The Virginia Tech–USDA Forest Service Housing Commentary: Section II
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2023 Virginia Polytechnic Institute and State University VCE-ANR

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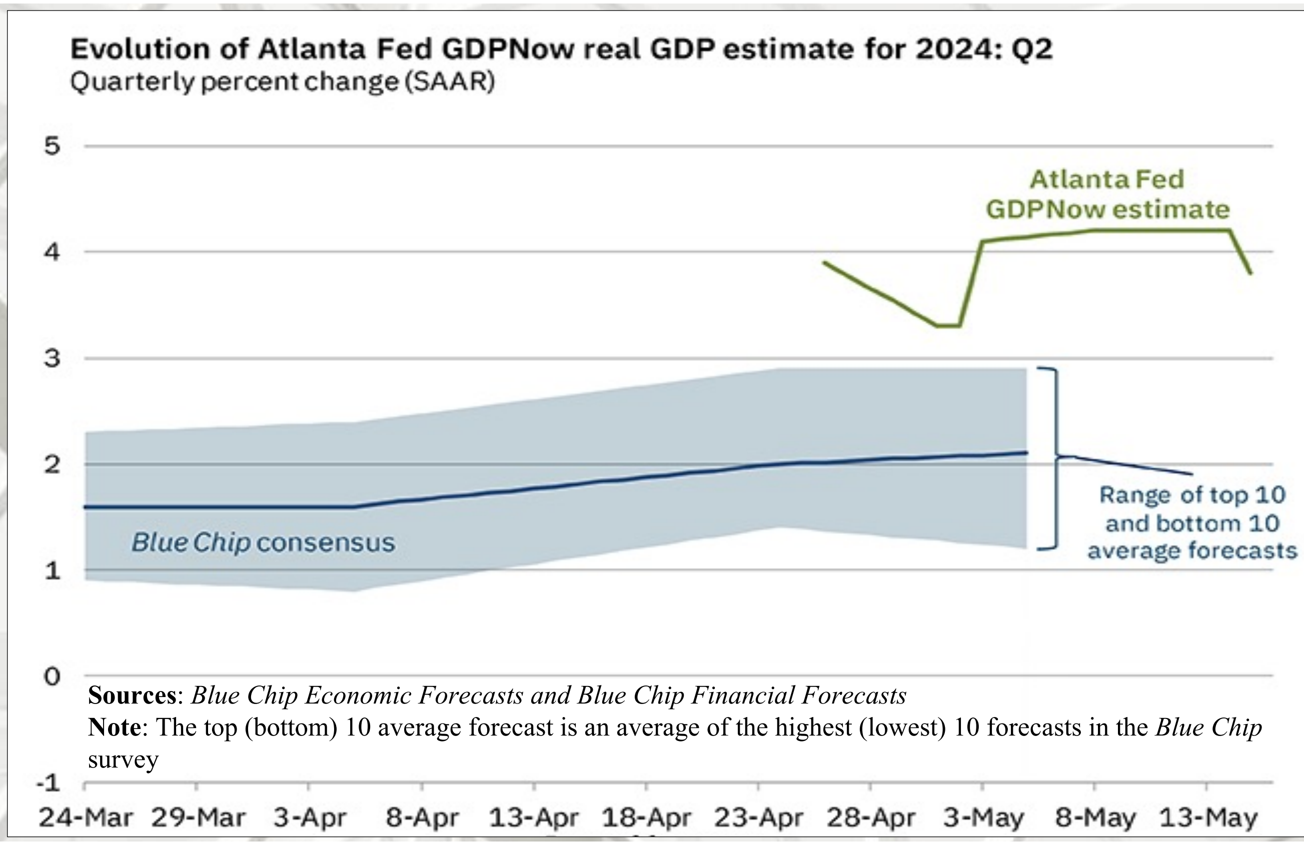
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 3.8 percent — May 15, 2024

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2024 is **3.8 percent** on May 15, down from 4.2 percent on May 8. After recent releases from the US Department of the Treasury's Bureau of the Fiscal Service, the US Bureau of Labor Statistics, and the US Census Bureau, a decrease in nowcast of second-quarter real personal consumption expenditures growth from 3.9 percent to 3.2 percent was slightly offset by an increase in the nowcast of second-quarter real gross private domestic investment growth from 6.8 percent to 7.3 percent." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 5/15/24

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

Survey Suggests Growth Declined in March

"The *Chicago Fed Survey of Economic Conditions* (CFSEC) Activity Index decreased to –8 in April from –6 in March, suggesting that economic growth was near trend. The CFSEC Manufacturing Activity Index decreased to –16 in April from –6 in March, but the CFSEC Nonmanufacturing Activity Index increased to +2 in April from –6 in the previous month.

