The Virginia Tech–USDA Forest Service Housing Commentary: Section II April 2023

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2023 Virginia Polytechnic Institute and State University VCE-ANR

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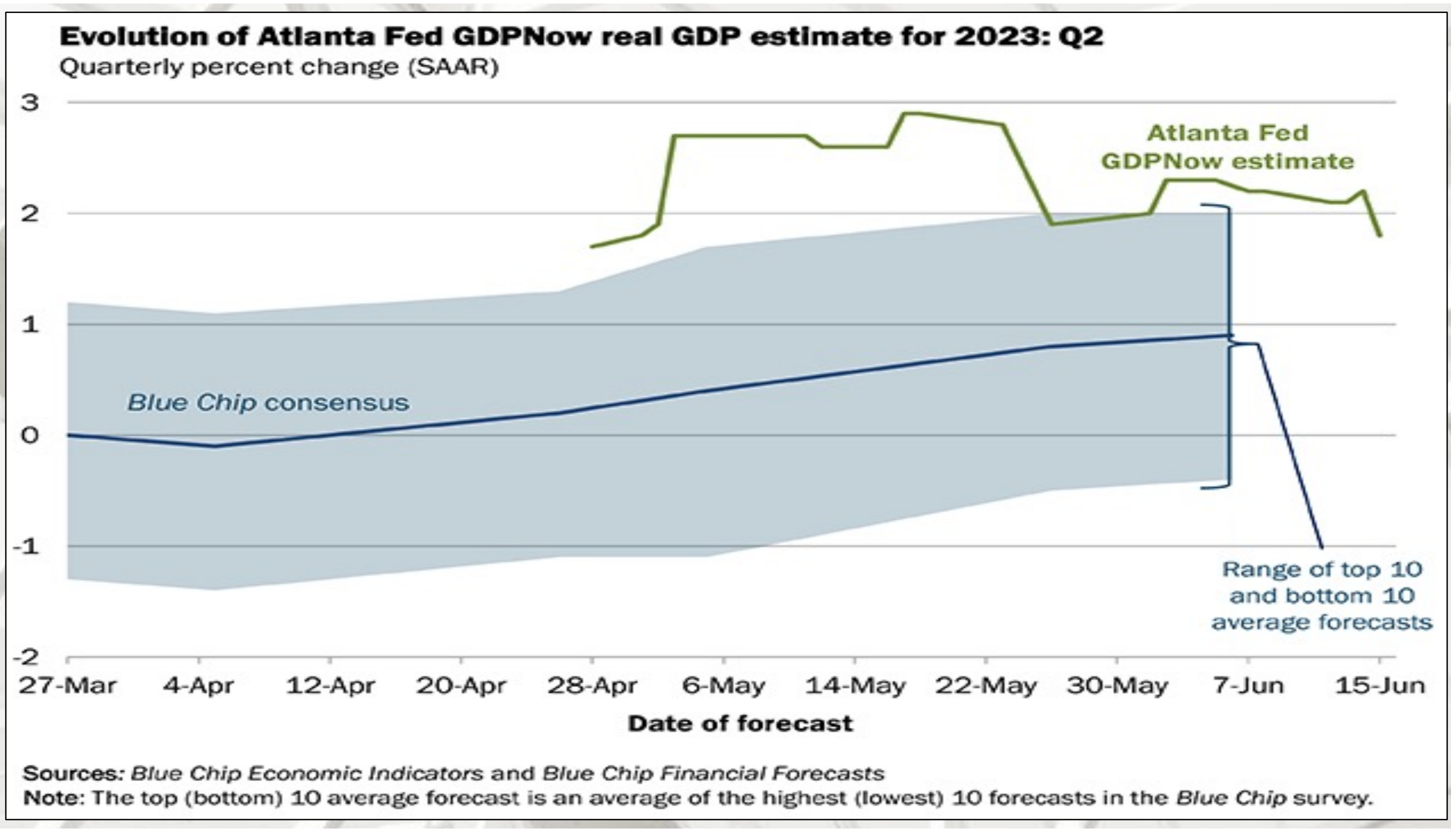
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 1.8 percent — June 15, 2023

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2023 is **1.8 percent** on June 15, down from 2.2 percent on June 8. After recent releases from the US Bureau of Labor Statistics, the US Census Bureau, the Federal Reserve Board of Governors, and the US Department of the Treasury's Bureau of the Fiscal Service, the nowcasts of second-quarter real personal consumption expenditures growth and second-quarter real government spending growth decreased from 1.4 percent and 2.7 percent, respectively, to 0.9 percent and 2.3 percent." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 6/15/23

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

Index Points to a Pickup in Economic Growth in April

"*Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to +0.07 in April from –0.37 in March. All four broad categories of indicators used to construct the index increased from March, but two of the four categories made negative contributions in April. The index's three-month moving average, CFNAI-MA3, decreased to –0.22 in April from –0.12 in March.*

The CFNAI Diffusion Index, which is also a three-month moving average, moved down to –0.19 in April from –0.12 in March. Forty of the 85 individual indicators made positive contributions to the CFNAI in April, while 45 made negative contributions. Fifty-two indicators improved from March to April, while 32 indicators deteriorated and one was unchanged. Of the indicators that improved, 23 made negative contributions.

Production-related indicators contributed +0.15 to the CFNAI in April, up from –0.17 in March. Manufacturing production increased 1.0 percent in April after decreasing 0.8 percent in March. The contribution of the sales, orders, and inventories category to the CFNAI moved up to –0.04 in April from –0.10 in the previous month.

Employment-related indicators contributed +0.01 to the CFNAI in April, up slightly from –0.03 in March. The unemployment rate ticked down to 3.4 percent in April from 3.5 percent in the previous month. The contribution of the personal consumption and housing category to the CFNAI ticked up to –0.04 in April from –0.06 in March." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 5/25/23

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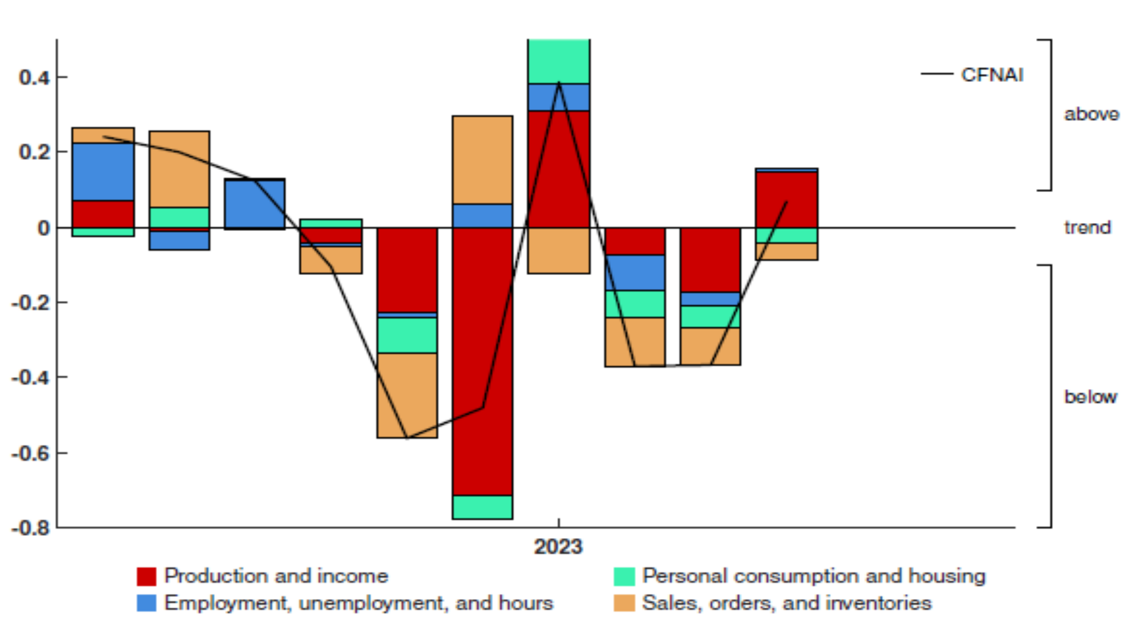
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

Chicago Fed National Activity Index, by Categories



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

	Apr '23	Mar '23	Feb '23	Jan '23	Dec '22	Nov '22	Apr '22
CFNAI							
Current	+0.07	–0.37	–0.37	+0.39	–0.48	–0.56	+0.04
Previous	N/A	–0.19	–0.19	+0.41	–0.47	–0.55	+0.04
CFNAI–MA3							
Current	–0.22	–0.12	–0.15	–0.22	–0.38	–0.18	+0.28
Previous	N/A	+0.01	–0.09	–0.20	–0.38	–0.18	+0.28
CFNAI Diffusion							
Current	–0.19	–0.12	–0.01	–0.04	–0.15	–0.04	+0.27
Previous	N/A	+0.14	+0.10	–0.04	–0.15	–0.04	+0.26

Current and Previous values reflect index values as of the May 25, 2023, release and April 24, 2023, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 5/25/23

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

Survey Suggests Growth Increased Slightly in May

"The Chicago Fed Survey of Economic Conditions (CFSEC) Activity Index decreased to –37 in April from –8 in April, suggesting that economic growth was well below trend increased to –30 in May from –37 in April, suggesting that economic growth was well below trend. The CFSEC Manufacturing Activity Index increased to –26 in May from –56 in April, but the CFSEC Nonmanufacturing Activity Index decreased to –32 in May from –23 in the previous month. The CFSEC Manufacturing Activity Index decreased to –55 in April from –7 in April, and the CFSEC nonmanufacturing Activity Index decreased to –24 in April from –9 in the previous month.

- Respondents' outlooks for the U.S. economy for the next 12 months deteriorated slightly, and remained pessimistic on balance. Sixty percent of respondents expected a decrease in economic activity over the next 12 months.
- The pace of current hiring decreased, but respondents' expectations for the pace of hiring over the next 12 months increased. Both hiring indexes remained negative.
- Respondents' expectations for the pace of capital spending over the next 12 months increased, but the capital spending expectations index remained negative.
- The labor cost pressures index decreased, as did the nonlabor cost pressures index. Both cost pressures indexes remained negative." – Thomas Walstrum, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 5/22/23

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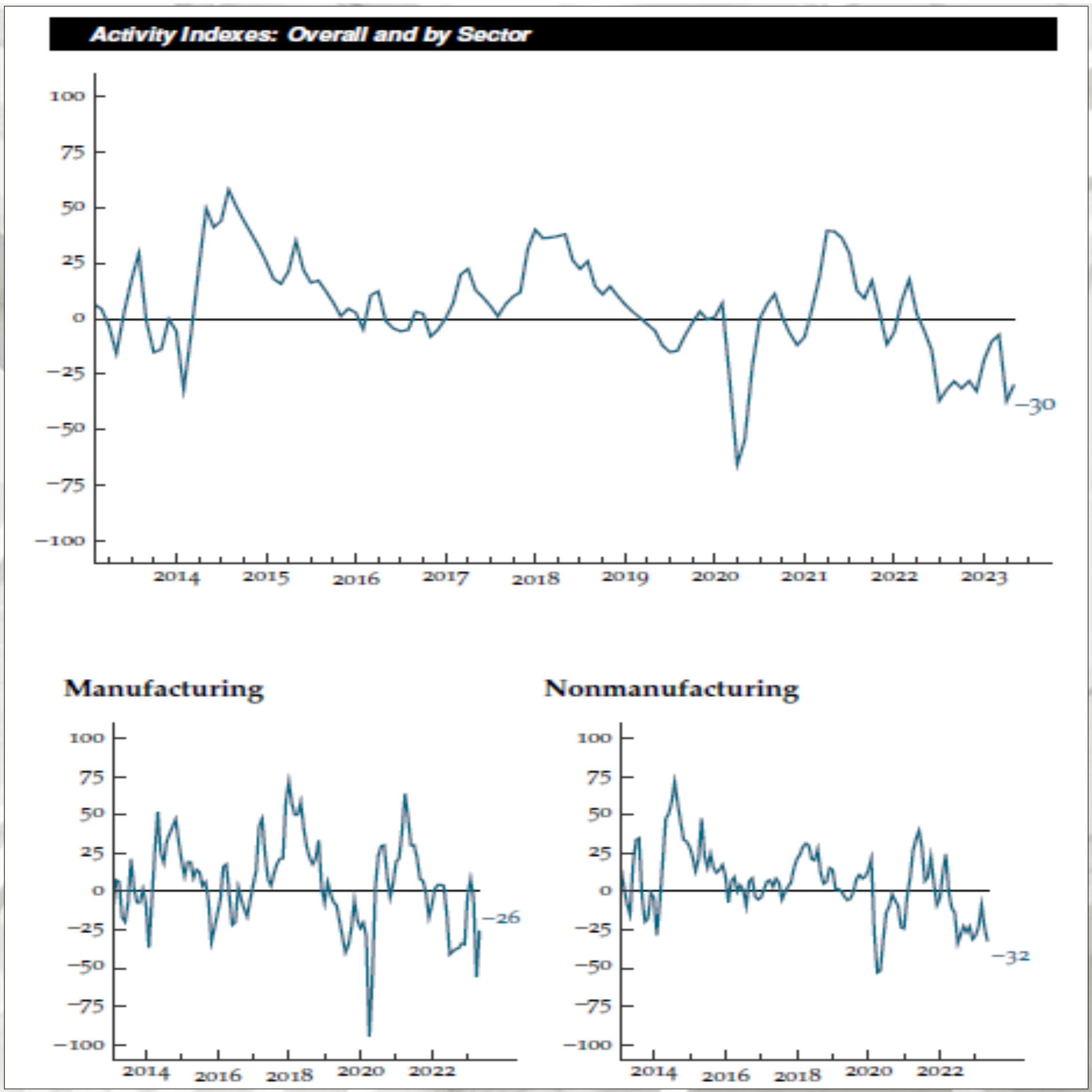
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)



Source: https://www.chicagofed.org/research/data/cfsec/current-data; 5/22/23

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Texas manufacturing sector continues to face declining orders

"Texas factory activity remained relatively flat in May, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, inched down from 0.9 to -1.3, with the near-zero reading suggestive of little change in output from last month.

Other measures of manufacturing activity showed declines in May. The new orders index has now been in negative territory for a year and pushed down further from -9.6 to -16.1. The growth rate of orders index also fell, declining 10 points to -20.7, its lowest value since mid-2020. The capacity utilization index moved down from 3.9 to -4.9, while the shipments index was unchanged at -3.0.

Perceptions of broader business conditions continued to worsen in May. The general business activity index dropped six points to -29.1, its lowest reading in three years. The company outlook index pushed down seven points to -22.3, also a three-year low. The outlook uncertainty index retreated to 13.4, a reading below average.

Labor market measures suggest continued employment growth but flat work hours. The employment index ticked up two points to 9.6, slightly above its average reading. Twenty-three percent of firms noted net hiring, while 13 percent noted net layoffs. The hours worked index inched up to -0.9.

Price pressures dropped further below normal levels, and wage pressures also eased but remained elevated. The raw materials prices index fell six points to 13.8, further below its average reading of 27.8. The finished goods prices index fell eight points to 0.4, with the near-zero reading suggestive of flat selling prices. The wages and benefits index declined 13 points to 25.0, a reading now only slightly above its average of 21.0." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 5/30/23

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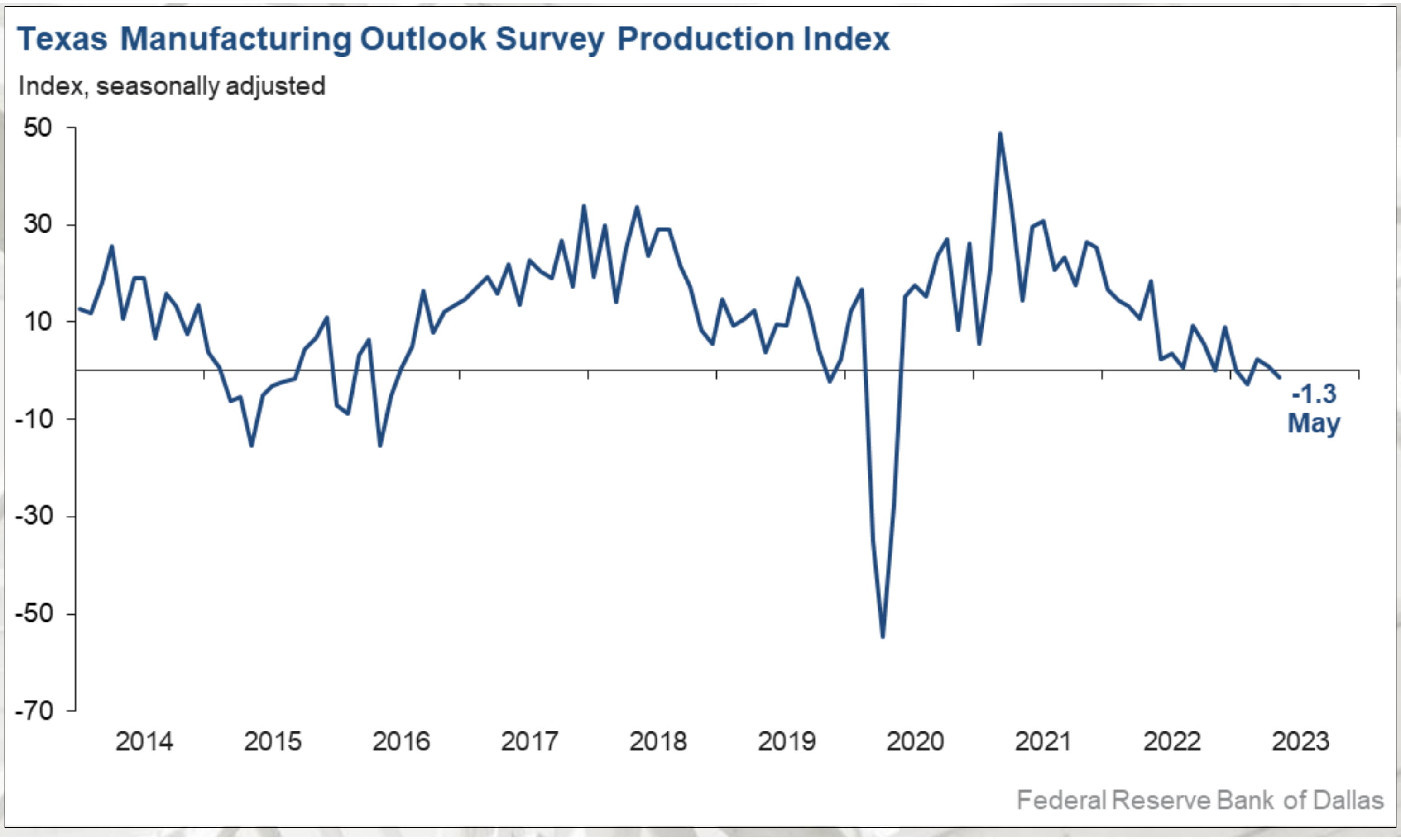
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity were mixed in May. The future production index rebounded from 3.0 to 12.0, while the future general business activity index remained negative, edging up to -12.7. Most other measures of future manufacturing activity remained positive but showed mixed movements this month." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 5/30/23

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas service sector growth holds steady in May; price and wage pressures ease

"Growth in Texas service sector activity continued in May, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, was unchanged at 6.9, suggesting activity grew at the same rate as the previous month.

Labor market indicators pointed to continued employment growth and a slight decline in part-time employment and workweeks. The employment index edged down one point to 4.2, indicating a slight moderation in employment growth in May. The part-time employment index rose three points to -1.0, while the hours worked index fell from -0.3 to -1.4.

Perceptions of broader business conditions continued to worsen in May. The general business activity index remained negative and fell three points to -17.3. The company outlook index remained the same at -9.5, while the outlook uncertainty index was flat at 15.8—close to its series average of 13.6.

Price and wage pressures eased in May. The input prices index ticked down from 35.5 to 31.8, and the selling prices index fell two points to 13.8, though both indexes remained above their series averages. The wages and benefits index inched down two points to 16.6 — near its average reading of 15.7." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 5/31/23

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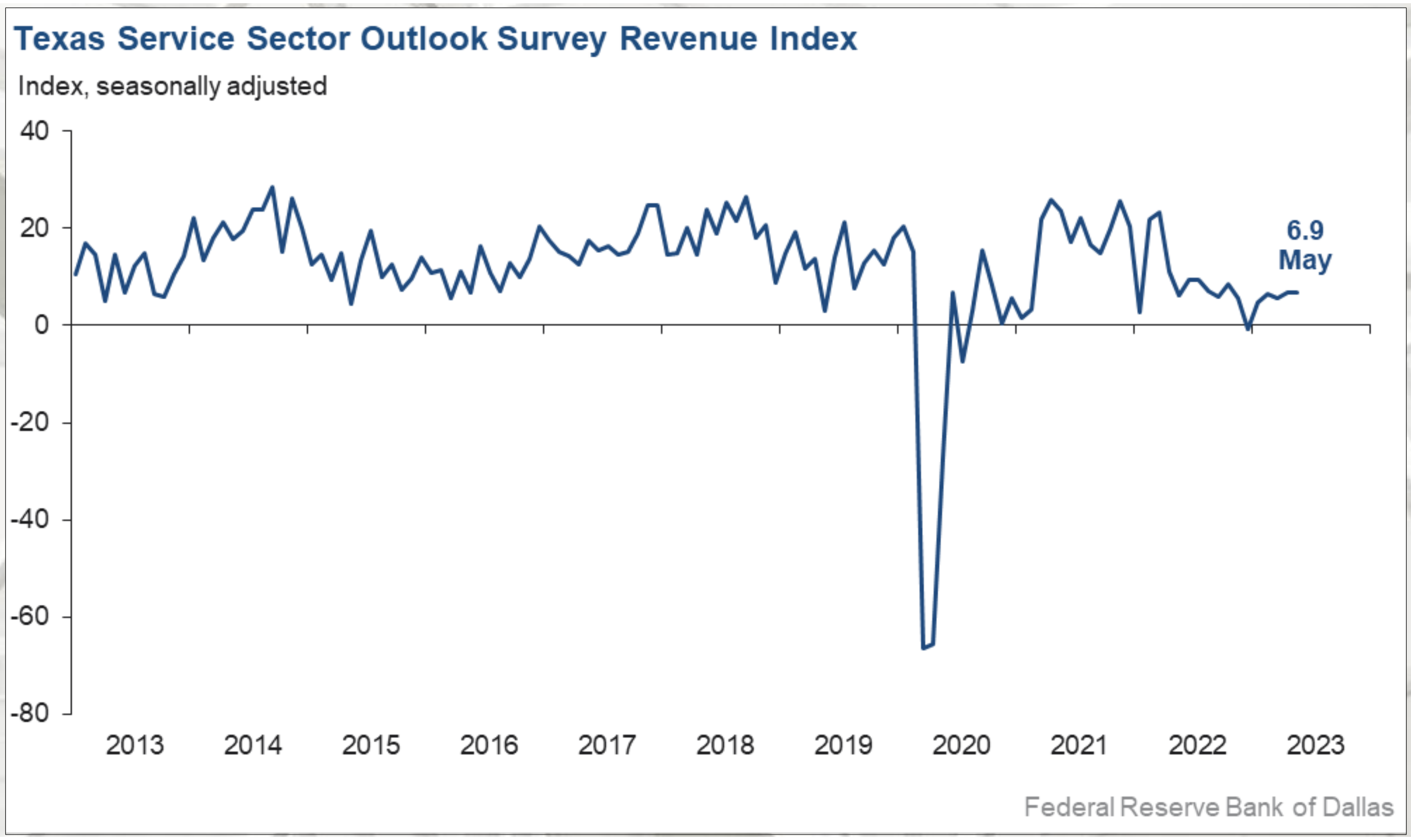

Texas Service Sector Outlook Survey

Respondents' expectations regarding future business activity were mixed in May. The future general business activity index remained negative but largely unchanged at -13.2. The future revenue index stayed positive and increased three points to 28.5. Other future service sector activity indexes such as employment and capital expenditures remained in positive territory, reflecting expectations for continued growth in the next six months." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 5/31/23

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas Retail Sales Deteriorate in May

"Retail sales declined in May, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, fell six points to -3.2. Retailers' inventories increased at a faster rate than last month, with the index jumping from 2.8 to 17.0.

Retail labor market indicators reflected a contraction in employment and continued shortening of workweeks in May. The employment index fell five points to -3.3 while the part-time employment index dropped 10 points to -9.3. The hours worked index remained in negative territory but rose five points to -2.2.

Retailers' perceptions of broader business conditions continued to worsen in May, though pessimism waned. The general business activity index remained negative but rose five points to -22.3. The company outlook index increased from -16.1 to -9.2, and the outlook uncertainty index ticked up from 11.8 to 12.9.

Price pressures eased, but wage pressures increased considerably in May. The selling prices index fell nine points to 8.7, and the input prices index dropped 13 points to 24.6. However, the wages and benefits index jumped 12 points to 21.6.

