

Fastener Distributor Index – Report #171 March 2026

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Key Takeaway:

This month, the seasonally adjusted Fastener Distributor Index (FDI) jumped to **59.7** (vs. February 52.7), reflecting improvement across most components of the index. This month’s Forward-Looking Indicator (FLI) was also more positive m/m at **58.7** (vs. 52.2 last month), largely attributable to an acceleration in the employment index and lower customer inventory levels. Respondent commentary in March turned even more constructive, with many participants reporting record sales and strong Q1 performance despite ongoing tariff and policy-driven uncertainty. With the FLI still expansionary and the ISM PMI improving to 52.7 in March (third consecutive reading above 50), we believe the fastener market and broader industrial economy continue to demonstrate underlying resilience, even as macro visibility remains uneven.

Fastener Distribution Trends: March 2026

FASTENER DISTRIBUTION AT A GLANCE											
March 2026											
	----- Index Values -----										Rate of
	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Direction	Change
ISM PMI (Manufacturing)	52.7	52.4	52.6	47.9	48.2	48.7	49.1	48.7	48.0	Growing	Faster
FDI	59.7	52.7	52.0	56.4	50.0	54.7	55.0	51.2	53.3	Growing	Faster
FLI	58.7	52.2	54.0	51.2	55.4	51.4	49.0	54.3	56.8	Growing	Faster
(Other Metrics)											
Sales	67.5	63.2	51.6	58.7	49.6	60.9	68.3	53.1	64.3	Growing	Faster
Employment	66.1	53.3	60.3	52.9	54.8	54.7	51.6	54.5	55.9	Growing	Faster
Supplier Deliveries	62.5	48.3	52.9	60.0	54.8	54.7	53.2	54.5	54.4	Growing	Faster
Respondent Inventories	55.4	56.7	60.3	62.9	61.3	65.6	64.5	59.1	57.4	Growing	Slower
Customer Inventories	42.9	46.7	44.1	51.4	40.3	46.9	45.2	40.9	38.2	Declining	Faster
Pricing, month-to-month	67.9	73.3	70.6	72.9	71.0	75.0	72.6	80.3	80.9	Growing	Slower
Pricing, year-to-year	91.1	95.0	88.2	92.9	85.5	85.9	93.5	95.5	92.6	Growing	Slower
6-Month Outlook - March				Higher			Same			Lower	
				54%			29%			18%	

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, produced by 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:

FDI moves into the high 50s. This month, the index saw solid m/m improvement, surging to 59.7 (vs. 52.7 last month), and marking the strongest FDI reading since mid-2021. Three of the four underlying factors (sales, employment, and supplier deliveries) saw m/m improvement, while customer inventory levels again acted as a drag on the index (third consecutive sub-50 reading), as the share of participants saying “*lower than seasonal norms*” increased m/m (from 20% to 25%), though the overwhelming majority (64%) continue to say customer inventories are in line (11% of respondents said customer inventories were “*too high*,” compared to 13% last month). Seasonally adjusted sales trends were particularly strong, with the index at a robust 67.5 (compared to 63.2 last month) and 68% of respondents reporting sales above seasonal norms (vs. 50% last month), exceeding the one-year average of 45%. Meanwhile, a majority of respondents this month (64%) said pricing was stable m/m (vs. 53% in February and January); the remaining 36% of respondents in March saw higher sequential pricing (0% saw lower m/m pricing). Year-over-year pricing increased for 86% of participants, and pricing remained stable y/y for 11% of respondents (vs. 90% and 10% in February, respectively). The employment index accelerated to 66.1 (vs. 53.3 in February) as the share of participants noting levels “*higher than seasonal norms*” increased to 36% from 20% (overwhelming majority – 61% – still report employment is in line). Lastly, 29% of participants reported slower supplier lead times/deliveries this month (up from 7% in February), though the majority (68%) continue to indicate similar levels.

