

Fastener Distributor Index – Report #173 May 2026

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Key Takeaway:

The seasonally adjusted Fastener Distributor Index (FDI) improved modestly sequentially and remained in expansionary territory for the 13th consecutive month, coming in at **56.9** vs. April 56.3, reflecting acceleration in employment and supplier deliveries, partially offset by a moderation in sales (though still strong) and a slight drawdown in customer inventories. The Forward-Looking Indicator (FLI) also moved higher m/m to **58.9** (57.4 last month), continuing to signal expectations for growth ahead. Respondent commentary in May remained constructive on balance, supported by solid top-line trends, though participant mentions of softer quoting and layered cost pressures point to a more complex operating backdrop. With the FLI still expansionary and the ISM PMI accelerating to 54.0 in May (its fifth consecutive reading above 50), current conditions across the fastener market and broader industrial economy appear intact, even as dispersion in customer behavior and cost dynamics tempers forward visibility.

Fastener Distribution Trends: May 2026

FASTENER DISTRIBUTION AT A GLANCE											
May 2026											
	----- Index Values -----										
	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Direction	Rate of Change
ISM PMI (Manufacturing)	54.0	52.7	52.7	52.4	52.6	47.9	48.2	48.7	49.1	Growing	Faster
FDI	56.9	56.3	59.7	52.7	52.0	56.4	50.0	54.7	55.0	Growing	Faster
FLI	58.9	57.4	58.7	52.2	54.0	51.2	55.4	51.4	49.0	Growing	Faster
(Other Metrics)											
Sales	72.4	77.1	67.5	63.2	51.6	58.7	49.6	60.9	68.3	Growing	Slower
Employment	62.5	56.5	66.1	53.3	60.3	52.9	54.8	54.7	51.6	Growing	Faster
Supplier Deliveries	57.8	50.0	62.5	48.3	52.9	60.0	54.8	54.7	53.2	Growing	Faster
Respondent Inventories	53.1	58.1	55.4	56.7	60.3	62.9	61.3	65.6	64.5	Growing	Slower
Customer Inventories	40.6	41.9	42.9	46.7	44.1	51.4	40.3	46.9	45.2	Declining	Faster
Pricing, month-to-month	78.1	74.2	67.9	73.3	70.6	72.9	71.0	75.0	72.6	Growing	Faster
Pricing, year-to-year	92.2	93.5	91.1	95.0	88.2	92.9	85.5	85.9	93.5	Growing	Slower
					Higher Same Lower						
6-Month Outlook - May					53%			34%		13%	

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 ticked higher in May, sustaining solid expansion. This month, the index edged up m/m to 56.9 from April's 56.3, marking the second-highest monthly FDI reading in 2026 thus far (behind March's 59.7) and a third consecutive 55+ reading. Two of the four underlying factors (employment and supplier deliveries) improved m/m, while sales moderated from a very strong April and customer inventory levels again acted as a drag on the index (fifth consecutive sub-50 reading). The seasonally adjusted sales index eased to 72.4 in May from a robust 77.1 in April but remained healthy, with 59% of respondents indicating sales came in above seasonal expectations – down from 68% last month but still ahead of the ~49% average registered over the past 12 months – with 28% reporting in-line sales and 13% below this month. The employment index accelerated to 62.5 (from 56.5), as the share of participants noting levels “higher than seasonal norms” rose to 28% from 16% (a 69% majority still report employment in line, and just 3% noted lower levels). Customer inventories remained a modest headwind, as the share saying “lower than seasonal norms” increased slightly to 25% from 23%, though the overwhelming majority (69%) continue to say customer inventories are in line and only 6% said inventories were “too high” (unchanged from last month). On pricing, year-over-year pricing increased for 84% of participants and remained stable y/y for 16% (vs. 87% and 13% in April, respectively). On a monthly basis, 56% of respondents saw higher sequential pricing (up from 48% in April) while the remaining 44% reported stable m/m pricing; notably, 0% saw lower m/m pricing for a fourth consecutive month – in other words, pricing has either increased or held steady m/m for four straight months. Lastly, 25% of participants reported slower supplier lead times/deliveries this month (up from 13% in April), though the majority (66%) continue to indicate similar levels, lifting the supplier deliveries index to 57.8 (from 50.0).

