

The Virginia Tech – U.S. Forest Service

January 2021

Housing Commentary: Section II



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2020

Virginia Polytechnic Institute and State University

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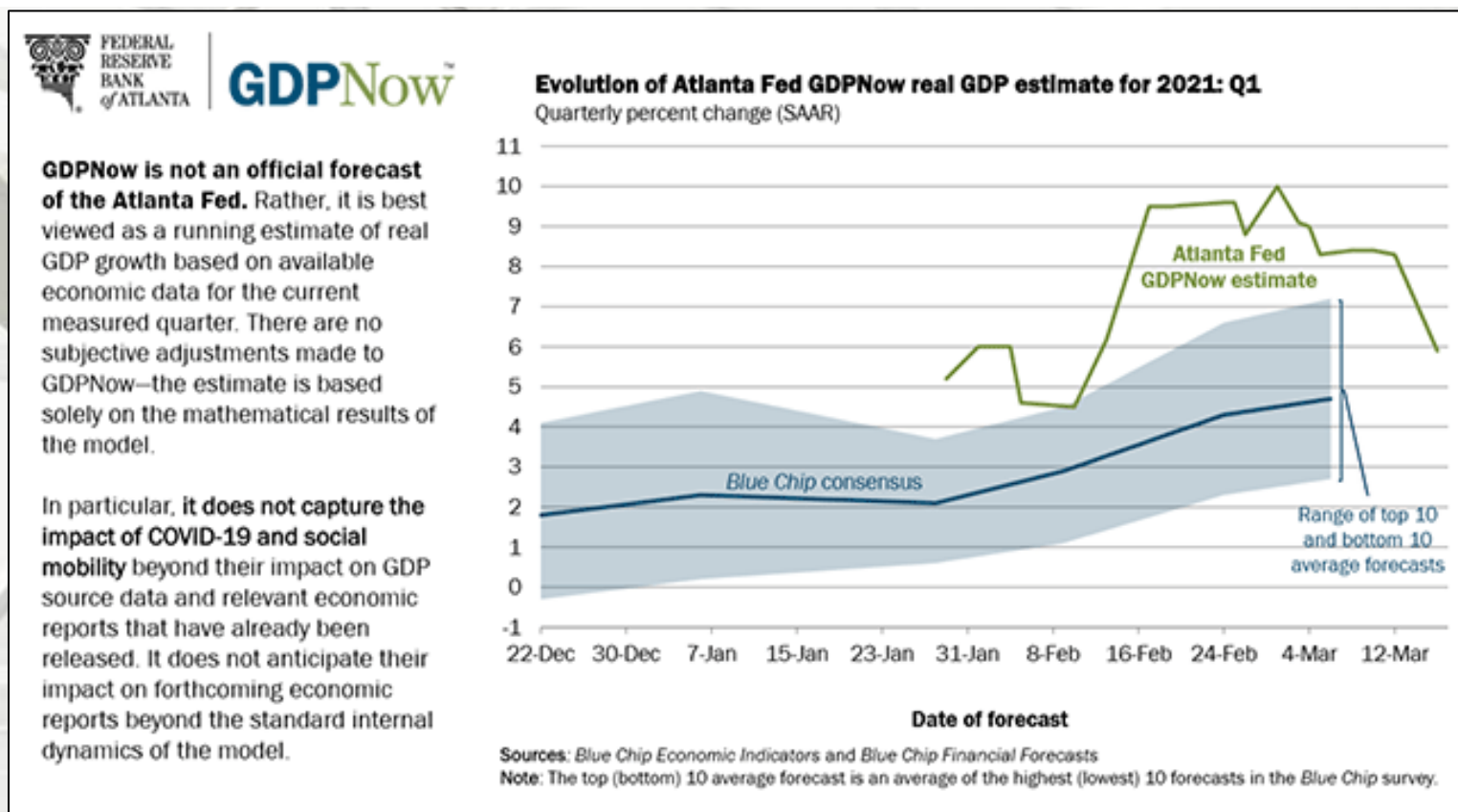
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U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 8.4 percent — March 8, 2021

“The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2021 is **8.4 percent** on March 8, up from 8.3 percent on March 5. After this morning's wholesale trade report from the U.S. Census Bureau, the nowcast of first-quarter real nonresidential equipment investment growth increased from 19.4 percent to 19.6 percent.” – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

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

Index Suggests Economic Growth Increased in January

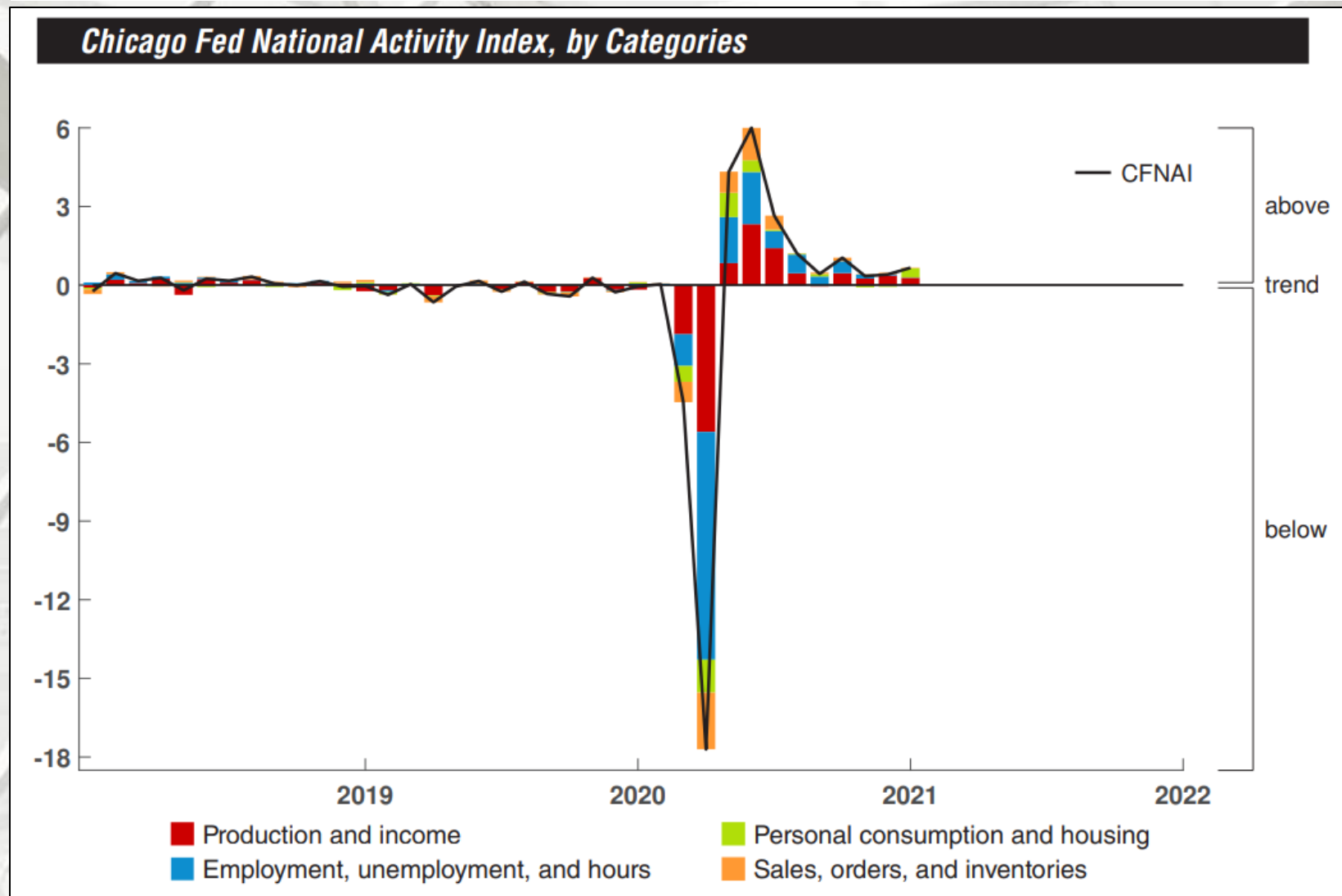
“Led by improvements in personal consumption-related indicators, the Chicago Fed National Activity Index (CFNAI) increased to +0.66 in January from +0.41 in December. All four broad categories of indicators used to construct the index made positive contributions in January, but three categories decreased from December. The index’s three-month moving average, CFNAI-MA3, decreased to +0.47 in January from +0.60 in December.

The CFNAI Diffusion Index, which is also a three-month moving average, moved down to +0.34 in January from +0.49 in December. Fifty-three of the 85 individual indicators made positive contributions to the CFNAI in January, while 32 made negative contributions. Forty-nine indicators improved from December to January, while 36 indicators deteriorated. Of the indicators that improved, 13 made negative contributions.

Production-related indicators contributed +0.28 to the CFNAI in January, down from +0.37 in December. Industrial production increased 0.9 percent in January after rising 1.3 percent in December. The contribution of the sales, orders, and inventories category to the CFNAI edged down to +0.02 in January from +0.05 in December.

Employment-related indicators contributed +0.01 to the CFNAI in January, down slightly from +0.05 in December. Nonfarm payrolls increased by 49,000 in January, after falling by 227,000 in the previous month. Notably, however, payrolls in manufacturing and retail trade declined in January. The contribution of the personal consumption and housing category to the CFNAI rose to +0.35 in January from -0.06 in December. Several personal consumption-related indicators improved from December.” – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

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



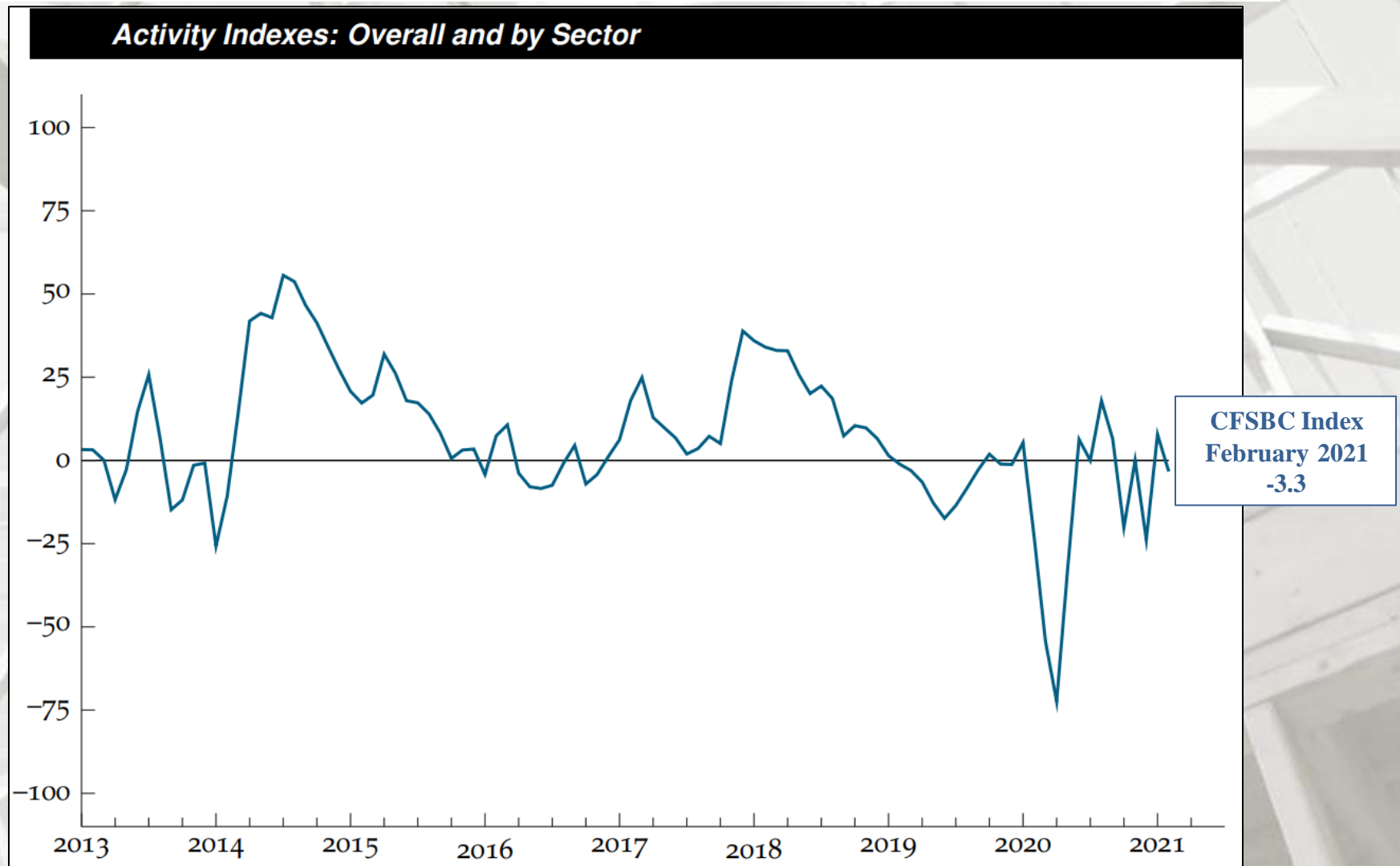
The Federal Reserve Bank of Chicago: Survey of Business Conditions (CFSBC)

Survey Suggests Growth Slowed Some in February

“The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index moved down to –3 in February from +8 in January, suggesting that economic growth was near trend. The CFSBC Manufacturing Activity Index decreased to +17 in February from +53 in January, but the CFSBC Nonmanufacturing Activity Index increased to –7 in February from –13 in the previous month.

- Respondents’ outlooks for the U.S. economy for the next 12 months improved and remained optimistic on balance. Eighty two percent of respondents expected an increase in economic activity over the next 12 months, and 27 percent expected activity to return to its pre-pandemic level by the end of 2021.
- The pace of current hiring increased, as did respondents’ expectations for the pace of hiring over the next 12 months. The hiring index moved into positive territory, and the hiring expectations index remained positive.
- Respondents’ expectations for the pace of capital spending over the next 12 months increased, and the capital spending expectations index remained positive.
- The labor cost pressures index decreased, but the nonlabor cost pressures index increased. The labor cost pressures index moved into negative territory, but the nonlabor cost pressures index moved into positive territory.” – Thomas Walstrum, Senior Business Economist, The Federal Reserve Bank of Chicago

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



The Federal Reserve Bank of Dallas

Texas Manufacturing Activity Picks Up

“Texas factory activity expanded at a markedly faster pace in February, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, surged 15 points to 19.9, indicating a sharp acceleration in output growth.

Other measures of manufacturing activity also point to more rapid growth this month. The new orders index rose seven points to 13.0, and the growth rate of orders index rose six points to 11.6. The capacity utilization index pushed up from 9.2 to 16.5, and the shipments index edged up three points to 16.1.

Perceptions of broader business conditions continued to improve in February. The general business activity index shot up 10 points to 17.2. The company outlook index held steady at 10.7, an above-average reading. Uncertainty regarding companies’ outlooks continued to rise, though the index retreated notably, from 19.3 to 8.5.

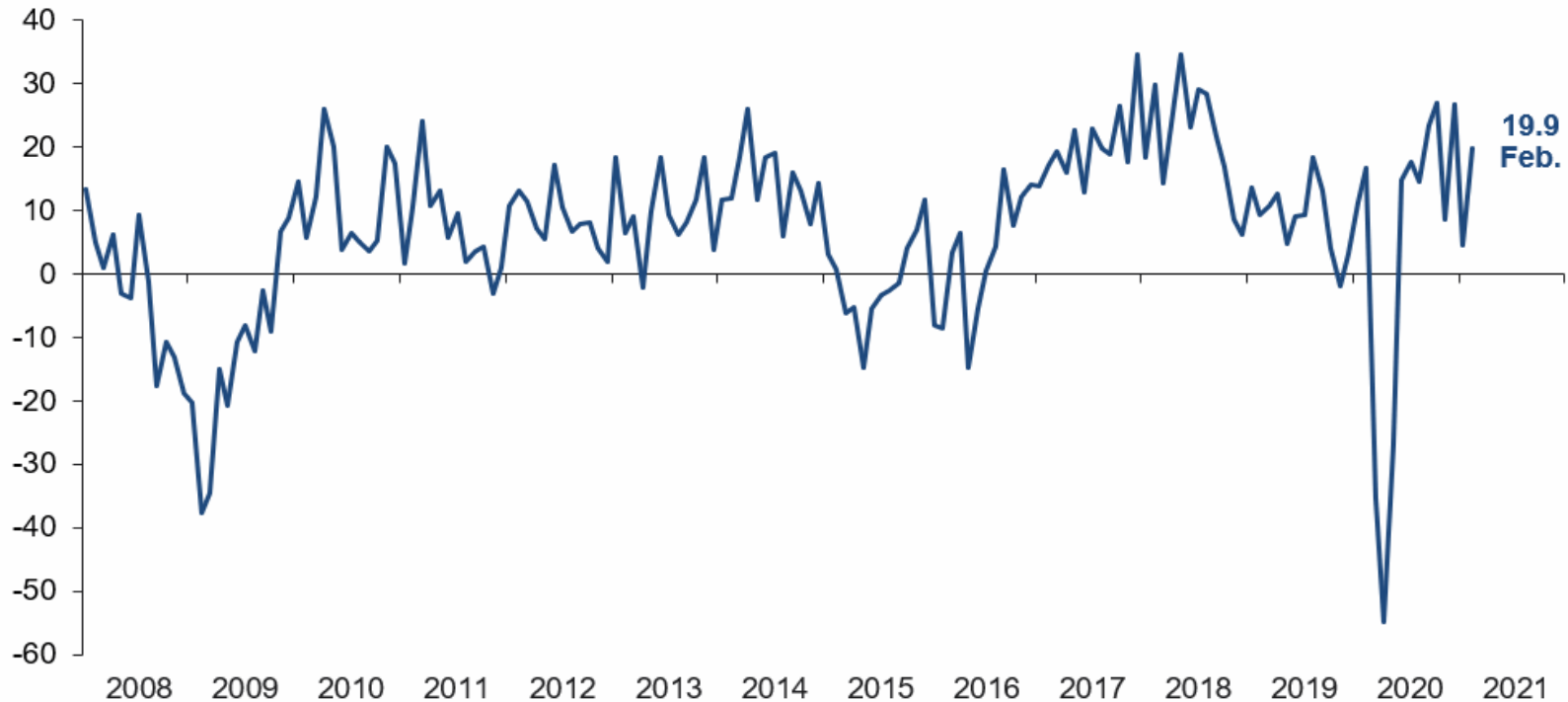
Labor market measures indicated robust but slightly slower growth in employment and work hours. The employment index came in at 12.7, down from 16.6 but still indicative of increased head counts. Twenty-one percent of firms noted net hiring, while 8 percent noted net layoffs. The hours worked index inched down to 11.3.

Price pressures rose while wage pressures held mostly steady in February. The raw materials prices index edged up to a 10-year high of 57.4 amid widespread reports of supply-chain disruptions driving up costs. The finished goods prices index climbed nine points to 23.0. The wages and benefits index was largely unchanged at 16.1.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey Production Index

Index, seasonally adjusted



Federal Reserve Bank of Dallas

Texas Manufacturing Expansion Moderates

“Expectations regarding future manufacturing activity remained positive in February, though some key indexes weakened slightly from their January readings. The future production index ticked down from 43.7 to 40.2, but the future general business activity index moved up four points to 33.9. Most other measures of future manufacturing activity edged down but remained solidly in positive territory.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas Service Sector Activity Grows Slightly

“Activity in the Texas service sector increased slightly in February, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, picked up from 0.8 in January to 2.6 in February.

Labor market indicators suggest slight gains in employment and average hours worked in February. The employment index added about one point to rise to 2.7, while the part-time employment index was roughly flat at 1.3. The hours worked index rose from 1.6 to 3.3, with nearly 11 percent reporting lengthening employees’ hours.

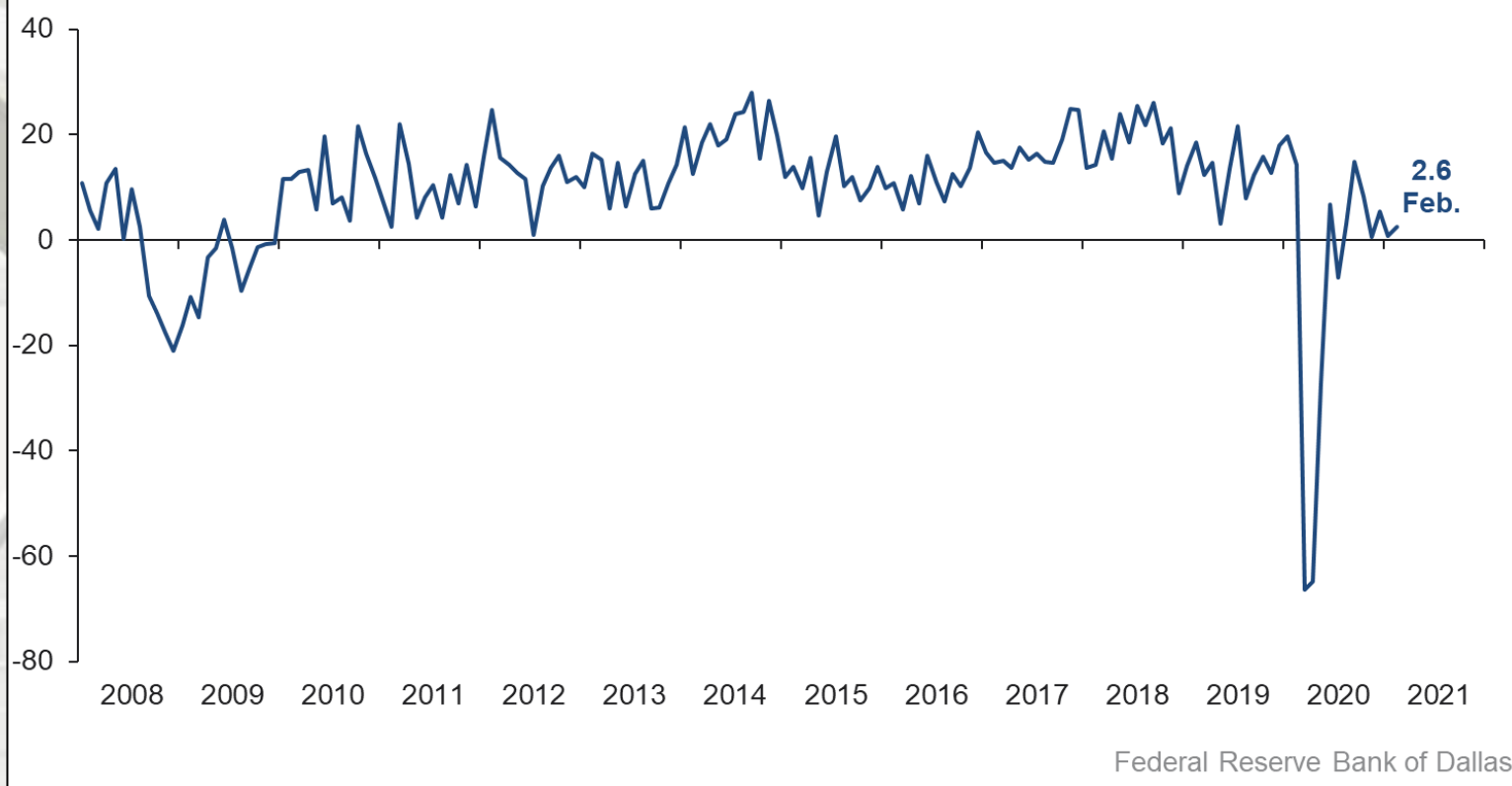
Perceptions of broader business conditions improved compared with January. The general business activity index rebounded into positive territory, rising over six points to 5.0, while the company outlook index improved from 1.0 to 2.7 — its best reading since last October. The outlook uncertainty index declined from 6.4 in January to 1.7 in February, and the capital expenditures index rose to a one-year high of 7.0.

Price pressures rose in February while wage pressures remained stable. The selling prices index rose over three points to 9.4, while the input prices index rose from 22.1 to 24.4 — both reaching their highest readings since before the COVID-19 pandemic. The wages and benefits index held mostly flat at 12.5, with 17 percent of respondents reporting higher labor costs compared with January.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey Revenue Index

Index, seasonally adjusted



Texas Service Sector Outlook Survey

“Respondents’ expectations regarding future business activity were increasingly optimistic compared with January. The future general business activity index increased to a three-year high of 27.7, while the future revenue index advanced over eight points to 46.3. Other indexes of future service sector activity such as employment and capital expenditures also rose, suggesting an acceleration in activity over the next six months.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

The Federal Reserve Bank of Dallas

Texas Retail Sales Continue to Hold Steady

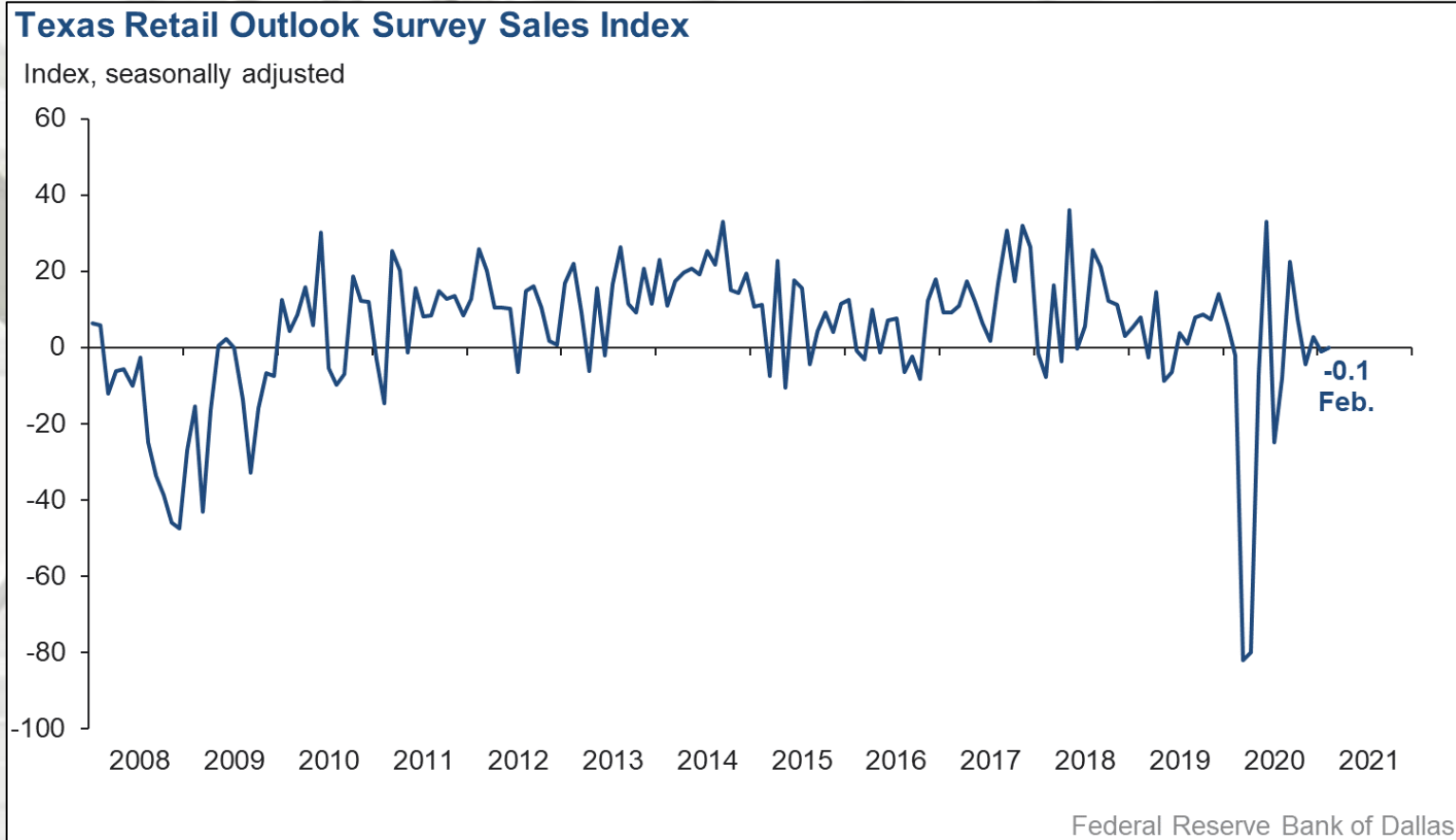
“Retail sales activity remained flat in February, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, was roughly unchanged at -0.1, with about one-half of respondents noting some change in sales compared with January — responses were evenly split between those noting increases and those seeing decreases. Inventories posted an increase, with the inventories index rising from -2.9 to 2.1.

Retail labor market indicators weakened, with employment and average workweek length falling compared with January. The employment index slipped from 1.5 to -2.0, while the part-time index declined from 1.7 to -2.2. The hours worked index plunged 12 points to -10.3, its weakest reading since last August.

Retailers’ perceptions of broader business conditions worsened in February. The general business activity index weakened from -0.4 to -3.5, while the company outlook index shed nearly five points to -6.8 — its lowest reading since May 2020. The outlook uncertainty index was basically unchanged at 4.3.

