# The Virginia Tech–USDA Forest Service Housing Commentary: Section II
# June 2022


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2021 Virginia Polytechnic Institute and State University VCE-ANR

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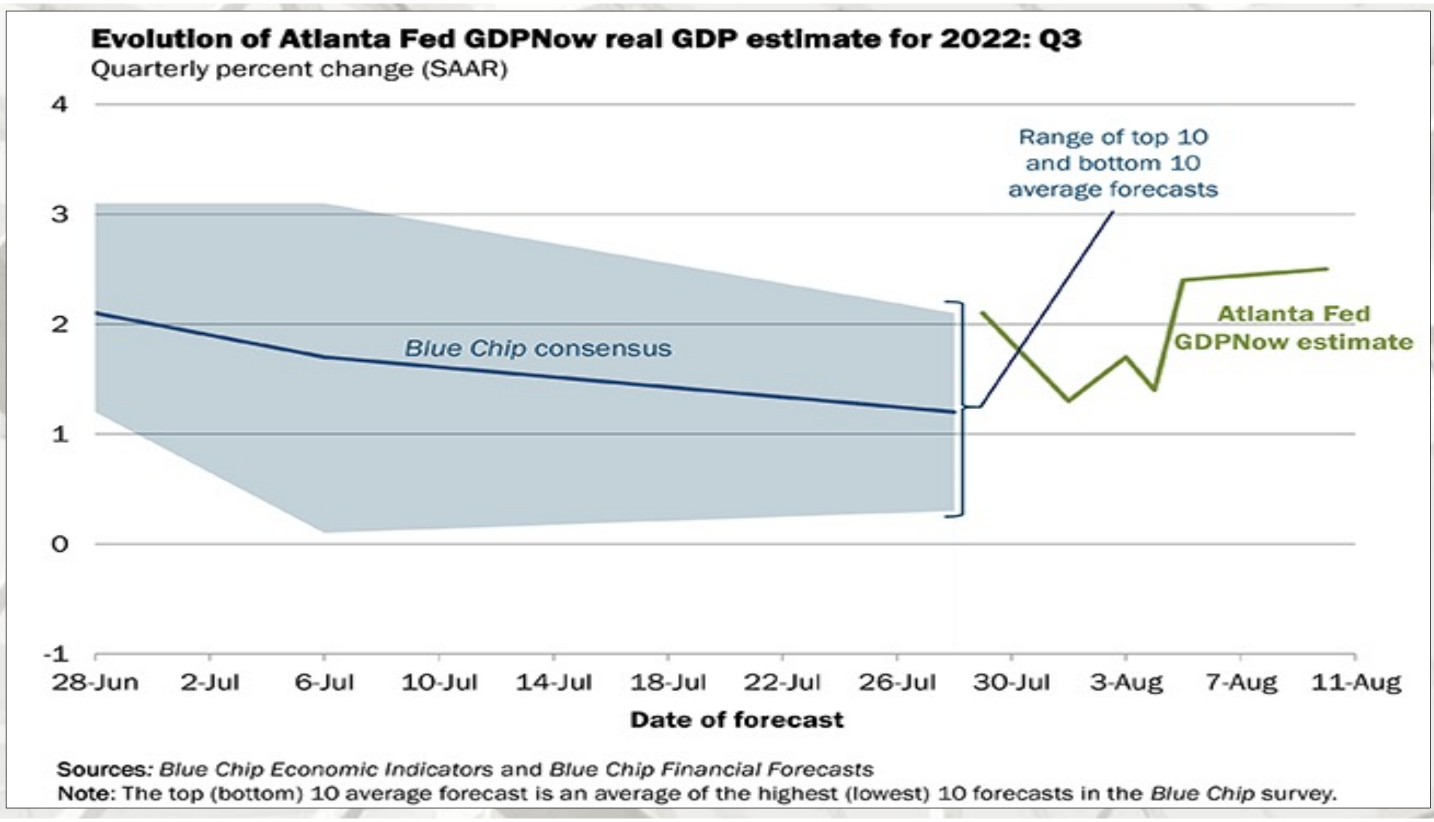
# U.S. Economic Indicators




## Atlanta Fed GDPNow™

### Latest estimate: 2.5 percent — August 10, 2022

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2022 is **2.5 percent** on August 10, up from 1.4 percent on August 4. After recent releases from the US Bureau of Labor Statistics and the US Census Bureau, the nowcast of third-quarter real personal consumption expenditures growth, third-quarter real gross private domestic investment growth, and third-quarter real government spending growth increased from 1.8 percent to 2.7 percent, -0.3 percent to 0.2 percent, and 1.4 percent to 1.7 percent, respectively, while the nowcast of the contribution of the change in real net exports to third-quarter real GDP growth decreased from 0.35 percentage points to 0.30 percentage points." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 8/10/22

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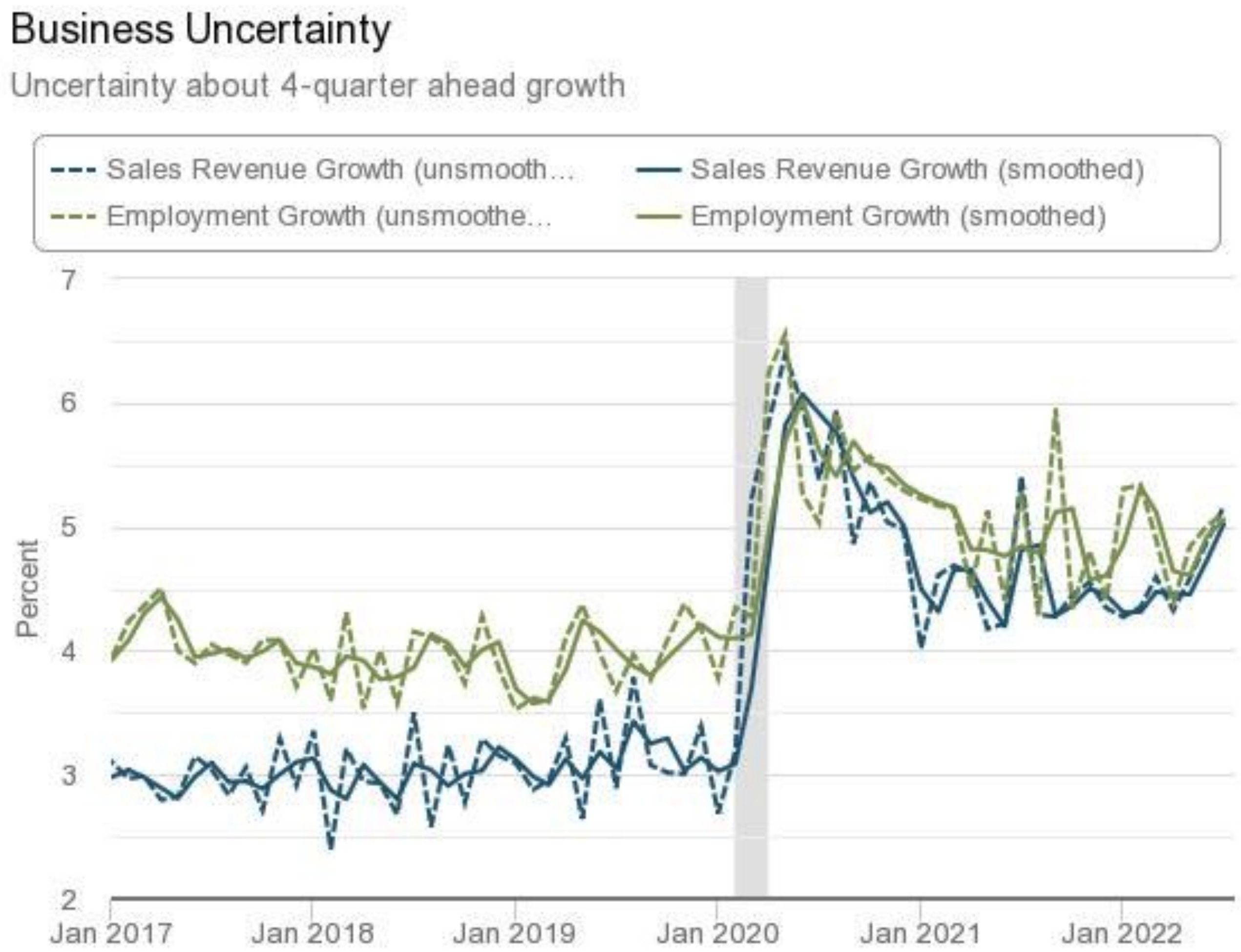
# U.S. Economic Indicators

## The Federal Reserve Bank of Atlanta




Notes: Aggregate employment and sales uncertainty series are constructed from firms' probabilistic expectations over the year ahead. Gray bars indicate periods of recession.
Source: Atlanta Fed/Chicago Booth/Stanford Survey of Business Uncertainty
Updated on: July 27, 2022

Source: https://www.atlantafed.org/research/surveys/business-uncertainty; 7/27/22

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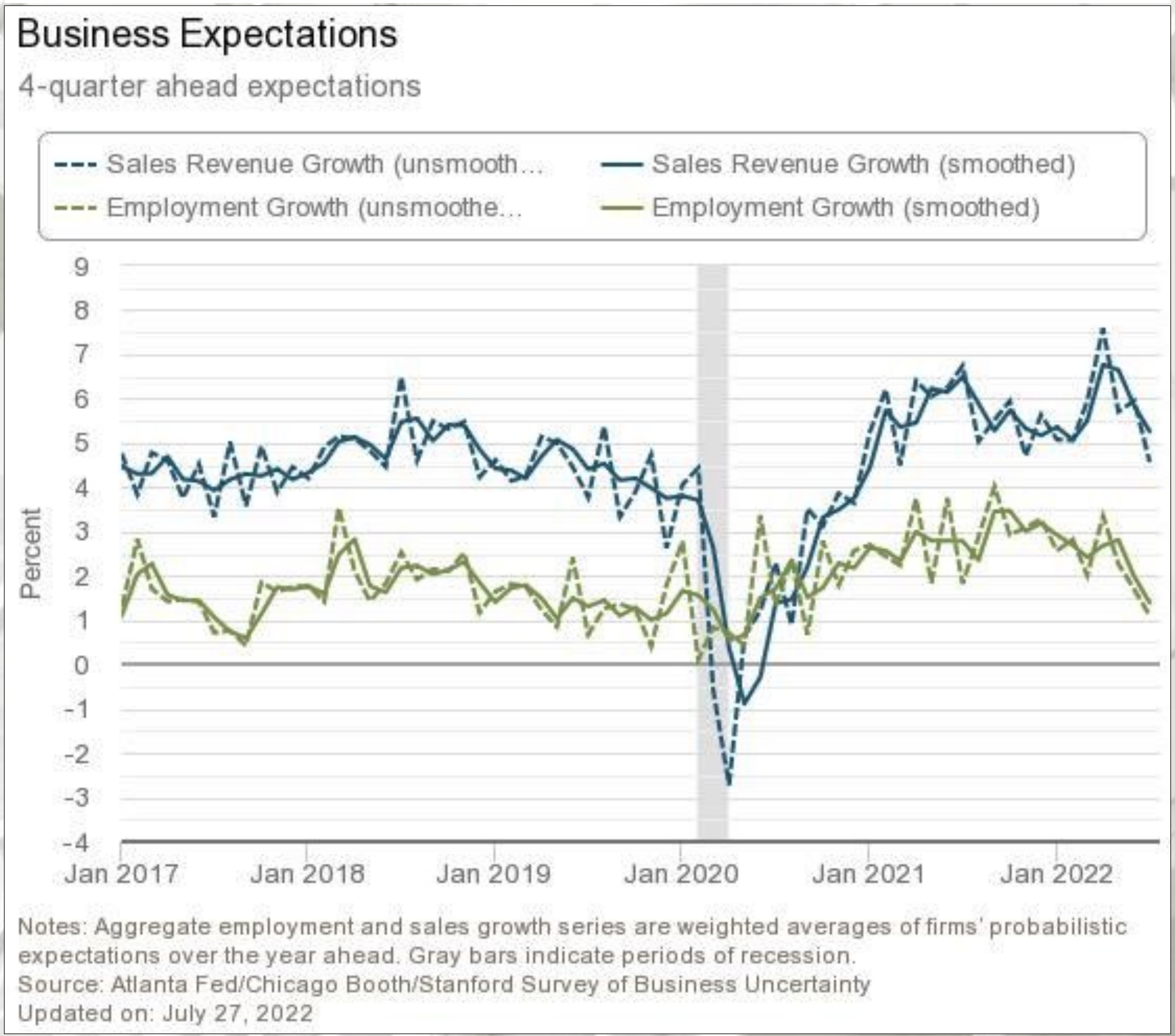
# U.S. Economic Indicators

## The Federal Reserve Bank of Atlanta




Source: https://www.atlantafed.org/research/surveys/business-uncertainty; 7/27/22

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

## Index Points to Steady Economic Growth in June

"The Chicago Fed National Activity Index (CFNAI) was unchanged at –0.19 in June. Two of the four broad categories of indicators used to construct the index made negative contributions in June, and two categories deteriorated from May. The index's three-month moving average, CFNAI-MA3, moved down to –0.04 in June from +0.09 in May.

The CFNAI Diffusion Index, which is also a three-month moving average, decreased to –0.04 in June from +0.11 in May. Forty-one of the 85 individual indicators made positive contributions to the CFNAI in June, while 44 made negative contributions. Forty-one indicators improved from May to June, while 42 indicators deteriorated and two were unchanged . Of the indicators that improved, 17 made negative contributions.

Production-related indicators contributed –0.20 to the CFNAI in June, down from –0.17 in May. Industrial production decreased 0.2 percent in June after being unchanged in May. The contribution of the sales, orders, and inventories category to the CFNAI edged up to +0.03 in June from –0.01 in the previous month.

Employment-related indicators contributed +0.05 to the CFNAI in June, down slightly from +0.06 in May. The unemployment rate was unchanged at 3.6 percent in June, but nonfarm payrolls moved up by 372,000 in June after increasing by 384,000 in the previous month. The contribution of the personal consumption and housing category to the CFNAI ticked up to –0.06 in June from –0.08 in May." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 7/25/22

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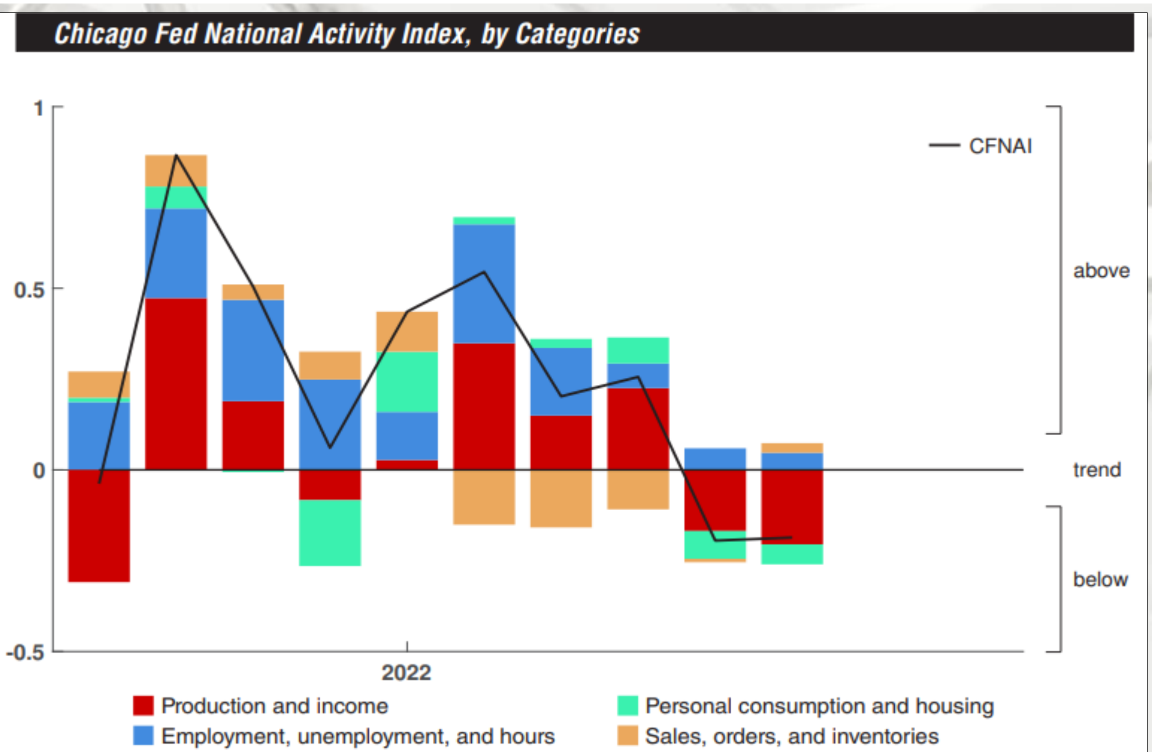
# The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)




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

| | Jun '22 | May '22 | Apr '22 | Mar '22 | Feb '22 | Jan '22 | Jun '21 |
|---|---|---|---|---|---|---|---|
| **CFNAI** | | | | | | | |
| **Current** | –0.19 | –0.19 | +0.26 | +0.20 | +0.55 | +0.44 | +0.23 |
| **Previous** | N/A | +0.01 | +0.40 | +0.19 | +0.60 | +0.51 | +0.21 |
| **CFNAI-MA3** | | | | | | | |
| **Current** | –0.04 | +0.09 | +0.33 | +0.39 | +0.35 | +0.33 | +0.08 |
| **Previous** | N/A | +0.20 | +0.40 | +0.43 | +0.39 | +0.37 | +0.06 |
| **CFNAI Diffusion** | | | | | | | |
| **Current** | –0.04 | +0.11 | +0.32 | +0.35 | +0.26 | +0.27 | +0.14 |
| **Previous** | N/A | +0.27 | +0.39 | +0.38 | +0.30 | +0.30 | +0.12 |

Current and Previous values reflect index values as of the July 25, 2022, release and June 21, 2022, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 7/25/22

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

## Survey Suggests Growth Slowed in July

"The *Chicago Fed Survey of Economic Conditions* (CFSEC) Activity Index decreased to –51 in July from –31 in June, suggesting that economic growth was well below trend. The CFSEC Manufacturing Activity Index decreased to –56 in July from –30 in June, and the CFSEC Nonmanufacturing Activity Index decreased to –47 in July from –31 in the previous month.

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

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 8/10/22

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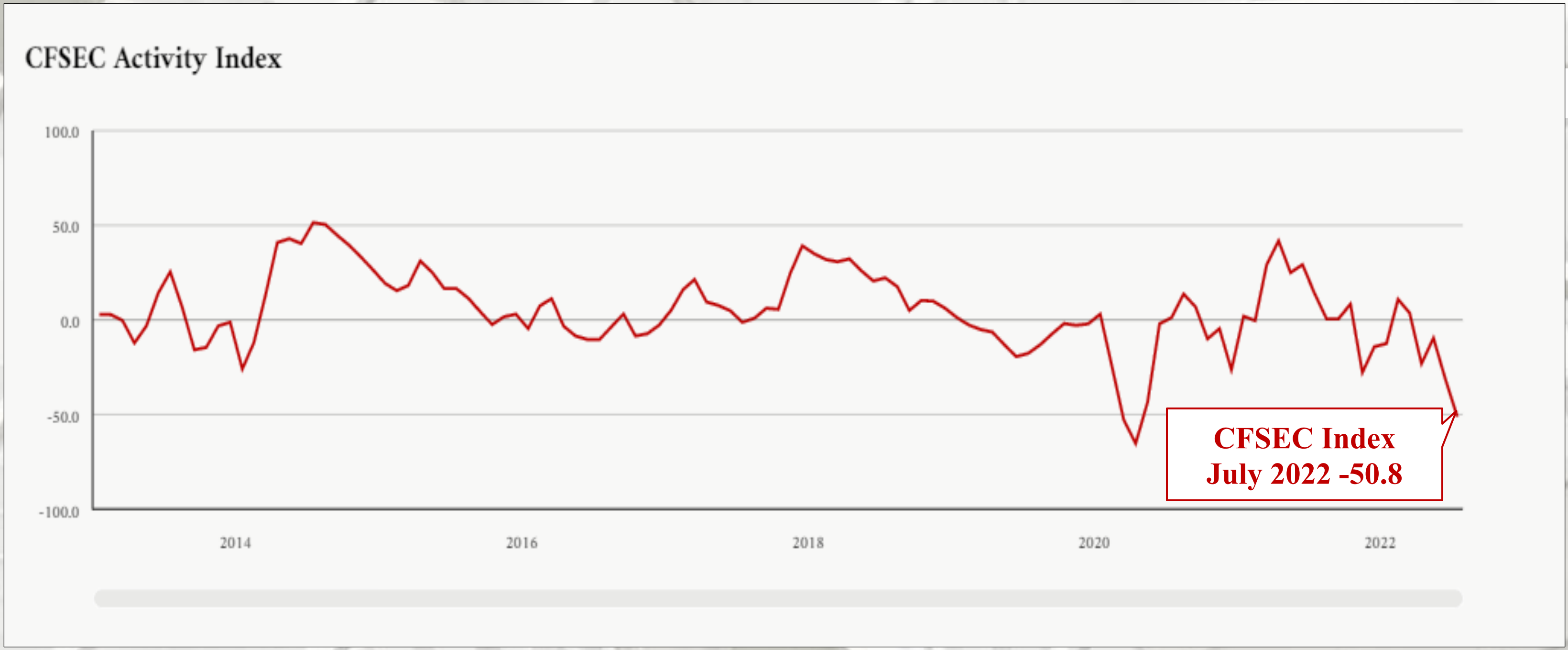
# The Federal Reserve Bank of Chicago: Survey of Business Conditions (CFSEC)




Source: https://www.chicagofed.org/research/data/cfsec/current-data; 8/10/22

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# The Federal Reserve Bank of Dallas

## Texas Manufacturing Outlook Survey

### Modest Growth in Texas Manufacturing Activity Continues

"Growth in Texas factory activity continued at a modest pace in July, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, was largely unchanged at 3.8, a reading well below average but still indicative of growth.

Other measures of manufacturing activity painted a mixed picture again this month. The new orders index remained negative at -9.2, down from -7.3 in June, suggesting a further decrease in demand. The growth rate of orders index also remained negative but edged up to -12.0. The capacity utilization index was unchanged at 3.5, and the shipments index ticked up to 4.3.

Perceptions of broader business conditions worsened in July. The general business activity index declined five points to -22.6. The company outlook index posted a fifth consecutive negative reading but moved up from -20.2 to -10.8. The outlook uncertainty index came off its two-year high of 43.7, falling to 33.7.

Labor market measures continued to indicate robust employment growth and longer workweeks. The employment index moved up three points to 17.9, a reading significantly above its series average of 7.7. Twenty-eight percent of firms noted net hiring, while 10 percent noted net layoffs. The hours worked index also remained above average but edged down from 11.8 to 9.5.

Prices and wages continued to increase but at a more moderate pace. The raw materials prices index fell 19 points to 38.4, a reading still above its average of 28.0 but far below its high of 83.3 last November. The finished goods prices index also moved down, from 33.8 to 29.3, remaining elevated but well below the highs seen last fall. The wages and benefits index came in at 38.1, down 12 points from June but still markedly higher than its 20.4 average." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 7/25/22

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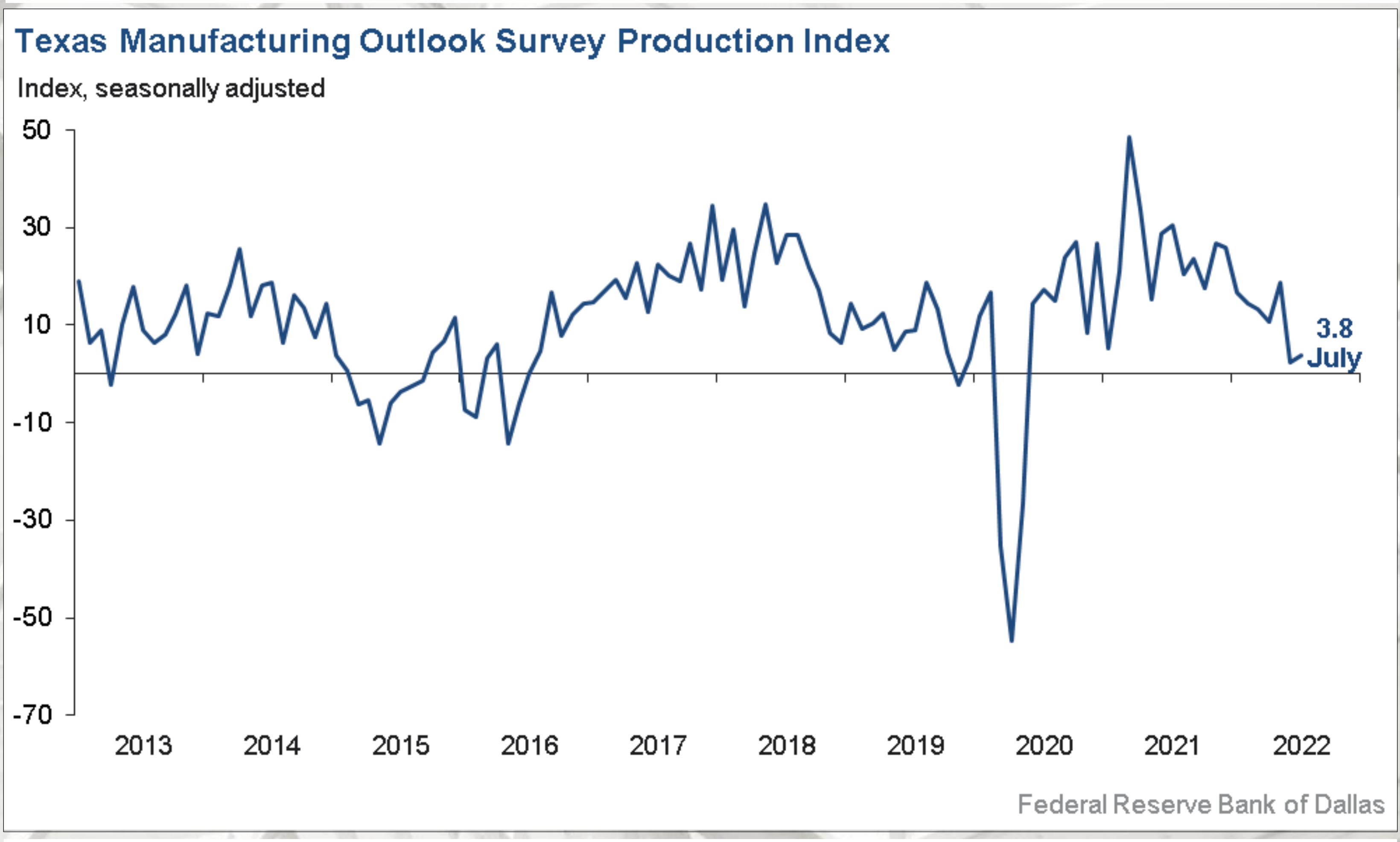
# The Federal Reserve Bank of Dallas




"Expectations regarding future manufacturing activity were mixed. The future production index climbed 10 points to 13.6. The future general business activity index rose eight points but remained negative at -17.7, suggesting that more manufacturers expect worsened activity six months from now than improved. Other measures of future manufacturing activity, like capacity utilization and new orders, pushed further positive in July." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 6/27/22

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# The Federal Reserve Bank of Dallas

## Texas Service Sector Outlook Survey

### Texas Service Sector Growth Holds Steady in July

“Activity in the Texas service sector increased moderately in July, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, was roughly unchanged at 9.5 in July, and the share of firms reporting increasing revenues was 31 percent.

Labor market indicators were positive, with accelerated employment growth and a continued increase in hours worked. The employment index jumped seven points to 14.5, with nearly one quarter of respondents noting increased payrolls compared with June. The part-time employment index was flat at 1.6, while the hours worked index was similarly unchanged at 5.0.

Perceptions of broader business conditions remained negative in July, although they were somewhat less pessimistic than in June. The general business activity index inched up from -12.4 to -10.9, while the company outlook index improved from -14.7 to -5.2; the share of firms reporting a worsened outlook fell from 27 percent to 19 percent. The outlook uncertainty index dropped sharply from 41.2 to 22.3.