FLI also moves higher m/m. The Forward-Looking Indicator (FLI) rose to 58.9 in May (from 57.4 in April), pointing to a modestly more constructive forward view. Factors driving this improvement included higher employment levels and leaner customer inventories. Meanwhile, the six-month outlook was a touch more cautious in the tails: 53% of respondents now anticipate higher six-month activity levels vs. today (down from 55% last month), while 13% expect lower levels (up from just 3% in April). A smaller percentage foresee similar levels (34% in May vs. 42% last month), suggesting incremental movement out of the “steady” camp toward both improved and weaker expectations. Even so, the ISM PMI accelerated to 54.0 in May – its fifth consecutive expansionary reading and a step up from 52.7 in each of the prior two months – reinforcing our view that industrial activity remains on firm footing. While macroeconomic, inflationary, and tariff-related uncertainties continue to temper confidence in pockets, participant sentiment overall remains constructive on the 2026 outlook

May commentary suggests continued solid top-line momentum for many participants, though geopolitical developments, rising input costs, and uneven customer behavior are adding complexity beneath the surface. Several respondents pointed to sustained strength in May. One participant noted, “May was a strong month with growth across various industries. Data centers are still driving growth but recent lagging markets are starting to emerge with growth indicators.” Another stated, “Current and new business activity is higher than expected at this point in the year,” while a third shared, “Sales have continued to be strong, mostly through new business.” Even those noting slight moderation remained constructive, as one respondent commented, “May was a good month, not quite as good as April but we hope to see continued growth in June.” That said, one participant flagged softer quoting trends, noting “RFQ activity has been slower in May but we still pushed out roughly the same value in fasteners.” Data centers continue to dominate the narrative, with one participant offering a more measured view: “Nearly everyone is attributing growth to Data Centers. It is real for some of us but it is a medium term plan. Eventually they will be built and it will become a matter of maintenance not growth. Everything else has been consistent.”

Cost and supply-chain pressures remain elevated, consistent with the m/m uptick in slower supplier deliveries and continued pricing gains. Several participants flagged stubbornly long lead times, with one noting, *“DON’T KNOW WHY...BUT DOMESTIC LEAD TIMES ARE NOT COMING DOWN...THOUGHT THEY WOULD COME DOWN BECAUSE OF THE TARIFF ELIMINATION – REDUCTION, BUT THEY SEEM THAT THEY ARE ACTUALLY CLIMBING...OR MAYBE JUST IN MY PART OF THE WORLD.”* Geopolitical developments are layering in additional friction, as one respondent explained, *“War in middle east is slower deliveries from factory and raising associated costs, causing pricing to rise,”* while another pointed to energy-driven input inflation: *“Actually seeing on average an additional 5% to our landed cost as a result of crude oil increase. That is not part of the calculation of cost but is impacting our supplier prices,”* and a separate participant commented, *“Shipping is a disaster owing to fuel surcharges but everyone’s in the same boat.”*

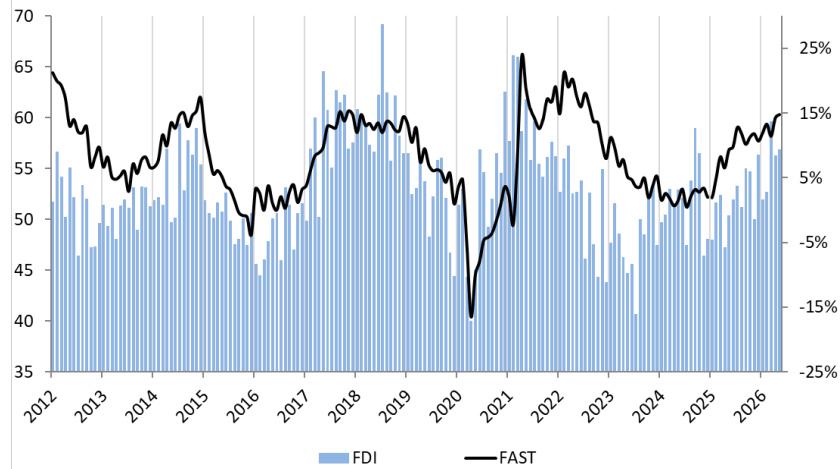
Tariffs continue to drive dollar growth and pricing volatility, with one respondent stating plainly, *“Pricing is up due to tariffs. With 50% of value landing as the final tariff percentage on fasteners, sales can’t help but to be up in \$\$\$. Volume, last few months has been good, but not close to the percentage increase in \$ \$,”* adding that the *“U.S. fastener market is performing exceptionally well in Q1 2026 by nearly any measure — record sales for many distributors, strong order pipelines, and a robust FDI,”* while cautioning on tariff-driven price inflation, supply chain complexity, soft automotive demand, and macro uncertainty.