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

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 4/22/24

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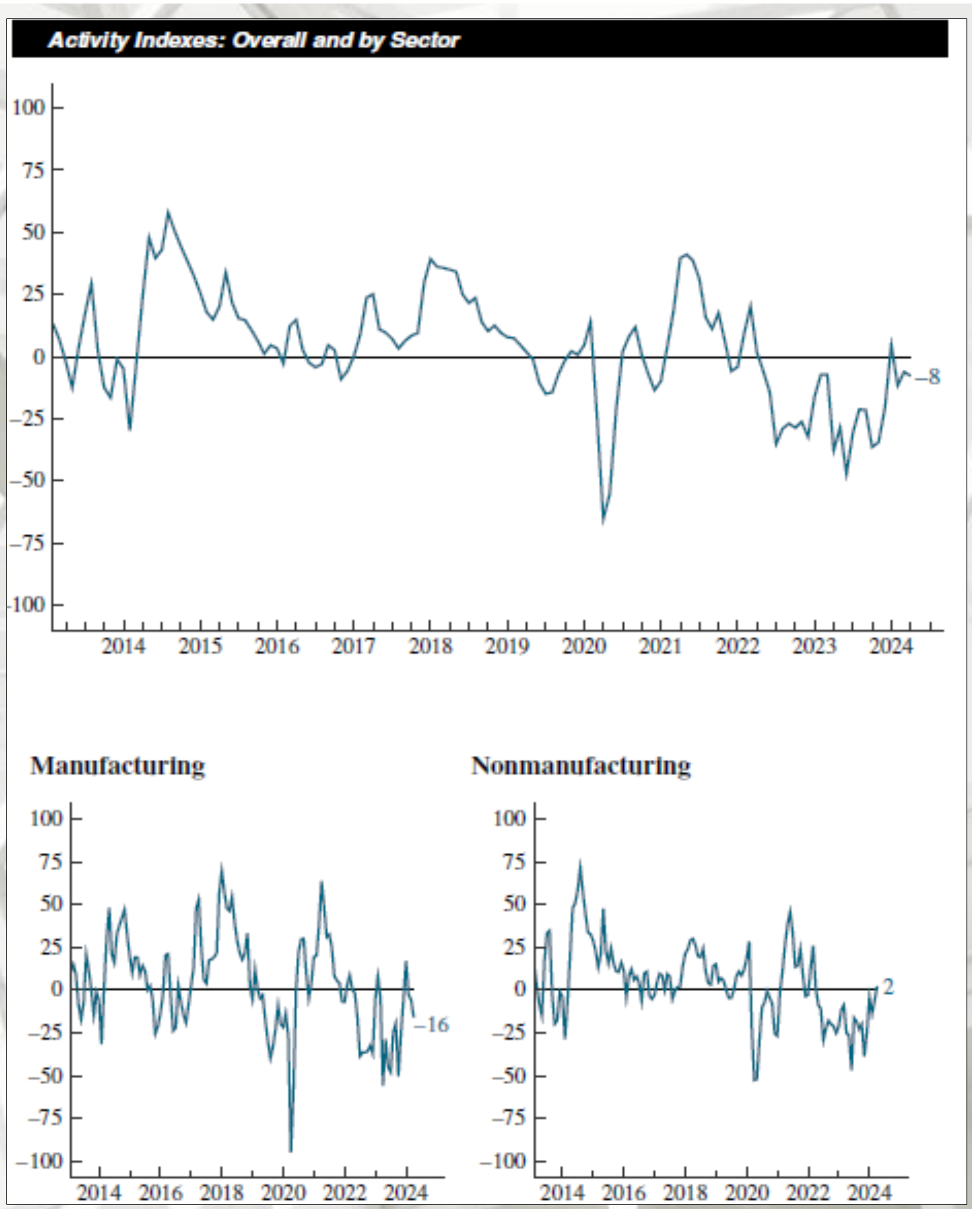
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)



Source: https://www.chicagofed.org/research/data/cfsec/current-data; 4/22/24

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Texas manufacturing sector indicators mixed in April

“Texas factory output strengthened slightly in April, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose from -4.1 to 4.8.

Other measures of manufacturing activity were mixed this month. The new orders index remained negative, though it pushed up seven points to -5.3. The capacity utilization and shipments indexes turned positive this month, coming in at 4.2 and 5.0, respectively.

Perceptions of broader business conditions continued to worsen in April. The general business activity index held steady at -14.5 – with the negative reading signaling worsening activity – and the company outlook index remained negative but moved up 10 points to -6.3. The outlook uncertainty index retreated six points to 17.3.

Labor market measures suggested flat employment and slightly shorter workweeks this month. The employment index edged down to a near-zero reading, suggesting no change in head counts. Fifteen percent of firms noted net hiring, the same as the share noting net layoffs. The hours worked index remained negative for a seventh month in a row but moved up six points to -2.3.

Wage pressures picked up this month, while price pressures retreated. The wages and benefits index pushed up 10 points to 30.6, a seven-month high and indicative of stronger-than-usual growth in compensation. The raw materials prices index retreated further below average, falling 10 points to 11.2. The finished goods prices index also fell, from 11.0 to 5.5.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 4/29/24

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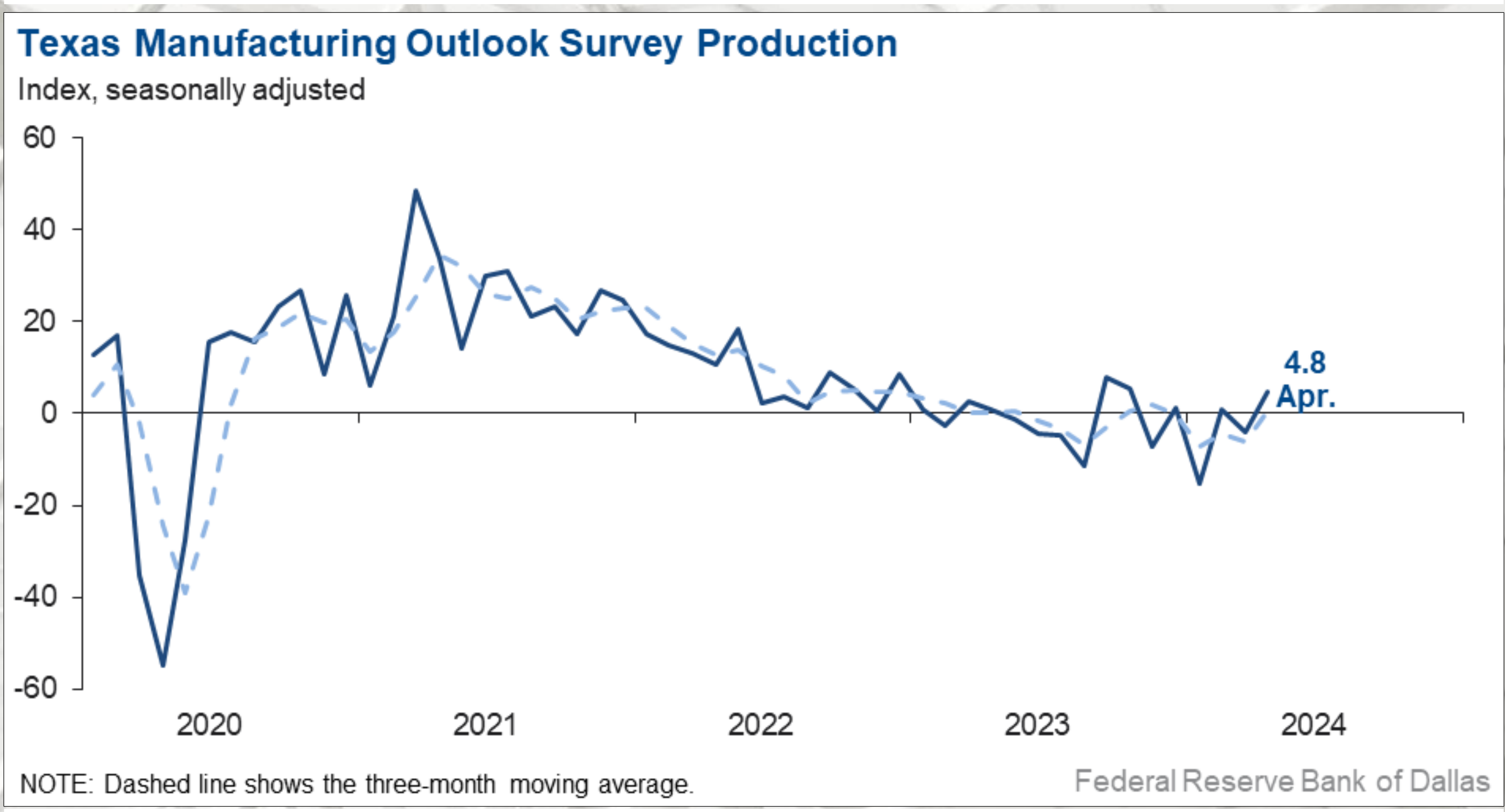
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity improved in April. The future production index inched up to 34.8, and the future general business activity index rose from 1.3 to 7.9. Other measures of future manufacturing activity also pushed further positive this month." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 4/29/24

