The Virginia Tech–USDA Forest Service Housing Commentary: Section II
February 2025

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2024 Virginia Polytechnic Institute and State University VCE-ANR

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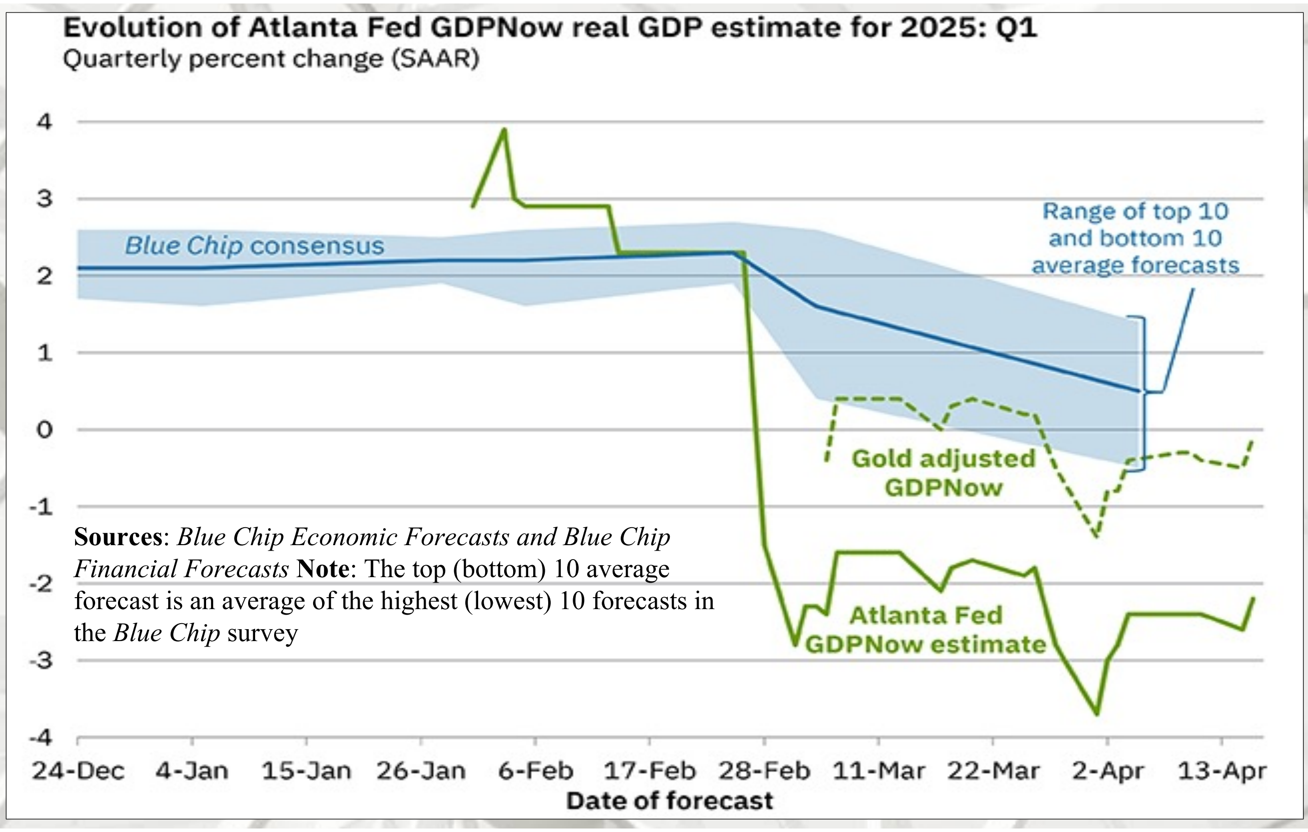
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: -2.2 percent — April 16, 2025

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2025 is **-2.2 percent** on April 16, up from -2.4 percent on April 9. The **alternative model forecast**, which adjusts for imports and exports of gold as described here, is **-0.1 percent**. After recent releases from the US Census Bureau, the US Bureau of Labor Statistics, and the Federal Reserve Board of Governors, both the standard model's and the alternative model's nowcasts for first-quarter real personal consumption expenditures growth increased from 0.7 percent to 1.4 percent." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 4/16/25

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

Index Suggests Economic Growth Increased in February

"*The Chicago Fed National Activity Index (CFNAI) increased to +0.18 in February from –0.08 in January. Three of the four broad categories of indicators used to construct the index increased from January, and two categories made positive contributions in February. The index's three-month moving average, CFNAI-MA3, increased to +0.15 in February from +0.07 in January.*

The CFNAI Diffusion Index, which is also a three-month moving average, increased to +0.16 in February from +0.08 in January. Forty-seven of the 85 individual indicators made positive contributions to the CFNAI in February, while 38 made negative contributions. Fifty-one indicators improved from January to February, while 34 indicators deteriorated. Of the indicators that improved, 15 made negative contributions.

- Production-related indicators contributed +0.19 to the CFNAI in February, up from +0.02 in January.
- The sales, orders, and inventories category's contribution to the CFNAI was –0.01 in February, up from –0.04 in January.
- Employment-related indicators contributed +0.02 to the CFNAI in February, down from +0.08 in January.
- The personal consumption and housing category's contribution to the CFNAI was –0.01 in February, up from –0.14 in January." – Thomas Walstrum, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/research/data/cfnai/current-data; 3/24/25

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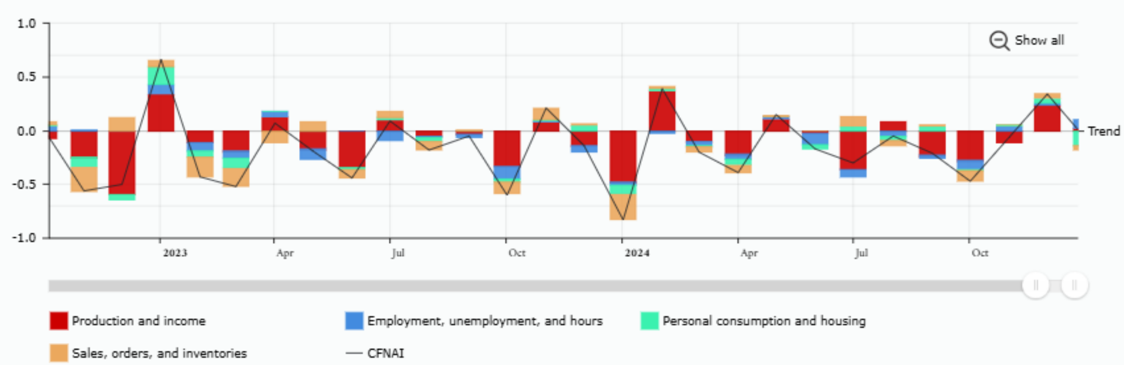
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

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

	Feb '25	Jan '25	Dec '24	Nov '24	Oct '24	Sep '24	Feb '24
CFNAI							
Current	0.18	−0.08	0.34	−0.06	−0.47	−0.21	0.39
Previous	N/A	−0.03	0.18	−0.05	−0.51	−0.21	0.39
CFNAI-MA3							
Current	0.15	0.07	−0.06	−0.25	−0.25	−0.19	−0.19
Previous	N/A	0.03	−0.13	−0.25	−0.25	−0.19	−0.19
CFNAI Diffusion							
Current	0.16	0.08	−0.06	−0.25	−0.28	−0.17	−0.14
Previous	N/A	0.10	−0.07	−0.23	−0.28	−0.18	−0.13

Note: Current and Previous values reflect index values as of the March 24, 2025, release and February 24, 2025, 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; 3/24/25

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

Survey Suggests Little Change in Growth in March

"The *Chicago Fed Survey of Economic Conditions* (CFSEC) Activity Index decreased to –10 in March from –9 in February, suggesting that economic growth was below trend. The CFSEC Manufacturing Activity Index increased to +12 in March from +3 in February, but the CFSEC Nonmanufacturing Activity Index decreased to –21 in March from –12 in the previous month.

- Respondents' outlooks for the U.S. economy for the next 12 months deteriorated, turning pessimistic on balance. Fifty-four percent of respondents expected a decrease in economic activity over the next 12 months.
- The pace of current hiring increased, but respondents' expectations for the pace of hiring over the next 12 months decreased. 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 increased, but the nonlabor cost pressures index decreased. 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; 3/24/25

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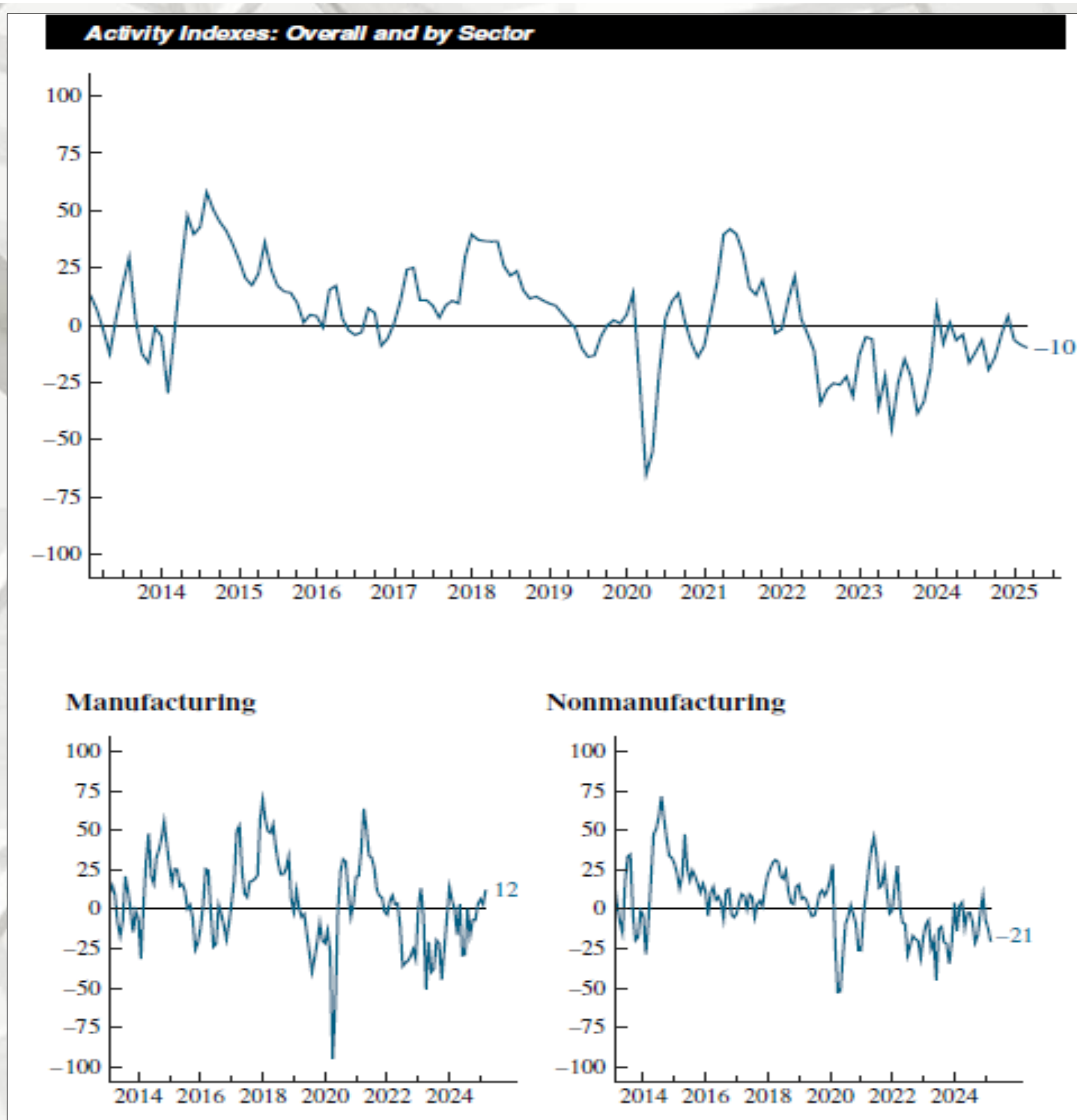
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)



Source: https://www.chicagofed.org/research/data/cfsec/current-data; 3/24/25

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Growth resumes in Texas manufacturing activity

"Texas factory activity rose in March after declining in February, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose 15 points to 6.0.

Other measures of manufacturing activity were mixed. The new orders index moved up three points to zero, a reading that suggests demand in March was similar to February. The capacity utilization index remained negative but pushed up six points to -2.3. The shipments index was positive and little changed at 6.1.

Labor market measures suggested a decrease in head counts and slightly shorter workweeks this month. The employment index slipped further into negative territory, falling four points to -4.6, with 12 percent of firms noting net hiring and 16 percent noting net layoffs. The hours worked index shot up 11 points but remained slightly negative at -2.9.

Input cost pressures edged higher in March, while wages and selling price pressures remained stable. The raw materials prices index ticked up three points to 37.7, a multiyear high. The finished goods prices index was largely unchanged at 6.3, and the wages and benefits index held steady at 16.0, below its average reading.

Expectations for manufacturing activity six months from now were mixed. The future production index was steady at 27.6, while the future general business activity plummeted 14 points to -6.6, its first negative reading since May 2024. Most other indexes of future manufacturing activity remained positive but slipped further below average." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/31/25

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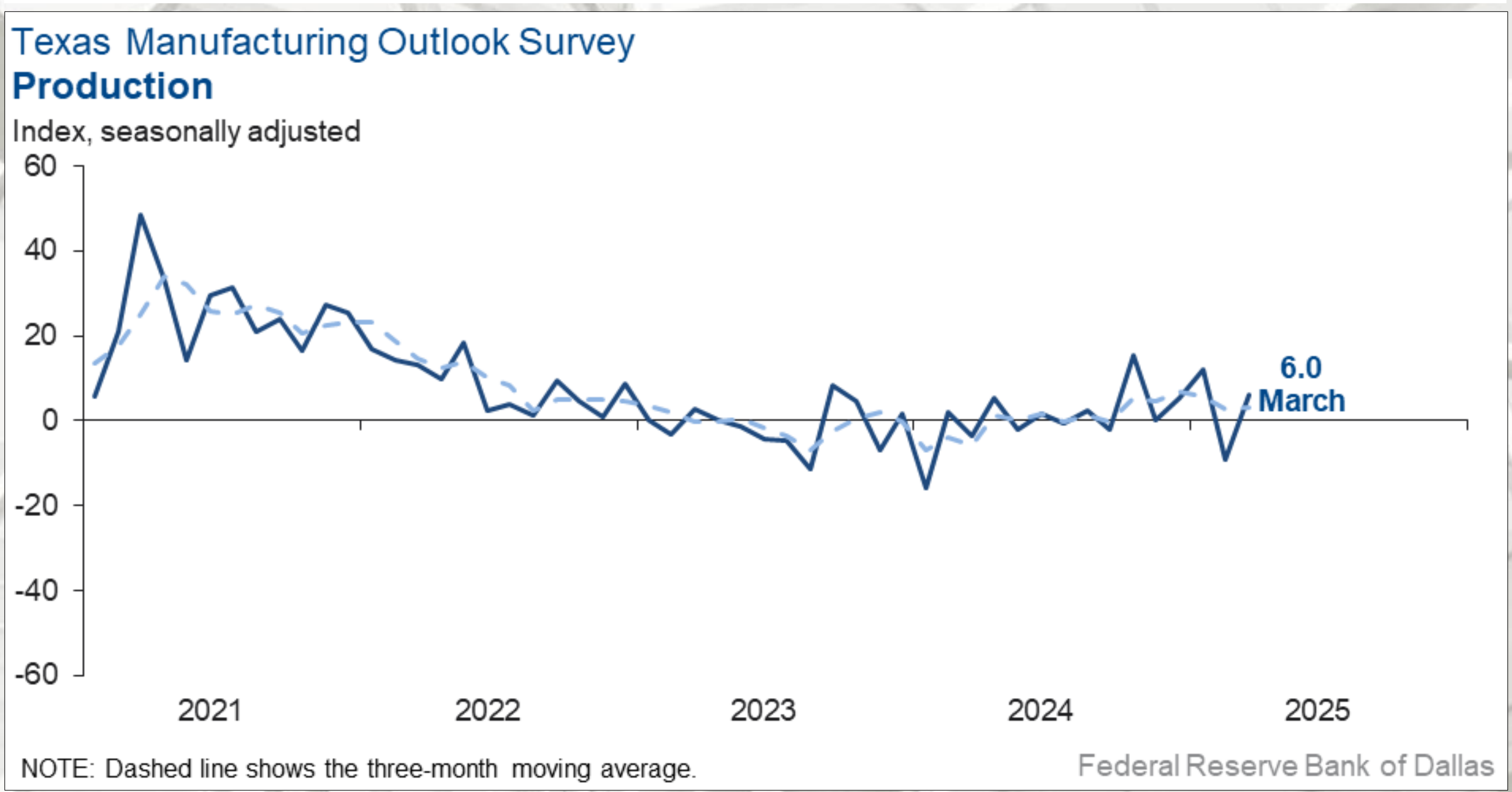
The Federal Reserve Bank of Dallas



“Perceptions of broader business conditions continued to worsen in March. The general business activity index fell eight points to -16.3, its lowest reading since last July. The company outlook index also retreated to an eight-month low of -10.7. The outlook uncertainty index pushed up seven points to 36.2, its highest reading since fall 2022.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/31/25

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Growth decelerates in Texas service sector as company outlooks worsen

"Texas service sector activity stalled in March, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell seven points to 1.3, with the near-zero reading indicating flat revenue.

Labor market measures suggested a slight increase in employment in March, but no change in workweeks. The employment index edged up to 2.2 from -0.1. The part-time employment index fell three points to -1.7, while the hours-worked index increased two points to 0.8.

Perceptions of broader business conditions worsened in March. The general business activity index dropped 16 points to -11.3, its lowest level since November 2023. In addition, outlooks deteriorated sharply as the company outlook index declined to its lowest level since mid-2022, falling to -12.5 from 1.1. The outlook uncertainty index increased to 27.3 from 14.2.

Selling price pressures fell slightly in March while input price and wage growth remained stable. The selling prices index fell three points to 5.2, while the input prices index was basically unchanged at 27.0. The wages and benefits index moved sideways to 10.3.

Respondents' expectations regarding future business activity also downshifted in March. The future general business activity index fell to -1.1 from 12.3, while the future revenue index dropped 13 points to 30.9. Other future service-sector activity indexes such as employment and capital expenditures also fell but remained in positive territory, reflecting expectations for slower growth in the next six months." – Jesus Cañas, Senior Business Economist; The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 4/1/25

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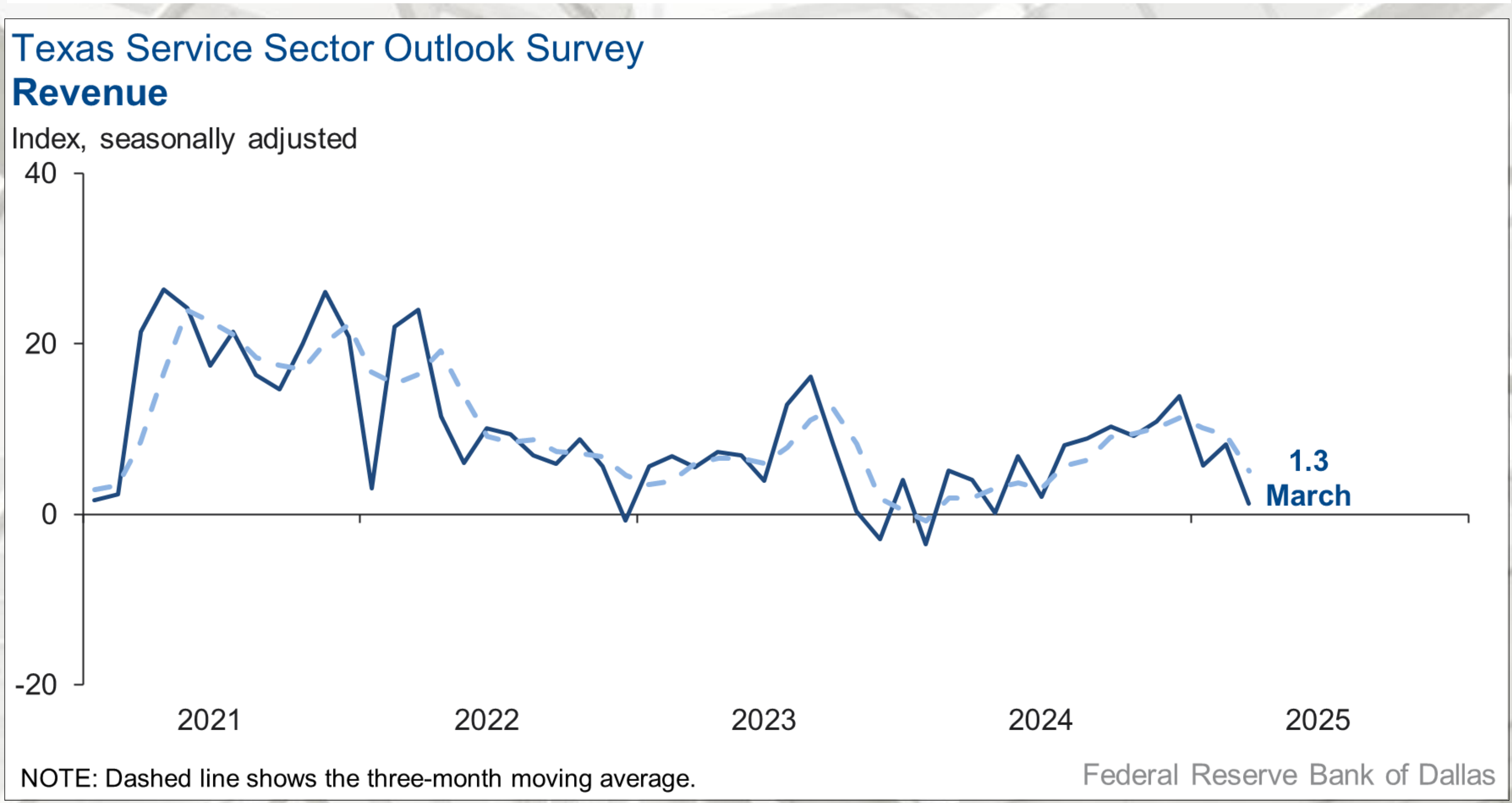
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 4/1/25

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas retail sales fall

“Retail sales activity decreased in March, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, fell to -5.8 from 2.1. Retailers’ inventories were flat over the month, with the March index at -1.0, up from -4.8 in February.

Retail sector labor market indicators suggested resumption in employment growth but contraction in workweeks. The employment index increased to 10.2 from -1.5. The part-time employment index fell five points to -2.2, and the hours-worked index fell five points to -5.0.

Perceptions of broader business conditions continued to worsen in March. The general business activity index remained in negative territory but increased to -2.9 from -4.9, while the company outlook index dipped to -4.9 from -3.2. Uncertainty in outlooks increased at a relatively unchanged pace, with the index coming in at 12.8.

Price and wage pressures eased in March. The selling prices index fell 11 points to 4.8, while the input prices index decreased four points to 24.4. The wages and benefits index fell three points to 12.3.

Respondents showed mixed expectations regarding future business activity in March. While the future general business activity index increased to 6.9 from 3.7, the future company outlook index slid into negative territory. The future sales index fell 16 points to 18.6. Both the future employment index and the future capital expenditures index remained in positive territory.” – Jesus Cañas, Senior Business Economist; The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 4/1/25

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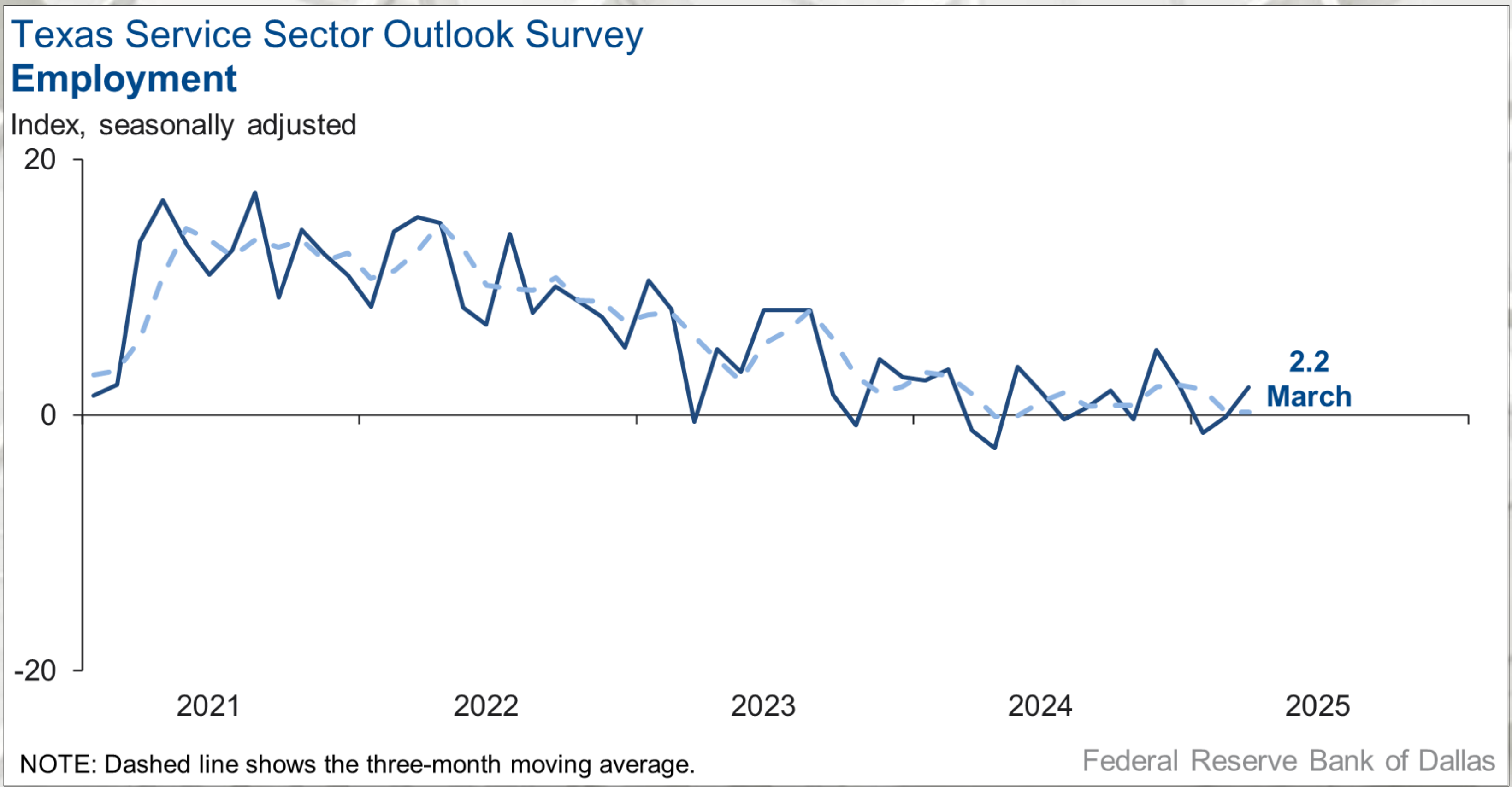
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 4/1/25

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Fell Modestly in March

Regional factory activity decreased modestly in March, driven by declines in nondurable manufacturing. Production was flat, but employment continued to decline, and nearly half of firms reported tighter profit margins in the past 12 months.

