# The Virginia Tech – U.S. Forest Service April 2019 Housing Commentary: Section II

VIRGINIA TECH

Virginia Cooperative Extension
Virginia Tech • Virginia State University

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2018 Virginia Polytechnic Institute and State University VCE-CNRE 59NP

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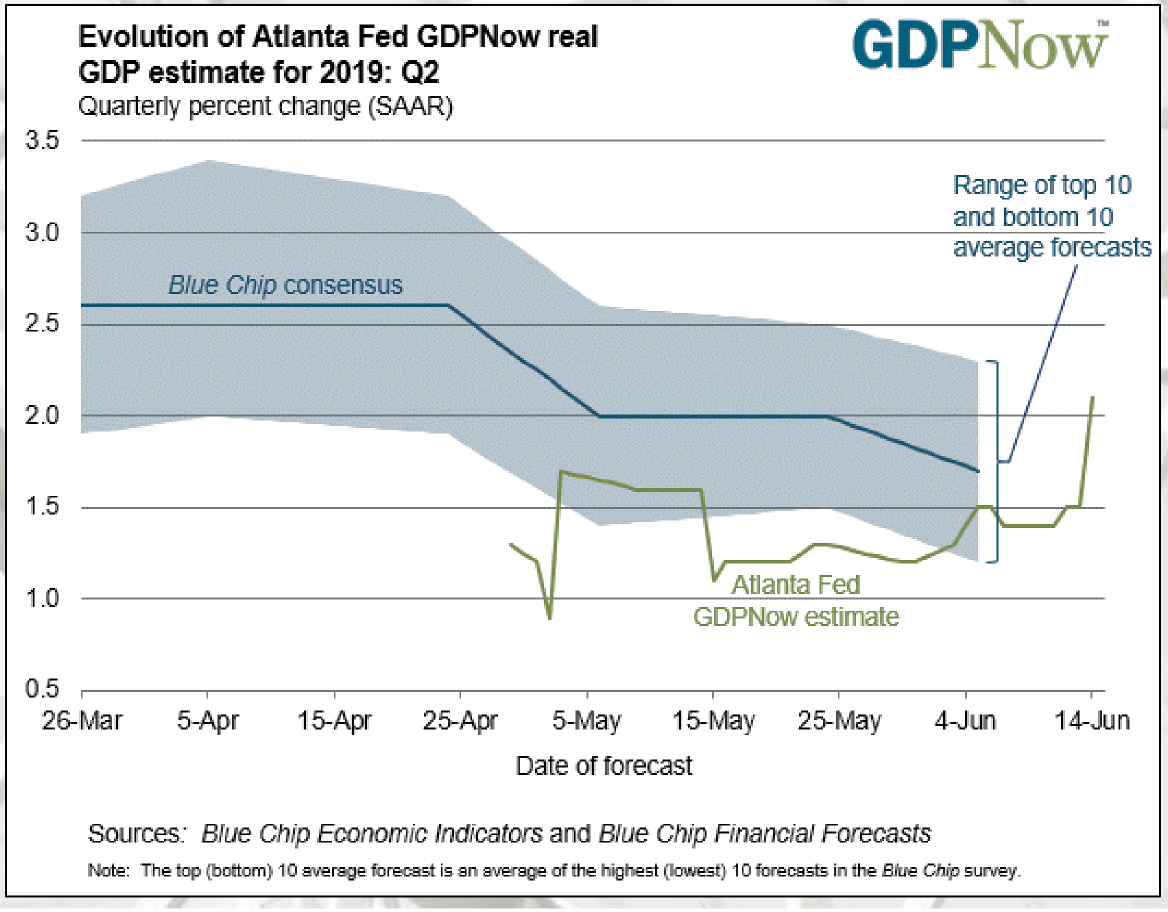
# U.S. Economic Indicators




## Atlanta Fed GDPNow™

### Latest forecast: 2.1 percent — June 14, 2019

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2019 is **2.1 percent** on June 14, up from 1.4 percent on June 7. After this morning's retail sales release from the U.S. Census Bureau, and this morning's industrial production report from the Federal Reserve Board of Governors, the nowcast of second-quarter real personal consumption expenditures growth increased from 3.2 percent to 3.9 percent." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 6/14/19

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# The Federal Reserve Bank of Chicago: Midwest Economy Index

## Index Points to Slower Midwest Economic Growth in April

"The Midwest Economy Index (MEI) decreased to –0.04 in April from +0.21 in March. Contributions to the April MEI from three of the four broad sectors of nonfarm business activity and all five Seventh Federal Reserve District states decreased from March. The relative MEI fell to +0.18 in April from +0.64 in March. Contributions to the April relative MEI from three of the four sectors and all five states decreased from March.

The manufacturing sector's contribution to the MEI moved down to +0.05 in April from +0.14 in March. The pace of manufacturing activity decreased in Illinois, Iowa, Michigan, and Wisconsin, but was unchanged in Indiana. Manufacturing's contribution to the relative MEI decreased to +0.17 in April from +0.28 in March.

The construction and mining sector contributed –0.06 to the MEI in April, down from –0.02 in March. The pace of construction and mining activity was slower in Indiana, Michigan, and Wisconsin, but faster in Iowa and unchanged in Illinois. The contribution from construction and mining to the relative MEI moved down to –0.01 in April from +0.07 in March.

The service sector contributed –0.04 to the MEI in April, down from +0.09 in March. The pace of service sector activity was down in Illinois, Indiana, Iowa, and Wisconsin, but unchanged in Michigan. The service sector's contribution to the relative MEI fell to –0.03 in April from +0.24 in March." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/~/media/publications/mei/2019/mei-April2019-pdf.pdf; 5/31/19

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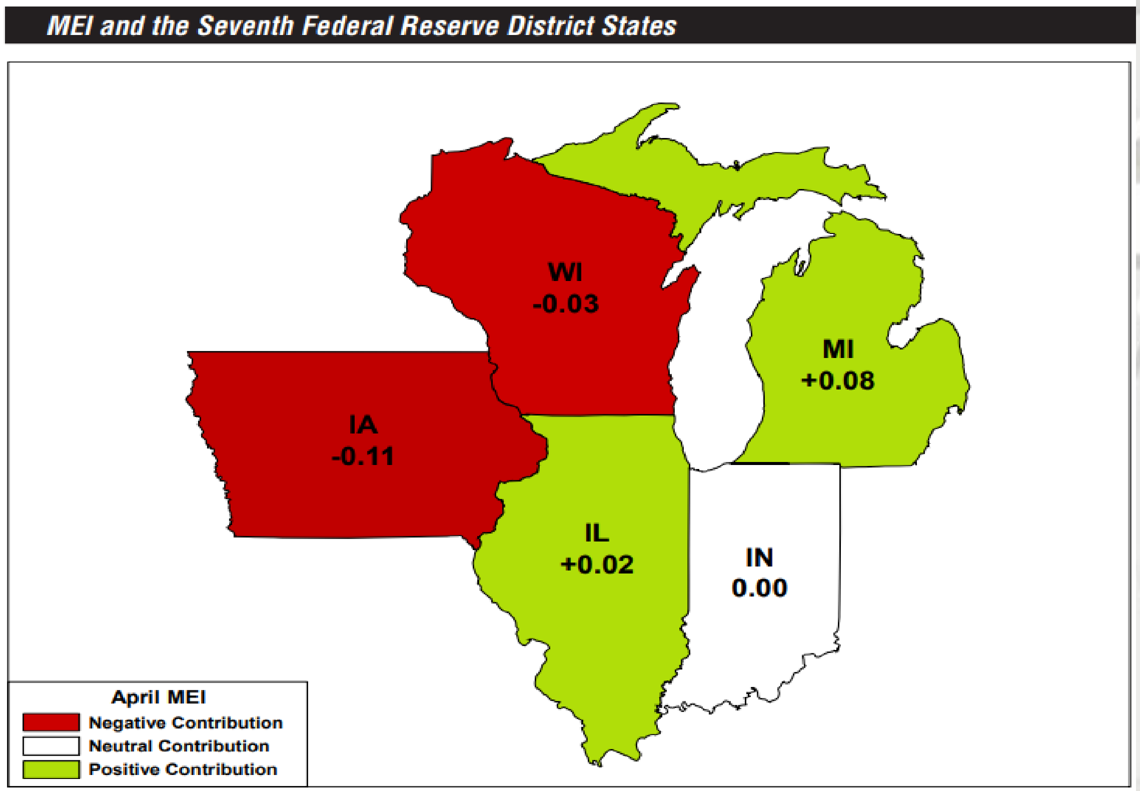
# The Federal Reserve Bank of Chicago: Midwest Economy Index




Note: The map's shading summarizes the most recent contribution to growth in Midwest economic activity from each of the five states in the Seventh Federal Reserve District (Illinois, Indiana, Iowa, Michigan, and Wisconsin).

## Index points to slower Midwest economic growth in April

"Consumer spending indicators contributed +0.01 to the MEI in April, up slightly from a neutral reading in March. Consumer spending indicators were, on balance, up in Iowa and Wisconsin, but down in Illinois and steady in Indiana and Michigan. Consumer spending's contribution to the relative MEI was unchanged at +0.04 in April." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/~/media/publications/mei/2019/mei-April2019-pdf.pdf; 5/31/19

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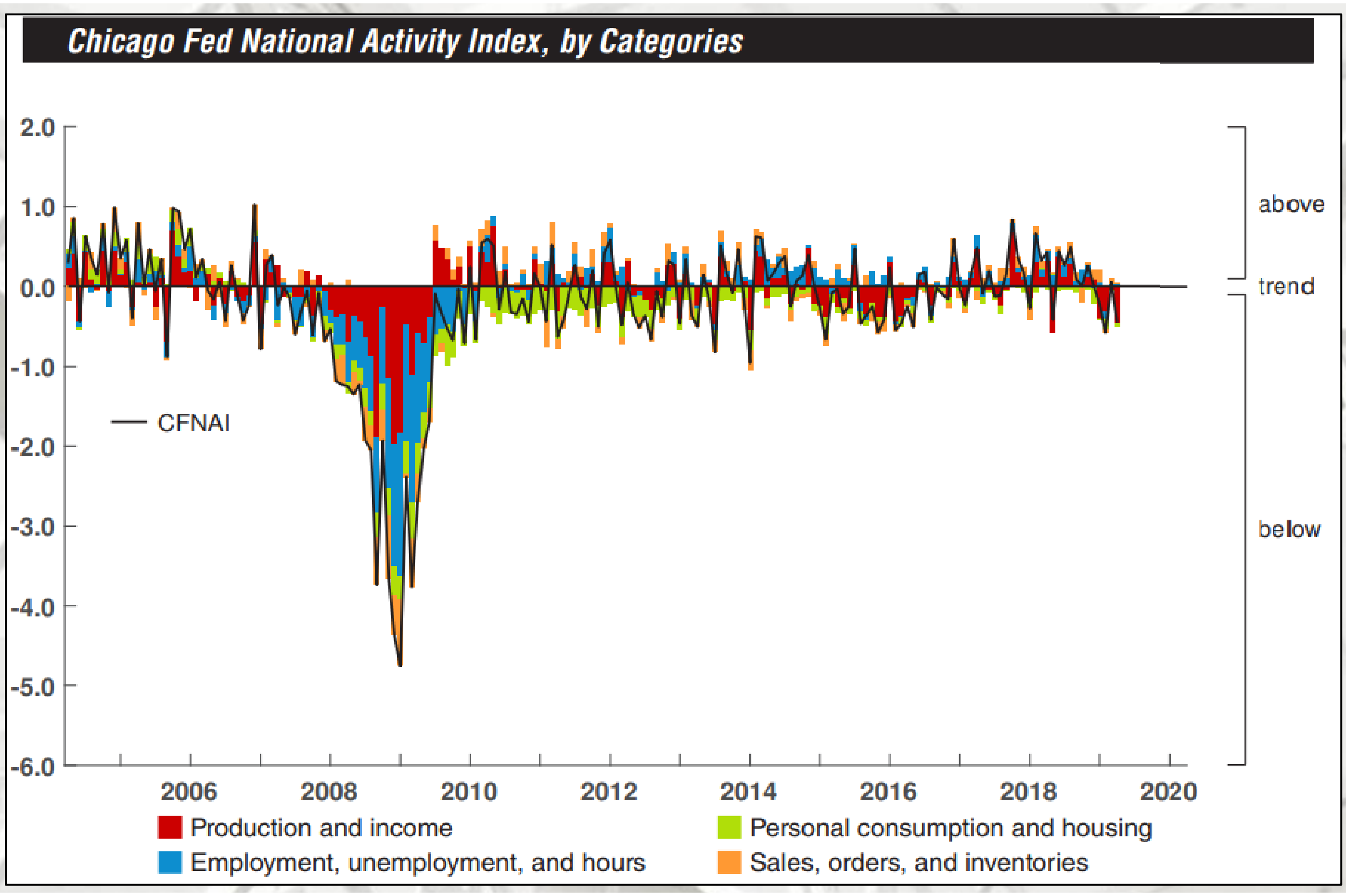
# The Federal Reserve Bank of Chicago: National Activity Index




## Index Points to slower economic growth in April

"Led by declines in production-related indicators, the Chicago Fed National Activity Index (CFNAI) fell to –0.45 in April from +0.05 in March. Three of the four broad categories of indicators that make up the index decreased from March, and two of the four categories made negative contributions to the index in April. The index's three-month moving average, CFNAI-MA3, moved down to –0.32 in April from –0.24 in March." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 5/20/19

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# The Federal Reserve Bank of Chicago: National Activity Index

## Index Points to slower economic growth in April

“The CFNAI Diffusion Index, which is also a three-month moving average, decreased to –0.22 in April from –0.16 in March. Thirty-three of the 85 individual indicators made positive contributions to the CFNAI in April, while 52 made negative contributions. Thirty-seven indicators improved from March to April, while 48 indicators deteriorated. Of the indicators that improved, 14 made negative contributions.

The contribution from production-related indicators to the CFNAI declined to –0.44 in April from –0.04 in March. Industrial production decreased 0.5 percent in April after increasing 0.2 percent in March. The sales, orders, and inventories category made a contribution of +0.01 to the CFNAI in April, down from +0.06 in March.

Employment-related indicators contributed +0.04 to the CFNAI in April, up slightly from +0.03 in March. The civilian unemployment rate fell to 3.6 percent in April from 3.8 percent in March. The contribution of the personal consumption and housing category to the CFNAI moved down to –0.05 in April from a neutral value in March. On balance, consumption indicators weakened, pushing down the category’s overall contribution in April.” – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 5/20/19

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# The Federal Reserve Bank of Dallas

## Texas Manufacturing Expansion Continues but Pace Slows

"Texas factory activity continued to expand in May, albeit at a slower pace, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell six points to 6.3, indicating output growth decelerated from April.

Most other measures of manufacturing activity also suggested slower expansion in May. The survey's demand indicators fell but remained positive: The new orders index slipped seven points to 2.4, and the growth rate of orders index moved down from 5.2 to 1.1. The capacity utilization index fell to 7.7 from a seven-month high of 15.6 in April. Meanwhile, the shipments index edged up to 7.6.

Perceptions of broader business conditions exhibited some weakness in May. The general business activity index turned negative and reached a year-to-date low of -5.3. The company outlook index dipped into negative territory for the first time this year, coming in at -1.7. The index measuring uncertainty regarding companies' outlooks jumped nine points to 16.1, its highest reading since last September. More than a quarter of firms said uncertainty increased this month.

Slight upward pressure on input costs continued in May, while pressure on selling prices abated. The raw materials prices index held steady at 7.4, a three-year low. Meanwhile, the finished goods prices index retreated from 6.0 to 0.7, with the near-zero May reading suggesting virtually no growth in selling prices. The wages and benefits index remained elevated and largely unchanged at 27.6.

Labor market measures suggested stronger employment growth and longer workweeks in May. The employment index rebounded from its April dip, rising seven points to 11.6. Twenty-one percent of firms noted net hiring, while 9 percent noted net layoffs. The hours worked index remained positive but inched down to 6.4." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tmos/2019/1905.aspx; 5/28/19

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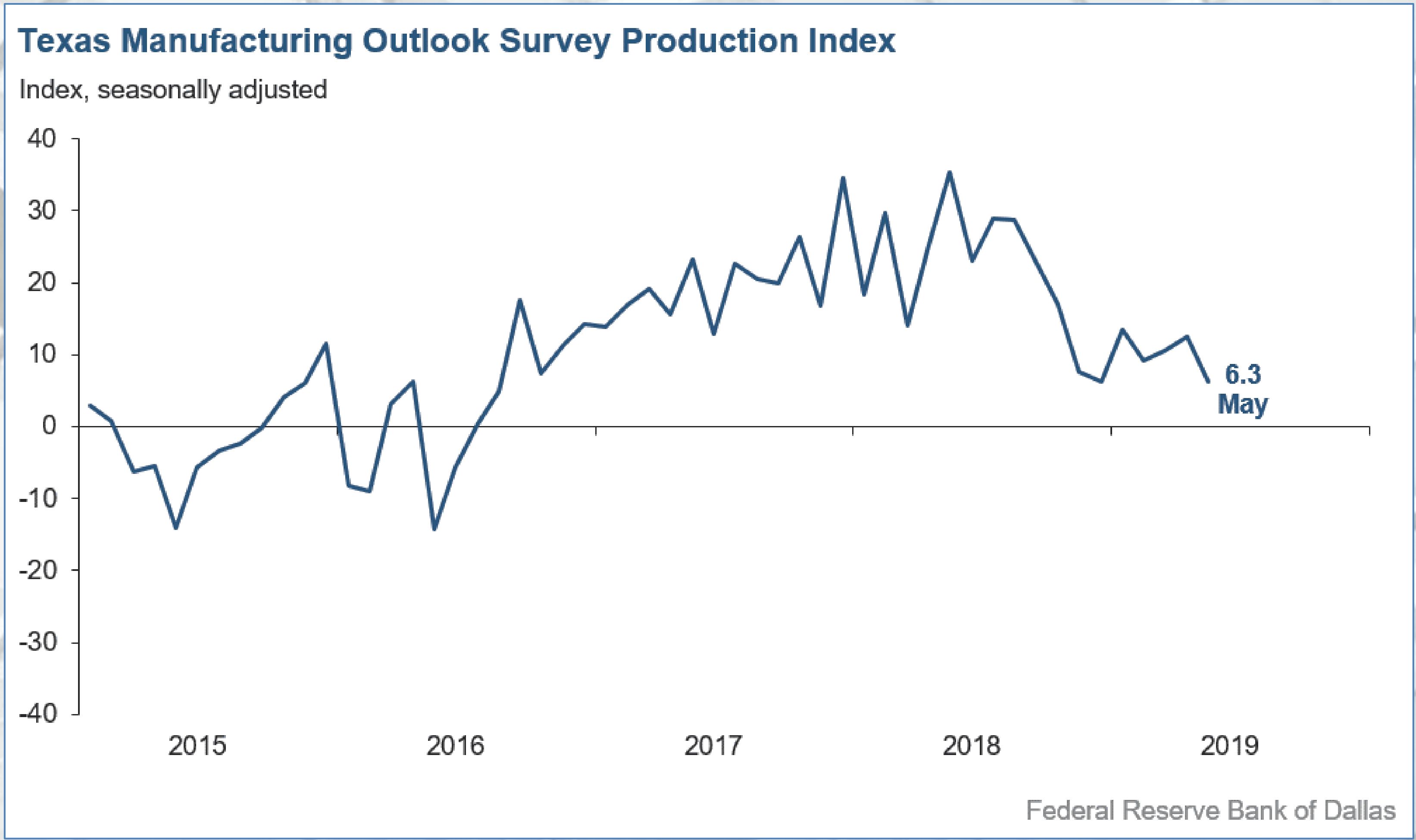
# The Federal Reserve Bank of Dallas




## Texas Manufacturing Expansion Continues to Grow but Pace Slows

"Expectations regarding future business conditions remained positive in May, although the indexes moved down from April readings. The index of future general business activity fell nine points to 9.1. Similarly, the index of future company outlook fell nine points to 11.5. Most other indexes of future manufacturing activity declined this month but stayed in positive territory." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tmos/2019/1905.aspx; 5/28/19

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# The Federal Reserve Bank of Dallas

## Texas Service Sector Activity Growth Weakens

"Texas service sector activity growth slowed in May, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, dropped from 13.9 in April to 2.7 in May.

Labor market indicators reflected slower employment growth and slightly longer workweeks this month. The employment index declined nearly five points but held positive at 6.8, while the hours worked index was roughly unchanged at 1.8 in May.

Perceptions of broader business conditions turned negative, while uncertainty measures increased sharply in May. The general business activity index fell six points to -0.3, while the company outlook index fell into negative territory at -2.3. The outlook uncertainty index surged from 12.8 to 19.3 in May, its highest reading since the series began in January 2018.

Price and wage pressures eased moderately this month. The wages and benefits index dropped slightly to 19.0 in May, while the selling prices index fell to 4.6, its lowest reading in more than two years. The input prices index slipped two points to 23.7.

Respondents' expectations regarding future business conditions, though still positive on net, were much less so than in April. The future general business activity index fell from 12.3 to 0.7 in May, while the future company outlook index dropped over 15 points to 4.1. Other indexes of future service sector activity, such as revenue and employment, also declined but remain positive, reflecting expectations of continued growth over the next six months." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tssos/2019/1905.aspx; 5/29/19

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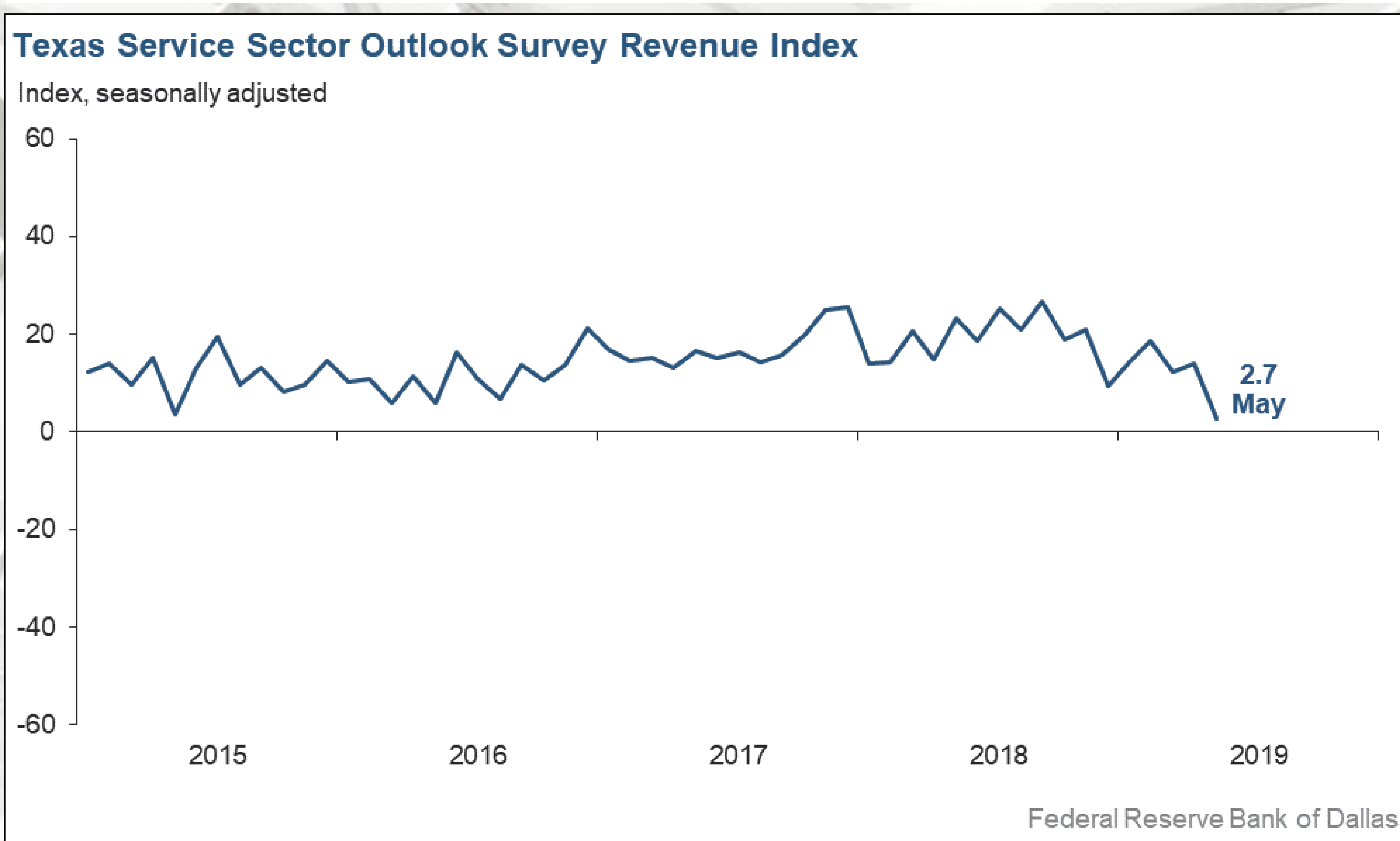
# The Federal Reserve Bank of Dallas




Source: https://www.dallasfed.org/research/surveys/tssos/2019/1905.aspx; 5/29/19

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# The Federal Reserve Bank of Dallas

## Retail Sales Fall

"Retail sales fell in May, according to business executives responding to the Texas Retail Outlook Survey. The sales index plummeted from 13.2 in April to -9.2 in May, its lowest value since 2015. Inventories continued to fall, as the inventories index dipped from -5.5 to -6.6.

Retail labor market indicators were negative, suggesting a slight drop in employment and a shorter workweek. The employment index fell over 12 points to -3.8, while the hours worked index declined from -2.2 to -7.8, its lowest reading since late 2016. Retail price and wage pressures eased in May. The selling prices index dropped from 10.9 to 1.4, while the input prices index slipped about four points to 7.3. The wages and benefits index softened slightly from 18.3 in April to 16.6 in May, although over a quarter of respondents still reported increasing labor costs.

Retailers' perceptions of broader business conditions were increasingly pessimistic and uncertain in May. The general business activity index fell from -10.7 to -15.5, while the company outlook index plummeted over 15 points to -20.4, a near-decade low. The outlook uncertainty index surged to a record high of 34.6.

