The Virginia Tech–USDA Forest Service Housing Commentary: Section II
June 2021

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2020 Virginia Polytechnic Institute and State University CNRE-NP

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U.S. Economic Indicators

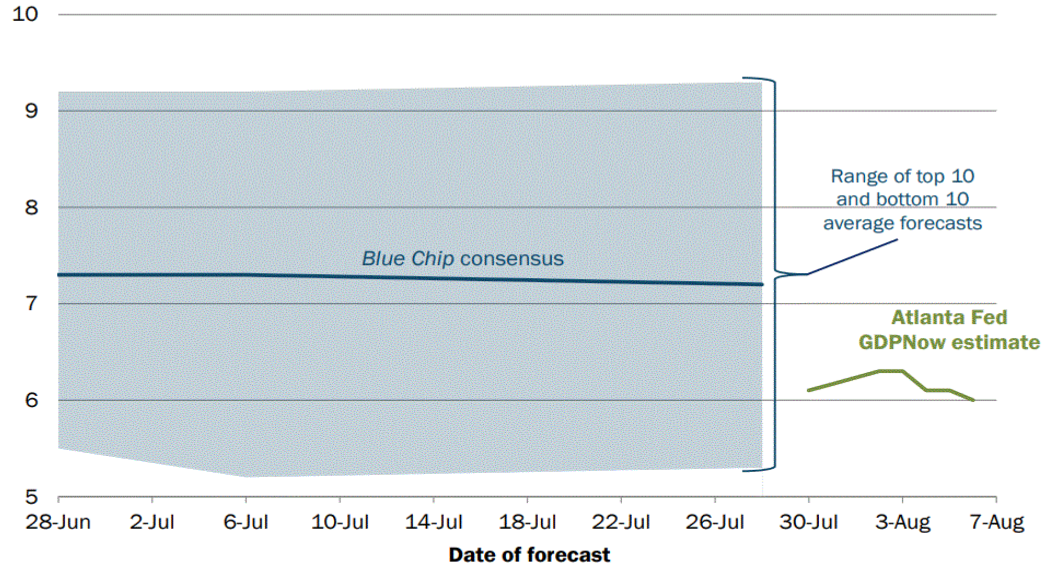
FEDERAL RESERVE BANK *of* ATLANTA | GDPNow™

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

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

Evolution of Atlanta Fed GDPNow real GDP estimate for 2021: Q3

Quarterly percent change (SAAR)



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

Atlanta Fed GDPNow™

Latest estimate: 6.0 percent — August 6, 2021

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2021 is **6.0 percent** on August 6, down from 6.1 percent on August 5. After this morning's releases of the employment situation report by the U.S. Bureau of Labor Statistics and the wholesale trade report from the U.S. Census Bureau, a decrease in the nowcast of third-quarter real gross private domestic investment growth from 26.5 percent to 25.2 percent was partly offset by increases in the nowcasts of third-quarter real personal consumption expenditures growth and third-quarter real government spending growth from 3.8 percent and 2.8 percent, respectively, to 3.9 percent and 3.3 percent, respectively." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 8/6/21

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

Index Suggests Economic Growth Moderated in June

"The Chicago Fed National Activity Index (CFNAI) decreased to +0.09 in June from +0.26 in May. Three of the four broad categories of indicators used to construct the index made positive contributions in June, but two categories deteriorated from May. The index's three-month moving average, CFNAI-MA3, declined to +0.06 in June from +0.80 in May.

The CFNAI Diffusion Index, which is also a three-month moving average, decreased to +0.13 in June from +0.40 in May. Forty-five of the 85 individual indicators made positive contributions to the CFNAI in June, while 40 made negative contributions. Forty-five indicators improved from May to June, while 40 indicators deteriorated. Of the indicators that improved, 13 made negative contributions.

On July 19, 2021, the National Bureau of Economic Research (NBER) determined that April 2020 marked the end of the recent recession. For details on the success of the CFNAI in tracking the dating of recessions established by the NBER, see the background information document (www.chicagofed.org/~/media/publications/cfnai/background/cfnai-background-pdf.pdf).

Production-related indicators contributed +0.01 to the CFNAI in June, down from +0.26 in May. Industrial production moved up 0.4 percent in June after increasing 0.7 percent in May, and manufacturing production decreased 0.1 percent in June after rising 0.9 percent in the previous month. The contribution of the sales, orders, and inventories category to the CFNAI increased to +0.06 in June from –0.04 in May.

The contribution of the employment, unemployment, and hours category to the CFNAI moved down to +0.09 in June from +0.15 in May. Nonfarm payrolls rose by 850,000 in June after increasing by 583,000 in May, but the unemployment rate ticked up to 5.9 percent in June. The personal consumption and housing category contributed –0.08 to the CFNAI in June, up slightly from –0.11 in May. Housing starts increased to 1,643,000 annualized units in June from 1,546,000 in May, but housing permits decreased to 1,598,000 annualized units in June from 1,683,000 in the previous month" – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 7/22/21

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

Chicago Fed National Activity Index, by Categories

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

	Jun '21	May '21	Apr '21	Mar '21	Feb '21	Jan '21	Jun '20
CFNAI							
Current	+0.09	+0.26	−0.16	+2.30	−1.67	+1.20	+5.88
Previous	N/A	+0.29	−0.09	+2.22	−1.61	+1.16	+5.88
CFNAI-MA3							
Current	+0.06	+0.80	+0.16	+0.61	−0.04	+0.60	−2.40
Previous	N/A	+0.81	+0.17	+0.59	−0.03	+0.59	−2.40
CFNAI Diffusion							
Current	+0.13	+0.40	+0.15	+0.37	+0.18	+0.39	+0.16
Previous	N/A	+0.39	+0.16	+0.37	+0.18	+0.38	+0.16

Current and Previous values reflect index values as of the July 22, 2021, release and June 21, 2021, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 7/22/21

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

Survey Suggests Growth Slowed Some in July

"The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index moved down to +12 in July from +22 in June, suggesting that economic growth was above trend. The CFSBC Manufacturing Activity Index increased to +23 in July from +8 in June, but the CFSBC Nonmanufacturing Activity Index decreased to +10 in July from +34 in the previous month.

- Respondents' outlooks for the U.S. economy for the next 12 months deteriorated, but remained optimistic on balance. Seventy-three percent of respondents expected an increase in economic activity over the next 12 months.
- The pace of current hiring was unchanged, but respondents' expectations for the pace of hiring over the next 12 months increased. Both hiring indexes remained positive.
- Respondents' expectations for the pace of capital spending over the next 12 months decreased, but the capital spending expectations index remained positive.
- The labor cost pressures index increased, but the nonlabor cost pressures index was unchanged. Both cost pressures indexes remained positive." – Thomas Walstrum, Senior Business Economist, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfsbc/index; 8/11/21

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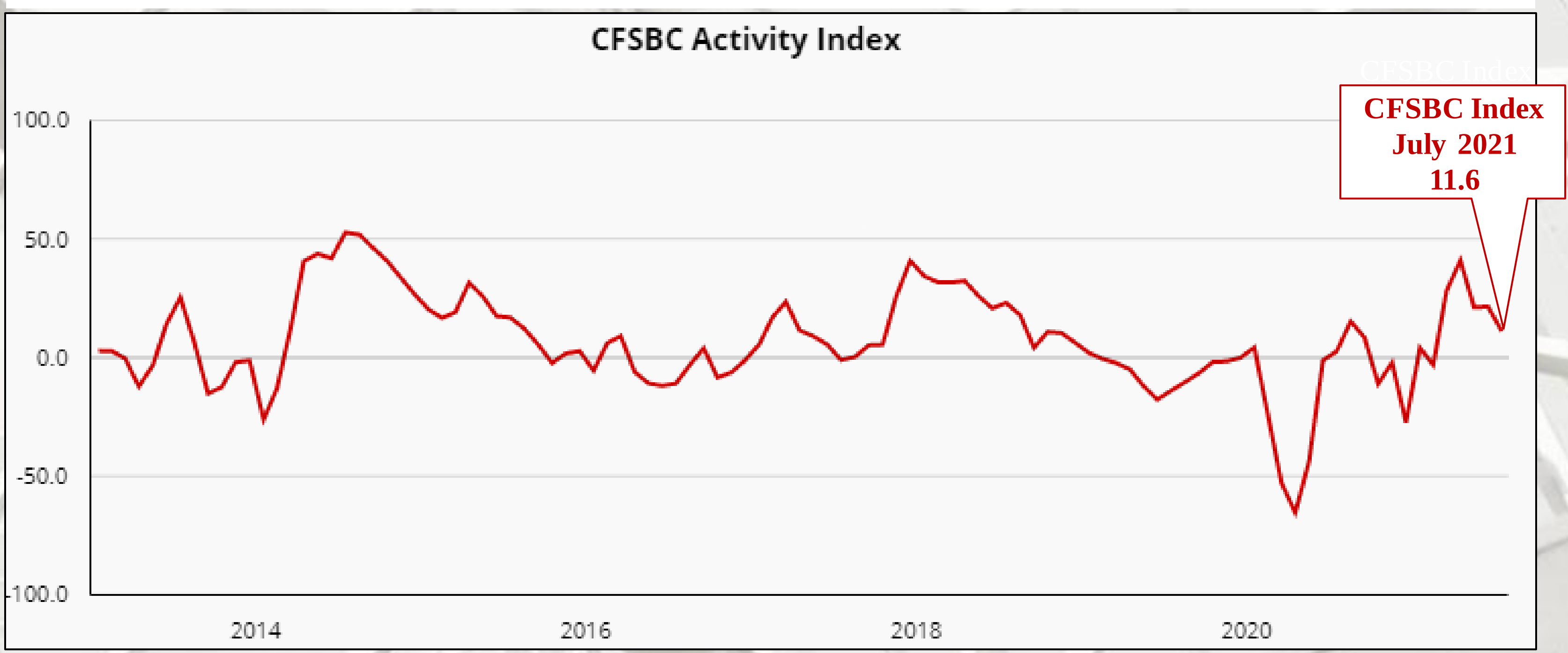
The Federal Reserve Bank of Chicago: Survey of Business Conditions (CFSBC)



Source: https://www.chicagofed.org/publications/cfsbc/index; 8/11/21

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The Federal Reserve Bank of Dallas

Robust Expansion in Texas Manufacturing Carries On

"Texas factory activity continued its robust expansion in July, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, was largely unchanged at 31.0, a reading well above average and indicative of strong output growth. Other measures of manufacturing activity also pointed to continued growth this month.

The new orders index came in at 26.8, unchanged from June and quadruple the series average of 6.5. The growth rate of orders index edged up to 25.8. The capacity utilization and shipments indexes held steady at highly elevated levels of 29.9 and 31.6, respectively.

Perceptions of broader business conditions continued to improve in July; the indexes eased slightly from June levels but remained well above average. The general business activity index fell four points to 27.3, and the company outlook index fell five points to 22.2. The outlook uncertainty index inched down to 14.6.

Labor market measures indicate continued growth. The employment index held steady at a highly elevated 23.7. Thirty-one percent of firms noted net hiring, while 8 percent noted net layoffs. The hours worked index also held steady at 24.2.

Prices and wages continued to increase in July. Price indexes eased off the all-time highs reached last month but remained strongly elevated, with the raw materials prices index coming in at 73.5 and the finished goods prices index coming in at 40.9. Similarly, the wages and benefits index ticked down to 46.0 from its historical high of 48.1 in June." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 7/26/21

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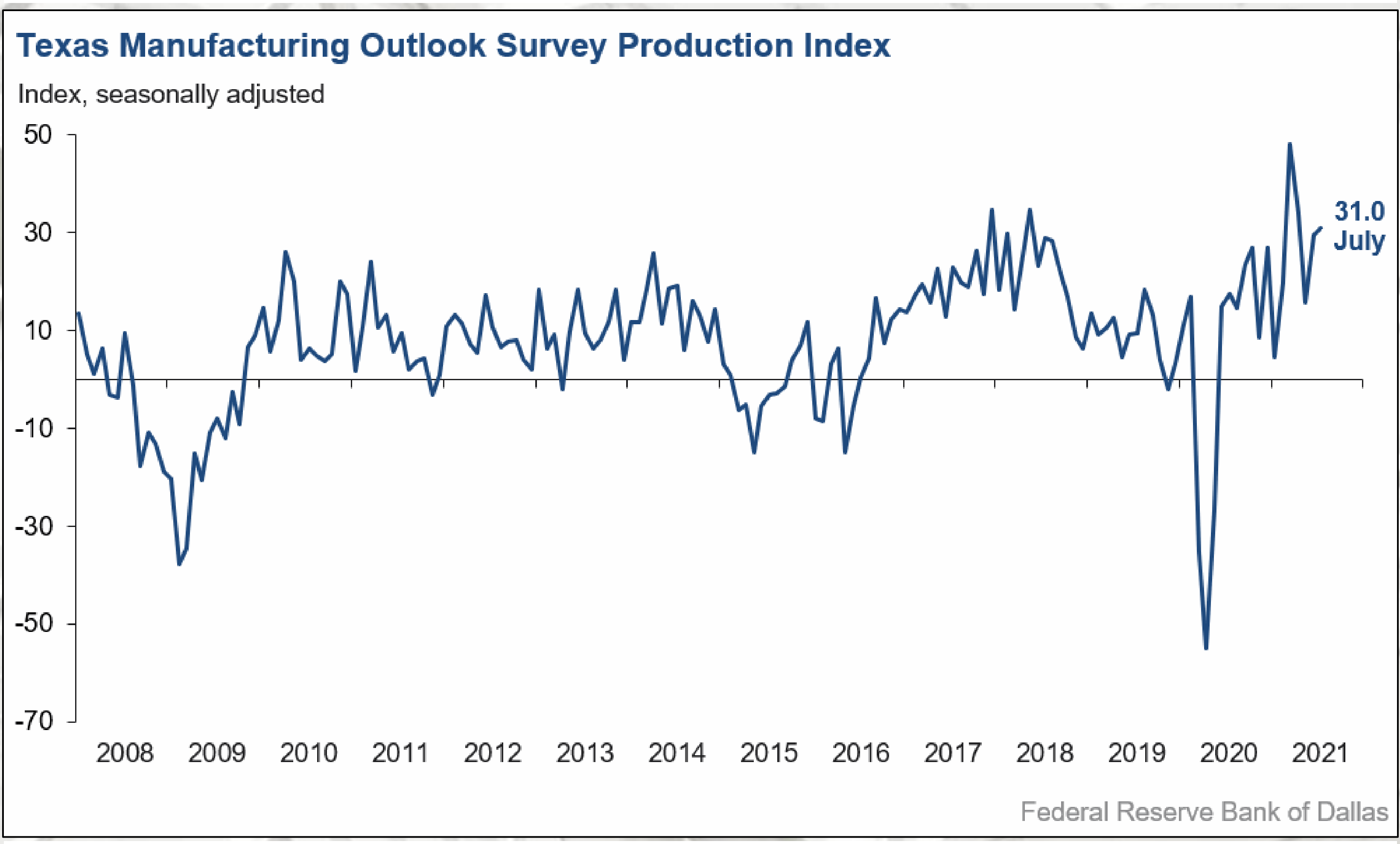
The Federal Reserve Bank of Dallas



Robust Expansion in Texas Manufacturing Carries On

"Expectations regarding future manufacturing activity remained optimistic in July. The future production index slipped eight points to 48.4, and the future general business activity index was unchanged at 37.1. Most other measures of future manufacturing activity declined but remained solidly in positive territory." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 7/26/21

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas Service Sector Expands Strongly in July

"The pace of growth in the Texas service sector accelerated in July, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, increased from 16.7 in June to 21.7 in July.

Labor market indicators continued to point to improvements in July, with further growth in employment and hours worked. The employment index rose from 11.1 to 13.5, and the part-time employment index added nearly three points to rise to 8.3. The hours worked index slipped slightly from 10.8 to 8.5 but stayed well above its series average of 2.4.

Perceptions of broader business conditions remained elevated in July. The general business activity index slipped three points to 33.3, with nearly 40 percent of respondents noting improvement compared with June. The company outlook index increased from 21.7 to 25.0, while the capital expenditures index rose to 20.7 — its highest level since 2018. The outlook uncertainty index increased from 1.5 to 6.6.

Price and wage pressures eased somewhat in July, though they remain near record levels. The wages and benefits index declined from a record high of 31.4 to 27.2. The selling prices index declined from 28.6 to 24.4, while the input prices index slipped three points to 42.0.

Respondents' expectations regarding future business activity remained high, though optimism moderated slightly. The future general business activity index fell from 43.0 to 37.5, while the future revenue index inched down from 54.5 to 52.1 . Other future service sector activity indexes such as employment and capital expenditures increased slightly, suggesting that respondents expect robust growth going forward." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tssos/2021/2107.aspx; 7/27/21

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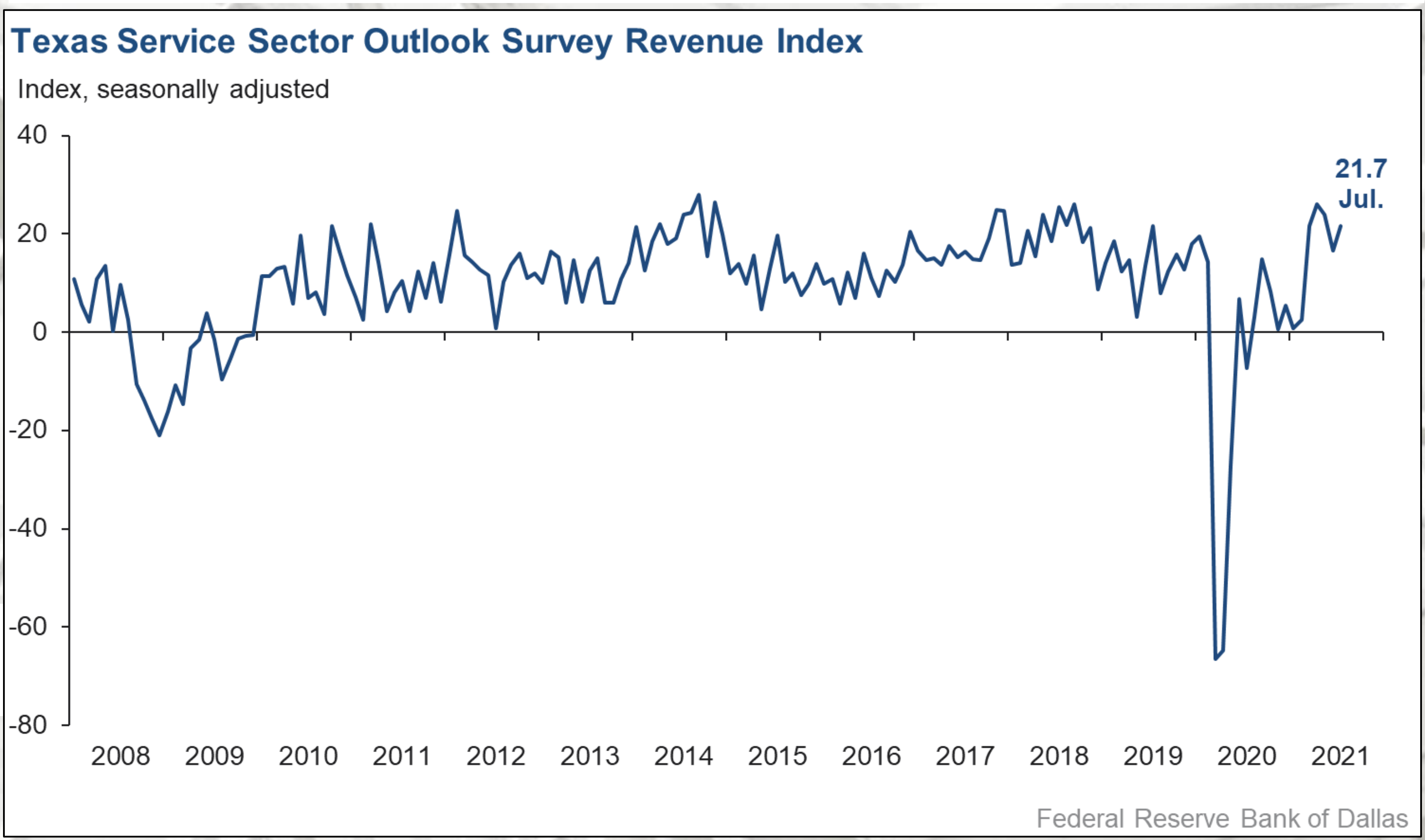
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys/tssos/2021/2107.aspx; 7/27/21

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The Federal Reserve Bank of Dallas

Texas Retail Sales Decline in June

"Retail sales activity was roughly unchanged in July compared with June, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, improved from -5.3 in June to -0.2 in July, suggesting no net change in sales. Inventories remained under pressure, though the inventories index's rise from -17.1 to -6.4 suggests some easing in recent declines.

Retail labor market indicators remained weak in July, with employment holding flat and a further shortening of average workweek length. The employment index dipped from 0.9 to -0.7, suggesting little net change in hiring compared with June. The hours worked index improved but remained in negative territory at -2.6.

Retailers' perceptions of broader business conditions continued to be positive on net, though index movements were mixed. The general business activity index plunged 15 points to 15.8, its lowest reading since Winter Storm Uri in February. The company outlook index picked up over six points to 11.8, while the outlook uncertainty index added six points to rise to 14.9.

Retail price and wage pressures eased notably from last month's record-high levels. The selling prices index shed over 14 points to 42.9, though over half of firms still report increasing prices compared with June. The input prices index declined from 59.2 to 51.8, while the wages and benefits index declined from 20.2 to 15.8." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tssos/2021/2107.aspx; 7/27/21

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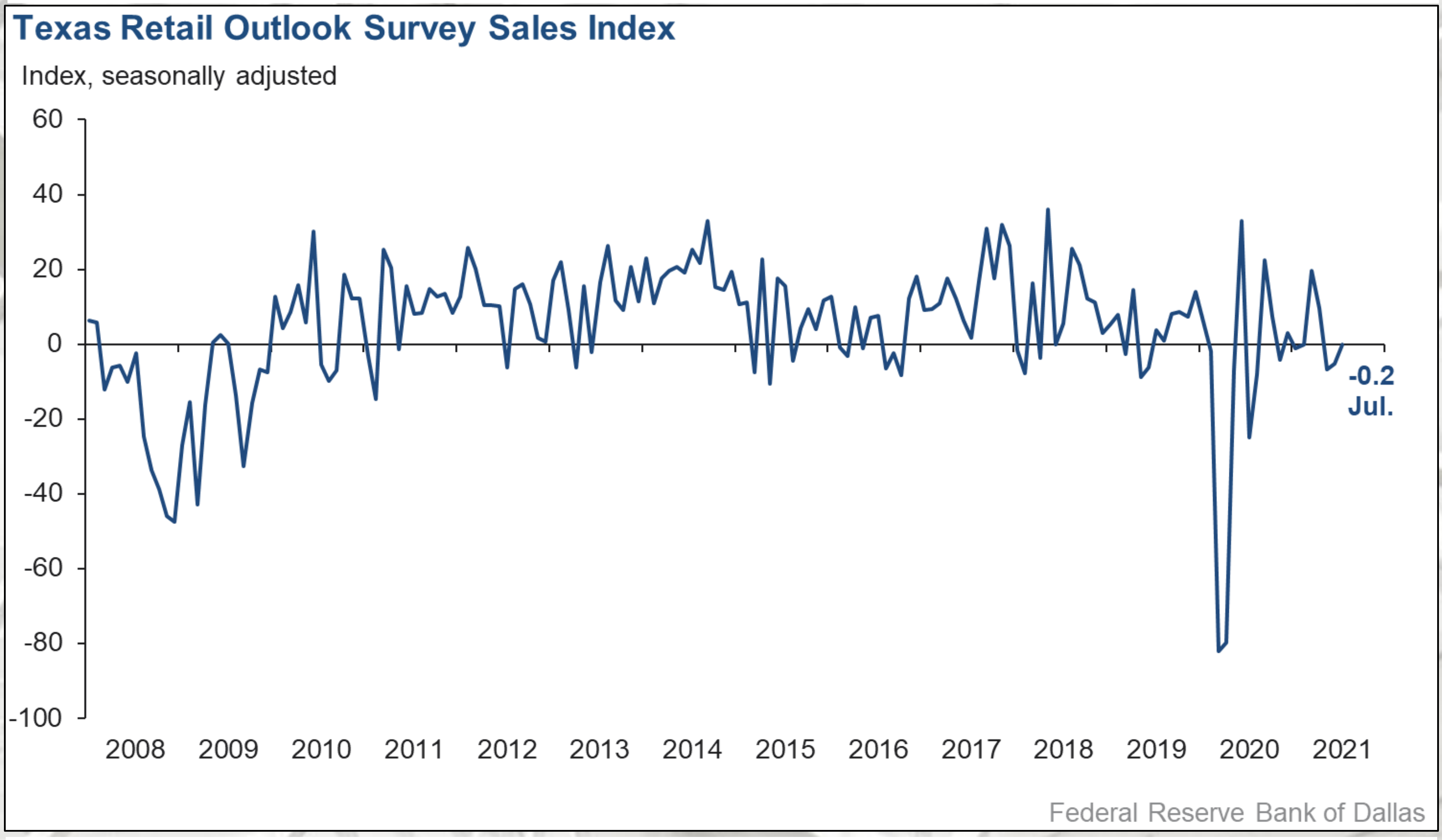
The Federal Reserve Bank of Dallas



Texas Retail Sales Decline in June

"Retailer optimism moderated somewhat in July when looking ahead to the rest of the year. The future general business activity index fell from 37.8 to 24.1, while the future sales index slipped slightly from 61.2 to 58.9. However, other indexes of future retail activity such as employment picked up slightly and suggest that expectations remain high for strong growth in the coming months." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tssos/2021/2107.aspx; 7/27/21

U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Increased Further

Tenth District manufacturing activity increased further,
with solid expectations for future activity over the next six months.

Factory Activity Increased Further

"Tenth District manufacturing activity increased further, with solid expectations for future activity over the next six months (Chart 1). The index of prices paid for raw materials remained near record highs and the index of prices received for finished goods expanded again in July. Price indexes vs. a year ago posted record highs in July for the fourth straight month. In July, more district firms expected materials prices and finished goods prices to rise over the next six months.

