The Virginia Tech–USDA Forest Service Housing Commentary: Section II
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2023 Virginia Polytechnic Institute and State University VCE-ANR

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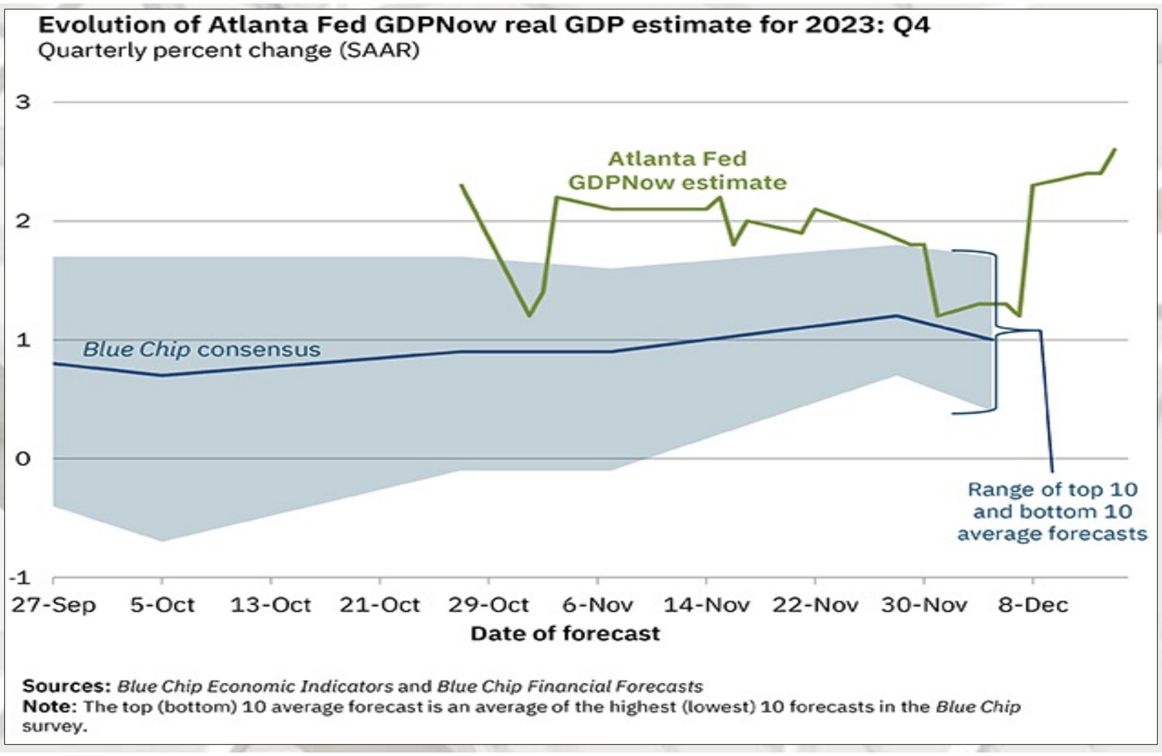
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 2.6 percent — December 14, 2023

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2023 is **2.6 percent** on December 14, up from 1.2 percent on December 7. 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, fourth-quarter real gross private domestic investment growth, and fourth-quarter real government spending growth increased from 1.9 percent, -3.0 percent, and 3.1 percent, respectively, to 3.0 percent, 0.5 percent, and 3.6 percent, while the nowcast of the contribution of the change in real net exports to fourth-quarter real GDP growth decreased from -0.06 percentage points to -0.12 percentage points." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 12/14/23

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The Federal Reserve Bank of Boston: New England Economic Conditions through November 28, 2023

Key Takeaways

- "Employment growth in the region decelerated over the last 12 months, with growth rates remaining modestly below the national averages. Despite the slower employment growth, New England's unemployment rate continued to decline; it fell below 3 percent in October 2023, reaching its lowest level since 2000. The low unemployment rate signals persistent worker shortages in the region.
- Prices in New England remained stable from September through October 2023 after a temporary uptick in August 2023, bringing the region's inflation rate back to 2 percent. While inflation moderated in all other expenditure categories, the shelter price index continued to grow at a speed three times as fast as the pre-pandemic rate, partially reflecting the region's insufficient housing stock.
- The shares of credit card loan and mortgage loan balances in New England and across the country that were newly delinquent rose sharply from June 2021 through September 2023, while the US personal saving rate fell steadily. These changes signal that consumer finance has deteriorated since mid-2021 after it had improved considerably in 2020 and early 2021 due to pandemic-related government transfers." – Pinghui Wu, Economist, The Federal Reserve Bank of Boston

Source: https://www.bostonfed.org/publications/new-england-economic-conditions/2023/november.aspx; 11/30/23

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The Federal Reserve Bank of Boston: New England Economic Conditions

Payroll Employment

"New England's employment level continued to rise from August 2023 through October 2023, with employment-growth and job-opening rates both remaining above the long-term averages. Nevertheless, employment growth in the region decelerated over the last 12 months and lagged the national averages. Weaker employment growth in the retail, health care and social assistance, and accommodation and food services industries since the pandemic primarily accounted for the lag.. A closer look at household survey data suggests that difficulty retaining men (accommodation and food services, retail) and non-college-educated women (health care and social assistance, retail) led to the more modest growth in these industries. Massachusetts, New Hampshire, Connecticut, and Maine saw higher year-over-year employment growth than Rhode Island and Vermont. As of October 2023, those two states had not recovered the employment losses they sustained during the pandemic.

Unemployment and Labor Force Participation

The unemployment rate in New England fell from 3.5 percent in January 2023 to 2.8 percent in October 2023 despite decelerating job growth. The 2.8 percent unemployment rate marked the lowest rate since 2000 and signaled a shortage of job seekers willing and able to fill vacancies. Over the same period, the US unemployment rate increased from 3.4 percent to 3.9 percent. The difference resulted from diverging trends in labor force participation between New England and the rest of the country. Across the United States, labor force participation has steadily recovered since 2021, with participation rates surpassing their pre-pandemic levels for all age groups except workers aged 65 and older. By contrast, in New England, an aging population, retirements, and weaker participation recovery across all age groups have led to a widening gap between the current and pre-pandemic labor force participation levels. … " – Pinghui Wu, Economist, The Federal Reserve Bank of Boston

Source: https://www.bostonfed.org/publications/new-england-economic-conditions/2023/november.aspx; 11/30/23

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

Index Suggests Economic Growth Declined in October

"*Led by declines in production-related indicators, the Chicago Fed National Activity Index (CFNAI) fell to –0.49 in October from –0.02 in September. All four broad categories of indicators used to construct the index decreased from September, and all four categories made negative contributions in October. The index's three-month moving average, CFNAI-MA3, decreased to –0.22 in October from a neutral value in September.*

The CFNAI Diffusion Index, which is also a three-month moving average, fell to –0.20 in October from +0.08 in September. Twenty-four of the 85 individual indicators made positive contributions to the CFNAI in October, while 61 made negative contributions. Twenty-seven indicator improved from September to October, while 58 indicators deteriorated. Of the indicators that improved, nine made negative contributions.

Production-related indicators contributed –0.33 to the CFNAI in October, down from –0.04 in September. Industrial production decreased 0.6 percent in October after increasing 0.1 percent in the previous month. The contribution of the sales, orders, and inventories category to the CFNAI edged down to –0.04 in October from a neutral value in September.

Employment-related indicators contributed –0.10 to the CFNAI in October, down from +0.01 in September. The unemployment rate increased to 3.9 percent in October from 3.8 percent in the previous month. The contribution of the personal consumption and housing category to the CFNAI ticked down to –0.02 in October from a neutral value in September." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 11/21/23

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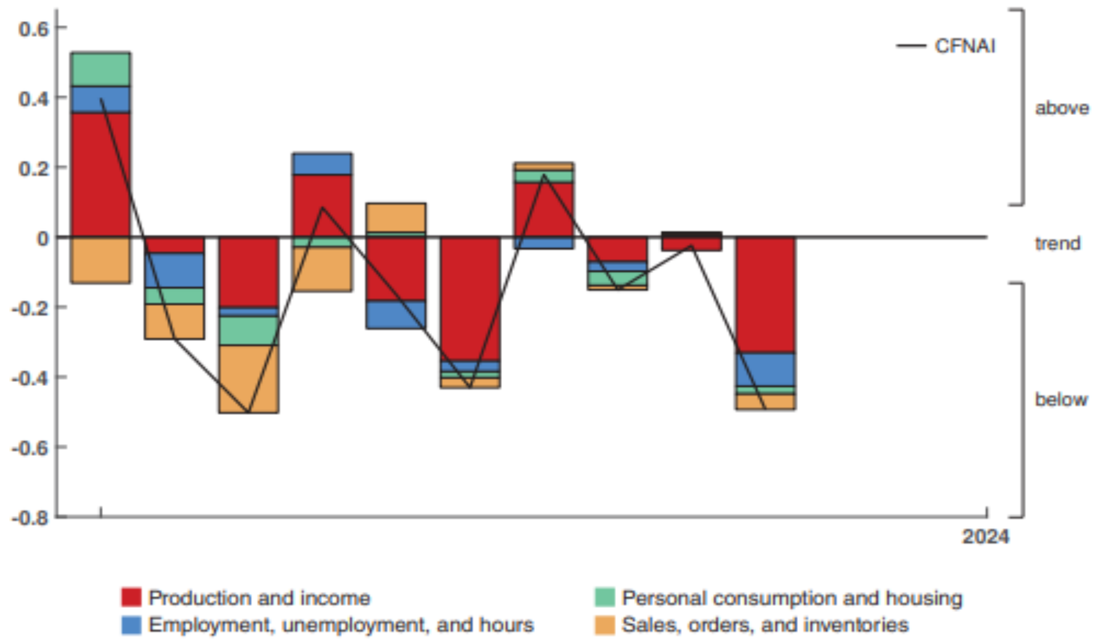
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

Chicago Fed National Activity Index, by Categories



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

	Oct '23	Sep '23	Aug '23	Jul '23	Jun '23	May '23	Oct '22
CFNAI							
Current	–0.49	–0.02	–0.15	+0.18	–0.43	–0.16	–0.12
Previous	N/A	+0.02	–0.22	+0.20	–0.40	–0.18	–0.13
CFNAI–MA3							
Current	–0.22	0.00	–0.13	–0.14	–0.17	–0.19	+0.06
Previous	N/A	0.00	–0.14	–0.13	–0.17	–0.20	+0.06
CFNAI Diffusion							
Current	–0.20	+0.08	–0.11	+0.01	–0.11	–0.13	+0.18
Previous	N/A	+0.05	–0.15	0.00	–0.11	–0.12	+0.18

Current and Previous values reflect index values as of the November 21, 2023, release and October 23, 2023, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 11/21/23

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The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)

Survey Suggests Growth Slowed in November

“The *Chicago Fed Survey of Economic Conditions* (CFSEC) Activity Index increased to –29 in November from –35 in October, suggesting that economic growth was well below trend. The CFSEC Manufacturing Activity Index increased to –19 in November from –51 in October, but the CFSEC Nonmanufacturing Activity Index decreased to –37 in November from –20 in the previous month.

- Respondents’ outlooks for the U.S. economy for the next 12 months improved, but remained pessimistic on balance. Forty-seven 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 decreased, and the capital spending expectations index remained negative.
- The labor cost pressures index decreased, as did the nonlabor cost pressures index. Both cost pressures indexes remained.” – Thomas Walstrum, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 11/22/23

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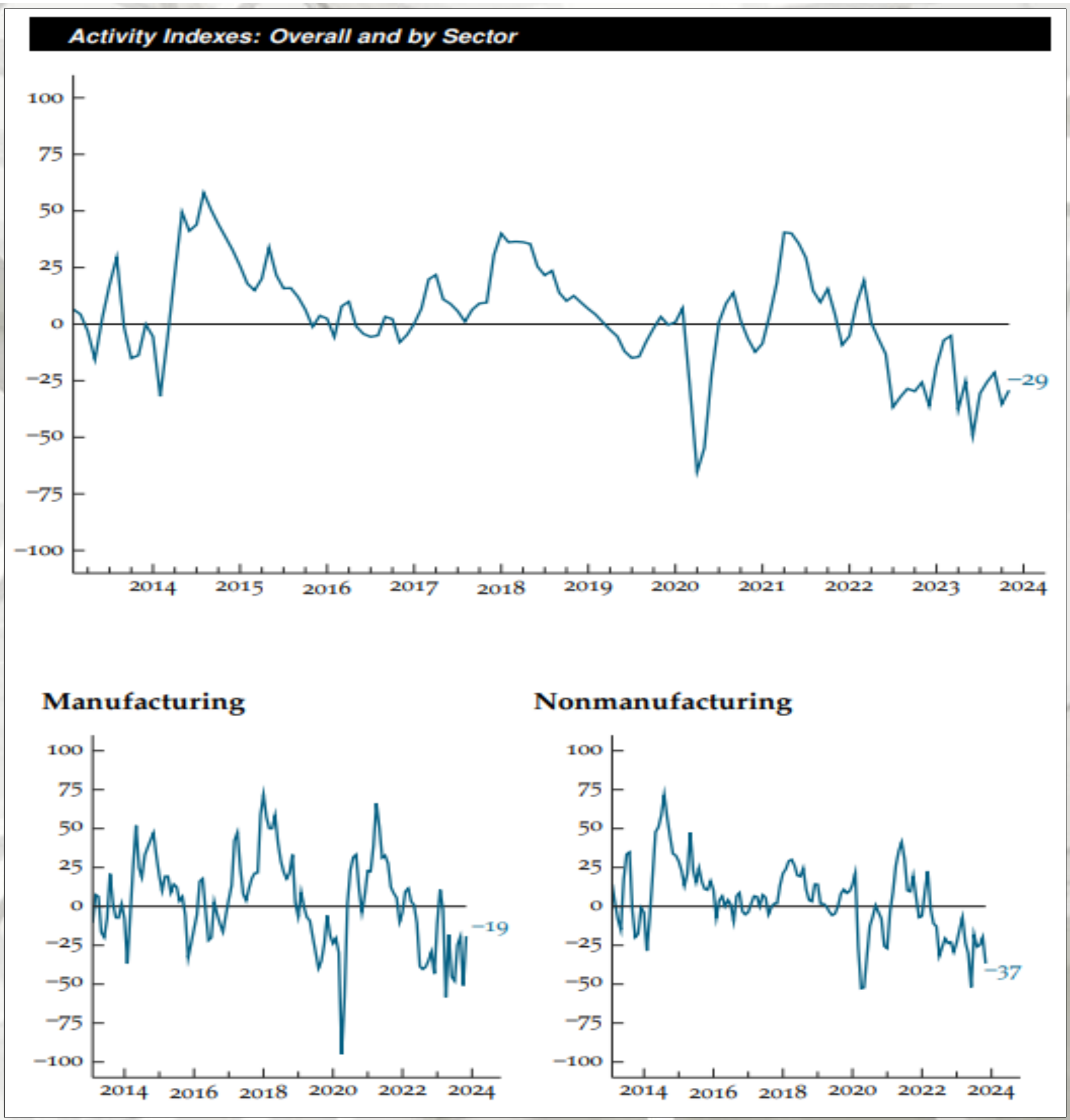
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)



Source: https://www.chicagofed.org/research/data/cfsec/current-data; 11/22/23

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Texas manufacturing slips back into contraction

“Texas factory activity contracted in November after two months of expansion, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell 12 points to -7.2.

Other measures of manufacturing activity also indicated contraction this month. The new orders index has been negative for 18 months and dropped from -8.8 to -20.5 in November. The capacity utilization index returned to negative territory, falling from 5.4 to -10.1, while the shipments index slipped eight points to -9.5.

Perceptions of broader business conditions continued to worsen in November. The general business activity and company outlook indexes remained largely unchanged at -19.9 and -18.8, respectively, having now spent more than a year and a half in negative territory. The outlook uncertainty index stayed slightly elevated at 20.3.

Labor market measures suggest slightly slower employment growth and shorter workweeks in November. The employment index edged down from 6.7 to 5.0, a reading below the series average of 7.8. Twenty-two percent of firms noted net hiring, while 17 percent noted net layoffs. The hours worked index posted a second negative reading and slipped three points to -5.5.

Wage growth normalized this month, while material cost growth remained below average and selling prices fell. The wages and benefits index moved down four points to 20.0, a reading in line with its series average. The raw materials prices index held steady at 12.6, a reading well below average and indicative of more modest price growth than usual. The finished goods prices index decreased from -2.1 to -6.2, its lowest reading since mid-2020.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/27/23

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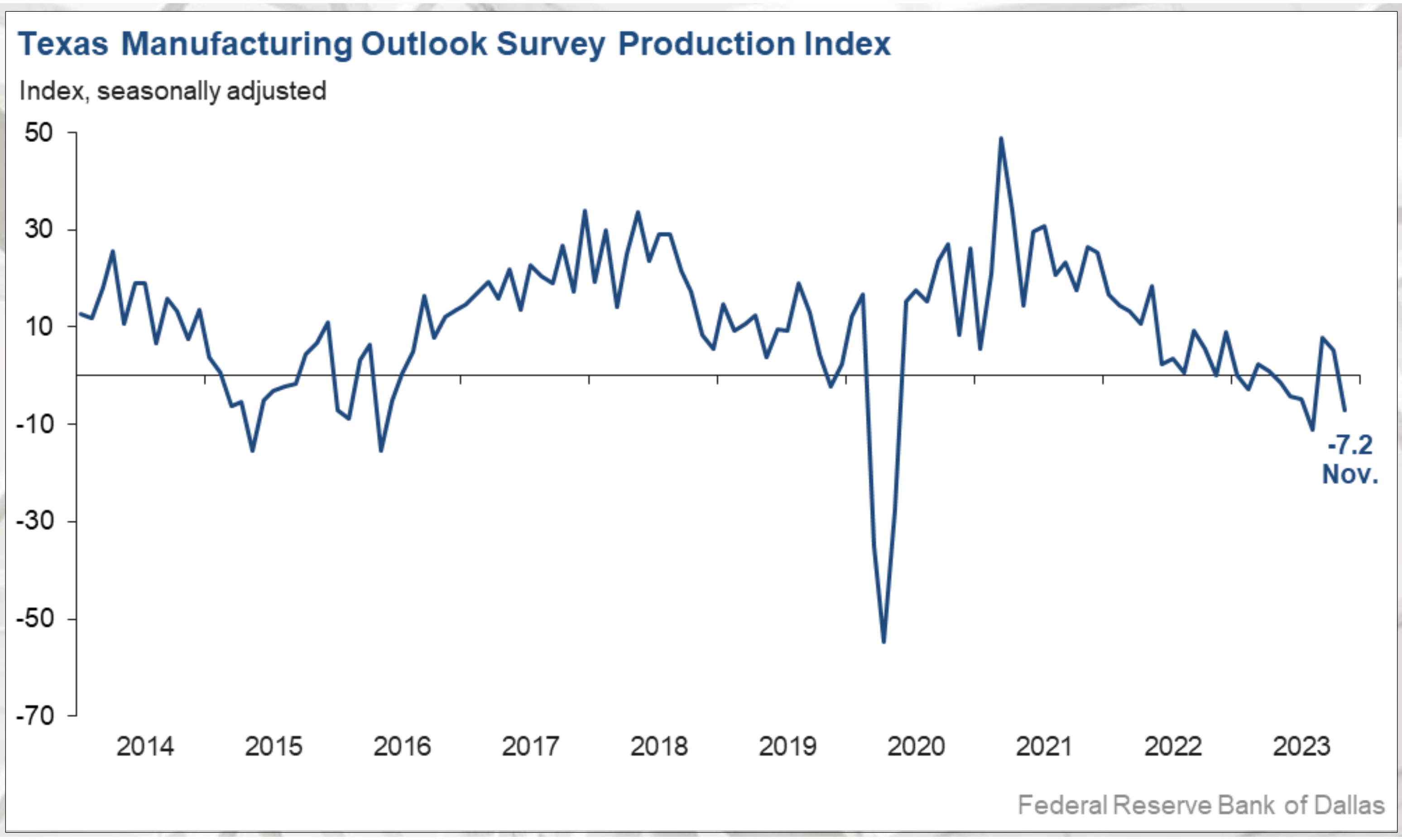
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity remained mixed in November. The future production index stayed positive but fell six points to 13.7. The future general business activity index posted a fourth consecutive negative reading and pushed down from -6.8 to -13.4. Most other measures of future manufacturing activity remained in positive territory this month." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/27/23

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas service activity declines in November

"Texas service sector activity contracted in November for the first time since December 2022, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell three points to -2.4.

Labor market indicators pointed to a pickup in employment growth and a largely stable workweek. The employment index increased from 0.1 to 5.7 in November. The part-time employment index moved up to 1.2, while the hours worked index held mostly steady at -0.9.

Respondents in November continued to perceive worsening broader business conditions, though pessimism waned slightly. The general business activity index improved from -18.2 to -11.6, while the company outlook index increased from -12.8 to -8.1. The outlook uncertainty index dropped to 10.4.

Input price pressures eased while selling price pressures picked up slightly. Wage growth remained unchanged in November. The input prices index fell five points to 32.1 and the selling prices index increased two points to 11.3, with both indexes exceeding their respective series averages. The wages and benefits index was flat at 16.8, approaching its average reading of 15.8.

Respondents' expectations regarding future service sector activity were mixed in November. The future general business activity index remained in negative territory but improved to -7.8. The future revenue index remained positive and increased two points to 28.2. 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; 11/28/23

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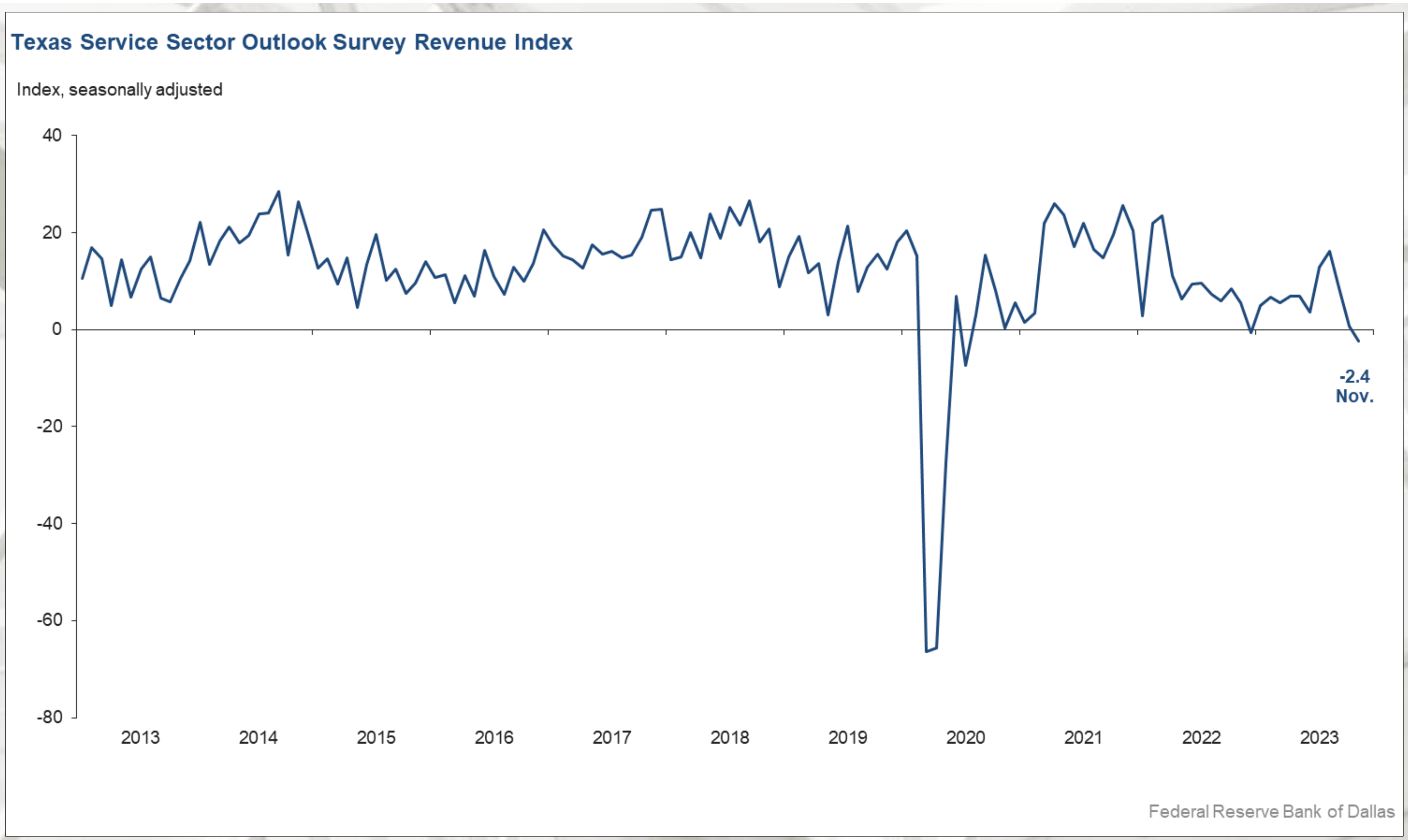
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 11/28/23

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas retail sales fall again

"Retail sales declined in November, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, remained in negative territory, but increased from -18.1 to -11.6 indicating retail sales fell at a slower pace than the previous month. Retailers' inventories increased, with the index moving up from -2.4 to 8.3.

Retail labor market indicators reflected a pickup in employment growth and continued shortening of workweeks in November. The employment index increased 18 points to 5.4 while the part-time employment index rose nine points to 3.6. The hours worked index increased from -12.1 to -4.7.

Retailers continued to perceive a worsening of broader business conditions in November, but pessimism waned. The general business activity index improved from -23.0 to -11.8, while the company outlook index increased from -11.9 to -9.3. T he outlook uncertainty index dropped from 23.1 to zero, signaling that uncertainty did not change from the previous month.

Price pressures eased while wage pressures rose in November. The selling prices index fell three points to 12.9 while the input prices index dropped two points to 25.2. The wages and benefits index jumped from 2.9 to 10.0.

