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"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2023 is **2.2 percent** on November 15, up from 2.1 percent on November 8. After recent releases from the US Census Bureau, the US Bureau of Labor Statistics, and the US Department of the Treasury's Bureau of the Fiscal Service, the nowcasts of fourth-quarter real personal consumption expenditures growth and fourth-quarter real gross private domestic investment growth increased from 2.6 percent and -1.1 percent, respectively, to 2.7 percent and -0.8 percent.” – Pat Higgins, Economist, Federal Reserve Bank of Atlanta
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

Index Points to Economic Growth Near Historical Trend in September

“The Chicago Fed National Activity Index (CFNAI) increased to +0.02 in September from –0.22 in August. All four broad categories of indicators used to construct the index increased from August, and two categories made positive contributions in September. The index’s three-month moving average, CFNAI-MA3, moved up to a neutral value in September from –0.14 in August.

The CFNAI Diffusion Index, which is also a three-month moving average, increased to +0.05 in September from –0.15 in August. Forty-seven of the 85 individual indicators made positive contributions to the CFNAI in September, while 37 made negative contributions and one made a neutral contribution. Fifty-eight indicators improved from August to September, while 26 indicators deteriorated and one was unchanged. Of the indicators that improved, 21 made negative contributions.

Production-related indicators contributed +0.03 to the CFNAI in September, up from –0.10 in August. Manufacturing production increased 0.4 percent in September after decreasing 0.1 percent in the previous month. The contribution of the sales, orders, and inventories category to the CFNAI moved up to –0.01 in September from –0.06 in August.

Employment-related indicators contributed +0.01 to the CFNAI in September, up slightly from a neutral contribution in August. The contribution of the personal consumption and housing category to the CFNAI moved up to –0.01 in September from –0.06 in August.” – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 10/23/23
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

Source: https://www.chicagofed.org/publications/cfnai/index; 10/23/23
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)

Survey Suggests Growth Slowed in October

“The Chicago Fed Survey of Economic Conditions (CFSEC) Activity Index decreased to –37 in October from –20 in September, suggesting that economic growth was well below trend. The CFSEC Manufacturing Activity Index decreased to –51 in October from –17 in September, but the CFSEC Nonmanufacturing Activity Index increased to –23 in October from –27 in the previous month.

- Respondents’ outlooks for the U.S. economy for the next 12 months deteriorated, and remained pessimistic on balance. Fifty-two percent of respondents expected a decrease in economic activity over the next 12 months.
- The pace of current hiring decreased, as did respondents’ expectations for the pace of hiring over the next 12 months. Both hiring indexes remained negative.
- Respondents’ expectations for the pace of capital spending over the next 12 months increased, but the capital spending expectations index remained negative.
- The labor cost pressures index increased, as did the nonlabor cost pressures index. Both cost pressures indexes remained negative.” – Thomas Walstrum, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 10/20/23
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 10/20/23
Texas Manufacturing Outlook Survey

Tepid Texas manufacturing recovery continues

“Growth in Texas factory activity continued in October, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, posted a second positive reading after four months in negative territory. It edged down to 5.2, a reading that signals a modest pace of output expansion.

Other measures of manufacturing activity showed mixed signals this month. The new orders index remained negative and slipped four points to -8.8. The capacity utilization index posted a second consecutive positive reading, coming in at 5.4, while the shipments index remained near zero.

Perceptions of broader business conditions continued to worsen in October. The general business activity and company outlook indexes remained largely unchanged at -19.2 and -17.1, respectively, having now spent a year and a half in negative territory. The outlook uncertainty index remained elevated but retreated from 27.0 to 20.2.

Labor market measures suggest slower employment growth and shorter workweeks in October. The employment index declined seven points to 6.7, a reading just below the series average of 7.9. Nineteen percent of firms noted net hiring, while 13 percent noted net layoffs. The hours worked index slipped back into negative territory, coming in at -2.3.

Upward pressure on input costs – both labor and materials – retreated this month, and selling prices fell modestly. The raw materials prices index dropped 11 points to 13.6, a reading well below average. The finished goods prices index fell to -2.1, its lowest reading in more than three years. The wages and benefits index dropped 10 points to 24.4, a reading much closer to average than what has typically been seen the past three years.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/30/23
“Expectations regarding future manufacturing activity were mixed in October. The future production index remained positive and pushed up nine points to 20.0. The future general business activity index rose 10 points but remained negative at -6.8. Most other measures of future manufacturing activity advanced into more-positive territory this month.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 10/30/23
Texas Service Sector Outlook Survey

Texas service activity flat, outlook continues to worsen

“Growth in Texas service sector activity stalled in October, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell eight points to 0.7, with the near-zero reading suggesting little change in activity from September.

Labor market indicators pointed to no growth in employment and a largely stable workweek. The employment index fell from 2.7 to 0.1, its lowest level in seven months. The part-time employment index fell five points to -3.4, while the hours worked index declined from 3.0 to -1.3.

Perceptions of broader business conditions continued to worsen in October, as pessimism notably increased. The general business activity index dropped from -8.6 to -18.2, its lowest level since December of last year, while the company outlook index fell to -12.8, its lowest level in 16 months. The outlook uncertainty index jumped from 14.8 to 23.0.

Price pressures remained unchanged while wage growth eased slightly in October. The input prices index was flat at 37.3 and the selling prices index remained steady at 9.5, though both indexes exceeded their respective series averages. The wages and benefits index fell two points to 17.0, approaching its average reading of 15.8.

Respondents’ expectations regarding future service sector activity were mixed in October. The future general business activity index fell further to -12.0. The future revenue index remained positive but decreased five points to 26.6. Other future service sector activity indexes such as employment and capital expenditures remained in positive territory, reflecting expectations for continued growth in the next six months.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/31/23
Texas Service Sector Outlook Survey Revenue Index

Index, seasonally adjusted


Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 10/31/23
“Retail sales declined again in October, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, fell from -4.4 to -18.1, marking its sixth consecutive month in negative territory. Retailers’ inventories fell for the first time in 17 months, with the index dropping from 13.9 to -2.4.

Retail labor market indicators reflected a contraction in employment and workweeks in October. The employment index fell 13 points to -12.4 while the part-time employment index dropped eight points to -5.2. The hours worked index fell from 0.6 to -12.1.

Retailers’ perceptions of broader business conditions worsened in October. The general business activity index dropped from -10.2 to -23.0, while the company outlook index fell from 2.1 to -11.9. The outlook uncertainty index increased 10 points to 23.1.

Selling price pressures rose while input price and wage pressures eased in October. The selling prices index moved up five points to 16.2. The input prices index dropped three points to 27.2, while the wages and benefits index fell notably from 18.5 to 2.9.

Expectations for future retail growth were mixed in October. The future general business activity index fell from -0.3 to -7.7, reflecting worsened expectations. The future sales index was practically unchanged at 11.0, yet the positive reading indicates continued growth. Other indexes of future retail activity, such as employment and capital expenditures, showed mixed movements but remained in positive territory, reflecting expectations for continued growth in retail activity later in the year.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 10/31/23
The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey Sales Index
Index, seasonally adjusted

Source: https://www.dallasfed.org/research/surveys; 10/31/23
Regional factory activity continued to decline in October. District production and employment decreased, and the number of new orders fell substantially.

**Factory Activity Continued to Decline**

“Tenth District manufacturing activity continued to decline in October, and expectations for future activity stayed mostly flat (Chart 1). District firms’ finished product prices stayed steady this month, and the raw materials prices declined slightly for the first time since 2020. Going forward, firms expect both finished product and raw materials prices to increase moderately.

The month-over-month composite index was -8 in October, unchanged from September and down from 0 in August. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Durable goods manufacturing declined more than nondurable goods, but both sectors declined at the same pace as the previous month. Most month-over-month indexes were negative. The production, shipments, and order backlog indexes all declined moderately, while new orders fell significantly. Accordingly, employment declined slightly while the average employee workweek held steady. Inventories were unchanged from last month.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City
“Factory activity also decreased at a similar pace on a year-over-year basis. The composite index ticked up to -11 in October from -12 in September and -9 in August. Production, new orders, volume of shipments, and backlogs all fell further, and capital expenditures cooled. The future composite index stayed at 1 in October and is down slightly from 2 in August, as firms’ expectations for production grew but other indexes softened.

**Special Questions**

This month contacts were asked special questions about their employees. 20% of firms expect the loss of the federal childcare subsidy to reduce their ability to hire or retain workers, while 80% do not expect any difference. Firms were also asked if they have been devoting more resources to training workers that do not meet skills requirements. 33% reported devoting significantly more resources, 43% have devoted slightly more, 23% have seen no change, and only 1% reported devoting significantly less resources to training.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City
The Federal Reserve Bank of Kansas City

Chart 1

23-Oct
Vs. a Month Ago: -8

23-Oct
Vs. a Year Ago: -11

Source: https://www.kansascityfed.org; 10/26/23
District services activity stayed flat again in October. Input cost increases continued to far outpace selling prices, while employment rebounded from last month and is expected to remain unchanged.

**Business Activity Held Constant Again**

“Tenth District services activity held constant again in October, and expectations for the next six months picked up (Chart 1). Increases in input and selling prices cooled this month, but input prices continue to rise at a faster pace. Heading forward, firms expect input price increases to cool slightly and selling prices to rise even further.

