Fastener Distributor Index – Report #174 June 2026

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FCH SOURCING NETWORK

Key Takeaway:

The seasonally adjusted Fastener Distributor Index (FDI) jumped to **60.0** in June after reading 56.9 in May, the strongest reading since mid-2021 and the 14th consecutive month in expansionary territory. The jump was led by a sharp acceleration in sales and an improvement in customer inventory levels, which more than offset modest m/m easing in employment and supplier deliveries. This month's Forward-Looking Indicator (FLI), by contrast, eased to **56.7** vs. 58.9 the previous month, given higher customer inventories and slightly lower employment levels, only partially offset by a firmer six-month outlook, although the overall index remains nicely expansionary. Respondent commentary in June remained broadly constructive, with participants citing record activity and continued new business, despite some citing rising freight/labor costs and pockets of softer bookings or limited visibility. With the ISM PMI holding at 53.3 in June (its sixth consecutive reading above 50), we believe the fastener market and broader industrial economy continue to demonstrate solid underlying momentum.

Fastener Distribution Trends: June 2026

FASTENER DISTRIBUTION AT A GLANCE
June 2026

	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Direction	Rate of Change
	Index Values										
ISM PMI (Manufacturing)	53.3	54.0	52.7	52.7	52.4	52.6	47.9	48.2	48.7	Growing	Slower
FDI	**60.0**	**56.9**	**56.3**	**59.7**	**52.7**	**52.0**	**56.4**	**50.0**	**54.7**	Growing	Faster
FLI	**56.7**	**58.9**	**57.4**	**58.7**	**52.2**	**54.0**	**51.2**	**55.4**	**51.4**	Growing	Slower
(Other Metrics)											
Sales	79.8	72.4	77.1	67.5	63.2	51.6	58.7	49.6	60.9	Growing	Faster
Employment	60.4	62.5	56.5	66.1	53.3	60.3	52.9	54.8	54.7	Growing	Slower
Supplier Deliveries	56.3	57.8	50.0	62.5	48.3	52.9	60.0	54.8	54.7	Growing	Slower
Respondent Inventories	58.3	53.1	58.1	55.4	56.7	60.3	62.9	61.3	65.6	Growing	Faster
Customer Inventories	45.8	40.6	41.9	42.9	46.7	44.1	51.4	40.3	46.9	Declining	Slower
Pricing, month-to-month	68.8	78.1	74.2	67.9	73.3	70.6	72.9	71.0	75.0	Growing	Slower
Pricing, year-to-year	95.8	92.2	93.5	91.1	95.0	88.2	92.9	85.5	85.9	Growing	Faster
					Higher	Same	Lower				
6-Month Outlook - June					54%	38%	8%				

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 surges to a multi-year high. This month, the index jumped m/m to 60.0 from May's 56.9, marking the strongest reading since mid-2021 (eclipsing March's 59.7) and a fourth consecutive 55+ reading. The move was led by a meaningful acceleration in sales and customer inventories, partially offset by modest m/m easing in employment and supplier deliveries. The seasonally adjusted sales index accelerated to 79.8 (from 72.4 in May), with 63% of respondents indicating sales came in above seasonal expectations – up from 59% last month and well ahead of the ~51% average over the past year – with 33% reporting in-line sales (up from 28% in May) and just 4% indicating below (vs. 13% last month). Customer inventory levels again acted as a drag on the index (sixth consecutive sub-50 reading, at 45.8) but improved sharply from 40.6 in May as the share of respondents saying "lower than seasonal norms" fell to 21% (from 25%), while the "too high" share rose to 12% (from 6%, signaling some restocking), and the overwhelming majority (67%) continue to say customer inventories are in line. The employment index eased to 60.4 (from 62.5); the percentage noting levels "higher than seasonal norms" held at 29% (vs. 28%), though "in line" slipped to 63% (from 69%) and 8% noted lower levels (vs. 3%). Supplier deliveries also moderated slightly to 56.3 (from 57.8), as 21% of participants reported slower lead times/deliveries (down from 25%), with the majority (71%) indicating similar levels. On pricing, 38% of respondents saw higher m/m pricing (down from 56% in May and 48% in April) while the remaining 62% reported stable m/m pricing; notably, 0% saw lower m/m pricing for a fifth consecutive month – in other words, pricing has either increased or held steady m/m for five straight months. Year-over-year pricing, however, accelerated, increasing for 92% of participants and remained stable y/y for 8% (vs. 84% and 16% in May, respectively).

