

Fastener Distributor Index – Report #168 December 2025

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Key Takeaway:

This month, the seasonally adjusted Fastener Distributor Index (FDI) jumped to **56.4** (vs. November 50.0¹), reflecting improvement across most components of the FDI (sales, supplier deliveries, and customer inventories), aided by a favorable seasonal adjustment factor. Meanwhile, this month's Forward-Looking Indicator (FLI) was less positive m/m at **51.2** vs. 55.4 in November, largely attributable to higher customer inventories. With an overall positive December performance for the index, we believe fastener market conditions/pockets of the industrial economy in general are starting to show signs of stabilization, though remain cautiously optimistic given other indicators.

Fastener Distribution Trends: December 2025

FASTENER DISTRIBUTION AT A GLANCE											
December 2025											
	Index Values									Direction	Rate of Change
	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr		
ISM PMI (Manufacturing)	47.9	48.2	48.7	49.1	48.7	48.0	49.0	48.5	48.7	Declining	Faster
FDI	56.4	50.0	54.7	55.0	51.2	53.3	52.0	50.4	47.2	Growing	Faster
FLI	51.2	55.4	51.4	49.0	54.3	56.8	47.6	50.1	47.2	Growing	Slower
(Other Metrics)											
Sales	58.7	49.6	60.9	68.3	53.1	64.3	59.9	49.3	41.4	Growing	Faster
Employment	52.9	54.8	54.7	51.6	54.5	55.9	46.9	51.5	47.0	Growing	Slower
Supplier Deliveries	60.0	54.8	54.7	53.2	54.5	54.4	51.6	63.6	56.1	Growing	Faster
Respondent Inventories	62.9	61.3	65.6	64.5	59.1	57.4	62.5	60.6	66.7	Growing	Faster
Customer Inventories	51.4	40.3	46.9	45.2	40.9	38.2	51.6	42.4	45.5	Growing	Faster
Pricing, month-to-month	72.9	71.0	75.0	72.6	80.3	80.9	78.1	80.3	81.8	Growing	Faster
Pricing, year-to-year	92.9	85.5	85.9	93.5	95.5	92.6	92.2	92.4	89.4	Growing	Faster
6-Month Outlook - December Higher Same Lower 51% 34% 14%											
<i>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.</i>											

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:

FDI moves into the mid-50s. This month, the index saw nice m/m improvement, surging to 56.4 (50.0 last month), and marking the strongest FDI reading since before the US presidential election (56.5 in October 2024). Three of the four underlying factors (sales, supplier deliveries, and customer inventories) saw m/m improvement, while employment levels acted as a slight drag on the index. Although still growing, the employment index moderated to 52.9 (vs. 54.8 in November) as the share of participants noting levels “lower than seasonal norms” increased to 11% from 3%; however, the overwhelming majority (71%) still report employment is in line. Seasonally adjusted sales trends were particularly strong, with the index at a robust 58.7 (compared to just 49.6 last month) and 43% of respondents reporting sales above seasonal norms (vs. a mere 23% last month), exceeding the one-year average of 38%. While the seasonal adjustment factor played a large role this month, the underlying (non-seasonally adjusted) sales index was also relatively strong at 52.9. Sales performance was also helped by higher pricing, which increased m/m for 49% of participants (vs. 42% in November) and y/y for 89% (77% last month). Meanwhile, 26% of participants reported slower supplier lead times/deliveries this month (up from 13% in November), though the majority (69%) continue to indicate similar levels. Lastly, 17% of respondents said customer inventories were “too high,” compared to just 3% last month.

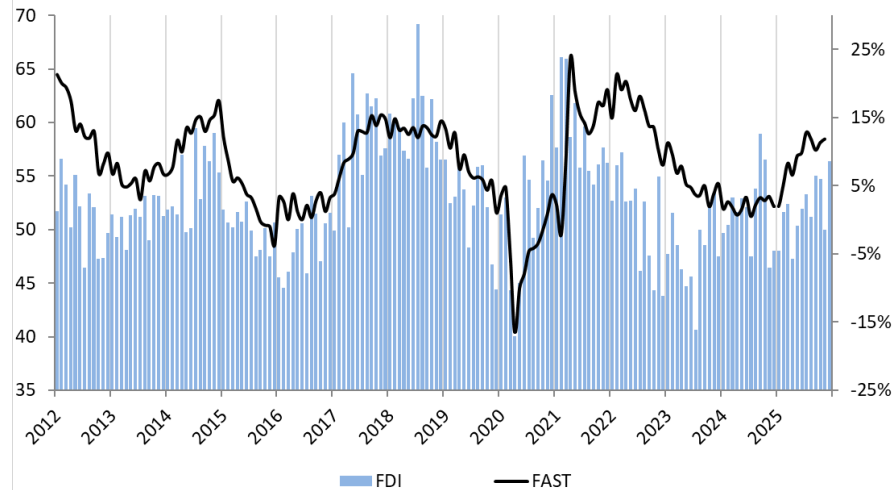
FLI moves lower, but still suggests growth. The Forward-Looking Indicator (FLI) declined to 51.2 in December from 55.4 in November, suggesting a touch less optimistic forward view for respondents, although still signaling future growth. The m/m moderation was driven largely by customer inventories (17% indicated “too high” versus only 3% last month), though the majority of respondents say in-line (69%). Despite the headline sequential dip, the data suggests a stable six-month outlook m/m, with 51% of respondents forecasting better trends six months from now (was 52% last month), which is higher than the 24-month average (43%). Just 14% forecast lower activity levels in six months, drifting slightly lower from 16% last month, with the remaining 34% anticipating stable momentum (vs. 32% last month). The ISM PMI, meanwhile, suggested slightly worsening momentum in the industrial economy, with December coming in at 47.9 vs. November 48.2.