Factory Activity Fell Modestly

"Tenth District manufacturing activity fell modestly, and expectations for future activity cooled but remained expansionary (Chart 1). Price paid for raw materials increased this month while finished product prices ticked down, further constraining profit margins.

The month-over-month composite index was -2 in March, up from -5 in February and January. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The nondurable manufacturing sector continued to drive the declines, particularly food, paper, and printing manufacturing. Most month-over-month indexes were negative, but many improved from last month's readings. Production was flat this month following moderate declines recently, and the number of employees and volume of shipments declined at a milder pace in March, while the average employee workweek increased at its highest rate in at least a year. The volume of new orders and new orders for exports declined further this month." – Megan Williams, Associate Economist and Senior Manager and Chase Farha, Research Associate; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/27/25

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Fell Modestly

"All year-over-year indexes were negative, except the price indexes and capital expenditures index. However, the pace of declines eased. The composite index increased from -18 to -7 in March. Production, shipments, new orders, and employment all fell moderately from this time last year but improved from last month's readings. Capital expenditures edged up modestly from last year. The future composite index fell from 14 to 10 in March as expectations for production, new orders, and employment lowered somewhat.

Special Questions

This month contacts were asked special questions about profit margins and strategy changes. Nearly half of firms reported decreased profit margins in the past 12 months. 27% (3%) of firms reported that their profit margins increased slightly (increased significantly) in the past 12 months, while 23% reported they did not change, and another 34% (13%) reported a slight decrease (significant decrease). Similarly, 31% (2%) of firms reported that they expect profit margins to increase slightly (increase significantly) in the next 12 months, while 25% expect no change, and another 33% (9%) expect a slight decrease (significant decrease). Additionally, 66% of manufacturing firms surveyed reported that they were considering changes in strategy, management, sourcing of materials, or pricing to adapt to economic conditions this year." – Megan Williams, Associate Economist and Senior Manager and Chase Farha, Research Associate; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/27/25

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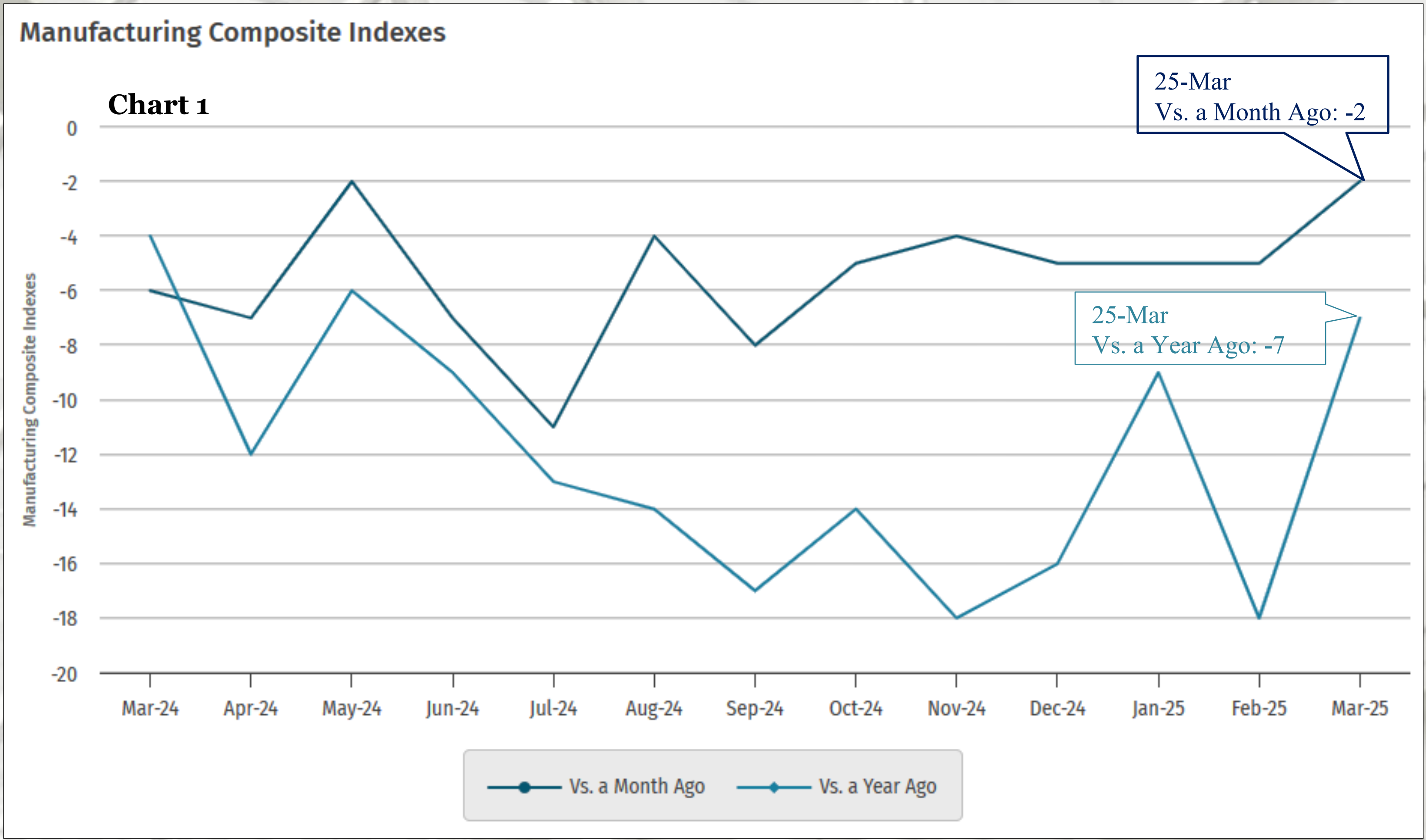
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 3/27/25

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity was Unchanged in March

Tenth District services activity was unchanged in March, but expectations for future activity remained expansionary. Input prices increased at a steady rate this month, while growth in selling prices cooled slightly, further constraining profit margins.

Business Activity Was Unchanged in March

"The month-over-month services composite index was 0 in March, down from 2 in February, and up from -4 in January (Chart 1). The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in tourism & hotels grew and declines eased in the wholesale, real estate, and professional services, and education sectors. Healthcare and retail activity fell further.

The month-over-month indexes were mixed. General revenue/sales picked up from -1 to 4, while employment decreased from 3 to -5. Employee hours worked decreased to its lowest reading since May 2020 at -10." – Megan Williams, Associate Economist and Senior Manager and Chase Farha, Research Associate; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/28/25

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Activity Was Unchanged in March

“The year-over-year composite index cooled further from 6 to 2, as growth in the business sector eased and consumer activity remained flat. Revenues were steady, but employment fell from the previous year’s levels for the first time since April 2024. Capital expenditures and access to credit fell only slightly. Expectations for future services activity moderated but remain positive, with firms expecting lower sales and employment growth in the coming six months.

Special Questions

This month contacts were asked about profit margins and strategy changes. Slightly over half of firms reported decreased profit margins in the past 12 months. 34% (19%) of firms reported that their profit margins increased slightly (increased significantly) in the past 12 months, while 18% reported they did not change, and another 23% (6%) reported a slight decrease (significant decrease). Similarly, 41% (8%) of firms reported that they expect profit margins to increase slightly (increase significantly) in the next 12 months, while 21% expect no change, and another 29% (1%) expect a slight decrease (significant decrease). Additionally, 60% of manufacturing firms surveyed reported that they were considering changes in strategy, management, sourcing of materials, or pricing to adapt to economic conditions this year.” – Megan Williams, Associate Economist and Senior Manager and Chase Farha, Research Associate; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/28/25

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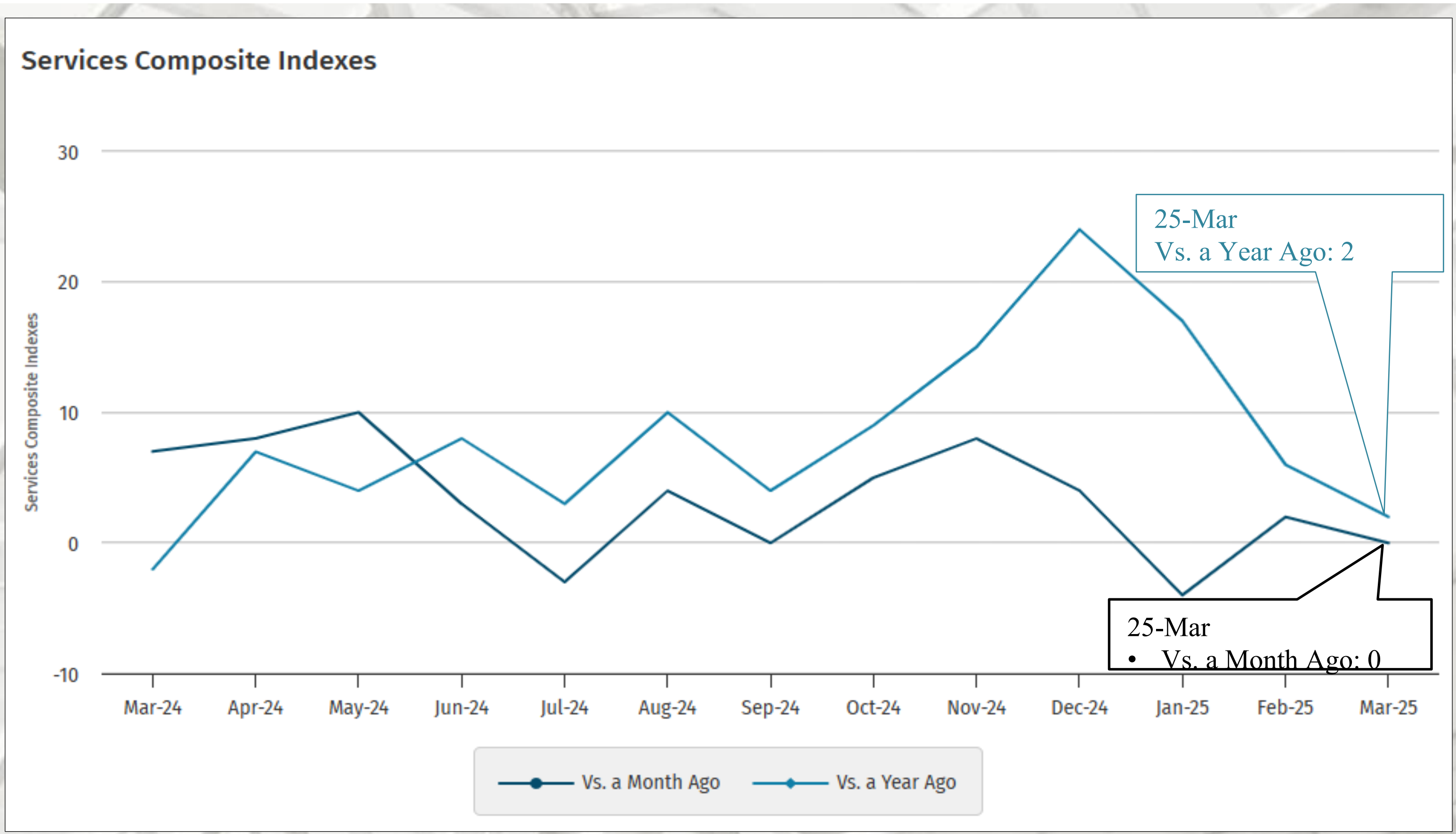
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 3/28/25

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The Federal Reserve Bank of New York

April 2025 Manufacturing Survey

Activity Continues to Contract

"Business activity declined modestly in New York State in April, according to firms responding to the *Empire State Manufacturing Survey*. After dropping steeply last month, the headline general business conditions index rose twelve points but remained below zero at -8.1. New orders fell modestly, and shipments edged lower. Delivery times held steady, and supply availability worsened. Inventories continued to expand. Employment was little changed, while the average workweek moved lower. Input price increases and selling price increases picked up to the fastest pace in more than two years. Firms turned pessimistic about the outlook, with the future general business conditions index falling to its second lowest reading in the more than twenty-year history of the survey.

Manufacturing activity fell for a second consecutive month in New York State, according to the April survey. After dropping twenty-six points last month, the general business conditions index climbed twelve points but remained below zero at -8.1. The new orders and shipments indexes also held below zero at -8.8 and -2.9, respectively, pointing to ongoing declines in both orders and shipments. Unfilled orders edged up slightly. The inventories index came in at 7.4, signaling that business inventories continued to expand. Delivery times were unchanged, while the supply availability index fell to -5.7, suggesting supply availability was somewhat lower." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 4/15/25

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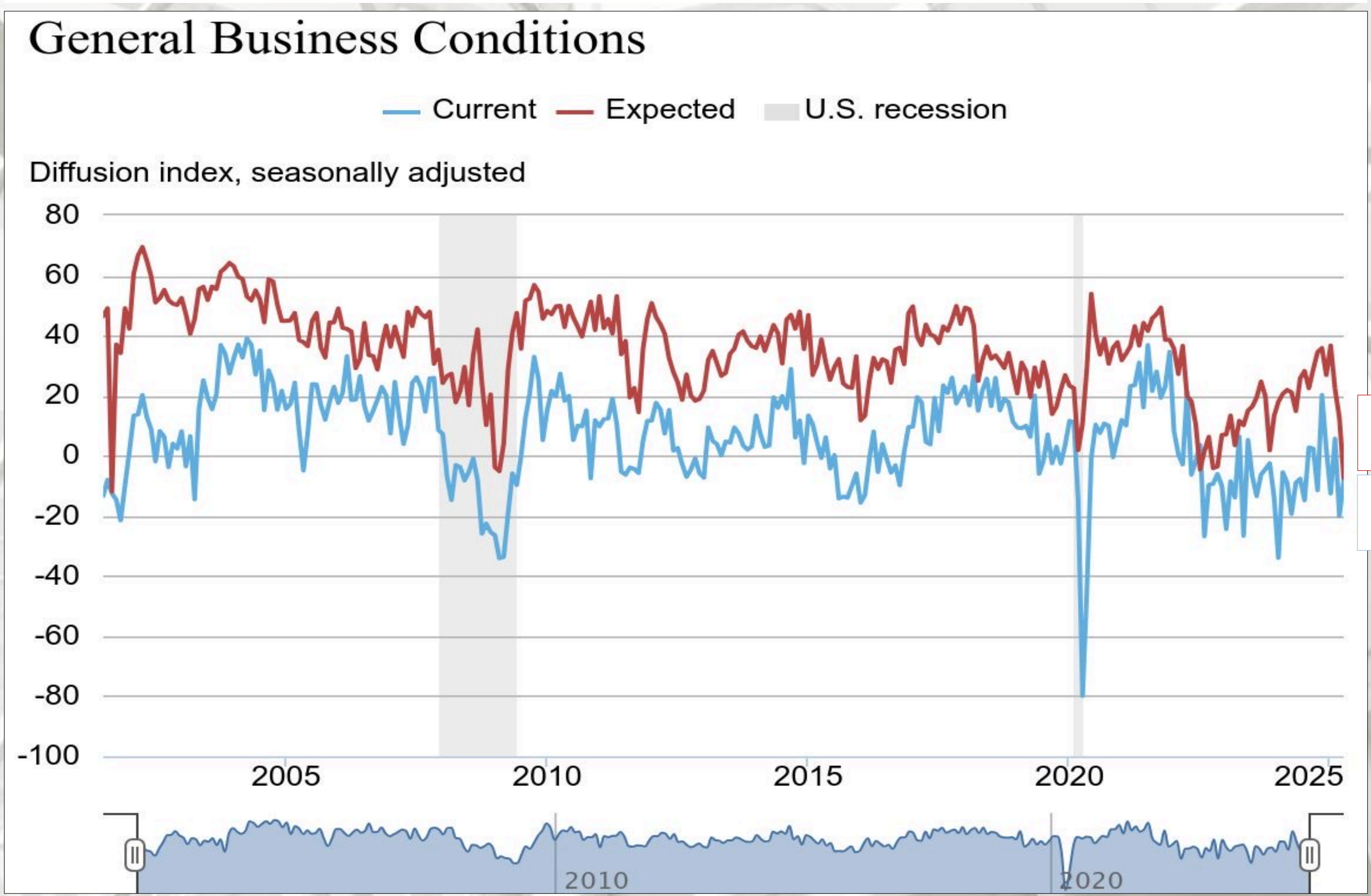
The Federal Reserve Bank of New York



Apr 2025
-7.4

Apr 2025
-8.1

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 4/15/25

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The Federal Reserve Bank of New York

April 2025 Manufacturing Survey

Price Increases Accelerate

“The index for number of employees came in at -2.6, while the average workweek index fell to -9.1, pointing to little change in employment levels but a decline in hours worked. Both price indexes climbed for a fourth consecutive month to their highest levels in more than two years: the prices paid index rose six points to 50.8, and the prices received index rose six points to 28.7.

Firms Turn Pessimistic

Firms expect conditions to worsen in the months ahead, a level of pessimism that has only occurred a handful of times in the history of the survey. The index for future general business conditions fell twenty points to -7.4; the index has fallen a cumulative forty-four points over the past three months. New orders and shipments are expected to fall slightly in the months ahead. Capital spending plans were flat. Input and selling price increases are expected to pick up, and supply availability is expected to worsen over the next six months.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 4/15/25

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The Federal Reserve Bank of New York

April 2025 Empire State Business Leaders Survey (Services)

Activity Continues to Decline

"Business activity in the region's service sector declined significantly for a second consecutive month, according to firms responding to the Federal Reserve Bank of New York's April *Business Leaders Survey*. The survey's headline business activity index came in at -19.8, its lowest level in more than a year. The business climate index dropped nine points to -60.7, its lowest level in more than four years, suggesting the business climate was considerably worse than normal. Employment held steady, and wage growth remained moderate. Supply availability worsened. Input price increases and selling price increases were little changed. After turning pessimistic about the outlook last month, firms became even more negative, with half now expecting activity to decline in the months ahead.

Business activity in the New York-Northern New Jersey region fell at a substantial pace for a second consecutive month, according to the April survey. The headline business activity index came in at -19.8. Twenty-one percent of respondents reported that conditions improved over the month while 41 percent said that conditions worsened. The business climate index fell nine points to -60.7, its lowest level since early 2021, with two-thirds of respondents saying that the business climate was worse than normal." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 4/16/25

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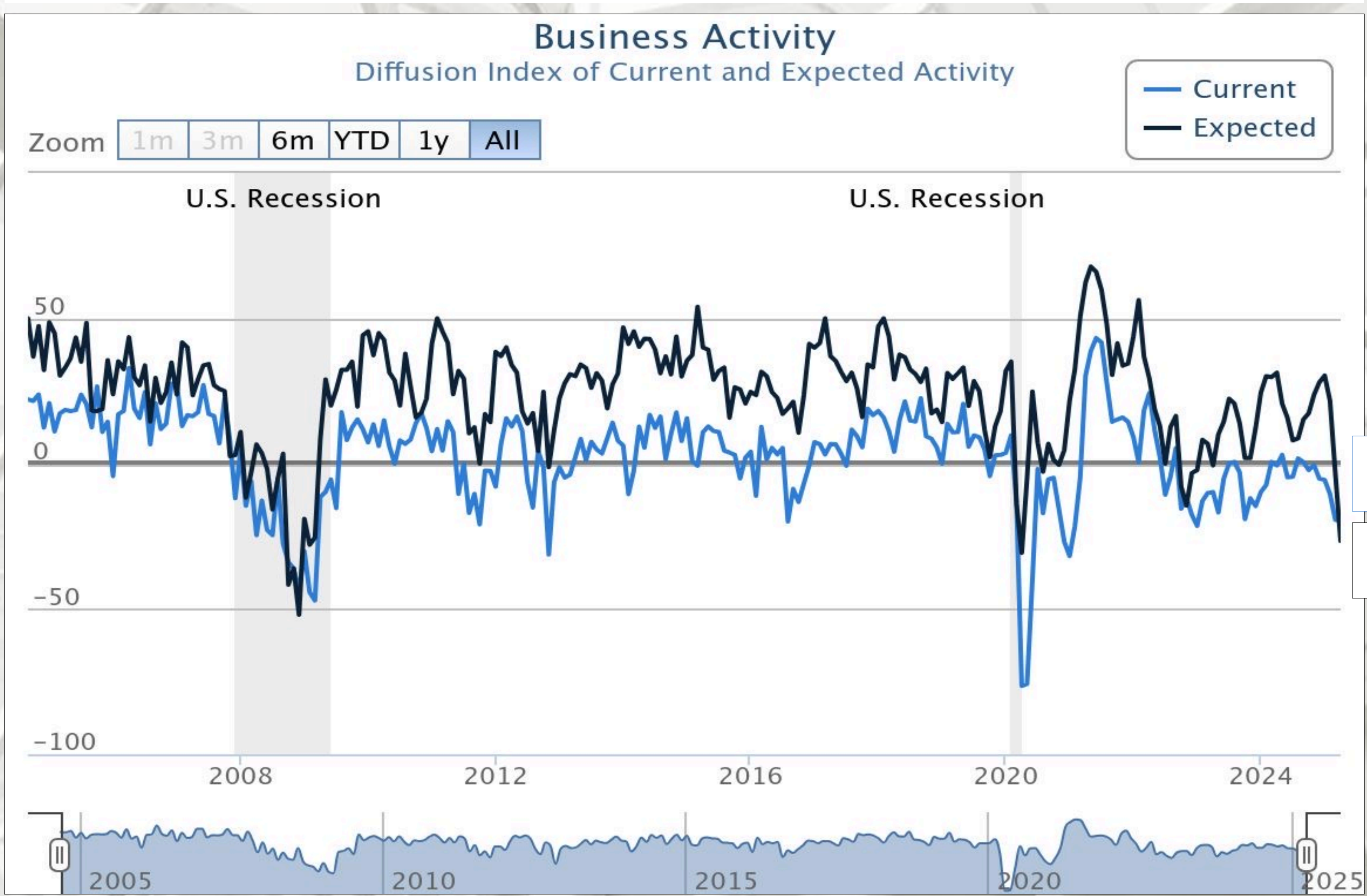
The Federal Reserve Bank of New York



Apr 2025
-19.8

Apr 2025
-26.6

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 4/16/25

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The Federal Reserve Bank of New York

April 2025 Empire State
Business Leaders Survey (Services)

Employment Holds Steady

"The employment index moved up to 1.3, indicating that employment levels were little changed. The wages index held steady at 34.8, a sign that wage increases remained moderate. After rising to its highest level in nearly two years in March, the prices paid index was little changed at 57.6. The prices received index edged down to 26.0. The supply availability index fell nine points to -11.7, suggesting supply availability declined.

Outlook Remains Very Pessimistic

After plunging twenty-five points last month, the index for future business activity sank another twenty-three points to -26.6, its lowest reading since April 2020, indicating that firms expect a significant decline in activity in the months ahead. The index for the future business climate also fell twenty-three points, to -50.0, marking its lowest level since 2009 and suggesting the business climate is expected to remain considerably worse than normal. The future employment index turned negative. The future supply availability index dropped to -36.1, with 44 percent of firms expecting supply availability to be worse in six months. Capital spending plans turned sharply negative." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 4/16/25

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The Federal Reserve Bank of Philadelphia

March 2025 Manufacturing Business Outlook Survey

Current Indicators Remain Positive but Decline

"Manufacturing activity in the region expanded overall but was less widespread, according to the firms responding to the March *Manufacturing Business Outlook Survey*. The survey's indicators for current general activity, new orders, and shipments declined but remained positive. The employment index rose to a multiyear high. Both price indexes remain elevated. The survey's future indicators suggest less widespread expectations for growth over the next six months.

The diffusion index for current general activity declined from 18.1 to 12.5 in March, its second consecutive decrease (see Chart 1). Almost 31 percent of the firms reported increases in general activity this month (down from 41 percent last month), while 18 percent reported decreases (down from 23 percent); 47 percent reported no change (up from 35 percent). The indexes for new orders and shipments fell more sharply: The new orders index fell 13 points to 8.7, and the shipments index dropped 24 points to 2.0.

The firms continued to report overall increases in employment, and the employment index increased from 5.3 to 19.7 this month, its highest reading since October 2022. Almost 22 percent of the firms reported increases, while 2 percent reported decreases, and 71 percent of the firms reported no change in employment levels. The average workweek index rose 6 points to 8.7." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2025-03; 3/20/25

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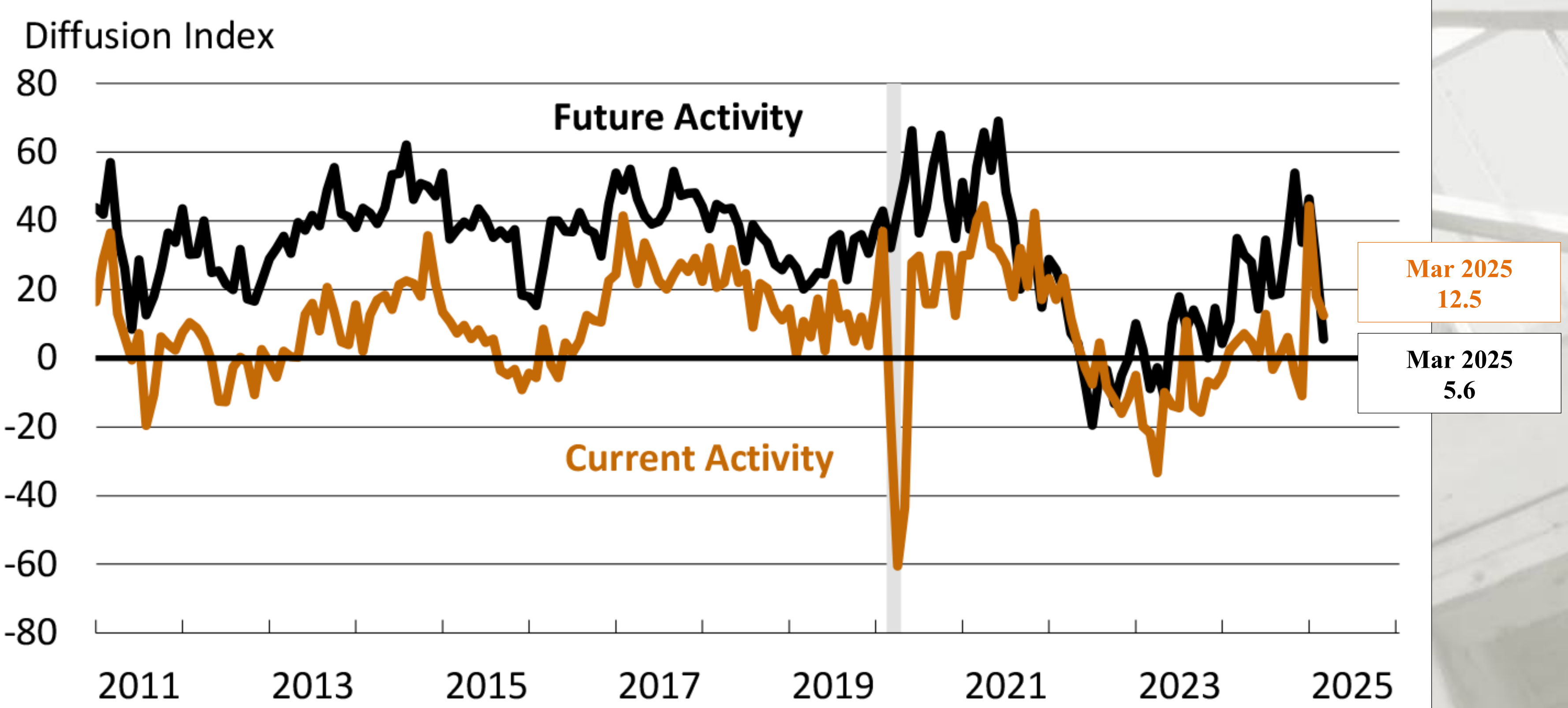
The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes
January 2011 to March 2025



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2025-03; 3/20/25

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The Federal Reserve Bank of Philadelphia

March 2025 Manufacturing Business Outlook Survey

Firms Continue to Report Overall Price Increases

"The prices paid index increased 8 points to 48.3, its fourth consecutive increase and highest reading since July 2022. Over 48 percent of the firms reported increases in input prices, while none reported decreases; 48 percent of the firms reported no change. The current prices received index moved down 3 points to 29.8. Thirty percent of the firms reported increases in prices received for their own goods, none reported decreases, and 66 percent reported no change.