FLI eases but stays expansionary. The Forward-Looking Indicator (FLI) declined to 56.7 in June (from 58.9 in May), signaling a still positive but more measured forward view. The slight m/m moderation was driven by a rebuild in customer inventories (45.8 vs. 40.6 in May), with a slight easing in employment, only partially offset by a firmer six-month outlook. On the outlook specifically, expectations improved modestly – 54% of respondents now anticipate higher six-month activity levels vs. today (up slightly from 53% last month), while only 8% expect lower levels (down from 13%) and 38% foresee similar levels (up from 34%). The ISM PMI, meanwhile, edged down to 53.3 in June (from 54.0) but remained expansionary for a sixth consecutive month, consistent with continued momentum in the broader industrial economy. Net, despite the headline sequential dip in the FLI, the divergence appears driven more by inventory normalization than by any deterioration in demand expectations, and overall sentiment continues to lean constructive on the 2026 outlook.

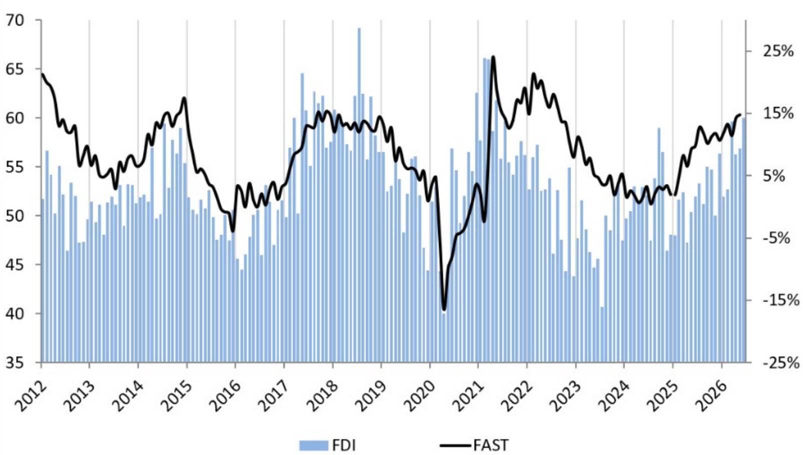
June commentary suggests demand remained generally healthy through quarter-end, supported by new business wins and continued data center activity, even as cost pressures and demand-visibility concerns drew more attention. Several respondents continued to report solid performance. One participant noted, "*June was a record booking month and a very strong shipping period. Only bad news was hearing of some mid-year price increases due in July*," while another stated, "*We continue to increase cases MoM with new business continuing to on-board*." Even so, not all participants were convinced current demand can be sustained, with one commenting, "*Hard to believe our economy can hold the current pace.*"

Cost and supply-chain challenges remain key themes, with one noting, "*Resourcing to domestic or non-class D countries still presenting a minor challenge dependent on certain items that are just not mass produced in the US,*" while another commented, "*Pricing continues to be negatively impacted by skyrocketing freight charges. And we're back to being unable to find good workers.*" End-market conditions also appear increasingly mixed beneath the surface, with one participant observing, "*Usage* *continues to remain flat, with sales tracking near inflationary growth rates. Data center activity remains strong across indirect verticals; however, we are seeing softness in other markets as a result of oil price pressures. Bookings continue to trend below expectations.*"

Net, June commentary suggests underlying demand remains constructive, supported by record bookings, ongoing new business wins, and continued strength tied to data centers. However, rising freight costs, labor availability, domestic sourcing challenges, and softer bookings outside of key growth markets echo the cooler forward signal in this month's FLI and suggests operating conditions remain uneven heading into the second half of 2026.

