Report for October 2025

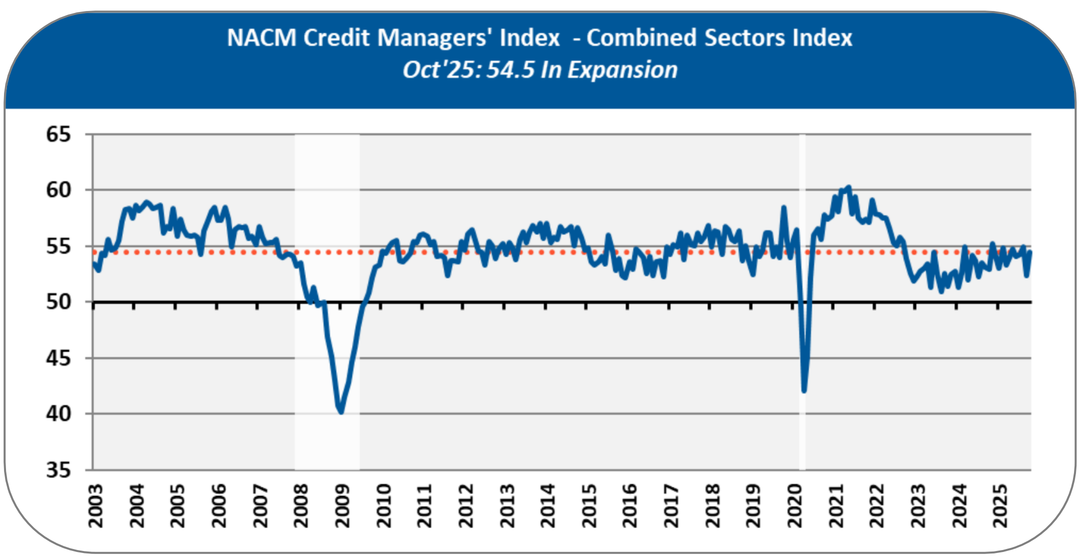
Issued November 3, 2025

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 October 2025 improved 2.1 points to 54.5. "The index recovered most of last month's drop and remains in expansion, but the statements made by respondents are worrying," said NACM Economist Amy Crews Cutts, Ph.D., CBE. She added, "As we also saw last month, the respondent comments are starkly negative, citing increased business failures and bankruptcies, lien filings, and demands for extended terms."

The impact of the federal shutdown is not yet reflected in the CMI, but a few respondents noted a decline in government purchases, problems finding the right person to contact due to furloughs and layoffs, and more delayed or canceled projects." One respondent's comment stands out and summarizes the overarching tone for the month: "We are seeing a huge rise in the 1-30 and 31-60 aging. Customers who have never been in this situation before are now slow paying or asking for help with a payment plan. We are seeing a rise in disputes as well. Customers that took stocking orders to prepare for their busy season are now asking to return what they have left."



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)	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25
Dollar Sales	55.8	63.4	53.6	56.1	59.5	54.9	58.0	61.9	55.8	60.9	63.3	52.8	61.3
New Credit Applications	57.5	58.9	59.2	57.2	61.4	56.8	58.8	56.5	57.4	56.4	57.0	59.6	58.1
Dollar Collections	58.2	63.4	60.0	61.3	59.8	54.8	62.6	61.8	59.8	60.8	62.4	56.5	64.1
Amount of Credit Extended	58.2	63.7	62.0	56.8	60.7	59.6	59.5	62.1	58.4	59.9	61.3	62.0	59.3
Index of Favorable Factors	**57.4**	**62.3**	**58.7**	**57.9**	**60.3**	**56.5**	**59.7**	**60.6**	**57.9**	**59.5**	**61.0**	**57.7**	**60.7**
Rejections of Credit Applications	50.0	50.6	50.6	50.9	51.1	50.2	50.8	50.4	50.7	50.2	50.8	49.7	51.9
Accounts Placed for Collection	47.0	47.1	49.6	47.8	49.4	49.7	49.2	47.9	50.1	47.7	45.5	43.7	47.4
Disputes	50.6	52.6	51.5	51.1	51.0	51.3	49.1	51.3	51.8	49.7	50.8	49.1	48.8
Dollar Amount Beyond Terms	49.6	52.6	50.2	46.9	51.7	52.1	48.3	52.0	50.7	52.9	53.0	47.0	51.8
Dollar Amount of Customer Deductions	52.0	51.8	53.0	51.3	52.5	51.1	50.4	51.3	52.0	51.7	52.1	50.8	52.1
Filings for Bankruptcies	50.3	48.5	51.5	50.6	51.6	53.0	52.9	52.0	54.2	52.8	53.5	52.3	50.3
Index of Unfavorable Factors	**49.9**	**50.5**	**51.1**	**49.8**	**51.2**	**51.2**	**50.1**	**50.8**	**51.5**	**50.9**	**50.9**	**48.8**	**50.4**
NACM Combined CMI	**52.9**	**55.3**	**54.1**	**53.0**	**54.9**	**53.3**	**54.0**	**54.7**	**54.1**	**54.3**	**55.0**	**52.4**	**54.5**