Expectations for future retail growth worsened in May. The future general business activity index fell five points to -25.6, and the future sales index dropped 19 points to -3.6. Other indexes of future retail activity such as employment and capital expenditures also fell but remained in positive territory, reflecting expectations for slower growth in retail activity later in the year." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 5/31/23

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The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 5/31/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Remained Mostly Steady in May

Regional factory activity was largely unchanged in May. Prices cooled significantly over the last month and year and are expected to cool further.

Factory Activity Remained Mostly Steady

"Tenth District manufacturing activity remained mostly steady in May, while expectations for future activity also stayed flat (Chart 1). Prices for raw materials have cooled significantly and prices for finished goods also eased somewhat over the last month and last year. Prices are expected to cool further in the next six months.

The month-over-month composite index was -1 in May, up from -10 in April and down from 0 in March. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The increase from last month was driven by both durable and non-durable goods, especially by paper, primary metal, and miscellaneous durable goods manufacturing. Month-over-month indexes were mixed. The production, volume of shipments, volume of new orders, number of employees, and finished goods inventories indexes all increased closer to their March levels after a significant decline in April. The average employee workweek and new orders indexes decreased slightly over the last month." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 5/25/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Remained Mostly Steady

"All year-over-year indexes increased or stayed close to their April levels, with the exception of the price indexes which cooled. The future composite index was modestly positive, at 2. Most indexes of expectations for activity in six months remained similar to last month, except for increases in new orders and backlog of orders and cooling in the price indexes.

Special Questions

This month contacts were asked special questions about prices and input costs. Compared to last year, a majority of firms expect their materials costs, selling prices, and wages to rise at a similar or slower rate next year. Additionally, District firms have varying abilities to pass through higher costs to customers." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 5/25/23

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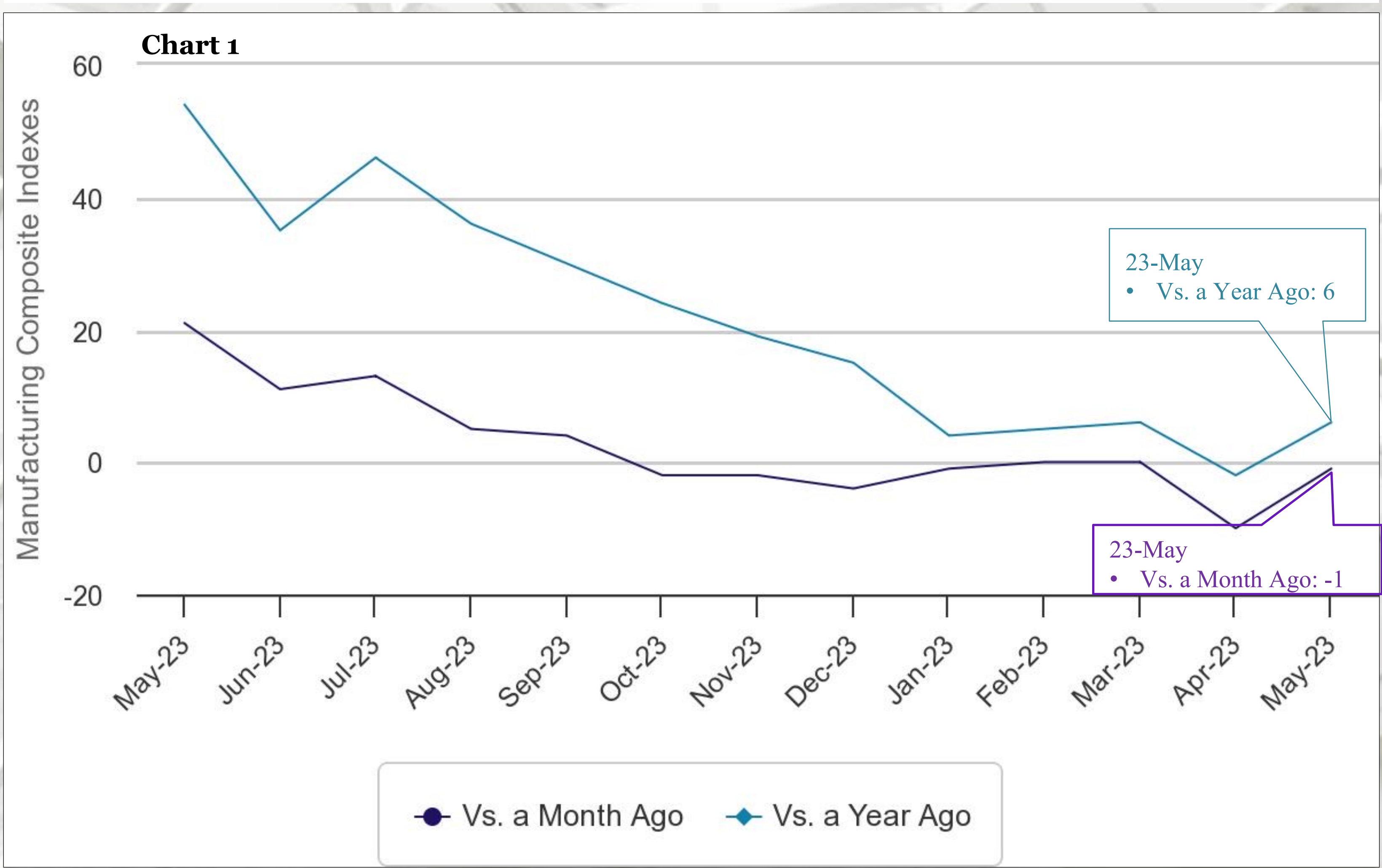
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 5/25/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Growth Eased Slightly in May

Growth in regional services activity slowed slightly in May but remained positive. Expectations for future activity also eased, and a majority of firms are expecting cost increases to be similar to or slightly less than last year.

Business Growth Eased Slightly

"Tenth District services growth eased slightly in May and expectations for the next six months also cooled somewhat (Chart 1). Input price growth slowed significantly over the last month and year, while selling prices increased slightly. Firms expect this trend to continue in the next six months.

The month-over-month services composite index was 3 in May, down from 7 in April and up from -4 in March. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The decrease in revenue and sales was driven mostly by declines in wholesale trade, retail trade, autos, and transportation. In contrast, real estate, health services, and tourism activity increased in May. All month-over-month indexes remained expansionary, despite some cooling. Growth in the general revenue/sales, employee hours worked, wages & benefits, and input price indexes slowed substantially. The inventory and access to credit indexes grew significantly, and the employment and capital expenditures indexes increased slightly. The year-over-year composite index declined from -2 to -4, also driven by decreases in revenue/sales, employee hours worked, and input prices. Expected growth in services activity eased in May, with the composite index declining from 14 to 6." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 5/26/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Growth Eased Slightly

Special Questions

"This month contacts were asked special questions about prices and input costs. In May, a majority of firms expected rises in wages, materials costs, and selling prices over the next year to be similar to or change only slightly from the last 12 months. Additionally, just under half of District firms report the ability to pass through 0% to 20% of their increased costs to customers, while nearly a quarter of firms are able to pass through 80% to 100%." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 5/26/23

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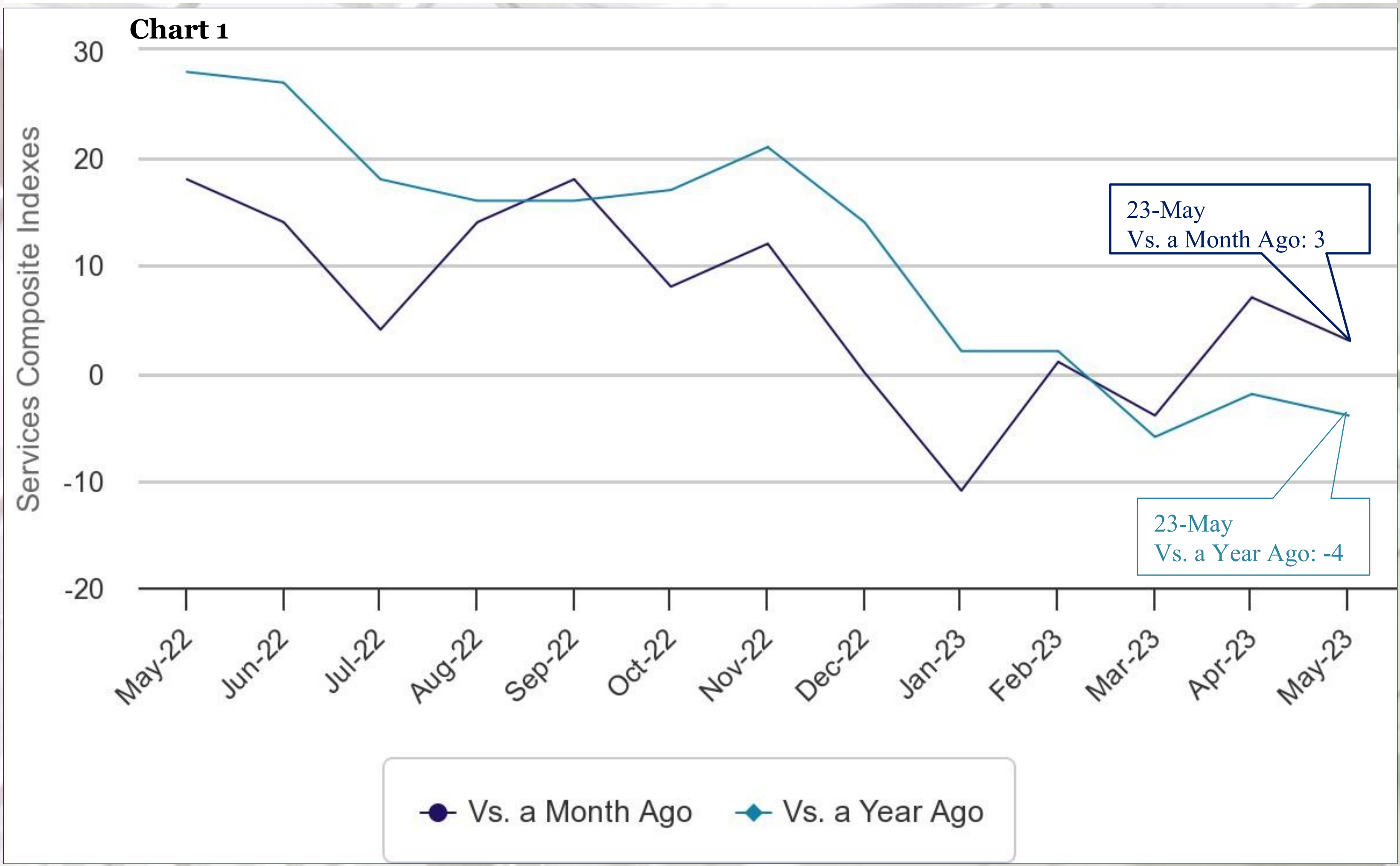
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 5/26/23

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The Federal Reserve Bank of New York

June Empire State Manufacturing Survey

Activity Moves Somewhat Higher

“Business activity increased modestly in New York State, according to firms responding to the June 2023 *Empire State Manufacturing Survey*. The headline general business conditions index climbed thirty-eight points to 6.6. New orders inched up, while shipments grew strongly. Delivery times held steady, and inventories moved lower. Both employment and hours worked continued to contract, and input and selling price increases slowed considerably. Planned increases in capital spending remained weak. Looking ahead, firms became more optimistic about the six-month outlook.

After falling sharply last month, manufacturing activity increased modestly in New York State, according to the June survey. The general business conditions index rose thirty-eight points to 6.6. Thirty-one percent of respondents reported that conditions had improved over the month, while twenty-four percent reported that conditions had worsened. The new orders index climbed thirty-one points to 3.1, indicating that orders edged higher, and the shipments index shot up thirty-eight points to 22.0, pointing to a substantial increase in shipments. The unfilled orders index remained negative at -8.0, a sign that unfilled orders continued to decline. The inventories index also remained negative at -6.0, indicating that inventories moved lower. The delivery times index came in at -1.0, suggesting delivery times were little changed.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 6/15/23

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The Federal Reserve Bank of New York

June Empire State Manufacturing Survey

Price Increases Slow

"At -3.6, the index for number of employees remained negative for a fifth consecutive month, and the average workweek index also held below zero at -5.8, pointing to another monthly decline in employment and hours worked. Price increases moderated significantly: the prices paid index fell thirteen points to 22.0, and the prices received index fell fifteen points to 9.0. Both price indexes are now at levels not materially different than what prevailed just before the pandemic.

Optimism Improves

The index for future business conditions increased nine points to 18.9, its second consecutive monthly increase, suggesting firms have become more optimistic that conditions will improve over the next six months. New orders and shipments are expected to increase modestly, and employment is expected to expand. After falling close to zero last month, the capital spending index increased only seven points to 8.0, suggesting that capital spending plans remained soft." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 6/15/23

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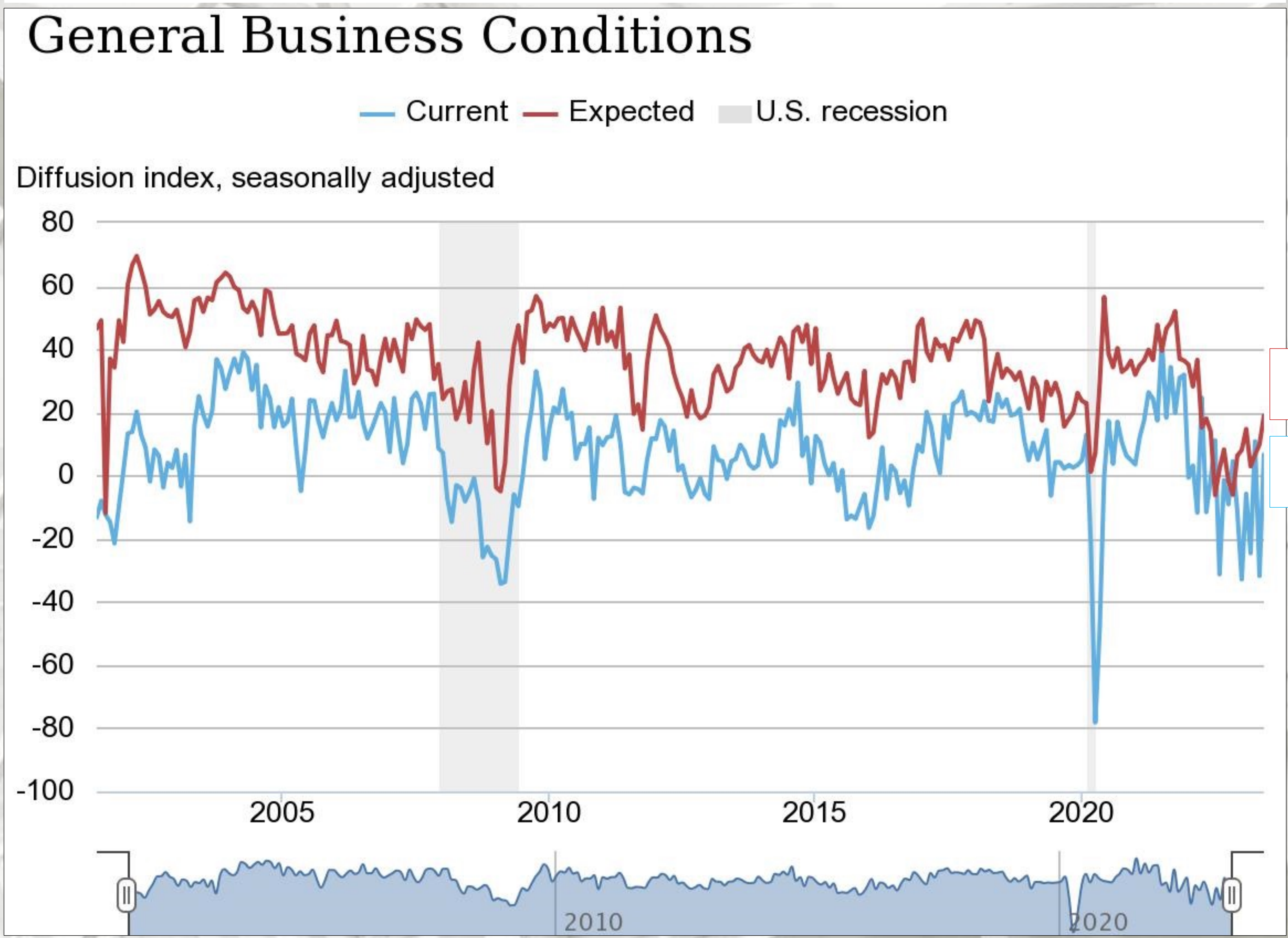
The Federal Reserve Bank of New York



June 2023
18.9

June 2023
6.6

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 6/15/23

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The Federal Reserve Bank of New York

June 2023 Business Leaders Survey (Services)

Activity Moves Somewhat Higher

"Activity declined slightly in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's June 2023 *Business Leaders Survey*. The survey's headline business activity index climbed twelve points to -5.2, its highest reading in several months. The business climate index rose ten points but remained staunchly negative at -35.6, suggesting the business climate remains considerably worse than normal. Employment growth picked up to a modest pace despite the decline in activity. Wage increases and price increases moderated. Looking ahead, firms are somewhat more positive about future conditions, though optimism remains subdued.

After falling sharply last month, manufacturing activity increased modestly in New York State, according to the June survey. The general business conditions index rose thirty-eight points to 6.6. Thirty-one percent of respondents reported that conditions had improved over the month, while twenty-four percent reported that conditions had worsened. The new orders index climbed thirty-one points to 3.1, indicating that orders edged higher, and the shipments index shot up thirty-eight points to 22.0, pointing to a substantial increase in shipments. The unfilled orders index remained negative at -8.0, a sign that unfilled orders continued to decline. The inventories index also remained negative at -6.0, indicating that inventories moved lower. The delivery times index came in at -1.0, suggesting delivery times were little changed." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 6/16/23

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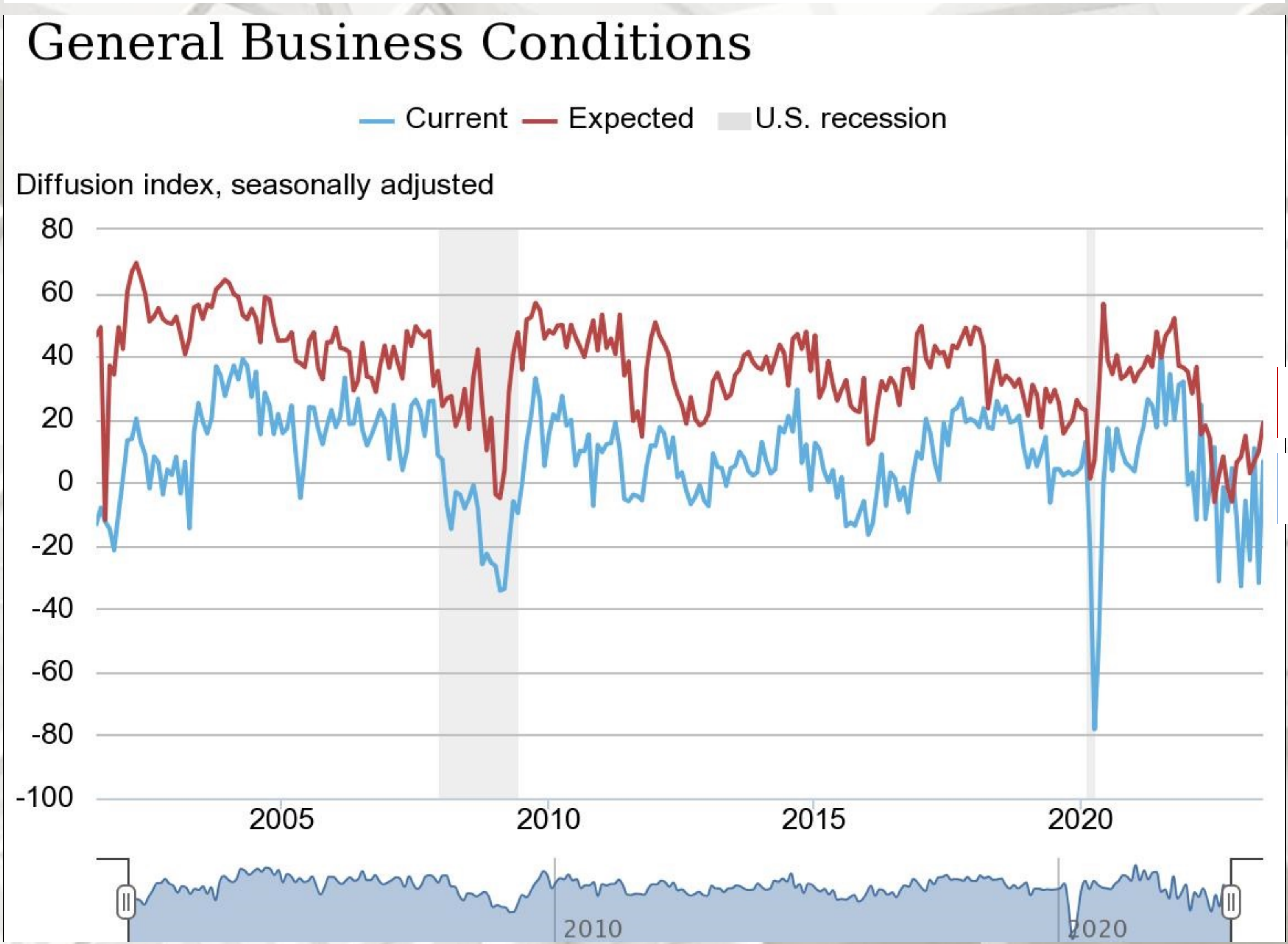
The Federal Reserve Bank of New York



June 2023
18.9

June 2023
6.6

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 6/16/23

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The Federal Reserve Bank of New York

June 2023 Business Leaders Survey (Services)

Price Increases Slow

"At -3.6, the index for number of employees remained negative for a fifth consecutive month, and the average workweek index also held below zero at -5.8, pointing to another monthly decline in employment and hours worked. Price increases moderated significantly: the prices paid index fell thirteen points to 22.0, and the prices received index fell fifteen points to 9.0. Both price indexes are now at levels not materially different than what prevailed just before the pandemic.

Optimism Improves

The index for future business conditions increased nine points to 18.9, its second consecutive monthly increase, suggesting firms have become more optimistic that conditions will improve over the next six months. New orders and shipments are expected to increase modestly, and employment is expected to expand. After falling close to zero last month, the capital spending index increased only seven points to 8.0, suggesting that capital spending plans remained soft." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 6/16/23

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The Federal Reserve Bank of Philadelphia

June 2023 Manufacturing Business Outlook Survey

Current Indicators Remain Weak

“Manufacturing activity in the region continued to decline overall, according to the firms responding to the June *Manufacturing Business Outlook Survey*. The survey’s indicators for general activity and new orders remained negative. However, the index for shipments rose and turned positive. The employment index suggests steady employment overall. The price indexes remained below long-run averages. Most future indicators improved, but expectations for growth over the next six months remained tempered.

The diffusion index for current general activity declined from a reading of -10.4 last month to -13.7 this month (see Chart 1), its 10th consecutive negative reading. One-third of the firms reported decreases, exceeding the 20 percent reporting increases; 45 percent of the firms reported no change in current activity. The index for new orders declined 2 points to -11.0, the index’s 13th consecutive negative reading. The current shipments index rose 15 points to 9.9, its highest reading since January. Over 31 percent of the firms reported increases in shipments (up from 21 percent last month) compared with 21 precent that reported decreases (down from 26 percent); 45 percent reported no change (down from 53 percent). The index for delivery times fell 7 points to -16.1, the index’s 10th consecutive negative reading.

