The Virginia Tech–USDA Forest Service Housing Commentary: Section II
July 2024

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2024 Virginia Polytechnic Institute and State University VCE-ANR

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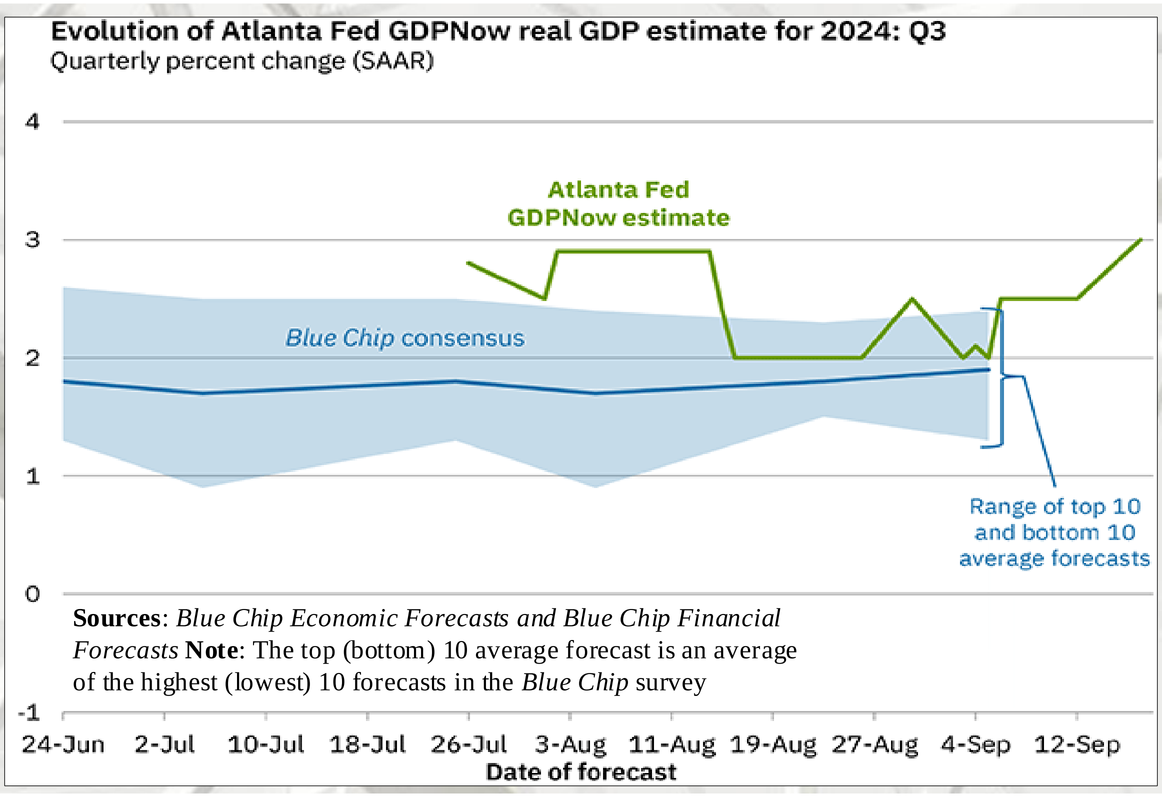
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 3.0 percent — September 17, 2024

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2024 is **3.0 percent** on September 17, up from 2.5 percent on September 9. After recent releases from the Treasury's Bureau of the Fiscal Service, the US Census Bureau, the US Bureau of Labor Statistics, and the Federal Reserve Board of Governors, the nowcasts of third-quarter real personal consumption expenditures growth and third-quarter real gross private domestic investment growth increased from 3.5 percent and 1.2 percent, respectively, to 3.7 percent and 3.2 percent, while the nowcast of the contribution of the change in real net exports to third-quarter real GDP growth increased from -0.40 percentage points to -0.36 percentage points." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 9/17/24

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

Survey Suggests Little Change in Growth in August

"The *Chicago Fed Survey of Economic Conditions* (CFSEC) Activity Index increased to –9 in August from –10 in July, suggesting that economic growth was near trend. The CFSEC Manufacturing Activity Index increased to –14 in August from –22 in July, but the CFSEC Nonmanufacturing Activity Index was unchanged at –4 in August.

- Respondents' outlooks for the U.S. economy for the next 12 months deteriorated, turning pessimistic on balance. Thirty-nine 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 decreased, and the capital spending expectations index remained negative.
- The labor cost pressures index decreased, as did the nonlabor cost pressures index. Both cost pressures indexes remained negative." – Thomas Walstrum, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 8/22/24

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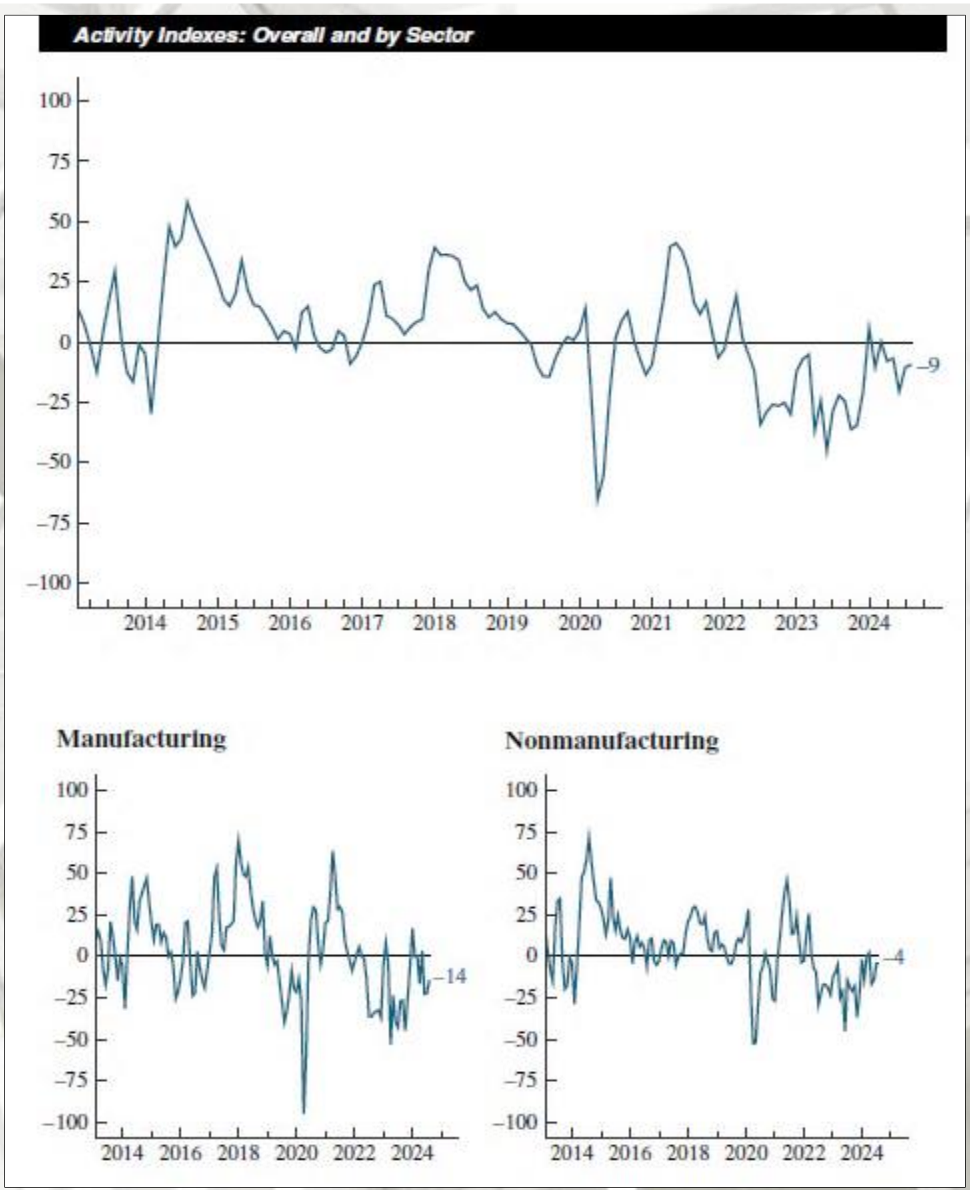
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)



Source: https://www.chicagofed.org/research/data/cfsec/current-data; 8/22/24

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

Index Suggests Economic Growth Decreased in July

"The *Chicago Fed National Activity Index (CFNAI)* decreased to –0.34 in July from –0.09 in June. Two of the four broad categories of indicators used to construct the index decreased from June, and three categories made negative contributions in July. The index's three-month moving average, CFNAI-MA3, was unchanged at –0.06 in July

The CFNAI Diffusion Index, which is also a three-month moving average, increased to –0.11 in July from –0.13 in June. Twenty-eight of the 85 individual indicators made positive contributions to the CFNAI in July, while 57 made negative contributions. Thirty-one indicators improved from June to July, while 53 indicators deteriorated and one was unchanged. Of the indicators that improved, 12 made negative contributions.:

- Production-related indicators contributed –0.28 to the CFNAI in July, down from –0.02 in June.
- The sales, orders, and inventories category's contribution to the CFNAI was –0.01 in July, up from –0.02 in June.
- Employment-related indicators contributed –0.08 to the CFNAI in July, down from –0.02 in June.
- The personal consumption and housing category's contribution to the CFNAI was +0.03 in July, up from –0.02 in June." – Thomas Walstrum, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/research/data/cfnai/current-data; 8/22/24

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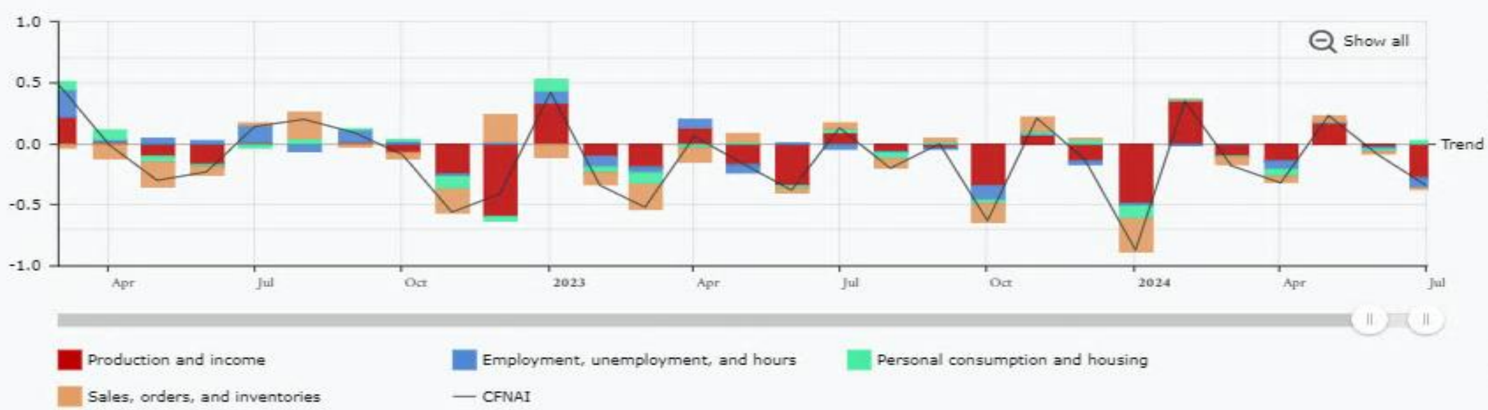
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

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

	Jul '24	June '24	May '24	Apr '24	Mar '24	Feb '24	Jul '23
CFNAI							
Current	−0.34	−0.09	0.23	−0.32	−0.18	0.35	0.13
Previous	N/A	0.05	0.23	−0.30	−0.17	0.30	0.13
CFNAI-MA3							
Current	−0.06	−0.06	−0.09	−0.05	−0.23	−0.22	−0.14
Previous	N/A	−0.01	−0.08	−0.06	−0.25	−0.23	−0.14
CFNAI Diffusion							
Current	−0.11	−0.13	−0.09	−0.10	−0.14	−0.10	−0.03
Previous	N/A	−0.08	−0.12	−0.10	−0.13	−0.10	−0.03

Current and Previous values reflect index values as of the August 22, 2024, release and July 22, 2024, release, respectively. NA indicates not applicable.

Chicago Fed National Activity Index (CFNAI)



Note: A zero value for the CFNAI has been associated with the national economy expanding at its historical trend (average) rate of growth; negative values with below-average growth (in standard deviation units); and positive values with above-average growth.

Source: https://www.chicagofed.org/research/data/cfnai/current-data; 8/22/24

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Texas manufacturing sector continues to experience some weakness

"Texas factory activity exhibited little growth in August, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, inched up three points to 1.6, with the low reading signaling only slight growth in output from July.

Most other measures of manufacturing activity continued to indicate declines this month, though they were less negative than in July. The new orders index climbed nine points to -4.2, and the capacity utilization index pushed up eight points to -2.5. The shipments index came in near zero, rebounding from -16.3 last month.

Perceptions of broader business conditions remained negative but were less pessimistic in August. The general business activity index rose eight points to -9.7, and the company outlook index rose nine points to -9.6. The outlook uncertainty index fell notably after spiking last month, retreating 23 points to 7.5.

Labor market measures suggested flat employment and slightly shorter workweeks this month. The employment index slipped to -0.7, with the near-zero reading indicating no change in employment levels from July when the index spiked to a 10-month high. Sixteen percent of firms noted net hiring, while 17 percent noted net layoffs. The hours worked index remained negative but moved up to -2.6 from -13.8.

Moderate upward pressure on prices and wages continued in August. The wages and benefits index held steady at 22.0, a reading in line with the historical average. The raw materials prices and finished goods prices indexes both pushed up five points, coming in at 28.2 and 8.5, respectively." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 8/26/24

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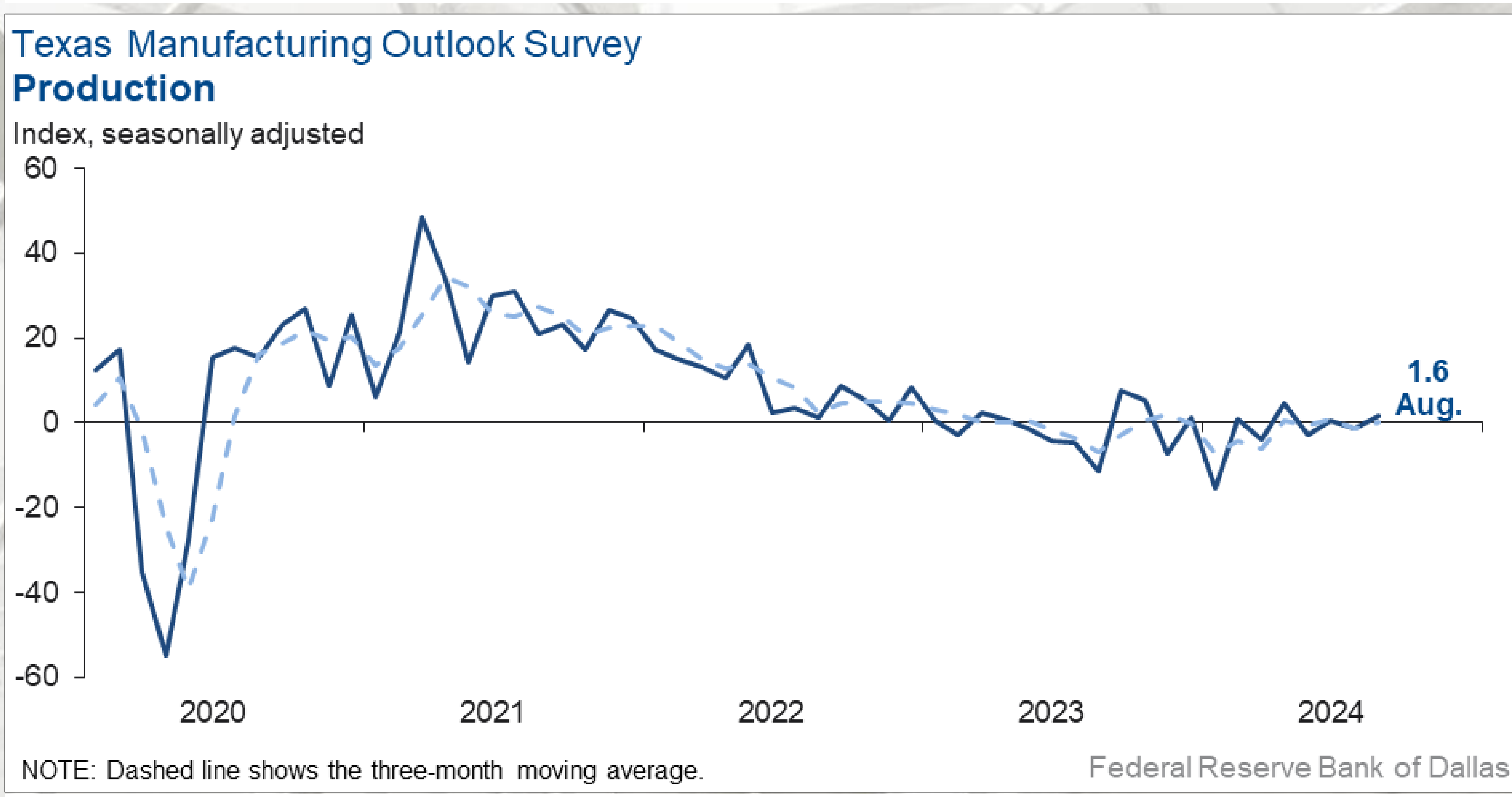
The Federal Reserve Bank of Dallas



“Expectations regarding future manufacturing activity remained positive but showed mixed movements this month. The future production index inched up to 33.7, while the future general business activity retreated 10 points to 11.6.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 8/26/24

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Modest growth in Texas service sector activity continues

"Texas service sector activity expanded at about the same pace in August as 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, was little changed at 8.7.

Labor market measures suggested no growth in employment in August and no change in hours worked. The employment index held fairly steady at 0.6, with the near-zero reading signaling little change in employment from July. The part-time employment index fell to -4.9 while the hours-worked index was unchanged at -0.7.

Perceptions of broader business conditions worsen slightly in August. The general business activity index fell to -7.7 from -0.1. The company outlook index also fell to -3.1 from 1.0. The outlook uncertainty index increased to 13.9 from 8.4.

Selling prices and wage pressures held steady, while input price pressures increased in August. The selling price index was basically unchanged at 4.5 while the wages and benefits index held steady at 14.2. The input price index rose to 28.4 from 21.8.

Respondents' expectations regarding future business activity reflected waning optimism in August. The future general business activity index fell 16 points to 3.3, while the future revenue index fell four points to 31.3. Other future service-sector activity indexes such as employment and capital expenditures remained in positive territory, reflecting expectations for growth in the next six months." – Jesus Cañas, Senior Business Economist; The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 8/27/24

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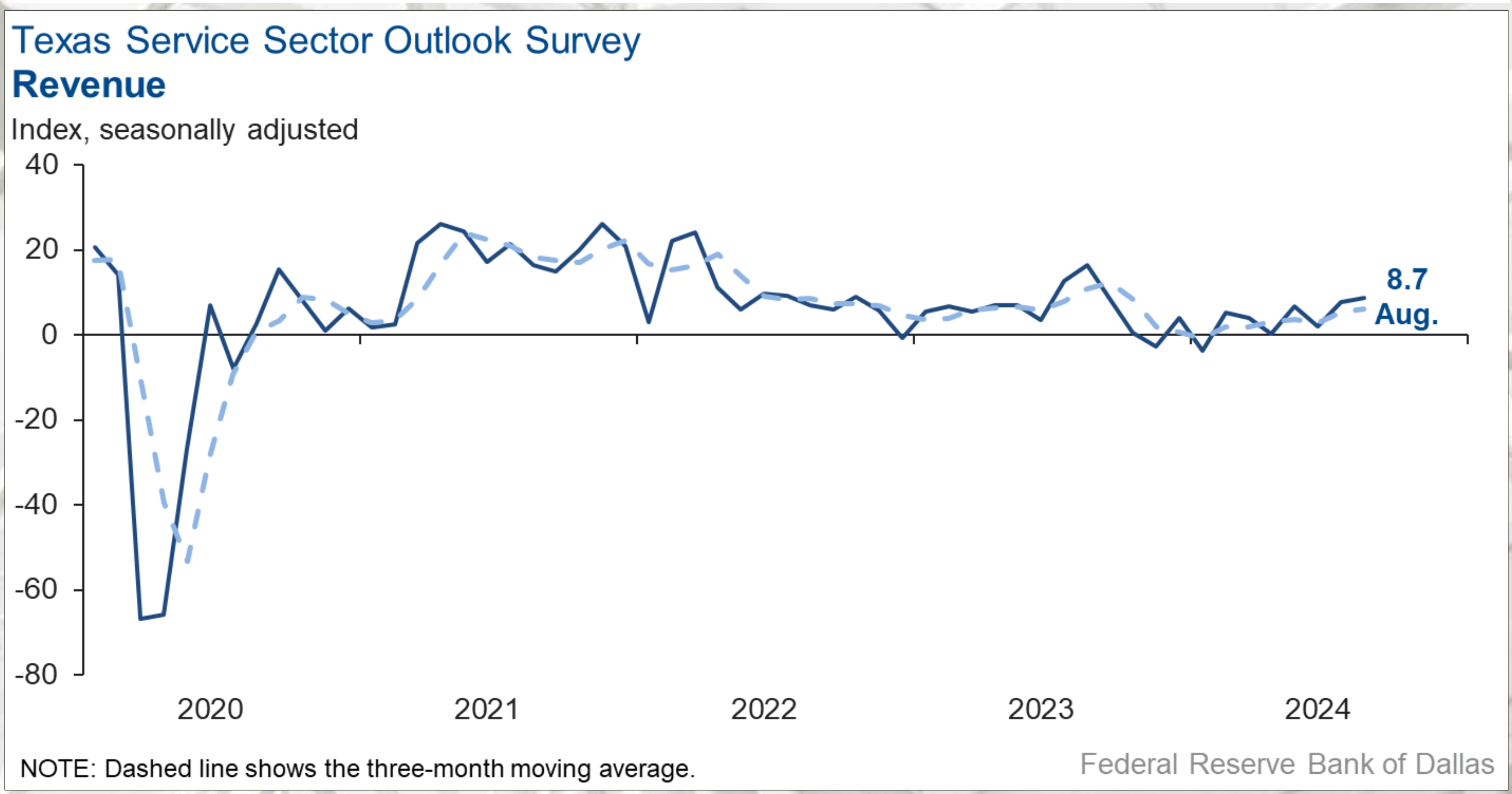
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 8/27/24

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas retail sales decline slows

"Retail sales activity declined at a slower pace in August than in the prior month, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, increased to -6.2 from -18.1, indicating retail sales declines were more modest than in the previous month. Retailers' inventories grew over the month, with the August index at 15.8.

Retail labor market indicators suggested a contraction in employment and workweeks in August. The employment index was basically unchanged at -5.9, while the part-time employment index fell to -18.6. The hours worked index continued in negative territory but increased to -8.6.

Retailers continued to perceive a worsening of broader business conditions in August. The general business activity index remained in negative territory but improved to -15.9 from -18.3. The company outlook index also improved to -11.8. However, uncertainty about the outlook increased in August.

Selling prices stabilized in August, while input price growth increased, and wage pressures held steady from the prior month. The selling price index increased to 0.8, with the near-zero reading signaling no change in prices from August. The input price index increased to 21.4 from 11.3, and the wages and benefits index was essentially unchanged at 5.5.

Expectations for future business conditions in retail improved in August, but optimism was more limited. The future general business activity index remained in positive territory but fell to 2.2 from 17.0 while the future sales index fell to 14.2 from 30.9. Other indexes of future retail activity such as employment and capital expenditures were mixed, with the future employment index remaining in negative territory for the second month in a row and the capital expenditures index remaining positive." – Jesus Cañas, Senior Business Economist; The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 8/27/24

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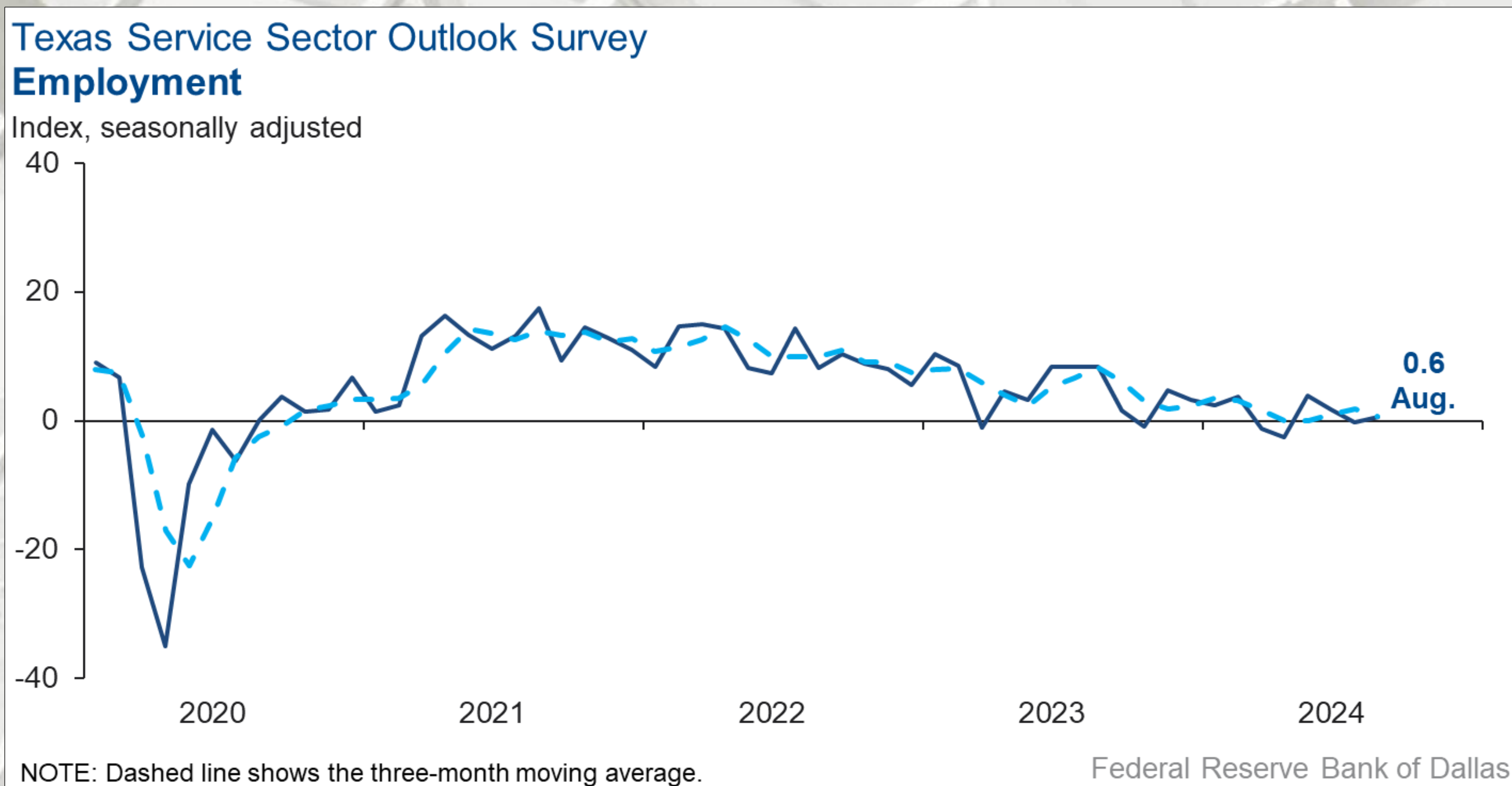
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 8/27/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Declined Less in August

Regional factory activity did not decline as much in August following a sharper decline last month. Production rebounded somewhat while the volume of new orders and employment decreased further but are expected to grow in the next six months.

