MORNING BRIEFING
July 26, 2021

Longest Bull Market on Record

Check out the accompanying chart collection.

(1) S&P 500 immune to Delta variant of Covid? (2) Pace of vaccinations likely to quicken as Delta makes the evening news. (3) Fed policy not immune to Delta. (4) Comparing the current meltup to the 1999 ascent. (5) Earnings meltup has been leading stock prices higher since last spring. (6) S&P 500 forward P/E still stuck at 22.0. (7) Analysts' consensus long-term earnings growth expectations are broadly insanely high. (8) The Mag-5 continues to set the fashion trend for all the major investment styles. (9) Amazingly wide spread between forward P/Es of S&P 500 LargeCaps and S&P 400/600 SMidCaps. (10) Movie review: "The Mosquito Coast" (+).

YRI Podcast. In our latest video *podcast*, Dr. Ed discusses the main points of today's *Morning Briefing*.

Strategy I: Earnings in Gear. How can the stock market be making fresh record highs when the pandemic continues to rage around the world? Even in the US, the Delta variant of the Covid-19 virus is spreading rapidly among the unvaccinated population.

As of July 23, the number of Americans who were fully vaccinated totaled 162.4 million. That's 62% of the civilian population aged 16 years old and older. More than 70% have had at least one dose (*Fig. 1*). The problem is that the pace of vaccinations has slowed significantly in recent weeks, allowing the Delta variant to spread. The pace of vaccinations will probably quicken as the evening news starts off with alarming reports about the increase in cases and hospitalizations among those who aren't vaccinated.

Meanwhile, Fed Chair Jerome Powell might use the spread of the Delta variant as an excuse to further delay the long overdue tapering of the Fed's bond purchases. With the bond yield remaining so low as a result of the Fed's intervention, investors continue to plough into stocks. That's why it's so hard to get a decent correction and buying opportunity in the stock market. Monday's selloff last week is already barely visible in the rearview mirror. Let's take stock of the stock market:

(1) *Up, up, and away.* In some ways, last year's stock market selloff was more like a correction than a bear market. The S&P 500 did plunge 33.9% from February 19 through

March 23, 2020. Technically speaking, any decline of 20% or more is a bear market. However, it was the shortest bear market on record. It lasted only 23 trading days, and it was down by 20% or more on just seven of those days. Joe and I view it more as a correction than a classic bear market. Indeed, we added it to our list of *US Stock Market Panic Attacks, 2009-2021* as #67.

The S&P 500 is up 400.5% since the bull market started on March 9, 2009. This is the longest bull market since the beginning of the data in 1928. It has lasted 4,519 calendar days so far, becoming the longest on record at 4,495 calendar days on Tuesday, June 29, 2021. The previous longest bull market was from December 4, 1987 to March 23, 2000, lasting 4,494 calendar days. (We use calendar days rather than trading days in our bull and bear market analysis, since the market was open for trading six days a week until the end of May 1952.)

The S&P 500 fell 1.6% last Monday, raising fears that another panic attack was underway. If so, it was a one-day event. As of the end of last week, the S&P 500 is up 2.0% for the week and 17.5% ytd to a record high 4,411.79 (*Fig. 2*). It is up 97.2% since it bottomed last year on March 23.

The last major selloff (i.e., buying opportunity) occurred from September 2-23, 2020, when the S&P 500 fell 9.6% (*Fig. 3*). Joe and I attributed that to overvaluation concerns and election jitters. There was also a brief selloff in the Nasdaq during February of this year, triggered by the backup in the bond yield.

The Nasdaq continues its meltup in a leisurely fashion, compared to the meteoric meltup from October 8, 1998 through March 10, 2000 (*Fig. 4*). The meltup in the S&P 500 is hotter than it was back then, but it has been much more forward earnings led than forward P/E led (*Fig. 5* and *Fig. 6*).

(2) *Earnings led meltup continues*. S&P 500 forward revenues bottomed last year during the May 14 week (*Fig. 7*). It is up 15.3% since then to a record high during the July 15 week. S&P 500 forward earnings bottomed last year during the May 14 week as well and is up 44.8% since then, also to a record high during the July 15 week (*Fig. 8*). Joe and I calculate the S&P 500 forward profit margin by dividing forward earnings by forward revenues. It rose to a record high of 13.0% during the July 1 week. It edged down to 12.9% during the July 15 week.