The month-over-month services composite index was -1 in October, down slightly from 2 in September and unchanged from August. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Revenues in transportation, real estate, and tourism increased this month, while they declined in wholesale and retail trade, autos, and healthcare. All month-over-month indexes declined slightly from previous readings, except the employment index which increased from -3 to 5. General revenue/sales decreased after slight growth last month, and inventories turned negative for the first time since April. The year-over-year composite index increased to 9 from 4 due to increases in revenue from this time last year. Expectations for services activity also rose to 7 from 3 as firms are more optimistic about revenues for the next six months.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 10/27/23
“This month contacts were asked special questions about their employees. 21% of firms expect the loss of the federal childcare subsidy to reduce their ability to hire or retain workers, while 79% do not expect any difference. Firms were also asked if they have been devoting more resources to training workers that do not meet skills requirements. 15% reported devoting significantly more resources, 49% have devoted slightly more, and 36% have seen no change.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City
The Federal Reserve Bank of Kansas City

23-Oct
• Vs. a Year Ago: 9

23-Oct
• Vs. a Month Ago: -1

Source: https://www.kansascityfed.org; 10/27/23
“Business activity grew modestly in New York State, according to firms responding to the November 2023 Empire State Manufacturing Survey. The headline general business conditions index climbed fourteen points to 9.1. New orders continued to fall slightly, while shipments picked up. Unfilled orders declined significantly, and delivery times shortened. Inventories increased for the first time in several months. Labor market indicators pointed to a small decline in employment and the average workweek. The pace of input price increases moderated just slightly, while selling price increases were little changed. There was a steep drop in the outlook, with firms no longer expecting conditions to improve over the next six months.

Manufacturing activity increased in New York State, according to the November survey. The general business conditions index rose fourteen points to 9.1, its highest reading since April. Thirty-three percent of respondents reported that conditions had improved over the month, while twenty-four percent reported that conditions had worsened. The new orders index held steady at -4.9, pointing to another small decline in orders, while the shipments index rose eight points to 10.0, pointing to an increase in shipments. The unfilled orders index fell four points to -23.2, a sign that unfilled orders continued to fall significantly. The inventories index rose eleven points to 9.1, indicating that inventories moved higher for the first time in several months. The delivery times index was little changed at -6.1, suggesting that delivery times continued to shorten.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 11/15/23
November 2023 Manufacturing Survey

Labor Market Indicators Weaken

“The index for number of employees fell eight points to -4.5, and the average workweek index fell six points to -3.8, reflecting a small decline in employment levels and hours worked. The prices paid index edged down three points to 22.2, pointing to a slight moderation in input price increases, while the prices received held steady at 11.1, a sign that selling price increases remained modest.

Firms No Longer Optimistic

Looking ahead, firms became much less sanguine about the outlook. The index for future business conditions plunged twenty-four points to -0.9, its lowest level in nearly a year. Only 29 percent of respondents expect conditions to be better in six months. New orders and shipments are expected to increase only modestly, though employment is expected to grow. The capital spending index dropped seven points to 3.0, and the technology index fell to zero, suggesting that capital spending plans and technology spending plans remained weak.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 11/15/23
October Empire State Business Leaders Survey  
(Services)  

Activity Contracts

“Activity declined significantly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s October 2023 Business Leaders Survey. The survey’s headline business activity index dropped sixteen points to -19.1, its lowest level in several months. The business climate index fell nine points to -35.9, suggesting the business climate remains much worse than normal. Despite the decline in activity, employment growth picked up, while wages grew at about the same pace as last month. Input and selling price increases moderated slightly. Looking ahead, firms were not optimistic that conditions would improve over the next six months.

Business activity fell significantly, according to the October survey. The headline business activity index declined a steep sixteen points to -19.1, its lowest reading since May. Nineteen percent of respondents reported that conditions improved over the month and 38 percent said that conditions worsened. The business climate index fell nine points to -35.9, suggesting that the business climate remains worse than normal, and to a greater extent than in recent months.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 11/17/23
The employment index climbed five points to 8.9, pointing to a modest increase in employment despite the decline in activity. The wages index was little changed at 39.5, a sign that wages increased at about the same pace as last month. Both the prices paid and prices received indexes fell three points, indicating that input and selling price increases moderated slightly. The capital spending index came in at 5.1, suggesting a small increase in capital expenditures.

Firms No Longer Optimistic

The index for future business activity fell to 1.9, its near-zero reading indicating that firms do not expect activity to increase over the next six months. The index for the future business climate plunged twenty-four points to -25.5. However, employment is expected to grow modestly in the months ahead, and wage increases are expected to remain widespread.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York
Business Activity
Diffusion Index of Current and Expected Activity

Zoom

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 11/17/23
“Manufacturing activity in the region continued to decrease overall, according to the firms responding to the November Manufacturing Business Outlook Survey. The survey’s indicator for general activity rose but remained negative. The indicator for shipments turned negative, while the indicator for new orders was positive but low. The employment index suggests steady employment overall, and both price indexes indicate overall increases in prices. The future indicators suggest that firms’ expectations for growth over the next six months remain subdued.

The diffusion index for current general activity increased 3 points but remained negative at -5.9 this month (see Chart). This is the index’s 16th negative reading in the past 18 months. Almost 18 percent of the firms reported decreases in general activity this month (down from 35 percent last month), while 12 percent reported increases (down from 26 percent); 70 percent reported no change (up from 38 percent last month). The index for new orders declined 3 points to 1.3, while the current shipments index more than offset its increase last month, dropping sharply from 10.8 to -17.9.

On balance, the firms reported mostly steady levels of employment. The employment index declined 3 points to 0.8 in November. Similar shares of the firms reported increases (16 percent) and decreases (15 percent) in employment; most firms (68 percent) reported steady employment levels. The average workweek index remained negative, falling 7 points to -11.4.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

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

November 2023 Manufacturing Business Outlook Survey

Firms Continue to Report Price Increases Overall

“The prices paid diffusion index declined from 23.1 in October to 14.8 in November. Almost 21 percent of the firms reported increases in input prices, exceeding the 6 percent reporting decreases; 72 percent of the firms reported no change in prices paid. The current prices received index was little changed at 14.8. Twenty-one percent of the firms reported increases in prices received for their own goods this month, 6 percent reported decreases, and 72 percent reported no change.

Future Indicators Soften

The diffusion index for future general activity fell from 9.2 in October to -2.1 in November, its first negative reading since May (see Chart). The share of firms expecting decreases in activity over the next six months (30 percent) narrowly exceeded the share expecting increases (28 percent); 38 percent expect no change. The future new orders index decreased 8 points to 11.3, while the future shipments index increased 11 points to 16.3. The firms continued to expect overall increases in employment over the next six months, but the future employment index declined 4 points to 4.3. The future capital expenditures index rose but remained negative at -1.3.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Firms Anticipate Lower Capital Expenditures Next Year

“In this month’s special questions, the firms were asked to forecast the changes in prices of their own products and for U.S. consumers over the next four quarters. Regarding their own prices over the next year, the firms’ median forecast was for an expected increase of 3.0 percent, down from 4.0 percent when this question was last asked in August. The firms reported a median increase of 5.0 percent in their own prices over the past year, unchanged from last quarter. The firms’ median forecast for the rate of inflation for U.S. consumers over the next year was 4.0 percent, unchanged from August. Over the long run, the firms’ median forecast for the 10-year average inflation rate was 3.0 percent, down from 3.5 percent.

Summary

Responses to the November Manufacturing Business Outlook Survey suggest a decline in overall regional manufacturing activity this month. The indicator for current activity rose but remained negative, while the shipments index turned negative, and the new orders index remained positive but low. On balance, the firms indicated mostly steady employment, and the current price indexes continue to suggest increases in prices. The survey’s broad indicators for future activity suggest respondents’ expectations for growth over the next six months were subdued.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia
Current Indicators Remain Weak

“Nonmanufacturing activity in the region remained weak overall, according to the firms responding to the October Nonmanufacturing Business Outlook Survey. The survey’s current indicators for general activity at the firm level and for sales/revenues edged up but remained negative. Meanwhile, the index for new orders fell further into negative territory. The survey’s index for prices paid increased this month, while the index for prices received was flat. Overall, the respondents expect growth over the next six months at their own firms, and optimism was more widespread this month.

The diffusion index for current general activity at the firm level edged up from -5.5 last month to -4.9 in October, remaining negative for the third consecutive month (see Chart 1). Almost 23 percent of the firms reported increases, while 28 percent reported decreases. The sales/revenues index also recorded its third consecutive decline but inched up 2 points to -9.0. Nearly 21 percent of the firms reported increases in sales/revenues, while 30 percent reported decreases. The new orders index declined 7 points this month to -16.1, undoing its increase from last month and registering its fifth consecutive negative reading. Almost 12 percent of the firms reported increases in new orders, less than the 28 percent that reported decreases. The regional activity index declined 4 points to -20.3 this month.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia
Chart 1. Current and Future General Activity Indexes for Firms
March 2011 to October 2023

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-2023-09; 10/24/23
October 2023 Nonmanufacturing Business Outlook Survey

Firms Report Overall Increases in Employment

“The firms reported overall increases in full- and part-time employment this month. The full-time employment index remained positive at 8.2 in October, up from 6.4 last month. The share of firms reporting increases in full-time employment (19 percent) exceeded the share reporting decreases (11 percent); most firms (63 percent) reported no change. After recording two consecutive months of slightly negative readings, the part-time employment index increased to 2.9 this month. Most firms (68 percent) reported steady part-time employment, while 12 percent of the firms reported increases and 9 percent reported decreases. The average workweek index rose 2 points to 11.2.

Firms Continue to Report Increases in Prices Paid

Price indicator readings suggest widespread increases in prices for inputs and steady prices for the firms’ own goods and services. The prices paid index increased 5 points to 46.6 in October. Almost 47 percent of the firms reported increases in prices paid, 46 percent reported steady input prices, and no firms reported decreases. Regarding prices for the firms’ own goods and services, the prices received index fell 4 points to 0.5. The share of firms reporting increases in prices received (11 percent) narrowly exceeded the share reporting decreases (10 percent). Over 71 percent of the firms reported no change in prices received.

Respondents Anticipate Growth at Own Firms

The diffusion index for future activity at the firm level increased from a reading of 9.4 in September to 19.4 this month (see Chart 1). Nearly 41 percent of the respondents expect an increase in activity at their firms over the next six months (up from 33 percent), compared with 22 percent that expect decreases (down slightly from 23 percent) and 33 percent that expect no change (down from 41 percent). However, the future regional activity index fell 8 points to -4.6, its first negative reading since April.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-09; 10/24/23
Firms Anticipate Lower Capital Expenditures Next Year

“For this month’s special question, nonmanufacturers were asked about their plans for different categories of capital spending for the upcoming year. On balance, a larger share of firms expects a decrease in capital expenditures in 2024 than an increase. More than 22 percent of the respondents expect to increase total capital spending, while 31 percent expect to decrease capital expenditure spending. Almost 47 percent of the firms expect the same level of capital expenditure over the next year. Overall, the firms expect lower capital spending for all categories except software.

