

Market Comments

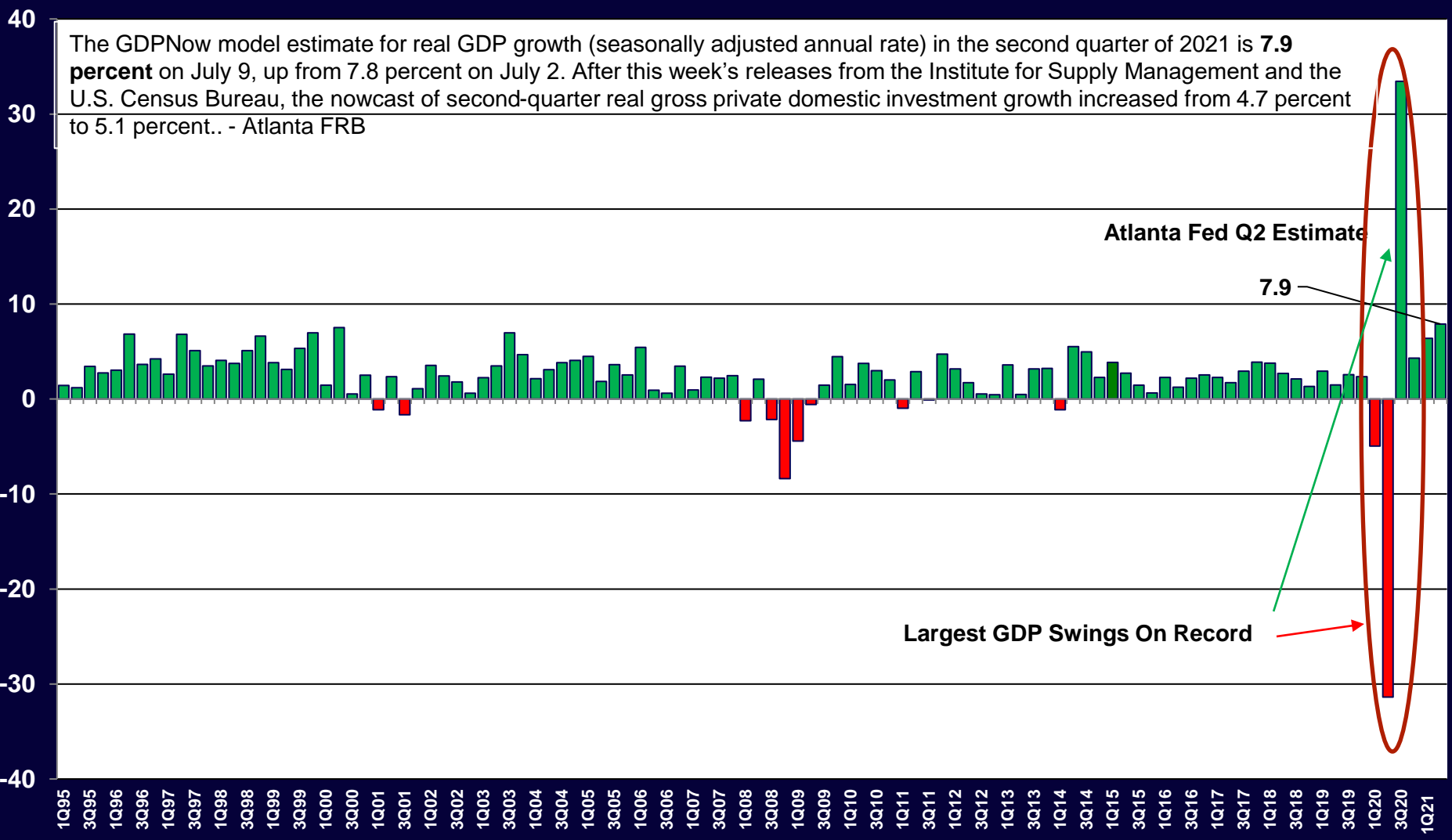
July 11, 2021

Custer Consulting Group
www.custerconsulting.com

U.S. GDP Growth

% Annualized Change vs. Prior Quarter

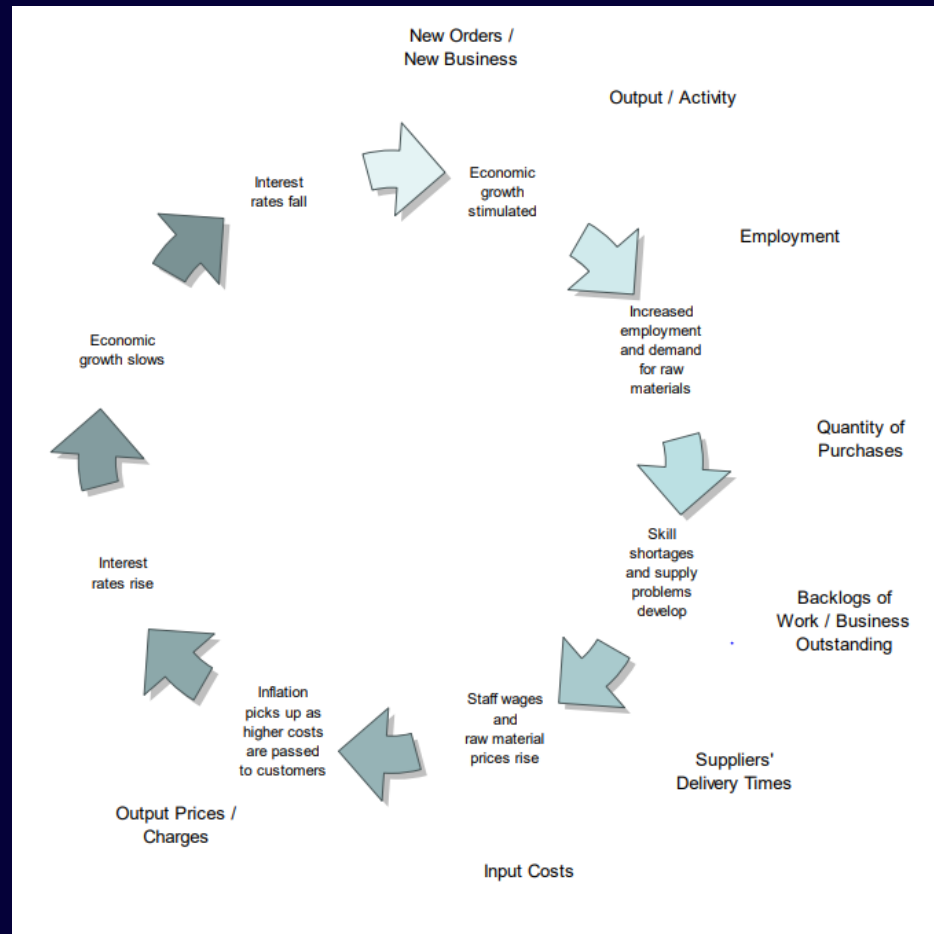
The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2021 is **7.9 percent** on July 9, up from 7.8 percent on July 2. After this week's releases from the Institute for Supply Management and the U.S. Census Bureau, the nowcast of second-quarter real gross private domestic investment growth increased from 4.7 percent to 5.1 percent.. - Atlanta FRB



Purchasing Managers Indices (PMI)

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Boom-bust cycle with PMI Variables

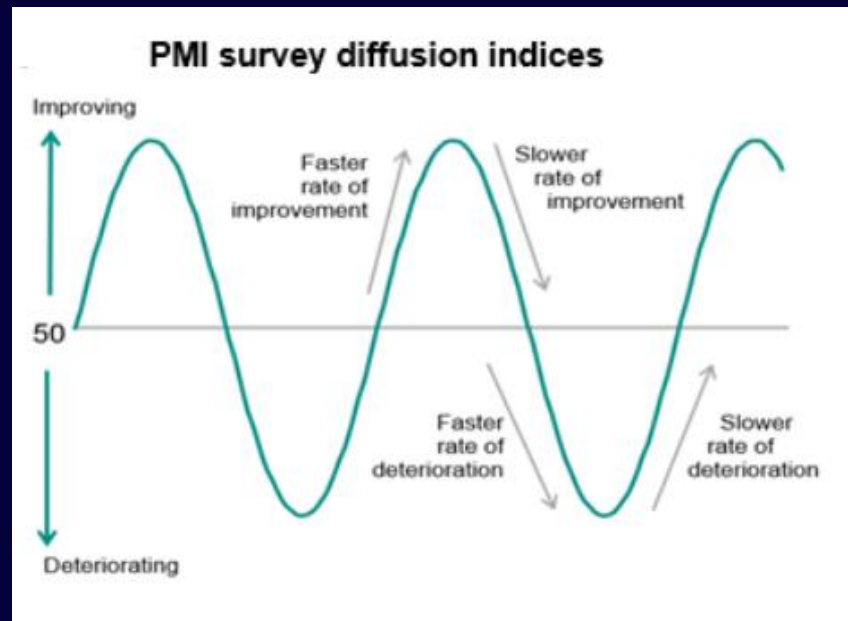


Purchasing Managers Indices (PMI)

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.

