Fastener Distributor Index – Report #178 October 2026

Written by R.W. Baird analyst David J. Manthey, CFA with Inara Khan, CFA 11/6/26

Key Takeaway:

This month, the seasonally adjusted Fastener Distributor Index (FDI) eased to **63.3** (vs. September 66.6), though the dip reflects a less favorable seasonal adjustment factor rather than softer conditions – on an unadjusted basis, the FDI rose to 64.2 (from 63.0), its strongest unadjusted reading since March 2021. The seasonally adjusted reading marks an eighteenth consecutive month in expansionary territory and an eighth consecutive reading above 55, with breadth remaining strong as 63% of respondents reported above-seasonal sales. This month's Forward-Looking Indicator (FLI) held near its multi-year high at **63.3** (63.6 last month), supported by a markedly stronger six-month outlook (63% of respondents now expect higher activity). Respondent commentary was again largely upbeat, with participants citing record bookings, key account growth, and new business roll outs, though fuel/freight costs remain irritants. With the ISM PMI accelerating to 55.5 in October – its tenth consecutive reading above 50 – we believe the fastener market and broader industrial economy carry strong momentum heading into 2027.

Fastener Distribution Trends: October 2026

FASTENER DISTRIBUTION AT A GLANCE
October 2026

	Index Values										Rate of
	Oct	**Sep**	**Aug**	**Jul**	**Jun**	**May**	**Apr**	**Mar**	**Feb**	**Direction**	**Change**
ISM PMI (Manufacturing)	55.5	54.5	54.6	55.6	53.3	54.0	52.7	52.7	52.4	Growing	Faster
FDI	**63.3**	**66.6**	**58.3**	**59.9**	**60.0**	**56.9**	**56.3**	**59.7**	**52.7**	Growing	Slower
FLI	**63.3**	**63.6**	**56.9**	**61.6**	**56.7**	**58.9**	**57.4**	**58.7**	**52.2**	Growing	Slower
(Other Metrics)											
Sales	72.7	91.5	63.8	82.7	79.8	72.4	77.1	67.5	63.2	Growing	Slower
Employment	63.3	63.0	56.9	59.4	60.4	62.5	56.5	66.1	53.3	Growing	Faster
Supplier Deliveries	71.7	75.9	69.0	57.8	56.3	57.8	50.0	62.5	48.3	Growing	Slower
Respondent Inventories	48.3	53.7	60.3	57.8	58.3	53.1	58.1	55.4	56.7	Declining	Faster
Customer Inventories	43.3	35.2	41.4	40.6	45.8	40.6	41.9	42.9	46.7	Declining	Slower
Pricing, month-to-month	66.7	64.8	77.6	64.1	68.8	78.1	74.2	67.9	73.3	Growing	Faster
Pricing, year-to-year	90.0	88.9	91.4	89.1	95.8	92.2	93.5	91.1	95.0	Growing	Faster

	Higher	Same	Lower
6-Month Outlook - October	63%	30%	7%

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 eases on seasonality, stays above 60. This month, the index moderated m/m to 63.3 from September's 66.6, marking an eighteenth consecutive reading at or above 50 and an eighth consecutive month above 55. The m/m decline reflects the seasonal adjustment rather than weaker underlying conditions – on a non-seasonally-adjusted basis the FDI rose to 64.2 from 63.0, its highest unadjusted reading since March 2021. The seasonally adjusted sales index moderated to 72.7 (from a record 91.5 in September), though unadjusted sales edged up to 78.3 (from 77.8), and 63% of respondents reported above-seasonal sales (vs. 59% in September and a ~56% average over the past year), with 7% below (vs. 4%) and 30% in line. Customer inventories improved but still weighed on the index (tenth consecutive sub-50 reading, at 43.3 vs. 35.2), as the share citing "too low" fell to 17% (from 30%) and 80% reported in-line levels. Employment held firm at 63.3 (vs. 63.0), with 30% noting levels "higher than seasonal norms" and just 3% lower. Supplier deliveries remained notably slow, though less so than September's peak, with the index at 71.7 (from 75.9) as 47% of participants reported slower lead times/deliveries (vs. 56%) and 50% indicated similar levels. Regarding pricing, 37% of respondents saw higher m/m pricing (vs. 33% in September), 60% stable, and 3% lower, lifting the m/m pricing index to 66.7 (from 64.8). On a year-over-year basis, pricing increased for 83% of participants, with 13% stable and 3% lower (all fairly similar levels vs. last month), bringing the y/y index to 90.0 (from 88.9).

