



Report for March 2025

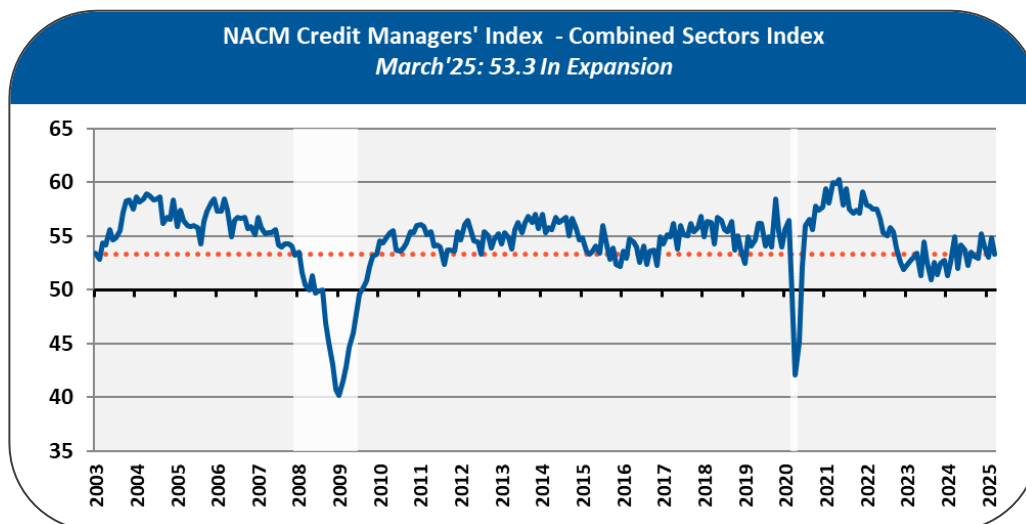
Issued April 1, 2025

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 March 2025 deteriorated 1.6 points to 53.3. "The Credit Managers' Index lost some momentum in March after last month's solid improvement. The deterioration was broad based, with six of ten factors declining from the February survey," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"The Credit Managers' Index reflects monthly survey results from credit professionals, capturing their companies' experiences during the previous month—in this case, detailing business activities from February. Some factors deteriorated sharply, but not outside some of the month-to-month volatility we have seen in recent years. The comments by respondents point to increased concern about supply chains, tariffs, and the inability of current customers to make payments. The hard data still says the economy is okay, but the soft data is pointing to rapid weakening in conditions."



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

Combined Manufacturing and Service Sectors (seasonally adjusted)	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25
Dollar Sales	62.1	57.9	62.2	60.1	55.1	58.5	55.3	55.8	63.4	53.6	56.1	59.5	54.9
New Credit Applications	61.0	57.7	60.4	58.5	58.2	57.1	55.6	57.5	58.9	59.2	57.2	61.4	56.8
Dollar Collections	60.8	55.3	60.0	58.5	55.3	62.0	57.5	58.2	63.4	60.0	61.3	59.8	54.8
Amount of Credit Extended	64.5	60.9	60.5	59.4	60.8	58.6	57.6	58.2	63.7	62.0	56.8	60.7	59.6
Index of Favorable Factors	62.1	57.9	60.8	59.1	57.4	59.1	56.5	57.4	62.3	58.7	57.9	60.3	56.5
Rejections of Credit Applications	51.5	49.4	51.0	51.0	49.9	50.5	52.1	50.0	50.6	50.6	50.9	51.1	50.2
Accounts Placed for Collection	45.9	44.9	45.0	46.1	46.4	45.7	48.9	47.0	47.1	49.6	47.8	49.4	49.7
Disputes	49.6	49.7	49.7	49.2	49.1	49.8	51.0	50.6	52.6	51.5	51.1	51.0	51.3
Dollar Amount Beyond Terms	54.8	43.6	50.7	50.6	46.1	49.7	50.9	49.6	52.6	50.2	46.9	51.7	52.1
Dollar Amount of Customer Deductions	50.1	50.7	51.9	51.5	51.1	51.8	51.3	52.0	51.8	53.0	51.3	52.5	51.1
Filings for Bankruptcies	49.6	49.9	50.7	52.4	50.9	51.7	50.9	50.3	48.5	51.5	50.6	51.6	53.0
Index of Unfavorable Factors	50.2	48.0	49.9	50.1	48.9	49.9	50.8	49.9	50.5	51.1	49.8	51.2	51.2
NACM Combined CMI	55.0	52.0	54.2	53.7	52.3	53.5	53.1	52.9	55.3	54.1	53.0	54.9	53.3

