



PRELIMINARY Q3 2026 · QUARTER-TO-DATE INTELLIGENCE

Industrial MRO Market Report

Price & sales analysis · 2-year history · 5-year forecast · geopolitical and supply-chain risk assessment

Data cutoff: August 2026 PPI and industrial production; July 2026 Census MWTS; September 22 Brent. September releases are not yet available for all series.

ISM PMI

54.6

↗ +1.1%

Aug 2026

BRENT Q3 AVG

\$94.2

↘ -8.3%

through Sep 22

AVG PPI YOY

4.4%

↗ +4.4%

10 of 11 rising QoQ

INDUSTRIAL
PRODUCTION**103.1**

↗ +0.4%

Jul-Aug avg

INDUSTRIAL MRO · Q3 2026

01 Executive Summary

Preliminary quarter-to-date: Q3 PPI and industrial-production averages use July and August releases; Census sales use July, and Brent uses observations through September 22. Values will be finalized after September releases.

U.S. industrial MRO demand remained expansionary in Q3 2026. The ISM Manufacturing PMI registered **54.6** in August, marking an eighth consecutive month of expansion. Production stayed strong at 58.3, but New Orders eased to 53.7 and Backlog of Orders fell to 51.8. The pattern points to continued growth with less forward momentum than the July peak.

Cost pressure broadened across the tracked basket: **10 of 11 categories rose quarter-to-date**. Cutting Tools led at **+10.92% YoY**, followed by Safety & Security and Metal Working. Fasteners remained the only declining category at **-2.00% YoY**, though its steep Q2 contraction flattened in Q3.

Energy risk shifted rather than disappeared. Brent averaged **\$94.2/bbl** quarter-to-date, down 8.3% from the verified Q2 average, but the daily benchmark reached **\$114.89** on Sep 22, 2026. Distributors should therefore treat the lower quarterly average as volatility relief, not a durable normalization signal.

PPI CATEGORIES RISING

10

of 11, Q3-to-date

PPI CATEGORIES
DECLINING**1**

Fasteners only

WHOLESALE
INVENTORIES**\$958.9B**

July 2026

INVENTORY / SALES

1.20

vs. 1.28 year ago

August respondents reported that pricing volatility, longer lead times, the Iran war and tariffs remained the dominant negative themes even as output and employment stayed in expansion.

Source: ISM Manufacturing PMI Report, August 2026

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02 Changes from Prior Report



This section compares the published Q2 2026 report with preliminary Q3 2026 results.

It also identifies two methodology changes: full-quarter source revisions and replacement of estimated sales tabs with official Census NAICS wholesale proxies.

● HIGH SIGNIFICANCE (12)



ISM PMI

New Orders

56.8 → 53.7



ISM PMI

Prices Paid

82.1 → 71.1



BRENT CRUDE

Quarterly Average

\$112.0/bbl (published Q2) → \$94.2/bbl (Q3 QTD)



BRENT CRUDE

Latest Daily Price

\$112.0/bbl report level → \$114.89 (Sep 22)



HARDWARE

QoQ PPI change

+0.09% → +1.72%



CHEMICALS & ADHESIVES

QoQ PPI change

+1.11% → +1.90%



CUTTING TOOLS

QoQ PPI change

+1.86% → +2.59%



HAND TOOLS

Series / QoQ change

PCU333991 (stale) → PCU332216 (+1.02%)



ELECTRICAL & LIGHTING

QoQ PPI change

+0.00% → +0.64%



ABRASIVES

QoQ PPI change

+0.91% → +1.92%



METHODOLOGY

PPI data coverage

April-May preliminary → Full Q2 + July-August Q3



METHODOLOGY

Sales tabs

Category estimates → Official Census NAICS proxies

● MEDIUM SIGNIFICANCE (8)



ISM PMI

Manufacturing PMI

54.0 (May 2026) → 54.6 (Aug 2026)



ISM PMI

Supplier Deliveries

60.6 → 59.3



WHOLESALE TRADE

Sales

\$801.4B Q2 monthly avg → \$801.3B July



WHOLESALE TRADE

Inventories

\$943.5B Q2 avg → \$958.9B July



INDUSTRIAL PRODUCTION

Quarterly Index

102.7 (Q2) → 103.1 (Q3 QTD)



FASTENERS

QoQ PPI change

-3.36% → -0.07%



PUMPS & FILTRATION

QoQ PPI change

+0.37% → **+1.39%**



GEOPOLITICAL RISK

ISM Iran-war mentions

42% of May panelist comments →
30% of negative Aug comments

● LOW SIGNIFICANCE (3)