(3) *Valuation remains elevated.* Our Blue Angels analysis shows the implied flight paths of

the S&P 500 at various valuation levels, using actual 52-week consensus expected forward earnings of the S&P 500 multiplied by hypothetical forward P/Es of 10.0-24.0 (*Fig. 9*). This framework shows that the S&P 500 melted up last year along with its forward P/E, which rebounded from a low of 12.9 on March 23 to a high of 23.2 on September 2. Since then, the S&P 500 has been melting up with forward earnings along the implied flight path of the Blue Angels based on a forward P/E of 22.0.

The S&P 500's forward P/E has remained remarkably stable around 22.0 over the past year despite the rebound in inflation. Even more remarkable is that the S&P 500's forward price-to-sales ratio has continued to climb to record highs over the same period. It was 2.81 during the week of July 23 (*Fig. 10*).

(4) *Long-term earnings growth off the charts.* One of the reasons that valuation multiples remain so elevated is that industry analysts seem to expect that ultra-easy monetary and fiscal policies will continue to boost long-term earnings growth (LTEG) over the next five years. At an annual rate, the analysts' consensus of the S&P 500's LTEG was 21.2% during July (*Fig. 11*). While this series has a long history of being upward biased (since analysts naturally tend to be too optimistic about the companies they cover), it is at a record high now, exceeding its peak of 18.7% during August 2000.

In the past, the S&P 500 Information Technology sector tended to have the highest LTEG among the 11 sectors of the S&P 500, especially before, during, and after the tech bubble of the late 1990s (*Fig. 12*). That's certainly not the case today.

Here is the performance derby of the LTEGs during the July 15 week: Consumer Discretionary (40.1), Industrials (28.0), Communication Services (23.7), Financials (21.8), Information Technology (18.6), Energy (18.3), Materials (15.2), Health Care (10.8), Consumer Staples (9.4), and Utilities (6.3) (*Fig. 13*).

Strategy II: Eclectic Fashions. How did the four major investment styles perform during last week's panic on-and-off whipsaw? Let's look:

(1) *Sectors.* Let's start by comparing the performance derbies of the S&P 500 and its 11 sectors when the market was in panic mode on Monday and then turnaround mode on Tuesday through Friday: Consumer Staples (-0.3%, 0.7%), Health Care (-1.1, 3.3), Consumer Discretionary (-1.1, 4.0), Information Technology (-1.4, 4.2), Real Estate (-1.6, 1.7), S&P 500 (-1.6, 3.6), Communication Services (-1.6, 5.0), Utilities (-1.6, 0.7), Industrials (-2.1, 3.8), Materials (-2.2, 3.0), Financials (-2.8, 3.2), and Energy (-3.6, 3.3). (See *Table 1*

and *Table 2*.)

It’s hard to get significant buying opportunities when the stock market has lots of investors buying in response to one-day dips. That’s happening now because there is plenty of liquidity, earnings growth is great, bond yields are at or near historical lows, and the economy is growing solidly. Even the Delta variant can’t seem to trigger a significant panic attack.

(2) *Mag-5, LargeCaps vs SMidCaps.* Now let’s look at the Monday versus the Tuesday-Friday performances of the Magnificent Five, i.e., the five highest-capitalization stocks in the S&P 500 (-1.7%, 5.1%), the S&P 500 Large Caps (-1.6%, 3.6), the S&P 400 MidCaps (-1.8, 4.0), and the S&P 600 SmallCaps (-1.9, 3.6).

The Mag-5 (specifically, Facebook, Amazon, Apple, Microsoft, and Alphabet, parent of Google) accounted for 25.1% of the S&P 500’s market cap on Friday. So they continue to dominate the LargeCaps versus SMidCaps style. The former has been outperforming the latter since March 15 of this year (*Fig. 14*). That’s even though the forward earnings of the SMidCaps has been outperforming the forward earnings of the Large Caps since last spring (*Fig. 15*).

That great big sucking sound seems to be the LargeCaps (led by the Mag-5) inhaling all the oxygen in the room, as evidenced by the unusually large positive spreads between the forward P/E of the S&P 500 and those of the S&P 400 and S&P 600 (*Fig. 16* and *Fig. 17*).

(3) *Growth vs Value.* And here is what happened on Monday and then Tuesday-Friday last week for Growth (-1.2%, 4.2%) and Value (-2.0, 2.9). Again, the Mag-5 dominated this investment style as well. The ratio of the S&P 500 Growth to Value stock price indexes bottomed on March 8 of this year. It has almost fully rebounded from its decline since September 1, 2020 through March 8 (*Fig. 18*). This ratio is highly correlated with the one for the Mag-5’s market-cap share of the S&P 500 (*Fig. 19*).