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Growth stalls in Texas service sector while price pressures continue easing

"Growth in Texas service sector activity slowed in April, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell from 4.0 to 0.3, with the near-zero reading suggestive of flat output growth.

Labor market measures suggested a slight contraction in employment and work weeks in April. The employment index fell from -1.2 to -2.6. The part-time employment index held mostly steady at 0.1, while the hours worked index fell three points to -2.1.

Respondents in April continued to perceive worsening broader business conditions. The general business activity index remained negative and fell five points to -10.6. The company outlook index also fell, but slightly from -0.1 to -1.8. The outlook uncertainty index increased three points to 13.4.

Price and wage pressures eased this month. The selling price index fell four points to 3.9 while the input price index fell from 30.4 to 28.8. The wages and benefits index decreased five points to 14.2.

Respondents' expectations regarding future business activity were mixed in April. The future general business activity index fell seven points to -1.9, the first time the index dipped into negative territory since November. The future revenue index stayed positive but fell six points to 33.3. Other future service-sector activity indexes such as employment and capital expenditures remained in positive territory, reflecting expectations for continued growth in the next six months."
– Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 4/30/24

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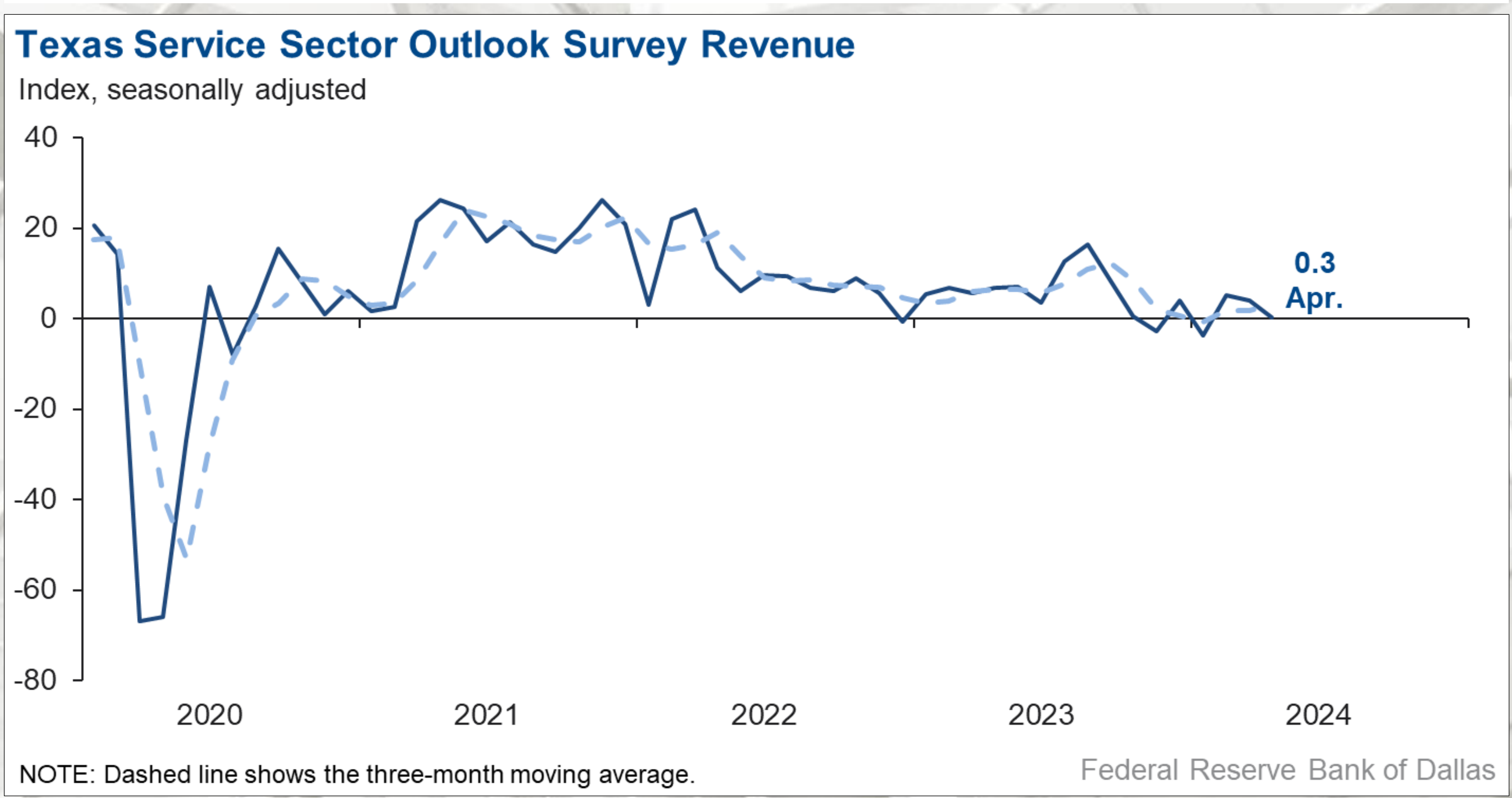
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 4/30/24

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas retail continue falling

“Retail sales activity declined in April, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, fell from -3.4 to -10.4, indicating retail sales fell at a faster rate than the previous month. Retailers’ inventories contracted over the month, with the April index at -3.0.

