



## Report for January 2025

Issued February 5, 2025

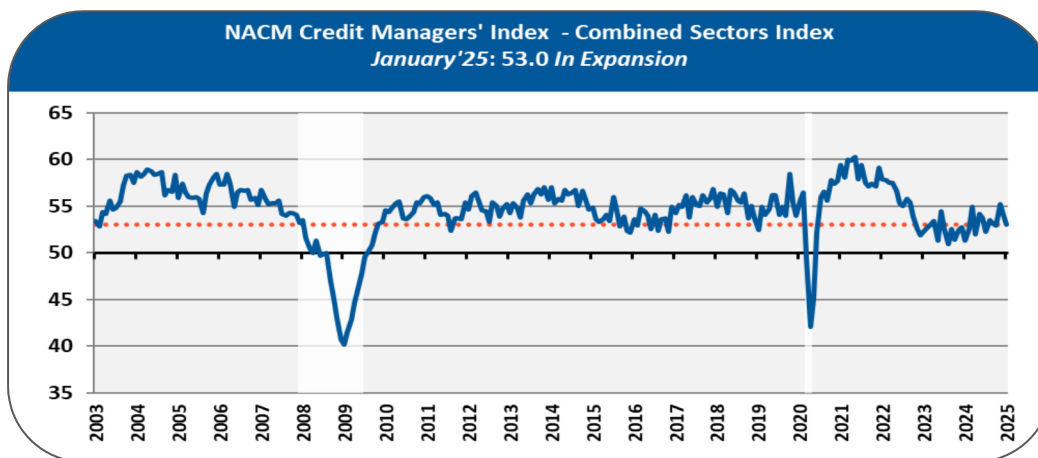
### National Association of Credit Management

#### Credit Managers' Index Combined Sectors

The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for January 2025 deteriorated 1.1 points to 53.0. "Although the CMI has deteriorated for the last two months, it remains on the side of expansion. The weaker reading is driven by declines in the amount of credit extended and a rise in the dollar amount going beyond terms. Respondents noted that they are seeing signs of financial stress among their customers and slowing business activity outside of the normal seasonal patterns," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"The Fed paused on monetary policy adjustments during the January meeting of the Fed's Open Market Committee. Since the Fed began lowering the Fed Funds Target Rate in September, they cut the overnight rate by 100 basis points, a full percentage point. But inflation readings have been ticking back up and the financial markets have responded by increasing yields on longer term rates typically used as benchmarks for consumer and business loans like the 10-year Treasury bond."

Cutts continued, "this increase in interest rates makes it more expensive for businesses to expand and extend credit to their customers. When accounts go beyond terms it can have a snowball effect on the supplier who may then be put into financial stress themselves if it affects a large share of their outstanding receivables."



*The CMI is centered on a value of 50, with values greater indicating expansion and values lower indicating economic contraction. For this month's report the seasonal adjustment factors have been re-estimated, which affects prior published values of the CMI indexes.*

<b>Combined Manufacturing and Service Sectors (seasonally adjusted)</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>	<b>Jan '25</b>
Dollar Sales	53.9	58.8	62.1	57.9	62.2	60.1	55.1	58.5	55.3	55.8	63.4	53.6	56.1
New credit applications	55.1	59.6	61.0	57.7	60.4	58.5	58.2	57.1	55.6	57.5	58.9	59.2	57.2
Dollar collections	56.2	59.2	60.8	55.3	60.0	58.5	55.3	62.0	57.5	58.2	63.4	60.0	61.3
Amount of credit extended	58.0	56.2	64.5	60.9	60.5	59.4	60.8	58.6	57.6	58.2	63.7	62.0	56.8
<b>Index of favorable factors</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>	<b>57.9</b>
Rejections of credit applications	50.9	48.0	51.5	49.4	51.0	51.0	49.9	50.5	52.1	50.0	50.6	50.6	50.9
Accounts placed for collection	44.8	42.9	45.9	44.9	45.0	46.1	46.4	45.7	48.9	47.0	47.1	49.6	47.8
Disputes	48.8	48.2	49.6	49.7	49.7	49.2	49.1	49.8	51.0	50.6	52.6	51.5	51.1
Dollar amount beyond terms	43.8	50.8	54.8	43.6	50.7	50.6	46.1	49.7	50.9	49.6	52.6	50.2	46.9
Dollar amount of customer deductions	50.0	49.7	50.1	50.7	51.9	51.5	51.1	51.8	51.3	52.0	51.8	53.0	51.3
Filings for bankruptcies	51.6	52.6	49.6	49.9	50.7	52.4	50.9	51.7	50.9	50.3	48.5	51.5	50.6
<b>Index of unfavorable factors</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>49.8</b>
<b>NACM Combined CMI</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>	<b>53.0</b>

Note: Seasonal adjustment factors were updated for this month's report which may affect previously published values.

