Q1 2026

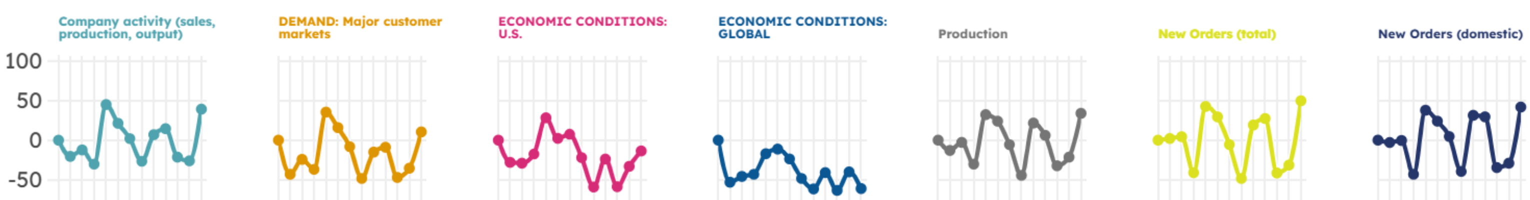
American Chemistry Council

Chemical Manufacturing Economic Sentiment Index

Economic Sentiment Index (ESI) Survey responses were collected during April 8-23, 2026.

Summary: Chemical manufacturing activity in the United States witnessed notable growth in the first quarter of the year, with key indexes rising to multi-year highs. The production, supplier delivery times, capacity utilization, order backlogs, and new orders indexes reached their highest levels since the survey's inception (2023-Q1). The indexes for capital spending, overall company activity, and major customer demand rose to their highest levels since 2024. The assessment of U.S. economic conditions also improved, with the index rising to the highest level since 2024 although remaining in slightly negative territory). By contrast, the assessment of global economic conditions worsened. The data indicates that companies are dealing with a challenging cost environment, as energy, transportation, and raw materials costs spiked in Q1. Aggregate labor costs also increased, albeit at a softer pace. The index associated with the number of employees and contractors also turned slightly positive for the first time since 2024 while the index associated with the availability of skilled labor turned negative for the first time since early 2025. The raw materials inventory levels index turned positive for the first time since mid-2025, while the finished goods inventories index, although still slightly negative, reached its highest level since early 2025. The regulatory burden index rose slightly but remained low compared to the highs seen in early 2024. In terms of expectations six months ahead, the new orders, production, capacity utilization, overall company activity, and company's major customer demand indexes retreated but remained in solid positive territory, while costs indexes saw similar increases to their current situation counterparts.

Table. Chemical Manufacturing Economic Sentiment Index – Current Conditions, Select Indicators*



*First quarter = Q1 2023; Last Quarter = Q1 2026

Details: ACC's ESI **chemical production index** surged in the first quarter, rising from -21 to 34, the highest level since the survey's inception in Q1 2023. The previous record high was 33, reached in Q1 2024. Only 11% of respondents indicated production shrank in Q1, compared to 45% who reported an increase. Expectations six months ahead showed similar trends, with 11% reporting a projected decline versus 39% indicating a projected increase.

Chemical manufacturers reported an improvement in **major customer market demand**, with 27% of respondents noting an improvement compared to 16% witnessing deterioration, propelling the index into positive territory for the first time since Q2 2024. Expectations for six months ahead were similar to current conditions, with 28% seeing an improvement versus 19% reporting a deterioration.

The **new orders** index, which had been in negative territory for the previous two quarters, rose to its highest level in the survey's history, reaching 50, as 58% of respondents indicated an increase compared to only 8% reporting a decline. Both domestic and foreign orders experienced similar performance. The index for expectations six months ahead declined slightly but remained in solid positive territory.

The broad-based improvement in business activity included **order backlogs**, whose index surged into positive territory for the first time since the survey's inception, rising to 16 from -12 the previous quarter, as 32% of respondents reported an increase versus 16% noting a decrease. However, the Q1 expectations index for order backlogs six months down the road index remained in slight negative territory, standing at -3, although that was a significant improvement compared to -44, the bottom seen in Q1 2025.

