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

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2023 Virginia Polytechnic Institute and State University VCE-ANR

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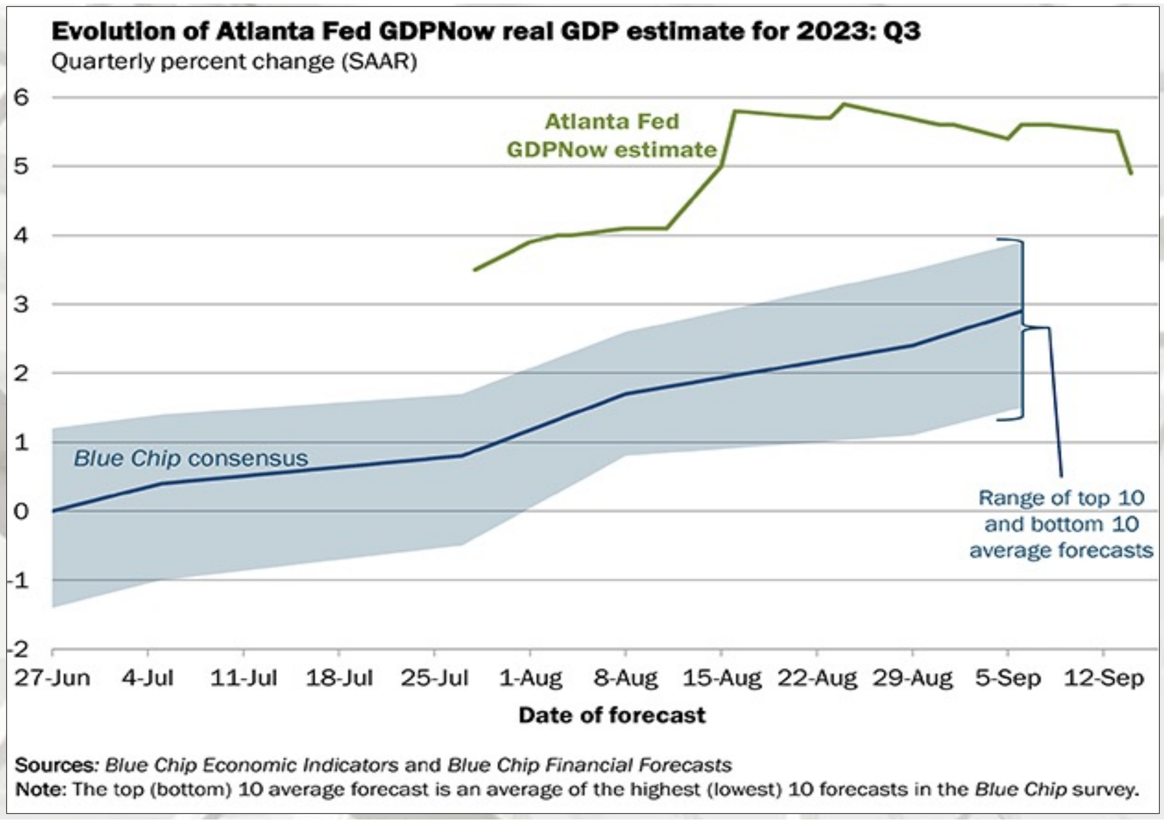
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 4.9 percent — September 14, 2023

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2023 is **4.9 percent** on September 14, down from 5.6 percent on September 8. After recent releases from the US Census Bureau, the US Bureau of Labor Statistics, and the US Department of the Treasury's Bureau of the Fiscal Service, the nowcasts of third-quarter real personal consumption expenditures growth, third-quarter real gross private domestic investment growth, and third-quarter real government spending growth decreased from 4.0 percent, 11.7 percent, and 2.3 percent, respectively, to 3.5 percent, 10.6 percent, and 1.9 percent." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 9/14/23

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The Federal Reserve Bank of Boston

New England Economic Conditions through September 5, 2023

Key Takeaways

- "Nonfarm payroll employment in New England has fully recovered from the COVID-19 pandemic, with its July figure 0.3 percent higher than the February 2020 figure. However, the job recovery has been uneven across states and sectors. The employment levels in Rhode Island and Vermont are still more than 2 percent lower than their pre-pandemic values. The leisure and hospitality sector has faced a serious labor shortage and remains 6.6 percent below its pre-pandemic level.
- At 2.7 percent, the unemployment rate in New England for July 2023 was lower than both the national rate and its own pre-pandemic level. With rates under 2 percent, New Hampshire and Vermont boast the two lowest jobless rates in the nation. However, the low unemployment rate is partly driven by the weak recovery of labor force participation amid population aging in the region.
- The Boston area has experienced a steady decline in overall inflation since last fall. The year-over-year change in the Consumer Price Index for Boston in July 2023 was 2.8 percent, which was 0.4 percentage point lower than the national inflation rate. The overall price increase was largely due to a 7.2 percent rise in shelter prices, which was partially offset by a decrease of more than 20 percent in prices for gasoline and utility gas services.
- The residential real estate market in the region continued to experience positive annual price appreciation. Maine, Connecticut, and New Hampshire had the largest house-price-growth rates nationwide from the second quarter of 2022 to the second quarter of 2023. However, with a rising vacancy rate and modest annual rent increase, the office market in the Boston area faces challenges."
  – Bo Zhao, Senior Economist Research, The Federal Reserve Bank of Boston

Source: https://www.bostonfed.org/publications/new-england-economic-conditions/2023/september.aspx; 9/7/23

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The Federal Reserve Bank of Boston

New England Economic Conditions through September 5, 2023

Source: https://www.bostonfed.org/publications/new-england-economic-conditions/2023/september.aspx; 9/7/23

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

Index Points to a Pickup in Economic Growth in July

"*Led by improvements in production-related indicators, the Chicago Fed National Activity Index (CFNAI) rose to +0.12 in July from –0.33 in June. Two of the four broad categories of indicators used to construct the index increased from June, and two of the four categories made positive contributions in July. The index's three-month moving average, CFNAI-MA3, ticked up to –0.13 in July from –0.15 in June.*

The CFNAI Diffusion Index, which is also a three-month moving average, edged up to –0.05 in July from –0.08 in June. Forty-five of the 85 individual indicators made positive contributions to the CFNAI in July, while 40 made negative contributions. Forty-nine indicators improved from June to July, while 35 indicators deteriorated, and one was unchanged. Of the indicators that improved, 15 made negative contributions.

Production-related indicators contributed +0.18 to the CFNAI in July, up from –0.36 in June. Industrial production increased 1.0 percent in July after decreasing 0.8 percent in the previous month. The contribution of the sales, orders, and inventories category to the CFNAI moved down to –0.05 in July from +0.02 in June.

Employment-related indicators contributed –0.02 to the CFNAI in July, down slightly from +0.01 in June. The contribution of the personal consumption and housing category to the CFNAI ticked up to +0.02 in July from a neutral value in June." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 8/24/23

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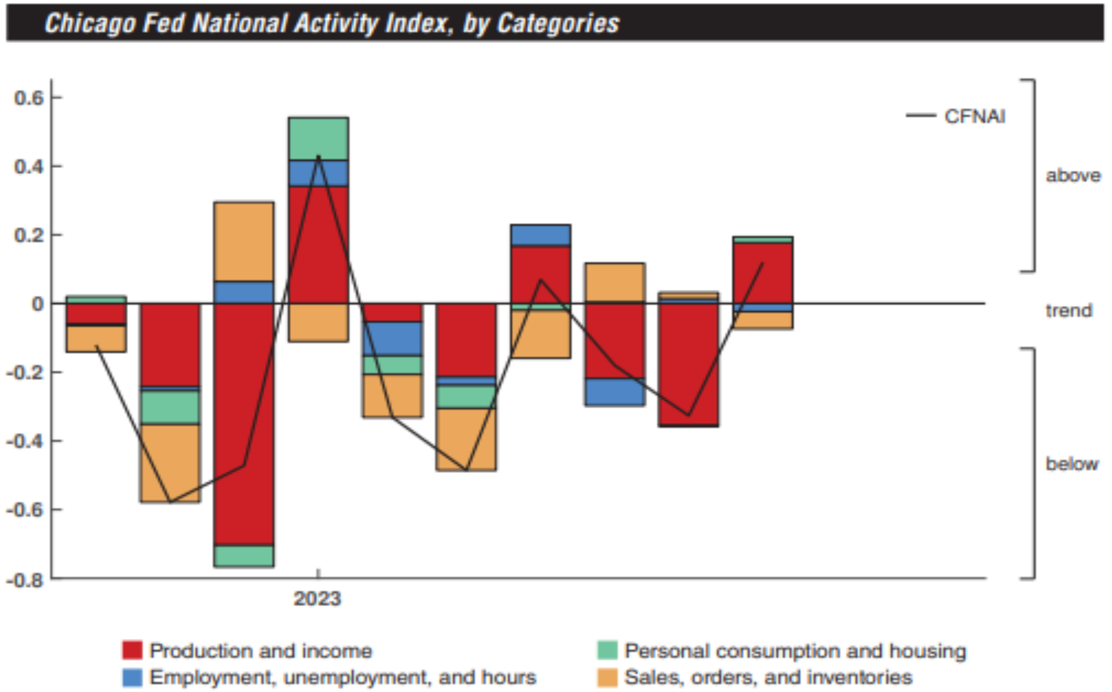
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)



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

	Jul '23	Jun '23	May '23	Apr '23	Mar '23	Feb '23	Jul '22
CFNAI							
Current	+0.12	–0.33	–0.18	+0.07	–0.49	–0.33	+0.24
Previous	N/A	–0.32	–0.28	+0.13	–0.47	–0.33	+0.24
CFNAI–MA3							
Current	–0.13	–0.15	–0.20	–0.25	–0.13	–0.12	–0.08
Previous	N/A	–0.16	–0.21	–0.22	–0.12	–0.12	–0.08
CFNAI Diffusion							
Current	–0.05	–0.08	–0.13	–0.22	–0.10	0.00	–0.05
Previous	N/A	–0.12	–0.17	–0.21	–0.10	0.00	–0.04

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

Source: https://www.chicagofed.org/publications/cfnai/index; 8/24/23

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

Survey Suggests Growth Picked Up in August

“The Chicago Fed Survey of Economic Conditions (CFSEC) Activity Index increased to increased to –23 in August from –31 in July, suggesting that economic growth was below trend. The CFSEC Manufacturing Activity Index increased to –22 in August from –45 in July, but the CFSEC Nonmanufacturing Activity Index decreased to –24 in August from –20 in the previous month.

- Respondents’ outlooks for the U.S. economy for the next 12 months deteriorated, and remained pessimistic on balance. Forty-eight percent of respondents expected a decrease in economic activity over the next 12 months.
- The pace of current hiring decreased, as did respondents’ expectations for the pace of hiring over the next 12 months. Both hiring indexes remained negative.
- Respondents’ expectations for the pace of capital spending over the next 12 months was unchanged, so the capital spending expectations index remained negative.
- The labor cost pressures index increased, 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; 8/24/23

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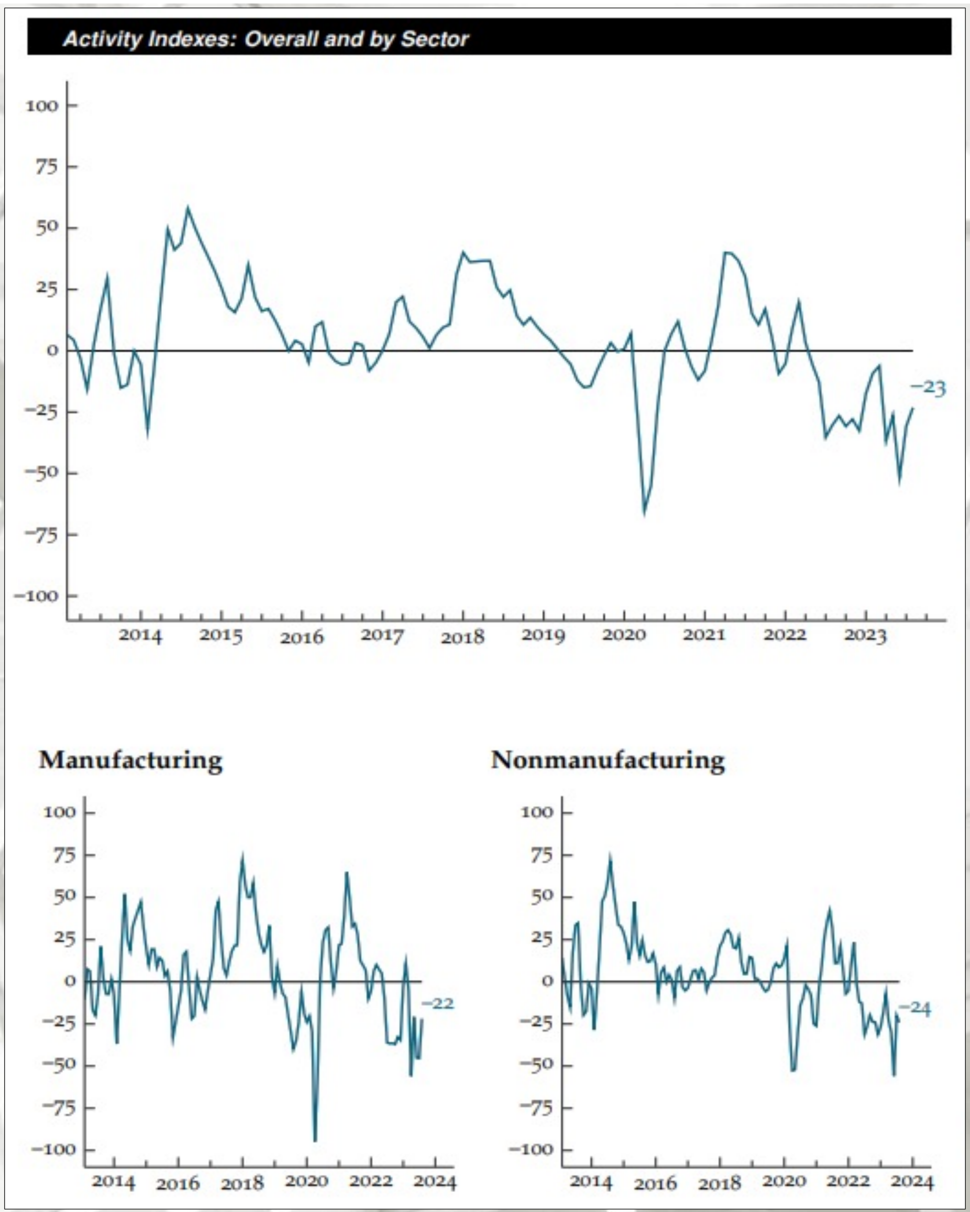
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)



Source: https://www.chicagofed.org/research/data/cfsec/current-data; 8/24/23

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Texas manufacturing activity weakens, employment growth slows

"Texas factory activity contracted again in August, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell six points to -11.2—its lowest level since May 2020.

Other measures of manufacturing activity also indicated contraction in August. The new orders index has been in negative territory for more than a year and posted a reading of -15.8, up slightly from July. The capacity utilization index edged down to -3.7, and the shipments index dropped 14 points to -15.8. The capital expenditures index dropped to -8.6, a three-year low.

Perceptions of broader business conditions continued to worsen in August. The general business activity index stayed negative but ticked up to -17.2, while the company outlook index was largely unchanged at -18.4. Uncertainty regarding outlooks continued to rise, with the corresponding index remaining positive, though it fell eight points in August to its lowest reading in more than two years.

Labor market measures suggest slower growth in employment and shorter workweeks in August. The employment index decreased six points to 4.3, a reading below the series average of 7.8 . Eighteen percent of firms noted net hiring, while 14 percent noted net layoffs. The hours worked index slipped back into negative territory, coming in at -3.8.

Price pressures remained rather subdued in August, while wage growth accelerated. The raw materials prices index rose seven points to 17.4, still well below its average reading of 27.6. The finished goods prices index held steady at 1.8, a reading suggestive of little price growth this month. The wages and benefits index shot up 16 points to 34.9, pushing past its average reading of 21.1." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 8/28/23

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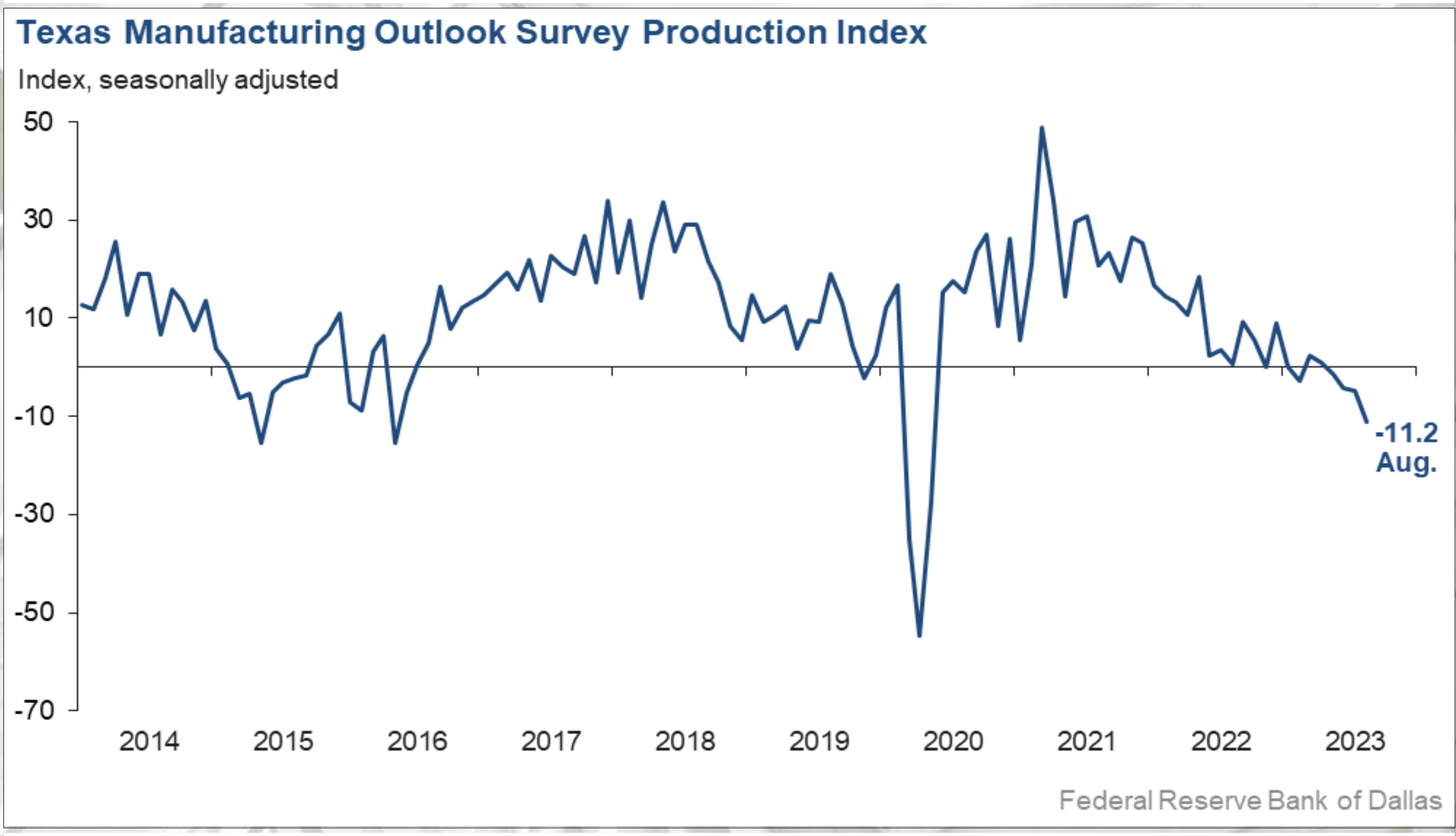
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity were mixed in August. The future production index remained positive but slipped to 6.3. The future general business activity index returned to negative territory after pushing positive last month, coming in at -3.3. Most other measures of future manufacturing activity retreated this month but remained in positive territory." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 8/28/23

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Growth in service activity continues as price and wage pressures pick up in August

"Texas service sector activity expanded at a slightly faster pace in August compared with the prior month, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, increased three points to 16.2.

Labor market indicators pointed to steady growth in employment and workweeks. The employment index remained stable at 9.3, indicating the same employment growth as the previous month. The part-time employment index increased three points to 2.8, while the hours worked index was relatively unchanged at 2.4.

Perceptions of broader business conditions worsened slightly in August. The general business activity index increased two points but remained negative at -2.7. The company outlook index edged down to -1.2. The outlook uncertainty index was unchanged at 11.6 — below the series average of 13.5.

Price and wage pressures increased in August. The input prices index rose from 31.7 to 37.8, and the selling prices index increased four points to 14.2, as both indexes remained above their series averages. The wages and benefits index also increased four points to 20.4, the highest level since January and above its average reading of 15.8." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 8/29/23

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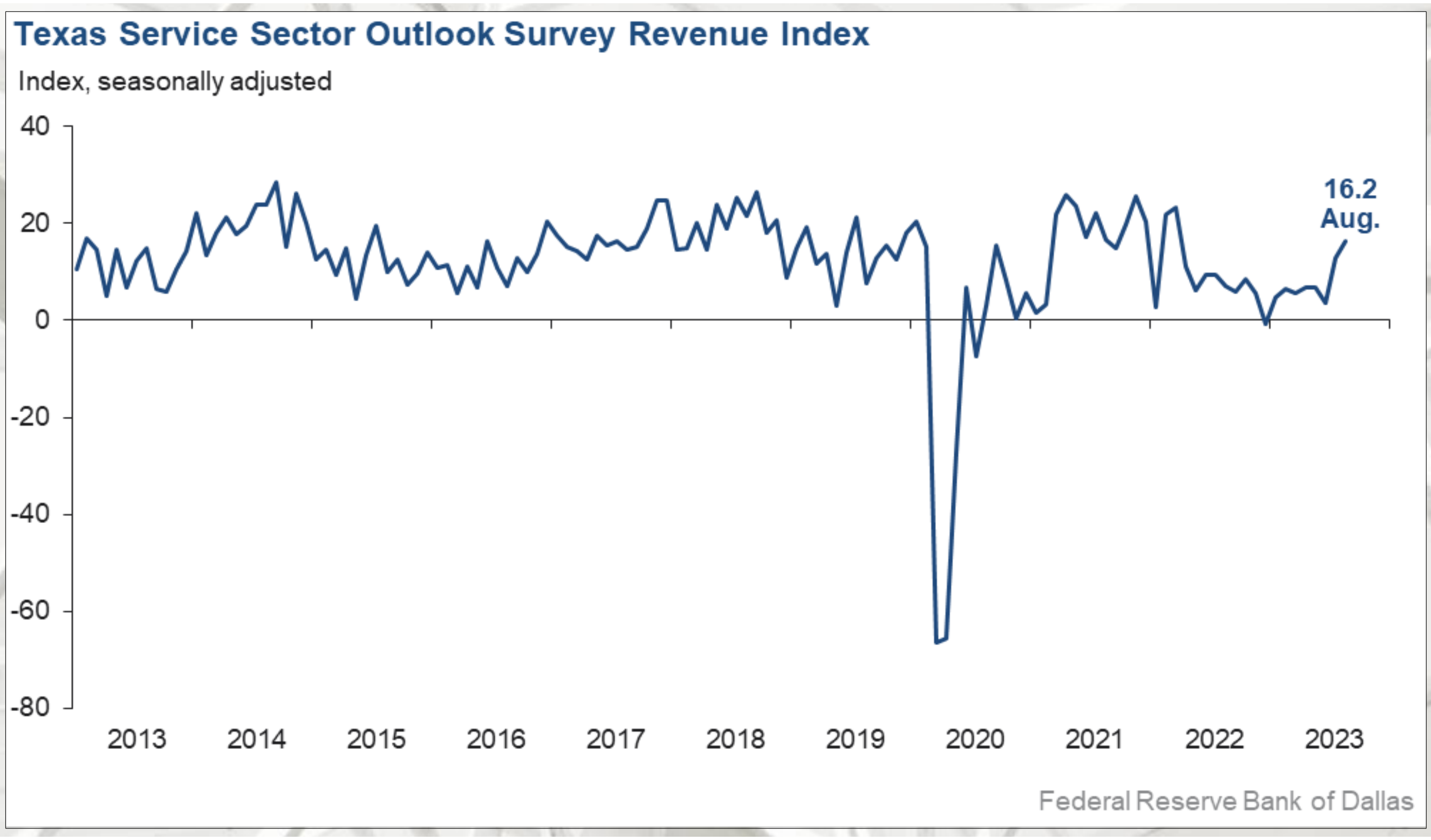
The Federal Reserve Bank of Dallas



Texas Service Sector Outlook Survey

“Respondents’ expectations regarding future business activity held steady in August. The future general business activity index was relatively unchanged at 3.9. The future revenue index improved two points to 37.3. Other future service sector activity indexes such as employment and capital expenditures displayed mixed movements but 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; 8/29/23

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas Retail Sales see little growth

"Retail sales were flat in August, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, inched up from -2.4 to -0.6, with the near-zero reading suggestive of no change in sales from last month. Retailers' inventories grew at a faster rate, with the index increasing from 12.0 to 17.2.

Retail labor market indicators reflected steady growth in employment and continued shortening of workweeks in August. The employment index was unchanged at 3.0. The part-time employment index was also largely unchanged at -1.7 while the hours worked index fell from -7.6 to -10.1.

Retailers' perceptions of broader business conditions continued to worsen in August, though pessimism waned. The general business activity index increased from -18.1 to -4.0, and the company outlook index rose six points to -4.5. The outlook uncertainty index fell from 24.6 to 16.9.

