The Virginia Tech–USDA Forest Service Housing Commentary: Section II October 2021

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2021 Virginia Polytechnic Institute and State University CNRE-NP

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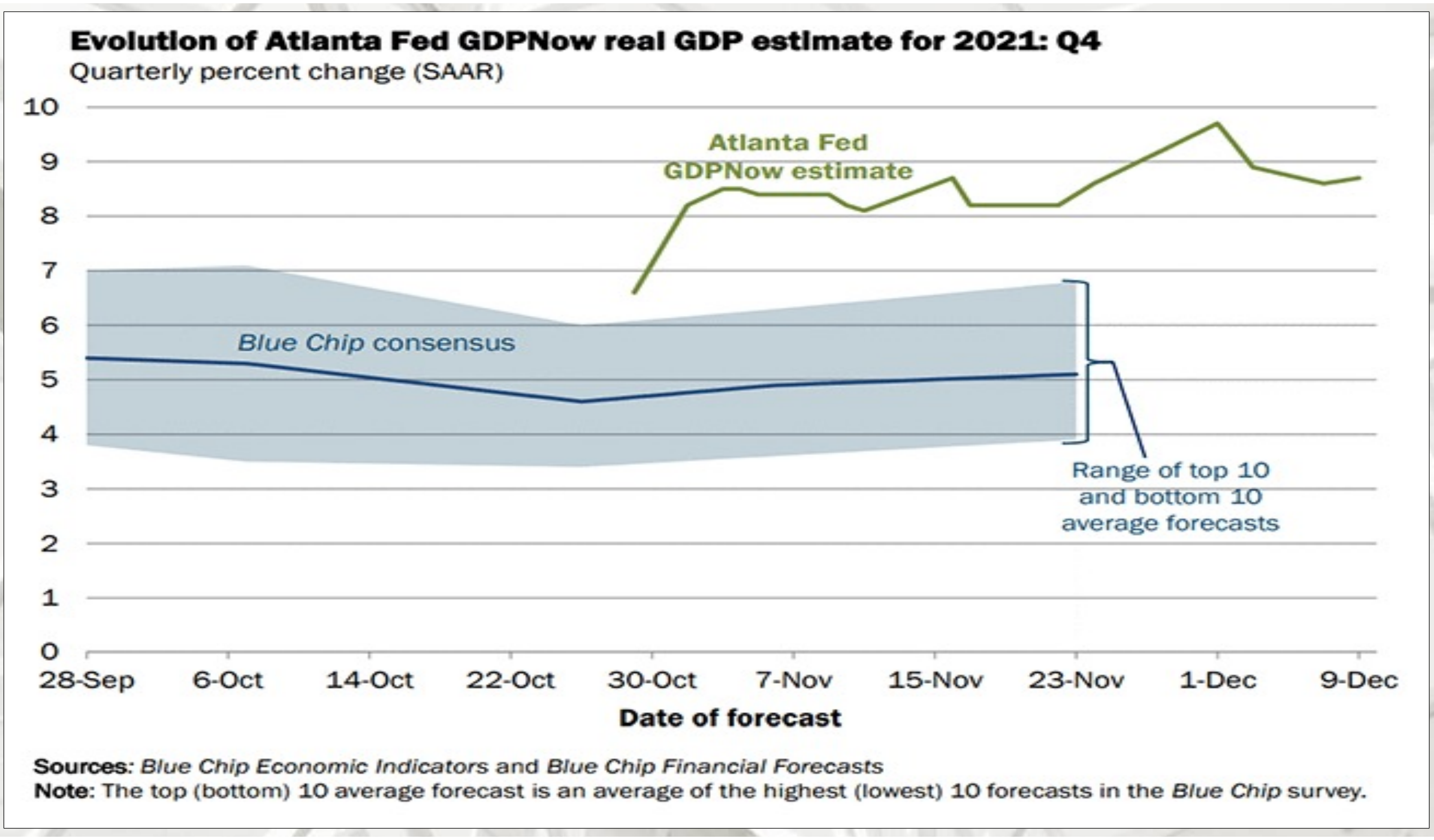
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 8.7 percent — December 9, 2021

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2021 is **8.7 percent** on December 9, up from 8.6 percent on December 7. After this morning's wholesale trade release from the US Census Bureau, the nowcast of the contribution of inventory investment to fourth-quarter real GDP growth increased from 1.51 percentage points to 1.59 percentage points." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 12/9/21

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The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

Index Points to a Pickup in Economic Growth in October

"Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to +0.76 in October from –0.18 in September. All four broad categories of indicators used to construct the index made positive contributions in October, and all four categories improved from September. The index's three-month moving average, CFNAI-MA3, ticked down to +0.21 in October from +0.22 in September.

The CFNAI Diffusion Index, which is also a three-month moving average, edged up to +0.17 in October from +0.14 in September. Sixty-one of the 85 individual indicators made positive contributions to the CFNAI in October, while 24 made negative contributions. Fifty-eight indicators.

Production-related indicators contributed +0.24 to the CFNAI in October, up from +0.16 in September. Nonfarm payrolls rose by 531,000 in October after increasing by 312,000 in the previous month. The contribution of the personal consumption and housing category to the CFNAI ticked up to +0.03 in October from +0.01 in September.

Employment-related indicators contributed +0.24 to the CFNAI in October, up from +0.16 in September. Nonfarm payrolls rose by 531,000 in October after increasing by 312,000 in the previous month. The contribution of the personal consumption and housing category to the CFNAI ticked up to +0.03 in October from +0.01 in September." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 11/22/21

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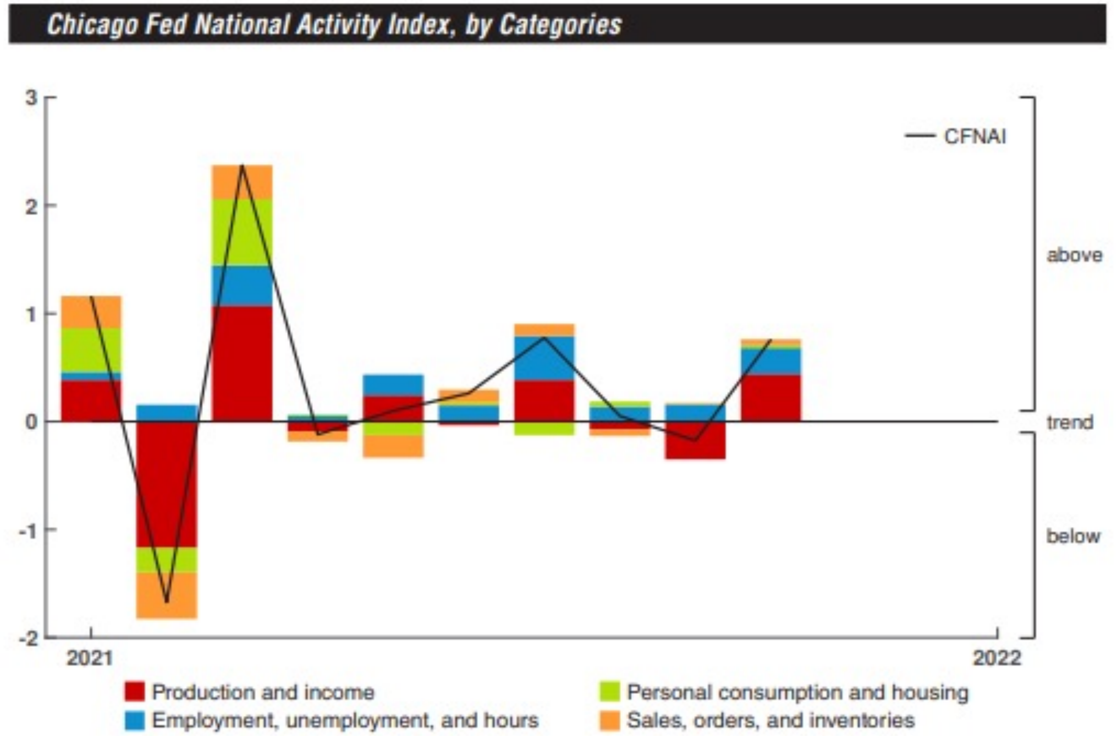
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)



CFNAI, CFNAI-MA3, and CFNAI Diffusion for the Latest Six Months and Year-Ago Month

	Oct '21	Sep '21	Aug '21	Jul '21	Jun '21	May '21	Oct '20
CFNAI							
Current	+0.76	–0.18	+0.05	+0.78	+0.26	+0.10	+1.08
Previous	N/A	–0.13	+0.05	+0.83	+0.26	+0.10	+1.08
CFNAI-MA3							
Current	+0.21	+0.22	+0.36	+0.38	+0.08	+0.78	+0.89
Previous	N/A	+0.25	+0.38	+0.40	+0.08	+0.79	+0.89
CFNAI Diffusion							
Current	+0.17	+0.14	+0.18	+0.33	+0.09	+0.35	+0.58
Previous	N/A	+0.22	+0.20	+0.32	+0.09	+0.35	+0.58

Current and Previous values reflect index values as of the November 22, 2021, release and October 25, 2021, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 11/22/21

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The Federal Reserve Bank of Chicago: Survey of Business Conditions (CFSBC)

Survey Suggests Growth Slowed in November

"The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index decreased to –26 in November from +1 in October, suggesting that economic growth was below trend. The CFSBC Manufacturing Activity Index decreased to –35 in November from –9 in October, and the CFSBC Nonmanufacturing Activity Index decreased to –19 in November from +6 in the previous month.

- Respondents' outlooks for the U.S. economy for the next 12 months deteriorated slightly, but remained optimistic on balance. Fifty-six percent of respondents expected an increase in economic activity over the next 12 months.
- The pace of current hiring decreased, but respondents' expectations for the pace of hiring over the next 12 months increased. The hiring index remained negative, while the hiring expectations index remained positive.
- Respondents' expectations for the pace of capital spending over the next 12 months increased, and the capital spending expectations index remained positive.
- The labor cost pressures index decreased, as did the nonlabor cost pressures index. However, both cost pressures indexes remained positive." – Thomas Walstrum, Senior Business Economist, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfsbc/index; 12/10/21

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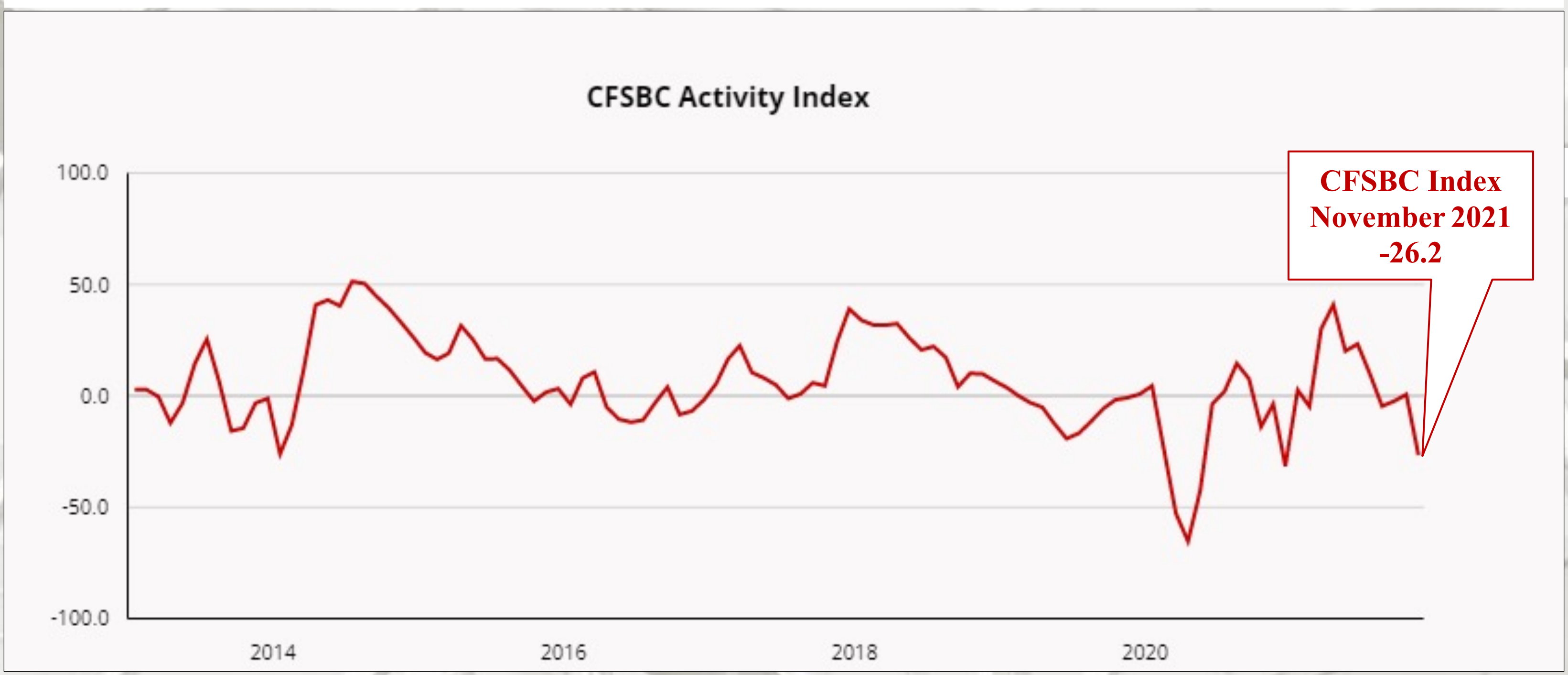
The Federal Reserve Bank of Chicago: Survey of Business Conditions (CFSBC)



Source: https://www.chicagofed.org/publications/cfsbc/index; 12/10/21

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The Federal Reserve Bank of Dallas

Texas Manufacturing Expansion Strengthens Further Even as Costs Continue to Climb

"Texas factory activity increased at a faster pace in November, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose nine points to 27.4, a reading well above average and indicative of robust output growth.

Other measures of manufacturing activity also indicated a further pickup in growth. The new orders index came in at 19.6, up five points from October and far above the series average of 6.6. The growth rate of orders index pushed up three points to 16.8. The shipments index shot up 11 points to 24.3, its highest reading since July, and the capacity utilization index moved up from 20.1 to 26.4.

Perceptions of broader business conditions were mixed in November. The general business activity index remained positive, indicating an improvement in activity from October, though it eased three points to 11.8. The company outlook index came in at 1.3, with the near-zero reading indicating little change in outlooks from October. Uncertainty continued to rise, with the outlook uncertainty index holding fairly steady at a highly elevated reading of 27.7.

Labor market measures indicated robust employment growth and longer workweeks. The employment index inched up to 28.5, a seven-month high. Thirty-three percent of firms noted net hiring, while 5 percent noted net layoffs. The hours worked index also remained elevated and was largely steady at 19.6.

Prices and wages continued to increase strongly in November. Amid widespread supply-chain disruptions, the raw materials prices index pushed up six points to 82.1, hitting a new series high. The finished goods prices index eased off its high last month, falling eight points to 42.2 but still far exceeding its historical average of 7.6. The wages and benefits index came in near its own series high, edging up from 44.1 to 47.6." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/29/21

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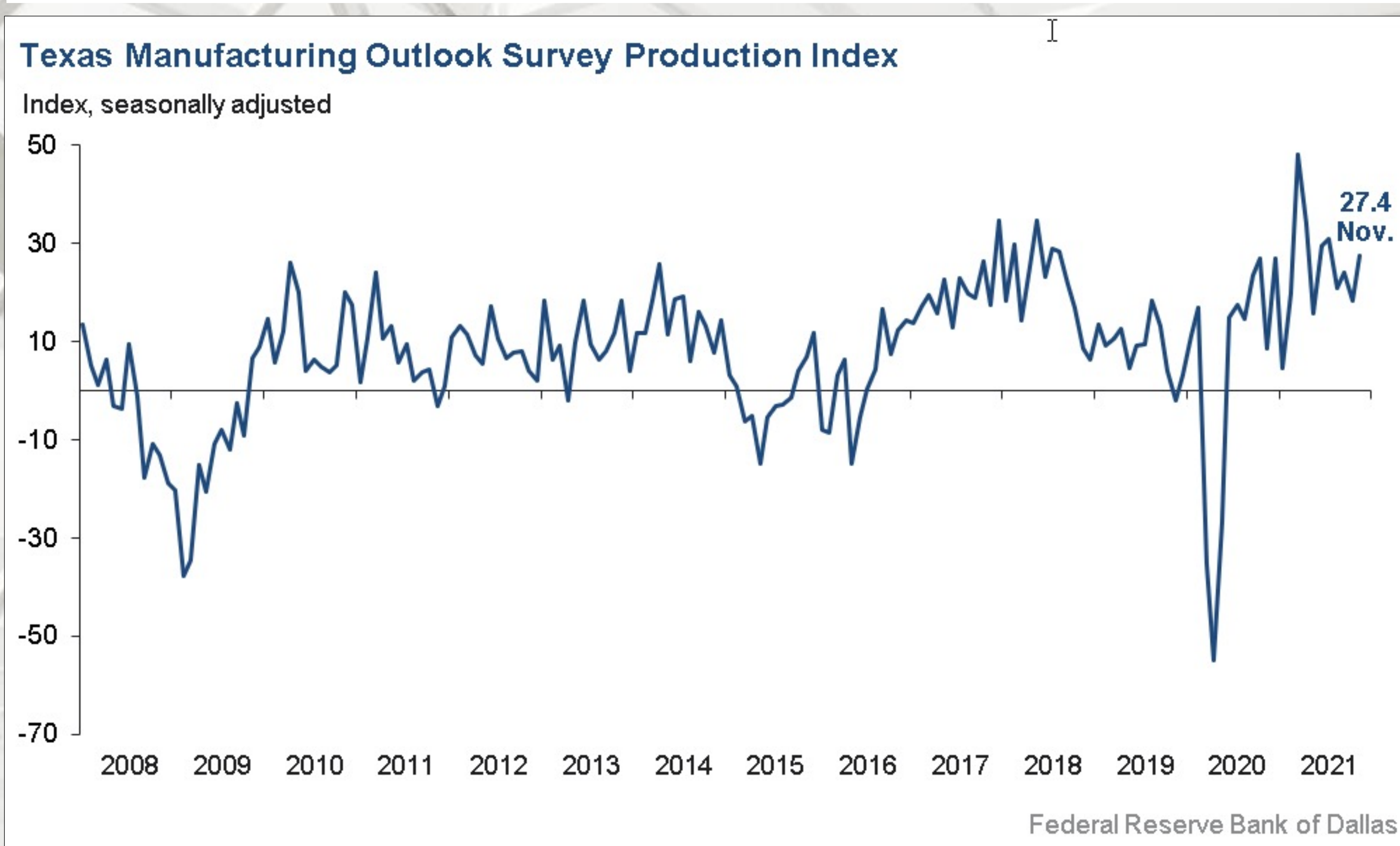
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity were generally more positive in November. The future production index moved up five points to 51.7, and the future general business activity index jumped 14 points to 28.6. Other measures of future manufacturing activity showed mixed movements but remained solidly in positive territory." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/29/21

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas Service Sector Activity Accelerates in October

"The Texas service sector's pace of growth picked up in November, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, increased from 19.6 in October to 25.4 in November.

Labor market indicators suggest continued growth in hiring and a lengthening of average hours worked. The employment index dipped slightly from 14.2 in October to 12.9 in November, while the part-time employment index rose from 6.7 to 9.8 – its highest reading since 2007. The hours worked index was roughly unchanged at 13.3.

Perceptions of broader business conditions continued to improve in November. The general business activity index rose two points to 22.7, while the company outlook index picked up from 13.6 to 16.8. The outlook uncertainty index was mostly unchanged at 13.0.

Wage and price pressures continued to build in November, with indexes at historically high levels. The wages and benefits index held at a record 35.1, with over one-third of respondents noting wage increases compared with last month and 1.0 percent noting declines. The selling prices index rose seven points to 29.7, while the input prices index climbed from 47.0 to 51.8. Both readings were also the highest on record for the survey.

Respondents' expectations regarding future business activity remained solidly positive but moderated slightly compared with October. The future general business activity index dipped from 32.8 to 30.0, while the future revenue index edged down from its recent high of 56.1 to 54.4. Other future service sector activity indexes such as employment and capital expenditures were mixed but remained positive, indicating that on net, firms expect continued improvement in activity in the first half of 2022." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/30/21

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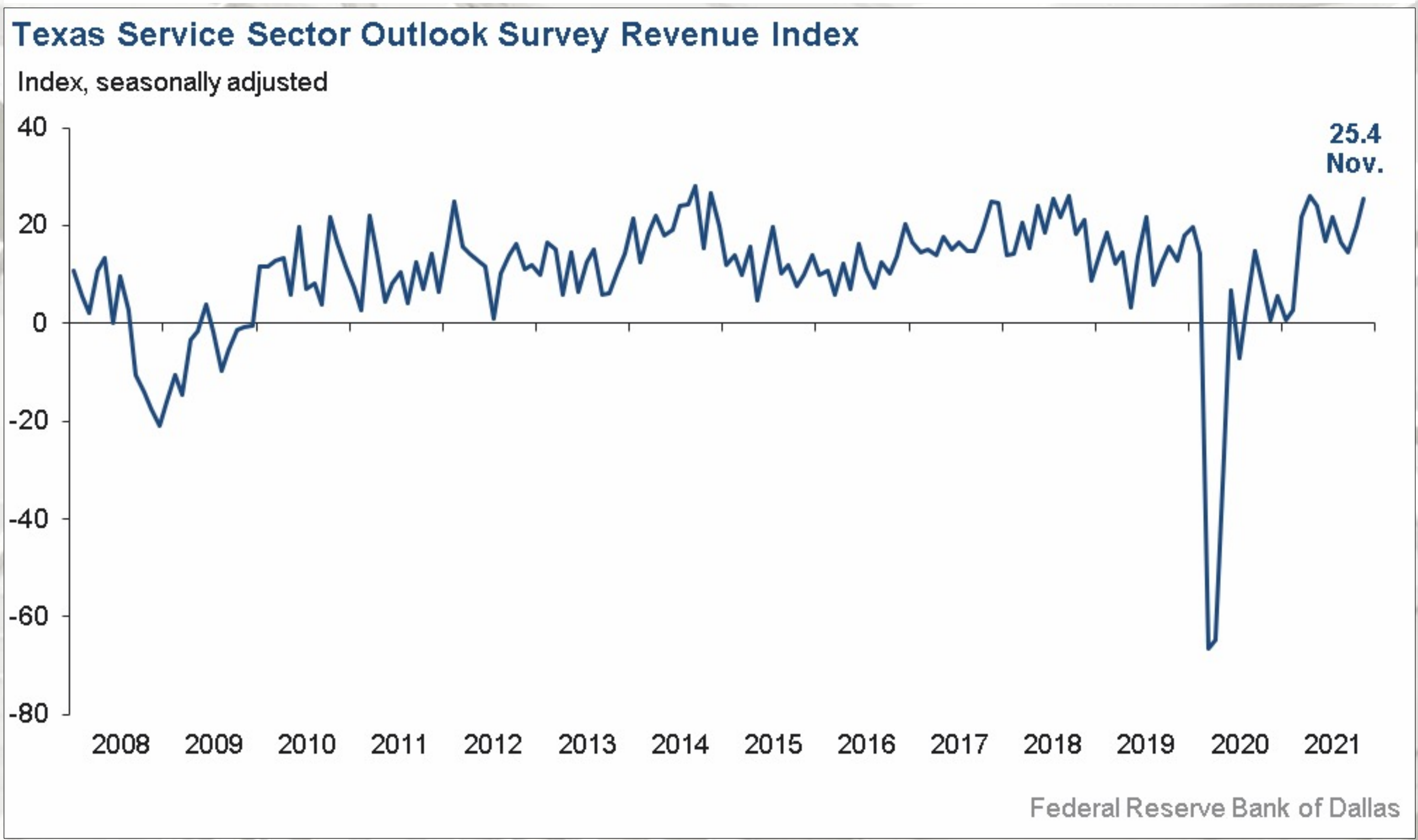
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 11/30/21

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The Federal Reserve Bank of Dallas

Texas Retail Sales Rebounds to 2021 High

"Retail sales activity surged in November following a steep October decline, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, jumped from -9.7 in October to 23.0 in November – its best reading since June 2020. Firms saw a net increase in inventories as the index picked up nearly 20 points to 10.6.