Retailers' perception of future business conditions worsened this month. The future general business activity index plunged from 2.5 in April to -15.6 in May, while the future company outlook index fell over 17 points to -8.4. Other indexes of future retail sector activity, such as sales and employment, also turned negative, suggesting expectations of weaker conditions over the next six months." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tssos/2019/1905.aspx; 5/29/19

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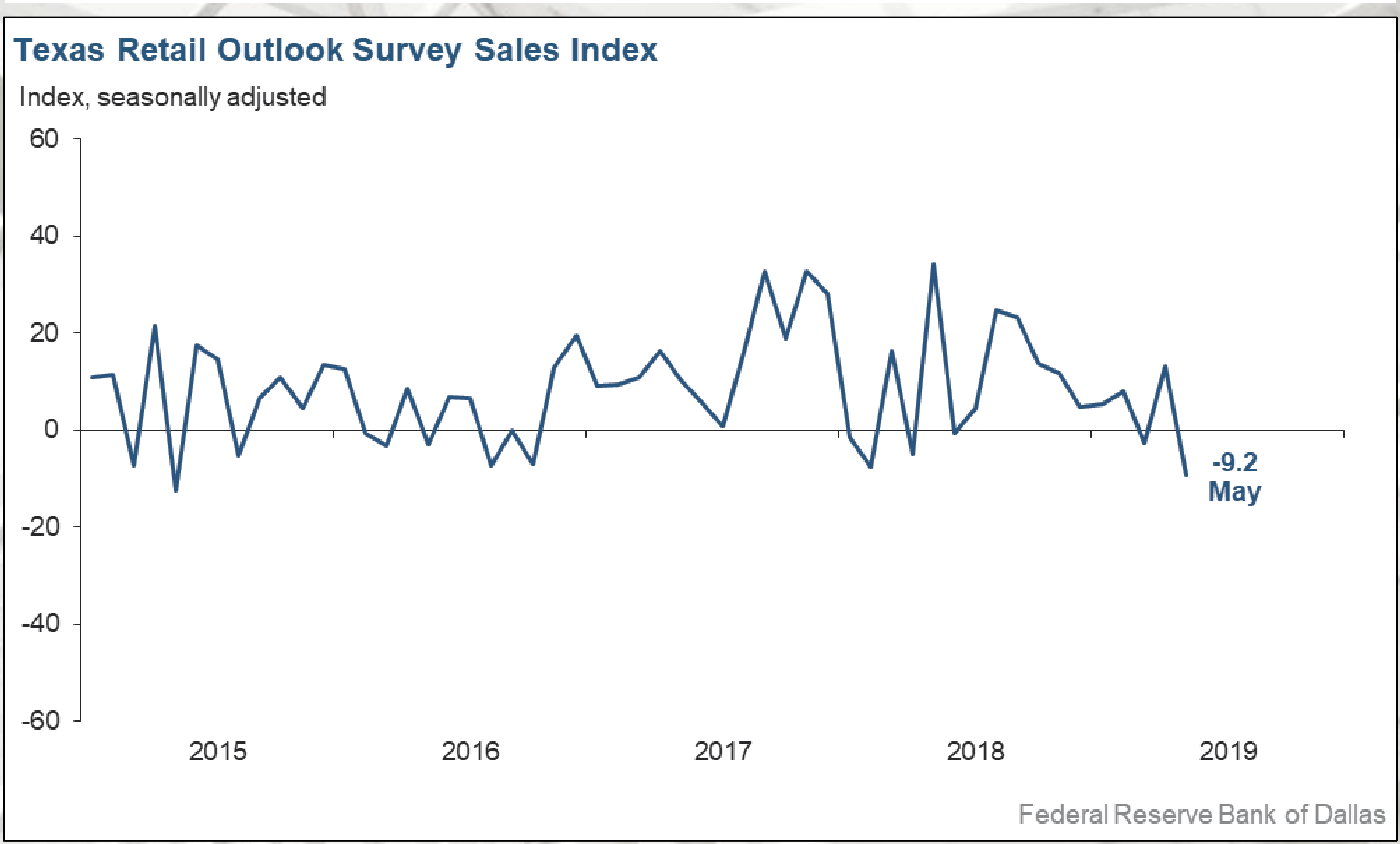
# The Federal Reserve Bank of Dallas




Source: https://www.dallasfed.org/research/surveys/tssos/2019/1905.aspx; 5/29/19

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# U.S. Economic Indicators

## The Federal Reserve Bank of Kansas City

### Tenth District manufacturing activity continued at a modest pace

*Tenth District manufacturing activity continued to grow at a modest pace in May, and expectations for future activity remained mostly solid. Price indexes showed little change, with most indexes lower than a year ago and some slight upward movement in future raw materials prices.*

"Tenth District manufacturing activity continued to grow at a modest pace in May, and expectations for future activity remained mostly solid (Chart 1). Price indexes showed little change, with most indexes lower than a year ago and some slight upward movement in future raw materials prices.

The month-over-month composite index was 4 in May, similar to a reading of 5 in April but down from 10 in March (Table 1). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Growth continued to grow modestly at most durable and nondurable production plants, with stronger growth for food, plastics, and metals products. Most month-over-month indexes slowed slightly in May but remained positive, with production, shipments, and new orders indexes all decreasing. In contrast, the employment index rebounded from 2 to 5, and both inventory indexes also increased. Most year-over-year factory indexes showed little change, with the composite index inching higher from 22 to 23. The future composite index also edged up, moving from 11 to 12, and most future factory activity indexes remained stable or moved slightly higher." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org/en/research/indicatorsdata/mfg/articles/2019/mfg-activity-continued-modest-pace-05; 5/23/19

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# The Federal Reserve Bank of Kansas City

**Chart 1. Manufacturing Composite Index vs. a Month Ago**

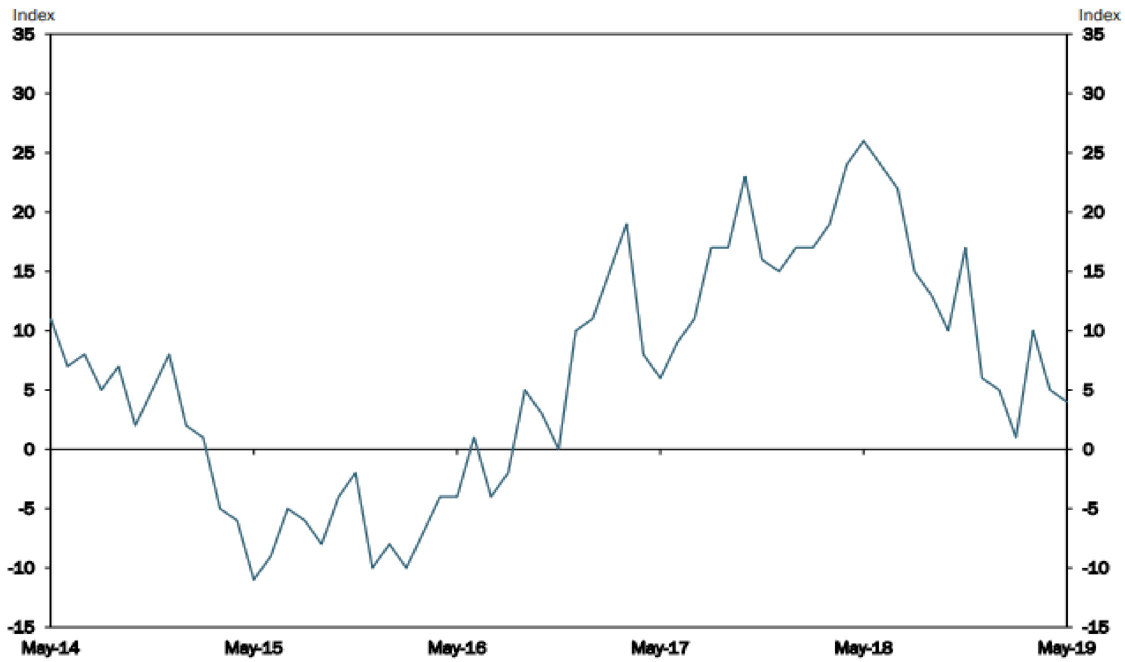


**Table 1. Summary of Tenth District Manufacturing Conditions, May 2019**

| | May vs. April (percent)* | | | | | May vs. Year Ago (percent)* | | | | Expected in Six Months (percent)* | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Plant Level Indicators | Increase | No Change | Decrease | Diff Index^ | SA Index*^ | Increase | No Change | Decrease | Diff Index^ | Increase | No Change | Decrease | Diff Index^ | SA Index*^ |
| Composite Index | | | | 6 | 4 | | | | 23 | | | | 10 | 12 |
| Production | 33 | 41 | 26 | 7 | 2 | 49 | 30 | 21 | 28 | 39 | 39 | 22 | 18 | 20 |
| Volume of shipments | 33 | 37 | 30 | 4 | -2 | 46 | 29 | 25 | 21 | 40 | 38 | 23 | 18 | 23 |
| Volume of new orders | 35 | 38 | 27 | 7 | 4 | 44 | 28 | 28 | 16 | 37 | 33 | 29 | 8 | 12 |
| Backlog of orders | 27 | 47 | 27 | 0 | -5 | 37 | 42 | 21 | 17 | 23 | 45 | 32 | -9 | -3 |
| Number of employees | 21 | 62 | 17 | 4 | 5 | 45 | 36 | 19 | 26 | 33 | 53 | 15 | 18 | 23 |
| Average employee workweek | 20 | 64 | 16 | 4 | 2 | 21 | 56 | 23 | -1 | 18 | 62 | 19 | -1 | 1 |
| Prices received for finished product | 23 | 70 | 8 | 15 | 15 | 62 | 29 | 9 | 53 | 41 | 51 | 8 | 33 | 36 |
| Prices paid for raw materials | 33 | 50 | 18 | 15 | 13 | 72 | 17 | 12 | 60 | 58 | 31 | 10 | 48 | 52 |
| Capital expenditures | | | | | | 43 | 38 | 19 | 24 | 35 | 53 | 11 | 24 | 27 |
| New orders for exports | 12 | 82 | 6 | 5 | 6 | 20 | 71 | 9 | 11 | 14 | 77 | 9 | 4 | 4 |
| Supplier delivery time | 19 | 73 | 8 | 12 | 9 | 30 | 61 | 9 | 21 | 22 | 67 | 11 | 10 | 8 |
| Inventories: Materials | 28 | 46 | 26 | 1 | 0 | 46 | 34 | 20 | 25 | 25 | 47 | 28 | -3 | -2 |
| Inventories: Finished goods | 31 | 46 | 23 | 8 | 8 | 45 | 36 | 20 | 25 | 30 | 38 | 32 | -1 | -1 |

*Percentage may not add to 100 due to rounding.
^Diffusion Index. The diffusion index is calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.
*^Seasonally Adjusted Diffusion Index. The month vs. month and expected-in-six-months diffusion indexes are seasonally adjusted using Census X-12.

Source: https://www.kansascityfed.org/en/research/indicatorsdata/mfg/articles/2019/mfg-activity-continued-modest-pace-05; 5/23/19

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# U.S. Economic Indicators

## The Federal Reserve Bank of Kansas City

### Tenth District services activity continued to increase moderately

*Tenth District services activity continued to increase moderately in May, and expectations for future growth rose somewhat. Price indexes were little changed, although business contacts expected some slight moderation in price increases for future months.*

### Business Increased Moderately in May

"Tenth District services activity continued to increase moderately in May, and expectations for future growth rose somewhat (Chart 1). Price indexes were little changed, although business contacts expected some slight moderation in price increases for future months.

The month-over-month services composite index was 15 in May, slightly higher than 12 in April, and considerably stronger than -2 in March. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. All month-over-month indexes were positive in May, although some indexes were not quite as solid as last month. The general revenue/sales index increased further, driven by expansion across most industries, but especially retail, wholesale, and transportation activity. Most year-over-year services indexes also improved from the previous month. Compared with a year ago, the services composite index rose from 17 to 29, and the general revenue/sales index jumped from 16 to 38. Expectations for future services activity edged higher, with the future composite index increasing from 16 to 27, and the future capital expenditures index recording its highest reading since the survey began in January 2014." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org/en/research/indicatorsdata/services/articles/2019/may-2019-release; 5/24/19

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# U.S. Economic Indicators


Source: https://www.kansascityfed.org/en/research/indicatorsdata/services/articles/2019/may-2019-release; 5/24/19

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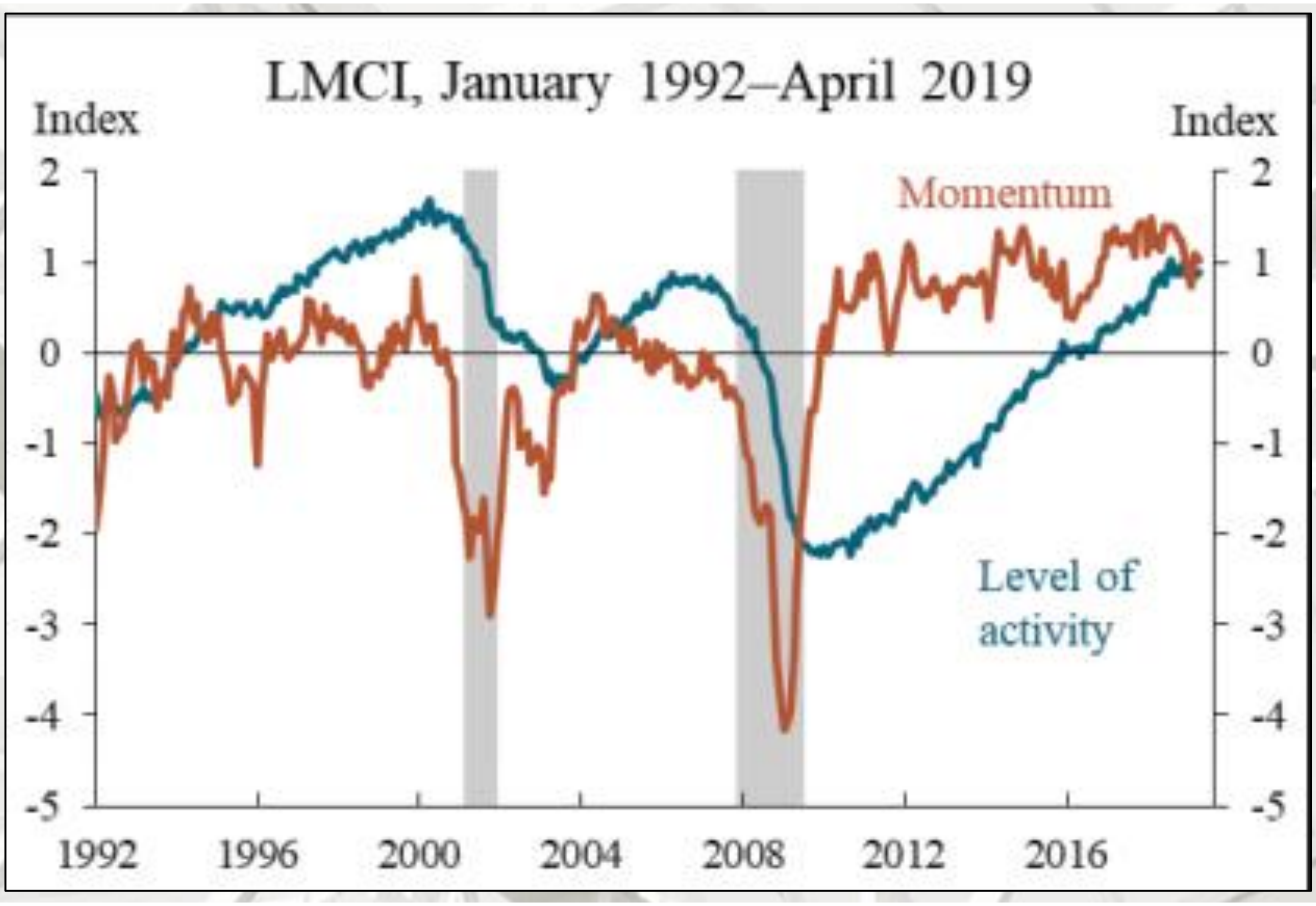
# U.S. Economic Indicators




## The Federal Reserve Bank of Kansas City

### LMCI suggest the level of activity increased and momentum remained high in May.

"The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity increased modestly and momentum remained high in May. The level of activity indicator increased in May from 0.95 to 1.00, while the momentum indicator was little changed at 1.03." – Bill Medley, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org/research/indicatorsdata/lmci/articles/2019/labor-market-conditions-activity-increased-5; 6/11/19

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# The Federal Reserve Bank of New York

## Empire State Manufacturing Survey

### Growth Picks Up

"Business activity picked up significantly in New York State, according to firms responding to the May 2019 *Empire State Manufacturing Survey*. The headline general business conditions index climbed eight points to 17.8, its highest level in six months. New orders and shipments also grew at a faster pace than in recent months. Delivery times held steady, and inventories moved slightly lower. Labor market indicators pointed to small increases in employment and hours worked. Price indexes were little changed, suggesting that prices increased at about the same pace as last month. Indexes assessing the six-month outlook indicated that firms were significantly more optimistic about future conditions than they were in April.

Manufacturing firms in New York State reported that business activity expanded at a solid pace. The general business conditions index rose eight points to 17.8, its second consecutive monthly increase and its highest level since November 2018. Thirty-six percent of respondents reported that conditions had improved over the month, while 18 percent reported that conditions had worsened. The new orders index rose two points to 9.7, indicating an increase in orders, and the shipments index moved up eight points to 16.3, pointing to good increases in shipments. Unfilled orders inched higher, delivery times were little changed, and inventories were somewhat below last month's levels." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 5/15/19

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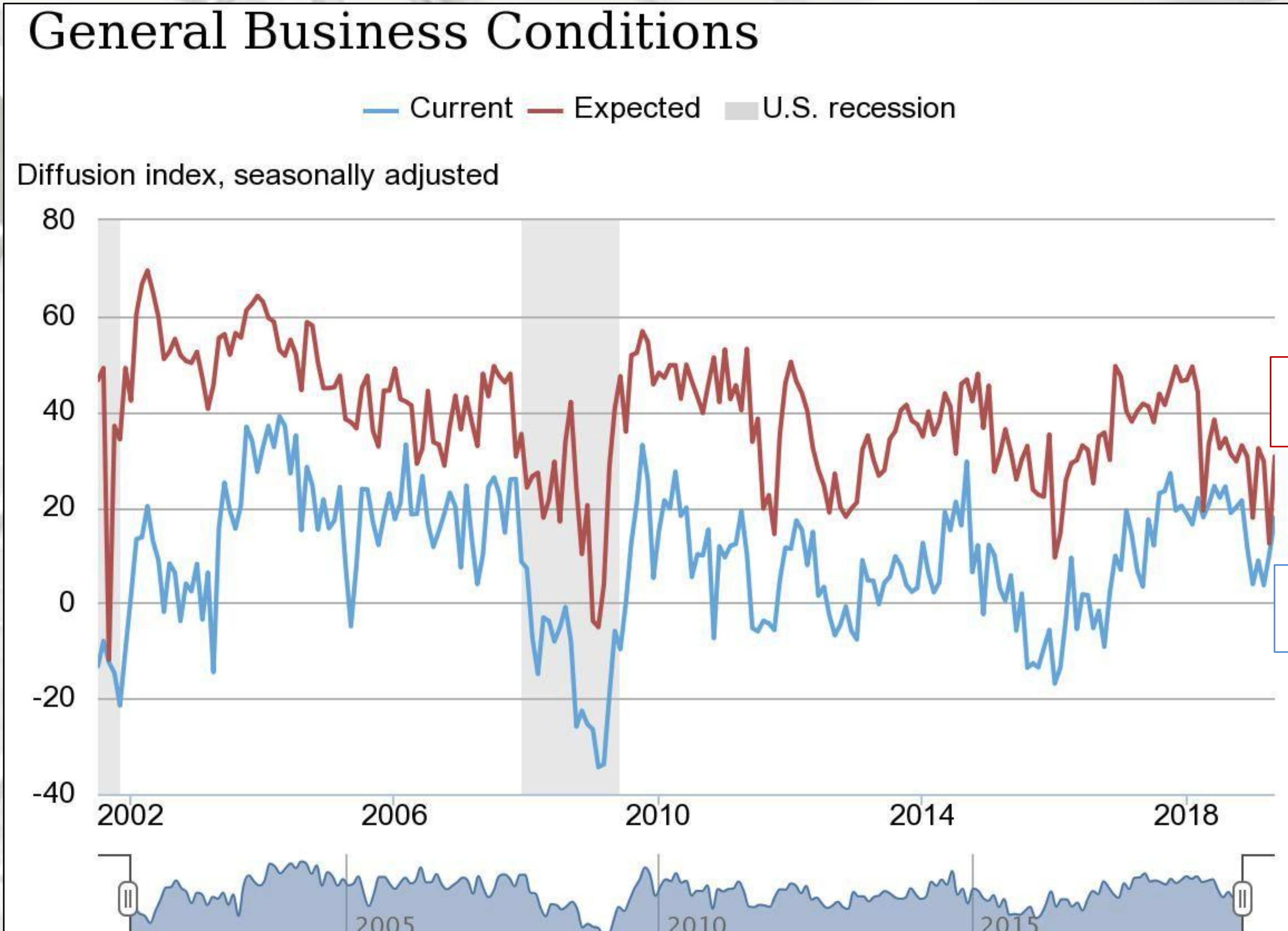
# The Federal Reserve Bank of New York




**May 2019**
Expected: **30.6**

**May 2019**
Current: **17.8**

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 5/15/19

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# The Federal Reserve Bank of New York

## Empire State Manufacturing Survey

### A Small Increase In Employment

"The index for number of employees fell seven points to 4.7, a level indicating that employment increased only to a small degree. The average workweek index held steady at 4.4. Price increases were similar to those seen last month. The prices paid index was little changed at 26.2, as was the prices received index at 12.4..

### Firms More Optimistic

Manufacturing firms were significantly more optimistic about the six-month outlook than they were last month. The index for future business conditions shot up 18 points to 30.6. The indexes for future new orders and shipments climbed to similar levels. Firms expected solid increases in employment but no change in the average workweek in the months ahead. The capital expenditures index was little changed at 26.2, and the technology spending index came in at 22.8, up slightly from April's reading." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 5/15/19

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# The Federal Reserve Bank of New York

## Business Leaders Survey (Services)

### Growth Picks Up

"Activity in the region's service sector grew strongly, according to firms responding to the Federal Reserve Bank of New York's May 2019 *Business Leaders Survey*. The survey's headline business activity index climbed ten points to 20.6, its highest level in several months. The business climate index rose nine points to 10.7, indicating that, on balance, firms regarded the business climate as better than normal. Employment levels increased moderately, and wage increases were less widespread than last month. Both the prices paid and prices received indexes moved higher, pointing to greater price increases than in April. Firms remained optimistic about the six-month outlook.

Business activity in the region's service sector expanded at a solid pace in May. The headline business activity index rose ten points to 20.6, its highest level since September of last year. Thirty-nine percent of respondents reported that conditions improved over the month, and 18 percent said that conditions worsened. The business climate index increased nine points to 10.7, signaling that, on balance, firms viewed the business climate as better than normal." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 5/16/19

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# The Federal Reserve Bank of New York

## Business Leaders Survey (Services)

### Wage Increases Slow

The employment index climbed seven points to 12.2, indicating that employment levels increased at a solid clip. The wages index fell six points to 37.1, its second consecutive monthly decline, suggesting that wage increases were less widespread than in April. The prices paid index edged up two points to 50.3, indicating that input prices increased at a slightly faster pace than last month. At 28.2, the prices received index was up nine points from April, a sign that selling price increases picked up. The capital spending index rose to 15.5, suggesting that capital spending grew at a respectable clip.

### Firms Remain Fairly Optimistic

Indexes assessing the six-month outlook indicated that firms remained fairly optimistic about future conditions. The index for future business activity edged up two points to 33.1, and the index for future business climate increased five points to 9.0. The indexes for future employment and wages both moved higher, and the index for planned capital spending came in at 25.7." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 5/16/19

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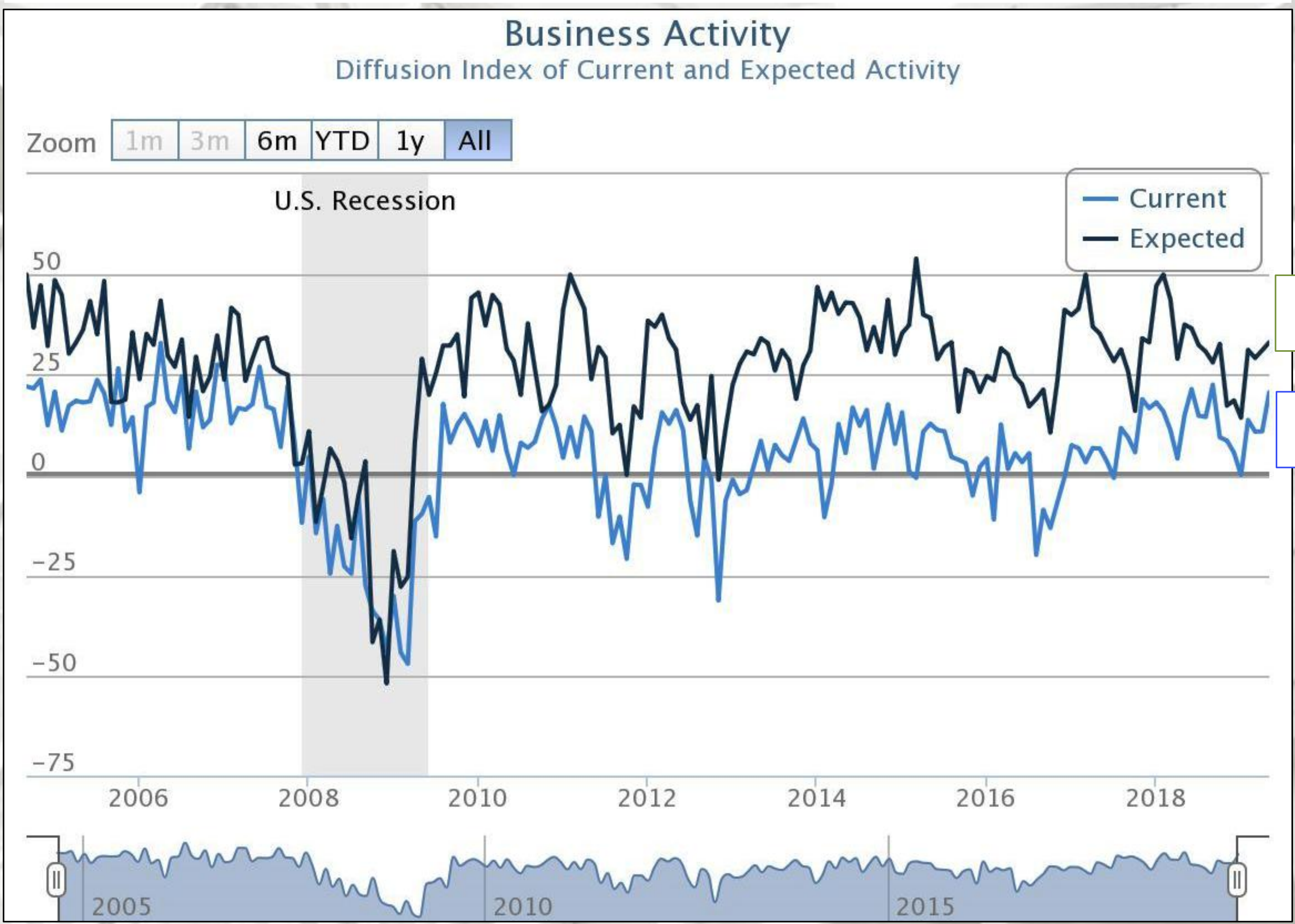
# The Federal Reserve Bank of New York




May 2019
33.1

May2019
20.6

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 5/16/19

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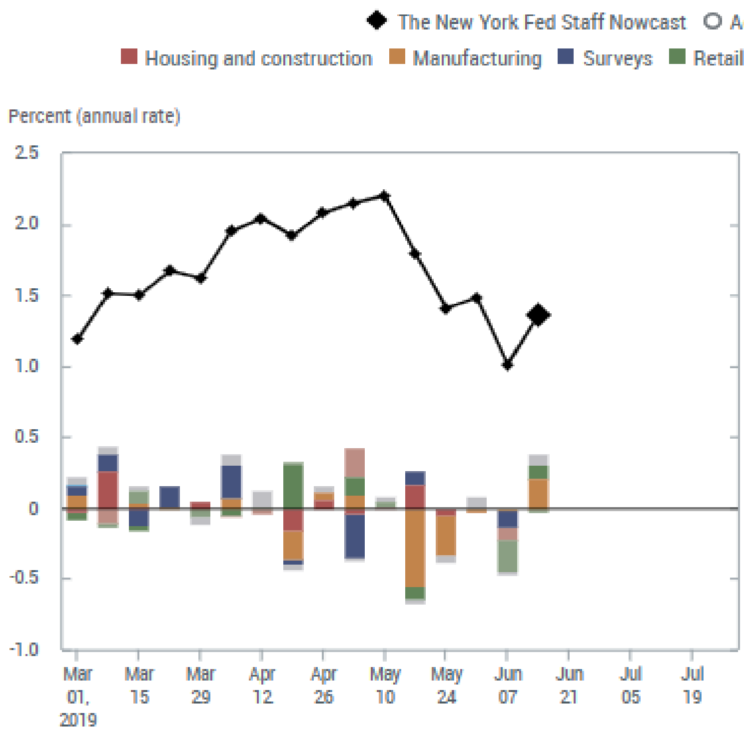
# U.S. Economic Indicators

## The Federal Reserve Bank of New York Nowcast

2019:Q3 | 2019:Q2 | 2019:Q1 | 2018:Q4

**Last Release** 11:15am EST Jun 14, 2019




Data Flow (Jun 14, 2019)

| Model Update | Release Date | Data Series | Actual | Impact | Nowcast GDP Growth |
|---|---|---|---|---|---|
| Jun 14 | | | | | 1.36 |
| | 9:10AM Jun 14 | Capacity utilization | 0.15 | 0.09 | |
| | 9:10AM Jun 14 | Industrial production index | 0.37 | 0.12 | |
| | 8:30AM Jun 14 | Retail sales and food services | 0.55 | 0.10 | |
| | 8:30AM Jun 13 | Export price index | -0.24 | -0.01 | |
| | 8:30AM Jun 13 | Import price index | -0.32 | -0.01 | |
| | 8:30AM Jun 12 | CPI-U: All items less food and energy | 0.11 | -0.00 | |
| | 8:30AM Jun 12 | CPI-U: All items | 0.08 | -0.01 | |
| | 8:30AM Jun 11 | PPI: Final demand | 0.08 | -0.00 | |
| | 10:00AM Jun 10 | JOLTS: Total job openings | -25.00 | 0.00 | |
| | | Data revisions | | 0.08 | |
| Jun 07 | | | | | 1.01 |

Notes: We start reporting the Nowcast for a reference quarter about one month before the quarter begins; we stop updating it about one month after the quarter closes. Colored bars reflect the impact of each broad category of data on the Nowcast; the impact of specific data releases is shown in the accompanying table.