CMI Combined Sectors Factor Indexes

Key Findings:

- The Index for Unfavorable Factors remained at 51.2 and is in expansion territory. This index has been fluctuating in a narrow range near the threshold line for the past four years.
- The Index for Accounts Placed for Collection is at 49.7 this month, its 31st month in contraction. This means the number of accounts placed for collections at respondent firms has increased every month for more than two and a half years. This is the only factor index in the combined CMI that is in contraction.
- The Index for Favorable Factors deteriorated 3.8 points in this month’s survey. The index sits at 56.5 points, in expansion. All of the component favorable factor indexes fell, with dollar collections seeing the largest deterioration.

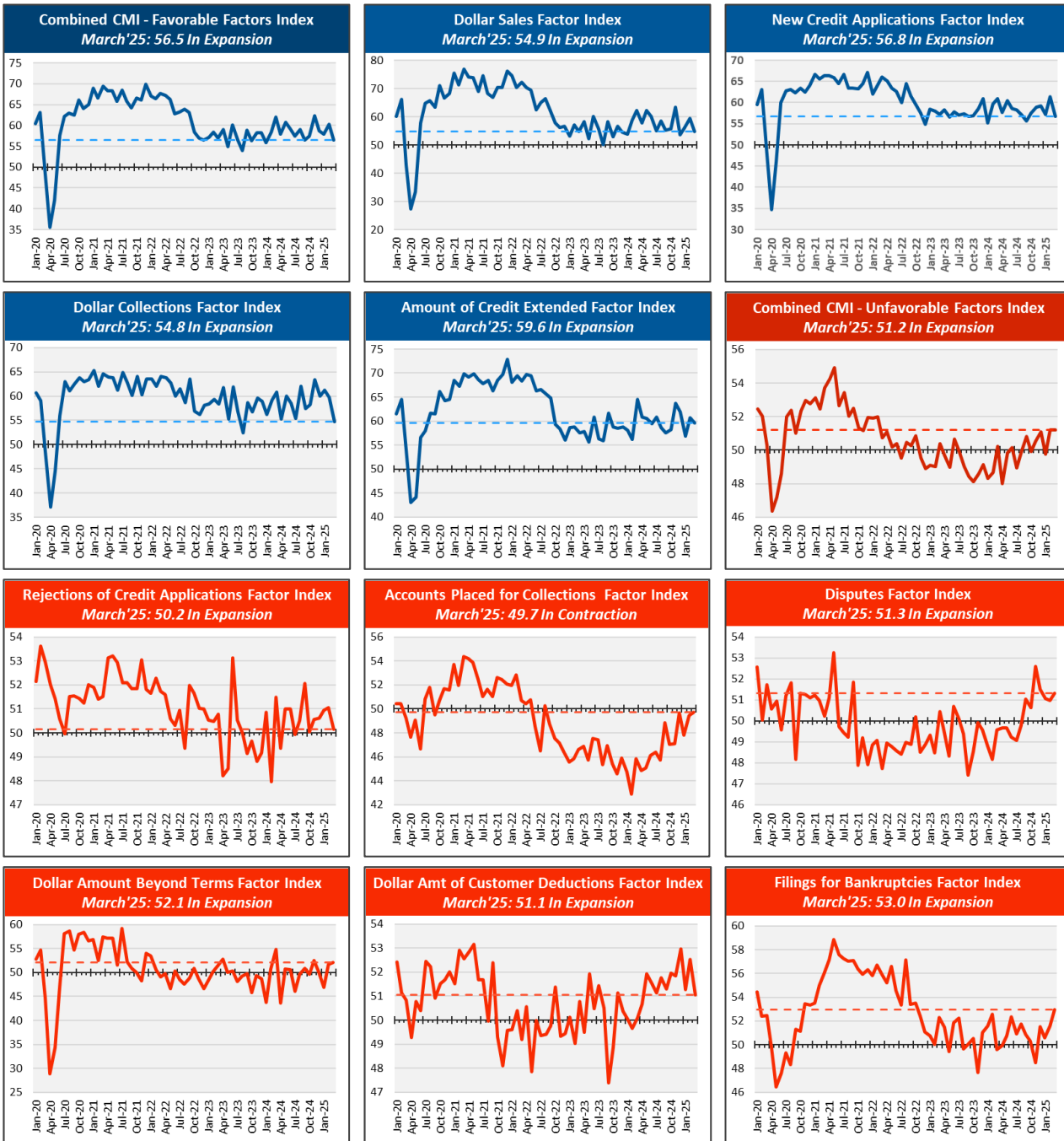
“This month’s CMI covers activity in February, the first full month of the new administration,” said Cutts. “We saw tariffs levied and then postponed or withdrawn immediately, and I’ve heard many people, including some fellow economists say that these actions should not have resulted in any change in prices. Indeed, they point to the Consumer Price Index, which shows that inflation fell to a 2.8% year over year rate in February, down from 3.0% in January. But I think they are misreading the signals in the data.”