SAFETY & SECURITY

QoQ PPI change

+0.34% → **+0.55%**



METAL WORKING

QoQ PPI change

+1.65% → **+1.36%**



MATERIAL HANDLING

QoQ PPI change

+0.66% → **+0.87%**

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03 Macro Indicators

WHOLESALE SALES

\$801.3B

July, +13.0% YoY

WHOLESALE INVENTORIES

\$958.9B

July, +5.7% YoY

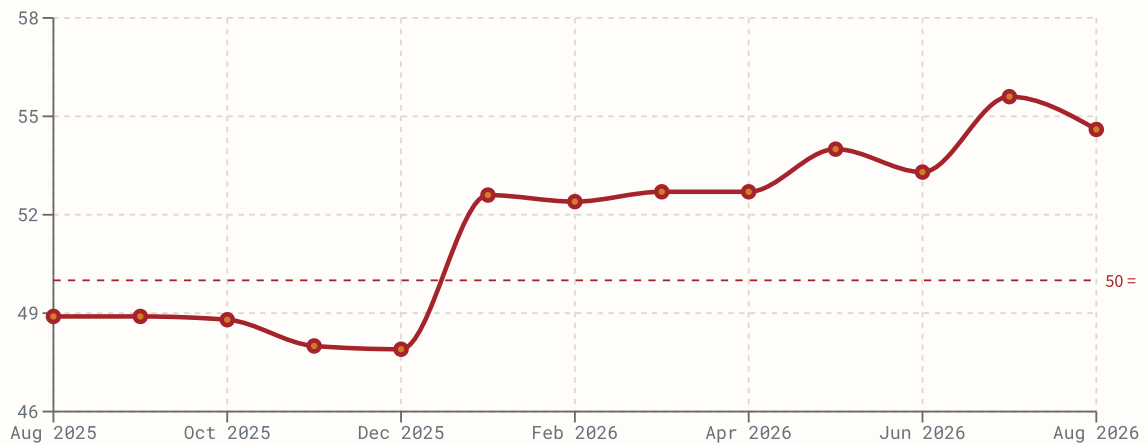
INVENTORY / SALES

1.20

July 2025: 1.28

ISM Manufacturing PMI — Monthly Trend

Current: 54.6. Eighth consecutive month of manufacturing expansion; August eased from July 55.6



ISM Sub-Indices — August 2026

All five PMI inputs remained above 50, but demand and backlogs slowed from July.

New Orders

53.7 (-3.0)

Production

58.3 (-0.2)

Employment

51.2 (-1.6)

Supplier Deliveries

59.3 (+0.4)

Inventories

50.6 (-0.6)

Prices Paid

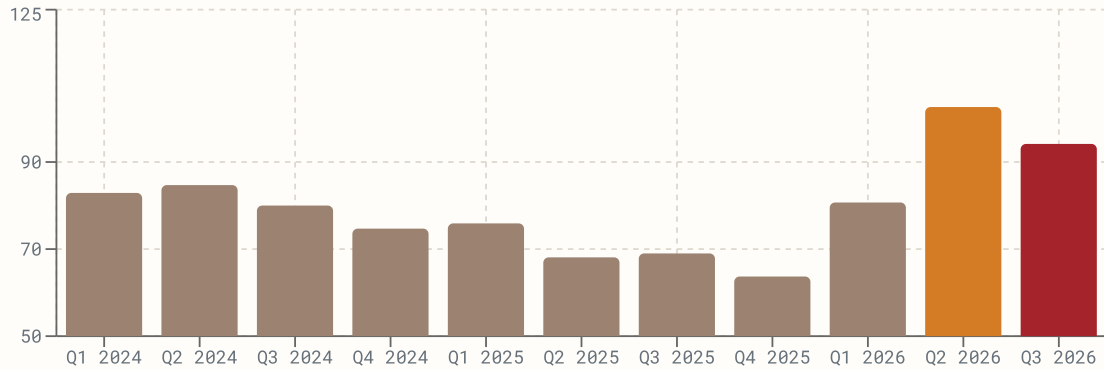
71.1 (0.0)

Backlog of Orders

51.8 (-3.2)

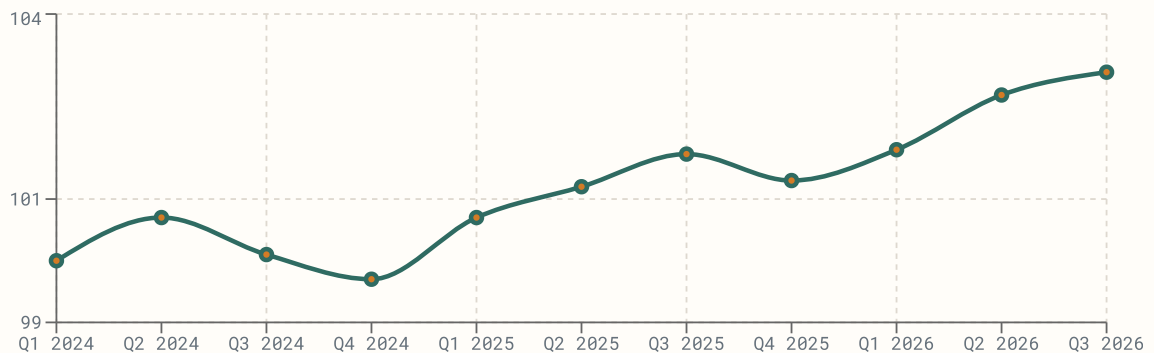
Brent Crude Oil — Quarterly Average (\$/bbl)

Q3-to-date: \$94.2/bbl (-8.3% QoQ); latest \$114.89 on Sep 22, 2026.



Industrial Production Index — Quarterly

Q3-to-date: 103.1 (+0.36% QoQ, +1.31% YoY).