Commentary suggests a fairly strong end to the year; outlook cautiously optimistic despite tariff headaches.

Despite fewer overall selling days due to holiday timing (*“The limited number of business days in December was expected to restrict sales and it did. No surprise. We will do what we can to make up for it in January”*), the year ended stronger for most, with one respondent saying, *“the quarter ended on a record note,”* and another, *“...busy to the very end. That's a good thing!!”* The 2026 outlook skewed positive, with comments like, *“...[2025 was] our best year to date. I expect the same type of activity in the new year”* and *“I remain cautiously optimistic in spite of tariffs.”* Improvement seems to be gradually emerging as, *“customers are beginning to think they might have new jobs beginning late first quarter, where before they were nervous to commit.”* On the tariff front, one respondent summarized the consensus view that, *“tariffs suck.”* With the y/y Pricing metric in the survey running 80-90+ all year, expectations for higher prices are not surprising. Higher prices are serving as an offset to lower volumes in some cases reflected in comments like: *“...passing along round 2 of tariffs has been a challenge. Lead times have come down slightly. Many customer volumes have decreased although it's masked revenue wise due to inflationary tariffs/surcharges”* and *“sales figures are up, but if we remove the tariff bump, I suspect they are flat or even lower than 2024 YTD.”* Lastly, tariff confusion seems to be running even higher in Canada: *“Total confusion with CBP on tariff calculations has led to uncertain pricing. Importers are starting to receive letters advising them of miscalculations when CBP did virtually nothing to clarify the 232 rules.”* Another noted, *“Canada has hastily announced and will enforce a global 25% tariff on steel derivatives and specifically, all fasteners Beginning Dec. 26th (list was confirmed only Dec. 12th!). Without any real domestic sources for most parts, this will have a dramatic increase on prices.”* Net, while tariffs remain a challenge, pricing is an offset to soft volumes currently and the outlook is waxing slightly more positive into the new year.

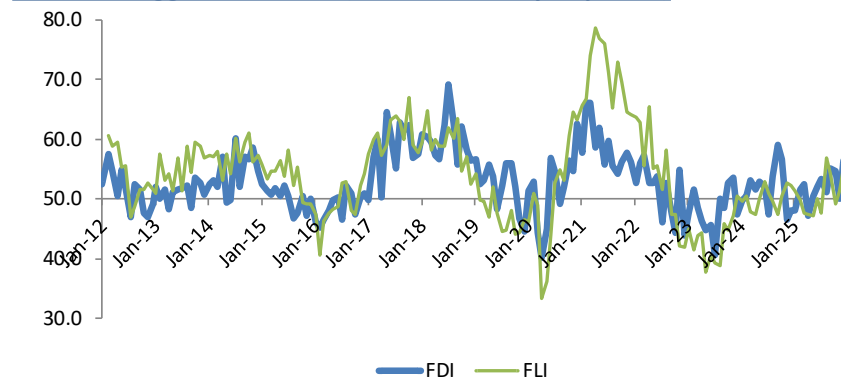
Fastenal's 11.8% overall November daily sales growth was above our 10.8% estimate and normal seasonality. Fastener sales grew by 14.6% y/y – an increase from 12.8% last month. Additionally for FAST, safety was +8.1% and other non-fasteners were +11.9%. Looking ahead to December, we model overall daily sales +11.3% y/y, which is below FAST's benchmark due to more than normal days, mid-week holiday timing and potential for weather disruptions Beyond the near term, we continue to assume FAST is growing daily sales low-double-digits over 2026 and high-single-digits in 2027 even assuming just normal sequentials.

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.

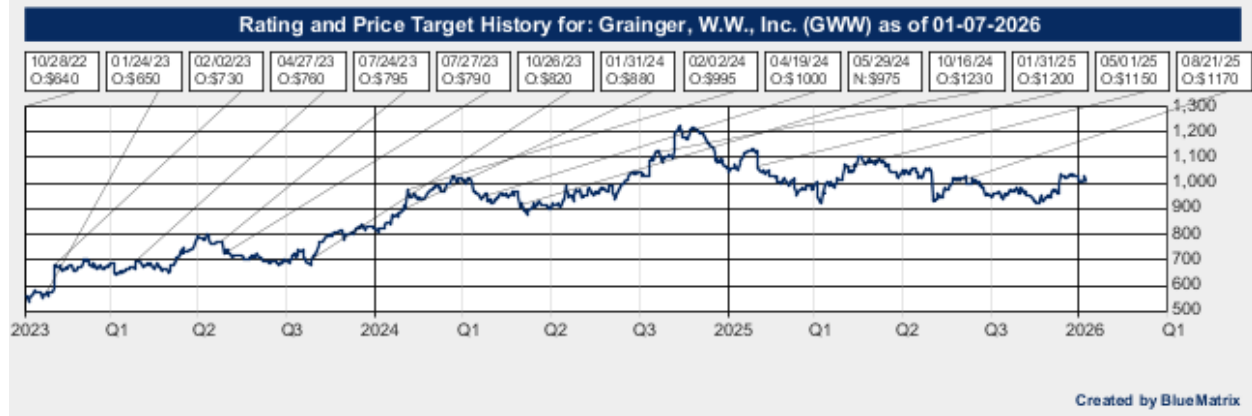
Appendix – Important Disclosures and Analyst Certification

Covered Companies Mentioned

All stock prices below are as of 1/8/2026.

Fastenal Company (FAST-\$40.61-Outperform)
W.W. Grainger Inc. (GWW-\$1,004.68-Outperform)
MSC Industrial Direct Co. Inc (MSM-\$81.08-Neutral)
Applied Industrial Technologies Inc. (AIT-\$260.80-Outperform)
(See recent research reports for more information)





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