.7               |
| <b>Index of unfavorable factors</b>                   | <b>50.7</b>        | <b>48.8</b>        | <b>50.6</b>        | <b>51.3</b>        | <b>48.0</b>        | <b>50.7</b>        | <b>51.4</b>        | <b>50.6</b>        | <b>52.3</b>        | <b>51.7</b>        | <b>52.0</b>        | <b>52.0</b>        | <b>50.7</b>        |
| <b>NACM Manufacturing CMI</b>                         | <b>53.9</b>        | <b>51.0</b>        | <b>53.2</b>        | <b>55.8</b>        | <b>52.0</b>        | <b>54.5</b>        | <b>54.5</b>        | <b>52.7</b>        | <b>54.8</b>        | <b>53.2</b>        | <b>53.4</b>        | <b>56.1</b>        | <b>52.8</b>        |

## CMI Manufacturing Sector Factor Indexes Charts

All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.





## CMI Service Sector Factor Indexes

The CMI Service Sector favorable factors index marked a 0.9-point deterioration to 61.5. The sector’s unfavorable factors index gained 2.4 points to 51.5 – climbing back into expansion after spending two months in contraction territory. With the exception of the September and December surveys, the unfavorable factors index has remained in contraction for 22 of the past 24 months.

### Key Findings:

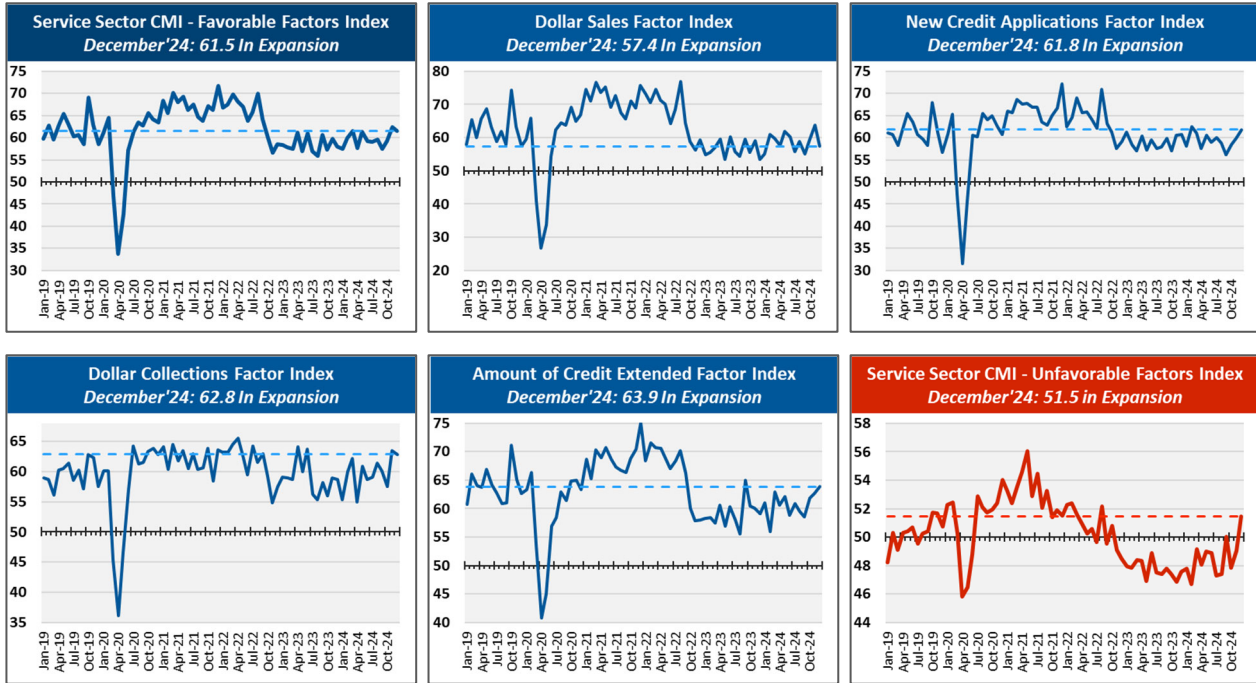
- The decline in the Favorable Factor Index was led by a 6.4-point deterioration in the Index for Dollar Sales (revenues) to bring it to 57.4, still well into expansion territory.
- The rise in the Unfavorable Factors Index was led by an 8.8-point improvement in the Accounts Placed for Collections index to 51.7, pushing it back into expansion after 27 months of contraction. This means that in November, respondent companies saw a smaller number of accounts being referred to collections relative to the month before on a seasonally adjusted basis.
- The Filings for Bankruptcies Factor Index for the services sector came back into expansion territory this month after two months of contraction. The index now sits at 53.4.

