

Fastener Distributor Index – Report #167 November 2025

Written by R.W. Baird analyst David J. Manthey, CFA with Quinn Fredrickson, CFA 12/5/25



Key Takeaway:

This month, the seasonally adjusted Fastener Distributor Index (FDI) retreated to just below 50, coming in at **49.5**. The m/m pullback (October 55.3) mainly reflected a retrenchment in the seasonally adjusted sales index. However, a near-50 reading suggests mostly stable trends, overall. Conversely, the Forward-Looking Indicator (FLI) was more positive m/m at **55.9**, expanding further above 50 due to stronger six-month outlooks. Respondent commentary was mixed as tariff uncertainty continues to weigh on sentiment, though some participants see a healthy setup into 2026.

Fastener Distribution Trends: November 2025

FASTENER DISTRIBUTION AT A GLANCE										
November 2025										
	----- Index Values -----									Rate of Change
	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Direction	
ISM PMI (Manufacturing)	48.2	48.7	49.1	48.7	48.0	49.0	48.5	48.7	Declining	Faster
FDI	49.5	55.3	55.8	51.3	53.1	52.0	50.4	46.9	Declining	Faster
FLI	55.9	51.7	48.9	54.3	57.3	47.4	50.2	47.0	Growing	Faster
(Other Metrics)										
Sales	49.1	62.4	70.4	53.0	64.5	60.5	49.2	40.9	Declining	Faster
Employment	54.8	54.7	51.6	54.5	55.9	46.9	51.5	47.0	Growing	Faster
Supplier Deliveries	54.8	54.7	53.2	54.5	54.4	51.6	63.6	56.1	Growing	Faster
Respondent Inventories	61.3	65.6	64.5	59.1	57.4	62.5	60.6	66.7	Growing	Slower
Customer Inventories	40.3	46.9	45.2	40.9	38.2	51.6	42.4	45.5	Declining	Faster
Pricing, month-to-month	71.0	75.0	72.6	80.3	80.9	78.1	80.3	81.8	Growing	Slower
Pricing, year-to-year	85.5	85.9	93.5	95.5	92.6	92.2	92.4	89.4	Growing	Slower
				Higher		Same		Lower		
6-Month Outlook - November				52%		32%		16%		
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

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)** and **MSC Industrial (MSM)**.

Key Points:

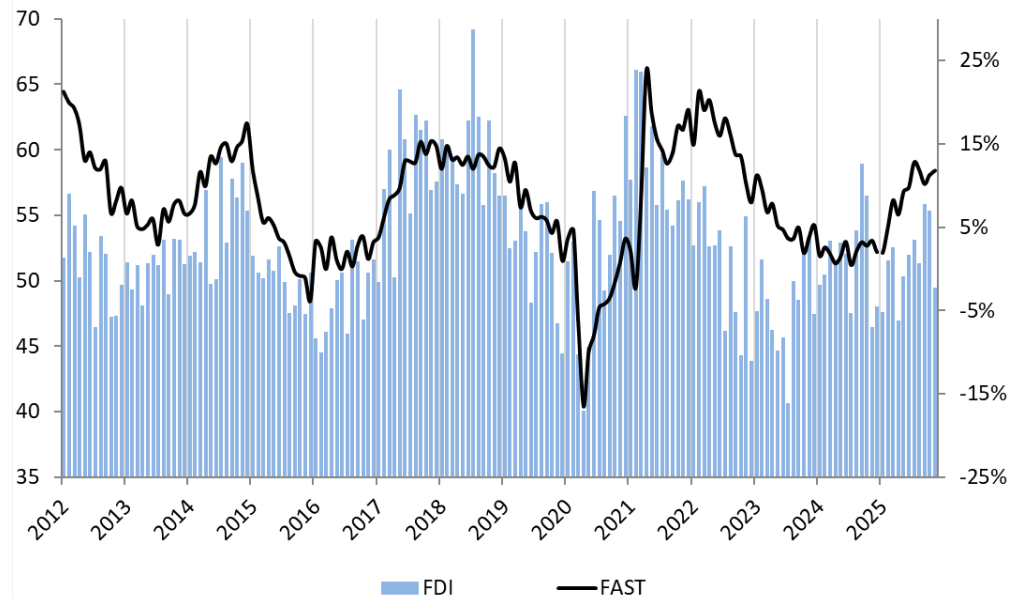
FDI pulls back below 50. This month, the index slipped just below 50 to 49.5 after two very strong months (October 55.3, September 55.8). This reflected weaker selling conditions; the seasonally adjusted sales index came in at just 49.1 vs. 62.4 last month. A mere 23% of respondents said sales were above seasonal norms, which was well below October (50%) and the average levels over the past year (37%). Anecdotal commentary suggested either a slow start to the month or a soft finish around the Thanksgiving holiday. Pricing continues to play a large role in the monthly sales performance, as pricing increased for 42% of participants m/m and 77% y/y. The percentage of respondents seeing higher pricing m/m continued to stabilize overall relative to 61% in August, 65% in July, and 66% in June –signaling tariff-related increases are starting to moderate. Employment levels were stable and remained a slight tailwind to the overall FDI, as the share of participants saying employment was “*lower than seasonal norms*” remained at a very low 3%, though the overwhelming majority (84%) say employment levels are in line. Supplier lead times were relatively unchanged m/m, while customer inventories were slightly more in balance (just 3% said too high vs. 16% last month).