Factory Activity Declined Less

"Tenth District manufacturing activity declined less this month than in July, while expectations for future activity remained positive. Finished product prices increased somewhat this month after staying flat in July, but raw materials prices continue to grow at a faster pace. (Chart 1).

The month-over-month composite index was -3 in August, up from -13 in July and -8 in June. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Nondurable manufacturing was essentially flat, while durable goods manufacturing fell somewhat, driven by transportation equipment, fabricated metal, and machinery. The month-over-month indexes were mixed, but all increased from last month's readings. Production rebounded from -12 to 6 while the volume of new orders stayed negative at -12 and backlogs posted a reading of -19. The two employment indexes also declined further." – 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; 8/22/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Declined Less

“The year-over-year composite index for factory activity ticked down from -13 to -14 as production, shipments, and new orders all continue to fall considerably. Employment levels decreased moderately while capital expenditures stayed steady with a reading of 1. The future composite index increased from 5 to 8, as production and employment are expected to increase substantially.

Special Questions

This month contacts were asked special questions about plans for hiring and capital expenditures as well as transportation costs. 19% of firms report they expect to hire more workers by the end of 2024 than they had originally planned at the beginning of the year, while 32% expect to hire less workers and 49% of firms’ plans are unchanged. Additionally, 11% of firms expect more capital expenditures by the end of the year than originally planned, 29% expect less, and 60% have unchanged plans. Contacts were also asked about transportation costs. In the last 6 months, transportation costs have increased significantly for 20% of firms, increased slightly for 50%, remained unchanged for 17%, and decreased slightly for 13%. Similarly in the next 6 months, 3% of firms expect transportation costs to increase significantly, 61% expect a slight increase, 28% expect no change, and 8% expect a slight decrease.” – 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; 8/22/24

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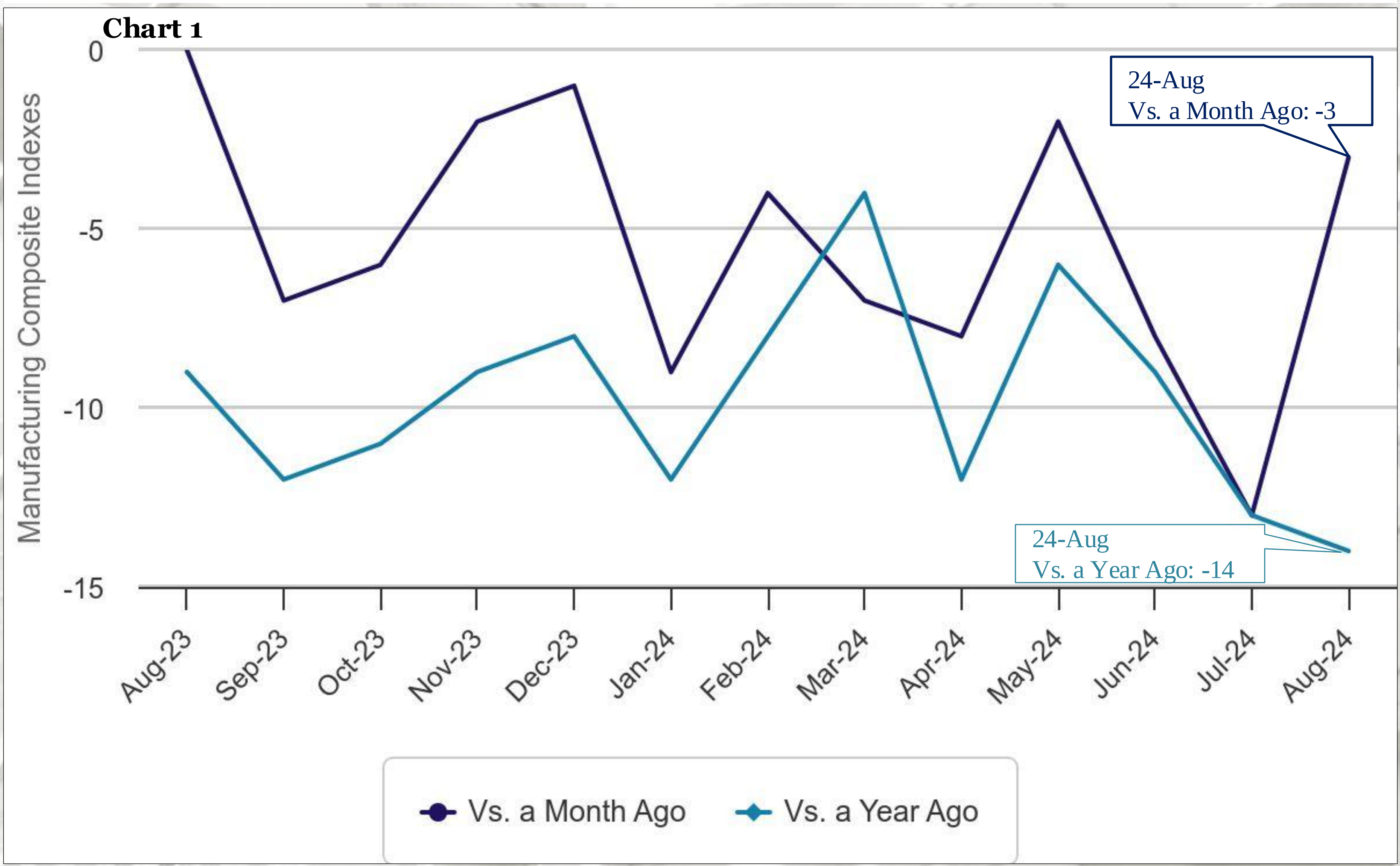
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 8/22/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Grew Somewhat in August

District services activity grew somewhat in August as sales among business and professional firms rebounded. Business sentiment for the near future is high, as the expectations index reached its highest level since November 2022.

Business Activity Grew Somewhat

"Tenth District services activity grew somewhat in August and expectations for the future increased moderately (Table 1). Selling prices increased after staying flat last month, but are still growing at a slower pace than input prices.

The month-over-month services composite index was 5 in August, up from -4 in July and 2 in June. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Growth slowed in the consumer services sector, particularly in wholesale and hospitality, while business and professional activity expanded following a decline last month. The month-over-month indexes were mixed, with the three employment indexes, inventories, and access to credit falling while sales and other indexes posted positive readings. The general revenue/sales index made a full rebound from last month, increasing from -16 to 17." – 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; 8/23/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Activity Grew Somewhat

"The year-over-year composite index rose from 3 to 10, also driven by revenues. Capital expenditures continued to expand at a modest pace. The composite expectations index for services activity expanded to its highest level since November 2022 at 15, as the revenues/sales expectations index climbed to 27.

Special Questions

This month contacts were asked special questions about plans for hiring and capital expenditures as well as transportation costs. 10% of firms report they expect to hire more workers by the end of 2024 than they had originally planned at the beginning of the year, while 27% expect to hire less workers and 63% of firms' plans are unchanged. Additionally, 12% of firms expect more capital expenditures by the end of the year than originally planned, 30% expect less, and 58% have unchanged plans. Contacts were also asked about transportation costs. In the last 6 months, transportation costs have increased significantly for 24% of firms, increased slightly for 36%, remained unchanged for 34%, and decreased slightly for 6%. In the next 6 months, 16% of firms expect transportation costs to increase significantly, 32% expect a slight increase, 46% expect no change, 4% expect a slight decrease, and 2% expect a significant decrease." – 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; 8/23/24

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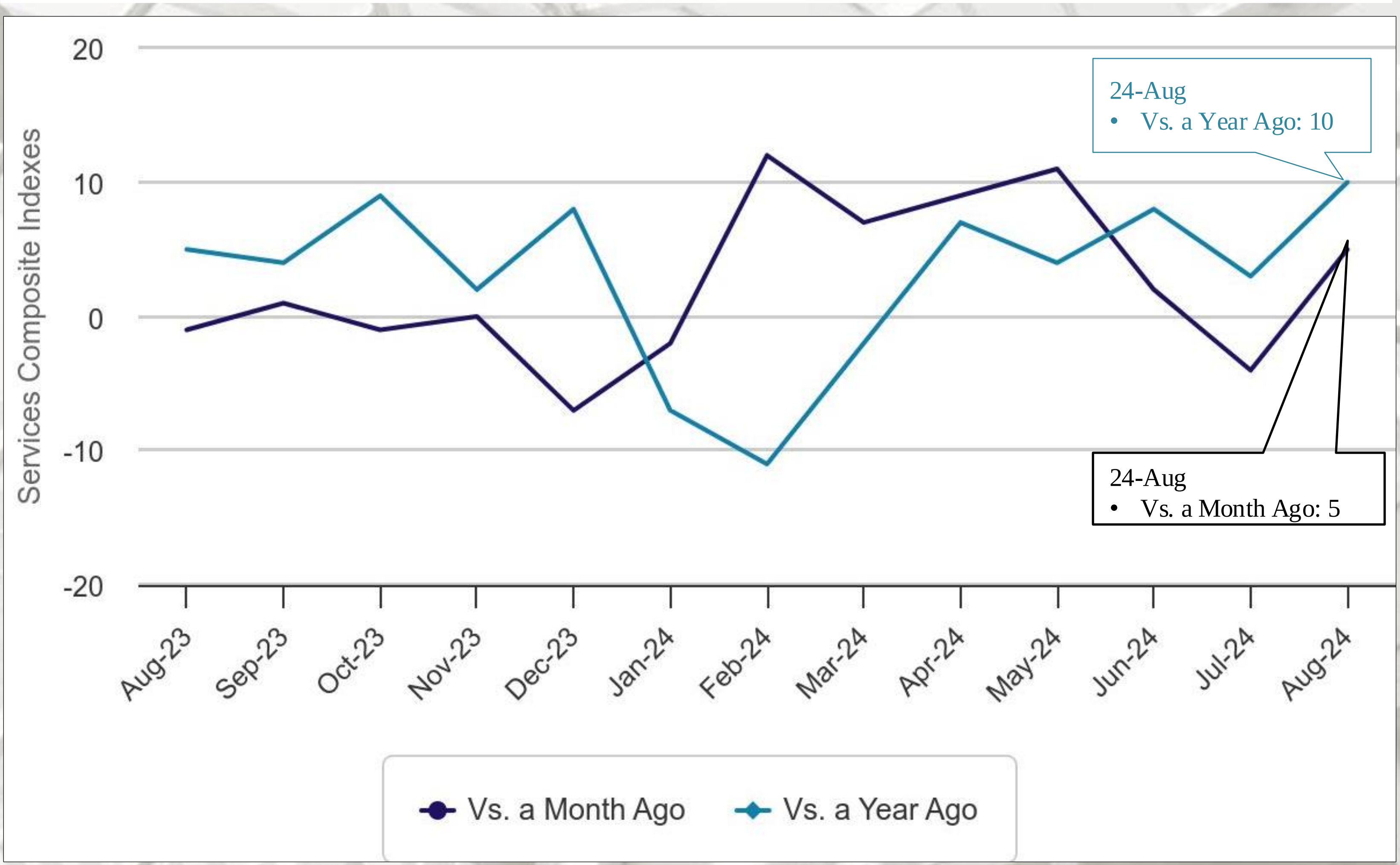
The Federal Reserve Bank of Kansas City



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

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The Federal Reserve Bank of New York

September 2024 Manufacturing Survey

Activity Perks Up

"Business activity grew in New York State for the first time in nearly a year, according to firms responding to the September 2024 *Empire State Manufacturing Survey*. The headline general business conditions index rose sixteen points to 11.5. New orders climbed, and shipments grew significantly. Delivery times and supply availability were steady, and inventories levelled off. Labor market conditions remained soft, with employment continuing to contract modestly and the average workweek holding steady. The pace of input and selling price increases were little changed. Firms grew more optimistic that conditions would improve in the months ahead, though the capital spending index dipped below zero for the first time since 2020.

Manufacturing activity expanded in New York State for the first time since November of last year, according to the September survey. The general business conditions index rose sixteen points to 11.5. The new orders index climbed seventeen points to 9.4, a multi-year high, pointing to a modest increase in orders, while the shipments index rose eighteen points to 17.9, its highest level in about a year and a half, signaling strong growth in shipments. Unfilled orders were little changed. The inventories index rose eleven points to 0.0, indicating that inventories were level after declining for the prior two months. The delivery times index rose to -1.1, suggesting that delivery times were little changed, and the supply availability index came in at -2.1, a sign that supply availability was slightly lower." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/16/24

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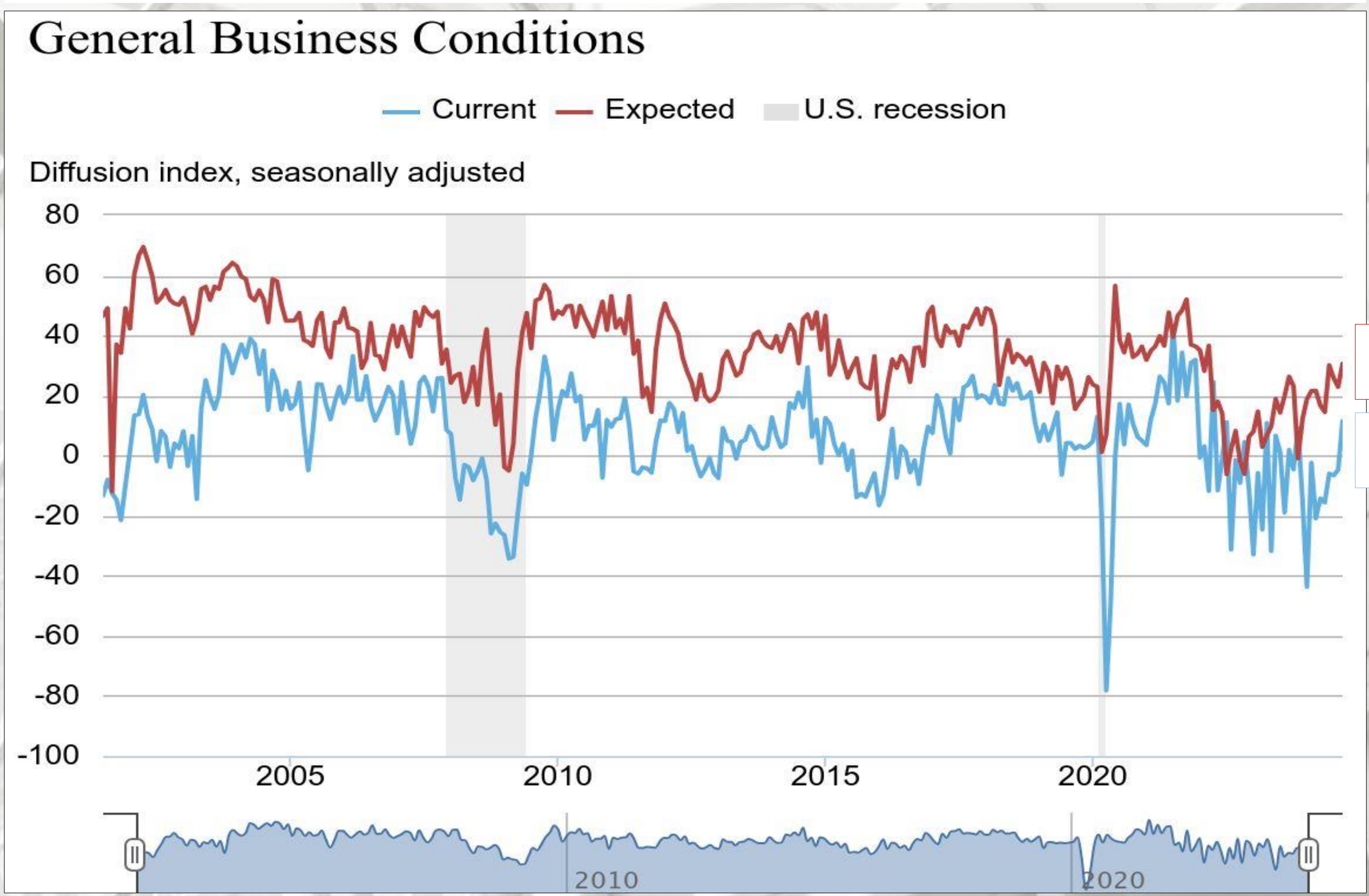
The Federal Reserve Bank of New York



Sep 2024
30.6

Sep 2024
11.5

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/16/24

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The Federal Reserve Bank of New York

September 2024 Manufacturing Survey

Price Increases Little Changed

“The index for number of employees came in at -5.7, pointing to another month of modest employment reductions. After a steep drop last month, the average workweek index recovered to 2.9, signaling a slight increase in hours worked. Price indexes were little changed: the prices paid index was 23.2, and the prices received index remained low at 7.4.

Optimism Grows

Firms grew more optimistic that conditions would improve in the months ahead. The index for future business activity moved up eight points to 30.6, with 45 percent of respondents expecting conditions to improve over the next six months. However, the capital spending index fell eleven points to -2.1, dipping below zero for the first time since 2020.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 9/16/24

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The Federal Reserve Bank of New York

September 2024 Empire State Business Leaders Survey (Services)

Activity Holds Steady

"Business activity held steady in the region's service sector in September, according to firms responding to the Federal Reserve Bank of New York's *Business Leaders Survey*. The survey's headline business activity index came in at 0.5. The business climate index was little changed at -23.3, suggesting the business climate remains worse than normal. Employment grew only slightly, and wages increased at about the same pace as in recent months. Supply availability improved somewhat. Input price increases slowed, while selling price increases picked up. Capital spending continued to edge higher. Looking ahead, while firms were somewhat more positive about the outlook than last month, optimism remained subdued.

Business activity was little changed in the New York-Northern New Jersey region, according to the September survey. The headline business activity index came in at 0.5. Twenty-seven percent of respondents reported that conditions improved over the month and 26 percent said that conditions worsened. The business climate index was similar to last month at -23.3, pointing to an ongoing worsening in the business climate." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 9/17/24

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The Federal Reserve Bank of New York

September 2024 Empire State Business Leaders Survey (Services)

Employment Growth Slows

"The employment index fell for a second consecutive month, retreating four points to 3.1, a sign that employment growth was minor. The wages index came in at 35.4, a level similar to the prior few months, signaling that wage increases were steady. The prices paid index fell five points to 45.3, indicating input price increases moderated, while the prices received index rose seven points to 22.5, suggesting selling price increases picked up. The capital spending index was slightly positive at 3.7.

Optimism Remains Subdued

The index for future business activity climbed seven points to 15.2, and the index for the future business climate climbed to -1.6, pointing to some improvement in optimism compared to last month, though optimism remained subdued. Modest increases in employment are expected in the months ahead." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 9/17/24

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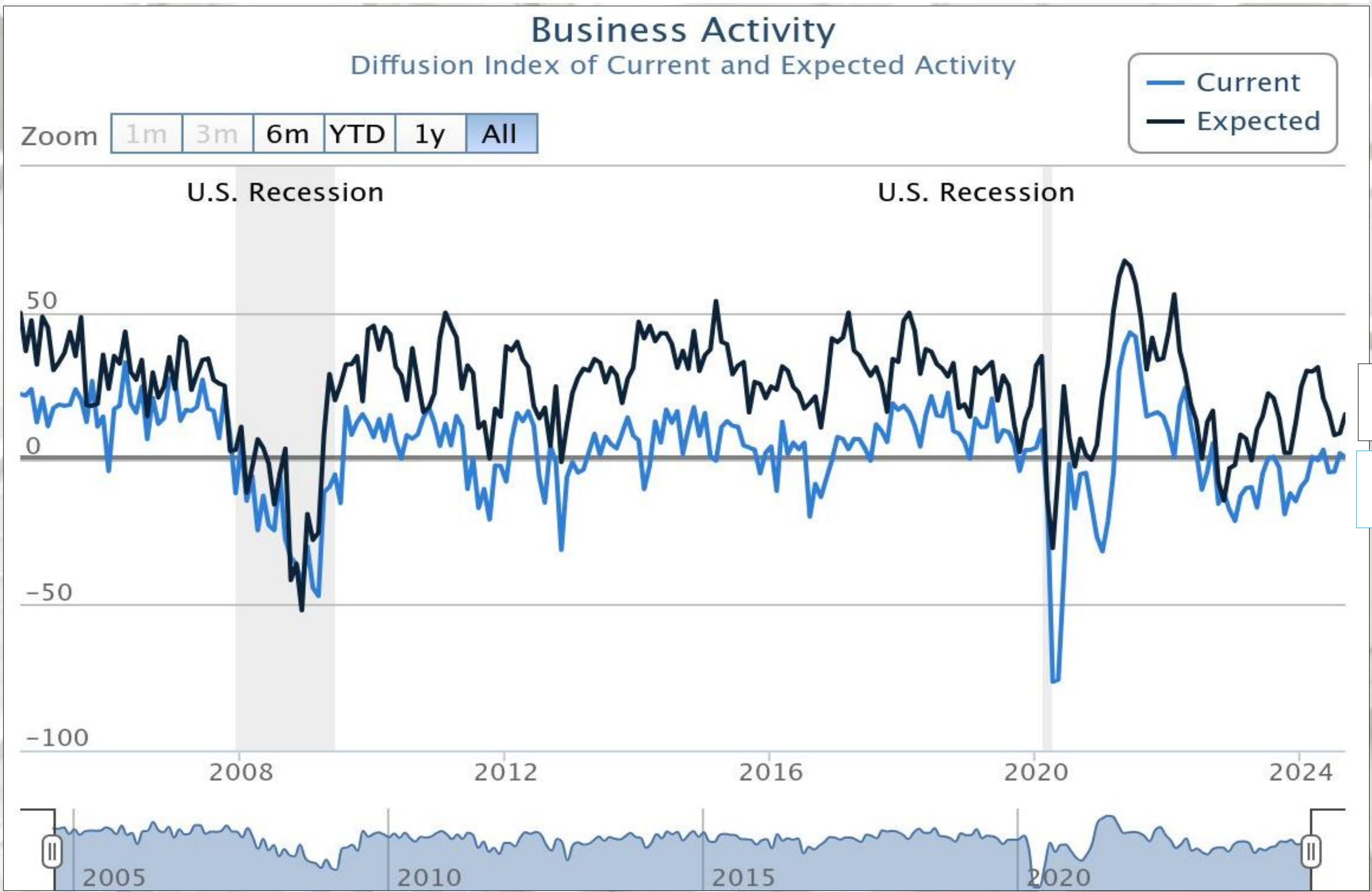
The Federal Reserve Bank of New York



Sep 2024
15.2

Sep 2024
1.8

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 9/17/24

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The Federal Reserve Bank of Philadelphia

August 2024 Manufacturing Business Outlook Survey

Most Current Indicators Decline

"Manufacturing activity in the region softened overall, according to the firms responding to the August *Manufacturing Business Outlook Survey*. The survey's indicators for current general activity, new orders, and shipments all declined, with the former turning negative. The employment index suggests declines in employment overall. Both price indexes indicate overall increases in prices and remain near their long-run averages. The firms continue to expect growth over the next six months, but expectations were less widespread this month.

The diffusion index for current general activity fell from 13.9 to -7.0, its first negative reading since January (see Chart). Nearly 18 percent of the firms reported increases in general activity this month (down from 39 percent last month), while 25 percent reported decreases (unchanged); 53 percent reported no change (up from 29 percent). The indexes for new orders and shipments also declined but remained positive for the second consecutive month: The new orders index decreased 6 points to 14.6, and the shipments index fell 19 points to 8.5.

The firms reported a decline in employment, on balance, after reporting an overall increase last month. The employment index returned to negative territory, falling to -5.7. Nearly three-quarters of the firms reported no change in employment levels this month, while the share of firms reporting decreases (16 percent) exceeded the share reporting increases (10 percent). The average workweek index ticked down to -2.3." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2024-08; 8/15/24

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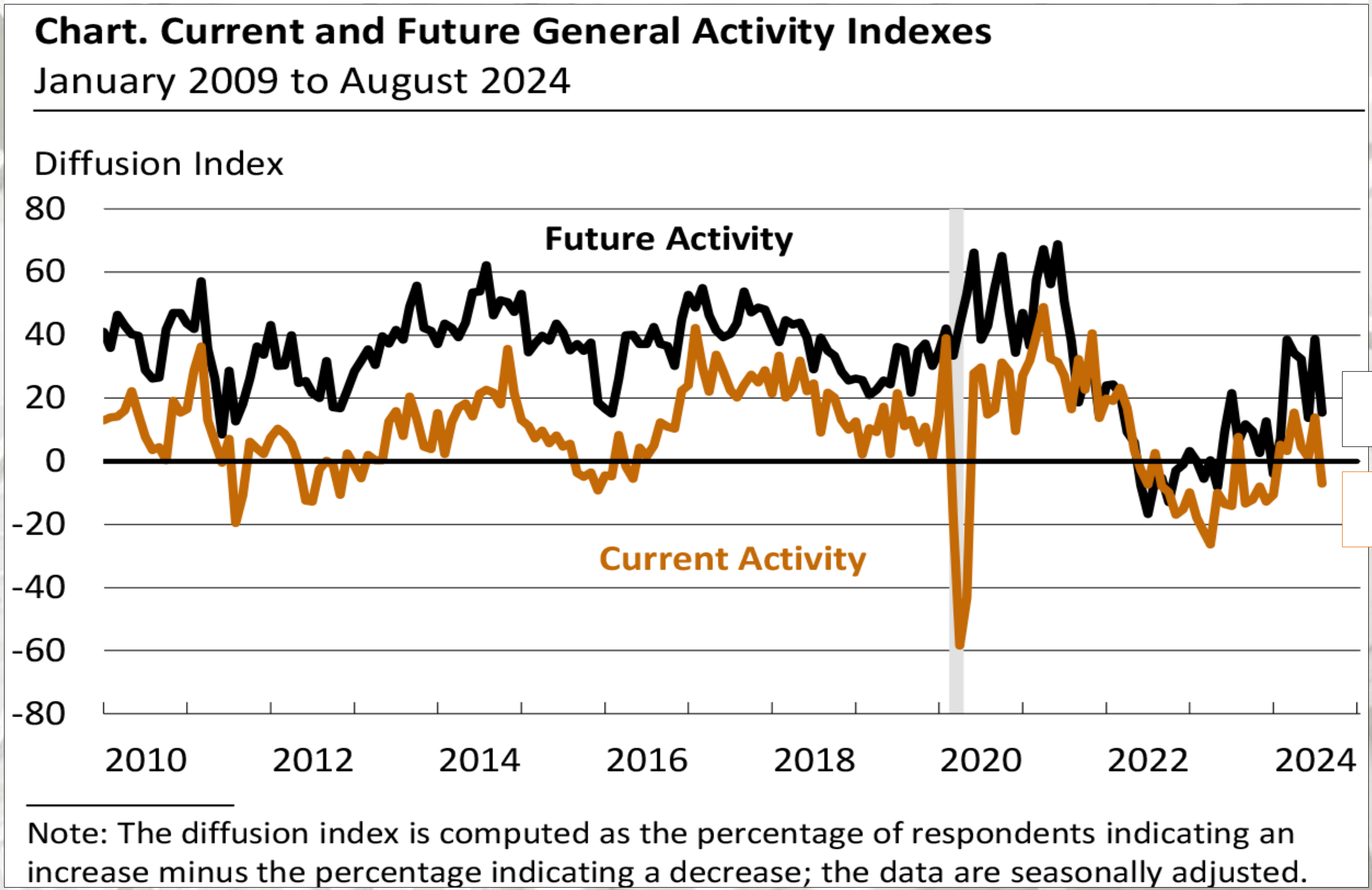
The Federal Reserve Bank of Philadelphia



August 2024
15.4

August 2024
-7.0

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2024-08; 8/15/24

The Federal Reserve Bank of Philadelphia

August 2024 Manufacturing Business Outlook Survey

Price Indexes Remain Near Long-Run Averages

“On balance, the firms continued to report overall increases in prices. The prices paid index moved up 4 points to 24.0. More than 31 percent of the firms reported increases in input prices, while 7 percent reported decreases; 58 percent of the firms reported no change. The current prices received index fell 10 points to 13.7, undoing its increase from last month. Over 18 percent of the firms reported increases in prices received for their own goods, 5 percent reported decreases, and 73 percent reported no change.