The month-over-month composite index was 30 in July, up from 27 in June and 26 in May. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The growth in district manufacturing activity continued to be driven by increased activity at durable goods plants, especially primary and fabricated metals, computer and electronic products, transportation equipment, and furniture manufacturing. The month-over-month indexes for shipments, new orders, order backlog, and new orders for exports rose at a faster pace in July, and supplier delivery time increased. Inventories remained positive but eased slightly from last month. Year-over-year factory indexes continued to increase in July, and the year-over-year composite index expanded from 43 to 50. The future composite index edged down from the record high 37 in June to 33 in July, still indicating solid expectations over the next six months." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 7/22/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Increased Further

Special questions

This month contacts were asked special questions about labor shortages, wage pressures, and supply chain disruptions. In July, 91% of firms reported workers were in short supply, more than any time previously asked in survey history. Wage pressures also surpassed survey records as 78% of firms reported having to raise wages more than normal to attract or keep workers. To attract new talent, 72% of manufacturers reported raising compensation, 60% reported hiring less qualified workers with more on the job training, and another 60% increased advertising for open positions. As labor shortages have persisted, 75% of firms have increased overtime to compensate, 47% have increased automation, and 36% reported up-skilling or re-skilling their existing labor force. Still, 30% of firms reported limiting production capacity due to labor shortages. 89% of firms in July reported challenges with supply chain disruptions and shortages. Of those with supply chain issues, 69% of firms indicated they were delaying projects or pushing back work as well as diversifying suppliers. Due to supply chain issues, 62% of firms responded by raising prices, 56% reported increasing inventories, and another 36% reported turning away business." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 7/22/21

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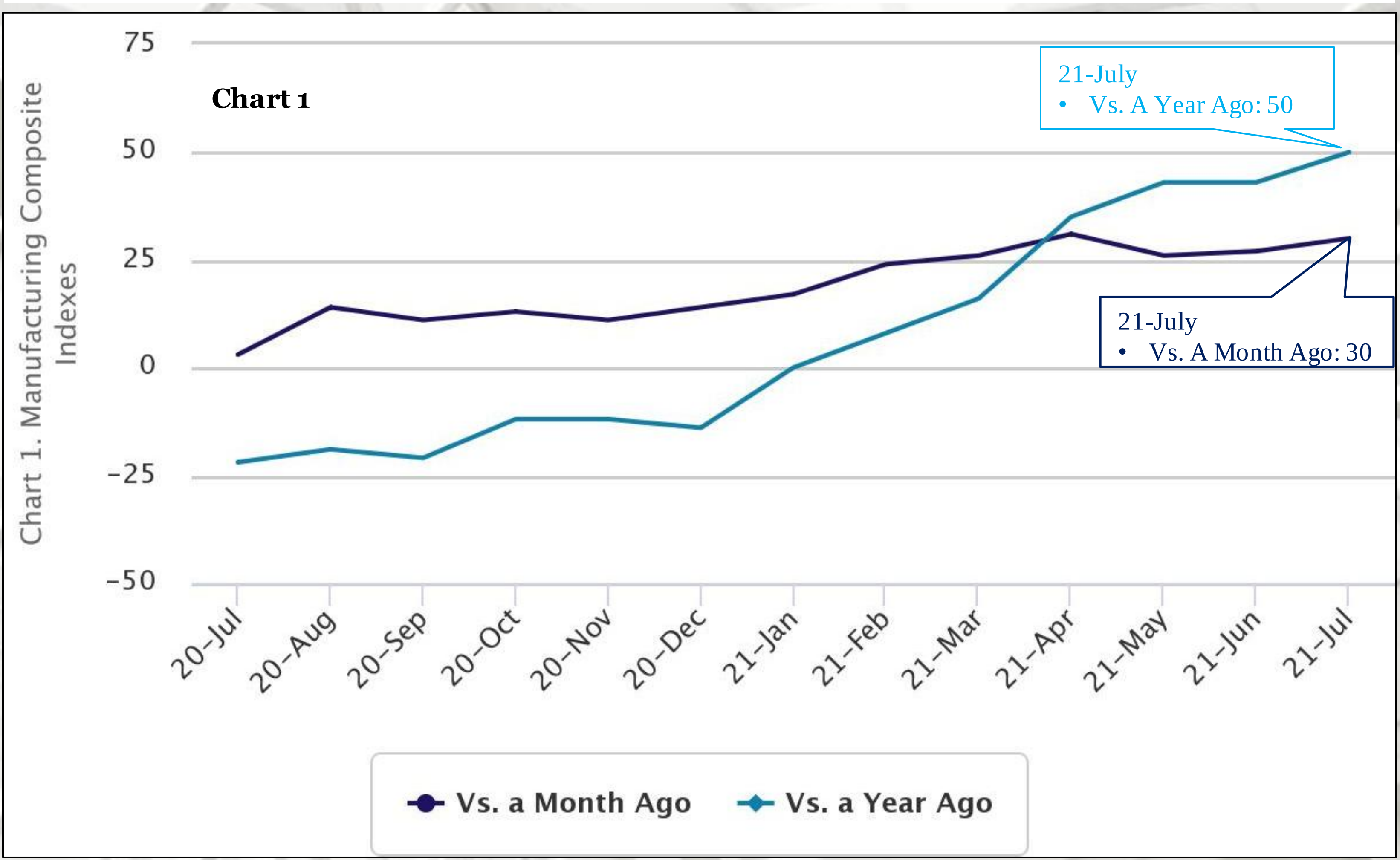
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 7/22/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Rose at a Faster Pace

Tenth District services activity rose at a faster pace in July, and expectations for future activity remained positive.

Business Activity Rose at a Faster Pace

"Tenth District services activity rose at a faster pace in July, and expectations for future activity remained positive (Chart 1). Indexes for input prices and selling prices continued increase from a month ago and a year ago, but slower than the record pace in recent months. Moving forward, firms expected input and selling prices to continue to rise over the next six months.

The month-over-month services composite index was 25 in July, significantly higher than 8 in June and also up from 18 in May. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Month-over-month indexes were mostly positive in June, indicating expansion. The increase in general revenue and sales was driven by more wholesale, retail, tourism, and restaurant activity, while real estate and healthcare services growth slowed. The index for number of employees rose at a faster rate in July while inventories and access to credit levels declined slightly from a month ago. Year-over-year indexes grew, and the year-over-year composite index increased from 27 to 36. Expectations for future services activity remained high, although the future composite index edged down from 36 to 32." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 7/23/21

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U.S. Economic Indicators

Source: https://www.kansascityfed.org; 7/23/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Growth Slows

"Business activity continued to expand in New York State, according to firms responding to the August 2021 *Empire State Manufacturing* Survey, though growth was significantly slower than last month's record-setting pace. The headline general business conditions index fell twenty-five points to 18.3. New orders increased modestly, and shipments grew slightly. Delivery times continued to lengthen substantially, and inventories were somewhat higher. Employment and the average workweek increased modestly. Input prices continued to rise sharply, and the pace of selling price increases set another record. Looking ahead, firms remained optimistic that conditions would improve over the next six months, with substantial increases in employment and prices expected.

Manufacturing activity continued to increase in New York State, according to the August survey, but growth was much slower than in July. The general business conditions index fell twenty-five points to 18.3. Just over one-third of respondents reported that conditions had improved over the month, while 16 percent reported that conditions had worsened. The new orders index fell eighteen points to 14.8, pointing to a solid increase in orders, while the shipments index tumbled nearly forty points to 4.4, suggesting a slight increase in shipments. Unfilled orders rose. The delivery times index climbed to 28.3, indicating significantly longer delivery times, as has been the case for the past several months. Inventories edged higher." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 7/15/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Selling Prices Increase Sets Another Record

“The index for number of employees held steady at 12.3, and the average workweek index fell four points to 15.1, indicating ongoing modest gains in employment and hours worked. Both price indexes retreated only slightly from last month’s record highs, suggesting ongoing significant price increases: the prices paid index fell four points to 79.8, and the prices received index declined four points to 33.3.

Firms Remain Optimistic

The index for future business conditions climbed seven points to 46.5, pointing to ongoing optimism about future conditions. The indexes for future new orders and shipments rose to similar levels. Substantial increases in employment and prices are expected in the months ahead. The capital expenditures index was little changed at 23.0, and the technology spending index held steady at 15.0.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/16/21

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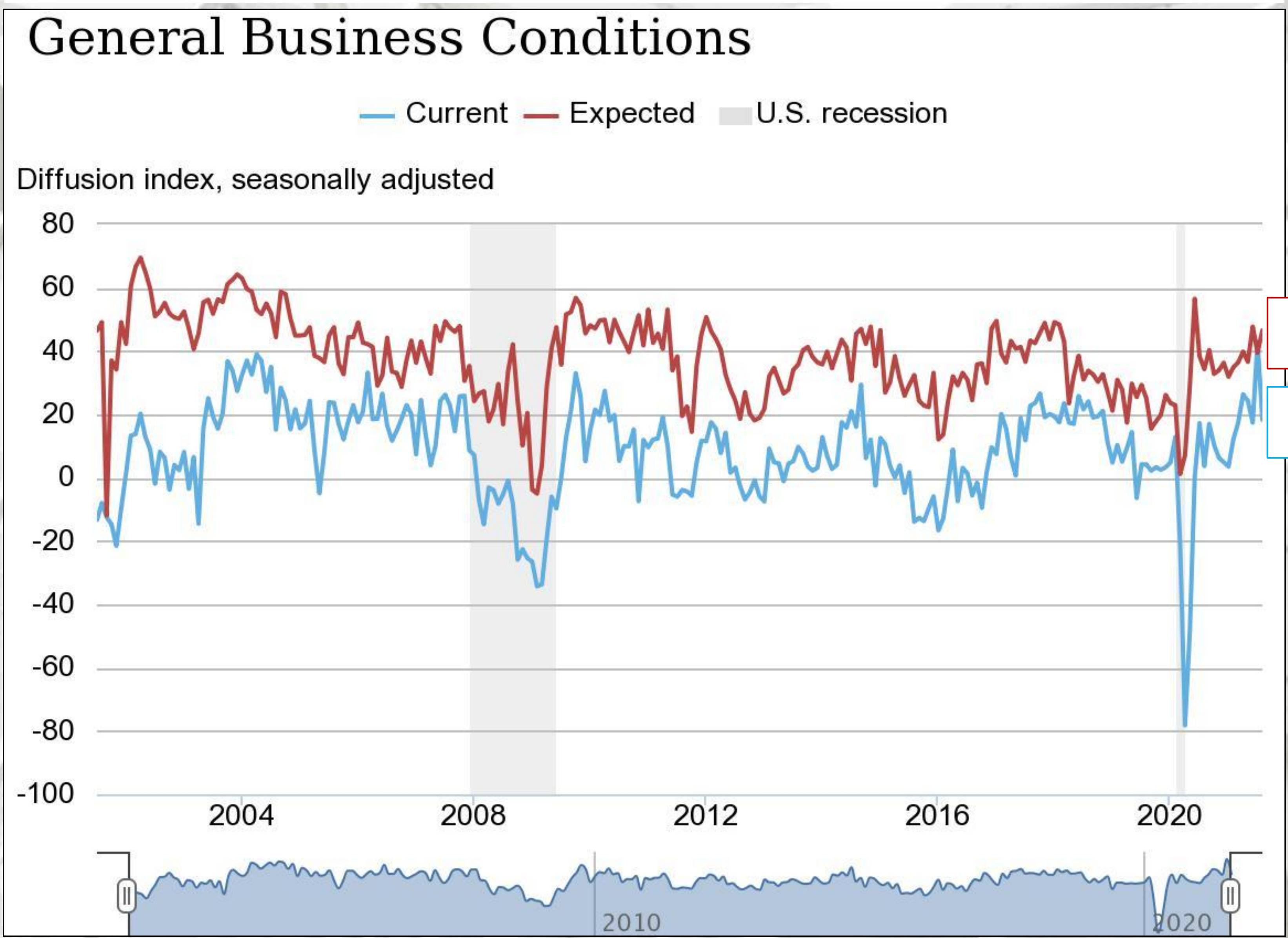
The Federal Reserve Bank of New York



August 2021
46.5

August 2021
18.3

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/16/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Activity Continues To Expand Robustly

"Business activity continued to surge in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's July 2021 *Business Leaders Survey*. The survey's headline business activity index came in at 41.7, little changed from last month's record high. The business climate index rose six points to 6.5, indicating that for the first time since the pandemic began, firms generally viewed the business climate as better than normal for this time of year. Employment levels and wages continued to rise at a solid clip. Both the prices paid and prices received indexes remained quite elevated. Capital spending increased modestly for the first time in well over a year, and firms expected to increase capital spending significantly in the coming months. Looking ahead, firms expressed widespread optimism that conditions would improve, with the index for future employment holding near its record high.

Business activity in the region's service sector continued to increase substantially, according to the July survey. At 41.7, the headline business activity index held near last month's record high. Fifty-four percent of respondents reported that conditions improved over the month, while 12 percent said that conditions worsened. The business climate index rose six points to 6.5, its first reading meaningfully above zero since January 2020, indicating that, on net, firms viewed the business climate as better than normal." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/16/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Employment and Wages Continue To Rise

"The employment index edged down three points to 16.8, a reading pointing to a moderate increase in employment levels. The wages index moved up four points to 41.8, signaling ongoing significant wage growth. Price indexes remained elevated: the prices paid index was down slightly to 68.1, and the prices received index increased six points to 32.1. The capital spending index moved up nine points to 10.9, pointing to a modest increase in capital spending.

Firms Remain Optimistic About Future Conditions

The index for future business activity and the index for future business climate held near recent months' record levels, pointing to widespread optimism about future conditions. The index for future employment held near its record high, with 57 percent of respondents expecting to increase employment in the months ahead. Wages and prices are expected to continue to rise significantly, and capital spending plans remained strong." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 7/16/21

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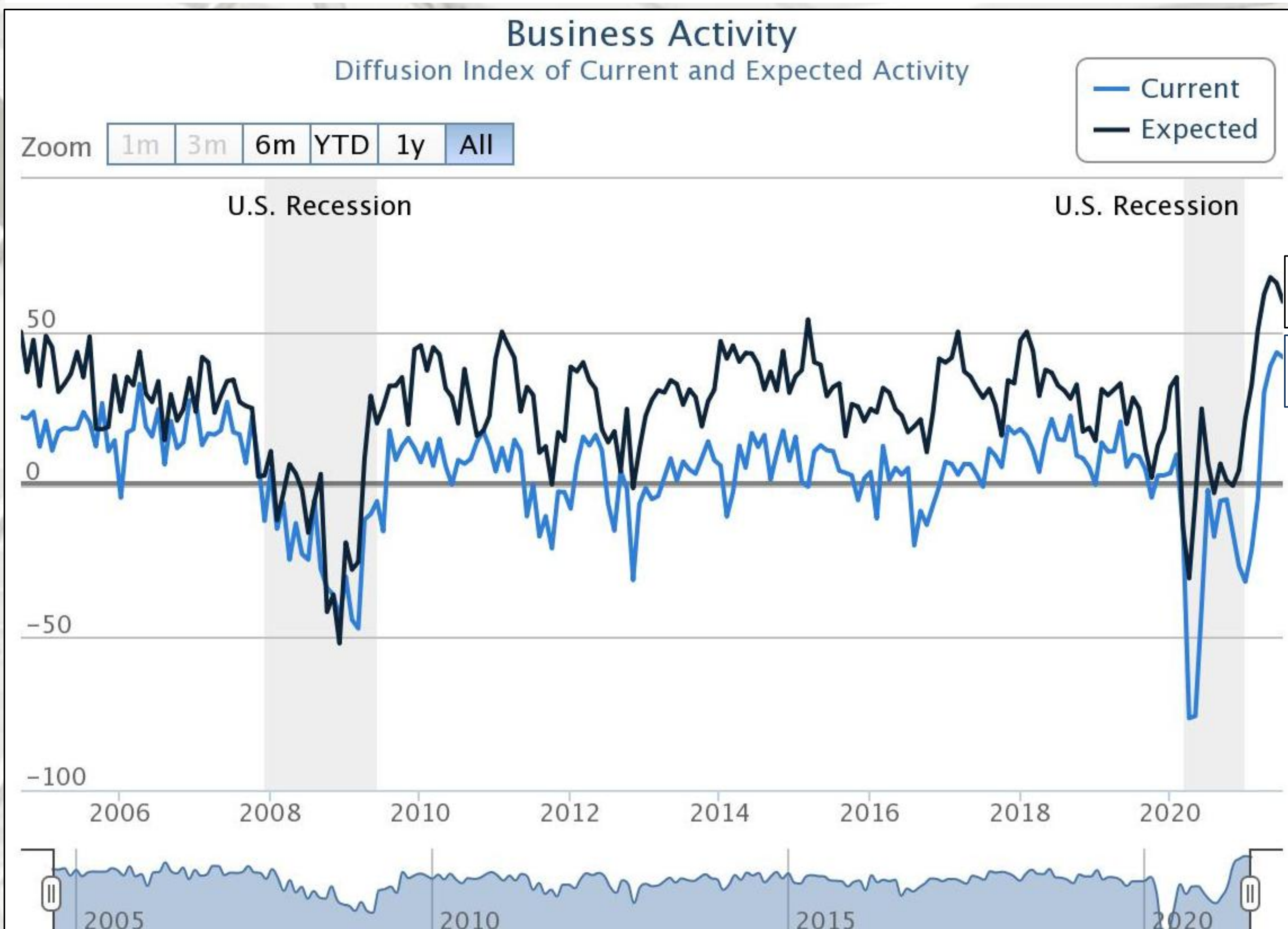
The Federal Reserve Bank of New York



July 2021
69.9

July 2021
41.7

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 7/16/21

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U.S. Economic Indicators

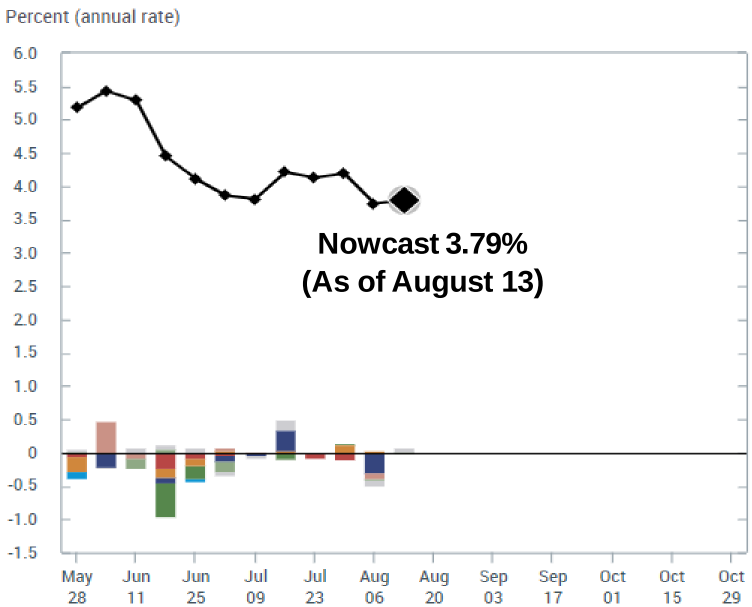
The Federal Reserve Bank of New York Nowcast

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

Last Release 11:15am EST Aug 13, 2021

◆ The New York Fed Staff Nowcast ○ Advance GDP estimate □ Latest GDP estimate

Housing and construction · Manufacturing · Surveys · Retail and consumption · Income · Labor · International trade · Others



Data Flow (Aug 13, 2021)

Model Update	Release Date	Data Series	Actual	Impact	Nowcast GDP Growth
Aug 13					3.79
	8:30AM Aug 13	Export price index	1.28	0.03	
	8:30AM Aug 13	Import price index	0.3	-0.02	
	8:30AM Aug 12	PPI: Final demand	1.03	0.1	
	8:30AM Aug 11	CPI-U: All items less food and energy	0.33	-0.01	
	8:30AM Aug 11	CPI-U: All items	0.47	-0.01	
	8:30AM Aug 10	Nonfarm business sector: Unit labor cost	0.97	0	
	10:00AM Aug 09	JOLTS: Total job openings	590	-0.01	
		Data revisions		-0.01	
Aug 06					3.74

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.

August 13, 2020: Highlights

- "The New York Fed Staff Nowcast stands at 3.8% for 2021:Q3.
- News from this week's data releases increased the nowcast for 2021:Q3 by 0.1 percentage point.
- Positive surprises from PPI price data accounted for most of the increase." – The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/research/policy/nowcast; 8/16/21

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U.S. Economic Indicators

The Federal Reserve Bank of Philadelphia

July 2021 Manufacturing Business Outlook Survey

"Manufacturing activity in the region continued to improve this month, according to firms responding to the July *Manufacturing Business Outlook Survey*. The indicators for general activity, shipments, and new orders all declined but remain elevated. The firms continued to report increases in employment and prices. Most of the survey's future indexes tempered but continue to indicate overall optimism about growth over the next six months.

Current Activity Remain Elevated

The diffusion index for current manufacturing activity fell from a reading of 30.7 in June to 21.9 this month (see Chart 1). Thirty-three percent of the firms reported increases in current activity this month, while only 11 percent reported decreases. The majority of firms (51 percent) reported no change in current activity. The current new orders index decreased 5 points to 17.0 in July, while the current shipments index fell 3 points to 24.6.

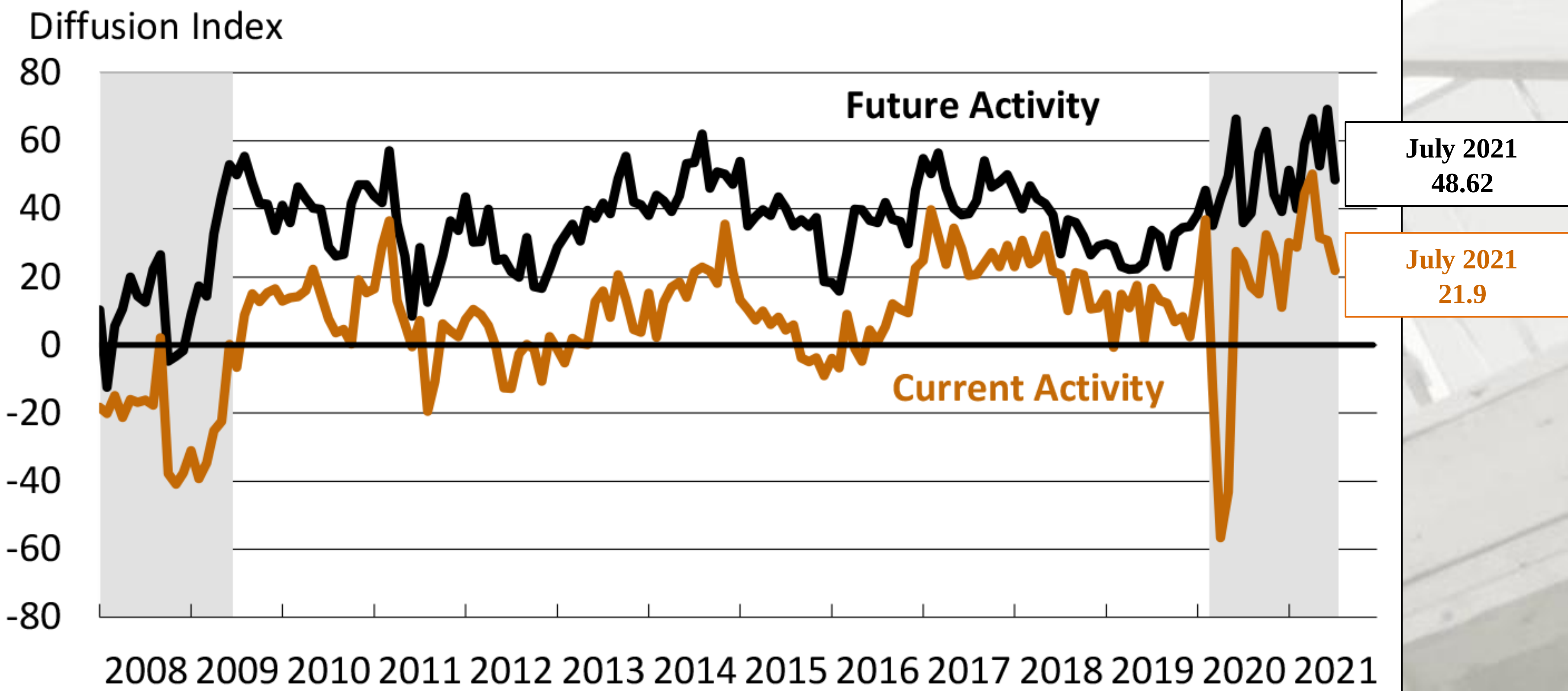
The firms continued to add to their payrolls this month. The current employment index edged down from a reading of 30.7 in June to 29.2 this month. Over 38 percent of the responding firms reported increases in employment, while only 9 percent of the firms reported decreases. The current workweek index fell 2 points to 18.4." – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-07; 7/15/21

The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes

January 2008 to July 2021



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-07; 7/15/21

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The Federal Reserve Bank of Philadelphia

Price Indexes Suggest Increasing Prices

"The firms continued to report price pressures; however, both price indexes declined this month. The prices paid index decreased 11 points to 69.7 in July after reaching a 42-year high in June. Over 72 percent of the firms reported higher input prices this month (down from 82 percent last month), while only 2 percent of the firms reported lower input prices (up from 1 percent). The firms also reported overall increases in prices for their own manufactured goods: The prices received index decreased 3 points to 46.8.

Firms Report Increases in Wages and Compensation

In special questions this month, the firms were asked generally about changes in wages and compensation over the past three months, how these recent or planned changes will affect their budgets for the rest of the year, and the components of these changes. Nearly 74 percent of the firms indicated increases in wages and compensation costs over the past three months, 26 percent reported no change, and none reported decreases.

The majority of the firms have reported adjusting their 2021 budgets for wages and compensation since the beginning of the year, with 57 percent indicating they are planning to increase wages and compensation by more than originally planned and 36 percent indicating they are planning to increase wages and compensation sooner than originally planned. Based on the median reporter, the firms expect wages to increase by 4 to 5 percent and total compensation to increase by 4 to 5 percent in 2021." – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-07; 7/15/21

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The Federal Reserve Bank of Philadelphia

Firms Remain Optimistic About Growth

"The diffusion index for future general activity fell 21 points from a near 30-year high reading in June to 48.6 this month (see Chart 1). Nearly 59 percent of the firms expect increases in activity over the next six months, while 10 percent expect declines. The future new orders and shipments indexes also decreased, falling 23 points and 6 points, respectively. The future employment index rose 3 points to 56.6. Nearly 63 percent of the firms expect to increase employment over the next six months, whereas only 6 percent of the firms expect to decrease employment. The future capital spending index edged up 1 point to 41.2.

Summary

The firms' responses continued to suggest ongoing growth in the region's manufacturing sector this month. The survey's indicators for general activity, new orders, and shipments remain elevated but declined. The firms also continued to report increases in prices. The survey's future indexes indicate that the firms remain optimistic about growth over the next six months." – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-07; 7/15/21

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The Federal Reserve Bank of Philadelphia

July 2021 Nonmanufacturing Business Outlook Survey

"Responses to the July *Nonmanufacturing Business Outlook Survey* suggest continued expansion in nonmanufacturing activity in the region. The indexes for general activity at the firm level and sales/revenues both declined but remained elevated, and the new orders and full-time employment indexes both rose. Prices for firms' inputs and own goods continued to rise, suggesting more widespread price increases. The respondents continue to anticipate growth over the next six months.

Current Indexes Remain Positive

The diffusion index for current general activity at the firm level remains elevated but declined from a reading of 56.7 in June to 44.8 this month (see Chart 1). More than 55 percent of the responding firms reported increases in activity, and 11 percent reported decreases. The new orders index increased 4 points to a reading of 31.8 in July, and the index for sales/revenues edged down from 41.0 in June to 39.6 this month. Of the responding firms, 50 percent reported increases in sales/revenues, while 10 percent reported decreases. The regional activity index declined by 7 points to 53.1.