Retailers saw significant increases in price pressures and slight increases in wage pressures in February. The selling prices index registered an 18-point hike to 37.7 — an all-time high since the survey’s inception in 2007. The input prices index slipped about three points to 32.2, though this remains well above last year’s average. The wages and benefits index increased slightly from 5.3 to 7.1.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

The Federal Reserve Bank of Dallas



Texas Retail Sales Decline

“Retailers continued to note optimism for future activity despite recent turbulence. The future general business activity index surged from 20.8 to 30.6, while the future sales index rose to a five-month high of 37.6. Other indexes of future retail activity such as employment remained firmly positive, suggesting a strengthening in activity as the year goes on.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

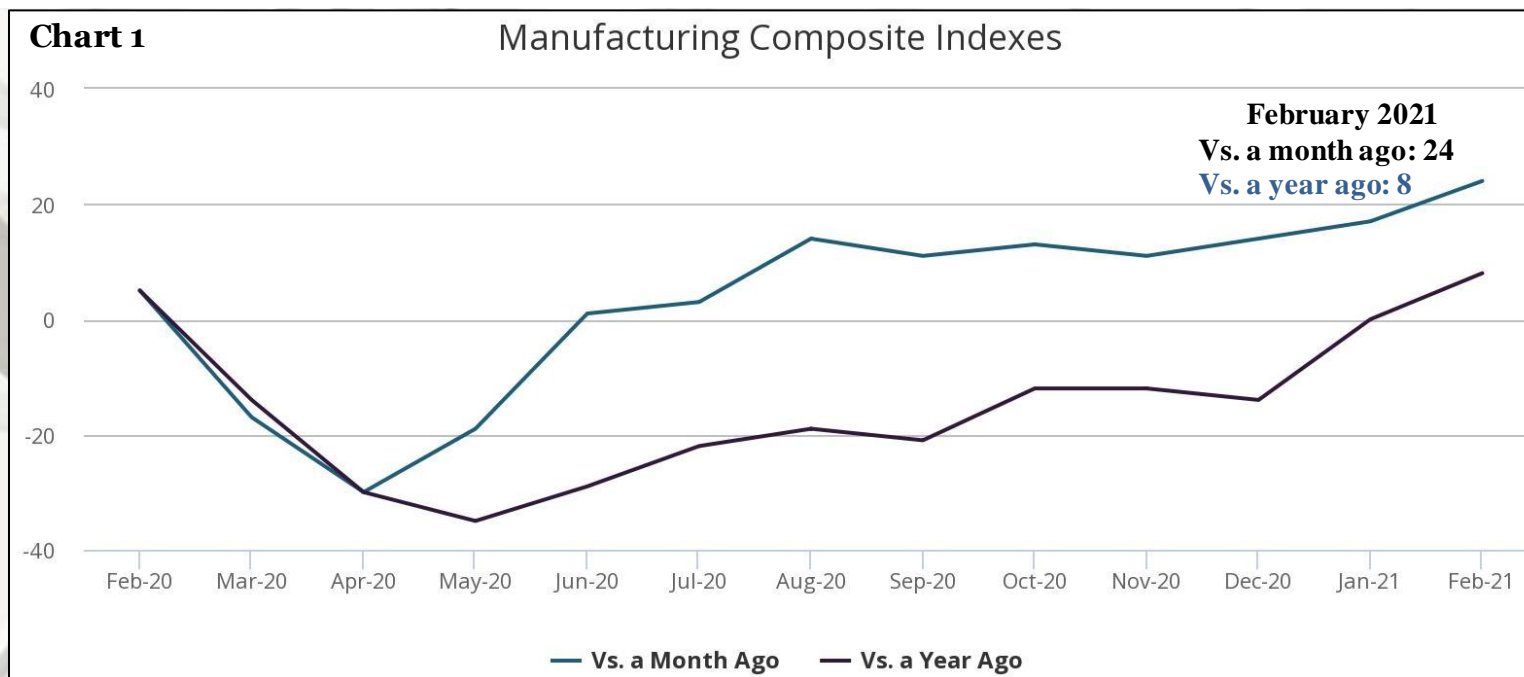
Tenth District Manufacturing Activity Climbed Higher

Tenth District manufacturing activity climbed higher in February compared to a month ago and a year ago, and expectations for future activity increased.

“Tenth District manufacturing activity climbed higher in February compared to a month ago and a year ago, and expectations for future activity increased (Chart 1). Prices paid for raw materials continued to increase, reaching the second highest pace of growth in survey history. Prices for finished goods also grew more from a month ago and a year ago. District firms expected prices for both raw materials and finished goods to expand further over the next six months

The month-over-month composite index was 24 in February, up from 17 in January and 14 in December. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Manufacturing activity growth was driven by durable goods plants, specifically by primary and fabricated metals, machinery, and transportation equipment. Month-over-month indexes for production and employment increased at a faster pace in February and supplier delivery time rose significantly. Shipments and new orders growth was positive in February, but slower than in recent months. Materials inventories expanded while finished goods inventories declined. Year-over-year factory indexes were positive in February in the first time since February 2020. However, employment continued to lag year-ago levels. The future composite index rose further to 34 up from 24 in January, with an uptick in capital spending plans.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

The Federal Reserve Bank of Kansas City



Special questions

“This month contacts were asked special questions about worker shortages as well as materials prices and shipping delays. 71% of contacts indicated workers are in short supply overall. Half of firms recorded that a skills match is a key reason for the short supply of workers and 44% indicated the extra unemployment benefits are another reason. Over a third reported that the worker shortage is due to workers unwilling to return to work due to COVID, taking care of family, childcare issues, etc. Over a quarter of firms noted that the lack of childcare for their current workforce has resulted in excessive absenteeism and a reduction in productivity. Concerning costs and shipping, 85% of contacts said their business has been negatively affected by rising material prices and lack of availability/delivery time. Several firms indicated materials prices are rising faster than they are able to pass on to customers, negatively impacting profit margins. Additionally, recent weather events exacerbated delivery time delays.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Expanded Modestly

moderated slightly compared to a month ago but was still positive, while expectations for future activity remained solid.

Business Activity Moderated Slightly

“Tenth District services activity moderated slightly compared to a month ago but remained positive, while expectations for future activity remained solid (Chart 1). The pace of growth for input and selling price indexes eased slightly from historic highs last month but remained positive. Firms continued to expect input and selling prices to increase over the next six months.

The month-over-month services composite index was 1 in February, lower than 8 in January but up from -4 in December. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Month-over-month indexes were slightly mixed in February. The general revenue and sales index expanded slightly due to higher wholesale, professional and technical services activity. On the other hand, auto, transportation, real estate, healthcare, and restaurant activity declined. Indexes for employment, wages and benefits, and access to credit remained positive, while employee hours, inventory levels, and capital spending dipped slightly. Year-over-year indexes decreased moderately in February, with the year-over-year composite moving from -15 to -20. Expectations for future services activity eased slightly from last month, but remained solid with a composite index of 20.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

U.S. Economic Indicators

Chart 1
25



The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Growth Picks Up

“Business activity grew modestly in New York State, according to firms responding to the February 2021 *Empire State Manufacturing Survey*. The headline general business conditions index climbed nine points to 12.1, its highest level in several months. New orders increased, and shipments edged higher. Delivery times lengthened, and inventories grew. Employment levels and the average workweek both increased. Input prices rose at the fastest clip in nearly a decade, and selling prices increased significantly. Looking ahead, firms remained optimistic that conditions would improve over the next six months, and capital spending plans expanded noticeably.

Manufacturing activity grew at its fastest pace in months in New York State in February. The general business conditions index rose nine points to 12.1, its highest level since July of last year. Thirty-two percent of respondents reported that conditions had improved over the month, while 20 percent reported that conditions had worsened. The new orders index rose four points to 10.8, indicating that orders increased, and the shipments index fell to 4.0, pointing to a small increase in shipments. Delivery times rose at the fastest pace in a year, and inventories were higher.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Price Increases Continue To Accelerate

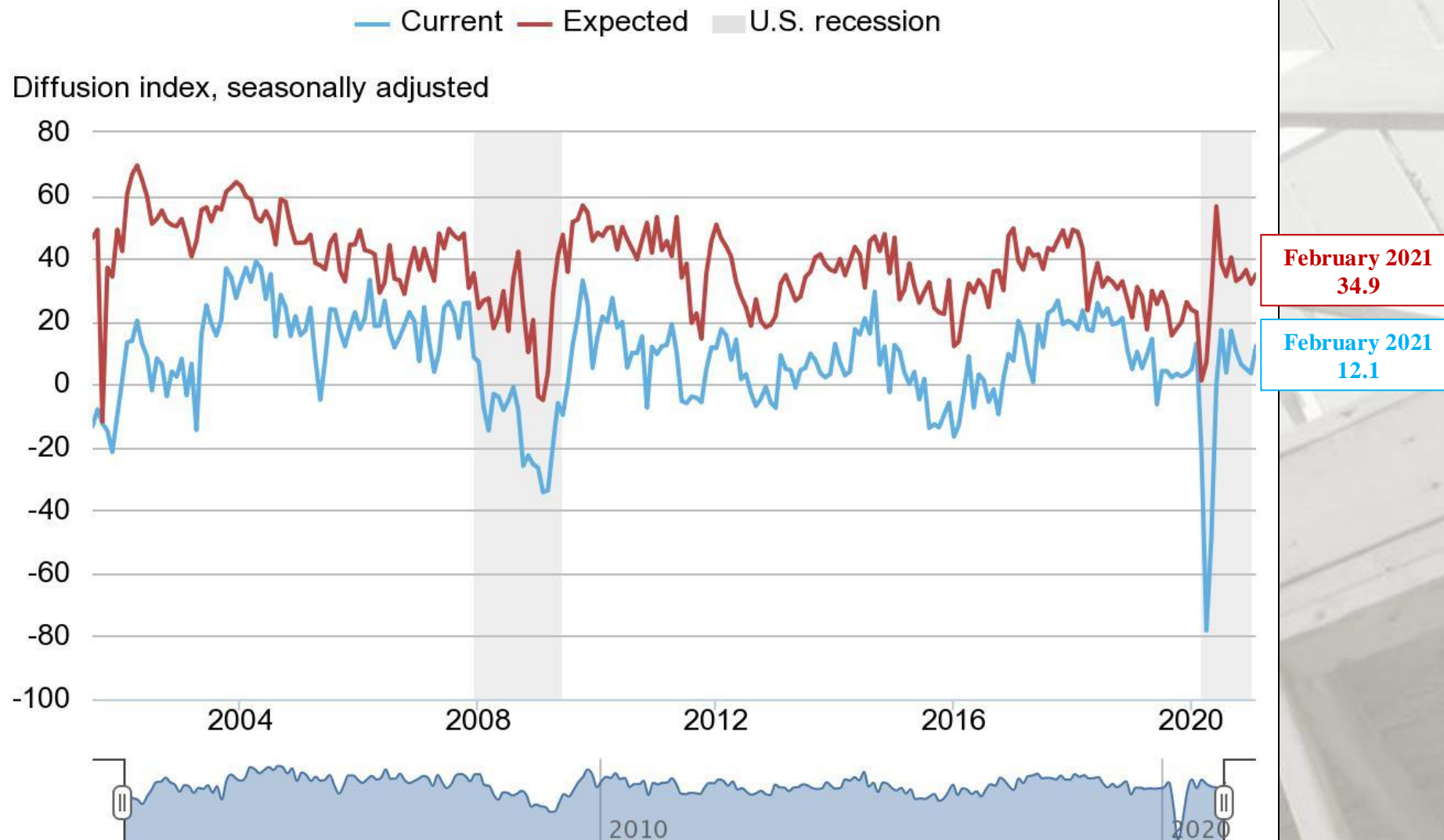
“The index for number of employees was little changed at 12.1, indicating ongoing modest gains in employment, and the average workweek index edged up to 9.0, signaling an increase in hours worked. The prices paid index rose twelve points to 57.8, a level last reached in 2011, pointing to sharp input price increases. The prices received index climbed eight points to 23.4, its highest level in two years, pointing to a pickup in selling price increases.

Capital Spending Plans Rise

The index for future business conditions rose three points to 34.9, suggesting that firms remained optimistic about future conditions. The indexes for future new orders and shipments rose to similar levels. Delivery times are expected to lengthen and inventories are expected to increase in the months ahead, and both the future prices paid and prices received indexes were notably higher. The capital expenditures index rose to 28.6, its highest level in over a year, and the technology spending index rose to 23.4.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

The Federal Reserve Bank of New York

General Business Conditions



The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Activity Continues To Fall Off

“Activity in the region’s service sector continued to decline significantly, though at a slower pace than last month, according to firms responding to the Federal Reserve Bank of New York’s February 2021 *Business Leaders Survey*. The survey’s headline business activity index rose ten points to -21.5. The business climate index was little changed at -65.0, indicating that the vast majority of firms continued to view the business climate as worse than normal. Employment levels continued to decline, and wage increases continued to accelerate. Both input prices and selling prices increased at a slightly faster pace than in January. Capital spending fell for an eleventh consecutive month, though capital spending plans over the next six months turned positive for the first time since the pandemic began. Looking ahead, optimism among respondents rose to its highest level in months.

Business activity in the region’s service sector declined for a twelfth consecutive month. The headline business activity index rose ten points, but remained well below zero at -21.5. Twenty percent of respondents reported that conditions improved over the month, while 41 percent said that conditions worsened. The business climate index held steady at -65.0, with around three-quarters of respondents viewing the business climate as worse than normal.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

The Federal Reserve Bank of New York

Business Leaders Survey (Services)

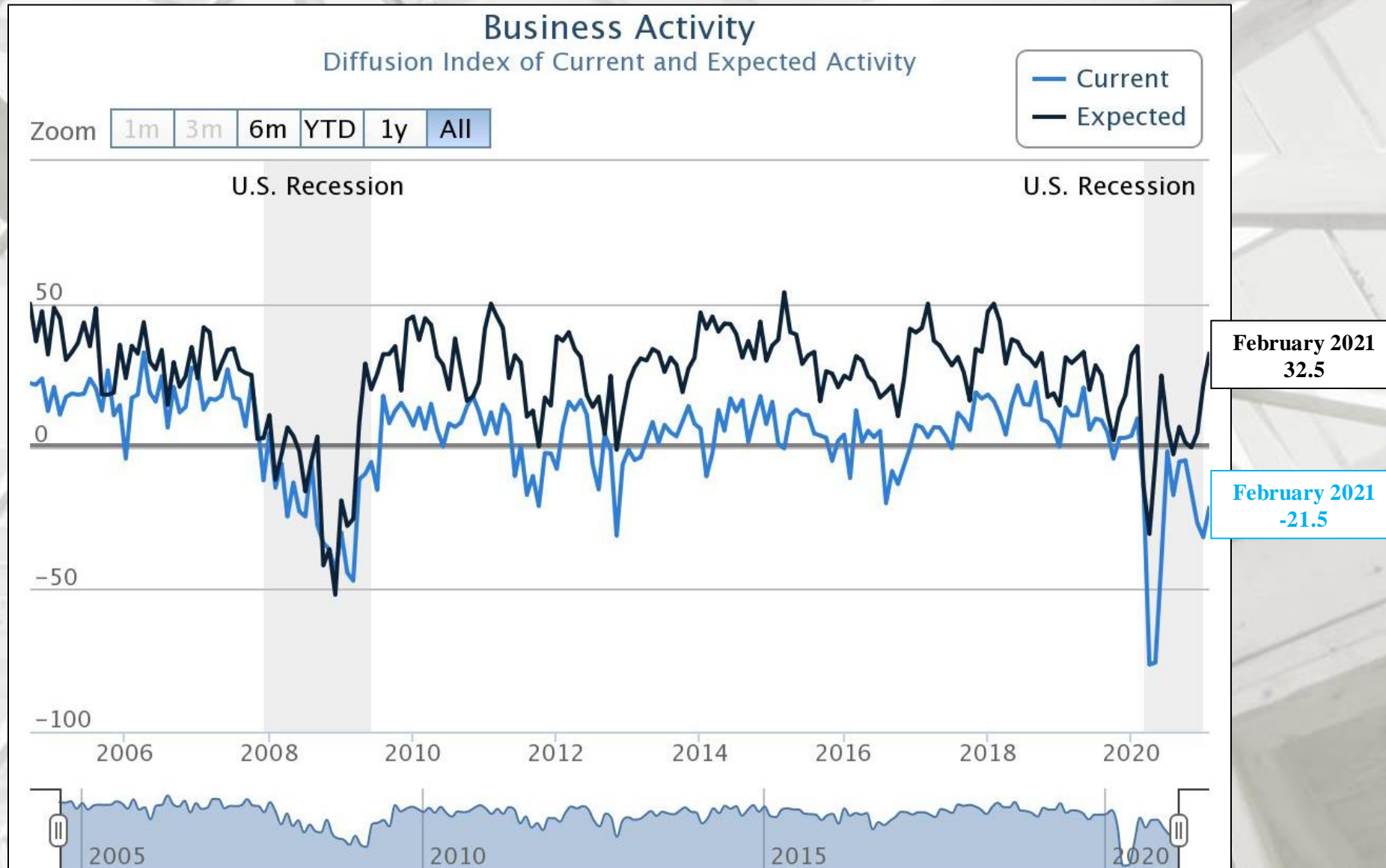
Price Increases Pick Up

“The employment index came in at -14.5, indicating that employment levels continued to decline modestly. The wages index continued to march upward, rising seven points to 26.6, its highest level since the onset of the pandemic. Like last month, price increases picked up. The prices paid index rose four points to 42.5, and the prices received index rose three points to 9.9. The capital spending index held below zero at -10.5, suggesting ongoing declines in capital spending..

Majority Of Firms Optimistic About Future Conditions

The index for future business activity rose eleven points to 32.5, and the future business climate index rose to 34.4, both reaching their highest level since the pandemic began. Just over 50 percent of firms expect activity to expand and conditions to be better than normal in six months. Employment levels, wages, and prices are all expected to rise, and firms expect to increase capital spending in the months ahead.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

The Federal Reserve Bank of New York

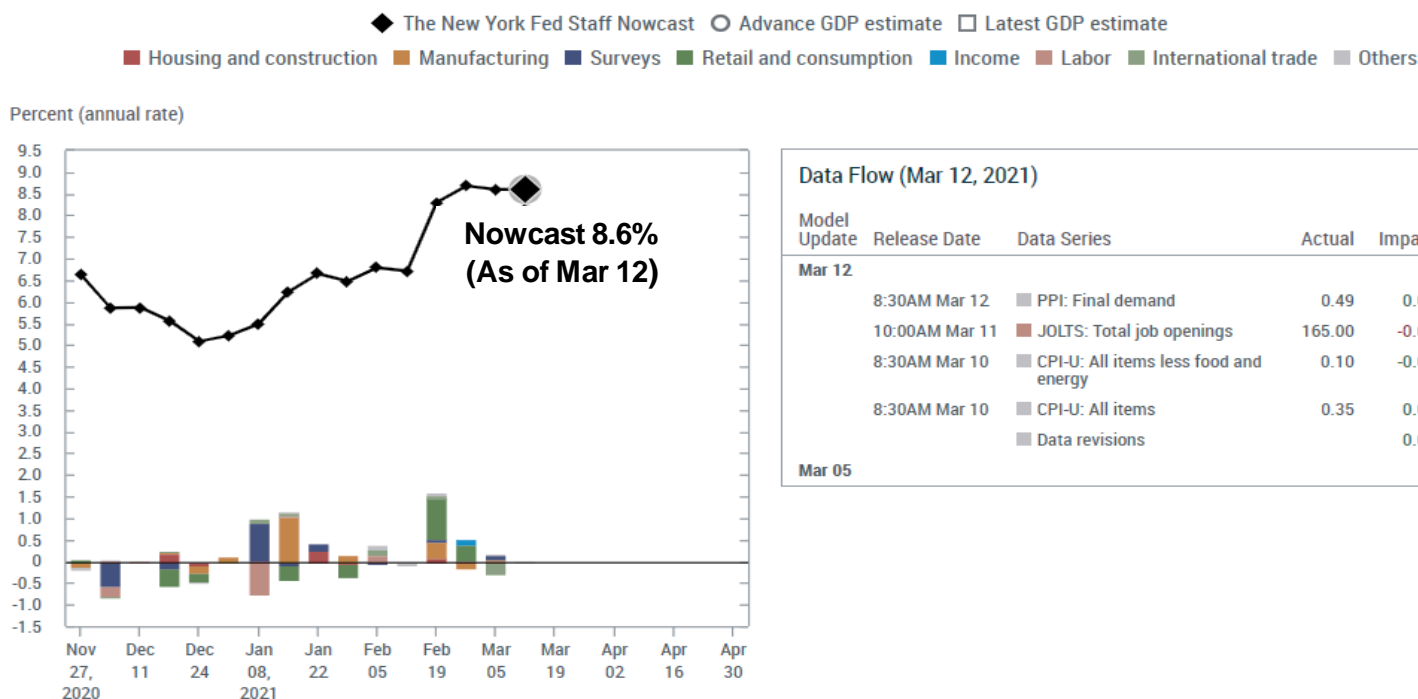


U.S. Economic Indicators

The Federal Reserve Bank of New York Nowcast

2021:Q2 | 2021:Q1 | 2020:Q4 | 2020:Q3

Last Release 11:15am EST Mar 12, 2021



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.

March 12, 2020: Highlights

- “The New York Fed Staff Nowcast stands at 8.6% for 2021:Q1 and 4.0% for 2021:Q2.
- News from the JOLTS, PPI, and CPI releases was small, leaving the nowcast for both quarters broadly unchanged.” – The Federal Reserve Bank of New York

U.S. Economic Indicators

The Federal Reserve Bank of Philadelphia

February 2020 Manufacturing Business Outlook Survey

“Manufacturing activity in the region continued to grow, according to firms responding to the February *Manufacturing Business Outlook Survey*. The survey’s current indicators for general activity, new orders, and shipments declined from January’s readings but remained elevated. Additionally, employment increases were more widespread this month. Most future indexes moderated this month but continue to indicate that firms expect growth over the next six months.

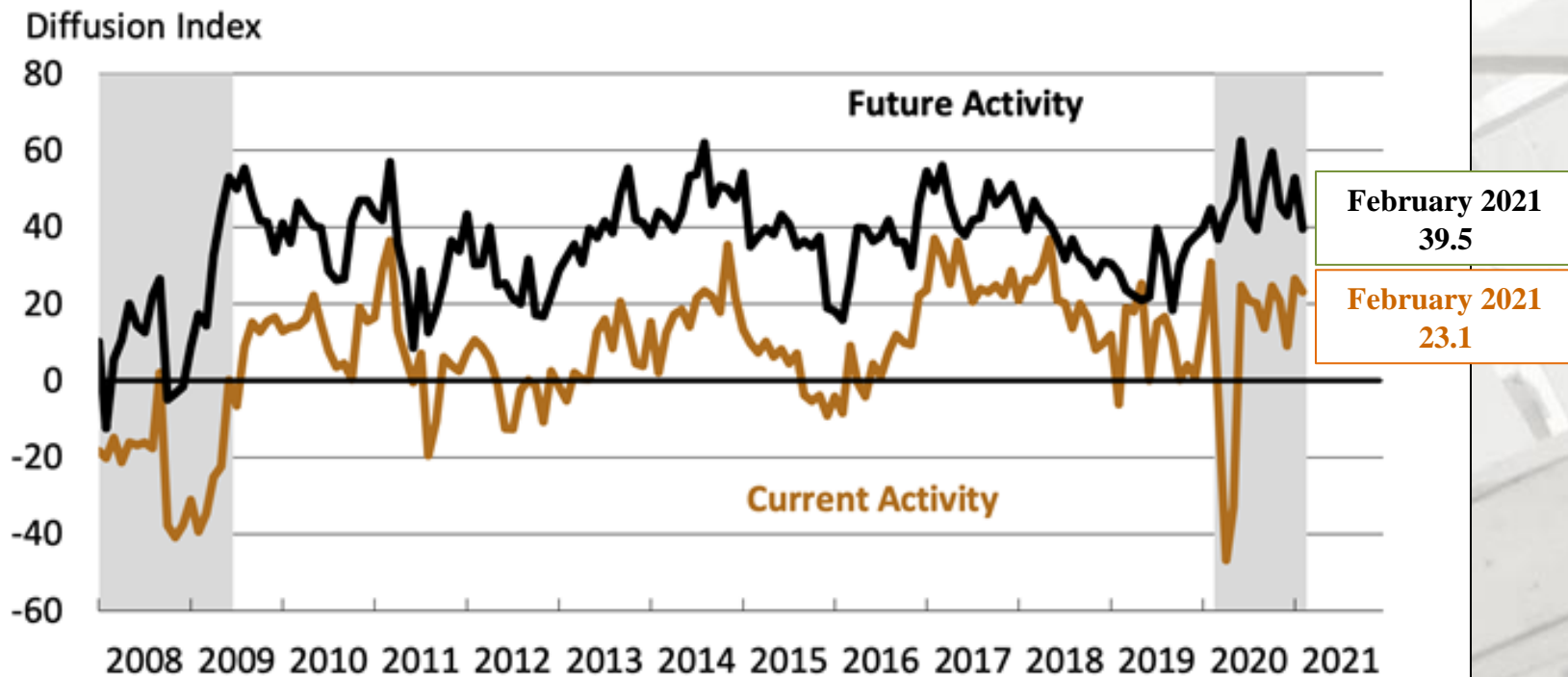
Current Indicators Remain Positive

The diffusion index for current activity remained positive for the ninth consecutive month but decreased 3 points to 23.1 in February (see Chart). The percentage of firms reporting increases this month (35 percent) exceeded the percentage reporting decreases (11 percent). The index for new orders decreased 7 points to a reading of 23.4. Over 37 percent of the firms reported increases in new orders this month, compared with 45 percent last month. The current shipments index edged down 1 point to 21.5 in February.

On balance, the firms reported increases in manufacturing employment for the eighth consecutive month. The current employment index increased 3 points to 25.3. Employment increases were reported by 30 percent of the firms, while 5 percent reported decreases. The average workweek index was also positive for the eighth consecutive month and rose 12 points to 30.6.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes
January 2008 to February 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.

The Federal Reserve Bank of Philadelphia

More Firms Report Increases in Input Prices

“Price increases were more widespread this month for inputs but less widespread for firms’ own goods. The prices paid diffusion index increased 9 points to 54.4. Nearly 55 percent of the firms reported increases in input prices, compared with 47 percent last month. More than 45 percent of the firms reported no change. The current prices received index, reflecting manufacturers’ own prices, decreased 20 points to 16.7. Nearly 18 percent of the firms reported increases in prices of their own manufactured goods, compared with 38 percent in January; most firms (80 percent) reported stable output prices.

Firms Expect Own Prices to Match Higher Rate of Inflation

In this month’s special questions, the firms were asked to forecast the changes in the prices of their own products and for U.S. consumers over the next four quarters. Regarding their own prices, the firms’ median forecast was for an increase of 3.0 percent, higher than the 2.0 percent that was forecast when the question was asked in November. The firms’ actual price change over the past year was 2.0 percent. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 3.0 percent over the next four quarters, the same as in November. When asked about the rate of inflation for U.S. consumers over the next year, the firms’ median forecast was 3.0 percent, an increase from 2.0 percent in the previous quarter. The firms’ median forecast for the long-run (10-year average) inflation rate was 3.0 percent, an increase from 2.5 percent in the previous quarter.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia

Outlook Softens but Continued Growth Is Expected

“The respondents recorded weaker expectations for growth compared with January. The diffusion index for future general activity decreased 13 points to 39.5 in February (see Chart). Nearly 55 percent of the firms expect growth over the next six months (down from 64 percent last month), while only 15 percent expect declines (up from 12 percent). The future new orders index fell 11 points to 36.6, and the future shipments index decreased 14 points to 32.3 this month. The future employment index fell 4 points to 34.7. Over 40 percent of the firms expect to increase employment in their manufacturing plants over the next six months, compared with 6 percent that anticipate employment declines.

Summary

Responses to the February *Manufacturing Business Outlook Survey* suggest continued expansion for the region’s manufacturing sector. The indicators for current activity, new orders, and shipments fell slightly from last month but remained elevated, and the current employment index increased slightly. The survey’s future indexes moderated this month but continue to suggest expected growth over the next six months.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia

February 2021 Nonmanufacturing Business Outlook Survey

“Firms responding to the February *Nonmanufacturing Business Outlook Survey* indicated improved conditions in business activity. The indexes for general activity at the firm level, sales/revenues, and new orders all posted increases for the month, with the former two indexes rising into low positive territory. Additionally, the survey’s indexes for full-time and part-time employment are positive, with the latter index rising to a positive reading this month. The respondents indicated improved optimism over the next six months, as both future activity indexes increased.

General Activity Index Rebounds

The diffusion index for current general activity at the firm level turned positive after a negative reading in January, rising from -14.3 last month to 7.5 this month, its highest reading since October. Thirty-three percent of the firms reported increases in activity (up from 23 percent last month), while 26 percent reported decreases (down from 37 percent). The sales/revenues index increased from -11.8 in January to 1.9 this month, its first positive reading since October. Over 32 percent of the firms reported increases in sales/revenues (up from 25 percent last month), while 30 percent reported decreases (down from 37 percent). The new orders index rose 4 points to 4.0 in February. The current regional activity index increased 21 points to 3.9 in February.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia

February 2021 Nonmanufacturing Business Outlook Survey

Firms Report Overall Increases in Employment

“The firms reported, on balance, increases in full- and part-time employment. The full-time employment index held mostly steady at 2.8. The share of firms reporting increases in full-time employment (12 percent) exceeded the share reporting decreases (10 percent); the majority (72 percent) reported no change. The part-time employment index increased 15 points to 10.0, its first positive reading since September. Most firms reported steady part-time employment (58 percent), while 20 percent of the firms reported increases and 10 percent reported decreases. The average workweek index inched up to 1.0.