FLI continues to track higher, while PMI remains muted. The Forward-Looking Indicator (FLI) improved to 55.9 from 51.7 in October. The m/m increase was driven by a more optimistic six-month outlook for respondents. Specifically, 52% now forecast better trends six months from now compared to today, increasing from 44% in October and above the 43% average throughout 2024. Conversely, just 16% forecast lower activity levels in six months, which decreased from 22% last month. The remaining 32% anticipate stable momentum (vs. 34% last month). The ISM PMI, meanwhile, suggested slightly worsening momentum in the industrial economy, with November coming in at 48.2 vs. October 48.7.

Commentary suggests a weak start or end to the month; outlook uncertain but some lean positive. Depending on the participant, the weaker sales index in November reflected the start of the month “*Nov incoming order rate was strong after slow start. Record year with one month to go. Expectations are high for 2026.*” or the end of the month “*Even though activity was up with our customers, the second half of the month slowed down more than usual due to the holiday. Expect the unworked demand to climb sharply at the beginning of December.*” That said, clearly both participants see pent-up demand being released either very near term (i.e. in December) or in 2026. Looking forward, several are hesitant to project out given tariff uncertainty: “*Really no solid trends to project that far out. Just not enough stability in the marketplace with foreign policy/tariffs plus erratic consumption from our customers.*” Similarly, another comment said, “*Again, predicting what havoc the tariffs will impose is a challenge. Hurry up and wait.*” Others have found ways to grow significantly this year in the face of tariffs “*We're currently tracking year over year sales up at 51%.*” and/or see the tariffs as having created opportunity for deeper partnerships across the supply chain “*While tariffs have stolen much time from our business, they have allowed for deeper partner relationships both with customers and suppliers.*” Lastly, others are optimistic about new business wins powering a strong 2026: “*[We are] rolling out a lot of new business in Q1-Q2 of 2026.*”

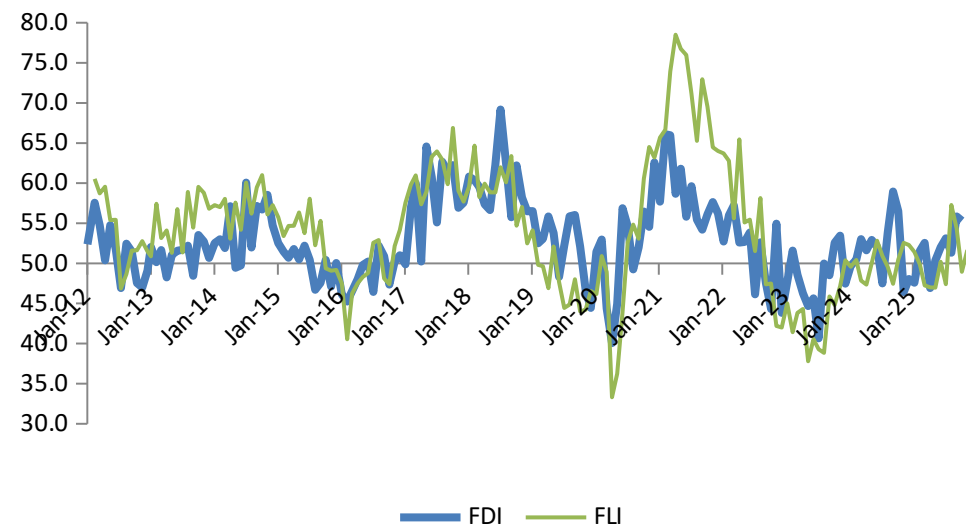
Fastenal reported November daily sales +11.8% y/y, which exceeded our +10.6% estimate and came in above what normal seasonality would have implied (+10.5%). Fastener sales were also stronger m/m, accelerating to 14.6% growth (from +12.8% in October). Elsewhere, safety sales were +8.1% and other non-fasteners grew +11.9% y/y. For December, we are anticipating a slight moderation to +11.3% y/y daily sales growth, which reflects slightly below normal seasonality due to the possibility of extended customer plant shutdowns from mid-week holidays and/or possible weather headwinds.