Retail labor market indicators improved in November. The employment index increased from 0 to 5.9, and the part-time employment index rose to a three-year high of 9.6. The hours worked index remained positive but fell over five points to 4.3.

Following a somewhat pessimistic October, retailers' perceptions of broader business conditions improved in November. The general business activity index spiked from 1.6 to 14.9, while the company outlook index rebounded into positive territory at 12.5 – its best reading since the spring. However, the outlook uncertainty index picked up from 8.5 to 16.0, with 21 percent of respondents noting increased uncertainty this month.

Retail price and wage pressures surged to record highs in November. The selling prices index added 14 points to rise to 59.5, while the input prices index rose from 56.3 to 65.9 – both survey highs going back to 2007. The wages and benefits index spiked six points to 44.5, also a new high.

Expectations for future retail activity remained robust. The future general business activity index increased from 16.0 to 18.3, while the future sales index fell but remained positive at 36.7. Other indexes of future retail activity picked up sharply, suggesting that employment, capital expenditures and other measures of activity will improve through the first half of next year." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/30/21

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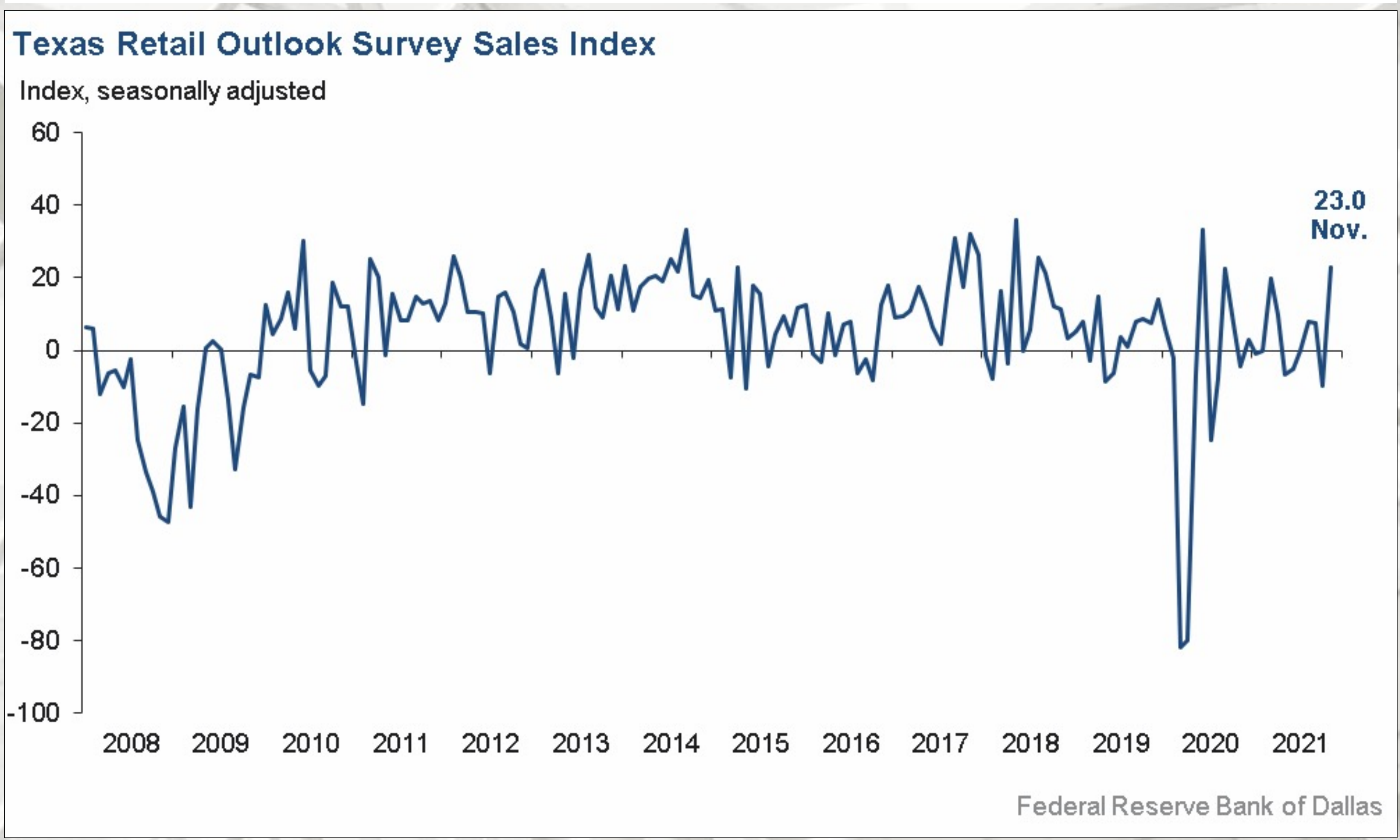
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 11/30/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Growth Eased Slightly in November

Regional factory activity continued to grow but at a slower pace than in recent months. Many firms reported additional materials cost increases, and more contacts reported delivery time delays compared to a month ago and a year ago. Labor shortages remain a key inhibitor in meeting higher demand for goods.

Factory Growth Eased Slightly

"Tenth District manufacturing growth eased slightly, but expectations for future activity remained strong (Chart 1). The monthly index of raw materials prices dipped from a survey record high in October, but remained high, and almost every firm continued to report higher input prices compared to a year ago. Finished goods price indexes rose from a month ago and were above year ago levels for most firms. Expectations for future prices eased somewhat, but most district manufacturing firms still expected materials and finished goods prices to increase over the next six months.

The month-over-month composite index was 24 in November, down from 31 in October, but higher than 22 in September. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Factory growth was driven by increased activity at durable goods plants, particularly machinery manufacturing, electrical equipment, transportation equipment, and furniture production. Month-over-month indexes remained mostly positive, but the pace of growth slowed compared to October." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 11/18/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

"While production and employment were strong in November, supplier delivery time increased, and the volume of new orders decreased. Finished goods inventories also declined, but materials inventories inched up. Year-over-year factory indexes expanded at a steady rate, and the year-over-year composite index was 50 again in November. Compared to a year ago, supplier delivery time was much higher, and employment and capital expenditures increased slightly. The future composite index was 35 in November, similar to 34 in October, with higher production and shipments expected moving forward.

Special Questions

This month contacts were asked special questions about employment plans and labor market conditions. Around 63% of firms expected to increase employment over the next 12 months, and a third of firms expect to leave employment unchanged. 99% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving employment plans. Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff. 56% of firms reported they are already at or above their pre-pandemic employment levels from pre-March 2020. Another third of firms expected to meet their pre-pandemic employment level by the end of 2022, while others expected employment to recover at a later time. Only 5% of firms did not expect to return to their pre-Coronavirus pandemic employment levels." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 11/18/21

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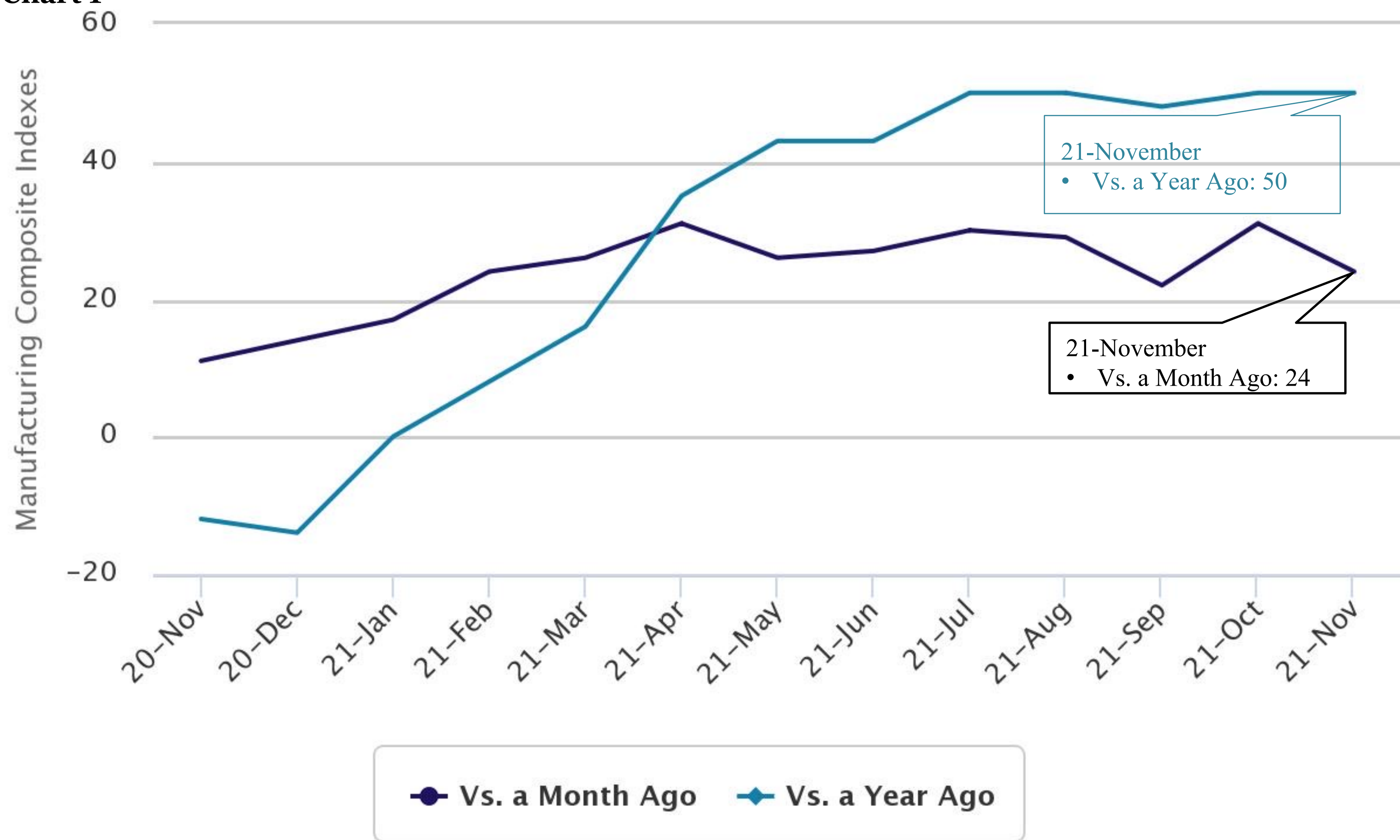
The Federal Reserve Bank of Kansas City

Chart 1



Source: https://www.kansascityfed.org; 11/18/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Continued to Grow Moderately

Regional services activity grew continued to expand. The pace of employment growth has eased, but 53% of firms reported they were already at or above pre-coronavirus employment levels. A record number of firms also reported increasing wages and benefits from a month ago.

Business Activity Continued to Grow Moderately

"Tenth District services activity continued to grow moderately, and activity was expected to expand further over the next six months (Chart 1). Indexes for input and selling prices remained high, but the pace of growth eased slightly from recent survey record highs. Input and selling prices remained above year-ago levels for most firms, and prices were expected to increase over the next six months.

The month-over-month services composite index was 14 in November, lower than 18 in October, but up slightly from 13 in September. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Revenue and sales continued to be driven by increased wholesale, retail, and real estate activity. However, auto and tourism activity decreased again in November, and health services declined. Month-over-month indexes remained positive in November, indicating expansion. The wages and benefits index rose to a historic survey high (since 2014). Inventories inched up from a month ago and employee hours worked increased, while employment counts grew at a slower pace in November. The year-over-year composite index eased slightly from 26 to 21 but remained positive. Compared to a year ago, inventory levels rebounded somewhat. Year-over-year sales remained positive but did not grow as much as in recent months. Future services activity was expected to increase at a faster rate, and the future composite index rose from 22 to 28." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 11/19/21

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The Federal Reserve Bank of Kansas City

Chart 1

Source: https://www.kansascityfed.org; 11/19/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Growth Remains Strong

“Business activity grew strongly in New York State, according to firms responding to the November 2021 *Empire State Manufacturing* Survey. The headline general business conditions index climbed eleven points to 30.9. New orders and shipments posted substantial increases, and unfilled orders rose. Delivery times were significantly longer. Employment grew at its fastest pace on record, and the average workweek increased. The prices paid index held near its record high, and the prices received index reached a new peak. Firms planned significant increases in capital and technology spending. Looking ahead, firms remained optimistic that conditions would improve over the next six months, though optimism dipped.

Manufacturing activity grew swiftly in New York State, according to the November survey. The general business conditions index climbed eleven points to 30.9. Forty-three percent of respondents reported that conditions had improved over the month, while 12 percent reported that conditions had worsened. The new orders index rose five points to 28.8, and the shipments index shot up nineteen points to 28.2, indicating strong growth in both orders and shipments. The unfilled orders index edged down to 12.7. The delivery times index came in at 32.2, indicating significantly longer delivery times. Inventories increased modestly.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 11/16/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Employment Rises At Record-setting Pace

“The index for number of employees rose nine points to 26.0, a record high, and the average workweek index increased eight points to 23.1, pointing to strong gains in employment and hours worked. The prices paid index edged up four points to 83.0, and the prices received index moved up seven points to a record high of 50.8, signaling ongoing substantial increases in both input prices and selling prices..

Outlook Dips

Firms were less optimistic about the six-month outlook than they were last month, with the index for future business conditions falling fifteen points to 36.9. The indexes for future new orders and shipments fell to similar levels. Longer delivery times, higher prices, and increases in employment are all expected in the months ahead. The capital expenditures index climbed three points to 34.7, and the technology spending index ticked up to 28.0, suggesting that firms plan significant increases in both capital spending and technology spending.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 11/16/21

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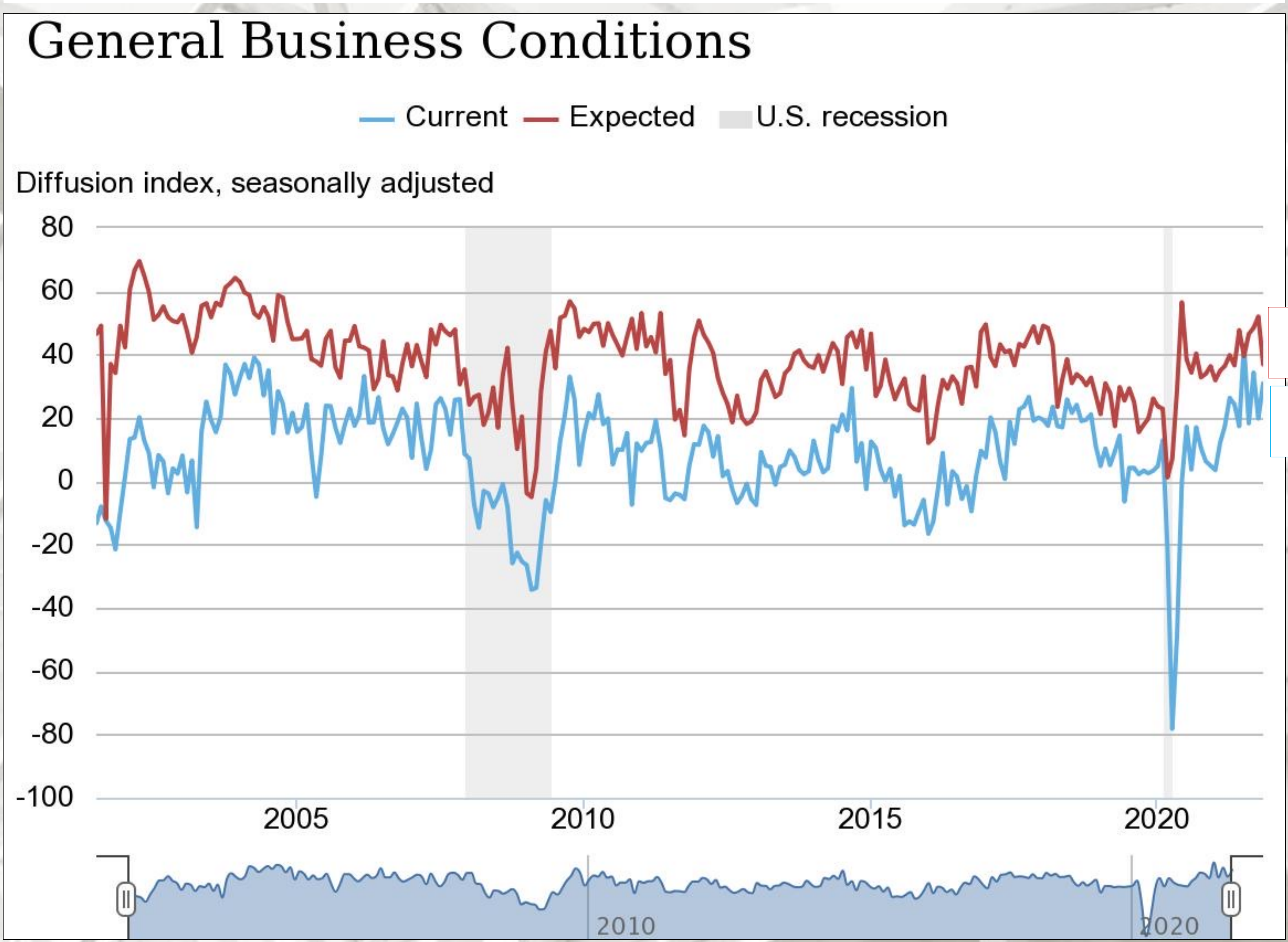
The Federal Reserve Bank of New York



November 2021
36.9

November 2021
30.9

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 11/16/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Growth Remains Modest

“Business activity continued to grow modestly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s November 2021 *Business Leaders Survey*. The survey’s headline business activity index held steady at 15.9. The business climate index, however, fell to -19.6, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment levels and wages continued to rise at a solid clip. Both the prices paid and prices received indexes moved higher, pointing to yet another month of accelerating input and selling price increases, and capital spending expanded. Looking ahead, firms expect conditions to improve over the next six months, though optimism dipped.

Business activity in the region’s service sector grew modestly for a third consecutive month, according to the November survey. The headline business activity index held steady at 15.9, about the same reading as in September and October. Thirty-seven percent of respondents reported that conditions improved over the month, while 21 percent said that conditions worsened. The business climate index fell eleven points to -19.6, its third consecutive negative reading, indicating that on net, firms viewed the business climate as worse than normal for this time of year.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 11/17/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Price Increases Continue to Accelerate

“The employment index was little changed at 20.6, pointing to ongoing moderate increases in employment levels. At 56.0, the wages index was up five points from October, signaling another month of strong wage growth. The pace of both input price and selling price increases continued to pick up: the prices paid index climbed three points to 83.2, and the prices received index advanced five points to 41.7. The capital spending index edged up three points to 16.4.

Optimism Dips

While firms were still sanguine, the level of optimism about future conditions declined. The index for future business activity retreated eight points to 33.7, while the index for future business climate fell to 17.3. Strong gains in employment, wages, and prices are expected in the months ahead, and capital spending plans remained solid.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 11/17/21

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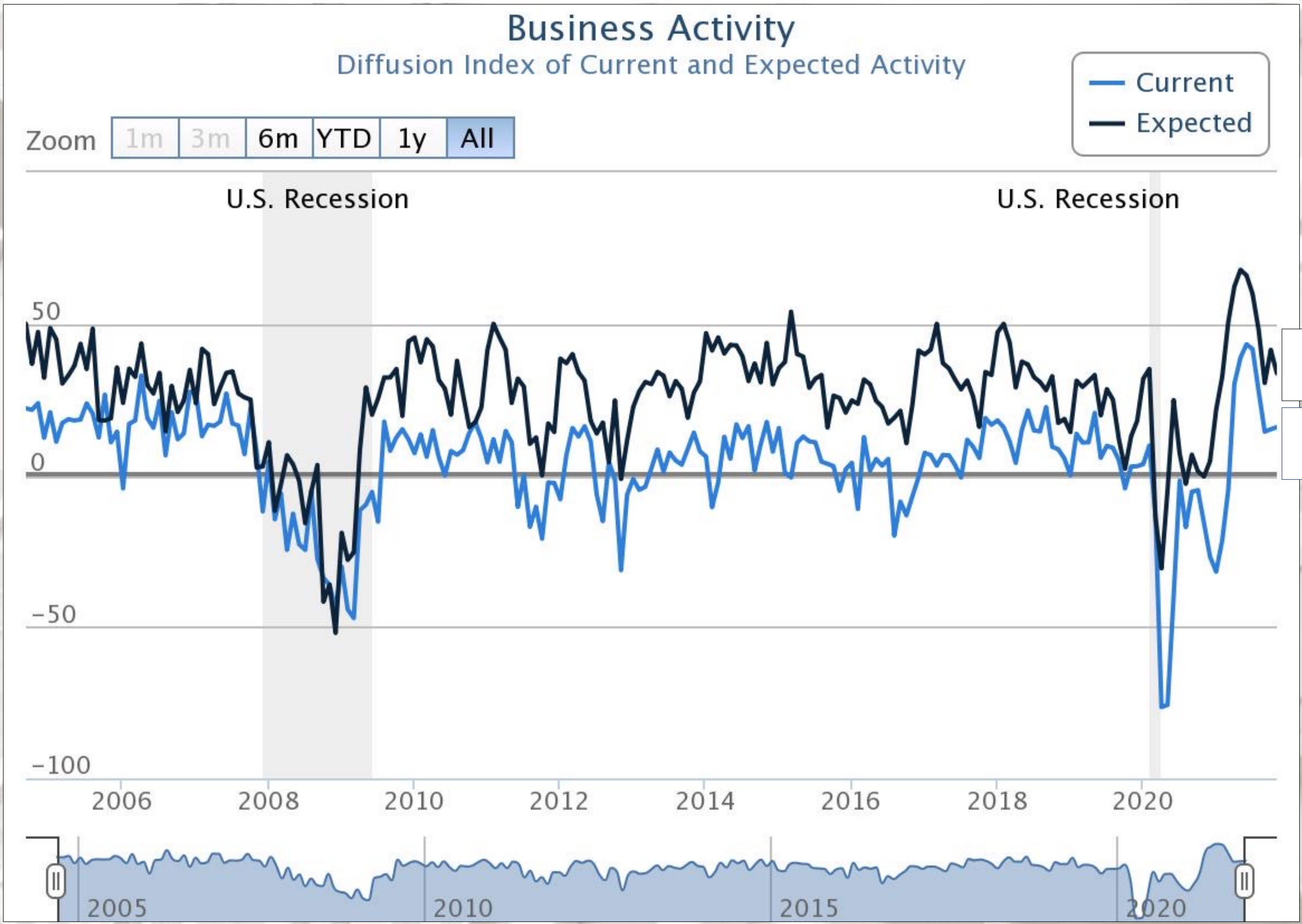
The Federal Reserve Bank of New York



November 2021
33.7

November 2021
15.9

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 11/17/21

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The Federal Reserve Bank of Philadelphia

November 2021 Manufacturing Business Outlook Survey

“Manufacturing activity in the region continued to grow, according to the firms responding to the November *Manufacturing Business Outlook Survey*. The diffusion index for current activity increased 15 points to 39.0 this month, its highest reading since April. The firms indicated overall increases in employment and more widespread increases in prices paid and received. The survey’s future indexes continue to suggest expected growth over the next six months..