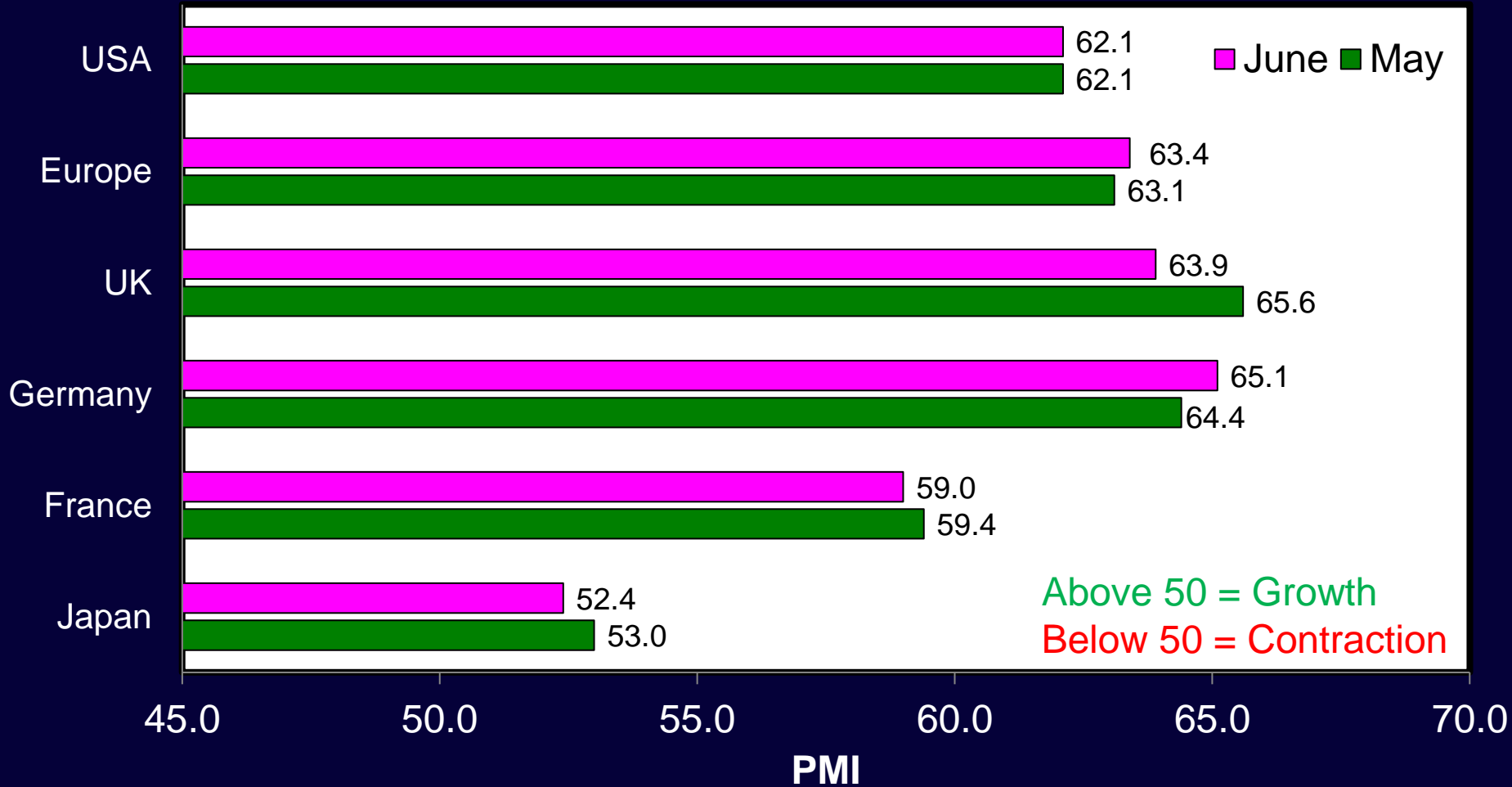
The percentage of respondents reporting an increase are assigned a weight of 1.0 and those reporting no change are accorded a weight of 0.5. Those reporting a decline are weighted zero. Therefore, if 100% of the survey panel reports an increase, the resulting index hits 100. Similarly, if 100% of companies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



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Purchasing Managers' Indices May vs. June



Source: Markit Economics

Custer Consulting Group

Global "Purchasing Managers" Index

Diffusion Index, >50 = Growth



Global Manufacturing PMI

- Global manufacturing remained in a strong growth phase in June, with output, new orders and employment all rising and business optimism at robust levels. However, stressed global supply chains continued to disrupt production schedules and delay input deliveries resulting in sharp price increases.
- Out of the 30 nations for which June data were available, 22 saw operating conditions improve (as signaled by a PMI reading above 50.0). However, half of these also saw their rates of expansion slow compared to the previous month
- Europe remained a bright spot within global manufacturing, with the top-seven ranked countries all located in this region.
- Average vendor lead times lengthened to the greatest extent in the near 24-year survey history during June. Companies raised their level of input purchasing and built-up inventories to try and guard against further supply-chain disruptions. However, with demand outstripping supply, cost inflationary pressures continued to build.

Global PMI Index Summary - March

Diffusion Index, >50 = Growth

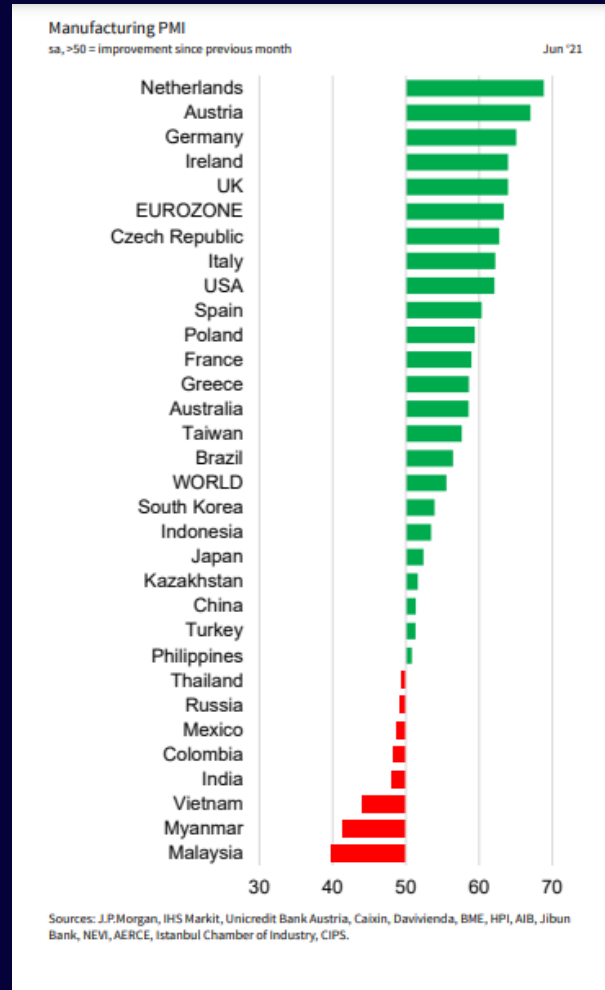
Index summary

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

Index	May-21	Jun-21	Interpretation
PMI	56.0	55.5	Improvement, slower rate
Output	55.6	54.4	Growth, slower rate
New Orders	57.3	55.8	Growth, slower rate
New Export Orders	54.9	53.2	Growth, slower rate
Future Output	65.1	66.1	Growth expected, better sentiment
Employment	52.5	52.6	Growth, faster rate
Input Prices	71.7	70.6	Inflation, slower rate
Output Prices	62.6	60.9	Inflation, slower rate

Global Manufacturing PMI Indices - March

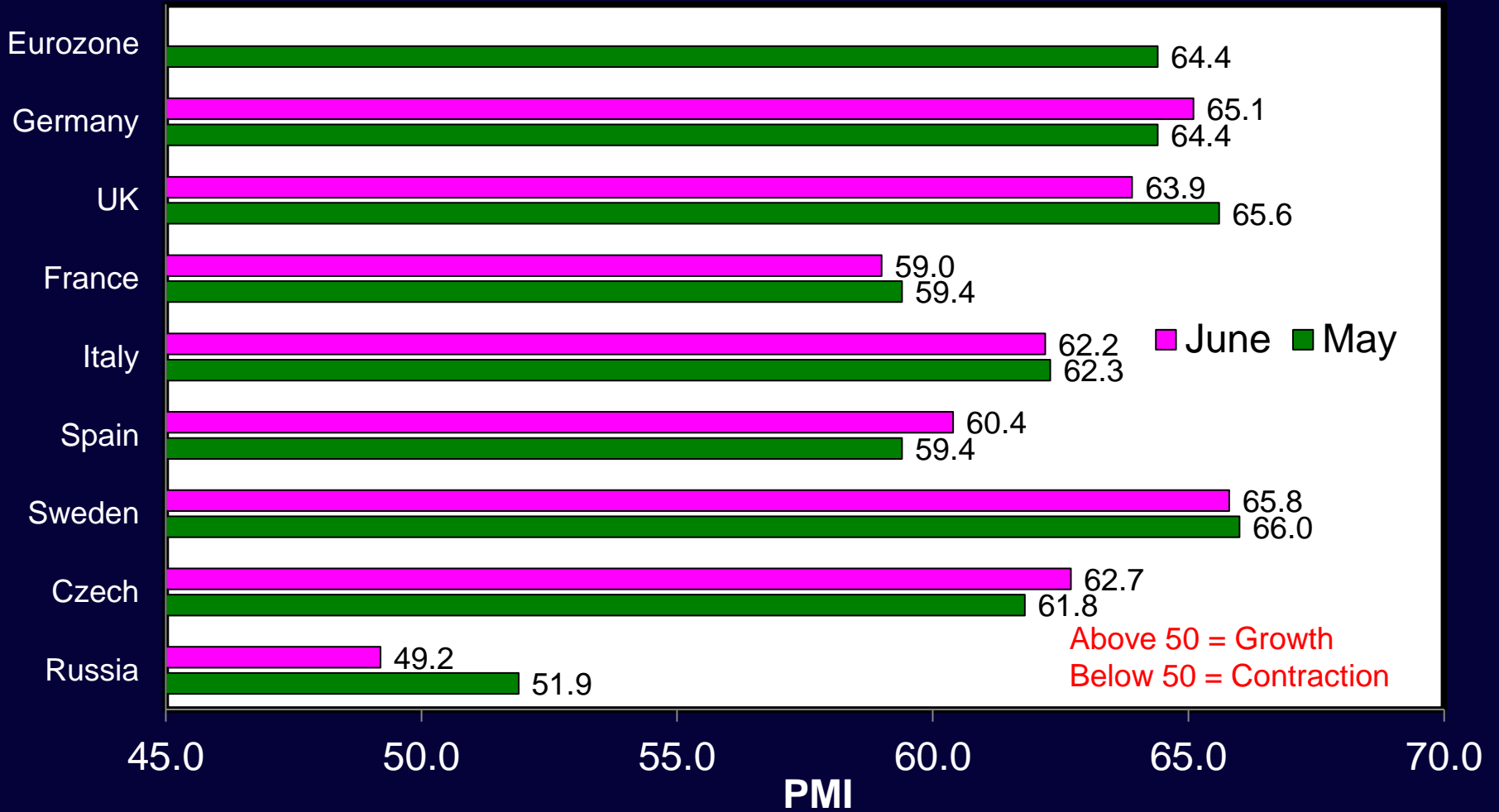
Diffusion Index, >50 = Growth



U.S. Manufacturing PMI (ISM)

