The Virginia Tech–USDA Forest Service Housing Commentary: Section II
December 2020

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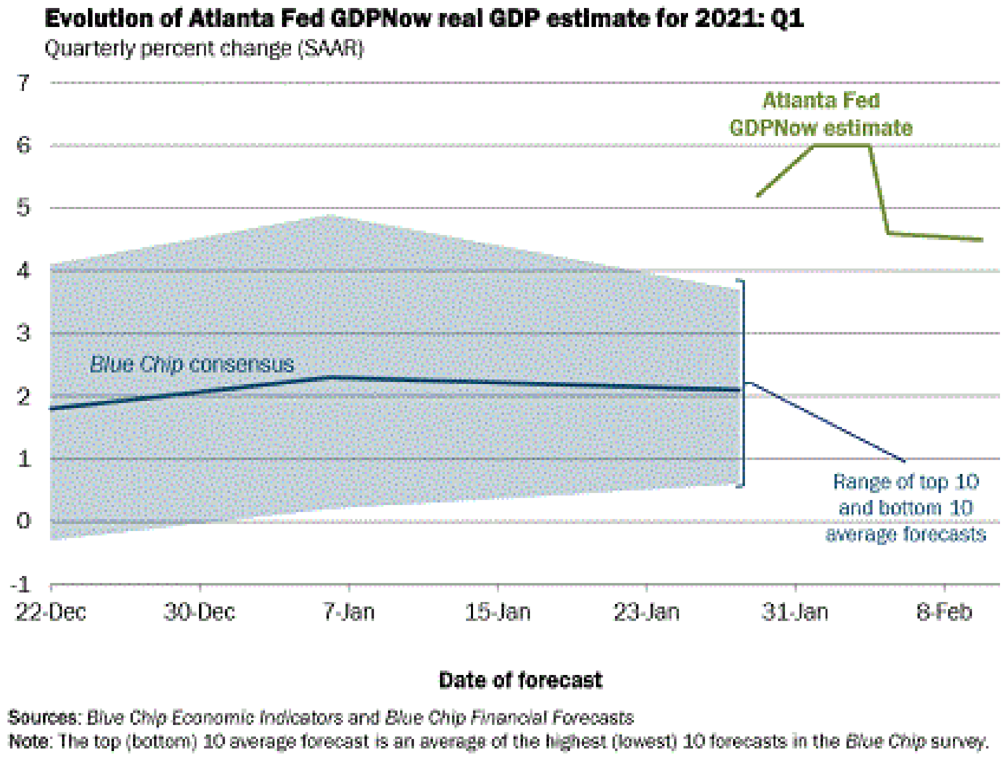
U.S. Economic Indicators

FEDERAL RESERVE BANK of ATLANTA | GDPNow™

GDPNow is not an official forecast of the Atlanta Fed. Rather, it is best viewed as a running estimate of real GDP growth based on available economic data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model.

In particular, **it does not capture the impact of COVID-19 and social mobility** beyond their impact on GDP source data and relevant economic reports that have already been released. It does not anticipate their impact on forthcoming economic reports beyond the standard internal dynamics of the model.



Atlanta Fed GDPNow™

Latest estimate: 4.5 percent — February 10, 2021

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2021 is **4.5 percent** on February 10, down from 4.6 percent on February 5. After this morning's releases of the wholesale trade report from the U.S. Census Bureau and the Consumer Price Index report from the U.S. Bureau of Labor Statistics, the nowcast of first-quarter real gross private domestic investment growth decreased from 18.2 percent to 17.4 percent." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 2/10/21

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The Federal Reserve Bank of Chicago: Midwest Economy Index

Index Suggests Slower, but Still Above-Trend Midwest Growth Through December

"The Midwest Economy Index (MEI), which approximates quarterly growth at a monthly frequency, fell to +1.26 in December from +1.83 in November. Contributions to the December MEI from three of the four broad sectors of nonfarm business activity and all five Seventh Federal Reserve District states decreased from November. The relative MEI moved down to +1.58 in December from +1.91 in November. Contributions to the December relative MEI from two of the four sectors and three of the five states decreased from November.

The manufacturing sector's contribution to the MEI edged down to +0.36 in December from +0.41 in November. The pace of manufacturing activity decreased in Illinois, Iowa, and Michigan, but was unchanged in Indiana and Wisconsin. Manufacturing's contribution to the relative MEI moved up to +0.35 in December from +0.29 in November. The construction and mining sector contributed +0.18 to the MEI in December, up from +0.08 in November. The pace of construction and mining activity was faster in Illinois, Indiana, Iowa, and Wisconsin, but unchanged in Michigan. Construction and mining's contribution to the relative MEI increased to +0.18 in December from a neutral value in November.

The service sector's contribution to the MEI fell to +0.29 in December from +0.67 in November. The pace of service sector activity was down in all five states. The service sector's contribution to the relative MEI decreased to +0.44 in December from +0.72 in November. Consumer spending indicators contributed +0.44 to the MEI in December, down from +0.67 in November. Consumer spending indicators were, on balance, down in all five states. Consumer spending's contribution to the relative MEI moved down to +0.61 in December from +0.90 in November" – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/mei/index; 1/29/21

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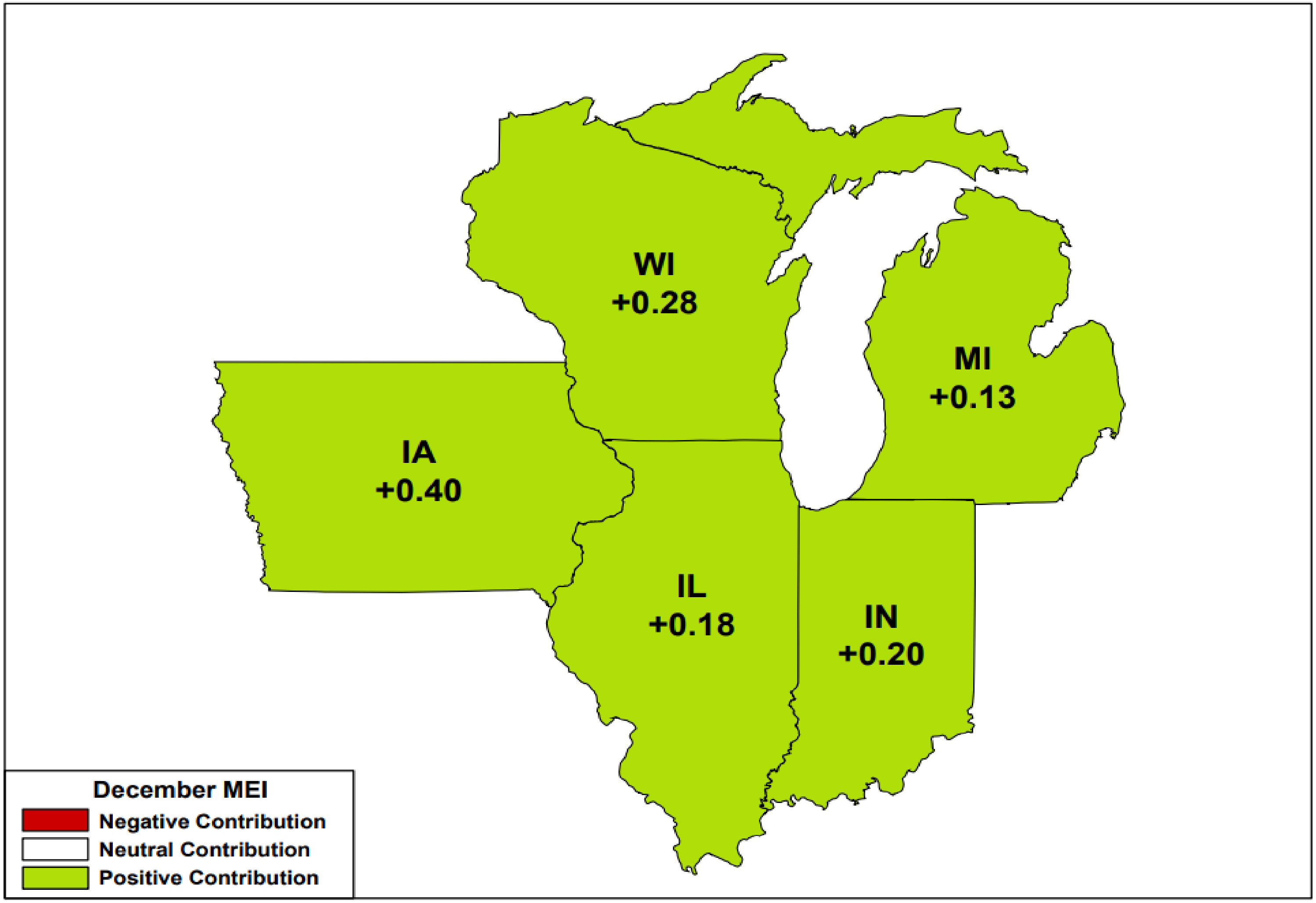
The Federal Reserve Bank of Chicago: Midwest Economy Index

MEI and the Seventh Federal Reserve District States



Note: The map's coloring 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).

Source: https://www.chicagofed.org/publications/mei/index; 1/29/21

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

Index Points to an Uptick in Economic Growth in December

"Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) increased to +0.52 in December from +0.31 in November. Three of the four broad categories of indicators used to construct the index made positive contributions in December, but three categories decreased from November. The index's three-month moving average, CFNAI-MA3, ticked up to +0.61 in December from +0.59 in November.

The CFNAI Diffusion Index, which is also a three-month moving average, ticked down to +0.54 in December from +0.55 in November. Fifty-three of the 85 individual indicators made positive contributions to the CFNAI in December, while 32 made negative contributions. Forty-five indicators improved from November to December, while 40 indicators deteriorated. Of the indicators that improved, seven made negative contributions.

Production-related indicators contributed +0.44 to the CFNAI in December, up from +0.13 in November. Industrial production rose 1.6 percent in December after increasing 0.5 percent in November. The contribution of the sales, orders, and inventories category to the CFNAI moved down to +0.05 in December from +0.09 in November

Employment-related indicators contributed +0.13 to the CFNAI in December, down slightly from +0.15 in November. Nonfarm private payrolls declined by 95,000 in December, after rising by 417,000 in the previous month. Notably, while payrolls in private service-providing industries fell by 188,000 in December, payrolls in goods-producing industries increased by 93,000. The contribution of the personal consumption and housing category to the CFNAI decreased to –0.09 in December from –0.06 in November. On balance, consumption indicators weakened, pushing down the category's overall contribution in December." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 1/25/20

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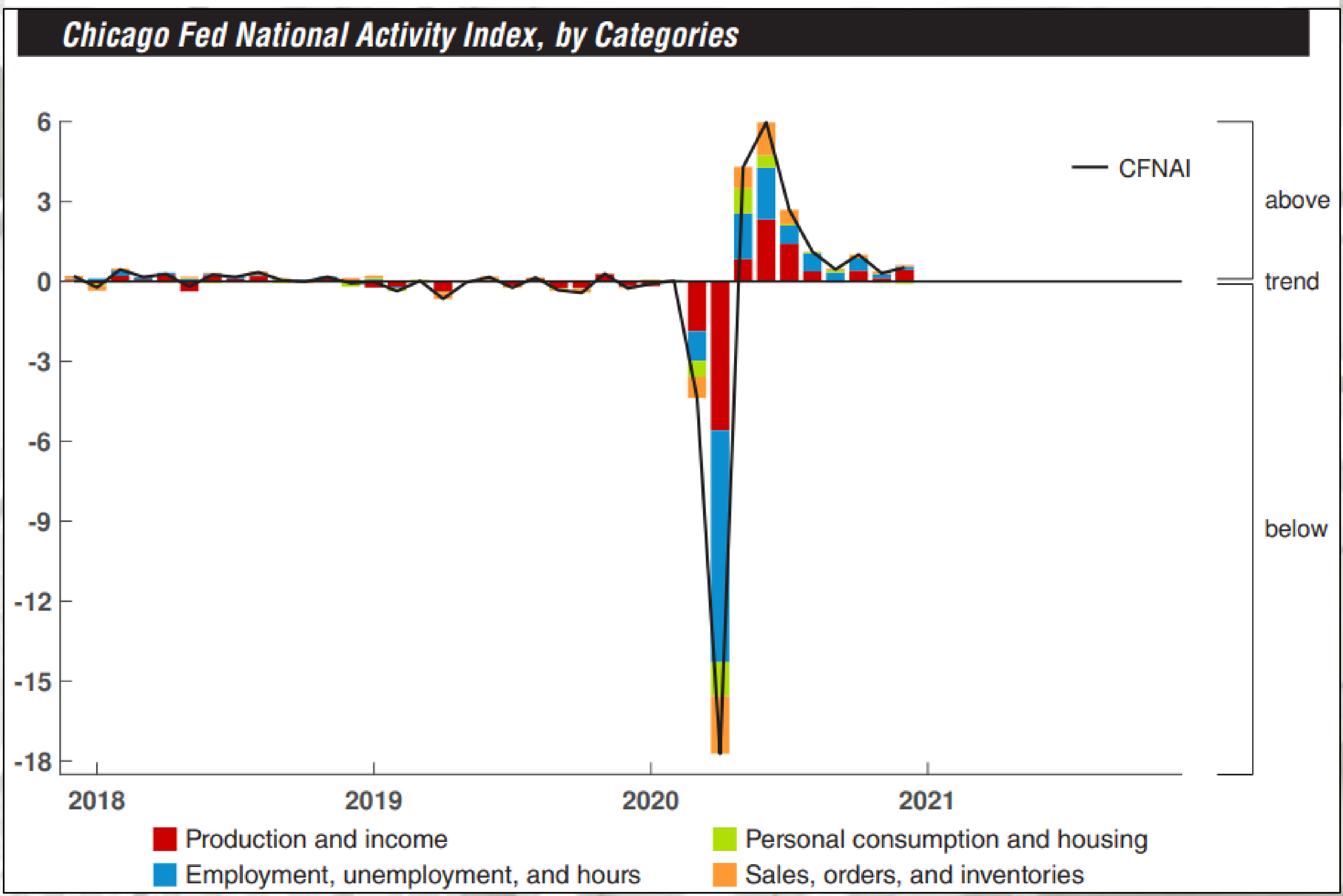
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)



Source: https://www.chicagofed.org/publications/cfnai/index; 1/25/20

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

Survey Suggests Growth Picked in January

"The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index increased to +6 in January from –24 in December, suggesting that economic growth was near trend. The CFSBC Manufacturing Activity Index moved up to +45 in January from +36 in December, and the CFSBC Nonmanufacturing Activity Index rose to –11 in January from –54 in the previous month.

- Respondents' outlooks for the U.S. economy for the next 12 months deteriorated, but remained optimistic on balance.
- Seventy-two percent of respondents expected an increase in economic activity over the next 12 months, and 25 percent expected activity to return to its pre-pandemic level by the end of 2021.
- The pace of current hiring increased, but respondents' expectations for the pace of hiring over the next 12 months decreased. The hiring index remained negative, while the hiring expectations index remained positive.
- Respondents' expectations for the pace of capital spending over the next 12 months decreased, but the capital spending expectations index remained positive.
- The labor cost pressures index increased, as did the nonlabor cost pressures index. The labor cost pressures index moved into positive territory, but the nonlabor cost pressures index remained negative." – Thomas Walstrum, Senior Business Economist, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfsbc/index; 2/10/21

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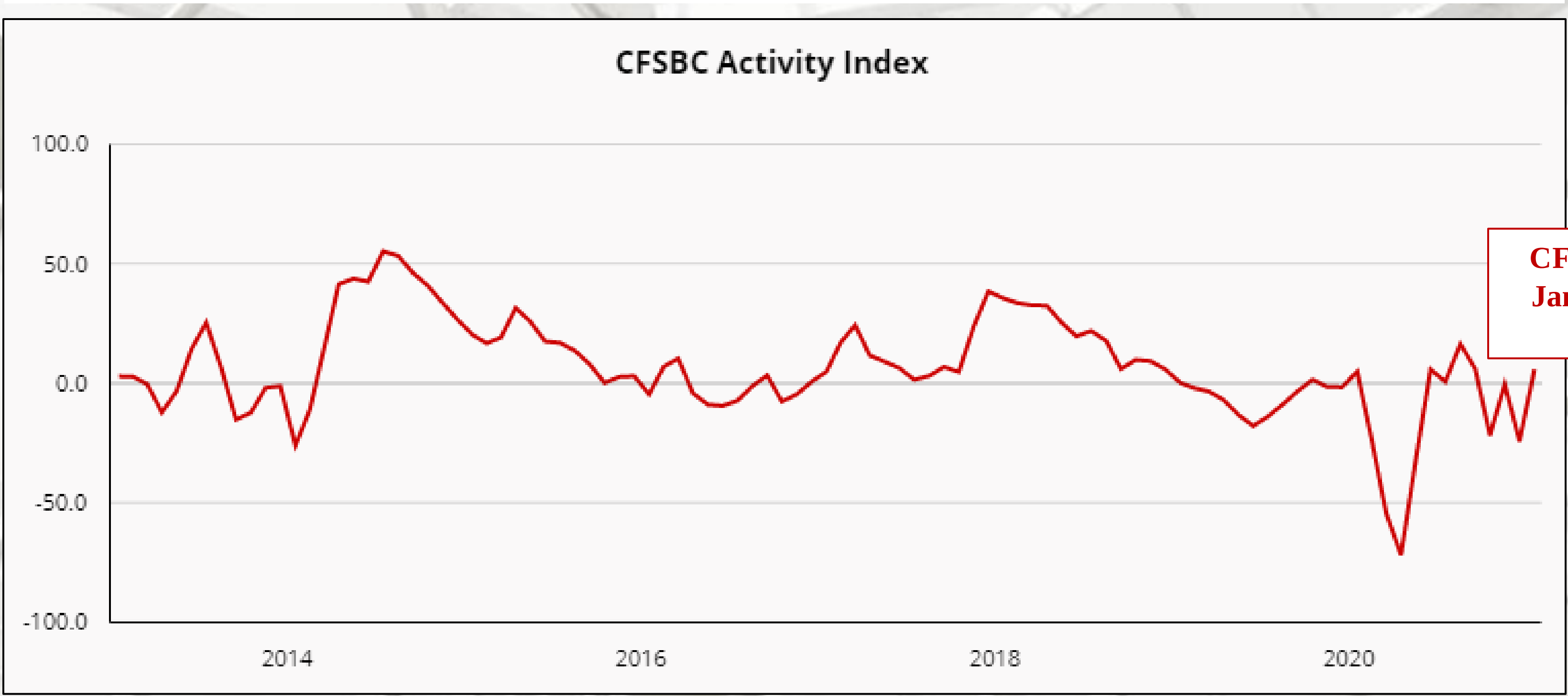
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)



CFSBC Index January 2021 6.3

Source: https://www.chicagofed.org/publications/cfsbc/index; 2/10/21

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The Federal Reserve Bank of Dallas

Texas Manufacturing Expansion Moderates

“Texas factory activity continued to expand in January, albeit at a markedly slower pace, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell from 26.8 to 4.6, indicating a sharp deceleration in output growth.

Other measures of manufacturing activity also point to more muted growth this month. The new orders index dropped 13 points to 6.3, and the growth rate of orders index fell from 15.9 to 5.9. The capacity utilization index declined 10 points to 9.2, and the shipments index fell from 23.4 to 13.5.

Perceptions of broader business conditions continued to improve in January. The general business activity index remained positive but edged down from 10.5 to 7.0. The company outlook index also stayed in positive territory but retreated, from 18.2 to 10.3. Uncertainty regarding companies’ outlooks continued to rise; the index increased six points to 19.3.

Labor market measures indicated slightly slower growth in employment and a continued increase in work hours. The employment index came in at 16.6, down from 20.9 but still indicative of increased head counts. Twenty-seven percent of firms noted net hiring, while 11 percent noted net layoffs. The hours worked index pushed up from 9.5 to 12.6.

Price and wage indexes showed mixed movements in January but continued to reflect increases. The raw materials prices index rose from 50.8 to 55.0, its highest reading in nearly 10 years. The finished goods prices index remained elevated but slipped from 19.0 to 13.9. The wages and benefits index remained positive but edged down two points to 17.6, roughly in line with its series average.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 1/25/21

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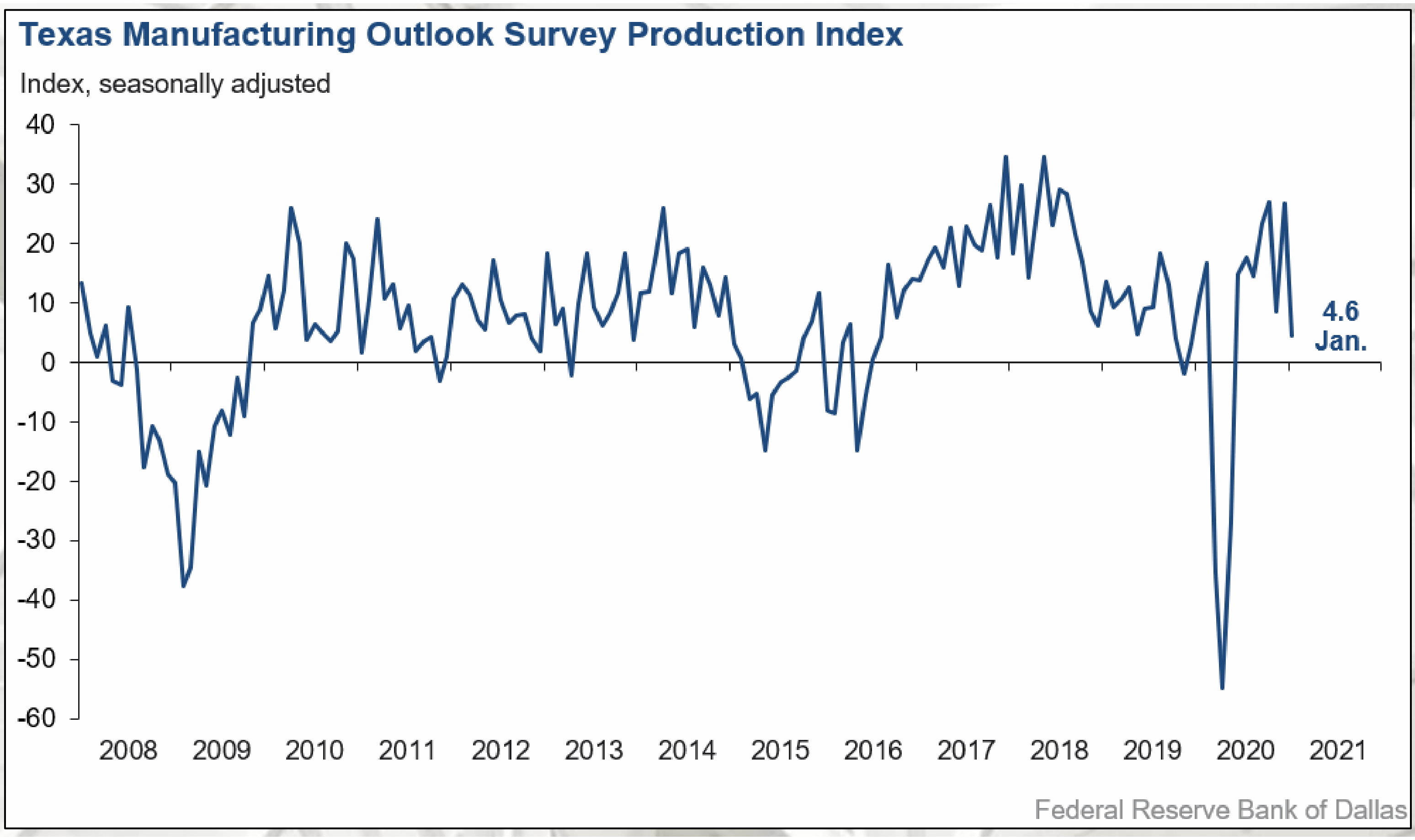
The Federal Reserve Bank of Dallas



Texas Manufacturing Expansion Moderates

"Expectations regarding future activity remained positive in January, though some key indexes weakened from their December readings. The future production index ticked down from 47.3 to 43.7, while the future general business activity index shot up 12 points to 29.6. Other measures of future manufacturing activity showed mixed movements but remained solidly in positive territory."
– Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 1/25/21

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas Service Sector Activity Begins the Year Flat

"Activity in the Texas service sector was roughly flat in January, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell from 5.5 in December to 0.8 in January, indicating a flattening out of activity.

Labor market indicators suggest slower employment growth and little change in the hours worked in January. The employment index declined over four points to 1.6, while the part-time employment index was mostly unchanged at 0.6. The hours worked index was similarly flat at 1.6.

Perceptions of broader business conditions held steady compared with December. The general business activity index was roughly unchanged at -1.2, while the company outlook index dipped slightly from 2.3 to 1.0. The outlook uncertainty index rose slightly to 6.4.

Price pressures remained steady in January, while wage pressures increased. The selling prices index and input prices index were stable from December at 6.2 and 22.1, respectively. The wages and benefits index rose three points to 11.9, its highest value in nearly a year.

Respondents' expectations regarding future business activity were slightly less optimistic compared with December. The future general business activity index fell two points to 23.2, while the future revenue index slipped nearly four points to 38.2, though still well above its 2020 average. Other indexes of future service sector activity such as employment declined but remained firmly positive, suggesting expectations of stronger activity in the first half of the year." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 1/26/21

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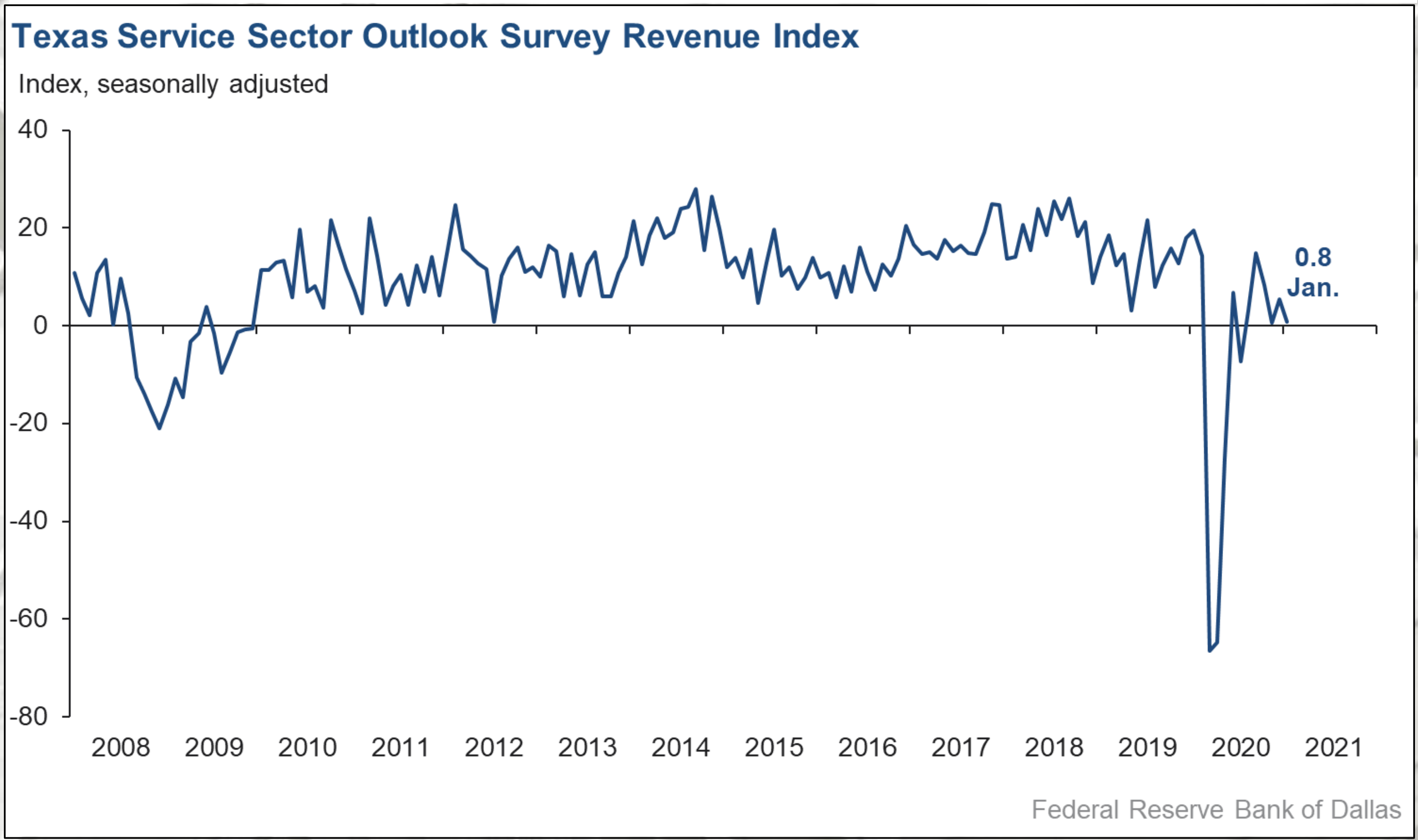
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 1/26/21

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The Federal Reserve Bank of Dallas

Texas Retail Sales Decline

"Retail sales activity flattened out in January, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, fell from 2.9 to -1.0, with nearly 30 percent of respondents noting decreased sales compared with December. Inventories declined, with the inventory index falling over four points to -2.9.

Retail labor market indicators suggest a slight uptick in employment and workweek length compared with December. The employment index ticked up to 1.5, while the part-time index slipped from 3.0 to 1.7. The hours worked index rose nearly five points to 1.7, pointing to slight improvement in employee working hours.

Retailers' perceptions of broader business conditions were approximately the same in January as the end of 2020. The general business activity index rebounded over 11 points to -0.4, while the company outlook index was mostly unchanged at -1.9. The outlook uncertainty index rose about four points to 3.9, suggesting some net increase in respondents' uncertainty.