Supplier delivery times, a key metric for supply chain and inventory management, rose in Q1, as 24% of companies reported an increase while only 3% reported a decrease. The index rose from 7 in Q4 to 21, its highest level in the survey's history. Regarding six-month-ahead expectations, the index rose from 2 in Q4 to 17, a similar result as seen for the current conditions index.

Like the other business activity indicators, the index for **capacity utilization** jumped in Q1, rising to an all-time high of 45 from -26 in the previous quarter. Half of the companies indicated an increase versus only 5% reporting a decline. The corresponding expectations index declined from 52 to 31, remaining at a robust positive level, however.

Capital spending also witnessed growth in Q1, as 37% of respondents reported an increase compared to 18% noting a decrease. Consequently, the index rose from 2 in the previous quarter to 18, the highest level since Q2 2024. Expectations six months ahead performed even better, with that index jumping from 7 in Q4 to 33.

The **raw materials inventory levels** index jumped into positive territory after two quarters of negative readings, as 29% of companies indicated an increase versus 11% reporting a decrease. At 18, the index is at its highest level since the survey's inception. On the other hand, the **finished goods inventory levels** index rose but remained in slight negative territory, rising from -19 to -3. The indexes for expectations six months ahead for both raw materials and finished goods inventory levels declined but remained in positive territory, indicating continued inventory growth but at a slower pace.

Chemical manufacturers reported spiking production costs in the first quarter of the year. A total of 76% indicated rising **input/raw materials cost**, compared to just 5% reporting a decline. The index climbed to 71, the highest level on record and well above the previous high of 37 in Q1 2025. **Energy costs** also surged, with 89% of companies noting an increase and no respondents reporting a decline. This index also reached an all-time high, rising to 89 and surpassing the previous high of 33 seen in Q4 2024. **Transportation costs** experienced a similar upsurge, with the index rising to 74 and eclipsing the previous record of 27 registered back in Q2 2024. All associated expectations indexes witnessed similarly steep increases as well.

Survey results also showed an increase in **labor costs** as the index for Q1 rose to 34, the highest level since Q2 2024. This was the result of 37% of respondents reporting an increase versus 3% indicating a decline. Relatedly, the index for **availability of skilled labor** declined to its lowest level since Q1 2024, descending to -5, as 8% of respondents reported an increase compared to 13% indicating a decline. The labor costs expectations index declined slightly but remained relatively high, while the skilled labor availability expectations index dropped into negative territory after four quarters of non-negative readings.

The index for the **number of employees and contractors** increased in Q1 from -28 to 3, the highest level and the first positive reading since Q2 2024. A total of 16% of respondents reported an increase versus 14% noting a contraction. The respective expectations index performed similarly by rising from -12 to 6, the first positive reading since Q2 2024.

Companies reported a slight uptick in the current **level of regulatory burden** (i.e., compliance and opportunity costs), with the index rising from 9 to 16, as just 3% of respondents noted a decline compared to 18% reporting an increase. However, the index currently sits at a significantly lower level than the peak of 58 seen in Q1 2024. The expectations index for regulatory burden level also increased slightly, and while it's significantly below the peak seen in early 2024, it reached its highest level since Q3 2024.

Chemical manufacturers viewed the **state of economic conditions in the U.S.** as having contracted at a slower rate than in Q4, with the index rising from -33 in Q3 to -13, the highest level since Q3 2024. This result came as 13% of respondents reported an improvement versus 26% indicating a deterioration. While the U.S. economic conditions index approached positive territory, companies' assessment of the **global economic situation** soured in the first quarter of the year, as 61% of respondents indicated a deterioration and no respondents reporting an improvement. Consequently, the index fell from -40 in the previous quarter to -61, just above the record low of -63 recorded in Q3 2025. In terms of expectations, the U.S conditions index dropped from 2 in the previous quarter to -17, while the global conditions expectations index plunged from -21 to -44.

