



Report for July 2025

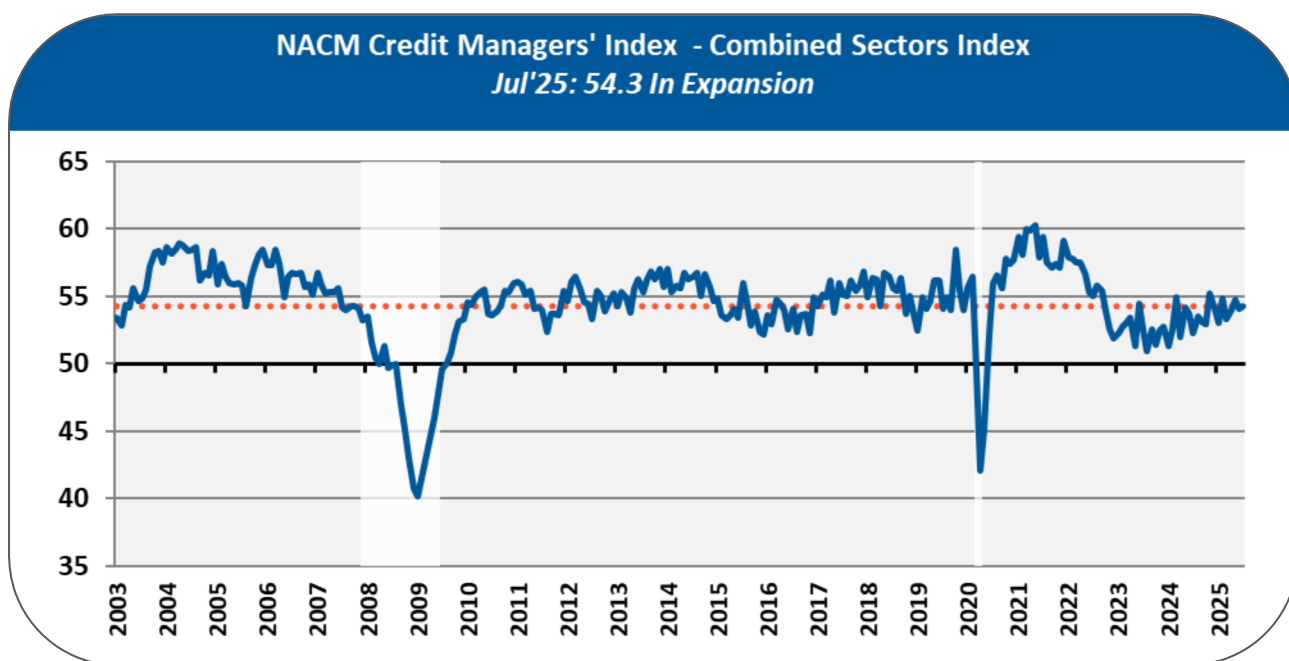
Issued August 1, 2025

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 July 2025 improved 0.2 points to 54.3. "By the numbers, based on what has already occurred, the NACM Credit Managers' Index is showing continued resilience," said NACM Economist Amy Crews Cutts, Ph.D., CBE. "However, a consistent message in the comments supplied by survey respondents was that the third and fourth quarters of this year are likely to be much slower."

"The Credit Managers' Index is based on a survey of credit managers regarding their companies' experiences in the month just completed, so this month's survey is asking about June activity. Bankruptcies were top of mind for respondents this month, with several commenting on the larger than expected number of customers filing for bankruptcies this month."