Firms Anticipate Continued Growth

Both future activity indexes strengthened and suggest that firms anticipate growth over the next six months. The diffusion index for future activity at the firm level increased from 74.0 in June to 79.2 this month (see Chart 1). Over 80 percent of the firms expect an increase in activity at their firms over the next six months, compared with 1 percent that expect decreases and 18 percent that expect no change. The future regional activity index increased 4 points to 74.8 in July." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nonmanufacturing-business-outlook-survey; 7/20/21

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The Federal Reserve Bank of Philadelphia

July 2021 Nonmanufacturing Business Outlook Survey

Employment Indicators Strengthen

"The full-time employment index more than recovered its decline from June, rising 21 points to 24.8 in July. Nearly 36 percent of the firms reported increases (up from 20 percent last month), and 11 percent reported decreases (down from 15 percent last month); meanwhile, the majority (52 percent) reported steady full-time employment levels. Similarly, the part-time employment index rose 8 points to 9.6, and the average workweek index increased 5 points to 25.4.

Respondents Continue to Report Overall Price Increases

Price increases were more widespread this month. The prices paid index had hit its all-time high in May, but the index this month climbed 6 points above that mark to 54.8 (see Chart 2). More than 55 percent of the respondents reported increases in their input prices, and only 1 percent reported decreases. Just about one-third of the respondents reported stable input prices. Regarding prices for firms' own goods and services, the prices received index inched up from a reading of 28.9 in June to 29.5 in July. The share of firms reporting increases in prices received (34 percent) exceeded the share reporting decreases (4 percent). Most firms (54 percent) reported steady prices for their own goods and services." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nonmanufacturing-business-outlook-survey; 7/20/21

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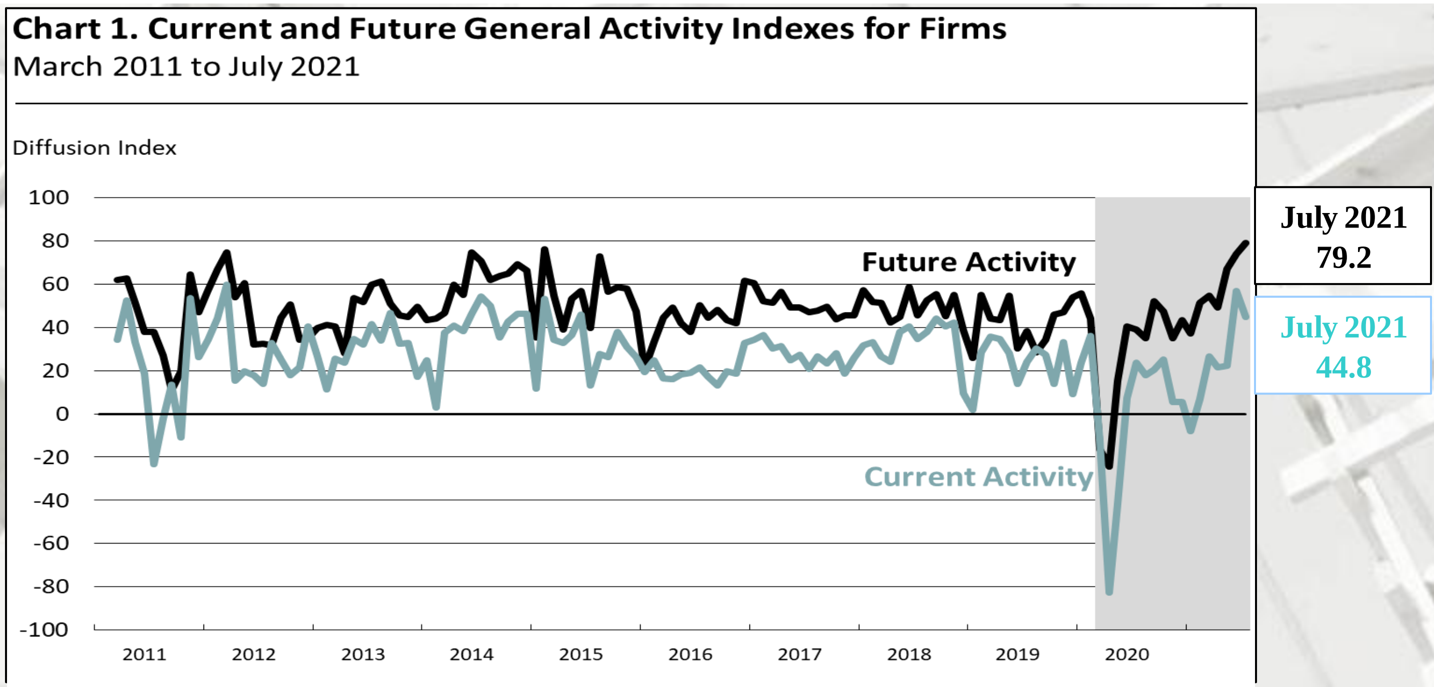
The Federal Reserve Bank of Philadelphia



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

Firms Report Increases in Wages and Compensation

"In special questions this month, the firms were asked about changes in wages and compensation over the past three months, how these recent or planned changes will affect their budget for the rest of the year, and the components of these changes. Almost 51 percent of the responding firms indicated increases in wages and compensation costs over the past three months, 44 percent reported no change, and 1 percent reported decreases. The firms have reported adjusting their 2021 budgets for wages and compensation since the beginning of the year, with 44 percent indicating they are planning to increase wages and compensation by more than originally planned and 25 percent of the firms indicating they are planning to increase wages and compensation sooner than originally planned. Based on the median reporter, the firms expect increases of 4 to 5 percent for wages and total compensation in 2021." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nonmanufacturing-business-outlook-survey; 7/20/21

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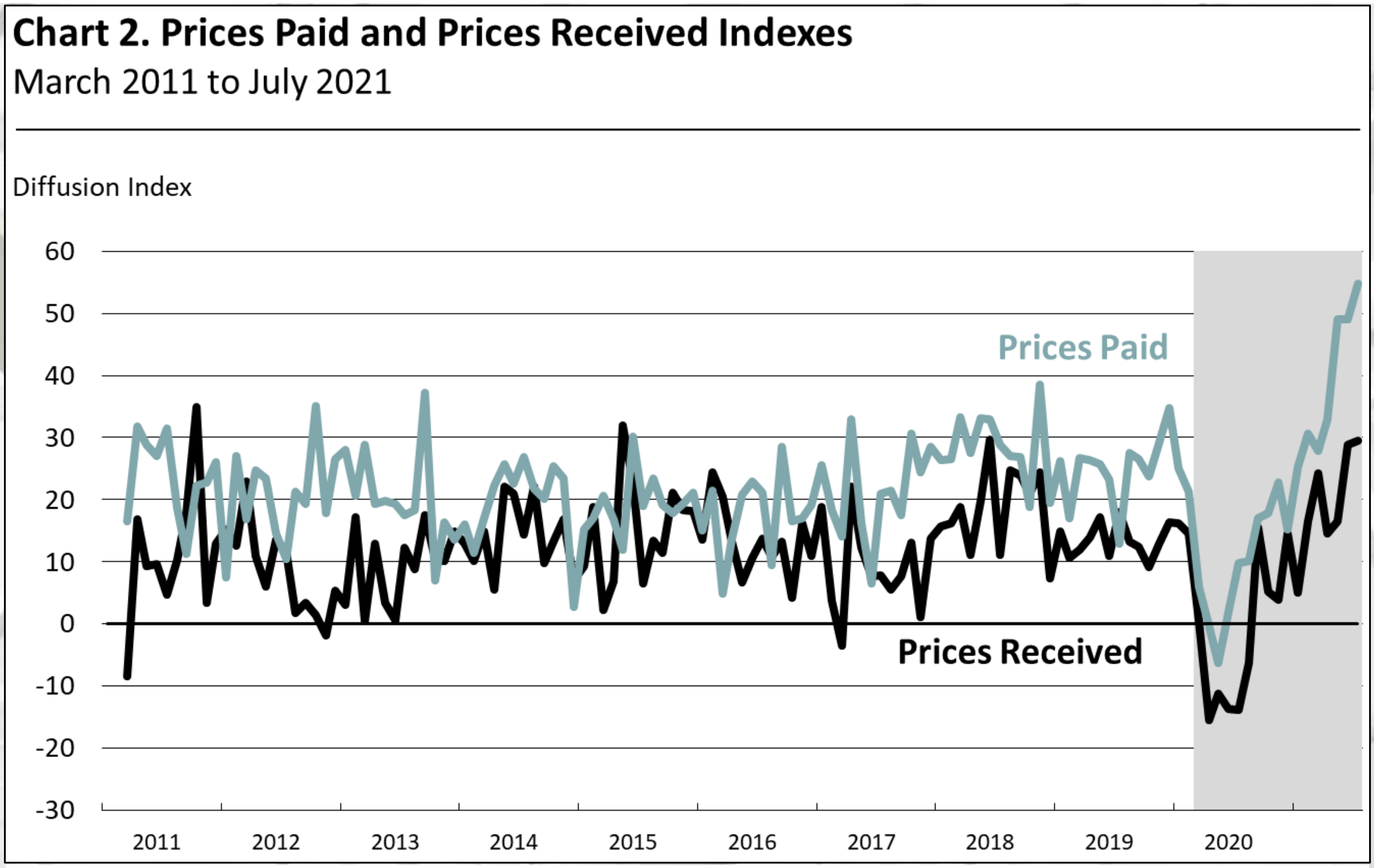

Note: The diffusion index is computed s the percentage of respondents indicating an increase minus the percentage indicating a decrease; the data are seasonally adjusted.

Summary

"Responses to this month's Nonmanufacturing Business Outlook Survey suggest expansion in nonmanufacturing activity in the region. The indicators for firm-level general activity and sales/revenues declined modestly but remain elevated. Additionally, the firms continue to report overall increases in prices and employment. Overall, the respondents continue to expect growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nonmanufacturing-business-outlook-survey; 7/20/21

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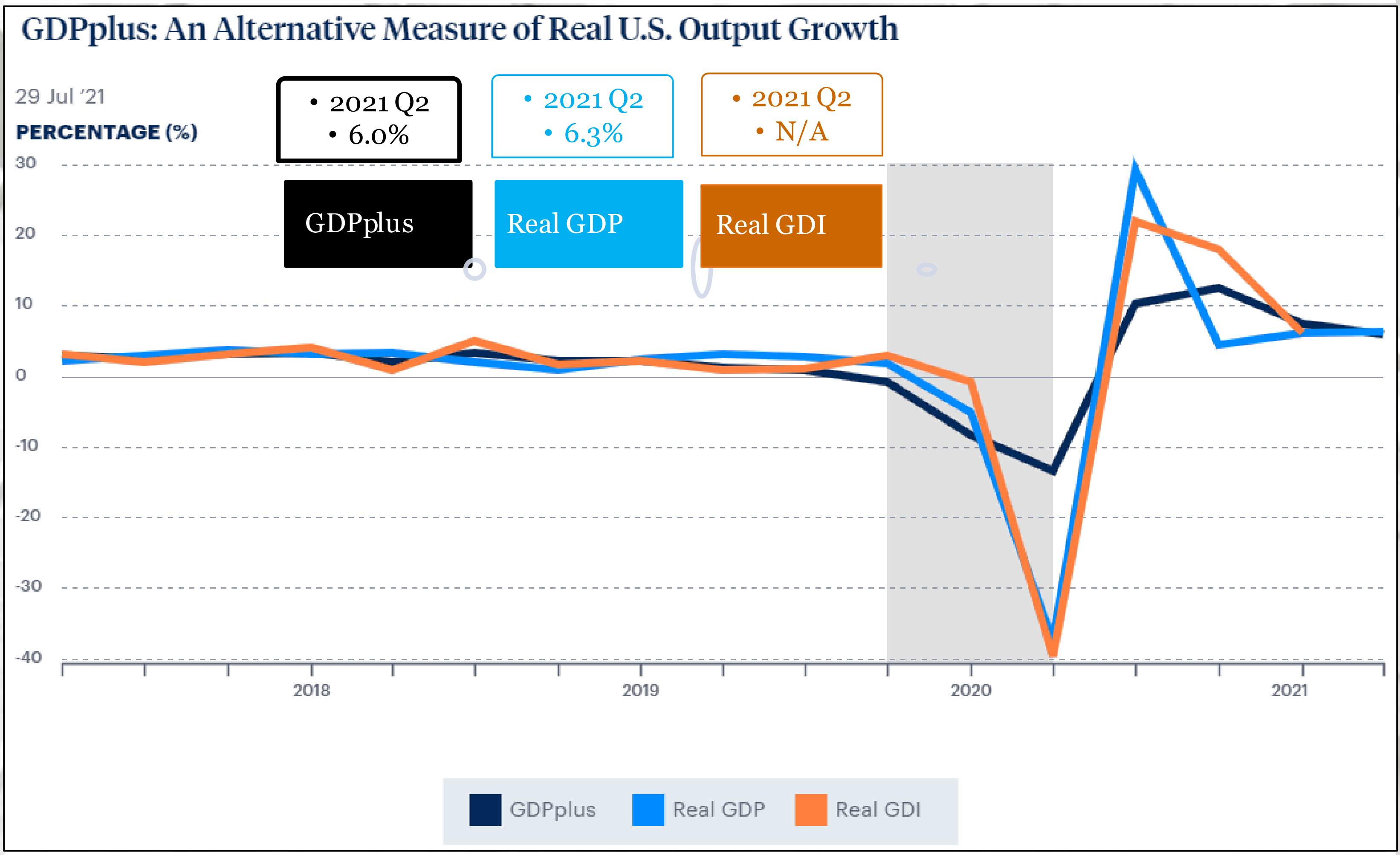
The Federal Reserve Bank of Philadelphia: GDPplus



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

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

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 7/29/21

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Manufacturing Activity Strengthened in July

"Fifth District manufacturing activity strengthened in July, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index inched up from 26 in June to 27 in July, buoyed by increases in the shipments and employment indexes, while the third component index — new orders — declined but remained in expansionary territory. The indexes for inventories of raw materials and of finished goods declined, as both of these indexes hit record lows, and vendor lead times continued to lengthen. Manufacturers were optimistic that business conditions would improve further in the coming months.

Survey results indicated that many firms increased employment and wages in July, but they struggled to find workers with the necessary skills. Survey respondents expected these trends to continue in the next six months.

The average growth rates of both prices paid and prices received by survey participants increased in July, as growth of prices paid continued to outpace that of prices received. Respondents expected price growth to slow over the next year." – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/27/21

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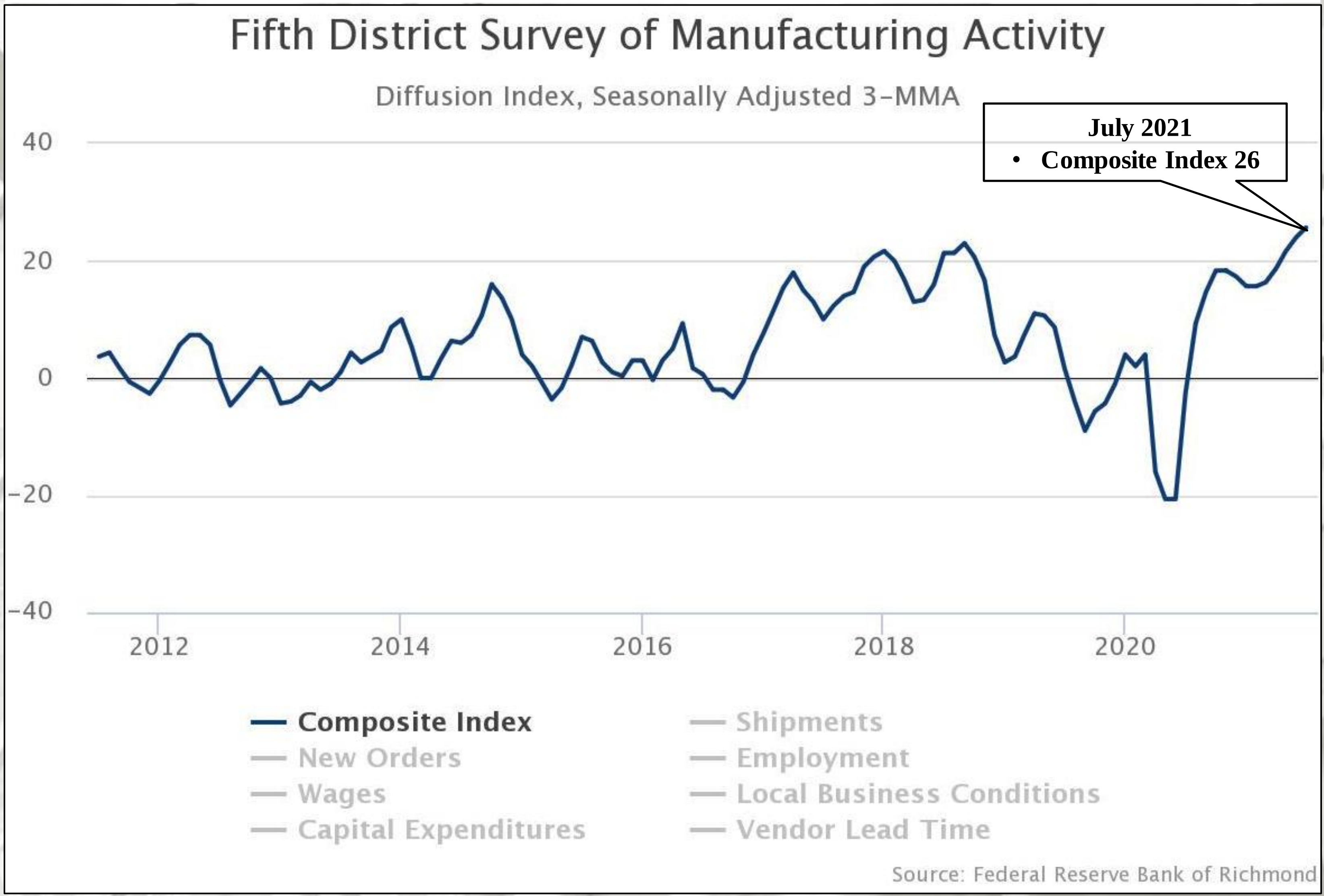
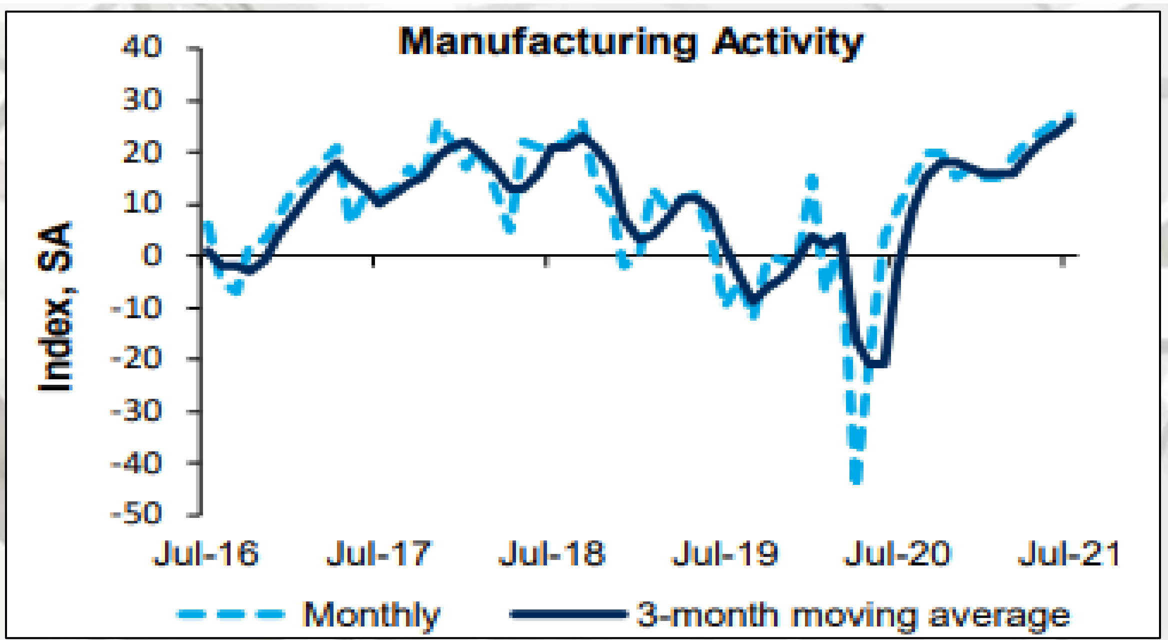
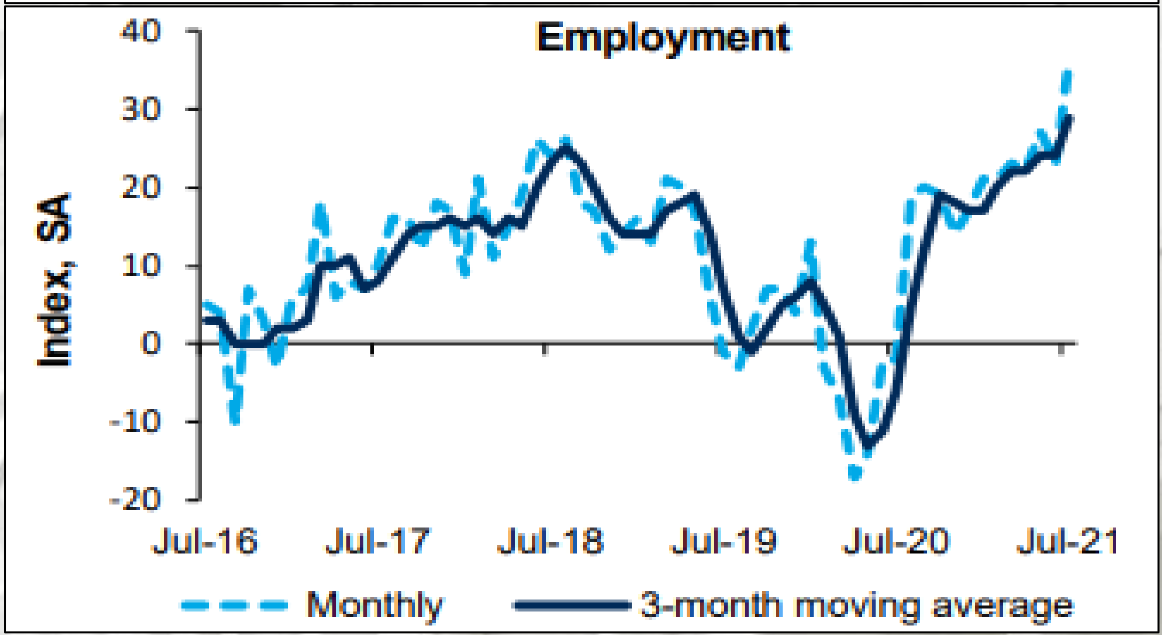
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/27/21

U.S. Economic Indicators





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/25/21

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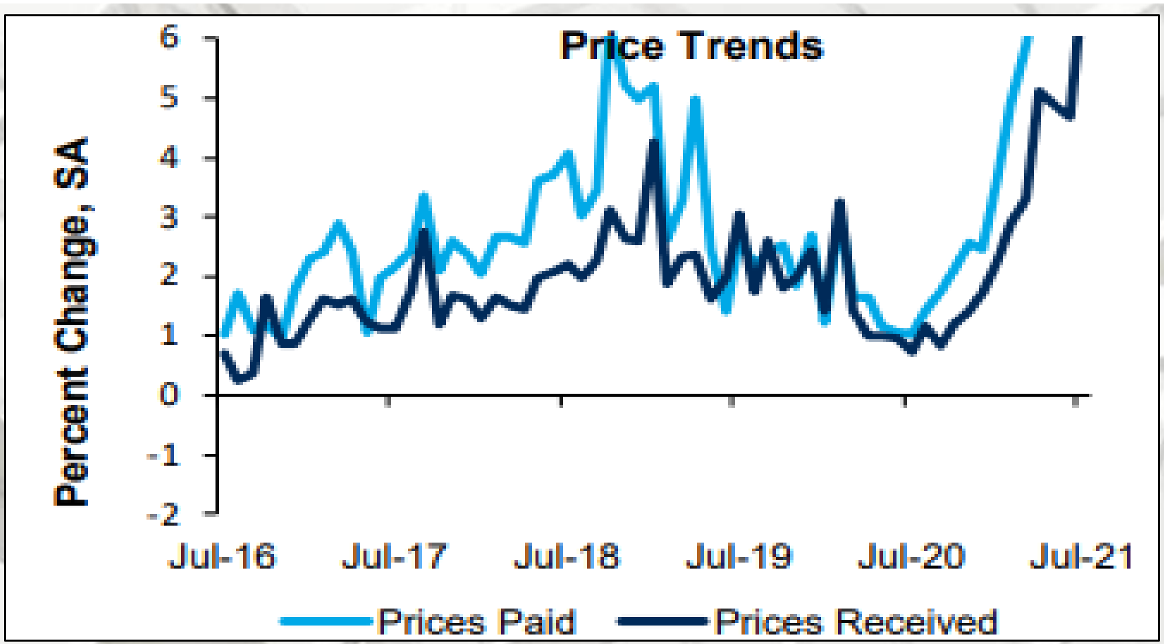
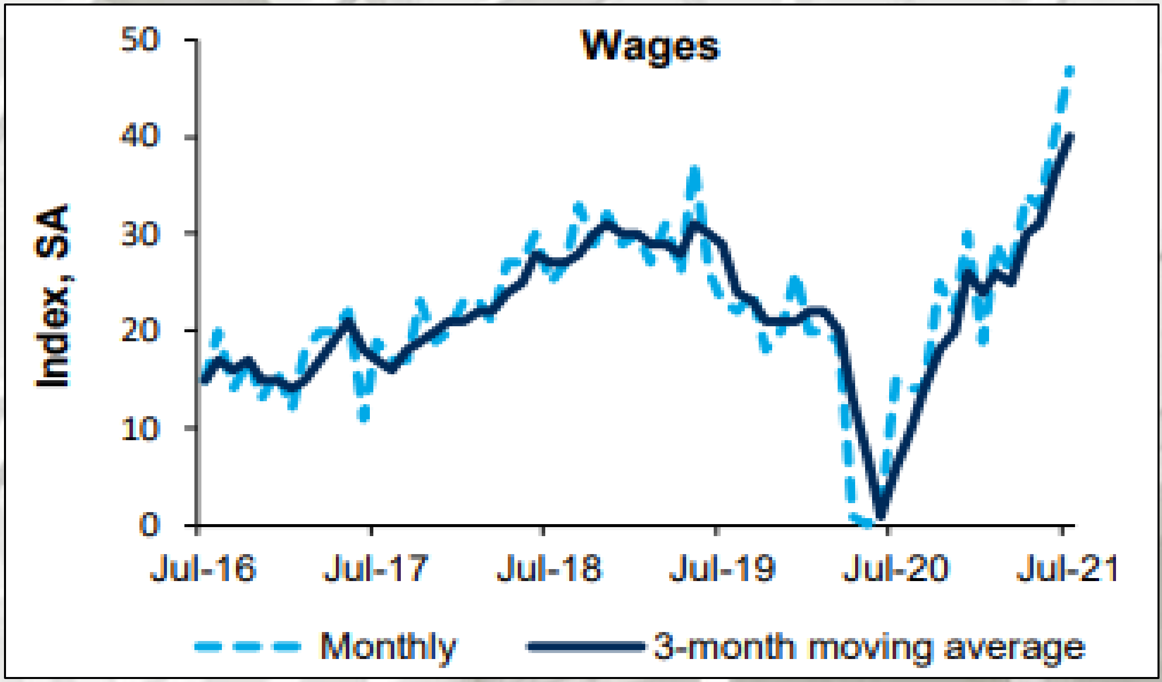
U.S. Economic Indicators





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/25/21

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Fifth District Service Sector Activity Expanded in July

"Fifth District service sector activity expanded in July, according to the most recent survey by the Federal Reserve Bank of Richmond. The indexes for revenues and demand declined from 29 and 41 in June to 19 and 26, respectively, in July but continued to reflect growth. Firms reported strengthening local business conditions and increased capital spending, and they were optimistic that growth would persist in the next six months.

