



April 22, 2019

March 2019: Stabilization of U.S. Manufacturing Sector, China Follows, Europe Lags Behind

MANUFACTURING
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Despite all of the trade tariff talk and uncertainty between the United States (U.S.) and China, the March 2019 Purchasing Managers' Index (PMI) reports have shown growth for the manufacturing sectors in the U.S. and China. As for Europe, however, similar reports show that the manufacturing industry remained sluggish through March.

Timothy R. Fiore, Chair of the Institute for Supply Management (ISM) Manufacturing Business Survey Committee, recently released the March 2019 Manufacturing ISM *Report on Business* and the results were generally positive. The PMI registered at 55.3, compared to 54.2 in February 2019 and 56.6 in January 2019. Mr. Fiore was quoted as saying, "The PMI reversed a February expansion decline primarily through improved growth in employment, and, to a lesser extent, new orders." Throughout the first quarter of 2019, the PMI registered over a 50 reading. This indicates that the U.S. manufacturing sector has shown growth, remained relatively stable, and shown no signs of slowing down. The ISM report indicated that March 2019 represented the thirty-first consecutive month of expansion in the U.S.

China has seen similar positive reports. According to the *Wall Street Journal (WSJ)*, "An official purchasing index in China rebounded strongly, too, with a pickup in a measure of forward-looking orders. China's index rose to a six-month high of 50.5 in March from 49.2 in February, well above forecasts of many economists. Power consumption, steel output and sales of bulldozers all rose."

Meanwhile, IHS Market, a world leader in critical information, analytics and solutions for major industries that drive economies worldwide, publishes the Eurozone Manufacturing PMI based on survey data collected from nearly 3,000 manufacturing firms on a monthly basis. A recent report issued by the IHS Markit on April 1, 2019, indicated a drop in Europe's PMI, which dropped to 47.5 in March from 49.3 in February. Europe's PMI has reached its lowest level since April 2013. The decline is primarily a result of deteriorating conditions in one of Europe's largest economies, Germany, followed by deterioration in Italy and France. These three countries all had a Manufacturing PMI below 50, which indicates contraction. The deterioration is attributed to the lack of demand for new orders for equipment from the Chinese market as well as the toughening of emissions standards throughout the European region, which make it difficult to compete with countries that do not have such stringent standards.

The next Manufacturing ISM report is slated to be released May 1, 2019.

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