Current Indicators Are Elevated

The diffusion index for current activity increased 15 points to 39.0 in November, its highest reading since April (see Chart). Nearly 42 percent of the firms reported increases (up from 40 percent last month) in current activity this month, while 3 percent reported decreases (down from 17 percent). The index for new orders increased 17 points to a reading of 47.4. Nearly 48 percent of the firms reported increases in new orders this month, while less than 1 percent reported decreases. The current shipments index rose 2 points to 32.1 in November.

On balance, the firms reported increases in manufacturing employment, but the current employment index decreased 4 points to 27.2. Over 31 percent of the firms reported higher employment, 4 percent reported lower employment, and 64 percent reported no change. The average workweek index rose 3 points to 30.6.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-11; 11/18/21

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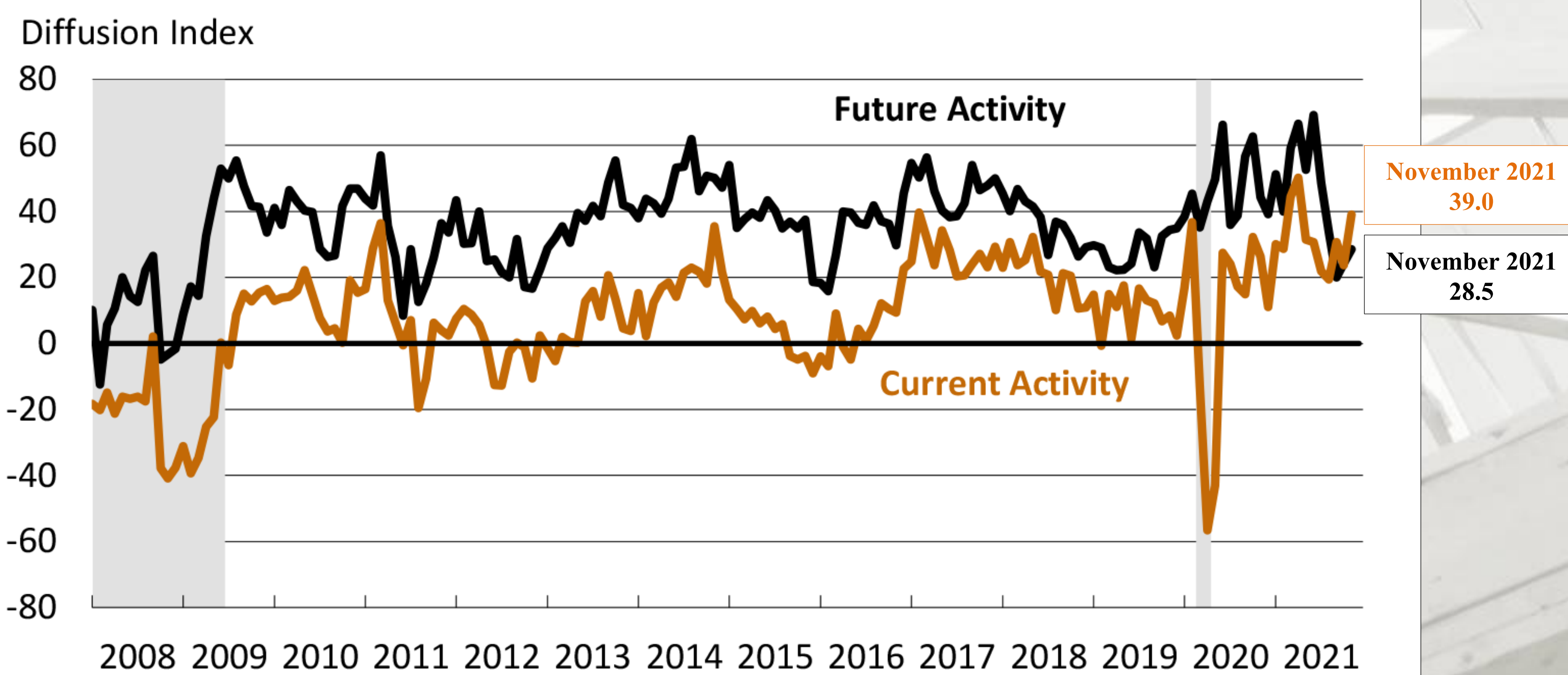
The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes

January 2008 to November 2021



Note: The diffusion index is computed as the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-11; 11/18/21

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The Federal Reserve Bank of Philadelphia

November 2021 Manufacturing Business Outlook Survey

Price Indicators Near Long-Term Highs

"The firms continued to report increases in prices for inputs and their own goods. The prices paid diffusion index rose 10 points to 80.0, its highest reading since June's 42-year high of 80.7. Over 82 percent of the firms reported increases in input prices, while 2 percent reported decreases. The current prices received index increased 12 points to 62.9, its highest reading since June 1974. Nearly 66 percent of the firms reported increases in prices of their own manufactured goods (up from 58 percent in October), while 3 percent reported decreases (down from 7 percent); 32 percent of the firms reported stable output prices.

Firms Expect Own Price Increases to Exceed Inflation Rate

In this month's special questions, the firms were asked to forecast the changes in the prices of their own products and for U.S. consumers over the next four quarters. Regarding their own prices, the firms' median forecast was for an increase of 5.3 percent, up from 5.0 percent when the question was last asked in August. The firms' actual price change over the past year was 5.0 percent. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 4.8 percent over the next four quarters, an increase from 4.0 percent in August. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 5.0 percent, the same as in August. The firms' median forecast for the long-run (10-year average) inflation rate was 3.5 percent, an increase from 3.0 percent in August." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-11; 11/18/21

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The Federal Reserve Bank of Philadelphia

November 2021 Manufacturing Business Outlook Survey

Firms Anticipate Continued Growth

"The respondents continue to expect growth over the next six months. The diffusion index for future general activity increased 4 points to 28.5 in November. Over 45 percent of the firms expect growth over the next six months, while 17 percent expect a decrease in activity. The future new orders index rose 2 points to 28.0, and the future shipments index rose 9 points to 39.8 this month. The future employment index increased 12 points to 49.3. Over 51 percent of the firms expect to increase employment in their manufacturing plants over the next six months, compared with only 2 percent that anticipate employment declines.

Summary

Responses to the November *Manufacturing Business Outlook Survey* suggest continued expansion in region's manufacturing sector. The indicators for current activity, shipments, and new orders all increased from last month. Additionally, the firms indicated overall increases in employment and more widespread increases in prices paid and received. The survey's future indexes continue to suggest expected growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-11; 11/18/21

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The Federal Reserve Bank of Philadelphia

November 2021 Nonmanufacturing Business Outlook Survey

"Nonmanufacturing activity in the region continued to expand this month, according to the firms responding to the November *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, and sales/revenues all increased this month. The full- and part-time employment indexes remained positive, and the prices paid and prices received indexes remained near their all-time highs. The respondents expect overall improvement in conditions over the next six months, as both the firm- and regional-level future activity indexes rose.

Current Indicators Improve

The diffusion index for current general activity at the firm level increased for the second consecutive month, rising 13 points to 47.0 in November (see Chart). The share of firms reporting increases (55 percent) exceeded the share of firms reporting decreases (8 percent). The new orders index rose 5 points to 19.2 this month. More than 33 percent of the firms reported increases in new orders, while 15 percent reported decreases. The sales/revenues index increased from 22.5 to 44.4. Over 62 percent of the firms reported increases in sales/revenues (up from 43 percent last month), while 18 percent reported decreases (down from 21 percent). The current regional activity index rose 13 points to 46.1 in November..

Employment Indexes Remain Positive

The firms reported overall increases in both full- and part-time employment for the 10th consecutive month. The full-time employment index increased 3 points to 15.2. The share of firms reporting increases in full-time employment (24 percent) exceeded the share reporting decreases (9 percent); the majority of firms (61 percent) reported no change. The part-time employment index decreased 3 points to 13.2. Most firms (52 percent) reported steady part-time employment, while 23 percent of the firms reported increases and 10 percent reported decreases. The average workweek index edged down 1 point to 28.1." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2021-11; 11/23/21

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The Federal Reserve Bank of Philadelphia

November 2021 Nonmanufacturing Business Outlook Survey

Firms Continue to Report Price Increases

"Price indicator readings suggest overall increases in prices for inputs and the firms' own goods and services. The prices paid index edged down 1 point to 64.6 in November, remaining close to its all-time high recorded last month. While most respondents (66 percent) reported increases in input prices, 2 percent of the firms reported decreases, and 23 percent reported stable prices. Regarding prices for the firms' own goods and services, the prices received index increased 6 points, reaching a new all-time high at 37.1 this month. Nearly 41 percent of the firms reported higher prices, compared with 4 percent that reported lower prices.

Firms Expect Own Prices to Rise Slower Than Inflation

In this month's special questions, the firms were asked to forecast the changes in the prices of their own products and services and for U.S. consumers over the next four quarters (see Special Questions). Regarding their own prices, the firms' median forecast was for an increase of 4.0 percent, up from 3.8 percent when the question was last asked in August. Regarding the firms' own price change over the previous year, the median response was 3.0 percent, up from 2.0 percent in August. The firms expect their employee compensation costs (wages plus benefits per employee) to rise 5.0 percent over the next four quarters, up from 4.0 percent in August. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 5.0 percent, up from 4.5 percent in August. The firms' forecast for the long-run (10-year) inflation rate was 5.0 percent, unchanged from August." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2021-11; 11/23/21

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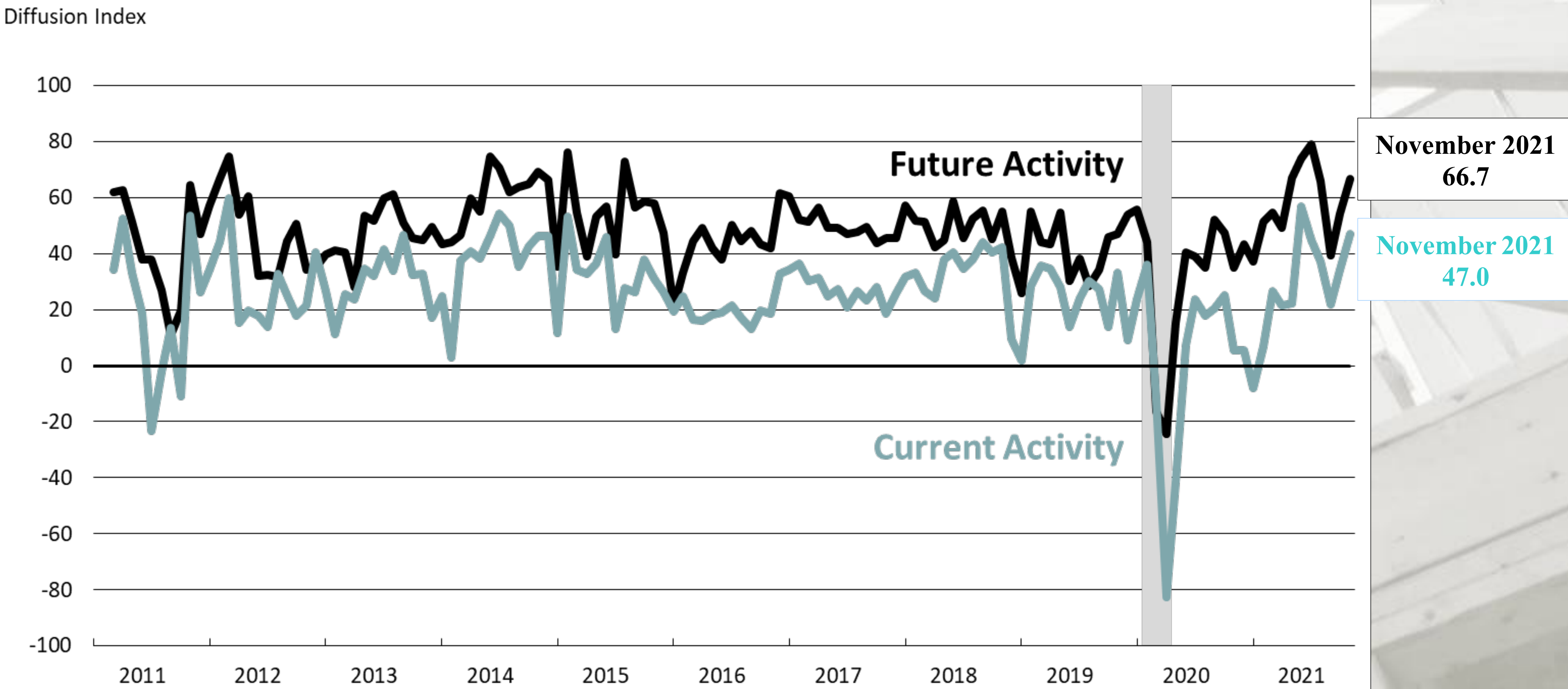
The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes for Firms

March 2011 to November 2021



Note: The diffusion index is computed s the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2021-11; 11/23/21

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The Federal Reserve Bank of Philadelphia

November 2021 Nonmanufacturing Business Outlook Survey

Future Indicators Remain Positive

"Both firm- and regional-level future activity indexes suggest that the respondents expect overall improvement in nonmanufacturing activity over the next six months. The diffusion index for future activity at the firm level increased 12 points, from a reading of 54.4 in October to 66.7 this month (see Chart). Nearly 73 percent of the firms expect an increase in activity (up from 64 percent last month) at their firms over the next six months, compared with 6 percent that expect decreases (down from 10 percent). The future regional activity index edged up 1 point to 54.9 in November.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest continued expansion in nonmanufacturing activity in the region. The indicators for firm-level general activity, sales/revenues, and new orders all increased. The indexes for both full- and part-time employment remained positive, and price increases remain widespread. Overall, the respondents continue to expect growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2021-11; 11/23/21

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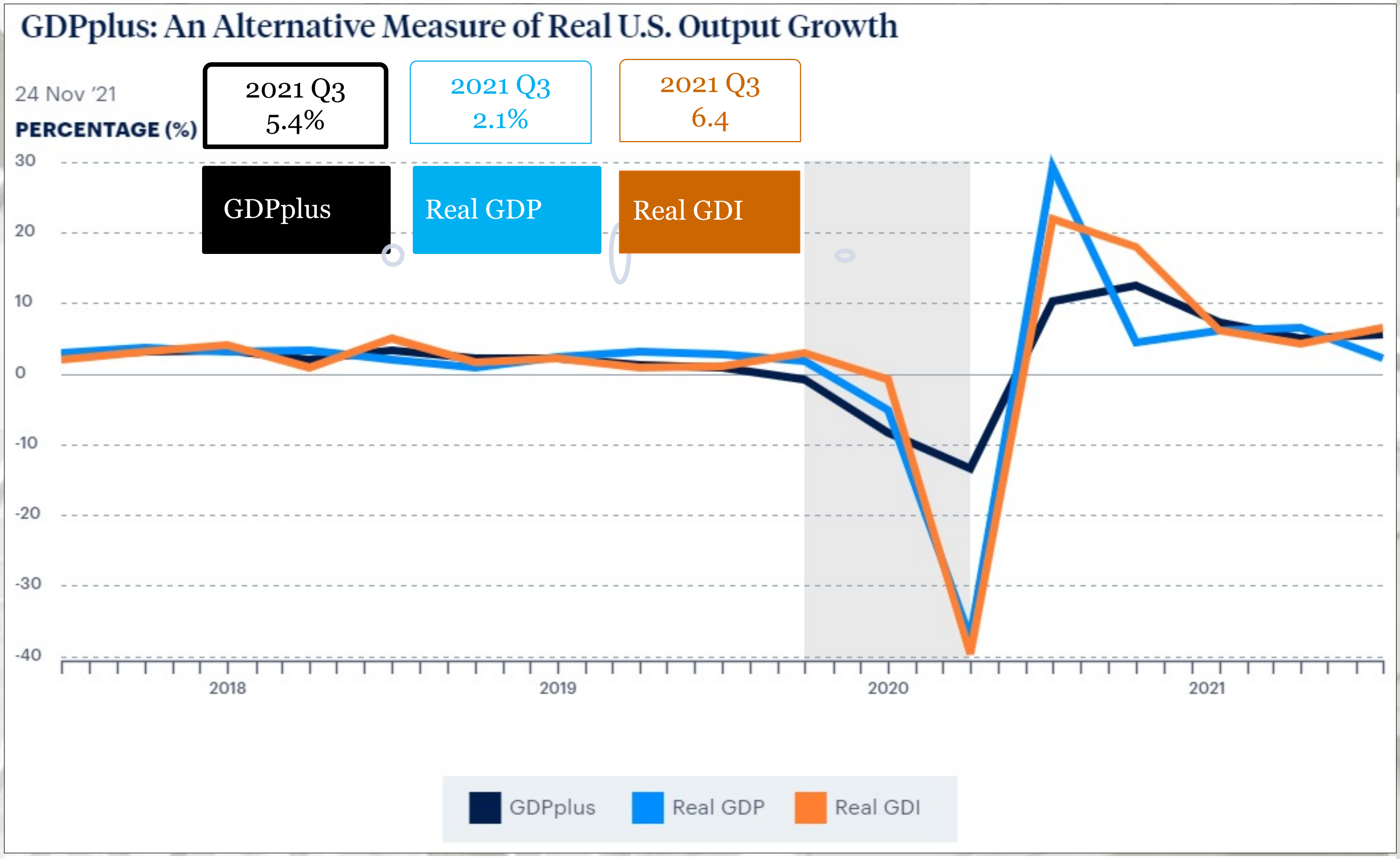
The Federal Reserve Bank of Philadelphia: GDPplus



Notes: Shaded areas indicate NBER recessions. The data measure the quarter-over-quarter growth rate in continuously compounded annualized percentage points.

Sources: Bureau of Economic Analysis (BEA) and NBER via Haver Analytics. Federal Reserve Bank of Philadelphia.

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 11/24/21

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Manufacturing Activity Strengthened in October

"Fifth District manufacturers reported growth in November, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index inched down from 12 in October to 11 in November but remained in expansionary territory. All three component indexes – shipments, new orders, and employment – continued to reflect growth. However, many firms reported that inventories were too low, as the index for finished goods inventories reached its lowest value on record. Meanwhile, vendor lead times and backlogs of orders continued to grow. Manufacturers remained optimistic that business conditions would improve in the coming months.

Survey results suggested that many firms increased employment and wages in November, but they struggled to find workers with the necessary skills. Survey respondents expected these trends to continue in the next six months.

The average growth rates of both prices paid and prices received by survey respondents declined in November but remained high. Survey participants expected price growth to slow further over the next year." – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/23/21

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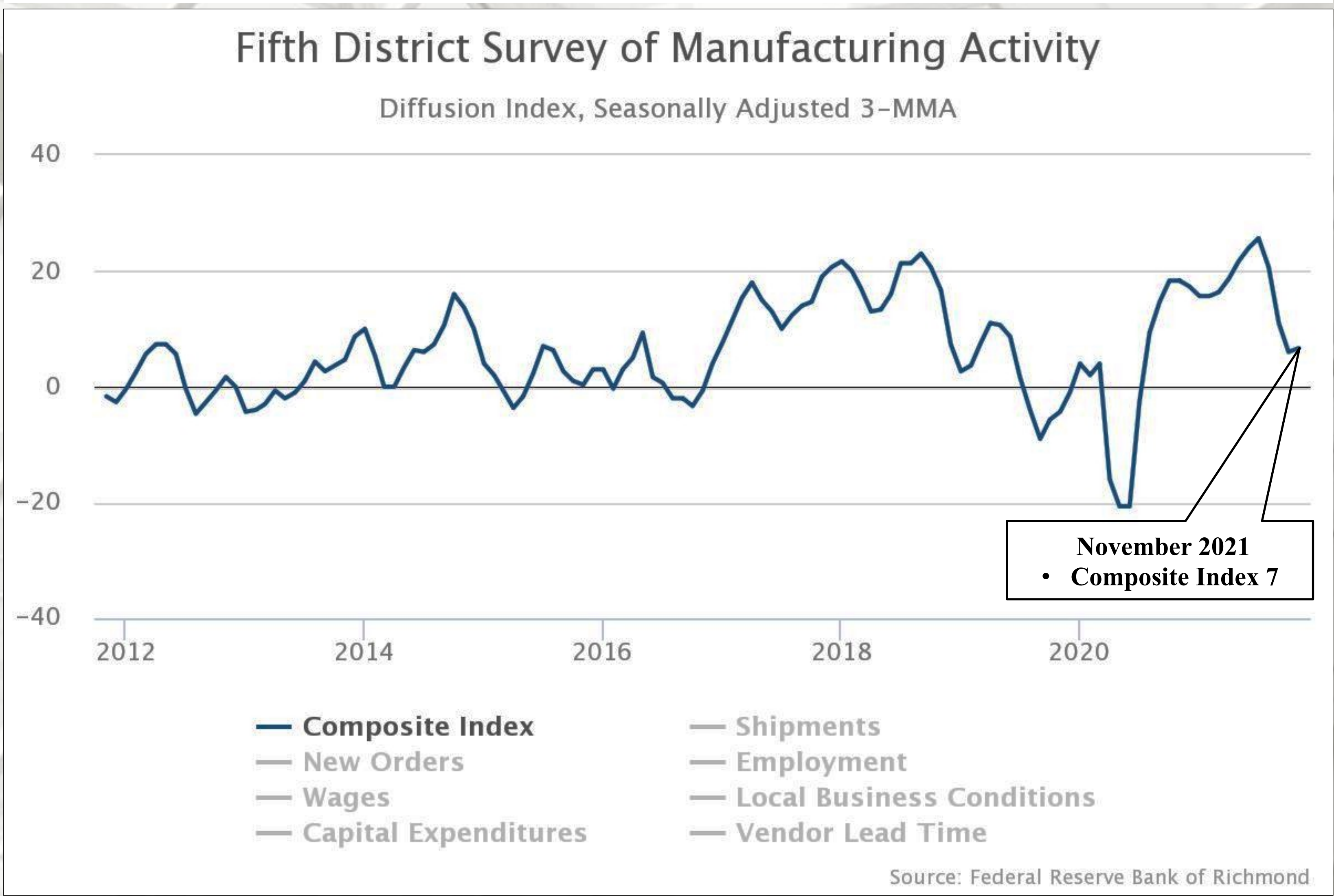
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/23/21

