# Report for November 2024

Issued December 2, 2024

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 November 2024 improved 2.4 points to 55.3. "The CMI hit a 26-month high in November, which reflects October business conditions. The strength in the index comes primarily from improved sales revenue, but dollars collected on due and past due invoices also improved markedly as did the dollar amount of credit extended. However, many respondents also noted the challenging environment they face, with many customers being slow to pay and account fraud always top of mind," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"The Fed's stayed true to its commitment to lower interest rates with a second consecutive decrease in the Fed Funds Target Rate by 25 basis points during the November meeting of the Fed's Open Market Committee. Economists' forecasts and market expectations are in alignment now with an expectation that target rate will decrease by about 2 full percentage points by December of next year relative to where it was in September 2024 – or roughly another 1.25 percentage points. The timing and pace of these cuts depends on the path of the economy and at present I don't see anything that would stop them from another 25-basis point cut in December."

NACM Credit Managers' Index - Combined Sectors Index
November'24: 55.3 *In Expansion*
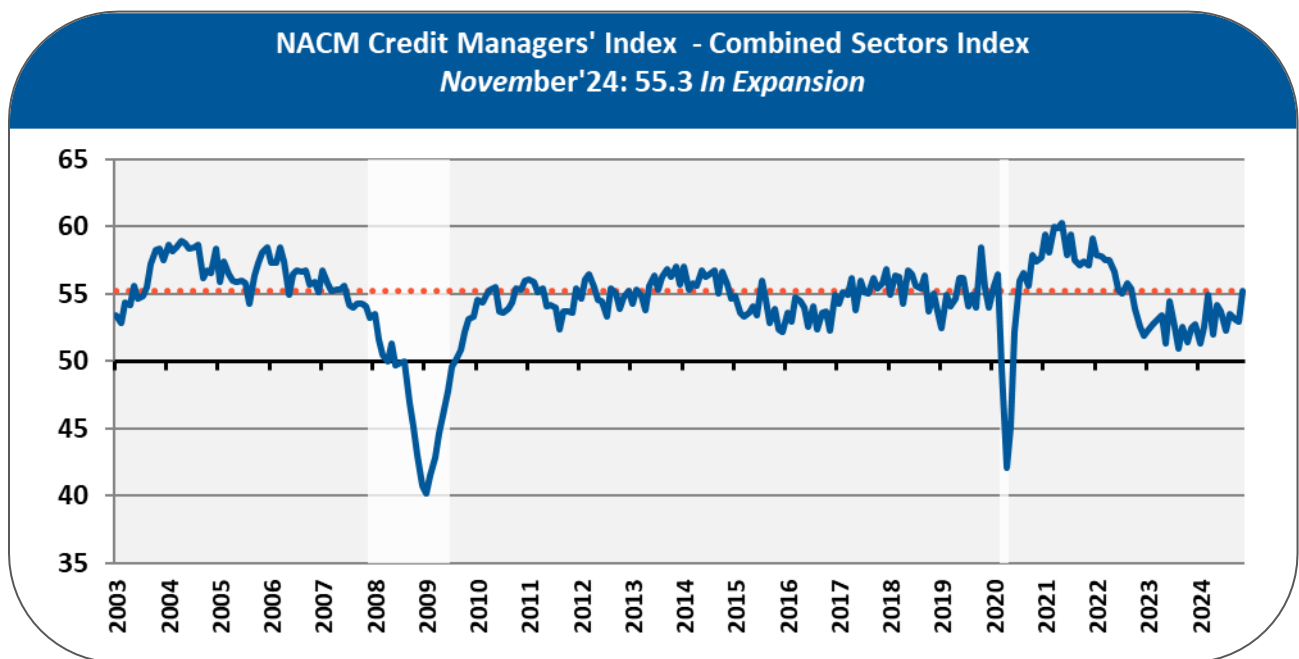
The CMI is centered on a value of 50, with values greater indicating expansion and values lower indicating economic contraction.