Price and wage pressures moderated slightly in July, though the relevant indexes remain well above historical averages. The selling prices index fell four points to 25.7, while the input prices index dropped six points to 49.9. The wages and benefits index fell over six points to 28.0, as the share of respondents reporting wage increases fell from 37 percent to 31 percent.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 6/28/22

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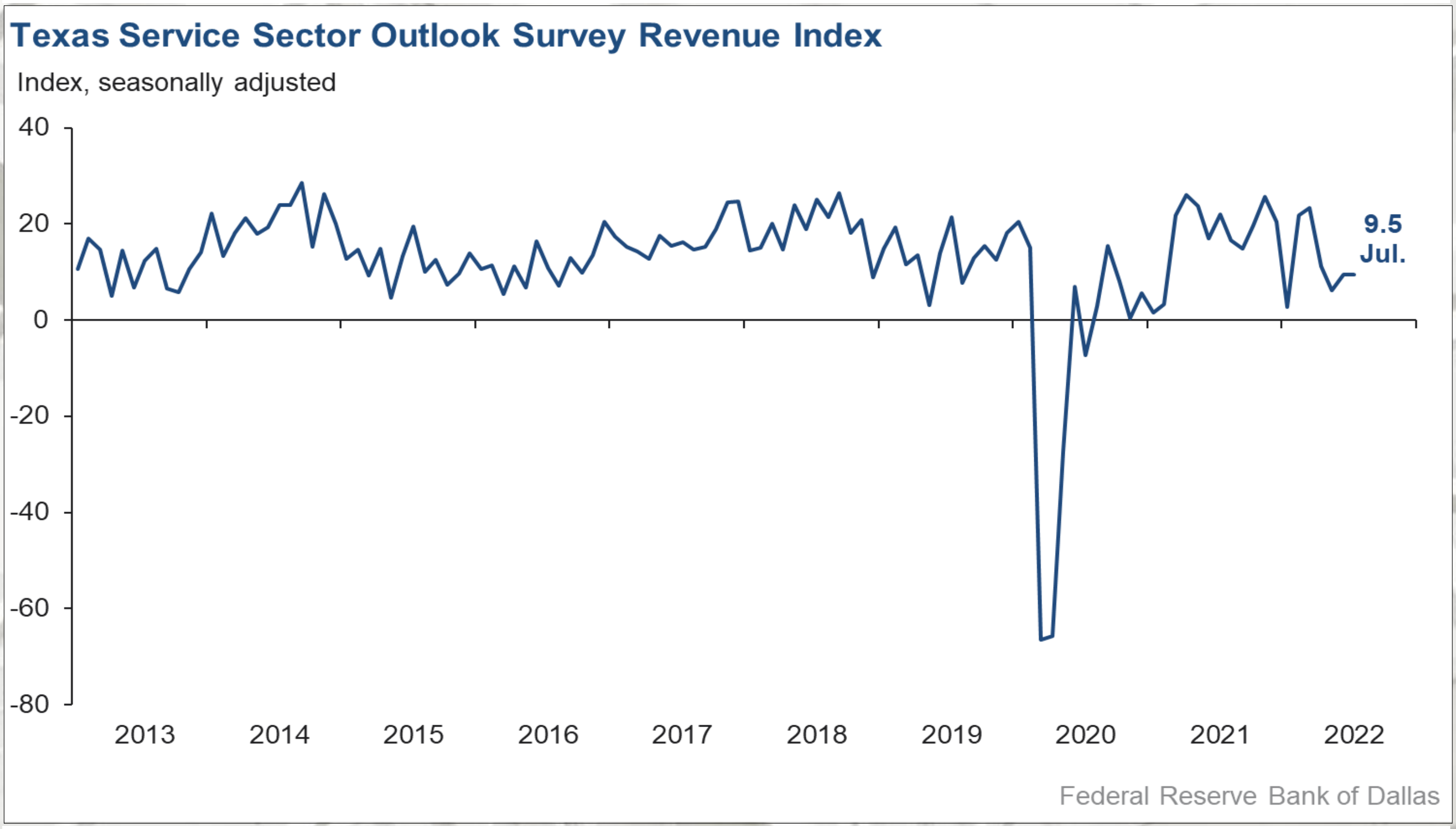
# The Federal Reserve Bank of Dallas




## Texas Service Sector Outlook Survey

"Respondents' expectations regarding future business activity were mixed in July, with some indicators pointing to more optimism. The future general business activity index improved by over 16 points but was still in negative territory at -7.5. The future revenue index rebounded from 19.0 to 35.3, with over half of respondents expecting higher revenues six months from now. Other future service sector activity indexes such as employment and capital expenditures picked up, suggesting some recovery in expectations for growth in the rest of the year." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 6/28/22

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# The Federal Reserve Bank of Dallas

## Texas Retail Outlook Survey

### Texas Retail Sales Deteriorate in June

“July retail sales activity continued to decline, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, plunged eight points to -19.4—its weakest reading since July 2020. Retailers’ inventories increased for the first time since late 2021, with the inventories index surging from a near-zero reading to 13.2.

Retail labor market indicators were mixed in July. The employment index rebounded from negative territory to 5.4, while the part-time employment index increased seven points to -1.1. The hours worked index picked up from -6.1 to 0.3, suggesting little net change in average employee hours worked.

Retailers’ perceptions of broader business conditions remained negative in July. The general business activity index increased nearly three points but remained negative at -22.6, while the company outlook index picked up from -22.2 to -16.5. The outlook uncertainty index fell to a three-month low of 14.2.

Retail price and wage pressures eased in July. The selling prices index decreased five points to 31.9, while the input prices index plunged 10 points to 39.7 — its lowest reading in over a year. The wages and benefits index softened from 30.4 to 19.2, with just over a quarter of firms noting increased labor compensation costs this month compared with nearly 40 percent of firms in June.

Expectations for future retail growth were mixed in July. The future general business activity index picked up over 10 points but remained negative at -16.3, while the future sales index bounced back somewhat, rising from 0.9 to 17.6. Other indexes of future retail activity were mostly positive, suggesting expectations that growth will pick up over the next six months from the weak pace seen recently.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 6/28/22

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# The Federal Reserve Bank of Dallas


Source: https://www.dallasfed.org/research/surveys; 6/28/22

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# U.S. Economic Indicators

## The Federal Reserve Bank of Kansas City

### Growth in Tenth District Manufacturing Grew Moderately in July

The pace of regional factory growth remained more moderate than earlier in the year. Meanwhile, survey price indexes were the lowest in over a year.

### Factory Activity Pace of Growth Remained Moderate

"Tenth District manufacturing activity grew moderately in July. Expectations for future activity increased after dropping in June (Chart 1). Monthly and annual survey price indexes fell to their lowest levels in over a year, and indexes for price expectations also moderated.

The month-over-month composite index was 13 in July, up from 12 in June, and down from 23 in May. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. In July, the slower pace in factory growth than earlier in the year was driven by decreased in activity in electrical equipment, electronic products, primary metal, chemical manufacturing, and food manufacturing. Month-over-month indexes were mostly positive in July. Indexes for production, shipments, new orders, and order backlog increased from June's readings, while inventory and supplier delivery time indexes decreased slightly. Year-over-year factory indexes increased, to a composite index of 46. The supplier delivery time index increased slightly compared to a year ago, along with the materials inventory. However, indexes for finished goods and new orders for exports declined slightly compared to a year ago. The future composite index was 26 in July, rebounding from 10 in June. More firms expected increases in production, shipments, new orders, backlog of orders, employment, capital expenditures, supplier delivery times, and materials inventories." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 7/28/22

# U.S. Economic Indicators

## The Federal Reserve Bank of Kansas City

### Factory Activity Pace of Growth Remained Moderate

### Special Questions

"This month contacts were asked special questions on firms' need and use for physical infrastructure, the change in the geographical area that firms pull workers and remote workers from over the last year, and remote workers' wages compared to in-person wages for the same type of occupation.  In July, 71% of firms reported they were using 100% of the firm's pre-pandemic physical infrastructure (e.g., real estate, office space, etc.).  Looking ahead, about 66% of firms expected no change, 27% expect an increase, and about 7% expect a decrease in the firms' need for physical infrastructure in the next year.  About 85% of firms reported that if they have remote workers, their wages are the same compared to in-person wages.  Most firms reported that the geographical areas they pull workers (74.2%) and remote workers (86.5%) from has stayed the same over the last year." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 7/28/22

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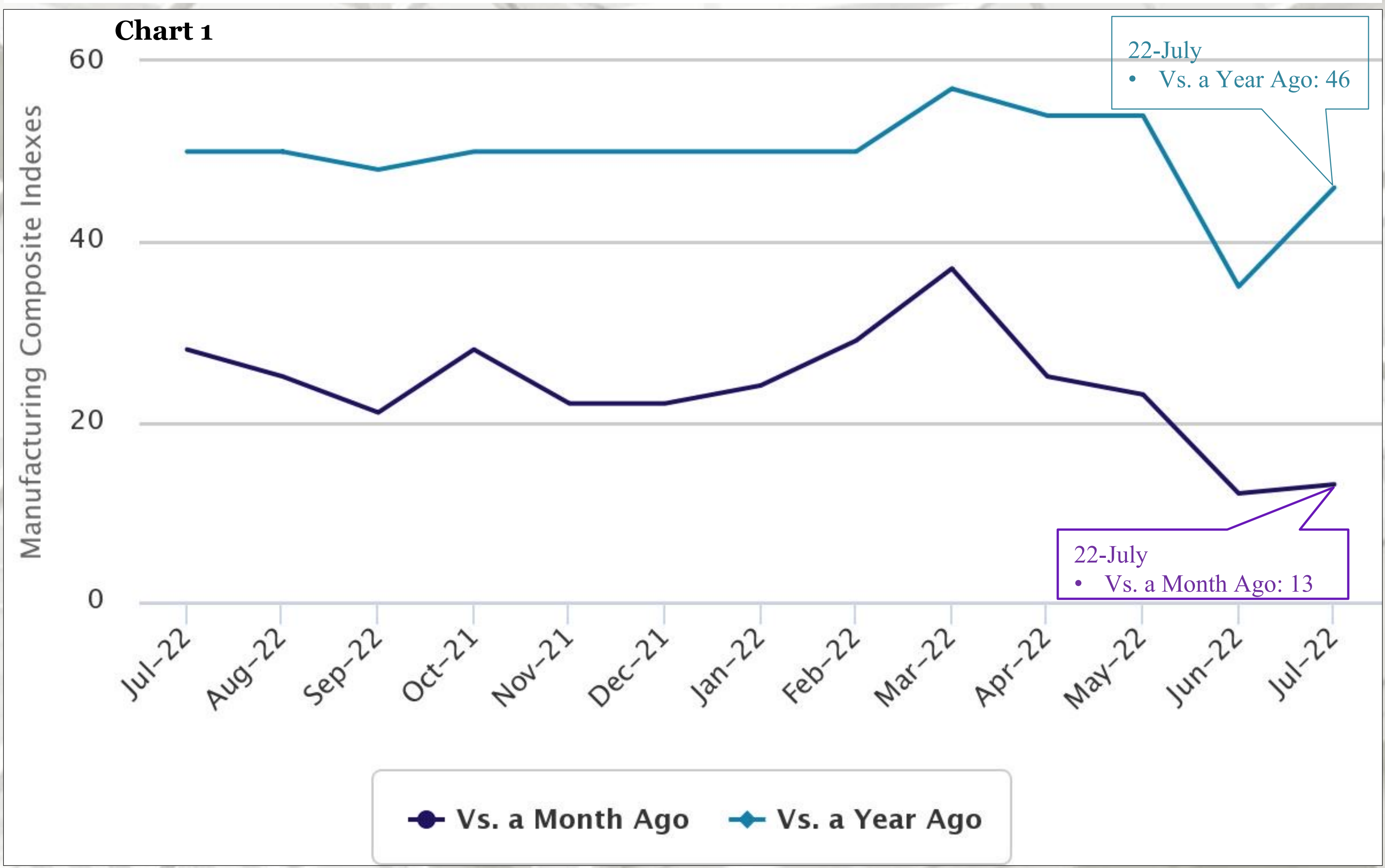
# The Federal Reserve Bank of Kansas City




Source: https://www.kansascityfed.org; 7/28/22

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# U.S. Economic Indicators

## The Federal Reserve Bank of Kansas City

### Growth in Tenth District Services Slowed in July

Regional services activity grew more slowly in July. However, firms were optimistic about the outlook.

### Business Activity Growth Slowed

"Growth in Tenth District services activity slowed in July, and expectations for future activity rebounded somewhat (Chart 1). Input price indexes edged upward from last month while selling price indexes inched downward. Expectations for future prices remained high, but slightly below previous levels.

The month-over-month services composite index was 2 in July, down from 14 in June and 20 in May. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The slower pace of revenue and sales in July were driven by decreased activity in transportation, auto, health services, education, and retail trade. Month-over-month indexes mostly declined slightly in July, with a lower reading for revenue/sales, capital expenditures, credit conditions, wages and benefits, and employment indexes. In contrast, hours worked indexes increased slightly. The year-over-year composite index decreased slightly from 27 to 18, but hours worked, employment, wages and benefits, inventory indexes, and credit conditions had higher readings than last month. Expectations for services activity remained solid in July with the future composite index increasing somewhat from last month, driven by higher indexes for revenue/sales, inventories, and credit conditions." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 7/29/22

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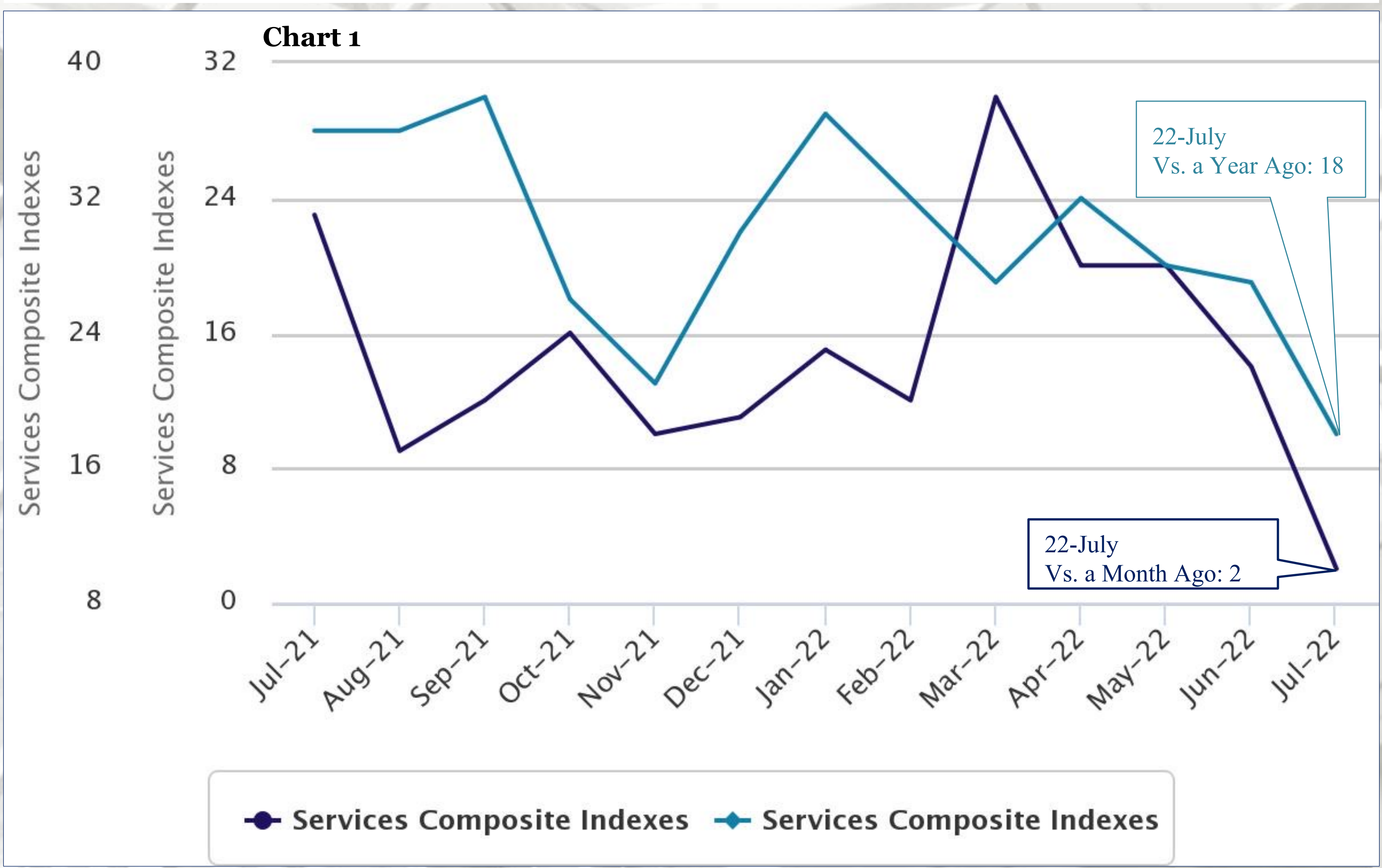
# The Federal Reserve Bank of Kansas City




Source: https://www.kansascityfed.org; 7/29/22

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# The Federal Reserve Bank of New York

## August Empire State Manufacturing Survey

### HEADLINE INDEX PLUNGES

“Business activity declined sharply in New York State, according to firms responding to the August 2022 *Empire State Manufacturing Survey*. The headline general business conditions index plummeted forty-two points to -31.3. New orders and shipments plunged, and unfilled orders declined. Delivery times held steady for the first time in nearly two years, and inventories edged higher. Labor market indicators pointed to a small increase in employment, but a decline in the average workweek. While still elevated, the prices paid index moved lower, and the prices received index held steady. Looking ahead, firms did not expect much improvement in business conditions over the next six months.

Manufacturing activity declined significantly in New York State, according to the August survey. The general business conditions index plunged forty-two points to -31.3, the second largest monthly decline in the index on record, and among the lowest levels in the survey’s history. Twelve percent of respondents reported that conditions had improved over the month, and forty-four percent reported that conditions had worsened. The new orders index dropped thirty-six points to -29.6, and the shipments index plummeted nearly fifty points to -24.1, indicating a sharp decline in both orders and shipments. The unfilled orders index fell to -12.7, indicating that unfilled orders shrank for a third consecutive month. The delivery times index declined to around zero, indicating that delivery times held steady, the first month they have not lengthened in nearly two years. The inventories index fell to 6.4, signaling that inventories increased marginally.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/15/21

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# The Federal Reserve Bank of New York

## August Empire State Manufacturing Survey

### LABOR MARKET INDICATORS WEAKEN

"The index for number of employees moved down eleven points to 7.4, pointing to a small increase in employment, and the average workweek index fell to -13.1, indicating a decline in hours worked. The prices paid index fell nine points to 55.5, its lowest level in over a year, indicating a deceleration in input price increases. The prices received index was little changed at 32.7.

### FIRMS EXPECT LITTLE IMPROVEMENT

The index for future business conditions came in at 2.1, suggesting that firms were not optimistic about the six-month outlook. The indexes for future new orders and shipments were positive, but remained at low levels. Employment is expected to pick up, and delivery times are expected to decline over the next six months. Only modest increases in capital spending and technology spending are planned for the months ahead." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/15/21

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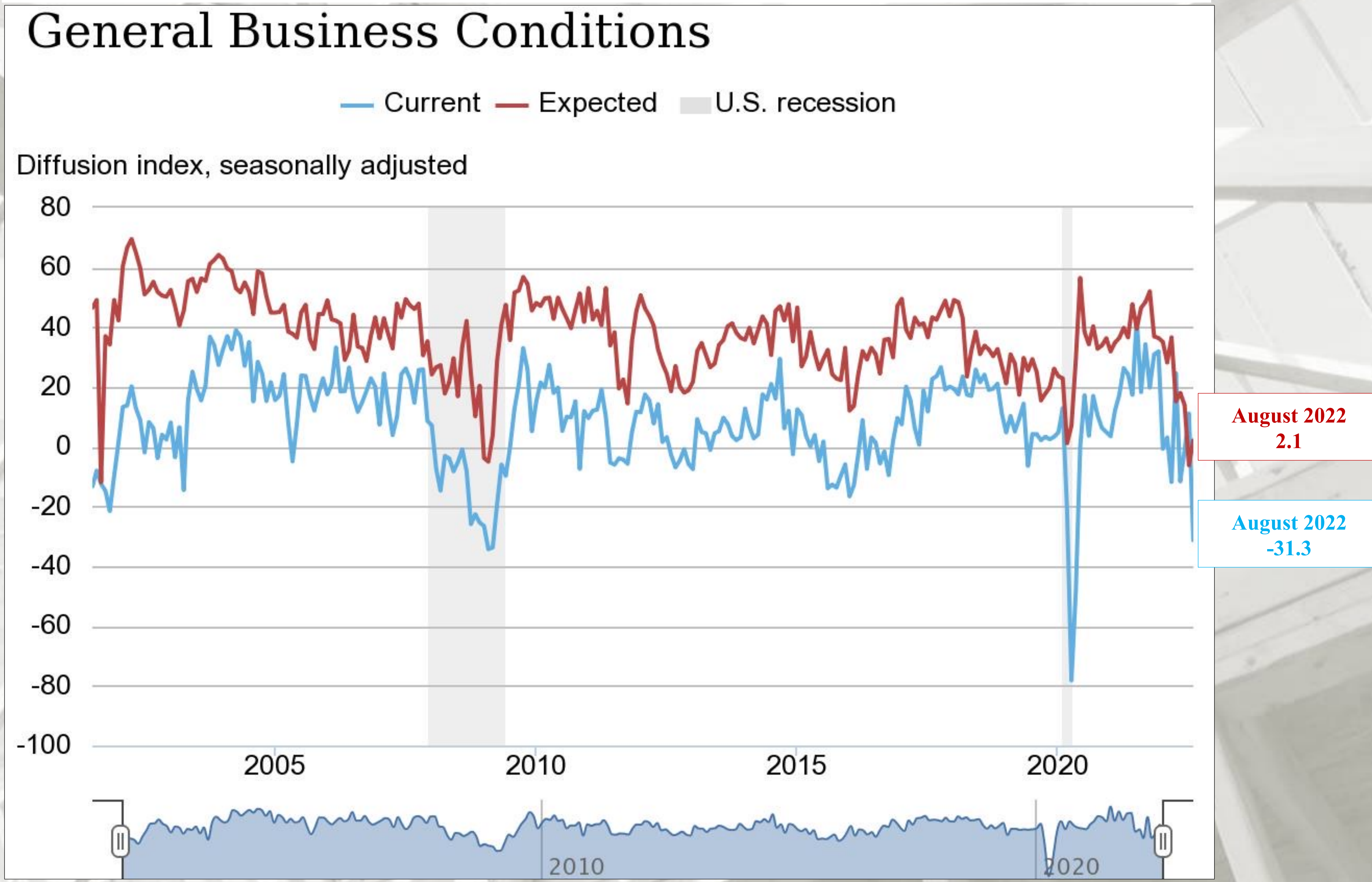
# The Federal Reserve Bank of New York




Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/15/21

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# The Federal Reserve Bank of Philadelphia

## July 2022 Manufacturing Business Outlook Survey

"Manufacturing activity in the region declined overall in July, according to the firms responding to this month's *Manufacturing Business Outlook Survey*. The survey's indicators for current general activity and new orders declined further into negative territory. The shipments index was positive and rose slightly, while the indexes for inventories and unfilled orders were negative. The employment indicators declined but remained positive. Both price indexes fell but remain elevated. The future indicators suggest that firms expect overall declines in activity and new orders but increases in shipments and employment over the next six months.

### Most Current Indicators Decline

The diffusion index for current general activity decreased for the fourth consecutive month, falling 9 points to -12.3 in July (see Chart 1). Although most firms reported no change in activity (61 percent), the share of firms reporting decreases (24 percent) exceeded the share of firms reporting increases (12 percent). The index for new orders declined for the second consecutive month, from -12.4 to -24.8. However, the current shipments index rose from 10.8 to 14.8. The indexes for current inventories and unfilled orders were negative, at -9.3 and -10.4, respectively.

On balance, the firms continued to report increases in employment, but the employment index declined 9 points to 19.4, its lowest reading since May 2021. Nearly 24 percent of the firms reported employment increases, while 4 percent reported decreases; 72 percent reported no change in employment levels. The average workweek index decreased for the fourth consecutive month, to 6.4." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-07; 7/21/22

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# The Federal Reserve Bank of Philadelphia

## July 2022 Manufacturing Business Outlook Survey

### Price Increases Remain Widespread

“The indicators for prices paid and prices received declined for the third consecutive month but continued to suggest widespread price increases. The prices paid index fell 12 points to 52.2, its lowest reading since January 2021. Nearly 56 percent of the firms reported increases in input prices, while 3 percent reported decreases; 40 percent of the firms reported no change. The current prices received index dropped 19 points to 30.3. Almost 37 percent of the firms reported increases in prices received for their own goods this month, 6 percent reported decreases, and 57 percent reported no change.

### Firms Expect Highest Increases for Energy, Raw Materials

“In this month’s special questions, the firms were asked about changes in wages and compensation over the past three months as well as their updated expectations for changes in various input and labor costs for the current year. Nearly 79 percent of the firms indicated wages and compensation costs had increased over the past three months, 21 percent reported no change, and none reported decreases. Most firms have reported adjusting their 2022 budgets for wages and compensation since the beginning of the year, with 57 percent noting they are planning to increase wages and compensation by more than originally planned and 14 percent noting they are planning to increase wages and compensation sooner than originally planned.

The firms still expect higher costs across all categories of expenses in 2022, but median expected increases were unchanged or lower than when this question was last asked in April for most categories. Responses indicate a median expected increase of 7.5 to 10 percent for energy and for raw materials and of 5 to 7.5 percent for intermediate goods, health benefits, and total compensation (wages plus benefits).” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-07; 7/21/22

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# The Federal Reserve Bank of Philadelphia

## July 2022 Manufacturing Business Outlook Survey

### Future Indicators Remain Weak

“The diffusion index for future general activity decreased 12 points to -18.6, its lowest reading since December 1979 (see Chart 1). More than 35 percent of the firms expect decreases in future activity (down from 42 percent last month), compared with 17 percent that expect increases (down from 36 percent); 40 percent of the firms expect no change in future activity (up from 19 percent last month). The future new orders index declined 5 points to -12.4, while the future shipments index rose 9 points to 12.8. The future employment index rose 6 points to 16.5. Nearly 56 percent of the firms expect steady employment levels over the next six months, 29 percent of the firms expect to increase employment, and 13 percent expect employment declines. The future capital expenditures index fell 7 points to 4.4, its lowest reading since March 2013, as 81 percent of the firms expect no change in spending over the next six months and only 10 percent expect increases.

### Summary

“Responses to the July *Manufacturing Business Outlook Survey* suggest overall declines in regional manufacturing activity this month. The indicators for current activity and new orders remained negative, while the shipments index rose slightly. The firms continued to indicate overall increases in employment and widespread increases in prices. The indicators for future general activity and new orders remained negative, suggesting that respondents expect overall 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/mbos-2022-07; 7/21/22

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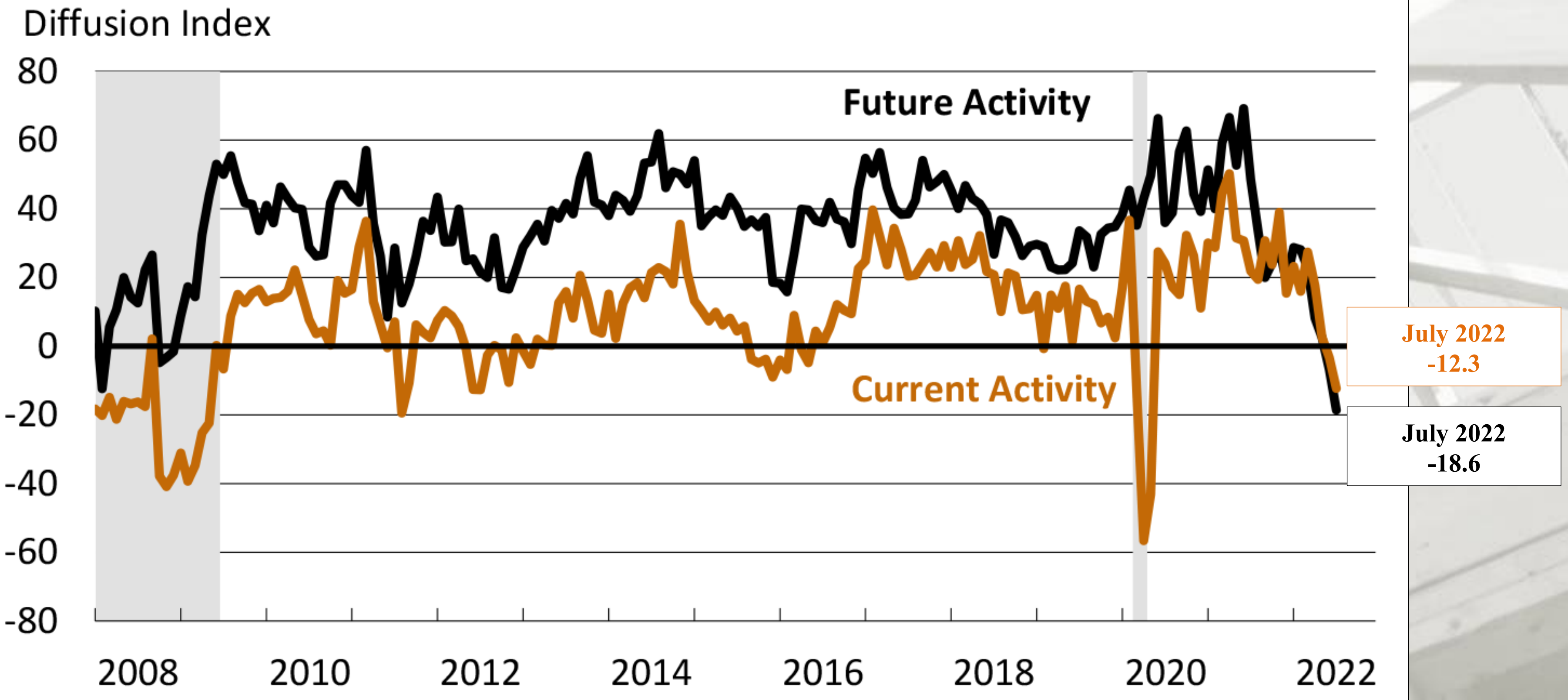
# The Federal Reserve Bank of Philadelphia

**Chart 1. Current and Future General Activity Indexes**
January 2008 to July 2022




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-2022-07; 7/21/22

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# The Federal Reserve Bank of Philadelphia

## July 2022 Nonmanufacturing Business Outlook Survey

"Responses to the July *Nonmanufacturing Business Outlook Survey* indicate a moderation of nonmanufacturing activity in the region. The indexes for general activity at the firm level, sales/revenues, and new orders all declined but remained positive at low readings. The price indicators for the firms' inputs and own goods also decreased but remained well above long-run averages. The respondents continued to anticipate growth at their own firms over the next six months.

### Current Indexes Decline but Remain Positive

The diffusion index for current general activity at the firm level declined from a reading of 24.7 in June to 11.7 this month (see Chart 1). Nearly 34 percent of the firms reported increases (down from 46 percent) and 22 percent reported decreases (little changed from last month). More than 43 percent of the responding firms reported no change in general activity (up from 28 percent last month). The index for sales/revenues fell 17 points to 9.4 this month, and the new orders index fell 12 points to 3.9, both reversing their gains from last month. Almost 26 percent of the firms reported increases in new orders (down from 33 percent last month), 29 percent reported no change (up from 25 percent), and 22 percent reported decreases (up from 18 percent). The regional activity index fell 5 points to 0.1.