Most Future Indicators Decline

“The diffusion index for future general activity declined from 38.7 to 15.4 in August, mostly offsetting its increase from last month (see Chart). The share of firms expecting increases in activity over the next six months (37 percent) exceeded the share expecting decreases (21 percent); 37 percent expect no change. The future new orders and shipments indexes both fell 21 points, to 10.4 and 9.8, respectively. Expectations for overall increases in employment over the next six months were positive but less widespread, as the future employment index fell from 23.8 to 7.4. The future capital expenditures index moved up 5 points to 12.0.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2024-08; 8/15/24

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The Federal Reserve Bank of Philadelphia

August 2024 Manufacturing Business Outlook Survey

Firms Expect Own Price Increases to Lag Inflation Slightly

"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 2.8 percent, down slightly from 3.0 percent when this question was last asked in May. The firms reported a median increase of 3.0 percent in their own prices over the past year, up slightly from 2.7 percent last quarter. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 3.5 percent over the next four quarters, unchanged from May. The firms' median forecast for the rate of inflation for U.S. consumers over the next year was also unchanged, at 3.0 percent.

Summary

Responses to the August *Manufacturing Business Outlook Survey* suggest softer regional manufacturing activity this month. The indicator for current activity fell into negative territory, and the new orders and shipments indexes also declined but remained positive. On balance, the firms indicated a decline in employment, and the price indexes were near their long-run averages. The survey's broad indicators for future activity 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-2024-08; 8/15/24

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The Federal Reserve Bank of Philadelphia

August 2024 Nonmanufacturing Business Outlook Survey

Most Current Indicators Improve but Remain Low

“Nonmanufacturing activity improved somewhat but remained weak, according to the firms responding to the August *Nonmanufacturing Business Outlook Survey*. After negative readings last month, the indexes for general activity at the firm level and sales/revenues turned positive but are below their respective long-run averages, and the new orders index rose to a near-zero reading. The firms continued to report a decline in full-time employment, on balance. Both price indexes continued to indicate overall increases in prices but remain near their long-run averages. The respondents continue to expect growth over the next six months at their own firms, but expectations are subdued.

The diffusion index for current general activity at the firm level rose from -10.0 to 8.3 in August, recovering most of its decline from last month (see Chart). Almost 37 percent of the firms reported increases in activity (up from 21 percent last month), 29 percent reported decreases (down from 31 percent), and 30 percent reported no change (down from 44 percent). The new orders index rose to a near-flat reading of -0.3. After turning negative last month, the sales/revenues index rose 10 points to 6.8. The current regional activity index decreased 6 points to -25.1.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-08; 8/20/24

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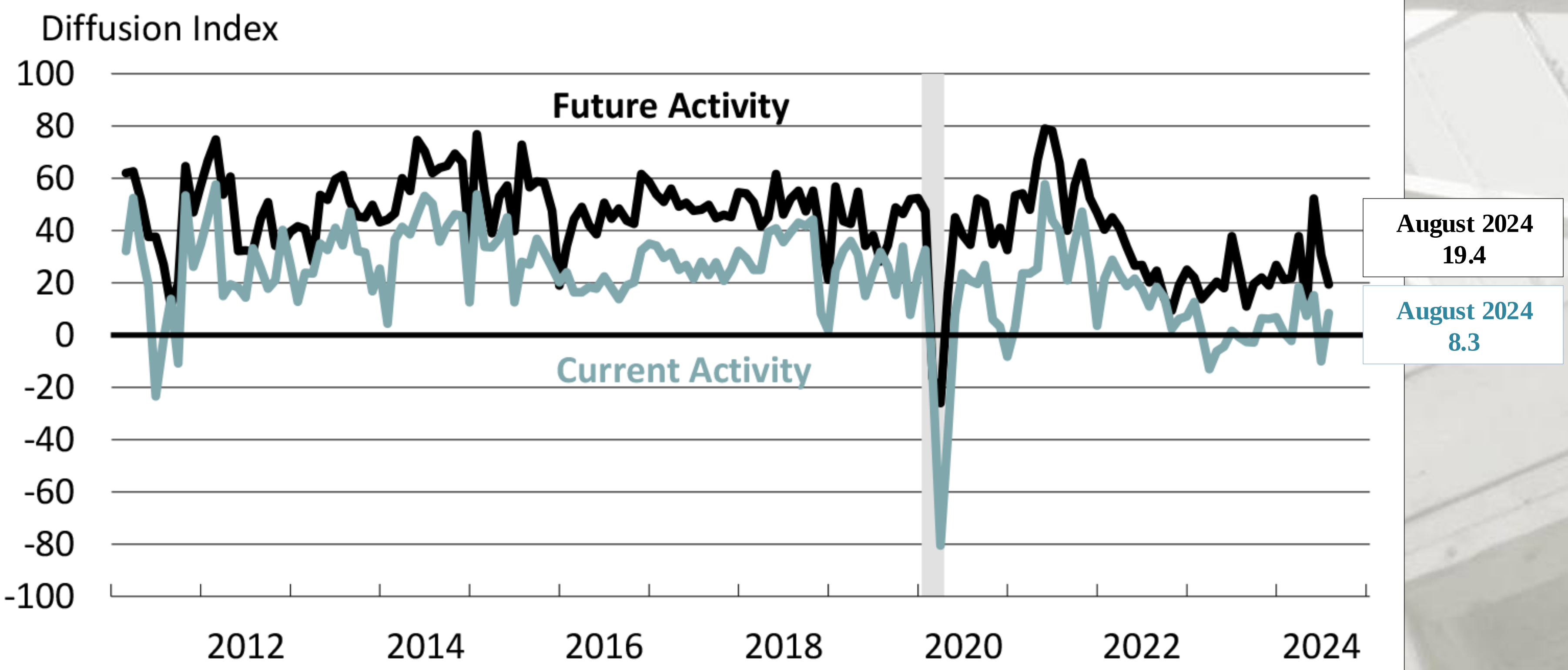
The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes

January 2011 to August 2024



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-08; 8/20/24

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The Federal Reserve Bank of Philadelphia

August 2024 Nonmanufacturing Business Outlook Survey

Firms Report Overall Declines in Full-Time Employment

“The full-time employment index fell 10 points to -14.9, its second consecutive negative reading and lowest reading since May 2020. Most firms (53 percent) reported no change, while the share of firms reporting decreases in full-time employment (28 percent) exceeded the share reporting increases (13 percent). The part-time employment index edged down from 4.0 to -0.5, and the average workweek index ticked up to 2.1, following a slight negative reading last month.

Price Indexes Near Long-Run Averages

Price indicators suggest increases in prices for inputs and the firms’ own goods and services overall. The prices paid index was essentially unchanged at 30.0 this month. More than 35 percent of the firms reported increases in input prices, while 5 percent reported decreases; 47 percent reported steady prices. Regarding prices for the firms’ own goods and services, the prices received index declined from 13.9 to 9.8. Most of the firms (63 percent) reported no change in prices received, while the share reporting increases (20 percent) exceeded the share reporting decreases (10 percent).

Future Indicators Decline

The future activity indexes suggest that firms continue to expect overall growth at their own firms but expect regional activity conditions to decline over the next six months. The diffusion index for future activity at the firm level declined for a second consecutive month but remained positive at 19.4 (see Chart). Nearly 45 percent of the firms expect increases in future activity at their firms, 26 percent expect decreases, and 30 percent expect no change. The future regional activity index fell sharply from 19.7 to -9.0.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-08; 8/20/24

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The Federal Reserve Bank of Philadelphia

August 2024 Nonmanufacturing Business Outlook Survey

Firms Expect Own Price Increases to Lag 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 2.0 percent, unchanged from when the question was last asked in May. The firms' reported own price change over the past year was 2.0 percent, down from 2.5 percent 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, up from 3.0 percent. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was unchanged at 3.0 percent.

Summary

Responses to this month's Nonmanufacturing Business Outlook Survey suggest some improvement among firms in the region. The indicators for firm-level general activity and sales/revenues returned to positive territory, while the new orders index was flat. The index for full-time employment suggests overall declines in employment. The firms continue to expect growth over the next six months, but expectations were less widespread." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-08; 8/20/24

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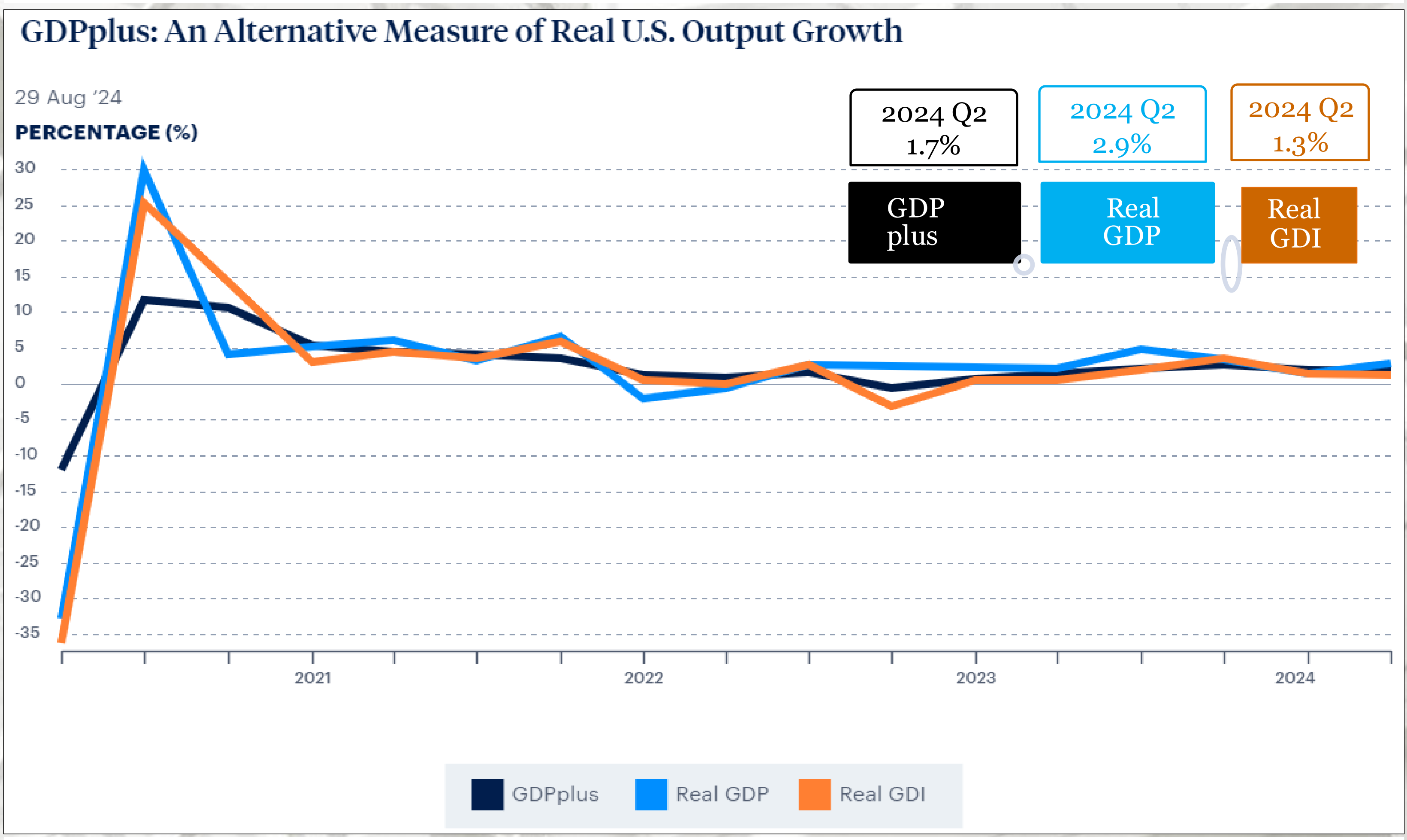
The Federal Reserve Bank of Philadelphia: GDPplus



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; 8/29/24

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The Federal Reserve Bank of Richmond

August 2024 Fifth District Survey of Manufacturing Activity

Manufacturing Activity Slowed in August

“Fifth District manufacturing activity slowed in August, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index edged down from −17 in July to −19 in August. Of its three component indexes, shipments rose from −21 to −15, new orders decreased from −23 to −26, and employment fell from −5 to −15.

Firms grew less optimistic about local business conditions, as the index decreased from −21 to −24. The index for future local business conditions fell notably from 7 to −18 in August, with fewer than 10 percent of respondents expecting conditions to improve in the next six months. However, the future indexes for shipments and new orders remained solidly in positive territory, suggesting that firms continued to expect improvements in these areas over the next six months.

The vendor lead time index decreased slightly into negative territory. On balance, firms continued to report declining backlogs in August as that index remained negative.

The average growth rate of prices paid decreased in August. The average growth rate of prices received increased somewhat, although it remained relatively low. Firms expected little change in price growth over the next 12 months.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 8/27/24

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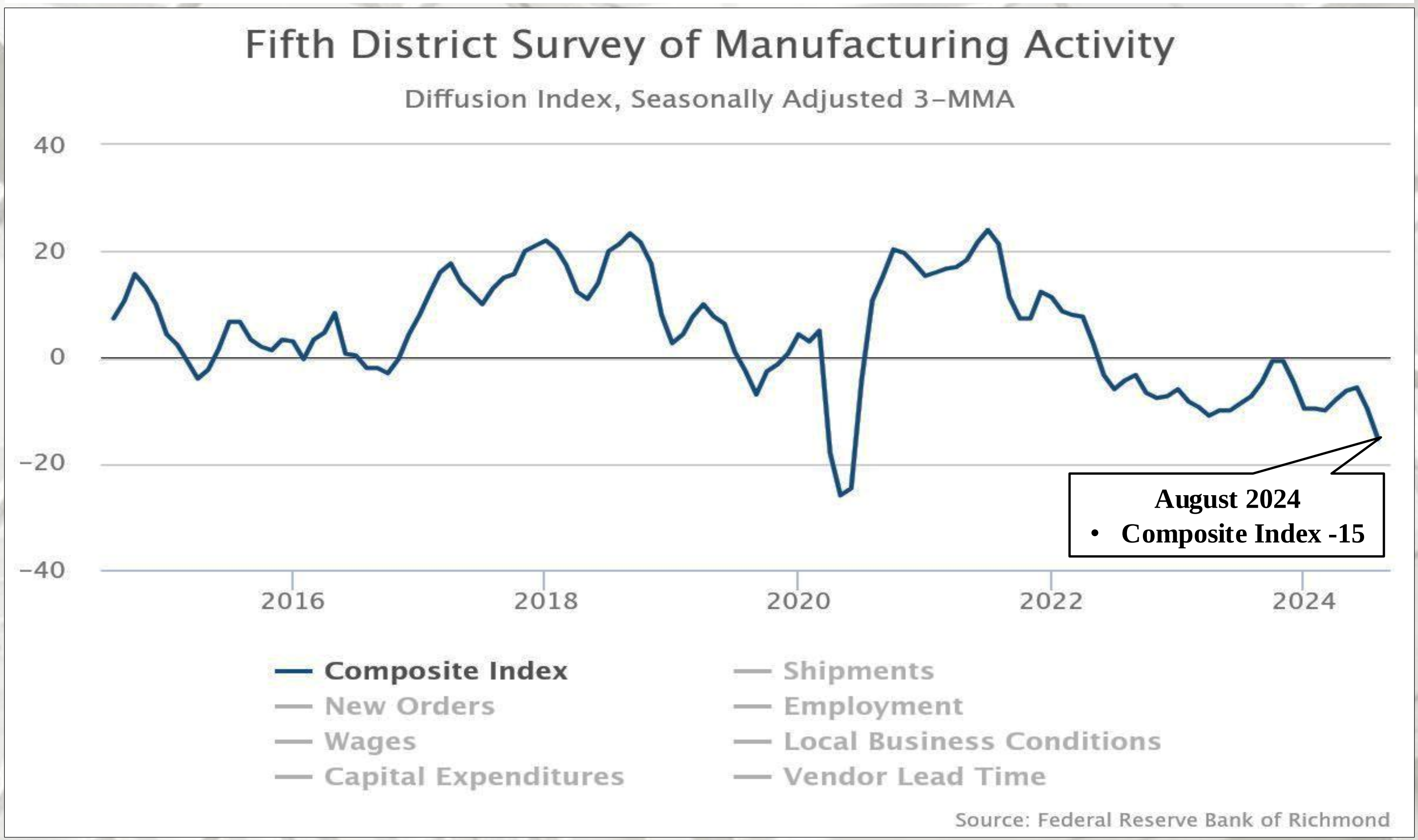
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 8/27/24

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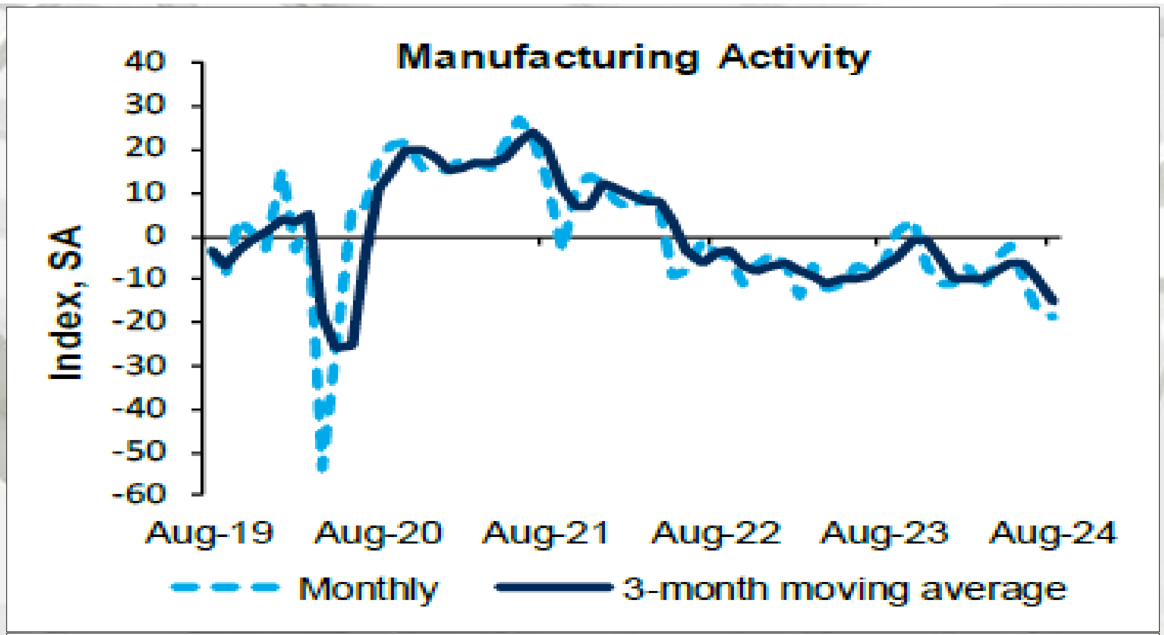
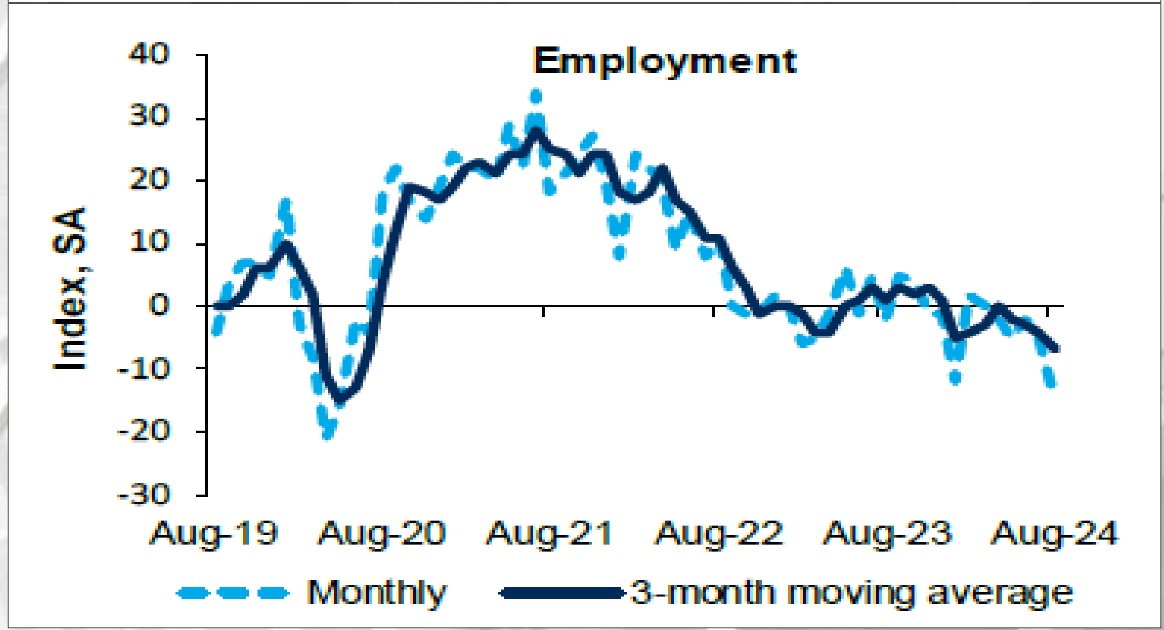
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 8/27/24

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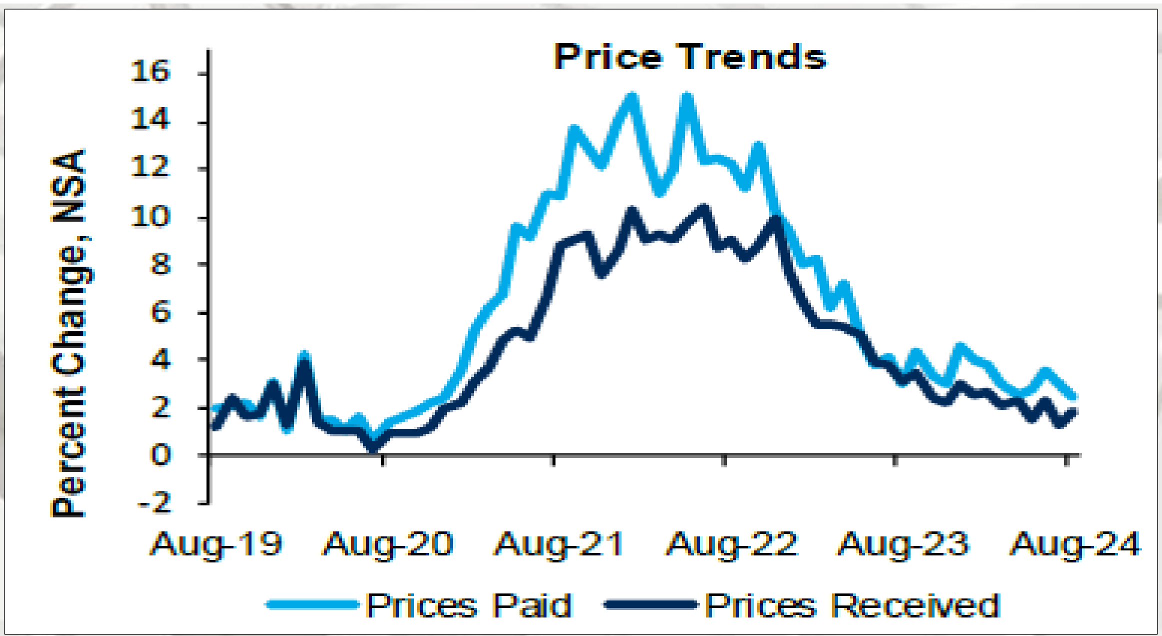

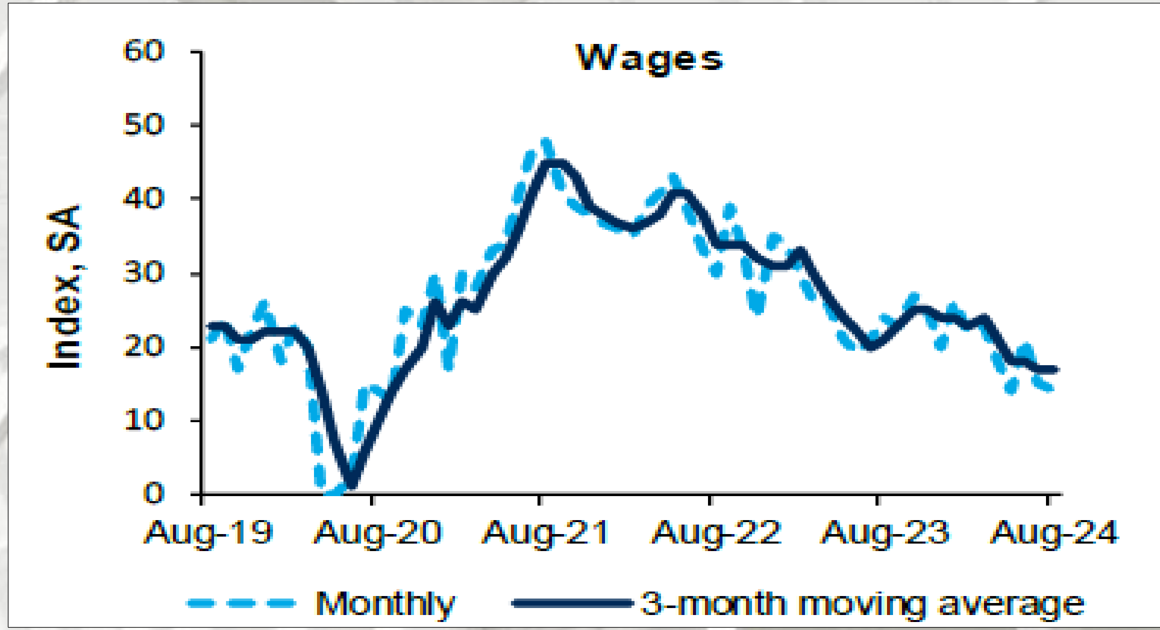

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 8/27/24

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The Federal Reserve Bank of Richmond

August Fifth District Survey of Service Sector Activity

Service Sector Activity Slowed in August

“Fifth District service sector activity slowed in August, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index fell from 5 to −11 and the demand index edged down from 1 in July to −3 in August. The indexes for future revenues and demand remained solidly in positive territory.