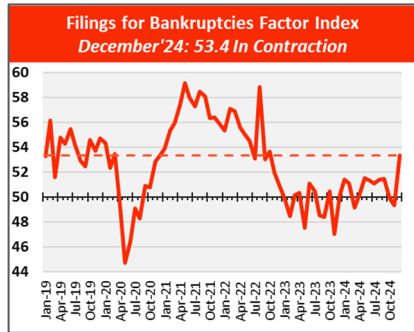
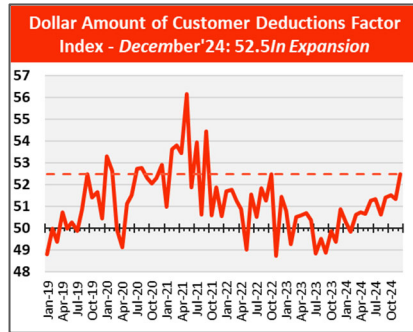
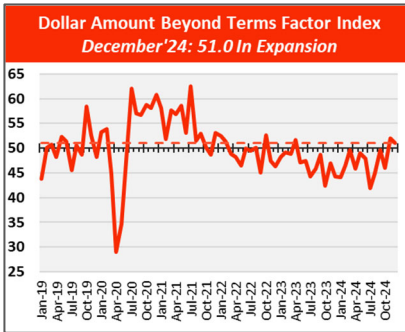
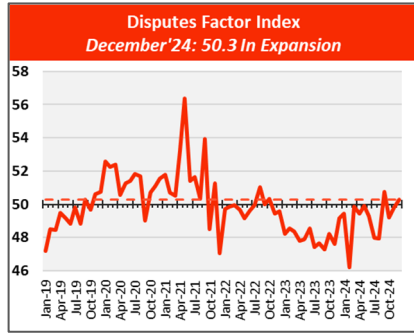
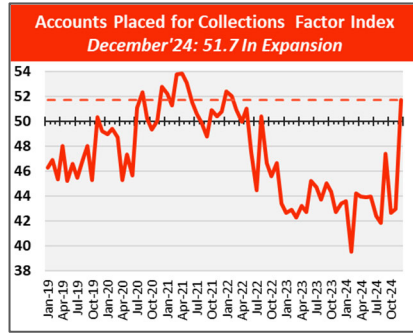
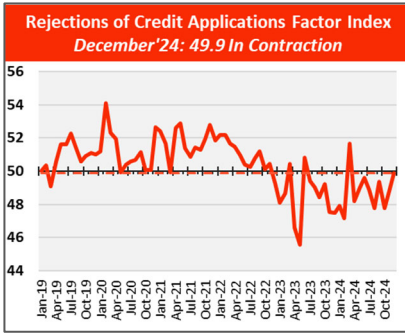
“According to bankruptcy data from the U.S. Courts, through the third quarter of this year, Chapter 7 bankruptcies are up 27% relative to the same time last year,” said Cutts. “Bankruptcies filed under Chapters 11, 13 and others are up 31%. CMI survey respondents have noted a rise in bankruptcies, but not all business closures happen through the bankruptcy process. Some simply close the doors, turn off the lights, and fire their staff. Credit Managers then have the challenge of filing collections against a business that is nonresponsive, whereas if the businesses filed for bankruptcy, it is an orderly process by which claims can be made. Statistics and even accurate public records on simple business closures are hard to find.”

