Fastener Distributor Index – Report #176 August 2026

Written by R.W. Baird analyst David J. Manthey, CFA with Inara Khan, CFA 9/9/26

Key Takeaway:

This month, the seasonally adjusted Fastener Distributor Index (FDI) moderated to **58.3** vs. in July 59.9, still holding a historically strong level and above the year-to-date average, marking a sixteenth consecutive month of expansion and a sixth consecutive reading above 55. Sales eased from an exceptionally strong July and employment was slightly softer, while supplier deliveries lengthened notably and pricing re-accelerated. This month's Forward-Looking Indicator (FLI) moderated to **56.9** from last month's multi-year high of 61.6, but remains expansionary and in line with the 2026 average, as the six-month outlook cooled sequentially from July's very strong reading. Respondent commentary remained broadly constructive, with participants pointing to resilient end markets, and continued data center and construction strength, and new business wins, while attributing much of August's softer tone to end-of-summer vacation timing and ocean freight disruption rather than underlying demand. With the ISM PMI at 54.6 in August – its eighth consecutive reading above 50 and the second strongest of 2026 – we believe the fastener market and broader industrial economy remain well positioned heading into 2H26.

Fastener Distribution Trends: August 2026

FASTENER DISTRIBUTION AT A GLANCE
August 2026

	Index Values										Rate of
	Aug	**Jul**	**Jun**	**May**	**Apr**	**Mar**	**Feb**	**Jan**	**Dec**	**Direction**	**Change**
ISM PMI (Manufacturing)	54.6	55.6	53.3	54.0	52.7	52.7	52.4	52.6	47.9	Growing	Slower
FDI	**58.3**	**59.9**	**60.0**	**56.9**	**56.3**	**59.7**	**52.7**	**52.0**	**56.4**	Growing	Slower
FLI	**56.9**	**61.6**	**56.7**	**58.9**	**57.4**	**58.7**	**52.2**	**54.0**	**51.2**	Growing	Slower
(Other Metrics)											
Sales	63.8	82.7	79.8	72.4	77.1	67.5	63.2	51.6	58.7	Growing	Slower
Employment	56.9	59.4	60.4	62.5	56.5	66.1	53.3	60.3	52.9	Growing	Slower
Supplier Deliveries	69.0	57.8	56.3	57.8	50.0	62.5	48.3	52.9	60.0	Growing	Faster
Respondent Inventories	60.3	57.8	58.3	53.1	58.1	55.4	56.7	60.3	62.9	Growing	Faster
Customer Inventories	41.4	40.6	45.8	40.6	41.9	42.9	46.7	44.1	51.4	Declining	Slower
Pricing, month-to-month	77.6	64.1	68.8	78.1	74.2	67.9	73.3	70.6	72.9	Growing	Faster
Pricing, year-to-year	91.4	89.1	95.8	92.2	93.5	91.1	95.0	88.2	92.9	Growing	Faster
							Higher	Same	Lower		
6-Month Outlook - August							46%	43%	11%		

FDI and Pricing are diffusion indexes. At 50, the performance of the category listed met expectations. A reading above 50 suggests the category outperformed expectations, while a reading below 50 suggests the category underperformed expectations.

Source: Baird, FCH Sourcing Network, Institute for Supply Management

[1] Historical data has been rolled forward and updated to reflect full year-end information. These modest restatements do not change the directional interpretation or m/m trends discussed in this/prior reports.

About the Fastener Distributor Index (FDI). The FDI is a monthly survey of North American fastener distributors, conducted with the **FCH Sourcing Network** and **Baird**. It offers insights into current fastener industry trends/outlooks. Similarly, the Forward-Looking Indicator (FLI) is based on a weighted average of four forward-looking inputs. This indicator is designed to provide directional perspective on future expectations for fastener market conditions. As diffusion indexes, values above 50.0 signal strength, while readings below 50.0 signal weakness. Over time, results should be directly relevant to **Fastenal (FAST)** and broadly relevant to other industrial distributors such as **W.W. Grainger (GWW), MSC Industrial (MSM), and Applied Industrial (AIT)**.