The local business conditions index decreased from −9 in July to −13 in August. Firms were more optimistic about future business conditions, though, as that index increased from 3 to 15.

The employment index remained at −4 in August, while firms, on balance, continued to report wage increases. The availability of skills index rose from −8 to 3 in August, signaling an increase in firms' ability to find workers with the necessary skills. Over the next six months, firms expect to increase hiring and anticipate little change in their ability to find workers with the necessary skills. Most firms plan to continue increasing wages.

The average growth rate of prices paid decreased slightly, while the average growth rate of prices received decreased moderately in August. Firms expected growth in prices paid 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; 8/27/24

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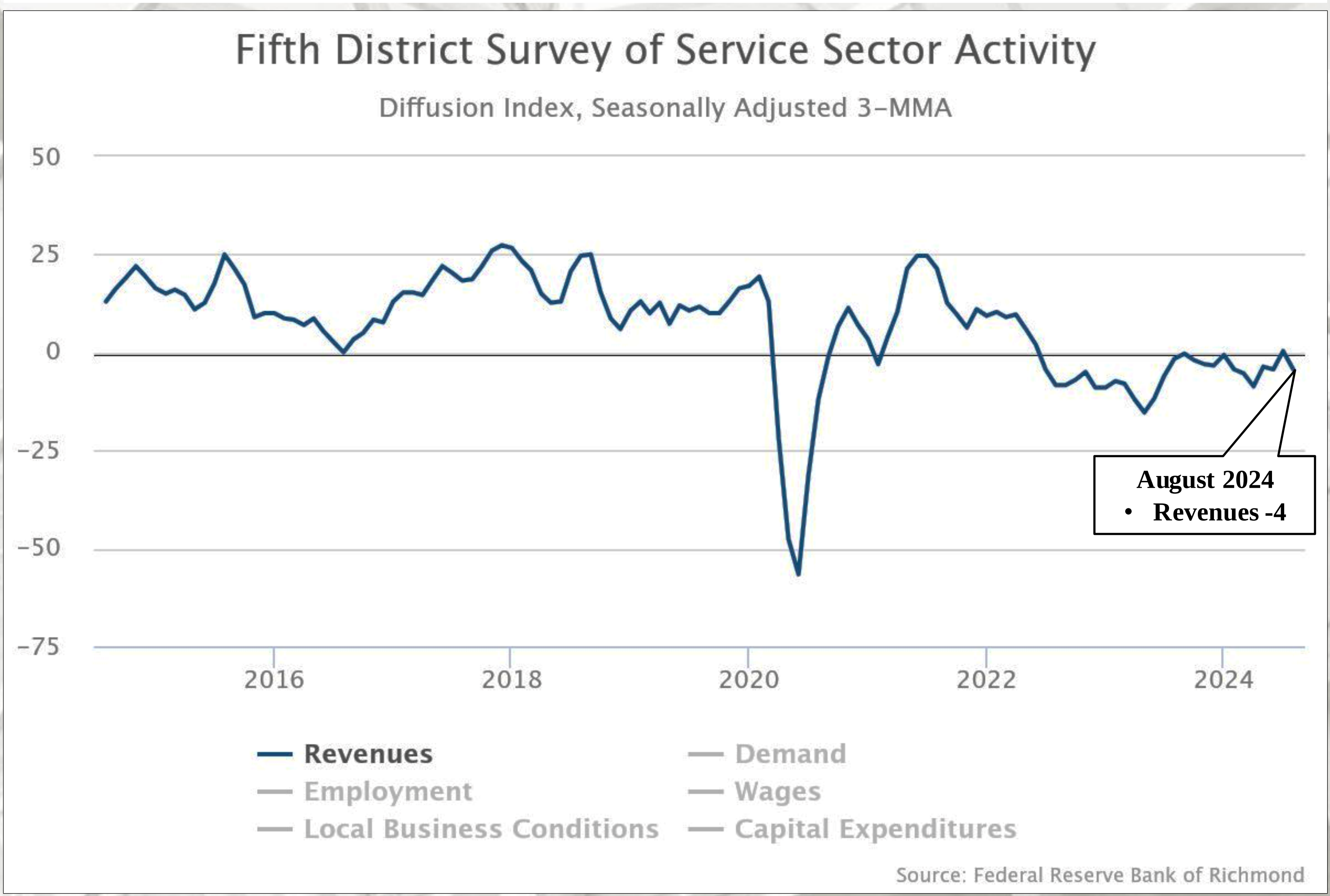
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 8/27/24

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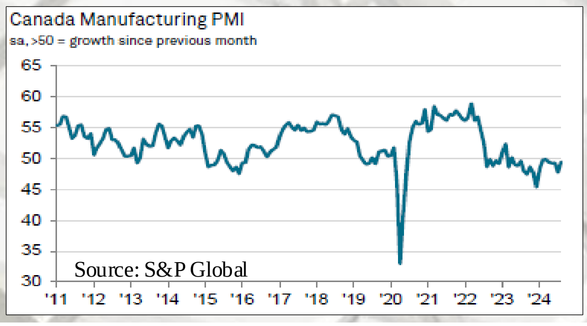
Private Indicators: Global



S&P Global Canada Manufacturing PMI®

"The seasonally adjusted **S&P Global Canada Manufacturing Purchasing Managers' Index® (PMI®)** registered below the critical 50.0 no-change mark during August for a sixteenth successive month. However, by rising to 49.5, from 47.8 in July, the PMI signalled only a marginal deterioration in operating conditions that was the weakest since March.

PMI moves closer to stabilisation in August

Operating conditions in Canada's manufacturing economy continued to deteriorate during August, albeit only marginally and to the softest degree since March. This reflected slower falls in both output and new orders. However, there was a return to modest job shedding following marginal growth in July. Shipping delays, especially related to ocean freight, led to another deterioration in vendor performance. On the price front, input cost inflation accelerated to its sharpest since April 2023, helping to drive the steepest increase in output charges for nine months.

August's survey revealed weaker contractions in both output and new orders. Panellists nonetheless continued to report a subdued economic environment, both at home and abroad. Clients were said to be hesitant in committing to new work linked to some uncertainty in the geopolitical and global economic outlooks. New export orders declined for a twelfth successive month, although the rate of contraction also softened noticeably to its slowest since May. The lack of incoming new work and reduced production requirements meant firms cut their staffing levels for the second time in the past three months. The decline was also the steepest in 2024 so far, with reports of the non-replacement of leavers and some concerns about the economic outlook leaving firms reticent to hire new workers. …

Although the performance of Canada's manufacturing economy continues to disappoint, slower falls in output and new orders point to a relatively better performance in July than in August, thereby providing some hope of the sector heading towards stabilisation after a prolonged downturn.

Still, reduced employment and cuts in purchasing activity point to continued uncertainty amongst firms, and this was reflected in their assessment of the outlook, with confidence remaining below its trend level. Firms continue to worry about price levels, and in this regard the latest data on inflation remained concerning. Cost pressures picked up to their highest in nearly a year-and-a-half year, whilst output charge inflation accelerated noticeably." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/fd3335cc111846449ceed3034636ea15; 9/3/24

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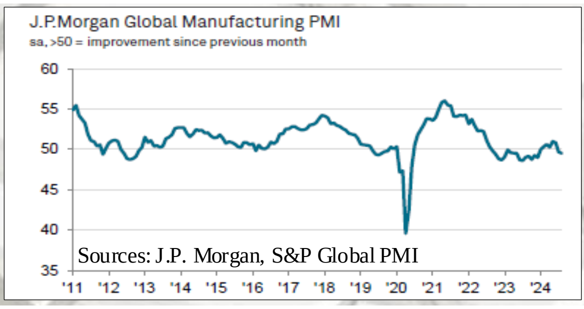
Private Indicators: Global



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 – fell to an eight-month low of 49.5 in August, to remain below the neutral 50.0 mark for the second successive month.

Global manufacturing production, new orders and employment all decline slightly in August

"Signs of weakness continued to build in the global manufacturing sector during August. Production, new orders and employment posted mild contractions, and global trade flows deteriorated for the third month in a row. August saw global manufacturing production decrease, albeit only slightly, for the first time in 2024 so far. Output contracted in both the intermediate and investment goods industries. Although the upturn at consumer goods producers continued, the rate of growth was only mild and the weakest during the current 13-month sequence of expansion.

August saw global manufacturing production decrease, albeit only slightly, for the first time in 2024 so far. Output contracted in both the intermediate and investment goods industries. Although the upturn at consumer goods producers continued, the rate of growth was only mild and the weakest during the current 13-month sequence of expansion. July and August have seen back-to-back contractions in the level of new work received by global manufacturers. The rate of growth was also identical to the prior survey month. …

The outlook for the global manufacturing sector remained potentially lacklustre in August. Business optimism remained below its long-run survey average and among the weakest over the past one-and-a-half years. …

The J.P. Morgan global manufacturing output PMI slipped 0.3-pt to 49.9 in August, its first reading below the 50-mark this year. In addition to a weaker output growth, survey details suggested a continued slowdown in new order intakes and the pace of hiring. Although the Euro area remained the weakest performing region, output growth slowed again in the US and a few other EM Asian economies according to the August surveys. The pricing PMIs firmed in August, likely reflecting the ongoing inflationary impact of higher shipping costs." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/c95ce2041aa24ac98ca6f47c3ba6cc16; 9/3/24

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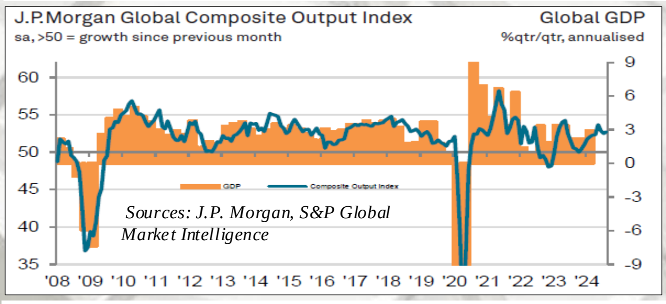
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – posted 52.8 in August, up from 52.5 in July and above the neutral 50.0 mark for the tenth month in a row.

Global growth accelerates as solid service sector expansion offsets manufacturing weakness

August PMI data from across the world pointed to a widening disparity between the manufacturing and service sectors. Service providers saw an accelerating upturn, with activity levels rising at one of the fastest rates since mid-2023. In contrast, conditions in the manufacturing sector deteriorated further, with output, new orders and employment all contracting. …

Global service sector output increased for the nineteenth consecutive month in August, supported by the steepest gains in new business since June 2023. Financial services remained the strongest performing sub-sector, despite seeing activity growth ease sharply to its weakest since February. Business services activity rose at the fastest pace in 16 months, whereas consumer service providers saw activity stagnate following a six-month sequence of expansion.

Signs of weakness continued to build in the manufacturing sector, however, with production and new order volumes both contracting. Mild contractions in the intermediate and investment goods categories were only partly offset by a slight increase in consumer goods output. …

Although business optimism improved slightly in August, the overall degree of positive sentiment was among the weakest so far during 2024. Confidence rose slightly at service providers, but edged lower in the manufacturing sector.

A 0.5-pt rise in the global services activity PMI lifted the J.P. Morgan global composite PMI 0.3-pt to 52.8 in August. At this level, the index points to a strong pace of global growth at around 3% ar. However, a widening imbalance across regions and sectors continues to raise concerns. A 1.3-point drop in the composite employment PMI is another concerning development, particularly given that we are already seeing signs of easing in labor market pressures." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/f96a955954cf4e898f23ad108c453a26; 9/5/24

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Private Indicators
Associated Builders and Contractors (ABC)

ABC's Construction Backlog Indicator Down in August, Contractor Confidence Turns Negative on Profit Margins

"Associated Builders and Contractors reported that its Construction Backlog Indicator fell to 8.2 months in August, according to an ABC member survey conducted Aug. 20 to Sept. 5. The reading is down 1.0 months from August 2023.

View the full Construction Backlog Indicator and Construction Confidence Index data series.

Only the infrastructure category experienced a monthly increase in backlog among the three major segments, reflecting strength in public construction spending. Nonetheless, over the past year, backlog has declined in all three segments.

ABC's Construction Confidence Index readings for sales, profit margins and staffing levels fell in August. The readings for sales and staffing levels remain above the threshold of 50, indicating expectations for growth over the next six months, while the reading for profit margin expectations fell below that threshold.

"As predicted, confidence among contractors is slipping," said ABC Chief Economist Anirban Basu. "While ABC contractor members are still anticipating expanding sales and employment, profits margins are increasingly under pressure as project owners face high borrowing and construction delivery costs in the context of a slowing economy. Many projects have been postponed, resulting in recent backlog declines, most notably in the South."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-down-in-august-contractor-confidence-turns-negative-on-profit-margins; 9/10/24

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Private Indicators
Associated Builders and Contractors (ABC)

Construction Backlog Indicator

	August 2024	July 2024	August 2023	1-Month Net Change	12-Month Net Change
Total	**8.2**	**8.4**	**9.2**	**-0.2**	**-1.0**
Industry					
Commercial and institutional	8.3	8.6	9.5	-0.3	-1.2
Heavy industrial	7.6	11.1	7.7	-3.5	-0.1
Infrastructure	9.1	7.5	10.2	1.6	-1.1
Region					
Middle States	7.7	7.2	8.4	0.5	-0.7
Northeast	8.1	7.2	8.8	0.9	-0.7
South	9.1	9.8	11.4	-0.7	-2.3
West	7.4	8.6	8.3	-1.2	-0.9
Company Size					
<$30 Million	7.1	7.2	8.4	-0.1	-1.3
$30-$50 Million	8.7	9.0	10.8	-0.3	-2.1
$50-$100 Million	11.1	9.5	12.8	1.6	-1.7
>$100 Million	11.6	12.2	13.8	-0.6	-2.2

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-down-in-august-contractor-confidence-turns-negative-on-profit-margins; 9/10/24

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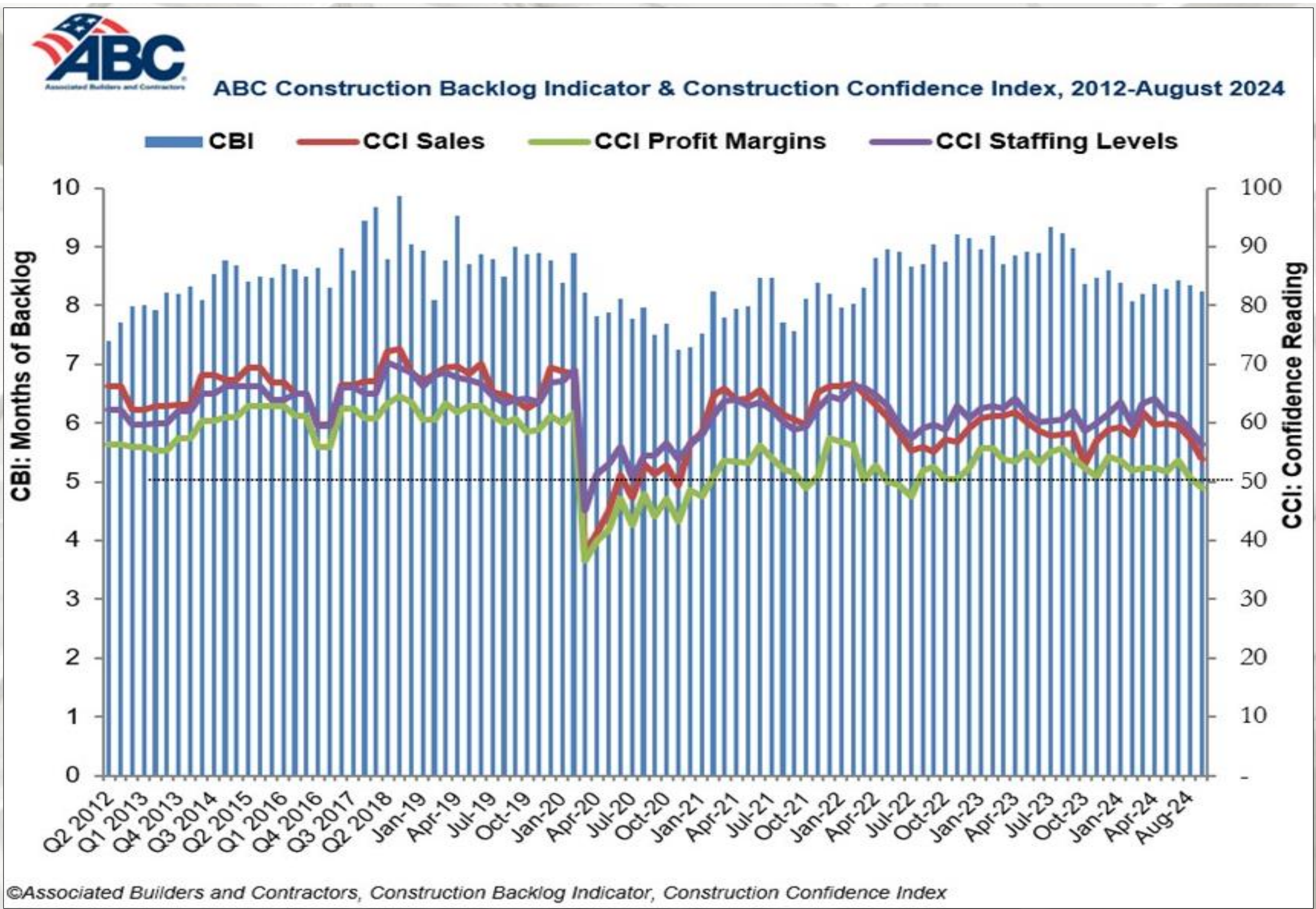
Private Indicators
Associated Builders and Contractors (ABC)



Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-down-in-august-contractor-confidence-turns-negative-on-profit-margins; 9/10/24

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Private Indicators
Associated Builders and Contractors (ABC)

Construction Confidence Index

Response	August 2024	July 2024	August 2023
CCI Reading			
Sales	53.8	57.4	58.1
Profit margins	49.1	50.6	55.8
Staffing	56.4	58.8	60.7
Sales Expectations			
Up big	4.9%	5.7%	5.7%
Up small	38.3%	43.1%	46.0%
No change	26.9%	29.2%	26.7%
Down small	26.9%	19.2%	18.2%
Down big	3.0%	2.8%	3.4%
Profit Margin Expectations			
Up big	1.9%	1.3%	5.7%
Up small	25.8%	28.3%	38.1%
No change	43.2%	44.7%	34.7%
Down small	25.0%	23.3%	17.0%
Down big	4.2%	2.5%	4.5%
Staffing Level Expectations			
Up big	4.2%	4.4%	5.1%
Up small	33.7%	41.5%	46.0%
No change	48.1%	39.6%	36.4%
Down small	11.7%	13.8%	11.4%
Down big	2.3%	0.6%	1.1%

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-down-in-august-contractor-confidence-turns-negative-on-profit-margins; 9/10/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Dips 0.2% in July

"National nonresidential construction spending decreased 0.2% 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 $1.21 trillion.

Spending was down on a monthly basis in 11 of the 16 nonresidential subcategories. Private nonresidential spending decreased 0.4%, while public nonresidential construction spending was up 0.2% in July.

"Nonresidential construction spending declined for the second consecutive month in July but remains just 0.4% below the all-time high established in May," said ABC Chief Economist Anirban Basu.

"While Hurricane Beryl, which interrupted construction activity along the Gulf Coast in early July, contributed to the month's weak construction spending data, the cumulative effect of high interest rates likely bears more blame," said Basu. "This is particularly true for nonresidential spending in the private sector, which fell 0.4% for the month and is up just 4.5% over the past year.

"Less than half of contractors expect their sales to increase over the next six months, according to ABC's Construction Confidence Index, a clear indication that the industry is eagerly awaiting lower interest rates," said Basu. "Fortunately, it's all but certain that the Federal Reserve will begin lowering rates at its September meeting. The remaining question is whether it will be a 25- or 50-basis point cut."'" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-dips-02-in-july; 9/3/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate					
	July 2024	June 2024	July 2023	1-Month % Change	12-Month % Change
Total Construction	$2,162,683	$2,168,990	$2,027,412	-0.3%	6.7%
Residential	$952,897	$956,915	$885,096	-0.4%	7.7%
Nonresidential	$1,209,786	$1,212,075	$1,142,315	-0.2%	5.9%
Water supply	$32,062	$31,429	$27,510	2.0%	16.5%
Transportation	$68,665	$67,696	$64,128	1.4%	7.1%
Office	$99,755	$99,147	$96,880	0.6%	3.0%
Sewage and waste disposal	$45,707	$45,475	$41,280	0.5%	10.7%
Manufacturing	$237,022	$236,856	$196,863	0.1%	20.4%
Power	$143,315	$143,522	$130,338	-0.1%	10.0%
Commercial	$125,069	$125,271	$144,329	-0.2%	-13.3%
Amusement and recreation	$39,771	$39,992	$36,648	-0.6%	8.5%
Lodging	$23,235	$23,370	$25,347	-0.6%	-8.3%
Communication	$28,198	$28,409	$28,058	-0.7%	0.5%
Highway and street	$141,944	$143,031	$136,963	-0.8%	3.6%
Conservation and development	$11,737	$11,828	$10,745	-0.8%	9.2%
Public safety	$18,640	$18,790	$14,590	-0.8%	27.8%
Educational	$125,033	$126,165	$120,378	-0.9%	3.9%
Health care	$65,755	$67,127	$64,542	-2.0%	1.9%
Religious	$3,878	$3,967	$3,715	-2.2%	4.4%
Private Nonresidential	$737,154	$740,203	$705,453	-0.4%	4.5%
Public Nonresidential	$472,632	$471,873	$436,862	0.2%	8.2%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-dips-02-in-july; 9/3/24

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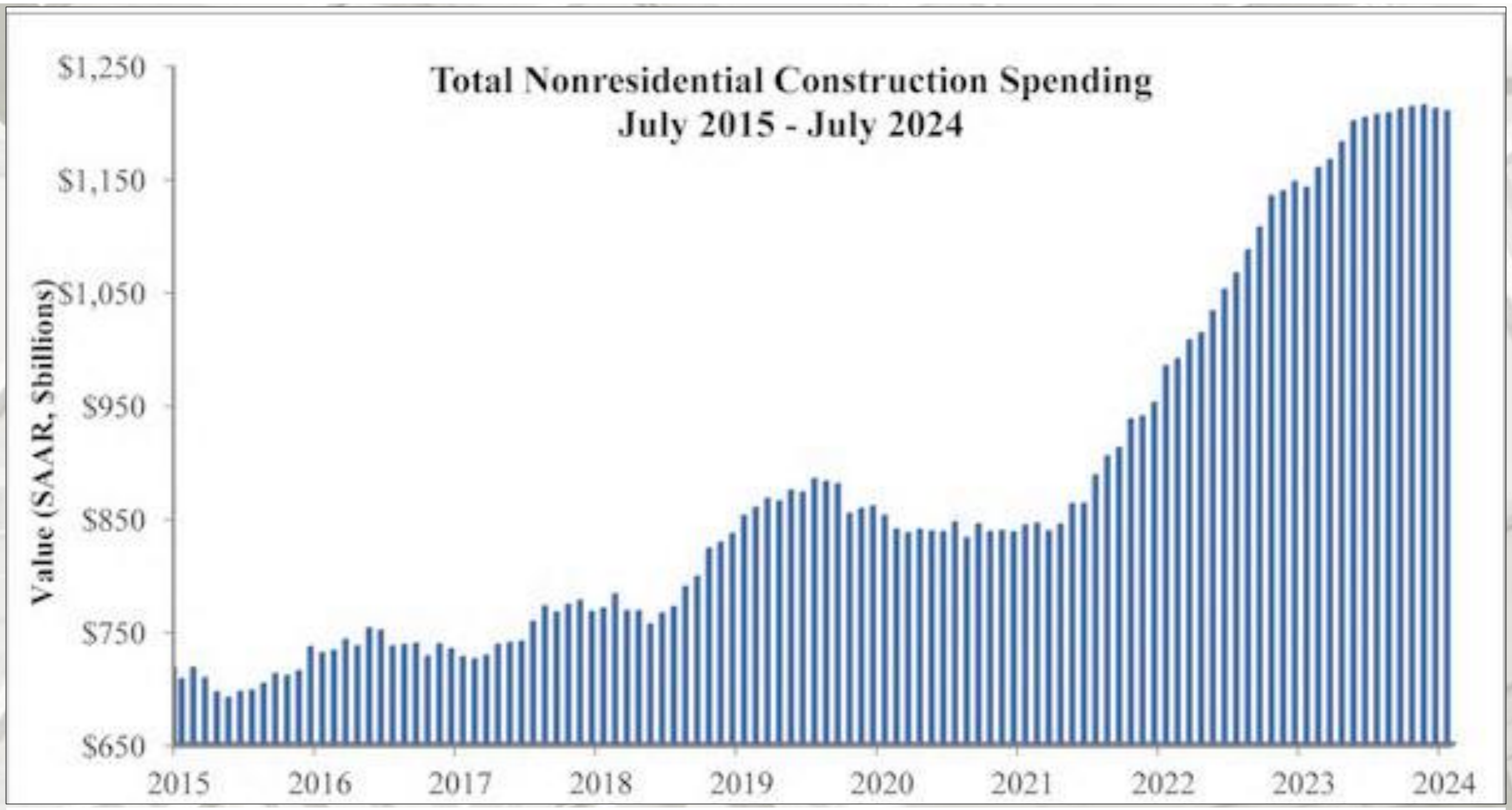
Private Indicators
Associated Builders and Contractors



Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-dips-02-in-july; 9/3/24

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Private Indicators
Associated Builders and Contractors

Construction Job Openings Plummet by 51,000 in July

"The construction industry had 248,000 job openings on the last day of July, according to an Associated Builders and Contractors analysis of data from the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey. JOLTS defines a job opening as any unfilled position for which an employer is actively recruiting. Industry job openings decreased by 51,000 last month and are down by 103,000 from the same time last year.

"Construction job openings plunged for the second straight month in July," said ABC Chief Economist Anirban Basu. "Much of this decline is likely due to the residential sector. More housing units were completed in June than in any month dating back to 2007, and the number of housing units under construction has fallen about 8% since the start of the year.