Survey results suggested that many service sector firms increased employment, wages, and average hours worked in July. However, they struggled to find workers with the necessary skills. Survey participants expected this difficulty to remain and employment and wages to grow further in the coming months.

The average growth rates of both prices paid and prices received by survey respondents rose in July. Growth of prices paid outpaced that of prices received, but participants expected the gap between them to narrow in the near future." – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 6/22/21

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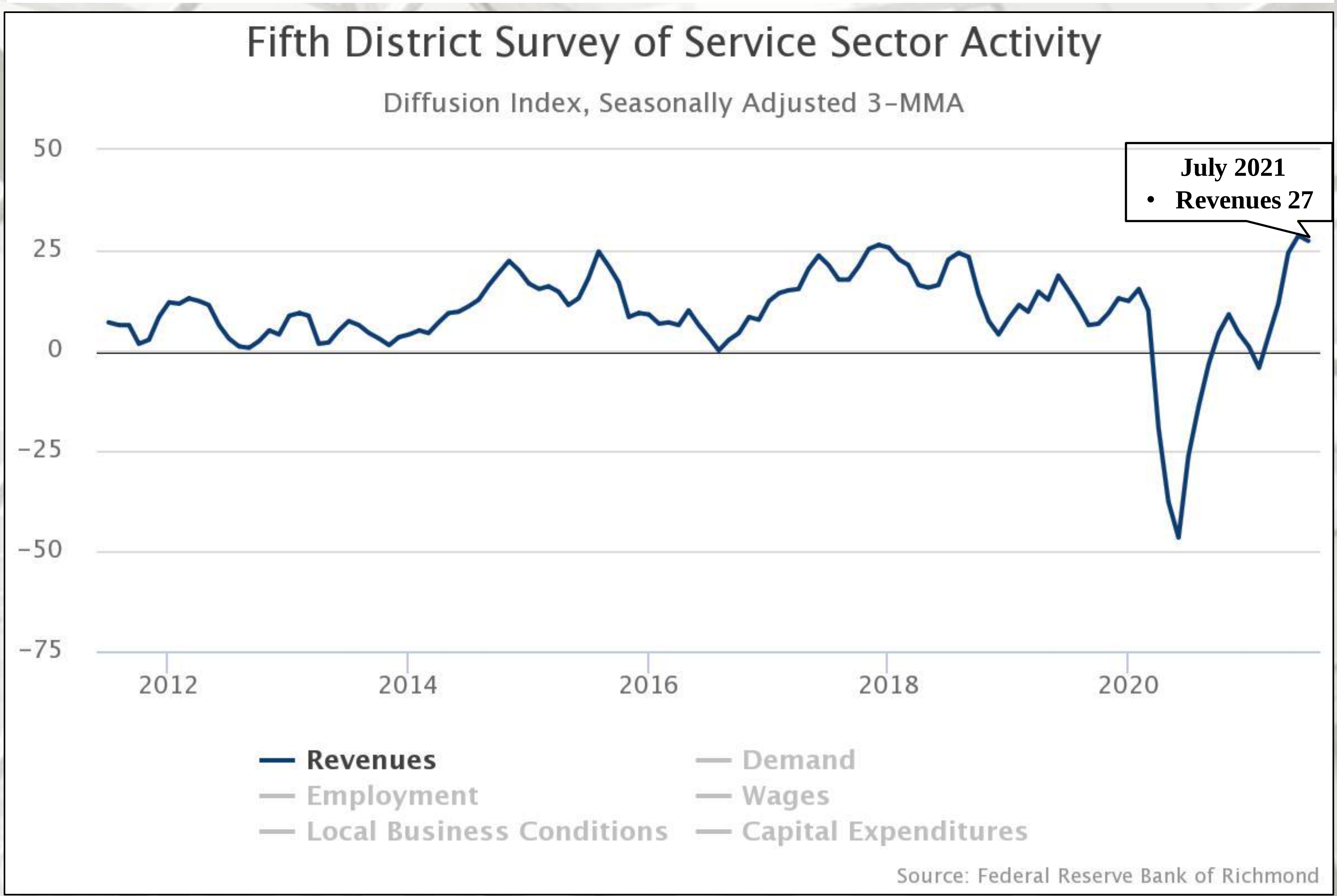
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 7/27/21

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U.S. Global Economic Indicators

The Federal Reserve Bank of Dallas

México Economic Update

México's Economic Growth Improves in Second Quarter

México's gross domestic product (GDP) grew at an annualized 6.1 percent in second quarter 2021, faster than first-quarter growth of 3.1 percent. In June, the consensus GDP growth forecast for 2021 (fourth quarter/fourth quarter), compiled by Banco de México, increased from 3.1 percent to 3.5 percent.

Mexico still faces headwinds from COVID-19. New cases have increased considerably over the past two months, nearing averages seen at the end of January. Vaccine progress has improved, but only 19 percent of the population has been fully vaccinated.

The latest data available show employment, industrial production, exports and retail sales grew. The peso/U.S. dollar exchange rate and inflation held steady in June.

Output Growth Accelerates

México's second-quarter GDP grew above the quarterly average (Chart 1). Output from goods-producing industries (manufacturing, construction, utilities and mining) increased 1.6 percent, and service-related activities (wholesale and retail trade, transportation and business services) rose 8.7 percent. Agricultural output grew 2.4 percent.

Exports Improve in May

The three-month moving average of total exports rose 1.2 percent in May as oil exports increased 3.6 percent, and the dominant manufacturing category increased 1.2 percent (Chart 2). On a month-over-month basis, total exports ticked up 0.6 percent in May, and manufacturing exports increased 0.1 percent. México's total exports in May were up 2.9 percent compared with the prepandemic levels of February 2020." – Jesus Cañas, Senior Business Economist, and Juliette Coia, Research Analyst; Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2021/2105.aspx; 8/6/21

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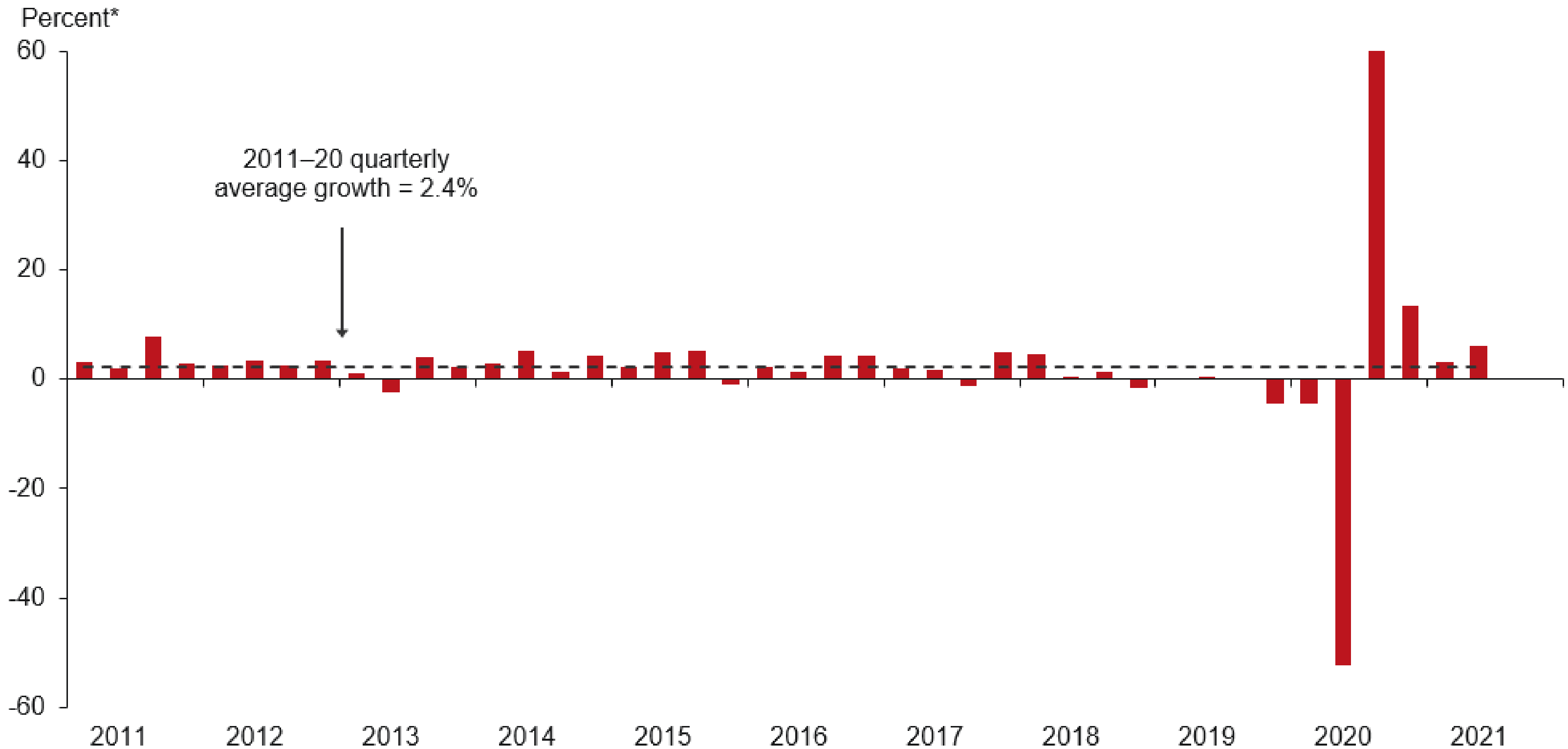
U.S. Global Economic Indicators

Chart 1
Second-Quarter Output Growth Improves



*Quarter/quarter, real pesos; seasonally adjusted, annualized rate.
NOTE: Data are through second quarter 2021.
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2021/2105.aspx; 8/6/21

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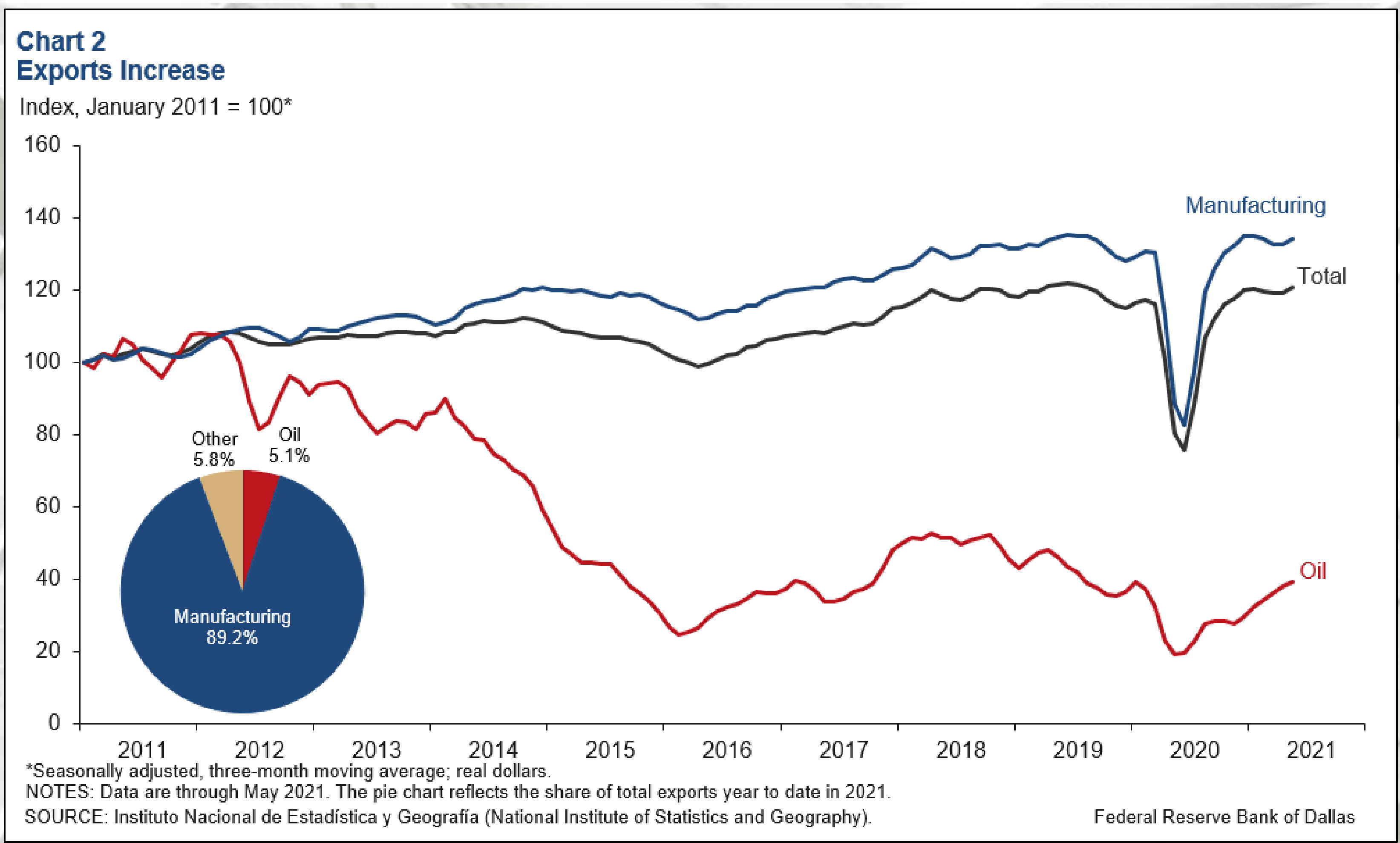
U.S. Global Economic Indicators



Source: https://www.dallasfed.org/research/update/mex/2021/2105.aspx; 8/6/21

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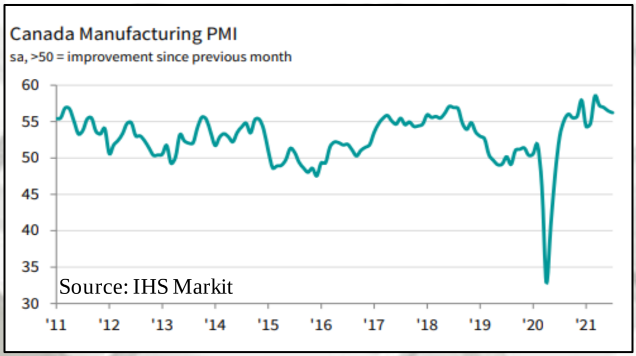
Private Indicators: Global



Markit Canada Manufacturing PMI™

"The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers' Index® (PMI®) registered 56.2 in July, down fractionally from 56.5 in June, to signal a thirteenth consecutive expansion in operating conditions. The PMI eased for the fourth month in a row, but was still amongst the highest in the series which began in October 2010.

Faster increases in output, new orders and jobs in July

Operating conditions across Canada's manufacturing sector remained firmly in expansion territory in July. Quicker increases in output and new orders, underpinned by another relaxation of COVID-19 restrictions, supported a robust rate of growth in July. Meanwhile, backlogs rose at the second-quickest rate in the series history. Anecdotal evidence pointed to staff shortages and delivery delays as the pandemic continued to cause supply chain pressures, although the incidence of delays was the smallest in five months. Material shortages were again blamed for higher costs with firms often reporting rising metal prices. The strong demand environment allowed a partial pass-through of higher expenses, with output price inflation reaching a near-series high. Demand improved during the month, and with a rate of new order growth that was fractionally quicker than that in June. Virus-related restrictions eased further across the regions allowing the continued re-opening of businesses. Similarly, improvements in global economic conditions led to higher sales to international markets, mainly the US and China. …

Another robust improvement in operating conditions was seen across Canada's manufacturing sector in July. Latest PMI data revealed a thirteenth monthly expansion as the sector continues to record growth rates which are among the quickest in the near 11-year history of the survey. A further easing of virus-related restrictions and greater consumer confidence encouraged domestic demand. Meanwhile, firms remain well aware of the potential impacts of rising cases in international economies, by raising their stock levels to cushion against any future supply shocks. Though, there are still areas which look to threaten short and long-term productivity. A sharp rise in backlogs suggested severe capacity pressures, with comments often linking labour shortages. Delivery delays and material scarcity also made it difficult for firms to keep up with demand. Meanwhile, intense price pressures continued into the second half of the year, though firms have been passing on the higher expenses.

Nevertheless, manufacturers in Canada expect growth to continue. With the vaccine rollout gaining momentum, and case numbers declining, a busy second half of the year is sure to follow." – Shreeya Patel, Economist, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/2e46f364da8647529fb4393efd4d7401; 8/3/21

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Private Indicators: Global

Caixin China General Manufacturing PMI™

Operating conditions improve only slightly in July

"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 51.3 in June to 50.3 in July, to point to a softer improvement in the health of the sector that was only slight. Notably, it signalled the slowest improvement for 15 months.

Manufacturers in China signalled a softer improvement in operating conditions at the start of the third quarter. Output expanded at the slowest rate for 16 months, while overall new work fell slightly for the first time since May 2020. The COVID-19 pandemic meanwhile continued to dampen export sales, which rose only slightly in July. Relatively subdued demand conditions resulted in broadly unchanged employment across the sector. At the same time, inflationary pressures eased, with both input costs and output charges increasing at softer rates.

A key factor weighing on the headline reading was a renewed fall in total new business during July. Though only marginal, it marked the first decline in sales for 14 months. Some companies noted that higher factory gate prices had dampened customer demand. At the same time, new export orders rose only slightly as the pandemic continued to hinder sales overseas. Concurrently, the rate of output growth softened for the third month in a row. The latest increase was the slowest seen for 16 months and only marginal. Where production had increased, it was generally linked to improved capacity and firmer market conditions. …

The Caixin China General Manufacturing PMI came in at 50.3 in July, down from 51.3 the previous month. The July reading was the lowest in 15 months, though it marked the 15th consecutive month of expansion. That meant while the manufacturing industry continued to grow, the rate of expansion slowed further." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/6ce8358538b54300a9344b1a5f6c3124; 8/2/21

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Private Indicators: Global

Caixin China General Manufacturing PMI™

"Supply in the manufacturing sector continued to expand, while demand contracted for the first time in more than a year. External demand remained stable. The gauge for output in July was the lowest in 16 months, while the gauge for new orders was the lowest in 15 months. Surveyed manufacturing enterprises said market demand was weak. High product prices supressed demand, especially for consumer goods and intermediate goods. The gauge for new export orders came in just above 50 in July. The epidemic situation varied in different regions overseas, which made exports remain stable as a whole.

The employment market stayed stable. Some enterprises hired more staff to expand production capacity, while some kept a cautious stance on increasing hiring. The measure for employment was just above 50 in July, marking the fourth straight month of expansion. Outstanding workloads increased slightly.

Inflationary pressure eased slightly. Both the gauges for input prices and output prices fell in July, with the latter dropping at a steeper pace. Still, the gauge for input prices was well above 50, as surveyed enterprises said raw material prices remained high, especially for industrial metals. Notably, the gauge for input prices remained above 55 for the eighth consecutive month in July. By comparison, the gauge for output prices was just above 50 in July, the lowest since September. As mentioned earlier, market demand was sensitive to product prices, which limited enterprises' pricing power.

Logistics delivery times continued to lengthen. Impacted by the resurgence of the Covid epidemic in some regions in China and the shortage of materials including chips, the measure for suppliers' delivery times remained in contractionary territory. Prices of raw materials remained high. Manufacturing enterprises' quantity of purchases increased marginally, while the stock of purchases fell slightly." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/b1e3b17e70ff4045a0454eb4c7c52505; 8/2/21

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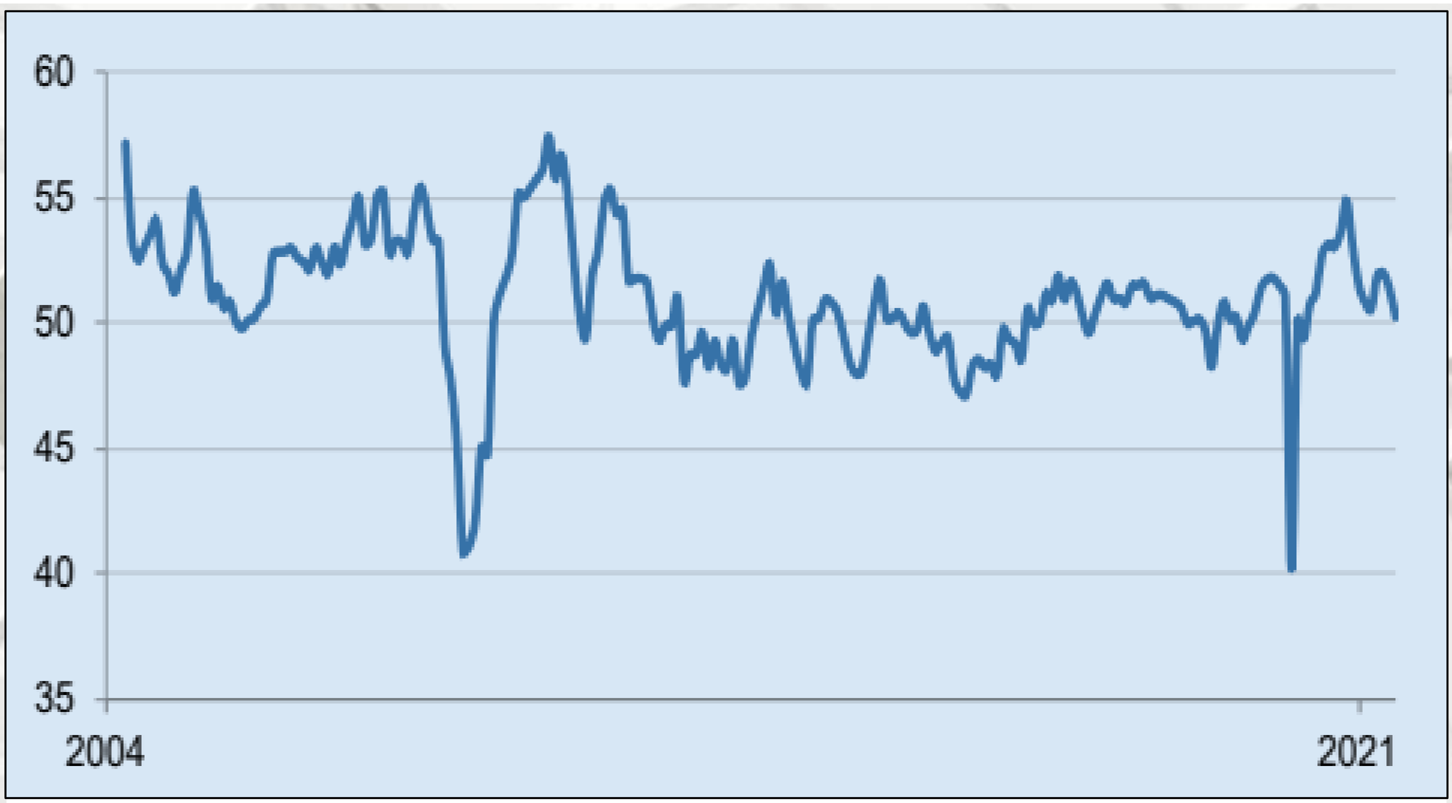
Private Indicators: Global



sa, > 50 = improvement since previous month
Sources: Caixin, IHS Markit

"Overall, the rate of expansion in the manufacturing sector slowed in July. Market supply continued to expand, while demand began to come under pressure. The job market remained stable, as did the quantity and stock of purchases. Enterprises were cautious about increasing staff and purchasing raw materials. Inflationary pressure was partly eased, but input prices and output prices of manufacturing enterprises continued to rise, especially raw materials such as industrial metals. Entrepreneurs stayed positive about the business outlook, but the measure for future output expectations in July was lower than its long-term average and was the lowest in 15 months. China's official second-quarter economic figures were in line with expectations, but the Caixin China manufacturing PMI in July and relevant data suggested the recovery of the economy is not yet solid. The economy is still facing huge downward pressure, and we need to ensure entrepreneurs' confidence." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/6ce8358538b54300a9344b1a5f6c3124; 8/2/21

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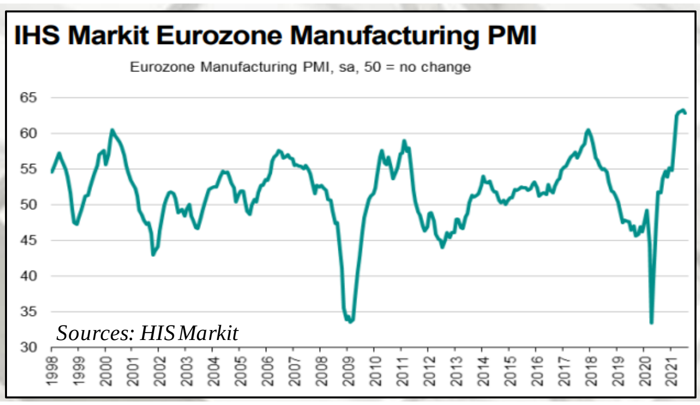
Private Indicators: Global



Markit Eurozone Manufacturing PMI®

"Manufacturers in the euro area recorded another resilient outturn in July as the headline PMI® signalled a sharp improvement in the health of the goods producing sector. At 62.8, the final reading of the PMI was slightly firmer than July's flash figure of 62.6, but down slightly from 63.4 in June and the lowest since March. Nevertheless, the sector has now recorded successive months of expansion since July 2020, with the latest reading only slightly below June's survey record high.

Manufacturing growth remains strong despite slight loss of momentum

The sub-sector splits of the data showed sharp expansions across consumer, intermediate and investment goods makers once again in July, with the latter boasting the fastest upturn of the three. However, a higher PMI reading at consumer goods producers contrasted with lower prints from the other two sectors. With the exception of Germany, there was a broad decrease across the national Manufacturing PMIs in July. That said, in countries where rates of improvement slowed, expansions were still historically sharp. In Germany, the rate of growth hit a three-month high that was the third-highest on record, behind March and April. Elsewhere, the Netherlands and Greece retained their positions as the fastest and slowest growing countries within the euro area respectively. The decline seen in headline PMI reflected a similar trend in the survey's output index, which signalled the softest increase in eurozone production since February.