Summary

Responses to this month’s Nonmanufacturing Business Outlook Survey suggest weak nonmanufacturing activity in the region. The indicators for firm-level general activity, sales/revenues, and new orders all remained negative. The prices paid index continued to suggest price increases for inputs this month. The future firm-level activity index suggests more widespread optimism for growth over the next six months.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia
The Federal Reserve Bank of Philadelphia: GDPplus

GDPplus: An Alternative Measure of Real U.S. Output Growth

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.

“Fifth District manufacturing activity changed little in October, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index edged down from 5 in September to 3 in October. Of its three component indexes, shipments edged up from 7 to 9, new orders fell from 3 to −4, and employment remained at 7. Although the level of the composite index was not very high, it was positive for only the second month since the spring of 2022.

Firms were not optimistic about local business conditions, however, as the index fell from 0 in September to −9 in October. The index for future local business conditions also fell, declining from 6 in September to -3 in October.

Most firms continued to report declining backlogs and vendor lead time as these indexes both remained negative. Meanwhile, two of the three spending indexes decreased.

The average growth rates of prices paid and prices received decreased in October, with both indexes falling below firms’ expected price growth for the year ahead, for the first time since December of 2020.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 10/24/23
Fifth District Survey of Manufacturing Activity

Diffusion Index, Seasonally Adjusted 3-MMA

Source: Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 10/24/23
The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 10/24/23
The Federal Reserve Bank of Richmond

**Price Trends**

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**Wages**

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<th>Index, SA</th>
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<td>Monthly</td>
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Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 10/24/23
Service Sector Activity Deteriorated in October

“Fifth District service sector activity deteriorated in October, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index dropped to −11, while the demand index fell from 10 in September to 0 in October. Expectations indexes for future revenue and demand also decreased notably, although they remained in positive territory. Firms grew more pessimistic about local business conditions as that index fell from −5 in September to −15 in October. The index for expected local business conditions also declined, from 4 in September to −22 in October.

Two of the three spending indexes increased. Meanwhile all three spending expectations indexes decreased but stayed out of negative territory, suggesting that some firms expect to increase spending in the next six months.

The employment index increased from 3 in September to 15 in October, while firms continued to report wage increases and little change in their ability to find workers with the necessary skills. Over the next six months, many firms expect to continue hiring and anticipate some improvement in their ability to find workers with the necessary skills. Most firms plan to continue wage increases.

The average growth in prices paid increased, while the average growth in prices received decreased slightly in October. Firms expect both growth rates to moderate over the coming year.”

– Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 10/24/23
The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Diffusion Index, Seasonally Adjusted 3-MMA

Oct 2023
- Revenues -1

Source: Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 10/24/23
S&P Global Canada Manufacturing PMI

“The seasonally adjusted S&P Global Canada Manufacturing Purchasing Managers’ Index® (PMI®) is a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers’ delivery times and stocks of purchases remained stuck below the crucial 50.0 no-change mark in October for a sixth successive month. The rate of contraction signalled by the PMI was however weaker, with the index rising to 48.6, from 47.5 and a three-month high.

Manufacturing downturn sustained in October

Operating conditions in Canada’s manufacturing sector continued to worsen during October. Output and orders both fell, whilst companies continued to engage in reduced purchasing and destocking. Job cuts were sustained, albeit at a negligible pace. Worryingly for firms, input price inflation jumped, and concerns that high prices will persist combined with the possibility of recession meant confidence in the outlook slipped to its lowest level for nearly three-and-a-half years.

The relative improvement in the headline PMI reflected softer contractions in both output and new orders. That said, production continued to fall at a marked pace, reflective of not just an absence of new work but also a lack of skilled staff and delays in the delivery of inputs. Firms commented on challenges in recruiting suitable workers, and this was a factor behind another (albeit negligible) drop in staffing volumes during October. Similarly, product shortages and delays in transport were reported by firms to have led to the greatest lengthening in average lead times for eight months. …

It was another disappointing month for the Canadian manufacturing sector, with output and new orders continuing to fall amid reports of underwhelming market demand. Sales to both domestic and international customers were again lower, and firms remain engaged in a cycle of destocking, seeking to cut any excess inventory that built up during the pandemic. Perhaps most worrying is the pickup in input price inflation since September, which added to pressure on firms at a time of dwindling demand. Such pipeline pressures only reinforce the potential for interest rates to remain higher for longer, and companies seem aware of this, noting in their survey responses the potential for these factors to lead to an economic recession over the next year.” – Paul Smith, Economics Director, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/325ae0d8a6674f7899ec701989ff13b6; 11/1/23
Weak demand leads to further cuts to output, employment and inventories in October

Europe remained the principal drag on global factory output in October, with the eight fastest contracting manufacturing nations all located on the continent (Germany, France, the Netherlands, Poland, Czechia, Austria, the UK and Italy). There was also a slight dip in production volumes (on average) in Asia, as strong growth in India and modest expansions in Indonesia and Thailand were more than offset by contractions in mainland China and Japan (among others). The US eked out a second consecutive mild increase in output volumes.

Data broken down by sector signalled that the deterioration was confined to the intermediate and investment goods industries, as both saw output contract during October. In contrast, consumer goods production rose at the quickest pace in five months. Levels of new work received contracted across all three categories. This meant that combined new order books decreased for a survey-record sixteenth straight month. International trade flows also deteriorated, with new export business falling for the twentieth month running. The current downturn led to further caution among manufacturers, with October seeing cut backs in staffing, purchasing and inventory holdings. …

The global manufacturing sector remained downbeat in October. The output index from the PMI survey dipped by 0.9pts to 48.9, its lowest level for three months. The downturn in new orders also extended to 16 months, a survey-record sequence of decline. This is leading to increased caution among manufacturers, with jobs, inventories and purchasing all cut back, while business optimism slumped to its weakest in almost a year. While Europe is still the main drag on world factory output, continued weakness in larger Asian manufacturers such as Japan and mainland China are also causes for concern.” – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/68224e244fa64925b2ed7b40fb8bde47; 11/2/23
Global economic activity stalls as new business intakes register back-to-back contractions

Manufacturing output decreased for the fifth successive month in October, as ongoing downturns at intermediate and investment goods producers more than offset further growth in the consumer goods category. The rate of expansion in the service sector meanwhile slowed for the fifth month running in October. Business services activity fell for the first time in ten months, while consumer services output rose only slightly and to the weakest extent during the current nine-month sequence of expansion. Financial services was a brighter spot, registering the fastest growth of business activity since June. …

October saw the level of new business contract for the second successive month, with downturns signalled in both the manufacturing and service sectors. Five out of the six narrow sub-industries covered saw a decrease in new order intakes, the exception being financial services. The trend in international trade also remained negative, with new export business falling for the twentieth month in a row.

October saw the rate of job creation ease to a nine-month low. Although service sector employment continued to rise, manufacturing staffing levels fell for the second successive month and at the quickest pace in over three years. Employment rose in the US and Japan (among others), was unchanged on average across the euro area but fell in mainland China and the UK. …

The October PMIs delivered disappointing news on momentum in the global expansion. The global composite PMI continued the downward trend seen over recent months, retreating to a level of 50.0. The October drop marked the fifth consecutive monthly decline in the output index. The weakness was again centered on the European continent, although signs of a downshift in China and the rest of Asia will also weigh on conditions moving forward.” — Bennett Parrish, Global Economist, J.P. Morgan

J.P. Morgan Global Composite PMI™

“Worldwide economic activity stagnated in October, as both the downturn in manufacturing and growth slowdown in services continued. The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – posted 50.0 in October, its lowest reading since January.

Global economic activity stalls as new business intakes register back-to-back contractions

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Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/ada3c2b0b8b4ec5aa088d9b4448f8dd; 11/6/23
Private Indicators
Associated Builders and Contractors

ABC: Construction Job Openings Increased by 56,000 in September

“The construction industry had 431,000 job openings on the last day of September, according to an Associated Builders and Contractors analysis of data from the U.S. Bureau of Labor Statistics’ Job Openings and Labor Turnover Survey. JOLTS defines a job opening as any unfilled position for which an employer is actively recruiting. Industry job openings increased by 56,000 last month but are down by 35,000 from the same time last year.

“The number of open, unfilled construction positions surged in September and currently stands at the highest level since December 2022,” said ABC Chief Economist Anirban Basu. “This mirrors an increase in economywide job openings which, at 9.6 million, remains about 37% higher than at the start of the COVID-19 pandemic.