Firms Continue to Report Price Increases

Price indicator readings suggest overall increases in prices for inputs and the firms’ own goods and services. The prices paid index rose 8 points to 31.6 in February. Regarding prices for the firms’ own goods and services, the prices received index increased 11 points to 11.7 this month. While most respondents (56 percent) reported no change in their own prices, 19 percent of the firms reported increases, and 7 percent reported decreases.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia

February 2021 Nonmanufacturing Business Outlook Survey

Firms Continue to Anticipate Growth

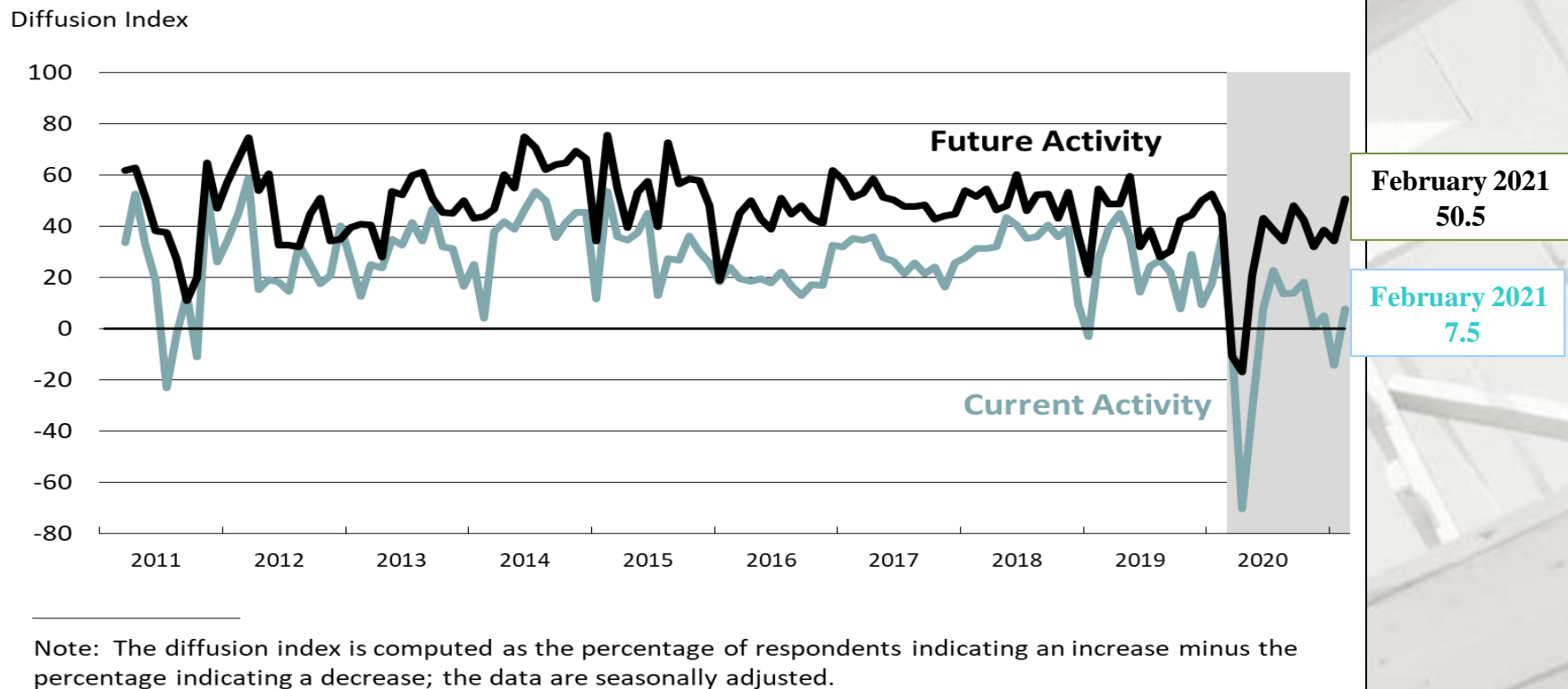
“Both future activity indexes suggest more widespread optimism about nonmanufacturing activity over the next six months. The diffusion index for future activity at the firm level rose 16 points, from a reading of 34.3 in January to 50.5 this month (see Chart). Nearly 64 percent of the firms expect an increase in activity (up from 58 percent last month) at their firms over the next six months, compared with 13 percent that expect decreases (down from 24 percent). The future regional activity index increased 19 points to 53.5 in February.

Firms’ Forecast for Prices of Own Goods/Services Increases

In this month’s special questions, the firms were asked to forecast the changes in the prices of their own products and services and for U.S. consumers over the next four quarters (see Special Questions). Regarding their own prices, the firms’ median forecast was for an increase of 3.0 percent, up from 2.0 percent when the question was asked in November. Regarding the firms’ own price change over the previous year, the median response was 1.0 percent, up slightly from 0.8 percent in November. The firms expect their employee compensation costs (wages plus benefits per employee) to rise 3.0 percent over the next four quarters, unchanged from last quarter. When asked about the rate of inflation for U.S. consumers over the next year, the firms’ median forecast remained at 2.5 percent. The firms’ forecast for the long-run (10-year) inflation rate was also unchanged at 4.0 percent.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes for Firms
March 2011 to February 2021



Summary

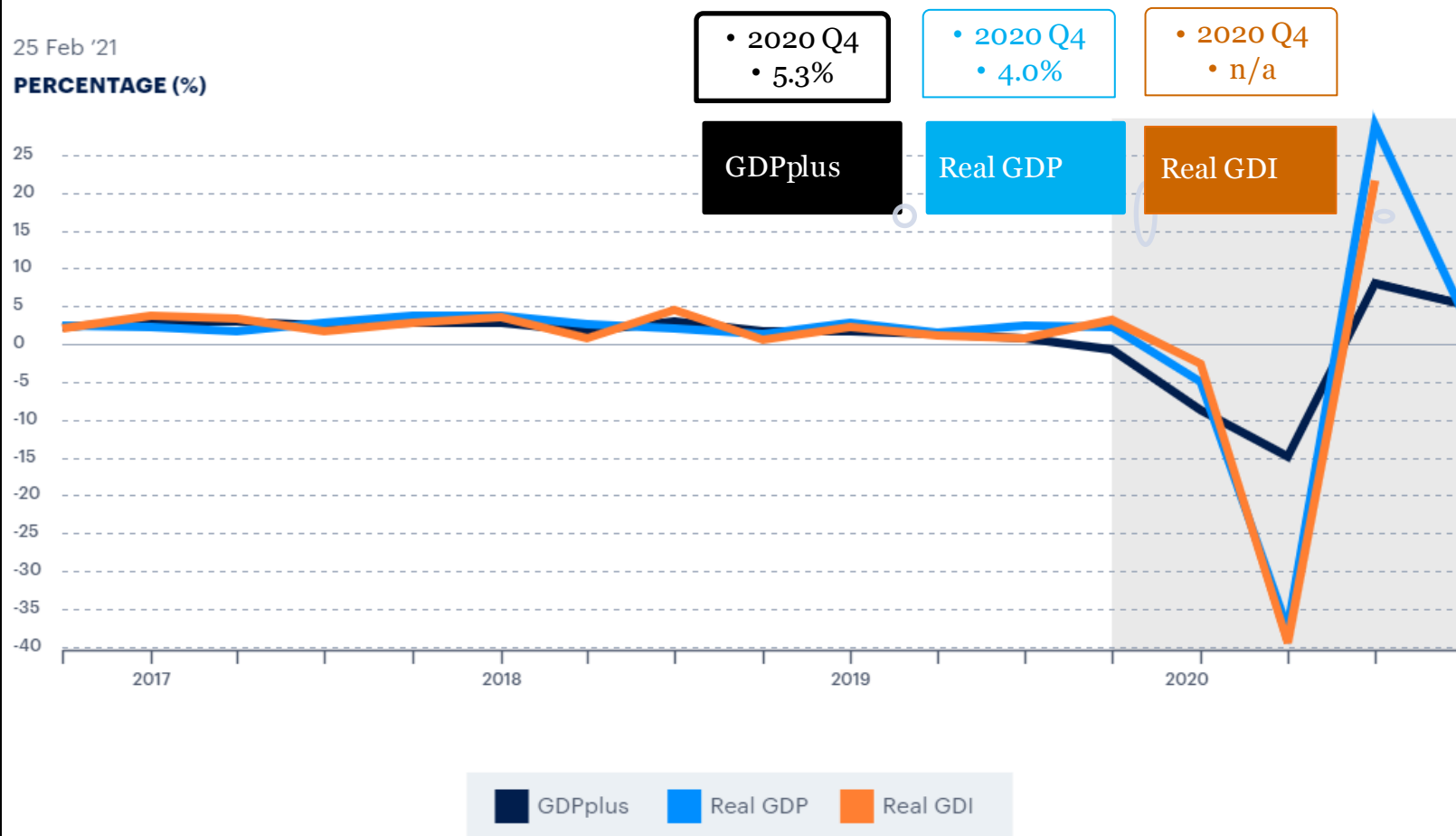
“Responses to this month’s *Nonmanufacturing Business Outlook Survey* indicated improved conditions in nonmanufacturing activity in the region. The indicators for firm-level general activity, sales/revenues, and new orders all increased from last month to positive but low readings. Additionally, the firms reported overall increases in employment. The future activity indexes suggest that respondents expect improvement at their firms and in the region over the next six months.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia: GDPplus

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

25 Feb '21

PERCENTAGE (%)



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.

U.S. Economic Indicators

The Federal Reserve Bank of Richmond

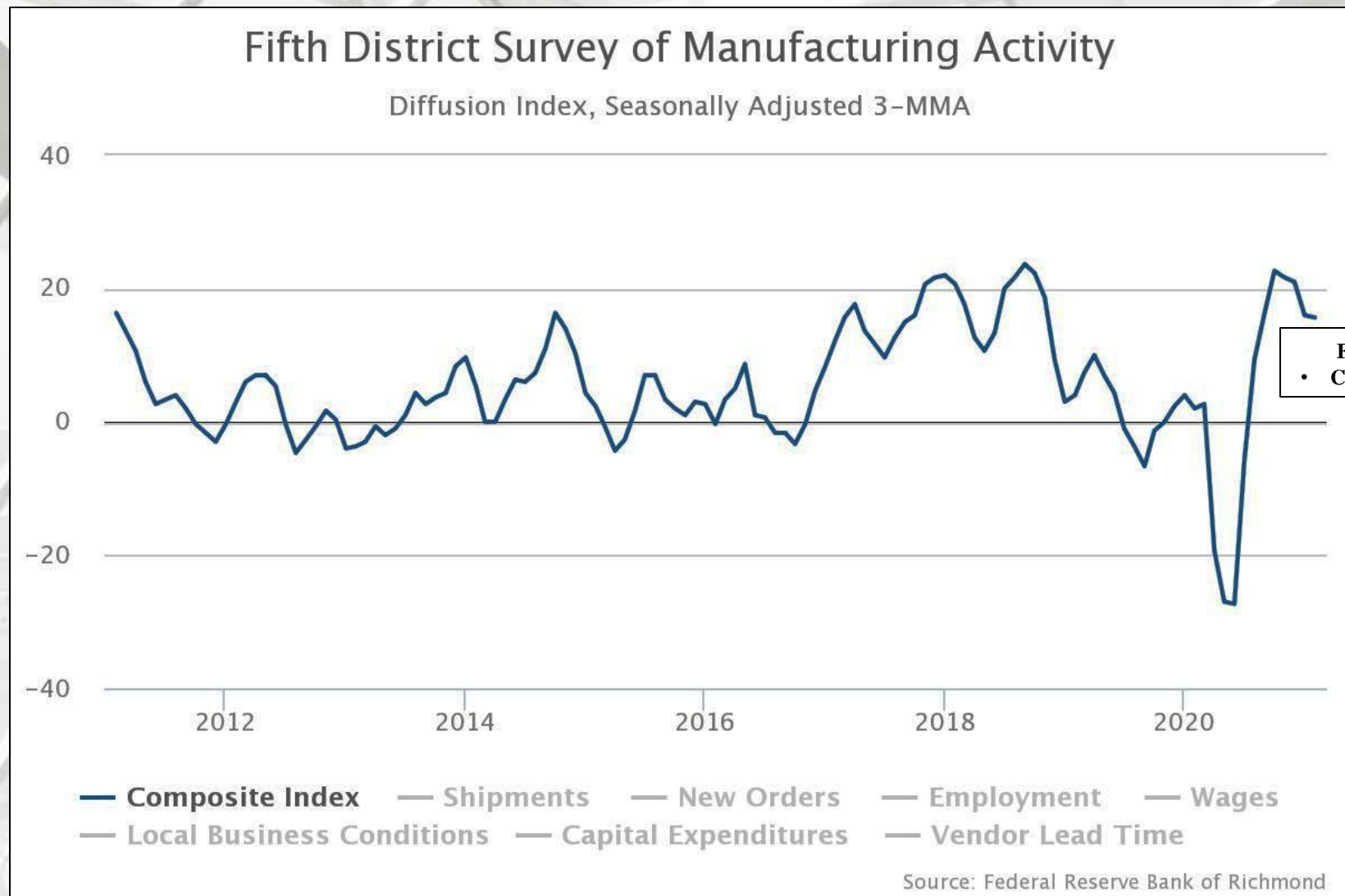
Manufacturing Continued to Improve in February

“The Fifth District manufacturing activity continued to improve in February, according to the most recent survey from the Richmond Fed. The composite index held steady from January to February, at 14, as all three component indexes — shipments, new orders, and employment — remained firmly positive. The index for vendor lead time, which hit a 25-year-high of 39 in January, rose further to 46 in February. Firms also reported decreased inventory levels, as the index for raw materials inventories hit a series low of -8. Manufacturers were optimistic that conditions would improve in the coming months.

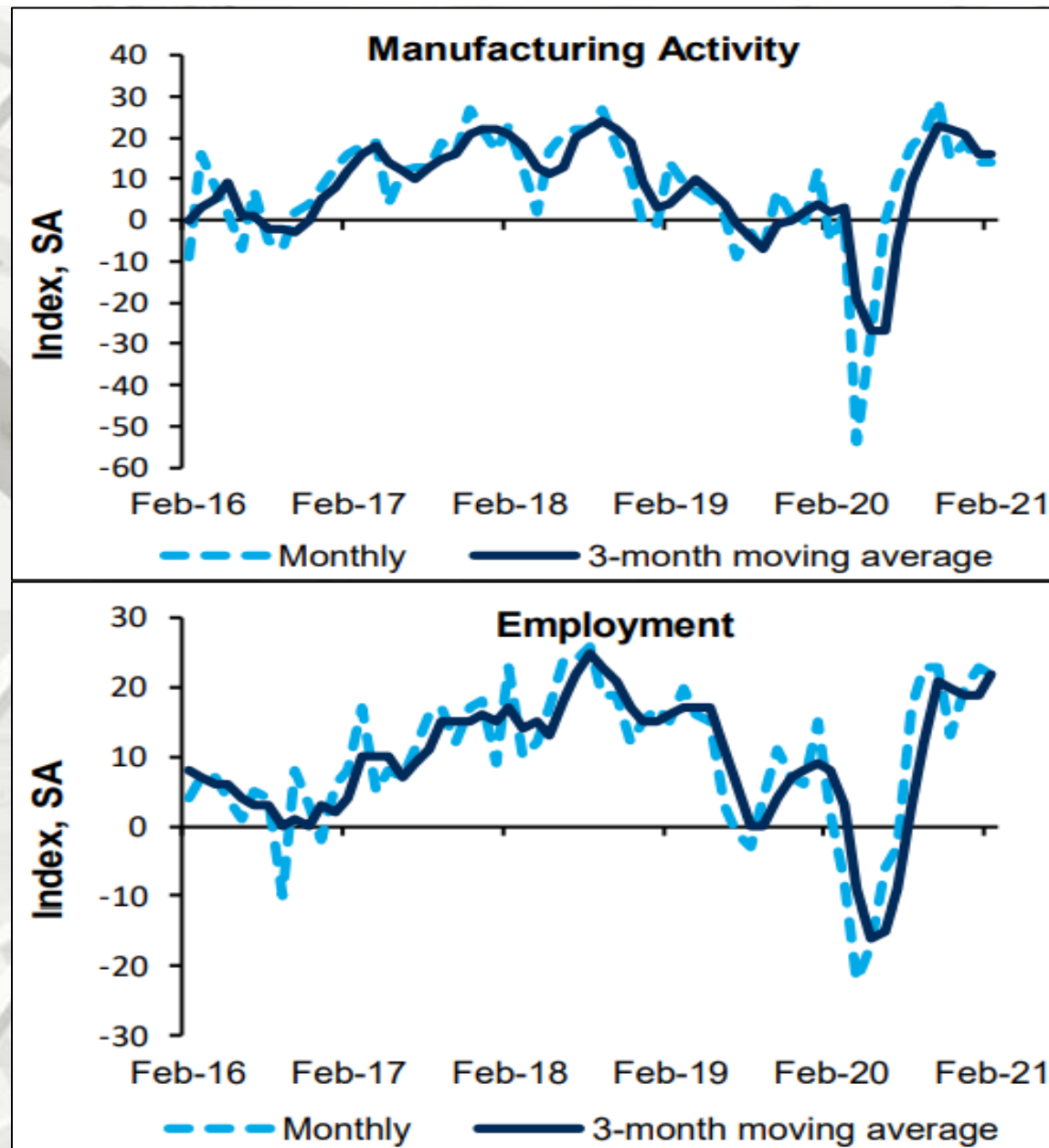
Survey results indicated that many manufacturers increased employment and wages in February. However, finding workers with the necessary skills was difficult. Respondents expected this difficulty to continue in the next six months.

The average growth rates of both prices paid and prices received by survey participants rose in February, as growth of prices paid continued to outpace that of prices received. Manufacturers expected this gap to narrow in the near future.” – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

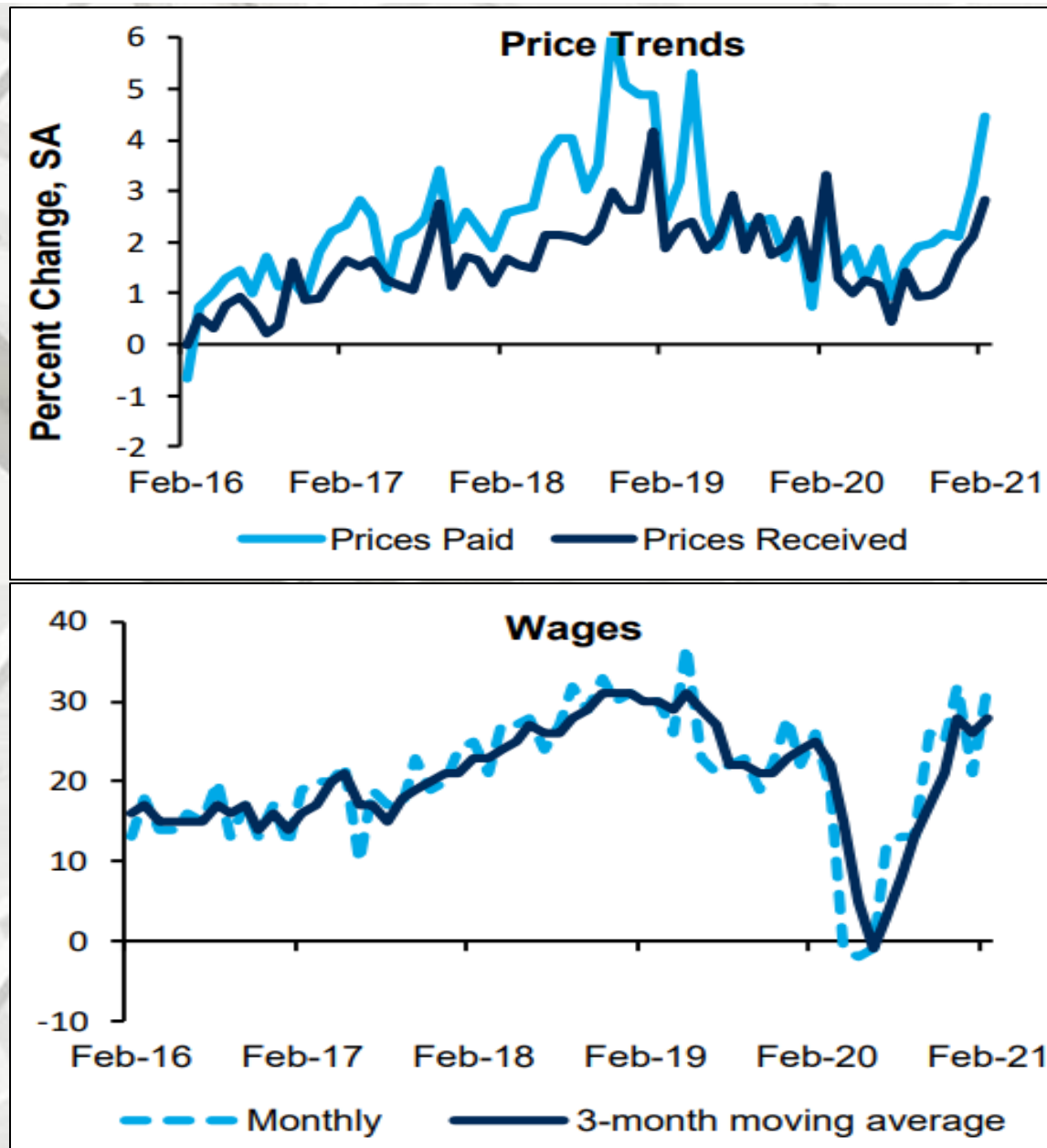
U.S. Economic Indicators



U.S. Economic Indicators



U.S. Economic Indicators



U.S. Economic Indicators

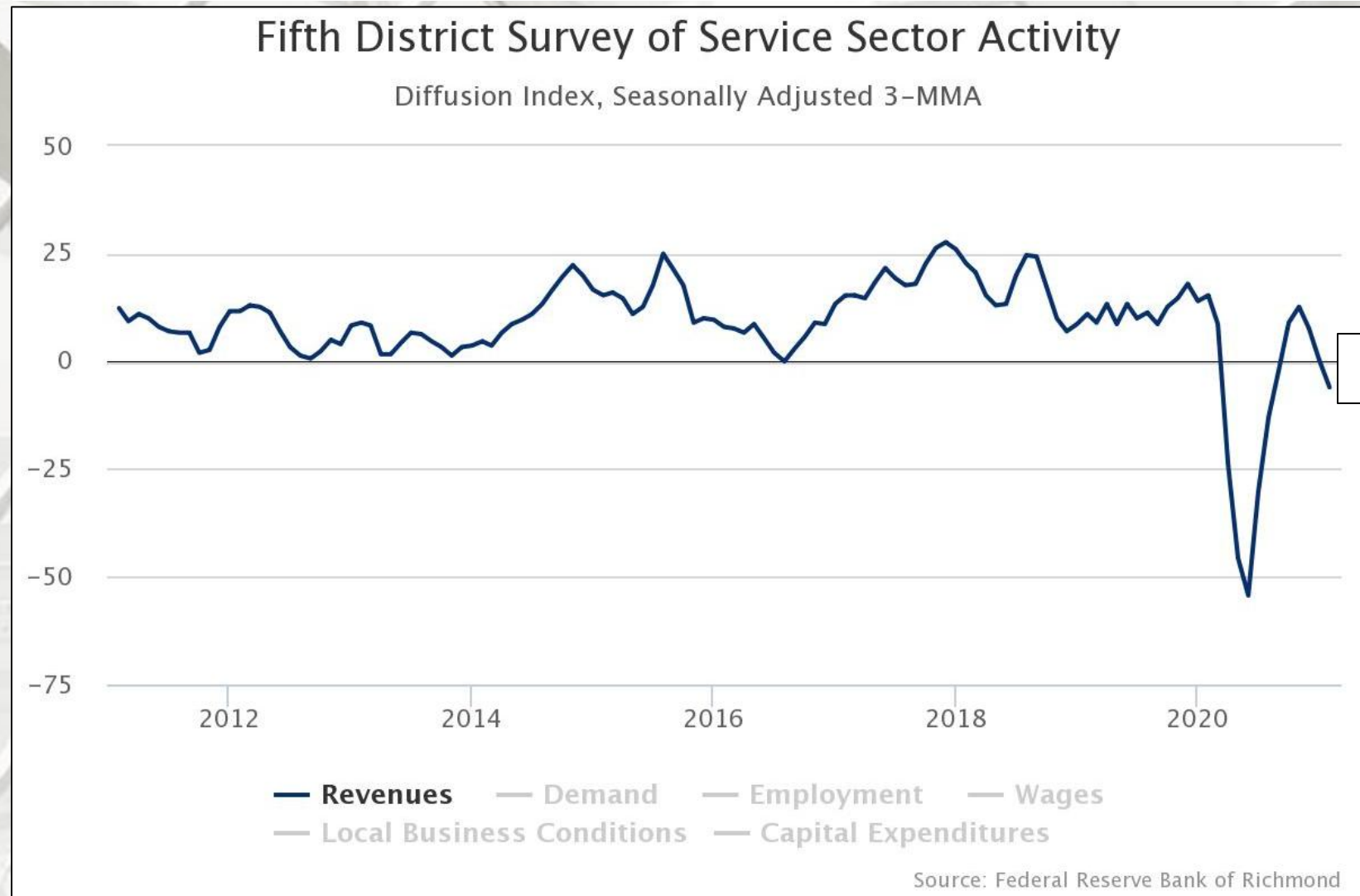
The Federal Reserve Bank of Richmond Fifth District Survey of Service Sector Activity Service Sector Firms Reported Mixed Conditions

“Fifth District service sector firms reported mixed conditions in February, according to the most recent survey from the Federal Reserve Bank of Richmond. The revenues index fell from –3 in January to –6 in February, but the demand index rose from 7 in January to 18 in February, its highest reading since last February. Many survey participants also reported increased capital spending over the month. Survey respondents were optimistic that conditions would improve in the next six months.

Many service sector firms increased employment and wages in February, but they struggled to find workers with the necessary skills. Survey participants expected this struggle to continue and employment and wages to rise further in the coming months.

The average growth rates of both prices paid and prices received by survey respondents fell in February, as growth of prices paid continued to outpace that of prices received. Survey participants expected growth of both prices paid and prices received to accelerate in the near future.” – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond

U.S. Economic Indicators



U.S. Economic Indicators

The Federal Reserve Bank of San Francisco

FedViews

“As noted by Chair Powell in his February 23, 2021 presentation to Congress on the semiannual *Monetary Policy Report*, “the path of the economy continues to depend significantly on the course of the virus and the measures undertaken to control its spread.” The number of new cases, hospitalizations, and deaths in the United States due to COVID-19 surged to all-time highs in the beginning of this year but over the past few weeks has fallen or stabilized. Currently the 7-day moving average of daily new cases is around 67,000 people. The number of people hospitalized is around 52,000, and daily new deaths due to the virus is around 2,000.

Timely distribution and uptake of available vaccines are needed to control the spread of the virus. Across all U.S. states, from 12 to 23% of the population have received at least one vaccination shot, while from 6 to 14% have received two shots. Essential workers and older adults make up most of these early vaccine recipients. About 80% of the distributed vaccines have already been administered. The production and distribution of vaccines is expected to ramp up steadily in the coming months.

Due in part to stimulus from fiscal and monetary policy and improvement in the country’s health situation, our outlook for the economy is more optimistic than projected in January. Real GDP grew 4.1% at an annual rate in the fourth quarter of 2020, revised up slightly from the prior estimate of the Bureau of Economic Analysis. We expect the level of real GDP to return gradually to potential between 2022 and 2023, based on its pre-pandemic trend. We also expect unemployment to remain elevated in the near term and decline to the natural rate between 2022 and 2023.” – Huiyu Li, Senior Economist, The Federal Reserve Bank of San Francisco

U.S. Economic Indicators

The Federal Reserve Bank of San Francisco

FedViews

“The contraction of the economy during 2020 has kept inflation low. Inflation has partially rebounded in recent months with the overall personal consumption expenditures (PCE) price index rising by 1.2% over the 12 months ending in December. Core inflation, which excludes volatile food and energy prices, rose by 1.4%. Inflation was running below the longer-run 2% goal of the Federal Open Market Committee (FOMC) before the pandemic, even with unemployment at the natural rate, and we expect inflation to remain below 2% for the next few years.

Chair Powell in his February 23 remarks on the *Monetary Policy Report* also reiterated the stance announced in the January 27, 2021 FOMC policy statement that “it will be appropriate to maintain the current accommodative target range of the federal funds rate until labor market conditions have reached levels consistent with the Committee’s assessments of maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time. In addition, we will continue to increase our holdings of Treasury securities and agency mortgage-backed securities at least at their current pace until substantial further progress has been made toward our goal.”

The current level of the federal funds rate is significantly accommodative as it stands about 2.5 percentage points below our estimate of the “neutral” federal funds rate. Long-term Treasury yields have risen from around 0.5% during August 2020 to around 1.5% in March 2021, possibly due to improved prospects for economic recovery and higher expected inflation.” – Huiyu Li, Senior Economist, The Federal Reserve Bank of San Francisco

U.S. Economic Indicators

The Federal Reserve Bank of San Francisco

FedViews

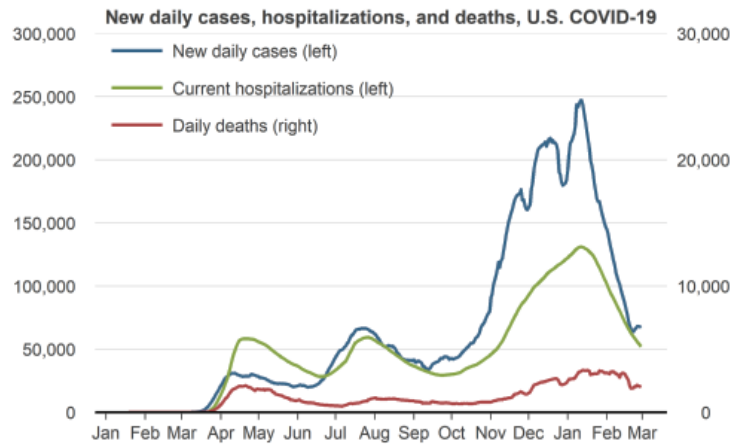
“While the near-term outlook for the economy has improved relative to earlier in the year, the pandemic may still adversely affect the economy in the long run. The effect of social distancing measures on schooling and educational attainment is a particularly important channel through which these effects may occur. The Weekly Household Pulse Survey conducted by the Census Bureau shows that about 35% of students learning in person and 55% of students engaged in distance learning report spending less time on schoolwork than before the pandemic.