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04 Category Analysis

- **Data upgrade from Q2:** PPI tabs use official BLS/FRED quarter averages. Sales tabs now use actual seasonally adjusted Census MWTS wholesale sales for the closest NAICS channel, rather than locally generated category estimates. These are *channel proxies*, not exclusive category revenue.

Safety & Security

RISK 3.5/5

382.1

Personal safety equipment, PPE, security systems and protective clothing · FRED WPU1571

↗ +0.55% QoQ

QoQ: +0.55%

YoY: +6.66%

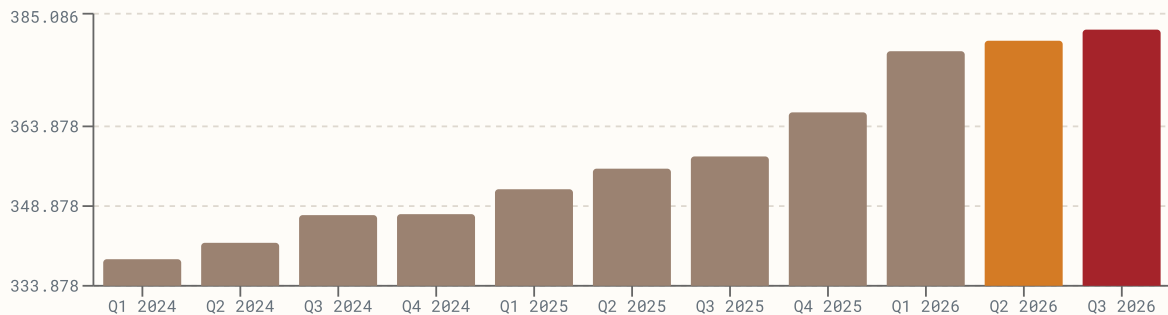
Q3 OUTLOOK

Firm prices and solid miscellaneous-durable wholesale demand point to continued cost pressure.

DISTRIBUTOR ACTION

Maintain service-level safety stock and review imported PPE lead times monthly.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 379.3 · QoQ +0.34% · YoY +6.57%

Sales proxy: NAICS 4239 →

Metal Working

RISK 4.5/5

317.7

Fabricated metal products, stamping, machined parts and structural metal · FRED PCU332332

↗ +1.36% QoQ

QoQ: +1.36%

YoY: +5.87%

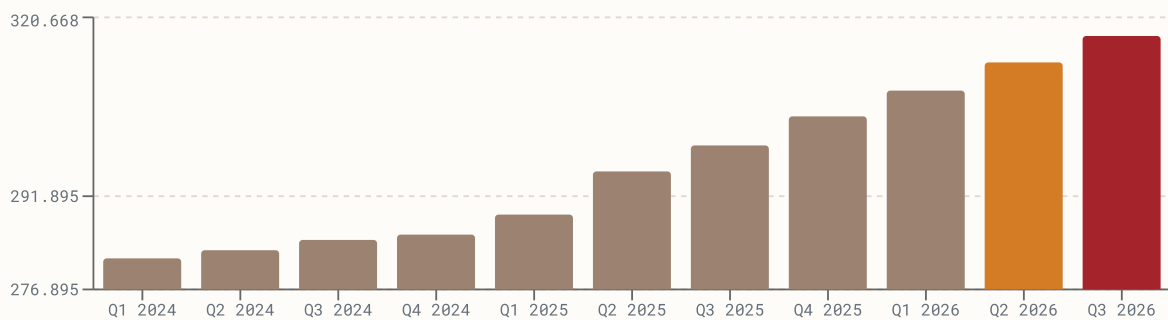
Q3 OUTLOOK

Metal prices remain exposed to steel, aluminum, energy and tariff volatility even as demand expands.

DISTRIBUTOR ACTION

Use shorter quote-validity windows and dual-source high-turn steel and aluminum items.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 314.0 · QoQ +1.65% · YoY +6.12%

Sales proxy: NAICS 4235 →

Fasteners

RISK 4/5

313.4

Bolts, nuts, screws, rivets, washers and threaded fasteners · FRED PCU332722332722

↘ -0.07% QoQ

QoQ: -0.07%

YoY: -2.00%

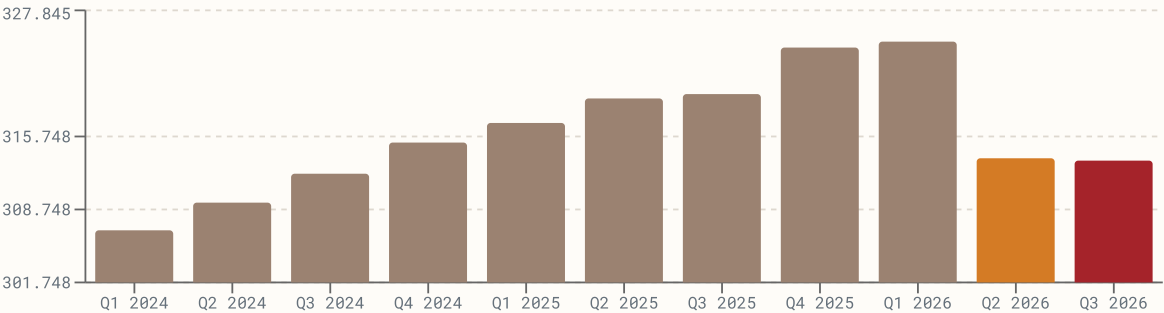
Q3 OUTLOOK

Factory-gate pricing has stabilized after Q2 destocking, but tariff and steel-input risk remains elevated.

