



Report for May 2025

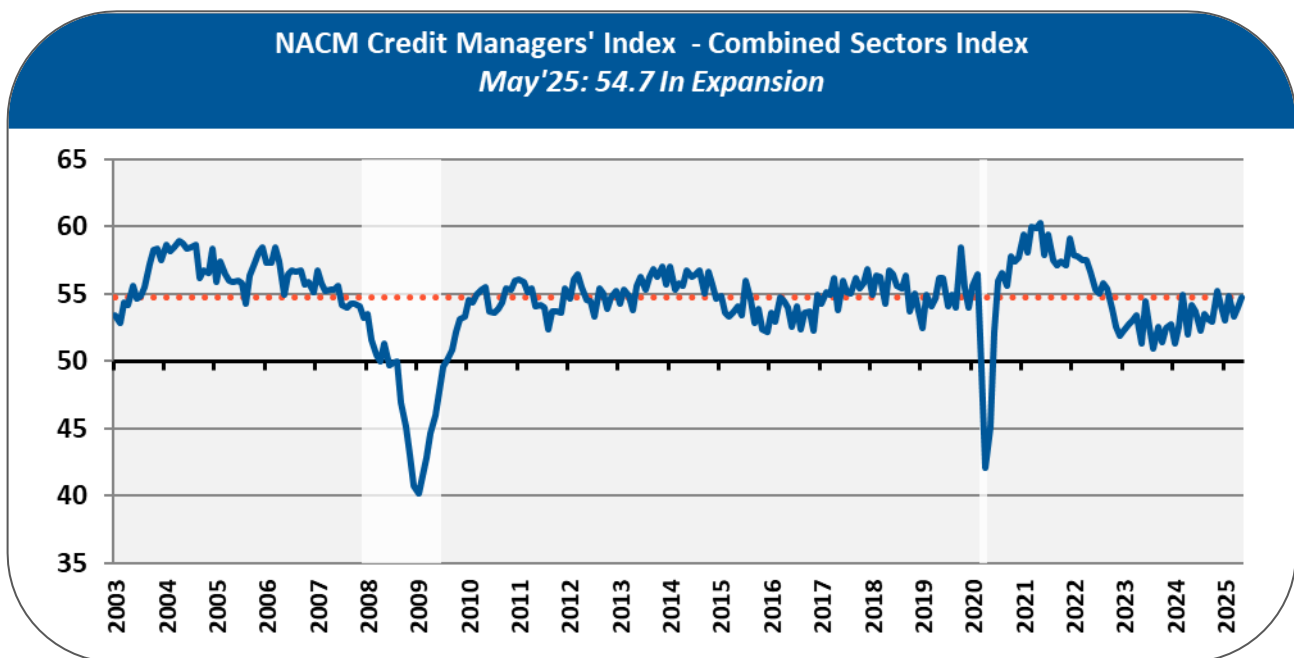
Issued June 2, 2025

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 May 2025 improved 0.7 points to 54.7. "The improvement in May was somewhat unexpected given that 10% across the board tariffs were put in place the first week of April along with very high tariffs that affected all imports from China," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"The Credit Managers' Index is based on a survey of credit managers regarding their companies' experiences in the month just completed. This month's survey is asking about April activity. The "Liberation Day" tariff announcement happened on April 2, and the retaliatory component of the new tariffs for all countries except China were immediately, but only temporarily, suspended. Despite the improvement in the combined CMI, respondents commented on their concerns about the uncertainty created by the tariffs and supply chain disruptions. Many said they are having to increase prices to cover the tariff costs."



