

Market Comments

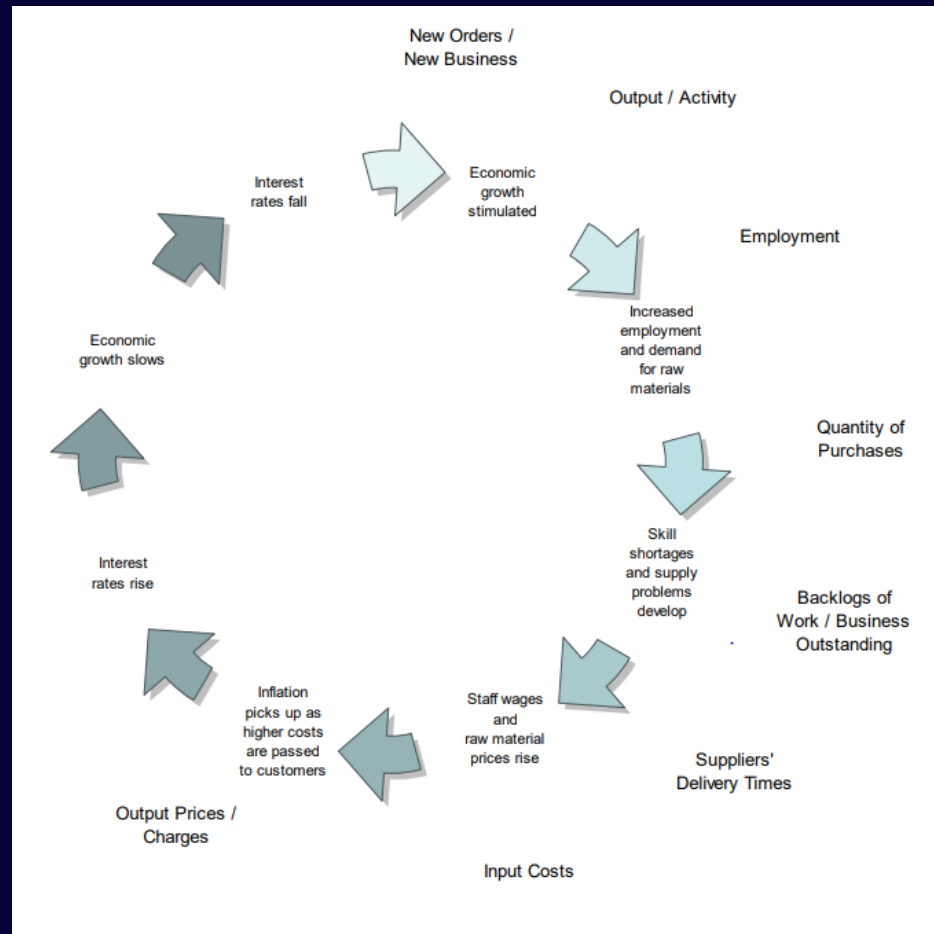
June 6, 2021

Custer Consulting Group
www.custerconsulting.com

Purchasing Managers Indices (PMI)

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Boom-bust cycle with PMI Variables

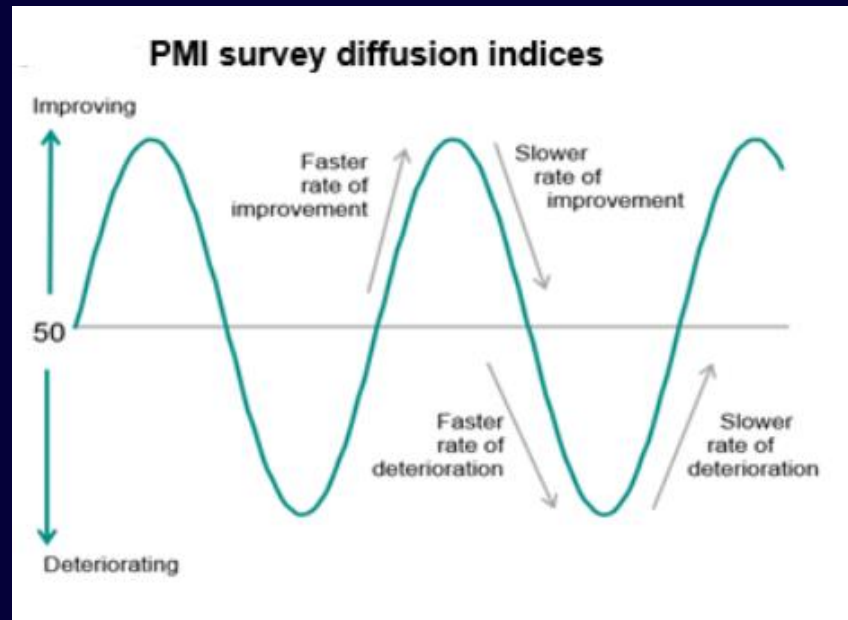


Purchasing Managers Indices (PMI)

Interpreting The Manufacturing PMI

PMI surveys ask respondents to report on monthly changes in key business metrics, such as production, new orders, employment and prices.

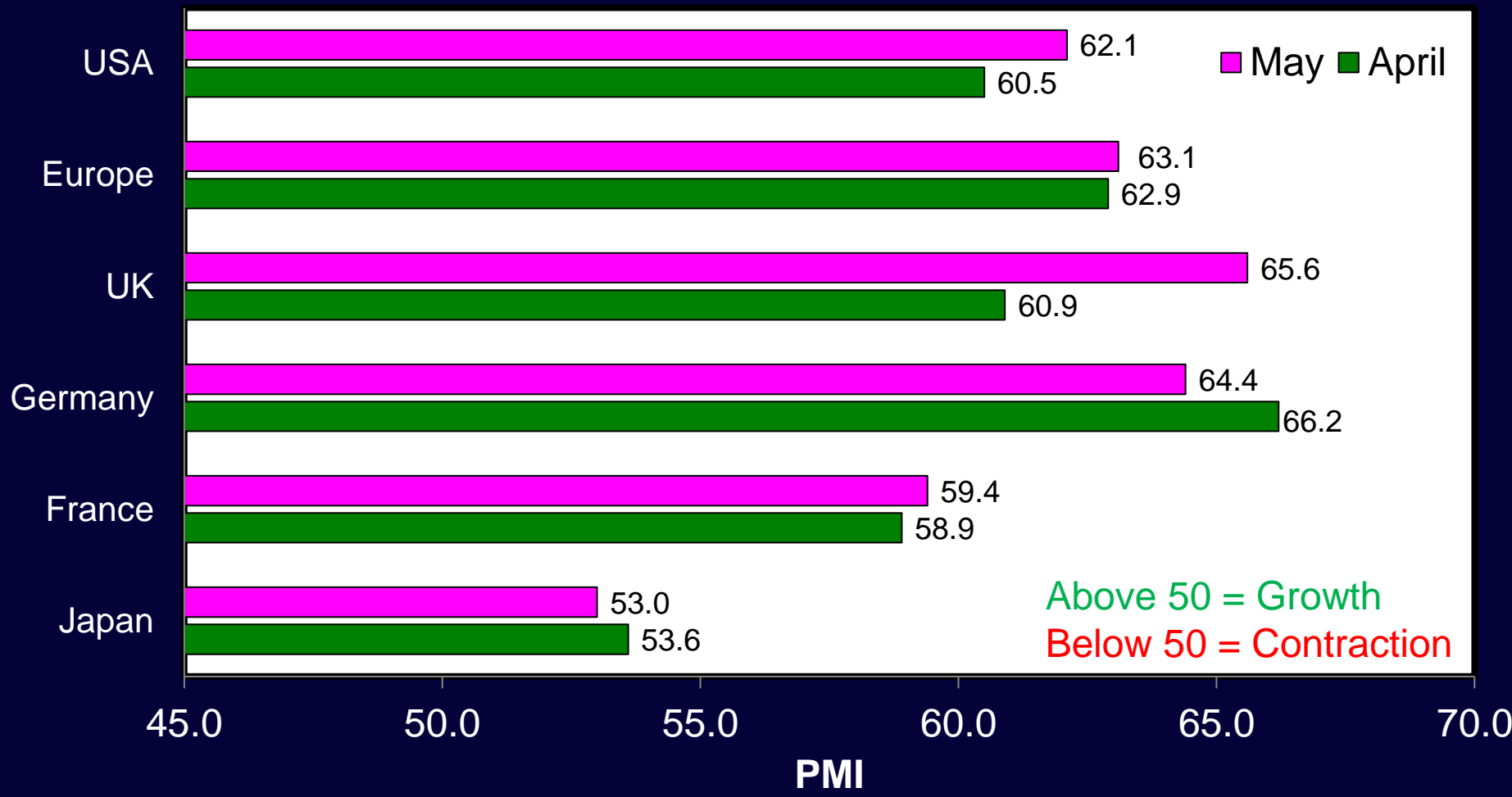
The percentage of respondents reporting an increase are assigned a weight of 1.0 and those reporting no change are accorded a weight of 0.5. Those reporting a decline are weighted zero. Therefore, if 100% of the survey panel reports an increase, the resulting index hits 100. Similarly, if 100% of companies report no change, the index comes in at 50.0 (100% x 0.5).