DISTRIBUTOR ACTION

Replenish selectively; avoid broad speculative buys until the PPI trend turns positive.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 313.9 · QoQ -3.36% · YoY -1.72%

Sales proxy: NAICS 4237 →

Hardware

RISK 3.5/5

219.4

Locks, hinges, springs, wire goods and general hardware · FRED PCU3325133251

+1.72% QoQ

QoQ: +1.72%

YoY: +2.91%

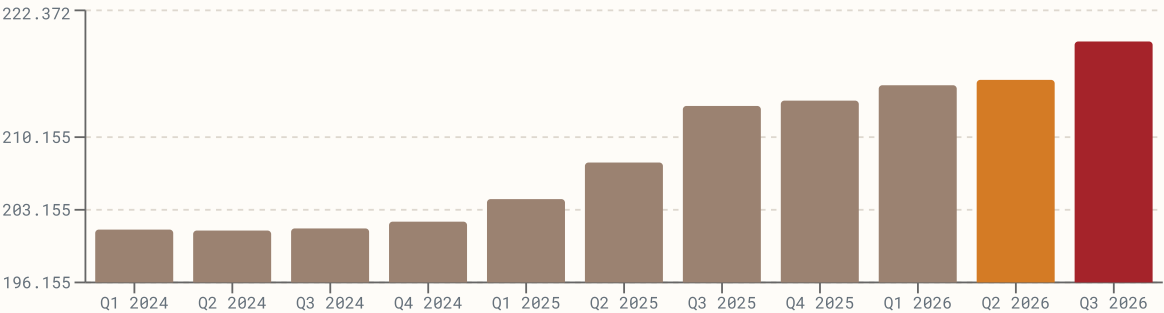
Q3 OUTLOOK

Price growth accelerated while the mapped hardware wholesale channel continued expanding.

DISTRIBUTOR ACTION

Reset customer price files and protect margin on steel- and copper-intensive SKUs.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 215.4 · QoQ +0.09% · YoY +3.71%

Sales proxy: NAICS 4237 →

Chemicals & Adhesives

RISK 4.5/5

393.7

Industrial adhesives, sealants, lubricants, cleaning agents and compounds · FRED PCU325520325520 ↗ +1.90% QoQ

QoQ: +1.90%

YoY: +5.38%

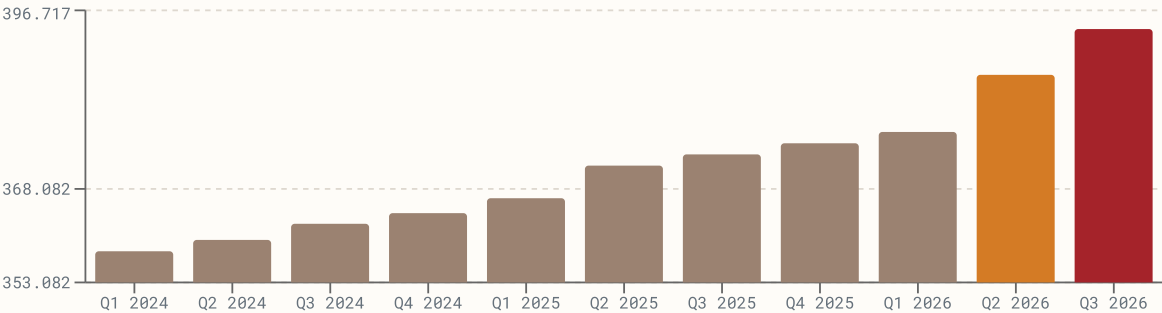
Q3 OUTLOOK

The sharpest Q3 acceleration after cutting tools reflects feedstock, freight and energy sensitivity.

DISTRIBUTOR ACTION

Secure alternates for resins and specialty chemicals and shorten supplier review cycles.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 381.4 · QoQ +1.11% · YoY +2.58%

Sales proxy: NAICS 4246 →

Cutting Tools

RISK 4/5

272.6

Drill bits, end mills, inserts, saw blades and cutting accessories · FRED PCU333515333515

↗ +2.59% QoQ

QoQ: +2.59%

YoY: +10.92%

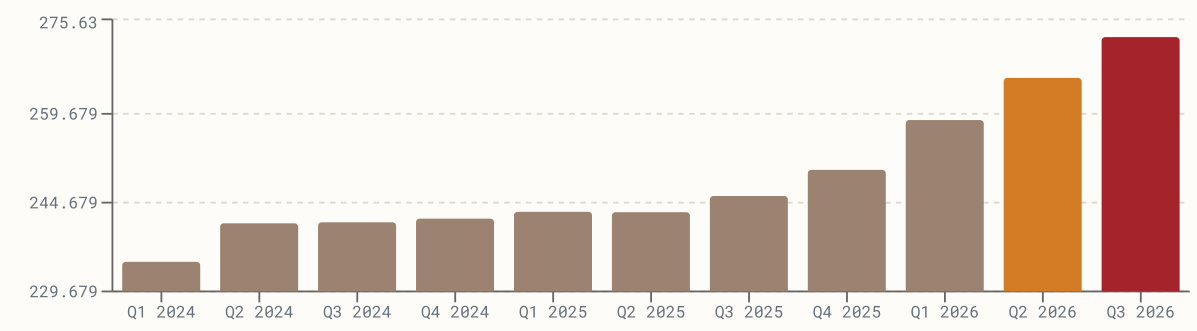
Q3 OUTLOOK

Double-digit year-over-year inflation and reported tungsten and steel tightness keep risk high.