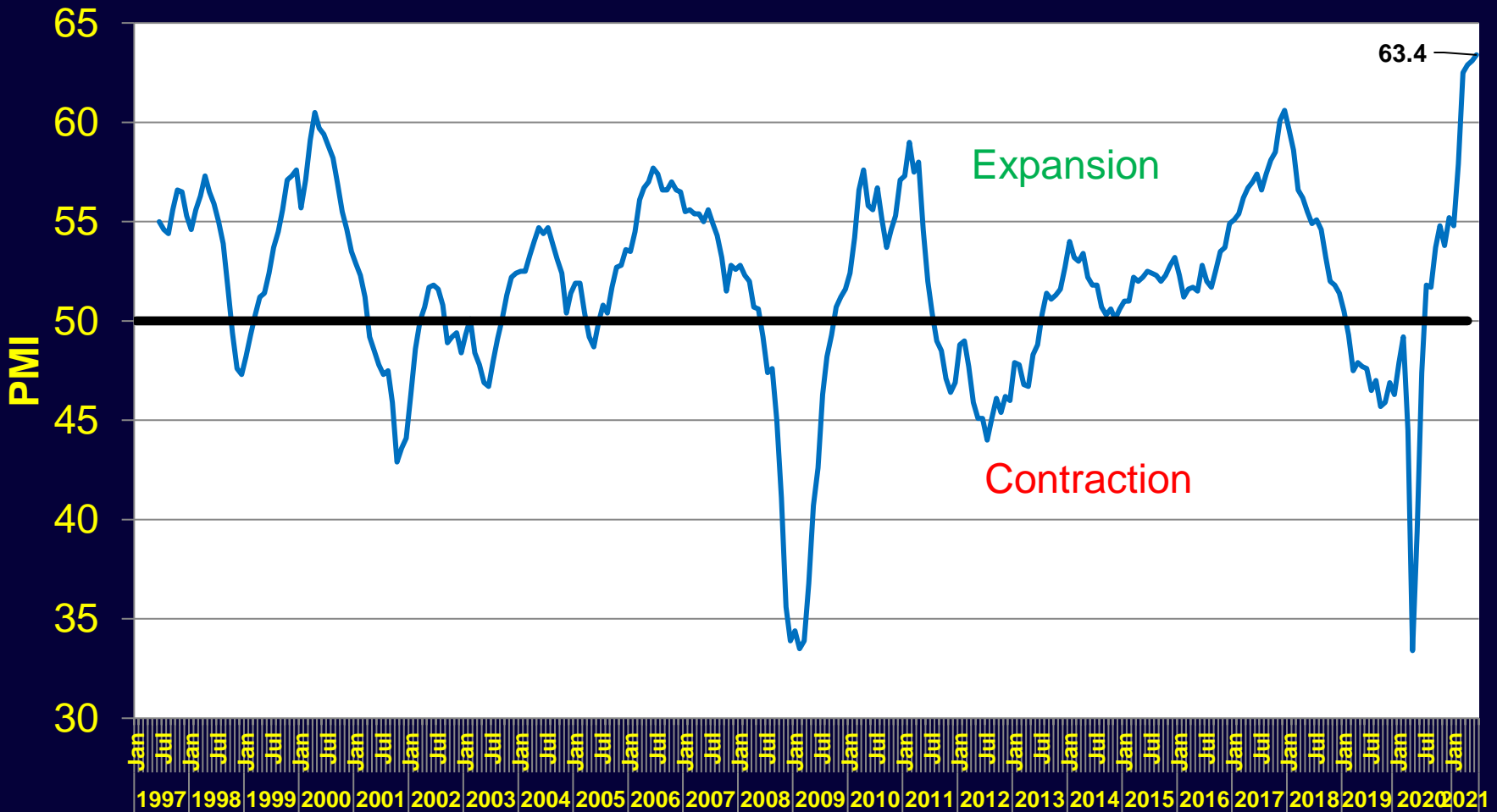
- “The June Manufacturing PMI® registered 60.6 percent, a decrease of 0.6 percentage point from the May reading of 61.2 percent. This figure indicates expansion in the overall economy for the 13th month in a row after contraction in April 2020. The New Orders Index registered 66 percent, decreasing 1 percentage point from the May reading of 67 percent. The Production Index registered 60.8 percent, an increase of 2.3 percentage points compared to the May reading of 58.5 percent. The Prices Index registered 92.1 percent, up 4.1 percentage points compared to the May figure of 88 percent and the index’s highest reading since July 1979 (93.1 percent). The Backlog of Orders Index registered 64.5 percent, 6.1 percentage points lower than the May reading of 70.6 percent. The Employment Index registered 49.9 percent; 1 percentage point lower compared to the May reading of 50.9 percent. The Supplier Deliveries Index registered 75.1 percent, down 3.7 percentage points from the May figure of 78.8 percent. The Inventories Index registered 51.1 percent, 0.3 percentage point higher than the May reading of 50.8 percent. The New Export Orders Index registered 56.2 percent, an increase of 0.8 percentage point compared to the May reading of 55.4 percent. The Imports Index registered 61 percent, a 7-percentage point increase from the May reading of 54 percent.”
- Business Survey Committee panelists reported that their companies and suppliers continue to struggle to meet increasing levels of demand. Record-long raw-material 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 parts shortages, and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential. – ISM, June

European Purchasing Managers' Indices June vs. May 2021



Eurozone Manufacturing "Purchasing Managers" Index

Diffusion Index, >50 = Growth



Eurozone Manufacturing PMI

- Growth of the eurozone manufacturing sector hit new heights during June, with the headline PMI® setting a fresh survey record for a fourth successive month.
- The Netherlands continued to lead the way in terms of outright PMI numbers although, in line with several other nations, saw a slight fall in its headline index from May's record reading. Austria was the secondbest performing and set a respective PMI record high for the country in June.
- Manufacturers struggled to meet higher sales in June, as evidenced by a near series record increase in backlogs of work. Moreover, supply-side constraints again placed some restrictions on production, as strong global demand continued to weigh heavily on suppliers. Average lead times deteriorated to the second-greatest degree in the survey history during June (surpassed only by May).
- The combination of limited supply and strong demand for inputs underpinned another survey-record increase in input prices. With market demand for manufactured goods strong, firms were also able to raise their own charges to an unprecedented degree – Euro Manufacturing PMI, June