Preliminary studies suggest that such disruptions, if unremedied, may lead to lower lifetime educational attainment of children today. Children spending less time on schoolwork may find it difficult to catch up on the knowledge needed for college admission. In addition, their parents may suffer income losses during the pandemic that prevent them from saving for college tuition or devoting resources for tutoring to supplement learning.

As children today are the workforce of tomorrow and educational attainment is correlated with employment prospects and labor productivity, lower educational attainment may reduce the future potential output of the economy. One estimate (Fernald, Li, and Ochse, 2021) is that the loss could be as large as $\frac{1}{4}$ percentage point of GDP on average or \$90 to \$100 billion (inflation adjusted) per year over the next 70 to 80 years.” – Huiyu Li, Senior Economist, The Federal Reserve Bank of San Francisco

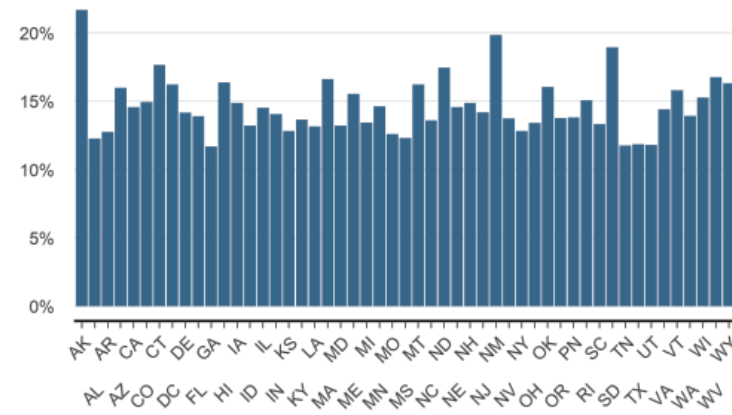
U.S. Economic Indicators

New cases, hospitalizations, and deaths are improving

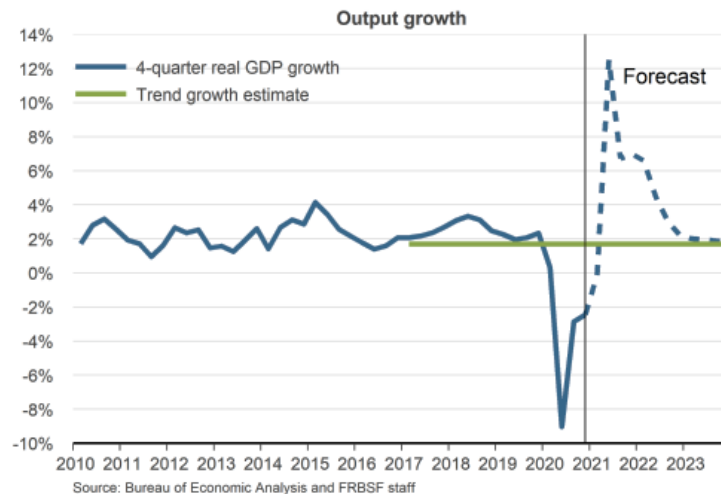


Vaccination rollout has begun

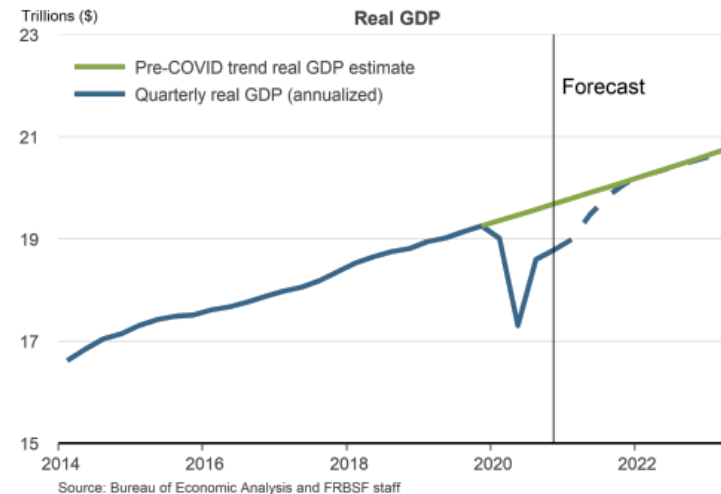
Share of population vaccinated by state



Output growth forecasted to improve

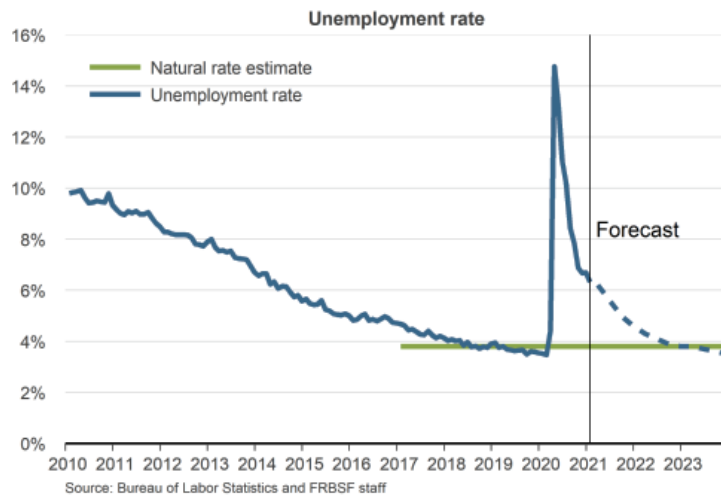


Expect real GDP to rebound to trend

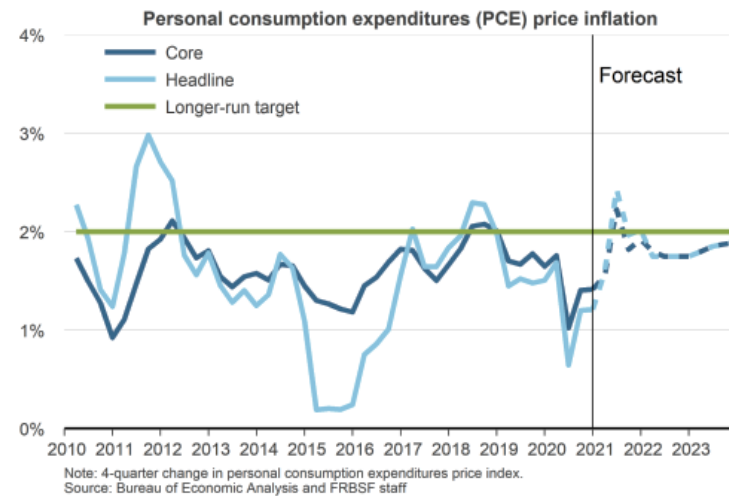


U.S. Economic Indicators

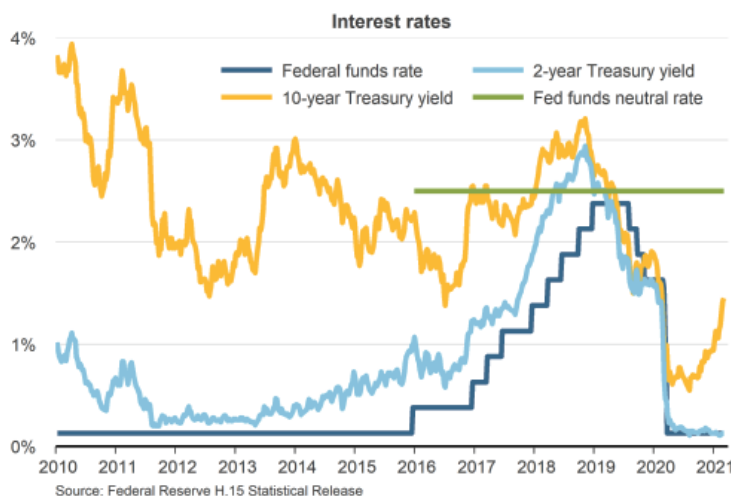
Expect unemployment rate to decline



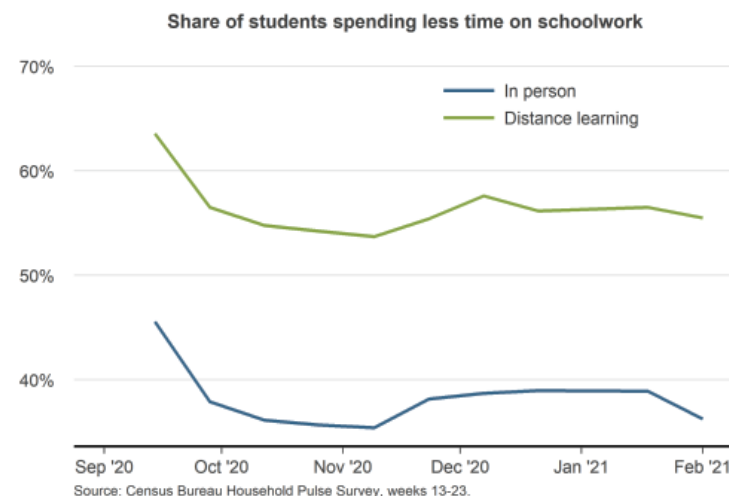
Inflation expected to remain below target



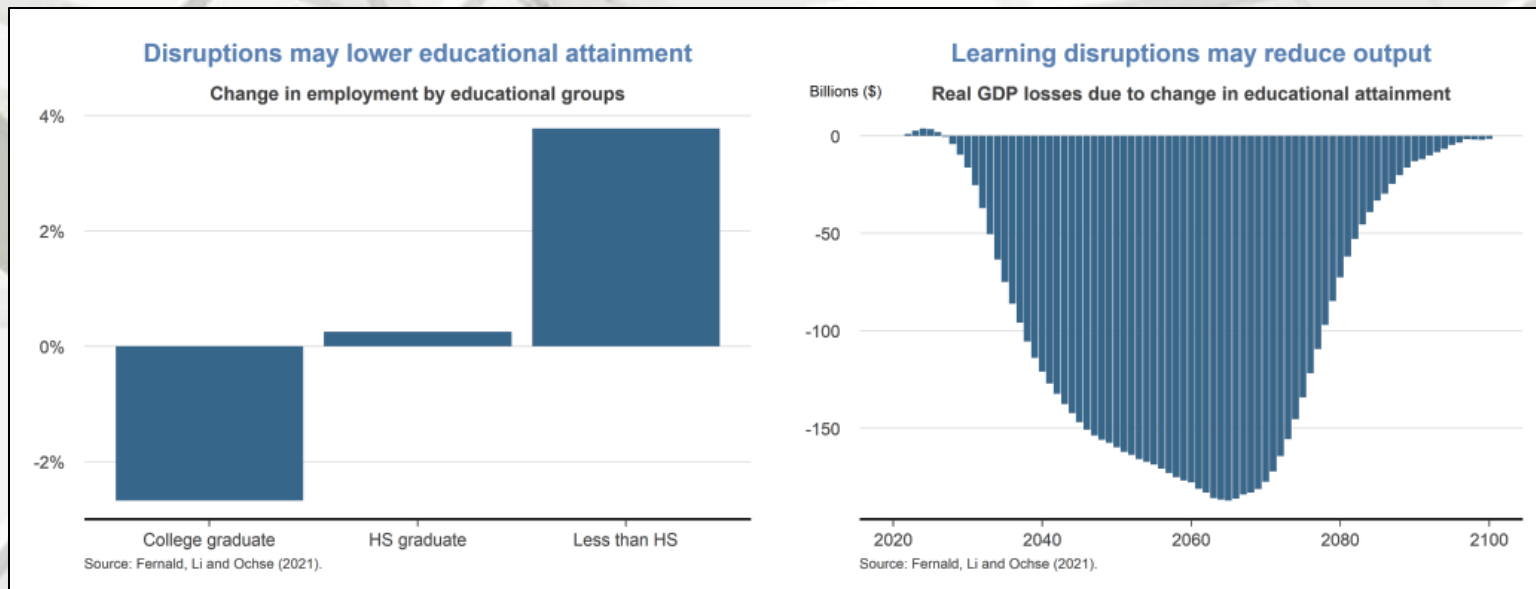
Interest rates remain low



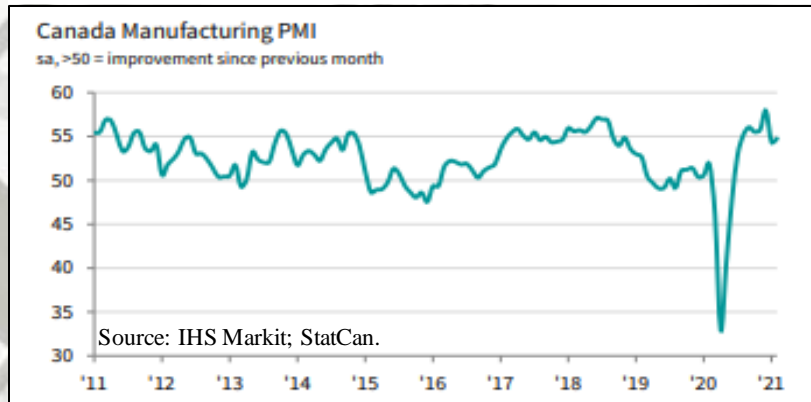
COVID-19 disrupts learning



U.S. Economic Indicators



Private Indicators: Global



Markit Canada Manufacturing PMI™

“The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers’ Index® (PMI®) 54.8 in February, up from 54.4 in January, indicative of a strong improvement in overall operating conditions.

Manufacturing growth picks up in February

A robust expansion in new orders helped underpin another solid improvement in operating conditions across the Canadian manufacturing sector during February. The improving demand environment and a rise in backlogs encouraged firms to add to workforces, while sustained growth in output led to another increase in purchasing activity. However, the latest survey data continued to reveal intense supply chain pressures, with delivery times lengthening markedly. Firms often mentioned that restrictions, implemented to curb the spread of the coronavirus disease 2019 (COVID-19), had often led to material shortages and transportation delays. As a result, manufactures incurred higher costs through supplier surcharges. ...

Latest PMI data highlights another solid improvement in the overall health and resilience of Canada's manufacturing sector. An improving domestic demand picture, greater purchasing activity and a sustained period of employment suggests firms expect greater output in the months ahead. That said, COVID-19 continues to pose its threats with severe transportation bottlenecks impacting the supply of inputs. As a result, firms faced sharper cost pressures which were consequently passed on to customers.

Meanwhile, foreign demand for Canadian goods was relatively weak as international markets continue to face business closures amid restrictions. Nevertheless, Canada's manufacturing sector extended its uninterrupted sequence of expansion to eight months. Moreover, firms remain widely upbeat about their growth prospects with vaccination news underpinning optimism during February.” – Tim Moore, Economics Associate Director, IHS Markit

Private Indicators: Global

Caixin China General Manufacturing PMI™

Manufacturing PMI slips to nine-month low in February

“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 – slipped from 51.5 in January to 50.9 in February, to signal a marginal improvement in operating conditions. Notably, the rate of improvement was the slowest seen since the current period of recovery began last May.

PMI data revealed a further, albeit softer, improvement in the health of China's manufacturing sector in February. Notably, companies recorded slower rises in both output and new work for the third month running. Firms often commented that the coronavirus disease 2019 (COVID-19) pandemic had weighed on demand and impacted business operations in the latest survey period. New export work declined for the second month running, while raw material shortages and transport delays led to a marked lengthening of suppliers' delivery times. Nonetheless, companies were strongly optimistic that output will rise over the next year amid hopes of a rebound in global economic conditions.

The fall in the headline index was partly driven by a slower expansion of output. The latest increase in production was modest overall, with growth having eased to a ten-month low. Panel members frequently mentioned that output rose in line with client demand. Total new work expanded at the weakest rate for nine months and only marginally overall. While there were reports of firmer demand conditions, the pandemic and recent rise in cases globally had reportedly weighed on overall sales growth. Notably, new export business declined for the second month in a row.

Firms maintained a cautious approach to staffing levels, with employment falling modestly in February. Concurrently, there seemed little pressure on operating capacities, as backlogs of work fell for the first time since last May, albeit marginally. ...” – Dr. Wang Zhe, Senior Economist, CEBM Group

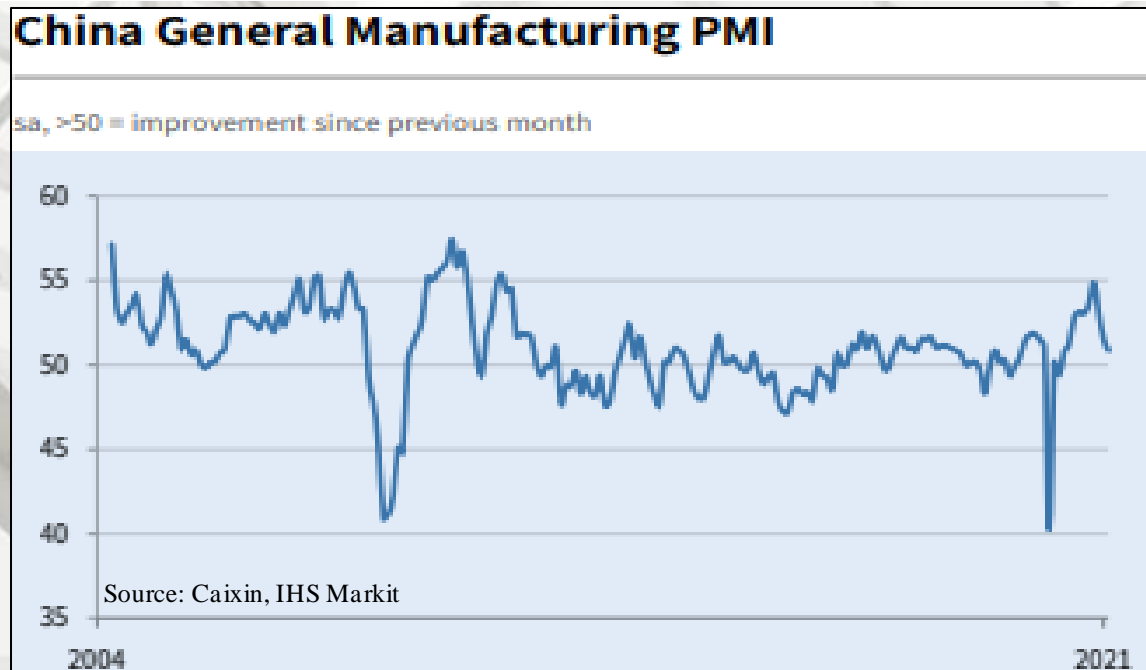
Private Indicators: Global

Caixin China General Manufacturing PMI™

“The Caixin China General Manufacturing PMI fell to 50.9 in February and stayed in positive territory for 10 straight months, indicating that the economic recovery in the manufacturing sector continued. But the effect of the recovery further weakened as the reading declined for a third straight month, falling to the lowest since May.

1. Both supply and demand in the manufacturing industry continued to expand, albeit at a slower pace. The subindexes for output and total new orders fell to the lowest levels in 10 months and nine months, respectively. Overseas demand continued to drag down overall demand as the measure for new export orders remained deep in negative territory for the second consecutive month. Surveyed manufacturers highlighted fallout from domestic flare-ups of Covid-19 in the winter as well as the overseas pandemic.
2. The job market remained under pressure. The subindex for employment fell for a third straight month, remaining in contractionary territory for the same period. Companies were not in a hurry to fill vacancies. It is also worth noting that backlogs of work fell for the first time in nine months, adding to evidence that demand was sluggish.
3. Inflationary pressure continued to increase as price measures stayed high. The gauge for input costs was well above 50, hitting highs not seen since December 2017 over the last three months. Surveyed companies said the prices of raw materials, especially industrial metals, continued to rise fast, and the price of transportation also increased. The rise in costs had to some extent been transmitted to the demand side, with output prices still rising sharply last month and increasing for the past 10 months.” – Dr. Wang Zhe, Senior Economist, CEBM Group

Private Indicators: Global



Caixin China General Manufacturing PMI™

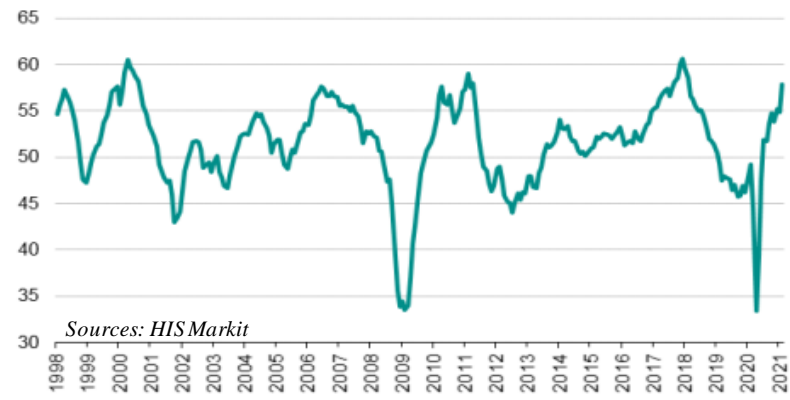
4. “The market became more optimistic. Manufacturers were confident that both the domestic and overseas epidemics would fade as the gauge for future output expectations jumped to the second highest level since August 2014.

To sum up, the momentum of the manufacturing recovery further weakened as the supply and demand both rose at a slower clip, adding pressure on employment. The prices of raw materials continued to increase and inflationary pressure continued to grow. Despite the headwinds mentioned above, manufacturers became more optimistic about the outlook for their businesses. The confidence mainly came from the accumulation of the experience in fighting the pandemic over the past year, as well as the expectation that the winter Covid-19 flare-ups were coming to an end. Now the major challenge for policymakers will be maintaining the post-coronavirus recovery while paying close attention to inflation.” – Dr. Wang Zhe, Senior Economist, CEBM Group

Private Indicators: Global

IHS Markit Eurozone Manufacturing PMI

Eurozone Manufacturing PMI, sa, 50 = no change



Markit Eurozone Manufacturing PMI®

“The eurozone’s manufacturing economy performed strongly in February as operating conditions improved to the greatest degree for three years. This was highlighted by the seasonally adjusted headline PMI® which rose to 57.9, up from 54.8 in January and better than the earlier flash reading. The index was above the 50.0 no-change mark that separates growth from contraction for an eighth successive month.

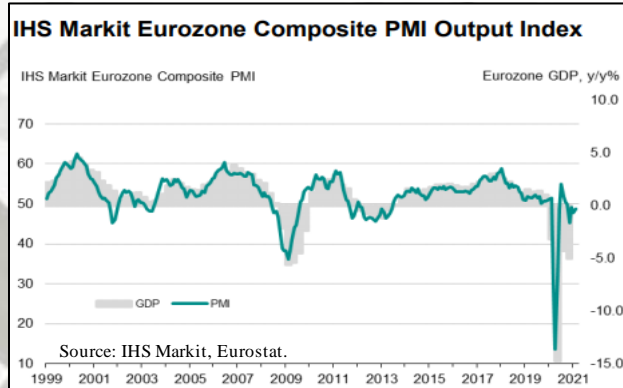
Fastest growth of eurozone manufacturing sector for three years

All three broad market groups recorded an improvement in operating conditions during February. Investment goods producers registered the strongest growth (the best since January 2018), followed by intermediate goods. Although consumer goods recorded comparatively modest growth, it was nonetheless its best performance since last September. ...

Manufacturing is appearing as an increasingly bright spot in the eurozone’s economy so far this year. The PMI has reached a three-year high to run at a level that has rarely been exceeded in more than two-decades of survey history – notably during the dot-com bubble, the initial rebound from the global financial crisis and in 2017-18. Producers are benefitting from resurgent demand for goods in both domestic and export markets, linked to post-COVID recovery hopes driving renewed stock building and investment in business equipment and machinery, as well as improved consumption.

The solid manufacturing expansion is clearly helping to offset ongoing virus-related weakness in many consumer-facing sectors, alleviating the impact of recent lockdown measures in many countries and helping to limit the overall pace of economic contraction. The growth spurt has brought its own problems, however, with demand for inputs not yet being met by supply. Shipping delays and shortages of materials are being widely reported, and led to near record supply chain delays. Prices paid for inputs are consequently rising at the fastest rate for nearly a decade, hinting at further increases in consumer price inflation in coming months, at least until supply and demand come back into balance.” – Chris Williamson, Chief Business Economist, Markit®

Private Indicators: Global



Markit Eurozone Composite PMI®

“The eurozone’s private sector economy experienced a further modest drop in output during February, although a rise in the seasonally adjusted **IHS Markit Eurozone PMI® Composite Output Index** pointed to a slower rate of contraction. The index posted 48.8 in February, up from January’s 47.8 and also higher than the earlier flash reading.

Strong manufacturing growth fails to offset services contraction

The latest data again indicated a broadly two-speed economy. On the one hand, manufacturing registered its strongest expansion of output in four months, fuelled by strengthened demand from both domestic and international sources. In stark contrast, the service sector – especially those areas impacted the most by social-contact restrictions – recorded another marked contraction of activity. ...

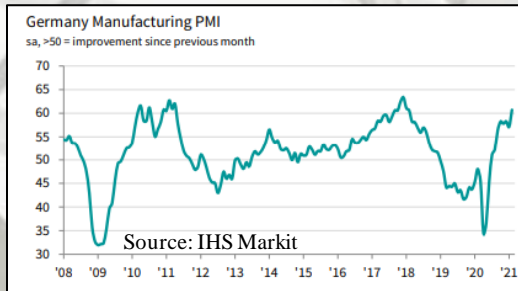
A fourth successive monthly drop in business activity puts the eurozone economy on course for a double-dip recession, though an easing in the rate of decline underscores how the latest downturn appears far less severe than the initial hit from the pandemic last year.

While many hospitality-based companies in the service sector continue to struggle due to COVID-19 related restrictions, manufacturing is faring well and alleviating the overall economic impact of lockdown measures. Even some hard-hit parts of the service economy are showing greater resilience than last year, suggesting some adaptation to the constraints of social distancing.

However, it’s becoming clear that many virus fighting measures will need to be in place for some time to come, in part due to the slow vaccine roll-out. This could extend the drag on the economy from the pandemic into the second half of the year and subdue the pace of recovery.

A key question will be the extent to which these containment measures will limit the supply of goods and services at a time of recovering demand, as this will in turn determine pricing power in coming months and affect how long the current bout of sharply rising prices will persist.” – Chris Williamson, Chief Business Economist, Markit®

Private Indicators: Global



IHS Markit/BME Germany Manufacturing PMI®

“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 – rose steeply to a 37-month high of 60.7 in February, from 57.1 in January.

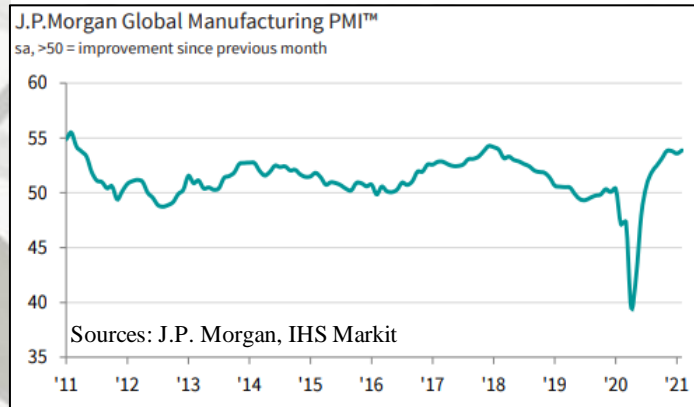
German manufacturing sector sees stronger growth in February, but supply chain pressures intensify

February PMI® survey data showed strong and accelerated growth in Germany's manufacturing sector, driven in part by robust demand from abroad. Less positively, however, there was a further deterioration in supply-side conditions, with reports of delivery delays hitting a record high and costs rising sharply. Nevertheless, manufacturers remained strongly optimistic about the year-ahead outlook for production. Contributing to the rise in the headline PMI was a faster increase in new orders. Having eased to a seven-month low at the start of the year, order book growth reaccelerated to the quickest since last October. There were widespread reports of higher demand from Asia (especially China), the US and across Europe, with export sales rising to the greatest extent since December 2017. ...

German manufacturing saw strong growth in February on the back of an increasingly positive trend in export orders. Capital goods producers noted a particularly strong performance, in a sign of increasing investment spending. But while the headline numbers are very encouraging and there was finally stability in employment at factories, less positive was the news that supply chain pressures intensified in February, with more firms reporting delays than ever before in nearly 25 years of data collection.

There looks to be further upward pressure on inflation in the German economy from supply bottlenecks and a subsequent surge in manufacturing input costs. Not only did costs rise more quickly in February, but goods producers were also better able to pass the burden on, leading to the steepest rise in factory gate prices for nearly two-and-a-half years. The data suggest that supply disruption is making it more difficult to replenish stocks, which could have consequences for production in the coming months. Nevertheless, the overriding sentiment for the longer-term outlook is optimism, with a record number of manufacturers expecting to see output rise over the next 12 months.” – Phil Smith, Principal Economist, IHSMarkit®

Private Indicators: Global



J.P. Morgan Global Manufacturing PMI™

“At 53.9 in February, up from 53.6 in January, the J. P. Morgan Global Manufacturing PMI™ – a composite index produced by J. P. Morgan and IHS Markit in association with ISM and IFPSM – rose to a three-year high. The PMI has signalled expansion in each of the past eight months. .