"That's not to suggest that the nonresidential segment has not also seen a decline in its demand for labor," said Basu. "The share of construction jobs that are currently unfilled has fallen to the lowest level since early 2018, and a portion of that contraction is due to weakness in certain segments like commercial and lodging. Despite the dearth of openings, contractors continue to lay off workers at a historically slow pace, and fewer than 1 in 7 contractors expect their staffing levels to decline over the next six months, according to ABC's Construction Confidence Index."''" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-plunge-by-51000-in-july; 9/4/24

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Private Indicators
Associated Builders and Contractors

Construction Industry Job Openings and Labor Turnover Data: July 2024

	July 2024	June 2024	July 2023	1-Month Net Change	12-Month Net Change	12-Month % Change
Total						
Job openings	248,000	299,000	351,000	-51,000	-103,000	-29.3%
Hires	371,000	323,000	379,000	48,000	-8,000	-2.1%
Total separations	328,000	282,000	364,000	46,000	-36,000	-9.9%
Layoffs & discharges	184,000	145,000	177,000	39,000	7,000	4.0%
Quits	135,000	119,000	169,000	16,000	-34,000	-20.1%
Other separations	9,000	18,000	18,000	-9,000	-9,000	-50.0%
Rate						
Job openings	2.9%	3.5%	4.2%			
Hires	4.5%	3.9%	4.7%			
Total separations	4.0%	3.4%	4.5%			
Layoffs & discharges	2.2%	1.8%	2.2%			
Quits	1.6%	1.4%	2.1%			
Other separations	0.1%	0.2%	0.2%			

Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-plunge-by-51000-in-july; 9/4/24

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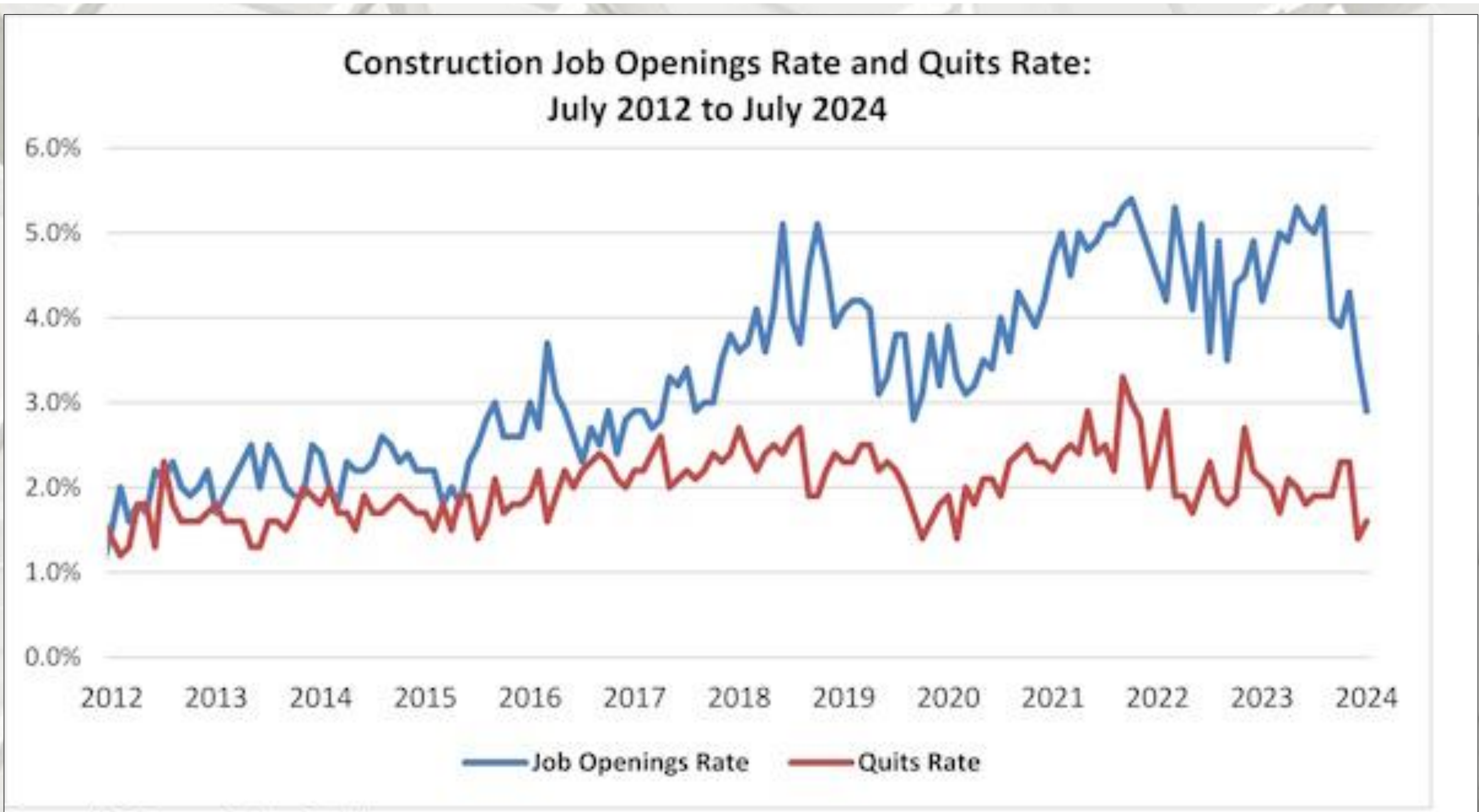
Private Indicators
Associated Builders and Contractors



Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-plunge-by-51000-in-july; 9/4/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Employment Increased by 28,300 in August

"The construction industry added 34,000 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 grew by 228,000 jobs, an increase of 2.8%.

Nonresidential construction employment increased by 28,300 positions on net, with growth in all three subcategories. Nonresidential specialty trade added the most jobs on net, increasing by 14,000 positions. Heavy and civil engineering and nonresidential building added 13,500 and 800 jobs, respectively.

The construction unemployment rate fell to 3.2% in August. Unemployment across all industries declined from 4.3% in July to 4.2% last month.

"August's employment report is perfectly consistent with the notion of a soft landing," said ABC Chief Economist Anirban Basu. "Unemployment fell both economywide and in the nation's construction sector. Job growth in nonresidential construction was both brisk and broad-based. Moreover, Federal Reserve officials continue to indicate that they are ready to reduce interest rates, which is expected within the next two weeks.""– Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-increased-by-28300-in-august; 9/6/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Employment Increases in July, But Recession Looms

"""And yet, the level of concern has been rising among contractors," said Basu. "According to both ABC's Construction Confidence Index and Construction Backlog Indicator, the outlook among contractors is dimming gradually. Many projects have been postponed recently in the context of still-elevated borrowing costs and tighter lending conditions.

"Despite indications that interest rates are coming down, they may not fall as rapidly as many contractors hope," said Basu. "The economy remains too strong to warrant rapid declines in interest rates implemented by the Federal Reserve. Moreover, average hourly earnings expanded more rapidly in August than anticipated, suggesting that inflation remains sticky and that Fed officials may only be able to reduce rates gingerly."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-increased-by-28300-in-august; 9/6/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Adds 25,000 Jobs in July

Construction Employment Statistics: August 2024

	August 2024	July 2024	August 2023	1-Month Net Change	12-Month Net Change	12-Month % Change
Employment						
Construction	8,280,000	8,246,000	8,052,000	34,000	228,000	2.8%
Nonresidential	4,912,200	4,883,900	4,747,700	28,300	164,500	3.5%
Nonresidential building	931,900	931,100	890,400	800	41,500	4.7%
Nonresidential specialty trade contractors	2,824,100	2,810,100	2,732,700	14,000	91,400	3.3%
Heavy & civil engineering	1,156,200	1,142,700	1,124,600	13,500	31,600	2.8%
Residential	3,367,400	3,361,800	3,304,300	5,600	63,100	1.9%
Residential building	950,900	946,100	923,000	4,800	27,900	3.0%
Residential specialty trade contractors	2,416,500	2,415,700	2,381,300	800	35,200	1.5%
Average Hourly Earnings						
All private industries	$35.21	$35.07	$33.91	$0.14	$1.30	3.8%
Construction	$38.36	$38.25	$36.76	$0.11	$1.60	4.4%
Average Weekly Hours						
All private industries	34.3	34.2	34.4	0.1	-0.1	-0.3%
Construction	39.0	38.9	39.1	0.1	-0.1	-0.3%
Unemployment Rate						
All private industries (SA)	4.2%	4.3%	3.8%	-0.1pp	0.4pp	
Construction (NSA)	3.2%	3.9%	3.9%	-0.7pp	-0.7pp	

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-employment-increased-by-28300-in-august; 9/6/24

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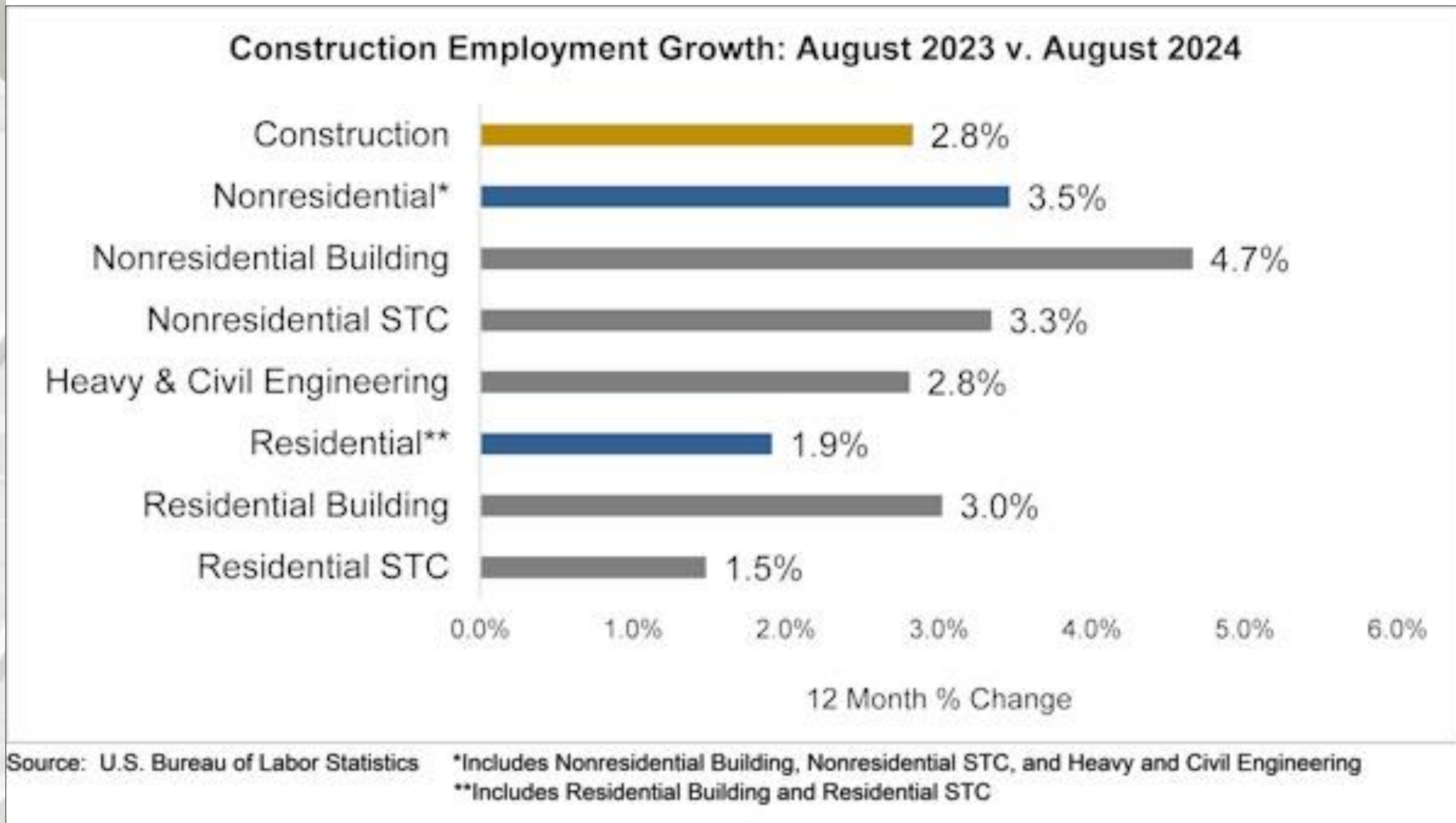
Private Indicators
Associated Builders and Contractors

Nonresidential Construction Adds 25,000 Jobs in July



Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-increased-by-28300-in-august; 9/6/24

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Private Indicators
American Institute of Architects (AIA) & Deltek

Architecture Billings Index July 2024

Architecture firms reported declining billings for the eighteenth consecutive month in July.

“While the ABI/Deltek Architecture Billings Index (ABI) score of 48.2 for the month indicates that fewer firms reported a decline in billings in July than in May, it still means that more than half of responding firms this month are still experiencing soft business conditions. As far as future work in the pipeline at firms, the value of newly signed design contracts decreased for the fourth consecutive month in July, but the pace of that decline slowed as well. In addition, inquiries into new projects continued to increase this month, although that growth continued at the same slow pace they have been growing at for much of the year so far.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

“Architecture firms continue to face a billings slowdown . However, the emerging prospects of lower interest rates coupled with a modest uptick in project inquiries suggest that some dormant projects may be revived in the coming months.” – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/resource-center/abi-july-2024-firm-billings-decline-modestly-slower-pace; 8/21/24

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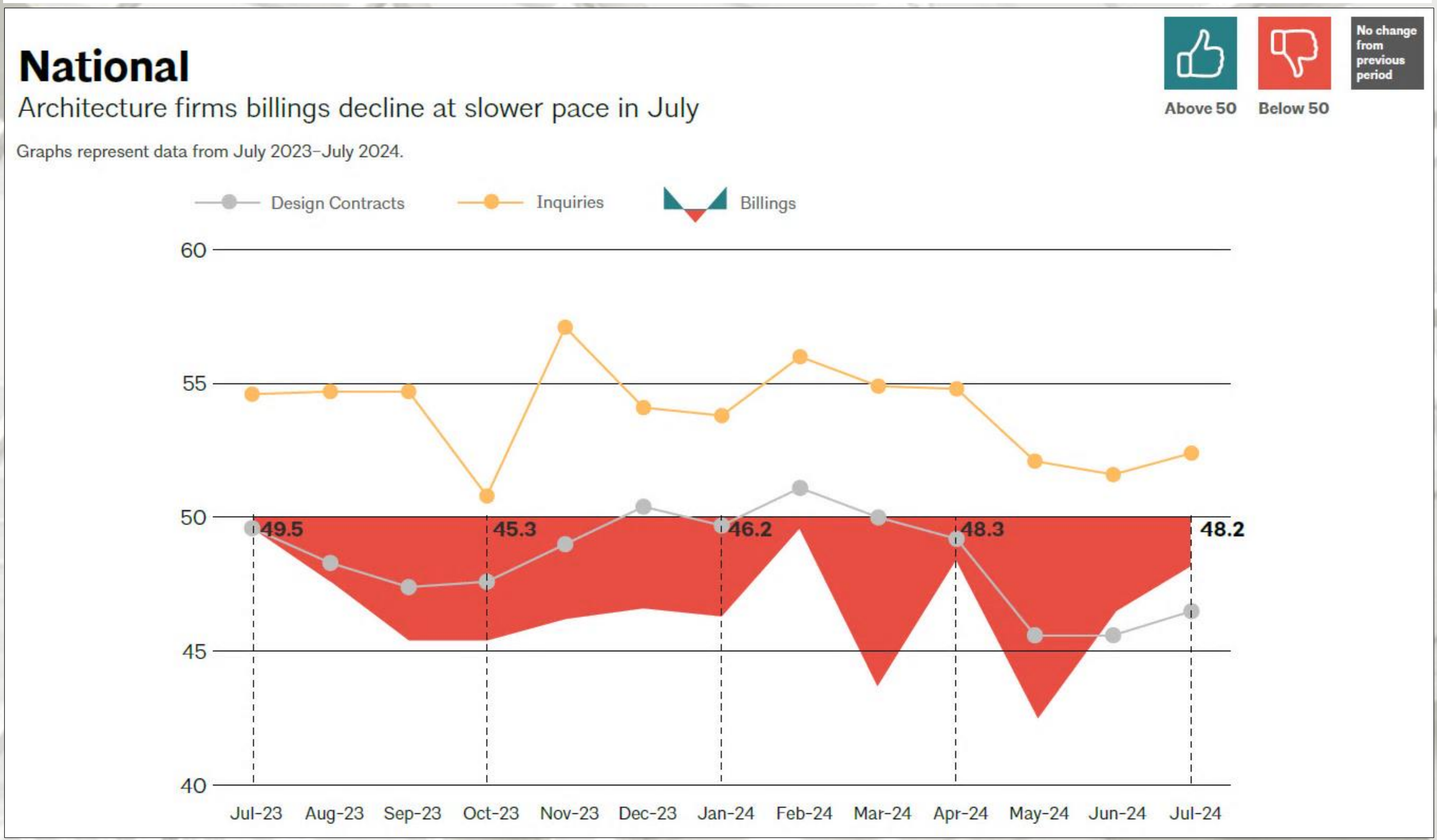
Private Indicators
American Institute of Architects (AIA) & Deltek



Source: https://www.aia.org/resource-center/abi-july-2024-firm-billings-decline-modestly-slower-pace; 8/21/24

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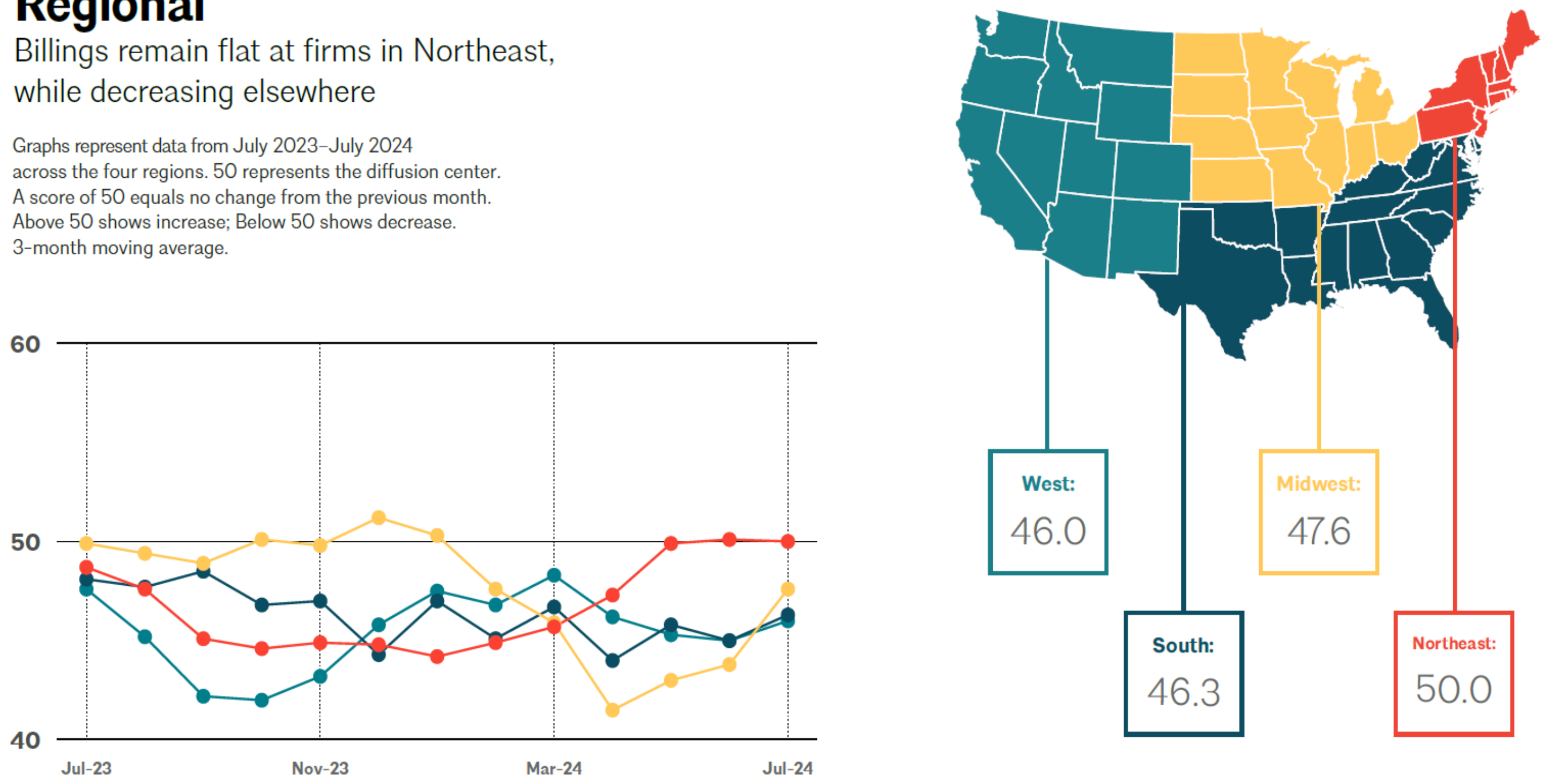
Private Indicators: AIA & Deltek

Regional

Billings remain flat at firms in Northeast, while decreasing elsewhere

Graphs represent data from July 2023–July 2024 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



Source: https://www.aia.org/resource-center/abi-july-2024-firm-billings-decline-modestly-slower-pace; 8/21/24

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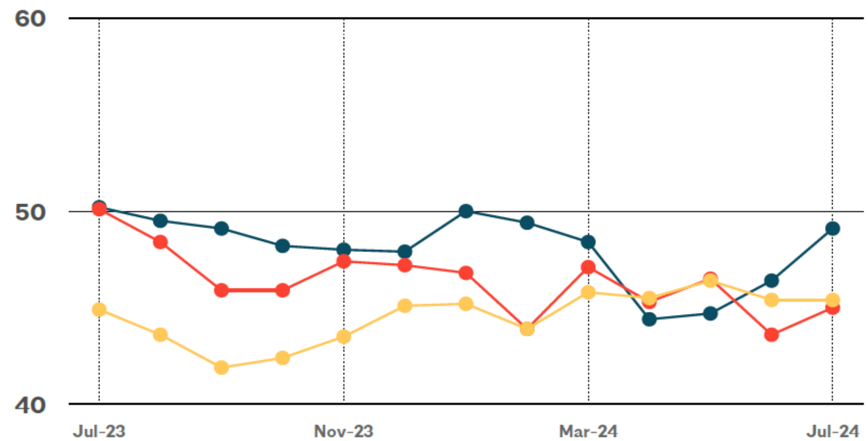
Private Indicators: AIA & Deltek

Sector

Business conditions still softest at firms with commercial/industrial, multifamily residential specializations

Graphs represent data from July 2023–July 2024 across the three sectors. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



Commercial/Industrial: 45.0

Institutional: 49.1

Residential: 45.4

Source: https://www.aia.org/resource-center/abi-july-2024-firm-billings-decline-modestly-slower-pace; 8/21/24

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Private Indicators

Dodge Data & Analytics

Construction Starts Jump 10% in July

A sharp rebound occurred in nonresidential building and infrastructure starts, offsetting residential pullback

“Total construction starts moved 10% higher in July to a seasonally adjusted annual rate of $1.1 trillion, according to Dodge Construction Network. Nonresidential buildings and infrastructure starts performed strongly during the month, countering a decline in residential starts. During the month, nonresidential buildings rose 25% and infrastructure starts increased by 19%. Residential starts fell 8% during the month. On a year-to-date basis through July, total construction starts were up 6% from the first seven months of 2023. Residential starts were up 11%, nonresidential buildings rose 5%, and nonbuilding starts were flat.

For the 12 months ending July 2024, total construction starts were up 3% from the 12 months ending July 2023. Nonresidential building starts were down 1%, residential starts were up 7%, and nonbuilding starts were up 5% on a 12-month rolling sum basis.

“Construction starts showed great promise in July,” said Richard Branch, chief economist of Dodge Construction Network. “However, the short-term remains questionable due to high interest rates. The Federal Reserve is likely to cut interest rates in September, which will, over time, make market conditions more conducive to moving projects forward. In the meantime, construction starts will likely remain volatile over the next few months.” ” – Amy Roepke, Media Contact, Construction.com

Source: https://www.construction.com/company-news/construction-starts-jump-10-in-july/; 8/22/24

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Private Indicators

Dodge Data & Analytics

"**Nonresidential building starts** improved 25% in July to a seasonally adjusted annual rate of $445 billion. Manufacturing starts improved 33%, while commercial starts rose 30% due to increases in data center and hotel starts. Institutional starts gained 18% in July mostly due to a sharp increase in healthcare starts. On a year-to-date basis through July, total nonresidential starts were up 5%. Institutional starts were 13% higher, while commercial starts were up 3%, and manufacturing starts were 12% lower on a year-to-date basis through July.

For the 12 months ending July 2024, nonresidential building starts were 1% lower than the previous 12 months. Manufacturing starts were down 19% and commercial starts were down 5%, while institutional starts were 10% higher for the 12 months ending July 2024.

Residential building starts lost 8% in July, falling to a seasonally adjusted annual rate of $365 billion. Single family starts shed 13% in the month, while multifamily starts rose 3%. On a year-to-date basis through seven months, total residential starts were 11% higher. Single family starts improved 22% and multifamily starts were 8% lower on a year-to-date basis.

For the 12 months ending July 2024, residential starts were 7% higher than the previous 12 months. Single family starts were 17% higher, while multifamily starts were 9% lower on a 12-month rolling sum basis.

The largest multi-family structures to break ground in July were the $300 million Music Row Albion apartment towers in Nashville, Tennessee, the $254 million Commodore Perry apartments in Buffalo, New York, and the $250 million One Tampa condominiums in Tampa, Florida.

Regionally, total construction starts in July rose in all regions." – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/company-news/construction-starts-jump-10-in-july/; 8/22/24

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Private Indicators

MONTHLY CONSTRUCTION STARTS

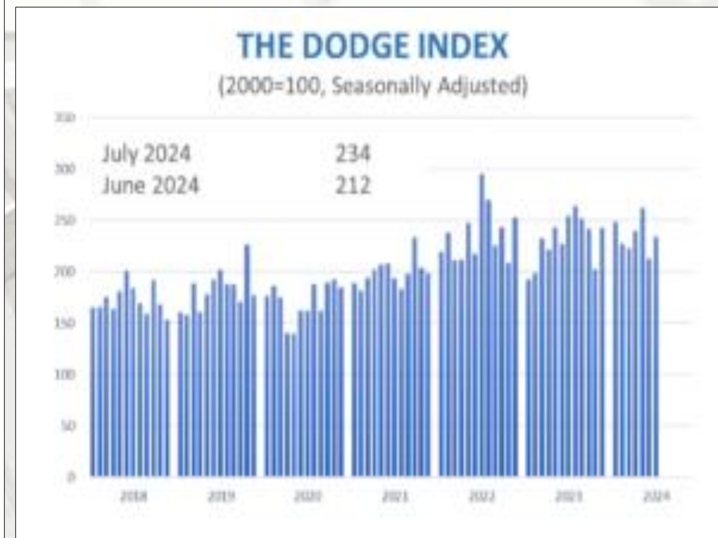
(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Jul 2024	Jun 2024	% Change
Nonresidential Building	$444,779	$357,078	25
Residential Building	364,541	396,051	-8
Nonbuilding Construction	297,963	250,149	19
Total Construction	$1,107,283	$1,003,278	10

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	7 Mos. 2024	7 Mos. 2023	% Change
Nonresidential Building	$239,485	$227,786	5
Residential Building	233,166	209,968	11
Nonbuilding Construction	186,401	186,405	0
Total Construction	$659,051	$624,158	6



Source: Dodge Data & Analytics

Source: https://www.construction.com/company-news/construction-starts-jump-10-in-july/; 8/22/24

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Private Indicators

MNI Chicago

July 2024 Chicago Report™ – Decreases to 45.3 in July

"**The Chicago Business Barometer™**, produced with MNI, slipped 2.1 points to 45.3 in July, after rising in July for the first time since November 2023.