Eurozone Manufacturing PMI

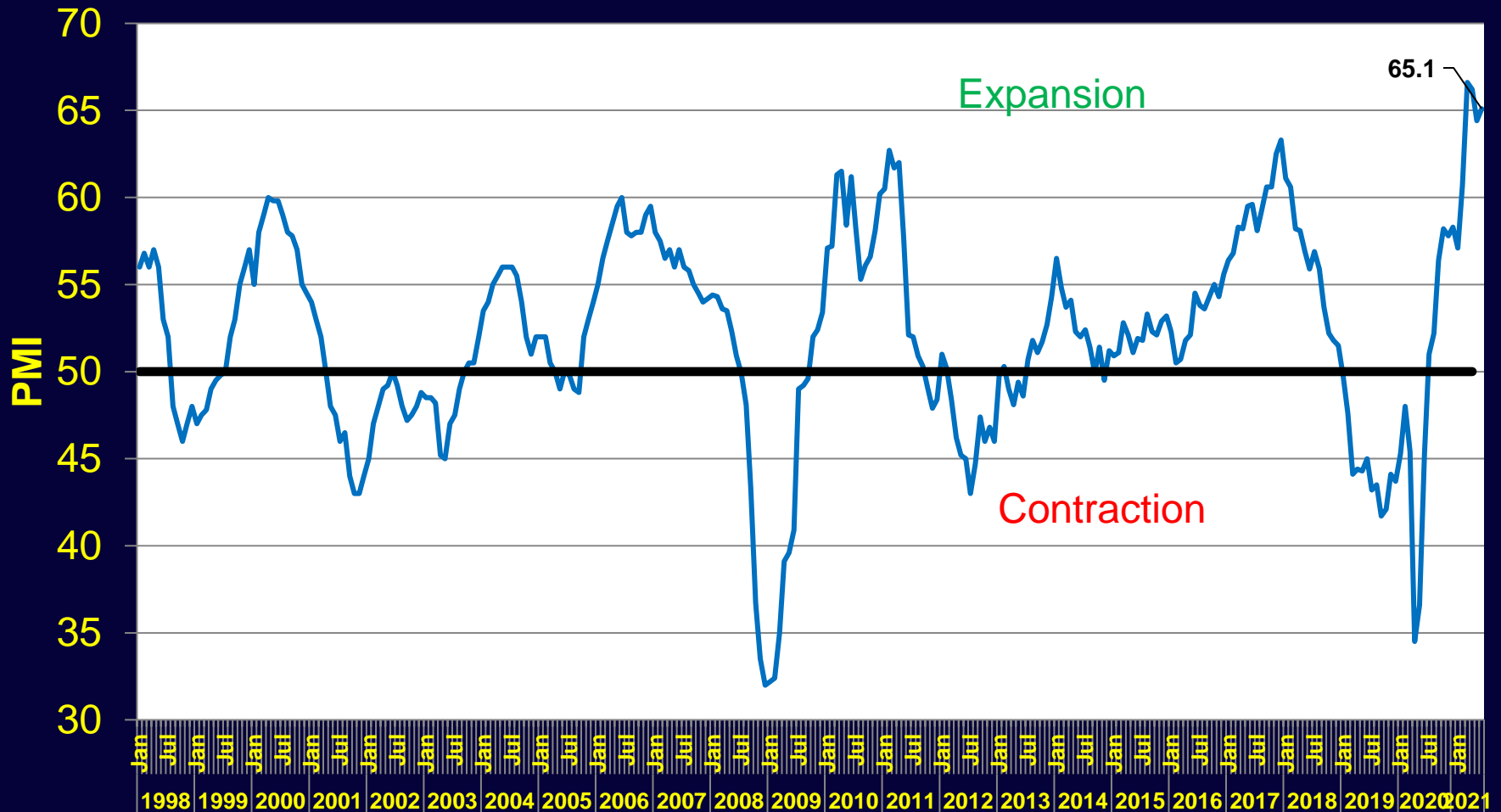
Country Rank - June

Countries ranked by Manufacturing PMI: June

Netherlands	68.8	2-month low
Austria	67.0	record high
Germany	65.1 (flash: 64.9)	2-month high
Ireland	64.0	2-month low
Italy	62.2	2-month low
Spain	60.4	278-month high
France	59.0 (flash: 58.6)	2-month low
Greece	58.6	254-month high

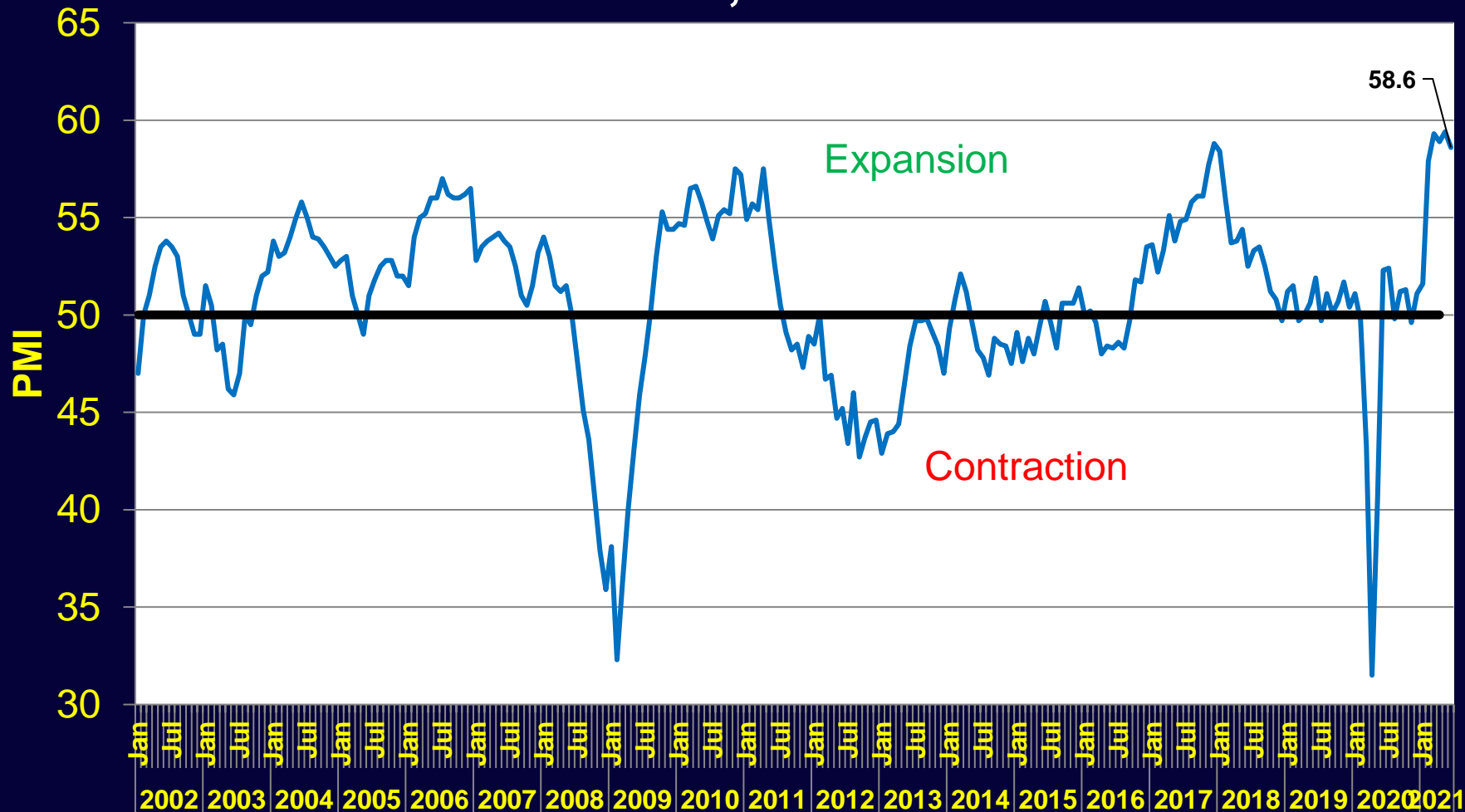
Germany Manufacturing "Purchasing Managers" Index

