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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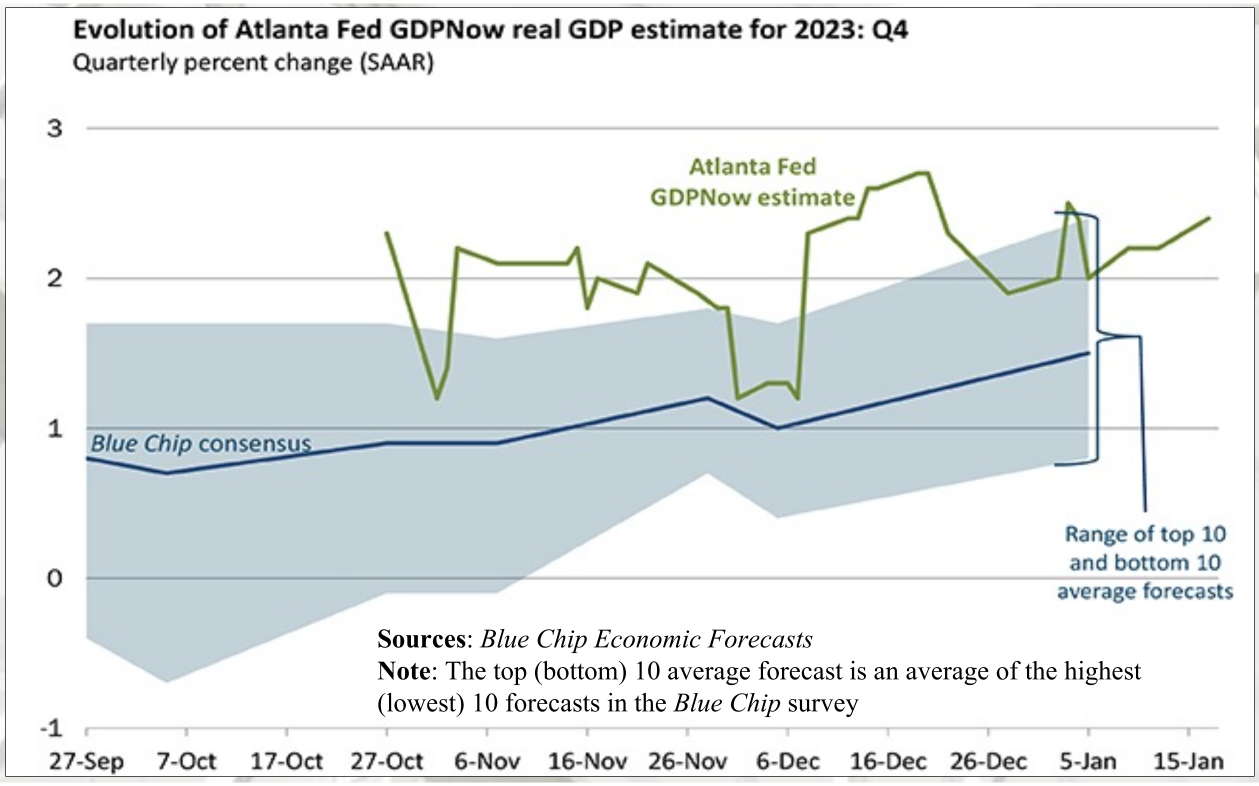
U.S. Economic Indicators



Sources: *Blue Chip Economic Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey

Atlanta Fed GDPNow™

Latest estimate: 2.4 percent — January 17, 2024

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2023 is **2.4 percent** on January 17, up from 2.2 on January 10. After recent releases from the US Department of the Treasury's Bureau of the Fiscal Service, the US Bureau of Labor Statistics, the US Census Bureau, and the Federal Reserve Board of Governors, the nowcasts of fourth-quarter real personal consumption expenditures growth and fourth-quarter real gross private domestic investment growth increased from 2.6 percent and -0.7 percent, respectively, to 2.8 percent and -0.5 percent." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 1/17/24

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

Index Suggests Economic Growth Increased in November

"*Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to +0.03 in November from –0.66 in October. All four broad categories of indicators used to construct the index increased from October, and two categories made positive contributions in November. The index's three-month moving average, CFNAI-MA3, moved up to –0.20 in November from –0.26 in October.*

The CFNAI Diffusion Index, which is also a three-month moving average, increased to –0.21 in November from –0.35 in October. Forty-three of the 85 individual indicators made positive contributions to the CFNAI in November, while 41 made negative contributions and one made a neutral contribution. Sixty-two indicators improved from October to November, while 21 indicators deteriorated and two were unchanged. Of the indicators that improved, 23 made negative contributions.

Production-related indicators made a neutral contribution to the CFNAI in November, up from –0.37 in October. Industrial production increased 0.2 percent in November after decreasing 0.9 percent in the previous month. The contribution of the sales, orders, and inventories category to the CFNAI moved up to –0.03 in November from –0.11 in October.

Employment-related indicators contributed +0.03 to the CFNAI in November, up from –0.15 in October. The unemployment rate decreased to 3.7 percent in November from 3.9 percent in the previous month. The contribution of the personal consumption and housing category to the CFNAI moved up to +0.04 in November from –0.03 in October." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 12/26/23

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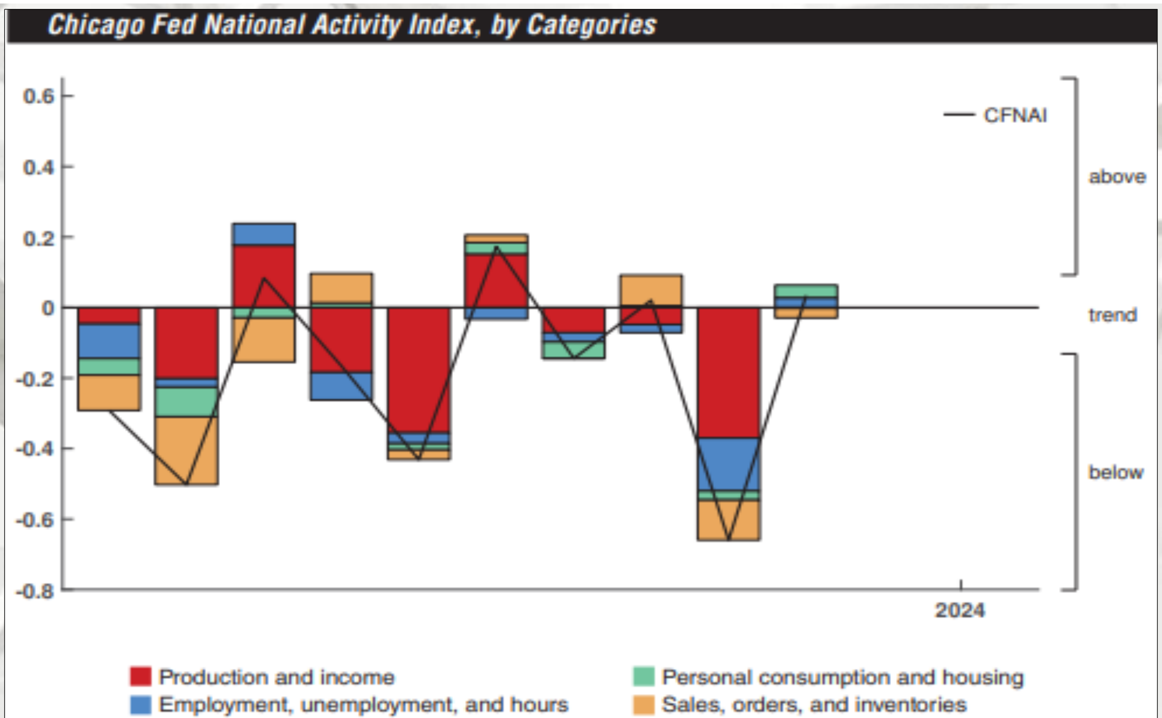
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)



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

	Nov '23	Oct '23	Sep '23	Aug '23	Jul '23	Jun '23	Nov '22
CFNAI							
Current	+0.03	–0.66	+0.02	–0.14	+0.17	–0.43	–0.54
Previous	N/A	–0.49	–0.02	–0.15	+0.18	–0.43	–0.54
CFNAI–MA3							
Current	–0.20	–0.26	+0.02	–0.13	–0.14	–0.17	–0.19
Previous	N/A	–0.22	0.00	–0.13	–0.14	–0.17	–0.19
CFNAI Diffusion							
Current	–0.21	–0.35	+0.01	–0.12	+0.01	–0.12	–0.07
Previous	N/A	–0.20	+0.08	–0.11	+0.01	–0.11	–0.07

Current and Previous values reflect index values as of the December 26, 2023, release and November 21, 2023, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 12/26/23

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

Survey Suggests Growth Increased in December

“The *Chicago Fed Survey of Economic Conditions* (CFSEC) Activity Index increased to –18 in December from –33 in November, suggesting that economic growth was below trend. The CFSEC Manufacturing Activity Index increased to a neutral value in December from –26 in November, and the CFSEC Nonmanufacturing Activity Index increased to –26 in December from –37 in the previous month.

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

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 12/22/23

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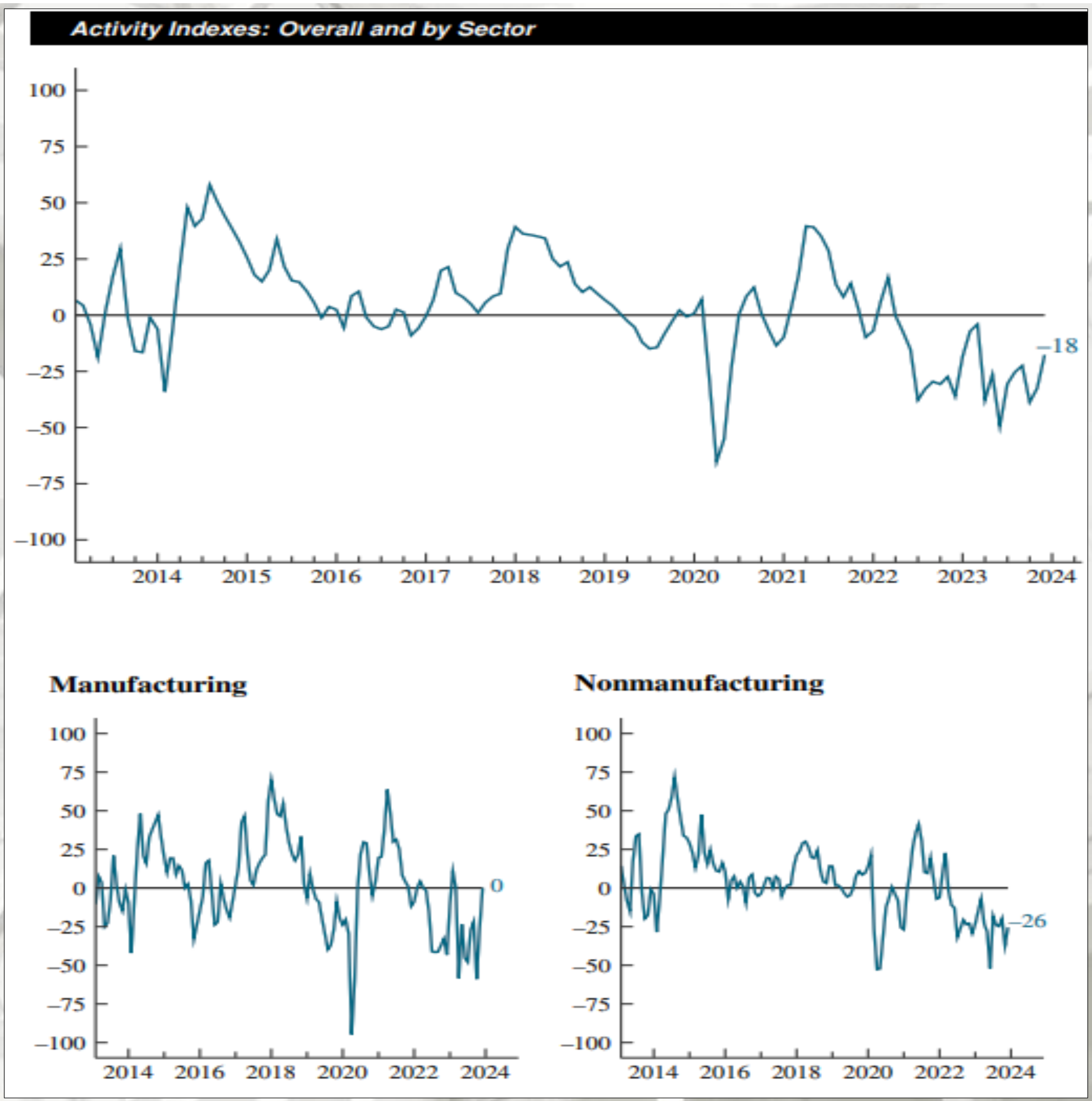
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)



Source: https://www.chicagofed.org/research/data/cfsec/current-data; 12/22/23

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The Federal Reserve Bank of Chicago: National Financial Conditions Index (NFCI)

Index Suggests Financial Conditions Loosened Again in Week Ending December 22

"The NFCI ticked down to –0.54 in the week ending December 22. Risk indicators contributed –0.23, credit indicators contributed –0.16, and leverage indicators contributed –0.15 to the index in the latest week.

The ANFCI also ticked down in the latest week, to –0.54. Risk indicators contributed –0.30, credit indicators contributed –0.16, leverage indicators contributed –0.12, and the adjustments for prevailing macroeconomic conditions contributed 0.04 to the index in the latest week.

The NFCI and ANFCI are each constructed to have an average value of zero and a standard deviation of one over a sample period extending back to 1971. Positive values of the NFCI have been historically associated with tighter-than-average financial conditions, while negative values have been historically associated with looser-than-average financial conditions. Similarly, positive values of the ANFCI have been historically associated with financial conditions that are tighter than what would be typically suggested by prevailing macroeconomic conditions, while negative values have been historically associated with the opposite." – Thomas Walstrum, Media Relations, The Federal Reserve Bank of Chicago

Source: https://content.govdelivery.com/accounts/USFRBCHICAGO/bulletins/381fef9; 12/28/23

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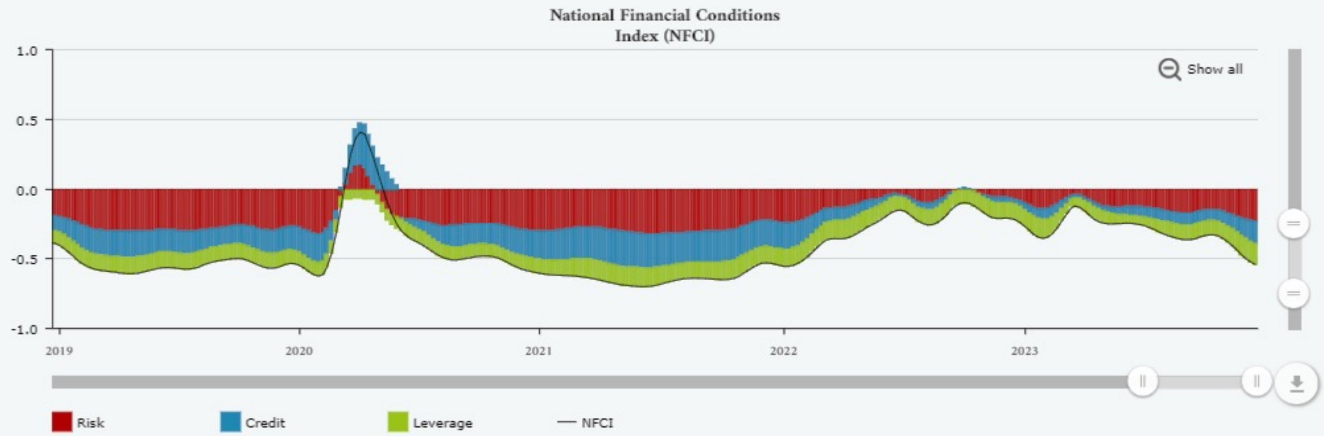
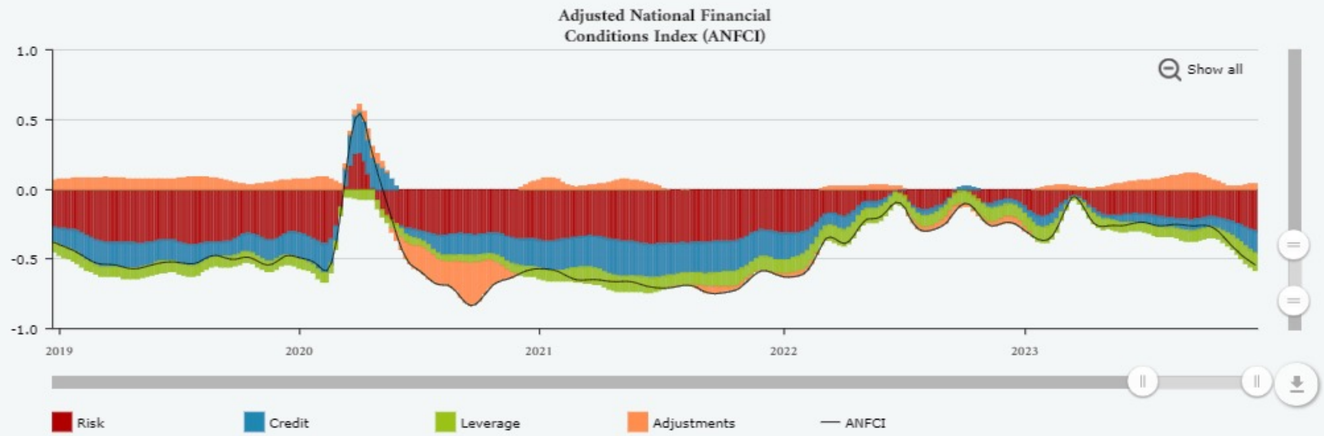
The Federal Reserve Bank of Chicago: National Financial Conditions Index (NFCI)



Notes: This figure plots the NFCI, along with contributions to the index from the three categories of financial indicators (risk, credit, and leverage). The contributions sum to the overall index.



Notes: This figure plots the ANFCI, along with contributions to the index from the three categories of financial indicators (risk, credit, and leverage) and from the macroeconomic adjustments. The contributions sum to the overall index.

Source: https://content.govdelivery.com/accounts/USFRBCHICAGO/bulletins/381fef9; 12/28/23

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Texas manufacturing activity flat in December

“Texas factory activity stabilized in December after contracting in November, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, pushed up nine points to 1.4, with the near-zero reading indicating little change in manufacturing output from November.

Most other measures of manufacturing activity indicated continued contraction this month, with the exception of the capacity utilization index, which rebounded from -10.1 to 1.3. The new orders index remained negative but moved up from -20.5 to -10.9 in December. The shipments index posted a 12th consecutive negative reading but rose four points to -5.3.

Perceptions of broader business conditions continued to worsen in December, though sentiment was less negative than in recent months. The general business activity index pushed up 11 points to -9.3, and the company outlook index rose from -18.8 to -11.0. The outlook uncertainty index inched down to 18.3, roughly in line with its average reading.

Labor market measures suggested slight employment declines and stable workweeks in December. The employment index slipped seven points to -1.6, posting its first negative reading in 10 months. Sixteen percent of firms noted net hiring, while 18 percent noted net layoffs. The hours worked index came in near zero after two months of slightly negative readings.

Wage and price growth increased this month. The wages and benefits index rose from 20.0 to 25.5. The raw materials prices index moved up five points to 17.8, a reading below average and indicative of more modest cost growth than usual. The finished goods prices index rebounded from -6.2 to 6.8, its highest reading since April.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 12/26/23

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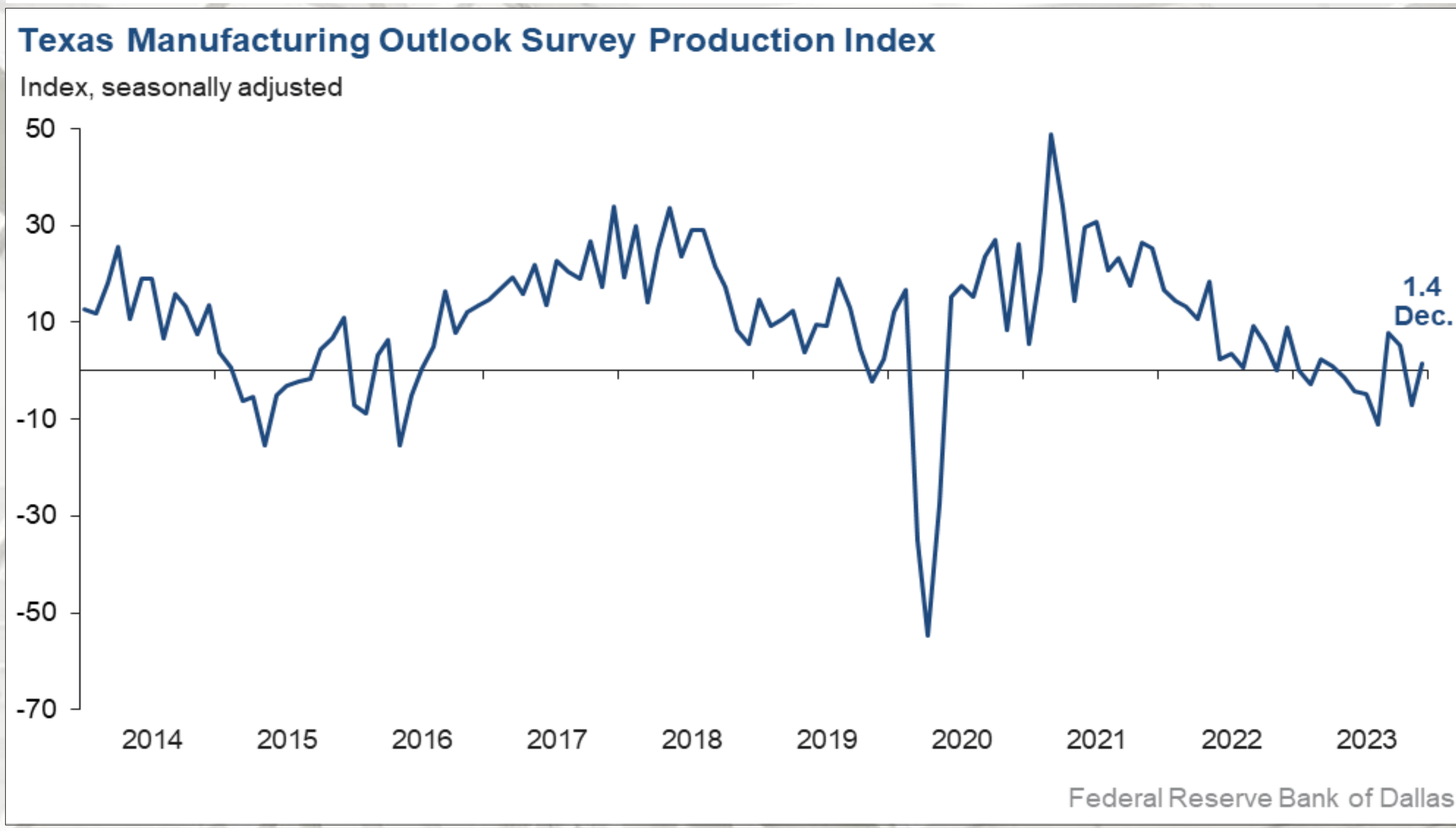
The Federal Reserve Bank of Dallas



“Expectations regarding future manufacturing activity remained mixed in December. The future production index was largely unchanged at 12.4, while the future general business activity index remained negative but pushed up from -13.4 to -8.7. 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; 12/26/23

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas service sector activity rebounds

"Growth in Texas service sector activity resumed in December, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, increased seven points to 4.3.

Labor market measures suggest continued employment growth but flat work hours. The employment index fell two points to 4.2 in December. The part-time employment index was flat at 0.1, while the hours worked index held mostly steady at -0.8.

Respondents in December continued to perceive worsening broader business conditions, though pessimism waned further. The general business activity index improved from -11.6 to -8.7, while the company outlook index increased from -8.1 to -0.7. The outlook uncertainty index ticked up two points to 12.6.

Input and selling price pressures picked up slightly while wage growth remained unchanged in December. The input prices index increased three points to 35.4 and the selling prices index increased two points to 13.4, with both indexes exceeding their respective series averages. The wages and benefits index was mostly unchanged at 16.4, approaching its average reading of 15.8.

Respondents' expectations regarding future business activity improved in December. The future general business activity index moved into positive territory improving from -7.8 to 4.6. The future revenue index remained positive and increased six points to 34.5. Other future service sector activity indexes such as employment and capital expenditures remained in positive territory and also improved, reflecting expectations for continued retail sales growth in the next six months." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 12/27/23

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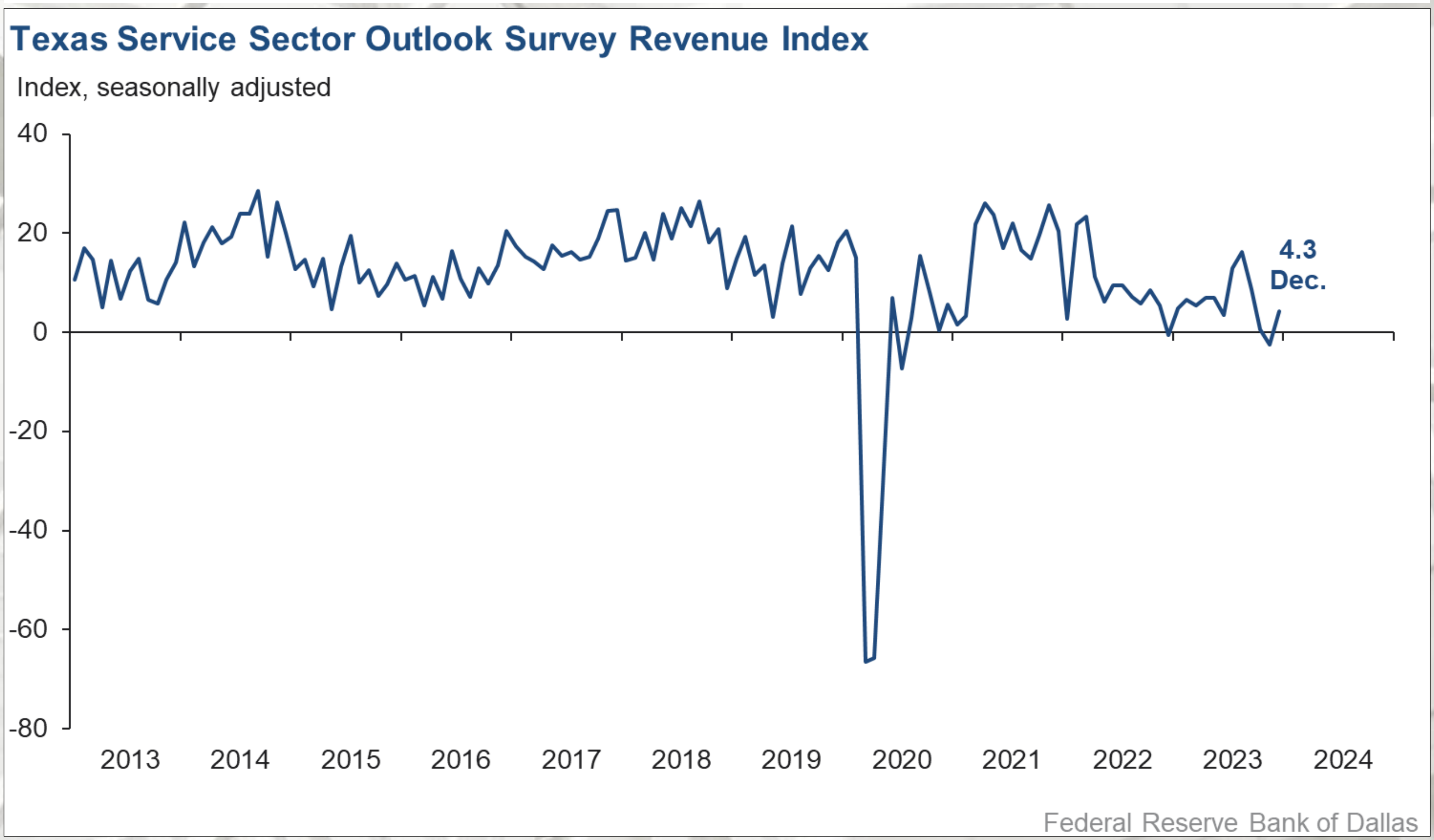
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 12/27/23

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas retail sales fall, but at a considerably slower pace than last month

"Retail sales declined in December, 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 considerably from -11.6 to -1.7, indicating retail sales fell at a slower rate than the previous month. Retailers' inventories grew over the month with the December index at 9.8.

Retail labor market indicators reflected steady employment growth and flat workweeks in December. The employment index held at 4.1 while the part-time employment index rose three points to 6.7. The hours worked index increased from -4.7 to -0.4.

Retailers continued to perceive a worsening of broader business conditions in December. The general business activity index fell from -11.8 to -24.1, while the company outlook index remained in negative territory but improved from -9.3 to -6.0. The outlook uncertainty index increased from zero to 17.3.

Input price and wage pressures increased while selling price pressures remained steady in December. The input prices index increased seven points to 32.3 while the selling prices index remained at 12.9. The wages and benefits index ticked up from 10.0 to 12.4.