DISTRIBUTOR ACTION

Prioritize critical-grade inserts and carbide tools; refresh surcharge mechanisms.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 263.4 · QoQ +1.86% · YoY +8.35%

Sales proxy: NAICS 4238 →

Hand Tools

RISK 3/5

156.0

Saws, hand and edge tools, wrenches, pliers and related products · FRED PCU332216332216

+1.02% QoQ

QoQ: +1.02%

YoY: +3.99%

Series restated

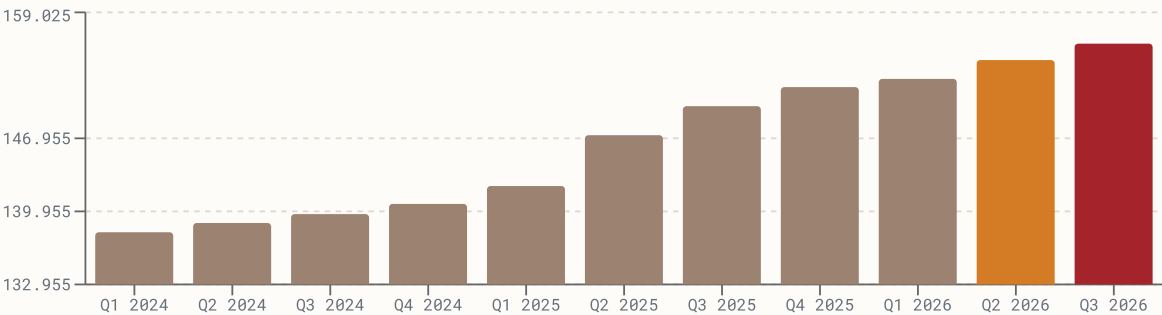
Q3 OUTLOOK

The active BLS series shows moderate inflation; the Q3 report corrects the prior discontinued-series mapping.

DISTRIBUTOR ACTION

Use the restated series as the new baseline and separate legacy power-tool comparisons.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 300.2 · QoQ +1.15% · YoY +5.04%

Sales proxy: NAICS 4238 →

Material Handling

RISK 4/5

340.2

Conveyors, hoists, carts, shelving and storage systems · FRED WPU1144

↗ +0.87% QoQ

QoQ: +0.87%

YoY: +3.81%

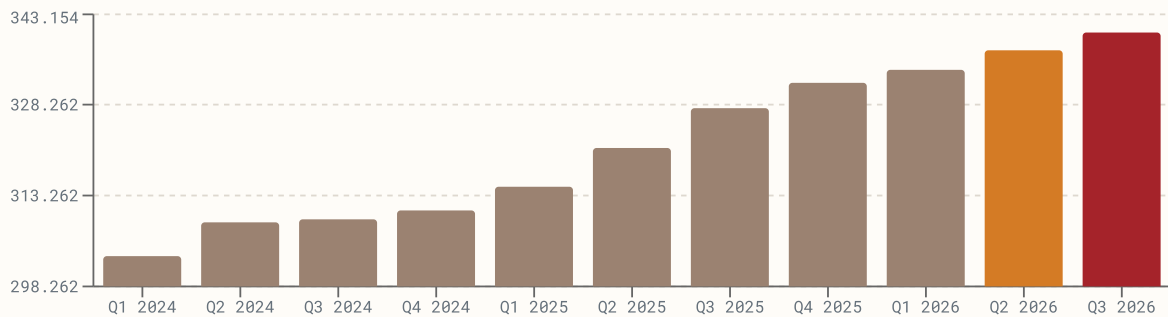
Q3 OUTLOOK

Machinery-channel sales are improving while steel, electronics and freight extend lead-time risk.

DISTRIBUTOR ACTION

Reserve long-lead motors and controls for committed projects and validate delivery dates.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 336.3 · QoQ +0.66% · YoY +4.73%

Sales proxy: NAICS 4238 →

Pumps & Filtration

RISK 4/5

242.9

Industrial pumps, filters, valves and fluid-handling equipment · FRED PCU3339133391

↗ +1.39% QoQ

QoQ: +1.39%

YoY: +3.68%

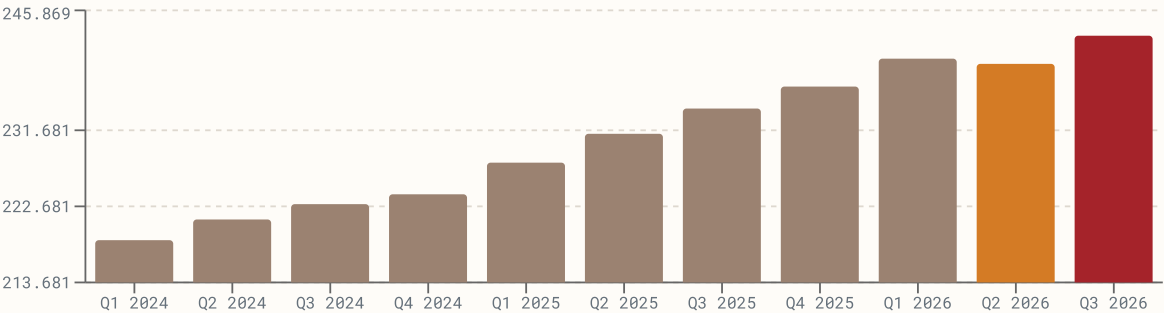
Q3 OUTLOOK

Prices reaccelerated as energy-sector demand and specialty material costs tightened availability.