On balance, the firms reported mostly steady levels of employment. The employment index rose 8 points to a near-zero reading. Similar shares of the firms reported increases and decreases in employment (11 percent); most firms (75 percent) reported no change. The average workweek index ticked down from -7.7 to -8.2.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-06; 6/15/23

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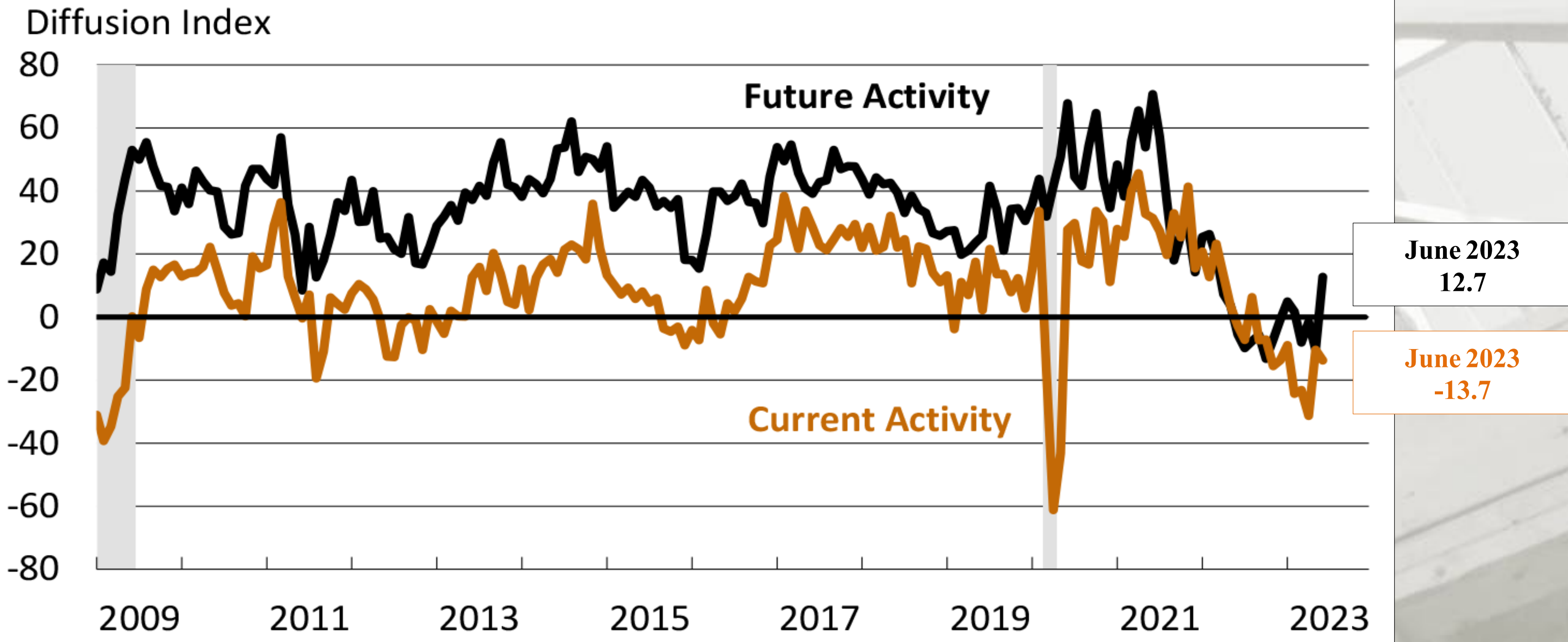
The Federal Reserve Bank of Philadelphia

June 2023 Manufacturing Business Outlook Survey

Chart 1. Current and Future General Activity Indexes

January 2009 to June 2023



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

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Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-06; 6/15/23

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The Federal Reserve Bank of Philadelphia

June 2023 Manufacturing Business Outlook Survey

Price Indexes Remain Below Long-Run Averages

"The prices paid diffusion index was little changed at 10.5 (see Chart 2). Twenty-two percent of the firms reported increases in input prices, and 12 percent reported decreases; 66 percent reported no change. On balance, the firms reported no change in the prices of their own goods. The current prices received index rose 7 points from a three-year low in May to 0.1 in June, marking the index's first increase since January. More than 59 percent of the firms reported no change, 19 percent reported increases, and 19 percent reported decreases.

Firms Report Higher Production, Little Change in Capacity Utilization

In this month's special questions, the firms were asked to estimate their total production growth for the second quarter ending this month compared with the first quarter of 2023. A higher share of firms reported an increase in production (46 percent) compared with the share reporting a decrease (24 percent). Regarding firms' capacity utilization rate for the current quarter and one year ago, the median current capacity utilization rate reported among the responding firms was unchanged at 70 to 80 percent. Although most firms reported labor supply and supply chains as slight or moderate constraints to capacity utilization, 22 percent indicated labor as a significant constraint, and 16 percent indicated supply chains as a significant constraint. Looking ahead over the next three months, most firms expect the impacts of various factors to stay the same; however, 25 percent of the firms expect the impacts of energy markets to worsen, up from 8 percent when this question was asked in March. Additionally, 23 percent of the firms expect financial capital impacts to worsen over the next three months, unchanged from March." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-06; 6/15/23

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The Federal Reserve Bank of Philadelphia

June 2023 Manufacturing Business Outlook Survey

Future Indicators Rise

"The diffusion index for future general activity jumped from a reading of -10.3 in May to 12.7 in June, the index's first positive reading in four months and highest reading since March 2022 (see Chart 1). Nearly 33 percent of the firms expect an increase in activity over the next six months (up from 27 percent last month), and 20 percent expect a decrease (down from 37 percent); 44 percent expect no change (up from 37 percent). The future new orders index increased 16 points to 14.1, while the future shipments index climbed 24 points to 28.3. On balance, the firms continued to expect increases in employment over the next six months. The future employment index edged up from a reading of 12.6 to 13.1. The future price indexes suggest that firms expect price increases over the next six months, but both indexes declined and remained below their long-run averages. The future capital expenditures index increased from 2.5 to 9.9, its highest reading since January.

Summary

Responses to the June *Manufacturing Business Outlook Survey* suggest continued overall declines in the region's manufacturing sector this month. The indicators for current activity and new orders remained negative, while the index for shipments turned positive. The firms reported relatively no change in prices received and continued to indicate overall increases in prices paid. The survey's future indexes improved but continued to suggest subdued expectations for 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/mbos-2023-06; 6/15/23

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The Federal Reserve Bank of Philadelphia

May 2023 Nonmanufacturing Business Outlook Survey

Current Indicators Remain Soft

“Nonmanufacturing activity in the region remained weak overall this month, according to the firms responding to the May *Nonmanufacturing Business Outlook Survey*. The index for general activity at the firm level increased but remained negative, and the indexes for new orders and sales/revenues turned positive but remained low. The firms reported higher employment overall, and the prices paid and prices received indexes both rose slightly this month. The respondents continue to expect growth over the next six months.

The diffusion index for current general activity at the firm level rose 7 points to -9.5, its third consecutive negative reading (see Chart). The share of firms reporting decreases (37 percent) exceeded the share reporting increases (27 percent). The new orders index climbed 27 points to 2.7, its first positive reading since February. Almost 28 percent of the firms reported increases in new orders (up from 12 percent), while 25 percent reported decreases (down from 36 percent). Similarly, the sales/revenues index rose to 9.3 from -2.9 last month. Over 37 percent of the firms reported increases in sales/revenues, while 28 percent reported decreases. The current regional activity index rose 7 points to -16.0, remaining negative for the third consecutive month.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2023-05; 5/23/23

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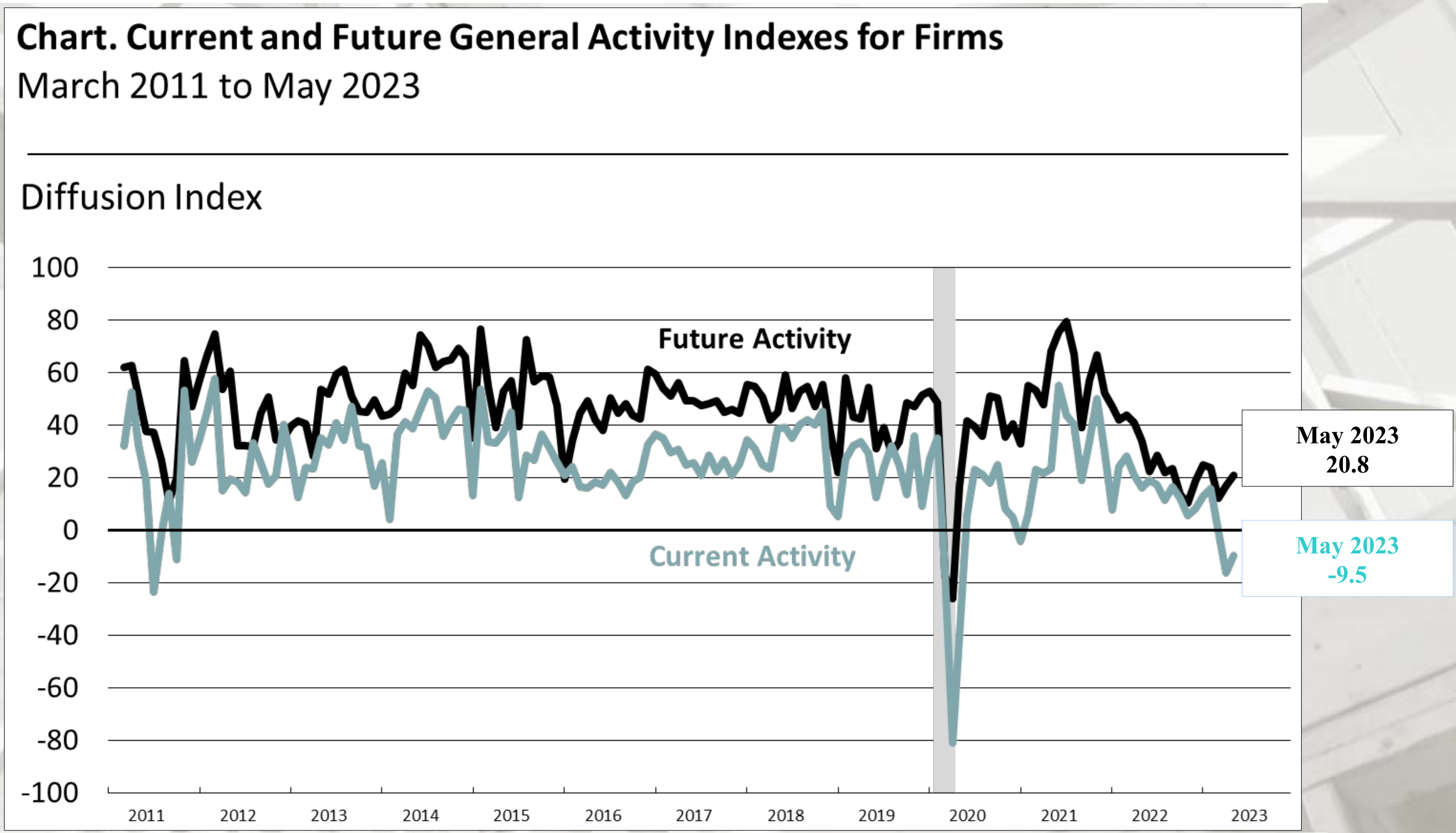
The Federal Reserve Bank of Philadelphia



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.

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2023-05; 5/23/23

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The Federal Reserve Bank of Philadelphia

May 2023 Nonmanufacturing Business Outlook Survey

Firms Report Overall Increases in Full-Time Employment

"The full-time employment index increased 3 points to 14.9. The share of firms reporting increases in full-time employment (24 percent) exceeded the share reporting decreases (9 percent); most firms (65 percent) reported no change. The part-time employment index rose 3 points but remained negative at -1.3. Most firms (67 percent) reported steady part-time employment, while 8 percent of the firms reported increases and 9 percent reported decreases. The average workweek index increased 5 points to 5.6.

Firms Continue to Report Price Increases

Price indicator readings suggest continued increases in prices for inputs and the firms' own goods and services. The prices paid index increased 5 points to 40.3 in May. Almost 45 percent of the firms reported increases in input prices, while 4 percent reported decreases; 39 percent reported stable prices. Regarding prices for the firms' own goods and services, the prices received index edged up 1 point to 21.6 this month. More than 29 percent of the firms reported higher prices, 8 percent reported lower prices, and 54 percent reported no change.

Firms Anticipate Growth

The future activity indexes suggest firms expect growth at their own companies and in the region over the next six months. The diffusion index for future activity at the firm level increased 4 points to 20.8 this month (see Chart). The share of firms expecting increases (44 percent) exceeded the share expecting decreases (23 percent). The future regional activity index rose from -10.9 to 2.0 this month." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2023-05; 5/23/23

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The Federal Reserve Bank of Philadelphia

May 2023 Nonmanufacturing Business Outlook Survey

Firms Expect Higher Increases in Own Prices

"In this month's special questions, the firms were asked to forecast the changes in prices of their own products and for U.S. consumers over the next four quarters. Regarding their own prices, the firms' median forecast was for an increase of 4.0 percent, up from 3.5 percent when the question was last asked in February. The firms' reported own price change over the past year was 4.0 percent. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 4.0 percent over the next four quarters, lower than the 5.0 percent expected in February. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 5.0 percent, unchanged from February. The firms' median forecast for the long-run (10-year average) inflation rate was also unchanged at 4.0 percent.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest some improvement but continued weakness overall in nonmanufacturing activity in the region. The indicator for firm-level general activity increased but remained negative, while the indexes for sales/revenues and new orders both returned to positive territory. The index for full-time employment continued to suggest overall increases in employment. Both price indexes increased this month. 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/nbos-2023-05; 5/23/23

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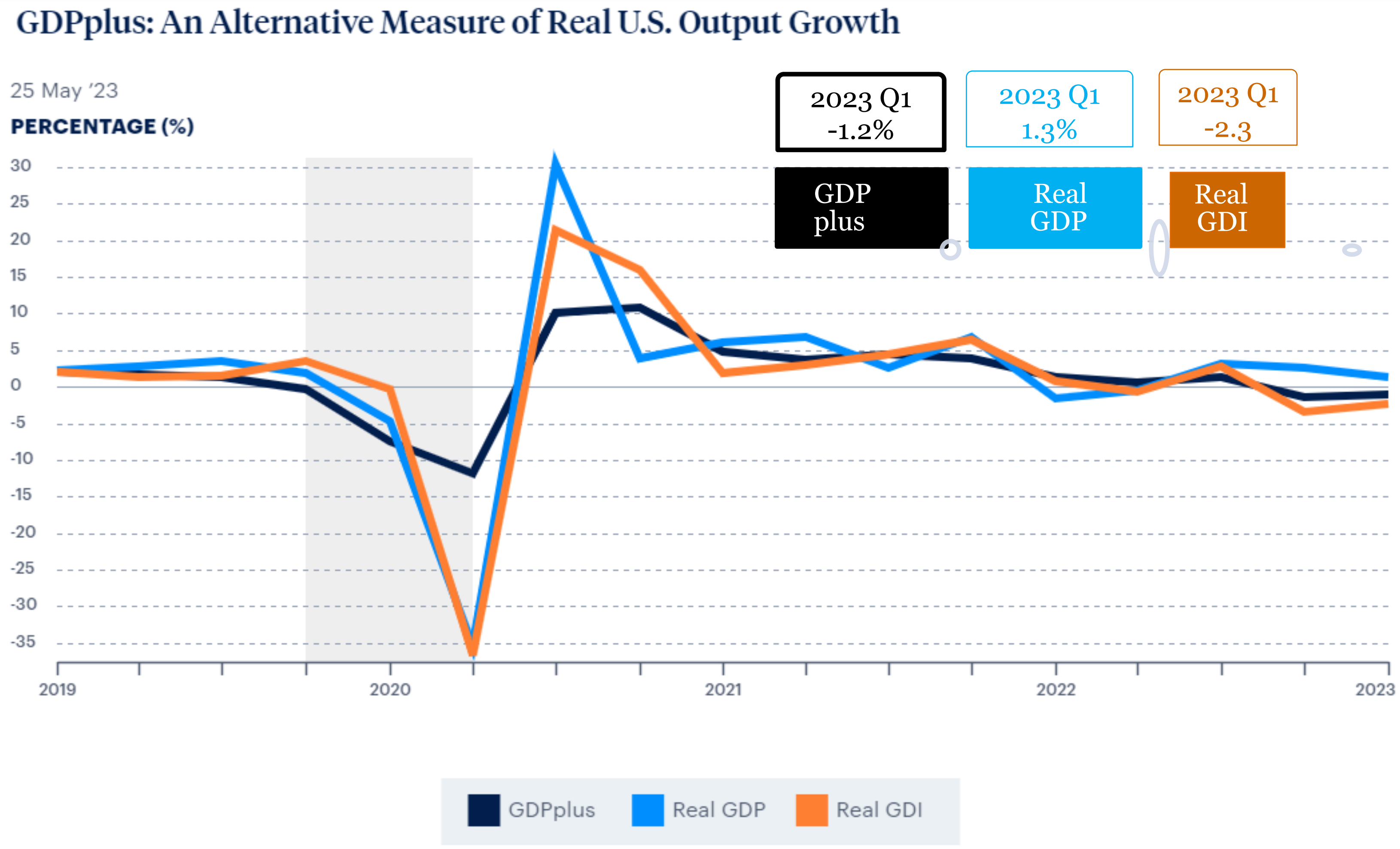
The Federal Reserve Bank of Philadelphia: GDPplus



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

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

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 5/25/23

The Federal Reserve Bank of Richmond

May 2023 Fifth District Survey of Manufacturing Activity

Manufacturing Activity Deteriorated in May

“Fifth District manufacturing firms reported deterioration in business conditions in May, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index fell from −10 in April to −15 in May. Two of its three component indexes – shipments and new orders – declined. The shipments index dropped from −7 in April to −13 in May, while the new orders index fell from −20 to −29. The employment index, however, rose slightly from 0 in April to 5 in May.

Firms remained pessimistic about local business conditions, as the index fell to -27 in May.

Furthermore, the expectations index for future local business conditions fell to -16. Many firms continued to report reductions in orders backlogs and vendor lead time as these indexes remained negative.

The average growth rate of prices paid decreased notably, while the average growth rate of prices received edged down slightly in May. Firms expect both growth rates to moderate over the next 12 months.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 5/23/23

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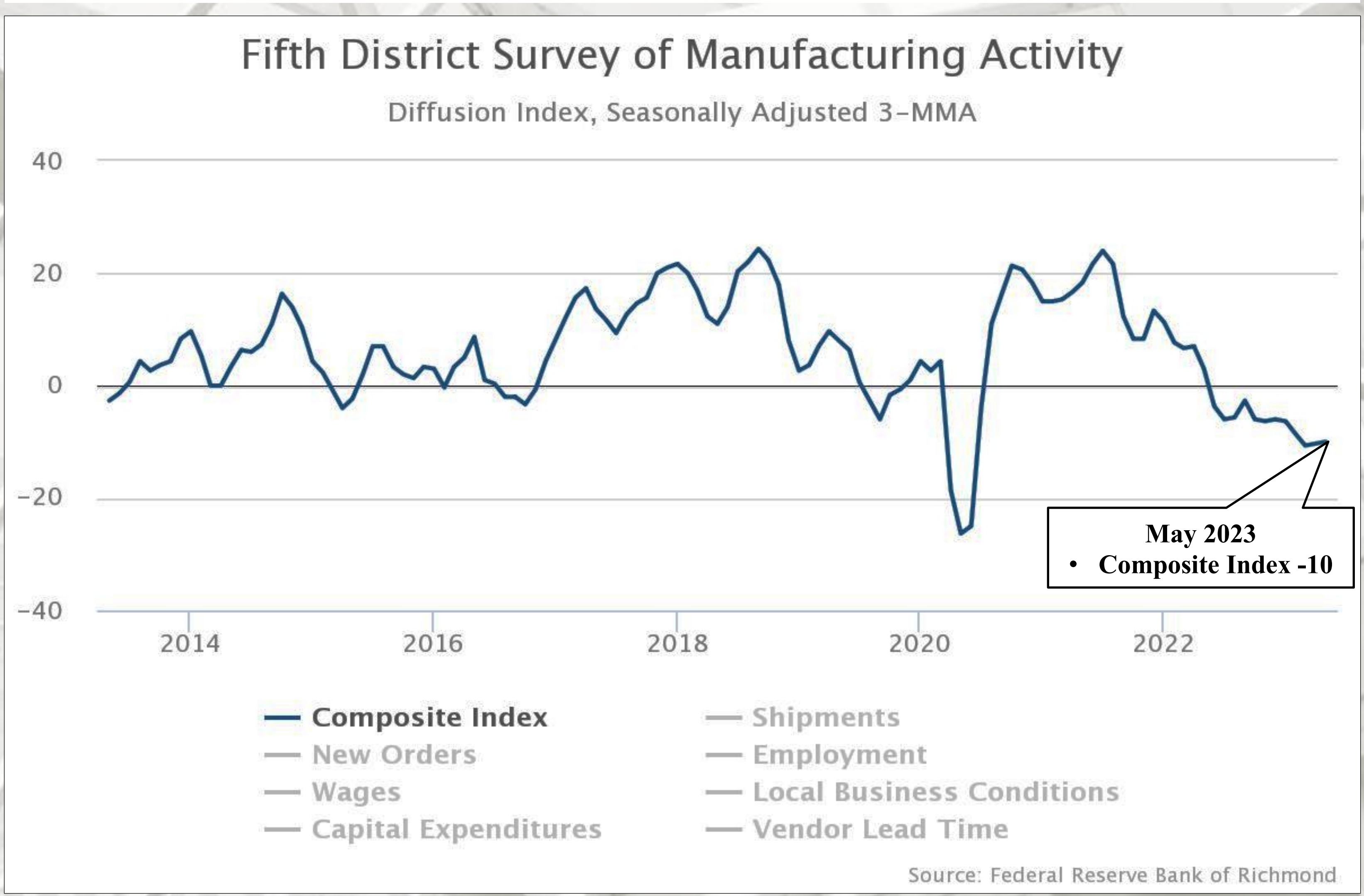
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 5/23/23

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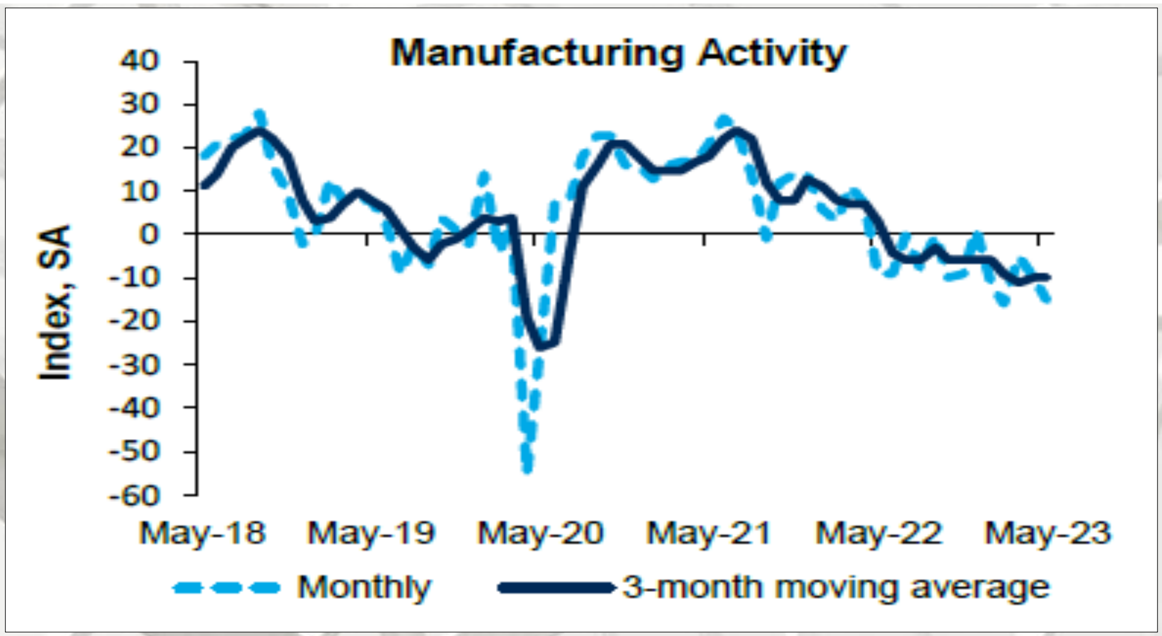
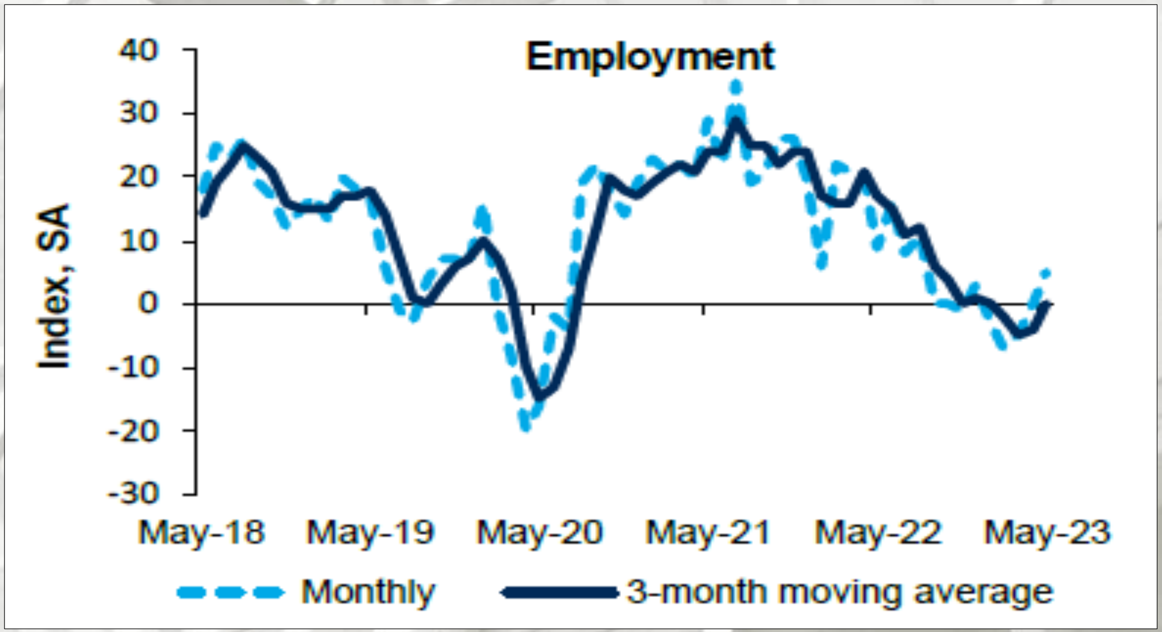
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 5/23/23

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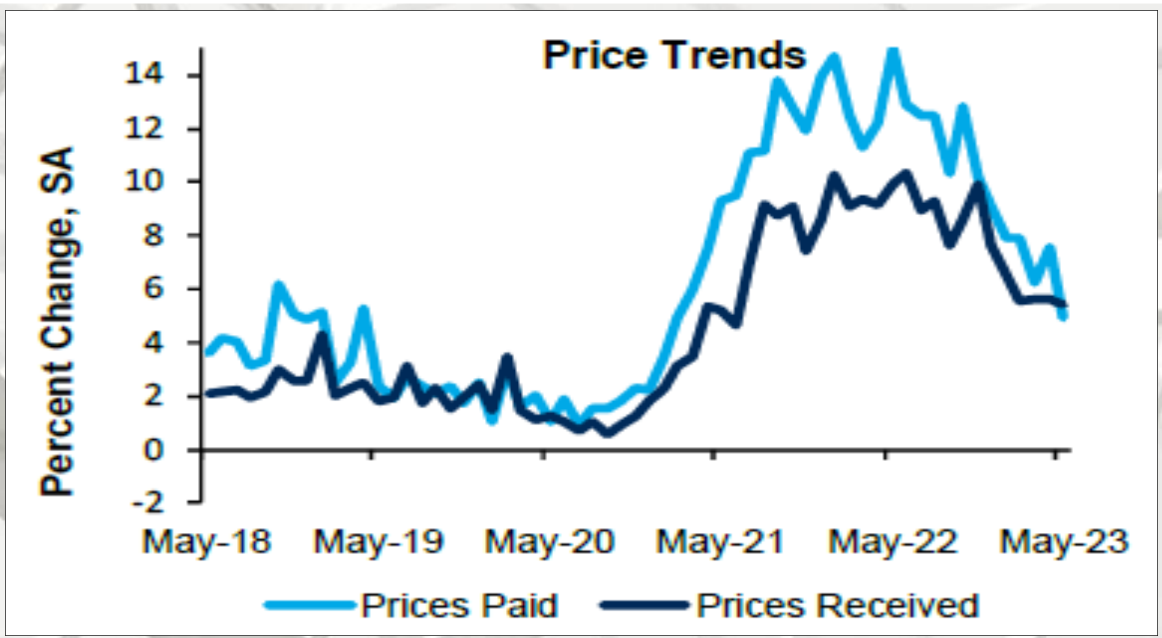
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 5/23/23

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The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Remained Soft in May

“Fifth District service sector activity remained soft in May, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues and demand indexes increased, but remained negative at −10 and −5, respectively. Expectations for future revenue and demand also improved, with the revenue expectations index edging up to 0 and the index for demand expectations rising to 1. Further, the index for current local business conditions rose from −27 in April to −17 in May. However, the index for expected local business conditions did not improve, registering at −20.