Expectations for Growth Are Less Widespread

The diffusion index for future general activity fell 22 points to 5.6 in March, its lowest reading since January 2024 (see Chart 1). The share of firms expecting increases in activity over the next six months (31 percent) exceeded the share expecting decreases (26 percent); 37 percent expect no change. The future new orders index dropped 31 points to 2.3, its lowest reading since May 2023, and the shipments index fell 25 points to 11.3, its lowest reading since June. The firms continue to expect an overall increase in employment, but the future employment index declined from 23.7 to 17.3. The future capital expenditures index was little changed at 13.4." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2025-03; 3/20/25

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The Federal Reserve Bank of Philadelphia

March 2025 Manufacturing Business Outlook Survey

Firms Report Lower Production, Little Change in Capacity Utilization

"In this month's special questions, the firms were asked to estimate their total production growth for the first quarter ending this month compared with the fourth quarter of 2024. A higher share of firms reported a decrease in production (47 percent) compared with the share reporting an increase (34 percent). Regarding firms' capacity utilization for the current quarter and one year ago, the median current capacity utilization rate reported among the responding firms was unchanged at 70 to 80 percent.

Over 53 percent of the firms reported labor supply as at least a slight constraint to capacity utilization in the current quarter, and 47 percent of the firms cited supply chains as a constraint. Additionally, 79 percent of the firms indicated that uncertainty was at least a slight constraint this quarter, with 30 percent categorizing the impact as moderate and 24 percent categorizing it as significant. Looking ahead over the next three months, most firms expect the impacts of various factors to stay the same. However, 64 percent of the firms expect the impact of uncertainty to worsen over the next three months, and 44 percent expect supply chain impacts to worsen.

The firms were also asked about their plans for different categories of capital expenditures for this year relative to 2024. The share of firms expecting higher total capital spending this year (23 percent) slightly exceeded the share expecting lower spending (20 percent), and 57 percent expect spending to be the same. When this question was last asked in October, over 51 percent of the firms had expected higher spending, 21 percent had expected lower spending, and 27 percent had expected the same spending for 2025 relative to 2024." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2025-03; 3/20/25

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The Federal Reserve Bank of Philadelphia

March 2025 Manufacturing Business Outlook Survey

Summary

Responses to the March *Manufacturing Business Outlook Survey* suggest regional manufacturing activity expanded overall this month. The indicators for current activity, new orders, and shipments all declined but remained positive. On balance, the firms indicated an increase in employment and continued to report increases in prices. 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-2025-03; 3/20/25

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The Federal Reserve Bank of Philadelphia

March 2025 Nonmanufacturing Business Outlook Survey

Firms Report Declines in Activity

“Nonmanufacturing activity in the region continued to decline, according to the firms responding to the March *Nonmanufacturing Business Outlook Survey*. The indexes for general activity, new orders, and sales/revenues remained negative, with the former two declining further. On balance, the firms reported a decrease in full-time employment. Both price indexes rose and indicate overall increases in prices. The respondents expect declines in growth overall over the next six months both for their firms and in the region.

The diffusion index for current general activity at the firm level decreased from -12.9 to -17.5 in March (see Chart 1). Almost 39 percent of the firms reported decreases in activity, 21 percent reported increases, and 36 percent reported no change. The new orders index dropped 18 points to -19.5, its lowest reading since April 2023. Nearly 33 percent of the firms reported a decrease in new orders (up from 22 percent last month), exceeding the 13 percent that reported an increase (down from 21 percent); 32 percent reported no change (down slightly from 35 percent). The sales/revenues index rose 8 points but remained negative at -4.7. The current regional activity index fell further into negative territory to -32.5, its lowest reading since May 2020. ” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2025-3; /25/25

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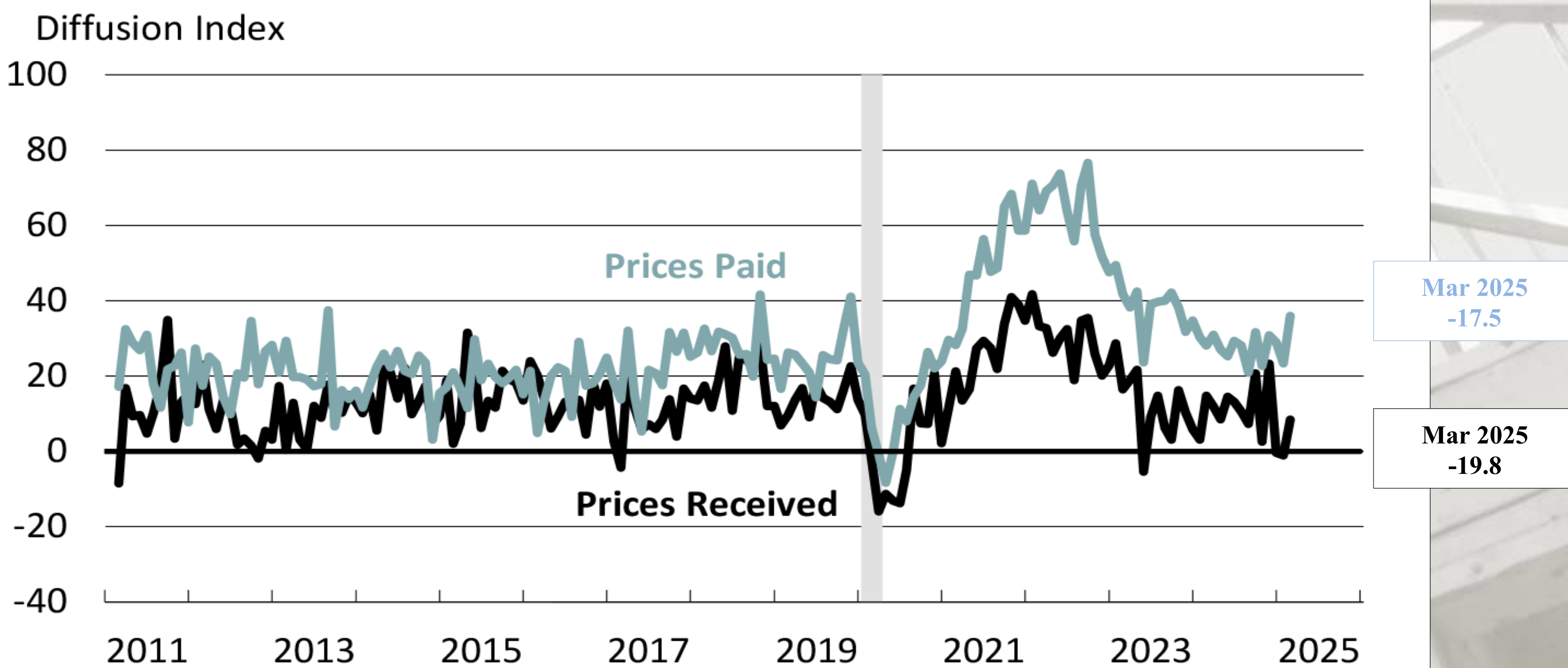
The Federal Reserve Bank of Philadelphia

Chart 2. Current Prices Paid and Prices Received Indexes

January 2011 to March 2025



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-2025-3; /25/25

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The Federal Reserve Bank of Philadelphia

March 2025 Nonmanufacturing Business Outlook Survey

Employment Indexes Weaken

“The full-time employment index fell 10 points to -7.5, its first negative reading since August. Over 66 percent of the firms reported no change, while the share of the firms reporting decreases (15 percent) exceeded the share reporting increases (8 percent). The part-time employment index declined from 12.4 to 3.5. The average workweek index rose from -7.5 to 1.5.

Prices Paid Index Is Above Long-Run Average

Price indicators suggest increases in prices for inputs and the firms’ own goods and services overall. After declining for two consecutive months, the prices paid index climbed 13 points to 36.0. Almost 42 percent of the firms reported increases in input prices, while 6 percent reported decreases; 43 percent reported steady prices. Regarding prices for the firms’ own goods and services, the prices received index returned to positive territory, rising 10 points to 8.4. Most of the firms (60 percent) reported no change in prices received, while the share reporting increases (17 percent) exceeded the share reporting decreases (8 percent).

Firms’ Outlook for Future Growth Deteriorates

The future general activity indexes suggest that the respondents expect continued declines in activity overall over the next six months, with both series falling to their lowest readings since April 2020. The diffusion index for future activity at the firm level fell 34 points to -19.8, its fourth consecutive decline and first negative reading since April 2020 (see Chart 1). Almost 46 percent of the firms expect decreases in future activity at their firms, 26 percent expect increases, and 23 percent expect no change. The future regional activity index fell from -1.1 to -24.0.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2025-3; /25/25

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The Federal Reserve Bank of Philadelphia

March 2025 Nonmanufacturing Business Outlook Survey

Firms Report Higher Sales/Revenues on Balance

"In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the first quarter ending this month compared with the fourth quarter of 2024; they were also asked about factors constraining business operations and capital expenditure plans. Over 46 percent of the firms reported expected increases in first-quarter sales, while 33 percent reported expected decreases.

Over half of the firms reported labor supply and supply chains as at least a slight constraint on business operations. More than 93 percent indicated uncertainty as at least a slight constraint, with 29 percent describing the impact as significant. Looking ahead over the next three months, the majority of the firms expect the impacts of most factors to stay the same. However, 61 percent of the firms expect the impact of uncertainty to worsen, and 39 percent expect the impact of supply chains to worsen.

Regarding plans for different categories of capital expenditures for this year relative to 2024, the share of firms expecting lower total capital spending this year (30 percent) slightly exceeded the share expecting higher spending (25 percent), and 45 percent expect spending to be the same. When this question was last asked in October, the same share of firms (29 percent) expected either lower or higher spending, and 42 percent expected to keep spending the same.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest nonmanufacturing activity declined overall in the region. The indicators for firm-level general activity, new orders, and sales/revenues remained negative. The firms reported overall decreases in full-time employment and overall increases in prices. Future indexes indicate that the firms expect declines over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2025-3; /25/25

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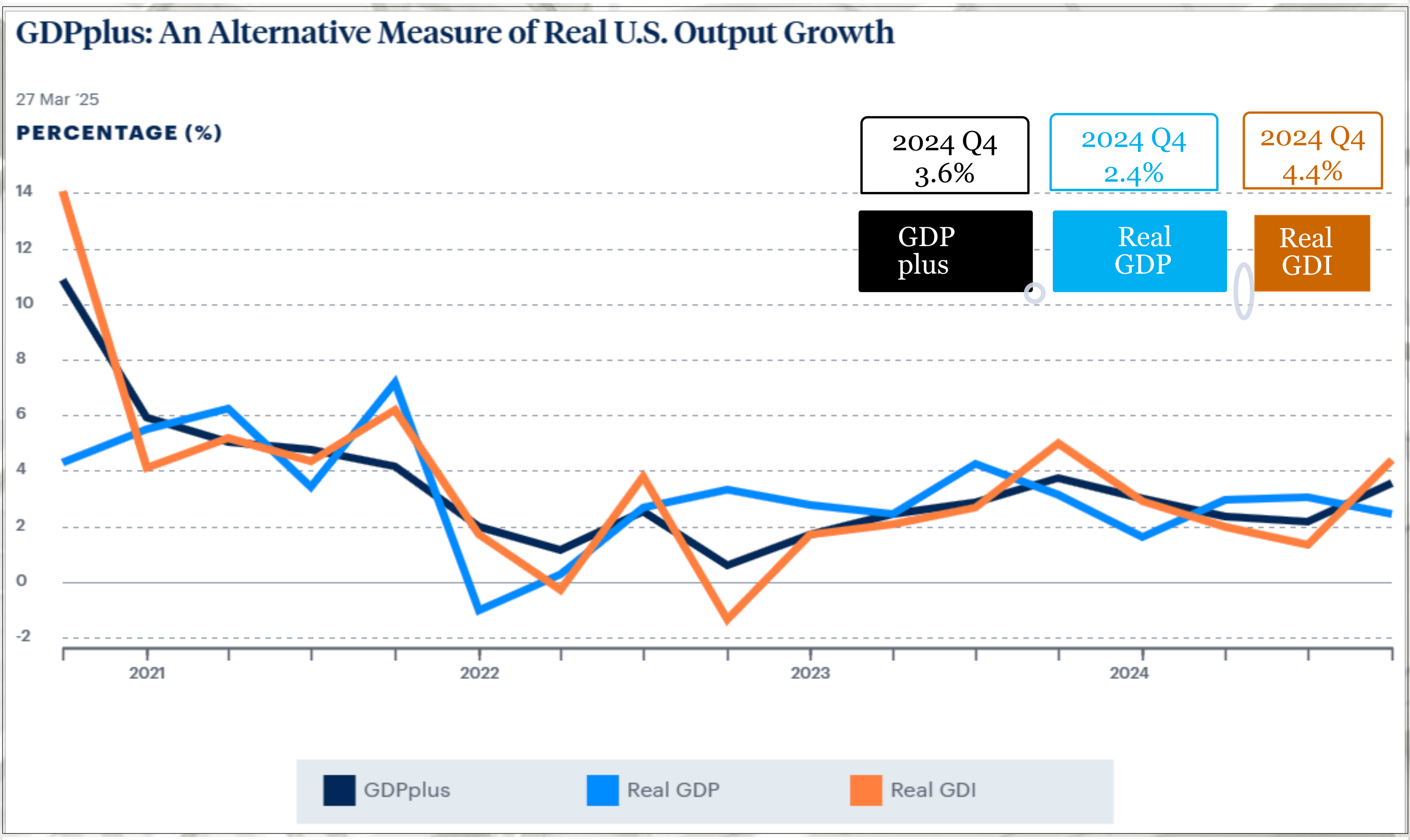
The Federal Reserve Bank of Philadelphia: GDPplus



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; 3/27/25

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The Federal Reserve Bank of Richmond

March 2025 Fifth District Survey of Manufacturing Activity

Fifth District Manufacturing Activity Slowed in March

“Fifth District manufacturing activity slowed in March, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index fell to −4 in March from 6 in February, led by a notable decrease, from 12 to −7, in the shipments index. Of its other two component indexes, new orders decreased slightly to −4, and employment fell to −1 from 9.

The local business conditions index dropped from −5 in February to −13 in March, while the index for future local business conditions fell notably from 2 to −22. The future index for shipments fell from 13 to 7 and the future index for new orders edged down to 6.

The vendor lead time index increased to 12 in March, while the backlog of orders index rose from −6 to −1.

The average growth rate of prices paid increased notably. The average growth rate of prices received increased, but not by as much. Firms expected heightened growth in prices paid and some growth in prices received over the next 12 months.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/region_communities/regional_data_analysis/surveys/manufacturing; 3/25/25

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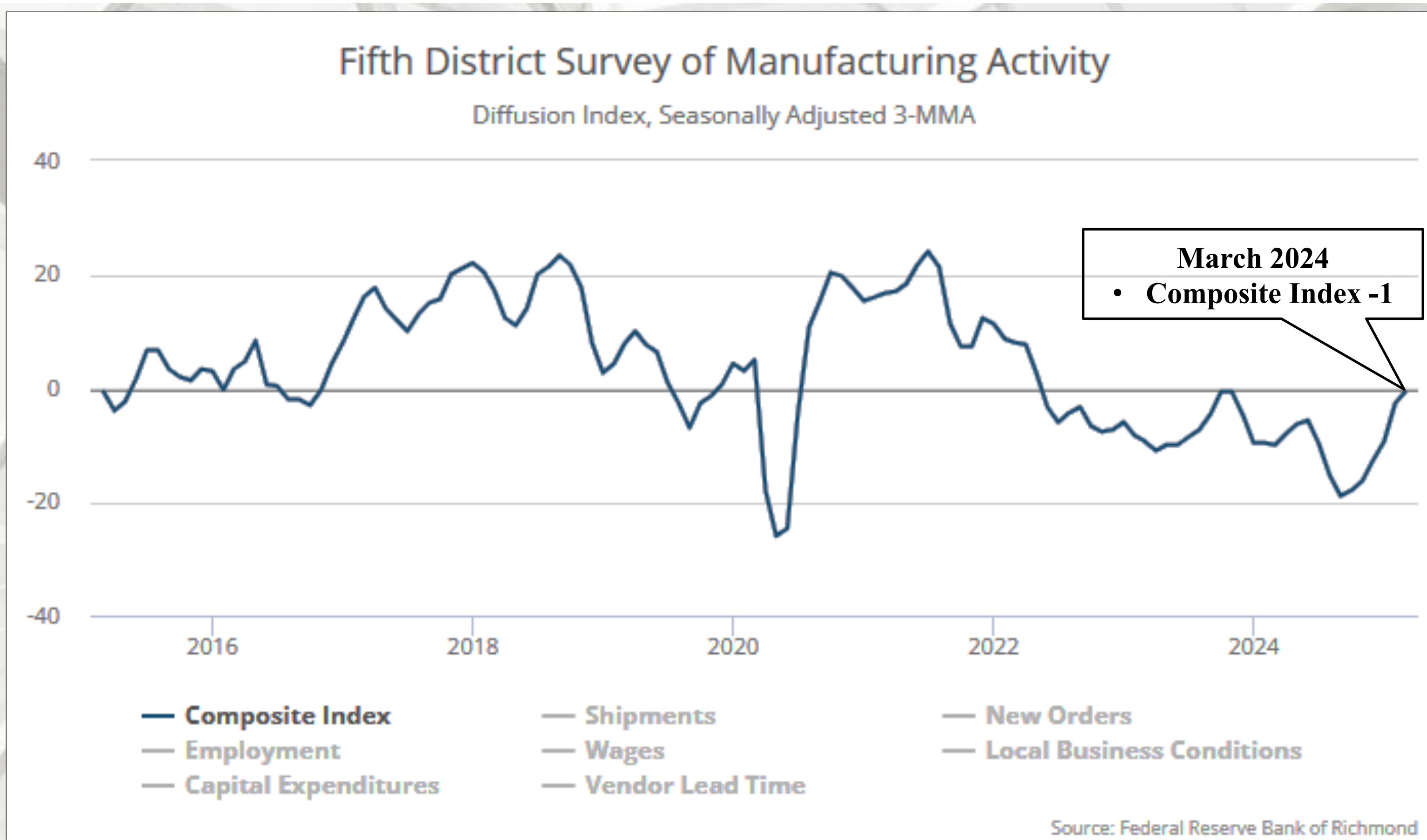
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/region_communities/regional_data_analysis/surveys/manufacturing; 3/25/25

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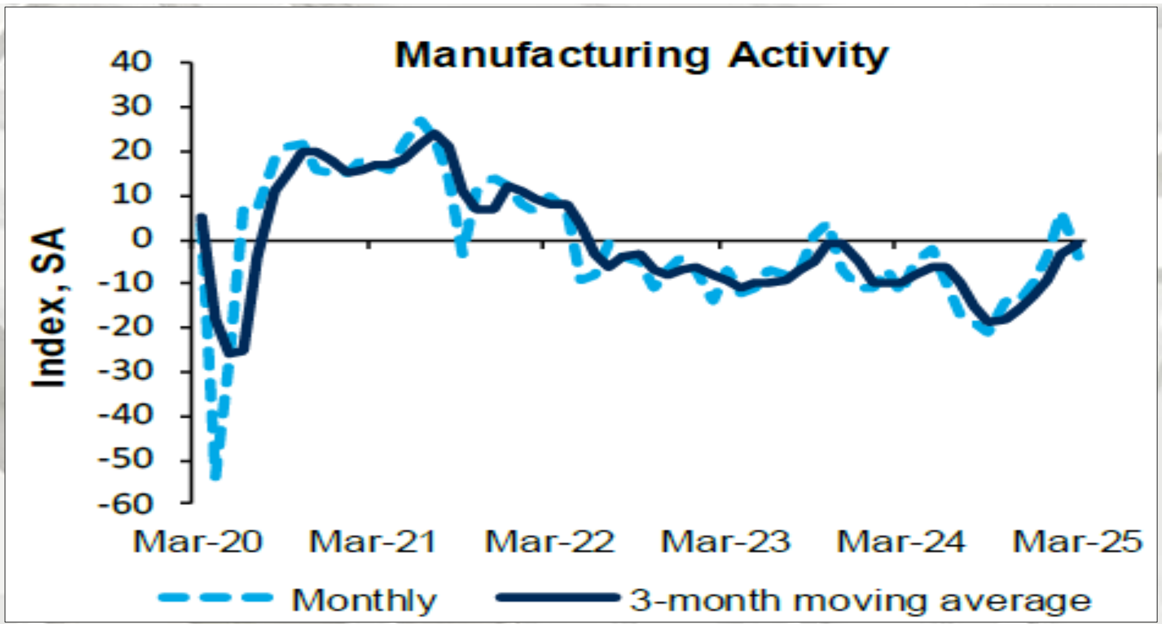
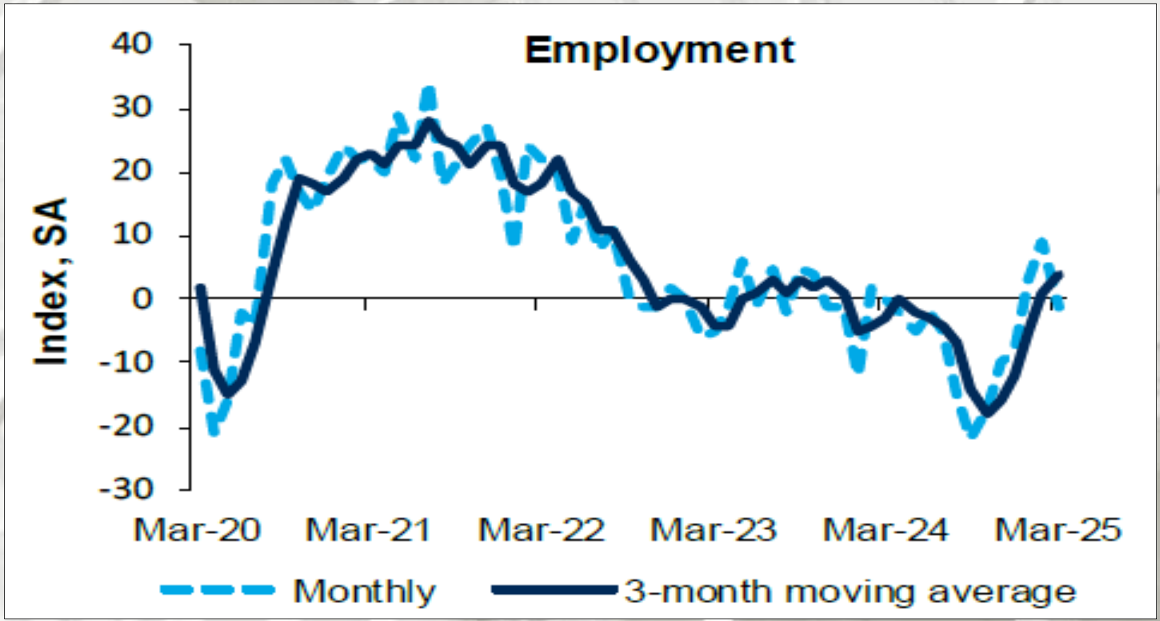
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/region_communities/regional_data_analysis/surveys/manufacturing; 3/25/25

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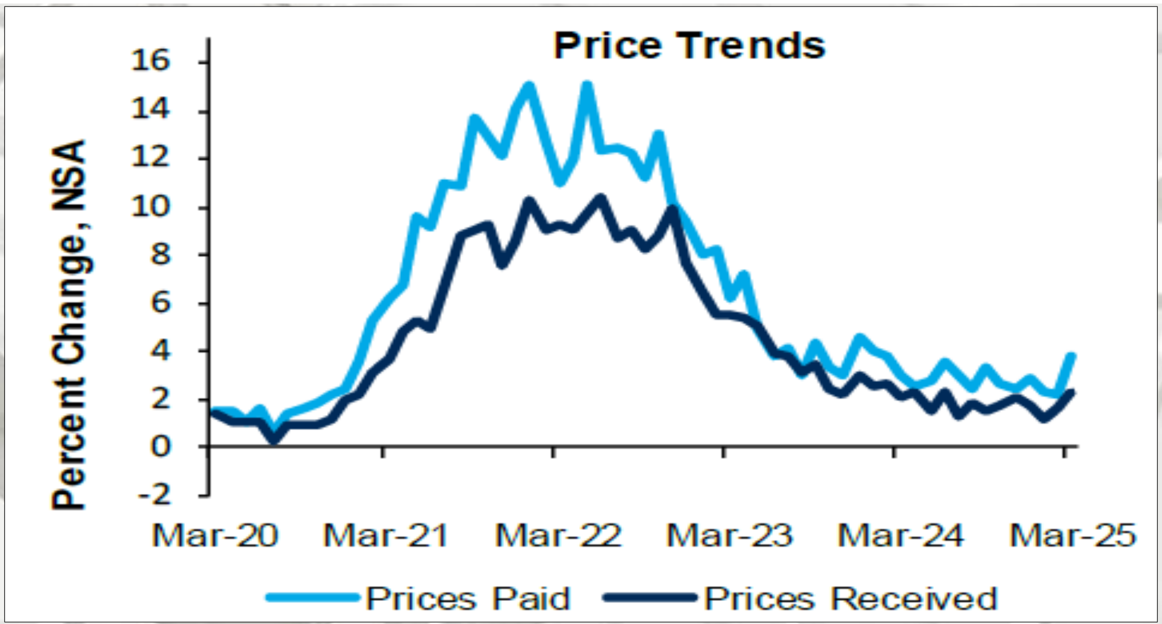
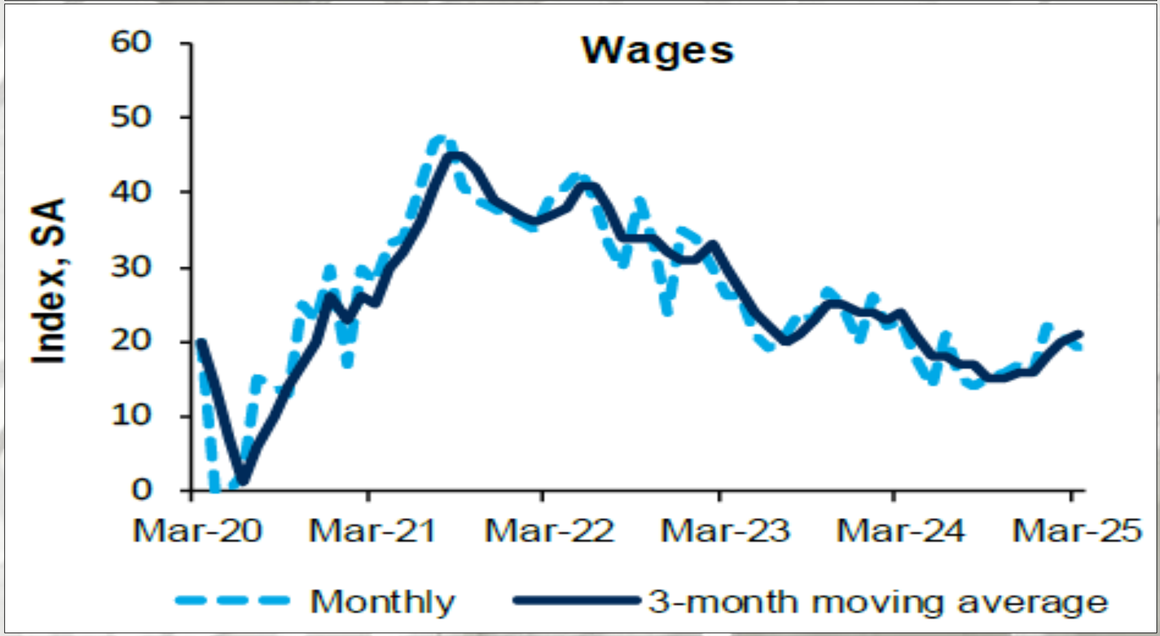
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/region_communities/regional_data_analysis/surveys/manufacturing; 3/25/25

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The Federal Reserve Bank of Richmond

March Fifth District Survey of Service Sector Activity

Fifth District Service Sector Activity Slowed in March

"Fifth District service sector activity slowed in March, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index fell from 11 to −4 and the demand index fell from 13 to −6 in March. The indexes for future revenues and demand decreased but remained in positive territory, as many firms expressed optimism about the next six months.