FLI holds near a multi-year high. The Forward-Looking Indicator (FLI) was essentially unchanged at 63.3 in October (vs. 63.6 in September), holding near its strongest level since March 2022. Beneath the stable headline, a markedly stronger six-month outlook and leaner respondent/distributor inventories offset a rebuild in customer inventories. On the outlook specifically, 63% of respondents now anticipate higher activity levels six months from now vs. today (up sharply from 44% last month), while 30% foresee similar levels (vs. 48%) and 7% expect lower levels (unchanged). Respondent/distributor inventories eased to 48.3 (from 53.7), their first sub-50 reading since January 2022, as 23% of participants now describe their own inventories as "*too low*" (up from 11% last month), while customer inventories rose to 43.3 (from 35.2). The ISM PMI, meanwhile, accelerated to 55.5 in October (from 54.5), its tenth consecutive expansionary reading, with the production index at its highest level since November 2021. Net, with the FLI near a multi-year high, the ISM sustaining momentum, and participants increasingly optimistic on the outlook, we believe the setup for the fastener market heading into 2027 remains favorable.

October commentary remained broadly constructive, with participants citing record bookings, surging key account growth, and continued new business wins. One respondent noted, "*We are experiencing record bookings and shipping consecutive months year over year with increased profitability across a wide customer base in most sectors of our product offering. This appears to be sustainable for the next 6-12 months with scheduled releases and other similar commitments continuing to drive growth.*" Another shared, "*Key account growth continues to surge. Directly tied to the new construction and data center segment,*" while one participant added, "*We will continue to see increased activity due to rolling out of new business.*"

Supply constraints and cost inflation remained recurring themes, consistent with still-slow supplier deliveries. One respondent noted, "*Local suppliers running out of random items with very lengthy lead times having to scramble to get products to meet customer needs. Overseas container costs are increasing impacting landed cost of goods.*" Another highlighted fuel costs: "*Fuel prices are really hitting our VMI deliveries in an un-expected way. We have several delivery vans out there and it is costing us a*