Expectations for future retail growth were mixed in October. The future general business activity index fell further to -11.7, reflecting worsened expectations. The future sales index fell from 11.0 to 6.6, yet the positive reading indicates continued growth. Other indexes of future retail activity, such as employment and capital expenditures, showed mixed movements, with the future employment index inching up to 2.5, while the future capital expenditures index dropped 4 points to zero." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 11/28/23

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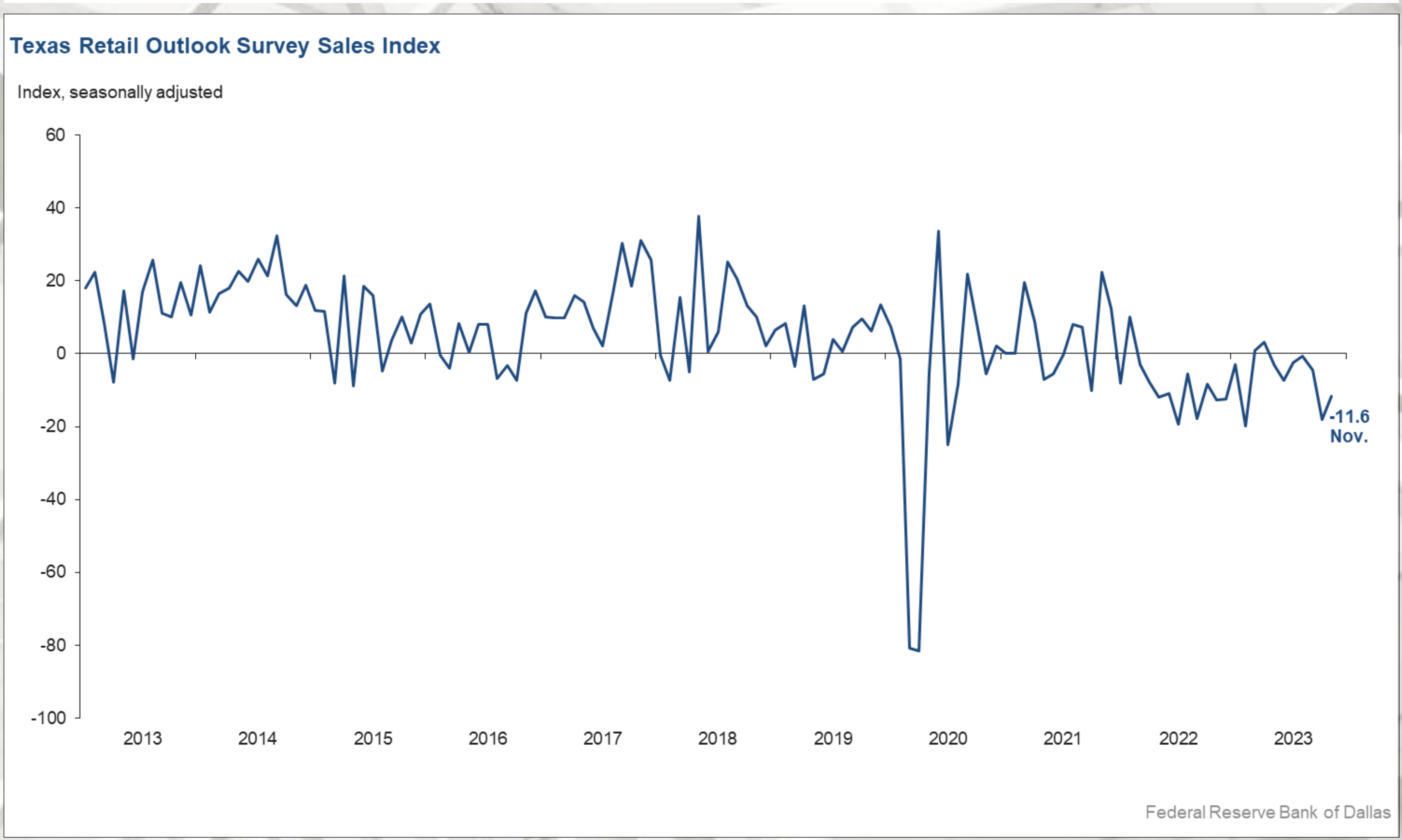
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 11/28/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Declined Again in November

Regional factory activity declined again in November. Firms cited a decline in employment levels, and expected that to continue over the next six months.

Factory Activity Continued to Decline

“Tenth District manufacturing activity declined again in November, and expectations for future activity ticked down slightly, while price indexes were mixed with a slight increase in raw materials prices but a decline in finished goods prices (Chart 1). Going forward, firms expect both finished goods and raw materials prices to increase modestly.

The month-over-month composite index was -2 in November, up from -8 in October and basically unchanged from September. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Durable and nondurable goods both ticked up slightly, although the durables index remains in negative territory.” – 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; 11/16/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Continued to Decline

"Most month-over-month indexes remained negative. The volume of shipments and new orders indexes increased moderately, while supplier delivery time inched downward. However, employment and average employee workweek declined slightly. The year-over-year index for factory activity increased slightly inching higher from -11 to -9. Volume of new orders, shipments, and backlogs indexes all rose, while indexes for supplier delivery time and finished goods inventories declined. The future composite index ticked down to -1 in November, as firms' expectations for production continues to increase but other indexes softened.

Special Questions

This month contacts were asked special questions about employment plans and labor market conditions. The top three reasons affecting firms' plans to increase employment and also restraining their hiring plans remained unchanged from November 2022. About 82% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving employment plans. Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff. Over 63% of firms cannot find workers with required skills which is the number one reason for restrained hiring plans. This is followed by 49% of firms reporting the need to keep operating costs low and 39% reporting high labor costs." – 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; 11/16/23

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The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 11/16/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Continued to Remain Flat in November

District services activity stayed flat again in November. Prices for both input and selling prices rose slightly, while employment decreased from last month but is expected to rebound in future months.

Business Activity Held Constant Again

"Tenth District services activity remained flat in November, and expectations for the next six months increased modestly (Chart 1). Prices for inputs and selling prices rose modestly and are expected to continue to increase heading forward.

The month-over-month services composite index was 1 in November, up slightly from -1 in October and basically unchanged from September. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Revenues in real estate, professional services, and healthcare increased this month, while they declined in wholesale and retail trade, autos, and tourism. Most month-over-month indexes generally increased slightly from previous readings, except the employment index which decreased from 5 to -2." – 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; 11/17/23

U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Activity Held Constant Again

"General revenue/sales increased after a slight decrease last month, and capital expenditures recorded the highest level since June 2022. The year-over-year composite index cooled from 9 to 2, and the employment index also edged slightly lower. Expectations for services activity also rose from 7 to 13, as firms are more optimistic about revenues for the next six months.

Special Questions

This month contacts were asked special questions about employment plans and labor market conditions. The top three reasons affecting firms' plans to increase employment remained unchanged from November 2022. About 71% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving an increase in employment plans. Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff. Over 56% of firms cannot find workers with required skills which is the number one reason for restrained hiring plans followed by high labor costs at 41%. Firms top three reasons for restraining hiring plans changed from last year, with 40% of firms now wanting to keep operating costs low rather than uncertainty about other regulations or government policies." – 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; 11/17/23

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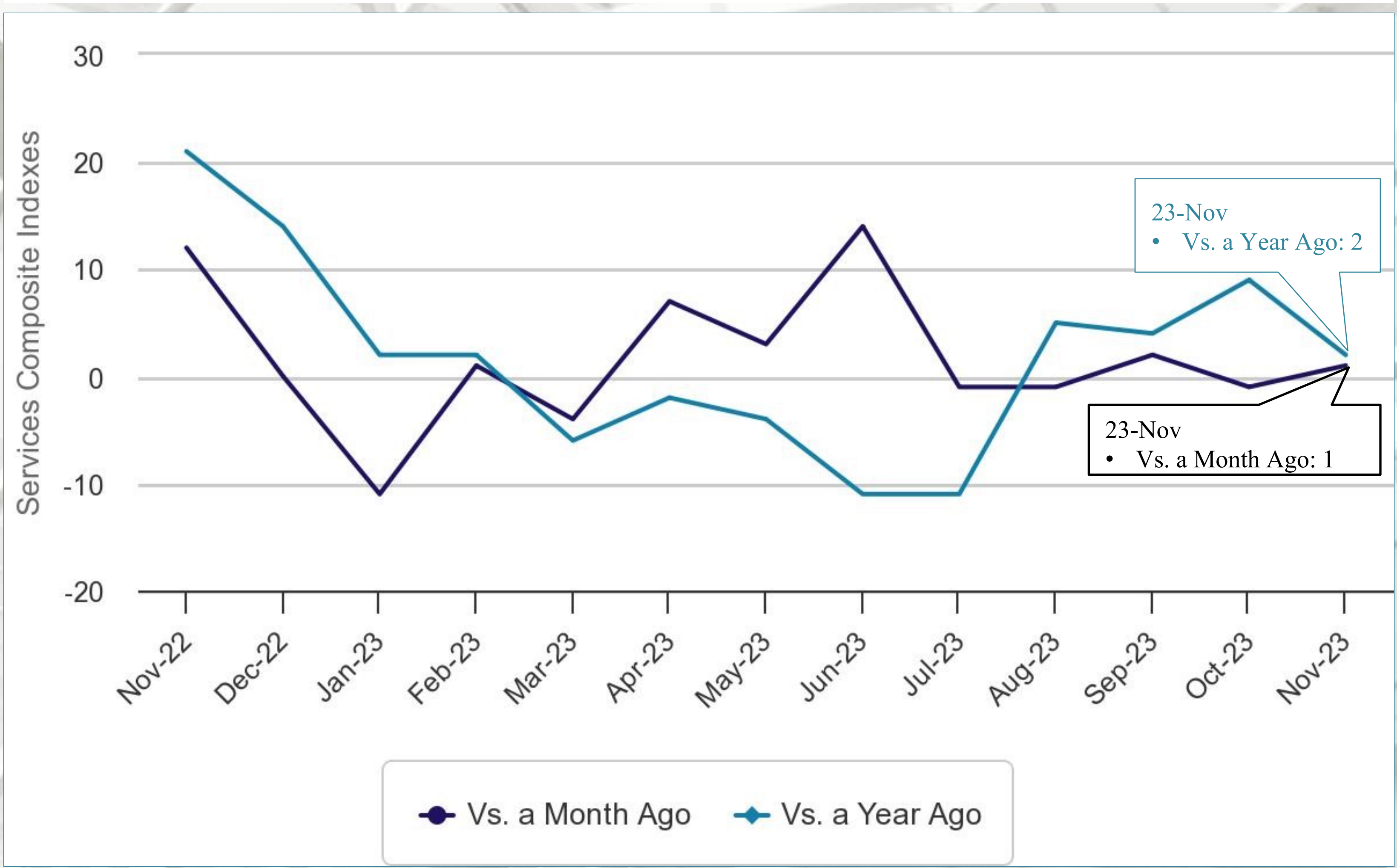
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 11/17/23

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The Federal Reserve Bank of New York

December 2023 Manufacturing Survey

Headline Index Continues To See-saw

“Business activity declined in New York State, according to firms responding to the December 2023 *Empire State Manufacturing Survey*. The headline general business conditions index fell twenty-four points to -14.5, continuing to oscillate around -8.6 – the average observed over the past year. New orders fell for a third consecutive month, and shipments also declined. Unfilled orders continued to shrink significantly, and delivery times shortened at the fastest pace since well before the pandemic. Inventories moved lower. Employment declined modestly, and the average workweek edged down. The pace of input price increases moderated, while the pace of selling price increases held steady. After reporting a steep drop in the outlook last month, firms were a little more positive in December, but their optimism remained quite subdued.

Manufacturing activity declined in New York State, according to the December survey. The general business conditions index fell twenty-four points to -14.5, continuing to oscillate around -8.6 – the average observed over the past year. Eighteen percent of respondents reported that conditions had improved over the month, while thirty-two percent reported that conditions had worsened. The new orders fell six points to -11.3, pointing to a decline in orders for a third consecutive month, and the shipments index fell sixteen points to -6.4, indicating that shipments fell. The unfilled orders index held steady at -24.0, a sign that unfilled orders continued to fall significantly. After rising into positive territory last month, the inventories index retreated fourteen points to -5.2, suggesting that inventories moved lower. The delivery times index dropped ten points to -15.6, its lowest reading in several years, a sign that delivery times shortened.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 12/15/23

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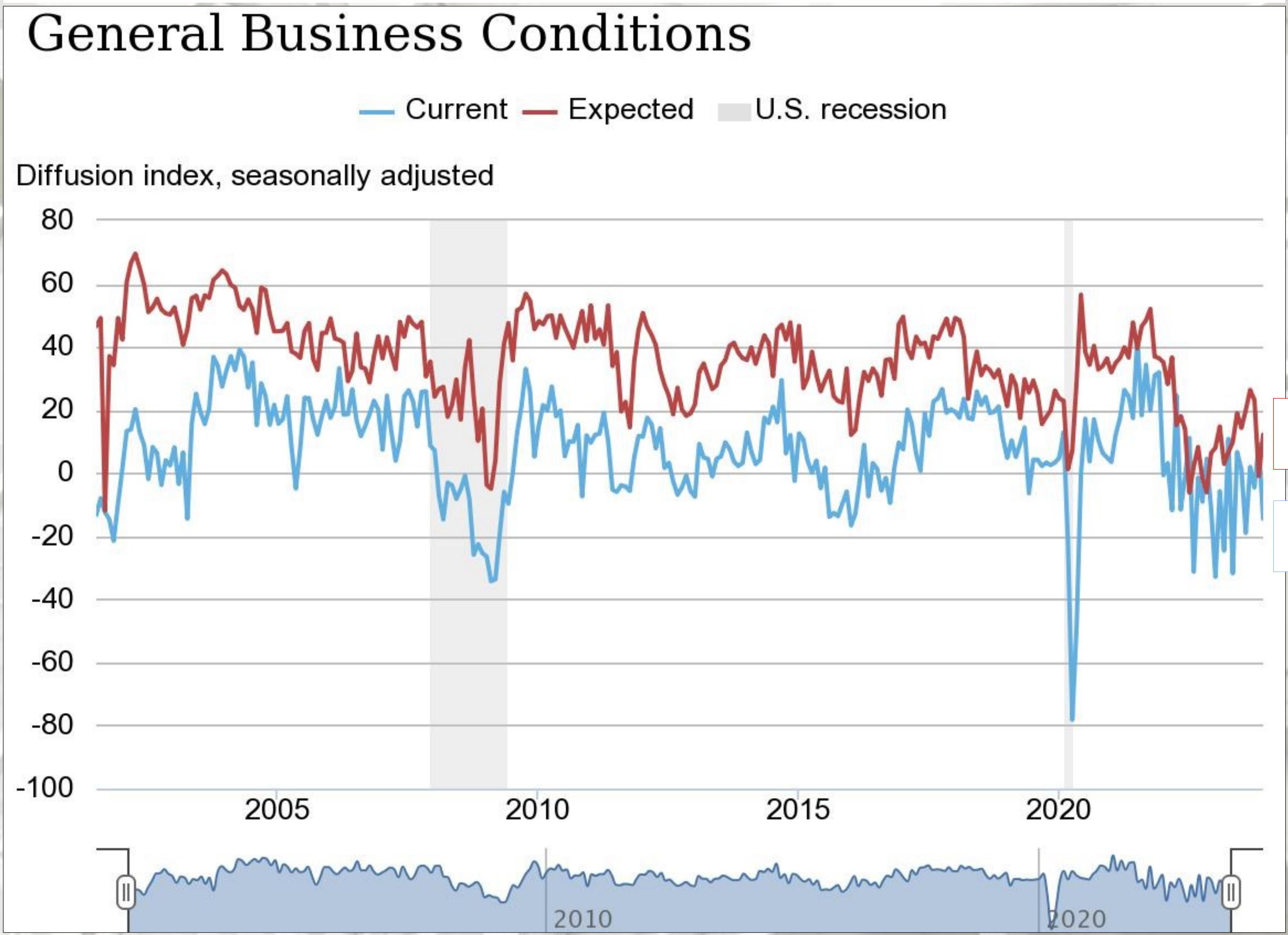
The Federal Reserve Bank of New York



Dec 2023
12.1

Dec 2023
-14.5

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 12/15/23

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The Federal Reserve Bank of New York

December 2023 Manufacturing Survey

Labor Market Indicators Remain Soft

“The index for number of employees fell four points to -8.4, its lowest level in several months, pointing to a modest decline in employment levels. The average workweek index was little changed at -2.4, indicating a slight decline in hours worked. The prices paid index moved down six points to 16.7, suggesting an ongoing moderation in input price increases, while the prices received index held steady at 11.5, a sign that selling price increases remained modest.

Optimism Still Subdued

After plunging last month, the index for future business conditions climbed thirteen points to 12.1, a reading that suggests firms were still not very optimistic that conditions would improve in the months ahead. New orders and shipments, as well as employment, are expected to increase only modestly over the next six months. The capital spending index remained depressed at 4.2, and the technology spending index came in at 8.3, suggesting that firms’ investment plans remained weak.”
– Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 12/15/23

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The Federal Reserve Bank of New York

November Empire State Business Leaders Survey (Services)

Activity Continues To Decline

“Activity continued to decline in the region’s service sector, though at a slower pace than last month, according to firms responding to the Federal Reserve Bank of New York’s November 2023 *Business Leaders Survey*. The survey’s headline business activity index rose seven points to -11.9. The business climate index was little changed at -37.1, suggesting the business climate remains much worse than normal. Despite the decline in activity, employment grew slightly, while wage increases slowed. Input prices and selling prices increased at about the same pace as last month. Looking ahead, firms were not optimistic that conditions would improve over the next six months.

Business activity continued to contract, according to the November survey. The headline business activity index climbed seven points but remained negative at -11.9. Twenty-one percent of respondents reported that conditions improved over the month and 33 percent said that conditions worsened. The business climate index held steady at -37.1, suggesting that the business climate remains considerably worse than normal.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 11/16/23

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The Federal Reserve Bank of New York

November Empire State Manufacturing Survey (Services)

Wage Increases Slow

"The employment index edged down five points to 3.8, pointing to a slight increase in employment. The wages index moved down eight points to 31.6, a sign that wage increases slowed. Both the prices paid and prices received indexes were little changed, indicating that input prices and selling prices increased at about the same pace as last month. At 8.9, the capital spending index signaled a modest increase in capital expenditures.

Firms Don't Expect Much Improvement

The index for future business activity was unchanged at 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 came in at -17.0, suggesting the business climate is expected to remain worse than normal. However, employment is expected to grow modestly in the months ahead." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 11/16/23

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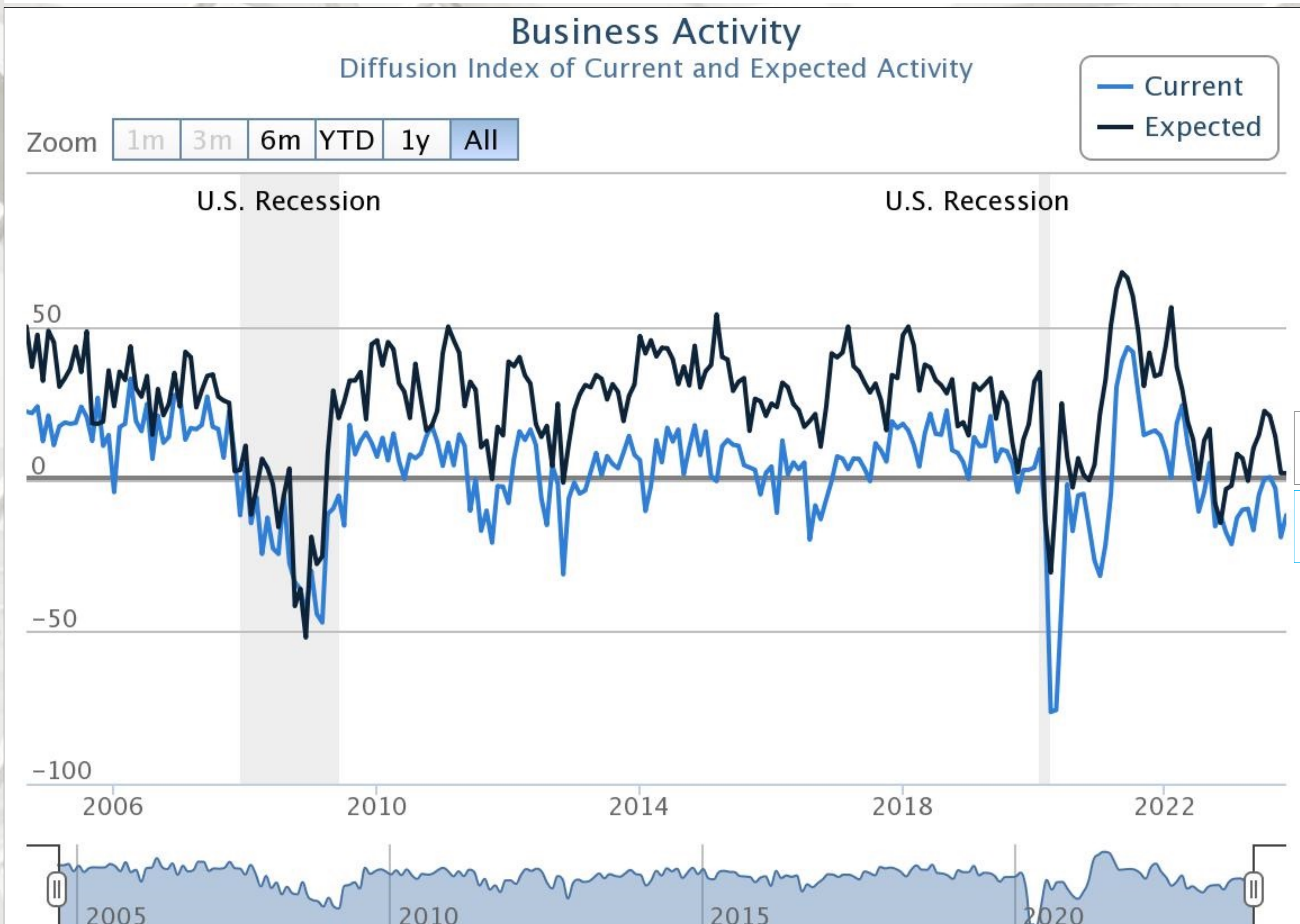
The Federal Reserve Bank of New York



Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 11/16/23

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The Federal Reserve Bank of Philadelphia

November 2023 Manufacturing Business Outlook Survey

Current Indicators Remain Weak

"Manufacturing activity in the region continued to decline 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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-11; 11/16/23

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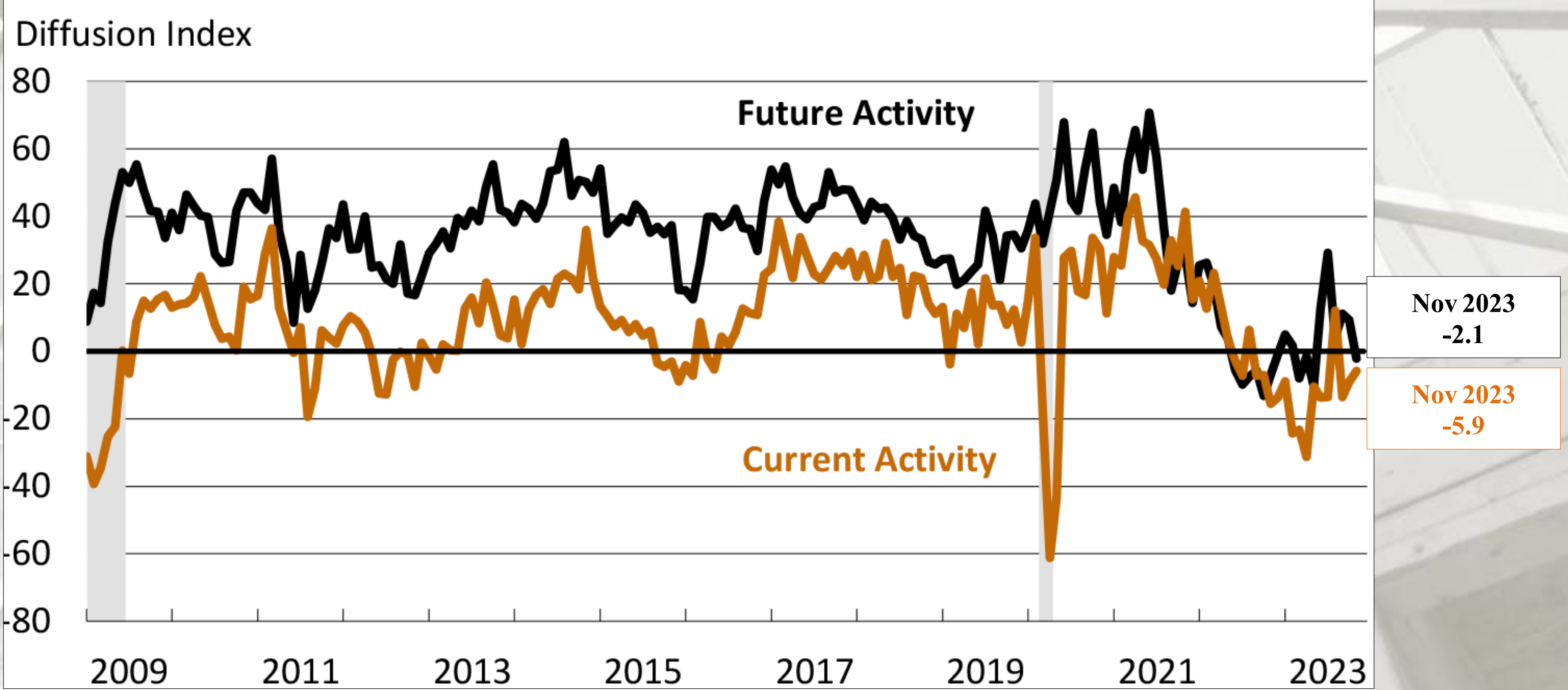
The Federal Reserve Bank of Philadelphia

November 2023 Manufacturing Business Outlook Survey

Chart. Current and Future General Activity Indexes

January 2009 to November 2023



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-11; 11/16/23

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The Federal Reserve Bank of Philadelphia

November 2023 Manufacturing Business Outlook Survey

Firms Continue to Report Price Increases Overall

"The prices paid diffusion index declined from 23.1 in September 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 September 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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-11; 11/16/23

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The Federal Reserve Bank of Philadelphia

November 2023 Manufacturing Business Outlook Survey

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

The Federal Reserve Bank of Philadelphia

November 2023 Nonmanufacturing Business Outlook Survey

Current Indicators Improve but Are Mixed

“Firms responding to the November *Nonmanufacturing Business Outlook Survey* indicated overall improvement in business activity. The indexes for general activity at the firm level and sales/revenues returned to positive territory for the first time since July. The index for new orders rose but remained negative. The firms continued to report higher full- and part-time employment overall, and the prices paid and prices received indexes both indicate overall increases in prices. The respondents continue to expect growth at their own firms over the next six months.