The forward P/E of S&P 500 Growth rose last week to 29.2 on Friday (*Fig. 20*). It has been fluctuating around 28.0 for the past year or so. The forward P/E of the S&P 500 Value bottomed late last year at 10.0 on March 23. It rose to a peak of 18.3 on January 6. It was back down to 16.8 on Friday.

(4) *Stay Home vs Go Global.* Again, thanks partly to the Mag-5, it was a good week for Stay Home relative to Go Global. The ratios of the US MSCI stock price index to the All Country

World (ACW) ex-US stock price index (in both US dollars and local currencies) rose to record highs again on Friday (*Fig. 21*). The forward P/E of the ACW ex-US stock price index dropped to 14.8 last Tuesday, the lowest since May 22, 2020 (*Fig. 22*). It continues to closely track the forward P/E of the S&P 500 Value P/E. It continues to closely track S&P 500 Value's forward P/E, which has tended to exceed the forward P/E of the All Country World ex-US forward P/E.

Movie. "The Mosquito Coast" (+) (*link*) is an Apple TV+ series about Allie Fox, an anti-government radical. We know that government agents are trying to track him down, but we don't know why. He lives off the grid somewhere in America with his wife Margot and two teenage children, who are home schooled. When the agents manage to find where they are living, they are forced to escape to Mexico. The first season drags out the story, testing a viewer's patience but managing to hold interest in where this is all going. I hope that the second season, when it airs, isn't a big letdown. The series is a bit like watching Tony Soprano and his family going on a road trip.

Calendars

US: Mon: New Home Sales 800k, Dallas Fed Manufacturing index. **Tues:** Consumer Confidence 124.1, Durable Goods Orders 2.1%, Nondefense Capital Goods Orders Ex Aircraft 0.5%, Richmond Fed Manufacturing Index, S&P/CS HPI 20 City Composite Index 1.5%m/m/16.3%y/y, Weekly Crude Oil Inventories, Kuroda. (Bloomberg estimates)

Global: Mon: Germany Ifo Business Climate, Current Assessment, and Business Expectations 102.1/101.6/103.3, Vlieghe. **Tues:** Australia CPI 3.8% y/y. (Bloomberg estimates)

Strategy Indicators

Global Stock Markets Performance (*link*): Last week saw the US MSCI index rise 2.2% and end the week at a new record high. The US ranked sixth of the 49 global stock markets that we follow in a week when 25 of the 49 countries rose in US dollar terms. The AC World ex-US index fell 0.5% as most regions declined w/w. EMU was the best-performing region last week with a gain of 1.4%, ahead of EAFE (0.2%) and EMEA (-0.4). BRIC (-2.6) was the biggest underperformer, followed by EM Asia (-2.4), EM Latin America (-1.7), and EM Eastern Europe (-0.6). Argentina was the best-performing country last week, with a gain of 7.0%, followed by the Netherlands (3.9), Israel (3.7), and Finland (2.4). China was the worst performer with a decline of 3.7%, followed by the Philippines (-3.2), Colombia (-3.0), Thailand (-2.5), and Brazil (-2.3). The US remains the top-performing region so far in 2021 with a gain of 17.2%, ahead of EMEA (13.7), EM Eastern Europe (12.2), EMU (11.0), EAFE (7.4), and the AC-World ex-US (6.2). The following regions are lagging: BRIC (-2.1), EM Asia (-0.1), and EM Latin America (3.4). The top-performing countries ytd: Jordan (31.3), the Netherlands (23.5), Austria (21.0), Sweden (20.7), and Canada (17.7). The biggest laggards of 2021 so far: Turkey (-22.8), Colombia (-22.0), Peru (-20.7), New Zealand (-14.2), and Indonesia (-13.6).