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)	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25
Dollar Sales	55.1	58.5	55.3	55.8	63.4	53.6	56.1	59.5	54.9	58.0	61.9	55.8	60.9
New Credit Applications	58.2	57.1	55.6	57.5	58.9	59.2	57.2	61.4	56.8	58.8	56.5	57.4	56.4
Dollar Collections	55.3	62.0	57.5	58.2	63.4	60.0	61.3	59.8	54.8	62.6	61.8	59.8	60.8
Amount of Credit Extended	60.8	58.6	57.6	58.2	63.7	62.0	56.8	60.7	59.6	59.5	62.1	58.4	59.9
Index of Favorable Factors	57.4	59.1	56.5	57.4	62.3	58.7	57.9	60.3	56.5	59.7	60.6	57.9	59.5
Rejections of Credit Applications	49.9	50.5	52.1	50.0	50.6	50.6	50.9	51.1	50.2	50.8	50.4	50.7	50.2
Accounts Placed for Collection	46.4	45.7	48.9	47.0	47.1	49.6	47.8	49.4	49.7	49.2	47.9	50.1	47.7
Disputes	49.1	49.8	51.0	50.6	52.6	51.5	51.1	51.0	51.3	49.1	51.3	51.8	49.7
Dollar Amount Beyond Terms	46.1	49.7	50.9	49.6	52.6	50.2	46.9	51.7	52.1	48.3	52.0	50.7	52.9
Dollar Amount of Customer Deductions	51.1	51.8	51.3	52.0	51.8	53.0	51.3	52.5	51.1	50.4	51.3	52.0	51.7
Filings for Bankruptcies	50.9	51.7	50.9	50.3	48.5	51.5	50.6	51.6	53.0	52.9	52.0	54.2	52.8
Index of Unfavorable Factors	48.9	49.9	50.8	49.9	50.5	51.1	49.8	51.2	51.2	50.1	50.8	51.5	50.9