The diffusion index for current general activity at the firm level increased from -4.9 to 10.3, its first positive reading since July (see Chart). Over 30 percent of the firms reported increases in activity (up from 23 percent last month), while 20 percent reported decreases (down from 28 percent). The sales/revenues index improved from -9.0 to 9.3 this month, marking its first positive reading since July. Almost 35 percent of the firms reported increases in sales/revenues (up from 21 percent last month), while 26 percent reported decreases (down from 30 percent). The new orders index rose 8 points but remained negative at -8.6, its sixth consecutive negative reading. Almost 18 percent of the firms reported increases in new orders, while 26 percent reported decreases. The current regional activity index moved up 9 points but remained negative at -11.0.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-11; 11/21/23

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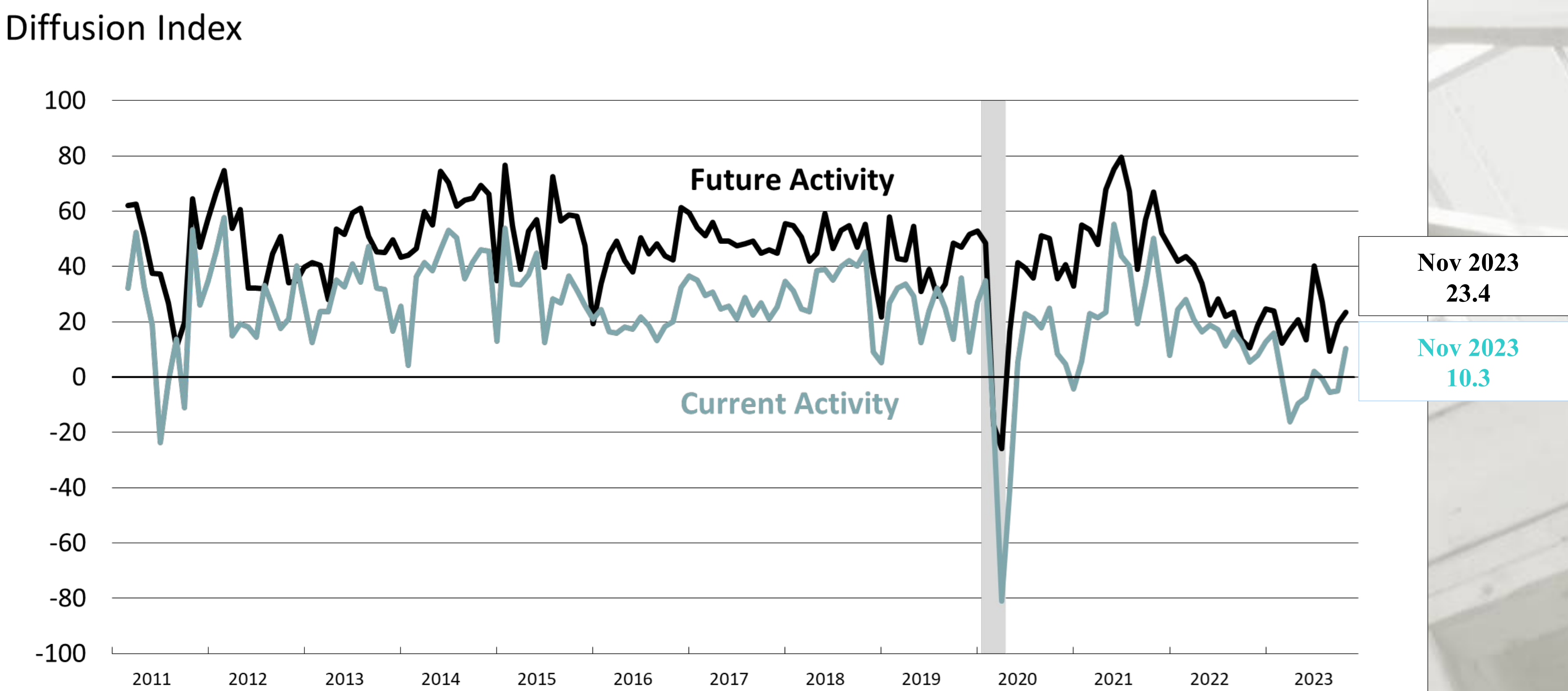
The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes for Firms

March 2011 to November 2023



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-11; 11/21/23

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The Federal Reserve Bank of Philadelphia

November 2023 Nonmanufacturing Business Outlook Survey

Firms Report Overall Increases in Employment

"Responding firms reported increases in full-time employment this month on balance, and the index increased 7 points to 14.7. The share of firms reporting increases in full-time employment (24 percent) exceeded the share reporting decreases (9 percent); most firms (57 percent) reported no change. The part-time employment index remained mostly steady at 2.7. Most firms (64 percent) reported steady part-time employment, while 10 percent of the firms reported increases and 8 percent reported decreases. The average workweek index fell 10 points to 1.1.

Firms Continue to Report Price Increases

Price indicator readings suggest widespread increases continued increases in prices for inputs and the firms' own goods and services. The prices paid index fell 6 points to 40.6 this month. More than 46 percent of the firms reported increases in input prices, while 6 percent reported decreases; 36 percent reported stable prices. Regarding prices for the firms' own goods and services, the prices received index rose from 0.5 to 15.4. More than 22 percent of the firms reported higher prices, 7 percent reported lower prices, and 55 percent reported no change.

Respondents Anticipate Growth

The future activity indexes suggest firms expect growth at their own companies and in the region over the next six months. The diffusion index for future activity at the firm level rose 4 points to 23.4 this month (see Chart). More than 42 percent of the firms expect increases in future activity at their firms, and 19 percent expect decreases. The future regional activity index rose from -4.6 to 1.9 this month." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-11; 11/21/23

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The Federal Reserve Bank of Philadelphia

November 2023 Nonmanufacturing Business Outlook Survey

Firms Expect Own Prices to Rise Slower Than Inflation

“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, the firms’ median forecast was for an increase of 3.0 percent, down from 4.0 percent when the question was last asked in August. The firms’ reported own price change over the past year was 3.0 percent, unchanged from August. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 4.0 percent over the next four quarters, unchanged from August. When asked about the rate of inflation for U.S. consumers over the next year, the firms’ median forecast was 3.5 percent, down from 4.8 percent in August. The firms’ median forecast for the long-run (10-year average) inflation rate was unchanged from August at 3.0 percent.

Summary

Responses to this month’s *Nonmanufacturing Business Outlook Survey* suggest overall improvement in nonmanufacturing activity in the region. The indicators for firm-level general activity and sales/revenues increased and turned positive, while the new orders index also rose but remained negative this month. The indexes for full- and part-time employment continued to suggest overall increases in employment. Both price indexes continue to indicate overall price increases. Overall, the respondents continue to expect growth at their own firms over the next six months.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-11; 11/21/23

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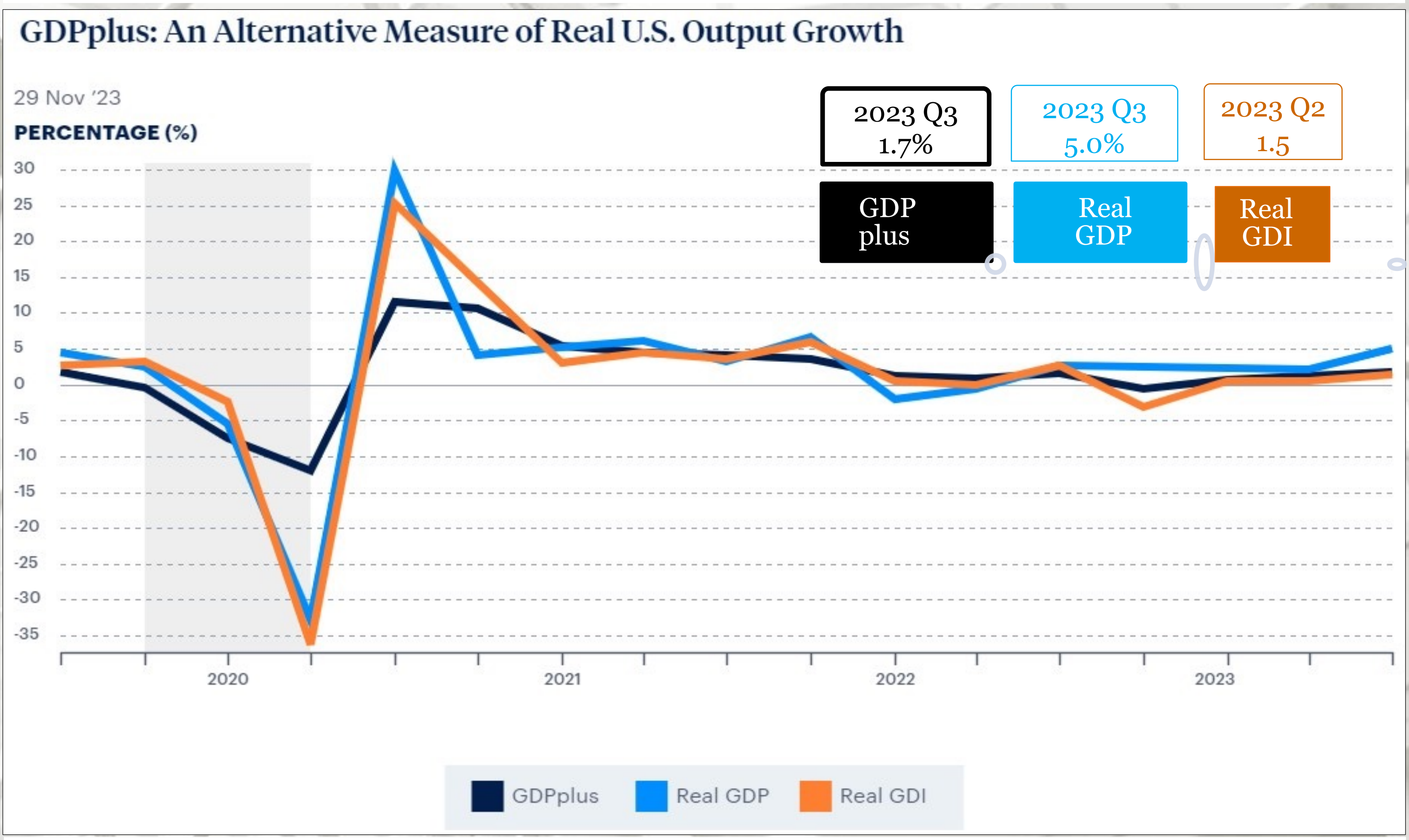
The Federal Reserve Bank of Philadelphia: GDPplus



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

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

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 11/29/23

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The Federal Reserve Bank of Richmond

November 2023 Fifth District Survey of Manufacturing Activity

Manufacturing Activity Slowed in November

“Fifth District manufacturing activity slowed in November, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index decreased from 3 in October to −5 in November. Of its three component indexes, shipments fell from 9 to −8, new orders edged down from −4 to −5, and employment decreased from 7 to 0.

Firms were not optimistic about local business conditions, as the index fell from −9 in October to −14 in November. The index for future local business conditions also decreased, edging down from −3 in October to −5 in November.

Most firms continued to report declining backlogs and vendor lead time as these indexes both remained negative.

The average growth rates of prices paid was more or less flat in November, while the average growth rate of prices received edged down slightly. The growth rate of prices received was below firms' expected price growth for the year ahead.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/28/23

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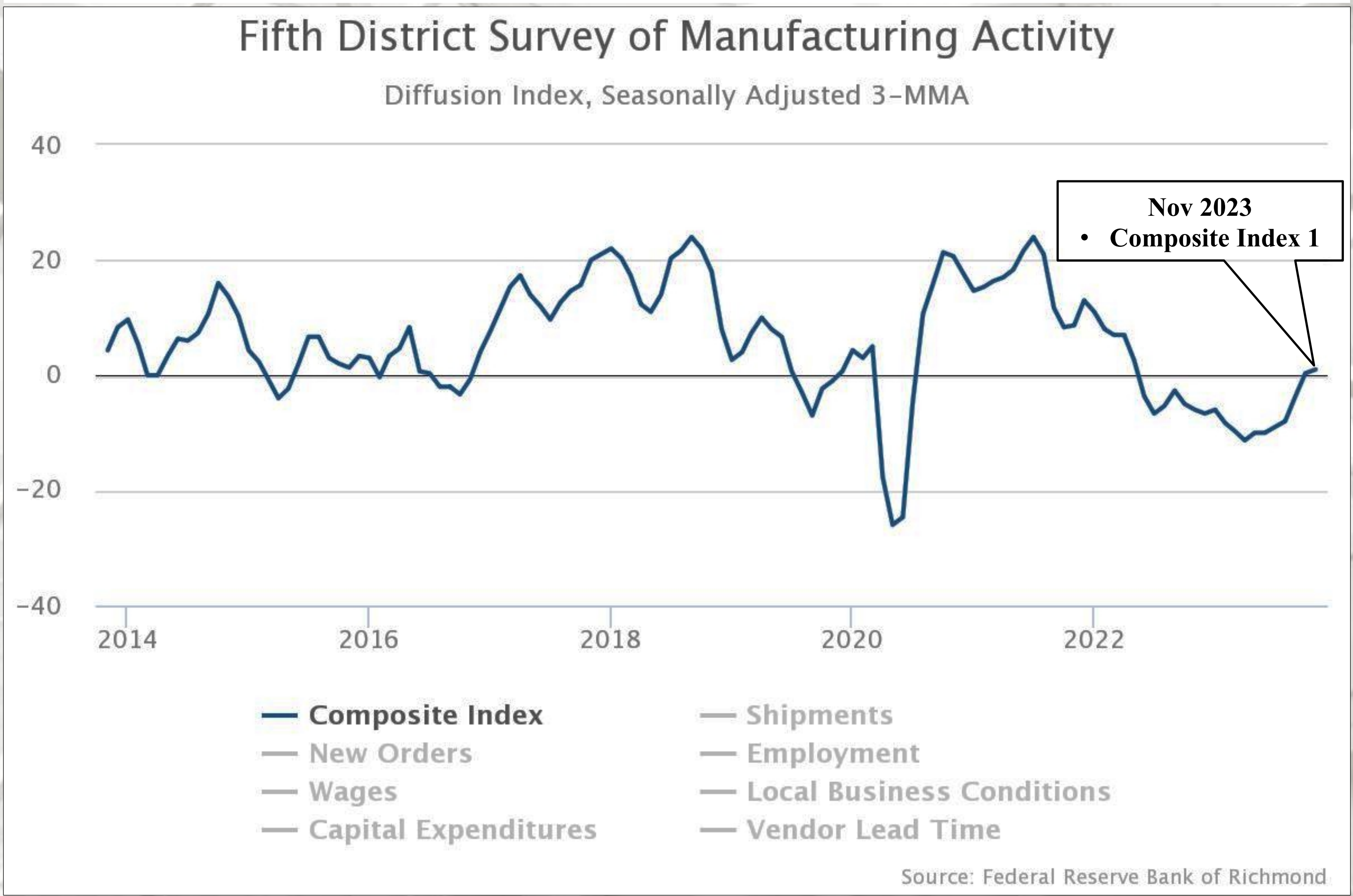
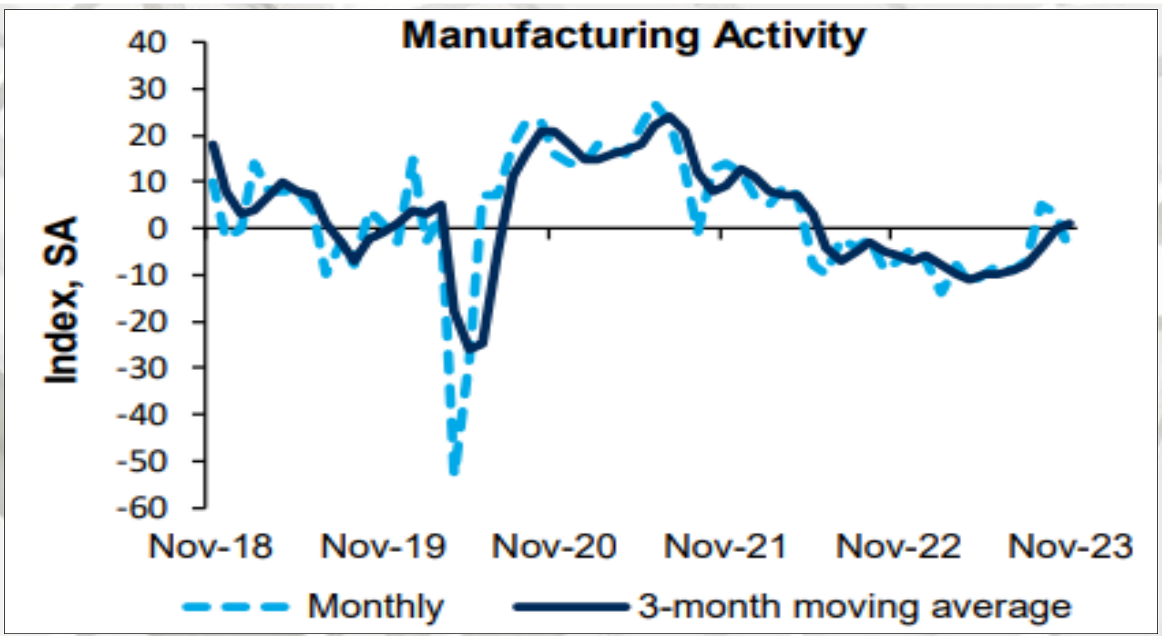
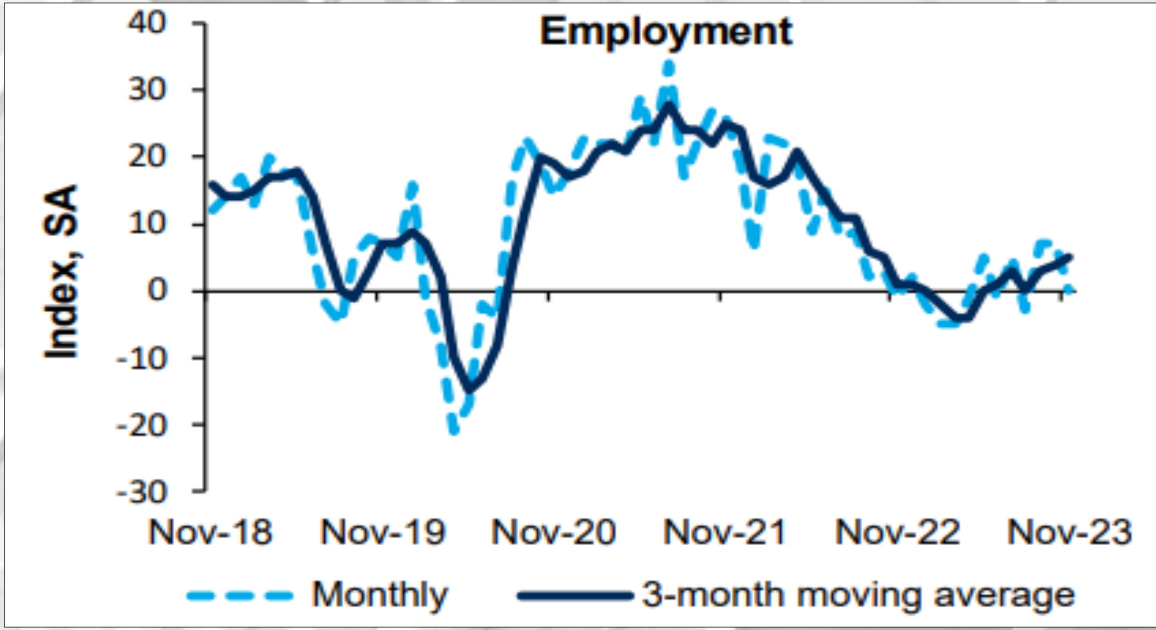
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/28/23

The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/28/23

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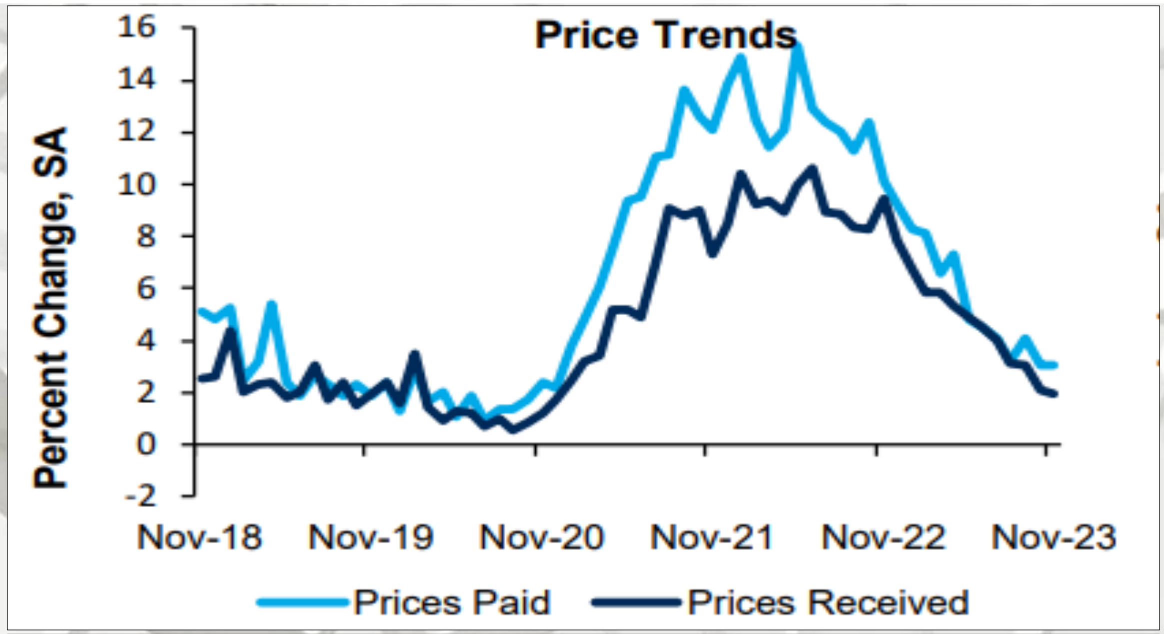
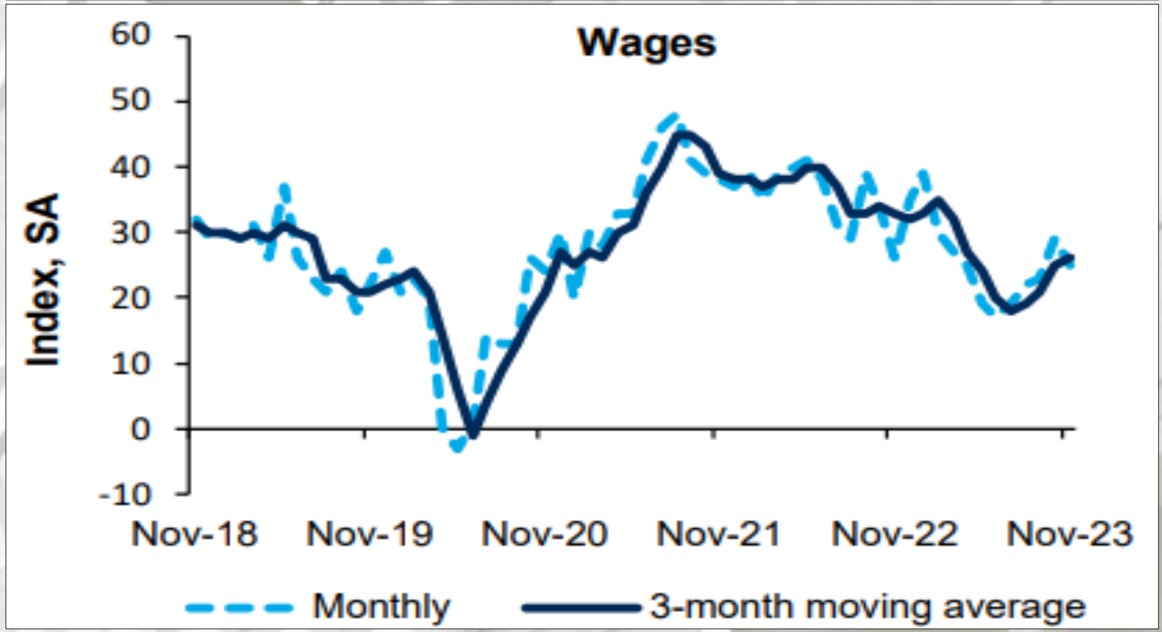
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 11/28/23

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The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Was Flat in November

"Fifth District service sector activity was flat in November, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index rose from −11 to 1, while the demand index edged down from 0 in October to −1 in November. Expectations indexes for future revenue and demand decreased, with the demand expectations index falling slightly into negative territory. Firms grew somewhat less pessimistic about local business conditions as that index increased from −15 in October to −9 in November. The index for expected local business conditions also increased, from −22 in October to −7 in November.

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

The employment index fell from 15 in October to 2 in November, 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 and prices received decreased slightly in November. 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; 11/28/23

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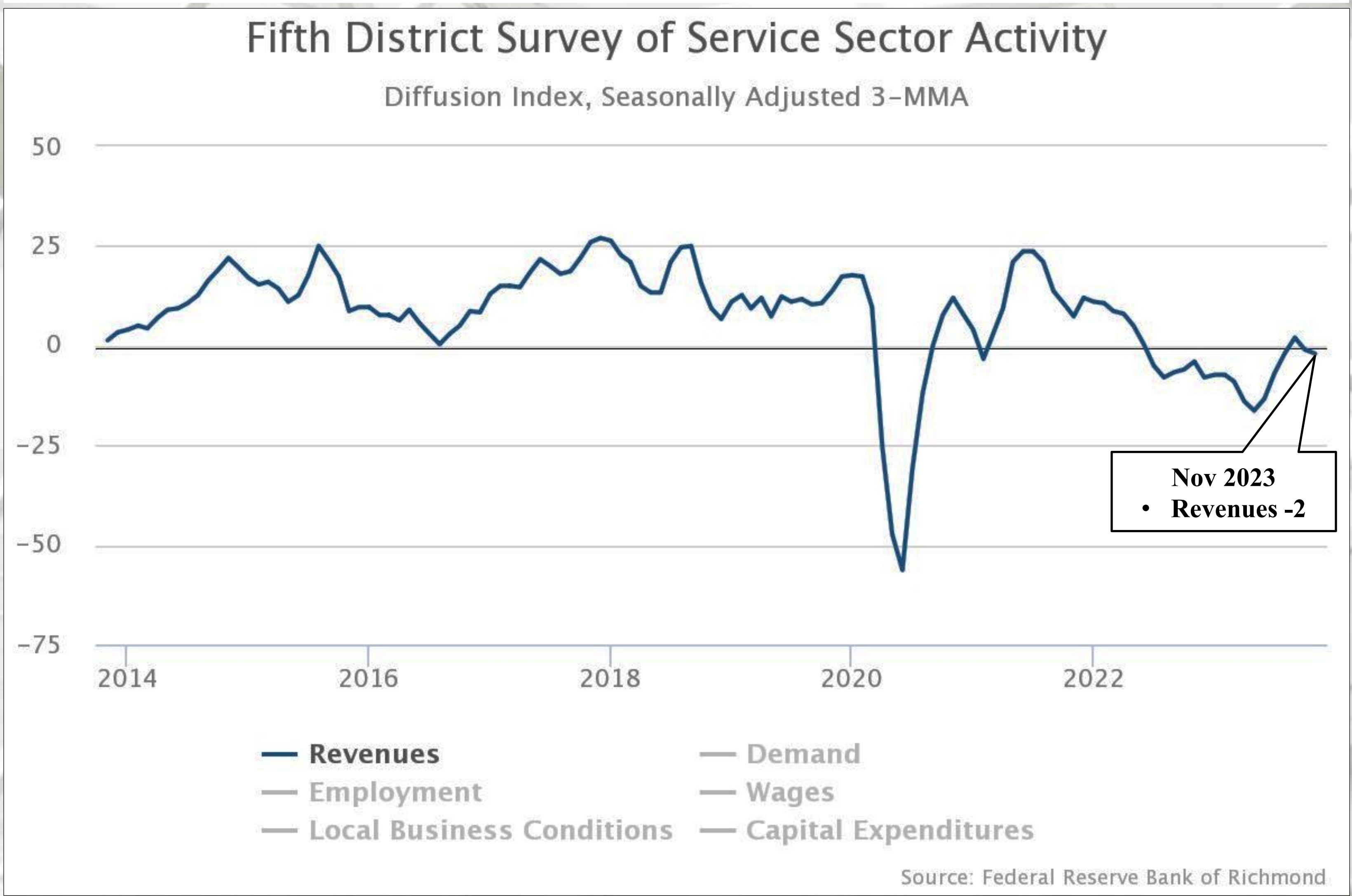
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 11/28/23

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Global Economic Indicators

The Federal Reserve Bank of Dallas

México Economic Update

México's economic momentum continues; outlook improves

"México's economy expanded for an eighth consecutive quarter, driven by domestic consumption and industrial activity, according to the preliminary official estimate. Real GDP grew 3.6 percent in the third quarter, above the previous quarter's gains of 3.4 percent and analyst expectations of 3.2 percent. The consensus forecast for 2023 GDP growth (fourth quarter, year over year) compiled by Banco de México rose to 2.7 percent in October (*Table 1*). Meanwhile, the average annual GDP growth forecast for 2023 rose from 3.2 percent in September to 3.3 percent in October. The latest data available show industrial production, retail sales and employment increased while exports were flat. Inflation continued easing, and the peso retreated some against the dollar in October.