Source: Authors' calculations, based on data accessed through Haver Analytics.

## June 14, 2019: Highlights

- "The New York Fed Staff Nowcast stands at 1.4% for 2019:Q2 and 1.7% for 2019:Q3." – The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/research/policy/nowcast; 6/14/19

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# U.S. Economic Indicators

## The Federal Reserve Bank of Philadelphia

### May 2019 Manufacturing Business Outlook Survey

### Current Indicators Suggest Continued Growth

“Results from the *May Manufacturing Business Outlook Survey* suggest continued growth for the region’s manufacturing sector. The survey’s indexes for general activity, shipments, and employment increased from their April readings. The new orders index remained positive but decreased modestly. The survey’s future activity index, after falling in recent months, was little changed, while the firms’ forecast for future employment improved.

The diffusion index for current general activity increased from 8.5 in April to 16.6 this month (see Chart 1). Over 25 percent of the manufacturers reported increases in overall activity this month, while 9 percent reported decreases. The indexes for current shipments and new orders moved in opposite directions this month: The current shipments index increased 9 points, while the new orders index fell 5 points. The current inventories index fell 6 points to its first negative reading in four months.

On balance, the firms continued to report increases in employment. The employment diffusion index increased 4 points to 18.2, its highest reading in five months. Nearly 27 percent of the responding firms reported increases in employment, while 8 percent reported decreases this month. The average workweek index remained essentially unchanged at 10.9.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Sourcehttps://www.philadelphiafed.org/-/media/research-and-data/regional-economy/business-outlook-survey/2019/bos0519.pdf?; 5/16/19

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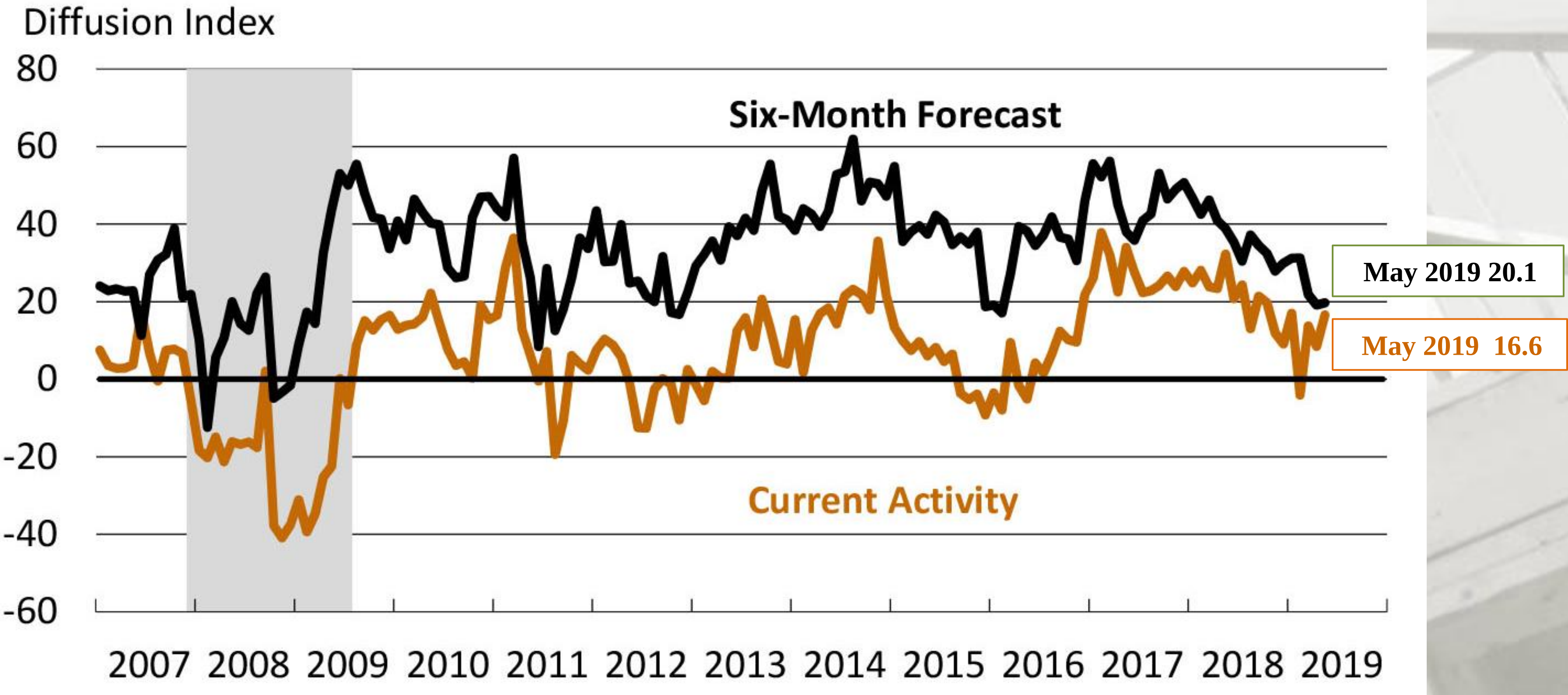
# The Federal Reserve Bank of Philadelphia

**Chart 1. Current and Future General Activity Indexes**

January 2007 to May 2019




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.

Sourcehttps://www.philadelphiafed.org/-/media/research-and-data/regional-economy/business-outlook-survey/2019/bos0519.pdf?; 5/16/19

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# The Federal Reserve Bank of Philadelphia

## Price Indexes Suggest Continued Modest Price Pressures

"Price increases for purchased inputs were reported by 32 percent of the manufacturers this month, up from 26 percent last month. The prices paid diffusion index increased 2 points to 23.1 but remained well below readings over the past two and a half years. The current prices received index, reflecting the manufacturers' own prices, declined 3 points to a reading of 17.5, its lowest reading in 17 months..

## Most Future Indicators Remain at Relatively Low Readings

The diffusion index for future general activity increased 1 point from its April reading, which was its lowest since February 2016 (see Chart 1). Over 41 percent of the firms expect increases in activity over the next six months, while 22 percent expect declines. Movements in the future shipments and new orders indexes were mixed: The future shipments index increased 5 points, while the future new orders index fell 3 points. The indicators for future prices paid and prices received rose notably this month, increasing 16 points and 13 points, respectively. The firms were more optimistic about hiring over the next six months: The future employment index increased 12 points to 27.3, its highest reading in four months. The future capital spending index, however, fell 8 points to a reading of 23.3. Nearly 34 percent of the firms plan increases in capital spending over the next six months; 10 percent plan decreases.

## Summary

"Responses to the *May Manufacturing Business Outlook Survey* suggest continued growth for the region's manufacturing sector. The indexes for general activity, new orders, shipments, and employment all indicated continued expansion this month. The firms continued to be cautiously optimistic about growth over the next six months. Although some future indicators registered improvement, most indexes remain at relatively low readings." – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Sourcehttps://www.philadelphiafed.org/-/media/research-and-data/regional-economy/business-outlook-survey/2019/bos0519.pdf?; 5/16/19

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# The Federal Reserve Bank of Philadelphia

## May 2019 Nonmanufacturing Business Outlook Survey

"Responses to the May *Nonmanufacturing Business Outlook Survey* lightly moderated but continued to suggest expansion in nonmanufacturing activity in the region. The indexes for general activity at the firm level, new orders, and sales/revenues all remained positive but fell from last month's readings. The index for full-time employment edged upward. Survey responses indicated overall increases for both prices paid and prices received. The survey's indexes for future activity improved somewhat, suggesting that firms expect growth to continue over the next six months.

### Firms Report Overall Growth

The survey's indicators for current activity suggest continued growth in the nonmanufacturing sector of the regional economy. The diffusion index for current general activity at the firm level decreased 11 points in May to 28.1 (see Chart). Over 43 percent of the firms reported increases in activity (down from 50 percent last month), compared with 15 percent that reported decreases (up from 11 percent last month). The new orders index decreased 15 points to 10.6 in May. The share of firms reporting increases in new orders (27 percent) exceeded the share reporting decreases (16 percent). The sales/revenues index fell from 37.2 in April to 26.6 in May. Over 43 percent of the firms reported increases in sales/revenues, while 17 percent reported declines.

### Firms Anticipate Continued Growth

Optimism about growth in nonmanufacturing activity over the next six months was more widespread this month among the respondents. The diffusion index for future activity at the firm level increased 13 points to 56.9 (see Chart). Sixty-five percent of the firms expect an increase in activity at their firms over the next six months (up from 53 percent last month), compared with 8 percent that expect a decline (similar to last month). The future regional activity index rose from 29.5 in April to 37.8 in May. " – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/-/media/research-and-data/regional-economy/nonmanufacturing-business-outlook-survey/2019/nbos0519.pdf?; 5/21/19

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# The Federal Reserve Bank of Philadelphia

## May 2019 Nonmanufacturing Business Outlook Survey

### Employment Indicators Remain Positive

"Responding firms reported overall increases in both full- and part-time employment. The full-time employment index edged up 2 points to 20.5 in May. The share of firms reporting increases in full-time employment (23 percent) exceeded the share reporting decreases (3 percent); the majority (66 percent) reported no change. The part-time employment index fell 13 points to 11.3, and the average workweek index held steady at 24.9. The wages and benefits indicator remained relatively stable at 38.9.

### Firms Continue to Report Overall Price Increases

The indexes for prices paid for inputs and prices received for the firms' own products and services both remained stable and positive in May. The prices paid index edged down 1 point to 25.9. Nearly 27 percent of the respondents reported increases in input prices, while only 1 percent reported decreases. The prices received index rose from 16.4 in April to 20.1 in May. More than 21 percent of the firms reported increases in prices received, while only 1 percent reported decreases. The majority of the firms (56 percent) reported no change in their own prices.

### Firms' Forecasts for Prices Remain Stable

In this month's special questions, the firms were asked to forecast the changes in the prices of their own products and services and for U.S. consumers over the next four quarters. Regarding their own prices, the firms' median forecast was for an increase of 2.0 percent, the same as when the question was last asked in February. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 2.2 percent, down from the previous forecast of 2.7 percent. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 3.0 percent over the next four quarters, the same as the previous forecast. The firms' forecast for the long-run (10-year) inflation rate remained at 3.0 percent." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/-/media/research-and-data/regional-economy/nonmanufacturing-business-outlook-survey/2019/nbos0519.pdf?; 5/21/19

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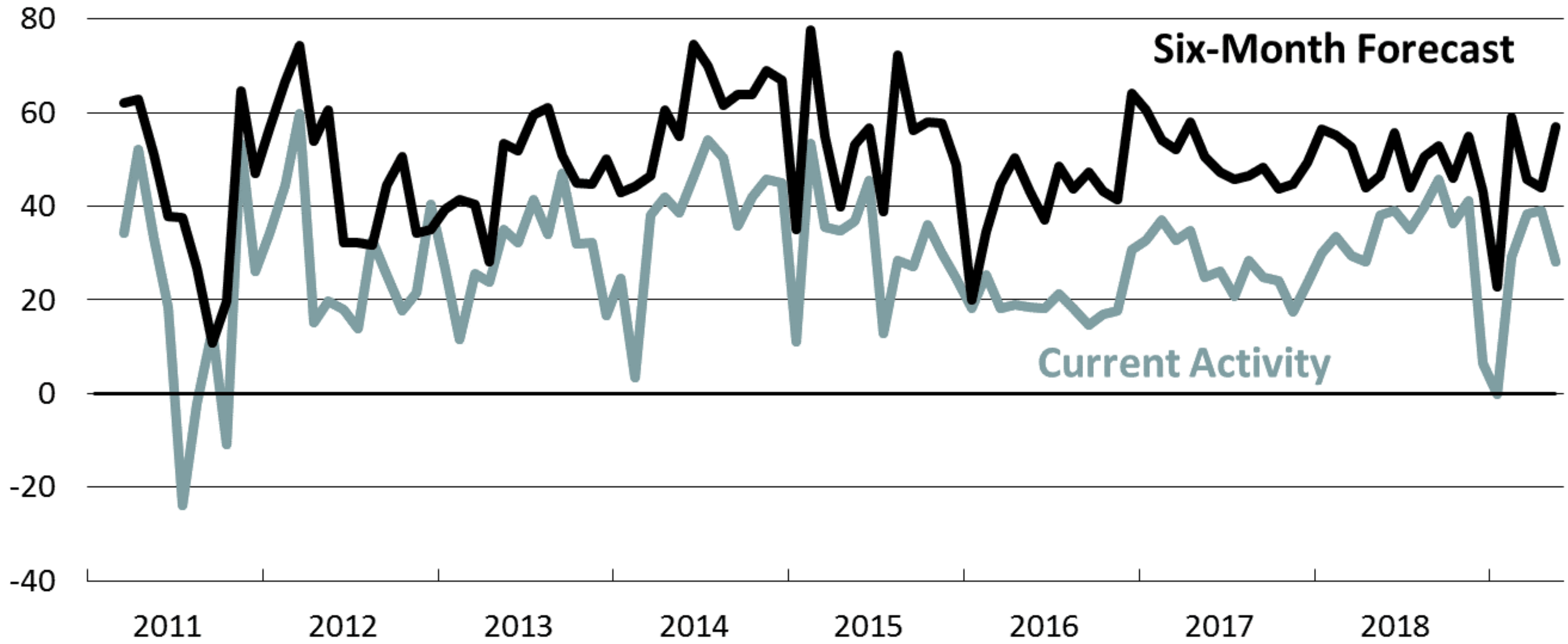
# The Federal Reserve Bank of Philadelphia




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.

May 2019
56.9

May 2019
28.1

## May 2019 Nonmanufacturing Business Outlook Survey

## Summary

"Results from this month's Nonmanufacturing Business Outlook Survey suggest continued but moderated expansion in regional nonmanufacturing activity. The indicators for firm-level general activity, new orders, and sales/revenues decreased but remained positive, while the firms reported overall increases in both full-time and part-time employment. The respondents continued to expect growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/-/media/research-and-data/regional-economy/nonmanufacturing-business-outlook-survey/2019/nbos0519.pdf?; 5/21/19

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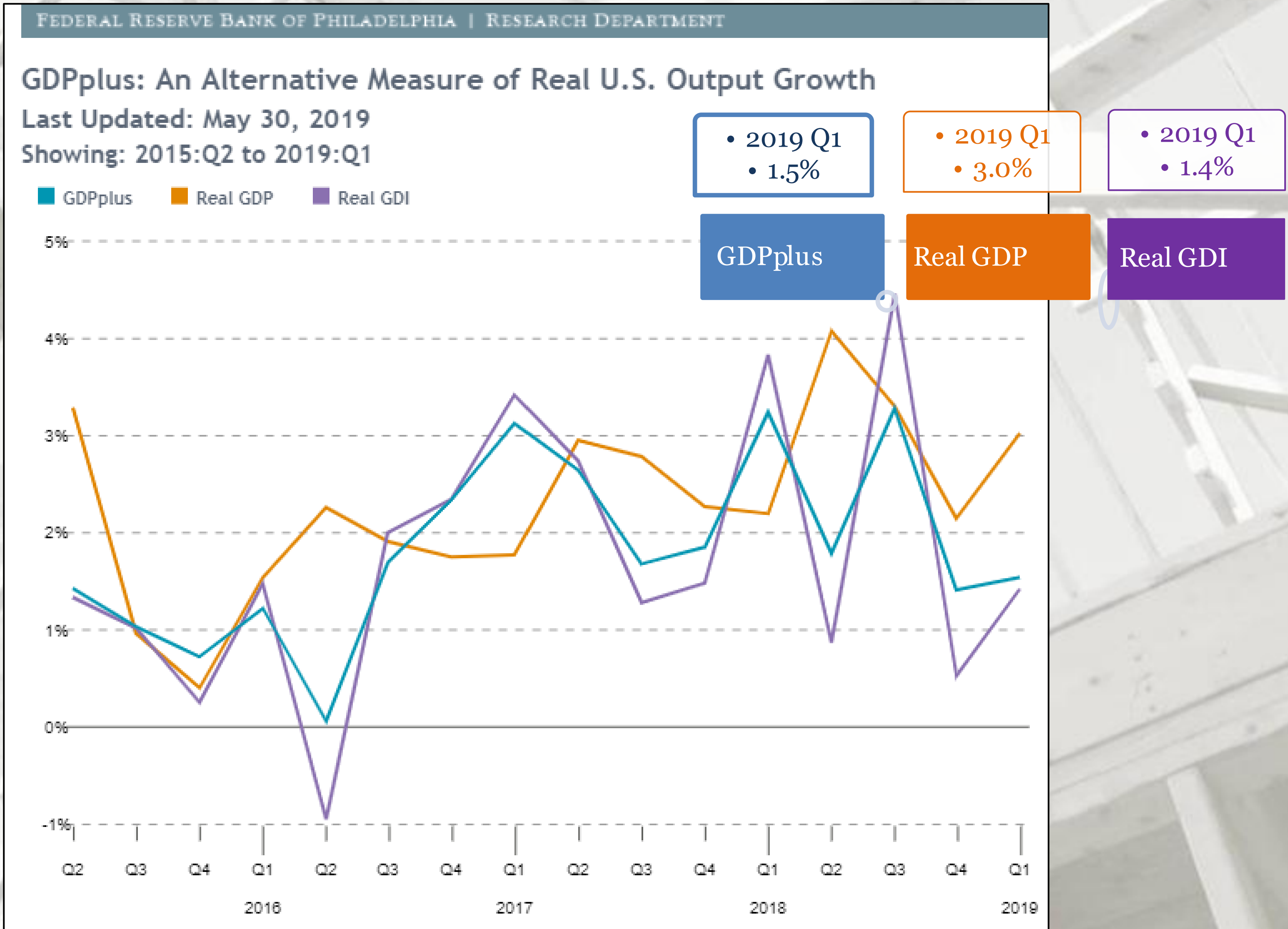
# The Federal Reserve Bank of Philadelphia: GDPplus




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://philadelphiafed.org/research-and-data/real-time-center/gdpplus/ 5/30/19

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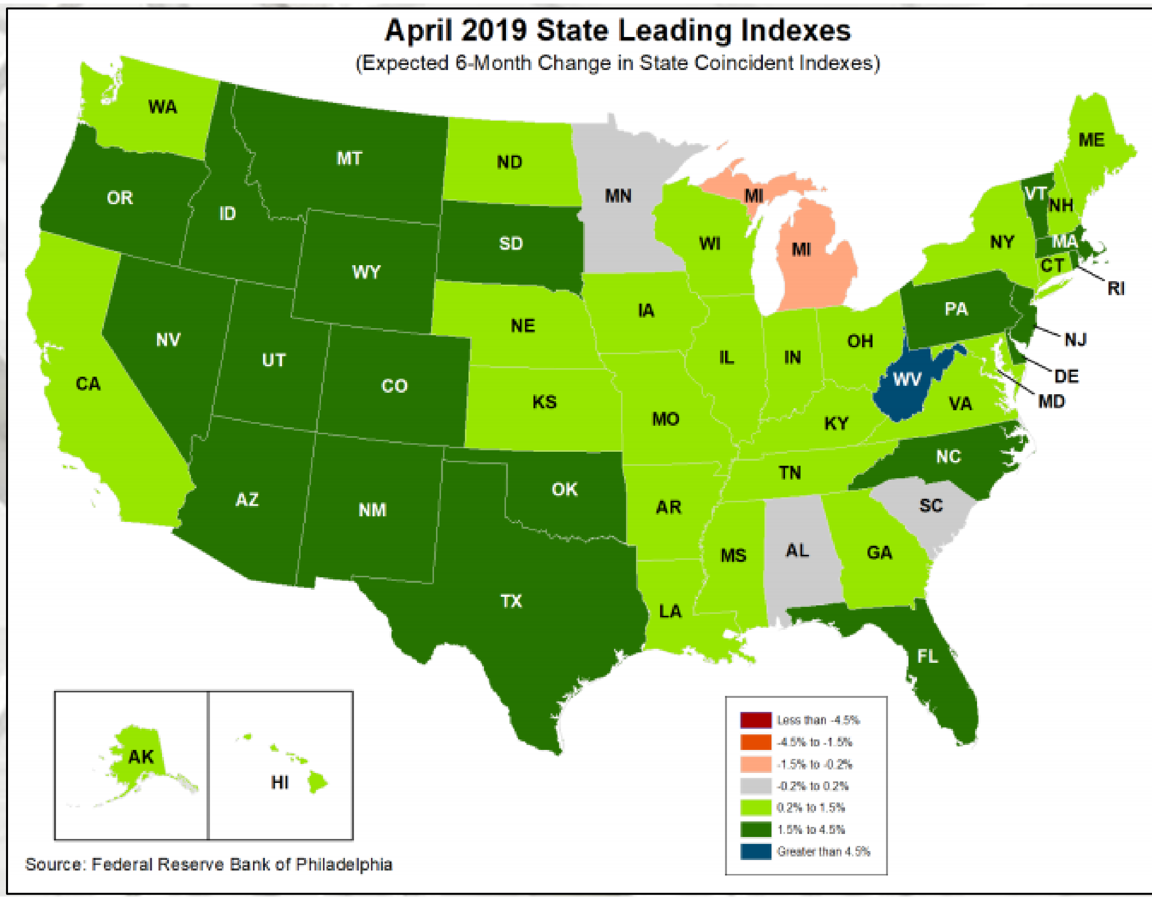
# The Federal Reserve Bank of Philadelphia




"The Federal Reserve Bank of Philadelphia has released the leading indexes for the 50 states for April 2019. The indexes are a six-month forecast of the state coincident indexes (also released by the Bank). Forty-six state coincident indexes are projected to grow over the next six months, and four are expected to decrease. For comparison purposes, the Philadelphia Fed has also developed a similar leading index for its U.S. coincident index, which is projected to grow 1.4 percent over the next six months." – Daniel Mazone, Research Department, The Federal Reserve Bank of Philadelphia

Source:; https://www.philadelphiafed.org/-/media/research-and-data/regional-economy/indexes/leading/2019/LeadingIndexes0419.pdf; 5/31/19

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# U.S. Economic Indicators

## The Federal Reserve Bank of Richmond

### Fifth District Manufacturing Activity Was Moderate in May

"Fifth District manufacturing activity was moderate in May, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index inched up from 3 in April to 5 in May, as shipments and new orders had fairly flat reading and the third component, employment, remained positive. Firms reported growth in spending and positive overall business conditions and remained optimistic about growth in the coming months.

Survey results indicated that employment and wages grew in May, while the indicator for average workweek recovered from its negative April reading. However, firms continued to struggle to find workers with the necessary skills as this index dropped from −8 in April to −20 in May. Respondents expected this struggle to continue but to see further growth in employment and wages in the next six months.

The growth rates of both prices paid and prices received fell in May, as growth of prices paid continued to outpace growth of prices received. Firms expected a slight increase in both growth rates in the near future." – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing/2019/mfg_05_29_19; 5/29/19

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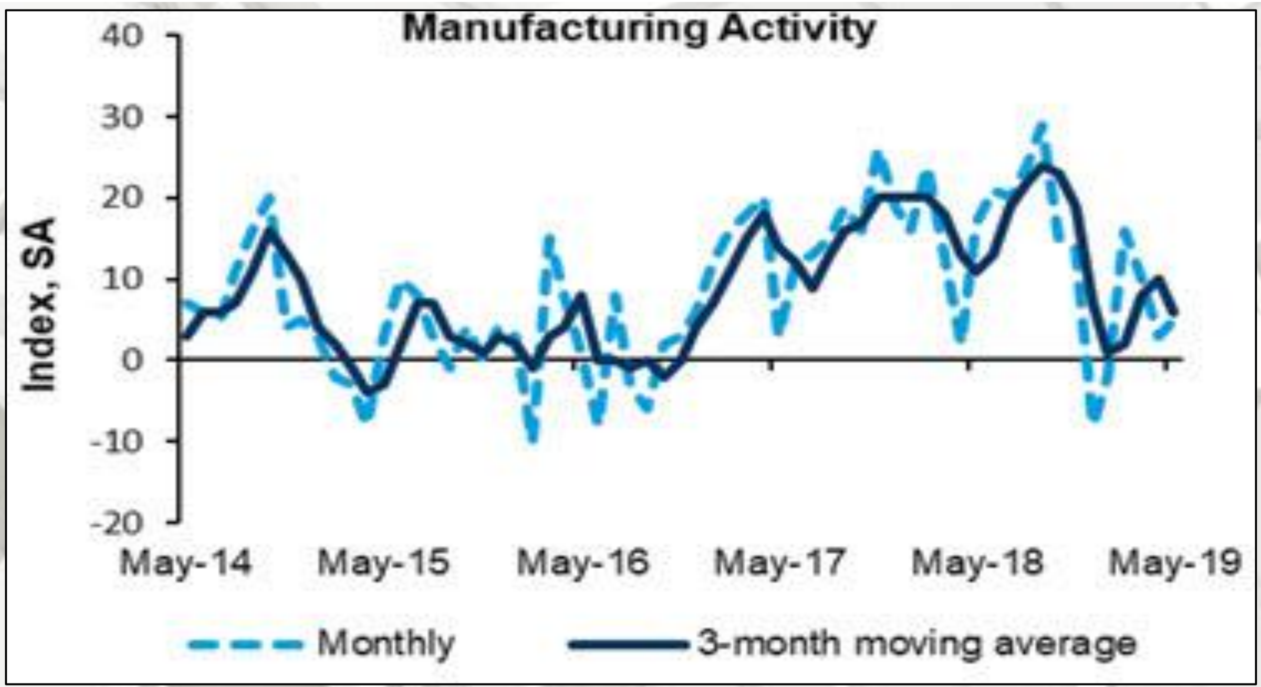
# U.S. Economic Indicators





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing/2019/mfg_05_29_19; 5/29/19

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# U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing/2019/mfg_05_29_19; 5/29/19

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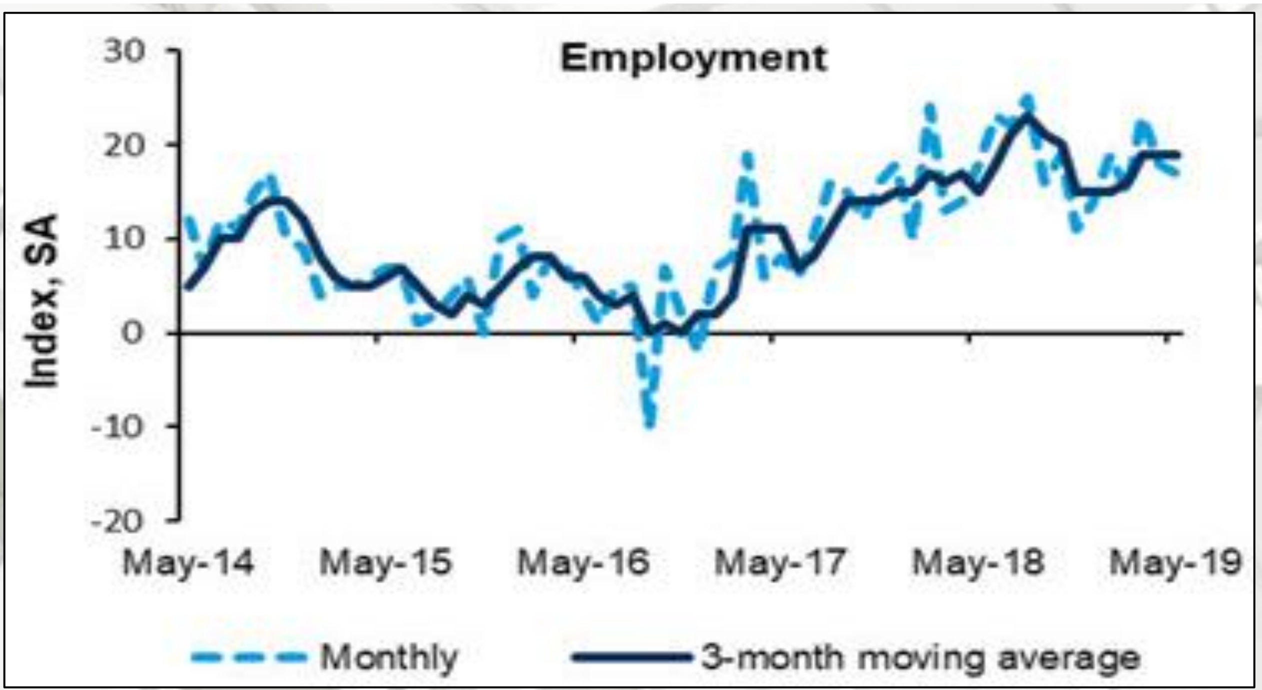
# U.S. Economic Indicators





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing/2019/mfg_05_29_19; 5/29/19

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# U.S. Economic Indicators

## The Federal Reserve Banks

### Small Business Credit Survey

### Strong End to 2018, Tempered Expectations for 2019

"Small business respondents recounted a strong end to 2018. A majority of small businesses (57%) reported that their firms had experienced revenue growth and more than one-third added employees to their payrolls. The shares of firms with growing revenues and employment represent increases from the 2017 survey; however, the percentage of firms operating at a profit remained unchanged. Looking to 2019, a strong majority of firms expect revenue growth, but the net share of firms that anticipates adding payroll jobs in the next year dipped to 38% from 43% in the prior year's survey.