Expectations for future retail growth were mixed in December. The future general business activity index continued in negative territory but improved from -11.7 to -3.8 while the future sales index increased from 6.6 to 25.0. Other indexes of future retail activity such as employment and capital expenditures were strongly positive, reflecting expectations for continued retail sales growth in the next six months." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 12/27/23

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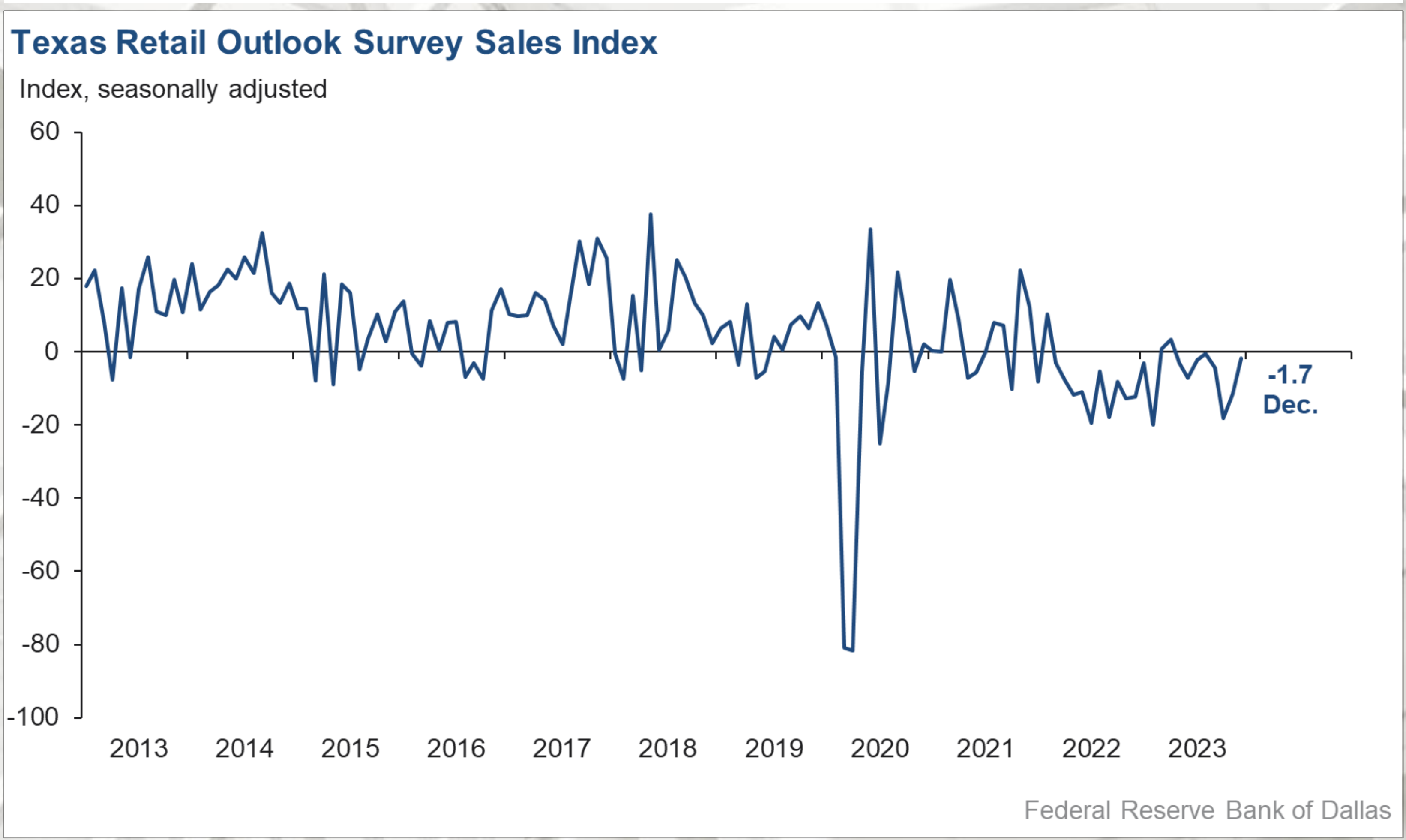
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 12/27/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Was Flat in December

This month's Manufacturing Survey found regional factory activity stayed steady in December, and expectations for future activity rebounded.

Factory Activity Was Flat

"Tenth District manufacturing activity was flat in December, and expectations for future activity picked up. Price increases for both raw materials and finished products picked up slightly this month with further increases expected. However, price growth eased year-over-year. Increases in raw materials prices continue to outpace finished product prices increases. (Chart 1).

The month-over-month composite index was -1 in December, up slightly from -2 in November and -8 in October. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Activity for nondurable goods rose – particularly for food & beverage and plastics manufacturing – while activity declined slightly for durable goods, driven by primary metal and furniture manufacturing. The production, shipments, and new orders indexes were all slightly negative, while employment activity rebounded. Additionally, inventories for raw materials and finished goods rose slightly after a stagnant few months." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 12/21/23

U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Was Flat

"The year-over-year index for factory activity ticked up to -8 from -9. Production, new orders, backlogs, supplier delivery time, and the average employee workweek remained negative but rose slightly from last month's readings. Capital expenditures continued to expand moderately. The future composite index increased to 6 from -1 in December, as sentiment for production and new orders is higher than earlier this year and employment is anticipated to rise.

Special Questions

This month contacts were asked special questions about expectations for demand and capital expenditures in 2024. 42% of firms expect demand for their products to be slightly higher in 2024 and 6% expect it to be significantly higher, while 22% of firms expect no change, 23% expect slightly lower demand, and 7% expect significantly lower demand. 32% of firms expect capital expenditures to be unchanged in 2024, while 28% expect them to be slightly higher and 10% significantly higher. Only 18% of firms expect to capital expenditures to be slightly lower and another 12% expect significantly lower expenditures." – 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; 12/21/23

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The Federal Reserve Bank of Kansas City

Chart 1

Source: https://www.kansascityfed.org; 12/21/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Declined Moderately in December

Tenth District services declined moderately in December, and expectations for the next six months stagnated. Price growth cooled significantly versus the previous month, with selling prices falling into negative territory for the first time since May 2020. Heading forward, price increases are expecting to continue easing, but input prices are still expected to grow faster than selling prices.

Business Activity Declined Moderately

"The month-over-month services composite index was -10 in December, down from 1 in November and -1 in October. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The decrease was primarily driven by declines in tourism, retail, and autos. Most month-over-month indexes were negative and decreased from previous readings. General revenue/sales decreased from 3 to -17 and inventories fell from -1 to -8. Employment levels were essentially flat, and wages and benefits remained expansionary." – 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; 12/22/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Activity Declined Moderately

“The year-over-year composite index increased from 2 to 8, as revenues and employment grew further. Expectations for services activity declined to -1 from 13. Firms anticipate a slight decline in revenues and inventories amid increasing employment in the next six months.

Special Questions

This month contacts were asked special questions about expectations for demand and capital expenditures in 2024. 44% of firms expect demand for their products to be slightly higher in 2024 and 7% expect it to be significantly higher, while 24% of firms expect no change, 21% expect slightly lower demand, and 4% expect significantly lower demand. 38% of firms expect capital expenditures to be unchanged in 2024, while 27% expect them to be slightly higher and 13% significantly higher. Only 11% of firms expect to capital expenditures to be slightly lower and another 11% expect significantly lower expenditures.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

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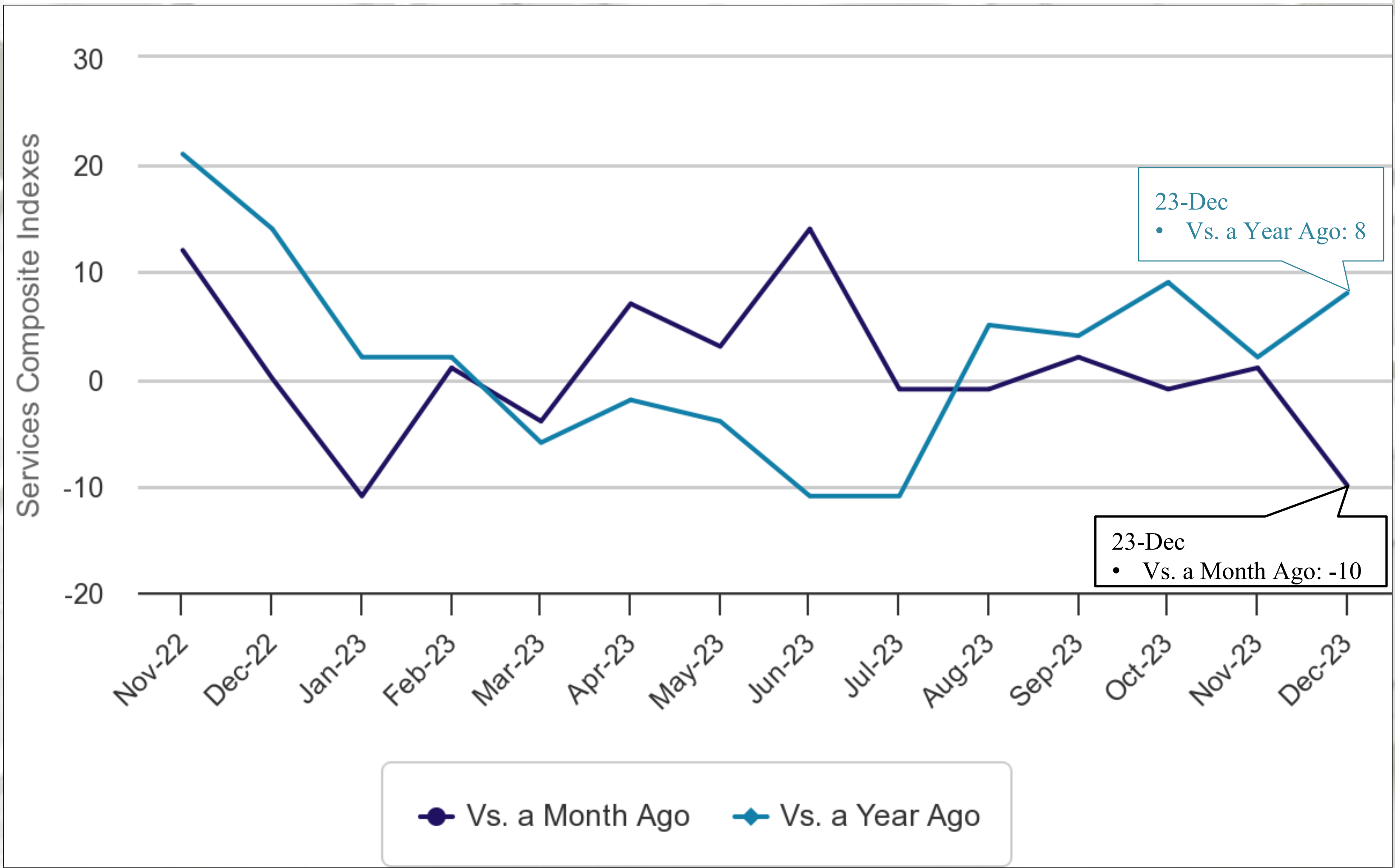
The Federal Reserve Bank of Kansas City



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The Federal Reserve Bank of New York

January 2024 Manufacturing Survey

Headline Index Plummets

“Business activity dropped sharply in New York State, according to firms responding to the January 2024 Empire State Manufacturing Survey. The headline general business conditions index fell twenty-nine points to -43.7, its lowest reading since May 2020. New orders and shipments also posted sharp declines. Unfilled orders continued to shrink significantly, and delivery times continued to shorten. Inventories edged lower. Employment and the average workweek declined modestly. The pace of input price increases picked up somewhat, while the pace of selling price increases was little changed. While firms expect conditions to improve over the next six months, optimism remained subdued.

Manufacturing activity shrank significantly in New York State, according to the January survey. After falling twenty-four points last month, the general business conditions index shed another twenty-nine points, coming in at -43.7, its lowest level since May 2020. The new orders index fell thirty-eight points to -49.4, and the shipments index fell twenty-five points to -31.3, pointing to a large decline in orders and shipments. The unfilled orders index held steady at -24.2, a sign that unfilled orders continued to fall significantly. The inventories index came in at -7.4, suggesting that inventories shrank modestly, and the delivery times index remained below zero at -8.4, indicating shorter delivery times.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 1/16/24

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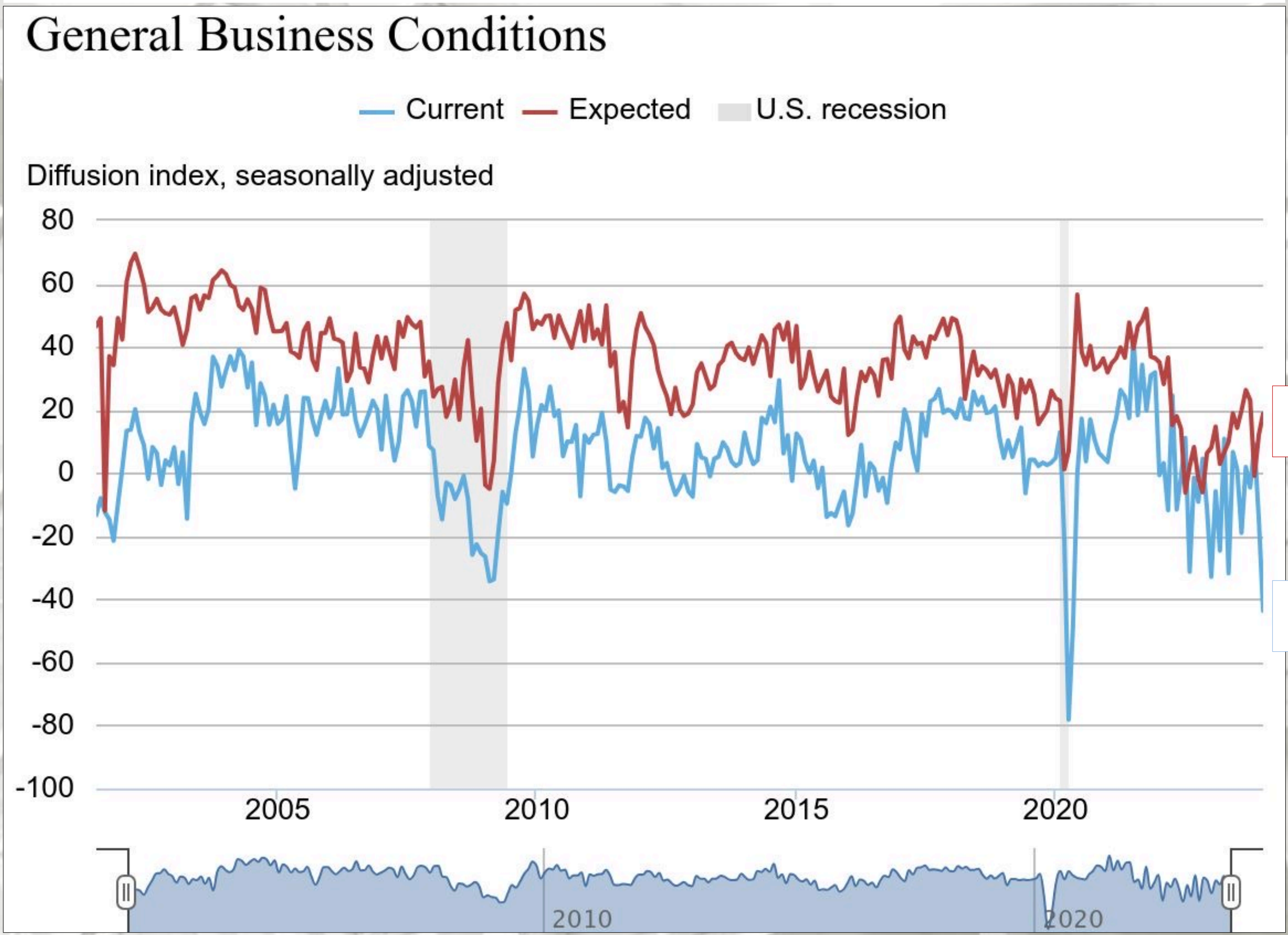
The Federal Reserve Bank of New York



Jan 2024
18.8

Jan 2024
-43.7

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 1/16/24

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The Federal Reserve Bank of New York

January 2024 Manufacturing Survey

Declines In Employment And Hours Worked

"The index for number of employees was little changed at -6.9, and the average workweek index came in at -6.1, pointing to a modest decrease in employment levels and hours worked. The prices paid index climbed seven points to 23.2, signaling a small pickup in input price increases, while the prices received index held steady at 9.5, a sign that selling price increases remained modest.

Optimism Still Subdued

While firms expect some pickup in activity in the months ahead, optimism remained subdued, with the index for future business conditions climbing seven points to 18.8. The capital spending index increased ten points to 13.7, pointing to some improvement in investment plans." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 1/16/24

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The Federal Reserve Bank of New York

January 2024 Empire State Business Leaders Survey (Services)

Activity Continues To Drop

"Activity continued to decline modestly in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's January 2024 *Business Leaders Survey*. The survey's headline business activity index increased five points, but remained negative at -9.7. The business climate index rose eight points to -30.3, suggesting the business climate remains worse than normal, though to a somewhat lesser extent than last month. Employment declined modestly, though wage increases picked up. The pace of price increases was little changed. Looking ahead, optimism about the six-month outlook improved, but remained subdued.

Business activity continued to decline, according to the January survey. The headline business activity index climbed five points, but held below zero at -9.7. Twenty-two percent of respondents reported that conditions improved over the month and 32 percent said that conditions worsened. The business climate index rose eight points to -30.3, 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; 1/17/24

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The Federal Reserve Bank of New York

January Empire State Manufacturing Survey (Services)

Employment Contracts

“The employment index fell five points to -6.5, its lowest reading in nearly three years, suggesting that employment levels shrank modestly. The wages index moved up sixteen points to 41.9, pointing to a pickup in wage increases. The prices paid and prices received indexes both held steady at 45.2 and 24.7, respectively, suggesting that the pace of price increases was little changed. The capital spending index remained weak at 4.5.

Firms Somewhat More Optimistic

The index for future business activity climbed twelve points to 24.5, and the index for the future business climate climbed to a level just above zero, suggesting that firms were more optimistic about future conditions than last month, though optimism remained subdued. Employment is expected to grow 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; 1/17/24

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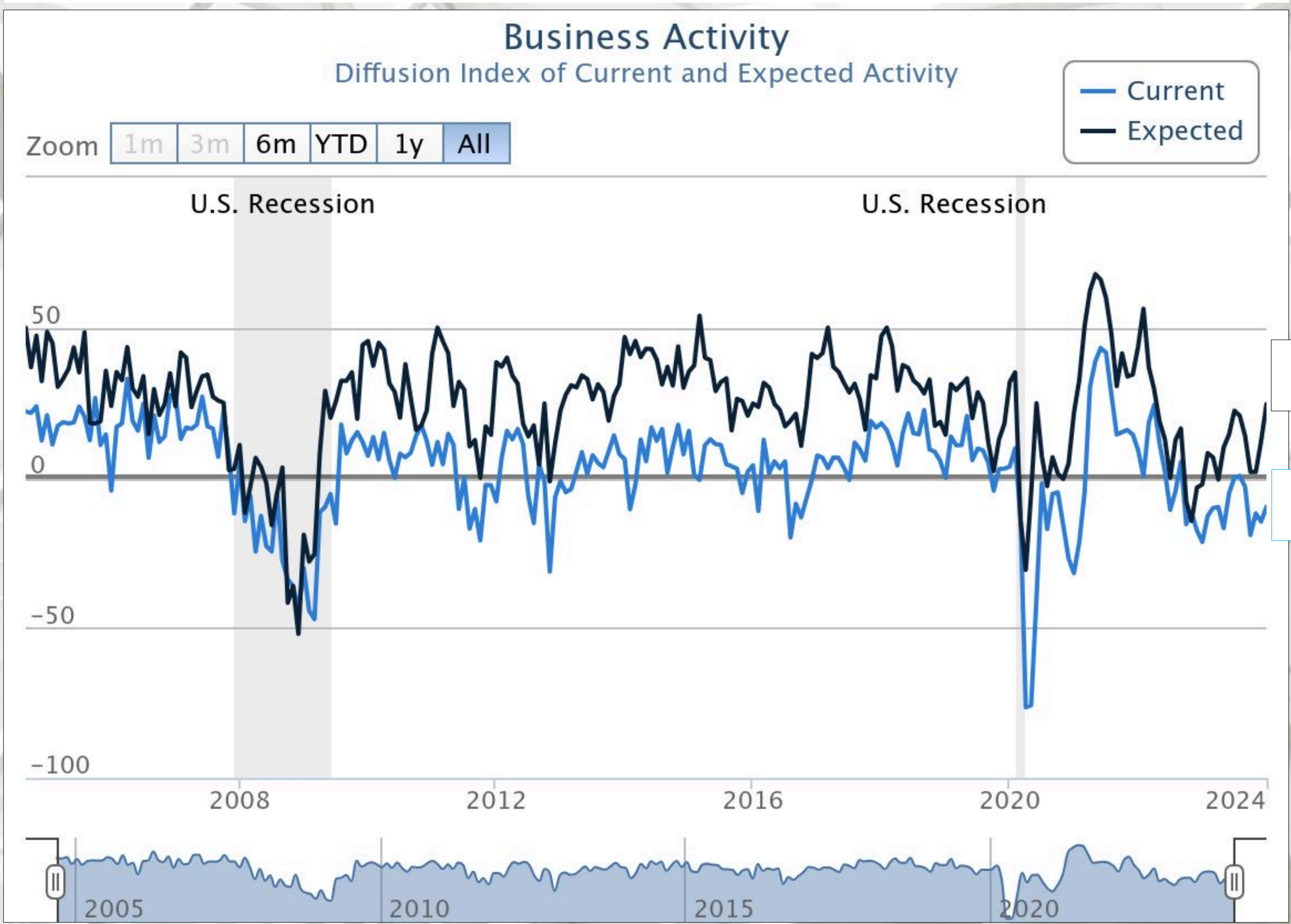
The Federal Reserve Bank of New York



Jan 2024
24.5

Jan 2024
-9.7

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 1/17/24

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The Federal Reserve Bank of Philadelphia

December 2023 Manufacturing Business Outlook Survey

Current Manufacturing Indicators Continue To Remain Weak In December

"Manufacturing activity in the region continued to decline overall, according to the firms responding to the December *Manufacturing Business Outlook Survey*. The diffusion index for current general activity declined from -5.9 in November to -10.5 in December. The indicators for new orders and shipments were also negative. On balance, the firms continued to indicate overall increases in prices and mostly steady employment. The survey's broad indicators for future activity improved, suggesting more widespread expectations for growth over the next six months.

On balance, the firms continued to report mostly steady levels of employment. The employment index declined 3 points to -1.7 in December. Similar shares of the firms reported decreases (15 percent) and increases (14 percent) in employment; most firms (71 percent) reported steady employment levels. The average workweek index remained negative but rose 6 points to -5.0.

Price Indexes Are Near Long-Run Averages

On balance, the firms reported overall increases in prices. However, most firms reported no change in prices, and both price indexes neared their long-run averages. The prices paid index rose 10 points to 25.1 in December. More than 33 percent of the firms reported increases in input prices, while 8 percent reported decreases; 57 percent reported no change. The current prices received index edged down 1 point to 13.6. More than 23 percent of the firms reported increases in the prices of their own goods, 10 percent reported decreases, and 67 percent reported no change." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-12; 12/21/23

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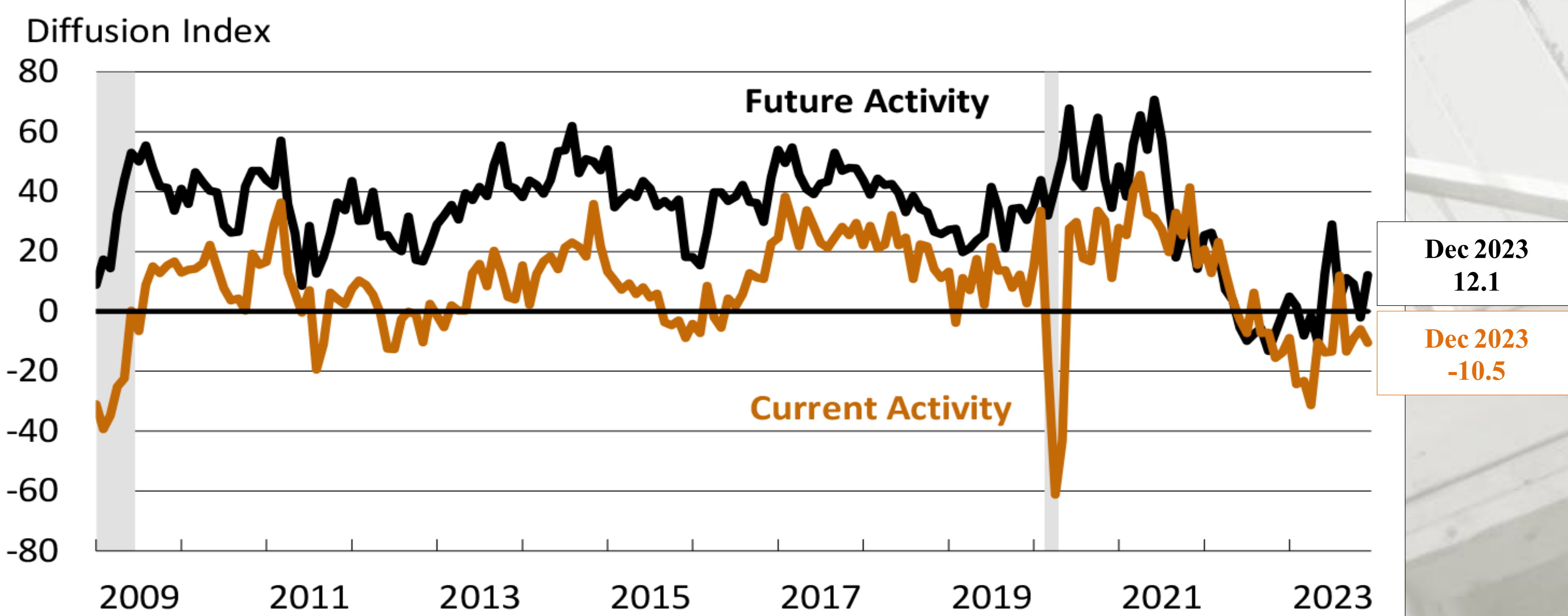
The Federal Reserve Bank of Philadelphia

December 2023 Manufacturing
Business Outlook Survey

Chart 1. Current and Future General Activity Indexes
January 2009 to December 2023



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

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-2023-12; 12/21/23

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The Federal Reserve Bank of Philadelphia

December 2023 Manufacturing Business Outlook Survey

Firms Report Lower Production, Little Change in Capacity Utilization

"In this month's special questions, the firms were asked to estimate their total production growth for the fourth quarter ending this month compared with the third quarter of 2023. A higher share of firms reported a decrease in production (44 percent) compared with the share reporting an increase (21 percent). Regarding firms' capacity utilization rate for the current quarter and one year ago, the median current capacity utilization rate reported among the responding firms was unchanged at 70 to 80 percent.

Most firms reported labor supply as at least a slight constraint to capacity utilization in the current quarter, although the share reporting it as a moderate or significant constraint (35 percent) declined from when this question was asked in September (49 percent). Half of the firms reported supply chains were not at all a constraint in the current quarter, up from 46 percent from the previous quarter. Looking ahead over the next three months, most firms expect the impacts of various factors to stay the same. However, the share of firms expecting the impacts to stay the same or improve was higher across all factors compared with when this question was asked in September."
– Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-12; 12/21/23

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The Federal Reserve Bank of Philadelphia

December 2023 Manufacturing Business Outlook Survey

Future Indicators Rise but Remain Below Long-Run Averages

"The diffusion index for future general activity rose from a reading of -2.1 in November to 12.1 in December, its highest reading since July (see Chart 1). Nearly 39 percent of the firms expect an increase in activity over the next six months, exceeding the 27 percent that expect a decrease; 28 percent expect no change. The future new orders index increased 9 points to 20.2, and the future shipments index rose 6 points to 21.5. On balance, the firms expect mostly steady employment over the next six months, and the future employment index declined from a reading of 4.3 to 1.4. The future prices received index ticked down for the second consecutive month, and the future prices paid index dropped 18 points to 19.9, falling below its long-run average. The index for future capital expenditures fell 6 points to -7.5.

Summary

Responses to the December *Manufacturing Business Outlook Survey* suggest overall declines in the region's manufacturing sector. The indicators for current activity, new orders, and shipments were all negative. On balance, the firms continued to indicate overall increases in prices and mostly steady employment. The survey's broad indicators for future activity improved, suggesting more widespread expectations for growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia

December 2023 Nonmanufacturing Business Outlook Survey

Current Indicators Remain Mixed

"Nonmanufacturing activity in the region expanded this month, according to the firms responding to the December *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level and sales/revenues remained positive, while the new orders index improved but remained negative. The firms continued to report overall increases in full-time employment this month. Both the prices paid and prices received indexes declined but remained positive. The firms continue to expect growth over the next six months at their own firms and in the region.