### Most Firms Report Steady Employment

The full-time employment index fell 13 points to 14.3 in July, after rising 12 points in June. More than 62 percent of the firms reported steady full-time employment levels, while the share of firms reporting increases this month (23 percent) exceeded the share reporting decreases (9 percent). The part-time employment index decreased 13 points to 8.6, and the average workweek index fell 20 points to 2.0." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-07; 7/26/22

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# The Federal Reserve Bank of Philadelphia

## July 2022 Nonmanufacturing Business Outlook Survey

### Price Increases Remain Widespread

“The prices paid index fell 16 points from its all-time high reading to 63.8 in July but remained elevated. More than 65 percent of the respondents reported increases in their input prices, 2 percent reported decreases, and 16 percent reported stable input prices. Regarding prices for the firms’ own goods and services, the prices received index edged down from a reading of 33.6 in June to 32.5 in July. The share of firms reporting increases in prices received (35 percent) exceeded the share reporting decreases (2 percent). Nearly 46 percent of the firms reported steady prices for their own goods and services.

### Firms Report Higher Sales/Revenues and Constraints

In special questions this month, the firms were asked about changes in wages and compensation over the past three months as well as their updated expected changes to various input and labor costs for 2022. More than 57 percent of the firms indicated wages and compensation costs had increased over the past three months, 41 percent reported no change, and 2 percent reported decreases. Most firms reported adjusting their 2022 budgets for wages and compensation since the beginning of the year, with 48 percent indicating they are planning to increase wages and compensation by more than originally planned and 30 percent indicating they are planning to increase wages and compensation sooner than originally planned.

The firms still expect higher costs across all categories of expenses in 2022. Responses indicate a median expected increase of 5 to 7.5 percent for energy (unchanged from when the question was asked in April) as well as for intermediate goods, wages, and total compensation, all up from April.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-07; 7/26/22

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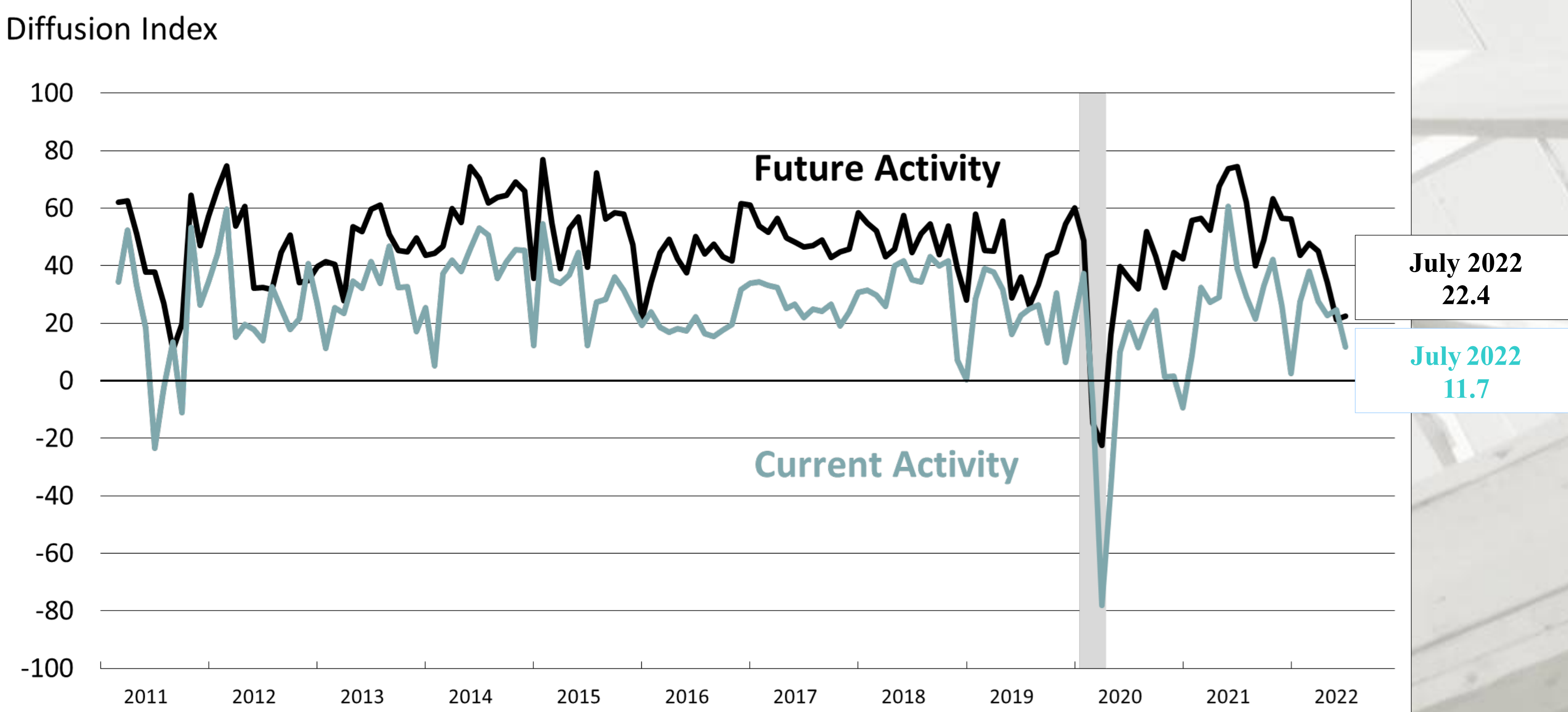
# The Federal Reserve Bank of Philadelphia

**Chart 1. Current and Future General Activity Indexes for Firms**

March 2011 to July 2022




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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-07; 7/26/22

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# The Federal Reserve Bank of Philadelphia

## July 2022 Nonmanufacturing Business Outlook Survey

### Firms Remain Optimistic About Own Growth

"The future activity indexes suggest firms expect growth at their own companies over the next six months but are less optimistic about activity in the region.  The diffusion index for future activity at the firm level edged up from a reading of 21.2 in June to 22.4 this month (see Chart 1).  Nearly 46 percent of the respondents expect an increase in activity at their firms over the next six months, compared with 24 percent that expect decreases and 29 percent that expect no change.  However, the future regional activity index decreased 17 points to -9.3, its first negative reading since May 2020.

### Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest moderation in nonmanufacturing activity in the region.  The indicators for firm-level general activity, new orders, and sales/revenues all declined but remain positive, and the firms continue to report overall increases in employment.  The price indexes remained elevated.  The respondents continue to expect growth over the next six months at the firm level." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-07; 7/26/22

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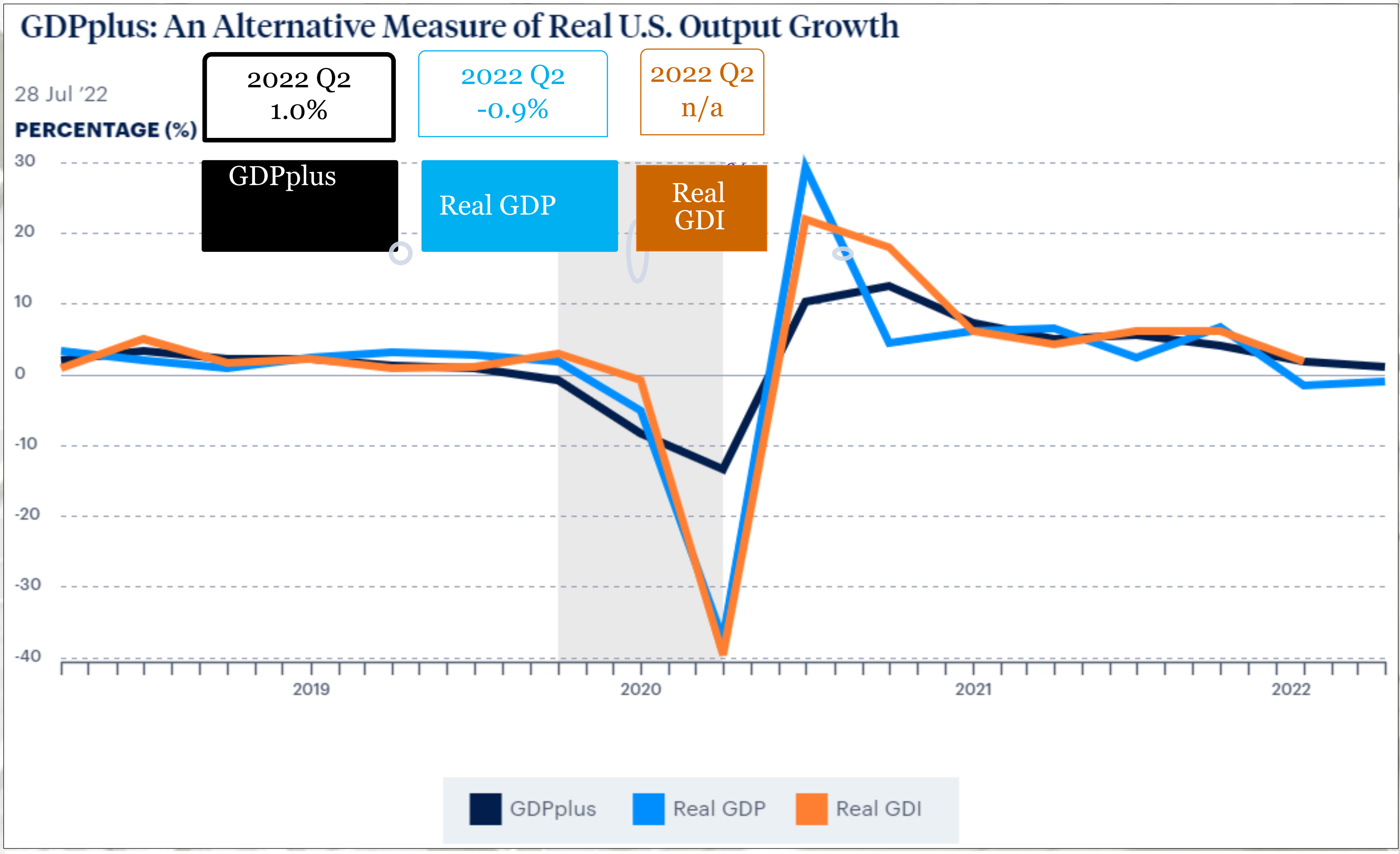
# The Federal Reserve Bank of Philadelphia: GDPplus




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

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

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 7/28/22

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# U.S. Economic Indicators

## The Federal Reserve Bank of Richmond

### Manufacturing Activity Remained Flat in July

“Fifth District manufacturing activity improved but remained relatively flat in July, according to the most recent survey from the Federal Reserve Bank of Richmond.  The composite manufacturing index rose from −9 in June to 0 in July, as two of its three component indexes showed marked improvement.  The indexes for shipments and volume of new orders rallied from −17 and −20 in June to 7 and −10 in July, respectively.  The third component, the employment index, fell to 8 in July from 16 in June.

Like last month, the wage index remained elevated, despite a downward shift, indicating that a large share of firms continues to report increasing wages.  Additionally, the local business conditions index improved in July, climbing from −32 to −13.  Firms were also more optimistic about conditions in the next six months as the expectations index increased to −10 in July from −28 in June.

There was further indication of supply chain relief as the index for vendor lead time decreased again in July and the indexes for raw materials and finished goods inventories increased.” – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/26/22

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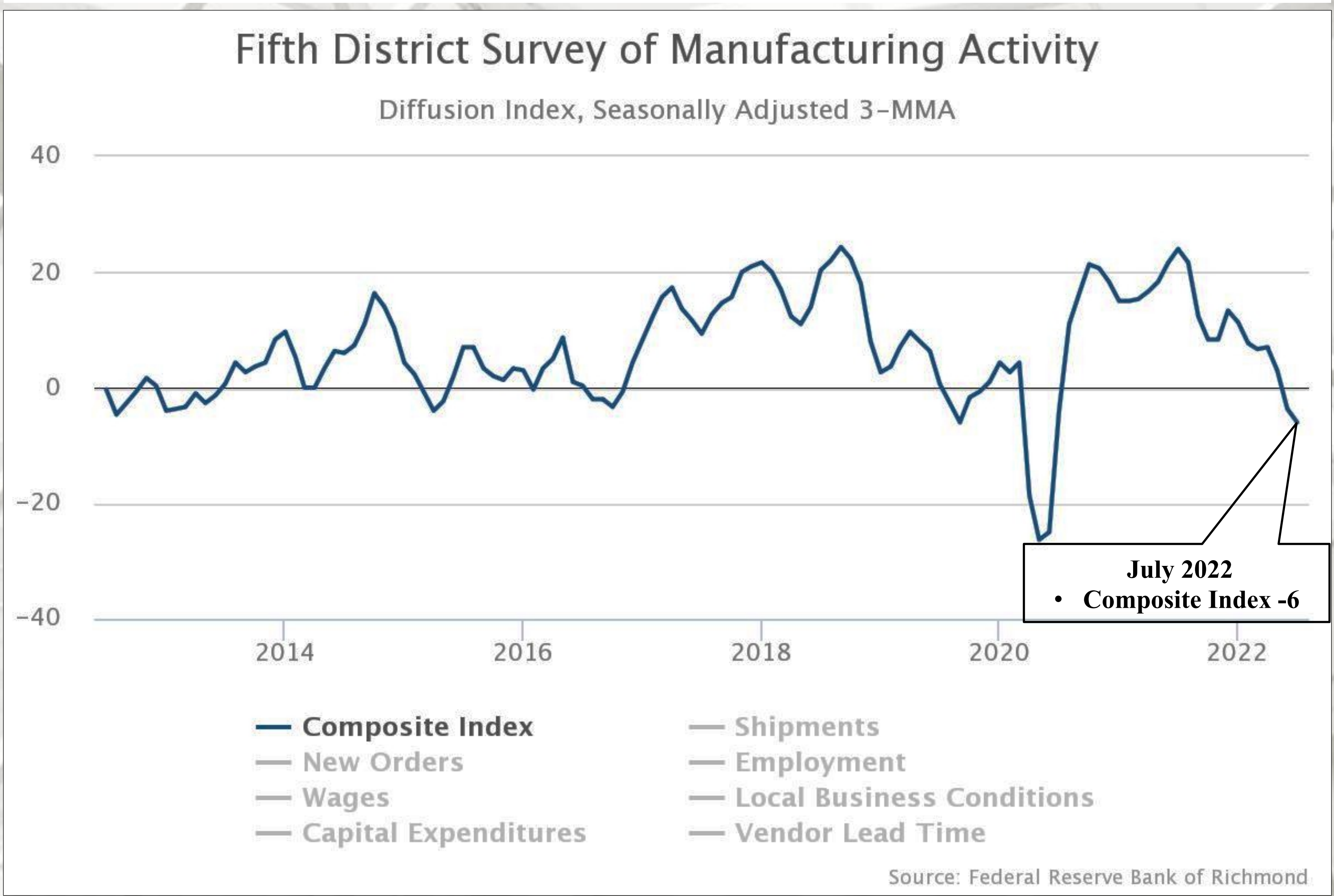
# U.S. Economic Indicators




Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/26/22

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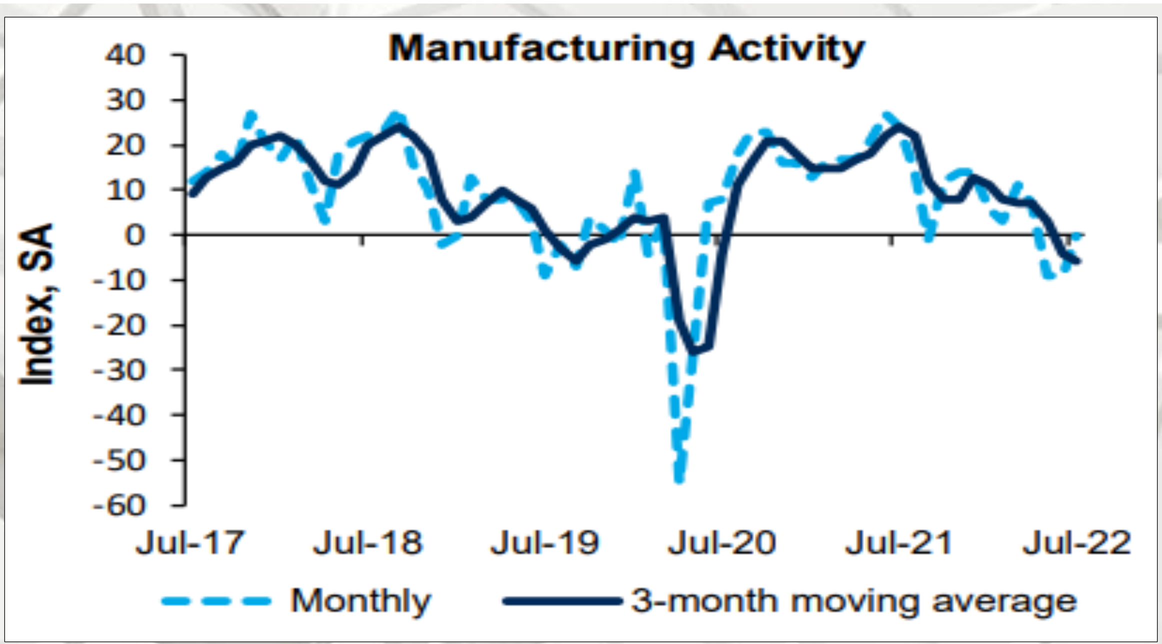
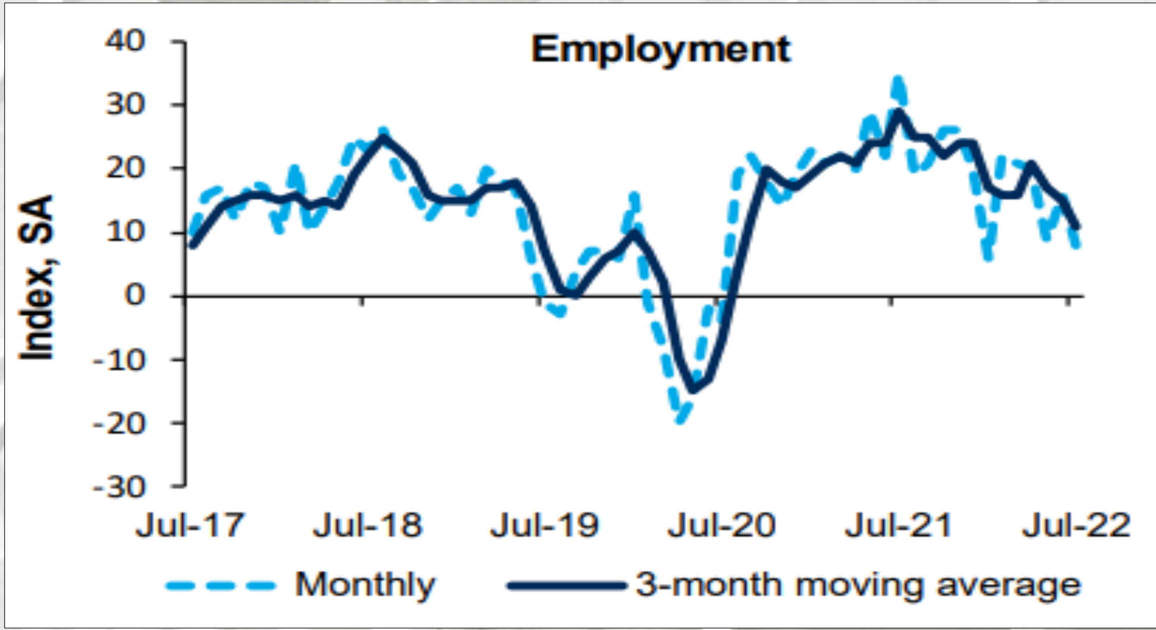
# U.S. Economic Indicators




Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/26/22

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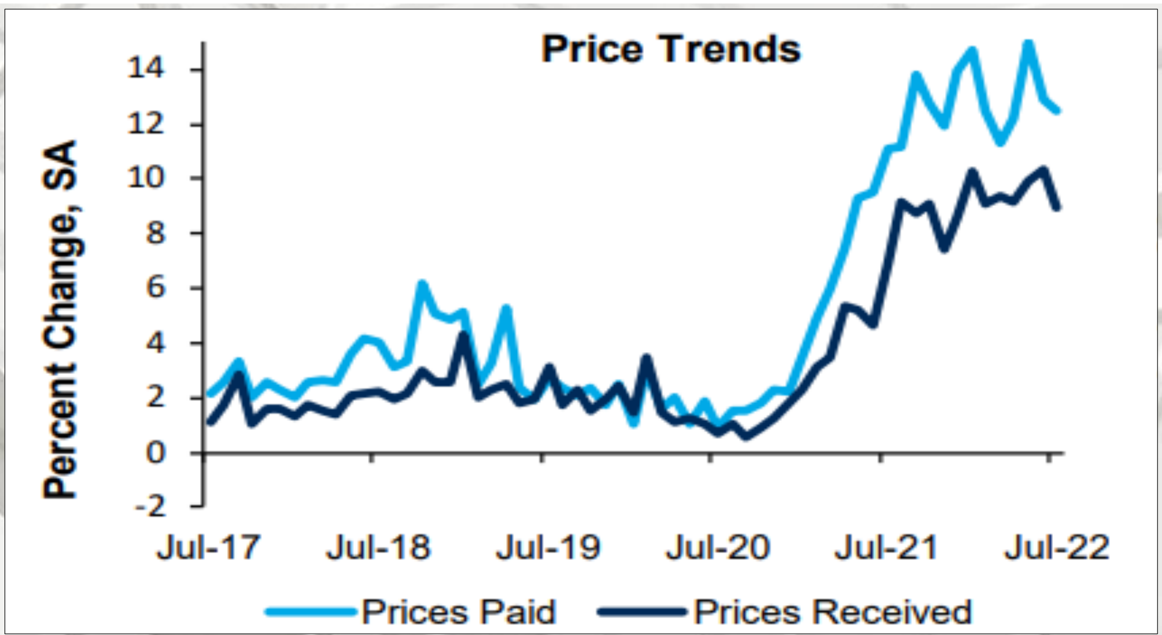
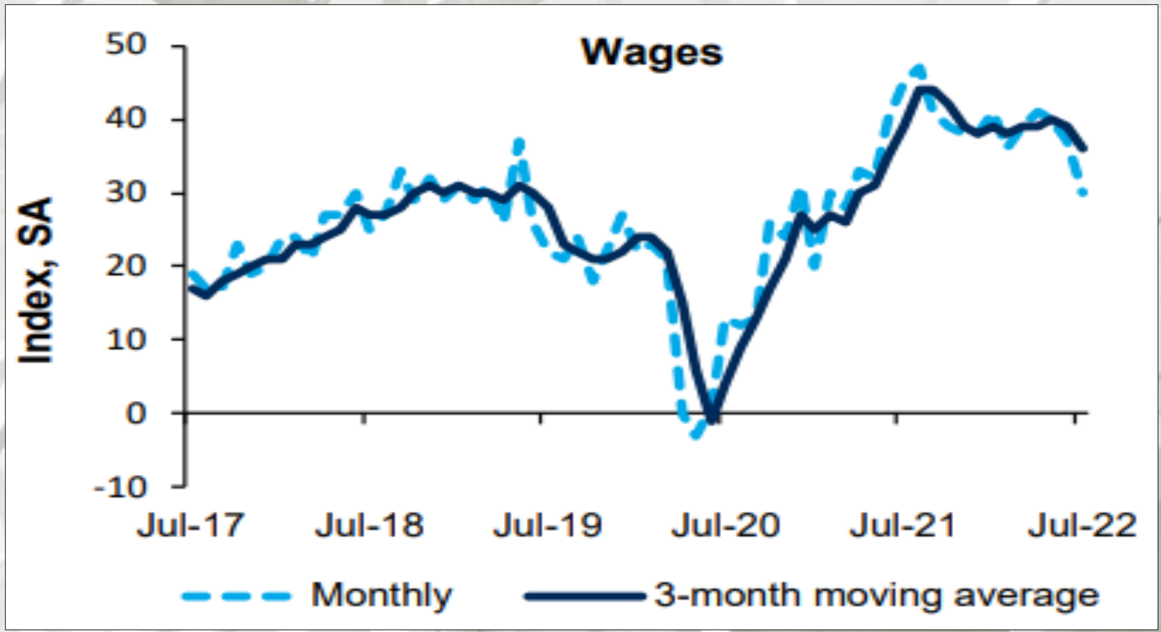
# U.S. Economic Indicators




Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/26/22

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# U.S. Economic Indicators

## The Federal Reserve Bank of Richmond

### Fifth District Survey of Service Sector Activity

### Service Sector Activity Deteriorated in July

“Fifth District service sector activity deteriorated in July, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues and demand indexes both decreased notably in July, falling to −13 and −6, respectively. Expectations for improvement in the next six months were also notably less optimistic in July. The indexes for capital expenditures, equipment & software spending, and services expenditures all decreased very slightly from June.

Firms reported a sharp deterioration of local business conditions, as the index fell to −33 in July from −11 in June. Moreover, firms were notably more pessimistic about future business conditions, as the expected business conditions index fell to −31 from −23.

On a positive note, firms reported slightly increased hiring in July, and their ability to find workers with the necessary skills improved since June. Firms expected further improvement in the next six months, but also expected wages to remain elevated. Despite the continued wage pressures, firms’ expectations for growth in prices paid and prices received over the next 12 months decreased in July.” – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 7/26/22

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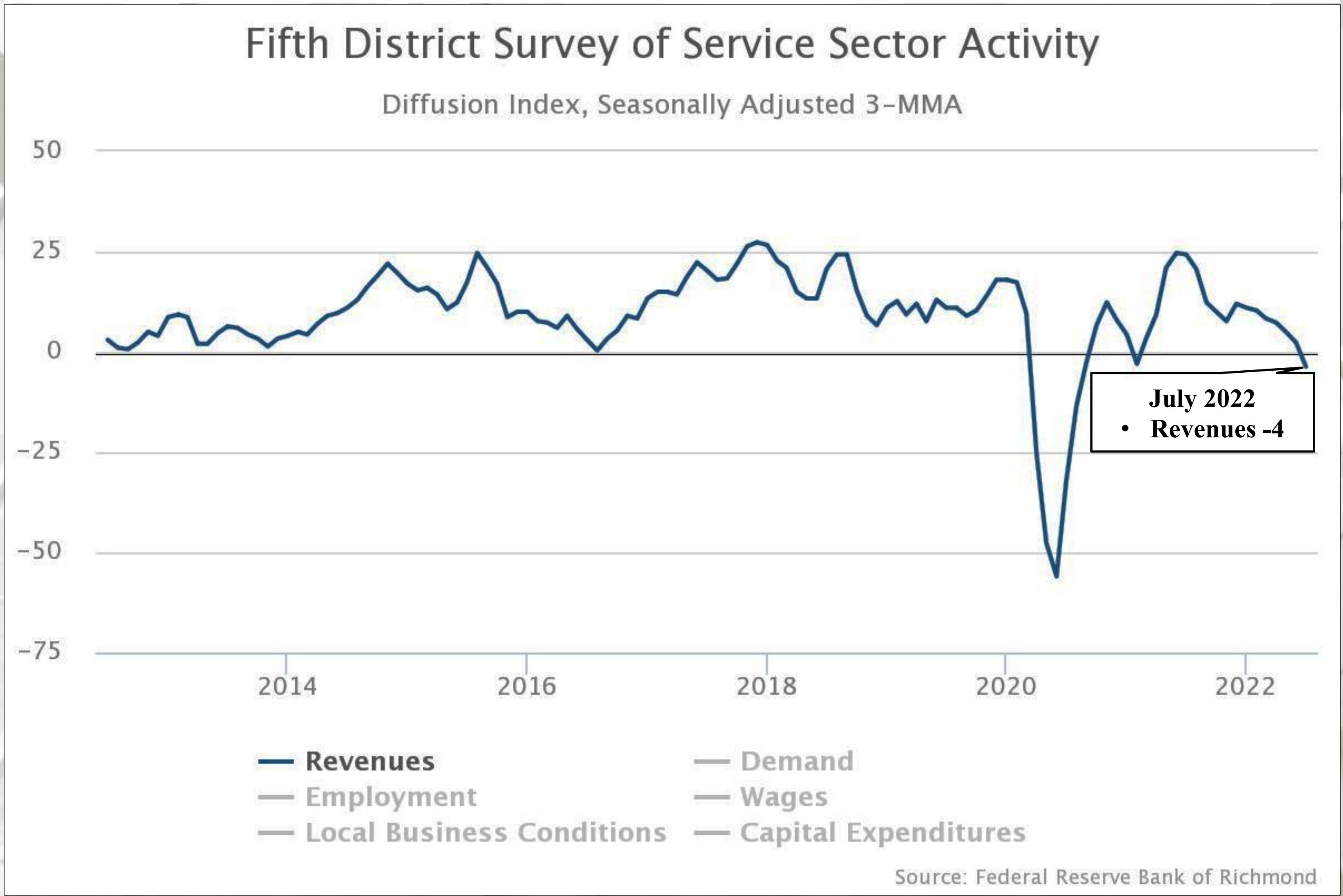
# U.S. Economic Indicators




Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 7/26/22

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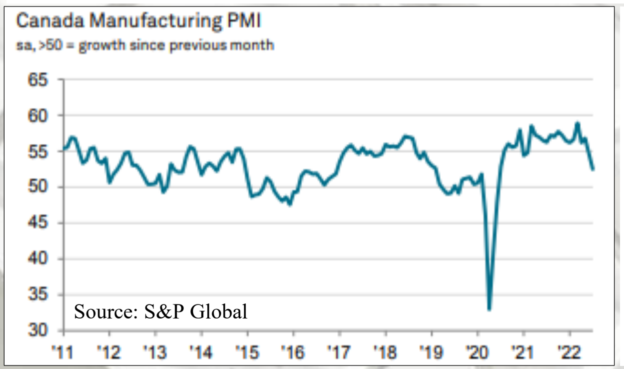
# Private Indicators: Global




## S&P Global Canada Manufacturing PMI®

"The seasonally adjusted S&P Global Canada Manufacturing Purchasing Managers' Index® (PMI®) registered at 52.5 in July, down from 54.6 in June. The latest reading signalled 25 continuous months of growth, though the improvement was the weakest in this sequence. The two largest components of the PMI by weight – output and new orders – were behind the latest moderation. Both fell in July and for the first time in just over two years.