DISTRIBUTOR ACTION

Protect critical spares and qualify domestic substitutes for seals, motors and castings.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 241.1 · QoQ +0.37% · YoY +4.24%

Sales proxy: NAICS 4238 →

Electrical & Lighting

RISK 4.5/5

112.7

Wiring, switchgear, lighting fixtures and electrical components · FRED PCU3351333513

↗ +0.64% QoQ

QoQ: +0.64%

YoY: +1.40%

Direction changed from Q2 report

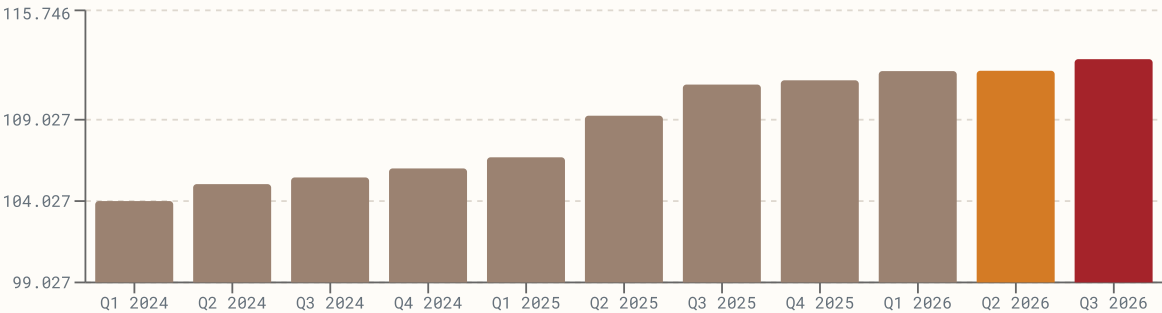
Q3 OUTLOOK

Wholesale sales remain exceptionally strong, while copper and electronic components stay constrained.

DISTRIBUTOR ACTION

Segment scarce electrical inventory by service criticality and confirm allocation terms.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 112.0 · QoQ 0.00% · YoY +2.47%

Sales proxy: NAICS 4236 →

Abrasives

RISK 3.5/5

329.2

Grinding wheels, sandpaper, polishing compounds and abrasive discs · FRED PCU327910327910

↗ +1.92% QoQ

QoQ: +1.92%

YoY: +5.61%

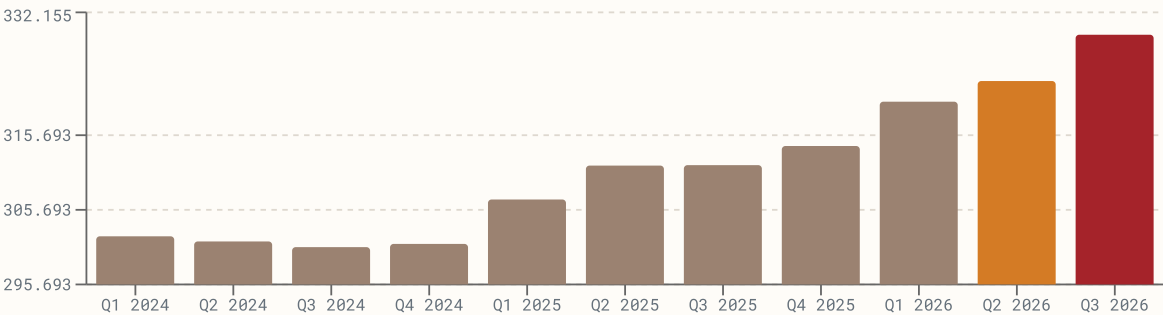
Q3 OUTLOOK

PPI growth accelerated with energy-intensive mineral and resin inputs, despite broad supply availability.

DISTRIBUTOR ACTION

Review price breaks on high-volume discs and wheels and monitor aluminum-oxide inputs.

PPI Price Index · switch to the interactive Sales tab on the web version for Census channel sales.



Prior Q2 report: PPI 323.2 · QoQ +0.91% · YoY +3.72%

Sales proxy: NAICS 4239 →

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05 Geopolitical Risk Analysis

Q3 RISK FOCUS

Iran conflict, trade policy and chokepoint exposure

The quarter's central risk is not a single disruption but the interaction of volatile energy, tariffs, scarce metals and longer supplier lead times. Lower average oil prices provided temporary relief, while late-quarter Brent and ISM evidence continued to signal material disruption risk.