NACM Combined CMI	52.3	53.5	53.1	52.9	55.3	54.1	53.0	54.9	53.3	54.0	54.7	54.1	54.3

CMI Combined Sectors Factor Indexes

Key Findings:

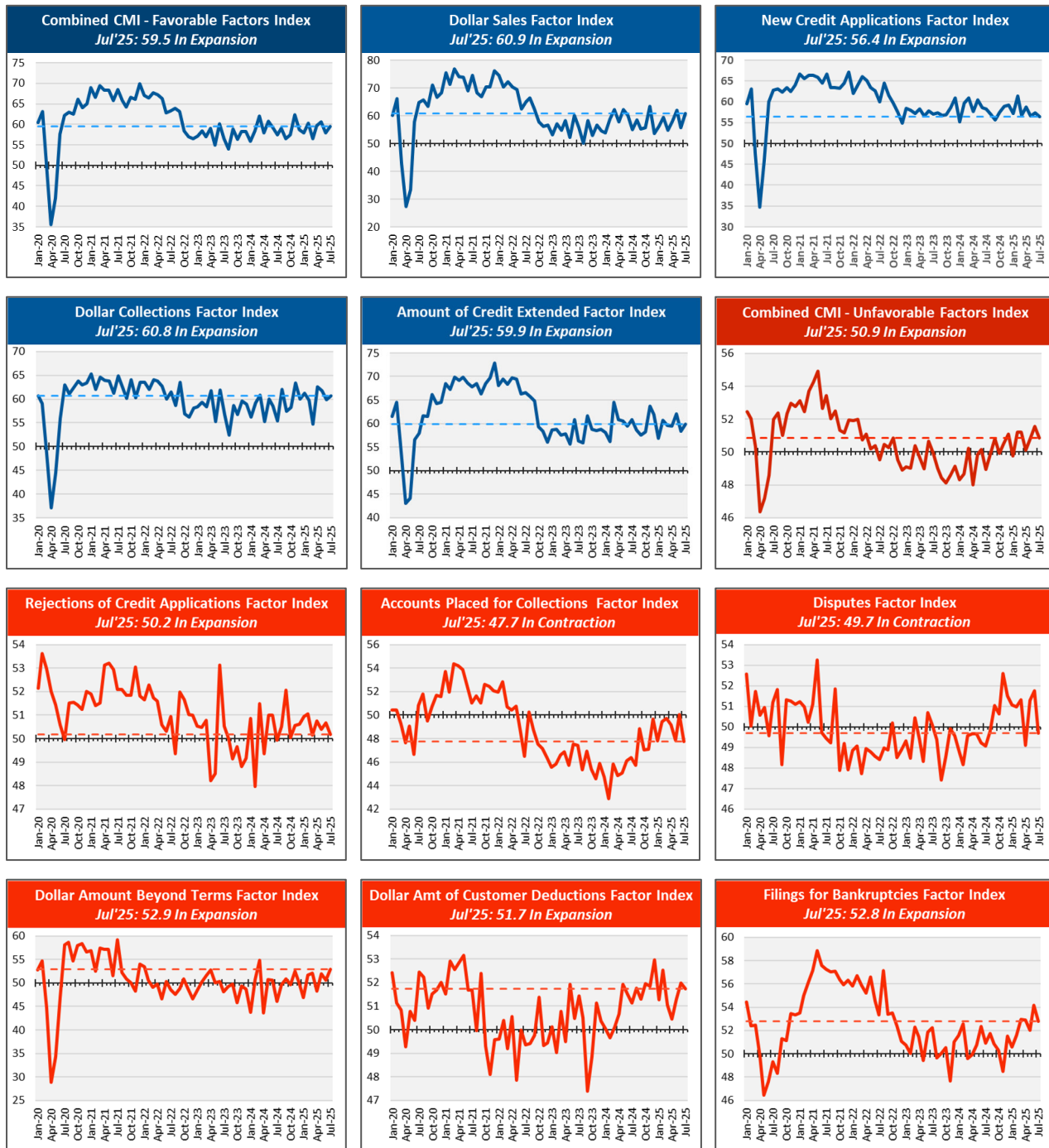
- The Index for Unfavorable Factors deteriorated to 50.9 and marked its sixth month in expansion territory.
- Two unfavorable factors are in contraction: the index for Accounts Placed for Collection deteriorated 2.4 points to 47.7, retreating into contraction. This marks the index's 34th month in contraction out of the last 35. This means the number of accounts placed for collections at respondent firms has increased every month for nearly 3 years with the exception of last month (June 2025). The other unfavorable factor in contraction is the index for Disputes, which declined 2.1 points to reach 49.7.
- The Index for Favorable Factors improved by 1.6 points in this month's survey, climbing further into expansion to 59.5 points. Three of the four of the favorable factor indexes improved, with the Dollar Sales gain of 5.1 points leading the improvement.
- The new credit applications index is the only favorable factor index that deteriorated this month, signaling a decline in new demand.