Diffusion Index, >50 = Growth

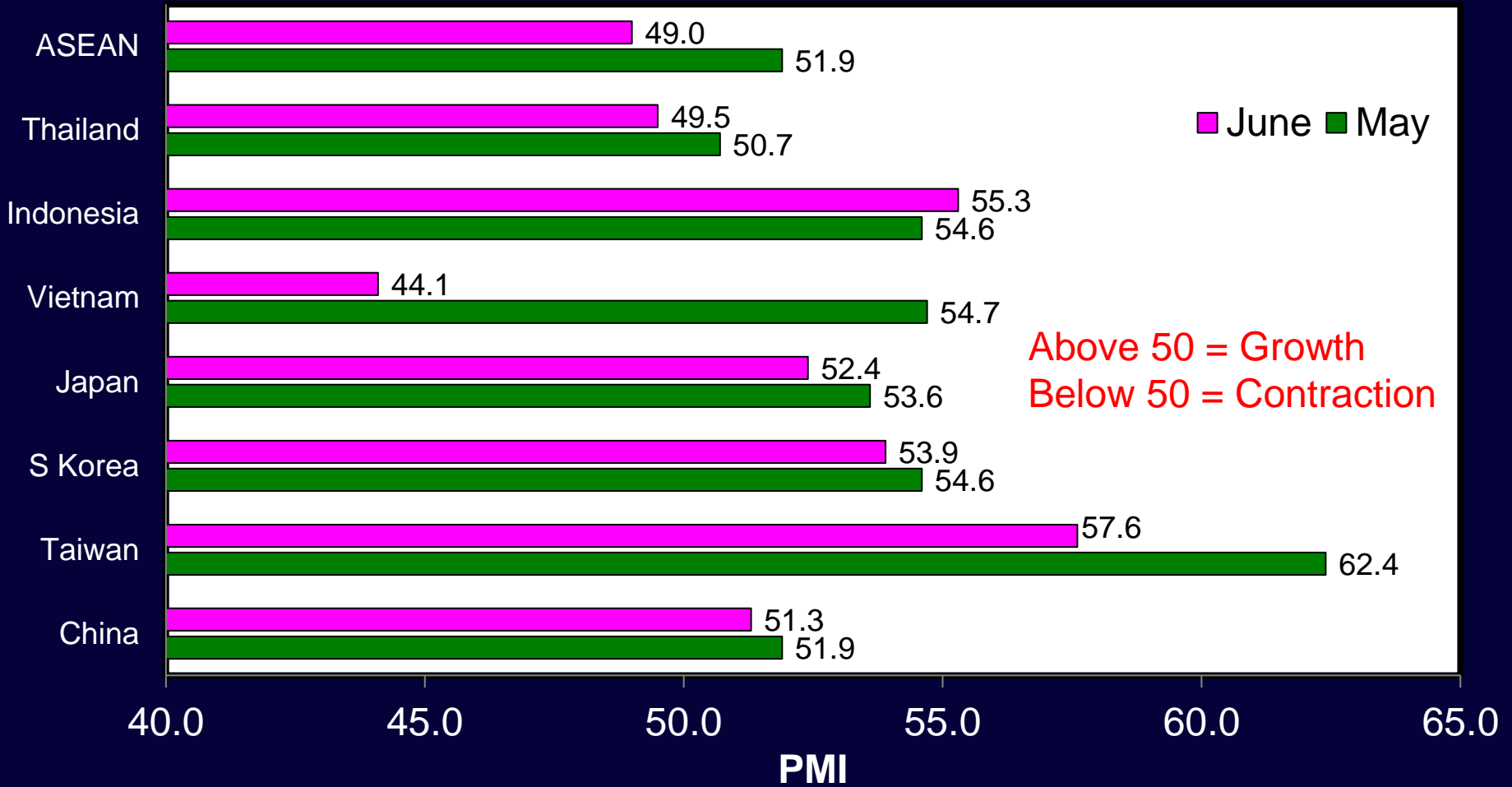


France Manufacturing "Purchasing Managers" Index

Diffusion Index, >50 = Growth

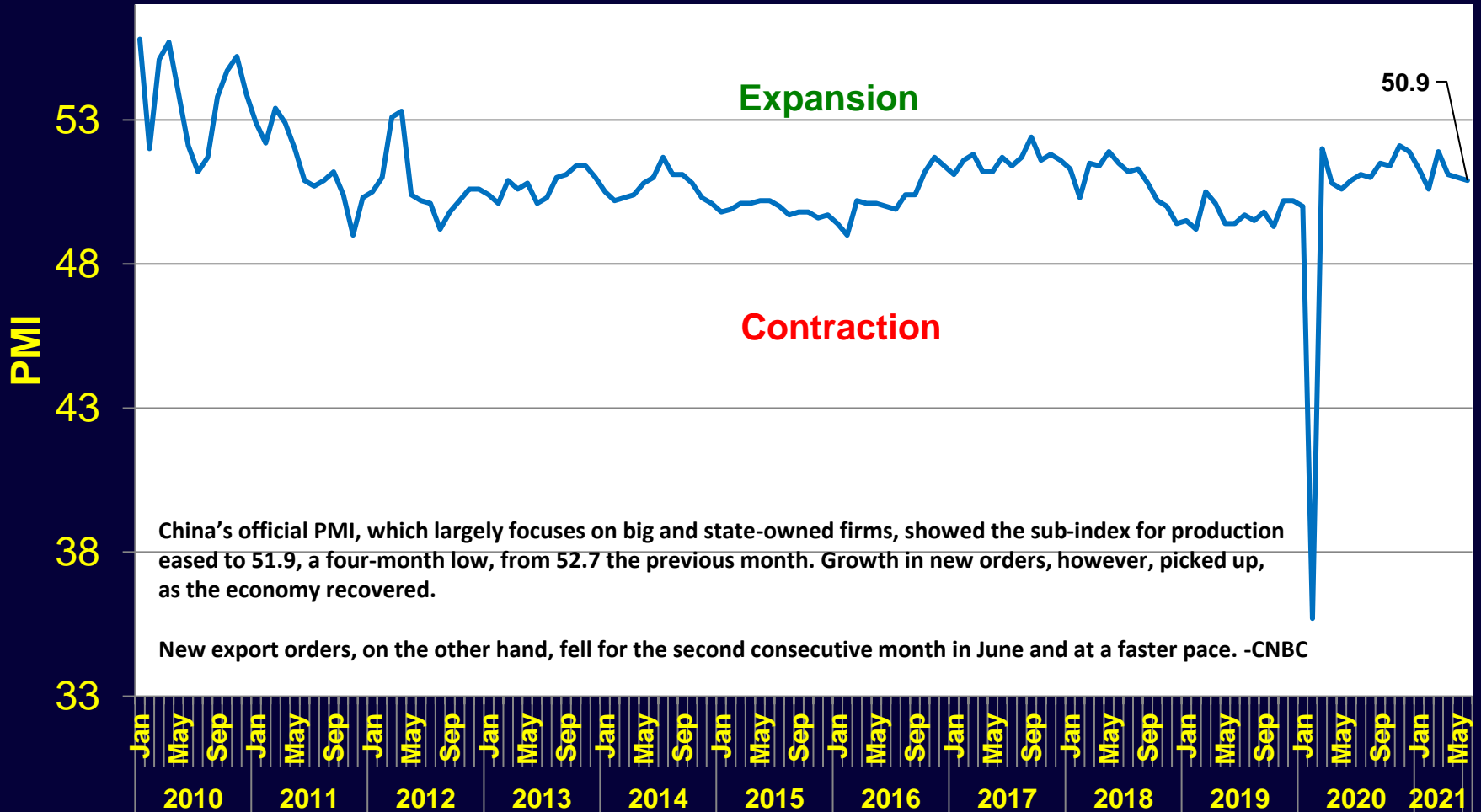


Asian Purchasing Managers Indices May vs. April



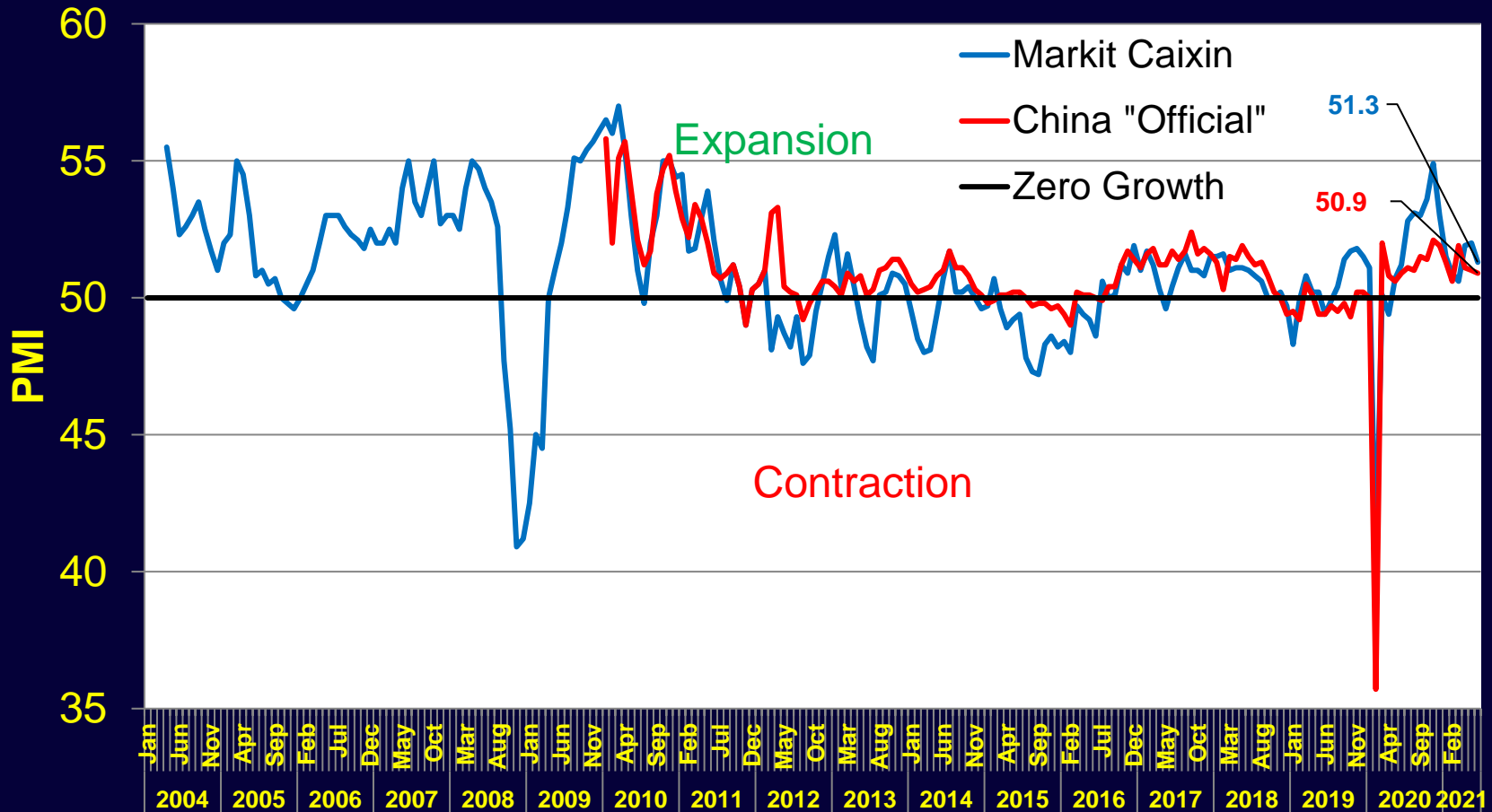
China Official Manufacturing "Purchasing Managers" Index

