Q2 2026

American Chemistry Council

Chemical Manufacturing Economic Sentiment Index

Economic Sentiment Index (ESI) Survey responses were collected during July 14-31, 2026.

Summary: Chemical manufacturing activity indexes softened somewhat in Q2, with the new orders, order backlogs, and capacity utilization **current conditions** indexes sliding from Q1 but generally remaining in solid positive territory. The production index rose slightly to its highest level since the survey's inception in Q1 2023, as did the supplier delivery times index. The overall company activity index increased to reach its second highest level on record, while the index of major customer demand picked up steam to reach its highest level since Q1 2024. In terms of input costs, the raw materials costs index remained virtually unchanged at its highest level on record. At the same time, the energy costs index remained positive but fell from its record high, while the transportation costs index accelerated to its highest level on record. Labor costs rose at a faster clip than the previous quarter while the number of employees contracted. Skilled labor availability increased after declining in Q1. The capital spending index slid but remained positive for the third quarter in a row. Raw materials inventories were flat while finished goods inventories expanded slightly. The regulatory burden index dipped and remained near its historic low. Finally, the index of U.S. economic conditions slipped and remained negative for the 7th consecutive quarter, while the index of global conditions rose slightly but lingered in deep negative territory.

Regarding **expectations six months ahead,** all the business activity indexes declined, with both the production and the capacity utilization indexes turning slightly negative following four quarters of growth. All the indexes of input costs fell in Q2 but remained positive, with raw materials costs seeing the largest decline. The capital spending index softened but remained high, while both the raw materials inventories and finished goods inventories indexes lost ground. The index of U.S. economic conditions turned positive and reached its highest level since Q2 2024, while index for global conditions also rose but remained in negative territory for the 9th consecutive quarter.

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

*First quarter = Q1 2023; Last Quarter = Q2 2026

Details: Although **ACC's new orders** index slipped from 50 to 33 in Q2, it remained in positive territory for the second quarter in a row. The domestic orders index dropped from 42 to 36, while the foreign orders index skidded from 25 to 0, with 24% of respondents indicating an increase and an equal share indicating a decline. Regarding expectations six months down the road, the new orders index fell for the second straight quarter but remained positive at 9, with the domestic orders index witnessing a similar decline. Nevertheless, the foreign orders index fell from 6 in Q1 to -15, the first negative reading since Q2 2025.

After surging into positive territory for the first time on record in Q1, the **order backlogs** index dropped from 16 to 6 in Q2. Six months ahead, expectations worsened as the index declined from -3 to -18, with 24% of respondents indicating a decline while only 6% saw an increase.

Supplier delivery times, a key metric for supply chain and inventory management, rose to a record high of 25 in Q2 from 21 the previous quarter, as none of the respondents indicated a decrease while 25% witnessed an increase. In terms of expectations six months ahead, the index declined from 17 in Q1 to 9.

After swinging from negative into positive territory in Q1, **the production index** expanded further in Q2, rising from 34 to 36, the highest level on record, as 42% of companies saw an increase while only 6% experienced a decline. On the flip side, the expectations index skidded from 28 to -3, the first negative reading since Q1 2025.

The **capacity utilization** index inched down from 45 in Q1, the highest level on record, to 42, still in solid positive territory, as 48% of respondents indicated an increase while only 6% saw a decline. However, the expectations index witnessed a sharp decline, sliding from 31 in Q1 to -3, the first negative reading since Q1 2025.

The **major customer market demand** index made further gains in Q2, rising from 11 to 21, the second consecutive positive reading, as 33% of respondents indicated an increase versus 12% reporting a decrease. Expectations six months ahead remained tamed, with the index slipping from 8 in Q1 to 6.

The **overall company activity index** leaped from 39 in Q1 to 42, the second highest level on record, as 52% of companies reported an improvement compared to 9% witnessing a deterioration. On the flip side, the expectations index fell from 28 in Q1 to -3, the first negative reading since Q1 2025.

For the third straight quarter, the **capital spending** index remained in positive territory, although it declined from 18 in Q1 to 6, with 27% of respondents seeing an increase compared to 21% indicating a decline. Six months ahead, the expectations index dipped from 33 in Q1 to 27, remaining in solid positive territory.

Chemical manufacturers reported high but stabilizing production costs in the second quarter. The **input/raw materials costs index** lost one point, going from 71 in Q1 (the highest on record) to 70, as 73% of respondents witnessed an increase while only 3% reported a decrease. On the other hand, the expectations index plunged in Q2, going from 75 in Q1 to 3, with 27% of companies expecting an increase versus 24% anticipating a decline.

Energy costs decelerated in Q2 as the index dropped from 89 in Q1 to 39, the lowest level in the last three quarters, as 58% of respondents witnessed an increase compared to 18% reporting a decline. The expectations index also moderated but remained relatively high, dropping from 56 to 30.

Following the surge to an all-time high of 74 in Q1**,** the **transportation costs** index rose again Q2 reaching 79, as 79% of respondents reported an increase while none of the respondents reported a decline. On the other hand, the expectations index plunged from 75 in Q1 to 24, indicating a more moderate increase in costs six months ahead.