The diffusion index for current general activity at the firm level inched down from a reading of 10.3 in November to 8.5 this month (see Chart 1). Almost 35 percent of the firms reported increases, while 26 percent reported decreases; 37 percent reported no change in activity. The new orders index remained negative but rose from -8.6 to -3.3 this month. More than 20 percent of the firms reported increases in new orders, while 24 percent reported decreases. Meanwhile, the sales/revenues index increased 7 points to 16.2. More than 37 percent of the responding firms reported increases in sales/revenues, while 21 percent reported decreases. The regional activity index rose 17 points to 6.3 this month, its first positive reading since July." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-12; 12/22/23

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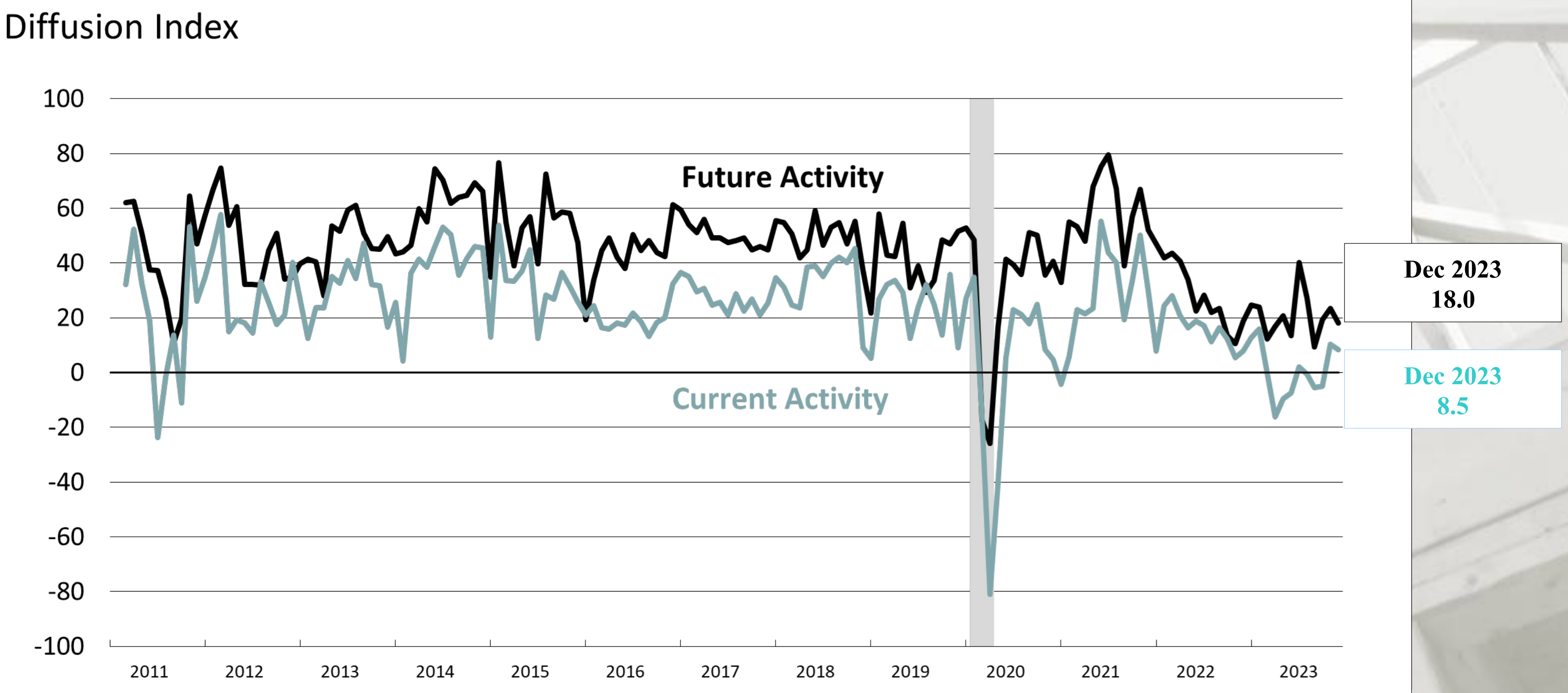
The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes for Firms

March 2011 to December 2023



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-12; 12/22/23

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The Federal Reserve Bank of Philadelphia

December 2023 Nonmanufacturing Business Outlook Survey

Firms Report Overall Increases in Employment

“On balance, the firms reported increases in full-time employment, but the index fell 7 points this month, offsetting its increase last month. Almost 23 percent of the firms reported increases, while 15 percent reported decreases; more than 61 percent of the firms reported steady full-time employment levels. The part-time employment index inched down to -0.2.

Firms Continue to Report Price Increases

Price indicator readings suggest continued but less widespread increases in prices for inputs and prices for the firms’ own goods and services. The prices paid index declined 8 points to 32.3. Thirty-nine percent of the respondents reported higher input prices, 44 percent reported no change, and 7 percent reported decreases. Regarding prices for the firms’ own goods and services, the prices received index fell from 15.4 to 10.6. Almost 20 percent of the firms reported increases in prices, while 9 percent reported decreases. Most of the firms (58 percent) reported no change in prices for their own goods and services.

Firms Anticipate Growth

The future firm-level general activity index continued to suggest firms expect growth at their own companies over the next six months. The diffusion index for future general activity at the firm level decreased 5 points to 18.0 (see Chart 1). Almost 45 percent of the firms expect an increase in activity at their firms over the next six months, 27 percent expect decreases, and 26 percent of the firms expect no change. The future regional activity index improved from 1.9 to 13.5.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-12; 12/22/23

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The Federal Reserve Bank of Philadelphia

December 2023 Nonmanufacturing Business Outlook Survey

Firms Report Higher Sales/Revenues and Easing Constraints

"In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the fourth quarter ending this month compared with the third quarter of 2023; they were also asked about factors constraining business operations. The share of firms reporting expected increases in fourth-quarter sales/revenues (48 percent) was higher than the share reporting decreases (36 percent). More than 74 percent of the firms reported labor supply as at least a slight constraint on business operations, down from 80 percent in September. The share indicating supply chains as at least a slight constraint also declined in the current quarter, from 60 percent to 51 percent. Looking ahead over the next three months, most of the firms expect the impacts of various factors to stay the same. In the current quarter, the share of firms reporting financial capital as a significant constraint moved up from 13 percent to 19 percent. However, the share of firms that expect financial capital impacts to worsen over the next three months fell from 45 percent in September to 19 percent in December.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest overall increases in nonmanufacturing activity in the region. The indicators for firm-level general activity and sales/revenues were positive this month, while the new orders index improved but remained negative. The full-time employment index suggests overall increases in employment. Both price indexes decreased but continue to indicate overall price increases. Overall, the responding firms expect growth at their own firms and in the region 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-2023-12; 12/22/23

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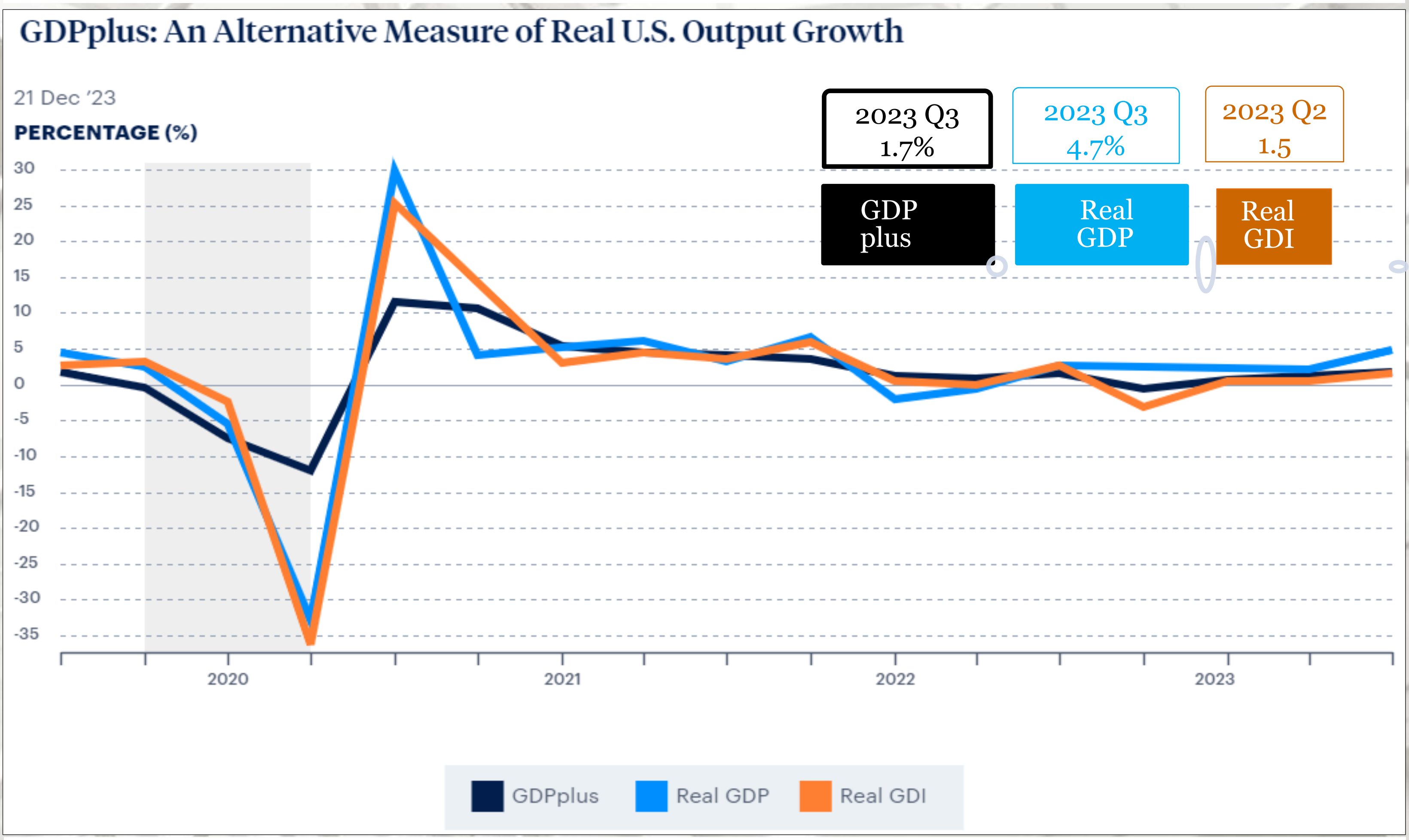
The Federal Reserve Bank of Philadelphia: GDPplus



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; 12/21/23

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The Federal Reserve Bank of Richmond

December 2023 Fifth District Survey of Manufacturing Activity

Manufacturing Activity Slowed in December

"Fifth District manufacturing activity slowed in December, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index decreased from −5 in November to −11 in December. Of its three component indexes, shipments fell from −8 to −17, new orders decreased from −5 to −14, and employment edged down from 0 to −1.

Firms remained generally pessimistic about local business conditions, as the index edged up but remained in negative territory. The index for future local business conditions was unchanged at −5 in December.

Most firms continued to report declining backlogs as the index remained negative. The vendor lead time index increased from −4 to 1 in December, the first positive reading since June 2022.

The average growth rates of prices paid and prices received increased in December, and expected price changes over the next 12 months also increased slightly." – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/27/23

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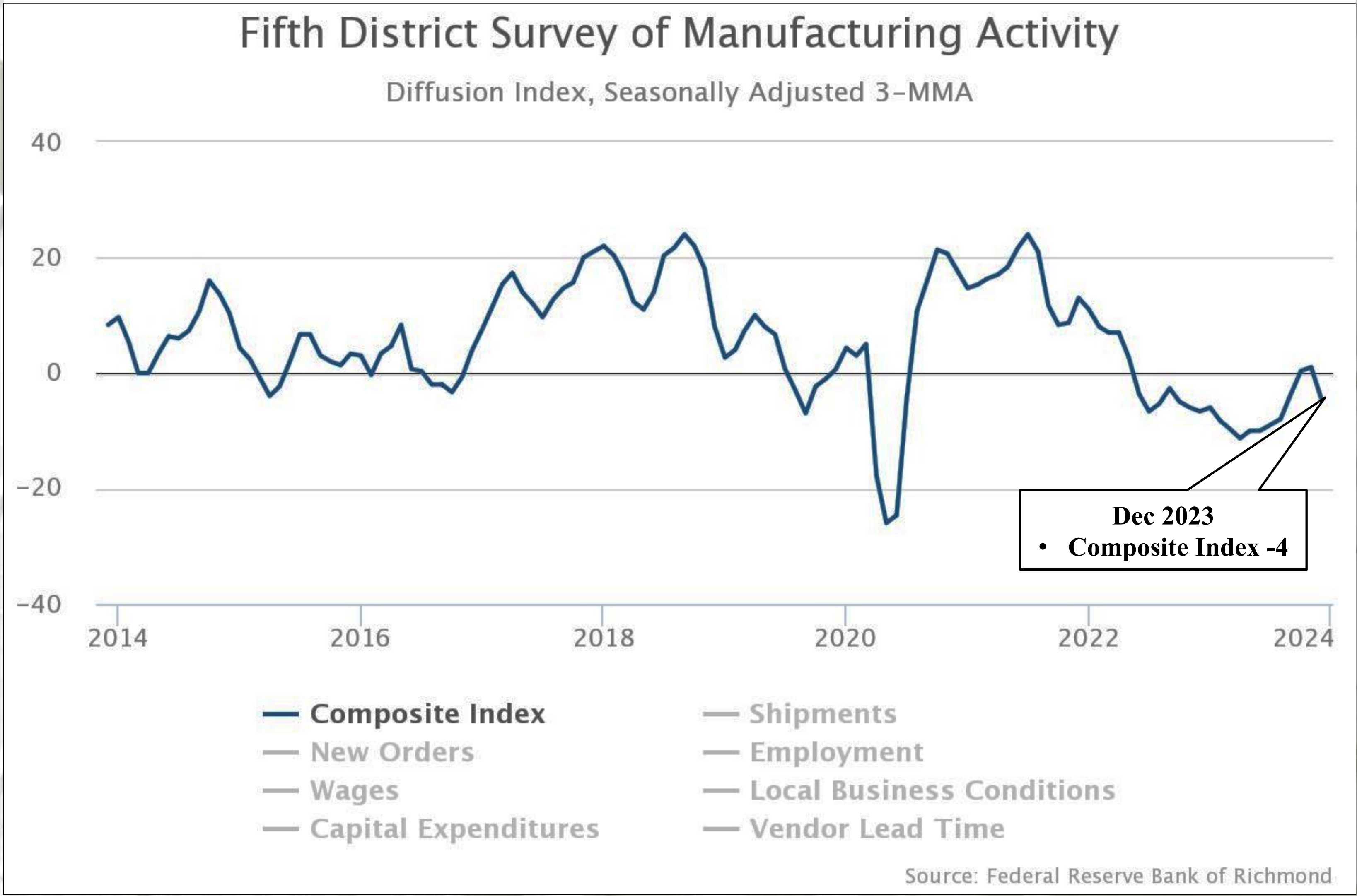
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/27/23

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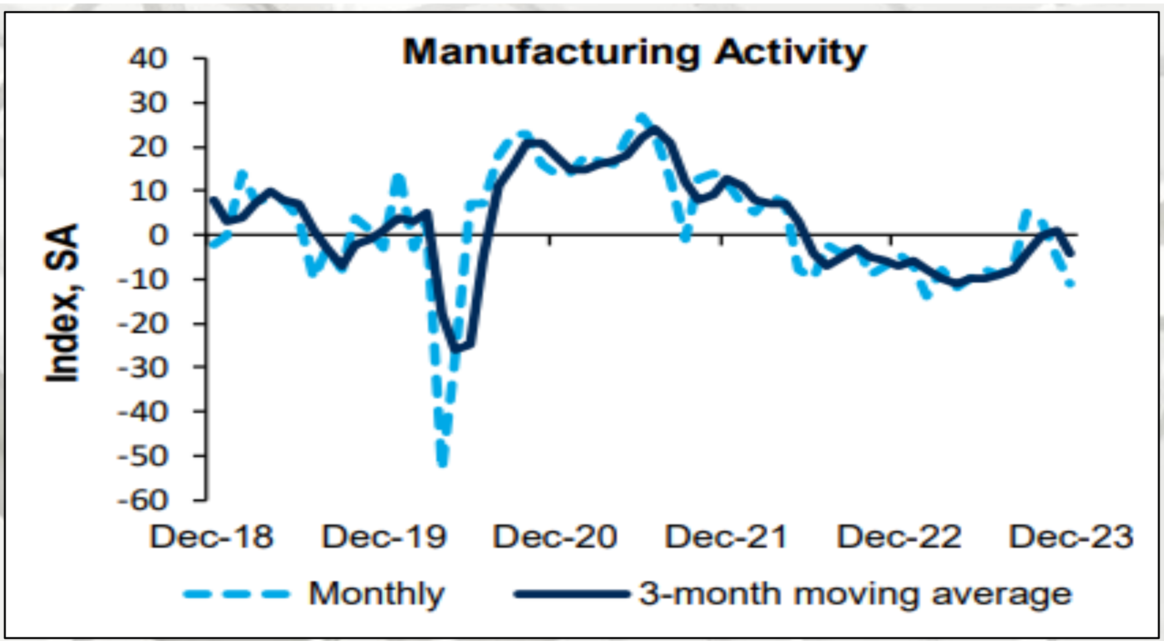
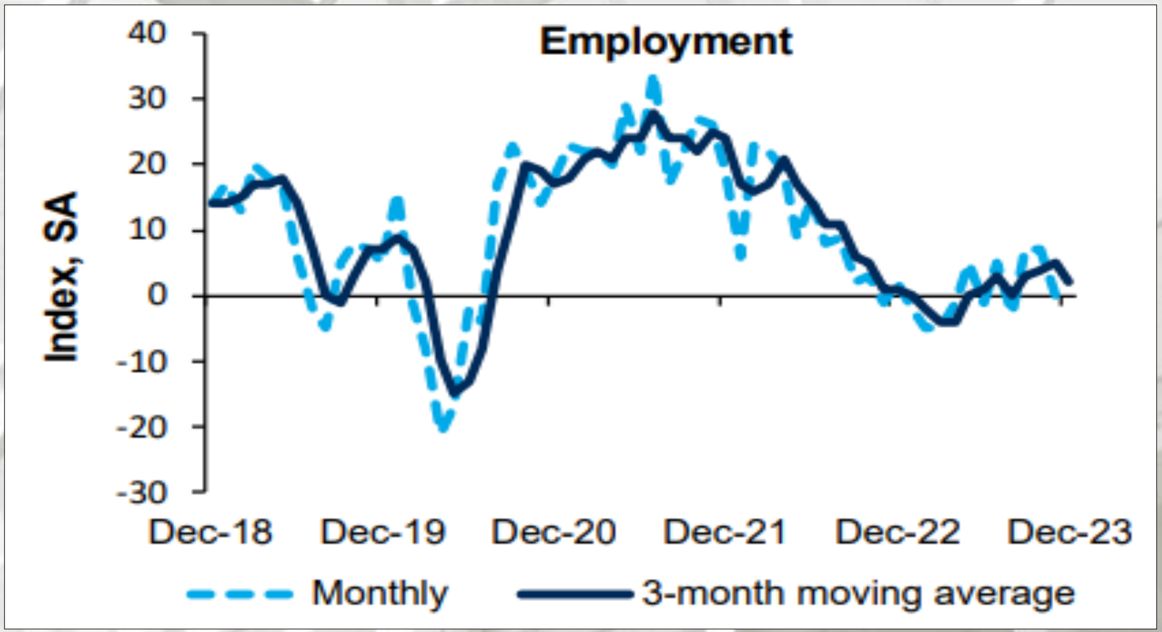
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/27/23

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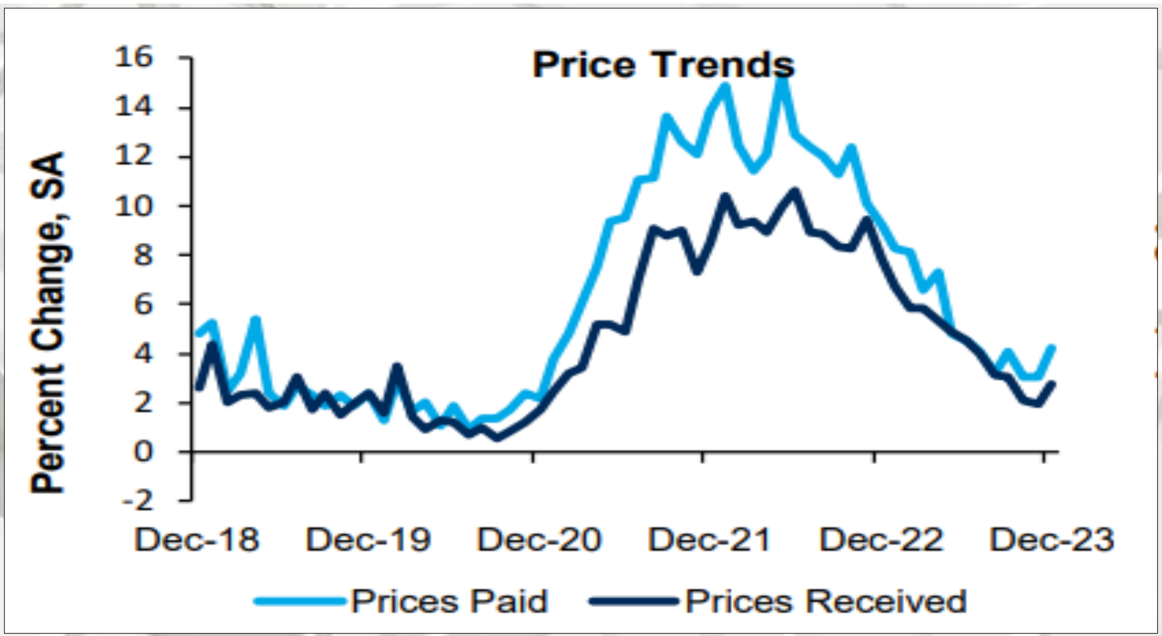
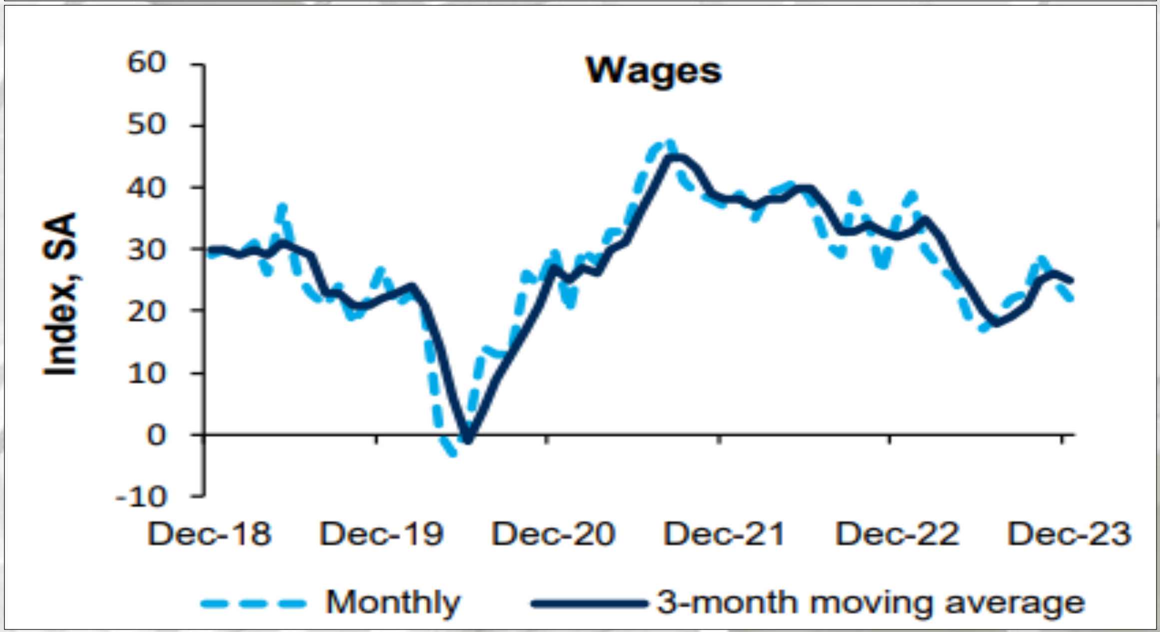
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/27/23

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The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Was Flat in December

"Fifth District service sector activity was flat in December, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index edged down from 1 to 0, while the demand index edged up from −1 in November to 2 in December. Expectations indexes for future revenue and demand increased, with the demand expectations index rising notably into positive territory.

Firms grew somewhat less pessimistic about local business conditions as that index increased from −9 in November to 0 in December. The index for expected local business conditions also increased, from −7 in November to 4 in December.

The employment index edged up from 2 in November to 5 in December, 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 little 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 somewhat in December. 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; 12/27/23

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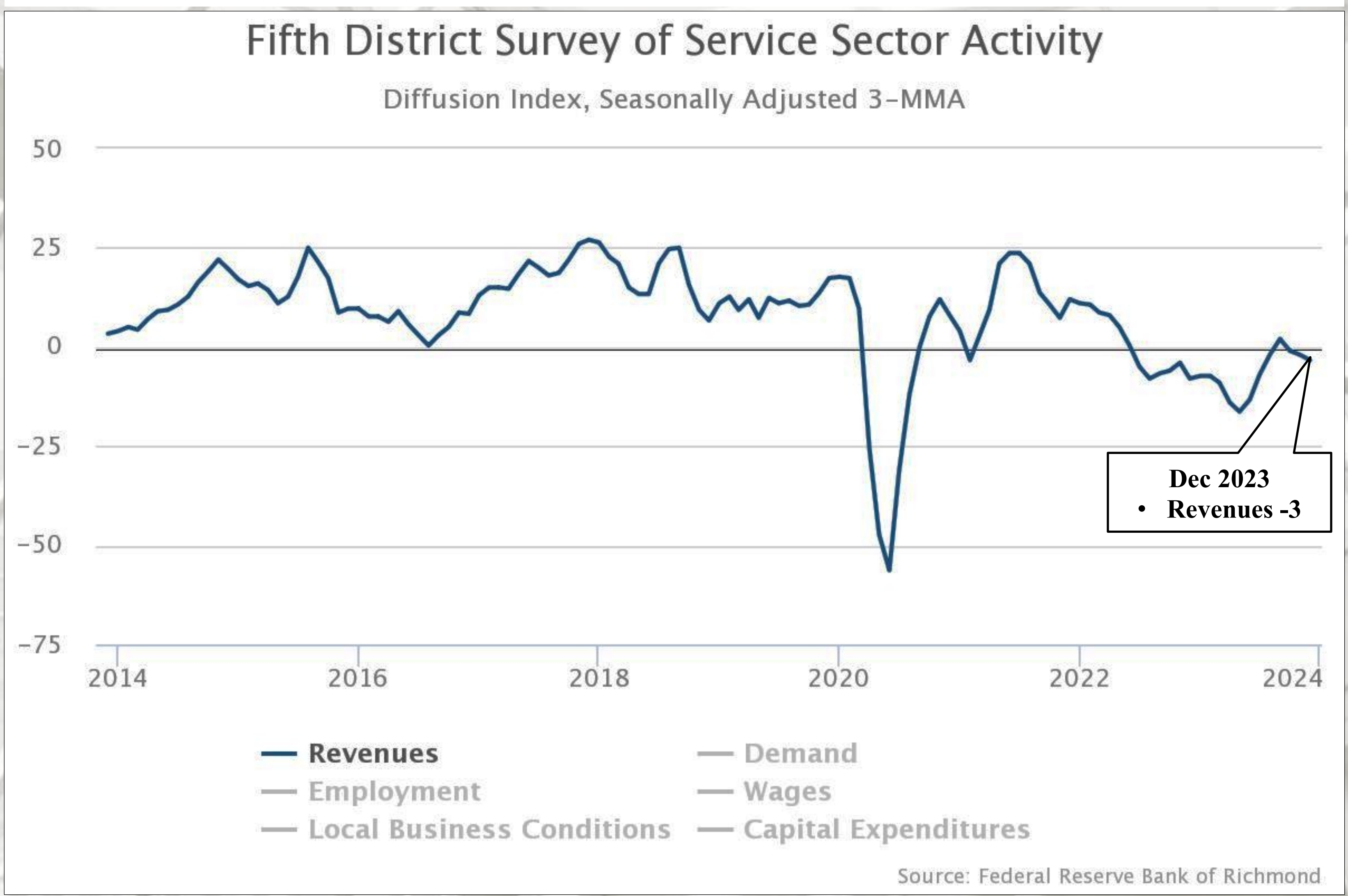
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 12/27/23

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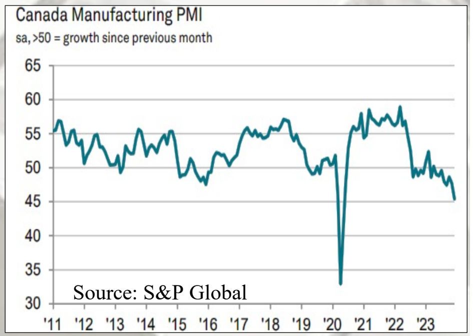
Private Indicators: Global



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, registered 45.4 in December. That was down from 47.7 in November and the lowest reading since May 2020. The PMI has now posted below the crucial 50.0 no-change mark for eight months in a row.