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Purchasing Managers' Indices May vs. April



Source: Markit Economics

Custer Consulting Group

Global "Purchasing Managers" Index

Diffusion Index, >50 = Growth



Global Manufacturing PMI

- The global manufacturing sector expanded at a robust pace in May. Production rose at one of the fastest rates in a decade, as new order growth accelerated to an 11-year high. The outlook remained positive, with manufacturers forecasting further increases in output over the next 12 months.
- 24 out of the 30 nations for which May data were available registered better business conditions. Europe was a bright spot in the upturn, with the six top-ranked countries (the Netherlands, Austria, the UK, Germany, Ireland and Italy) located in that region. The US also saw a solid pace of expansion. Subdued growth was registered in Japan, China, Russia and India. The Philippines, Turkey, Thailand, Mexico, Colombia and Myanmar all saw contractions.
- Pressure on capacity continued to build during May. Average vendor lead times lengthened to the greatest extent in the survey history, while backlogs of work at manufacturers rose at a near survey-record pace. This fed through to increased inflation, as highlighted by the steepest rise in input costs for over a decade and record inflation of selling prices.— JPM Global Manufacturing PMI, May

Global PMI Index Summary - March

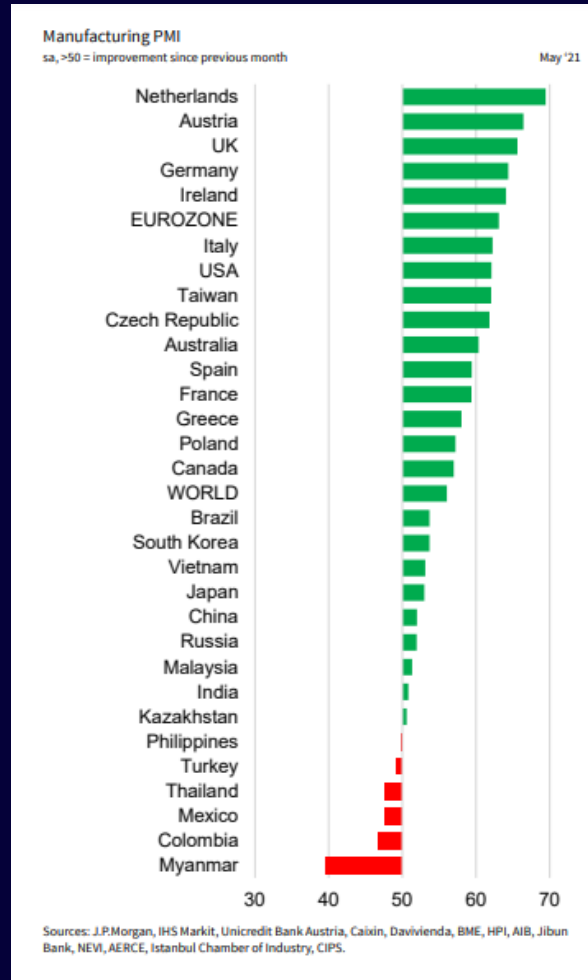
Diffusion Index, >50 = Growth

Index summary
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Apr-21	May-21	Interpretation
PMI	55.9	56.0	Improvement, faster rate
Output	55.8	55.6	Growth, slower rate
New Orders	56.8	57.3	Growth, faster rate
New Export Orders	54.7	54.9	Growth, faster rate
Future Output	66.6	65.1	Growth expected, weaker sentiment
Employment	52.6	52.5	Growth, slower rate
Input Prices	69.7	71.6	Inflation, faster rate
Output Prices	59.8	62.6	Inflation, faster rate

Global Manufacturing PMI Indices - March

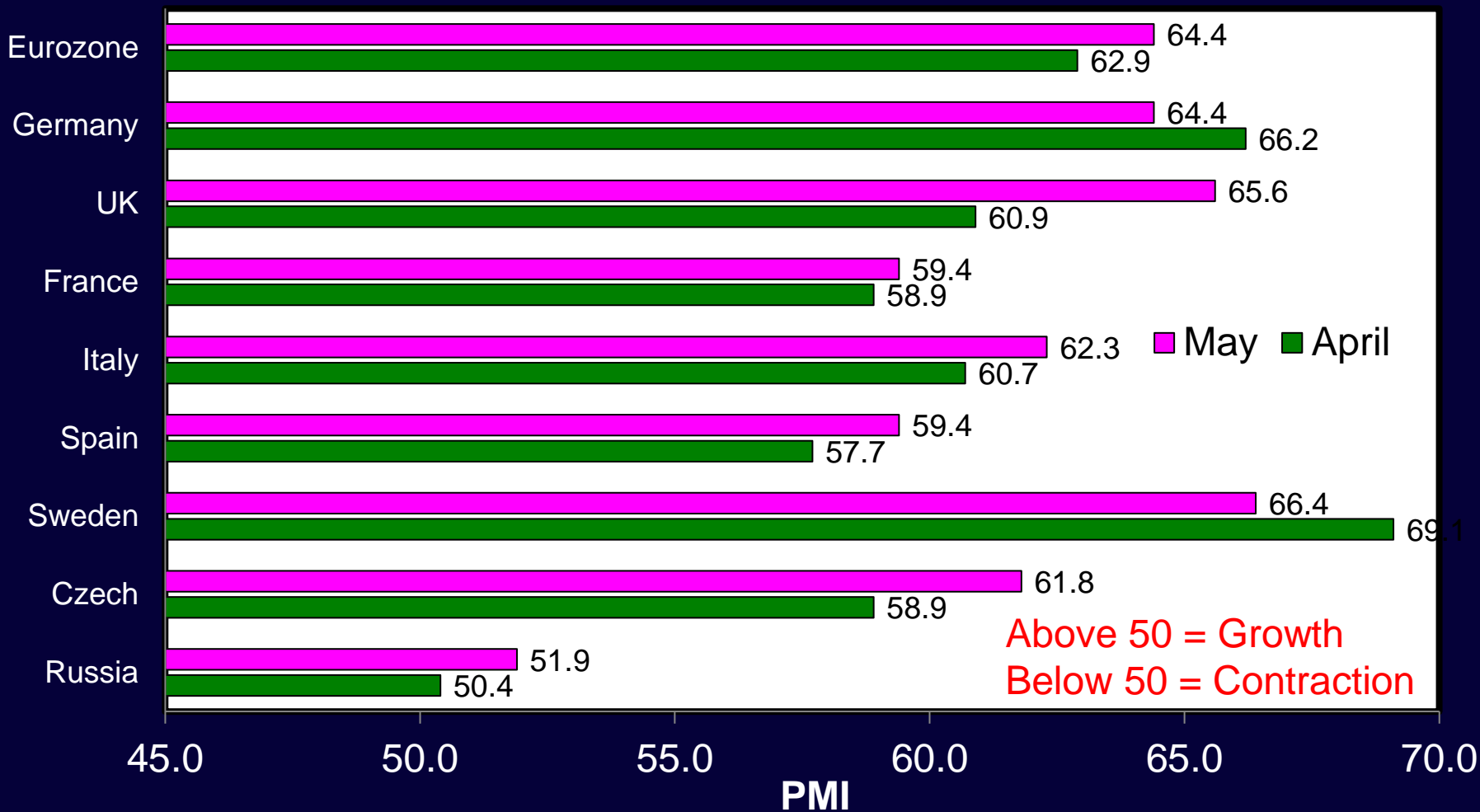
Diffusion Index, >50 = Growth



U.S. Manufacturing PMI (ISM)

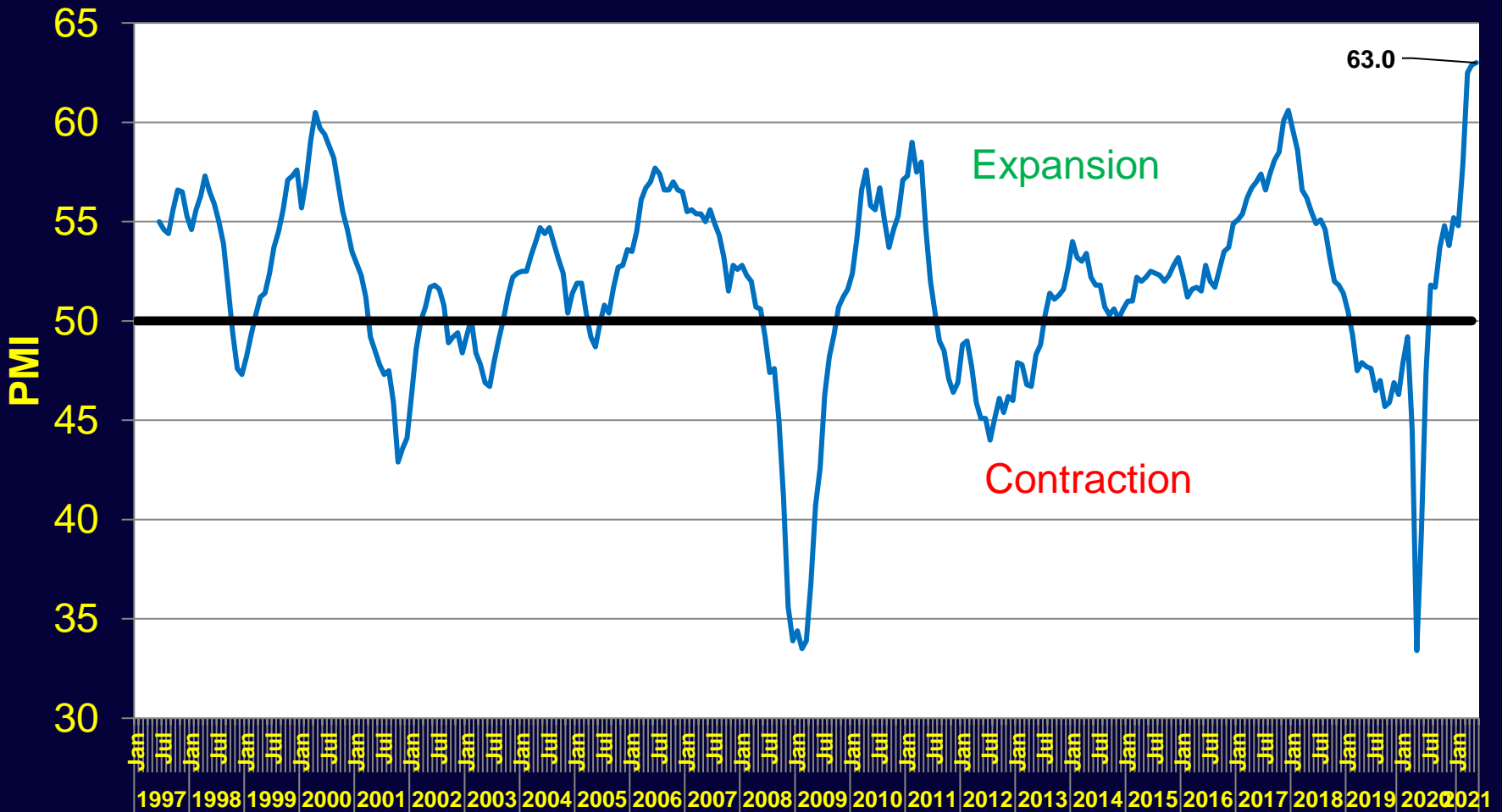
- The manufacturing economy continued expansion in May. Business Survey Committee panelists reported that their companies and suppliers continue to struggle to meet increasing levels of demand. Record-long lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are continuing to affect all segments of the manufacturing economy. Worker absenteeism, short-term shutdowns due to part shortages, and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential. Optimistic panel sentiment increased, with 36 positive comments for every cautious comment, compared to an 11-to-1 ratio in April.
- All of the six biggest manufacturing industries — Computer & Electronic Products; Fabricated Metal Products; Food, Beverage & Tobacco Products; Chemical Products; Transportation Equipment; and Petroleum & Coal Products, in that order — registered moderate to strong growth in May - US ISM Manufacturing PMI, May