Combined Manufacturing and Service Sectors (seasonally adjusted)	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24
Dollar Sales	56.6	54.5	53.9	58.8	62.1	57.9	62.2	60.1	55.1	58.5	55.3	55.8	63.4
New credit applications	58.6	60.9	55.1	59.6	61.0	57.7	60.4	58.5	58.2	57.1	55.6	57.5	58.9
Dollar collections	59.6	59.0	56.2	59.2	60.8	55.3	60.0	58.5	55.3	62.0	57.5	58.2	63.4
Amount of credit extended	58.4	58.8	58.0	56.2	64.5	60.9	60.5	59.4	60.8	58.6	57.6	58.2	63.7
Index of favorable factors	**58.3**	**58.3**	**55.8**	**58.4**	**62.1**	**57.9**	**60.8**	**59.1**	**57.4**	**59.1**	**56.5**	**57.4**	**62.3**
Rejections of credit applications	48.8	49.2	50.9	48.0	51.5	49.4	51.0	51.0	49.9	50.5	52.1	50.0	50.6
Accounts placed for collection	44.6	45.9	44.8	42.9	45.9	44.9	45.0	46.1	46.4	45.7	48.9	47.0	47.1
Disputes	49.9	49.6	48.8	48.2	49.6	49.7	49.7	49.2	49.1	49.8	51.0	50.6	52.6
Dollar amount beyond terms	49.3	48.7	43.8	50.8	54.8	43.6	50.7	50.6	46.1	49.7	50.9	49.6	52.6
Dollar amount of customer deductions	51.1	50.4	50.0	49.7	50.1	50.7	51.9	51.5	51.1	51.8	51.3	52.0	51.8
Filings for bankruptcies	47.7	51.0	51.6	52.6	49.6	49.9	50.7	52.4	50.9	51.7	50.9	50.3	48.5
Index of unfavorable factors	**48.6**	**49.1**	**48.3**	**48.7**	**50.2**	**48.0**	**49.9**	**50.1**	**48.9**	**49.9**	**50.8**	**49.9**	**50.5**
NACM Combined CMI	**52.5**	**52.8**	**51.3**	**52.6**	**55.0**	**52.0**	**54.2**	**53.7**	**52.3**	**53.5**	**53.1**	**52.9**	**55.3**

Note: Seasonal adjustment factors were updated for the November 2024 report which may affect previously published values.
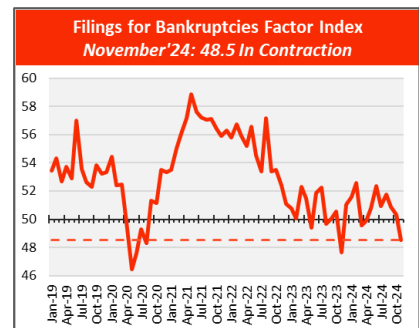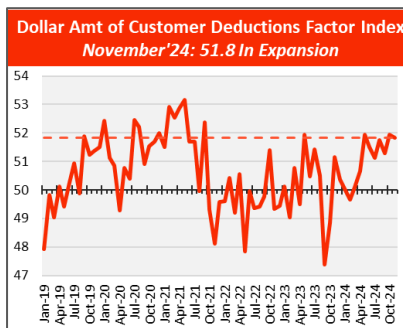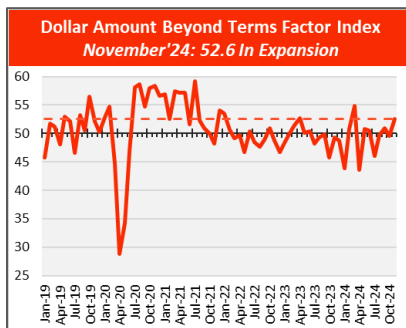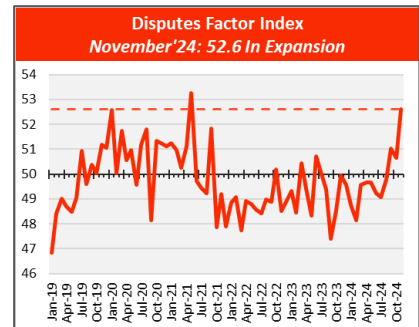
CMI Combined Sectors Factor Indexes

Key Findings:

- The index for unfavorable factors rose back into expansion after one month below 50. The index sits at 50.5, up 0.6 points from last month's value. This index has been bouncing in a very tight range right around the threshold line.
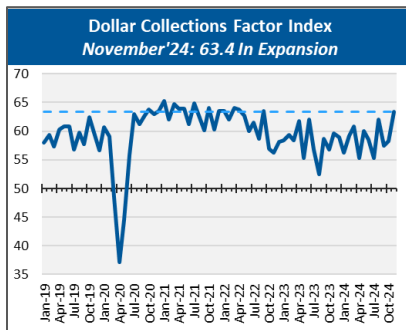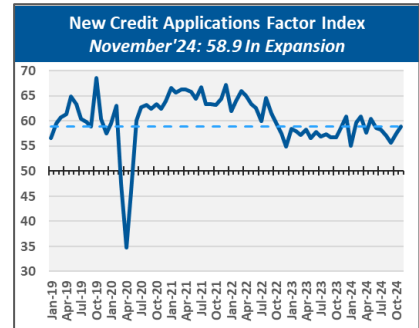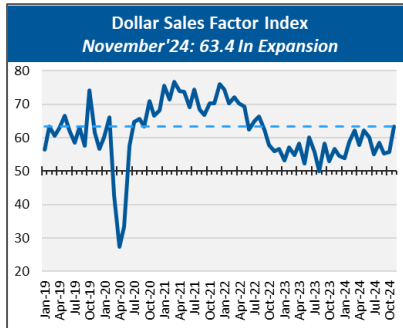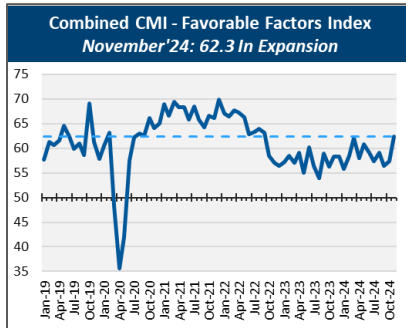- The index for accounts placed for collection is at 47.1 this month, its 27th month in contraction. This means the number of accounts placed for collections has increased every month for more than two years.
- The index for favorable factors remains solidly in expansion, rising 4.9 points in the November survey. The index sits at 62.3.
- The index for sales had the largest improvement in the November survey. The index rose 7.6 points to 63.4. This marks the highest level for the index since August 2022.

"Weather events in October definitely left a mark, whether to the negative side due to massive damage to large swaths of the South in areas where there is a lot of manufacturing or to the plus side due to the sudden demand for products and services to manage the repairs to these areas," said Cutts. "The October employment report that showed only 12,000 new jobs were added in the whole U.S. in the month were no doubt affected by the damage from Hurricane Helene. I expect an upward revision in that number with the November report comes out."

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.

Combined CMI - Favorable Factors Index
November'24: 62.3 In Expansion

Dollar Sales Factor Index
November'24: 63.4 In Expansion

New Credit Applications Factor Index
November'24: 58.9 In Expansion

Dollar Collections Factor Index
November'24: 63.4 In Expansion

Amount of Credit Extended Factor Index
November'24: 63.7 In Expansion

Combined CMI - Unfavorable Factors Index
November'24: 50.5 In Contraction

Rejections of Credit Applications Factor Index
November'24: 50.6 In Expansion

Accounts Placed for Collections Factor Index
November'24: 47.1 In Contraction

Disputes Factor Index
November'24: 52.6 In Expansion

Dollar Amount Beyond Terms Factor Index
November'24: 52.6 In Expansion

Dollar Amt of Customer Deductions Factor Index
November'24: 51.8 In Expansion

Filings for Bankruptcies Factor Index
November'24: 48.5 In Contraction

CMI Manufacturing versus CMI Service Sectors Indexes

The Manufacturing Sector CMI improved 2.7 points in the November CMI survey to a level of 56.1. The Service Sector CMI also improved, by 2.0 points to sit at 54.4.