“There are, however, some signs of labor market improvement for contractors,” said Basu. “The rate at which construction workers are quitting their jobs has normalized, with just 1.8% leaving their employers in September. While that’s a welcome development, labor shortages remain a pressing issue for the industry. Contractors laid off or discharged just 1.9% of workers in September, down from 2.2% in August and 2.5% in September 2022. With a majority of contractors planning to increase their staffing levels over the next six months, according to ABC’s Construction Confidence Index, labor shortages will remain a pressing issue heading into 2024.”” – Erika Walter, Director of Media Relations, ABC

## Private Indicators
### Associated Builders and Contractors

**ABC: Construction Job Openings Increased by 56,000 in September**

| Construction Industry Job Openings and Labor Turnover Data: September 2023 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                 | September 2023  | August 2023     | September 2022  | 1-Month Net Change | 12-Month Net Change | 12-Month % Change |
| **Total**                       |                 |                 |                 |                  |                  |                   |
| Job openings                    | 431,000         | 375,000         | 466,000         | 56,000           | -35,000          | -7.5%             |
| Hires                           | 303,000         | 372,000         | 366,000         | -69,000          | -63,000          | -17.2%            |
| Total separations               | 310,000         | 344,000         | 362,000         | -34,000          | -52,000          | -14.4%            |
| Layoffs & discharges            | 150,000         | 175,000         | 193,000         | -25,000          | -43,000          | -22.3%            |
| Quits                           | 143,000         | 159,000         | 148,000         | -16,000          | -5,000           | -3.4%             |
| Other separations               | 16,000          | 10,000          | 21,000          | 6,000            | -5,000           | -23.8%            |

| **Rate**                        |                 |                 |                 |                  |                  |                   |
| Job openings                    | 5.1%            | 4.5%            | 5.6%            |                  |                  |                   |
| Hires                           | 3.8%            | 4.6%            | 4.7%            |                  |                  |                   |
| Total separations               | 3.9%            | 4.3%            | 4.6%            |                  |                  |                   |
| Layoffs & discharges            | 1.9%            | 2.2%            | 2.5%            |                  |                  |                   |
| Quits                           | 1.8%            | 2.0%            | 1.9%            |                  |                  |                   |
| Other separations               | 0.2%            | 0.1%            | 0.3%            |                  |                  |                   |

Source: U.S. Bureau of Labor Statistics

Private Indicators
Associated Builders and Contractors

ABC: Construction Job Openings Increased by 56,000 in September

## Private Indicators

### Associated Builders and Contractors

**ABC’s Construction Backlog Indicator Falls Sharply for Small Contractors, Increases for Large Contractors in October, Contractors’ Confidence Dips**

“Associated Builders and Contractors reported today that its Construction Backlog Indicator declined to 8.4 months in October from 9.0 months in September, according to an ABC member survey conducted from Oct. 19 to Nov. 2. The reading is down 0.4 months from October 2022.


Backlog now stands at its lowest level since the first quarter of 2022. Declines were concentrated among the smallest contractors, those with less than $30 million in annual revenues. All three other revenue categories experienced an increase in backlog in October.

ABC’s Construction Confidence Index readings for sales, staffing levels and profit margins fell in October. All three readings remain above the threshold of 50, indicating expectations for growth over the next six months.

“While larger contractors continue to disproportionately benefit from a bevy of megaprojects around the nation, many smaller contractors are feeling the sting of weaker economic fundamentals in struggling commercial real estate segments,” said ABC Chief Economist Anirban Basu. “Smaller contractors are often the ones most dependent on developer-driven activity. With developers facing both higher borrowing costs and greater difficulty lining up project financing, backlog among some contractors is beginning to dissipate.”

– Erika Walter, Director of Media Relations, ABC

“This is precisely what ABC economists predicted,” said Basu. “The vast majority of contractors could boast healthy backlog, especially those working in the manufacturing/industrial, infrastructure, data center and health care segments. But those tied to the office, shopping center and multifamily markets are likely experiencing difficulty lining up work. This helps explain declines in the readings for ABC’s Construction Confidence Index in all three dimensions: sales, employment and margins. Each of these readings, however, remains above 50, suggesting that, while industry growth is softening, it has yet to enter contractionary territory.”” – Erika Walter, Director of Media Relations, ABC
### Private Indicators
Associated Builders and Contractors

**ABC’s Construction Backlog Indicator Falls Sharply**

<table>
<thead>
<tr>
<th>Construction Confidence Index</th>
<th>October 2023</th>
<th>September 2023</th>
<th>October 2022</th>
</tr>
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<tbody>
<tr>
<td><strong>CCI Reading</strong></td>
<td></td>
<td></td>
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<tr>
<td>Sales</td>
<td>53.1</td>
<td>58.3</td>
<td>57.2</td>
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<tr>
<td>Profit margins</td>
<td>52.3</td>
<td>54.0</td>
<td>50.4</td>
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<tr>
<td>Staffing</td>
<td>58.7</td>
<td>62.0</td>
<td>58.9</td>
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<tr>
<td><strong>Sales Expectations</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Up big</td>
<td>5.9%</td>
<td>2.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Up small</td>
<td>37.3%</td>
<td>50.7%</td>
<td>41.4%</td>
</tr>
<tr>
<td>No change</td>
<td>24.0%</td>
<td>26.1%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Down small</td>
<td>28.9%</td>
<td>17.4%</td>
<td>23.1%</td>
</tr>
<tr>
<td>Down big</td>
<td>3.9%</td>
<td>2.9%</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>Profit Margin Expectations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up big</td>
<td>3.4%</td>
<td>1.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Up small</td>
<td>28.4%</td>
<td>38.4%</td>
<td>29.0%</td>
</tr>
<tr>
<td>No change</td>
<td>44.6%</td>
<td>37.0%</td>
<td>41.4%</td>
</tr>
<tr>
<td>Down small</td>
<td>21.1%</td>
<td>21.0%</td>
<td>22.5%</td>
</tr>
<tr>
<td>Down big</td>
<td>2.5%</td>
<td>2.2%</td>
<td>4.7%</td>
</tr>
<tr>
<td><strong>Staffing Level Expectations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up big</td>
<td>3.9%</td>
<td>2.9%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Up small</td>
<td>42.6%</td>
<td>49.3%</td>
<td>41.4%</td>
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<tr>
<td>No change</td>
<td>39.7%</td>
<td>41.3%</td>
<td>40.8%</td>
</tr>
<tr>
<td>Down small</td>
<td>11.8%</td>
<td>5.8%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Down big</td>
<td>2.0%</td>
<td>0.7%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

Private Indicators
Associated Builders and Contractors

ABC’s Construction Backlog Indicator Dips, Contractors Remain Confident

Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Increases for the 16th Straight Month in September

“National nonresidential construction spending increased 0.3% in September, 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 $1.1 trillion.

Spending was down on a monthly basis in 9 of the 16 nonresidential subcategories. Private nonresidential spending increased 0.1%, while public nonresidential construction spending was up 0.5% in September.

“Nonresidential construction spending increased for the 16th straight month in September,” said ABC Chief Economist Anirban Basu. “While some private categories, including power, commercial and amusement and recreation saw healthy month-over-month increases, publicly financed construction accounted for more than 72% of September’s rise. Given increased federal infrastructure spending and exorbitant financing costs for private construction, that dynamic should remain firmly in place over the coming months.”

“Despite a small decrease in spending in September, manufacturing construction remains the nonresidential sector’s outperformer,” said Basu. “Spending in the category is up 62% over the past year and accounts for nearly 43% of the year-over-year increase in nonresidential construction put in place. With several industrial megaprojects ongoing, spending in the manufacturing segment will remain elevated for several quarters.”” – Erika Walter, Director of Media Relations, ABC

## Private Indicators
### Associated Builders and Contractors

<table>
<thead>
<tr>
<th>Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Total Construction</td>
</tr>
<tr>
<td>Residential</td>
</tr>
<tr>
<td>Nonresidential</td>
</tr>
<tr>
<td>Educational</td>
</tr>
<tr>
<td>Amusement and recreation</td>
</tr>
<tr>
<td>Conservation and development</td>
</tr>
<tr>
<td>Power</td>
</tr>
<tr>
<td>Commercial</td>
</tr>
<tr>
<td>Office</td>
</tr>
<tr>
<td>Communication</td>
</tr>
<tr>
<td>Highway and street</td>
</tr>
<tr>
<td>Water supply</td>
</tr>
<tr>
<td>Transportation</td>
</tr>
<tr>
<td>Sewage and waste disposal</td>
</tr>
<tr>
<td>Manufacturing</td>
</tr>
<tr>
<td>Public safety</td>
</tr>
<tr>
<td>Health care</td>
</tr>
<tr>
<td>Lodging</td>
</tr>
<tr>
<td>Religious</td>
</tr>
<tr>
<td>Private Nonresidential</td>
</tr>
<tr>
<td>Public Nonresidential</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau
Private Indicators
Associated Builders and Contractors

Source: U.S. Census Bureau

Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index September 2023

Architecture firm billings decline sharply

BIM, enterprise collaboration, and virtual/augmented reality/real-time rendering top list of technologies used by firms

“Business conditions at architecture firms deteriorated in September. The AIA/Deltek Architecture Billings Index (ABI) score of 44.8 for the month is the lowest score reported since December 2020 during the height of the pandemic and indicates that the share of firms reporting declining billings has significantly increased. In addition, the value of newly-signed design contracts also slumped in September, indicating that there is increasing reluctance among clients to sign contracts committing to new projects. Although firms continued to report relatively robust backlogs of 6.5 months on average, they have shrunk by nearly a month since their peak of an average of 7.2 months in March 2022.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

“The September ABI score reflects a marked downturn in business conditions at architecture firms, with the sharpest decline observed since the peak of the pandemic. While more firms are reporting a decrease in billings, the report also shows the hesitance among clients to commit to new projects with a slump in newly signed design contracts. As a result, backlogs at architecture firms fell to 6.5 months on average in the third quarter, their lowest level since the fourth quarter of 2021.” – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6680261-abi-september-2023-architecture-firm-billi; 10/18/23
Private Indicators
American Institute of Architects (AIA)

National
Billings decline further in September

Graphs represent data from September 2022–September 2023.

Source: https://www.aia.org/pages/6680261-abi-september-2023-architecture-firm-billi; 10/18/23
“Declining billings were reported by firms in all regions of the country in September, with firms in the West continuing to report the softest business conditions, as has been the case for the last four months. Conditions also softened further at firms located in the South and Northeast, while billings declined at a slower pace at firms located in the Midwest.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6680261-abi-september-2023-architecture-firm-billi; 10/18/23
Private Indicators: AIA

**Sector**

Firms of all specializations except institutional report declining billings

Graphs represent data from September 2022 - September 2023 across the three sectors. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.

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“By firm specialization, billings were essentially flat at firms with an institutional specialization, while they declined further from August at firms with a commercial/industrial specialization and remained very soft at firms with a multifamily residential specialization, where billings have declined every month since August 2022.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6680261-abi-september-2023-architecture-firm-billi; 10/18/23
Private Indicators

Dodge Data & Analytics

Construction Starts Drop 6% as Fewer Megaprojects Move Forward

All three major sectors declined in September with residential leading the tumble

“Total construction fell 6% in September to a seasonally adjusted annual rate of $1.2 trillion, according to Dodge Construction Network. Nonresidential starts lost 4%, residential starts declined 6%, and nonbuilding starts fell 9%.