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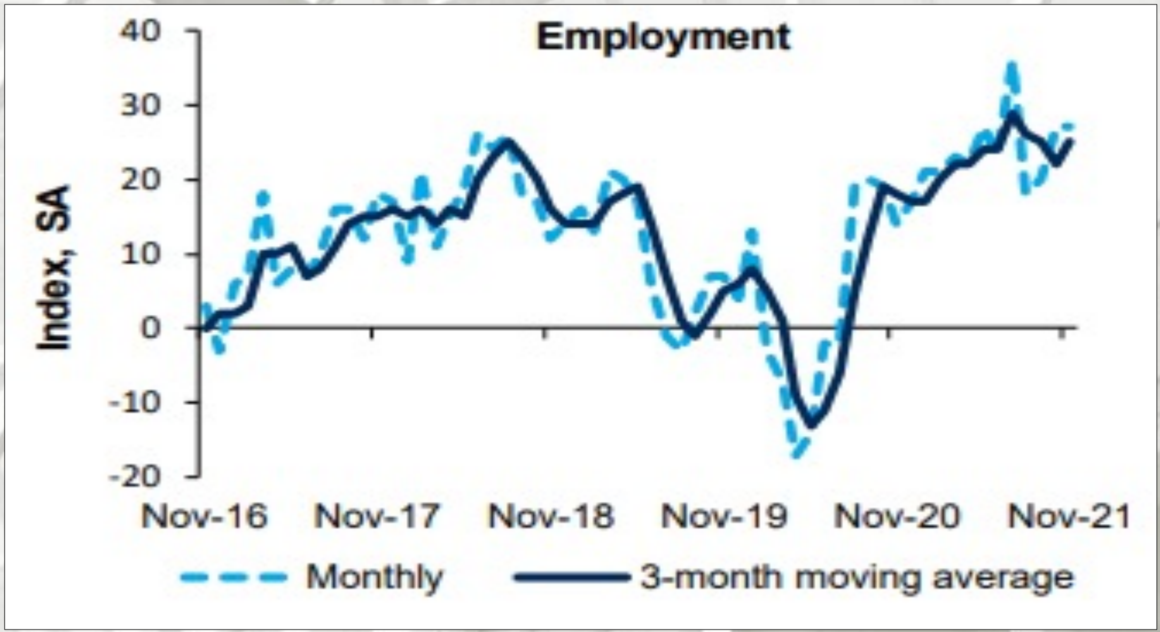
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/23/21

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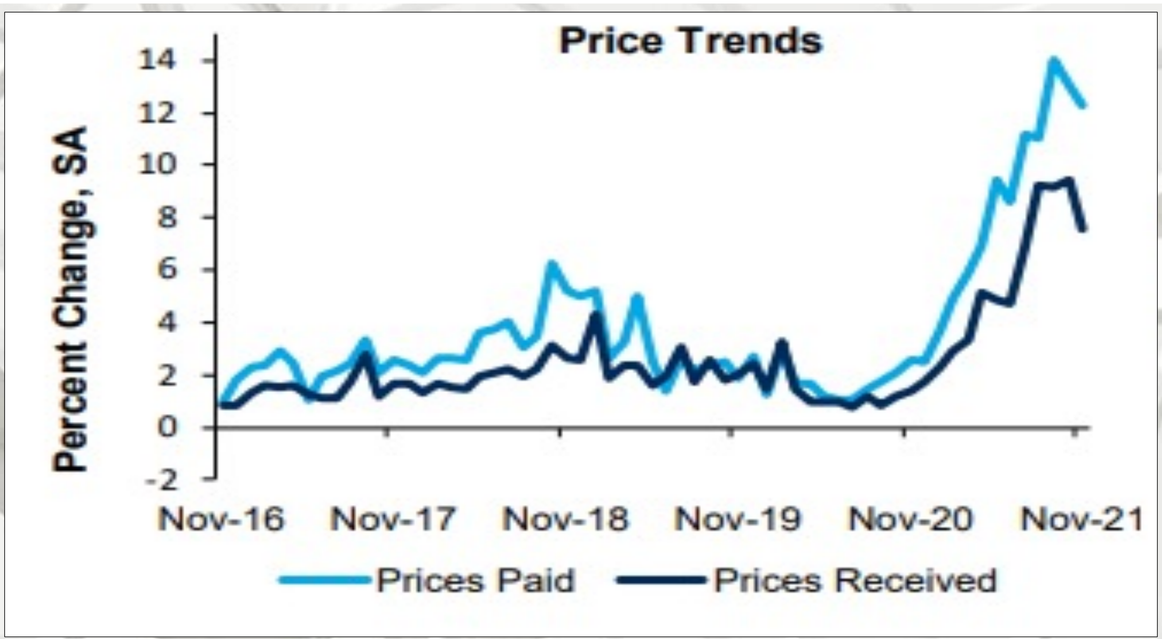
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/23/21

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Firms Reported Growth in October

“Fifth District service sector activity expanded in November, according to the most recent survey by the Federal Reserve Bank of Richmond. The indexes for revenues and demand remained in expansionary territory at 8 and 16, respectively, down slightly from 9 and 18 in October. Many firms also reported increased capital spending and they were optimistic that conditions would improve in the next six months.

Survey results indicated that many service sector firms increased employment and wages in November, but they struggled to find workers with the necessary skills. Survey respondents expected this challenge to persist and employment and wages to grow further in the coming months.

The average growth rate of prices paid by survey participants declined in November, while that of prices received increased, but growth of prices paid continued to outpace that of prices received. Survey respondents expected growth of both prices paid and prices received to slow in the next 12 months.” – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/23/21

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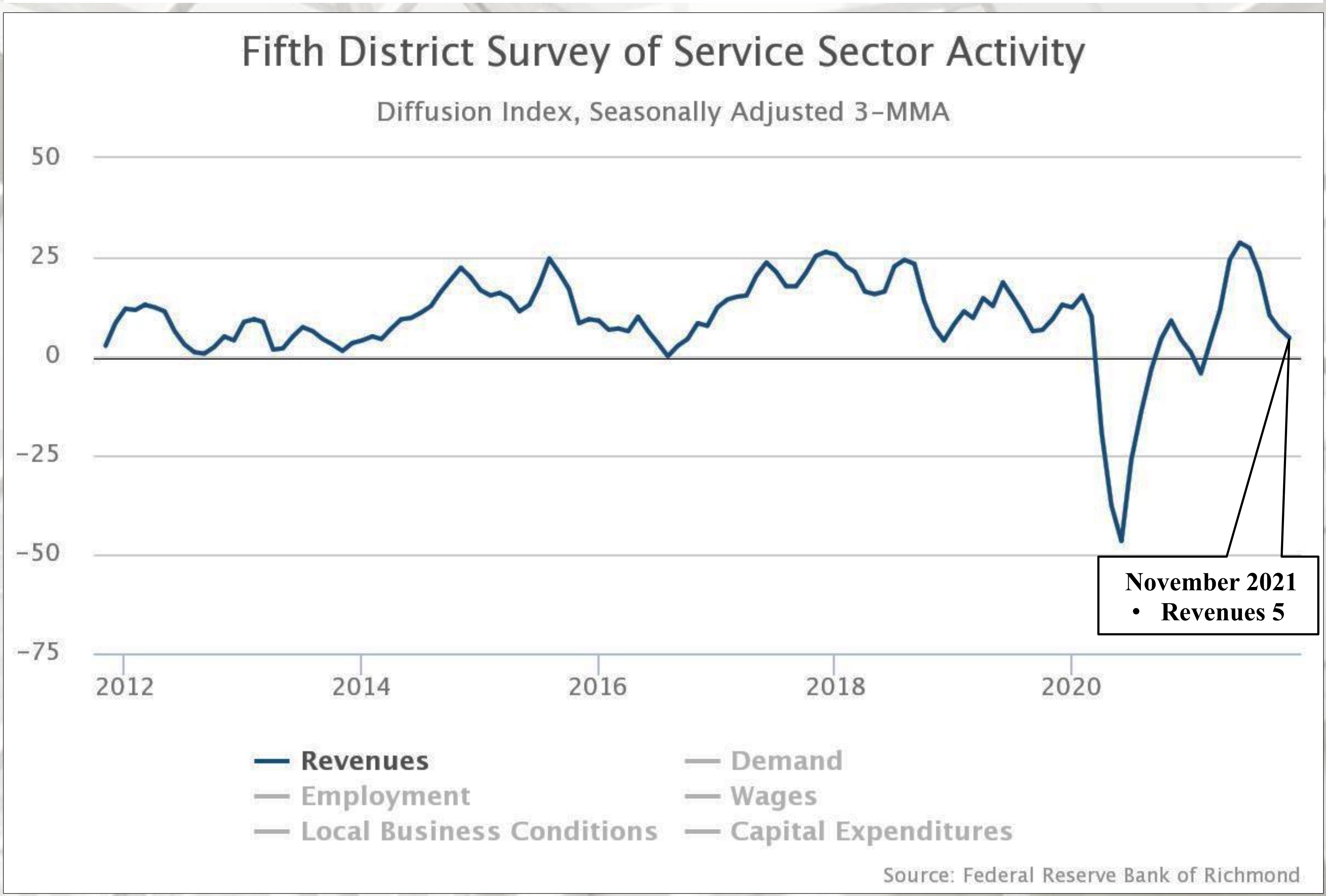
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 10/26/21

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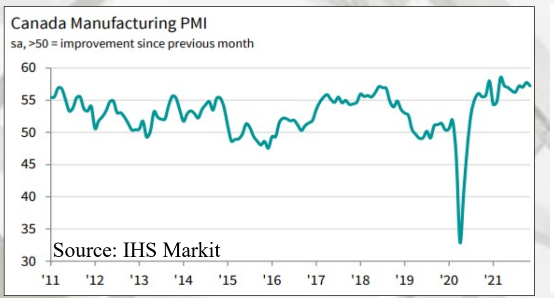
Private Indicators: Global



Markit Canada Manufacturing PMI™

"The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers' Index® (PMI®) registered at 57.7 in October, up from 57.0 in October. The latest reading extended the period of growth to 16 successive months, with the latest expansion the third-strongest in over 11 years of data collection.

Robust rate of growth maintained in November, but severe supply constraints persist

Latest PMI® data continued to reveal a robust expansion in Canada's manufacturing sector. Output growth accelerated while new orders rose at a solid pace. Firms continued to engage in advance ordering to protect against shortages, but transportation bottlenecks led to another marked lengthening in lead times. Consequently, backlogs of work rose at a survey record pace. Rising demand and higher transportation fares led to a sharp increase in costs. The favourable demand environment allowed firms to partly pass on higher expenses, however.

Manufacturers recorded the fastest rise in production levels for three months, which was linked to increased workloads. The overall rate of expansion was strong, and in line with the average seen for 2021 so far. Meanwhile, new work expanded solidly, but at a softer pace during November. Survey respondents widely commented on improved demand and higher customer numbers. There were also reports that companies broadened their product offerings. At the same time, greater demand from US and Asian markets supported a tenth monthly uptick in exports. …

The penultimate month of 2021 continued to indicate strong growth in Canada's manufacturing sector. Operating conditions have improved in each of the last 17 months, with the latest expansion among the strongest in the series history. Production volumes increased strongly while sustained increases in domestic and international demand contributed to the sector's strong performance. Firms meanwhile continue to adopt advance buying strategies which have served them well so far. That said, companies struggled once again with shortages, resulting in a record accumulation of incomplete work.

Overall, Canada's manufacturing sector performed well in November. Growth has certainly been hindered by transportation bottlenecks, material scarcity and intense cost pressures, but firms remain confident that such issues will subside in 2022." – Shreeya Patel, Economist, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/1742b89d9add40c89d2f32810ec8eb6a; 12/1/21

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Private Indicators: Global

Caixin China General Manufacturing PMI™

Output expands slightly in November, but demand conditions soften

"The headline seasonally adjusted *Purchasing Managers' Index™ (PMI™)* – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – dipped from 50.6 in October to just below the neutral 50.0 mark at 49.9 in November. This indicated that operating conditions were broadly unchanged on the month after a slight improvement in October.

Latest PMI data indicated that overall business conditions faced by Chinese manufacturers were broadly unchanged in November. Output rose for the first time in four months as disruption to production schedules from power supply issues eased, but total new business fell slightly. As a result, capacity pressures subsided, with backlogs rising only slightly, while softer demand conditions also contributed to a further drop in staff numbers. Prices data meanwhile showed notable slowdowns in the rates of both input cost and output charge inflation.

Three of the five PMI components weighed on the headline index in November, namely new orders, employment and suppliers' delivery times (inverted for the calculation). Output and stocks of purchases indices meanwhile had positive directional influences on the PMI figure. Chinese manufacturing output rose for the first time since July during November, though the rate of expansion was only fractional. Panel members indicated that firmer market conditions and a relative improvement in energy supply had supported higher production. That said, subdued customer demand, rising costs and limited power supply at some firms dampened overall growth.

Total new work fell marginally in November, following two months of expansion. Some firms linked relatively muted demand conditions to the pandemic and high output prices. New work from abroad also fell, albeit at the softest rate for four months, amid reports of reduced foreign demand due to the ongoing pandemic and challenges in shipping items to clients. Softer demand conditions and improved production led to a slower rise in backlogs of work midway through the fourth quarter. Unfinished business rose at the slowest rate for nine months and only slightly. At the same time, manufacturers cut their staff numbers for the fourth time in as many months. That said, the rate of job shedding remained marginal. …" – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/521486c1cbf348ff98996ea78259634a; 12/1/21

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Private Indicators: Global

Caixin China General Manufacturing PMI™

"The Caixin China General Manufacturing PMI came in at 49.9 in November, down from 50.6 the previous month. The index plunged into contractionary territory for the second time since April 2020.

Supply in the manufacturing sector recovered, while demand weakened. Relaxing constraints on the supply side, especially the easing of the power crunch, quickened the pace of production recovery. In November, the measure for output returned to positive territory after remaining in negative territory for three consecutive months. But demand was relatively weak, supressed by the Covid-19 epidemic and rising product prices. The pandemic hurt external demand, with the gauge for new export orders staying in negative territory for the fourth straight month in November. The job market continued to contract. Weak market demand and cost pressures restricted manufacturing enterprises' recruitment. The measure for employment remained in negative territory for the fourth month in a row in November, with the pace of contraction even steeper than the previous month. Consumer goods manufacturers showed a particularly obvious reduction in hiring.

Inflationary pressure was partly eased. Under the impact of regulations to contain surging commodity prices, manufacturing enterprises' input costs in November increased at a slower pace than the previous month. Surveyed enterprises said the prices of steel fell at a steep pace. But the prices of chemicals and electronics remained high, as did freight rates. Thanks to the drop in the measure for input costs, the gauge of output prices fell in November, though both remained in positive territory. Still, the gauges of input costs and output prices have remained in expansionary territory for 18 months and 19 months, respectively, indicating that inflationary pressure should not be underestimated.

Manufacturing enterprises' inventories expanded. Production by manufacturing enterprises recovered, but due to the gap between supply and demand, the inventories grew. Both the gauges of stocks of purchases and stocks of finished goods returned to positive territory in November. Logistics improved in November compared to the previous month, but suppliers' delivery times were still extended." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/521486c1cbf348ff98996ea78259634a; 12/1/21

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Private Indicators: Global

Caixin China General Manufacturing PMI™

“Entrepreneurs remained optimistic about the outlook for market demand. The improvement of the epidemic situation, the increase in demand and the recovery of supply chains are all positive factors.

To sum up, the manufacturing sector remained stable overall in November. Increased downward pressure and easing inflationary pressure were prominent features of the economic situation. From late October to mid-November, there were sporadic new COVID outbreaks in several Chinese regions, which had a negative impact on the economy and particularly supressed the demand side. After the shortage of power was alleviated, the supply side began to recover. But due to weak demand, the supply recovery was limited, and the foundation of the recovery was not solid. The government’s measures to stabilize commodity supplies and prices began to bear fruit, which significantly eased cost pressures on manufacturing enterprises. But the gauges of input costs and output prices remained in expansionary territory, showing inflationary pressure still remained.

Policymakers should still focus on supporting small and midsize enterprises. They should also pay attention to problems including deteriorating employment, limited growth of household income and weak purchasing power for consumer goods. In addition, the prices of some raw materials remained high. Enterprises are still facing high cost pressures. Policymakers should treat inflation seriously.” – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/521486c1cbf348ff98996ea78259634a; 12/1/21

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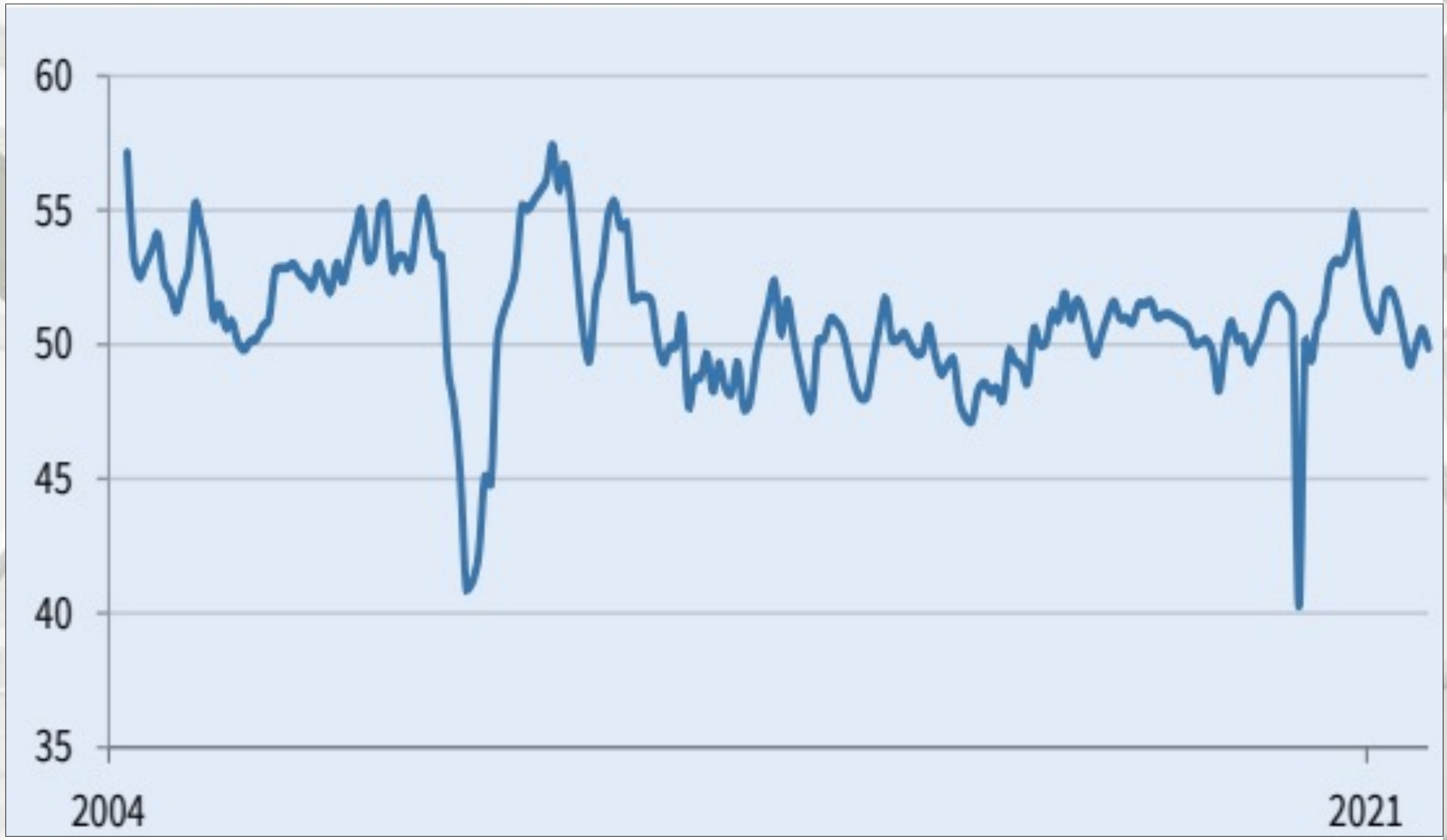
Private Indicators: Global

China General Manufacturing PMI



sa, > 50 = improvement since previous month
Sources: Caixin, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/521486c1cbf348ff98996ea78259634a; 12/1/21

Private Indicators: Global

Markit Eurozone Manufacturing PMI®

"The IHS Markit Eurozone Manufacturing PMI® increased from 58.3 in October to 58.4 in November (and compared with the 'flash' estimate of 58.6), marking the first rise in the headline index since June. However, aside from the positive direction change, the latest data marked the second-slowest expansion since February.

Manufacturing growth broadly stabilises during November as factories battle with harsh supply headwinds

Eurozone manufacturing sector growth stabilised in November, latest PMI® data showed, following a four month slowdown from June's record expansion. However, factory operations across the euro area continued to be hindered by severe supply-related constraints. Data split by the three broad market groups showed further growth slowdowns at intermediate and investment goods makers, while consumer goods producers recorded an accelerated expansion.

… A strong headline PMI reading masks just how tough business conditions are for manufacturers at the moment. Although demand remains strong, as witnessed by a further solid improvement in new order inflows, supply chains continue to deteriorate at a worrying rate. Shortages of inputs have restricted production growth so far in the fourth quarter to the weakest seen over the past year and a half. Especially subdued production was again seen in Germany, France and Austria in November, albeit offset by strong performances seen in Italy, Ireland and the Netherlands, which helped lift the overall pace of production growth slightly during the month.

A record rise in inventories meanwhile reflected increased efforts by manufacturers to build safety stocks, in turn driven by fears of ongoing shortages of inputs in coming months. With demand once again outstripping supply, November saw a continuing sellers' market, pushing prices charged for manufactured goods higher at a rate surpassing anything previously recorded in almost two decades. Higher factory gate prices suggest consumer inflation has further to rise.

Looking ahead, rising COVID-19 infection rates cast a darkening cloud over the near-term outlook, threatening to further disrupt supply chains while at the same time diverting spending from consumer services to consumer goods again, therefore worsening the imbalance of supply and demand." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/f5535dcf3f5d45bfbdfba94a927db080; 12/1/21

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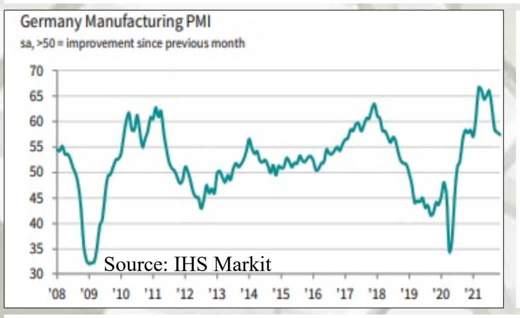
Private Indicators: Global



IHS Markit/BME
Germany Manufacturing PMI®

"The headline IHS Markit/BME Germany Manufacturing PMI® – a weighted aggregate of measures of new orders, output, employment, suppliers' delivery times and stock of purchases – slipped to 57.4 in November, down from 57.8 in October and the lowest in ten months.