Price and wage pressures increased in August. The selling prices index rose eight points to 16.5, and the input prices index increased seven points to 26.9. The wages and benefits index jumped from 10.5 to 19.0." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 8/29/23

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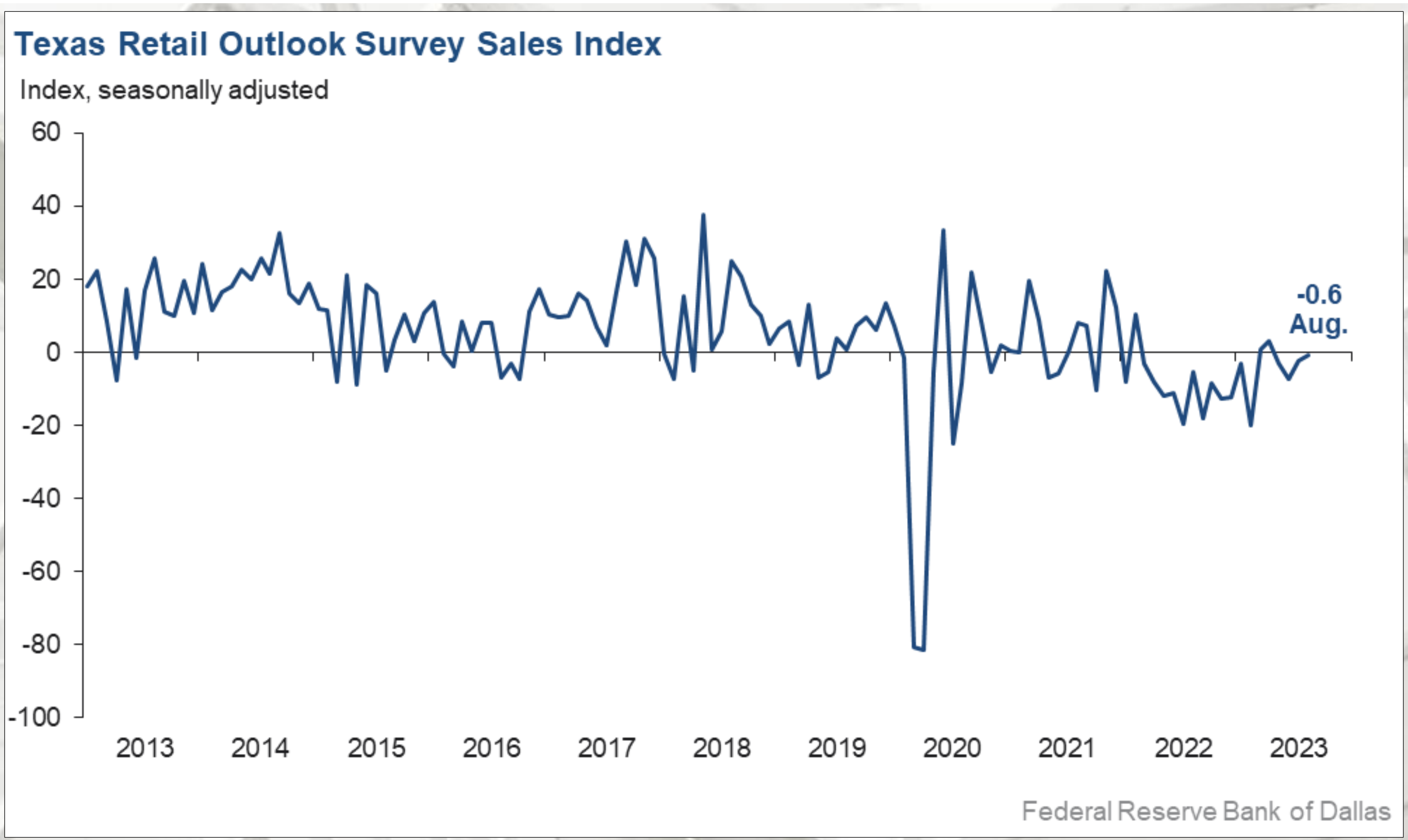
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 8/29/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Was Unchanged in August

Regional factory activity was basically flat in August. Firms also reported another decline in finished product prices but anticipate output prices to rise in coming months.

Factory Activity Was Unchanged

“Tenth District manufacturing activity was unchanged in August, and expectations for future activity rose slightly (Chart 1). District firms’ finished product prices continued to decline on a monthly basis even as raw materials prices increased. Firms continue to expect input and output price increases in the next six months.

The month-over-month composite index was 0 in August, up from -11 in July and -12 in June. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The change from last month was primarily driven by increases in printing, wood production, and furniture manufacturing. The month-over-month indexes were mixed, but all increased from previous readings except the number of employees which cooled slightly and new orders for exports which declined further. The production and volume of shipments indexes increased significantly, while the materials inventory index continued to decrease as finished goods inventories picked up.” – 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; 8/24/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Was Unchanged

"Factory activity decreased further on a year-over-year basis. The composite index decreased to -9 in August from -4 in July, but was up from -12 in June. Production stayed flat, while new orders and materials inventory fell and capital expenditures growth cooled. The future composite index increased to 2 in August from -2 in July, as firms expect production and new orders to grow somewhat in the next six months.

Special Questions

This month contacts were asked special questions about changes in wages and prices. 44% of firms reported that wages have increased by 6-10% in the last year, while 34% reported an increase of less than 5% and about 15% said wages had risen more than 10%. However, for the coming year, nearly three-quarters of firms expect wages to increase less than 5%. Additionally, nearly a third of firms reported that prices for their company's products or services have increased by less than 5%, while 29% reported a 6-10% increase, and 2% reported an increase of 11-15%. In the next 12 months, nearly half of all firms surveyed expect their prices to increase by less than 5%, while 28% expect a 6-10% increase." – 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; 8/24/23

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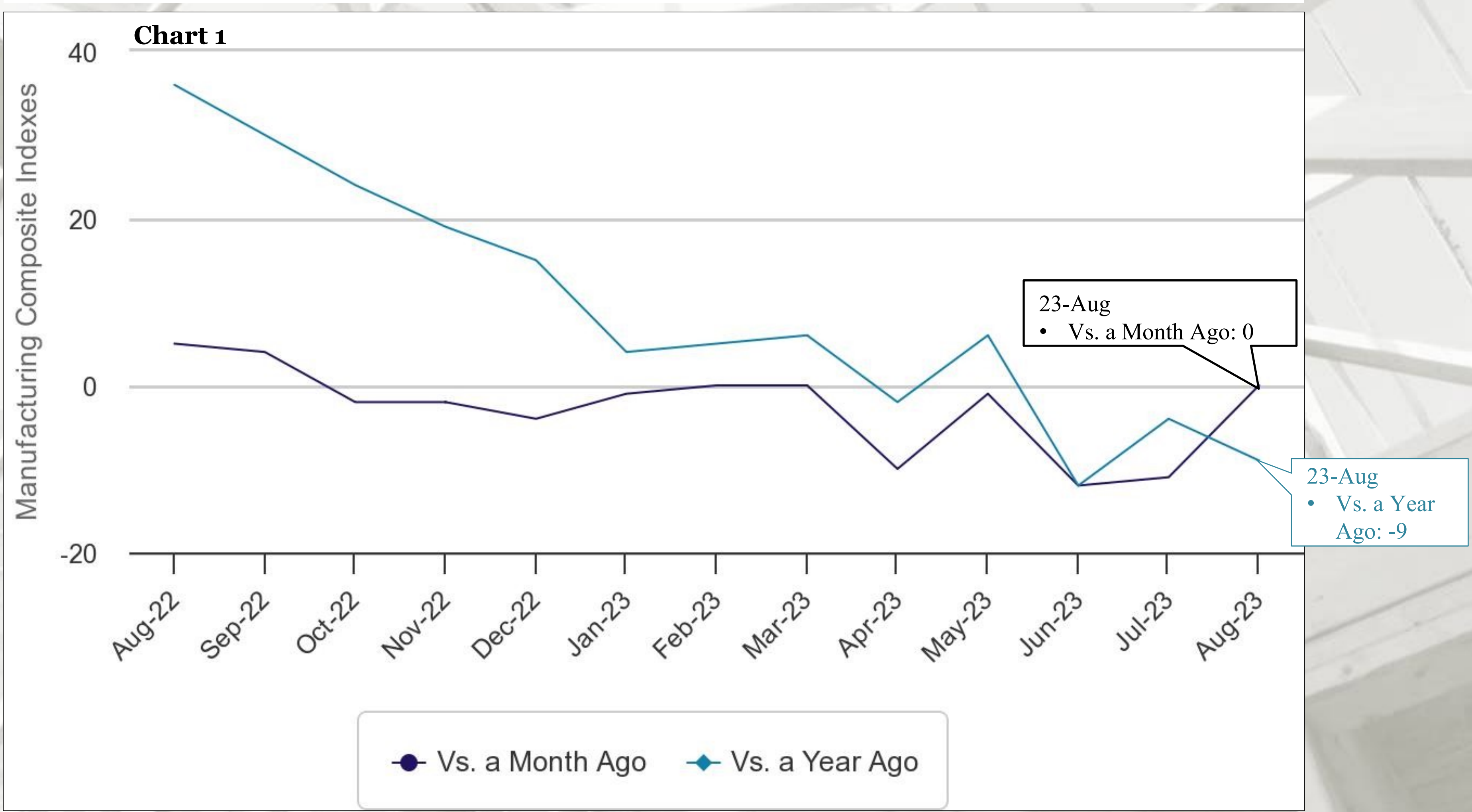
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 8/24/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Remained Flat in August

District services activity was largely unchanged in August. Input costs increased more than selling prices, but employment activity picked up slightly.

Business Activity Remained Flat

"Tenth District services activity remained flat in August, and expectations for the next six months continued to grow modestly (Chart 1). District firms held selling prices constant even as input prices increased further. Contacts continue to expect input prices to increase at a faster pace than selling prices.

The month-over-month services composite index was -1 in August, unchanged from -1 in July and down from 14 in June. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Wholesale firm revenues increased substantially, while autos and retail trade declined significantly. Most month-over-month indexes stayed fairly constant. However, the general revenues/sales index decreased further from -1 to -7, while employment increased from -4 to 4. The part-time/temporary employment and selling prices indexes also decreased from previous readings. The year-over-year composite index increased to 5 from -11, as declines in revenues moderated and employment and inventories picked up. Expectations for services activity remained unchanged at a reading of 4 as firms anticipate steady revenue and increases in employment and inventories to continue." – 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; 8/25/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Activity Remained Flat

Special Questions

“This month contacts were asked special questions about changes in wages and prices. Roughly one-third of firms reported that wages increased by less than 5% or did not change in the last year, while about one-third of firms reported a 6-10% increase and nearly one-third reported an 11-20% increase. However, in the coming year, nearly half of firms expect wages to increase by less than 5%, while 22% expect wages to decrease or stay the same and 30% expect a 6-20% increase. Similarly, 38% of firms reported that prices for their products or services increased by 6-10% since the beginning of the year, while 38% reported an increase of less than 5% or no change, and 16% reported an 11-15% increase. In the next 12 months, 44% of firms anticipate their prices will increase by less than 5%, 30% of firms expect a 6-10% increase, and 19% expect prices to hold steady.” – 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; 8/25/23

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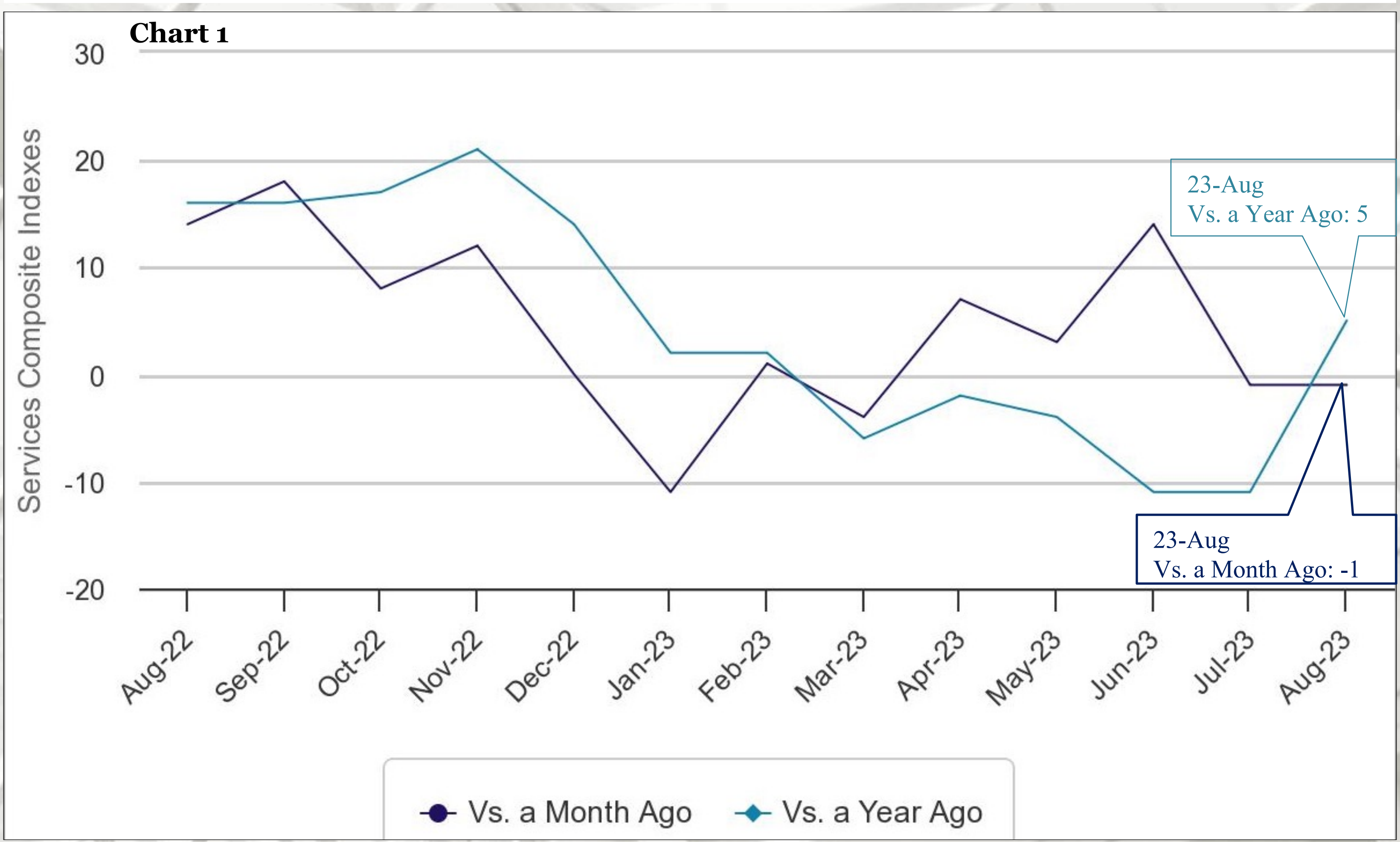
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 8/25/23

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The Federal Reserve Bank of New York

September 2023 Manufacturing Survey

Activity Falls

"Business activity declined in New York State, according to firms responding to the September 2023 *Empire State Manufacturing Survey*. The headline general business conditions index fell twenty points to -19.0. New orders and shipments fell significantly. Delivery times were steady, and inventories moved lower. Labor market indicators pointed to steady employment levels but a shorter average workweek. Input and selling price increases picked up, and capital spending plans firmed somewhat. Looking ahead, firms grew more optimistic about the six-month outlook.

" – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/15/23

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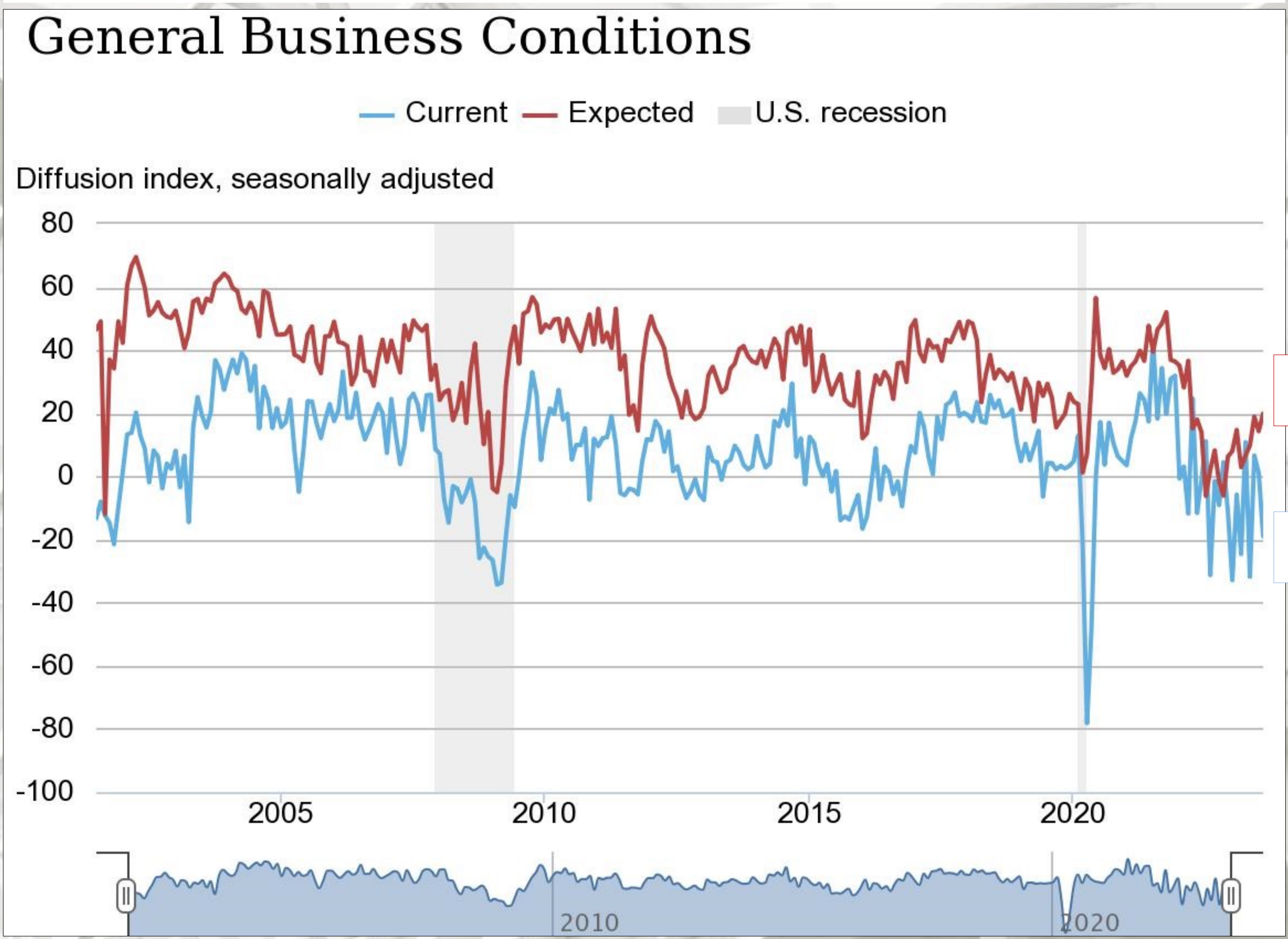
The Federal Reserve Bank of New York



Sep 2023
19.9

Sep 2023
-19.0

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/15/23

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The Federal Reserve Bank of New York

September 2023 Manufacturing Survey

Price Increases Pick Up, But From Low Levels

“The index for number of employees came in at -1.4, indicating little change in employment levels. The average workweek index fell to -10.7, indicating a decline in hours worked. Both the input and selling price indexes moved up several points, but from relatively low levels, pointing to a modest pickup in the pace of price increases.

Firms Becoming More Optimistic

The index for future business conditions rose six points to 19.9, its highest level in more than a year, suggesting firms have become more optimistic about future conditions. New orders and shipments are expected to increase significantly, and employment is expected to grow considerably. Input price increases are expected to pick up. The capital spending index climbed eleven points to 13.6, suggesting that capital spending plans firmed somewhat.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/15/23

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The Federal Reserve Bank of New York

September Empire State Business Leaders Survey (Services)

Activity Steadies

“Business activity was little changed in New York State, according to firms responding to the September 2023 *Empire State Manufacturing Survey*. The headline general business conditions index rose twenty-one points to 1.9. New orders and shipments increased. Delivery times remained steady, and inventories continued to contract. Labor market indicators pointed to a slight decline in employment levels and the average workweek. The pace of input price increases was similar to last month, while selling price increases picked up. Looking ahead, firms continued to grow more optimistic about the six-month outlook.

Manufacturing activity held steady in New York State, according to the September survey. After dropping sharply last month, the general business conditions index reversed course and climbed twenty-one points to 1.9. Twenty-seven percent of respondents reported that conditions had improved over the month, while twenty-five percent reported that conditions had worsened. The new orders index shot up twenty-five points to 5.1, and the shipments index also rose twenty-five points to 12.4, pointing to an increase in orders and shipments. The unfilled orders index remained below zero at -5.2, a sign that unfilled orders continued to decline. Similarly, the inventories index came in at -6.2, indicating that inventories contracted again. The delivery times index ticked up to 2.1, suggesting little change in delivery times.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/15/23

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The Federal Reserve Bank of New York

September Empire State Manufacturing Survey (Services)

Labor Market Indicators Soft

“The index for number of employees came in at -2.7, indicating a slight decline in employment levels, and the average work week index edged up to -5.0, indicating another monthly decline in hours worked. The prices paid index held steady at 25.8, pointing to little change in the pace of input price increases, while the prices received index rose seven points to 19.6, signaling a modest pickup in the pace of selling price increases.

Optimism Continues To Grow

The index for future business conditions rose six points to 26.3, its highest level in more than a year, suggesting that firms have become more optimistic about future conditions. New orders and shipments are expected to increase significantly in the months ahead, and employment is expected to grow. The capital spending index edged down to 10.3, suggesting that capital spending plans remained somewhat weak.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/15/23

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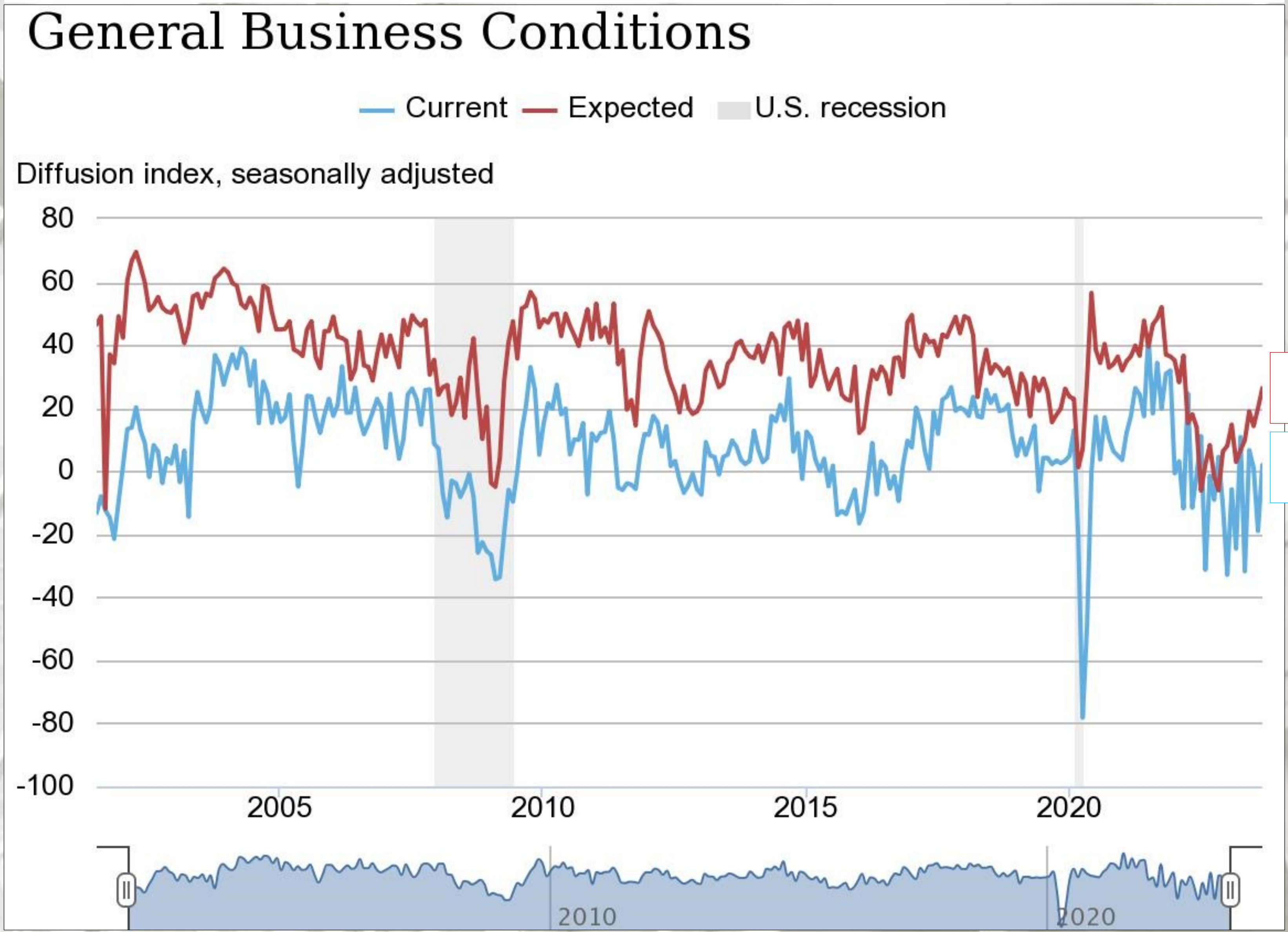
The Federal Reserve Bank of New York



Sep 2023
26.3

Sep 2023
1.9

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/15/23

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The Federal Reserve Bank of Philadelphia

August 2023 Manufacturing Business Outlook Survey

Key Current Indicators Turn Positive

“Manufacturing activity in the region expanded overall, according to the firms responding to the August *Manufacturing Business Outlook Survey*. The survey’s indicators for general activity, new orders, and shipments were all positive for the first time since May 2022. However, the firms reported a decline in employment, on balance. The price indexes remained near long-run averages. Expectations for growth over the next six months were less widespread, as most of the survey’s future indexes remained positive but declined.

The diffusion index for current general activity rose from a reading of -13.5 last month to 12.0 this month (see Chart), its first positive reading since August 2022. Almost 25 percent of the firms reported increases (up from 17 percent from last month), exceeding the 13 percent reporting decreases (down from 30 percent); 58 percent of the firms reported no change in current activity (up from 49 percent last month). The index for new orders – which had been negative for 14 consecutive months – climbed 32 points to 16.0, and the shipments index rose 18 points to 5.7.