## CMi Combined Sectors Factor Indexes

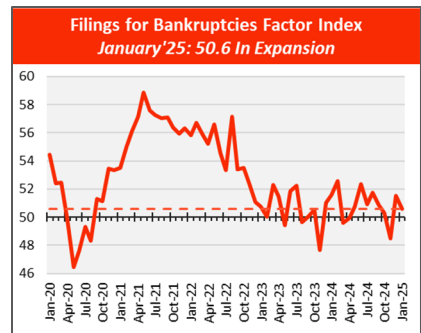
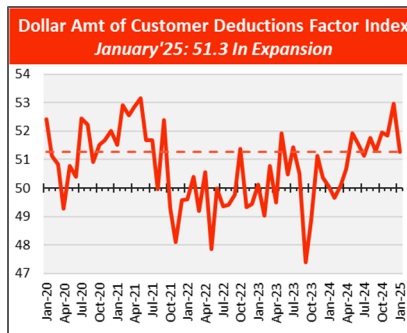
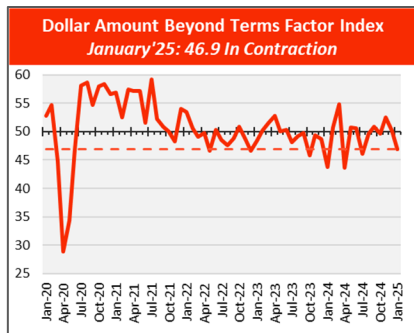
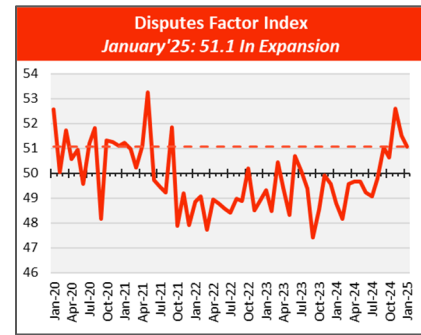
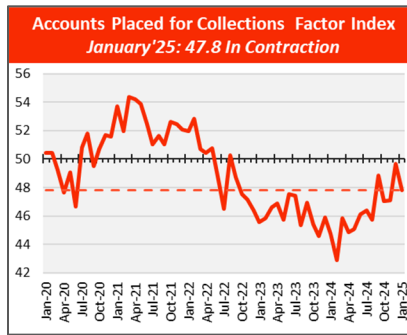
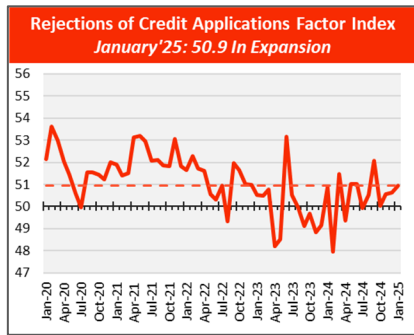
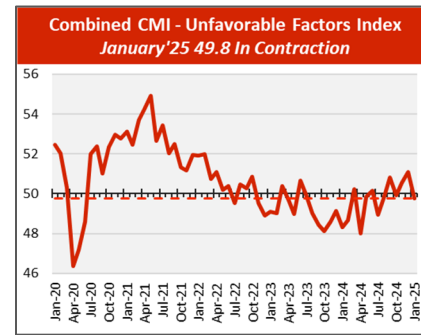
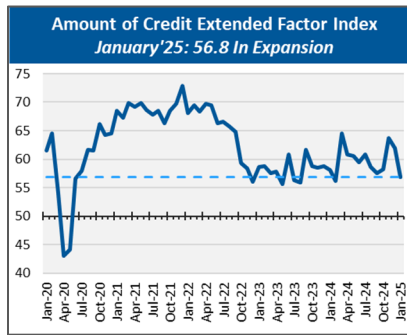
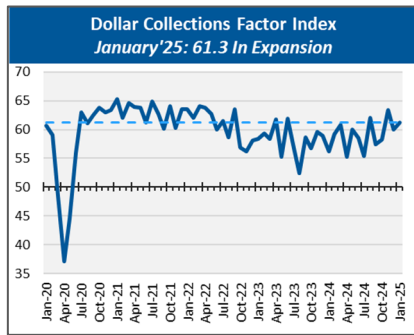
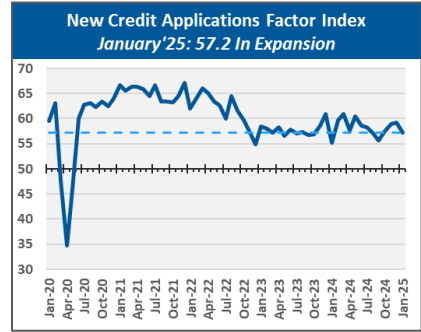
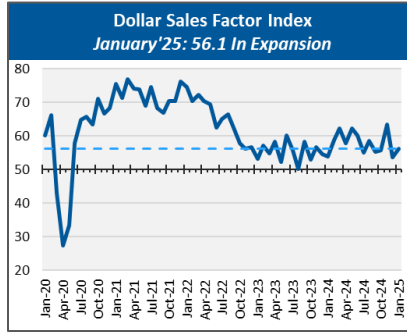
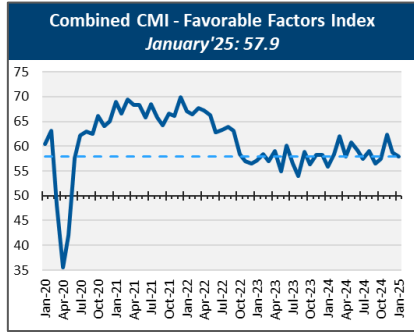
### Key Findings:

- The index for unfavorable factors fell into contraction territory, slipping 1.3 points from last month to 49.8. The Unfavorables have tightly hugged the 50-point threshold line for the past four years.
- The index for accounts placed for collection fell 1.8 points to 47.8 this month, its 29<sup>th</sup> month in contraction. This means the number of accounts placed for collections has increased every month for more than two years.
- Even after declining 0.8 points, the index for favorable factors remains solidly in expansion territory at 57.9.
- The index for sales recovered 2.5 points after suffering its largest recorded decline outside of the COVID pandemic in the December 2024 survey. The sales index climbed to 56.1.

“Between the fall weather events in the southern states, recent snow and ice storms, and now the wildfires in Los Angeles we have seen significant disruptions for businesses – from logistics to power outages, and worse,” said Cutts. “This can create noise in economic data that will take a few months to level out. The underlying trends haven’t really changed much in the CMI. For example, for 29 months, the number of accounts placed for collection has been increasing for nonpaying customers, which is worrisome in what appears in the aggregate to be a pretty good economy.”

## CMI Combined Sectors Factor Indexes Charts

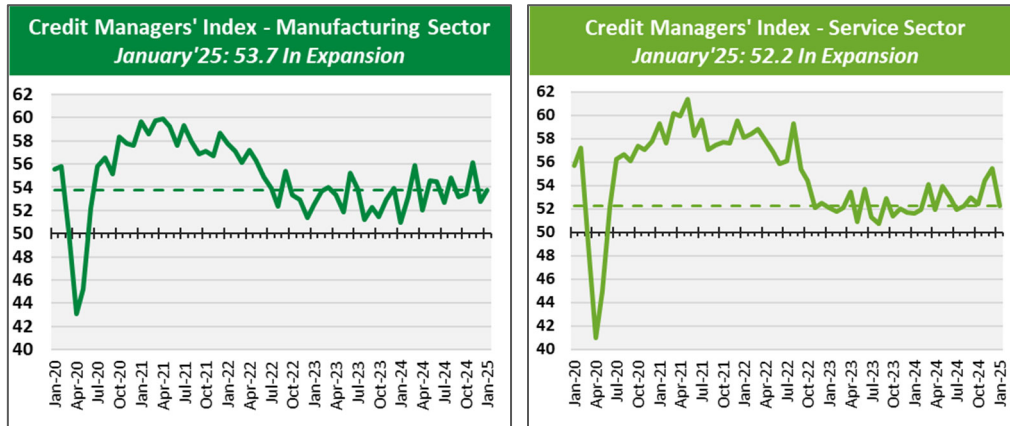
All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.