Manufacturing downturn deepens in December

The downturn in Canada's manufacturing sector intensified during December, with accelerated declines in both output and new orders signalled. There was also a return to job shedding, whilst confidence in the future remained subdued in the context of the survey history. Prices rose again, despite further evidence of deteriorating demand for inputs and improved supply.

Concurrent and accelerated falls in both output and new orders were signalled during December. The declines were also the steepest since May 2020 and reflected subdued market conditions. Firms commented that high prices were weighing heavily on demand, both at home and abroad. Latest data showed that new export orders declined to the greatest degree for three-and-a-half years, with various conflicts around the world also reported to be negatively impacting global manufacturing demand. …

Canada's manufacturing economy endured a difficult end to 2023 and with that rounded off a challenging year for the sector overall. The respective PMI posted below the 50.0 no-change mark for the ninth time in 2023, and comfortably registered its worst reading in the post-pandemic period. Accelerated declines in both production and new orders were registered, amid reports that demand for manufactured goods remains subdued.

Firms noted that clients remain burdened by high prices, and these continued to rise throughout the supply chain over the month. However, at least rates of inflation eased according to the PMI data, and given the increasingly weak demand environment, are likely to continue to fall in the months ahead. With employment also down quite noticeably, there are also signs of a loosening of the industrial labour market. This development will add to hopes that the Bank of Canada remains firmly on its stated path of restoring price stability in 2024." – Paul Smith, Economics Director, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/f55e51f6aa30432e9fc10f158b082f77; 1/2/24

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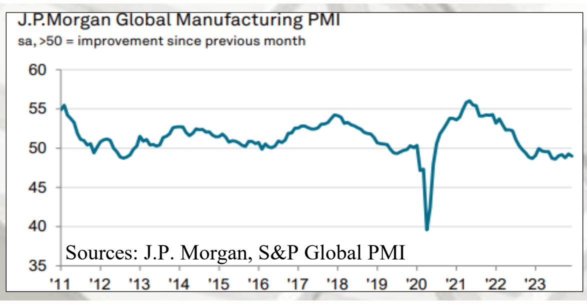
Private Indicators: Global



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 – posted 49.0 in December, down from 49.3 in November, to remain below the neutral 50.0 mark for the sixteenth consecutive month.

Global factory output and employment fall at faster rates at close of 2023

The global manufacturing sector ended 2023 on a lacklustre footing. December saw production decline for the seventh successive month as intakes of new business suffered a further contraction. With demand retreating producers again relied on completing backlogs of work to support output. Manufacturing production contracted at a slightly quicker pace in December, with the latest decline centred on the intermediate goods sector. In contrast, producers of both consumer and investment goods saw expansions. Overall output has decreased 13 times in the past 17 months. …

December saw global manufacturing new business intakes decline for the eighteenth month in a row, with reductions signalled across the consumer, intermediate and investment goods industries. International trade flows also deteriorated, as the downturn in new export orders was extended to 22 months. The continued weakness of both output and new orders led manufacturers to maintain a generally defensive operating position, as highlighted by further cutbacks in employment, purchasing activity and stock holdings. … Price inflationary pressures continued to edge higher in December. Although rates of increase in both input costs and output charges remained relatively mild, they nonetheless accelerated slightly over the month.

The global manufacturing output PMI slipped 0.4-point in December, and ends 2023 in modest contraction territory. Last month's decline was broadly based across economies. Output slipped in Europe after a promising rise in November, and the US took a step downwards. Global new orders and employment also ticked down last month, falling 0.4-point and 0.5- point respectively. Future output was one of the few bright spots in the report, alongside a modest firming in indicators of pricing and delivery times." – Maia Crook, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/ceaff77108364ff28d362f8d212147ba; 1/2/24

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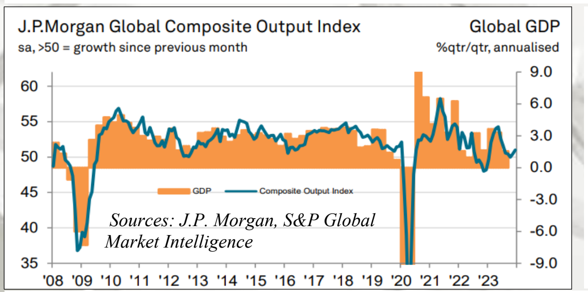
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – rose to 51.0 in December, up from 50.5 in November, its highest reading since last July. However, the headline index remained below its long-run average (53.2) and at a level consistent with only modest growth.

Global economic growth edges higher but sector divergence persists

Growth of global economic activity strengthened slightly at the end of 2023, supported by improved inflows of new work and a mild uplift in business confidence. Sector variations widened, however, as service economies fared better (on average) whereas manufacturing remained in decline. Service sector business activity rose for the eleventh successive month in December, with the rate of growth hitting a five-month high. Expansions were signalled across the business, consumer and financial services categories, with by far the steepest increase in the latter.

The manufacturing downturn extended into its seventh consecutive month in December. The contraction was mainly centred on intermediate goods producers. In contrast, output rose in the consumer and investment goods industries. Rates of growth may have remained mild overall, but nonetheless picked up pace over the month. …

Intakes of new business increased for the second successive month in December. However, the rate of expansion remained mild and below its long-run survey average. Similar to the picture seen for output, manufacturing new orders declined further in contrast to stronger new business growth at service providers. The slight improvement in the demand environment filtered through to business optimism, with confidence rising to a six-month high.

The December PMIs edged up further in December, with the Composite Output Index gaining 0.5pts to hit a five-month high of 51.0. Gauges for new orders, employment, and future activity each made positive steps at year-end. Sectoral disparities widened, however, as service output PMI gains offset continued weakness in global manufacturing. On a regional basis, the weak performance of the Euro Area also contrasts with the expansions seen in China, the US, and India. These imbalances, and the extent to which they could threaten the sustainability of the current expansion, remain a concern." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/d9004f7eb47e4583bf2ef2890977cbef; 1/5/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Adds Nearly 12,000 Jobs in December

"The construction industry added 17,000 jobs on net in December, according to an Associated Builders and Contractors analysis of data released by the U.S. Bureau of Labor Statistics. On a year-over-year basis, industry employment has grown by 197,000 jobs, an increase of 2.5%.

Last month, nonresidential construction employment increased by 11,900 positions on net, with growth in 2 of the 3 subcategories. Nonresidential building added 8,100 positions, while nonresidential specialty trade added 4,300 jobs on net. Heavy and civil engineering lost 500 jobs.

The construction unemployment rate fell to 4.4% in December. Unemployment across all industries remained unchanged at 3.7% last month.

"Despite strong construction industry employment growth, today's jobs report was highly contradictory," said ABC Chief Economist Anirban Basu. "On one hand, economywide payroll employment expanded faster than expected in December, and the unemployment rate remained unchanged at 3.7%, close to the lowest level in over a half a century. Construction employment increased for the ninth consecutive month, with the nonresidential segment adding jobs at a particularly rapid pace.

"On the other hand, the labor force shrank by 676,000 persons in December, the largest decline since early 2021," said Basu. "Wage growth also accelerated, with average hourly earnings up 4.1% year over year across all industries. That's faster than expected and a level not consistent with a return to 2% inflation. Construction industry earnings have increased at an even faster rate over the past year." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-adds-nearly-12000-jobs-in-december; 1/5/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Adds Nearly 12,000 Jobs in December

Construction Employment Statistics: December 2023

	December 2023	November 2023	December 2022	1-Month Net Change	12-Month Net Change	12-Month % Change
Employment						
Construction	8,056,000	8,039,000	7,859,000	17,000	197,000	2.5%
Nonresidential	4,757,000	4,745,100	4,599,700	11,900	157,300	3.4%
Nonresidential building	893,400	885,300	851,600	8,100	41,800	4.9%
Nonresidential specialty trade contractors	2,727,600	2,723,300	2,666,600	4,300	61,000	2.3%
Heavy & civil engineering	1,136,000	1,136,500	1,081,500	-500	54,500	5.0%
Residential	3,299,200	3,293,700	3,259,100	5,500	40,100	1.2%
Residential building	936,100	932,200	934,300	3,900	1,800	0.2%
Residential specialty trade contractors	2,363,100	2,361,500	2,324,800	1,600	38,300	1.6%
Average Hourly Earnings						
All private industries	$34.27	$34.12	$32.92	$0.15	$1.35	4.1%
Construction	$37.24	$37.20	$35.60	$0.04	$1.64	4.6%
Average Weekly Hours						
All private industries	34.3	34.4	34.4	-0.1	-0.1	-0.3%
Construction	39.1	39.3	38.6	-0.2	0.5	1.3%
Unemployment Rate						
All private industries (SA)	3.7%	3.7%	3.5%	0.0pp	0.2pp	
Construction (NSA)	4.4%	4.8%	4.4%	-0.4pp	0.0pp	

Source: U.S. Bureau of Labor Statistics. Note. SA: Seasonally adjusted. NSA: Not seasonally adjusted

"""This is only one month's data and could contain significant statistical noise," said Basu. "That said, the combination of faster wage growth and a smaller labor force suggests that interest rates could remain higher for longer."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-adds-nearly-12000-jobs-in-december; 1/5/24

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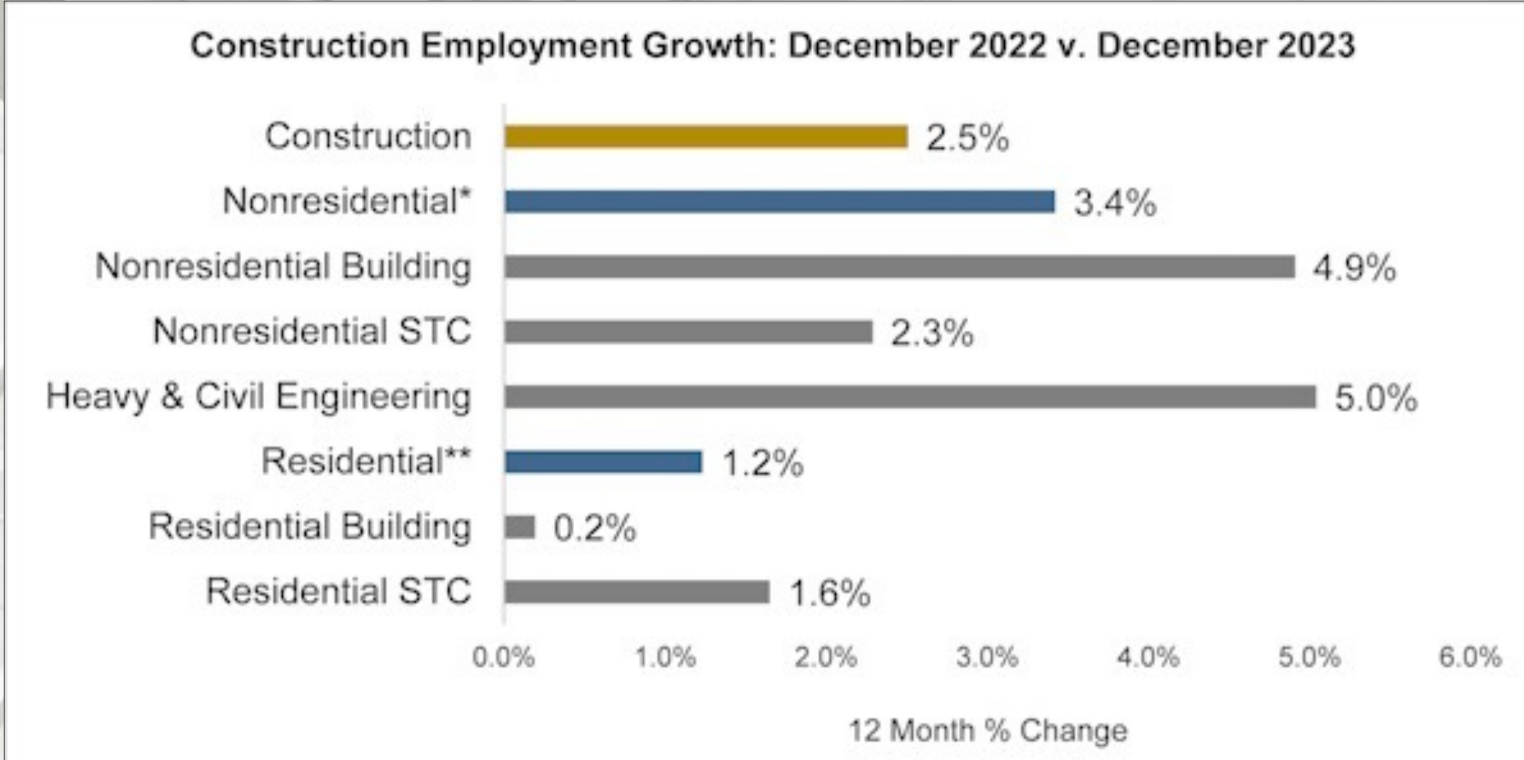
Private Indicators
Associated Builders and Contractors

ABC: Nonresidential Construction Adds Nearly 12,000 Jobs in December



Source: U.S. Bureau of Labor Statistics

*Includes Nonresidential Building, Nonresidential STC, and Heavy and Civil Engineering

**Includes Residential Building and Residential STC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-adds-nearly-12000-jobs-in-december; 1/5/24

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Inches Higher in December, Contractor Confidence Improves

"Associated Builders and Contractors reported that its Construction Backlog Indicator increased to 8.6 months in December from 8.5 months in November, according to an ABC member survey conducted Dec. 20 to Jan. 4. The reading is down 0.6 months from December 2022.

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

The South, which remains the region with the lengthiest backlog, posted the largest monthly increase in December. Only the West, which historically reports the lowest backlog of any region, experienced a monthly decline.

"Collectively, contractors experienced an uptick in optimism during the holiday season," said ABC Chief Economist Anirban Basu. "Credit conditions eased a bit during the last days of 2023 as the Federal Reserve indicated that its next set of moves will be to reduce borrowing costs. That may have rendered project financing a bit easier, translating into both improved backlog and more optimism regarding sales, employment and profit margins for the for the first half of 2024.

"Still, there remains cause for concern," said Basu. "Recent data indicate that wage pressures persist, which makes it more likely that interest rates, and therefore project financing costs, will remain higher for longer. Geopolitical instability appears to be on the rise, raising the probability of a major conflagration that could further impact supply chains and potentially cause steep increases in certain energy prices."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-higher-in-december-contractor-confidence-improves; 1/16/24

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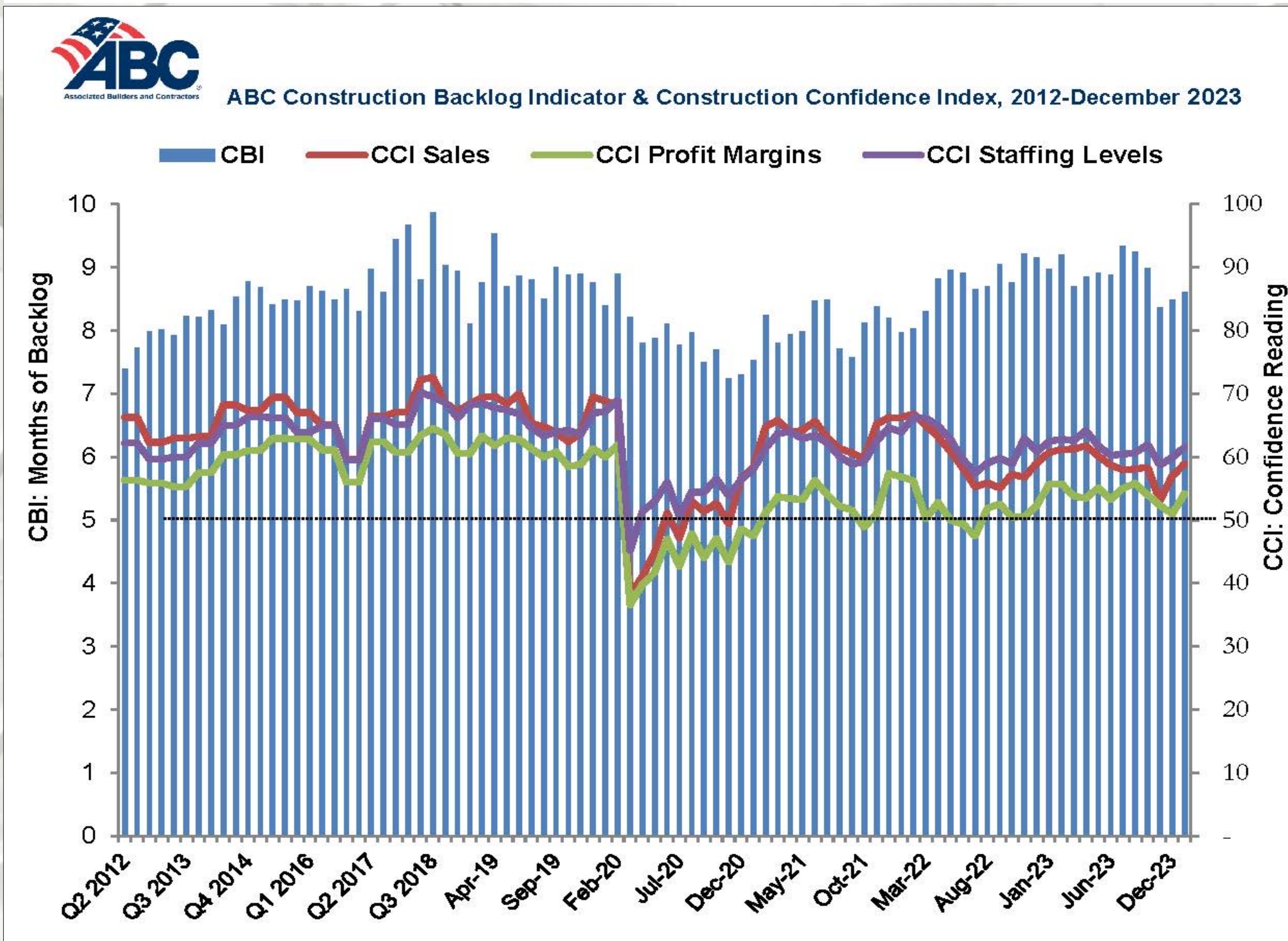
Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator Inches up in December



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

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-higher-in-december-contractor-confidence-improves; 1/16/24

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Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator Inches up in December

Construction Confidence Index

Response	December 2023	November 2023	December 2022
CCI Reading			
Sales	58.9	57.0	59.0
Profit margins	54.2	51.0	52.3
Staffing	61.6	59.9	60.9
Sales Expectations			
Up big	6.7%	5.1%	9.1%
Up small	47.4%	44.7%	44.6%
No change	23.9%	26.1%	24.6%
Down small	18.7%	21.4%	16.6%
Down big	3.4%	2.7%	5.1%
Profit Margin Expectations			
Up big	4.5%	2.3%	2.9%
Up small	32.8%	28.4%	36.0%
No change	40.3%	43.6%	35.4%
Down small	19.8%	22.2%	18.9%
Down big	2.6%	3.5%	6.9%
Staffing Level Expectations			
Up big	7.8%	2.3%	4.6%
Up small	43.7%	46.7%	50.9%
No change	37.3%	40.5%	31.4%
Down small	9.3%	9.3%	9.7%
Down big	1.9%	1.2%	3.4%

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-higher-in-december-contractor-confidence-improves; 1/16/24

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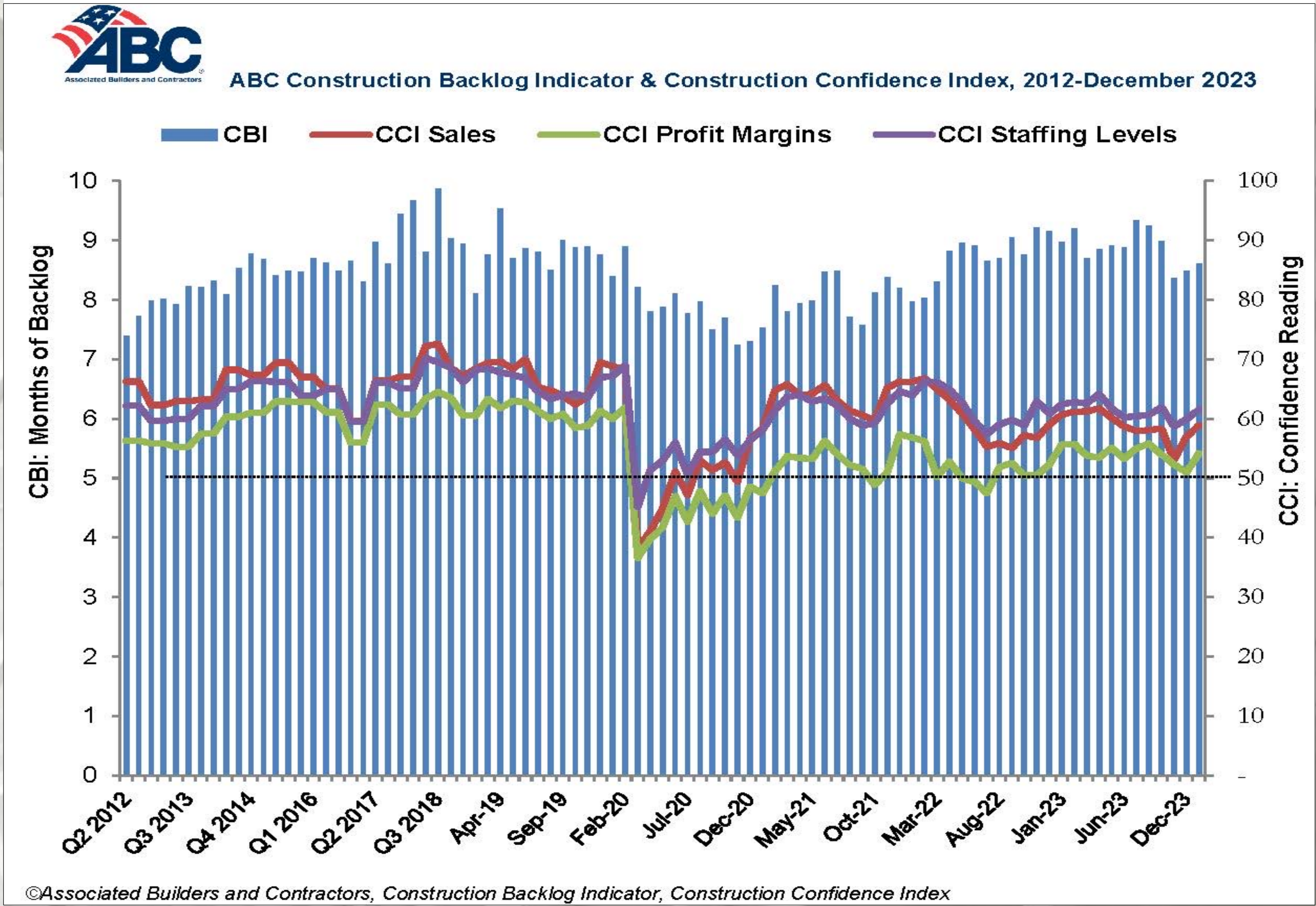
Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator Inches up in December



Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-higher-in-december-contractor-confidence-improves; 1/16/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Dips 0.1% in November

"National nonresidential construction spending decreased 0.1% in November, according to an Associated Builders and Contractors analysis of data published by the U.S. Census Bureau on Jan. 2. On a seasonally adjusted annualized basis, nonresidential spending totaled $1.143 trillion.

Spending was down on a monthly basis in 11 of the 16 nonresidential subcategories. Private nonresidential spending increased 0.2%, while public nonresidential construction spending fell 0.6% in November.

"Nonresidential construction spending dipped in November due to a 0.6% decline in public-sector activity," said ABC Chief Economist Anirban Basu. "Despite the monthly setback, spending is up an impressive 18.1% over the past year, with the gains evenly distributed between the public and private sectors, and currently sits just below the all-time high established in October.

"Manufacturing-related construction continues to surge and now accounts for roughly 45% of the year-over-year increase in nonresidential spending," said Basu. "Other predominantly privately financed segments have posted impressive growth in 2023, with educational, health care and power construction all up significantly over the past 12 months, while certain publicly financed categories like highway and street and sewage and waste disposal have also posted strong year-over-year performances. With only 24% of contractors expecting their sales to decline over the next six months, according to ABC's Construction Confidence Index, the industry appears set to carry momentum into the new year."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-dips-01-in-november; 1/3/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate					
	November 2023	October 2023	November 2022	1-Month % Change	12-Month % Change
Total Construction	$2,050,058	$2,042,518	$1,842,206	0.4%	11.3%
Residential	$907,395	$898,151	$874,829	1.0%	3.7%
Nonresidential	$1,142,663	$1,144,367	$967,377	-0.1%	18.1%
Power	$128,115	$127,461	$109,430	0.5%	17.1%
Manufacturing	$209,778	$208,756	$131,816	0.5%	59.1%
Highway and street	$136,972	$136,512	$118,786	0.3%	15.3%
Health care	$63,348	$63,323	$56,724	0.0%	11.7%
Office	$100,945	$100,924	$95,466	0.0%	5.7%
Communication	$25,373	$25,404	$25,002	-0.1%	1.5%
Educational	$123,033	$123,285	$105,446	-0.2%	16.7%
Amusement and recreation	$33,370	$33,521	$31,446	-0.5%	6.1%
Commercial	$131,982	$132,610	$126,631	-0.5%	4.2%
Transportation	$64,355	$64,769	$59,958	-0.6%	7.3%
Water supply	$29,301	$29,496	$24,393	-0.7%	20.1%
Sewage and waste disposal	$43,819	$44,316	$34,619	-1.1%	26.6%
Religious	$3,585	$3,657	$2,735	-2.0%	31.1%
Public safety	$14,181	$14,481	$11,574	-2.1%	22.5%
Lodging	$23,156	$23,941	$21,956	-3.3%	5.5%
Conservation and development	$11,351	$11,911	$11,394	-4.7%	-0.4%
Private Nonresidential	$698,192	$697,114	$585,319	0.2%	19.3%
Public Nonresidential	$444,471	$447,253	$382,059	-0.6%	16.3%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-dips-01-in-november; 1/3/24

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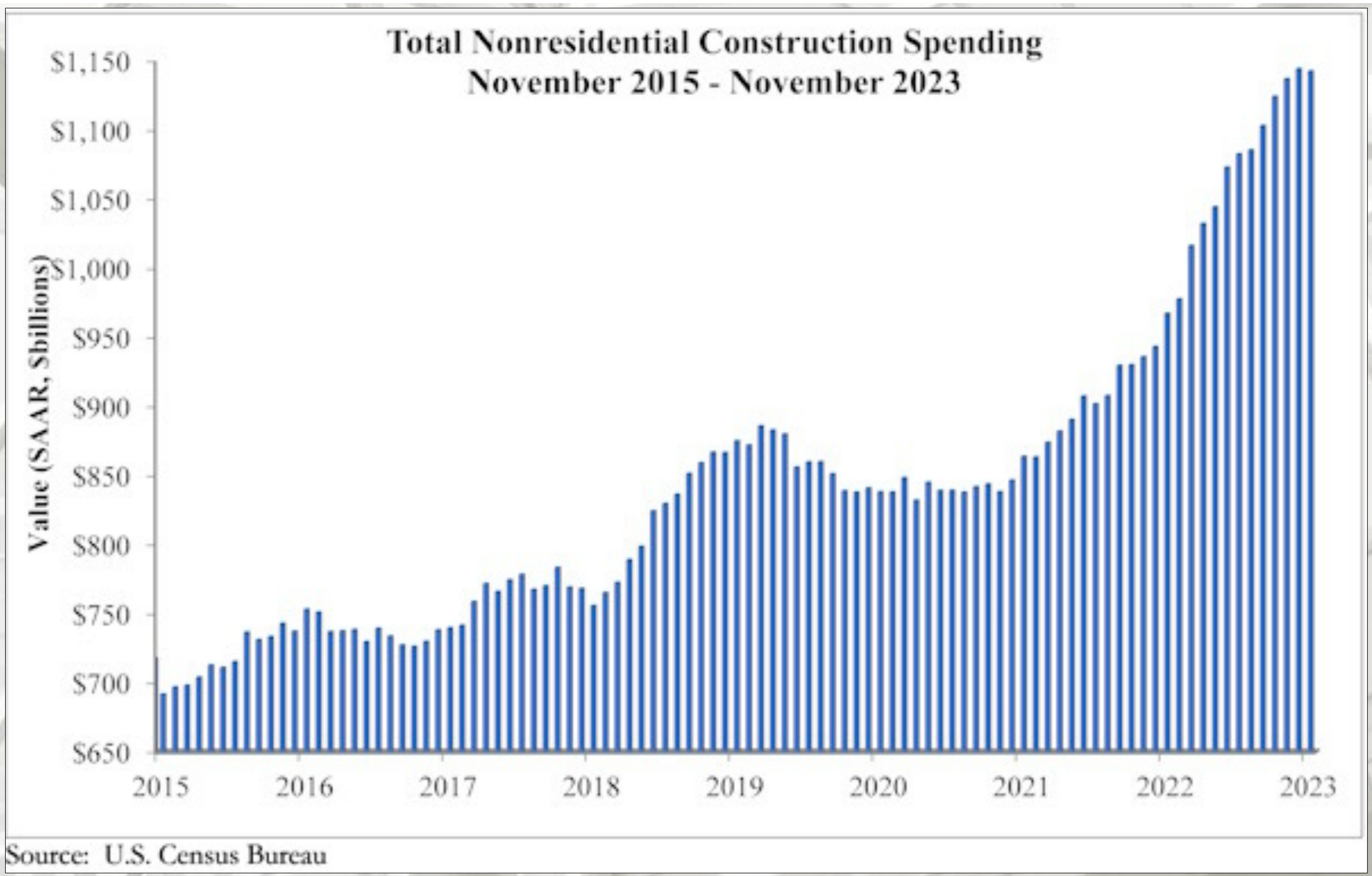
Private Indicators
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-dips-01-in-november; 1/3/24