The August ISM survey shows a mixed but still stressed supply environment. Supplier Deliveries increased to **59.3**, indicating slower delivery performance, while the Prices Index remained elevated at **71.1**. Among negative respondent comments, pricing volatility appeared in 57%, increasing lead times in 46%, the Iran war in 30%, and tariffs in 29%. These measures support a high-risk posture without assuming a continuous or complete closure of any specific route.

Brent averaged **\$94.2/bbl** quarter-to-date, 8.3% below Q2, but reached **\$114.89** on Sep 22, 2026. For MRO distributors, the transmission channels are energy and freight surcharges, petrochemical feedstocks, metals and electronic-component availability, and extended quote and replenishment lead times.

Q3 Risk Timeline & Evidence

**Jun 2026** **HIGH****Conflict and tariff risk remain elevated**

Q2 closed with energy, metals and freight volatility still embedded in supplier pricing and lead times.

**Ju1 2026** **MEDIUM****Manufacturing expansion accelerates**

ISM PMI reached 55.6; shortages included copper, electrical components, semiconductors, steel and tungsten products.

**Aug 2026** HIGH**Supply chains continue to slow**

Supplier Deliveries rose to 59.3 while 46% of negative ISM comments cited increasing lead times.

**Aug 2026** ONGOING**Iran risk persists but mentions ease**

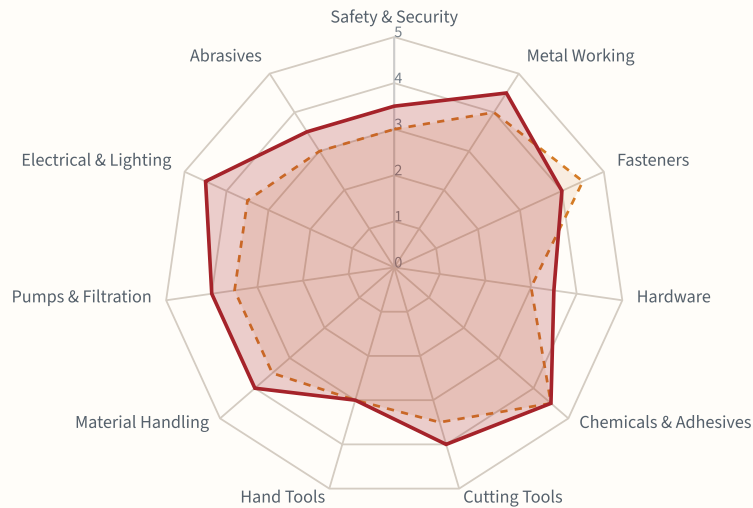
The Iran war appeared in 30% of negative manufacturing comments, down from 42% of all panelist comments in the Q2 report.

**Sep 22, 2026** HIGH**Brent closes near \$115/bbl**

The daily Brent benchmark reached \$114.89 even though the Q3-to-date average remained below the full Q2 average.

CATEGORY IMPACT RADAR

Composite supply-chain risk by category (1 = Low, 5 = Critical)



Q2 2026 Q3 2026

Changes from Q2 2026

Improved: Fasteners

Worsened: Safety & Security, Metal Working, Hardware, Cutting Tools, Material Handling, Pumps & Filtration, Electrical & Lighting, Abrasives

✓ MRO SUPPLY-CHAIN ACTIONS

- Shorten quote-validity periods for steel, aluminum, copper, resins and freight-sensitive items.
- Separate Q3's lower average oil cost from late-quarter spot-price and surcharge exposure.
- Use domestic or nearshore alternates where total landed cost offsets tariff and lead-time risk.
- Protect service-critical electrical, cutting-tool, pump and material-handling spares.
- Confirm supplier allocation policies for electrical components, semiconductors and specialty metals.
- Track ISM Prices, Supplier Deliveries and commodity short-supply lists monthly.

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06 5-Year Forecast

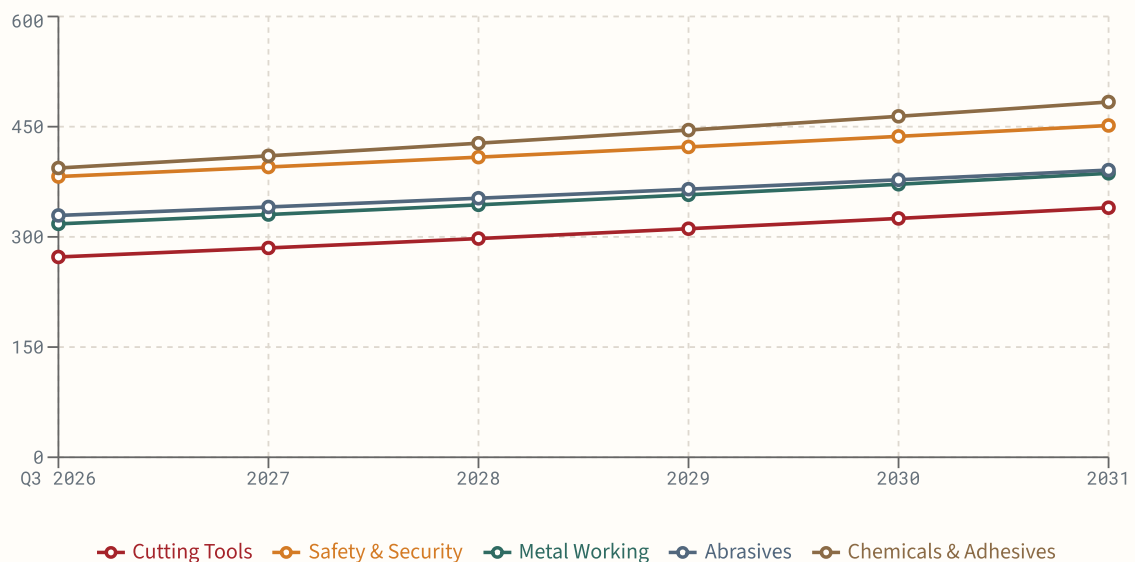
BASE-CASE SCENARIO

Higher input costs persist, but category paths diverge.