### Steady Credit Demand, Growing Interest in Online Providers

On the financing front, credit demand held steady in 2018, with 43% of firms seeking external funds for their businesses. Similar to 2017, more than half of firms that sought new funding—53%—experienced a financing shortfall, meaning they obtained less funding than they sought. Applications to online lenders continued to trend upward: 32% of applicants turned to online lenders in 2018, up from 24% in 2017, and 19% in 2016. The growth occurred despite lower applicant satisfaction with online lenders compared to satisfaction levels with large and small banks." – Fed Small Business

Source: https://www.fedsmallbusiness.org/survey/2019/report-on-employer-firms/; 4/16/19

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# U.S. Economic Indicators

## The Federal Reserve Banks

### Small Business Credit Survey

"Overall, the survey finds:

- A larger share of firms reported revenue growth (net 35%, up from 28%) and employment growth (net 23%, up from 19%) in 2018 compared to 2017, and 72% of firms expressed optimism for revenue growth in 2019 — the same share as in the prior year.
- A vast majority of firms (73%) reported their input costs had increased in the prior 12 months. More than half of these firms raised the prices they charge. Firms that raised their prices were twice as likely to see profitability growth as firms that did not pass on cost increases.
- More than one-third of firms reported adding payroll employees in the prior 12 months. Payroll employment gains were most common at startups, firms with five or more employees, firms with more than $1M in annual revenues, and firms with decision makers younger than 46 years of age.
- The share of firms that expects to hire workers in 2019 (44%) is lower than the share of firms that anticipated employment growth in 2018 (48%). Consistent with prior years' findings, the expectations for growth exceeded actual growth for the period; the 37% of firms that added employees in 2018 fell short of the 48% share that said they had planned to hire in the 2017 survey." – Fed Small Business

Source: https://www.fedsmallbusiness.org/survey/2019/report-on-employer-firms/; 4/16/19

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# U.S. Economic Indicators

## The Federal Reserve Banks

### Small Business Credit Survey

- "Year-over-year results showed consistent demand for new financing, with 43% of firms applying for new capital in 2018, in line with 40% in 2017.
- Nearly half of applicants (47%) received the full amount of funding sought, similar to the 2017 survey. Of those that did not apply, roughly half reported they had sufficient financing.
- Among all small businesses — applicants and nonapplicants — the SBCS finds that nearly half (48%) indicated their funding needs are satisfied, 23% have shortfalls, and another 29%, including debt-averse and discouraged firms, may have unmet funding needs.
- Financing shortfalls were particularly pronounced among firms with weak credit profiles, unprofitable firms, younger firms, and firms in urban areas. Funding gaps were most acute for firms seeking $100–$250K.
- Medium- and high-credit-risk applicants seeking loan or line of credit financing were as likely to apply to an online lender as to a large bank (54% and 50%, respectively), and more likely to apply to an online lender than to a small bank (41%), CDFI (5%), or credit union (12%). One in five medium- and high-risk applicants sought financing from other sources, including auto/equipment dealers, private investors, or government entities." – Fed Small Business

Source: https://www.fedsmallbusiness.org/survey/2019/report-on-employer-firms/; 4/16/19

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# U.S. Economic Indicators

## The Federal Reserve Bank of Dallas

### Mexico Economic Update

### Mexico's Economy Contracts, but Outlook Holds Steady

"Mexico's gross domestic product (GDP) fell an annualized 0.8 percent in first quarter 2019, after growing 1.0 percent in fourth quarter 2018. Nevertheless, March's consensus growth forecast for 2019, compiled by Banco de México, held steady at 1.6 percent. More recent data are mixed. Industrial production and retail sales grew. Employment growth slowed, and exports fell. The peso gained some ground against the dollar, while inflation ticked up.

### GDP Declines in First Quarter 2019

Mexico's first-quarter GDP dropped by 0.8 percent, pushing growth farther from its long-run average of 2.4 percent (Chart 1). Output from goods-producing industries (manufacturing, construction, utilities and mining) fell 2.4 percent, while service-related activities (wholesale and retail trade, transportation and business services) ticked down 0.8 percent. Agricultural output rose 10.8 percent.

Total exports fell 2.3 percent in March after a 0.9 percent decline in February. Manufactured-goods exports decreased 2.8 percent in March after falling 2.0 percent in February. Three-month moving averages show improvement in oil exports in 2019, while total and manufacturing exports ticked down (Chart 2). Despite the recent declines, total exports this year were up 1.3 percent through March when compared with the same period in 2018, with manufacturing exports growing 2.3 percent and oil exports falling 6.8 percent." – Jesus Cañas, Senior Business Economist, and Emma Marshall, Research Assistant; Research Department; The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2019/1903.aspx/; 5/9/19

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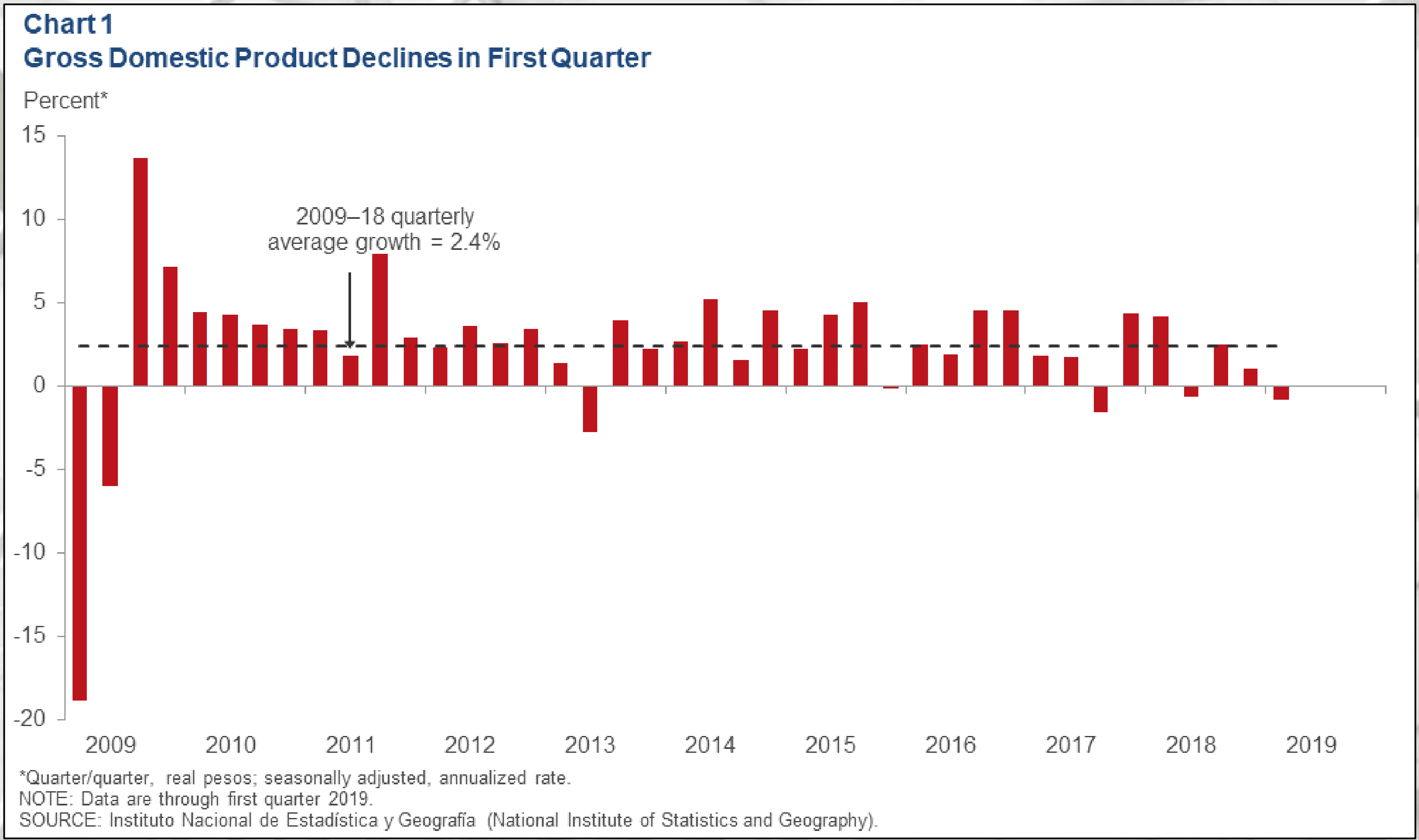
# U.S. Economic Indicators




Source: https://www.dallasfed.org/research/update/mex/2019/1903.aspx/; 5/9/19

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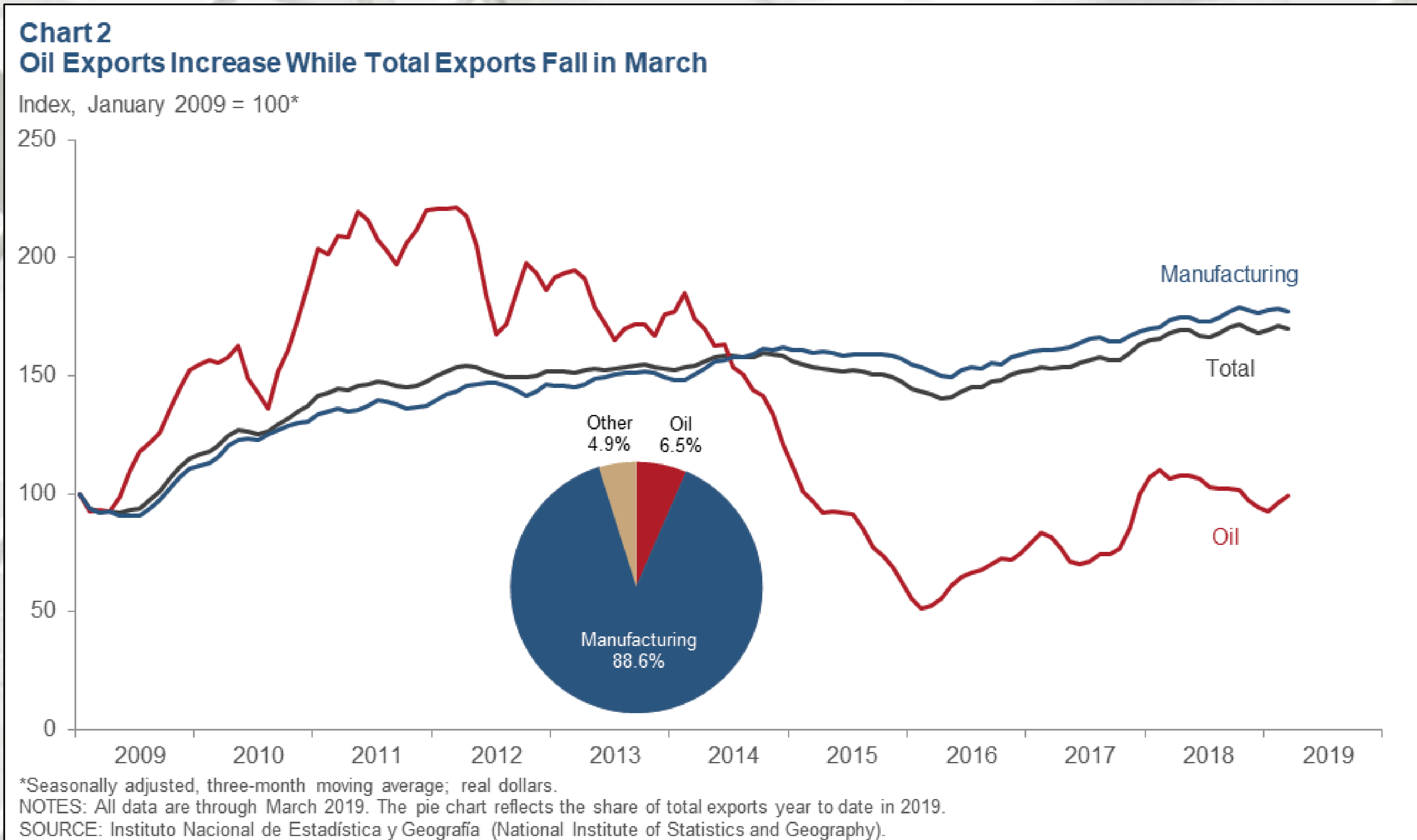
# U.S. Economic Indicators




Source: https://www.dallasfed.org/research/update/mex/2019/1903.aspx/; 5/9/19

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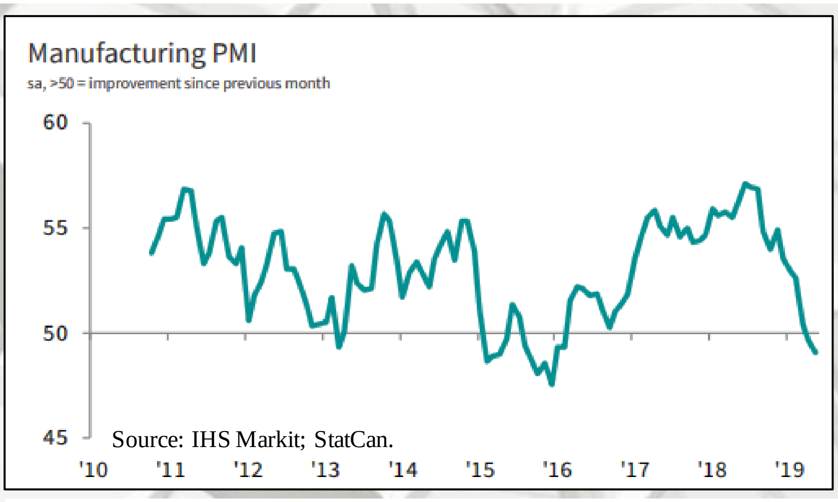
# Private Indicators: Global




## Markit Canada Manufacturing PMI™

"The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers' Index® (PMI®) dropped from 49.7 in April to 49.1 in May, signalling a second successive monthly deterioration in business conditions. The latest PMI reading was the lowest in nearly three-and-a-half years, albeit still indicating only a slight downturn.

## Manufacturing downturn sustained in May

Canada's manufacturing sector saw operating conditions worsen again in May. Production continued to contract amid the sharpest drop in new orders since December 2015. More positively, employment saw a fractional increase after a slight dip in April, whilst input price inflation eased to its slowest rate in over four years. All components of the headline index, bar employment, had a downward impact on the figure. Output contracted at the most marked rate since the end of 2015. Panellists linked this to falling new orders and subdued global trade conditions. … .

The latest survey points to the weakest overall manufacturing sector performance since December 2015, mainly driven by sustained declines in both production levels and new order intakes. Manufacturers commented on softer underlying demand from domestic and export clients in May, which was often linked to subdued global trade volumes.

On a more positive note, employment numbers increased slightly during the latest survey period and manufacturers indicated a rebound in their business expectations to a 13-month high. The improvement in manufacturing sector optimism reflected greater optimism in relation to domestic economic conditions, as well as planned business investment in new production capacity and hopes of a recovery in international trade conditions during the year ahead." – Christian Buhagiar, President and CEO, SCMA

Source: https://www.markiteconomics.com/Public/Home/PressRelease/f21c15cb199145d7a48b665468792625; 6/3/19

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# Private Indicators: Global

## Caixin China General Manufacturing PMI™

"The headline seasonally adjusted *Purchasing Managers' Index™ (PMI™)* – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – registered 50.2 in May, unchanged from the previous month, to signal a further marginal improvement in the health of China's manufacturing sector. The headline PMI has now posted above the neutral 50.0 level in each of the past three months.

### Operating conditions improve marginally

Chinese manufacturing firms signalled a further slight improvement in overall operating conditions during May. Total new work rose at a faster pace, supported by a renewed increase in export sales, while production was broadly stable. As a result, backlogs of work continued to expand, though firms retained a relatively cautious approach to staffing levels. Inflationary pressures remained subdued, with input costs rising only slightly while output charges were unchanged from the previous month. However, business confidence regarding the year ahead softened midway through the second quarter.

Underpinning the positive PMI figure was a further increase in total new orders placed with Chinese goods producers. The rate of new business growth quickened slightly since April, supported by a renewed increase in new export sales. According to panellists, new product releases and firmer foreign demand supported the expansion. Production at Chinese manufacturers was meanwhile stable in May, following a slight increase in the previous month. The stronger rise in overall new business supported a renewed expansion in buying activity among Chinese manufacturing firms. Though only slight, it was the first time that purchasing activity had increased for five months. Inventories of inputs were broadly stable for the second month in a row. Meanwhile, greater usage of current stocks to fulfil new business reportedly underpinned a further decline in inventories of finished goods." – Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis, CEBM Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/f21c15cb199145d7a48b665468792625 ; 6/3/19

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# Private Indicators: Global

## Caixin China General Manufacturing PMI™

"The Caixin China General Manufacturing Purchasing Managers' Index was 50.2 in May, unchanged from the previous month, indicating a mild expansion in the manufacturing sector.

1) The subindex for new orders edged higher, and the gauge for new export orders moved back above 50 to the same level as in January, which was the best reading since March 2018. The improvements in both indices signals stable domestic and overseas demand.

2) The output subindex declined for the second straight month, although it remained marginally in expansionary territory. Employment conditions have broadly stabilized, with the employment subindex showing only a marginal drop in staff numbers.

3) The gauge of stocks of purchased items moved back above the 50 mark that divides expansion from contraction and the measure of stocks of finished goods edged up, albeit remaining in contractionary territory, indicating that while inventories remain low, manufacturers' willingness to replenish stocks has strengthened. The subindex measuring supplier performance fell further into contractionary territory, to signal that companies are taking longer to ship orders and also a reflection of relatively low inventory levels.

4) The gauge of input prices showed a marginal increase, while that of output prices edged down to the lowest reading in four months, suggesting that while prices of manufactured goods remained relatively stable, enterprises are facing pressure from rising raw material prices.

5) The subindex measuring sentiment towards future output plunged to its lowest reading since the gauge began in April 2012, a reflection of the trade conflict between China and the U.S. and weakened business confidence." – Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis, CEBM Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/f21c15cb199145d7a48b665468792625 ; 6/3/19

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# Private Indicators: Global


## Caixin China General Manufacturing PMI™

"Overall, China's economy showed steady growth and resilience in May. The manufacturing sector saw demand rise from both overseas and domestic markets, and prices were stable. However, business confidence weakened, and manufacturers' inventory levels remained low. The trade tensions between the U.S. and China are having an impact on confidence and the best way to respond to this is to boost the confidence of enterprises, residents and capital markets by carrying out favorable reforms and to undertake timely adjustments to regulations and controls." – Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis, CEBM Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/f21c15cb199145d7a48b665468792625 ; 6/3/19

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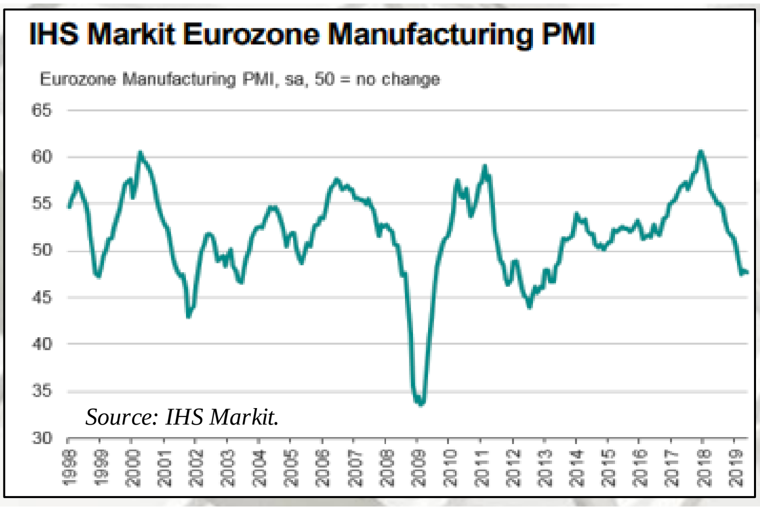
# Private Indicators: Global




## Markit Eurozone Manufacturing PMI®

"The eurozone's manufacturing economy remained entrenched inside contraction territory during May. After accounting for seasonal factors, the IHS Markit Eurozone Manufacturing PMI® posted below the crucial 50.0 no-change mark for a fourth successive month, recording a level of 47.7 (unchanged from the earlier flash reading). That was slightly down on the previous month's 47.9 and close to March's near six year low.

## Manufacturing economy continues to contract in May

According to market group data, weakness remained centred on the intermediate and investment goods sectors. In both instances, rates of deterioration were again marked and contrasted noticeably with the performance of the consumer goods category, where growth was sustained to a modest degree. The consumer goods sector has now registered continuous expansion for five-and-a-half years. . . . .

Euro area manufacturing remained in contraction during May, suggesting the sector will act as a drag on the wider economy in the second quarter. A fourth successive monthly drop in output and further steep decline in new orders underscored how the sector remains in its toughest spell since 2013. Companies are tightening their belts, cutting back on spending and hiring. Input buying, inventories and employment are all now in decline as manufacturers worry about being exposed to a further downturn in demand.

That said, although the headline PMI fell in May, the decline masked slower rates of decline for both output and new orders. The forward-looking orders-to-inventory ratio also picked up for a second month running to reach a six-month high, the improvement of which augurs well for the downturn to moderate in June. However, trade wars, slumping demand in the auto sector, Brexit and wider geopolitical uncertainty all remained commonly cited risks to the outlook, and all have the potential to derail any stabilisation of the manufacturing sector." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/7b4305d010d04735b6e8d7aaf2fca780; 6/3/19

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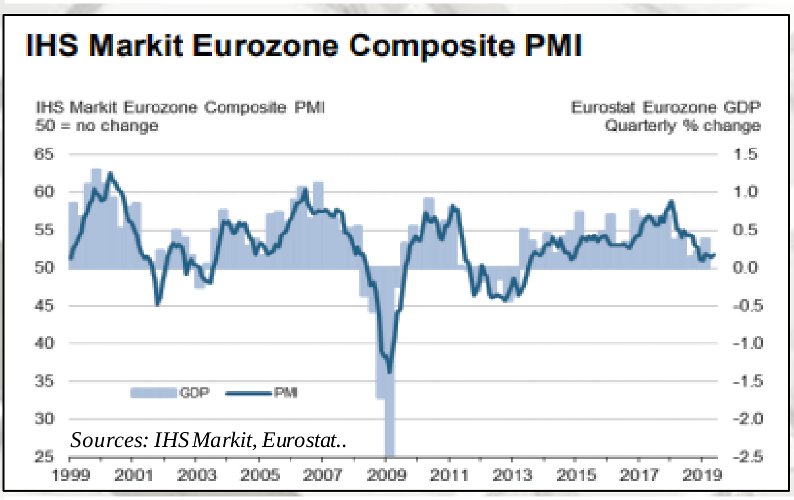
# Private Indicators: Global




## Markit Eurozone Composite PMI®

"May saw the continued expansion of the euro area private sector, albeit at a modest pace. After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** rose to 51.8 in May, up from April's 51.5 and slightly better than the earlier flash reading (51.6). The latest index reading was the highest for three months, and extended the current period of continuous growth to just under six years.

## Private sector growth remains subdued during May

In line with the recent trend, it was the service sector that provided the impetus to overall growth during May, expanding at a solid pace. In contrast, manufacturing output fell for a fourth successive month, albeit at the slowest pace since February.

The final eurozone PMI for May came in higher than the flash estimate, indicating the fastest growth for three months, but the overall picture remains one of weak current growth and gloomier prospects for the year ahead. While the service sector has seen business conditions improve compared to late last year, growth remains only modest, in part reflecting a spill-over from the tradeled downturn in the manufacturing sector. Despite output at goods and service providers collectively rising at a slightly faster rate in May, the survey data are merely indicating a modest 0.2% rise in GDP in the second quarter.

Furthermore, there seems little prospect of any immediate improvement: new orders barely rose in May, painting one of the gloomiest pictures of demand seen over the past six years, and companies' expectations of growth over the coming year likewise fell to one of the lowest in six years. The survey also brought further signs that companies are having to increasingly compete on price to sustain sales growth, dampening inflationary pressures to the lowest for two-and-a-half years.

Although Germany and France saw stronger growth in May, rates of increase remained subdued. Spain meanwhile saw growth slip to the lowest since late-2013 but Italy once again reported the toughest conditions, stuck in a mild downturn." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/49aacf710a854d02b0aa633e5445aa62; 6/5/19

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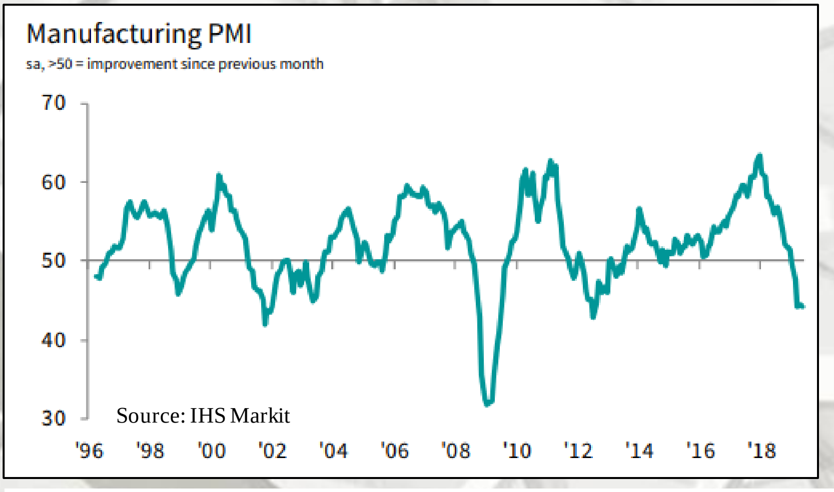
# Private Indicators: Global




## IHS Markit/BME Germany Manufacturing PMI®

"May saw the headline IHS Markit/BME Germany Manufacturing PMI – a single-figure snapshot of the performance of the manufacturing economy – register 44.3, down fractionally from 44.4 in April and one of its lowest readings since mid-2012. The fall in the PMI reflected the employment, stocks of purchases and supplier delivery times components.