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Private Indicators
American Institute of Architects (AIA) & Deltek

Architecture Billings Index December 2023

Firms are increasingly concerned about managing the costs of running their firm in 2024

“Business conditions remained soft at architecture firms in November, as the AIA/Deltek Architecture Billings Index (ABI) remained below 50 with a score of 45.3 for the month (any score below 50 indicates declining billings). The score increased by one point from October, indicating that slightly fewer firms reported a decline in billings in November, but the majority of firms continued to report weak business for the fourth consecutive month, and the seventh month so far this year. However, there are still some encouraging signs of potential work in the pipeline as inquiries bounced back in November after declining in October. And while the value of new signed design contracts continued to decrease in November, fewer firms reported a decline than in October.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

“This marks the seventh month in 2023 with a decline in billings. Over the past three months in this pace of decline has accelerated, with firms in all specializations and in all regions of the country reporting weakening business conditions. However, with signs that credit conditions are beginning to ease, firms are reporting an uptick in inquiries for future projects.” – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/resource-center/abi-november-2023-business-conditions-remain-soft-architecture-firms; 12/20/23

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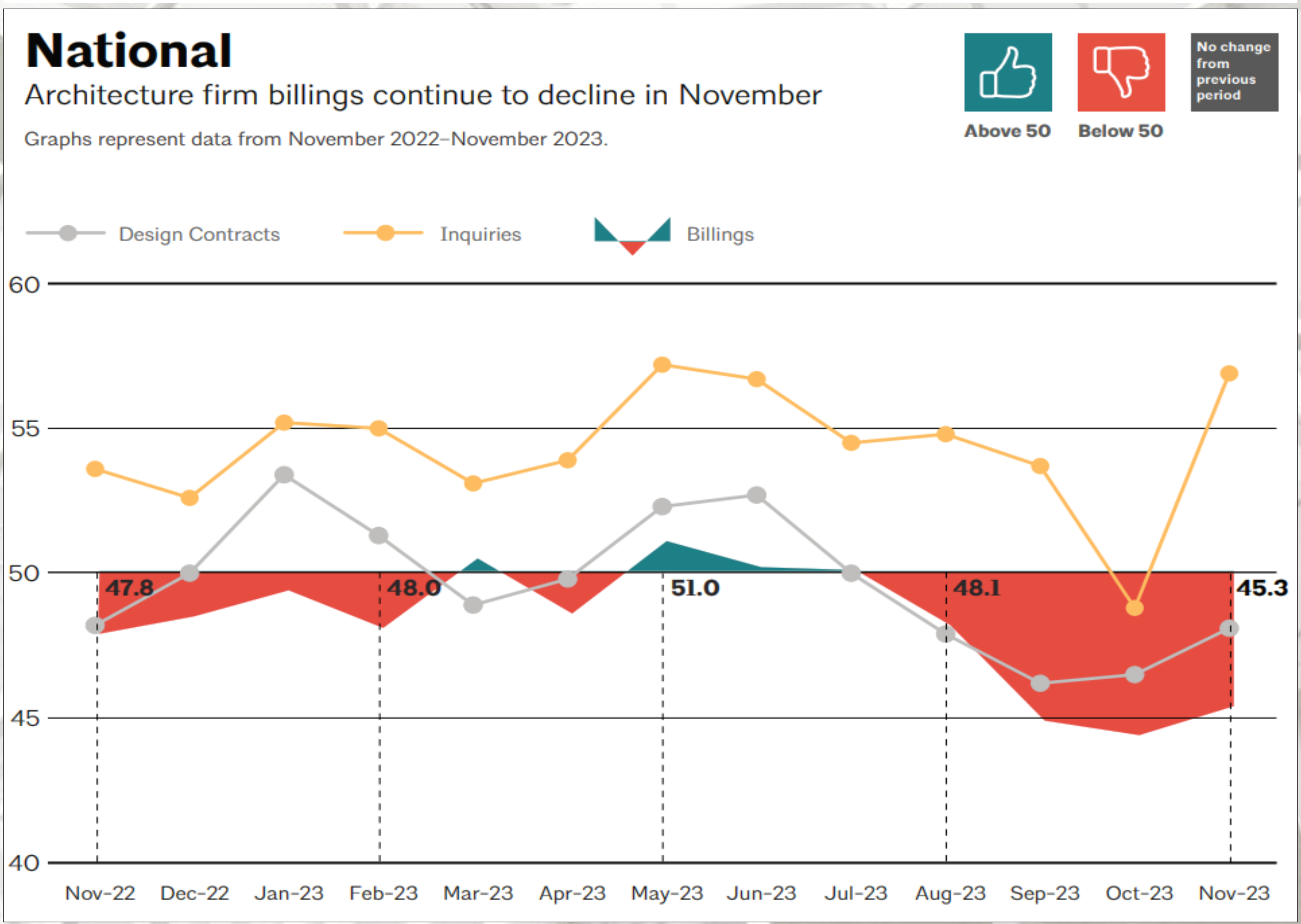
Private Indicators
American Institute of Architects (AIA) & Deltek



Source: https://www.aia.org/resource-center/abi-november-2023-business-conditions-remain-soft-architecture-firms; 12/20/23

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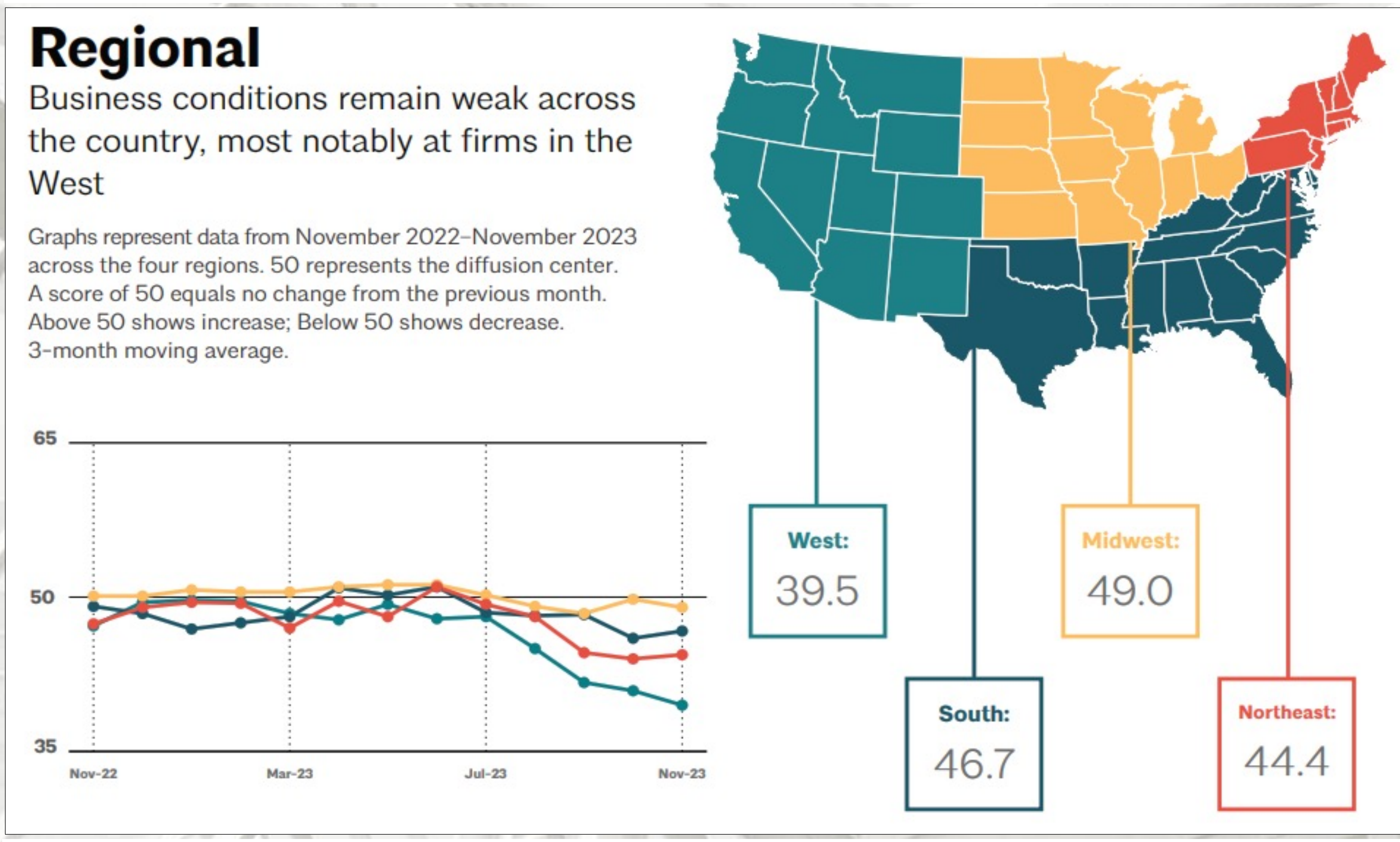
Private Indicators: AIA & Deltek



Region

"Billings also remained weak at firms around the country in November, with firms in all regions reporting a decline for the fourth consecutive month. Business conditions remained softest at firms located in the West, which has been the case since March." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/resource-center/abi-november-2023-business-conditions-remain-soft-architecture-firms; 12/20/23

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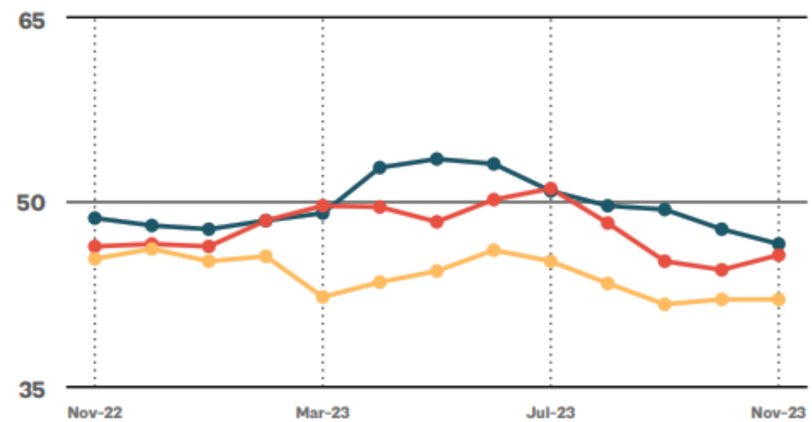
Private Indicators: AIA & Deltek

Sector

Billings decline at firms of all specializations for the fourth consecutive month

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



Sector

“And firms of all specializations also reported declining billings this month, with conditions remaining weakest at firms with a multifamily residential specialization. Billings also continued to decline further at firms with an institutional specialization, which was the strongest sector earlier this year.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/resource-center/abi-november-2023-business-conditions-remain-soft-architecture-firms; 12/20/23

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Private Indicators

Dodge Data & Analytics

Construction Starts Hit 10-Month Low, Declining 15% in November

Nonresidential starts lead decline, dropping 29%

“Total construction starts fell 15% in November, dropping to a seasonally adjusted annual rate of $927 billion, according to Dodge Construction Network. Nonresidential building starts fell 29% during the month, residential starts lost 6%, and nonbuilding starts dropped 2%.

Year-to-date through November 2023, total construction starts lagged by 4% compared to the previous year. Residential and nonresidential starts were down 14% and 7%, respectively, but nonbuilding starts were up 19%.

“Construction starts are deeply feeling the impact of higher rates,” said Richard Branch, chief economist for Dodge Construction Network. “While the Federal Reserve seems poised to start cutting rates in the New Year, the impact on starts will lag. As a result, starts are expected to be weak through the mid-point of 2024 before growth resumes.”” – Cailey Henderson, Account Manager, 104 West Partners

Source: https://www.construction.com/company-news/construction-starts-hit-10-month-low-declining-15-in-november/; 12/20/23

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Private Indicators

Dodge Data & Analytics

"**Nonresidential building starts** decreased 29% in November to a seasonally adjusted annual rate of $345 billion. Manufacturing starts plummeted 74% following a strong several strong project starts in October.   Commercial starts fell 19% with office buildings being the only category to see a gain. Institutional starts rose 7% due to a significant uptick in healthcare activity. Year-to-date through November, total nonresidential starts were 7% lower than in 2022. Institutional starts gained 5%, while commercial and manufacturing starts fell 13% and 18%, respectively.

The largest nonresidential building projects to break ground in November were the $1.9 billion Children's Hospital of Philadelphia Inpatient Tower in Pennsylvania, the $1.6 billion LG Energy Battery Plant in Queen Creek, Arizona, and the $750 million expansion of the Iowa Army Ammunition Plant in Middletown, Iowa.

Residential

Residential building starts declined 6% in November to a seasonally adjusted annual rate of $359 billion. Single family starts increased 1%, while multifamily starts fell 19%. Year-to-date through November 2023, total residential starts were down by 14%, with single-family starts dropping 15% and multifamily starts by 12%.

The largest multifamily structures to break ground in November were the $200 million 55 Broad Street residential conversion in New York City, the $200 million redevelopment of The Superman Building in Providence, Rhode Island, and the $185 million Union West mixed-use development in Raleigh, North Carolina.

Regionally, total construction starts in November 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-hit-10-month-low-declining-15-in-november/; 12/20/23

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Private Indicators

MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

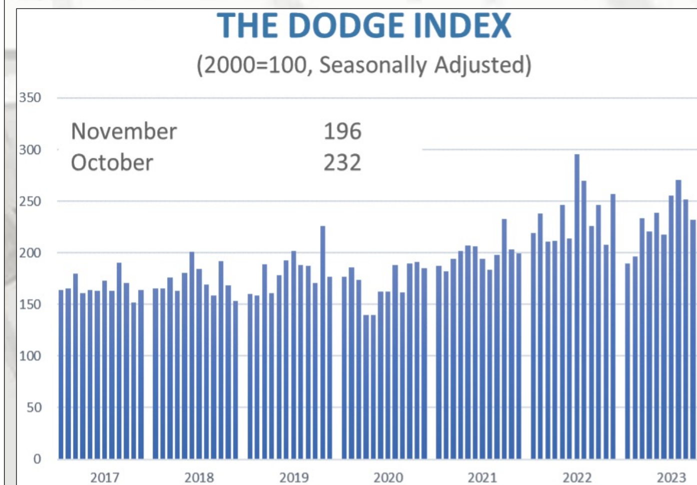
	Nov 2023	Oct 2023	% Change
Nonresidential Building	$345,332	$484,869	-29
Residential Building	359,214	382,278	-6
Nonbuilding Construction	222,517	228,213	-2
Total Construction	$927,062	$1,095,360	-15

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	11 Mos. 2023	11 Mos. 2022	% Change
Nonresidential Building	$372,765	$399,774	-7
Residential Building	335,901	390,155	-14
Nonbuilding Construction	278,336	234,176	19
Total Construction	$987,003	$1,024,105	-4

Source: Dodge Construction Network



Source: Dodge Data & Analytics

Source: https://www.construction.com/company-news/construction-starts-hit-10-month-low-declining-15-in-november/; 12/20/23

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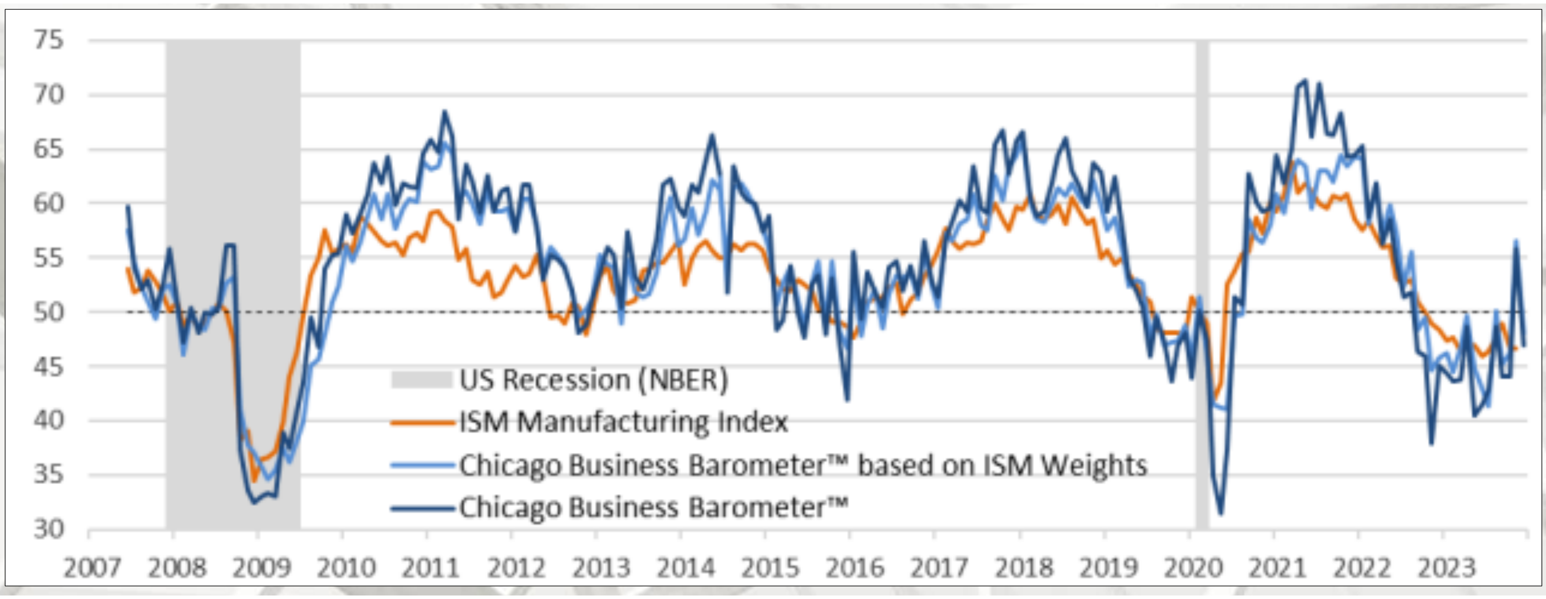

MNI Chicago

December 2023 Chicago Report™ – Reverses to 46.9

"**The Chicago Business Barometer™**, produced with MNI, reversed -8.9 points to 46.9 from 55.8 in November. This unwinds most of the increase seen in last month's reading, returning the Chicago Business Barometer™ back into contractionary territory, but still almost 3 points above the September and October readings.

- All the main subcomponents which feed into the headline number fell compared to November levels with Employment, Inventories and New Orders returning to contractionary territory.
- Order Backlogs declined -13.4 points to the lowest since August 2023 and the third lowest since H2-2020." – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 12/29/23

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Private Indicators

MNI Chicago

December 2023 Chicago Report™ – Reverses to 46.9

- "Production dipped -3.6 points to 58.8 points, remaining in expansion, and the second highest reading of 2023. This was driven by the second highest proportion of respondents reporting unchanged production since the 1970s with a larger fall in those reporting higher production than lower.
- New Orders slipped -10.2 points, but remained above the 2023 average. The decline was due to less respondents seeing more New Orders, whilst same and fewer levels of New Orders reported rose.
- Employment dropped -8.8 points to 45.1, returning to contraction after 2 months of expansion and with the lowest proportion of respondents noting higher employment levels since H2-2020.
- Supplier Deliveries slowed -5.0 points but remained in expansion for the second consecutive month.
- Inventories slumped -14.7 points to the lowest level since July 2023.
- Prices paid, in contrast, jumped +10.1 points to 70.0, the highest level since August 2023.
- The survey ran from December 1 to December 18." – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 12/29/23

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Private Indicators

The Conference Board Leading Economic Index® (LEI)

LEI for the U.S. Fell Again in November

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. declined by 0.5 percent in November 2023 to 103.0 (2016=100), following a (downwardly revised) decline of 1.0 percent in October. The LEI contracted by 3.5 percent over the six-month period between May and November 2023, a smaller decrease than its 4.3 percent contraction over the previous six months (November 2022 to May 2023).

The US LEI continued declining in November, with stock prices making virtually the only positive contribution to the index in the month. Housing and labor market indicators weakened in November, reflecting warning areas for the economy. The Leading Credit Index™ and manufacturing new orders were essentially unchanged, pointing to a lack of economic growth momentum in the near term. Despite the economy's ongoing resilience – as revealed by the US CEI – and December's improvement in consumer confidence, the US LEI suggests a downshift of economic activity ahead. As a result, The Conference Board forecasts a short and shallow recession in the first half of 2024.

The Conference Board Coincident Economic Index® (CEI) for the U.S. rose by 0.2 percent in November 2023 to 111.2 (2016=100), after no change in October. The CEI is now up 1.0 percent over the six-month period between May and November 2023, compared to 0.7 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. All four components of the index were positive in November, with personal income less transfer payments being the strongest contributor, followed by much smaller positive contributions from the remaining three components.

The Conference Board Lagging Economic Index® (LAG) for the U.S. rose by 0.5 percent in November 2023 to 119.2 (2016 = 100), following an increase of 0.3 percent in October. The LAG is up by 0.8 percent over the six-month period from May to November 2023, an improvement compared to 0.5 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; 12/21/23

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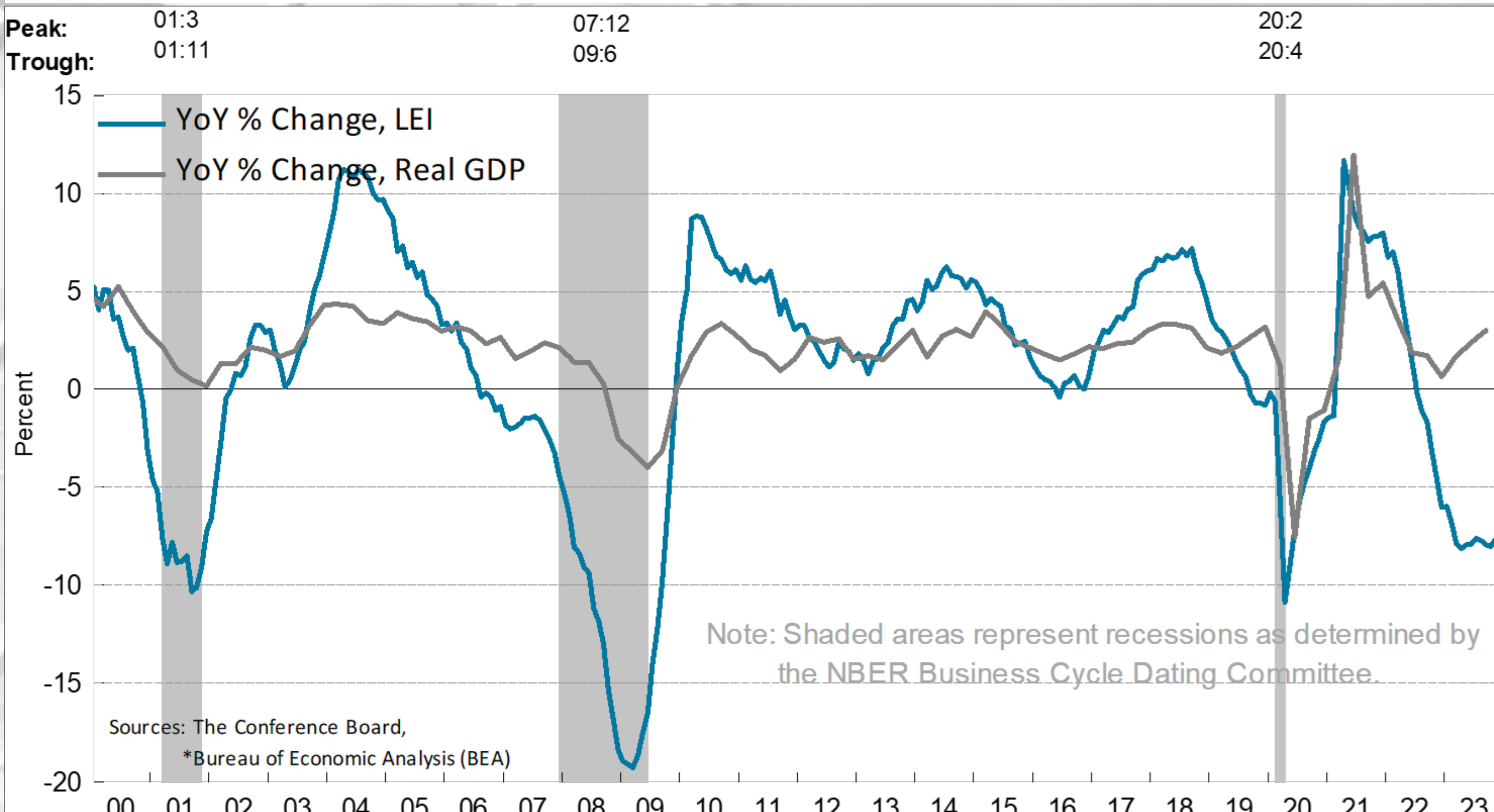
Private Indicators

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

LEI for the U.S. Fell Again in November

The annual growth rate of the LEI remains negative, and has hovered around −8% since Q1



Source: https://www.conference-board.org/data/bcicountry.cfm; 12/21/23

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Private Indicators

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

November New Business Volume Flat Year-over-year, Down 19 Percent Month-to-month, and Up 4.1 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 for November was $8.3 billion, unchanged from new business volume in November 2022. Volume was down 19 percent from $10.4 billion in October. Year-to-date, cumulative new business volume was up 4.1 percent compared to 2022.

Receivables over 30 days were 2.0 percent, down from 2.5 percent in October and up from 1.7 percent in the same period in 2022. Charge-offs were 0.4 percent, unchanged from the previous month and up from 0.3 percent in the year-earlier period.

Credit approvals totaled 76 percent, unchanged from October. Total headcount for equipment finance companies was down 0.4 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in December is 42.5, steady with the November index of 42.8. The MCI-EFI offers a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by a cross-section of equipment finance executives." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"Moving into the final month of the year, MLFI participants report mixed performance. Year-to-date originations are healthy despite some softness in year-over-year and month-to-month November data. Both losses and delinquencies show more acceptable levels, and no further rate increases by the Fed for the foreseeable future is more good news. With the increasing likelihood of a 'soft landing' the equipment finance industry should have a positive year-end." – Leigh Lytle, President and CEO, ELFA

Source: https://www.elfaonline.org/news-and-publications/press-room/press-releases/details/2023/12/21/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 12/21/23

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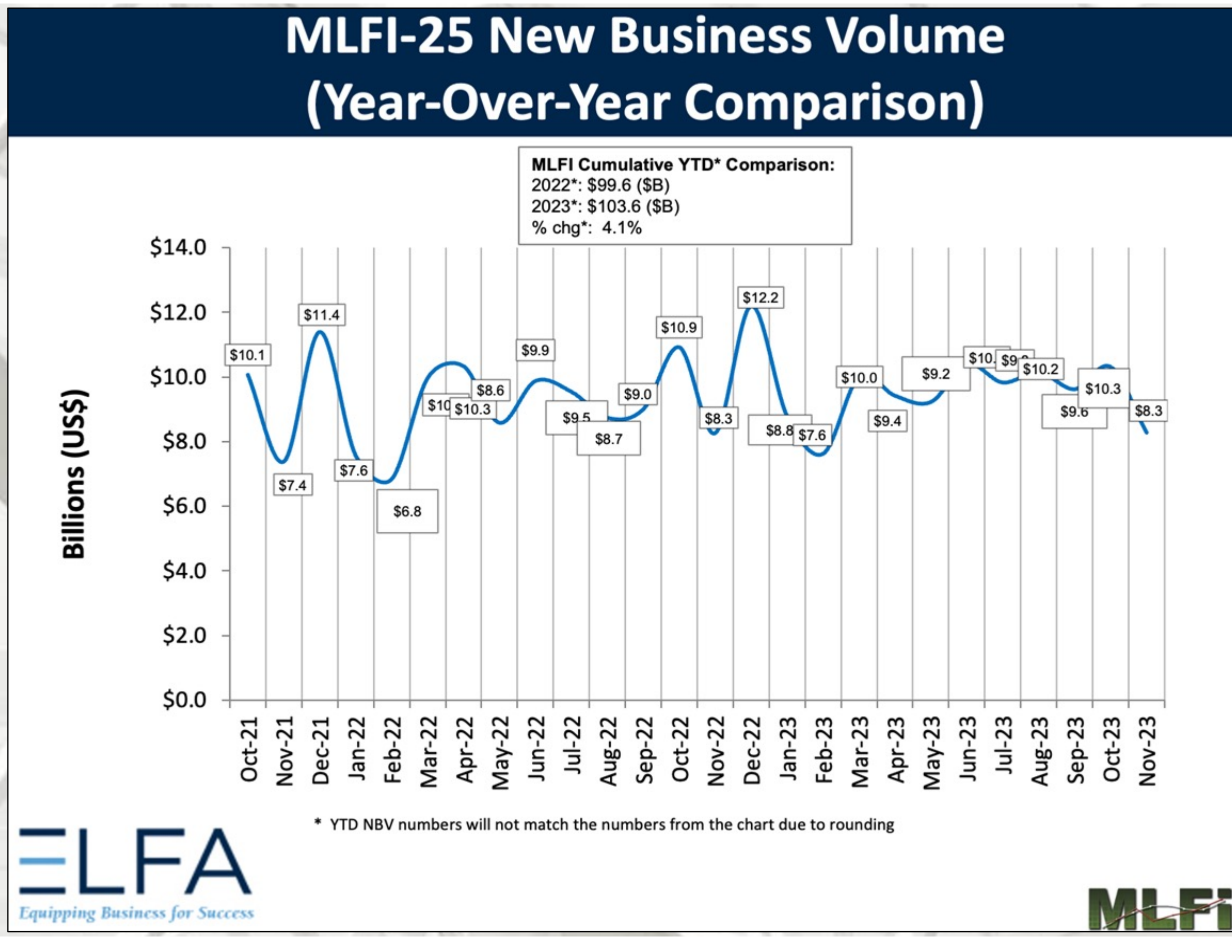

"In November, equipment finance firms continued to showcase their resilience. While some segments continue to recover, most of our industry performed well. Facing sharply higher interest rates, inflationary pressures and geopolitical uncertainties, most industry firms have adapted and found ways to make strides. Even with a dip in monthly volume from October, year-to-date levels show an encouraging uptick. Also reassuring, 30-day delinquencies and charge-offs remain relatively low and steady. These results suggests that our industry is doing a great job of navigating current conditions and is well positioned to leverage opportunities once economic conditions stabilize." – George Parker, Co-Chief Executive Officer, VenSource Capital LLC

Source: https://www.elfaonline.org/news-and-publications/press-room/press-releases/details/2023/12/21/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 12/21/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

US manufacturing performance declines at sharper pace as demand conditions weaken

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI™) posted 47.9 in December, down from 49.4 in November and lower than the earlier released 'flash' estimate of 48.2. The latest decline in the health of the sector was modest overall and the quickest since August.