On balance, the firms reported a decline in employment, and the employment index moved down 5 points to -6.0. Over 18 percent of the firms reported a decrease in employment, compared with 12 percent that reported an increase; most firms (70 percent) reported no change. The average workweek index rose 9 points to 6.3.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-08; 8/17/23

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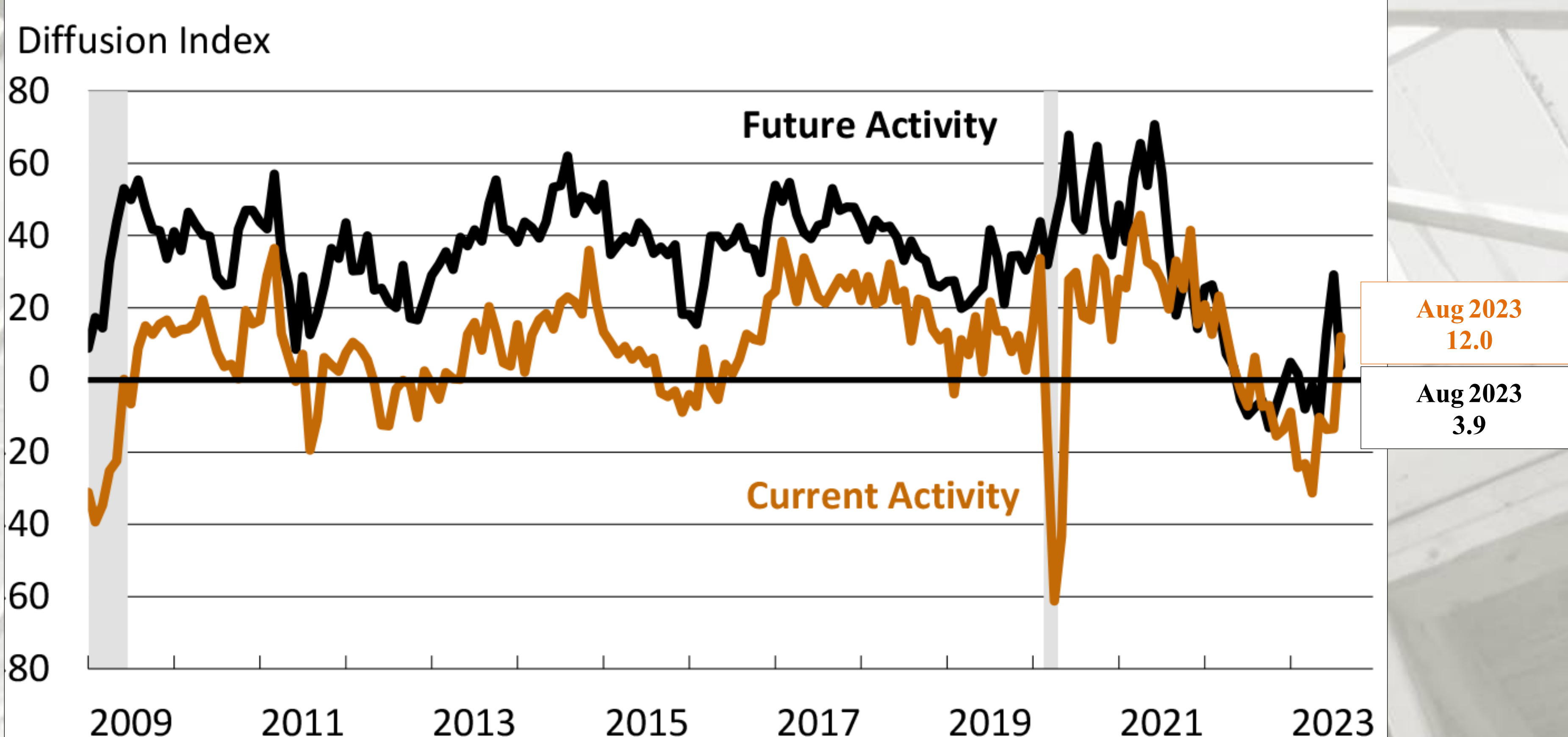
The Federal Reserve Bank of Philadelphia

August 2023 Manufacturing Business Outlook Survey

Chart. Current and Future General Activity Indexes

January 2009 to August 2023



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/mbos-2023-08; 8/17/23

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The Federal Reserve Bank of Philadelphia

August 2023 Manufacturing Business Outlook Survey

Price Indexes Remain Near Long-Run Averages

"On balance, the firms reported overall increases in prices, but both price indexes remain near their long-run averages. The prices paid diffusion index rose 11 points to 20.8. More than 27 percent of the firms reported increases in input prices, while 6 percent reported decreases; 66 percent reported no change. The current prices received index decreased 9 points to 14.1. More than 27 percent of the firms reported increases in the prices of their own goods, 13 percent reported decreases, and 59 percent reported no change.

Firms Expect Lower Increases in Prices from Last Quarter

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 over the next year, the firms' median forecast was for an expected increase of 4.0 percent, down from 4.5 percent when this question was last asked in May. The firms reported a median increase of 5.0 percent in their own prices over the past year, down from 6.0 percent last quarter. The firms' median forecast for the rate of inflation for U.S. consumers over the next year was 4.0 percent, down from 5.0 percent in May. Over the long run, the firms' median forecast for the 10-year average inflation rate was 3.5 percent, up slightly from 3.3 percent." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-08; 8/17/23

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The Federal Reserve Bank of Philadelphia

August 2023 Manufacturing Business Outlook Survey

Future Indicators Soften

“The diffusion index for future general activity dropped 25 points to 3.9, its lowest reading since May (see Chart). Almost 27 percent of the firms expect an increase in activity over the next six months, slightly exceeding the 23 percent that expect a decrease. The future new orders and shipments indexes also declined. The future new orders index fell from 38.2 to 18.2, and the future shipments index decreased from 37.3 to 14.9. The firms continue to expect increases in employment overall, but the future employment index declined 9 points to 12.0. Both future price indexes rose to readings above their long-run averages. The future capital expenditures index fell 13 points to -4.5, its first negative reading since April.

Summary

Responses to the August Manufacturing Business Outlook Survey suggest overall expansion in the region’s manufacturing sector this month. The indicators for current activity, new orders, and shipments rose into positive territory. The firms continued to indicate overall increases in prices and an overall decline in employment. The survey’s future indexes suggest less widespread 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-2023-08; 8/17/23

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The Federal Reserve Bank of Philadelphia

August 2023 Nonmanufacturing Business Outlook Survey

Current Indicators Remain Weak

"Nonmanufacturing activity in the region remained weak overall this month, according to the firms responding to the August *Nonmanufacturing Business Outlook Survey*. The index for general activity at the firm level fell to a near-zero reading, while the index for new orders remained negative and the index for sales/revenues returned to negative territory. The firms continued to report higher full-time employment overall, and the prices paid and prices received indexes both rose this month. The respondents continue to expect growth over the next six months, although optimism was somewhat less widespread this month.

The diffusion index for current general activity at the firm level declined 3 points to -0.5, after recording a small positive reading in July (see Chart). The share of firms reporting decreases (37 percent) narrowly exceeded the share reporting increases (36 percent). The new orders index edged down 3 points to -16.0, its third consecutive negative reading. Almost 16 percent of the firms reported increases in new orders, while 32 percent reported decreases. The sales/revenues index also fell, from 4.0 last month to -5.7. More than 30 percent of the firms reported increases in sales/revenues (down from 34 percent last month), while 36 percent reported decreases (up from 30 percent). The current regional activity index fell 15 points to -13.1." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-08; 8/22/23

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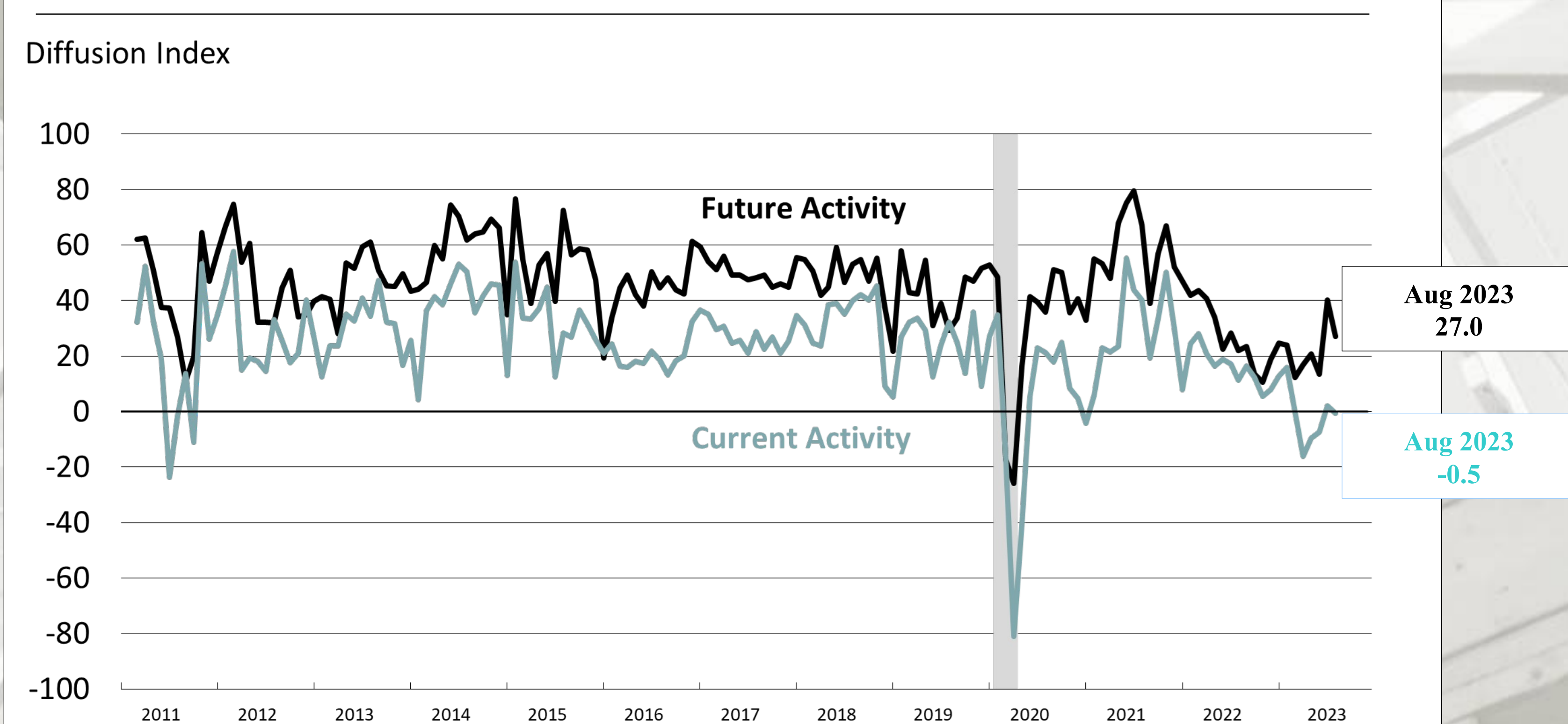
The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes for Firms

March 2011 to August 2023



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/mbos-2023-08; 8/22/23

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The Federal Reserve Bank of Philadelphia

August 2023 Nonmanufacturing Business Outlook Survey

Firms Report Overall Increases in Full-Time Employment

"On balance, the firms reported increases in full-time employment this month, but the index decreased 4 points to 8.1. The share of firms reporting increases in full-time employment (20 percent) exceeded the share reporting decreases (12 percent); most firms (67 percent) reported no change. The part-time employment index fell 5 points to -0.7. Most firms (76 percent) reported steady part-time employment, while equal shares of the firms (11 percent) reported increases and decreases. The average workweek index fell 5 points to -1.5.

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 7 points to 46.2 this month. More than 50 percent of the firms reported increases in input prices, while 4 percent reported decreases; 35 percent reported stable prices. Regarding prices for the firms' own goods and services, the prices received index rose from 7.8 to 14.6. Almost 22 percent of the firms reported higher prices, 7 percent reported lower prices, and 53 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 fell 13 points to 27.0 this month (see Chart). Almost 51 percent of firms expect increases in future activity at their firms (down from 56 percent last month) and 24 percent expect decreases (up from 15 percent). The future regional activity index fell from 20.5 to 8.2 this month." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-08; 8/22/23

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The Federal Reserve Bank of Philadelphia

August 2023 Nonmanufacturing Business Outlook Survey

Firms Expect Own Prices to Rise Slower Than Inflation

"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, unchanged from when the question was last asked in May. The firms' reported own price change over the past year was 3.0 percent, lower than the 4.0 percent reported in May. 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, unchanged from May. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 4.8 percent, down slightly from 5.0 percent in May. The firms' median forecast for the long-run (10-year average) inflation rate was also lower at 3.0 percent, compared with 4.0 percent in May.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest mostly steady nonmanufacturing activity in the region. The indicators for firm-level general activity and sales/revenues returned to positive but low territory, while the index for new orders remained negative. The firms continued to report overall increases in prices and full-time employment. Expectations for future growth were more widespread, and both future activity indexes improved."
– Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-08; 8/22/23

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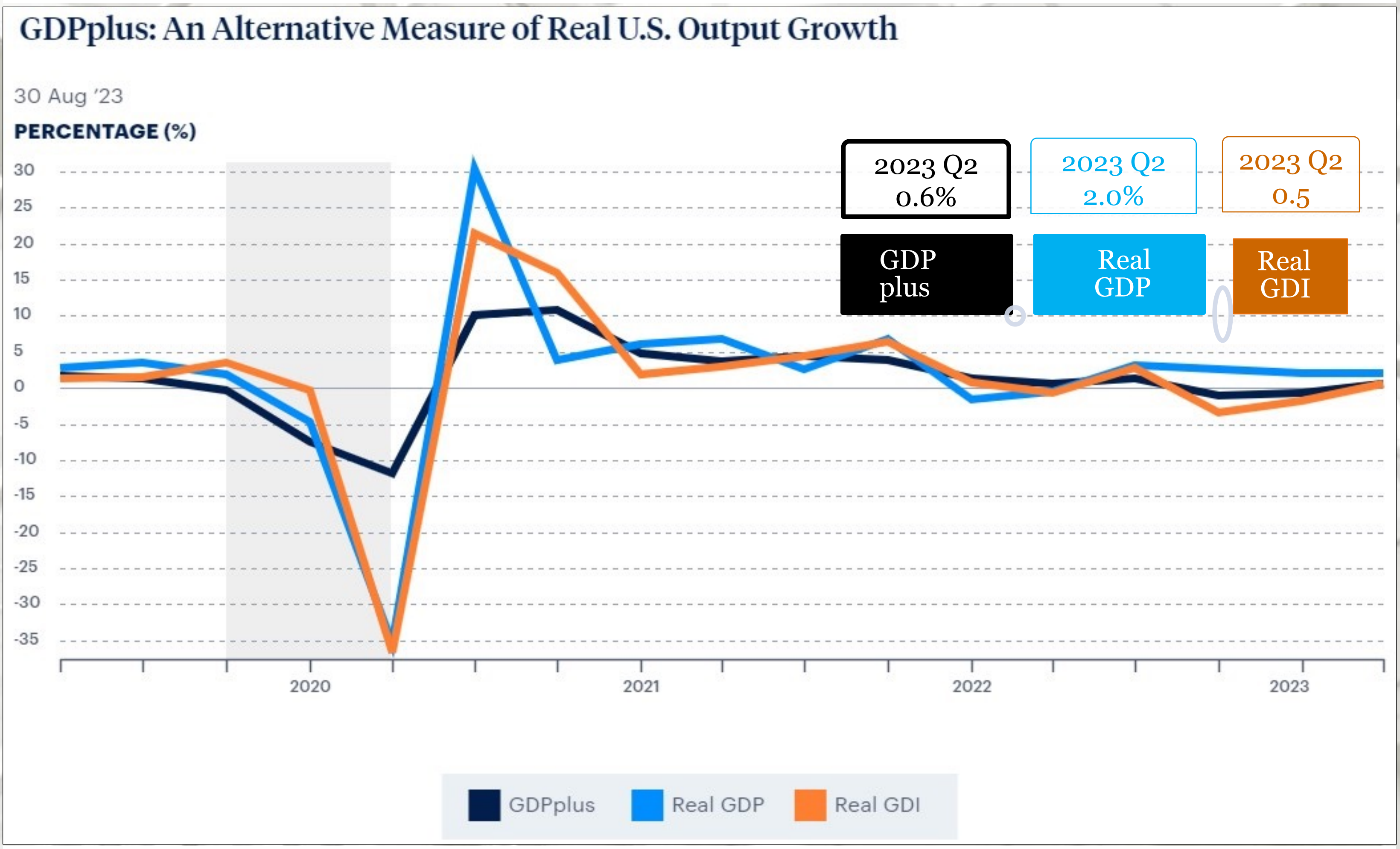
The Federal Reserve Bank of Philadelphia: GDPplus



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; 8/30/23

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The Federal Reserve Bank of Richmond

July 2023 Fifth District Survey of Manufacturing Activity

Manufacturing Activity Remained Sluggish in July

“Fifth District manufacturing activity remained sluggish in August, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index edged up from −9 in July to −7 in August. Two of its three component indexes – shipments and new orders – also increased. The shipments index edged up from −6 in July to −5 in August, while the new orders index rose from −20 to −11. However, the third component index – the employment index – fell from 5 in July to −3 in August.

Firms grew more optimistic about local business conditions, as the index rose notably to 2 in August. The index for future local business conditions also increased, from 1 in July to 10 in August.

Many firms continued to report reductions in orders backlogs and vendor lead time as these indexes remained negative. Meanwhile, all three of the spending indexes decreased, with the services expenditures index decreasing the most.

The average growth rates of prices paid and prices received decreased somewhat in August, with the growth rate of prices paid dipping below firms’ year-ahead expectations.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 8/22/23

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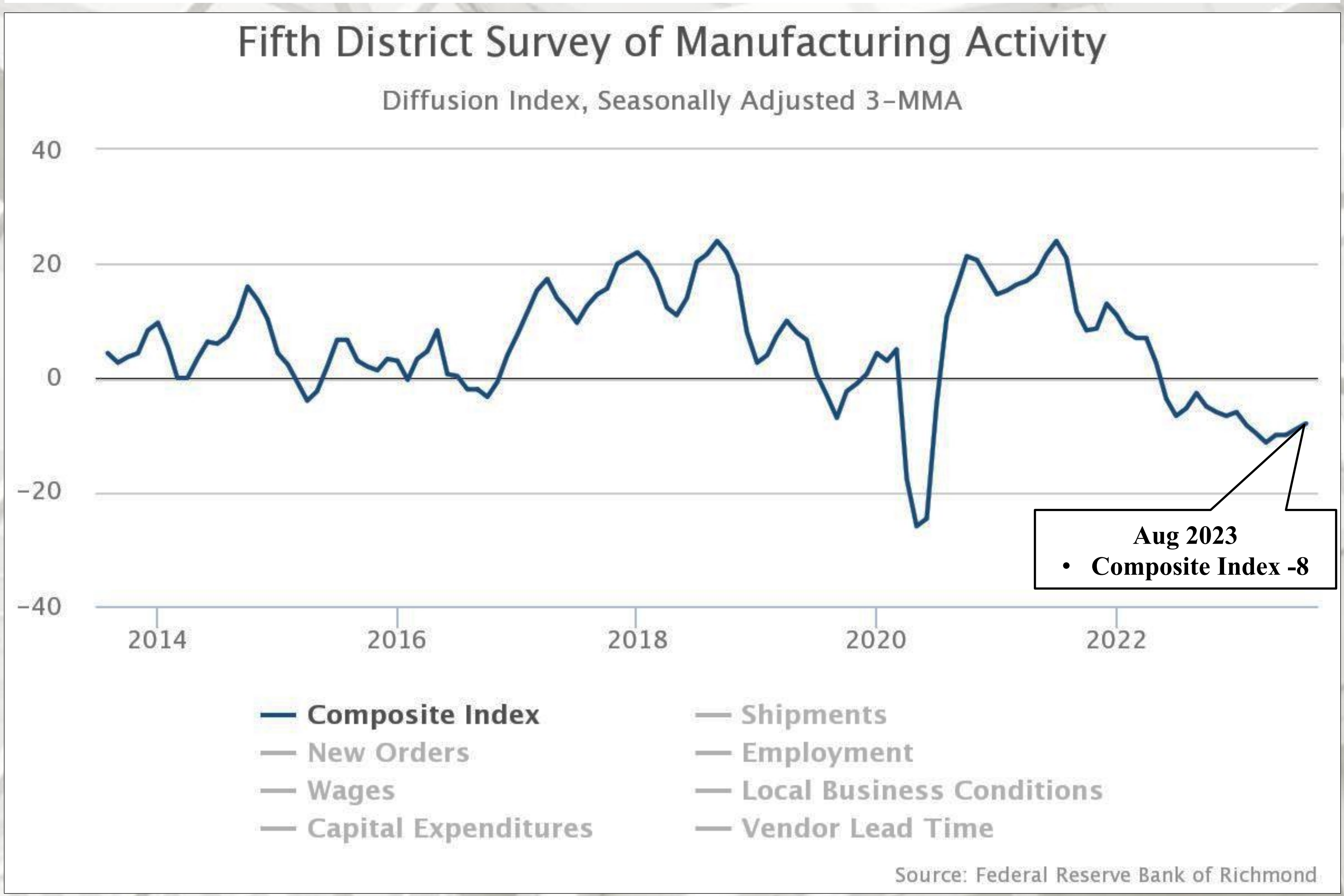
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/25/23

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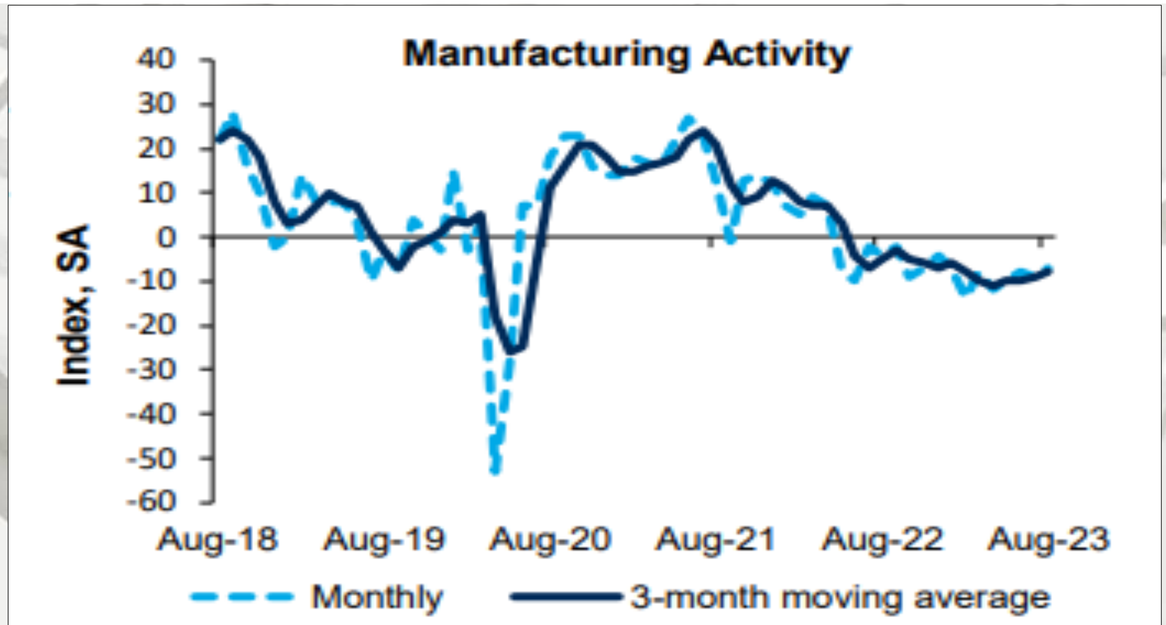
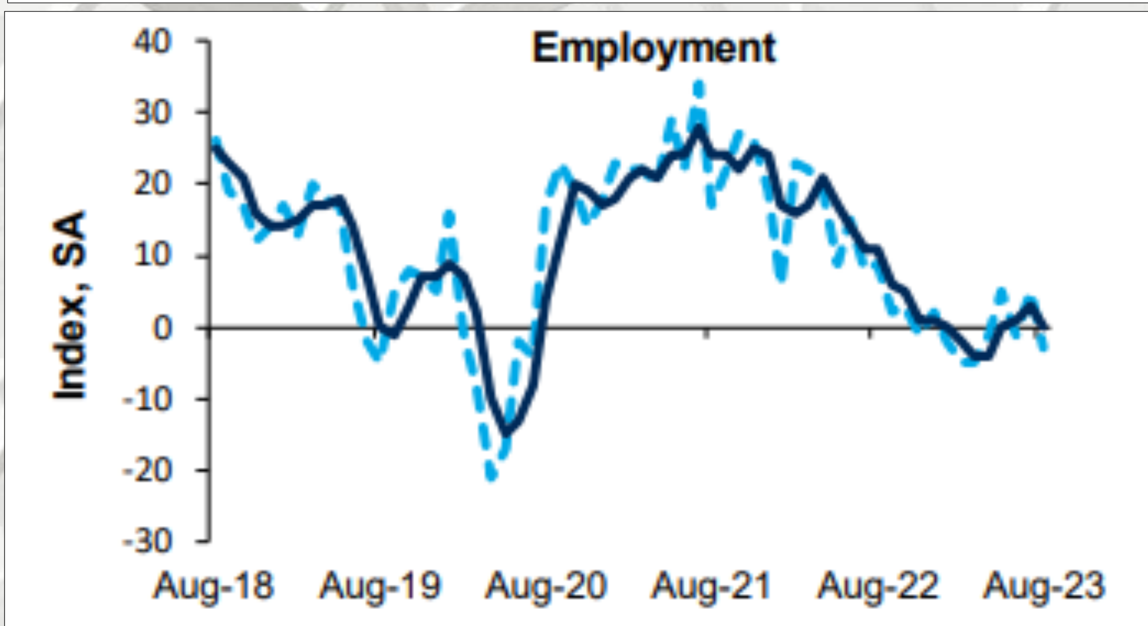
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/25/23

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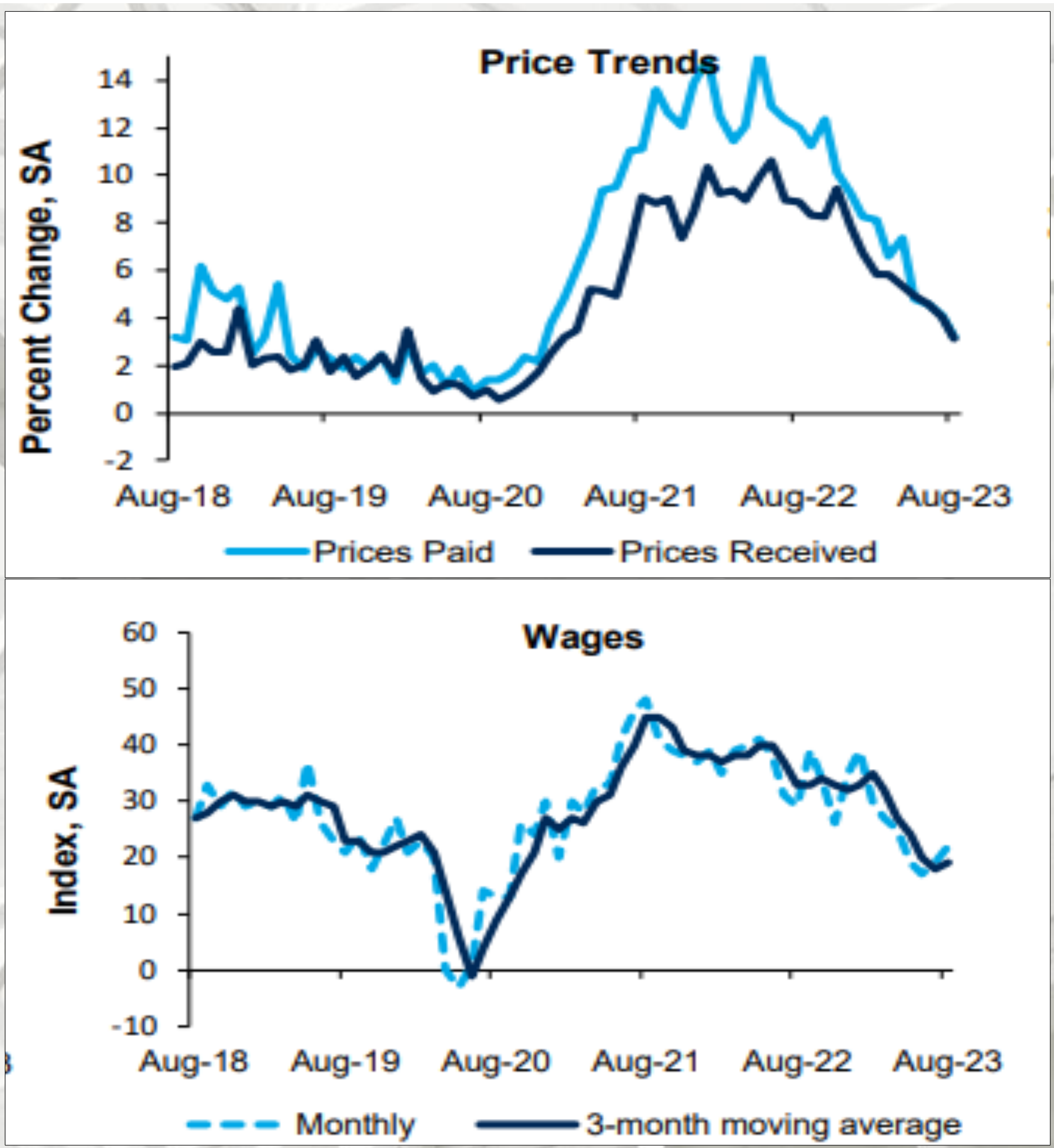
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/25/23

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The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Improved Slightly in August

"Fifth District service sector activity improved slightly in August, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues and demand indexes increased to 4 and 9, respectively. Expectations for future revenue and demand improved notably, increasing to 30 and 29, respectively. Firms grew less pessimistic about local business conditions as that index rose from −8 in July to 1 in August. Firms expected continued improvement, with the index for expected local business conditions increasing notably to 15 in August.