Global manufacturing sees faster growth in February

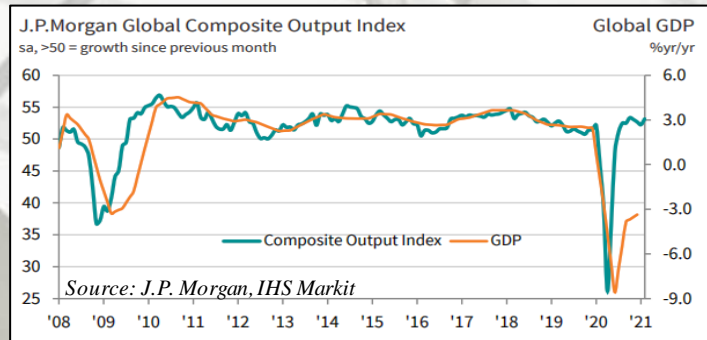
February saw a slight growth acceleration in global manufacturing production, keeping the rate of expansion among the best registered over the past decade. However, the industry remained beset by supply-chain disruptions and rising cost inflationary pressures. ... Global manufacturing output rose at a slightly quicker pace in February, despite growth of new order intakes easing to a five-month low. Although the trend in international trade remained relatively subdued, the rate of expansion in new export business nonetheless gathered pace.

23 out of the 29 nations for which February data were available had a PMI reading above the 50.0 mark. Only Greece, Kazakhstan, Malaysia, Thailand, Mexico and Myanmar saw contractions. The fastest improvement was signalled for Germany, followed by the Netherlands, the US and then Brazil. Growth in China (nine-month low) and Japan (first rise in almost two years) were both below the global average.

Data broken down by sector indicated growth of both output and new orders across the consumer, intermediate and investment goods industries. The fastest rate of expansion in production was in the investment goods category and the slowest at consumer goods producers. ...

The February global manufacturing PMI shows the economy continuing to show resilience against the second wave, as current output and new order ticked higher on the month. In addition to positive news on current work flow, business confidence employment improved. The rise in the future output PMI left the index at a high since mid-2014. To be sure, we continue watching manufacturing dynamics as supply-chain disruptions and rising cost pressures may constrain growth in the months ahead.” – Olya Borichevska, Global Economist, Global Economic Research, J.P. Morgan

Private Indicators: Global



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 – rose to 53.2 in February, up from 52.3 in January and its second-highest reading for two-and-a-half years. The headline index has now signalled expansion for eight consecutive months.

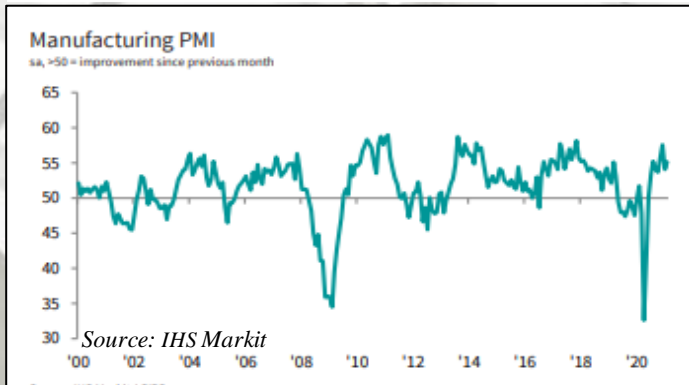
Global economic growth accelerates in February

Global economic growth accelerated to a four-month high in February. The rate of expansion ticked higher in manufacturing even though the sector was beset by rising supply-chain disruption, while services business activity increased at the quickest pace since last October. Growth was led by the US, where output rose to the greatest extent for six-and-a-half years. In second-place was India, where growth was the second-strongest for nine years. China, Germany, Italy, Russia and Australia also saw output rise. Downturns were signalled for Japan, the UK, France and Brazil among others.

Manufacturing continued to lead the global upturn, with production rising across the investment, intermediate and consumer goods industries. Growth at service providers was led by a further surge in the financial services sector. Business services also saw expansion, whereas the downturn at consumer service providers extended into its thirteenth successive month. New business growth accelerated to a three-month high, as conditions strengthened in a number of domestic markets and the trend in new export orders stabilised. Employment also ticked higher, as a slight drop in headcounts at service providers was more than offset by modest job creation at manufacturers. Staffing levels rose in the US, the euro area (on average), Japan, Australia and Russia. China, India, Brazil and the UK registered job losses. ...

The global economy showed continued resilience in February, achieving accelerated growth in both output and new orders and a further slight increase in employment. Inflationary pressures are still building, with sharper increases in both input costs and output charges. Part of this reflects the continued disruption of supply chains following the pandemic, which should hopefully lessen later in the year if restrictions ease in line with current forecasts.” – Olya Borichevska, Global Economic Research, J.P. Morgan

Private Indicators: Global



IHS Markit/CIPS UK Manufacturing PMI®

“The seasonally adjusted IHS Markit/CIPS Purchasing Managers’ Index® (PMI®) rose to 55.1 in February, up from 54.1 in January and above the flash estimate of 54.9. The PMI has signalled growth for nine months in a row.

Manufacturing upturn constrained by supply chain disruption and rising cost pressures in February

The upturn of the UK manufacturing sector was constrained by supply-chain disruption and rising cost pressure in February, keeping output growth only marginal despite a modest improvement in new order intakes. Output rose at the weakest pace during the current nine-month sequence of increase. New orders expanded following a slight decrease in January, as domestic demand improved and new export business inched higher. Companies reported improved demand from several markets – including the US, Asia, Scandinavia and (in a few cases) mainland Europe – but noted that the ongoing impact of COVID-19, Brexit complications and shipping difficulties also constrained export order growth. ...

The UK manufacturing sector was again hit by supply chain issues, COVID-19 restrictions, stalling exports, input shortages and rising cost pressures in February. Look past the headline PMI and the survey reveals near stagnant production, widespread shipping and port delays and confusion following the end of the Brexit transition period. In fact the biggest contributor to the headline PMI reading was a near-record lengthening of supplier delivery times. However, while normally a positive sign of an increasingly busy economy, the recent lengthening was far from welcome, more often than not linked to problems resulting from Brexit and COVID related. The resultant shortages for a vast array of components and raw materials, as rising demand chased restricted supply, led to a further acceleration in input cost inflation to a four-year high.

With current constraints likely to continue for the foreseeable future, pressure on prices and output volumes may remain a feature during the coming months. That said, improved domestic demand as lockdown restrictions ease and a further rise in manufacturers' optimism are reasons to hope brighter times are on the horizon, and have already supported a modest rebound in staffing levels since the turn of the year.” – Rob Dobson, Director, IHS Markit

Private Indicators

Associated Builders and Contractors

Nonresidential Construction Spending Stabilizes in January 2021, Down 5% Since January 2020

“National nonresidential construction spending increased 0.9% on a monthly basis in January 2021 but is down 5% since January 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 \$799.1 billion for the month.

Spending was up on a monthly basis in nine of the 16 nonresidential subcategories. Private nonresidential spending increased 0.4% in January, while public nonresidential construction spending increased 1.6%. Only four nonresidential construction categories have experienced growth in spending on a year-over-year basis, all of which are primarily publicly financed segments.

“It is remarkable that overall nonresidential construction spending has stabilized recently despite the lingering impacts of the COVID-19 pandemic,” said ABC Chief Economist Anirban Basu. “January 2021’s construction spending data line up with the [Construction Backlog Indicator](#) produced by ABC, which indicates that backlog is stabilizing and that many nonresidential contractors expect both sales and staffing levels to expand over the next six months.” – Erika Walter, Director of Media Relations, ABC

Associated Builders and Contractors

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

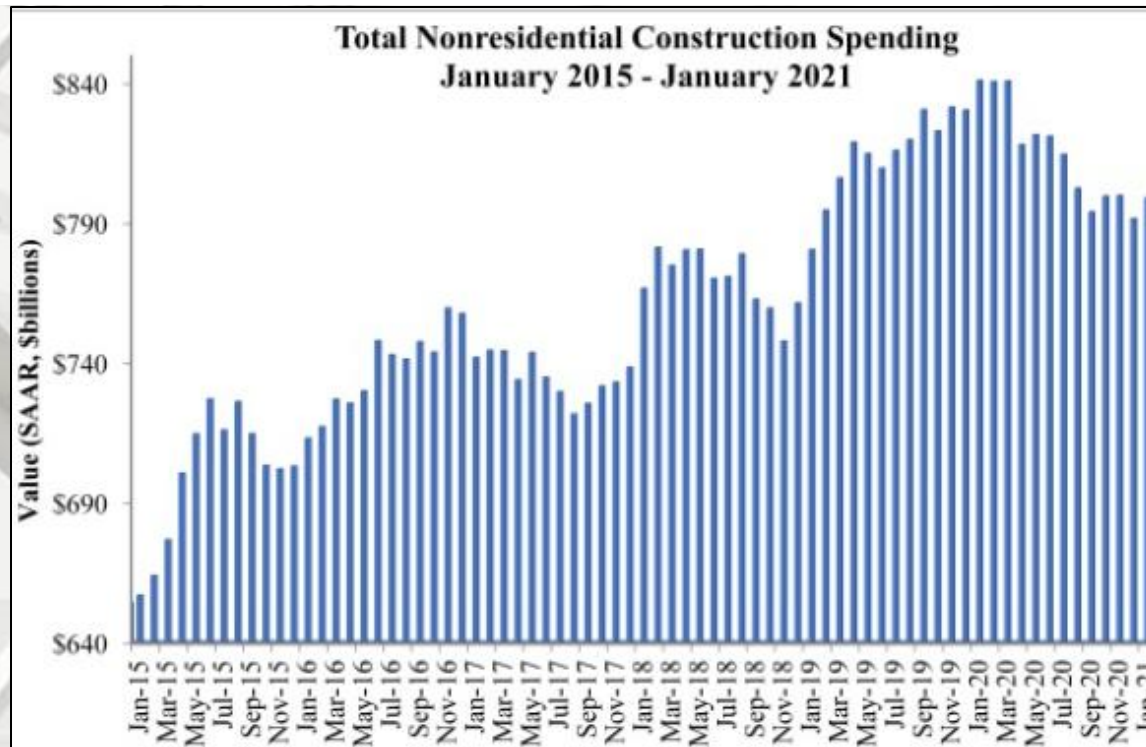
| | January 2021 | December 2020 | January 2020 | 1-Month % Change | 12-Month % Change |
|------------------------------|--------------|---------------|--------------|------------------|-------------------|
| Nonresidential | \$799,074 | \$791,627 | \$840,990 | 0.9% | -5.0% |
| Conservation and development | \$7,610 | \$7,161 | \$9,791 | 6.3% | -22.3% |
| Highway and street | \$108,108 | \$102,152 | \$101,784 | 5.8% | 6.2% |
| Manufacturing | \$65,822 | \$62,882 | \$77,204 | 4.7% | -14.7% |
| Public safety | \$16,246 | \$16,007 | \$12,928 | 1.5% | 25.7% |
| Health care | \$46,171 | \$45,659 | \$47,497 | 1.1% | -2.8% |
| Communication | \$22,321 | \$22,084 | \$22,700 | 1.1% | -1.7% |
| Amusement and recreation | \$25,074 | \$24,886 | \$28,809 | 0.8% | -13.0% |
| Water supply | \$18,369 | \$18,259 | \$17,714 | 0.6% | 3.7% |
| Lodging | \$24,908 | \$24,788 | \$32,133 | 0.5% | -22.5% |
| Educational | \$106,188 | \$106,186 | \$108,392 | 0.0% | -2.0% |
| Office | \$79,515 | \$79,572 | \$83,280 | -0.1% | -4.5% |
| Transportation | \$56,585 | \$56,916 | \$57,275 | -0.6% | -1.2% |
| Religious | \$3,111 | \$3,133 | \$3,555 | -0.7% | -12.5% |
| Power | \$114,181 | \$115,025 | \$126,449 | -0.7% | -9.7% |
| Sewage and waste disposal | \$26,506 | \$27,024 | \$26,317 | -1.9% | 0.7% |
| Commercial | \$78,361 | \$79,895 | \$85,166 | -1.9% | -8.0% |
| Private Nonresidential | \$447,027 | \$445,236 | \$497,321 | 0.4% | -10.1% |
| Public Nonresidential | \$352,047 | \$346,392 | \$343,670 | 1.6% | 2.4% |

Source: U.S. Census Bureau

Nonresidential Construction Spending Stabilizes in January 2021, Down 5% Since January 2020

““There are some key caveats, however,” said Basu. “Private nonresidential construction remains soft in the context of compromised commercial real estate fundamentals. Construction spending in the lodging segment is down nearly 23% over the past year, and office construction spending is down both on both a monthly and yearly basis. The trajectory of remote work, business travel and brick-and-mortar retail is still uncertain, so construction spending in a large number of private categories is poised to remain soft for the foreseeable future.” – Erika Walter, Director of Media Relations, ABC

Associated Builders and Contractors



Source: U.S. Census Bureau

Nonresidential Construction Spending Stabilizes in January 2021, Down 5% Since January 2020

““There is at least one additional consideration that serves as a bit of a damper in what was an otherwise decent construction spending report for January,” said Basu. “The rise in construction spending in January could largely reflect [rising materials prices](#) and efforts by contractors to pass at least some of those increases to purchasers of construction services. It comes as little surprise that many of the contractors who expect rising sales and staffing levels during the first half of 2021 also anticipate shrinking margins.”” – Erika Walter, Director of Media Relations, ABC

Private Indicators

Associated Builders and Contractors

ABC's Construction Backlog Indicator Rose Sharply in February; Contractor Optimism Builds

“Associated Builders and Contractors reported today that its Construction Backlog Indicator rose to 8.2 months in February, according to an ABC member survey conducted from Feb. 22 to March 3. This is up 0.7 months from January’s reading, but is still 0.7 months lower than in February 2020.

ABC’s Construction Confidence Index readings for sales, profit margins and staffing levels also increased in February. All three indices are now above the threshold of 50, indicating expectations of growth during the next six months, but below February 2020 levels.

““The expectation that rapid economic recovery could begin later this year has now swept through the nonresidential construction sector, which is surprising, as I anticipated this segment would be less upbeat,” said ABC Chief Economist Anirban Basu. “After all, commercial real estate fundamentals have been compromised by behavioral and policy shifts motivated by the COVID-19 pandemic. Public finances have also been affected negatively, which could diminish demand for construction services going forward. Rapidly rising materials prices are also creating concern, as they would have a tendency to further squeeze industry profit margins.

“Despite these factors, contractors now expect sales, staffing levels and profit margins to expand over the next six months,” said Basu. “The way to reconcile downbeat macroeconomic considerations with growing contractor confidence is to analyze backlog. Backlog has been edging higher for several months and rose sharply last month as projects that had been mothballed are coming back to life. Based on survey responses completed in February, projects are reinitiating more rapidly than previously anticipated, driving up both backlog and contractor sentiment. Respondents also appear to view additional federal stimulus as another reason to be optimistic about the near-term.”” – Erika Walter, Director of Media Relations, ABC

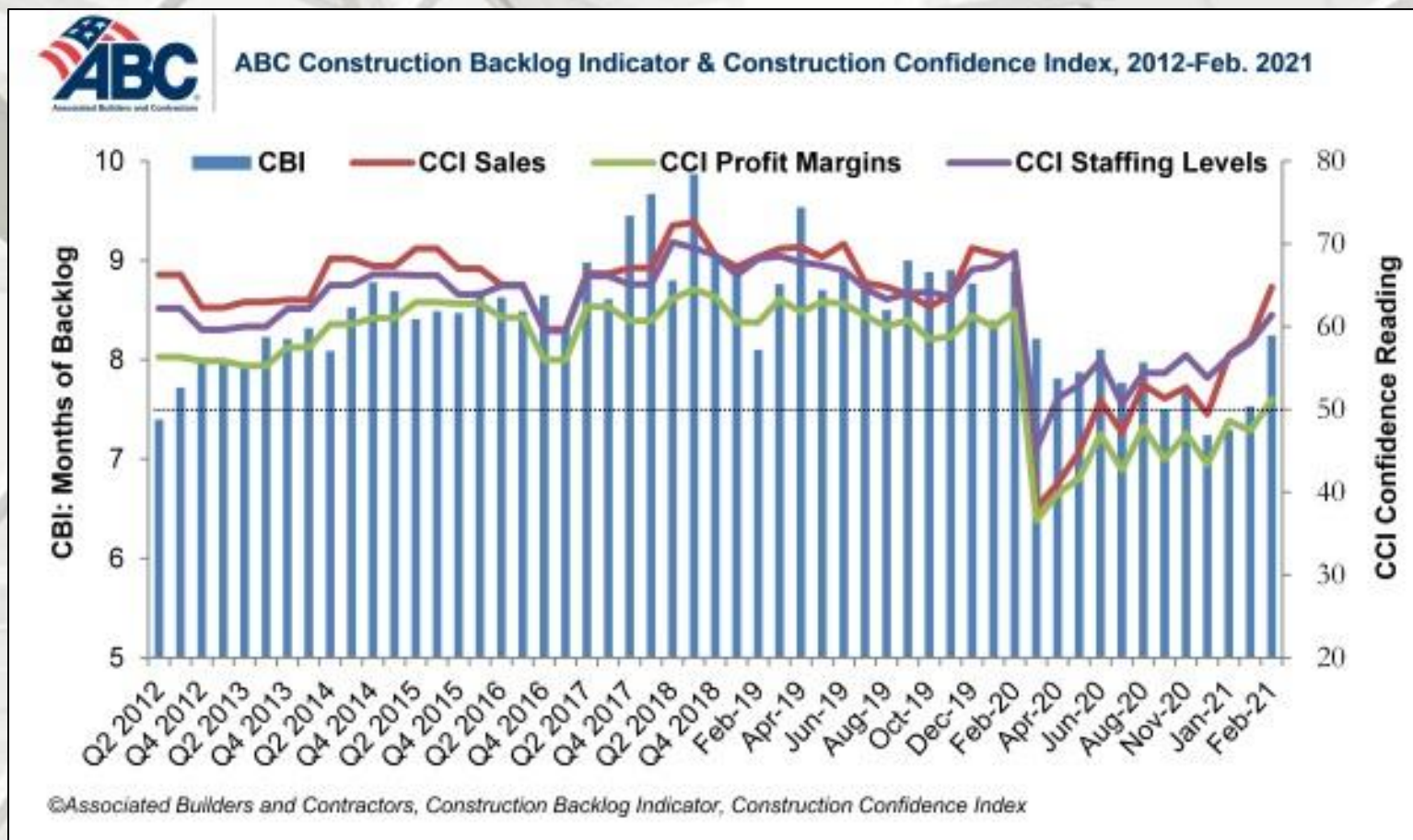
Private Indicators

Associated Builders and Contractors

| Construction Confidence Index | | | |
|------------------------------------|---------------|--------------|---------------|
| Response | February 2021 | January 2021 | February 2020 |
| CCI Reading | | | |
| Sales | 64.8 | 58.4 | 68.3 |
| Profit Margins | 51.2 | 47.5 | 61.9 |
| Staffing | 61.4 | 58.1 | 69.0 |
| Sales Expectations | | | |
| Up Big | 11.1% | 8.4% | 14.3% |
| Up Small | 56.7% | 47.8% | 54.1% |
| No Change | 15.8% | 19.9% | 22.5% |
| Down Small | 12.9% | 16.8% | 8.6% |
| Down Big | 3.5% | 7.1% | 0.4% |
| Profit Margins Expectations | | | |
| Up Big | 2.3% | 2.2% | 6.1% |
| Up Small | 33.3% | 28.8% | 45.1% |
| No Change | 36.8% | 34.5% | 39.3% |
| Down Small | 21.6% | 25.7% | 9.0% |
| Down Big | 5.8% | 8.8% | 0.4% |
| Staffing Level Expectations | | | |
| Up Big | 3.5% | 3.5% | 7.8% |
| Up Small | 49.1% | 45.1% | 63.9% |
| No Change | 38.6% | 35.8% | 24.6% |
| Down Small | 7.0% | 11.1% | 3.7% |
| Down Big | 1.8% | 4.4% | 0.0% |

© Associated Builders and Contractors, Construction Confidence Index

Private Indicators Associated Builders and Contractors



Private Indicators

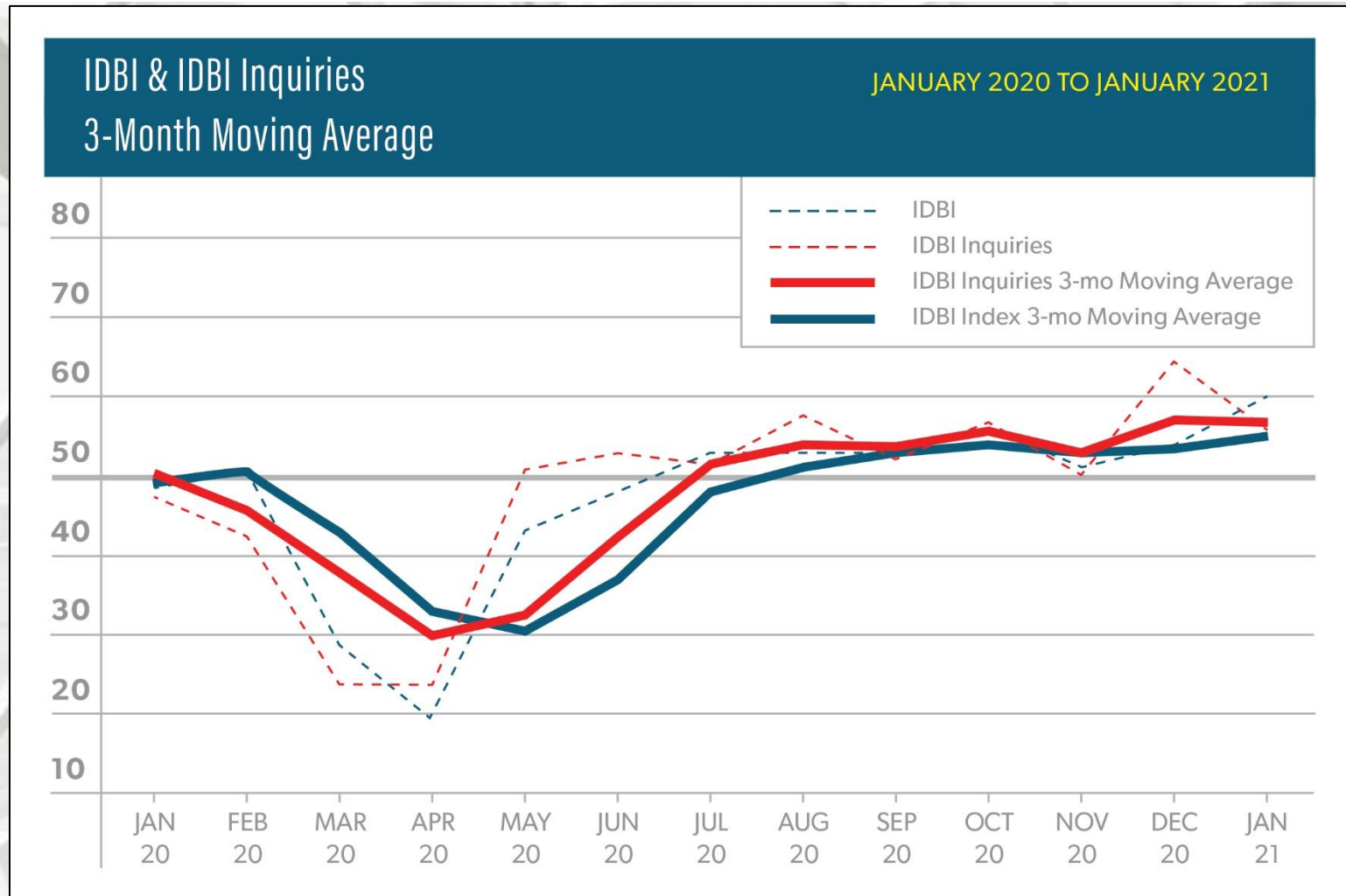
American Society of Interior Designers (ASID) Interior Design Billings Index (IDBI)

2021 Starts on a High Note for Interior Design Business

- “Billings index* climbed up to 60.4, the highest since March 2019 (61.8) – substantially higher than 2020 business performance growth overall
- Inquiries index* shows continued growth, but to a lesser degree – index dropped 8.3 points to 56.0
- Three-month moving averages for billings (55.0) and inquiries (56.8) are both showing positive signs for interior design business performance; inquiries have been growing for the seventh consecutive month
- Interior design businesses are expecting continued developments as the six-month outlook index* demonstrates a very positive view for future growth at 64.5, the highest since April 2019 (66.4)
- When asked about their current level of concern related to the impact of COVID-19 on your business, the average fell to 3.22, the lowest value since the question’s inception back in March 2020 (1- No concern/Business as usual to 5 - High concern/Anxiety from disruption and unknown)” – American Society Of Interior Designers

Private Indicators

ASID Interior Design Billings Index (IDBI)



Private Indicators

American Institute of Architects (AIA)

Architecture Billings Index January 2021

Architecture firms report some signs of optimism amid the ongoing decline in billings

While some projects have been delayed due to the pandemic, few have been cancelled outright

“After experiencing more disappointing business conditions in December, fewer architecture firms reported declining firm billings in January. Despite an ABI score of 44.9, indicating that the majority of firms reported a decline in billings for the eleventh consecutive month, there are increasing signs of optimism. Inquiries into new work at firms reached its highest level since the pandemic began, while the value of new design contracts also approached growth once again, following two months of weaker conditions. With vaccinations picking up speed, and plans for additional relief measures making their way through Congress, there may be more reasons for hope ahead.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

“The broader economy entered a soft spot during the fourth quarter of last year, and business conditions at design firms have reflected this general slowdown. While federal stimulus and the increasing pace of vaccinations may begin to accelerate progress in the coming months, the year has gotten off to a slow start, with architecture firms in all regions of the country and in all specializations reporting continued declines in project billings.” Kermit Baker, Chief Economist, AIA

Private Indicators

American Institute of Architects (AIA)

National

While firm billings continue to decline, signs of future work are improving

Graphs represent data from January 2020–January 2021.