Each of the three spending indexes edged up slightly, with the services expenditures index rising the most, from -5 in April to 3 in May. All three spending expectations indexes were positive in May, suggesting that many firms expect spending to increase over the next six months.

The employment index rose to 0 in May, ending its steady decline since the beginning of the year. Firms continued to report wage increases. Over the next six months, many firms expect to continue hiring and anticipate improvement in their ability to find workers with the necessary skills. Most firms plan to continue increasing wages.

The average growth in prices paid decreased notably in May, while the growth rate of prices received decreased somewhat. Firms expect both growth rates to moderate over the coming year.”
– Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 5/23/23

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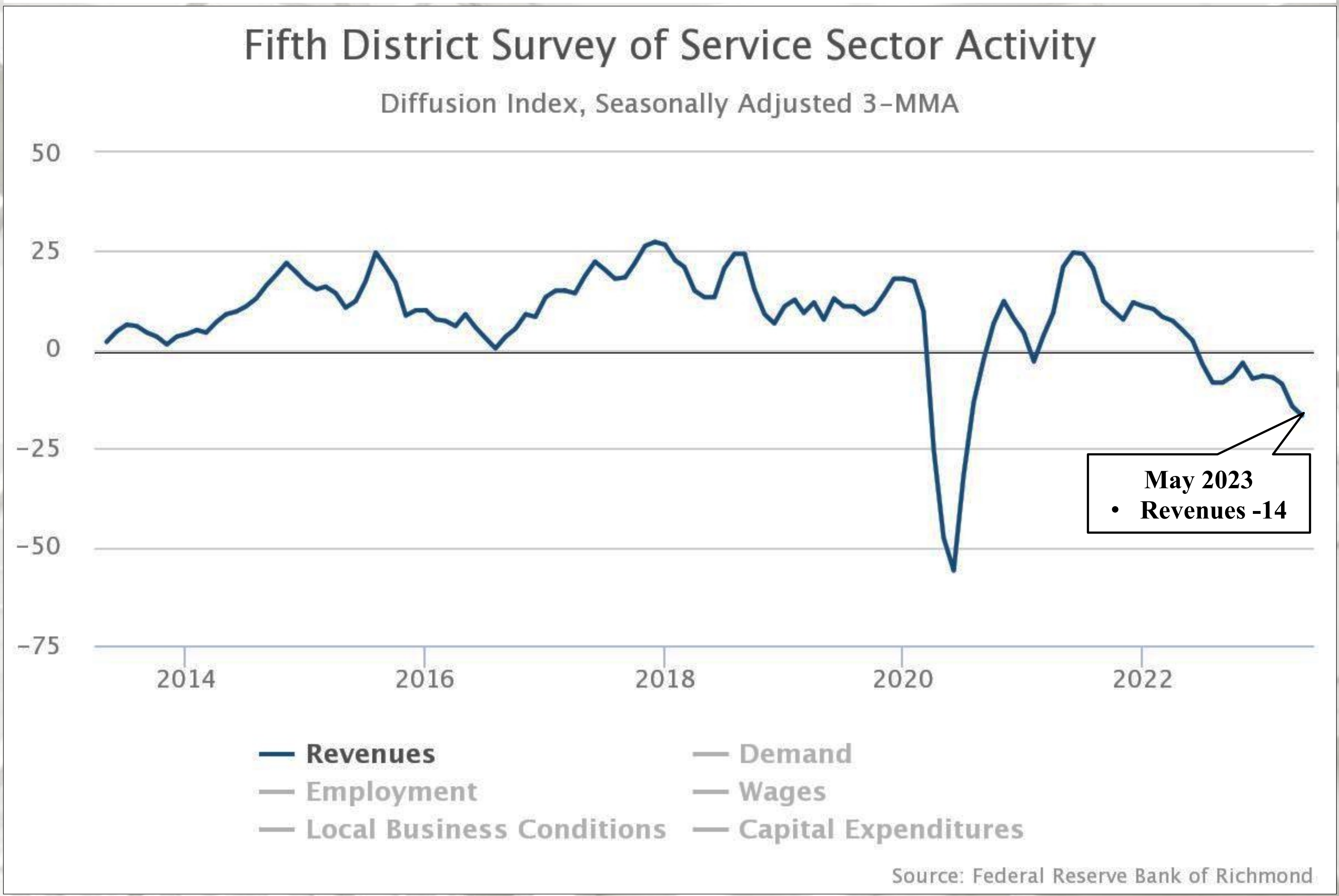
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 5/23/23

U.S. Global Economic Indicators

The Federal Reserve Bank of Dallas

México Economic Update

Méxican economy picks up steam in first quarter

“México’s GDP grew an annualized 4.5 percent in the first quarter, an acceleration from the previous quarter’s growth of 1.8 percent. Service sector and export strength surprised to the upside, pushing first-quarter output growth above analysts’ expectations of 3.2 percent. Nevertheless, the consensus forecast for 2023 GDP growth (fourth quarter/fourth quarter), compiled by Banco de México, held steady in April at 0.7 percent (*Table 1*). Recent data are mixed for the Mexican economy. While exports, retail sales and employment grew, industrial production ticked down. Inflation mellowed, and the peso strengthened further against the dollar.

Output grows in first quarter

According to the most recent estimate, México’s first-quarter GDP rose an annualized 4.5 percent (*Chart 1*). The services-providing sector (wholesale and retail trade, transportation and business services) grew 1.5 percent while the goods-producing sector (manufacturing, construction, utilities and mining) rose 0.7 percent. Agriculture output fell 3.2 percent.

Industrial Production ticks down in March

The three-month moving average of México’s industrial production (IP) index – which includes manufacturing, construction, oil and gas extraction, and utilities – fell 0.1 percent in March, while the smoothed manufacturing IP index ticked down 0.4 percent (*Chart 2*). North of the border, the smoothed U.S. IP index rose 0.2 percent in April after rising 0.3 percent in March. U.S. and Méxican IP have become more correlated with the rise of intra-industry trade between the two countries since the early 1990s. If U.S. consumer demand decelerates further this year in the face of high inflation and cost of credit, México’s manufacturing sector could see further slowing.” – Jesus Cañas, Senior Business Economist, and Ana Pranger, Research Analyst; Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2023/2303; 5/24/23

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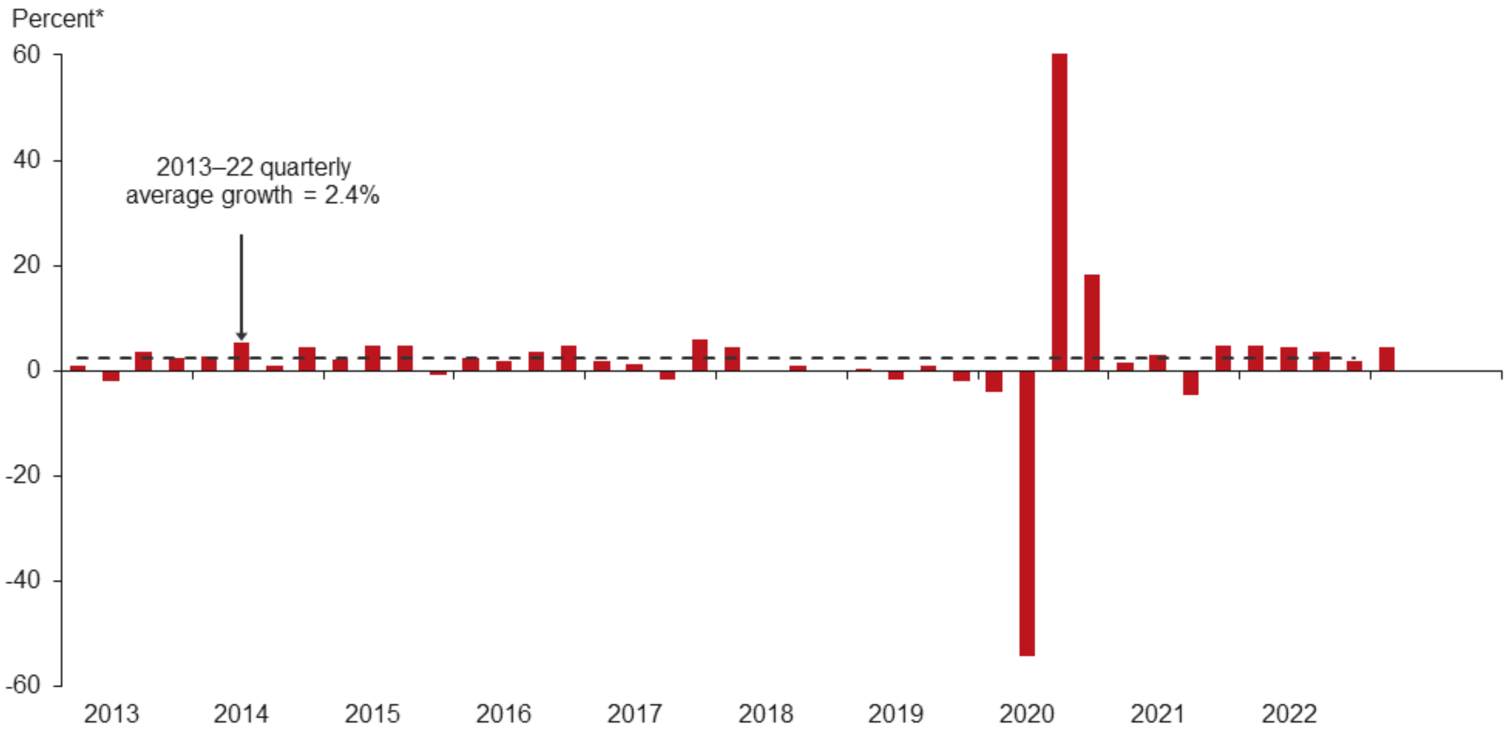
U.S. Global Economic Indicators

Table 1: Consensus Forecasts for 2023 México Growth, Inflation and Exchange Rate

	March	April
Real GDP growth (Q4/Q4)	0.7	0.7
Real GDP (average year/year)	1.4	1.6
CPI (Dec. '23/Dec. '22)	5.2	5.1
Exchange rate—pesos/dollar (end of year)	19.4	19.1

NOTES: CPI refers to consumer price index. The survey period was April 19–27.
SOURCE: Encuesta sobre las Expectativas de los Especialistas en Economía del Sector Privado: Abril de 2023 (communiqué on economic expectations, Banco de México, April 2023).

Chart 1
First-quarter GDP growth picks up



*Quarter/quarter, real pesos; seasonally adjusted, annualized rate.
NOTES: Shown is GDP growth in Mexico. Data are through first quarter 2023.
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Source: https://www.dallasfed.org/research/update/mex/2023/2303; 5/24/23

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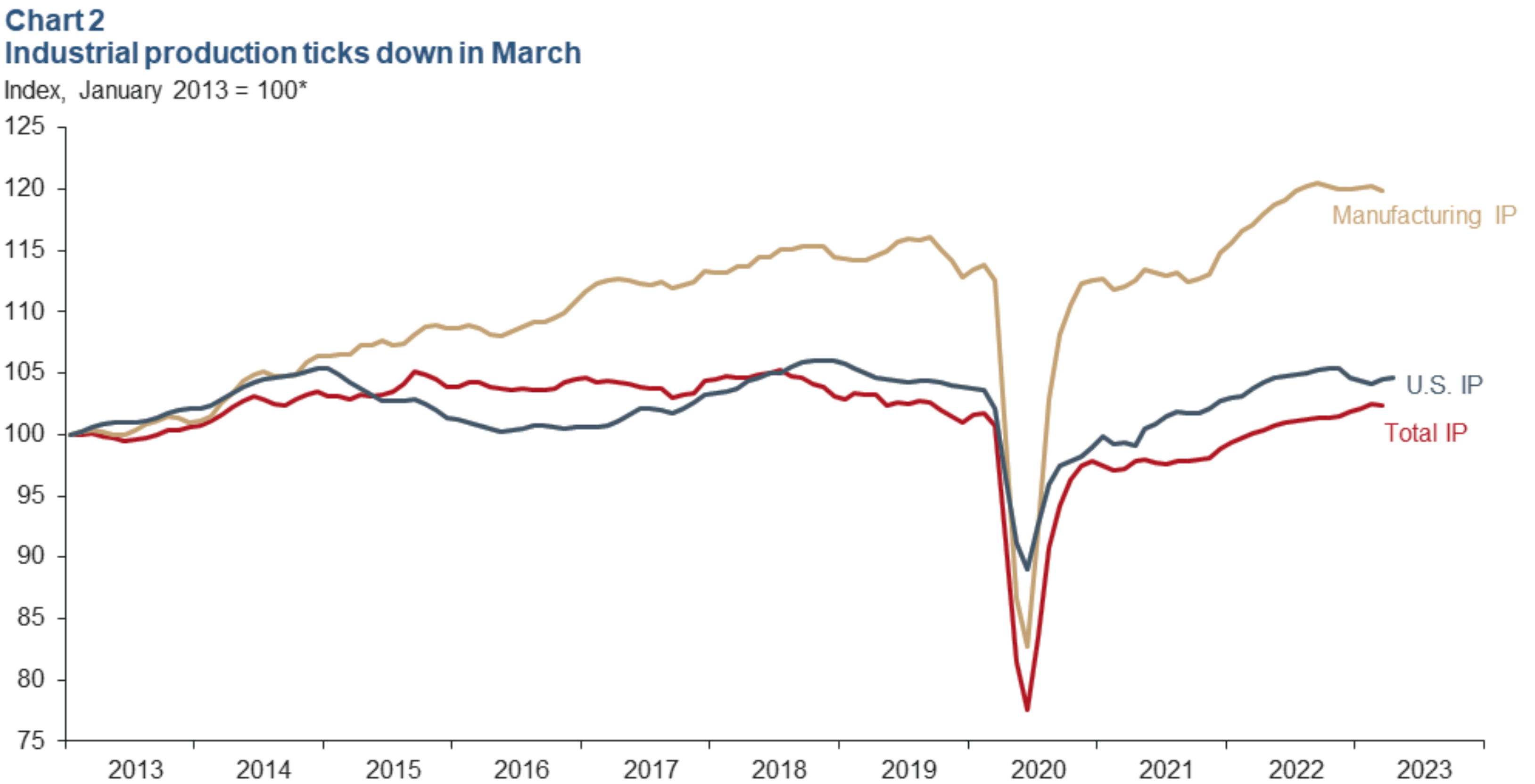
U.S. Global Economic Indicators



*Seasonally adjusted, three-month moving average.
NOTES: Total and manufacturing IP refer to Mexico. U.S. IP refers to total industrial production in the United States. U.S. data are through April 2023; Mexico data are through March 2023.
SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); Federal Reserve Board.

Source: https://www.dallasfed.org/research/update/mex/2023/2303; 5/24/23

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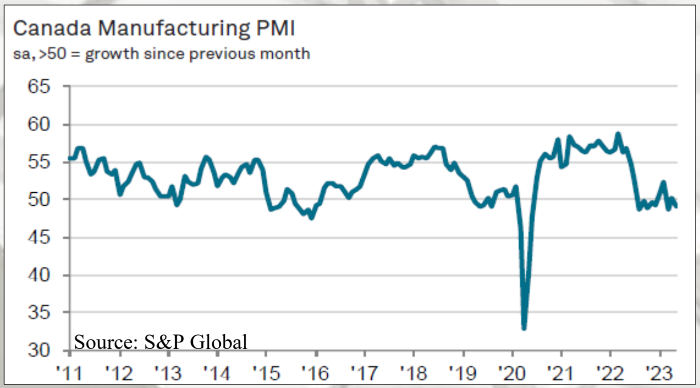
Private Indicators: Global



S&P Global Canada Manufacturing PMI®

"The seasonally adjusted S&P Global Canada Manufacturing Purchasing Managers' Index® (PMI®) slipped below the crucial 50.0 no-change mark in May for the second time in the past three months. Posting 49.0, down from 50.2, the PMI was commensurate with a modest deterioration in operating conditions.

PMI indicates fresh deterioration in operating conditions during May

Canada's manufacturing sector slipped into negative territory during May on the back of concurrent falls in output, new orders and employment. Anecdotal evidence pointed to the negative impact of high inflation on spending budgets, whilst destocking remained a common theme amongst manufacturers and their clients. Supply-side stability was reported, as pressure on vendors weakened and lead times improved for the first time in nearly four years. With demand down and supply challenges dissipating, prices paid for inputs fell slightly.

Undermining the PMI in May were reductions in both output and new orders. Rates of decline were relatively marginal in both instances, with firms commenting that client budgets had been squeezed by high inflation. Spending from industry and municipal clients was said to be down. Some customers were reported to be cutting spending as they sought to lower inventories. This was common across both domestic and international markets: foreign sales fell for a twelfth successive month and at a solid, accelerated, pace. ….

A weak underlying demand profile weighed on the Canadian manufacturing sector during May, with production dropping since April and purchasing activity cut. The latter has had some further positive impact on supply chains, and with the challenges related to the pandemic now principally unwound, lead times improved for the first time in nearly four years.

Better component availability helped to push down on input costs, which were down slightly in May and marking a noticeable turnaround from the elevated increases we've seen over the past three years. Whilst there remain some residual output price increases still being recorded in the sector it feels that inflation challenges in manufacturing are now coming to an end." – Paul Smith, Economics Director, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/20450eeeff534c6682c452cf5af98707; 6/1/23

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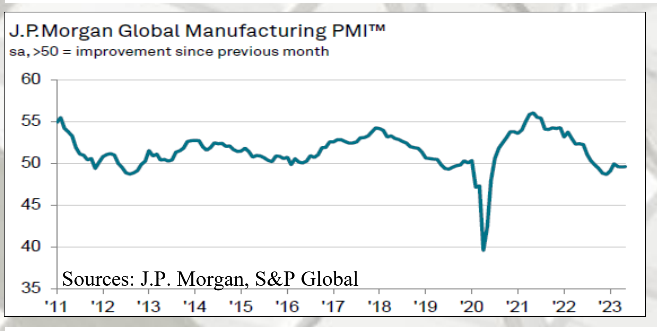
Private Indicators: Global



J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – posted 49.6 in May, unchanged from April and March. The headline PMI has remained below the neutral 50.0 mark in each of the past nine months.

Manufacturing production edges higher as supply chain pressures ease to greatest extent in 14 years

Global factories raised production for the fourth successive month in May, as improving supply chains boosted output. There were more worrying signs on the demand front, however, as total new orders and international trade flows deteriorated further. Growth of manufacturing production accelerated to an 11-month high in May, as a strengthening performance (on average) in Asia offset weaker expansion in North America and a further downturn in Europe. That said, the overall rate of increase remained relatively subdued. …

The level of incoming new business fell for the eleventh month running in May, although the pace of contraction has remained relatively mild in recent months. A similar regional pattern was observed for new orders to that for output. Asian economies such as China, Japan and India saw new business increase, while intakes fell in the US, the euro area, the UK and Brazil. …

The May PMI surveys suggest continued positive momentum in the global manufacturing sector. The global output index – boosted by a sizable gain in China – strengthened 0.7-points and is consistent with 1.6%ar gain in global factory output. However, the internals of the May PMIs temper the positive signal from the output index and suggest lackluster growth in goods demand. The new orders PMI ticked down again last month to remain below the 50 mark. Also concerning is that the ratio of orders to finished goods inventories held stable at 0.99, a level consistent with output declines. A move back down in the employment index reversed the April improvement." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/3854205c66d34b09849f1961ecc7c89d; 6/1/23

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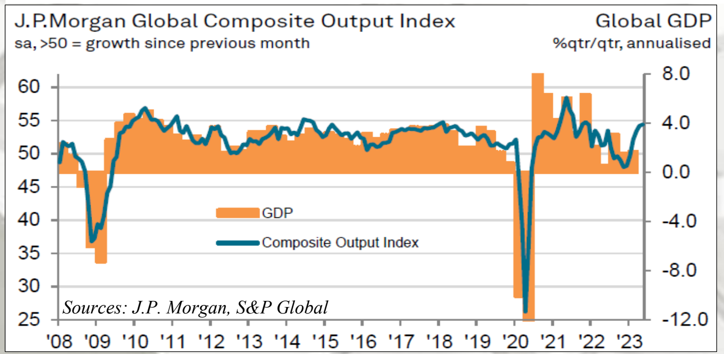
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – rose to 54.4 in May, up from 54.2 in April, to signal expansion for the fourth month in a row.

Growth of global economic activity at 18-month high as service sector upturn remains solid

May saw the rate of expansion in global economic activity accelerate to a one-and-a-half year high, largely driven by the continued vibrancy of the services sector. Companies reported a further upswing in new order intakes, leading to continued business optimism and solid job creation. The service sector outperformed manufacturing again during May, with growth of services activity accelerating to its best since November 2021. Although growth of manufacturing production was subdued in comparison, the rate of expansion still improved to an 11-month high. …

Growth of new business accelerated to a 14-month high in May. The trends at manufacturers and service providers diverged noticeably, however, with the former seeing new work intakes contract and the latter registering solid growth. A similar disparity was seen for new export orders, as a series-record high increase in the service sector was partly offset by a faster decline in manufacturing.