Key Points:

The FDI holds at a strong level in August. This month, the index eased modestly to 58.3 from July's 59.9, marking a sixteenth consecutive reading above 50, a sixth consecutive month above 55, and a level still above its 2026 average. On a non-seasonally adjusted basis, the FDI actually ticked up m/m to 58.2 from 57.4, as July carried a favorable seasonal factor and August a slightly unfavorable one. The seasonally adjusted sales index moderated to 63.8 (from a very strong 82.7 in July), though the share of respondents reporting above-seasonal activity held at 59% (also ahead of the ~54% average over the past year), with 28% reporting below-seasonal sales and 14% in line; on an unadjusted basis the sales index eased only to 65.5 from 71.9. Supplier deliveries jumped to 69.0 (from 57.8) as 41% of participants reported slower lead times/deliveries (up from 22% in July) and 55% indicated similar levels, with commentary tying the lengthening to ocean freight cost and availability. Customer inventories remained lean (eighth consecutive sub-50 reading, at 41.4 vs. 40.6), with only 3% saying inventories were "too high" and 76% reporting in-line levels. Employment moderated slightly, as the share noting levels "higher than seasonal norms" eased to 24% (from 28%), 66% reported in line, and 10% noted lower levels. Pricing reaccelerated meaningfully as 55% of respondents saw higher m/m pricing (up from 31% in July) while 45% reported stable pricing and 0% saw lower pricing – lifting the m/m pricing index to 77.6 (from 64.1). Year-over-year pricing increased for 83% of participants (vs. 84% in July), with 17% stable and 0% reporting lower y/y pricing (vs. 6% last month), moving the y/y index to 91.4 (from 89.1).

FLI moderates but remains solidly expansionary. The Forward-Looking Indicator (FLI) eased to 56.9 in August (from 61.6 multi-year high in July), giving back part of last month's surge but holding nicely above 50 and essentially in line with its 2026 average. The moderation was driven primarily by a cooler six-month outlook – which had reached a remarkably strong level in July – along with modestly softer employment and a slight rebuild in customer inventories. On the outlook specifically, 46% of respondents still anticipate higher activity levels six months from now vs. today (was 66% last month), while just 11% expect lower levels and 43% foresee similar levels (vs. 28%), leaving the balance of expectations still tilted to the upside. Respondent/distributor inventories rose to 60.3 (from 57.8) and customer inventories to 41.4 (from 40.6). Reinforcing the constructive backdrop, the ISM PMI registered 54.6 in August (vs. 55.6 in July), its eighth consecutive expansionary reading and the second strongest of 2026. Net, with the FLI and ISM holding well above 50, and commentary attributing much of August's softer tone to summer seasonality/freight disruption rather than underlying demand, we continue to see a supportive setup for the fastener market into 2H26/ participants appear increasingly confident in 2H26 activity.

August commentary remained broadly constructive, with participants citing resilient end markets, continued new business wins, and ongoing strength in data center and construction-related activity, with freight disruptions and late-summer seasonality creating some near-term variability. Several respondents continued to report strength, with one noting, "*Customers and end markets are remaining resilient…Data center and sub suppliers continue to be a tailwind for the industry,*" adding that a potential tariff dispute with Canada "*could have a meaningful impact in certain verticals but I think it will get sorted out at the last minute.*" Another commented, "*Solid month, we are seeing growth continue in data center and construction related business,*" while adding, "*Traditional customer base and product mix is still relatively flat.*" New business also continued to contribute, with one stating, "*We continue to see increased sales due to new business*."

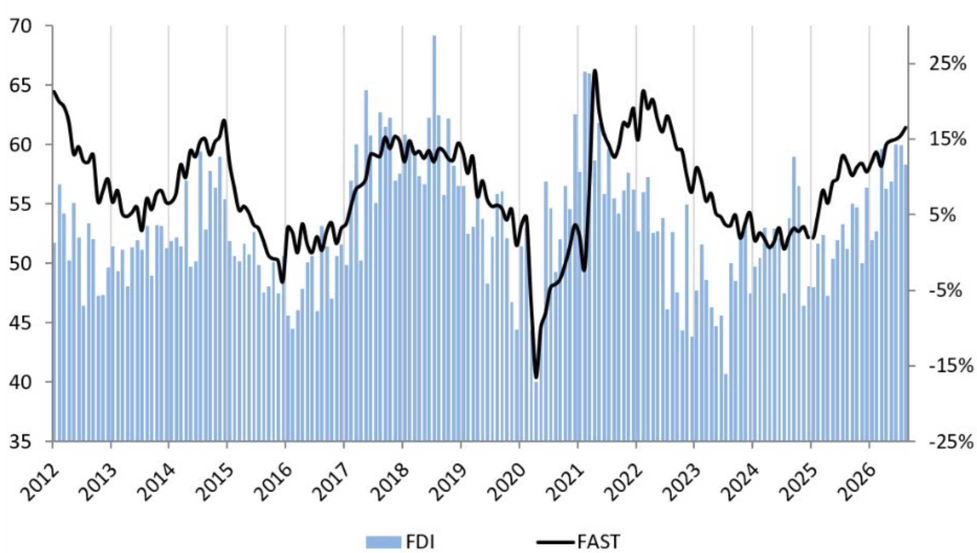
Freight and supply chain conditions were a commonly cited theme, consistent with the sharp slowing in supplier deliveries m/m. One respondent pointed directly to geopolitical pressures: "*Risks related to Strait of Hormuz are affecting ocean freight cost and availability, slowing supplier deliveries*." Another summarized: "*Ocean Freight issues are causing frustration and pain*." Cost pass-through also described: "*We're still seeing signs of slowdowns in some industries. Tariff uncertainties cause us to lose sleep. Our customers still try and demand better pricing even as shipping costs for a container have nearly tripled*."