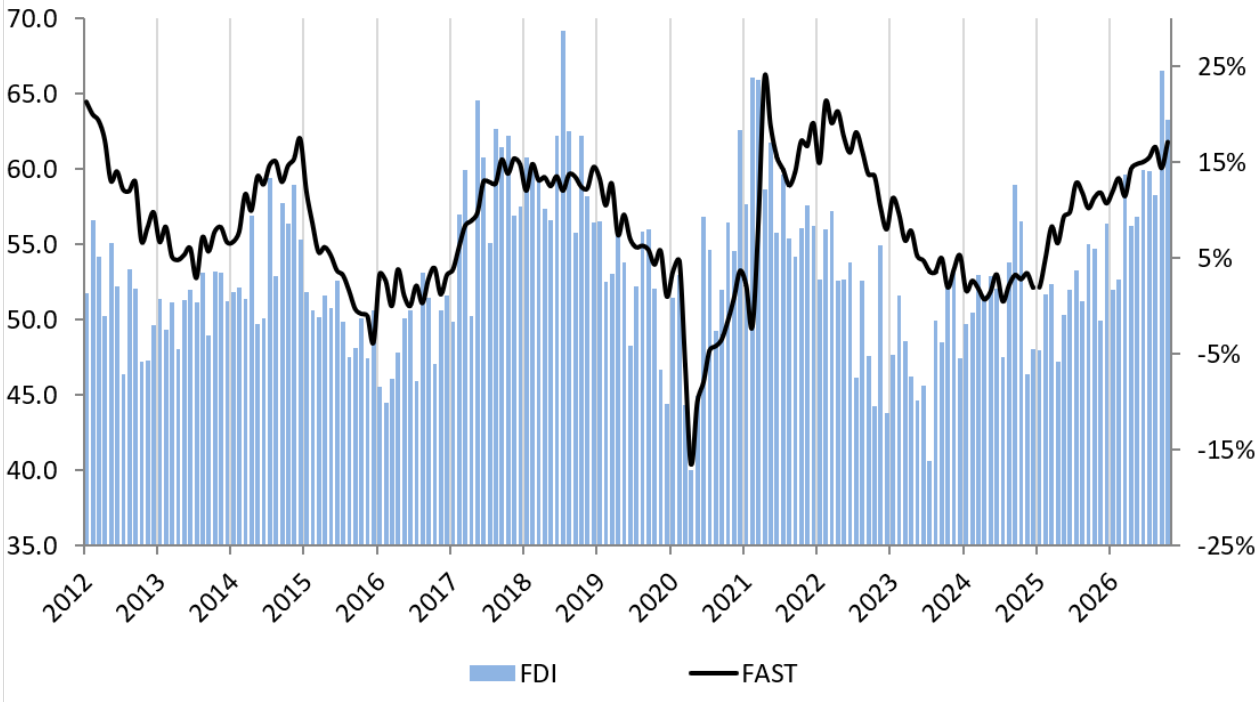
couple thousand more in fuel costs every month. While our sales $$ are up, we are doing an evaluation to see if the volume of parts are up vs. higher costs and selling prices because of tariffs."

Notably, one participant reinforced that October's m/m moderation comes off a strong September base, rather than softening demand: "*The only reason October was worse in revenue $ is because September was abnormally high. October was still on par with our 8% growth goal for 2026 in comparison with October of 2025."* Elsewhere, a couple of respondents flagged the then-upcoming midterm elections.

Net, October commentary supports a still-strong backdrop for the fastener market, with record bookings, key account and data center-driven growth, and new business wins outweighing persistent fuel, freight, and tariff-related overhangs. Encouragingly, the tone is consistent with the notable improvement in this month's six-month outlook, with 63% of respondents now expecting higher activity, suggesting industrial activity remains on solid footing heading into next year.