S&P 1500/500/400/600 Performance (*link*): LargeCap rose 2.0% for its seventh gain in the past nine weeks, but trailed MidCap's 2.1% rise as SmallCap (1.6%) lagged both indexes. LargeCap ended the week at a new record high, while MidCap and SmallCap were 3.5% and 6.8% below their respective record highs on May 7 and June 8. Twenty-six of the 33 sectors were higher for the week, up from five rising a week earlier. MidCap Consumer Discretionary rose 5.0% for the best performance for the week, followed by MidCap Tech (3.9%), SmallCap Tech (3.4), LargeCap Communication Services (3.2), SmallCap Health Care (3.2), and SmallCap Consumer Discretionary (3.2). MidCap Consumer Staples was the worst performer, with a decline of 2.3%, followed by SmallCap Energy (-1.4), LargeCap Utilities (-0.9), and SmallCap Financials (-0.6). SmallCap continues to lead so far in 2021 with a gain of 17.8%, but barely so as LargeCap (17.5) maintained its lead relative to MidCap (15.9). Thirty-two of the 33 sectors are higher ytd, paced by these best sector performers: SmallCap Energy (53.0), MidCap Energy (38.9), SmallCap Consumer Discretionary (38.4), LargeCap Energy (28.3), and LargeCap Real Estate (26.9). The biggest laggards so far in 2021: MidCap Communication Services (-1.5), LargeCap Utilities (4.7), MidCap Consumer Staples (5.8), LargeCap Consumer Staples (5.9), and MidCap Tech (6.9).

S&P 500 Sectors and Industries Performance (*link*): Nine of the 11 S&P 500 sectors rose last week, and four outperformed the composite index's 2.0% gain. That compares to a 1.0% decline for the S&P 500 a week earlier, when three sectors rose and six outperformed the index. Communication Services rose 3.2% for the biggest gain of the week, ahead of Consumer Discretionary (2.9%), Tech (2.8), and Health Care (2.2). The worst performers this week: Utilities (-0.9), Energy (-0.4), Real Estate (0.1), Financials (0.3), Consumer Staples (0.4), Materials (0.8), and Industrials (1.6). With respect to 2021's performance, the S&P 500 has risen 17.5% so far, with all 11 sectors higher ytd and five beating the broader index. The leading sectors so far in 2021: Energy (28.3), Real Estate (26.9), Communication Services (24.4), Financials (22.9), and Tech (18.4). This year's laggards to date, albeit with gains: Utilities (4.7), Consumer Staples (5.9), Materials (12.6), Consumer Discretionary (13.4), Health Care (15.7), and Industrials (16.8).

S&P 500 Technical Indicators (*link*): The S&P 500 rose 2.0% last week and improved relative to its 50-day moving average (50-dma) and its 200-day moving average (200-dma). It was above its 50-dma for a fifth week after dropping below a week earlier for the first time since February. It was above its 200-dma for a 56th straight week last week after being below for 13 weeks through late May of 2020. The S&P 500's 50-dma rose last week for a 37th straight week. The price index rose to 3.5% above its rising 50-dma from a three-week low of 2.0% above its rising 50-dma a week earlier. That compares to an eight-month low of 0.4% below its rising 50-dma during mid-June and is still down from its 19-week high of 5.8% above during mid-April. The index mostly has been trading above its 50-dma since late April 2020; in June 2020, it was 11.7% above, which was the highest since its record high of 14.0% in May 2009. That compares to 27.7% below on March 23, 2020—its lowest reading since it was 29.7% below on Black Monday, October 19, 1987. The price index was above its 200-dma for a 56th week and improved to 12.2% above its rising 200-dma from a four-week low of 10.6% above a week earlier. It had been at an eight-month low of 9.2% during mid-June. That compares to 17.0% above in early December, which was the highest since November 2009 and up from the 26.6% below registered on March 23—the lowest reading since March 2009. At its worst levels of the Great Financial Crisis, the S&P 500 index was 25.5% below its 50-dma on October 10, 2008 and 39.6% below its 200-dma on November 11, 2008.

S&P 500 Sectors Technical Indicators (*link*): Eight S&P 500 sectors traded above their 50-dmas last week, up from seven a week earlier and down from ten in early June. Industrials moved back above in the latest week. Energy was below for a third week, Financials for a fourth week, and Materials for a sixth week. That compares to all 11 sectors above at the beginning of May and just four above at the end of January. Four sectors have a falling 50-dma now, unchanged from a week earlier and up from just one sector with a falling 50-dma the week before that. The four sectors in the falling 50-dma doghouse last week: Energy, Financials, Industrials, and Materials. Looking at the more stable longer-term 200-dmas, all 11 sectors traded above them for a 20th straight week, and all have had rising 200-dmas for a 19th straight week. For perspective, back in April 2020, just one sector (Health Care) was trading above its 200-dma. Energy's 200-dma finally turned higher in mid-December after mostly falling since October 2018.