## PMI at 25-month low in July

Canadian manufacturers signalled another slowdown in July, with overall business conditions improving at the weakest rate for just over two years. The latest survey revealed renewed declines in output and new orders while employment growth softened. Export sales were a particular drag on the sector in July, with new work from abroad falling to the greatest extent for 25 months. On the price front, sharp cost pressures continued to mount with higher material, foodstuff and transportation costs often mentioned as the main drivers of inflation. Panellists reportedly passed on rising cost burdens as part of efforts to protect profit margins. That said, the rates of input cost and output price inflation eased to five-month lows in both cases.

Weak client demand amid sharply rising prices led to a decline in output in July. This signalled the first contraction since the outbreak of the pandemic in March-June 2020. The rate of decline was marginal, however, with around 17% of firms recording a contraction while 14% registered an increase in production levels. New orders fell moderately, which ended two years of new order growth. Sales to foreign markets meanwhile fell for the second month in a row, and at a quicker pace in July. Anecdotal evidence pointed to weaker demand from the American market.

Latest PMI data revealed another slowdown in operating conditions in Canada's manufacturing sector with the PMI at its lowest point for just over two years. Behind the latest moderation were contractions in both output and new orders which fell for the first time since the pandemic began in the first half of 2020. Firms continue to face sharply rising costs, which have been exacerbated by the war in Ukraine and lockdowns in China. Policymakers have reaffirmed their stance on tackling inflation by raising interest rates by a full percentage point last month.

Companies in Canada will hope price pressures continue to ease and demand from both international and domestic markets improves. In the meantime, firms remain cautiously optimistic about their 12-month outlook for output." – Shreeya Patel, Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/b27e7d3705384004afa4c85020a092ab; 8/2/22

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# Private Indicators: Global

## S&P Global Caixin China General Manufacturing PMI™

### Manufacturing output rebounds as pandemic restrictions recede

“The headline seasonally adjusted *Purchasing Managers’ Index™ (PMI™)* – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – slipped from 51.7 in June to 50.4 in July, to signal a back-to-back monthly improvement in business conditions. That said, the rate of improvement eased from June's 13-month high and was only marginal.

July survey data pointed to a further improvement in the health of China's manufacturing sector following the easing of COVID-19 containment measures. However, overall growth momentum softened since June amid slower upturns in output and total new work. Relatively subdued demand conditions and efforts to contain costs led to another decline in employment, while firms were able to further reduce backlogs of work. Cost pressures meanwhile eased notably on the month, with average input costs rising at the weakest rate since last December, while prices charged were cut for the third month running.

Weighing on the headline index was a softer rise in overall new business in July. Total new orders rose only slightly, following a mild increase in June. While a number of firms mentioned that the ongoing recovery from the latest wave of the pandemic had supported higher sales, others commented that demand conditions were relatively subdued. New export business likewise expanded only marginally in July.

In line with the trend seen for new orders, manufacturers in China signalled a softer rise in production during July. The expansion was only mild overall, having eased from June's 19-month record. The slowdown was linked to muted customer demand, lingering COVID-19 impacts and power supply disruption at some firms.

Purchasing activity rose for the second month running across China's manufacturing sector in July, albeit modestly. This supported a further rise in stocks of purchased items. Though mild, the rate at which input inventories increased was the fastest for 20 months. Stocks of finished items meanwhile fell slightly, which was linked to the delivery of goods to clients and reluctance among some firms to build up inventories amid subdued client demand.” – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/5a27fb55bf944aa5a34e3de362006f9e; 8/1/22

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# Private Indicators: Global

## S&P Global Caixin China General Manufacturing PMI™

“Employment at Chinese goods producers fell for the fourth month in a row in July. The latest reduction was linked to efforts to contain costs, muted sales and the non-replacement of voluntary leavers. Furthermore, the rate of job shedding was the quickest seen since April 2020. Nonetheless, firms had sufficient capacity to reduce their backlogs of work slightly for the second month in a row. …

Manufacturers generally anticipate an expansion of output over the next year amid forecasts of a strong post-pandemic recovery and planned company expansions. However, overall optimism weakened slightly since June due to concerns over COVID-19 and relatively subdued customer demand.

The Caixin China General Manufacturing PMI in July fell 1.3 points from the previous month to 50.4, as the sector continued to recover from recent Covid outbreaks, though at a slower pace. Supply and demand improved. Manufacturing production grew for the second straight month. The subindexes for output and total new orders both remained in expansionary territory, but came in lower than in the previous month, indicating a slowing recovery. Electricity shortages faced by some companies and scattered Covid outbreaks in some regions were among factors that cut into market demand and confidence in July. New export orders remained stable, with the gauge slightly higher than 50.

Employment remained weak. The recovery in supply and demand failed to spill over into the labor market for manufacturing, which continued to shrink. The gauge for employment, which has been in contractionary territory for 11 of the past 12 months, came in at the lowest reading since April 2020. Companies, strongly inclined to lower costs in the face of sluggish market demand, were cautious about expanding their staff.

Inflationary pressures eased. The growth in costs for manufacturing companies slowed markedly thanks to drops in some bulk commodity prices. The measure for input costs in July read just slightly above 50. Limited market demand suppressed prices on the output side, with the gauge for output prices remaining below 50 for the third straight month. However, output prices for consumer goods increased.” – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/5a27fb55bf944aa5a34e3de362006f9e; 8/1/22

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# Private Indicators: Global

## S&P Global Caixin China General Manufacturing PMI™

"Overall, logistics were stable. Scattered outbreaks and a lack of raw materials and workers contributed to a slight increase in suppliers' delivery times. Backlogs of manufacturing work decreased. The quantity of purchases increased, leading to a rise in stocks of raw materials.

Entrepreneurs remained optimistic. The measure for future output expectations slipped from the previous month and remained below the long-term average. Manufacturers were mainly concerned about the possibility of future outbreaks and contractions in demand.

In general, the eased Covid situation and restrictions facilitated a continuous recovery in the manufacturing sector in July. Supply and demand continued to improve, with supply stronger than demand. Employment lagged, remaining in contractionary territory. Costs gradually rose, with output prices on the decline, posing challenges for company profits. The market held on to positive sentiment, along with concerns about the economic outlook.

Major macroeconomic indicators in the second quarter showed that the adverse impact of the latest round of Covid outbreaks on the economy is fading. The third quarter will therefore be a crucial period to get the economy back on track. The manufacturing sector improved for the second straight month in July, though its foundation remained weak. As the authorities have made it clear that no ultra-massive stimulative measures would be forthcoming, effective implementation of existing policies is a more practical option. Moreover, the labor market remained under pressure and the financial situation of low-income groups deteriorated. Therefore, policies should focus on higher degrees of job market stabilization, subsidy issuance and temporary relief measures." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/5a27fb55bf944aa5a34e3de362006f9e; 8/1/22

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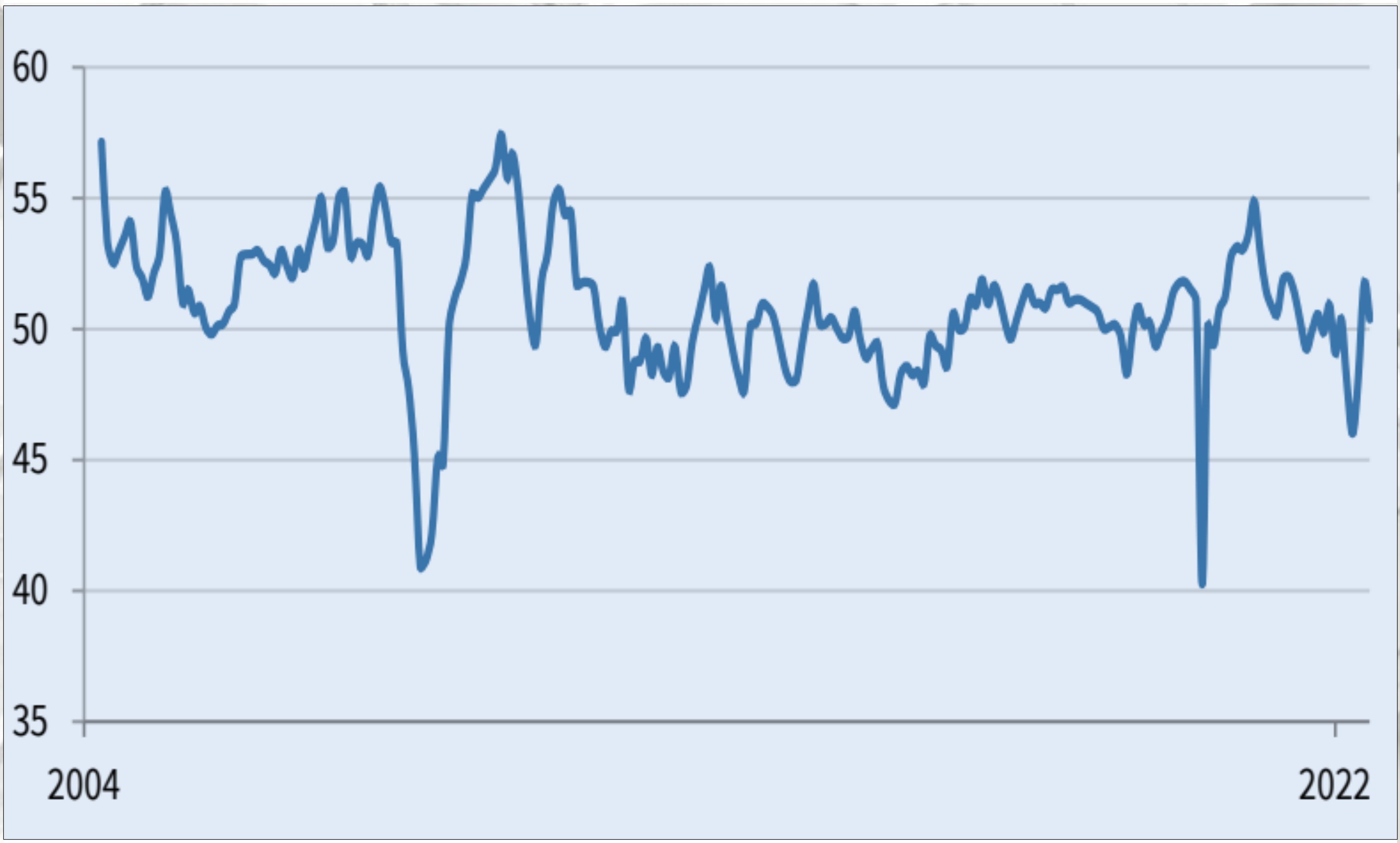
# Private Indicators: Global

## China General Manufacturing PMI




sa, > 50 = improvement since previous month
Sources: Caixin, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/5a27fb55bf944aa5a34e3de362006f9e; 8/1/22

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# Private Indicators: Global

Source: S&P Global

## S&P Global Eurozone Manufacturing PMI®

"The S&P Global Eurozone Manufacturing PMI® fell below the crucial 50.0 mark in July to 49.8, from 52.1 in June, signalling the first deterioration in overall manufacturing sector conditions for just over two years. With the exception of stocks of purchases, each of the PMI's sub-components had a negative directional influence on the measure.

## Eurozone manufacturing downturn worsens in July as recession risks intensify

The eurozone manufacturing sector fell deeper into contraction at the start of the third quarter, with July PMI® data signalling the sharpest decline in production since the initial wave of strict COVID-19 lockdowns in May 2020. The downturn strengthened amid a reduction in new orders which, aside from those seen during the pandemic restrictions, was the sharpest since the eurozone sovereign debt crisis in 2012 as steep inflation squeezed demand. That said, there was some alleviation of price pressures during July as both input cost and output price inflation rates slowed to 17- and 15-month lows respectively. Nevertheless, the year-ahead outlook for manufacturing output dipped into pessimistic territory for the first time since May 2020 due to concerns surrounding supply chains, the war in Ukraine and the economy. …

Eurozone manufacturing is sinking into an increasingly steep downturn, adding to the region's recession risks. New orders are already falling at a pace which, excluding pandemic lockdown months, is the sharpest since the debt crisis in 2012, with worse likely to come. Production is falling at especially worrying rates in Germany, Italy and France, but is also now in decline in all other surveyed countries except the Netherlands, and even here the rate of growth has slowed sharply. Lower than anticipated sales, reflected in accelerating rates of decline of new orders and exports, have led to the largest rise in unsold stocks of finished goods ever recorded by the survey. Increasing numbers of producers are consequently cutting production in line with the deteriorating demand environment, as well as scaling back both their purchases of inputs and hiring of staff.

One upside to the weakened demand environment is an easing of supply constraints, with the incidence of delays now the lowest since late-2020. This has in turn helped bring price pressures down considerably in the manufacturing sector. The notable exception is energy, where concerns are mounting regarding the impact of gas supply limitations in the months ahead. The energy crisis adds to the risks that not only will weaker demand and destocking cause manufacturing production to decline at an increased rate in the coming months, but reduced energy supply will act as an additional drag on the sector" – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/968d9229c43e4eef939f9354f279a642; 8/1/22

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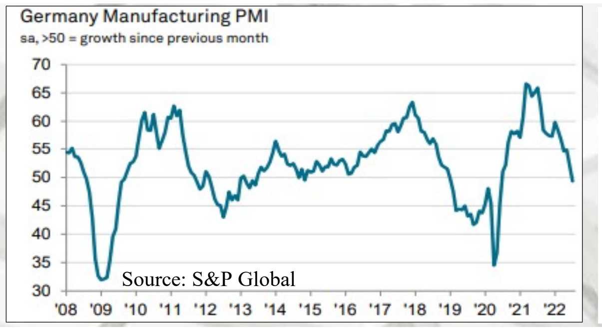
# Private Indicators: Global



Source: S&P Global

## S&P Global/BME Germany Manufacturing PMI®

"The headline the seasonally adjusted S&P Global/BME Germany Manufacturing PMI® – a single-figure measure of sector performance derived from measures of new orders, output, employment, suppliers' delivery times and stocks of purchases – registered 49.3 in July, down from 52.0 the month before and below the 50.0 no-change threshold for the first time since June 2020.

## PMI slips into contraction territory for first time in over two years as downturn in new orders deepens

July saw Germany's headline Manufacturing PMI® slip into contraction territory for the first time in over two years, led by a deepening downturn in new orders across the sector. Factory production levels likewise showed a sustained decline, whilst goods producers pared back their purchasing activity for the first time since mid-2020 amid a rapid build-up of inventories and a deteriorating outlook. The fall in demand for inputs was reflected in an easing of supply chain pressures and a further softening of the rate of cost inflation. Combined with generally weaker demand for manufactured goods, the rate of increase in factory gate prices to slow to a 15-month low.

The principal drag on the sector's performance came from a deepening decline in new orders, which registered the steepest contraction since May 2020. July's survey indicated a multitude of headwinds to demand, from heightened uncertainty and an associated reduction in investment spending, to elevated prices, high stock levels at customers and continued to supply chain frictions. New export orders held up slightly better than total sales, though even here the rate of decline quickened to the fastest for over two years.

The fall in the headline Manufacturing PMI into contraction territory in July doesn't come as a surprise, with underlying data having flashed warning signals for several months now. The survey's measure of new orders has been in sub-50 contraction territory since April, and worryingly it continues to trend downwards as demand for goods recedes further from the highs seen last year, strained by the uncertain economic outlook and the high inflation environment. Although some components remain in short supply, another sharp rise in overall stocks of inputs held by manufacturers in July suggests that surpluses might be building up in other areas, and indeed we've now started to see manufacturers paring back their purchasing activity for the first time in two years. …

A fall in overall demand for inputs contributed to a further softening of inflationary pressures across the manufacturing sector, although even with this slowdown price increases remained high by historical standards. The potential for a shortage in gas supplies has German manufacturers seriously worried about the outlook for production in the coming year. Goods producers' expectations turned negative back in March, and have deteriorated in almost every month since then as downside risks to the sector's outlook continue to build." – Phil Smith, Principal Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/fdf997269be94b809bc299f9a4ee09d0; 8/1/22

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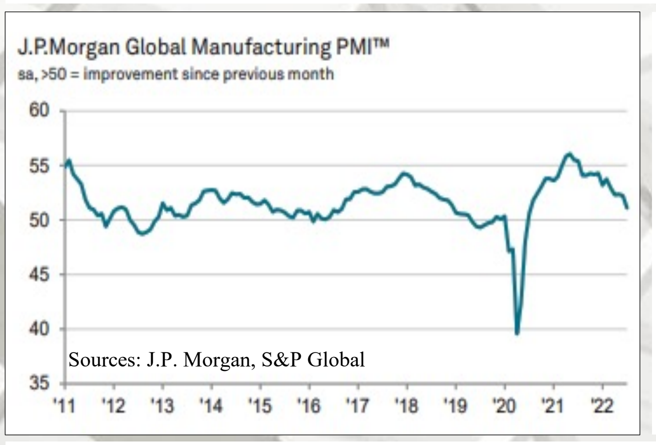
# Private Indicators: Global




## J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – fell to a two-year low of 51.1 in July, down from 52.2 in June. The headline PMI, which is calculated as a weighted average of five sub-indices including output and new orders, stayed above the neutral 50.0 mark due to gains in stocks of purchases, employment and longer vendor lead times (albeit to lesser extents than June for the latter two).

## Global manufacturing loses further momentum as developed world output contracts

The global manufacturing sector started the third quarter on a weak footing, as output stagnated and new order intakes contracted. International trade flows continued to retrench, while the pace of job creation near-stalled. The darkening economic backdrop also hit business confidence, with optimism dipping to its lowest level since May 2020. Manufacturing output stagnated in July, following a brief return to growth in June. Rates of expansion slowed in both the consumer and investment goods industries. Intermediate goods producers saw output contract for the third time in four months. …

The deteriorating economic backdrop was also reflected in jobs growth and business confidence. Although employment rose for the twenty-first consecutive month, the rate of increase was among the weakest during that sequence. Staffing levels continued to rise in the US, the euro area and Japan, but were lowered in China. Positive sentiment among global manufacturers meanwhile dipped to its lowest level since May 2020.

The Global Manufacturing output PMI fell 2.4pts to 50.0 in July. The underlying dynamics of the survey are tracking levels typically reserved for recessions, with the new orders PMI dipping below 50 and jobs growth near stalling. While supply chain bottleneck pressures appear to be abating, as evidenced by shortening delivery times and fading price pressures, these improvements largely reflect a softening in the pace of demand growth as a consequence of last quarter's surge in consumer prices." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/16df0a6f77e54d0c94bfa08048c65fdc; 8/1/22

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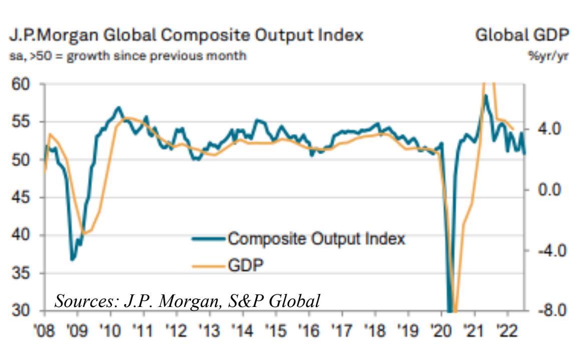
# Private Indicators: Global




## J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – posted 50.8 in July, down from 53.5 in June. The headline index has stayed above the neutral 50.0 mark for 25 months. Growth slowed to a six-month low in the services sector, while output stagnated at manufacturers.

## Global economic growth at two-year low as developed world output contracts for first time since June 2020

July saw the rate of global economic growth ease to its weakest during the current 25-month sequence of expansion. The slowdown was mainly centred on developed nations, where output contracted (on average) for the first time since June 2020. Emerging markets showed greater resilience in comparison, with growth staying close to June's eleven-and-a-half year high. There was better news on the prices front, with input cost inflation at a five-month low.

Three out of the six sub-industries covered by the survey saw output contract at the start of the third quarter (consumer services, financial services and intermediate goods). Although upturns continued in the business services, consumer goods and investment goods categories, rates of expansion eased in all three cases. …

New business rose at the slowest pace since July 2020. A slight growth acceleration at service providers was offset by the first decrease in manufacturing new orders for over two years. New work decreased in the euro area and stagnated in Japan. There was a mild growth uptick in China, while the US returned to expansion after a decrease in June. International trade flows continued to retrench, with new export business falling at the quickest pace for 24 months. …

The J.P. Morgan Global PMI Composite Output Index dropped 2.7pts In July, coming in at a two-year low of 50.8. Declines in survey details such as new orders, employment and future output also highlight the current weakness of the economic cycle as recession risks continue to build. While the July survey provides further signs of inflationary pressures moderating, this mainly reflects softer demand" – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/c7fe1da9507b455f8fff6ac6bf806eb2; 8/3/22

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# Private Indicators
# Associated Builders and Contractors

## Nonresidential Construction Spending Falls 0.5% in June

“National nonresidential construction spending was down by 0.5% in June, 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 $829.4 billion for the month.

Spending was down on a monthly basis in eight of the 16 nonresidential subcategories. Both private and public nonresidential spending fell by 0.5% in June.

“There continues to be significant downward pressure on nonresidential construction spending volumes, and that is likely to intensify going forward,” said ABC Chief Economist Anirban Basu. “To date, construction spending measured in dollars has been propped up by elevated construction delivery costs, including higher materials prices and rapidly rising wages. Despite those inflationary pressures, aggregate nonresidential construction spending has failed to recover to pre-pandemic levels in nominal terms. The situation looks even worse when adjusting for inflation.

“The primary issue is that those high construction delivery charges are inducing a significant fraction of project owners to reconsider start dates,” said Basu. “True, backlog remains elevated, according to ABC’s Construction Backlog Indicator, but this may be because it is taking longer to complete projects. Additional project delays and cancellations are likely as borrowing costs continue to ratchet higher for those who purchase construction services and as the risk of recession increases. For now, many contractors remain busy and continue to operate at or near capacity. Whether that will continue for another 12 to 18 months remains an unanswered question.”” – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19528/nonresidential-construction-spending-falls-05-in-june-says-abc; 8/1/22

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# Private Indicators
# Associated Builders and Contractors

| Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate | June 2022 | May 2022 | June 2021 | 1-Month % Change | 12-Month % Change |
|---|---|---|---|---|---|
| Total Construction | $1,762,317 | $1,781,909 | $1,627,985 | -1.1% | 8.3% |
| Residential | $932,911 | $948,318 | $808,662 | -1.6% | 15.4% |
| Nonresidential | $829,406 | $833,591 | $819,324 | -0.5% | 1.2% |
| Water supply | $21,526 | $20,113 | $19,170 | 7.0% | 12.3% |
| Conservation and development | $9,007 | $8,776 | $8,091 | 2.6% | 11.3% |
| Communication | $23,913 | $23,666 | $24,802 | 1.0% | -3.6% |
| Amusement and recreation | $26,296 | $26,116 | $25,269 | 0.7% | 4.1% |
| Sewage and waste disposal | $30,579 | $30,424 | $28,615 | 0.5% | 6.9% |
| Office | $85,492 | $85,354 | $86,634 | 0.2% | -1.3% |
| Manufacturing | $92,966 | $92,990 | $77,274 | 0.0% | 20.3% |
| Public safety | $11,178 | $11,183 | $11,952 | 0.0% | -6.5% |
| Lodging | $16,757 | $16,813 | $18,089 | -0.3% | -7.4% |
| Health care | $50,082 | $50,254 | $47,975 | -0.3% | 4.4% |
| Commercial | $102,918 | $103,435 | $93,143 | -0.5% | 10.5% |
| Educational | $95,488 | $95,995 | $96,755 | -0.5% | -1.3% |
| Transportation | $54,918 | $55,484 | $57,034 | -1.0% | -3.7% |
| Power | $107,484 | $109,303 | $122,804 | -1.7% | -12.5% |
| Religious | $2,777 | $2,856 | $2,793 | -2.8% | -0.6% |
| Highway and street | $98,026 | $100,829 | $98,923 | -2.8% | -0.9% |
| Private Nonresidential | $492,684 | $495,250 | $484,264 | -0.5% | 1.7% |
| Public Nonresidential | $336,722 | $338,341 | $335,060 | -0.5% | 0.5% |

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/entryid/19528/nonresidential-construction-spending-falls-05-in-june-says-abc; 8/1/22

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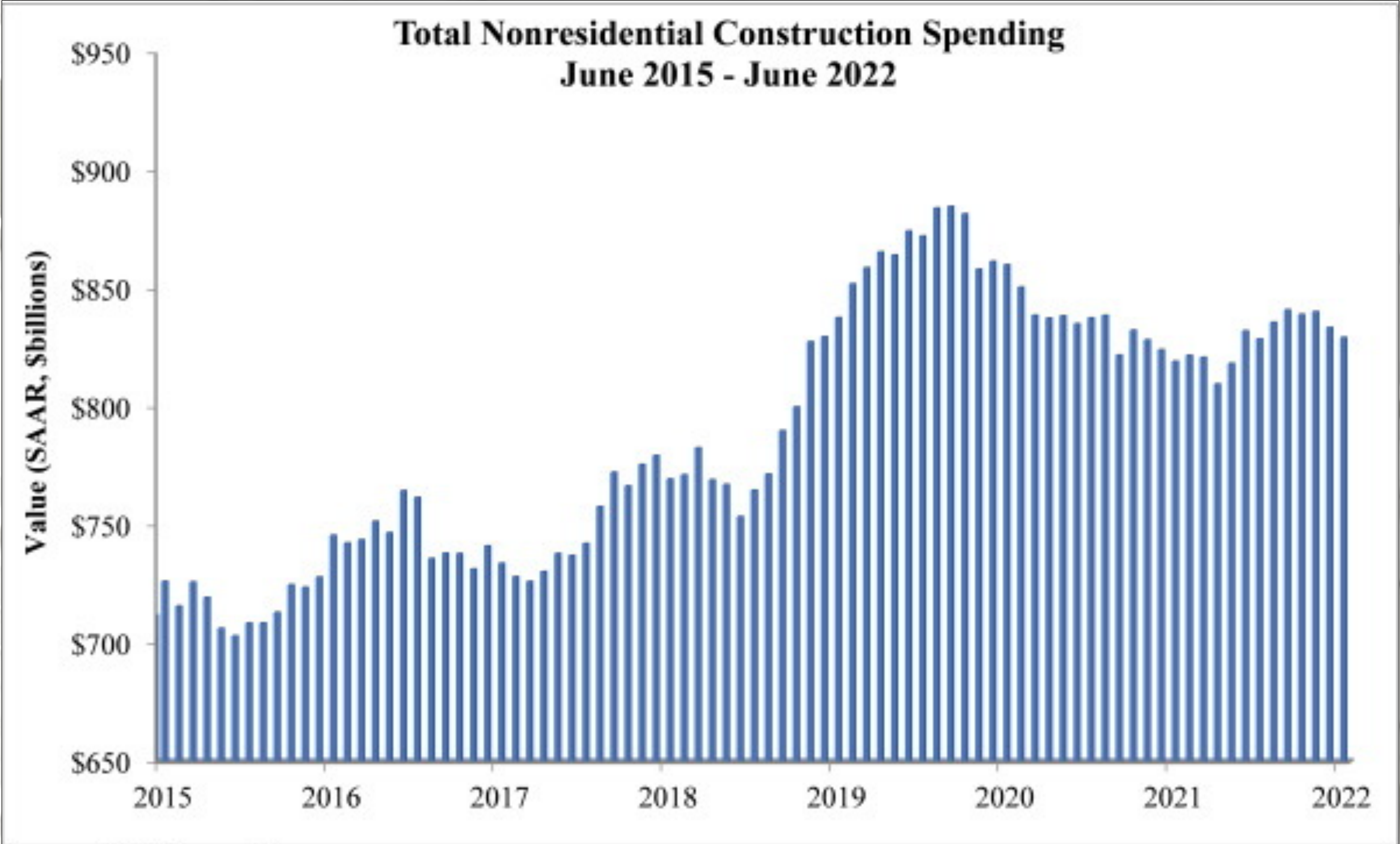
# Private Indicators
# Associated Builders and Contractors




Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/entryid/19528/nonresidential-construction-spending-falls-05-in-june-says-abc; 8/1/22

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# Private Indicators
# Associated Builders and Contractors

## ABC's Construction Backlog Indicator and Contractor Confidence Index Waver in July

"Associated Builders and Contractors reported that its Construction Backlog Indicator fell 0.2 months in July and stands at 8.7 months, according to an ABC member survey conducted July 20 to Aug. 3. The reading is up 0.2 months from July 2021.

While backlog is 0.3 months lower than the May 2022 peak, it remains higher than at any point between March 2020 and March 2022. Backlog rose sharply in the south, which continues to be the highest of any region. Notably, backlog decreased by 1.2 months for contractors with less than $30 million in annual revenue.

ABC's Construction Confidence Index readings for sales, profit margins and staffing levels declined in July. The indices for sales and staffing remain above the threshold of 50, indicating expectations of growth over the next six months, while the reading for profit margins remains below the threshold of 50 for the second consecutive month.