The US manufacturing sector slipped further into contraction during December, according to the latest PMI® survey data from S&P Global, as output returned to decline and the downturn in new orders gathered pace. Lower total new sales reflected weakness in both domestic and external demand conditions, with firms adjusting down their input buying and hiring activity accordingly. Signs of greater spare capacity were seen through a faster fall in backlogs and destocking, with firms also seeking to better manage cashflow. Nonetheless, business confidence picked up to a three-month high.

Inflationary pressures intensified, meanwhile, as cost burdens rose at a sharper pace and selling prices increased at the quickest rate since April.

Contributing to the overall decline in operating conditions was a sharper fall in new orders during December. The decrease in sales quickened and was the fastest since August. Many companies stated that weak client demand stemmed from lower purchasing power at customers and global economic uncertainty." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9ee83c817447452686723bf10c149471; 1/2/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

US manufacturing performance declines at sharper pace as demand conditions weaken

“External demand conditions also faltered, as new export orders returned to contraction territory. The pace of decline was only fractional, however.

Subsequently, firms lowered their production levels for the first time in four months at the end of 2023. Output dropped at a modest pace that was the fastest in six months. Some companies also suggested that higher input prices weighed on purchasing decisions, which in turn slowed production processes.

At the same time, cost burdens rose at a quicker pace. Hikes in supplier prices for metals and plastics, alongside greater transportation charges, reportedly drove the uptick in inflation. The pace of increase in input prices was slower than the historical series average, however.

Despite a sluggish sales environment, firms opted to pass through higher costs to customers in December. Selling prices rose at a solid pace that was the steepest since April. At the same time, muted client demand led to a third successive monthly drop in employment at the end of 2023. The rate of job shedding was slightly quicker than that seen in November and the joint-sharpest since June 2020. Manufacturers reported on the non-replacement of voluntary leavers in a bid to cut costs amid lower new orders.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9ee83c817447452686723bf10c149471; 1/2/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

US manufacturing performance declines at sharper pace as demand conditions weaken

“Evidence of spare capacity remained, however, as backlogs contracted at a steeper pace. Although employment fell again, firms were able to process incoming new work in a timely manner. Moreover, the pace of backlog depletion was the strongest since July.

Although vendor performance improved to the greatest extent since September, shorter lead times for inputs were in part linked to reduced demand for materials. Input buying at goods producers contracted at a steep pace that was the fastest since June.

Firms sought to rundown stocks amid cost-cutting initiatives, with both pre- and post-production inventories declining in December. Nonetheless, lower than anticipated new orders led to slower rates of decrease, according to panellists.

Finally, business optimism at manufacturers ticked higher in December. Hopes of a pick up in client demand and greater investment in advertising supported the strongest degree of confidence in three months.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9ee83c817447452686723bf10c149471; 1/2/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

US manufacturing performance declines at sharper pace as demand conditions weaken

Comment

“US manufacturers ended the year on a sour note, according to S&P Global’s PMI survey. Output fell at the fastest rate for six months as the recent order book decline intensified. Manufacturing will therefore likely have acted as a drag on the economy in the fourth quarter.

The slowdown is spreading to the labor market. Payrolls were cut for a third month running as increasing numbers of firms grew concerned about the development of excess operating capacity. The fourth quarter has consequently seen factories reduce employment at a pace not seen since 2009 barring only the early pandemic lockdown months.

With factories also cutting back sharply on their purchases of inputs in December, suppliers were also less busy on average, again hinting at the development of spare capacity.

While there was some uplift in the rate of both raw material and factory gate selling price inflation, firms’ costs notably continued to rise at a pace below the survey’s long-run average to hint at historically subdued industrial price pressures.

Given current order book trends, the overall picture from the survey is one of supply exceeding demand for many goods, which points to downside risks to production, employment and prices as we head into 2024. Potential supply chain disruptions need to be monitored, however, notably in terms of shipping, as the survey has clearly demonstrated in the past how supply chain tensions quickly feed through to higher prices.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9ee83c817447452686723bf10c149471; 1/2/24

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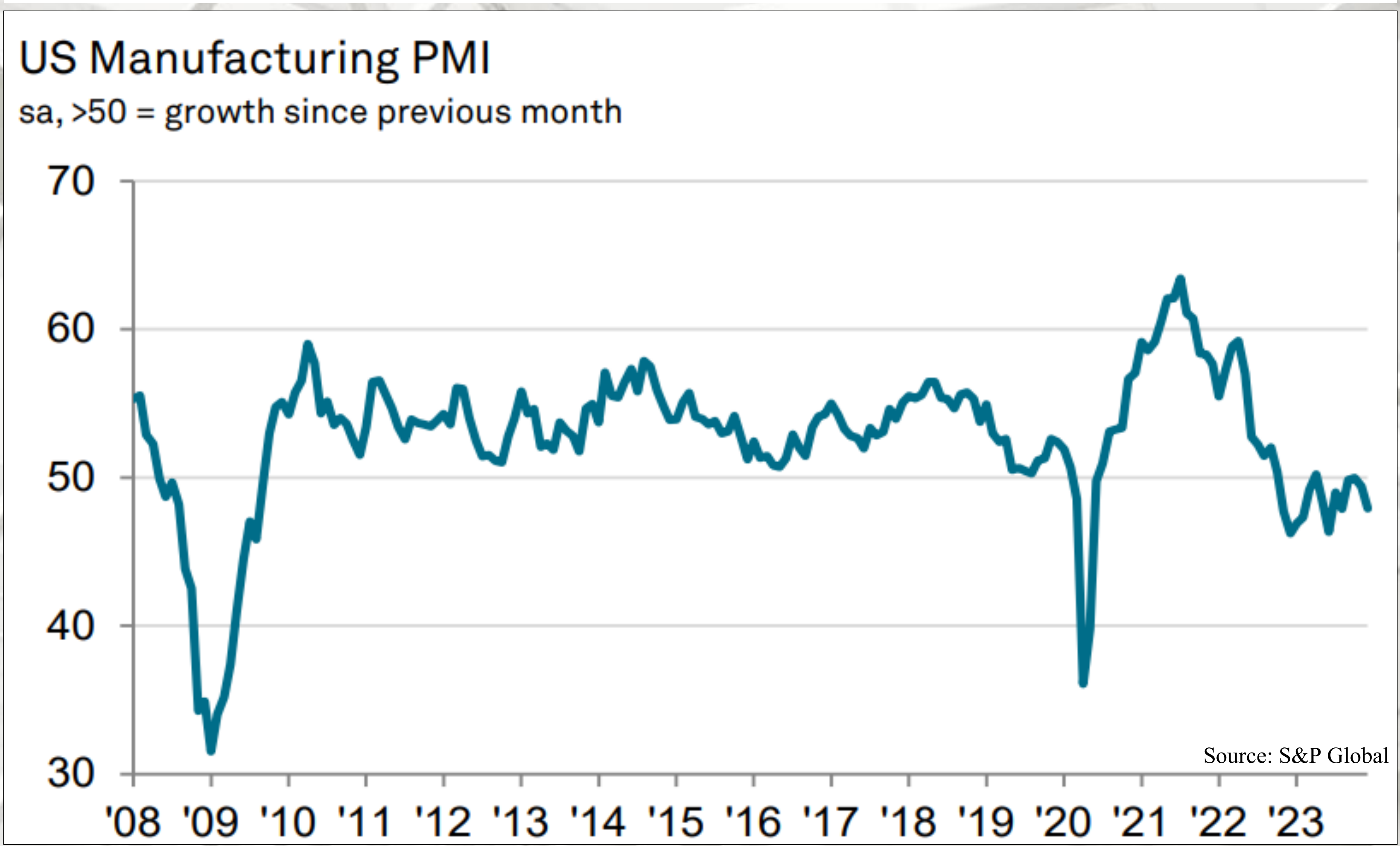

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9ee83c817447452686723bf10c149471; 1/2/24

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Private Indicators

S&P Global U.S. Services PMI™

Service sector expansion picks up, but demand conditions remain historically subdued

"The seasonally adjusted final S&P Global US Services PMI Business Activity Index posted 51.4 in December, up from 50.8 in November and broadly in line with the earlier released 'flash' estimate of 51.3. The rate of growth in output accelerated for the third month running and was the sharpest since July. Where an increase in activity was reported, firms linked this to an improvement in demand conditions and a greater rise in new orders. The pace of expansion was only marginal, however, and slower than the series average.

The US service sector signalled a quicker expansion in activity at the end of 2023, albeit only marginal overall, according to the latest PMI® data from S&P Global. The faster upturn in output stemmed from stronger demand conditions as new orders rose at the sharpest rate since June. Firms were buoyed by the improvement in the sales environment, as business confidence and hiring activity was adjusted upwards in response.

Service providers recorded a steeper rise in input costs, and one that was historically elevated, as higher wages and food prices drove inflation. Nonetheless, efforts to boost new sales led to a slower uptick in output charges. Selling prices increased at one of the weakest rates in over three years." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/e4be95d7e9414d3584d825a10fc9362c; 1/5/23

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Private Indicators

S&P Global U.S. Services PMI™

Service sector expansion picks up, but demand conditions remain historically subdued

"Service providers recorded a quicker expansion in new business at the end of 2023, as the rate of growth picked up to the fastest since June. Although only modest and historically muted, greater new orders were attributed to stronger client demand, with some stating this stemmed from increased advertising spending and a rise in customer referrals.

The overall upturn in new business was dampened by a renewed contraction in new export orders, however. The fall was the first since September and reportedly driven by lower purchasing power among customers in key export markets.

A quicker rise in total new orders led service sector firms to step up their hiring during December, as employment rose at a steeper pace. The rate of job creation was the joint-fastest since June as firms sought to boost capacity in anticipation of greater activity in the coming months.

Increased staffing numbers aided service providers in their efforts to clear incomplete business. Backlogs of work fell for the sixth month running and at the fastest pace since September.

At the same time, greater wage bills and higher food and fuel costs led to a sharper rise in input prices at the end of the year. Cost burdens increased at the most marked pace for three months, with the rate of inflation historically elevated.

Efforts to drive new orders and spur client spending led to a softer uptick in selling prices. The pace of charge inflation remained steep in the context of the series history, but eased to one of the slowest in over three years." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/e4be95d7e9414d3584d825a10fc9362c; 1/5/23

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S&P Global U.S. Services PMI™

Service sector expansion picks up, but demand conditions remain historically subdued

"December saw business confidence at service providers tick higher. Although still subdued relative to the series trend, the level of optimism was strong overall. Upbeat expectations for output over the coming year were underpinned by hopes of further upticks in client demand, anticipated reductions in interest rates and investment in advertising and new product development.

Comment

Some New Year cheer is provided by the PMI signalling an acceleration of growth in the vast services economy, which reported its largest rise in output for five months in December. The improvement overshadows a downturn recorded in manufacturing to indicate that the overall pace of US economic growth likely accelerated slightly at the end of the year.

Some support to financial services in particular is coming from the recent loosening of financial conditions amid growing hopes of interest rate cuts in 2024. Growth nevertheless remains subdued by standards seen over the spring and summer, with the struggling manufacturing sector dampening demand for business-to-business services and consumers remaining far less inclined to spend on luxuries such as travel and recreation than earlier in the year.

The more challenging demand environment has dampened firms' pricing power, squeezing service sector selling price inflation to the lowest for over three years on average during the fourth quarter. With sticky service sector inflation being a key area of concern among Fed policymakers, the slower rate of price increase in December is welcome news." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/e4be95d7e9414d3584d825a10fc9362c; 1/5/23

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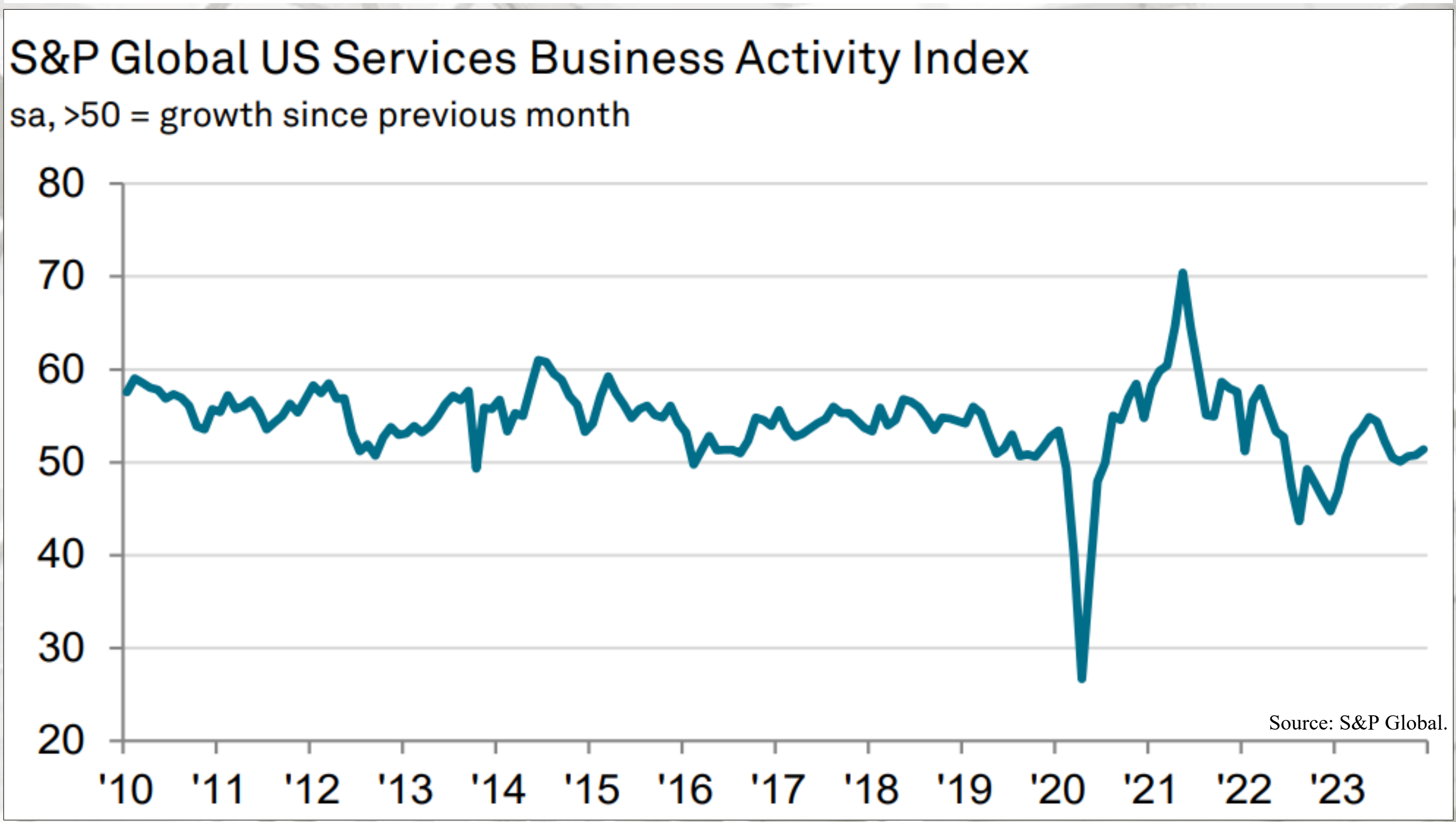
Private Indicators



Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/e4be95d7e9414d3584d825a10fc9362c; 1/5/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for December 2023: Combined Sectors

"The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for December 2023 gained 0.3 of a point to 52.6. "The CMI continues to show considerable weakness but remains above the contraction threshold," said NACM Economist Amy Crews Cutts, Ph.D., CBE. "However, it points to considerable decline in credit conditions that are leading indicators of economic activity,"

"Inflation continues to slow, which is wonderful in the big picture," Cutts said. "But slow inflation still means prices are still rising, and the cumulative impact on businesses and consumers is detrimental as budgeting and cash flow are stressed. The Fed's aggressive stance to fight inflation has also hit businesses through increased borrowing costs. The Credit Managers' Index is showing these stresses with higher delinquencies on accounts receivables and increasing business bankruptcies."

"The manufacturing sector CMI improved in the December survey while the service sector declined a bit," Cutts said. "Both sector CMIs have declined markedly over the past two years or so, but the services sector shows less volatility and a lower trend – that is, it is weaker overall, especially in the unfavorable factor indexes. While the manufacturing sector unfavorable factor index has been hovering around 50 all year, the same index for the services sector has been below 50 for 14 consecutive surveys."

"Although we are not yet hearing of supply issues, global shipping is reeling from attacks in the Red Sea and the continued limited capacity in the Panama Canal due to drought," Cutts said. "Shipping capacity is much improved from where it was two years ago, but it is taking longer to get shipments from port to port and shipping costs have risen significantly in recent weeks."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 12/29/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Key Findings:

- "The index for favorable factors is deteriorated 0.1 to 57.9, led by a 2.3-point drop in the sales factor index to 53.8 points and a 0.4-point decline in the dollar collections factor index to 59.0.
- The amount of credit extended factor index was unchanged in the December survey after two months of deterioration.
- The sales factor index has been the most volatile in 2023 and is down 8.1 points from its recent high of 62.0 in June.
- The index for unfavorable factors improved by 0.5 to 49.0, remaining in the tight range around 50 that it has been in the past year and a half, while recording its sixth month below 50.
- Half of the six unfavorable factor indexes improved in the December survey, which records credit
- performance for the prior month; the index for filings of bankruptcies led with a rise of 2.9 points to an index value of 50.8.
- The index for accounts placed for collection improved by 1.2 points to 45.8, its 19th month below 50 points. Index values below 50 mean that an increasing number of accounts are sent to collections.

"Respondents were quiet this month regarding their views on current conditions," said Cutts. "The few that did add commentary indicated concern that some customers, those already in distress, are not curing at previous rates. Hence, collections referrals are rising. The index for accounts placed for collections has been below 50 for an astounding 19 months and we saw bankruptcies rise quickly this year – these two trends are clearly indicating a recession in business activity heading into 2024."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 12/29/23

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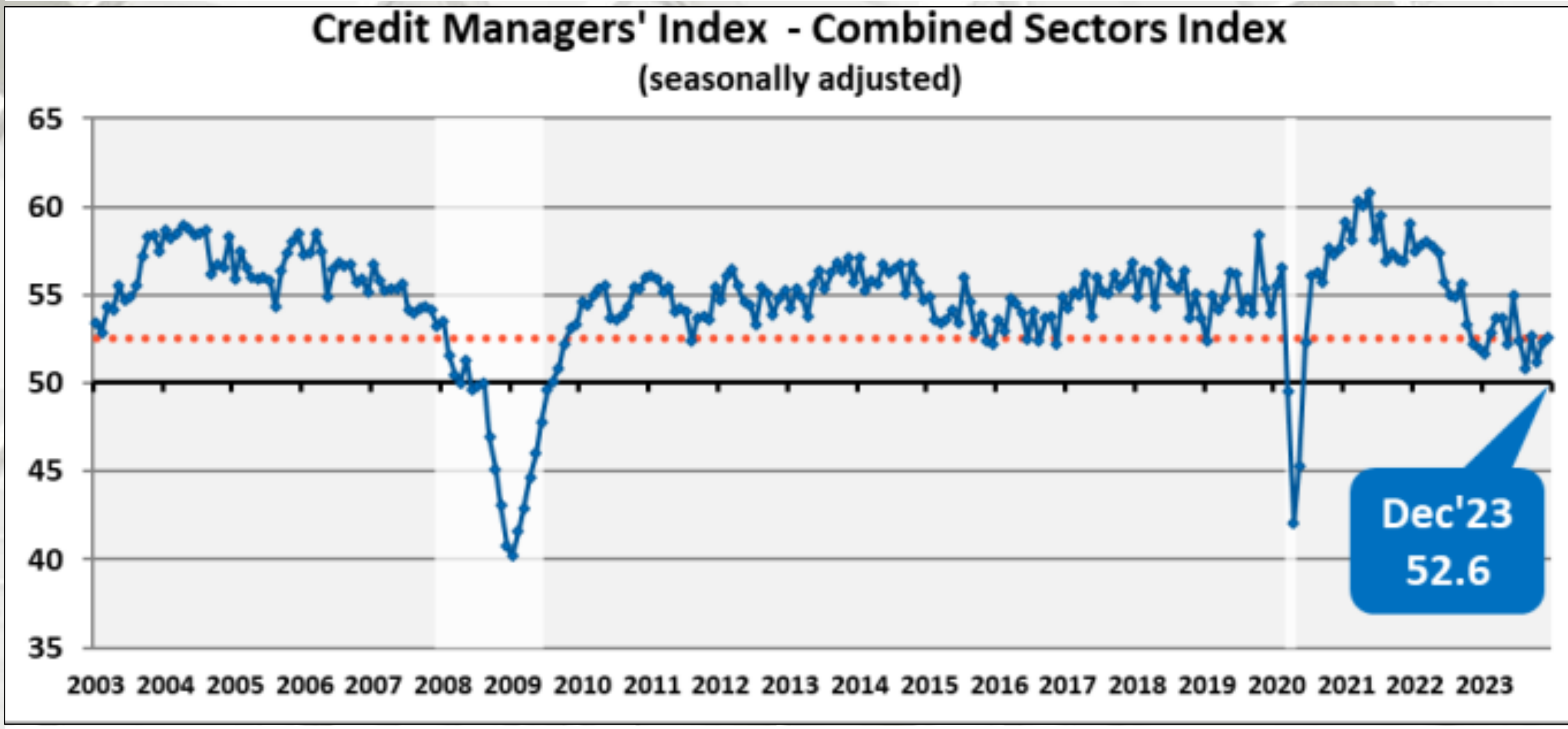
Private Indicators

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; 12/29/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	Dec '22	Jan '23	Feb '23	Mar '23	Apr '23	May '23	Jun '23	Jul '23	Aug '23	Sep '23	Oct '23	Nov '23	Dec '23
Sales	55.9	51.2	57.6	57.0	59.0	54.1	62.0	55.6	49.5	58.8	52.6	56.1	53.8
New credit applications	55.6	56.9	58.5	58.9	58.5	57.7	58.3	56.8	56.2	56.3	56.4	58.3	60.4
Dollar collections	58.3	57.7	59.7	60.0	61.4	57.1	61.6	56.2	52.6	58.0	55.9	59.4	59.0
Amount of credit extended	56.1	57.9	58.6	58.2	58.6	56.5	60.2	56.8	54.9	61.4	58.7	58.3	58.3
Index of favorable factors	**56.5**	**55.9**	**58.6**	**58.5**	**59.4**	**56.4**	**60.5**	**56.4**	**53.3**	**58.6**	**55.9**	**58.0**	**57.9**
Rejections of credit applications	50.9	50.4	50.4	50.8	47.7	48.7	53.3	50.7	50.3	49.2	49.8	48.7	49.0
Accounts placed for collection	46.4	45.2	45.5	46.6	46.7	45.9	48.2	48.2	44.9	47.5	45.6	44.6	45.8
Disputes	49.0	48.9	48.4	50.6	49.6	48.4	51.1	50.3	49.8	47.3	48.3	49.6	49.5
Dollar amount beyond terms	46.5	47.9	51.4	53.0	53.8	51.4	51.8	46.1	48.9	50.5	45.6	49.2	48.4
Dollar amount of customer deductions	49.3	50.0	48.5	50.5	49.8	52.9	51.0	51.0	50.9	47.4	48.9	51.1	50.5
Filings for bankruptcies	51.0	50.8	50.1	51.8	51.4	49.7	52.4	52.3	50.2	50.0	50.5	47.8	50.8
Index of unfavorable factors	**48.9**	**48.9**	**49.1**	**50.5**	**49.8**	**49.5**	**51.3**	**49.8**	**49.1**	**48.7**	**48.1**	**48.5**	**49.0**
NACM Combined CMI	**51.9**	**51.7**	**52.9**	**53.7**	**53.7**	**52.2**	**55.0**	**52.4**	**50.8**	**52.6**	**51.2**	**52.3**	**52.6**

Source: https://nacm.org/cmi.html; 12/29/23

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Private Indicators

National Federation of Independent Business (NFIB) December 2023 Report

Inflation Returns as Top Business Problem on Main Street

"The NFIB Small Business Optimism Index increased 1.3 points in December to 91.9, marking the 24th consecutive month below the 50-year average of 98. Twenty-three percent of small business owners reported that inflation was their single most important problem in operating their business, up one point from last month, and replacing labor quality as the top concern." – Holly Wade, NFIB

"Small business owners remain very pessimistic about economic prospects this year. Inflation and labor quality have consistently been a tough complication for small business owners, and they are not convinced that it will get better in 2024." – Bill Dunkelberg, Chief Economist, NFIB

Key findings include:

- "Small business owners expecting better business conditions over the next six months increased six points from November to a net negative 36% (seasonally adjusted), and 25 percentage points better than last June's reading of a net negative 61%.
- Seasonally adjusted, a net 29% of owners plan to raise compensation in the next three months, down one point from November.
- The net percent of owners raising average selling prices was unchanged from November at a net 25% (seasonally adjusted).
- The net percent of owners who expect real sales to be higher increased four points from November to a net negative 4% (seasonally adjusted), the highest reading since January 2022." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/9/24

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Private Indicators

National Federation of Independent Business (NFIB) December 2023 Report

"As reported in [NFIB's monthly jobs report](), 40% (seasonally adjusted) of all owners reported job openings they could not fill in the current period. Owners' plans to fill open positions remain elevated, with a seasonally adjusted net 16% planning to create new jobs in the next three months.

Fifty-eight percent of owners reported capital outlays in the next six months, down three points from November. Of those making expenditures, 40% reported spending on new equipment, 22% acquired vehicles, and 19% improved or expanded facilities. Eleven percent spent money on new fixtures and furniture and 5% acquired new buildings or land for expansion. Twenty-four percent (seasonally adjusted) plan capital outlays in the next few months, up one point from November.

A net negative 11% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, a six-point improvement from November. The net percent of owners expecting higher real sales volumes improved four points to a net negative 4%.

The net percent of owners reporting inventory gains increased one point to a net negative 2%. Not seasonally adjusted, 12% reported increases in stocks and 15% reported reductions. A net negative 5% of owners viewed current inventory stocks as "too low" in December, down five points from November. By industry, shortages are reported most frequently in the finance (16%), retail (12%), and manufacturing (11%) sectors. A net negative 5% of owners plan inventory investment in the coming months.

The net percent of owners raising average selling prices was unchanged from November at a net 25% seasonally adjusted. Seasonally adjusted, a net 32% plan price hikes in the next three months." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/9/24

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Private Indicators

National Federation of Independent Business (NFIB) December 2023 Report

“Price hikes were the most frequent in finance (52% higher, 12% lower), retail (49% higher, 8% lower), construction (41% higher, 12% lower), services (36% higher, 5% lower), and professional services (33% higher, 4% lower).

Twenty-three percent of owners reported that inflation was their single most important problem in operating their business, up one point from last month and surpassing labor quality as the top problem.

Seasonally adjusted, a net 36% reported raising compensation, unchanged from November. A seasonally adjusted net 29% plan to raise compensation in the next three months. Nine percent of owners cited labor costs as their top business problem, up one point from November. Twenty percent said that labor quality was their top business problem.