Retail price and wage pressures eased slightly in January. The wages and benefits index slipped from 7.1 to 5.3, with nearly 15 percent of contacts noting increased wages, compared with 9 percent reporting declines. The selling prices index declined over three points to 19.8, while the input prices index slipped just slightly from 36.3—its highest level since 2018—to 35.1." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 1/26/21

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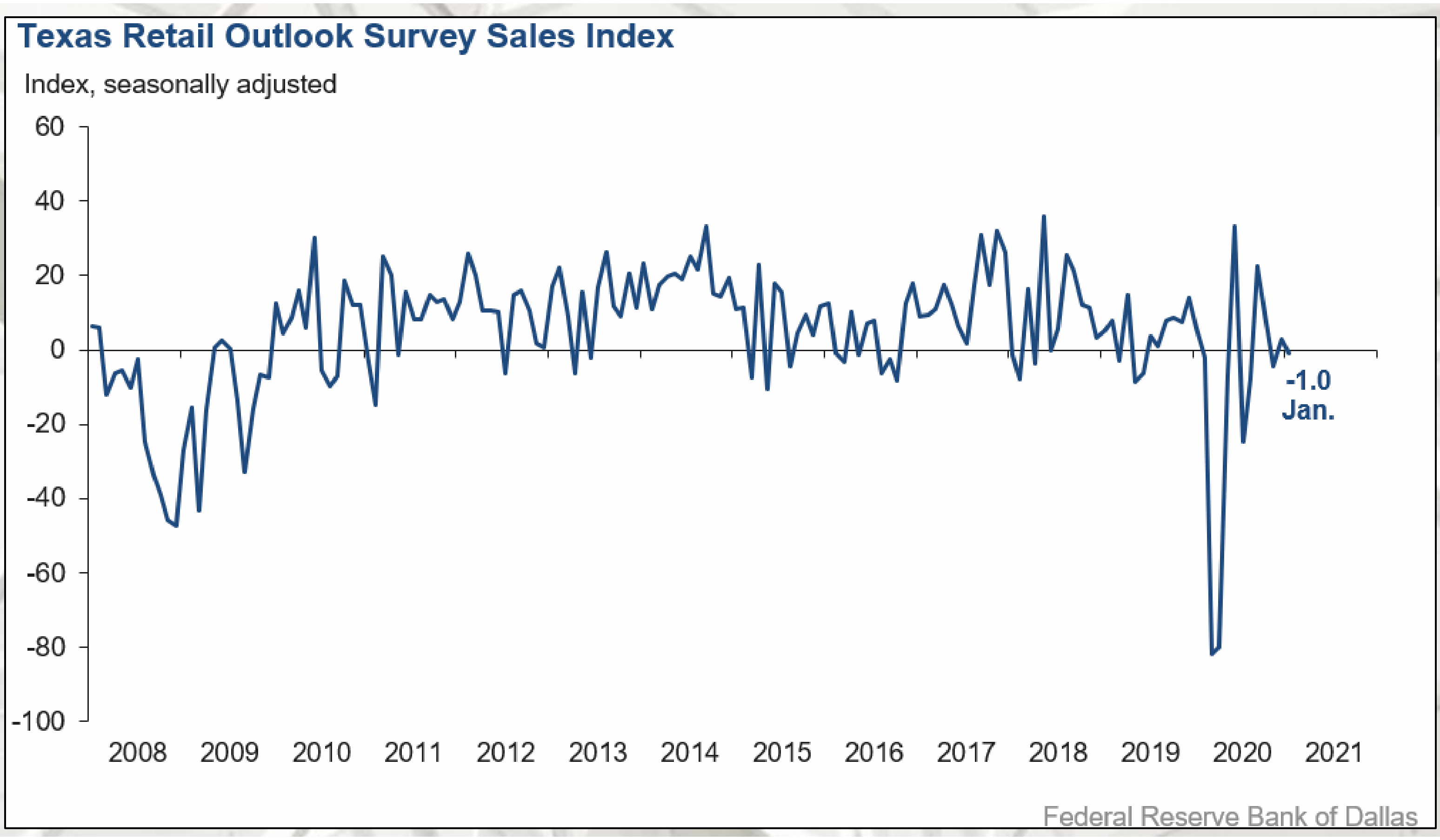
The Federal Reserve Bank of Dallas



Texas Retail Sales Decline

"Despite softness in recent activity, retailers relayed optimism for the future in January. The future general business activity index remained elevated at 20.8, while the future sales index slipped slightly from 32.6 in December to 29.3 in January. Other indexes of future retail activity such as employment were mixed but remained positive, pointing to expectations of a solid rebound in 2021." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 1/26/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Increased at a Faster Pace

Tenth District manufacturing activity increased at a faster pace in January compared to a month ago and was similar to year ago levels. Expectations for future activity rose further.

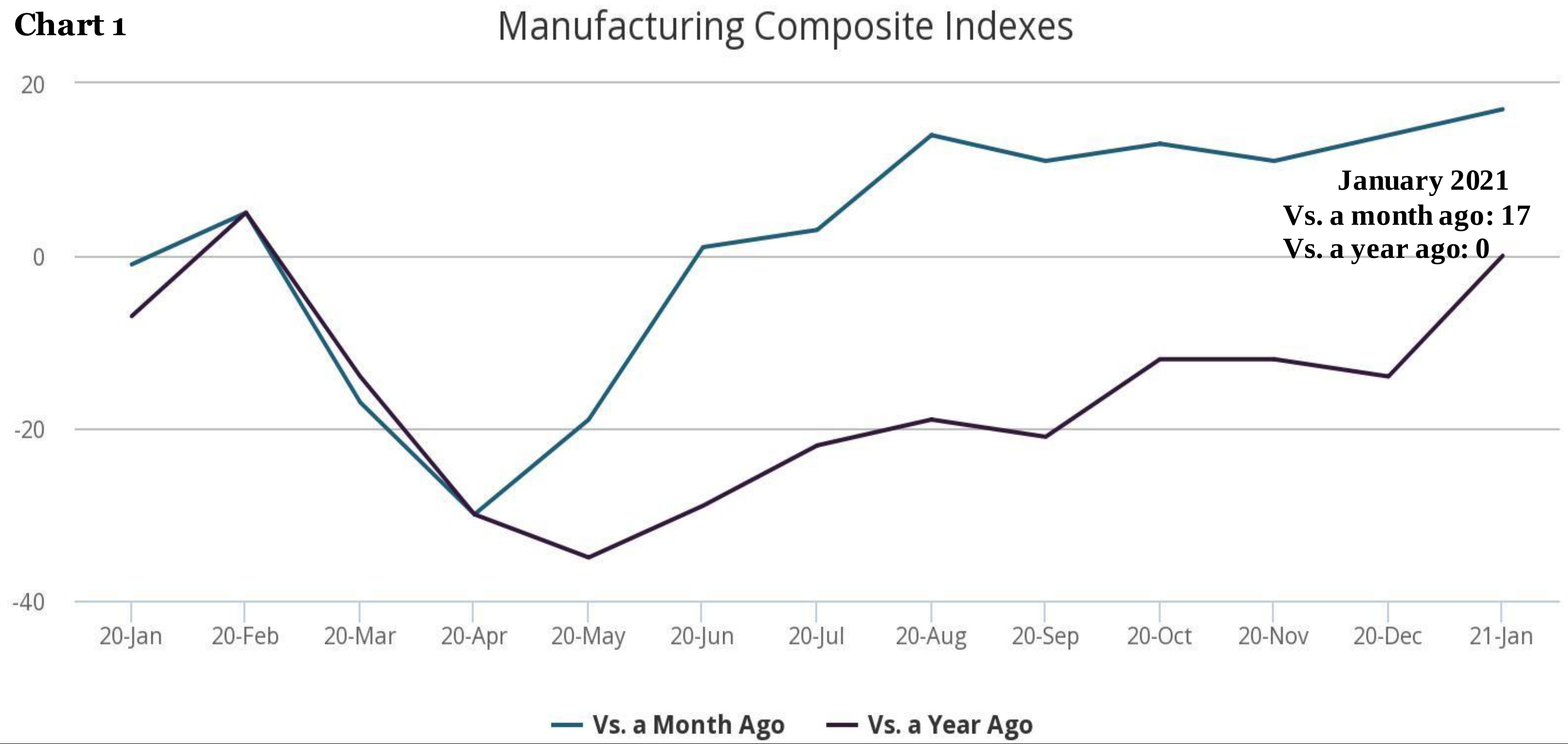
"Tenth District manufacturing activity increased at a faster pace in January compared to a month ago and was similar to year ago levels (Chart 1). Expectations for future activity rose further. Prices paid for raw materials continued to rise rapidly, to the highest reading since 2011. Prices for finished goods also expanded from a month ago and a year ago. District firms expected prices for both raw materials and finished goods to increase further in the next six months.

The month-over-month composite index was 17 in January, up from 14 in December and 11 in November. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Activity rose more at durable goods plants, driven by manufacturing of primary metals, machinery, electronics, and transportation equipment. Production, shipments, new orders, employment, employee workweeks, new orders for exports, and supplier delivery time increased further in January and order backlog expanded at a steady pace. Materials inventories remained positive while finished goods inventories were slightly negative. Year-over-year factory indexes were somewhat mixed in January, but the composite index was flat at 0. The future composite index expanded to the highest level in over a year at 24, up from 17 in December." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 1/28/21

The Federal Reserve Bank of Kansas City

Chart 1



Source: https://www.kansascityfed.org; 1/28/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Expanded Modestly

Services activity expanded modestly from a month ago but remained below year-ago levels, while expectations for future activity rose significantly.

Business Activity Expanded Modestly

"Tenth District services activity expanded modestly from a month ago but remained below year-ago levels, while expectations for future activity rose significantly (Chart 1). The indexes for input and selling prices continued to increase at a faster pace than a month ago, especially the input price index which reached its highest reading in survey history (since 2014). Firms expected input and selling prices to continue to grow in the next six months.

The month-over-month services composite index was 8 in January, up from -4 in December but slightly lower than 10 in November. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Most month-over-month indexes were positive in January. The general revenue and sales index increased due to higher wholesale, retail, real estate, professional and technical services, healthcare, and restaurant activity. However, auto, tourism, and hospitality activity declined. The access to credit index posted no change from last month, while inventories dipped. On the other hand, the employment, employee hours, part-time employment, wages and benefits, and capital expenditures expanded. Year-over-year indexes declined again in January, and the year-over-year composite moved from -17 to -15. Expectations for future services activity rose to the highest level since January 2020, with the composite index climbing from 16 to 28." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 1/29/21

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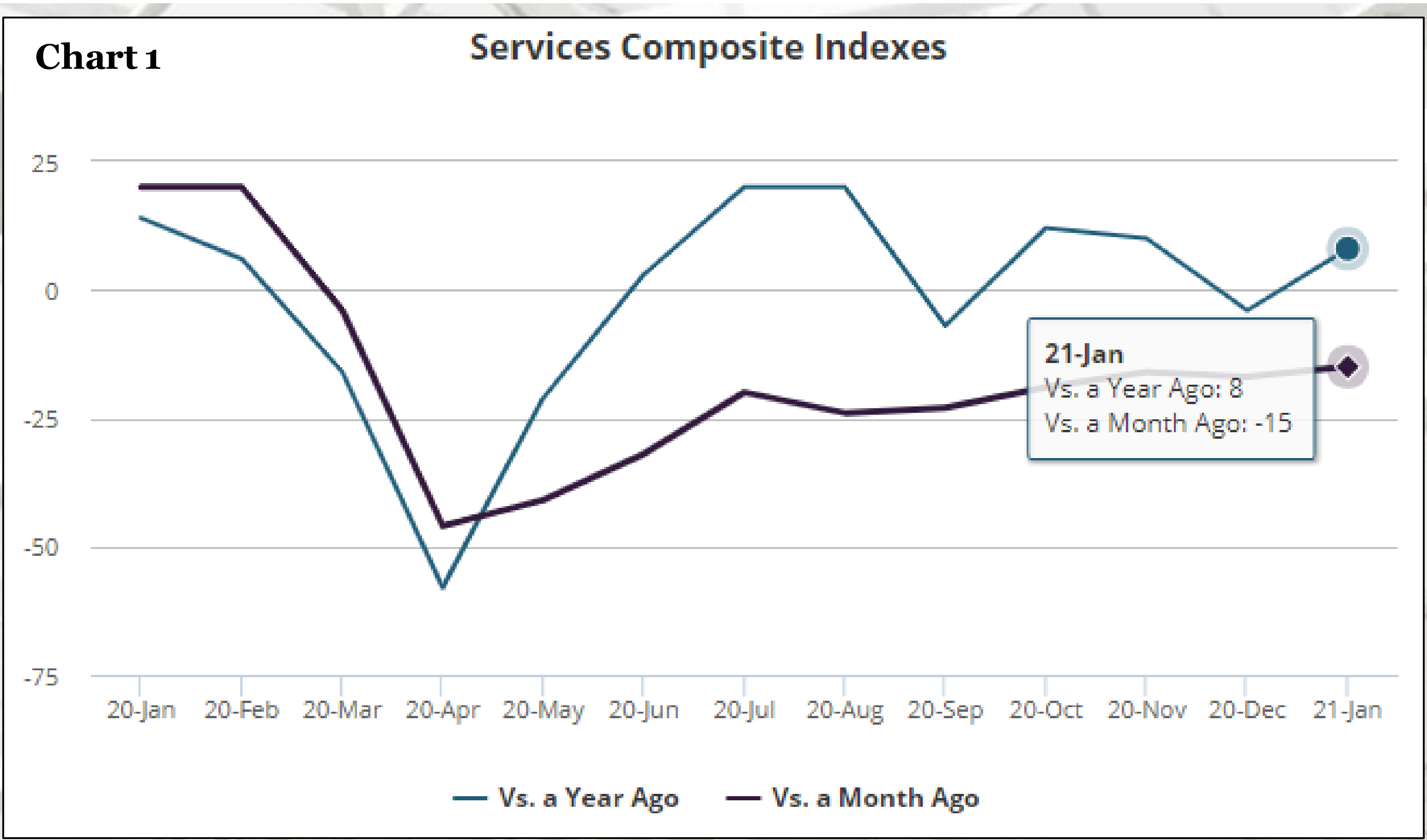
U.S. Economic Indicators

Chart 1



Source: https://www.kansascityfed.org; 1/29/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Growth Remains Sluggish

"Business activity was little changed in New York State, according to firms responding to the January 2021 *Empire State Manufacturing Survey*. The headline general business conditions index held steady at 3.5. New orders and shipments edged higher. Unfilled orders continued to move lower, and delivery times continued to lengthen somewhat. Employment levels increased modestly and the average workweek lengthened. Input price increases and selling price increases both picked up noticeably. Looking ahead, firms remained optimistic that conditions would improve over the next six months.

There was little growth in manufacturing activity in New York State in January. The general business conditions index was similar to last month's level at 3.5. Twenty-seven percent of respondents reported that conditions had improved over the month, while 23 percent reported that conditions had worsened. The new orders index rose three points to 6.6, indicating a small increase in orders, and the shipments index fell to 7.3, pointing to a modest increase in shipments. Delivery times were somewhat longer, and inventories held steady." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 1/15/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Price Increases Pick Up

"The index for number of employees fell three points to 11.2, a level pointing to ongoing gains in employment. The average workweek index was little changed at 6.3, signaling another small increase in hours worked. The prices paid index rose eight points to 45.5, its highest level in two years, indicating a pickup in input price increases. This index has risen a cumulative 41 points since May. The prices received index climbed five points to 15.2, its highest level in a year, pointing to an acceleration in selling prices.

Firms Remain Optimistic

The index for future business conditions came in at 31.9, suggesting that firms remained optimistic about future conditions. The indexes for future new orders and shipments were positive and slightly higher than last month's readings. Employment levels and the average workweek are expected to continue to increase in the months ahead. The capital expenditures index came in at 17.9, and technology spending indexes moved down to 13.1."
– Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 1/15/21

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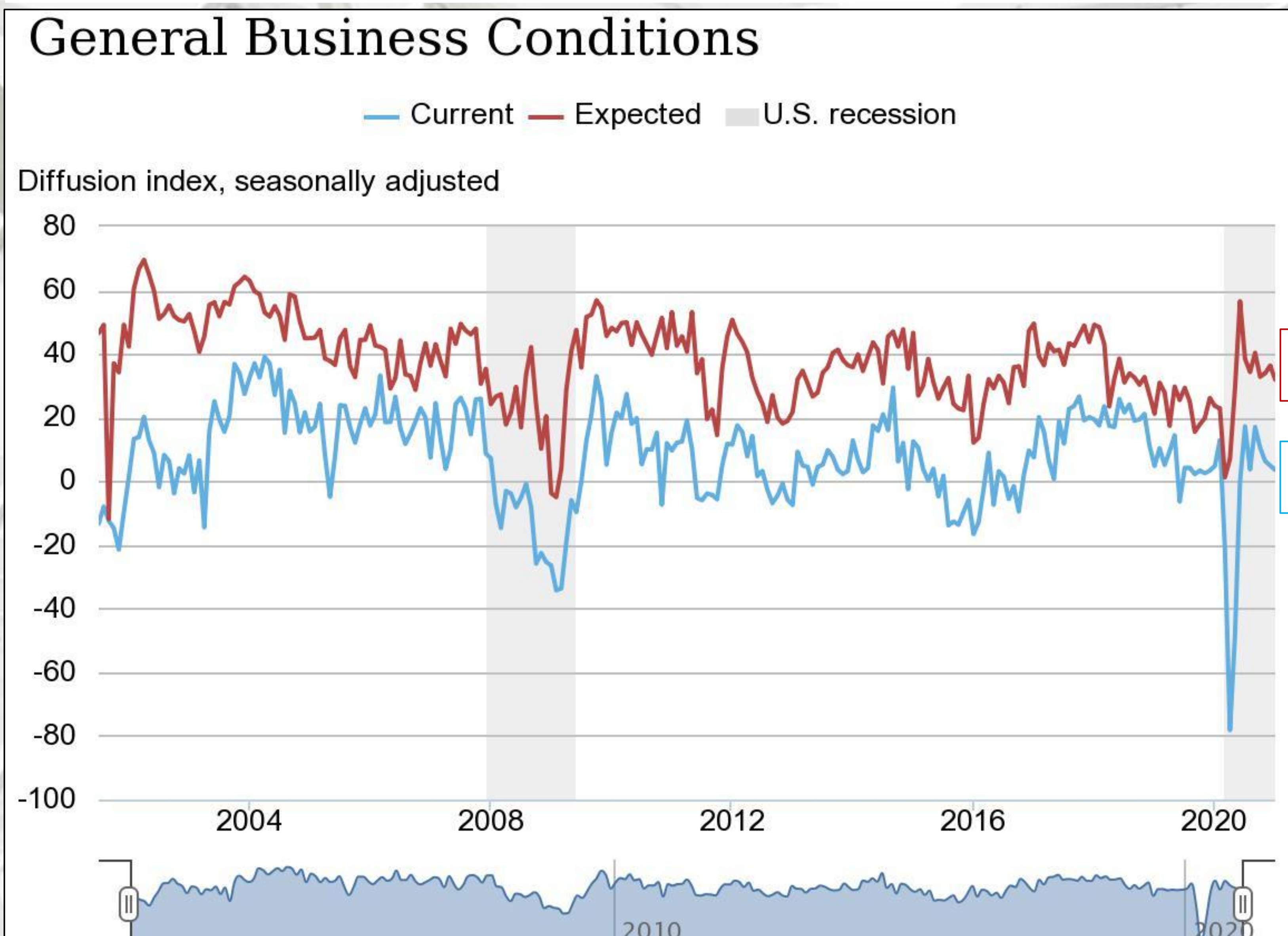
The Federal Reserve Bank of New York



January 2021
31.9

January 2021
3.5

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 1/15/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Conditions Remain Weak

"Activity in the region's service sector declined at an accelerated pace, according to firms responding to the Federal Reserve Bank of New York's January 2021 *Business Leaders Survey*. The survey's headline business activity index fell five points to -31.8. The business climate index fell three points -63.3, indicating that the vast majority of firms continued to view the business climate as worse than normal. Employment levels declined at a faster clip than last month, though wage increases picked up. Both input prices and selling prices increased at a faster pace than in December. Capital spending fell for a tenth consecutive month. Looking ahead, firms expect business conditions to improve over the next six months.

Business activity in the region's service sector declined for an eleventh consecutive month. After falling eleven points in each of the prior two months, the headline business activity index fell another five points to -31.8, its lowest reading in seven months. Nineteen percent of respondents reported that conditions improved over the month, while 51 percent said that conditions worsened. The business climate index fell three points to -63.3, with just over three-quarters of respondents viewing the business climate as worse than normal." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 1/19/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Employment Continues To Shrink

“The employment index moved down six points to -17.6, indicating that employment levels fell at a faster pace than last month. However, wages increased at a faster pace, with the wages index rising nine points to 19.9, its highest level since the onset of the pandemic. Price increases picked up: The prices paid index rose six points to 38.9, and the prices received index rose eight points to 7.4, the first sign of any significant selling price increases since the pandemic began. The capital spending index continued to increase but remained negative at -14.2, suggesting ongoing declines in capital spending, though fewer respondents reported such declines compared to previous months.

Firms Expecting Future Improvement For The First Time In Months

The index for future business activity rose seventeen points to 21.6, its highest level in several months, and the future business climate index rose to 16.7, signaling that firms expect conditions to improve over the next six months. Employment levels, wages, and prices are all expected to increase, while capital spending is expected to be flat.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 1/19/21

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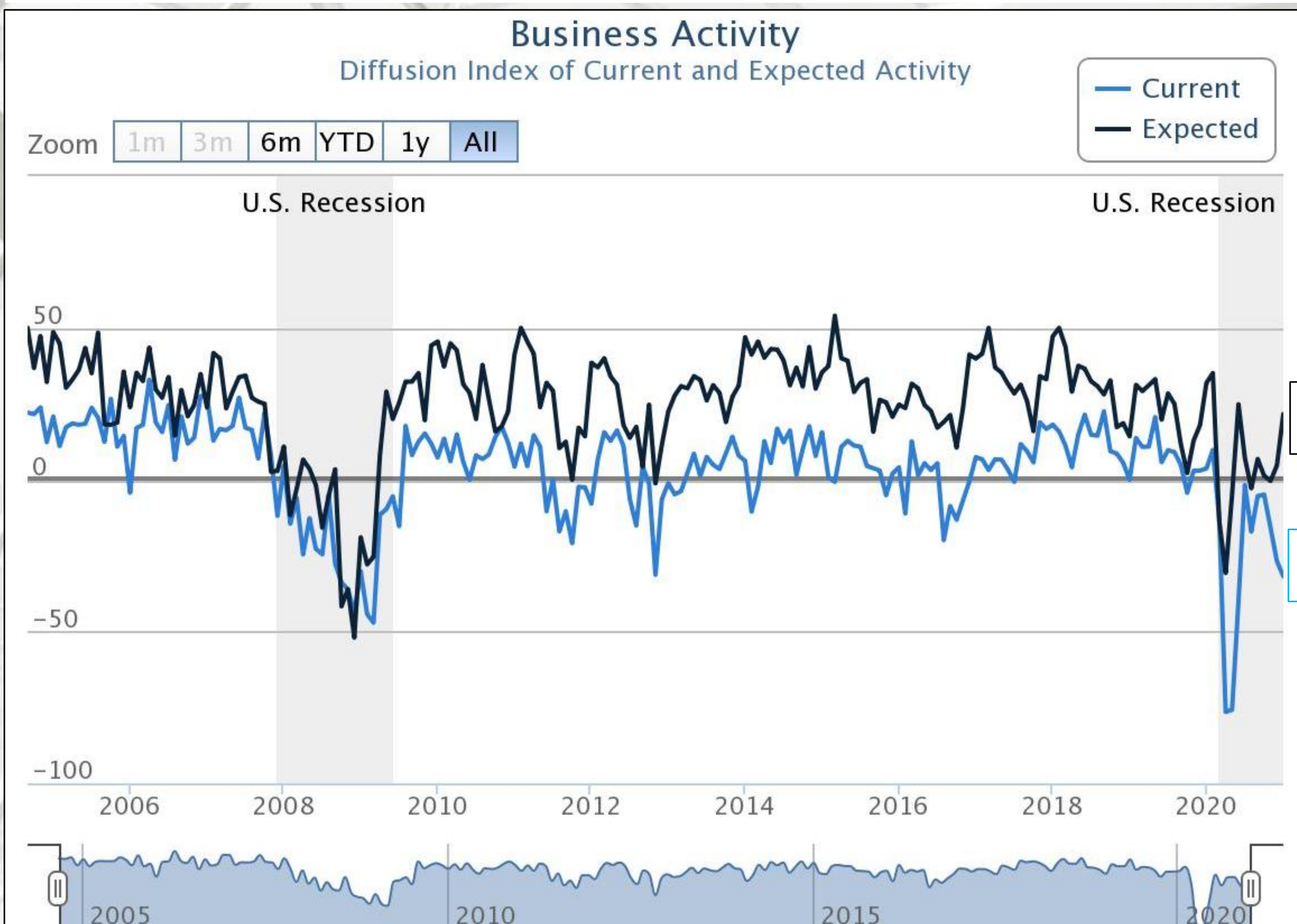
The Federal Reserve Bank of New York



January 2021
21.6

January 2021
-31.8

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 1/19/21

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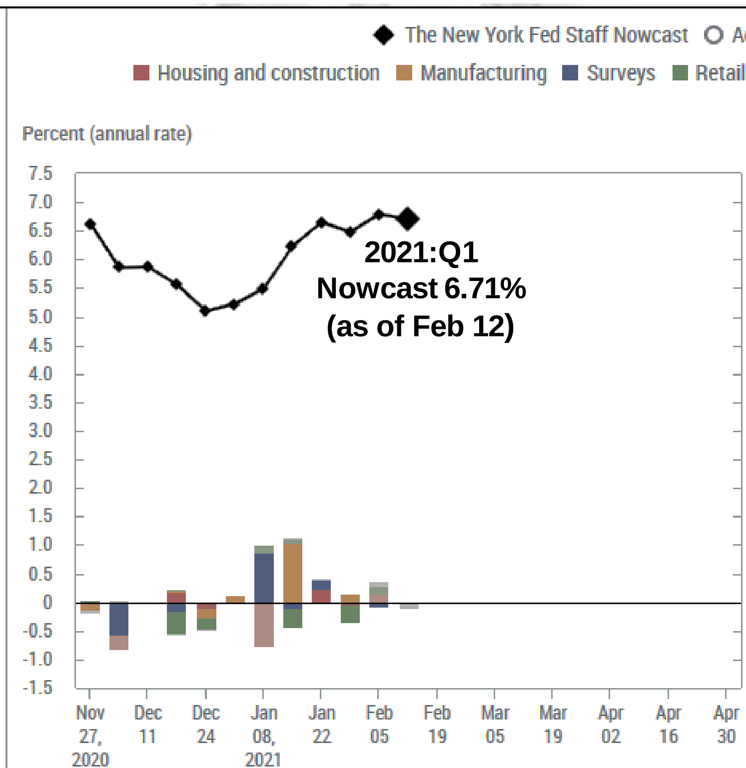
U.S. Economic Indicators

The Federal Reserve Bank of New York Nowcast



Data Flow (Feb 12, 2021)

Model Update	Release Date	Data Series	Actual	Impact	Nowcast GDP Growth
Feb 12					6.71
	8:30AM Feb 10	CPI-U: All items less food and energy	0.03	-0.01	
	8:30AM Feb 10	CPI-U: All items	0.26	-0.00	
	10:00AM Feb 09	JOLTS: Total job openings	74.00	-0.01	
		Data revisions		-0.06	
Feb 05					6.79

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.

February 12, 2020: Highlights

- "The New York Fed Staff Nowcast stands at 6.7% for 2021:Q1.
- News from this week's data releases decreased the nowcast for 2021:Q1 by 0.1 percentage point.
- Negative impacts from JOLTS and CPI data accounted for most of the decrease." – The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/research/policy/nowcast; 2/12/21

U.S. Economic Indicators

The Federal Reserve Bank of Philadelphia

January 2020 Manufacturing Business Outlook Survey

"Manufacturing activity in the region continued to grow, according to firms responding to the January *Manufacturing Business Outlook Survey*. The survey's current indicators for general activity, new orders, and shipments increased notably this month and remained positive for the eighth consecutive month. The survey's future indexes remained at high readings and continue to indicate that firms expect growth over the next six months.

Current Indicators Are Positive but Higher

The diffusion index for current activity increased from a revised reading of 9.1 in December to 26.5 (see Chart 1).* The percentage of firms reporting increases this month (40 percent) exceeded the percentage reporting decreases (13 percent). The index for new orders increased 28 points to a reading of 30.0, its highest reading in three months. Over 45 percent of the firms reported increases in new orders this month. The current shipments index increased 11 points to 22.7 in January.

On balance, more firms reported increases in manufacturing employment this month. The current employment index has remained positive for seven consecutive months and increased 17 points to 22.5 in January. Employment increases were reported by 33 percent of the firms, while 10 percent reported decreases. The average workweek index was also positive for the seventh consecutive month and edged 3 points higher to 18.6." – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-01; 1/22/21

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The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes

January 2008 to January 2021

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

January 2021
58.2

January 2021
26.5

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-01; 1/22/21

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The Federal Reserve Bank of Philadelphia

Price Indicators Increase This Month

Price increases were more widely reported this month. The prices paid diffusion index increased 21 points to 45.4 (see Chart 2). Over 47 percent of the firms reported increases in input prices, while only 2 percent reported decreases. The current prices received index, reflecting manufacturers' own prices, also increased 21 points to 36.6. Over 38 percent of the firms reported increases in prices of their own manufactured goods, while 2 percent reported declines. The largest percentage of firms (60 percent) reported no change in prices for their manufactured goods.

Firms Expect to Increase Production in the Near Term

In the Special Questions this month, the firms were asked to characterize demand for their products over the past few months and to forecast their production for the first quarter of the year (see Special Questions on page 3). Most firms (64 percent) reported an increase in underlying demand, but 18 percent characterized underlying demand as decreasing in recent months . Over 69 percent of the firms anticipate increasing production in the first quarter, while 24 percent expect decreases. Among the firms expecting an increase in production, 51 percent indicated that this would be accomplished with additional workers. Most of the remaining firms indicated higher production would be accomplished without additional hiring: Nearly 23 percent would increase the hours of existing workers, and 20 percent indicated production could be increased with higher productivity of existing workers." – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-01; 1/22/21

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The Federal Reserve Bank of Philadelphia

Firms' Continue to Expect Growth

"The survey's indicators for future general activity improved this month, and although other future indicators declined somewhat, they remained at elevated readings. The diffusion index for general activity over the next six months increased 10 points, from a revised reading of 43.1 to 52.8 in January (see Chart 1). The percentage of firms expecting growth over the next six months (64 percent) remained significantly greater than the percentage expecting declines (12 percent). The future new orders index held steady at an elevated reading of 47.5, and the future shipments index decreased 2 points to 46.1 this month. The future employment index fell 2 points: Over 44 percent of the firms expect to increase employment in their manufacturing plants over the next six months. The future capital spending index showed notable improvement, increasing 12 points to 35.4.

Summary

Responses to the *Manufacturing Business Outlook Survey* suggested continued expansion for the region's manufacturing sector in January. Indicators for general activity, new orders, shipments, and employment remained positive and were stronger in January. Changes in future indexes were mixed this month, but levels remained positive, suggesting that overall growth is expected to continue over the next six months." – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-01; 1/22/21

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The Federal Reserve Bank of Philadelphia

January 2020 Nonmanufacturing Business Outlook Survey

"Responses to the January *Nonmanufacturing Business Outlook Survey* suggest further weakening in nonmanufacturing activity in the region. The indexes for general activity at the firm level and sales/revenues both declined and posted negative readings. Although the indexes for new orders and full-time employment increased, readings for both remained low. The firms continued to report overall increases in the prices of both their own goods and their inputs. The respondents continued to anticipate growth over the next six months..