"The level of construction activity has begun to fade," said ABC Chief Economist Anirban Basu. "While the average contractor still expects employment and sales to climb over the next six months, the current pace of expansion is poised to be slower than earlier stages of economic recovery. Higher borrowing costs, weak commercial real estate fundamentals and the reluctance of many project owners to bear the full brunt of higher construction materials prices and rising compensation costs are pushing profit margins lower and driving pessimism higher. The average contractor expects margins to shrink over the next six months." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19538/abcs-construction-backlog-indicator-and-contractor-confidence-index-waver-in-july; 8/9/22

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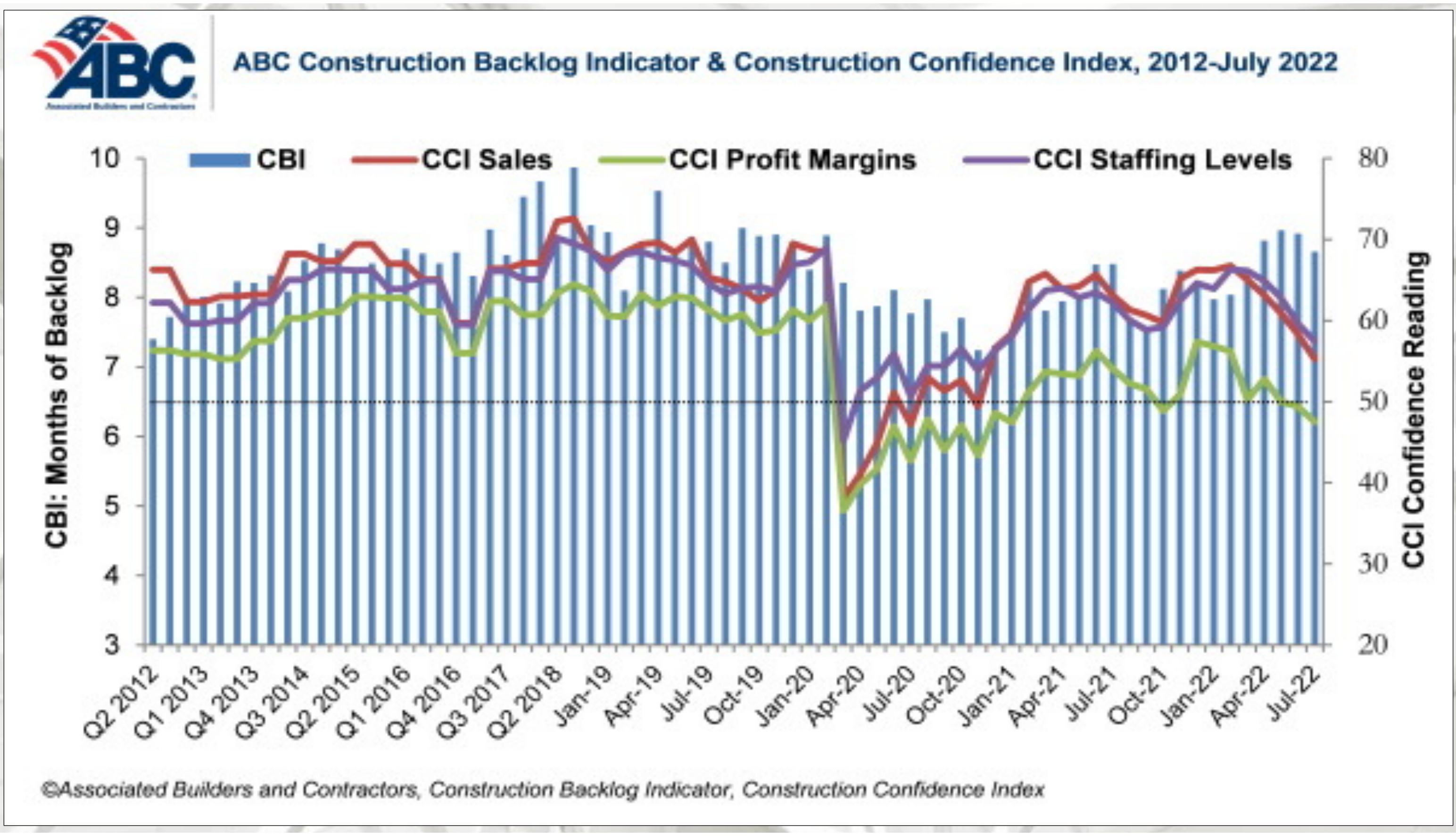
# Private Indicators
# Associated Builders and Contractors




## ABC's Construction Backlog Inches Lower in June

"""A growing number of contractors are preparing for tougher times ahead," said Basu. "That is nothing new for an industry that has proven itself to be highly resilient and cyclical in recent decades. Nonetheless, for now, many contractors continue to operate at capacity and are actively looking to hire additional workers to expand capacity. It is simply too soon to conclude that the nonresidential construction industry has entered recession despite recent declines in backlog."""" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19538/abcs-construction-backlog-indicator-and-contractor-confidence-index-waver-in-july; 8/9/22

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# Private Indicators
# Associated Builders and Contractors

Construction Backlog Indicator

| | July 2022 | June 2022 | July 2021 | 1-Month Net Change | 12-Month Net Change |
|---|---|---|---|---|---|
| **Total** | **8.7** | **8.9** | **8.5** | **-0.2** | **0.2** |
| ***Industry*** | | | | | |
| Commercial & Institutional | 8.9 | 9.4 | 8.3 | -0.5 | 0.6 |
| Heavy Industrial | 6.6 | 7.7 | 8.1 | -1.1 | -1.5 |
| Infrastructure | 9.3 | 7.9 | 11.3 | 1.4 | -2.0 |
| ***Region*** | | | | | |
| Middle States | 7.5 | 8.3 | 7.1 | -0.8 | 0.4 |
| Northeast | 8.6 | 8.2 | 8.2 | 0.4 | 0.4 |
| South | 11.6 | 10.0 | 9.8 | 1.6 | 1.8 |
| West | 6.9 | 9.0 | 9.0 | -2.1 | -2.1 |
| ***Company Size*** | | | | | |
| <$30 Million | 7.4 | 8.6 | 7.9 | -1.2 | -0.5 |
| $30-$50 Million | 10.8 | 8.0 | 8.6 | 2.8 | 2.2 |
| $50-$100 Million | 12.9 | 8.5 | 10.0 | 4.4 | 2.9 |
| >$100 Million | 13.2 | 13.6 | 16.0 | -0.4 | -2.8 |



Source: https://www.abc.org/News-Media/News-Releases/entryid/19538/abcs-construction-backlog-indicator-and-contractor-confidence-index-waver-in-july; 8/9/22

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# Private Indicators
# American Institute of Architects (AIA)

## Architecture Billings Index June 2022

### Architecture firms continue to report modest billings growth

More than two thirds of firms report employing staff that engage in sustainability objectives for design projects

"Architecture firm billings continued to grow at a modest pace in June. After a burst of stronger growth in the spring, the pace has returned to more modest territory over the last two months, with a score of 53.2 for June (any score over 50 indicates billings growth). However, still-rising inflation, as well as higher interest rates and a continued shortage of certain building and construction materials, means that the future is looking increasingly cloudy. While inquiries into new projects continued to grow at a steady pace this month, it was the slowest rate of growth since the recovery began in early 2021. In addition, the value of new signed design contracts also fell to the slowest pace of growth since January 2021. And backlogs at firms, which had been growing at a torrid pace recently, declined slightly, from an average of 7.2 months at the end of the first quarter of 2022, to an average of 7.0 months at the end of the second quarter. However, these are still extremely strong backlogs, meaning that most firms still have a robust supply of work in the pipeline." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"Ongoing project activity at architecture firms as well as new work coming online remains strong, pushing project backlogs up to seven months on average nationally. In spite of heavy workloads, employment at architecture firms has stabilized, suggesting that adding new employees is becoming even more challenging as the building construction sector continues to recover." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6526839-abi-june-2022-architecture-firms-continue-; 7/20/22

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# Private Indicators
# American Institute of Architects (AIA)


Source: https://www.aia.org/pages/6526839-abi-june-2022-architecture-firms-continue-; 7/20/22

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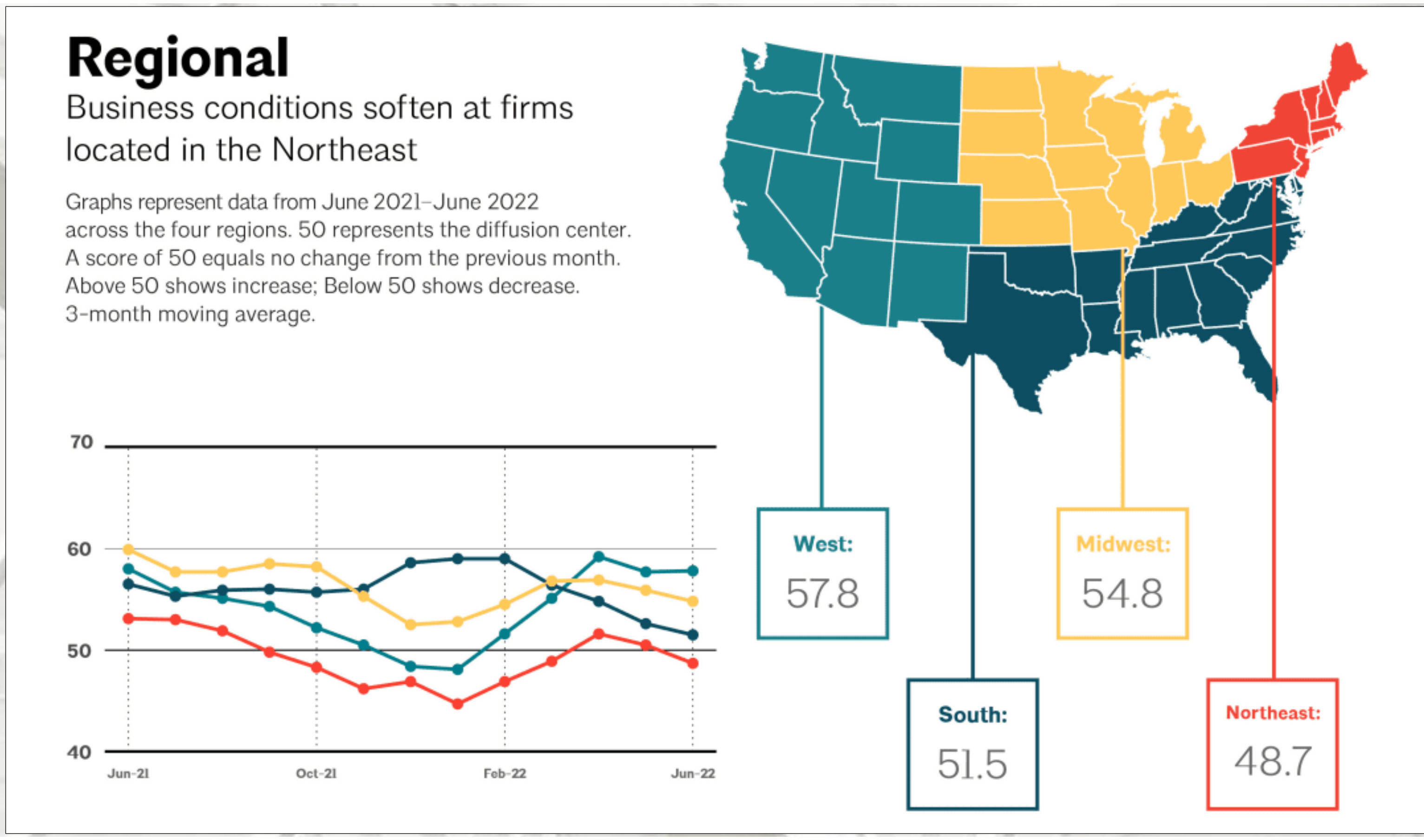
# Private Indicators: AIA




## Region

"Business conditions remained mixed in different areas of the country this month, as they have for much of the year so far. Following two months of modest growth, firm billings declined slightly at firms located in the Northeast in June. And the pace of growth at firms in the South slowed further, after seeing the strongest growth earlier this year. Business conditions were strongest at firms located in the West for the third month in a row, and were also strong at firms located in the Midwest." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6526839-abi-june-2022-architecture-firms-continue-; 7/20/22

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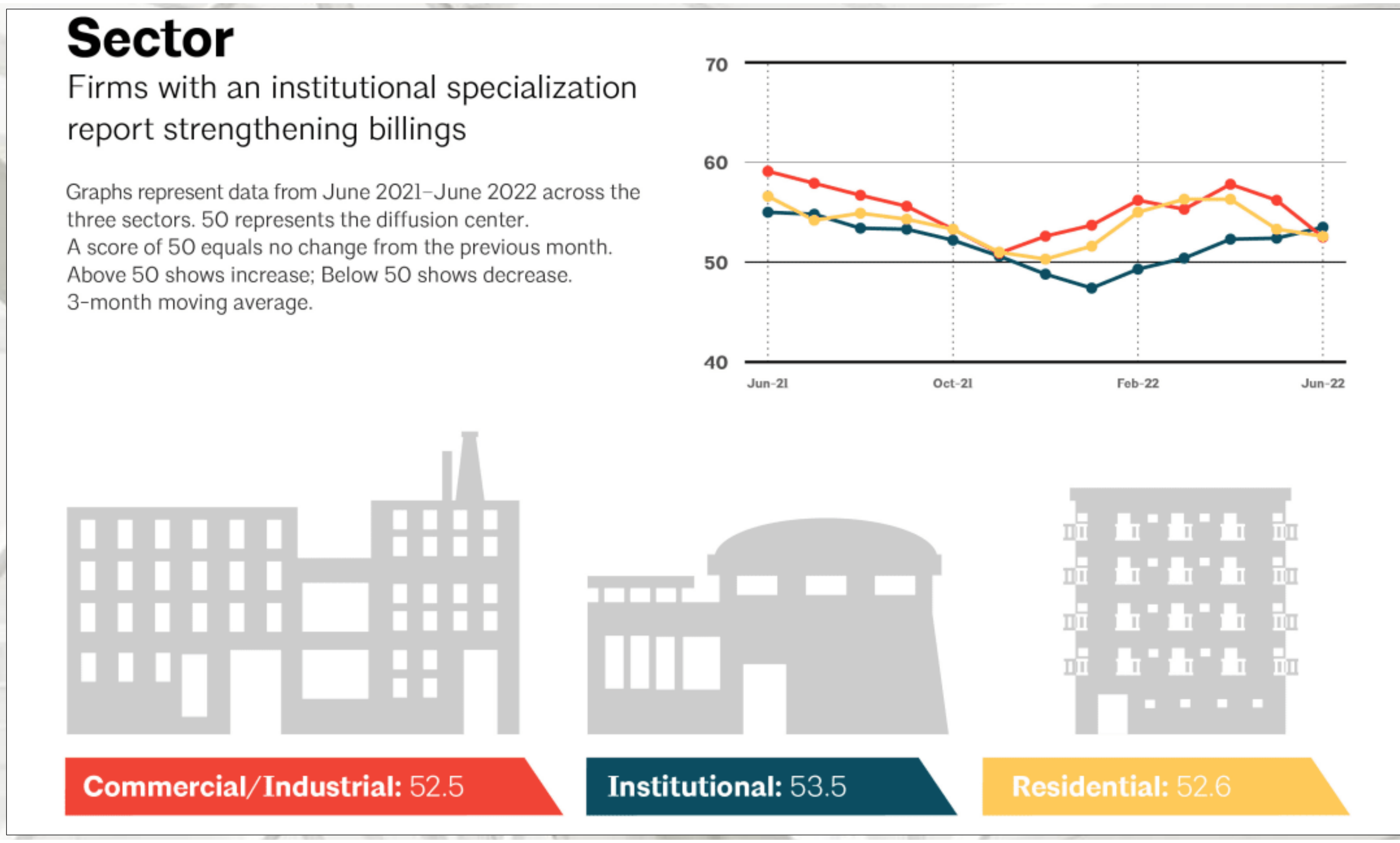
# Private Indicators: AIA




## Sector

"By firm specialization, firms with an institutional specialization reported the strongest growth for the first time since before the pandemic. The majority of firms with multifamily residential and commercial/industrial specializations also saw an increase in their billings, but the pace of that growth continued to slow at both." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6526839-abi-june-2022-architecture-firms-continue-; 7/20/22

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# Private Indicators

## Dodge Data & Analytics

### Total Construction Starts Slide 5% in June

Broad-based weakness in the building sectors dragged down construction starts

"Total construction starts fell 5% in June to a seasonally adjusted annual rate of $932.3 billion, according to Dodge Construction Network. Nonresidential building starts lost 14% during the month and residential was 6% lower. On the contrary, nonbuilding starts gained 13% in June due to the start of several large solar projects.

Year-to-date, total construction was 5% higher in the first six months of 2022 compared to the same period of 2021. Nonresidential building starts rose 13% and residential starts gained 3%, while nonbuilding starts were 2% lower. For the 12 months ending June 2022, total construction starts were 7% above the 12 months ending June 2021. Nonresidential starts were 17% higher, residential starts gained 5% and nonbuilding starts were down 2%.

"Construction markets are getting jittery as the odds of recession increase," said Richard Branch, chief economist for Dodge Construction Network. "While projects are still moving through the planning process, the velocity has downshifted reflecting uncertainties over how rising interest rates will impact the economy, construction material prices, and ultimately, construction starts. Over the short-term, construction-facing indicators are likely to be more volatile than normal, particularly in the commercial sector."" – Nicole Sullivan, Public Relations & Social Media, AFFECT

Source: https://www.construction.com/news/June-2022-Starts; 7/20/22

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# Private Indicators

## Dodge Data & Analytics

“**Residential building starts** fell 6% in June to a seasonally adjusted annual rate of $428.3 billion. Single family starts dropped 7% and multifamily starts were 3% lower.  Through the first six months of 2022, residential starts were 3% higher than in the first six months of 2021.  Multifamily starts were up 23%, while single family housing slipped 4%.

For the 12 months ending June 2022, residential starts improved 5% from the same period ending June 2021.  Single family starts were 2% lower and multifamily starts were 25% stronger on a 12-month rolling sum basis.

**The largest multifamily structures to break ground in June** were the $450 million Neptune/Sixth mixed-use project in Brooklyn, NY, the $425 million 250 Water Street apartments in New York, NY, and the $369 million 5th & Colorado mixed-use building in Austin, TX..

**Nonresidential building starts** dropped 14% in June to a seasonally adjusted annual rate of $301.0 billion.  It was a broad-based decline for the month, with commercial starts falling 16%, manufacturing starts down 14%, and institutional starts moving 12% lower.  Through the first six months of 2022, nonresidential building starts were 13% higher than during the first six months of 2021.  Commercial starts advanced 14% and institutional starts rose 1%, while manufacturing starts were 83% higher on a year-to-date basis.

For the 12 months ending June 2022, nonresidential building starts were 17% higher than in the 12 months ending June 2021.  Commercial starts grew 13%, institutional starts rose 7%, and manufacturing starts swelled 109% on a 12-month rolling sum basis.

**The largest nonresidential building projects to break ground in June** were an $800 million Facebook data center in Los Lunas, NM, the $400 million Exxon LaBarge carbon capture plant in Fontenelle, WY, and the $287 million first phase of the Houston Methodist Cypress Bed hospital tower in Cypress, TX.” – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/June-2022-Starts; 7/20/22

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# Private Indicators

**June 2022 CONSTRUCTION STARTS**

## MONTHLY CONSTRUCTION STARTS

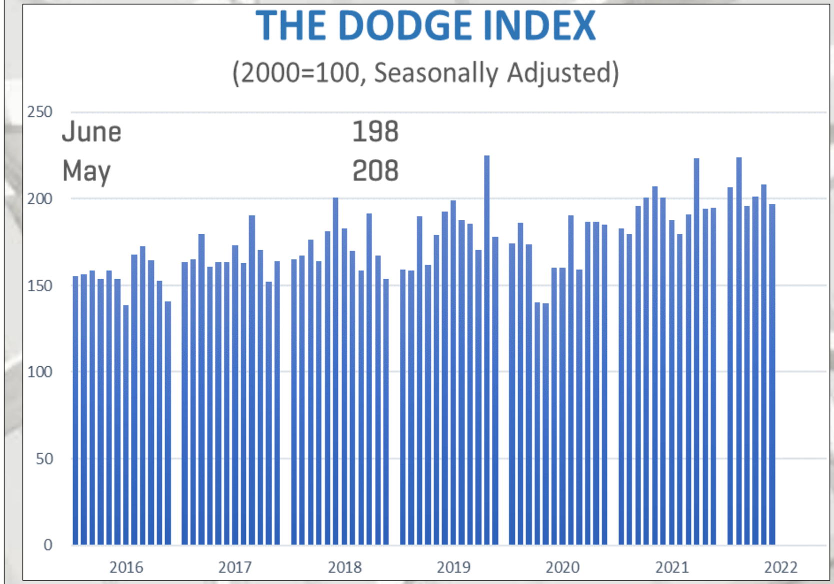
(Millions of Dollars, Seasonally Adjusted Annual Rate)

| | Jun 2022 | May 2022 | % Change |
|---|---|---|---|
| Nonresidential Building | $300,977 | $351,408 | -14 |
| Residential Building | 428,306 | 453,730 | -6 |
| Nonbuilding Construction | 202,978 | 179,842 | 13 |
| Total Construction | $932,261 | $984,979 | -5 |

## YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

| | 6 Mos. 2022 | 6 Mos. 2021 | % Change |
|---|---|---|---|
| Nonresidential Building | $160,954 | $142,182 | 13 |
| Residential Building | 224,670 | 218,059 | 3 |
| Nonbuilding Construction | 99,144 | 101,587 | -2 |
| Total Construction | $484,768 | $461,829 | 5 |




Source: Dodge Data & Analytics

Source: https://www.construction.com/news/June-2022-Starts; 7/20/22

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# Private Indicators

## MNI Chicago

"The Chicago Business Barometer™, produced with MNI, slid further in July, extending June's decline. The indicator fell 3.9-points to 52.1, the lowest level since August 2020. All main indicators decreased except for prices paid and employment, the latter of which hit the highest level since October 2021. Production, New Orders, Order Backlogs and Supplier Deliveries are all back around 2020 levels.


## Chicago Business Barometer™ – Fell Further in July

- Production fell 7.0 points to 48.2 in July, a two-year low. Close to a fifth of firms saw lower production.
- New Orders slid a further 5.4 points to 44.5, the lowest in 25 months. Overall demand waned in July.
- Order Backlogs slumped 6.8 points in July to 48.4. As new order levels softened, a quarter of businesses saw backlogs decline as they worked through postponed production.
- Employment grew 5.4 points to a current year high of 56.1 as the labor market continued to tighten.
- Supplier Deliveries ticked down 2.0 points to 67.1. This was the lowest since October 2020 as deliveries remained slow and lead times lengthened. Both the war in Ukraine and knock-on effects of Chinese lockdowns continued to hamper supply chains.
- Inventories saw the largest decrease this month, plunging 16.2 points. This is a stark difference to May's near 50-year high.
- Prices Paid rose 2.3 points to 81.9 as price pressures intensified. Transparency issues regarding grounds for supplier price increases were flagged.

This month we asked firms "How are you looking to manage rising fuel prices affecting your running costs?" Increasing charged prices was the mode tactic (56.7%), followed by 30% of firms reducing costs in other areas. Less businesses were reconsidering distribution plans (13.3%) and cutting back production (6.7%). 43.3% of firms were not intending to make changes or saw fuel prices not affecting running costs." – Les Commons, Senior Economist and Lucy Hager, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 7/29/22

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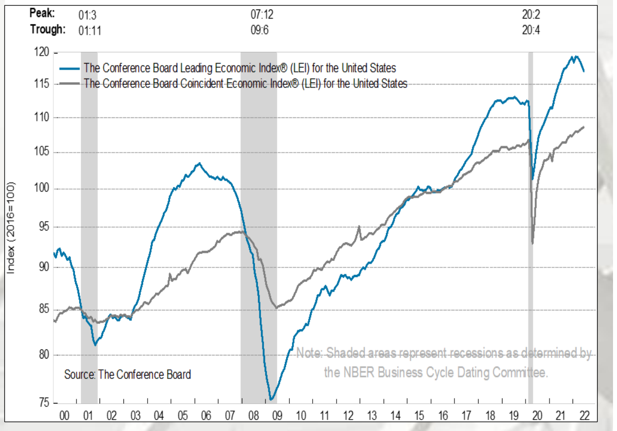
# Private Indicators

## *The Conference Board Leading Economic Index® (LEI) for the U.S. Fell Again in June*

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. decreased by 0.8 percent in June 2022 to 117.1 (2016=100), after declining by 0.6 percent in May. The LEI was down by 1.8 percent over the first half of 2022, a reversal from its 3.3 percent growth over the second half of 2021."

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




"The US LEI declined for a fourth consecutive month suggesting economic growth is likely to slow further in the near-term as recession risks grow. Consumer pessimism about future business conditions, moderating labor market conditions, falling stock prices, and weaker manufacturing new orders drove the LEI's decline in June. The coincident economic index which rose in June suggests the economy grew through the second quarter. However, the forward-looking LEI points to a US economic downturn ahead. Amid high inflation and rapidly tightening monetary policy, The Conference Board expects economic growth will continue to cool throughout 2022. A US recession around the end of this year and early next is now likely. Accordingly, we've downgraded our forecast of 2022 annual Real GDP growth to 1.7 percent year-over-year (from 2.3 percent), while 2023 growth was downgraded to 0.5 percent YOY (from 1.8 percent)." – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

"**The Conference Board Coincident Economic Index®** (CEI) for the U.S. increased by 0.2 percent in June 2022 to 108.6 (2016 = 100), after increasing by 0.2 percent in May. The CEI rose by 1.2 percent in the first half of 2022, the same rate of growth as in the second half of 2021.

**The Conference Board Lagging Economic Index®** (LAG) for the U.S. increased by 0.8 percent in June 2022 to 113.9 (2016 = 100), following a 0.8 percent increase in May. The LAG is up 4.0 percent over the six-month period from December to June 2022, faster than growth of 1.8 percent in the six-month period from June to December 2021."

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

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# Private Indicators

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

### June New Business Volume Down 1 Percent Year-over-year, Up 10 Percent Month-to-month, Up 6 Percent Year-to-date

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the $900 billion equipment finance sector, showed their overall new business volume for June was $10.3 billion, down 1 percent year-over-year from new business volume in June 2021. Volume was up 10 percent from $9.4 billion in May. Year-to-date, cumulative new business volume was up 6 percent compared to 2021.

Receivables over 30 days were 1.5 percent, down from 1.6 percent the previous month and down from 1.8 percent in the same period in 2021. Charge-offs were 0.15 percent, up from 0.12 percent the previous month and down from 0.22 percent in the year-earlier period.

Credit approvals totaled 78.1 percent, up from 76.8 percent in May. Total headcount for equipment finance companies was down 3.5 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in July is 46.1, a decrease from 50.9 in June." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"Respondents to the June report indicate another strong month in originations and credit quality. Inflation continues to provide a headwind in an otherwise benign economy. The Fed has signaled its resolve to meet these inflationary pressures by steadily increasing short-term interest rates, without throwing cold water on our post-pandemic economic recovery. Providers of equipment finance have risen to the occasion, enabling businesses, both large and small, to acquire the productive assets they need to grow their businesses to meet their customers' needs." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2022/07/26/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 7/26/22

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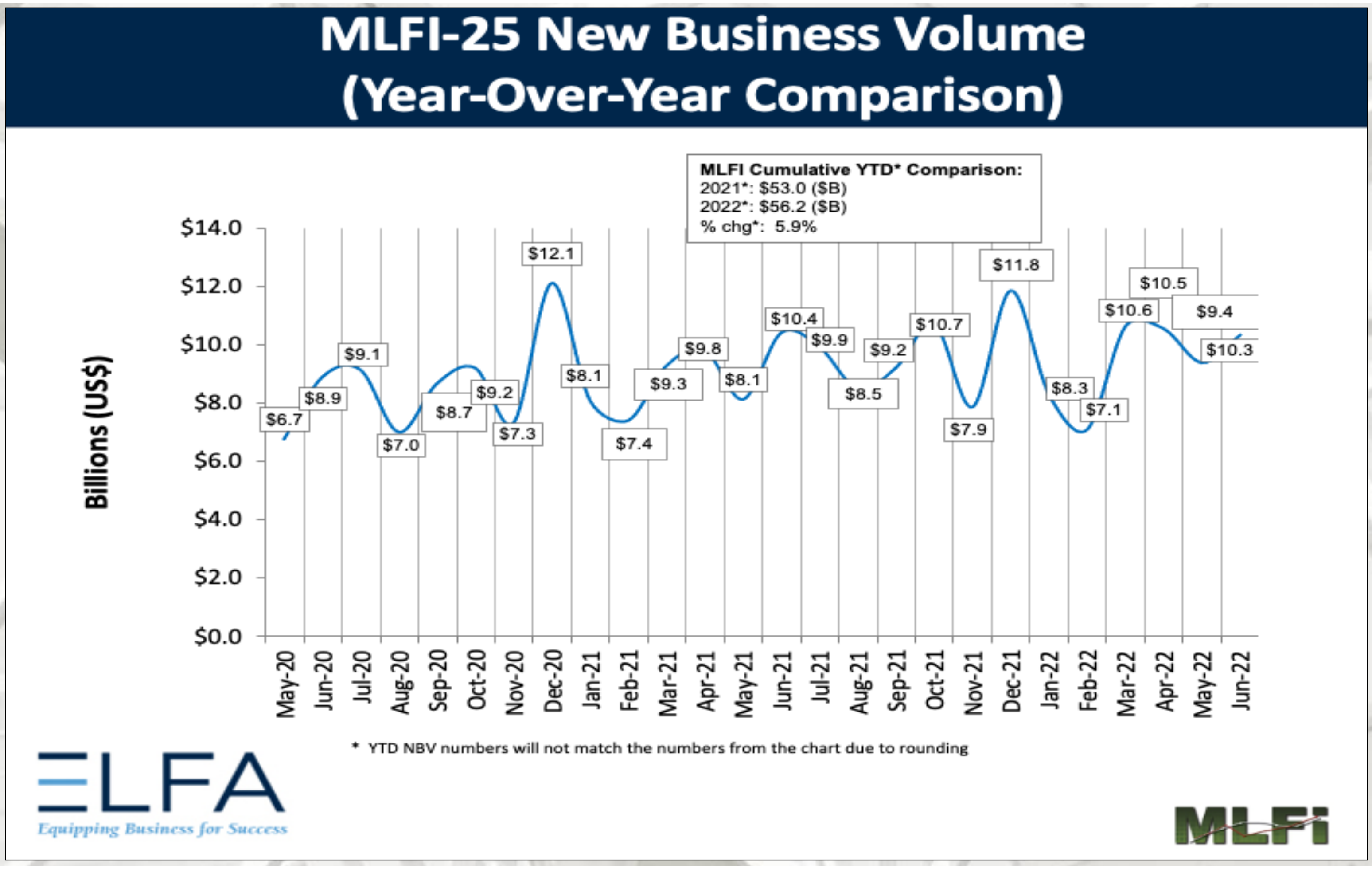
# Private Indicators




## Equipment Leasing and Finance Association's Survey of Economic Activity

"Channel volume versus last month and last year significantly exceeds the MLFI-25, mainly driven by two new business units and product development. Like most, our portfolio is also outperforming expectations and historical levels in both delinquency and write-offs. We monitor performance data intensely to identify potential economic-driven deterioration by industry, geography and equipment type, among others. The primary business challenges we face today are the rapidly changing cost of funds, an uncertain economic environment, and dramatic growth compounded by the complexity of finding new employees." – Brad Peterson, CEO, Channel

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2022/07/26/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 7/26/22

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# Private Indicators

## S&P Global U.S. Manufacturing PMI™

### PMI at lowest for two years as output and new orders fall in July

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI™) posted 52.2 in July, down from 52.7 in June and broadly in line with the earlier released 'flash' estimate of 52.3. The latest index reading was the lowest for two years and signalled a muted improvement in the health of the manufacturing sector.