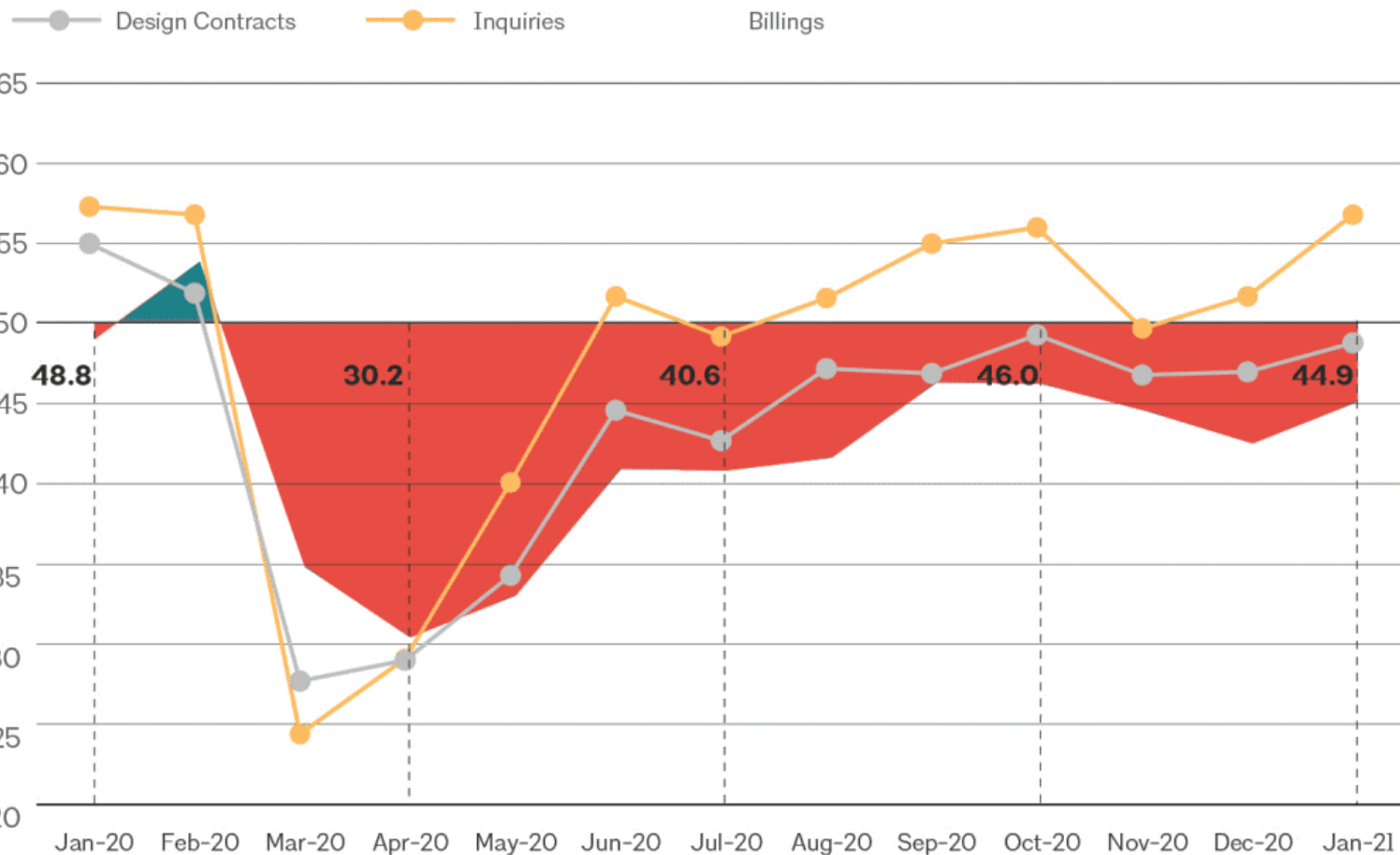


Above 50



Below 50

No change from previous period

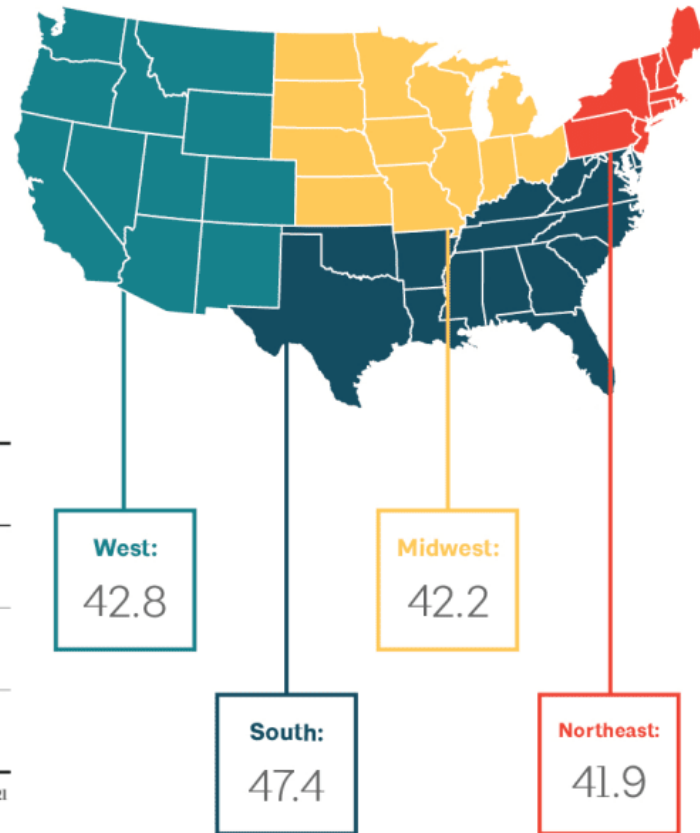
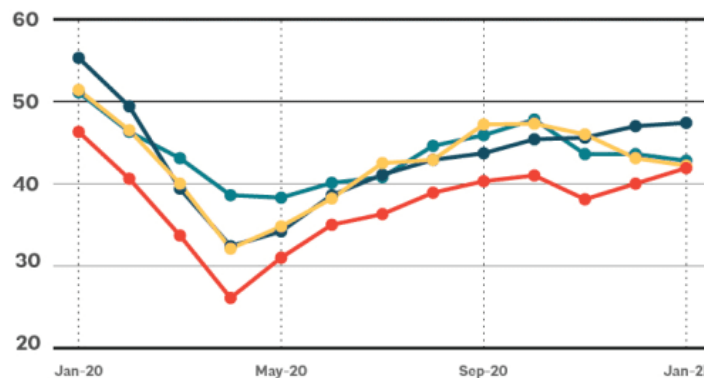


Private Indicators: AIA

Regional

Business conditions soften further at firms in the Midwest and West

Graphs represent data from January 2020–January 2021 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



Region

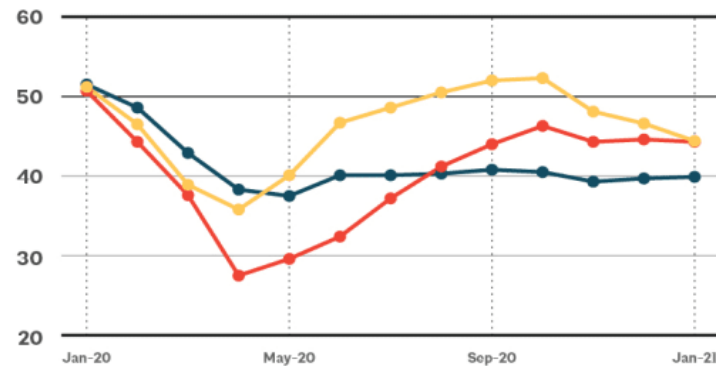
“However, business conditions remain largely soft at firms throughout the country. Firms located in the South are closest to returning to billings growth, while firms located in the Midwest and West have seen conditions weaken further every month for the last several months.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Private Indicators: AIA

Sector

Billings decline further at firms of all specializations

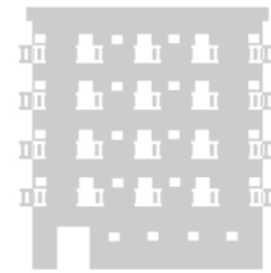
Graphs represent data from January 2020–January 2021 across the three sectors. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



Commercial/Industrial: 44.3



Institutional: 39.9



Residential: 44.4

Sector

“Business conditions have also noticeably softened at firms with a multifamily residential specialization recently, which were the first to return to growth in late last summer. Billings at firms with a residential specialization have now declined for three consecutive months as demand for multifamily housing has waned, even as demand for single-family residential, not measured by the ABI, has strengthened. Meanwhile, business conditions have remained at an essentially steady pace of decline at firms with commercial/industrial and institutional specializations for the last several months.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Private Indicators

Dodge Data & Analytics

Construction Starts Down to Begin 2021

Strong warehouse and manufacturing activity not enough to offset wide-ranging weakness

“Total construction starts dropped 4% in January to a seasonally adjusted annual rate of \$794.3 billion. Nonresidential building starts were flat in January, while nonbuilding starts dropped 10% and residential starts were 4% lower. From a regional perspective, starts were lower in three of the five regions – the Midwest, South Atlantic, and South Central. Starts rose, however, in the Northeast and West.

With only one month of 2021 completed, a year-to-date analysis will provide little useful information. Additionally, January 2020 (i.e., pre-pandemic) was the culmination of a strong cyclical upswing in construction starts that began in 2010 and thus provides a poor point of comparison. An alternative viewpoint for analysis is comparing 12-month totals. For the 12 months ending January 2021 total construction starts were 11% below the 12 months ending January 2020. Nonresidential starts were down 25%, while nonbuilding starts dropped 15%. Residential starts, however, were 5% higher for the 12 months ending January 2021. In January, the Dodge Index lost 4% to 168 (2000=100) from the 175 reading in December.

“The tenuous beginning to construction starts in 2021 highlights the long and rocky road ahead for the sector this year”, stated Richard Branch, Chief Economist for Dodge Data & Analytics. “Over the course of the year the economy will recover as more Americans receive their vaccinations. However, the construction sector’s recovery will take time to materialize due to the deep scars caused to the industry by the pandemic. Patience will be key in the months to come.”” – Nicole Sullivan, Public Relations & Social Media, AFFECT

Private Indicators

Dodge Data & Analytics

“**Residential building** starts fell 4% in January to a seasonally adjusted annual rate of \$401.4 billion. Multifamily housing starts were 7% lower, while single family dropped 3%.

The largest multifamily structure to break ground in January was the \$200 million DOT Block Residences in Dorchester MA. Also getting underway during the month were the \$153 million Halley Rise Block D-1 mixed-use building in Reston VA and the \$112 million 1400 W Randolph St apartments in Chicago IL.

For the 12 months ending January 2021, total residential starts were 5% higher than the 12 months ending January 2020. Single family starts gained 12%, while multifamily starts slid 12% on a 12-month sum basis.

Nonresidential building starts were unchanged in January at a seasonally adjusted annual rate of \$224.5 billion. Commercial starts were 1% higher during the month as a sizeable gain in warehouse construction offset declines elsewhere. Institutional building starts fell 9% in January, with education and healthcare construction down sharply. Manufacturing starts, meanwhile, rose 81% due to the start of two large projects.

The largest nonresidential building project to break ground in January was Nucor’s \$850 million steel mill in Brandenburg KY. Also starting during the month were Nikola Motor’s \$470 million hydrogen-electric truck plant in Eloy AZ, and the \$327 million Riddle Hospital campus modernization in Media PA.

For the 12 months ending January 2021, nonresidential building starts tumbled 25% relative to the 12 months ending January 2020. Commercial starts dropped 27%, institutional starts were 15% lower, while manufacturing starts collapsed 59%.” – Richard Branch, Chief Economist, Dodge Data & Analytics

Private Indicators

January 2021 Construction Starts

MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

| | January 2021 | December 2020 | % Change |
|---------------------------|------------------|------------------|-----------|
| Nonresidential Building | \$224,525 | \$225,615 | 0 |
| Residential Building | 401,370 | 416,264 | -4 |
| Nonbuilding Construction | 168,365 | 186,911 | -10 |
| Total Construction | \$794,260 | \$828,790 | -4 |

YEAR-TO-DATE CONSTRUCTION STARTS

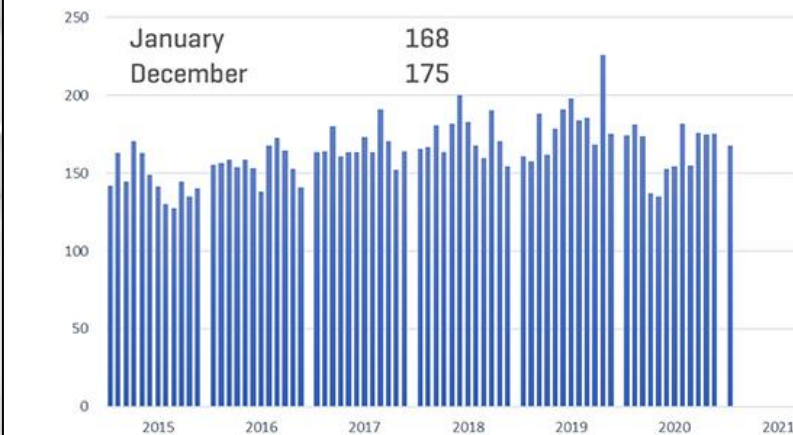
Unadjusted Totals, in Millions of Dollars

| | 1 Mos. 2021 | 1 Mos. 2020 | % Change |
|---------------------------|-----------------|-----------------|-----------|
| Nonresidential Building | \$16,862 | \$22,184 | -24 |
| Residential Building | 29,109 | 27,561 | 6 |
| Nonbuilding Construction | 12,472 | 14,144 | -12 |
| Total Construction | \$58,443 | \$63,889 | -9 |

January 2021 Construction Starts

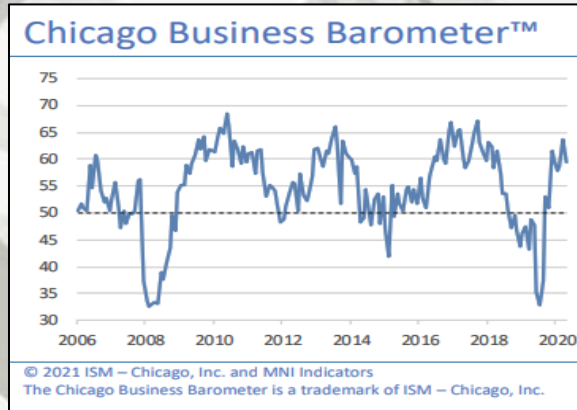
THE DODGE INDEX

(2000=100, Seasonally Adjusted)



Source: Dodge Data & Analytics

Private Indicators



MNI Chicago

“The Chicago Business Barometer™, produced with MNI, fell 4.3 points to 59.5 in February. The downtick comes after a sharp increase in the previous month, when the index rose to a 2.5-year high.

Chicago Business Barometer™ – Slipped to 59.5 in February

Among the main five indicators, New Orders saw the largest monthly decline, followed by Production. Employment recorded the biggest gain. Demand eased markedly in February with New Orders dropping 11 points, its lowest level since August 2020. Similarly, Production shed 9.3 points, following two consecutive months of gains. Anecdotal evidence provides a mixed picture, with some firms experiencing a downturn due to the pandemic, while others report strong consumer demand.

Order Backlogs edged higher for the fourth successive month to the highest level since October 2017. Inventories declined 4.6 points in February but remained in expansion territory with firms stating that logistical issues require an increase in stocks.

Employment rose 5.7 points to a sixteen-month high. The index has been in contraction territory since July 2019, despite the demand for blue collar workers. Supplier Deliveries inched up 1.6 points, its highest level since May and recorded the third highest reading since the start of the pandemic. Prices paid at the factory gate edged marginally higher, up 0.1 points, reaching the highest level since September 2018. Companies again noted price increases for raw materials, especially tin.

This month’s special question asked, “How did you cope with disruption this past year?” The majority, at 41.7%, increased their safety stocks, while 22.9% of respondents either implemented new technology or diversified suppliers. The second question asked, “Has your organization decided to require your workforce and contingent labor to be vaccinated?” The majority, at 87.2%, was undecided when asked.”

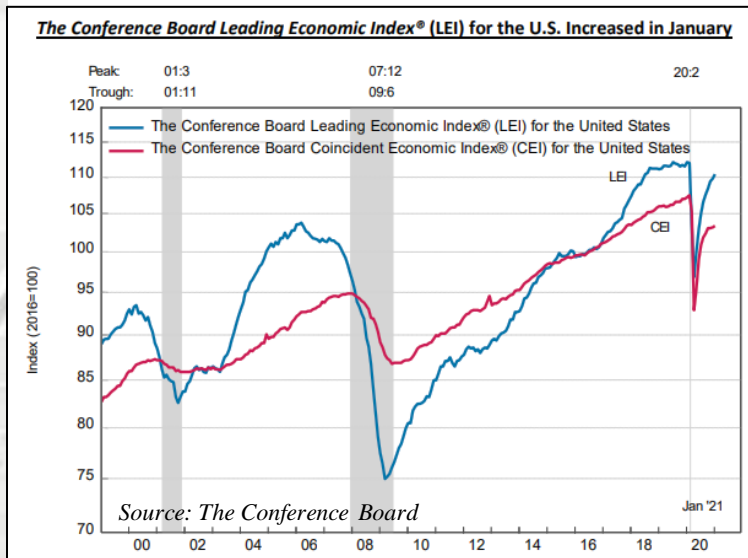
– Les Commons, Senior Economist and Irene Prihoda, Economist, MNI Indicators

Private Indicators

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

The Conference Board Leading Economic Index® (LEI) for the U.S. increased 0.5 percent in January to 110.3 (2016 = 100), following a 0.4 percent increase in December and a 0.9 percent increase in November.

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



“While the pace of increase in the U.S. LEI has slowed since mid-2020, January’s gains were broad-based and suggest economic growth should improve gradually over the first half of 2021. As the vaccination campaign against COVID-19 accelerates, labor markets and overall growth are likely to continue improving through the rest of this year as well. The Conference Board now expects the U.S. economy to expand by 4.4 percent in 2021, after a 3.5 percent contraction in 2020.” – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased 0.2 percent in January to 103.3 (2016 = 100), following a 0.1 percent increase in December and no change in November..

The Conference Board Lagging Economic Index® (LAG) for the U.S. decreased 0.6 percent in January to 106.2 (2016 = 100), following a 0.5 percent increase in December and no change in November.

Private Indicators

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

January New Business Volume Down 12 Percent Year-over-year

“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 January was \$8.1 billion, down 12 percent year-over-year from new business volume in January 2020. Volume was down 33 percent month-to-month from \$12.1 billion in December following the typical end-of-quarter, end-of-year spike in new business activity.

Receivables over 30 days were 2.20 percent, unchanged from the previous month and up from 2.00 percent in the same period in 2020. Charge-offs were 0.47 percent, down from 0.59 percent the previous month and unchanged from the year-earlier period.

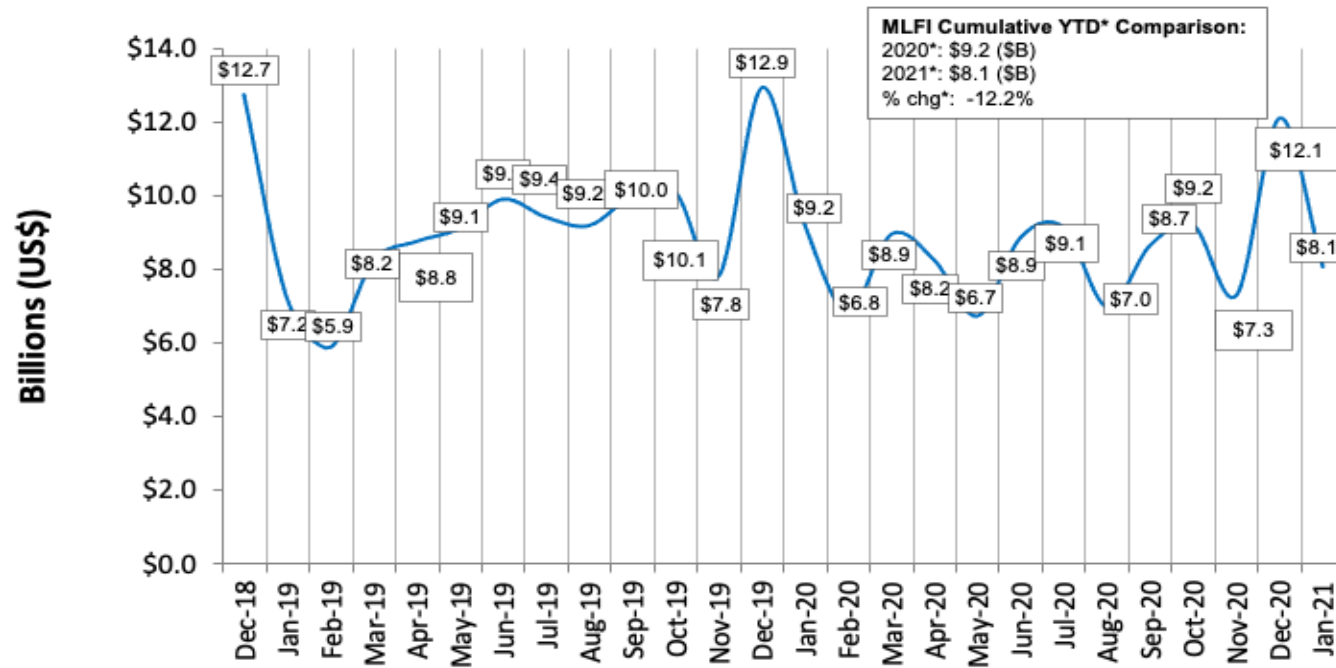
Credit approvals totaled 76.2 percent, up from 75.2 percent in December. Total headcount for equipment finance companies was down 4.9 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in February is 64.4, an increase from the January index of 59.6.” – Amy Vogt, Vice President, Communications and Marketing; Equipment Leasing & Finance Association

“New business volume was relatively soft in January, as is typical for early Q1 business activity for many equipment finance companies. Portfolio quality for reporting companies is in the healthy range as well. Preliminary economic projections indicate that equipment finance activity should accelerate as overall conditions in the U.S. economy improve in 2021. Time will tell.” – Ralph Petta, President and CEO, ELFA

Private Indicators

MLFI-25 New Business Volume (Year-Over-Year Comparison)



* YTD NBV numbers will not match the numbers from the chart due to rounding



Monthly Leasing and Finance Index: January 2021

“2021 pipelines are steady and competitive. We notice continued demand for replacement capex and are hearing several equipment vendors speak of manufacturing backlogs.” – Chris Bucher, President, Hancock Whitney Equipment Finance, LLC

Private Indicators

FreightWaves

Transportation capacity sees ‘accelerated contraction’ in February

Transportation prices index hits new 2-year high

“A February [survey of logistics executives](#) showed growth in the supply chain is “increasing at an increasing rate.”

The Logistics Managers’ Index, a reading on changes in several areas of the supply chain, increased 4.2 percentage points during February to 71.4%. The reading was notably higher than the historical average of 62.7% and well above the February 2020 level of 52.6%. The LMI is a diffusion index wherein a reading above 50% indicates expansion and a reading below 50% indicates contraction. The survey is designed to capture the rate of change in areas like transportation, inventory and warehousing.

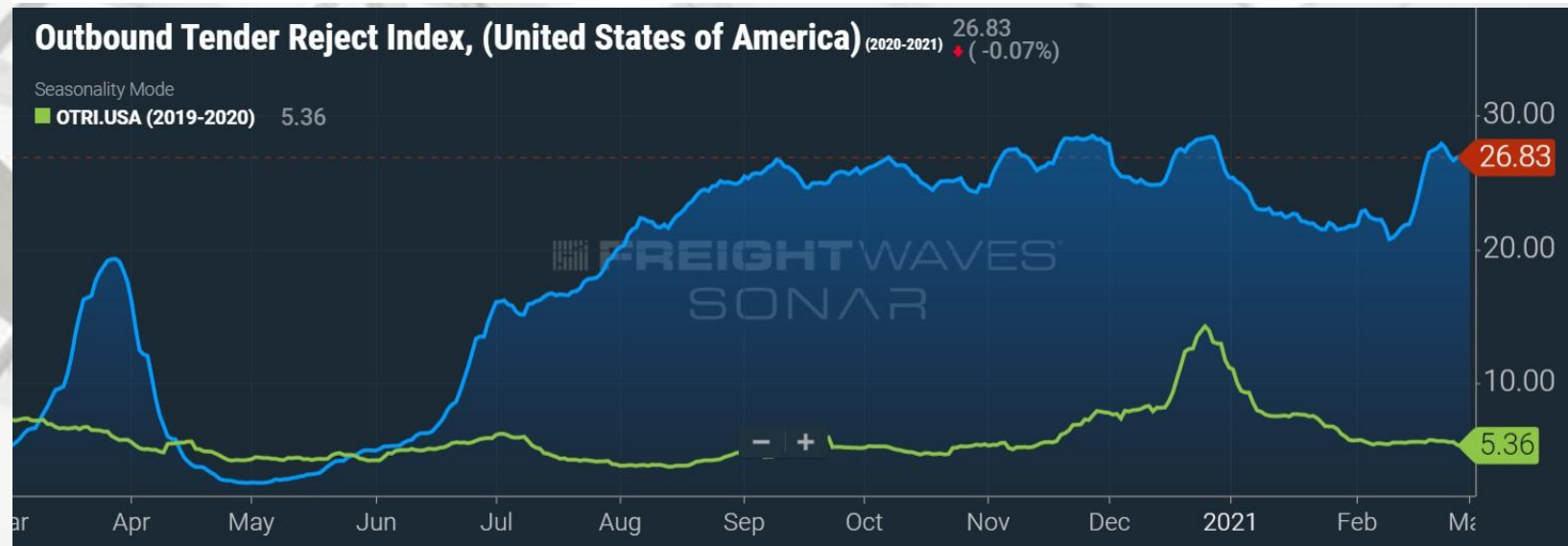
The combination of tight capacity and high prices are the primary drivers behind the increasing rate of growth detected in this month’s LMI,” the report read. A couple of categories – transportation prices (88%), warehousing prices (79%) and inventory costs (76.8%) – hit their highest levels in more than two years.

Transportation capacity falls further

The transportation capacity subindex remained in contraction territory for the ninth straight month, falling 8.2 percentage points from January to 38.1%. The “accelerated contraction” in February was seen in all modes of transportation.

Trucking continues to struggle to find drivers after a year when driver schools churned out 40% fewer graduates and the Drug & Alcohol Clearinghouse snared more than 50,000 drivers. Roughly 60 container ships remain anchored off the West Coast awaiting a berth to unload, and railroad intermodal networks continue to struggle to right service woes.” – Todd Maiden, Finance Editor, FreightWaves

Private Indicators



FreightWaves

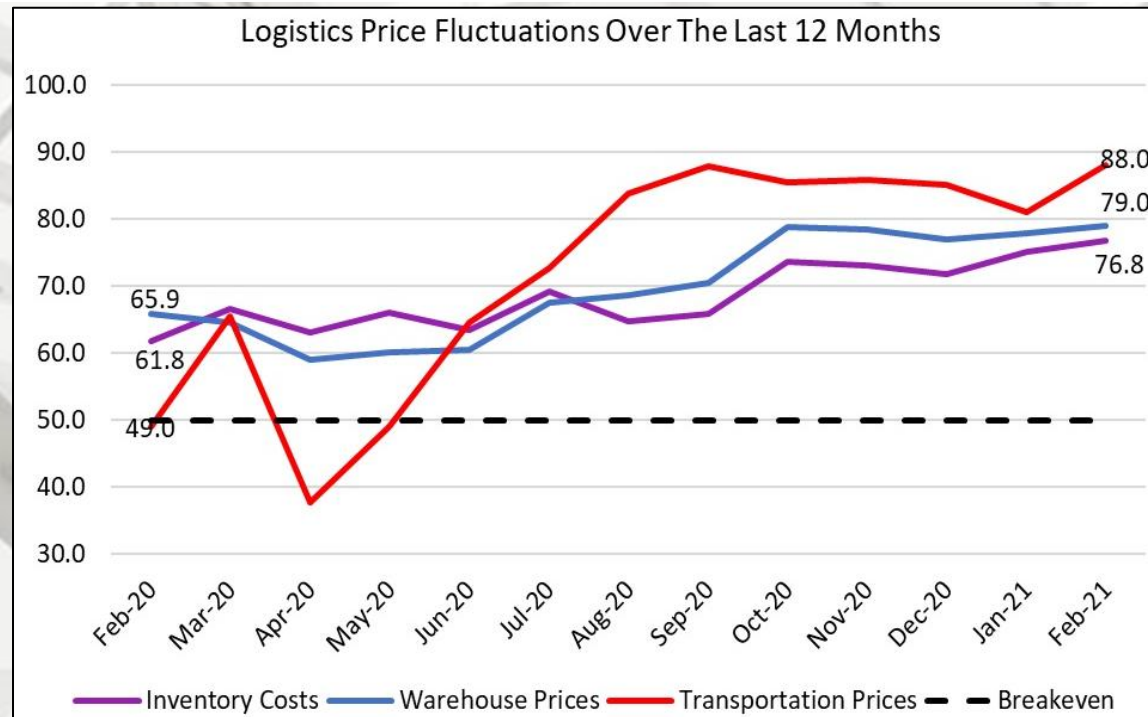
Transportation capacity sees ‘accelerated contraction’ in February

“The transportation prices subindex was up 7 percentage points from January, nine straight months of increases, with the 88% mark establishing a fresh two-year high. The pricing index is 39 percentage points higher year-over-year.

Elevated prices are expected to linger. The one-year forward-looking expectation for prices was 86.8%, significantly higher than January’s sub-80% reading. Transportation utilization was up 9.2 points to 73.5%, just shy of the two-year high. Warehousing capacity was down 3.2 points to 42.4%, a level that is 18.4 percentage points lower year-over-year. Utilization of warehouse space remained firm at 70.2%, with prices staying elevated at 79%.

While not called out in the report, severe winter storms further tightened truck capacity in February as many [carrier networks were down for days](#) at a time. Tender rejections increased significantly as the month progressed and the industry worked through freight backlogs.” – Todd Maiden, Finance Editor, FreightWaves

Private Indicators



FreightWaves

Transportation capacity sees ‘accelerated contraction’ in February

“Inventory costs, up 1.8 points to 76.8%, and inventory levels, 1.5 points higher to 64%, rounded out the February changes to the subindexes.

“So, on top of the increased demand that came from clogged ports and the increased growth rate for e-commerce due to the pandemic, it is likely that there will be a heightened rate of growth through the foreseeable future. This will likely lead to a continued crunch on available logistics capacity, and increased rates of growth in price,” the report stated.

The LMI is a collaboration among Arizona State University, Colorado State University, Rochester Institute of Technology, Rutgers University and the University of Nevada, Reno, conducted in conjunction with the Council of Supply Chain Management Professionals.” – Todd Maiden, Finance Editor, FreightWaves

Private Indicators

Markit U.S. Manufacturing PMI™

Production growth near six-year peak but price gauge highest since 2011

“The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers’ Index™ (PMI™) posted 58.6 in February, down from 59.2 in January but broadly in line with the earlier released ‘flash’ estimate of 58.5. The marked improvement in the health of the manufacturing sector was the second strongest in almost 11 years.

February PMI™ data from IHS Markit indicated a marked upturn in the health of the U.S. manufacturing sector. Although the rate of overall growth eased, it was the second-fastest since April 2010 and was supported by sharp increases in output and new orders. Unprecedented supply chain disruption remained apparent, however, with supplier shortages and transportation delays leading to a substantial rise in input costs. Firms were, however, able to partially pass on input prices to clients through the fastest increase in charges since July 2008. At the same time, employment grew at the steepest rate since September 2014, as business confidence also improved.

Despite easing, rates of expansion in output and new orders remained sharp overall in February. The rate of production growth was among the fastest in six years while new order growth was among the fastest seen over the past three years. New export orders also rose solidly, registering the second steepest gain since September 2014. Also helping to buoy the headline PMI figure was a substantial lengthening of supplier delivery times amid significant supply chain disruption. Ordinarily a signal of improving operating conditions, longer lead times for inputs reportedly stemmed from supplier shortages and transportation delays due to coronavirus disease 2019 (COVID-19) restrictions. The extent to which wait times lengthened was the greatest since data collection began in May 2007.