## CMI Manufacturing versus CMI Service Sectors Indexes

In January, the Manufacturing Sector CMI improved 0.9 points to 53.7. The Service Sector CMI deteriorated by 3.3 points to 52.2.

“Respondents in manufacturing were more vocal this month about slow or slowing business activity, but most of the CMI subindexes improved for that sector and they are all in expansion,” Cutts said. “In contrast, the services sector respondents were relatively quiet even though many of the sector subindexes are in contraction.”



The data in the charts are seasonally adjusted.

## CMI Manufacturing Sector Factor Indexes

Among the CMI Manufacturing Sector Factor Indexes, favorable factors improved 0.9 points to 56.8. The Unfavorable Factor Index improved 1.0 points and stands at 51.7.

### Key Findings:

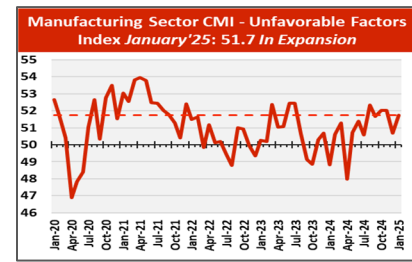
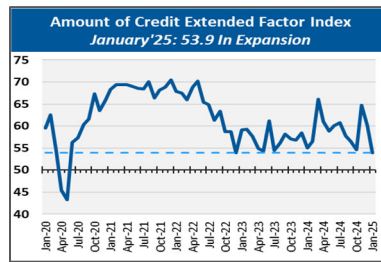
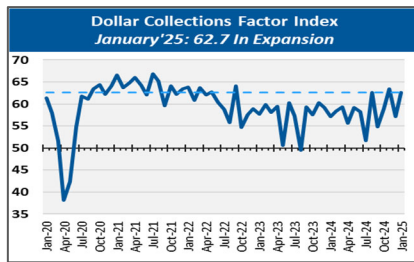
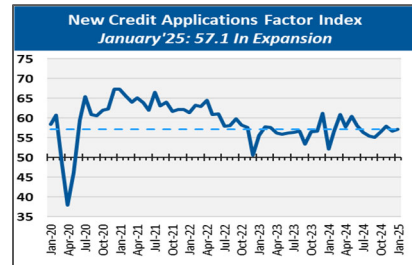
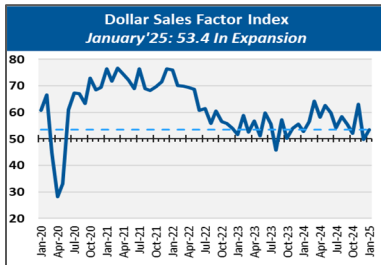
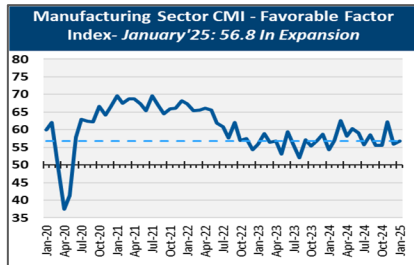
- Only one component of the favorable factor index, the Amount of Credit Extended, deteriorated in January. It slid by 6.2 points to 53.9. All of the favorable factor indexes remain in expansion territory.
- Among unfavorable factor indexes, half improved and half deteriorated. All three of the improving factors moved into expansion again. The improved indexes are Accounts Placed for Collection, Dollar Amount Beyond Terms and Filings for Bankruptcies.
- Although the combined Accounts Placed for Collections Index has been in contraction for 29 months, among respondents in the manufacturing sector, this index has been bouncing between contraction and expansion. This index is back in expansion, meaning more respondents said things are better than those who said things are getting worse in this dimension.