FLI also moves into the high 50s. The Forward-Looking Indicator (FLI) jumped to 58.7 in March (from 52.2 in February), suggesting a more optimistic forward view for respondents. Factors driving this improvement included higher employment levels, leaner customer inventories, and slower supplier deliveries. Quantitatively, the six-month outlook was a touch weaker, as 54% of participants forecast better activity levels over the next six months vs. today (was 55% last month). Another 29% forecast trends to muddle through at a similar rate (higher than the 24% in February), while 18% expect sales to deteriorate further (vs. 21% last month). The ISM PMI, meanwhile, remained expansionary for a third consecutive month (March 52.7; February 52.4; January 52.6), suggesting continued momentum in the broader industrial economy.

March commentary suggests a strong tone to close out Q1, though macro and tariff-related uncertainty continues to cloud visibility. Several participants highlighted notable demand momentum in March. One respondent noted, “*It’s amazing with everything going on in the world, our sales have been very strong in Q1. Record high in-coming order rate in March too. Shipments are up 13% YTD.*” Another stated, “*March sales not only surpassed our previous record but smashed it,*” while a third commented, “*We experienced our best sales month ever in March 2026 and our best sales quarter in Q1 2026. This was due to new business.*” Strength was echoed elsewhere, with one respondent noting, “*Q1 2026 was extremely busy. Up 26% over 2025.*” New opportunity pipelines also appear to be expanding, as one participant shared, “*We have seen an increase in new opportunities, some coming from prospects we have been chasing for 10 years.*”

End-market performance remains mixed beneath the surface, with one respondent observing, “*Lots of turnaround specific to heavy truck, trailer, industrial. Auto remains flat.*” Another flagged divergence, stating, “*The trade is sending mixed signals across North America. Ongoing tariff uncertainty and continued military conflict are still weighing on purchasing decisions across channels.*” Regional and forward-looking caution persists in pockets, with one noting, “*Looking at slower summer sales and customers not wanting to hold inventory,*” while another said, “*Expecting an uptick in sales the second half of the year.*” Year-over-year comparisons also appear distorted in some cases, particularly around

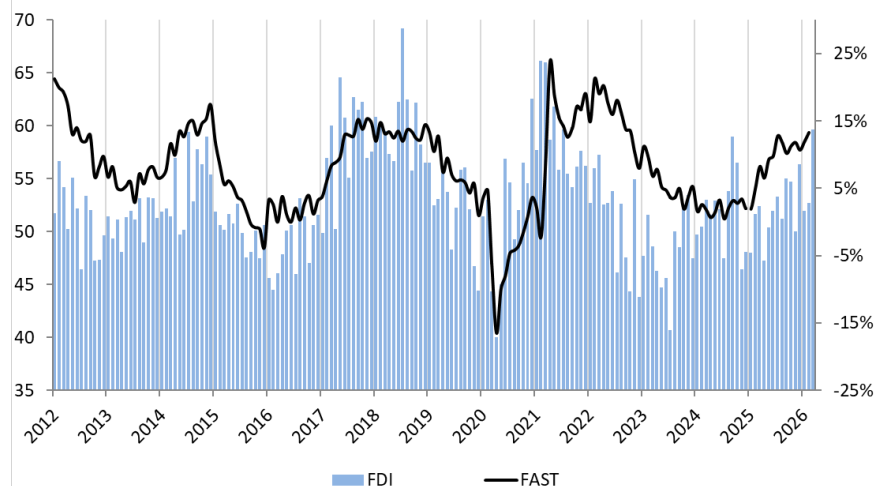
data centers: “We have an amazing 2025 due to some massive data center projects. Many of these got so far ahead in 2025 that it has skewed the 2026 numbers in a very negative way.”

Tariffs and pricing remain central themes, as one respondent questioned, “Somewhat curious as if pricing on steel items will come down since the tariffs have been turned down by the Supreme Court....really not expecting any kind of rebate from the Master Distributors, because I don’t think they are going to receive anything back.” Another noted continued inflationary pressure: “Prices continue to go up owing to a combination of higher prices due to both tariffs and fuel prices, which are up over \$1/gallon. All of this is being passed through to distribution, and ultimately the end user. Sticker shock has finally hit users.” That said, resilience was also evident, with one participant stating, “The overall market has been resilient to tariff related pricing adjustments. The transportation and supply chain availability consistency have been a continued and welcome surprise.”