… The fact that growth of eurozone manufacturing cooled slightly in July after a record-breaking expansion during the second quarter should not itself be a major cause for concern. But the July survey also brought further signs that manufacturers and their suppliers are struggling to raise production fast enough to meet demand, driving prices ever higher. Although growth of demand has come off the boil slightly as the initial boost from the reopening of the economy fades, the July survey showed inflows of new orders outstripping production to an extent unprecedented in the survey's 24-year history.

Capacity constraint indicators continue to flash red. Input shortages worsened again in July at a near record rate and July saw another near-record rise in backlogs of work. Safety stock building also remains widespread amid ongoing speculation about future supply difficulties. Mounting concerns about how the Delta variant poses further threats to supply chains and staff availability have helped push future growth expectations to the lowest so far this year.

Prices pressures meanwhile show no sign of abating, with July seeing another record increase in both input costs and prices charged for goods as demand exceeds supply, and concerns over future supply availability flare up again."– Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/e8db275755144aeaa6fdaab039e1dfad; 8/2/21

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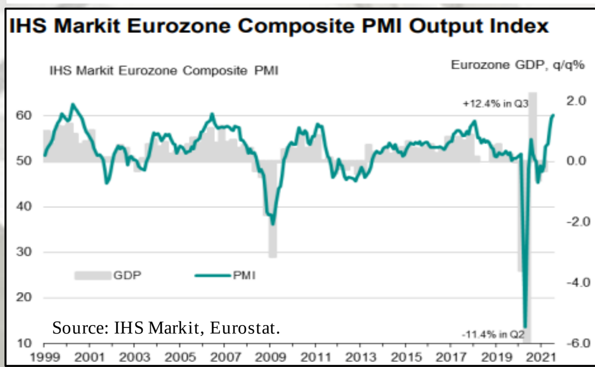
Private Indicators: Global



Markit Eurozone Composite PMI®

"After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** rose to 60.2, slightly below the preliminary 'flash' estimate of 60.6, but still surpassing June's 15-year record of 59.5. This was the fifth successive month in which private sector output has expanded, the longest uninterrupted sequence since the pandemic began early last year.

Eurozone grows at fastest rate since June 2006

Eurozone business activity rose at its fastest rate in just over 15 years during July, with steep manufacturing output growth complemented by an accelerated expansion of services activity. Driving the broad acceleration in output growth was services, where activity increased at its fastest pace since mid-2006. Although manufacturing production rose at its softest rate in five months, the expansion was considerable and still outstripped that seen in the services sector. …

Europe's service sector is springing back into life. Easing virus restrictions and further vaccination progress are boosting demand for a wide variety of activities, especially in the tourism, travel and hospitality sector. It's not just the consumer sector that is booming, however, with business and financial service providers also enjoying a growth spurt as broader economic recovery hopes build. Alongside the sustained elevated growth recorded in the manufacturing sector, the impressive strength of the service sector's expansion in July means the eurozone should see GDP growth accelerate in the third quarter.

Worries about the Delta variant have become more widespread, however, subduing activity in some instances and raising concerns about the possibility of virus restrictions being tightened again. Hence services growth in July was slightly less marked than the earlier flash estimate and future expectations cooled to the lowest since March, presenting a significant downside risk to the outlook and hinting that growth could begin to slow again as we head toward the autumn.

Furthermore, up to now companies have generally seen little resistance from customers to higher prices, but this could change after the current rebound from lockdown restrictions has passed" – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/6c1e77be8a2a453d813bcdeb44227965; 8/3/21

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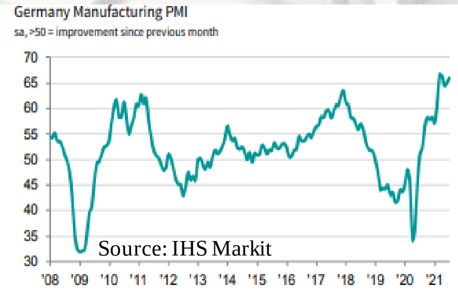
Private Indicators: Global



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 for the second month running to 65.9 in July, from 65.1 in June. The latest figure was the third-highest since the survey began in 1996, below only the peaks registered in March and April this year, and signalled rapidly improving business conditions at German goods producers. Since the survey began in April 1996 the PMI has trended at 52.3.

German manufacturing continues to regain momentum in July

German manufacturing recorded another historically strong performance in July, according to the latest PMI® figures. Following a slight loss of momentum in May, the overall rate of growth accelerated further and was the third-highest in any month since the survey began in 1996. New orders rose at the third-strongest rate ever recorded, leading to a near record increase in backlogs despite an unprecedented rise in employment. Output growth was strong overall but eased since June, constrained by ongoing supply shortages. July data also indicated the fastest rates of input and output price inflation in the survey history.

…Although the headline figure now stands at the third-highest level on record, at 65.9, the latest survey results provided further evidence that output growth is being constrained by supply shortages. While the new orders and employment indices were the third-highest and highest ever, respectively, the output index fell since June and was only the ninth-highest since the survey began in 1996. Moreover, it was below its average for the first half of 2021. Subsequently, backlogs rose at a near-record pace in July and ongoing concerns over supply contributed to the weakest 12-month outlook for production since last December. …

Four of the five PMI components provided strongly positive contributions to the headline figure in July. The exception was stocks of purchases, although it registered the weakest decline for over a year. The new orders and employment components exerted the strongest directional influences on the PMI since June, offset slightly by output. Suppliers' delivery times continued to lengthen substantially in July, though there were signs that supply pressures had peaked as the incidence of delays was the lowest in five months. But with overall demand for raw materials strengthening, input price inflation accelerated to a new survey record high. Consequently, the rate of output price inflation hit a new peak for the fifth month running." – Phil Smith, Principal Economist, IHS Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/69afbfb547ac47809a2a15d4e6241187; 8/2/21

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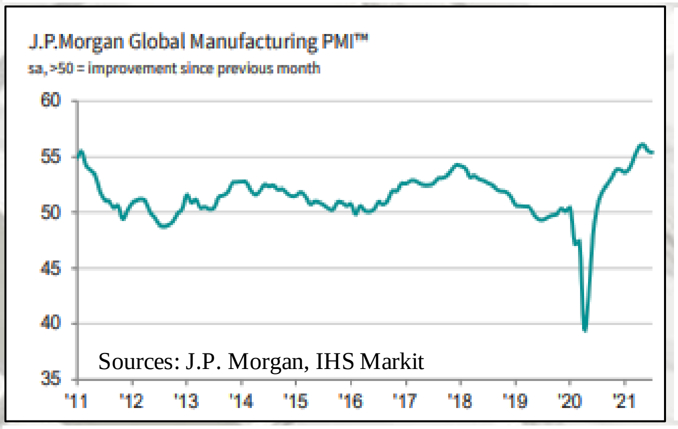
Private Indicators: Global



J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – posted 55.4 in July, a tick below the 55.5 registered in June. The headline PMI has signalled expansion in each of the past 13 months. Improvements were seen across the consumer, intermediate and investment goods industries. The consumer category saw the weakest increase overall, but was the only sector to register faster growth.

Supply chain constraints stymie growth of global manufacturing sector in July

The global manufacturing sector expanded at a robust clip at the start of the third quarter. However, rates of increase in output and new orders eased again, as record supply chain constraints stymied growth and drove up input prices. The challenging operating environment hit confidence, which dipped to a nine-month low. Out of the 29 nations for which July data were available, 22 saw growth during the latest survey month. The eurozone remained a bright spot, with the three highest-ranked countries based on PMI readings (the Netherlands, Germany and Austria) all located in the currency bloc. The US was in fourth place overall. PMI readings for China (50.3) and Japan (53.0) were well below the global average.

…Average vendor lead times lengthened to a record-equalling extent in July, matching the level of disruption indicated for the prior survey month. Companies reported raw material shortages, logistic issues and shipping delays. Signs of capacity constraints were also seen at manufacturers, with backlogs of work rising to a near survey-record extent. This encouraged further jobs growth, although some markets reported skill and labour shortages developing. Supply chain issues also drove up input costs in July. Purchase price inflation ticked higher and was among the steepest over the past 13 years. Part of the increase was passed on to clients, leading to a further near-record increase in manufacturers' selling prices.

Manufacturing production rose again in July, underpinned by a solid increase in new order intakes. There was also a modest increase in new export business. However, rates of growth in all three variables slowed again, as the global upturn was stymied by rising supply chain constraints." – Olya Borichevska, Global Economist, Global Economic Research, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/f412be3b367347ffb3f63f2d0c8ca69c; 7/2/21

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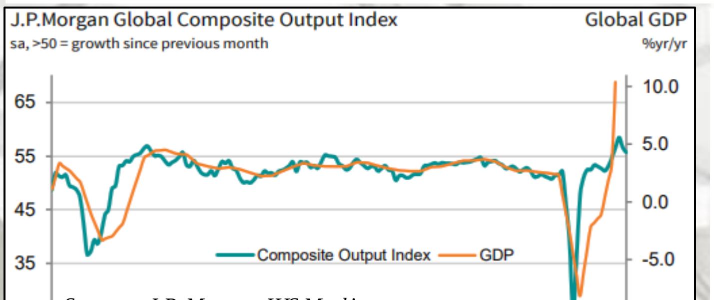
Private Indicators: Global



Sources: J.P. Morgan, IHS Markit

J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – which is produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – slipped to a four-month low of 55.7 in July, down from 56.6 in June, remaining above its long-run average of 53.4. The headline index has signalled expansion in each of the past 13 months.

Global economic growth eases further from May peak at start of third quarter

The global economic upturn remained solid at the start of the third quarter, with output growth especially robust in the euro area and US. The services sector outperformed its manufacturing counterpart for the fourth successive month. All six of the sub-sectors covered by the survey registered growth of output during July. The three highest-ranked categories were all involved in service provision (consumer services, business services and financial services), while the three lowest were in manufacturing (intermediate goods, consumer goods and, in last position, investment goods). …

The upturn in global economic output was again underpinned by rising intakes of incoming new business. New orders rose for the thirteenth successive month, although the pace of increase eased to a four-month low. The latest expansion reflected a strengthening of demand in several domestic markets, alongside an increase in international trade flows for the sixth straight month. …

Business sentiment remained positive at the start of the third quarter, with companies expecting (on average) to see output rise over the coming year. That said, the overall degree of optimism slipped to a seven-month low, with all of the nations for which July data were available signalling a lower level of positivity than in June.

The global all-industry PMI took a step lower in July. While momentum has come off, the level in the PMI still suggests boomy GDP growth. It was encouraging to see the PMI pickup in the Euro area, a region we expect to deliver stronger growth in the second half of this year. Less upbeat was the drop the global all-industry future output PMI. Looking ahead, while global supply constraints and rising cost pressures may provide headwinds, the expansion is likely to maintain a similar course over the months ahead." – Olya Borichevska, Global Economic Research, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/a33a436e0b4047f7930dfc5e2d45c2cf; 8/4/21

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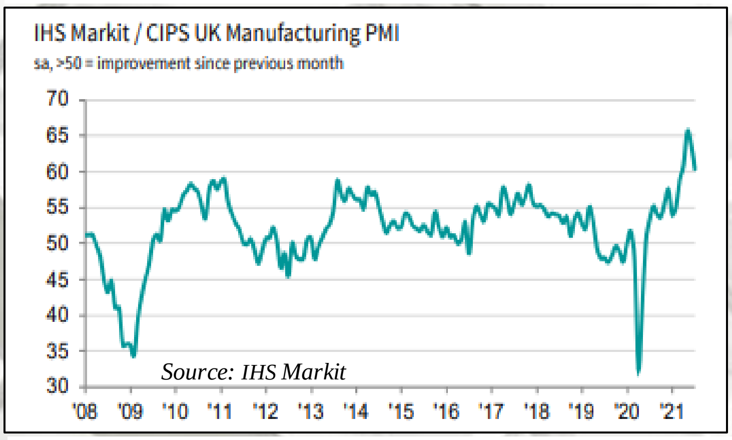
Private Indicators: Global



IHS Markit/CIPS UK Manufacturing PMI®

"The seasonally adjusted IHS Markit/CIPS Purchasing Managers' Index® (PMI®) posted 60.4 in July, down further from May's record high of 65.6. The PMI has signalled expansion for 14 months. Growth slowed across the consumer, intermediate and investment goods industries.

Resource and staff shortages constrain growth and drive up costs at manufacturers in July

The UK manufacturing upturn remained solid in July. Although rates of expansion in output and new orders slowed, they remained among the best in the survey history amid robust sales to both domestic and export clients. Scarcities remained a prime concern, however, as stretched supply chains and staff shortages were constraints preventing faster growth of output and employment. …

Although July saw UK manufacturers report a further month of solid growth, scarcities of inputs, transport and labour are stifling many businesses. On one hand, manufacturers are benefiting from reopening economies. This is leading to solid inflows of new work from both domestic and overseas markets, including the US, the EU, China and the Middle-East. On the other, the recent surge in global manufacturing growth has led to another month of near-record supply chain delays, exacerbated by factories and their customers building up safety stocks. Some firms also noted that post-Brexit issues were still a constraint on efforts to rebuild sales and manage supply and distribution channels to the EU.

Demand outstripping supply is also driving up prices. Input costs again rose at a near survey-record pace, leading to a near-record increase in manufacturers' selling prices. Amid growing indications that many supply chain disruptions and raw material shortages are unlikely to be fully resolved until 2022, the outlook remains one of constrained growth combined with high inflation for the foreseeable future." – Rob Dobson, Director, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/9b2d0c280db148d3a119eacd0bc4c3a5; 7/2/21

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Down Nearly 1% in June

"National nonresidential construction spending declined 0.9% in June, 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 $779.9 billion for the month, down 6.6% from one year ago.

Spending was down on a monthly basis in eight of 16 nonresidential subcategories. Private nonresidential construction spending fell 0.7%, while public nonresidential construction spending fell 1.2% in June. Year-over-year spending was down in 15 categories. Private nonresidential construction spending has declined 6% on a year-ago basis, while public spending is down 7.6%.

"Since achieving an all-time high in January 2020, nonresidential construction spending is down 12%," said ABC Chief Economist Anirban Basu. "With each passing month, the deficit vis-à-vis the all-time high continues to expand. June was no exception, with both private and public nonresidential construction declining.

"For economists, this presents a bit of a paradox," said Basu. "Many contractors report rising backlog and strong expectations for sales, staffing and profit margin growth over the balance of the year, according to ABC's Construction Backlog Indicator and Construction Confidence Index. Yet the macroeconomic data continue to show an industry struggling to stabilize from the pandemic-induced recession." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18908/nonresidential-construction-spending-down-nearly-1-in-june-says-abc; 8/2/21

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Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate	June 2021	May 2021	June 2020	1-Month % Change	12-Month % Change
Nonresidential	$779,855	$786,969	$835,355	-0.9%	-6.6%
Conservation and development	$7,596	$7,145	$9,341	6.3%	-18.7%
Public safety	$11,821	$11,637	$18,874	1.6%	-37.4%
Transportation	$56,160	$55,900	$59,853	0.5%	-6.2%
Sewage and waste disposal	$27,563	$27,439	$26,967	0.5%	2.2%
Water supply	$19,114	$19,051	$19,339	0.3%	-1.2%
Communication	$21,673	$21,639	$22,605	0.2%	-4.1%
Office	$80,566	$80,531	$89,108	0.0%	-9.6%
Health care	$47,542	$47,526	$49,177	0.0%	-3.3%
Commercial	$86,565	$86,758	$88,733	-0.2%	-2.4%
Educational	$96,422	$97,081	$107,950	-0.7%	-10.7%
Lodging	$21,204	$21,369	$28,904	-0.8%	-26.6%
Manufacturing	$70,911	$71,511	$71,310	-0.8%	-0.6%
Power	$112,304	$113,379	$112,715	-0.9%	-0.4%
Amusement and recreation	$24,636	$24,997	$26,546	-1.4%	-7.2%
Religious	$3,008	$3,096	$3,535	-2.8%	-14.9%
Highway and street	$92,771	$97,911	$100,398	-5.2%	-7.6%
Private Nonresidential	$451,811	$454,928	$480,422	-0.7%	-6.0%
Public Nonresidential	$328,044	$332,041	$354,933	-1.2%	-7.6%

Source: U.S. Census Bureau

"“There is a logical explanation,” said Basu. “Despite the lingering pandemic and elevated materials prices, demand for construction services remains high. But this lofty demand is failing to translate into construction spending growth because available capacity to supply services is so constrained, especially by expanding skills shortages. This means the average project is taking longer to complete. It also translates into diminished construction spending on a monthly basis since less services are delivered. Consequently, individual firms generally remain confident about the future given the presence of demand for their services as well as rising backlog, but the macroeconomic outcomes remain uninspiring as quantity supplied struggles to match quantity demanded.”" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18908/nonresidential-construction-spending-down-nearly-1-in-june-says-abc; 8/2/21

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Associated Builders and Contractors

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/entryid/18908/nonresidential-construction-spending-down-nearly-1-in-june-says-abc; 8/2/21

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Flat in July; Contractor Confidence Falls

"Associated Builders and Contractors reports today that its Construction Backlog Indicator remained unchanged at 8.5 months in July, according to an ABC member survey conducted July 20-Aug. 2, up 0.7 months from July 2020.

"The latest contractor survey results appear to reflect a dose of reality," said ABC Chief Economist Anirban Basu. "For several months, contractors have been signaling all systems go despite rising materials prices, expanding labor shortages and costs and the lingering pandemic. While contractors continue to believe that the next six months will see rising sales, staffing and margins, the level of confidence has become slightly less sanguine as backlog failed to expand in July.

"It remains the case that many purchasers of construction services are contemplating delaying project start dates in hopes of securing more favorable bids at some point in the future," said Basu. "Despite that, backlog remains well above pandemic lows. Not only is the broader economy continuing to recover, but massive ongoing injections of liquidity and stimulus mean that investors are flush with cash. One way to deploy cash is to invest in real estate, whether purchasing existing structures in need of refurbishment or engaging in new construction. These large pools of liquidity help explain the elevated levels of demand for nonresidential construction services during a period of rising costs. That in turn helps explain the confidence that many contractors continue to exude despite multiple commercial challenges.

"At the individual firm level, the lack of substantial competition is consistent with stable or rising backlog. At the industry level, it is consistent with a lack of nonresidential construction spending growth as supply constraints make their mark. With firms racing to bolster delivery capacity, wages are predictably rising as contractors compete vigorously for talent. More than 75% of respondents expect to raise wages over the next six months."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18914/abc-s-construction-backlog-indicator-flat-in-july-contractor-confidence-falls; 9/10/21

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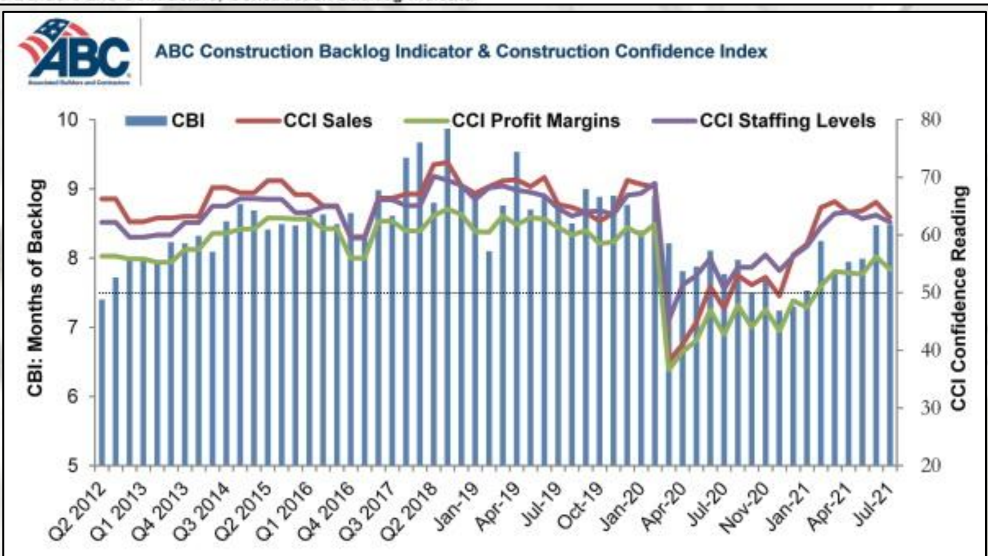
Associated Builders and Contractors

Construction Backlog Indicator

	July 2021	June 2020	July 2020	1-Month Net Change	12-Month Net Change
Total	**8.5**	**8.5**	**7.8**	**0.0**	**0.7**
Industry					
Commercial & Institutional	8.3	8.5	7.6	-0.2	0.7
Heavy Industrial	8.1	4.6	8.2	3.5	-0.1
Infrastructure	11.3	10.2	9.2	1.1	2.1
Region					
Middle States	7.1	8.0	7.2	-0.9	-0.1
Northeast	8.2	8.9	8.4	-0.7	-0.2
South	9.8	8.4	8.3	1.4	1.5
West	9.0	8.5	6.5	0.5	2.5
Company Size					
<$30 Million	7.9	8.0	7.3	-0.1	0.6
$30-$50 Million	8.6	8.5	7.5	0.1	1.1
$50-$100 Million	10.0	9.4	10.5	0.6	-0.5
>$100 Million	16.0	12.8	10.2	3.2	5.8



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Associated Builders and Contractors

Construction Confidence Index

Response	July 2021	June 2021	July 2020
	CCI Reading		
Sales	63.1	65.7	47.2
Profit Margins	54.0	56.3	42.7
Staffing	62.2	63.5	50.6
	Sales Expectations		
Up Big	9.6%	11.2%	6.3%
Up Small	49.8%	55.8%	32.8%
No Change	26.6%	20.0%	18.5%
Down Small	11.4%	10.8%	28.4%
Down Big	2.6%	2.3%	14.0%
	Profit Margins Expectations		
Up Big	4.4%	5.8%	2.6%
Up Small	37.1%	41.9%	25.8%
No Change	32.3%	26.9%	24.4%
Down Small	22.7%	22.3%	34.3%
Down Big	3.5%	3.1%	12.9%
	Staffing Level Expectations		
Up Big	3.5%	7.7%	1.8%
Up Small	54.1%	50.0%	32.8%
No Change	31.0%	32.7%	38.7%
Down Small	10.5%	7.7%	19.2%
Down Big	0.9%	1.9%	7.4%

ABC's Construction Backlog Indicator

““At the individual firm level, the lack of substantial competition is consistent with stable or rising backlog. At the industry level, it is consistent with a lack of nonresidential construction spending growth as supply constraints make their mark. With firms racing to bolster delivery capacity, wages are predictably rising as contractors compete vigorously for talent. More than 75% of respondents expect to raise wages over the next six months.””" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/18914/abc-s-construction-backlog-indicator-flat-in-july-contractor-confidence-falls; 9/10/21

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index June 2021

Architecture firm billings continue to grow at a robust pace

Nearly six in 10 firms report that they are having problems filling open architectural staff positions

"Architecture firms reported another month of extremely strong business conditions in June, with an ABI score of 57.1 (any score over 50 indicates billings growth). While slightly fewer firms reported an increase in firm billings in June than in May, the current pace of billings growth remains near the highest levels ever seen in the history of the index. In addition, inquiries surged to a new all-time high score of 71.8, and the value of new design contracts remained very high as well, with a score of 58.9. In addition, firms reported their highest backlogs in two years, with an average of 6.5 months. This ties the all-time high average since we started collecting backlog data on a quarterly basis in 2010, and follows a plummet down to just 5.0 months at the start of the COVID-19 pandemic." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"With the current pace of billings growth near the highest levels ever seen in the history of the index, we're expecting a sharp upturn in nonresidential building activity later this year and into 2022. However, as is often the case when market conditions make a sudden reversal, concerns are growing about architecture firms not being able to find enough workers to meet the higher workloads. Nearly six in 10 firms report that they are having problems filling open architectural staff positions." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6418443-abi-june-2021-architecture-firm-billings-c; 7/23/21

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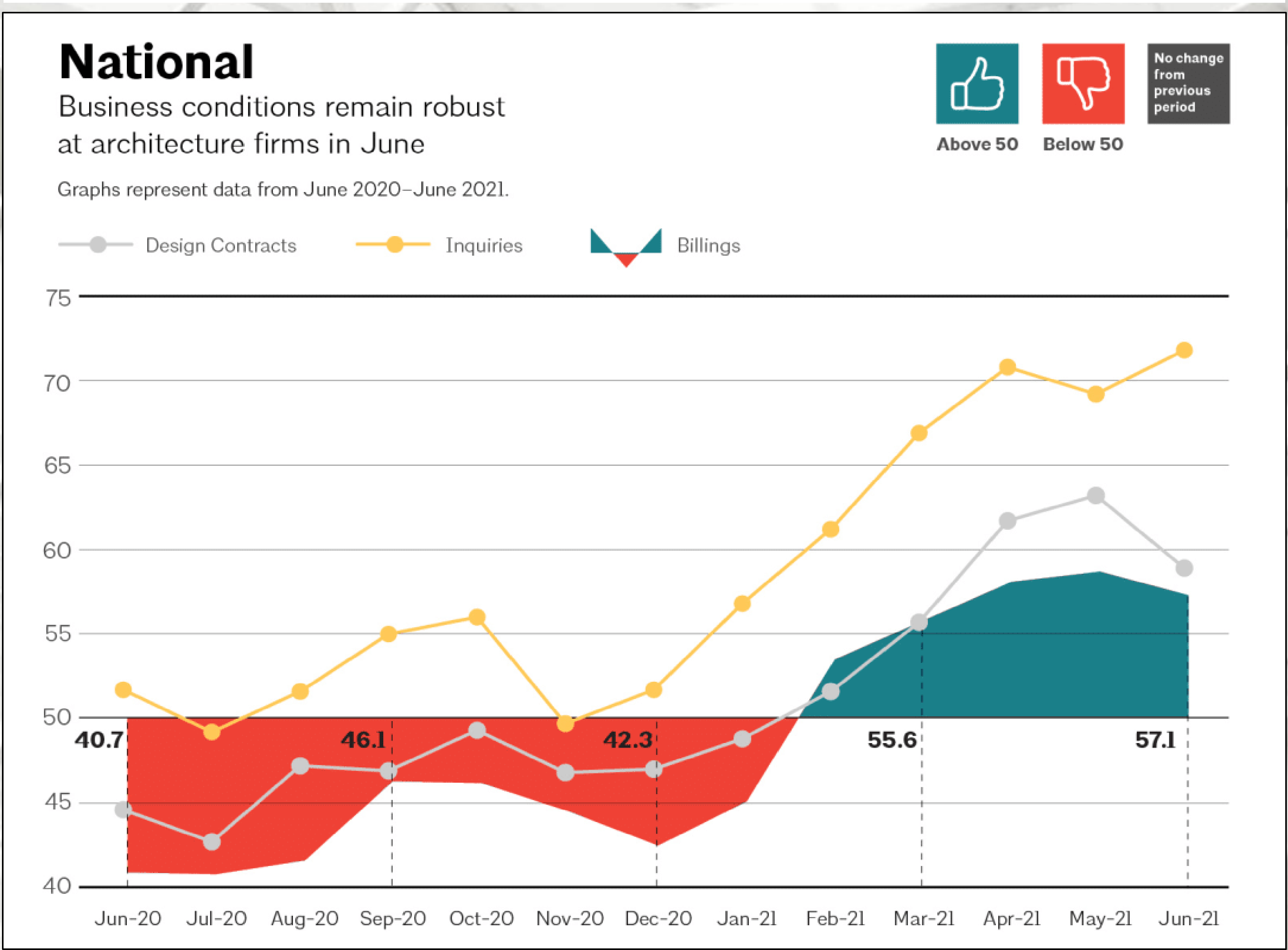
Private Indicators
American Institute of Architects (AIA)