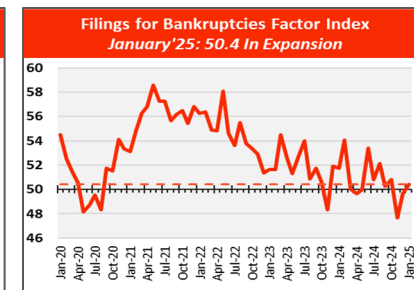
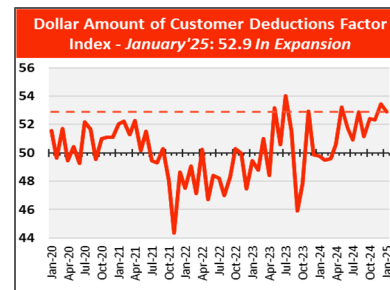
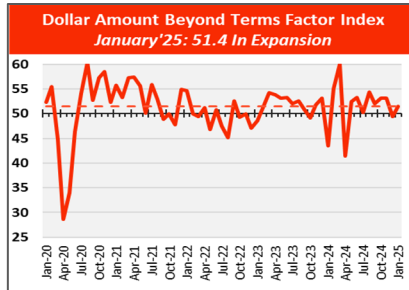
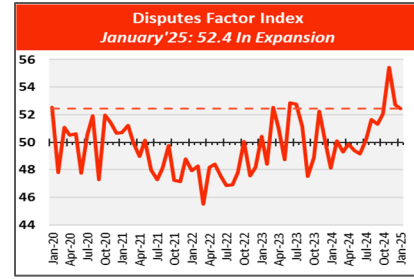
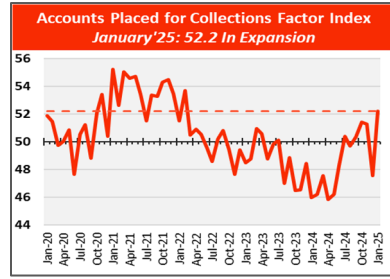
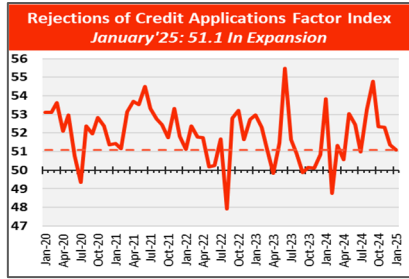
“For manufacturers, changing tariff policies is worrisome. Importantly, it’s the uncertainty and timing. The Trump Administration appears to be using tariffs as a negotiating tool, which could be good for achieving certain policy goals, but makes it hard for a business owner or leader to know what will happen in a week or a month and what the optimal decisions should be for their business.”

<b>Manufacturing Sector (seasonally adjusted)</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>	<b>Jan '25</b>
Dollar Sales	52.7	56.5	64.3	58.2	62.6	59.9	54.2	58.3	55.4	52.2	63.0	49.8	53.4
New credit applications	52.2	56.8	60.9	57.7	60.4	58.1	56.4	55.4	55.1	56.5	57.9	56.6	57.1
Dollar collections	57.1	58.3	59.4	55.6	59.3	58.2	51.7	62.7	54.8	58.9	63.4	57.1	62.7
Amount of credit extended	55.0	56.5	66.1	61.1	58.8	60.0	60.8	57.8	56.6	54.6	64.7	60.1	53.9
<b>Index of favorable factors</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>	<b>56.8</b>
Rejections of credit applications	53.8	48.8	51.3	50.6	53.0	52.4	51.0	53.2	54.8	52.3	52.3	51.4	51.1
Accounts placed for collection	45.9	46.2	47.6	45.8	46.2	48.3	50.4	49.7	50.4	51.4	51.2	47.6	52.2
Disputes	48.1	50.1	49.3	49.9	49.4	49.2	50.2	51.6	51.3	52.1	55.4	52.7	52.4
Dollar amount beyond terms	43.5	55.1	60.0	41.4	52.5	53.3	50.2	54.4	52.1	53.1	53.1	49.4	51.4
Dollar amount of customer deductions	49.8	49.5	49.6	50.6	53.2	51.7	50.9	52.9	51.2	52.4	52.3	53.5	52.9
Filings for bankruptcies	51.7	54.1	50.0	49.7	50.0	53.4	50.8	52.1	50.3	50.8	47.7	49.7	50.4
<b>Index of unfavorable factors</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>51.7</b>
<b>NACM Manufacturing CMI</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>	<b>53.7</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 2.6-point deterioration to 58.9. The sector’s unfavorable factors index lost 3.7 points to 47.8 – coming back into contraction after one month in expansion territory. With the exception of the September and December surveys, the unfavorable factors index has been in contraction for 22 of the past 24 months.