Retail labor market indicators suggested no growth in employment and shorter workweeks in April. The employment index increased from -5.0 to -0.5, with the near-zero reading suggesting flat employment in April. The part-time employment index was largely unchanged at 2.6. The hours worked index fell from -6.3 to -12.8.

Retailers continued to perceive a worsening of broader business conditions in April. The general business activity index remained in negative territory and fell two points to -18.0, while the company outlook index also fell two points to -6.4. The outlook uncertainty index held steady at 15.8.

Input price and wage pressures eased while selling price index turned negative in April for the first time since May 2020. The input price index fell 14 points to 12.7 while the selling price index moved down from 4.4 to -8.8. The wages and benefits index fell 11 points to 11.0.

Expectations for future retail sales improved in April. The future general business activity index increased from 8.2 to 11.1. The future sales index fell two points but remained in firmly positive territory at 31.4. Other indexes of future retail activity such as employment and capital expenditures showed mixed movements but remained positive, reflecting expectations for continued retail sales growth in the next six months.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 4/30/24

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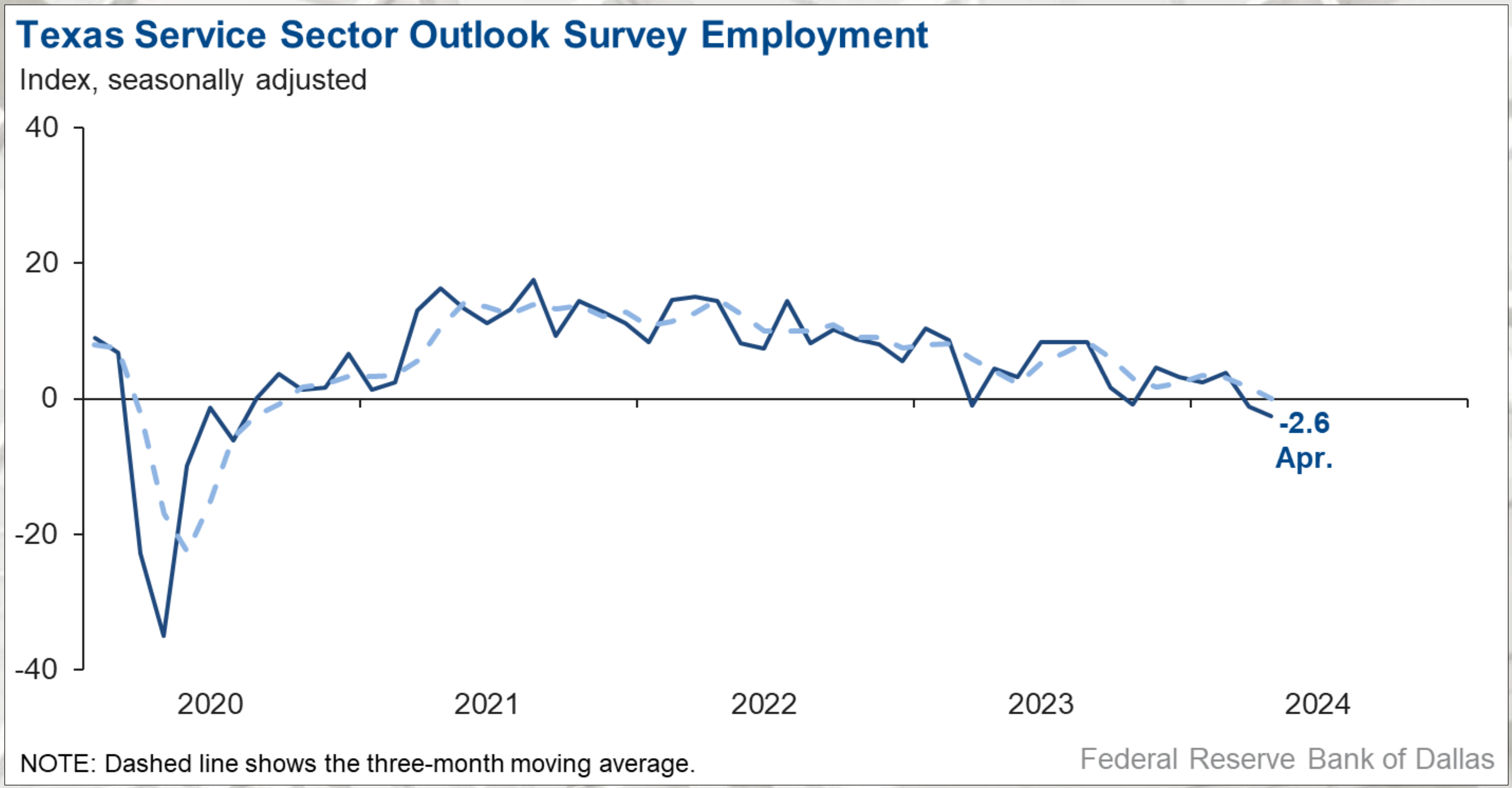
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 4/30/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Fell Again in April

Tenth District manufacturing activity fell again in April, and expectations for future activity remained flat. Prices for raw materials grew at a steady pace while finished product prices stayed the same, increasing their spread.

Factory Activity Fell Again

"The month-over-month composite index was -8 in April, down from -7 in March and -4 in February (Chart 1). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Activity declined somewhat for both durable and nondurable goods, with food, metals, electrical equipment, and paper manufacturing driving the decreases.