Source: https://www.aia.org/pages/6418443-abi-june-2021-architecture-firm-billings-c; 7/23/21

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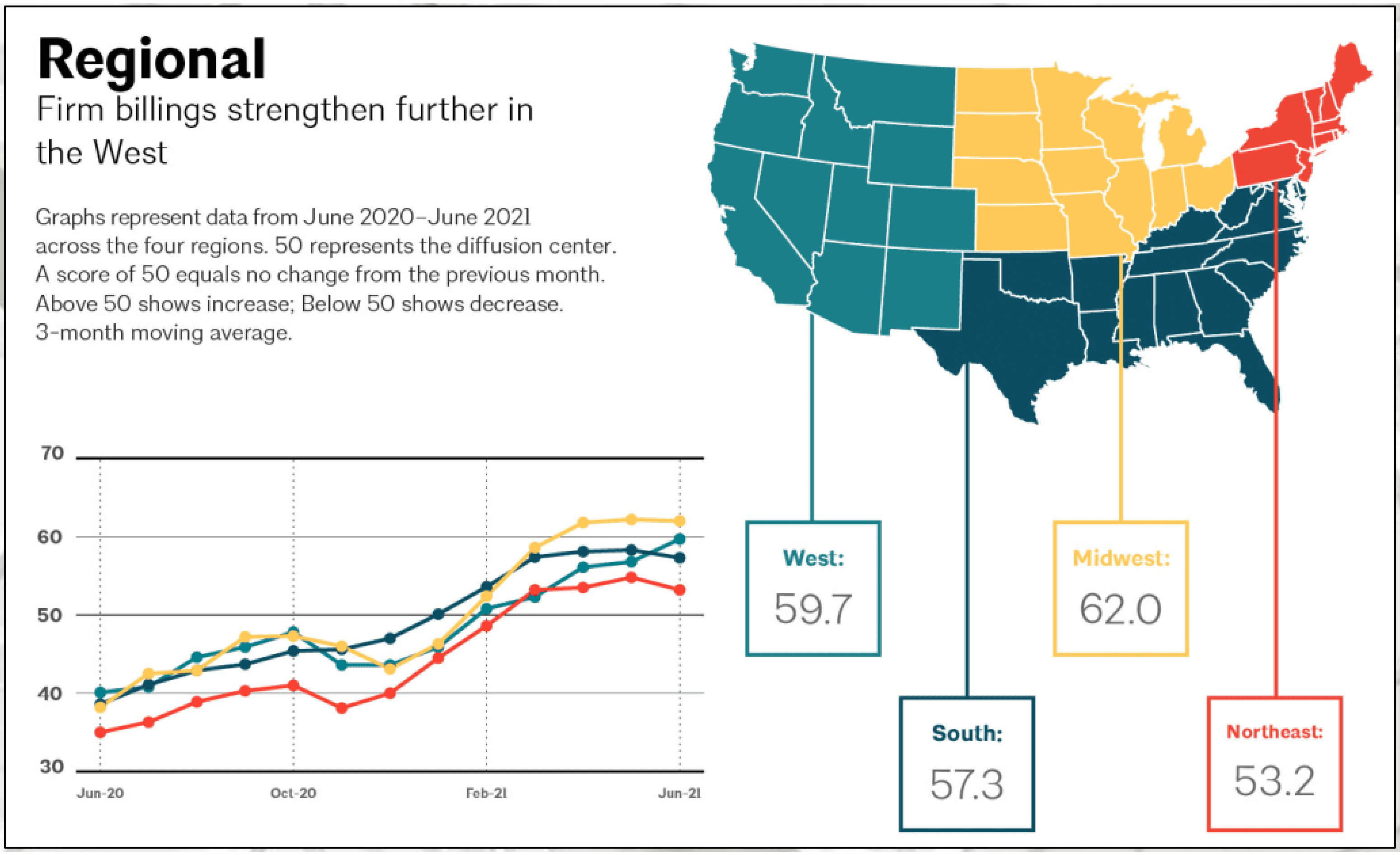
Private Indicators: AIA



Region

"Business conditions remained robust at firms in all regions of the country in June as well, with firms located in the Midwest reporting the strongest growth for the fourth consecutive month. Billings have also surged at firms located in the West recently as well." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6418443-abi-june-2021-architecture-firm-billings-c; 7/23/21

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Private Indicators: AIA

Sector

"By firm specialization, firms with a commercial/industrial specialization saw another particularly strong increase in billings this month, while conditions remained very strong at firms with multifamily residential and institutional specializations as well." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6418443-abi-june-2021-architecture-firm-billings-c; 7/23/21

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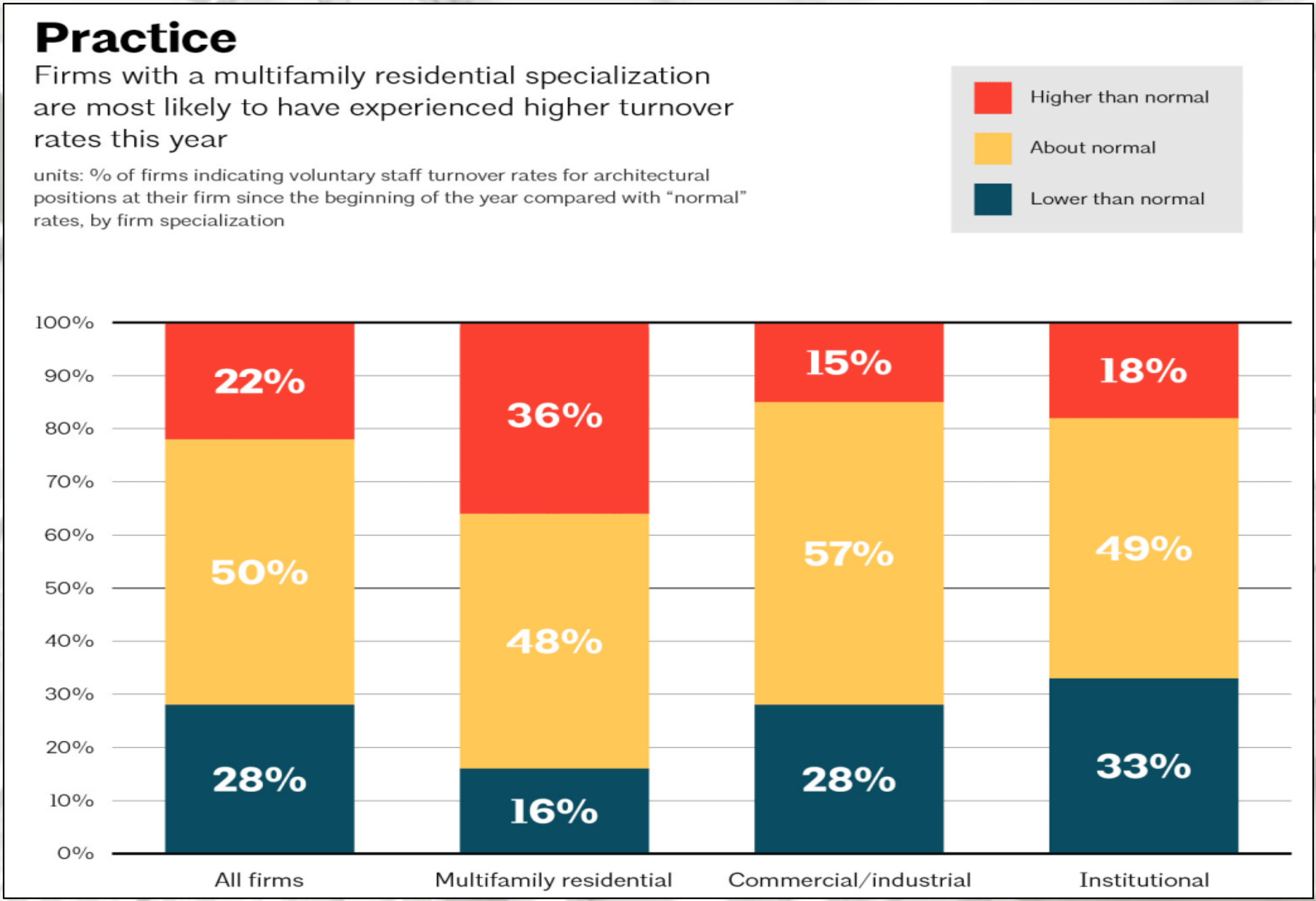
Private Indicators: AIA



Source: https://www.aia.org/pages/6418443-abi-june-2021-architecture-firm-billings-c; 7/23/21

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Private Indicators

Dodge Data & Analytics

Total Construction Falls in June as Housing Stumbles

Single family construction feeling brunt of higher material prices

“Total construction starts dropped 1% in June to a seasonally adjusted annual rate of $902.8 billion, according to Dodge Data & Analytics. The brunt of the decline was borne by residential starts, while nonresidential and nonbuilding starts continued their recovery from the COVID-19 pandemic.

““The weight of higher material prices and a lack of skilled labor are having a direct and notable influence on residential construction activity,” said Richard Branch, Chief Economist for Dodge Data & Analytics. “These negative factors are expected to continue to impact the sector over the remainder of the year and will result in a less positive influence from housing on overall levels of construction activity. While feeling similar effects, the nonresidential sector continues its modest recovery off the lows of last summer. There are enough projects in the planning pipeline to suggest this trend should continue into next year, but higher material prices will result in longer lead times to groundbreaking and more temperate improvements in nonresidential starts.’”” – Nicole Sullivan, Public Relations & Social Media, AFFECT

Source: https://www.construction.com/news/Total-Construction-Falls-in-June-as-Housing-Stumbles; 6/16/21

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Private Indicators

Dodge Data & Analytics

- "**Residential building** lost 10% in June to a seasonally adjusted annual rate of $394.2 billion. Single family starts were 12% lower, while multifamily starts dropped 7%. Year-to-date, total residential starts were 30% higher than the same period a year earlier. Single family starts were up 37%, while multifamily starts were 12% higher.

  For the 12 months ending June 2021, total residential starts were 18% higher than the 12 months ending June 2020. Single family starts gained 27%, while multifamily starts were down 2% on a 12-month sum basis.
- **The largest multifamily structures to break ground in June** were a $500 million mixed-use project in Brooklyn, N.Y, the $230 million Mather Senior Living Community in McLean VA, and the $160 million Alcove Tower in Nashville TN.
- **Regionally**, June's starts rose in the Midwest, South Atlantic, and West regions but fell in the Northeast and South Central regions.
- **Nonresidential building starts** jumped 10% in June to a seasonally adjusted annual rate of $309.5 billion. Manufacturing starts more than doubled over the month as a large refinery broke ground. Commercial starts gained 6%, with only the office category losing ground. Institutional starts were down 2% in June, despite a large increase in healthcare projects. Year-to-date, total nonresidential building starts were down 5% compared to the first five months of 2020. Institutional starts were 9% lower, while commercial starts were down 7%. Manufacturing starts were up 42% on a year-to-date basis.

  For the 12 months ending June 2021, nonresidential building starts were 19% lower than the 12 months ending June 2020. Commercial starts were down 20%, while institutional starts fell 14%. Manufacturing starts dropped 43% in the 12 months ending June 2021." – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/Total-Construction-Falls-in-June-as-Housing-Stumbles; 6/16/21

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Private Indicators

MONTHLY CONSTRUCTION STARTS

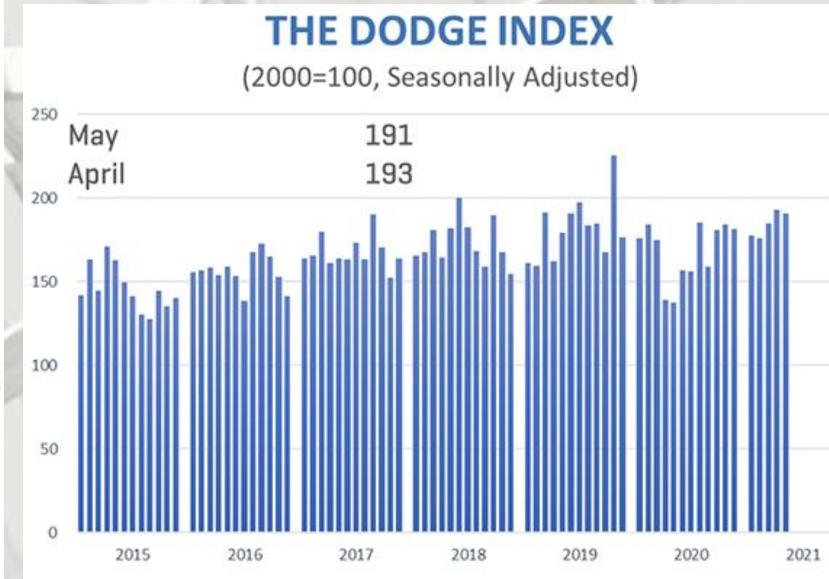
(Millions of Dollars, Seasonally Adjusted Annual Rate)

	May 2021	Apr 2021	% Change
Nonresidential Building	$309,491	$282,461	10
Residential Building	394,169	439,024	-10
Nonbuilding Construction	199,165	189,403	5
Total Construction	$902,825	$910,889	-1

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	5 Mos. 2021	5 Mos. 2020	% Change
Nonresidential Building	$100,596	$105,882	-5
Residential Building	170,726	130,859	30
Nonbuilding Construction	76,159	70,339	8
Total Construction	$347,482	$307,081	13



Source: Dodge Data & Analytics

Source: https://www.construction.com/news/Total-Construction-Falls-in-June-as-Housing-Stumbles; 6/16/21

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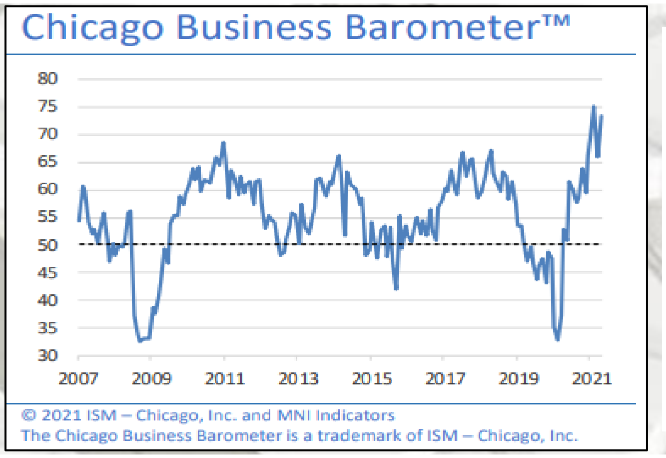

MNI Chicago

"The Chicago Business Barometer™, produced with MNI, jumped to 73.4 in July, both a two-month high and the second highest pandemic-era reading. Demand is strong but firms remain concerned about supply chain disruptions and rising prices. Among the main five indicators, Production saw the largest increase, followed by New Orders, while Supplier Deliveries remained unchanged.

Chicago Business Barometer™ Rose To 73.4 in July

Production saw the biggest gain in July, up 8.8 points, as demand remained high and some firms benefited from supply chain issues. The index now stands at a two-month high. New Orders increased 5.4 points, signalling strong demand. Order Backlogs advanced 3.4 points, also hitting a two month high. Companies noted a lack of raw materials and warehouse personnel, leading to an increased backlog of work. Inventories gained 5.1 points in July, although it has been in contraction since April.

Demand for labor increased 3.4 points in July. Anecdotal evidence showed that firms planned to hire new employees, but staff availability remains subdued. Supplier Deliveries remained at June's level in July, still at the highest level since March 1974. Delivery delays and a lack of workforce availability remained a problem, firms noted.

Prices paid at the factory gate eased slightly, down 0.3 points but remained at a historically high level. Higher prices for materials and freight were again a major concern for survey respondents.

This month's first special question asked, "What is your planned business activity growth forecast for the second half of 2021?" The majority (48.8%) expect growth to be between 5% and 10%. The second question asked, "Is your company looking at the current inflationary pressures as transitory; in agreement with the Fed?". The majority (37.2%) was unsure." – Les Commons, Senior Economist and Irene Prihoda, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 7/29/21

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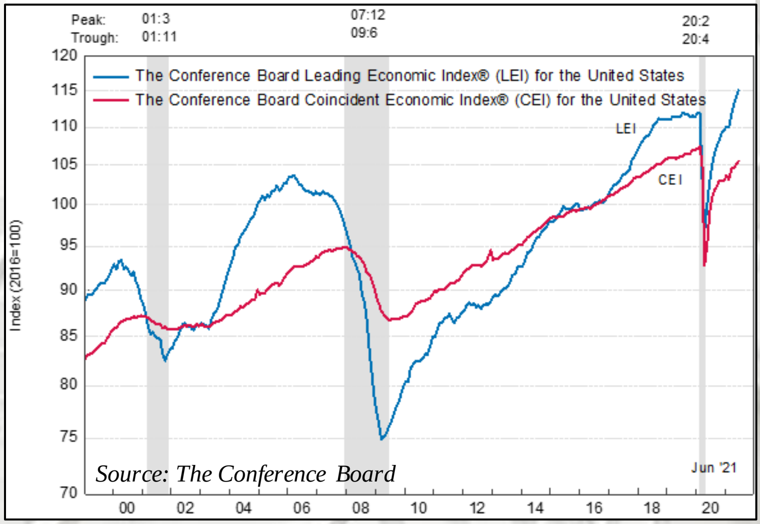
Private Indicators

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

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. increased by 0.7 percent in June to 115.1 (2016 = 100), following a 1.2 percent increase in May, and a 1.3 percent increase in April."

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



"June's gain in the U.S. LEI was broad-based and, despite negative contributions from housing permits and average workweek, suggests that strong economic growth will continue in the near term. While month-over-month growth slowed somewhat in June, the LEI's overall upward trend – which started with the end of the pandemic-induced recession in April 2020 – accelerated further in Q2. The Conference Board still forecasts year-over-year real GDP growth of 6.6 percent for 2021 and a healthy 3.8 percent for 2022." – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

"**The Conference Board Coincident Economic Index®** (CEI) for the U.S. increased by 0.4 percent in June to 105.5 (2016 = 100), following a 0.5 percent increase in May and a 0.1 percent increase in April.

The Conference Board Lagging Economic Index® (LAG) for the U.S. was unchanged in May at 105.8 (2016 = 100), following a 0.6 percent increase in May and 3.0 percent increase in April."

Source: https://www.conference-board.org/data/bcicountry.cfm; 7/22/21

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Private Indicators

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

June New Business Volume Up 17 Percent Year-over-year, 28 Percent Month-to-month, and Nearly 9 Percent Year-to-date

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the $900 billion equipment finance sector, showed their overall new business volume for June was $10.4 billion, up 17 percent year-over-year from new business volume in June 2020. Volume was up 28 percent month-to-month from $8.1 billion in May. Year-to-date, cumulative new business volume was up nearly 9 percent compared to 2020.

Receivables over 30 days were 1.8 percent, down from 1.9 percent the previous month and down from 2.6 percent in the same period in 2020. Charge-offs were 0.22 percent, down from 0.30 percent the previous month and down from 0.71 percent in the year-earlier period.

Credit approvals totaled 76.7 percent, down from 77.4 percent in May. Total headcount for equipment finance companies was down 13.8 percent year-over-year, a decrease due to significant downsizing at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in July is 72.9, an increase from the June index of 71.3." – Amy Vogt, Vice President, Communications and Marketing; Equipment Leasing & Finance Association

"If equipment finance new business volume at the end of Q2 is any indication, the second half of the year should be as strong as economists predict. Despite slower-than-desired vaccinations in certain parts of the U.S, consumer spending is accelerating, markets remain strong and unemployment continues to slowly abate, all of which are contributing to a strong economy. This portends well for the equipment finance sector as we move into the second half of 2021. Recent pronouncements from the Fed indicate that they are eyeing recent upticks in inflation warily, but interest rates should remain low – at least in the near- to medium-term." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2021/07/26/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 7/26/21

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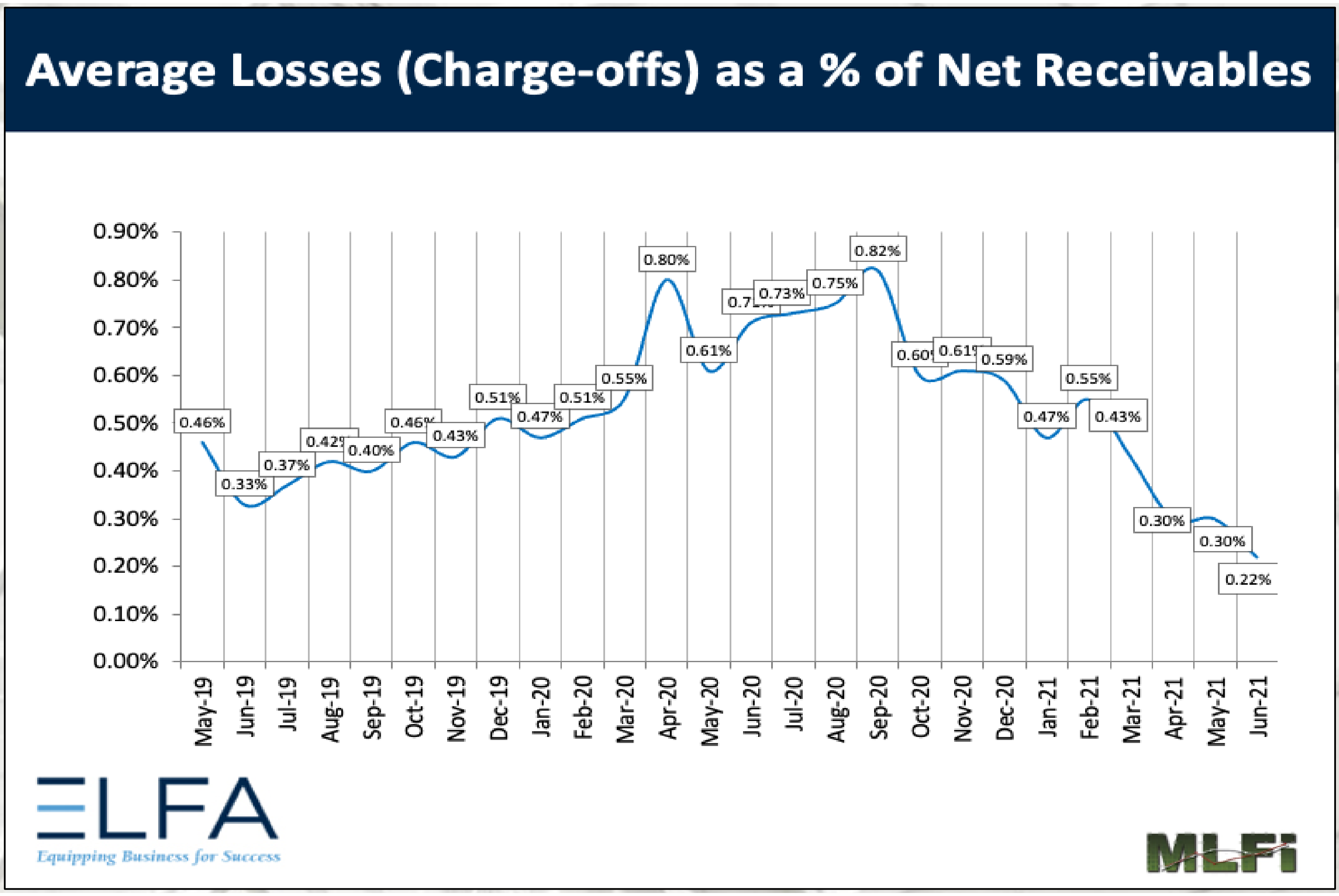

Monthly Leasing and Finance Index: June 2021

"2021 continues to bring economic tailwinds as demand continues to outpace supply. The June MLFI illustrates similar conditions at Hitachi Capital America. Our transportation and commercial finance portfolios continue to perform well, with expectations to exceed FY 20-21. Future disruptions could be attributed to supply chain and labor issues, which may take additional time to resolve." – Mark Duncan, EVP and COO, Hitachi Capital America

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2021/07/26/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 7/26/21

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Private Indicators

Markit U.S. Manufacturing PMI™

July PMI ticks up to record high, but supply delays and price pressures also hit new peaks

"July PMI™ data from IHS Markit signalled the most substantial improvement in operating conditions across the U.S. manufacturing sector on record. Overall growth was supported by stronger expansions in output and new orders, with the latter increasing at the second-fastest pace since data collection began in May 2007. Unprecedented supplier shortages and delays continued to exert upward pressure on input costs and stymie firms' ability to process incoming new work. As a result, cost burdens rose at a record-breaking rate and the accumulation of backlogs accelerated.

Nonetheless, output expectations remained upbeat amid hopes of further boosts to client demand over the coming year.

The seasonally adjusted IHS Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 63.4 in July, up from 62.1 in June and slightly higher than the earlier released 'flash' estimate of 63.1. The improvement in the health of the manufacturing sector was the strongest in the 14-year series history.

Contributing to the uptick in the headline figure was a sharper expansion in production at the start of the third quarter. The upturn was reportedly linked to stronger client demand and efforts to clear backlogs of work. The rate of growth was the steepest for six months and marked overall. New business at manufacturing firms rose at a robust rate, that was close to the record pace set in May. Firms stated that greater new order inflows stemmed from stronger client demand from new and existing customers, as some sought to stockpile. At the same time, foreign client demand rose at one of the fastest rates since data collection began in 2007 amid the reopening of key export markets.

July data signalled an unprecedented deterioration in vendor performance, as supplier delays were driven by transportation issues and severe raw material shortages." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/34aa9db36f404018999241be9d6bf361 ; 7/2/21

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Private Indicators

Markit U.S. Manufacturing PMI™

"Such constraints on component deliveries and greater global demand for inputs reportedly pushed input costs up. The rate of cost inflation was the sharpest on record. Firms were, however, able to continue to raise their selling prices in July as charges also increased at a record-breaking pace. The uptick in output charges was overwhelmingly attributed to efforts to pass-through higher costs where possible.

Supplier price hikes led to greater stockpiling activity at manufacturers, as growth in input buying accelerated to a fresh series high. Efforts to mitigate against future price rises or material shortages resulted in an unprecedented rise in pre-production inventories. In contrast, stocks of finished goods fell at a strong pace as firms sought to sell from their current holdings.

At the same time, stronger new order growth led to the second fastest accumulation in work-in-hand since 2007. To reduce pressure on capacity, firms expanded their workforce numbers at the steepest pace for three months, but some continued to note difficulties filling vacancies. Finally, goods producers were markedly upbeat overall regarding the outlook for output over the coming year in July. Optimism was often linked to hopes of stability in future supply chains and further boosts to client demand. Although easing from that seen in June, the degree of confidence was above the long-run series average.