### Key Findings:

- The decline in the Favorable Factor Index was led by a 4.6-point deterioration in the Index for New Credit Applications, putting the index at 57.2, still in expansion.
- The decline in the Unfavorable Factors Index was led by an 8.7-point deterioration in the index for the Dollar Amount of Beyond Terms and now sits at 42.3. It was in contraction for 18 months starting in May 2023, spent the prior two months in expansion, but now is back in contraction.
- The Accounts Placed for Collections index also marked a large decline, with an 8.3-point deterioration to 43.4, pushing it back into contraction after one month in expansion. This index has been in contraction for 28 of the past 29 months.

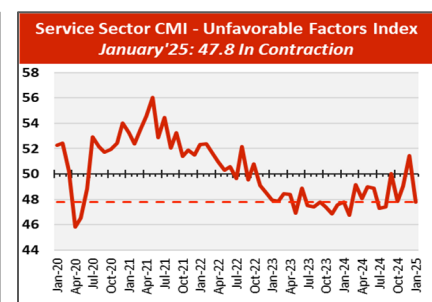
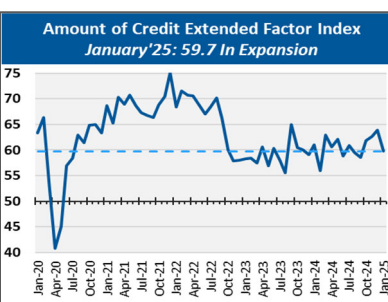
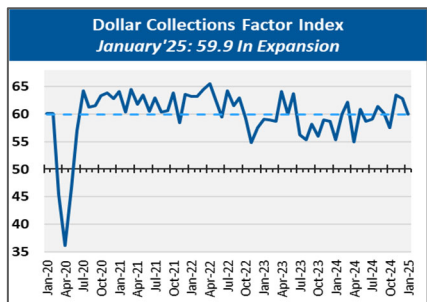
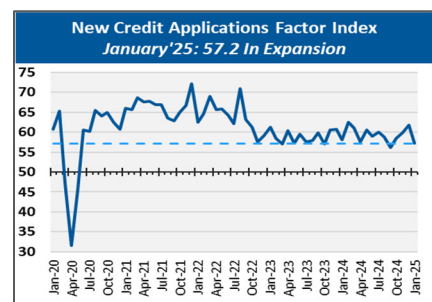
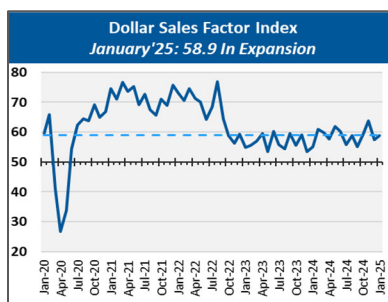
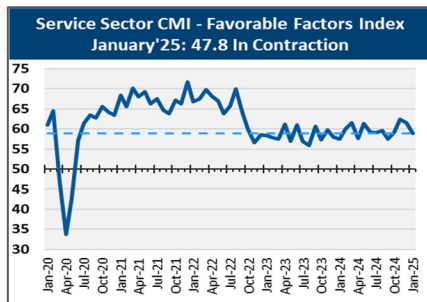
“The Service Sector respondents have been indicating widespread weakness in unfavorable credit management factors,” said Cutts. “It’s great that sales are still robust, but inflation is responsible for part of those gains rather than being an indication of more contracts and expanding units sold.”