Output grows in third quarter

According to a preliminary estimate, México's third-quarter GDP rose an annualized 3.6 percent (*Chart 1*). On a nonannualized basis, the goods-producing sectors (manufacturing, construction, utilities and mining) grew 1.4 percent, up from the previous quarter's growth of 0.8 percent. Activity in the services-providing sectors (wholesale and retail trade, transportation and business services) grew 0.6 percent, slower than the second quarter's 1.0 percent increase. Agricultural output expanded 3.2 percent.

Industrial Production picks up

The three-month moving average of México's industrial production (IP) index, which includes manufacturing, construction, oil and gas extraction and utilities, grew 0.2 percent in September, while the smoothed manufacturing IP index rose 0.4 percent (*Chart 2*). North of the border, the smoothed U.S. IP index grew 0.4 percent in September after growing 0.2 percent in August. U.S. and Méxican IP have become more correlated with the rise of intra-industry trade between the two countries since the early 1990s. If U.S. consumer demand decelerates toward the end of the year in an environment of elevated inflation and higher credit costs, México's manufacturing sector could slow." – Jesus Cañas, Senior Business Economist and Diego Morales-Burnett, Research Analyst, Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2023/2307; 11/27/23

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Global Economic Indicators

Table 1: Consensus Forecasts for 2023 México Growth, Inflation, and Exchange Rate

Table 1
Consensus forecasts for 2023 Mexico growth, inflation and exchange rate

	September	October
Real GDP growth in Q4, year over year	2.4	2.7
Real GDP growth in 2023	3.2	3.3
CPI December 2023, year over year	4.7	4.6
Peso/dollar exchange rate at end of year	17.6	18.0

Note: CPI refers to the consumer price index. The survey period was Oct. 13–30.
Source: Encuesta sobre las Expectativas de los Especialistas en Economía del Sector Privado: Octubre de 2023 (communiqué on economic expectations, Banco de México, October 2023).

Source: https://www.dallasfed.org/research/update/mex/2023/2307; 11/27/23

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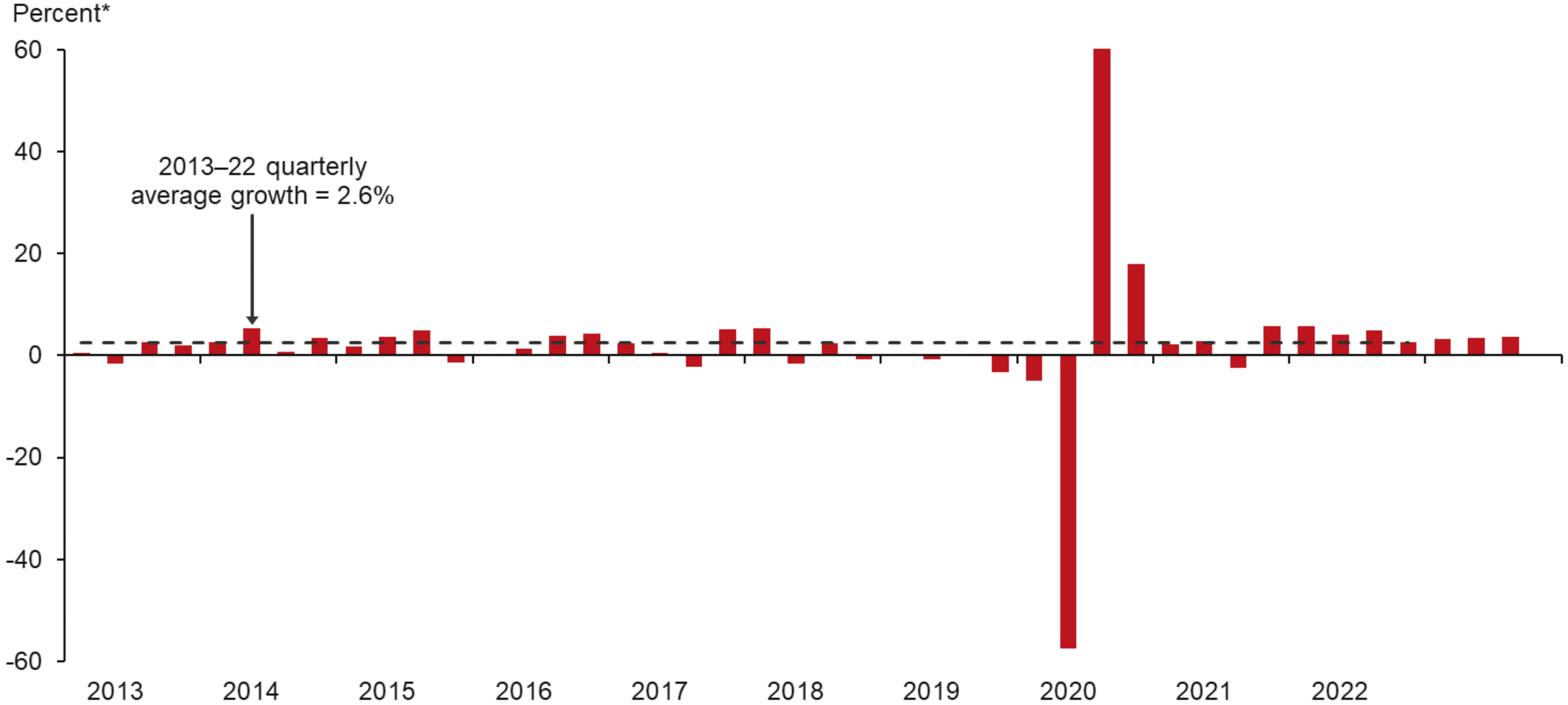
Global Economic Indicators

Chart 1
Third-quarter GDP growth picks up slightly



*Quarter-over-quarter, seasonally adjusted, annualized rate in real pesos.
NOTES: Chart shows GDP growth in Mexico. Data are through third quarter 2023.
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2023/2307; 11/27/23

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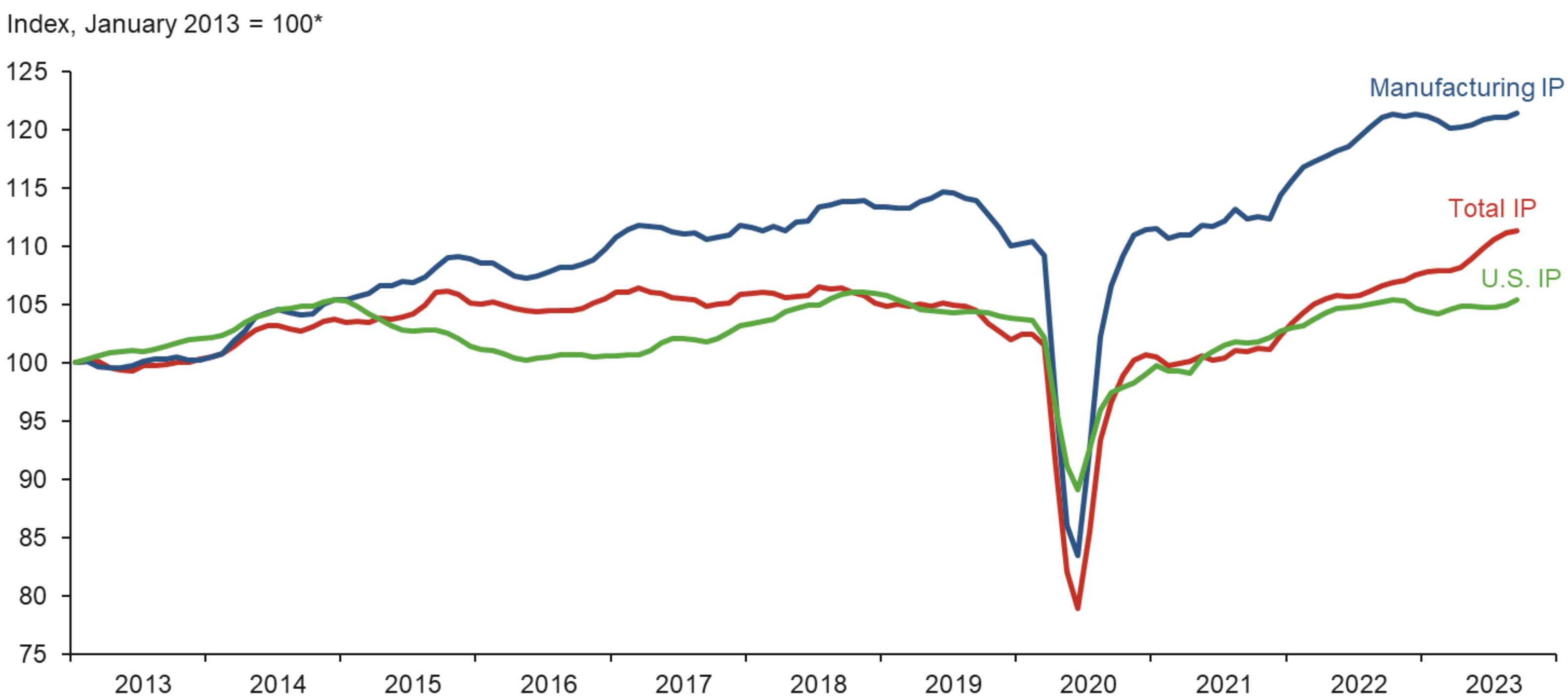
Global Economic Indicators

Chart 2
Industrial production rises in September



*Seasonally adjusted, three-month moving average.
NOTES: Total and manufacturing industrial production(IP) figures refer to Mexico. U.S. IP refers to total industrial production in the United States. Data are through September 2023.
SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); Federal Reserve Board.
Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2023/2307; 11/27/23

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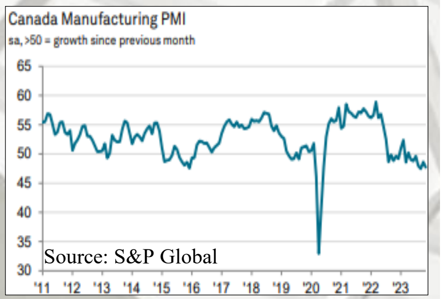
Private Indicators: Global



Source: S&P Global

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, posted below the 50.0 no-change mark during November. Recording 47.7, down from 48.6 in October, the index signalled an accelerated rate of contraction that was close to September's 40-month record.

Manufacturing downturn intensifies in November

The Canadian manufacturing economy remained in a downturn during November, amid concurrent falls in output, new orders and purchasing activity. Firms continued to utilise existing input inventories wherever possible in the face of faster input price inflation. However, some positive projections for growth meant that manufacturers added to their staffing levels for the first time in seven months.

There were concurrent falls in production and new orders during November. Rates of decline accelerated in both cases, with the net reduction in sales the sharpest since August 2022. … Manufacturers remained circumspect when it came to buying in new inputs during November. Latest data showed that purchasing activity declined for a sixteenth successive month, against a backdrop of falling orders and production requirements. Firms also signalled a preference for utilising stocks, which were lowered for a sixteenth successive month. This in part reflected the high cost of buying new inputs. Input cost inflation accelerated to the highest since April 2023, but remained below the long-run survey average. …

Once again, the Canadian manufacturing PMI revealed some of the broad-based challenges facing the economy heading towards the end of the year. On the one hand, output and new orders remain mired in contraction territory, linked in part to a broader-based global industrial weakness which is limiting demand and sales. Destocking remains prevalent across the supply chain, and client budgets are stretched. However, inflation remains stubbornly persistent, with both price indices picking up since October. Although inflation rates remain well down on previous year's highs, both vendors and manufacturers alike remain willing to push cost increases downstream to clients. This suggests there remains some work to do to fully eradicate systematic price pressures, a situation made more complicated by a still relatively healthy labour market." – Paul Smith, Economics Director, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/1381c53684134828b86f951c63150197; 12/1/23

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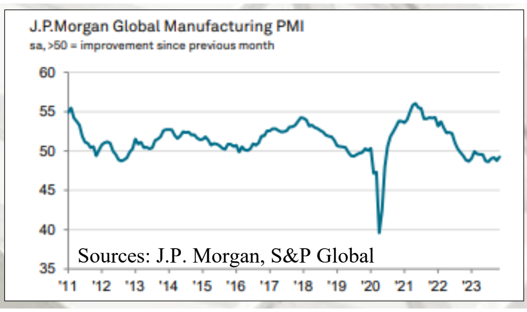
Private Indicators: Global



Sources: J.P. Morgan, S&P Global

J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – rose to a six-month high of 49.3 in November, up from 48.8 in October, but remaining below the neutral 50.0 mark for the fifteenth month in a row.

Global manufacturing downturn slows in November

The November PMI® surveys saw the global manufacturing sector move closer to stabilisation. Although the downturn in output extended to six consecutive months, the rate of contraction was negligible and the weakest during that sequence. Business optimism also ticked higher, as companies' outlooks brightened despite the current continued market uncertainty and cost-caution.

November data indicated that the downturn in world manufacturing production was mainly centred on the intermediate goods sector, where output contracted for the sixth month in a row (albeit at a slower pace). In contrast, consumer and investment goods producers both saw increases. … Signs of the manufacturing downturn softening were also seen in the trends in new orders, employment and purchasing during November. Although further declines were signalled for each, rates of contraction were slower than one month ago. …

The subdued demand environment and cost-caution also led to a further decline in purchasing activity and lower inventory holdings of both inputs and finished products. Vendor delivery times improved again, as global supply chains continued to repair following the strains caused by the global pandemic and subsequent solid economic recovery. …

The November PMIs offer a glimmer of hope that global industry may have found a bottom at the start of 4Q23. The manufacturing output index rose 1-point to 49.9, more than reversing the October drop and tempering concerns that activity was sliding back into contraction. At this level, the output PMI is consistent with very soft growth in global manufacturing. A sizable increase in the European PMIs is encouraging given that the outlook in the region has been particularly weak. Asia – a bellwether for global Industry – also saw a notable rise." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/f5128d2008a2467dad33379d8fcaab52; 12/1/23

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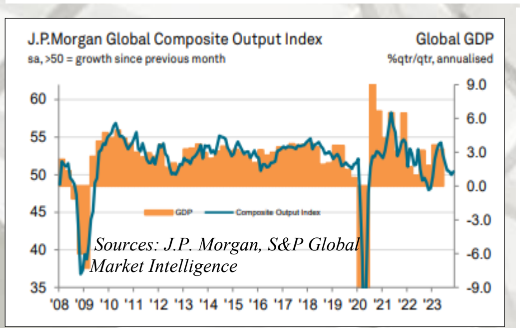
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"November saw the global economy edge back into growth territory, as a stabilisation in new order intakes supported a mild increase in output. The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – rose to 50.4, up from 50.0 in October, to signal expansion for the ninth time in the past ten months. That said, employment growth came close to stalling.

Global economy ekes out marginal expansion as new order inflows stabilise

The service sector again outperformed its manufacturing counterpart in November. Services business activity rose moderately, as growth in the business and financial services categories more than offset the first decline in consumer services activity since January. There were also some positive signals coming out of the manufacturing industry. Although production volumes decreased for the sixth successive month, the rate of contraction was negligible and the weakest during that sequence. Sub-sector data highlighted mild expansions at consumer and investment goods producers (output fell in the intermediate goods category). …

November saw no change in the level of new business received, as a modest increase at service providers was offset by a further decrease at manufacturers. The trend in new export business remained downbeat, however, as international trade in goods and services contracted for the twenty-first successive month.

There were also growing signs that the generally lacklustre trends in output and new business during recent months were taking their toll on the labour market. Although job creation was signalled for the thirty-ninth month running, the rate of growth ground to a near-standstill and was the joint-weakest during that sequence. Employment increased in the US, Japan, India, Spain, Russia, Brazil, Australia and Ireland. November saw further increases in both input costs and output charges. The pace of inflation for the former eased slightly, but accelerated for the latter. Generally speaking, rates of increase in both price measures were higher (on average) in developed nations compared to emerging markets.

Business optimism dipped to an 11-month low in November. Output price inflation accelerated to a three-month high whereas input costs rose at the slowest pace in over three years." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/876d109fed764a71a32200c3ce5a7118; 12/5/23

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Private Indicators
Associated Builders and Contractors

Construction Job Openings Decrease by 4,000 in October, up 25,000 From October 2022

"The construction industry had 423,000 job openings on the last day of October, 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 decreased by 4,000 in October but are up by 25,000 from the same time last year.

"The number of economywide job openings fell to 8.7 million in October, the lowest total since March 2021," said ABC Chief Economist Anirban Basu. "This is a strong indication that the demand for labor is slowing, although the supply of workers is still far too low to meet that demand. The number of open, unfilled jobs across the economy still exceeds the pre-pandemic level by more than 1.7 million.

"While labor market tightness is easing across all economic segments, worker scarcity remains a pressing issue for the construction industry," said Basu. "On the last day of October, 5.0% of construction positions were unfilled, which is well above the 3.9% industry job opening rate observed in February 2020. With nearly half of contractors intending to increase their staffing levels over the next six months, according to ABC's Construction Confidence Index, the lack of available workers will remain a headwind for the construction industry over the next several quarters."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-decrease-by-4000-in-october-up-25000-from-october-2022; 12/5/23

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Private Indicators
Associated Builders and Contractors

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

Construction Industry Job Openings and Labor Turnover Data: October 2023

	October 2023	September 2023	October 2022	1-Month Net Change	12-Month Net Change	12-Month % Change
Total						
Job openings	423,000	427,000	398,000	-4,000	25,000	6.3%
Hires	375,000	309,000	351,000	66,000	24,000	6.8%
Total separations	346,000	312,000	325,000	34,000	21,000	6.5%
Layoffs & discharges	163,000	157,000	167,000	6,000	-4,000	-2.4%
Quits	173,000	138,000	153,000	35,000	20,000	13.1%
Other separations	10,000	16,000	5,000	-6,000	5,000	100.0%
Rate						
Job openings	5.0%	5.1%	4.8%			
Hires	4.7%	3.9%	4.5%			
Total separations	4.3%	3.9%	4.2%			
Layoffs & discharges	2.0%	2.0%	2.1%			
Quits	2.2%	1.7%	2.0%			
Other separations	0.1%	0.2%	0.1%			

Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-decrease-by-4000-in-october-up-25000-from-october-2022; 12/5/23

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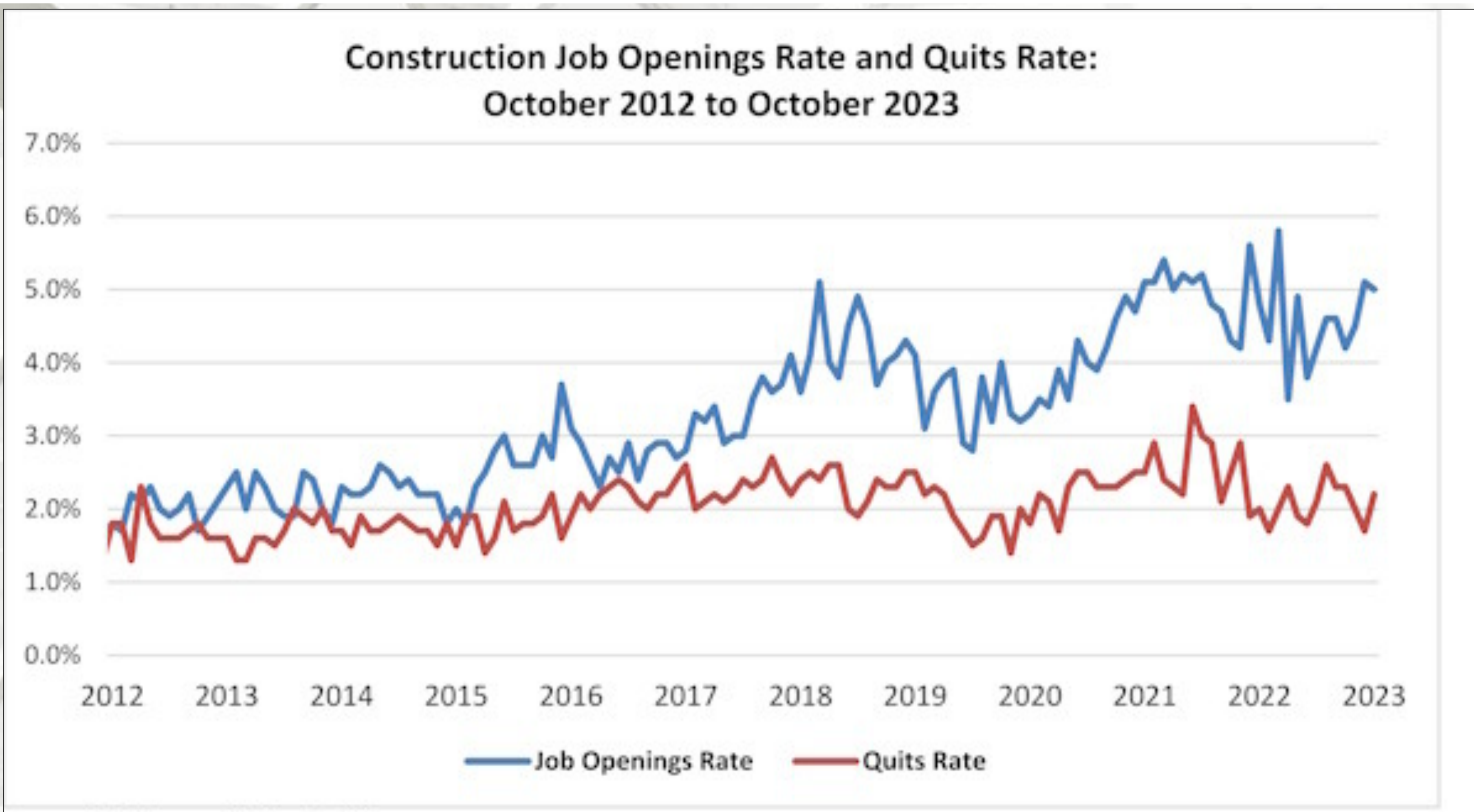
Private Indicators
Associated Builders and Contractors

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



Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-decrease-by-4000-in-october-up-25000-from-october-2022; 12/5/23

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Inches up in November, Contractors Remain Confident

"Associated Builders and Contractors reported that its Construction Backlog Indicator inched up to 8.5 months in November from 8.4 months in October, according to an ABC member survey conducted Nov. 20 to Dec. 4. The reading is down 0.7 months from November 2022.

View the full Construction Backlog Indicator and Construction Confidence Index data series.

Despite the monthly increase, backlog is currently 0.8 months lower than at July's cyclical peak. The sharpest declines over that span occurred among contractors with more than $100 million in annual revenues, who collectively reported fewer than 10-months of backlog in November for the first time since the second quarter of 2018.

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

"A growing number of contractors are reporting declines in backlog," said ABC Chief Economist Anirban Basu. "The interest rate hikes implemented by the Federal Reserve appear to be making more of a mark on the economy. Not only has the cost of capital risen over the past 20+ months, but credit conditions are also tightening, rendering project financing even more challenging.

"The good news is that certain interest rates have begun to fall in anticipation of Federal Reserve rate cuts next year, perhaps as early as the first quarter," said Basu. "Still, 2024 is poised to be weaker from a construction demand perspective for many firms, especially those that depend heavily on private developers. Those operating in public construction and/or industrial segments should meet with less resistance on average."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-up-in-november-contractors-remain-confident; 12/5/23

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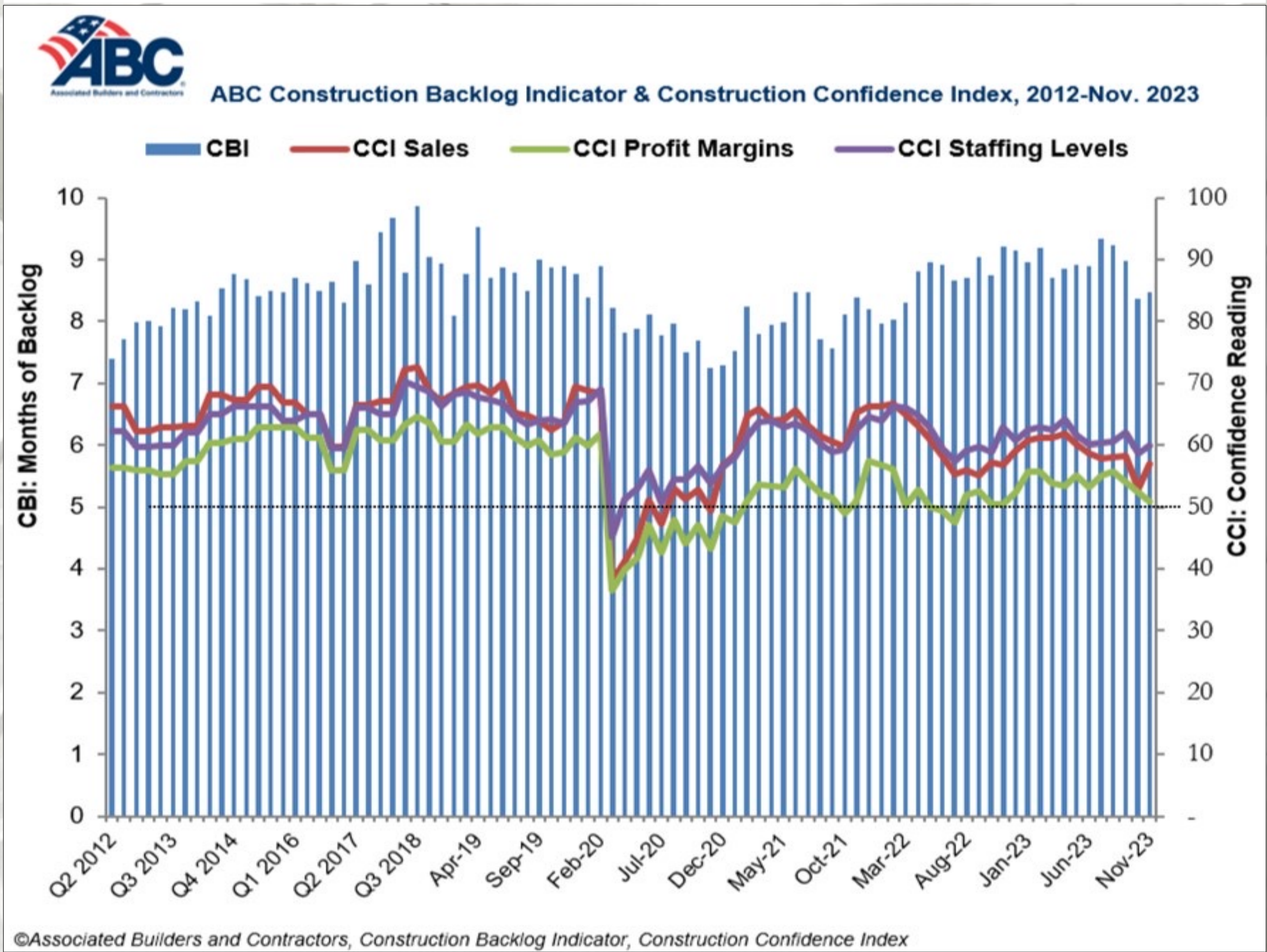
Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator Inches up in November



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Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator Inches up in November