European Purchasing Managers' Indices April vs. March 2021



Eurozone Manufacturing "Purchasing Managers" Index

Diffusion Index, >50 = Growth



Eurozone Manufacturing PMI

- The eurozone manufacturing economy experienced a new record improvement in operating conditions during May.
- At the country level the Netherlands registered the highest PMI, followed by Austria. In each case, latest readings were respective survey records.
- Of the remaining six countries covered by the survey, Ireland and Italy also recorded their highest ever PMI numbers, whilst Greece, France and Spain all registered multi-year peaks. Germany was the only nation to record slower growth, though still managed to register a rate of expansion close to March's survey record.
- Placing constraints on production activities were ongoing difficulties in sourcing inputs from vendors. Deliveries from suppliers deteriorated at a severe and unprecedented rate during the month, as demand for inputs ag. – Euro Manufacturing PMI, May

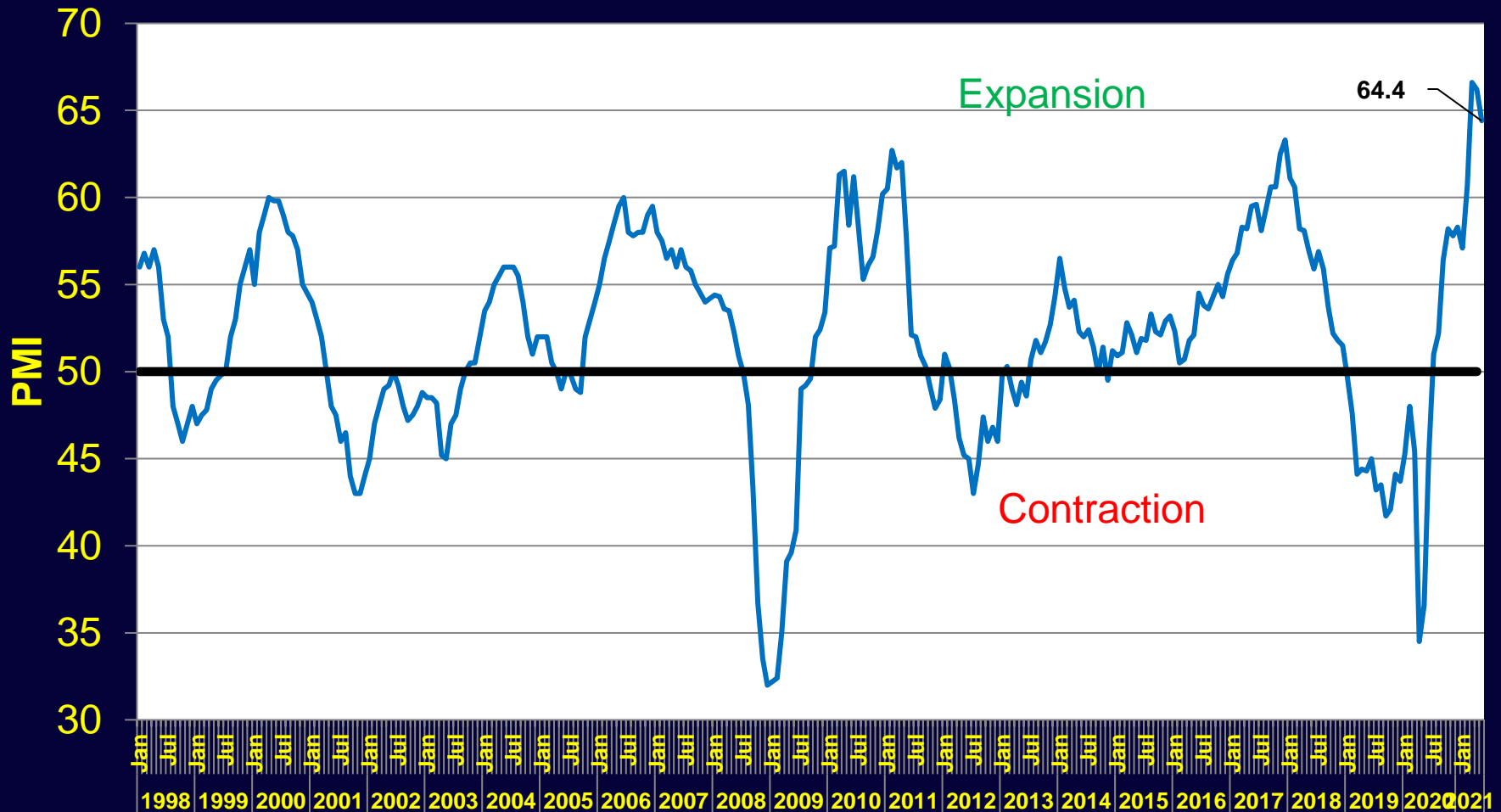
Eurozone Manufacturing PMI

Country Rank - May

Netherlands	69.4	record high
Austria	66.4	record high
Germany	64.4 (flash: 64.0)	3-month low
Ireland	64.1	record high
Italy	62.3	record high
France	59.4 (flash: 59.2)	248-month high
Spain	59.4	276-month high
Greece	58.0	253-month high

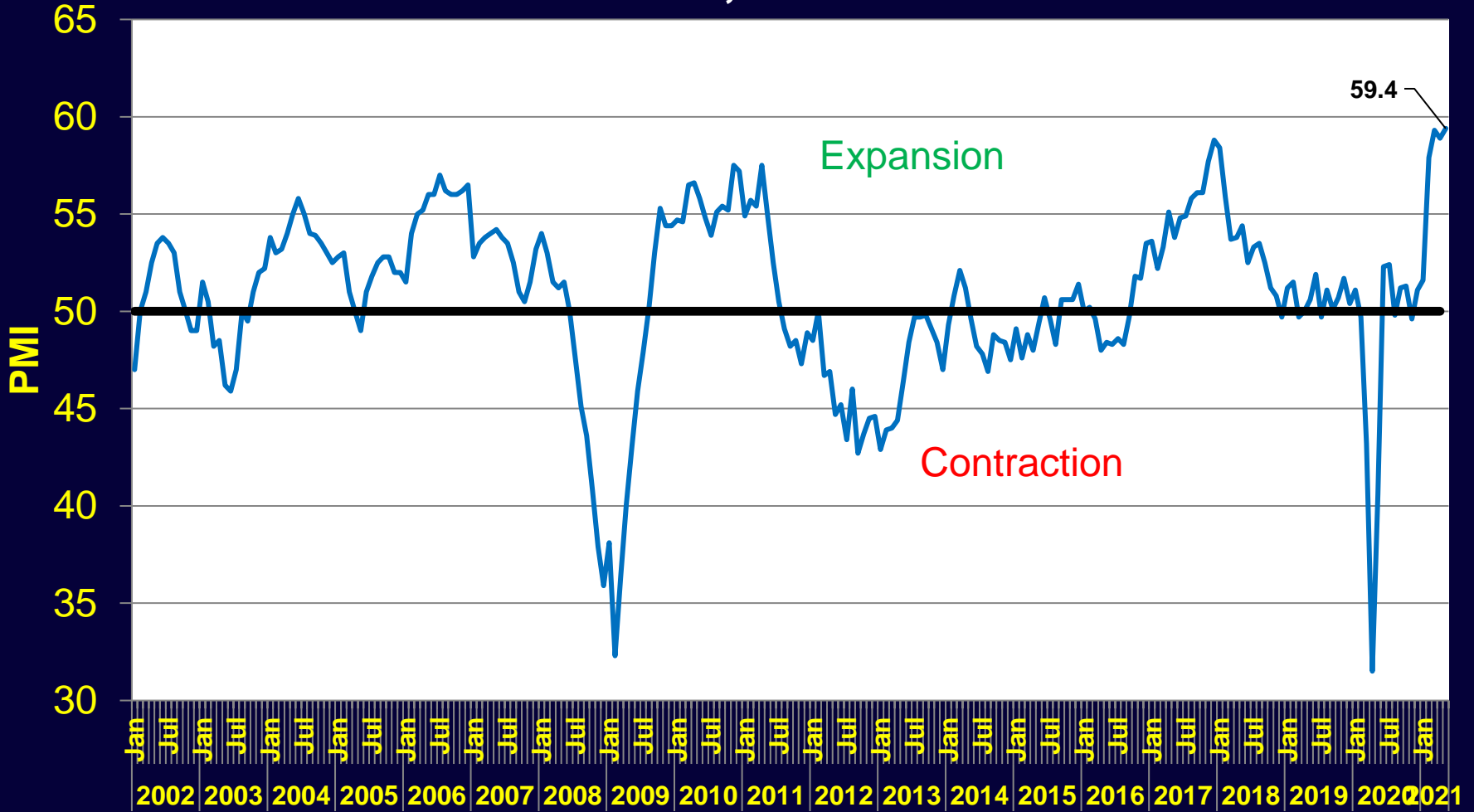
Germany Manufacturing "Purchasing Managers" Index