Diffusion Index, >50 = Growth



China "Purchasing Managers" Indices

Diffusion Index, >50 = Growth

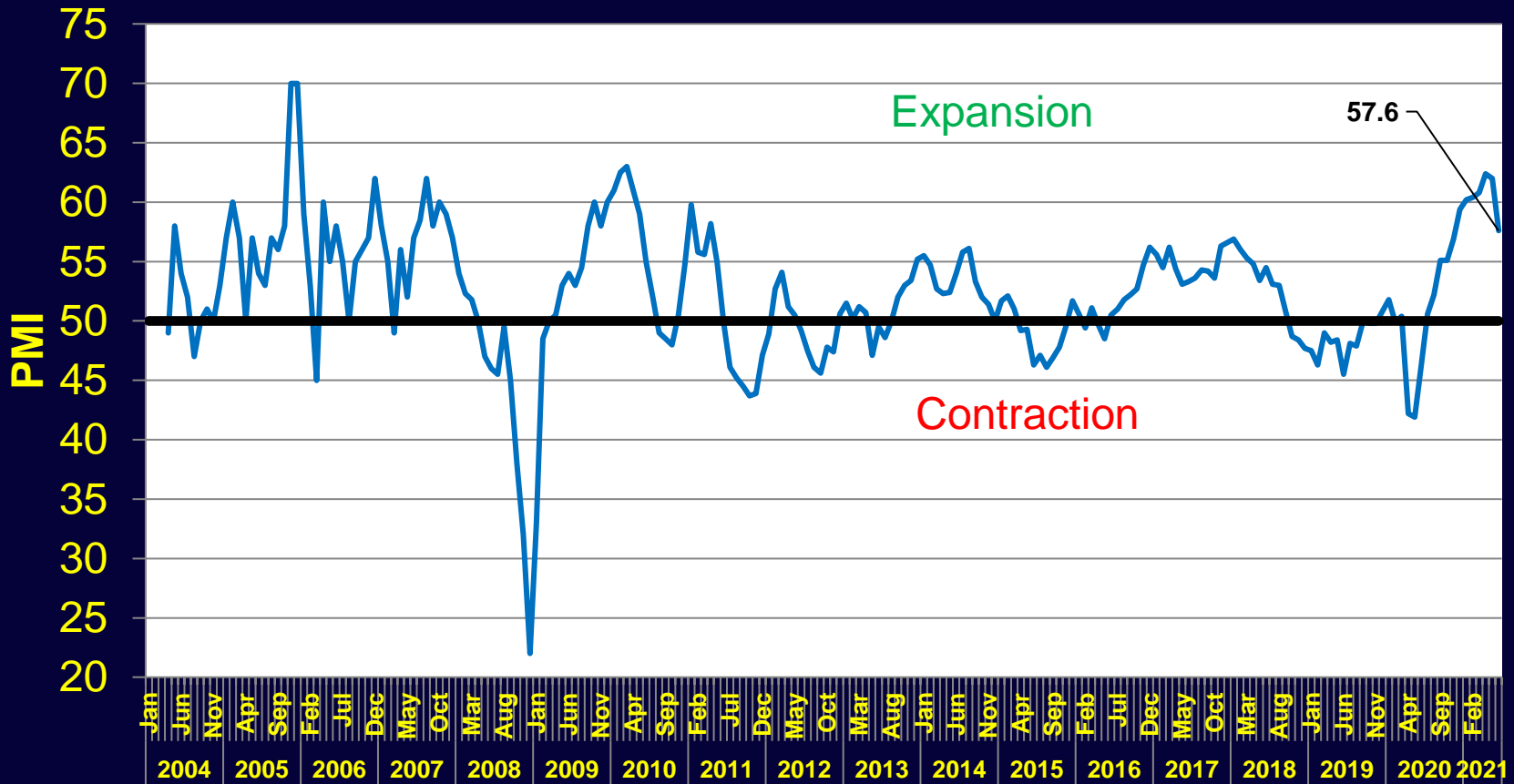


China Manufacturing PMI

- The Chinese manufacturing sector expanded at a softer pace in June, with firms recording slower increases in both output and new orders. Companies indicated that the recent uptick in COVID-19 cases and supply chain difficulties weighed on output, while the pandemic dampened demand both at home and abroad. Companies continued to add to their staff numbers, however, as capacity pressures persisted. At the same time, input cost inflation eased notably on the month, which led to a slower rise in prices charged.
- Inflationary pressures meanwhile eased in June. Though sharp, the rate of input price inflation softened to a seven-month low. Higher cost burdens were overwhelmingly linked to greater raw material prices. At the same time, prices charged by manufacturers rose at the slowest rate since February. - Caxin China PMI, June

Taiwan "Purchasing Managers" Index

Diffusion Index, >50 = Growth

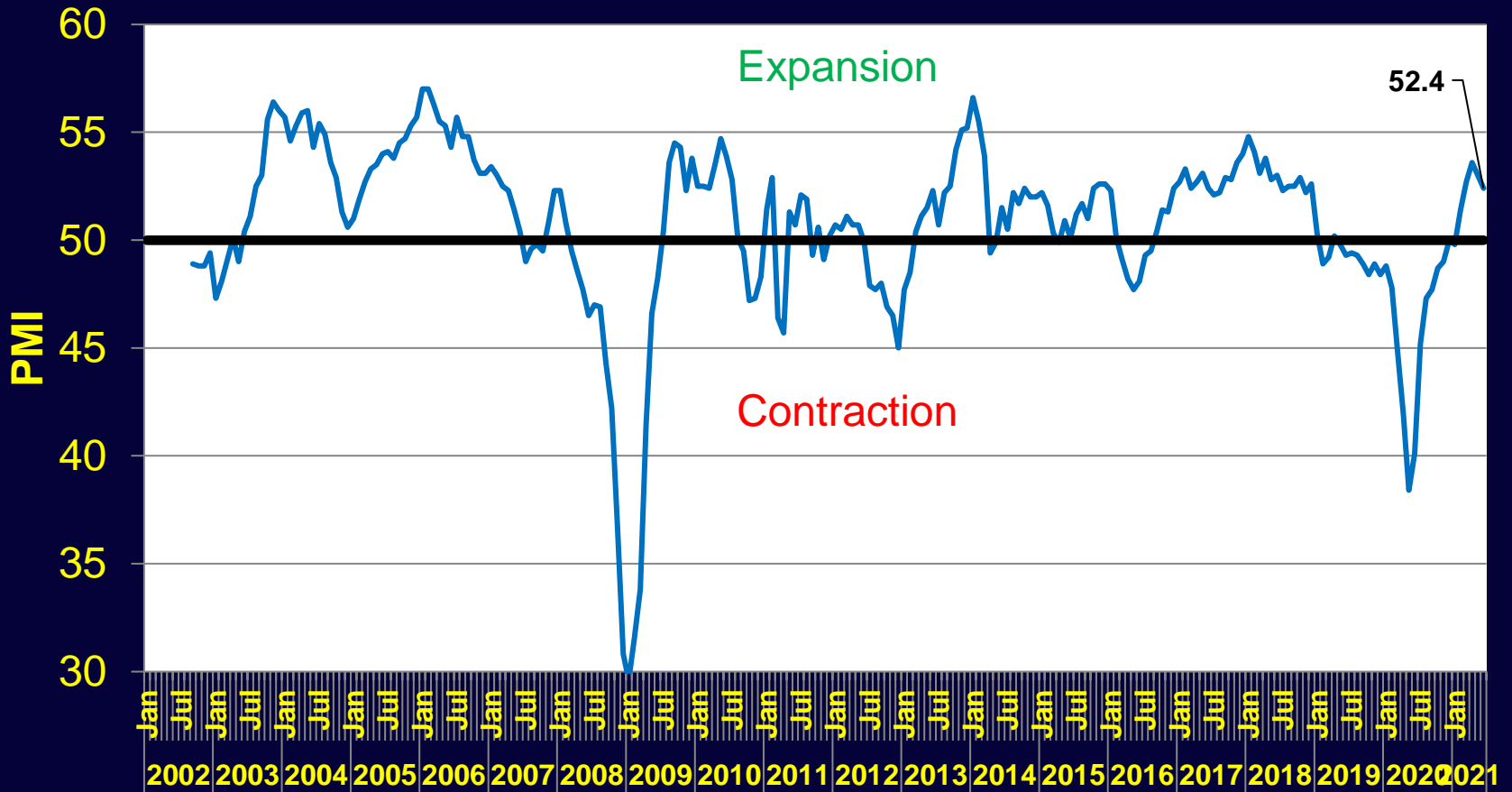


Taiwan Manufacturing PMI

- **PMI data indicated that growth momentum softened across Taiwan's manufacturing sector at the end of the second quarter, with output and new orders both rising at the softest rates since last August. Companies stated that the recent rise in COVID-19 cases in the region and severe supply chain disruption weighed on production and sales, with the survey showing delivery times for inputs increasing at one of the quickest rates on record.**
- **To help control the virus the current Level 3 COVID-19 alert, which includes school closures, restrictions around gatherings, and a shift to remote working or staggered work schedules, has now been extended to mid-July. These guidelines, along with ongoing difficulties obtaining inputs, means that growth of the sector could cool further until conditions normalize – Annabel Fiddes, Taiwan PMI, June**