The frequency of reports of positive profit trends was a net negative 25%, seven points better than November. Among the owners reporting lower profits, 31% blamed weaker sales, 17% blamed the rise in the cost of materials, 16% cited lower prices, and 9% cited labor costs. For owners reporting higher profits, 48% credited sales volumes, 19% cited usual seasonal change, and 14% cited higher selling prices.

Three percent of owners reported that all their borrowing needs were not satisfied. Twenty-five percent reported all credit needs met and 61% said they were not interested in a loan. A net 8% reported their last loan was harder to get than in previous attempts.

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 December 2023.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/9/24

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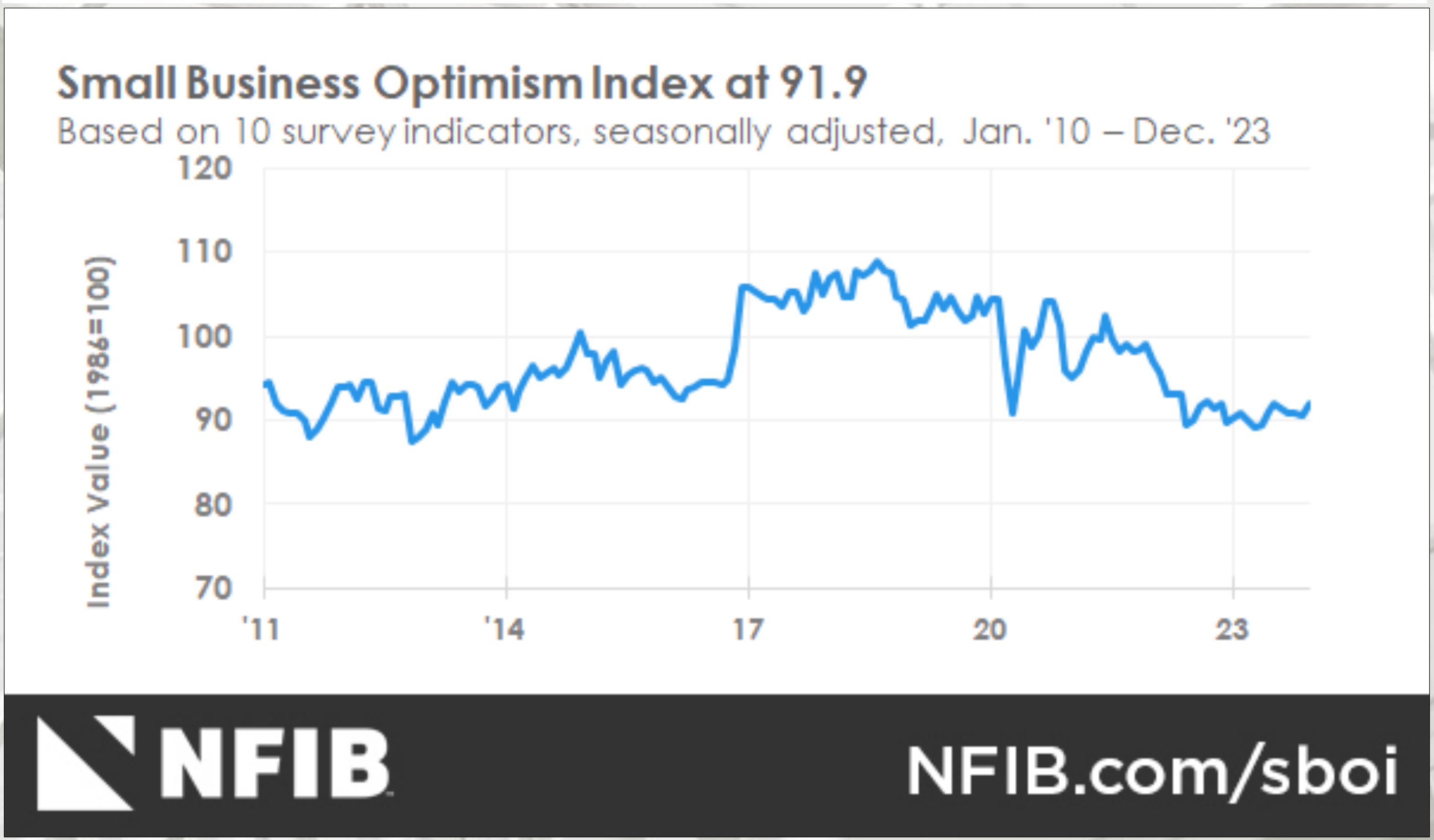
Private Indicators

National Federation of Independent Business (NFIB)
December 2023 Report



Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/9/24

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Private Indicators

National Federation of Independent Business (NFIB)
December 2023 Report

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	16%	-2
Plans to Make Capital Outlays	24%	1
Plans to Increase Inventories	-5%	-2
Expect Economy to Improve	-36%	6
Expect Real Sales Higher	-4%	4
Current Inventory	-5%	-5
Current Job Openings	40%	0
Expected Credit Conditions	-8%	3
Now a Good Time to Expand	8%	0
Earnings Trends	-25%	7

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/9/24

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

U.S. Small Business Job Growth Continues as Wage Inflation Moderates to Close 2023

"U.S. small businesses experienced job growth for all of 2023 and extended a cycle of consistent job growth for 33-straight months, according to December data from the Paychex Small Business Employment Watch. The Small Business Jobs Index closed the year at 101.21 (1.2% growth), while hourly earnings growth for U.S. workers in December (3.48%) was down from 4.93% in December of 2022." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"As the Paychex Small Business Employment Watch has consistently shown all year, the resiliency of the small business community has allowed them to meet the many challenges of 2023 and continue to grow. Wage inflation also continues to slow indicating that the actions taken by the Fed are having their desired effect on inflation.

With a prolonged tight labor market challenging employers to find and retain qualified workers, policymakers should focus their efforts on increasing the participation rate and quality of the U.S. workforce. The Fed's actions appear to be driving a soft landing as we've seen wage inflation normalize without negative impacts on job growth across the U.S. As we look ahead to 2024, small businesses will need to continue to show their resilience as they face many of the same challenges of 2023, such as retaining and attracting quality employees, accessing affordable growth capital, and navigating even more government regulations." – John Gibson, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 1/3/24

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

2023 Year in Review

- "Nationally, small businesses have experienced job growth for all of 2023, extending a streak of consistent job growth to 33-straight months.
- In 2023, wage growth continued to slow through the year, decreasing about one and a half percent from 4.93% in December 2022 to 3.48% in December 2023. In addition, weekly hours worked growth in 2023 was the most stable it has been since 2018.
- All 20 of the largest U.S. states reported positive job growth to end 2023 and eight of those increased their rate of job growth during 2023.
- At 101.75, the South led regions in December and had the strongest rate of job growth for 11 of 12 months in 2023, while the West region slowed the most during 2023 (1.11 percentage points).

December 2023 Highlights

- In December, small business job growth increased by 1.21%, standing at 101.21.
- Hourly earnings growth for U.S. workers in December (3.48%) was relatively unchanged since November (3.47%).
- The average pace of job growth in 2023 remained above the growth rate leading up to the pandemic (March 2019 – February 2020) when it was 101.10.
- At 100.66 in December, Leisure and Hospitality slowed its pace of job growth the most among sectors (2.46 percentage points) and, while the sector started 2023 first, it ended ranked sixth in job growth."– Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 1/3/24

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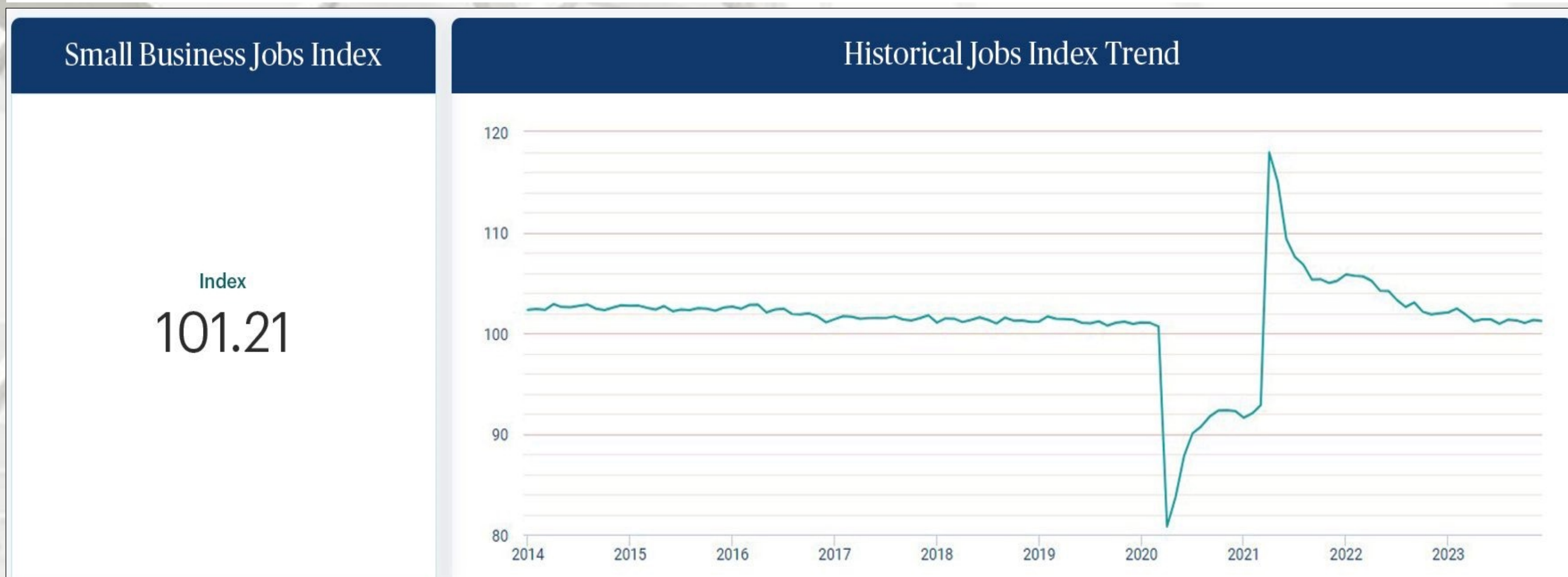
The Paychex | IHS Markit
Small Business Employment Watch



Source: https://www.paychex.com/employment-watch; 1/3/24

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Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Small Business Wage Data

Hourly Earnings

$32.16

12-Month Growth

3.48% ($1.08)

Historical 12-Month Growth Trend

Source: https://www.paychex.com/employment-watch; 1/3/24

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Demographics

Statista

Americans Are Getting Married Older Than Ever

"Americans are delaying (or putting off altogether) getting married for longer than before, according to data from the U.S. Census Bureau. The median average age for men to first get married has risen to 30.2 years in 2023, while for women the figure is 28.4 years.

As the following chart shows, there has been a pretty steady upward trajectory to the present day since the 1950s, when the lowest median figures of 22.5 years for men were reached and just 20.1 years for women.

Data from Pew Research Center highlights how young adults in the U.S. are reaching other key life milestones later than before too. For 25 year olds in 2021 versus those of 40 years ago, the gap is particularly apparent for the social milestones of living on their own, being married and having children, while there is less of a difference between the two groups for the financial milestones of having a full-time job and financial independence." – Anna Fleck, Data Journalist; Statista

Source: https://jbrec.com/insights/immigration-stokes-population-growth/; 12/15/23

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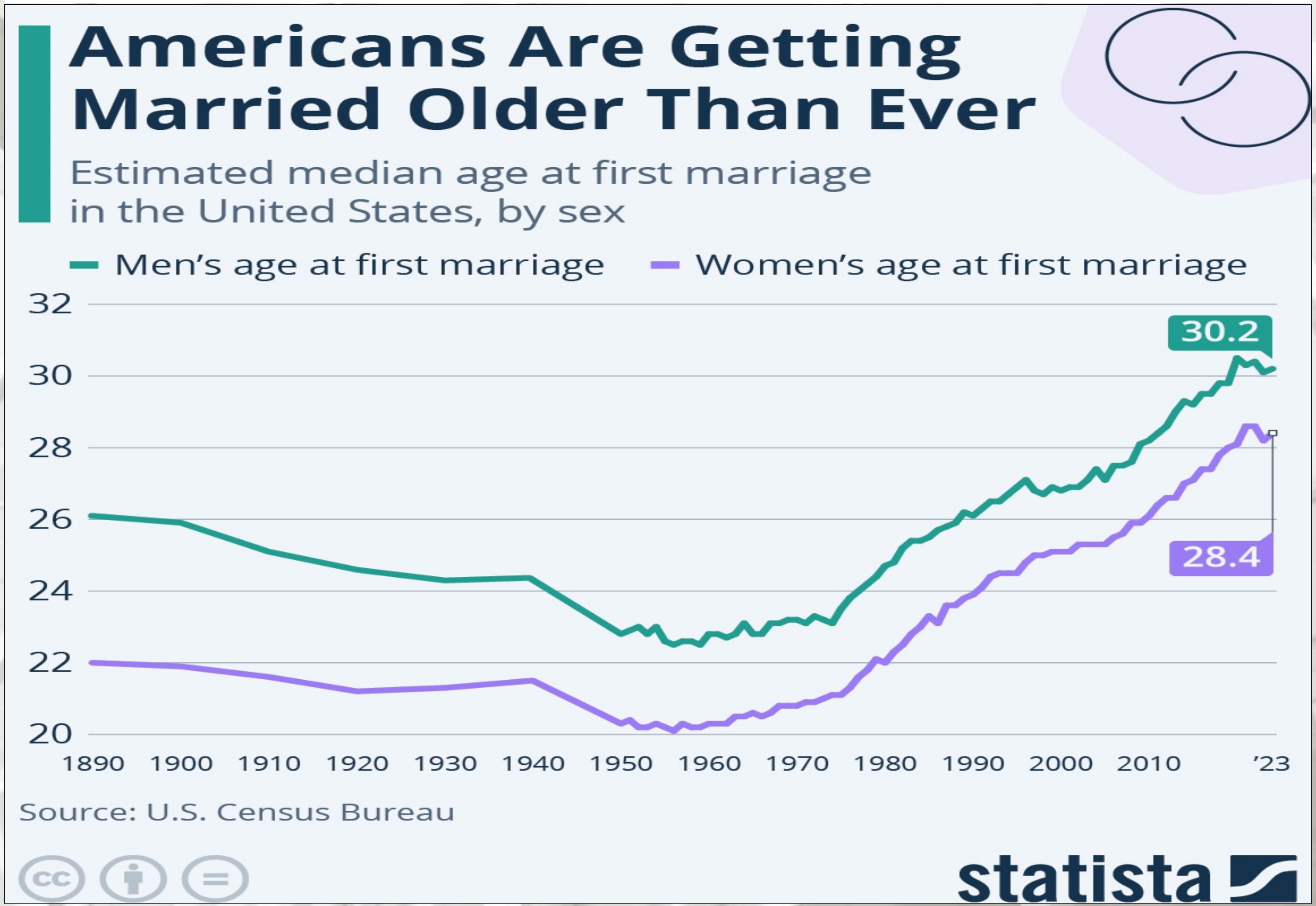
Demographics

Statista

Americans Are Getting Married Older Than Ever



Source: https://jbrec.com/insights/immigration-stokes-population-growth/; 12/15/23

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Demographics

The Conference Board

Slower Population Growth Challenges US Economic Outlook

- “US population growth is expected to be slower than previously projected as the fertility rate continues to decline.
- The smaller contribution from labor due to slower population growth is expected to weigh on US real GDP growth going forward. The economy may grow by 1.7% on average over the next decade compared to 2.2% between 2011 and 2019.
- The slower population growth will also place a burden on tax revenues needed to support the growing elderly population.
- Solutions to a shrinking population and labor force include policies that keep women in the labor force, help older persons work longer, and increased immigration.

US population growth is expected to be slower than previously projected as fertility rate continues to decline

The U.S Census Bureau recently published population projections that show the population will peak in 2080 at 370 million and is expected to decline thereafter. The projected growth is significantly lower compared to the previous projection (published in 2017) which showed the total population would reach 405 million by 2060.

The slower population growth will place a burden on the available labor pool, hindering its ability to fuel economic growth and generate tax revenues needed to support the growing elderly population.

The ratio of prime working age persons (age 25-64 – the ages when labor force participation peaks) to retirement age persons (age 65+ when labor force participation declines rapidly) is expected to decline rapidly from 3.0 right now to 2.4 in 2030 and to 1.6 by the end of the century (Chart 1).” – Selcuk Eren, Ph.D., Senior Economist; The Conference Board

Source: https://www.conference-board.org/brief/labor-markets/slower-population-growth-challenges-economic-growth; 12/19/23

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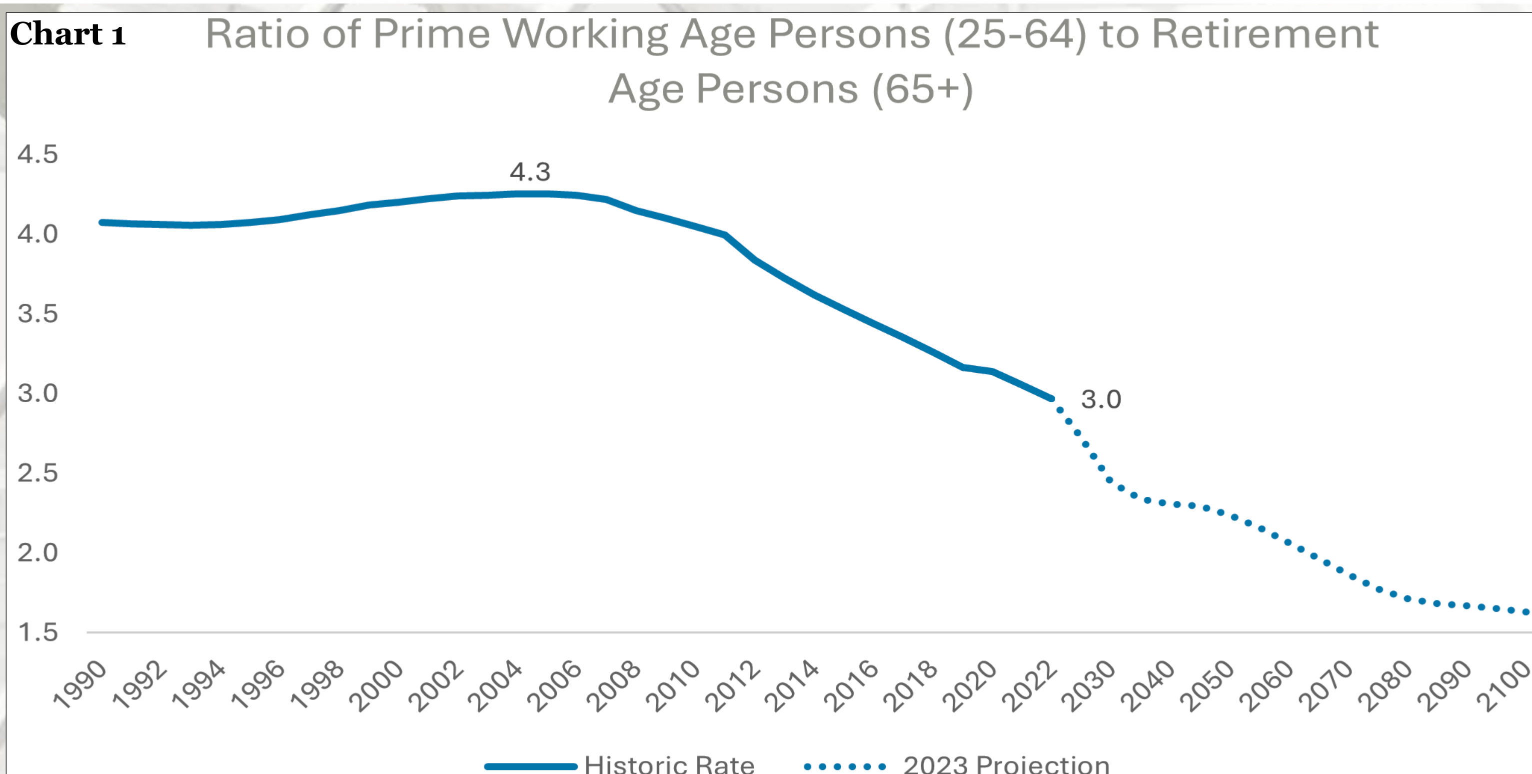
Demographics

The Conference Board

Slower Population Growth Challenges US Economic Outlook

Chart 1



Source: https://www.conference-board.org/brief/labor-markets/slower-population-growth-challenges-economic-growth; 12/19/23

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Demographics

The Conference Board

Slower Population Growth Challenges US Economic Outlook

"The slower projected population growth is due to lower projected birth rates.

The total fertility rate (the average number of children born per woman) declined rapidly from 2.1 in 2007 to 1.67 in 2022 (Chart 2). The US Census Bureau projects that the birth rate will fall to 1.6 by 2060, which is significantly below the replacement level fertility of 2.1, at which the total population remains constant from one generation to another without migration. For comparison, the Census Bureau's previous projection in 2017 assumed that the long-term fertility rate would stabilize at 1.84 (its average between 2010-2017), but it kept dropping. The difference between the two projections cumulatively adds up to 28 million fewer births by 2060.

More women are opting not to have children and recent cohorts of women are having fewer births.

The observed decline in fertility is influenced by a multitude of factors. Unintended and teen pregnancies declined sharply in the last 15 years. Furthermore, economic considerations including escalating costs of childcare and housing, expanding opportunities for women in the workplace, more female heads of households, shifting priorities including preferences for having fewer children, and availability of support systems, all contribute to the choices women make regarding family planning." – Selcuk Eren, Ph.D., Senior Economist; The Conference Board

Source: https://www.conference-board.org/brief/labor-markets/slower-population-growth-challenges-economic-growth; 12/19/23

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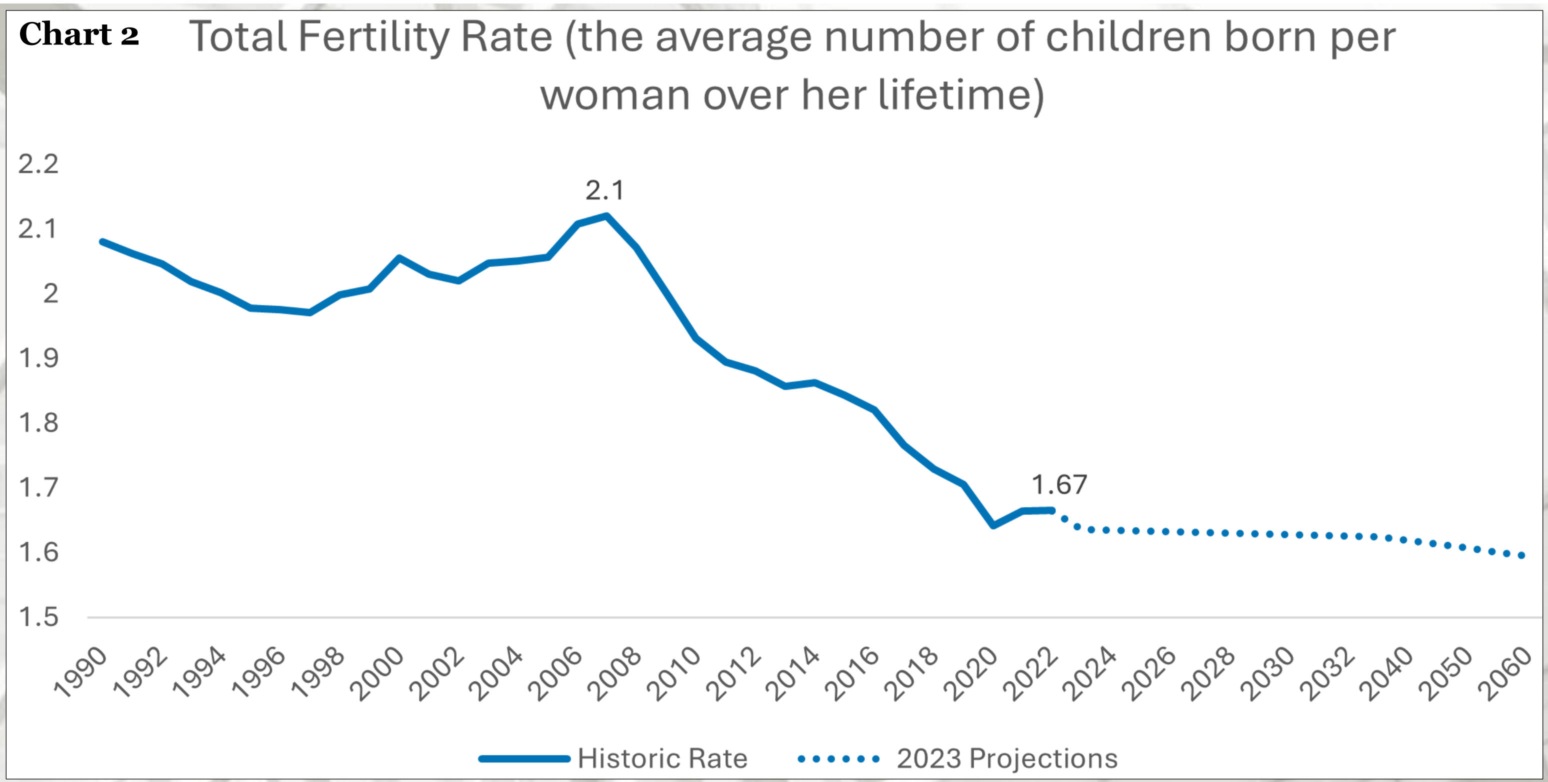
The Conference Board

Slower Population Growth Challenges US Economic Outlook



Source: https://www.conference-board.org/brief/labor-markets/slower-population-growth-challenges-economic-growth; 12/19/23

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Demographics

The Conference Board

Slower Population Growth Challenges US Economic Outlook

"Due to low birth rates in past decades, US economic growth potential is expected to slow over the coming decades reflecting lower population growth.

The contribution of labor inputs (quantity and quality of labor) to US GDP growth is expected to shrink from an average of 1.2% over the 2011-2019 period to only 0.3% on average over 2025-2036 period. This is because the share of working age population will continue to shrink.

The declining population growth raises serious concerns about the future funding of Social Security.

With fewer contributors to the system, sustaining benefits for the growing elderly population becomes a significant challenge. A comprehensive review and potential reform of Social Security funding mechanisms are essential to ensure the long-term stability of this crucial social safety net."
– Selcuk Eren, Ph.D., Senior Economist; The Conference Board

Source: https://www.conference-board.org/brief/labor-markets/slower-population-growth-challenges-economic-growth; 12/19/23

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Demographics

The Conference Board

Slower Population Growth Challenges US Economic Outlook

“A multifaceted approach to expanding the labor force is crucial to increasing US long term growth potential.

Providing robust support systems for parents, such as affordable childcare, public provision of early childhood education and extended parental leave can help workers remain in the labor force. Encouraging individuals to work later in life through flexible arrangements and age-inclusive hiring practices taps into the valuable experience of older professionals. Reforming social security and Medicare to eliminate disincentives for working longer is crucial, ensuring that individuals are not penalized for contributing to the workforce beyond traditional retirement ages. Additionally, reforming legal immigration at all skill levels to address labor shortages is key to bolstering economic growth in the coming decades.” – Selcuk Eren, Ph.D., Senior Economist; The Conference Board

Source: https://www.conference-board.org/brief/labor-markets/slower-population-growth-challenges-economic-growth; 12/19/23

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Demographics

John Burns Research & Consulting LLC

Immigration Stokes US Population Growth

"Immigration will fuel the majority of US population growth in the next decade. This immigration-related growth will impact local housing markets around the country – especially in California, Florida, Texas, Nevada, and the Northeast.

What does immigration-fueled population growth mean for housing?

1. **Expect higher demand for rental housing** since new immigrants usually rent homes.
2. **More family-oriented and multigenerational homes are needed**, with additional bedrooms and attainable price points.
3. Builders and manufacturers will likely see a **slight improvement in labor availability** over the next few years.

Population growth will rise to 1.8 million annually.

We expect the US population will increase by over 1.8 million annually through 2033, 400K more per year than recent Census projections.