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)	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25
Dollar Sales	62.2	60.1	55.1	58.5	55.3	55.8	63.4	53.6	56.1	59.5	54.9	58.0	61.9
New Credit Applications	60.4	58.5	58.2	57.1	55.6	57.5	58.9	59.2	57.2	61.4	56.8	58.8	56.5
Dollar Collections	60.0	58.5	55.3	62.0	57.5	58.2	63.4	60.0	61.3	59.8	54.8	62.6	61.8
Amount of Credit Extended	60.5	59.4	60.8	58.6	57.6	58.2	63.7	62.0	56.8	60.7	59.6	59.5	62.1
Index of Favorable Factors	60.8	59.1	57.4	59.1	56.5	57.4	62.3	58.7	57.9	60.3	56.5	59.7	60.6
Rejections of Credit Applications	51.0	51.0	49.9	50.5	52.1	50.0	50.6	50.6	50.9	51.1	50.2	50.8	50.4
Accounts Placed for Collection	45.0	46.1	46.4	45.7	48.9	47.0	47.1	49.6	47.8	49.4	49.7	49.2	47.9
Disputes	49.7	49.2	49.1	49.8	51.0	50.6	52.6	51.5	51.1	51.0	51.3	49.1	51.3
Dollar Amount Beyond Terms	50.7	50.6	46.1	49.7	50.9	49.6	52.6	50.2	46.9	51.7	52.1	48.3	52.0
Dollar Amount of Customer Deductions	51.9	51.5	51.1	51.8	51.3	52.0	51.8	53.0	51.3	52.5	51.1	50.4	51.3
Filings for Bankruptcies	50.7	52.4	50.9	51.7	50.9	50.3	48.5	51.5	50.6	51.6	53.0	52.9	52.0
Index of Unfavorable Factors	49.9	50.1	48.9	49.9	50.8	49.9	50.5	51.1	49.8	51.2	51.2	50.1	50.8
NACM Combined CMI	54.2	53.7	52.3	53.5	53.1	52.9	55.3	54.1	53.0	54.9	53.3	54.0	54.7

CMI Combined Sectors Factor Indexes

Key Findings:

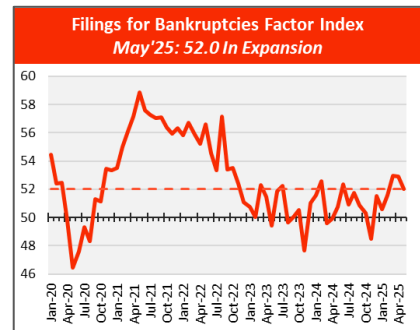
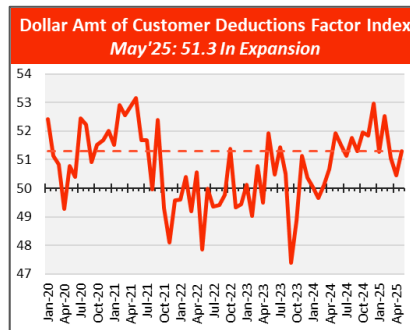
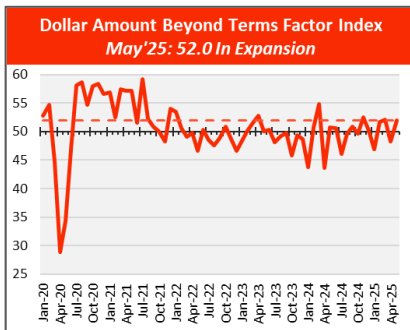
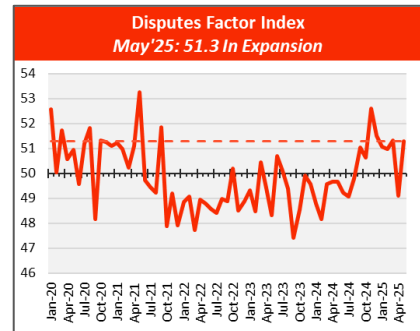
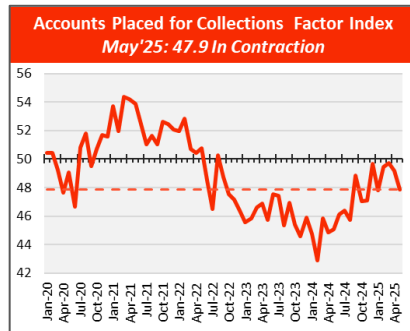
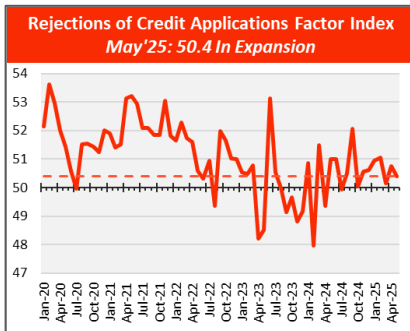
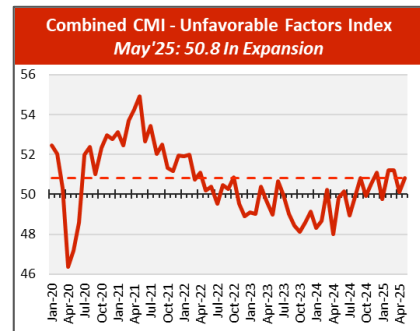
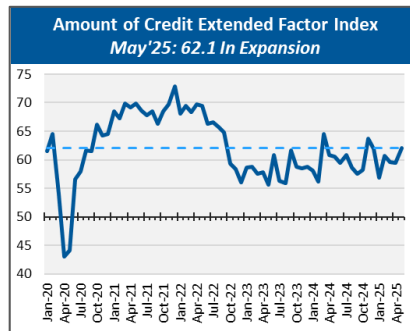
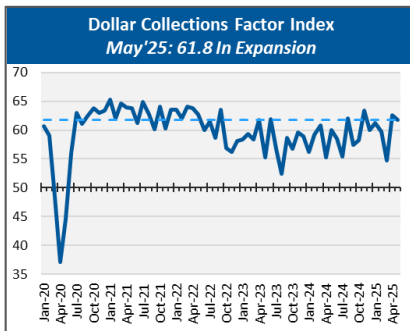
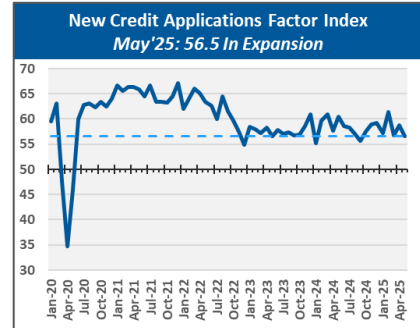
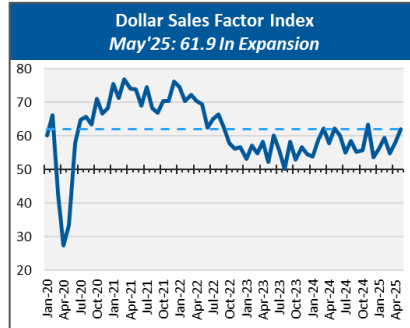
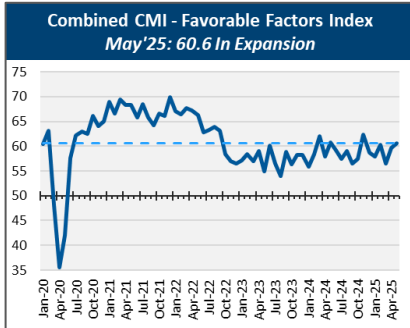
- The Index for Unfavorable Factors improved to 50.8, just over the line of expansion. Although only one of the six factors is in contraction, none of the factors in expansion are more than 2 points above the threshold.
- The Index for Accounts Placed for Collection deteriorated 1.3 points to 47.9 this month, its 33rd month in contraction. This means the number of accounts placed for collections at respondent firms has increased every month for almost three years.
- The Index for Favorable Factors improved 0.9 points in this month's survey. The index sits at 61.9 points and is in expansion. Half of the factor indexes improved, with dollar sales leading the improvement.
- Based on respondent comments, the dollar sales index improved due to higher prices rather than increased unit sales in response to tariffs.

"Port activity has declined sharply over the past few weeks after rising ahead of the tariff announcement," said Cutts. "The recent reduction in the retaliatory tariffs on Chinese imports will have a positive effect, but the tariff levels are still extraordinarily high so we should not expect much of a turnaround."

She continued, "CMI survey respondents have indicated that they are struggling to forecast business activity and manage supply chains because of trade policy volatility, with no indication of what might last longer term."

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.