US Economic Indicators

Leading Indicators (*link*): Leading Economic Indicators (LEI) continued to set new record highs in June, not posting a decline since last April, climbing 0.7% m/m and 18.9% over the period—surpassing its previous record high during January 2020 by 2.8%. Last month, eight of the 10 components of the LEI contributed positively, while building permits (-0.15pt) and the average workweek (-0.14) were a drag. The biggest positive contributions were recorded by jobless claims (+0.25pt), the ISM new orders diffusion index (+0.21), the leading credit index (+0.18), the interest rate spread (+0.16), and consumer expectations (+0.12). The Conference Board noted that the upward trend in the LEI, which began with the end of the pandemic-induced recession in April 2020, accelerated further during Q2. They are projecting real GDP will expand 6.6% this year and a solid 3.8% next year.

Coincident Indicators (*link*): The Coincident Economic Index (CEI) has increased during 11 of the 14 months since bottoming last April, with the only decline occurring this February (-0.6%); it was unchanged the last two months of 2020. The CEI climbed 0.4% in June and 13.7% over the 14 months ending June, to within 1.8% of its record high posted in February 2020. Once again, all four components of the CEI contributed positively, led by employment and industrial production. Here's a look at the June performance of each: 1) Employment in June was stronger than expected, with nonfarm payrolls rising at a 10-month high of 850,000, with total payrolls recovering 15.6 million jobs since bottoming last April, though is still 6.8 million jobs below its pre-pandemic level. Private payrolls climbed 662,000 (in line with ADP's 692,000), with upward revisions to both May (to 516,000 from 492,000) and April (226,000 from 219,000) adding 31,000 jobs. 2) Industrial production in June expanded for the 12th month since bottoming last April, climbing 0.4% m/m and 18.9% over the 14-month period to within 1.2% of its pre-pandemic level. Manufacturing output edged down 0.1% last month, its third decline this year, as manufacturers continue to struggle with supply-chain problems—chiefly a shortage of semiconductors, which triggered a 6.6% drop in June motor vehicle production last month. Despite these challenges, factory output is still up 23.3% since bottoming last April to within 0.8% of its pre-Covid level. 3) Real personal income less transfer payments increased in June for the fifth successive month, by 0.3% m/m and 2.3% over the period, to a new record high. 4) Real manufacturing & trade sales climbed for the third time in four months by 4.0% over the period to within a fraction of a new record high. (Note: The latest data for both real personal income less transfer payments and real manufacturing & trade sales are estimated using statistical imputations to address the problem of lags in available data.)

Regional M-PMIs (*link*): Three Fed districts have now reported on manufacturing activity for July (New York, Philadelphia, and Kansas City) and show the manufacturing sector expanded at a faster pace—with the New York region accelerating at a record high. The composite index accelerated to 31.6 this month after easing the prior two months from 35.8 to 25.0, as the New York (to 43.0 from 17.4) manufacturing sector grew at more than double June's pace, while Kansas City's (30.0 to 27.0) moved back to within a hair of April's record high of 31.0; Philadelphia's (21.9 from 30.7) measure slowed—though remained robust. The new orders (to 25.4 from 20.2) measure saw an acceleration in billings, driven by a near-record rate in orders growth in the New York (33.2 from 16.3) region and an acceleration in billings in the Kansas City (26.0 from 22.0) region; Philadelphia's (17.0 to 22.2) rate slowed, though was still strong. Meanwhile, factories added to payrolls at a record rate (to 25.6 from 23.0), with both the Philadelphia (29.2 from 30.7) and Kansas City (27.0 from 26.0) measures just below their record highs of 30.8 and 29.0 posted during April of this year, while New York (20.6 from 12.3) manufacturers hired at the fastest pace since June 2018.

Regional Prices Paid & Received Measures (*link*): So far, we have prices-paid and -received data for July from the Philadelphia, New York, and Kansas City regions. New York's prices-paid gauge eased for the second month to 76.8 from May's record high of 83.5, while the prices-received (to 39.4 from 33.3) gauge accelerated to a new record high. Kansas City's price data followed a similar script—with its prices-paid (to 78.0 from 79.0) gauge easing for the second month since reaching a record high 86.0 in April, while the prices-received measure reached a new record-high 52.0. Meanwhile, both Philadelphia's prices-paid (to 69.7 from 80.7) and prices-received (46.8 from 49.7) measures eased this month from their June readings, which were the highest since June 1979 and October 1980, respectively.