## Headline PMI ticks down in May despite slower fall in output

Germany's manufacturing sector remained stuck contraction in May, according to the latest PMI® data from IHS Markit and BME. Though rates of decline in output and new orders eased, employment fell the most in almost six-and-a-half years. A sustained decline in demand for inputs meanwhile contributed to a fall in purchasing costs for the first time in nearly three years and the most marked improvement in supplier delivery times since the global financial crisis. The rate of decline in output eased for the second month running in May, to show the softest drop in production since February. Underpinning this was a combination of stronger growth in the consumer goods sector and a slower decline at capital goods firms. Makers of intermediate goods meanwhile recorded a sharper reduction in production.

In line with output, rates of decline in both total new orders and export sales slowed for the second month running in May. Despite easing, the latest declines were sharp overall, with anecdotal evidence highlighting the effects of the slowdown in the car industry, the US-China trade conflict and customer destocking on sales. Pre-production inventories fell for the fourth month in a row during May, and at the quickest rate in over six years. Stocks of finished goods were also pared back, falling the most since September 2016.

Another area where manufacturers made cutbacks was employment, which fell for the third consecutive month in May. Moreover, having accelerated from the modest rates of decline seen in March and April, the pace of job losses reached the quickest since January 2013. … " – Phil Smith, Principal Economist, IHSMarkit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/5254e7a390fb4ea2b8267d1bc42a5162 ; 6/3/19

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# Private Indicators: Global

## Germany
## Headline PMI ticks down in May despite slower fall in output

“Manufacturers remained downbeat about the outlook for output over the next 12 months, citing lingering concerns towards trade conflicts, the auto sector slowdown and Brexit. That said, firms were the least pessimistic since January.

Overall, the PMI data continue to paint a negative picture for Germany's manufacturing sector, with the headline Index remaining close to its lowest since 2012. However, there are tentative signs that the manufacturing sector could be heading towards stabilisation, with the rates of decline in output and new orders both easing for the second month running and future expectations less pessimistic than in April.

The PMI itself has been pulled downwards by faster falls in employment and input stocks, with the most marked improvement in supplier delivery times for over ten years also having a negative directional influence. After only modest falls in employment in March and April, manufacturers showed an increased willingness to trim staffing capacity. Thanks in part to excess supply in the market, manufacturers faced lower input prices for the first time in almost three years in May” – Phil Smith, Principal Economist, IHSMarkit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/5254e7a390fb4ea2b8267d1bc42a5162; 6/3/19

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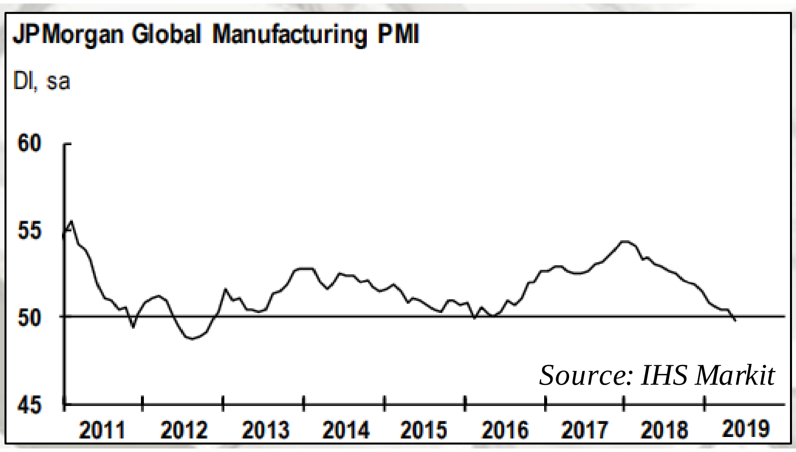
# Private Indicators: Global




## J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – posted 49.8 in May, down from 50.4 in April, its lowest level since October 2012.

## Global PMI posts lowest reading since October 2012

Global PMI surveys signalled that manufacturing downshifted into contraction during May. Business conditions deteriorated to the greatest extent in over six-and-a-half years, as production volumes stagnated and new orders declined at the fastest pace since October 2012. The trend in international trade continued to weigh on the sector, with new export business contracting for the ninth month running. Business optimism fell for the second month in a row and to its lowest level since future activity data were first collected in July 2012.

Downturns continued in the intermediate and investment goods industries, which both saw output and new orders fall further during May. Although the consumer goods sector fared better in comparison, with production and new business rising, rates of expansion eased. … .

The lacklustre performance in terms of output and new orders filtered through to the labour market during May. Global manufacturing employment edged lower to register its first decline since August 2016. Staffing levels were lowered in China, the euro area, the UK, Brazil, Taiwan, South Korea, Mexico, Australia, Russia, Poland, Turkey, Vietnam, the Philippines and the Czech Republic. Part of the reduction in employment reflected a surplus of spare capacity, as highlighted by a further drop in backlogs of work. Efforts to maintain competitiveness led to the weakest rise in selling prices since September 2016, while input costs rose at the slowest pace since August 2016." – David Hensley, Global Economist, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/b2eb8a67afb44a4299eff370169f603e; 6/3/19

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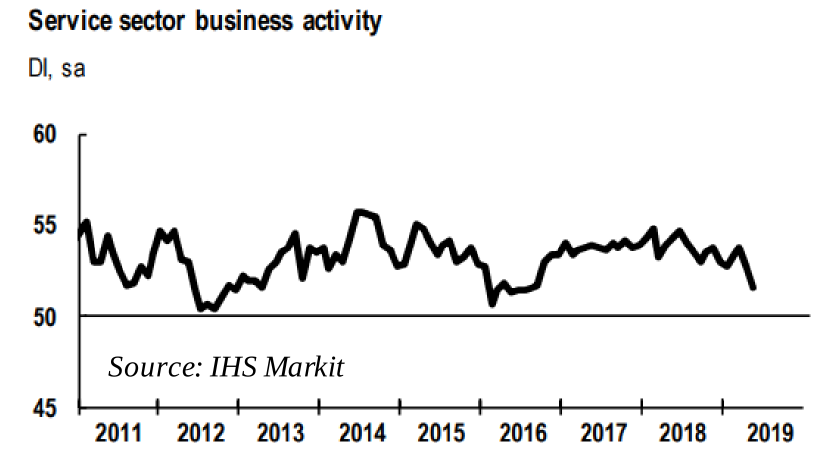
# Private Indicators: Global



*Source: IHS Markit*

### J.P. Morgan Global Services PMI™

"The J.P. Morgan Global Services Business Activity Index – a composite index produced by J.P. Morgan and HIS Markit in association with ISM and IFPSM – posted 51.6 in May, down from 52.7 in April, and has stayed above the neutral 50.0 mark for 118 consecutive months.

### Global services activity and new order growth slow in April

The rate of expansion in the global service sector eased to a 33-month low in May, with output growth slowing across the business, consumer and financial services categories. The seeds of the global service sector slowdown were planted in the US and China. The US saw its lowest rate of expansion during the current 39-month sequence of increase, while growth in China eased to a three-month low. Brazil was the only nation to register contraction as activity fell to the greatest extent since last September. Output growth accelerated in the euro area, the UK and Australia, but decelerated in Japan, India and Russia.

The level of incoming new business rose at the slowest pace since July 2016, while the trend in new export order growth eased closer to stagnation. Backlogs of work showed a minor decrease, the first in five months. Although service providers maintained a positive outlook in May, the degree of optimism dipped to a near three-year low. Confidence eased in the US, the euro area, China, Japan and Russia, and improved in India, the UK, Australia and Brazil. .... .

The May PMI surveys point to a notable growth slowdown in the global service sector. The effects were felt across the spectrum of activities, with rates of expansion easing across the business, consumer and financial services categories. However, with new order intakes remaining solid and employment still rising at a decent clip, there are still signs that growth in the sector may stabilize in the coming months." – David Hensley, Global Economist, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/78b3facf733d4c0294dc6bc7a6f02d1d; 6/5/19

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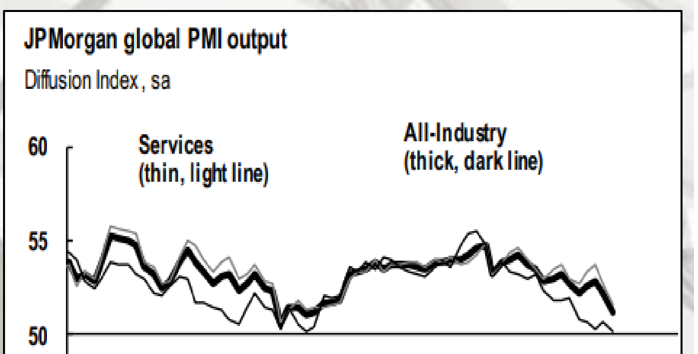
# Private Indicators: Global



*Source: J.P. Morgan and IHS Markit*

## J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index which is produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – fell to 51.2 in May, down from 52.1 in April. Although four out of the six broad sub-sectors covered by the survey – consumer goods, business services, consumer services and financial services – registered growth, all saw slower rates of expansion. Producers of intermediate and investment goods, meanwhile, both saw output fall for the fifth month running.

## Global economic growth eases to near three-year low in May

The rate of global economic expansion eased to a near three-year low in May. Output growth at service providers was the weakest since August 2016, while the trend in manufacturing production was near-stagnation. Demand dynamics stuttered in both sectors, with manufacturing particularly hard hit by the effect of rising global trade tensions on international trade flows. The slowdown was mainly centred on the US, where weaker increases in the manufacturing and service sector led to the slowest rise in all-industry activity for three years. Rates of overall expansion also slowed in China (three-month low), Japan and Russia (36-month low). Growth steadied in the UK and India. Mild accelerations were registered in the euro area and Australia, taking growth in both back above the global average. … .

Business confidence dipped to its lowest level since future output data were first collected in July 2012. Optimism fell in all three manufacturing sub-sectors covered by the survey (consumer, intermediate and investment goods) and at business services providers. On the price front, rates of inflation in output charges and input costs both slowed during the latest survey month.

The rate of global economic expansion slowed to its weakest since June 2016, as manufacturing stagnated and services saw a marked growth slowdown. Both sectors were impacted by subdued underlying demand. Manufacturing in particular has been hurt by rising global trade tensions, leading to reduced opportunities to grow export orders. Global market conditions will need to pick-up noticeably in the coming months if economic growth is to revive." – David Hensley, Global Economist, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/49aacf710a854d02b0aa633e5445aa62; 6/5/19

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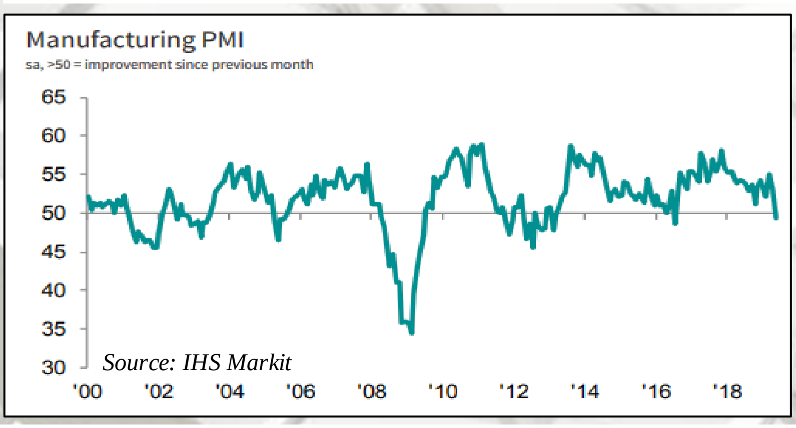
# Private Indicators: Global




## Markit/CIPS UK Manufacturing PMI™

"The UK manufacturing sector showed increased signs of renewed contraction in May. At 49.4, down sharply from 53.1 in April, the headline seasonally adjusted IHS Markit/CIPS Purchasing Managers' Index® (PMI®) fell below the neutral 50.0 benchmark for the first time since July 2016.

## UK Manufacturing PMI signals contraction as new orders fall and stockpiling activity pauses

Manufacturers reported increased difficulties in convincing clients to commit to new contracts during May. This mainly reflected the already high level of inventories following recent stockpiling activity in advance of the original Brexit date. The total volume of new business placed fell for the first time in seven months. The rate of contraction was the greatest since July 2016 and one of the fastest seen over the past six-and-a-half years. New order inflows deteriorated from both domestic and overseas sources. New export business fell for the second month running and at the quickest pace in over four-and-a-half years. Manufacturers reported lower demand from Asia and Europe. There was also mention of Brexit uncertainty, including clients diverting supply chains away from the UK, leading to lower demand from within the EU. … .

The UK manufacturing sector was buffeted by ongoing Brexit uncertainty again in May. The headline PMI posted 49.4, moving back into contraction territory for the first time since July 2016, the month directly following the EU referendum result. The trend in output weakened and, based on its relationship with official ONS data, is pointing to a renewed downturn of production New order inflows declined from both domestic and overseas markets, as already high stock levels at manufacturers and their clients led to difficulties in sustaining output levels and getting agreement on new contracts. Demand was also impacted by ongoing global trade tensions, as well as by companies starting to unwind inventories built up in advance of the original Brexit date. Some EU-based clients were also reported to have shifted supply chains away from the UK. … ." – Rob Dobson, Director & Senior Economist, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/7b4305d010d04735b6e8d7aaf2fca780; 6/3/19

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# Private Indicators
# Associated Builders and Contractors

## ABC's Construction Backlog Indicator Surges in March

Associated Builders and Contractors reports that its monthly Construction Backlog Indicator expanded to 9.5 months in March 2019, up 0.7 months or 8.8% since February 2019 when CBI stood at 8.8 months.

"The U.S. economy has been humming and construction backlog is correspondingly elevated. While there was a period of weakness in backlog in January, those dynamics, which may very well be seasonal, are no longer affecting the market. The U.S. economy's strong first quarter appears to have greenlighted more construction projects, translating into ongoing and meaningful increases in construction backlog.

As a forward-looking indicator of economic activity, CBI stands in stark contrast to a number of other indicators. Many business surveys suggest eroding confidence across the United States, even before the trade dispute between China and the United States heated up in recent weeks. But nonresidential contractors have demonstrated little — if any — loss in confidence, with ABC's February Construction Confidence Indicator remaining robust. The most glaring exception is industrial contracting, for which CBI declined sharply in March."
– Anirban Basu, Chief Economist, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/16312/abc-s-construction-backlog-indicator-surges-in-march; 5/21/19

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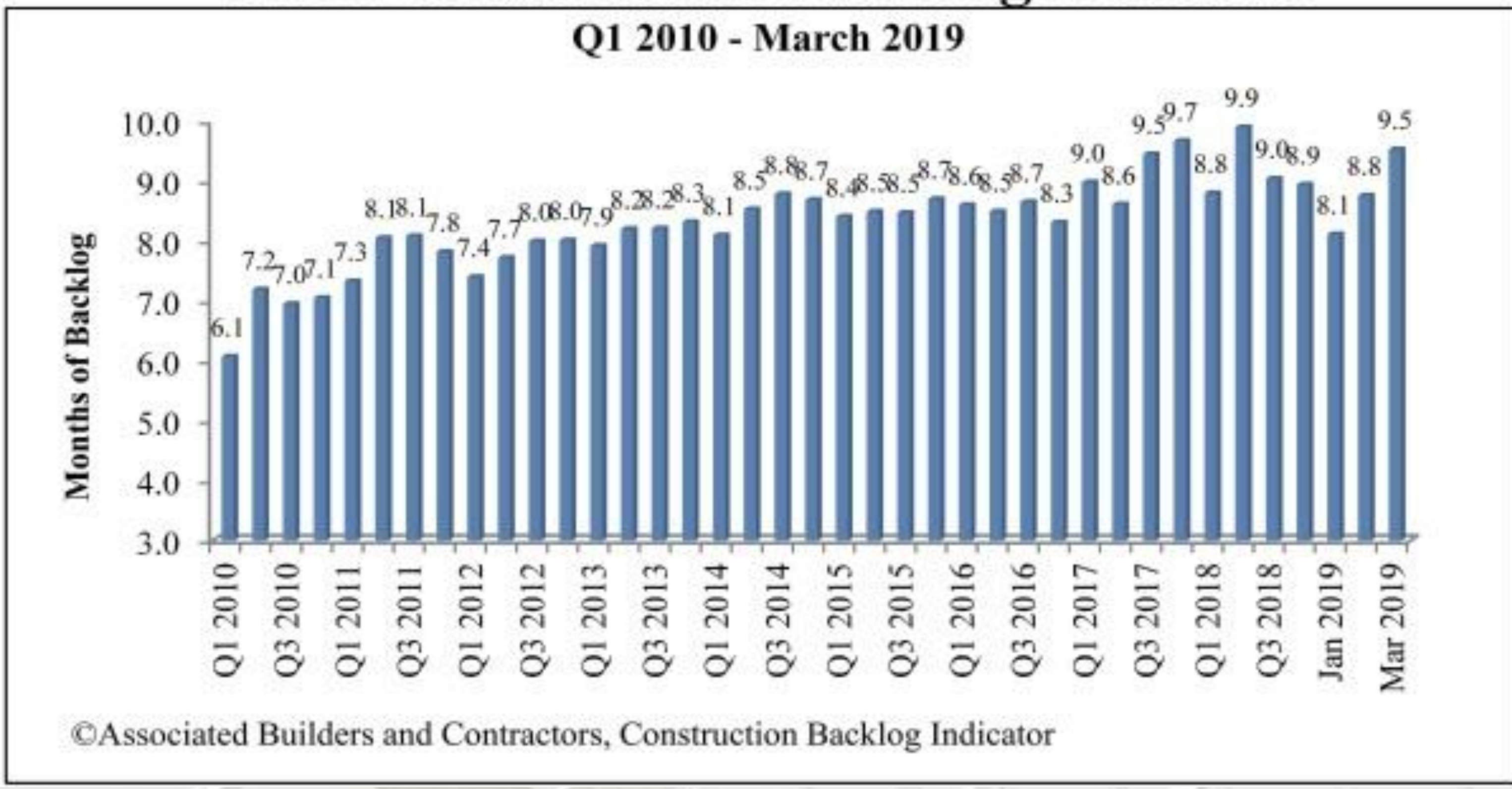
# ABC Construction Backlog Indicator




## ABC's Construction Backlog Indicator Surges in March

"The general optimism of nonresidential construction firms may have something to do with the timing of construction cycles. Nonresidential construction spending activity lags the overall performance of the U.S. economy by 12-18 months. Accordingly, the typical nonresidential contractor has little reason for concern until 2020. Other businesses, including retailers, are more likely to be immediately impacted by macroeconomic performance.

In any case, nonresidential construction backlog has seldom been higher in the history of the series. The implication is that those looking for employment in construction, especially in the skilled trades, will continue to find considerable demand for their services." – Anirban Basu, Chief Economist, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/16312/abc-s-construction-backlog-indicator-surges-in-march; 5/21/19

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# Private Indicators
# American Institute of Architects (AIA)

## Architecture Billings Index April 2019

### Billings return to the plus side, but growth remains soft

### Billings decline amidst concern about potential slowdown

"In contrast to 2018, conditions throughout the construction sector recently have become more unsettled. Though we may not be at a critical inflection point, the next several months of billing data will be indicative of the health of the industry going into 2020." – Kermit Baker, Chief Economist, Hon. The American Institute of Architects

"AIA's ABI score for April showed a small increase in design services at 50.5 in April, which is up from 47.8 in March. ABI score of 50.5 (a score over 50 indicates billings growth). However, while this turnaround is welcome news, billings growth generally remains sluggish, with only a slightly larger share of firms reporting increasing firm billings than reporting decreasing billings. But inquiries into new projects and the value of new signed design contracts both strengthened in April, as firms remain fairly optimistic about future work. Additionally, business conditions remained strong at firms located in the South. Despite this and the positive overall billings score, most regional and sector indictors continue to display decreasing demand for design services." – Katharine Keane, Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6154483-abi-april-2019-architecture-firm-billings-; 5/27/19

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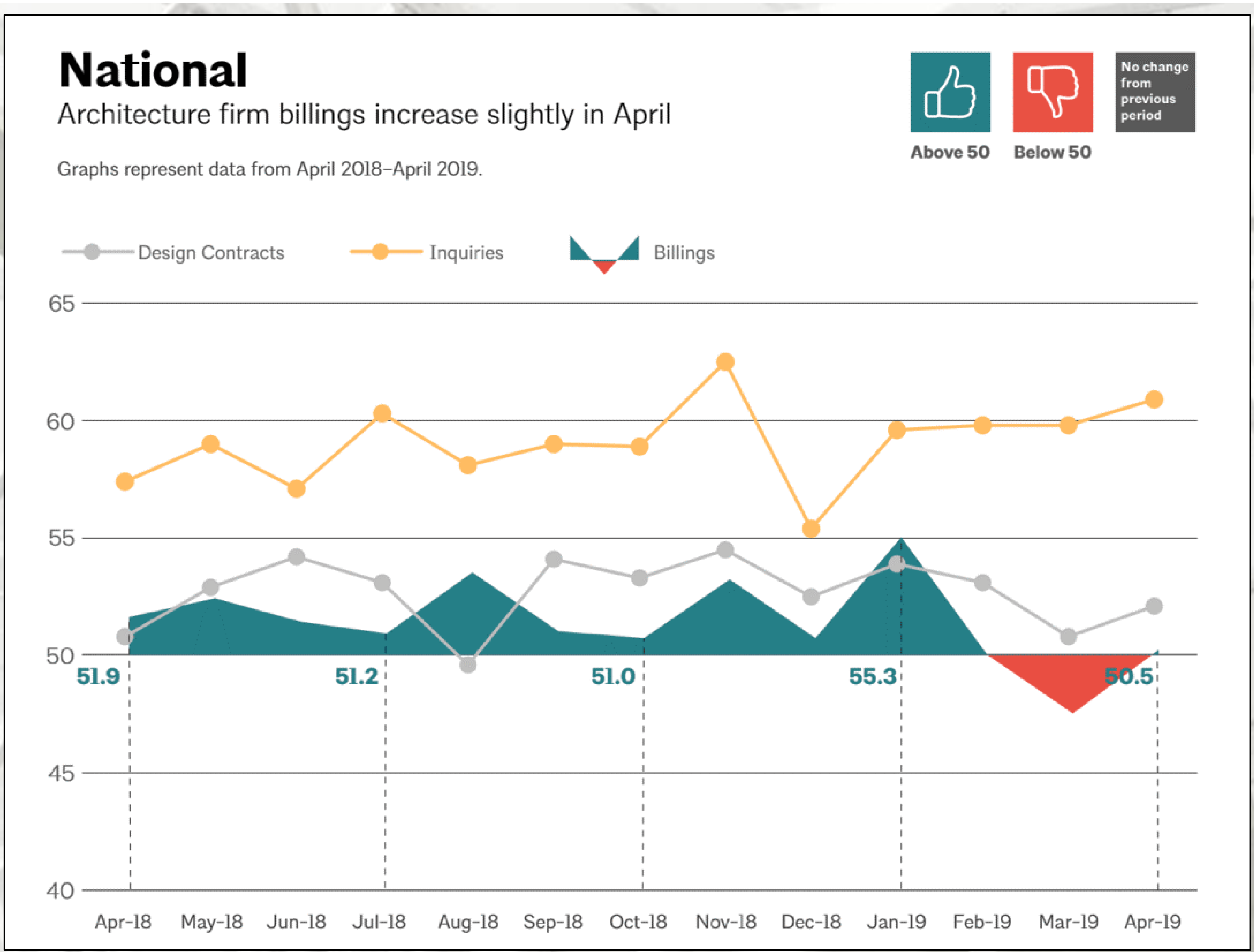
# Private Indicators
# American Institute of Architects (AIA)




Source: https://www.aia.org/pages/6154483-abi-april-2019-architecture-firm-billings-; 5/27/19

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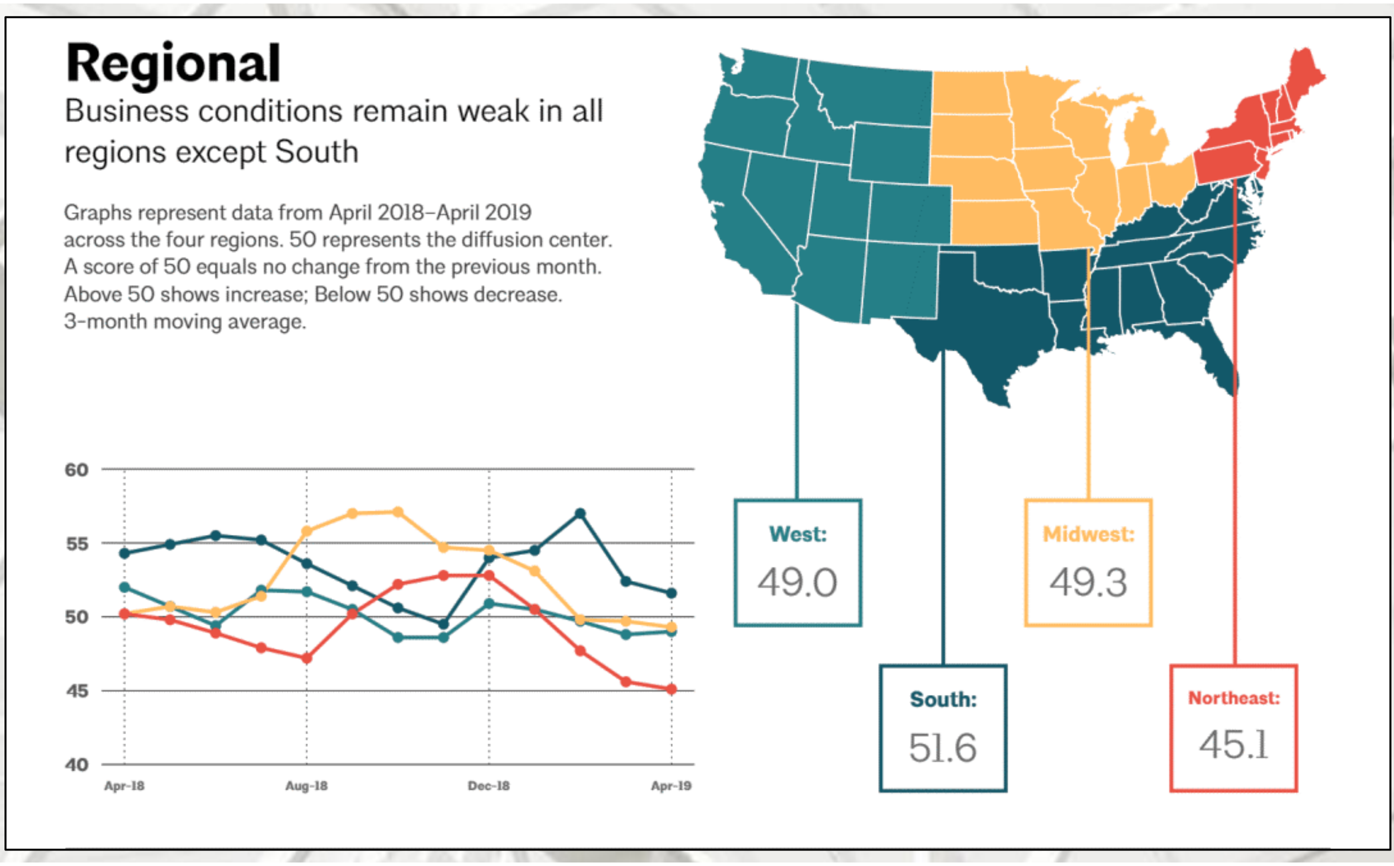
# Private Indicators: AIA




## Region
### An uptick, but not a huge one

"Despite a return to modest growth in the national billings index, billings remained soft at firms in most regions of the country in April. Only firms located in the South continued to report improving business conditions, while firms located in the rest of the country saw declining billings for the third consecutive month. This was most noticeable at firms located in the Northeast, where billings softened even further this month." – Katharine Keane, Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6154483-abi-april-2019-architecture-firm-billings-; 5/27/19