Some customer purchasing behavior appeared cautious, as one participant shared, *“We’ve changed our forecast from lower to same. Customers are still resistant to place large stock+release orders to protect against price increases then are shocked when they go up. Brass and bronze are the worst.”* Pockets of outright softness also surfaced, with one respondent noting, *“First quarter was okay. Second quarter is 50% off previous year. Suppliers quoting much longer lead times, 20% higher prices. Most customers say they are afraid of government activity and uncertainty.”*

Net, May reflects continued solid revenue performance for many, supported by new business wins and ongoing data center demand, though tariff-driven inflation, freight/fuel costs, geopolitical disruptions, and uneven customer behavior are contributing to greater dispersion and limiting forward visibility as the year progresses.

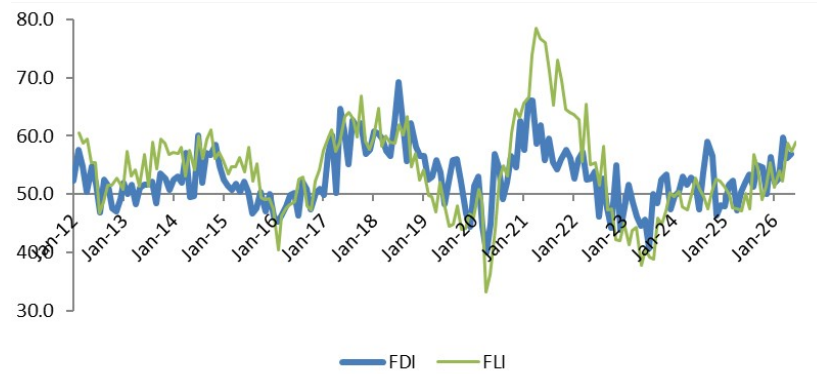
Fastenal reported May daily sales growth of +14.8% y/y, ahead of both our +13.7% estimate and FAST’s +13.1% benchmark. Coming off a strong April (+14.3%), ADS growth accelerated a further ~50bps m/m and was +170bps better than what normal seasonality/benchmark growth would have implied, with the acceleration 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.

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.

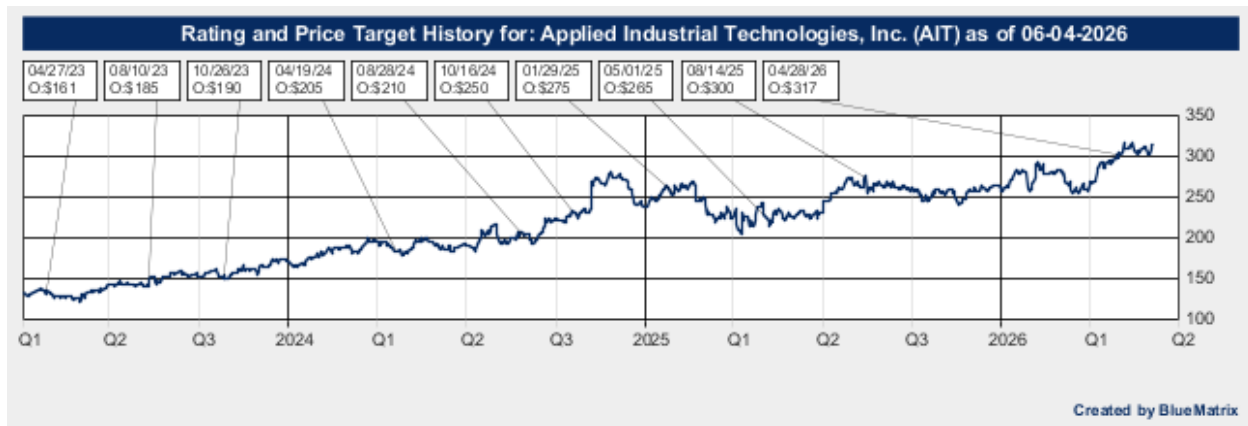
Appendix – Important Disclosures and Analyst Certification

Covered Companies Mentioned

All stock prices below are as of 6/4/2026.

Fastenal Company (FAST-\$47.16-Outperform)
 W.W. Grainger Inc. (GWW-\$1,289.37-Outperform)
 MSC Industrial Direct Co. Inc (MSM-\$116.98-Neutral)
 Applied Industrial Technologies Inc. (AIT-\$313.67-Outperform)
 (See recent research reports for more information)





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