Q3 2026

American Chemistry Council

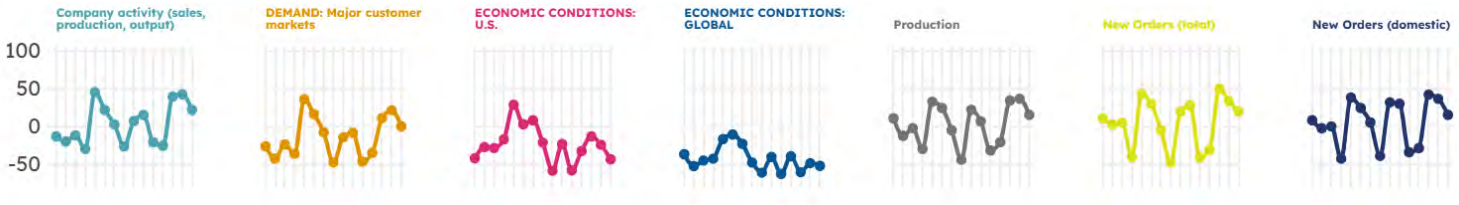
Chemical Manufacturing Economic Sentiment Index

Economic Sentiment Index (ESI) Survey responses were collected during October 13-30, 2026.

Summary: Chemical manufacturing activity indexes softened in Q3, with the new orders, supplier delivery times, production, capacity utilization, and overall company activity **current conditions** indexes sliding from Q2 but remaining in positive territory. The index for order backlogs dipped into contraction territory after two consecutive quarters of expansion. The index of major customer demand was flat after picking up steam in the previous two quarters. In terms of input costs, the raw materials and transportation costs indexes rose to their highest levels on record, with energy costs accelerating following a softening in the pace of growth in Q2. Labor costs remained elevated as the index remained at a high level, with the number of employees contracting at a slower pace than in Q2 and skilled labor availability plunging to its lowest level on record. The capital spending index slid but managed to remain positive for the fourth quarter in a row. Both raw materials and finished goods inventories expanded slightly. The regulatory burden index inched up but remained near its historic low. Finally, the index of U.S. economic conditions recorded its 8th consecutive negative quarterly reading, while the index of global conditions dipped deeper into negative territory.

Regarding **expectations six months ahead,** all the business activity indexes rose except for order backlogs. All the indexes of input costs rose in Q3, as respondents see no end in sight for rising production costs. The capital spending index softened for the second back-to-back quarter but remained high, while both the raw materials inventories and finished goods inventories indexes signaled a contraction into next year. The index of U.S. economic conditions turned negative after rising into positive territory in Q2, while index for global conditions dipped and remained in negative territory for the 10th consecutive quarter.

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



*First quarter = Q1 2023; Last Quarter = Q3 2026

Details: Although **ACC's new orders** index slipped from 33 to 20 in Q3, it remained in positive territory for the third quarter in a row. The domestic orders index dropped from 36 to 15, while the foreign orders index rose from 0 to 12, with 29% of respondents indicating an increase and 17% recording a decline. Regarding expectations six months down the road, the new orders index rose for first time in three quarters, with the domestic and foreign orders indexes portraying a similar performance.

The **order backlogs** index dropped from 6 to -7 in Q3, its second back-to-back decline. Six months ahead, expectations worsened as the index declined from -18 to -27, with 34% of respondents indicating a decline while only 7% saw an increase.

The index of **supplier delivery times,** a key metric for supply chain and inventory management, dropped after having risen in the previous two quarters. However, with a reading of 15, the index remains in positive territory for the eighth consecutive quarter, as 20% of the respondents indicated an increase while only 4% witnessed a decline. In terms of expectations six months ahead, the index declined from 9 in Q2 to 2.

The production index dropped in Q3, sliding from 36 in Q2 (the highest level on record) to 15, as 35% of companies saw an increase while 20% experienced a decline. Despite the slowdown, the expectations index portrayed increased optimism six months down the road, with the corresponding index swinging from -3 in Q2 to 24.

The **capacity utilization** index dropped from 42 in Q2 to 24, remaining in expansionary territory, as 39% of respondents indicated an increase while 15% saw a decline. On the other hand, the expectations index witnessed a sharp increase, jumping from -3 in Q2 to 24, with 35% of respondents indicating an increase and 11% noting a decline.

The **major customer market demand** index dropped to zero after having recorded positive readings in the previous two quarters, with 15% of respondents witnessing expansion and an equal number indicating a contraction. Expectations six months ahead improved slightly, with the index rising from 6 in Q2 to 9.

The **overall company activity index** slid from 42 in Q2 to 22, as 33% of companies reported an improvement compared to 11% witnessing a deterioration. On the flip side, the expectations index jumped from -3 in Q2 to 30, as 37% of respondents see improved conditions into next year compared to 7% expecting a deterioration.

For the fourth straight quarter, the **capital spending** index remained in positive territory. However, it declined from 6 in Q2 to 2, with 17% of respondents seeing an increase compared to 15% indicating a decline. Six months ahead, the expectations index dipped slightly from 27 in Q2 to 22, still in solid positive territory.

Chemical manufacturers reported accelerating production costs in the third quarter. The **input/raw materials costs index** reached the highest level on record, rising from 70 in Q2 to 78, as 78% of respondents witnessed an increase while no respondents reported a decrease. On the other hand, the expectations index picked up in Q3, going from 3 in Q2 to 30, with 43% of companies expecting an increase versus 13% anticipating a decline.