Diffusion Index, >50 = Growth

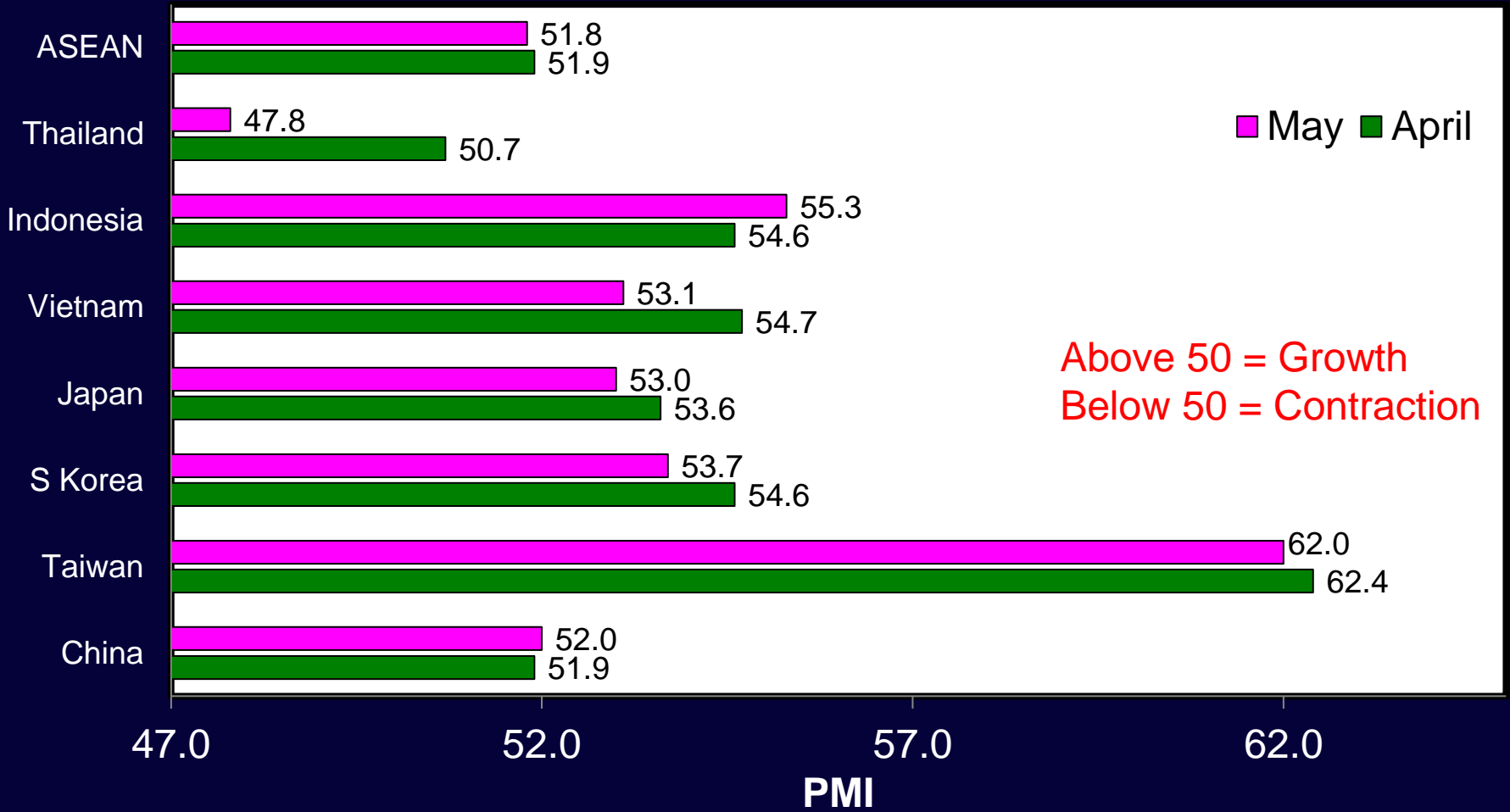


France Manufacturing "Purchasing Managers" Index

Diffusion Index, >50 = Growth



Asian Purchasing Managers Indices May vs. April



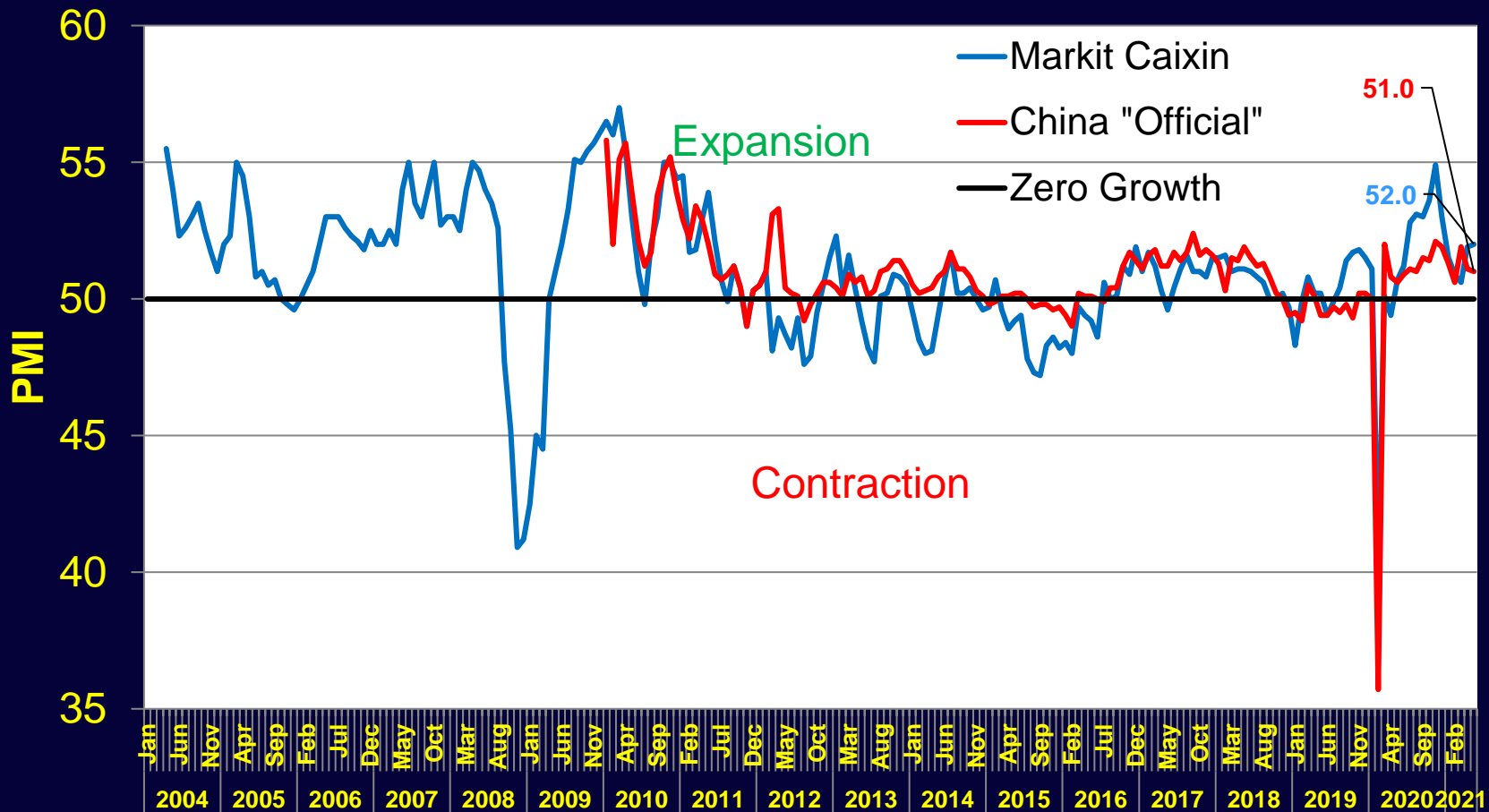
China Official Manufacturing "Purchasing Managers" Index

Diffusion Index, >50 = Growth



China "Purchasing Managers" Indices

Diffusion Index, >50 = Growth

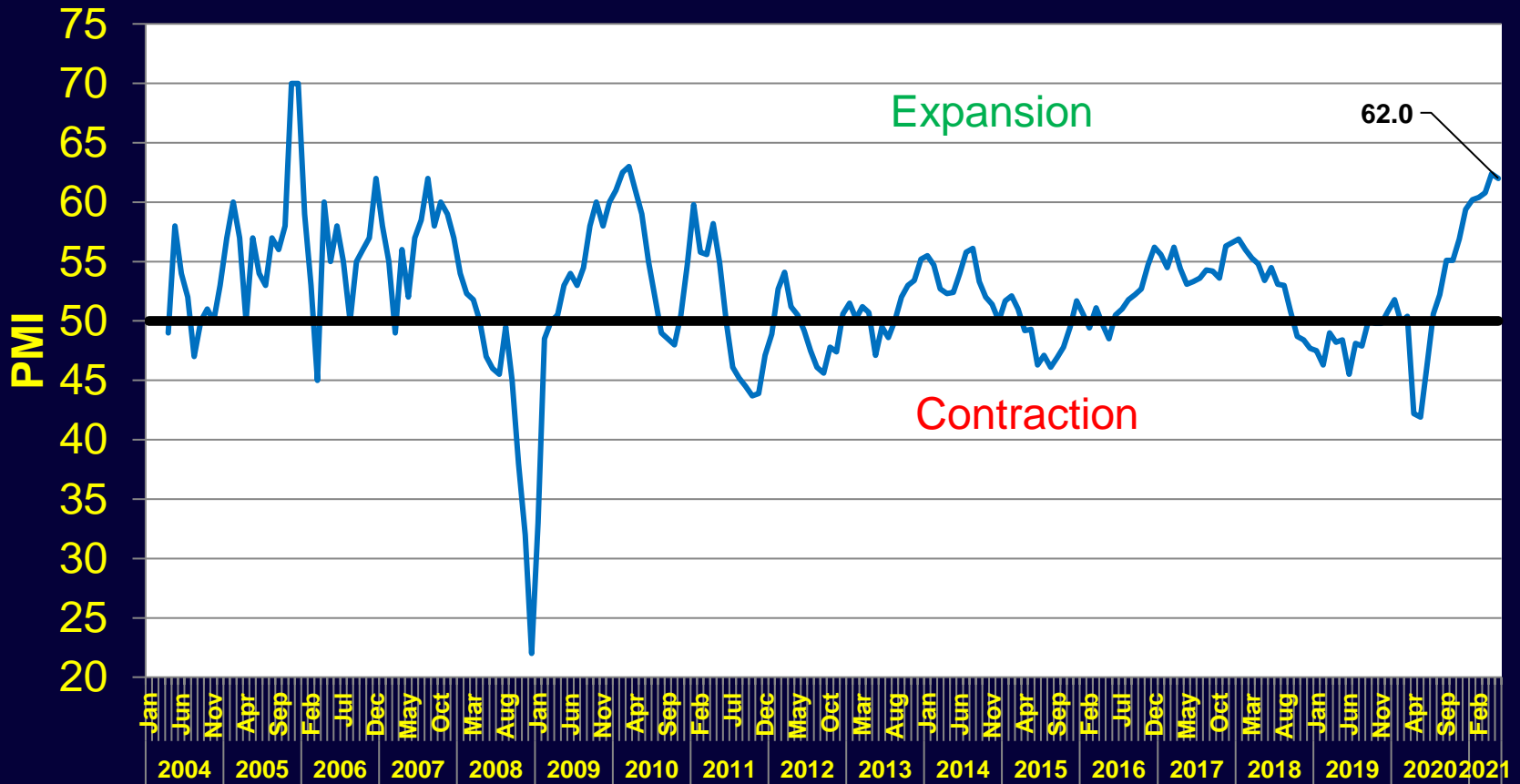


China Manufacturing PMI

- China's manufacturing sector continued to expand in May, with firms reporting the strongest increase in new work for five months. As a result, production expanded further, though the rate of growth softened since April amid reports of material shortages and higher purchasing costs.
- Average cost burdens rose rapidly in the latest survey period, with the rate of inflation the quickest since December 2016. Panel members frequently mentioned that higher raw material costs pushed up expenses. Firms generally passed on greater input costs to clients by raising their output prices which increased at the fastest rate since February 2011. - Caxin China PMI, May