Firm-Level General Activity Index Turns Negative

The diffusion index for current general activity at the firm level fell 19 points, from a revised reading of 5.0 in December to -14.3 in January, its first negative reading since May (see Chart 1). More than 37 percent of the firms reported decreases in activity (up from 28 percent last month), and 23 percent reported increases (down from 33 percent). The new orders index increased 10 points to 0.2 in January, as similar shares of firms reported increases and decreases (27 percent). The sales/revenues index decreased 4 points to -11.8 in January, its third consecutive negative reading. Nearly 25 percent of the responding firms reported increases in sales/revenues, while 37 percent reported decreases. The regional activity index rose 9 points to -17.5." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2020-11; 1/26/21

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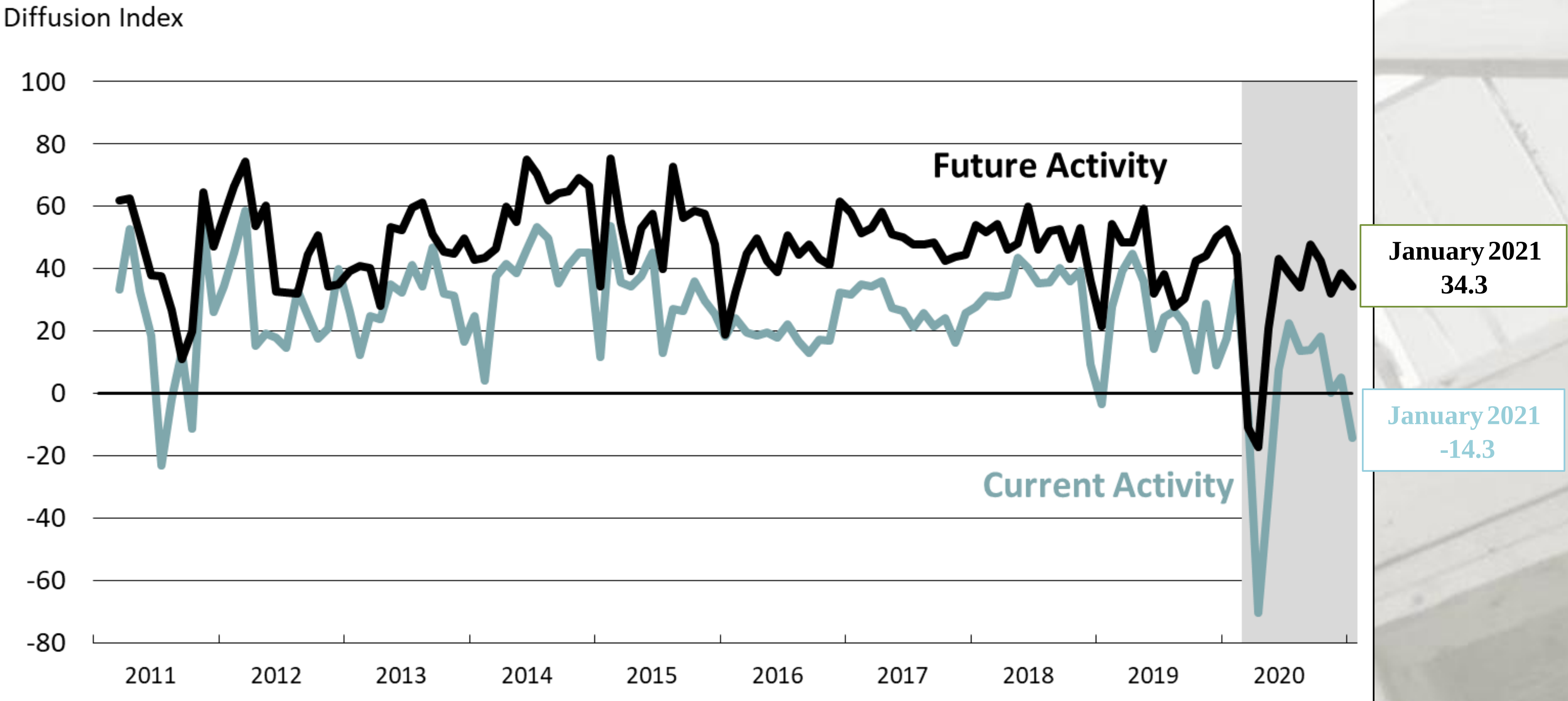
The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes for Firms

March 2011 to January 2021



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2020-11; 1/26/21

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The Federal Reserve Bank of Philadelphia

January 2020 Nonmanufacturing Business Outlook Survey

Full-Time Employment Rebounds into Positive Territory

"The full-time employment index rose from a revised reading of -5.8 in December to 3.1 in January. Over 67 percent of the firms reported steady full-time employment levels, while the share of firms reporting increases (16 percent) was higher than the share reporting decreases (12 percent). The part-time employment index increased 8 points to -4.8, and the wages and benefits indicator increased 8 points to 16.4. The average workweek index edged up 2 points to 0.5.

Firms Continue to Report Overall Price Increases

The prices paid index rose 8 points to 23.3 (see Chart 2). Nearly 48 percent of the respondents reported stable input prices, while 27 percent of the respondents reported increases, and only 3 percent reported decreases. Regarding prices for firms' own goods and services, the prices received index decreased from a revised reading of 9.5 in December to 1.2 in January. The share of firms reporting increases in prices received (8 percent) narrowly exceeded the share reporting decreases (7 percent). More than 65 percent of the firms reported no change in prices for their own goods and services." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2020-11; 1/26/21

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The Federal Reserve Bank of Philadelphia

January 2020 Nonmanufacturing Business Outlook Survey

Firms Continue to Anticipate Growth

"Both future activity indexes suggest that firms continue to anticipate growth over the next six months. The diffusion index for future activity at the firm level declined from a revised reading of 38.5 in December to 34.3 this month (see Chart 1). Over 58 percent of the firms expect an increase in activity at their firms over the next six months, compared with 24 percent that expect decreases and 17 percent that expect no change. The future regional activity index increased 8 points to 34.3.

Future Indicators Remain Positive

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest weakness in nonmanufacturing activity in the region. The indicators for firm-level general activity and sales/revenues both fell and posted negative readings this month. The indexes for new orders and full-time employment increased but remained low. Overall, the respondents continue to expect growth over the next six months in their own firms and in the region." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2020-11; 1/26/21

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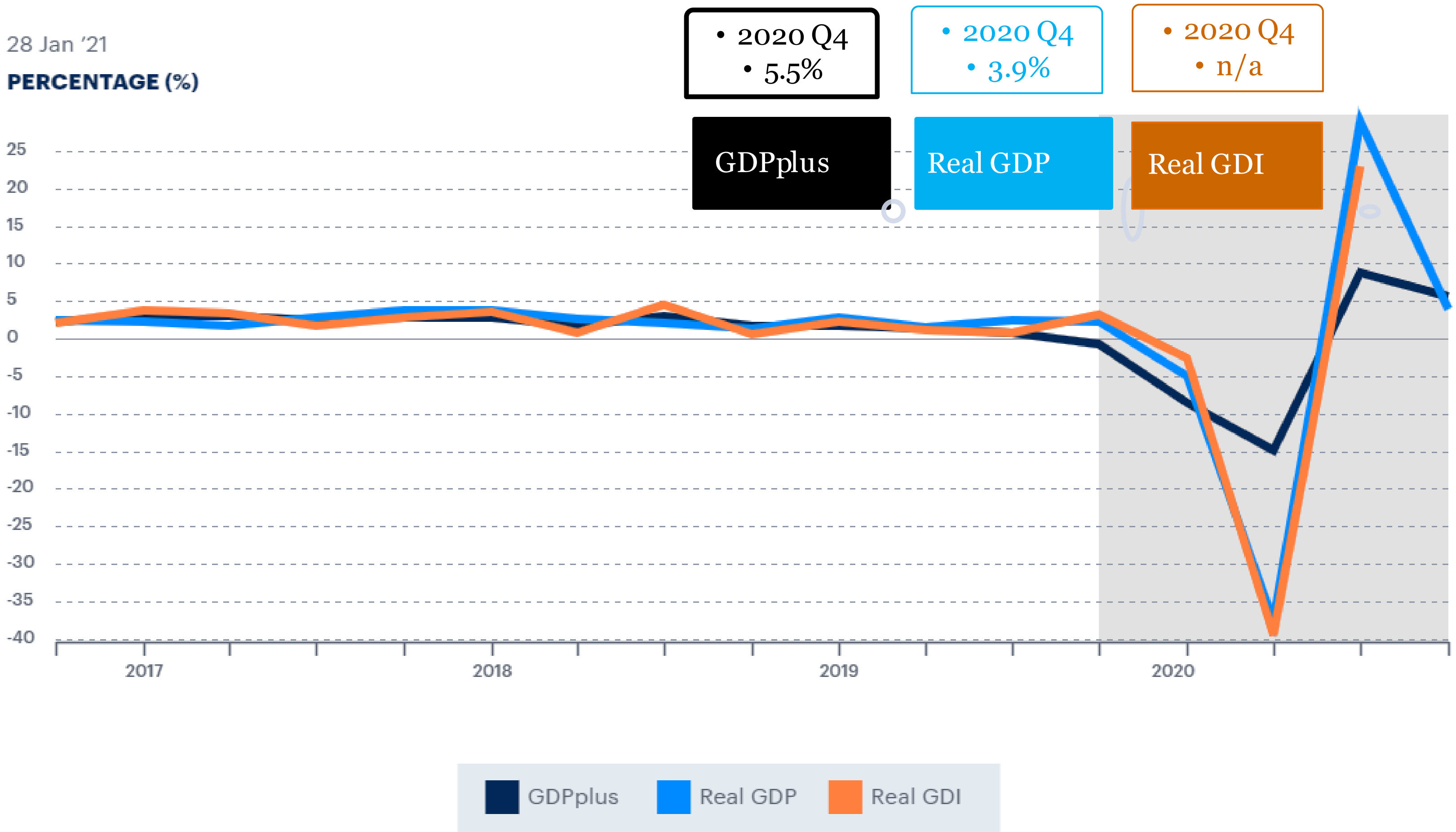
The Federal Reserve Bank of Philadelphia: GDPplus

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



Notes: Shaded areas indicate NBER recessions. The data measure the quarter-over-quarter growth rate in continuously compounded annualized percentage points.
Sources: Bureau of Economic Analysis (BEA) and NBER via Haver Analytics. Federal Reserve Bank of Philadelphia.

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 1/28/21

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Manufacturing Showed Signs of Growth in January

"The Fifth District manufacturing sector showed signs of growth in January, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index fell from 19 in December to 14 in January but remained in expansionary territory, as did all three of its component indexes — shipments, new orders, and employment. Manufacturers reported lengthening vendor lead times, as this index rose to 39, its highest reading since January 1996. Overall, manufacturers were optimistic that conditions would continue to improve in the coming months.

Survey results indicated that many manufacturers increased employment and wages in January. However, respondents struggled to find workers with the necessary skills. Firms expected this difficulty to persist but employment and wages to rise in the next six months.

The average growth rates of both prices paid and prices received by survey participants increased in January, as growth of prices paid continued to outpace that of prices received. Respondents expected this trend to continue 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; 1/26/21

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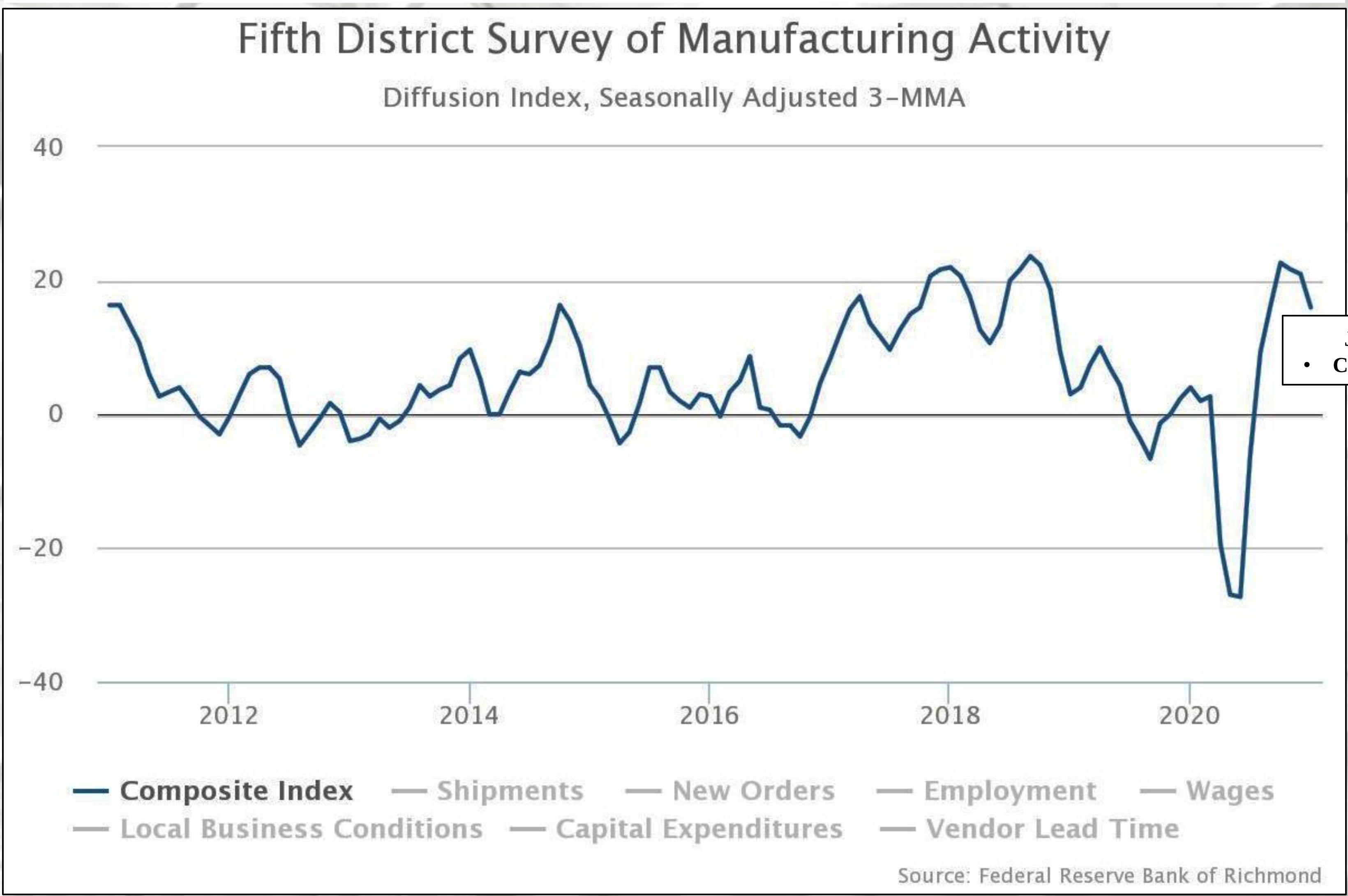
U.S. Economic Indicators



January 2021
- **Composite Index 16**

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 1/26/21

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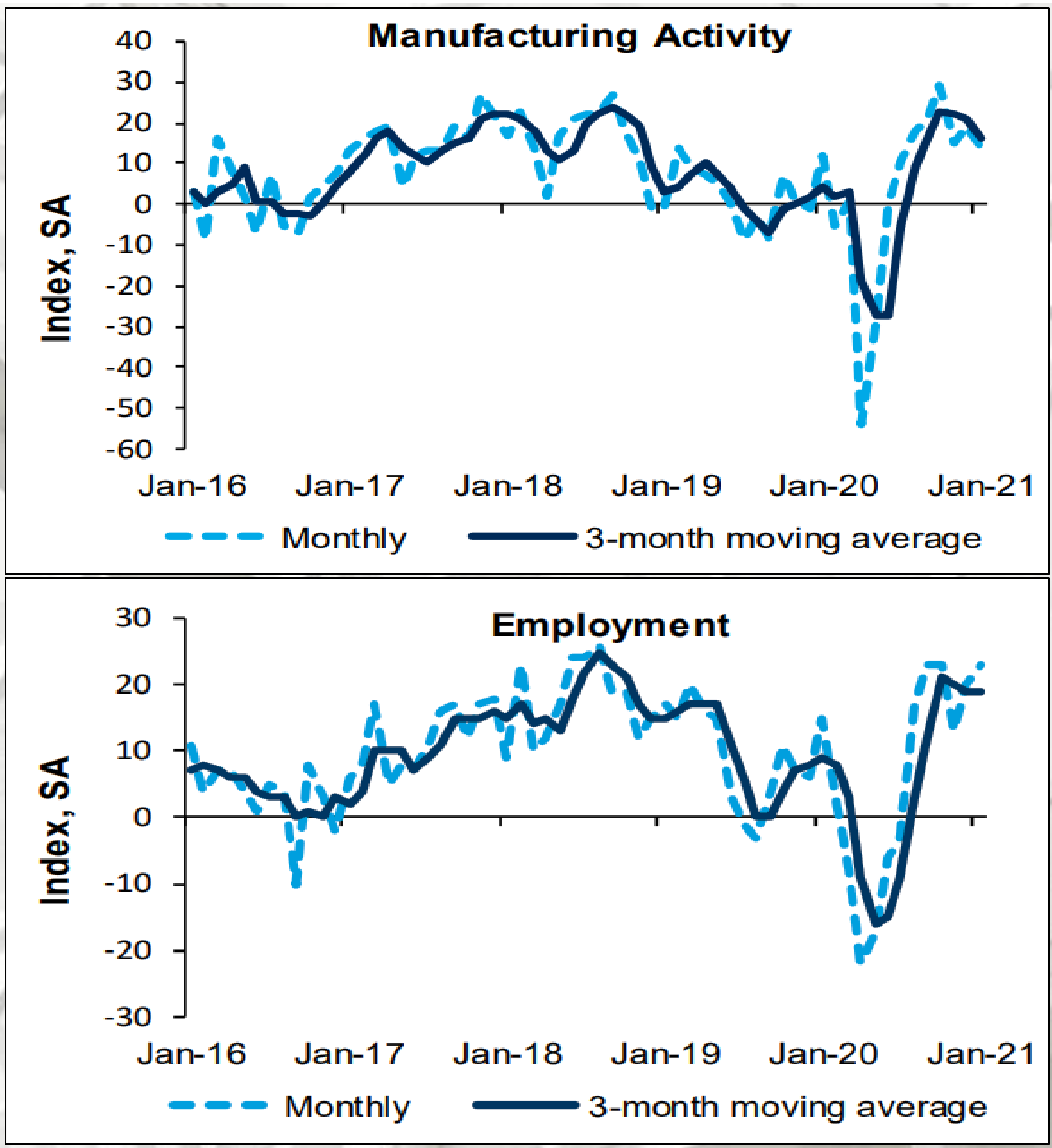
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 1/26/21

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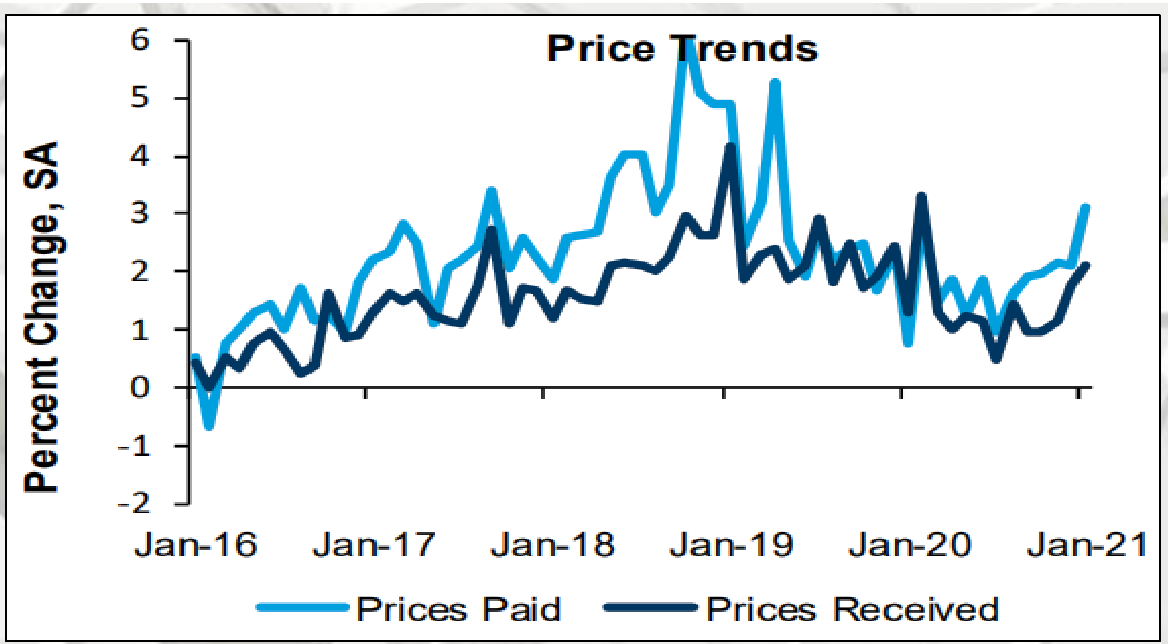
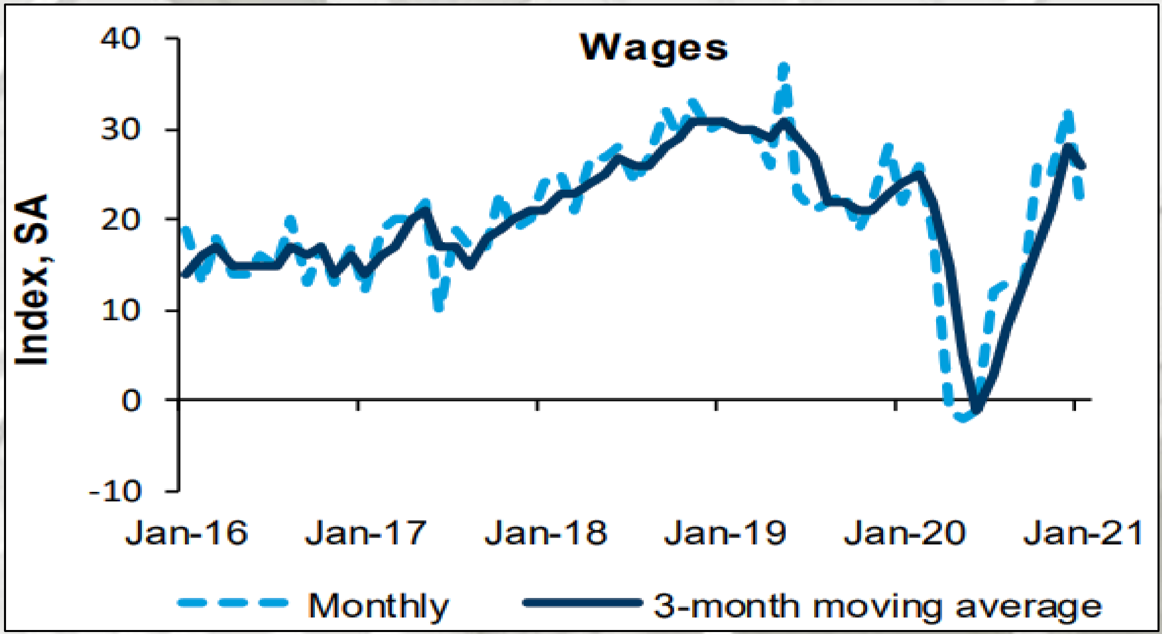
U.S. Economic Indicators





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 1/26/21

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Showed Signs of Softening in December

"Fifth District service sector firms gave mixed reports in January, according to the most recent survey from the Federal Reserve Bank of Richmond. The indexes for revenues and demand increased from −9 and −6 in December to −3 and 7 in January, respectively, indicating higher demand for some firms. However, the index for local business conditions remained in contractionary territory. Firms were optimistic that conditions would improve in the next six months.

Survey results reflected increased employment and wages for many service sector firms in January, but finding workers with the necessary skills remained a challenge for some firms. Participants expected these trends to continue in the coming months.

The average growth rate of prices paid by survey participants fell in January, while that of prices received increased, narrowing the gap between the two rates. Respondents expected growth of both prices paid and prices received to rise in the near future." – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 1/26/21

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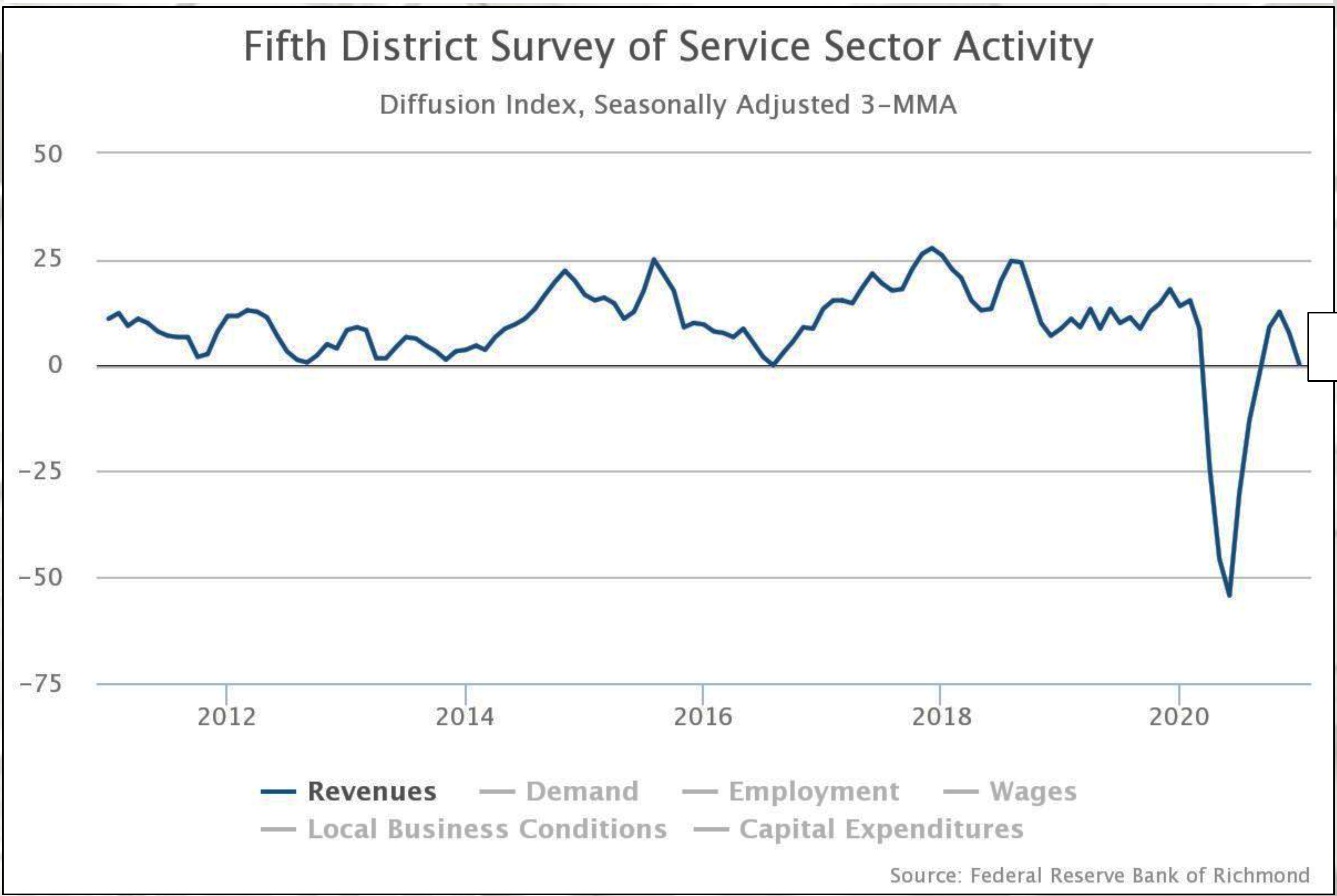
U.S. Economic Indicators



January 2021
- **Revenues 0**

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 12/22/20

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U.S. Global Economic Indicators

The Federal Reserve Bank of Dallas

México Economic Update

México's Economic Growth Slows in Fourth Quarter

"México's gross domestic product (GDP) grew at an annualized 13.0 percent in fourth quarter 2020, slower than third-quarter growth of 58.0 percent. México's initial estimate of 2020 GDP was a decline of 5.2 percent, the largest fourth-quarter-over-fourth-quarter drop since 1995. The consensus GDP growth forecast for 2021, compiled by the Banco de México, is 3.5 percent.

The latest data available show industrial production, retail sales, exports and employment increased, while inflation fell. The peso was stable against the dollar in January.

Gross Domestic Product Grows

México's fourth-quarter GDP rose an annualized 13.0 percent after the third quarter's staggering 58.0 percent jump (*Chart 1*). Even with this recovery, fourth-quarter GDP was down 5.2 percent from the same quarter a year ago. Service-related activities (including trade and transportation) were up 12.6 percent in the fourth quarter. Goods-producing industries (including manufacturing, construction and utilities) increased 13.9 percent. Agricultural output fell 10.0 percent.