As a result, goods producers registered a severe uptick in cost burdens. The rate of input price inflation accelerated to the sharpest since April 2011. Higher raw material prices, notably for steel, and increased transportation costs were widely linked to the rise” – Chris Williamson, Chief Economist, Markit®

Private Indicators

Markit U.S. Manufacturing PMI™

“The recent strengthening of demand allowed firms to partially pass on higher costs to clients through the fastest rise in charges since July 2008. Input buying among manufacturers continued to rise at a solid rate, but supplier delays meant that many needed to utilise their current holdings of raw materials and finished goods to fulfil production requirements in the interim. Therefore, both pre- and post-production inventories fell in February, with the former declining at the steepest pace since June 2020. In line with strong new order inflows and supplier delays, pressure on capacity at manufacturers increased. The accumulation of backlogs of work was the quickest for three months. In an effort to ease strain, firms expanded their workforce numbers at the sharpest pace since September 2014. Finally, output expectations regarding the year ahead among manufacturers strengthened in February. The degree of optimism was the highest for three months amid hopes of an end to the pandemic and a reduction in restrictions as 2021 progresses.

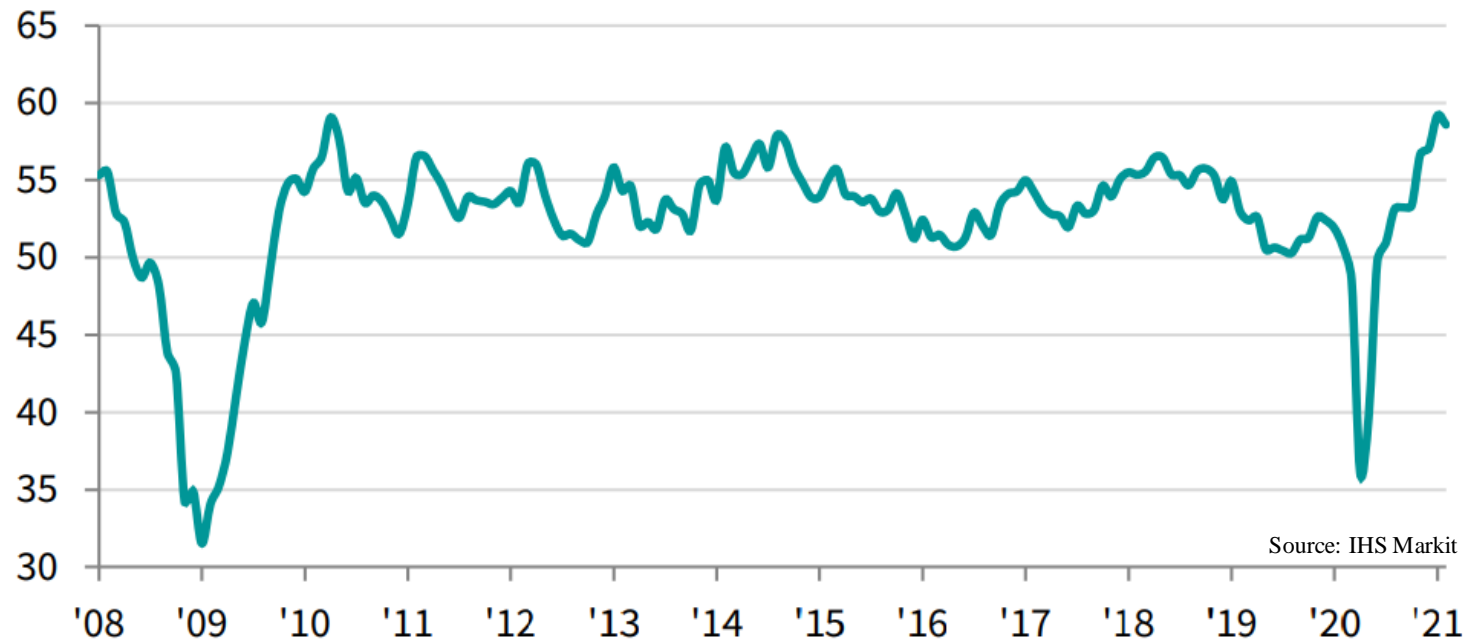
Another month of strong production growth suggests that the US manufacturing sector is close to fully recovering the output lost to the pandemic last year, and a renewed surge in optimism suggests the recovery has much further to run. Business expectations about the year ahead jumped to a level only exceeded once over the past six years, buoyed by a cocktail of stimulus and post-COVID recovery hopes as life continues to return to normal amid vaccine roll outs. Particularly encouraging is a marked improvement in demand for machinery and equipment, hinting strongly at strengthening business investment spending. However, new orders for consumer goods showed the strongest back-to-back monthly gains since the pandemic began, suggesting higher household spending is also feeding through to higher production.

A concern is that shortages of raw materials have become a growing problem, with record supply chain delays reported in February, contributing to the steepest rise in material costs seen over the past decade. Prices charged for a wide variety of goods coming out of factories are consequently rising, which will likely feed through to higher consumer inflation.” – Chris Williamson, Chief Economist, Markit®

Private Indicators

U.S. Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit

Private Indicators

IHS Markit U.S. Services PMI™

Steepest expansion in business activity since July 2014, but costs rise at record rate

“The seasonally adjusted final IHS Markit US Services PMI Business Activity Index registered 59.8 in February, up from 58.3 in January and above the earlier ‘flash’ figure of 58.9. The expansion in output was the sharpest in over six-and-a-half years. The upturn was reportedly linked to stronger client demand and a further rise in new business.

February PMITM data indicated the fastest expansion of business activity across the U.S. service sector since July 2014. The upturn in output was supported by a marked rise in new orders following stronger client demand. However, despite further pressure on capacity, service providers registered only a fractional rise in employment. Meanwhile, concerns regarding the longevity of the pandemic led to a moderation in business confidence. At the same time, cost pressures remained elevated, with the rate of input cost inflation accelerating to the fastest on record (since October 2009). In response, firms raised their selling prices at the second-quickest rate since data collection began over 11 years ago.

The increase in new sales also accelerated in February. New order inflows expanded at the steepest pace since April 2018. Anecdotal evidence suggested the sharp upturn was due to stronger client demand and greater customer confidence following the start of the vaccine roll-out. In contrast, service providers registered a renewed contraction in new export orders, albeit only fractional overall. Firms stated that ongoing COVID-19 restrictions and limits on travel in key export markets weighed on foreign client demand. ...” – Chris Williamson, Chief Economist, Markit®

Private Indicators

IHS Markit U.S. Services PMI™

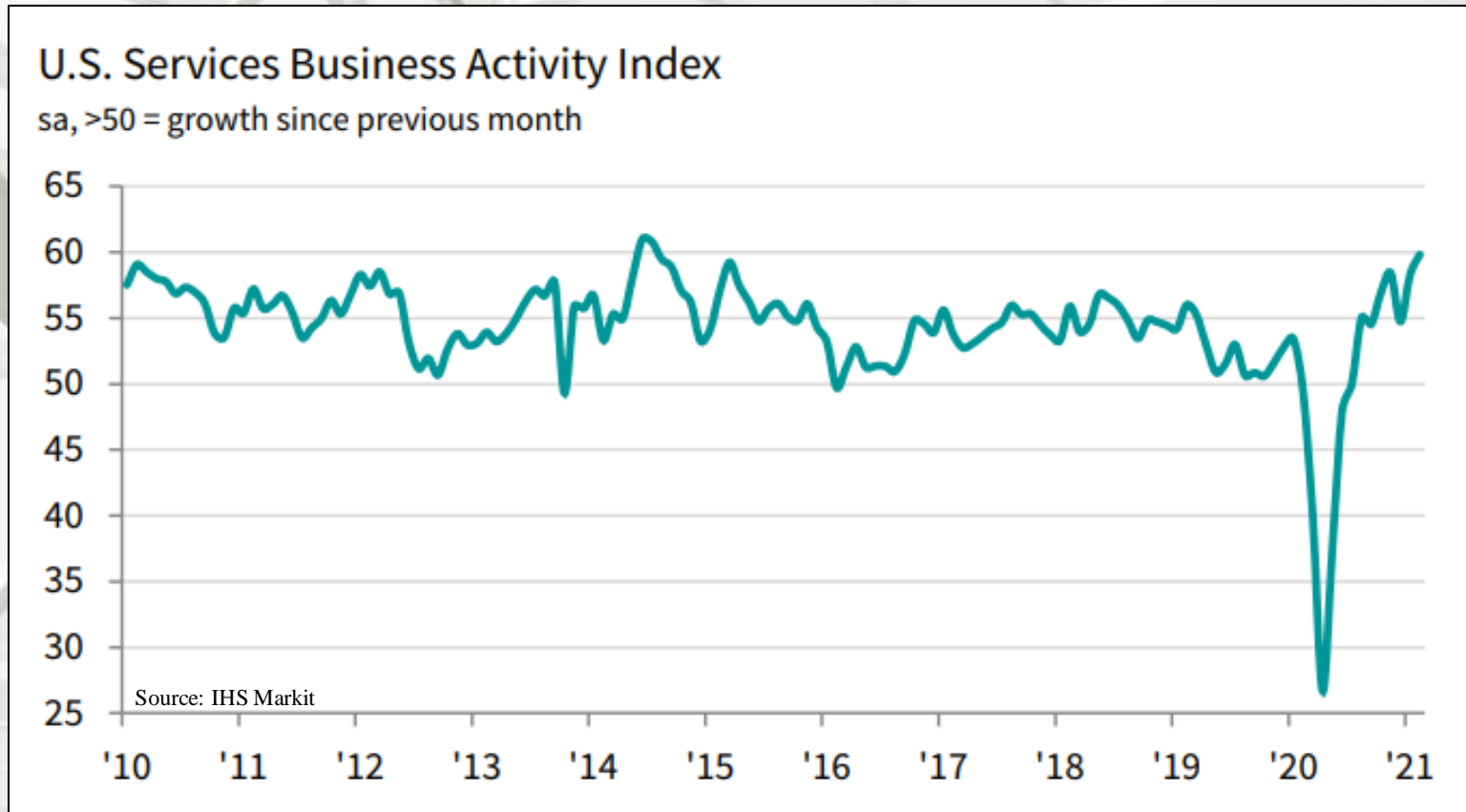
Steepest expansion in business activity since July 2014, but costs rise at record rate

“US business activity is growing at the fastest rate for six-and-a-half years, setting the economy up for a strong start to 2021. Although consumer-facing sectors, notably hospitality, travel, and tourism, continue to be adversely affected by COVID-19 restrictions, and will be for some time to come, other parts of the economy are springing back into life. Financial services and business services are faring well, accompanying a strong manufacturing recovery. Even some hard hit consumer-facing sectors are enjoying some loosening of restrictions or adapting to life with the virus.

A wide variety of costs are rising, however, putting additional pressure on companies across the board. Many materials prices are sharply higher, transport costs are increasing and wage pressures are building as firms struggle to hire suitable staff, resulting in the largest monthly rise in service sector costs since comparable data were first available in 2009.

Some of these higher costs will inevitably prove transitory as pandemic-related disruptions to supply start to ease, but it remains unclear how long these price pressures will persist for due to uncertainties over the duration of social distancing requirements and the strength of demand over the coming months.” – Chris Williamson, Chief Economist, Markit®

Private Indicators



IHS Markit U.S. Services PMI™

“Finally, business confidence moderated from that seen in January due to service sector concerns regarding the longevity of the pandemic and success of the vaccine roll-out.” – Chris Williamson, Chief Economist, Markit®

Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for February 2021: Combined Sectors

“The rollout of COVID-19 vaccinations has proved to be more difficult than anticipated. Even the most efficient nations have only managed to inoculate about 10% of the world population. In turn, this has delayed the lifting of pandemic protocols and economic recovery. As a result, the start of the new year has lost some of its glimmer and so too has the National Association of Credit Management’s Credit Managers’ Index (CMI).

“The February CMI lost some of the edge noted in January’s data – similar to patterns found in many other economic indicators released thus far this year,” said NACM Economist Chris Kuehl, Ph.D. “Overall, the latest CMI numbers are not bad and many of the index’s sub-readings are historically high.”

Although muted optimism may account for February’s dip, data still show manufacturing, construction and transportation sectors are recovering and were not hit as hard by the 2020 recession. Service sectors remain the hardest hit by the pandemic-induced recession, and the small rebound experienced at the end of last year and the start of 2021 has faded.

The combined index slipped from 59.7 to 57.5, but the reading remains in line with three of the past five months. Similarly, the combined index of favorable factors (65.3) down 4.4 points since January closely aligns with December’s reading (65.7). Likewise, the combined index of unfavorable factors (52.2) nearly mirrors December (52.5) with only a 0.8-point slip from last month.” – Andrew Michaels, Editorial Associate, NACM

Private Indicators

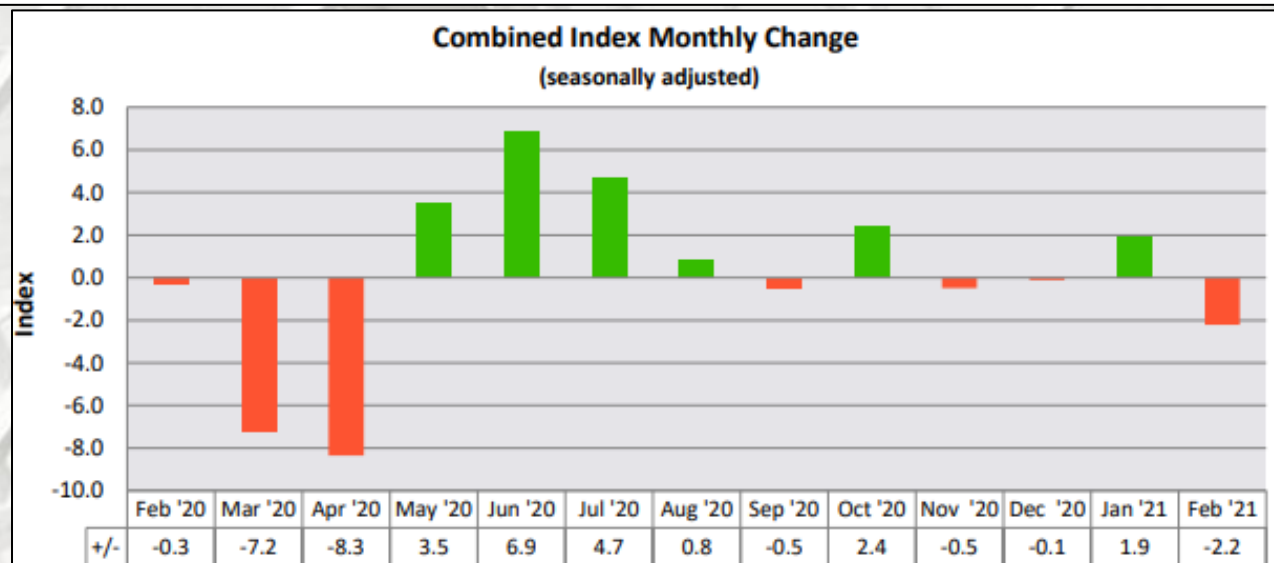
National Association of Credit Management – Credit Managers' Index

“Subsectors show a fairly universal pattern,” Kuehl noted. Although most of the favorable subsectors fell slightly, all of them remain comfortably in expansion territory. Sales (69.9) with a 6-point decline month on month remains robust and a far cry from the 20.0 recorded in April 2020. New credit applications fell from 67.8 to 65.5, but holding in the mid-60s is welcome news. Dollar collections (59.2) took the biggest hit with a 6.8 decline and dropped out of the 60s, where it had been since July 2020. This downward move creates some concern after nearly 7 months of steady growth. “It would appear that some companies have reached the end of their rope and are showing a little distress,” Kuehl said. The amount of credit extended (66.8) fell 2.4 points making it about equal with December and still robust.

Unfavorable subsectors also remain in expansion territory. Rejections of credit applications changed very little, going from 51.6 to 51.5. This is good news given that new applications are down a little, and it suggests that most of those companies seeking terms are acceptable credit risks. There was a little dip in the accounts placed for collection category as it went from 52.9 in January to 51.6 this month. Although these numbers are in the expansion zone, they are trending in the wrong direction. The reason being that businesses were in trouble last year and are still in jeopardy for the coming year. The disputes numbers improved a little as they went from 50.9 to 51.0 and that it is a promising shift. There was a fairly dramatic decline in the dollar beyond terms category as it shifted from a high point of 58.9 to 52.0. “There are more companies facing stress and falling behind in their obligations, especially those in the service and retail sectors,” Kuehl explained. The dollar amount of customer deductions moved up a little from 51.3 to 52.9, and filings for bankruptcies showed similar movement as it went from 52.3 to 54.5. “Overall, unfavorable subcategories have not declined to the same extent as some of the favorable subcategories have,” Kuehl pointed out.” – Andrew Michaels, Editorial Associate, NACM

Private Indicators

| Combined Manufacturing and Service Sectors (seasonally adjusted) | Feb '20 | Mar '20 | Apr '20 | May '20 | Jun '20 | Jul '20 | Aug '20 | Sep '20 | Oct '20 | Nov '20 | Dec '20 | Jan '21 | Feb '21 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sales | 64.0 | 39.5 | 20.0 | 28.6 | 54.1 | 64.3 | 65.8 | 65.5 | 74.2 | 66.5 | 70.2 | 75.9 | 69.9 |
| New credit applications | 62.2 | 44.0 | 31.1 | 43.3 | 57.9 | 62.4 | 63.4 | 63.6 | 65.2 | 63.9 | 64.4 | 67.8 | 65.5 |
| Dollar collections | 58.8 | 49.3 | 35.5 | 43.2 | 53.9 | 62.5 | 61.2 | 63.3 | 64.6 | 62.6 | 62.8 | 66.0 | 59.2 |
| Amount of credit extended | 63.6 | 53.2 | 41.6 | 42.8 | 55.2 | 57.3 | 61.3 | 60.8 | 68.0 | 64.8 | 65.3 | 69.2 | 66.8 |
| Index of favorable factors | 62.2 | 46.5 | 32.0 | 39.5 | 55.3 | 61.6 | 62.9 | 63.3 | 68.0 | 64.4 | 65.7 | 69.7 | 65.3 |
| Rejections of credit applications | 53.8 | 53.5 | 52.7 | 51.9 | 49.8 | 50.0 | 51.5 | 51.6 | 51.4 | 51.5 | 51.3 | 51.6 | 51.5 |
| Accounts placed for collection | 50.6 | 50.6 | 47.4 | 49.1 | 46.7 | 50.8 | 51.6 | 49.4 | 49.5 | 56.2 | 51.6 | 52.9 | 51.6 |
| Disputes | 50.3 | 52.1 | 50.8 | 51.5 | 49.6 | 50.7 | 51.8 | 48.7 | 51.0 | 50.6 | 51.2 | 50.9 | 51.0 |
| Dollar amount beyond terms | 53.5 | 43.9 | 27.6 | 32.4 | 44.4 | 57.3 | 58.2 | 54.6 | 58.0 | 58.1 | 57.0 | 58.9 | 52.0 |
| Dollar amount of customer deductions | 51.5 | 50.4 | 49.4 | 50.9 | 50.6 | 52.4 | 52.2 | 51.1 | 51.0 | 51.7 | 51.5 | 51.3 | 52.8 |
| Filings for bankruptcies | 53.3 | 53.2 | 50.2 | 47.3 | 47.7 | 48.8 | 47.7 | 51.3 | 50.7 | 53.0 | 52.5 | 52.3 | 54.5 |
| Index of unfavorable factors | 52.2 | 50.6 | 46.3 | 47.2 | 48.1 | 51.7 | 52.2 | 51.1 | 51.9 | 53.5 | 52.5 | 53.0 | 52.2 |
| NACM Combined CMI | 56.2 | 49.0 | 40.6 | 44.1 | 51.0 | 55.6 | 56.5 | 56.0 | 58.4 | 57.9 | 57.8 | 59.7 | 57.5 |



Private Indicators

National Federation of Independent Business (NFIB) February 2021 Report

Small Business Optimism Improves Slightly in February

Owners work to stabilize business among COVID-19 regulations and weather complications

“The [NFIB Small Business Optimism Index](#) rose to 95.8 in February, a slight bump from January but still below the 47-year average reading of 98. The NFIB Uncertainty Index decreased five points to 75.” – Holly Wade, NFIB

“Small business owners worked hard in February to overcome unexpected weather conditions along with the ongoing COVID-19 pandemic. Capital spending has been strong, but not on Main Street. The economic recovery remains uneven for small businesses, especially those still managing state and local regulations and restrictions. Congress and the Biden administration must keep small businesses a priority as they plan future policy legislation.” – Bill Dunkelberg, Chief Economist, NFIB

“Key findings include:

- Five of the 10 Index components improved, four declined, and one was unchanged.
- Forty percent of owners reported job openings that could not be filled, an increase of seven points from January.
- Owners expecting better business conditions over the next six months increased four points to a net negative 19%, a poor reading.
- Earnings trends over the past three months improved five points to a net negative 11% reporting higher earnings compared to the January reading.” – Holly Wade, NFIB

Private Indicators

National Federation of Independent Business (NFIB) February 2021 Report

“As reported in [NFIB’s monthly jobs report](#), showed 56% of owners reported hiring or trying to hire in February, up five points from January. Owners have plans to fill open positions with a seasonally adjusted net 18% planning to create new jobs in the next three months, up one point from January.

Forty percent of owners reported job openings they could not fill in the current period, up seven points. Thirty-three percent have openings for skilled workers and 16% have openings for unskilled labor.

Fifty-seven percent of small employers reported capital outlays in the last six months, up two points from January. Of those making expenditures, 40% reported spending on new equipment, 28% acquired vehicles, and 12% improved or expanded facilities. Four percent of owners acquired new buildings or land for expansion and 10% spent money for new fixtures and furniture. Twenty-three percent of owners plan capital outlays in the next few months, up one point. Reports of actual spending and spending plans are historically low.

Seasonally adjusted, a net 2% of all owners reported higher nominal sales in the past three months. The net percent of owners expecting higher real sales volumes decreased two points to a net negative 8%.

The net percent of owners reporting inventory increases rose one point to a net negative 3%. A net 5% of owners view current inventory stocks as “too low” in February. A surprisingly low net 2% of owners plan inventory investment in the coming months, down two points from January.” – Holly Wade, NFIB

Private Indicators

National Federation of Independent Business (NFIB) February 2021 Report

“Also seasonally adjusted, the net percent of owners raising average selling prices increased eight points to a net 25%. Unadjusted, 10% reported lower average selling prices and 35% reported higher average prices. Price hikes were the most frequent in retail (39% higher, 11% lower) and wholesale (31% higher, 4% lower). A net 34% (seasonally adjusted) plan price hikes in the next three months, an increase of 12 points over the past two months.

A net 25% (seasonally adjusted) reported raising compensation and a net 19% plan to do so in the coming months.

Nine percent of owners cited labor costs as their top business problem and 24% said that labor quality was their top business problem and the overall concern, leaving taxes and regulatory costs in second and third positions.

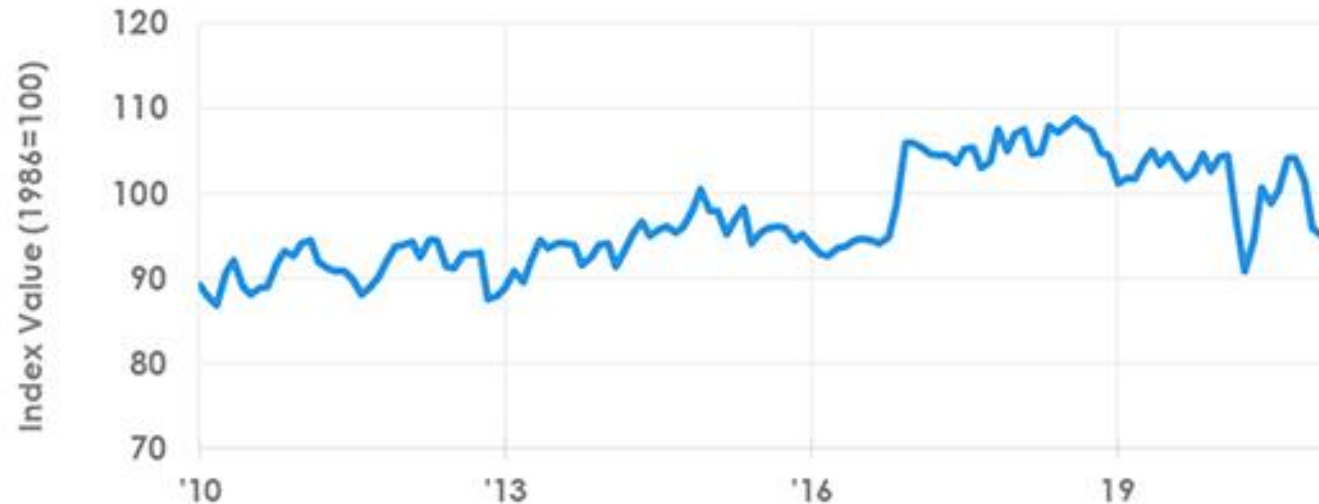
The frequency of reports of positive profit trends improved five points to a net negative 11% reporting quarter-on-quarter profit improvement. Among the owners reporting lower profits, 46% blamed weaker sales, 21% cited the usual seasonal change, 8% cited labor costs, 5% cited a higher cost of materials, and 2% cited lower prices. For owners reporting higher profits, 65% credited sales volumes, 17% cited usual seasonal change, and 7% cited higher prices.

Only 2% of owners reported that all of their borrowing needs were not satisfied. Twenty-eight percent reported all credit needs were met and 58% said they were not interested in a loan. A net 1% reported that their last loan was harder to get than in previous attempts.” – Holly Wade, NFIB

Private Indicators

Small Business Optimism Index at 95.8

Based on 10 survey indicators, seasonally adjusted, Jan. '10 – Feb. '21



[NFIB.com/sboi](https://www.nfib.com/sboi)

Private Indicators

Small Business Optimism

| Index Component | Net % | Change From Jan. |
|-------------------------------|-------|---------------------|
| Plans to Increase Employment | 18% | ▲ 1 |
| Plans to Make Capital Outlays | 23% | ▲ 1 |
| Plans to Increase Inventories | 2% | ▼ -2 |
| Expect Economy to Improve | -19% | ▲ 4 |
| Expect Real Sales Higher | -8% | ▼ -2 |
| Current Inventory | 5% | — 0 |
| Current Job Openings | 40% | ▲ 7 |
| Expected Credit Conditions | -6% | ▼ -3 |
| Now a Good Time to Expand | 6% | ▼ -2 |
| Earnings Trends | -11% | ▲ 5 |



NFIB.com/sboi

Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

Employees of Small Businesses Stand to Benefit from the Positive Trend in Both Wages and Hours Worked in 2021

The new report by Paychex and IHS Markit shows that while hiring remained flat last month, 15 of the 20 states analyzed saw positive growth in weekly hours worked

“The latest Paychex | IHS Markit Business Employment Watch shows that small business hiring held mostly steady in February. The Small Business Jobs Index moderated -0.03 percent to 93.97. Wages are trending in a positive direction to begin 2021. Both hourly earnings and weekly hours worked had two consecutive months of growth. Hourly earnings growth increased to 2.91 percent, and hours worked growth improved 0.37 percent. Weekly earnings growth also rose above three percent for the first time since September 2020,” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“The Small Business Jobs Index remains relatively flat once again this month and is 4.43 percent below its pre-pandemic level from a year ago,” – James Diffley, Chief Regional Economist, IHS Markit

“The increase in hours worked and earnings is a positive indicator for small businesses, a segment that has struggled throughout the COVID-19 pandemic to maintain staff at their previous pay and hours. However, there is still support needed for these entrepreneurs and their employees. Last week, the Biden Administration established new guidance so businesses with 20 employees or less can apply exclusively for Paycheck Protection Program (PPP) loans for the next week. We look forward to helping many of these small businesses take advantage of this opportunity and quickly apply for this funding through our PPP loan estimator and forgiveness tools in Paychex Flex®.” – Martin Mucci, President and CEO, Paychex

Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

“In further detail, the February report showed:

- Fifteen of the 20 states analyzed have positive weekly hours worked growth in February.
- The South ranks first among regions in small business employment growth, but last in earnings and hours worked growth.
- The Northeast ranks last among regions in small business employment growth, but first in earnings and hours worked growth.
- Florida and Texas remain the top-ranked states for job growth, retaining a wide lead with index levels slightly below 97.
- Tampa’s jobs index surged 0.90 percent in February, making it the top-ranked metro for small business job growth.
- Manufacturing showed the most substantial job growth increase among industries in February, up 0.36 percent.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

February Jobs Index

Index
93.97

12-Month Change
-4.43%

February Wage Data

Hourly Earnings
\$28.94

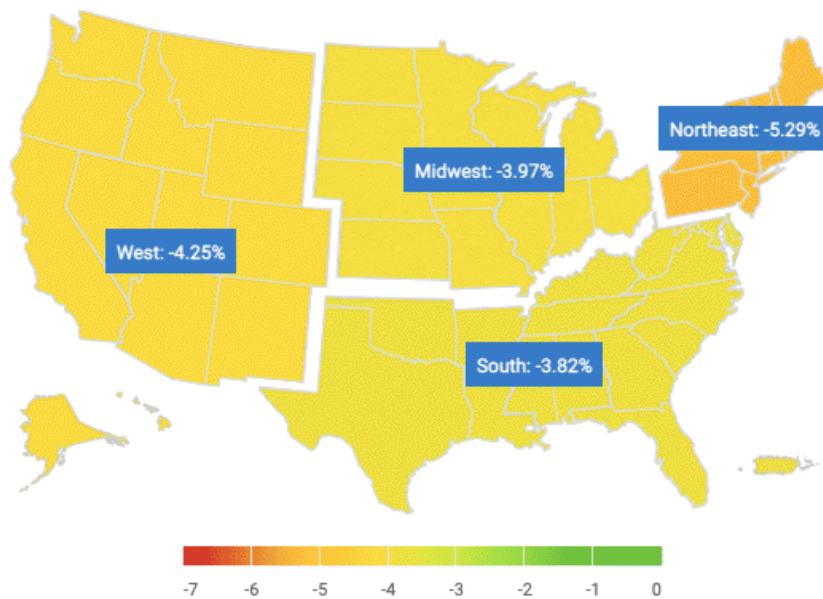
12-Month Growth
+2.91% (+\$0.82)

Source: Paychex | IHS Markit Small Business Employment Watch

Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Regional Performance



| Region | Index | Change |
|-----------|-------|--------|
| Midwest | 94.20 | -3.97% |
| Northeast | 93.11 | -5.29% |
| South | 95.34 | -3.82% |
| West | 93.48 | -4.25% |

Change 12-Month ▼

Source: Paychex | IHS Markit Small Business Employment Watch

Demographics

Harvard Joint Center for Housing Studies

After A Brief Return, Young Adults Quick To Move Out Of Parents Homes As The Pandemic Continues

“The surge in young adults living in their parents’ homes during the early months of the COVID-19 pandemic appears to have been short-lived, according to new data from the Census Bureau. Data from the monthly [Current Population Survey \(CPS\)](#) show that the share of the population age 18-29 living in their parents’ homes, which had jumped from 42 percent in January of 2020 to 49 percent in June (representing an increase of nearly 3.5 million young adults) dropped back down to 43 percent in October.