Taiwan "Purchasing Managers" Index

Diffusion Index, >50 = Growth

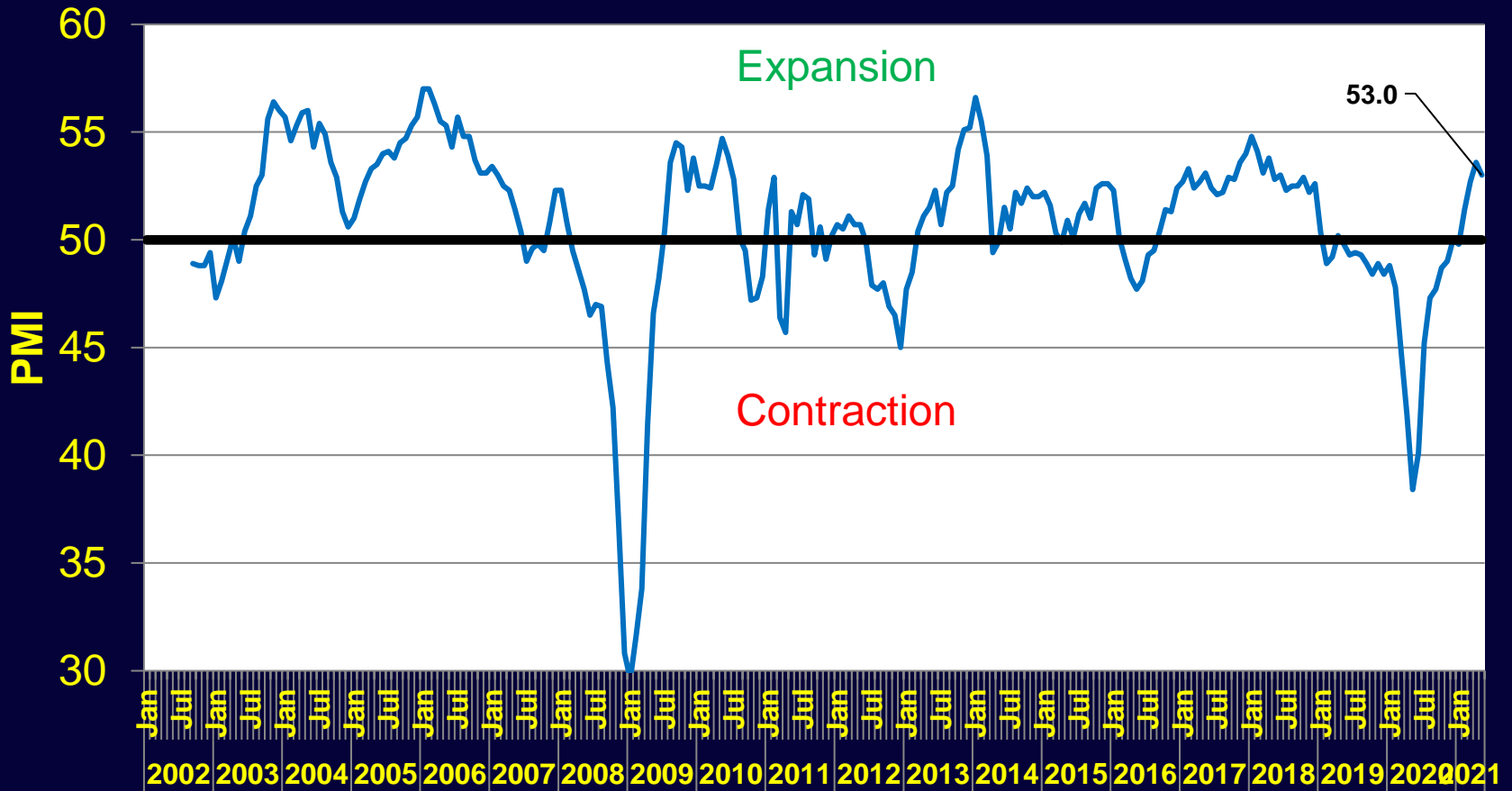


Taiwan Manufacturing PMI

- Taiwan's manufacturing sector expanded sharply in May, with both output and new orders increasing at faster rates. However, supply chain delays remained severe, and companies continued to build inventories as part of efforts to protect themselves against raw material shortages and surging costs. The latter led to a new record increase in selling prices, as companies sought to pass on higher expenses to clients. .
- Prices data indicated that inflationary pressures continued to mount in May. Average input costs rose rapidly overall, with the rate of inflation easing only slightly from April's 122-month record. Higher expenses were frequently linked to increased raw material costs and shortages. In order to help protect operating margins, firms hiked their prices charged again, and at the fastest rate on record. - Taiwan PMI, May

Japan "Purchasing Managers" Index

Diffusion Index, >50 = Growth

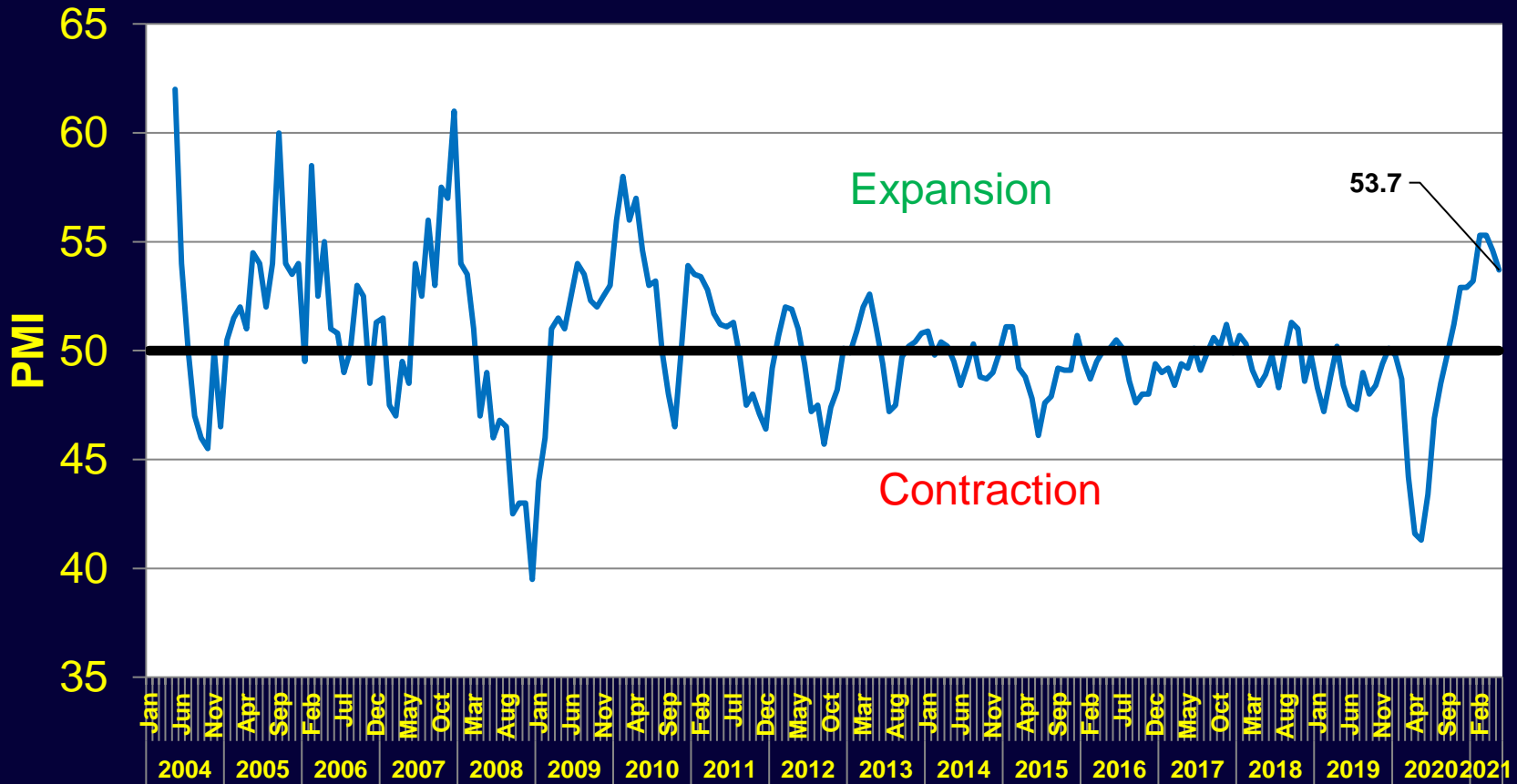


Japan Manufacturing PMI

- **Japanese manufacturing firms continued to indicate a moderate improvement in operating conditions in May. Sustained, albeit softer expansions in both production volumes and new orders contributed to overall growth in the manufacturing sector.**
- **May data signalled further rises in average cost burdens among Japanese manufacturers. The pace of input cost inflation remained rapid overall, and reached the fastest pace since October 2018. - Japan PMI, May**