Two of the three spending indexes decreased slightly, with the equipment & software spending index decreasing the most, from 11 in July to 5 in August. All three spending expectations indexes were positive in August, suggesting that many firms expect to increase spending over the next six months.

The employment index fell slightly to 1 in August and firms continued to report wage increases, while the availability of skills index decreased to -2. Over the next six months, many firms expect to continue hiring and anticipate little improvement in their ability to find workers with the necessary skills. Most firms plan to continue wage increases.

The average growth in prices paid and prices received decreased slightly in August. 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; 8/22/23

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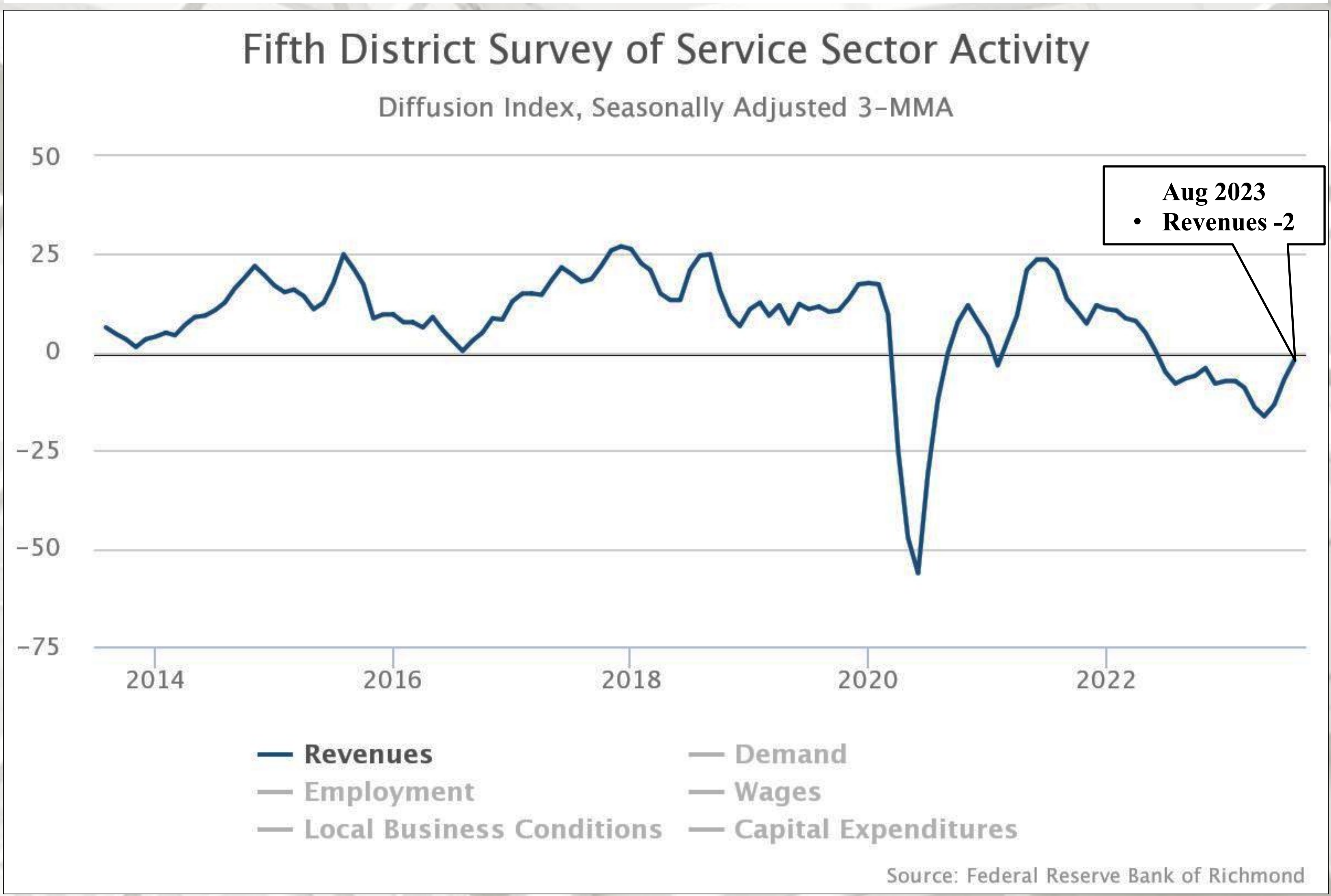
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 8/22/23

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The Federal Reserve Bank of San Francisco

Where Is Shelter Inflation Headed?

Shelter inflation has remained high even as other components of inflation have fallen. However, various market indicators, including house prices and rents, suggest that the housing market has slowed significantly with the rise in interest rates. Forecasting models that combine several measures of local shelter and rent inflation can help explain how recent trends might affect the path of future shelter inflation. The models indicate that shelter inflation is likely to slow significantly over the next 18 months, consistent with the evolving effects of interest rate hikes on housing markets.

"House prices and asking rents slowed sharply in 2023 after a period of extraordinary growth starting in early 2020. However, measures of shelter inflation that are tracked as part of the consumer price index (CPI) have continued to grow, even as some other components of overall inflation have cooled. The Federal Reserve has aimed to reduce inflation by raising interest rates sharply since early 2022. If shelter inflation were to persist at current high levels, it could create challenges for the Federal Reserve in reducing overall inflation to its 2% longer-run goal.

In this *Economic Letter*, we forecast the path of CPI shelter inflation over the next 18 months by combining data from various market indexes that measure shelter inflation and housing markets. Our results suggest that the recent slowdown in asking rents and house prices is likely to slow shelter inflation significantly in the future, although substantial uncertainty surrounds these forecasts…." – Augustus Kmetz, Schuyler Louie, and John Mondragon, Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/economic-research/publications/economic-letter/2023/august/where-is-shelter-inflation-headed/; 8/7/23

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The Federal Reserve Bank of San Francisco

Where Is Shelter Inflation Headed?

Shelter inflation is likely to slow

"It is difficult to extrapolate the path of shelter inflation directly from asking-rent indexes, although theory and past data suggest that they should be connected. In fact, recent research has demonstrated that asking rents can be quite informative for forecasting the path of shelter inflation (Lansing, Oliveira, and Shapiro 2022 and Cotton and O'Shea 2023).

We follow this approach and develop a dynamic statistical model (Jordà 2005) to forecast cumulative core-based statistical area (CBSA) shelter inflation over the next 18 months. CBSAs are cities and surrounding communities that can provide a useful economic unit for thinking about housing markets. This framework allows us to take a flexible approach to estimating the relationships between housing market indicators and shelter inflation. In our model, we evaluate how well we can predict the evolving cost of shelter based on monthly data for lagged year-over-year growth from the Zillow Home Value Index, Zillow Observed Rent index, Apartment List National Rent Index, Apartment List Vacancy Index, CoreLogic Single-Family Rent Index, S&P/Case-Shiller U.S. National Home Price Index, and past CPI shelter inflation. Specifically, our outcome is cumulative shelter inflation, or the total growth in the price level over some period. We then convert our forecast into year-over-year shelter inflation rates. Our sample covers the period from March 2018 to April 2023." – Augustus Kmetz, Schuyler Louie, and John Mondragon, Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/economic-research/publications/economic-letter/2023/august/where-is-shelter-inflation-headed/; 8/7/23

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The Federal Reserve Bank of San Francisco

Where Is Shelter Inflation Headed?

Shelter inflation is likely to slow

"This disaggregated approach using CBSA-level data can potentially provide more statistical precision than an aggregate model of shelter inflation. Many of the housing market indicators we use do not have long histories, which limits the precision of any aggregate model. However, despite the short data period, using a wide range of housing market indicators and shelter inflation across 18 CBSAs increases our statistical power. We then aggregate our CBSA-level forecasts of shelter inflation to form an estimate of aggregate shelter inflation using CBSA population weights.

We evaluate the accuracy of potential forecasting models based on their cumulative out-of-sample forecast error using rolling estimates from February 2020 onward. Specifically, we estimate our model using all the data before February 2020; we then produce a forecast for the next 18 months and compare the results against actual data on shelter inflation to measure the model's forecast error. We next move our sample forward one month, reestimate the model, and calculate the forecast errors again. Finally, we select the model with the smallest forecast errors on average across all horizons and estimate this model on the entire sample.

The dashed line in Figure 3 presents our baseline forecast of year-over-year shelter inflation over the next 18 months based on the average of cumulative shelter inflation forecasts at the CBSA level. Blue shading shows the area in which 95% of the model's out-of-sample forecast errors fall, indicating the range of confidence regarding the accuracy of our model estimates. The solid line plots actual year-over-year shelter inflation." – Augustus Kmetz, Schuyler Louie, and John Mondragon, Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/economic-research/publications/economic-letter/2023/august/where-is-shelter-inflation-headed/; 8/7/23

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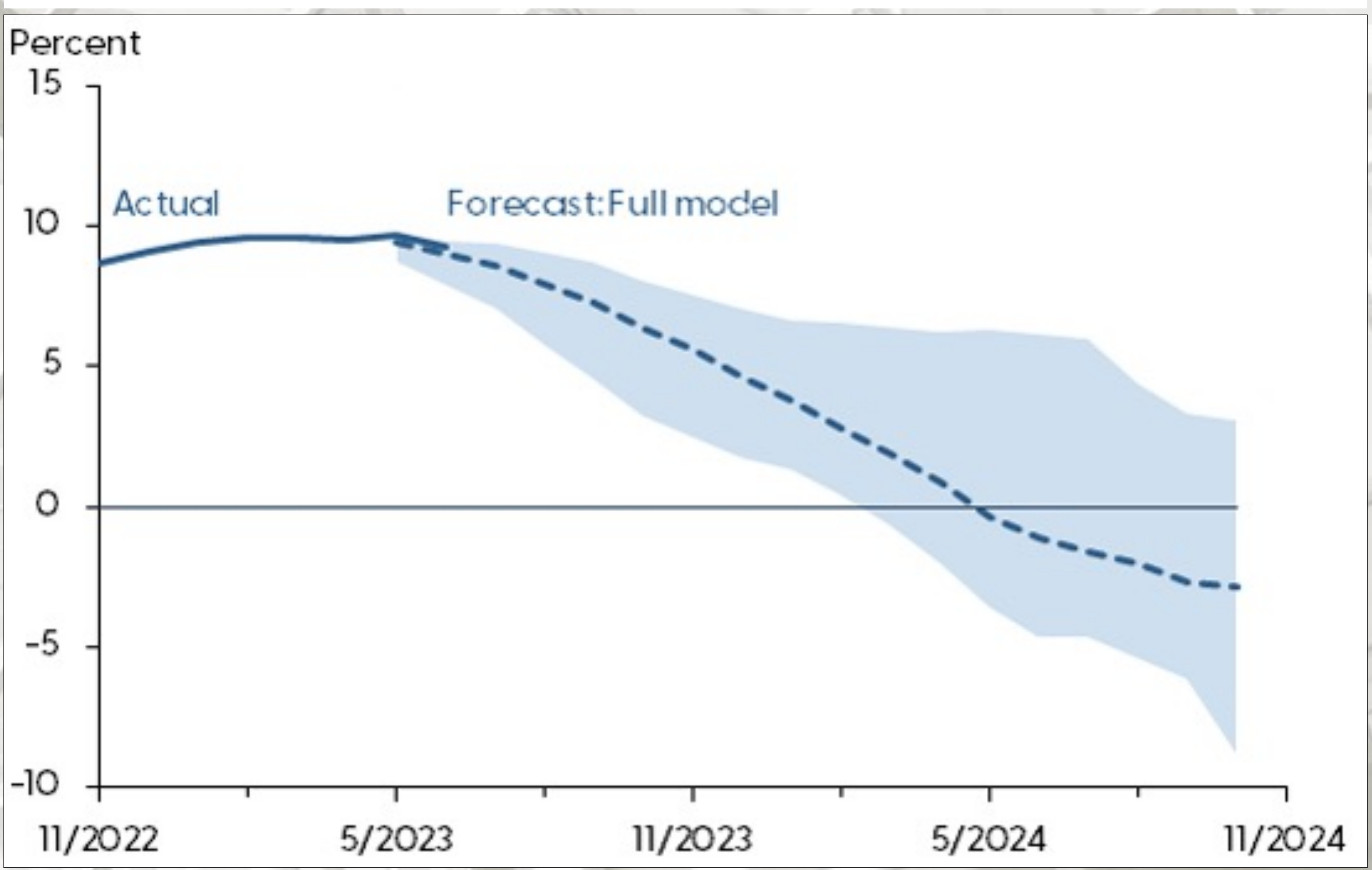
The Federal Reserve Bank of San Francisco

Where Is Shelter Inflation Headed?

Shelter inflation is likely to slow



Source: https://www.frbsf.org/economic-research/publications/economic-letter/2023/august/where-is-shelter-inflation-headed/; 8/7/23

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The Federal Reserve Bank of San Francisco

Where Is Shelter Inflation Headed?

Shelter inflation is likely to slow

"Our baseline forecast suggests that year-over-year shelter inflation will continue to slow through late 2024 and may even turn negative by mid-2024. This would represent a sharp turnaround in shelter inflation, with important implications for the behavior of overall inflation.

The deflationary component of this forecast would be the most severe contraction in shelter inflation since the Global Financial Crisis of 2007-09. Therefore, we assess whether our results are overly sensitive to the recent rapid increases in housing costs. This is important because shelter prices tend to be less flexible in economic slowdowns and hence may not decline as rapidly as they rose. To check this, we drop the index that has the most negative effect on the cumulative forecast – which turns out to be lagged CPI shelter inflation – and then reestimate the model. …

Finally, these forecasts do not account for any potential future shocks. So important changes in the economy could cause housing market inflation to accelerate or decelerate, and our forecast cannot predict those changes. Ideally, the distribution of our forecast errors should account for this uncertainty, but that will depend on future shocks being similar to past shocks. Thus, although our forecasts summarize current signals about the path of shelter inflation, many unforeseen factors could affect the actual realizations of shelter inflation over the forecast horizon.

Monetary policy famously operates with "long and variable lags," and our forecasts imply that this guidance is relevant when looking at housing markets and shelter inflation. In particular, our forecasts suggest that the rapid rise in interest rates since early 2022 is likely to have had a significant effect on slowing housing markets, and this slowdown is likely to continue going forward (Liu and Pepper 2023, Gorea *et al*. 2023). …" – Augustus Kmetz, Schuyler Louie, and John Mondragon, Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/economic-research/publications/economic-letter/2023/august/where-is-shelter-inflation-headed/; 8/7/23

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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®)** a composite single-figure indicator of manufacturing performance derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases, remained stuck below the crucial 50.0 no-change mark for a fourth successive month in August. Moreover, dropping to 48.0, from 49.6 in July, the index registered its lowest reading since June 2020 and was consistent with a modest deterioration in operating conditions.

PMI drops to lowest level for over three years

The Canadian manufacturing sector remained in contraction territory during August, with both output and new orders declining since the previous month. Job cuts were also apparent, whilst confidence in the outlook fell to its lowest since January. Price data showed that both input and output price inflation picked up since July. Sub-par performance in August reflected similar sized reductions in both production and new orders. The decline in output was the steepest of the year so far, for orders the sharpest since March. Firms widely commented that elevated inflation and clients retaining a cautious attitude to spending was negatively impacting demand. However, sales weakness was primarily focused on the domestic market; new export orders rose modestly and for the second month in a row during August. …

Canada's manufacturing sector continued to struggle during August, with output and new orders falling at solid rates. Firms responded by cutting purchasing and utilising existing inventories, and signalled some worries over the potential for demand weakness to linger in the months ahead. Despite further signs of product supply stability and a further drop in demand for inputs, inflationary pressures picked up as firms throughout the supply chain continued to push higher operating expenses onto their clients.

Such persistence in inflation, albeit at much lower levels than typically seen since the onset of the pandemic, will naturally be a concern for policymakers. However, such worries are somewhat offset by the news that job shedding continued in August – and to the greatest degree since June 2020. This latest sign of weakness in the labour market may well therefore be enough for the Bank of Canada to take a pause in its monetary policy tightening cycle." – Paul Smith, Economics Director, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4b7da953883848fdb36e25b213390211; 9/1/23

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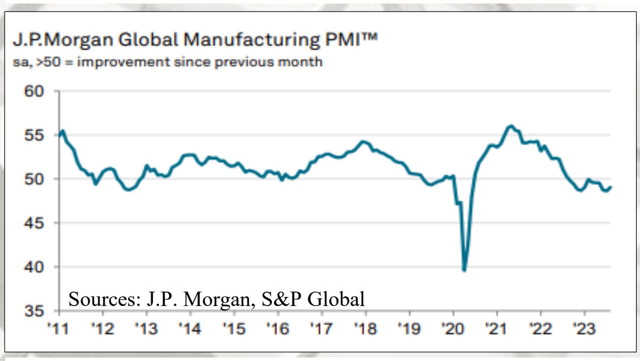
Private Indicators: Global



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 – rose to a three-month high of 49.0 in August, from 48.6 in July, to remain below the neutral 50.0 mark separating improvement from deterioration for the twelfth successive month

Downturn in global manufacturing sector slows in August

Although the downturn in the global manufacturing sector continued, with output falling for the third straight month, August PMI™ data provided signs that the contraction was easing. Rates of decline for production, total new orders and new export business all slowed and employment edged higher.

August saw manufacturing production decline for the third successive month, as contractions in the intermediate and investment goods sub-industries more than offset mild growth in the consumer goods category. National PMI data signalled that the euro area remained a weak spot, with output contracting at a marked pace. Mainland China returned to growth, the US fell back into decline and the downturn in Japan continued. Underlying the latest scaling back of global manufacturing production was a decrease in new orders. New business fell for the fourteenth month running, albeit at the slowest pace since May. The euro area, US and Japan all saw new work intakes contract, in contrast to a modest increase in mainland China. International trade flows declined, extending the current sequence of contraction to one-and-a-half years. …

The August PMIs signaled a slight easing in the rate of contraction of the global manufacturing sector, with the output and new orders indexes advancing 0.5-point but remaining below the 50-mark. The improvement on the month owes almost entirely to a large 2.4-point jump in the China output index. Excluding China, the global output PMI declined nearly one point in August and is stuck at a level that does not point to much if any momentum lift in the manufacturing sector. There are other signs of tough times ahead, including a 1.2-point dip in the future output index and the new orders-to-inventory ratio remaining at a level consistent with output declines"– Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/81f575b89b394e69bd09aa9b50fde063; 9/1/23

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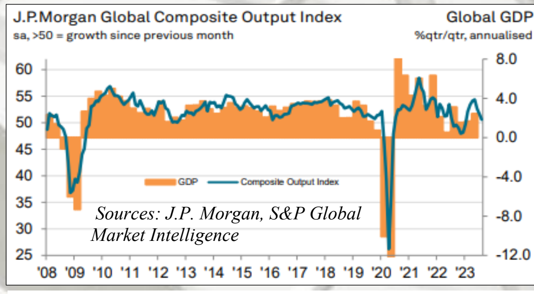
Private Indicators: Global



Sources: J.P. Morgan, S&P Global Market Intelligence

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 – posted 50.6 in August, down from 51.6 in July. The headline index has stayed above the no-change mark of 50.0 for seven straight months.

Global economic growth eases to seven-month low in August

"The rate of global economic expansion lost further momentum in August. Growth slowed for the third month running to its lowest during the current seven-month sequence of increase. The downturn in manufacturing production extended into a third successive month, but the rate of decline eased slightly. Although service sector business activity continued to rise, the pace of expansion was the weakest since January. Three out of the six sub-sectors covered by the survey registered expansions in activity during August. However, the rates of growth signalled in the business services, consumer goods and consumer services categories were modest at best. Output fell in the financial services, intermediate goods and investment goods industries, with the steepest downturn in the latter. …

Europe remained the main drag on the trend in global output in August. The euro area saw economic activity decrease for the third month running and to the greatest extent since November 2020, with contractions registered across the big-4 EA nations (Germany, France, Italy and Spain). Output also fell in the UK for the first time in seven months. The manufacturing and services sectors in both the euro area and the UK saw contractions. …

The J.P.Morgan Global Services PMI Business Activity Index posted 51.1 in August – the lowest level since January. Underlying the weaker expansion of output was slower growth in incoming new business, which rose to the least marked extent since January. Job creation was similarly slower.

August also saw a mild uptick in input cost inflation. Average output prices also continued to rise, although the rate of increase was the weakest for two-and-a-half years." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/75cbae50d47645928a2dca6d7b8dc9ac; 9/6/23

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Private Indicators
Associated Builders and Contractors

ABC: Nonresidential Construction Dominates Industry Job Creation in August

"The construction industry added 22,000 jobs on net in August, according to an Associated Builders and Contractors analysis of data released by the U.S. Bureau of Labor Statistics. On a year-over-year basis, industry employment has increased by 212,000 jobs, or 2.7%.

The lion's share of job creation was among nonresidential contractors. Nonresidential construction employment increased by 21,000 positions on net, with growth registered in all three major subcategories. Nonresidential specialty trade added 12,100 positions, while heavy and civil engineering and nonresidential building added 7,100 and 1,800 jobs, respectively.

The construction unemployment rate remained unchanged at 3.9% in August. Unemployment across all industries expanded from 3.5% in July to 3.8% last month.

"This is the era of the megaproject," said ABC Chief Economist Anirban Basu. "While many private developers are encountering harsher lending markets and suffering greater difficulty financing projects, the transformation of American manufacturing, combined with accelerating infrastructure spending, has dramatically increased demand for construction workers. Many of these projects exceed $1 billion. This is especially true in certain parts of the nation, including Ohio, Texas and Arizona.

