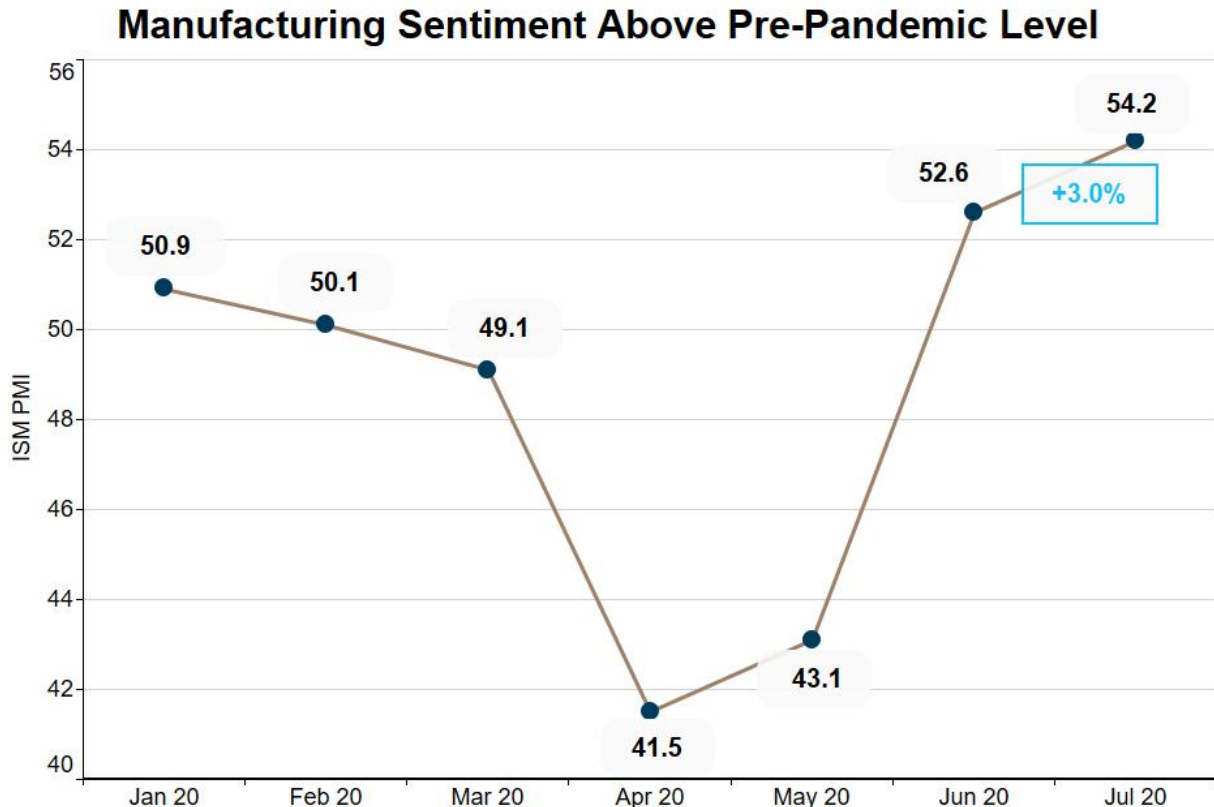


## Manufacturing Sentiment Continues to Rise

Economic data has been consistently showing that the economy rebounded strongly in May and June, but lost momentum in July. Today's report on manufacturing sentiment breaks with that trend.

The [Institute for Supply Management's Purchasing Manager's Index](#) (PMI) rose for the third consecutive month. It now sits higher than it was before the COVID-19 shock at 54.2.



**Why it matters:** The PMI is at the highest level since March 2019. Index values above 50 signify an expanding manufacturing sector, so manufacturing has been growing since May—and because the index has been above 50 in each of those months, it suggests the sector is growing at a faster pace.

Other measures of the economy have been above the low levels they hit in April but below their levels in June. The July PMI breaks this trend by being above its June level.

**Behind the numbers:** A PMI above 42.8 suggests that the overall economy is growing. During the recent contraction, the PMI dipped below that level only in April. In May it was 43.1. It was well above that level in June (52.6) and now in July. These values suggest an economy that surged in June and continued to grow in July.

The strength of the report was widespread as seven of the 10 sub-indexes improved. New orders, production, and backorders saw the biggest improvements.

**What's next:** The manufacturing sector is in a strong position given its relative weakness pre-pandemic and the severe shock it suffered from the virus. Hopefully this trend continues despite the harm the resurgence of the virus has caused to the recovery.

–Curtis Dubay, Senior Economist, U.S. Chamber of Commerce