Exports Strengthen Further

The three-month moving average of total exports grew 2.1 percent in December as oil exports increased 4.7 percent, and manufacturing exports were up 2.2 percent (*Chart 2*). On a month-over-month basis, total exports rose 3.1 percent in December, and manufacturing exports increased 3.2 percent. Last year, annual exports fell 10.8 percent from 2019. …" – Jesus Cañas, Senior Business Economist and Chloe Smith, Research Analyst; Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2021/2101; 2/8/21

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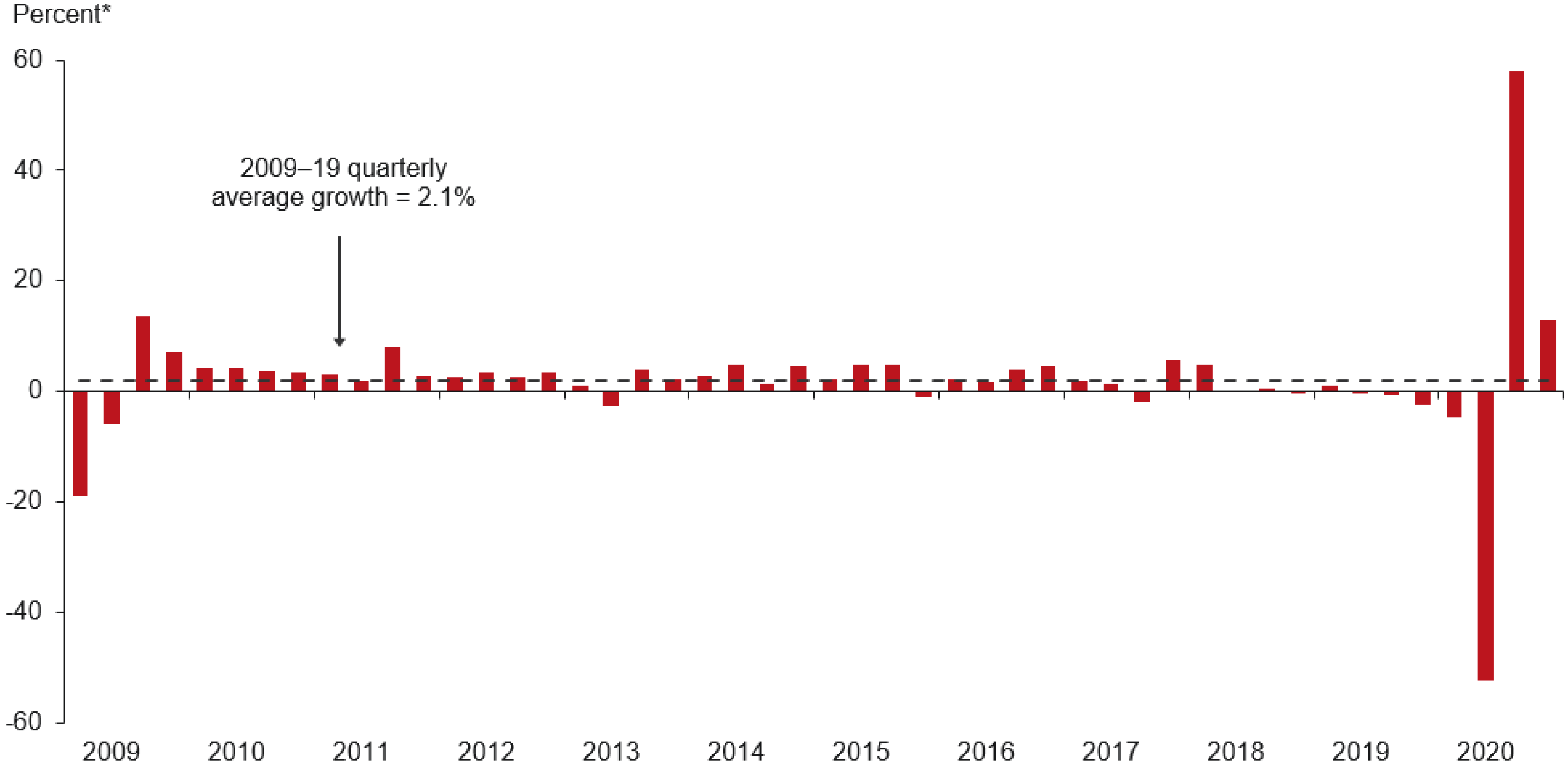
U.S. Global Economic Indicators

Chart 1
Output Recovers as Year Closes



*Quarter/quarter, real pesos; seasonally adjusted, annualized rate.
NOTE: Data are through fourth quarter 2020.
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Source: https://www.dallasfed.org/research/update/mex/2021/2101; 2/8/21

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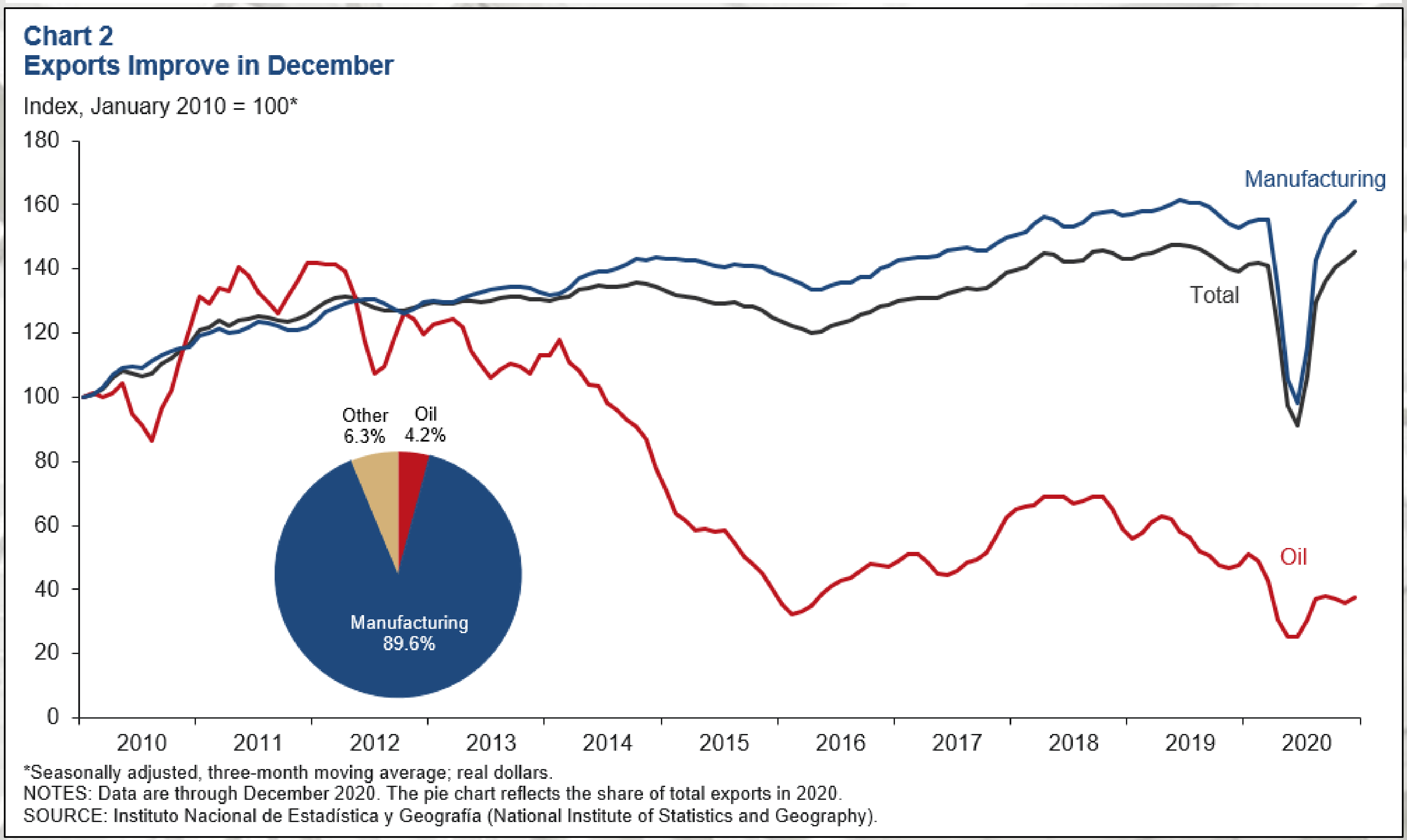
U.S. Economic Indicators



Source: https://www.dallasfed.org/research/update/mex/2021/2101; 2/8/21

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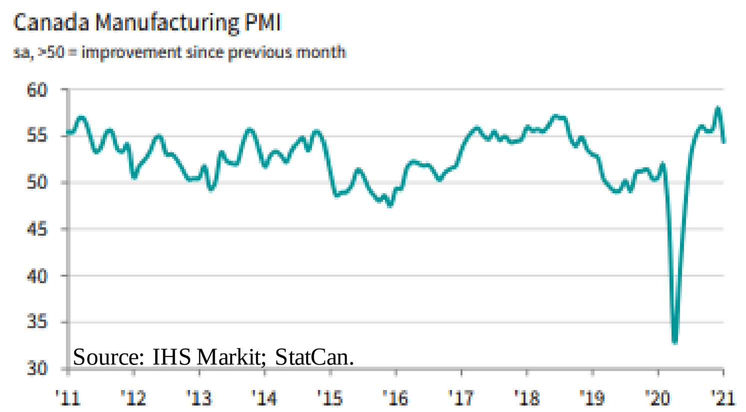
Private Indicators: Global



Source: IHS Markit; StatCan.

Markit Canada Manufacturing PMI™

"The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers' Index® (PMI®) registered 54.4 in January, down sharply from 57.9 in December. Despite moderating, the latest reading signalled a solid expansion in business conditions in the Canadian goods-producing sector.

Manufacturing growth softens to six-month low, but remains solid

January data pointed to a solid expansion in overall operating conditions in the Canadian manufacturing sector. Growth moderated from that seen in December, however, as restrictions linked to the coronavirus pandemic 2019 (COVID-19) persisted. Growth in jobs and purchasing both softened at the start of the year while stocks of both inputs and finished goods were depleted. At the same time, border restrictions and port congestion led to longer input delivery times and a rise in backlogs. Nevertheless, firms remained optimistic that output in the year ahead will improve, although the longer-term impact of COVID-19 weighed slightly on the degree of optimism. …

Latest data signalled another month of expansion in the Canadian manufacturing sector with a solid uptick registered in January. Both output and new order volumes rose for a seventh successive month and firms continued to increase their purchasing activity. That said, signs of fragility emerged as all five of the PMI components moderated at the start of the year. Ongoing restrictions and border closures continue to pose a threat to exports and factory operations. At the same time, higher material prices and transportation costs added to the rate of input price inflation.

Until vaccines are widely administered the sector can expect to see measures extend in pursuance of controlling case numbers." – Tim Moore, Economics Associate Director, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/985711dc7066459c9b98c521d19b6f4a; 2/1/21

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Private Indicators: Global

Caixin China General Manufacturing PMI™

Operating conditions improve at slowest rate for seven months

"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 – fell from 53.0 in December to 51.5 in January. This signalled a modest improvement in the health of the sector that was the weakest since last June. The reading also marked a further loss of momentum from November, when the headline index reached a decade high.

Business conditions faced by Chinese manufacturers improved at the slowest rate for seven months at the start of 2021, according to latest PMI data. Companies signalled softer increases in output and new orders, alongside a renewed decline in new export work, as the coronavirus disease 2019 (COVID-19) pandemic weighed on demand conditions. At the same time, stock shortages and shipping delays led to a further marked deterioration in supplier performance and added further upwards pressure on costs. Consequently, firms raised their selling prices at the steepest rate since mid-2018.

Chinese goods producers signalled a sustained rise in output during January, to extend the current period of expansion to 11 months. That said, the rate of growth was the least marked since last April and modest. The slowdown coincided with a weaker increase in total new work at the start of the year. Data indicated this was partly driven by a renewed drop in export orders, which fell for the first time in six months. Survey respondents often cited the resurgence of the COVID-19 virus globally when explaining the reduction. …

…Overall, the manufacturing sector continued to recover in January, but the momentum of both supply and demand weakened, dragged by subdued overseas demand. The gauge for future output expectations was the lowest since May last year though it remained in positive territory, showing manufacturing entrepreneurs were still worried about the sustainability of the economic recovery. In addition, the weakening job market and the sharp increase in inflationary pressure should not be ignored. This year, we should pay attention to the effectiveness of domestic epidemic prevention amid the ongoing pandemic, and look at how to bring new momentum to the Chinese economy as uncertainties over overseas demand continue." – Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis, CEBM Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/dc63e2531eb34fa798b074488f6bbe9f; 2/1/21

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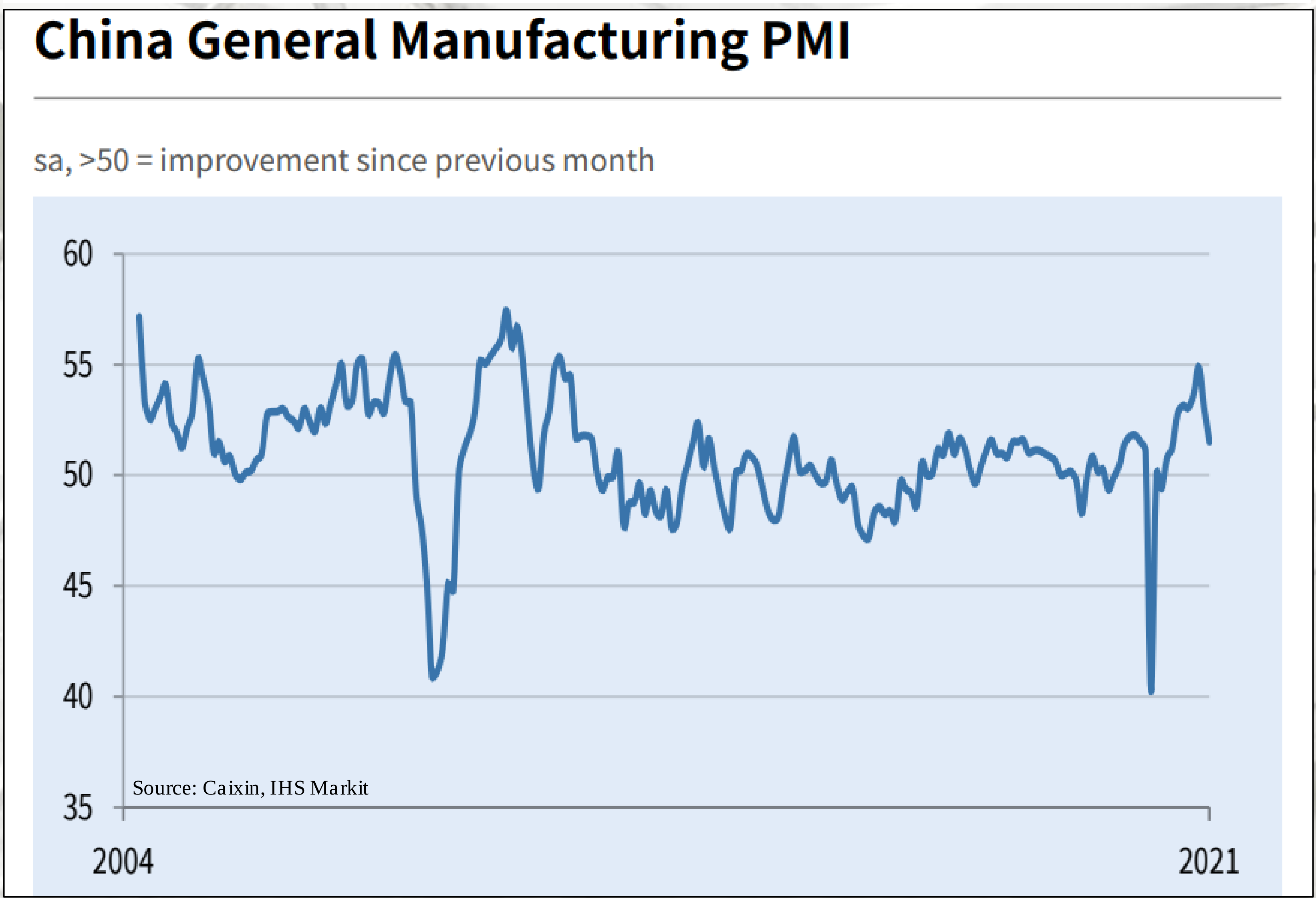
Private Indicators: Global



Source: https://www.markiteconomics.com/Public/Home/PressRelease/dc63e2531eb34fa798b074488f6bbe9f; 2/1/21

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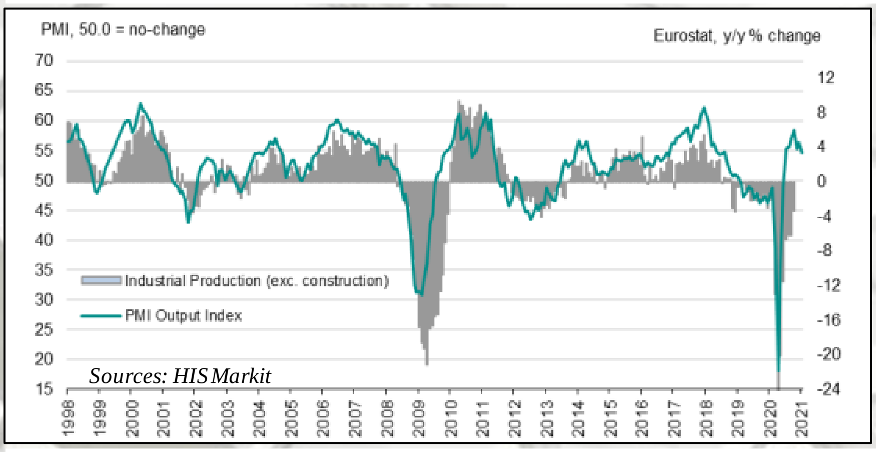
Private Indicators: Global



Markit Eurozone Manufacturing PMI®

"Growth of the Eurozone manufacturing economy remained resilient at the start of 2021, with the sector expanding for a seventh successive month and again at a marked pace. After accounting for seasonal factors, the PMI® recorded 54.8, down slightly on December's 55.2 and little-changed on the earlier flash reading. January's figure was amongst the highest seen over the past two-and-a-half years.

Manufacturing growth remains marked at start of 2021

Growth was recorded across all three broad market groups during the latest survey period. However, the improvement in operating conditions seen at consumer goods producers was marginal amid a drop in new orders. In contrast, marked rates of expansion continued to be recorded in both the intermediate and investment goods sectors at the start of 2021. … Finally, looking ahead to the next 12 months, confidence improved to a three-year high in January largely on hopes that vaccine developments in the coming months will help to ease current pandemic restrictions and lead to a noticeable uplift in economic activity.

Eurozone manufacturing output continued to expand at a solid pace at the start of 2021, though growth has weakened to the lowest since the recovery began as new lockdown measures and supply shortages pose further challenges to producers across the region. Supply chain delays worsened during the month to a degree only exceeded once – during the global lockdowns early last year – in more than two decades of survey history.

At the moment, manufacturing is providing an important support to the economy as the service sector is hit by COVID-19 restrictions, but this support is waning. Consumer goods producers in particular are struggling. While future prospects brightened, with manufacturers' optimism striking a three-year high in January to sound a reassuring note of confidence at the start of the year, any potential delays to the vaccine roll-outs will add an additional layer of uncertainty to the outlook. Supply shortages have meanwhile put pricing power in the hands of suppliers, pushing raw material prices sharply higher. Increased shipping costs are adding to the burden. These price pressures should ease once more supply capacity comes online, although there remains some uncertainty about how much pent-up demand exists and how sticky these higher prices may prove to be." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/fcef9fc6836c4b04adc638bb725fae99; 2/1/21

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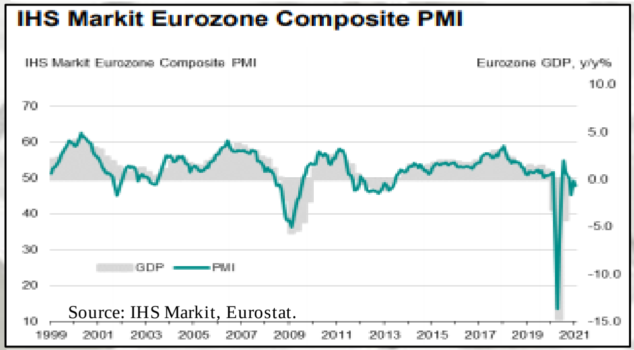
Private Indicators: Global



Markit Eurozone Composite PMI®

"The eurozone's private sector endured a challenging start to 2021, with output declining for a third successive month and at an accelerated rate. This was highlighted by the seasonally adjusted **IHS Markit Eurozone PMI® Composite Output Index** which recorded 47.8 in January, down from 49.1 in the previous month.

Service sector leads further contraction of eurozone economy

Services was once again the main drag on the economy, with activity in this sector contracting for a fifth successive month and also at a sharper rate than in December. Manufacturing remained a bright spot, with production rising for a seventh successive month albeit at the lowest rate in this growth sequence. Of the largest eurozone members, only Germany recorded a rise in private sector output during January, although growth here weakened to its lowest level for seven months. All other nations recorded a contraction in activity, although there were noticeable divergences. … confidence about the future remained in positive territory during January, with the degree of optimism little-changed since the previous month. Sentiment was firmly linked to hopes of a successful rollout of a COVID-19 vaccine in the coming months.

The eurozone economy endured a predictably tough start to 2021 as ongoing efforts to contain the spread of COVID-19 continued to hit business activity, especially in the service sector. Manufacturing growth continued to help offset some of the weakness in the service sector, though even here factories saw output growth slow amid subdued demand and supply delays, often linked to the pandemic. A contraction of GDP therefore looks likely in the first quarter, though on current trends this should be modest in comparison to the falls seen in the first half of 2020.

However, with virus containment measures likely to constrain euro area economies in the coming months, and potentially well into the second quarter given the slow vaccine roll-out, the focus will be on the need to sustain supportive fiscal and monetary policymaking for some time to come, notably to prevent further intensifying job losses in the hardest hit sectors, such as hospitality, tourism, travel and retail. Rising costs have dealt a further blow to many companies, with input prices rising at the steepest rate for two years to squeeze margins. However, in many cases this reflects a short-term lack of capacity and shipping delays, which should ease in coming months, helping alleviate these price pressures." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/1cd34084d7704729a273bfc036408218; 2/3/21

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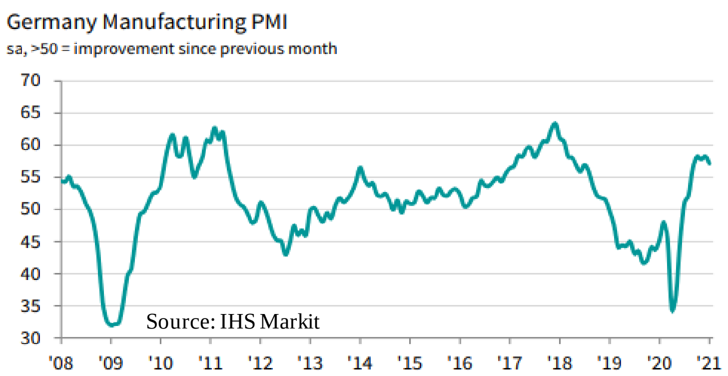
Private Indicators: Global



Source: IHS Markit

IHS Markit/BME Germany Manufacturing PMI®

"At 57.1 in January, the headline IHS Markit/BME Germany Manufacturing PMI® – a weighted aggregate of measures of new orders, output, employment, suppliers' delivery times and stock of purchases – remained firmly inside growth territory, albeit down from December's near three-year high (58.3) and the lowest for four months.

Upturn in manufacturing continues in January, despite growing risks from supply chain disruption

The upturn in the German manufacturing sector continued into Source: IHS Markit. the new year, with January PMI® survey data from IHS Markit showing further gains in output and new orders across the sector. The rate of factory job shedding meanwhile slowed as goods producers reported record optimism towards future activity. However, the survey also revealed a growing incidence of supply chain bottlenecks linked to shortages of inputs and a lack of available shipping containers, which in turn contributed to a spike in input cost inflation and lower inventories at manufacturers. …

The German manufacturing sector remained in growth territory in January and is doing a lot of the heavy lifting in terms of supporting overall economic activity during the current lockdown. However, the survey gives some cause for concern regarding the growing incidence of supply delays. Increasing demand for inputs from manufacturers, combined with shortages of materials and shipping containers has created a perfect storm for supply chains, with January's survey indicating a record increase in lead times.

Whilst any impact on actual production levels seems to have been only limited so far, with output keeping pace with new orders, we are seeing declining levels of inventories at manufacturers, and therefore a growing risk of disruption. Supply bottlenecks have led to a spike in costs, with purchasing price inflation accelerating to a two-and-a-half year high in January. Despite these issues, however, manufacturers remain buoyed by the prospect of improved demand conditions in the year ahead, with output expectations at a record high" – Phil Smith, Principal Economist, IHSMarkit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/94eee3d2d1364edd8b40afe6ebfb7226; 2/4/21

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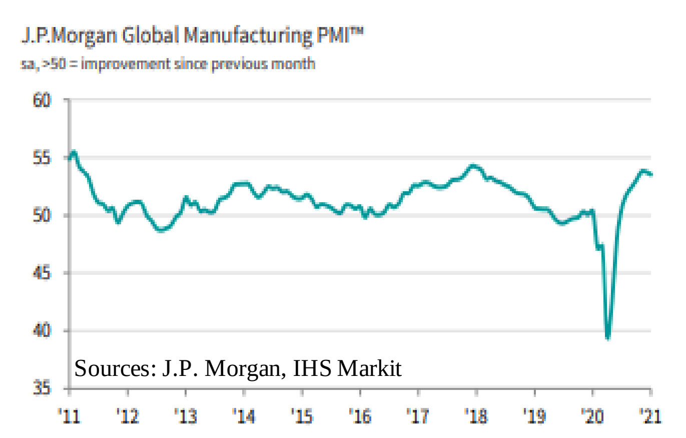
Private Indicators: Global



J.P. Morgan Global Manufacturing PMI™

"The performance of the global manufacturing sector remained solid at the start of 2021. Although the J. P. Morgan Global Manufacturing PMI™ – a composite index produced by J. P. Morgan and IHS Markit in association with ISM and IFPSM – fell to a three-month low of 53.5 in January, down from 53.8 in December, it remained at one of its highest levels over the past three years.

Global manufacturing upturn slows at start of 2021 as supply chain pressures continue to build

Of the 30 nations for which January data were available, 23 registered PMI readings above 50.0 (signalling expansions) compared to only six indicating contractions. Growth was led by Taiwan, the US, the Netherlands and India, while upturns in China and the euro area (on average) continued. PMIs for Japan, Spain, Thailand, Malaysia, Kazakhstan and Myanmar all signalled contraction. The Greece PMI posted a reading identical to the stagnation-mark of 50.0. World manufacturing production and new orders both expanded again in January, extending the current sequence of concurrent growth to seven months. However, rates of increase eased for the second successive month, as growth of new export orders slipped to near-stagnation.

Data broken down by sector signalled increases in output and new business across the consumer, intermediate and investment goods categories. Intermediate goods producers fared best, slightly outperforming their investment goods counterparts in terms of both output and new order growth. The consumer goods sector saw the weakest expansion in production as new business growth stalled. …

The rate of global manufacturing expansion slowed at the start of 2021, according to the latest PMI surveys. The output PMI fell nearly a point which was the largest drop since April. Smaller declines were seen across other components. Encouragingly, the employment PMI moved higher last month. Companies remain cautiously optimistic about the year ahead, allowing for a further slight increase to be implemented" – Olya Borichevska, Global Economist, Global Economic Research, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/4d3239abde834c8f99f518d378422ab7; 2/1/21

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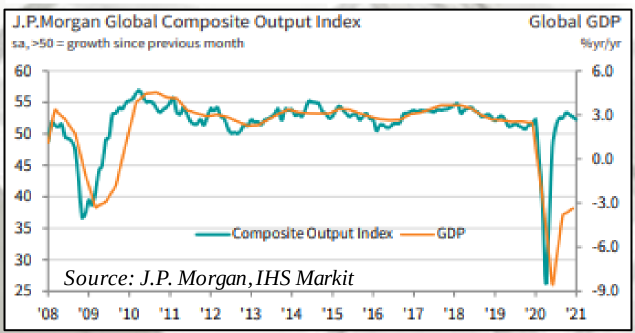
Private Indicators: Global



Source: J.P. Morgan, 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 – posted 52.3 in January, down from 52.7 in December, to remain above the neutral 50.0 mark for the seventh successive month.

Growth of global output and new orders slow at start of 2021

The rate of global economic expansion eased for the third month in a row during January. Output rose at the slowest pace since last July, as new business growth slipped to a five-month low. Businesses maintained a positive outlook, however, allowing for a further slight increase in employment. Manufacturing production continued to rise at a faster pace than service sector business activity at the start of the year, as has been the case since the current upturn started in July 2020. Rates of expansion eased in both categories, however, hitting a four-month low in manufacturing and a six-month low at service providers.

The J. P. Morgan Global Services Business Activity Index fell to 51.6 in January, its lowest level since July 2020 (the first month of the current upturn). New order intakes rose at a similarly weaker pace, in part reflecting reduced inflows of new export business. Employment was unchanged compared to the previous survey month, while input cost inflation accelerated to its highest since September 2008. National PMI data signalled output growth in the US, China, India, Russia and Australia, with by far the fastest rate of expansion indicated for the US. The euro area, Japan, Brazil and the UK all registered contractions.

The global economy is decelerating at the start of the year according to the January all-industry PMIs. The slowing is taking place across both the manufacturing and services sectors though it is expected to be more pronounced in the services sector, a focus of concentrated lockdowns. Encouragingly, the level in the PMI early this year remains solid with the forward looking future output PMI improving on the month. The PMI suggests rising rates of increase in input costs and selling prices." – Olya Borichevska, Global Economic Research, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/919706c7c8694298b9c58c8c031d9d05; 2/3/21

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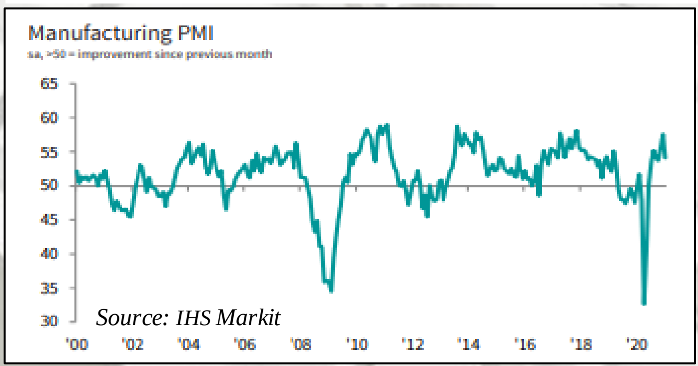
Private Indicators: Global



IHS Markit/CIPS UK Manufacturing PMI®

"The seasonally adjusted IHS Markit/CIPS Purchasing Managers' Index® (PMI®) fell to a three-month low of 54.1 in January, down from December's three-year high of 57.5. Declining new order intakes and a steep reduction in input stocks both weighed on the PMI level.

Manufacturing upturn constrained by COVID-19 restrictions and supply-chain disruptions

The upturn in the UK manufacturing sector slowed sharply at the start of 2021. Output growth eased and new orders fell slightly as producers faced weaker inflows of new export work and temporary supply-chain disruptions caused by COVID-19 restrictions and transport delays (especially at ports) following the end of the Brexit transition period. The main positive influence on the PMI was a marked lengthening of supplier lead times, which (apart from April 2020) was the greatest registered in the near 30-year survey history. Although this is usually a signal of stronger demand resulting from economic growth, the recent trend in vendor performance has mainly reflected supply-chain disruptions caused by COVID-19 restrictions and the end of the Brexit transition period. …

Whereas many countries are seeing manufacturers provide a much-needed support to economic growth as the service sector is hit by COVID-19, the UK's manufacturing sector has come close to stalling. A mixture of harsher COVID-19 restrictions and Brexit led to near-record supply-chain disruptions, lower exports and increased costs. The impact was felt most at consumer goods producers, who reported steep falls in output and new orders. There were also early signs that smaller companies were being hit harder by the tougher operating environment than medium- and larger-scale producers.

The hope is that the current constraints will start to ease once COVID-19 restrictions are lifted, vaccines are rolled out and ports, suppliers and manufacturers adapt to the new trading environment post-Brexit. If so, supply, demand and production bottlenecks should slowly work through the system and growth will not be knocked too far off course through 2021. However, there is no swift end in sight to these headwinds, and the longer the current circumstances remain the greater the potential damage to the sector and its suppliers." – Rob Dobson, Director, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/225e9595317a46eab7a09383a05f8c42; 2/1/21

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Private Indicators
Associated Builders and Contractors

Investment in Nonresidential Structures Up a Meager 3% in Final Quarter of 2020

"The U.S. economy expanded at an annualized 4.0% rate in the fourth quarter of 2020 as the nation's recovery from last spring's economic devastation continued. Nonresidential investment in structures increased at a 3.0% annualized rate in the fourth quarter.

"Some observers may say that the economic recovery that began in May 2020 is neatly in place, but that is simply not true," said ABC Chief Economist Anirban Basu. "After expanding 33.4% during the third quarter, the U.S. economy expanded only 4% during the fourth, an indication of an economy still beset by uncertainty and interruption.