The US manufacturing sector registered a further weak improvement in operating conditions during July, according to latest PMI™ data from S&P Global. Contributing to subdued conditions was the first drop in output since June 2020 which reflected weaker demand conditions, as new orders fell at the fastest pace for over two years. Nonetheless, backlogs of work continued to increase as labor and material shortages hampered efforts to process incoming new work.

On the price front, rates of input cost and output charge inflation softened again in July. Although still substantial in the context of their respective series histories, the increases were the slowest for over a year.

The decrease in the headline figure was in part linked to a renewed drop in production during July. Output fell for the first time in just over two years, albeit only fractionally. Lower production levels were often attributed to weak client demand and a further fall in new orders. Companies also noted that challenges finding suitable candidates for vacancies and raw material shortages also hampered production.

New orders fell for the second month running in July, with the pace of decline modest but the steepest seen since 2009 with the exception of pandemic lockdown months. Panellists stated that further supply chain disruption and hikes in prices weighed on customer spending. Similarly, foreign client demand weakened at the start of the third quarter. New export orders fell at the fastest rate since May 2020. " – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/928c283195bd4965b659a11718f1a7ce; 8/2/22

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# Private Indicators

## S&P Global U.S. Manufacturing PMI™

"Meanwhile, input prices paid by manufacturers rose markedly again in July.  The increase in cost burdens was attributed to greater transportation, fuel and raw material prices.  That said, the pace of cost inflation softened to the slowest since March 2021 as some components reportedly fell in price.  Firms continued to pass-through higher costs to clients, as output charges rose at an historically elevated pace.  In line with the trend for input costs, however, the rate of inflation eased and was the softest since February 2021.

The decrease in new order inflows was accompanied by a weakening of payroll growth to the lowest for six months, albeit with some firms continuing to hire additional staff to fill long-held vacancies.  Challenges finding suitable candidates hampered the overall pace of job creation, however.

Pressure on staff capacity was met by further reports of material shortages.  Although lead times lengthened to the least marked extent since November 2020, supplier delays and material shortages remained substantial.  As a result, firms recorded another monthly rise in backlogs of work.

Difficulties sourcing raw materials led firms to expand their input buying, following broadly unchanged levels of purchasing in June.  Efforts to secure stock were reflected in a further rise in pre-production inventories, albeit only fractional.  Stocks of finished goods were broadly unchanged on the month amid supplier and shipping delays, but also in part reflecting lower than expected sales to customers.

Finally, firms' expectations regarding the outlook for output over the coming 12 months remained at their lowest since October 2020 amid inflation and supply chain concerns, as well as a gloomier global economic outlook." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/928c283195bd4965b659a11718f1a7ce; 8/2/22

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# Private Indicators

## S&P Global U.S. Manufacturing PMI™

### Comment

"With the exception of pandemic lockdown periods, July saw US manufacturers report the toughest business conditions since 2009. A growth spurt in the spring has quickly gone into reverse, with new orders for factory goods down for a second straight month in July, leading to the first drop in production for two years and sharply reduced employment growth.

The rising cost of living is the most commonly cited cause of lower sales, as well as the worsening economic outlook

Companies are also taking an increasingly cautious approach to purchasing and inventories amid the gloomier outlook, and likewise appear to be cutting back on investment, with new orders falling especially sharply for business equipment and machinery in July.

Supply chain problems remain a major concern but have eased, taking some pressure off prices for a variety of inputs. This has fed through to the smallest rise in the price of goods leaving the factory gate seen for nearly one and a half years, the rate of inflation cooling sharply to add to signs that inflation has peaked." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/928c283195bd4965b659a11718f1a7ce; 8/2/22

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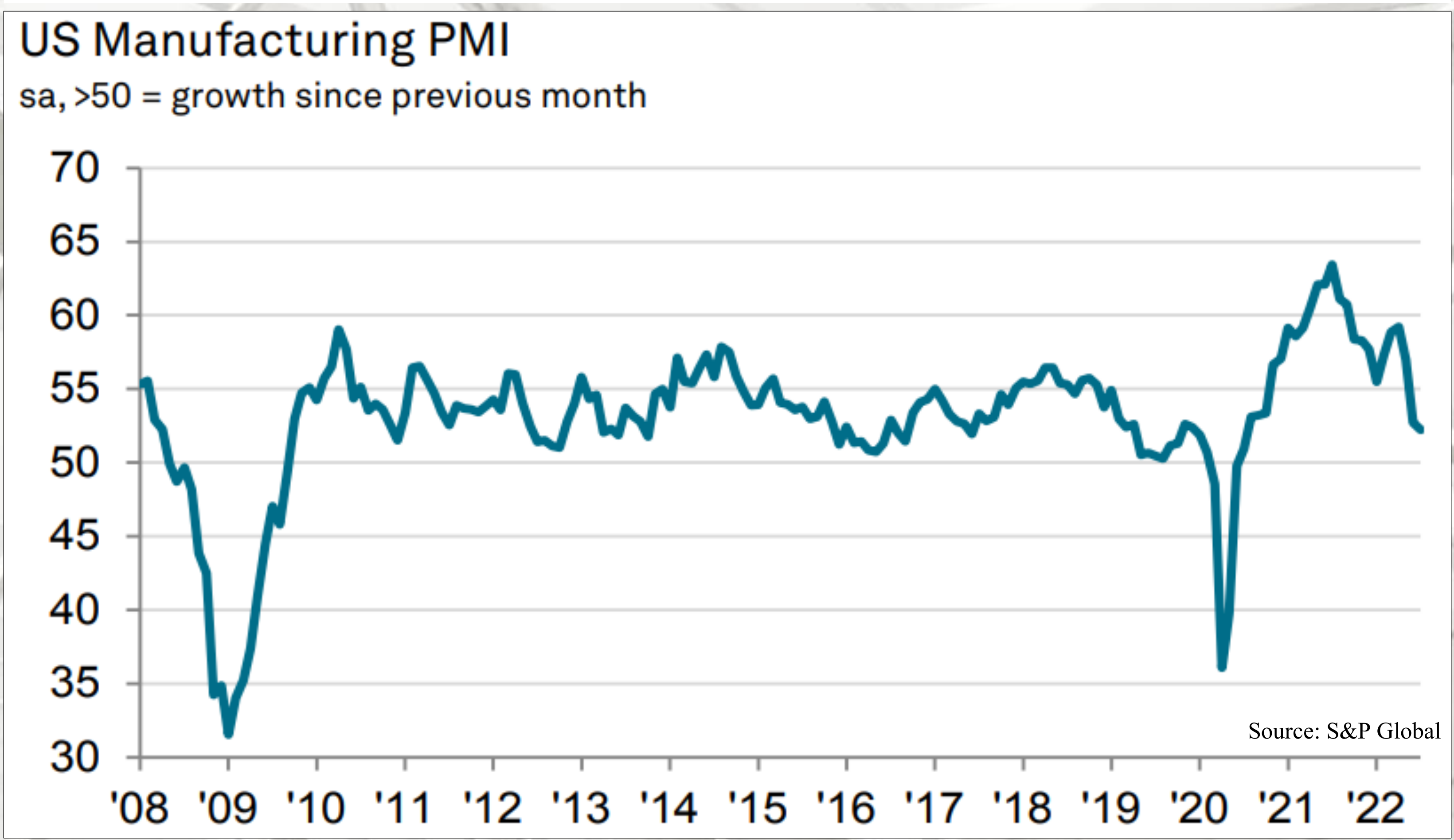
# Private Indicators




Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/928c283195bd4965b659a11718f1a7ce; 8/2/22

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# Private Indicators

## S&P Global U.S. Services PMI™

### Business activity declines for first time in over two years amid soft demand conditions

“The seasonally adjusted final S&P Global US Services PMI Business Activity Index registered 47.3 in July, up slightly from the earlier released 'flash' estimate of 47.0, but down from 52.7 in June. The latest headline reading signalled the fourth successive decline in the seasonally adjusted index, marking a notable contrast seen from the steep expansions earlier in the year. The decrease in business activity was the first since June 2020 and solid overall. Where firms reported a contraction in output, this was linked to relatively subdued demand, worsening financial conditions and higher prices

Business activity across the US service sector decreased at a solid pace during July, according to the latest PMI™ data. The fall in output was the fastest since May 2020. Although new orders returned to growth, the rate of expansion was historically subdued and much slower than those seen earlier in the year. Subsequently, service providers registered weaker expectations regarding the outlook for output, as confidence dropped to a 22-month low. Nevertheless, companies expanded workforce numbers at a solid pace, with sufficient capacity allowing firms to work through backlogs of work effectively.

Inflationary pressures remained historically elevated during July, but eased further. Input costs and output charges increased at the slowest paces for five and 16 months, respectively.

Although service providers recorded a renewed rise in new orders at the start of the third quarter, following a marginal decline in June, the rate of growth was only slight overall. Higher new business was attributed to the acquisition of new customers, but some firms continued to highlight customer hesitancy amid reductions in purchasing power.” – Chris Williamson, Chief Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4b3fdf62b6b14b24b4a805d3a48a8ff4; 8/3/22

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# Private Indicators

## S&P Global U.S. Services PMI™

"The rise in total new orders was driven by the domestic market, as new export orders contracted for the second month running. The impact of inflation on foreign customer spending and travel hampered sales, with new business from abroad falling at the second-fastest rate since December 2020.

Average cost burdens at service providers increased markedly in July, albeit at the slowest pace for five months. Input price hikes reportedly stemmed from higher fuel, energy, wage and transportation costs. Although softer, the rate of inflation was quicker than any seen before May 2021.

Service providers continued to pass on higher cost burdens to clients, as output charges rose at an historically elevated pace. Mirroring the trend for input prices, however, the rate of selling price inflation eased to the slowest since March 2021.

Meanwhile, output expectations regarding the year ahead outlook weakened during July. The degree of confidence dropped to the lowest since September 2020, as concerns relating to inflation and wider economic conditions dampened optimism.

Services firms raised workforce numbers further, as companies sought to fill vacancies. That said, the pace of job creation was the slowest since January amid reports of struggles to find suitable candidates and, in some instances, the non-replacement of voluntary leavers in an effort to cut costs.

Sufficient capacity to process incoming new business was reflected in a second successive monthly decline in backlogs of work in July. The decrease quickened to the sharpest since May 2020 and was solid overall." – Chris Williamson, Chief Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4b3fdf62b6b14b24b4a805d3a48a8ff4; 8/3/22

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# Private Indicators

## S&P Global U.S. Services PMI™

### Comment

"US economic conditions worsened markedly in July, with business activity falling across both the manufacturing and service sectors.  Excluding pandemic lockdown months, the overall fall in output was the largest recorded since the global financial crisis and signals a strong likelihood that the economy will contract for a third consecutive quarter.

Tightening financial conditions mean the financial services sector is leading the downturn, with a further steep rise in interest rates from the FOMC since the survey data were collected likely to intensify the downturn.  Higher interest rates, alongside the ongoing surge in inflation, have meanwhile spilled over to the consumer sector, meaning the surge in household spending on goods and activities such as travel, tourism, hospitality and recreation seen in the spring has now moved into reverse as household spending is diverted to essentials.

Although employment continued to rise in July, the rate of job creation has also slowed sharply since the spring and looks set to weaken further in the coming months as firms cut operating capacity in line with weakening demand.

The flip side of deterioration in demand is a welcome alleviation of price pressures, which hint at a peaking of inflation." – Chris Williamson, Chief Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4b3fdf62b6b14b24b4a805d3a48a8ff4; 8/3/22

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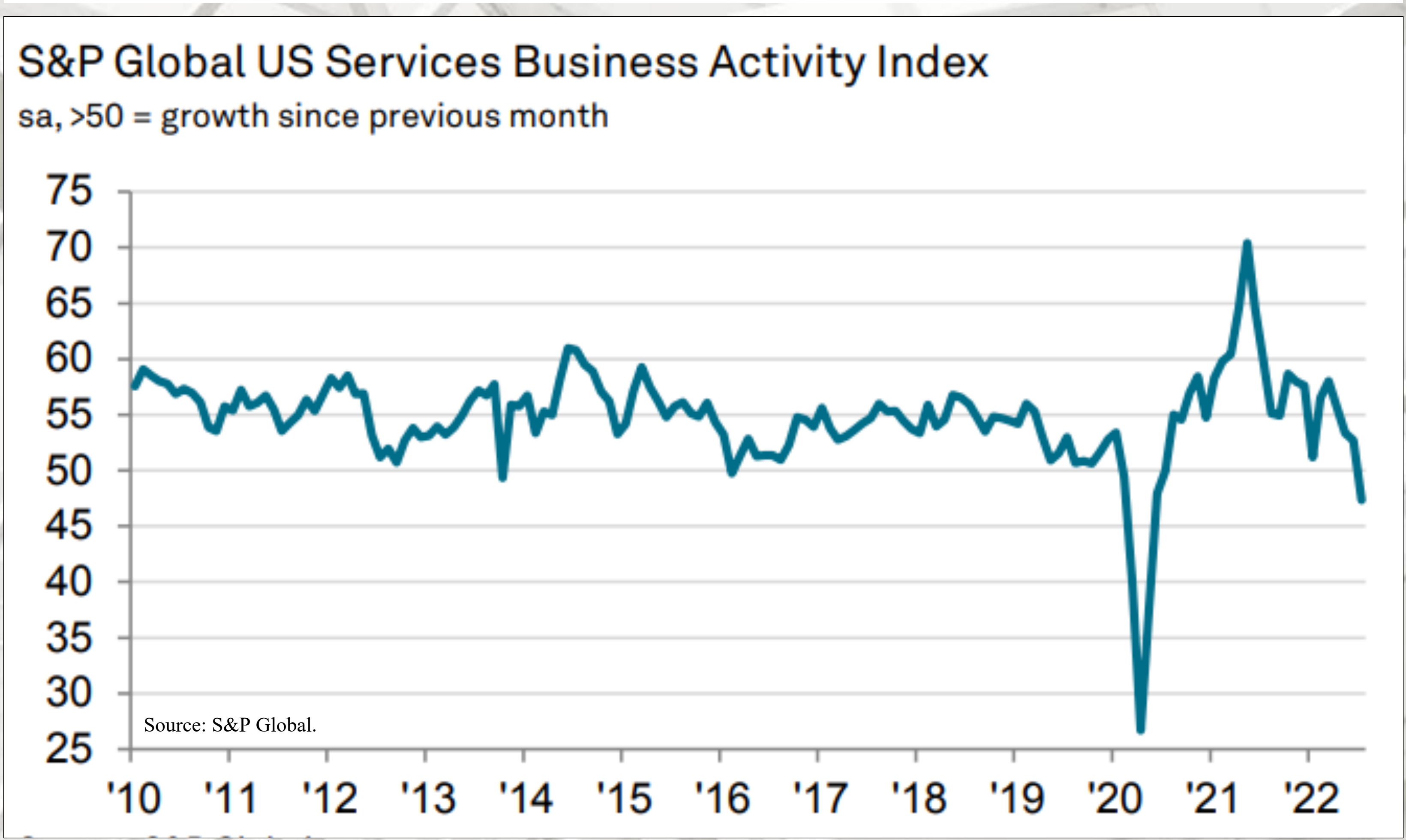
# Private Indicators




Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4b3fdf62b6b14b24b4a805d3a48a8ff4; 8/3/22

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# Private Indicators

## National Association of Credit Management – Credit Managers' Index

### Report for July 2022: Combined Sectors

"The National Association of Credit Management's seasonally adjusted Credit Managers' Index (CMI) for July fell to 55.0 points, its lowest level since June 2020, driven by deterioration in both favorable and unfavorable factor indexes. Several respondents noted this month that higher fuel, labor and material prices were causing financial stress on their customers, and an unseasonal erosion of account performance, said NACM Economist Amy Crews Cutts, Ph.D., CBE®.

"I think the CMI is nearing the tipping point between expansion and recession," Cutts said. "While the CMI remains five points above the contraction threshold, it has steadily declined over the past four months. Both factors' indexes are following this trend. The unfavorable factor index is at its lowest level since June 2020 and it has dipped below the critical 50-point threshold. The favorable factor index is at its lowest level since November 2020.

"We're in the thick of earnings announcements for the second quarter and many companies are noting the impact of inflation, delivery issues, materials and product shortages (or the opposite problem of too much inventory), and rising labor costs as hurting profitability over the past three months along with forward guidance that investors should expect these problems to continue. The CMI shows these same stresses. Some respondents noted that the sales values at their companies were up because of higher prices, not increased unit sales, and similarly that they're having to increase the amount of credit extended to cover higher costs rather than increased sales for their customers. A bright spot is that business bankruptcies are still very low."

The CMI is centered on a value of 50, with values greater indicating expansion and values lower indicating economic contraction. The combined July CMI fell by 1.6 points from the June survey value of 56.6. The index of favorable factors slid 1.2 points in July to 63.6, a level that is 5.0 points lower than a year ago. The index of unfavorable factors deteriorated by 1.7 points to 49.4 points, 4.2 points lower than a year ago, and this index now sits in contraction territory. " – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 7/29/22

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# Private Indicators

## National Association of Credit Management – Credit Managers' Index

### Report for July 2022: Combined Sectors

"Three of the four categories in the favorable factors list dropped for the fourth month in a row. New credit applications led the decline with a sharp 4.4-point drop to 59.7. The sales index fell 0.8 points to 65.8 and the amount of credit extended dropped one-tenth of a point to 67.6. The index for dollar collections improved by 0.3 points to 61.2, but several respondents noted that they are having to work harder to get these collections. The declines in the favorable factor indexes are notable but the levels of the indexes still indicate strong expansionary conditions.

Only one unfavorable factor index for the combined CMI improved in the July survey. Rejections of credit applications rose 0.6 points to 50.8. Note that the scale for unfavorable factors is inverted so that gains in the index align with improvements in those factors. Leading the declines in the unfavorable factors is the dollar amount beyond terms index, which fell 4.4 points to 46.7, now 10.2 points lower than a year ago. The index for accounts placed for collections lost 2.3 points to a reading of 47.4 and the filings for bankruptcies fell similarly, dropping 2.1 points to 53.7. The dollar amount of customer deductions index fell 1.4 points to 49.3 and the disputes index declined 1.1 points to 48.3 points.

"Looking for signs of recession in a volatile economic environment can sometimes be misleading, but it just feels like the economy is on weak footing," Cutts said. "The Credit Managers Index is appearing to stabilize into a downward trend, not yet indicating a recession is occurring, but with all but two unfavorable factors in contraction territory and four to five months of declines in all favorable factors, I think we are definitely seeing conditions changing for the worse. Recent surveys of economists indicate that forecasts of recession risk are being revised higher, but none have yet reported a consensus value above 50% likelihood."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 6/30/22

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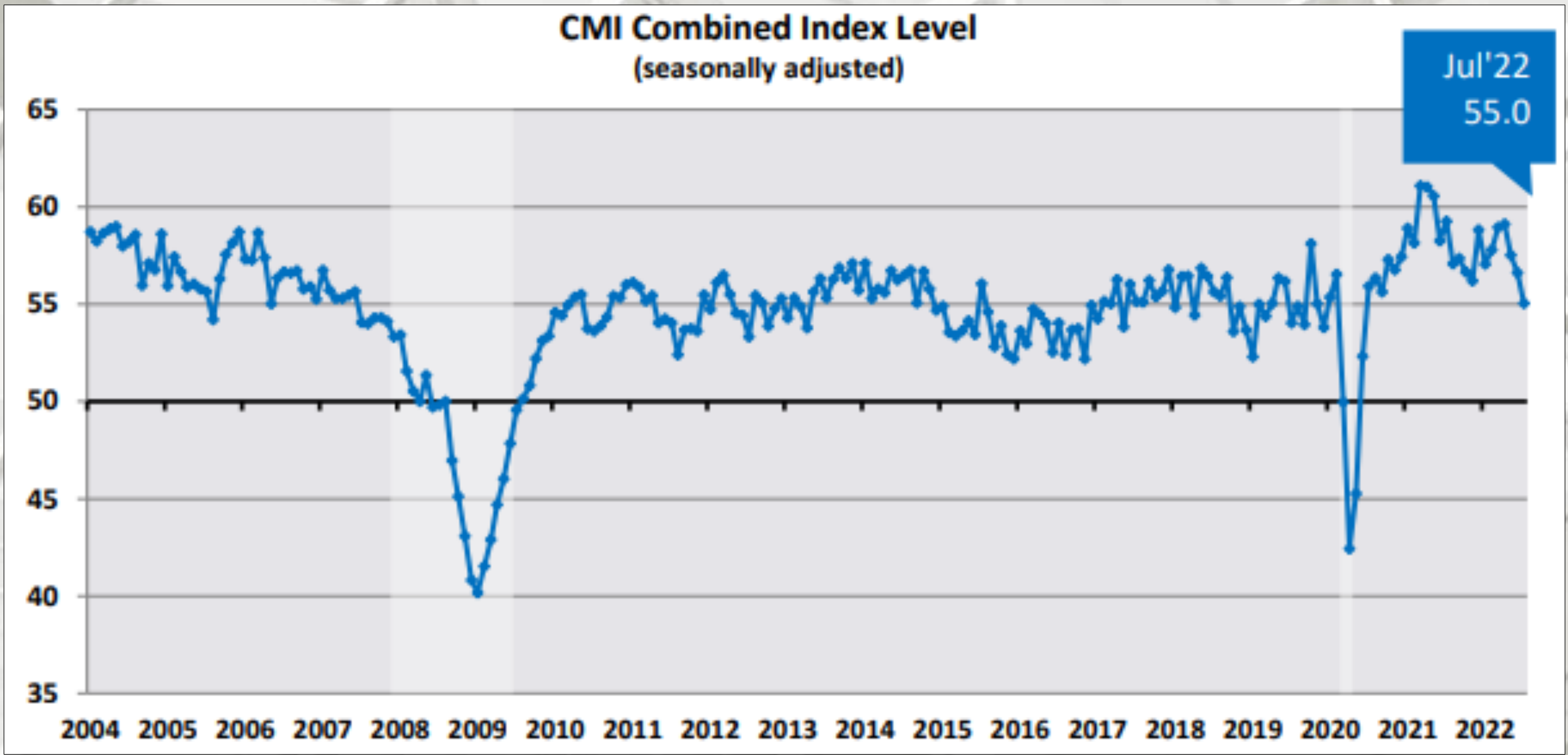
# Private Indicators

## National Association of Credit Management – Credit Managers' Index




Source: https://nacm.org/cmi.html; 7/29/22

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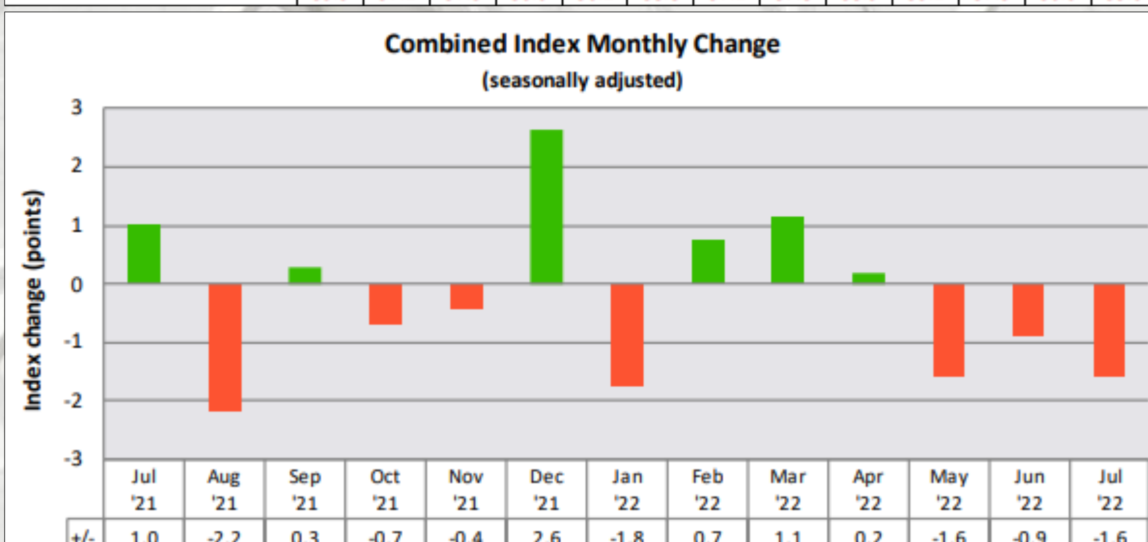
# Private Indicators

## National Association of Credit Management – Credit Managers' Index

| Combined Manufacturing and Service Sectors (seasonally adjusted) | Jul '21 | Aug '21 | Sep '21 | Oct '21 | Nov '21 | Dec '21 | Jan '22 | Feb '22 | Mar '22 | Apr '22 | May '22 | Jun '22 | Jul '22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 75.4 | 66.0 | 67.8 | 67.4 | 67.4 | 75.1 | 71.2 | 71.3 | 77.1 | 74.7 | 71.6 | 66.6 | 65.8 |
| New credit applications | 66.2 | 63.0 | 63.5 | 62.1 | 62.9 | 67.6 | 60.6 | 64.0 | 68.8 | 67.1 | 64.7 | 64.1 | 59.7 |
| Dollar collections | 64.4 | 61.5 | 60.4 | 61.3 | 59.2 | 63.5 | 62.5 | 63.2 | 67.0 | 65.9 | 65.5 | 60.9 | 61.2 |
| Amount of credit extended | 68.4 | 68.6 | 67.2 | 67.6 | 67.7 | 71.7 | 67.2 | 68.7 | 69.2 | 72.1 | 70.4 | 67.7 | 67.6 |
| Index of favorable factors | 68.6 | 64.8 | 64.7 | 64.6 | 64.3 | 69.5 | 65.4 | 66.8 | 70.5 | 69.9 | 68.1 | 64.8 | 63.6 |
| Rejections of credit applications | 52.0 | 52.2 | 52.1 | 52.3 | 53.2 | 51.7 | 51.5 | 52.3 | 51.9 | 51.3 | 50.7 | 50.2 | 50.8 |
| Accounts placed for collection | 51.5 | 51.4 | 51.4 | 52.1 | 52.0 | 52.1 | 51.1 | 52.7 | 51.5 | 50.6 | 51.0 | 49.7 | 47.4 |
| Disputes | 49.1 | 49.6 | 51.2 | 48.3 | 48.6 | 48.2 | 48.4 | 48.6 | 48.0 | 49.1 | 49.1 | 49.4 | 48.3 |
| Dollar amount beyond terms | 56.9 | 51.4 | 50.6 | 49.5 | 47.1 | 53.3 | 53.5 | 50.9 | 51.2 | 54.2 | 47.2 | 51.1 | 46.7 |
| Dollar amount of customer deductions | 51.8 | 49.9 | 51.9 | 49.4 | 48.2 | 49.3 | 49.5 | 49.9 | 49.0 | 50.5 | 48.7 | 50.7 | 49.3 |
| Filings for bankruptcies | 56.9 | 57.3 | 57.1 | 56.4 | 55.9 | 55.7 | 55.2 | 56.4 | 55.8 | 55.7 | 56.4 | 55.8 | 53.7 |
| Index of unfavorable factors | 53.0 | 51.9 | 52.4 | 51.3 | 50.8 | 51.7 | 51.5 | 51.8 | 51.2 | 51.9 | 50.5 | 51.1 | 49.4 |
| NACM Combined CMI | 59.3 | 57.1 | 57.3 | 56.6 | 56.2 | 58.8 | 57.1 | 57.8 | 58.9 | 59.1 | 57.5 | 56.6 | 55.0 |




Source: https://nacm.org/cmi.html; 7/29/22

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# Private Indicators

## National Federation of Independent Business (NFIB) July 2022 Report

### Small Business Owners Reporting Inflation as Top Business Problem Reaches Highest Level Since 1979

### But Fewer Owners Raised and Planning to Raise Prices

"NFIB's Small Business Optimism Index rose 0.4 points in July to 89.9, however, it is the sixth consecutive month below the 48-year average of 98. Thirty-seven percent of small business owners reported that inflation was their single most important problem in operating their business, an increase of three points from June and the highest level since the fourth quarter of 1979." – Holly Wade, NFIB

"The uncertainty in the small business sector is climbing again as owners continue to manage historic inflation, labor shortages, and supply chain disruptions. As we move into the second half of 2022, owners will continue to manage their businesses into a very uncertain future." – Bill Dunkelberg, Chief Economist, NFIB

Key findings include:

- "Owners expecting better business conditions over the next six months increased nine points from June's record low level to a net-negative 52%. Expectations for better business conditions have deteriorated every month from January to June of this year.
- Forty-nine percent of owners reported job openings they could not fill in the current period, down one point from June but historically very high." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/9/22

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# Private Indicators

## National Federation of Independent Business (NFIB) July 2022 Report

"Key findings include:

- Seasonally adjusted, a net 37% plan price hikes, down 12 points.
- The net percent of owners raising average selling prices decreased seven points to a net 56% (seasonally adjusted). The decline is significant but the net percent still raising prices is inflationary.
- The net percent of owners who expect real sales to be higher decreased one point from June to a net negative 29%.
- The Uncertainty Index increased 12 points from last month to 67.

As reported in NFIB's monthly jobs report, a net 48% reported raising compensation and a net 25% plan to raise compensation in the next three months. Nine percent of owners cited labor costs as their top business problem and 21% said that labor quality was their top business problem, remaining in second place behind inflation.