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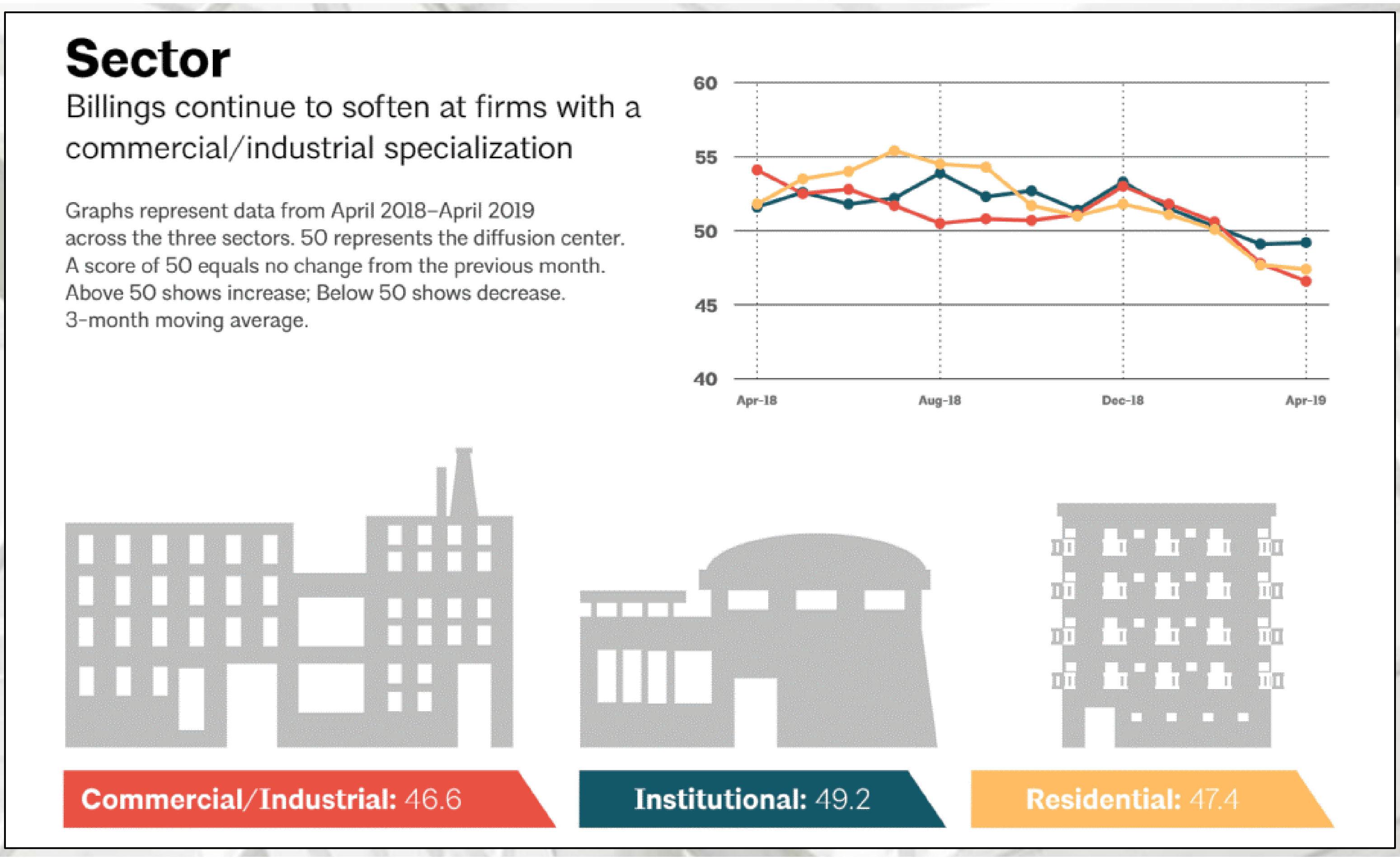
# Private Indicators: AIA




## Sector

"In addition, firms of all specializations also reported declining firm billings in April, with firms with a commercial/industrial specialization reporting the weakest conditions at this time." – Katharine Keane, Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6154483-abi-april-2019-architecture-firm-billings-; 5/27/19

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# Private Indicators

## Dodge Data & Analytics

### April Construction Starts Retreat 15 Percent

***Nonbuilding Construction and Nonresidential Building Slide After Sharp Gains in March***

"The value of new construction starts in April fell 15% to a seasonally adjusted annual rate of $685.2 billion, pulling back following the 16% hike that was reported in March, according to Dodge Data & Analytics. Steep declines were registered by two of the three main construction sectors. Nonbuilding construction, which is comprised of public works and electric utilities/gas plants, plunged 31% from its elevated March amount which was lifted by the start of the $4.3 billion Calcasieu Pass liquefied natural gas (LNG) export terminal in Cameron LA. Nonresidential building fell 18% in April after being boosted in March by groundbreaking for the $1.6 billion Toyota-Mazda automotive manufacturing facility in Huntsville AL, among other large projects. Nonresidential building in April did receive support from the start of the $1.3 billion new airport terminal project at Kansas City International Airport.

Meanwhile, residential building in April decreased 1%, as a modest rebound for multifamily housing was outweighed by further slippage for single family housing. During the first four months of 2019, total construction starts on an unadjusted basis were $224.5 billion, down 8% from the same period of 2018. On a twelve-month moving total basis, total construction starts for the twelve months ending April 2019 held steady with the corresponding amount for the twelve months ending April 2018.

April's data lowered the Dodge Index to 145 (2000=100), down from 171 in March. Taking the average for March and April produces an Index reading of 158, which is above the 150 average for January and February, yet still below the 171 average for all of 2018." – Nicole Sullivan, AFFECT Public Relations & Social Media

Source: https://www.construction.com/news/april-construction-starts-retreat-15-percent-may-2019; 5/22/19

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# Private Indicators

## Dodge Data & Analytics

"The construction start statistics can be volatile on a month-to-month basis, and that's certainly been true in March and April, as a 16% jump was followed by a 15% decline. Much of the volatility can be attributed to the presence or absence of large projects – in March there were ten projects valued each at $500 million or more that reached groundbreaking, while April saw only two such projects. Amidst this volatility, there are several trends about 2019 construction activity that are beginning to emerge. Overall construction activity continues to show deceleration around an up-and-down monthly pattern, with a varied performance by major construction sector. The public works side of nonbuilding construction got off to a slow start in 2019, which at least through March was partially offset by an upturn for electric utilities/gas plants. Some improvement for public works is expected as the current year proceeds, given the fiscal 2019 federal funding approved back in February as well as the continued support of state construction bond measures. Nonresidential building is staying close to its pace of last year, helped by continued strength for office buildings, hotels, educational facilities, and transportation terminals. The multifamily side of residential building is retreating, even with the occasional monthly upturn, while single family housing has not yet provided evidence that it can rebound from the slower pace that took hold towards the end of last year." –Robert A. Murray, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/april-construction-starts-retreat-15-percent-may-2019; 5/22/19

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# Private Indicators

## Dodge Data & Analytics

"**Residential building** in April slipped 1% to $289.5 billion (annual rate), receding for the third month in a row. Single family housing dropped 4%, and April's level of activity was down 9% from the average monthly pace during 2018. By geography, single family housing in April showed this pattern relative to March – the South Atlantic, down 8%; the Northeast, down 6%; the South Central, down 5%; the West, down 1%; and the Midwest, up 8%. Multifamily housing in April advanced 5% after a 9% decline in March, but April's level of activity was still down 18% from the average monthly pace during 2018. There were ten multifamily projects valued at $100 million or more that reached groundbreaking in April, led by the $220 million multifamily portion of a $300 million mixed-use development on Wilshire Boulevard in Los Angeles CA and a $200 million apartment building in the Bronx NY. The top five metropolitan areas ranked by the dollar amount of multifamily starts in April were – New York NY, Los Angeles CA, Miami FL, Chicago IL, and Austin TX." – Robert A. Murray, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/april-construction-starts-retreat-15-percent-may-2019; 5/22/19

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# Private Indicators

## Dodge Data & Analytics

"The 8% downturn for total construction starts on an unadjusted basis during the January-April period of 2019 was the result of lower activity for each of the three main construction sectors. Nonresidential building decreased 3% year-to-date, with respective declines of 4% and 37% for institutional building and manufacturing building, while commercial building was able to post a 5% gain. Nonbuilding construction dropped 10% year-to-date, as a 21% retreat for public works was partially offset by a 94% jump for electric utilities/gas plants. **Residential building** fell 12% year-to-date, with single family housing down 8% and multifamily housing down 20%. By major region, total construction starts for the first four months of 2019 revealed this pattern compared to last year – the Midwest, down 17%; the South Atlantic, down 11%; the West, down 9%; the Northeast, down 7%; and the South Central, up 1%

Useful perspective comes from looking at twelve-month moving totals, in this case the twelve months ending April 2019 versus the twelve months ending April 2018. On this basis, total construction starts essentially maintained the same volume as the previous period. By major sector, nonresidential building rose 4%, with commercial building up 9%, manufacturing building up 7%, and institutional building unchanged. **Residential building** held steady with the previous period, with single family housing unchanged and multifamily housing up 1%. Nonbuilding construction dropped 6%, with electric utilities/gas plants down 1% and public works down 7%." – Robert A. Murray, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/april-construction-starts-retreat-15-percent-may-2019; 5/22/19

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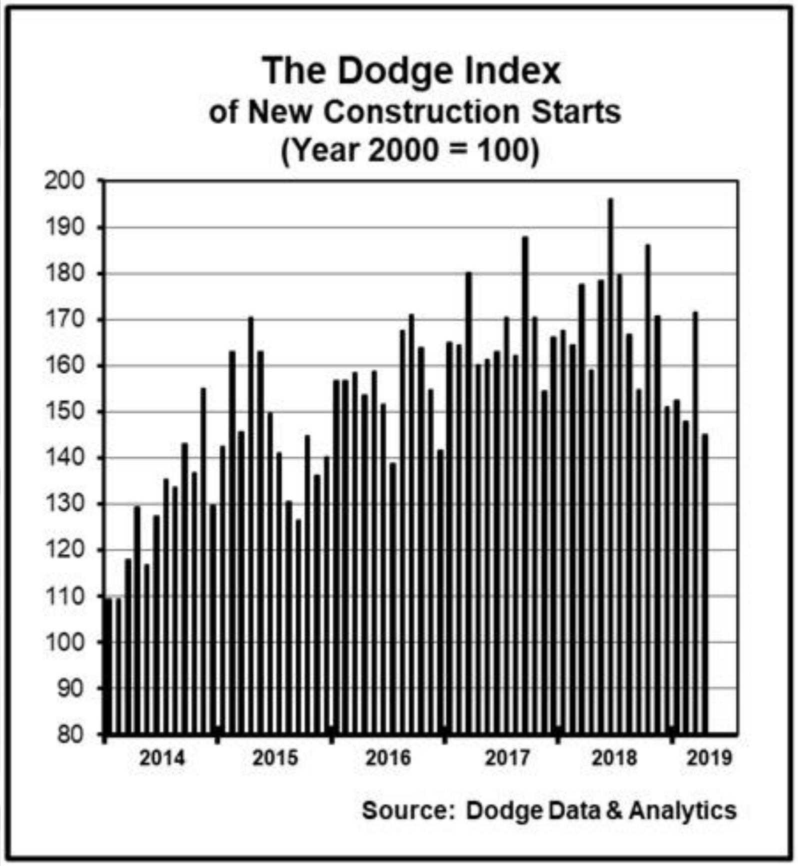
# Private Indicators

## April 2019 Construction Starts




**April 2019 Construction Starts**

**Monthly Summary of Construction Starts**
Prepared by Dodge Data & Analytics

**Monthly Construction Starts**
Seasonally Adjusted Annual Rates, in Millions of Dollars

| | April 2019 | March 2019 | % Change |
|---|---|---|---|
| Nonresidential Building | $248,467 | $303,385 | -18 |
| Residential Building | 289,509 | 293,714 | -1 |
| Nonbuilding Construction | 147,178 | 213,361 | -31 |
| Total Construction | $685,154 | $810,460 | -15 |

**The Dodge Index**
Year 2000=100, Seasonally Adjusted

April 2019……….145
March 2019……..171

**Year-to-Date Construction Starts**
Unadjusted Totals, in Millions of Dollars

| | 4 Mos. 2019 | 4 Mos. 2018 | % Change |
|---|---|---|---|
| Nonresidential Building | $76,987 | $79,306 | -3 |
| Residential Building | 94,560 | 107,226 | -12 |
| Nonbuilding Construction | 52,934 | 58,641 | -10 |
| Total Construction | $224,481 | $245,173 | -8 |

Source: https://www.construction.com/news/april-construction-starts-retreat-15-percent-may-2019; 5/22/19

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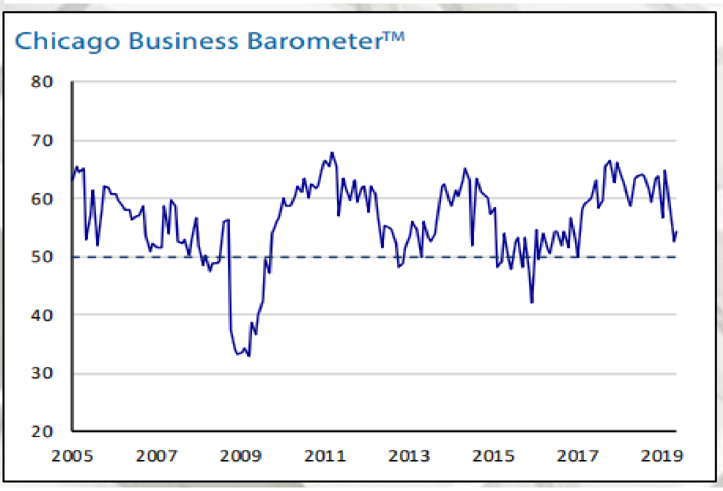
# Private Indicators




## MNI Chicago

### Employment Softest Since October 2017

"The MNI Chicago Business Barometer increased by 1.6 points to 54.2 in May from 52.6 in April. Despite the pick-up in sentiment, the survey points to softness in business activity, as indicated by the three-month average slipping to a two-year low. Furthermore, it is evident that business confidence in Q2 is going to be significantly weaker than Q1, which already was at sluggish levels.

## Chicago Business Barometer Rises to 54.2 in May

The rise in business confidence was led by Production and New Orders. New Orders increased for the first time in three months, but the increase was not large enough to offset last month's fall. Production picked-up to match its three-month average but was significantly below its 12-month average. Order Backlogs slipped into contraction again, the second such instance this year. Backlogs against other sub-components have contracted the most over the past year, giving further evidence of lukewarm demand.

Firms began accumulating inventories following three months of draw-down. Since the 2009 crisis, firms on average have kept inventories balanced and survey evidence shows things getting back to "normal" after a strong 2018 in terms of demand and confidence. Weaker demand for labor continued in the wake of slower growth in demand and production seen since the turn of the year, despite this month's positive outturn. Employment was below both its three-month and 12-month averages and at the lowest level since October 2017. …

This was the second increase in business sentiment this year, with firms having longer order books and thereby raising production. However, they kept employment close to the neutral level amid a lack of adequate skills and volatility in demand. There is no getting away from the general softness in the data. Indicators are significantly below their last year averages but are moving towards their long-term means, implying that if business conditions are not as bright as they were, they are not bad either." – Shaily Mittal, Senior Economist, MNI Indicators

Source: https://s3.amazonaws.com/images.chaptermanager.com/chapters/b742ccc3-ff70-8eca-4cf5-ab93a6c8ab97/files/mni-chicago-press-release-2019-05.pdf; 5/31/19

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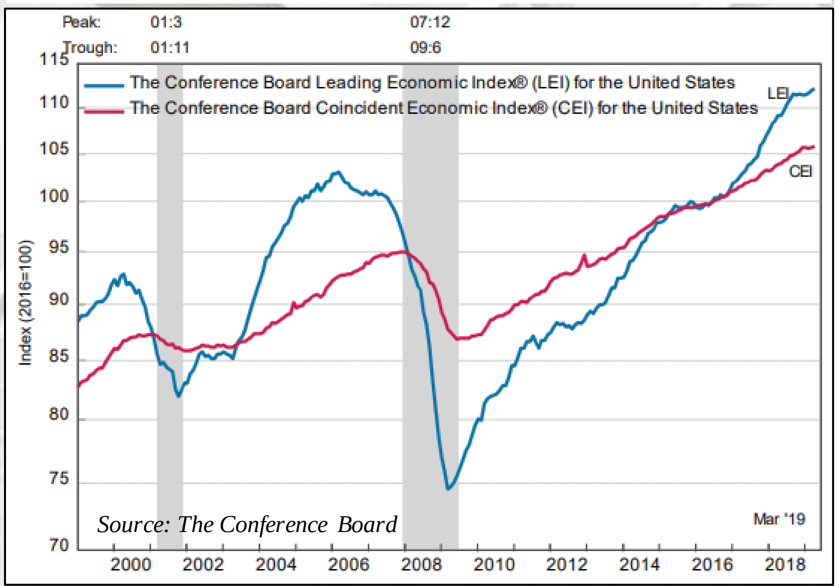
# Private Indicators

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

### Third Consecutive Increase; Economic Expansion to Continue in Near Term

**The Conference Board Leading Economic Index®** (LEI) for the U.S. increased 0.2 percent in April to 112.1 (2016 = 100), following 0.3 percent increase in March, and a 0.2 percent in February.

**U.S. Composite Economic Indexes (2016 = 100)**



*Source: The Conference Board*

"The US LEI rose in April, the third consecutive increase, with a majority of the leading indicators making positive contributions. Stock prices, financial conditions, and consumers' outlook on the economy buoyed the US LEI, although the manufacturing sector showed continuing weakness. The Conference Board expects economic growth to moderate toward 2 percent by year end. The current expansion will enter its 11th year in July, becoming the longest expansion in US history." – Ataman Ozyildirim, Director of Economic Research, The Conference Board

"**The Conference Board Coincident Economic Index®** (CEI) for the U.S. increased 0.1 percent in April to 105.7 (2016 = 100), following a 0.1 percent increase in March, and a 0.1 percent decline in February.

**The Conference Board Lagging Economic Index® (LAG)** for the U.S. declined 0.1 percent in April to 107.2 (2016 = 100), following a 0.2 percent increase in March and a 0.3 percent increase in February."– The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 5/17/19

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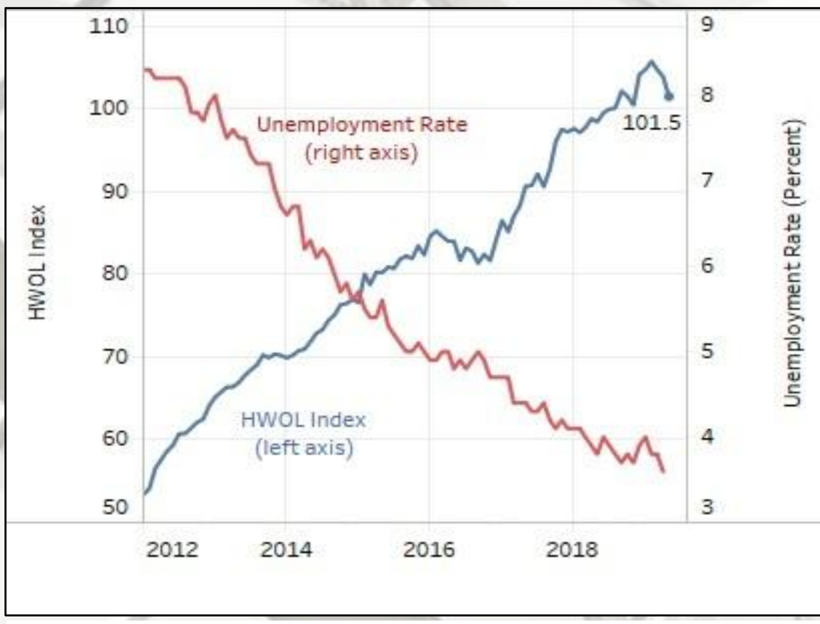
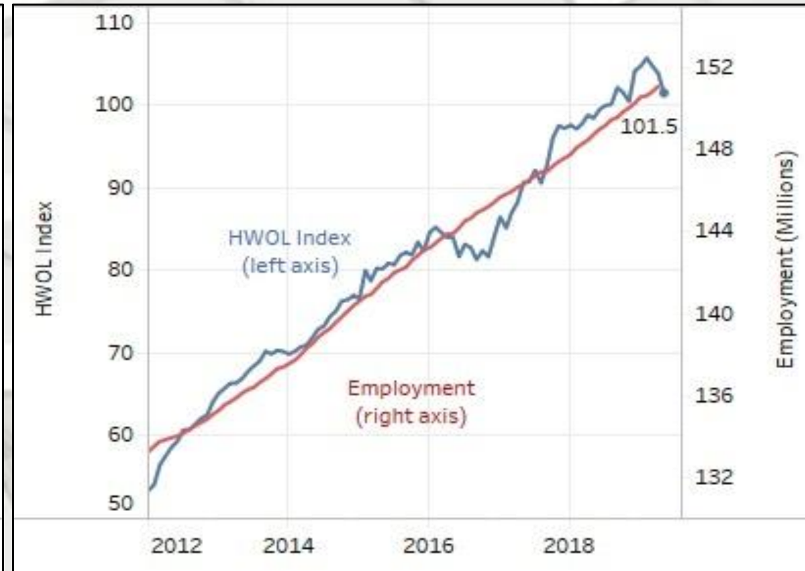
# Private Indicators




Source: The Conference Board

## The Conference Board Help Wanted OnLine® (HWOL)
## Online Labor Demand Declined in May

- "In May, losses were widespread across most States and MSAs
- Majority of occupations showed declines over the month

***The Conference Board Help Wanted OnLine® (HWOL) Index*** declined in May. The Index now stands at 101.5 (July 2018=100), down from 103.9 in April. The Index declined 2.3 percent from the prior month, but is up 3.1 percent from a year ago.

In the Midwest, Nebraska declined 2.8 percent and Michigan fell 2.9 percent. In the Northeast, Rhode Island declined 5.6 percent and New Jersey fell 3.7 percent. In the South, Delaware fell 7.9 percent and West Virginia declined 3.2 percent. In the West, Washington dropped 3.1 percent and Nevada declined 2.8 percent.

The Professional occupational category saw losses in Computer and Mathematical Science (-3.6 percent) and Business and Financial Operations (-3.3 percent). The Services/Production occupational category saw losses in Production (-3.3 percent), Transportation (-2.9 percent), and Installation, Maintenance, and Repair (-2.9 percent)." – Gad Levanon, Chief Economist, North America, at The Conference Board

Source: https://www.conference-board.org/data/helpwantedonline.cfm; 6/5/19

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# Equipment Leasing and Finance Association:

# Industry Confidence Improves in May

“The **Equipment Leasing & Finance Foundation** (the Foundation) releases the May 2019 **Monthly Confidence Index for the Equipment Finance Industry** (MCI-EFI). Designed to collect leadership data, the index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the $1 trillion equipment finance sector. Overall, confidence in the equipment finance market improved in May to 59.2, up from the April index of 58.3.” – Anneliese DeDiemar, Author, Equipment Leasing & Finance Association

“Our customers continue to be generally positive, delivering solid business performance and investing in equipment. Should that sentiment continue, I believe the equipment finance industry will have another good year.” – Michael DiCecco, Executive Managing Director, Huntington Asset Finance

“I'm optimistic about low unemployment levels and the pace of new car purchases. I am concerned that trade wars will create pockets of economic hardship, such as alternative energy and agriculture, and that the issues will spread to related industries.” – Quentin Cote, CLFP, President, Mintaka Financial, LLC

“We are beginning to see producers and agribusinesses make capital investments after years of belt-tightening. Activity has picked up but continues to be challenged by low commodity prices and uncertainty over trade tariffs.” – Michael Romanowski, President, Farm Credit Leasing Services Corporation

“The domestic economy continues to remain strong with most indicators at strong positions. Our volume has been strong, and confidence of our customers has remained positive. We are sensitive to industry portfolio performance and stress, and therefore, are cautiously optimistic about the remainder of 2019.” – David Normandin, CLFP, President and CEO, Wintrust Specialty Finance

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2019/05/16/equipment-leasing-and-finance-industry-confidence-improves-in-may; 5/16/19

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# Private Indicators

## Equipment Leasing and Finance Association

### Confidence Improves in May

**May 2019 Survey Results:**

"The overall MCI-EFI is 59.2, an increase from 58.3 in April.

- When asked to assess their business conditions over the next four months, 16.1% of executives responding said they believe business conditions will improve over the next four months, up from 13.3% in April. 67.7% of respondents believe business conditions will remain the same over the next four months, a decrease from 76.7% the previous month. 16.1% believe business conditions will worsen, an increase from 10% in April.
- 16.1% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, an increase from 13.3% in April. 77.4% believe demand will "remain the same" during the same four-month time period, a decrease from 83.3% the previous month. 6.5% believe demand will decline, up from 3.3% who believed so in April.
- 12.9% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, up from 6.7% in April. 87.1% of executives indicate they expect the "same" access to capital to fund business, a decrease from 93.3% last month. None expect "less" access to capital, unchanged from last month.
- When asked, 41.9% of the executives report they expect to hire more employees over the next four months, a decrease from 46.7% in April. 45.2% expect no change in headcount over the next four months, an increase from 40% last month. 12.9% expect to hire fewer employees, down from 13.3% last month." – Anneliese DeDiemar, Author, Equipment Leasing & Finance Association

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2019/05/16/equipment-leasing-and-finance-industry-confidence-improves-in-may; 5/16/19

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# Private Indicators

## Equipment Leasing and Finance Association

### Confidence Improves in May

**<u>May 2019 Survey Results:</u>**

"The overall MCI-EFI is 59.2, an increase from 58.3 in April.