"Economic momentum has been decelerating rapidly since the summer," said Basu. "True, fourth quarter gross domestic product benefitted from factors including a surge in demand for durable goods as consumption patterns continued to shift from purchases of services to tangible items. This shift helped fuel purchases of equipment among manufacturers and supported rising exports.

"Other data indicate that the economy may now be shrinking," said Basu. "As early as October, U.S. retail sales began to shrink. By December, the employment recovery had ended, with the nation losing an estimated 140,000 jobs that month. Key industries will continue to suffer, including airlines, cruise ships, movie theaters, sporting venues, restaurants, traditional retailers and theme parks, among others." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18422/investment-in-nonresidential-structures-up-a-meager-3-in-final-quarter-of-2020-says-abc; 1/28/21

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Associated Builders and Contractors

Percent Change from Preceding Period, Seasonally Adjusted at Annual Rates	2017	2018	2019	2020			
				QI	QII	QIII	QIV
Gross Domestic Product	**2.3%**	**3.0%**	**2.2%**	**-5.0%**	**-31.4%**	**33.4%**	**4.0%**
Gross Private Domestic Investment	**3.5%**	**6.3%**	**1.7%**	**-9.0%**	**-46.6%**	**86.3%**	**25.3%**
Fixed Investment	3.8%	5.2%	1.9%	-1.4%	-29.2%	31.3%	18.4%
Nonresidential	3.7%	6.9%	2.9%	-6.7%	-27.2%	22.9%	13.8%
Structures	4.2%	3.7%	-0.6%	-3.7%	-33.6%	-17.4%	3.0%
Equipment	3.2%	8.0%	2.1%	-15.2%	-35.9%	68.2%	24.9%
Intellectual Property Products	4.2%	7.8%	6.4%	2.4%	-11.4%	8.4%	7.5%
Residential	4.0%	-0.6%	-1.7%	19.0%	-35.6%	63.0%	33.5%

Source: Bureau of Economic Analysis

Investment in Nonresidential Structures Up a Meager 3% in Final Quarter of 2020

"""The near-term outlook for nonresidential construction is not especially optimistic," said Basu. "Investment in structures was up just 3% on an annualized basis during 2020's final quarter after declining by 33.6% and 17.4% in the year's second and third quarters, respectively. Leading indicators of commercial construction, including ABC's Construction Backlog Indicator and Construction Confidence Index as well as the American Institute of Architects' Architecture Billings Index, signal tougher times ahead for many contractors. Office, lodging and shopping center segments appear especially vulnerable. Many industry stakeholders and other Americans turn their eyes to Washington in the hope that a meaningful infrastructure package is forthcoming," said Basu" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18422/investment-in-nonresidential-structures-up-a-meager-3-in-final-quarter-of-2020-says-abc; 1/28/21

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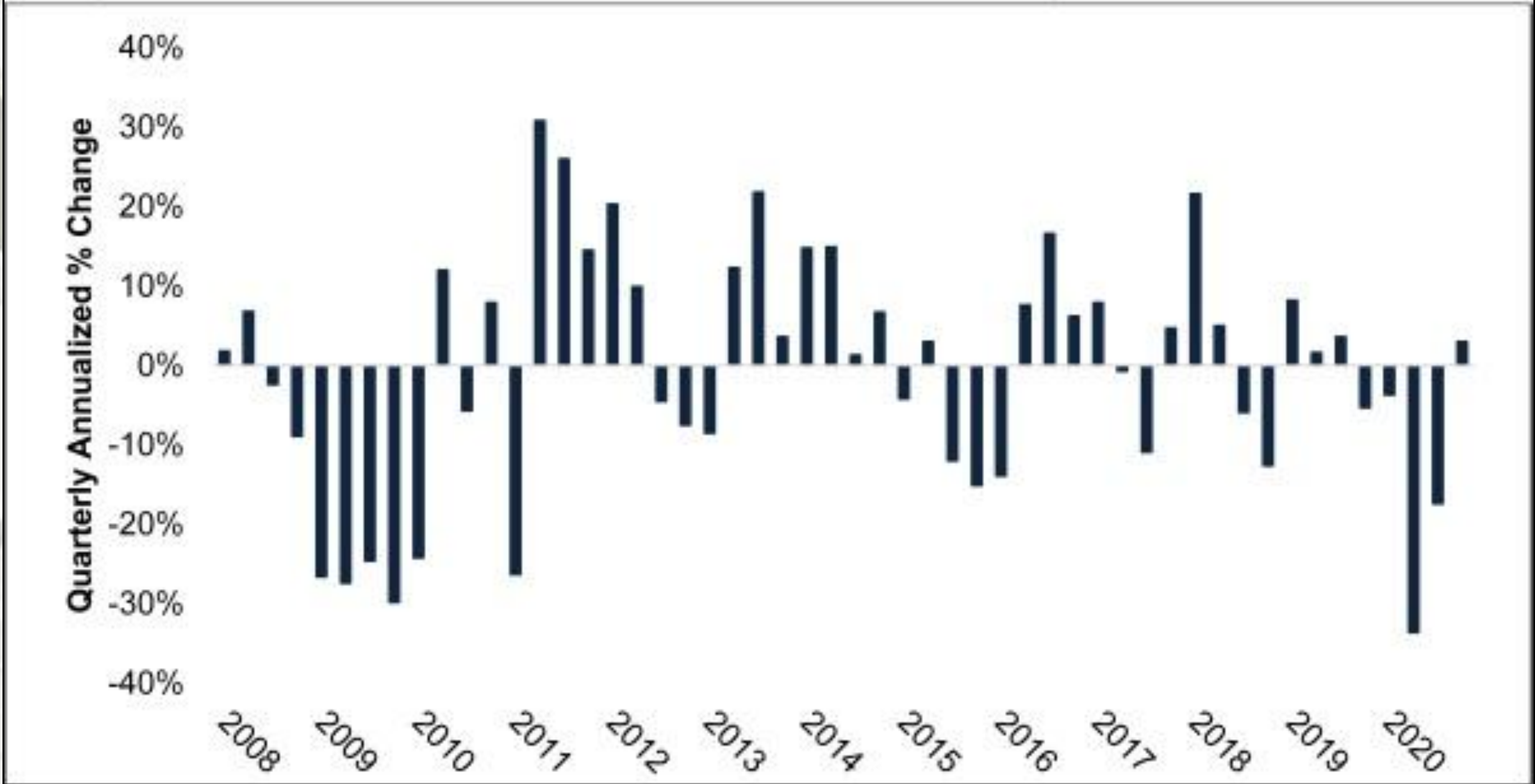
Associated Builders and Contractors

Change in Investment in Nonresidential Structures, 2008Q1 through 2020Q4



Source: Bureau of Economic Analysis

Source: https://www.abc.org/News-Media/News-Releases/entryid/18422/investment-in-nonresidential-structures-up-a-meager-3-in-final-quarter-of-2020-says-abc; 1/28/21

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Dips Nearly 1% in December, Deepening a Months long Slump

"National nonresidential construction spending declined 0.8% in December 2020, according to an Associated Builders and Contractors analysis of data published today by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled $790.2 billion for the month, 4.8% lower than in December 2019 but 3.8% higher than in December 2018.

Spending fell on a monthly basis in nine of the 16 nonresidential subcategories. Private nonresidential spending was down 1.7%, while public nonresidential construction spending was up 0.5% in December. "The slump in nonresidential construction spending has now persisted for several months," said ABC Chief Economist Anirban Basu. "Leading indicators are not promising, including ABC's Construction Backlog Indicator, which remains 1.5 months lower than in December 2019. The pandemic has ravaged commercial real estate fundamentals, and this sector will likely remain weak for years to come due to behavioral shifts caused by the COVID-19 pandemic. That weakness will limit the initial pace of private construction spending recovery in a number of key segments, even as the pandemic fades in the rearview mirror.

"Given weakened state and local government finances, public construction's trajectory is not especially promising either," said Basu. "Near-term spending growth is partially a reflection of what had been a strong economy pre-pandemic and the improvement in public finances that accompanied the lengthiest economic expansion in America's history. Backlog was plentiful coming into the crisis, and that continues to be reflected in public spending data. Emergency construction spending has also boosted spending as decision-makers look to expand the capacity of healthcare delivery in the near-term." – Rachel O'Grady, Media Relations Director, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18429/nonresidential-construction-spending-dips-nearly-1-in-december-deepening-a-monthslong-slump-says-abc; 2/1/21

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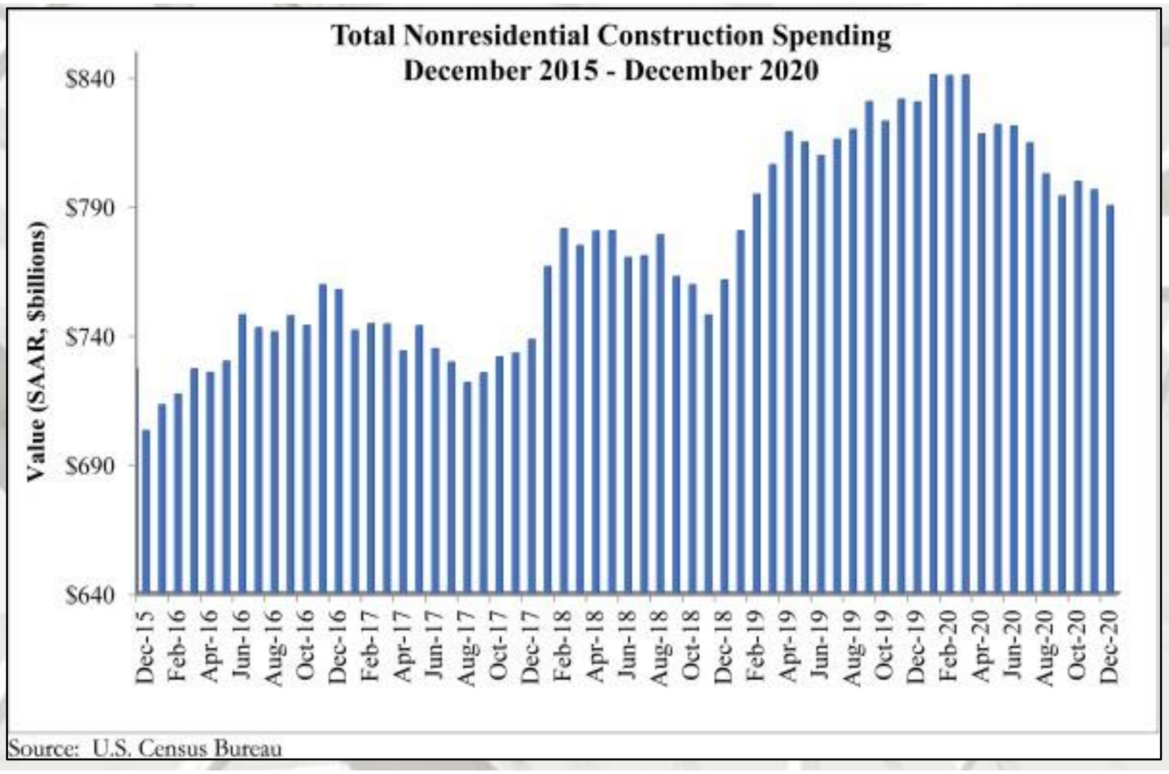
Private Indicators
Associated Builders and Contractors



Nonresidential Construction Spending Dips Nearly 1% in December, Deepening a Months long Slump

"""While it is true that the broader economy is poised for rapid economic recovery later this year, nonresidential construction is positioned to lag," said Basu. "This is often the case given the tighter lending standards and the higher commercial vacancy rates that accompany periods of economic stress. However, the lag in industry recovery could be even lengthier this time around as the specter of remote work threatens the office market, online meeting platforms interfere with recovery in business travel, and more people shop from home as opposed to on Main Street and in malls. The implication is that absent a meaningful federal stimulus package, many nonresidential construction firms and their workers will face a period of vulnerability."""" – Rachel O'Grady, Media Relations Director, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18429/nonresidential-construction-spending-dips-nearly-1-in-december-deepening-a-monthslong-slump-says-abc; 2/1/21

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Private Indicators
Associated Builders and Contractors

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

	December 2020	November 2020	December 2019	1-Month % Change	12-Month % Change
Nonresidential	$790,215	$796,411	$830,404	-0.8%	-4.8%
Sewage and waste disposal	$26,917	$26,339	$26,219	2.2%	2.7%
Transportation	$57,418	$56,713	$58,108	1.2%	-1.2%
Highway and street	$98,647	$97,761	$95,191	0.9%	3.6%
Power	$115,167	$114,539	$129,506	0.5%	-11.1%
Educational	$106,418	$105,978	$105,464	0.4%	0.9%
Water supply	$18,415	$18,357	$17,414	0.3%	5.7%
Communication	$21,965	$21,953	$22,472	0.1%	-2.3%
Office	$79,491	$79,530	$82,504	0.0%	-3.7%
Conservation and development	$7,822	$7,848	$9,137	-0.3%	-14.4%
Amusement and recreation	$25,074	$25,293	$29,692	-0.9%	-15.6%
Health care	$45,326	$46,397	$48,304	-2.3%	-6.2%
Religious	$3,146	$3,226	$3,145	-2.5%	0.0%
Public safety	$15,125	$15,524	$11,921	-2.6%	26.9%
Commercial	$81,069	$83,340	$81,882	-2.7%	-1.0%
Manufacturing	$63,948	$67,670	$77,495	-5.5%	-17.5%
Lodging	$24,268	$25,945	$31,950	-6.5%	-24.0%
Private Nonresidential	$446,565	$454,372	$495,274	-1.7%	-9.8%
Public Nonresidential	$343,650	$342,039	$335,130	0.5%	2.5%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/entryid/18429/nonresidential-construction-spending-dips-nearly-1-in-december-deepening-a-monthslong-slump-says-abc; 2/1/21

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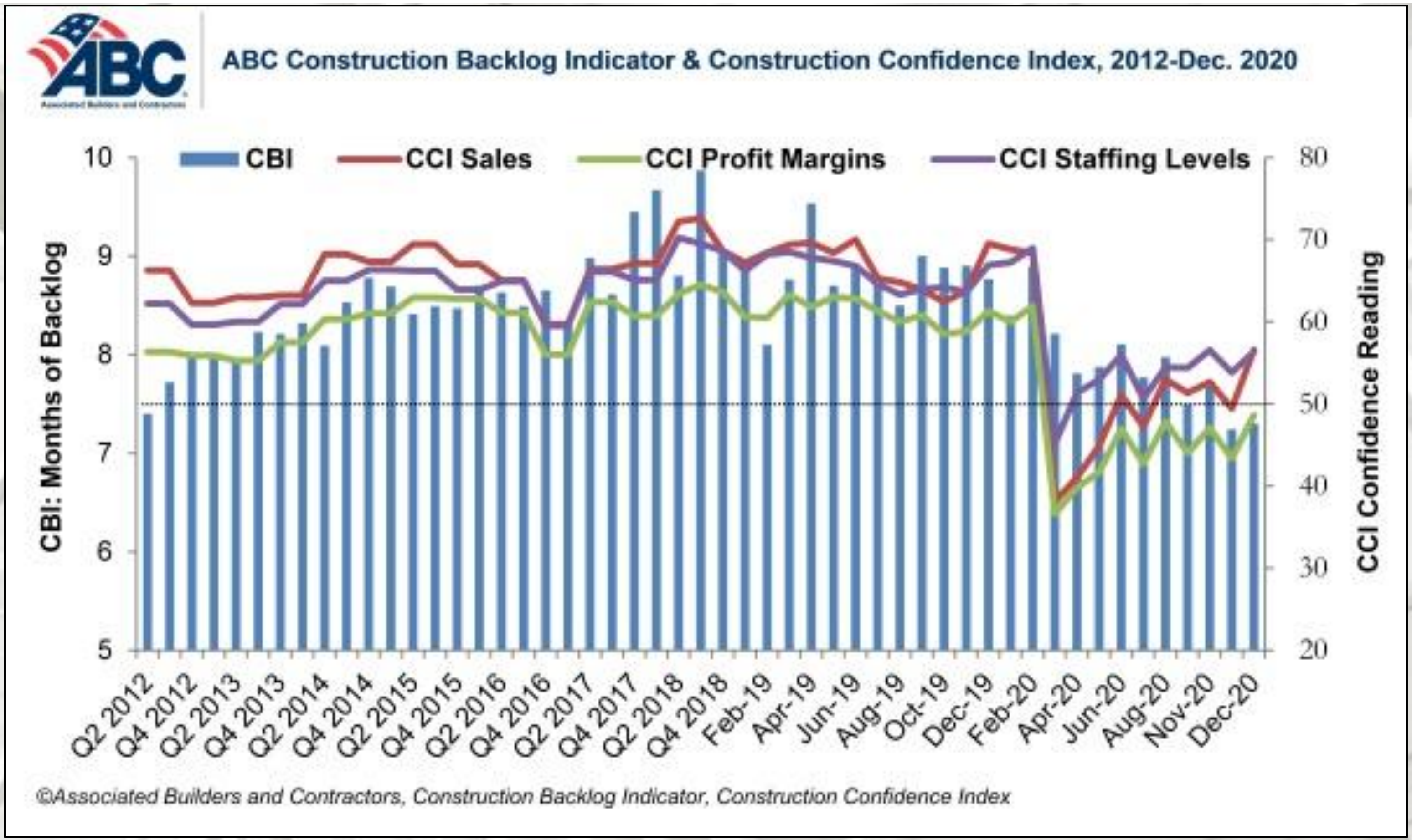
Private Indicators
Associated Builders and Contractors



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Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator

	Jan. 2021	Dec. 2020	Jan. 2020	1-Month Net Change	12-Month Net Change
Total	**7.5**	**7.3**	**8.4**	**0.2**	**-0.9**
Industry					
Commercial & Institutional	7.7	7.3	8.5	0.4	-0.8
Heavy Industrial	6.5	4.2	6.9	2.3	-0.4
Infrastructure	7.0	8.9	8.4	-1.9	-1.4
Region					
Middle States	5.9	6.2	7.0	-0.3	-1.1
Northeast	8.1	7.9	7.0	0.2	1.1
South	8.0	8.3	11.4	-0.3	-3.4
West	8.0	6.7	7.3	1.3	0.7
Company Size					
<$30 Million	6.6	7.0	7.1	-0.4	-0.5
$30-$50 Million	7.9	7.2	9.2	0.7	-1.3
$50-$100 Million	8.8	8.5	12.1	0.3	-3.3
>$100 Million	12.4	10.0	14.3	2.4	-1.9

Construction Backlog and Contractor Optimism Rise to Start 2021

"Associated Builders and Contractors reported today that its Construction Backlog Indicator rose to 7.5 months in January 2021, an increase of 0.2 months from its December 2020 reading, according to an ABC member survey conducted from Jan. 20 to Feb. 2. Despite the monthly uptick, backlog is 0.9 months lower than in January 2020.

ABC's Construction Confidence Index readings for sales and staffing levels increased in January and remain above the threshold of 50, indicating expectations of growth over the next six months. The index reading for profit margins remained below that threshold, slipping to 47.5 in January." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18449/construction-backlog-and-contractor-optimism-rise-to-start-2021-according-to-abc-member-survey; 2/9/21

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Private Indicators
Associated Builders and Contractors

Construction Confidence Index

Response	January 2021	December 2020	January 2020
		CCI Reading	
Sales	58.4	56.6	68.8
Profit Margins	47.5	48.6	60.0
Staffing	58.1	56.3	67.2
		Sales Expectations	
Up Big	8.4%	5.6%	14.6%
Up Small	47.8%	47.5%	55.6%
No Change	19.9%	21.7%	21.0%
Down Small	16.8%	18.2%	8.3%
Down Big	7.1%	7.1%	0.6%
		Profit Margins Expectations	
Up Big	2.2%	5.1%	4.1%
Up Small	28.8%	24.7%	45.1%
No Change	34.5%	35.4%	38.7%
Down Small	25.7%	29.3%	10.8%
Down Big	8.8%	5.6%	1.3%
		Staffing Level Expectations	
Up Big	3.5%	2.5%	7.6%
Up Small	45.1%	39.9%	60.0%
No Change	35.8%	40.4%	26.3%
Down Small	11.1%	14.6%	5.7%
Down Big	4.4%	2.5%	0.3%

Construction Backlog and Contractor Optimism Rise to Start 2021

"""Though nonresidential construction spending has continued to recede for the better part of a year, the growing consensus is that the next six months will be a period of improvement," said ABC Chief Economist Anirban Basu. "While backlog is down substantially from its January 2020 level and profit margins remain under pressure, more than half of contractors expect sales to rise over the next six months and nearly half expect to increase staffing levels."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18449/construction-backlog-and-contractor-optimism-rise-to-start-2021-according-to-abc-member-survey; 2/9/21

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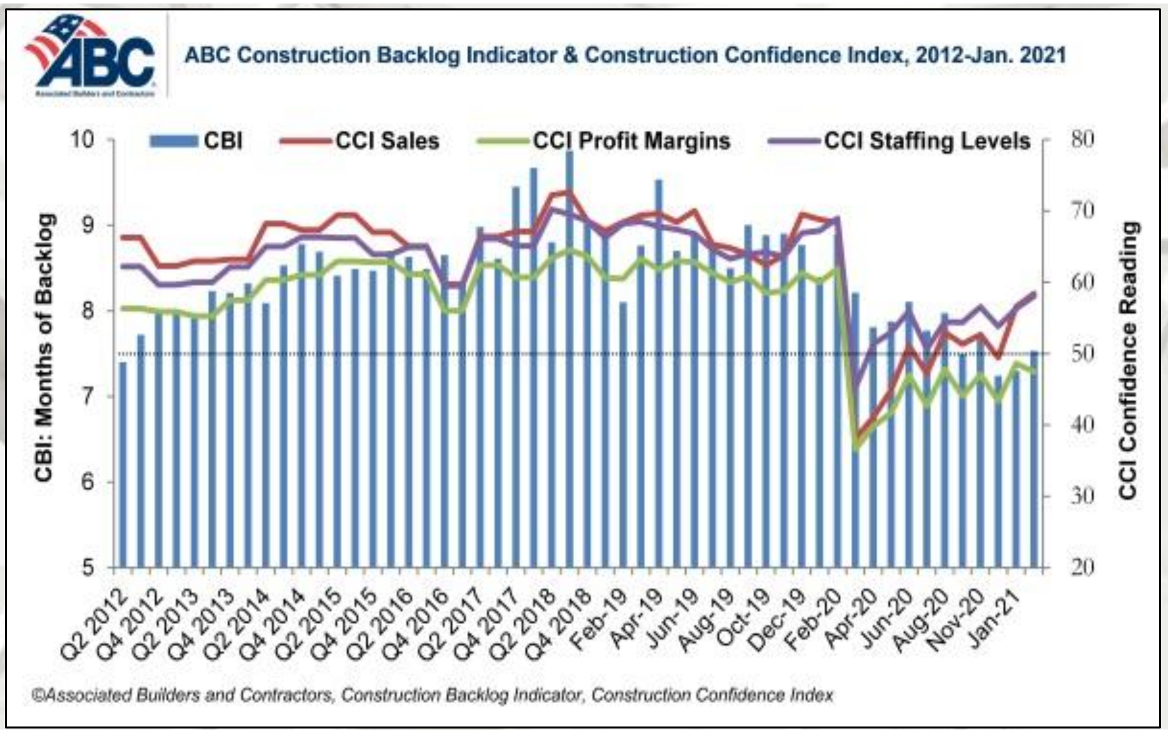
Private Indicators
Associated Builders and Contractors



Construction Backlog and Contractor Optimism Rise to Start 2021

"“The anticipation is that the second half of the year will be spectacular for the U.S. economy from a growth perspective, which will help lift industry fortunes as 2022 approaches,” said Basu. “But that is not the entire story. There are also public health and supply chain considerations. During the COVID-19 pandemic, many contractors experienced repeated interruptions in project work. Acquiring key materials and equipment has also become more difficult, with occasional price shocks for certain commodities. With vaccinations proceeding apace, many contractors will benefit from fewer interruptions going forward and the restart of many postponed projects.”" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18449/construction-backlog-and-contractor-optimism-rise-to-start-2021-according-to-abc-member-survey; 2/9/21

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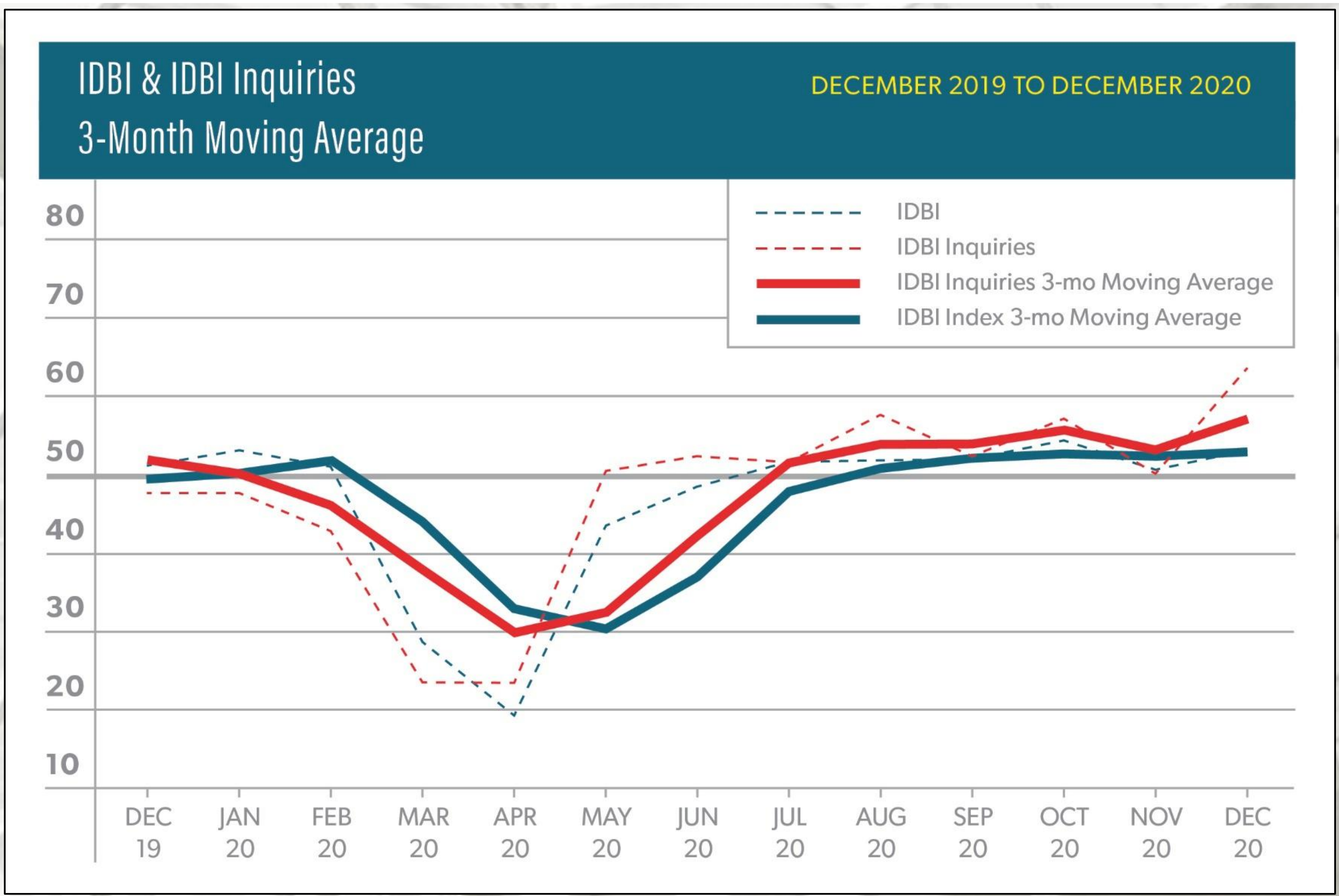
Private Indicators

ASID Interior Design Billings Index (IDBI)



Source: https://www.asid.org/news/asid-interior-design-billings-index-idbi-december-2020; 1/26/21

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Private Indicators

American Society of Interior Designers (ASID) Interior Design Billings Index (IDBI)

Guarded Optimism to Propel Industry Forward into 2021

"Billings for interior design firms increased for the sixth consecutive month in December. The ASID Interior Design Billings Index (IDBI) registered a score of 53.4 for the month, showcasing that the pace of billings accelerated from November (any score above 50 represents expansion and below 50 represents contraction). Billings continued their positive trajectory as reflected in the three-month moving average of 52.7. The inquiry index, an indicator of future work, surged 14.3 points to 64.2, the highest score since August 2019 (70.1). The three-month moving average of the new projects inquiry index recorded a score of 57.1. December's survey results indicated that the business climate is favorable, and panelists appear to expect this sentiment to continue into the first half of 2021. The six-month outlook index has remained well above 50 mark for the past five months, posting a December score of 54.8.

The December upturn was not been consistent across the four regions of the country. Firms in the South (59.9) showed a continuation of healthy billings and firms in the Northeast (51.6) edged up modestly into expansionary territory. While firms from the Midwest (48.4) slipped in December back into contraction, billings in the West (49.8) nearly reached a neutral position.

ASID has been monitoring very closely the industry developments relating to the coronavirus (COVID-19) pandemic by asking panelists about their level of concern and its business impact. The average level of concern is 3.29 which is a decrease of November's average of 3.48 (1 - No concern/business as usual to 5- High concern/anxiety from disruption and unknown). Over half of the panelists (56%) believe that COVID-19 will have a negative impact upon next month's (i.e., January) upcoming billings. Regarding the outlook for 2021, panelists provided their sales predictions with nearly eight out of ten (78%) expressing that business will either be neutral or positive." – American Society Of Interior Designers

Source: https://www.asid.org/news/asid-interior-design-billings-index-idbi-december-2020; 1/26/21

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index December 2020

Architecture firm billings end the year on a sour note

Architecture billings lose ground in December

"Business conditions at architecture firms backslid in December, ending a tough year on a disappointing note. The AIA's Architecture Billings Index (ABI) score declined to 42.6 for the month, indicating that more firms saw declining billings in December than in November. Although some year-end softness is to be expected at many firms, the ABI analysis takes these seasonal factors into account, so it is unlikely the decline is due to just the typical December slowdown. Instead, ongoing uncertainty with an increase in COVID-19 cases and delays on the new stimulus package until late in the month are more likely contributors to the decline.