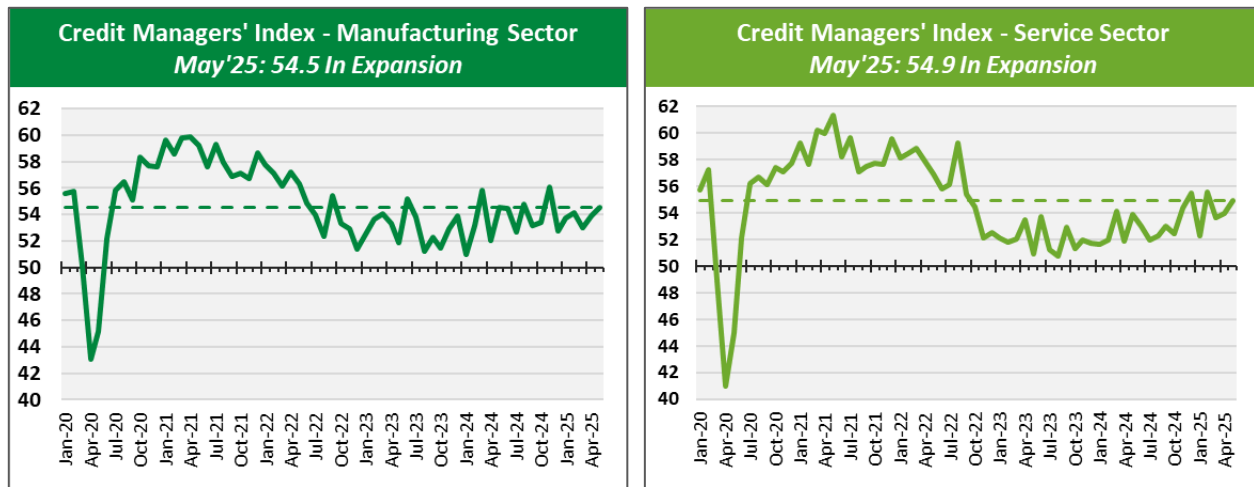


CMI Manufacturing versus CMI Service Sectors Indexes

The Manufacturing Sector CMI improved 0.6 points in the May CMI survey to a level of 54.5. The Service Sector CMI improved by 0.9 points to 54.9.

“Both sectors reported improvement in the May survey,” said Cutts. “Tariffs most directly impact manufacturers either through supply chains or competition but services are also affected in that a construction company, for example, would need machinery or materials to build, so few companies are immune to the impacts.”

“For now, many of the effects are muted due to the rush to get ahead of the tariffs by building inventories or stockpiling inputs,” Cutts added. “Based on conversations with NACM members, many are expecting a material change in conditions over the next few months.”



The data in the charts are seasonally adjusted.

CMI Manufacturing Sector Factor Indexes

Among the CMI Manufacturing Sector Factor Indexes, favorable factors deteriorated 0.7 points to 57.6. The Unfavorable Factor Index improved 1.5 points and now stands at 52.5.

Key Findings:

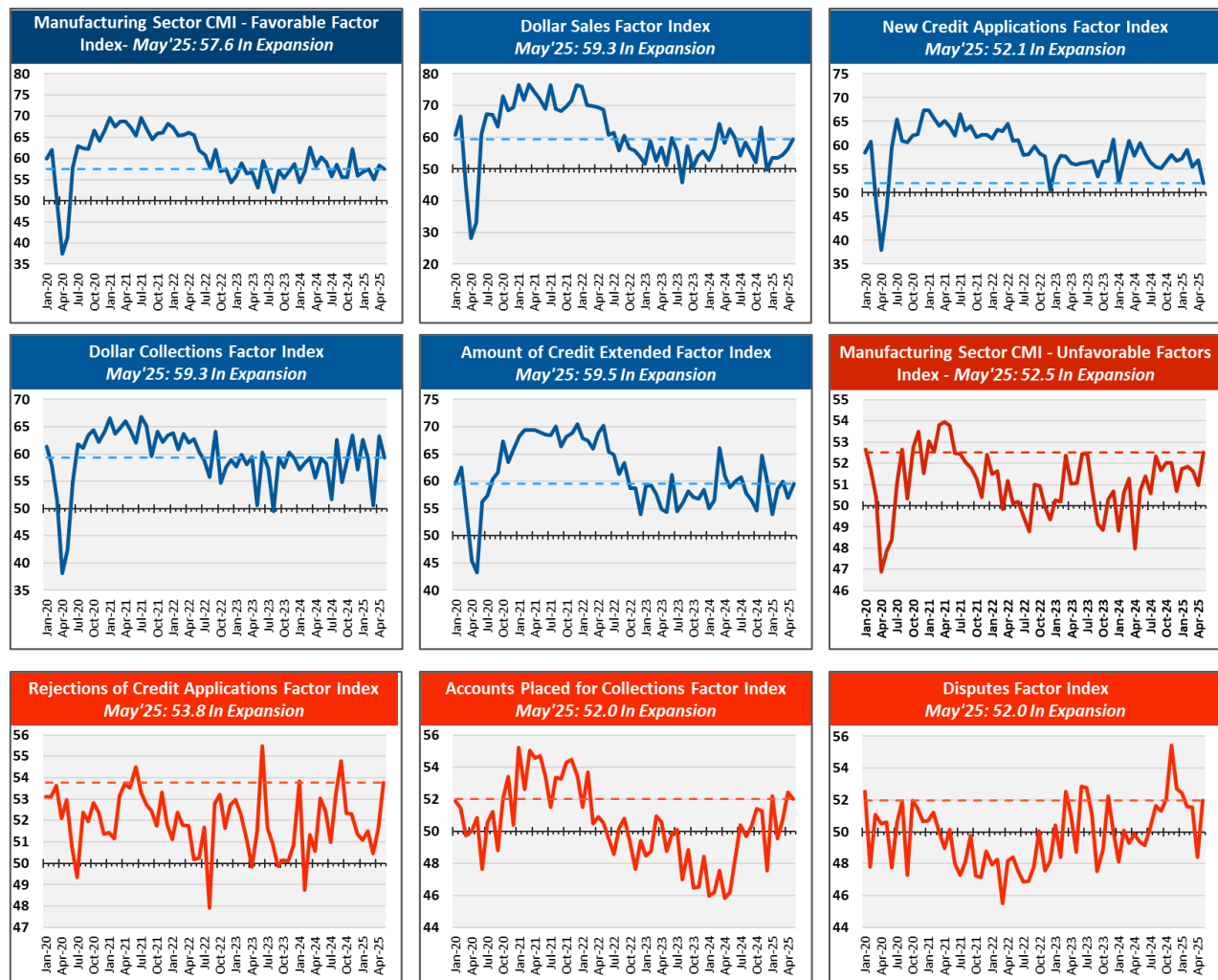
- In May, all the manufacturing sector factor indexes were in expansion territory.
- Half of the favorable factor indexes deteriorated this month with the Amount of Dollar Collections (from both due and past due accounts) falling 4 points to 59.3 and the index for New Credit Applications deteriorating 4.8 points to 52.1.
- Among unfavorable factor indexes, the largest improvement was in the index for the Dollar Amount Beyond Terms, which rose 4.7 points to 53.6.