Although companies' outlooks for the coming year remained positive in May, the overall degree of optimism dipped to a five-month low. Positivity levels eased at manufacturers and service providers alike. The rate of job creation stayed close to April's ten-month high, with staffing levels rising in almost all of the nations covered (the exception being mainland China).

The global composite PMI rose by 0.2-points to 54.4 in May, an 18-month high for the series. New orders also strengthened. While pace of improvement in the services sector moderated in May, a wide disparity still remains between the lackluster performance of the manufacturing sector and strength in the service sector. The latest surveys flagged a slowing in the pace of hiring, with the composite employment PMI moving down 0.3-point." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/f8065982371144b1926f6539595ddae7; 6/5/23

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Increases in April Despite Recession Fears

"National nonresidential construction spending expanded 1.9% in April, according to an Associated Builders and Contractors analysis of data published by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled $1.05 trillion. Spending strength was broad-based, rising in 13 of the 16 nonresidential subcategories on a monthly basis. Private nonresidential spending was up 2.4% in April, while public nonresidential construction spending was up 1.1%.

"What recession?" said ABC Chief Economist Anirban Basu. "Despite a slew of headwinds, including higher interest rates, prominent bank failures, a near-miss debt ceiling crisis and pervasive fears of recession, money continues to flow into the U.S. nonresidential construction segment. Manufacturing-related construction spending growth continues to lead the way, but even segments that had been weak such as lodging are picking up steam.

"Contractors continue to complain about labor and skills shortages in the context of strong demand for their services," said Basu. "It appears that the optimism that ABC contractors have been expressing about their prospects is proving justified. Backlog is stable and there is still evidence of significant pricing power, helping to support contractor profit margins. Moreover, public construction spending stands to remain strong even if the economy enters recession later this year, with considerable sums of money lined up to drive road, bridge and other work during the years ahead.

"While 2023 appears to be a solid year of growth for the nonresidential construction industry, 2024 remains far less certain," said Basu. "The combined impacts of growing weakness in consumer spending, tightening credit conditions, lag effects associated with prior Federal Reserve rate increases and uncertainty stemming from high-stakes elections could eventually catch up to the broader economy and certain construction segments.""" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19970/nonresidential-construction-spending-increases-in-april-despite-recession-fears-says-abc; 6/1/23

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Private Indicators
Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate					
	April 2023	March 2023	April 2022	1-Month % Change	12-Month % Change
Total Construction	$1,908,378	$1,884,985	$1,780,890	1.2%	7.2%
Residential	$855,206	$851,460	$940,598	0.4%	-9.1%
Nonresidential	$1,053,171	$1,033,526	$840,292	1.9%	25.3%
Manufacturing	$189,282	$174,255	$92,881	8.6%	103.8%
Conservation and development	$11,807	$11,143	$9,011	6.0%	31.0%
Lodging	$23,624	$23,015	$16,781	2.6%	40.8%
Amusement and recreation	$29,701	$29,215	$26,488	1.7%	12.1%
Water supply	$25,396	$25,082	$20,055	1.3%	26.6%
Highway and street	$125,438	$123,940	$103,301	1.2%	21.4%
Transportation	$62,073	$61,371	$54,598	1.1%	13.7%
Health care	$58,231	$57,677	$51,063	1.0%	14.0%
Religious	$3,159	$3,129	$2,679	1.0%	17.9%
Public safety	$11,627	$11,536	$10,705	0.8%	8.6%
Office	$97,183	$96,431	$85,214	0.8%	14.0%
Commercial	$128,990	$128,052	$104,262	0.7%	23.7%
Communication	$24,915	$24,894	$23,561	0.1%	5.7%
Educational	$110,168	$110,307	$97,600	-0.1%	12.9%
Power	$114,012	$115,183	$111,473	-1.0%	2.3%
Sewage and waste disposal	$37,566	$38,297	$30,619	-1.9%	22.7%
Private Nonresidential	$655,273	$640,028	$499,524	2.4%	31.2%
Public Nonresidential	$397,899	$393,498	$340,768	1.1%	16.8%
Source: U.S. Census Bureau					

Source: https://www.abc.org/News-Media/News-Releases/entryid/19970/nonresidential-construction-spending-increases-in-april-despite-recession-fears-says-abc; 6/1/23

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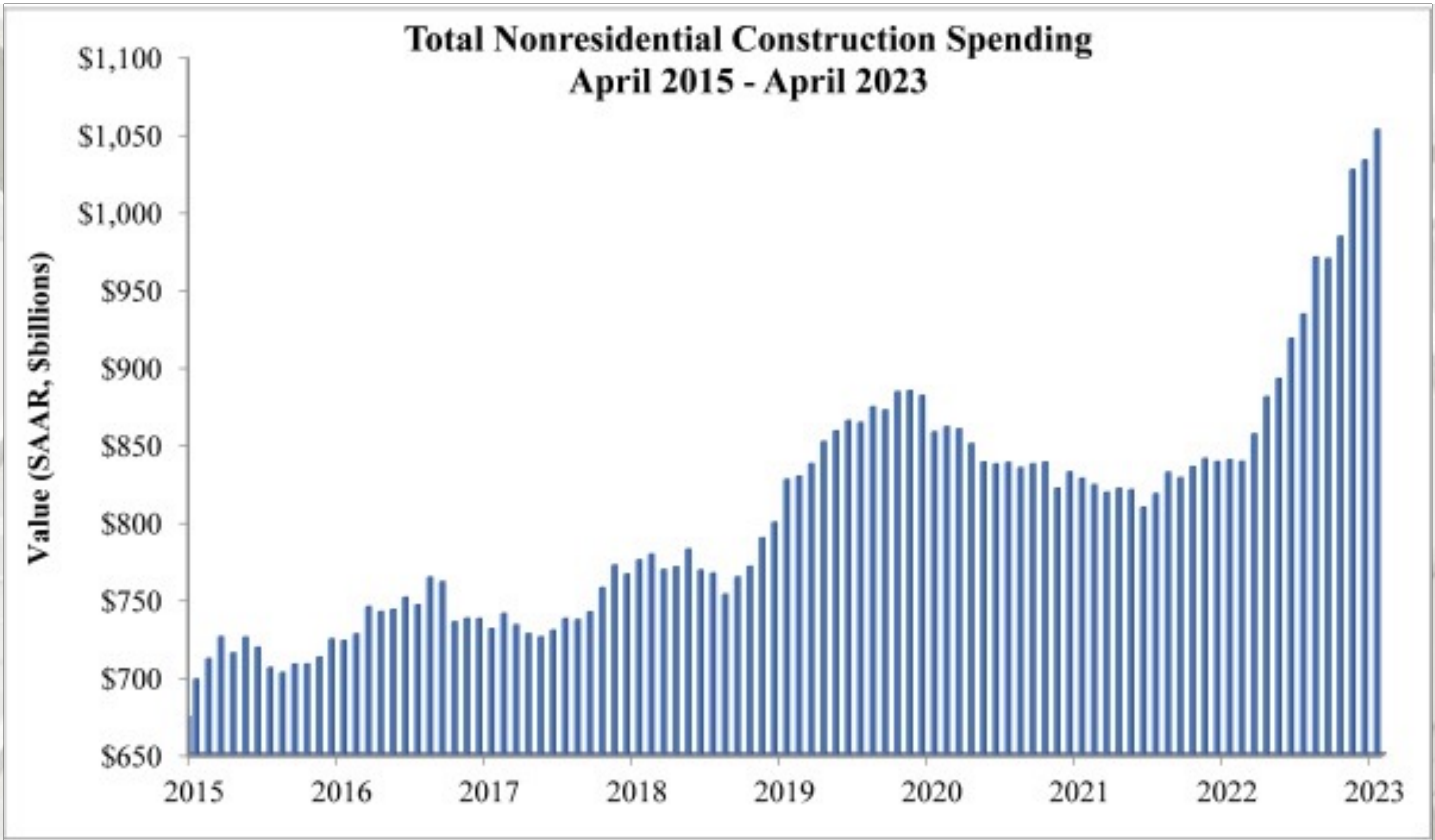
Private Indicators
Associated Builders and Contractors



Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/entryid/19970/nonresidential-construction-spending-increases-in-april-despite-recession-fears-says-abc; 6/1/23

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Holds Steady in May

"Associated Builders and Contractors reported that its Construction Backlog Indicator remained unchanged at 8.9 months in May, according to an ABC member survey conducted May 20 to June 7. The reading is 0.1 months lower than in May 2022. Backlog in the infrastructure category ticked up again and has now returned to May 2022 levels. On a regional basis, backlog increased in every region but the Northeast.

"During a period of ongoing tumult associated with major bank failures, a near-miss debt ceiling crisis and shifting monetary policy, nonresidential construction backlog has remained remarkably stable," said ABC Chief Economist Anirban Basu. "At nearly nine months, backlog is essentially unchanged from a year ago and the previous month.

"Moreover, contractor confidence remains elevated despite massive increases in cost of capital and growing concerns over the nation's commercial real estate segment, with firms indicating sufficient demand and associated pricing power that will keep profit margins steady or better," said Basu. "Contractors also expect to bring on additional talent over the next six months, an indication of ongoing industry expansion." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19983/abcs-construction-backlog-indicator-holds-steady-in-may; 6/13/23

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Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator

	May 2023	Apr 2023	May 2022	1-Month Net Change	12-Month Net Change
Total	**8.9**	**8.9**	**9.0**	**0.0**	**-0.1**
Industry					
Commercial & Institutional	9.2	9.2	9.1	0.0	0.1
Heavy Industrial	7.2	8.4	8.8	-1.2	-1.6
Infrastructure	9.3	8.0	9.3	1.3	0.0
Region					
Middle States	7.5	7.0	8.1	0.5	-0.6
Northeast	8.0	9.1	9.6	-1.1	-1.6
South	10.9	10.7	9.6	0.2	1.3
West	9.1	8.4	8.2	0.7	0.9
Company Size					
<$30 Million	8.2	8.1	8.2	0.1	0.0
$30-$50 Million	9.1	6.8	11.0	2.3	-1.9
$50-$100 Million	9.7	13.0	10.8	-3.3	-1.1
>$100 Million	14.1	11.9	13.2	2.2	0.9

Source: https://www.abc.org/News-Media/News-Releases/entryid/19983/abcs-construction-backlog-indicator-holds-steady-in-may; 6/13/23

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Private Indicators
Associated Builders and Contractors

Construction Confidence Index

Response	May 2023	Apr 2023	May 2022
CCI Reading			
Sales	60.1	61.7	60.9
Profit Margins	55.1	53.5	50.0
Staffing	61.7	64.2	62.8
Sales Expectations			
Up Big	6.9%	9.0%	9.3%
Up Small	46.9%	47.0%	47.5%
No Change	29.7%	28.3%	21.9%
Down Small	13.1%	13.3%	20.2%
Down Big	3.4%	2.4%	1.1%
Profit Margin Expectations			
Up Big	6.9%	6.0%	3.3%
Up Small	29.1%	31.9%	33.3%
No Change	45.1%	36.7%	29.0%
Down Small	15.4%	20.5%	29.0%
Down Big	3.4%	4.8%	5.5%
Staffing Level Expectations			
Up Big	4.6%	7.8%	4.4%
Up Small	48.6%	50.0%	53.0%
No Change	37.1%	34.9%	32.8%
Down Small	8.6%	5.4%	9.3%
Down Big	1.1%	1.8%	0.5%

Source: https://www.abc.org/News-Media/News-Releases/entryid/19983/abcs-construction-backlog-indicator-holds-steady-in-may; 6/13/23

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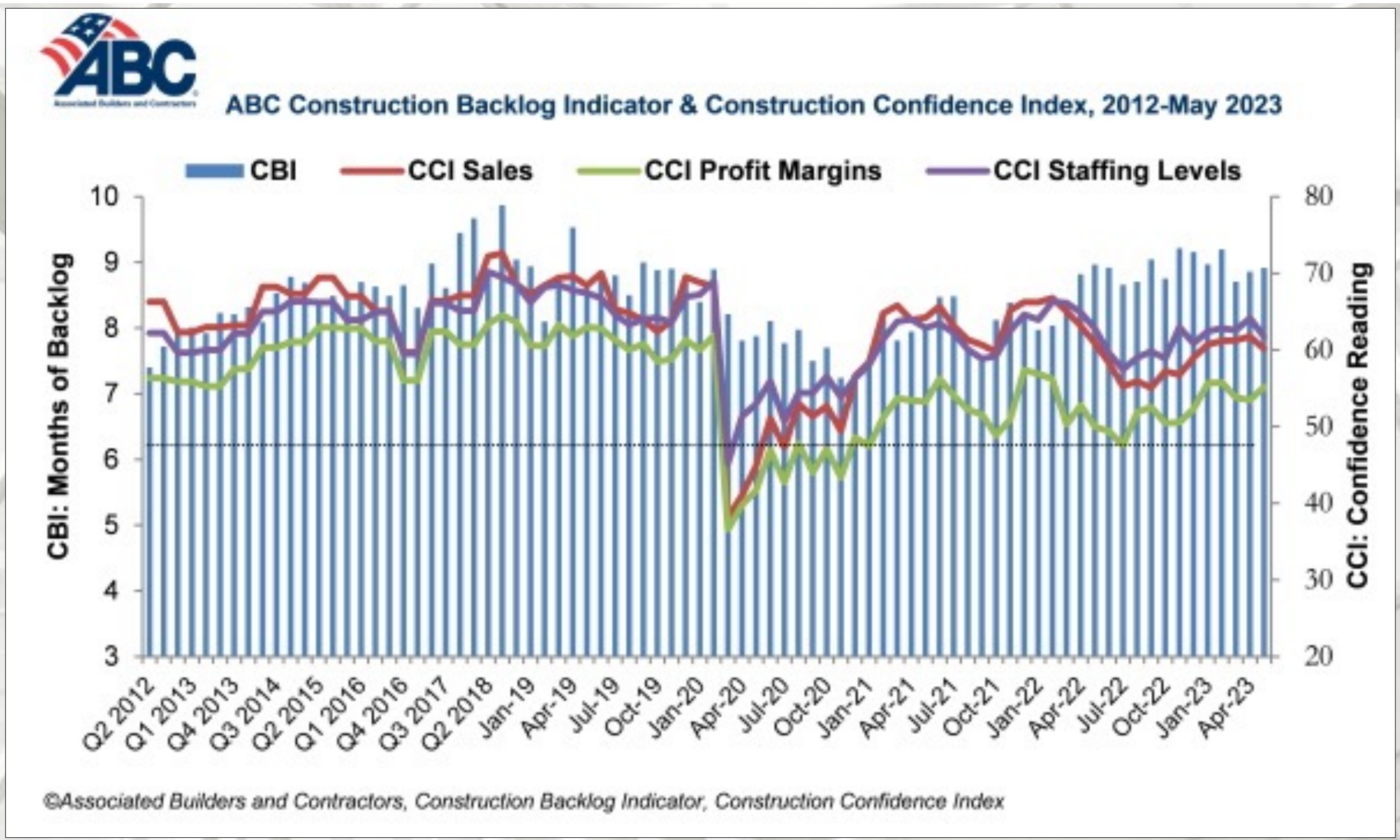
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/entryid/19983/abcs-construction-backlog-indicator-holds-steady-in-may; 6/13/23

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index April 2023

Business Conditions Soften Again at Architecture Firms

Most firms saw strong profitability in 2022 and expect equal or higher levels in 2023

"Business conditions softened at architecture firms in April, as the AIA/Deltek Architecture Billings Index (ABI) score fell back below 50 (an ABI score below 50 indicates in a decline in firm billings). Excluding the slight growth seen in March, billings at architecture firms have declined every month since last October. While inquiries into new work continued to grow in April, the pace of growth remained relatively slow, and the value of new signed design contracts was essentially flat for the month. Although new projects are continuing to come into firms, concern about a variety of factors remains, including interest rates, financing, and the lingering potential for a recession." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"The ongoing weakness in design activity at architecture firms reflects clients' concerns regarding the economic outlook. High construction costs, extended project schedules, elevated interest rates, and growing difficulty in obtaining financing are all weighing on the construction market." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6630599-abi-april-2023-business-conditions-soften-; 5/24/23

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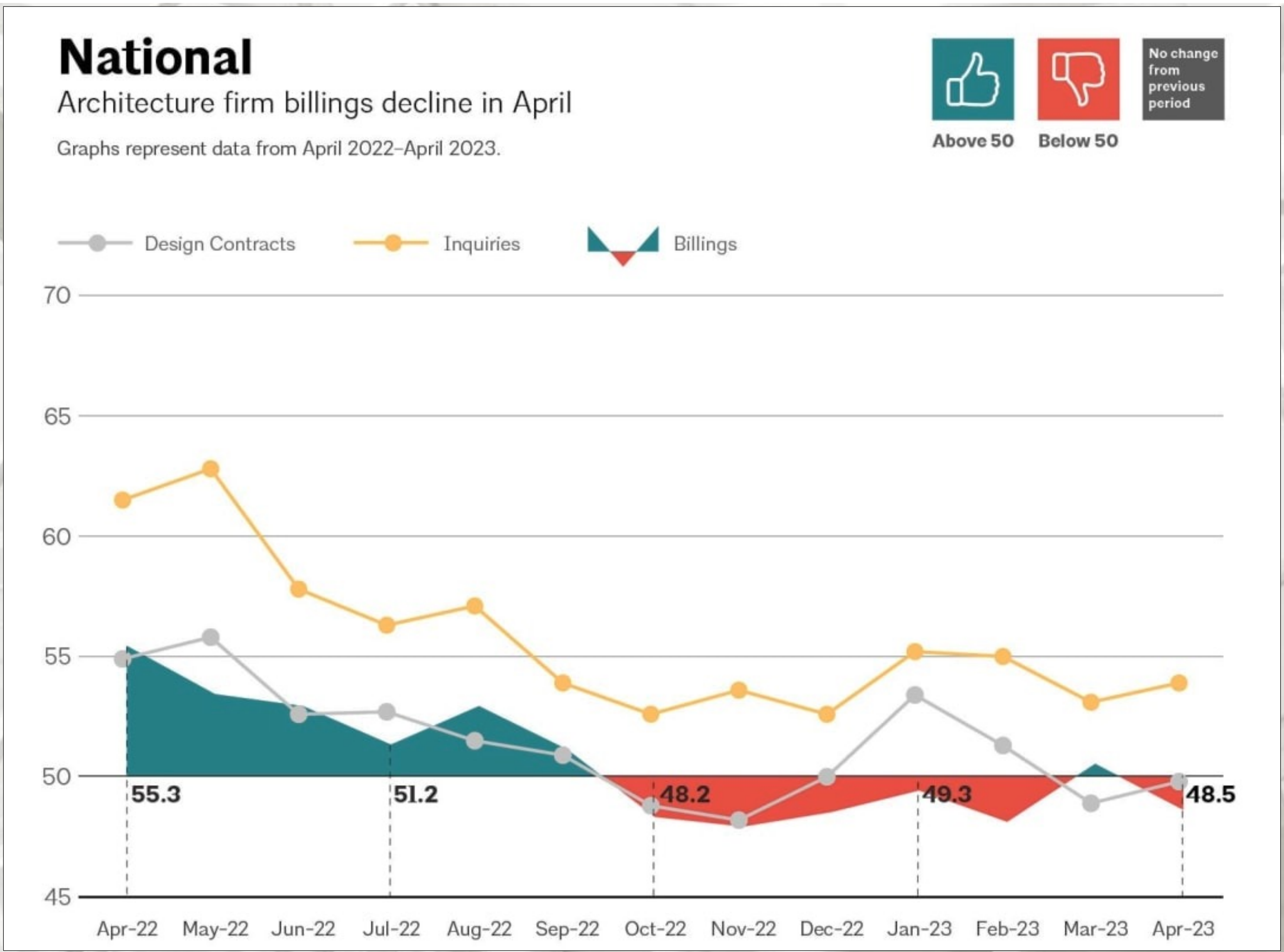
Private Indicators
American Institute of Architects (AIA)



Source: https://www.aia.org/pages/6630599-abi-april-2023-business-conditions-soften-; 5/24/23

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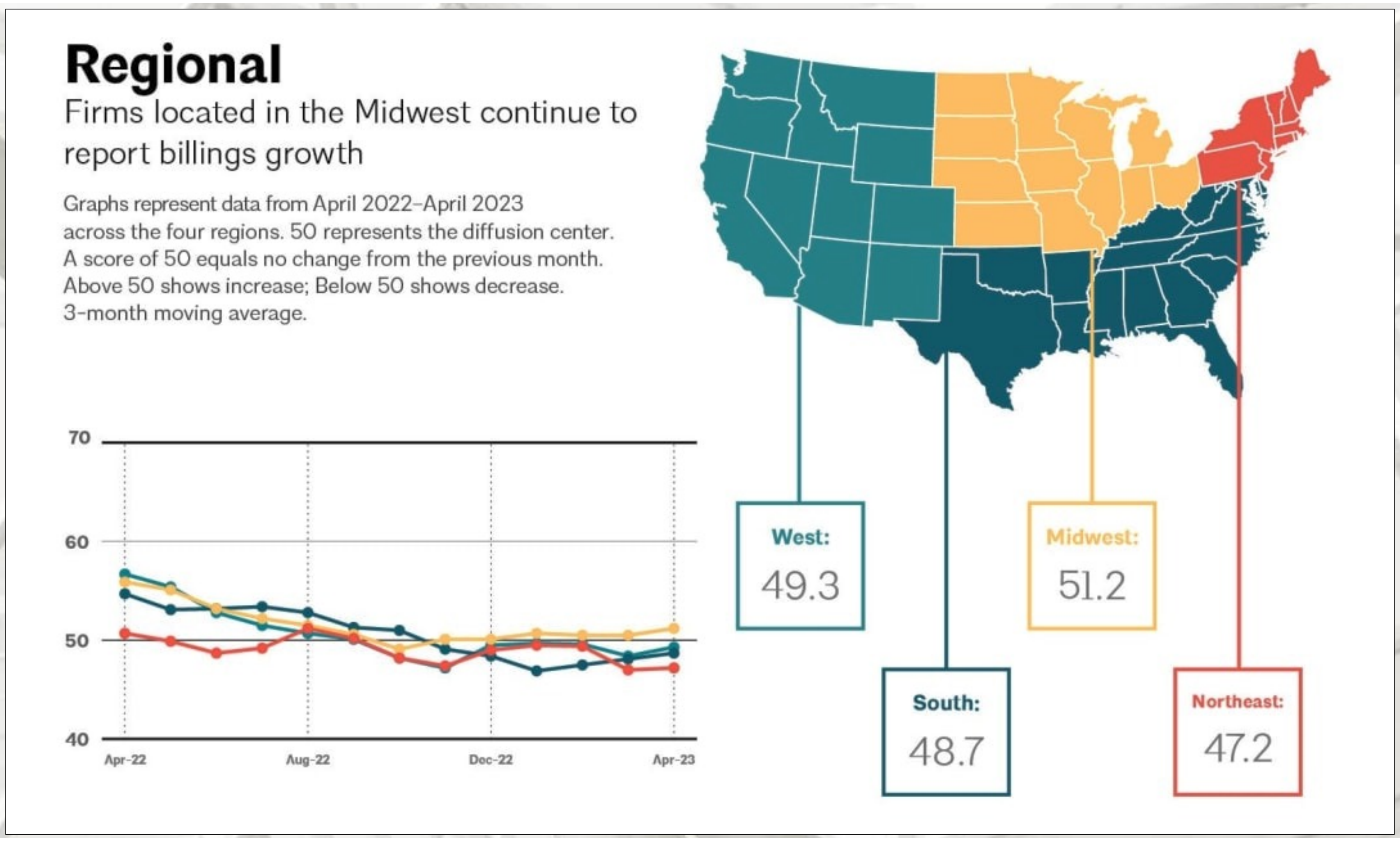
Private Indicators: AIA



Region

"For the sixth consecutive month, only firms located in the Midwest saw billings growth in April. Business conditions remained sluggish at firms in other regions." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6630599-abi-april-2023-business-conditions-soften-; 5/24/23

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Private Indicators: AIA

Sector

"By firm specialization, billings deteriorated further at firms with a multifamily residential specialization, reaching their lowest level since the height of the pandemic in 2020. Firms with a multifamily residential specialization have seen a significant decrease in work over the last nine months. On the other hand, firms with commercial/industrial and institutional specializations reported modest growth this month. However, some fluctuation in business conditions in all sectors is likely to continue over the coming months." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6630599-abi-april-2023-business-conditions-soften-; 5/24/23

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Private Indicators

Dodge Data & Analytics

Total Construction Slip in April Due to Sharp Decline in Manufacturing

After a strong March, April shows marginal slowdown overall

"Total construction starts fell 4% in April to a seasonally adjusted annual rate of $1.04 trillion, according to Dodge Construction Network. Nonresidential starts led the drop as manufacturing fell 22% following strong performance in March. To balance the decline, nonbuilding starts rose 7%, and residential building starts gained 12%.