Production growth remains stymied by supply bottlenecks, while output price inflation hits new high

November saw German manufacturers continue to struggle to increase production volumes amid ongoing supply-side constraints, latest PMI® survey showed. Rising costs also remained a key challenge, and led to another record increase in factory gate charges. Nevertheless, expectations towards future output improved for the first time in five months, albeit with growth prospects often contingent on a catch-up in supply. The survey's measure of output pointed to a weak rate of growth, and one that was little-changed from the 16-month low recorded in October. As has been the case in recent months, there were numerous reports from surveyed businesses of production levels being constrained by shortages of materials and parts. …

November data signalled another month of constrained manufacturing production levels across Germany, as firms continued to have difficulty sourcing critical inputs and keeping up with demand. The survey's output index did at least steady in November after being in free fall in recent months, possibly helped by fewer supply delays and firms' recent efforts to accumulate greater safety stocks. However, the supply situation will likely need to improve a lot more before we see any real take-off in manufacturing production.

While manufacturing output remains subdued, the opposite is true of factory gate prices which continue to sky-rocket, with November seeing the rate of charge inflation hitting to a new survey-high.

Manufacturing expectations in November withstood the continued surge in prices, and even the fourth wave of COVID-19 infections, to move to a three-month high. The emergence of the Omicron variant poses more uncertainties, however, including a risk of fresh supply-chain disruption" – Phil Smith, Principal Economist, IHSMarkit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/469a679e50c744f98d8818420585a48f; 12/1/21

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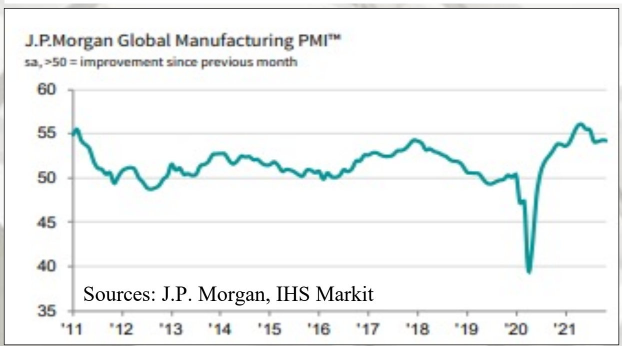
Private Indicators: Global



Sources: J.P. Morgan, IHS Markit

J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – edged down to 54.2 in November, little-changed from readings achieved in the prior three months. The headline PMI has now signalled improvements in business conditions for 17 consecutive months.

Global manufacturing output rises again but price and supply shortage measures stay close to recent highs

All five of the PMI components were at levels normally associated with positive trends in operating performance. Output, new orders, employment and stocks of purchases all continued to expand. Vendor delivery times also lengthened sharply, mainly reflecting the ongoing severe strain being experienced across global supply chains. All three of the sub-sectors covered by the survey (consumer, intermediate and investment goods) registered PMI readings above the neutral 50.0 mark in November. …

The outlook for the global manufacturing sector also remained positive in November. Companies forecast (on average) that production would be higher one year from now, with the overall degree of confidence rising to a five month high. Alongside optimism bred by the current upturn, manufacturers also expected a number of headwinds (including disruptions caused by supply chain stresses and COVID) to lessen during the coming year. The combination of current growth and improving optimism underpinned job creation in November. Staffing levels rose for the thirteenth month in a row, with increases signalled in the US, the euro area and Japan while China was the largest nation to register a decline. Part of the latest expansion of global manufacturing employment reflected rising backlogs of work, which increased for a sixteenth straight month (albeit at the weakest pace since February). …

Today's November Global Manufacturing PMI came in positive with an increase in the output component against a modest easing across indicators related to supply constraints. One negative in the reports is the decline in the new orders and employment PMIs. However, overall we view today's news positively suggesting the industrial sector is moving toward improvement." – Olya Borichevska, Global Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/938c51c888bd41c0b5c0d81725abc6a9; 12/1/21

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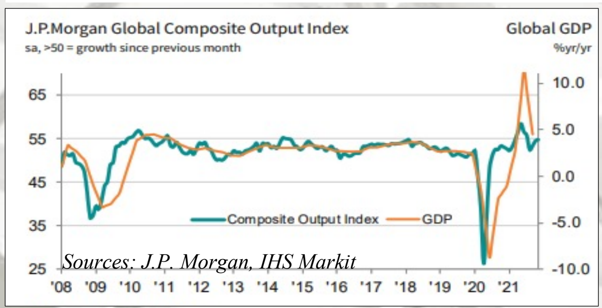
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – posted a four-month high of 54.8 in November, up from 54.5 in October. The headline index has signalled expansion throughout the past 17 months.

Global economic growth rises to four-month high in November

The rate of global economic expansion edged higher in November, as output rose at the quickest pace for four months. Growth was underpinned by rising intakes of new business, stronger inflows of new export business and continued job creation. Price pressures remained elevated, however, with rates of increase in input costs and output charges holding close to recent highs. Growth of service sector business activity held steady at October's three-month high and has now outpaced that of manufacturing production for eight successive months. Although manufacturing output rose at a slightly quicker pace than the prior survey month, the rate remained modest compared to that seen through late-2020 and early-2021.

All six of the sub-sectors covered by the survey registered increases in economic activity during November. Growth was led by the financial services and business services categories, while consumer goods was the best performer among the manufacturing sub-industries. Four of the sectors (business services, consumer goods, financial services and intermediate goods) saw faster expansions. Investment goods returned to growth following October's contraction, while the upturn weakened at consumer service providers. …

Business optimism rose to a five-month high in November, with optimism improving in five of the sub-industries covered by the survey (business services, consumer goods, consumer services, financial services and investment goods) and was unchanged in the other (intermediate goods). The combination of current growth, positive expectations and rising backlogs of work contributed to further job creation. Employment rose at a rate little-changed from October's four-months high, with China (which saw a minor decrease) the only nation covered to report a decline. Price inflationary pressure remained substantial in November. Average input costs rose at the fastest rate since July 2008, while output charges increased at a pace close to October's series-record high." – Olya Borichevska, Global Economic Research, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/7a631fd8450b411b8127b95579c6ca65; 12/3/21

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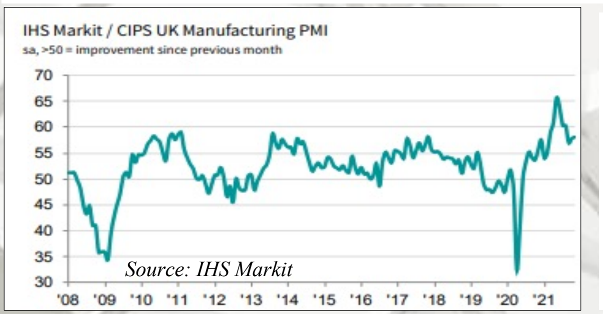
Private Indicators: Global



IHS Markit/CIPS UK Manufacturing PMI®

"The seasonally adjusted IHS Markit/CIPS Purchasing Managers' Index® (PMI®) rose to a three-month high of 58.1 in November, up from 57.8 in October. All five of the PMI components had a positive influence, as production, new orders, employment and stocks of purchases rose and supplier lead times lengthened.

Manufacturing input prices rise at 30-year survey record rate as supply chain pressures remain intense

UK manufacturers continued to face a challenging operating environment in November, as severely stretched supply chains disrupted production schedules and drove up input prices to the greatest extent in the 30-year survey history. Output increased for the eighteenth month running in November, with the rate of expansion accelerating slightly from October's eight-month low. Companies reported that improved new work intakes – especially from the domestic market – and efforts to build safety stocks supported increased output. …

Although November saw rates of expansion in output and new orders gain some traction, growth remains lacklustre compared to the first half of the year. Manufacturers are facing a challenging backdrop, with rising supply chain disruptions, staff shortages and inflationary pressures stifling growth while ongoing difficulties caused by Brexit and logistical headaches restrict opportunities to expand into overseas markets. New export sales fell for the third straight month. Firms costs meanwhile continue to surge relentlessly higher, rising at the steepest pace in the three decades of survey history. Stretched supply chains, component shortages and a vast mismatch between demand and supply are all exerting massive upwards pressure on input costs. This is also filtering through to prices charged at the factory gate, which rose at a rate close to October's record high.

For those concerned about the strength of the jobs market as support schemes are withdrawn, positive news is provided by a further solid rise in manufacturing headcounts. The current mix of supply-side constraints, cost increases, skill shortages and rising demand for labour will add to the expectations of an imminent rate increase by the central bank, but the survey highlights how the subdued rate of manufacturing growth and export decline leaves industry in a vulnerable position to any new headwinds, not least the Omicron variant." – Rob Dobson, Director, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/5df6bf277cde4eeb8f50ed902de65953; 12/1/21

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Increases Nearly 1% in October

"National nonresidential construction spending was up 0.9% in October, according to an Associated Builders and Contractors analysis of data published by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled $814.2 billion for the month.

Spending was up on a monthly basis in 13 of the 16 nonresidential subcategories, with spending in the commercial subcategory virtually unchanged for the month. Private nonresidential spending was up slightly by 0.2%, while public nonresidential construction spending increased 1.8% in October.

"On the surface, there is much to be encouraged by in October's construction spending data," said ABC Chief Economist Anirban Basu. "Nonresidential spending is now at its highest level since July 2020 and has rebounded 3.1% since bottoming out in June 2021. Nonresidential spending expanded meaningfully for the month and those gains were spread across most subsectors. Data characterizing the two prior months were upwardly revised by a combined $27 billion, or 1.7%."

"But construction data do not adjust for inflation, and these spending gains are largely attributable to increases in the cost of delivering construction services," said Basu. "Challenges that have suppressed nonresidential construction spending growth remain firmly in place. While lofty levels of investment in real estate would normally be associated with significant private construction volumes, many project owners have been induced to postpone projects because of elevated material and labor costs as well as widespread shortages." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19132/nonresidential-construction-spending-increases-nearly-1-in-october-says-abc; 12/1/21

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Private Indicators
Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate

	October 2021	September 2021	October 2020	1-Month % Change	12-Month % Change
Nonresidential	$814,169	$807,279	$798,556	0.9%	2.0%
Conservation and development	$8,031	$6,939	$8,112	15.7%	-1.0%
Public safety	$11,363	$10,839	$16,163	4.8%	-29.7%
Amusement and recreation	$26,080	$25,246	$26,743	3.3%	-2.5%
Religious	$3,019	$2,946	$3,345	2.5%	-9.7%
Highway and street	$102,887	$100,484	$99,905	2.4%	3.0%
Health care	$50,384	$49,637	$47,793	1.5%	5.4%
Transportation	$57,168	$56,382	$57,834	1.4%	-1.2%
Communication	$21,883	$21,653	$22,060	1.1%	-0.8%
Office	$83,628	$83,183	$82,633	0.5%	1.2%
Water supply	$19,396	$19,308	$18,525	0.5%	4.7%
Sewage and waste disposal	$28,546	$28,443	$26,145	0.4%	9.2%
Manufacturing	$79,427	$79,148	$70,018	0.4%	13.4%
Educational	$98,406	$98,167	$101,887	0.2%	-3.4%
Commercial	$93,456	$93,434	$83,858	0.0%	11.4%
Power	$112,656	$113,312	$106,537	-0.6%	5.7%
Lodging	$17,840	$18,161	$26,999	-1.8%	-33.9%
Private Nonresidential	$470,283	$469,351	$456,022	0.2%	3.1%
Public Nonresidential	$343,886	$337,928	$342,535	1.8%	0.4%

Source: U.S. Census Bureau

Nonresidential Construction Spending Increases Nearly 1% in October

"“Still, leading indicators remain positive,” said Basu. “ABC members collectively expect revenues and employment levels to climb during the months ahead, according to ABC’s Construction Confidence Index. Design work is plentiful, which means that many investors are at least considering moving forward with projects. In certain geographies, especially in the southern United States, office and other segments are improving, which should translate into more abundant construction starts once global supply chains and materials prices normalize. In this regard, the emergence of the omicron variant adds another layer of uncertainty and may prevent certain materials and equipment prices from declining in the very near term.” – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19132/nonresidential-construction-spending-increases-nearly-1-in-october-says-abc; 12/1/21

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Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator

	Nov. 2021	Oct. 2021	Nov. 2020	1-Month Net Change	12-Month Net Change
Total	**8.4**	**8.1**	**7.2**	**0.3**	**1.2**
Industry					
Commercial & Institutional	8.7	8.3	7.2	0.4	1.5
Heavy Industrial	9.9	7.6	4.5	2.3	5.4
Infrastructure	8.6	7.8	8.7	0.8	-0.1
Region					
Middle States	8.1	6.8	6.0	1.3	2.1
Northeast	7.7	8.7	7.1	-1.0	0.6
South	10.2	8.7	8.4	1.5	1.8
West	8.0	8.1	7.8	-0.1	0.2
Company Size					
<$30 Million	7.7	7.4	6.8	0.3	0.9
$30-$50 Million	8.9	10.2	7.5	-1.3	1.4
$50-$100 Million	10.2	8.9	8.2	1.3	2.0
>$100 Million	15.0	13.2	10.4	1.8	4.6

Source: https://www.abc.org/News-Media/News-Releases/entryid/19148/abc-construction-backlog-and-contractor-confidence-rebound-in-november; 12/14/21

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Private Indicators
Associated Builders and Contractors

Construction Confidence Index

Response	November 2021	October 2021	November 2020
	CCI Reading		
Sales	65.2	59.7	49.4
Profit Margins	50.9	48.9	43.4
Staffing	62.5	59.2	53.8
	Sales Expectations		
Up Big	12.8%	9.0%	5.4%
Up Small	52.1%	44.7%	36.5%
No Change	19.7%	27.0%	22.1%
Down Small	13.8%	14.8%	22.5%
Down Big	1.6%	4.5%	13.5%
	Profit Margins Expectations		
Up Big	2.7%	3.7%	2.7%
Up Small	31.9%	30.3%	22.1%
No Change	39.4%	32.0%	32.0%
Down Small	18.6%	25.8%	32.4%
Down Big	7.4%	8.2%	10.8%
	Staffing Level Expectations		
Up Big	4.8%	4.9%	2.7%
Up Small	50.0%	44.7%	35.1%
No Change	37.2%	34.8%	43.7%
Down Small	6.4%	13.5%	11.7%
Down Big	1.6%	2.0%	6.8%

Source: https://www.abc.org/News-Media/News-Releases/entryid/19148/abc-construction-backlog-and-contractor-confidence-rebound-in-november; 12/14/21

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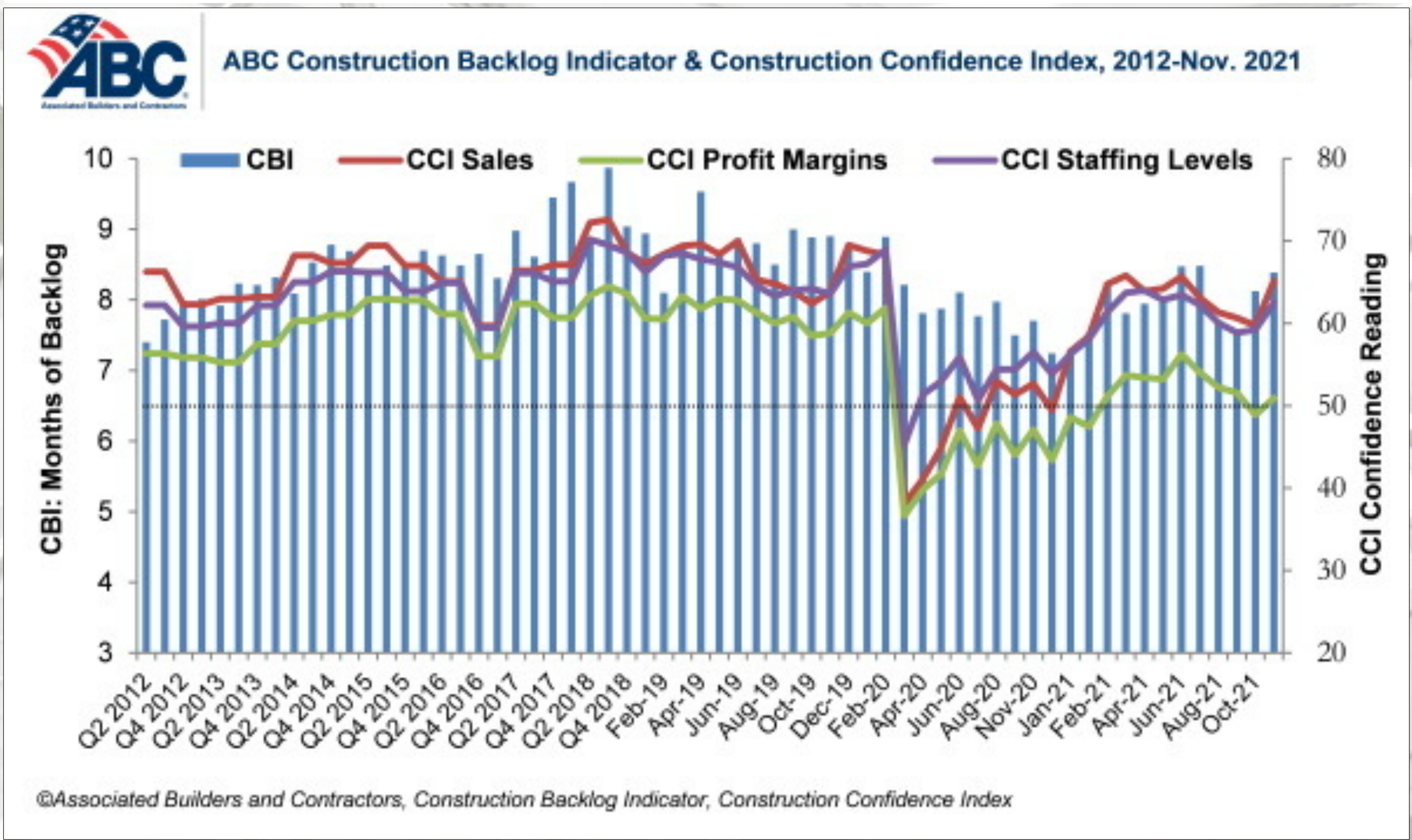
Private Indicators
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/entryid/19148/abc-construction-backlog-and-contractor-confidence-rebound-in-november; 12/14/21

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Rebound in November

"Associated Builders and Contractors reports today that its Construction Backlog Indicator rose to 8.4 months in November, according to an ABC member survey conducted Nov. 19 to Dec. 3. The reading is up 0.3 months from October 2021 and 1.2 months from November 2020.

ABC's Construction Confidence Index readings for sales, profit margins and staffing levels increased in November. All three indices stand above the threshold of 50, indicating expectations of growth over the next six months.

"It's getting better out there," said ABC Chief Economist Anirban Basu. "While the outlook for construction remains imperfect, extraordinarily low interest rates have created enough appetite for deal-making to push backlog higher and persuade the average contractor that sales, employment and profit margins will climb over the next six months.

"Optimistic expectations are a testament to how strong deal flow remains in stimulus-driven America," said Basu. "The infrastructure package passed in November is another reason for optimism, particularly for contractors who work in segments like roads and bridges, water and sewer and mass transit. It is likely that industry circumstances will improve further in 2022, especially if supply chain disruptions and input shortages become less severe, which many economists anticipate by the second half of next year."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19148/abc-construction-backlog-and-contractor-confidence-rebound-in-november; 12/14/21

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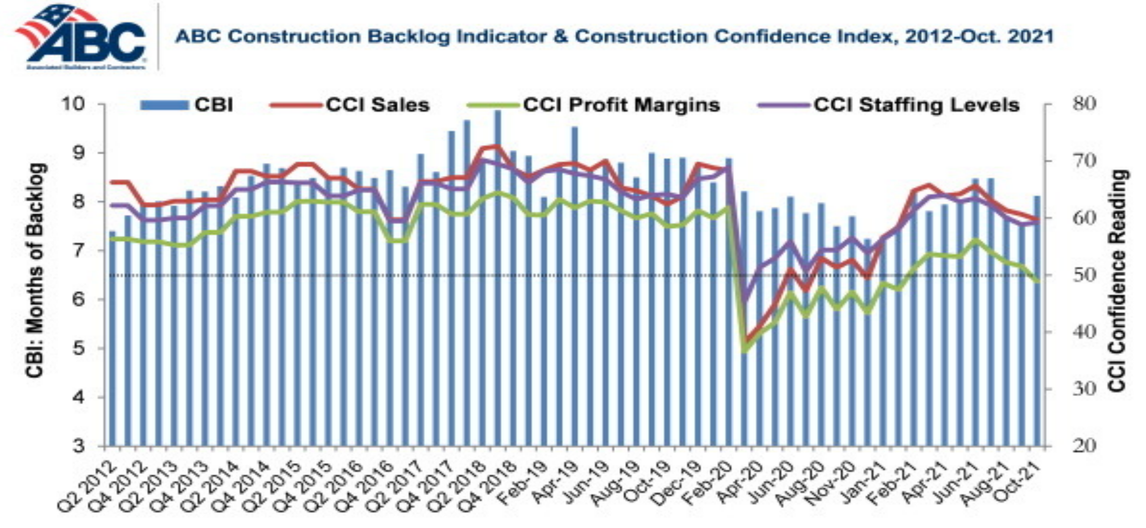
Associated Builders and Contractors

Construction Confidence Index

Response	October 2021	September 2021	October 2020
		CCI Reading	
Sales	59.7	60.7	52.7
Profit Margins	48.9	51.6	47.1
Staffing	59.2	58.9	56.6
		Sales Expectations	
Up Big	9.0%	6.8%	8.3%
Up Small	44.7%	49.4%	35.4%
No Change	27.0%	25.3%	23.3%
Down Small	14.8%	16.9%	24.8%
Down Big	4.5%	1.7%	8.3%
		Profit Margins Expectations	
Up Big	3.7%	2.5%	2.4%
Up Small	30.3%	33.3%	27.7%
No Change	32.0%	36.7%	32.0%
Down Small	25.8%	22.8%	31.6%
Down Big	8.2%	4.6%	6.3%
		Staffing Level Expectations	
Up Big	4.9%	3.4%	3.4%
Up Small	44.7%	43.0%	38.8%
No Change	34.8%	40.9%	41.3%
Down Small	13.5%	11.0%	13.6%
Down Big	2.0%	1.7%	2.9%

© Associated Builders and Contractors, Construction Confidence Index



©Associated Builders and Contractors, Construction Backlog Indicator, Construction Confidence Index

Source: https://www.abc.org/News-Media/News-Releases/entryid/19088/abc-s-construction-backlog-rebounds-in-october-contractor-confidence-in-sales-and-profit-margins-falls; 10/9/21