The local business conditions index decreased from 1 in February to −14 in March. Firms were less optimistic about future business conditions, as that index decreased from 8 to −5 in March, falling into negative territory.

The current employment index decreased slightly from 7 to 3 in March and the forward-looking index fell from 27 to 12. The wages index edged down to 19 and most firms continued to expect to increase wages over the next six months.

The average growth rate of prices paid edged down, while the average growth rate of prices received increased slightly from February. Firms expected growth in prices to remain flat or increase somewhat 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/service_sector; 3/25/25

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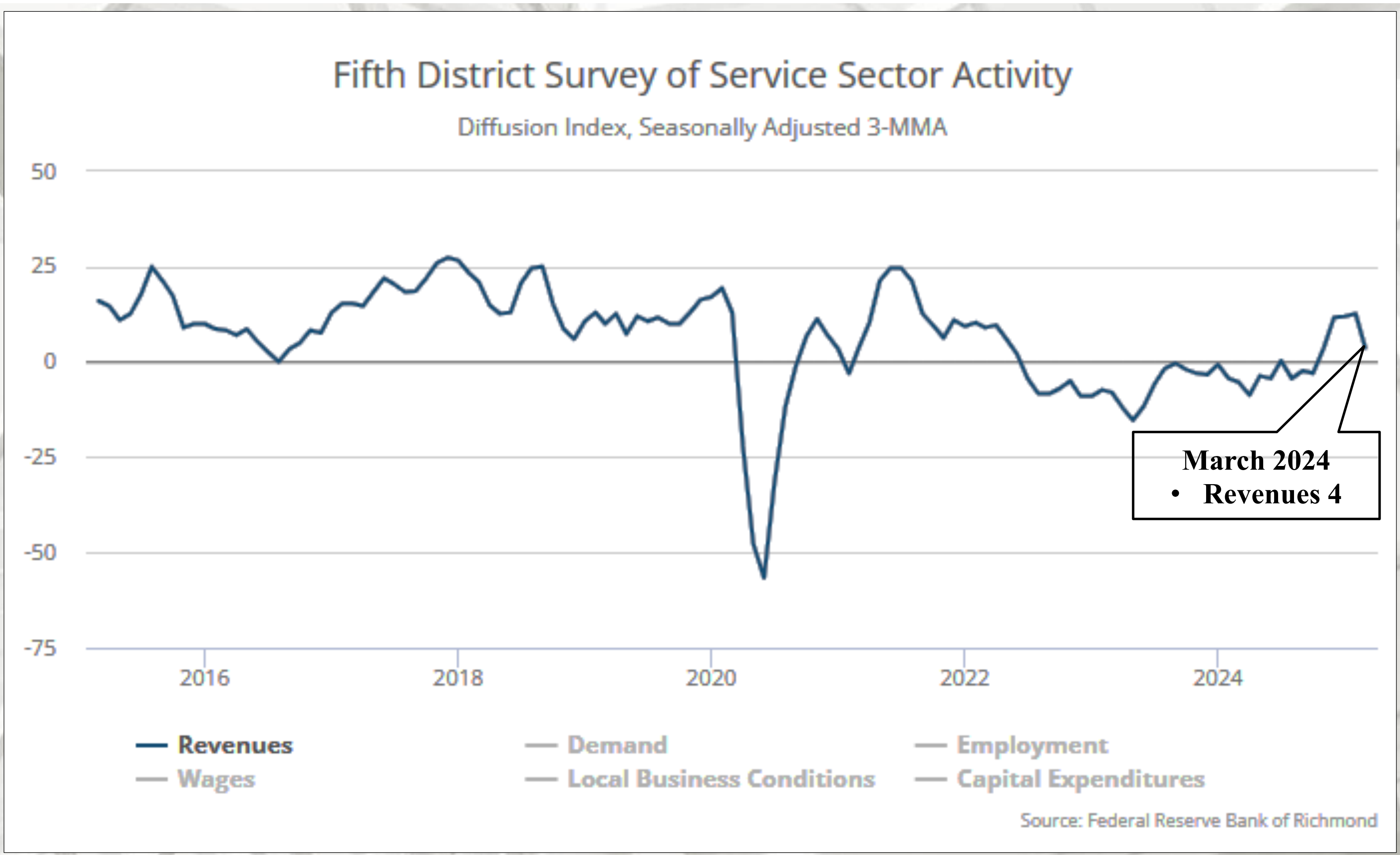
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 3/25/25

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Private Indicators: Global

S&P Global Canada Manufacturing PMI®

"The **S&P Global Canada Manufacturing Purchasing Managers' Index® (PMI®)** registered 46.3 in March, down from 47.8 in February. Posting below the crucial 50.0 no-change mark for a second month running, the PMI signalled a further deterioration in operating conditions that was the greatest since the end of 2023.

Steepest drop in new orders since May 2020 drives further deterioration of manufacturing sector

"Continued uncertainty related to tariffs on goods crossing the border between Canada and the United States weighed heavily again on the performance of the manufacturing sector during March. New orders declined to the greatest degree since the height of the COVID-19 pandemic, whilst production, purchasing and employment were all reduced noticeably. Confidence in the outlook slumped to its lowest level in the respective series history.

On the price front, tariffs already applied on metals products, plus uncertainty over when customs surcharges could be levied on a wider range of goods, resulted in input costs and output charges rising at noticeably steeper rates.

The lack of incoming new work meant firms pared back production during March. Overall, the decline was the steepest recorded since the end of 2023 and the second in successive months. Purchasing activity was also lowered, and to a degree unseen since the height of the COVID-19 pandemic in the spring of 2020.

Canada's manufacturing economy endured a challenging month in March as the spectre of tariffs being applied on a wider range of goods and services continued to weigh heavily on the sector. Product markets were again broadly paralysed, with clients unwilling to commit to new work given the considerable and enduring uncertainty related to tariffs that is weighing on business decisions.

Unsurprisingly, export trade suffered especially, and firms are growing increasingly pessimistic about the outlook, typically now expecting to see output decline from present levels over the coming year. Not surprisingly, firms are cutting back on purchasing, lowering their inventories and not replacing leavers or filling previous vacancies. Adding to the gloomy picture, and again a direct consequence of trade tariffs, inflationary pressures have picked up, with input costs rising to a degree not seen since the summer of 2022." – Paul Smith, Economics Director, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/de89bbcd60d7476d995f001f23afcbb6; 4/1/25

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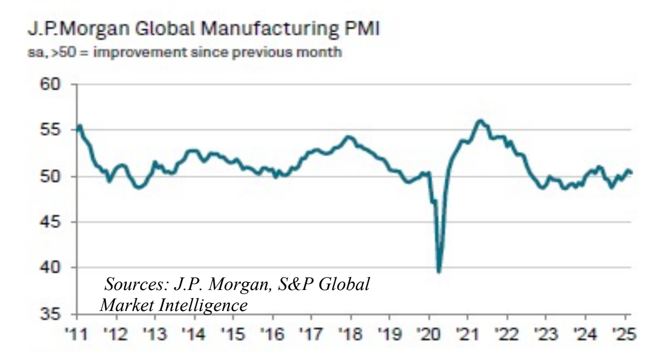
Private Indicators: Global



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

J.P. Morgan Global Manufacturing PMI™

"The global manufacturing sector ended the opening quarter of the year on a lacklustre footing. At 50.3 in March, the J.P. Morgan Global Manufacturing PMI® – a composite index produced by J.P. Morgan and S&P Global Market Intelligence in association with ISM and IFPSM – was down from 50.6 in February and signalled only a slight improvement in overall operating conditions for the third month in a row.

Global manufacturing growth remains weak at end of opening quarter

Four of the PMI sub-components had either a negative or less positive impact on its level. Along with slower growth of production and new orders, employment and stocks of purchases fell marginally. Supplier delivery times provided a slightly stronger positive contribution.

Global manufacturing output increased for the third successive month in March, although the rate of growth was the weakest during that sequence. Production rose in the consumer and intermediate goods industries but fell for the ninth time in the past ten months in the investment goods category. …

The trend in new order growth also remained lacklustre in March. Although new work intakes have risen throughout the opening quarter of the year, the rate of growth has remained mild (at best) during that time. The trend in international trade volumes stabilised, with new export work registering a negligible increase following a nine-month sequence of decrease. …

Rising concerns about the geopolitical situation, high costs and possible disruption to world trade flows from tariffs all hurt business optimism in March. Confidence fell to a three-month low and eased across the consumer, intermediate and investment goods industries. Reduced optimism about the outlook was a major factor underlying an eighth successive month-on-month decrease in global manufacturing employment. Job losses in the euro area and the UK (among others) were only partly offset by increases in mainland China and Japan. No change was signalled in US staffing levels. …" – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/597d95a8def84859aaf7f3aad81ca577; 4/1/25

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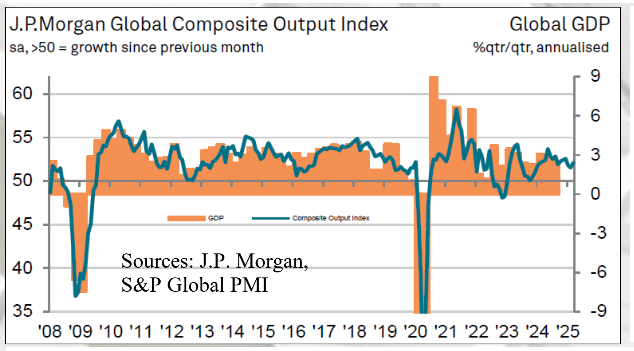
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The March PMI® surveys signalled a modest output growth acceleration in the global economy. At 52.1, up from 51.5 in February, the J.P. Morgan Global Composite PMI® Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – posted its highest reading since December and signalled expansion for the twenty-sixth month in a row.

Growth of global economic output and new orders accelerate in March

"That said, the average Output Index reading for the first quarter (51.8) was still the weakest since the final quarter of 2023 (50.5). A drop in the future output index (which tracks sentiment regarding conditions one year from now) to one of its lowest levels since 2020 also suggested the growth improvement may be short-lived. …

The world service sector outperformed its manufacturing counterpart in March. Services business activity rose at the quickest pace in three months to recover from February's recent low. Output expanded across the business, consumer and financial services sub-industries, with growth improving in the first two categories and slowing in the latter. Manufacturing production rose for the third straight month in March, although the rate of expansion has remained lacklustre throughout that sequence. Growth slowed in both the consumer and intermediate goods industries. Investment goods production contracted for the ninth time in the past ten months.

Levels of new business rose for the seventeenth successive month in March, as a faster expansion at service providers offset slower growth at manufacturers. New export orders stabilised following a nine-month sequence of contraction, with the manufacturing and services sectors both seeing identical negligible increases. Job creation was registered for the third time in the past four months … .

Business optimism eased to a six-month low in March, and to one of its weakest levels since 2020. Confidence deteriorated in five of the six sub-industries covered by the survey, the exception being a mild improvement in the business services category. …" – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/122ca1797ba54a4c8e877d14b79b269d; 4/3/25

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Private Indicators
Associated Builders and Contractors (ABC)

ABC's Construction Backlog Indicator: Monthly Construction Economic Survey Shows Tariff Impacts Emerge

"Associated Builders and Contractors reported today that its Construction Backlog Indicator rose to 8.5 months in March, according to an ABC member survey conducted March 20 to April 6. The reading is up 0.3 months since March 2024.

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

Backlog increased on a monthly basis for all nonresidential subsegments in March. Over the past year, however, only the infrastructure category has experienced a meaningful increase in backlog.

ABC's Construction Confidence Index reading for staffing improved, while the readings for sales and profit margins fell. The readings for all three components remain above the threshold of 50, indicating expectations for growth over the next six months. Notably, respondents who completed the survey after the April 2 tariffs announcement were significantly less upbeat – fewer than 26% of those respondents expected their profit margins to expand over the next six months, while more than 40% expected them to contract.

"Backlog increased in March and contractors remained optimistic regarding the future, but this largely reflects contractor activity and sentiment prior to April 2, when the most consequential economic policy in several decades was announced," said ABC Chief Economist Anirban Basu. "Approximately 80% of ABC contractors surveyed indicate that suppliers have notified them of tariff-related materials price increases, and nearly 20% of contractors surveyed had projects paused or interrupted because of tariffs during March," said Basu. "These tariffs have already materially diminished the outlook for construction activity in 2025. Many businesses are poised to delay or even cancel planned capital investments given the current business environment and daily market convulsions. Conditions will likely deteriorate further if elevated tariff rates remain in place for any meaningful length of time."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-monthly-construction-economic-survey-shows-tariff-impacts-emerge; 4/15/25

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Private Indicators
Associated Builders and Contractors (ABC)

Construction Backlog Indicator

	March 2025	February 2025	March 2024	1-Month Net Change	12-Month Net Change
Total	**8.5**	**8.3**	**8.2**	**0.2**	**0.3**
Industry					
Commercial and institutional	8.7	8.6	8.5	0.1	0.2
Heavy industrial	7.4	7.2	8.8	0.2	-1.4
Infrastructure	9.5	8.0	6.8	1.5	2.7
Region					
Middle States	7.4	6.9	8.0	0.5	-0.6
Northeast	8.0	7.9	7.4	0.1	0.6
South	10.3	10.1	9.7	0.2	0.6
West	7.4	7.6	7.8	-0.2	-0.4
Company Size					
<$30 Million	7.4	7.2	7.7	0.2	-0.3
$30-$50 Million	9.6	8.8	8.2	0.8	1.4
$50-$100 Million	9.0	9.9	9.7	-0.9	-0.7
>$100 Million	12.9	12.3	10.1	0.6	2.8

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-lower-in-february-contractor-confidence-remains-elevated; 3/11/25

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Private Indicators
Associated Builders and Contractors (ABC)

Construction Confidence Index

Response	March 2025	February 2025	March 2024
CCI Reading			
Sales	62.6	64.5	61.9
Profit margins	52.7	54.8	52.4
Staffing	64.2	64.0	63.3
Sales Expectations			
Up big	7.9%	7.8%	11.9%
Up small	55.1%	59.8%	47.1%
No change	18.4%	17.2%	21.0%
Down small	17.0%	13.1%	16.6%
Down big	1.6%	2.0%	3.4%
Profit Margin Expectations			
Up big	3.3%	4.5%	3.1%
Up small	32.1%	34.8%	30.5%
No change	40.0%	37.7%	42.4%
Down small	21.3%	21.3%	21.0%
Down big	3.3%	1.6%	3.1%
Staffing Level Expectations			
Up big	7.5%	5.3%	7.8%
Up small	52.1%	54.5%	47.8%
No change	31.1%	31.6%	35.6%
Down small	7.9%	8.2%	7.5%
Down big	1.3%	0.4%	1.4%

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-lower-in-february-contractor-confidence-remains-elevated; 3/11/25

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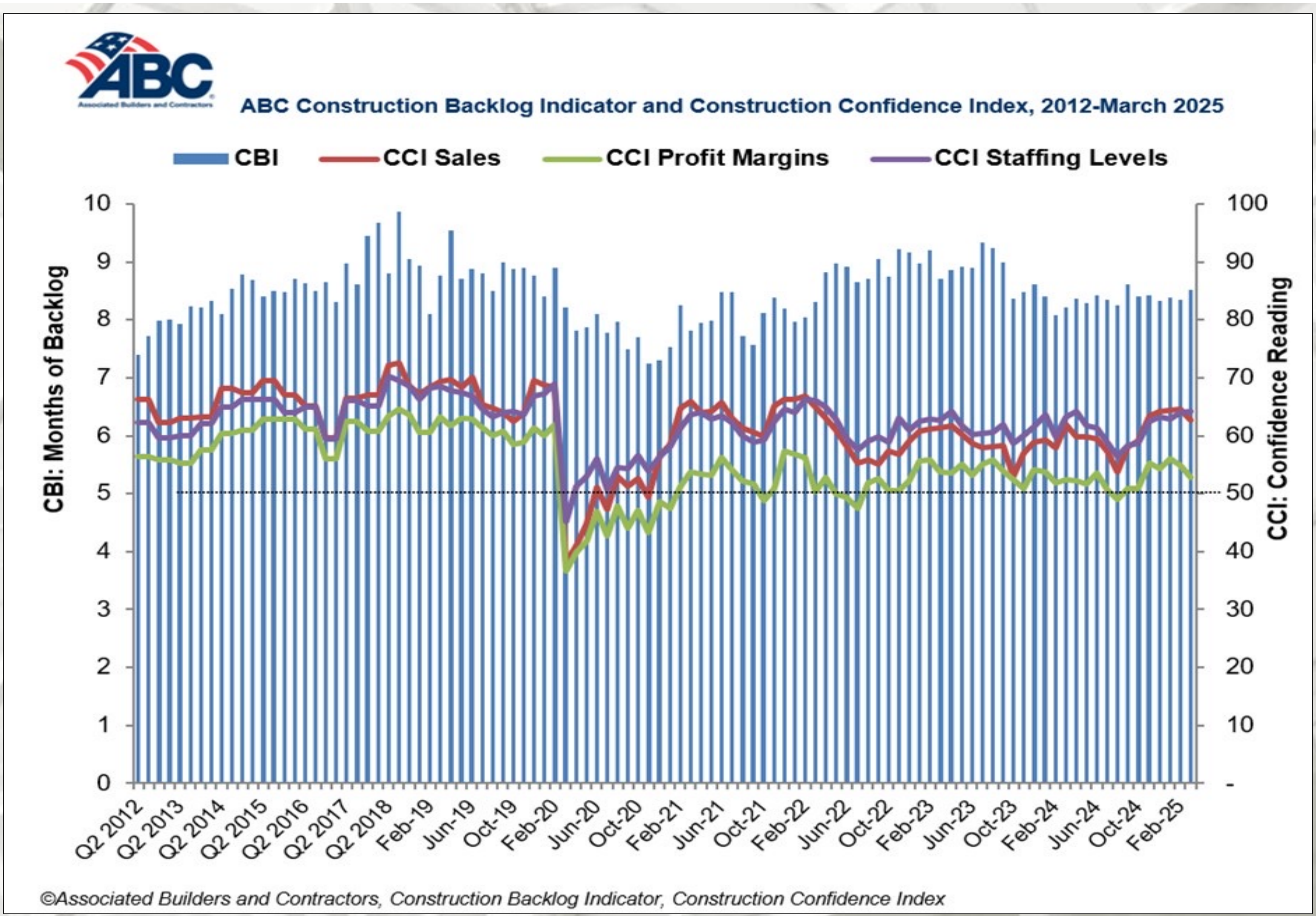
Private Indicators
Associated Builders and Contractors (ABC)



Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-inches-lower-in-february-contractor-confidence-remains-elevated; 3/11/25

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Rises to Highest Level on Record in February

“National nonresidential construction spending increased 0.3% in February, 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 $1.255 trillion.

Spending was up on a monthly basis in 9 of the 16 nonresidential subcategories. Private nonresidential spending increased 0.4%, while public nonresidential construction spending was up 0.2% in February.

“Nonresidential spending rebounded in February, rising to the highest level on record,” said ABC Chief Economist Anirban Basu. “A surge in highway and street spending accounted for more than 40% of the monthly increase, and public sector nonresidential spending is now up more than 6% on a year-over-year basis. Unfortunately, private sector spending has not kept pace and is up just 2.5% since last February, a rate of increase slower than economywide inflation.

“The mix of high interest rates, tight lending standards and unprecedented uncertainty regarding trade policy will continue to weigh on private sector construction in the coming months,” said Basu. “Despite these ongoing headwinds and the expectation that materials prices will rise as tariffs are implemented, contractors remain optimistic about their prospects 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-nonresidential-construction-spending-rises-to-highest-level-on-record-in-february; 4/1//25

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Private Indicators
Associated Builders and Contractors

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

	February 2025	January 2025	February 2024	1-Month % Change	12-Month % Change
Total Construction	$2,195,755	$2,179,942	$2,133,750	0.7%	2.9%
Residential	$940,578	$928,720	$925,498	1.3%	1.6%
Nonresidential	$1,255,176	$1,251,221	$1,208,252	0.3%	3.9%
Religious	$4,952	$4,753	$4,309	4.2%	14.9%
Conservation and development	$11,988	$11,714	$11,126	2.3%	7.7%
Water supply	$34,847	$34,313	$30,069	1.6%	15.9%
Amusement and recreation	$41,994	$41,435	$36,788	1.3%	14.2%
Highway and street	$148,478	$146,753	$147,818	1.2%	0.4%
Commercial	$125,988	$124,650	$129,883	1.1%	-3.0%
Educational	$135,689	$135,223	$127,164	0.3%	6.7%
Health care	$69,772	$69,563	$68,311	0.3%	2.1%
Manufacturing	$235,120	$234,916	$224,419	0.1%	4.8%
Power	$152,982	$153,057	$148,056	0.0%	3.3%
Communication	$28,937	$28,966	$27,933	-0.1%	3.6%
Office	$104,864	$105,144	$101,494	-0.3%	3.3%
Lodging	$23,517	$23,597	$23,533	-0.3%	-0.1%
Sewage and waste disposal	$47,404	$47,723	$43,492	-0.7%	9.0%
Transportation	$69,920	$70,435	$65,906	-0.7%	6.1%
Public safety	$18,724	$18,979	$17,951	-1.3%	4.3%
Private Nonresidential	$757,516	$754,759	$739,252	0.4%	2.5%
Public Nonresidential	$497,660	$496,462	$469,000	0.2%	6.1%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-rises-to-highest-level-on-record-in-february; 4/1//25

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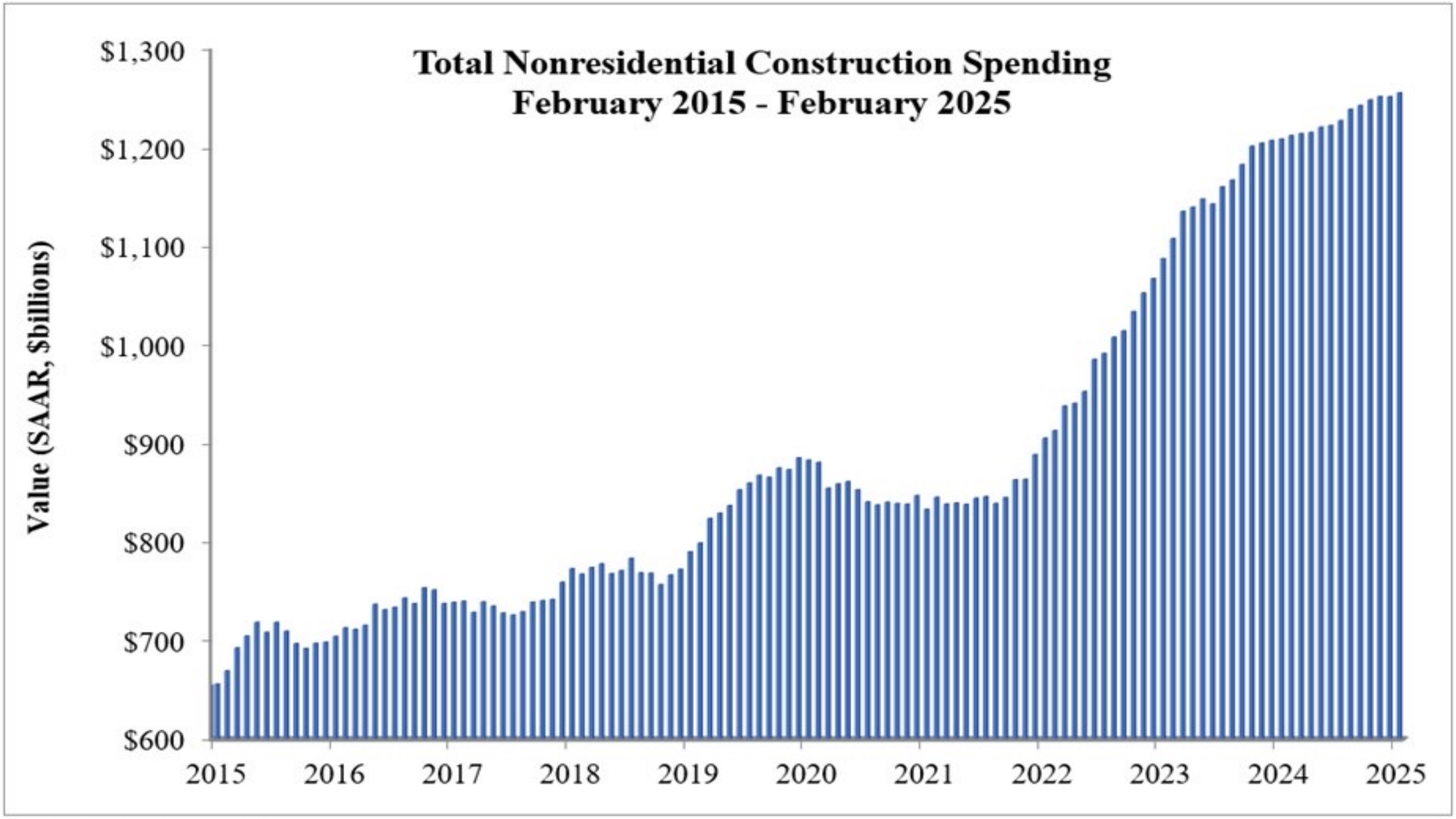
Private Indicators
Associated Builders and Contractors



Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-rises-to-highest-level-on-record-in-february; 4/1//25

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Private Indicators
Associated Builders and Contractors

March Construction Employment Up Just 1.8% Year Over Year

"The construction industry added 13,000 jobs on net in March, according to an Associated Builders and Contractors analysis of data released by the U.S. Bureau of Labor Statistics. On a year-over-year basis, industry employment has risen by a mere 143,000 jobs, an increase of 1.8%.