- The fall was broad based with four out of five subcomponents down, in comparison to all five components rising last month. Production led the deterioration this month, with New Orders, Order Backlogs and Employment also lower. Meanwhile, Supplier Deliveries edged up.
- Production fell 8.2 points, making it the lowest since May 2024. Respondents have become increasingly polarized.
- New Orders declined 2.5 points, after jumping up 16.9 points in July." – Tim Davis, Head of Fixed Income Research, and Amana Hussain, Junior Economic Data Analyst, MNI Indicators

Source: https://chicago.ismworld.org/news-publications/reports/research-survey/; 7/31/24

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Private Indicators

July 2024 Chicago Report™ – Decreases to 45.3 in July

- "Order Backlogs lessened by 2.8 points, also after it recorded a large rise of 14.2 points in July.
- Employment slowed by 2.2 points. This was due to the proportion of respondents reporting lower levels of employment increasing.
- Meanwhile, Prices Paid curtailed a further 0.7 points, taking it to the lowest level since July 2023. This was due to the number of respondents reporting lower prices paid at the highest since July 2023.
- Finally, Supplier Deliveries rose for the third consecutive month by 5.1 points to the highest since November 2023.
- Finally, Inventories fell 4.0 points, after reaching the highest levels seen since November 2023 last month.
- The survey ran from July 1 to July 15." – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicators

Source: https://chicago.ismworld.org/news-publications/reports/research-survey/; 7/31/24

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Private Indicators

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

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. fell by 0.6 percent in July 2024 to 100.4 (2016=100), following a decline of 0.2 percent in June. Over the six-month period ending in July 2024, the LEI fell by 2.1 percent, a smaller rate of decline than its −3.1 percent over the six-month period between July 2023 and January 2024.

The U.S. LEI continues to fall on a month-over-month basis, but the six-month annual growth rate no longer signals recession ahead. In July, weakness was widespread among non-financial components. A sharp deterioration in new orders, persistently weak consumer expectations of business conditions, and softer building permits and hours worked in manufacturing drove the decline, together with the still-negative yield spread. These data continue to suggest headwinds in economic growth going forward. The Conference Board expects US real GDP growth to slow over the next few quarters as consumers and businesses continue cutting spending and investments. US real GDP is expected to expand at a pace of 0.6 percent annualized in Q3 2024 and 1 percent annualized in Q4.

The Conference Board Coincident Economic Index® (CEI) for the U.S. was flat in July 2024 at 112.5 (2016=100), after increasing by 0.2 percent in June. The CEI grew by 0.9 percent in the six-month period between January and July of 2024, faster than its 0.5 percent growth rate over the previous six-month period. The CEI's component indicators – payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production – are included among the data used to determine recessions in the US. All components improved in July, except for industrial production, which experienced its largest negative contribution to the CEI since January 2024.

The Conference Board Lagging Economic Index® (LAG) for the U.S. inched down by 0.1 percent in July 2024 to 119.6 (2016=100), partially reversing an increase of 0.2 percent in June. The LAG's six-month growth rate softened to 0.6 percent over the six-month period ending in July 2024, about half the 1.1 percent increase over the six-month period from July 2023 to January of 2024." – Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 8/19/24

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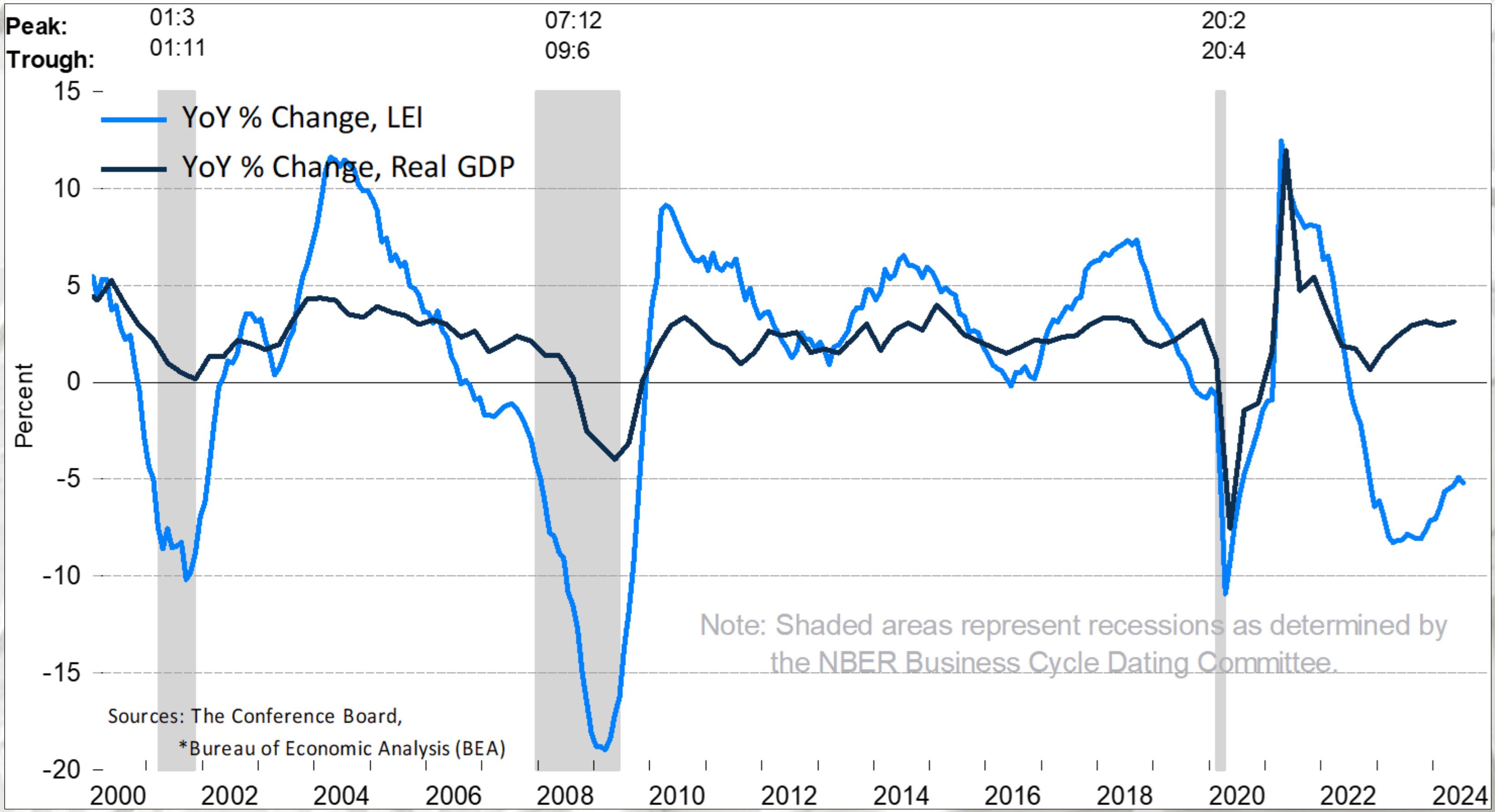
Private Indicators

***The Conference Board Leading Economic Index® (LEI) for the U.S.* Declined in July**

The LEI's annual growth rate has stabilized but remains negative, suggesting downward pressures on economic activity ahead



Source: https://www.conference-board.org/data/bcicountry.cfm; 8/19/24

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Private Indicators

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

NBV Up 13% Y/Y, Up 5.5% YTD

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25, w**hich reports economic activity from 25 companies representing a cross section of the $1 trillion equipment finance sector, reports that in July:

- New business volume (NBV) was $11.1 billion, up 13% from July 2023.
- Month over month, NBV was up 11% from $10 billion in June 2024.
- Year to date, cumulative NBV was up 5.5% compared to 2023.

Additional findings include:

- Receivables over 30 days were 2.5%, up from 2.0% the previous month and up from 2.3% in the same period in 2023.
- Charge-offs grew by 0.5%, a similar rate as in the previous month, and were up from 0.3% over the last 12 months.
- Credit approvals totaled 75.8%, up from 75.0% in June.
- Total headcount for equipment finance companies was up 3% year-over-year." – Amy Vogt, Vice President, Communications and Marketing, ELFA

Source: https://www.elfaonline.org/knowledge-hub/monthly-leasing-and-finance-index/view-mlfi/monthly-leasing-and-finance-index--july-2024; 8/23/24

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Private Indicators

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

"Our July MLFI report showed strength in demand amidst a slight deterioration in financial conditions. Originations grew by double digits from June, but bank activity slowed. Given that banks comprise more than half of equipment finance activity, their continued pullback and the ability of captives and independents to pick up the slack bears watching in future surveys. Credit quality deteriorated, with both receivables and losses up year over year. Overall our latest report reflects optimism from industry leaders that equipment demand should remain healthy over the second half of the year as the Fed begins to ease monetary policy." – Leigh Lytle, President and CEO, ELFA

"The equipment finance sector continues to exhibit strength, with demand in the pipelines indicating growth appetite into 2025. Potential rate cuts in September could contribute to this uptick, particularly for equipment replacement and acquisition. While smaller firms cautiously consider labor and borrowing costs against equipment needs, larger companies are progressing through capital expenditure cycles and at times, leveraging their cash in this environment." – Amrita Patel, Head of Equipment Finance, Wells Fargo

Source: https://www.elfaonline.org/knowledge-hub/monthly-leasing-and-finance-index/view-mlfi/monthly-leasing-and-finance-index--july-2024; 8/23/24

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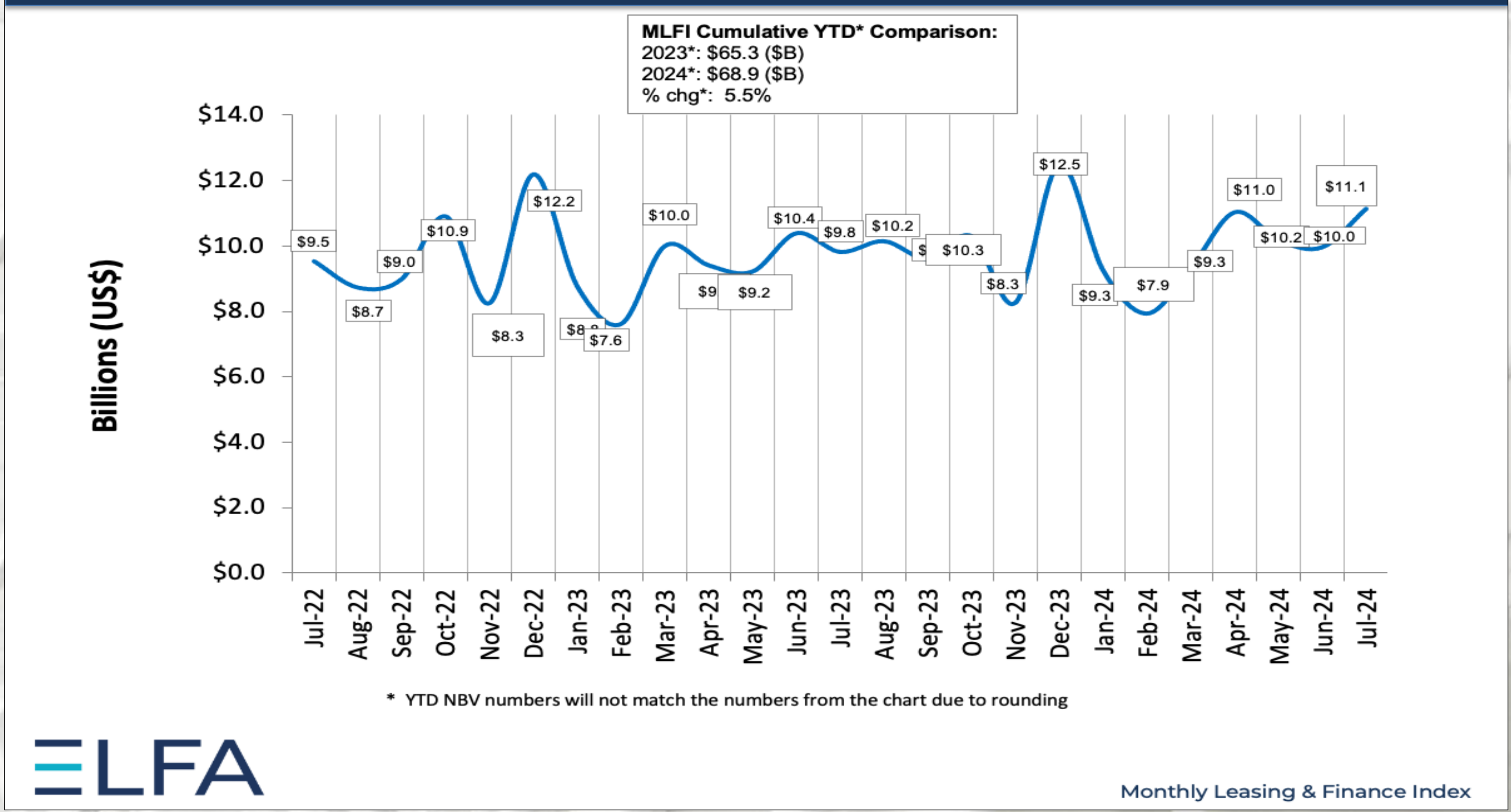
Private Indicators

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

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



Source: https://www.elfaonline.org/knowledge-hub/monthly-leasing-and-finance-index/view-mlfi/monthly-leasing-and-finance-index--july-2024; 8/23/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Production falls for first time in seven months

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®) posted 47.9 in August, down from 49.6 in July and below the 50.0 no-change mark for the second consecutive month. The latest reading signaled a modest deterioration in the health of the manufacturing sector, and one that was the most marked in 2024 so far.

US manufacturing production decreased for the first time in seven months during August as sales continued to fall amid increasing reports of demand weakness. A renewed reduction in employment was also recorded amid spare capacity in the sector.

Demand for inputs was scaled back in response to lower new orders, leading to a first shortening of supplier lead times for three months. The pace of input cost inflation quickened to a 16-month high, however, with output prices also rising at a faster pace.

The US manufacturing sector recorded a decline in production, bringing an end to a six-month sequence of growth.

Firms scaled back production in response to falling sales as demand across the sector waned. Indeed, new business decreased for the second month running. The solid reduction in new orders was the most marked since June 2023. In some cases, clients showed a reluctance to commit to new projects given a slowdown in market demand. Inflationary pressures also had a negative impact on new business." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/78070699cd654baeb61c7a6dca339f58; 9/3/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Production falls for first time in seven months

"New export orders were down again, falling for the third month running and at a solid pace. Geopolitical issues were partly responsible for the latest reduction in overseas demand, according to respondents.

As was the case with production, manufacturers saw a renewed decline in employment midway through the third quarter. Staffing levels decreased for the first time in 2024 so far, reflecting falling new orders and lower output requirements.

Purchasing activity was also scaled back, with the pace of decline the sharpest in the year-to-date. Firms reported efforts to draw down inventories in response to falling new orders, resulting in a sixth successive monthly drop in stocks of inputs. In part, the reduction in pre-production inventories also reflected efforts to improve cash flow.

Despite a reduction in capacity, manufacturers were again able to work through outstanding business as new orders fell solidly. Backlogs of work were depleted for the twenty-third month running, and at the fastest pace since April.

Reduced demand for inputs, meanwhile, helped lead to a shortening of suppliers' delivery times for the first time in three months. The modest improvement in vendor performance was the most marked since February." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/78070699cd654baeb61c7a6dca339f58; 9/3/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Production falls for first time in seven months

"In contrast to the picture for stocks of purchases, inventories of finished goods increased during August, the second month in a row in which this has been the case. Some respondents indicated that they had made use of the spare capacity provided by a reduction in client demand to replenish stocks of finished products, while others noted unintended inventory accumulation.

The rate of input cost inflation quickened to a 16-month high in August and was above the average seen prior to the COVID-19 pandemic. Higher costs for shipping and labor were reported, alongside rising raw material prices. In turn, output prices also increased at a faster pace, albeit one that was still the second-slowest in 2024 so far.

Firms remained confident that output will increase over the coming year, although sentiment eased slightly from July. Sales and marketing efforts were among the factors supporting optimism, while some firms expect demand to return to normal following the presidential election." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/78070699cd654baeb61c7a6dca339f58; 9/3/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Production falls for first time in seven months

Comment

"A further downward lurch in the PMI points to the manufacturing sector acting as an increased drag on the economy midway through the third quarter. Forward-looking indicators suggest this drag could intensify in the coming months.

Slower than expected sales are causing warehouses to fill with unsold stock, and a dearth of new orders has prompted factories to cut production for the first time since January. Producers are also reducing payroll numbers for the first time this year and buying fewer inputs amid concerns about excess capacity.

The combination of falling orders and rising inventory sends the gloomiest forward-indication of production trends seen for one and a half years, and one of the most worrying signals witnessed since the global financial crisis.

Although falling demand for raw materials has taken pressure off supply chains, rising wages and high shipping rates continue to be widely reported as factors pushing up input costs, which are now rising at the fastest pace since April of last year." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/78070699cd654baeb61c7a6dca339f58; 9/3/24

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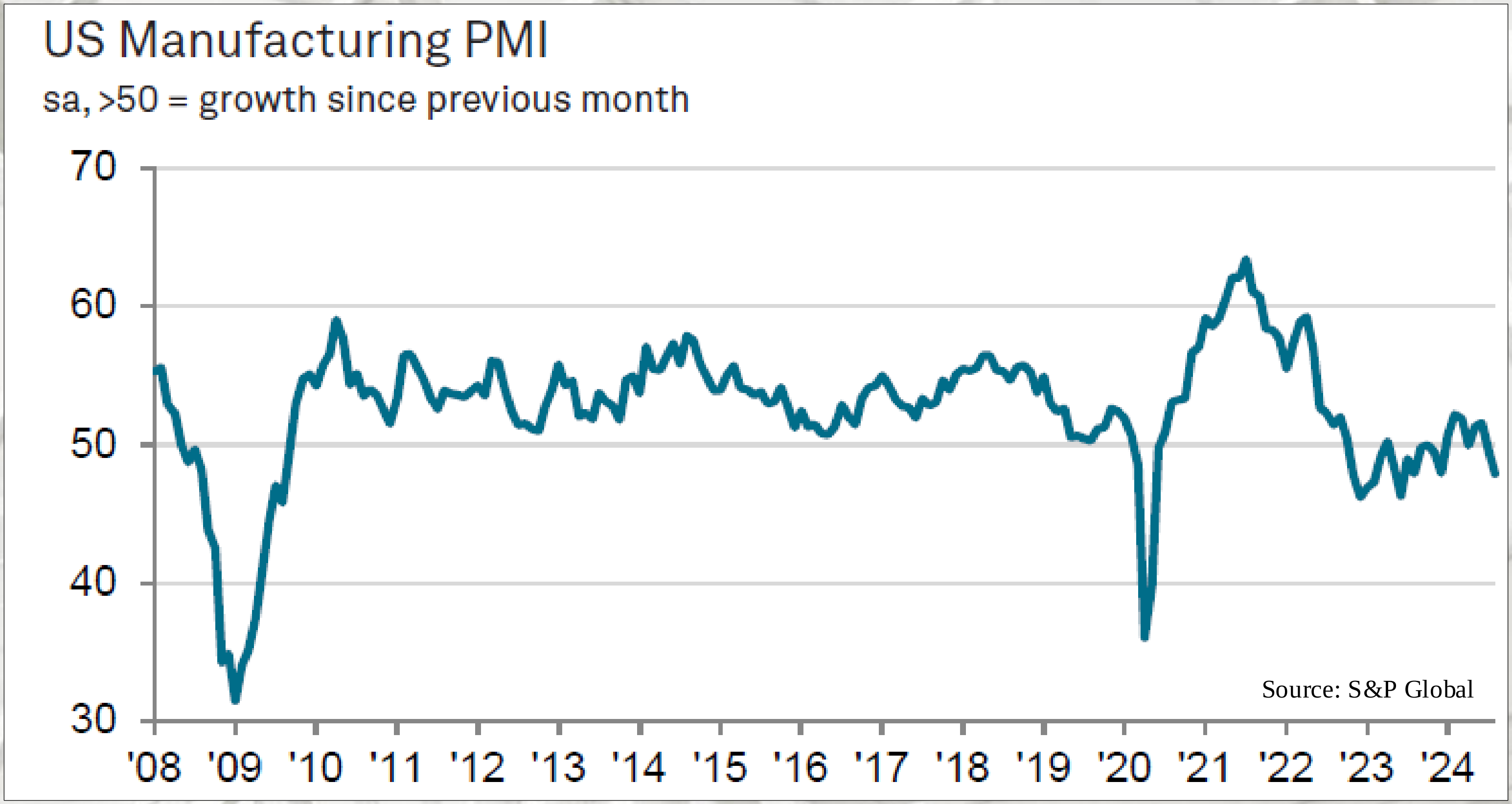

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/78070699cd654baeb61c7a6dca339f58; 9/3/24

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S&P Global U.S. Services PMI™

Business activity rises at fastest pace since March 2022

"The seasonally adjusted S&P Global US Services PMI® Business Activity Index rose to 55.7 in August from 55.0 in July, signaling a marked monthly increase in service sector output, and one that was the most pronounced since March 2022. Activity has now risen in each of the past 19 months.

Growth strengthened in the US service sector during August. Business activity rose at the fastest pace in almost two-and-a-half years amid stronger new order inflows. Less positively, however, employment decreased following two months of job creation.

Input costs continued to increase sharply amid higher supplier charges and rising salaries. That said, the rate of selling price inflation eased to a seven-month low.

The expansion in business activity was linked by respondents to higher new orders and success in securing new customers. Additional clients helped firms to increase their new business volumes for the fourth consecutive month. Here too the pace of expansion quickened, with the solid rise the most marked since June 2023." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/287f9b41c1c04672a6a3e3e778553fc6; 9/5/23

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Private Indicators

S&P Global U.S. Services PMI™

Business activity rises at fastest pace since March 2022

"Growth in total new business was supported to some extent by a second consecutive monthly rise in new export orders, although the rate of expansion in new business from abroad remained only marginal as international demand was generally subdued. Where new export orders did rise, panellists often noted sales to customers in other parts of North America.

Companies were able to keep on top of workloads midway through the third quarter in spite of new business imparting some pressure on capacity. Outstanding business was broadly stable, ending a two-month sequence of accumulation.

Despite the stronger improvements in both activity and new business, there was disappointing news on the jobs front as employment decreased for the first time in three months during August. The reduction in staffing levels was only modest, however. Respondents often reported that leavers had not been replaced, mostly due to cost considerations.

Indeed, companies continued to report sharp increases in input prices during the month, with the rate of inflation remaining above the series average despite easing slightly from July. Salary pressures remained a factor pushing up input costs, while higher charges from suppliers were also widely reported.

Output prices continued to be raised in order to pass on higher input costs to customers, although there were some reports of discounting to help secure sales. As a result, the pace of prices charged inflation eased for the third month running in August and was the softest since January." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/287f9b41c1c04672a6a3e3e778553fc6; 9/5/23

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S&P Global U.S. Services PMI™

Business activity rises at fastest pace since March 2022

Turning to the future, service providers were again optimistic that their business activity will rise over the coming 12 months, with confidence often reflecting expectations that new orders will continue to increase. Other factors supporting optimism were predicted reductions in interest rates and expectations that business conditions would improve following the presidential election. Close to 41% of respondents were optimistic about the year-ahead outlook for activity, while 8% were pessimistic.

Comment

"An improvement in the headline services PMI to its highest for nearly two-and-a-half years provides further encouraging evidence that the US economy is enjoying robust economic growth in the third quarter, adding to signs of a 'soft landing'.

The faster service sector expansion means the PMI surveys are signalling GDP growth of 2-2.5% in the third quarter. At the same time, the August survey data signaled a further cooling of selling price inflation, notably in the service sector, which has now eased close to the average seen prior to the pandemic and a level consistent with the Fed's 2% inflation target.

Services growth has been buoyed in particular by the prospect of lower interest rates, but there are several headwinds which could dampen growth in the months ahead. Business optimism and investment is being subdued by uncertainty regarding the outcome of the Presidential Election. Hiring is meanwhile being constrained by labor shortages, which also continue to put upward pressure on wages." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/287f9b41c1c04672a6a3e3e778553fc6; 9/5/23

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S&P Global U.S. Services PMI™

Business activity rises at fastest pace since March 2022

Comment

"However, perhaps more worryingly, the recent downturn in manufacturing activity is showing some signs of spilling over to the broader economy, notably via stalled orders for industrial services.

It will therefore be important to monitor whether the service sector succumbs to the recent weakening of factory activity or whether looser monetary policy creates a rising tide to lift all boats." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/287f9b41c1c04672a6a3e3e778553fc6; 9/5/23

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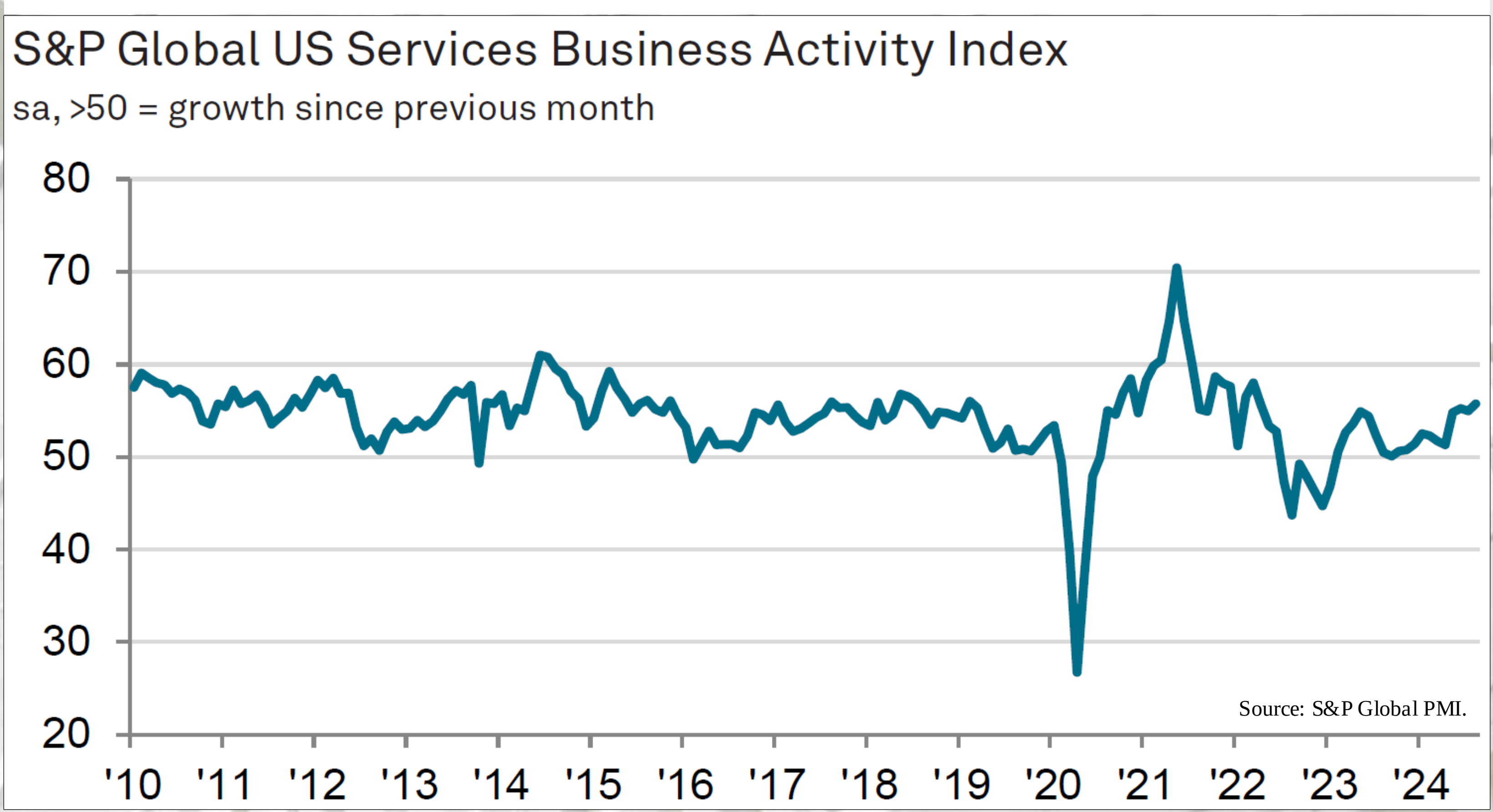

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/287f9b41c1c04672a6a3e3e778553fc6; 9/5/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for August 2024: Combined Sectors

"The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for August 2024 improved 1.2 points to 53.5. "The CMI continued on the slight upward trend that started nearly a year ago in the August survey – the combined CMI has gained 3.6 points over the past 12 months, but with many fits and starts," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"Respondents in this month's survey indicated that it's becoming very evident in evaluating customer financial information that elevated interest costs have been having an impact on bottom lines. Customers that may have been slow in paying every month, maybe 10 days past terms, are now inching to 15- or 20-days past. The stress seems to be rising, even if not fully shown in the CMI values, and many respondents are hoping for the Fed to begin cutting rates soon."