Construction Confidence Index

Response	November 2023	October 2023	November 2022
CCI Reading			
Sales	57.0	53.1	56.8
Profit margins	51.0	52.3	50.5
Staffing	59.9	58.7	63.0
Sales Expectations			
Up big	5.1%	5.9%	4.3%
Up small	44.7%	37.3%	44.9%
No change	26.1%	24.0%	28.6%
Down small	21.4%	28.9%	17.8%
Down big	2.7%	3.9%	4.3%
Profit Margin Expectations			
Up big	2.3%	3.4%	2.7%
Up small	28.4%	28.4%	29.2%
No change	43.6%	44.6%	38.9%
Down small	22.2%	21.1%	25.9%
Down big	3.5%	2.5%	3.2%
Staffing Level Expectations			
Up big	2.3%	3.9%	5.9%
Up small	46.7%	42.6%	54.1%
No change	40.5%	39.7%	27.6%
Down small	9.3%	11.8%	10.8%
Down big	1.2%	2.0%	1.6%

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-up-in-november-contractors-remain-confident; 12/5/23

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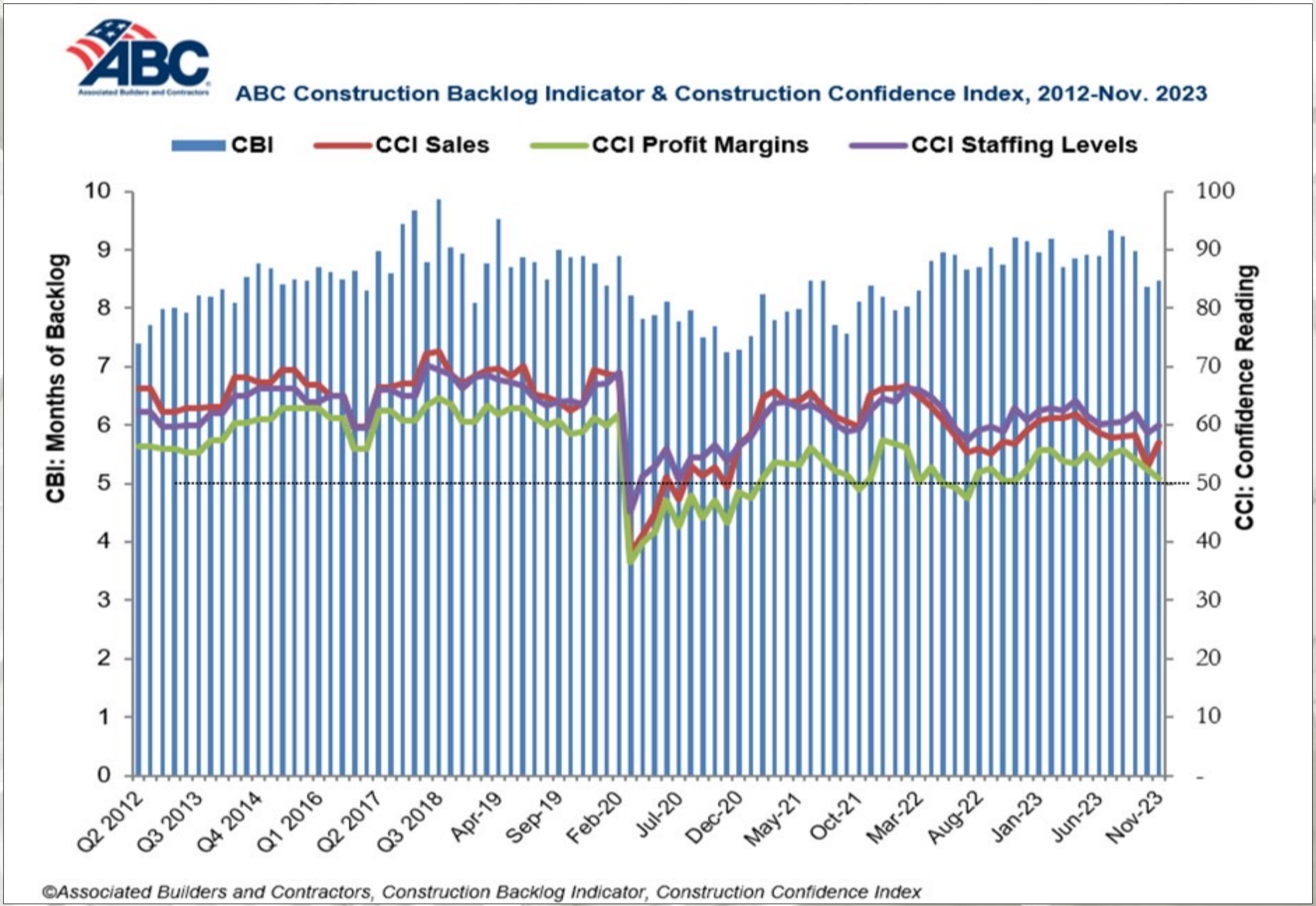
Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator Inches up in November



Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-up-in-november-contractors-remain-confident; 12/5/23

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Inches Higher in October, Up 20% Over the Past Year

"National nonresidential construction spending increased 0.1% in October, according to an Associated Builders and Contractors analysis of data published by the U.S. Census Bureau.

On a seasonally adjusted annualized basis, nonresidential spending totaled $1.1 trillion. Spending was up on a monthly basis in 8 of the 16 nonresidential subcategories. Private nonresidential spending increased 0.1% in October, while public nonresidential construction spending was up 0.2%.

"Nonresidential construction spending increased for the 17th consecutive month in October and is now up an even 20% over the past year," said ABC Chief Economist Anirban Basu. "As has been the case, more than 45% of that year-over-year increase is due to surging construction activity in the manufacturing sector, though infrastructure-related categories like highway and street and sewage and waste disposal have also outperformed.

"Spending in the commercial category, which includes construction of distribution and warehouse space, fell sharply in October," said Basu. "This is likely due to a severe slowdown in the freight industry and slowing warehouse-related construction rather than a sudden decline in retail-related construction. Despite weakness in the commercial category and other headwinds like high interest rates and labor shortages, contractors remain optimistic about their sales over the next six months, according to ABC's Construction Confidence Index."'" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-inches-higher-in-october-up-20-over-the-past-year; 12/1/23

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Private Indicators
Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate					
	October 2023	September 2023	October 2022	1-Month % Change	12-Month % Change
Total Construction	$2,027,072	$2,014,718	$1,830,477	0.6%	10.7%
Residential	$895,130	$884,184	$887,097	1.2%	0.9%
Nonresidential	$1,131,941	$1,130,534	$943,380	0.1%	20.0%
Public safety	$14,022	$13,428	$11,421	4.4%	22.8%
Conservation and development	$12,243	$11,987	$9,985	2.1%	22.6%
Religious	$3,521	$3,478	$2,612	1.2%	34.8%
Water supply	$28,744	$28,456	$24,756	1.0%	16.1%
Power	$124,883	$123,637	$107,732	1.0%	15.9%
Manufacturing	$206,845	$204,977	$120,839	0.9%	71.2%
Communication	$25,338	$25,213	$24,724	0.5%	2.5%
Educational	$121,366	$120,940	$102,629	0.4%	18.3%
Office	$101,176	$101,211	$92,991	0.0%	8.8%
Amusement and recreation	$33,289	$33,381	$30,395	-0.3%	9.5%
Transportation	$64,657	$64,853	$60,000	-0.3%	7.8%
Sewage and waste disposal	$43,170	$43,324	$33,362	-0.4%	29.4%
Lodging	$24,317	$24,406	$21,867	-0.4%	11.2%
Highway and street	$132,867	$133,364	$117,944	-0.4%	12.7%
Health care	$62,620	$62,954	$55,941	-0.5%	11.9%
Commercial	$132,885	$134,925	$126,182	-1.5%	5.3%
Private Nonresidential	$694,847	$694,222	$567,845	0.1%	22.4%
Public Nonresidential	$437,094	$436,312	$375,535	0.2%	16.4%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-inches-higher-in-october-up-20-over-the-past-year; 12/1/23

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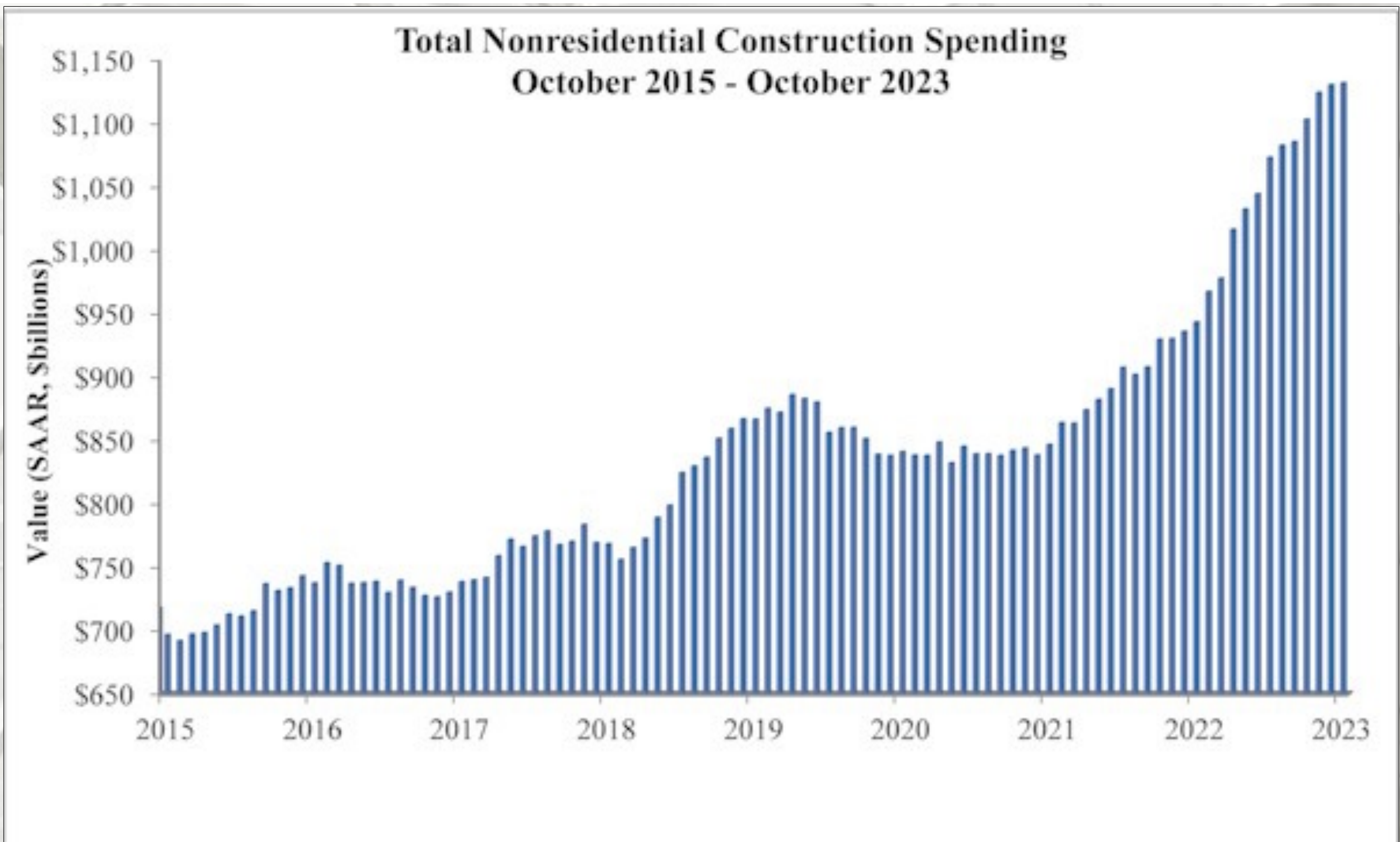
Private Indicators
Associated Builders and Contractors



Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-inches-higher-in-october-up-20-over-the-past-year; 12/1/23

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Private Indicators
American Institute of Architects (AIA) & Deltek

Architecture Billings Index October 2023

Business conditions continue to soften at architecture firms

On average, firms project a slight increase in net revenue this year, and a slight decline in 2024

"Business conditions at architecture firms continued to soften in October, with the AIA/Deltek Architecture Billings Index (ABI) score declining to 44.3, as more firms reported decreasing firm billings than in September. In addition, indicators of future work in the pipeline stumbled as well, as firms reported a decline in inquiries into new projects for the first time since July 2020, and the value of newly signed design contracts softened for the third consecutive month. These signs mean that not only are billings declining at firms, but that fewer clients are exploring and committing to new projects, which could affect future billings as well." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"This report indicates not only a decrease in billings at firms, but also a reduction in the number of clients exploring and committing to new projects, which could potentially impact future billings. The soft conditions were evident across the entire country as well as across all major nonresidential building sectors." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/press-releases/6679916-aiadeltek--architecture--billings-index-re; 11/18/23

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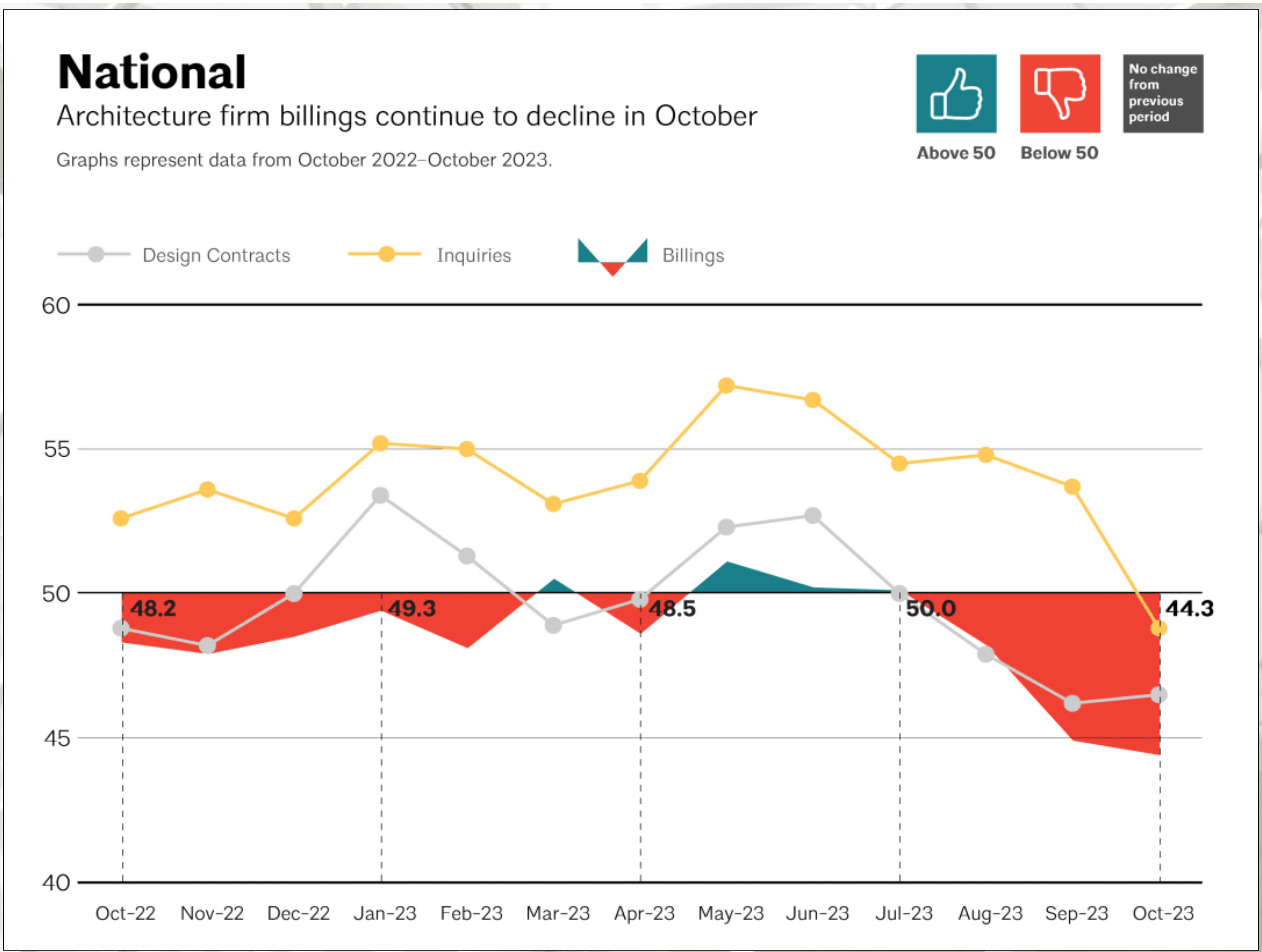
Private Indicators
American Institute of Architects (AIA) & Deltek



Source: https://www.aia.org/press-releases/6679916-aiadeltek--architecture--billings-index-re; 11/18/23

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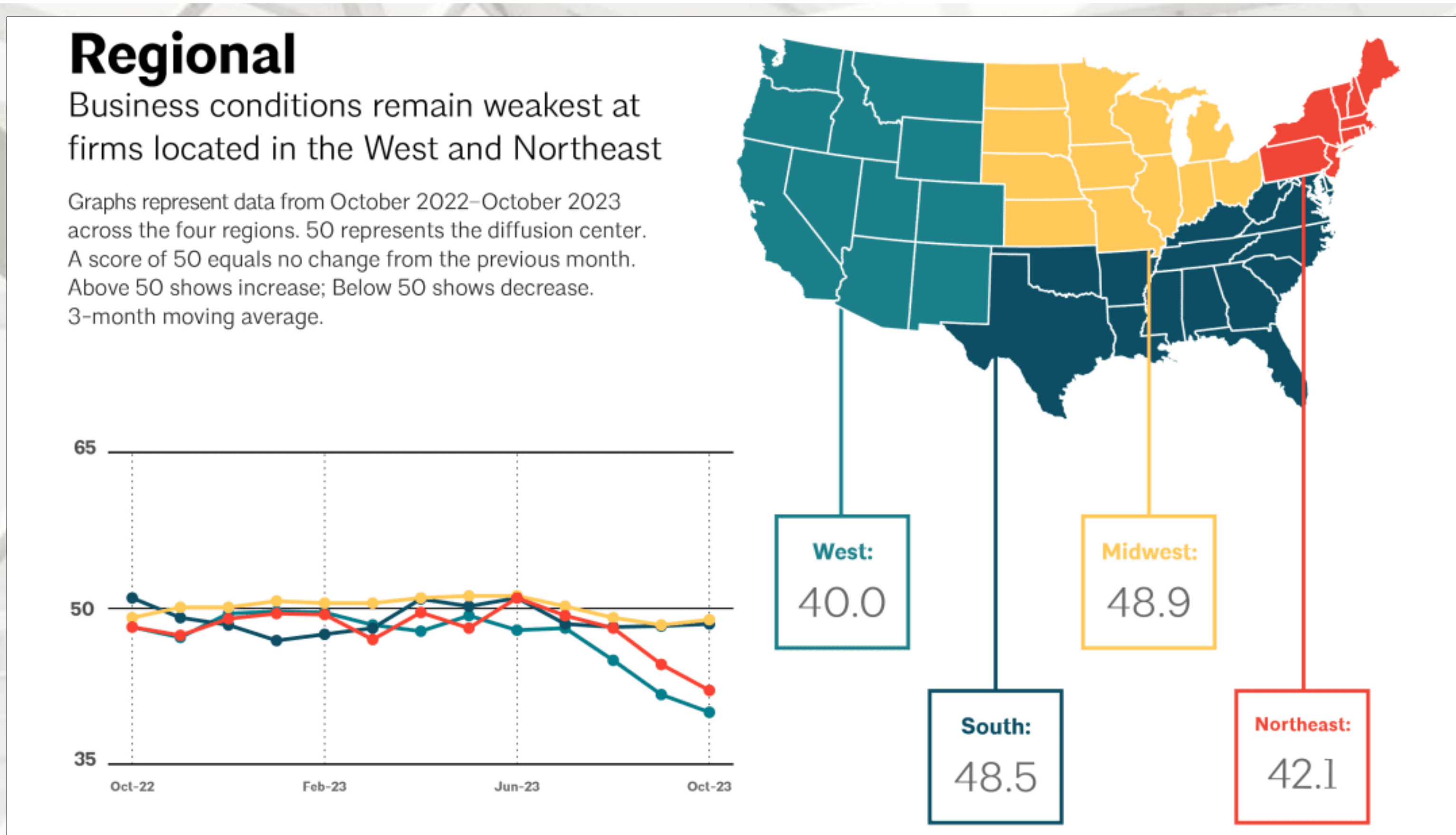
Private Indicators: AIA & Deltek



Region

"Billings were universally soft across the entire country in October, with firms located in the West and Northeast continuing to report the softest conditions overall for the second month in a row. The pace of the decline remained slower at firms located in the Midwest and South but marked the third and fourth consecutive month of declines, respectively. " – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/press-releases/6679916-aiadeltek--architecture--billings-index-re; 11/18/23

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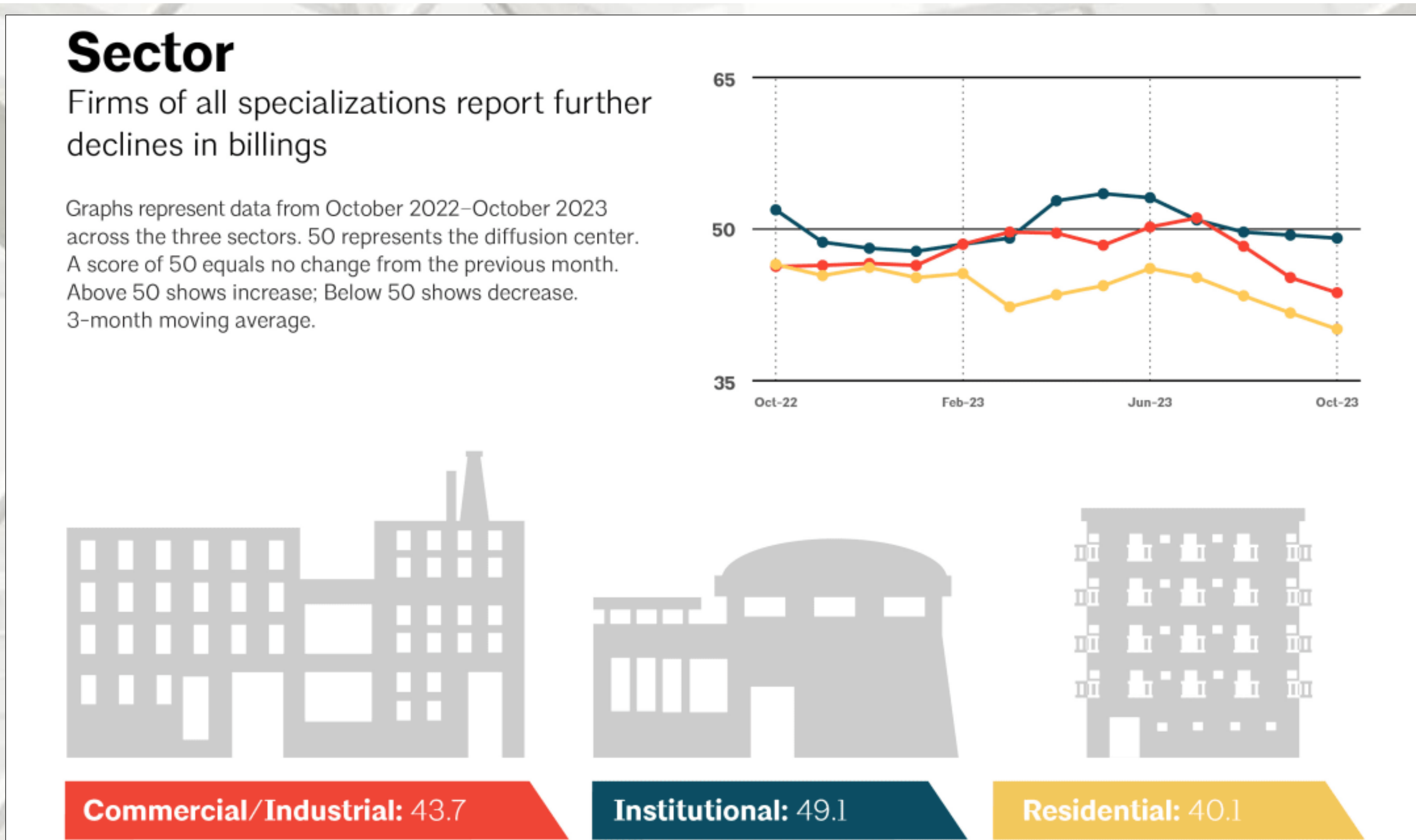
Private Indicators: AIA & Deltek



Sector

"By firm specialization, billings declined only modestly at firms with an institutional specialization, but business conditions remained extremely weak at firms with a multifamily residential specialization, and continued to soften significantly at firms with a commercial/industrial specialization." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/press-releases/6679916-aiadeltek--architecture--billings-index-re; 11/18/23

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Private Indicators

Dodge Data & Analytics

Construction Starts Drop 7% in September

The start of three megaprojects failed to overcome broad-based weakness

"Total construction starts fell 7% in October to a seasonally adjusted annual rate of $1.1 trillion, according to Dodge Construction Network. Nonbuilding and residential starts fell 32% and 1%, respectively. Conversely, nonresidential building starts gained 8% during the month.

Year-to-date through October 2023, total construction starts were 4% below that of 2022. Residential and nonresidential starts were down 15% and 7%, respectively; however, nonbuilding starts were up 20%. For the 12 months ending October 2023, total construction starts were down 1%. Nonbuilding starts were 22% higher, and nonresidential building starts gained 1%. On a 12-month rolling basis, residential starts posted a 15% decline.

"Construction starts have weakened over the last two months as high interest rates and tight credit have restrained activity," said Richard Branch, chief economist for Dodge Construction Network. "While it seems likely that the Federal Reserve will hold off raising rates further, it will take time until they consider easing. This will likely result in a continued softening in construction starts over the next several months." – Cailey Henderson, Account Manager, 104 West Partners

Source: https://www.construction.com/company-news/construction-starts-drop-7-in-october/; 11/21/23

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Private Indicators

Dodge Data & Analytics

“**Nonresidential building starts** rose 8% in October to a seasonally adjusted annual rate of $490 billion. The increase was led by the groundbreaking of several very large manufacturing plants during the month. If not for those plants total commercial starts would have lost 28%. Commercial starts dropped 18% during the month due to a very sharp pullback in office activity, while institutional starts fell 15%, despite a solid gain in healthcare starts. Year-to-date through October, total nonresidential starts were 7% lower than that of 2022. Institutional starts gained 4%, while commercial and manufacturing starts fell 10% and 20%, respectively.

For the past 12 months ending in October 2023, total nonresidential building starts were 1% higher than that ending October 2022. Manufacturing starts were 2% higher, institutional starts improved by 5%, and commercial starts lost 4%.

The largest nonresidential building projects to break ground in October were the $7.5 billion Micron semiconductor fabrication facility in Boise, Idaho, the $2.2 billion Hyundai/LG EV battery plant in Ellabell, Georgia, and the $1.5 billion Nucor Sheet Mill in Apple Grove, West Virginia.

Residential

Residential building starts fell 1% in October to a seasonally adjusted annual rate of $385 billion. Single family starts lost 2%, while multifamily starts were flat. On a year-to-date basis through October 2023, total residential starts were down 15%. Single family starts dropped 17%, and multifamily starts were down 12%.

For the 12 months ending in October 2023, residential starts were 15% lower than in 2022. Single family starts were 20% lower, while multifamily starts were down 7% on a rolling 12-month basis.

The largest multifamily structures to break ground in October were the $364 million QPX mixed-use tower in Long Island City, New York, the $350 million mixed-use building on W37th Street in New York, New York, and the $225 million first phase of the Baccarat Residences in Miami, Florida.