The rise and fall of young adults living in parents’ homes last year was not evenly distributed across age groups. The share of younger adults aged 18-24 living with parents rose sharply over the spring and summer and then declined sharply in the fall, but remained slightly above the pre-pandemic rate at the end of the year. As shown in **Figure 1**, the share rose from 58 percent in January to 67 percent in June and ended the year at 61 percent, which was about two percentage points higher than in December of 2019.

Meanwhile, the share of adults aged 25-29 living in parents’ homes also rose in the spring and summer, then declined in the fall. However, the rise for this older age group was not as sharp as for younger adults – increasing from 23 percent in January to 26 percent in June – and was completely reversed by a decline in the fall. Indeed, the right panel of Figure 1 shows that by December, the share aged 25-29 living with parents was back down to 21.5 percent and lower than in December of 2019.” – Daniel McCue, Senior Research Associate, Joint Center for Housing Studies

Demographics

Figure 1: The rise in young adults living with parents early in the pandemic was mostly reversed after the summer

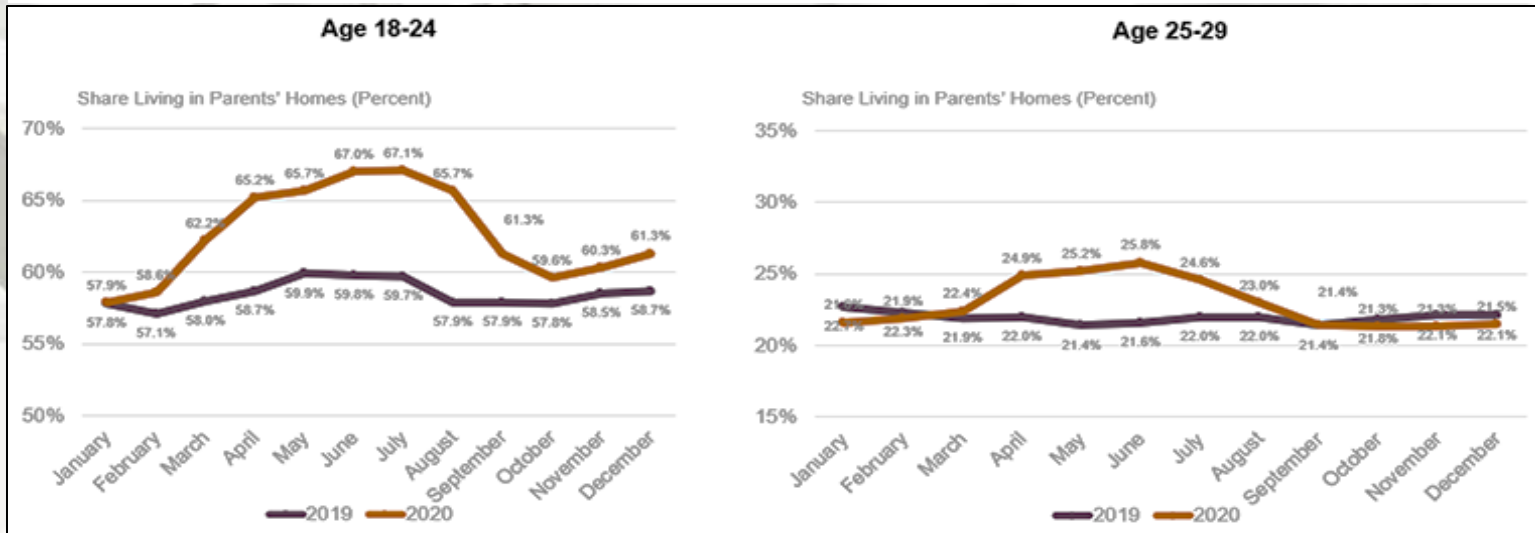
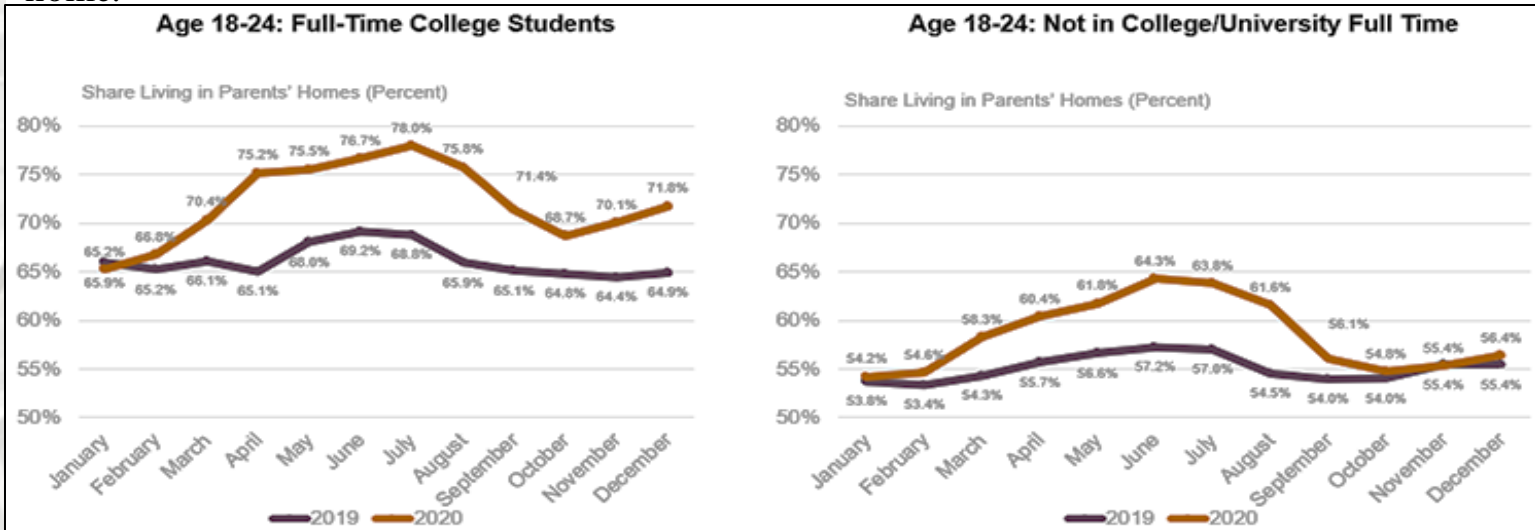


Figure 2: Among those aged 18-24, it was mostly students that ended the year more likely to live at home.



Source: JCHS tabulations of US Census Bureau, Current Population Surveys via IPUMS-CPS, U. of Minnesota, www.ipums.org.

Demographics

Harvard Joint Center for Housing Studies

“The higher prevalence of living with parents among those 18-24 at the end of 2020 was almost entirely university students living in their parents’ homes, and not young adults in the labor force. Indeed, although both full-time students and non-students grew more likely to live with parents in the summer of 2020, only rates for full-time students remained elevated in December 2020 (**Figure 2**). Those not attending college or university full time were not significantly more likely to live with parents in late 2020 than they were a year earlier. We also looked to see if more young adults were enrolled in college last year, which would increase rates because students are more likely to live in parents’ homes, but the monthly shares of 18-24 year olds attending university full-time over the course of 2020 were unchanged from 2019.

If the net increase in living in parents’ homes over the past year was limited to students, that might imply less negative impact on the rate of new household formations, which is a key source of new housing demand that had been particularly strong in the years leading up to the pandemic. Young adults who are full-time students are less likely to be economically independent, and therefore more likely to be living in their parents’ homes rather than heading their own household. Indeed, most household formations occur after young adults complete school and begin to work full-time. That it was only those still in school who had elevated shares of living in their parents’ homes by the end of 2020 suggests that rates of new household formation held steady among the youngest adults in the labor force – a far more significant group in terms of new housing demand.

CPS survey results used in this analysis were affected to an unknown degree by the pandemic in 2020, so trends will need to be confirmed by additional data. Indeed, pandemic-induced changes to the survey methodology and a drop in responses led to results in 2020 that could not be fully reconciled with previous surveys. Given that the impacts on the survey were largest in the spring and summer, the sharp rise in rates of living with parents reported at that time could itself be spurious. Although the normal survey methodology was mostly resumed, and survey response rates had [greatly recovered by the end of the year](#), the results should be viewed with caution until more data are available.” – Daniel McCue, Senior Research Associate, Joint Center for Housing Studies

Economics

The Federal Reserve Bank of New York Household Debt and Credit Report (Q4 2020)

Household Debt Climbs to \$14.56 Trillion in Fourth Quarter

“The Federal Reserve Bank of New York’s Center for Microeconomic Data today issued its [Quarterly Report on Household Debt and Credit](#). The report shows that total household debt increased by \$206 billion (1.4%) to \$14.56 trillion in the fourth quarter of 2020, driven in part by a steep increase in mortgage originations. The total debt balance is now \$414 billion higher than the year prior. [The Report](#) is based on data from the New York Fed’s Consumer Credit Panel, a nationally representative random sample of individual- and household-level debt and credit records drawn from anonymized Equifax credit data.

Mortgage originations surpassed volumes seen during the refinance boom of 2003

Mortgage balances – the largest component of household debt – surpassed \$10 trillion in the fourth quarter, increasing by \$182 billion to \$10.04 trillion at the end of December. While credit card balances increased by \$12 billion over the quarter, they were \$108 billion lower than they had been at the end of 2019, the largest year over year decline since the series began in 1999. This overall decline is consistent with continued weakness in consumer spending and revolving balance paydowns by card holders.

Newly originated mortgages reached a record high and auto loan originations reached their second highest quarterly volume since 2000. Mortgage originations, which include refinances, were at \$1.2 trillion, surpassing in nominal terms the volumes seen during the historic refinance boom in 2003Q3. Auto loan originations, which includes both loans and leases, were down slightly from the record high seen in the third quarter but were at the second highest level for the series, at \$162 billion.” – Mariah Measey, Federal Reserve Bank of New York

Economics

The Federal Reserve Bank of New York Household Debt and Credit Report (Q4 2020)

“Auto and student loan balances increased by \$14 billion and \$9 billion, respectively. In total, non-housing balances (including credit card, auto loan, student loan, and other debts) increased by \$37 billion during the fourth quarter but remained below end-2019 levels.

“2020 ended with a substantial increase in new extensions of credit, driven by record highs of new mortgages and auto loan originations,” said Wilbert Van Der Klaauw, senior vice president at the New York Fed. “Notably, the overall median mortgage origination credit scores jumped up, reflecting a high share of refinances.” ...

Housing Debt

- There was \$1.2 trillion in newly originated mortgage debt in 2020Q4.
- About 30,000 individuals had a new foreclosure notation added to their credit reports during the second half of 2020, by far the lowest six months we have seen since the beginning of the series in 1999.

Student Loans

- Outstanding student loan debt stood at \$1.56 trillion in the fourth quarter, a \$9 billion increase from the third quarter.
- About 6.5% of aggregate student debt was 90+ days delinquent or in default in 2020Q4. The lower level of student debt delinquency reflects a Department of Education decision to report current status on loans eligible for CARES Act forbearances.

Account Closings, Credit Inquiries and Collection Accounts

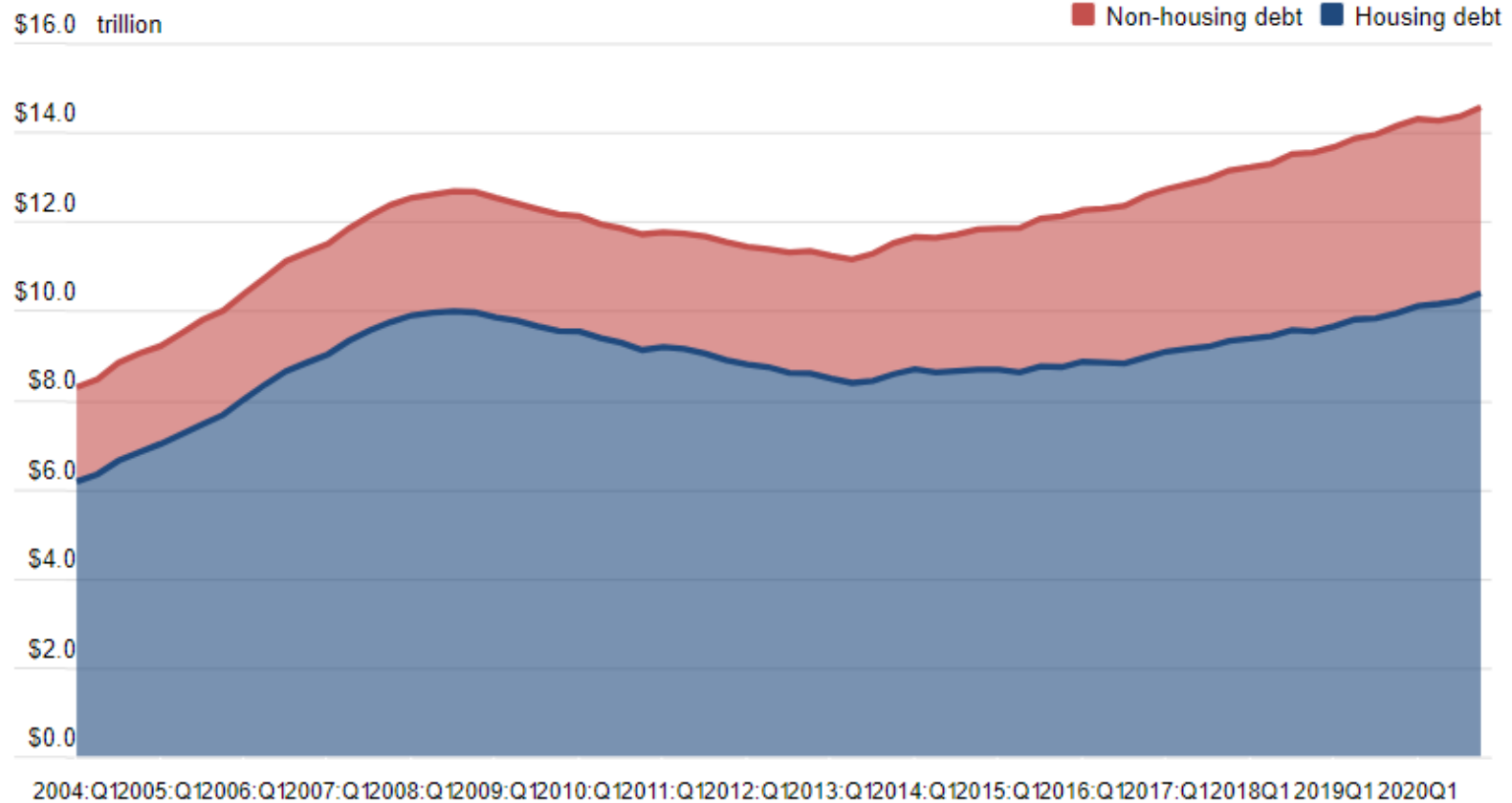
- The number of credit inquiries within the past six months – an indicator of consumer credit demand – was at 120 million, a modest decline from the previous quarter. Inquiries have been subdued since the second quarter of 2020 when the large effects of the pandemic hit the U.S.
- Account openings declined by 5 million accounts to 190 million following larger drops in the second and third quarters of 2020.” – Mariah Measey, Federal Reserve Bank of New York

Economics

The Federal Reserve Bank of New York

Household Debt

Total Debt Balance



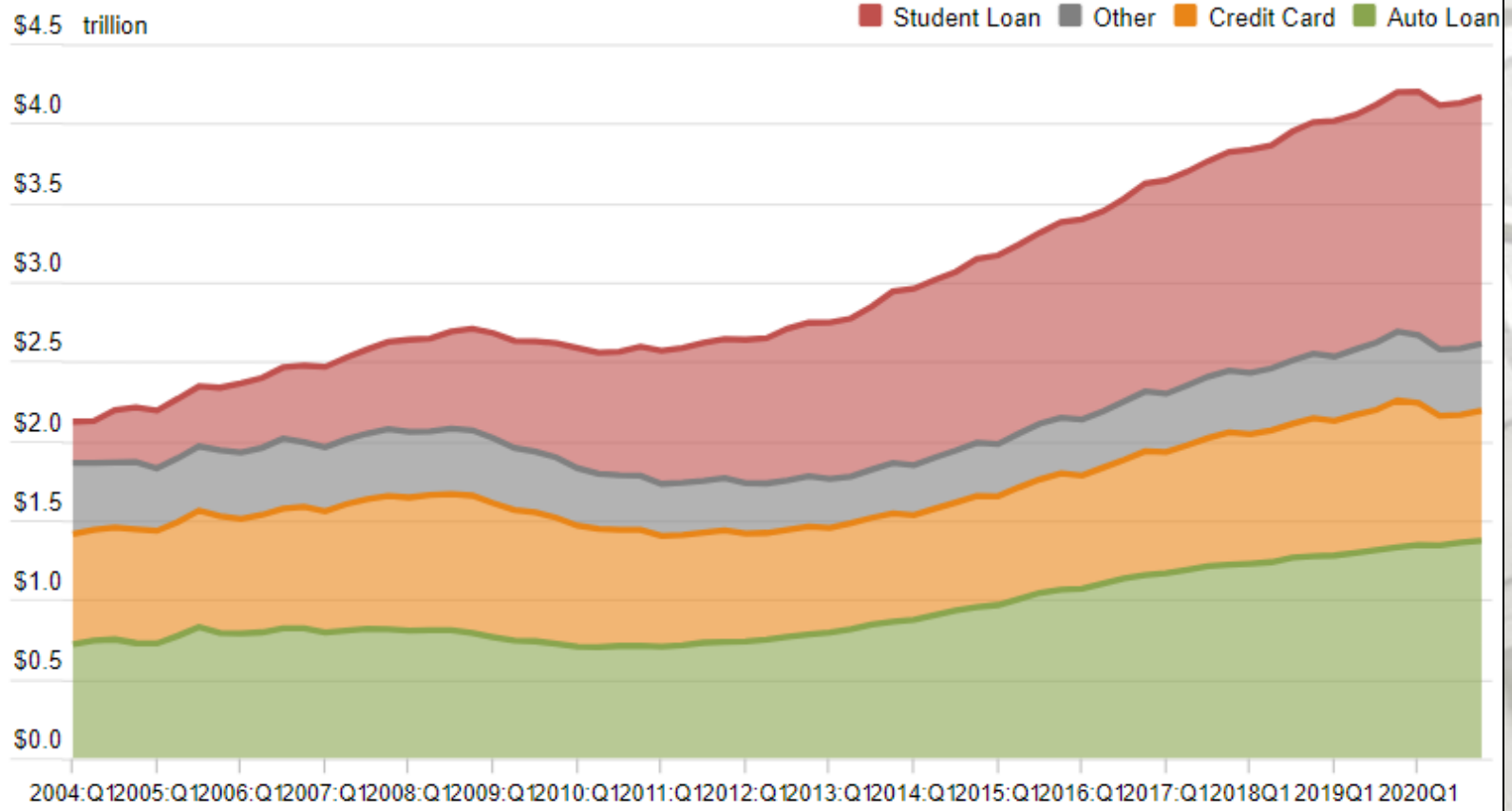
Source: FRBNY Consumer Credit Panel/Equifax

Economics

The Federal Reserve Bank of New York

Household Debt

Non-Housing Debt Balance








Source: FRBNY Consumer Credit Panel/Equifax

Economics

U.S. Census Bureau

NEW Business Formation Statistics

February 2021

| Business Applications - At a Glance | |  |  |  |  |  |
|-------------------------------------|---------------------|--|---|---|---|---|
| | | US | Northeast | Midwest | South | West |
| Total | FEB 2021 | 423,095 | 64,383 | 72,007 | 196,196 | 90,509 |
| | FEB 2021 / JAN 2021 | -13.4% | -16.3% | -15.3% | -11.9% | -13.0% |
| High-Propensity | FEB 2021 | 144,755 | 22,699 | 24,131 | 63,598 | 34,327 |
| | FEB 2021 / JAN 2021 | -13.0% | -16.1% | -15.6% | -12.3% | -9.9% |
| With Planned Wages | FEB 2021 | 51,071 | 7,128 | 9,228 | 22,214 | 12,501 |
| | FEB 2021 / JAN 2021 | -12.9% | -14.3% | -15.5% | -13.0% | -9.7% |
| From Corporations | FEB 2021 | 48,749 | 9,986 | 6,217 | 18,691 | 13,855 |
| | FEB 2021 / JAN 2021 | -10.4% | -17.7% | -17.7% | -4.7% | -8.4% |

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

“The U.S. Census Bureau announced the following seasonally adjusted business application and formation statistics for February 2021. The Business Application Series describe the business applications for tax IDs as indicated by applications for an Employer Identification Number (EIN) through filings of the IRS Form SS-4. The Business Formation Series describe employer business formations as indicated by the first instance of payroll tax liabilities for the corresponding business applications.

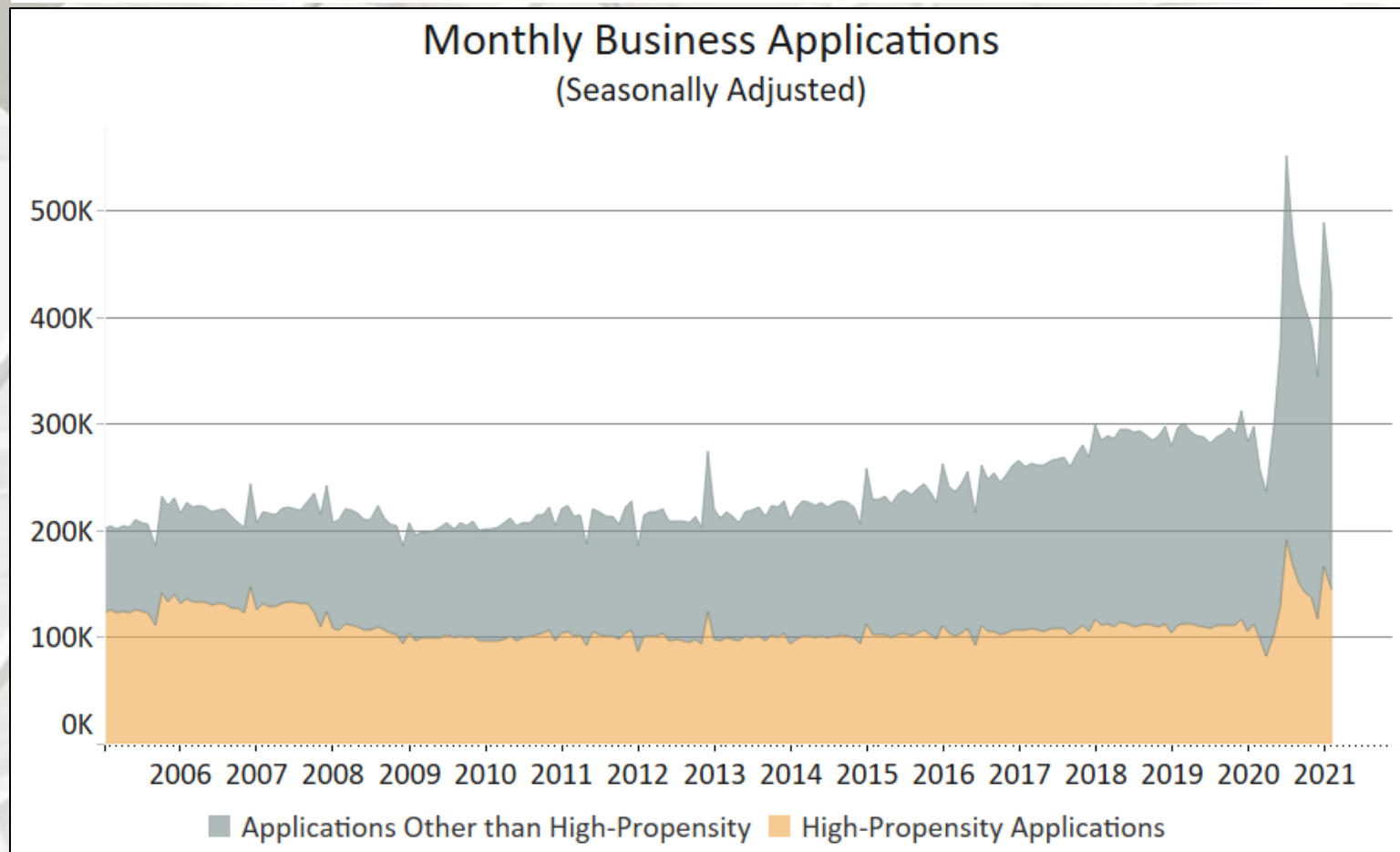
Business Applications for February 2021, adjusted for seasonal variation, were 423,095, a decrease of 13.4 percent compared to January 2021.” – U.S. Census Bureau, Economic Indicators Division, Business Formation Statistics

Economics

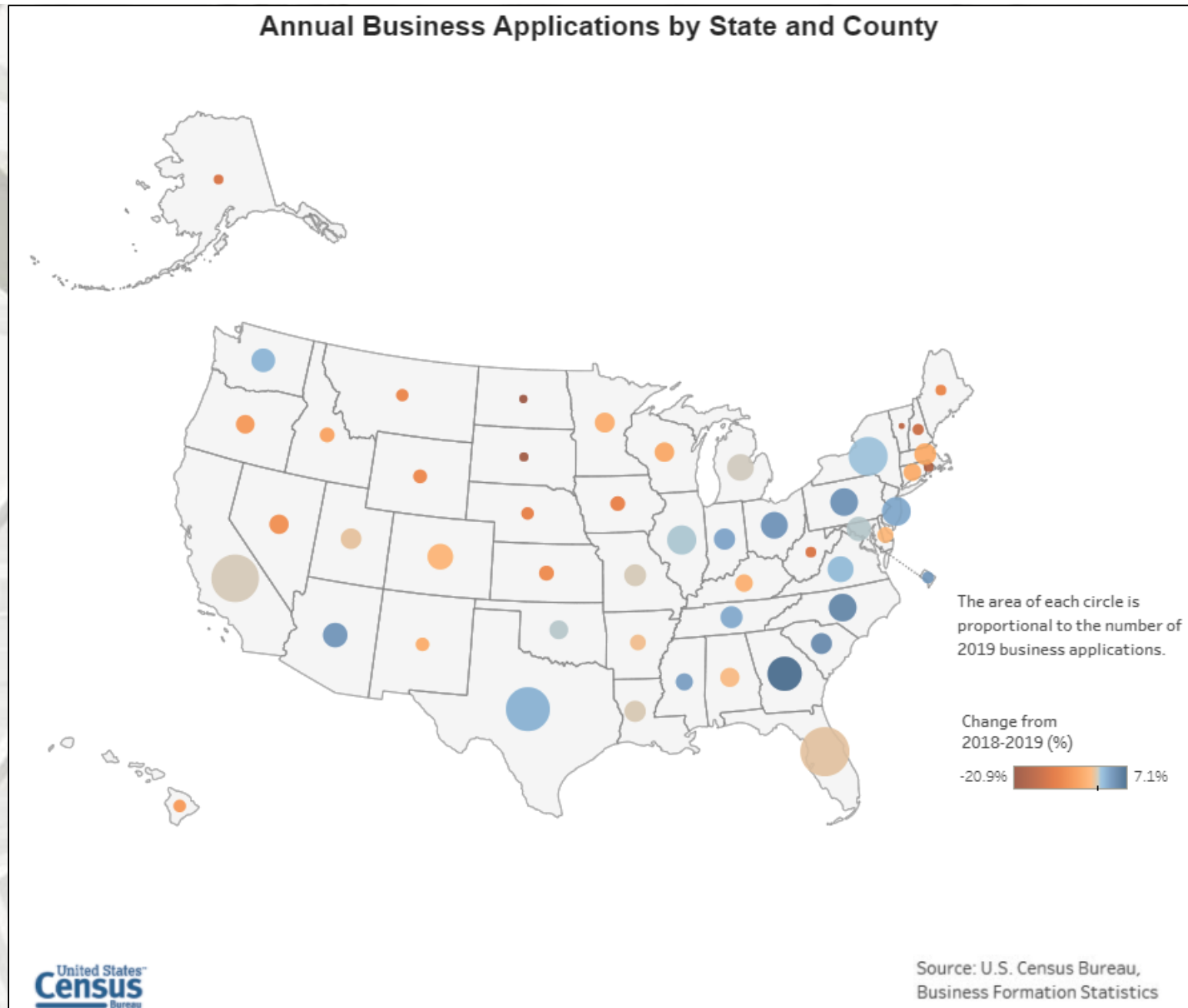
U.S. Census Bureau

***NEW* Business Formation Statistics**

February 2021



Economics



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