While results not being universally positive – one respondent noted, “Shipments down 30% from last year. Although more future orders was a plus of about 20% from last month” – March overall reflects a materially stronger close to Q1 for many participants, highlighted by record sales and expanding opportunities, though macro uncertainty, pricing pressure, and end-market divergence continue to shape forward visibility.

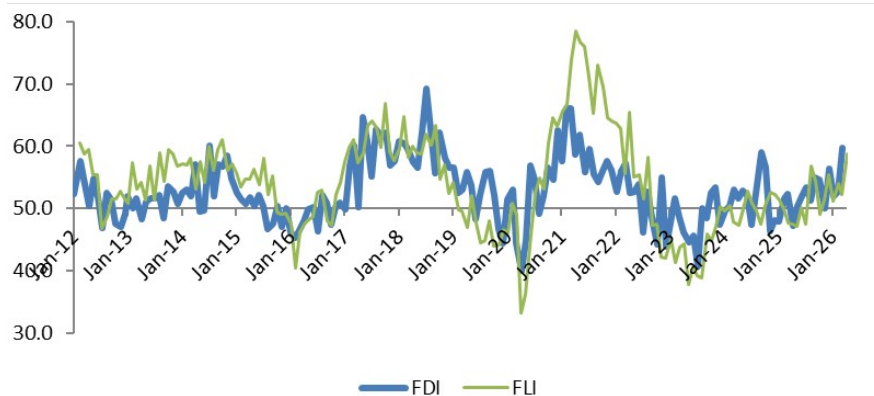
Fastenal February daily sales grew +13.3% y/y, which exceeded our +10.8% estimate (and FAST's +8.5% benchmark). This also marked the first time February absolute sales dollars exceeded January's in a decade. Direct materials (production-related; 39% of sales) grew +13.4% (vs. January +12.9%) and indirect materials (MRO-related; 61% of sales) were +13.6% (compared to +11.4% in January). Specifically, direct fasteners/hardware sales (~21% of overall February sales) grew +13.5% y/y (vs. +13.4% prior month) and indirect fasteners/hardware sales (~10% of sales) increased +20.6% (vs. +15.4% in January). Looking forward, we are modeling March daily sales growth of +11.6% y/y, which assumes slightly weaker-than-normal seasonality coming off a very strong February. FAST will report March daily sales on April 13th with Q126 earnings.

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, cyclicity, and international operations.

MSC Industrial: Risks include cyclicity, 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 4/6/2026.

Fastenal Company (FAST-\$46.30-Outperform)
W.W. Grainger Inc. (GWW-\$1,117.45-Outperform)
MSC Industrial Direct Co. Inc (MSM-\$90.32-Neutral)
Applied Industrial Technologies Inc. (AIT-\$267.12-Outperform)
(See recent research reports for more information)

Rating and Price Target History for: Fastenal Company (FAST) as of 04-02-2026



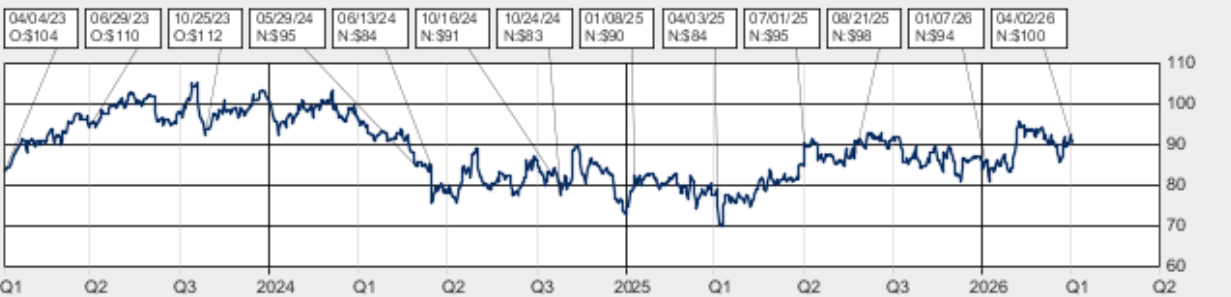
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Rating and Price Target History for: Grainger, W.W., Inc. (GWW) as of 04-02-2026



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Rating and Price Target History for: MSC Industrial Direct Co., Inc. (MSM) as of 04-02-2026



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