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

Source: https://www.construction.com/company-news/construction-starts-drop-7-in-october/; 11/21/23

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Private Indicators

MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Oct 2023	Sep 2023	% Change
Nonresidential Building	$489,572	$455,130	8
Residential Building	385,065	390,808	-1
Nonbuilding Construction	231,462	342,798	-32
Total Construction	$1,106,100	$1,188,737	-7

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	10 Mos. 2023	10 Mos. 2022	% Change
Nonresidential Building	$344,132	$368,113	-7
Residential Building	308,537	363,001	-15
Nonbuilding Construction	261,124	216,783	20
Total Construction	$913,794	$947,897	-4

Source: Dodge Data & Analytics

Source: https://www.construction.com/company-news/construction-starts-drop-7-in-october/; 11/21/23

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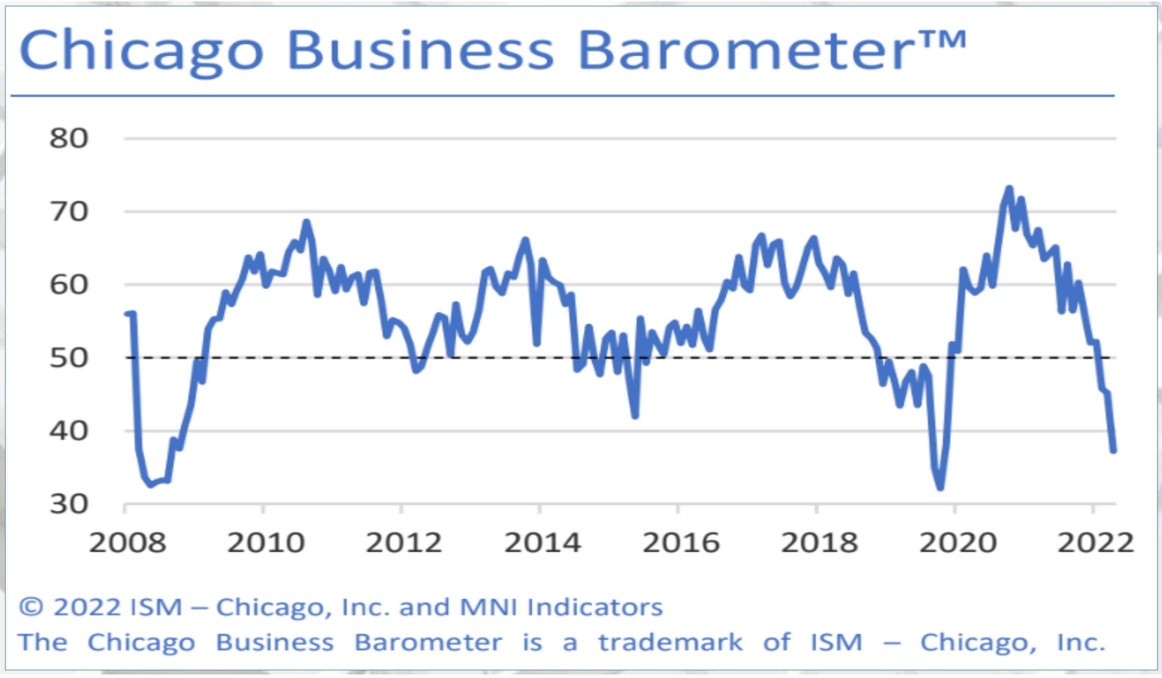
Private Indicators



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 September, 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; 11/30/23

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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 September 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; 11/30/23

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Private Indicators

The Conference Board Leading Economic Index® (LEI)

LEI for the U.S. Declines Again in October

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. fell by 0.8 percent in October 2023 to 103.9 (2016=100), following a decline of 0.7 percent in September. The LEI contracted by 3.3 percent over the six-month period between April and October 2023, a smaller decrease than its 4.5 percent contraction over the previous six months (October 2022 to April 2023).

The US LEI trajectory remained negative, and its six- and twelve-month growth rates also held in negative territory in October. Among the leading indicators, deteriorating consumers' expectations for business conditions, lower ISM® Index of New Orders, falling equities, and tighter credit conditions drove the index's most recent decline. After a pause in September, the LEI resumed signaling recession in the near term. The Conference Board expects elevated inflation, high interest rates, and contracting consumer spending – due to depleting pandemic saving and mandatory student loan repayments – to tip the US economy into a very short recession. We forecast that real GDP will expand by just 0.8 percent in 2024.

The Conference Board Coincident Economic Index® (CEI) for the U.S. was unchanged in October 2023 at 110.8 (2016=100), but the index is below its September's level after a downward revision. The CEI is now up 0.9 percent over the six-month period between April and October 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 and trade sales, and industrial production – are included among the data used to determine recessions in the US. Three out of four components of the index advanced in October, with personal income less transfer payments being the strongest contributor, followed by manufacturing and trade sales and employees on nonagricultural payroll. Industrial production was the only negative contributor in the month.

The Conference Board Lagging Economic Index® (LAG) for the U.S. improved by 0.1 percent in October 2023 to 118.6 (2016 = 100), following the same rate of increase as in September. The LAG is up slightly by 0.3 percent over the six-month period from April to October 2023, down three-fold from its 0.9 percent growth over the previous six months." – Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 11/20/23

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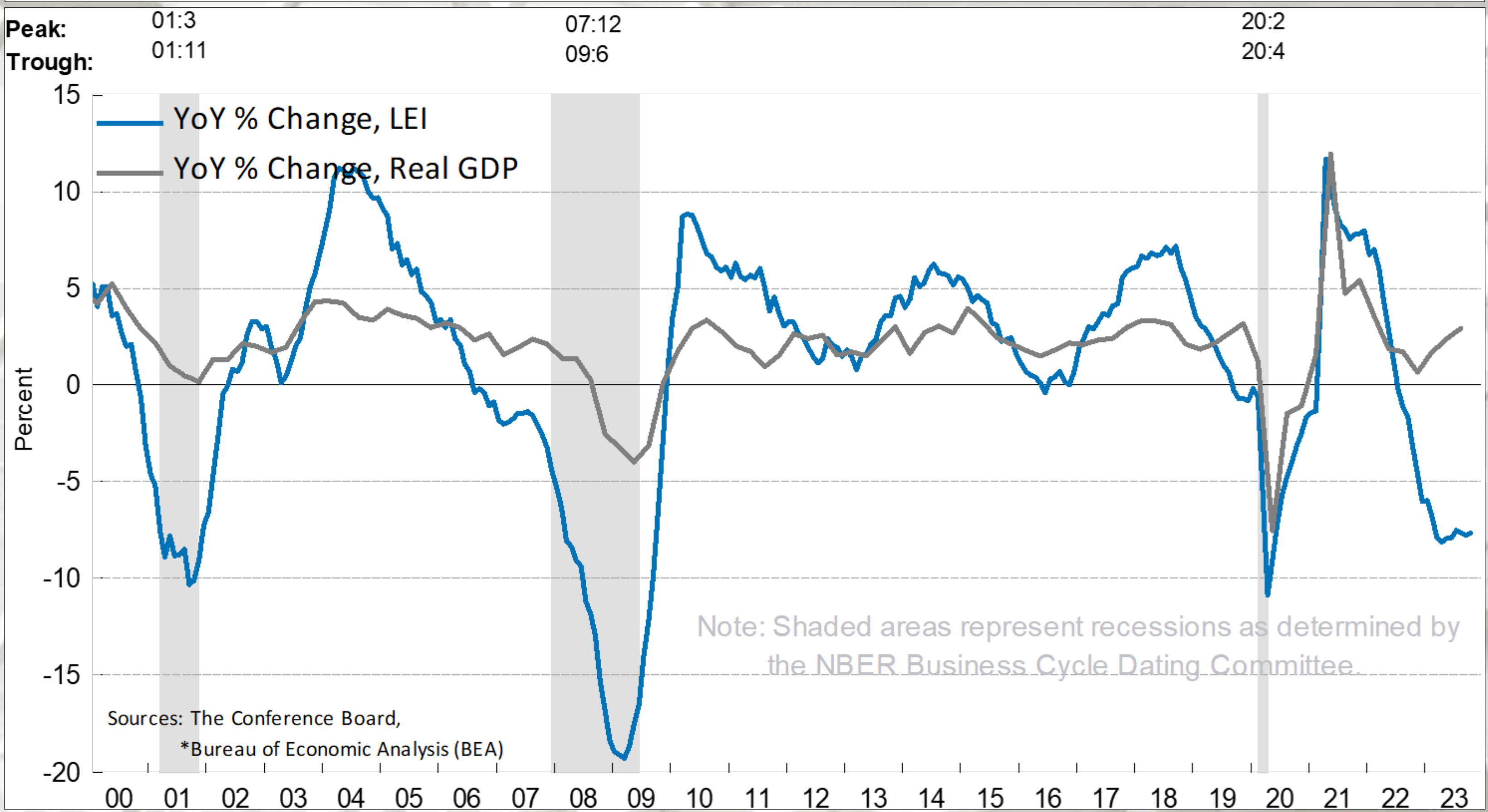
Private Indicators

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

LEI for the U.S. Declines Again in October

The annual growth rate of the LEI continues to be negative, but may have reached a bottom



Source: https://www.conference-board.org/data/bcicountry.cfm; 11/20/23

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Private Indicators

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

October New Business Volume Down 8 Percent Year-over-year, Up 7 Percent Month-to-month, and Up 0.7 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 October was $10.4 billion, down 8 percent year-over-year from new business volume in October 2022. Volume was up 7 percent from $9.7 billion in September. Year-to-date, cumulative new business volume was up 0.7 percent compared to 2022.

Receivables over 30 days were 2.5 percent, up from 2.3 percent in September and up from 1.7 percent in the same period in 2022. Charge-offs were 0.42 percent, up from 0.36 percent the previous month and up from 0.26 percent in the year-earlier period.

Credit approvals totaled 76 percent, up from 73.6 percent in September. Total headcount for equipment finance companies was down 0.6 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in November is 42.8, an increase from the October index of 40.1." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"Despite a set of sound metrics in the U.S. economy, MLFI participants report slight increases in both losses and delinquencies. This softness in credit quality is indicative of the challenges experienced by some businesses as they operate in a higher interest rate environment, constrained in some sectors, at least, by reports of a pull-back in bank lending. Origination activity for the year continues to be in acceptable ranges." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news-and-publications/press-room/press-releases/details/2023/11/21/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 11/21/23

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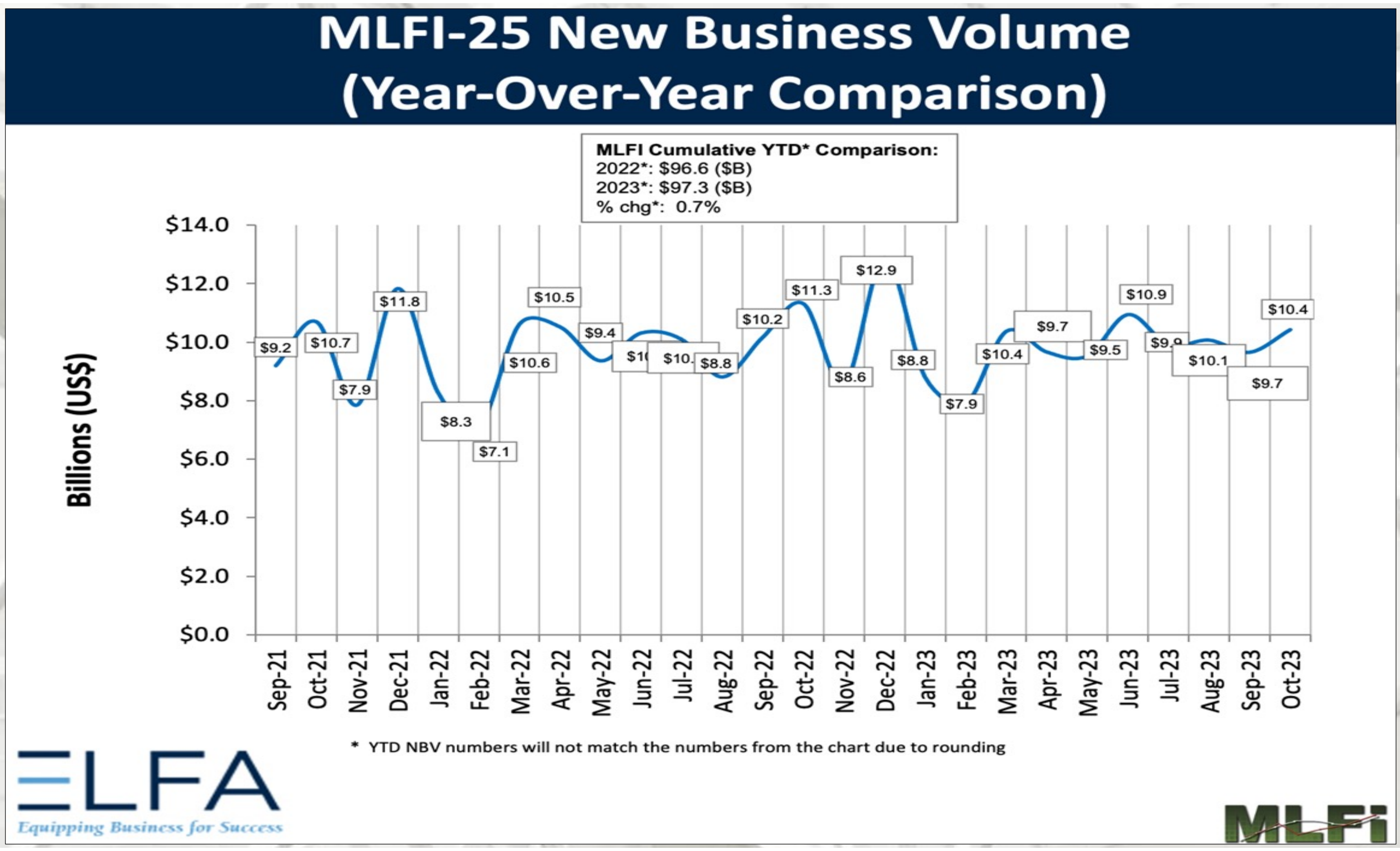
Private Indicators



"All metrics continue to reflect the equipment finance industry's stability and resilience. The trends are consistent with the economic environment and market turmoil resulting from quantitative tightening, inflation, employment and supply chain disruption. Volume declines, delinquencies and charge-off increases are moderate particularly after periods of such artificially low comparable results. All in all, the industry has performed well and displayed its ability to effectively manage relationship, credit and equipment risk. While challenges remain, the industry is well positioned to manage these challenges and support continued equipment investment." – Dennis Bolton, Senior Managing Director, Head of Equipment Finance North America, Gordon Brothers

Source: https://www.elfaonline.org/news-and-publications/press-room/press-releases/details/2023/11/21/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 11/21/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Renewed decline in US manufacturing performance as demand wanes

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI™) posted 49.4 in November, unchanged from the earlier released 'flash' estimate, but down from 50.0 in October. The fall in the headline figure signalled a renewed decline in the health of the manufacturing sector and one that was the strongest since August.

US manufacturers reported a renewed deterioration in operating conditions in November as lower new orders weighed on the sector's overall performance, according to the latest PMI® survey data from S&P Global. The return to contraction in new sales led to a slower expansion in production and a further cut to headcounts, while inventories continued to be run down and input buying stagnated. Meanwhile, input costs rose at a notably slower pace. A lower impact from energy and material price pressures dampened inflation, with firms also moderating the extent to which greater costs were passed through to customers as selling prices rose at a slower rate.

Contributing to the lower headline reading was a sixth drop in new order inflows in the last seven months. Goods producers noted that, although only marginal, the decrease in new sales was linked to weak client demand, economic uncertainty and customers continuing to run down stock levels."
– Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/ab876d10adfb44c38d40ce700488ac3c; 12/1/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Renewed decline in US manufacturing performance as demand wanes

"At the same time, manufacturers recorded a notable moderation in the pace of input price inflation during November. The pace of increase eased to the slowest since August and was well below the historic trend rate. Although resin and steel prices continued to place particular pressure on costs, lower energy and other material expenses led to a softer uptick, according to panellists.

In response to a less marked rise in cost burdens, and in an effort to drive sales, the pace of charge inflation eased in November. Selling prices rose at the joint-slowest pace since July.

US manufacturing employment fell for the second successive month during November. Workforce numbers decreased at the second-fastest rate since June 2020 as some firms used natural attrition to lower staffing levels. That said, other companies noted redundancies following lower new order inflows. The decline in employment did not hamper firms' efforts to clear backlogs, as unfinished work fell at a quicker and solid pace.

Meanwhile, firms reported little-change to input buying during November compared to the previous month. Nonetheless, manufacturers continued to work through their current holdings of finished goods and purchases in a bid to cut costs.

Some reports of difficulties sourcing certain materials were evident in a smaller improvement in vendor performance. Lead times shortened only marginally and to the weakest extent since January.

Looking ahead, business expectations lifted from October's recent low, but remained below the survey's long-run average to signal subdued growth expectations for the year ahead." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/ab876d10adfb44c38d40ce700488ac3c; 12/1/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Renewed decline in US manufacturing performance as demand wanes

Comment

“ US manufacturers reported yet another tough month in November. Output barely rose as inflows of new work showed a renewed decline, hinting at little – if any – contribution to fourth quarter GDP from the goods-producing sector.

Orders have in fact risen in only three of the past 18 months, reflecting a prolonged period of subdued post-pandemic demand, in turn linked to consumers switching their spending to services such as travel and recreation, and business customers reducing excess inventories which had been accumulated during the supply concerns of the pandemic. Encouragingly, there are some signs of the inventory cycle starting to turn, with producers of intermediate goods (inputs supplied to other firms) now reporting modest order book growth.

US producers nevertheless continue to focus on cost cutting by trimming headcounts, and have now taken the knife to payroll numbers for two consecutive months. Barring the early months of the pandemic, the survey has not seen such a back-to-back monthly fall in factory employment since 2009. The decline in employment could feed through to weaker consumer spending, but will also reduce wage bargaining power.

Lower wage pressures, combined with a marked cooling of raw material input cost inflation, have already fed through to a lowering of average factory selling price inflation for goods to a rate below the average seen in the decade prior to the pandemic, the rate of increase dipping again in November to help further lower consumer price inflation in the months ahead.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/ab876d10adfb44c38d40ce700488ac3c; 12/1/23

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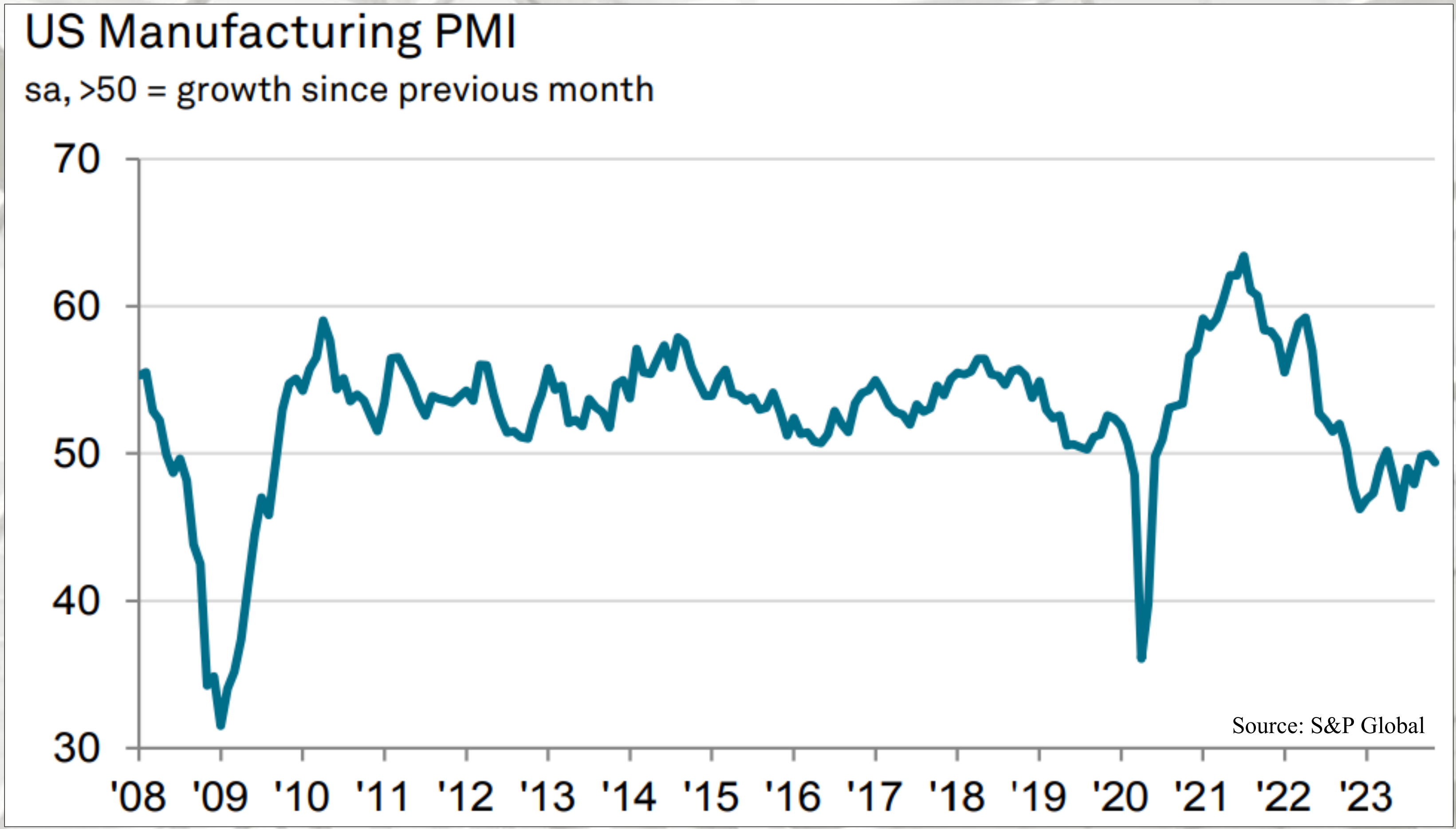

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/ab876d10adfb44c38d40ce700488ac3c; 12/1/23

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Private Indicators

S&P Global U.S. Services PMI™

Renewed upturn in new business supports output growth in November

"The seasonally adjusted final S&P Global US Services PMI Business Activity Index posted 50.8 in November, matching the earlier released 'flash' estimate and little-changed from October's reading of 50.6. The latest data signalled the fastest expansion in output since July, albeit only marginal and slower than the long-run series average. Greater business activity was often linked to stronger client demand and a renewed upturn in new orders. Meanwhile, service providers hiked charges at a quicker rate, but input cost inflation eased to the slowest in over three years.

US service sector firms signalled further growth in November as output and new business expanded, according to the latest PMI® data from S&P Global. The upturn in business activity was supported by a renewed increase in new orders, albeit only marginal. Customer demand strengthened on the month, as new business from abroad also ticked up, but was relatively subdued in the context of historic data. Expectations for output over the coming year were down to the joint-lowest in 2023 to date and employment rose only fractionally. Workforce numbers increased to the smallest extent for over a year, with backlogs falling at a quicker pace, amid reports of burgeoning spare capacity.

Service sector firms recorded a return to growth in new business in November, following a three-month period of decline. The upturn was only slight overall and historically muted, but firms attributed the rise to an improvement in demand conditions and successful marketing campaigns."
– Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/36ea7291954b47ec958597de1f1ba59a; 12/5/23

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Private Indicators

S&P Global U.S. Services PMI™

Renewed upturn in new business supports output growth in November

"Contributing to the rise in total new orders was a second consecutive monthly uptick in new business from abroad. Stronger demand from key export partners in North America and Europe reportedly drove the expansion. Relatively subdued demand conditions led firms to rein in hiring activity during November. Employment rose at the weakest pace since October 2022, and only fractionally. Some firms noted that greater new orders spurred growth in staffing numbers, but others highlighted that cost-cutting initiatives and evidence of spare capacity led to the nonreplacement of voluntary leavers.

Services firms reported a sustained decrease in backlogs of work during November, as incomplete business fell for a fifth successive month. The rate of contraction quickened from October to a solid pace, as companies were able to process incoming work in a timely manner.

Cost pressures weakened for the third month running in November, as the pace of input price inflation dropped to the slowest in over three years. The rate of increase was below the long-run series average, as some companies noted that lower fuel and supplier prices had eased inflationary pressures. Upticks continued to be driven by higher wage, food and transportation costs, however. Although business expenses rose at a softer pace, firms increased their selling prices at a quicker rate midway through the fourth quarter. The pace of inflation was the fastest since July and above the series trend, as companies sought to pass through higher costs to customers.

Finally, concerns regarding the sustainability of demand amid strain on customer purchasing power dampened business confidence in November. Service providers remained upbeat that output would increase over the coming year, but the degree of optimism slipped to the joint-lowest in 2023 to date." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/36ea7291954b47ec958597de1f1ba59a; 12/5/23

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Private Indicators

S&P Global U.S. Services PMI™

Renewed upturn in new business supports output growth in November

Comment

“The latest PMI data point to a further cooling of inflation pressures, but the surveys also signal only modest economic growth and near-stagnant employment, with the risk of the expansion losing further momentum as we head towards 2024.

While service sector businesses continued to report further output gains in November, growth remains considerably weaker than seen earlier in the year, and forward-looking indicators point to growth slowing in the months ahead.

Firms providing both goods and services have become increasingly concerned about excessive staffing levels in the face of weakened demand, resulting in the smallest overall jobs gain recorded by the survey since the early pandemic lockdowns of 2020.