Existing Home Sales (*link*): "Supply has modestly improved in recent months due to more housing starts and existing homeowners listing their homes, all of which has resulted in an uptick in sales," said Lawrence Yun, NAR's chief economist. "Home sales continue to run at a pace above the rate seen before the pandemic." Existing home sales were in the plus column in June for the first time in five months, climbing 1.4% to 5.86mu (saar), after contracting 13.2% during the four months through May. Sales are down 12.9% from the recent peak of 6.73mu in October, though 2.8% above the 5.70mu level before the pandemic hit. Single-family sales also advanced 1.4% to 5.14mu (saar) last month, after sliding 14.4% the first five months of the year; these sales are fractionally above last February's 5.11mu. Meanwhile, multi-family sales remain at a high level, climbing for the third time in four months by 2.9% to 720,000 units (saar); sales are within 4.0% of the recent high of 750,000 units at the start of this year and 22.0% above last February's 590,000 units. Regionally, total sales rose in three of the four regions in June, while all remain significantly above year-ago levels: Midwest (+3.1% m/m & +18.8% y/y), Northeast (+2.8 & +45.1), West (+1.7 & +23.7), and South (0.0 & +19.4). The lack of inventory has boosted existing home prices at a double-digit pace in all regions over the past 12 months, with record year-over-year gains in the Northeast (23.6% y/y) and Midwest (18.5), while the South's (21.4) was just a smidge below May's record 22.4%; the West's (17.6) price gain eased from May's near record high of 24.2%. Yun noted, "At a broad level, home prices are in no danger of a decline due to tight inventory conditions, but I do expect prices to appreciate at a slower pace by the end of the year," Yun said. "Ideally, the costs for a home would rise roughly in line with income growth, which is likely to happen in 2022 as more listings and new construction become available."

Global Economic Indicators

US PMI Flash Estimates (*link*): US private-sector companies reported another substantial expansion in business activity during July, according to flash estimates, though growth eased for the second month, as firms continued to report widespread capacity constraints. The C-PMI eased for the second month, to a four-month low of 59.7, after climbing to 68.7 in May, though remains among one of the fastest readings recorded in the survey's 14-year history. The M-PMI (to 63.1 from 62.1) reached yet another record high this month, while the NM-PMI (59.8 from 64.4) fell to a five-month low due to labor shortages. Costs burdens remained prevalent once again in July, though input inflation slowed a bit from the price increases posted during May and June, which were the sharpest since comparable data for goods and services were available in October 2009. As a result, selling price inflation for both goods and services remained historically steep this month—posting its third highest increase on record—as firms sought to pass on their higher costs to their clients. Overall, firms remained optimistic this month, though the measure slowed to a seven-month low, reflecting concerns over labor and material shortages, rising inflation, and continued worries over the pandemic.

Eurozone PMI Flash Estimates (*link*): "Eurozone flash PMI hits 21 year high as economy reopens," is the headline of July's Flash Eurozone PMI report—with the C-PMI accelerating for the sixth consecutive month from 47.8 at the start of the year to 60.6 this month. The NM-PMI (to 60.4 from 58.3) shows the service sector grew at its fastest pace in 15 years this month, while the M-PMI (62.6 from 63.4) showed the manufacturing sector expanded at a slower, though still robust, rate, linked to a worsening supply lines. Germany led this month's upturn, with its C-PMI (to 62.5 from 60.1) showing the strongest growth in the history of the series going back to 1998, led by an unprecedented expansion in the service sector (62.2 from 57.5), while the manufacturing sector (65.6 from 65.1) continued to grow at an explosive pace, though a bit slower than March's record rate of 66.6. Meanwhile, France's C-PMI (to 56.8 from 57.4) slowed, but growth was just shy of June's 41-month high, as both the NM-PMI (57.0 from 57.8) and M-PMI (58.1 from 59.0) showed growth eased a bit but remained strong. Aside from Germany and France, growth in the rest of the Eurozone, on a whole, recorded its sharpest acceleration since June 2000. Supply-chain delays remain a major concern for the Eurozone's manufacturing sector, hampering production and pushing costs higher. Higher costs have led to near-record increases in average selling prices for goods and services. Also weighing on the outlook is the Delta variant of Covid, with rising case numbers pushing optimism in the Eurozone to its lowest level since February.

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