Labor costs also accelerated in Q2, with the index rising from 34 in Q1 to 45, the highest level since Q1 2024, with 48% of companies reporting an increase versus only 3% witnessing a decline. Six months down the road, the expectations index slid from 33 to 24, the second consecutive decline.

The **availability of skilled labor** index rose from -5 in Q1 to 3, with the expectations index performing similarly by increasing from -6 to 3, the highest level since Q2 2025. And after climbing into positive territory for the first time since 2024, the **number of employees and contractors** index plunged from 3 in Q1 to -18 in Q2, with 30% of respondents indicating a decline compared to 12% reporting an increase. The expectations index also turned negative in Q2, dropping from 6 in Q1 to -6.

The **raw materials inventory levels** index dropped from 18 in Q1 to 0 in Q2, as 21% of companies reported an increase while the same share indicated a decline. The expectations index witnessed a similar performance. On the flip side, the **finished goods inventory levels** index rose from -3 to 12, the first positive reading since Q1 2025. The expectations index lost ground, however, sliding from 11 to -12.

Companies reported a slight decline in the **regulatory burden** (i.e., compliance and opportunity costs), with the index falling from 16 to 12. At the same time, the expectations index dropped from 19 to 6, the lowest level since Q2 2025.

Chemical manufacturers viewed the **state of economic conditions in the U.S.** as having contracted at a faster rate in Q2, with the index sliding from -13 in Q1 to -24, as 30% of respondents reported a deterioration compared to only 6% indicating an improvement. On the other hand, expectations improved in Q2, with the index rising from -17 in Q1 to 12, the highest level since Q4 2024.

Companies' assessment of the **global economic situation** remained deeply negative in Q2, although the index rose from -61 in Q1 to -48, as 52% of respondents indicated a deterioration versus only 3% noting an improvement. The expectations index performed somewhat better, rising from -44 to -21, remaining stuck in negative territory since Q2 2024.

	Current Assessment (Q1 2026 vs Q4 2025)			INDEX:			Short-Term Outlook Six months from latest quarter			INDEX:		
INDICATOR	Decreased	About the Same	Increased	2025 Q4	2026 Q1	2026 Q2	Decreased	About the Same	Increased	2025 Q4	2026 Q1	2026 Q2
Volume of New Orders - total orders	12%	42%	45%	-31	50	33	21%	48%	30%	48	33	9
Volume of New Orders - domestic	9%	45%	45%	-29	42	36	18%	45%	36%	52	28	18
Volume of New Orders - foreign	24%	52%	24%	-22	25	0	24%	67%	9%	29	6	-15
Volume of Order Backlogs	6%	82%	12%	-12	16	6	24%	70%	6%	-2	-3	-18
Production Levels	6%	52%	42%	-21	34	36	24%	55%	21%	52	28	-3
Capacity Utilization	6%	45%	48%	-26	45	42	24%	55%	21%	52	31	-3
Input/Raw materials costs	3%	24%	73%	42	71	70	24%	48%	27%	26	75	3
Energy costs (for Fuel & Power)	18%	24%	58%	44	89	39	9%	52%	39%	26	56	30
Transportation costs	0%	21%	79%	14	74	79	12%	52%	36%	26	75	24
Labor costs	3%	48%	48%	14	34	45	3%	70%	27%	44	33	24
Number of Employees/Contractors	30%	58%	12%	-28	3	-18	21%	64%	15%	-12	6	-6
Availability of Skilled Labor	3%	90%	6%	2	-5	3	0%	97%	3%	0	-6	3
Capital Spending	21%	52%	27%	2	18	6	6%	61%	33%	7	33	27
Raw Materials inventory levels	21%	58%	21%	-28	18	0	15%	70%	15%	16	9	0
Finished Goods inventory levels	18%	52%	30%	-19	-3	12	21%	70%	9%	21	11	-12
Supplier Deliveries Times	0%	75%	25%	7	21	25	3%	85%	12%	2	17	9
Level of Regulatory Burden (i.e., compliance and opportunity costs)	3%	82%	15%	9	16	12	6%	82%	12%	16	19	6

		Current Assessment Q4 2025 vs Q3 2025			INDEX:			Short-Term Outlook Six months from latest quarter			INDEX:		
		Deteriorated	About the Same	Improved	2025 Q4	2026 Q1	2026 Q2	Deteriorated	About the Same	Improved	2025 Q4	2026 Q1	2026 Q2
Economic Conditions	Assessment of the state of U.S economic conditions	30%	64%	6%	-33	-13	-24	12%	64%	24%	2	-17	12
	Assessment of the state of global economic conditions	52%	45%	3%	-40	-61	-48	33%	55%	12%	-21	-44	-21
Company Activity Level	Assessment of your company's activity level overall (e.g., sales, production, output)?	9%	39%	52%	-26	39	42	31%	41%	28%	42	28	-3
Customer Market Demand	Assessment of demand from your company's major customer markets overall?	12%	55%	33%	-35	11	21	18%	58%	24%	26	8	6

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 Diego Saltes, Director, Economics and Data Analytics, (diego_saltes@americanchemistry.com) with questions about this survey and the survey findings.