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index October 2021

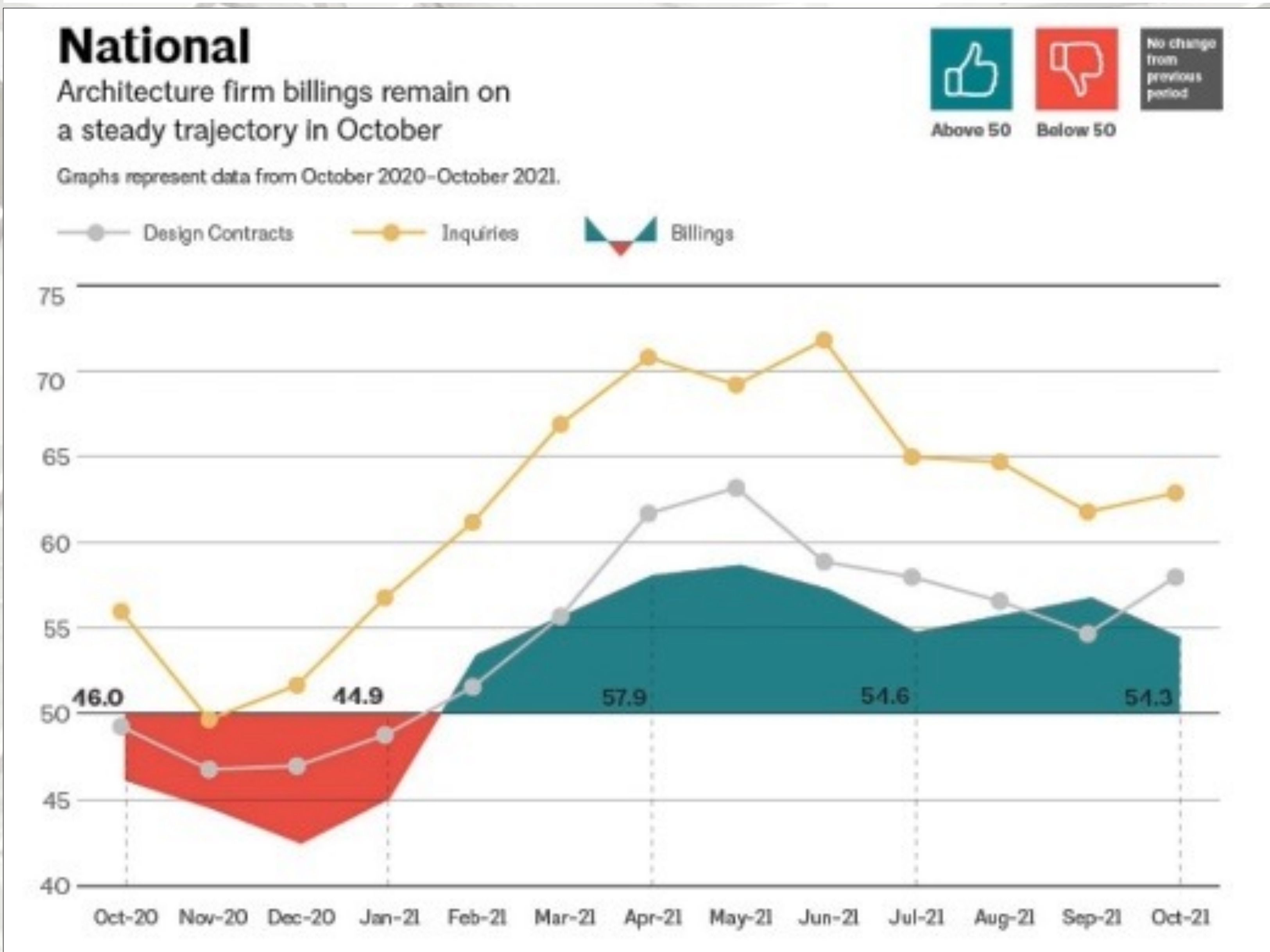
Business conditions at architecture firms remain strong heading into the last quarter of the year

“Architecture firm billings continued to rise in October, although the pace of growth decreased modestly from that of the last few months. However, the Architecture Billings Index (ABI) score of 54.3 means that business conditions remain generally strong, and that most architecture firms are still seeing billings growth. In addition, inquiries and the value of new design contracts, both indicators of future work at firms, strengthened in October, meaning that clients are continuing to both start conversations about new projects and are signing contracts to begin those projects in the coming months. Although concerns about staffing, inflation, and construction material prices and availability remain, they have not yet acted as a major deterrent to projects at this time.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

“Unlike the economywide payroll figures, architecture services employment has surpassed its pre-pandemic high. Staffing continues to be a growing concern at architecture firms and may serve to limit their ability to take on new projects.” – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6455406-abi-october-2021-business-conditions-at-ar; 11/23/21

Private Indicators
American Institute of Architects (AIA)



Source: https://www.aia.org/pages/6455406-abi-october-2021-business-conditions-at-ar; 11/23/21

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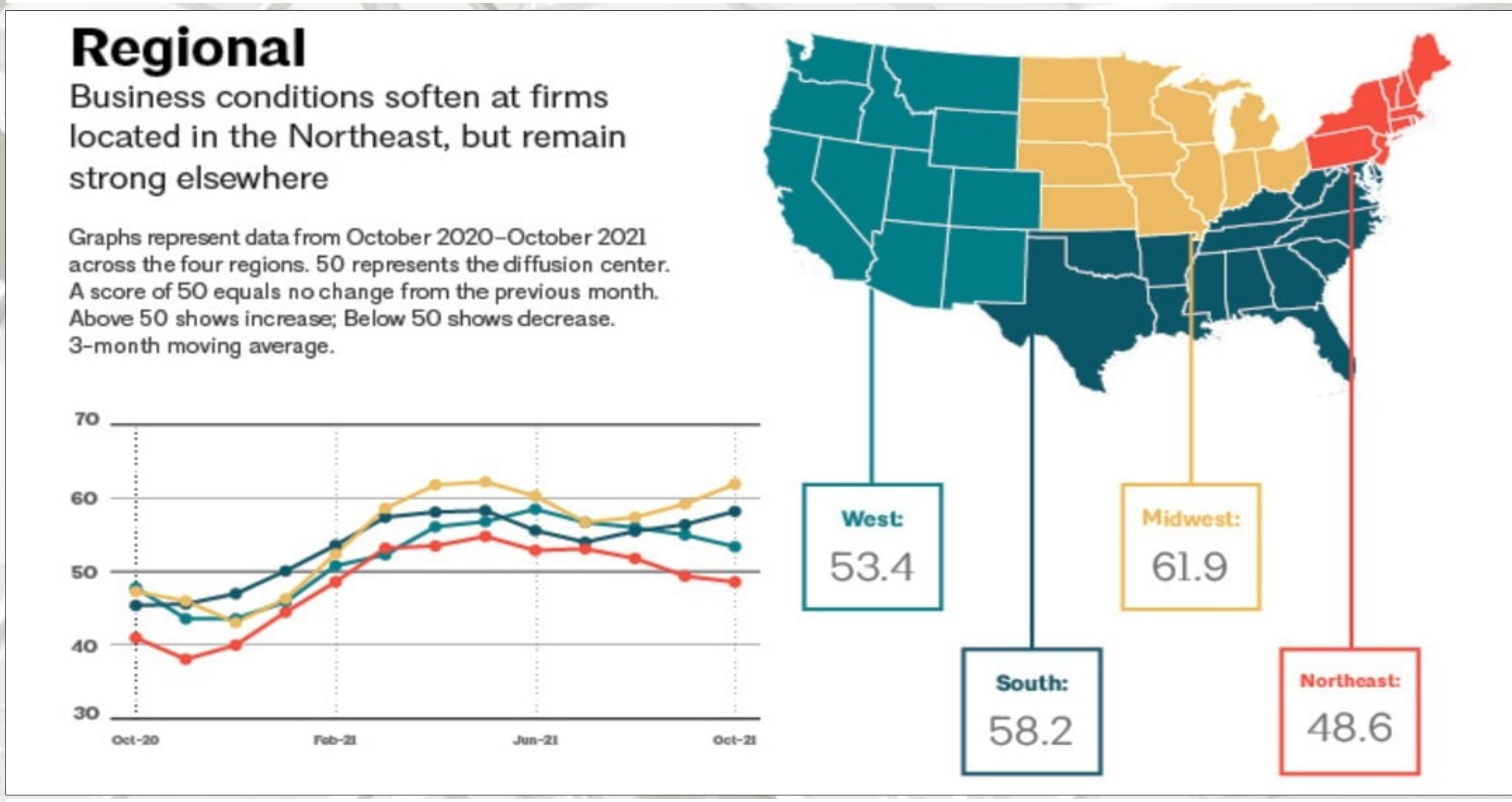
Private Indicators: AIA



Region

"By region of the country, firms located in the Northeast experienced a modest decline in billings in October, after also experiencing a slight downturn in September. Conditions at firms located in the Northeast have generally trended weaker than at firms in other regions of the country in recent years, and this month's findings continue that pattern. On the other hand, conditions strengthened further at firms located in the Midwest and South, while firms located in the West also reported continued growth, but at a slightly slower pace than in September." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6455406-abi-october-2021-business-conditions-at-ar; 11/23/21

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Private Indicators: AIA

Sector

"Firms with an institutional specialization also reported that the pace of billings growth slowed in October, while business conditions strengthened further at firms with multifamily residential and commercial/industrial specializations." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6455406-abi-october-2021-business-conditions-at-ar; 11/23/21

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Private Indicators

Dodge Data & Analytics

Total Construction Starts Soar in October

Three large projects break ground to push starts higher, weak activity elsewhere

"Total construction starts pushed 16% higher in October to a seasonally adjusted annual rate of $1.01 trillion, according to Dodge Construction Network. Nonresidential building starts gained 29% and nonbuilding moved 52% higher in October, while residential starts lost 8%. The month's large gains resulted from the start of three large projects: two massive manufacturing plants and an LNG export facility. Without these projects, total construction starts would have fallen 6% in October.

"Economic growth has resumed following the third quarter's Delta-led slowdown. However, the construction sector's grip on growth remains tenuous," stated Richard Branch, Chief Economist for Dodge Construction Network. "Long term, construction starts should improve, fed by an increase of nonresidential building projects in the planning pipeline and the recent passage of the infrastructure bill. Both will provide meaningful support and growth to construction in the year to come. This expectation, however, must be tempered by the significant challenges facing the industry: high prices, shortages of key materials, and the continued scarcity of skilled labor. While healing from the pandemic continues, there's still a long road back to full recovery."" – Nicole Sullivan, Public Relations & Social Media, AFFECT

Source: https://www.construction.com/news/Total-Construction-Starts-Soar-in-October-2021; 11/17/21

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Private Indicators

Dodge Data & Analytics

•"**Residential building starts** fell 8% in October to a seasonally adjusted annual rate of $388.6 billion. Single family starts gained less than one percent, while multifamily starts fell 24%. Through the first ten months of 2021, residential starts were 21% higher than in the same period one year ago. Single family starts gained 22% and multifamily starts grew 10%.

For the 12 months ending in October 2021, total residential starts were 20% higher than the 12 months ending in October 2020. Single family starts gained 23% and multifamily starts were up 11% on a 12-month sum basis.

The largest multifamily structures to break ground in October were the $286 million first phase of the Archer Towers in Jamacia, NY, the $120 million residential portion of a mixed-use building on 3rd Ave in Bronx, NY, and the $106 million Su Development Yesler Terrace Housing Block in Seattle, WA.

Regionally, total construction starts improved in the South Central and West regions, while slipping in the Northeast, Midwest, and South Atlantic regions.

Nonresidential building starts shot 29% higher in October to a seasonally adjusted annual rate of $357.2 billion. The catalyst for the increase was a large gain in the manufacturing sector as two very large projects kicked off. If not for these projects, total nonresidential building starts would have been down 3% over the month. In October, commercial starts lost 4%, with only hotels posting a gain. Institutional starts gained 4%, with all categories rising. In the first ten months of 2021, nonresidential building starts were 11% higher. Commercial starts increased 9%, manufacturing starts were 94% higher (39% without the large projects this month), and institutional starts were up 3%.

For the 12 months ending in October 2021, nonresidential building starts were 4% higher than in the 12 months ending in October 2020. Both commercial and institutional starts were up 2%, and manufacturing starts moved 24% higher in the 12 months ending October 2021. …" – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/Total-Construction-Starts-Soar-in-October-2021; 11/17/21

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Private Indicators

MONTHLY CONSTRUCTION STARTS

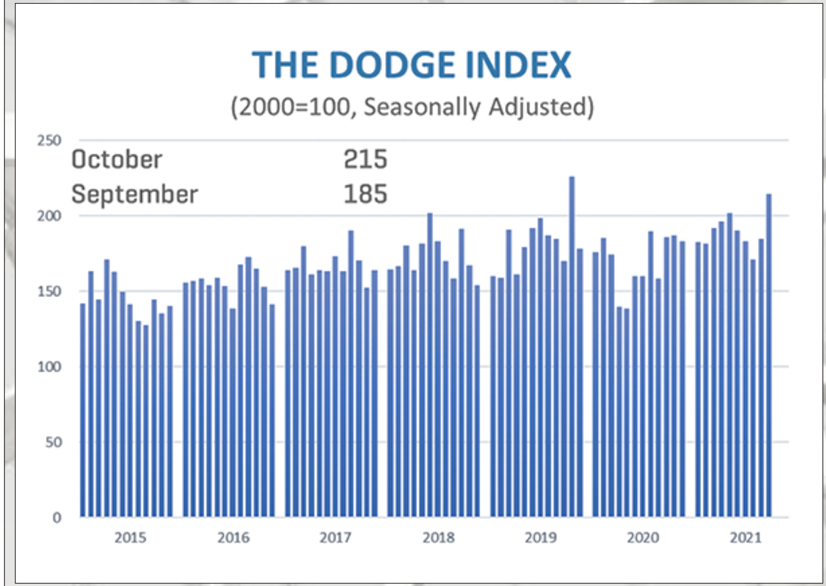
(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Oct 2021	Sep 2021	% Change
Nonresidential Building	$357,232	$276,587	29
Residential Building	388,582	420,580	-8
Nonbuilding Construction	268,350	175,974	52
Total Construction	$1,014,164	$873,141	16

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	10 Mos. 2021	10 Mos. 2020	% Change
Nonresidential Building	$237,117	$213,425	11
Residential Building	353,873	292,155	21
Nonbuilding Construction	165,419	161,780	2
Total Construction	$756,409	$667,360	13



Source: Dodge Data & Analytics

Source: https://www.construction.com/news/Total-Construction-Starts-Soar-in-October-2021; 11/17/21

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Private Indicators

MNI Chicago

"The Chicago Business Barometer™, produced with MNI, fell to 61.8 in November, the lowest reading since February, driven by a slow-down in new orders. Among the five main indicators, Inventories saw the largest increase, followed by Production. All other indicators dropped compared to October, with Order Backlogs seeing the largest decline.

Chicago Business Barometer™ – Fell to 61.8 in November

After the sharp October fall, Order Backlogs recovered more than half the loss, picking up 13.5 points index points. Supplier Deliveries rose through October to stand at 84.7, as firms again reported worsening port congestion and ongoing logistical issues with trucking, rail, and even air cargo.

Inventories rose to 59.6, the highest since Fall 2018. Some firms reported stockpiling to get ahead of further supply chain disruptions and counteract logistical issues. Order Backlogs dropped to 60.8, 6 points below the 12- month average, as firms reported a reduction in the size of incoming orders. Supplier Deliveries declined slightly, however multiple survey respondents reported November deliveries to be the slowest ever.

Prices Paid declined to 93.8, but still only just shy of October's multi-decade high with ongoing higher costs for production materials reported. Employment slipped to 51.6, reversing the October gain, and now hovers around the 12-month average as firms struggled to find qualified workers to meet vacancies. Production recovered slightly in November, following three straight falls from August to October. New Orders fell back to their February level of 58.2.

This month's special question asked, "Are you seeing any easing up in the supply chain blockages?" The majority (64.9%) said no, whilst 24.3% said somewhat. The second question asked, "Are you managing to pass the higher costs of doing business onto customers?" A total 78.4% of respondents were at least partially managing to pass costs onwards, with 21.6% unable to." – Les Commons, Senior Economist and Irene Prihoda, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 11/30/21

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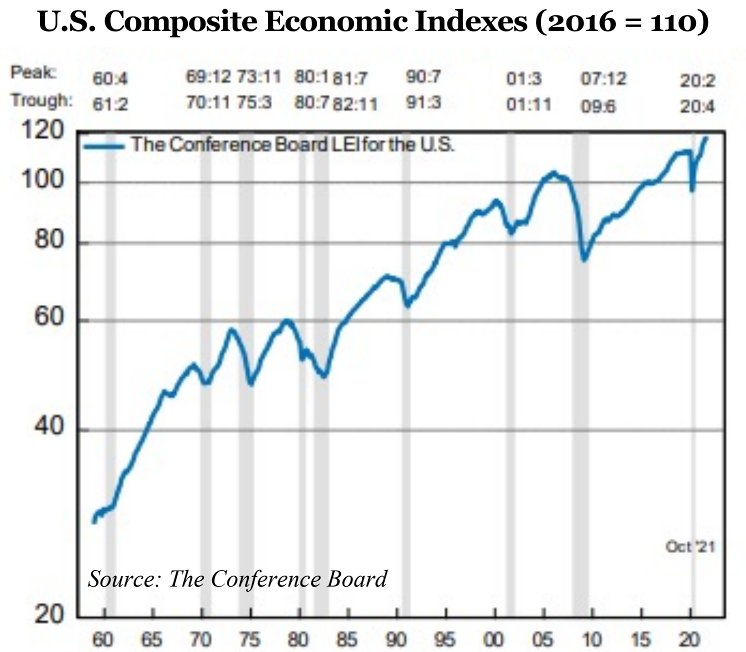
Private Indicators

The Conference Board Leading Economic Index® (LEI) for the U.S. Increased in October

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. increased by 0.9 percent in October to 118.3 (2016 = 100), following a 0.1 percent increase in September and a 0.7 percent increase in August."



"The U.S. LEI rose sharply in October suggesting the current economic expansion will continue into 2022 and may even gain some momentum in the final months of this year. Gains were widespread among the leading indicators, with only the average workweek and consumers' outlook making negative contributions. However, rising prices and supply chain bottlenecks pose challenges to growth and are not expected to dissipate until well into 2022. Despite these headwinds, The Conference Board forecasts growth to remain strong in the fourth quarter at around 5.0 percent (annualized rate), before moderating to a still historically robust rate of 2.6 percent in Q1 2022." – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

"**The Conference Board Coincident Economic Index®** (CEI) for the U.S. increased by 0.5 percent in October to 106.3 (2016=100), after remaining unchanged in September and a 0.1 percent increase in August.

The Conference Board Lagging Economic Index® (LAG) for the U.S. increased by 0.4 percent in October to 107.4 (2016 = 100), following a 1.0 percent increase in September and a 0.3 percent decline in August."

Source: https://www.conference-board.org/data/bcicountry.cfm; 11/18/21

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Private Indicators

Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index

October New Business Volume Up 16 Percent Year-over-year, 16 Percent Month-to-month, and 10 Percent Year-to-date

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the $900 billion equipment finance sector, showed their overall new business volume for October was $10.7 billion, up 16 percent year-over-year from new business volume in October 2020. Volume was up 16 percent month-to-month from $9.2 billion in September. Year-to-date, cumulative new business volume was up 10 percent compared to 2020.

Receivables over 30 days were 1.7 percent, up from 1.6 percent the previous month and down from 2.2 percent in the same period in 2020. Charge-offs were 0.16 percent, down from 0.35 percent the previous month and down from 0.60 percent in the year-earlier period.

Credit approvals totaled 78.0 percent, up from 76.3 percent in September. Total headcount for equipment finance companies was down 11.0 percent year-over-year, a decrease due to significant downsizing at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in November is 64.6, an increase from the October index of 61.1." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"The equipment finance industry heads into the final quarter of the year in fine shape, judging from October MLFI data. New business volume shows double digit growth, a somewhat surprising development given anecdotal evidence by some ELFA members of supply chain disruptions negatively impacting the availability and cost of capital goods in certain market sectors. Fourth quarter economic growth is projected to be buoyant despite higher prices and labor imbalances in the economy. And, with the recent signing of major infrastructure legislation coming out of Washington, the future for capital investment looks bright, indeed." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2021/11/23/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 11/23/21

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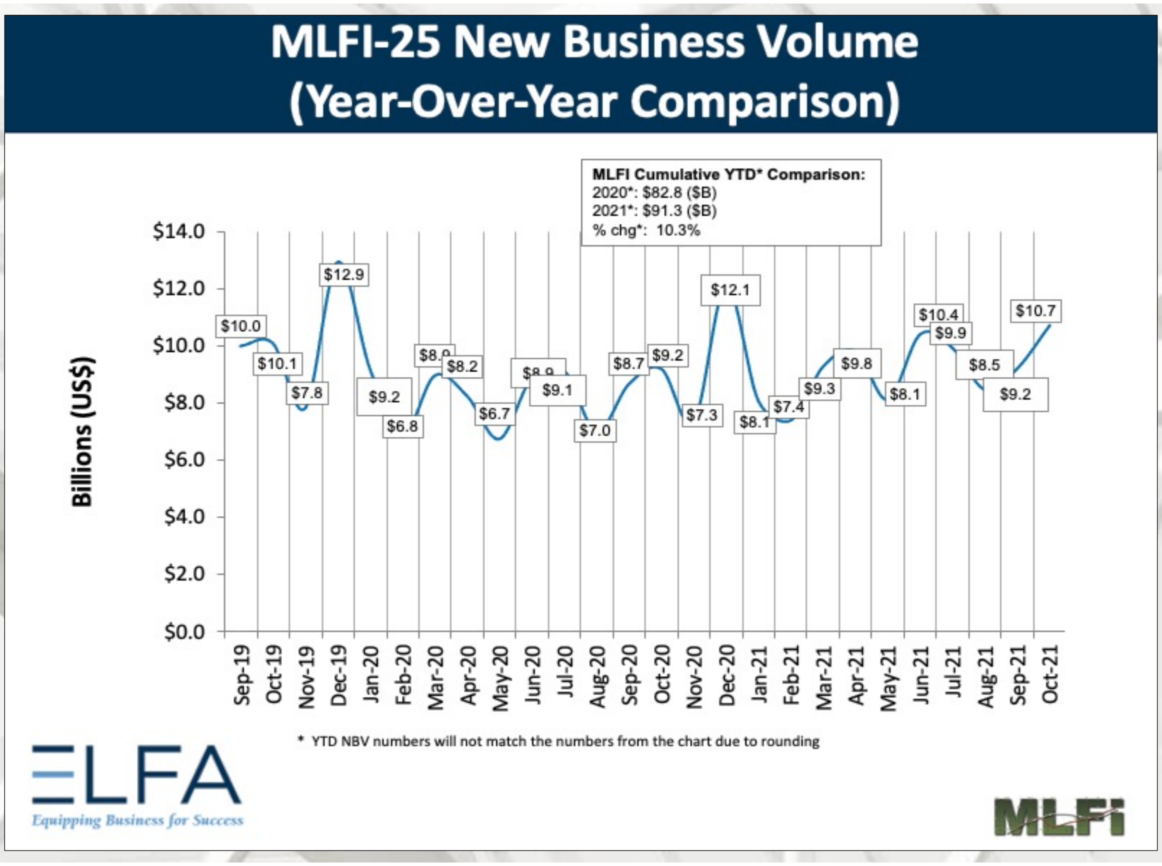
Private Indicators



Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index

"Given the unprecedented times of supply chain disruption, excess liquidity and rising inflation, there is still much to be hopeful about within the equipment finance sector. 'The Great Transition' will allow us all as providers of capital to further educate and provide value to our clients as they look to surmount challenges never before faced. In doing such, this should challenge the equipment finance sector to rethink our approach and how we serve our mission critical $1 trillion sector. Trends reported in the October MLFI are largely encouraging and those that are not provide 'opportunity' to serve. Looking into 2022, we see significant potential for growth as pent-up demand begins to wane and our clients further assimilate to the current environment." – William C. Perry III, President, Regions Equipment Finance Corporation

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2021/11/23/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 11/23/21

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Private Indicators

Markit U.S. Manufacturing PMI™

PMI drops to 11-month low amid softer demand conditions and material shortages

"The seasonally adjusted IHS Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 58.3 in November, down fractionally from 58.4 in October and lower than the earlier release 'flash' estimate of 59.1. The latest reading was the lowest since December 2020. Although remaining well above the 50.0 neutral level, the PMI was boosted in particular by the further near-record lengthening of supplier lead times and increased inventory building. While normally considered positive developments associated with an expanding manufacturing economy, the lengthening of lead times reflected an ongoing supply shock and inventory building often reflected concerns over the future supply situation.