July saw manufacturers and their suppliers once again struggle to meet booming demand, leading to a further record jump in both raw material and finished goods prices. Despite reporting another surge in production, supported by rising payroll numbers, output continued to lag well behind order book growth to one of the greatest extents in the survey's 14-year history, leading to a near-record build-up of uncompleted orders.

Capacity is being constrained by yet another unprecedented lengthening of supply chains, with delivery delays reported far more widely in the past two months than at any time prior in the survey's history. Manufacturers and their customers are consequently striving to maintain adequate inventory levels, often reporting the building of safety stocks where supply permits, to help keep production lines running and satisfy surging sales." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/34aa9db36f404018999241be9d6bf361 ; 7/2/21

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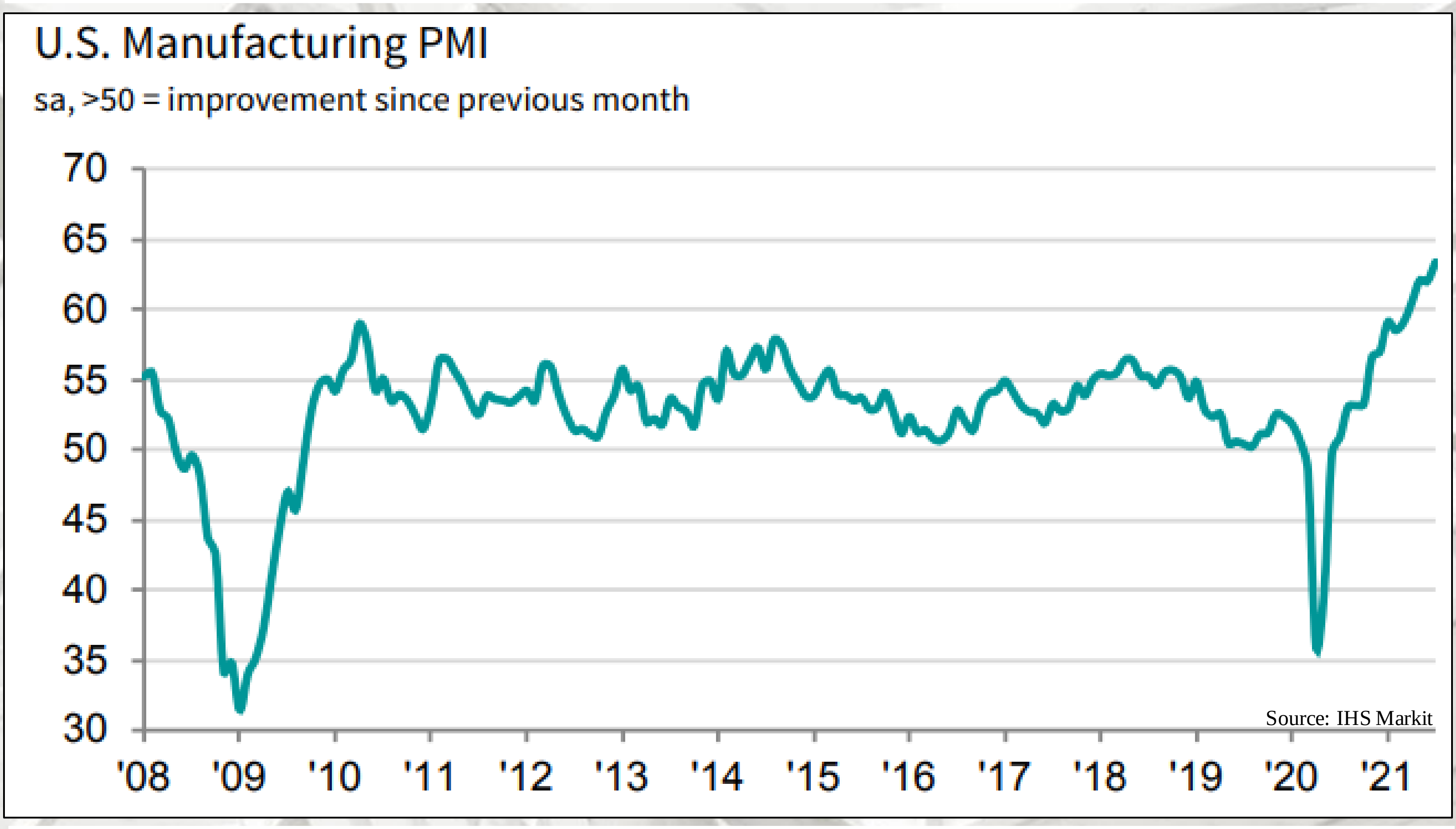

Markit U.S. Manufacturing PMI™

"The result is perhaps the strongest sellers' market that we've seen since the survey began in 2007, with suppliers hiking prices for inputs into factories at the steepest rate yet recorded and manufacturers able to raise their selling prices to an unprecedented extent, as both suppliers and producers often encounter little price resistance from customers" – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/34aa9db36f404018999241be9d6bf361 ; 7/2/21

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Private Indicators

IHS Markit U.S. Services PMI™

Softest rise in business activity since February

"July PMI™ data indicated another robust expansion in U.S. service sector business activity. The upturn softened to the slowest since February, but was much quicker than the series average. Contributing to the less marked upturn in output was a softer rise in new business. Nonetheless, domestic and foreign client demand remained historically strong. In line with larger inflows of new business, backlogs of work rose solidly and at the joint-fastest pace since August 2020. Efforts to ease pressure on capacity was hampered by reports of a shortage of suitable candidates. Meanwhile, input costs and output charges rose substantially despite their respective rates of inflation softening again from May's historic highs.

The seasonally adjusted final IHS Markit US Services PMI Business Activity Index registered 59.9 at the start of the third quarter, down from 64.6 in June. This was broadly in line with the earlier released 'flash' estimate of 59.8 in July. The latest upturn in business activity was marked overall, despite easing to a five-month low. Greater output was linked to strong demand conditions and a sustained increase in new orders. Some companies stated that capacity constraints hampered activity growth, however.

New business continued to rise in July, and at one of the fastest rates since data collection began in October 2009. The upturn was supported by a pick-up in client demand following vaccinations and the relaxation of COVID-19 restrictions. The robust expansion was one of the quickest in over three years despite softening to the slowest since February. At the same time, new export orders increased for the fifth month running in July, amid the further reopening of key export markets. The expansion was solid overall but eased to a four month low.

Reflecting strong client demand and a further increase in new business, service providers registered a solid accumulation in backlogs of work. Pressure on capacity also reportedly stemmed from staff shortages and difficulties hiring new workers. As a result of challenges finding staff, the rate of job creation eased for the third month running." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/cf907366306e4d8aa6b726a97d885634; 8/4/21

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Private Indicators

IHS Markit U.S. Services PMI™

"On the price front, cost burdens increased at a substantial pace in July. Input prices rose due to supplier shortages, while service firms also highlighted greater fuel costs. The rate of inflation was much quicker than the series average, despite easing further from May's historic peak. Service providers sought to pass on higher costs to their clients where possible in July. Output charges rose markedly but, in a similar manner to input prices, the rate of increase softened.

Finally, expectations regarding the outlook for output over the coming 12 months remained strongly upbeat in July. Optimism was largely attributed to hopes of further boosts to demand following an increase in customer numbers as COVID-19 restrictions relax. The degree of confidence dropped to a five month low, however, amid concerns about the strength of customer demand over the coming months.

The pace of US economic growth cooled in July, according to the final PMI data, but remained impressively strong to suggest that GDP will rise robustly again in the third quarter. Stimulus measures combined with the vaccine roll out and reopening of the economy continued to boost demand for goods and services, most notably among households and especially in consumer-facing services such as travel and hospitality.

Some further easing in the rate of expansion is likely in coming months, however, as future growth expectations mellowed considerably during the month. This waning of optimism in part reflected the likely peaking of demand in the second quarter as the economy opened up, but also reflected a rising concern over the potential for the Delta variant to disrupt the economy again." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/cf907366306e4d8aa6b726a97d885634; 8/4/21

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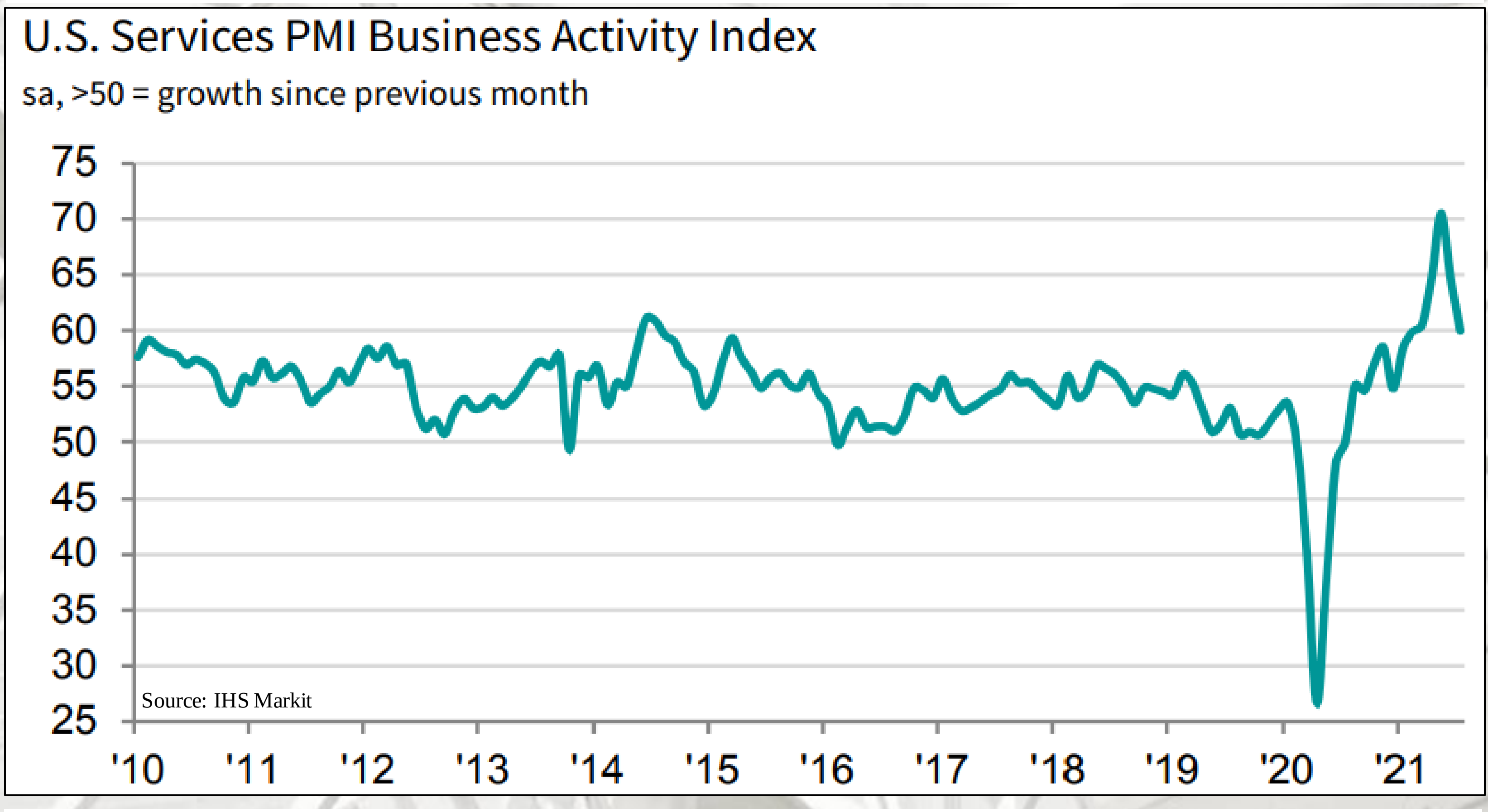

IHS Markit U.S. Services PMI™

"With the survey once again bringing signs that capacity is being constrained by a lack of raw materials and labour, inflationary pressures look set to persist in the coming months, though it is encouraging to note that the overall rate of increase of selling prices for goods and services continued to moderate from May's recent peak." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/cf907366306e4d8aa6b726a97d885634; 8/4/21

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for July 2021: Combined Sectors

"The combined score for NACM's July Credit Managers' Index rebounded to 58.4 after two months of decline. However, this month's reading is still less than it was the month prior.

"This has been one crazy and unpredictable year, and it has come on top of an even crazier and unpredictable 2020," said NACM Economist Chris Kuehl, Ph.D.

With a 2.2-point gain month on month, the combined index of favorable factors recovered some ground. Sales rose 5.6 points as new credit applications increased 6.7 points, reaching a new high for the CMI. Dollar collections data increased nearly three points to a reading of 63.8. However, amount of credit extended took a 6.3-point drop.

"Credit managers are being a bit more cautious," Kuehl said. "More businesses can fail during a recovery than a recession, which tends to make credit managers nervous."

The index of unfavorable factors remained stable at 52.7. Rejections of credit applications only slipped one-tenth of a point, while accounts placed for collection fell 1.2 points. Disputes entered the contraction zone with a 1-point drop as dollar amount beyond terms climbed out of the contraction zone with a 2.9-point gain. Dollar amount of customer deductions declined four-tenths of a point, and filings for bankruptcies, one-tenth of a point.

"Given the jump in credit applications, it is good news that the numbers of rejections remained stable," Kuehl said. "And the rise in disputes comes as no surprise. Last month it was noted that when there was an increase in slow pays, there is usually an increase in disputes as well and that seems to have been the case with this month's data."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 7/30/21

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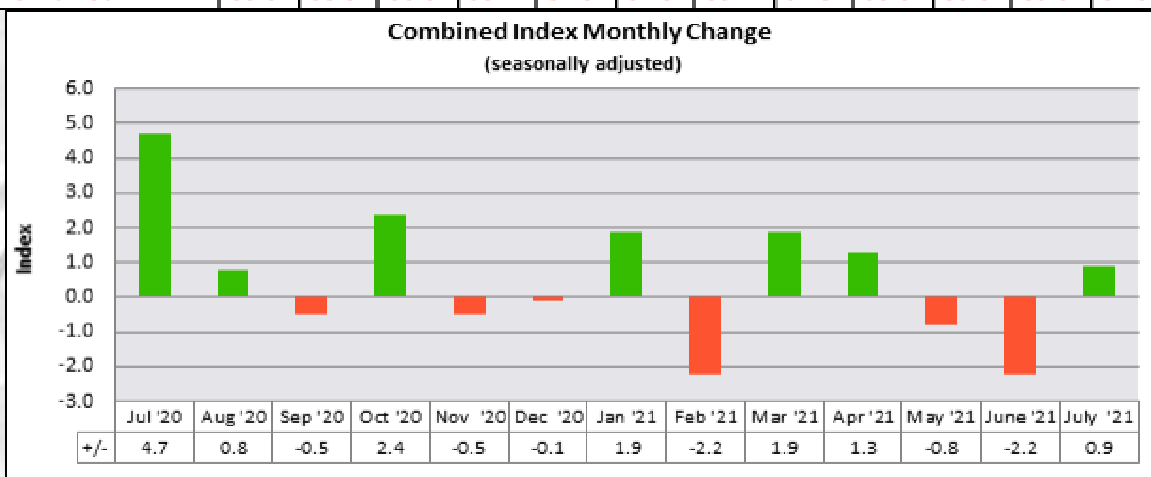
Private Indicators

Combined Manufacturing and Service Sectors (seasonally adjusted)	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	June '21	July '21
Sales	64.3	65.8	65.5	74.2	66.5	70.2	75.9	69.9	73.9	74.7	73.2	67.7	73.3
New credit applications	62.4	63.4	63.6	65.2	63.9	64.4	67.8	65.5	63.9	65.9	64.6	63.1	69.8
Dollar collections	62.5	61.2	63.3	64.6	62.6	62.8	66.0	59.2	64.5	63.1	60.0	61.1	63.8
Amount of credit extended	57.3	61.3	60.8	68.0	64.8	65.3	69.2	66.8	68.4	69.0	69.0	67.4	61.1
Index of favorable factors	**61.6**	**62.9**	**63.3**	**68.0**	**64.4**	**65.7**	**69.7**	**65.3**	**67.7**	**68.2**	**66.7**	**64.8**	**67.0**
Rejections of credit applications	50.0	51.5	51.6	51.4	51.5	51.3	51.6	51.5	52.0	53.0	53.1	52.3	52.2
Accounts placed for collection	50.8	51.6	49.4	49.5	56.2	51.6	52.9	51.6	55.1	59.6	54.2	53.2	52.0
Disputes	50.7	51.8	48.7	51.0	50.6	51.2	50.9	51.0	50.6	51.3	53.7	50.4	49.4
Dollar amount beyond terms	57.3	58.2	54.6	58.0	58.1	57.0	58.9	52.0	57.0	59.4	57.1	49.5	52.4
Dollar amount of customer deductions	52.4	52.2	51.1	51.0	51.7	51.5	51.3	52.8	52.2	53.0	53.6	52.6	52.2
Filings for bankruptcies	48.8	47.7	51.3	50.7	53.0	52.5	52.3	54.5	55.7	57.1	59.3	58.3	58.2
Index of unfavorable factors	**51.7**	**52.2**	**51.1**	**51.9**	**53.5**	**52.5**	**53.0**	**52.2**	**53.8**	**55.6**	**55.2**	**52.7**	**52.7**
NACM Combined CMI	**55.6**	**56.5**	**56.0**	**58.4**	**57.9**	**57.8**	**59.7**	**57.5**	**59.3**	**60.6**	**59.8**	**57.5**	**58.4**



Source: https://nacm.org/cmi.html; 7/30/21

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Private Indicators

National Federation of Independent Business (NFIB)
July 2021 Report

Small Business Optimism Dips in July as Labor Shortage Remains Biggest Challenge

"Small business owners are losing confidence in the strength of the economy and expect a slowdown in job creation. As owners look for qualified workers, they are also reporting that supply chain disruptions are having an impact on their businesses. Ultimately, owners could sell more if they could acquire more supplies and inventories from their supply chains." – Bill Dunkelberg, Chief Economist, NFIB

"The NFIB Small Business Optimism Index decreased in July to 99.7, a decrease of 2.8 points, reversing June's 2.9-point gain. Six of the 10 components declined, three improved, and one was unchanged. The NFIB Uncertainty Index decreased seven points to 76, indicating owners' views are held with more certainty than in earlier months.

Other key findings include:

- Sales expectations over the next three months decreased 11 points to a net negative 4% of owners.
- Owners expecting better business conditions over the next six months decreased eight points to a net negative 20%.
- Earnings trends over the past three months decreased eight points to a net negative 13%." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/10/21

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Private Indicators

National Federation of Independent Business (NFIB) June 2021 Report

"As reported in NFIB's monthly jobs report, 49% of owners reported job openings that could not be filled, a 48-year record high. Owners' plans to fill open positions remain at record high levels, with a seasonally adjusted net 27% planning to create new jobs in the next three months, down one point from June's record high reading.

Fifty-five percent of owners reported capital outlays in the last six months, up two points from June but historically a below average reading. Of those making expenditures, 39% reported spending on new equipment, 23% acquired vehicles, and 14% improved or expanded facilities. Six percent of owners acquired new buildings or land for expansion and 11% spent money for new fixtures and furniture. Twenty-six percent of owners are planning capital outlays in the next few months. At some point, owners will have to step up capital spending to acquire and improve the quality of capital available to support new hires.

A net 5% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down four points from June. The net percent of owners expecting higher real sales volumes declined 11 points to a net negative 4%, a stubbornly negative view but based on their realities.

The percent of owners reporting inventory increases declined seven points to a net negative 6%. A net 12% of owners view current inventory stocks as "too low" in July, up one point from June and a 48-year record high reading. A net 6% of owners plan inventory investment in the coming months, down five points from June and also a historically high reading.

A net 46% of owners (seasonally adjusted) reported raising average selling prices. Unadjusted, 5% reported lower average selling prices and 52% reported higher average prices. Price hikes were the most frequent in wholesale (73% higher, 0% lower), manufacturing (61% higher, 6% lower), and retail (57% higher, 7% lower). Seasonally adjusted, a net 44% plan price hikes. This is inflation, the question is for how long?" – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/10/21

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Private Indicators

National Federation of Independent Business (NFIB) June 2021 Report

"In July, 52% of owners reported raising average selling prices, two points higher than June. Price increases in wholesale and retail trades posted significant declines. The largest increases in price-raising activity were in the non-professional services and transportation.

A net 38% of owners (seasonally adjusted) reported raising compensation, down one point from June's record high of 39%. A net 27% plan to raise compensation in the next three months, up one point from June and a 48-year record high reading.

The frequency of reports of positive profit trends declined eight points to a net negative 13%. Among those small employers reporting lower profits, 32% blamed weaker sales, 31% cited a rise in the cost of materials, 10% cited labor costs, 7% cited lower prices, 6% cited the usual seasonal change, and 3% cited higher taxes or regulatory costs. For owners reporting higher profits, 62% credited sales volumes, 20% cited usual seasonal change, and 7% cited higher prices.

Down from June, only 2% of owners reported that all their borrowing needs were not satisfied. Twenty-three percent reported all credit needs were met and 61% said they were not interested in a loan. A net 2% reported their last loan was harder to get than in previous attempts. One percent of owners reported that financing was their top business problem. Many small firms are still operating with PPP funds." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/10/21

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Private Indicators

Small Business Optimism

Index Component	Net %	Change From July
Plans to Increase Employment	27%	▼ -1
Plans to Make Capital Outlays	26%	▲ 1
Plans to Increase Inventories	6%	▼ -5
Expect Economy to Improve	-20%	▼ -8
Expect Real Sales Higher	-4%	▼ -11
Current Inventory	12%	▲ 1
Current Job Openings	49%	▲ 3
Expected Credit Conditions	-4%	— 0
Now a Good Time to Expand	13%	▼ -2
Earnings Trends	-13%	▼ -8

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/10/21

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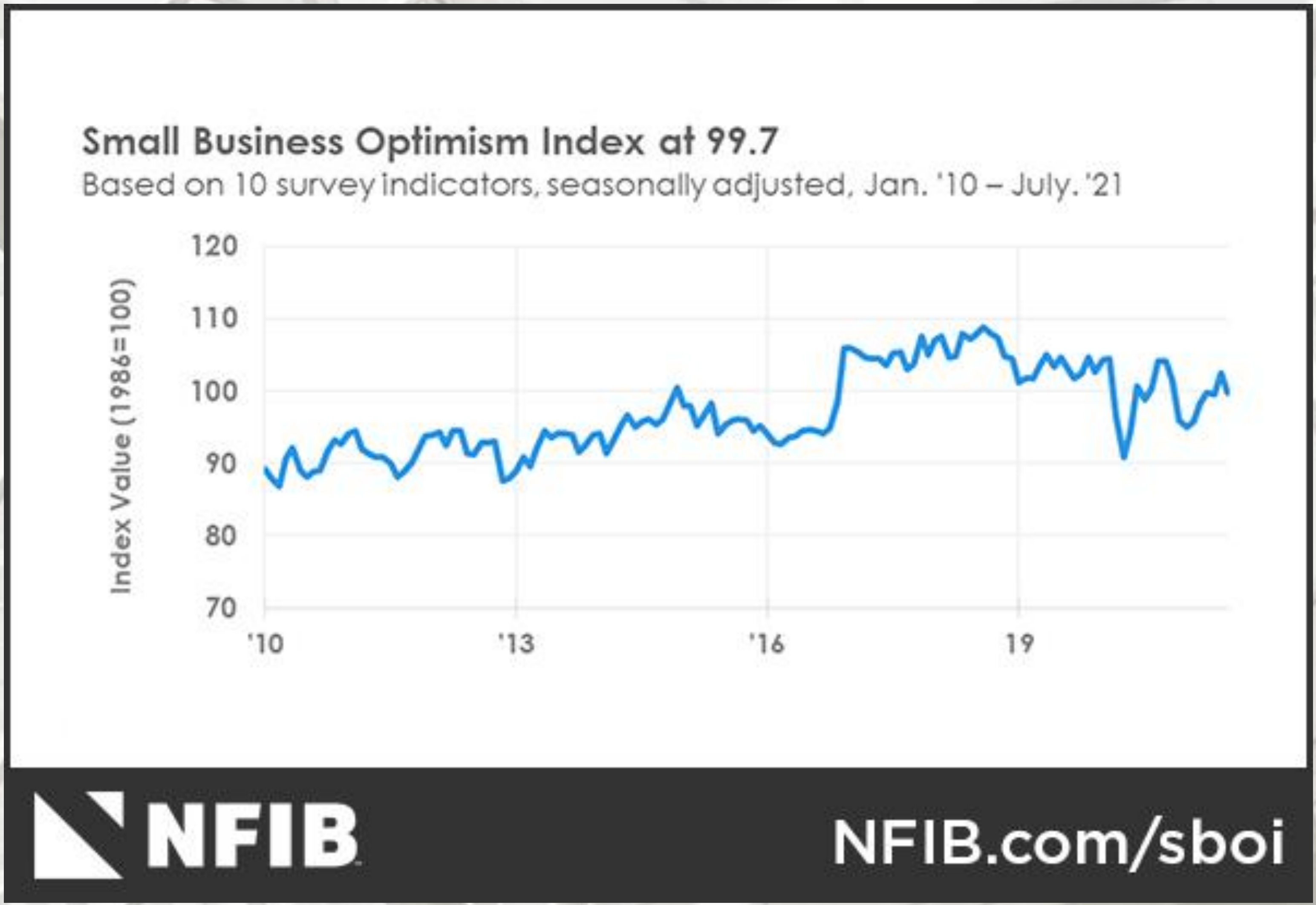
Private Indicators



Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/10/21

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Private Indicators

Thomas Manufacturing Index (TMX)

"The Thomas Manufacturing Index, or "TMX", is an index that measures industrial activity in the United States and Canada. TMX leads the stock market when industrial activity is driven by long term investments or major shifts in the manufacturing sector.

Conversely, the index lags the market when there are sustained sharp upward or downward trends in stock prices. This is particularly the case when the market is in an investment regime where sourcing is highly impacted by the availability of capital. As a manufacturing sector fundamentals index, TMX sheds light on key dynamics that drive market performance.