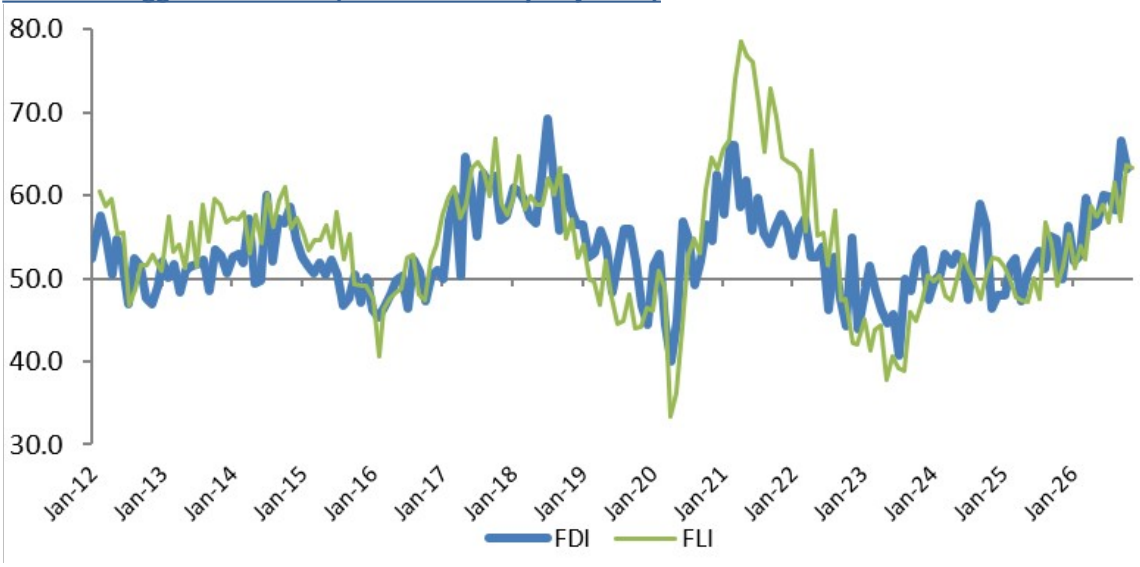
Fastenal reported October daily sales growth of +17.1% y/y, ahead of both our +15.0% estimate and the +15.1% implied by FAST's benchmark – its fastest rate of 2026. Coming off September's +14.4%, ADS growth accelerated ~270bps m/m and was ~200bps better than benchmark would have implied (YTD ~950bps above normal seasonality), with y/y growth stronger across most end markets and all channels, led by the US (+16.5% vs. +13.1%). Direct materials (production-related; 40% of sales) grew +19.1% (September +16.2%) and indirect materials (MRO-related; 60% of sales) were +16.0% (vs. +14.3% last month). Specifically, direct fasteners/hardware sales grew +18.1% y/y (vs. +13.6% prior month) and indirect fasteners/hardware sales jumped to +15.8% (vs. +7.5% in September). By end market, heavy manufacturing accelerated to +22.8% y/y (+20.3% in September), while nonresidential construction re-accelerated to +18.3% (from +9.6%). Looking forward, we model November ADS of +15.0% y/y (total sales +21.1% on 20 selling days vs. 19), ~90bps below FAST's benchmark given fairly typical days progression 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.

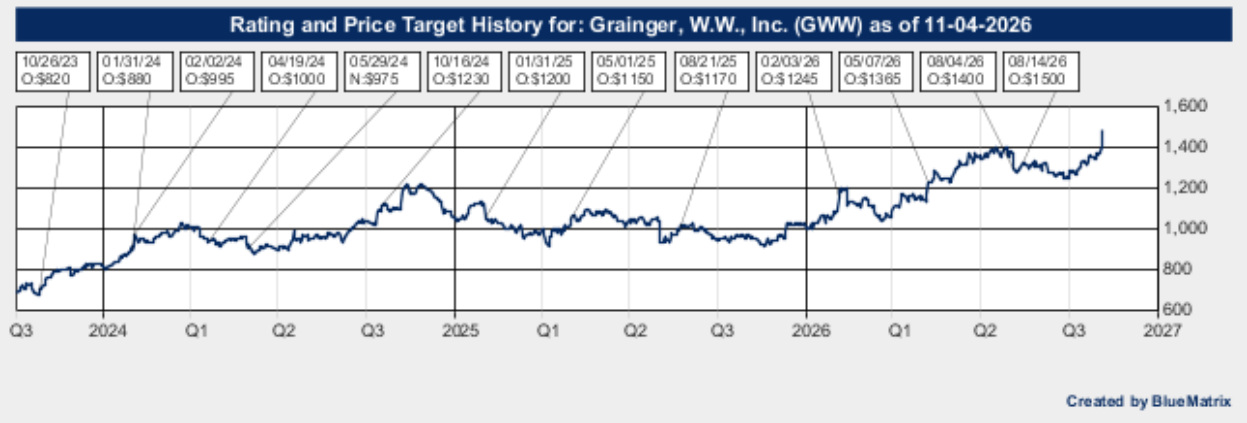
Appendix – Important Disclosures and Analyst Certification

Covered Companies Mentioned
All stock prices below are as of 11/4/2026.

Fastenal Company (FAST-$53.21-Outperform)
W.W. Grainger Inc. (GWW-$1,489.39-Outperform)
MSC Industrial Direct Co. Inc (MSM-$116.06-Neutral)
Applied Industrial Technologies Inc. (AIT-$298.29-Outperform)
(See recent research reports for more information)









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