Fifty-one percent of owners reported capital outlays in the last six months. Of those making expenditures, 36% reported spending on new equipment, 21% acquired vehicles, and 14% improved or expanded facilities. Nine percent spent money for new fixtures and furniture and 5% acquired new buildings or land for expansion. Twenty-two percent of owners plan capital outlays in the next few months.

A net negative 5% of all owners (seasonally adjusted) reported higher nominal sales in the past three months. The net percent of owners expecting higher real sales volumes decreased one point to a net negative 29%, the second weakest quarterly measure ever." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/9/22

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# Private Indicators

## National Federation of Independent Business (NFIB) July 2022 Report

"The net percent of owners reporting inventory increases rose five points to 1%. Not seasonally adjusted, 18% reported increases in stocks and 15% reported reductions as solid sales reduced inventories at many firms.

Thirty-two percent of owners reported that supply chain disruptions have had a significant impact on their business. Another 36% report a moderate impact and 23% report a mild impact. Only 9% report no impact from recent supply chain disruptions.

A net 2% of owners viewed current inventory stocks as "too low" in July, down three points from June. By industry, shortages are reported most frequently in manufacturing (20%), wholesale (20%), retail (19%), non-professional services (14%), and transportation (14%). A net 1% of owners plan inventory investment in the coming months down three points from June.

The net percent of owners raising average selling prices decreased seven points from June to a net 56% (seasonally adjusted). Unadjusted, 8% reported lower average selling prices and 65% reported higher average prices. Price hikes were the most frequent in wholesale (80% higher, 8% lower), manufacturing (73% higher, 7% lower), construction (73% higher, 4% lower), and retail (72% higher, 6% lower). Seasonally adjusted, a net 37% plan price hikes, down 12 points. The seasonal adjustments for price plans and actual prices were revised. The data in this report reflect those changes." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/9/22

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# Private Indicators

## National Federation of Independent Business (NFIB) July 2022 Report

“The frequency of positive profit trends was a net negative 26%, down one point from June. Among owners reporting lower profits, 40% blamed the rise in the cost of materials, 17% blamed weaker sales, 10% cited labor costs, 10% cited lower prices, 4% cited the usual seasonal change, and 2% cited higher taxes or regulatory costs. For owners reporting higher profits, 42% credited sales volumes, 26% cited usual seasonal change, and 16% cited higher prices.

Three percent of owners reported that all their borrowing needs were not satisfied. Twenty-five percent reported all credit needs met and 62% said they were not interested in a loan. A net 5% reported their last loan was harder to get than in previous attempts. One percent reported that financing was their top business problem. A net 19% of owners reported paying a higher rate on their most recent loan.

The **NFIB Research Center** has collected Small Business Economic Trends data with quarterly surveys since the 4th 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 July 2022.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/9/22

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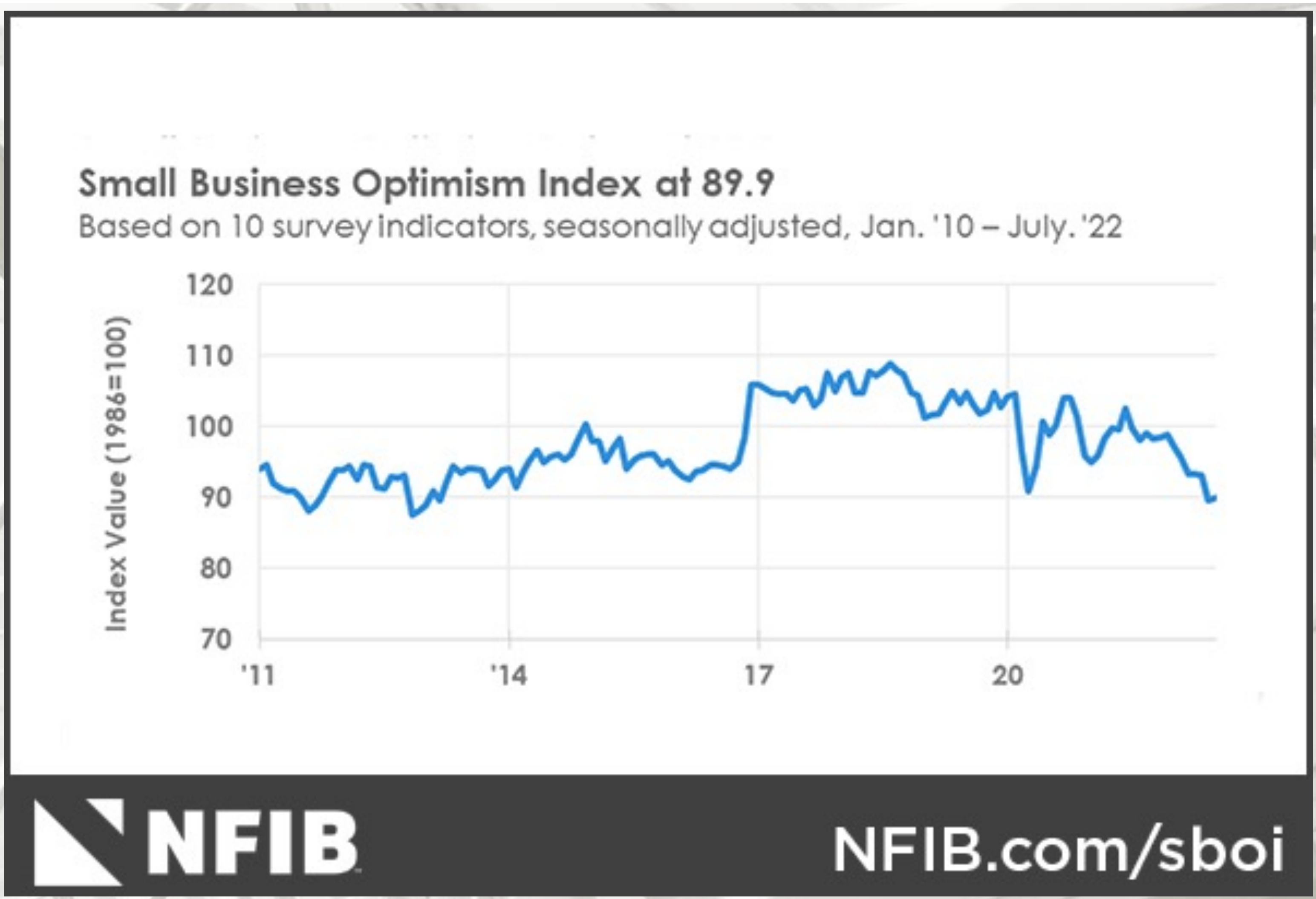
# Private Indicators




Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/9/22

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# Private Indicators

## Small Business Optimism

| Index Component | Net % | From Last Month | |
|---|---|---|---|
| Plans to Increase Employment | 20% | ▲ | 1 |
| Plans to Make Capital Outlays | 22% | ▼ | -1 |
| Plans to Increase Inventories | 1% | ▲ | 3 |
| Expect Economy to Improve | -52% | ▲ | 9 |
| Expect Real Sales Higher | -29% | ▼ | -1 |
| Current Inventory | 2% | ▼ | -3 |
| Current Job Openings | 49% | ▼ | -1 |
| Expected Credit Conditions | -7% | ▲ | 1 |
| Now a Good Time to Expand | 4% | ▼ | -1 |
| Earnings Trends | -26% | ▼ | -7 |

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/9/22

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# Private Indicators

## The Paychex | IHS Markit
## Small Business Employment Watch

### Small Business Job Growth Slows in July; Hourly Earnings Growth Moderates Slightly

“Hiring at U.S. small businesses slowed for the fifth consecutive month, according to the latest Paychex | IHS Markit Small Business Employment Watch. The Small Business Jobs Index moderated -0.66 percent from the previous month and stands at 100.14. The pace of wage increases slowed slightly from the previous month, with average hourly earnings growth at 5.08 percent compared to 5.13 percent in June 2022.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“As the national GDP flattens, the Small Business Jobs Index also slowed significantly in July. With an index level above 100, we’re seeing continued job growth, but the pace of that growth has declined” – James Diffley, Chief Regional Economist, IHS Markit

“For nearly two years, businesses added staff at a rapid pace to make up for the losses experienced during the pandemic. While the growth rate has slowed, additional analysis of our client base indicates demand for workers continues to be robust while the shortage of available applicants is slowing the overall job growth rate.” – Martin Mucci, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 8/2/22

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# Private Indicators

## The Paychex | IHS Markit
## Small Business Employment Watch

"In further detail, the July report showed:

- The jobs index in all regions declined in July, with the West slowing the most (-0.81 percent).
- At 100.67, the South continues as the strongest region for small business employment growth.
- North Carolina is the new top state for job growth; Florida is the new top state for hourly earnings growth.
- Dallas continues to lead U.S. metros in small business job growth and hourly earnings growth for workers.
- Other services (except public administration) remained the top sector for job growth in July at 103.11." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 8/2/22

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# Private Indicators

## The Paychex | IHS Markit
## Small Business Employment Watch

| July Job Index | July Wage Data |
| --- | --- |
| Index | Hourly Earnings |
| 100.14 | $30.55 |
| 12-Month Change | 12-Month Growth |
| +0.79% | +5.08% (+$1.48) |

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 8/2/22

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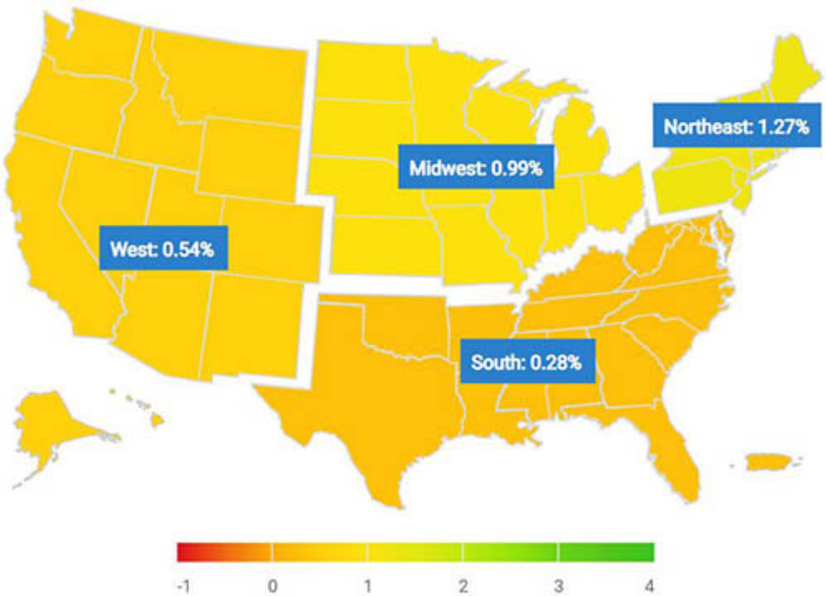
# Private Indicators

## The Paychex | IHS Markit Regional Jobs Index

Regional Performance




| Region | Index | Change |
|---|---|---|
| Midwest | 99.67 | 0.99% |
| Northeast | 100.18 | 1.27% |
| South | 100.67 | 0.28% |
| West | 99.84 | 0.54% |

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 8/2/22

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# Private Indicators

## U.S. Bank Freight Payment Index™

### Q2 2022 National Freight Market Overview

"The national truck freight market grew during the second quarter of 2022 after falling the previous two quarters. The increase was due, in part, to a transition in the freight market versus a surge in the overall goods-economy. The number of shipments increased slightly above the historical average as contract freight outperformed the traditional spot market.

During the second half of 2020 and most of 2021, shippers put more freight in the spot market than usual, to manage capacity constraints, both in terms of drivers and equipment. Households spent more on goods in 2021 as spending on travel and services remained constrained due to the pandemic. However, the economy contracted in the first quarter of 2022, which allowed shippers to pull freight out of the spot market. This resulted in significant drops in spot market prices and volumes. More freight was moved back to their contract carriers. This contributed to the U.S. Bank freight market metrics rising during the second quarter.

One trend that continued in the second quarter was the high cost of diesel fuel, which impacted freight outlays during the quarter as reflected in the U.S. Bank National Spend Index. Besides the high level of fuel surcharges, contract pricing seemed to hold steady compared with spot market rates, which fell significantly during the quarter." – Bob Costello, Chief Economist & Senior Vice President, International Trade Policy and Cross-Border Operations, American Trucking Associations (ATA)

Source: https://www.usbank.com/dam/documents/pdf/corporate-and-commercial-banking/industry-expertise/transportation/freight-payment-index/04-0170-04_Freight-Index-2022-Q2.pdf; 7/20/22

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# Private Indicators

## U.S. Bank Freight Payment Index™

### National shipments and spending — quarter over quarter, year over year

"After falling on average 2.3% in each of the previous two quarters, the U.S. Bank National Shipments Index increased by 2.3% during the second quarter. The level of shipments rebounded to the level they were during the final three months of 2021. Household consumption of goods decelerated or even contracted slightly, housing starts decreased with higher home prices and mortgage rates, but factory output held strong. Compared with a year earlier, the U.S. Bank National Shipments Index contracted 0.9%.

Spending remained high during the second quarter. The U.S. Bank National Spend Index increased 3.3% over the first quarter. This is reflective of steady contract pricing, but also significantly higher fuel prices, which pushed up fuel surcharges. Diesel fuel prices, according to the Energy Information Administration, reached a record high during the second quarter. Compared with a year earlier, the U.S. Bank National Spend index was up 19.7%, which is historically robust, but the smallest year-over-year gain since the first quarter of 2021.

What is clear from the national numbers, both shipments and spending, is that there was not a significant slowdown of the entire freight market in the second quarter. While the spot market was very soft, contract freight performed very well. " – Bob Costello, Chief Economist & Senior Vice President, International Trade Policy and Cross-Border Operations, American Trucking Associations (ATA)

Source: https://www.usbank.com/dam/documents/pdf/corporate-and-commercial-banking/industry-expertise/transportation/freight-payment-index/04-0170-04_Freight-Index-2022-Q2.pdf; 7/20/22

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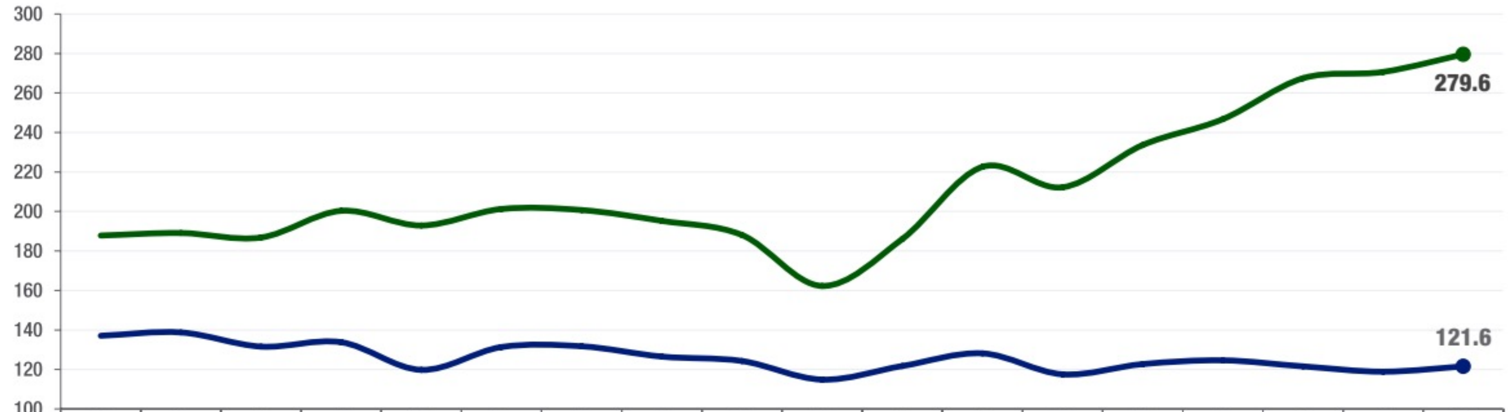
# Private Indicators

## U.S. Bank Freight Payment Index™

### Q2 2022 National Freight Market Overview




| | 2018 | | | | 2019 | | | | 2020 | | | | 2021 | | | | 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Spend | 187.8 | 189.1 | 186.8 | 200.3 | 192.9 | 201.3 | 200.7 | 195.2 | 188.1 | 162.3 | 186.0 | 222.6 | 212.2 | 233.6 | 246.8 | 267.5 | 270.7 | 279.6 |
| Shipments | 137.1 | 138.7 | 131.6 | 133.8 | 119.8 | 131.3 | 131.7 | 126.5 | 124.3 | 114.9 | 121.7 | 128.1 | 117.5 | 122.7 | 124.6 | 121.6 | 118.9 | 121.6 |

| Shipments | |
|---|---|
| Index value | 121.6 |
| Quarterly % change | 2.3% ▲ |
| Yearly % change | -0.9% ▼ |

| Spend | |
|---|---|
| Index value | 279.6 |
| Quarterly % change | 3.3% ▲ |
| Yearly % change | 19.7% ▲ |

Source: https://www.usbank.com/dam/documents/pdf/corporate-and-commercial-banking/industry-expertise/transportation/freight-payment-index/04-0170-04_Freight-Index-2022-Q2.pdf; 7/20/22

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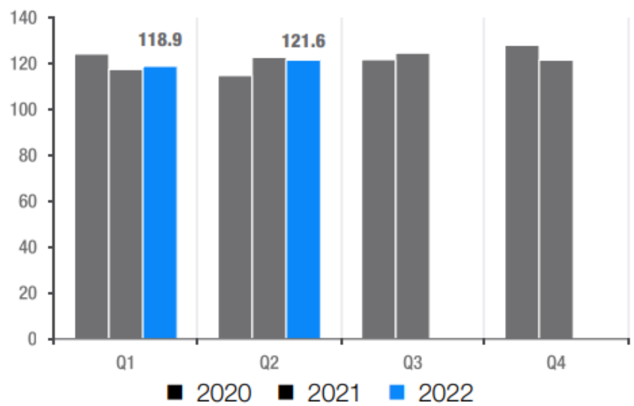
# Private Indicators

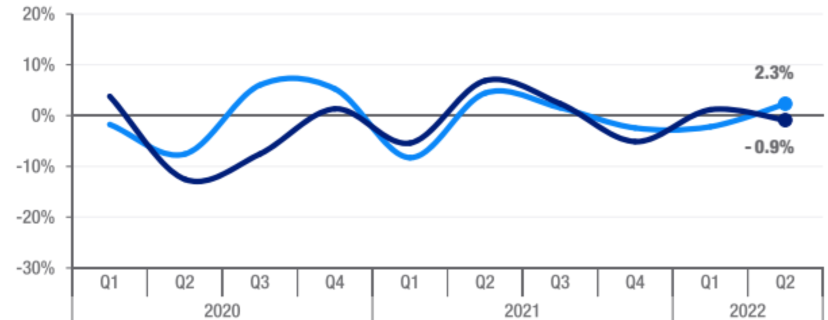
## U.S. Bank Freight Payment Index™

### Q2 2022 National Freight Market Overview

#### Shipments – index value

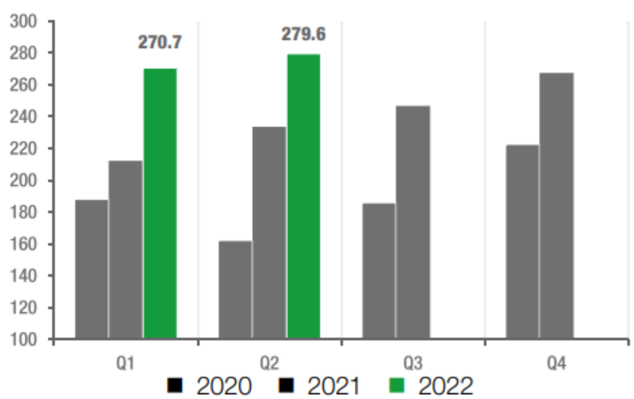



#### Shipments – % change

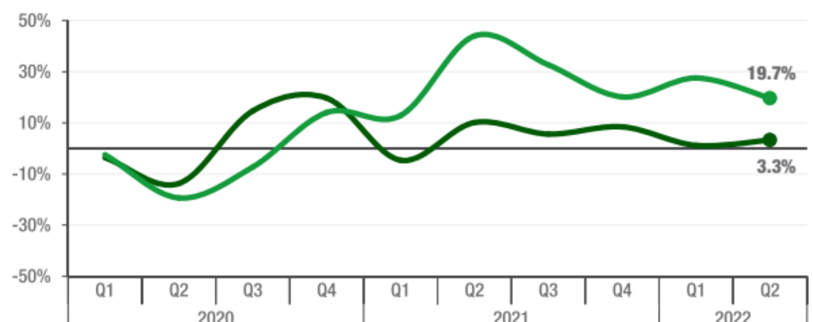



| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -1.8% | -7.6% | 6.0% | 5.3% | -8.3% | 4.4% | 1.5% | -2.4% | -2.2% | 2.3% |
| YoY | 3.8% | -12.5% | -7.6% | 1.3% | -5.4% | 6.8% | 2.4% | -5.1% | 1.1% | -0.9% |

#### Spend – index value




#### Spend – % change




| | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 |
|---|---|---|---|---|---|---|---|---|---|---|
| QoQ | -3.7% | -13.7% | 14.6% | 19.7% | -4.7% | 10.1% | 5.6% | 8.4% | 1.2% | 3.3% |
| YoY | -2.5% | -19.4% | -7.3% | 14.0% | 12.8% | 44.0% | 32.6% | 20.2% | 27.5% | 19.7% |

Source: https://www.usbank.com/dam/documents/pdf/corporate-and-commercial-banking/industry-expertise/transportation/freight-payment-index/04-0170-04_Freight-Index-2022-Q2.pdf; 7/20/22

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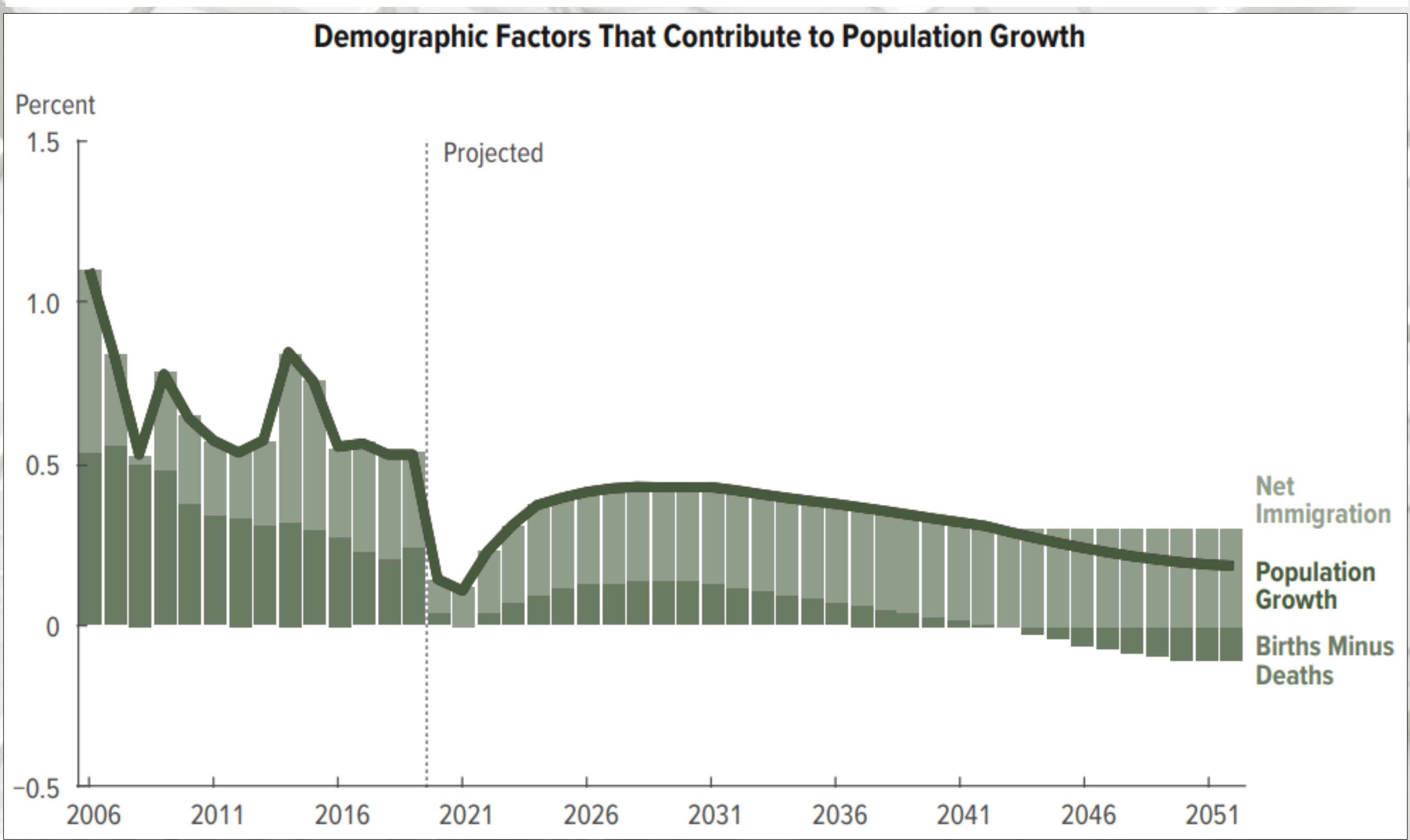
# Demographics

## Congressional Budget Office

### *The Demographic Outlook: 2022 to 2052*




Source: https://www.cbo.gov/publication/57975; 7/27/22

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# Demographics

## Congressional Budget Office

### *The Demographic Outlook: 2022 to 2052*

The size of the U.S. population and its age and sex composition affect federal spending, revenues, deficits, debt, and the economy. In this report, the Congressional Budget Office (CBO) describes its population projections that underlie the baseline budget projections and economic forecast that CBO published in May 2022 and the long-term budget projections that the agency published in July 2022.

- **Population.** In CBO's projections, the population increases from 335 million people in 2022 to 369 million people in 2052, expanding by 0.3 percent per year, on average. (In this report, population refers to the Social Security area population – the relevant population for the calculation of Social Security payroll taxes and benefits. See Notes and Definitions for more details.) The population is also projected to become older, on average, as growth in the number of people age 65 or older outpaces that of younger age groups.
- **Components of Population Growth.** Population growth is projected to slow over the next 30 years. As fertility rates remain below the replacement rate (the fertility rate required for a generation to exactly replace itself in the absence of immigration), population growth is increasingly driven by net immigration flows." – Congressional Budget Office

Source: https://www.cbo.gov/publication/57975; 7/27/22

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# Demographics

## Congressional Budget Office

### *The Demographic Outlook: 2022 to 2052*

- **Civilian Noninstitutionalized Population.** The civilian noninstitutionalized population grows, in CBO's projections, from 264 million people in 2022 to 298 million people in 2052. (This measure of the population includes only people age 16 or older. The agency uses it to project the size of the labor force.) The prime working age population (ages 25 to 54) grows at an average annual rate of 0.2 percent over that period, slower than its average over the 1980–2021 period (1.0 percent).
- **Changes Since Last Year.** In CBO's current projections, the population is smaller and grows more slowly, on average, than CBO projected last year. Fertility rates are expected to be lower than the agency projected last year, reducing the size and growth of the population that is under 24 years old over the 30-year projection period. In addition, as a result of new information about the effects of COVID-19, CBO increased projected mortality rates for people age 65 or older, on average, in the first two decades of the projection period.

CBO's projections are subject to uncertainty in the rates of fertility, mortality, and net immigration. Small differences between CBO's projections and actual outcomes for those rates could compound over many years and significantly affect outcomes by the end of the projection period." – Congressional Budget Office

Source: https://www.cbo.gov/publication/57975; 7/27/22

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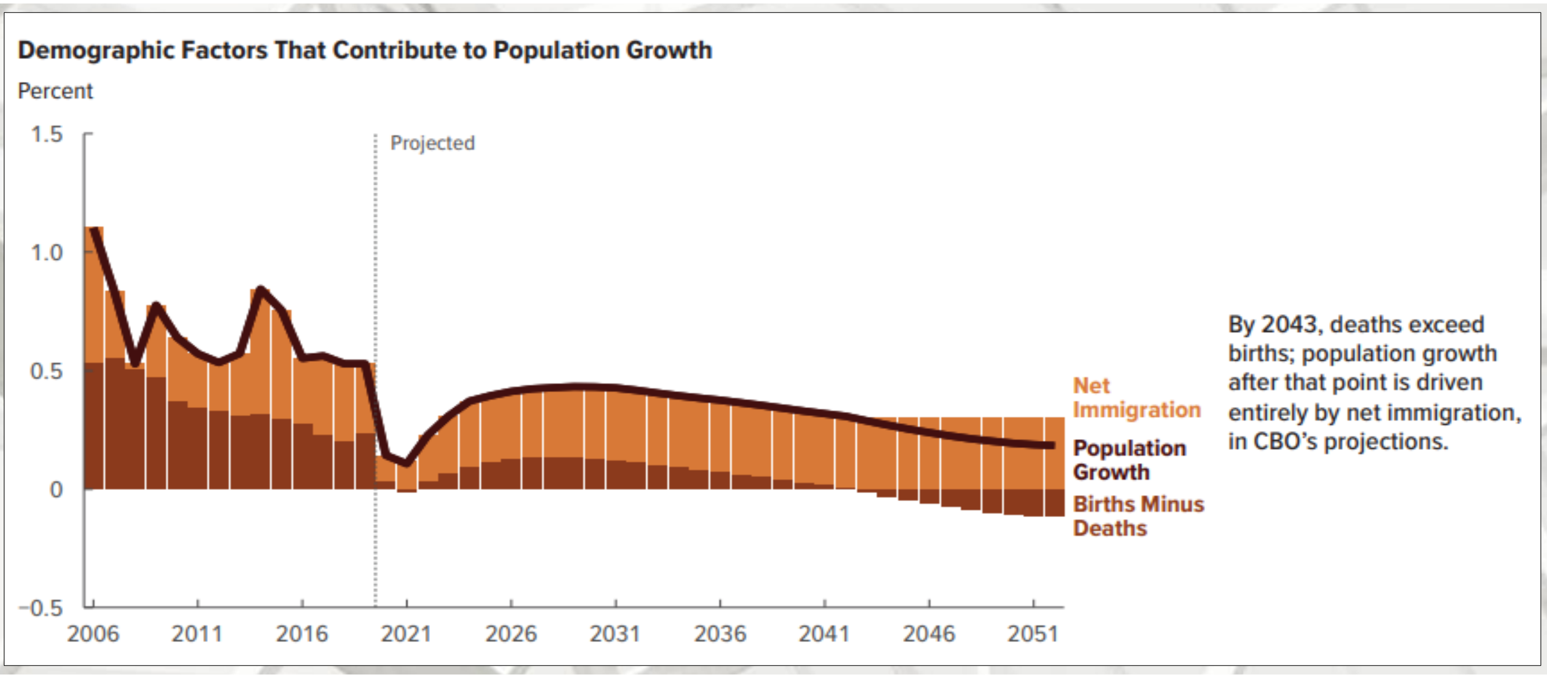
# Demographics




## Congressional Budget Office

### *The Demographic Outlook: 2022 to 2052*

"… CBO's projections of the population over the next 30 years are subject to significant uncertainty. If rates of immigration, fertility, or mortality were higher or lower than the agency's projections, then the projected population would be affected more in later years of the projection period than in the earlier years because differences in those rates compound in each year of the 30-year projection period.