Year-to-date through September 2023, total construction starts were 3% below that of 2022. Residential and nonresidential starts were down 17% and 7%, respectively; however, nonbuilding starts were up 25% on a year-to-date basis. For the 12 months ending September 2023, total construction starts were unchanged. Nonbuilding starts were 22% higher, and nonresidential building starts gained 3%. Conversely, on a 12-month rolling basis, residential starts posted a 16% decline.

“Risks continue to mount for the construction sector,” said Richard Branch, chief economist for Dodge Construction Network. “Over the last 12 months, construction starts have essentially froze as rates increased and credit tightened. The industry needs further adjusting as rates are expected to stay higher for longer, along with the potential for higher energy costs and continued political uncertainty. A return to broad-based growth in construction starts is still some time away.” – Cailey Henderson, Account Manager, 104 West Partners

Source: https://www.construction.com/total-construction-starts/construction-starts-drop-6-as-fewer-megaprojects-move-forward/; 10/18/23
Private Indicators

Dodge Data & Analytics

“Nonresidential building starts” fell 4% in September to a seasonally adjusted annual rate of $459 billion. Commercial starts rose 6% due to strength in data center work (classified as an office structure in the Dodge database) and retail. Institutional starts fell 8% in September despite a healthy gain in education starts, and manufacturing starts declined 13%. On a year-to-date basis through September, total nonresidential starts were 7% lower than that of 2022. Institutional starts gained 5%, while commercial and manufacturing starts fell 6% and 31%, respectively.

For the past 12 months ending in September 2023, total nonresidential building starts were 3% higher than that ending September 2022. Manufacturing starts were 8% lower. Institutional starts improved by 8%, and commercial starts gained 4%.

The largest nonresidential building projects to break ground in September were the $2.5 billion Hyundai/SK EV battery plant in Cartersville, Georgia, a $1.1 billion prison in Elmore, Alabama, and the $1 billion Microsoft data center in Mount Pleasant, Wisconsin.

Residential

Residential building starts fell 6% in September to a seasonally adjusted annual rate of $394 billion. Single family starts gained 1%, while multifamily starts lost 17%. On a year-to-date basis through September 2023, total residential starts were down 17%. Single family starts were 19% lower, and multifamily starts were down 12%.

For the past 12 months ending in September 2023, residential starts were 16% lower than in 2022. Single family starts were 22% lower, while multifamily starts were down 5% on a rolling 12-month basis.

The largest multifamily structures to break ground in September were the $385 million first phase of the South Pier Residential Towers in Tempe, Arizona, the $275 million first phase of the Casa Bella Condominiums in Miami, Florida, and the $260 million Chapel Block mixed-use development in Philadelphia, Pennsylvania.

Regionally, total construction starts in September fell in the Northeast, Midwest, South Atlantic and West regions, but rose modestly in the South Central.” – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/total-construction-starts/construction-starts-drop-6-as-fewer-megaprojects-move-forward/; 10/18/23
Private Indicators

MONTHLY CONSTRUCTION STARTS
(Millions of Dollars, Seasonally Adjusted Annual Rate)

<table>
<thead>
<tr>
<th></th>
<th>Sep 2023</th>
<th>Aug 2023</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonresidential Building</td>
<td>$459,429</td>
<td>$479,970</td>
<td>-4</td>
</tr>
<tr>
<td>Residential Building</td>
<td>394,123</td>
<td>419,842</td>
<td>-6</td>
</tr>
<tr>
<td>Nonbuilding Construction</td>
<td>344,801</td>
<td>377,079</td>
<td>-9</td>
</tr>
<tr>
<td>Total Construction</td>
<td>$1,198,353</td>
<td>$1,276,891</td>
<td>-6</td>
</tr>
</tbody>
</table>
MNI Chicago

November 2023 Chicago Report™ – Tumbled to 37.2

“The Chicago Business Barometer™, produced with MNI, tumbled a further eight points to 37.2 in November, contracting for a third consecutive month. Excluding the 2020 pandemic shock, this was the lowest reading since the 2008/09 Global Financial Crisis.

• After marginal improvements in October, only Employment and Inventories recorded November upticks. All other indexes saw marked declines. Production, New Orders and Order Backlogs fell further to June 2020 lows. Only Inventories and Prices Paid remained expansionary.

• Production plunged by 9.2 points to 35.9, contracting for the third month running to 17 points below the 12-month average. Low order levels dampened production. Close to 90% of respondents recorded the same or lower production.” – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 10/31/23
Private Indicators

MNI Chicago

November 2023 Chicago Report™ – Tumbled to 37.2

• “New Orders recorded the lowest sub-index level at 30.7, 8.5 points below the October level. Weak demand conditions saw 46% of firms experience falling orders. Inflation concerns, higher inventories and the slowing housing market were cited as key contributors.

• Order Backlogs experienced the largest decline, receding 11.2 points to 36.1. As new orders weaken further, firms are quickly working through outstanding customer orders.

• Employment ticked up 1.5 points to 47.1, improving for a second month from the brief September dip.

• Inventories grew 2.9 points to 59.8. Anecdotal evidence showed firms were actively looking to normalize levels of stock as orders weaken. Nonetheless, weak demand conditions made it difficult to bring down inventory levels.

• Supplier deliveries declined by 9.4 points to 49.9 in November, nearing pre-pandemic levels as supply pressures eased. Overall lead times remain historically long and transparency issues persist.

• Prices Paid moderated by 8.6 points in November. This is 15.9 points below the 12-month average and signals a continued slowing in prices. Falling freight costs contributed to lower prices paid and further easing is expected in Q1 2023.

We asked firms whether they were passing the higher cost of doing business onto customers. 30% of respondents were able to pass on higher costs, whilst the vast majority (60%) were able to do so only partly. 10% of firms were unable to charge higher prices to account for rising costs.” – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 10/31/23
Private Indicators

The Conference Board Leading Economic Index® (LEI)

LEI for the U.S. Continues to Fall in September

“The Conference Board Leading Economic Index® (LEI) for the U.S. declined by 0.7 percent in September 2023 to 104.6 (2016=100), following a decline of 0.5 percent in August. The LEI is down 3.4 percent over the six-month period between March and September 2023, an improvement from its 4.6 percent contraction over the previous six months (September 2022 to March 2023).

The LEI for the US fell again in September, marking a year and a half of consecutive monthly declines since April 2022. In September, negative or flat contributions from nine of the index’s ten components more than offset fewer initial claims for unemployment insurance. Although the six-month growth rate in the LEI is somewhat less negative, and the recession signal did not sound, it still signals risk of economic weakness ahead. So far, the US economy has shown considerable resilience despite pressures from rising interest rates and high inflation. Nonetheless, The Conference Board forecasts that this trend will not be sustained for much longer, and a shallow recession is likely in the first half of 2024.”

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.3 percent in September 2023 to 110.9 (2016=100), after a 0.1 percent increase in August. The CEI is now up 1.1 percent over the six-month period between March and September 2023, compared to 0.4 percent growth over the previous six months. The CEI’s component indicators – payroll employment, personal income less transfer payments, manufacturing trade and sales, and industrial production – are included among the data used to determine recessions in the US. All four components of the index advanced in September, with personal income less transfer payments and employees on nonagricultural payrolls being the strongest contributors, followed by industrial production, and manufacturing and trade sales. Over the past six months, the CEI has improved, confirming that current economic activity remains positive.

The Conference Board Lagging Economic Index® (LAG) for the U.S. was improved by 0.2 percent in September 2023 to 118.5 (2016 = 100), but it remains unchanged from last month due to revisions to underlying data, which downwardly revised headline readings for June, July, and August. The LAG is up slightly by 0.1 percent over the six-month period from March to September 2023, down substantially from its 1.2 percent growth over the previous six months.” – Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board
Private Indicators

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

LEI for the U.S. Fell Again in August

The annual growth rate has been negative, indicating weaker economic activity ahead

Note: Shaded areas represent recessions as determined by the NBER Business Cycle Dating Committee.
Equipment Leasing and Finance Association’s Survey of Economic Activity: Monthly Leasing and Finance Index

September New Business Volume Down 5 Percent Year-over-year and 4 Percent Month-to-month; Up 1.9 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 $1 trillion equipment finance sector, showed their overall new business volume in September 2022. Volume was down 4 percent from $10.1 billion in August. Year-to-date, cumulative new business volume was up 1.9 percent compared to 2022.

Receivables over 30 days were 2.3 percent, unchanged for the second consecutive month and up from 1.5 percent in the same period in 2022. Charge-offs were 0.36 percent, up from 0.34 percent the previous month and up from 0.17 percent in the year-earlier period.

Credit approvals totaled 73.6 percent, down from 75.1 percent in August. Total headcount for equipment finance companies was down 2.7 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation’s Monthly Confidence Index (MCI-EFI) in October is 40.1, a decrease from the September index of 50.3.” – Amy Vogt, Vice President, Communications and Marketing, ELFA

“Respondents to the September survey show a slight decline in new business volume, providing fresh evidence that liquidity issues brought about, in part, by high interest rates and stubborn inflation are having a somewhat negative impact on demand for business equipment in select sectors. Of equal or greater concern is the quality of equipment finance company portfolios, as losses and delinquencies continue to edge up slightly. Both bear monitoring as we enter the fourth quarter of the year.” – Ralph Petta, President and CEO, ELFA
“After the positive growth of recent months, the September survey results underscore the near-term challenges being faced by the U.S. economy. With monetary policy remaining restrictive and the cloud of further rate hikes still hanging in the air, business confidence has continued to soften and curtail investment activity. Our industry has demonstrated its resilience, having successfully navigated these economic headwinds for most of 2023 and delivering year-over-year growth. However, recent adverse events, such as the escalation of hostilities in the Middle East, will weigh on market sentiment and could further slow activity in the final months of the year.” – Bill Stephenson, Global Chief Executive Officer, PEAC Solutions

**Private Indicators**

**S&P Global U.S. Manufacturing PMI™**

**Stronger expansion in output, but demand remains fragile. Inflationary pressures at three-year low.**

“The seasonally adjusted S&P Global US Manufacturing Purchasing Managers’ Index™ (PMI™) posted 50.6 in October, up from 50.1 in September, but down slightly from the earlier 'flash' estimate of 50.9. The latest data signalled a marginal expansion in output at service sector firms, contrasting with a near-stagnation seen at the end of the third quarter. Greater activity was linked to some early signs of recovery in demand conditions, alongside increased capacity, according to panellists.