CMI Combined Sectors Factor Indexes

Key Findings:

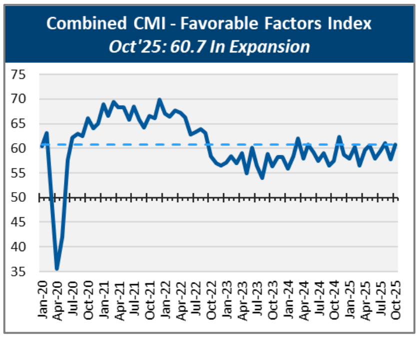
- The Index for Unfavorable Factors improved 1.6 points, edging its way into expansion territory at 50.4 points after spending last month in contraction.
- Two Unfavorable Factors deteriorated: Disputes slipped 0.3 to 48.8 while the largest decline was in the Filings for Bankruptcies Index, dropping 2.0 points to 50.3.
- Although the Factor for Accounts Placed for Collection improved 3.7 points, it has remained in contraction for 37 of the past 38 months. The number of accounts placed for collections at respondent firms has increased every month for nearly three years except for June this year when it was essentially at neutral.
- The Index for Favorable Factors improved by 3.0 points to 60.7 in this month's survey, sitting in expansion.
- All of the Favorable Factors are in expansion. The Factor for Dollar Sales gained 8.5 points, recovering about 80% of the drop in the September survey and the Factor for Dollar Collections from both due and past due accounts gained 7.6 points to 64.1.

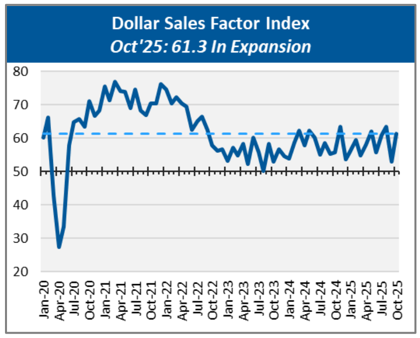
"From past shutdowns, we've learned that the economic impact is GDP growth slows by 0.1% for every week that the federal government is closed, and the pain gets worse as the shutdown grows longer. As of the timing of this report we are at week 5 of the shutdown," said Cutts. "This just adds more stress on the already fragile economy."

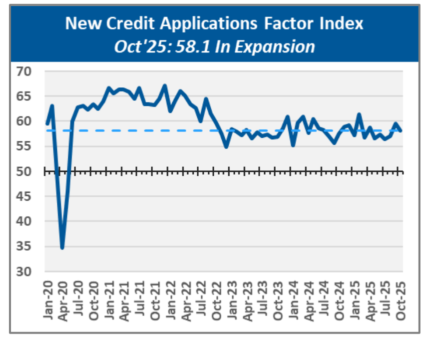
She continued, "While tariffs are certainly top of mind for any business that either directly imports products or relies on imported parts, few respondents mentioned tariffs as an issue the past two months although the bite from tariffs is increasing. According to the Yale Budget Lab, the average effective tariff rate was 17.4% in September, the reference period for the October CMI. This is up from the average effective tariff rate of 2.4% at the start of 2025 but down from April and May's recent high of 28.0%. The average for October through the 17th has risen to 17.9%. That cost is then amplified by each intermediary who adds margin so that costs can rise by much more than the tariff rate. One respondent noted that customers continue to request extended terms and that the costs of imports in the US has tripled."

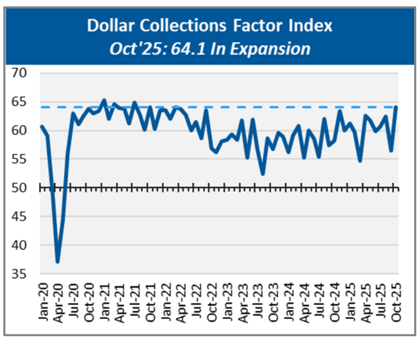
CMI Combined Sectors Factor Indexes Charts

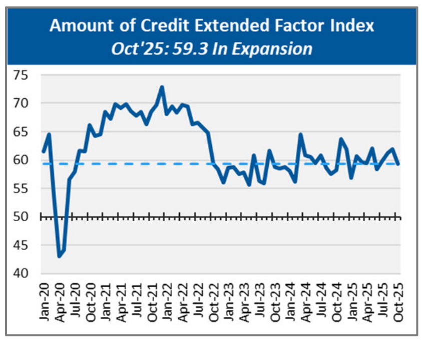
All charts contain seasonally adjusted data.
Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.