Occasionally, some extraordinary events such as trade conflicts or the coronavirus outbreak result in major disruptions in the supply chain. In these particular cases, TMX was an early indicator as it temporarily diverged from the market." – Thomas Publishing Company

Source: https://business.thomasnet.com/tmx; 7/6/21

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

Small Business Job Growth Advances in July Amid Signs of Strong Economic Rebound

Jobs data from Paychex shows the second strongest one-month hiring increase since 2010

"National job growth in July was up notably across all industry sectors and regions over the previous month, according to aggregated payroll data of approximately 350,000 clients provided by Paychex. The data released in the latest report of the Paychex | IHS Markit Small Business Employment Watch shows the Small Business Jobs Index jumped 0.85 percent in July, the second strongest one-month increase since 2010, the period of recovery following the Great Recession. At 99.36, the small business jobs index is up more than one percent over last quarter and five percent from last year, suggesting a significant recovery from the COVID-19 pandemic. Hourly earnings growth improved to 3.11 percent in July, up from June's increase of 2.84 percent." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"Hiring at small businesses across the U.S. grew significantly in July. The national index jumped to 99.36, the highest level since the summer of 2018." – James Diffley, Chief Regional Economis, IHS Markit

"The rate of hiring continues to increase steadily across all sectors. July's small business job and wage growth numbers indicate a continued rebound of the economy as employment increases." – Martin Mucci, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 8/3/21

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

"In further detail, the July report showed:

- The national index gained 1.04 percent during the past quarter, improving to 99.36.
- Small business employment growth improved across all industry sectors in July.
- All regions improved sizably in July, but the South continues to lead in small business job growth.
- Arizona now leads all states in small business job growth at 101.72.
- Dallas joins Tampa to lead all metros in employment growth, each with indexes above 102.." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 8/3/21

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

July Jobs Index	July Wage Data
Index	Hourly Earnings
99.36	$29.42
12-Month Change	12-Month Growth
+5.04%	+3.11% ($0.89)

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 8/3/21

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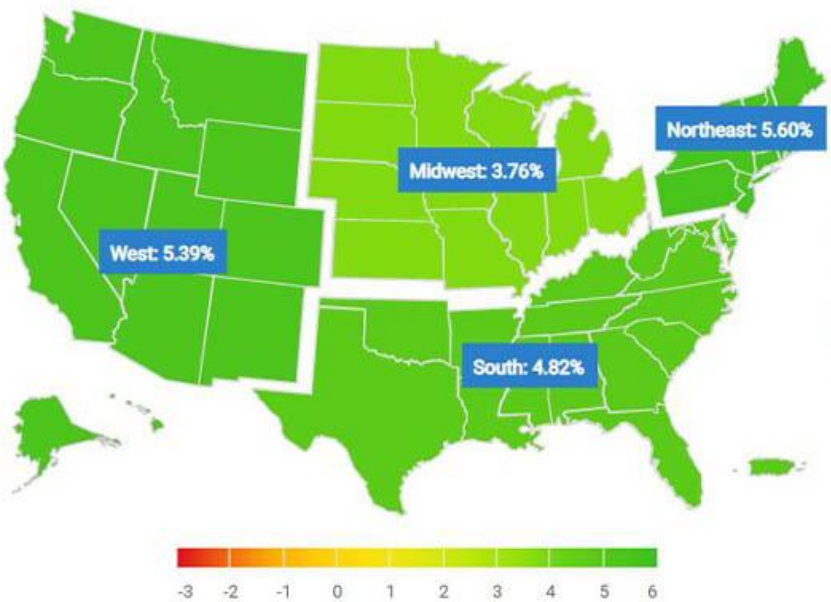
Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	98.69	3.76%
Northeast	98.92	5.60%
South	100.38	4.82%
West	99.30	5.39%

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 8/3/21

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Private Indicators

U.S. Bank

Q2 2021 U.S. Bank Freight Payment Index™

"The national truck freight market improved during the second quarter, as the economy gained momentum emerging from the effects of the pandemic. The U.S. Bank National Shipments and Spend Indexes grew both sequentially and year-over-year, which is reflective of solid economic activity, including retail sales, imports, construction and manufacturing output. While still below peak levels prior to the pandemic, the shipments index has increased significantly.

The national shipments gain was notable during the second quarter, but the spend index surged from both the first quarter and year-over-year. These robust gains stem from extremely tight truck capacity due to a profound driver shortage, as motor carriers have been unable to increase supply sufficiently to meet the growing demand. As a result, pricing increased considerably as shippers worked to get loads moved in the time frames needed. In addition to increased freight rates during the second quarter, the spend index was pushed up by rising diesel fuel prices, which are reflected in increased fuel surcharges.

As industries ramp up output from increased demand in the second half of the year, truck freight demand will grow as well. The challenge for the motor carrier industry will be meeting that demand in the face of one of the largest supply crunches in history. Increased new driver training and rapidly rising pay will help, but it will take time to get additional drivers into the market. …" – Bob Costello, Chief Economist and Senior Vice President, American Trucking Associations (ATA)

Source: https://freight.usbank.com/Landing.aspx?rid=072121.592858151033&a=20&es=a241; 7/14/21

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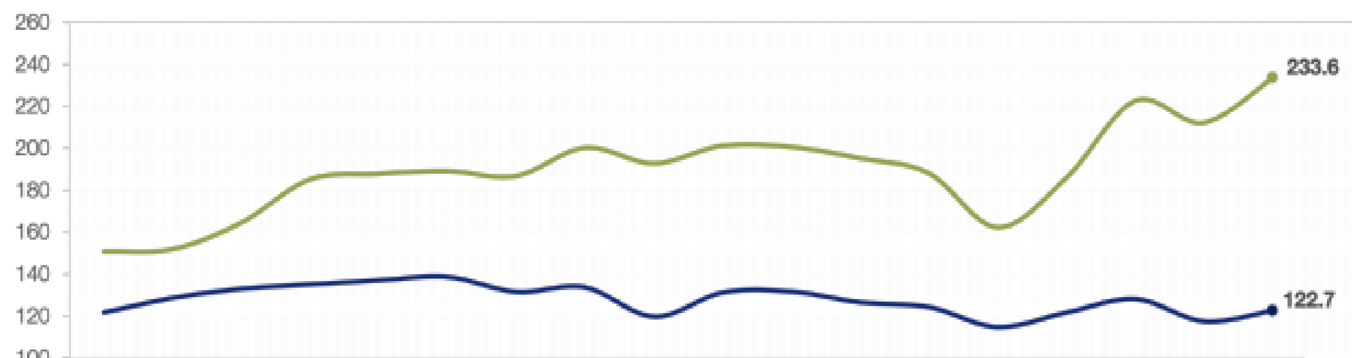
Private Indicators

Q2 2021 National Freight Market Overview



	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2
Spend	150.9	152.0	164.7	185.2	187.8	189.1	186.8	200.3	192.9	201.3	200.7	195.2	188.1	162.3	186.0	222.6	212.2	233.6
Shipments	121.7	128.7	133.0	135.2	137.1	138.7	131.6	133.8	119.8	131.3	131.7	126.5	124.3	114.9	121.7	128.1	117.5	122.7

Shipments	
Index Value	122.7
Quarterly % Change	4.4% ▲
Yearly % Change	6.8% ▲

Spend	
Index Value	233.6
Quarterly % Change	10.1% ▲
Yearly % Change	44.0% ▲

Source: https://freight.usbank.com/Landing.aspx?rid=072121.592858151033&a=20&es=a241; 7/14/21

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Demographics

The Pew Charitable Trusts

Population Growth Sputters in Midwestern, Eastern States

"Over the past decade, population nationally grew at its slowest rate since the Great Depression, though only three states – Illinois, Mississippi, and West Virginia – lost residents. The slowdown was especially pronounced in the Northeast and Midwest, while the South and West were home to the fastest-growing states. Population trends are tied to states' economies and government finances and are therefore useful for understanding both.

Results from the once-a-decade official count released this year show that growth was slower in the 2010s than in the 2000s in 38 states – and eight states experienced their most sluggish decade of growth ever.

Regional patterns followed historical trends. Nine of the 15 states with the slowest population growth were in the Northeast and Midwest, while 13 of the 15 states with the fastest population growth were in the South and West. For a half-century, people have gravitated toward Sun Belt states because of employment opportunities, lower costs of living, and warmer climates.

Among the three states that lost residents during the 2010s, West Virginia shrunk the fastest with a population drop equivalent to 0.32% a year, ending 2020 with approximately 60,000 fewer people than in 2010. Mississippi lost only about 6,000 people, or 0.02% a year, while Illinois's population decreased by more than 18,000, or 0.01% a year. Mississippi lost fewer people but trailed Illinois based on its 10-year growth rate, which measures the constant pace that population would have had to change each year since 2010 to reach its latest count.

A shrinking or slow-growing populace can be both a cause and an effect of weakened economic prospects. The states with long-term population declines all fell near the bottom of economic growth over the 12-year recovery from the Great Recession. Less economic activity can limit state revenue collections. Though a smaller population can lead to a reduction in some types of spending, it also means there are fewer residents to help cover the costs of long-standing commitments, such as debt and state employee retirement benefits." – Barb Rosewicz, Melissa Maynard, and Alexandre Fall, The Pew Charitable Trusts

Source: https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2014/fiscal-50; 7/27/21

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Demographics

The Pew Charitable Trusts

Population Growth Sputters in Midwestern, Eastern States

"The fastest-growing states were predominantly in the West and South. Top-ranked Utah gained more than half a million people since 2010, or the equivalent of 1.7% a year, and second-place Idaho grew by more than 271,000, or 1.61% a year. Although Texas added even more people – almost 4 million – its growth rate was slower, at 1.49%. Each of these states grew at about three times the 50-state median rate of 0.55% a year and was among the top performers in long-term economic growth. States with fast-growing populations typically have strong labor force growth, which fuels economic activity and helps generate tax revenue to fund any increased spending on infrastructure, education, and other government services.

State populations grow or shrink depending on the net effect of births, deaths, and migration to and from other states and abroad, including documented and undocumented people. Population change measures the difference between all new residents – babies and newcomers from other states and outside the U.S. – and those who died or moved away.

The decennial census is an official count of the population that the U.S. Constitution requires every 10 years. The formal tally is used to guide funding distributions for more than 300 federal programs, and to determine the number of U.S. House of Representatives seats in each state.

The count captures population totals as of April 1, 2020, and reflects only the first few weeks of the COVID-19 pandemic that began slamming the United States in March 2020.

Looking forward, demographers will carefully study the pandemic in anticipation of a wide range of potential short- and long-term impacts on population trends and distribution. For example, life expectancy and the ratio of births to deaths may fluctuate because of the pandemic's direct impact on human health, international migration may continue to be depressed, and the wider adoption of remote work may affect individuals' decisions about where to live. … " – Barb Rosewicz, Melissa Maynard, and Alexandre Fall, The Pew Charitable Trusts

Source: https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2014/fiscal-50; 7/27/21

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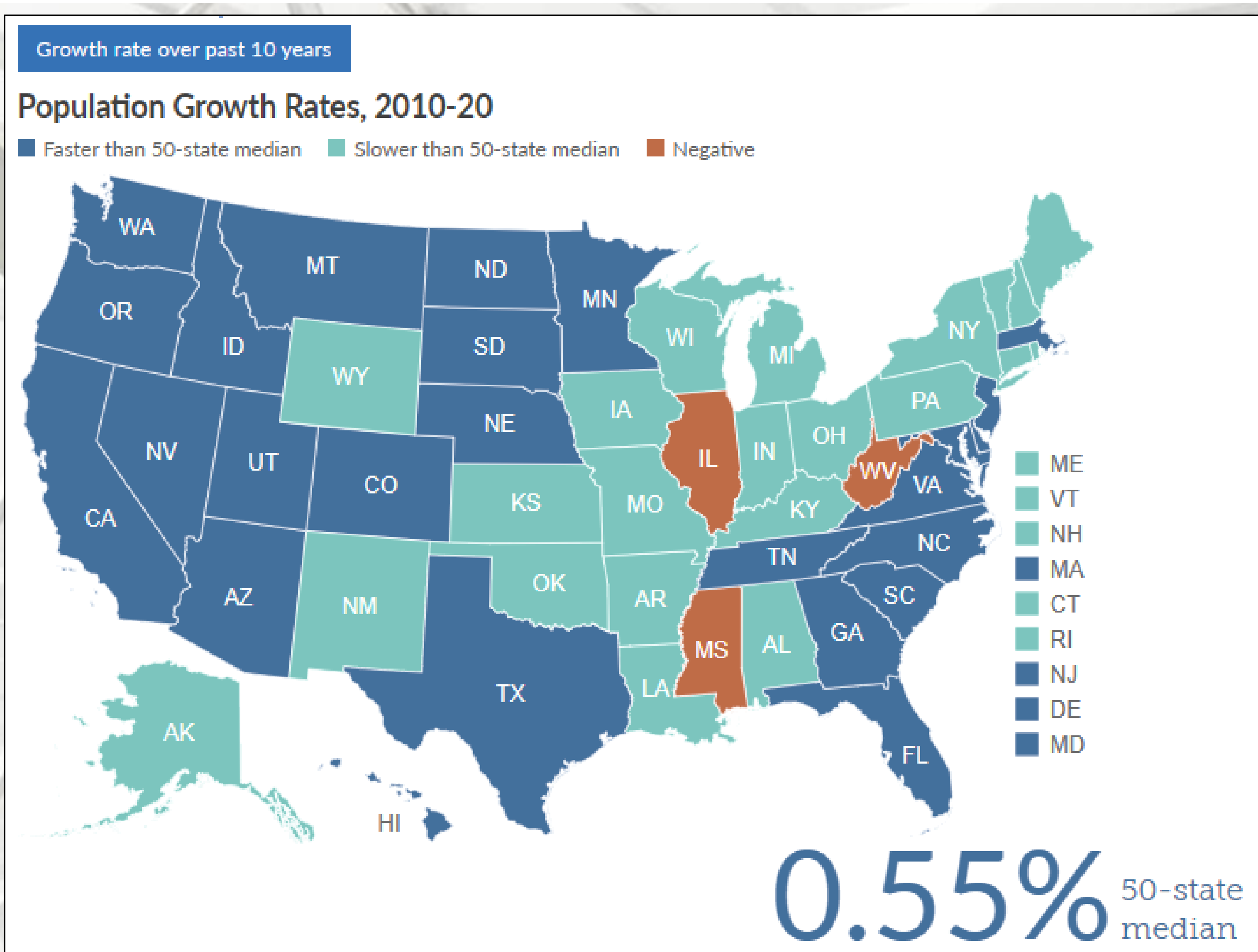
Demographics



Source: https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2014/fiscal-50; 7/27/21

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Economics

The Big Picture

How Everybody Miscalculated Housing Demand

"Why are there too few houses in general, and too few for sale?

The pandemic has revealed a supply/demand imbalance in the Housing Market, but the reasons are far less obvious than assumed.

Sure, the pandemic sent lots of urbanites out looking for a place in the 'burbs or a vacation property where they could WFH. But the underlying structural conditions for a massive supply shock were decades in the making. Let's review the chronology of how we got to our (improving but still) short supply of homes.

The 20-year chart above shows the ratio of houses for sale to houses sold — it's not ideal, but it will do for our purposes." – Barry Ritholtz, Chairman and Chief Investment Officer, Ritholtz Wealth Management LLC

Source: https://ritholtz.com/2021/07/miscalculated-housing-demand/; 7/29/21

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Economics

The Big Picture

"Consider what each decade had in store for real estate:

1980s: The '80s economic recovery saw jobs available and inflation moderating. It was still early days in the epic 40-year collapse of rates, and early days in the (just as epic) stock bull market. The trade-off for Reagan's lowered tax rates was the elimination of numerous tax loopholes[1] that previously had favored real estate development. Single-family home building was solid. Coop conversions in cities and Condo construction were getting underway in earnest. Prices peaked around 1989.

1990s: Real estate prices dipped in the face of economic headwinds. Meanwhile, the stock market was heating up. The boom attracted more and more investors. The bond market rallied as well, sending rates lower. New Home Construction trended higher. I have vivid recollections from the late 1990s of stock investors "*taking a little money off of the table*" to trade up to a bigger house or a nicer neighborhood or buy that vacation home. By 1998ish, NYC housing had surpassed the prior condo peak.

2000s (pre-GFC): The stock market crashed, dotcoms imploded, and the Tech-heavy Nasdaq fell 81%. The Fed cut rates to 2% then 1%. But salaries had been lagging, education and health care costs soaring. People are reluctant to lower their standards of living, so mortgage equity withdrawal (MEW) was substituted for wage gains. This was an important factor leading up to the GFC [Great Financial Crisis]." – Barry Ritholtz, Chairman and Chief Investment Officer, Ritholtz Wealth Management LLC

Source: https://ritholtz.com/2021/07/miscalculated-housing-demand/; 7/29/21

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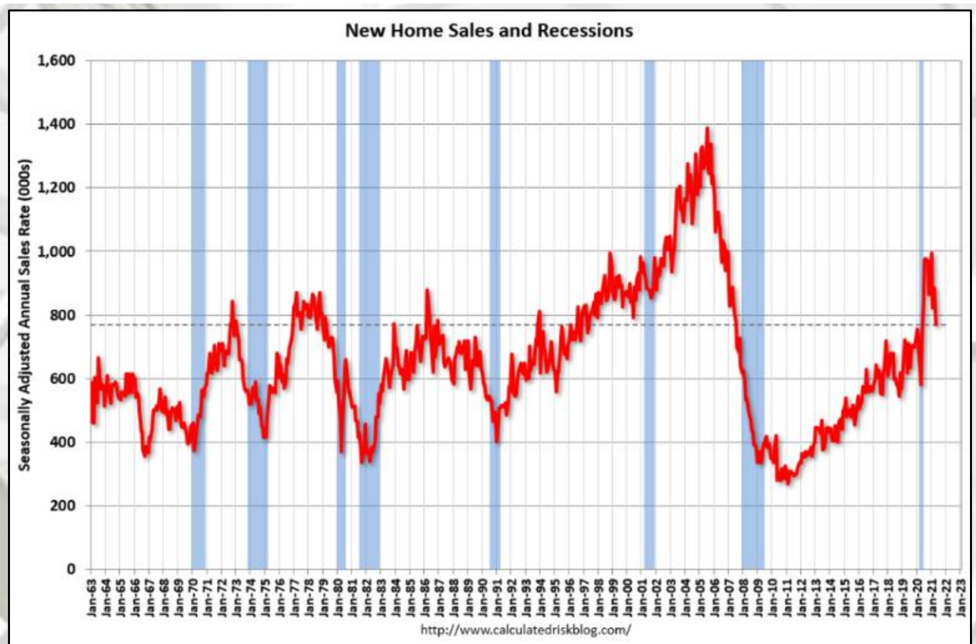
Economics



The Big Picture

"During this period, anyone and everyone could qualify for a No-Doc NINJA mortgage; [2] In response, home builders massively ramped up production – far above any previous levels seen over the past 40 years.

2000s (post-GFC): The hangover from GFC arrives, and new home construction grinds to a halt. Builders shift to multi-family and apartment buildings. It will take more than a decade for new single-family home construction and sales to return to their pre-boom average.

Post GFC Household formation is weak, as fewer young people are getting married, starting families, buying homes. No one seems to notice the increase in population + delayed marriages as future home buyers." – Barry Ritholtz, Chairman and Chief Investment Officer, Ritholtz Wealth Management LLC

Source: https://ritholtz.com/2021/07/miscalculated-housing-demand/; 7/29/21

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Economics

The Big Picture

"**2010s**: Rates continue downward. The Fed makes a half-hearted attempt to get off its emergency footing. Home sales improve gradually; Modest amounts of new home supply get built.

Beneath the surface, a massive imbalance is developing: By 2013, the stock market begins to make new all-time highs (again). The College Class of 2009 and 2010 graduating post-GFC start finding better jobs, moving out of their parent's basements, and getting serious. They ironically pretend not to be interested in material goods – like houses. But that is because they don't know (yet).

2020s: The Pandemic sent everyone scrambling, but it also led to a year of lockdown forced savings. EVERYONE understood the value of owning your own space. Demand soared. There were few new homes for sale and not a lot of existing homes available, either. Besides, who wants to move in the middle of a pandemic? And the Eviction Moratorium – it likely kept thousands (if not millions) of units off of the market.

This is all very obvious in hindsight. The delay in household formation, the lagging new home construction, and the appreciation for your own space all came together to reveal the structural shortage of single-family homes. And that is before we discuss NIMBY and excessive regulations that reduce available land to build on." – Barry Ritholtz, Chairman and Chief Investment Officer, Ritholtz Wealth Management LLC

Source: https://ritholtz.com/2021/07/miscalculated-housing-demand/; 7/29/21

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Economics

The Big Picture

How Everybody Miscalculated Housing Demand

"More new supply is coming online, more owners are recognizing the opportunity of high prices – they are selling and then relocating to cheaper parts of the country. And low rates? They seem to be sticking.

Eventually, supply will catch up with demand. This is why traders love to say that the cure for high prices is high prices." – Barry Ritholtz, Chairman and Chief Investment Officer, Ritholtz Wealth Management LLC

[1]. The 1986 tax law decimated new condo construction, which was fueled by investors that were writing off passive losses and suddenly could not.

[2]. NINJA = No Income, No Job, or Assets

Source: https://ritholtz.com/2021/07/miscalculated-housing-demand/; 7/29/21

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

July 2021

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	JUL 2021	454,460	66,518	74,598	216,492	96,852
	JUL 2021 / JUN 2021	+1.2%	+5.3%	+0.2%	-1.2%	+5.1%
High-Propensity	JUL 2021	153,878	24,362	24,771	68,386	36,359
	JUL 2021 / JUN 2021	+1.2%	+4.2%	-0.3%	+0.1%	+2.5%
With Planned Wages	JUL 2021	53,329	7,226	9,570	23,724	12,809
	JUL 2021 / JUN 2021	+2.0%	+4.3%	+4.0%	+0.2%	+2.7%
From Corporations	JUL 2021	52,151	10,536	6,407	19,256	15,952
	JUL 2021 / JUN 2021	+1.2%	+3.2%	+2.1%	-3.4%	+5.6%

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

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

"Business Applications for July 2021, adjusted for seasonal variation, were 454,460, an increase of 1.2 percent compared to June 2021.

The U.S. Census Bureau announced the following seasonally adjusted business application and formation statistics for July 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." – U.S. Census Bureau, Economic Indicators Division, Business Formation Statistics

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 8/11/21

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

July 2021

BUSINESS APPLICATIONS

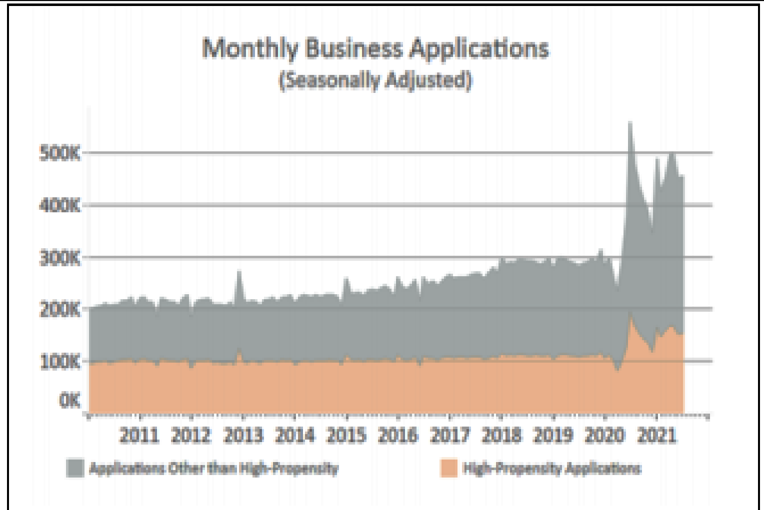
U.S. Business Applications:	JUL 2021	JUL 2021 / JUN 2021
Total	454,460	1.2%*
High-Propensity	153,878	1.2%*
With Planned Wages	53,329	2.0%*
From Corporations	52,151	1.2%*

Next release: September 09, 2021

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, August 11, 2021



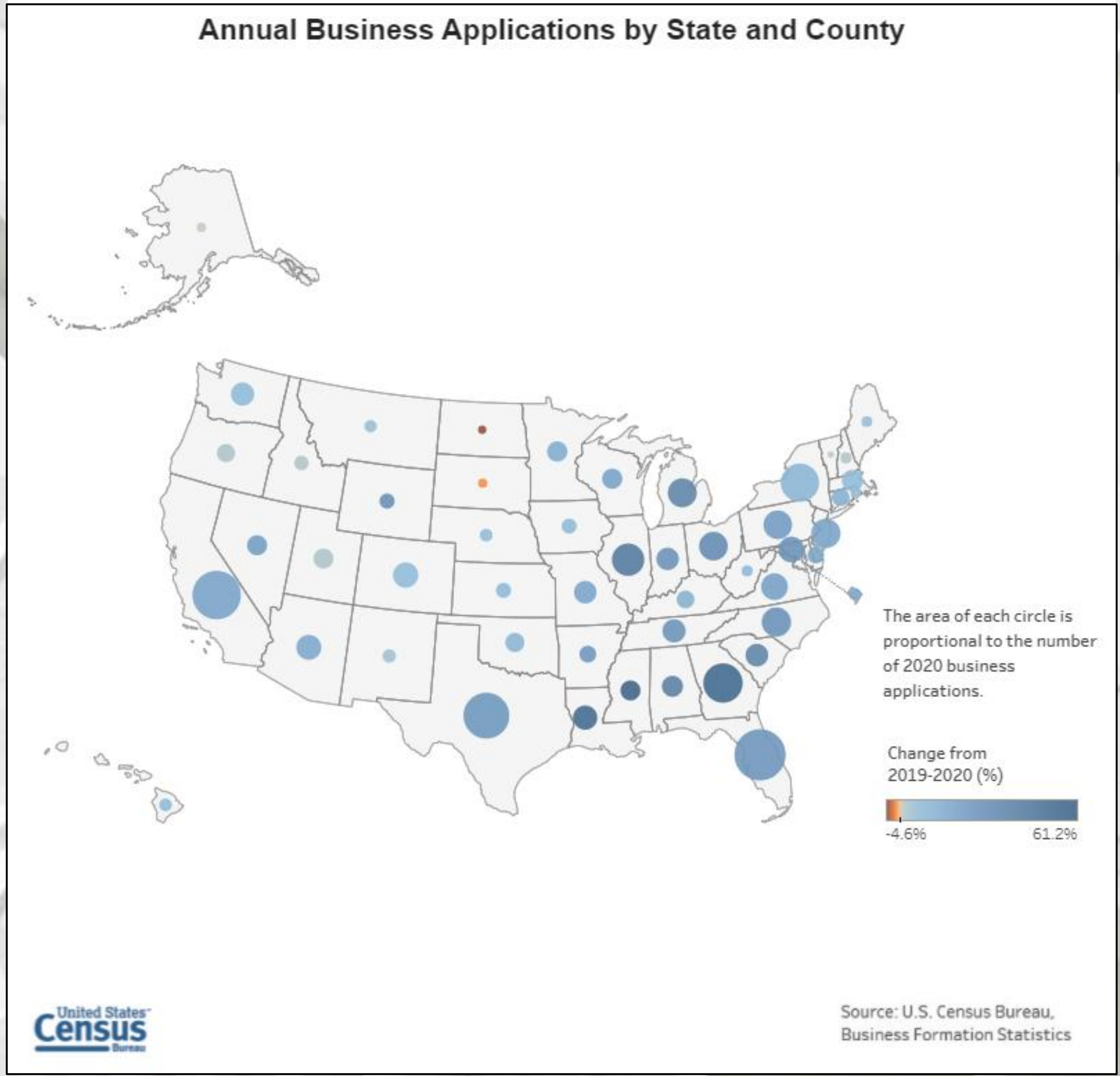
Source: U.S. Census Bureau, Business Formation Statistics, August 11, 2021

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 8/11/21

Economics

NEW Business Formation Statistics

July 2021



Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 8/11/21

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