While a handful of respondents reported a softer August, much of the moderation appeared to be viewed as seasonal rather than structural. One participant noted, "*End of summer vacationing in August may have contributed to a slightly slower month vs. July.*" Another said, "*August sales were sluggish like July. Hoping we break this trend in September but there appears to be a lot of uncertainty with customers and suppliers*," while another added, "*If September sales get back to normal, then I can write off our August slump as an anomaly*." One respondent also noted, "*We have seen a bit of a slowdown in data center construction at the present time which seems to have affected our sales in a negative way,*" suggesting some uneven project timing.

Net, August commentary continues to support a constructive backdrop for the fastener market, with resilient end markets, continued new business wins, and ongoing data center and construction-related activity outweighing pockets of seasonal softness. Ocean freight disruptions, tariff uncertainty, and isolated project timing issues remain headwinds, though most participants appear to view August's moderation as temporary rather than indicative of a broader slowdown.

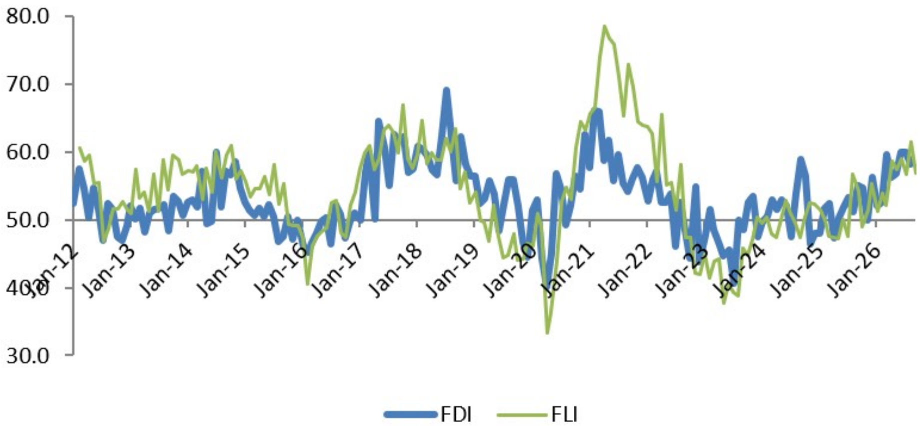
Fastenal reported August daily sales growth of +16.6% y/y, ahead of both our +15.5% estimate and the +15.6% implied by FAST's benchmark. Coming off a strong July (+15.5%), ADS growth accelerated another ~110bps m/m and was ~100bps better than benchmark would have implied – a fifth consecutive month above normal seasonality – with growth slightly stronger across almost all geographies and customer/channels. Direct materials (production-related; 40% of sales) grew +19.1% (July +15.7%) and indirect materials (MRO-related; 60% of sales) were +15.6% (vs. +16.1% last month). Specifically, direct fasteners/hardware sales grew +16.7% y/y (vs. +14.6% prior month) and indirect fasteners/hardware sales increased +11.7% (vs. +13.6% in July). Looking forward, we model September ADS and total sales of +15.3% y/y, ~150bps below FAST's benchmark given flat selling days vs. August (typically -2 in the reference range), a string of very strong months, and a touch of conservatism on sequential volumes. Beyond the near term, we estimate FAST will post mid-teens ADS for the remainder of 2026 and +HSD to mid-teens in 2027 against a supportive industrial backdrop.