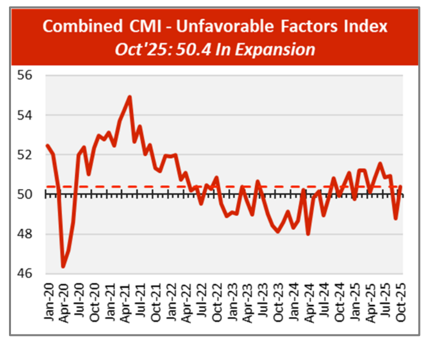


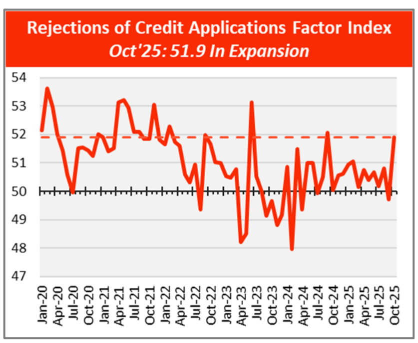


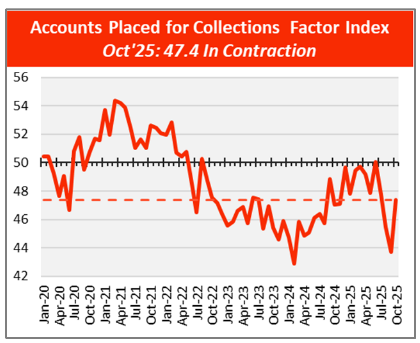


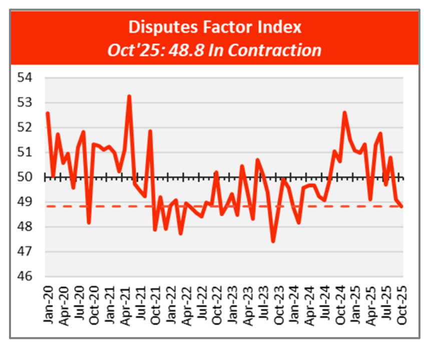


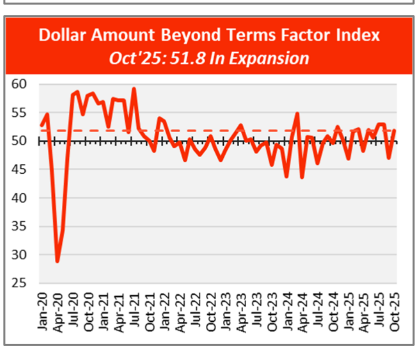


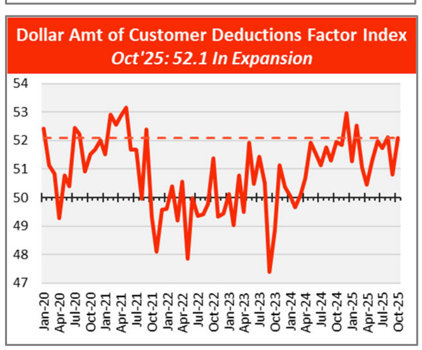


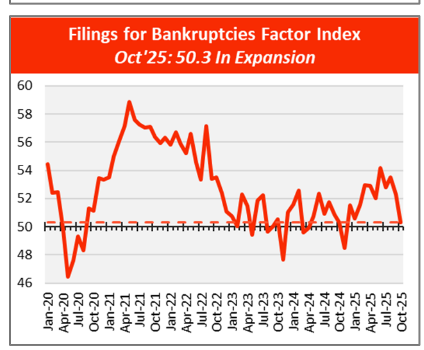








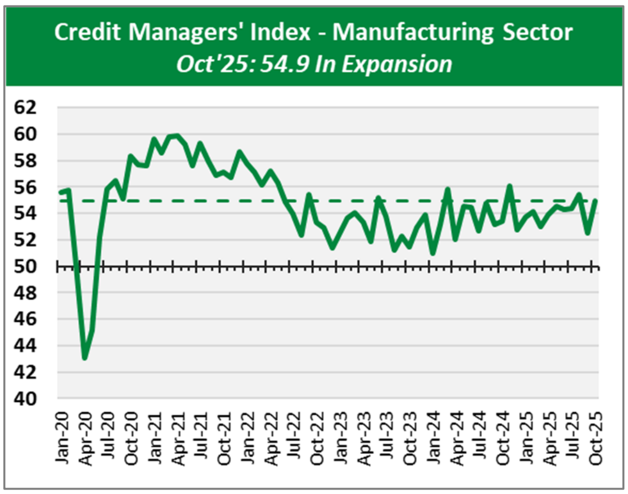


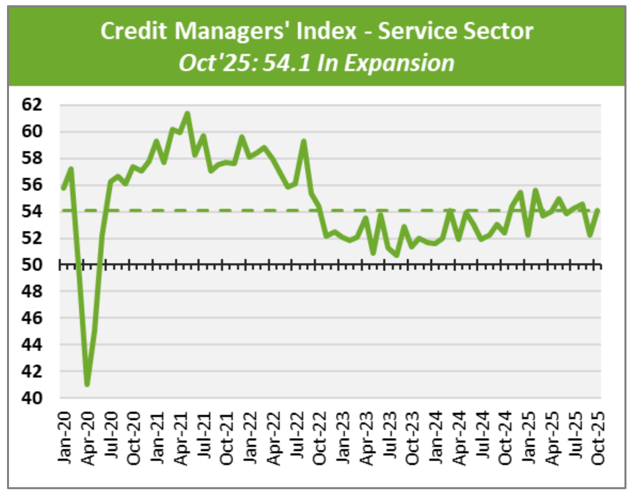


CMI Manufacturing versus CMI Service Sectors Indexes

In the October CMI report, the Manufacturing Sector improved 2.4 points to 54.9, which reflects September activity. The Service Sector CMI improved 1.9 points to 54.1.

"For the second month in a row, respondents have likened current business conditions to what we experienced during the Great Recession from 2007-2009," said Cutts. "One respondent highlighted that there is more emotion in negotiating requests for payment. The respondent added that as conditions worsen, customers are using disputes differently. Respondents say they are seeing more disputes, noting the mindset of customers has changed recently. Customers now have more attitude, tying personal emotions into dispute communications, taking a debating and complaining grievance style approach to their disputed invoices. That was not the previous tone taken for disputes for professional contracted services in past years, when they were based in fact or seeking to correct something."





The data in the charts are seasonally adjusted.

CMI Manufacturing Sector Factor Indexes

Among the CMI Manufacturing Sector Factor Indexes, Favorable Factors improved 2.7 points to 59.8. The Unfavorable Factor Index gained 2.2 points and now stands at 51.7, back in expansion after one month in contraction territory.

Key Findings:

- Although half of the Favorable Factors deteriorated this month, all are in expansion territory.
- The Dollar Sales Factor climbed 12.1 points to 60.7 after falling 10.8 points last month.
- All but one of the Unfavorable Factors improved, with the Factor for Disputes declining 0.7 points to 48.7, its second month in contraction.
- The Accounts Placed for Collection Factor improved 3.6 points to 48.7, marking its third month in contraction after six months in expansion.

Business failures are happening more rapidly. One manufacturer said, "This is eerily similar to the 2007/2008 dramatic slowdown in orders. Numerous accounts have been placed on hold for payment. Instead of placing one or two accounts for collection, we're sending five to seven at a time, and we're receiving multiple bankruptcies in a month rather than just one as normal." Another said, "Large customers are purchasing more and paying well, while smaller customers are still cautious and having higher delinquency and insolvency issues."