S Korea "Purchasing Managers" Index

Diffusion Index, >50 = Growth

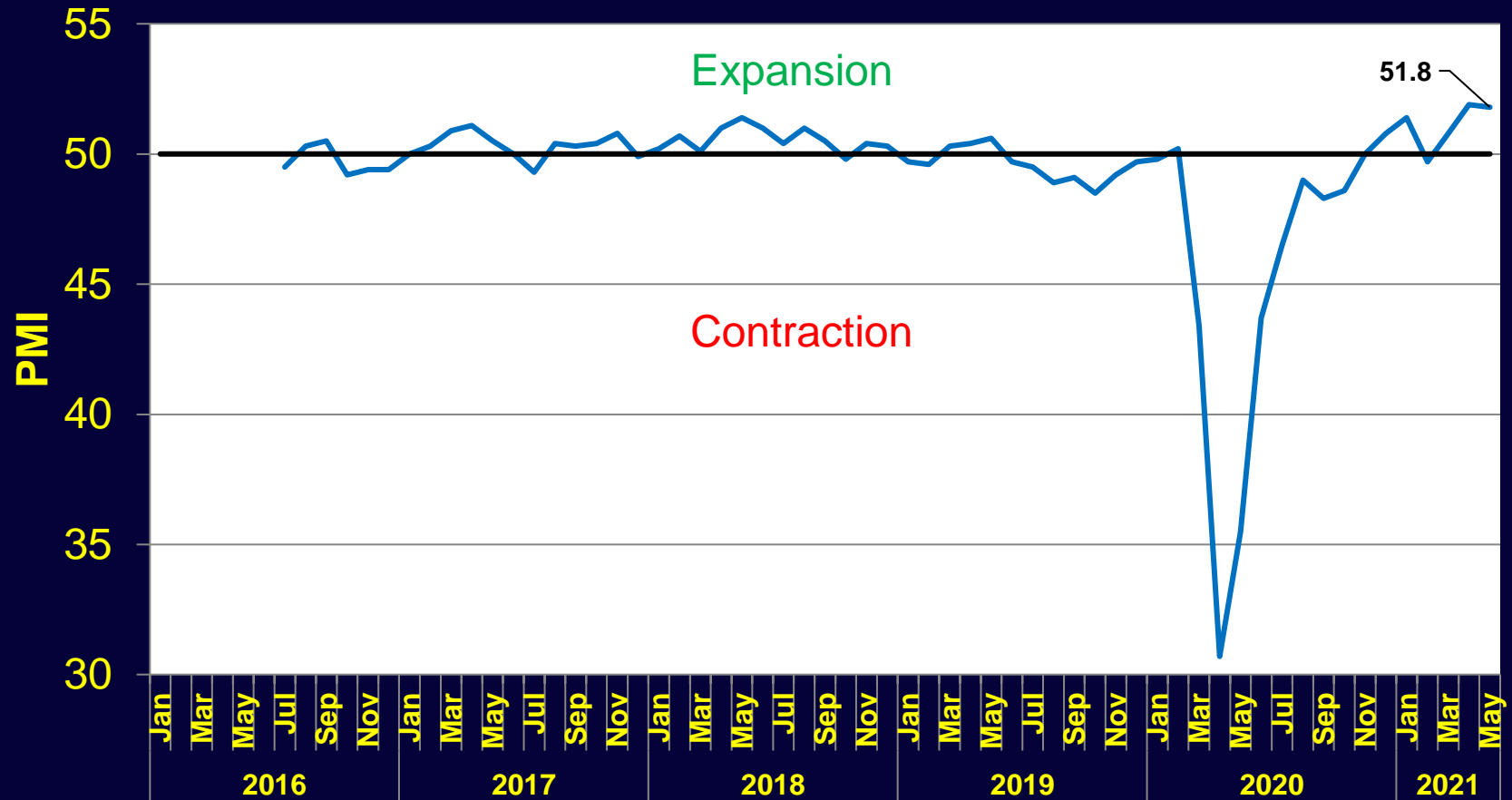


South Korea Manufacturing PMI

- **Businesses operating in the South Korean manufacturing sector indicated a further improvement in operating conditions in May, although slower expansions in both production and new business levels meant that the pace of growth softened in comparison to April.**
- **Latest data pointed to an acceleration in input cost inflation faced by South Korean manufacturers, with costs rising at the steepest pace since January 2008. Moreover, the latest reading of the respective index was the second-highest since the survey began in April 2004. Concurrently, output prices increased at a survey record pace as firms sought to pass higher costs on to clients – South Korea PMI, May**

ASEAN "Purchasing Managers" Index

Diffusion Index, >50 = Growth



ASEAN Member Countries



The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand. There are 10 permanent members of this association. The basic objective behind the establishment of this organisation is to promote economic co-operation in South-East Asia and ensure the economic stability in this region. Its headquarters is in Jakarta (Indonesia).

ASEAN Manufacturing PMI

- May data highlighted further evidence of capacity pressures at ASEAN firms in May, with backlogs of work rising for the third month in a row. That said, the rate of backlog accumulation remained marginal. At the same time, firms trimmed their staffing levels, thereby extending the current sequence of job shedding to two years. However, the rate of decline remained mild.
- Turning to prices, the rate of input price inflation was unchanged from April and the joint-steepest since November 2013. As a result, firms upped their charges again in May, but the rate of increase slowed slightly from April's two-and-a-half-year high. - ASEAN PMI, May

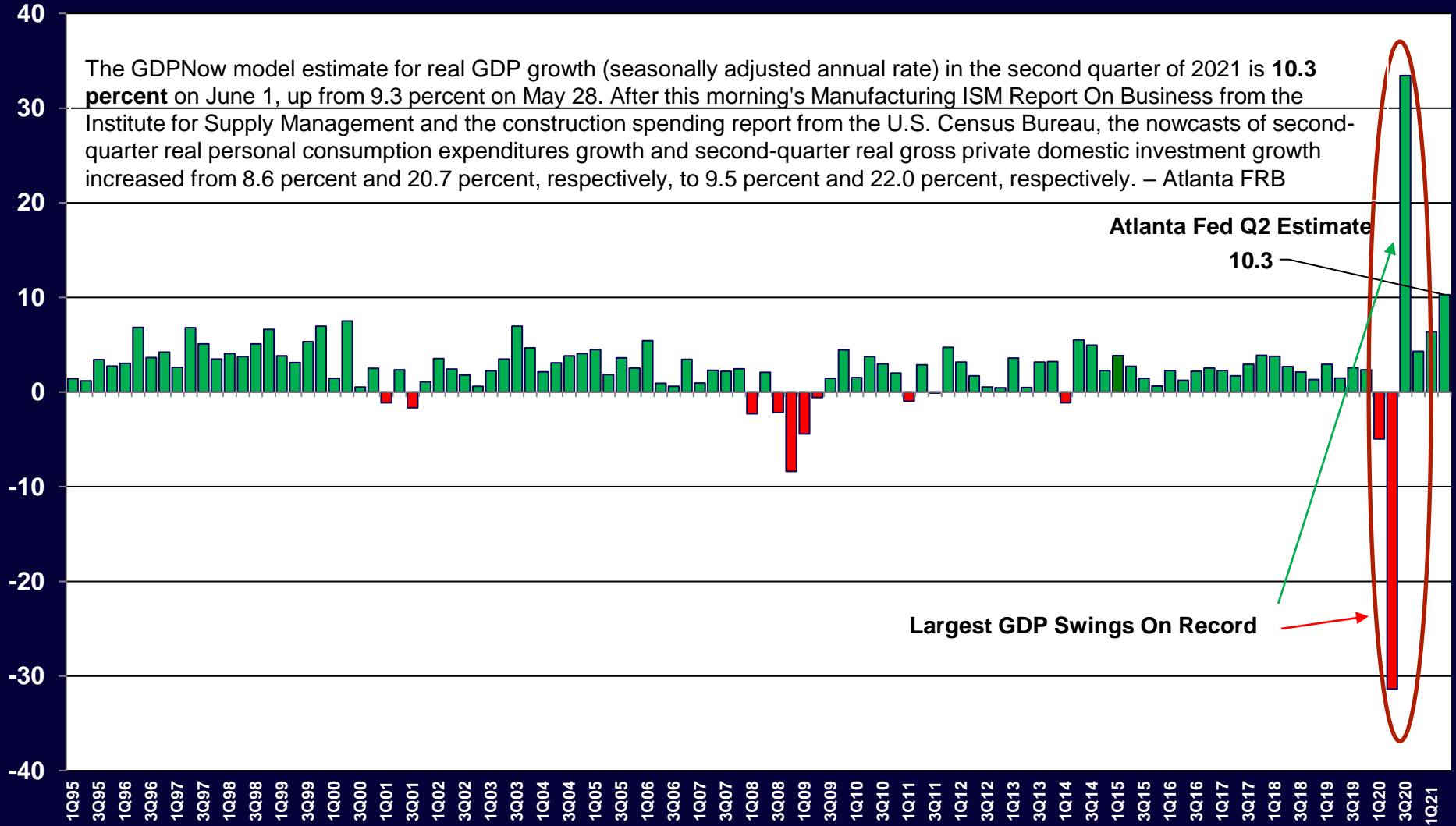
U.S. GDP Growth

% Annualized Change vs. Prior Quarter (2012 \$)

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2021 is **10.3 percent** on June 1, up from 9.3 percent on May 28. After this morning's Manufacturing ISM Report On Business from the Institute for Supply Management and the construction spending report from the U.S. Census Bureau, the nowcasts of second-quarter real personal consumption expenditures growth and second-quarter real gross private domestic investment growth increased from 8.6 percent and 20.7 percent, respectively, to 9.5 percent and 22.0 percent, respectively. – Atlanta FRB