US service providers signalled a marginal rise in business activity in October, with growth regaining some momentum following broadly unchanged output in September, according to the latest PMI® data from S&P Global. New orders fell again, albeit at a softer pace amid a renewed upturn in new business from abroad. Firms were hopeful of a pick up in demand conditions, however, as business confidence rose to the strongest in four months, encouraging service providers to expand their workforce numbers at a modest pace.

Meanwhile, a relatively subdued sales environment led to reports of discounting in an effort to drive new orders. Firms were better able to offer concessions amid a much slower rise in costs. Input prices and output charges increased at the weakest rates in three years.

Nonetheless, a further contraction in new business hampered output growth in October. New orders fell for the third month running, albeit at only a slight pace. High interest rates and inflation reportedly dampened customer demand and reduced purchasing power.” – Chris Williamson, Chief Business Economist, S&P Global
Stronger expansion in output, but demand remains fragile. Inflationary pressures at three-year low.

“At the same time, new export orders returned to growth, although only fractionally. The expansion of international customer bases reportedly spurred the slight rise in new business from abroad.

Inflationary pressures subsided in October, as service providers recorded slower increases in input costs and output charges. Higher business expenses were often linked to greater salary, utility and supplier costs, but the overall pace of input price inflation eased to the weakest in three years.

Mirroring the trend for input costs, the rate of output charge inflation was broadly in line with its long-run series average, having cooled to the softest since October 2020. Firms continued to pass through higher costs where possible, but increasing requests for concessions and discounts from clients spurred the moderation.

Despite muted demand conditions, firms raised their staffing numbers further at the start of the fourth quarter. The rate of job creation was modest overall, with hiring linked to anticipation of greater output. Some also noted an improvement in their ability to find suitable candidates.

Increased capacity allowed service providers to work through their outstanding business again in October. Backlogs of work were depleted for the fourth month running, albeit at a softer pace.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4dfef2288a4f3a844ad3c2f16c8a444d; 11/1/23
Private Indicators

S&P Global U.S. Manufacturing PMI™

Stronger expansion in output, but demand remains fragile.
Inflationary pressures at three-year low.

“Finally, business confidence among service sector firms strengthened in October. Positive sentiment in the outlook for output reached the highest since June, as optimism reportedly stemmed from hopes of future interest rate cuts, stronger demand conditions and plans to release new service lines.

Comment
The PMI survey paints a far more subdued picture of US economic health than the latest bumper GDP numbers, with October seeing very muted growth of business activity for a third successive month. A summer-surge in service sector activity, fueled by rising consumer spending, has stalled. Manufacturing is meanwhile also struggling to regain momentum amid weak global demand. As such, the survey data are broadly consistent with GDP rising at an annual rate of around 1.5%.

An upside to the weak demand environment is the further cooling of price pressures in October, which brings the Fed's 2% target into focus for the first time in three years.

The brighter outlook for inflation and hopes of a commensurate peaking of interest rates have helped lift business confidence in year-ahead prospects, but new business inflows need to pick up in both services as well as manufacturing to ensure robust growth can be sustained as we head towards the end of the year.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4df828849a4fab84ad3c2f16c8a44d; 11/1/23
Private Indicators

US Manufacturing PMI
sa, >50 = growth since previous month

Source: S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4df8e228849a4f4b84ad3c2f16c8a44d; 11/1/23
Service sector stagnates in September, as demand conditions wane further

“The seasonally adjusted final S&P Global US Services PMI Business Activity Index posted 50.1 in September, down from 50.5 in August and broadly in line with the earlier released ‘flash’ estimate of 50.2. The latest data signalled a broad stagnation in business activity following seven successive months of growth in output. Despite some reports of sustained inflows of new business, companies highlighted that elevated inflation, high interest rates, and economic uncertainty all stymied customer demand.

September data pointed to higher levels of business activity in three out of seven US sectors monitored by the survey, which matched that seen in August but was down from five in July. Healthcare regained its position as the best-performing category of private sector output, with growth accelerating from August's six-month low. Higher levels of business activity have been recorded in each month since March, which is a longer phase of expansion than all other sectors except Consumer Services.

September data indicated a continued decline in new business at service sector firms. The rate of contraction quickened to the sharpest since December 2022, albeit still modest overall. Lower new orders were reportedly linked to weak domestic and foreign client demand, with new export orders falling for the first time in five months. The decrease in new export sales was the steepest since February and was in stark contrast to the solid expansion seen in July.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/0a8f5a98775048bfaed2854540b14ee8; 10/4/23
“Although slower than the series average, service providers saw a further rise in employment during September. Staffing numbers have risen in each month since July 2020, with the latest uptick the fastest for three months. Alongside efforts to clear backlogs, firms noted that greater workforce numbers on the month were often due to the replacement of previous voluntary leavers. Expanded capacity and a reduction in new orders allowed firms to work through their backlogs again. The level of incomplete business fell for the fourth time in the last five months and at the quickest rate since November 2022. On the prices front, input costs rose at a further marked pace, with the rate of inflation similar to that seen in August. Panellists stated that higher energy, fuel, wage and food costs drove the latest increase in business expenses. The pace of cost inflation remained above the long-run series average.

In line with another substantial uptick in cost burdens, service providers hiked their selling prices in September. The pace of charge inflation accelerated to the fastest since July as firms sought to pass through greater costs to customers. Finally, service sector businesses expressed positive expectations regarding the outlook for output over the coming year. The degree of confidence matched that seen in August but remained below the series trend. Optimism was pinned on investment in new service lines and greater marketing, as well as hopes of stronger customer demand, according to panellists.” – Chris Williamson, Chief Business Economist, S&P Global
Private Indicators

S&P Global U.S. Services PMI™

Service sector stagnates in September, as demand conditions wane further

Comment

“The final PMI data for September add to indications that the US economy has started to cool again after a resurgence of growth earlier in the summer. Inflationary pressures in the service sector meanwhile remain uncomfortably sticky.

The biggest change in recent months has been the waning in demand for consumer services, such as travel, tourism and recreation, along with a slump in financial services activity.

Providers of consumer-oriented services report that a revival of demand in the spring has gradually lost momentum amid the ratcheting up of interest rates and increased cost of living at a time of diminishing savings. In the financial services sector, financial conditions are tightening and uncertainty about the outlook is subduing confidence. Both sectors are now reporting falling activity levels, taking away a major source of support to the wider economy's expansion.

The economy therefore looks to be moving into the fourth quarter on a weak footing, hinting at slower GDP growth as we head toward the end of the year.

Average prices charged for goods and services meanwhile continue to rise at a rate well above the pre-pandemic average, with service sector charge inflation remaining especially stubborn, in part due to recent oil price hikes.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/0a8f5a98775048bfaed2854540b14ee8; 10/4/23
National Association of Credit Management –
Credit Managers’ Index

Report for October 2023: Combined Sectors

“The National Association of Credit Management’s seasonally adjusted combined Credit Managers’ Index (CMI) for October 2023 fell 1.4 points to 51.2. The CMI is remaining in a narrow range around non-recession lows, said NACM Economist Amy Crews Cutts, Ph.D., CBE.

The 4.6% advance estimate of growth in real gross domestic product (GDP) for the third quarter indicated a large inventory buildup that has not been reflected in the experiences of the CMI survey respondents for the past few months,” Cutts said. “The sales factor index, while still in expansion territory, is greatly diminished from where it was in 2021. Respondents continue to note the financial stress of their customers, asking for term extensions, falling behind on payments and asking for more credit than is warranted, which leads me to think we will see some downward revisions to the private domestic investment numbers in subsequent third quarter GDP estimates.

“Several respondents noted that while back-to-school activity was helping boost government sales, private sector accounts were faring less well,” said Cutts. “When supply chains were broken due to the pandemic, we saw disputes rise because no one wanted to pay full price when it took months to get the products or services. But now supply chains are functioning again and order backlogs are catching up, yet we are seeing a rise in disputes collection referrals. This is indicative of stress on businesses.”

“Neither the manufacturing nor the service sector CMIs are giving indications regarding where business activity is headed,” Cutts said. “We’ve seen aggressive increases in interest rates by the Federal Reserve in efforts to slow inflation, which coincides with these indexes declining. But like other economic indicators, especially the number of jobs added each month, we seem to have slowed to a level that’s near contraction but refusing to tip over the edge. Maybe we will get lucky and get the soft landing desired by the Fed, the sort of zone we’re in now.”” – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 10/31/23
Private Indicators

National Association of Credit Management – Credit Managers’ Index

“Supply chain disruptions are no longer causing problems for our respondents,” said Cutts. “And while a few respondents have noted that recent months have been very good, the overwhelming concern cited this month is deterioration in customer cash management. Whether they are asking for more time to pay, or just ignoring invoices until they get sent to collections, respondents noted that stress is rising in their accounts receivables portfolios.”