The cooling jobs market has been accompanied by lower wage growth which, combined with recent oil price falls, helped pull business cost growth down to its lowest for three years, dropping in November to a level indicative of inflation approaching the Fed's 2% target in the coming months.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/36ea7291954b47ec958597de1f1ba59a; 12/5/23

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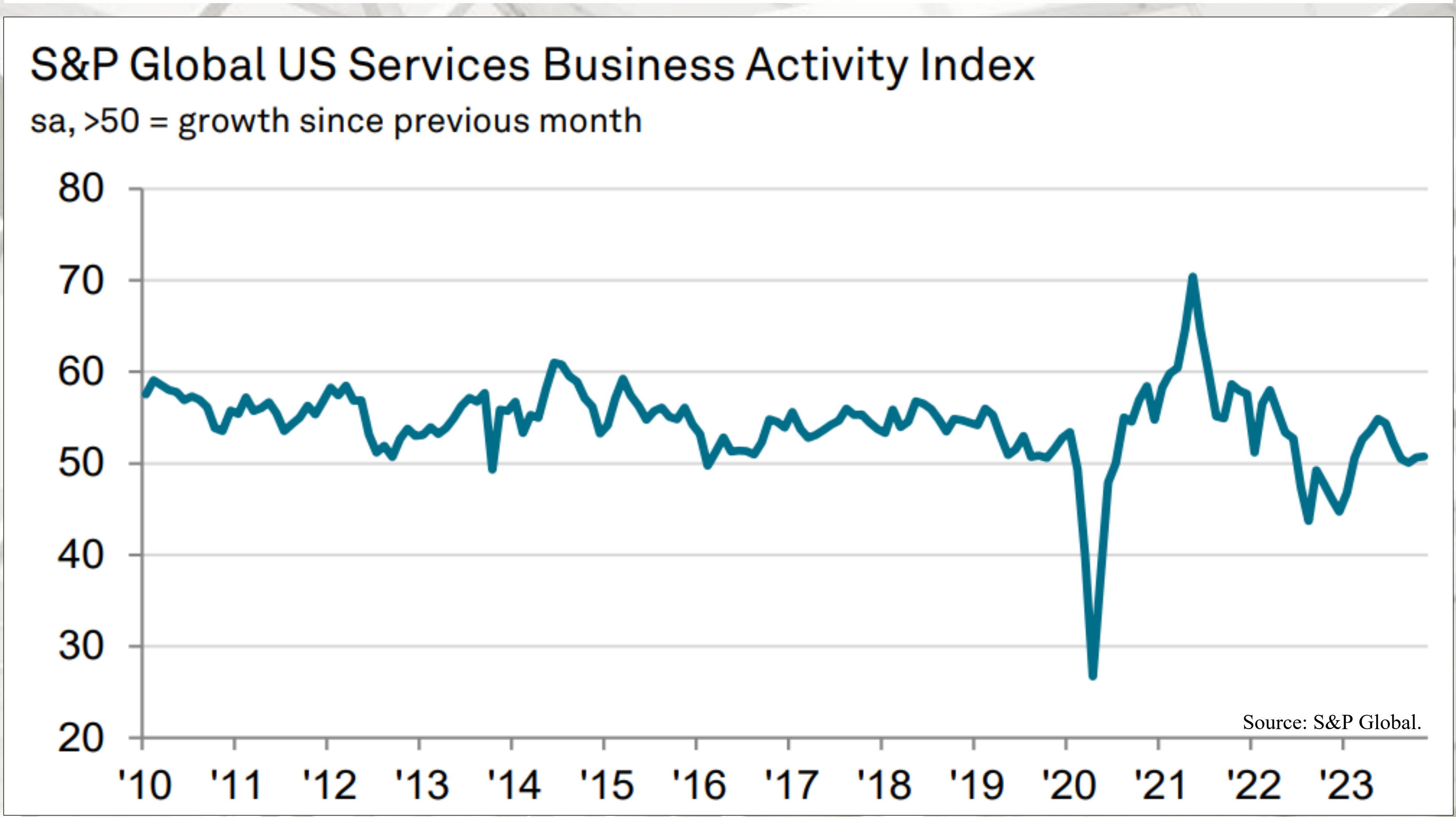

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/36ea7291954b47ec958597de1f1ba59a; 12/5/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for November 2023: Combined Sectors

"The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for November 2023 gained 1.1 points to 52.3. "The CMI is remaining in a narrow range around non-recession lows with no noticeable trend," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"In October the bond markets took over the Fed's job, when market interest rates, especially the Treasury rates used in setting loan rates for businesses and consumers, rose sharply," Cutts said. "That gave the Federal Reserve's Open Market Committee room to pause while still leaving the door open to further rate increases in the future if they feel the need. While the impacts of the Fed's aggressive effort to stamp out inflation have been slowly making their way into the economy, we have not yet seen much indication that a recession is immediately around the corner. However, in a marked change from recent prior months of the CMI survey, credit managers are sounding the alarm on account performance, ranging from more accounts delinquent, poor application quality, and more bankruptcies."

"It's almost like a switch was flipped in the comments provided by survey respondents," said Cutts. "We went from a gradual subsiding of comments regarding supply chains to sort of random comments and then this month they all aligned on worry about account performance. The US Courts reports filings of bankruptcies and year-to-date through September their data show a 39% increase in business bankruptcies over 2022. While the level is not yet fully back to pre-pandemic it won't be long before business failure surpasses that mark at this rate." … " – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 11/30/23

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Private Indicators

National Association of Credit Management –
Credit Managers' Index

Key Findings:

- "The index for favorable factors rose 2.5 points to 58.0, led by a 3.5-point improvement in the dollar collections factor index to 59.4 points, a 3.4-point rise in the sales factor index to 58.7 and a 2.0-point advance in the new credit applications index to 55.9. The amount of credit extended factor index marked it second month of deterioration.
- The sales factor index has been the most volatile in 2023 and is down 5.9 points from its recent high of 62.0 in June.
- The index for unfavorable factors improved by 0.4 to 48.5, remaining in the tight range around 50 that it has been in the past year and a half, while recording its fifth month below 50.
- Half of the six unfavorable factor indexes deteriorated in the November survey which records credit performance for the prior month; the index for filings of bankruptcies led with a decline of 2.6 points to an index value of 47.8, its lowest level since June 2020.
- The index for accounts placed for collection deteriorated by 1.0 point to 44.6, its 18th month below 50 points the lowest level recorded for this factor index.
- The index for the rejections of credit applications declined 1.0 point in the November CMI survey to a level of 48.7, the third consecutive month of decline for this index. " – Andrew Michaels, Editorial Associate, NACM

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

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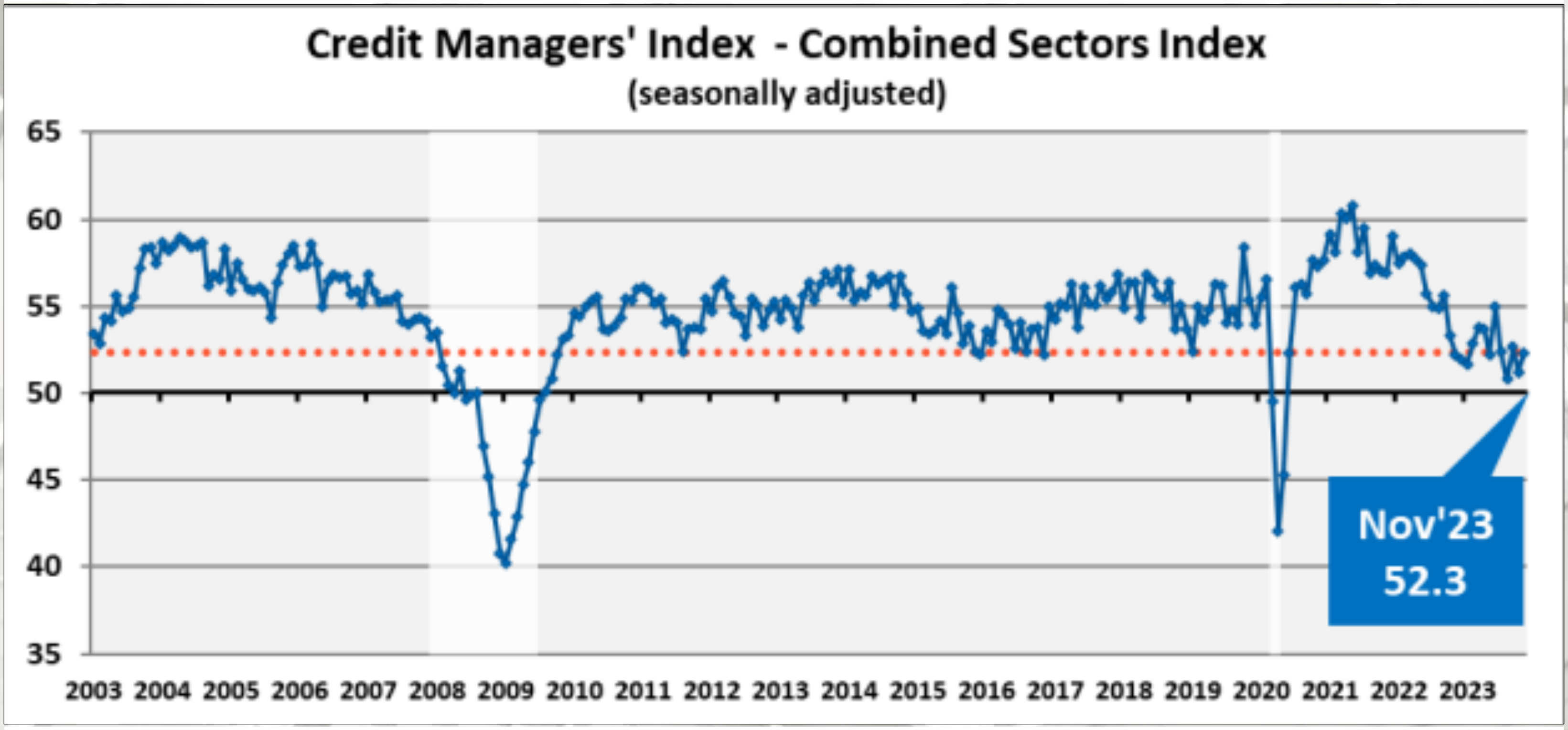
Private Indicators

National Association of Credit Management – Credit Managers’ Index



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.

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

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	Nov '22	Dec '22	Jan '23	Feb '23	Mar '23	Apr '23	May '23	Jun '23	Jul '23	Aug '23	Sep '23	Oct '23	Nov '23
Sales	55.3	55.9	51.2	57.6	57.0	59.0	54.1	62.0	55.6	49.5	58.8	52.6	56.1
New credit applications	57.2	55.6	56.9	58.5	58.9	58.5	57.7	58.3	56.8	56.2	56.3	56.4	58.3
Dollar collections	56.2	58.3	57.7	59.7	60.0	61.4	57.1	61.6	56.2	52.6	58.0	55.9	59.4
Amount of credit extended	57.6	56.1	57.9	58.6	58.2	58.6	56.5	60.2	56.8	54.9	61.4	58.7	58.3
Index of favorable factors	**56.6**	**56.5**	**55.9**	**58.6**	**58.5**	**59.4**	**56.4**	**60.5**	**56.4**	**53.3**	**58.6**	**55.9**	**58.0**
Rejections of credit applications	51.0	50.9	50.4	50.4	50.8	47.7	48.7	53.3	50.7	50.3	49.2	49.8	48.7
Accounts placed for collection	46.7	46.4	45.2	45.5	46.6	46.7	45.9	48.2	48.2	44.9	47.5	45.6	44.6
Disputes	48.4	49.0	48.9	48.4	50.6	49.6	48.4	51.1	50.3	49.8	47.3	48.3	49.6
Dollar amount beyond terms	48.2	46.5	47.9	51.4	53.0	53.8	51.4	51.8	46.1	48.9	50.5	45.6	49.2
Dollar amount of customer deductions	49.3	49.3	50.0	48.5	50.5	49.8	52.9	51.0	51.0	50.9	47.4	48.9	51.1
Filings for bankruptcies	52.3	51.0	50.8	50.1	51.8	51.4	49.7	52.4	52.3	50.2	50.0	50.5	47.8
Index of unfavorable factors	**49.3**	**48.9**	**48.9**	**49.1**	**50.5**	**49.8**	**49.5**	**51.3**	**49.8**	**49.1**	**48.7**	**48.1**	**48.5**
NACM Combined CMI	**52.2**	**51.9**	**51.7**	**52.9**	**53.7**	**53.7**	**52.2**	**55.0**	**52.4**	**50.8**	**52.6**	**51.2**	**52.3**

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

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Private Indicators

National Federation of Independent Business (NFIB) November 2023 Report

Small Business Owners Pessimistic About Future Business Conditions

"NFIB Small Business Optimism Index decreased 0.1 point in November to 90.6, which marks the 23rd consecutive month below the 50-year average of 98. Twenty-two percent of owners reported that inflation was their single most important problem in operating their business, unchanged from October but 10 points lower than this time last year." – Holly Wade, NFIB

"Job openings on Main Street remain elevated as the economy saw a strong third quarter. However, even with the growing economy, small business owners have not seen a strong wave of workers to fill their open positions. Inflation also continues to be an issue among small businesses." – Bill Dunkelberg, Chief Economist, NFIB

Key findings include:

- "Owners expecting better business conditions over the next six months increased one point from October to a net negative 42% seasonally adjusted.
- A net negative 17% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, unchanged from October and the lowest reading since July 2020.
- Forty percent (seasonally adjusted) of owners reported job openings that were hard to fill, down three points." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/12/23

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Private Indicators

National Federation of Independent Business (NFIB) November 2023 Report

"Key findings include:

- Seasonally adjusted, a net 30% of owners plan to raise compensation in the next three months, up six points from October and the highest since December 2021.
- The net percent of owners raising average selling prices decreased five points from October to a net 25% (seasonally adjusted).
- The net percent of owners who expect real sales to be higher increased two points from October to a net negative 8% (seasonally adjusted).

As reported in NFIB's monthly jobs report, owners' plans to fill open positions remain elevated with a seasonally adjusted net 18% planning to create new jobs in the next three months. Overall, 54% reported hiring or trying to hire in November. Of those hiring or trying to hire, 93% of owners reported few or no qualified applicants for the positions they were trying to fill.

Sixty-one percent of owners reported capital outlays in the last six months, up four points from October. Of those making expenditures, 41% reported spending on new equipment, 23% acquired vehicles, and 17% improved or expanded facilities. Eleven percent spent money on new fixtures and furniture and 6% acquired new buildings or land for expansion. Twenty-three percent (seasonally adjusted) plan capital outlays in the next few months.

A net negative 17% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, remaining the lowest reading since July 2020. The net percent of owners expecting higher real sales volumes improved two points to a net negative 8%." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/12/23

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Private Indicators

National Federation of Independent Business (NFIB) November 2023 Report

“The net percent of owners reporting inventory gains increased three points to a net negative 3%. Not seasonally adjusted, 14% reported increases in stocks and 16% reported reductions. A net 0% of owners viewed current inventory stocks as “too low” in November, up three points from October. By industry, shortages are reported most frequently in the retail (14%), finance (13%), and services (10%) sectors. Shortages in construction (8%) have been reduced because home sales have slowed dramatically due to higher interest rates. A net negative 3% of owners plan inventory investment in the coming months.

The net percent of owners raising average selling prices decreased five points from October to a net 25% seasonally adjusted. Twenty-two percent of owners reported that inflation was their single most important problem in operating their business, unchanged from last month. Unadjusted, 14% reported lower average selling prices and 36% reported higher average prices. Price hikes were the most frequent in finance (48% higher, 10% lower), retail (47% higher, 9% lower), construction (42% higher, 11% lower), wholesale (32% higher, 16% lower), and services (30% higher, 9% lower). Seasonally adjusted, a net 34% of owners plan price hikes.

Seasonally adjusted, a net 36% of owners reported raising compensation, unchanged from October. A net 30% (seasonally adjusted) plan to raise compensation in the next three months, up six points from October and the highest reading since December 2021. Eight percent of owners cited labor costs as their top business problem.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/12/23

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Private Indicators

National Federation of Independent Business (NFIB) November 2023 Report

"The frequency of reports of positive profit trends was a net negative 32%, unchanged from October. Among the owners reporting lower profits, 36% blamed weaker sales, 16% blamed the rise in the cost of materials, 14% cited labor costs, 9% cited lower prices, 6% cited the usual seasonal change, and 5% cited financing costs. For owners reporting higher profits, 60% credited sales volumes, 14% cited higher selling prices, and 11% cited usual seasonal change.

Two percent of owners reported that all their borrowing needs were not satisfied. Twenty-five percent reported all credit needs met and 63% said they were not satisfied in a loan. A net 8% reported their last loan was harder to get than in previous attempts. Five percent reported that financing was their top business problem. A net 25% of owners reported paying a higher 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 November 2023." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/12/23

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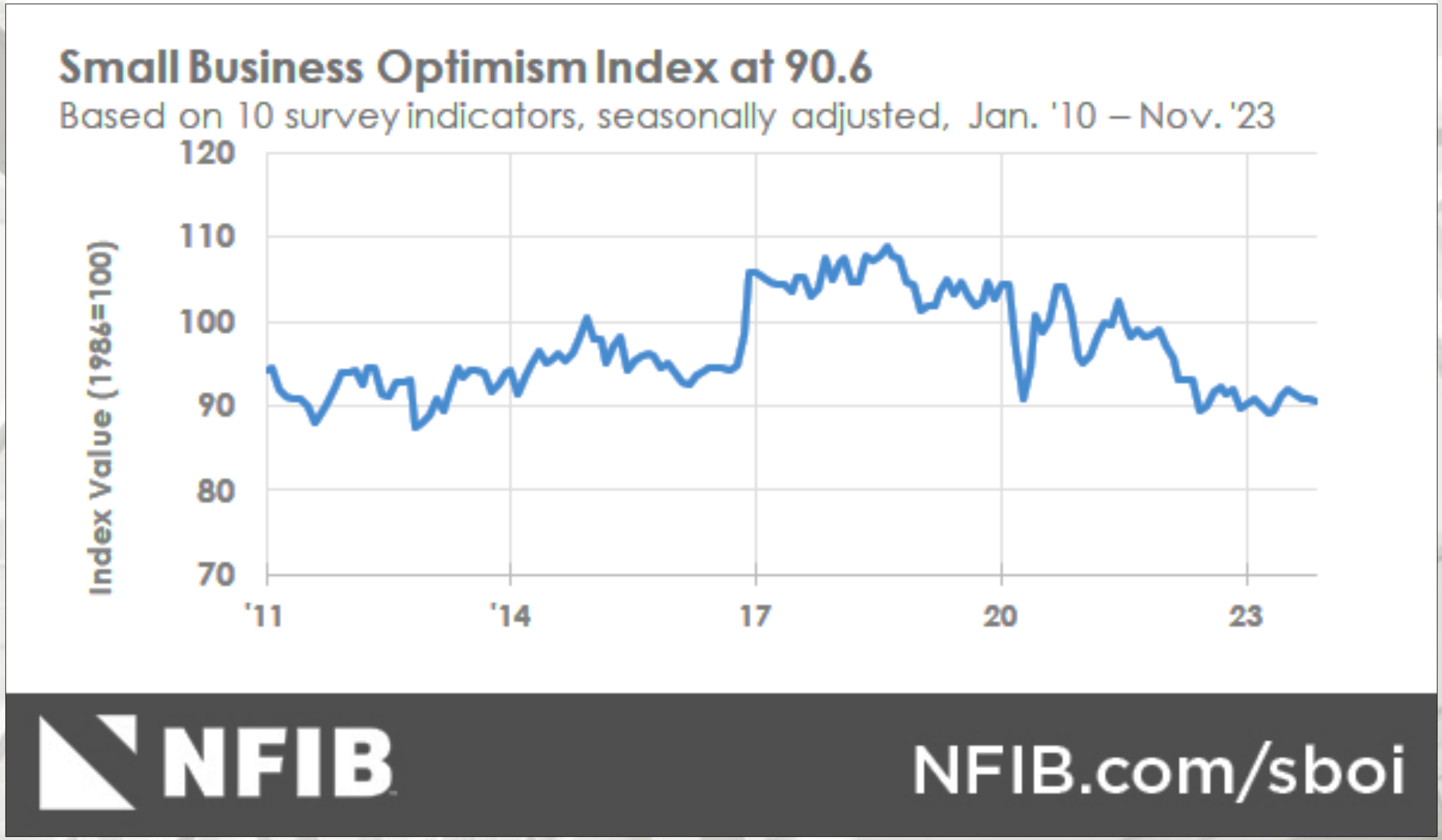
National Federation of Independent Business (NFIB)
November 2023 Report



Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/12/23

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Private Indicators

National Federation of Independent Business (NFIB)
November 2023 Report

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	18%	▲ 1
Plans to Make Capital Outlays	23%	▼ -1
Plans to Increase Inventories	-3%	▼ -3
Expect Economy to Improve	-42%	▲ 1
Expect Real Sales Higher	-8%	▲ 2
Current Inventory	0%	▲ 3
Current Job Openings	40%	▼ -3
Expected Credit Conditions	-11%	▼ -2
Now a Good Time to Expand	8%	▲ 2
Earnings Trends	-32%	— 0

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 12/12/23

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Wage Growth for Workers of U.S. Small Businesses Continues Downward Trend; Job Growth Remains Stable

"The rate of hourly earnings growth for workers at U.S. small businesses has slowed 17 of the past 18 months to 3.48% in November, falling below 3.50% for the first time since July 2021, according to the Paychex Small Business Employment Watch. Hiring at small businesses across the U.S. remains stable but continues to slow from the rate of growth seen at the start of 2023." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"As we approach the end of 2023, wage growth continues to decline indicating that the actions taken by the Federal Reserve are having the desired effect. Small business employers continue to add jobs at a more moderate pace than at the start of 2023 but still at a higher rate than pre-pandemic levels. Small businesses continue to show their resilience in the face of difficult capital markets and continued challenges in finding quality highly skilled labor." – John Gibson, President and CEO, Paychex

"November's Small Business Employment Watch data highlights differing market conditions both geographically and by industry sector. For instance, the Education and Health Services, as well as the Construction sector, have both experienced solid job growth throughout 2023. Leisure and Hospitality job growth continues to decline following a period of extensive recovery for the sector since 2020." – Frank Fiorille, Vice President of Risk, Compliance, and Data Analytics, Paychex

Source: https://www.paychex.com/employment-watch; 12/5/23

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

Key Insights

- “Slowing for 17 of the past 18 months, hourly earnings growth fell to 3.48% in November.
- The rate of small business job growth declined 0.18% to 98.59 in November.
- Hourly earnings growth in the Leisure and Hospitality sector has steadily slowed during the past two years, declining from 10.95% to 3.79% between January 2022 and November 2023.
- The South leads the pace of small business job growth among regions for the 20th consecutive month, with an index of 99.36, and was the only region to improve in November (0.10%).
- The Northeast (98.02) continues to rank last among regions and decreased 0.38% in November.

More Information

- Year-over-year weekly hours worked growth (-0.16%) remains negative, though three-month annualized growth climbed to 1.42% in November.
- The West leads regional hourly earnings growth for the sixth-straight month.
- Washington leads states for the fifth consecutive month in hourly earnings growth with a rate of 5.06%.
- Miami leads top U.S. metros in weekly hours worked growth (0.36%) for the seventh consecutive month.”– Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 12/5/23

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

More Information

- "North Carolina remains the top state for small business job growth in November with an index of 100.68. Texas (100.17) ranks second.
- Houston (101.77) has now led top U.S. metros for small business job growth for a full year. Dallas (98.65) gained 0.84% in November alone, jumping from 18th to eighth among top metros.
- Education and Health Services (0.31%) and Construction (0.28%) have improved their small business employment growth rate.
- Leisure and Hospitality continues its sharp deceleration, dropping 0.56% in November to 97.71. The sector has slowed 3.65% since February (101.41)."– Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 12/5/23

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

November Job Index	November Wage Data
Index	Hourly Earnings
98.59	$32.06
12-Month Change	12-Month Growth
-0.80%	3.48%

Source: Paychex | IHS Markit Small Business Employment Watch

- “Declining 0.18% to 98.59 in November, the small business job growth rate slowed for the eighth consecutive month.
- At 98.59, the rate of small business job growth marks the slowest pace of growth so far in 2023.
- The national index is down 0.51% from last quarter and 0.80% from last year.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 12/5/23

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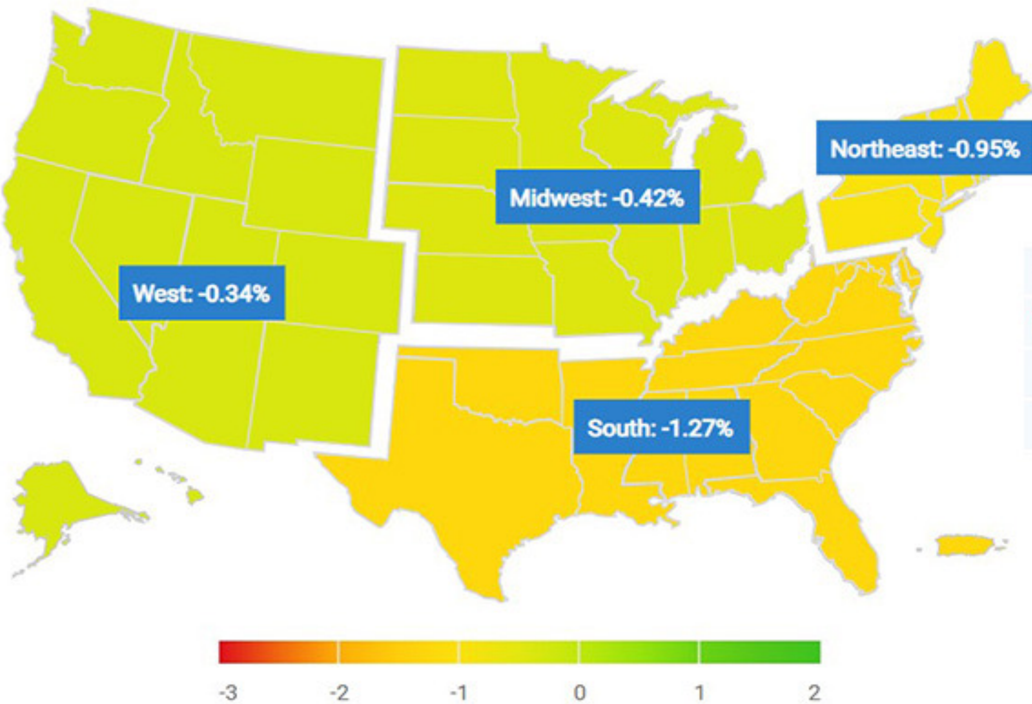
Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Jobs Index Regional Performance



Region	Index	Change
Midwest	98.68	-0.42%
Northeast	98.02	-0.95%
South	99.36	-1.27%
West	98.40	-0.34%

Change 12-Month

Source: Paychex Small Business Employment Watch

Source: Paychex | IHS Markit Small Business Employment Watch

- “Though all regions are now below four percent in November, the West (3.95%) leads regional hourly earnings growth for the sixth-straight month.
- All regions report hourly and weekly earnings above three percent and below four percent in November.
- Weekly hours worked are unchanged from a year ago in the South, which leads all regions.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 12/5/23

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Demographics

Mortgage Bankers Association (MBA)

Chart of the Week

"This year has been tough for the housing market in terms of total originations. MBA estimates that this year's total originations will be $1.64 trillion, the November FHA Annual Report to Congress reports that FHA forward originations were down by over 18% from FY 2022 to FY 2023, and MBA's Weekly Applications Survey shows that purchase applications are down by 30% year to date.

As we enter the holiday season, however, there is room for optimism. In December's forecast, we predict that mortgage rates will steadily decline over the next couple of years and that total originations will increase by 22% and 17% in 2024 and 2025, respectively. Moreover, we are forecasting that purchase originations will exhibit a rebound – reaching $1.70 trillion in 2025 versus this year's $1.33 trillion.

One of the main drivers for this optimism is the country's demographics. In this week's MBA Chart of the Week, we highlight this by looking at the large cohorts of potential first-time home buyers. The left panel shows not only the large cohorts of Millennials who are in their prime first-time home buying years (gold columns), but also the two large cohorts of Gen Zers (green columns) right behind them. The right panel emphasizes their likely large effect – home ownership rates among households under 35 years old have been below 40% in recent years (dark green line) but jump to almost 63% for home owners ages 35-44 (light blue line).