On a year-to-date basis through April, total construction starts were 7% below the first four months of 2022. Residential starts were down 27%, and nonresidential and nonbuilding starts grew 7% and 16%, respectively. For the 12 months ending April 2023, total construction starts were 11% higher than the 12 months ending April 2022. Nonresidential and nonbuilding starts both showed gains at 34% and 24%, respectively; however, residential starts hindered overall growth with a 13% decline on a 12-month rolling basis.

"The construction sector continues to sweep its economic worries under the rug, even with inflation, unstable banking, and the potential breach of the U.S. debt ceiling," said Richard Branch, chief economist for Dodge Construction Network. "While the presence of, or lack thereof, large manufacturing projects each month has made the data more volatile, the underlying trends point to a very healthy sector. However, this is likely transitory. The Dodge Momentum Index, which tracks projects entering the earliest stages of planning, is falling, which should lead to weaker starts in the second half of the year – especially for the private sector.""" – Cailey Henderson, Account Manager, 104 West Partners

Source: https://www.construction.com/total-construction-starts/total-construction-starts-slip-in-april-due-to-sharp-decline-in-manufacturing/; 5/18/23

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Private Indicators

Dodge Data & Analytics

"**Nonresidential building starts declined 22% in April** to a seasonally adjusted annual rate of $383 billion. This sharp decline follows an equally large in March, when numerous large manufacturing plants took off. In April, manufacturing starts lost a staggering 68%. Institutional starts dropped 13%, largely due to a pullback in healthcare construction, while commercial starts improved 5% thanks to an increase in retail and office construction. Year-over-year, in January 2023 through April 2023, total nonresidential starts were 7% higher than in the first four months of 2022. Institutional starts gained 14%, manufacturing starts were 4% higher, and commercial starts were up 2%.

Between April 2022 and April 2023, total nonresidential building starts were 34% higher than April 2021 through April 2022. Manufacturing starts were 118% higher, institutional starts improved 22%, and commercial starts gained 18%.

The largest nonresidential building projects to break ground in April were the $1.2 billion Hanwha Qcells solar plant manufacturing plant in Cartersville, Georgia, the $650 million Group14 battery plant in Moses Lake, Washington, and the $600 million Mutual of Omaha headquarters in Omaha, Nebraska.

Residential building starts increased 12% in April to a seasonally adjusted annual rate of $373 billion. Single family and multifamily starts remained strong, increasing 14% and 10%, respectively. On a year-to-date basis through April 2023, total residential starts were down 27%. Single family starts were 34% lower, and multifamily starts were down 10%.

For the 12 months ending in April 2023, residential starts were 13% lower than that ending in April 2022. Single family starts were 25% lower, while multifamily starts were up 14% on a rolling 12-month basis.

The largest multifamily structures to break ground in April were the $549 million Mana'olana Place mixed-use building in Honolulu, Hawaii, a $500 million mixed-use building in Flushing, New York, and the $385 million 710 Broadway Apartments in Santa Monica, California.

Regionally, total construction starts in April fell in the Midwest, South Atlantic, and South Central regions, but rose in the Northeast and West." – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/total-construction-starts/total-construction-starts-slip-in-april-due-to-sharp-decline-in-manufacturing/; 5/18/23

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Private Indicators

MONTHLY CONSTRUCTION STARTS

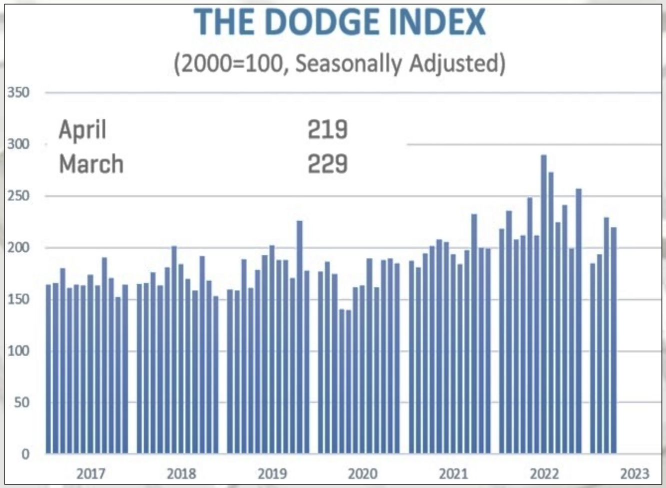
(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Apr 2023	Mar 2023	% Change
Nonresidential Building	$382,719	$489,359	-22
Residential Building	372,502	331,971	12
Nonbuilding Construction	281,049	262,490	7
Total Construction	$1,036,270	$1,083,820	-4

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	4 Mos. 2023	4 Mos. 2022	% Change
Nonresidential Building	$119,786	$112,382	7
Residential Building	108,665	149,001	-27
Nonbuilding Construction	79,307	68,238	16
Total Construction	$307,757	$329,621	-7



Source: Dodge Data & Analytics

Source: https://www.construction.com/total-construction-starts/total-construction-starts-slip-in-april-due-to-sharp-decline-in-manufacturing/; 5/18/23

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Private Indicators

MNI Chicago
Chicago Business Barometer™ – Tumbles to 40.4 in May
May Chicago Report™ Signals Deepened Downturn

"**The Chicago Business Barometer™, produced with MNI, tumbled -8.2 points to a six-month low of 40.4 in May.** All subindexes softened in May, with Order Backlogs experiencing the most pronounced contraction. All subindexes except Supplier Deliveries and Prices Paid were in contractive (sub-50) territory this month.

Production slumped by -8.3 points in May, more than reversing the April rebound. Anecdotal evidence suggested firms' customers were seeing a marked slowdown in business activity. Rising financing costs was flagged as slowing customer activity, particularly residential investment.

New Orders declined by -6.0 points to a six-month low. This is the second-lowest print since June 2020. Firms cited customers having previously overordered.

Order Backlogs fell -15.1 points to the lowest level since May 2020. Automotive backlogs remained elevated. The headline index has now been in contractionary territory for nine consecutive months." – Les Commons, Senior Economist and Lucy Hager, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 5/31/23

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Private Indicators

MNI Chicago

Chicago Business Barometer™ – Tumbles to 40.4 In May

May Chicago Report™ Signals Deepened Downturn

"Employment softened by -2.7 points in May. The subindex has been in contractive territory for nine months now barring April, as firms struggle to hire and retain staff.

Supplier Deliveries eased by -2.7 points as supply chain pressures continued to normalize for the majority of inputs

Inventories slipped -4.4 points to the lowest level since July 2021. Firms were slowing restocking and working through previous build-up of inventories due to more muted demand.

Prices Paid cooled by -9.4 points to the softest since August 2020. Weak demand was cited as the key downwards driver of prices. The passthrough of lower commodity prices from suppliers remained slow and moderate.

In May, the Chicago Survey™ asked firms what their greatest challenges to conducting business at the moment are. Increased costs were voted by the largest share as the greatest challenge, followed closely by labor shortages. Declining economic sentiment and delivery/lead times came in equal third. Fifth most challenging was decreased demand and sixth material shortages." – Les Commons, Senior Economist and Lucy Hager, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 5/31/23

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Private Indicators

The Conference Board Leading Economic Index® (LEI)

LEI for the U.S. Declines Again in April

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. declined 0.6 percent in April 2023 to 107.5 (2016=100), following a decline of 1.2 percent in March. The LEI is down 4.4 percent over the six-month period between October 2022 and April 2023 – a steeper rate of decline than its 3.8 percent contraction over the previous six months (April–October 2022).

The LEI for the US declined for the thirteenth consecutive month in April, signaling a worsening economic outlook. Weaknesses among underlying components were widespread – but less so than in March's reading, which resulted in a smaller decline. Only stock prices and manufacturers' new orders for both capital and consumer goods improved in April. Importantly, the LEI continues to warn of an economic downturn this year. The Conference Board forecasts a contraction of economic activity starting in Q2 leading to a mild recession by mid-2023.

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.3 percent in April 2023 to 110.2 (2016=100), after rising by 0.2 percent in March. The CEI is now up 0.7 percent over the six-month period between October 2022 and April 2023 – down from the 0.9 percent growth it recorded over the previous six months. The CEI's component indicators – payroll employment, personal income less transfer payments, manufacturing trade and sales, and industrial production – are included among the data used to determine recessions in the US. While recent trends in manufacturing activity and industrial production have been weak, employment and income growth remain positive.

The Conference Board Lagging Economic Index® (LAG) for the U.S. decreased by 0.1 percent in April 2023 to 118.3 (2016 = 100), after remaining unchanged in March. The LAG is up 0.9 percent over the six-month period from October 2022 and April 2023, down significantly from its growth rate of 4.0 percent over the previous six months." – Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 5/18/23

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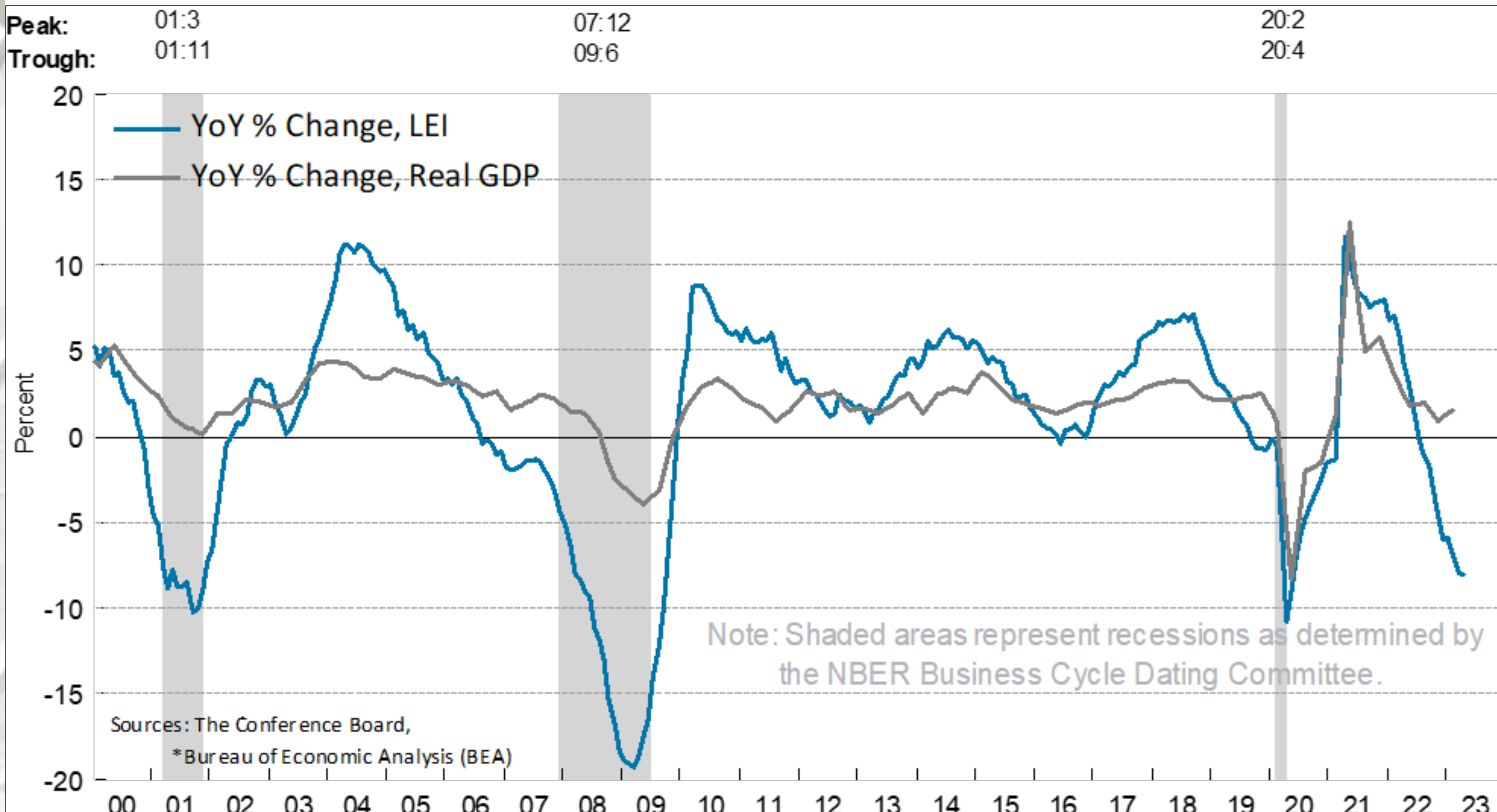
Private Indicators

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

LEI for the U.S. Declines Again in April

The annual growth rate of the US LEI continued to decline signaling weak GDP growth ahead



Source: https://www.conference-board.org/data/bcicountry.cfm; 5/18/23

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Private Indicators

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

April New Business Volume Down 8 Percent Year-over-year, Down 7 Percent Month-to-month and Up 0.7 Percent Year-to-date

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the $1 trillion equipment finance sector, showed their overall new business volume for April was $9.7 billion, down 8 percent year-over-year from new business volume in April 2022. Volume was down 7 percent from $10.4 billion in March. Year-to-date, cumulative new business volume was up 0.7 percent compared to 2022.

Receivables over 30 days were 1.8 percent, down from 1.9 percent the previous month and down from 2.1 percent in the same period in 2022. Charge-offs were 0.33 percent, up from 0.32 percent the previous month and up from 0.05 percent in the year-earlier period.

Credit approvals totaled 77.3 percent, up from 75.3 percent in March. Total headcount for equipment finance companies was down 1.8 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in May is 40.6, a decrease from the April index of 47.0." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"April data revealed some softness in new business volume reported by MLFI respondents. It is not clear whether increased borrowing rates are constraining liquidity or if this decrease in originations is merely a blip in an otherwise healthy marketplace. Separately, a Foundation survey indicates that a growing segment of business heads is somewhat pessimistic about the short-term outlook for the economy, in general, and the equipment finance industry, specifically. We will be monitoring these and other economic data closely to provide useful insights to ELFA members as they navigate a choppy economy." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2023/05/25/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 5/25/23

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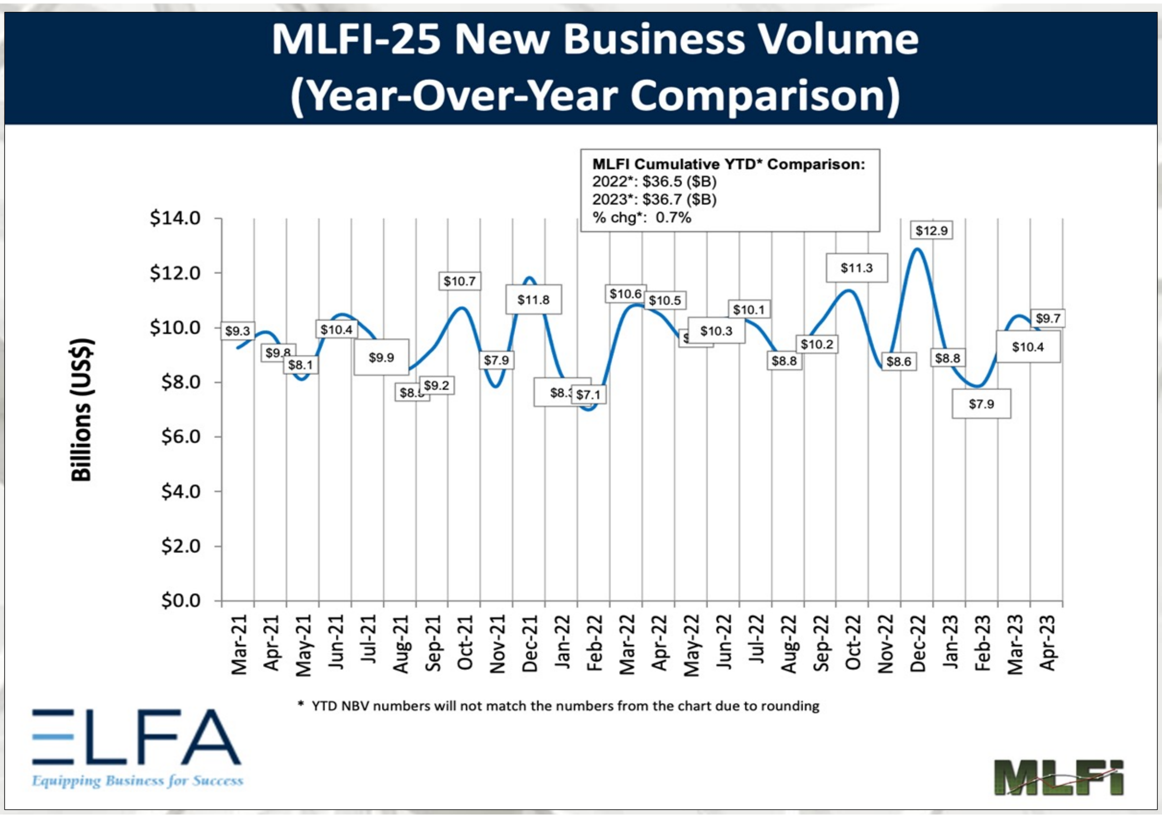

Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index

"We all continue to navigate the ebbs and flows of a challenging economy. While that impact has been felt across all industries with unique circumstances, collectively, equipment finance appears to be well positioned. Companies and consumers remain resilient and are more mindful of the role financing plays as part of strategic long-term capital decisions. We're coming from a period where access to capital was high, and the cost was the lowest we've seen in decades. Now, we're seeing more thoughtful conversations and informed decisions – heightening the importance of relationships and experienced people to help navigate it all." – Jeffrey LaLima, President, Financial Partners Group

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2023/05/25/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 5/25/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Renewed decline in manufacturing sector conditions as weak demand drags on performance

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI™) posted 48.4 in May, down from 50.2 in April, but broadly in line with the earlier released 'flash' estimate of 48.5. The latest figure indicated the fastest deterioration in operating conditions since February.

US goods producers registered a renewed decline in the health of the manufacturing sector during May, according to the latest PMI™ survey from S&P Global. The deterioration was only marginal, but was driven by a solid contraction in new orders amid muted demand conditions. Output and employment continued to increase, however, as firms expanded their capacity to fulfil existing backlogs of work amid improved supply conditions. Efforts to run down stocks were met by a steeper contraction in purchasing activity, hinting at lower production growth in coming months. Sharply falling demand for inputs contributed to an unprecedented improvement in vendor performance.

On the price front, input costs at manufacturers fell for the first time since May 2020. The decrease in costs contributed to the slowest rise in selling prices for almost three years as firms also sought to become more competitive and boost new sales.

Contributing to the latest overall decline was a renewed and solid fall in new orders at manufacturing firms in May. The decrease was the sharpest in three months. Lower new sales were often attributed to sufficient inventory levels at customers and previous hikes in selling prices which served to dampen demand conditions.

Foreign client demand also weakened midway through the second quarter, as new export orders fell at a sharp pace that was the quickest in three years." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9865c336fc164f3982137d9ab2de3790; 6/1/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Renewed decline in manufacturing sector conditions as weak demand drags on performance

"Nonetheless, output at manufacturers continued to increase, thereby extending the current sequence of expansion to three months. The rate of growth slowed to only a marginal pace, however, as firms linked the rise to greater hiring and the timely delivery of inputs.

Manufacturers noted that the greater availability of candidates for existing vacancies helped boost workforce numbers in May. Employment grew at a solid pace that was among the fastest in two years. The diversion of resources towards the clearing of backlogs of work amid lower new order inflows led to the steepest fall in outstanding work for three years.

Meanwhile, input prices decreased at a modest pace midway through the second quarter, with firms recording a notable turnaround from the sharp uptick in costs seen in April. Shorter lead times for inputs and subdued input demand led to suppliers reducing their costs, according to panellists.

In response to lower operating expenses, goods producers moderated the pace at which output charges rose. Selling prices increased at only a marginal rate that was the slowest since July 2020. Firms attributed the softer pace of inflation to efforts to remain competitive and drive sales, alongside some reports of the pass-through of lower costs to clients.

May data signalled further efforts among manufacturing firms to reduce their inventory holdings as new orders moved into contraction territory. Stocks of both purchases and finished goods fell at the fastest rates for three months. At the same time, input buying was cut for the tenth successive month, and at the sharpest rate since February." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9865c336fc164f3982137d9ab2de3790; 6/1/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Renewed decline in manufacturing sector conditions as weak demand drags on performance

"US manufacturers recorded further confidence in the outlook for output over the coming 12 months in May. Expectations of greater future output were linked to planned investment in new products and marketing, as well as hopes of a boost to new orders from an expansion in client bases. The degree of optimism was solid overall, albeit slightly below the series long-run trend.

Comment

May saw a renewed deterioration of business conditions in the US manufacturing economy which will add to concerns about broader economic health and recession risks.

Although a record improvement in supplier delivery performance helped manufacturers fulfil back orders in May, generating a third successive monthly rise in output, the overall rate of production growth remained disappointingly meagre thanks to a further drop in new order inflows.

Unless demand picks up, production growth will move into decline seen as it is clearly unsustainable to rely solely on backlogs of orders, which are now being depleted at the fastest rate for three years. Hence companies are cutting back sharply on their input buying and seeking to minimise inventory, tightening their belts for tough times ahead.

All of this is of course disinflationary, with manufacturers and their supply chains having seen pricing power shift rapidly from the seller to the buyer over the course of the past year, resulting in a dramatic cooling of industrial price pressures." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9865c336fc164f3982137d9ab2de3790; 6/1/23

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S&P Global U.S. Manufacturing PMI™

Renewed decline in manufacturing sector conditions as weak demand drags on performance

Comment

“We are likely to see further downward pressure on both output and prices for goods in the coming months, thanks to the demand environment which has been hit by higher interest rates, the increased cost of living, economic uncertainty and a post-pandemic shift in spend from goods to services.

The one area of resilience is the labour market, as firms continued to take on more staff to fill long-empty vacancies, though we should bear in mind that employment is typically a lagging indicator. It does nevertheless point to some upward pressure on wages.”” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9865c336fc164f3982137d9ab2de3790; 6/1/23

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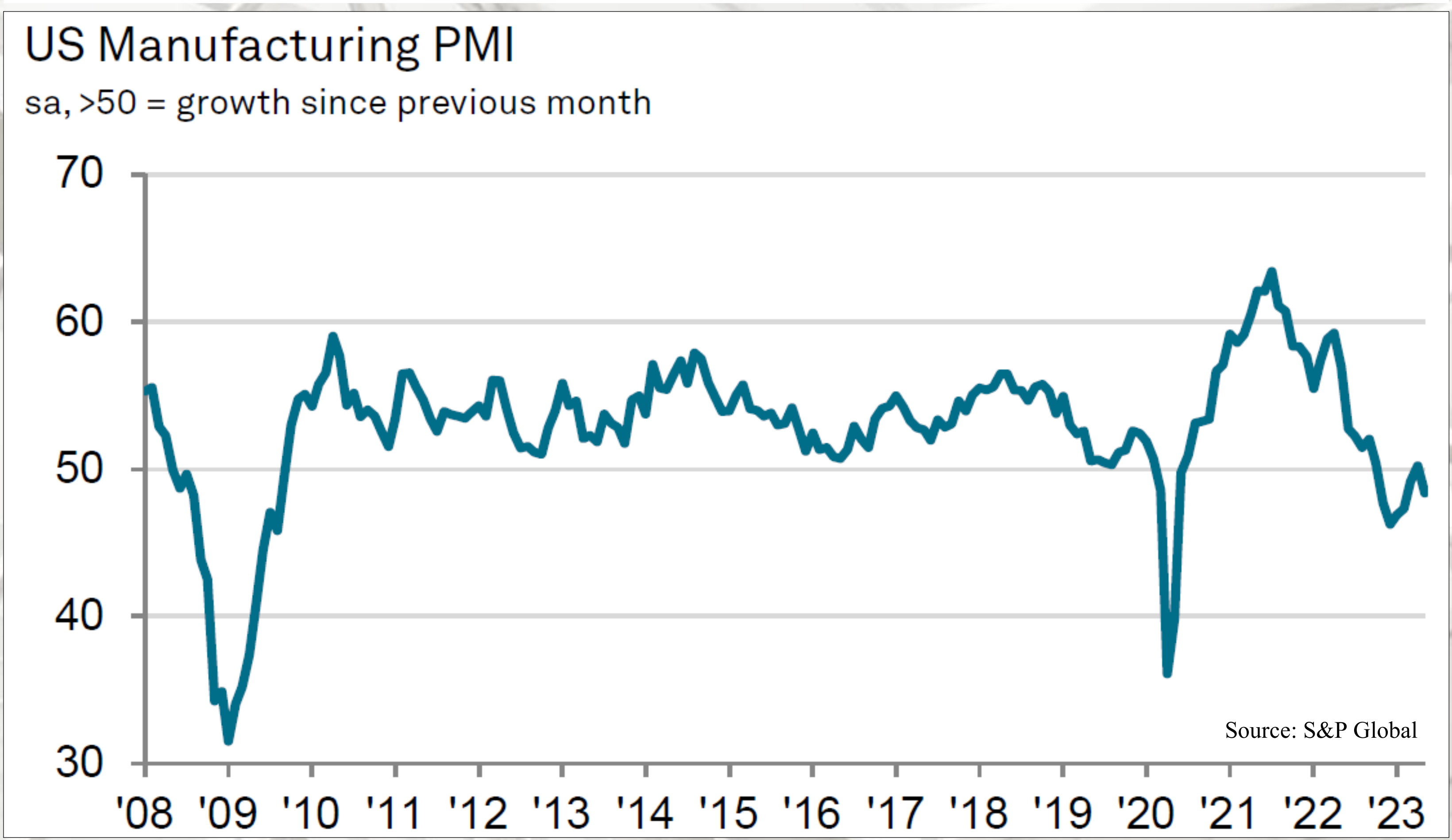

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9865c336fc164f3982137d9ab2de3790; 6/1/23

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Private Indicators

S&P Global U.S. Services PMI™

Strongest upturn in business activity for over a year as demand conditions improve

"The seasonally adjusted final S&P Global US Services PMI Business Activity Index registered 54.9 in May, up from 53.6 in April and broadly in line with the earlier released 'flash' estimate of 55.1. The latest upturn in business activity was the fourth successive monthly increase, with the pace of expansion accelerating to the steepest since April 2022. Greater output reportedly stemmed from stronger demand conditions driving a sharper rise in new orders.