Key Findings:

- The index for favorable factors is down 2.7 points to 55.9, led by a 6.1-point decline in the sales factor index to 52.6 points, a 2.7-point deterioration in the amount of credit extended factor index to 58.7 and a 2.1-point decrease in the dollar collections index to 55.9.
- The sales factor index has been the most volatile in 2023 and is down 9.3 points from its recent high of 62.0 in June.
- The index for unfavorable factors deteriorated by 0.6 to 48.1, remaining in the tight range around 50 that it has been in the past year and a half, while recording its fifth consecutive decline and fourth month below 50.
- Only two of the six unfavorable factor indexes deteriorated in the October survey; the index for the dollar amount beyond terms led with a decline of 4.9 points to an index value of 45.6, its lowest level since April 2020.
- The index for accounts placed for collection deteriorated by 1.8 points to 45.6, its lowest level since February and the 17th consecutive month that the index has recorded a value below 50.
- The index for the dollar amount of customer deductions showed the largest improvement, gaining 1.5 points to 48.9.” – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 10/31/23
The CMI is centered on a value of 50, with values greater indicating expansion and values lower indicating economic contraction. All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.
# Private Indicators

## National Association of Credit Management – Credit Managers’ Index

<table>
<thead>
<tr>
<th>Combined Manufacturing and Service Sectors (seasonally adjusted)</th>
<th>Oct '22</th>
<th>Nov '22</th>
<th>Dec '22</th>
<th>Jan '23</th>
<th>Feb '23</th>
<th>Mar '23</th>
<th>Apr '23</th>
<th>May '23</th>
<th>Jun '23</th>
<th>Jul '23</th>
<th>Aug '23</th>
<th>Sep '23</th>
<th>Oct '23</th>
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<tr>
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<td>56.0</td>
<td>55.3</td>
<td>55.9</td>
<td>51.2</td>
<td>57.6</td>
<td>57.0</td>
<td>59.0</td>
<td>54.1</td>
<td>62.0</td>
<td>55.6</td>
<td>49.5</td>
<td>58.8</td>
<td>52.6</td>
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<tr>
<td>New credit applications</td>
<td>59.0</td>
<td>57.2</td>
<td>55.6</td>
<td>56.9</td>
<td>58.5</td>
<td>58.9</td>
<td>58.5</td>
<td>57.7</td>
<td>58.3</td>
<td>56.8</td>
<td>56.2</td>
<td>56.3</td>
<td>56.4</td>
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<tr>
<td>Dollar collections</td>
<td>55.5</td>
<td>56.2</td>
<td>58.3</td>
<td>57.7</td>
<td>59.7</td>
<td>60.0</td>
<td>61.4</td>
<td>57.1</td>
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<td>56.2</td>
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<tr>
<td>Amount of credit extended</td>
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<td>57.6</td>
<td>56.1</td>
<td>57.9</td>
<td>58.6</td>
<td>58.2</td>
<td>58.6</td>
<td>56.5</td>
<td>60.2</td>
<td>56.8</td>
<td>54.9</td>
<td>61.4</td>
<td>58.7</td>
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<tr>
<td>Index of favorable factors</td>
<td>57.4</td>
<td>56.6</td>
<td>56.5</td>
<td>55.9</td>
<td>58.6</td>
<td>58.5</td>
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<td>56.4</td>
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<td>56.4</td>
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<tr>
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<td>47.7</td>
<td>48.7</td>
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<td>Accounts placed for collection</td>
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<td>Dollar amount of customer deductions</td>
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<td>49.3</td>
<td>50.0</td>
<td>48.5</td>
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<td>51.0</td>
<td>50.9</td>
<td>47.4</td>
<td>48.9</td>
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<tr>
<td>Filings for bankruptcies</td>
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<tr>
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<td>48.9</td>
<td>49.1</td>
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<td><strong>53.3</strong></td>
<td><strong>52.2</strong></td>
<td><strong>51.9</strong></td>
<td><strong>51.7</strong></td>
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<td><strong>50.8</strong></td>
<td><strong>52.6</strong></td>
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Source: https://nacm.org/cmi.html; 10/31/23
Private Indicators

National Federation of Independent Business (NFIB) October 2023 Report

NFIB Celebrates 50 Years of Small Business Economic Data with October Survey

“NFIB is celebrating 50 years of the Small Business Economic Trends survey, but small business owners are not feeling optimistic in the current economic environment. The Optimism Index decreased 0.1 points in October to 90.7, marking the 22nd month below the 50-year average. The last time the Optimism Index was at or above the average was December 2021.” – Holly Wade, NFIB

“This month marks the 50th anniversary of NFIB’s small business economic survey. The October data shows that small businesses are still recovering, and owners are not optimistic about better business conditions. Small business owners are not growing their inventories as labor and energy costs are not falling, making it a gloomy outlook for the remainder of the year.” – Bill Dunkelberg, Chief Economist, NFIB

Key findings include:

• “Twenty-two percent of owners reported that inflation was their single most important problem in operating their business, down one point from last month.

• Owners expecting better business conditions over the next six months was unchanged from September at a net negative 43% (seasonally adjusted).

• A net negative 17% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down nine points from September and the lowest reading since July 2020.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 11/14/23
Private Indicators

National Federation of Independent Business (NFIB) October 2023 Report

NFIB Celebrates 50 Years of Small Business Economic Data with October Survey

“Key findings include:

• Forty-three percent (seasonally adjusted) of owners reported job openings that were hard to fill, unchanged from September and remains historically very high.

• Seasonally adjusted, a net 24% plan to raise compensation in the next three months, up one point from September.

• The frequency of reports of positive profit trends was a net negative 32%, down eight points from September.

• The net percent of owners who expect real sales to be higher increased three points from September to a net negative 10%.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 11/14/23
“As reported in NFIB’s monthly jobs report, a seasonally adjusted net 17% of owners plan to create new jobs in the next three months. Overall, 61% of owners reported hiring or trying to hire in October. Of those hiring or trying to hire, 90% of owners reported few or no qualified applicants for the positions they were trying to fill.

Fifty-seven percent of owners reported capital outlays in the last six months, unchanged from September. Of those making expenditures, 37% reported spending on new equipment, 24% acquired vehicles, and 18% improved or expanded facilities. Twelve percent spent money on new fixtures and furniture and 7% acquired new buildings or land for expansion. Twenty-four percent of owners plan capital outlays in the next few months.

A net negative 17% (seasonally adjusted) of all owners reported higher nominal sales in the past three months, down nine points from September and the lowest reading since July 2020. The net percent of owners expecting higher real sales volumes improved three points to a net negative 10%. The net percent of owners reporting inventory gains decreased three points to a net negative 6%. Not seasonally adjusted, 11% reported increases in stocks and 16% reported reductions. A net negative 3% of owners viewed current inventory stocks as “too low” in October, up one point from last month.

By industry, shortages are reported the most frequent in the transportation (16%), finance (12%), and retail (11%) sectors. Shortages in construction (6%) have been reduced because home sales have slowed dramatically due to higher interest rates. A net 0% of owners plan inventory investment in the coming months, up one point from September.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 11/14/23
"The net percent of owners raising average selling prices increased one point from September to a net 30% seasonally adjusted. Twenty-two percent of owners reported that inflation was their single most important problem in operating their business, down one point from last month. Unadjusted, 11% of owners reported lower average selling prices and 39% reported higher average prices. Price hikes were the most frequent in finance (56% higher, 7% lower), retail (47% higher, 8% lower), construction (41% higher, 7% lower), transportation (41% higher, 18% lower), and wholesale (39% higher, 14% lower). Seasonally adjusted, a net 33% of owners plan price hikes.

Seasonally adjusted, a net 36% of owners reported raising compensation, unchanged from September. A seasonally adjusted net 24% of owners plan to raise compensation in the next three months, up one point from September. Nine percent cited labor costs as their top business problem and 23% said that labor quality was their top business problem.

The frequency of reports of positive profit trends was a net negative 32%, down eight points from September. Among owners reporting lower profits, 32% blamed weaker sales, 21% blamed the rise in the cost of materials, 14% cited labor costs, 10% cited lower prices, 7% cited the usual seasonal change, and 4% cited higher taxes or regulatory costs. For owners reporting higher profits, 55% credited sales volumes, 20% cited usual seasonal change, and 7% cited higher selling prices.” – Holly Wade, NFIB
Private Indicators

National Federation of Independent Business (NFIB) October 2023 Report

“Two percent of owners reported that all their borrowing needs were not satisfied. Twenty-three percent reported all credit needs met and 64% said they were not interested in a loan. A net 7% reported their last loan was harder to get than in previous attempts. Five percent of owners said that financing was their top business problem. A net 22% of owners reported paying a higher interest rate on their most recent loan.

The NFIB Research Center has collected Small Business Economic Trends data with quarterly surveys since the fourth quarter of 1973 and monthly surveys since 1986. Survey respondents are randomly drawn from NFIB’s membership. The report is released on the second Tuesday of each month. This survey was conducted in October 2023.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 11/14/23
Private Indicators

National Federation of Independent Business (NFIB) October 2023 Report

Small Business Optimism Index at 90.7
Based on 10 survey indicators, seasonally adjusted, Jan. ‘10 – Oct. ‘23

Source: http://www.nfib.com/surveys/small-business-economic-trends; 11/14/23
### Small Business Optimism

<table>
<thead>
<tr>
<th>Index Component</th>
<th>Net %</th>
<th>From Last Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plans to Increase Employment</td>
<td>17%</td>
<td>▼ -1</td>
</tr>
<tr>
<td>Plans to Make Capital Outlays</td>
<td>24%</td>
<td>▼ 0</td>
</tr>
<tr>
<td>Plans to Increase Inventories</td>
<td>0%</td>
<td>▲ 1</td>
</tr>
<tr>
<td>Expect Economy to Improve</td>
<td>-43%</td>
<td>▼ 0</td>
</tr>
<tr>
<td>Expect Real Sales Higher</td>
<td>-10%</td>
<td>▲ 3</td>
</tr>
<tr>
<td>Current Inventory</td>
<td>-3%</td>
<td>▲ 1</td>
</tr>
<tr>
<td>Current Job Openings</td>
<td>43%</td>
<td>▼ 0</td>
</tr>
<tr>
<td>Expected Credit Conditions</td>
<td>-9%</td>
<td>▲ 1</td>
</tr>
<tr>
<td>Now a Good Time to Expand</td>
<td>6%</td>
<td>▲ 1</td>
</tr>
<tr>
<td>Earnings Trends</td>
<td>-32%</td>
<td>▼ 8</td>
</tr>
</tbody>
</table>