| Service Sector<br>(seasonally adjusted) | Dec '23     | Jan '24     | Feb '24     | Mar '24     | Apr '24     | May '24     | Jun '24     | Jul '24     | Aug '24     | Sep '24     | Oct '24     | Nov '24     | Dec '24     |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Dollar Sales                            | 53.4        | 55.1        | 61.1        | 59.9        | 57.6        | 61.8        | 60.3        | 55.9        | 58.8        | 55.1        | 59.4        | 63.7        | 57.4        |
| New credit applications                 | 60.6        | 58.0        | 62.5        | 61.1        | 57.6        | 60.5        | 58.9        | 60.1        | 58.7        | 56.1        | 58.4        | 59.8        | 61.8        |
| Dollar collections                      | 58.7        | 55.3        | 60.0        | 62.2        | 55.0        | 60.8        | 58.7        | 59.0        | 61.4        | 60.1        | 57.5        | 63.5        | 62.8        |
| Amount of credit extended               | 59.1        | 61.1        | 55.9        | 62.9        | 60.7        | 62.1        | 58.9        | 60.9        | 59.5        | 58.6        | 61.8        | 62.7        | 63.9        |
| <b>Index of favorable factors</b>       | <b>57.9</b> | <b>57.4</b> | <b>59.9</b> | <b>61.5</b> | <b>57.7</b> | <b>61.3</b> | <b>59.2</b> | <b>59.0</b> | <b>59.6</b> | <b>57.5</b> | <b>59.3</b> | <b>62.4</b> | <b>61.5</b> |
| Rejections of credit applications       | 47.5        | 47.9        | 47.2        | 51.7        | 48.2        | 49.0        | 49.6        | 48.9        | 47.8        | 49.4        | 47.8        | 48.8        | 49.9        |
| Accounts placed for collection          | 43.4        | 43.6        | 39.5        | 44.2        | 43.9        | 43.9        | 44.0        | 42.4        | 41.8        | 47.4        | 42.7        | 42.9        | 51.7        |
| Disputes                                | 49.2        | 49.4        | 46.2        | 49.9        | 49.5        | 49.9        | 49.3        | 48.0        | 48.0        | 50.8        | 49.2        | 49.8        | 50.3        |
| Dollar amount beyond terms              | 44.3        | 44.1        | 46.5        | 49.6        | 45.8        | 49.0        | 47.9        | 41.9        | 44.9        | 49.7        | 46.1        | 52.0        | 51.0        |
| Dollar amount of customer deductions    | 50.9        | 50.3        | 49.8        | 50.6        | 50.7        | 50.7        | 51.3        | 51.3        | 50.6        | 51.4        | 51.5        | 51.3        | 52.5        |
| Filings for bankruptcies                | 50.1        | 51.4        | 51.1        | 49.1        | 50.2        | 51.5        | 51.3        | 51.1        | 51.4        | 51.4        | 49.9        | 49.3        | 53.4        |
| <b>Index of unfavorable factors</b>     | <b>47.6</b> | <b>47.8</b> | <b>46.7</b> | <b>49.2</b> | <b>48.0</b> | <b>49.0</b> | <b>48.9</b> | <b>47.3</b> | <b>47.4</b> | <b>50.0</b> | <b>47.8</b> | <b>49.0</b> | <b>51.5</b> |
| <b>NACM Service CMI</b>                 | <b>51.7</b> | <b>51.6</b> | <b>52.0</b> | <b>54.1</b> | <b>51.9</b> | <b>53.9</b> | <b>53.0</b> | <b>52.0</b> | <b>52.3</b> | <b>53.0</b> | <b>52.4</b> | <b>54.4</b> | <b>55.5</b> |

### CMI Service Sector Factor Indexes Charts

All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.