- 51.6% of the leadership evaluate the current U.S. economy as "excellent," up from 40% in April. 48.4% of the leadership evaluate the current U.S. economy as "fair," a decrease from 60% the previous month. None evaluate it as "poor," unchanged from April.
- 9.7% of the survey respondents believe that U.S. economic conditions will get "better" over the next six months, up from 6.7% in April. 77.4% of survey respondents indicate they believe the U.S. economy will "stay the same" over the next six months, an increase from 73.3% the previous month. 12.9% believe economic conditions in the U.S. will worsen over the next six months, a decrease from 20% in April.
- In May, 35.5% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 36.7% last month. 64.5% believe there will be "no change" in business development spending, an increase from 63.3% in April. None believe there will be a decrease in spending, unchanged from last month." – Anneliese DeDiemar, Author, Equipment Leasing & Finance Association

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2019/05/16/equipment-leasing-and-finance-industry-confidence-improves-in-may; 5/16/19

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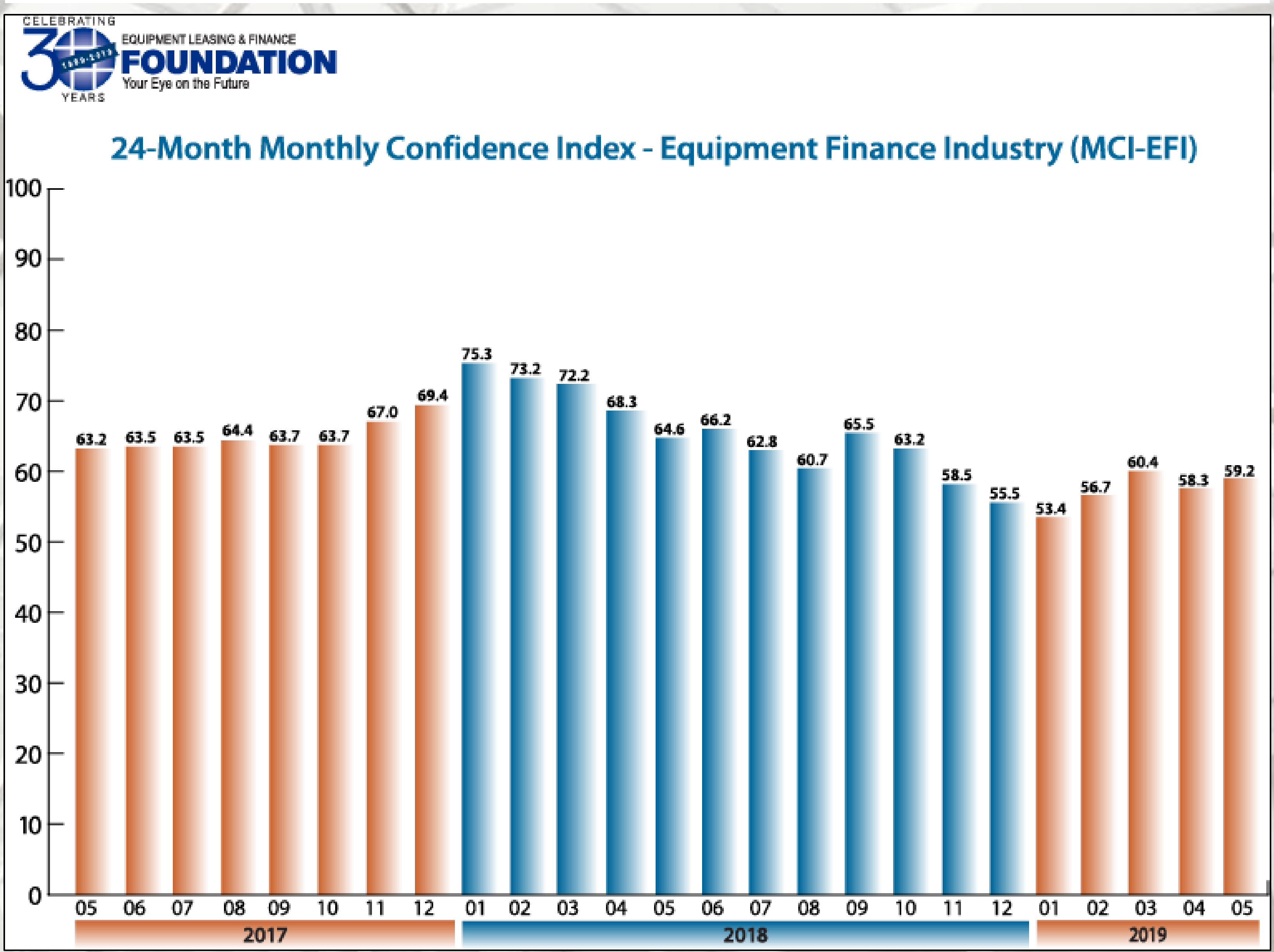


Source: https://www.elfaonline.org/news/press-room/press-releases/details/2019/05/16/equipment-leasing-and-finance-industry-confidence-improves-in-may; 5/16/19

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# Private Indicators

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

### *April New Business Volume Up 11 Percent Year-over-year, Up 7 Percent Month-over-month and Down 5 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 April was $8.8 billion, up 11 percent year-over-year from new business volume in April 2018. Volume was up 7 percent month-to-month from $8.2 billion in March. Year to date, cumulative new business volume was down 5 percent compared to 2018.

Receivables over 30 days were 1.50 percent, down from 1.90 percent the previous month and down from 2.40 percent the same period in 2018. Charge-offs were 0.32 percent, down from 0.37 percent the previous month, and up slightly from 0.30 percent in the year-earlier period.

Credit approvals totaled 76.8 percent, up from 75.3 percent from March. Total headcount for equipment finance companies was up 0.3 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in May is 59.2, up from the April index of 58.3." – Amy Vogt, Vice President, Communications and Marketing; Equipment Leasing & Finance Association

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2019/05/23/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 5/23/19

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# Private Indicators

## Equipment Leasing and Finance Association

### Monthly Leasing & Finance Index: April 2019

"Second quarter new business volume starts off strongly. Continued low interest rates, a strong labor market and solid economic fundamentals all contribute to healthy demand by U.S. businesses — both large and small — for financed assets to run their business operations. Historically elevated credit quality also remains a signature feature of financing transactions conducted by ELFA members." – Ralph Petta, President and CEO, ELFA

"The MLFI shows a strong improvement over last year and a large jump from March, but this followed lackluster growth in Q1 otherwise. Confidence rose slightly, and the economy felt more stable. However, going into May with the looming trade war and rippling effects into various sectors in the economy, we expect that companies will defer asset acquisitions until stability returns. Overall economic conditions and low interest rates should provide some cushion." – Jennifer A. Coyle, Executive Director, Macquarie Group Ltd.

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2019/05/23/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 5/23/19

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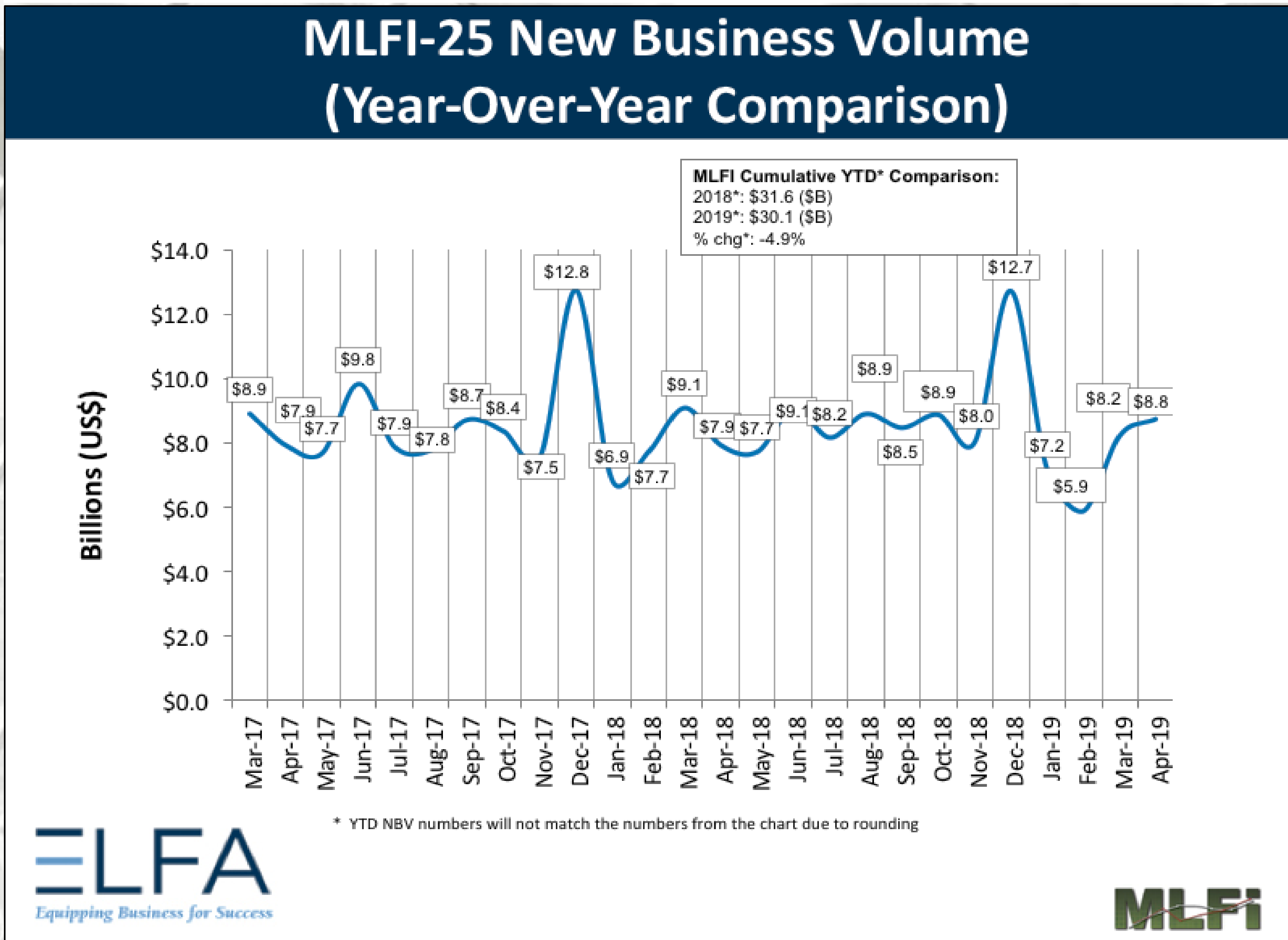
# Private Indicators

## Equipment Leasing and Finance Association




Source: https://www.elfaonline.org/news/press-room/press-releases/details/2019/05/23/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 5/23/19

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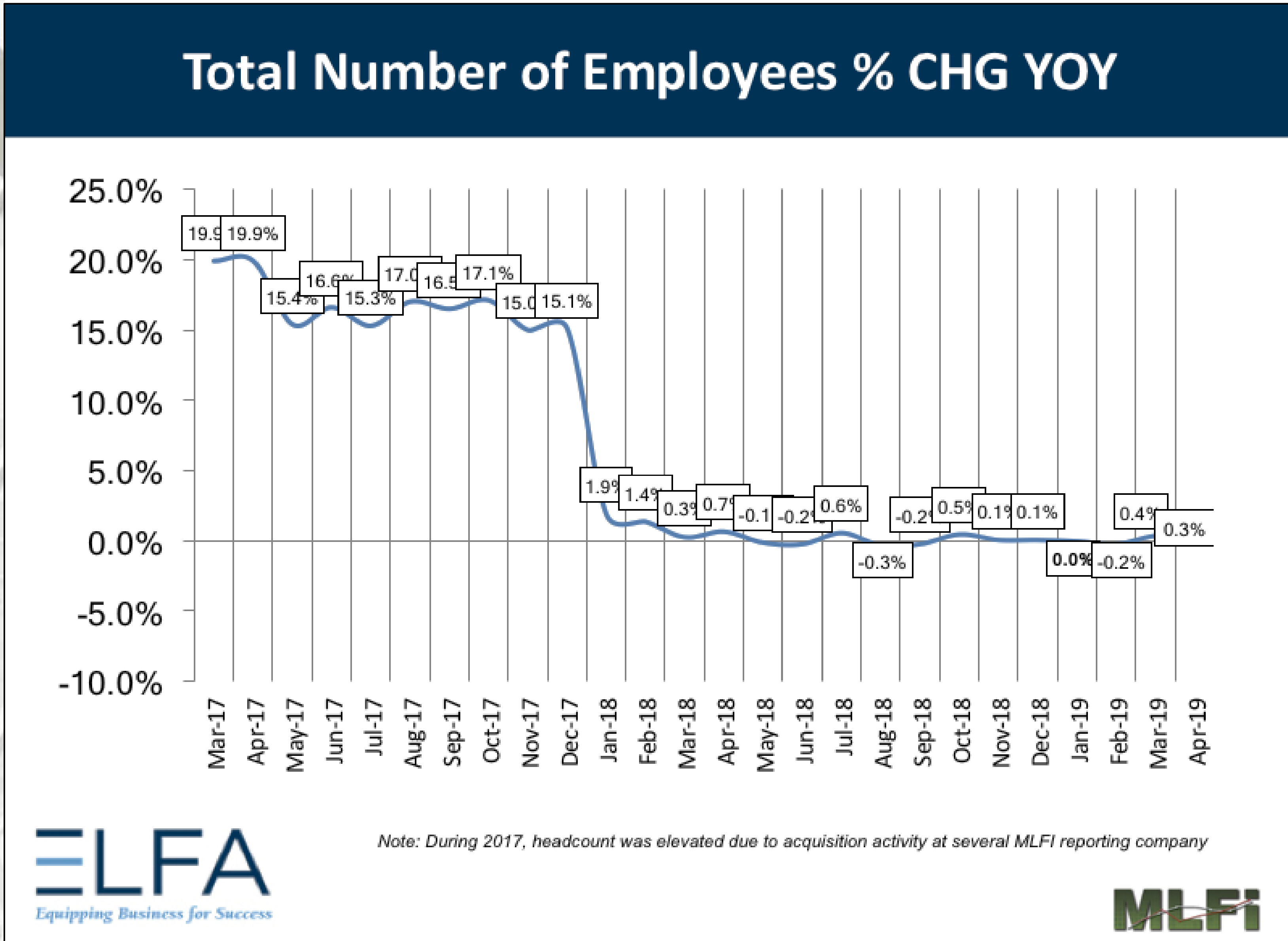
# Private Indicators

## Equipment Leasing and Finance Association

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# May 2019 Manufacturing ISM® *Report On Business*®

## PMI® at 52.1%

### New Orders, Production, and Employment Growing;

### Supplier Deliveries Slowing at Slower Rate; Backlog Growing

### Raw Materials Inventories Growing; Customers' Inventories Too Low

### Prices Unchanged; Exports Growing, but Imports Contracting

"Economic activity in the **manufacturing sector** expanded in May, and the **overall economy** grew for the 121st consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® *Report On Business*®**. The May PMI® registered 52.1 percent, a decrease of 0.7 percentage points from the April reading of 52.8 percent.

The New Orders Index registered 52.7 percent, an increase of 1 percentage point from the April reading of 51.7 percent.

The Production Index registered 51.3 percent, a 1-percentage point decrease compared to the April reading of 52.3 percent.

The Employment Index registered 53.7 percent, an increase of 1.3 percentage points from the April reading of 52.4 percent.

The Supplier Deliveries Index registered 52 percent, a 2.6-percentage point decrease from the April reading of 54.6 percent.

The Inventories Index registered 50.9 percent, a decrease of 2 percentage points from the April reading of 52.9 percent.

The Prices Index registered 53.2 percent, a 3.2-percentage point increase from the April reading of 50 percent." – Timothy R. Fiore, CPSM, CPSD, Chair of the ISM® Manufacturing Business Survey Committee

Source: https://www.instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?navItemNumber=31135; 6/3/19

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# May 2019 Manufacturing ISM® *Report On Business*®

## PMI® at 52.1%

"Comments from the panel reflect continued expanding business strength, but at soft levels consistent with the early-2016 expansion. **Demand** expansion continued, with the New Orders Index strengthening, but remaining in the low 50s, the Customers' Inventories Index remaining at a 'too low' level, and the Backlog of Orders Index contracting for the first time since January 2017. **Consumption** (production and employment) continued to expand, resulting in a combined PMI® contribution of 0.3 percentage point. **Inputs** — expressed as supplier deliveries, inventories and imports — were lower this month, primarily due to inventory softening and supplier's continuing to deliver faster, resulting in a combined 4.6-percentage point reduction in the Supplier Deliveries and Inventories indexes. Imports contracted for the second straight month. Overall, inputs reflect supply chains' ability to respond faster and indicate that supply managers are closely watching inventories. Prices remain at a relatively stable level.

Respondents expressed concern with the escalation in the U.S.-China trade standoff, but overall sentiment remained predominantly positive. The PMI® continues to reflect slowing expansion. Of the 18 manufacturing industries, 11 reported growth in May, in the following order: Printing & Related Support Activities; Furniture & Related Products; Plastics & Rubber Products; Textile Mills; Miscellaneous Manufacturing; Electrical Equipment, Appliances & Components; Computer & Electronic Products; Chemical Products; Food, Beverage & Tobacco Products; Nonmetallic Mineral Products; and Machinery. The six industries reporting contraction in May — listed in order — are: Apparel, Leather & Allied Products; Primary Metals; Petroleum & Coal Products; Wood Products; Paper Products; and Fabricated Metal Products." – Timothy R. Fiore, CPSM, CPSD, Chair of the ISM® Manufacturing Business Survey Committee

Source: https://www.instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?navItemNumber=31133; 6/3/19

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# May 2019 Non-Manufacturing ISM®
# Report On Business®

## PMI® at 56.9%

### Business Activity Index at 61.2%; New Orders Index at 58.6%; Employment Index at 58.1%

“Economic activity in the **non-manufacturing sector** grew in May for the 112th consecutive month, say the nation’s purchasing and supply executives in the latest **Non-Manufacturing ISM® Report On Business®**.

The NMI® registered 56.9 percent, which is 1.4 percentage points higher than the April reading of 55.5 percent. This represents continued growth in the non-manufacturing sector, at a slightly faster rate.

The Non-Manufacturing Business Activity Index increased to 61.2 percent, 1.7 percentage points higher than the April reading of 59.5 percent, reflecting growth for the 118th consecutive month, at a faster rate in May.

The New Orders Index registered 58.6 percent; 0.5 percentage point higher than the reading of 58.1 percent in April. The Employment Index increased 4.4 percentage points in May to 58.1 percent from the April reading of 53.7 percent.

The Prices Index decreased 0.3 percentage point from the April reading of 55.7 percent to 55.4 percent, indicating that prices increased in May for the 24th consecutive month. According to the NMI®, 16 non-manufacturing industries reported growth.

The non-manufacturing sector continues to experience a slight uptick in business activity, but it is still leveling off overall. Respondents are mostly optimistic about overall business conditions, but concerns remain about tariffs and employment resources.” – Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM, Chair of the Institute for Supply Management® (ISM®) Non-Manufacturing Business Survey Committee

Source: https://www.instituteforsupplymanagement.org/about/MediaRoom/newsreleasedetail.cfm?ItemNumber=31136; 6/5/19

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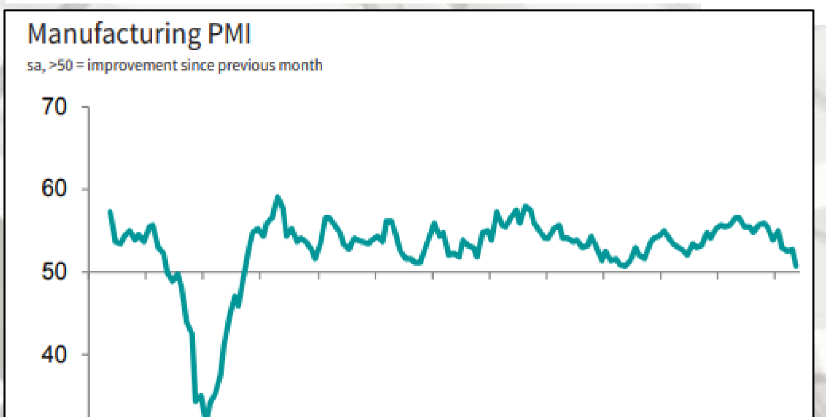
# Private Indicators



*Source: IHS Markit*

## Markit U.S. Manufacturing PMI™

"The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 50.5 in May, down from 52.6 in April. The latest headline figure signalled only a slight improvement in operating conditions, with the latest reading the lowest since September 2009. The data for the second quarter so far have indicated a distinct slowdown in the manufacturing sector compared to the first three months of 2019.

## PMI drops to lowest since September 2009

May survey data signalled only a marginal improvement in the health of the U.S. manufacturing sector. The headline PMI fell to its lowest level since September 2009 as output growth eased and new orders fell for the first time since August 2009. Weak demand conditions and ongoing trade tensions led firms to express the joint-lowest degree of confidence regarding future output growth since data on the outlook were first collected in mid-2012. At the same time, employment rose at the slowest rate since March 2017 and backlogs of work were unchanged. Meanwhile, inflationary pressures eased further, with both input costs and output prices increasing at softer rates.

A key factor weighing on the headline reading was the softest expansion of output since June 2016. May data signalled only a marginal rise in production that was often linked to clearing backlogs of previously-placed orders. At the same time, manufacturers signalled the first decline in new orders since August 2009. Though only fractional, survey respondents stated that weak client demand drove the fall. Some firms also noted that customers were postponing orders due to growing uncertainty about the outlook. Similarly, new business from abroad contracted for the first time since July 2018, albeit at a marginal rate.

Consequently, manufacturers exhibited a lower degree of confidence towards output over the coming year. Expectations for growth dipped to their joint-lowest since the series began in July 2012, as firms highlighted concerns surrounding ongoing trade tensions and a growing trend of customers postponing new orders, especially among large clients. … ." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/21f2aabb766f4eb2b9b7560336d053e8 ; 6/3/19

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# Private Indicators

## PMI drops to lowest since September 2009

“May saw US manufacturers endure the toughest month in nearly ten years, with the headline PMI down to its lowest since the height of the global financial crisis. New orders are falling at a rate not seen since 2009, causing increasing numbers of firms to cut production and employment. At current levels, the survey is consistent with the official measure of manufacturing output falling at an increased rate in the second quarter, meaning production is set to act as a further drag on GDP, with factory payroll numbers likewise in decline.

While tariffs were widely reported as having dampened demand and pushed costs higher, both producers and their suppliers often reported the need to hold selling prices lower amid lacklustre demand. While this bodes well for inflation, profit margins are clearly being squeezed as a result.

With future optimism sliding sharply lower in May, risks to near-term growth have shifted further to the downside.

While companies of all sizes are struggling, the biggest change since the strong growth seen late last year is a deteriorating performance among larger companies, where surging order book growth just a few months ago has now turned into contraction, the first such decline seen in the series’ ten-year history.” – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/21f2aabb766f4eb2b9b7560336d053e8 ; 6/3/19

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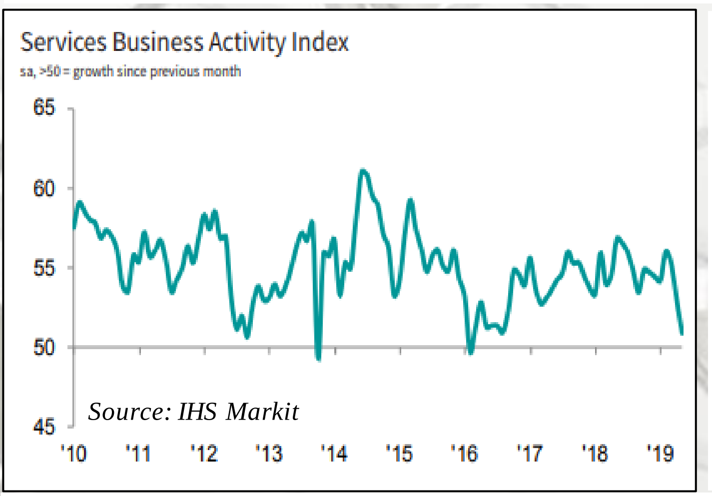
# Private Indicators




## Markit U.S. Services PMI™

"The seasonally adjusted final IHS Markit U.S. Services Business Activity Index registered 50.9 in May, down from 53.0 in April. The latest headline figure was the lowest since the current sequence of expansion began in February 2016, and signalled only a marginal upturn in business activity. Where a rise in output was reported, panellists linked this to a further increase in new business. Some firms, however, stated that greater competition and softer demand conditions had, in part, driven the slowdown

## New business expansion eases to slowest since March 2016

The latest survey data signalled only a marginal expansion in business activity across the U.S. service sector in May. The rise was the slowest since the current period of growth began in February 2016, amid softer demand conditions in domestic and foreign markets. A slower rise in input costs and greater competition for new work led to broadly unchanged output charges. Meanwhile, firms expressed the lowest degree of confidence since mid-2016, with service providers more uncertain with regards to output growth over the coming year. Nonetheless, firms continued to increase workforce numbers at a moderate pace despite unchanged levels of outstanding business.

The final PMI data for May add to worrying signs about the health of the US economy. With the exception of February 2016, business reported the weakest expansion for five and a half years as a tradeled slowdown continued to widen from manufacturing to services. Inflows of new business showed the second-smallest rise seen this side of the global financial crisis as the steepest fall in demand for manufactured goods since 2009 was accompanied by a further marked slowdown in orders for services….

The slowdown has also seen inflationary pressures fade rapidly. Despite upward pressure on prices from tariffs, the rate of increase of average prices charged for goods and services barely rose in May, in marked contrast to the strong rises seen earlier in the year, as increasing numbers of companies competed on price amid weak demand. As with manufacturing, the biggest change in recent months has been a sharp deterioration in growth of orders and output at larger companies, linked in part to worsening export trends, trade war worries and rising geopolitical uncertainty" – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/3981e1de8be64f7cb80e7e388e7ff83c; 6/5/19

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# Private Indicators

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

"This month's CMI is trending in a positive direction for the second month in a row. This has not happened since August and September of last year. May's reading for the combined score was 55.7, up from 54 last month. The last time this reading was this high was in November of last year when it hit 55.8. The index of favorable factors rose pretty dramatically from 60.1 in April to 63.8 in May. Again, the last time numbers were this good was November 2018. There was not a dramatic improvement as far as the unfavorable factors, but they still had a small rise from 50 to 50.2.

There was even better news in the breakdown for each sector. The sales category jumped from 61 to 65.9, a reading as good as those seen last year when numbers averaged in the high 60s (May at 69.6, June at 69.6, July at 63.9, August at 65, September at 68.8). The reading for new credit applications shifted up as well from 59.7 to 64.2 (the highest point in a year). The data on dollar collections moved from 59.1 to 59.8 – not a big improvement, but very solidly in the expansion zone (a reading above 50). The amount of credit extended also saw a tidy gain (60.6 to 65.4) – as high as that nice set of readings in November of last year.

There was generally good news for the nonfavorables, but the changes were not quite as dramatic. The rejections of credit applications reading fell a little but remained in the expansion zone. It was at 52 and slipped slightly to 51.8. The accounts placed for collection also fell a bit – from 48.5 to 47, which could become a bit of a concern. "This is essentially the last stage for credit and signals that something more drastic may be coming, such as bankruptcy," Dr. Chris Kuehl, Economist, NACM." – Andrew Michaels, Editorial Associate, NACM

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 5/31/19

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# Private Indicators

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

"The disputes category stayed almost the same as it had been the previous month as it went from 48.5 to 48.6. The big improvement was in dollar amount beyond terms. It had been at 47.6 and this month it tracked at 51.3. Dr. Chris Kuehl, Economist, NACM noted that in contrast to the news on accounts placed for collection, this reading suggests some companies are catching up with their credit obligations. The dollar amount of customer deductions remained very close to last month's readings with a score of 49.3 compared to 49.7 in April. The filings for bankruptcies reading also remained close to what it had been the month before (53.9 to 53.3).

### Manufacturing Sector

Last month, the manufacturing sector slipped a little while the service sector experienced some growth. Kuehl explains that the primary reason there was a hitch in the manufacturing sector is thought to be the issues of a trade war and the potential impact on U.S. exports and imports. There has also been some concern regarding a slip in consumer confidence given there continues to be confidence in the job market. The numbers from the latest Purchasing Managers' Index have been far weaker than was the case just a few months ago, but they are still in the expansion zone. The changes in the CMI have been far more subtle).

The combined score for the manufacturing sector was 55.4 this month as compared to 53.7 last month. This is the highest reading notched since November of last year when it hit 55.6. The index of favorable factors rose sharply and jumped back into the 60s with a reading of 63.1 after last month's 58.9. The last time this reading was that high was in November of last year. The index of unfavorable factors rose very, very slightly from 50.2 to 50.3, but the important note is this reading is still in expansion territory, if by the narrowest of margins." – Andrew Michaels, Editorial Associate, NACM

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 5/31/19

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# Private Indicators

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

### Service Sector

"The overall index for service increased from 54.4 to 55.9, the highest point since November of last year (a VERY good month). The index of favorable factors jumped from 61.3 to 64.6 and the index for nonfavorable factors escaped the contraction zone by moving from 49.8 to 50.1. The favorable categories generally improved as sales moved from 63.4 to 68.5.