Manufacturing Sector (seasonally adjusted)	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25
Dollar Sales	52.2	63.0	49.8	53.4	53.4	54.5	56.4	59.3	53.1	59.1	59.4	48.6	60.7
New Credit Applications	56.5	57.9	56.6	57.1	59.0	55.4	56.9	52.1	53.2	55.7	56.6	59.4	56.4
Dollar Collections	58.9	63.4	57.1	62.7	59.2	50.6	63.3	59.3	60.2	62.1	62.3	59.4	65.9
Amount of Credit Extended	54.6	64.7	60.1	53.9	58.6	59.9	56.9	59.5	54.5	56.6	59.1	60.8	56.2
Index of Favorable Factors	**55.6**	**62.2**	**55.9**	**56.8**	**57.5**	**55.1**	**58.3**	**57.6**	**55.2**	**58.4**	**59.3**	**57.1**	**59.8**
Rejections of Credit Applications	52.3	52.3	51.4	51.1	51.5	50.5	51.6	53.8	52.1	50.1	52.2	51.7	55.0
Accounts Placed for Collection	51.4	51.2	47.6	52.2	49.5	50.8	52.4	52.0	52.9	51.8	47.3	45.1	48.7
Disputes	52.1	55.4	52.7	52.4	51.6	51.5	48.4	52.0	55.2	50.1	52.5	49.4	48.7
Dollar Amount Beyond Terms	53.1	53.1	49.4	51.4	53.4	53.2	48.9	53.6	52.4	52.5	58.6	50.7	53.6
Dollar Amount of Customer Deductions	52.4	52.3	53.5	52.9	52.4	50.3	50.8	50.3	55.3	51.5	53.1	50.4	52.3
Filings for Bankruptcies	50.8	47.7	49.7	50.4	52.7	53.6	53.7	53.4	54.0	54.2	53.0	49.5	51.7
Index of Unfavorable Factors	**52.0**	**52.0**	**50.7**	**51.7**	**51.9**	**51.6**	**51.0**	**52.5**	**53.6**	**51.7**	**52.8**	**49.5**	**51.7**
NACM Manufacturing CMI	**53.4**	**56.1**	**52.8**	**53.7**	**54.1**	**53.0**	**53.9**	**54.5**	**54.3**	**54.4**	**55.4**	**52.5**	**54.9**

CMI Manufacturing Sector Factor Indexes Charts

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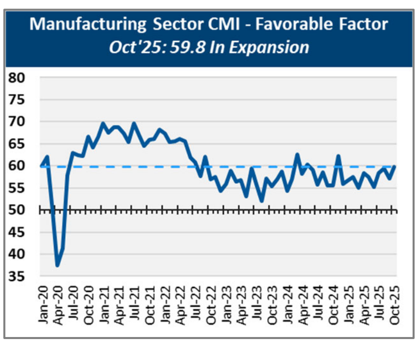