Fastener Distributor Index (FDI); Seasonally Adjusted



**FAST March 2020 – December 2021 Monthly Sales Presented as ex. Safety Products*
Source: Baird, FCH Sourcing Network, Company reports

1-Month Lagged FDI vs. FLI (Both Seasonally Adjusted)



Source: Baird, FCH Sourcing Network

Risk Synopsis

Fastenal: Risks include economic sensitivity, pricing power, relatively high valuation, secular gross margin pressures, success of vending and on-site initiatives, and ability to sustain historical growth.

Grainger: Risks include ability to maintain margins, internet-only industrial supply sources, ability to sustain secular growth, cyclicality, and international operations.

MSC Industrial: Risks include cyclicality, maintaining and managing growth, success of Mission Critical initiative, and poor investor sentiment.

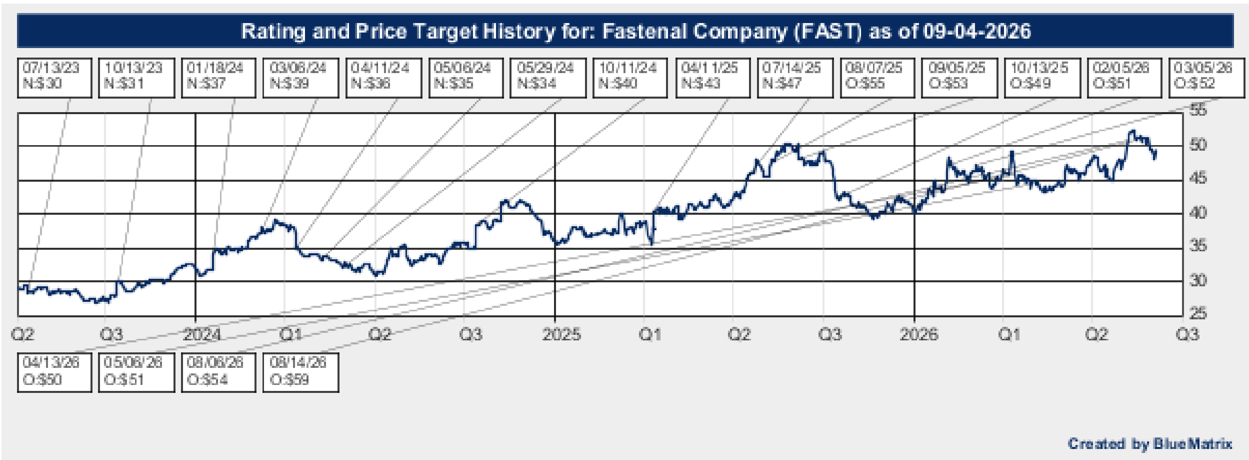
Applied Industrial Technologies: Risks include general economic conditions, international operations, acquisition integration, potential loss of key supplier authorizations, internet-only industrial supply sources, leverage, and significant goodwill and intangible assets, among other factors.

Industrial Distribution: Risks include economic sensitivity, pricing power, online pressure/competitive threats, global sourcing, and exposure to durable goods manufacturing.

Appendix – Important Disclosures and Analyst Certification

Covered Companies Mentioned
All stock prices below are as of 9/7/2026.

Fastenal Company (FAST-$49.60-Outperform)
W.W. Grainger Inc. (GWW-$1,324.49-Outperform)
MSC Industrial Direct Co. Inc (MSM-$121.41-Neutral)
Applied Industrial Technologies Inc. (AIT-$325.57-Outperform)
(See recent research reports for more information)