Nonresidential construction employment increased by 22,300 positions on net in March, with growth in 2 of the 3 subsegments. Nonresidential specialty trade added the most jobs, with a monthly increase of 19,300 positions, while heavy and civil engineering added 3,400 jobs. The nonresidential building subsegment lost 400 positions.

The construction unemployment rate decreased to 5.4% in March and is unchanged from one year ago. Unemployment across all industries rose from 4.1% in February to 4.2% last month.

"At first glance, this is a perfectly fine jobs report for the construction industry," said ABC Chief Economist Anirban Basu. "The details, however, give cause for concern. With downward revisions to the January and February numbers, the industry added just 8,000 jobs per month during the first quarter of 2025. Construction employment is up just 1.8% since March 2024, the slowest year-over-year growth in four years.'"

"March's labor market data is a lesser concern in light of the sweeping tariffs announced on April 2," said Basu. "What amounts to the largest tax hike since 1968 will reduce construction activity due to rising input costs, shaken business confidence and potentially higher-for-longer interest rates. While contractors were sanguine about the outlook as of last month, according to ABC's Construction Confidence Index, industry expectations are likely to worsen in the coming months.'""
– Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-march-construction-employment-up-just-18-year-over-year; 3/4//25

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Private Indicators
Associated Builders and Contractors

Construction Employment Statistics: March 2025

	March 2025	February 2025	March 2024	1-Month Net Change	12-Month Net Change	12-Month % Change
Employment						
Construction	8,313,000	8,300,000	8,170,000	13,000	143,000	1.8%
Nonresidential	4,962,900	4,940,600	4,833,900	22,300	129,000	2.7%
Nonresidential building	916,700	917,100	904,300	-400	12,400	1.4%
Nonresidential specialty trade contractors	2,865,800	2,846,500	2,779,800	19,300	86,000	3.1%
Heavy & civil engineering	1,180,400	1,177,000	1,149,800	3,400	30,600	2.7%
Residential	3,350,000	3,359,800	3,336,000	-9,800	14,000	0.4%
Residential building	957,900	954,800	939,700	3,100	18,200	1.9%
Residential specialty trade contractors	2,392,100	2,405,000	2,396,300	-12,900	-4,200	-0.2%
Average Hourly Earnings						
All private industries	$36.00	$35.91	$34.67	$0.09	$1.33	3.8%
Construction	$39.24	$39.14	$37.75	$0.10	$1.49	3.9%
Average Weekly Hours						
All private industries	34.2	34.2	34.4	0.0	-0.2	-0.6%
Construction	39.3	38.7	39.3	0.6	0.0	0.0%
Unemployment Rate						
All private industries (SA)	4.2%	4.1%	3.9%	0.1pp	0.3pp	
Construction (NSA)	5.4%	7.2%	5.4%	-1.8pp	0.0pp	

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

Source: https://www.abc.org/News-Media/News-Releases/abc-march-construction-employment-up-just-18-year-over-year; 3/4//25

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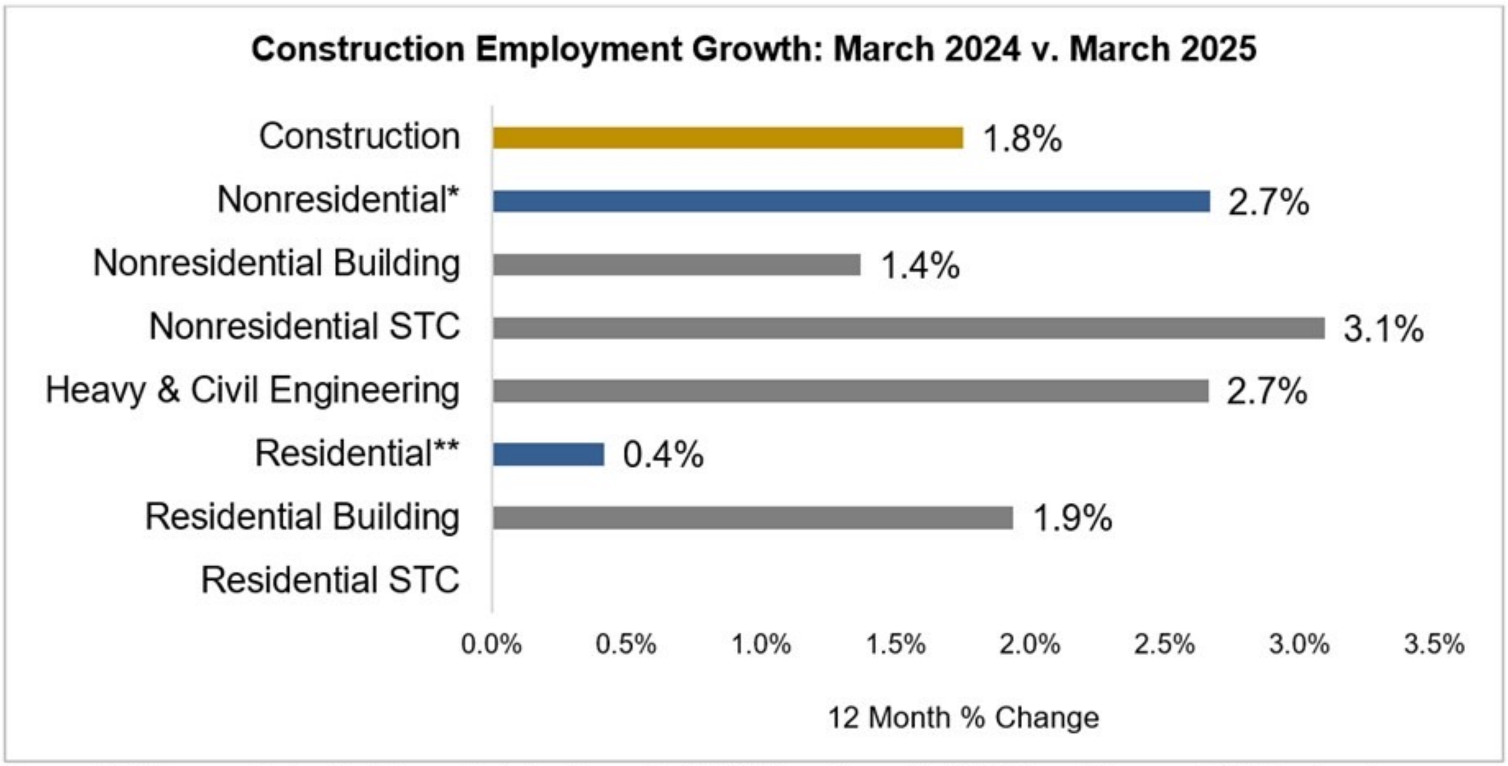
Private Indicators
Associated Builders and Contractors



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

Source: https://www.abc.org/News-Media/News-Releases/abc-march-construction-employment-up-just-18-year-over-year; 3/4//25

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Private Indicators
Associated Builders and Contractors

Construction Job Openings Still Subdued in February

“The construction industry had 264,000 job openings on the last day of February, 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 increased by 22,000 last month but are down by 165,000 from the same time last year.

“Construction industry hiring continued to pick up in February, accelerating to the fastest rate since the first half of 2024,” said ABC Chief Economist Anirban Basu. “However, industrywide job openings remain subdued compared to this time last year. Still, there are signs that construction workers retain outsized leverage compared to their employers. Contractors remain reluctant to lay off workers, while construction workers quit their jobs at the fastest pace since last May.

“With contractors optimistic about expanding their staffing levels over the next six months, according to ABC’s Construction Confidence Index, the pace of hiring should continue to accelerate through the middle of 2025.”” – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/construction-job-openings-still-subdued-in-february-says-abc; 4/1//25

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Private Indicators
Associated Builders and Contractors

Construction Industry Job Openings and Labor Turnover Data: February 2025

	February 2025	January 2025	February 2024	1-Month Net Change	12-Month Net Change	12-Month % Change
Total						
Job openings	264,000	242,000	429,000	22,000	-165,000	-38.5%
Hires	354,000	346,000	374,000	8,000	-20,000	-5.3%
Total separations	344,000	333,000	356,000	11,000	-12,000	-3.4%
Layoffs & discharges	145,000	149,000	198,000	-4,000	-53,000	-26.8%
Quits	181,000	164,000	148,000	17,000	33,000	22.3%
Other separations	18,000	19,000	11,000	-1,000	7,000	63.6%
Rate						
Job openings	3.1%	2.8%	5.0%			
Hires	4.3%	4.2%	4.6%			
Total separations	4.1%	4.0%	4.4%			
Layoffs & discharges	1.7%	1.8%	2.4%			
Quits	2.2%	2.0%	1.8%			
Other separations	0.2%	0.2%	0.1%			

Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/construction-job-openings-still-subdued-in-february-says-abc; 4/1//25

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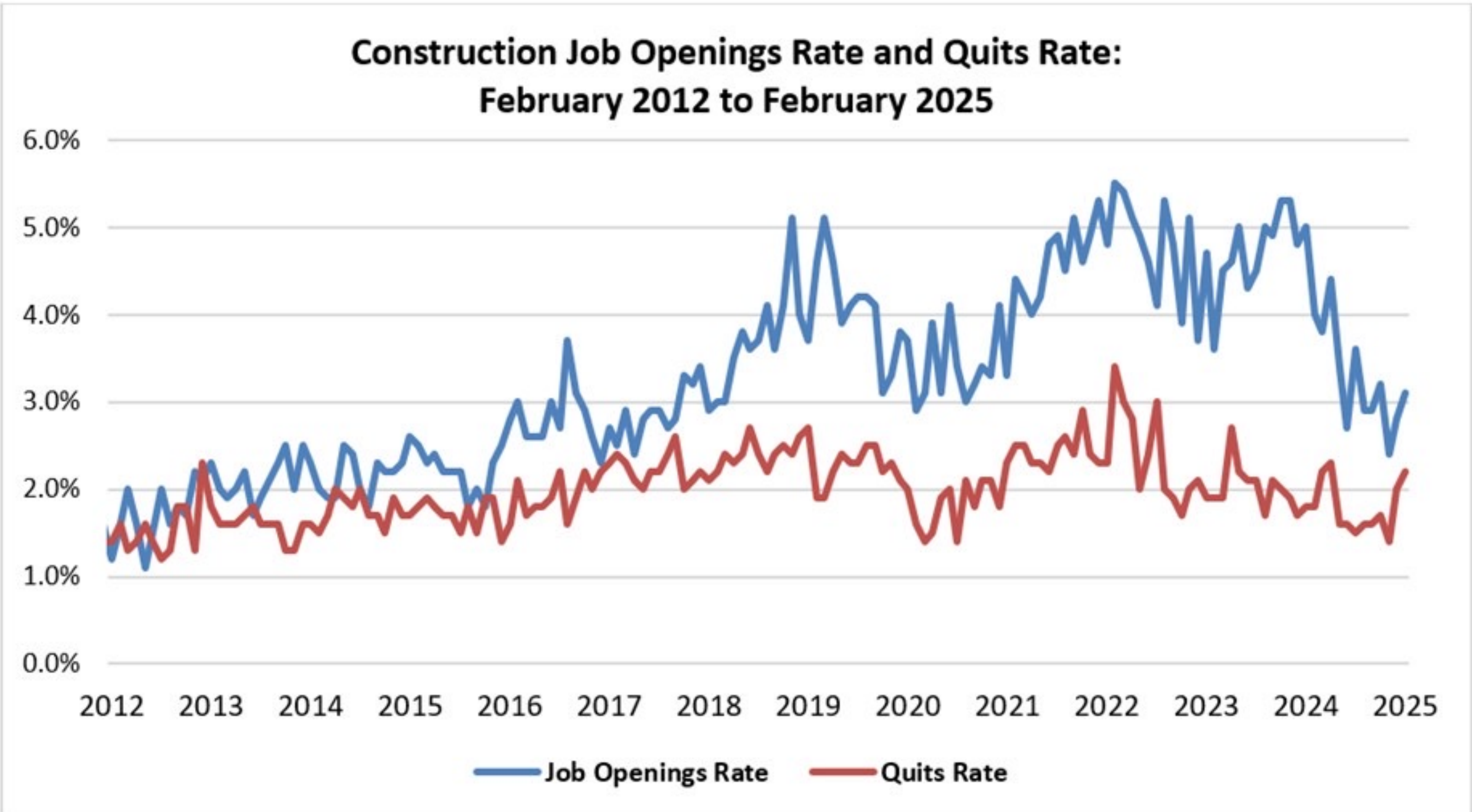
Associated Builders and Contractors



Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/construction-job-openings-still-subdued-in-february-says-abc; 4/1//25

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Private Indicators
American Institute of Architects (AIA) & Deltek

Architecture Billings Index February 2025

Business conditions remained soft at architecture firms in February.

"The AIA/Deltek Architecture Billings Index (ABI) score was 45.5 for the month, indicating that a majority of firms are still experiencing declining firm billings. Billings were flat early in the fourth quarter of 2024 but have softened significantly since then. February also marked the first month since the height of the pandemic in 2020 that inquiries into new projects at firms have declined. Inquiries can be as formal as an RFP or RFQ from a potential client, or as informal as a discussion about a potential project, and rarely decline, even during periods of economic softness. The decline this month likely reflects the ongoing uncertainty about the economy at this time. In addition, the value of new signed design contracts decreased at firms for the twelfth consecutive month in February, as clients also remain hesitant to commit to new projects at this time." – The American Institute of Architects

"Conditions in the broader economy were generally positive in February, with the Consumer Price Index (CPI) increasing by only a modest amount, long-term interest rates easing from January levels, and healthy job growth. However, uncertainty surrounding the impact of recently announced tariffs may lead to a rise in building material prices in the coming months while immigration policy may put even more pressure on an already undersupplied construction labor market." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/resource-center/abi-february-2025-billings-remain-soft-architecture-firms-interest-new-projects; 3/19/25

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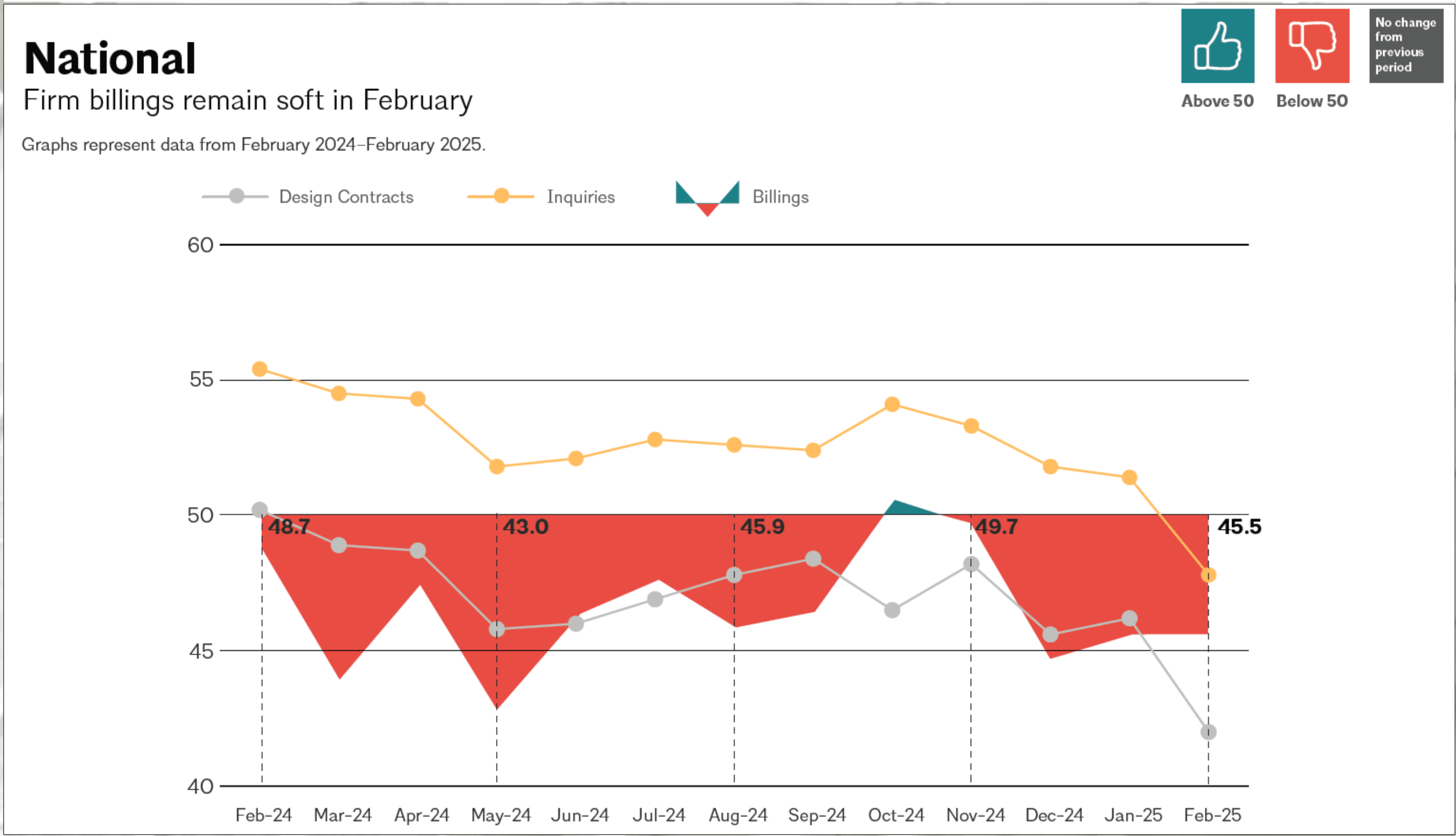
Private Indicators
American Institute of Architects (AIA) & Deltek



Source: https://www.aia.org/resource-center/abi-february-2025-billings-remain-soft-architecture-firms-interest-new-projects; 3/19/25

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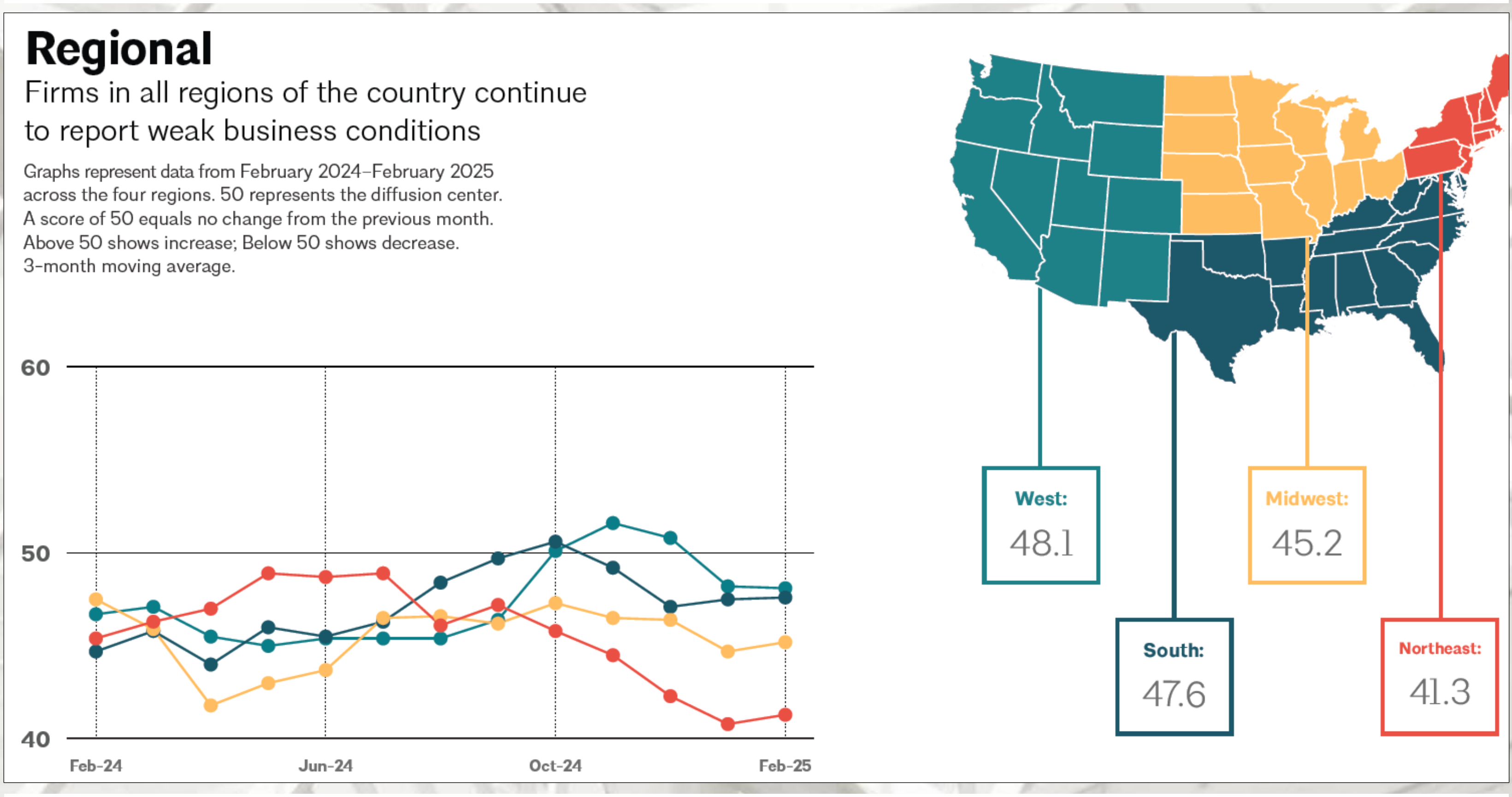
Private Indicators: AIA & Deltek



Region

"Billings remained soft in all regions of the country in February as well. While firms located in the West reported modest growth throughout the fourth quarter of 2024, business conditions there have softened somewhat since then. Billings remained weakest at firms located in the Northeast, with more moderate declines in billings reported at firms located in the Midwest and South. " – The American Institute of Architects

Source: https://www.aia.org/resource-center/abi-february-2025-billings-remain-soft-architecture-firms-interest-new-projects; 3/19/25

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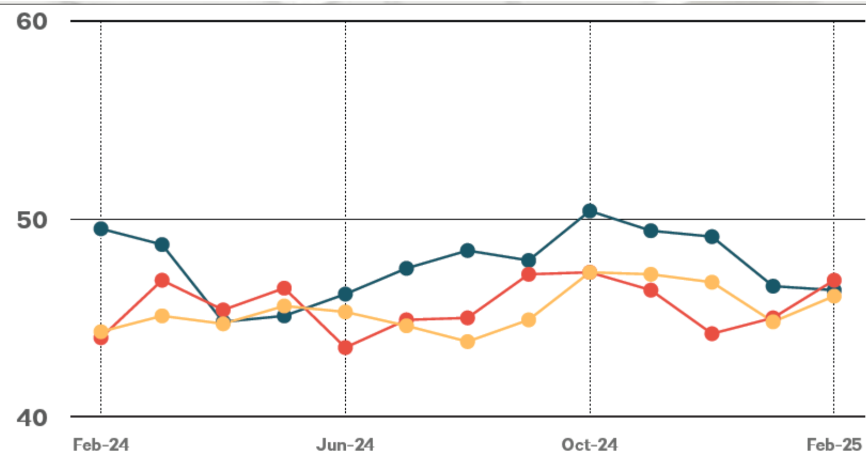
Private Indicators: AIA & Deltek

Sector

Firms of all specializations continue to experience declining billings

Graphs represent data from February 2024–February 2025 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.



Sector

"Business conditions were also weak across firms of all specializations this month, remaining softest at firms with a multifamily residential specialization for the second consecutive month." – The American Institute of Architects

Source: https://www.aia.org/resource-center/abi-february-2025-billings-remain-soft-architecture-firms-interest-new-projects; 3/19/25

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Private Indicators

Dodge Data & Analytics

Remained Flat in February

“Total construction starts were up 0.5% in February to a seasonally adjusted annual rate of $1.1 trillion, according to Dodge Construction Network. Nonresidential building starts grew 2%, residential starts decreased 1%, while nonbuilding starts were unchanged. On a year-to-date basis through February, total construction starts were down 2% from last year. Nonresidential starts were down 14%, residential starts were down 3% and nonbuilding starts were up by 16% over the same period.

For the 12 months ending February 2025, total construction starts were up 3% from the 12 months ending February 2024. Residential starts were up 3%, nonresidential starts were flat, and nonbuilding starts rose 7% over the same period.

“While increased uncertainty over the trajectory of monetary and fiscal policies may be informing some of the flat month-to-month trends – the largest construction sectors still saw growth in activity throughout February,” stated Sarah Martin, associate director of forecasting at Dodge Construction Network. “Steady growth in planning activity throughout 2024 should support stronger construction starts in future months – but owners and developers will have to factor in higher risk around elevated material costs, supply chain volatility and further labor constraints.” – Amy Roepke, Media Contact, Construction.com

Source: https://www.construction.com/company-news/construction-starts-remained-flat-in-february/; 3/24/25

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Private Indicators

Dodge Data & Analytics

"**Nonresidential building starts** improved 2% in February to a seasonally adjusted annual rate of $402 billion. Commercial starts were 22% higher in February, alongside strong office, hotel, and parking garage starts. Institutional starts, on the other hand, were down 2% in February following weaker healthcare activity after a multi-billion-dollar hospital started in January. Manufacturing starts fell 48% over the month. On a year-to-date basis through February, nonresidential starts are down 14% compared to February 2024. Commercial starts are down 8% and institutional starts are up 11% over the same period.

For the 12 months ending February 2025, total nonresidential starts were flat compared to the 12 months ending February 2024. Commercial starts were up 7%, institutional starts improved 15%, and manufacturing starts were down 51% over the same period.