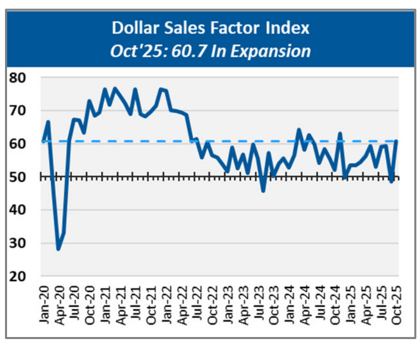

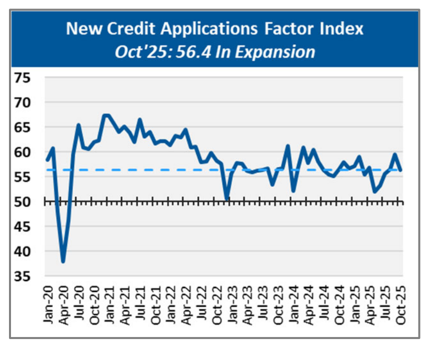

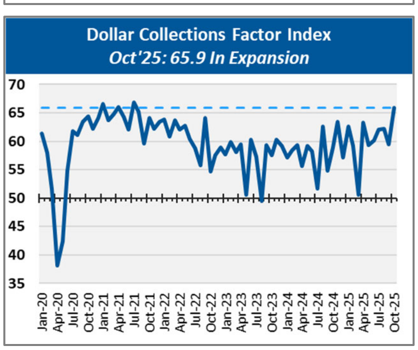

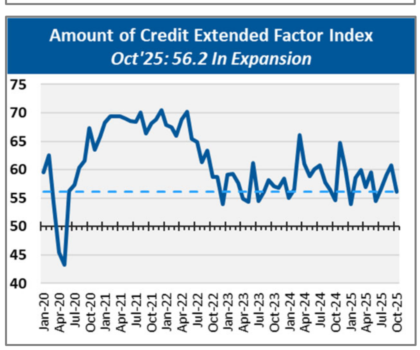

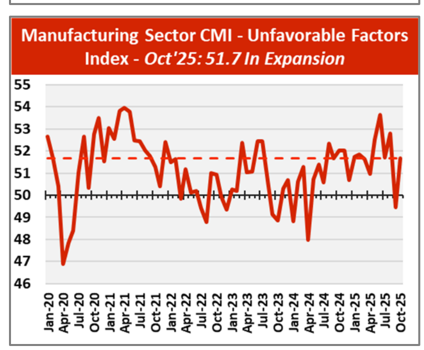

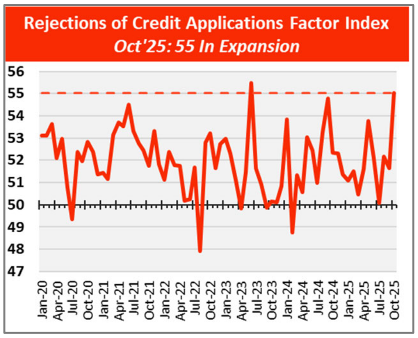

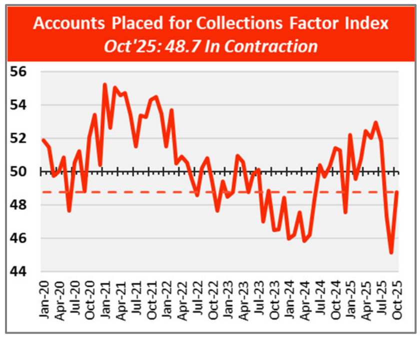

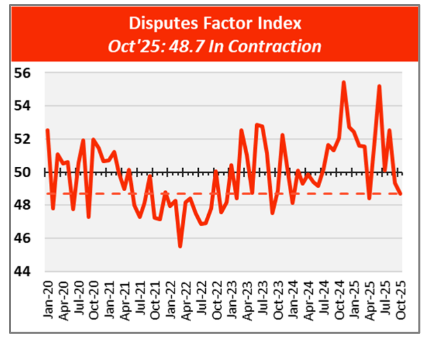

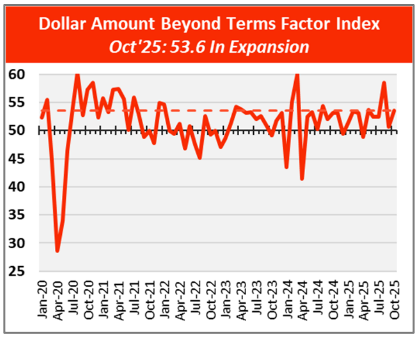

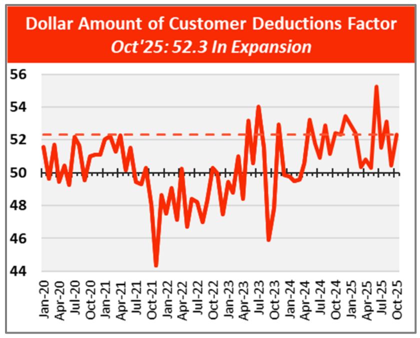

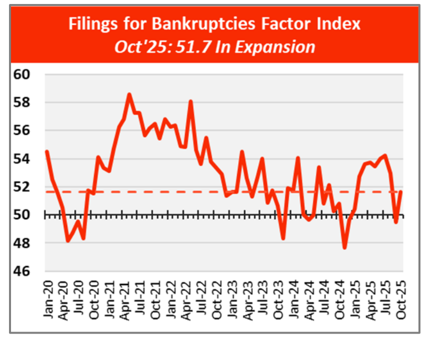

CMI Service Sector Factor Indexes

The CMI Service Sector Favorable Factors Index marked a 3.2-point improvement to 61.6, well into expansion. The sector's Unfavorable Factors Index improved also, gaining 1.0 point to 49.1, marking its seventh consecutive month in contraction, or at best neutral.

Key Findings:

- The Unfavorable Factors Index has been in contraction for 35 of the past 41 months, with two months sitting exactly at 50.0. During that time, it rose above a level of 51 twice.
- The Amount of Credit Extended was the only Favorable Factor that deteriorated this month, slipping 0.7 points to 62.4.
- Like the Manufacturing sector, the Dollar Sales Factor improved significantly this month, climbing 4.9 points to 61.9. Last month the index saw a 10.3-point drop to 57.0.
- The Dollar Collections Factor for both due and past due accounts recovered nearly all of last month's losses by increasing 8.7 points to 62.3 after losing 9.0 points in the September survey.
- The Index for Accounts Placed for Collections improved, gaining 3.7 points to 46.0, marking its 40th out of the last 43 months in contraction. During that 46-month period, the factor was in expansion only in May 2022, August 2022, and December 2024.
- The Factor for the Filings for Bankruptcies deteriorated 6.2 points to 49.0. The October survey marks the first month in contraction for this Factor since November of last year.

"Service sector respondents in the CMI survey reiterated that collecting payments is becoming more challenging," said Cutts.

One said, "We are already starting to see the effects of uncertainty in the market—delayed payments at the top of the chain, delays in starting/cancellation of mid-size projects, and issues on Federal projects (higher workload on the people who were still standing after the furloughs even before the shutdown; delayed or cancelled projects when funding was stopped). These effects are still partially obscured by the accounts receivable on the books from the pre-tariff buying spree, and the increased post-tariff pricing, but is becoming apparent in the number of active customers (down) and number of invoices (down). Comparing the total dollars of accounts receivables month over month is no longer comparing apples to apples, and year-over-year is basically meaningless at this point."