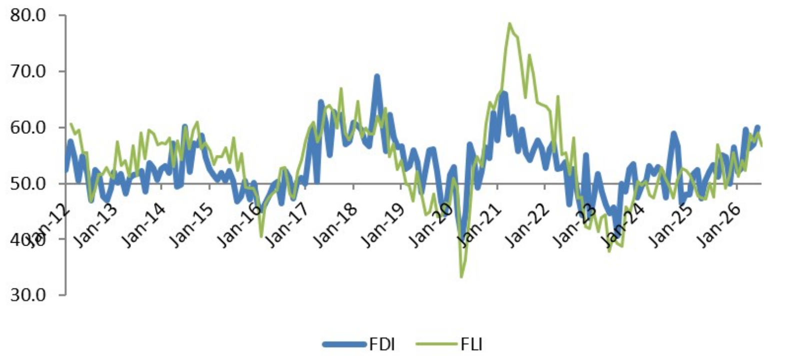
Fastenal reported May daily sales growth of +14.8% y/y, ahead of both our +13.7% estimate and FAST's +13.1% benchmark. Coming off a strong April (+14.3%), ADS growth accelerated a further ~50bps m/m and was +170bps better than what normal seasonality/benchmark growth would have implied, with the acceleration broad-based. Direct materials (production-related; 39% of sales) grew +16% (April +16.2%) and indirect materials (MRO-related; 61% of sales) accelerated to +14.5% (vs. +13.7% last month). Specifically, direct fasteners/hardware sales (~21% of overall May sales) grew +15.9% y/y (vs. +18.4% prior month) and indirect fasteners/hardware sales (~10% of sales) increased +15.3% (vs. +19.0% in April). Looking forward, we model June ADS of +11.4% y/y (total sales +16.8%), ~200bps below FAST's benchmark given 22 selling days this June vs. typical 21+ in the reference range, a string of very strong months, and a touch of conservatism on sequential volumes despite building momentum. Beyond the near term, we estimate FAST will grow daily sales +LDD over 2026 and +LDD/+HSD in 2027 against an improving industrial backdrop. **FAST will report June ADS with 2Q26 results on July 14th.**

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.

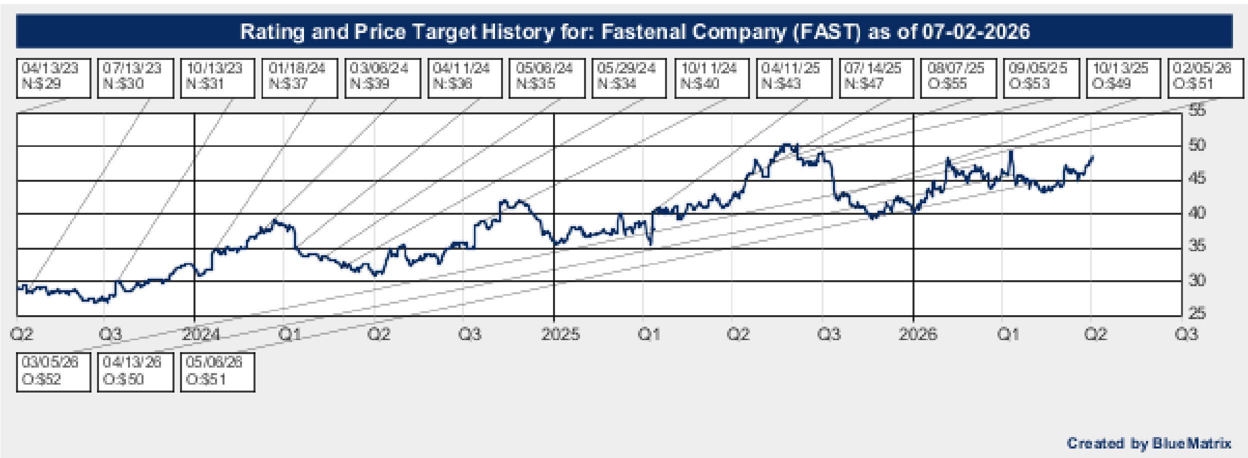
Applied Industrial Technologies: Risks include general economic conditions, international operations, acquisition integration, potential loss of key supplier authorizations, internet-only industrial supply sources, leverage, and significant goodwill and intangible assets, among other factors.