"Normally we would view increases in dollar sales favorably, but this assumes essentially more unit sales at constant or rising prices," said Cutts. "But tariff price increases are starting to impact this value and much of the recent strength in sales has been from customers trying to bring in orders before the full impact of the tariffs is felt. The average effective tariff rate today is 19.73% according to the Budget Lab at Yale, the highest it's been since 1932 under the Smoot-Hawley tariff regime. In 2024 the effective tariff rate was 2.42% - companies that depend on imported parts or finished goods won't be able to carry this burden for long before they have to raise prices."

She continued, "As companies announce second quarter earnings, we are seeing the direct impact of tariffs. Automakers especially have been affected, taking billions in tariff expenses. On the flip side, US-based steel producers are able to raise their prices given the protection from competition that the 50% steel tariff provides. This means US-made steel won't necessarily be a cheaper option than imported."

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.

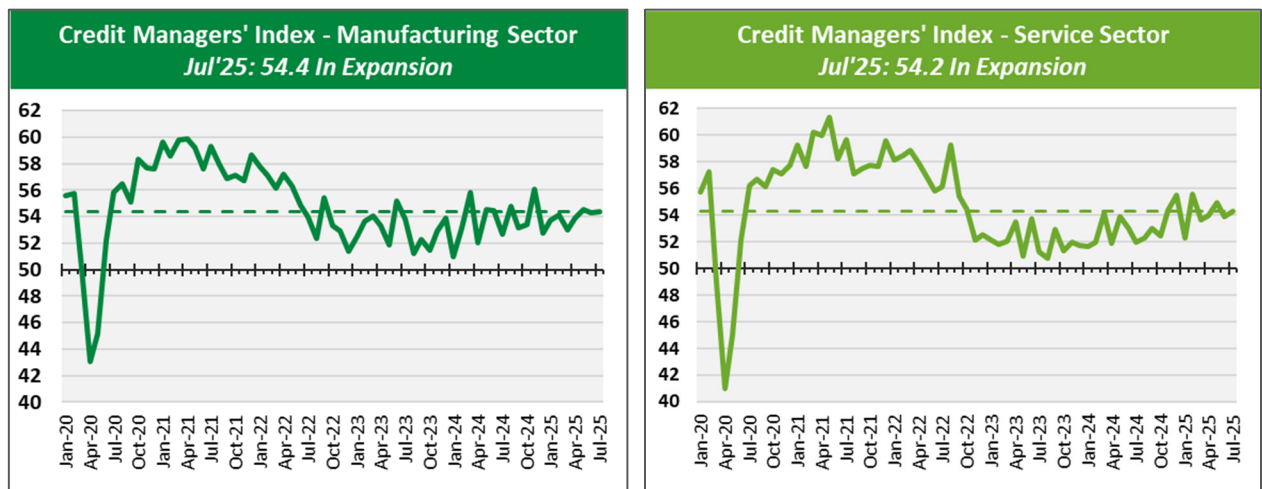


CMI Manufacturing versus CMI Service Sectors Indexes

The Manufacturing Sector CMI improved 0.1 points in the July CMI survey to a level of 54.4. The Service Sector CMI improved by 0.3 points to sit at 54.2.

“Some firms have delayed raising prices until they were more certain about how they might be affected by tariffs,” said Cutts. “There are still many trade agreements yet to be negotiated with major trading partners, so we may not get tariff certainty for a while yet.”

“Steel tariffs, though, are having a big impact on NACM member steel producers (in the manufacturing group) and those that make their products from intermediate steel products like coils and bars (in the service sector group), with many of them commenting negatively on their industry conditions. A top concern is that that sales will slow in the third and fourth quarters as orders were pulled forward, though some also noted a decline in construction related activity having an impact on orders too.”



The data in the charts are seasonally adjusted.

CMI Manufacturing Sector Factor Indexes

Among the CMI Manufacturing Sector Factor Indexes, favorable factors improved 3.2 points to 58.4. The Unfavorable Factor Index deteriorated 1.9 points to 51.7.

Key Findings:

- The July survey marked the third month that all manufacturing sector factor indexes were in expansion.
- All four favorable factor indexes improved this month with the Dollar Sales index reclaiming nearly all of the decline seen in June, rising 6.0 points to 59.1 and the index for Dollar Collections (on both due and past due accounts) improving 1.9 points putting the index to 62.1, the highest of all the factor indexes.
- Among unfavorable factor indexes, the largest deterioration was in the index for Disputes which fell 5.1 points to 50.1, just barely remaining in expansion.