But will there be enough homes for these young cohorts to purchase?" – Eddie Seiler, Associate Vice President for Housing Economics , Mortgage Bankers Association

Source: https://s3141176.t.en25.com/e/es; 12/15/23

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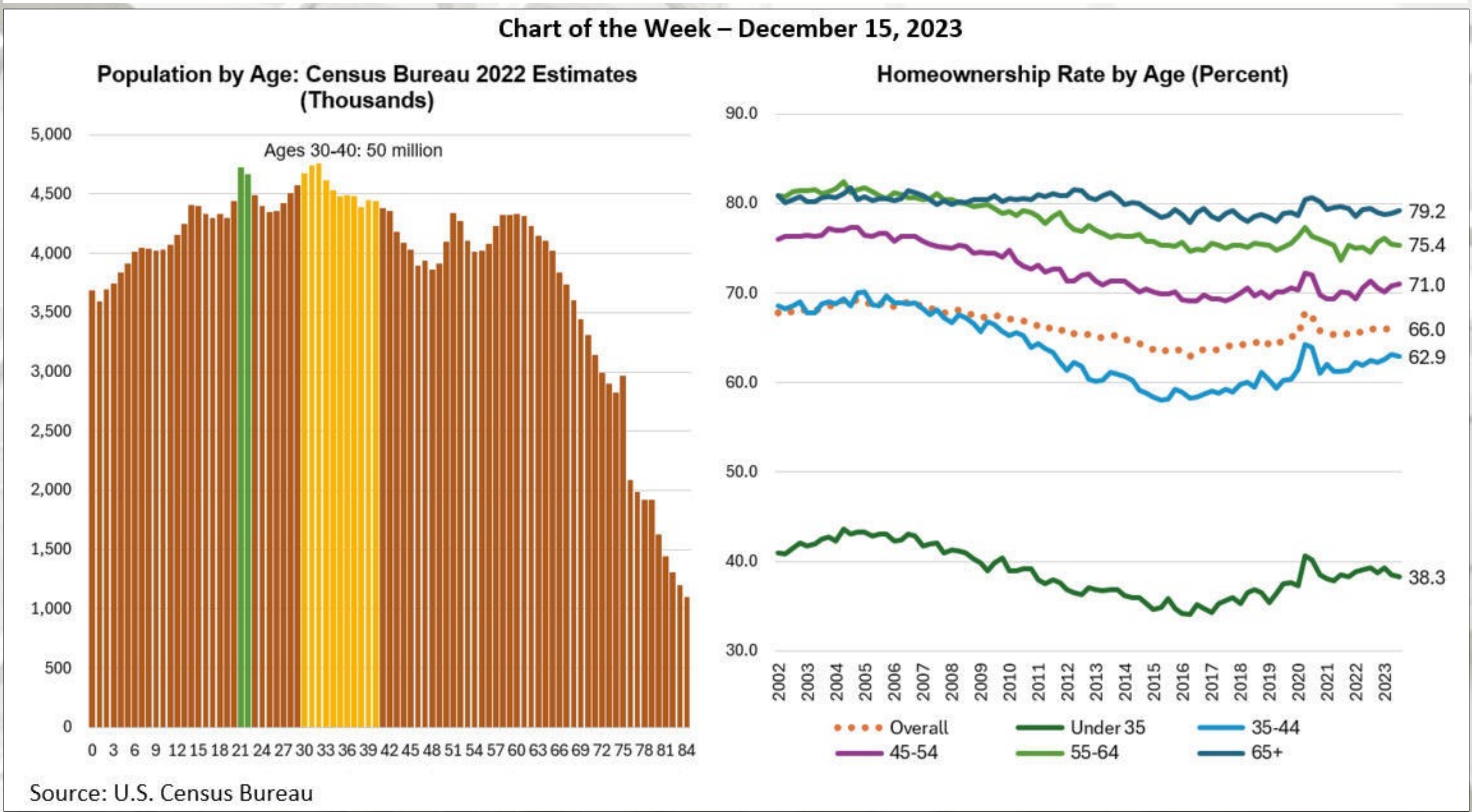
Demographics

Mortgage Bankers Association (MBA)

Chart of the Week



Source: https://s3141176.t.en25.com/e/es; 12/15/23

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Demographics

Mortgage Bankers Association (MBA)

Chart of the Week

"While the MBA Builder Applications Survey has highlighted that new home purchases have outperformed the broader purchase market in recent months, the right-most columns of the left panel also highlight that the Baby Boomer cohorts will slowly exit their homes allowing their existing residences to filter down to lower aged households. Indeed, in his 2022 RIHA paper, *Who Will Buy the Baby Boomers' Homes When They Leave Them?*, Gary Engelhardt estimates that there will be an excess supply of about a quarter of a million homes annually over the next decade from home owners over the age of 50. Together, these indicate that there will be homes available for younger cohorts to purchase.

If Millennials and Gen Z eventually behave similarly to earlier cohorts regarding home buying and home ownership patterns, the demographics provide an additional reason for optimism for the mortgage industry." – Eddie Seiler, Associate Vice President for Housing Economics, Mortgage Bankers Association

Source: https://s3141176.t.en25.com/e/es; 12/15/23

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Demographics/Economics

Harvard Joint Center for Housing Studies

Move Over Millennials, Gen Z is Driving Rental Demand

"As slowing multifamily construction underscores a downturn in rental markets, optimists see rental demand holding strong over the long run, and point to favorable demographics as a reason to remain optimistic. But are demographics truly favorable for rental housing?

At first, the story seems negative. For one, after decades of driving growth, the number of renter households headed by millennials (aged 28-42 in 2022) has peaked and is declining **(Figure 1)**. Indeed, this large cohort has reached ages when more households are transitioning into homeownership rather than forming new renter households. Gen Z (aged 13-27 in 2022) is now the only generation adding renter households, therefore demand for rental housing will continue to grow only if the number of new Gen Z renter households added outnumbers losses among older generations, who are leaving rental units due to home ownership transitions or mortality.

In many ways, this is the end of an era. In the 2000s and 2010s, millennials in their late 20s and 30s ushered in a surge in the number of renter households, not only because the cohort is larger than previous generations but because millennials rented at higher rates than earlier generations at the same age (Figure 2). But can we expect Gen Z to continue either of these trends to uphold the levels of growth in renter households seen over the past 15 years?

A major factor determining whether Gen Z forms as many renter households as millennials did before them is how many people are in this generation relative to millennials. According to US population estimates in 2022, there are 66.1 million people in the 15-year cohort aged 13-27 who make up Gen Z, compared to 67.8 million people aged 28-42 who make up the millennial generation. Based on this, Gen Z is currently not as large a generation as millennials, but close enough to maintain similar levels of rental households (Figure 3, left)." – Daniel McCue, Senior Research Associate, Harvard Joint Center for Housing Studies

Source: https://www.jchs.harvard.edu/blog/move-over-millennials-gen-z-driving-rental-demand; 12/4/23

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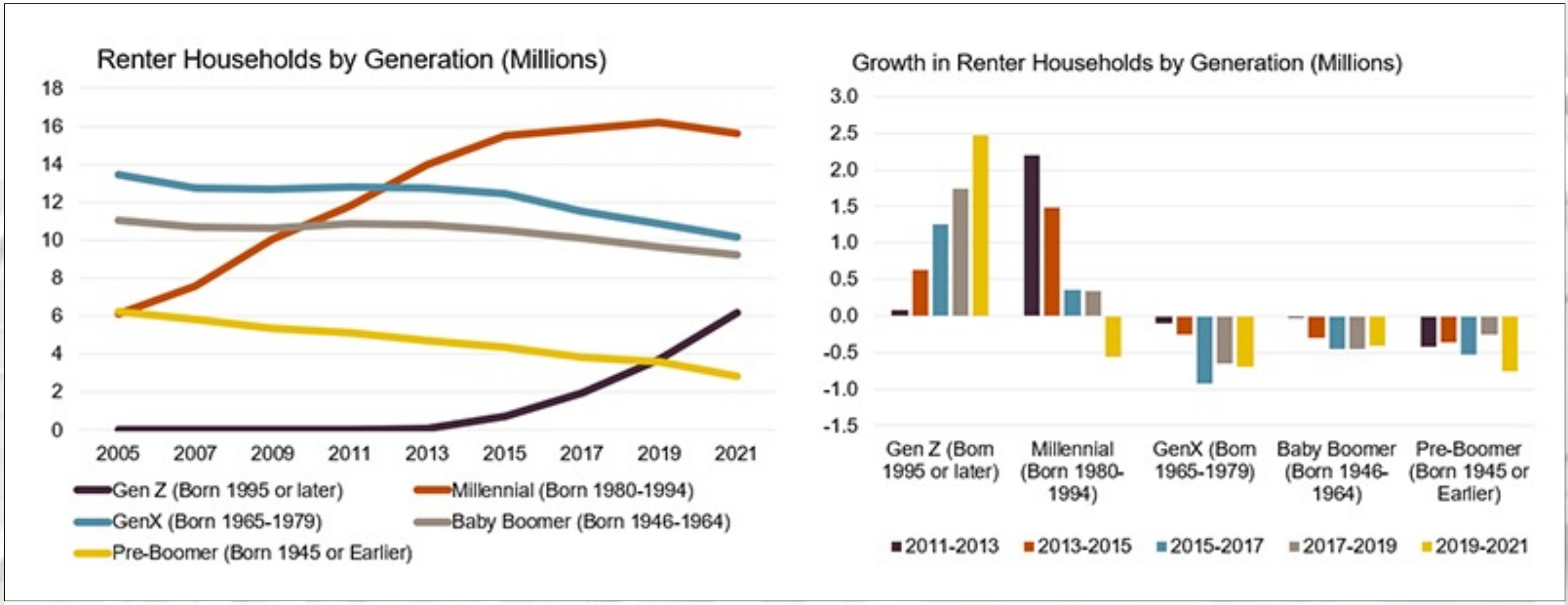
Demographics/Economics

Harvard Joint Center for Housing Studies

Move Over Millennials,
Gen Z is Driving Rental Demand

Figure 1: The Number of Millennial Renters has Peaked, Now Gen Z is Driving Renter Household Growth



Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year PUMS Estimates.

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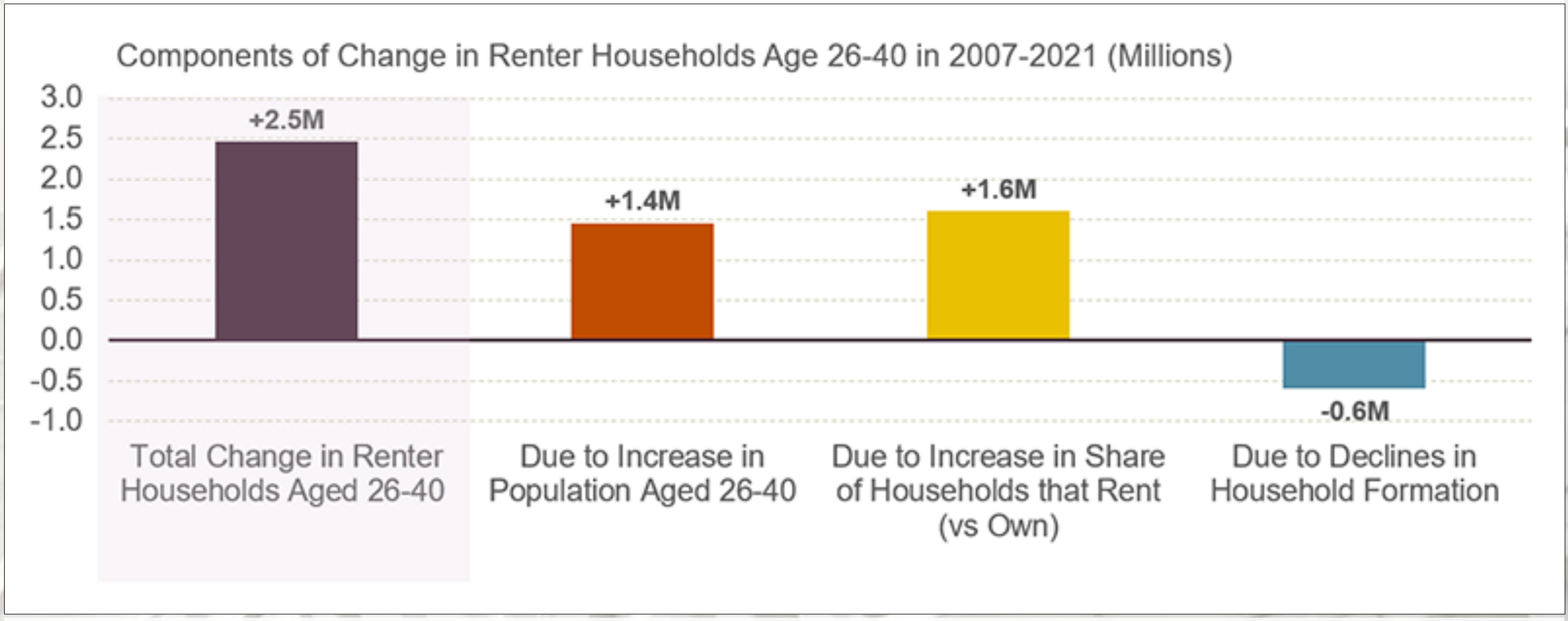
Move Over Millennials, Gen Z is Driving Rental Demand

Figure 2: Millennials Added on 2.5 Million Young Renter Households by Being Larger and Renting at Higher Rates than Gen X



Note: Millennial and GenZ populations are compared using equivalent 15-year generation cohorts, with Millennials born in 1980-1994, and GenZ born in 1995-2009.

Source: JCHS tabulations of US Census Bureau, Population Estimates..

Source: https://www.jchs.harvard.edu/blog/move-over-millennials-gen-z-driving-rental-demand; 12/4/23

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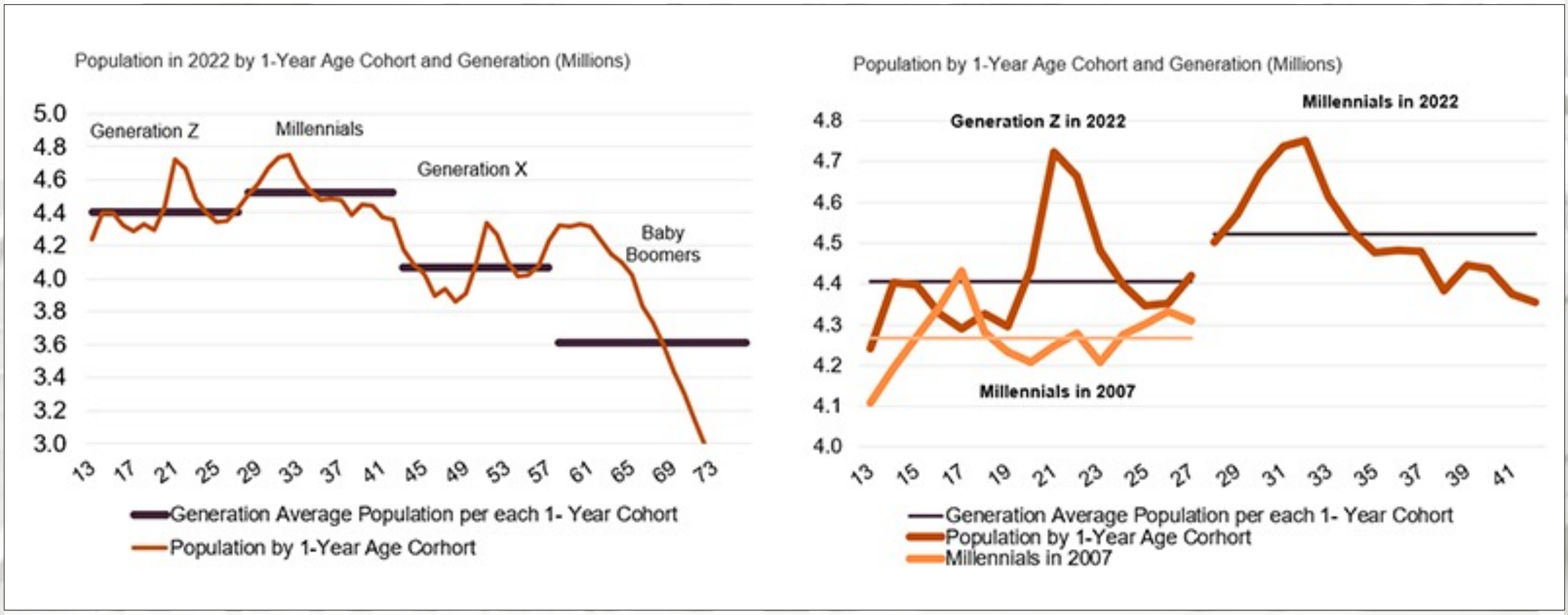
Move Over Millennials, Gen Z is Driving Rental Demand

Figure 3: The Current Population of Gen Z is not as Large as Millennials Today, but Gen Z is Larger than Millennials Were 15 Years Ago at Similar Ages



Source: JCHS tabulations of US Census Bureau, Population Estimates..

Source: https://www.jchs.harvard.edu/blog/move-over-millennials-gen-z-driving-rental-demand; 12/4/23

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Move Over Millennials, Gen Z is Driving Rental Demand

"However, if we dig deeper, we find that Gen Z today is 2.1 million larger than millennials were at similar ages 15 years ago (Figure 3, right). Adding up the overall population of our 15-year generational cohorts, we find a total of 66.1 million Gen Z people aged 13-27 in 2022, compared to 64.0 million millennials aged 13-27 in 2007.

This may be surprising, but it is supported by historical US birth records, which show the highest levels in Gen Z birth years (1995-2009) and a historical peak in births in the late 2000s, which is Gen Z people who are in their early 20s today (Figure 4).

Indeed, the number of millennials in the US grew by nearly 4 million over the past 15 years as a result of gains from immigration. The boost was so large because it was the years millennials passed through their 20s and 30s, ages where immigration rates peak.

This could be occurring now for Gen Z, the oldest of whom are in their 20s. But can we expect the population of Gen Z to increase as much from immigration over the next 15 years as the millennial population did over the last 15 years? On one hand, it is entirely possible because the last 15 years include years when immigration rates hit historic lows. On the other hand, immigration rates are highly unpredictable and the future of immigration policy is particularly challenging right now and subject to contentious debate." – Daniel McCue, Senior Research Associate, Harvard Joint Center for Housing Studies

Source: https://www.jchs.harvard.edu/blog/move-over-millennials-gen-z-driving-rental-demand; 12/4/23

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Move Over Millennials, Gen Z is Driving Rental Demand

"The number of renter households Gen Z adds in the next 15 years will be an important pillar of rental housing demand, and the extent to which the size of the Gen Z population grows in the next 15 years ultimately could determine whether the number of renter households in the US grows, stabilizes, or declines in the coming years. That this growth is so highly dependent on immigration levels over the coming years directly connects the future of rental housing demand to immigration policy and represents just one of the many links between housing and immigration.

But population growth among Gen Z is just one factor that will determine future rental demand along with the rates of household formation and home ownership among this generation, and the speed at which millennials and older generations transition to home ownership or otherwise exit rental markets. Stay tuned for more on the balance of each of these trends, and what they mean for rental demand going forward." – Daniel McCue, Senior Research Associate, Harvard Joint Center for Housing Studies

Source: https://www.jchs.harvard.edu/blog/move-over-millennials-gen-z-driving-rental-demand; 12/4/23

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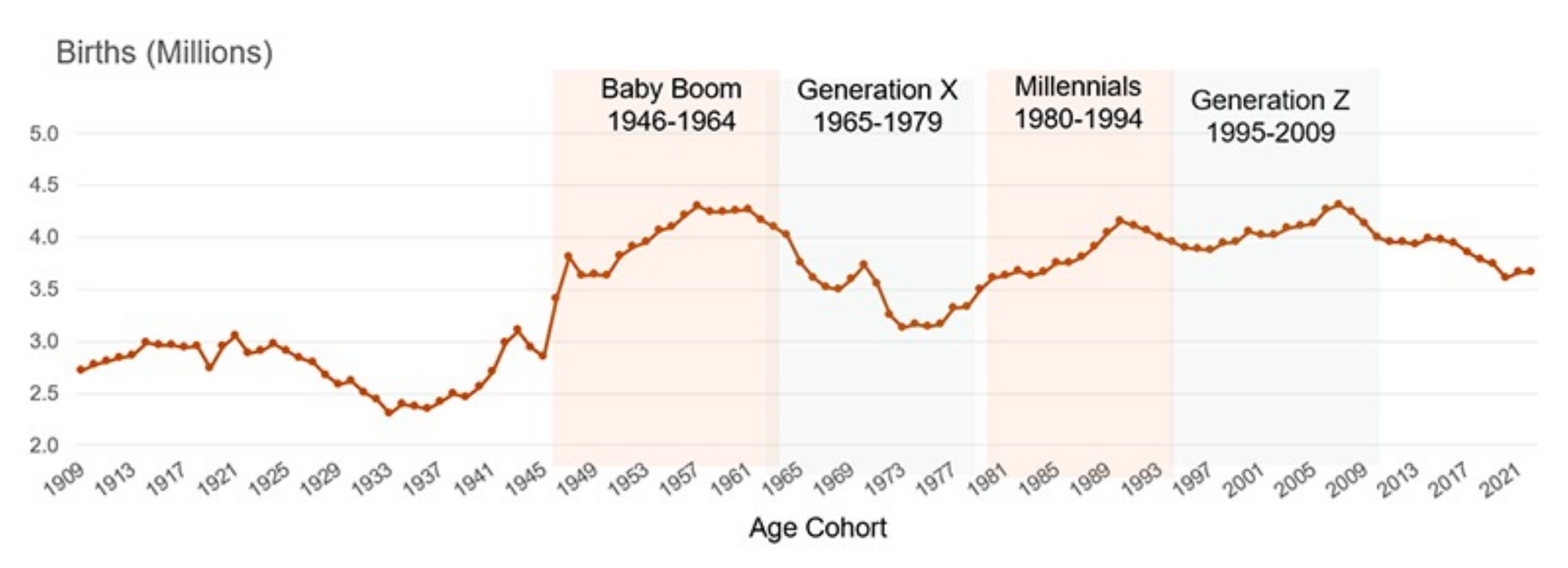
Move Over Millennials, Gen Z is Driving Rental Demand

Figure 4: US Births Peaked in 2000s with the Gen Z Population



Source: JCHS tabulations of US Census Bureau 2022 Population Estimates.

Source: https://www.jchs.harvard.edu/blog/move-over-millennials-gen-z-driving-rental-demand; 12/4/23

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

October 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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 12/13/23

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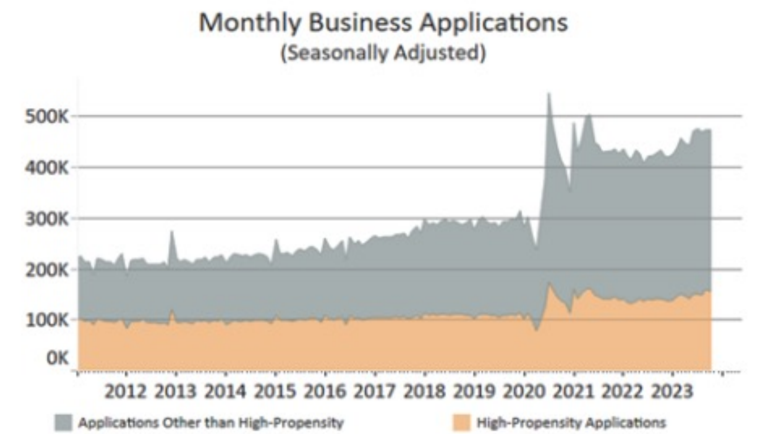
Economics

U.S. Census Bureau
NEW Business Formation Statistics
October 2023

BUSINESS APPLICATIONS

U.S. Business Applications:	OCT 2023	OCT 2023 / SEP 2023
Total	472,993	Z°
High-Propensity	154,153	-3.3%°
With Planned Wages	58,848	-5.5%°
From Corporations	47,774	-2.3%°

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



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

Business Applications - At a Glance

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

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; 12/13/23

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Economics

U.S. Census Bureau

October 2023

BUSINESS FORMATIONS

U.S. Total Projected Business Formations:	OCT 2023	OCT 2023 / SEP 2023
Within 4 Quarters	28,679	-4.0%°
Within 8 Quarters	39,070	-3.5%°

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

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

Projected Business Formations - At a Glance





		US	Northeast	Midwest	South	West
Within 4 Quarters	OCT 2023	28,679	4,795	4,614	11,442	7,828
	OCT 2023 / SEP 2023	-4.0%	+2.3%	-5.0%	-4.0%	-7.0%
Within 8 Quarters	OCT 2023	39,070	6,509	6,274	15,802	10,485
	OCT 2023 / SEP 2023	-3.5%	+1.9%	-3.3%	-4.1%	-6.1%

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; 12/13/23

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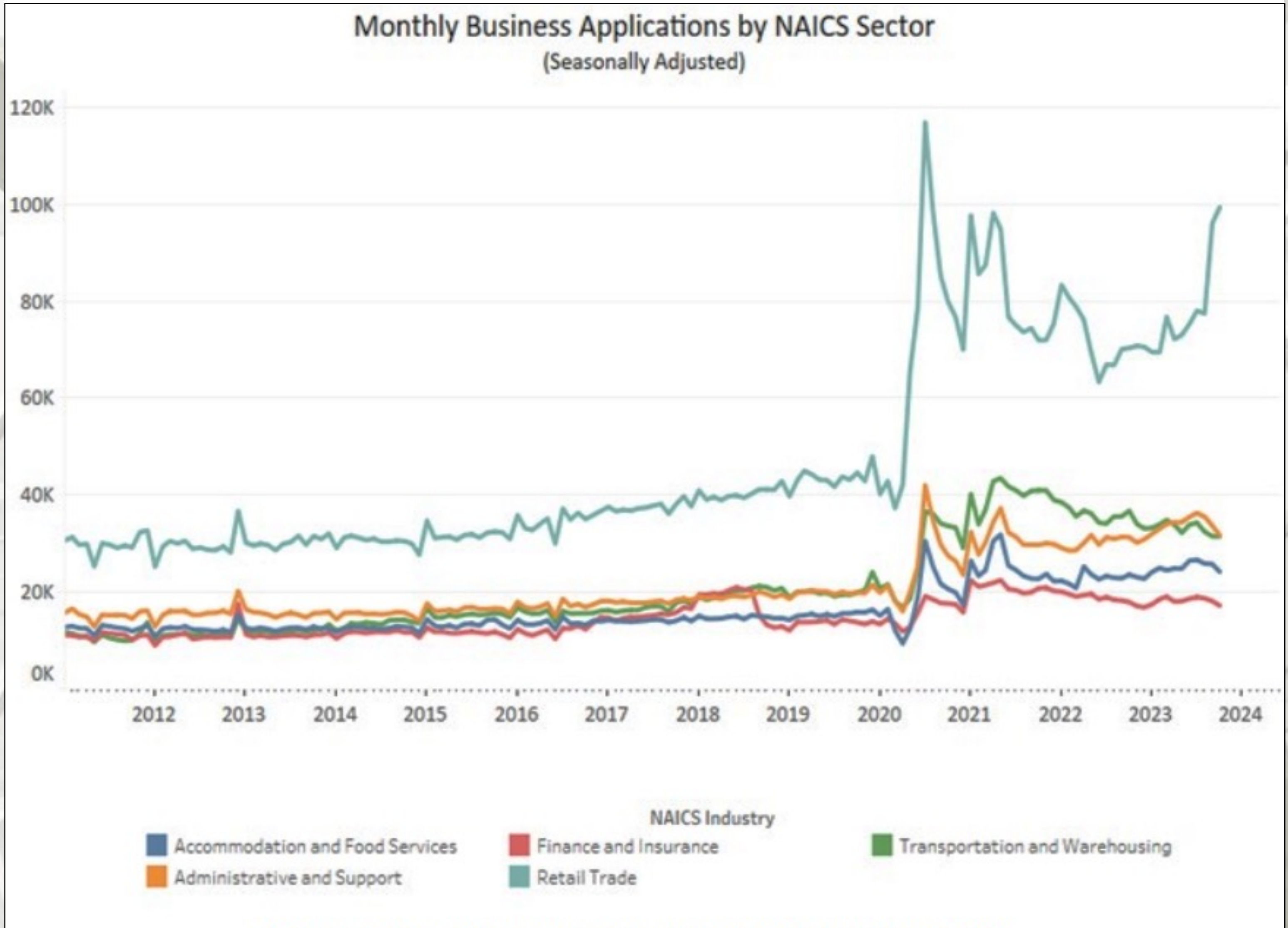
Economics

NEW Business Formation Statistics

October 2023



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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 12/13/23

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