November PMI™ data from IHS Markit signalled the second-weakest rise in production recorded over the past 14 months as producers reported further near-record supply delays and a slowing of new order inflows to the softest so far this year. Jobs growth also waned amid difficulties filling vacancies.

Longer lead times, supplier shortages and higher energy prices meanwhile pushed the rate of cost inflation to a fresh series high. Although firms still sought to pass on greater costs to clients, the pace of increase in prices charged slowed to the softest in three months amid signs of push-back to higher prices from customers.

Although US manufacturers indicated a stronger rate of increase in production during November amid reports of a sustained rise in new orders, the pace of growth was the second-slowest since September 2020. Companies continued to state that the upturn was held back by material shortages." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/97ef7f52dbc74699885602c699684099; 12/1/21

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Private Indicators

Markit U.S. Manufacturing PMI™

"New sales growth continued to significantly outpace production growth, though slowed to an eleven-month low. A number of companies suggested that strong client demand and efforts at customers to stockpile drove the increase. That said, some firms noted that material shortages and supplier delays led customers to place orders elsewhere. New export orders, meanwhile, rose marginally.

Employment increased further in November, as firms sought to broaden capacity amid rising backlogs of work. The rate of job creation slowed to only a modest pace, however, as labor shortages stymied efforts to fill current vacancies. Although the pace of growth in work-in-hand eased to the joint-softest since April, it was faster than any expansion seen before this period. Severe supplier delays and shortages led to the sharpest rise in input costs on record (since May 2007). Firms noted that higher prices for metals, chemicals and plastics, alongside greater freight and transportation costs drove inflation.

Manufacturers raised their selling prices markedly in November as higher costs were passed through to clients. Despite a faster rise in input prices, the rate of charge inflation eased to a three-month low. Concurrently, vendor performance deteriorated to one of the greatest extents on record. To protect against future shortages, delays and supplier price hikes firms increased their input buying sharply and pre-production inventories rose at the fastest pace for three months. Nonetheless, challenges replenishing stocks of finished goods led to the sharpest fall in post-production inventories since May 2020.

Finally, expectations regarding the outlook for output over the coming year improved to a three-month high. Optimism was often linked to hopes of supply chain issues easing in coming months, and in some cases greater confidence stemmed from investment in technology to prevent future bottlenecks." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/97ef7f52dbc74699885602c699684099; 12/1/21

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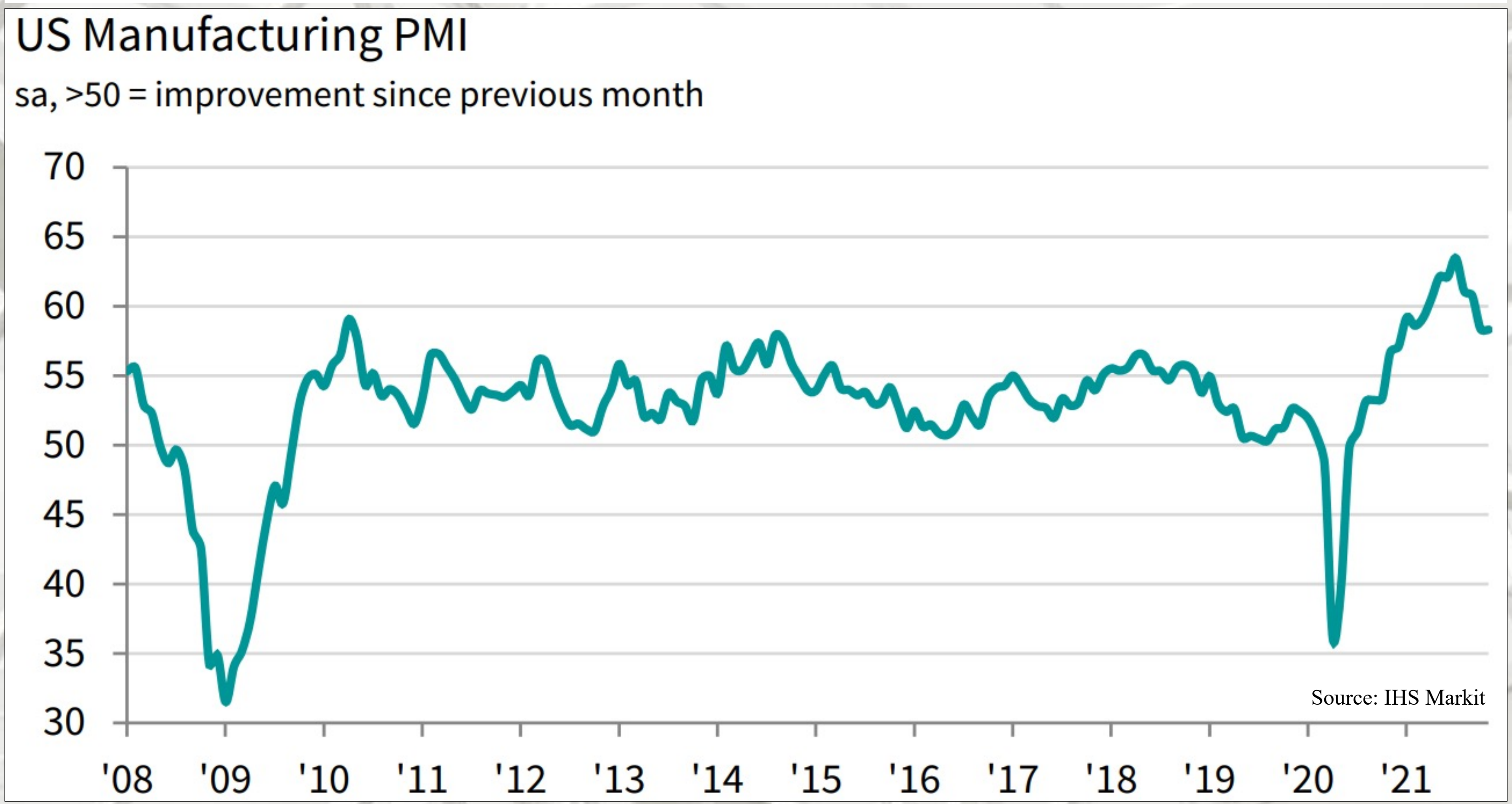
Private Indicators



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Private Indicators

IHS Markit U.S. Services PMI™

Service sector reports sustained strong business growth, but costs surge higher

"The seasonally adjusted final IHS Markit US Services PMI Business Activity Index 58.0 in November, down from 58.7 in October but above 57.0 recorded by the earlier released 'flash' estimate. Although the pace of expansion was stronger than the series average of 54.8, it was subdued in comparison to rates seen through 2021 so far. Some companies noted that higher output stemmed from the further recovery of client demand following the pandemic, others stated that concerns regarding a resurgence in COVID-19 cases and supply issues weighed on new order growth.

November data signalled a further solid service sector performance across the US, according to the latest PMI™ data, as business activity and new orders continued to rise at strong paces. Although output continued to rise at a pace well above the survey's long-run average, supply and labor issues hampered activity to result in a modest easing in the rate of expansion. Despite employment rising at the fastest pace since June, firms continued to struggle to work through backlogs of work, which rose at the second-fastest pace on record.

Meanwhile, cost burdens surged higher. The rate of input price inflation accelerated to the quickest since May and the second highest on record amid supply chain disruption and soaring wage bills. The pace of increase in selling prices slipped slightly, but remained marked overall.

November data indicated a strong rise in new business across the service sector, with the rate of increase holding close to October's three-month high though remaining below the strong gains seen earlier in the year. Firms stated that the expansion in client demand was sustained but that supply chain issues and higher selling prices often acted as deterrents to customers placing orders. New export orders, on the other hand, returned to growth, posting the largest rise since June amid the reopening of some key markets to travel." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/2f9b8026492a4feea1037bb199c55063; 12/3/21

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Private Indicators

IHS Markit U.S. Services PMI™

“The rate of cost inflation quickened to the second-sharpest on record (since October 2009), beaten only by the rise seen in May. Firms stated that higher supplier and fuel costs, alongside greater wage bills, drove the increase in input prices. Meanwhile, services firms continued to raise their selling prices in November. The rate of charge inflation eased from October’s series record rise, but was faster than any other increase seen in just over 12 years of data collection. The marked uptick in output prices was overwhelmingly linked to efforts to pass through higher costs to clients.

Service providers were successful in expanding their workforce numbers in November, as the rate of job creation quickened to the fastest since June. Although firms still mentioned challenges keeping hold of staff and hiring suitable candidates for vacancies, many were able to relieve some pressure on capacity. That said, backlogs of work rose at a sharp rate. The level of outstanding business increased at the second-steepest pace on record as supply and labor shortages stymied firms' ability to work through incoming new business.

Finally, the outlook for output over the coming year improved in November, with service providers registering more upbeat expectations. The level of optimism was the strongest since June amid hopes of greater client demand, increased stability in supply chains and an end to COVID-19 uncertainty.

Private sector output rises at softer pace in November

The IHS Markit US Composite PMI Output Index* posted 57.2 in November, down from 57.6 in October but still signalling a marked overall expansion in private sector activity. Output was led by the service sector as factories were hampered by supply chain disruptions. The upturn in new business was solid midway through the fourth quarter amid a strong expansion in services new orders. Meanwhile, foreign client demand signalled a renewed rise.

Sharper increases in manufacturing and service sector input prices led to the fastest rise in cost inflation on record (since October 2009). Alongside greater fuel and material costs, firms noted a steeper uptick in wage bills. Although the rate of charge inflation softened from October, it was the second-sharpest on record as firms sought to pass on higher costs to customers.” – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/2f9b8026492a4feea1037bb199c55063; 12/3/21

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Private Indicators

IHS Markit U.S. Services PMI™

Private sector output rises at softer pace in November

"Despite ongoing reports of difficulties retaining workers, private sector employment rose sharply in November and at the fastest pace for five months. The rate of growth in backlogs of work softened, but it was the third-steepest on record.

Comment

US business activity continued to grow at a solid rate in November, adding to signs that the pace of economic growth is accelerating in the fourth quarter after the Delta-wave induced slowdown of the third quarter. While growth is not matching the surge seen earlier in the year when the economy reopened, the fourth quarter expansion should be well above the economy's long-run trend to mark a solid end to the year

Growth is lopsided, however, being led by the service sector as manufacturing remains heavily constricted by supply shortages and, in some cases, labor supply issues. These constraints are also increasingly affecting service providers, as evidenced by the service sector reporting a near record build-up of uncompleted orders during November as companies often lacked the capacity to meet demand. Cost pressures in the service sector also spiked higher in November, generally linked to higher prices paid for inputs and staff due to shortages, the rate of inflation running just shy of May's all-time peak.

While business expectations for the year ahead rose in November, the vast majority of the survey data were collected prior to the news of the Omicron variant, which casts a renewed shadow of uncertainty over the outlook for business and poses a downside risk to near-term growth prospects." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/2f9b8026492a4feea1037bb199c55063; 12/3/21

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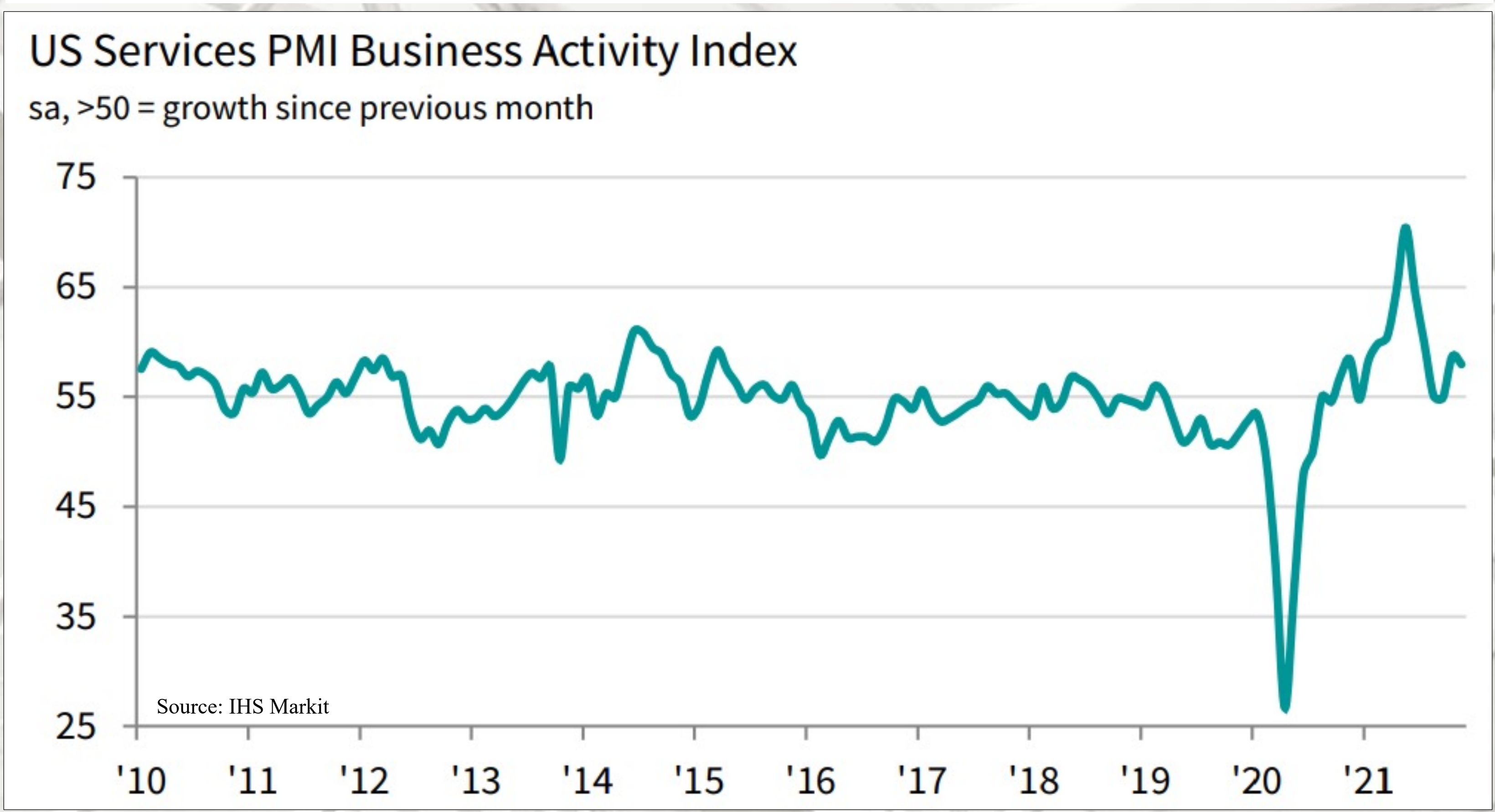

Source: https://www.markiteconomics.com/Public/Home/PressRelease/2f9b8026492a4feea1037bb199c55063; 12/3/21

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for November 2021: Combined Sectors

"The November combined score for the National Association of Credit Management's Credit Managers' Index is just shy of where it was a year ago. With a 0.6-point drop to 57.4 — month on month — it is the lowest it has been in the past year. However, it is not far behind the scores for February, June or August 2021 or December 2020.

The rebound of the global economy this year was as unprecedented as the pandemic itself," said NACM Economist Chris Kuehl, Ph.D. "The U.S. growth rate in the second quarter touched 9.5% before settling back to 6.5%. CMI data has reflected all of this turmoil. This month shows a slight reduction in activity, which still remains robust."

The combined index of favorable factors fell 1.3 points compared with October, but it remains higher than it was two months ago. Dollar collections took the biggest hit with a 3-point decline, followed by sales and amount of credit extended, 2.4 and 0.4 points, respectively. New credit applications was the only favorable category to edge up (0.8 points).

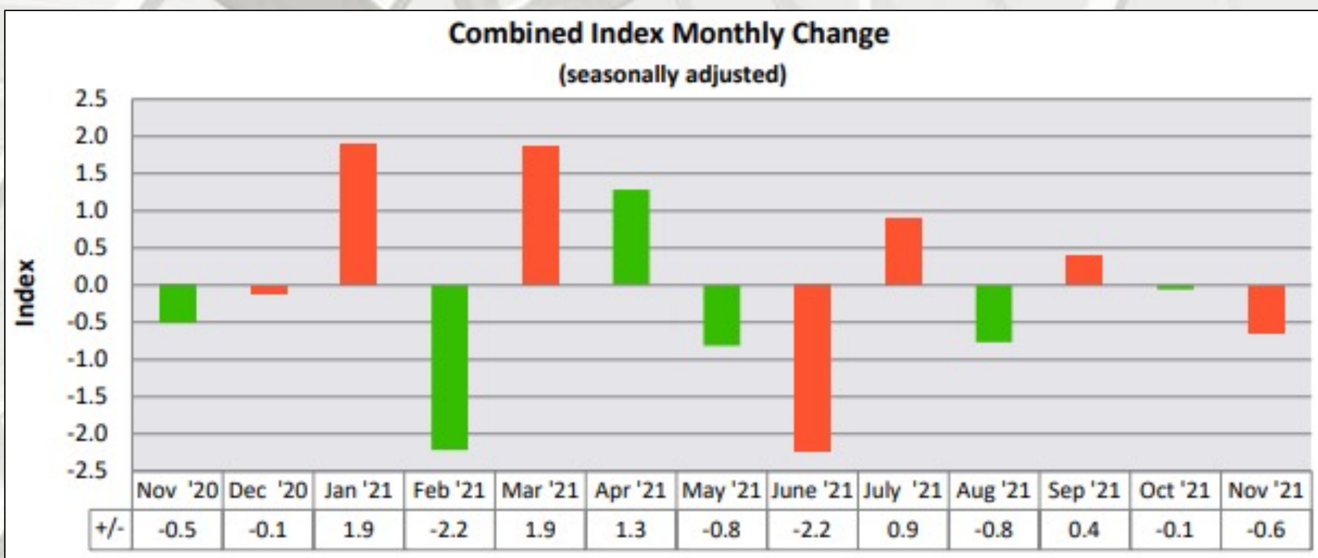
Overall, the index of unfavorable factors dropped for the second-consecutive month. The 0.2-point decrease took it to its lowest point this past year. A 1.8 drop brought dollar amount beyond terms back into contraction territory, while dollar amount of customer deductions fell further into the zone with a 1-point decline. Filings for bankruptcies fell (0.8 points) for the sixth-consecutive month. Rejections had a 1.1-point gain and accounts placed for collections improved by 0.6 points. Although disputes improved 0.5 points, it still remains in the contraction zone.

"As recently as September all the categories in the unfavorable index were in expansion territory, and now three have fallen into contraction territory," Kuehl said. "That has not been the case in over a year." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 11/30/21

Private Indicators

Combined Manufacturing and Service Sectors (seasonally adjusted)	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	June '21	July '21	Aug '21	Sep '21	Oct '21	Nov '21
Sales	66.5	70.2	75.9	69.9	73.9	74.7	73.2	67.7	73.3	68.6	70.4	72.7	70.3
New credit applications	63.9	64.4	67.8	65.5	63.9	65.9	64.6	63.1	69.8	64.4	65.0	64.6	65.4
Dollar collections	62.6	62.8	66.0	59.2	64.5	63.1	60.0	61.1	63.8	62.8	61.1	63.4	60.4
Amount of credit extended	64.8	65.3	69.2	66.8	68.4	69.0	69.0	67.4	61.1	68.4	67.5	70.0	69.6
Index of favorable factors	64.4	65.7	69.7	65.3	67.7	68.2	66.7	64.8	67.0	66.0	66.0	67.7	66.4
Rejections of credit applications	51.5	51.3	51.6	51.5	52.0	53.0	53.1	52.3	52.2	52.2	52.1	52.1	53.2
Accounts placed for collection	56.2	51.6	52.9	51.6	55.1	59.6	54.2	53.2	52.0	51.7	51.7	51.5	52.1
Disputes	50.6	51.2	50.9	51.0	50.6	51.3	53.7	50.4	49.4	49.5	51.3	48.5	49.0
Dollar amount beyond terms	58.1	57.0	58.9	52.0	57.0	59.4	57.1	49.5	52.4	51.6	51.9	50.9	49.1
Dollar amount of customer deductions	51.7	51.5	51.3	52.8	52.2	53.0	53.6	52.6	52.2	50.1	52.3	49.5	48.5
Filings for bankruptcies	53.0	52.5	52.3	54.5	55.7	57.1	59.3	58.3	58.2	57.4	57.3	56.8	56.0
Index of unfavorable factors	53.5	52.5	53.0	52.2	53.8	55.6	55.2	52.7	52.7	52.1	52.8	51.5	51.3
NACM Combined CMI	57.9	57.8	59.7	57.5	59.3	60.6	59.8	57.5	58.4	57.7	58.1	58.0	57.4



Source: https://nacm.org/cmi.html; 11/30/21

Private Indicators

National Federation of Independent Business (NFIB) November 2021 Report

Small Business Optimism Up Slightly in November

“As the end of the year nears, the outlook for business conditions is not encouraging to small business owners as lawmakers propose additional mandates and tax increases. Owners are also pessimistic as many continue managing challenges like rampant inflation and supply chain disruptions that are impacting their businesses right now.” – Bill Dunkelberg, Chief Economist, NFIB

“The NFIB Small Business Optimism Index increased slightly in November by 0.2 points to 98.4. Four of the 10 Index components improved, four declined, and two were unchanged. The NFIB Uncertainty Index decreased four points to 63..

Key findings include:

- Owners expecting better business conditions over the next six months decreased one point to a net negative 38%, tied for the 48-year record low reading. This indicator has declined 18 points over the past four months to its lowest reading since November 2012.
- The net percent of owners raising selling prices increased six points to a net 59% (seasonally adjusted), the highest reading since October 1979.
- Seasonally adjusted, a net 54% of owners plan price hikes, up three points from October and a 48-year record high reading.
- Forty-eight percent of owners reported job openings that could not be filled, a decrease of one point from October.

As reported in NFIB’s monthly jobs report, ” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/14/21

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Private Indicators

National Federation of Independent Business (NFIB) November 2021 Report

As reported in NFIB's monthly jobs report, small business owners continue to struggle to find workers to fill their open positions. Forty-eight percent (seasonally adjusted) of all small business owners reported job openings they could not fill in the current period, down one point from October. Overall, 60% of owners reported hiring or trying to hire in November.