Business activity across the US service sector grew at a sharper pace in May, according to the latest PMI™ data from S&P Global. Output rose at the fastest rate for just over a year, supported by a strong expansion in new business. The upturn in new orders was driven by improved demand conditions in both domestic and export markets. At the same time, firms stepped up their hiring activity again, with employment increasing at a solid pace. Sufficient capacity to process incoming new business allowed companies to reduce backlogs of work for the first time in four months. Meanwhile, business confidence picked up to the highest level in a year, albeit still weaker than the series average.

On the price front, rates of both input price and output charge inflation softened since April though remained elevated.

Growth in new business quickened again, with the rate of increase the steepest in just over a year. Companies noted that greater client confidence supported the expansion in new orders, as customers – especially in consumer markets – were more inclined to spend. Some also highlighted a broader client base and the acquisition of new customers." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/3183406116e0481b881fc34e03a788af; 6/5/23

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Private Indicators

S&P Global U.S. Services PMI™

Strongest upturn in business activity for over a year as demand conditions improve

"Contributing to the rise in new orders was a renewed upturn in new business from abroad in May. New export orders increased for the first time in a year, and at a solid pace. Demand conditions at new and existing customers reportedly strengthened to support the latest expansion.

At the same time, service providers registered another marked increase in input costs. Greater business expenses were partly linked to increased supplier prices, but were largely attributed to higher wage bills and upward pressure on salaries. Although easing from that seen in April to the second-slowest since October 2020, the rate of input cost inflation remained historically elevated.

Service sector firms also saw a moderation in the rate of output charge inflation during May. Companies commonly stated that greater selling prices were due to the passthrough of higher costs to customers. The rate of charge inflation eased from April but was the second-fastest since September 2022 and sharper than the long-run series average.

In line with a stronger expansion in new business, service sector firms increased their workforce numbers at a solid pace. Matching the payroll gain seen in April, the rate of job creation was the joint-fastest since August 2022. Some companies noted that long-held vacancies were also filled following an increased availability of candidates, whilst others mentioned hiring was stepped up amid anticipated growth in demand.

Greater employment allowed firms to reduce the level of unfinished business during May. Backlogs of work contracted for the first time in four months." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/3183406116e0481b881fc34e03a788af; 6/5/23

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Private Indicators

S&P Global U.S. Services PMI™

Strongest upturn in business activity for over a year as demand conditions improve

Output expectations for the year ahead among service providers improved in May, as the degree of confidence rose to the highest in a year. Although weaker than the series trend, optimism was attributed to investment in marketing and advertising, alongside hopes for further boosts to new business.

Comment

"The US continued to see a two-speed economy in May, with the sluggishness of the manufacturing sector contrasting with a resurgent service sector. Businesses in sectors such as travel, tourism, recreation and leisure are enjoying a mini post-pandemic boom as spending is switched from goods to services.

The survey data are indicative of GDP growing at an annualized rate of just over 2%, and an upturn in business expectations points to growth remaining robust as we head further into the summer.

However, just as demand has moved from goods to services, so have inflationary pressures. While goods price inflation has fallen dramatically in May to register only a marginal increase, prices charged for services continue to rise sharply. Although down considerably on last year's peaks, service sector inflation remains higher than any time in the survey's 10-year history prior to the pandemic, bolstered by a combination of surging demand and a lack of operating capacity, the latter in part driven by labor shortages.

However, while rejuvenated service providers will make hay in the summer season, the weakness of manufacturing raises concerns about the economy's resilience later in the year, when the headwind of higher interest rates and the increased cost of living is likely to exert a greater toll on spending." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/3183406116e0481b881fc34e03a788af; 6/5/23

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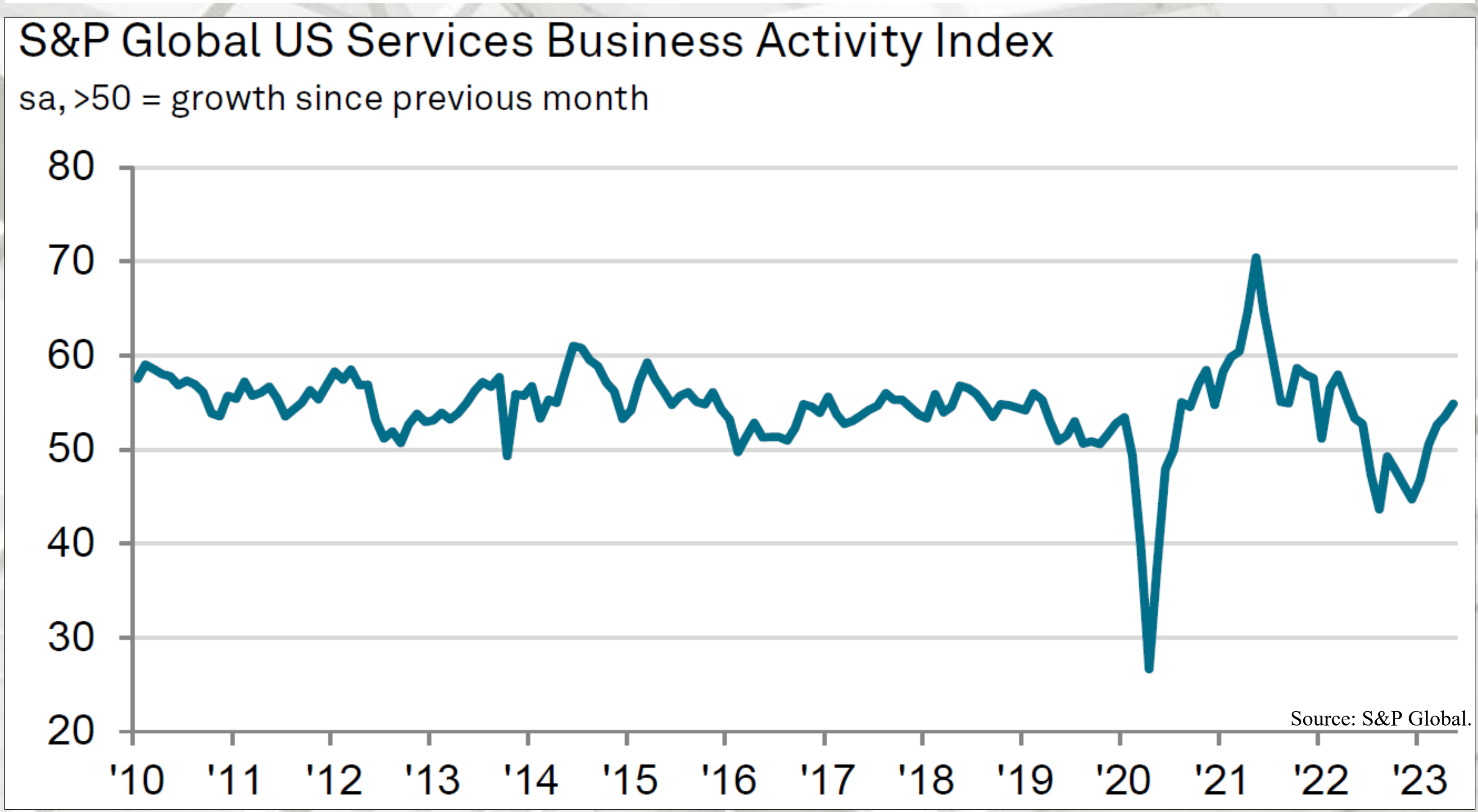
Private Indicators



Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/3183406116e0481b881fc34e03a788af; 6/5/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for May 2023: Combined Sectors

"The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for May 2023 came in at 52.2 points, losing 1.6 points from April and erasing nearly all gains made since January. The main driver for the deterioration came from favorable factors, led by a large drop in sales and dollar collections, the same factors that had led the recovery from January's low. Respondents are indicating that there is notable weakness now in the riskier end of their portfolios, with more clients asking for extended terms while higher interest rates are making that proposition less palatable to credit managers, said NACM Economist Amy Crews Cutts, Ph.D., CBE®.

"Last month, we saw the factor index for rejections of credit applications plummet in response to the banking crisis created by the failure of Silicon Valley Bank," Cutts said. "In the manufacturing segment of the CMI, this index recovered markedly, indicating the banking crisis is not an issue for respondents in that segment. However, on the services side, we see no improvement this month as customers are having more trouble receiving credit. There are many moving parts to financial markets at the present time, with lingering debt ceiling issues, the potential for further interest rate hikes by the Fed and some stress on banks still present. The CMI is indicating that a recession starting in 2023 is a strong possibility once again."

"The Credit Managers' Index looked like we were headed straight into recession in January," said Cutts. "Then we saw three months that quashed that idea. The May CMI survey reversed most of the improvement made since January, and while not exactly disastrous news, there is a clear signal that business conditions are weakening. Several respondents indicated higher prices are masking lower unit sales."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 5/31/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

"**Key Findings:**

- The index for favorable factors fell 3.4 points to 56.3, led by a 5.4-point deterioration in the sales factor index to 53.9 points and a 4.7-point deterioration by the dollar collections index to 57.1. The amount of credit extended factor index lost 2.7 points to 56.2.
- Favorable factors are all still showing expansionary levels but are back to the low levels recorded by the CMI in January and February.
- The index for unfavorable factors fell 0.3 to 49.5. This index has stayed in a tight range around 50, showing neither a steady improving nor declining trend over the past year.
- All but two of the unfavorable factor indexes deteriorated in the May survey; the index for dollar amount of customer deductions improved by 3.4 points to 53.0 and the index for rejections of credit applications improved to 48.7 from April's level of 47.9.
- The index for the dollar amount beyond terms slid 2.4 points to 51.7, remaining in the expansion range above 50 points for the third month in a row. This was the largest decline in May for components of the unfavorable factors group of the Combined CMI.
- The factor index for filings for bankruptcies sank 2.1 points into contraction territory. Although the index has remained in a narrow range between 48.5 and 51.0 over the past twelve months, respondent comments indicate that they expect more bankruptcies over the coming months." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 5/31/23

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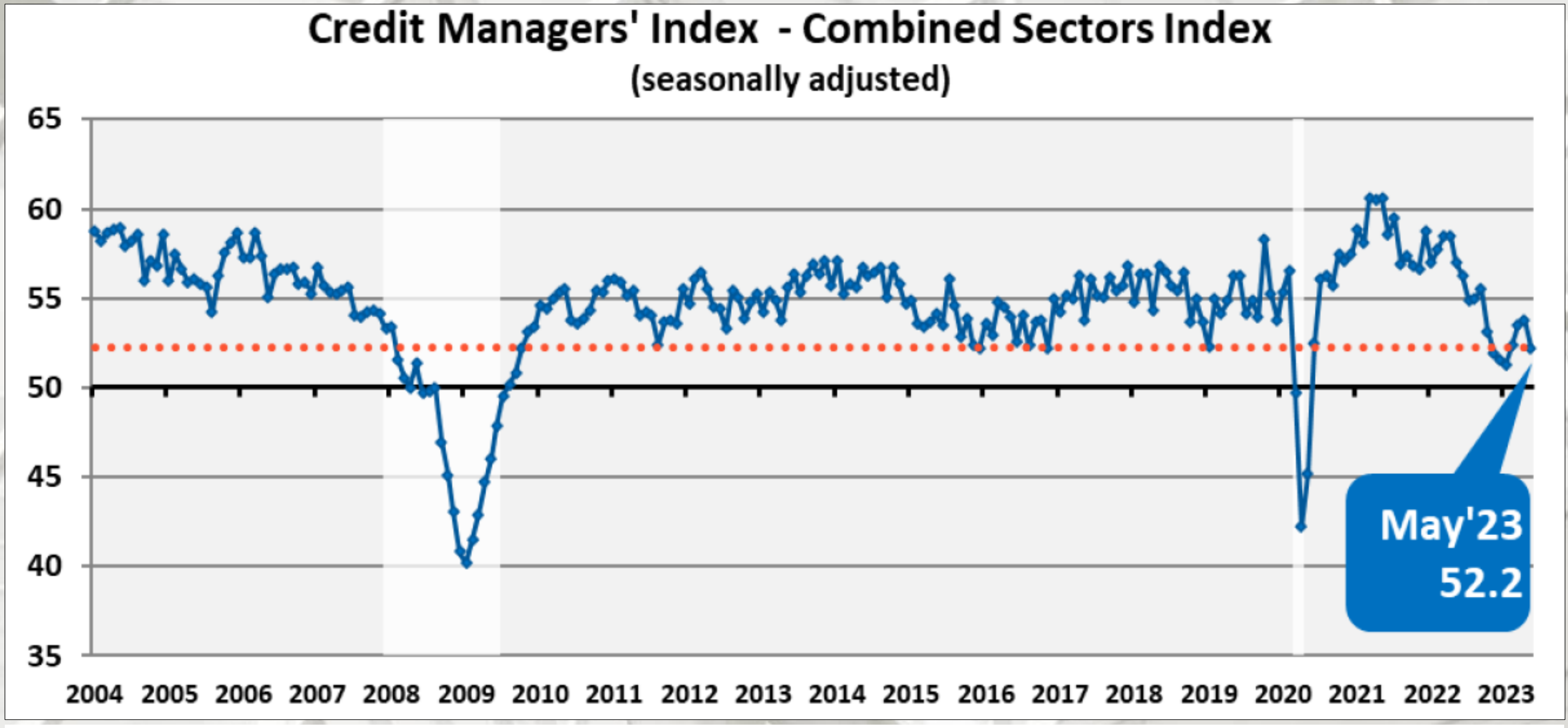
Private Indicators

National Association of Credit Management – Credit Managers' Index



The CMI is centered on a value of 50, with values greater indicating expansion and values lower indicating economic contraction. All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.

Source: https://nacm.org/cmi.html; 5/31/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	May '22	Jun '22	Jul '22	Aug '22	Sep '22	Oct '22	Nov '22	Dec '22	Jan '23	Feb '23	Mar '23	Apr '23	May '23
Sales	70.1	65.8	65.5	63.0	63.6	55.5	54.5	54.8	49.8	56.5	56.5	59.3	53.9
New credit applications	64.2	63.5	60.0	62.6	61.2	58.7	56.7	55.5	56.3	57.9	58.8	58.8	57.9
Dollar collections	64.2	60.5	60.3	58.0	63.4	54.9	56.2	57.8	57.3	59.8	59.7	61.8	57.1
Amount of credit extended	69.5	67.0	67.2	64.8	65.9	58.7	57.1	55.4	56.8	57.9	58.1	58.9	56.2
Index of favorable factors	**67.0**	**64.2**	**63.2**	**62.1**	**63.5**	**56.9**	**56.1**	**55.9**	**55.1**	**58.0**	**58.3**	**59.7**	**56.3**
Rejections of credit applications	50.5	50.4	51.0	49.5	52.1	52.0	51.1	51.0	50.5	50.4	50.6	47.9	48.7
Accounts placed for collection	50.7	49.6	47.3	49.5	49.3	47.6	46.5	46.2	45.0	45.3	46.4	46.5	45.6
Disputes	49.0	49.1	48.4	49.2	48.4	50.3	48.4	49.0	48.8	48.1	50.4	49.5	48.6
Dollar amount beyond terms	47.2	51.0	46.6	46.1	49.0	49.0	47.6	45.7	47.4	49.6	52.8	54.1	51.7
Dollar amount of customer deductions	48.6	50.4	49.2	49.4	49.4	51.3	49.3	49.3	50.2	48.5	50.4	49.6	53.0
Filings for bankruptcies	56.4	55.4	53.4	57.2	53.4	53.5	52.2	50.9	50.5	49.8	51.6	51.5	49.4
Index of unfavorable factors	**50.4**	**51.0**	**49.3**	**50.2**	**50.3**	**50.6**	**49.2**	**48.7**	**48.7**	**48.6**	**50.4**	**49.8**	**49.5**
NACM Combined CMI	**57.0**	**56.3**	**54.9**	**54.9**	**55.6**	**53.2**	**52.0**	**51.6**	**51.3**	**52.4**	**53.5**	**53.8**	**52.2**

Source: https://nacm.org/cmi.html; 5/31/23

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Private Indicators

National Federation of Independent Business (NFIB) May 2023 Report

Small Business Owners Express Great Concern for Future Business Conditions

Inflation returns to top small business problem, followed by labor quality

"The **NFIB Small Business Optimism Index** increased 0.4 points in May to 89.4, which is the 17th consecutive month below the 49-year average of 98. The last time the Index was at or above the average was in December 2021. Small business owners expecting better business conditions over the next six months declined one point from April to a net negative 50%. Twenty-five percent of owners reported that inflation was their single most important problem in operating their business, up two points from last month and followed by labor quality at 24%." – Holly Wade, NFIB

"Overall, small business owners are expressing concerns for future business conditions. Supply chain disruptions and labor shortages will continue to limit the ability of many small firms to meet the demand for their products and services, while less severe than last year's experience." – Bill Dunkelberg, Chief Economist, NFIB

Key findings include:

- "" – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 6/13/23

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Private Indicators

National Federation of Independent Business (NFIB) May 2023 Report

Key findings include:

- "Forty-four percent of owners reported job openings that were hard to fill, down one point from April and remaining historically very high.
- The net percent of owners raising average selling prices decreased one point to a net 32% (seasonally adjusted), still an inflationary level but trending down.
- The net percent of owners who expect real sales to be higher deteriorated two points from April to a net negative 21%.

As reported in NFIB's monthly jobs report, owners' plans to fill open positions remain elevated, with a seasonally adjusted net 19% planning to create new jobs in the next three months. Overall, 63% of owners reported hiring or trying to hire in May, up three points from April. Of those hiring or trying to hire, 89% of owners reported few or no qualified applicants for their open positions.

Fifty-seven percent of owners reported capital outlays in the last six months, up one point from April. Of those making expenditures, 38% reported spending on new equipment, 24% acquired vehicles, and 12% spent money on new fixtures and furniture. Fifteen percent improved or expanded facilities and 7% acquired new buildings or land for expansion. Twenty-five percent of owners plan capital outlays in the next few months, up six points from April.

A net negative 8% of all owners (seasonally adjusted) reported higher nominal sales in the past three months. The net percent of owners expecting higher real sales volumes deteriorated three points to a net negative 21%." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 6/13/23

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Private Indicators

National Federation of Independent Business (NFIB)
May 2023 Report

“The net percent of owners reporting inventory increases increased five points to a net negative 2%. Not seasonally adjusted, 15% of owners reported increases in stocks and 14% reported reductions. Twenty percent of owners recently reported that supply chain disruptions still have a significant impact on their business. Another 32% reported a moderate impact and 31% reported a mild impact.

Seasonally adjusted, a net 41% of owners reported raising compensation, up one point from April. A net 22% plan to raise compensation in the next three months, up one point. Ten percent of owners cited labor costs as their top business problem and 24% said that labor quality was their top business problem. Labor quality was in second place as the top business problem.

The frequency of reports of positive profit trends was a net negative 26%, down three points from April. Among owners reporting lower profits, 29% blamed weaker sales, 26% blamed the rise in the cost of materials, 13% cited the usual seasonal change, 12% cited labor costs, 6% cited lower prices, and 3% cited higher taxes or regulatory costs. For owners reporting higher profits, 52% credited sales volumes, 17% cited higher prices, and 16% cited usual seasonal change.

One percent of owners reported that all their borrowing needs were not satisfied. Twenty-seven percent reported all credit needs met and 63% said they were not interested in a loan. A net 6% reported their last loan was harder to get than in previous attempts.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 6/13/23

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Private Indicators

National Federation of Independent Business (NFIB) May 2023 Report

"Four percent of owners reported that financing was their top business problem. A net 24% of owners reported paying a higher rate on their most recent loan, down two points from April.

The **NFIB Research Center** has collected Small Business Economic Trends data with quarterly surveys since the fourth quarter of 1973 and monthly surveys since 1986. Survey respondents are randomly drawn from NFIB's membership. The report is released on the second Tuesday of each month. This survey was conducted in May 2023." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 6/13/23

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Small Business Jobs Growth Holds Steady in May

"The rate of small business job growth was unchanged from April for the month of May, according to the latest Paychex | IHS Markit Small Business Employment Watch. The national Small Business Jobs Index – which measures the rate of small business job growth in the U.S. – stands at 99.45, a 0.04% decrease from April. Meanwhile, hourly earnings growth for U.S. workers slowed to 4.33%." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"Hourly earnings gains continue to decelerate while the small business job market has been stable in 2023." – James Diffley, Chief Regional Economist, S&P Global Market Intelligence

"Despite the challenges of a competitive labor market and tightening credit, our data suggests small businesses remain resilient as job growth holds steady. Our data also shows a consistent trend of hourly earnings growth slowing over 11 of the past 12 months, perhaps providing some relief for businesses looking to hire." – John Gibson, President and CEO, Paychex'

Source: https://www.paychex.com/employment-watch; 5/30/23

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

"In further detail, the May report showed:

- At 99.45, small business employment growth is 1.41% lower compared to a year ago (100.87).
- Wage growth continues to fall nationally, with hourly (4.33%) and weekly earnings growth (3.96%) both dropping in May.
- The South leads small business employment growth among regions for the 14th consecutive month at 100.47.
- North Carolina leads job growth among states for the 11th consecutive month at 101.48.
- Texas ranks first among states for both hourly (5.46%) and weekly earnings growth (4.99%).
- Houston is once again the top metro for small business job growth for the seventh straight month. Houston also ranks first among metros for hourly earnings growth (5.34 percent) in May.
- Construction is the top sector for all three wage data components: hourly earnings growth (4.89%), weekly earnings growth (5.00%), and weekly hours worked growth (0.35%)." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 5/30/23

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

May Job Index	May Wage Data
Index	Hourly Earnings
99.45	$31.59
12-Month Change	12-Month Growth
-1.41%	+4.33% (+$1.31)

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 5/30/23

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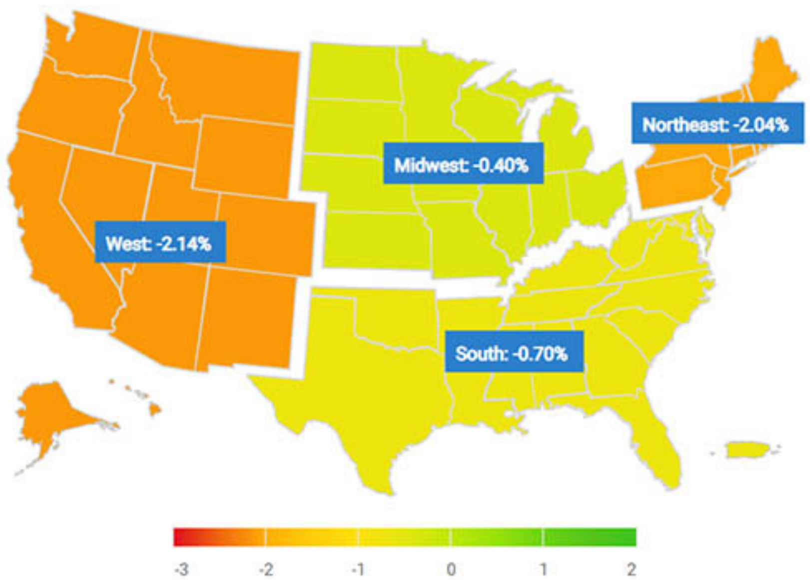
The Paychex | IHS Markit Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	99.66	-0.40%
Northeast	98.88	-2.04%
South	100.47	-0.70%
West	98.86	-2.14%

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 5/30/23

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Economics

Point2

First-Time Buyers, Second Thoughts: Starter Homes Long Past Affordability, Even in Secondary Markets

Amid vanishing starter home inventory, renters dreaming of home ownership are priced out of secondary cities they might've flocked to years ago

- “In **41 of the 100 largest secondary cities in the U.S., renters earn half or less than half of the income they would need** to buy a median-priced starter home.
- There are **no non-core cities in which renters could comfortably make a move toward home ownership**: In 10 cities, the necessary income is about triple what they earn.
- Would-be buyers in **Burbank and Glendale, CA have it worst: They lack 67% of the income they would need** in order to make the move from renter to home owner.
- Renters in **9 California cities would need to earn about $100,000 more** in order to afford a starter home. Based on the latest renter income figures, starter home prices, and mortgage rates, **non-core cities in the LA and San Diego metros are the toughest** for first-time home buyers.
- In **15 of the 100 largest secondary cities, renters would need less than 4 months' worth** of extra income to afford the transition to owning a starter home.
- Home ownership is within reach in Independence, MO, and Broken Arrow, OK. Those who dream of owning here would **need less than one month's worth of extra income** to afford a starter home.” – Alexandra Ciuntu, Creative Writer, Point2

Source: https://www.point2homes.com/news/us-real-estate-news/starter-homes-secondary-cities-us.html; 6/6/23

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Economics

Point2

First-Time Buyers, Second Thoughts: Starter Homes Long Past Affordability, Even in Secondary Markets

“The first step up the property ladder used to come with a supportive push from an accommodating inventory of starter homes. But, that was decades ago when a home up to 1,400 sq. ft. was just the gateway to the then-achievable American Dream. Ever since, it’s not just the concept of a starter home that’s pretty much disappeared, but the home itself – in main markets, as well as secondary ones.