Residential building starts fell 1% in February to a seasonally adjusted annual rate of $401 billion. Single family starts increased by 1%, while multifamily starts fell back 6%. On a year-to-date basis through February, residential starts are down 3% when compared to February 2024 – with single family starts up 2% and multifamily starts down 11%.

For the 12 months ending February 2025, total residential starts were up 3% – while single family starts were up 11% and multifamily starts were down 11% compared to the 12 months ending February 2024.

Regionally, total construction starts in February rose in the Northeast, Midwest, South Atlantic and West, but fell in the South Central. " – Sarah Martin, Associate Director of Forecasting, Dodge Construction Network

Source: https://www.construction.com/company-news/construction-starts-remained-flat-in-february/; 3/24/25

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Private Indicators

MONTHLY CONSTRUCTION STARTS

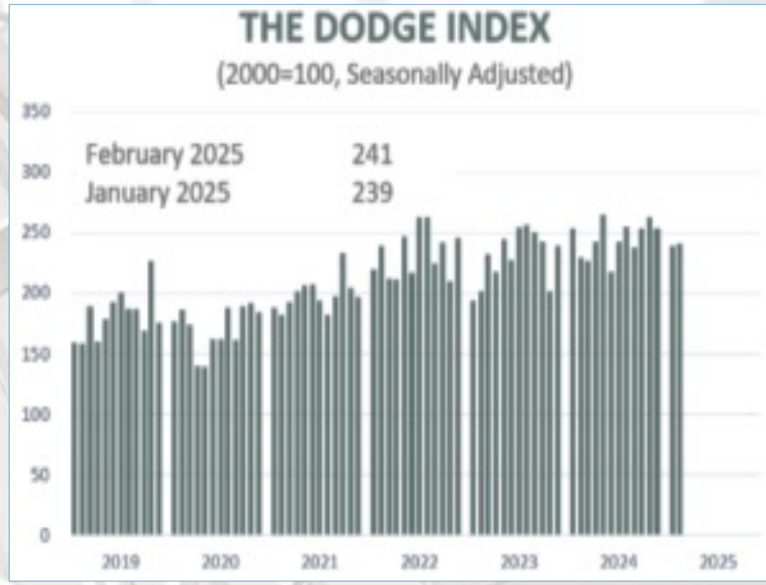
(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Feb 2025	Jan 2025	% Change
Nonresidential Building	$401,918	$392,511	2
Residential Building	$401,311	$405,459	-1
Nonbuilding Construction	$334,218	$333,877	0
Total Construction	$1,137,447	$1,131,848	0.5

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	2 Mo. 2025	2 Mo. 2024	% Change
Nonresidential Building	$58,908	$68,288	-14
Residential Building	$61,129	$62,804	-3
Nonbuilding Construction	$51,206	$44,201	16
Total Construction	$171,243	$175,293	-2



Source: Dodge Data & Analytics

Source: https://www.construction.com/company-news/construction-starts-remained-flat-in-february/; 3/24/25

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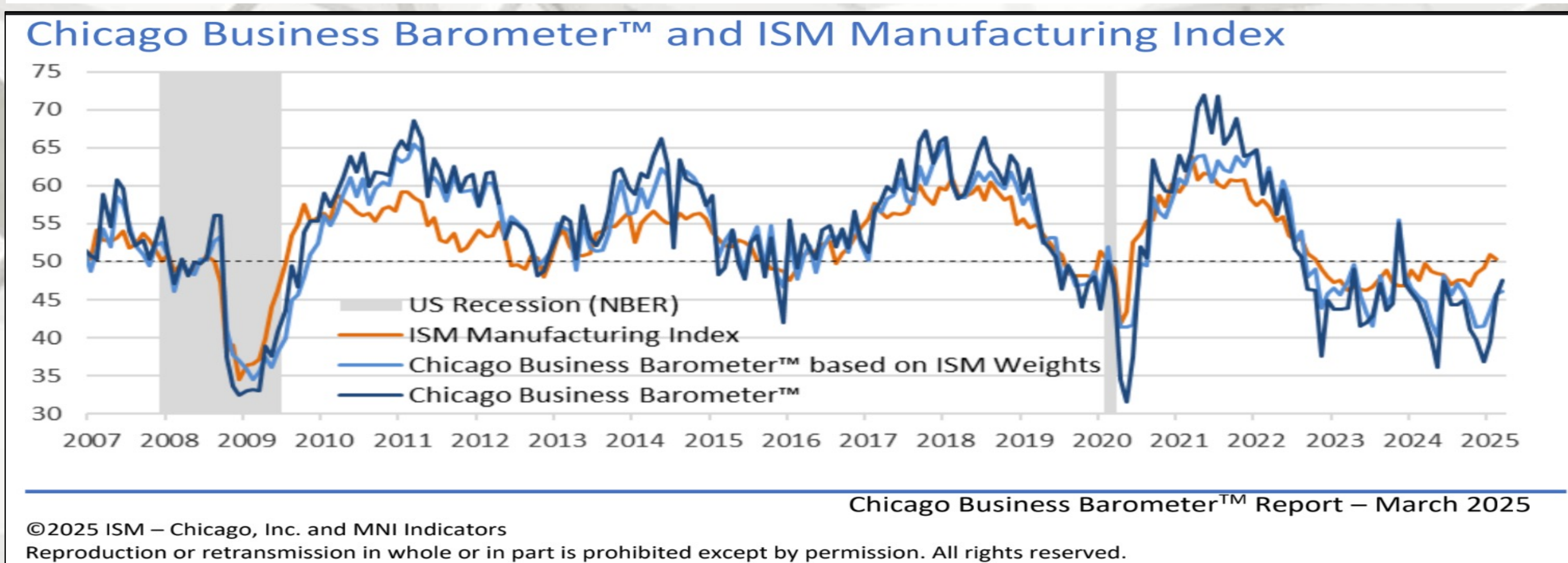

MNI Chicago

March 2025 Chicago Report™ – Advances to 47.6 in March

"**The Chicago Business Barometer™**, produced with MNI, advanced 2.1 points to 47.6 in March. This is the third consecutive monthly gain, taking the index to its highest level since November 2023, though it remains in contractionary territory for the sixteenth successive month.

- The increase was largely driven by a rise in Production, with smaller increases in Employment, Order Backlogs and New Orders also contributing whilst Supplier Deliveries declined.
- Production increased 8.8 points to the highest since December 2023, taking it into expansionary territory for the first time since June 2024." – 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; 3/31/25

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Private Indicators

March 2025 Chicago Report™ – Advances to 47.6 in March

- “New Orders saw a minor 0.4 point rise, with the subindex last higher than this in November 2023.
- Employment lifted 0.9 points, only a marginal improvement from January 2025 which had recorded the lowest level since June 2020.
- Order Backlogs progressed by 0.7 points, remaining the highest since September 2024.
- Supplier Deliveries dipped 2.0 points.
- Inventories fell 6.5 points to the lowest level since March 2020.
- Prices Paid edged down a marginal 0.4 points, keeping the reading the second highest print since August 2022. No respondents reported lower prices for the second consecutive month.” – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicators

Source: https://chicago.ismworld.org/news-publications/reports/research-survey/; 3/31/25

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Private Indicators

The Conference Board Leading Economic Index® (LEI) for the U.S. Fell Further in February

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. inched down by 0.1% in December 2024 to 101.6 (2016=100), after an upwardly revised increase of 0.4% in November. The LEI declined by 1.3% over the second half of 2024, slightly less than its 1.7% decline over the first half of the last year.

The US LEI fell again in February and continues to point to headwinds ahead. Consumers' expectations of future business conditions turned more pessimistic. That was the component that weighed down most heavily on the Index in February. Manufacturing new orders, which improved in January, retreated and were the second largest negative contributor to the Index's monthly decline. On a positive note, the LEI's six-month and annual growth rates, while still negative, have remained on an upward trend since the end of 2023, suggesting that headwinds in the economy as of February may have moderated compared to last year. However, given substantial policy uncertainty and the notable pullback in consumer sentiment and spending since the beginning of the year, we currently forecast that real GDP growth in the US will slow to around 2.0% in 2025.

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.3% in February 2025 to 114.7 (2016=100), after a 0.2% increase in January. As a result, the CEI rose by 1.2% over the six-month period between August 2024 and February 2025, twice its 0.6% growth over the previous six months. The CEI's four 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. They all improved in February, with the largest positive contribution coming from industrial production, followed by personal income less transfer payments, manufacturing and trade sales, and payroll employment.

The Conference Board Lagging Economic Index® (LAG) for the U.S. increased by 0.4% to 119.1 (2016=100) in February 2025, after a 0.3% increase in January. As a result, the LAG's six-month change turned positive, rising 0.2% between August 2024 and February 2025 – a reversal of its 0.2% decline from over the previous six months." – Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 3/20/25

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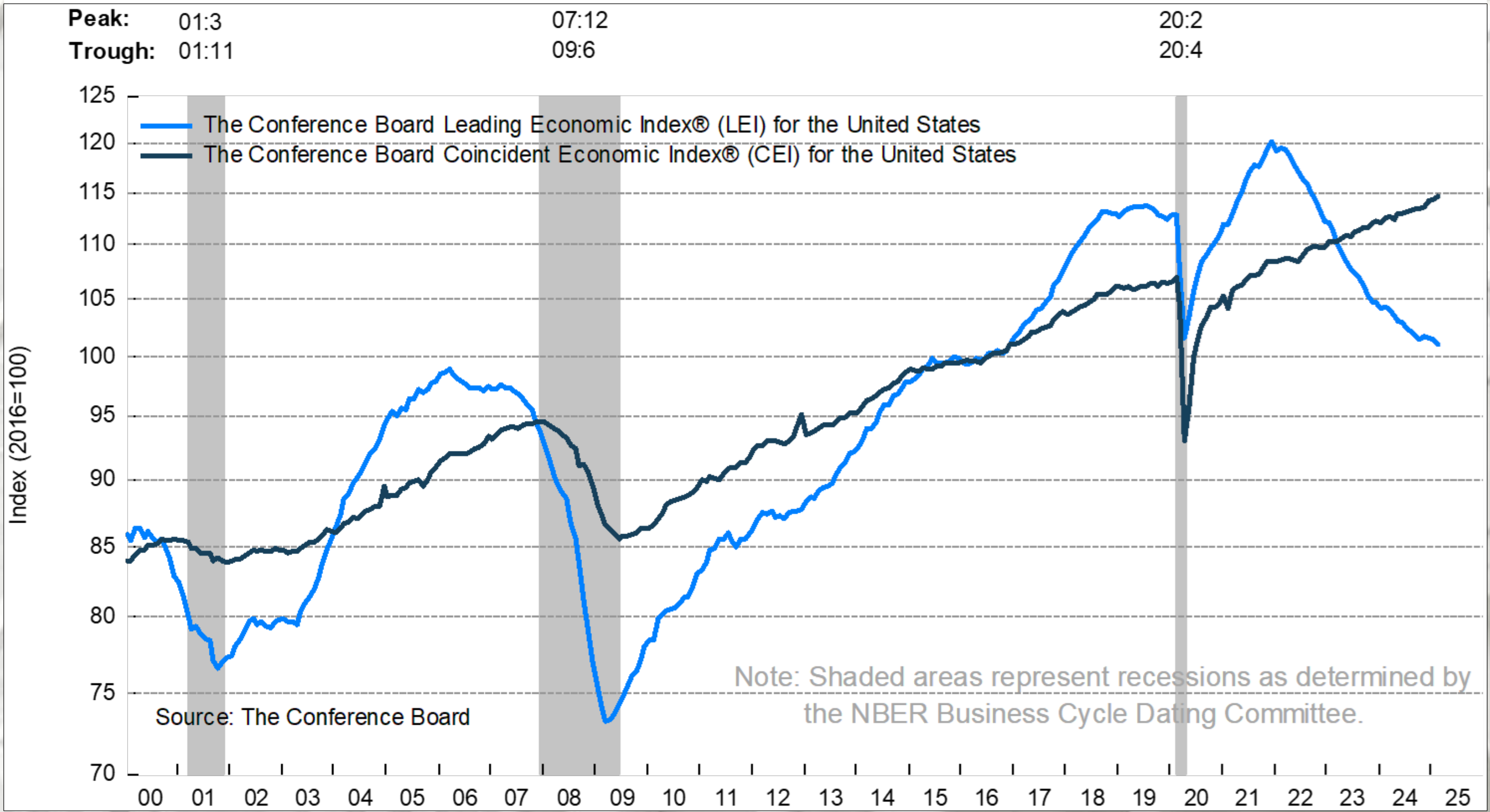
Private Indicators

The Conference Board Leading Economic Index® (LEI) for the U.S. Fell Further in February

The LEI declined for the third consecutive month in February 2025



Source: https://www.conference-board.org/data/bcicountry.cfm; 3/20/25

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Production declines in March as order book growth slows on tariff uncertainty

Drop in factory output follows strong growth in February
Hiring stalls as orders rise only modestly
Cost inflation spikes to highest since August 2022

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®) remained above the crucial 50.0 no-change mark for a third successive month in March, but only just. Recording 50.2, down from 52.7, the PMI signaled a marginal improvement in operating conditions that was the weakest of the year so far.

US manufacturing sector growth stalled in March. Having grown strongly in February, production declined as order books expanded only modestly despite evidence of a stabilization of exports.

Confidence in the outlook for business activity softened, amid some uncertainty over the impact of federal government policies.

Employment numbers were unchanged after four months of job gains. Softer trends in output and new orders, plus uncertainty in the outlook, weighed on hiring decisions. Cost pressures intensified, largely due to the impact of tariffs, with input price inflation rising to its highest level in over two-and-a-half years." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/443c2f6df7724ed18ed26f94a06fefd8; 4/1/25

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Production declines in March as order book growth slows on tariff uncertainty

"A drop in production for the first time since December weighed heavily on the headline index. The modest fall in output was in stark contrast to the fastest rise in production for nearly three years seen during February and partly reflected fewer instances of output being raised to front-run tariffs.

Market uncertainty was also frequently reported, linked to concerns over tariff implementation and federal government policies. This served to weigh on new order book growth, which was modest overall in March and the lowest of the year so far. Where orders rose, panelists noted success in capitalizing on some positive underlying demand via trade shows and the release of new products. Latest data also hinted at efforts to fulfil orders ahead of any tariff implementation as new export orders stabilized following nine months of contraction. Orders were reported to have increased from clients based in Asia, Canada and Europe during March.

Confidence in the outlook softened again in February, dropping for a second successive month to its lowest level since December. This was linked to uncertainty over the impact of federal government policies on activity in the year " – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/443c2f6df7724ed18ed26f94a06fefd8; 4/1/25

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Production declines in March as order book growth slows on tariff uncertainty

"Employment was unchanged in March, following a four month run of growth. Sluggish demand growth and elevated costs weighed on hiring activity, according to anecdotal evidence. Capacity nonetheless remained sufficiently high to comfortably deal with overall workloads. Levels of work outstanding declined in March at the fastest rate since December, to thereby extend the current period of contraction to two-and-a-half years.

Against a backdrop of falling output and slower order book growth, manufacturers signaled a modest cut in purchasing activity. Instead, firms preferred to utilize existing inputs in production wherever possible, recording a drop in stocks of inputs following marginal growth in February.

Despite weaker demand, average lead times for the delivery of stocks nonetheless continued to lengthen, extending the current downturn to six months. Insufficient stocks at vendors were noted, although some firms reported delays at customs as a factor behind the slower delivery of ordered inputs.

Vendors were generally seen as raising their prices during March. This was in part related to tariffs, with metals like steel reported to have increased in cost. Overall, input price inflation spiked higher in March, hitting its highest level since August 2022.

The steep increase in input prices fed through to a greater rise in manufacturing selling prices during March. Latest data showed that output price inflation picked up for a fourth successive month to a 25-month high." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/443c2f6df7724ed18ed26f94a06fefd8; 4/1/25

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Comment

"The strong start to the year for US manufacturers has faltered in March. A combination of improved optimism surrounding the new administration and the need to front-run tariffs had buoyed the goods-producing sector in the first two months of the year, but cracks are now starting to appear. Production fell for the first time in three months in March, and order books are becoming increasingly depleted.

While business confidence about the outlook remains relatively elevated by standards seen over the past three years, this is based on companies hoping that the near term disruption caused by tariffs and other policies will be superseded as longer-term benefits from the policies of the new administration accrue. However, March has seen more producers question this belief. Business optimism about the year ahead has deteriorated further from January's near three-year high, and has dropped sharply over the past two months, causing firms to stop raising payroll counts for the first time since October.

A key concern among manufacturers is the degree to which heightened uncertainty resulting from government policy changes, notably in relation to tariffs, causes customers to cancel or delay spending, and the extent to which costs are rising and supply chains deteriorating in this environment. Tariffs were the most cited cause of factory input costs rising in March, and at a rate not seen since mid-2022 during the pandemic-related supply shock. Supply chains are also suffering to a degree not seen since October 2022 as delivery delays become more widespread.

Data in the coming months will provide important insights into how the inflationary aspects of policies such as tariffs balance out against any benefits to US producers." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/443c2f6df7724ed18ed26f94a06fefd8; 4/1/25

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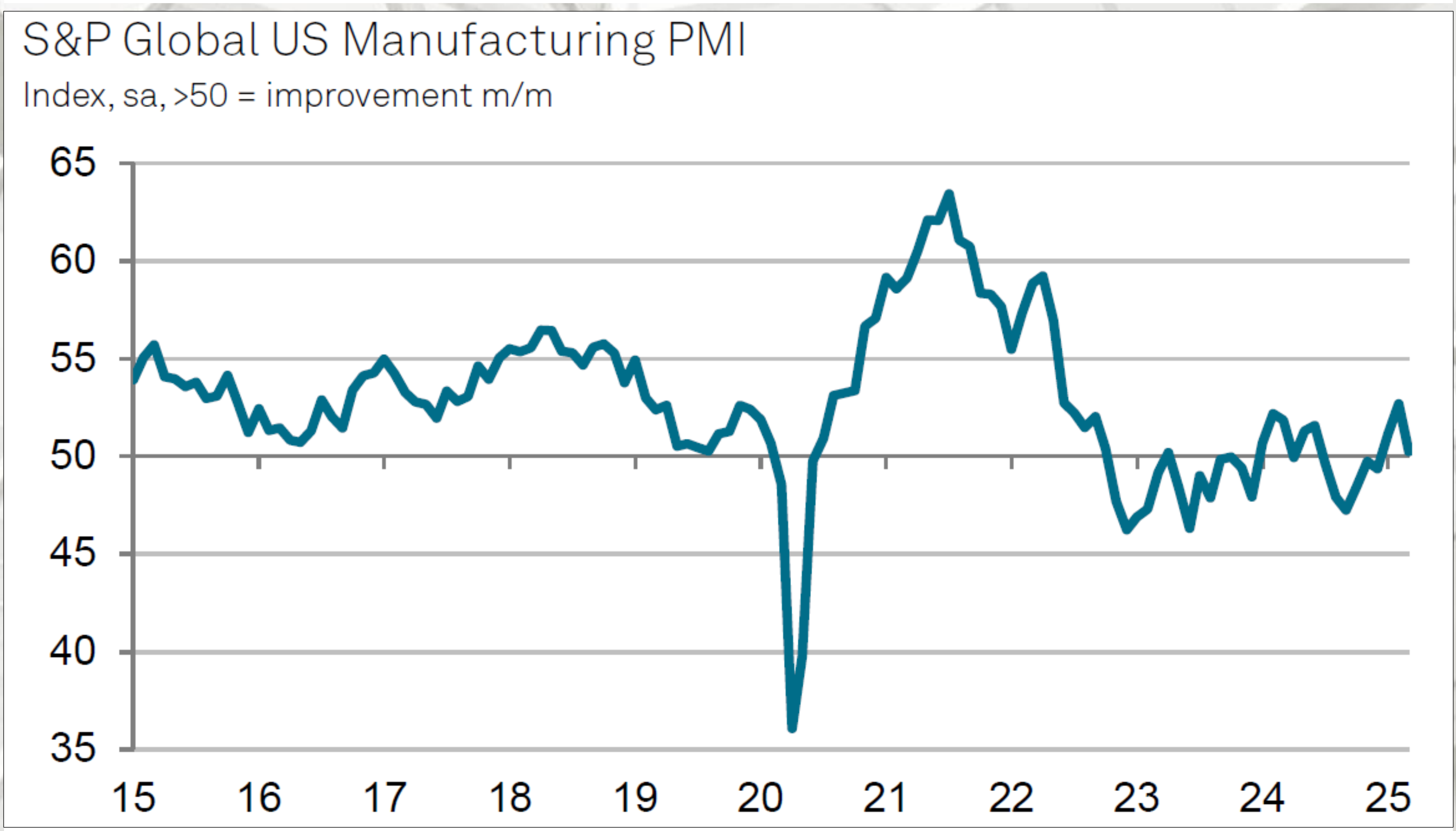

Source: S&P Global PMI,. ©2025 S&P Global.

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/443c2f6df7724ed18ed26f94a06fefd8; 4/1/25

Private Indicators

S&P Global U.S. Services PMI™

Growth picks up in March, but confidence in outlook remains subdued

Activity and new business growth both pick up…
…although sentiment about the future remains downbeat
Cost inflation up to 18-month high

"The S&P Global US Services PMI® Business Activity Index improved noticeably in March having slumped to a 15-month low during February. After accounting for seasonal factors, the index rose to 54.4, from 51.0 and the highest reading of 2025 so far. By remaining above the crucial 50.0 no-change mark in March, the index has signaled continuous monthly growth since February 2023.

Business activity growth in the US service sector picked up momentum in March, improving noticeably since February on the back of strengthening customer demand.

However, some worries over the impact of federal government policies, especially in relation to tariffs, meant confidence in the outlook fell to its second lowest since the end of 2022.

Jobs growth was also recorded, though only to a modest degree in the context of the survey history amid worries over rising costs. Operating expenses increased in March to the greatest degree in a year-and-a-half, largely attributed by panelists to the impact of tariffs. Competition however limited the ability of firms to pass on higher costs to clients via selling prices." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source https://www.pmi.spglobal.com/Public/Home/PressRelease/45fdb1d48309423bbbda626a49b7dbf9; 4/3/25

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Private Indicators

S&P Global U.S. Services PMI™

Growth picks up in March, but confidence in outlook remains subdued

“Higher activity was principally linked to increased volumes of new work amid evidence of strengthened customer demand. Unseasonably warm weather was also noted to have supported an upturn in activity and sales. New business overall rose solidly and to a greater degree than in February, though growth remained slightly below trend and mainly domestic focused. Latest data showed that foreign sales rose only slightly in March (although this was an improvement on the declines seen at the start of the year).

Confidence in the outlook remained positive overall in March, linked to an expected improvement in economic conditions over the next year. Some firms pointed to the new administration’s economic policies as likely being supportive to growth. However, reflective of the uncertainty in the outlook, concerns persisted over the effects of federal cost cutting initiatives, and in particular, the role of tariffs in raising prices and dampening overall demand. Subsequently, confidence edged lower in March and was, with the exception of last September when sentiment was impacted by uncertainty ahead of the Presidential election, the weakest since December 2022.

With some growth forecast, and new business volumes increasing, a net rise in employment was recorded during March. It was the third time in the past four months that staffing levels have risen, although the net increase was again only modest and below trend. Service providers signaled only mild capacity pressures as work outstanding was up only marginally following a solid reduction during February.” – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source https://www.pmi.spglobal.com/Public/Home/PressRelease/45fdb1d48309423bbbda626a49b7dbf9; 4/3/25

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Private Indicators

S&P Global U.S. Services PMI™

Growth picks up in March, but confidence in outlook remains subdued

"Labor expenses were reported as a factor driving up operating expenses during March. Vendors were also reported to have raised their charges, which was linked by panelists to tariffs. The net result was a third successive monthly acceleration of input price inflation to its highest in a year-and-a-half.

Service providers sought to pass on higher costs to clients via an increase in their own charges. But output price inflation, despite picking up since February, remained below trend in March. Competitive pressures and efforts to sustain demand served to limit output price inflation." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source https://www.pmi.spglobal.com/Public/Home/PressRelease/45fdb1d48309423bbbda626a49b7dbf9; 4/3/25

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Private Indicators

S&P Global U.S. Services PMI™

Output growth continues to slow in February as demand falters

Comment

“March saw a welcome rebound in service sector business activity after a weak start to the year, with employment also returning to growth after a decline seen in February. However, the rate of expansion remains below that seen throughout the second half of last year. Combined with a weak manufacturing reading for March, the survey data point to GDP having risen at an annualized rate of just 1.5% in the first quarter, down sharply from the 2.4% rate seen at the end of last year.

The focus turns to whether growth will also trend lower in the second quarter. In this respect, we note that some of the improvement in March reflected better weather, after adverse conditions dampened services activity in the first two months of the year at many companies. There’s a suggestion, therefore, that the expansion in March may exaggerate the true underlying growth momentum in the economy.

This gloomier picture is supported by the PMI’s future activity index, which showed optimism edging lower again in March. Business sentiment is now the lowest since the end of 2022 barring only the heightened uncertainty seen ahead of last year’s Presidential election.