"Given the outsized role of megaprojects in the current economic environment, it is conceivable that the construction industry will face recessionary conditions in certain areas of the country sometime during the next two years, even as activity surges in others," said Basu. "This suggests that many construction workers may decide to relocate as the disparity in industry performance widens both geographically and among various industry segments."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-dominates-industry-job-creation-in-august; 9/1/23

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Private Indicators
Associated Builders and Contractors

ABC: Nonresidential Construction Dominates Industry Job Creation in August

Construction Employment Statistics: August 2023

	August 2023	July 2023	August 2022	1-Month Net Change	12-Month Net Change	12-Month % Change
Employment						
Construction	7,993,000	7,971,000	7,781,000	22,000	212,000	2.7%
Nonresidential	4,717,000	4,696,000	4,547,300	21,000	169,700	3.7%
Nonresidential Building	875,700	873,900	828,000	1,800	47,700	5.8%
Nonresidential Specialty Trade Contractors	2,713,500	2,701,400	2,643,900	12,100	69,600	2.6%
Heavy & Civil Engineering	1,127,800	1,120,700	1,075,400	7,100	52,400	4.9%
Residential	3,275,900	3,274,500	3,233,500	1,400	42,400	1.3%
Residential Building	924,600	922,200	924,500	2,400	100	0.0%
Residential Specialty Trade Contractors	2,351,300	2,352,300	2,309,000	-1,000	42,300	1.8%
Average Hourly Earnings						
All Private Industries	$33.82	$33.74	$32.43	$0.08	$1.39	4.3%
Construction	$36.71	$36.67	$34.91	$0.04	$1.80	5.2%
Average Weekly Hours						
All Private Industries	34.4	34.3	34.5	0.1	-0.1	-0.3%
Construction	39.1	38.9	38.7	0.2	0.4	1.0%
Unemployment Rate						
All Private Industries (SA)	3.8%	3.5%	3.7%	0.3pp	0.1pp	
Construction (NSA)	3.9%	3.9%	3.9%	0.0pp	0.0pp	

Source: U.S. Bureau of Labor Statistics. Note. SA: Seasonally adjusted. NSA: Not seasonally adjusted

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-dominates-industry-job-creation-in-august; 9/1/23

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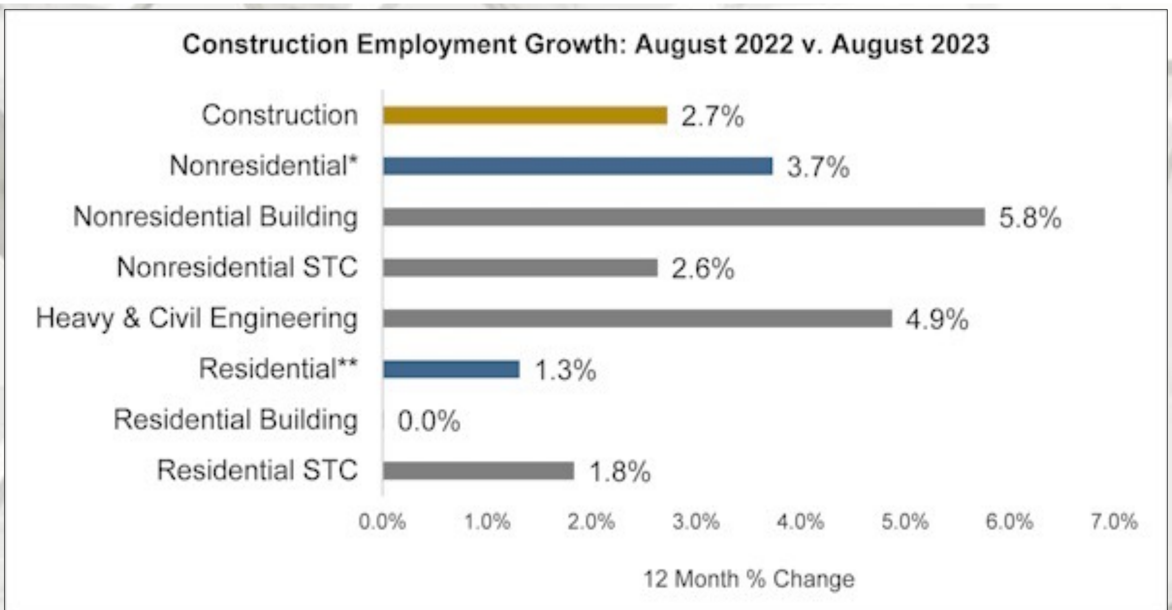
Private Indicators
Associated Builders and Contractors

ABC: Nonresidential Construction Dominates Industry Job Creation in August



Source: U.S. Bureau of Labor Statistics *Includes Nonresidential Building, Nonresidential STC, and Heavy and Civil Engineering
**Includes Residential Building and Residential STC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-dominates-industry-job-creation-in-august; 9/1/23

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Steady in August, Contractors Remain Confident

"Associated Builders and Contractors reported that its Construction Backlog Indicator declined to 9.2 months in August, down 0.1 month, according to an ABC member survey conducted from Aug. 21 to Sept. 6. The reading is 0.5 months above the August 2022 level.

View ABC's Construction Backlog Indicator and Construction Confidence Index tables for August. View the full Construction Backlog Indicator and Construction Confidence Index data series.

Backlog decreased on a monthly basis for all categories of company size except for those with more than $100 million in annual revenues, while only the smallest two revenue categories have higher backlog than in August 2022.

ABC's Construction Confidence Index reading for sales, profit margins and staffing levels moved higher in August. All three readings remain above the threshold of 50, indicating expectations of growth over the next six months.

"There's no sign of a construction recession in the near term," said ABC Chief Economist Anirban Basu. "If anything, contractors are more upbeat, as policy and technology shifts along with economic transformation, are creating substantial demand for improvements and growth in America's built environment.

"While a plurality of contractors expects only small improvements in sales, profit margins and staffing over the next six months, even incremental improvement is remarkable in the context of tightening credit, higher project financing costs and lingering fears of recession," said Basu. "Backlog continues to be at the upper end of historic levels, with the infrastructure category registering substantial gains in backlog in August. That suggests that a growing number of public works projects is poised to break ground."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/20065/abcs-construction-backlog-indicator-up-in-july-contractors-remain-confident; 9/11/23

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Steady in August, Contractors Remain Confident

Construction Backlog Indicator

	August 2023	July 2023	August 2022	1-Month Net Change	12-Month Net Change
Total	**9.2**	**9.3**	**8.7**	**-0.1**	**0.5**
Industry					
Commercial & Institutional	9.5	9.8	9.1	-0.3	0.4
Heavy Industrial	7.7	5.2	7.4	2.5	0.3
Infrastructure	10.2	8.2	8.2	2.0	2.0
Region					
Middle States	8.4	8.1	7.2	0.3	1.2
Northeast	8.8	9.6	8.0	-0.8	0.8
South	11.4	10.6	10.9	0.8	0.5
West	8.3	8.9	9.1	-0.6	-0.8
Company Size					
<$30 Million	8.4	8.7	7.8	-0.3	0.6
$30-$50 Million	10.8	11.0	10.0	-0.2	0.8
$50-$100 Million	12.8	12.9	13.1	-0.1	-0.3
>$100 Million	13.8	10.6	13.9	3.2	-0.1

Source: https://www.abc.org/News-Media/News-Releases/entryid/20065/abcs-construction-backlog-indicator-up-in-july-contractors-remain-confident; 9/11/23

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Steady in August, Contractors Remain Confident

Construction Confidence Index

Response	August 2023	July 2023	August 2022
CCI Reading			
Sales	58.1	57.9	55.9
Profit Margins	55.8	55.0	51.9
Staffing	60.7	60.4	59.0
Sales Expectations			
Up Big	5.7%	4.7%	3.8%
Up Small	46.0%	45.9%	47.3%
No Change	26.7%	30.0%	23.7%
Down Small	18.2%	15.3%	19.4%
Down Big	3.4%	4.1%	5.9%
Profit Margin Expectations			
Up Big	5.7%	2.4%	2.7%
Up Small	38.1%	38.2%	34.9%
No Change	34.7%	38.8%	34.9%
Down Small	17.0%	18.2%	22.0%
Down Big	4.5%	2.4%	5.4%
Staffing Level Expectations			
Up Big	5.1%	1.8%	5.9%
Up Small	46.0%	50.6%	39.8%
No Change	36.4%	36.5%	40.3%
Down Small	11.4%	10.0%	12.4%
Down Big	1.1%	1.2%	1.6%

Source: https://www.abc.org/News-Media/News-Releases/entryid/20065/abcs-construction-backlog-indicator-up-in-july-contractors-remain-confident; 9/11/23

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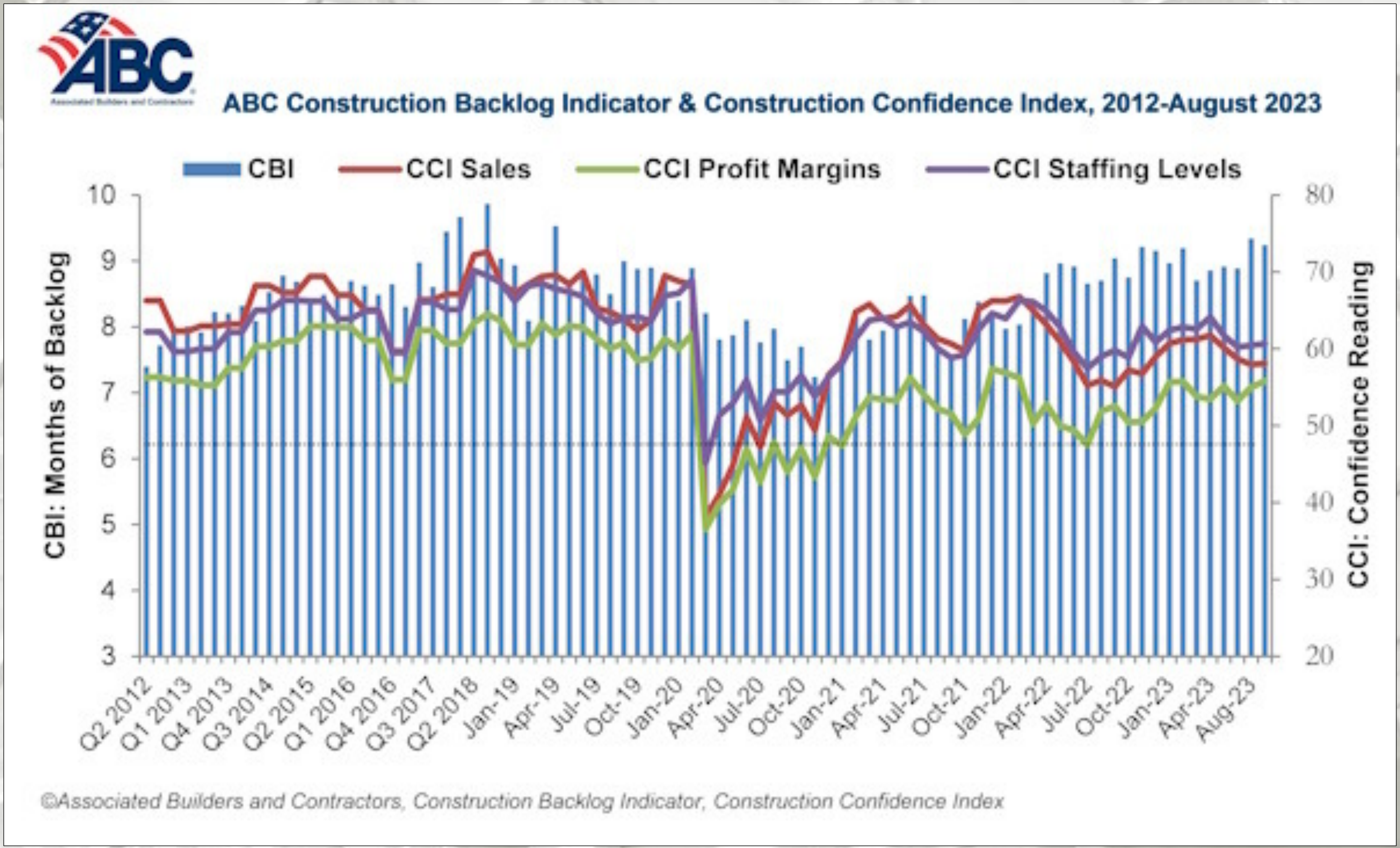
Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Up in July, Contractors Remain Confident



Source: https://www.abc.org/News-Media/News-Releases/entryid/20065/abcs-construction-backlog-indicator-up-in-july-contractors-remain-confident; 9/11/23

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Increases Slightly in July

“National nonresidential construction spending grew 0.1% in July, 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 $1.08 trillion and is up 16.5% year over year.

Spending was up on a monthly basis in 8 of the 16 nonresidential subcategories. Private nonresidential spending increased 0.5%, while public nonresidential construction spending was down 0.4% in July.

“After today’s jobs report, which indicated that nonresidential construction added an outsized number of jobs in August, one would have expected a strong construction spending growth number as well,” said ABC Chief Economist Anirban Basu. “Alas, the economic data, just like the economy, continue to be full of surprises. In July, nonresidential construction spending barely expanded. Once one adjusts for inflation, spending declined in real terms.

“Perhaps the bigger surprise is that construction spending weakness was not concentrated in the private developer-driven segments that have struggled to establish consistent momentum, but in a number of public construction segments,” said Basu. “Monthly spending was down in the highway/street, transportation, sewage/waste disposal and conservation/development categories. However, each of these categories has experienced year-over-year spending growth.

“Since nonresidential construction hiring was strong last month, the expectation is that July’s construction spending number will prove to be an aberration,” said Basu. “Spending growth should be solid going forward, driven in large measure by several massive construction projects in development or early construction stages. That said, those segments that depend most on bank financing are poised to weaken going forward.”” – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/categoryid/1053/46; 9/1/23

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Private Indicators
Associated Builders and Contractors

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

	July 2023	June 2023	July 2022	1-Month % Change	12-Month % Change
Total Construction	$1,972,608	$1,958,945	$1,869,262	0.7%	5.5%
Residential	$889,118	$876,684	$939,588	1.4%	-5.4%
Nonresidential	$1,083,490	$1,082,261	$929,674	0.1%	16.5%
Manufacturing	$201,511	$199,258	$117,961	1.1%	70.8%
Communication	$24,709	$24,464	$24,585	1.0%	0.5%
Office	$98,675	$98,043	$90,059	0.6%	9.6%
Commercial	$128,131	$127,325	$125,416	0.6%	2.2%
Water supply	$27,270	$27,131	$24,799	0.5%	10.0%
Power	$116,113	$115,721	$109,478	0.3%	6.1%
Public safety	$13,241	$13,215	$12,269	0.2%	7.9%
Educational	$112,150	$112,043	$101,661	0.1%	10.3%
Amusement and recreation	$32,438	$32,573	$29,982	-0.4%	8.2%
Lodging	$23,009	$23,150	$19,337	-0.6%	19.0%
Highway and street	$128,726	$129,621	$115,052	-0.7%	11.9%
Health care	$60,464	$60,978	$54,513	-0.8%	10.9%
Transportation	$63,103	$63,742	$58,220	-1.0%	8.4%
Sewage and waste disposal	$39,865	$40,379	$33,696	-1.3%	18.3%
Religious	$3,090	$3,159	$3,126	-2.2%	-1.2%
Conservation and development	$10,994	$11,460	$9,520	-4.1%	15.5%
Private Nonresidential	$669,958	$666,926	$559,199	0.5%	19.8%
Public Nonresidential	$413,532	$415,335	$370,475	-0.4%	11.6%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/categoryid/1053/46; 9/1/23

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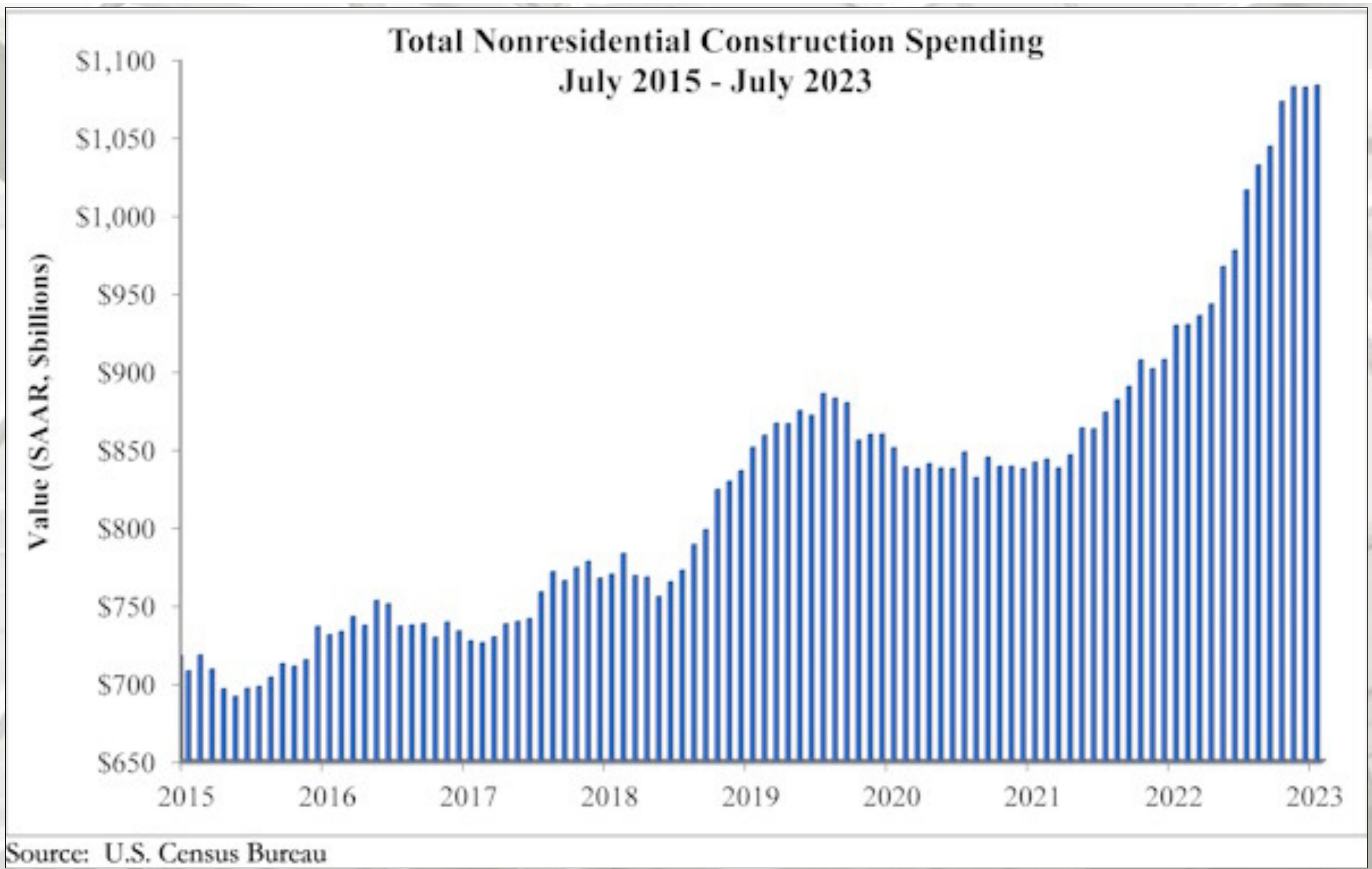
Private Indicators
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/categoryid/1053/46; 9/1/23

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index July 2023

Architecture firm billings remain flat

Four in 10 firm leaders currently consider their firms to be understaffed

"Billings at architecture firms remained flat in July, with an AIA/Deltek Architecture Billings Index (ABI) score of 50.0 for the month. A score of 50.0 means that the share of firms that reported a decline in their billings in July is equal to the share of firms that reported an increase in their billings for the month. Inquiries into new projects continued to grow, but at a slightly slower pace than in the last two months. However, the value of newly signed design contracts was flat in July, which means that firms saw fewer clients committing to projects than they had in the previous two months." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"This is the third straight month that billings at architecture firms have stabilized. New project work has been even stronger over this period. This suggests that design work may finally begin to increase over the coming months, although somewhat modestly." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6660476-abi-july-2023-architecture-firm-billings-r; 8/23/23

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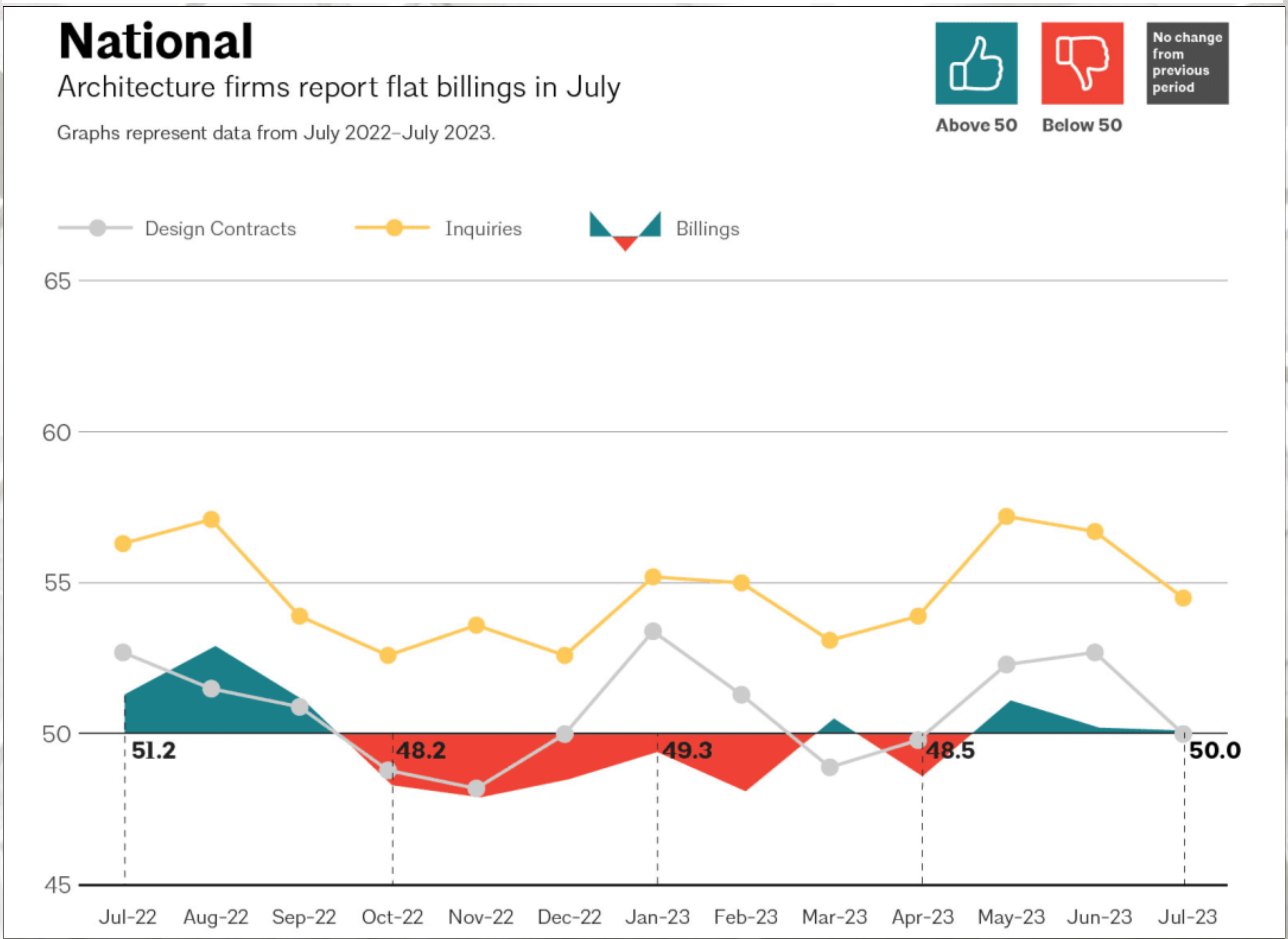
Private Indicators
American Institute of Architects (AIA)



Source: https://www.aia.org/pages/6660476-abi-july-2023-architecture-firm-billings-r; 8/23/23

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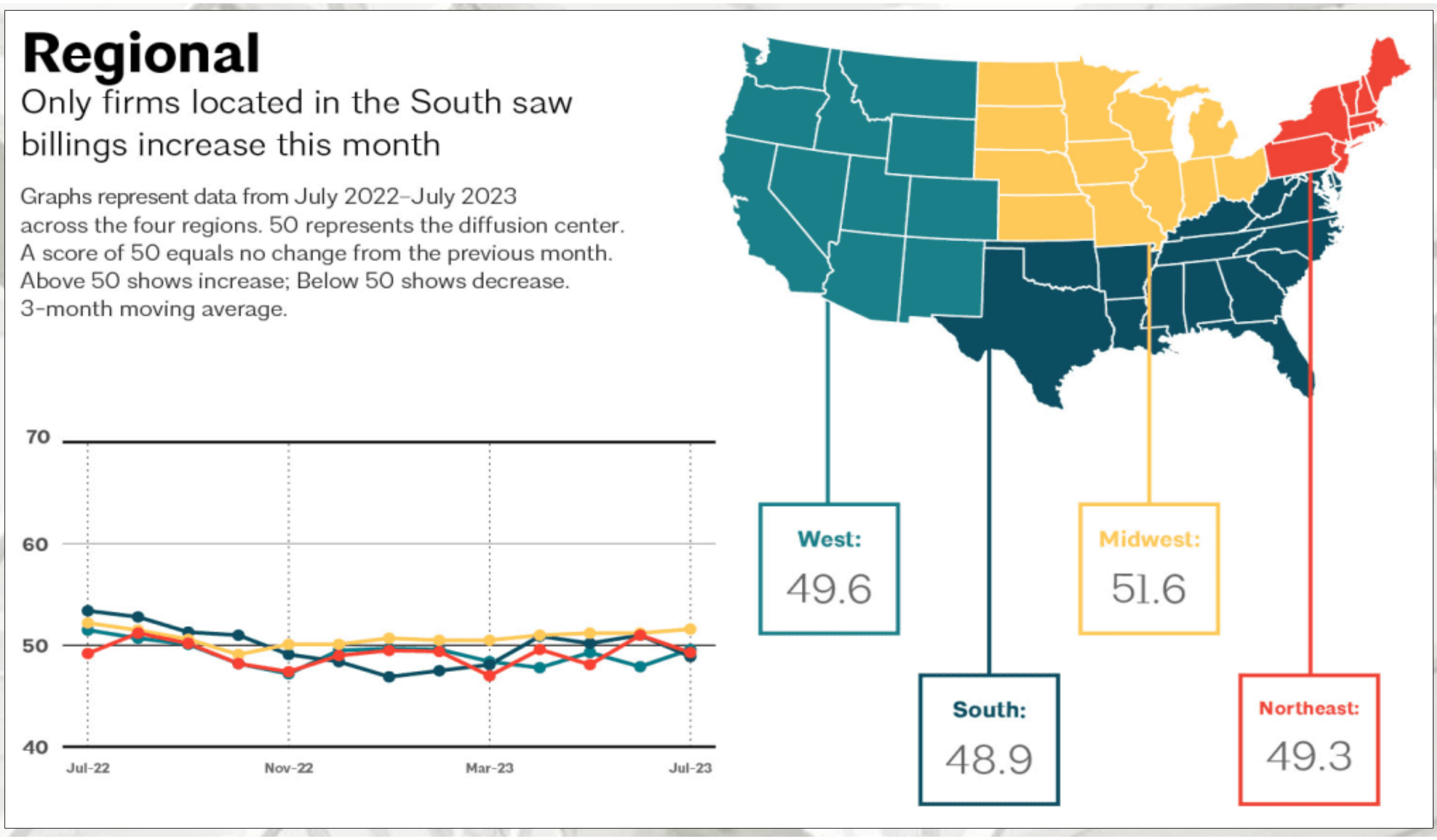
Private Indicators: AIA



Region

"While billings were flat nationally, firms located in the Midwest continued to report improving business conditions in July, marking the ninth consecutive month of growth for firms located in the region. Firms located in all other regions of the country saw modest declines in billings, most notably at firms located in the South, which had previously seen three months of growth." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6660476-abi-july-2023-architecture-firm-billings-r; 8/23/23

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Private Indicators: AIA

Sector

"Business conditions also improved at firms with both commercial/industrial and institutional specializations in July, with firms with a commercial/industrial specialization reporting their strongest billings in more than a year. Billings remained very soft at firms with a multifamily residential specialization, where it has now been a year since they last reported growth." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6660476-abi-july-2023-architecture-firm-billings-r; 8/23/23

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Private Indicators

Dodge Data & Analytics

Total Construction Starts Show Double Digit Gains in July

Large utility project, residential starts power growth to begin Q3

"Total construction starts rose 17% in July to a seasonally adjusted annual rate of $1.2 trillion, according to Dodge Construction Network. Nonbuilding starts drove the increase, rising 38%, due to the start of a singular large LNG facility. Residential starts rose 20%, while nonresidential building starts lost 6%.