Fifty-five percent of owners reported capital outlays in the last six months, down one point from October. Of those owners making expenditures, 39% reported spending on new equipment, 22% acquired vehicles, and 14% improved or expanded facilities. Six percent of owners acquired new buildings or land for expansion and 13% spent money for new fixtures and furniture. Twenty-seven percent of owners plan capital outlays in the next few months, down four points from October.

A net negative 2% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, up two points from October. The net percent of owners expecting higher real sales volumes increased two points to a net 2%.

The net percent of owners reporting inventory increases gained two points to a net 3%. Thirty-five percent of owners report that supply chain disruptions have had a significant impact on their business, 31% report a moderate impact, and 22% report a mild impact. Only 9% of owners report no impact from recent supply chain disruptions. A net 15% of owners viewed current inventory stocks as "too low" in November, up six points from October and a record-high level. A net 10% of owners plan inventory investments in the coming months, up two points from October and historically a very elevated reading." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/14/21

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Private Indicators

National Federation of Independent Business (NFIB) November 2021 Report

"The net percent of owners raising selling prices increased six points to a net 59% (seasonally adjusted), the highest reading since October 1979. Three percent (unadjusted) reported lower average selling prices and 59% reported higher average prices. Price hikes were the most frequent in wholesale (88% higher, 0% lower), construction (75% higher, 7% lower), and manufacturing (66% higher, 1% lower). Seasonally adjusted, a net 54% of owners plan price hikes, up three points from October and a 48-year record high reading.

A net 44% (seasonally adjusted) of owners reported raising compensation, unchanged from October and a 48-year record high reading. A net 32% plan to raise compensation in the next three months, also unchanged from October and a record high reading. Ten percent of owners cited labor costs as their top business problem and 29% said that labor quality was their top business problem.

The frequency of reports of positive profit trends remained at a net negative 17%. Among those owners reporting lower profits, 32% blamed the rise in the cost of materials, 25% blamed weaker sales, 9% cited labor costs, 9% cited the usual seasonal change, 16% cited lower prices, and 2% cited higher taxes or regulatory costs. For owners who report higher profits, 61% credited sales volumes, 11% cited usual seasonal change, and 17% cited higher prices.

Two percent of owners reported that all their borrowing needs were not satisfied, 23% reported all credit needs were met, and 65% said they were not interested in a loan. A net 2% reported their last loan was harder to get than in previous attempts. Zero percent of owners reported that financing was their top business problem. A net 2% of owners reported paying a higher rate on their most recent loan." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/14/21

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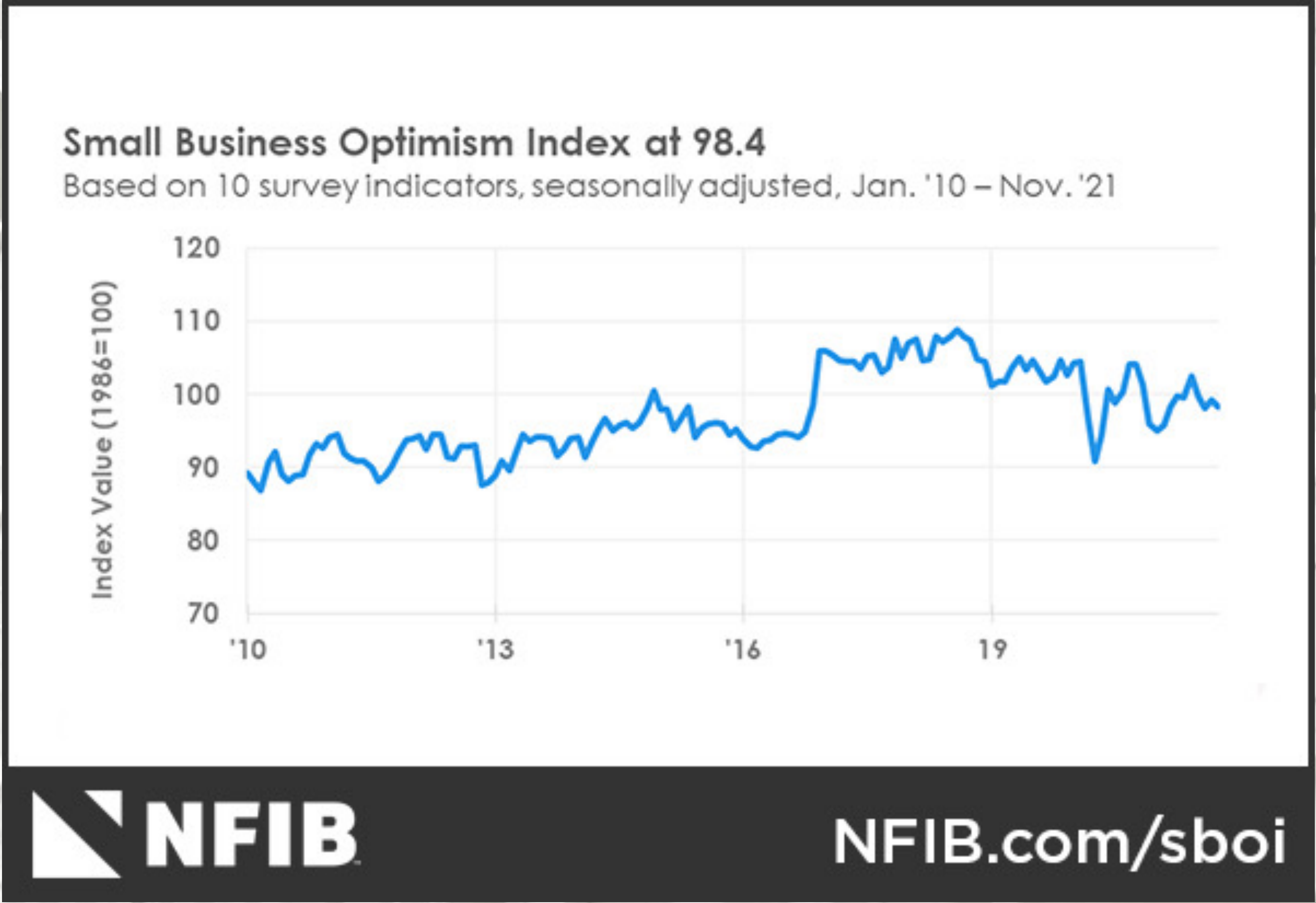
Private Indicators



Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/14/21

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Private Indicators

Small Business Optimism

Index Component	Net %	Change From Oct.
Plans to Increase Employment	25%	▼ -1
Plans to Make Capital Outlays	27%	▼ -4
Plans to Increase Inventories	10%	▲ 2
Expect Economy to Improve	-38%	▼ -1
Expect Real Sales Higher	2%	▲ 2
Current Inventory	15%	▲ 6
Current Job Openings	48%	▼ -1
Expected Credit Conditions	-3%	▲ 1
Now a Good Time to Expand	10%	▬ 0
Earnings Trends	-7%	▬ 0

NFIB

NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/14/21

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Employees of Small Businesses See Record High Hourly Earnings Growth in November; Job Growth Also Continues to Increase

"Wage growth reached a new high for the employees of small businesses in the U.S. in November, according to aggregated payroll data of approximately 350,000 Paychex clients with fewer than 50 employees. The data released in the latest Paychex | IHS Markit Small Business Employment Watch shows hourly earnings growth improved to 4.07 percent, the highest level since reporting began ten years ago. Small business hiring also increased for the month, with the Small Business Jobs Index up 0.27 percent in November to 100.72." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"The small business recovery continues with the sixth consecutive month of accelerated hiring," – James Diffley, Chief Regional Economist, IHS Markit

"The positive gains in hourly earnings growth show that employers are responding to tight labor conditions with higher wages. This growth comes at an opportune time for many Americans who are seeing higher costs for goods this holiday season due to supply chain and inflation pressures." – Martin Mucci, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 11/30/21

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

"In further detail, the November report showed:

- The national jobs index reached its highest level since March 2017, although growth slowed from 0.50 percent in October to 0.27 percent in November.
- At a national level, hourly earnings growth has steadily increased, from 2.99 percent in June to 4.07 percent in November.
- Of the 20 largest states based on U.S. population, all have hourly earnings growth above three percent.
- With hourly earnings growth at record levels, weekly earnings growth is also on the rise, increasing by nearly a full percentage point from August (2.54 percent) to November (3.46 percent).
- Leisure and hospitality leads sectors in earnings and hours worked growth for the eighth consecutive month.
- The South regained its lead among regions in small business employment growth, bolstered by the South Atlantic division." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 11/30/21

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

November Job Index	November Wage Data
Index	Hourly Earnings
100.72	$29.88
12-Month Change	12-Month Growth
+6.82%	+ 4.07% (+$1.17)

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 11/30/21

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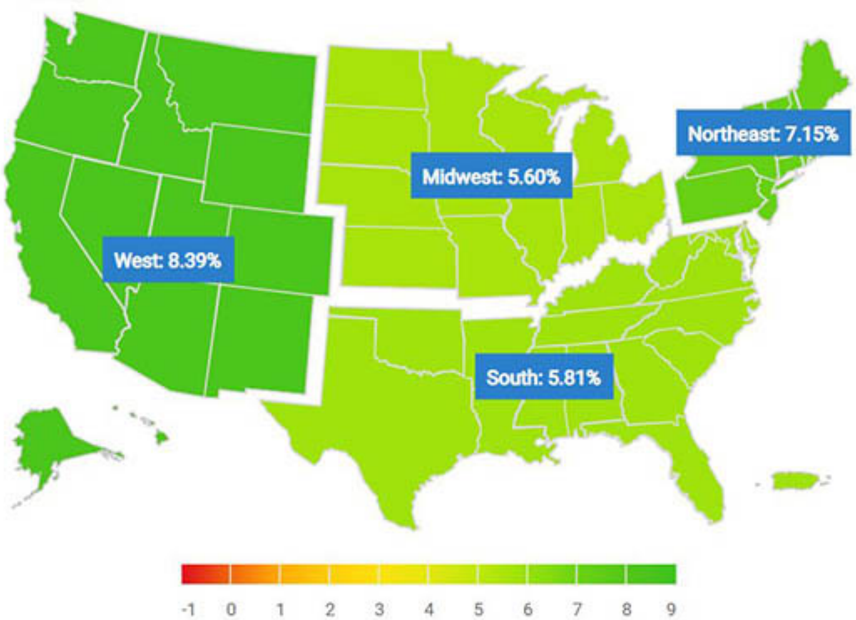
Private Indicators

The Paychex | IHS Markit
Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	99.92	5.60%
Northeast	100.50	7.15%
South	101.18	5.81%
West	101.10	8.39%

Change 12-Month

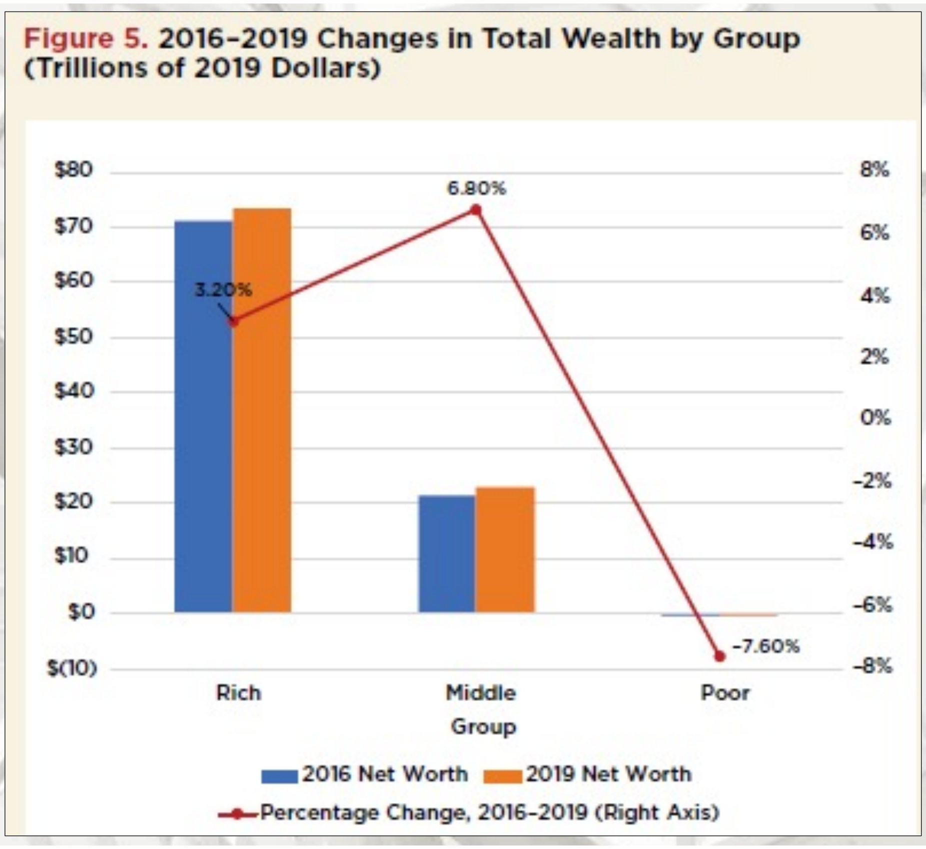
Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 11/30/21

Economics

Mortgage Bankers Association (MBA)

MBA Chart of the Week



"This week the Research Institute for Housing America (RIHA), MBA's think tank, released a special report, ***The Distribution of Wealth in America Since 2016***. The report, authored by ex-FHA Commissioner and HUD and OMB chief economist Dr. John Weicher, currently at the Hudson Institute, uses the two latest waves of the Federal Reserve Board's triennial Survey of Consumer Finances (SCF) to review the evolution of wealth among American households between 2016 and 2019." – Eddie Seiler, MBA

Source: https://s3141176.t.en25.com/e/es/; 12/3/21

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Economics

Mortgage Bankers Association (MBA)

"In addition, Dr. Weicher draws on available information-including COVID-19 economic effects and policy responses-to describe changes since 2019, and what they suggest about the distribution of wealth since then. The new report updates Dr. Weicher's previous RIHA report, ***The Distribution of Wealth Since the Great Recession***, that analyzed SCF data from 2007-2016.

This week's *MBA Chart of the Week* replicates Figure 5 from the new report. The figure shows that the net wealth of the rich, the top 10% of households, increased by 3.2% between 2016 and 2019, while the net worth of the poor, the bottom 30% of households, decreased by 7.6%. Poor households had $1.4 trillion in assets in 2019, but liabilities of $1.7 trillion. 14.9% of poor households were homeowners in 2019 (up from 14.5% in 2016), with 6% of these homeowners reporting they were underwater on their mortgages. Total home equity (for those reporting positive equity) was $120 billion (up from $48 billion in 2016).

The 60% middle households' net worth increased by 6.8% between 2016 and 2019. After a decade of increasing inequality, three factors that drove the increase in middle-class wealth led to lower overall wealth inequality in 2019: The increase in homeownership, the steady rise in home values and the rising stock market." – Eddie Seiler, MBA

Source: https://s3141176.t.en25.com/e/es/; 12/3/21

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Economics

Mortgage Bankers Association (MBA)

“The middle-wealth households' homeownership rate increased from 83.2% to 84.7% between 2016 and 2019, and the total equity in their homes increased from $8.5 trillion to $9.6 trillion (13%). Dr. Weicher summarizes the change for the middle-class, explaining, “Since home equity was much the largest share of their wealth in both years, by any measure middle-wealth homeowners as a group benefitted from being homeowners during these three years.”

However, the 2019 SCF shows that average wealth among these middle-wealth households varied substantially by race and ethnicity. For example, Table 6 from the report (that was replicated in yesterday’s MBA press release) shows that White middle-class households had mean net worth of $322,000 whilst Black households had $193,000. Moreover, with respect to housing, the homeownership rate gap between White and Black middle-wealth households was 8.5%, the mean home value for White households was $215,000 versus $145,000 for Black households, and mean home equity was $149,000 for White households versus $115,000 for Black households.” – Eddie Seiler, MBA

Source: https://s3141176.t.en25.com/e/es/; 12/3/21

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

November 2021

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	NOV 2021	432,034	66,062	69,909	198,939	97,124
	NOV 2021 / OCT 2021	-0.1%	-0.7%	-0.2%	-0.9%	+2.3%
High-Propensity	NOV 2021	144,369	23,743	22,562	62,341	35,723
	NOV 2021 / OCT 2021	+0.8%	+0.9%	+0.3%	-0.8%	+3.9%
With Planned Wages	NOV 2021	52,258	7,456	8,939	22,441	13,422
	NOV 2021 / OCT 2021	+0.2%	+0.7%	-1.6%	-2.6%	+6.0%
From Corporations	NOV 2021	53,256	11,242	7,003	19,013	15,998
	NOV 2021 / OCT 2021	+2.7%	+2.2%	+5.8%	-1.0%	+6.4%

Details may not equal totals due to rounding. Regions defined by Census Bureau Geography Program. Statistical significance is not applicable or not measurable.
Data adjusted for seasonality. Green Percentage changes are greater than zero (+). Red Percentage changes are less than zero (-). Z = absolute value < 0.05.

"Business Applications for November 2021, adjusted for seasonal variation, were 432,034, a decrease of 0.1 percent compared to October 2021.

The U.S. Census Bureau announced the following seasonally adjusted business application and formation statistics for November 2021. The Business Application Series describe the business applications for tax IDs as indicated by applications for an Employer Identification Number (EIN) through filings of the IRS Form SS-4. The Business Formation Series describe employer business formations as indicated by the first instance of payroll tax liabilities for the corresponding business applications." – U.S. Census Bureau, Economic Indicators Division, Business Formation Statistics

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 12/8/21

Economics

U.S. Census Bureau

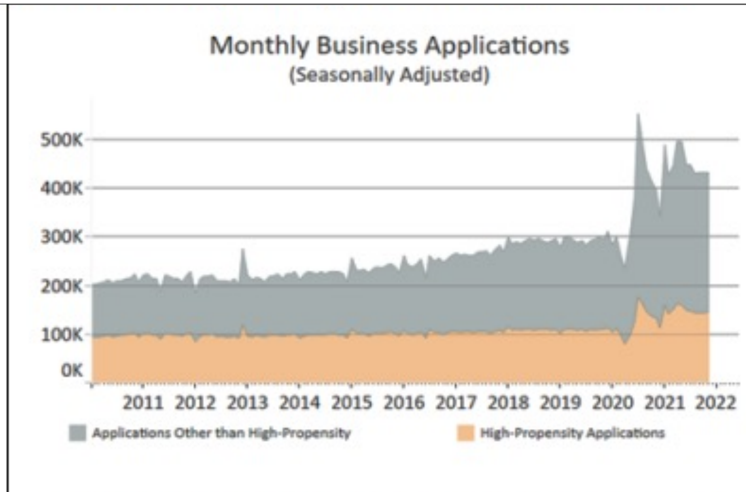
NEW Business Formation Statistics

November 2021

BUSINESS APPLICATIONS

U.S. Business Applications:	NOV 2021	NOV 2021 / OCT 2021
Total	432,034	-0.1%°
High-Propensity	144,369	0.8%°
With Planned Wages	52,258	0.2%°
From Corporations	53,256	2.7%°

Next release: January 12, 2022
(°) Statistical significance is not applicable or not measurable.
Data adjusted for seasonality.
Source: U.S. Census Bureau, Business Formation Statistics, December 08, 2021



Source: U.S. Census Bureau, Business Formation Statistics, December 08, 2021

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 12/8/21

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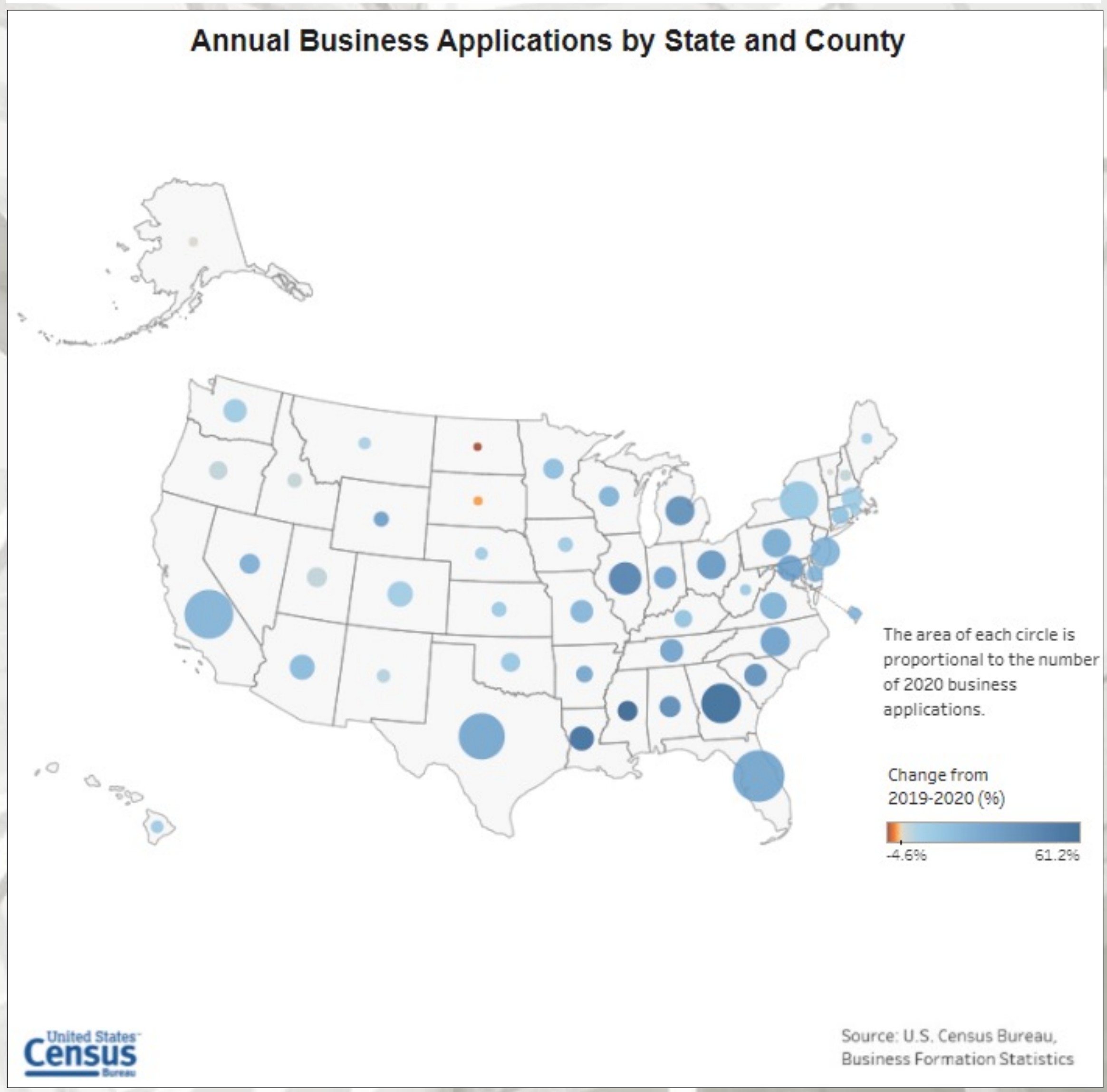
Economics

NEW Business Formation Statistics

November 2021



Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 12/8/21

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