View CMI archives at <https://www.nacm.org/cmi/cmi-archive.html>.

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## Methodology Appendix

CMI data has been collected and tabulated monthly since March 2002. The index, published since March 2003, is based on a survey of approximately 1,000 trade credit managers in the first half of each month, with about equal representation between the manufacturing and service sectors. The survey asks respondents to comment whether they are seeing improvement, deterioration, or no change for various favorable and unfavorable factors. There is representation from all states, except some of the less populated, such as Vermont and Wyoming. The computation of seasonality is based on the formula used by the U.S. Census Bureau and most of the federal government's statistical gathering apparatus, making it possible to compare the CMI diffusion index with comparable indices, such as the Purchasing Managers' Index (PMI) and other manufacturing and service sector indices.

### Factors Making Up the Diffusion Index

As shown in the table below, 10 equally weighted items determine the index. These items are classified into two categories: favorable factors and unfavorable factors. A diffusion index is calculated for each item with the overall CMI being a simple average of the 10 items. Survey responses for each item capture the change—higher, lower or the same—in the current month compared to the previous month.

For positive indicators, the calculation is:

$$\frac{\text{Number of "higher" responses} + \frac{1}{2} \times \text{number of "same" responses}}{\text{Total number of responses}}$$

For negative indicators, the calculation is:

$$\frac{\text{Number of "lower" responses} + \frac{1}{2} \times \text{number of "same" responses}}{\text{Total number of responses}}$$

A resulting CMI number of more than 50 indicates an economy in expansion; less than 50 indicates contraction.

| <b>Favorable Factors</b>                  | <b>Why Favorable</b>  |
|---|---|
| Sales                                     | Higher sales are considered more favorable than lower sales.  |
| New credit applications                   | An increase in credit applications says that demand is greater, which represents increased business if credit is extended.                |
| Dollar collections                        | Higher dollar collections represent improved cash flow for the selling firm and the ability of buying firms to pay.                       |
| Amount of credit extended                 | An increase for this item means business activity is expanding with greater sales via trade credit.                                       |
| <b>Unfavorable Factors*</b>               | <b>Why Unfavorable</b>  |
| Rejections of credit applications         | Increased rejections of credit applications mean more marginal creditworthy customers are seeking trade credit and being denied.          |
| Accounts placed for collection            | As this item increases, the selling firm is having trouble collecting accounts, or conversely, there is an increase in buyers not paying. |
| Disputes                                  | Higher dispute activity often is associated with cash flow problems of customers. They dispute the invoice to defer payment until later.  |
| Dollar amount of receivables beyond terms | As this item becomes higher, it means customers are taking longer to pay.   |
| Dollar amount of customer deductions      | Higher deductions often are associated with cash flow problems of customers.  |
| Filings for bankruptcies                  | Higher bankruptcy filings mean cash flow difficulties of customers are increasing.  |

*\*Note: When survey respondents report increases in unfavorable factor activities, the index numbers drop, reflecting worsening conditions.*

#### About the National Association of Credit Management

NACM, headquartered in Columbia, Maryland, supports more than 11,000 business credit and financial professionals worldwide with premier industry services, tools and information. NACM and its network of affiliated associations are the leading resource for credit and financial management information, education, products and services designed to improve the management of business credit and accounts receivable. NACM's collective voice has influenced our nation's policy makers on federal legislation concerning commercial business and trade credit for more than 100 years and continues to play an active role in legislative issues that pertain to business credit and corporate bankruptcy. Its annual Credit Congress & Expo is the largest gathering of credit professionals in the world. NACM has a wealth of member experts in the fields of business-to-business credit and law. Consider using NACM as a resource in the development of your next credit or finance story. View CMI archives at <https://www.nacm.org/cmi/cmi-archive.html>.