Year-to-date through July 2023, total construction starts were 7% below that of 2022. Residential and nonresidential starts were down 21% and 7% respectively; however, nonbuilding starts were up 20% on a year-to-date basis. For the 12 months ending July 2023, total construction starts were 3% higher than that of 2022. Nonbuilding starts were 21% higher, and nonresidential building starts gained 16%. Conversely, on a 12-month rolling basis, residential starts posted a 17% decline overall.

"Construction starts have plateaued and are making little headway," said Richard Branch, chief economist for Dodge Construction Network. "Higher interest rates, labor shortages and material prices continue to impact the flow of construction starts – resulting in little forward momentum over the last 12 months. The lag in nonresidential building projects entering the planning stage will slow starts as the year progresses, which should be offset by rising infrastructure activity."" – Cailey Henderson, Account Manager, 104 West Partners

Source: https://www.construction.com/total-construction-starts/total-construction-starts-show-gains-in-july/; 8/16/23

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Private Indicators

Dodge Data & Analytics

"**Nonresidential building** starts fell 6% in July to a seasonally adjusted annual rate of $334 billion. Commercial starts rose 11% on the back of gains in warehouse and parking starts, offsetting a decline in office and hotel starts. Institutional starts were down 11%, with education, dormitories, and religious the only categories to show an increase. Manufacturing starts dropped 39% in July. On a year-to-date basis through July, total nonresidential starts were 7% lower than that of 2022. Institutional starts gained 8%, while manufacturing and commercial starts fell 9% and 31%, respectively.

For the 12 months ending July 2023, total nonresidential building starts were 16% higher than that ending July 2022. Manufacturing starts were 24% higher. Institutional starts improved 20%, and commercial starts gained 8%.

The largest nonresidential building projects to break ground in July were the $405 million Envision AESC BMW components manufacturing plant in Florence, South Carolina, the $370 million Wisteria at Warner Center office building in Los Angeles, California, and the $277 million first phase of an airside concourse at Orlando International Airport in Florida.

Residential

Residential building starts rose 20% in July to a seasonally adjusted annual rate of $414 billion. Single family starts gained 2%, while multifamily starts shot 62% higher. On a year-to-date basis through July 2023, total residential starts were down 21%. Single family starts were 25% lower, and multifamily starts were down 14%.

For the 12 months ending in July 2023, residential starts were 17% lower than in 2022. Single family starts were 25% lower, while multifamily starts were down only 0.1% on a rolling 12-month basis.

The largest multifamily structures to break ground in July were the $1 billion Clarkson Square condo and apartment building in New York City, the $365 million Queensbridge Collective residential tower in Charlotte, North Carolina, and the $358 million Oasis Hallandale tower in Hallandale Beach, Florida.

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

Source: https://www.construction.com/total-construction-starts/total-construction-starts-show-gains-in-july/; 8/16/23

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Private Indicators

MONTHLY CONSTRUCTION STARTS

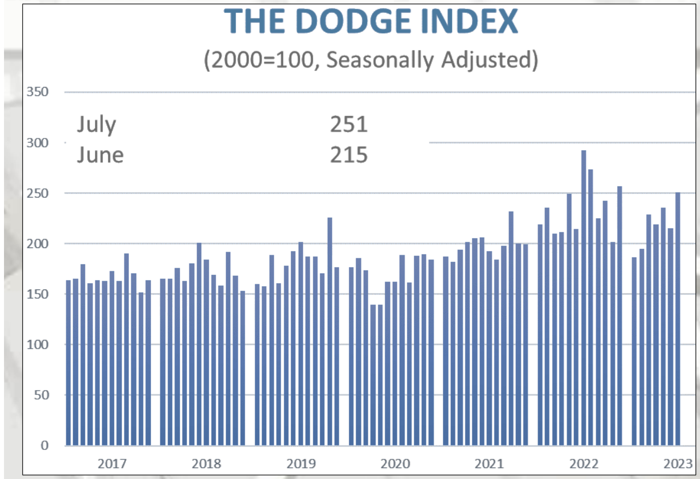
(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Jul 2023	Jun 2023	% Change
Nonresidential Building	$334,086	$354,541	-6
Residential Building	413,655	344,748	20
Nonbuilding Construction	439,812	318,169	38
Total Construction	$1,187,554	$1,017,458	17

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	7 Mos. 2023	7 Mos. 2022	% Change
Nonresidential Building	$219,351	$236,478	-7
Residential Building	206,847	262,194	-21
Nonbuilding Construction	179,849	150,011	20
Total Construction	$606,048	$648,683	-7



Source: Dodge Data & Analytics

Source: https://www.construction.com/total-construction-starts/total-construction-starts-show-gains-in-july/; 8/16/23

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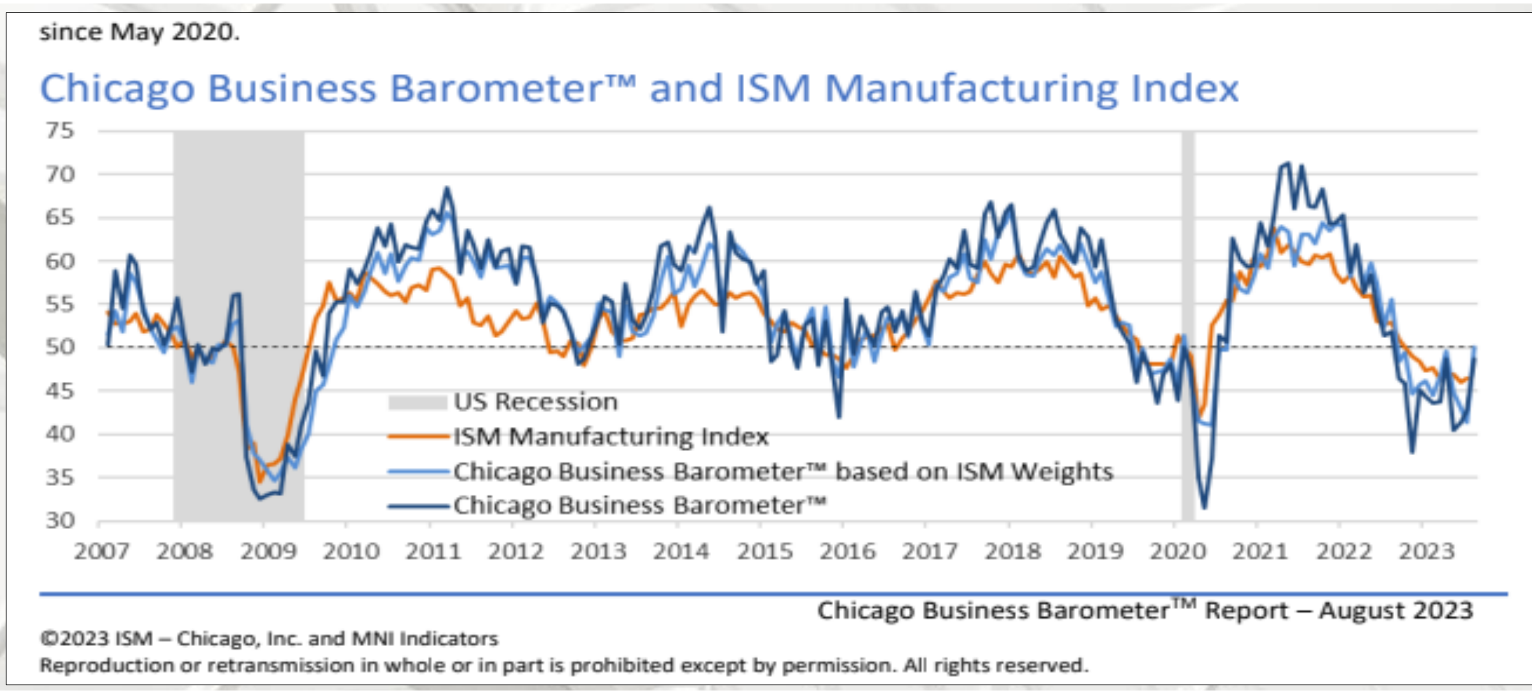

MNI Chicago
Chicago Business Barometer™ – Increases to 48.7

"**The Chicago Business Barometer™, produced with MNI,** improved by 5.9 points to 48.7 in August. This represents the third consecutive monthly increase and the highest level since August 2022. With the exception of Order Backlogs, all of the subcomponents rose.

- New Orders, Production and Employment all showed significant gains, albeit with the Employment component remaining in contractionary territory.
- New Orders increased by +12.6 points. This was the first time the subcomponent has been above 50 since May 2022.
- Production jumped by +12.0 points to 57.1, also the highest reporting since May 2022." – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicato

Source: https://www.ism-chicago.org/index.cfm; 8/31/23

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Private Indicators

MNI Chicago

Chicago Business Barometer™ – Increases to 48.7

- "Employment rose by +8.6 points to 48.3. Despite the biggest single-month increase since 2017, Employment is at similar levels to May 2023, and remains in contractive territory.
- Order Backlogs was the only subcomponent to fall this month, down -6.9 points to the lowest level since May 2020.
- Supplier Deliveries advanced by +0.5 points.
- Prices Paid increased substantially by +11.9 points to 74.0. This was the highest level since October 2022. Fewer respondents saw prices unchanged, with over 50% reporting having paid higher prices.
- Inventories grew by +9.8 points. Despite remaining in contractionary territory, this was the first time the component rose since March 2023.
- The survey ran from 1 August to 14 August." – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 7/31/23

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Private Indicators

The Conference Board Leading Economic Index® (LEI)

LEI for the U.S. Fell Again in July

“**The Conference Board Leading Economic Index®** (LEI) for the U.S. declined by 0.4 percent in July 2023 to 105.8 (2016=100), following a decline of 0.7 percent in June. The LEI is down 4.0 percent over the six-month period between January and July 2023 – a slight deterioration from its 3.7 percent contraction over the previous six months (July 2022 to January 2023).

The US LEI – which tracks where the economy is heading – fell for the sixteenth consecutive month in July, signaling the outlook remains highly uncertain. On the other hand, the coincident index (CEI) – which tracks where economic activity stands right now – has continued to grow slowly but inconsistently, with three of the past six months not changing and the rest increasing. As such, the CEI is signaling that we are currently still in a favorable growth environment. However, in July, weak new orders, high interest rates, a dip in consumer perceptions of the outlook for business conditions, and decreasing hours worked in manufacturing fueled the leading indicator’s 0.4 percent decline. The leading index continues to suggest that economic activity is likely to decelerate and descend into mild contraction in the months ahead. The Conference Board now forecasts a short and shallow recession in the Q4 2023 to Q1 2024 timespan.

The Conference Board Coincident Economic Index® (CEI) for the U.S. improved by 0.4 percent in July 2023 to 110.5 (2016=100), after no change in June. The CEI is now up 0.7 percent over the six-month period between January and July 2023 – down slightly from the 0.9 percent growth rate 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. Industrial production erased some of the losses reported in June and May and made the strongest positive contribution to July’s coincident index, followed by income, employment, and sales.

The Conference Board Lagging Economic Index® (LAG) for the U.S. was unchanged in both July and June of 2023, at 118.3 (2016 = 100). The LAG is up slightly by 0.1 percent over the six-month period from January and July 2023, down dramatically from its 2.5 percent growth 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; 8/17/23

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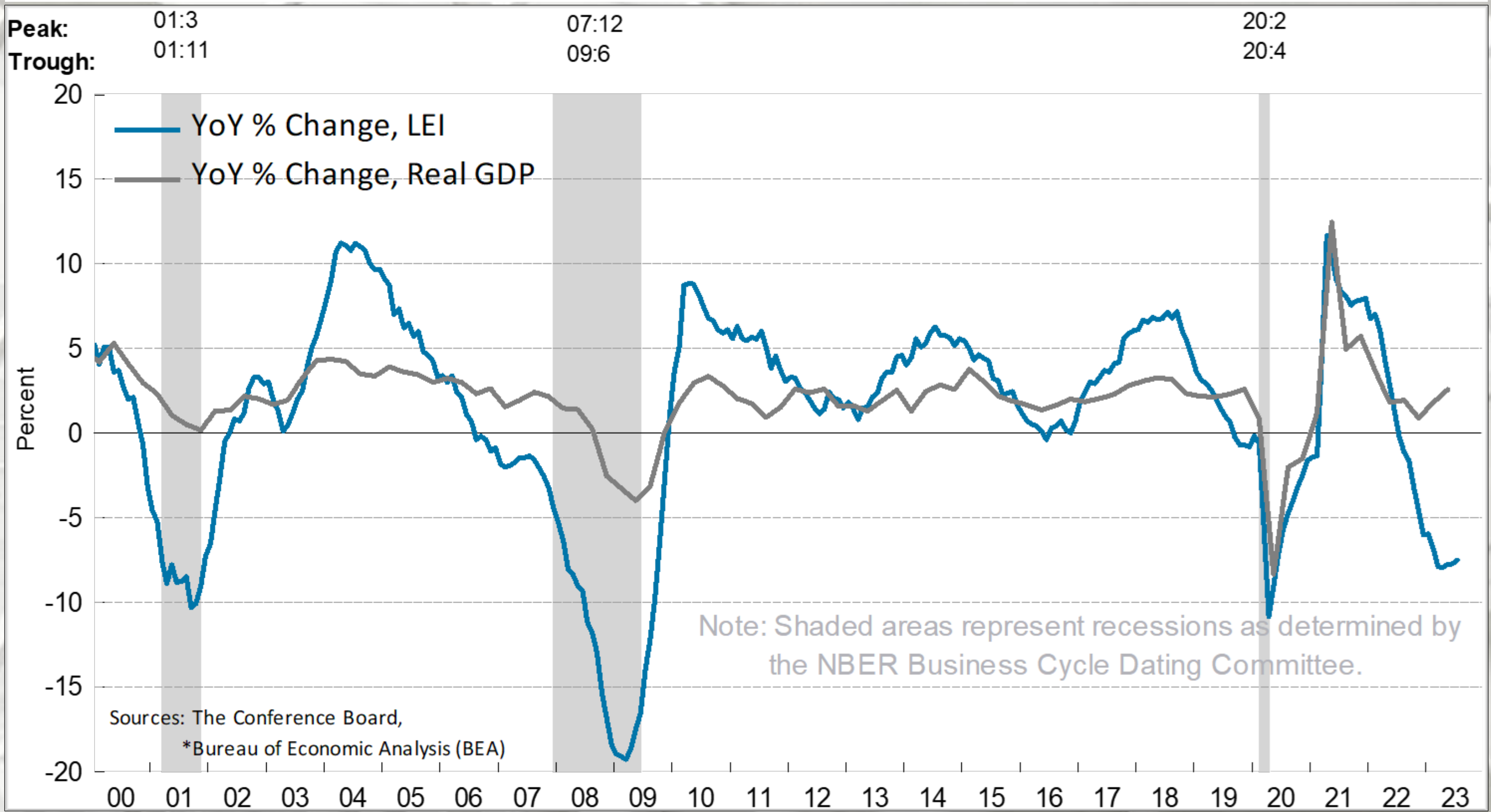
Private Indicators

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

LEI for the U.S. Fell Again in July

The annual growth rate of the LEI remained negative, confirming weaker economic activity ahead



Source: https://www.conference-board.org/data/bcicountry.cfm; 8/17/23

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Private Indicators

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

July New Business Volume Down 2 Percent Year-over-year and 9 Percent Month-to-month; Up 1.3 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 July was $9.9 billion, down 2 percent year-over-year from new business volume in July 2022. Volume was down 9 percent from $10.9 billion in June. Year-to-date, cumulative new business volume was up 1.3 percent compared to 2022.

Receivables over 30 days were 2.3 percent, up from 1.8 percent the previous month and up from 1.6 percent in the same period in 2022. Charge-offs were 0.32 percent, down from 0.37 percent the previous month and up from 0.18 percent in the year-earlier period.

Credit approvals totaled 75.3 percent, down from 76.1 percent in June. Total headcount for equipment finance companies was down 2.1 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in August is 50.4, an increase from the July index of 46.4." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"In the current relatively high interest rate environment in which the industry finds itself this summer, new business volume is holding up pretty well for the month of July. However, compared to the same period last year, respondents to the MLFI are reporting some softness. This coincides with expectations by economists that overall investment in equipment and software will slow down in the second half of 2023. Is this the canary in the coal mine indicating a modest recession is around the corner? Only time will tell. But, in the meantime, equipment finance companies will continue doing what they always do – provide necessary capital to businesses seeking to acquire productive assets to run their businesses." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2023/08/29/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 8/29/23

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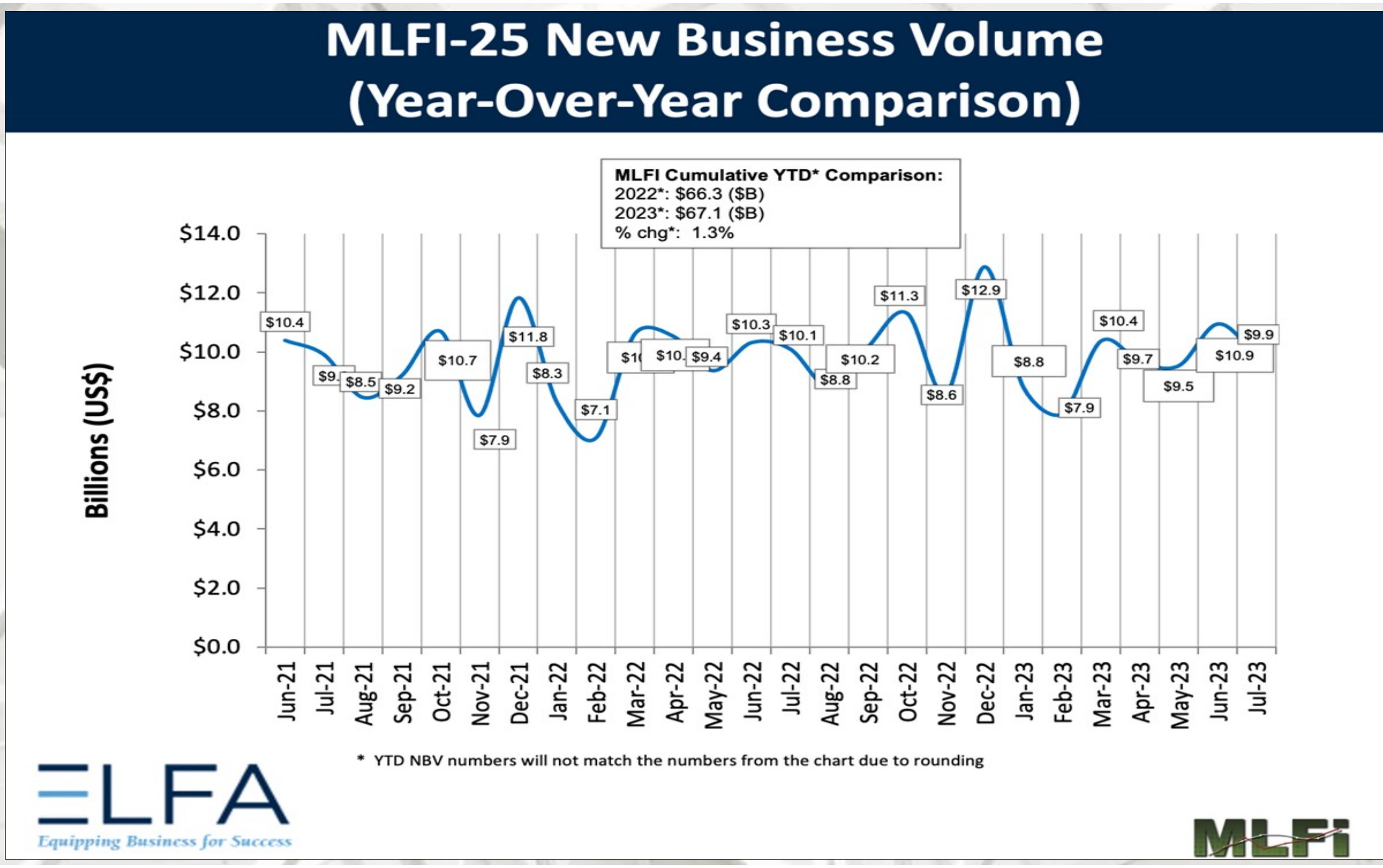

Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index

"Rising interest rate environments will slow consumer spending. Cheap money notes that begin to expire will be replaced by more expensive money, and I expect new investments will be reduced. These are excellent conditions for companies with expiring portfolios. Proposing a diversified capital structure will provide company flexibility. We have reason to be optimistic because equipment finance remains an attractive solution for borrowers and lenders. It is worth repeating that fair market value leases provide a flexible solution that reduces monthly payment." – Craig Ault, Chief Revenue Officer, Honour Capital

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2023/08/29/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 8/29/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Sharper contraction of US manufacturing sector in August

"The headline S&P Global US Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases, and has been compiled since May 2007. The PMI fell to 47.9 in August, from 49.0 in July, indicating a stronger downturn in operating conditions at US goods producers. The manufacturing sector has contracted every month since November 2022 except for a brief stabilisation in April, and the latest PMI reading was in line with the average over this period. Four components of the headline figure had negative contributions in August (the exception being employment), and four had negative directional influences compared with July (the exception being suppliers' delivery times).

Business conditions facing US manufacturers worsened further in August, according to the latest PMI™ survey data from S&P Global. A sharper fall in new orders led to a renewed contraction in output, while firms continued to deplete their backlogged work and stocks of finished goods. Output expectations were the weakest in 2023 so far, reflected in the slowest rise in employment in the sector since January. More positively, supply chains continued to improve and inflationary pressures remained modest despite ticking higher since July." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/cc64a4c6c2454e3491df0321c1fa388c; 9/1/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Sharper contraction of US manufacturing sector in August

“The PMI fell to 47.9 in August, from 49.0 in July, indicating a stronger downturn in operating conditions at US goods producers. The manufacturing sector has contracted every month since November 2022 except for a brief stabilisation in April, and the latest PMI reading was in line with the average over this period. Four components of the headline figure had negative contributions in August (the exception being employment), and four had negative directional influences compared with July (the exception being suppliers' delivery times).

The overall deterioration in business conditions was driven by a further decline in new orders. Lower new orders were blamed on a weakening economy and customers being cautious in placing new contracts. The rate of decline accelerated since July to register the second-steepest reduction seen over the past six months. Demand for US-produced goods has fallen 13 times in the past 15 months. Moreover, new export orders contracted for the fifteenth month running.

The latest reduction in new orders led firms to further reduce their levels of work-in-hand with backlogs declining for the eleventh month running, the second-longest sequence in the survey history. The latest depletion was strong, but not enough to sustain overall growth of output alongside falling new orders. Production fell for the second time in three months, albeit modestly. Since mid-2022 the Output Index has averaged 49.1, with eight monthly contractions outweighing six expansions. Also weighing on output in the latest period was a fifth successive reduction in finished goods inventories as companies sought to further manage stock levels lower.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/cc64a4c6c2454e3491df0321c1fa388c; 9/1/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Sharper contraction of US manufacturing sector in August

"Output expectations eased notably since July with the Future Output Index posting one of the biggest falls since the pandemic, leaving confidence at the lowest level in 2023 so far. Nevertheless, manufacturers continued to raise employment to support expected growth of workloads. Jobs have risen every month since August 2020, although the latest increase was the slowest since January.

Purchasing activity continued to fall sharply in August, contributing to another improvement in suppliers' delivery times. Lead times have fallen for eight months in a row, the longest sequence in the survey history.

Weaker demand for inputs helped to contain cost pressures in August. Average input prices rose for the second month running, and at a slightly faster rate, but one that remained well below the long-run survey average. Anecdotal evidence highlighted oil, chemicals, plastics and fuel as being up in price. Higher costs continued to be passed on to customers, as output prices rose at the fastest pace in four months albeit a pace that remained modest overall." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/cc64a4c6c2454e3491df0321c1fa388c; 9/1/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Sharper contraction of US manufacturing sector in August

Comment

"US manufacturers reported another tough month of trading in August. Output has fallen back into decline after a brief respite in July amid an increasingly steep deterioration in order books. Orders are in fact falling faster than factories are cutting output, suggesting firms will need to continue scaling back their production volumes into the near future.

An increasing sense of gloom about the near-term outlook has meanwhile hit hiring and led to a further major pull-back in purchasing activity.

The survey meanwhile adds to evidence that the deflationary impact of improving supply chains has peaked, with prices starting to rise at an increased rate again in August. However, falling demand is clearly continuing to dampen pricing power and is keeping overall inflationary pressures in the manufacturing sector very subdued.