Cutts added, "They are also indicating that they are getting stricter in their credit underwriting. One respondent said they've had more credit applications come in that have only qualified for credit card terms than in recent months. They haven't seen a large uptick (yet) of bankruptcies, but have seen more excuses being made by customers for late payments—asking for extended terms, delaying payment for multiple reasons, etc.''

Service Sector (seasonally adjusted)	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25
Dollar Sales	59.4	63.7	57.4	58.9	65.6	55.2	59.7	64.5	58.4	62.7	67.3	57.0	61.9
New Credit Applications	58.4	59.8	61.8	57.2	63.9	58.2	60.6	61.0	61.6	57.2	57.5	59.8	59.8
Dollar Collections	57.5	63.5	62.8	59.9	60.3	58.9	61.9	64.4	59.5	59.4	62.6	53.6	62.3
Amount of Credit Extended	61.8	62.7	63.9	59.7	62.8	59.3	62.0	64.7	62.3	63.1	63.5	63.1	62.4
Index of Favorable Factors	**59.3**	**62.4**	**61.5**	**58.9**	**63.1**	**57.9**	**61.1**	**63.6**	**60.5**	**60.6**	**62.7**	**58.4**	**61.6**
Rejections of Credit Applications	47.8	48.8	49.9	50.8	50.6	49.9	49.9	47.0	49.2	50.3	49.4	47.8	48.8
Accounts Placed for Collection	42.7	42.9	51.7	43.4	49.3	48.7	46.0	43.8	47.2	43.6	43.6	42.3	46.0
Disputes	49.2	49.8	50.3	49.7	50.3	51.1	49.8	50.6	48.3	49.3	49.0	48.8	48.9
Dollar Amount Beyond Terms	46.1	52.0	51.0	42.3	50.1	51.0	47.7	50.4	48.9	53.4	47.4	43.4	50.0
Dollar Amount of Customer Deductions	51.5	51.3	52.5	49.7	52.7	51.8	50.1	52.3	48.7	52.0	51.1	51.2	51.9
Filings for Bankruptcies	49.9	49.3	53.4	50.8	50.5	52.3	52.1	50.6	54.3	51.4	54.1	55.2	49.0
Index of Unfavorable Factors	**47.8**	**49.0**	**51.5**	**47.8**	**50.6**	**50.8**	**49.3**	**49.1**	**49.5**	**50.0**	**49.1**	**48.1**	**49.1**
NACM Service CMI	**52.4**	**54.4**	**55.5**	**52.2**	**55.6**	**53.6**	**54.0**	**54.9**	**53.9**	**54.2**	**54.5**	**52.2**	**54.1**

CMI Service Sector Factor Indexes Charts

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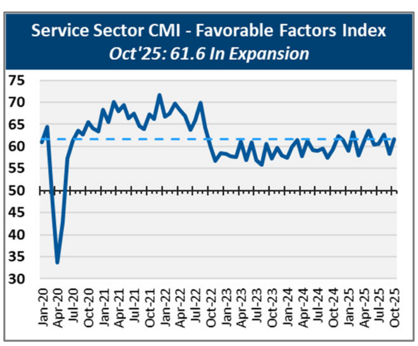