In CBO's projections, the population increases from 335 million people in 2022 to 369 million people in 2052. However, it grows at one-third the pace (0.3 percent), on average, from 2022 to 2052 that it did from 1980 to 2021 (0.9 percent). Over the course of the next decade, immigration accounts for about three-quarters of the overall increase in the size of the population, and the net effects of fertility and mortality account for the remaining quarter. After 2032, population growth is increasingly driven by net immigration, which accounts for all population growth in 2043 and beyond." – Congressional Budget Office

Source: https://www.cbo.gov/publication/57975; 7/27/22

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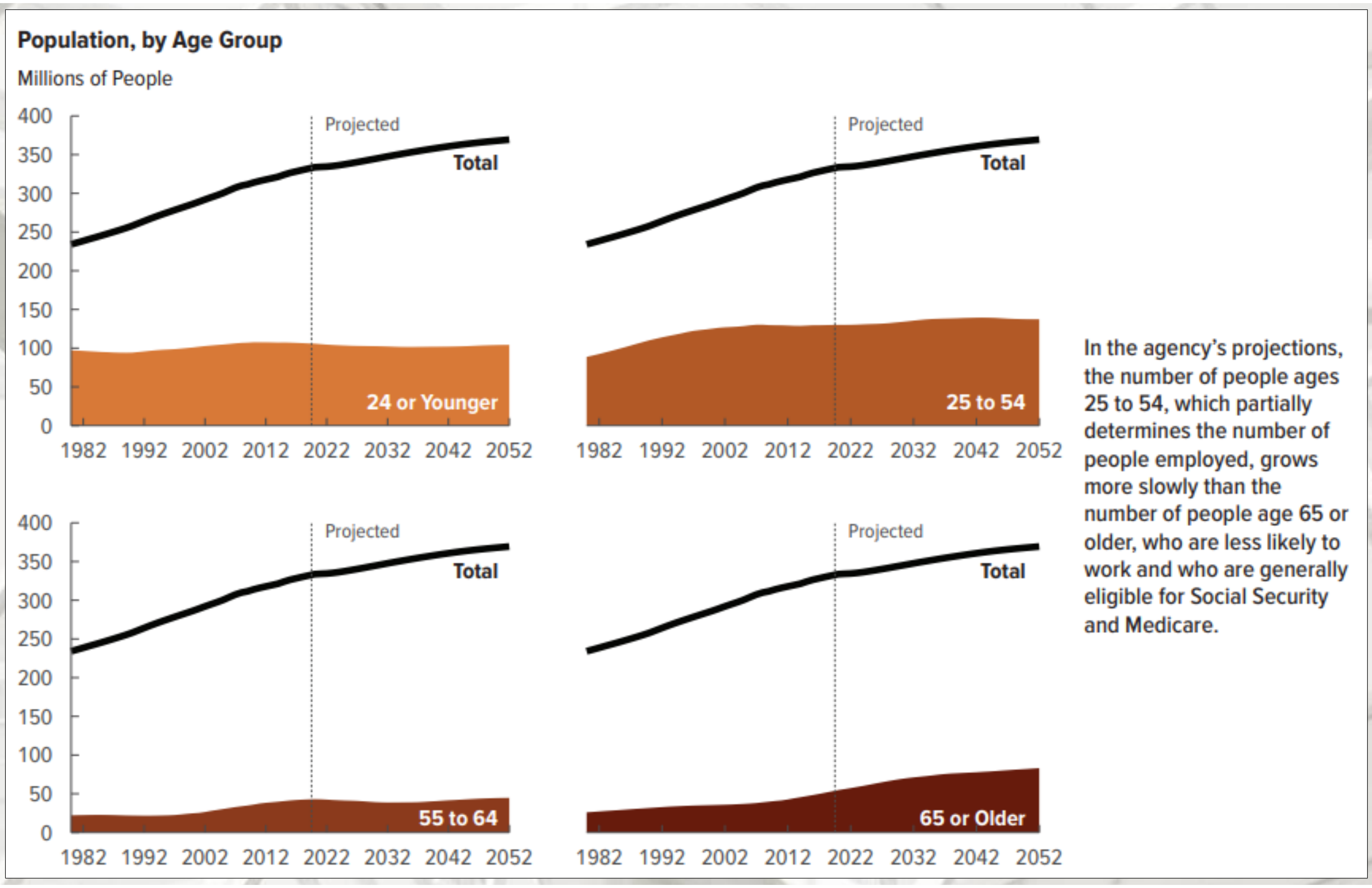
# Demographics




## Congressional Budget Office

### *Age of the Population*

"The population is projected to become older, on average, by the end of the 30-year projection period. In CBO's projections, the share of people age 65 or older rises as growth of that group outpaces that of younger age groups. The number of people ages 25 to 54 relative to the number of people age 65 or older falls from 2.3 to 1 in 2022 to 1.7 to 1 in 2052. … " – Congressional Budget Office

Source: https://www.cbo.gov/publication/57975; 7/27/22

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# Demographics

## Pew Research Center

### *Young adults in U.S. are much more likely than 50 years ago to be living in a multigenerational household*

"As successive generations of young adults in the United States cope with rising student debt and housing costs, multigenerational living is increasingly providing a respite from the storm. A quarter of U.S. adults ages 25 to 34 resided in a multigenerational family household in 2021, up from 9% in 1971.

Multigenerational living – that is, living in a household that includes two or more adult generations, typically consisting of those ages 25 and older – has increased among all age groups over the past five decades. But the increase has been fastest among adults ages 25 to 34. In 1971, similar shares of adults across age groups lived in a multigenerational household, but by 2021, young adults were far more likely than older Americans to have this type of living arrangement.

The growth in multigenerational living among 25- to 34-year-olds has been especially pronounced among those without a college degree. Multigenerational living has tripled among these young adults, compared with doubling among young adults with at least a bachelor's degree. In 1971, the prevalence of multigenerational living among young adults was similar regardless of educational attainment. By 2021, 31% of young adults who had not finished college were in a multigenerational arrangement – almost double the share of their peers who had completed at least a bachelor's degree (16%).

A Pew Research Center survey conducted last October found that financial issues are a major reason why adults live in multigenerational households. Young adults who have not completed at least a bachelor's degree tend to earn substantially less than those who have. Thus, financial pressures might at least partly explain why multigenerational living is more common for young adults with less education." – Richard Fry, Senior Researcher, Pew Research Center

Source: https://www.pewresearch.org/fact-tank/2022/07/20/young-adults-in-u-s-are-much-more-likely-than-50-years-ago-to-be-living-in-a-multigenerational-household/; 7/20/22

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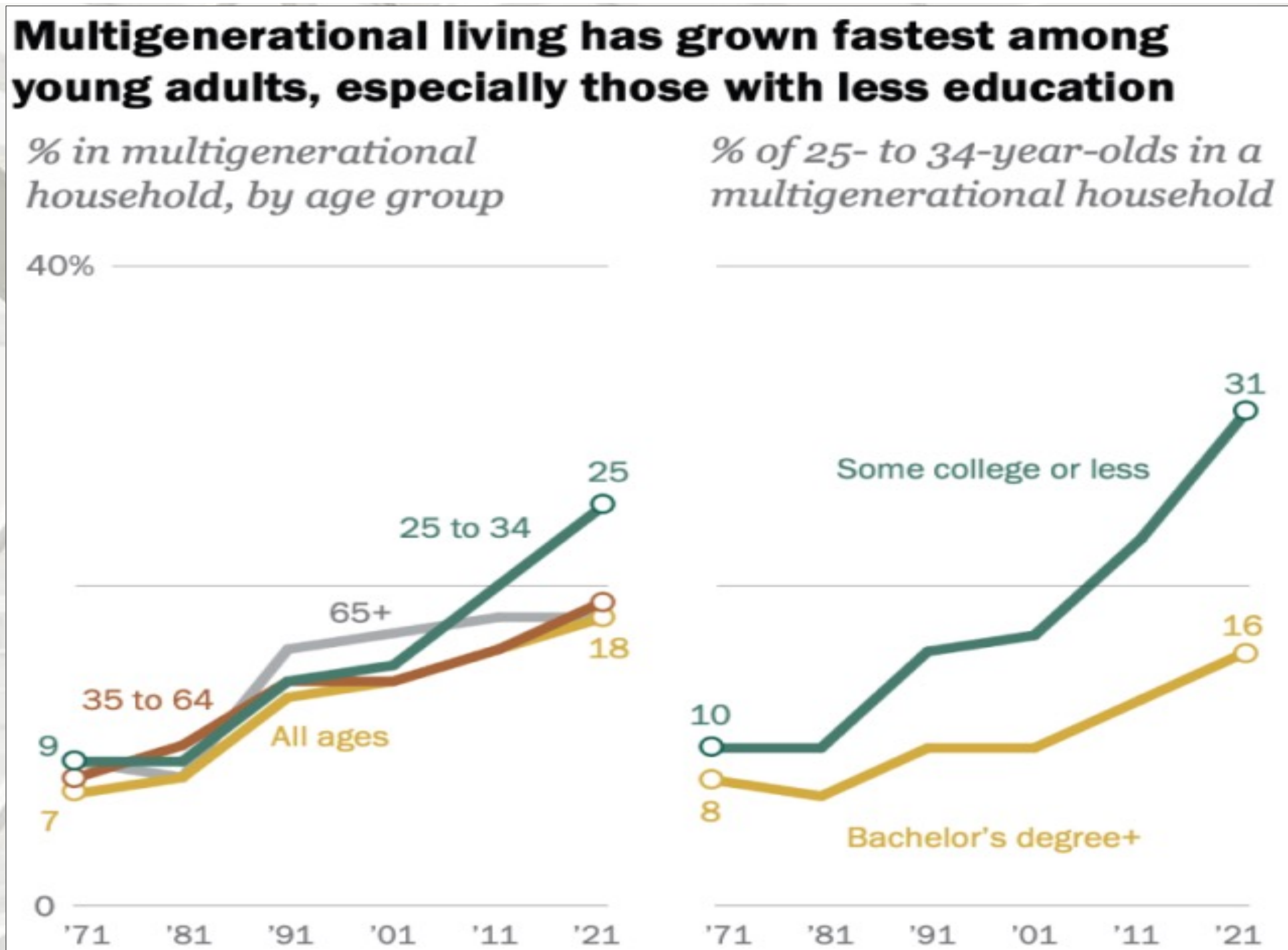
# Demographics




Note: Young adults are adults ages 25 to 34. Multigenerational households include at least two generations of adults mainly ages 25 and older or grandparents and grandchildren younger than age 25.
Source: Pew Research Center analysis of Current Population Survey Annual Social and Economic Supplement (ASEC) data files for 1971, 1981, 1991, 2001, 2011 and 2021 (IPUMS).

PEW RESEARCH CENTER

Source: https://www.pewresearch.org/fact-tank/2022/07/20/young-adults-in-u-s-are-much-more-likely-than-50-years-ago-to-be-living-in-a-multigenerational-household/; 7/20/22

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# Demographics

## Pew Research Center

### *Living in home of parents is the most common arrangement*

"A Pew Research Center survey conducted last October found that financial issues are a major reason why adults live in multigenerational households. Young adults who have not completed at least a bachelor's degree tend to earn substantially less than those who have. Thus, financial pressures might at least partly explain why multigenerational living is more common for young adults with less education.

In 2021, 68% of 25- to 34-year-olds in a multigenerational home were living in the home of one or both of their parents. Still, 15% were living in their own home and had a parent or other older relative living with them. Another 14% of young adults in multigenerational households were living in a home headed by a family member other than their parent, such as a grandparent or sibling, or by an unmarried partner or a roommate (3%).

While the increase in multigenerational living among young adults since 1971 partly reflects the growing tendency of young adults to live in a parent's home, these other arrangements are also contributing to the growth in multigenerational living. The share of young adults who live in a parent's home rose from 8% in 1971 to 17% in 2021, while the share in other multigenerational living arrangements rose from 1% to 8%.

Regardless of whose home they lived in, most 25- to 34-year-olds living in a multigenerational household (86%) had a parent in the home in 2021. This included 47% who lived with two parents and 39% who lived with only one parent.

A 60% majority of young adults who were living in a parent's home in 2021 were living with two parents. In contrast, a 56% majority of those who had a parent or another older relative living in *their* home had only one parent living with them; 27% had two parents living in their home." – Richard Fry, Senior Researcher, Pew Research Center

Source: https://www.pewresearch.org/fact-tank/2022/07/20/young-adults-in-u-s-are-much-more-likely-than-50-years-ago-to-be-living-in-a-multigenerational-household/; 7/20/22

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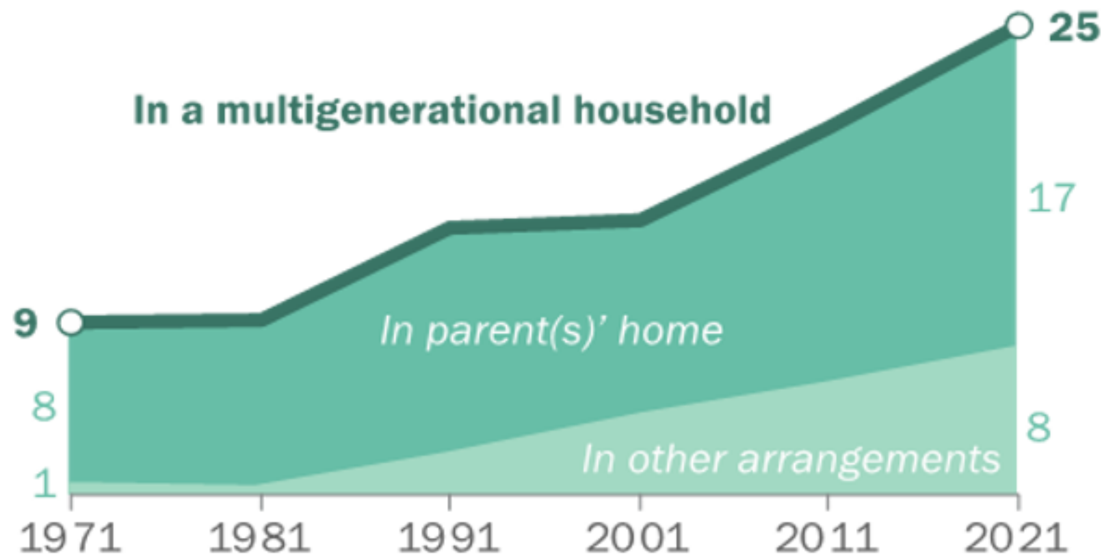
# Demographics

**A growing share of young adults are living in a parent's home – or in other multigenerational living arrangements**

*% of 25- to 34-year-olds living …*




Note: Multigenerational households include at least two generations of adults mainly ages 25 and older or grandparents and grandchildren younger than age 25.
Source: Pew Research Center analysis of Current Population Survey Annual Social and Economic Supplement (ASEC) data files for 1971, 1981, 1991, 2001, 2011 and 2021 (IPUMS).

**PEW RESEARCH CENTER**

Source: https://www.pewresearch.org/fact-tank/2022/07/20/young-adults-in-u-s-are-much-more-likely-than-50-years-ago-to-be-living-in-a-multigenerational-household/; 7/20/22

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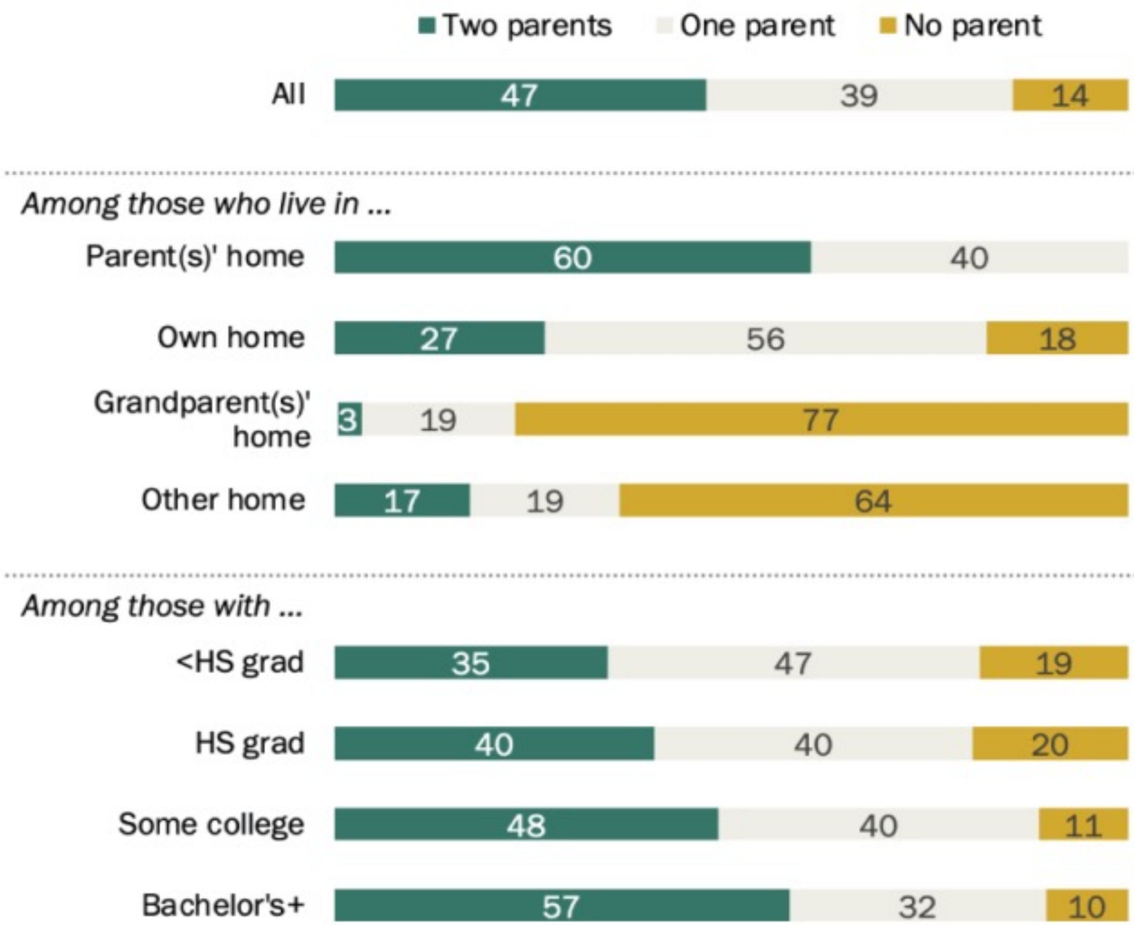
# Demographics

**Most young adults in multigenerational households live with a parent, many with a single parent**

*% of 25- to 34-year-olds in multigenerational households who live with ...*




Note: Figures may not add to 100% due to rounding. "Some college" includes those with an associate degree and those who attended college but did not obtain a degree. Multigenerational households include at least two generations of adults mainly ages 25 and older or grandparents and grandchildren younger than age 25. "Own home" includes households headed by the young adult or the young adult's spouse. "Other home" includes a sibling's home or other relative's home and nonrelative's home such as an unmarried partner's home.
Source: Pew Research Center analysis of 2021 Current Population Survey Annual Social and Economic Supplement (IPUMS).

**PEW RESEARCH CENTER**

Source: https://www.pewresearch.org/fact-tank/2022/07/20/young-adults-in-u-s-are-much-more-likely-than-50-years-ago-to-be-living-in-a-multigenerational-household/; 7/20/22

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# Demographics

## Pew Research Center

### *Living in home of parents is the most common arrangement*

"Living arrangements also vary by educational attainment. A majority of 25- to 34-year-olds who were living in a multigenerational household and had at least a bachelor's degree (57%) were living with two parents in 2021, compared with 48% of those with some college, 40% of those with a high school diploma and 35% of those who did not complete high school.

Adults ages 25 to 34 who lived in multigenerational arrangements tended to be economically better off if they live with two parents than if they live with one or no parent. The median household income of young adults living with two parents was about $113,000 in 2021, compared with less than $75,000 for those living with one or no parent in their multigenerational household, after controlling for the size of the household. Similarly, young adults in multigenerational households with two parents (3%) were less likely than those with one parent (10%) or no parent in the household (14%) to be in poverty.

The financial advantages from living in a two-parent household may partly reflect that the young adults living in this arrangement are more likely to have completed at least a bachelor's degree than young adults living with one or no parent. Still, across most levels of educational attainment, young adults in multigenerational households with two parents are less likely than those with one or no parent to be living in poverty.

When it comes to financial contributions, the typical 25- to 34-year-old in a multigenerational household contributed 22% of the household's total income in 2021. In households headed by the young adult's parent, the young adult contributed 20% of the total income. In households headed by the young adult or the young adult's spouse, the median share of total household income contributed by the young adult was 37%." – Richard Fry, Senior Researcher, Pew Research Center

Source: https://www.pewresearch.org/fact-tank/2022/07/20/young-adults-in-u-s-are-much-more-likely-than-50-years-ago-to-be-living-in-a-multigenerational-household/; 7/20/22

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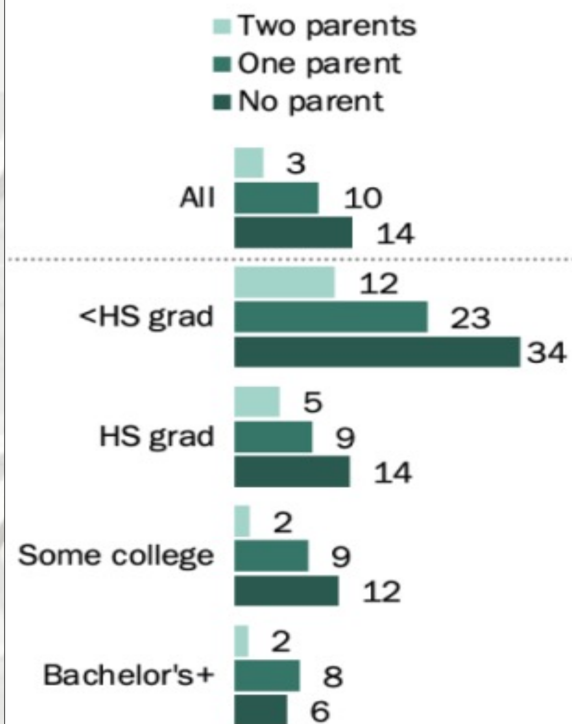
# Demographics

## Pew Research Center

**Young adults in multigenerational households with two parents are less likely to be in poverty**

*% of 25- to 34-year-olds in multigenerational households who are in poverty and live with ...*




Note: "Some college" includes those with an associate degree and those who attended college but did not obtain a degree. Multigenerational households include at least two generations of adults mainly ages 25 and older or grandparents and grandchildren younger than age 25.
Source: Pew Research Center analysis of 2021 Current Population Survey Annual Social and Economic Supplement (IPUMS).

**PEW RESEARCH CENTER**

Source: https://www.pewresearch.org/fact-tank/2022/07/20/young-adults-in-u-s-are-much-more-likely-than-50-years-ago-to-be-living-in-a-multigenerational-household/; 7/20/22

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# Economics

## U.S. Census Bureau

## *NEW* Business Formation Statistics

## July 2022

### Business Applications

"Business Applications for July 2022, adjusted for seasonal variation, were 425,698, an increase of 3.7 percent compared to June 2022.

### Business Formations

Projected Business Formations (within 4 quarters) for July 2022, adjusted for seasonal variation, were 30,754, an increase of 3.1 percent compared to June 2022. 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 30,754 new business startups with payroll tax liabilities will form within 4 quarters of application from all the business applications filed during July 2022. The 3.1 percent increase indicates that for July 2022 there will be 3.1 percent more businesses projected to form within 4 quarters of application, compared to the analogous projections for June 2022. " – Census Bureau, Economic Indicators Division, Business Formation Statistics

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 8/11/22

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# Economics

## U.S. Census Bureau

## *NEW* Business Formation Statistics

## July 2022

### BUSINESS FORMATIONS

| U.S. Total Projected Business Formations: | JUL 2022 | JUL 2022 / JUN 2022 |
|---|---|---|
| Within 4 Quarters | 30,754 | 3.1%° |
| Within 8 Quarters | 39,934 | 3.7%° |

Next release: September 14, 2022

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

Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, August 11, 2022


Source: U.S. Census Bureau, Business Formation Statistics, August 11, 2022

### Projected Business Formations - At a Glance

| | | US | Northeast | Midwest | South | West |
|---|---|---|---|---|---|---|
| Within 4 Quarters | JUL 2022 | 30,754 | 4,878 | 4,949 | 12,376 | 8,551 |
| | JUL 2022 / JUN 2022 | +3.1% | +5.3% | +6.0% | +2.5% | +1.3% |
| Within 8 Quarters | JUL 2022 | 39,934 | 6,344 | 6,385 | 16,232 | 10,973 |
| | JUL 2022 / JUN 2022 | +3.7% | +7.4% | +6.2% | +2.4% | +2.0% |

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/; 8/11/22

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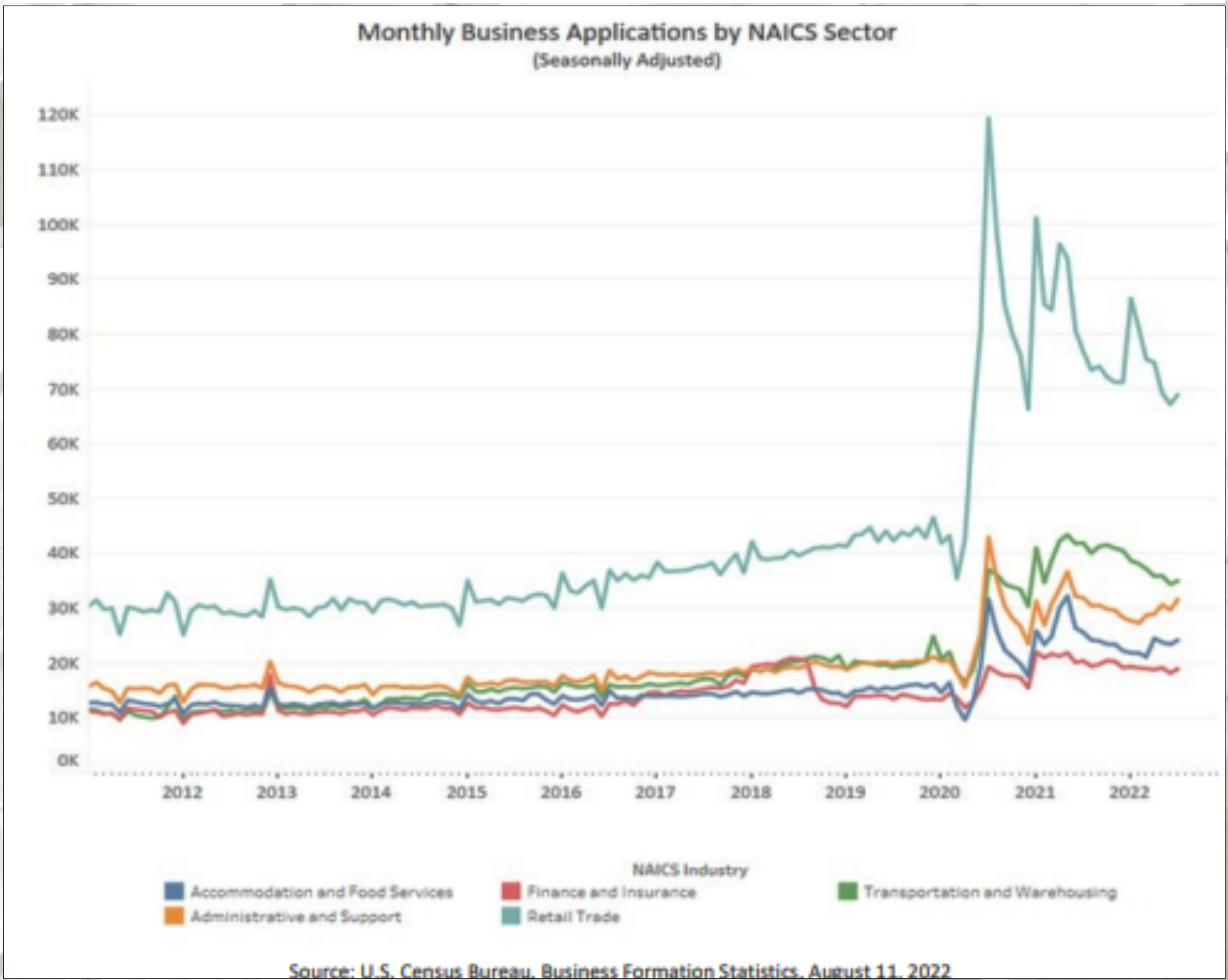
# Economics

## *NEW* Business Formation Statistics

### July 2022




Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 8/11/22

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