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, cyclical, and international operations.

MSC Industrial: Risks include cyclical, maintaining and managing growth, success of Mission Critical initiative, and poor investor sentiment.

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

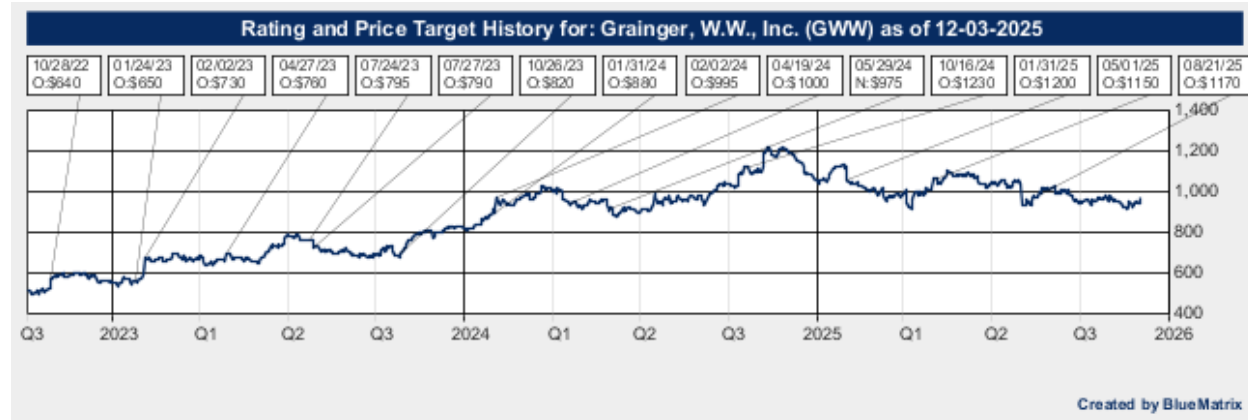
All stock prices below are as of 12/4/2025.

Fastenal Company (FAST-\$41.74-Outperform)

W.W. Grainger Inc. (GWW-\$974.70-Outperform)

MSC Industrial Direct Co. Inc (MSM-\$82.83-Neutral)

(See recent research reports for more information)





1 - Robert W. Baird & Co. Incorporated makes a market in the securities of FAST, GWW, and MSM.

8 - Robert W. Baird & Co. Incorporated and/or its affiliates beneficially own 1% or more of any class of common equity securities of Fastenal Company.

Robert W. Baird & Co. Incorporated ("Baird") and/or its affiliates expect to receive or intend to seek investment-banking related compensation from the company or companies mentioned in this report within the next three months.

A complete listing of all companies covered by Baird U.S. Equity Research and applicable research disclosures can be accessed at <http://www.rwbaird.com/research-insights/research/coverage/third-party-research-disclosures.aspx>. You can also call 800-792-2473 or write: Robert W. Baird & Co., Equity Research, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.

Baird may not be licensed to execute transactions in all foreign listed securities directly. Transactions in foreign listed securities may be prohibited for residents of the United States. Baird may act as principal for its own account or as agent for another person in connection with securities transactions effected through Baird. Please contact a Baird representative for more information.

Investment Ratings: **Outperform (O)** - Expected to outperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months. **Neutral (N)** - Expected to perform in line with the broader U.S. equity market over the next 12 months. **Underperform (U)** - Expected to underperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months.