However, firms do remain relatively optimistic about 2021, and the indicators of future work tend to support that. Inquiries into new projects at firms increased for the fifth month in a row in December, and while the pace of growth was slower than in September and October, it still means that most firms are having project discussions with potential clients. And while the value of new design contracts decreased for the second consecutive month after rising in October, it remained near the 50 threshold, indicating that a nearly equivalent share of firms saw an increase in new contracts signed as saw a decrease. In addition, firm backlogs remained generally steady from the third quarter to the fourth quarter of 2020, declining slightly from an average of 5.4 to 5.3 months. This remains about a month below pre-pandemic backlog levels for the last two years, but has improved from the first quarter, where they fell all the way to 5.0 months from 6.3 months in the fourth quarter of 2019." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6366635-abi-december-2020-architecture-firm-billin; 1/20/21

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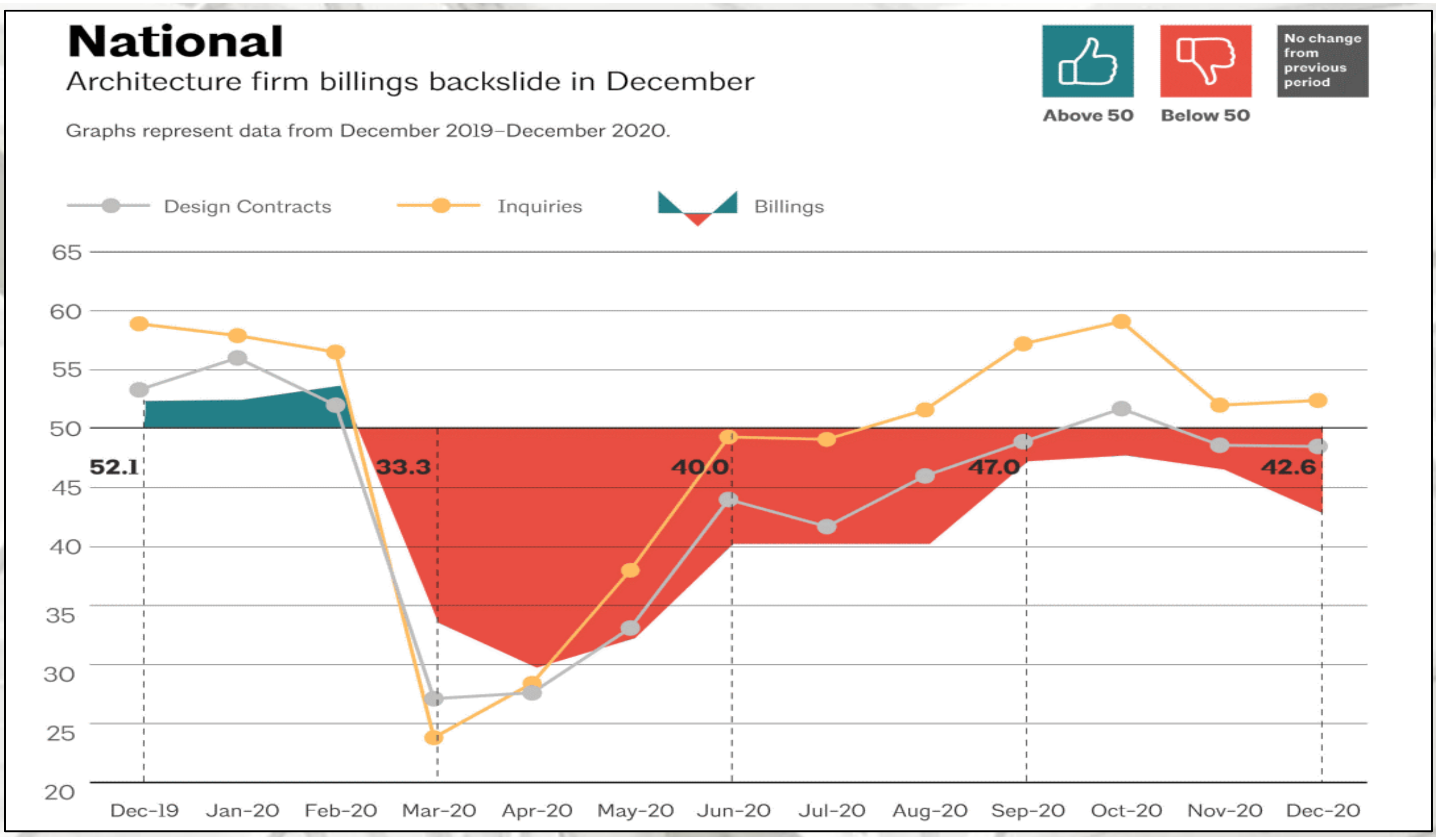
Private Indicators
American Institute of Architects (AIA)



Architecture Billings Index December 2020

"Since the national economic recovery appears to have stalled, architecture firms are entering 2021 facing a continued sluggish design market. However, the recently passed federal stimulus funding should help shore up the economy in the short-term, and hopefully by later this year there should be relief as COVID vaccinations become more widespread. Recent project inquiries from prospective and former clients have been positive, suggesting that new work may begin picking up as we move into the spring and summer months." – Kermit Baker, Economist, Hon. AIA, The American Institute of Architects

Source: https://www.aia.org/pages/6366635-abi-december-2020-architecture-firm-billin; 1/20/21

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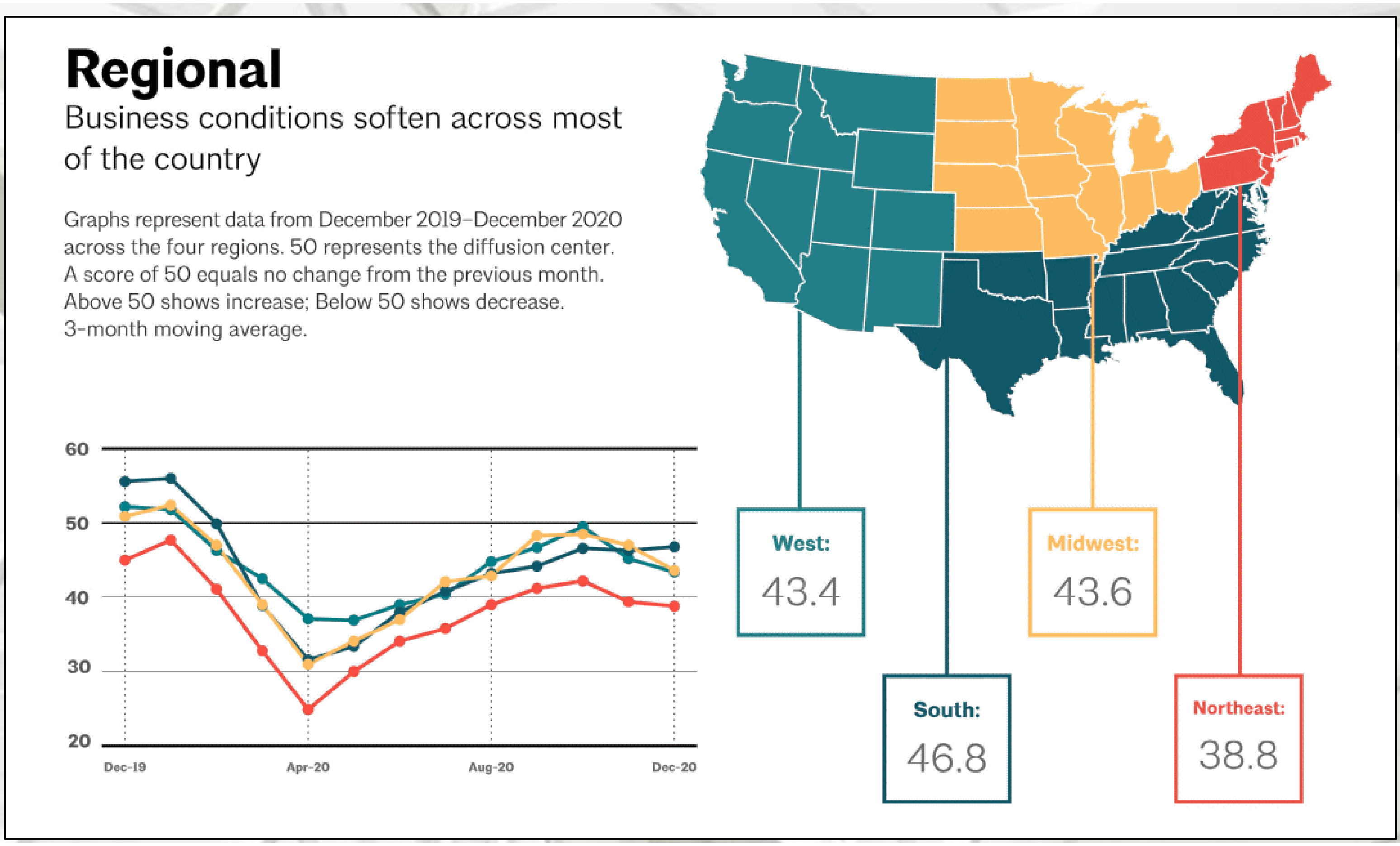
Private Indicators: AIA



Region

"By region of the country, business conditions remained softest at firms located in the Northeast in December. The decline in firm billings was slightly less serious at firms located in the South, while conditions softened further at firms located in the Midwest and West." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6366635-abi-december-2020-architecture-firm-billin; 1/20/21

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Private Indicators: AIA

Sector

"In addition, firms of all specializations saw billings decline this month, with billings slipping at firms with a multifamily residential specialization, which had seen a nice rebound in the late summer/early fall. Firms with a commercial/industrial specialization continued to approach a turnaround in business conditions, still largely led by increased demand for warehouse and distribution facilities." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6366635-abi-december-2020-architecture-firm-billin; 1/20/21

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Private Indicators

Dodge Data & Analytics

Construction Starts End 2020 on a Sour Note

Broad based weakness pulls construction starts lower in December

"Total construction starts lost 5% in December, falling to a seasonally adjusted annual rate of $784.3 billion. Nonresidential building starts fell 11% during the month, while nonbuilding starts were 5% lower. Residential starts were essentially flat over the month. Starts were lower in three of the four regions in December; the South Central was the only region to post an increase.

For the full year, total construction starts fell 10% to $766.3 billion. Nonresidential building starts saw the steepest drop, losing 24%, while nonbuilding starts fell 14%. Residential construction starts ended 2020 up 4% thanks to strong single family activity. In December, the Dodge Index fell 5% to 166 (2000=100) from the 174 reading in November. For the full year, the Dodge Index averaged 163, a 10% decline from 2019's average.

"The roller coaster year of 2020 is over, but not forgotten," stated Richard Branch, Chief Economist for Dodge Data & Analytics. "The scars from the pandemic and recession will be long lasting and resulted in significant declines across most construction sectors. Single family housing, warehouse, and highway and bridge starts were bright spots that cannot be understated for their gains. There will be difficult months ahead for the economy and for construction starts as COVID-19 cases mount. However, the continued roll out of vaccines means 2021 will be a better year."" – Nicole Sullivan, Public Relations & Social Media, AFFECT

Source: https://www.construction.com/news/construction-starts-end-2020-on-a-sour-note; 1/19/21

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Private Indicators

Dodge Data & Analytics

"**Residential building** starts fell by less than one percentage point in December to a seasonally adjusted annual rate of $373.7 billion. Multifamily starts posted a solid 24% increase for the month, while single family dropped 7%.

The largest multifamily structure to break ground in December was the $400 million second phase of the Veyoel Moshe Gardens Residential building in Kiryas Joel NY. Also starting were the $200 million 300M NE Street mixed-use building in Washington DC and the $167 million AVA Arts District Live/Work Complex in Los Angeles CA.

For the full year, residential starts were 4% higher than in 2019 at $344.8 billion. Single family starts were up 11%, while multifamily starts were 11% lower.

Nonresidential building moved 11% lower in December to a seasonally adjusted annual rate of $225.3 billion following a sizeable increase in the previous month. Commercial starts fell 23% over the month as office, hotel, and warehouse starts all posted double-digit declines. Institutional starts fell 5%, while manufacturing starts rose 59%, thanks to the largest nonresidential building project to get started in December, the $600 million Gulf Coast Ammonia Plant in Texas City TX. Also starting in December were the $341 million Orlando Health Jewett Orthopedic Hospital in Orlando FL and the $325 million University of Massachusetts Education and Research Building in Worcester MA.

In 2020, nonresidential building starts lost 24% to $239.9 billion — the lowest level since 2015. Commercial starts tumbled 26% over the year, with warehouse construction eking out a 1% gain in 2020. Institutional starts fell 13% last year, while manufacturing start dropped 59%." – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/construction-starts-end-2020-on-a-sour-note; 1/19/21

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Private Indicators

December 2020 Construction Starts

MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

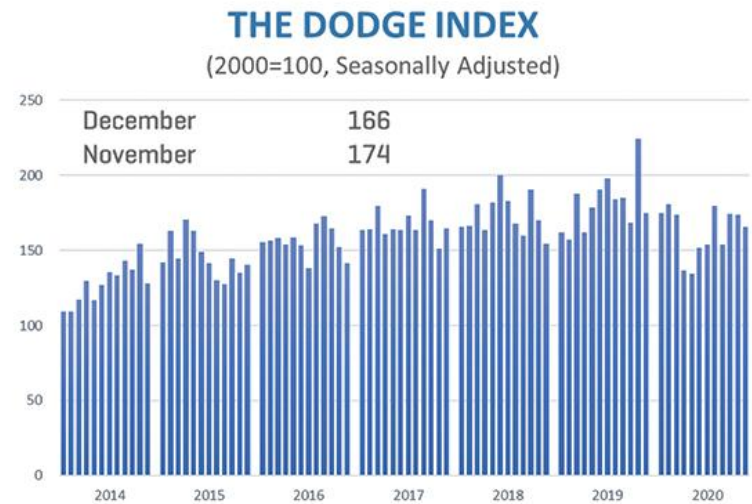
	December 2020	November 2020	% Change
Nonresidential Building	$225,298	$253,081	-11
Residential Building	373,680	375,342	0
Nonbuilding Construction	185,340	194,280	-5
Total Construction	$784,318	$822,703	-5

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	12 Mos. 2020	12 Mos. 2019	% Change
Nonresidential Building	$239,949	$314,134	-24
Residential Building	344,813	330,716	4
Nonbuilding Construction	181,504	210,983	-14
Total Construction	$766,266	$855,833	-10

December 2020 Construction Starts



Source: Dodge Data & Analytics

Source: https://www.construction.com/news/construction-starts-end-2020-on-a-sour-note; 1/19/21

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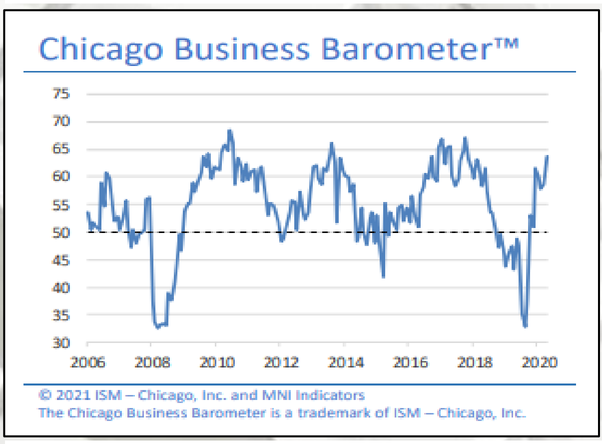

MNI Chicago

"The Chicago Business Barometer^{TM}, produced with MNI, rose 5.1 points to 63.8 in January. The index now stands at the highest level since July 2018, boosted by a pick-up in activity at the beginning of 2021. Among the main five indicators, Production saw the largest monthly gain, followed by New Orders. Employment recorded the biggest decline.

Chicago Business Barometer™ – Jumped to 63.8 in January

Production surged 9.9 points in January, to the highest level since January 2018. Firms noted an uptick in output compared to December, a month often slower due to the holidays. Demand picked up as well with New Orders surging by 7.9 points to the highest level since November 2018. Order Backlogs grew for the third consecutive month, gaining 6.9 points to a 23-month high. The indicator has been in expansionary territory since September 2020.

Inventories continued to rise 6.2 points to the highest level since October 2018, showing the first reading above the 50-mark since May. Employment slipped 4.5 points in January, recording a nineteenth straight reading below the 50-mark. Supplier Deliveries eased slightly, down 0.5 points in January but remain elevated. Anecdotal evidence suggested logistical issues and freight backups leading to delays.

Prices paid at the factory gate increased for the fifth consecutive month, rising 1.7 points in January, to the highest level since September 2018. Manufacturing firms specifically noted higher prices for steel.

This month's special question asked, "How is the recent increase in Covid-19 infection rates affecting your business?" The majority, at 50%, reported a mild negative impact of the recent increase in Covid-19 cases on business, while 31.8% had no impact on their activity. Just 2.3% of respondents saw a strong positive impact on their business and 15.9% noted a strong negative effect." – Les Commons, Senior Economist and Irene Prihoda, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 1/29/21

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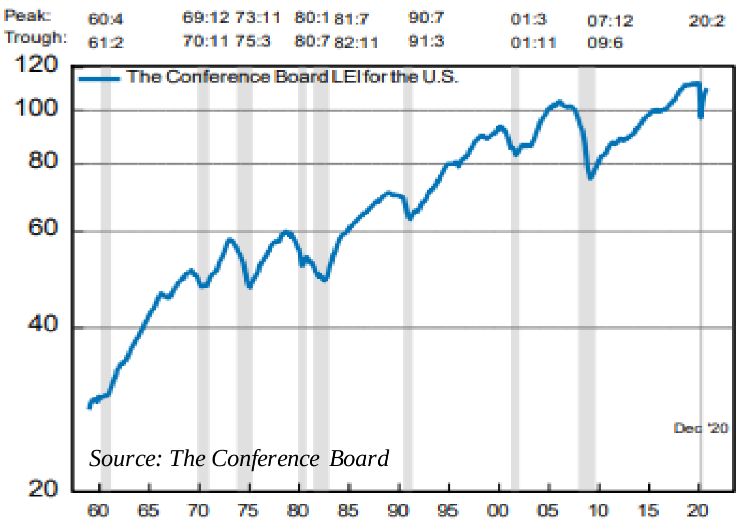
Private Indicators

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

Recovery to continue in Q4, but downside risk persists

The Conference Board Leading Economic Index® (LEI) for the U.S. increased 0.3 percent in December to 109.5 (2016 = 100), following a 0.7 percent increase in November and a 0.9 percent increase in October.

U.S. Composite Economic Indexes (2016 = 110)



"The US LEI's slowing pace of increase in December suggests that US economic growth continues to moderate in the first quarter of 2021. Improvements in the US LEI were very broad-based among the leading indicators, except for rising initial claims for unemployment insurance and a mixed consumer outlook on business and economic conditions. While the resurgence of COVID-19 and weak labor markets remain barriers to growth, The Conference Board expects the economy to expand by at least 2.0 percent (annual rate) in Q1 and then gain momentum throughout the year." – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

"**The Conference Board Coincident Economic Index®** (CEI) for the U.S. increased 0.3 percent in December to 103.3 (2016 = 100), following a 0.1 percent increase in November and a 0.6 percent increase in October.

The Conference Board Lagging Economic Index® (LAG) for the U.S. 0.1 percent in December to 107.6 (2016 = 100), following a 0.1 percent increase in November and a 0.2 percent increase in October.

Source: https://www.conference-board.org/data/bcicountry.cfm; 1/28/21

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Private Indicators

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

December New Business Volume Down 6 Percent Year-over-year, Up 66 Percent Month-to-Month, and Down Almost 6 Percent at Year-End

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the $900 billion equipment finance sector, showed their overall new business volume for December was $12.1 billion, down 6 percent year-over-year from new business volume in December 2019. Volume was up 66 percent month-to-month from $7.3 billion in November in a typical end-of-year spike. Cumulative new business volume for 2020 was down almost 6 percent compared to 2019.

Receivables over 30 days were 2.20 percent, down from 2.30 percent the previous month and unchanged from the same period in 2019. Charge-offs were 0.59 percent, down from 0.61 percent the previous month and up from 0.51 percent in the year-earlier period.

Credit approvals totaled 75.2 percent, up from 70.4 percent in November. Total headcount for equipment finance companies was down 4.6 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in January is 59.6, unchanged from the December index." – Amy Vogt, Vice President, Communications and Marketing; Equipment Leasing & Finance Association

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"The new year provides a chance to reflect upon 2020's unprecedented events and look forward to opportunities ahead. While the health and safety of our colleagues and clients remained paramount as the pandemic surged, Signature Financial continued its growth trajectory, exceeding $5 billion in its portfolio at year-end. As demonstrated by the MLFI-25 showing only a 6 percent decrease in year-over-year volume, the industry remained resilient in generating capital essential to sustain the U.S. economy amid the pandemic-affected economy. With rollout of the COVID-19 vaccine now accelerating and additional stimulus in the near-term, we anticipate 2021 offering new business growth opportunities and improved confidence." – Walter Rabin, Chief Executive Officer, Signature Financial LLC

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2021/01/26/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 1/26/21

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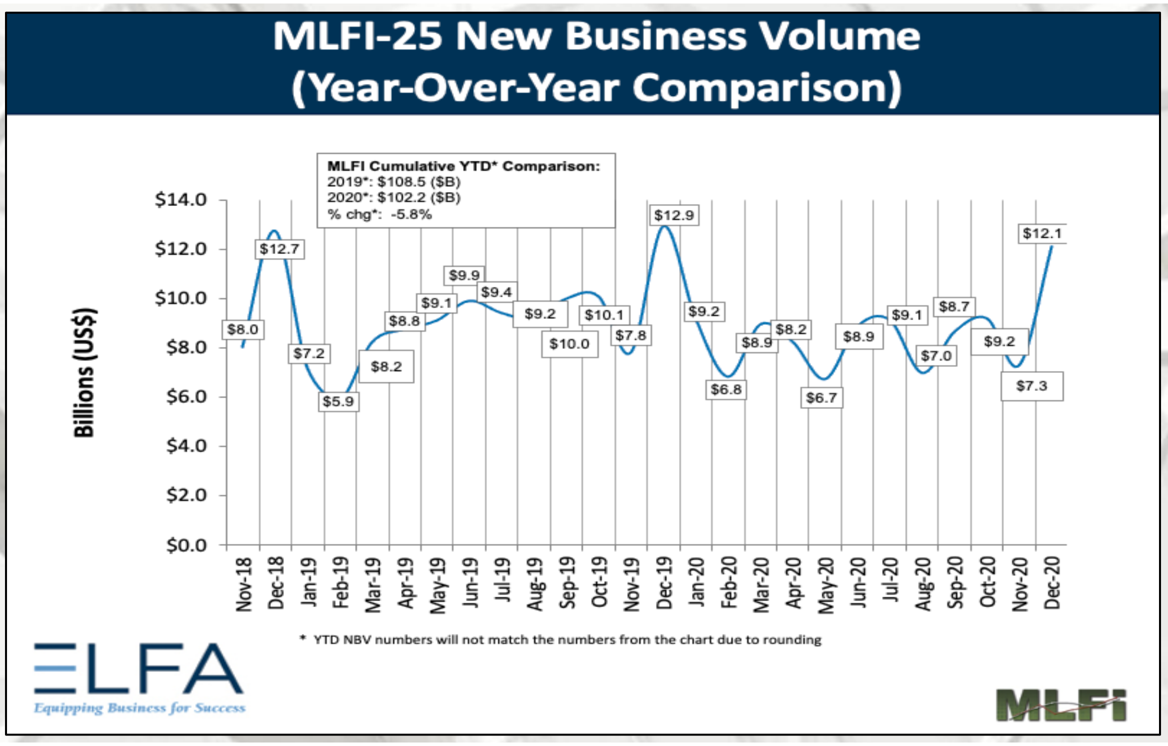

Monthly Leasing and Finance Index: December 2020

"While 2020 certainly presented serious challenges to our nation's economic well-being as well as to the physical well-being of many of our citizens, the equipment finance business, overall, showed remarkable resilience and durability. In early 2020, our industry seemed poised to continue 2019's strong performance, as measured by a variety of key metrics. Then, the pandemic hit. Our nation suffered a shock of unimaginable and historic proportions. The economy faltered, millions of Americans lost their jobs, and a raging health pandemic threatened the very lives of so many. Now, looking in the rearview mirror, at the start of a new year that brings such hope and promise — with new stimulus initiatives coming out of Washington and distribution of a vaccine designed to protect our people — most equipment finance sector observers would consider a single-digit decline in year-over-year new business volume tolerable, if not acceptable. In fact, anecdotal reports from some ELFA member organizations indicate that 2020 was a record year! This speaks to the strength and resilience of our industry as it equips American businesses to succeed and prosper." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2021/01/26/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 1/26/21

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Private Indicators

Markit U.S. Manufacturing PMI™

January PMI hits record high amid strong client demand

"The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ (PMI™) 59.2 in January, up from 57.1 in December and broadly in line with the earlier released 'flash' figure of 59.1. The latest data signalled a substantial improvement in operating conditions among manufacturers, and the most marked since data collection began in May 2007.

January PMI™ data from IHS Markit indicated a robust improvement in the health of the U.S. manufacturing sector. Alongside a severe deterioration in vendor performance, the headline figure was pushed up to a record high by accelerated expansions in output and new orders. Meanwhile, cost pressures intensified amid raw material shortages. Firms were able to partially pass on higher costs, however, with selling prices rising at the fastest pace since July 2008. Robust business confidence was reflected in the strongest rise in workforce numbers for two years, as pressure on capacity increased once again.

Output increased steeply at the start of 2021, as the rate of growth quickened to the fastest since August 2014. The rise in production was often attributed by panellists to stronger client demand and a sharper increase in new orders. The recommencement of projects following an easing of coronavirus disease 2019 (COVID-19) restrictions reportedly helped boost sales in January. The rate of expansion of new orders was the sharpest in just under six-and-a-half years. Growth in foreign client demand also accelerated, as new export orders rose at the fastest pace since September 2014.

At the same time, supplier delays persisted. Excluding December's record low, vendor performance deteriorated to the greatest extent since data collection began in May 2007. Supply chain disruption reportedly stemmed from raw material and transportation shortages, notably trucking. As a result, input costs rose markedly and at the second steepest pace since April 2018. The rapid increase in cost burdens reportedly led many firms to partially pass on higher input prices to clients. Amid favourable demand conditions, companies registered the sharpest increase in output charges since July 2008." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/2a6f1edfd4224b23b15e3cbb396fb8cc; 2/1/21

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Private Indicators

Markit U.S. Manufacturing PMI™

"Alongside greater production requirements, longer lead times for inputs led firms to increase their purchasing activity in January. Efforts to build stocks were reflected in the fastest rise in pre-production inventories since December 2019. Stocks of finished goods, however, fell as companies depleted inventory holdings as demand often outstripped production. Finally, goods producers increased their workforce numbers in January amid greater pressure on capacity and a faster rise in new orders. The rate of job creation was the quickest for two years, as backlogs of work rose modestly.

Manufacturers remained upbeat regarding the outlook for output over the coming year at the start of 2021. The robust degree of confidence was often linked to hopes of a successful vaccine roll-out, stronger client demand and reduced uncertainty. That said, the level of optimism was the lowest for three months.

US manufacturing started 2021 on an encouragingly strong footing, with production and order books growing at the fastest rates for over six years. Demand from both domestic and export customers picked up sharply in January, buoyed by several driving forces. Consumer demand has improved while businesses are investing in more equipment and restocking warehouses, preparing for better times ahead as vaccine roll outs allow life to increasingly return to normal over the course of 2021.

Manufacturers are encountering major supply problems, however, especially in relation to sourcing inputs from overseas due to a lack of shipping capacity. Lead times are lengthening to an extent not previously seen in the survey's history, meaning costs are rising as firms struggle to source sufficient quantities of inputs to meet production needs. These higher costs are being passed on to customers in the form of higher prices, which rose in January at the fastest rate since 2008. These price pressures should ease assuming supply conditions start to improve soon, but could result in some near-term uplift to consumer goods price inflation" – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/2a6f1edfd4224b23b15e3cbb396fb8cc; 2/1/21

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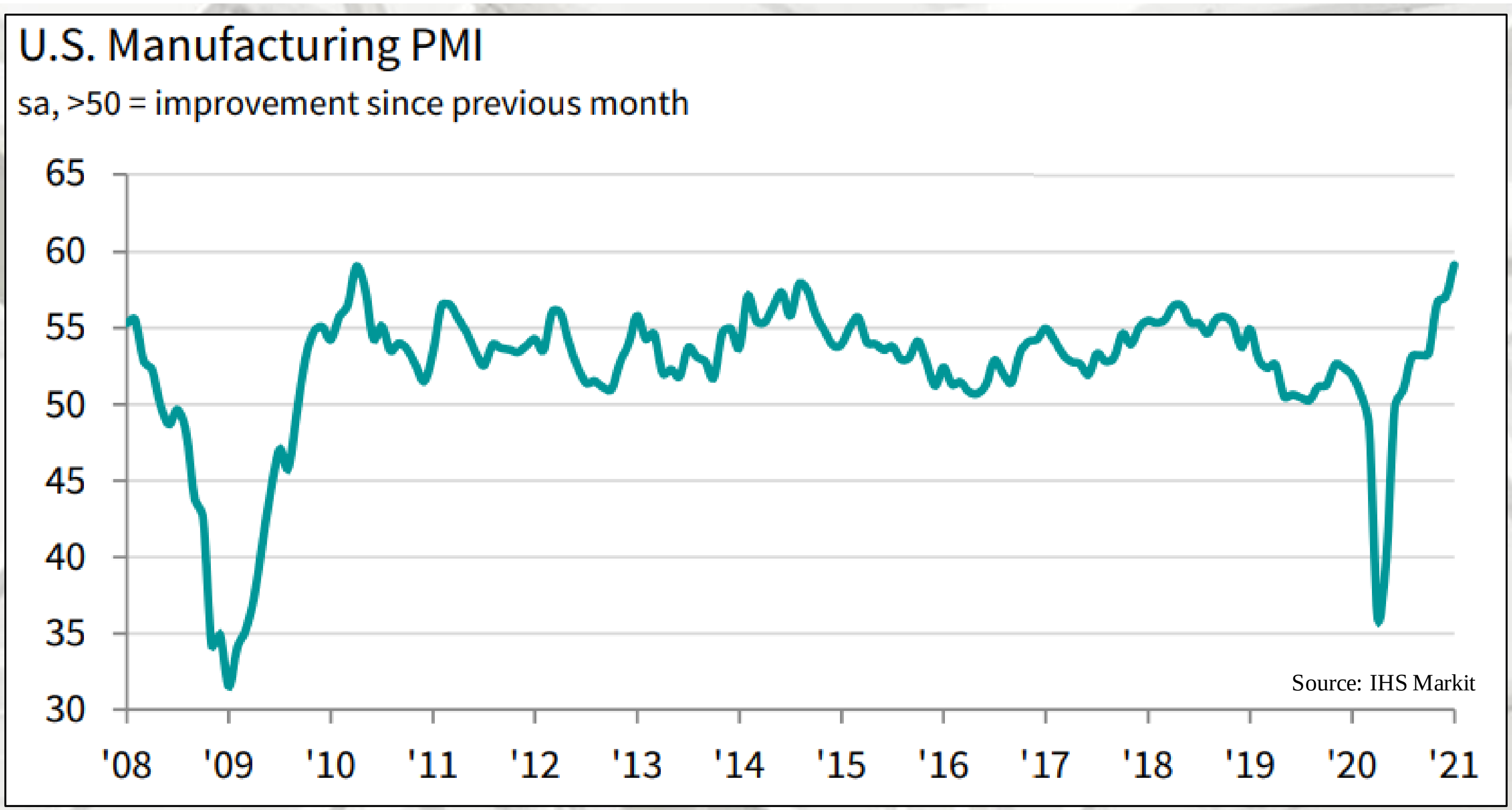

Source: https://www.markiteconomics.com/Public/Home/PressRelease/2a6f1edfd4224b23b15e3cbb396fb8cc; 2/1/21

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Private Indicators

IHS Markit U.S. Services PMI™

Sharp upturn in business activity amid Stronger client demand

"The seasonally adjusted final IHS Markit US Services PMI™ Business Activity Index 58.3 in January, up from 54.8 in December and higher than the earlier released 'flash' estimate of 57.5. The rate of growth was the second-sharpest in almost six years, with firms linking the upturn to stronger client demand and an increase in new business.