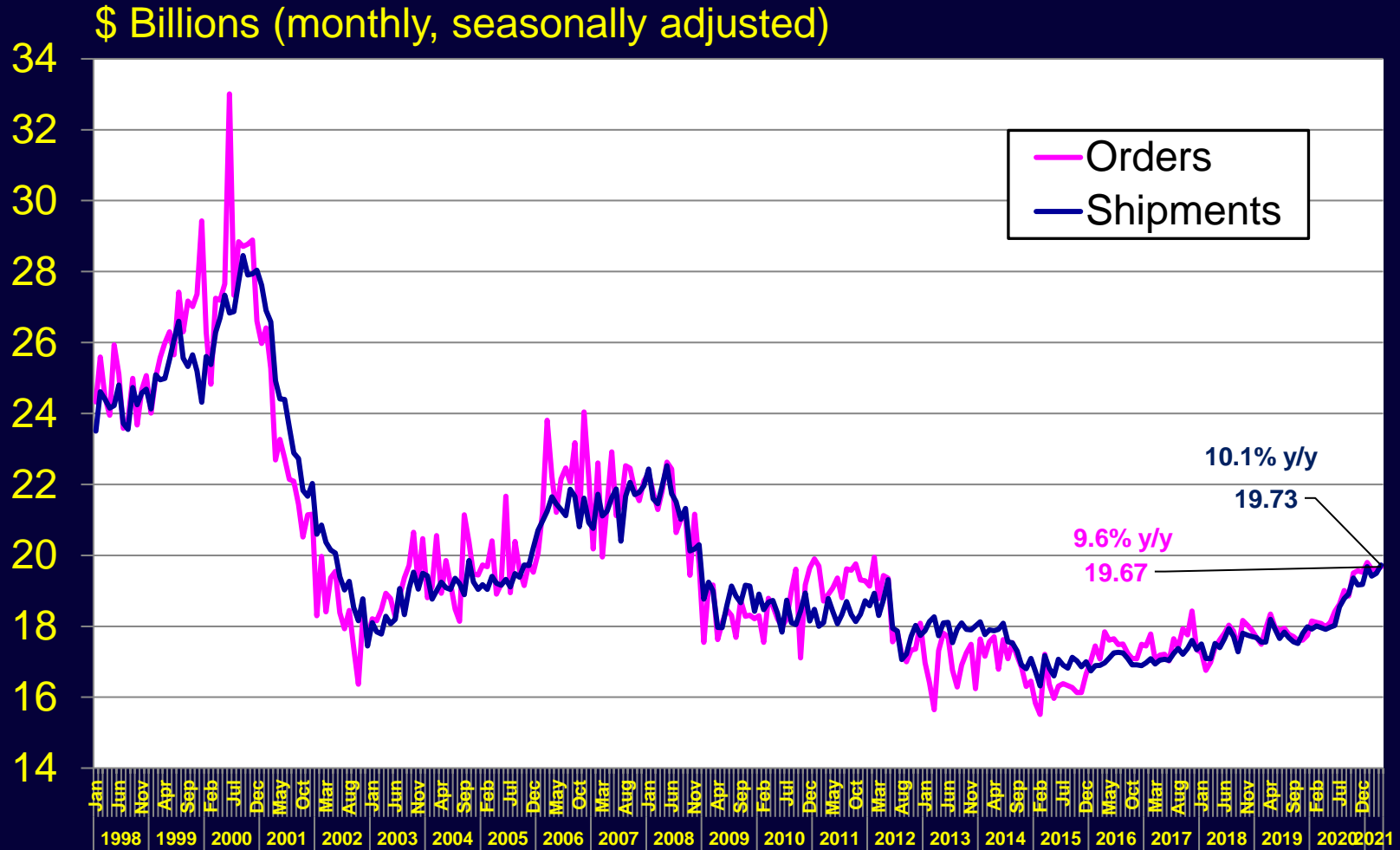
Atlanta Fed Q2 Estimate
10.3

Largest GDP Swings On Record



U.S. Electronic Equipment Orders & Shipments

Computer, Communications, Measurement & Control and Military



Global Semiconductor Equipment Billings

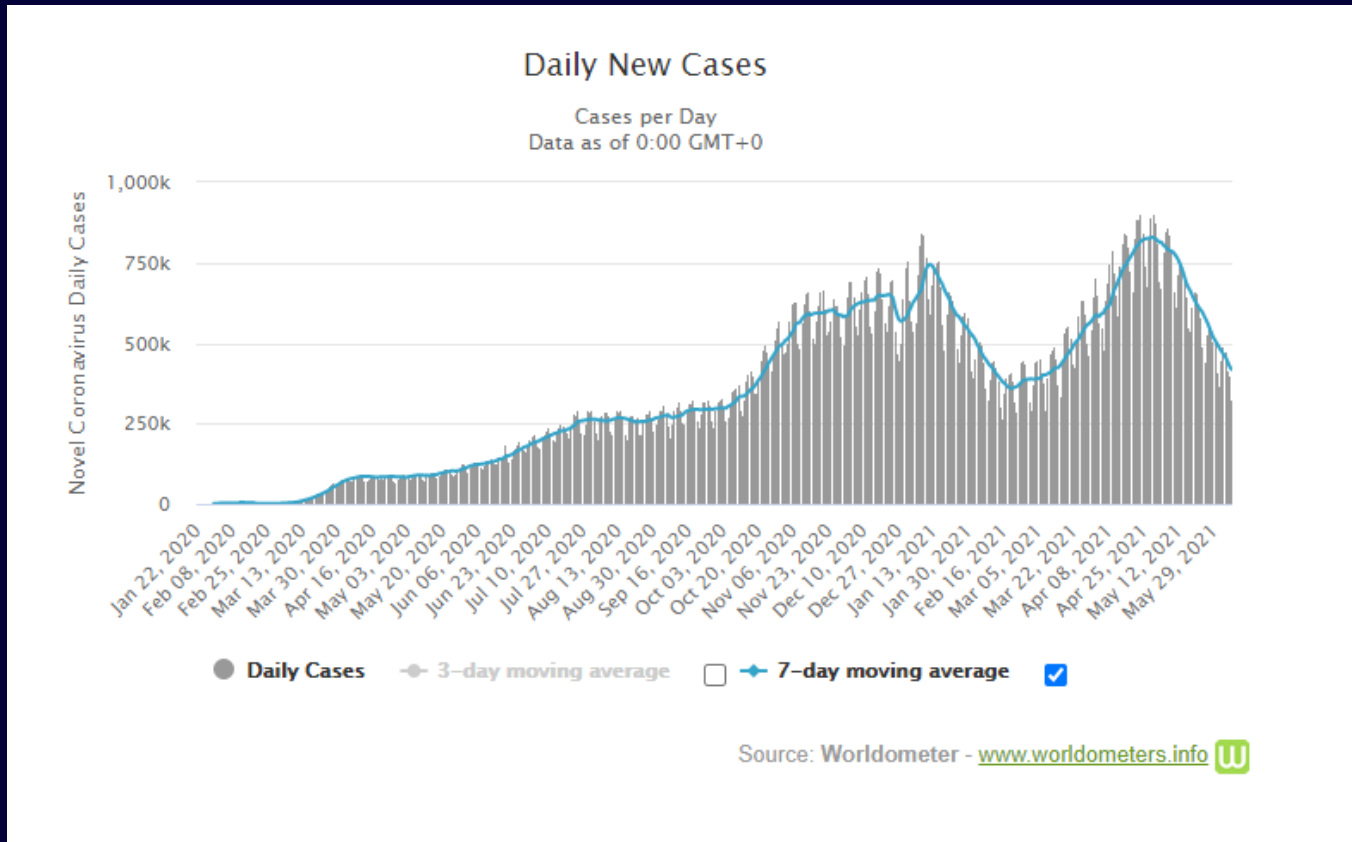
Regional Growth Rates

Region	Q12021/Q42020	Q12021/Q2020
Korea	82%	118%
China	19%	70%
Taiwan	17%	42%
Japan	-14%	-1%
North Korea	-15%	-30%
ROW	-6%	130%
Europe	-39%	-9%
Total	21%	51%

COVID Tracker

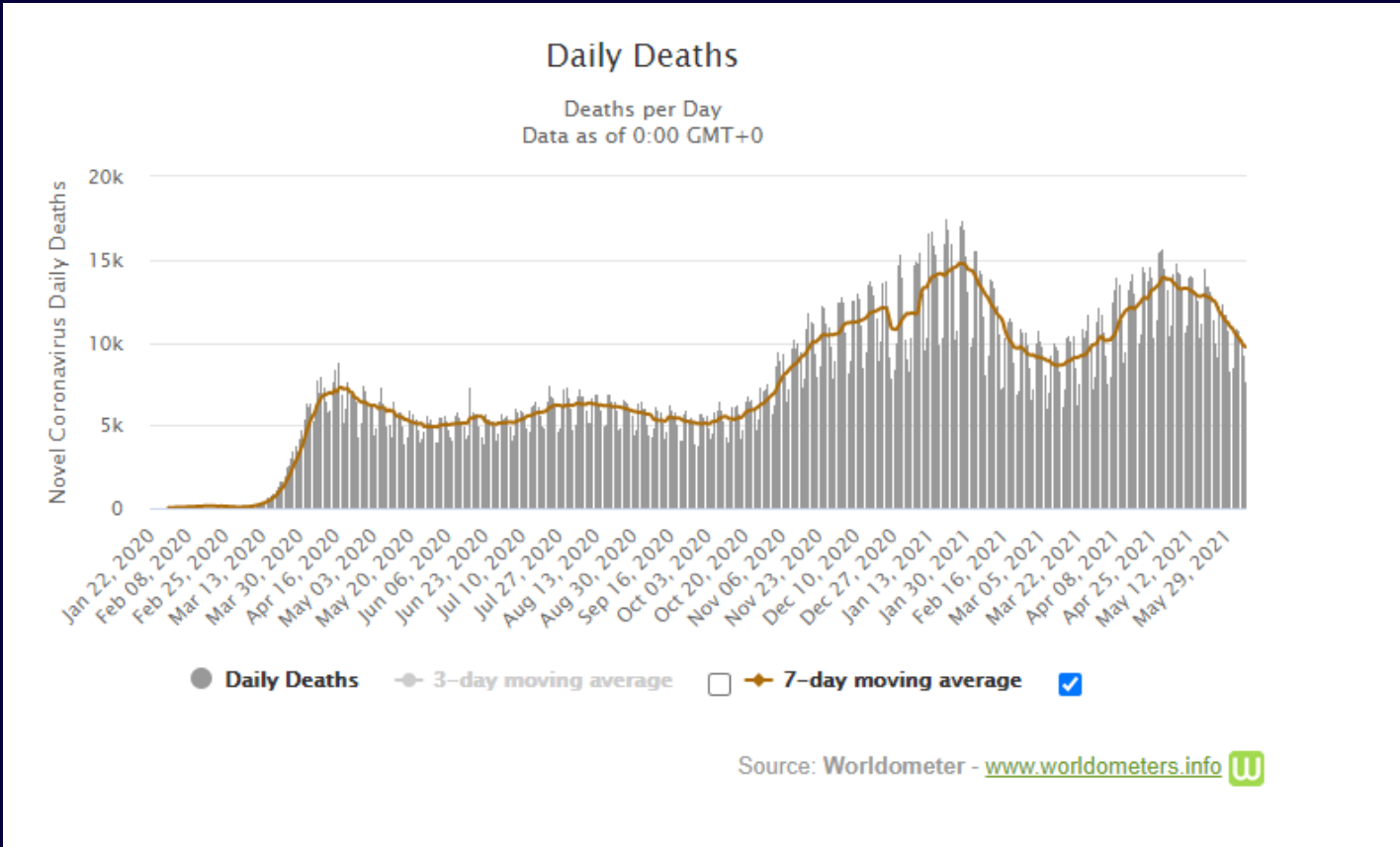
Daily New Case (Worldwide)