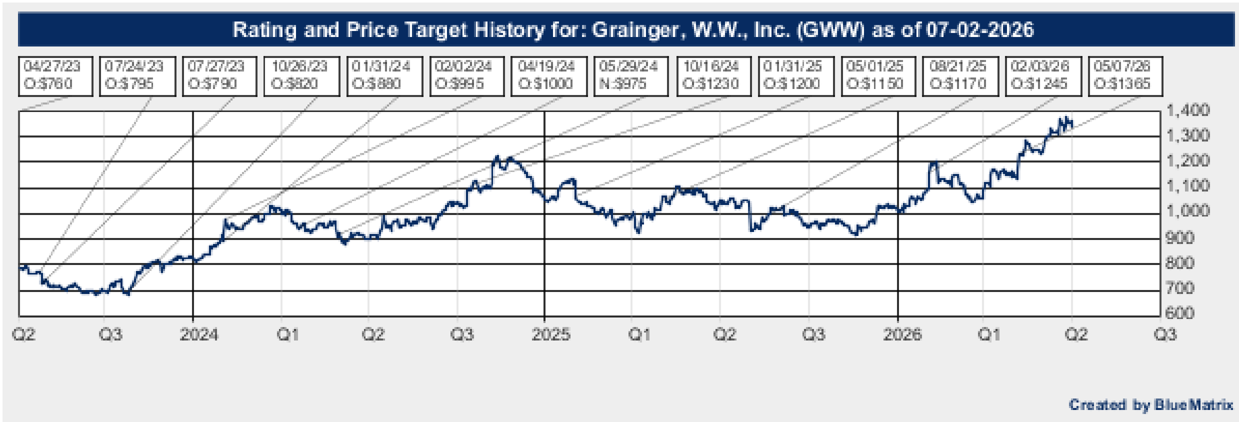
Industrial Distribution: Risks include economic sensitivity, pricing power, online pressure/competitive threats, global sourcing, and exposure to durable goods manufacturing.

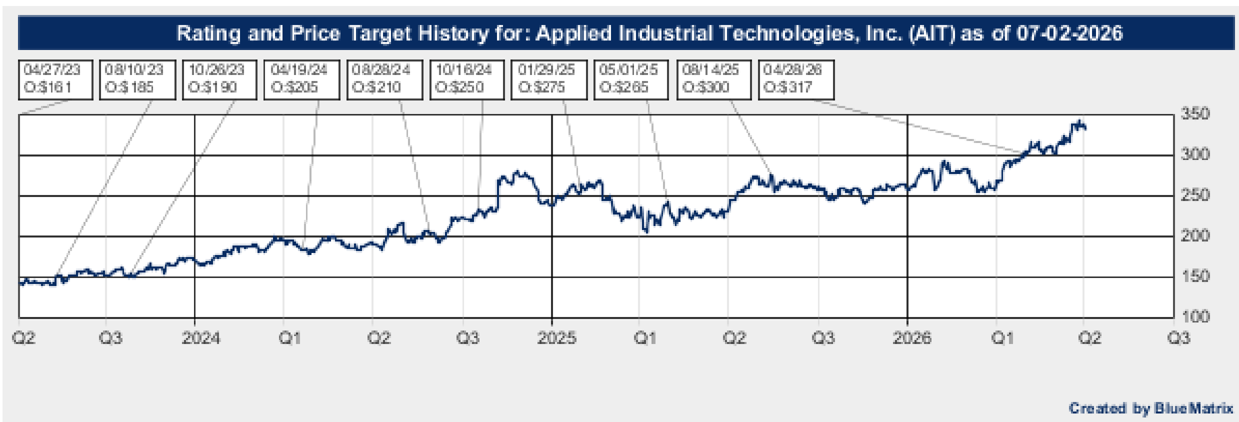
Appendix – Important Disclosures and Analyst Certification

Covered Companies Mentioned
All stock prices below are as of 7/6/2026.

Fastenal Company (FAST-$48.31-Outperform)
W.W. Grainger Inc. (GWW-$1,370.16-Outperform)
MSC Industrial Direct Co. Inc (MSM-$121.14-Neutral)
Applied Industrial Technologies Inc. (AIT-$328.53-Outperform)
(See recent research reports for more information)







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