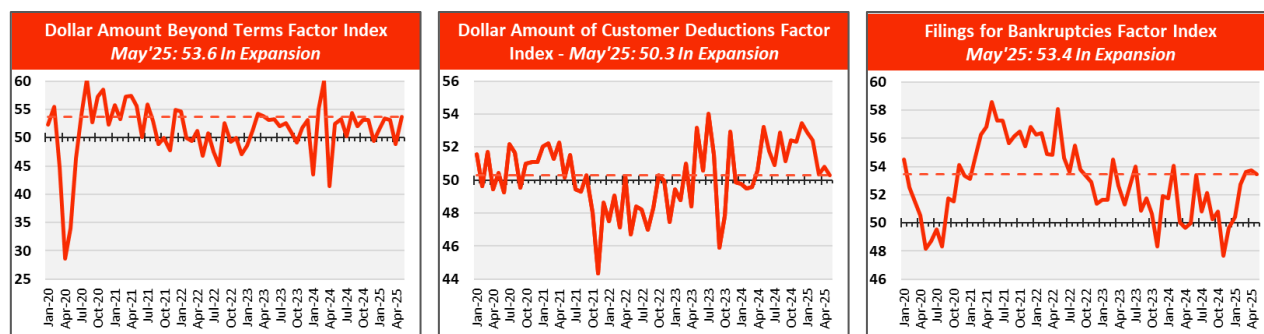
“A respondent noted that more customers are using credit lines than ever before and they're having more customers going delinquent than previous months,” said Cutts. “This comment is not incongruent with the survey data in that I followed up with members about their firms’ experiences and many noted that newer and smaller accounts seem to have more challenges than older and larger accounts.”