Cases per Day



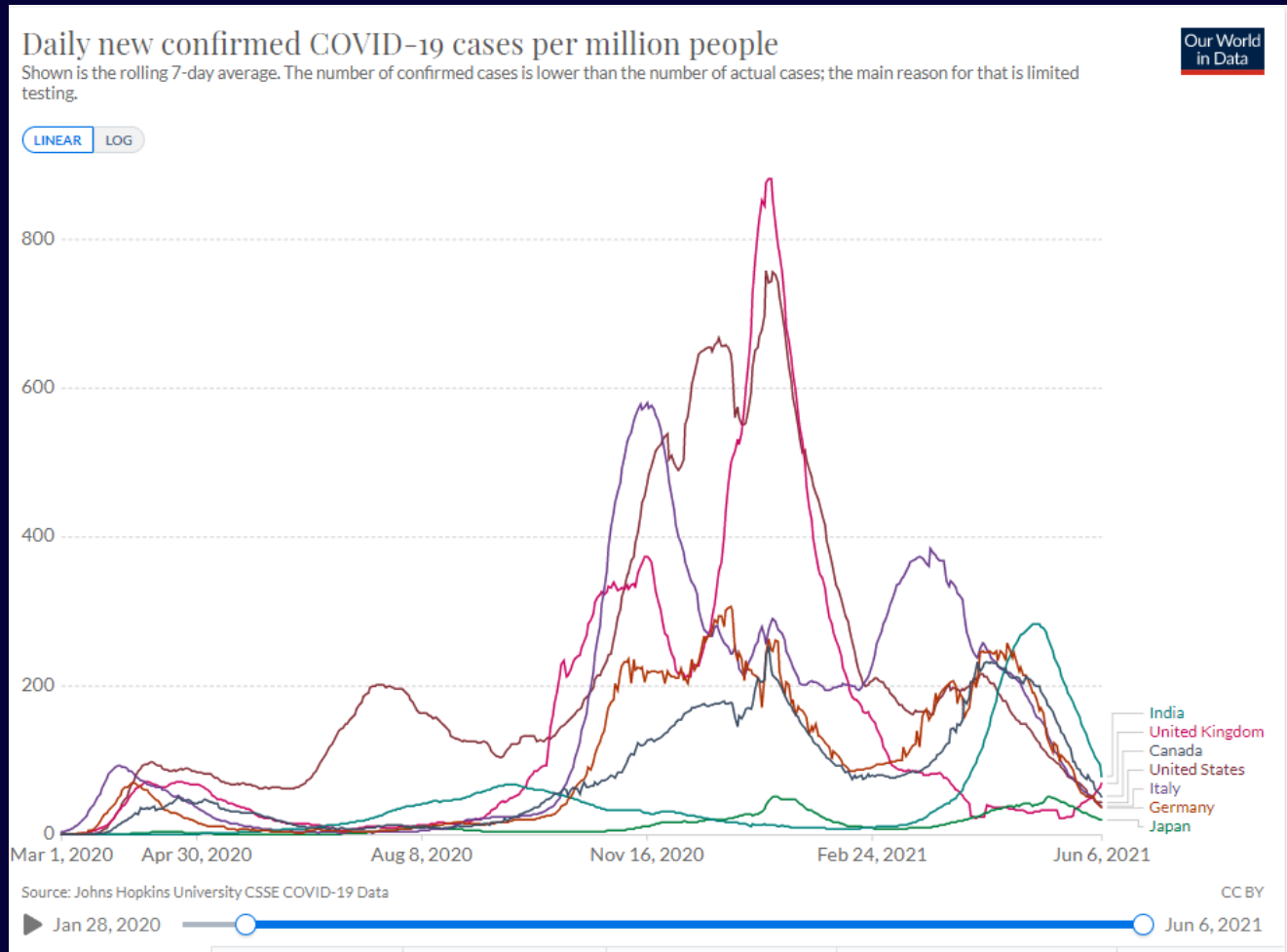
Daily New Deaths (Worldwide)

Deaths per Day

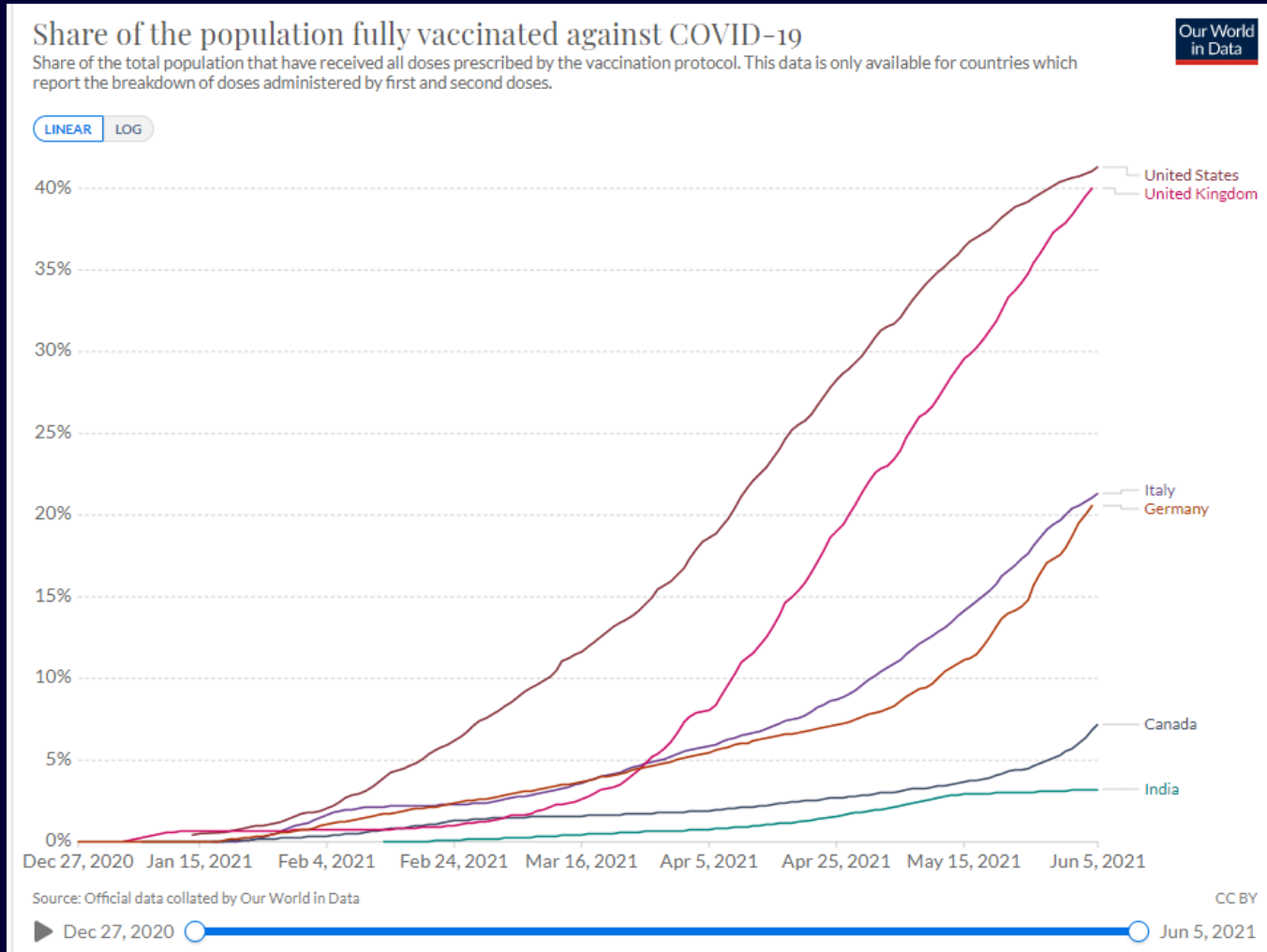


Daily New Cases Per Million People

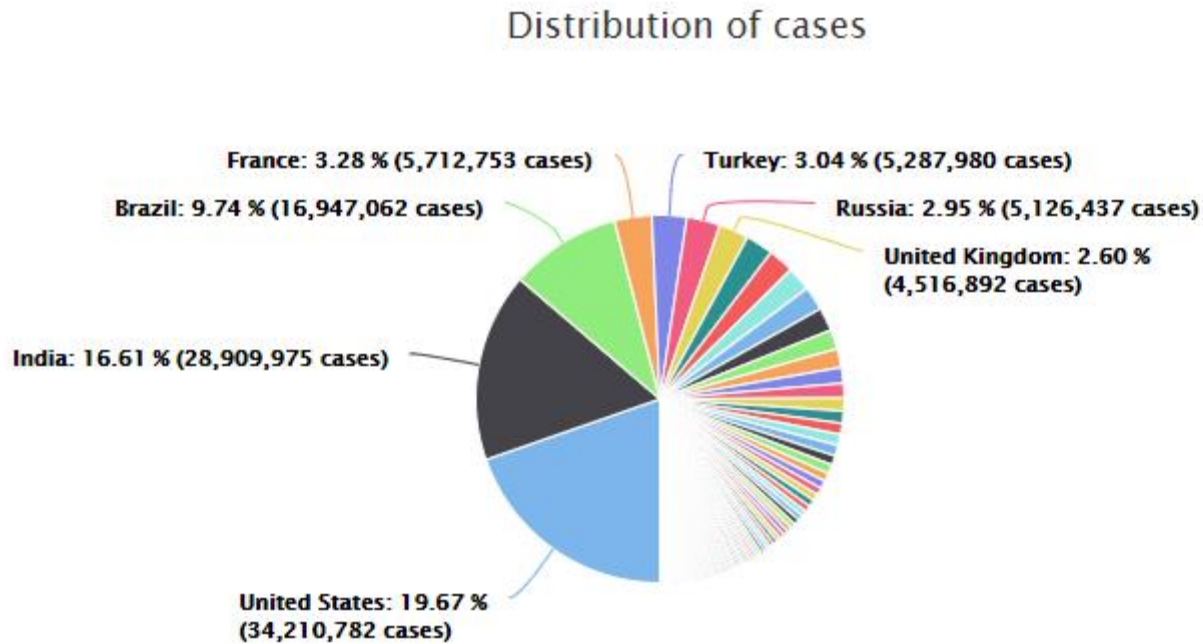
7-Day Moving Average



Share Of Population Fully Vaccinated



Distribution Of Cases



Source: Worldometer - www.worldometers.info 