"Respondents continue to indicate a marked pessimism regarding conditions that started last month," said Cutts. "Supply chains were again noted as an issue with continued weather disruptions and geopolitical issues. Several respondents noted that conditions are getting worse, with higher effort needed both on the sales side and the accounts receivables side to make things happen."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 9/3/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Key Findings:

- "The index for unfavorable factors improved by 1.8 points to 52.3. This is the strongest reading for the index in the past 12 months.
- The index for accounts placed for collection is at 46.6 this month, its 24th month in contraction. This means the number of accounts placed for collections has increased every month for the past two years.
- The index for the dollar collections had the largest gain in the August survey which asks about July activity. The index improved 6.7 points to 62.0. This index relates to all accounts, not just those in collections. Importantly, respondents are indicating that actual dollars collected is holding up.
- The index for favorable factors remains solidly in expansion even with a 1.7-point gain in August after a 1.7-point deterioration in July. This index now stands at 59.1.

The Manufacturing Sector CMI improved 2.2 points in the August CMI survey to a level of 54.8. This index has been on a gentle upward trajectory over the past year much like the Combined CMI gaining 3.6 points over its August 2023 level." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 9/3/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

CMI Manufacturing versus CMI Service Sectors Indexes

"“The Manufacturing Sector CMI is running a little higher than the Services Sector index but also shows a wider range of differences month-to-month," Cutts said. "The Manufacturing CMI has averaged a full point higher level over the past 12 months than the Services CMI but that hides the important difference that nearly all of the Manufacturing Sector factor indexes have been in expansion over most of the past year, that is, the expansion is consistent across the various metrics, while for the Services Sector typically four or five of the six unfavorable factor indexes have been in contraction each month."

"Many respondents are indicating that sales and AR activity are slowing, with more effort required to get to the same point" Cutts said. "The index for Accounts Placed for Collections has been in contraction or near that line for the past two-and-a-half years and the index for Disputes has also been in that range for all but ten of the past 55 months. Challenges to invoicing and having to refer customers to collections, even if ultimately paid, add costs and delays to the AR process and are hard on staff. The sales data may look great, but that's also a bit deceptive as many manufacturers are seeing smaller unit sales even if total dollar sales are up due to price increases from rising labor and materials costs." …" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 9/3/24

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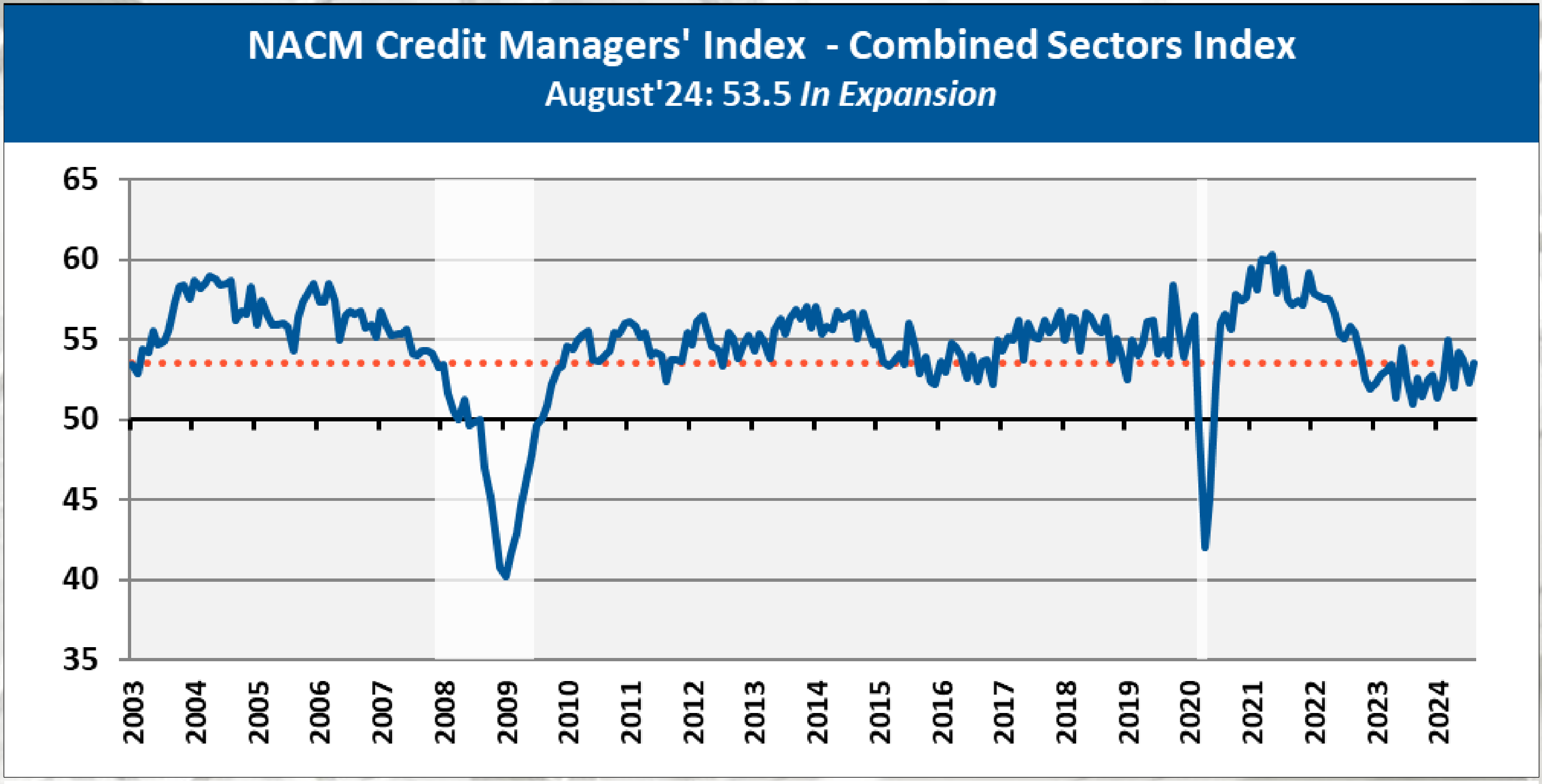
National Association of Credit Management – Credit Managers' Index



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; 9/3/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	Aug '23	Sep '23	Oct '23	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24
Sales	50.1	58.4	52.9	56.6	54.5	53.9	58.8	62.1	57.9	62.2	60.1	55.1	58.5
New credit applications	57.3	56.7	56.8	58.6	60.9	55.1	59.6	61.0	57.7	60.4	58.5	58.2	57.1
Dollar collections	52.4	58.7	56.8	59.6	59.0	56.2	59.2	60.8	55.3	60.0	58.5	55.3	62.0
Amount of credit extended	55.9	61.6	58.8	58.4	58.8	58.0	56.2	64.5	60.9	60.5	59.4	60.8	58.6
Index of favorable factors	**53.9**	**58.8**	**56.3**	**58.3**	**58.3**	**55.8**	**58.4**	**62.1**	**57.9**	**60.8**	**59.1**	**57.4**	**59.1**
Rejections of credit applications	50.0	49.1	49.7	48.8	49.2	50.9	48.0	51.5	49.4	51.0	51.0	49.9	50.5
Accounts placed for collection	45.3	46.9	45.4	44.6	45.9	44.8	42.9	45.9	44.9	45.0	46.1	46.4	45.7
Disputes	49.4	47.4	48.6	49.9	49.6	48.8	48.2	49.6	49.7	49.7	49.2	49.1	49.8
Dollar amount beyond terms	49.2	49.8	45.8	49.3	48.7	43.8	50.8	54.8	43.6	50.7	50.6	46.1	49.7
Dollar amount of customer deductions	50.5	47.4	48.9	51.1	50.4	50.0	49.7	50.1	50.7	51.9	51.5	51.1	51.8
Filings for bankruptcies	49.7	50.1	50.5	47.7	51.0	51.6	52.6	49.6	49.9	50.7	52.4	50.9	51.7
Index of unfavorable factors	**49.0**	**48.4**	**48.1**	**48.6**	**49.1**	**48.3**	**48.7**	**50.2**	**48.0**	**49.9**	**50.1**	**48.9**	**49.9**
NACM Combined CMI	**51.0**	**52.6**	**51.4**	**52.5**	**52.8**	**51.3**	**52.6**	**55.0**	**52.0**	**54.2**	**53.7**	**52.3**	**53.5**

Note: Seasonal adjustment factors were updated for the August 2024 report which may affect previously published values.

Source: https://nacm.org/cmi.html; 9/3/24

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Private Indicators

National Federation of Independent Business (NFIB)

August 2024 Report

Small Business Optimism Dips in August

"The NFIB Small Business Optimism Index fell by 2.5 points in August to 91.2, erasing all of July's gain. This is the 32nd consecutive month below the 50-year average of 98. The Uncertainty Index rose to 92, its highest level since October 2020. Inflation remains the top issue among small business owners, with 24% of owners reporting it as their top small business operating issue, down one point from July." – Holly Wade, NFIB

"The mood on Main Street worsened in August, despite last month's gains. Historically high inflation remains the top issue for owners as sales expectations plummet and cost pressures increase. Uncertainty among small business owners continues to rise as expectations for future business conditions worsen." – Bill Dunkelberg, Chief Economist, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/10/24

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Private Indicators

National Federation of Independent Business (NFIB)

August 2024 Report

Key findings include:

- "The frequency of reports of positive profit trends was a net negative 37% (seasonally adjusted), seven points worse than in July and the lowest since March 2010.
- Twenty-four percent of owners reported inflation as their single most important problem in operating their business, down one point from July.
- The net percent of owners expecting higher real sales volumes fell nine points in August to a net negative 18% (seasonally adjusted). Real sales volume expectations were the largest contributor to the decline in the Optimism Index along with earning trends and expected business conditions.
- A seasonally adjusted net 20% plan to raise compensation in the next three months, up two points from July.
- The net percent of owners raising average selling prices fell two points from July to a net 20% seasonally adjusted.

As reported in [NFIB's monthly jobs report], a seasonally adjusted 40% of all small business owners reported jobs openings they could not fill in their current period, up two points from July. Of the 62% of owners hiring or trying to hire in August, 90% reported few or no qualified applicants for the positions they were trying to fill." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/10/24

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Private Indicators

National Federation of Independent Business (NFIB)

August 2024 Report

"Fifty-six percent of owners reported capital outlays in the last six months, up two points from July. Of those making expenditures, 40% reported spending on new equipment, 21% acquired vehicles, and 18% improved or expanded facilities. Eleven percent spent money on new fixtures and furniture and 5% acquired new buildings or land for expansion. Twenty-four percent (seasonally adjusted) plan capital outlays in the next six months, up one point from July.

A net negative 16% of all owners (seasonally adjusted) reported higher nominal sales in the past three months. The net percent of owners expecting higher real sales volumes fell nine points to a net negative 18% (seasonally adjusted).

The net percent of owners reporting inventory gains was unchanged at a net negative 9%, seasonally adjusted. Not seasonally adjusted, 11% reported increases in stocks and 18% reported reductions.

A net negative 5% (seasonally adjusted) of owners viewed current inventory stocks as "too low" in August, down one point from July. A net negative 1% (seasonally adjusted) of owners plan inventory investment in the coming months, down three points from July.

The net percent of owners raising average selling prices fell two points from July to a net 20% seasonally adjusted. Twenty-four percent of owners reported that inflation was their single most important problem in operating their business. Unadjusted, 15% reported lower average selling prices and 34% reported higher average prices." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/10/24

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Private Indicators

National Federation of Independent Business (NFIB)

August 2024 Report

"Price hikes were the most frequent in the finance (52% higher, 3% lower), retail (47% higher, 8% lower), construction (33% higher, 16% lower), and manufacturing (33% higher, 7% lower) sectors. Seasonally adjusted, a net 25% plan price hikes in August.

Seasonally adjusted, a net 33% reported raising compensation, unchanged from July and the lowest reading since April 2021. A seasonally adjusted net 20% plan to raise compensation in the next three months, up two points from July. Nine percent of owners cited labor costs as their top business problem, unchanged from July and only four points below the highest reading of 13% reached in December 2021. Twenty-one percent said that labor quality was their top business problem, remaining behind inflation as the number one issue.

The frequency of reports of positive profit trends was a net negative 37% (seasonally adjusted), seven points worse than in July and the lowest since March 2010. Among owners reporting lower profits, 31% blamed weaker sales, 17% blamed the rise in the cost of materials, 13% cited labor costs, and 10% cited lower selling prices. For owners reporting higher profits, 45% credited sales volumes, 35% cited usual seasonal change, and 10% cited higher selling prices." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/10/24

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Private Indicators

National Federation of Independent Business (NFIB)

August 2024 Report

Small Business Optimism Dips in August

"Three percent of owners reported that all their borrowing needs were not satisfied. Twenty-six percent reported all credit needs met and 60% said they were not interested in a loan. A net 7% reported their last loan was harder to get than in previous attempts.

Four percent of owners reported that financing was their top business problem in August, up one point from July.

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 2024." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/10/24

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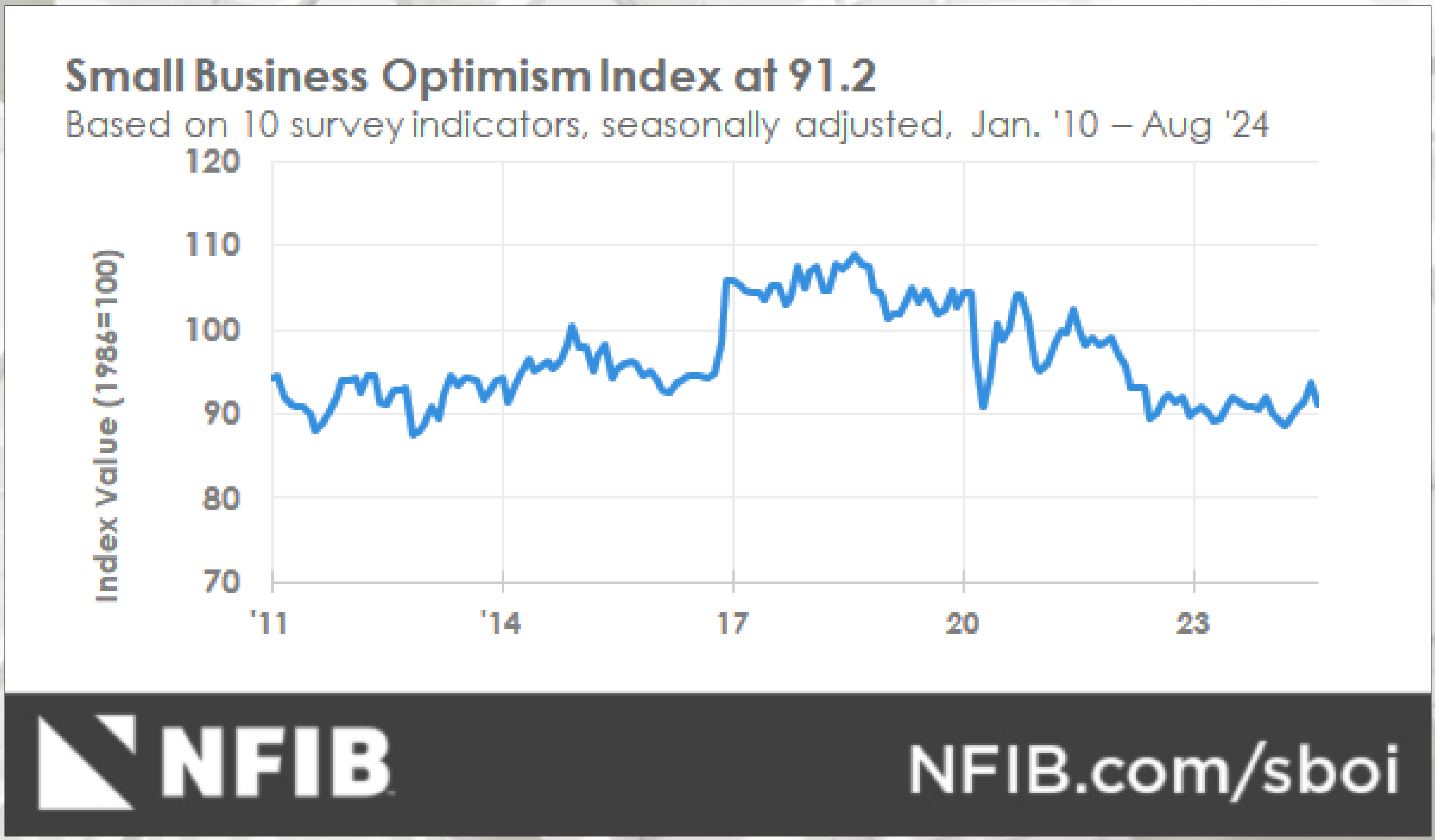
National Federation of Independent Business (NFIB) August 2024 Report



Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/10/24

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Private Indicators

National Federation of Independent Business (NFIB)
August 2024 Report

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	13%	▼ -2
Plans to Make Capital Outlays	24%	▲ 1
Plans to Increase Inventories	-1%	▼ -3
Expect Economy to Improve	-13%	▼ -6
Expect Real Sales Higher	-18%	▼ -9
Current Inventory	-5%	▼ -1
Current Job Openings	40%	▲ 2
Expected Credit Conditions	-8%	▼ -1
Now a Good Time to Expand	4%	▼ -1
Earnings Trends	-37%	▼ -7

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 9/10/24

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Hourly Earnings Growth Falls Below Three Percent as Job Growth Remains Steady for U.S. Small Businesses

"The Paychex Small Business Employment Watch for August, which reflects U.S. small businesses with fewer than 50 employees, reported hourly earnings growth for workers dropped to 2.89%. This marks the first time growth has been under three percent since January 2021. In addition, the one-month annualized hourly earnings growth dropped to 1.91%. The national small business jobs index has averaged 100.37 through eight months of 2024, representing modest employment growth." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"Our monthly jobs and wage reporting is based on actual payroll data and provides a near real-time pulse on the status of the small business labor market, which can be a leading indicator of the state of the overall U.S. workforce. Our data has shown moderate changes in employment growth over the eight months in 2024, even though the jobs indexes in July and August were below 100. This supports broader trends of a cooling labor market and the Fed's widely reported intention to begin lowering interest rates soon.

After holding steady for several months, hourly earnings growth continued to decelerate in August. Falling below three percent for the first time in three years is another notable signal that the labor market is moving closer to its pre-pandemic level." – John Gibson, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 9/3/24

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Jobs Index and Wage Data Highlights

- "At 99.89 in August, the national jobs index increased 0.02 percentage points from July but remained slightly below 100, indicating nominal year-over-year job losses.
- National weekly hours worked growth (-0.08%) remained negative year-over-year for the 17th consecutive month, though one-month annualized growth was positive for the first time since January.
- The Midwest (100.50) remained the top region for small business employment growth for the third consecutive month. Leading the region and nation, Indiana (101.87) was the top state for small business employment growth again in August and is the only state with a positive 12-month change rate (0.26 percentage points).
- Education and Health Services (101.87) continued as the top industry sector for national job growth for the third consecutive month.
- Ranked first among regions for the 15th-straight month, the West (3.55%) was the only region to report hourly earnings growth above three percent in August.
- For the 10th consecutive month, Construction led growth among industries in hourly earnings (3.66%), weekly earnings (3.81%), and weekly hours worked (0.27%)." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 9/3/24

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Small Business Jobs Index

Index

99.87

Historical Jobs Index Trend

Small Business Wage Data

Hourly Earnings

$32.58

12-Month Growth

3.16% ($1.00)

Historical 12-Month Growth Trend

Source: https://www.paychex.com/employment-watch; 9/3/24

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Demographics

The Federal Reserve Bank of Cleveland

The Downward Spiral: A Macroeconomic Analysis of the Opioid Crisis

Abstract

"There have been more than 700,000 opioid overdose deaths since 2000. To analyze the opioid epidemic, a model is constructed where individuals choose whether to use opioids recreationally, knowing the probabilities of addiction and dying. These odds are functions of recreational opioid usage. The model is fit to estimated Markov chains from the US data that summarize the transitions into and out of opioid addiction as well as to a deadly overdose. The epidemic is broken down into two subperiods: 2000–2010 and 2010–2019. The opioid epidemic's drivers, their impact on employment, and the impact of medical interventions are examined. Lax prescribing practices and misinformation about the risk of addiction are important drivers of the first half of the epidemic. Falling prices for black-market opioids combined with an increase in their lethality are found to be important for the second half." – Jeremy Greenwood, University of Pennsylvania, Nezih Guner, CEMFI, and Karen A. Kopecky, FRB Cleveland, Emory University; The Federal Reserve Bank of Cleveland

Source: https://www.clevelandfed.org/publications/working-paper/2024/wp-2418-downward-spiral-a-macroeconomic-analysis-of-the-opioid-crisis; 8/27/24

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Demographics

The Federal Reserve Bank of Cleveland

The Downward Spiral: A Macroeconomic Analysis of the Opioid Crisis

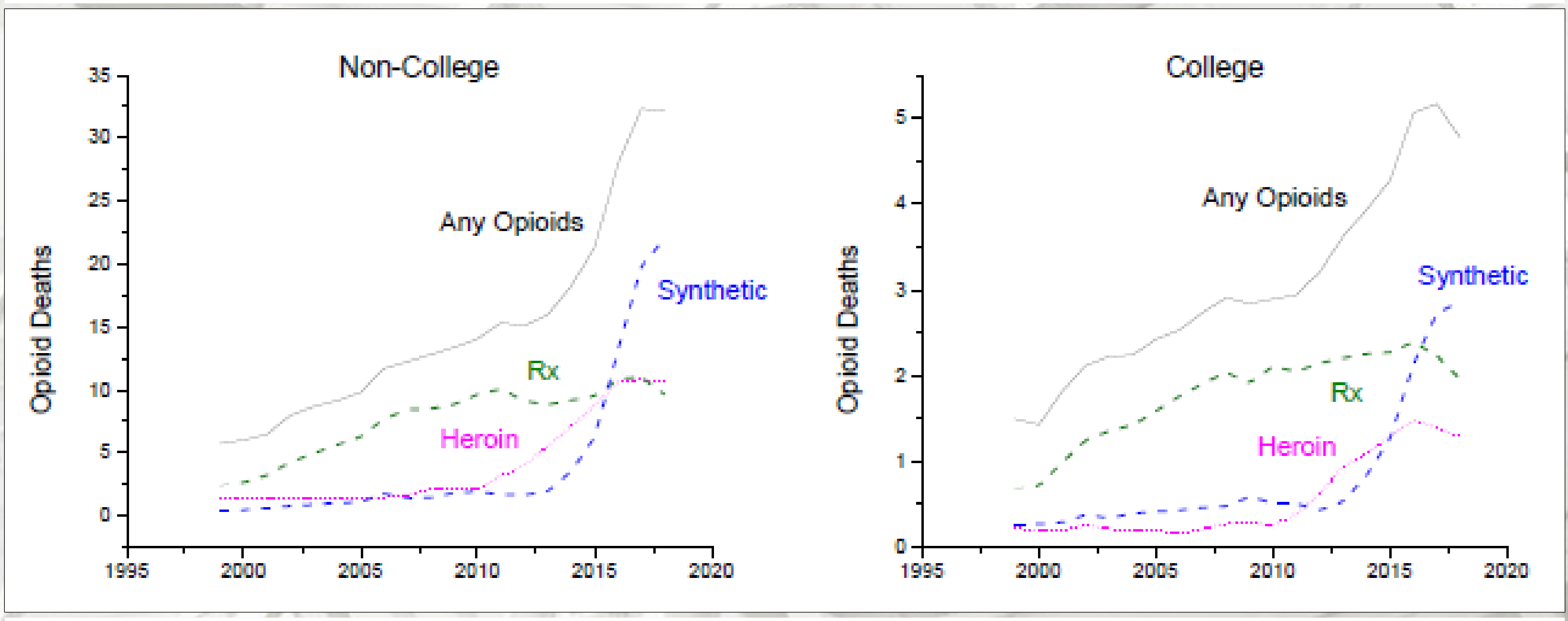

Figure 1: Opioid deaths for both the non-college and the college educated as measured per 100,000 people in the respective education class.

Source: https://www.clevelandfed.org/publications/working-paper/2024/wp-2418-downward-spiral-a-macroeconomic-analysis-of-the-opioid-crisis; 8/27/24

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Demographics

The Federal Reserve Bank of Cleveland

The Downward Spiral: A Macroeconomic Analysis of the Opioid Crisis

Closing

“There have always been opiate users in America. The elderly Benjamin Franklin is said to have been an addict. At the start of the 20th century, there were medical addicts using opium and morphine, and nonmedical addicts who smoked opium. Smoking opium was banned in 1909 by the Smoking Opium Exclusion Act. Additionally, at the turn of the century, physicians were becoming aware of the addictive nature of morphine and became less inclined to prescribe it. Alternative therapeutics came online that reduced the need for catchall opioids. The 1914 Harrison Narcotics Act regulated and taxed the legal dispensation of narcotics. The act resulted in about 25,000 doctors being arrested for prescribing narcotics to addicts. All of these factors led to the importation of heroin, which was relatively inexpensive and stronger. The government tried to circumvent this by passing the Anti-Heroin Act in 1924.