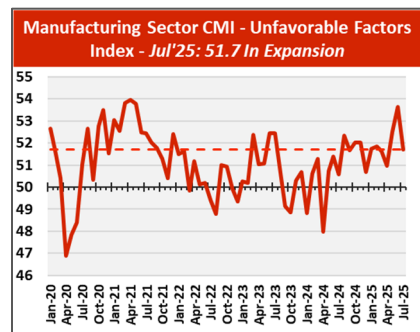
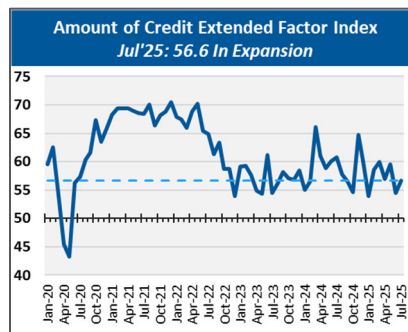
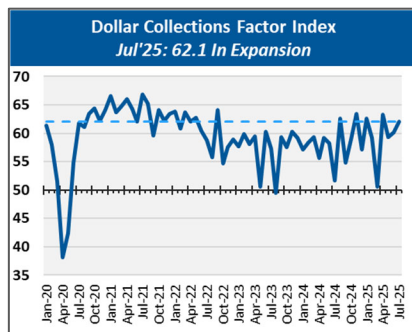
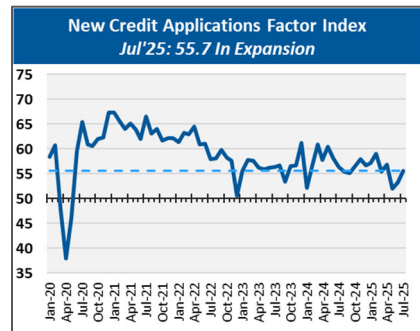
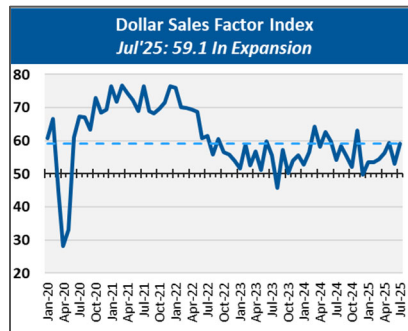
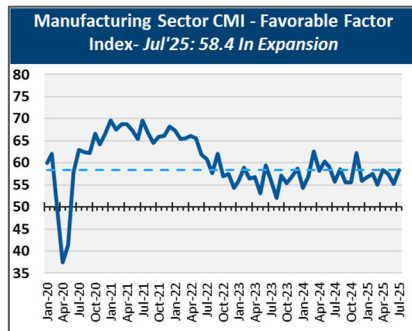
“The Credit Managers’ Index was built to mirror, from the financial or credit side, the information collected by the Institute for Supply Management® (ISM®) Manufacturing PMI® on the business side,” said Cutts. “Although the CMI manufacturing index has been showing resilience, the ISM Manufacturing PMI® tells a different story: **“Economic activity in the manufacturing sector contracted in June for the fourth consecutive month, following a two-month expansion preceded by 26 straight months of contraction,** say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®.**” (emphasis included in the report)

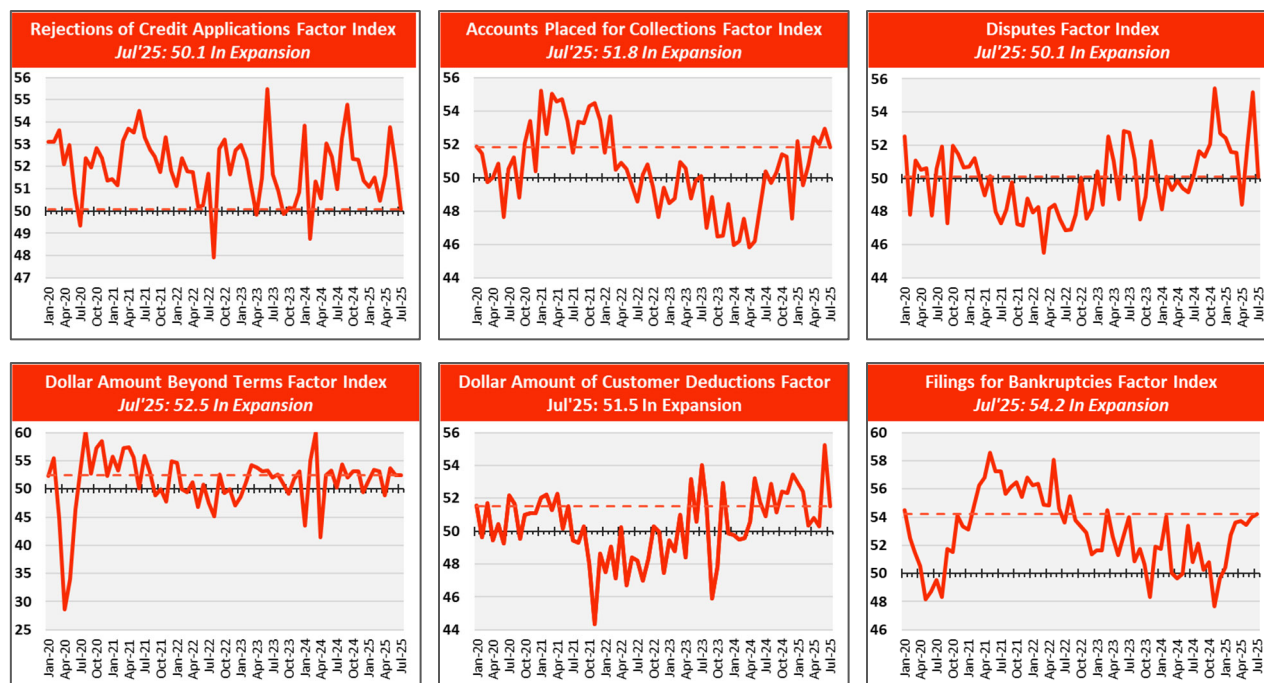
Cutts added, “It seems unusual that the two surveys are showing such different trends for such a long period. However, the sentiments expressed by the respondents in the survey comments are very much on track.”