She continued, “If I were in the import business, a postponement of a tariff means that I have a tiny window in which to negotiate higher prices into contracts for future delivery before I get hit when the tariffs do become effective. Further, the way in which the administration levies tariffs, they often go into effect immediately with no exception for ‘goods on water,’ meaning that if a shipment is already on its way to me, I might have to pay the tariff even though the order was fulfilled before the policy was effective. Many importers could face losses by simply having a shipment arrive on the wrong day.”

“CMI respondents noted changes in activity regarding the tariff announcements. One respondent noted that since tariffs were announced they saw two price increases and also an increase in orders as their customers tried to get ahead of the levies. Another reported a ‘topsy turvy’ impact on some segments of their business due to tariffs.”

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.

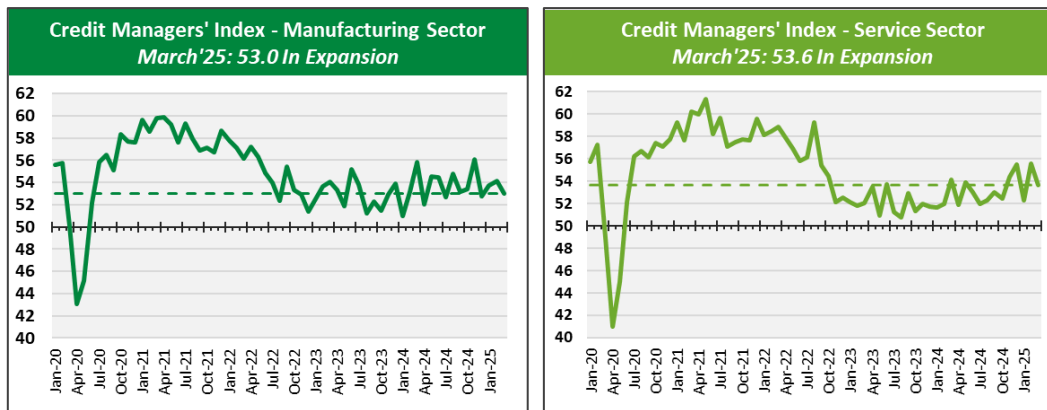


CMI Manufacturing versus CMI Service Sectors Indexes

The Manufacturing Sector CMI deteriorated 1.1 points in the March CMI survey to a level of 53.0. The Service Sector CMI deteriorated by 2.0 points to sit at 53.6.

“In addition to comments about tariffs, several respondents cited concerns over payments from DOGE activities,” said Cutts. “One respondent said, ‘There is concern regarding cash flow on Federal construction projects due to the random blocking of various federal grants and payments already budgeted and approved for dispensation.’ Another noted a significant decrease in military and large supplier orders.”

“Further, several respondents commented that they expect to see more mergers and acquisitions this year as well as an uptick in bankruptcies. Perhaps more disturbing though was the statement by one respondent that they are ‘Seeing more smaller customers close their doors without filing for bankruptcy. They will state they have made the decision to close and do not have money to pay any creditors.’ These comments lead me to think recession risk is much higher than the aggregate data are indicating at the moment,” Cutts added.



The data in the charts are seasonally adjusted.

CMI Manufacturing Sector Factor Indexes

Among the CMI Manufacturing Sector Factor Indexes, favorable factors deteriorated 2.4 points to 55.1. The Unfavorable Factor Index deteriorated 0.3 points and now stands at 51.6.