Companies report heightened concerns and uncertainty around the impact of political change, ranging from DOGErelated budget cutting to tariffs and the degree to which foreign demand may be affected by recent policy initiatives. Concerns have also risen in relation to costs, which rose in March at the fastest rate in nearly two years as firms across both services and manufacturing reported intensifying supplier-driven price hikes, fueled by tariffs.” – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source https://www.pmi.spglobal.com/Public/Home/PressRelease/45fdb1d48309423bbbda626a49b7dbf9; 4/3/25

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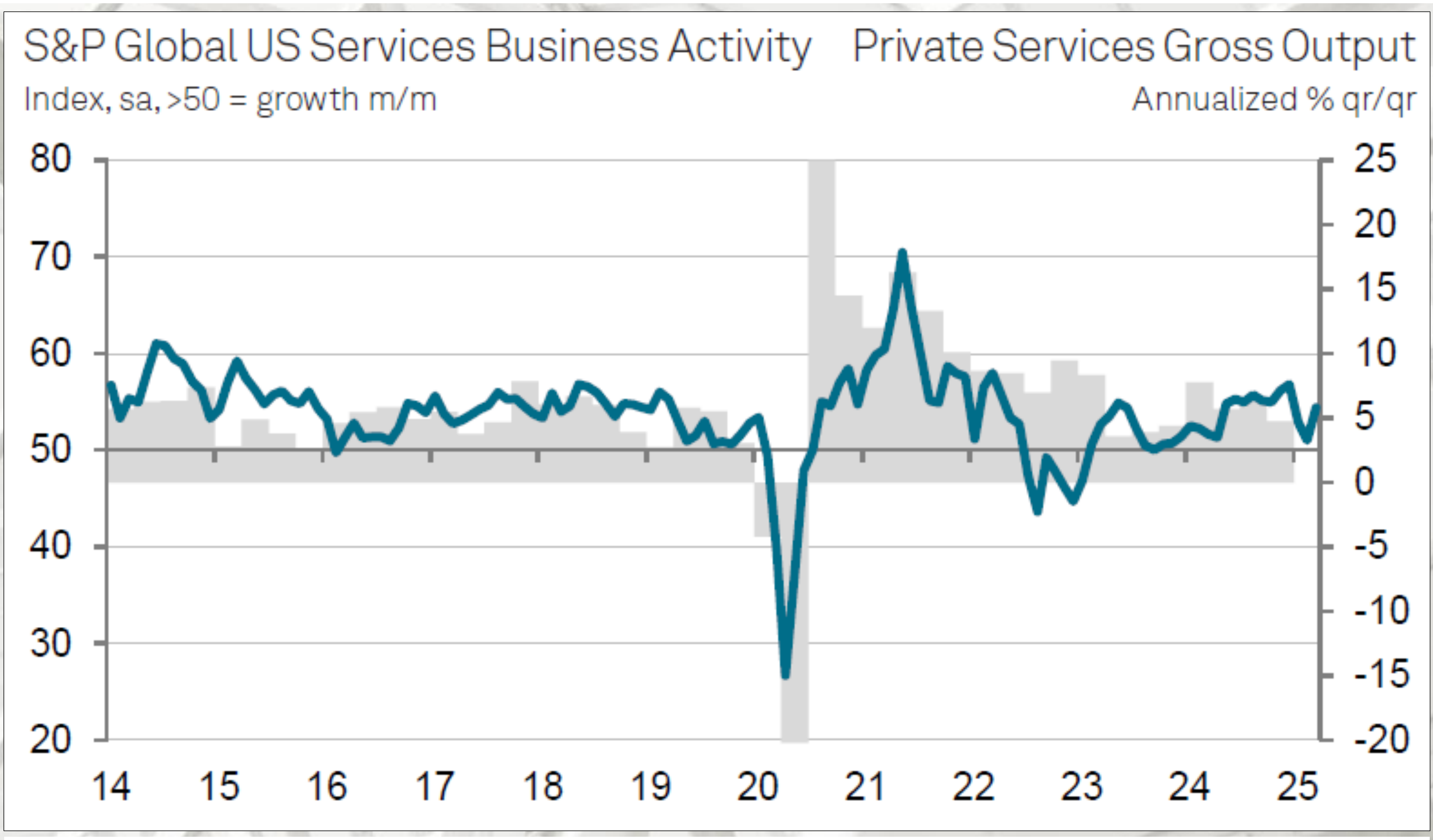

Source: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence. ©2025 S&P Global.

Source https://www.pmi.spglobal.com/Public/Home/PressRelease/45fdb1d48309423bbbda626a49b7dbf9; 4/3/25

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for March 2025: Combined Sectors

"The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for March 2025 deteriorated 1.6 points to 53.3. "The Credit Managers' Index lost some momentum in March after last month's solid improvement. The deterioration was broad based, with six of ten factors declining from the February survey," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"The Credit Managers' Index reflects monthly survey results from credit professionals, capturing their companies' experiences during the previous month – in this case, detailing business activities from February. Some factors deteriorated sharply, but not outside some of the month-to-month volatility we have seen in recent years. The comments by respondents point to increased concern about supply chains, tariffs, and the inability of current customers to make payments. The hard data still says the economy is okay, but the soft data is pointing to rapid weakening in conditions."

"This month's CMI covers activity in February, the first full month of the new administration," said Cutts. "We saw tariffs levied and then postponed or withdrawn immediately, and I've heard many people, including some fellow economists say that these actions should not have resulted in any change in prices. Indeed, they point to the Consumer Price Index, which shows that inflation fell to a 2.8% year over year rate in February, down from 3.0% in January. But I think they are misreading the signals in the data."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 4/7/25

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Private Indicators

National Association of Credit Management – Credit Managers' Index

CMI Combined Sectors Factor Indexes
Key Findings:

"She continued, "If I were in the import business, a postponement of a tariff means that I have a tiny window in which to negotiate higher prices into contracts for future delivery before I get hit when the tariffs do become effective. Further, the way in which the administration levies tariffs, they often go into effect immediately with no exception for 'goods on water,' meaning that if a shipment is already on its way to me, I might have to pay the tariff even though the order was fulfilled before the policy was effective. Many importers could face losses by simply having a shipment arrive on the wrong day."

"CMI respondents noted changes in activity regarding the tariff announcements. One respondent noted that since tariffs were announced they saw two price increases and also an increase in orders as their customers tried to get ahead of the levies. Another reported a 'topsy turvy' impact on some segments of their business due to tariffs."

"In addition to comments about tariffs, several respondents cited concerns over payments from DOGE activities," said Cutts. "One respondent said, 'There is concern regarding cash flow on Federal construction projects due to the random blocking of various federal grants and payments already budgeted and approved for dispensation.' Another noted a significant decrease in military and large supplier orders."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 4/7/25

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Private Indicators

National Association of Credit Management – Credit Managers' Index

CMI Manufacturing versus CMI Service Sectors Indexes

"""Further, several respondents commented that they expect to see more mergers and acquisitions this year as well as an uptick in bankruptcies. Perhaps more disturbing though was the statement by one respondent that they are 'Seeing more smaller customers close their doors without filing for bankruptcy. They will state they have made the decision to close and do not have money to pay any creditors.' These comments lead me to think recession risk is much higher than the aggregate data are indicating at the moment," Cutts added.

"Despite comments from respondents indicating more bankruptcies are likely in 2025, the index for Filings for Bankruptcies remains in expansion and improved in this month's survey by 0.9 points to 53.6," said Cutts. "Business bankruptcy filings recorded by United States Courts were up 22% in 2024 on top of a rise of 40% in 2023. This rise occurred under pretty good economic conditions. Given current conditions, I expect to see a marked increase when the filings data for the first quarter become available."

"The Unfavorable Factor Indexes for the Services Sector are either in contraction or are sitting on the precipice," said Cutts. "Adding to that, the huge decline in dollar sales for the sector is worrisome. Although still in expansion, the decline indicates that respondent firms are seeing a large decrease in business activity."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 4/7/25

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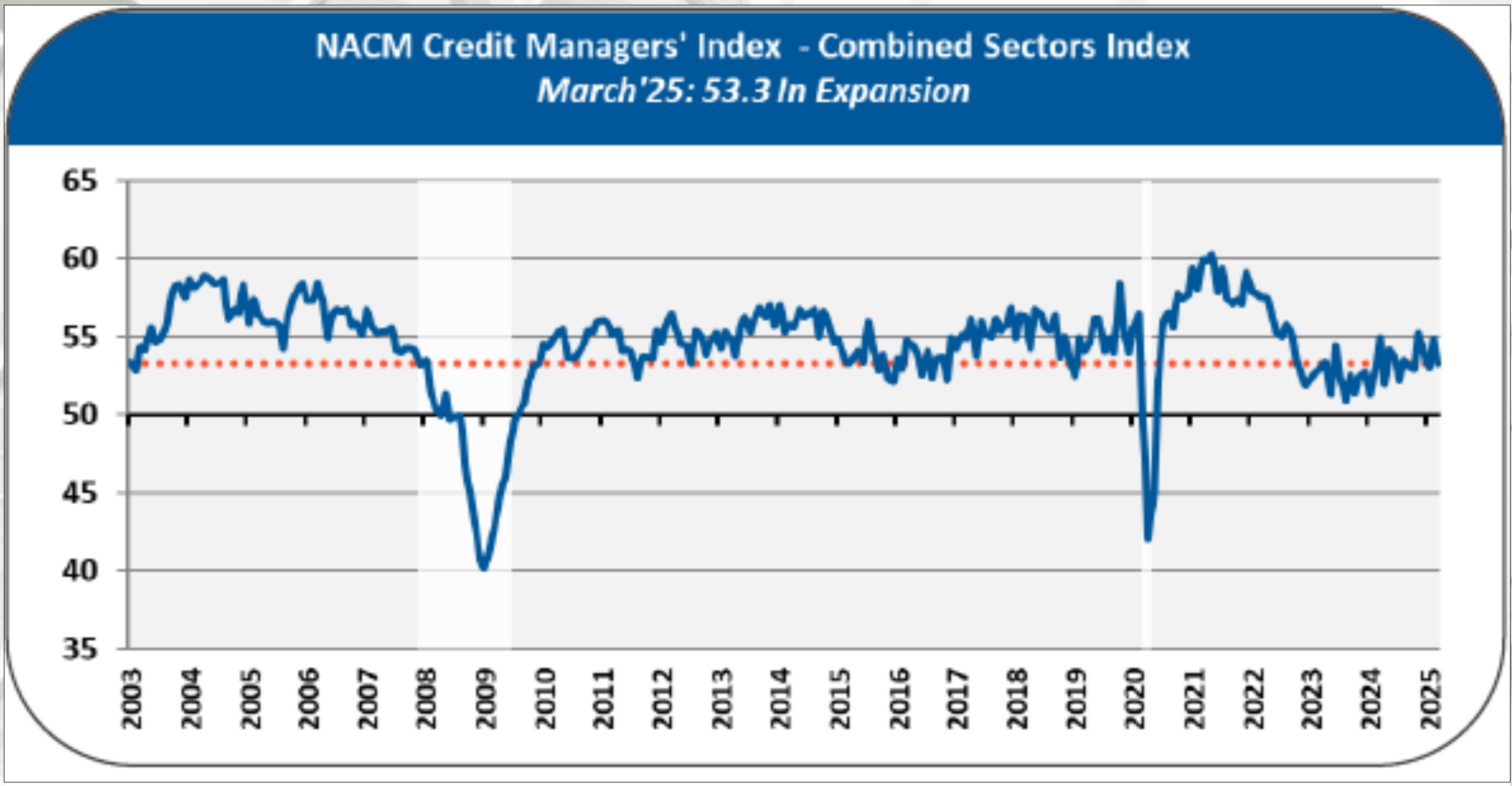
Private Indicators

National Association of Credit Management – Credit Managers' Index



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

Source: https://nacm.org/cmi.html; 4/7/25

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25	Mar '25
Dollar Sales	62.1	57.9	62.2	60.1	55.1	58.5	55.3	55.8	63.4	53.6	56.1	59.5	54.9
New Credit Applications	61.0	57.7	60.4	58.5	58.2	57.1	55.6	57.5	58.9	59.2	57.2	61.4	56.8
Dollar Collections	60.8	55.3	60.0	58.5	55.3	62.0	57.5	58.2	63.4	60.0	61.3	59.8	54.8
Amount of Credit Extended	64.5	60.9	60.5	59.4	60.8	58.6	57.6	58.2	63.7	62.0	56.8	60.7	59.6
Index of Favorable Factors	**62.1**	**57.9**	**60.8**	**59.1**	**57.4**	**59.1**	**56.5**	**57.4**	**62.3**	**58.7**	**57.9**	**60.3**	**56.5**
Rejections of Credit Applications	51.5	49.4	51.0	51.0	49.9	50.5	52.1	50.0	50.6	50.6	50.9	51.1	50.2
Accounts Placed for Collection	45.9	44.9	45.0	46.1	46.4	45.7	48.9	47.0	47.1	49.6	47.8	49.4	49.7
Disputes	49.6	49.7	49.7	49.2	49.1	49.8	51.0	50.6	52.6	51.5	51.1	51.0	51.3
Dollar Amount Beyond Terms	54.8	43.6	50.7	50.6	46.1	49.7	50.9	49.6	52.6	50.2	46.9	51.7	52.1
Dollar Amount of Customer Deductions	50.1	50.7	51.9	51.5	51.1	51.8	51.3	52.0	51.8	53.0	51.3	52.5	51.1
Filings for Bankruptcies	49.6	49.9	50.7	52.4	50.9	51.7	50.9	50.3	48.5	51.5	50.6	51.6	53.0
Index of Unfavorable Factors	**50.2**	**48.0**	**49.9**	**50.1**	**48.9**	**49.9**	**50.8**	**49.9**	**50.5**	**51.1**	**49.8**	**51.2**	**51.2**
NACM Combined CMI	**55.0**	**52.0**	**54.2**	**53.7**	**52.3**	**53.5**	**53.1**	**52.9**	**55.3**	**54.1**	**53.0**	**54.9**	**53.3**

Note: Seasonal adjustment factors were updated for this month's report which may affect previously published values.

Source: https://nacm.org/cmi.html; 4/7/25

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Private Indicators

National Federation of Independent Business (NFIB)

March 2025 Report

Small Business Optimism Slips

“The NFIB Small Business Optimism Index declined by 3.3 points in March to 97.4, falling just below the 51-year average of 98. The Uncertainty Index decreased eight points from February’s second highest reading to 96.” – Holly Wade, NFIB

“The implementation of new policy priorities has heightened the level of uncertainty among small business owners over the past few months. Small business owners have scaled back expectations on sales growth as they better understand how these rearrangements might impact them.” – Bill Dunkelberg, Chief Economist, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/10/25

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Private Indicators

National Federation of Independent Business (NFIB)

March 2025 Report

Key findings include:

- ✓ The percent of small business owners reporting taxes as their single most important problem rose two points from February to 18%. The number of owners reporting "Taxes" as their top small business issue has not been this high since November 2021.
- ✓ The net percent of owners expecting better business conditions fell 16 points from February to a net 21% (seasonally adjusted). This is the third consecutive monthly decline and the largest monthly decline since December 2020.
- ✓ When asked to rate the overall health of their business, 11% of owners reported excellent (unchanged), and 53% reported good (down two points). Thirty-one percent reported the health of their business was fair (up four points) and 4% reported poor (down two points).
- ✓ The percent of small business owners reporting labor quality as the single most important problem for their business was unchanged from February at 19%, remaining the top issue, with taxes one point behind.
- ✓ The net percent of owners expecting higher real sales volumes fell 11 points from February to a net 3% (seasonally adjusted). This is the third consecutive month real sales expectations declined after surging from recession levels after the election." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/10/25

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Private Indicators

National Federation of Independent Business (NFIB)
March 2025 Report

Key findings include:

- ✓ Sixteen percent of owners reported that inflation was their single most important problem in operating their business (higher input costs), unchanged from February and falling from its rank as the second top issue.
- ✓ The net percent of owners raising average selling prices fell six points from February to a net 26% seasonally adjusted. This is the largest monthly decrease since December 2022, but still historically high.
- ✓ Seasonally adjusted, a net 30% plan price hikes in March, up one point from February and the highest reading since March 2024.
- ✓ A net 6% reported their last loan was harder to get than in previous attempts, up four points from February and the largest monthly increase since September 2023.
- ✓ Twenty-eight percent of all owners reported borrowing on a regular basis, up four points from February's lowest reading since May 2022." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/10/25

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Private Indicators

National Federation of Independent Business (NFIB)

March 2025 Report

"As reported in **NFIB's monthly jobs report**, a seasonally adjusted 40% of all small business owners reported job openings they could not fill in March, up two points from February. Of the 53% of owners hiring or trying to hire in March, 87% reported few or no qualified applicants for the positions they were trying to fill. A seasonally adjusted net 12% of owners plan to create new jobs in the next three months, down three points from February.

The percent of small business owners reporting labor quality as the single most important problem for business was unchanged from February at 19%, remaining the top issue, with taxes just one point behind.

Labor costs reported as the single most important problem for business owners fell one point in March to 11%, only two points below the highest reading of 13% reached in December 2021. Seasonally adjusted, a net 38% reported raising compensation, up five points from February. A seasonally adjusted net 19% plan to raise compensation in the next three months, up one point from February.

Fifty-nine percent of owners reported capital outlays in the last six months, up one point from February. Of those making expenditures, 43% reported spending on new equipment, 27% acquired vehicles, and 16% improved or expanded facilities. Thirteen percent spent money on new fixtures and furniture and 5% acquired new buildings or land for expansion. Twenty-one percent (seasonally adjusted) plan capital outlays in the next six months, up two points from February." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/10/25

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Private Indicators

National Federation of Independent Business (NFIB)

March 2025 Report

“A net negative 11% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, up one point from February and the highest reading since March 2024. The net percent of owners expecting higher real sales volumes fell 11 points from February to a net 3% (seasonally adjusted). This is the third consecutive month real sales expectations declined after surging from recession levels after the election.

The net percent of owners reporting inventory gains improved three points from February to a net negative 3%, seasonally adjusted. Not seasonally adjusted, 13% reported increases in stocks and 19% reported reductions. A net negative 7% (seasonally adjusted) of owners viewed current inventory stocks as “too low” in March, down two points from February. A net negative 1% (seasonally adjusted) of owners plan inventory investment in the coming months, unchanged from February.

Seasonally adjusted, a net 30% plan price hikes in March, up one point from February and the highest reading since March 2024. The net percent of owners raising average selling prices fell 6 points from February to a net 26%, seasonally adjusted. This is the largest monthly decrease since December 2022. Sixteen percent of owners reported that inflation was their single most important problem in operating their business, unchanged from February. Unadjusted, 10% of owners reported lower average selling prices and 38% reported higher average prices.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/10/25

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Private Indicators

National Federation of Independent Business (NFIB)

March 2025 Report

"The frequency of reports of positive profit trends was a net negative 28% (seasonally adjusted), four points worse than in February. Among owners reporting lower profits, 35% blamed weaker sales, 18% cited usual seasonal change, 11% blamed the rise in the cost of materials, and 8% cited labor costs. For owners reporting higher profits, 55% credited sales volumes, 16% cited usual seasonal change, and 11% cited higher selling prices.

Three percent of owners reported that financing and interest rates were their top business problem in March, unchanged from February. Twenty-eight percent of all owners reported borrowing on a regular basis, up four points from February's lowest reading since May 2022. A net 6% reported their last loan was harder to get than in previous attempts, up four points from February and the largest monthly increase since September 2023. A net 4% reported paying a higher rate on their most recent loan.

Nine percent (seasonally adjusted) of owners reported that it is a good time to expand their business, down three points from February. When asked to rate the overall health of their business, 11% of owners reported "excellent" and 53% reported it as "good". Thirty-one percent reported it as "fair", and 4% reported it as "poor."

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 March 2025." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/10/25

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Private Indicators

National Federation of Independent Business (NFIB)
March 2025 Report

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	12%	-3
Plans to Make Capital Outlays	21%	2
Plans to Increase Inventories	-1%	0
Expect Economy to Improve	21%	-16
Expect Real Sales Higher	3%	-11
Current Inventory	-7%	-2
Current Job Openings	40%	2
Expected Credit Conditions	-4%	-1
Now a Good Time to Expand	9%	-3
Earnings Trends	-28%	-4

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/10/25

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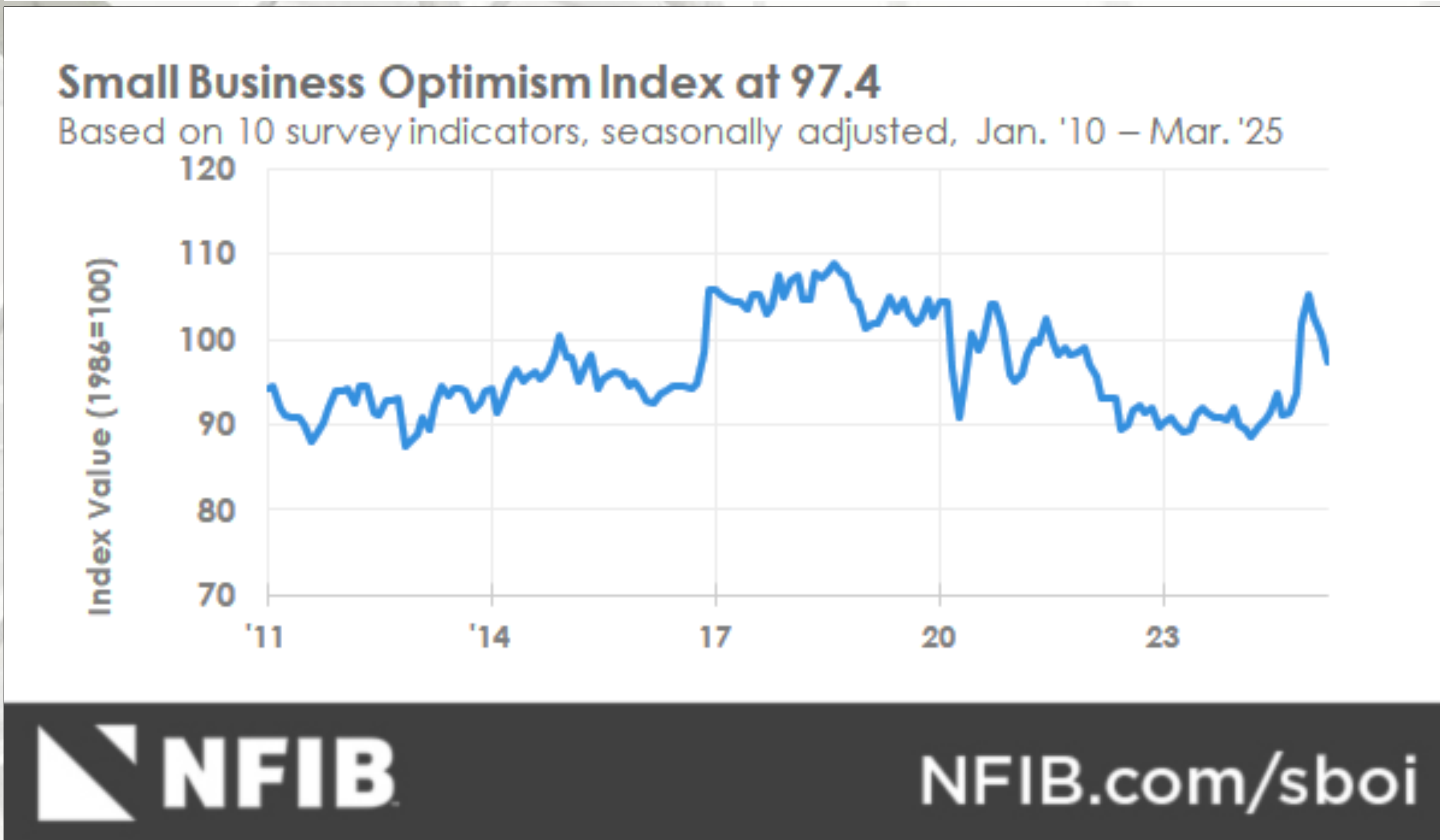
National Federation of Independent Business (NFIB)
March 2025 Report



Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/10/25

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Paychex Small Business Jobs Index Shows Little Change in March and Levels Consistent with Last Several Quarters

Hourly wage growth for workers remained flat at 2.91%

"The Paychex Small Business Employment Watch, which includes the Paychex Small Business Jobs Index as a measure of employment growth among U.S. businesses with fewer than 50 employees, showed job growth continued at levels seen over the last several quarters at 99.75 in March. Meanwhile, Paychex wage data revealed the hourly earnings growth rate (2.91%) for workers in U.S. small businesses remained essentially unchanged in March from the previous month." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"According to our most recent data, the small business labor market is fundamentally healthy and showing no current signs of a recession. Job growth within U.S. small businesses continues at levels we have seen over the last several quarters, while wage growth has remained below three percent for the fifth-straight month.

It's an interesting time as small businesses are expressing both optimism and uncertainty, while continuing to face consistent challenges such as the impacts of inflation and difficulty finding qualified employees. We continue to build and deploy innovative solutions to address the issues facing small- and mid-sized businesses, including Paychex Recruiting Copilot, Paychex Flex® Perks, and Paychex Funding Solutions." – John Gibson, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 4/1/25

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Paychex Small Business Jobs Index Shows Little Change in March and Levels Consistent with Last Several Quarters

Jobs Index and Wage Data Highlights

- "The national Small Business Jobs Index dipped 0.29 percentage points to 99.75 in March, slightly below the pace set at the end of the past two quarters.
- Hourly earnings growth (2.91%) remained below three percent for the fifth consecutive month in March, while one-month annualized hourly earnings growth (3.51%) outpaced annual growth (2.91%) for the fourth-straight month.
- The Midwest remained the top region for the 10th consecutive month, despite slowing 0.58 percentage points in March to 99.96.
- Texas (100.85) continued to lead states for small business job growth in March.
- Consistently among the top metros in recent months, Minneapolis (102.52) gained 1.87 percentage points to move into first place in March.
- The Manufacturing (99.30) industry has gained 1.05 percentage points during the first quarter of 2025, best among sectors.
- Paced by Manufacturing, Tampa topped metros in March for hourly earnings growth (4.20%) and weekly earnings growth (4.00%)." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 4/1/25

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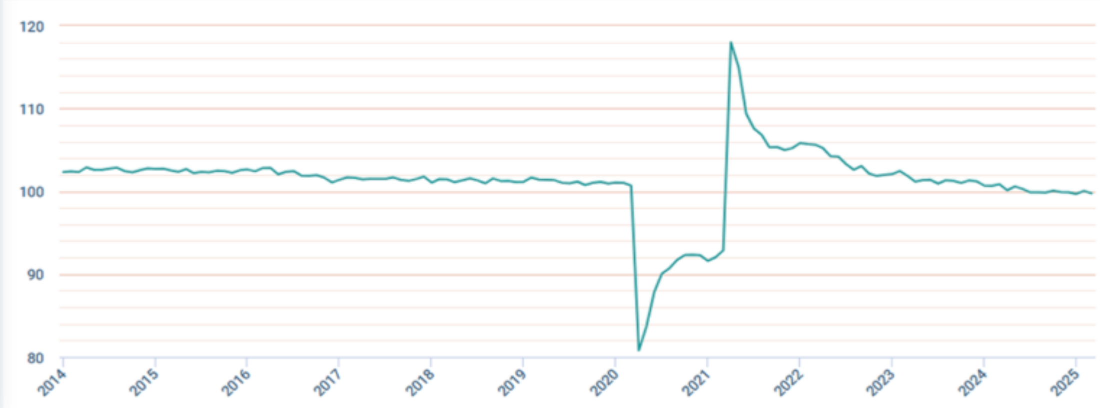
The Paychex | IHS Markit
Small Business Employment Watch

Small Business Jobs Index

Index

99.75

Historical Jobs Index Trend



Small Business Wage Data

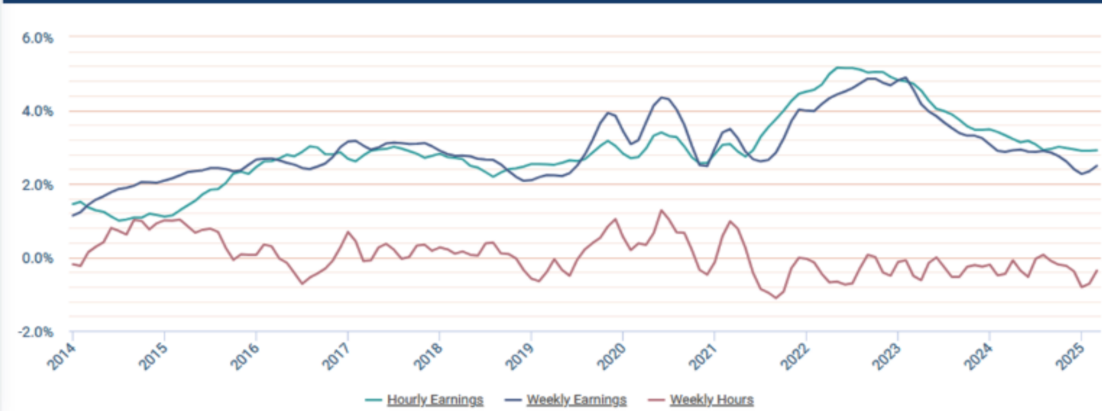
Hourly Earnings

$33.24

12-Month Growth

2.91% ($0.94)

Historical 12-Month Growth Trend



Source: https://www.paychex.com/employment-watch; 4/1/25

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Economics

The Federal Reserve Bank of San Francisco

The Ups and Downs of Household Income

Changes in overall economic conditions may affect real household income levels and also how income is distributed across households. Analysis using annual data from 1967 to 2023 shows that the adverse effects of unemployment and inflation have been generally uniform across the household income distribution. However, the pandemic recession showed a different pattern: Historically large government transfers via enhanced unemployment insurance benefits largely offset the adverse economic effects of surging unemployment for lower-income households. Results also show that sustained economic expansions have beneficial effects, especially for lower-income households.