Energy costs reaccelerated in Q3 after a temporary softening in Q2, as the index rose from 39 in Q2 to 78, as 78% of respondents witnessed an increase compared to no respondents reporting a decline (the same proportions as the input/raw materials index). The expectations index also increased, rising from 30 to 46, indicating respondents expect energy costs to keep increasing into next year.

The **transportation costs** index rose again in Q3, reaching 85, the highest level on record, as 85% of respondents reported an increase while none of the respondents recorded a decline. At the same time, the expectations index rose from 24 in Q2 to 47, indicating accelerating cost increases six months ahead.

Labor costs kept their pace of growth in Q3, with the index inching down from 45 in Q2 to 44, with 47% of respondents indicating an increase while only 2% witnessing a decline. Six months down the road, respondents see labor costs accelerating, with the expectations index rising from 24 in Q2 to 42.

The **availability of skilled labor** index slumped from 3 in Q2 to -15, the lowest level on record, as 15% of respondents indicated a decline while no respondents witnessed an increase, with the expectations index performing similarly. The **number of employees and contractors** remained in negative territory although the index rose from -18 in Q2 to -4, with 15% of respondents indicating a decline compared to 11% reporting an increase. The expectations index also portrayed a deceleration in the pace of contraction in the number of employees six months ahead, with that index rising from -6 in Q2 to -2.

Overall inventories increased slightly in Q3. The **raw materials inventory levels** index rose from 0 in Q2 to 11, as 22% of companies reported an increase compared to 11% indicating a decline. On the flip side, the expectations index dropped from 0 to -4. And while the **finished goods inventory levels** index dropped from 12 to 4, it remains in positive territory. On the flip side, the expectations index remained in negative territory, however, even as the index rose from -12 to -7.

Companies reported a slight increase in the **regulatory burden** (i.e., compliance and opportunity costs), with the index rising from 12 to 15. At the same time, the expectations index increased from 6 to 13.

Chemical manufacturers viewed the **state of economic conditions in the U.S.** as having contracted at a faster rate in Q3, with the index sliding from -24 in Q2 to -43, as 43% of respondents reported a deterioration compared to no respondents indicating an improvement. At the same time, expectations worsened in Q3, with the index returning to negative territory by dropping from 12 in Q2 to -13.

Companies' assessment of the **global economic situation** remained deeply negative in Q3, with the index falling from -48 in Q2 to -52, as 54% of respondents indicated a deterioration versus only 2% noting an improvement. The expectations index also contracted, sliding from -21 to -26, remaining stuck in negative territory since Q2 2024.

INDICATOR	Current Assessment (Q3 2026 vs Q2 2026)			INDEX:			Short-Term Outlook Six months from latest quarter			INDEX:		
	Decreased	About the Same	Increased	2026 Q1	2026 Q2	2026 Q3	Decreased	About the Same	Increased	2026 Q1	2026 Q2	2026 Q3
Volume of New Orders - total orders	20%	41%	39%	50	33	20	13%	57%	30%	33	9	17
Volume of New Orders - domestic	22%	41%	37%	42	36	15	13%	51%	36%	28	18	22
Volume of New Orders - foreign	17%	55%	29%	25	0	12	10%	71%	19%	6	-15	10
Volume of Order Backlogs	23%	60%	16%	16	6	-7	34%	59%	7%	-3	-18	-27
Production Levels	20%	46%	35%	34	36	15	11%	54%	35%	28	-3	24
Capacity Utilization	15%	46%	39%	45	42	24	11%	54%	35%	31	-3	24
Input/Raw materials costs	0%	22%	78%	71	70	78	13%	43%	43%	75	3	30
Energy costs (for Fuel & Power)	0%	22%	78%	89	39	78	9%	37%	54%	56	30	46
Transportation costs	0%	15%	85%	74	79	85	9%	36%	56%	75	24	47
Labor costs	2%	51%	47%	34	45	44	7%	44%	49%	33	24	42
Number of Employees/Contractors	15%	74%	11%	3	-18	-4	18%	67%	16%	6	-6	-2
Availability of Skilled Labor	15%	85%	0%	-5	3	-15	15%	85%	0%	-6	3	-15
Capital Spending	15%	67%	17%	18	6	2	11%	57%	33%	33	27	22
Raw Materials inventory levels	11%	67%	22%	18	0	11	16%	73%	11%	9	0	-4
Finished Goods inventory levels	15%	65%	20%	-3	12	4	15%	76%	9%	11	-12	-7
Supplier Deliveries Times	4%	76%	20%	21	25	15	2%	93%	4%	17	9	2
Level of Regulatory Burden (i.e., compliance and opportunity costs)	2%	80%	17%	16	12	15	2%	83%	15%	19	6	13

		Current Assessment (Q3 2026 vs Q2 2026)			INDEX:			Short-Term Outlook Six months from latest quarter			INDEX:		
		Deteriorated	About the Same	Improved	2026 Q1	2026 Q2	2026 Q3	Deteriorated	About the Same	Improved	2026 Q1	2026 Q2	2026 Q3
Economic Conditions	Assessment of the state of U.S economic conditions	43%	57%	0%	-13	-24	-43	30%	52%	17%	-17	12	-13
	Assessment of the state of global economic conditions	54%	43%	2%	-61	-48	-52	39%	48%	13%	-44	-21	-26
Company Activity Level	Assessment of your company's activity level overall (e.g., sales,	11%	57%	33%	39	42	22	7%	57%	37%	28	-3	30
Customer Market Demand	Assessment of demand from your company's major customer markets overall?	15%	70%	15%	11	21	0	15%	61%	24%	8	6	9

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.

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