Key Findings:

- All of the manufacturing sector factor indexes are now in expansion. In the February report the Accounts Placed for Collection Index was in contraction.
- Two favorable factor indexes deteriorated this month: the Amount of Dollar Collections from both due and past due accounts deteriorated by 8.6 points to 50.6, barely remaining in expansion, and the index for New Credit Applications, which fell 3.6 points to 55.4.
- Among unfavorable factor indexes, the largest improvement was in the index for Accounts Placed for Collections, which rose 1.3 points to 50.8, and the largest deterioration was in the Dollar Amount of Customer Deductions which fell 2.1 points to 50.3.

“Despite comments from respondents indicating more bankruptcies are likely in 2025, the index for Filings for Bankruptcies remains in expansion and improved in this month’s survey by 0.9 points to 53.6,” said Cutts.

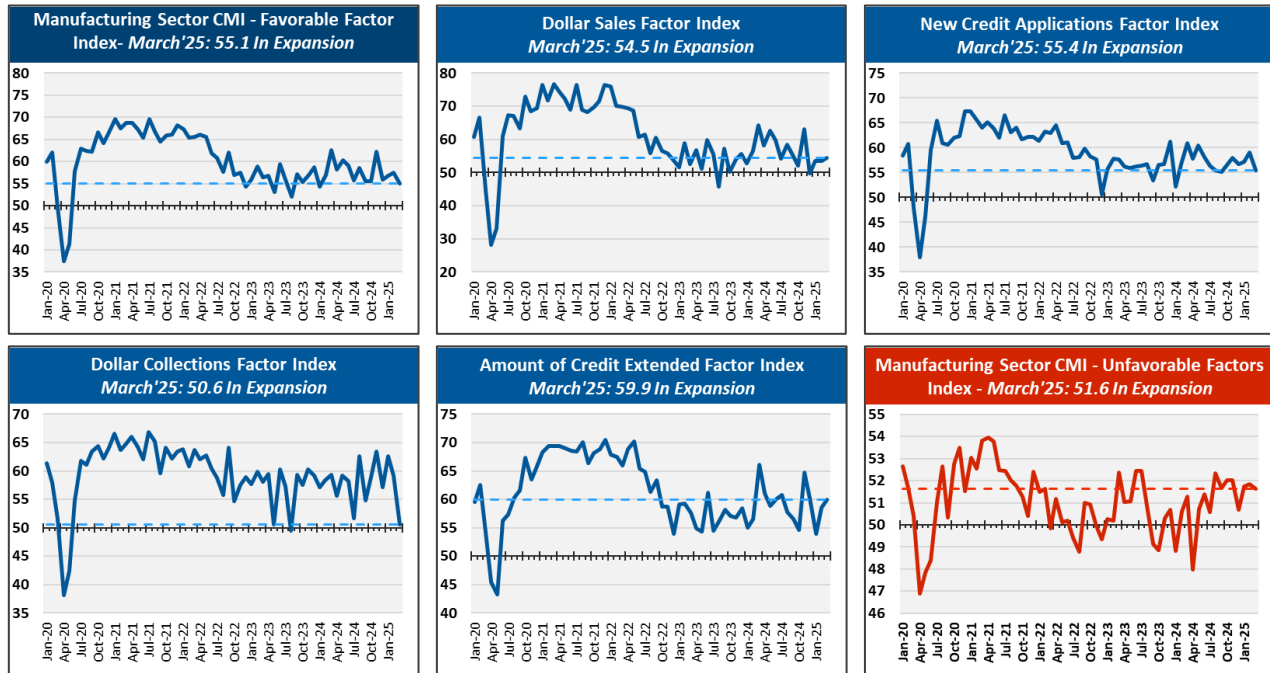
“Business bankruptcy filings recorded by United States Courts were up 22% in 2024 on top of a rise of 40% in 2023. This rise occurred under pretty good economic conditions. Given current conditions, I expect to see a marked increase when the filings data for the first quarter become available.”