"Household income includes total earnings of all household members as well as other income sources, providing a broad measure of economic well-being and purchasing power. The level of income and the size of the gaps between low- and high-income households – the income distribution – may vary over business cycles, as unemployment and inflation change. Some research such as Blank and Card (1993) finds that changes in household income related to business cycle fluctuations tend to have uniform effects across the income distribution. By contrast, Aaronson *et al.* (2019) show that the response of various labor market indicators, such as unemployment and labor force participation, is larger for less economically advantaged groups." – Deepika Baskar Prabhakar, Research Associate and Robert Valletta, Senior Vice President and Associate Director of Research ; Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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Economics

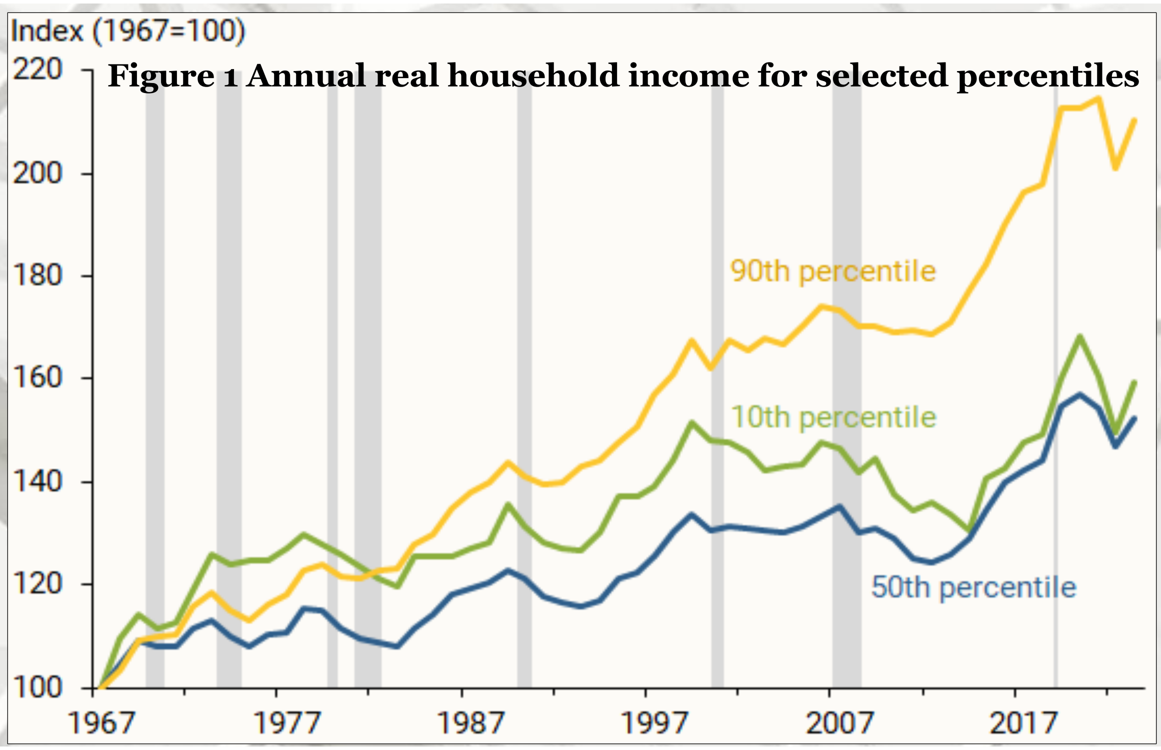

Figure 1 Annual real household income for selected percentiles

Notes: Inflation adjusted using the overall CPI index and normalized to equal 100 in 1967. Shaded areas denote NBER recession dates.
Source: FRBSF calculations using CPS ASEC microdata and corrected unemployment insurance benefits from Larrimore et al. (2022).

The Federal Reserve Bank of San Francisco

Long-term trends and the pandemic

"We examine changes in real, or inflation-adjusted, household income during 1967–2023, using microdata from the Current Population Survey Annual Social and Economic Supplement (CPS ASEC). This source provides consistent data on annual income and is used for official Census Bureau statistics on income." – Deepika Baskar Prabhakar, Research Associate and Robert Valletta, Senior Vice President and Associate Director of Research ; Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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Economics

The Federal Reserve Bank of San Francisco

The Ups and Downs of Household Income

"Figure 1 documents the long-term increase in income dispersion or gaps among households. The increase in dispersion has been limited to the upper half of the distribution, with households at the 90th percentile of the distribution approximately doubling their household income, while income for the 50th and 10th percentiles both rose slightly more than 50%. In a separate analysis that is not shown, we confirmed this pattern of higher income growth at higher percentiles for the interquartile range, the 25th/50th/75th percentiles, and also within the upper quartile, the 75th/90th/95th percentiles.

Accounting for the underreporting of UI benefits is important to accurately assess changes to household income during the pandemic. Official data released by the Census Bureau show that incomes declined in 2020 and 2021. However, the corrected data show that UI benefit payments fully offset income losses from unemployment in 2020 and partially offset them in 2021 (Valletta and Yilma 2024). The offset was especially large for households toward the bottom of the income distribution: Households at the 10th income percentile experienced a nearly 10% increase in real income in 2020 that was partly maintained in 2021, rather than the real income decline of nearly 8% reported in the official CPS ASEC data.

Overall, Figure 1 shows widespread gains in real income during economic expansions, with those gains offset somewhat during downturns." – Deepika Baskar Prabhakar, Research Associate and Robert Valletta, Senior Vice President and Associate Director of Research ; Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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Economics

The Federal Reserve Bank of San Francisco

Analyzing business cycle patterns

"We next examine how business cycles affect real household income, specifically through changes in unemployment and inflation and also the duration of economic expansions. Our results are based on regression analysis of these relationships, for which we use the adjusted CPS ASEC microdata to tabulate national data measured on an annual basis. To minimize the influence of structural changes in the U.S. macroeconomy on our results, we use the deviation of the unemployment rate from the Congressional Budget Office's measure of the natural rate of unemployment, referred to as the unemployment gap. Our regression results yield the percentage change in real household income when either the personal consumption expenditures (PCE) inflation rate or the unemployment gap increases [1] percentage point. All estimates have 5% or better statistical significance unless otherwise indicated.

Figure 2 reports the estimated change in real household income for selected percentiles when the unemployment gap rises. The estimates use one sample for 1968 through 2019 (blue bars) and another through 2023 (gold bars) to include the pandemic. Based on the pre-pandemic sample, we find that a 1 percentage point increase in the unemployment gap is associated with about a 1 to 1.5% decline in real income for all of the income percentiles shown. These relatively uniform estimates imply no meaningful effects of unemployment fluctuations on income dispersion, consistent with Blank and Card (1993) for an earlier time period." – Deepika Baskar Prabhakar, Research Associate and Robert Valletta, Senior Vice President and Associate Director of Research ; Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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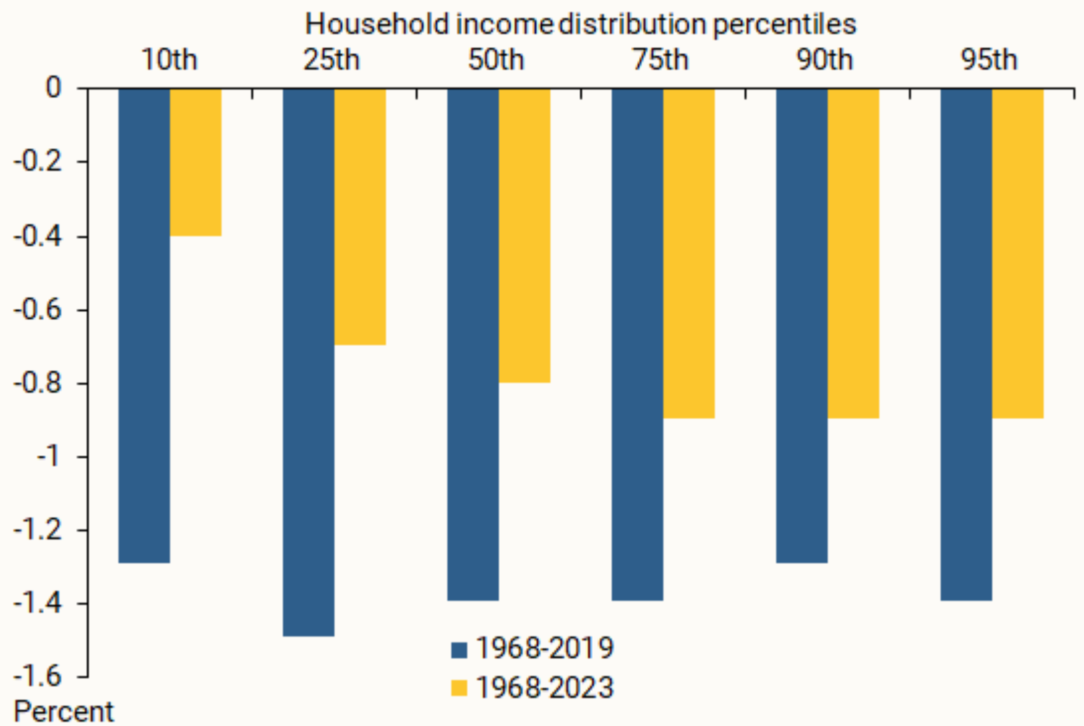
Economics

Figure 2

Real household income response to larger unemployment gap



Notes: Estimated effects of a 1 percentage point increase in the unemployment gap, also accounting for inflation changes.
Source: FRBSF calculations using CPS ASEC microdata and corrected unemployment insurance benefits from Larrimore et al. (2022).

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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Economics

The Federal Reserve Bank of San Francisco

Analyzing business cycle patterns

"The gold bars in Figure 2 show that the effects of unemployment fluctuations are more muted when the pandemic period is included. This is particularly evident for the lower portion of the distribution: The impact is relatively small and statistically indistinguishable from zero for the 10th and 25th percentiles. This indicates that the offsets to income losses during the pandemic, mainly via expanded UI benefits, were so large that they meaningfully altered the historical relationship between economic downturns and real household income.

We also estimated changes in real household income when the PCE inflation rate changes (not shown). We find that a 1 percentage point increase in PCE inflation is associated with about a 1/2 to 2/3 percentage point reduction in real household income. This is relatively uniform across household income percentiles, implying that the inflation tax on total income has minimal effects on income dispersion. This finding is broadly consistent with Bengali and Duzhak (2024), who find that high inflation periods reduce real earnings growth. However, our estimates indicate that inflation increases are associated with somewhat greater reductions in real income for the top income group (95th percentile), which is partly explained by the relatively large effects of inflation on financial income for those households." – Deepika Baskar Prabhakar, Research Associate and Robert Valletta, Senior Vice President and Associate Director of Research ; Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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Analyzing business cycle patterns

"Most of the variation in total household income associated with unemployment fluctuations arises through variation in the main income component, labor earnings. Figure 3 shows the regression results for estimated changes in real household labor income (earnings) when the unemployment gap rises. Each percentile earnings measure reflects the average of the 10-percentile range around the indicated percentile of the distribution of total household income. For example, the earnings measure at the 10th percentile is the average earnings received by households whose total income places them between the 5th and 15th percentiles of that distribution.

Figure 3 indicates that the estimated declines in earnings associated with increases in the unemployment gap generally are larger for households at lower percentiles of the income distribution. The large declines in earnings associated with higher unemployment among the lower percentiles (Figure 3) do not translate into large declines in household income (Figure 2, gold bars). In separate analysis, we confirmed that this offset of earnings losses arises due to government transfer payments, which are highly cyclically sensitive and very important for lower-income households, especially during the pandemic." – Deepika Baskar Prabhakar, Research Associate and Robert Valletta, Senior Vice President and Associate Director of Research ; Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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Analyzing business cycle patterns

"We extended our analysis to account for the duration of economic expansions. Past research, specifically Hines, Hoynes, and Krueger (2001) using data from 1976 to 2001, has found that long expansions produce improved economic outcomes. This is worth revisiting using updated data, especially given the long expansion that preceded the pandemic. To investigate this, we include in our regression analysis the duration of the contemporaneous economic expansion in years, in addition to changes in the unemployment gap and PCE inflation.

The results in Figure 4 show that real household income rises about 1/2 to 2/3 percentage point each year that an expansion continues, with larger effects evident at lower income percentiles. This suggests that household income is likely to continue growing across the board in the current expansion, even if unemployment and inflation are unchanged. The expansion before the pandemic lasted nearly 11 years. With the U.S. economy entering its fifth year of post-pandemic economic expansion, meaningful gains in real household income are likely if the expansion continues." – Deepika Baskar Prabhakar, Research Associate and Robert Valletta, Senior Vice President and Associate Director of Research ; Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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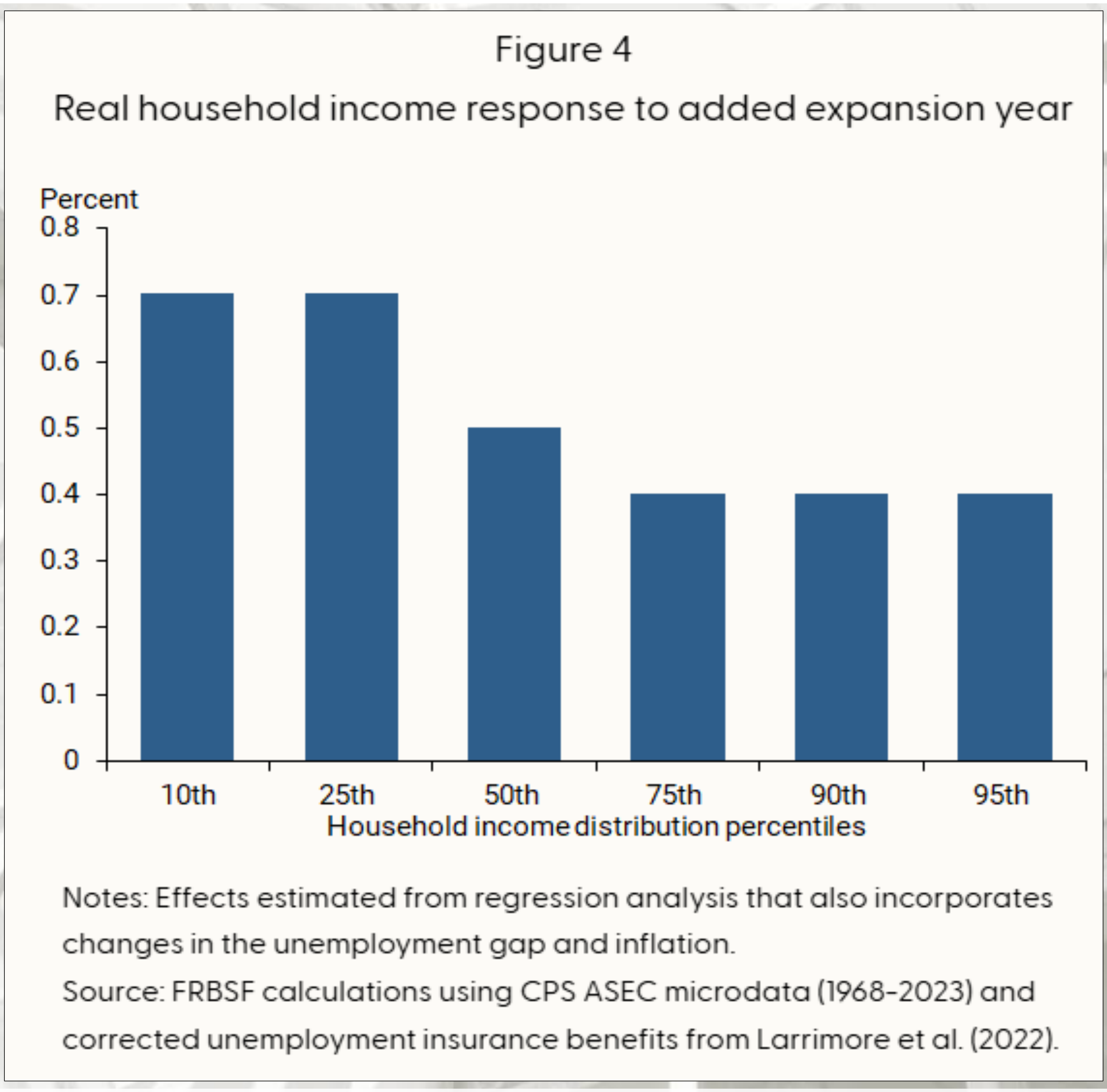

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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The Ups and Downs of Household Income

Conclusion

"Our analysis in this *Letter* shows that rising unemployment associated with business cycle downturns typically reduces households' real income, as does higher inflation. The burden of these cyclical increases is significant and widely shared across most of the household income distribution. The pandemic period was an outlier relative to past patterns: Historically large government transfers via enhanced UI benefits largely offset the adverse effect of the surge in unemployment, especially in the lower half of the distribution of household income. Looking ahead, our findings show that meaningful gains in real household income are likely, especially at the lower end of the income distribution, if monetary policy and other factors continue to support a growing economy." – Deepika Baskar Prabhakar, Research Associate and Robert Valletta, Senior Vice President and Associate Director of Research ; Economic Research Department, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/research-and-insights/publications/economic-letter/2025/03/ups-and-downs-household-income; 3/24/25

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U.S. Census Bureau

NEW Business Formation Statistics

March 2025

Business Applications

"Business Applications for March 2025, adjusted for seasonal variation, were 452,255, an increase of 6.4 percent compared to February 2025.

Business Formations

Projected Business Formations (within 4-quarters) for March 2025, adjusted for seasonal variation, were 28,524, an increase of 5.0 percent compared to February 2025. 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 28,524 new business startups with payroll tax liabilities will form within 4-quarters of application from all the business applications filed during March 2025. The 5.0 percent increase indicates that for March 2025 there will be 5.0 percent more businesses projected to form within 4-quarters of application, compared to the analogous projections for February 2025." – Economic Indicators Division, Business Formation Statistics; U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 4/10/24

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U.S. Census Bureau

NEW Business Formation Statistics

March 2025

BUSINESS APPLICATIONS

U.S. Business Applications:	MAR 2025	MAR 2025 / FEB 2025
Total	452,255	6.4%°
High-Propensity	161,601	10.7%°
With Planned Wages	44,274	-0.1%°
From Corporations	69,559	29.1%°

Next release: May 14, 2025

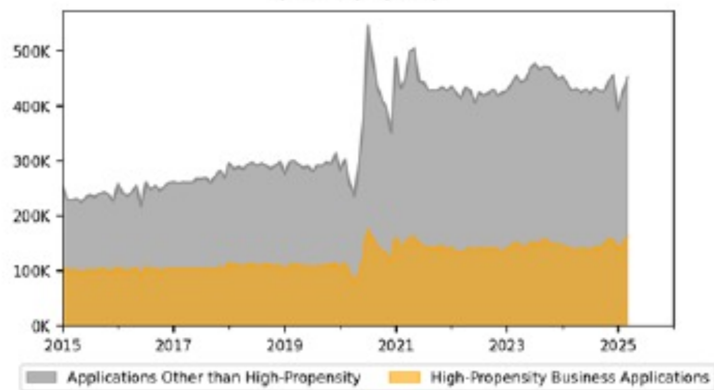
(°) Statistical significance is not applicable or not measurable.

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, April 10, 2025

Monthly Business Applications

(Seasonally Adjusted)



Source: U.S. Census Bureau, Business Formation Statistics, April 10, 2025

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	MAR 2025	452,255	64,562	72,910	195,865	118,918
	MAR 2025 / FEB 2025	+6.4%	+3.7%	+5.2%	+6.3%	+8.6%
High-Propensity	MAR 2025	161,601	23,831	23,805	64,640	49,325
	MAR 2025 / FEB 2025	+10.7%	+4.7%	+7.0%	+11.7%	+14.6%
With Planned Wages	MAR 2025	44,274	6,240	7,878	18,821	11,335
	MAR 2025 / FEB 2025	-0.1%	+1.3%	-2.2%	+1.8%	-2.5%
From Corporations	MAR 2025	69,559	11,601	7,273	21,788	28,897
	MAR 2025 / FEB 2025	+29.1%	+13.3%	+26.3%	+38.2%	+30.7%

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; 4/10/24

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U.S. Census Bureau

March 2025

BUSINESS FORMATIONS

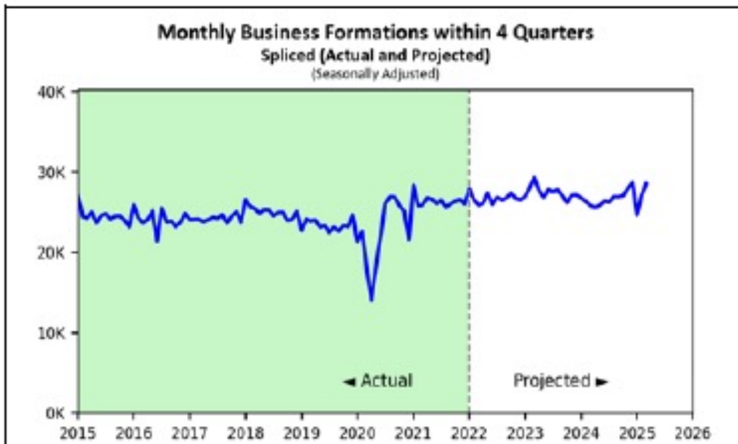
U.S. Total Projected Business Formations:	MAR 2025	MAR 2025 / FEB 2025
Within 4 Quarters	28,524	5.0%°
Within 8 Quarters	39,449	5.0%°

Next release: May 14, 2025

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

Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, April 10, 2025



Source: U.S. Census Bureau, Business Formation Statistics, April 10, 2025

Projected Business Formations - At a Glance





		US	Northeast	Midwest	South	West
Within 4 Quarters	MAR 2025	28,524	4,398	4,516	10,649	8,961
	MAR 2025 / FEB 2025	+5.0%	+3.5%	+3.2%	+5.5%	+6.2%
Within 8 Quarters	MAR 2025	39,449	6,141	6,170	14,863	12,275
	MAR 2025 / FEB 2025	+5.0%	+5.0%	+3.3%	+4.6%	+6.5%

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; 4/10/24

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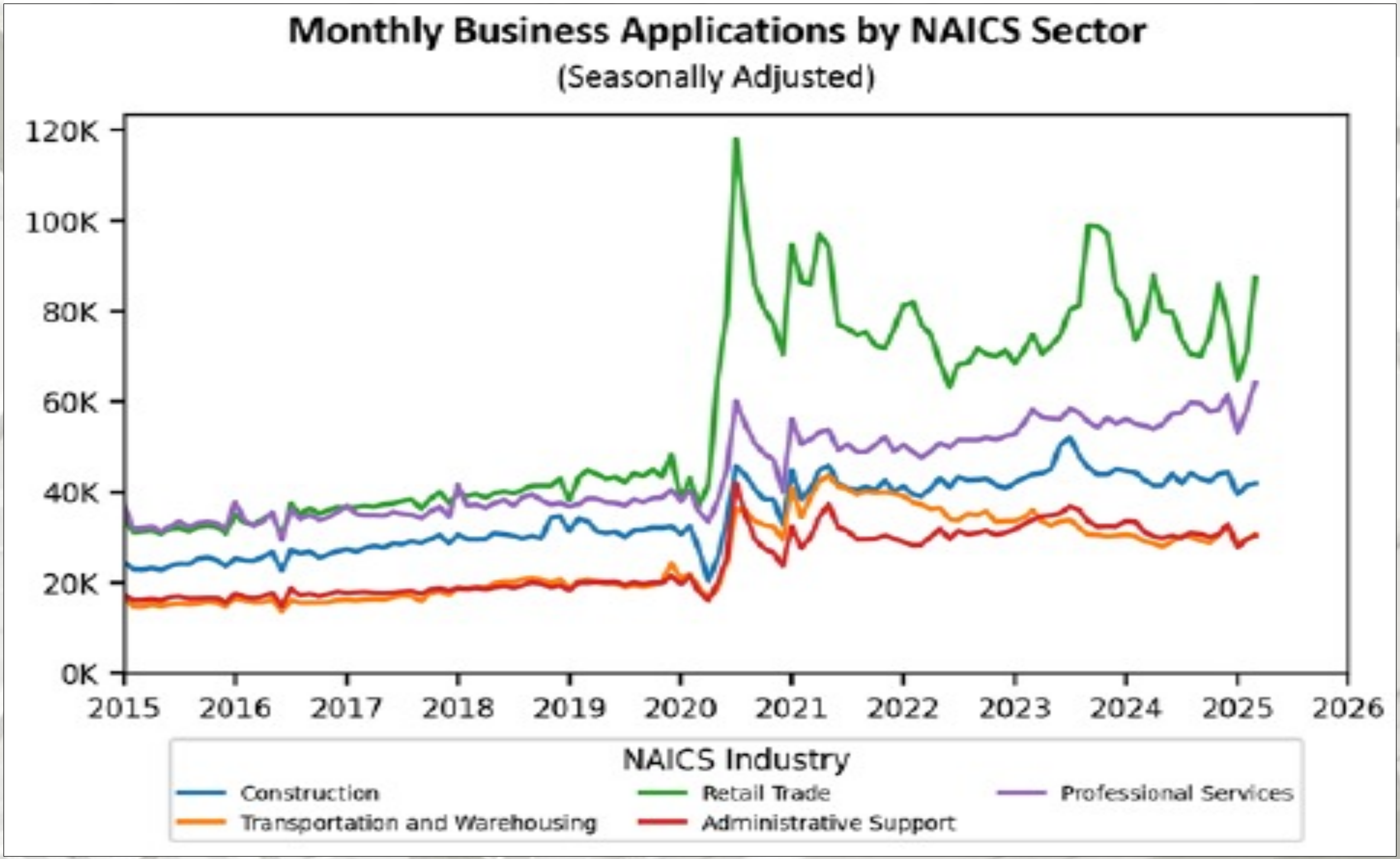
NEW Business Formation Statistics

March 2025



Source: U.S. Census Bureau, Business Formation Statistics, April 10, 2025

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 4/10/24

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