January PMI™ data signalled a sharper expansion in business activity across the U.S. service sector. Excluding November's recent high, the latest upturn was the fastest since March 2015, amid a stronger rise in new business. Foreign client demand also picked up, as new export orders returned to growth. Despite a notable improvement in business confidence, the rate of job creation eased as pressure on capacity dwindled and concerns regarding the short-term outlook remained. Meanwhile, cost burdens soared once again, with the rate of input price inflation the fastest since the survey began in 2009. Firms largely passed on higher costs to clients through a marked rise in charges. …

Finally, service providers signalled a stronger and robust degree of confidence in the outlook for output over the coming year in January. Optimism was the second-highest since May 2015, with firms linking positive sentiment to hopes of a successful vaccine roll-out and an end to the pandemic during 2021. Many companies also noted that they expect client demand to pick up further once restrictions are lifted.

A strong start to the year for manufacturing was accompanied by a marked upturn in the service sector, driving business activity growth to the fastest rate for almost six years during January. The improving data set the scene for a strong first quarter, and a rise in business expectations for the year ahead bodes well for the recovery to gain traction as the year proceeds. Companies have become increasingly upbeat amid news of vaccine roll-outs and hopes of further stimulus." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/9f2a77e0a4e24b31a2578cea50d621d2; 2/3/21

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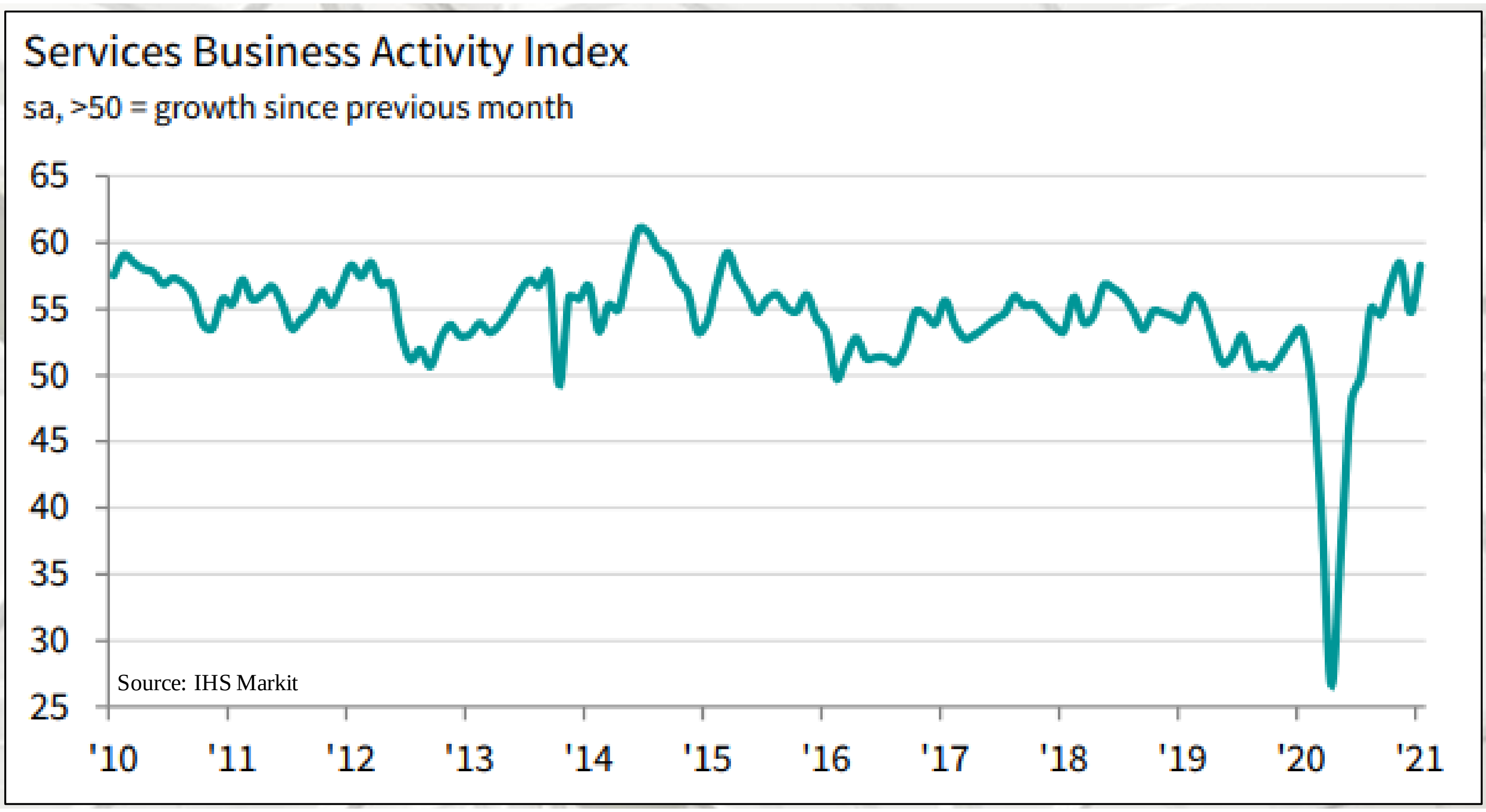

IHS Markit U.S. Services PMI™

"The downside is that prices have risen sharply. Rising costs have fed through to higher prices charged for goods and services, which rose in January at a rate not seen since at least 2009. Inflation therefore looks likely to be pushed higher in the near-term. However, some of these price pressures reflect short-term supply constraints, which should ease in coming months as the recovery builds and more capacity comes online." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/9f2a77e0a4e24b31a2578cea50d621d2; 2/3/21

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Private Indicators

National Association of Credit Management – Credit Managers' Index

January Combined Sectors

"The January Credit Manager's Index's combined score reached 59.7 – a high not seen since March 2006. Is this a bellwether of things to come? NACM Economist Chris Kuehl, Ph.D., thinks so. Unlike the Great Recession of 2008-09, the pandemic-driven recession went down dramatically and bounced back dramatically, creating a V-shape recovery versus the former's U-shaped recovery, Kuehl explained. At the start of the pandemic, the CMI combined score plummeted from 56.2 in February to 49 in March and then spiraled further to 40.6 in April – the lowest it has been since the start of the pandemic, but still slightly better than the 39.7 reached in Jan. 2009.

Government assistance played a bigger role last year than it is now, but it certainly remains a factor in the recent recovery. Confidence is strengthening as we go into the second and third quarters, increasing credit managers' willingness to extend credit, Kuehl noted. Scores for both sectors have reached expansion. "Everything is now above 50," Kuehl said. "The numbers signify confidence in growth." Select sectors have seen some very solid rebound, and Kuehl points out the data conceal the fact that booming areas are obscuring the continued deterioration in others. The previous high combined reading since the onset of the pandemic occurred in October, when it registered 58.4. While the impact of the pandemic has not lessened since the start of the crisis, this amplifies the theme we will be seeing throughout the data. "Credit managers do not dwell long on the past and tend to look toward the future," Kuehl said. "The expectations for the U.S. economy as a whole have been improving with the vaccine roll out and the assumption that many of the restrictive protocols may start to lift in spring and summer."

The index of favorable factors also rose to levels not seen since October. The reading now stands at 69.7, a number not seen in years. The index of unfavorable factors also saw a gain and now stands at 53 – just shy of where it stood in November." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 1/31/21

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Private Indicators

National Association of Credit Management – Credit Managers' Index

January Combined Sectors

"Some of the sub-category readings were quite impressive. Sales reached an unparalleled high of 75.9. In April, this number was a mere 20, a truly remarkable turnaround. The new credit applications reading also saw a significant jump from 64.4 to 67.8. Dollar collections data also showed strong gains as it went from 62.8 to 66, month on month. Finally, amount of credit extended grew from 65.3 to 69.2. These are all very strong readings, stronger than has been seen in years, Kuehl said. "Confidence in a very robust recovery by the middle of this year appears to be the impetus. Many businesses are likely preparing for a wave of pent-up consumer demand and they want to be ready.

The numbers for the unfavorable factors are solid, but not quite as spectacular. This suggests considerable damage in many sectors. It will take a while for companies in these areas to recover even with the growth that many see on the horizon. With all the new applications for credit, it is good to see the rejections of credit applications number improve even slightly from 51.3 to 51.6. The sense is that most of the applications are coming from companies that are in good financial shape, Kuehl noted. "Although, there is also some indication that companies have more risk tolerance than has been the case in the past." Accounts placed for collection data also improved from 51.6 to 52.9. However, disputes slipped closer to contraction with a reading of 50.9 from 51.2 in December. Dollar amount beyond terms strengthened from 57 to 58.9. "That remains a very strong number and far better than was the case just a few months ago," Kuehl said. The dollar amount of customer deductions saw slight improvement, going from 51.3 to 51.5. Filings for bankruptcies also remained somewhat stable at 52.3 as compared to 52.5.

"Overall, these unfavorable readings are solid – all of them in the expansion zone for the third month in a row," Kuehl said. "Obviously, these are not the numbers seen in the favorable categories, and some sectors are certainly still in very deep trouble. Overall, however, the economic conclusion is that most industries are surviving and some are even thriving."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 1/31/21

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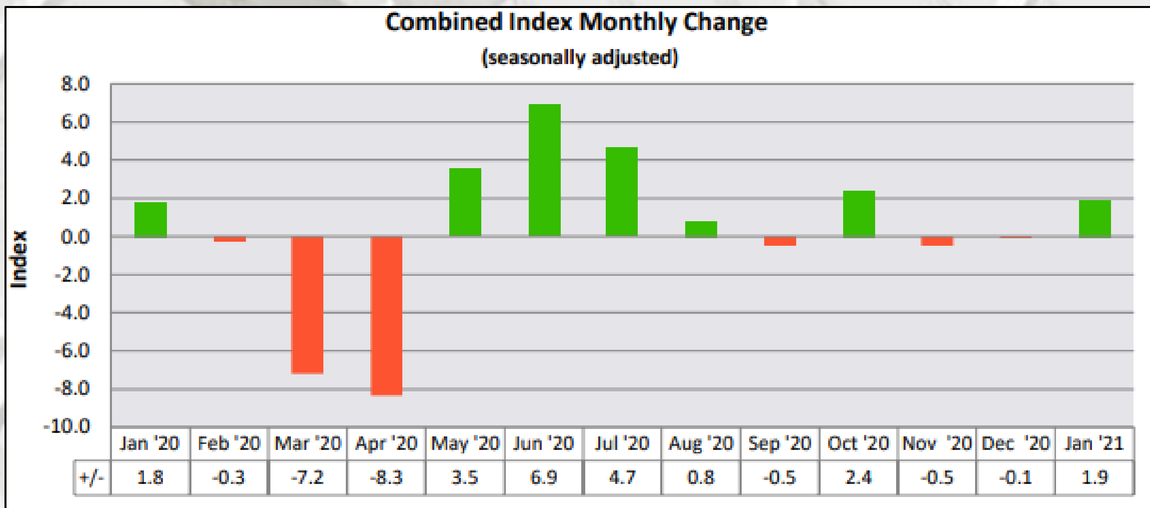
Private Indicators

Combined Manufacturing and Service Sectors (seasonally adjusted)	Jan '20	Feb '20	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21
Sales	63.0	64.0	39.5	20.0	28.6	54.1	64.3	65.8	65.5	74.2	66.5	70.2	75.9
New credit applications	61.1	62.2	44.0	31.1	43.3	57.9	62.4	63.4	63.6	65.2	63.9	64.4	67.8
Dollar collections	61.7	58.8	49.3	35.5	43.2	53.9	62.5	61.2	63.3	64.6	62.6	62.8	66.0
Amount of credit extended	62.9	63.6	53.2	41.6	42.8	55.2	57.3	61.3	60.8	68.0	64.8	65.3	69.2
Index of favorable factors	62.2	62.2	46.5	32.0	39.5	55.3	61.6	62.9	63.3	68.0	64.4	65.7	69.7
Rejections of credit applications	52.0	53.8	53.5	52.7	51.9	49.8	50.0	51.5	51.6	51.4	51.5	51.3	51.6
Accounts placed for collection	50.6	50.6	50.6	47.4	49.1	46.7	50.8	51.6	49.4	49.5	56.2	51.6	52.9
Disputes	52.4	50.3	52.1	50.8	51.5	49.6	50.7	51.8	48.7	51.0	50.6	51.2	50.9
Dollar amount beyond terms	54.2	53.5	43.9	27.6	32.4	44.4	57.3	58.2	54.6	58.0	58.1	57.0	58.9
Dollar amount of customer deductions	52.2	51.5	50.4	49.4	50.9	50.6	52.4	52.2	51.1	51.0	51.7	51.5	51.3
Filings for bankruptcies	54.4	53.3	53.2	50.2	47.3	47.7	48.8	47.7	51.3	50.7	53.0	52.5	52.3
Index of unfavorable factors	52.6	52.2	50.6	46.3	47.2	48.1	51.7	52.2	51.1	51.9	53.5	52.5	53.0
NACM Combined CMI	56.4	56.2	49.0	40.6	44.1	51.0	55.6	56.5	56.0	58.4	57.9	57.8	59.7



Source: https://nacm.org/cmi.html; 1/31/21

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Private Indicators

National Federation of Independent Business (NFIB) January 2021 Report

Small Business Optimism Drops Further Below Historical Index Average in January

"The NFIB Small Business Optimism Index declined in January to 95.0, down 0.9 from December and three points below the 47-year average of 98. Owners expecting better business conditions over the next six months declined seven points to a net negative 23%, the lowest level since November 2013. The net percent of owners expecting better business conditions has fallen 55 points over the past four months.

"Key findings include:

- The NFIB Uncertainty Index decreased 8 points to 82.
- The percent of owners thinking it's a good time to expand decreased 4 points to 8%.
- Sales expectations over the next three months declined 14 points to a net negative 4%.
- Earnings trends over the past three months declined 7 points to a net negative 14% reporting higher earnings." – Holly Wade, NFIB

"As Congress debates another stimulus package, small employers welcome any additional relief that will provide a powerful fiscal boost as their expectations for the future are uncertain. The COVID-19 pandemic continues to dictate how small businesses operate and owners are worried about future business conditions and sales." – Bill Dunkelberg, Chief Economist, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 2/8/21

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Private Indicators

National Federation of Independent Business (NFIB) January 2021 Report

"NFIB's monthly jobs report showed job growth continued in January. Firms increased employment by 0.36 workers per firm on average over the past few months, up from 0.30 in December, a strong 2-month performance. However, the hiring remains uneven geographically and by industry.

Fifty-one percent of owners reported hiring or trying to hire in January, unchanged from December. Owners have plans to fill open positions, with a seasonally adjusted net 17% planning to create new jobs in the next three months.

Up three points from December, 55% of owners reported capital outlays in the next six months. Of those making expenditures, 41% reported spending on new equipment, 27% acquired vehicles, and 15% improved or expanded facilities. Five percent of owners acquired new buildings or land for expansion and 12% spent money on new fixtures and furniture. Twenty-two percent of owners' plan capital outlays in the next few months, unchanged from December but still low.

A net negative 7% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down 5 points from December. The net percent of owners expecting higher real sales volumes decreased 2 points to a net negative 6%, overall, not a positive picture.

The net percent of owners reporting inventory increases rose 2 points to a net negative 4%. Owners viewing current inventory stocks as "too low" decreased 2 points in January to a net 5%, matching the decline in the percent of firms reporting higher inventories. A net 4% of owners plan inventory investment in the coming months. Overall, a positive inventory picture." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 2/8/21

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Private Indicators

National Federation of Independent Business (NFIB) January 2021 Report

"Owners raising average selling prices increased 1 point to a net 17% (seasonally adjusted). Eleven percent reported lower average selling prices and 27% reported higher average prices.

Price hikes were the most frequent in wholesale (40% higher, 6% lower) and retail (27% higher, 10% lower). Seasonally adjusted, a net 28% plan price hikes, up six points from December.

A net 25% of owners (seasonally adjusted) reported raising compensation (up four points) and a net 17% plan to do so in the coming months (up three points). Only seven percent of owners cited labor costs as their top business problem and 21% said that labor quality was their top business problem.

The frequency of reports of positive profit trends decreased 2 points to a net negative 16% reporting quarter on quarter profit improvement. Among owners reporting lower profits, 43% blamed weaker sales, 17% cited the usual seasonal change, 6% cited a higher cost of materials, 6% cited labor costs, and 5% cited lower prices. For owners reporting higher profits, 60% credited sales volumes, 17% cited usual seasonal change, and 8% cited higher prices.

Only 2% of owners reported that all their borrowing needs were not satisfied, down one point from December. Twenty-two percent reported all credit needs met and 61% said they were not interested in a loan. A net 1% of owners reported their last loan was harder to get than in previous attempts.

One percent reported that financing was their top business problem. The net percent of owners reporting paying a higher rate on their most recent loan was negative 4%, up one point from December, a friendly lending market." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 2/8/21

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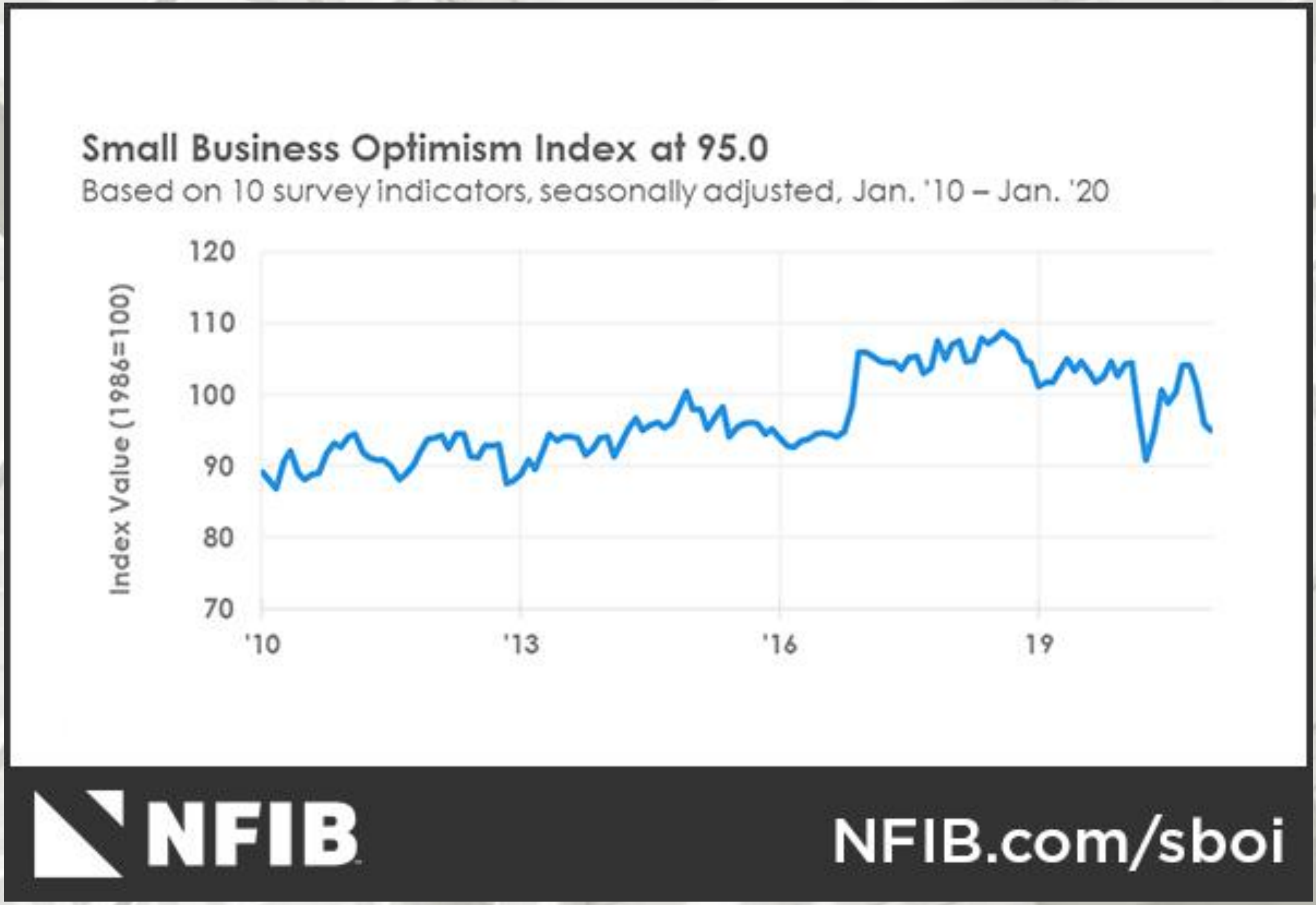

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 2/8/21

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Private Indicators

Small Business Optimism

Index Component	Net %	Change From Dec.
Plans to Increase Employment	17%	0
Plans to Make Capital Outlays	22%	0
Plans to Increase Inventories	4%	0
Expect Economy to Improve	-23%	-7
Expect Real Sales Higher	-6%	-2
Current Inventory	5%	-2
Current Job Openings	33%	1
Expected Credit Conditions	-3%	2
Now a Good Time to Expand	8%	0
Earnings Trends	-16%	-2

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 2/8/21

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Following December Decline, Small Business Employment Growth Holds Steady in January

The new report by Paychex and IHS Markit shows that five of the eight industry sectors analyzed experienced job growth in January; losses were concentrated in leisure and hospitality

“The latest Paychex | IHS Markit Business Employment Watch report is out. The January numbers show the national Small Business Jobs Index held relatively stable from the previous month, moderating slightly to 94.00 or 0.07 percent. Both the growth in earnings and hours worked are trending higher to begin the year following a six-month slowdown. Hourly earnings growth increased to 2.68 percent. Weekly earnings growth also increased to 2.84 percent as weekly hours worked rose 0.17 percent.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“After December’s decline, the Small Business Jobs Index remained relatively flat in January.” – James Diffley, Chief Regional Economis, IHS Markit

“Led by a strong showing in construction, most industries experienced gains in January. This helped stabilize employment growth to begin the year. The new round of Paycheck Protection Program loans will be especially important to businesses negatively impacted by COVID-19. Especially those in the hospitality sector where the maximum loan amount has been increased.” – Martin Mucci, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 2/2/21

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

"In further detail, the January report showed:

- Five of the eight industry sectors analyzed experienced job growth in January.
- Losses were concentrated in leisure and hospitality, which declined 0.63 percent from the previous month.
- Job growth was most robust in the construction industry, which increased 0.34 percent.
- California climbed four spots in the state rankings, spurred by the construction industry, and saw its best one-month increase in eleven years.
- The South leads in small business job growth, more than a point ahead of all other regions.
- Florida, Texas, and Tennessee are the only states with jobs index levels above 96.
- Following a six-month slowdown, both the growth in earnings and hours worked are trending higher.
- 15 of the 20 states analyzed have positive year-over-year weekly hours worked growth." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 2/2/21

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

January Jobs Index

Index

94.00

12-Month Change

-4.25%

January Wage Data

Hourly Earnings

$28.83

12-Month Growth

+2.68% (+$0.75)

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 2/2/21

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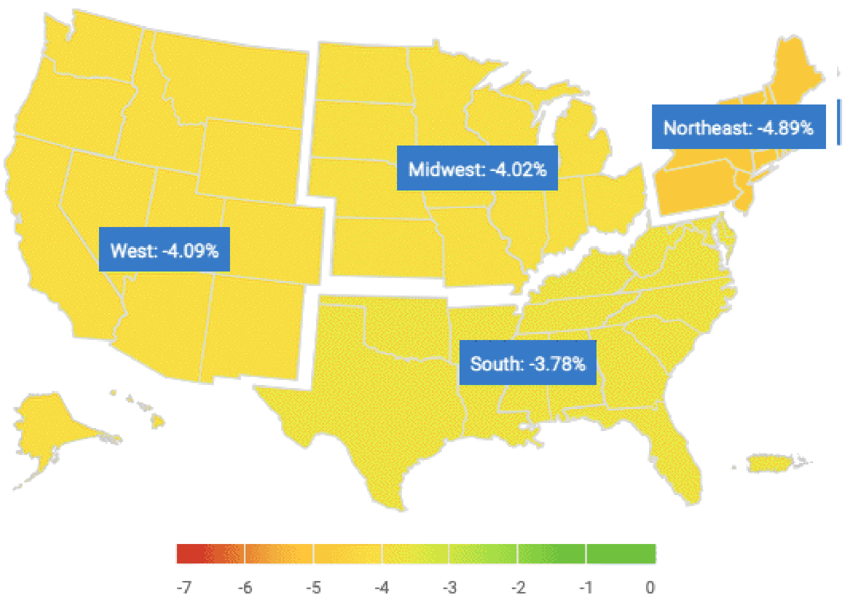
Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	94.06	-4.02%
Northeast	93.21	-4.89%
South	95.39	-3.78%
West	93.51	-4.09%

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 2/2/21

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Private Indicators

U.S. Bank Freight Payment Index

Q4 National Freight Market Overview

"The U.S. Bank National Shipment and Spend Indexes both posted gains, reflecting solid improvement in the full truckload and less-than-truckload freight market during the final quarter of 2020. E-commerce purchases, retailer demand and single-family home construction helped to push the indexes higher, however, freight in other sectors, like manufacturing and energy, stayed lower.

While freight volumes improved, the truck freight market remained tight. This is best highlighted by the upswing, both sequentially and from a year earlier, in the National Spend Index. With spending by shippers increasing significantly more than shipments, it reflects a market where pricing for truck freight services rose during the final quarter of the year. Leading reasons for the tight truck market include recruitment, retention and training of truck drivers. Truck driver training schools trained significantly fewer drivers in 2020 than in 2019 due to social distancing rules. Retention and recruitment of truck drivers have also been negatively impacted by COVID-19 with Department of Motor Vehicle closings and reduced services. In addition, the Federal Motor Carrier Safety Administration's new Drug and Alcohol Clearing House had an impact on the trucking labor market during the year, which left the driver shortage more pronounced than ever.