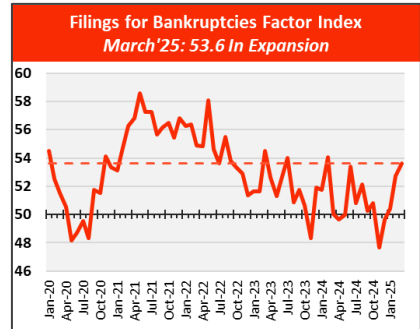
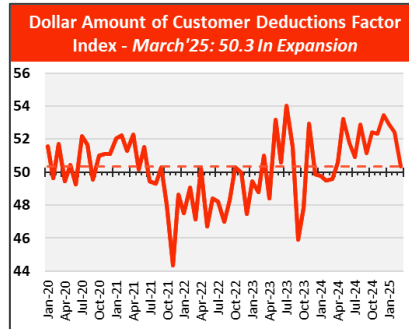
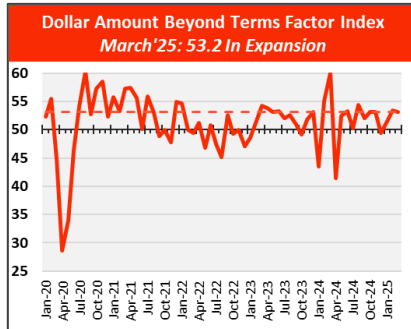
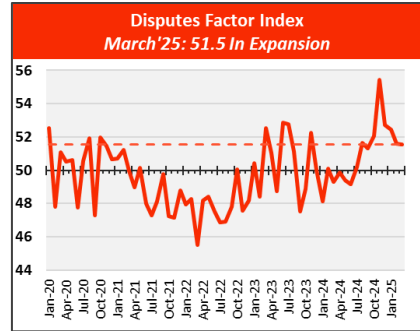
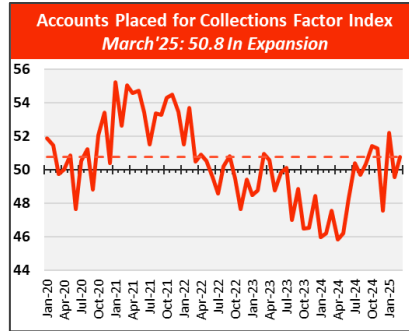
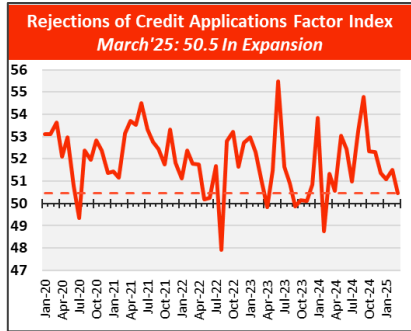
	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25
Manufacturing Sector (seasonally adjusted)													
Dollar Sales	64.3	58.2	62.6	59.9	54.2	58.3	55.4	52.2	63.0	49.8	53.4	53.4	54.5
New Credit Applications	60.9	57.7	60.4	58.1	56.4	55.4	55.1	56.5	57.9	56.6	57.1	59.0	55.4
Dollar Collections	59.4	55.6	59.3	58.2	51.7	62.7	54.8	58.9	63.4	57.1	62.7	59.2	50.6
Amount of Credit Extended	66.1	61.1	58.8	60.0	60.8	57.8	56.6	54.6	64.7	60.1	53.9	58.6	59.9
Index of Favorable Factors	62.7	58.1	60.3	59.1	55.8	58.5	55.5	55.6	62.2	55.9	56.8	57.5	55.1
Rejections of Credit Applications	51.3	50.6	53.0	52.4	51.0	53.2	54.8	52.3	52.3	51.4	51.1	51.5	50.5
Accounts Placed for Collection	47.6	45.8	46.2	48.3	50.4	49.7	50.4	51.4	51.2	47.6	52.2	49.5	50.8
Disputes	49.3	49.9	49.4	49.2	50.2	51.6	51.3	52.1	55.4	52.7	52.4	51.6	51.5
Dollar Amount Beyond Terms	60.0	41.4	52.5	53.3	50.2	54.4	52.1	53.1	53.1	49.4	51.4	53.4	53.2
Dollar Amount of Customer Deductions	49.6	50.6	53.2	51.7	50.9	52.9	51.2	52.4	52.3	53.5	52.9	52.4	50.3
Filings for Bankruptcies	50.0	49.7	50.0	53.4	50.8	52.1	50.3	50.8	47.7	49.7	50.4	52.7	53.6
Index of Unfavorable Factors	51.3	48.0	50.7	51.4	50.6	52.3	51.7	52.0	52.0	50.7	51.7	51.9	51.6
NACM Manufacturing CMI	55.8	52.0	54.5	54.5	52.7	54.8	53.2	53.4	56.1	52.8	53.7	54.1	53.0

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 slid by 5.2 points to 57.9. The sector’s Unfavorable Factors Index gained 0.2 points to 50.8.