Manufacturing Sector (seasonally adjusted)	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25
Dollar Sales	54.2	58.3	55.4	52.2	63.0	49.8	53.4	53.4	54.5	56.4	59.3	53.1	59.1
New Credit Applications	56.4	55.4	55.1	56.5	57.9	56.6	57.1	59.0	55.4	56.9	52.1	53.2	55.7
Dollar Collections	51.7	62.7	54.8	58.9	63.4	57.1	62.7	59.2	50.6	63.3	59.3	60.2	62.1
Amount of Credit Extended	60.8	57.8	56.6	54.6	64.7	60.1	53.9	58.6	59.9	56.9	59.5	54.5	56.6
Index of Favorable Factors	55.8	58.5	55.5	55.6	62.2	55.9	56.8	57.5	55.1	58.3	57.6	55.2	58.4
Rejections of Credit Applications	51.0	53.2	54.8	52.3	52.3	51.4	51.1	51.5	50.5	51.6	53.8	52.1	50.1
Accounts Placed for Collection	50.4	49.7	50.4	51.4	51.2	47.6	52.2	49.5	50.8	52.4	52.0	52.9	51.8
Disputes	50.2	51.6	51.3	52.1	55.4	52.7	52.4	51.6	51.5	48.4	52.0	55.2	50.1
Dollar Amount Beyond Terms	50.2	54.4	52.1	53.1	53.1	49.4	51.4	53.4	53.2	48.9	53.6	52.4	52.5
Dollar Amount of Customer Deductions	50.9	52.9	51.2	52.4	52.3	53.5	52.9	52.4	50.3	50.8	50.3	55.3	51.5
Filings for Bankruptcies	50.8	52.1	50.3	50.8	47.7	49.7	50.4	52.7	53.6	53.7	53.4	54.0	54.2
Index of Unfavorable Factors	50.6	52.3	51.7	52.0	52.0	50.7	51.7	51.9	51.6	51.0	52.5	53.6	51.7
NACM Manufacturing CMI	52.7	54.8	53.2	53.4	56.1	52.8	53.7	54.1	53.0	53.9	54.5	54.3	54.4

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 0.1-point improvement to 60.6, with the index well in expansion. The sector's Unfavorable Factors Index also improved, gaining 0.5 points to 50.0, moving into neutral territory after three months in contraction.

Key Findings:

- The Unfavorable Factors Index has been in contraction for 30 of the past 33 months with another two months sitting exactly at neutral, 50.0.
- Half of the factors in the Favorable Factor Index improved, led by a 4.3-point increase in the Index for Dollar Sales which is now at 62.7. The index for the Amount of Credit Extended improved 0.8 points to 63.1.
- The improvement in the Unfavorable Factors Index was led by a 4.5-point rise in the Index for the Dollar Amount Beyond Terms, which pushed it into expansion at 53.4.
- The Index for Accounts Placed for Collections deteriorated 3.6 points to 43.6, marking its 37th month in contraction out of the last 40 months. During that period the index was in expansion only in May 2022, August 2022, and December 2024.

