



The Eurozone manufacturing sector expanded further. The [Markit Flash Eurozone Manufacturing Purchasing Managers' Index \(PMI\)](#) posted a strong reading of 57.4 in August from 56.6 in July. Both output and new orders rose sharply, stemming from the fastest pace in export growth in six-and-a-half years. **Germany** continued to post a strong reading with 59.4 in August, up from 58.1 in July. Strong manufacturing indicators continued in **France** as well, with a 55.8 Flash Manufacturing PMI in August from 54.9 in July. This also marked the highest level in more than six years for both countries.

Back on the home front, the U.S. manufacturing sector continues to improve, though at a modest pace. The [Markit Flash U.S. Manufacturing Purchasing Managers' Index \(PMI\)](#) remains above the 50.0 neutral mark, but slipped a little from 53.3 in July to 52.5 in August. Weaker growth in both output and new orders were the key factors that pulled down the latest survey results. Production volumes also expanded at a slower pace. At the same time, increasing input prices for metals, oil, and electrical components pushed production costs higher.

Data from the [Kansas City Federal Reserve Bank](#) were encouraging, with manufacturing activity expanding at its fastest pace since March 2017. New orders, production, and shipments accelerated strongly, even as hiring and exports continued to reflect lingering challenges. In the report, respondents remained cautiously optimistic in their outlook. They were concerned with increasing input costs, as well as the cost for health care insurance.

In contrast to those releases, new [durable goods orders](#) decreased 6.8 percent in July, largely from weaker transportation equipment orders, in particular nondefense aircraft. Excluding transportation, new durable goods orders increased 0.5 percent in July and were up 5.6 percent over the past 12 months. Core capital goods orders (nondefense and excluding aircraft), a good proxy for business spending, rose 0.4 percent in July and were up 3.5 percent on an annual basis. This indicates a surge in business spending early in the third quarter. Core capital goods shipments, used to calculate equipment spending in the Gross Domestic Product (GDP) measurement, increased 1.0 percent in July and were up 5.7 percent over the past 12 months.

Meanwhile, housing data was off. [Existing home sales](#) slipped 1.3 percent to 5.44 million units at an annual rate in July, but up 2.1 percent over the past 12 months. The softness in sales was largely attributed to low inventory and rising home prices affecting affordability. [New home sales](#) also declined, down 9.4 percent in July to 571,000 units and 8.9 percent lower year-over-year, down from 627,000 units in July 2016. Inventory of new homes increased slightly and represents 5.8 months of supply at the current sales rate.

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P.S.: If you have not already done so, please take a moment to complete the latest NAM Manufacturers' Outlook Survey. This 20-question survey will help us to gauge how manufacturing sentiment has changed since June's [survey](#). The survey includes special questions on enacting comprehensive business tax reform, the benefits of trade and hiring and capital spending plans. To complete the survey, click [here](#). Responses are due by Tuesday, August 29, at 5:00 p.m. EDT. As always, all responses are anonymous.

Editor's Note: Many thanks to Candice Ensinger of Parker Hannifan Corporation for compiling this week's Monday Economic Report.

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Economic Indicators

Last Week's Indicators:

(Summaries Appear Below)

Monday, August 21

Chicago Fed National Activity Index

Tuesday, August 22

Richmond Fed Manufacturing Survey

Wednesday, August 23

Markit Flash Manufacturing PMIs for U.S. and Eurozone
New Home Sales

Thursday, August 24

Existing Home Sales
Kansas City Fed Manufacturing Survey

Friday, August 25

Durable Goods Orders and Shipments

This Week's Indicators:

Monday, August 28

Dallas Fed Manufacturing Survey
International Trade in Goods (Preliminary)

Tuesday, August 29

Conference Board Consumer Confidence

Wednesday, August 30

ADP National Employment Report
Gross Domestic Product (Revised)

Thursday, August 31

Personal Income and Spending

Friday, September 1

BLS National Employment Report
Construction Spending
ISM Manufacturing Purchasing Managers' Index



Questions or comments?

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