Policy initiatives such as the CHIPS and Science Act and IRA should start to help buoy production in the medium term as capacity in US manufacturing is expanded. A shifting of the inventory cycle toward restocking should also be evident by the end of the year, given improvements in some survey metrics such as the orders-inventory ratio. However, such rays of hope remain currently overshadowed by business confidence turning lower, which indicates that producers anticipate some further near-term headwinds to any manufacturing revival."" – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/cc64a4c6c2454e3491df0321c1fa388c; 9/1/23

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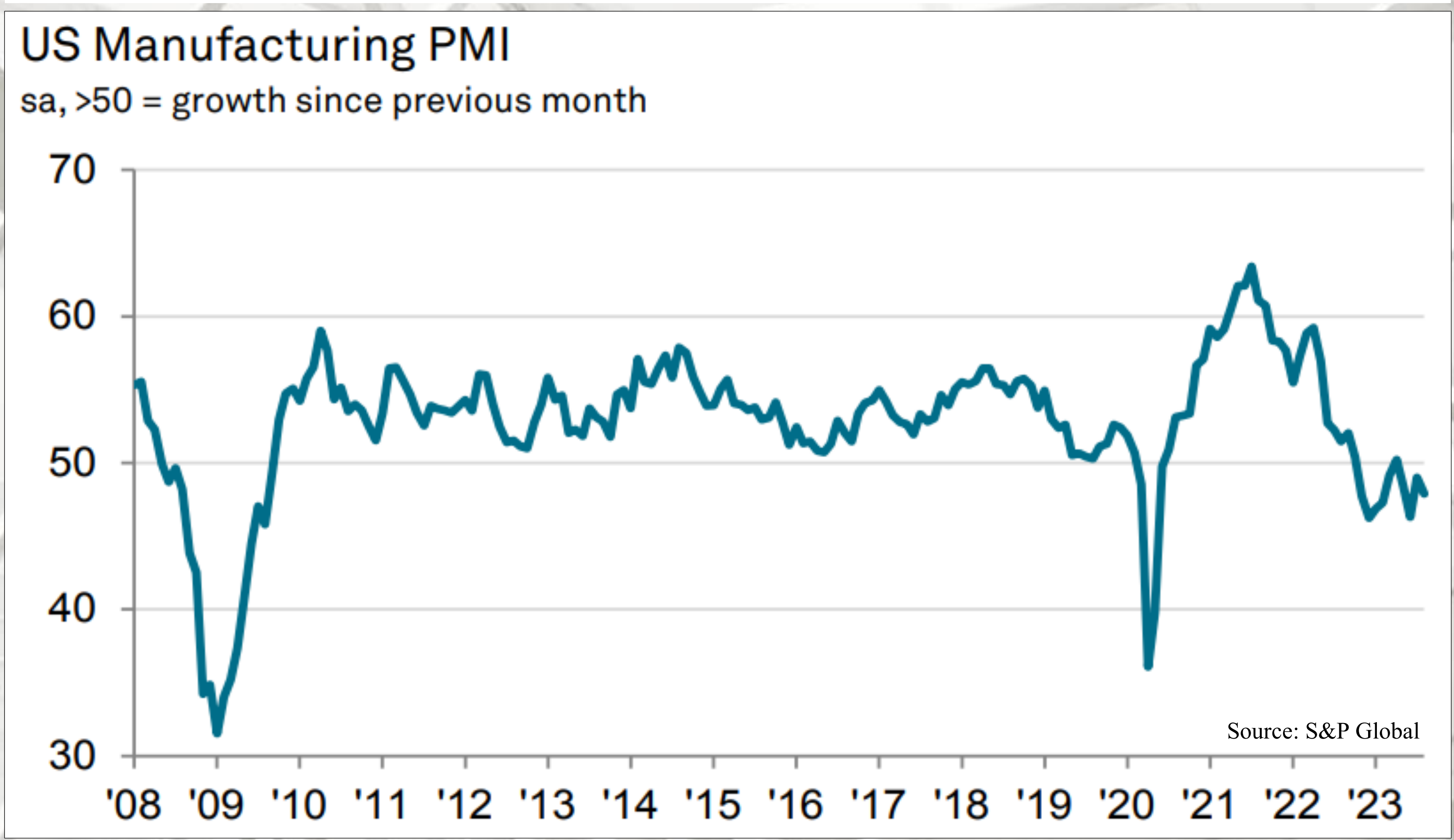

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/cc64a4c6c2454e3491df0321c1fa388c; 9/1/23

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Private Indicators

S&P Global U.S. Services PMI™

Service sector demand falters sparking weakest growth in activity for seven months

“The seasonally adjusted final S&P Global US Services PMI Business Activity Index posted 50.5 in August, down sharply from 52.3 in July. The rate of output growth slowed for the third month running and was only marginal. Although some firms noted that activity growth was led by efforts to work through past orders, weak client demand and a return to contraction in new business weighed on the expansion.

The US services economy reported a slowdown in growth in August, according to the latest PMI™ data from S&P Global. Business activity increased only fractionally and at the slowest pace in the current seven-month sequence of expansion. A weaker rise in output was primarily driven by a renewed contraction in new business, as client demand was reported to have been dampened by interest rate hikes
and elevated inflation. The downturn was driven by subdued domestic demand, as new export orders continued to increase. As a result of the drop in new business and growing evidence of spare capacity, firms expanded their staffing numbers at the slowest pace in almost a year.

On the inflation front, input prices rose at a steeper pace in August, which was largely driven by higher wage bills. Firms were hesitant to pass through the full extent of increased input prices to their clients, however, as selling prices rose at a softer pace.

Although only fractional, the fall in new orders was the first in six months and signalled a marked turnaround from the sharp upturn seen in the second quarter of 2023. Muted demand conditions reportedly stemmed from the impact of higher interest rates and inflation on customer spending.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/496fa42d5cb4422ab8a4fdfb2d37d3f7; 9/6/23

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Private Indicators

S&P Global U.S. Services PMI™

Service sector demand falters sparking weakest growth in activity for seven months

"Foreign client demand remained more supportive, with new export orders continuing to rise in August thanks to new client acquisition and sustained interest from existing customers.

Service providers largely noted that greater wage bills drove input price inflation during August, alongside reports of upward energy and fuel price pressures as well as some firming of materials prices. The rate of increase picked up rom that seen in July and was marked overall. Although slower than the 2023 average to date, the pace of inflation was historically marked.

Subdued demand conditions led firms to be more hesitant regarding increases in selling prices in August. Although still sharp overall by pre-pandemic historical standards, the rate of output charge inflation was the slowest since February. Service sector firms meanwhile recorded only a fractional rise in employment midway through the third quarter. Lower new order inflows were widely cited as encouraging a drawback in hiring activity. The rate of job creation weakened for the third successive month to the slowest since October 2022.

The softer uptick in workforce numbers reflected emerging evidence of spare capacity across the service sector, amid the renewed drop in new business. Backlogs of work fell for a second month running, declining at the steepest rate since November 2022.

Firms remained upbeat in their assessment of the outlook for output over the coming year, despite the current muted demand. The degree of confidence improved from that seen in July, yet remained below the series average. Although companies were often buoyed by hopes that initiatives such as marketing campaigns would drive growth in new orders, client hesitancy amid interest rate hikes subdued expectations." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/496fa42d5cb4422ab8a4fdfb2d37d3f7; 9/6/23

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Private Indicators

S&P Global U.S. Services PMI™

Service sector demand falters sparking weakest growth in activity for seven months

Comment

“The survey data send a hint of rising stagflation risks, as stubborn price pressures are accompanied by a near-stalling of business activity.

The PMI numbers for the third quarter so far point to a faltering of economic growth after a robust second quarter, as a renewed manufacturing downturn is accompanied by a deteriorating picture in the service sector.

While a post-pandemic revival of travel, recreation and hospitality spend contributed to an improved economic performance in the spring and early summer, this tailwind is losing momentum. Companies increasingly report customers to have become reticent to spend amid gloomier prospects as higher interest rates and the increased cost of living take their toll. However, financial services and business services providers are also increasingly feeling the pinch from weakening demand.

Persistent wage growth is meanwhile being accompanied by renewed upward pressure on energy, fuel and transport costs, as well as some broader firming of materials prices, driving cost growth higher. Competitive forces have kept a lid on selling price inflation, but the rate of increase of service sector charges remains elevated to the extent that consumer price inflation is likely to remain stubbornly above the Fed's target in the coming months.

The key data to watch in the coming months will be the degree to which any further waning of demand for services translates into lower pricing power and reduced inflation.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/496fa42d5cb4422ab8a4fdfb2d37d3f7; 9/6/23

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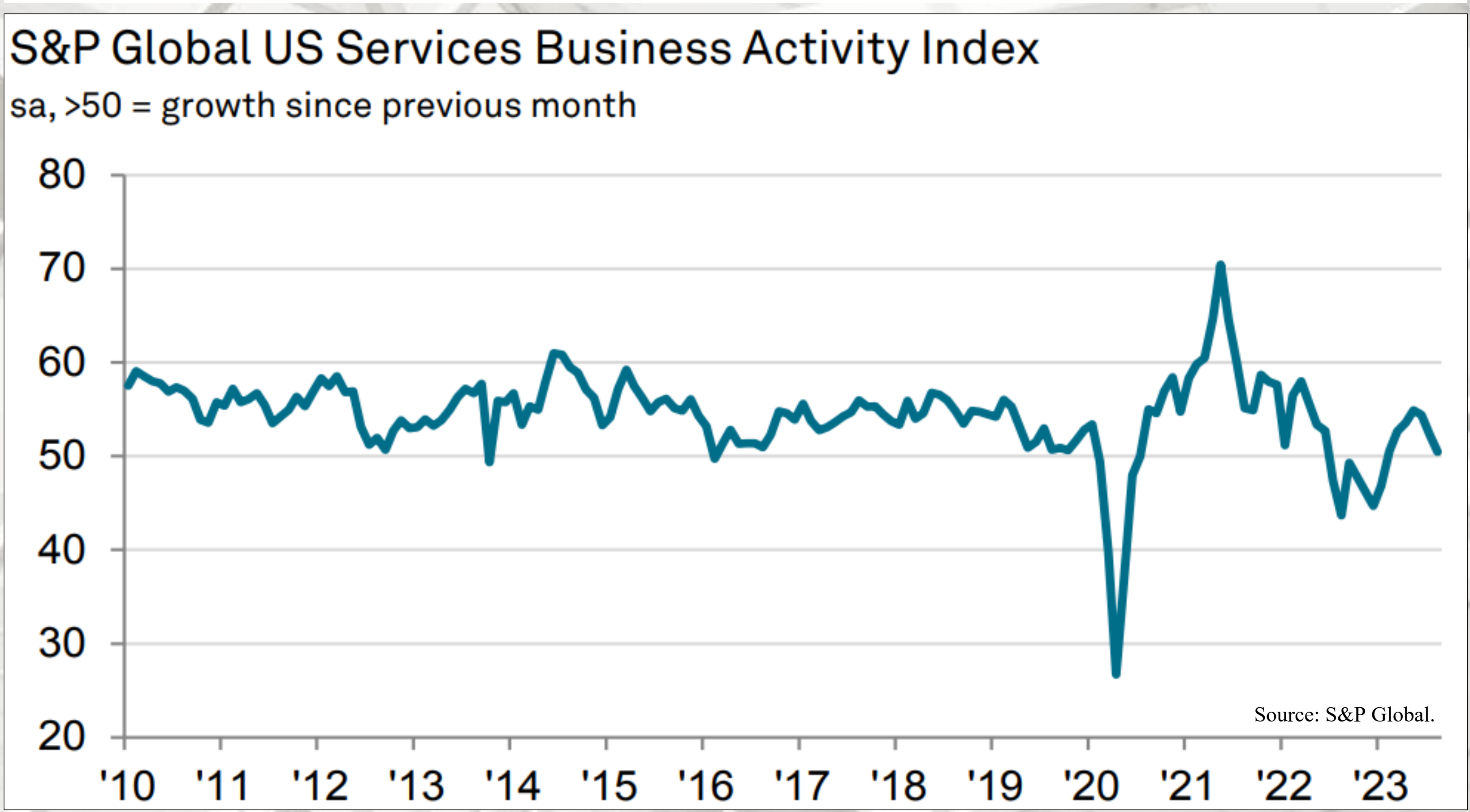

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/496fa42d5cb4422ab8a4fdfb2d37d3f7; 9/6/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for August 2023: Combined Sectors

"The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for August 2023 fell 1.6 points to 50.8 – its lowest reading since May 2020. This drop once again revives the likelihood of a recession, especially on the business side, said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"In January, given the bleak picture suggested by the CMI, I was ready to declare the recession had started, at least from the business perspective," Cutts said. "But then the CMI recovered and I changed my mind about how imminent the recession might be. But now we have had two successive months of deterioration, and this month we've approached the lowest level of the index outside of a declared recession. Consumers may be holding up the economy, but the many stresses on businesses – from higher interest rates to labor costs to supply chain shortages – are leaving deep marks."

"Last month I stated that the Credit Managers' Index has been see-sawing between 'recession is about to start' and 'business is good' levels since the start of the year, and that the factor indexes were aligning along similar trends," said Cutts. "This month, the factor indexes were also aligned, but the message now is quite clear that businesses are starting to break under current economic stresses. The sales factor index is now in contraction territory after a two-month dive. This bodes poorly for economic conditions going forward as more businesses are cutting back on orders now and that means fewer goods and services will be delivered in coming months."

"Respondents in the CMI survey are indicating that supply chain issues remain a problem," said Cutts. "But a new threat is coming from increased business identity fraud in new applications for credit. These new companies are seeking to buy products or services on credit from NACM member companies for which they have no intention to pay. They then disappear as fast as they came in. Just like in consumer credit, business identity theft is a big issue and tough to fight." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 8/31/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Key Findings:

- Six of the 10 factor indexes are at their lowest levels since May 2020. Two of the remaining four factor indexes are at their lowest levels since June 2020.
- The index for favorable factors is down 3.1 points to 53.3, led by a 6.1-point deterioration in the sales factor index to 49.5 points – its first time in contraction territory since May 2020. The sales factor index has declined 12.5 points in two months.
- The dollar collections factor index deteriorated for the second month in a row, slipping 3.6 points to 52.6. The level remains in expansion territory, meaning that even with the abrupt decline in the index, more than half of respondents said collections were the same or better than in the prior month.
- The index for unfavorable factors deteriorated by 0.7 to 49.1 and remained in the tight range around 50 that it has been in over the past year and a half. The index was last at this value in February 2023.
- Five of the six unfavorable factor indexes deteriorated in the August survey; the index for accounts placed for collections led with a decline of 3.3 to an index value of 44.9. This index has been in contraction levels since June of 2022, meaning in each of these months more than half of respondents have indicated that more accounts were referred to collections than the prior month.
- The index for the dollar amount beyond terms improved by 2.8 points to 48.9, yet August was the second consecutive month that the index was in contraction territory below 50.
- The index for filings for bankruptcies deteriorated 2.1 points to come in at 50.2, balancing on the threshold between contraction and expansion." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 8/31/23

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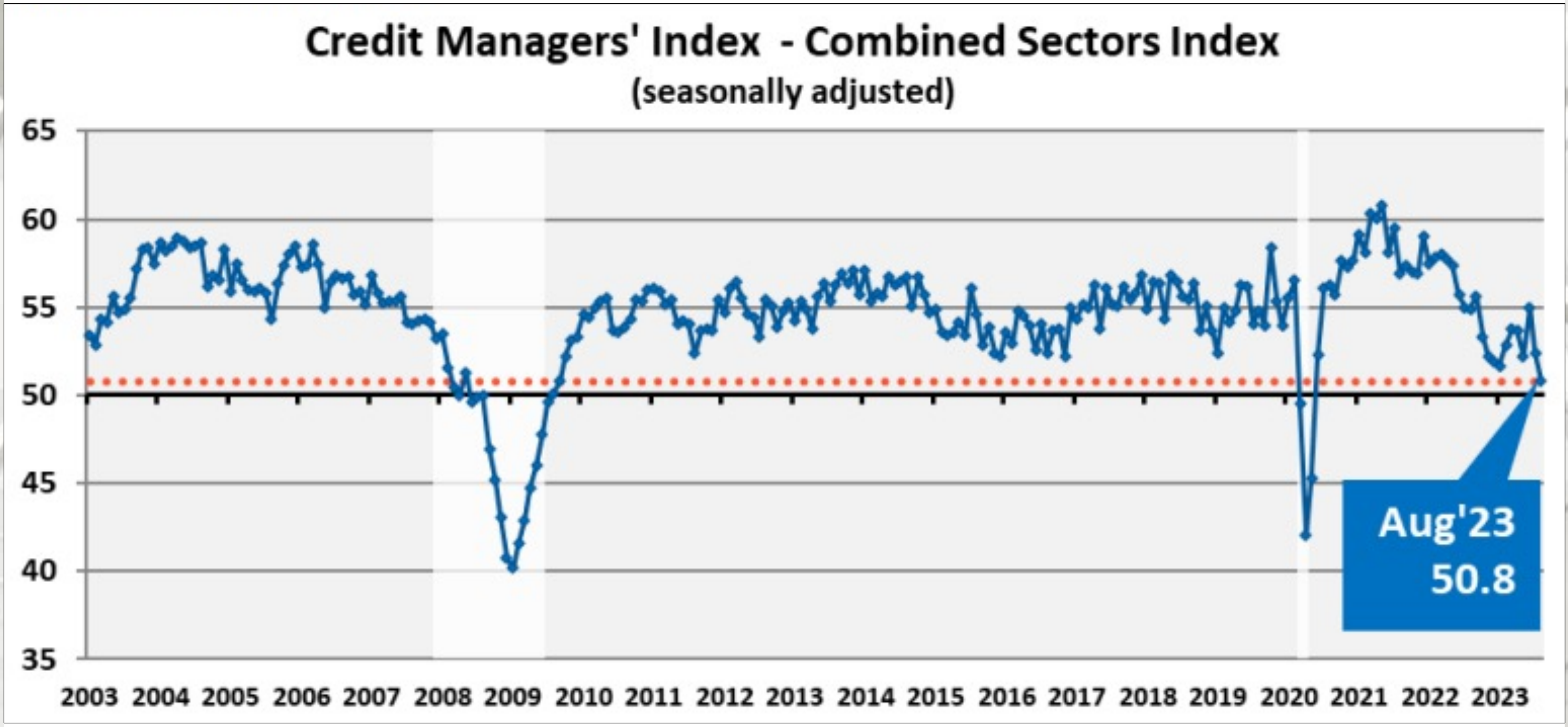
Private Indicators

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; 8/31/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	Aug '22	Sep '22	Oct '22	Nov '22	Dec '22	Jan '23	Feb '23	Mar '23	Apr '23	May '23	Jun '23	Jul '23	Aug '23
Sales	62.9	63.7	56.0	55.3	55.9	51.2	57.6	57.0	59.0	54.1	62.0	55.6	49.5
New credit applications	63.1	61.3	59.0	57.2	55.6	56.9	58.5	58.9	58.5	57.7	58.3	56.8	56.2
Dollar collections	58.2	63.9	55.5	56.2	58.3	57.7	59.7	60.0	61.4	57.1	61.6	56.2	52.6
Amount of credit extended	64.5	65.6	59.0	57.6	56.1	57.9	58.6	58.2	58.6	56.5	60.2	56.8	54.9
Index of favorable factors	**62.2**	**63.6**	**57.4**	**56.6**	**56.5**	**55.9**	**58.6**	**58.5**	**59.4**	**56.4**	**60.5**	**56.4**	**53.3**
Rejections of credit applications	49.5	52.0	51.9	51.0	50.9	50.4	50.4	50.8	47.7	48.7	53.3	50.7	50.3
Accounts placed for collection	49.5	49.4	47.6	46.7	46.4	45.2	45.5	46.6	46.7	45.9	48.2	48.2	44.9
Disputes	49.2	48.4	50.3	48.4	49.0	48.9	48.4	50.6	49.6	48.4	51.1	50.3	49.8
Dollar amount beyond terms	45.7	49.4	49.3	48.2	46.5	47.9	51.4	53.0	53.8	51.4	51.8	46.1	48.9
Dollar amount of customer deductions	49.6	49.4	51.3	49.3	49.3	50.0	48.5	50.5	49.8	52.9	51.0	51.0	50.9
Filings for bankruptcies	57.1	53.3	53.5	52.3	51.0	50.8	50.1	51.8	51.4	49.7	52.4	52.3	50.2
Index of unfavorable factors	**50.1**	**50.3**	**50.6**	**49.3**	**48.9**	**48.9**	**49.1**	**50.5**	**49.8**	**49.5**	**51.3**	**49.8**	**49.1**
NACM Combined CMI	**54.9**	**55.6**	**53.3**	**52.2**	**51.9**	**51.7**	**52.9**	**53.7**	**53.7**	**52.2**	**55.0**	**52.4**	**50.8**

Source: https://nacm.org/cmi.html; 8/31/23

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Private Indicators

National Federation of Independent Business (NFIB) August 2023 Report

Prices Rising Slightly on Main Street as Inflation Remains a Top Business Problem

“The **NFIB Small Business Optimism Index** decreased 0.6 of a point in August to 91.3, the 20th consecutive month below the 49-year average of 98. Twenty-three percent of small business owners reported that inflation was their single most important business problem, up two points from last month. The net percent of owners raising average selling prices increased two points to a net 27% (seasonally adjusted), still at an inflationary level.” – Holly Wade, NFIB

“With small business owners’ views about future sales growth and business conditions discouraging, owners want to hire and make money now from strong consumer spending. Inflation and the worker shortage continue to be the biggest obstacles for Main Street.” – Bill Dunkelberg, Chief Economist, NFIB

Key findings include:

- “Small business owners expecting better business conditions over the next six months deteriorated seven points from July to a net negative 37%, however, 24 percentage points better than last June’s reading of a net negative 61% but still at recession levels.
- Forty percent of owners reported job openings that were hard to fill, down two points from July but remain historically high.
- The net percent of owners who expect real sales to be higher decreased two points from July to a net negative 14%.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/12/23

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Private Indicators

National Federation of Independent Business (NFIB) August 2023 Report

"As reported in NFIB's monthly jobs report, 40% (seasonally adjusted) of all owners reported job openings they could not fill in the current period. Owners' plans to fill open positions remain elevated, with a seasonally adjusted net 17% planning to create new jobs in the next three months.

Fifty-six percent reported capital outlays in the last six months, up one point from July. Of those making expenditures, 37% reported spending on new equipment, 24% acquired vehicles, and 17% improved or expanded facilities. Eleven percent spent money on new fixtures and furniture and 4% acquired new buildings or land for expansion. Twenty-four percent of owners plan capital outlays in the next few months, down three points from July.

A net negative 14% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, the lowest reading since August 2020. The net percent of owners expecting higher real sales volumes declined two points to a net negative 14%.

The net percent of owners reporting inventory gains declined four points to a net negative 7%. Not seasonally adjusted, 11% reported increases in stocks and 16% reported reductions. A net negative 5% of owners viewed current inventory stocks as "too low" in August, down one point from July. By industry, shortages are the most frequent in retail (9%), finance (7%), manufacturing (7%), and services (7%). Zero percent of owners plan inventory investments in the coming months, up two points from July.

The net percent of owners raising average selling prices increased two points from July to a net 27% (seasonally adjusted). Twenty-three percent of owners reported that inflation was their single most important problem in operating their business, up two points." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/12/23

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Private Indicators

National Federation of Independent Business (NFIB) August 2023 Report

"Unadjusted, 12% reported lower average selling prices and 38% reported higher average prices. Price hikes were the most frequent in finance (52% higher, 7% lower), construction (51% higher, 6% lower), retail (45% higher, 11% lower), and wholesale (36% higher, 20% lower). Seasonally adjusted, a net 30% plan price hikes.

Seasonally adjusted, a net 36% reported raising compensation, down two points from July. A net 26% of owners plan to raise compensation in the next three months, up five points.

Eight percent of owners cited labor costs as their top business problem, down two points from July. Twenty-four percent said that labor quality was their top business problem.

The frequency of reports of positive profit trends was a net negative 25%, up five points. Among owners reporting lower profits, 28% blamed weaker sales, 24% blamed the rise in the cost of materials, 15% cited labor costs, 10% cited lower prices, 5% cited the usual seasonal change, and 3% cited higher taxes or regulatory costs. For owners reporting higher profits, 45% credited sales volumes, 29% cited usual seasonal change, and 12% cited higher selling prices.

Two percent of owners reported that all their borrowing needs were not satisfied. Twenty-seven percent reported all credit needs met and 59% said they were not interested in a loan. A net 4% reported their last loan was harder to get than in previous attempts.

Two 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.