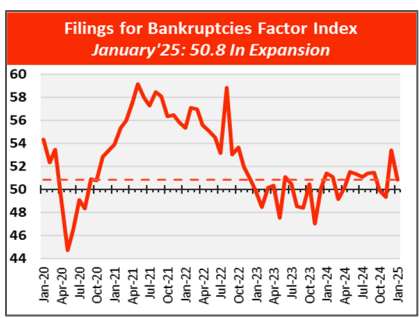
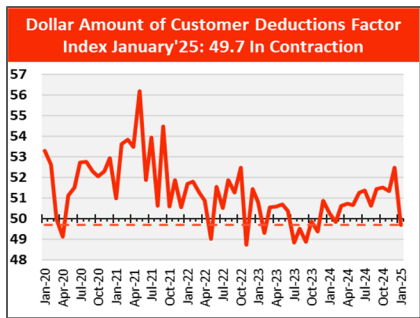
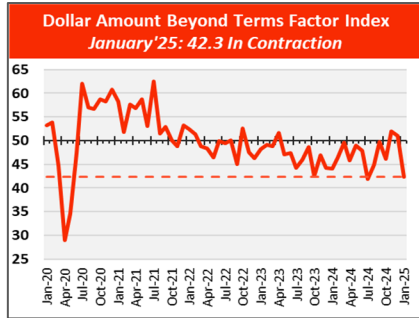
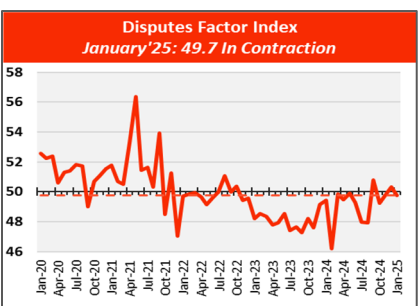
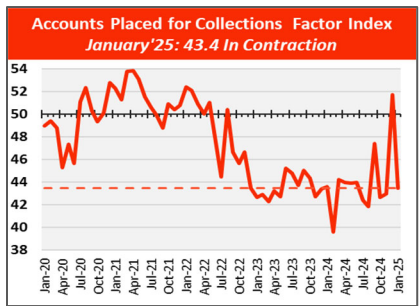
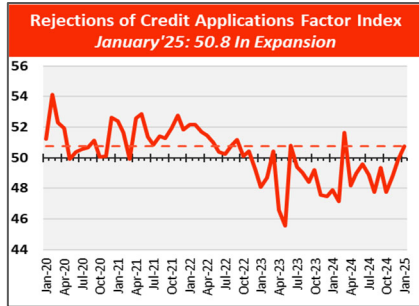


Service Sector (seasonally adjusted)	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25
Dollar Sales	55.1	61.1	59.9	57.6	61.8	60.3	55.9	58.8	55.1	59.4	63.7	57.4	58.9
New credit applications	58.0	62.5	61.1	57.6	60.5	58.9	60.1	58.7	56.1	58.4	59.8	61.8	57.2
Dollar collections	55.3	60.0	62.2	55.0	60.8	58.7	59.0	61.4	60.1	57.5	63.5	62.8	59.9
Amount of credit extended	61.1	55.9	62.9	60.7	62.1	58.9	60.9	59.5	58.6	61.8	62.7	63.9	59.7
<b>Index of favorable factors</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>	<b>58.9</b>
Rejections of credit applications	47.9	47.2	51.7	48.2	49.0	49.6	48.9	47.8	49.4	47.8	48.8	49.9	50.8
Accounts placed for collection	43.6	39.5	44.2	43.9	43.9	44.0	42.4	41.8	47.4	42.7	42.9	51.7	43.4
Disputes	49.4	46.2	49.9	49.5	49.9	49.3	48.0	48.0	50.8	49.2	49.8	50.3	49.7
Dollar amount beyond terms	44.1	46.5	49.6	45.8	49.0	47.9	41.9	44.9	49.7	46.1	52.0	51.0	42.3
Dollar amount of customer deductions	50.3	49.8	50.6	50.7	50.7	51.3	51.3	50.6	51.4	51.5	51.3	52.5	49.7
Filings for bankruptcies	51.4	51.1	49.1	50.2	51.5	51.3	51.1	51.4	51.4	49.9	49.3	53.4	50.8
<b>Index of unfavorable factors</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>47.8</b>
<b>NACM Service CMI</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>	<b>52.2</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>.

Source: National Association of Credit Management

Contacts: Sara Asomaning, 410-423-1837

Website: [www.nacm.org](http://www.nacm.org)

Twitter: @NACM\_National





## 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>.