"This was a striking improvement and may end up being a bit of an anomaly when future readings are factored in. On the other hand, there have been similar numbers in past months as the readings hit 69.4 in September of last year and 70.1 in June. Last month, the service sector was on something of a roll. It seems that this has extended into this month as well. The sector is a broad one and is always hard to identify just which part is creating the growth, but it has been clear that retail has been strengthening alongside the construction sector. There have been signs of a slowdown in home building, though. That might figure into future months. Meanwhile, the summer travel season is about ready to start. It traditionally boosts retail activity," Dr. Chris Kuehl, Economist, NACM

The new credit applications category also shifted up pretty dramatically as it went from 59.6 to 64.6—as high as it was last May when the reading was 65.1. The dollar collections data slipped a tiny bit and that is a small concern. It was at 59.6 and is now at 59.1. "These are obviously very robust numbers still, but this is an all-important marker for the status of credit," he said. The amount of credit extended shifted up sharply as well (62.7 to 66.3). This marks a return to the range that was common from May through November of last year." – Andrew Michaels, Editorial Associate, NACM

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 5/31/19

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# Private Indicators

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

"It might be useful to remind those who follow the Credit Managers' Index (CMI) just why this is such an important tool for assessing the state of the economy. Why do people pay so much attention to the CMI and the index that inspired it – the Purchasing Managers' Index (PMI). It really comes down to four factors: timeliness, accuracy, lack of bias and predictive ability. Both indices track changes in the economy on a monthly basis, reflect consistent data from contributors, remain free of the bias that often occurs when someone is trying to manipulate outcomes and do a good job of predicting what is to come. The CMI is even better at this than the PMI given the reality of a credit manager's life – they are always more concerned about what is to come than what is happening right now. They want to know what shape a company will be in when it is time to pay the debt owed – 30, 60, 90 days (or more) ahead.

The Purchasing Managers' Index this month fell pretty dramatically (and the New Orders Index fell even further), but both remained solidly in the expansion zone above 50. The readings from the CMI suggest that there may be less gloom ahead than might be indicated by the PMI as the favorable numbers all tracked strongly positive. The two indices seem to agree on current conditions and indicate that many companies are struggling with some of the economic headwinds related to trade concerns and a slower-spending consumer." – Dr. Chris Kuehl, Economist, NACM

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 5/31/19

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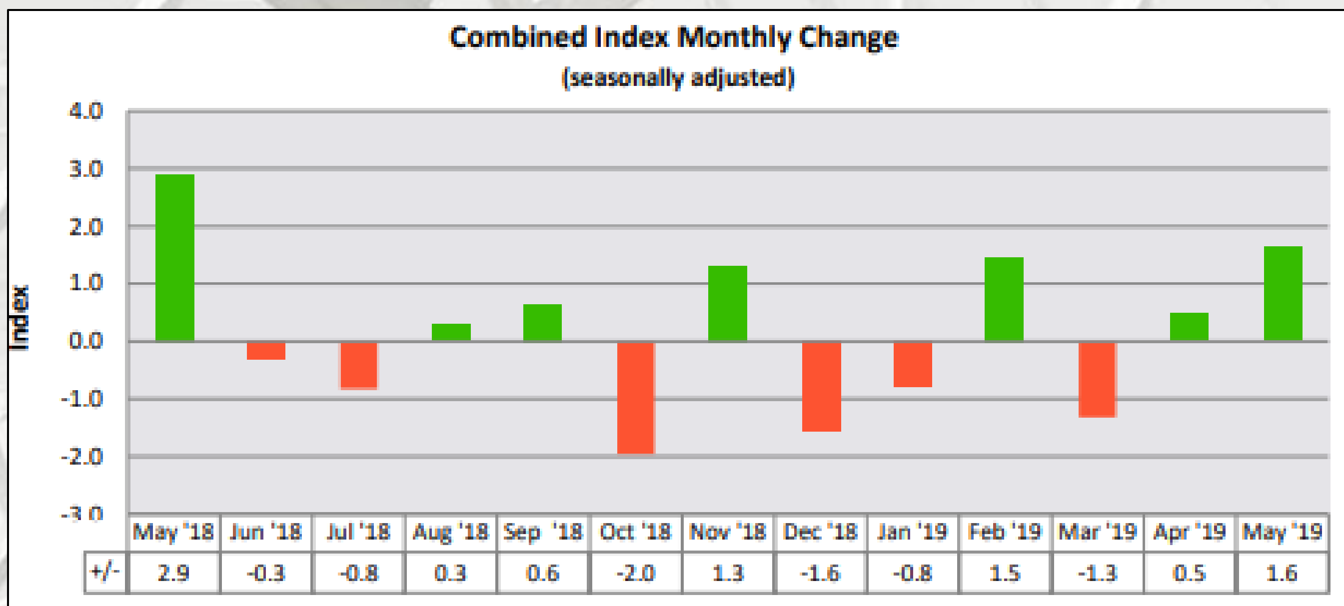
# Private Indicators

| Combined Manufacturing and Service Sectors (seasonally adjusted) | May '18 | Jun '18 | Jul '18 | Aug '18 | Sep '18 | Oct '18 | Nov '18 | Dec '18 | Jan '19 | Feb '19 | Mar '19 | Apr '19 | May '19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 69.6 | 69.6 | 63.9 | 65.0 | 68.8 | 62.7 | 64.5 | 59.0 | 59.7 | 62.6 | 58.2 | 61.0 | 65.9 |
| New credit applications | 63.8 | 60.5 | 61.2 | 62.5 | 61.9 | 61.7 | 62.2 | 57.5 | 58.2 | 58.9 | 57.8 | 59.7 | 64.2 |
| Dollar collections | 62.5 | 63.2 | 61.0 | 62.6 | 62.8 | 57.5 | 60.9 | 59.3 | 59.0 | 59.1 | 56.6 | 59.1 | 59.8 |
| Amount of credit extended | 66.8 | 66.2 | 66.1 | 66.9 | 67.1 | 64.5 | 65.3 | 61.9 | 61.2 | 62.3 | 63.5 | 60.6 | 65.4 |
| Index of favorable factors | 65.7 | 64.9 | 63.1 | 64.3 | 65.2 | 61.6 | 63.2 | 59.4 | 59.5 | 60.7 | 59.0 | 60.1 | 63.8 |
| Rejections of credit applications | 51.3 | 51.2 | 52.5 | 52.2 | 51.8 | 51.4 | 51.4 | 51.4 | 51.8 | 52.1 | 51.2 | 52.0 | 51.8 |
| Accounts placed for collection | 49.0 | 51.3 | 49.9 | 49.0 | 50.2 | 48.8 | 48.2 | 49.7 | 48.2 | 49.0 | 46.4 | 48.5 | 47.0 |
| Disputes | 48.1 | 48.3 | 47.7 | 46.4 | 47.6 | 48.9 | 50.1 | 49.6 | 47.1 | 48.5 | 49.5 | 48.5 | 48.6 |
| Dollar amount beyond terms | 49.4 | 49.2 | 47.4 | 48.5 | 49.9 | 47.7 | 52.3 | 49.3 | 47.4 | 51.3 | 50.0 | 47.6 | 51.3 |
| Dollar amount of customer deductions | 49.7 | 48.1 | 47.9 | 48.7 | 48.6 | 49.5 | 49.6 | 49.7 | 48.0 | 50.0 | 48.8 | 49.7 | 49.3 |
| Filings for bankruptcies | 56.4 | 55.7 | 57.4 | 55.9 | 55.6 | 52.1 | 53.6 | 55.0 | 53.8 | 54.9 | 53.7 | 53.9 | 53.3 |
| Index of unfavorable factors | 50.6 | 50.6 | 50.5 | 50.1 | 50.6 | 49.7 | 50.9 | 50.8 | 49.4 | 51.0 | 49.9 | 50.0 | 50.2 |
| NACM Combined CMI | 56.6 | 56.3 | 55.5 | 55.8 | 56.4 | 54.5 | 55.8 | 54.2 | 53.4 | 54.9 | 53.6 | 54.0 | 55.7 |




Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 5/31/19

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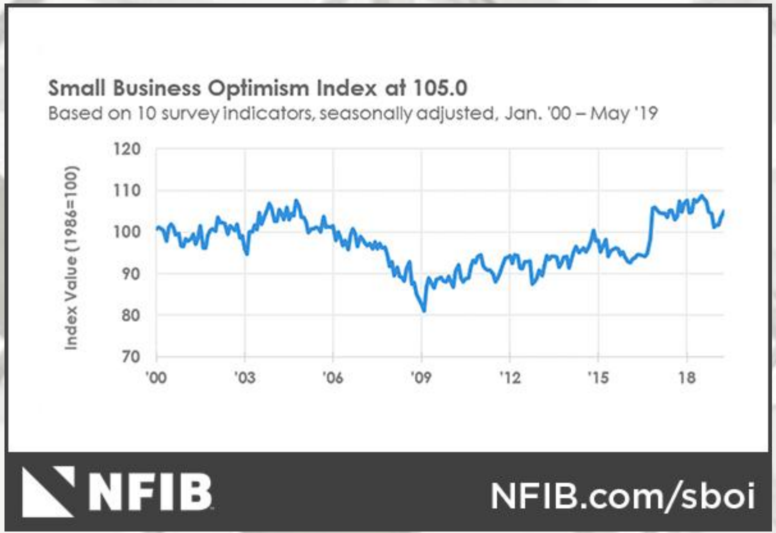
# Private Indicators




## May 2019 Report:

"Small business optimism eclipsed pre-shutdown levels, increasing 1.5 points to 105.0 in May. Six components in the Small Business Optimism Index improved, three were unchanged, and one dipped. Capital spending plans increased along with actual outlays. Small business owners' expectations for sales, business conditions, and expansion all rose, as the previously reported inventory imbalance was resolved. Earnings, job creation, and compensation remained very strong.

## Small Business Optimism Roars Back, Rivaling Historic Highs

Business owners reporting capital outlays increased six points to 64 percent, the highest reading since February 2018. Thirty percent plan capital outlays in the next few months, up three points and historically high. Plans to invest were most frequent in transportation (45 percent), manufacturing (39 percent), professional services (39 percent), and construction (31 percent).

As reported in the May NFIB Jobs Report, small business owners added a net addition of 0.32 workers per firm, with 25 percent citing the difficulty of finding qualified workers as their *Single Most Important Business Problem*, matching the record high. Sixty-two percent of owners reported hiring or trying to hire employees, up five points from last month, but 54 percent reported few or no qualified applicants for the positions they were trying to fill (up five points)." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 6/11/19

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# Private Indicators

## Small Business Optimism Roars Back, Rivaling Historic Highs

"Optimism among small business owners has surged back to historically high levels, thanks to strong hiring, investment, and sales. The small business half of the economy is leading the way, taking advantage of lower taxes and fewer regulations, and reinvesting in their businesses, their employees, and the economy as a whole." – Juanita D. Duggan, President and CEO, NFIB

"Small business owners are demonstrating a continued confidence in the strength of the economy and are betting capital spending dollars on it. This solid investment performance is supporting ongoing improvements in productivity and real wages." – Bill Dunkelberg, Chief Economist, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 6/11/19

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# Private Indicators

## Small Business Optimism May

"A net nine percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, unchanged from April and historically strong. The net percent of owners expecting higher real sales volumes rose three points to a net 23 percent of owners. A net 16 percent expect better business conditions, up three points, and 30 percent say now is a good time to expand, a five-point increase. The frequency of reports of positive profit trends improved two points to a net negative one percent, a very solid gain.

The net percent of owners reporting inventory increases was unchanged at a net two percent (seasonally adjusted), consistent with the significant build up in the first quarter that added nearly one point to GDP growth. The net percentage of owners viewing current inventory stocks as "too low" was unchanged at a net negative four percent. The net percentage of owners planning to expand inventory holdings was unchanged at a net two percent, indicating the excessive inventory build in Q1 has been substantially resolved overall, helped by strong sales gains.

Inflation pressures remained subdued, even though reports of compensation gains remained at historically high levels. The government reported a substantial improvement in productivity and an associated decline in unit labor costs which offsets the need to increase prices to cover rising labor costs. The net percentage of owners raising average selling prices fell three points to a net 10 percent, seasonally adjusted. A net 20 percent plan price hikes, seasonally adjusted (down one point)." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 6/11/19

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# Demographics

## 14 Million Millennials Still Live With Mom

- More than 14 million young adults nationwide – or 21.9% of people ages 23 to 37 – live with their mothers, up from 12.7% in 2000.
- More millennials live with their moms in areas where rents are less affordable.

"A growing share of young adults should be extra thankful for their moms this Mother's Day: They're still living with her. Nationwide, 14.3 million people between the ages of 23 and 37 live with the woman of honor, not too far off from the number of children under age five who do the same (18.3 million). And the share of young adults living with mom has grown considerably: It's now more than a fifth (21.9%) of them, up from 12.7% in 2000.

The share of young adults unable or unwilling to flee the nest was fairly constant for the first half of the 2000s, with approximately 13% living with mom. But when the housing market went bust and the economy began to unravel into a recession, the share of young adults – at this point, the millennial generation – living in their childhood homes understandably increased as they graduated into a weak economy where jobs were difficult to obtain.

Despite a fairly robust economic recovery, young adults are increasingly living with mom instead of breaking out on their own. For many, this could be a pragmatic choice in the face of rising housing costs and deteriorating affordability over the past 15 years. Some may simply be unable to afford local housing costs; others maybe could afford those costs, but choose to live with mom instead to more easily save for a down payment, security deposit or other big expense. It's also worth noting that a small, but meaningful, share of young adults have mom (and possibly dad) living at their home, perhaps to take care of their parents as they age or to have help raising children of their own – childcare, after all, is expensive. But only 1.4% of young adults are in this situation, virtually unchanged from 1.2% in 2000." – Sarah Mikhitarian, Senior Economist, Zillow Research

Source: https://www.zillow.com/research/millennials-living-with-mom-2019-24068; 5/6/19

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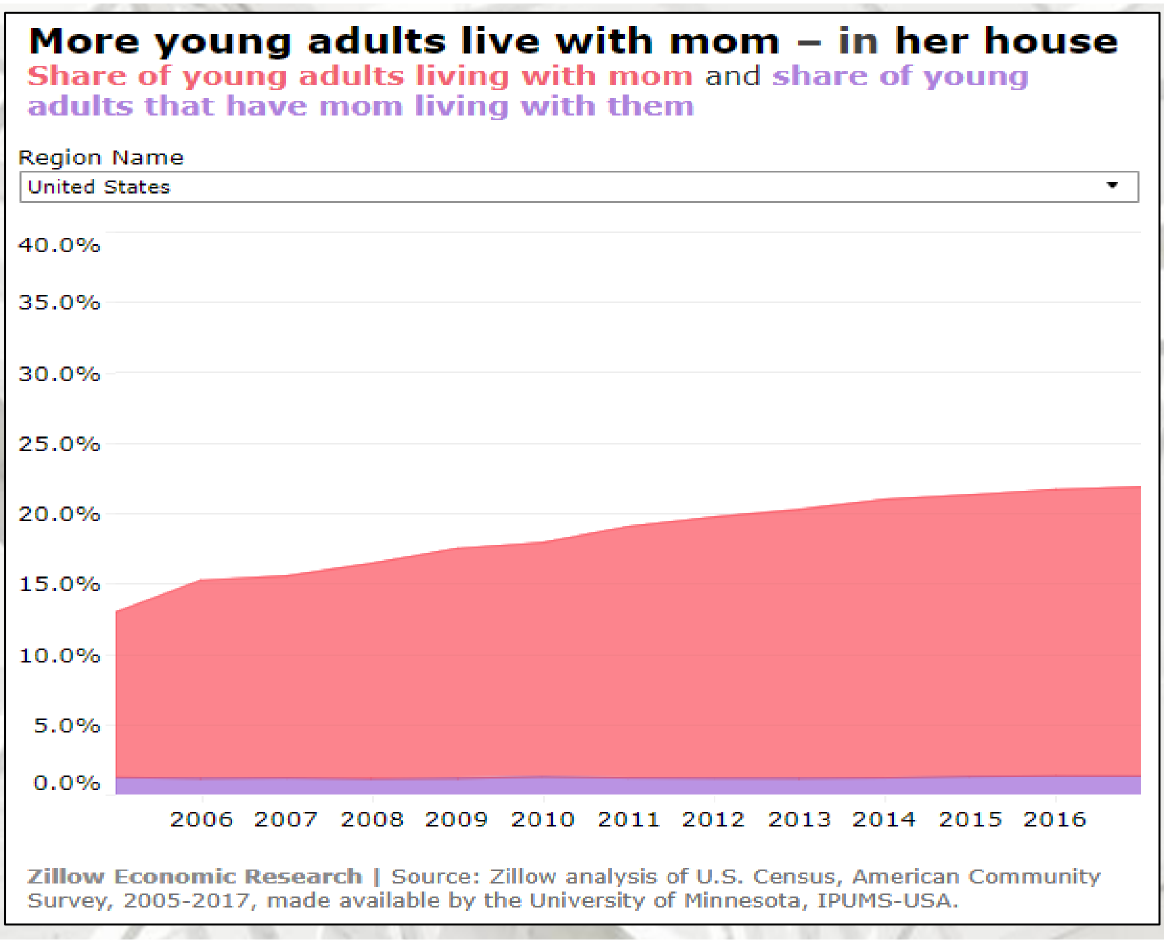
# Demographics




## 14 Million Millennials Still Live With Mom

"There are a few exceptions to the national trend. In 12 of the largest 35 metropolitan markets, the most recent cohort of adults between the ages of 23 and 37 have started to break away from this trend. A smaller percentage of young adults are living with mom in Atlanta, Boston and Seattle than were a year earlier. The decline is by no means dramatic – often times just a percentage-point or two – but hints that we might start to see this trend level off." – Sarah Mikhitarian, Senior Economist, Zillow Research

Source: https://www.zillow.com/research/millennials-living-with-mom-2019-24068; 5/6/19

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# Demographics

## 14 Million Millennials Still Live With Mom

### Striking, given the robust economy

"It's striking that such a large share of millennials live with their mom because the economy has rebounded since the Great Recession, and unemployment rates in general are near historic lows.

The unemployment rate for young adults living with mom in 2017 was 10.3%, down from 19.5% in 2010. For comparison, the unemployment rate for young adults *not* living with mom was 4.3% in 2017, down from 9.2% in 2010. The strong labor market should make it easier – at least in theory – for millennials to leave the comforts of home. Yet, the share of young adults living with mom *increased* 4 percentage points between 2010 and 2017.

In the few exceptional metros where young adults are starting to break away more from their childhood home, unemployment rates have really plummeted in recent years. Those twin trends demonstrate that while the economic recession and housing bust left long-lasting scars, we might see change in coming years.

More young adults live at home in places where housing – particularly rents – tends to be less affordable. For example, in Miami, Riverside, Calif., New York and Los Angeles, more than 30% of millennials lived with their moms in 2017. The median rent in these areas would have devoured upwards of 35% of the income earned by the typical household." – Sarah Mikhitarian, Senior Economist, Zillow Research

Source: https://www.zillow.com/research/millennials-living-with-mom-2019-24068; 5/6/19

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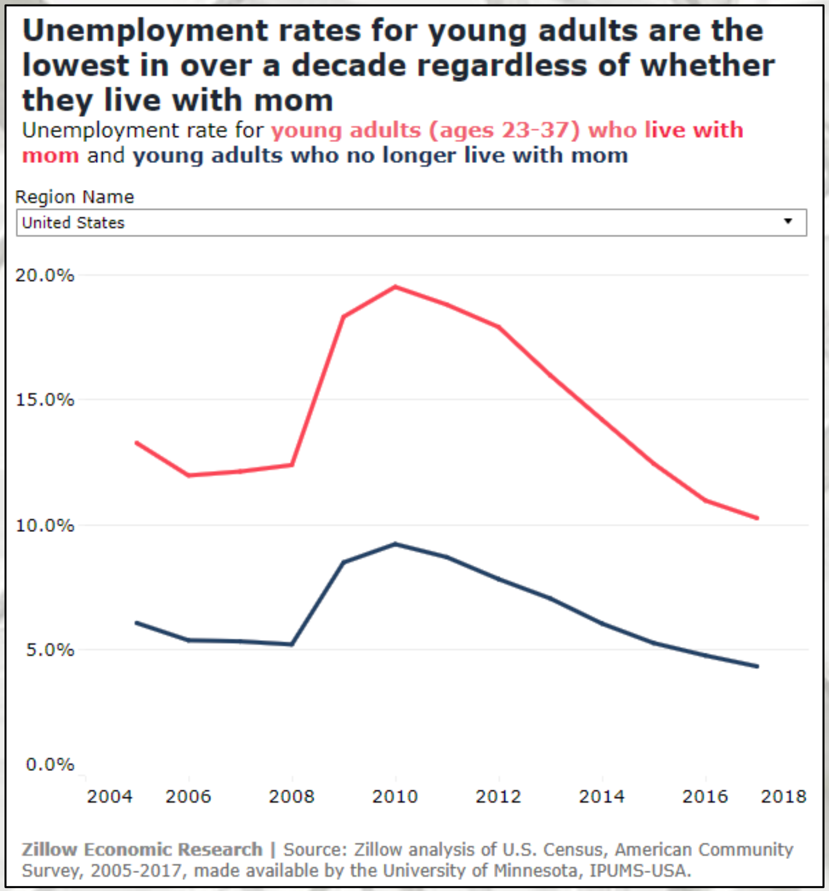
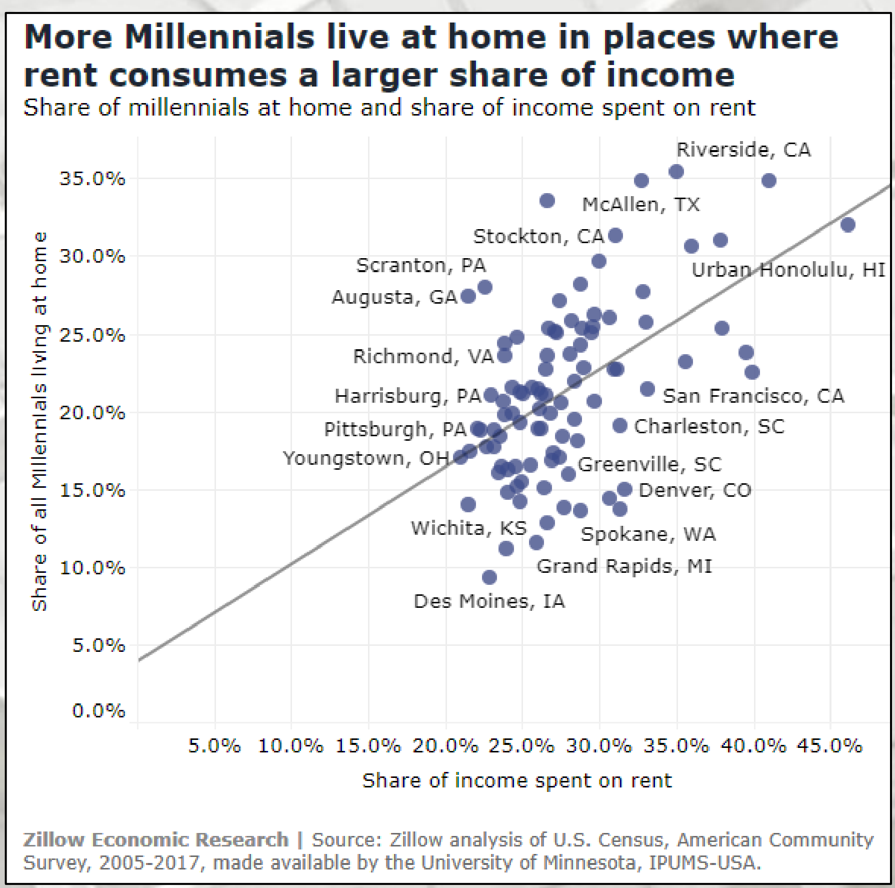
# Demographics




Source: https://www.zillow.com/research/millennials-living-with-mom-2019-24068; 5/6/19

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# Demographics

## Who Lives with Their Parents and Why

"Twelve percent of the nation's adults live with their parents. For most, financial reasons are a big factor, according to the Federal Reserve Board's 2018 Survey of Household Economics and Decision-making. Here are the reasons people live with their parents by age group (more than one reason could be selected)...

Aged 18 to 21 (61 percent live with parents)
63% to save money
31% prefer living with others
15% to provide financial assistance
13% to care for family member or friend
3% to receive help with child care

Aged 22 to 24 (51 percent live with parents)
83% to save money
37% prefer living with others
29% to provide financial assistance
20% to care for family member or friend
5% to receive help with child care

Aged 25 to 29 (26 percent live with parents)
86% to save money
38% to provide financial assistance
33% prefer living with others
25% to care for family member or friend
8% to receive help with child care

Aged 30 to 39 (13 percent live with parents)
60% to save money
42% to provide financial assistance
36% to care for family member or friend
20% prefer living with others
14% to receive help with child care."

– Cheryl Russell, Demographer, Demo Memo

Source: Federal Reserve Board, Report on the Economic Well-Being of U.S. Households in 2018

Source: https://demomemo.blogspot.com/2019/06/who-lives-with-their-parents-and-why.html; 6/5/19

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# Economics

## Federal Reserve Bank of Boston

### The Fiscal Impact of the Opioid Epidemic in the New England States

“The rise in the abuse of — and addiction to — opioids and the rapid increase in the number of fatal overdoses in recent years have made the opioid epidemic a priority for local, state, and federal policymakers. Understanding the epidemic’s direct fiscal impact is key to acknowledging its scope and magnitude. While opioid abuse has many direct and indirect fiscal costs, few studies quantify them. This report assembles available data on the impact of opioid epidemic on criminal justice, treatment, and related health expenditures in the New England states.

The research finds that state governments in the region spend a higher percentage on total opioid-related costs and more per capita than the national averages. Across the region, treating opioid-use disorder — on both an emergency and a long-term basis — accounts for the majority of the costs. Estimates for medical treatment expenditures associated with opioid abuse reach as high as $340 million annually in Massachusetts alone.” –Riley Sullivan, Senior Policy Analyst, New England Public Policy Center, Federal Reserve Bank of Boston

Source: https://www.bostonfed.org/publications/new-england-public-policy-center-policy-report/2018/the-fiscal-impact-of-the-opioid-epidemic-in-the-new-england-states.aspx; 1/25/19

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# Economics

TABLE 1

## Estimated Fiscal Cost of Opioid Abuse

New England States and the United States, Various Years

| | CT | ME | MA | NH | RI | VT | US |
|---|---|---|---|---|---|---|---|
| **Costs** | | | | | | | |
| Criminal Justice | $95,082,553 | $11,867,007 | $197,875,208 | $7,158,854 | $29,303,093 | $11,119,959 | $5,649,074,311 |
| Medical Treatment | $177,191,048 | $57,978,644 | $340,102,280 | $16,350,336* | $51,515,476 | $24,490,438 | $8,286,883,952 |
| Medical Complications | $37,724,815 | $31,365,741 | $81,602,124 | $13,033,324 | $9,472,727 | $15,163,926 | $2,234,057,343 |
| **Total** | $309,998,417 | $101,211,392 | $619,579,612 | $36,542,514 * | $90,291,296 | $50,774,323 | $16,170,015,606 |
| **Per Capita** | $89.80 | $79.13 | $96.19 | * | $89.89 | $83.48 | $50.99 |
| **% Total State Gov. Expenditure, 2015** | 0.99 | 1.14 | 0.98 | * | 1.04 | 0.78 | 0.74 |

*New Hampshire hospital treatment data are unavailable.

Notes: Author's calculations using various public data sources. See references for detail.

Source: https://www.bostonfed.org/publications/new-england-public-policy-center-policy-report/2018/the-fiscal-impact-of-the-opioid-epidemic-in-the-new-england-states.aspx; 1/25/19

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# Economics

## Federal Reserve Bank of Boston

## The Fiscal Impact of the Opioid Epidemic in the New England States

"While providing new insight the author acknowledges that the costs considered in this policy report are incomplete. It's plausible that the opioid epidemic's impact on state revenues is also significant and could affect regional fiscal health. For example, individuals incarcerated for drug crimes or in residential treatment programs are not earning wages. Evidence also suggests that non-institutionalized individuals abusing opioids are more likely out of work than employed, likewise resulting in lost revenue (Krueger 2017). The author plans to conduct further research on opioid abuse's impact on employment and labor force participation, which should contribute to a fuller understanding of the epidemic's fiscal cost to the region. However, beyond the fiscal cost is the toll opioid abuse has taken on individuals, families, and communities. The costs analyzed in this report are just a small part of the greater damage inflicted across the region and the country." – Riley Sullivan, Senior Policy Analyst, New England Public Policy Center, Federal Reserve Bank of Boston

Source: https://www.bostonfed.org/publications/new-england-public-policy-center-policy-report/2018/the-fiscal-impact-of-the-opioid-epidemic-in-the-new-england-states.aspx; 1/25/19

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