Rating and Price Target History for: Fastenal Company (FAST) as of 09-04-2026
07/13/23 N:$30
10/13/23 N:$31
01/18/24 N:$37
03/06/24 N:$39
04/11/24 N:$36
05/06/24 N:$35
05/29/24 N:$34
10/11/24 N:$40
04/11/25 N:$43
07/14/25 N:$47
08/07/25 O:$55
09/05/25 O:$53
10/13/25 O:$49
02/05/26 O:$51
03/05/26 O:$52
04/13/26 O:$50
05/06/26 O:$51
08/06/26 O:$54
08/14/26 O:$59
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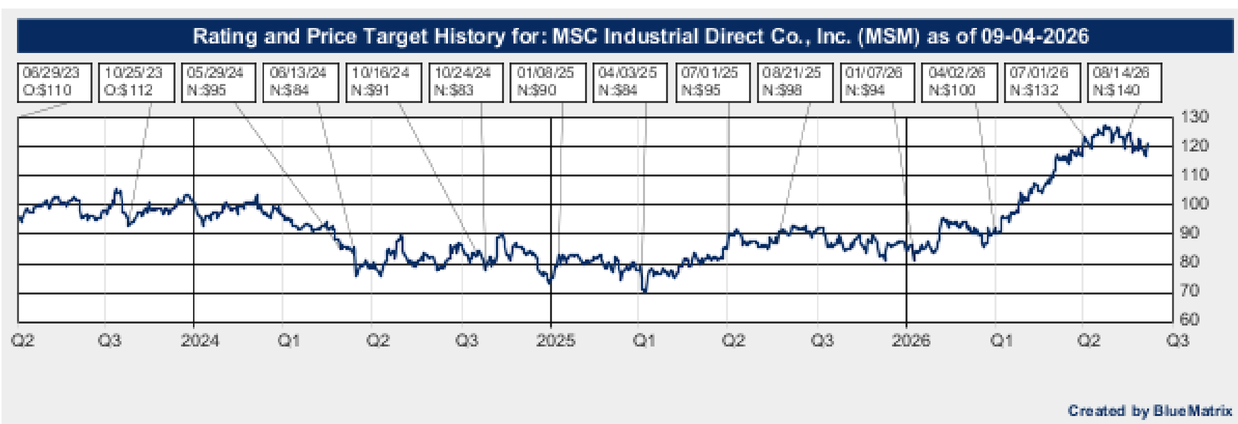

Rating and Price Target History for: MSC Industrial Direct Co., Inc. (MSM) as of 09-04-2026
06/29/23 O:$110
10/25/23 O:$112
05/29/24 N:$95
08/13/24 N:$84
10/16/24 N:$91
10/24/24 N:$83
01/08/25 N:$90
04/03/25 N:$84
07/01/25 N:$95
08/21/25 N:$98
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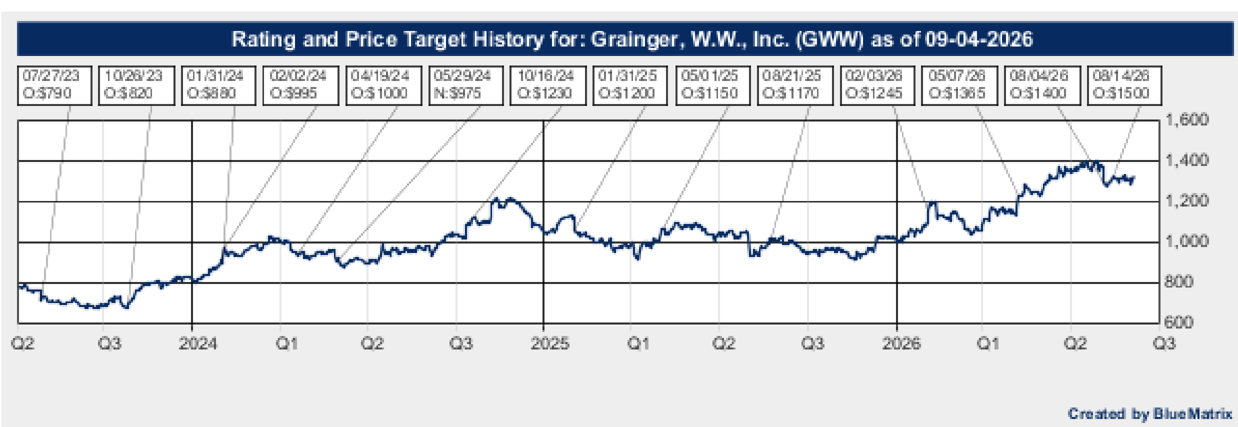

Rating and Price Target History for: Grainger, W.W., Inc. (GWW) as of 09-04-2026
07/27/23 O:$790
10/26/23 O:$820
01/31/24 O:$880
02/02/24 O:$995
04/19/24 O:$1000
05/29/24 N:$975
10/16/24 O:$1230
01/31/25 O:$1200
05/01/25 O:$1150
08/21/25 O:$1170
02/03/26 O:$1245
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08/04/26 O:$1400
08/14/26 O:$1500
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Q2
Q3
2024
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Created by BlueMatrix

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