"Respondents noted this month that they are seeing more mergers and acquisitions," Cutts said. "If you follow Wall Street indicators of M&A activity, it has been a slow two years. However, both Wall Street analysts and NACM's CMI respondents are noting a sizeable uptick in mergers this year. From a credit management perspective this can be good for business if the new entity increases demand for what you're selling, or it can be rough if the new entity shifts to other vendors. The transition is always hard regardless, on both the vendor and the customer as systems have to be integrated."
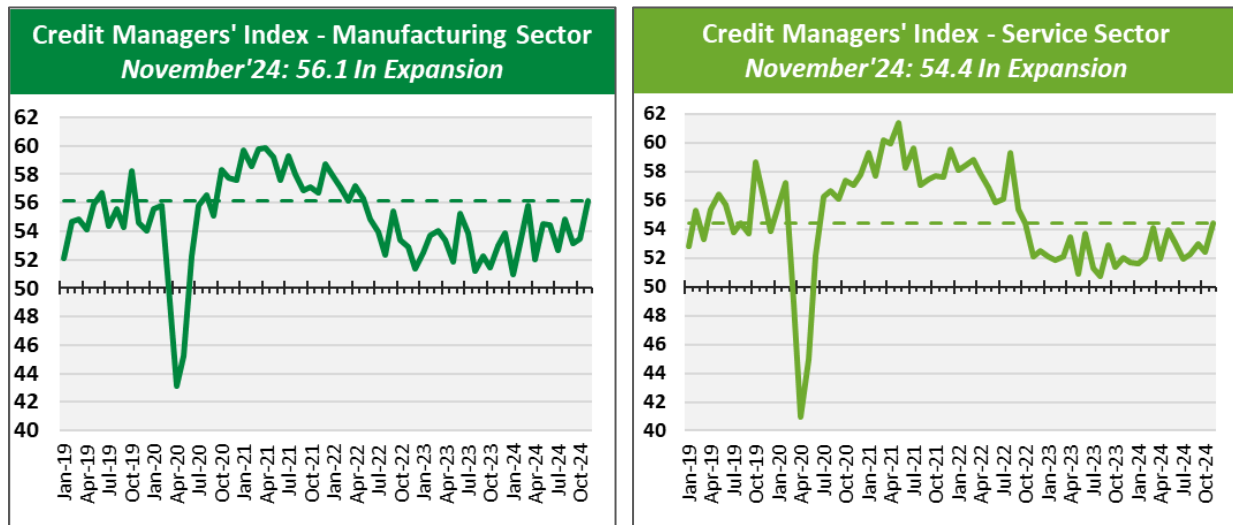
The data in the charts are seasonally adjusted.

CMI Manufacturing Sector Factor Indexes

Among the CMI Manufacturing Sector Factor Indexes, favorable factors improved 6.7 points to 62.2. The Unfavorable Factor Index was unchanged and stands at 52.0.

Key Findings:

- All favorable factor indexed improved this month, with two registering double-digit gains: Sales (revenues) and the Amount of Credit Extended gained 10.8 and 10.1 points, respectively. All of the favorable factor indexes are well into expansion territory.
- Among unfavorable factor indexes, only two factor indexes moved significantly and they moved in opposite directions: The Disputes factor index rose 3.4 points and is in expansion, while filings for bankruptcies fell 3.1 points to fall into contraction.
- Although the combined Accounts Placed for Collections Index has been in contraction for 27 months, among respondents in the manufacturing sector, this index has been in expansion for the past three months.
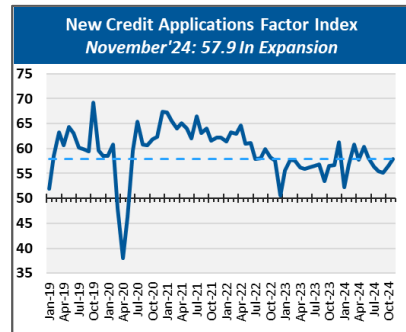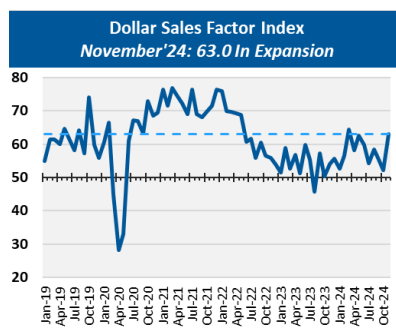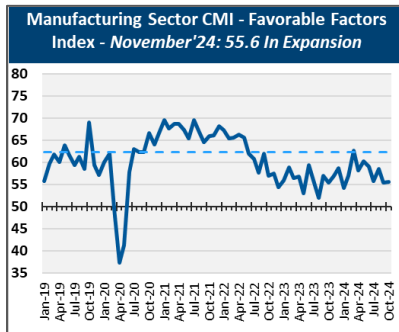
"With the upcoming change in the executive branch, tariffs are very much top of mind," Cutts said. "The President-Elect spoke of his intent to use tariffs and recently he has announced a specific intention to levy tariffs on goods imported from Mexico and Canada in addition to China. These threats of tariffs are wreaking
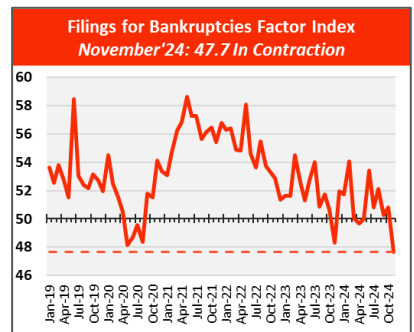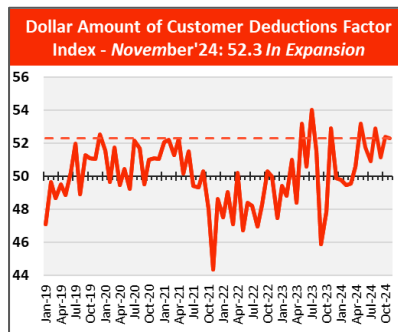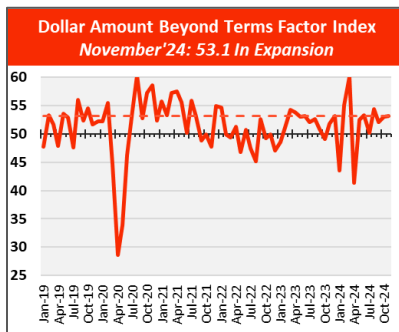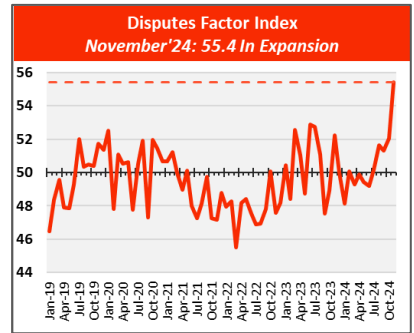
havoc on business planning. If you are in manufacturing, you may have component parts that travel across borders several times before the final product is packaged and shipped. A 10% tariff could easily become a 50% or greater tariff if these items are hit every time they cross a border. The devil is in the details of course, but I worry very much about the economic implications of the headlines."