Additionally, some fleets are reporting decreased capacity from drivers either contracting COVID-19 or being exposed to the virus from family or friends and needing to quarantine. It is also likely that a modest, but not insignificant, number of carriers left the market, not due to COVID-19, but as a result of surging liability insurance premiums. Combined, these trends made for a capacity issue during the second half of 2020." – Bob Costello, Chief Economist and Senior Vice President, American Trucking Associations (ATA)

Source: https://www.usbpayment.com/transportation-solutions/freight-payment-index; 1/8/21

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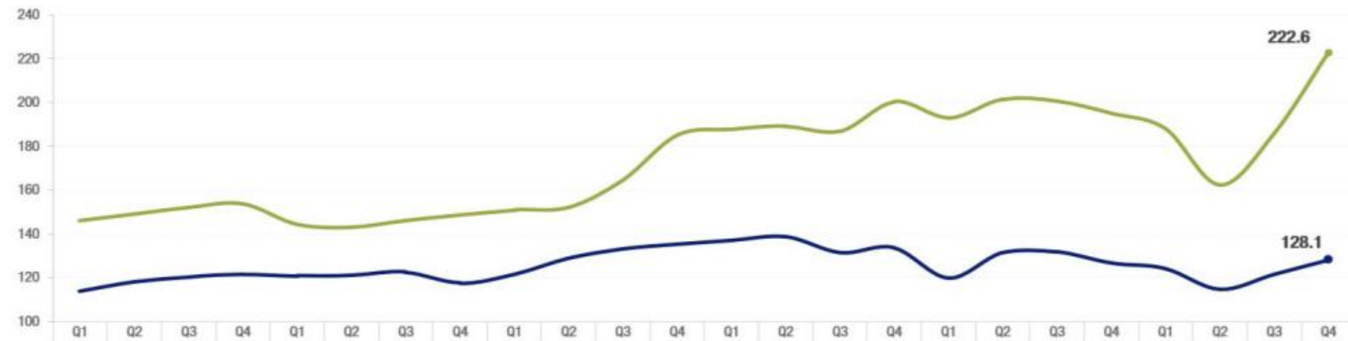
Private Indicators

Q4 2020 National Freight Market Overview



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2015				2016				2017				2018				2019				2020			
Spend	146.1	149.3	152.2	153.8	144.3	143.0	146.2	148.4	150.9	152.0	164.7	185.2	187.8	189.1	186.8	200.3	192.9	201.3	200.7	195.2	188.1	162.3	186.0	222.6
Shipments	113.6	118.0	120.5	121.3	120.8	120.9	122.5	117.6	121.7	128.7	133.0	135.2	137.1	138.7	131.6	133.8	119.8	131.3	131.7	126.5	124.3	114.9	121.7	128.1

Shipments	
Index Value	128.1
Quarterly % Change	5.3% ▲
Yearly % Change	1.3% ▲

Spend	
Index Value	222.36
Quarterly % Change	19.7% ▲
Yearly % Change	14.0% ▲

Source: https://www.usbpayment.com/transportation-solutions/freight-payment-index; 1/8/21

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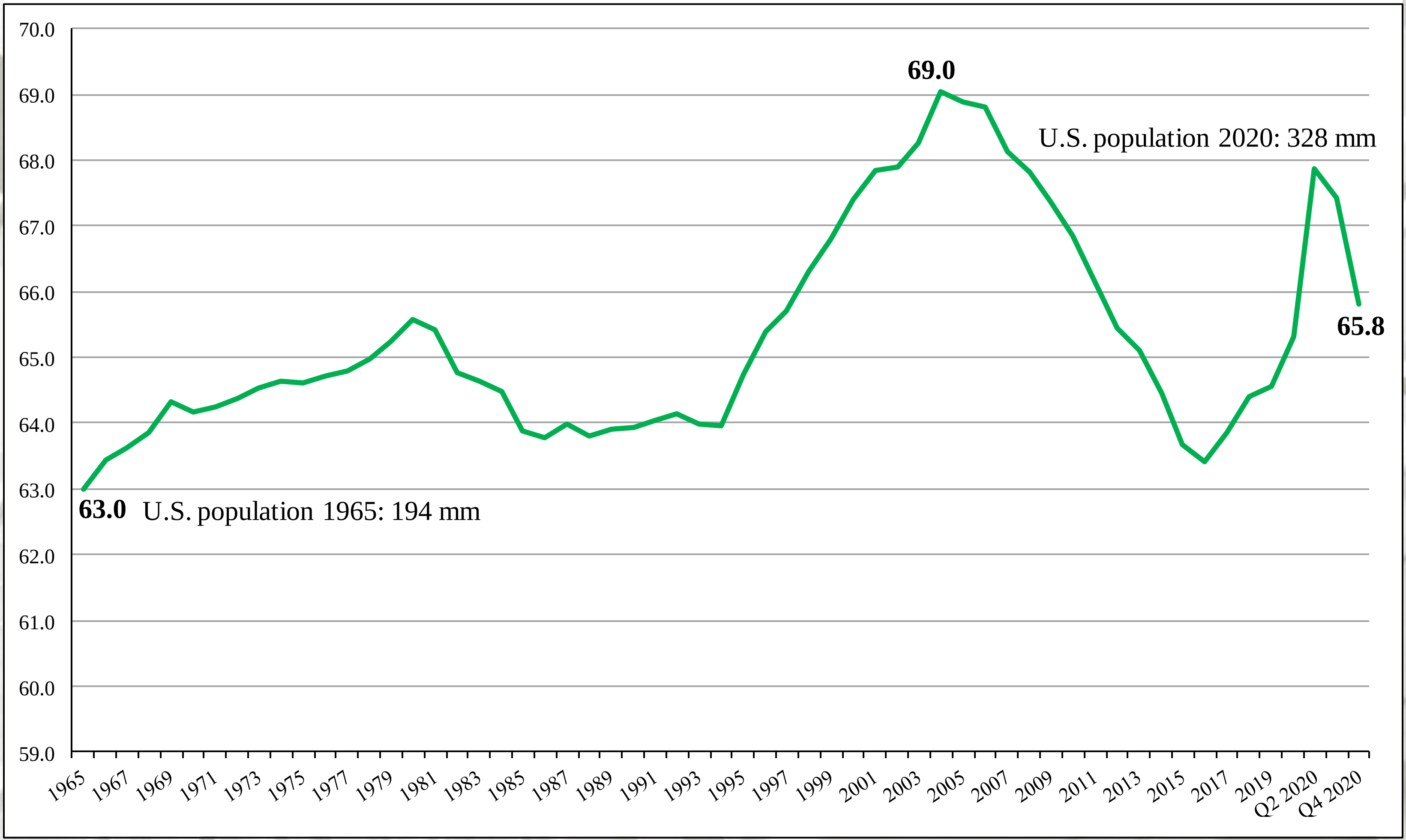
U.S. Housing Demographics

Home Ownership Rate



Sources: https://www.census.gov/programs-surveys/popest.html and https://www.census.gov/housing/hvs/files/currenthvspress.pdf; 2/2/20

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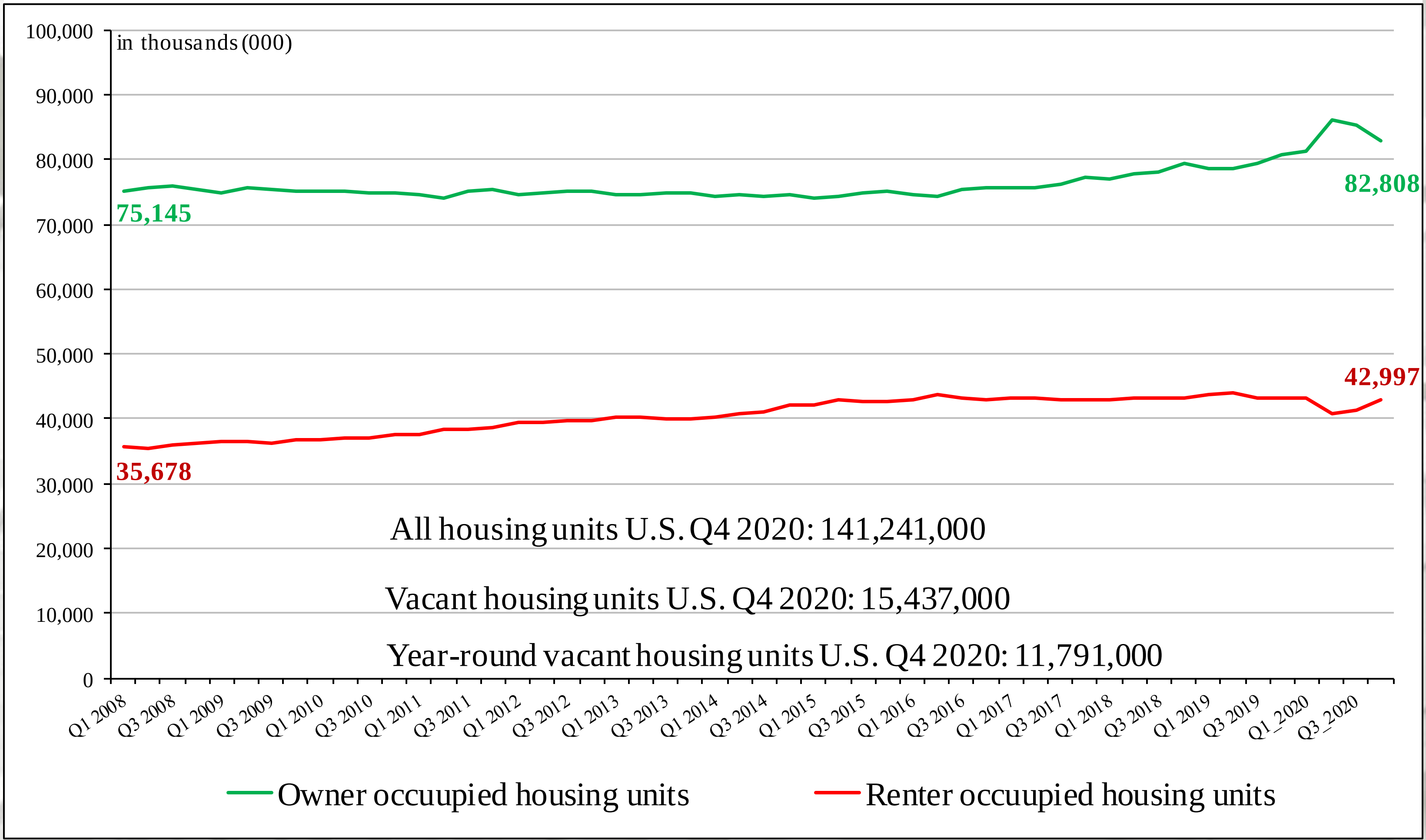
U.S. Housing Demographics

Home Ownership



Sources: https://www.census.gov/programs-surveys/popest.html and https://www.census.gov/housing/hvs/files/currenthvspress.pdf; 2/2/20

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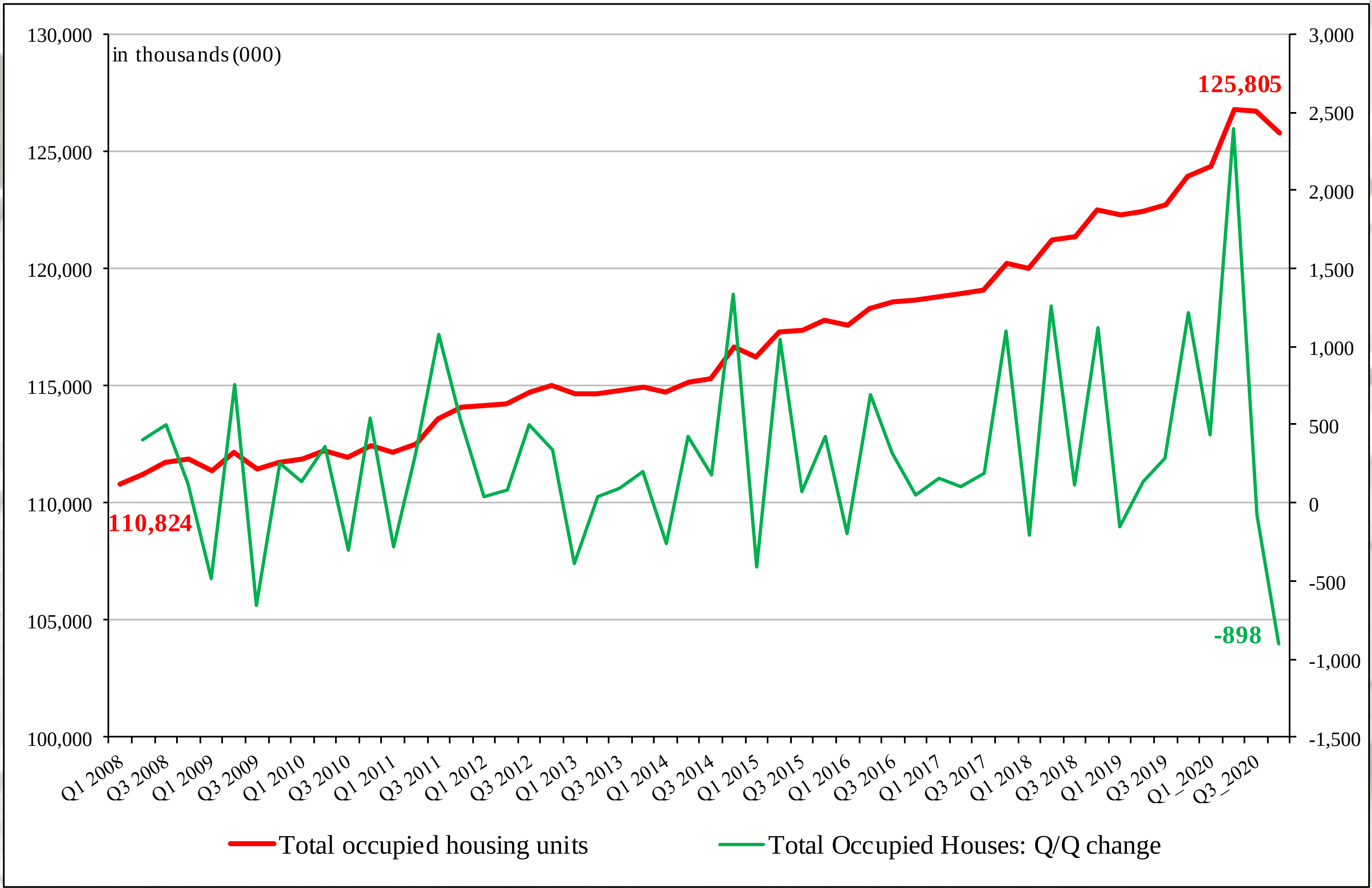
U.S. Housing Demographics

Home Ownership: Quarterly Change



Sources: https://www.census.gov/programs-surveys/popest.html and https://www.census.gov/housing/hvs/files/currenthvspress.pdf; 2/2/20

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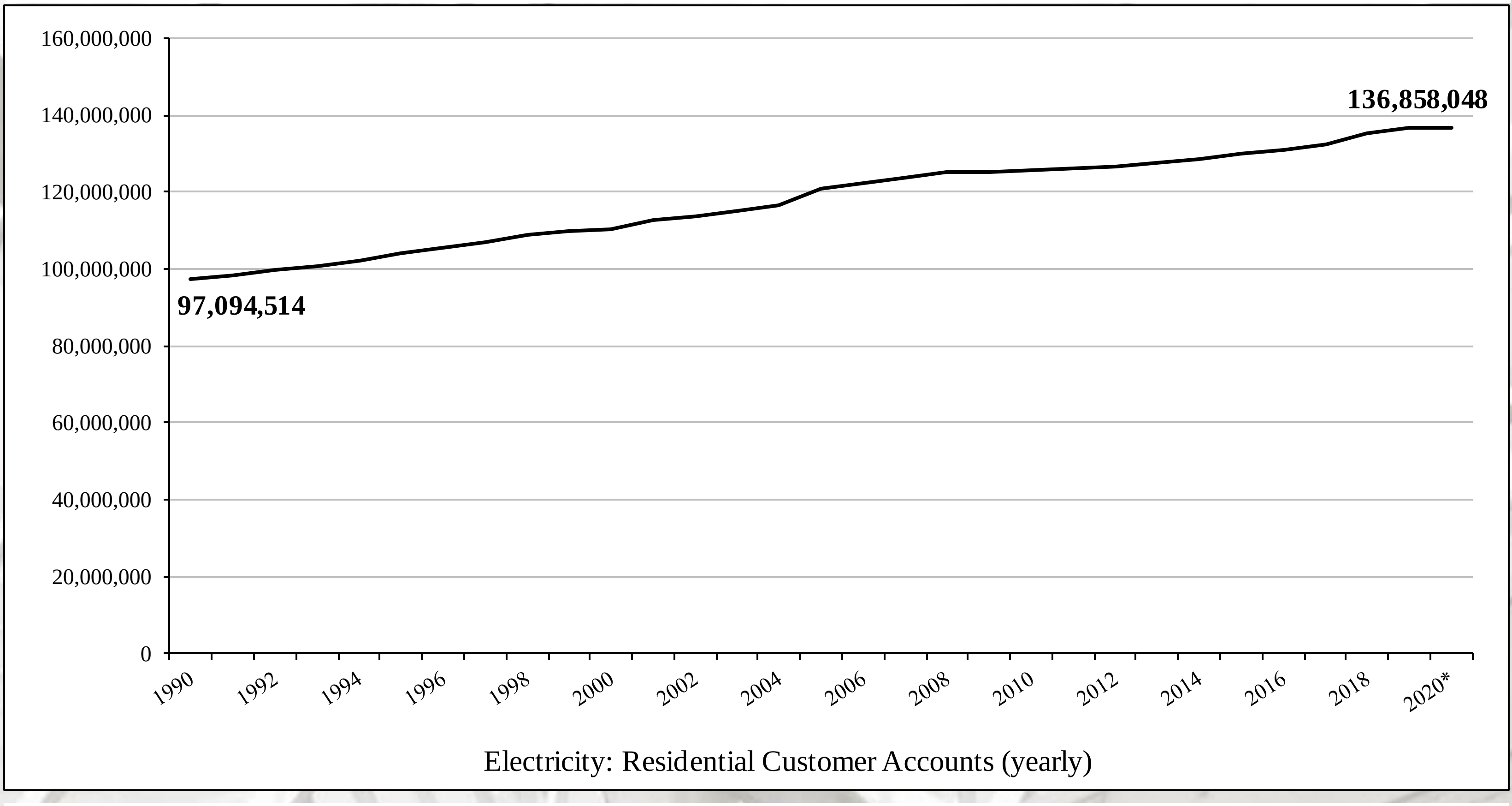
U.S. Housing Demographics

Residential Electricity Accounts



The U.S. Energy Information Administration (EIA) collects and provides statistics for multiple end-users and types, which includes the "Number of Ultimate Residential Customers Served." This data can be utilized as a proxy for occupied housing. Note that 2020 is an approximation from EIA data.

Sources: https://www.eia.gov/electricity/; 2/8/20

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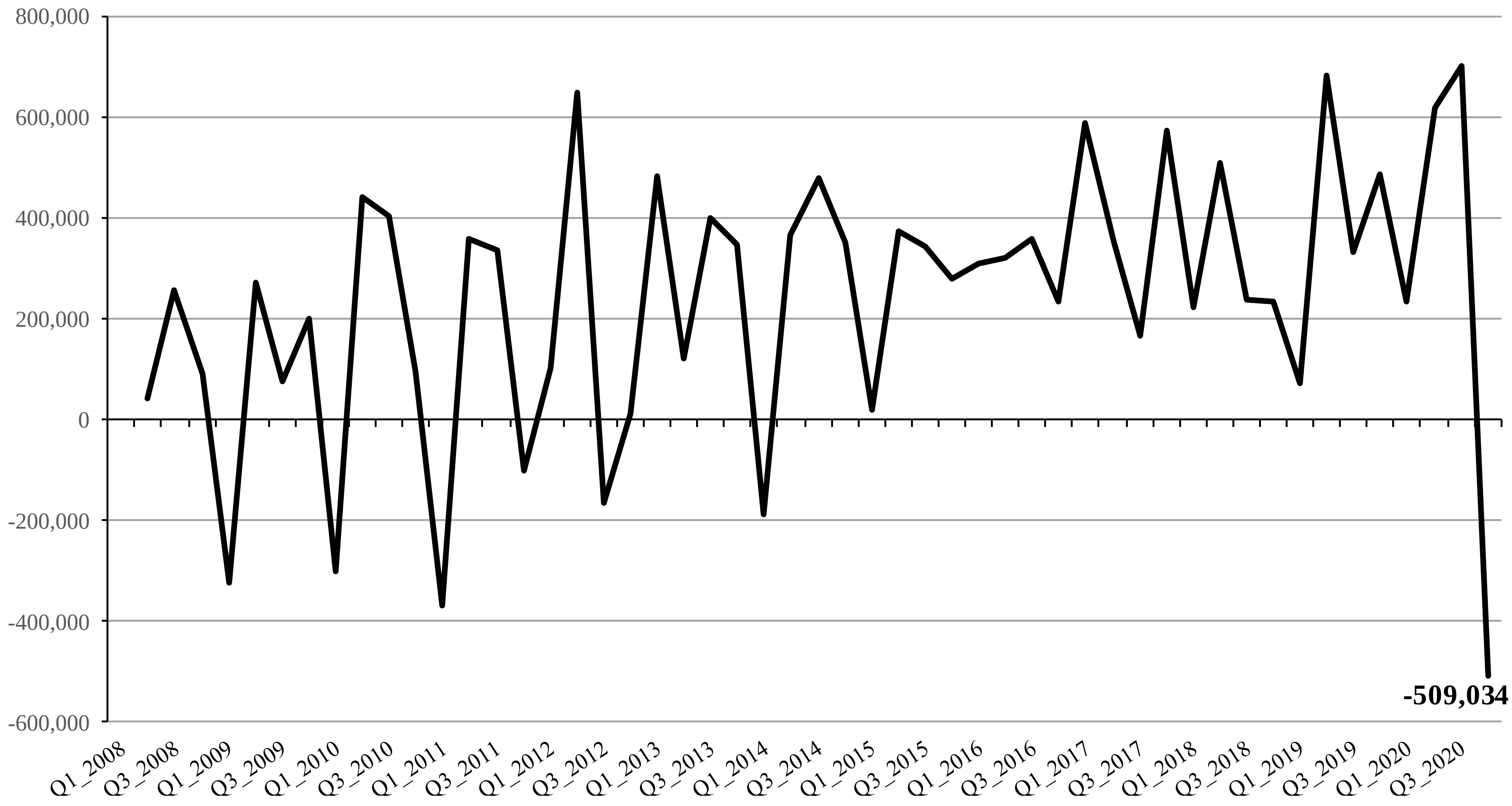
U.S. Housing Demographics

Residential Electricity Accounts: Quarterly Change



Electricity: Quarterly Change New Residential Customer Accounts

Sources: https://www.eia.gov/electricity/; 2/8/20

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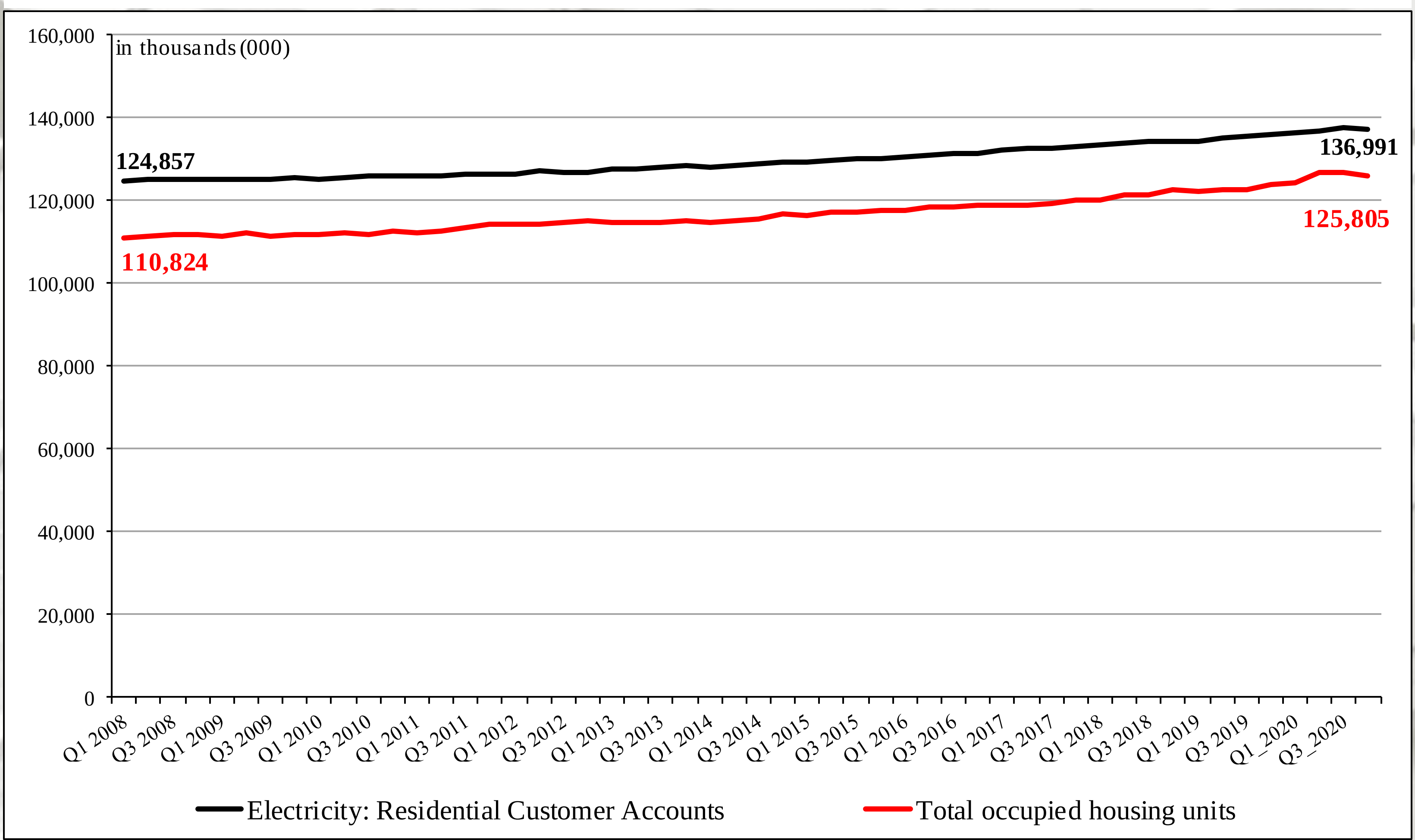
U.S. Housing Demographics

Residential Electricity Accounts & Total Occupied Housing



Sources: https://www.census.gov/programs-surveys/popest.html, https://www.census.gov/housing/hvs/files/currenthvspress.pdf, and https://www.eia.gov/electricity/; 2/2/20

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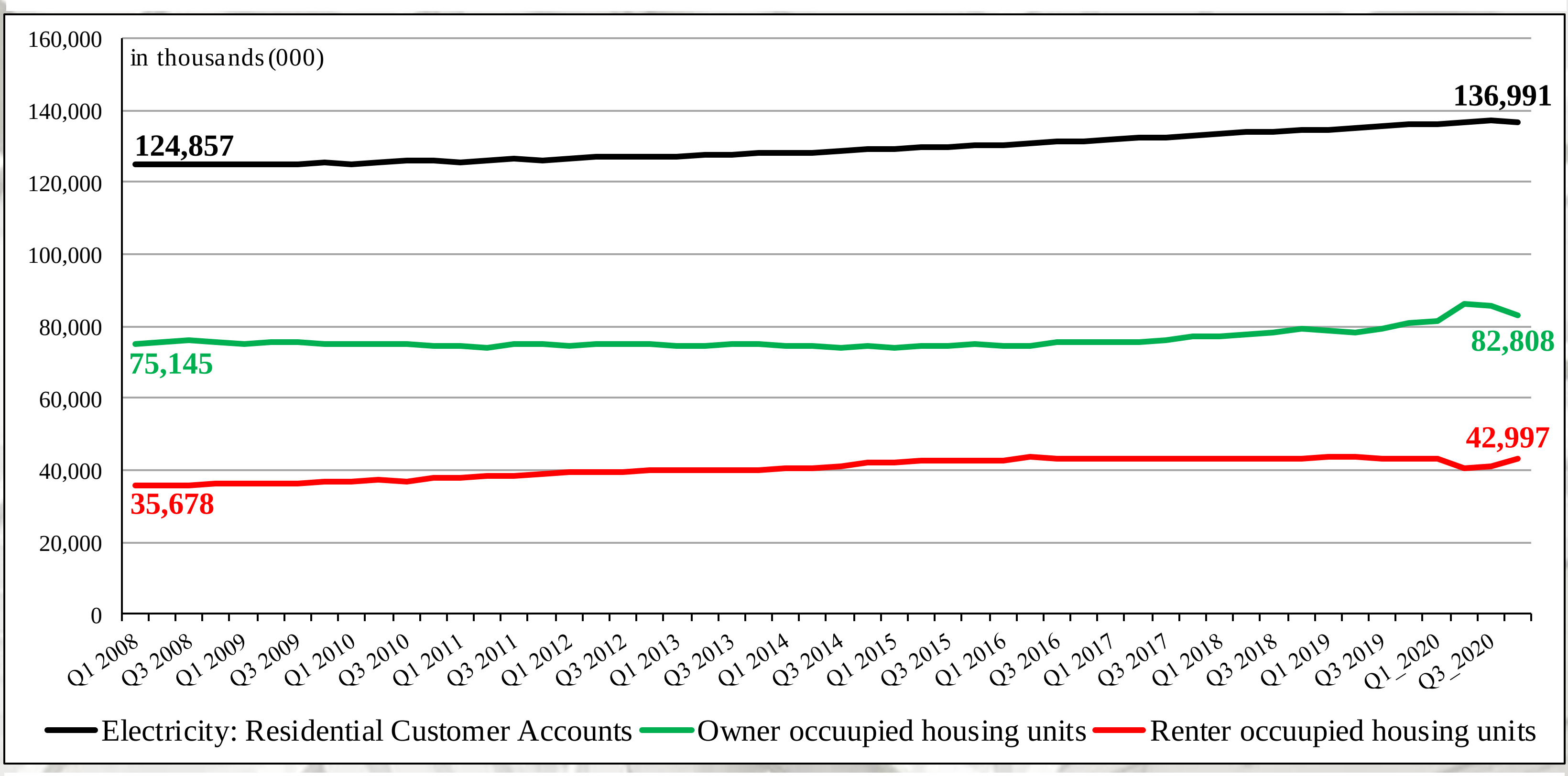
U.S. Housing Demographics

Residential Electricity Accounts & Owner & Renter Occupied Housing



Residential Electricity Accounts vs. Occupied Houses

In Q4 2020, residential electricity gross accounts totaled 136,991,048 and occupied houses (rental + owner) totaled 128,805,000 – a difference of 8,186,048. Obviously, occupied housing, based on residential electricity accounts, exceeded Census estimates.

Sources: https://www.census.gov/programs-surveys/popest.html, https://www.census.gov/housing/hvs/files/currenthvspress.pdf, and https://www.eia.gov/electricity/; 2/2/20

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Economics

U.S. Department of Census Bureau

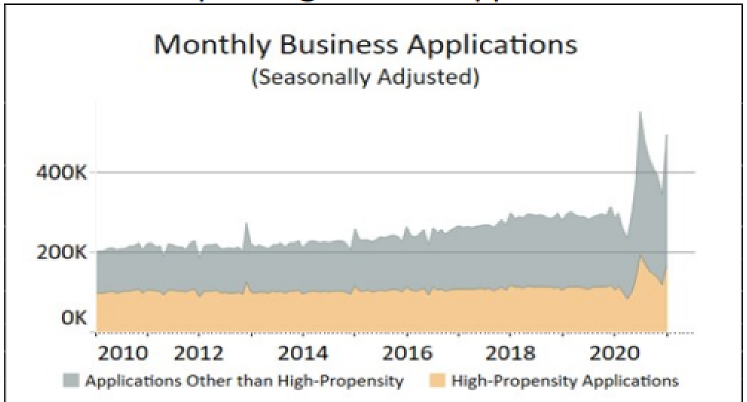
Business Formation Statistics, January 2021

“Business Applications for January of 2021, adjusted for seasonal variation, were 492,133, an increase of 42.6 percent compared to December of 2020.” – Census, Economic Indicators Division, Business Formation Statistics

BUSINESS APPLICATIONS

U.S. Business Applications:	JAN 2021	JAN 2021 / DEC 2020
Total	492,133	42.6%°
High-Propensity	164,691	41.2%°
With Planned Wages	58,023	44.9%°
From Corporations	54,635	29.1%°

Next release: March 10, 2021
(°) Statistical significance is not applicable or not measurable.
Data adjusted for seasonality.
Source: U.S. Census Bureau, Business Formation Statistics, February 10, 2021



Source: U.S. Census Bureau, Business Formation Statistics, February 10, 2021

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	JAN 2021	492,133	77,910	85,503	224,859	103,861
	JAN 2021 / DEC 2020	+42.6%	+47.9%	+48.6%	+39.6%	+40.5%
High-Propensity	JAN 2021	164,691	27,094	28,560	71,009	38,028
	JAN 2021 / DEC 2020	+41.2%	+43.0%	+52.4%	+35.9%	+42.4%
With Planned Wages	JAN 2021	58,023	8,355	10,943	25,060	13,665
	JAN 2021 / DEC 2020	+44.9%	+53.7%	+55.6%	+40.5%	+40.3%
From Corporations	JAN 2021	54,635	12,215	7,547	19,510	15,363
	JAN 2021 / DEC 2020	+29.1%	+38.2%	+37.4%	+17.8%	+34.6%

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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 2/10/21

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Economics

U.S. Department of Census Bureau
Business Formation Statistics, January 2021

BUSINESS FORMATIONS

U.S. Total Projected Business Formations:	JAN 2021	JAN 2021 / DEC 2020
Within 4 Quarters	**35,769**	**42.9%°**
Within 8 Quarters	**45,867**	**44.1%°**

Next release: March 10, 2021

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

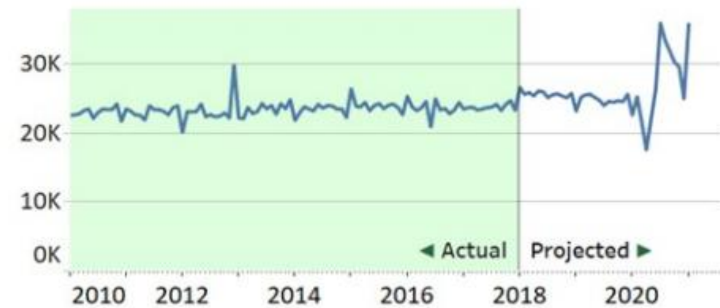
Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, February 10, 2021

Monthly Business Formations within 4 Quarters

Spliced (Actual and Projected)

(Seasonally Adjusted)



Source: U.S. Census Bureau, Business Formation Statistics, February 10, 2021

Projected Business Formations - At a Glance





		US	**Northeast**	**Midwest**	**South**	**West**
Within 4 Quarters	JAN 2021	35,769	5,885	6,292	14,223	9,369
	JAN 2021 / DEC 2020	**+42.9%**	**+47.5%**	**+53.1%**	**+36.0%**	**+44.9%**
Within 8 Quarters	JAN 2021	45,867	7,730	8,038	18,227	11,872
	JAN 2021 / DEC 2020	**+44.1%**	**+53.3%**	**+53.1%**	**+36.5%**	**+45.2%**

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

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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 2/10/21

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