	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25
Manufacturing Sector (seasonally adjusted)													
Dollar Sales	62.6	59.9	54.2	58.3	55.4	52.2	63.0	49.8	53.4	53.4	54.5	56.4	59.3
New Credit Applications	60.4	58.1	56.4	55.4	55.1	56.5	57.9	56.6	57.1	59.0	55.4	56.9	52.1
Dollar Collections	59.3	58.2	51.7	62.7	54.8	58.9	63.4	57.1	62.7	59.2	50.6	63.3	59.3
Amount of Credit Extended	58.8	60.0	60.8	57.8	56.6	54.6	64.7	60.1	53.9	58.6	59.9	56.9	59.5
Index of Favorable Factors	60.3	59.1	55.8	58.5	55.5	55.6	62.2	55.9	56.8	57.5	55.1	58.3	57.6
Rejections of Credit Applications	53.0	52.4	51.0	53.2	54.8	52.3	52.3	51.4	51.1	51.5	50.5	51.6	53.8
Accounts Placed for Collection	46.2	48.3	50.4	49.7	50.4	51.4	51.2	47.6	52.2	49.5	50.8	52.4	52.0
Disputes	49.4	49.2	50.2	51.6	51.3	52.1	55.4	52.7	52.4	51.6	51.5	48.4	52.0
Dollar Amount Beyond Terms	52.5	53.3	50.2	54.4	52.1	53.1	53.1	49.4	51.4	53.4	53.2	48.9	53.6
Dollar Amount of Customer Deductions	53.2	51.7	50.9	52.9	51.2	52.4	52.3	53.5	52.9	52.4	50.3	50.8	50.3
Filings for Bankruptcies	50.0	53.4	50.8	52.1	50.3	50.8	47.7	49.7	50.4	52.7	53.6	53.7	53.4
Index of Unfavorable Factors	50.7	51.4	50.6	52.3	51.7	52.0	52.0	50.7	51.7	51.9	51.6	51.0	52.5
NACM Manufacturing CMI	54.5	54.5	52.7	54.8	53.2	53.4	56.1	52.8	53.7	54.1	53.0	53.9	54.5

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 2.5-point improvement to 63.6. The sector's Unfavorable Factors Index deteriorated slightly, losing 0.2 points to 49.1.

Key Findings:

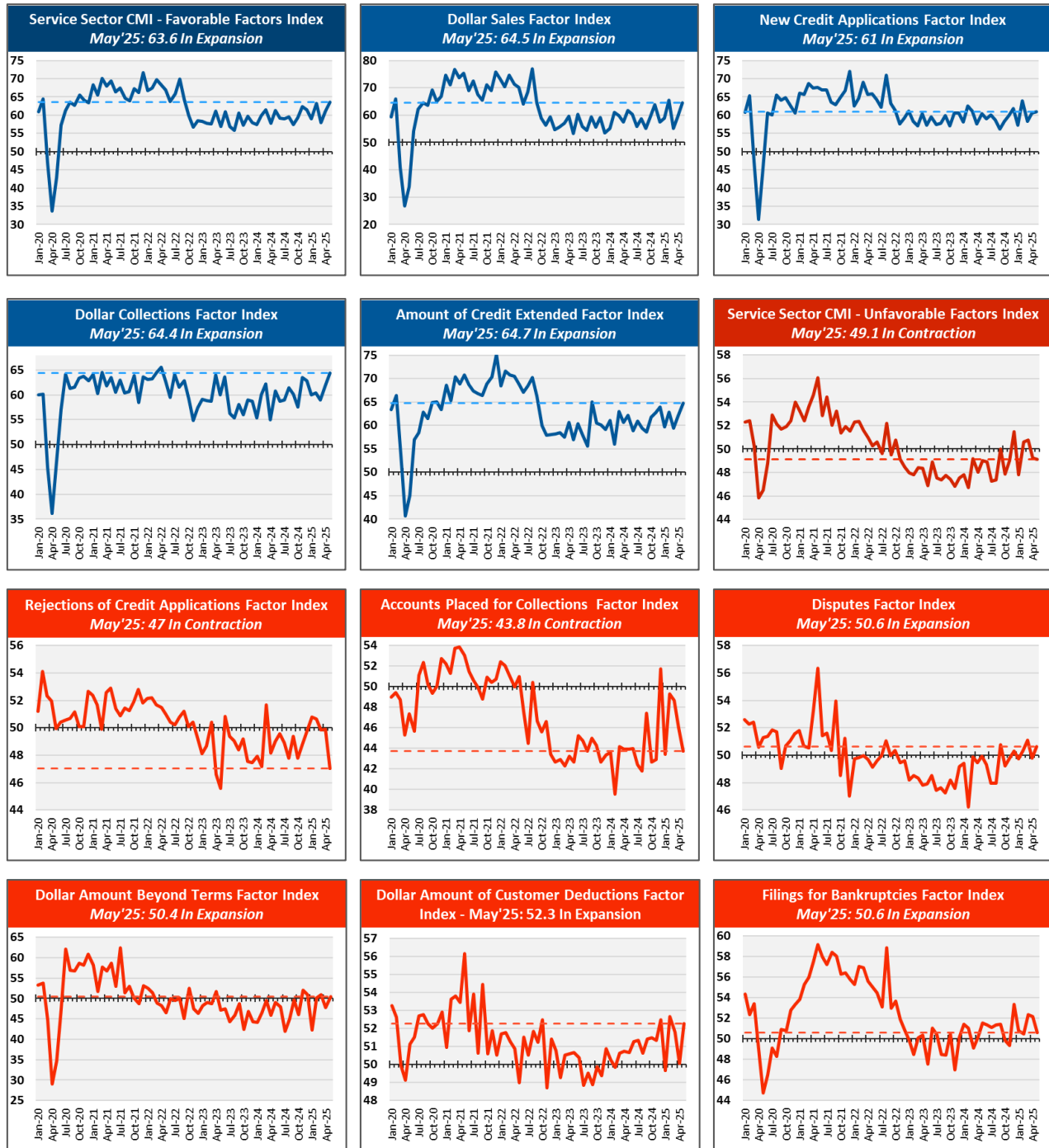
- The Unfavorable Factors Index has been in contraction for 27 of the past 31 months. In 2025, it was in contraction in the April and May CMI surveys.
- The deterioration in the Unfavorable Factors Index was led by a 2.9-point decline in the Index for the Rejections of Credit Applications. The Index for Accounts Placed for Collections lost 2.2 points to 43.8, marking its 34th month in contraction out of the last 36 months. During that period the index was in expansion only in August 2022, and December 2024.
- The improvement in the Favorable Factor Index was led by a 4.9-point increase in the Index for Dollar Sales which is now at 64.5.