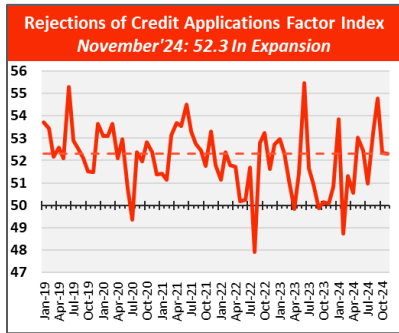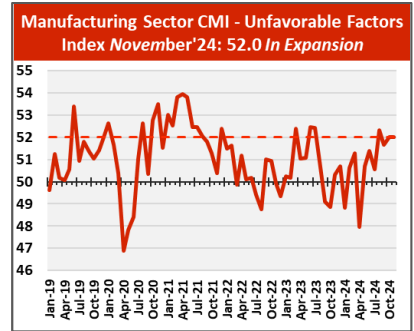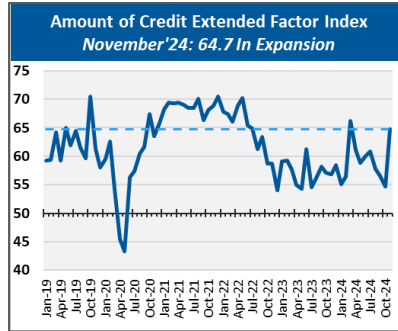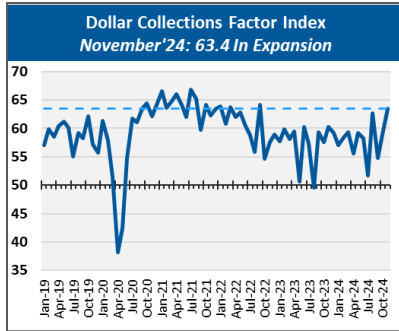| Manufacturing Sector (seasonally adjusted)	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24
Dollar Sales	54.0	55.7	52.7	56.5	64.3	58.2	62.6	59.9	54.2	58.3	55.4	52.2	63.0
New credit applications	56.6	61.2	52.2	56.8	60.9	57.7	60.4	58.1	56.4	55.4	55.1	56.5	57.9
Dollar collections	60.3	59.2	57.1	58.3	59.4	55.6	59.3	58.2	51.7	62.7	54.8	58.9	63.4
Amount of credit extended	56.8	58.5	55.0	56.5	66.1	61.1	58.8	60.0	60.8	57.8	56.6	54.6	64.7
Index of favorable factors	56.9	58.6	54.3	57.0	62.7	58.1	60.3	59.1	55.8	58.5	55.5	55.6	62.2
Rejections of credit applications	50.1	50.8	53.8	48.8	51.3	50.6	53.0	52.4	51.0	53.2	54.8	52.3	52.3
Accounts placed for collection	46.5	48.4	45.9	46.2	47.6	45.8	46.2	48.3	50.4	49.7	50.4	51.4	51.2
Disputes	52.2	50.0	48.1	50.1	49.3	49.9	49.4	49.2	50.2	51.6	51.3	52.1	55.4
Dollar amount beyond terms	51.8	53.1	43.5	55.1	60.0	41.4	52.5	53.3	50.2	54.4	52.1	53.1	53.1
Dollar amount of customer deductions	52.9	49.9	49.8	49.5	49.6	50.6	53.2	51.7	50.9	52.9	51.2	52.4	52.3
Filings for bankruptcies	48.3	51.9	51.7	54.1	50.0	49.7	50.0	53.4	50.8	52.1	50.3	50.8	47.7
Index of unfavorable factors	50.3	50.7	48.8	50.6	51.3	48.0	50.7	51.4	50.6	52.3	51.7	52.0	52.0
NACM Manufacturing CMI	53.0	53.9	51.0	53.2	55.8	52.0	54.5	54.5	52.7	54.8	53.2	53.4	56.1

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.

Manufacturing Sector CMI - Favorable Factors Index - *November'24: 55.6 In Expansion*

Dollar Sales Factor Index *November'24: 63.0 In Expansion*

New Credit Applications Factor Index *November'24: 57.9 In Expansion*

Dollar Collections Factor Index
November'24: 63.4 In Expansion

Amount of Credit Extended Factor Index
November'24: 64.7 In Expansion

Manufacturing Sector CMI - Unfavorable Factors Index *November'24: 52.0 In Expansion*

Rejections of Credit Applications Factor Index
November'24: 52.3 In Expansion

Accounts Placed for Collections Factor Index
November'24: 51.2 In Expansion

Disputes Factor Index
November'24: 55.4 In Expansion

Dollar Amount Beyond Terms Factor Index
November'24: 53.1 In Expansion

Dollar Amount of Customer Deductions Factor Index - November'24: 52.3 In Expansion

Filings for Bankruptcies Factor Index
November'24: 47.7 In Contraction

CMI Service Sector Factor Indexes

The CMI Service Sector favorable factors index marked a 3.1-point improvement to 62.4. The sector's unfavorable factors index gained 1.2 points to 49.0 – remaining in contraction territory for a second month. With the exception of the September survey, the unfavorable factors index has been in contraction for 23 of the past 24 months.