Japan "Purchasing Managers" Index

Diffusion Index, >50 = Growth

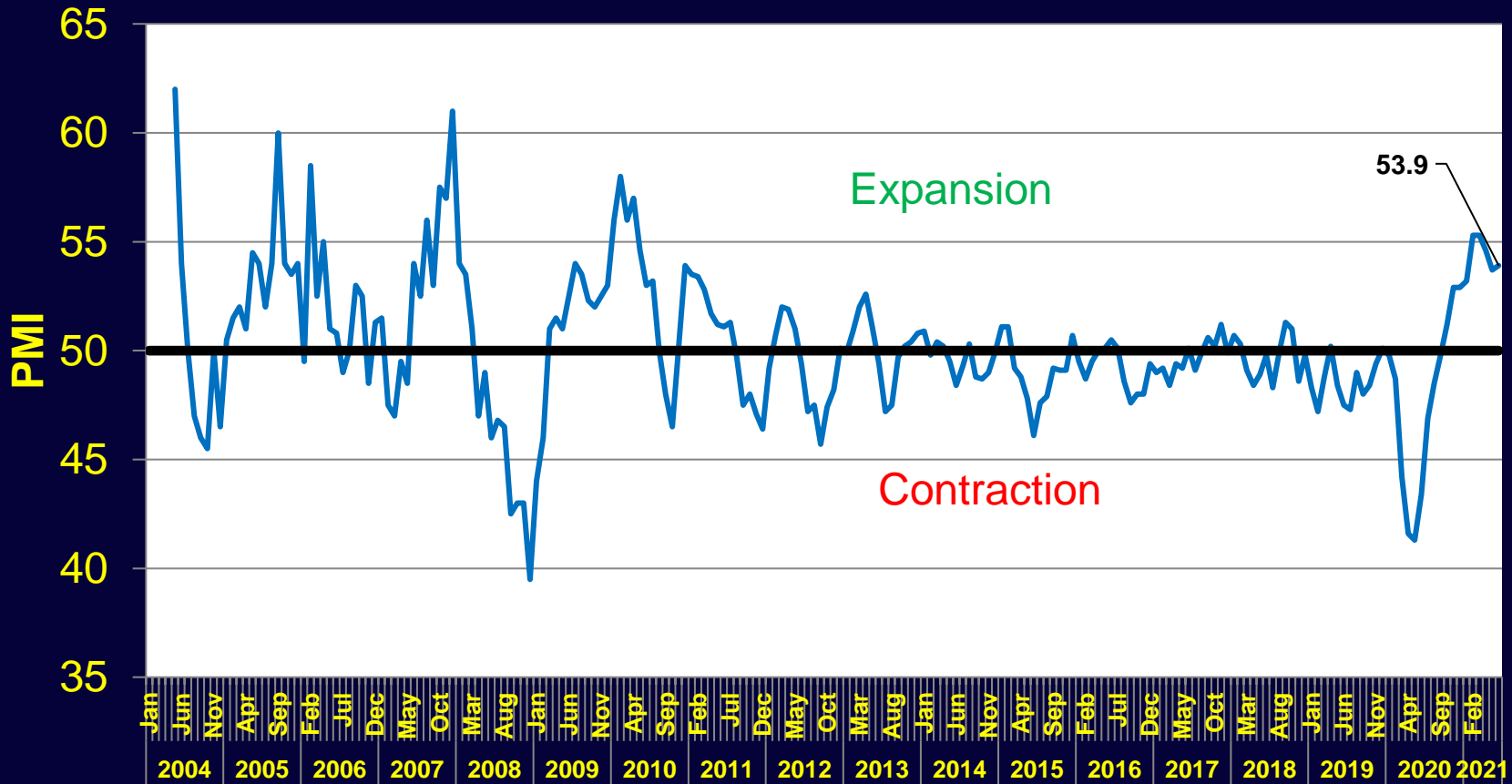


Japan Manufacturing PMI

- **Businesses in the Japanese manufacturing sector signalled a further improvement in operating conditions at the end of the second quarter. That said, the rate of growth eased as expansions in both production and new order inflows slowed to the softest for five months in June as COVID-19 restrictions and supply chain pressures disrupted activity.**
- **Japanese manufacturers indicated a rise in cost burdens for the thirteenth consecutive month at the end of the second quarter. Moreover, the rate of input price inflation accelerated from May and was the fastest registered since March 2011. - Japan PMI, June**

Korea "Purchasing Managers" Index

Diffusion Index, >50 = Growth

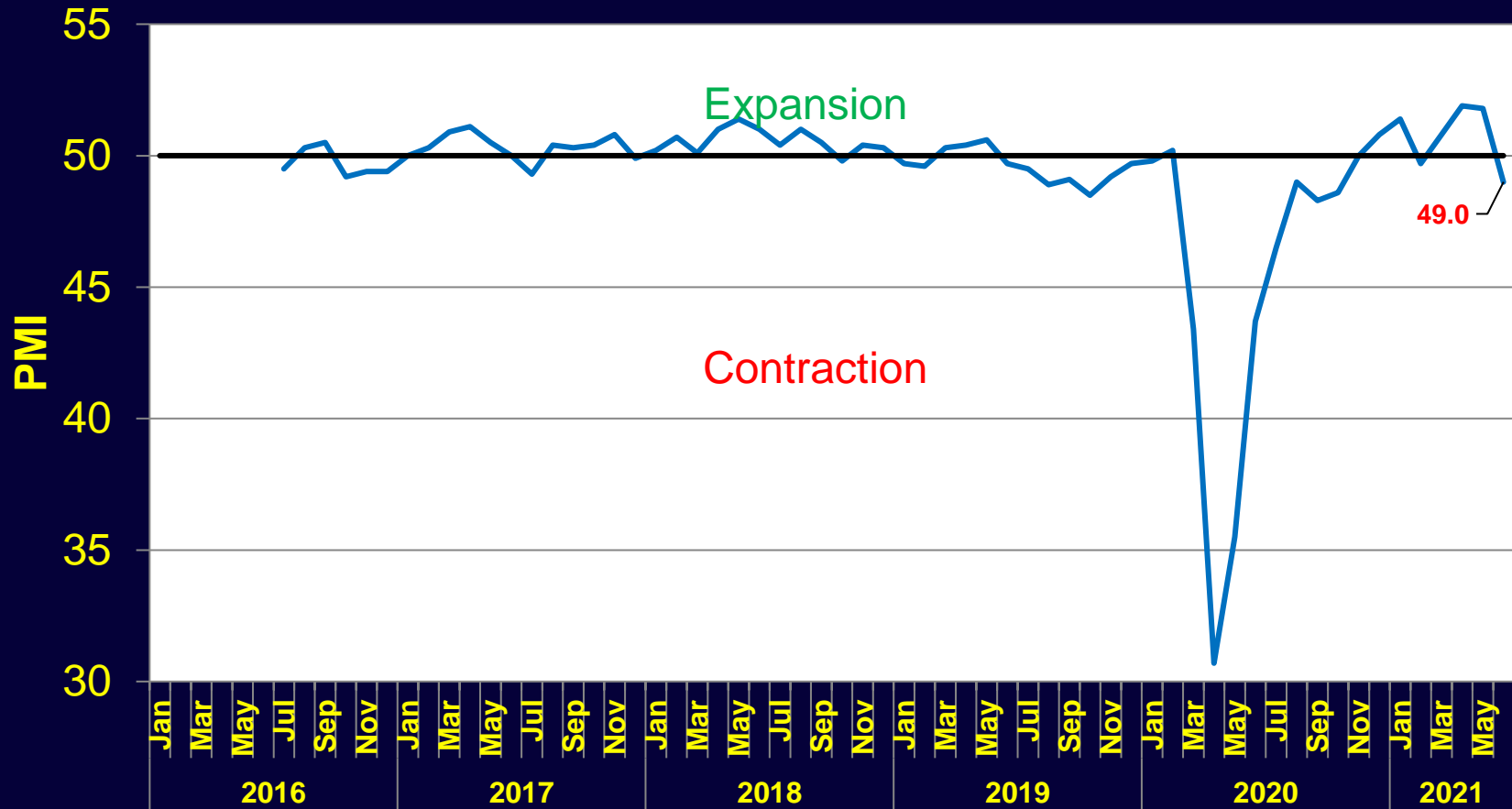


Korea Manufacturing PMI

- **South Korean manufacturers signalled an improved performance for the sector at the end of the second quarter of 2021. Contributing to stronger business conditions was sustained growth in production levels, while new orders expanded at a quicker pace compared to May. That said, raw material shortages and shipping delays continued to hinder operations in the manufacturing sector, as ongoing disruption resulted in a survey-record increase in input prices. Moreover, as firms sought to pass higher prices on to clients, output prices also increased at a record rate. Yet, South Korean manufacturers were strongly optimistic regarding their outlook for output over the coming 12 months, as sentiment remained positive for the eleventh month in a row.**
- **Manufacturers pointed to a further acceleration in input cost inflation during June. Input price pressures intensified in the latest survey period and were the steepest on record as businesses widely reported sharp rises in the cost of raw materials amid acute shortages. At the same time, South Korean goods producers sought to pass these costs on to clients, resulting in the strongest rise in output prices since the survey began in April 2004. - Korea PMI, June**

ASEAN "Purchasing Managers" Index

Diffusion Index, >50 = Growth



ASEAN Member Countries

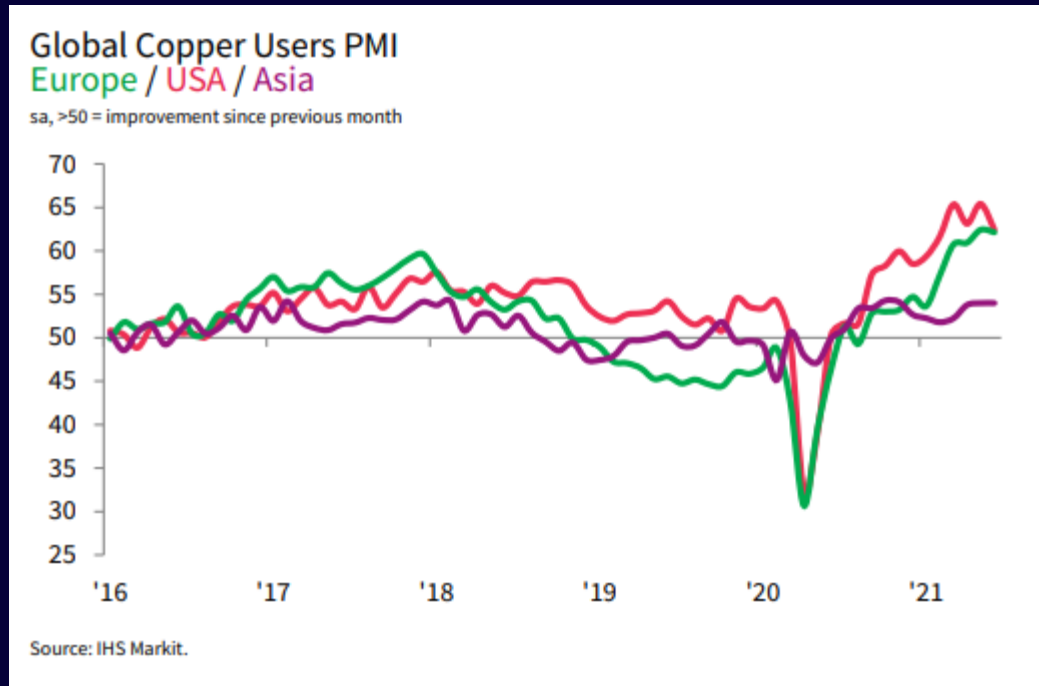


The Association of Southeast Asian Nations, or ASEAN, was established on 8 August 1967 in Bangkok, Thailand. There are 10 permanent members of this association. The basic objective behind the establishment of this organisation is to promote economic co-operation in South-East Asia and ensure the economic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

ASEAN Manufacturing PMI

- The ASEAN manufacturing sector fell back into contraction during June, according to latest IHS Markit Purchasing Managers' Index (PMI™) data. Both output and new orders fell for the first time in four months, with the rate of decline in factory production the fastest for nearly a year. Consequently, firms recorded a weaker level of optimism towards output over the coming 12 months.
- Central to the renewed contraction of the ASEAN manufacturing sector were fresh falls in both factory production and order books during June. The decline in output was the fastest since July 2020 and moderate, while the rate of reduction in total new orders was the quickest for nine months, in part due to a renewed contraction in foreign demand.