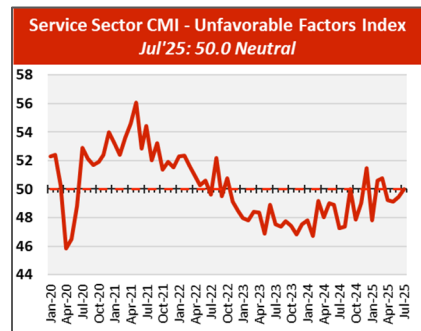
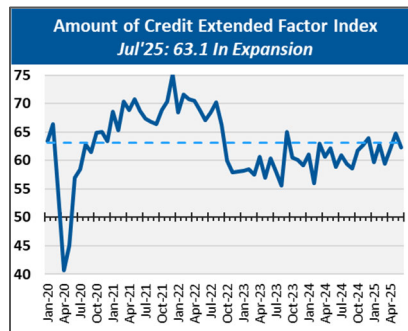
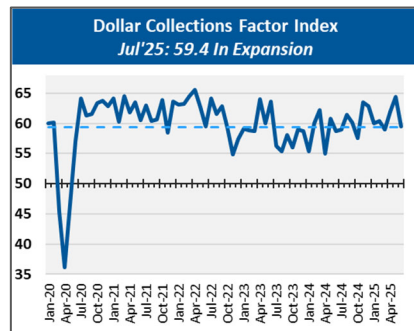
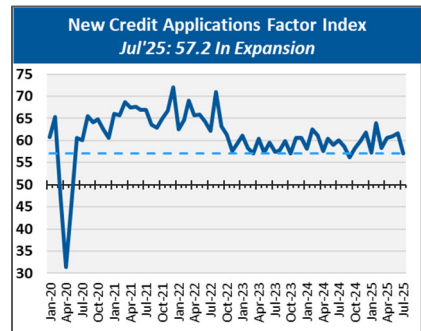
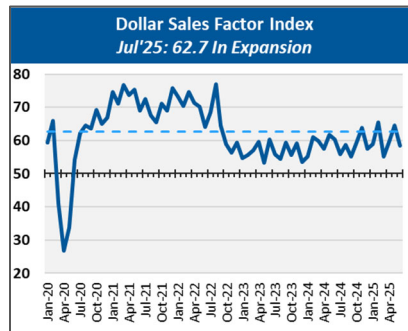
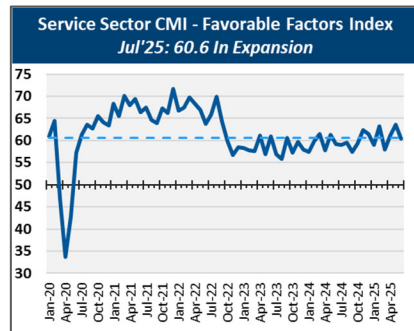
"Service sector respondents were decidedly more negative in their comments this month," said Cutts. "Two respondents specifically referenced rising bankruptcies saying, '[We] saw more bankruptcies in the first week of July than we have seen in the first half of the year,' and 'Bankruptcies are beginning to trend upwards in South / Southwest ... Hearing anecdotal references to money being tight from customers (owners delaying projects and/or lenders pulling back).'"