Key Findings:

- The rise in the Favorable Factor Index was led by a 5.9-point improvement in the Index for Dollar Collections (from due and past due accounts) to bring it to 63.5 and a 4.3-point improvement in the Dollar Sales Index, bringing it to 59.4, well into expansion territory.
- The rise in the Unfavorable Factors Index was led by a 3.0-point improvement in the Dollar Amount Beyond Terms index to 52.6, pushing it back into expansion.
- The index for Accounts Placed for Collections improved 0.1 points to 47.1. This month marks the 27th consecutive month in which more accounts were placed into collections than in the month prior. To put this in perspective, 9% of respondents in the November CMI Survey said they saw improving conditions and 23% said conditions were worse for this question (the remainder reported no change). That means a

net 14% of respondents saw worsening conditions and this pattern has been happening every month for over two years.
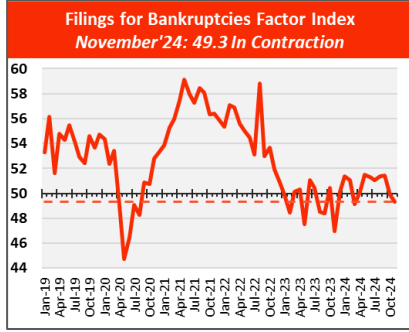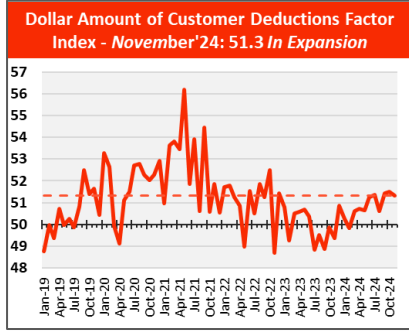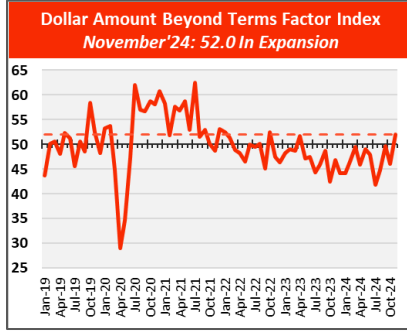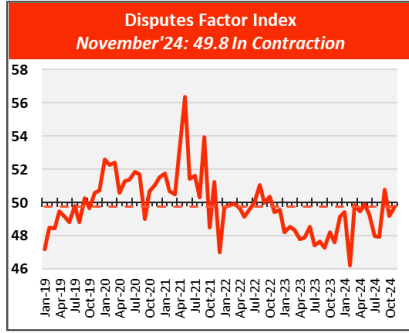
- The Filings for Bankruptcies Factor Index for the services sector fell back into contraction territory this month after six months of expansion. The index now sits at 48.5.

"Something that hasn't had a lot of attention in the news is that there was a change in how pharmacies are allowed to set prices under Medicare Part D plans which was announced in May 2022 by the Center for Medicare and Medicaid Services," said Cutts. "This change is a benefit to consumers who will pay lower out of pocket costs for their prescriptions at the point of sale starting in January of this year, but the transition means that pharmacies will have to pay retroactive 'direct and indirect remuneration' fees for 2023, a fee structure that is a feature of Medicare Part D plans, and simultaneously these fees will be deducted upfront through reduced reimbursement to pharmacies in 2024. This was anticipated to only be problematic in the first quarter as the hangover in fees from 2023 was worked through, but respondents in the CMI Survey have noted that cashflow problems have persisted into the fourth quarter. A lot of pharmacies are having financial problems as a result."