Risk Ratings: **L - Lower Risk** - Higher-quality companies for investors seeking capital appreciation or income with an emphasis on safety. Company characteristics may include: stable earnings, conservative balance sheets, and an established history of revenue and earnings. **A - Average Risk** - Growth situations for investors seeking capital appreciation with an emphasis on safety. Company characteristics may include: moderate volatility, modest balance-sheet leverage, and stable patterns of revenue and earnings. **H - Higher Risk** - Higher-growth situations appropriate for investors seeking capital appreciation with the acceptance of risk. Company characteristics may include: higher balance-sheet leverage, dynamic business environments, and higher levels of earnings and price volatility. **S - Speculative Risk** - High growth situations appropriate only for investors willing to accept a high degree of volatility and risk. Company characteristics may include: unpredictable earnings, small capitalization, aggressive growth strategies, rapidly changing market dynamics, high leverage, extreme price volatility and unknown competitive challenges.

Valuation, Ratings and Risks. The recommendation and price target contained within this report are based on a time horizon of 12 months but there is no guarantee the objective will be achieved within the specified time horizon. Price targets are determined by a subjective review of fundamental and/or quantitative factors of the issuer, its industry, and the security type. A variety of methods may be used to determine the value of a security including, but not limited to, discounted cash flow, earnings multiples, peer group comparisons, and sum of the parts. Overall market risk, interest rate risk, and general economic risks impact all securities. Specific information regarding the price target and recommendation is provided in the text of our most recent research report.

Distribution of Investment Ratings. As of November 28, 2025, Baird U.S. Equity Research covered 724 companies, with 63% rated Outperform/Buy, 36% rated Neutral/Hold and 1% rated Underperform/Sell. Within these rating categories, 9% of Outperform/Buy-rated, and 6% of Neutral/Hold-rated companies have compensated Baird for investment banking services in the past 12 months and/or Baird managed or co-managed a public offering of securities for these companies in the past 12 months.

Analyst Compensation. Research analyst compensation is based on: (1) the correlation between the research analyst's recommendations and stock price performance; (2) ratings and direct feedback from our investing clients, our institutional and retail sales force (as applicable) and from independent rating services; (3) the research analyst's productivity, including the quality of such analyst's research and such analyst's contribution to the growth and development of our overall research effort; (4) compliance with all of Baird's internal policies and procedures; and (5) other considerations, such as Baird's assessment of the prevailing market rates for talent in the sector the research analyst covers, but excluding the analyst's contributions to Baird's investment banking services activities. This compensation criteria and actual compensation is reviewed and approved on an annual basis by Baird's Research Oversight Committee. Analyst compensation is derived from all revenue sources of the firm, including revenues from investment banking. Baird does not compensate research analysts based on specific investment banking transactions.

Analyst Certification

The research analyst primarily responsible for the preparation of this research report certifies that the views expressed in this research report and/or financial model accurately reflect such research analyst's personal views about the subject securities or issuers and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

Disclaimers

Baird prohibits analysts from owning stock in companies they cover.

This is not a complete analysis of every material fact regarding any company, industry or security. The information, opinions, estimates, and forecasts contained herein are as of the date hereof and are subject to change without prior notification. The information has been obtained from sources we consider to be reliable, but we cannot guarantee its accuracy.

ADDITIONAL INFORMATION ON COMPANIES MENTIONED HEREIN IS AVAILABLE UPON REQUEST

The Dow Jones Industrial Average, S&P 500, S&P 400 and Russell 2000 are unmanaged common stock indices used to measure and report performance of various sectors of the stock market; direct investment in indices is not available. Baird is exempt from the requirement to hold an Australian financial services license. Baird is regulated by the United States Securities and Exchange Commission, FINRA, and various other self-regulatory organizations and those laws and regulations may differ from Australian laws. This report has been prepared in accordance with the laws and regulations governing United States broker-dealers and not Australian laws.