INDICATOR	Current Assessment (Q1 2026 vs Q4 2025) Decreased	About the Same	Increased	INDEX: 2025 Q3	2025 Q4	2026 Q1	Short-Term Outlook Six months from latest quarter Decreased	About the Same	Increased	INDEX: 2025 Q3	2025 Q4	2026 Q1
Volume of New Orders - total orders	8%	34%	58%	-41	-31	50	11%	44%	44%	18	48	33
Volume of New Orders - domestic	8%	42%	50%	-34	-29	42	11%	50%	39%	23	52	28
Volume of New Orders - foreign	11%	53%	36%	-28	-22	25	17%	60%	23%	0	29	6
Volume of Order Backlogs	16%	53%	32%	-35	-12	16	19%	64%	17%	-5	-2	-3
Production Levels	11%	45%	45%	-32	-21	34	11%	50%	39%	20	52	28
Capacity Utilization	5%	45%	50%	-28	-26	45	11%	47%	42%	18	52	31
Input/Raw materials costs	5%	18%	76%	7	42	71	6%	14%	81%	34	26	75
Energy costs (for Fuel & Power)	0%	11%	89%	14	44	89	11%	22%	67%	36	26	56
Transportation costs	5%	16%	79%	14	14	74	3%	19%	78%	27	26	75
Labor costs	3%	61%	37%	14	14	34	3%	61%	36%	30	44	33
Number of Employees/Contractors	14%	70%	16%	-16	-28	3	11%	72%	17%	-25	-12	6
Availability of Skilled Labor	13%	79%	8%	7	2	-5	11%	83%	6%	2	0	-6
Capital Spending	18%	45%	37%	-7	2	18	8%	50%	42%	-9	7	33
Raw Materials inventory levels	11%	61%	29%	-37	-28	18	11%	69%	20%	-7	16	9
Finished Goods inventory levels	18%	66%	16%	-23	-19	-3	11%	67%	22%	-5	21	11
Supplier Deliveries Times	3%	74%	24%	5	7	21	6%	72%	22%	0	2	17
Level of Regulatory Burden (i.e., compliance and opportunity costs)	3%	79%	18%	23	9	16	8%	64%	28%	9	16	19

		Current Assessment Q4 2025 vs Q3 2025 Deteriorated	About the Same	Improved	INDEX: 2025 Q3	2025 Q4	2026 Q1	Short-Term Outlook Six months from latest quarter Deteriorated	About the Same	Improved	INDEX: 2025 Q3	2025 Q4	2026 Q1
Economic Conditions	Assessment of the state of U.S economic conditions	26%	61%	13%	-58	-33	-13	33%	50%	17%	-5	2	-17
	Assessment of the state of global economic conditions	61%	39%	0%	-63	-40	-61	50%	44%	6%	-21	-21	-44
Company Activity Level	Assessment of your company's activity level overall (e.g., sales, production,	3%	55%	42%	-21	-26	39	8%	56%	36%	19	42	28
Customer Market Demand	Assessment of demand from your company's major customer markets overall?	16%	57%	27%	-47	-35	11	19%	53%	28%	0	26	8

ACC conducts a voluntary online quarterly survey of over 100 diversified chemical manufacturers with operations in the United States. Data from this survey will support ACC's regulatory and legislative advocacy efforts. Aggregated findings will generate additional information about the activity and importance of the chemical industry. Chemical manufacturers consider key business indicators and how those indicators changed for their company in the current quarter (compared to the prior quarter) as well as how they expect the indicators to have changed six months from the current quarter. Categorical responses are aggregated, and a diffusion index is calculated by subtracting the percentage of respondents indicating "decreased" or "deteriorated" from the percentage indicating "increased" or "improved". Measured at a base value of 0, an index reading above 0 means that the indicator has generally increased. A reading below 0 means that the indicator has generally decreased over the reference period. Contact Martha Moore, Chief Economist (martha_moore@americanchemistry.com) with questions about this survey and the survey findings.