All month-over-month indexes posted negative readings, except for the price indexes and new order for exports which was flat. Production, volume of shipments, supplier delivery time, and material inventories fell further from last month, while declines in new orders and backlogs moderated. The number of employees and employee workweek indexes were essentially flat at -2 and -3, respectively. The year-over-year index for factory activity decreased further to -12 from -4." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 4/25/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Fell Again

"Production fell further at -8 and employment declined with a reading of -7. The capital expenditures index reached -6, its lowest level since August 2020. The future composite index ticked up to 2 from 1 in April, with the production index boosting the composite at a reading of 16 and the raw materials inventory index dragging at -15.

Special Questions

This month contacts were asked special questions about workforce training and hiring priorities. Two thirds of firms have devoted more resources to training workers that do not meet skill requirements, with 24% devoting significantly more resources and 43% devoting slightly more. Additionally, 31% reported no change in the resources devoted to training and 2% devoted less resources. Firms were also asked about their biggest priority in hiring over the next six months. 41% reported hiring entry-level workers is their biggest priority, while 48% said mid-level workers, 8% said senior-level workers, and 3% of firms reported they are not hiring." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 4/25/24

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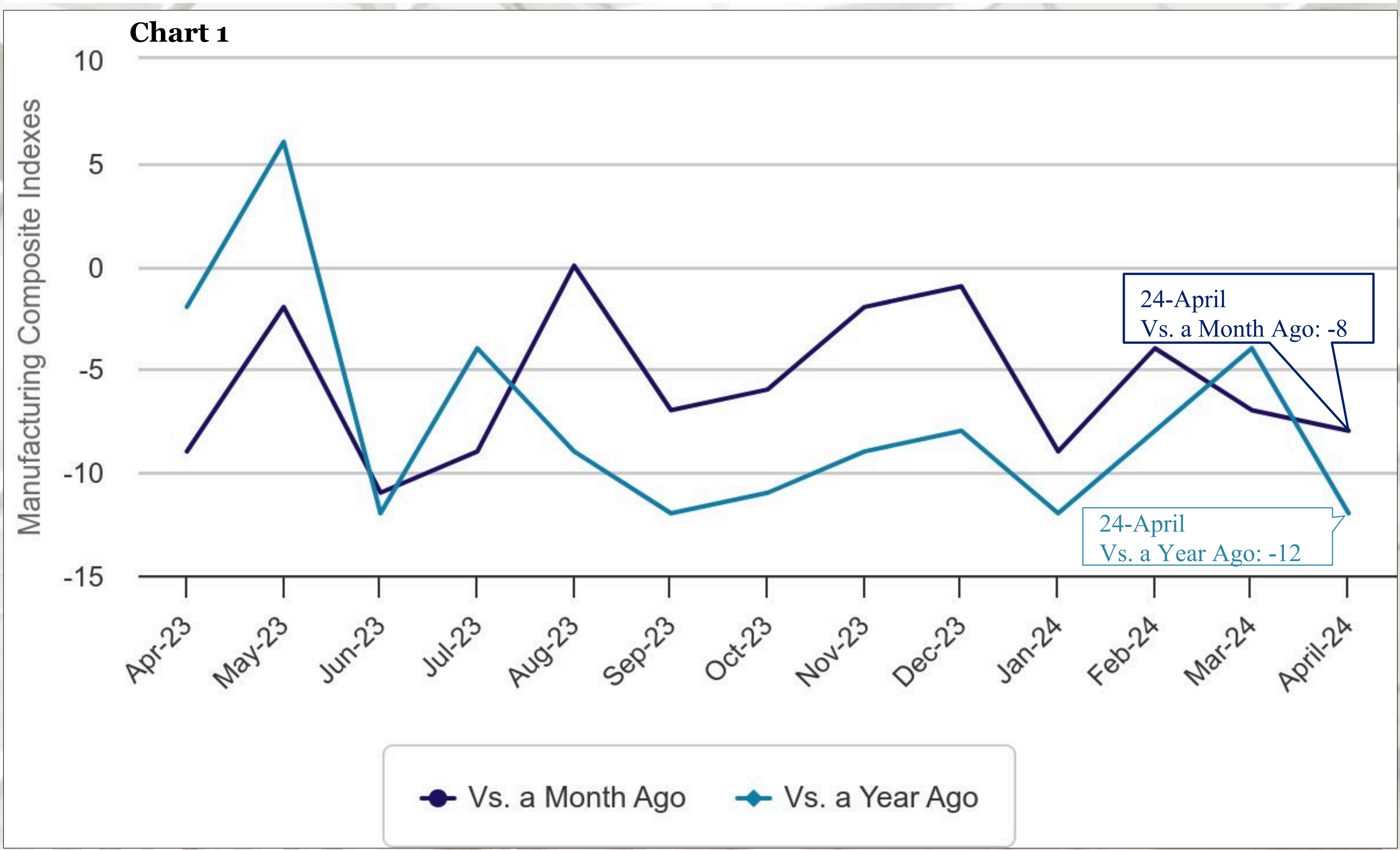
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 4/25/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Expanded Further in April

District services activity grew somewhat in April, and expectations for future activity were unchanged. However, employment growth cooled slightly this month.

Business Activity Expanded Further

"Tenth District services activity grew expanded further in April, and expectations for the next six months remained steady (Chart 1). Input price growth continued to outpace increases in selling prices, putting pressure on margins.

The month-over-month services composite index was 9 in April, up from 7 in March and down from 12 in February. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity in the wholesale, retail, and restaurant sectors grew, while it contracted in the professional services, healthcare, and education sectors. All month-over-month indexes were positive except access to credit. General revenue/sales stayed fairly steady, while employment growth cooled and inventories increased sharply. The year-over-year composite index increased from -2 to 7. The revenues/sales index was 7 following three months of negative readings, and capital expenditures also expanded from this time last year. The composite expectations index for services activity ticked up to 2 from 1, driven by firms' expectations that heightened inventory levels will continue increasing amid steady sales in the next six months." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 4/26/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Activity Expanded Further

Special Questions

“This month contacts were asked special questions about workforce training and hiring priorities. Nearly two thirds of firms have devoted more resources to training workers that do not meet skill requirements, with 15% devoting significantly more resources and 48% devoting slightly more. Additionally, 36% reported no change in the resources devoted to training and 1% devoted less resources. Firms were also asked about their biggest priority in hiring over the next six months. 46% reported hiring entry-level workers is their biggest priority, while 39% said mid-level workers, 9% said senior-level workers, 3% said temporary employees, and 3% of firms reported they are not hiring” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Chase Farha, and Jannety Mosley; Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 4/26/24