Other Disclosures

The information and rating included in this report represent the research analyst's views based on a time horizon of 12 months, as described above, unless otherwise stated. In some of our research reports, the subject company may be designated as a "Fresh Pick", representing that, until the expiration date specified in the report or until the analyst removes such designation, certain news, events or catalysts could have a near or medium term impact on the market price of the security discussed in that report, which may be directionally opposite (i.e., bullish/bearish) to the analyst's published, 12-month rating and/or price target contained in the report. The Fresh Pick designation is not a rating and has no impact on the analyst's fundamental rating or price target as defined herein. Baird seeks to keep all our research current, but numerous factors such as rapid changes in market conditions, current events or regulations can impact our analyst's ability to do so. Most of our reports are published at irregular intervals, at the sole discretion of the research analyst. The research analyst(s) named in this report may, at times and at the request of clients or their Baird representatives, provide particular investment perspectives or trading strategies based primarily on the analyst's understanding of the individual client's objectives. These perspectives or trading strategies generally are responsive to client inquiries and based on criteria the research analyst considers relevant to the client. As such, these perspectives and strategies may differ from the research analyst's views contained in this report.

Baird and/or its affiliates may provide to certain clients additional or research supplemental products or services, such as outlooks, commentaries and other detailed analyses, which focus on covered stocks, companies, industries or sectors. Not all clients who receive our standard company-specific research reports are eligible to receive these additional or supplemental products or services. Baird determines in its sole discretion the clients who will receive additional or supplemental products or services, in light of various factors including the size and scope of the client relationships. These additional or supplemental products or services may feature different analytical or research techniques and information than are contained in Baird's standard research reports. Any ratings and recommendations contained in such additional or research supplemental products are consistent with the research analyst's ratings and recommendations contained in more broadly disseminated standard research reports. Baird disseminates its research reports to all clients simultaneously by posting such reports to Baird's password-protected client portal, <https://bol.rwbaird.com/Login> ("BairdOnline"). All clients may access BairdOnline and at any time. All clients are advised to check BairdOnline for Baird's most recent research reports. After research reports are posted to BairdOnline, such reports may be emailed to clients, based on, among other things, client interest, coverage, stock ownership and indicated email preferences, and electronically distributed to certain third-party research aggregators, who may make such reports available to entitled clients on password-protected, third-party websites. Not all research reports posted to BairdOnline will be emailed to clients or electronically distributed to such research aggregators. To request access to Baird Online, please visit <https://bol.rwbaird.com/Login/RequestInstLogin> or contact your Baird representative.

Dividend Yield. As used in this report, the term "dividend yield" refers, on a percentage basis, to the historical distributions made by the issuer relative to its current market price. Such distributions are not guaranteed, may be modified at the issuer's discretion, may exceed operating cash flow, subsidized by borrowed funds or include a return of investment principal.

United Kingdom ("UK") disclosure requirements for the purpose of distributing this research into the UK and other countries for which Robert W. Baird Limited holds a MiFID passport.

Robert W. Baird Limited or one of its affiliates may at any time have a long or short position in the company or companies mentioned in this report. Where Robert W. Baird Limited or one of its affiliates holds a long or short position exceeding 0.5% of the total issued share capital of the issuer, this will be disclosed separately by your Robert W. Baird Limited representative upon request.

Investment involves risk. The price of securities may fluctuate and past performance is not indicative of future results. Any recommendation contained in the research report does not have regard to the specific investment objectives, financial situation and the particular needs of any individuals. You are advised to exercise caution in relation to the research report. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Robert W. Baird Limited and Robert W. Baird & Co. Incorporated have in place organisational and administrative arrangements for the prevention, avoidance, and disclosure of conflicts of interest with respect to research recommendations. Robert W. Baird Limited's Conflicts of Interest Policy, available [here](#), outlines the approach Robert W. Baird Limited takes in relation to conflicts of interest and includes detail as to its procedures in place to identify, manage and control conflicts of interest. Robert W. Baird Limited and or one of its affiliates may be party to an agreement with the issuer that is the subject of this report relating to the provision of services of investment firms. Robert W. Baird & Co. Incorporated's policies and procedures are designed to identify and effectively manage conflicts of interest related to the preparation and content of research reports and to promote objective and reliable research that reflects the truly held opinions of research analysts. Robert W. Baird & Co. Incorporated's research analysts certify on a quarterly basis that such research reports accurately reflect their personal views.

This material is strictly confidential to the recipient and not intended for persons in jurisdictions where the distribution or publication of this research report is not permitted under the applicable laws or regulations of such jurisdiction.

Robert W. Baird Limited is exempt from the requirement to hold an Australian financial services license and is regulated by the FCA under UK laws, which may differ from Australian laws. As such, this document has not been prepared in accordance with Australian laws.