The 1960s and 70s saw a heroin epidemic. In response the Drug Enforcement Agency (DEA) was established in 1973. There might have been as many as 634,000 heroin addicts at the end of the 1970s, which translates to 3.09 addicts per 1,000 population. This is in the (upper-end) range of the 4.59 morphine addicts per 1,000 populace at the beginning of the century. The epidemic subsided as tastes switched to cocaine and marijuana. The price of cocaine fell rapidly during the 1980s. It cost 1/6th as much in 1987 as it did in 1980. In the 1990s physicians began to prescribe opioid-based drugs, such as OxyContin, to control pain. It soon became apparent that OxyContin was addictive. Hence, controls were placed on prescribing opioid-based painkillers such as OxyContin. This led to illegal imports of fentanyl, which were cheap and powerful.” – Jeremy Greenwood, University of Pennsylvania, Nezih Guner, CEMFI, and Karen A. Kopecky, FRB Cleveland, Emory University; The Federal Reserve Bank of Cleveland

Source: https://www.clevelandfed.org/publications/working-paper/2024/wp-2418-downward-spiral-a-macroeconomic-analysis-of-the-opioid-crisis; 8/27/24

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The Federal Reserve Bank of Cleveland

The Downward Spiral: A Macroeconomic Analysis of the Opioid Crisis

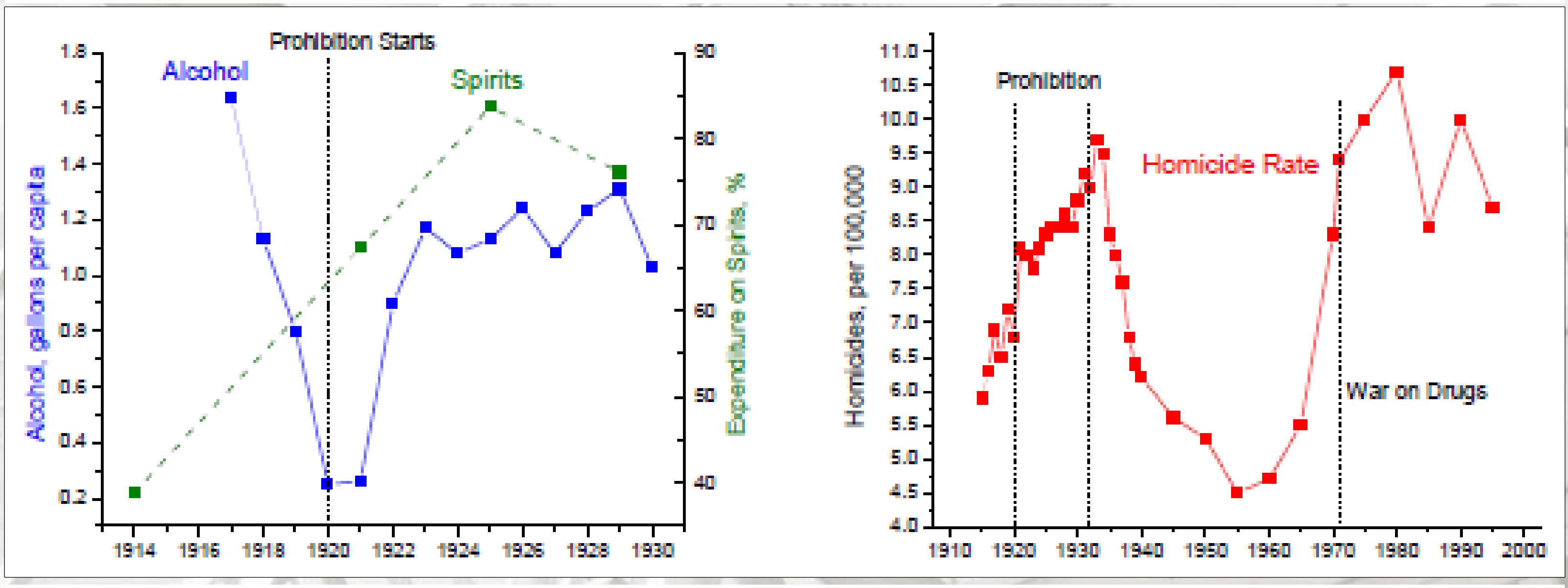

Figure 12: Prohibition, 1920–1933. The rise in alcohol consumption throughout the Prohibition era and the shift in expenditure toward spirits (left panel). After Prohibition expenditure reverted back to the pre-Prohibition pattern. The rise in the homicide rate during Prohibition (right panel). Sources: Warburton (1932, Tables 1, 30, and 86) and Carter *et al.* (2006, Series Ab951)

Source: https://www.clevelandfed.org/publications/working-paper/2024/wp-2418-downward-spiral-a-macroeconomic-analysis-of-the-opioid-crisis; 8/27/24

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Demographics

The Federal Reserve Bank of Cleveland

The Downward Spiral: A Macroeconomic Analysis of the Opioid Crisis

Closing

"There are some parallels between the opioid epidemic and Prohibition. The 18th Amendment to the Constitution prohibited "the manufacture, sale, or transportation of intoxicating liquors." It took effect in January 1920 and was rescinded by the 21st Amendment in December 1933. Upon enactment, alcohol consumption dropped to somewhere between 20 to 40 percent of its pre-Prohibition levels, as shown in Figure 12, left panel. By the end of Prohibition, it had grown back to about 60 to 70 percent of the pre-Prohibition levels due to the emergence of a black market for alcohol. This is similar to the emergence of black markets for heroin after opium was banned and for synthetic heroin after the crackdown on prescription opioids. During Prohibition the underground economy moved to more potent forms of alcohol, such as spirits, because this maximized profits; again, see Figure 12, left panel. The potency of bootlegged alcohol is estimated to have been 150 percent stronger than when it was legal. Many of the spirits came from industrial alcohol. The government mandated that industrial alcohol be denatured by adding ingredients to it, such as poisonous methyl alcohol. While bootleggers hired chemists to neutralize these ingredients, the alcohol still contained many contaminants. Dr. Charles Norris, who was New York City's first medical examiner, wrote in 1926:

> The government knows it is not stopping drinking by putting poison in alcohol. It knows what bootleggers are doing with it and yet it continues its poisoning processes, heedless of the fact that people determined to drink are daily absorbing that poison. Knowing this to be true, the United States Government must be charged with the moral responsibility for the deaths that poisoned liquor causes, although it cannot be held legally responsible. Source: Blum (2011, p. 155)."

– Jeremy Greenwood, University of Pennsylvania, Nezih Guner, CEMFI, and Karen A. Kopecky, FRB Cleveland, Emory University; The Federal Reserve Bank of Cleveland

Source: https://www.clevelandfed.org/publications/working-paper/2024/wp-2418-downward-spiral-a-macroeconomic-analysis-of-the-opioid-crisis; 8/27/24

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Demographics

The Federal Reserve Bank of Cleveland

The Downward Spiral: A Macroeconomic Analysis of the Opioid Crisis

Closing

"Deaths from alcoholism rose throughout Prohibition and greatly exceeded the post-Prohibition levels. There were 2.2 deaths per 100,000 people between 1918 and 1919 and this rose to 3.9 deaths between 1927 and 1929. The increased potency of alcohol as well as contaminated products contributed to this, similar to today's black market opioids. The homicide rate rose during the Prohibition era and fell immediately afterwards (Figure 12, right panel) and rose again with the War on Drugs.

To analyze the opioid epidemic, a model is constructed where there are two routes to recreational opioid usage. Some nonusers experiment with opioids for enjoyment, while others start opioids because they are suffering pain and end up misusing them for recreation. Abuse leads to addiction with some odds, and there is a chance that addiction results in death. The probabilities of addiction and death are increasing functions of the extent of opioid usage, a choice variable. The decisions to misuse opioids in the first place, and how much to use in the second, depend upon the price of opioids. Abusers and addicts also choose whether they want to work or not.

The developed framework is taken to the US data for both the college- and non-college educated populations. The opioid crisis is broken down into two subperiods: 2000 to 2010 and 2010 to 2019. The model suggests that loose prescribing practices together with a drop in the price of prescription opioids and misinformation about the risk of addiction were the primary drivers of the first half of the opioid epidemic. The decline in the price of illicit opioids, combined with a rise in the death rates for addicts due to the shift in consumption toward more lethal fentanyl, was the major driver of the second half. Last, the impact of medical interventions that reduce either the odds of becoming addicted or the probability of an addict dying are examined. Both types of interventions increase the number of opioid users because the risk of using opioids is lower. Lowering the odds of becoming addicted can increase the number of deaths because the number of users rises dramatically. Despite this, both types of interventions are valued by consumers." – Jeremy Greenwood, University of Pennsylvania, Nezih Guner, CEMFI, and Karen A. Kopecky, FRB Cleveland, Emory University; The Federal Reserve Bank of Cleveland

Source: https://www.clevelandfed.org/publications/working-paper/2024/wp-2418-downward-spiral-a-macroeconomic-analysis-of-the-opioid-crisis; 8/27/24

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Demographics

The Federal Reserve Bank of Cleveland

The Downward Spiral: A Macroeconomic Analysis of the Opioid Crisis

Closing

"An interesting topic for future research is the relationship between opioid addiction and labor-force participation. Opioid addicts have lower labor-force participation rates than nonusers and prescription users. Greenwood, Guner, and Kopecky (2022) report that increased substance abuse during the COVID-19 pandemic may account for between 9 and 26 percent of the decline in prime-age labor-force participation between February 2020 and June 2021. Chiocchio *et al*. (2024) find that US states that were more exposed to opioids before the COVID-19 pandemic have a slower recovery in labor-force participation after the pandemic. Some researchers, such as Case and Deaton (2020), feel that increased substance abuse results from the despair of poor economic conditions. Others, such as Mulligan (2022), argue that generous disability and unemployment benefits have encouraged drug use and a drop in labor-force participation. This topic is ripe for examination through the lens of a structural model.

As Table 5 shows, many users obtain opioids through friends and relatives. This suggests that friends and relatives may play an important role in opioid addiction. Another potential extension of the current framework is analyzing how peers or local interactions affect opioid consumption as in Adamopoulou *et al*. (2024) and Cutler and Donahoe (2024)." – Jeremy Greenwood, University of Pennsylvania, Nezih Guner, CEMFI, and Karen A. Kopecky, FRB Cleveland, Emory University; The Federal Reserve Bank of Cleveland

Source: https://www.clevelandfed.org/publications/working-paper/2024/wp-2418-downward-spiral-a-macroeconomic-analysis-of-the-opioid-crisis; 8/27/24

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Demographics

The Federal Reserve Bank of Cleveland

The Downward Spiral: A Macroeconomic Analysis of the Opioid Crisis

Table 5: Source of Opioids for Misusers and Addicts, %

Source	Misusers	Addicts	Total
Non-College			
Prescribed by one or more doctor	32.35	29.18	31.85
Given from friends/relatives	43.77	23.84	40.64
Bought from friends/relatives	7.95	22.63	10.26
Stolen (hospitals, friends/relatives)	5.04	2.43	4.63
Bought from dealer	6.32	16.62	7.94
Other	4.56	5.30	4.67
College			
Prescribed by one or more doctor	43.87	37.81	43.16
Given from friends/relatives	35.72	11.26	32.86
Bought from friends/relatives	5.34	24.67	7.59
Stolen (hospitals, friends/relatives)	4.27	13.55	5.35
Bought from dealer	2.59	12.71	3.77
Other	8.22	0.00	7.26

Source: https://www.clevelandfed.org/publications/working-paper/2024/wp-2418-downward-spiral-a-macroeconomic-analysis-of-the-opioid-crisis; 8/27/24

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Economics

Federal Reserve Bank *of* New York

Household Debt and Credit

"Household Debt and Credit Developments in 2024Q21

Aggregate household debt balances increased by $109 billion in the second quarter of 2024, a 0.6% rise from 2024Q1. Balances now stand at $17.80 trillion and have increased by $3.7 trillion since the end of 2019, just before the pandemic recession.

Balances

Mortgage balances shown on consumer credit reports increased by $77 billion during the second quarter of 2024 and stood at $12.52 trillion at the end of June. Balances on home equity lines of credit (HELOC) increased by $4 billion, the ninth consecutive quarterly increase after 2022Q1, and there is now $380 billion in aggregate outstanding balances, $63 billion above the series low reached in the third quarter of 2021. Credit card balances, which are now at $1.14 trillion outstanding, increased by $27 billion during the second quarter and are 5.8% above the level a year ago. Auto loan balances saw a $10 billion increase, and now stand at $1.63 trillion. Other balances, which include retail cards and other consumer loans, were effectively flat, with a $1 billion increase. Student loan balances declined by $10 billion, and now stand at $1.59 trillion. In total, non-housing balances grew by $28 billion.

Housing Debt

- There was $374 billion in newly originated mortgage debt in 2024Q2.
- About 47,000 individuals had new foreclosure notations on their credit reports, slightly more than the previous quarter. New foreclosures have stayed low since the CARES Act moratorium was lifted.

Student Loans

- Outstanding student loan debt fell and stood at $1.59 trillion in 2024Q2.
- Missed federal student loan payments will not be reported to credit bureaus until 2024Q4. Because of these policies, less than 1% of aggregate student debt was reported 90+ days delinquent or in default in 2024Q2 and will remain low until at least 2024Q4." – Research and Statistics Group, Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/microeconomics/hhdc; 8/6/24

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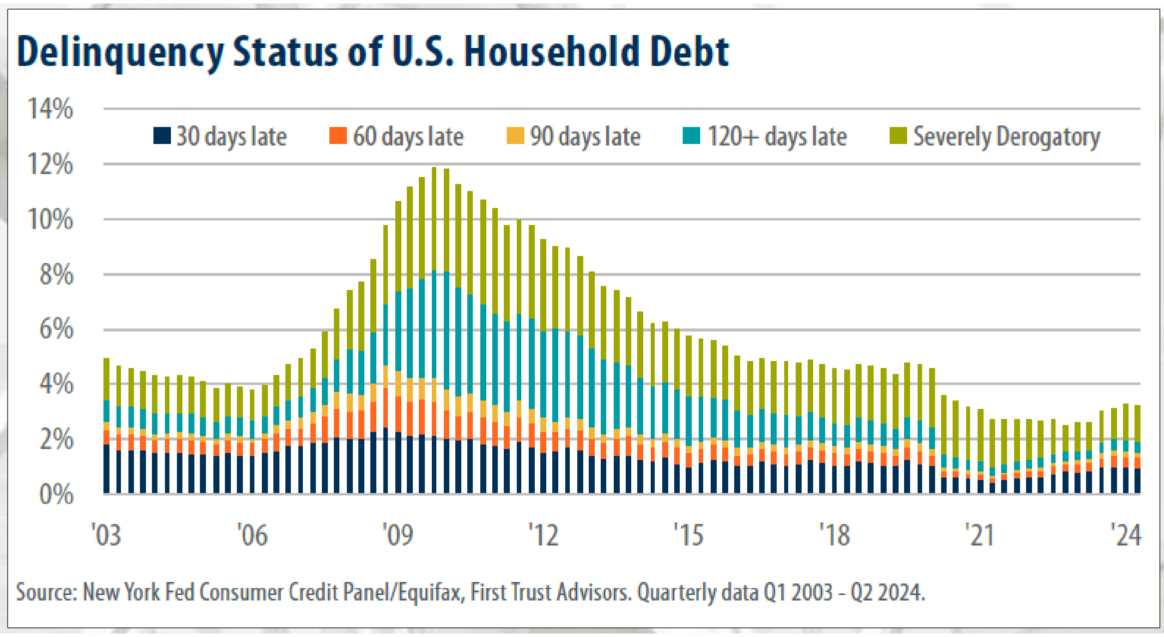
Economics

First Trust Economics

The Current State of Household Debt



"Aggregate delinquency rates were unchanged from the previous quarter, with 3.2% of outstanding debt in some stage of delinquency. Besides last quarter, Delinquency rates sit at the highest rate since the fourth quarter of 2020. Over the past year, about 9.1% of credit card balances and 8.0% of auto loan balances have transitioned into delinquency, indicating rising financial strain in these areas. Mortgage delinquency rates edged up by 0.1 percentage point in early-stage delinquencies but remain low by historical standards. The overall 3.2% delinquency rate is still relatively low, but is largely due to the ongoing impact of student loan forbearance." – Brian Wesbury, Chief Economist and Robert Stein, Deputy Chief Economist, First Trust Advisors L.P.

Source: https://www.ftportfolios.com/Commentary/EconomicResearch/2024/8/22/three-on-thursday---the-current-state-of-household-debt; 8/22/24

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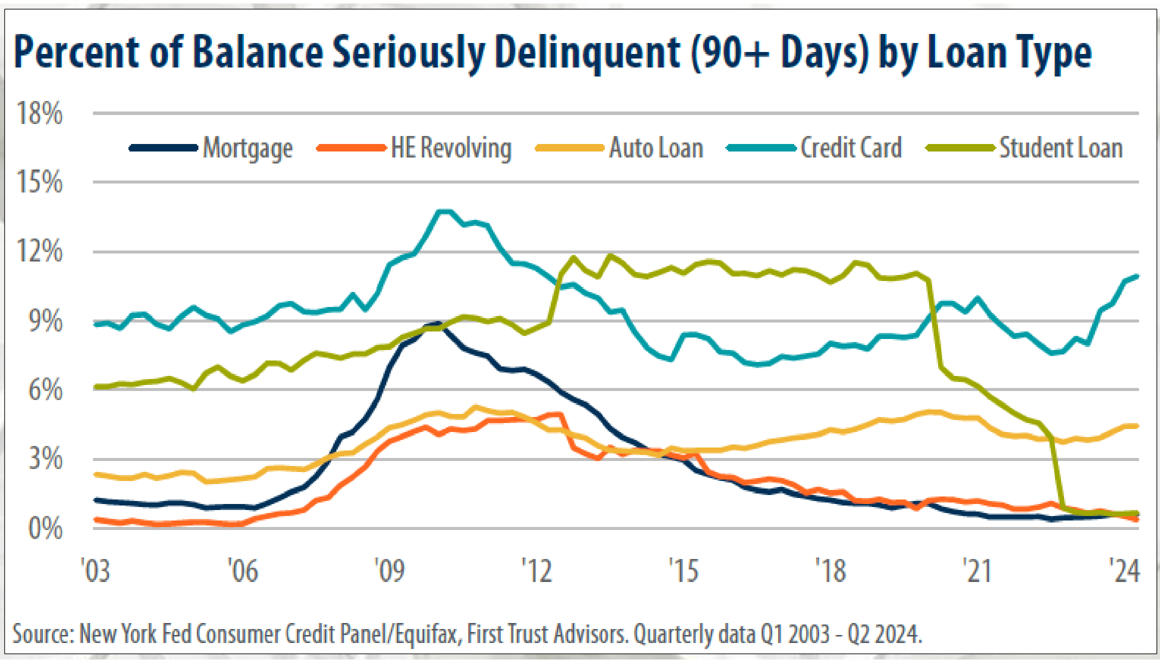
Economics

First Trust Economics

The Current State of Household Debt



"The share of credit card balances 90+ days delinquent has risen to 10.9%, the highest since Q1 2012. Meanwhile, student loan delinquencies have dropped from around 11% in 2012 to just 0.65%, thanks to the CARES Act, which paused payments and set interest rates to zero. Although payments resumed in October 2023, delinquencies have remained low due to an "on-ramp" period that allows borrowers to delay payments without penalties until September 2024. However, as interest accrues, delinquencies are expected to rise once this temporary relief ends." – Brian Wesbury, Chief Economist and Robert Stein, Deputy Chief Economist, First Trust Advisors L.P.

Source: https://www.ftportfolios.com/Commentary/EconomicResearch/2024/8/22/three-on-thursday---the-current-state-of-household-debt; 8/22/24

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

August 2024

Business Applications

"Business Applications for August 2024, adjusted for seasonal variation, were 431,928, an increase of 2.5 percent compared to July 2024.

Business Formations

Projected Business Formations (within 4-quarters) for August 2024, adjusted for seasonal variation, were 28,927, an increase of 2.6 percent compared to July 2024. 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 28,927 new business startups with payroll tax liabilities will form within 4-quarters of application from all the business applications filed during August 2024. The 2.6 percent increase indicates that for August 2024 there will be 2.6 percent more businesses projected to form within 4-quarters of application, compared to the analogous projections for July 2024." – Economic Indicators Division, Business Formation Statistics; U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 9/12/24

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

August 2024

BUSINESS APPLICATIONS

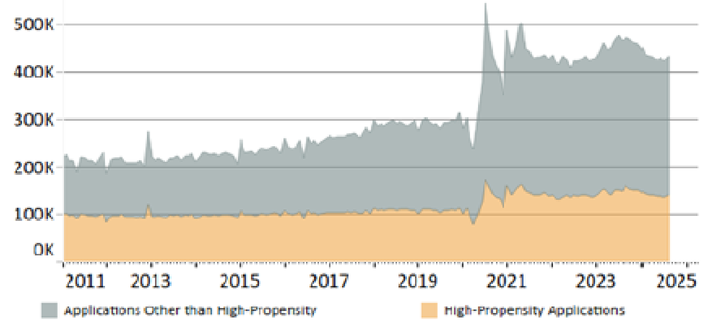
U.S. Business Applications:	AUG 2024	AUG 2024 / JUL 2024
Total	431,928	2.5%°
High-Propensity	140,214	3.3%°
With Planned Wages	45,966	1.6%°
From Corporations	47,996	2.2%°

Next release: October 10, 2024

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, September 12, 2024



Source: U.S. Census Bureau, Business Formation Statistics, September 12, 2024

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	AUG 2024	431,928	62,585	71,557	194,505	103,281
	AUG 2024 / JUL 2024	+2.5%	-0.7%	+1.3%	+3.2%	+3.8%
High-Propensity	AUG 2024	140,214	22,826	22,581	59,473	35,334
	AUG 2024 / JUL 2024	+3.3%	+1.9%	+2.6%	+3.9%	+3.7%
With Planned Wages	AUG 2024	45,966	6,425	8,234	19,665	11,642
	AUG 2024 / JUL 2024	+1.6%	+0.2%	+2.3%	+2.4%	+0.7%
From Corporations	AUG 2024	47,996	10,520	6,084	16,109	15,283
	AUG 2024 / JUL 2024	+2.2%	+1.6%	-0.3%	+3.3%	+2.3%

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; 9/12/24

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Economics

U.S. Census Bureau

August 2024

BUSINESS FORMATIONS

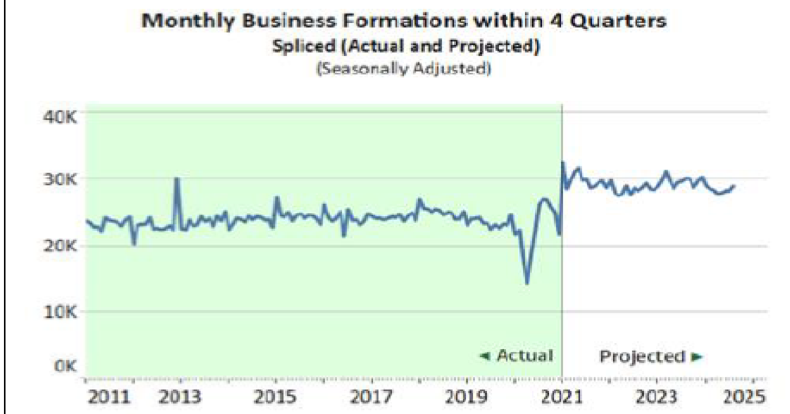
U.S. Total Projected Business Formations:	AUG 2024	AUG 2024 / JUL 2024
Within 4 Quarters	28,927	2.6%°
Within 8 Quarters	39,026	2.6%°

Next release: October 10, 2024

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

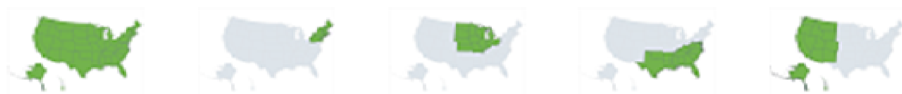
Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, September 12, 2024



Source: U.S. Census Bureau, Business Formation Statistics, September 12, 2024

Projected Business Formations - At a Glance



		US	Northeast	Midwest	South	West
Within 4 Quarters	AUG 2024	28,927	4,616	4,643	11,353	8,315
	AUG 2024 / JUL 2024	+2.6%	+1.9%	+1.6%	+3.5%	+2.5%
Within 8 Quarters	AUG 2024	39,026	6,226	6,236	15,569	10,995
	AUG 2024 / JUL 2024	+2.6%	+1.5%	+1.5%	+3.8%	+2.2%

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

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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 9/12/24

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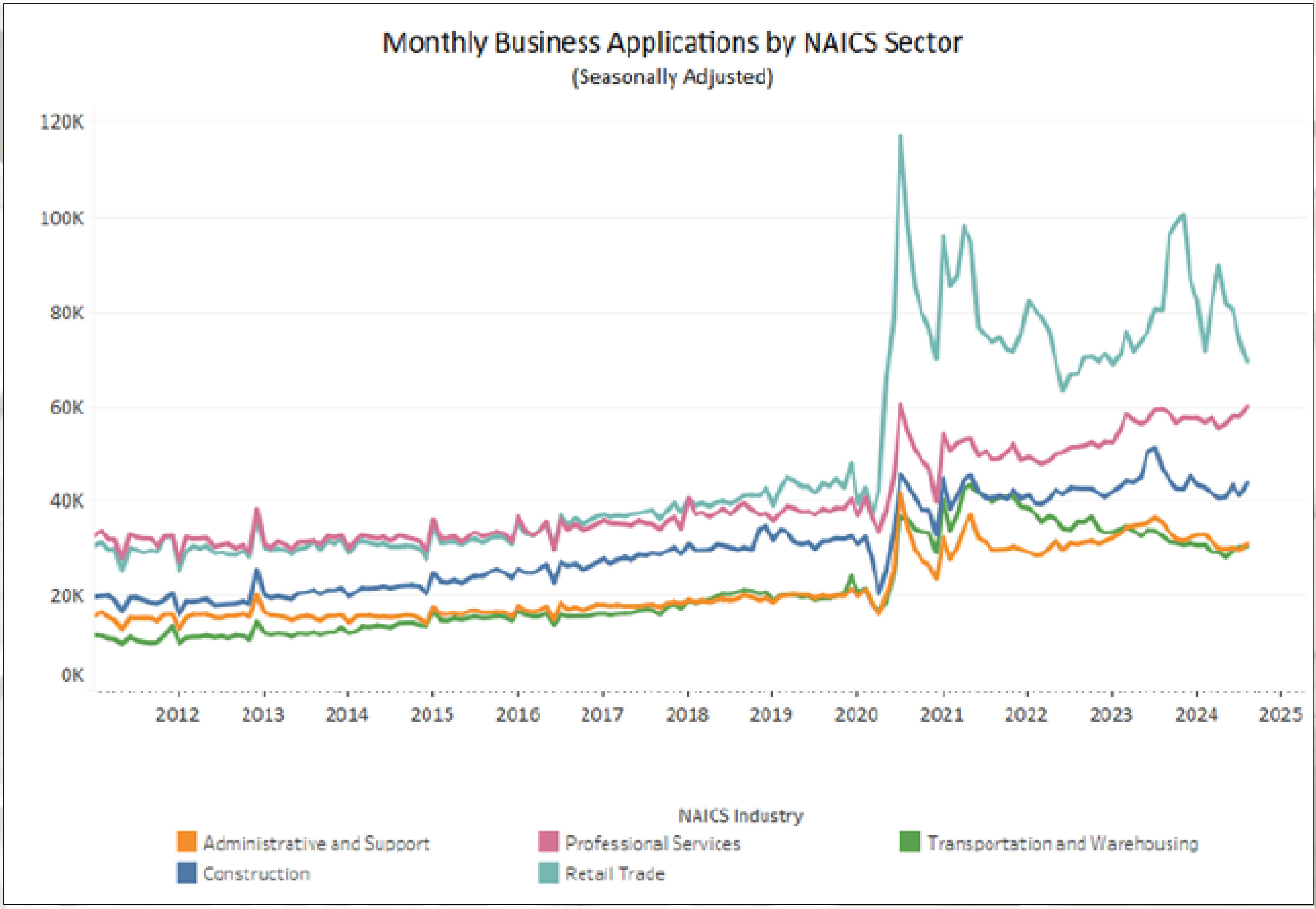
Economics

NEW Business Formation Statistics

August 2024



Source: U.S. Census Bureau, Business Formation Statistics, September 12, 2024

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 9/12/24

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