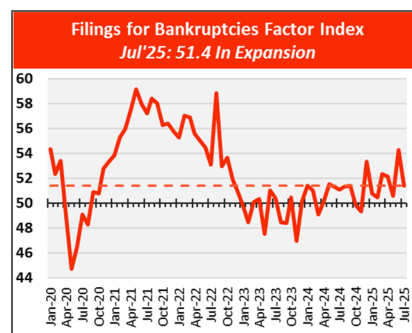
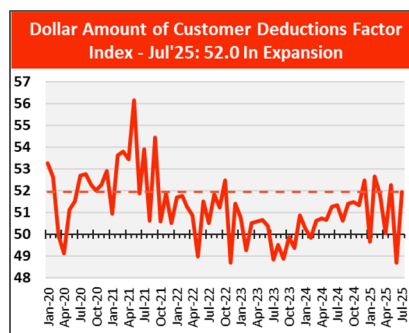
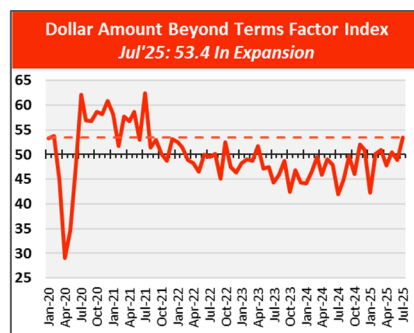
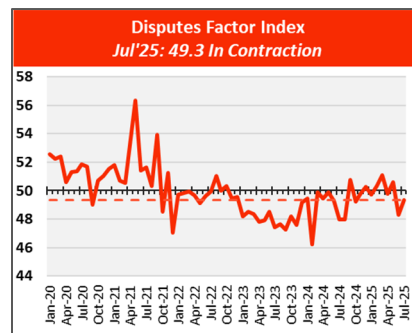
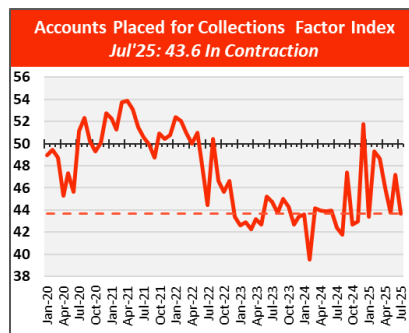
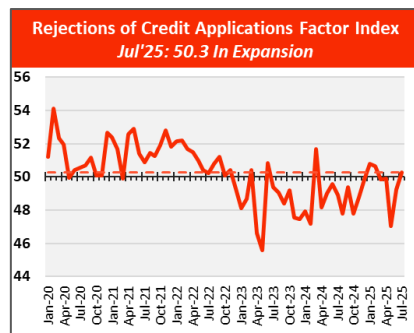
Cutts added, "Another emerging theme from comments was customers were requesting payment plans and term extensions in greater numbers and that credit managers are getting more stringent in account management. One respondent summed this sentiment as, 'Larger dollar delinquencies [are] generally coming down with paydown agreements and/or settlement agreements but we have [had] an increase in the utilization of 3rd party collections for smaller accounts. Requests for extended terms and extra time to pay continue to escalate and thus we are requesting more information, including financial statements, more often from our customers.'"

Service Sector (seasonally adjusted)	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25
Dollar Sales	55.9	58.8	55.1	59.4	63.7	57.4	58.9	65.6	55.2	59.7	64.5	58.4	62.7
New Credit Applications	60.1	58.7	56.1	58.4	59.8	61.8	57.2	63.9	58.2	60.6	61.0	61.6	57.2
Dollar Collections	59.0	61.4	60.1	57.5	63.5	62.8	59.9	60.3	58.9	61.9	64.4	59.5	59.4
Amount of Credit Extended	60.9	59.5	58.6	61.8	62.7	63.9	59.7	62.8	59.3	62.0	64.7	62.3	63.1
Index of Favorable Factors	59.0	59.6	57.5	59.3	62.4	61.5	58.9	63.1	57.9	61.1	63.6	60.5	60.6
Rejections of Credit Applications	48.9	47.8	49.4	47.8	48.8	49.9	50.8	50.6	49.9	49.9	47.0	49.2	50.3
Accounts Placed for Collection	42.4	41.8	47.4	42.7	42.9	51.7	43.4	49.3	48.7	46.0	43.8	47.2	43.6
Disputes	48.0	48.0	50.8	49.2	49.8	50.3	49.7	50.3	51.1	49.8	50.6	48.3	49.3
Dollar Amount Beyond Terms	41.9	44.9	49.7	46.1	52.0	51.0	42.3	50.1	51.0	47.7	50.4	48.9	53.4
Dollar Amount of Customer Deductions	51.3	50.6	51.4	51.5	51.3	52.5	49.7	52.7	51.8	50.1	52.3	48.7	52.0
Filings for Bankruptcies	51.1	51.4	51.4	49.9	49.3	53.4	50.8	50.5	52.3	52.1	50.6	54.3	51.4
Index of Unfavorable Factors	47.3	47.4	50.0	47.8	49.0	51.5	47.8	50.6	50.8	49.3	49.1	49.5	50.0
NACM Service CMI	52.0	52.3	53.0	52.4	54.4	55.5	52.2	55.6	53.6	54.0	54.9	53.9	54.2

CMI Service Sector Factor Indexes Charts

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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 May 2002. The index, published since May 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>.