Key Findings:

- The Unfavorable Factors Index has been in contraction for 20 of the past 24 months, and all four expansion months occurred since September 2024. However, the index remains close to the expansion-contraction threshold.
- The deterioration in the Favorable Factor Index was led by a 10.4-point drop in the Index for Dollar Sales which is now at 55.2.
- The improvement in the Unfavorable Factors Index was led by a 1.8-point recovery in the Index for Filings for Bankruptcies to 52.3.
- The Accounts Placed for Collections Index slid 0.6 points to 48.7. This index has been in contraction for 30 of the past 31 months.

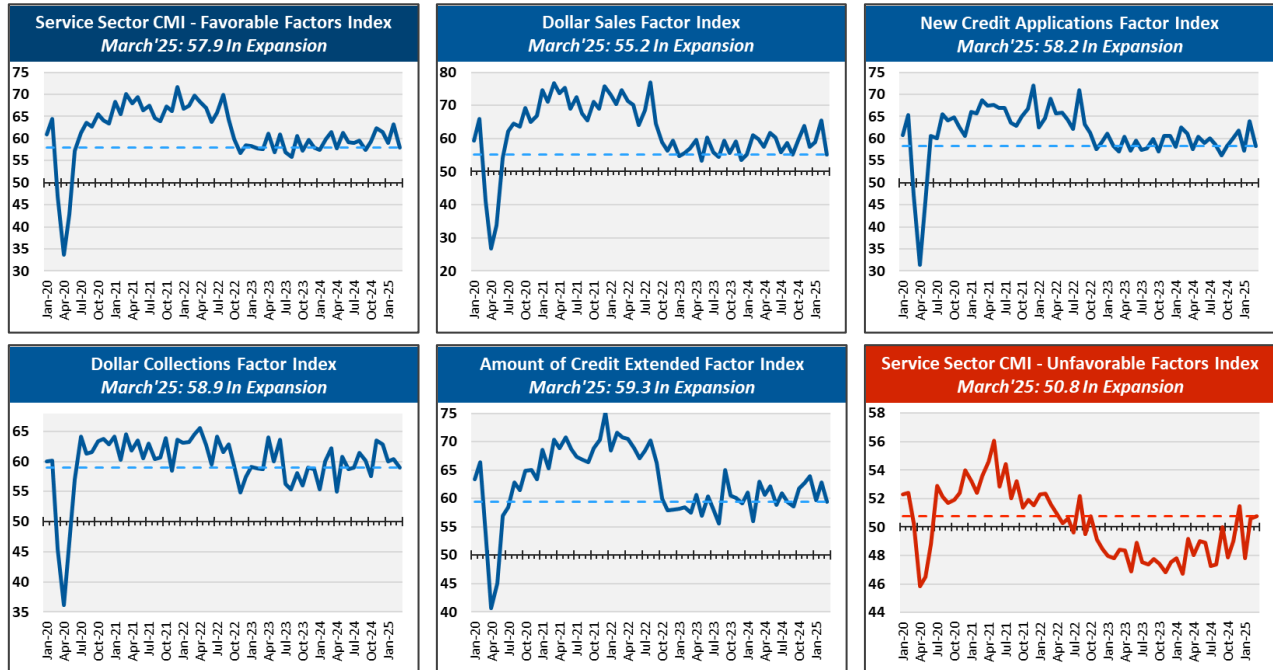
“The Unfavorable Factor Indexes for the Services Sector are either in contraction or are sitting on the precipice,” said Cutts. “Adding to that, the huge decline in dollar sales for the sector is worrisome. Although still in expansion, the decline indicates that respondent firms are seeing a large decrease in business activity.”