A previous Point2 analysis brought to light the starter-home crisis and the altered contemporary definition of the once-super-affordable housing option. As **inventory shrunk gradually, but surely**, what used to be entry-level homes fit for young people or new families have come to simply describe the cheapest listings around. The share of starter homes built has been cut in half since the beginning of the century – from an already alarming 13% in 2001 to a meager 7% in 2021. **And it’s not just the country’s core markets that have contracted a starter home deficiency.**

With main markets no longer an option for first-time buyers, Point2 looked at the **country’s 100 largest secondary cities** for the **median price of a starter home and renter households’ median income**. Defined as **large non-core cities within a metro, these cities used to be fruitful house-hunting grounds** for first-time buyers exploring less-expensive options away from main cities. But as it turns out, unaffordability can put a dent in homeownership plans regardless of city type or size.” – Alexandra Ciuntu, Creative Writer, Point2

Source: https://www.point2homes.com/news/us-real-estate-news/starter-homes-secondary-cities-us.html; 6/6/23

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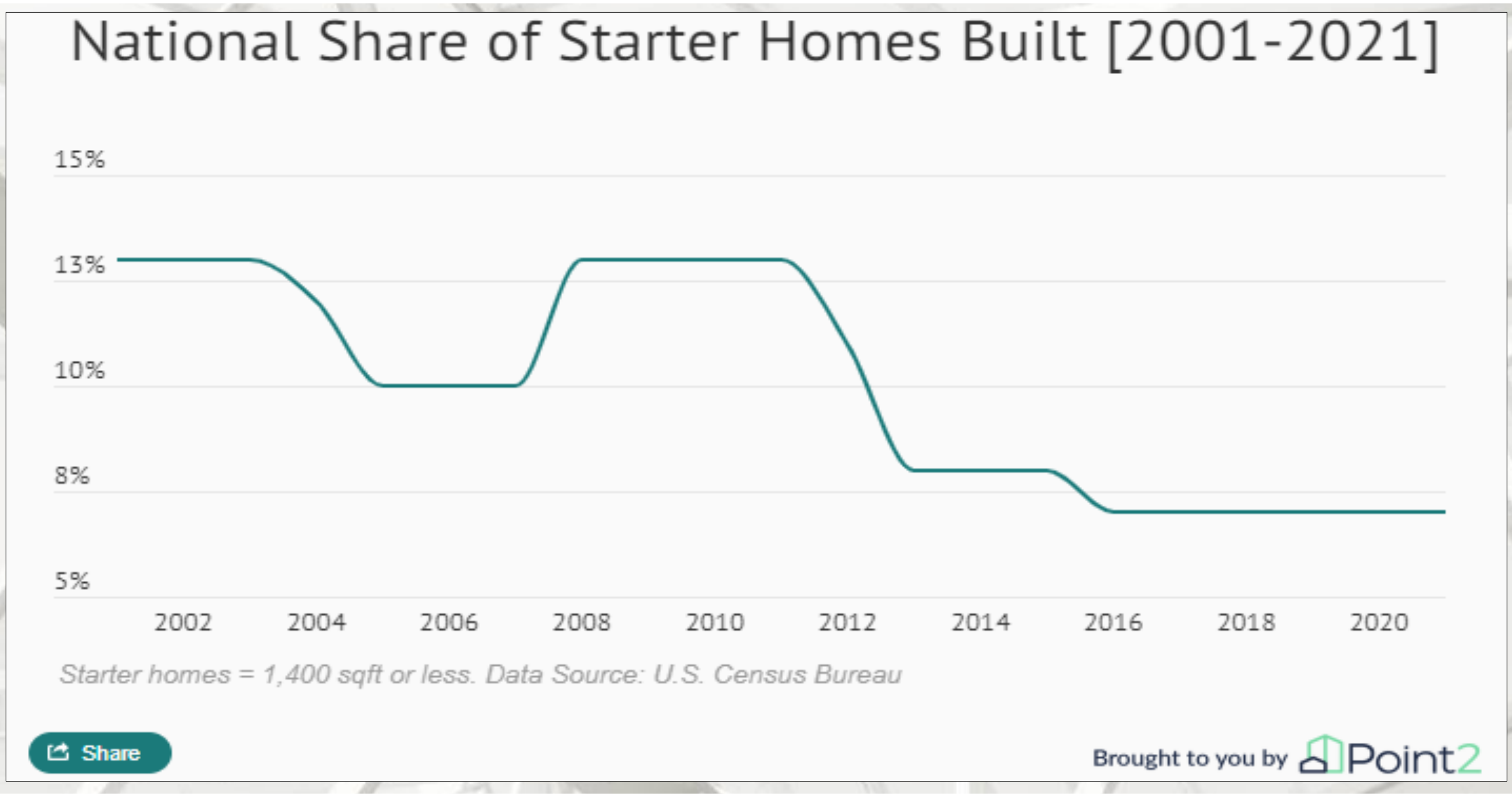

Point2

"That's because secondary cities – orbiting the principal cities within their respective metros – have seen increased competition from real estate investors, second-home buyers, and even downsizing Baby Boomers. As a result, this pushed the already scarce affordable options even further out of reach of those looking to get on the property ladder. Add **sky-high prices and interest rates to the mix and you've got the recipe for postponing buying** and renting until further notice – which is the case for the vast majority of Americans navigating today's housing market." – Alexandra Ciuntu, Creative Writer, Point2

Source: https://www.point2homes.com/news/us-real-estate-news/starter-homes-secondary-cities-us.html; 6/6/23

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Economics

Point2

Renters in 41 of the 100 Largest Secondary Markets Make at Least 50% Less Than the Amount Necessary to Cover a Mortgage

California unaffordability extends to its non-core cities: Income needed for mortgage triple the average renter's household income

"The skewed definition of a starter home is experienced firsthand when simply browsing through listings and taking in the latest prices. For instance, in the country's 100 largest secondary cities, first-time buyers face **median prices ranging from less than $150,000 in Independence, MO, and Joliet, IL to nearly $953,000 in Fremont, CA**.

At the same time, skyrocketing interest rates have put renters' home ownership plans on hold across the country. And, the prospects look bleak even when assuming that the 20% down payment is covered and that the monthly spending (mortgage, insurance, and property tax) doesn't represent more than 30% of a renter's household income.

In 41 non-core cities, renters earned at least 50% less than what they would need to comfortably cover their monthly payments as first-time buyers. Unsurprisingly, California (and, particularly the Los Angeles-Long Beach-Anaheim metro area) had some of the most unaffordable starter homes – and we're not even talking about the main cities in the bustling metro. In 13 of the 39 California cities included in the analysis, the **renter household income was 60% to 67% lower than the income needed to cover a monthly mortgage** for a starter home." – Alexandra Ciuntu, Creative Writer, Point2

Source: https://www.point2homes.com/news/us-real-estate-news/starter-homes-secondary-cities-us.html; 6/6/23

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Economics

Point2

Renters in 41 of the 100 Largest Secondary Markets Make at Least 50% Less Than the Amount Necessary to Cover a Mortgage

41 U.S. Cities Where Renters Can't Afford a Starter Home

In these secondary markets, renters earn 50% or less of the income required to buy a starter home.

Page 1 of 2

City	Renter Household Income	Minimum Yearly Income Needed	Percentage Difference
Burbank, CA	$63K	$193K	-67%
Glendale, CA	$55K	$167K	-67%
Escondido, CA	$48K	$142K	-66%
El Cajon, CA	$45K	$130K	-66%
El Monte, CA	$48K	$138K	-65%
East Los Angeles, CA	$46K	$129K	-65%
Garden Grove, CA	$58K	$161K	-64%
Inglewood, CA	$50K	$134K	-63%
Costa Mesa, CA	$80K	$206K	-61%
Torrance, CA	$77K	$197K	-61%
Downey, CA	$62K	$157K	-61%
Pasadena, CA	$70K	$177K	-60%
Fullerton, CA	$64K	$162K	-60%
Pomona, CA	$49K	$121K	-59%
Paterson, NJ	$40K	$94K	-58%
Yonkers, NY	$51K	$119K	-57%
Orange, CA	$74K	$172K	-57%
Huntington Beach, CA	$83K	$192K	-57%
West Covina, CA	$66K	$153K	-57%
Gresham, OR	$41K	$94K	-56%
Everett, WA	$52K	$118K	-56%

Starter homes are homes valued in the lower one-third of all available homes for sale.
Income as per Census 2021 Estimate.

Source: Point2 • Embed • Created with Datawrapper

41 U.S. Cities Where Renters Can't Afford a Starter Home

In these secondary markets, renters earn 50% or less of the income required to buy a starter home.

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City	Renter Household Income	Minimum Yearly Income Needed	Percentage Difference
Miami Gardens, FL	$36K	$81K	-56%
Irvine, CA	$92K	$203K	-55%
Lancaster, CA	$41K	$89K	-54%
Oceanside, CA	$63K	$138K	-54%
Elizabeth, NJ	$45K	$97K	-54%
Corona, CA	$65K	$141K	-54%
Palmdale, CA	$45K	$96K	-53%
Antioch, CA	$56K	$120K	-53%
Denton, TX	$40K	$83K	-52%
Fontana, CA	$57K	$120K	-52%
Simi Valley, CA	$73K	$152K	-52%
Richmond, CA	$59K	$122K	-52%
Concord, CA	$64K	$132K	-52%
Moreno Valley, CA	$54K	$111K	-51%
Temecula, CA	$71K	$144K	-51%
Hayward, CA	$79K	$159K	-51%
Victorville, CA	$43K	$86K	-50%
Santa Clarita, CA	$67K	$136K	-50%
Santa Ana, CA	$63K	$127K	-50%
Kent, WA	$56K	$113K	-50%

Starter homes are homes valued in the lower one-third of all available homes for sale.
Income as per Census 2021 Estimate.

Source: Point2 • Embed • Created with Datawrapper

Source: https://www.point2homes.com/news/us-real-estate-news/starter-homes-secondary-cities-us.html; 6/6/23

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Point2

Renters in 41 of the 100 Largest Secondary Markets Make at Least 50% Less Than the Amount Necessary to Cover a Mortgage

"Take **Burbank, CA**. In this secondary city of the LA metro, the average renter household income was $63,127, but **the amount needed to cover mortgage payments was *triple* that** at $192,616. This means that the average first-time buyer in Burbank is $129,489 (or 67%) short of comfortably affording a starter home. Renters in **Glendale** deal with the same 67% difference compared to the income needed to become home owners, although they would be about $111,452 away from the amount needed to comfortably cover the mortgage on a starter home.

Similarly, in seven other tier-2 markets – all in the Los Angeles metro area – renters were more than $100,00 short. In **Garden Grove, Pasadena, Huntington Beach, Torrance**, **Irvine**, **Costa Mesa, and Fremont**, the minimum yearly income necessary to land an entry-level home ranged from $161,400 to more than $223,500 when, in fact, renter household median income here was between $57,682 and $121,000.

But it's not just California. Should they want to transition to homeownership, renters across non-core cities are held in place by **significant income gaps** – **sometimes more than double the income they actually make**. Such was the case in **Yonkers, NY**, and **Paterson, NJ.** Renters in both these satellite cities within the New York-Newark-Jersey City metro lacked 57%-58% of the amount needed to comfortably cover a monthly mortgage on an entry-level home." – Alexandra Ciuntu, Creative Writer, Point2

Source: https://www.point2homes.com/news/us-real-estate-news/starter-homes-secondary-cities-us.html; 6/6/23

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Economics

Point2

Home ownership Within Renters' Grasp in 15 Non-Core Cities: All It Takes Is a Few Months' Worth of Income Extra

Would-be buyers in Independence, MO, & Broken Arrow, OK, are just 2% & 5% short of the amount they would need to afford a starter home

"In an ideal housing market, the monthly mortgage, insurance, and property tax payments should not exceed 30% of one's gross monthly income. But, the market has long been far from ideal for first-time buyers.

While some secondary markets require incomes that are more than double the amount of the average renter household in order to get a foot on the property ladder, others allow for a less straining financial effort. More precisely, **would-be buyers in 15 non-core cities lacked 2% to 23% of the income they would need** to make their home ownership dream come true **(the equivalent of a few more months' on top** of what they already earn).

Such quasi-affordable pockets included **Independence, MO, and Broken Arrow, OK**. Here, the **differences between renter income and the necessary income for a starter home were 2% and 5%**, respectively, and could be covered with less than one month's extra income.

Interestingly, the median renter household income in **Independence** – a secondary city within the Kansas City metro – was one of the lowest at just over $38,100. The good news is that **median starter home prices here were the cheapest among the 100 cities analyzed** (nearly $137,500), which goes hand in hand with the only monthly payment amount below $1,000 on the list." – Alexandra Ciuntu, Creative Writer, Point2

Source: https://www.point2homes.com/news/us-real-estate-news/starter-homes-secondary-cities-us.html; 6/6/23

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Economics

15 U.S. Cities Where Renters Could Almost Afford a Starter Home

In these secondary markets, renters lack less than 25% of the income required to buy a starter home.

City	Renter Household Income	Minimum Yearly Income Needed	Percentage Difference
Independence, MO	$38K	$39K	-2%
Broken Arrow, OK	$51K	$54K	-5%
Aurora, IL	$54K	$60K	-9%
League City, TX	$67K	$77K	-13%
Spring Valley, NV	$52K	$60K	-13%
Coral Springs, FL	$57K	$67K	-14%
Pasadena, TX	$44K	$51K	-14%
Joliet, IL	$41K	$47K	-14%
Hampton, VA	$41K	$49K	-15%
Irving, TX	$61K	$76K	-19%
Norman, OK	$36K	$45K	-19%
Overland Park, KS	$63K	$78K	-19%
Pearland, TX	$68K	$84K	-20%
Sterling Heights, MI	$48K	$61K	-22%
Pembroke Pines, FL	$54K	$70K	-23%

Starter homes are homes valued in the lower one-third of all available homes for sale.
Income as per Census 2021 Estimate.
Source: Point2 • Embed • Created with Datawrapper

Point2

"Meanwhile, in six other non-core cities, the gap in earnings could be bridged with an additional 1-2 months' worth of income. Currently, the average renter in **Aurora, IL; Spring Valley, NV; League City, TX; Pasadena, TX; Coral Springs, FL; and Joliet, IL** earns 9% to 14% less than what they would need to buy a median starter home. For example, the average renter in Joliet makes $40,761 but would need to make close to $47,350 to cover the monthly mortgage, taxes, and insurance for an entry-level home.

Regardless of what a starter home means nowadays, the fact remains that the once-ubiquitous entry-level home is now almost extinct – just like the dream of comfortably owning one. And, as secondary markets try on the pricey shoes of the primary ones, there's no telling where the domino effect will eventually halt and when the demise of the starter home concept will be complete." – Alexandra Ciuntu, Creative Writer, Point2

Source: https://www.point2homes.com/news/us-real-estate-news/starter-homes-secondary-cities-us.html; 6/6/23

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U.S. Census Bureau

NEW Business Formation Statistics

April 2023

Business Applications

“” – U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 6/12/23

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U.S. Census Bureau

NEW Business Formation Statistics

April 2023

BUSINESS APPLICATIONS

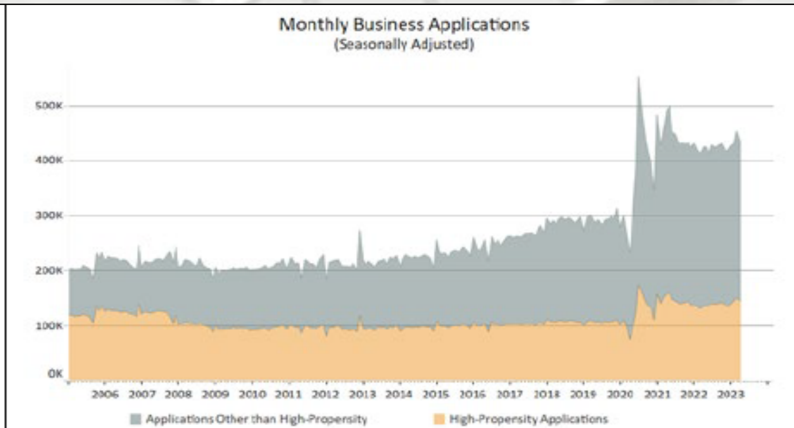
U.S. Business Applications:	APR 2023	APR 2023 / MAR 2023
Total	433,894	-4.2%°
High-Propensity	145,305	-3.8%°
With Planned Wages	49,803	-4.6%°
From Corporations	49,663	0.9%°

Next release: June 20, 2023

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, May 12, 2023



Source: U.S. Census Bureau, Business Formation Statistics, May 12, 2023

Business Applications - At a Glance





		US	Northeast	Midwest	South	West
Total	APR 2023	433,894	63,352	68,937	200,522	101,083
	APR 2023 / MAR 2023	-4.2%	-4.2%	-3.5%	-2.7%	-7.2%
High-Propensity	APR 2023	145,305	23,331	22,314	64,400	35,260
	APR 2023 / MAR 2023	-3.8%	-4.6%	-4.5%	-1.7%	-6.7%
With Planned Wages	APR 2023	49,803	6,751	8,551	22,083	12,418
	APR 2023 / MAR 2023	-4.6%	-5.1%	-3.9%	-3.2%	-7.0%
From Corporations	APR 2023	49,663	10,953	6,035	18,256	14,419
	APR 2023 / MAR 2023	+0.9%	-2.3%	-0.4%	+3.0%	+1.3%

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

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

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U.S. Census Bureau

April 2023

BUSINESS FORMATIONS

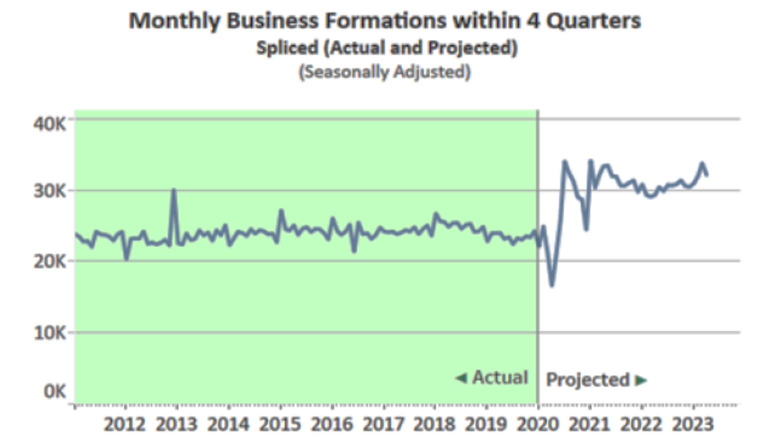
U.S. Total Projected Business Formations:	APR 2023	APR 2023 / MAR 2023
Within 4 Quarters	32,132	-4.7%°
Within 8 Quarters	41,376	-4.0%°

Next release: June 20, 2023

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

Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, May 12, 2023



Source: U.S. Census Bureau, Business Formation Statistics, May 12, 2023

Projected Business Formations - At a Glance





		US	Northeast	Midwest	South	West
Within 4 Quarters	APR 2023	32,132	4,994	5,081	13,098	8,959
	APR 2023 / MAR 2023	-4.7%	-5.5%	-3.0%	-4.0%	-6.3%
Within 8 Quarters	APR 2023	41,376	6,558	6,426	16,871	11,521
	APR 2023 / MAR 2023	-4.0%	-4.8%	-4.1%	-2.7%	-5.4%

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

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

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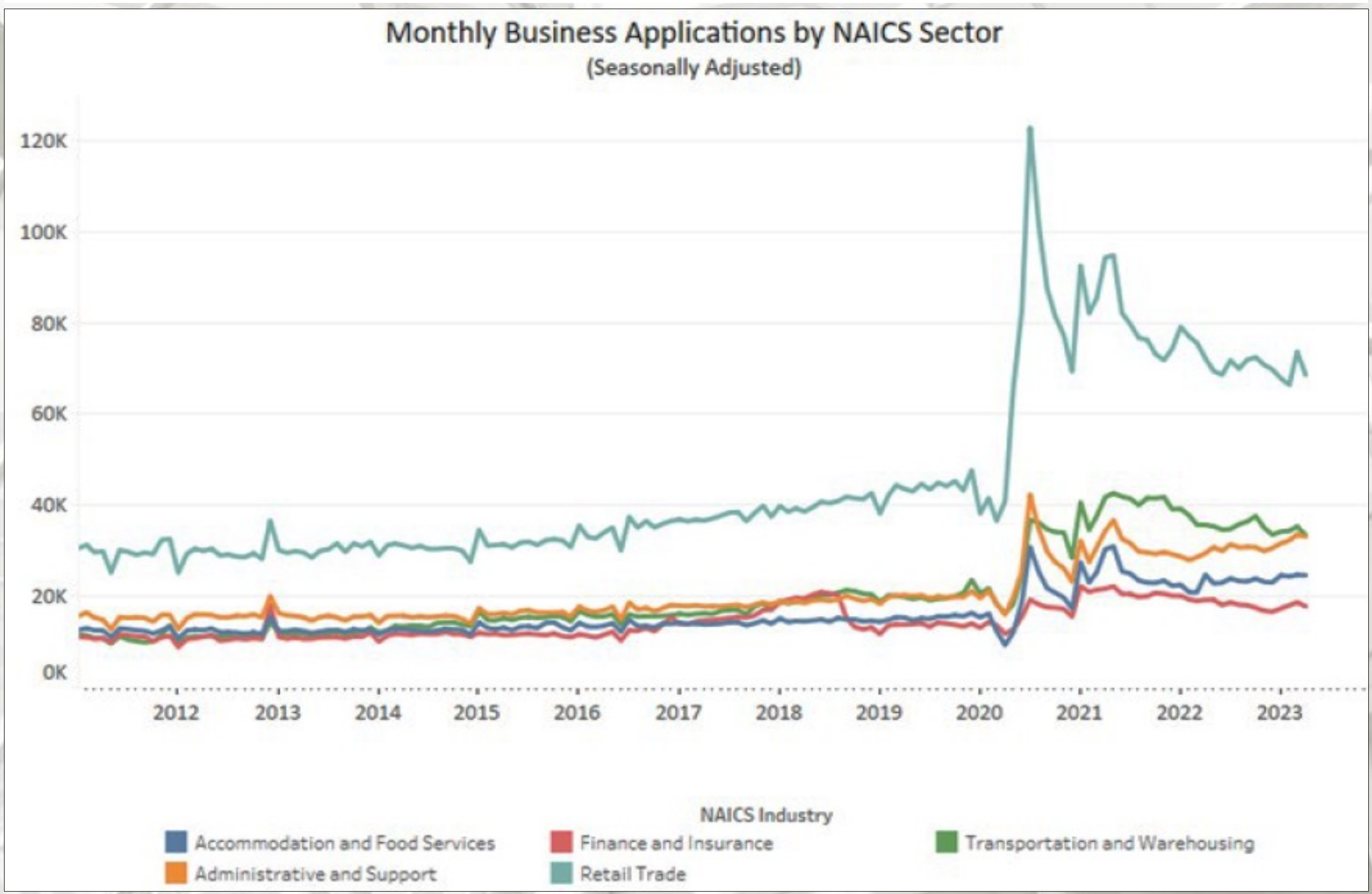
NEW Business Formation Statistics

April 2023



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