Five-year PPI projections are rebased to the preliminary Q3 2026 averages and use category-specific annual growth assumptions. Cutting Tools, Chemicals & Adhesives and Metal Working retain the largest risk premiums because of specialty metals, tariff exposure and energy-intensive production. Forecasts are directional scenarios, not point predictions.

PPI Forecast — Top 5 Categories by Current YoY Growth

Projected index values through 2031, base case



CATEGORY	Current	2027	2028	2029	2030	2031
Safety & Security	382.1	395.1	408.5	422.4	436.8	451.6
Metal Working	317.7	330.4	343.6	357.3	371.6	386.5
Fasteners	313.4	319.7	326.1	332.6	339.3	346.1
Hardware	219.4	225.5	231.8	238.3	245.0	251.9
Chemicals & Adhesives	393.7	410.3	427.5	445.4	464.1	483.6
Cutting Tools	272.6	284.9	297.7	311.1	325.1	339.7
Hand Tools	156.0	160.2	164.6	169.0	173.6	178.3
Material Handling	340.2	350.4	360.9	371.7	382.8	394.3
Pumps & Filtration	242.9	251.1	259.7	268.5	277.6	287.1
Electrical & Lighting	112.7	117.0	121.5	126.1	130.9	135.9
Abrasives	329.2	340.7	352.6	364.9	377.7	390.9

Base Case Assumptions

- Q3 2026 is preliminary; September PPI and industrial-production readings will replace QTD values after release.
- Brent volatility remains elevated, but the base case assumes no prolonged full closure of the Strait of Hormuz.
- ISM manufacturing remains above 50 through 2027, with new-order growth moderating from July's peak.
- Section 232 and other tariff costs remain embedded in steel, aluminum and electrical supply chains.
- Category growth rates are scenario assumptions, not guarantees, and are recalibrated each quarter.

07 Methodology

Data Sources & Cutoffs

Producer Price Index: Monthly BLS index values via FRED. Q3 2026 is the arithmetic mean of July and August because September PPI had not been released by September 28, 2026. Q2 values were refreshed to full April–June averages.

ISM Manufacturing: August 2026 Manufacturing PMI and component indexes, released September 1, 2026.

Census wholesale sales: Seasonally adjusted Monthly Wholesale Trade Survey data through July 2026, released September 10. Category tabs use the nearest four-digit NAICS wholesale channel as a proxy.

Brent crude: Daily EIA spot prices via FRED through September 22. Q3 is a daily quarter-to-date average.

Industrial production: Federal Reserve index via FRED, using July and August for the Q3-to-date average.

Calculation Methods

Quarter-over-quarter: $(\text{Q3-to-date average} \div \text{full Q2 average} - 1) \times 100$.

Year-over-year: $(\text{Q3-to-date average} \div \text{Q3 2025 average} - 1) \times 100$.

Sales proxy: The sales view is an official Census channel series, not an estimate of exclusive category revenue. Several categories share NAICS 4238 because the published survey does not provide product-level MRO detail.

Five-year forecast: A category-specific annual rate is applied to the Q3 2026 base. Risk scores inform the rate selection but do not mechanically determine it.

Category Coverage & Sales Mapping

The Hand Tools series was corrected in Q3 from a stale power-driven handtool series to active BLS/FRED series PCU332216332216. Because the index basis differs, the Q3 Hand Tools history is restated and should not be compared numerically with the prior report's index level.

CATEGORY	BLS/FRED PPI	CENSUS SALES PROXY
Safety & Security	WPU1571	NAICS 4239
Metal Working	PCU332332	NAICS 4235
Fasteners	PCU332722332722	NAICS 4237
Hardware	PCU3325133251	NAICS 4237
Chemicals & Adhesives	PCU325520325520	NAICS 4246
Cutting Tools	PCU333515333515	NAICS 4238
Hand Tools	PCU332216332216	NAICS 4238
Material Handling	WPU1144	NAICS 4238
Pumps & Filtration	PCU3339133391	NAICS 4238
Electrical & Lighting	PCU3351333513	NAICS 4236
Abrasives	PCU327910327910	NAICS 4239

Primary Sources

[BLS Producer Price Index via FRED](#)

[ISM Manufacturing PMI — August 2026](#)

[Census Monthly Wholesale Trade — July 2026](#)

[Federal Reserve Industrial Production via FRED](#)

[EIA Brent Spot Price via FRED](#)

Disclaimer

This report is informational and does not constitute purchasing, investment or procurement advice. Source agencies revise data. Q3 2026 values are preliminary, forecasts are scenario-based, and geopolitical conditions can change after publication.