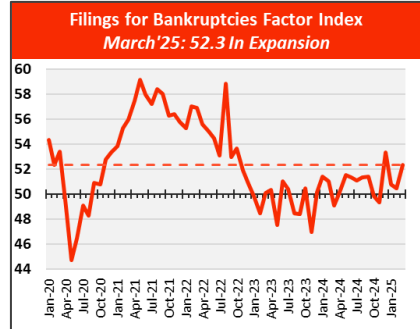
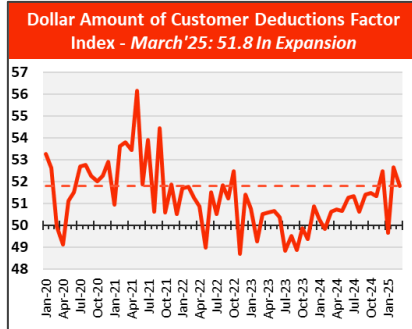
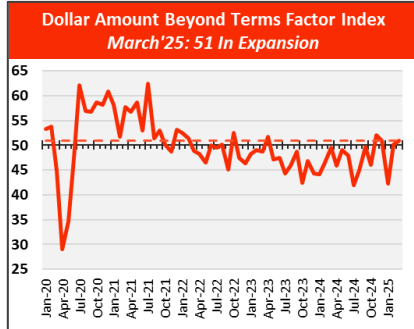
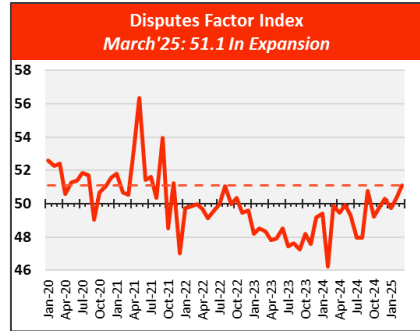
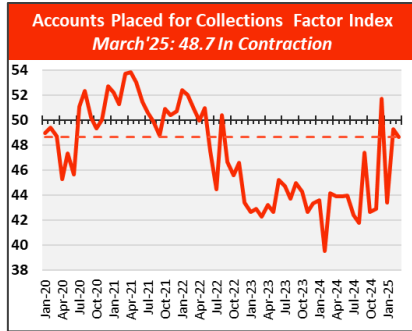
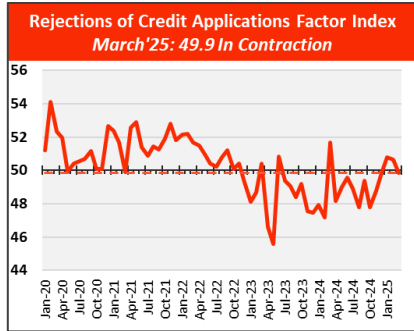
Service Sector (seasonally adjusted)	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25
Dollar Sales	59.9	57.6	61.8	60.3	55.9	58.8	55.1	59.4	63.7	57.4	58.9	65.6	55.2
New Credit Applications	61.1	57.6	60.5	58.9	60.1	58.7	56.1	58.4	59.8	61.8	57.2	63.9	58.2
Dollar Collections	62.2	55.0	60.8	58.7	59.0	61.4	60.1	57.5	63.5	62.8	59.9	60.3	58.9
Amount of Credit Extended	62.9	60.7	62.1	58.9	60.9	59.5	58.6	61.8	62.7	63.9	59.7	62.8	59.3
Index of Favorable Factors	61.5	57.7	61.3	59.2	59.0	59.6	57.5	59.3	62.4	61.5	58.9	63.1	57.9
Rejections of Credit Applications	51.7	48.2	49.0	49.6	48.9	47.8	49.4	47.8	48.8	49.9	50.8	50.6	49.9
Accounts Placed for Collection	44.2	43.9	43.9	44.0	42.4	41.8	47.4	42.7	42.9	51.7	43.4	49.3	48.7
Disputes	49.9	49.5	49.9	49.3	48.0	48.0	50.8	49.2	49.8	50.3	49.7	50.3	51.1
Dollar Amount Beyond Terms	49.6	45.8	49.0	47.9	41.9	44.9	49.7	46.1	52.0	51.0	42.3	50.1	51.0
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Index of Unfavorable Factors	49.2	48.0	49.0	48.9	47.3	47.4	50.0	47.8	49.0	51.5	47.8	50.6	50.8
NACM Service CMI	54.1	51.9	53.9	53.0	52.0	52.3	53.0	52.4	54.4	55.5	52.2	55.6	53.6

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.

Favorable Factors	Why Favorable
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.
Unfavorable Factors*	Why Unfavorable
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 32,000 business credit and financial professionals at more than 8,000 companies 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>.