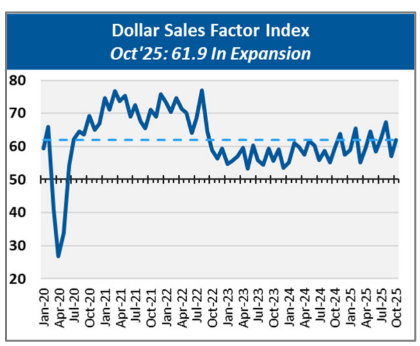

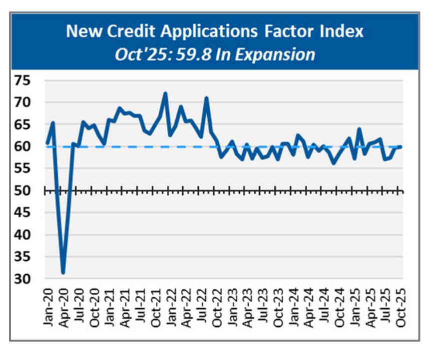

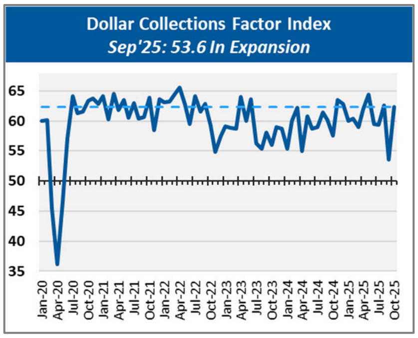

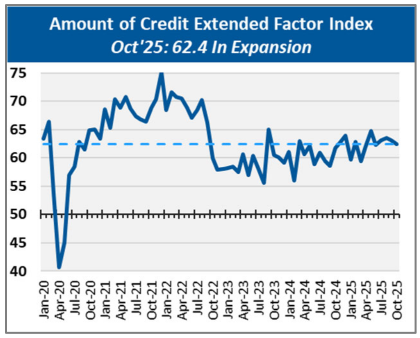

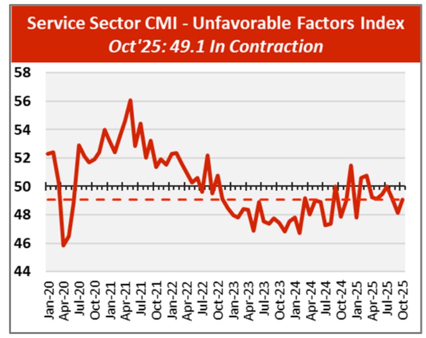

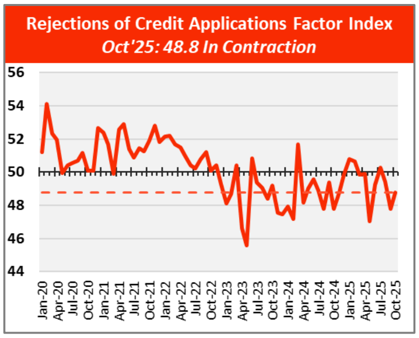

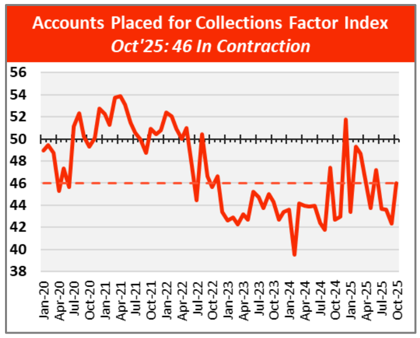

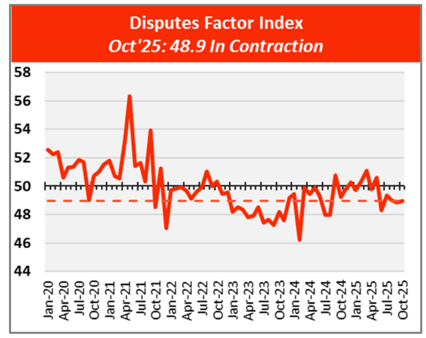

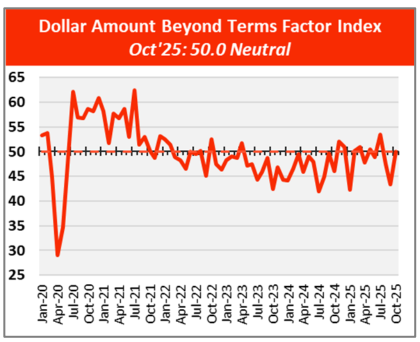

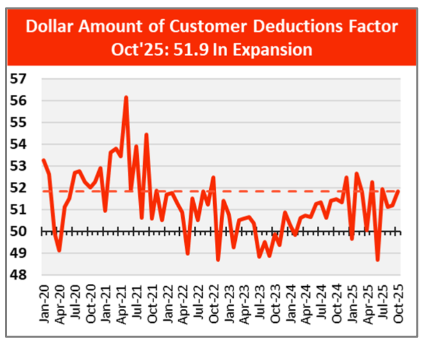

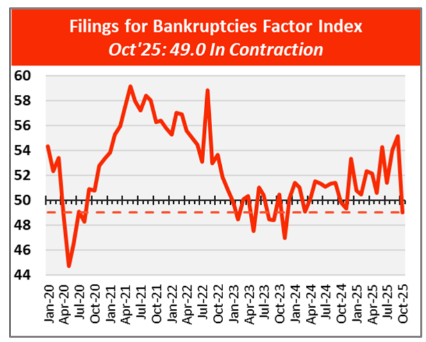

View CMI archives at https://www.nacm.org/cmi/cmi-archive.html.

Source: National Association of Credit Management

Contact: Sara Asomaning, 410-423-1837

Website: www.nacm.org

Methodology Appendix

CMI data has been collected and tabulated monthly since May 2002. Published since May 2003, the Index is based on a survey of approximately 500 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.