Global Copper Users PMI

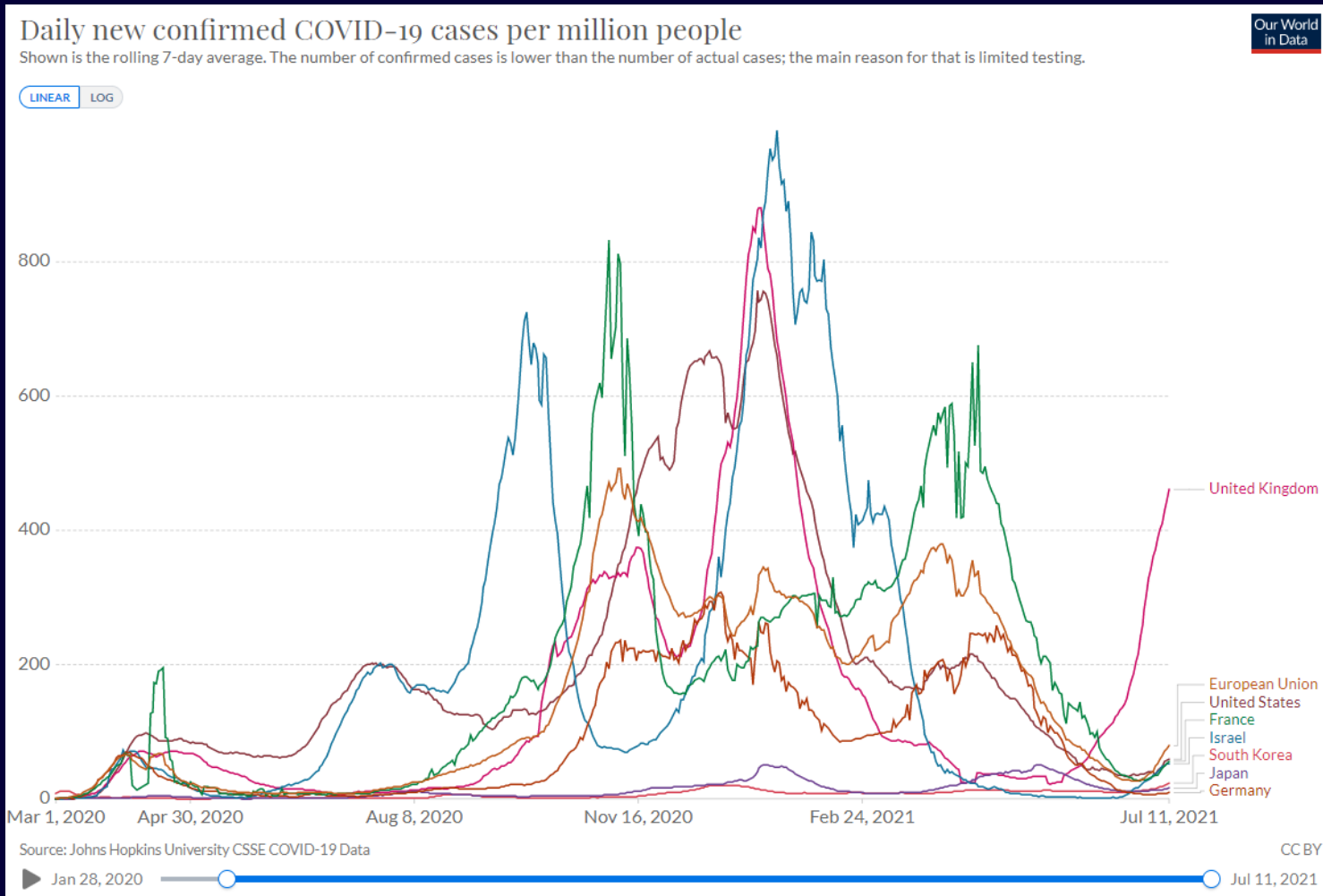


“The global copper-using industry saw a further improvement in operating conditions in June as sustained expansions in production and new order levels kept the latest PMI reading above the 50.0 no-change threshold. While sharp overall, the rate of growth eased in comparison to May. Firms across the US and Europe signalled a softer improvement in demand conditions, while Asia-based firms noted no change in operating conditions at the end of the second quarter. Ongoing concerns about raw material shortages continued to weigh on copper users, as a record deterioration in vendor performance led to the further build-up of safety stocks of raw materials.” - Usamah Bhatti, HIS Markt

COVID Analysis

2021 Will Be The Year Of The
Unvaccinated Pandemic.

Daily New Cases Per Million People 7-Day Moving Average



Source: [Ourworldindata.org](https://ourworldindata.org)

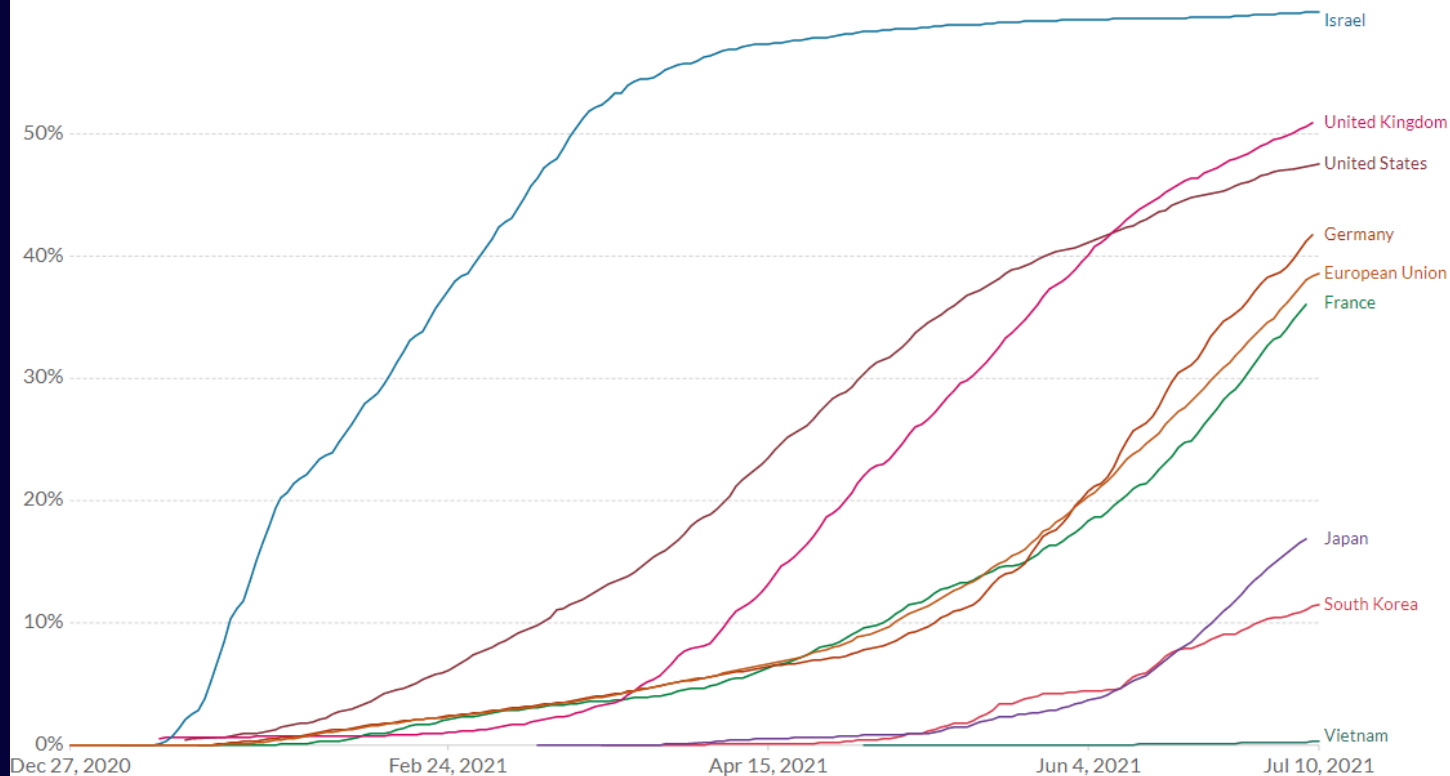
Share Of Population Fully Vaccinated

Share of the population fully vaccinated against COVID-19

Share of the total population that have received all doses prescribed by the vaccination protocol. This data is only available for countries which report the breakdown of doses administered by first and second doses.

Our World
in Data

LINEAR LOG



Source: Official data collated by Our World in Data

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Dec 27, 2020 Jul 10, 2021

Distribution Of Cases