NFIB.com/sboi
Small Business Wage Growth Continues Downward Trend, While Job Growth Remains Stable
One-month annualized hourly earnings growth hits lowest level since 2020

“According to the Paychex | IHS Markit Small Business Employment Watch, job growth across the U.S. remains moderate but is growing at a slower rate than a year ago. Meanwhile, growth in hourly and weekly earnings decelerated in October, consistent with recent trends. Hourly earnings growth is below four percent (3.56%) for the fourth-straight month.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“Over the past year and a half, we’ve seen a stabilization of the growth of both small business jobs and wages, in line with macroeconomic trends. Following a long period of wage inflation, we are seeing that trend begin to cool, as the supply and demand for workers appears to be coming back into balance.” – Frank Fiorille, Vice President of Risk, Compliance, and Data Analytics, Paychex

“Over the past year and a half, we’ve seen a stabilization of the growth of both small business jobs and wages, in line with macroeconomic trends. Following a long period of wage inflation, we are seeing that trend begin to cool, as the supply and demand for workers appears to be coming back into balance.” – John Gibson, President and CEO, Paychex’
“In further detail, the October report showed:

• The rate of small business job growth has slowed 0.66% from a year ago to 98.77 but remains above pre-pandemic (2019) levels.
• Hourly earnings growth has decelerated in 16 of the past 17 months, declining from 5.17% in May 2022 to 3.56% in October 2023.
• One-month annualized hourly earnings fell to 2.27%, the lowest level since November 2020.
• Leisure and Hospitality hourly earnings growth slowed below four percent (3.93%) for the first time since February 2021.
• The South leads regional small business job growth for the 19th consecutive month. At 4.10%, the West tops regional hourly earnings growth for the fifth-straight month.
• At 100.66, North Carolina has led the pace of small business job growth among states for the 15th of the past 16 months. Meanwhile, Michigan and Ohio are the two weakest states for job growth in October.
• Indiana (100.11) ranks second among states for small business job growth and is the only state with positive one-month, three-month, and 12-month change rates. The Hoosier State also has the lowest hourly earnings growth rate at 2.16%.
• Houston has now been the strongest among the top U.S. metros for small business job growth for a year. In October, its index stands at 101.83, more than 1.50 points above the second-place metro (Chicago).” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.
The Paychex | IHS Markit
Small Business Employment Watch

<table>
<thead>
<tr>
<th>October Jobs Index</th>
<th>October Wage Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Index</strong></td>
<td><strong>Hourly Earnings</strong></td>
</tr>
<tr>
<td>98.77</td>
<td>$31.97</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12-Month Change</th>
<th>12-Month Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.66%</td>
<td>3.56%</td>
</tr>
</tbody>
</table>

Source: Paychex | IHS Markit Small Business Employment Watch

- “The pace of small business job growth slowed for the seventh consecutive month, declining 0.12% to 98.77 in October.
- The rate of small business job growth has slowed in 17 of the last 20 months, falling from the record high of 101.33 in February 2022 to 98.77 in October 2023.
- At 98.77, the national index is down 0.66% from a year ago as slower but moderate growth remains.”
  – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 10/31/23
The South decreased 0.25% to 99.26 in October and, despite slowing each month since February 2023, the South leads regional small business job growth for the 19th consecutive month.

The Midwest (98.78) has ranked second among regions for the past year.

The Northeast (98.39) remains the weakest region for small business employment growth but was unchanged in October.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 10/31/23
Economics
The Federal Reserve Bank of St. Louis
Credit Card Debt

Percentage of People Delinquent on Credit Card Debt, 2003-2023

Business Applications

“Business Applications for October 2023, adjusted for seasonal variation, were 472,993, virtually unchanged from September 2023.

Business Formations

Projected Business Formations (within 4-quarters) for October 2023, adjusted for seasonal variation, were 28,679, a decrease of 4.0 percent compared to September 2023. The projected business formations are forward looking, providing an estimate of the number of new business startups that will appear from the cohort of business applications in a given month. It does not provide an estimate of the total number of business startups that appeared within a specific month. In other words, the Census Bureau is projecting that 28,679 new business startups with payroll tax liabilities will form within 4-quarters of application from all the business applications filed during October 2023. The 4.0 percent decrease indicates that for October 2023 there will be 4.0 percent fewer businesses projected to form within 4-quarters of application, compared to the analogous projections for September 2023.” – U.S. Census Bureau
### BUSINESS APPLICATIONS

<table>
<thead>
<tr>
<th>U.S. Business Applications:</th>
<th>OCT 2023</th>
<th>OCT 2023 / SEP 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>472,993</td>
<td>Z*</td>
</tr>
<tr>
<td>High-Propensity</td>
<td>154,153</td>
<td>-3.3%*</td>
</tr>
<tr>
<td>With Planned Wages</td>
<td>58,848</td>
<td>-5.5%*</td>
</tr>
<tr>
<td>From Corporations</td>
<td>47,774</td>
<td>-2.3%*</td>
</tr>
</tbody>
</table>

Next release: December 18, 2023

(*) Statistical significance is not applicable or not measurable.

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, November 13, 2023

### Monthly Business Applications (Seasonally Adjusted)

[Graph showing monthly business applications]

Source: U.S. Census Bureau, Business Formation Statistics, November 13, 2023

### Business Applications - At a Glance

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>Northeast</th>
<th>Midwest</th>
<th>South</th>
<th>West</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>472,993</td>
<td>69,918</td>
<td>78,570</td>
<td>216,714</td>
<td>107,791</td>
</tr>
<tr>
<td><strong>OCT 2023</strong></td>
<td>Z</td>
<td>+2.4%</td>
<td>+1.0%</td>
<td>-0.6%</td>
<td>-1.2%</td>
</tr>
<tr>
<td><strong>OCT 2023 / SEP 2023</strong></td>
<td>+2.4%</td>
<td>+1.0%</td>
<td>-0.6%</td>
<td>-1.2%</td>
<td></td>
</tr>
<tr>
<td><strong>High-Propensity</strong></td>
<td>154,153</td>
<td>24,444</td>
<td>23,592</td>
<td>70,795</td>
<td>35,322</td>
</tr>
<tr>
<td><strong>OCT 2023</strong></td>
<td>-3.3%</td>
<td>+2.3%</td>
<td>-1.5%</td>
<td>-5.5%</td>
<td>-3.7%</td>
</tr>
<tr>
<td><strong>OCT 2023 / SEP 2023</strong></td>
<td>+2.3%</td>
<td>-1.5%</td>
<td>-5.5%</td>
<td>-3.7%</td>
<td></td>
</tr>
<tr>
<td><strong>With Planned Wages</strong></td>
<td>58,848</td>
<td>7,541</td>
<td>9,369</td>
<td>29,074</td>
<td>12,864</td>
</tr>
<tr>
<td><strong>OCT 2023</strong></td>
<td>-5.5%</td>
<td>+1.1%</td>
<td>-1.0%</td>
<td>-9.7%</td>
<td>-2.2%</td>
</tr>
<tr>
<td><strong>OCT 2023 / SEP 2023</strong></td>
<td>+1.1%</td>
<td>-1.0%</td>
<td>-9.7%</td>
<td>-2.2%</td>
<td></td>
</tr>
<tr>
<td><strong>From Corporations</strong></td>
<td>47,774</td>
<td>11,220</td>
<td>6,091</td>
<td>17,056</td>
<td>13,407</td>
</tr>
<tr>
<td><strong>OCT 2023</strong></td>
<td>-2.3%</td>
<td>+2.8%</td>
<td>-0.8%</td>
<td>-1.6%</td>
<td>-7.5%</td>
</tr>
<tr>
<td><strong>OCT 2023 / SEP 2023</strong></td>
<td>+2.8%</td>
<td>-0.8%</td>
<td>-1.6%</td>
<td>-7.5%</td>
<td></td>
</tr>
</tbody>
</table>

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.

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 11/13/23
# Economics

**U.S. Census Bureau**  
**October 2023**

## BUSINESS FORMATIONS

<table>
<thead>
<tr>
<th></th>
<th>OCT 2023</th>
<th>OCT 2023 / SEP 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 4 Quarters</td>
<td>28,679</td>
<td>-4.0% *</td>
</tr>
<tr>
<td>Within 8 Quarters</td>
<td>39,070</td>
<td>-3.5% *</td>
</tr>
</tbody>
</table>

Next release: December 18, 2023  
(*) Statistical significance is not applicable or not measurable.  
Spliced - Data adjusted for seasonality.  
Source: U.S. Census Bureau, Business Formation Statistics, November 13, 2023

## Monthly Business Formations within 4 Quarters  
Spliced (Actual and Projected)  
(Seasonally Adjusted)

Source: U.S. Census Bureau, Business Formation Statistics, November 13, 2023

## Projected Business Formations - At a Glance

<table>
<thead>
<tr>
<th></th>
<th>US</th>
<th>Northeast</th>
<th>Midwest</th>
<th>South</th>
<th>West</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 4 Quarters</td>
<td>OCT 2023</td>
<td>28,679</td>
<td>4,795</td>
<td>4,614</td>
<td>11,442</td>
</tr>
<tr>
<td></td>
<td>OCT 2023 / SEP 2023</td>
<td>-4.0%</td>
<td>+2.3%</td>
<td>-5.0%</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Within 8 Quarters</td>
<td>OCT 2023</td>
<td>39,070</td>
<td>6,509</td>
<td>6,274</td>
<td>15,802</td>
</tr>
<tr>
<td></td>
<td>OCT 2023 / SEP 2023</td>
<td>-3.5%</td>
<td>+1.9%</td>
<td>-3.3%</td>
<td>-4.1%</td>
</tr>
</tbody>
</table>

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.
Economics

NEW Business Formation Statistics
October 2023

Monthly Business Applications by NAICS Sector
(Seasonally Adjusted)

Source: U.S. Census Bureau, Business Formation Statistics, November 13, 2023

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 11/13/23
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