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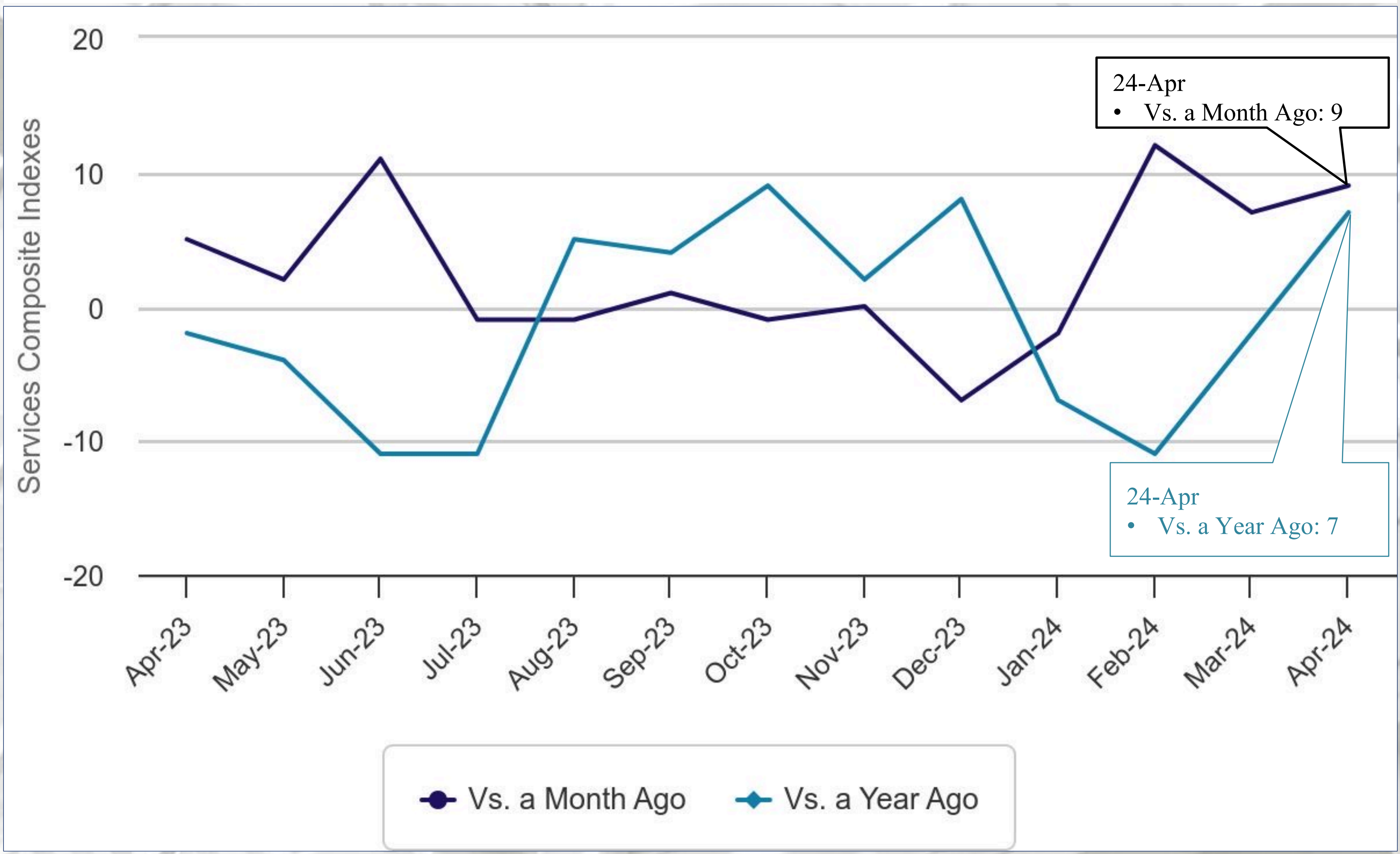
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 4/26/24

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The Federal Reserve Bank of New York

May 2024 Manufacturing Survey

Activity Remains Sluggish

"Business activity continued to decline in New York State, according to firms responding to the May 2024 *Empire State Manufacturing Survey*. The headline general business conditions index was little changed at -15.6. New orders declined significantly, while shipments held steady. Unfilled orders continued to decline. Delivery times shortened, and inventories were little changed. Labor market conditions remained weak, with employment and hours worked continuing to move lower. The pace of input and selling price increases moderated slightly. Though firms expect conditions to improve over the next six months, optimism was subdued.

Manufacturing activity continued to contract in New York State, according to the May survey. The general business conditions index came in at -15.6, similar to last month's reading. The new orders index was unchanged at -16.5, pointing to an ongoing significant decline in orders, while the shipments index climbed to -1.2, suggesting that shipments held steady. Unfilled orders continued to fall modestly. The inventories index came in at 2.0, indicating that inventories were steady, and the delivery times index inched down to -9.1, suggesting that delivery times shortened." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 5/15/24