We believe future immigration will resemble 2014–2017 more than the lower levels of 2019–2021 caused by the pandemic and restrictive government policies." – Eric Finnigan, Vice President, Building Products Research & Demographics and Chris Porter, Senior Vice President, Chief Demographer; John Burns Research & Consulting LLC

Source: https://jbrec.com/insights/immigration-stokes-population-growth/; 12/22/23

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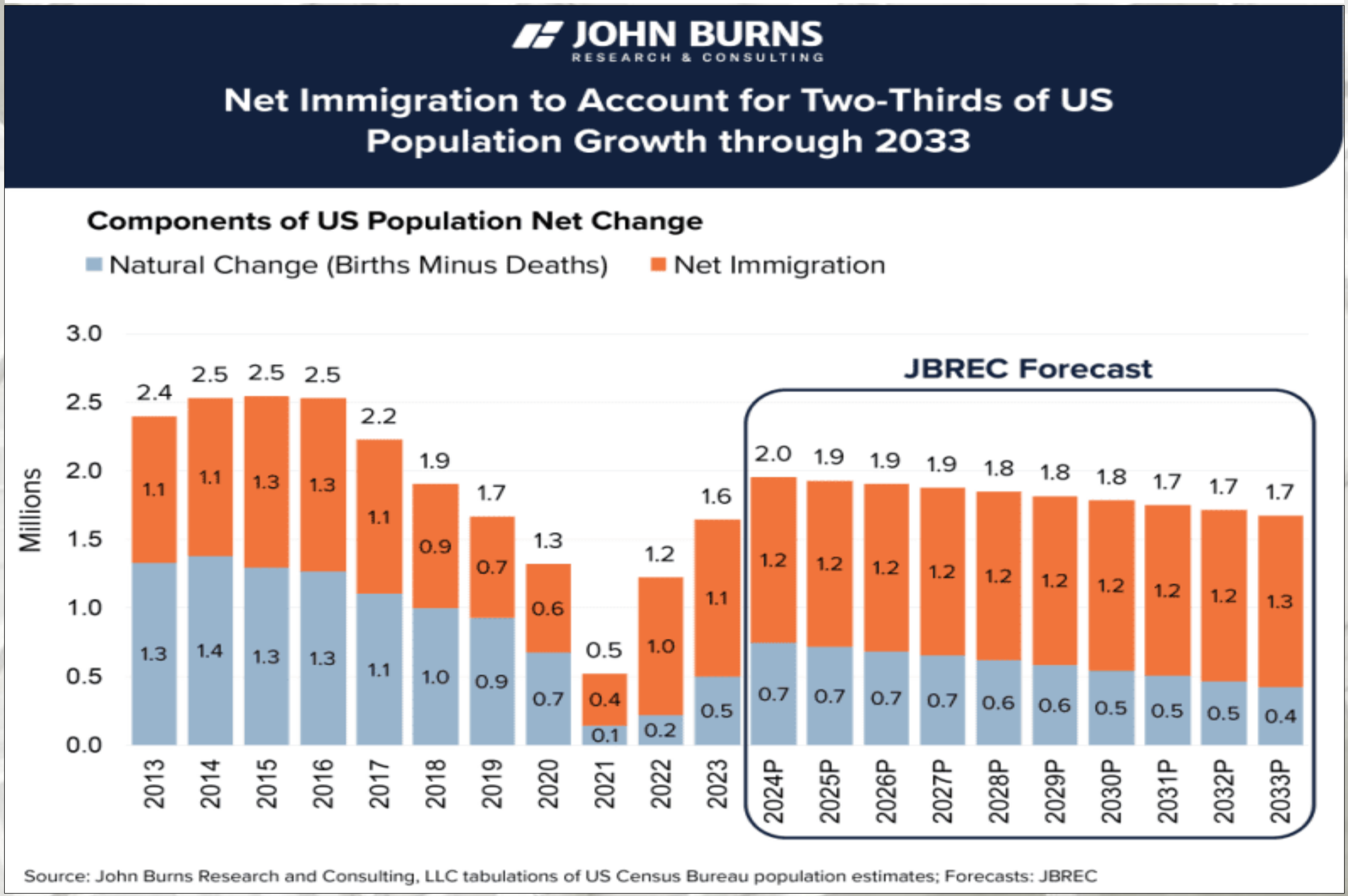
Demographics

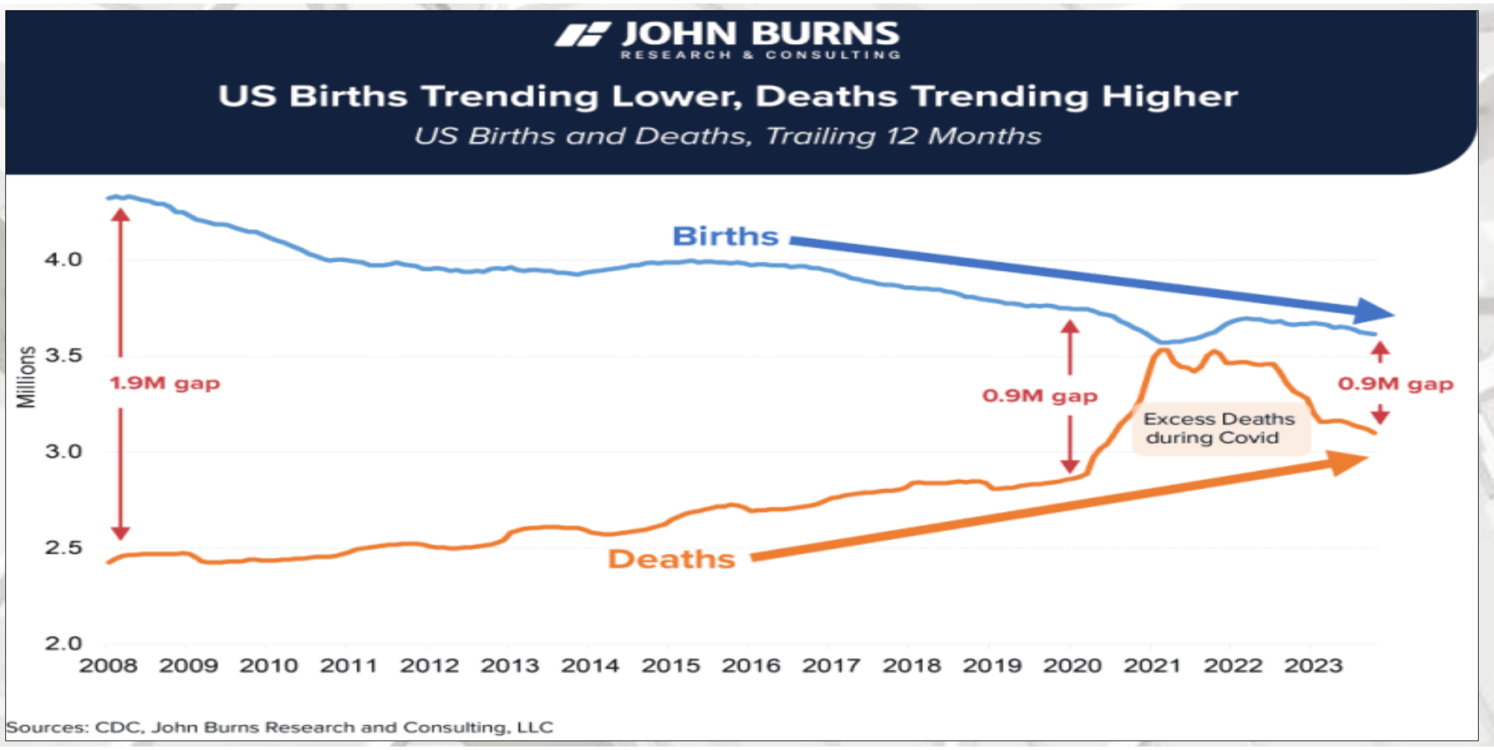
John Burns Research & Consulting LLC

Immigration Stokes US Population Growth



Source: https://jbrec.com/insights/immigration-stokes-population-growth/; 12/22/23

Demographics



Immigration is key to driving population growth when births are falling, and deaths are rising.

"Net immigration will account for 67% of population growth in the next 10 years, a significant jump from 54% since 2013.

A tight job market will attract foreign workers. Low unemployment rates and a slower-growing working-age population will draw more foreign workers into the US.

Lower fertility rates and an aging population will narrow the gap between births and deaths, reducing the contribution of natural population change." – Eric Finnigan, Vice President, Building Products Research & Demographics and Chris Porter, Senior Vice President, Chief Demographer; John Burns Research & Consulting LLC

Source: https://jbrec.com/insights/immigration-stokes-population-growth/; 12/22/23

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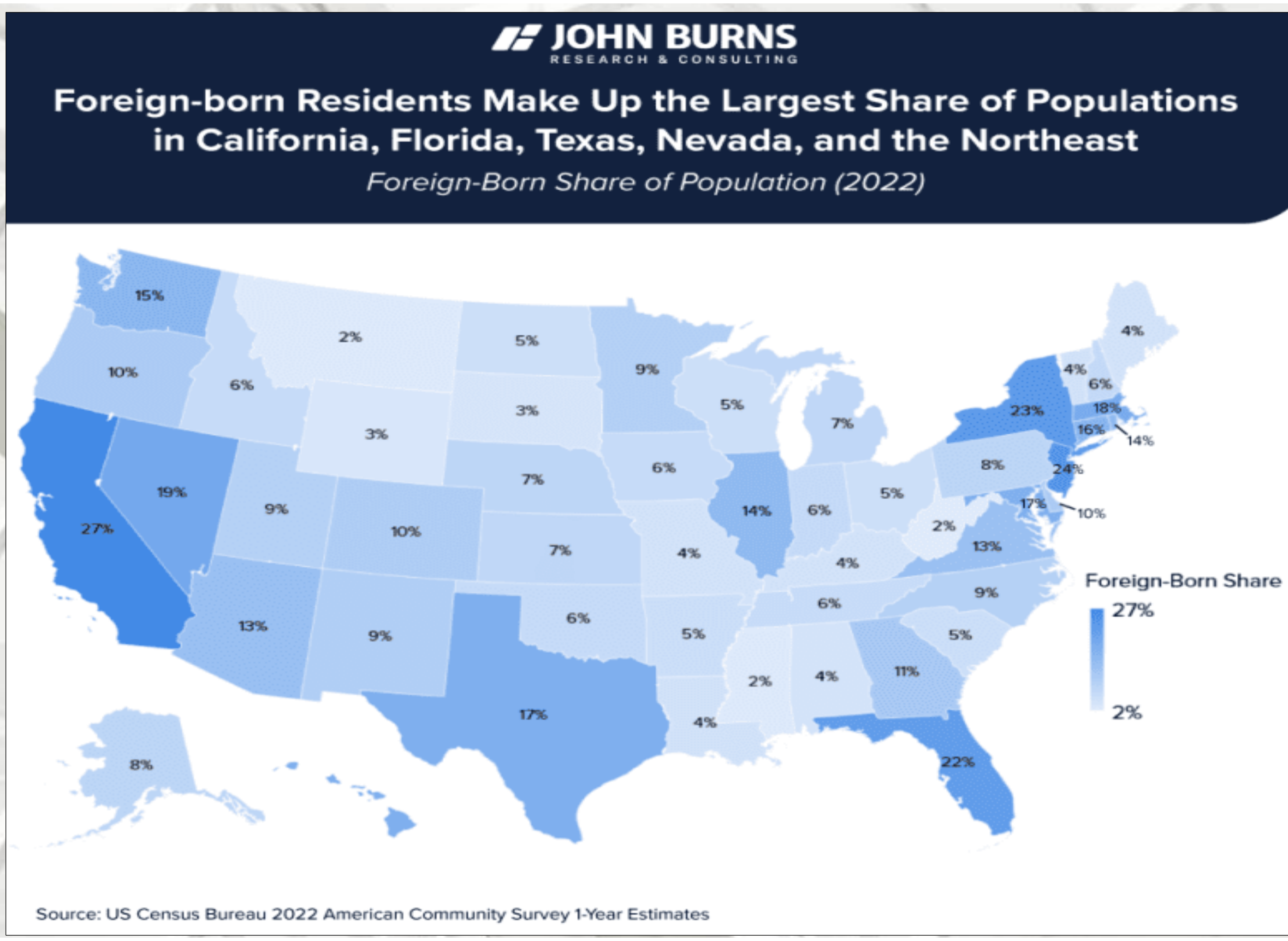

Diverse regional impacts

"More immigration will have unique impacts on housing markets around the US. Areas with high densities of foreign-born populations (California, Florida, Texas, Nevada, and the Northeast) will see the most significant influx. Demographics determine the direction of business and have huge implications for housing. Leaders who understand these demographic shifts are at a distinct advantage." – Eric Finnigan, Vice President, Building Products Research & Demographics and Chris Porter, Senior Vice President, Chief Demographer; John Burns Research & Consulting LLC

Source: https://jbrec.com/insights/immigration-stokes-population-growth/; 12/22/23

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Economics

The Federal Reserve Bank of St. Louis

Share of Americans in Financial Distress Reaches High Levels

"Recent literature found that household financial distress matters when considering the effects of macroeconomic shocks in the economy.[1] While households generally experienced low financial distress during the recovery following the COVID-19 recession, many are currently struggling to repay debts. This blog post examines households' financial distress by comparing the recent incidence in delinquency for credit card debt, auto loans and mortgages with the incidence during earlier periods, including the Great Recession.

We use data from the Federal Reserve Bank of New York/Equifax Consumer Credit Panel to closely track the change in household financial distress during the Great Recession and during the recovery following the COVID-19 recession in 2020. According to our definition, an individual is in financial distress if he or she has an account that is 30 days or more past due, excluding severe derogatory debt (more than 120 days past due).[2] Again, this measures the percentage of individuals experiencing distress, not distressed debt as a percentage of total debt, which still remains relatively low.

How Do Current Levels of Financial Distress Compare with Earlier Periods?

The figure below depicts the percentage of people among all U.S. adults (ages 20-64) who are in financial distress for different types of debt. To analyze the current economic conditions in relation to recent history, we consider credit card debt, auto loans and mortgages in the third quarters of 2008-09, 2015-19, 2021, and 2023. We use the third quarter for each year because the last data available are for the third quarter of 2023 and we want to control for changes that may be due to seasonality." – Juan Sánchez, Economist and Senior Economic Policy Advisor and Masataka Mori, Research Associate; Federal Reserve Bank of St. Louis

Source: https://www.stlouisfed.org/on-the-economy/2023/dec/share-americans-financial-distress-reaches-high-levels; 12/26/23

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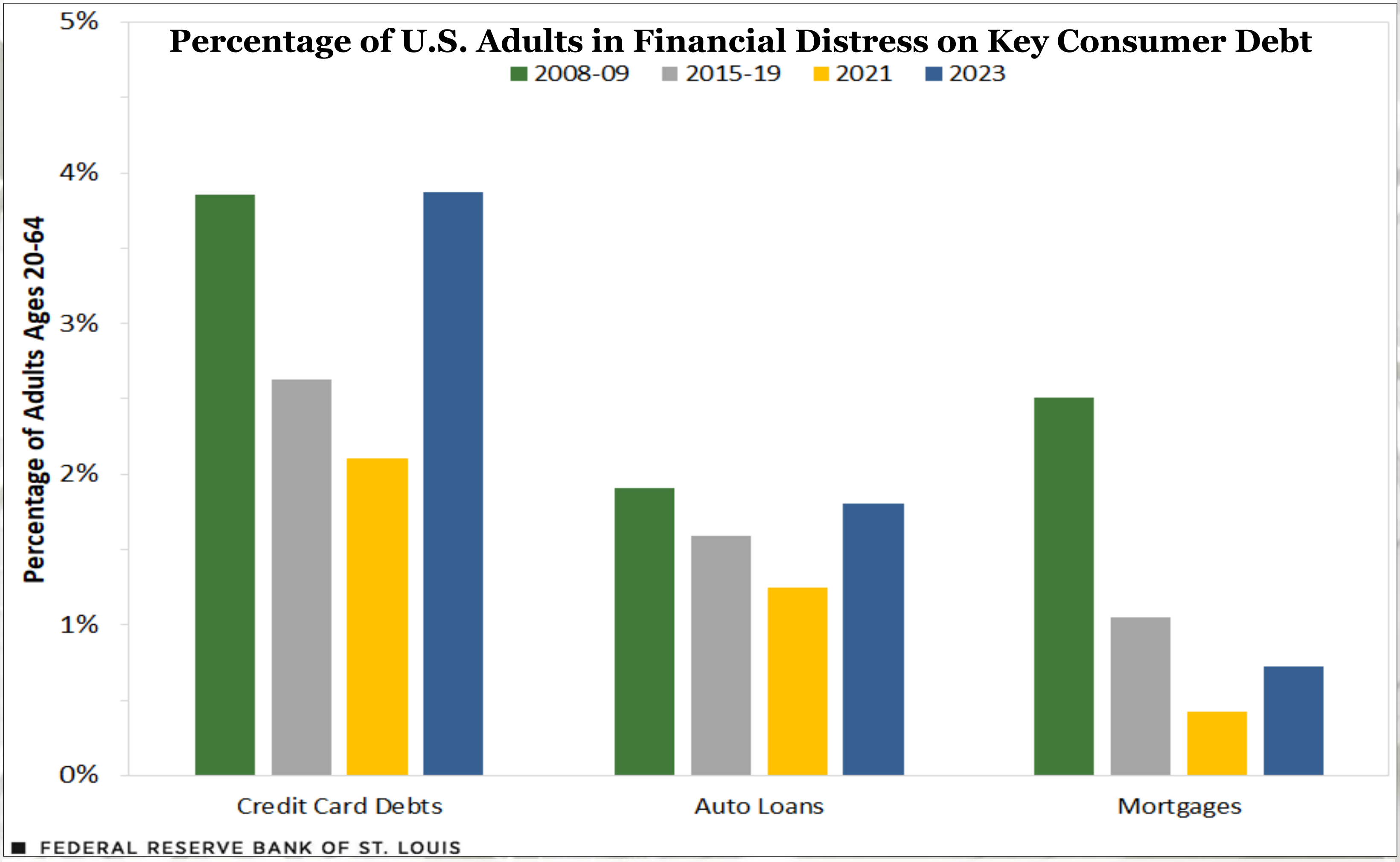

Sources: Federal Reserve Bank of New York/Equifax Consumer Credit Panel and authors' calculations.
Notes: The quarterly data are for individuals who are 20 to 64 years of age. The data are derived from a nationally representative, 5% random, anonymous sample of all individuals with a Social Security number and a credit report. An individual is in financial distress if she or he has an account with debt that is 30 days or more past due, excluding severe derogatory (charged-off) debt. Observations correspond to the third quarter of each year; for 2008-09 and 2015-19, the third quarters are averaged.

Source: https://www.stlouisfed.org/on-the-economy/2023/dec/share-americans-financial-distress-reaches-high-levels; 12/26/23

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"The green bars, which mostly capture the incidence of financial distress during the Great Recession, are the average of the third quarter of 2008 and the third quarter of 2009. The pre-pandemic incidence of financial distress, represented by the gray bars, is the average of the third quarters from 2015 to 2019. The yellow bars display the incidence of financial distress during the third quarter of 2021, which was before the Federal Reserve started tightening monetary policy. Finally, the blue bars represent the latest available observation, the third quarter of 2023.

Compared to the pre-pandemic level (2015-19), financial distress decreased for all types of debts in the third quarter of 2021 (yellow bars are lower than gray bars). Thus, restricted spending during lockdowns, government transfers, and forbearance programs allowed many households to escape financial distress.

However, financial distress for all types of debt increased since the midst of the pandemic (blue bars are higher than yellow bars). In particular, the delinquency rate for credit card debts, auto loans, and mortgages increased from the third quarter of 2021 to the same quarter of 2023 by 1.77 percentage points, 0.56 percentage points, and 0.30 percentage points, respectively. How significant is this increase? It depends on the type of debt." – Juan Sánchez, Economist and Senior Economic Policy Advisor and Masataka Mori, Research Associate; Federal Reserve Bank of St. Louis

Source: https://www.stlouisfed.org/on-the-economy/2023/dec/share-americans-financial-distress-reaches-high-levels; 12/26/23

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Comparing Distress Changes by Type of Debt

"For credit card debts, financial distress in the third quarter of 2023 is also higher than the pre-pandemic level (gray bars) and has surged to the same level as the Great Recession (green bars). The incidence of credit card debts in the third quarter of 2023 is 3.87%, and the rates during pre-pandemic period and the Great Recession were 2.62% and 3.85%, respectively. The incidence of financial distress for auto loans (1.80%) has also exceeded the pre-pandemic level (1.59%) and is nearing the level during the Great Recession (1.91%).

Finally, the incidence of financial distress for mortgage debt in the third quarter of 2023 (0.72%) is smaller than the pre-pandemic level (1.05%) and well below the incidence of financial distress during the Great Recession (2.51%). The difference in the behavior of mortgage debt is probably due to the large difference in the behavior of house prices. While house prices declined during the Great Recession, they have increased since the onset of the pandemic.

Overall, this post shows that the incidence of household financial distress has increased for the most common types of debts. For credit card debt and auto loans, the incidence has reached high levels, equal or close to those during the Great Recession." – Juan Sánchez, Economist and Senior Economic Policy Advisor and Masataka Mori, Research Associate; Federal Reserve Bank of St. Louis

Notes

1. See Kartik B. Athreya, Ryan Mather, Jose Mustre-del-Rio and Juan M. Sánchez's 2019 working paper "The Effects of Macroeconomic Shocks: Household Financial Distress Matters," (revised September 2023).
2. Severe derogatory debt includes debt that has been charged off by the lender.

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U.S. Census Bureau

NEW Business Formation Statistics

December 2023

Business Applications

"Business Applications for December 2023, adjusted for seasonal variation, were 457,316, a decrease of 1.3 percent compared to November 2023.

Business Formations

Projected Business Formations (within 4-quarters) for December 2023, adjusted for seasonal variation, were 30,449, an increase of 2.6 percent compared to November 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 30,449 new business startups with payroll tax liabilities will form within 4-quarters of application from all the business applications filed during December 2023. The 2.6 percent increase indicates that for December 2023 there will be 2.6 percent more businesses projected to form within 4-quarters of application, compared to the analogous projections for November 2023." – U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 1/11/24

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U.S. Census Bureau

NEW Business Formation Statistics

December 2023

BUSINESS APPLICATIONS

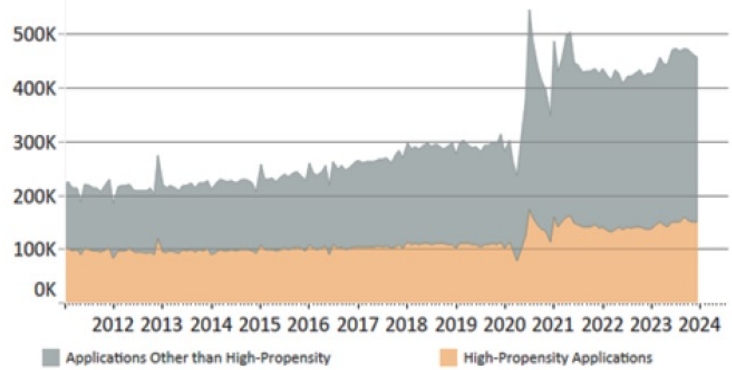
U.S. Business Applications:	DEC 2023	DEC 2023 / NOV 2023
Total	457,316	-1.3%°
High-Propensity	149,973	Z°
With Planned Wages	49,422	-7.0%°
From Corporations	49,775	2.1%°

Next release: February 14, 2024

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, January 11, 2024



Source: U.S. Census Bureau, Business Formation Statistics, January 11, 2024

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	DEC 2023	457,316	65,914	74,551	199,190	117,661
	DEC 2023 / NOV 2023	-1.3%	-4.0%	-4.7%	-4.6%	+9.2%
High-Propensity	DEC 2023	149,973	24,049	23,107	60,490	42,327
	DEC 2023 / NOV 2023	Z	-1.3%	-3.2%	-7.8%	+16.9%
With Planned Wages	DEC 2023	49,422	6,879	8,420	20,692	13,431
	DEC 2023 / NOV 2023	-7.0%	-3.8%	-5.9%	-16.1%	+8.3%
From Corporations	DEC 2023	49,775	11,207	6,195	17,057	15,316
	DEC 2023 / NOV 2023	+2.1%	+1.3%	+4.8%	+3.8%	-0.3%

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; 1/11/24

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U.S. Census Bureau

December 2023

BUSINESS FORMATIONS

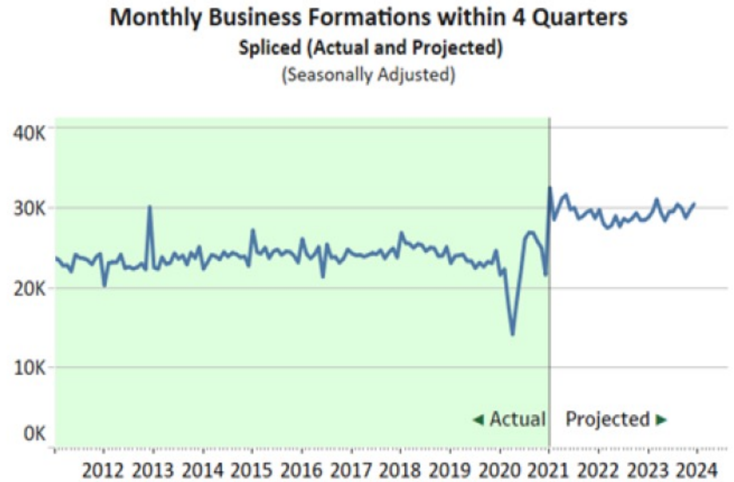
U.S. Total Projected Business Formations:	DEC 2023	DEC 2023 / NOV 2023
Within 4 Quarters	30,449	2.6%°
Within 8 Quarters	40,975	2.4%°

Next release: February 14, 2024

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

Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, January 11, 2024



Source: U.S. Census Bureau, Business Formation Statistics, January 11, 2024

Projected Business Formations - At a Glance

		US	Northeast	Midwest	South	West
Within 4 Quarters	DEC 2023	30,449	4,830	4,774	11,627	9,218
	DEC 2023 / NOV 2023	+2.6%	+0.8%	-0.5%	Z	+8.8%
Within 8 Quarters	DEC 2023	40,975	6,570	6,410	15,919	12,076
	DEC 2023 / NOV 2023	+2.4%	+1.5%	-0.5%	+0.4%	+7.4%

Details may not equal totals due to rounding. Regions defined by Census Bureau Geography Program. Statistical significance is not applicable or not measurable.

Data adjusted for seasonality. Green Percentage changes are greater than zero (+). Red Percentage changes are less than zero (-). Z = absolute value < 0.05.

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 1/12/24

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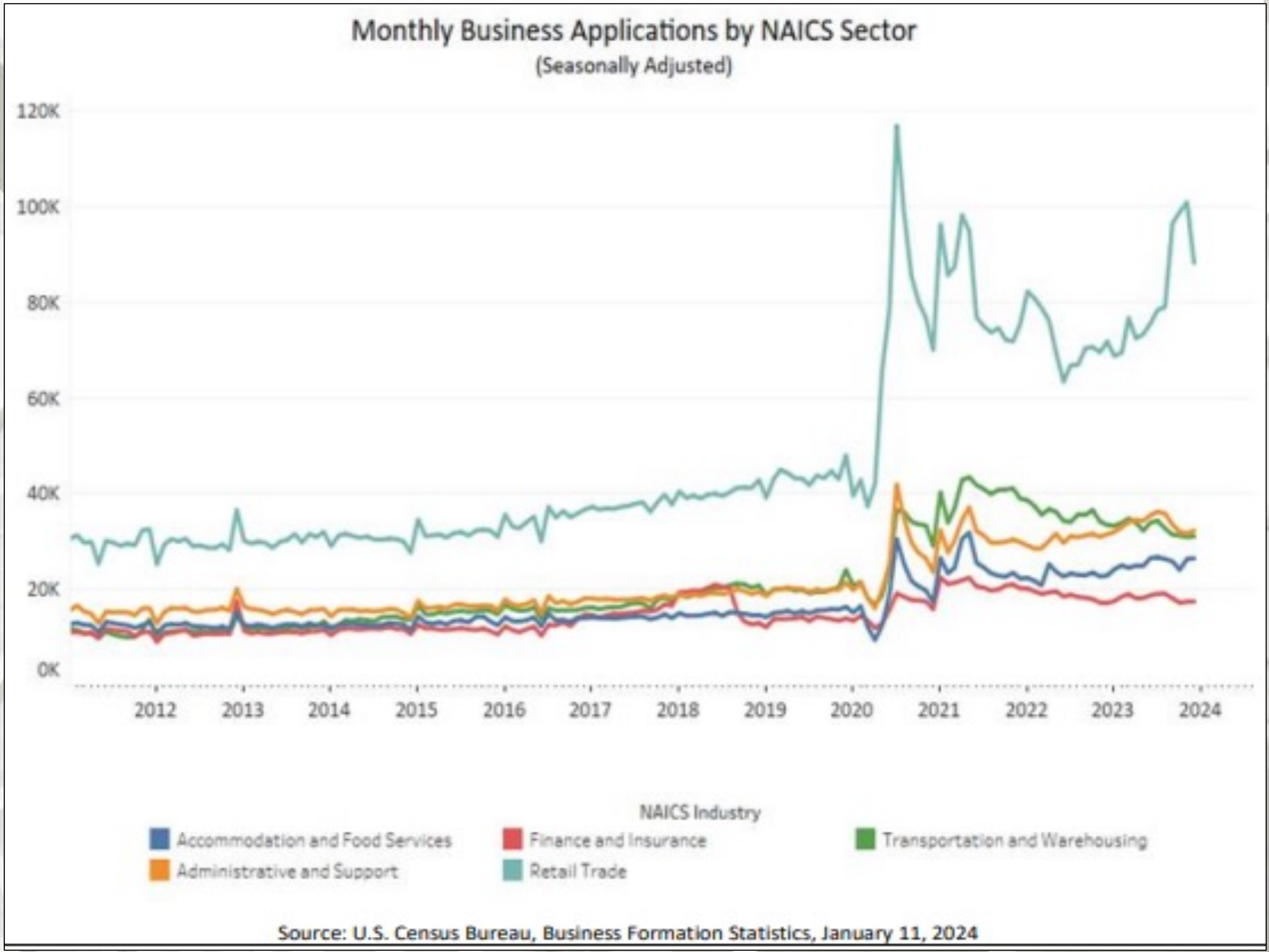
NEW Business Formation Statistics

December 2023



Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 1/12/24

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