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 August 2023." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/12/23

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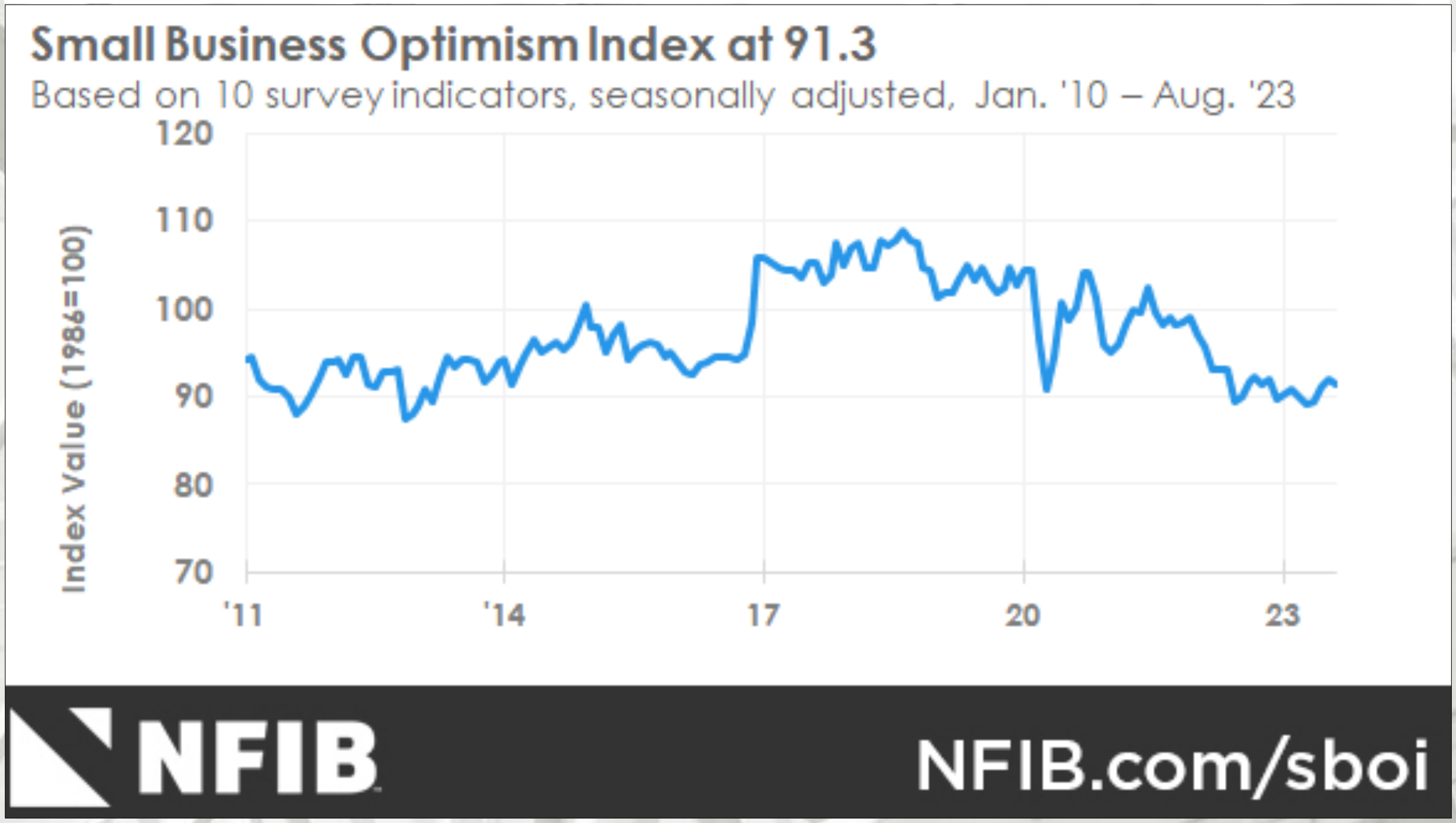
Private Indicators

National Federation of Independent Business (NFIB)
August 2023 Report



Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/12/23

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Private Indicators

National Federation of Independent Business (NFIB)
August 2023 Report

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	17%	0
Plans to Make Capital Outlays	24%	-3
Plans to Increase Inventories	0%	2
Expect Economy to Improve	-37%	-7
Expect Real Sales Higher	-14%	-2
Current Inventory	-5%	-1
Current Job Openings	40%	-2
Expected Credit Conditions	-6%	2
Now a Good Time to Expand	6%	0
Earnings Trends	-25%	5

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/12/23

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

August Job Growth Among Small Businesses Unchanged from July

Hourly earnings growth is below four percent for the second-straight month

“According to the 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. – is essentially flat at 99.10, a decrease of 0.04% in August. Meanwhile, an hourly earnings growth rate of 3.98% among U.S. small businesses is unchanged in August from July and below four percent for the second consecutive month.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“The Small Business Jobs Index moderated for the fifth consecutive month and the flattening of earnings growth both align with a stabilizing U.S. labor market.” – James Diffley, Chief Regional Economist, S&P Global Market Intelligence

“Our data indicates America’s small businesses are adding workers at a sustained and modest rate. Regarding hourly earnings, last month we reported a growth rate below four percent for the first time since 2021. Seeing that trend continue this month is an encouraging sign that wages are normalizing along with overall inflation.” – John Gibson, President and CEO, Paychex’

Source: https://www.paychex.com/employment-watch; 8/29/23

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

"In further detail, the August report showed:

- The pace of small business job growth has changed over the past year from 99.94 in August 2022 to 99.10 in August 2023.
- Despite slowing for the sixth consecutive month, North Carolina is once again the top-ranked state for small business job growth (100.69), overtaking Texas (100.46).
- Houston's jobs index (102.06) ranks first among metros in August and is more than a point higher than second-ranked Miami (100.82).
- Hourly earnings growth was unchanged at 3.98% in August, though one-month annualized growth increased to 4.71%.
- Weekly hours worked growth has slowed in recent months and is down 0.45% year-over-year. At 99.71, the South leads regional small business job growth for the 17th consecutive month despite slowing each month since February 2023.
- Only four states have increased their pace of job growth from a year ago, with Wisconsin leading the way, gaining 1.77% from last August to 99.53.
- At its 2023 peak, Washington leads states in hourly earnings growth (4.87%). However, weekly hours worked growth in Washington continues to rank last among states and has been negative for the past two years.
- While the lowest performing sector among industries, Manufacturing (97.24) showed the most significant gains in August (0.21%)." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 8/29/23

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

August Job Index	August Wage Data
Index	Hourly Earnings
99.10	$31.88
12-Month Change	12-Month Growth
-0.84%	3.98%

Source: Paychex | IHS Markit Small Business Employment Watch

- "The national small business jobs index moderated 0.04% to 99.10 in August, its fifth consecutive decrease.
- The pace of small business job growth (99.10) has slowed 0.84% from a year ago (99.94).
- Demonstrating moderate small business job growth, the national index has stayed between 99 and 100 for the past year." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 8/29/23

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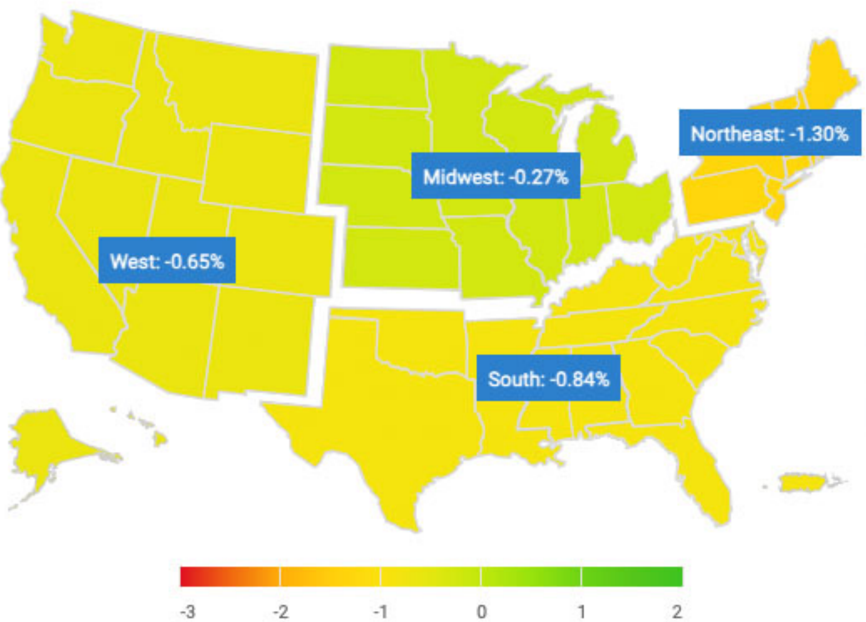
Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	99.32	-0.27%
Northeast	98.59	-1.30%
South	99.71	-0.84%
West	98.89	-0.65%

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

- "At 4.32%, the West leads regional hourly earnings growth for the third straight month and is the only region with growth above four percent.
- The South began 2023 with hourly earnings growth above five percent (5.01%) but has decelerated consistently over the past eight months, dropping below four percent in August (3.99%).
- Weekly hours worked growth has slowed in all four regions over the past year, with recent months indicating further deceleration." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 8/29/23

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Economics

Redfin

1 in 5 Millennial Respondents Believe They'll Never Own a Home

- *Roughly one in 10 Gen Z respondents believe they'll never own a home.*
- *Affordability is the number-one barrier to homeownership for young Americans: About half of Gen Z and millennial respondents who don't plan to buy a home in the near future say it's because homes are too expensive.*
- *About one-third of Gen Zers and millennials say mortgage rates are too high to buy a home.*
- *Of the Gen Zers and millennials who are planning to buy soon, about 2 in 5 are working side hustles to afford their down payment. Roughly one-quarter will use a cash gift from family.*

Nearly one of every five (18%) millennials and 12% of Gen Zers who replied to a recent housing survey believe they will never own a home.

That's according to a Redfin-commissioned survey conducted by Qualtrics in May and June 2023. The survey was fielded to 5,079 U.S. residents who either moved in the last year, plan to move in the next year, or rent their home. This report focuses on the 1,340 Gen Z (aged 18 to 26) and 1,973 millennial (aged 27 to 42) respondents. The stat above is based on the following question: Do you believe that you will ever own your own home in the future? Respondents could choose "yes" or "no."

Lack of affordability is the number-one barrier to home ownership for young Americans. Roughly half of Gen Z and millennial renters who believe they're unlikely to purchase a home in the near future say the high price of homes on the market is blocking them from buying. That's the most commonly cited barrier, and it's followed by several other affordability-related reasons." – Dana Anderson, Data Journalist, Redfin

Source: https://www.redfin.com/news/gen-z-millennial-affordability-barrier-to-homeownership/; 9/7/23

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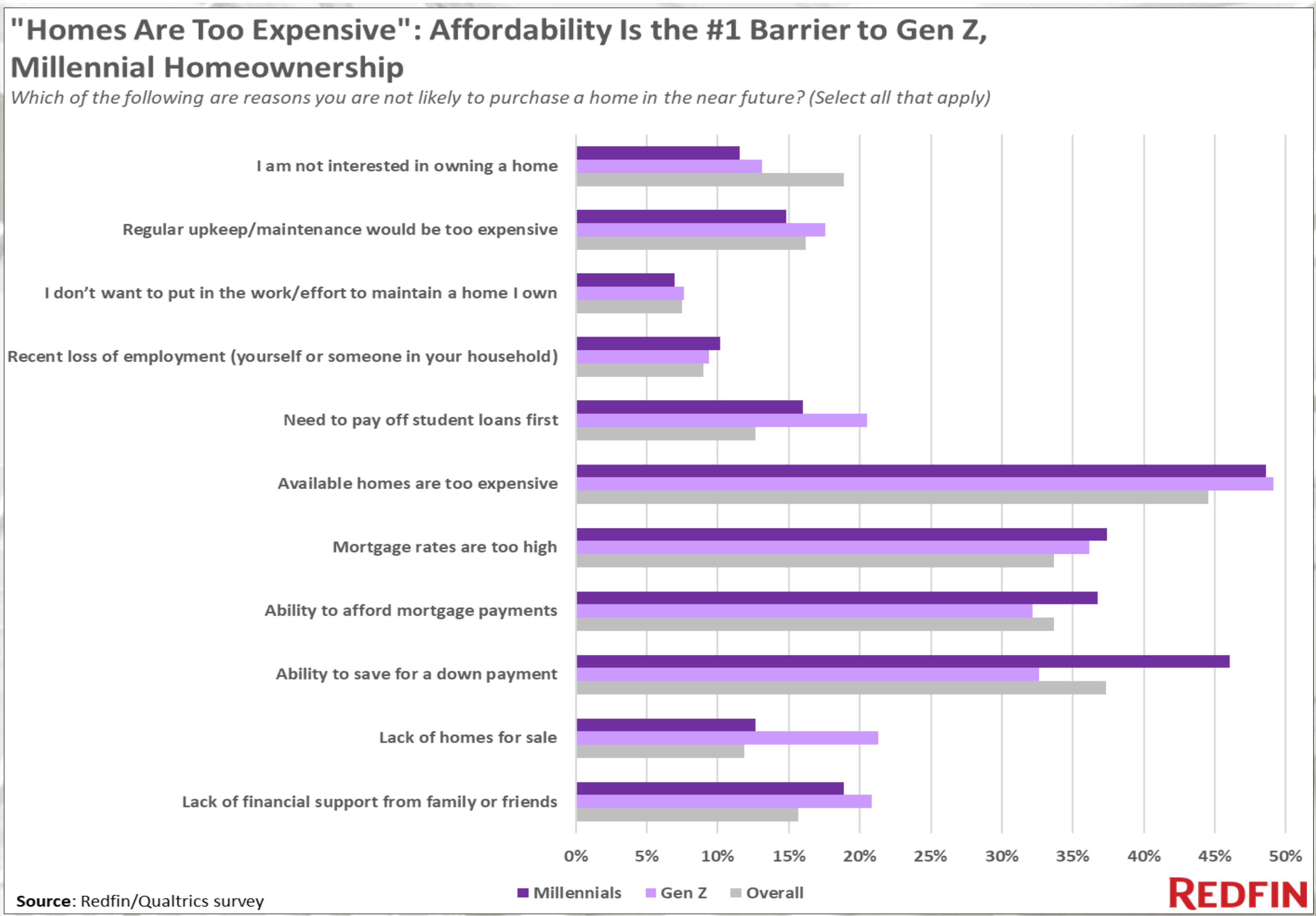
Economics



Source: https://www.redfin.com/news/gen-z-millennial-affordability-barrier-to-homeownership/; 9/7/23

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Economics

Redfin

1 in 5 Millennial Respondents Believe They'll Never Own a Home

"Nearly half (46%) of millennials and one-third (33%) of Gen Zers say their lack of ability to save for a down payment is a barrier, and more than one-third of both Gen Zers and millennials say mortgage rates are too high. Roughly one-third also say they're unable to afford monthly mortgage payments. About one in five (21%) Gen Zers and 16% of millennials say they need to pay off their student loan debt before they're able to buy a home.

It has become much harder to afford a home since the pandemic began, especially for first-time home buyers. Median home-sale prices are at record highs, up 40% since 2019. Wages have risen, too, but not as much: Average hourly earnings rose roughly 20% over the same period. Record-low mortgage rates and the increasing prevalence of remote work during 2020 and 2021 fueled intense home buying demand, which drove prices up. Now, rising mortgage rates have exacerbated the expense of owning a home. Mortgage rates have more than doubled from their low, hitting their highest level in more than 20 years in August, while home prices remain high.

"The worsening housing affordability crisis has an outsized impact on Gen Zers and millennials because they're much less likely to own a home than older generations," said Redfin Chief Economist Daryl Fairweather. "That means many young Americans don't benefit from rising home prices by gaining equity. Instead, these would-be first-time home buyers bear the burden of high prices, high down payments and high monthly mortgage payments, without profits from a previous home to offset the cost. Many young people don't have a choice between renting and buying. They're renting their home because even though rent payments have increased, too, it's still more affordable than buying in much of the country – and renters don't need a down payment."

Roughly one-quarter (26%) of Gen Z adults and half (52%) of millennials own their home, compared to 71% of Gen Xers and 79% of baby boomers." – Dana Anderson, Data Journalist, Redfin

Source: https://www.redfin.com/news/gen-z-millennial-affordability-barrier-to-homeownership/; 9/7/23

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Redfin

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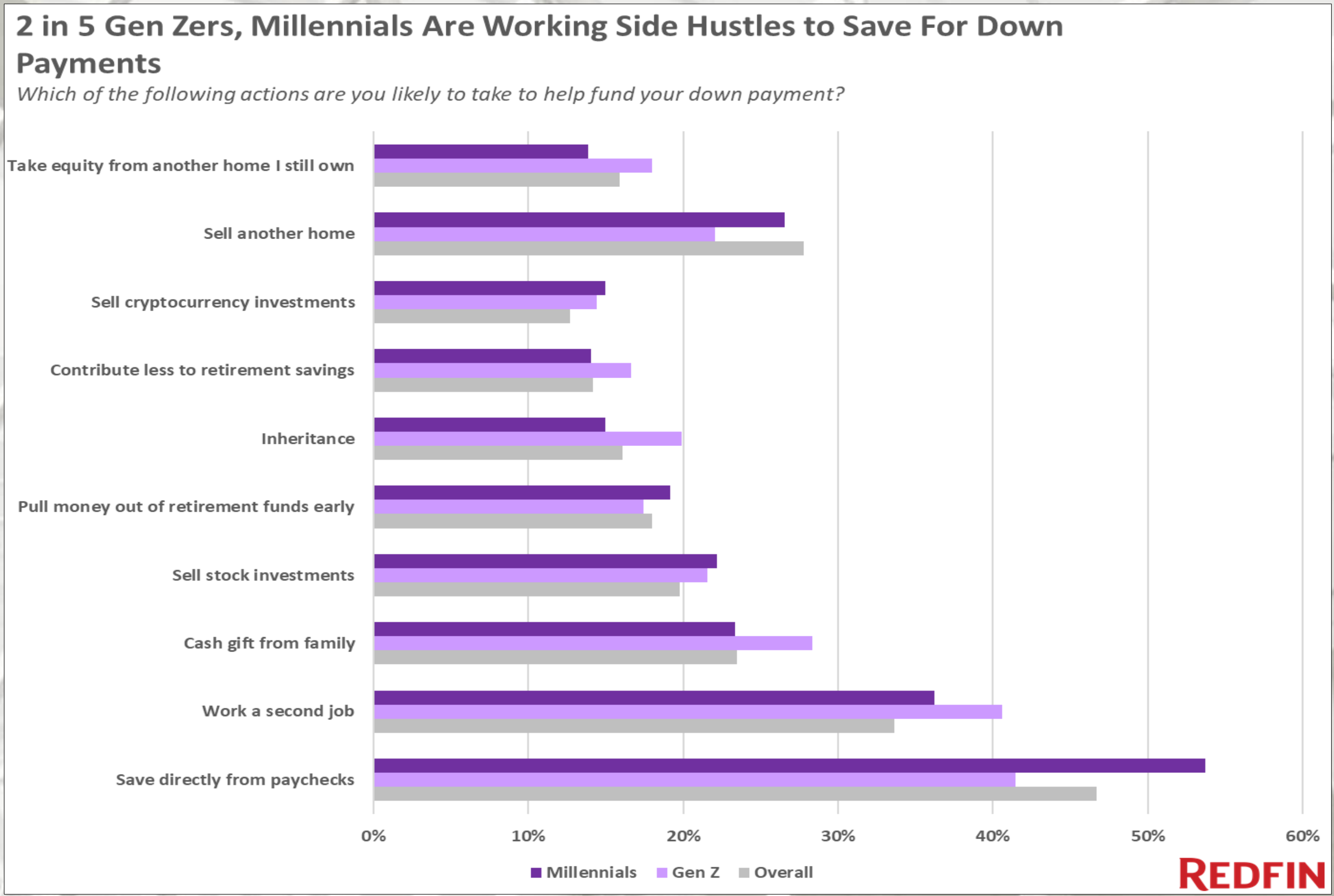

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Redfin

1 in 5 Millennial Respondents Believe They’ll Never Own a Home

Roughly 40% of Gen Zers and millennials are working second jobs to save for their down payment, and about one-quarter plan to use a cash gift from family

Of the young Americans who *are* planning to buy a home in the next year, many are turning to side hustles for their down payment. About two of every five Gen Zers (41%) and millennials (36%) say they’ll work a second job to help fund their down payment, the most commonly cited method aside from saving directly from paychecks.”

“Roughly one-quarter of Gen Z (28%) and millennial (23%) home buyers expect to receive a cash gift from family for their down payment, while 20% of Gen Zers and 15% of millennials plan to use an inheritance.

Young Americans also cite investments as a way they’ll fund down payments. Just over 20% of both Gen Zers and millennials plan to sell stock, and roughly 15% of both generations plan to sell cryptocurrency.”
– Dana Anderson, Data Journalist, Redfin

Source: https://www.redfin.com/news/gen-z-millennial-affordability-barrier-to-homeownership/; 9/7/23

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

August 2023

Business Applications

“Business Applications for August 2023, adjusted for seasonal variation, were 466,163, a decrease of 0.9 percent compared to July 2023.

Business Formations

Projected Business Formations (within 4 quarters) for August 2023, adjusted for seasonal variation, were 32,717, an increase of 1.7 percent compared to July 2023. The projected business formations are forward looking, providing an estimate of the number of new business startups that will appear from the cohort of business applications in a given month. It does not provide an estimate of the total number of business startups that appeared within a specific month. In other words, the Census Bureau is projecting that 32,717 new business startups with payroll tax liabilities will form within 4 quarters of application from all the business applications filed during August 2023. The 1.7 percent increase indicates that for August 2023 there will be 1.7 percent more businesses projected to form within 4-quarters of application, compared to the analogous projections for July 2023.” – U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 9/18/23

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

August 2023

BUSINESS APPLICATIONS

U.S. Business Applications:	AUG 2023	AUG 2023 / JUL 2023
Total	466,163	-0.9%*
High-Propensity	149,785	-0.1%*
With Planned Wages	50,252	4.4%*
From Corporations	49,599	1.0%*

Next release: October 16, 2023

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, September 18, 2023

Source: U.S. Census Bureau, Business Formation Statistics, September 18, 2023

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	AUG 2023	466,163	69,184	76,790	210,864	109,325
	AUG 2023 / JUL 2023	-0.9%	+0.5%	-0.2%	Z	-3.9%
High-Propensity	AUG 2023	149,785	23,852	23,720	65,044	37,169
	AUG 2023 / JUL 2023	-0.1%	-0.9%	+1.0%	+1.3%	-2.6%
With Planned Wages	AUG 2023	50,252	6,798	8,890	21,928	12,636
	AUG 2023 / JUL 2023	+4.4%	+7.1%	+4.6%	+5.9%	+0.5%
From Corporations	AUG 2023	49,599	11,023	6,251	17,379	14,946
	AUG 2023 / JUL 2023	+1.0%	-1.8%	+1.3%	+0.8%	+3.3%

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.

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 9/18/23

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U.S. Census Bureau

August 2023

BUSINESS FORMATIONS

U.S. Total Projected Business Formations:	AUG 2023	AUG 2023 / JUL 2023
Within 4 Quarters	32,717	1.7%°
Within 8 Quarters	42,254	0.9%°

Next release: October 16, 2023

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

Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, September 18, 2023

Monthly Business Formations within 4 Quarters

Spliced (Actual and Projected)

(Seasonally Adjusted)

Source: U.S. Census Bureau, Business Formation Statistics, September 18, 2023

Projected Business Formations - At a Glance

		US	Northeast	Midwest	South	West
Within 4 Quarters	AUG 2023	32,717	5,162	5,228	13,063	9,264
	AUG 2023 / JUL 2023	+1.7%	+0.9%	+1.2%	+4.1%	-0.9%
Within 8 Quarters	AUG 2023	42,254	6,661	6,729	16,981	11,883
	AUG 2023 / JUL 2023	+0.9%	-0.1%	+1.0%	+2.7%	-1.1%

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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 9/18/23

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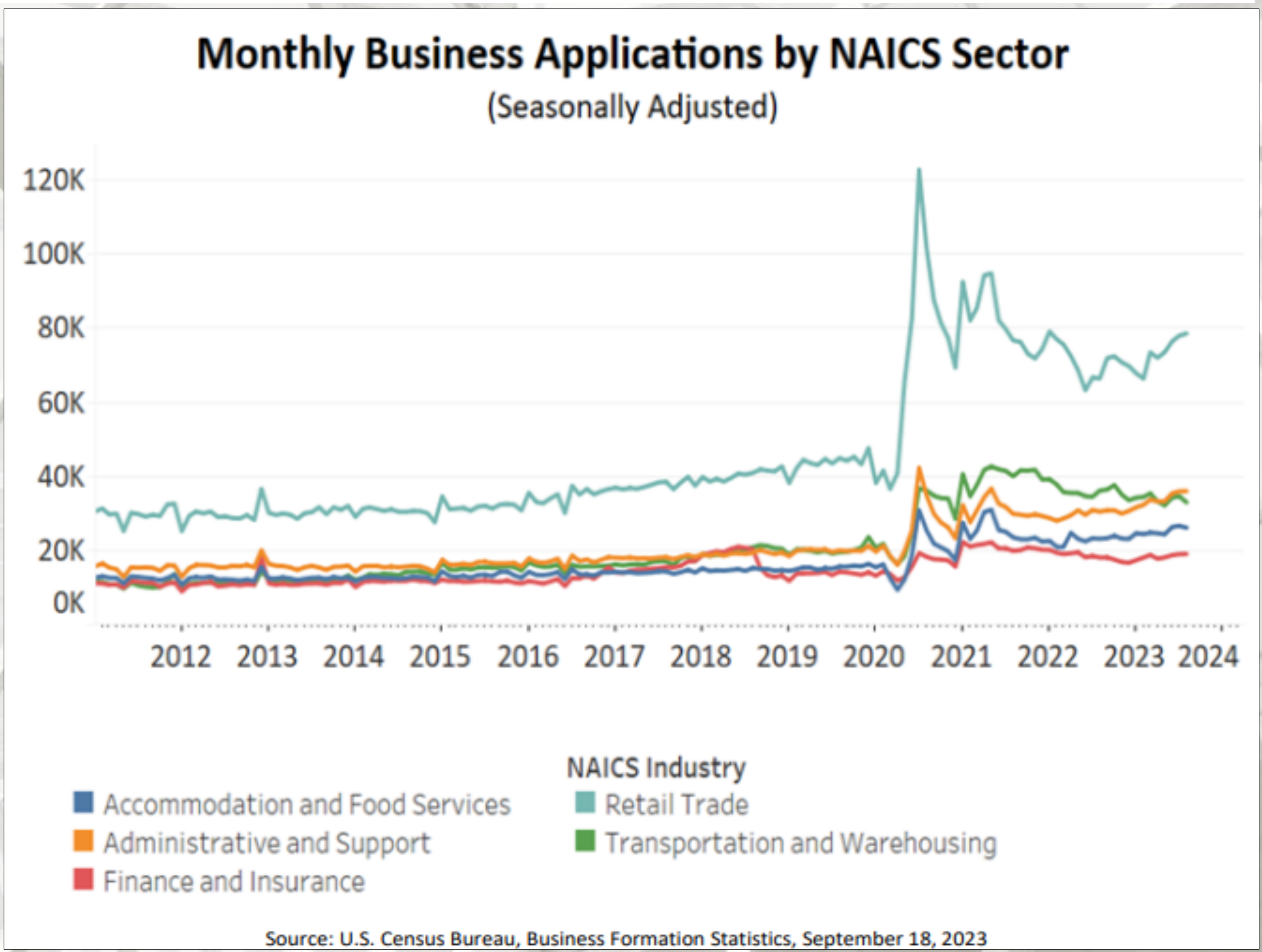
NEW Business Formation Statistics

August 2023



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