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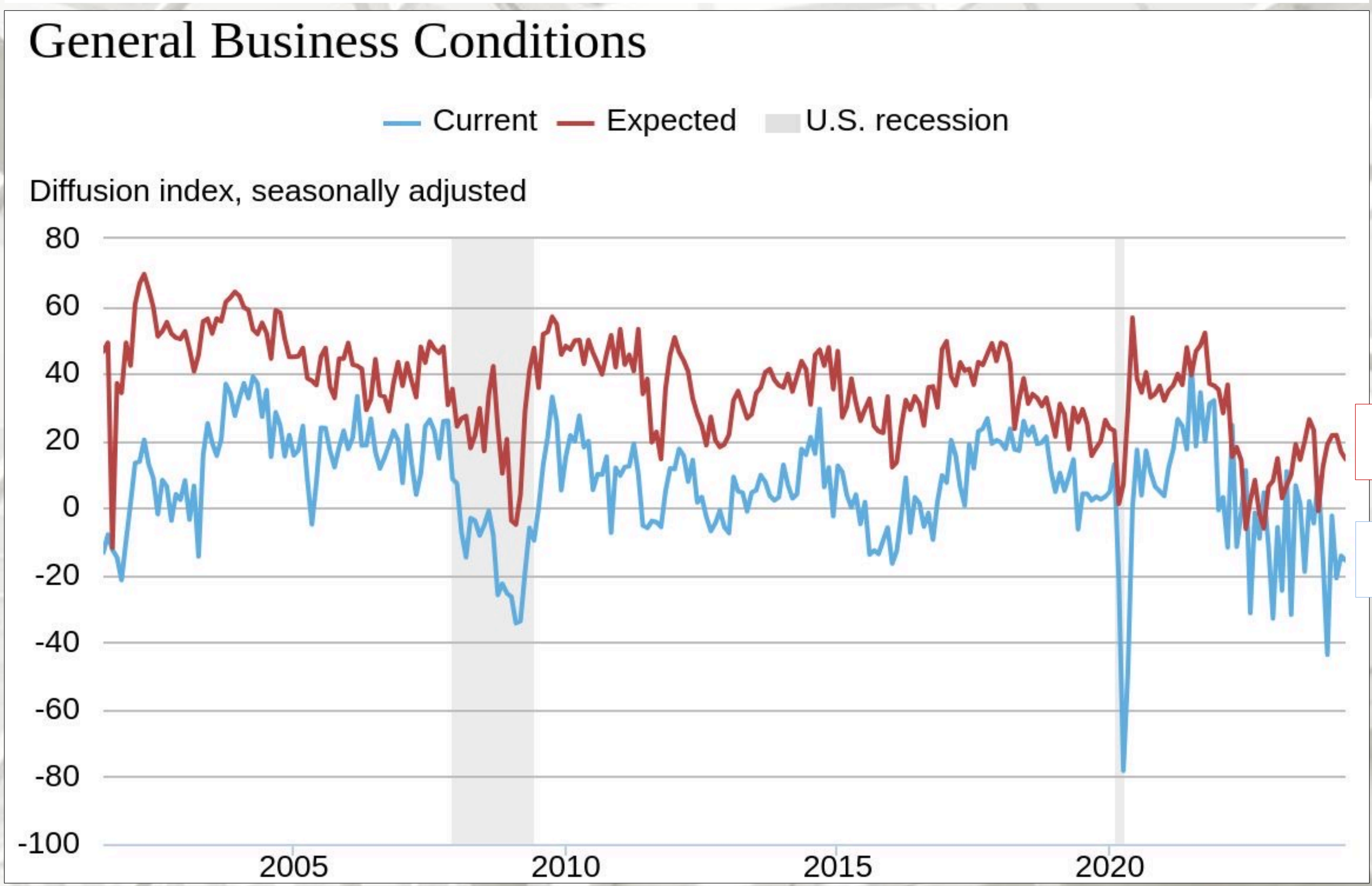
The Federal Reserve Bank of New York



May 2024
14.5

May 2024
-15.6

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 5/15/24

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The Federal Reserve Bank of New York

May 2024 Manufacturing Survey

Employment Continues To Edge Down

“The index for number of employees came in at -6.4, and the average workweek index moved up to -5.8, pointing to an ongoing decline in employment levels and hours worked. The prices paid index retreated five points to 28.3, and the prices received index declined three points to 14.1, indicating that price increases moderated slightly.

Firms Not Very Confident About The Outlook

Optimism about the outlook remained subdued. The index for future business conditions dipped five points to 16.7, with only 37 percent of respondents expecting conditions to improve in the next six months. The outlook for employment growth weakened noticeably. The capital spending index fell to 6.7, suggesting that capital spending plans remained soft.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 5/15/24

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The Federal Reserve Bank of Philadelphia

April 2024 Manufacturing Business Outlook Survey

Current Indicators Improve In April

“Manufacturing activity in the region continued to expand this month, according to the firms responding to the April *Manufacturing Business Outlook Survey*. The survey’s indicators for general activity, new orders, and shipments all rose. However, the employment index remained negative. Both price indexes continue to suggest overall price increases. Most future activity indicators declined but continue to suggest that firms expect growth over the next six months.

The diffusion index for current general activity rose 12 points to 15.5 in April, its third consecutive positive reading and highest reading since April 2022 (see Chart 1). Almost 38 percent of the firms reported increases in general activity this month, while 22 percent reported decreases; 40 percent reported no change. The index for new orders increased 7 points in April, its second consecutive positive reading. The current shipments index rose 8 points to 19.1 this month.

The firms continued to report an overall decline in employment. The employment index edged down 1 point to -10.7 in April, its 12th negative reading in the past 14 months. Most firms (77 percent) continued to report no change in employment, while the share of firms reporting decreases (16 percent) exceeded the share reporting increases (6 percent). The average workweek index fell further, from -0.2 to -18.7.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2024-04; 4/18/24