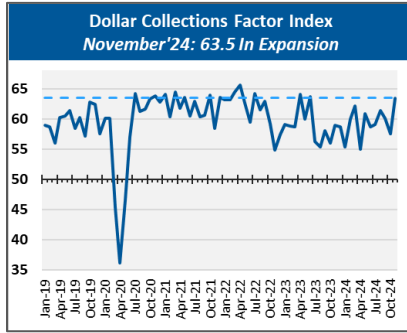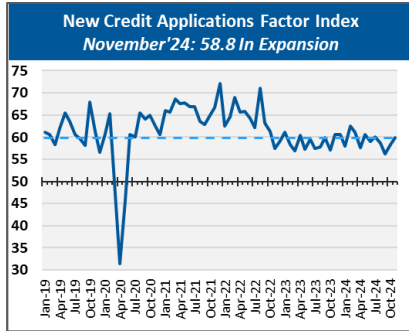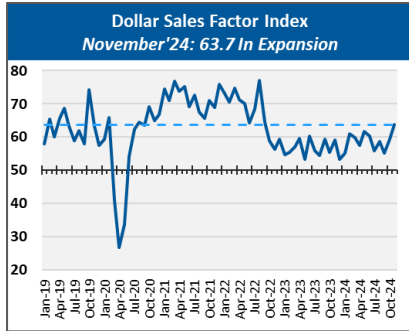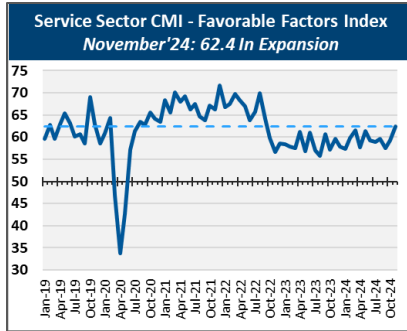| Service Sector (seasonally adjusted)	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24
Dollar Sales	59.2	53.4	55.1	61.1	59.9	57.6	61.8	60.3	55.9	58.8	55.1	59.4	63.7
New credit applications	60.6	60.6	58.0	62.5	61.1	57.6	60.5	58.9	60.1	58.7	56.1	58.4	59.8
Dollar collections	59.0	58.7	55.3	60.0	62.2	55.0	60.8	58.7	59.0	61.4	60.1	57.5	63.5
Amount of credit extended	60.1	59.1	61.1	55.9	62.9	60.7	62.1	58.9	60.9	59.5	58.6	61.8	62.7
Index of favorable factors	**59.7**	**57.9**	**57.4**	**59.9**	**61.5**	**57.7**	**61.3**	**59.2**	**59.0**	**59.6**	**57.5**	**59.3**	**62.4**
Rejections of credit applications	47.5	47.5	47.9	47.2	51.7	48.2	49.0	49.6	48.9	47.8	49.4	47.8	48.8
Accounts placed for collection	42.7	43.4	43.6	39.5	44.2	43.9	43.9	44.0	42.4	41.8	47.4	42.7	42.9
Disputes	47.6	49.2	49.4	46.2	49.9	49.5	49.9	49.3	48.0	48.0	50.8	49.2	49.8
Dollar amount beyond terms	46.9	44.3	44.1	46.5	49.6	45.8	49.0	47.9	41.9	44.9	49.7	46.1	52.0
Dollar amount of customer deductions	49.4	50.9	50.3	49.8	50.6	50.7	50.7	51.3	51.3	50.6	51.4	51.5	51.3
Filings for bankruptcies	47.0	50.1	51.4	51.1	49.1	50.2	51.5	51.3	51.1	51.4	51.4	49.9	49.3
Index of unfavorable factors	**46.8**	**47.6**	**47.8**	**46.7**	**49.2**	**48.0**	**49.0**	**48.9**	**47.3**	**47.4**	**50.0**	**47.8**	**49.0**
NACM Service CMI	**52.0**	**51.7**	**51.6**	**52.0**	**54.1**	**51.9**	**53.9**	**53.0**	**52.0**	**52.3**	**53.0**	**52.4**	**54.4**

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.

Service Sector CMI - Favorable Factors Index
November'24: 62.4 In Expansion

Dollar Sales Factor Index
November'24: 63.7 In Expansion

New Credit Applications Factor Index
November'24: 58.8 In Expansion

Dollar Collections Factor Index
November'24: 63.5 In Expansion

Amount of Credit Extended Factor Index
November'24: 62.7 In Expansion

Service Sector CMI - Unfavorable Factors Index
November'24: 49.0 in Contraction

Rejections of Credit Applications Factor Index
November'24: 48.8 In Contraction

Accounts Placed for Collections Factor Index
November'24: 42.9 In Contraction

Disputes Factor Index
November'24: 49.8 In Contraction

Dollar Amount Beyond Terms Factor Index
November'24: 52.0 In Expansion

Dollar Amount of Customer Deductions Factor Index - November'24: 51.3 In Expansion

Filings for Bankruptcies Factor Index
November'24: 49.3 In Contraction

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

Source: National Association of Credit Management

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Website: 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.

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 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.