“Some of the impacts of tariffs are just compounding weaknesses or trends that were already present,” said Cutts. One of the Service Sector members commented, “Open orders in the pipeline remain fairly steady to this point. We continue to see strategic moves by our suppliers and customers to account for the tariffs. There still seems to be fallout from last year's retail woes and our customers are making moves to shift their segment focus and/or realign for more efficiency and cost cutting. We are also still seeing consolidation in the form of mergers and acquisitions.”

Service Sector (seasonally adjusted)	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25	Apr '25	May '25
Dollar Sales	61.8	60.3	55.9	58.8	55.1	59.4	63.7	57.4	58.9	65.6	55.2	59.7	64.5
New Credit Applications	60.5	58.9	60.1	58.7	56.1	58.4	59.8	61.8	57.2	63.9	58.2	60.6	61.0
Dollar Collections	60.8	58.7	59.0	61.4	60.1	57.5	63.5	62.8	59.9	60.3	58.9	61.9	64.4
Amount of Credit Extended	62.1	58.9	60.9	59.5	58.6	61.8	62.7	63.9	59.7	62.8	59.3	62.0	64.7
Index of Favorable Factors	61.3	59.2	59.0	59.6	57.5	59.3	62.4	61.5	58.9	63.1	57.9	61.1	63.6
Rejections of Credit Applications	49.0	49.6	48.9	47.8	49.4	47.8	48.8	49.9	50.8	50.6	49.9	49.9	47.0
Accounts Placed for Collection	43.9	44.0	42.4	41.8	47.4	42.7	42.9	51.7	43.4	49.3	48.7	46.0	43.8
Disputes	49.9	49.3	48.0	48.0	50.8	49.2	49.8	50.3	49.7	50.3	51.1	49.8	50.6
Dollar Amount Beyond Terms	49.0	47.9	41.9	44.9	49.7	46.1	52.0	51.0	42.3	50.1	51.0	47.7	50.4
Dollar Amount of Customer Deductions	50.7	51.3	51.3	50.6	51.4	51.5	51.3	52.5	49.7	52.7	51.8	50.1	52.3
Filings for Bankruptcies	51.5	51.3	51.1	51.4	51.4	49.9	49.3	53.4	50.8	50.5	52.3	52.1	50.6
Index of Unfavorable Factors	49.0	48.9	47.3	47.4	50.0	47.8	49.0	51.5	47.8	50.6	50.8	49.3	49.1
NACM Service CMI	53.9	53.0	52.0	52.3	53.0	52.4	54.4	55.5	52.2	55.6	53.6	54.0	54.9

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 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>.