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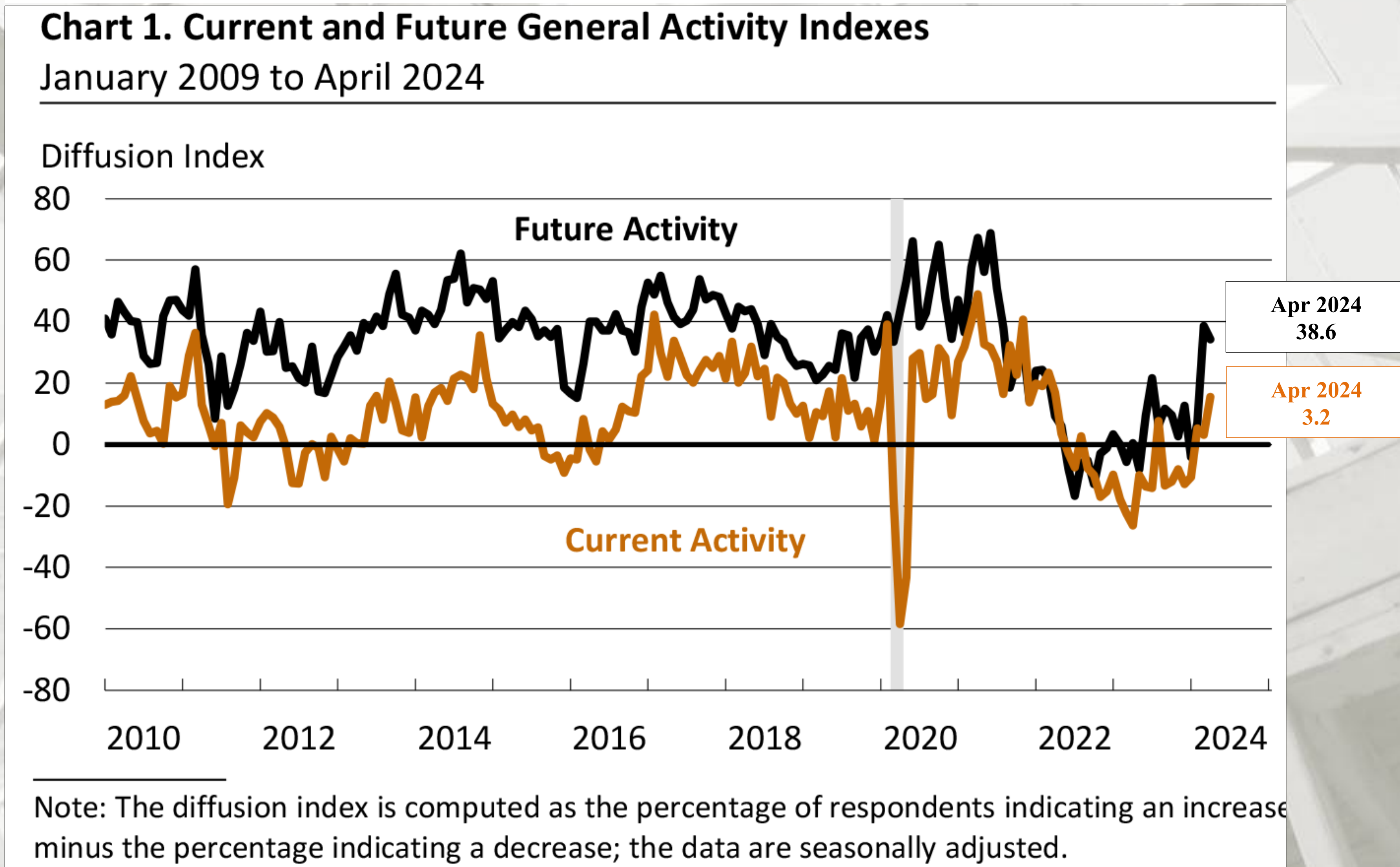
The Federal Reserve Bank of Philadelphia



Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2024-04; 4/18/24

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The Federal Reserve Bank of Philadelphia

April 2024 Manufacturing Business Outlook Survey

Firms Continue to Report Overall Price Increases

"The prices paid index jumped from 3.7 in March to 23.0 in April, its highest reading since December 2023 and near, but below, its long-run average. Almost 26 percent of the firms reported increases in input prices (up from 14 percent last month), while 3 percent reported decreases (down from 10 percent); 70 percent reported no change (down from 75 percent). The current prices received index ticked up 1 point to 5.5. Almost 12 percent of the firms reported increases in the prices of their own goods, 6 percent reported decreases, and 82 percent reported no change.

Firms Continue to Expect Increases for Wages

"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. More than 31 percent of the firms indicated wages and compensation costs had increased over the past three months, 69 percent reported no change, and none reported decreases. Most firms (78 percent) reported not needing to adjust their 2024 budgets for wages and compensation since the beginning of the year; however, equal shares of the respondents (9 percent) are planning to increase wages and compensation by more than originally planned, and sooner than originally planned.

The firms still expect cost increases across all categories of expenses in 2024, and the median expected increases were in line with or slightly higher than expectations for most categories when this question was last asked in July. The responses indicate a median expected increase of 3 to 4 percent for wages and of 4 to 5 percent for total compensation (wages plus benefits), both unchanged from July." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2024-04; 4/18/24

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The Federal Reserve Bank of Philadelphia

April 2024 Manufacturing Business Outlook Survey

Future Indicators Remain Positive

“The diffusion index for future general activity declined from 38.6 in March to 34.3 in April (see Chart 1). Forty-four percent of the firms expect an increase in activity over the next six months, exceeding the 10 percent that expect a decrease; 39 percent expect no change. The future new orders index decreased 7 points to 42.8, and the future shipments index fell 14 points to 29.3. The firms expect an increase in employment over the next six months: The future employment index increased from a reading of 5.8 in March to 12.8 this month. The future prices paid index moved up to 54.5, while the future prices received index fell 3 points to 34.4. The index for future capital expenditures fell 4 points to 20.0..

Summary

Responses to the April *Manufacturing Business Outlook Survey* continued to suggest an overall increase in regional manufacturing activity this month. The indicators for current activity, new orders, and shipments rose. The firms continued to indicate an overall decline in employment, and the current price indexes suggest overall price increases. The survey’s broad indicators for future activity fell but remained positive, suggesting continued expectations for growth over the next six months.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2024-04; 4/18/24

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The Federal Reserve Bank of Philadelphia

April 2024 Nonmanufacturing Business Outlook Survey

Current Indicators Improve

“Nonmanufacturing activity in the region expanded overall this month, according to the firms responding to the April *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, and sales/revenues were all positive. The full- and part-time employment indexes suggest overall increases in employment. Both price indexes remain near their long-run averages and indicate overall increases in prices this month. The firms continue to expect growth over the next six months at their own firms and in the region.

The diffusion index for current general activity at the firm level turned positive, rising from a reading of -2.3 in March to 18.4 this month (see Chart 1). Forty-four percent of the firms reported increases (up from 26 percent last month), while 26 percent reported decreases (down from 29 percent). Twenty-nine percent of the firms reported no change (down from 45 percent). After two consecutive negative readings, the new orders index increased 10 points to 6.5. More than 28 percent of the firms reported increases in new orders, while 22 percent reported decreases. The sales/revenues index rose 9 points to 8.7. More than 34 percent of the firms reported increases in sales/revenues, and almost 26 percent reported decreases. The regional activity index rose 6 points but remained negative at -12.4, its fourth consecutive negative reading.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-04; 4/23/24

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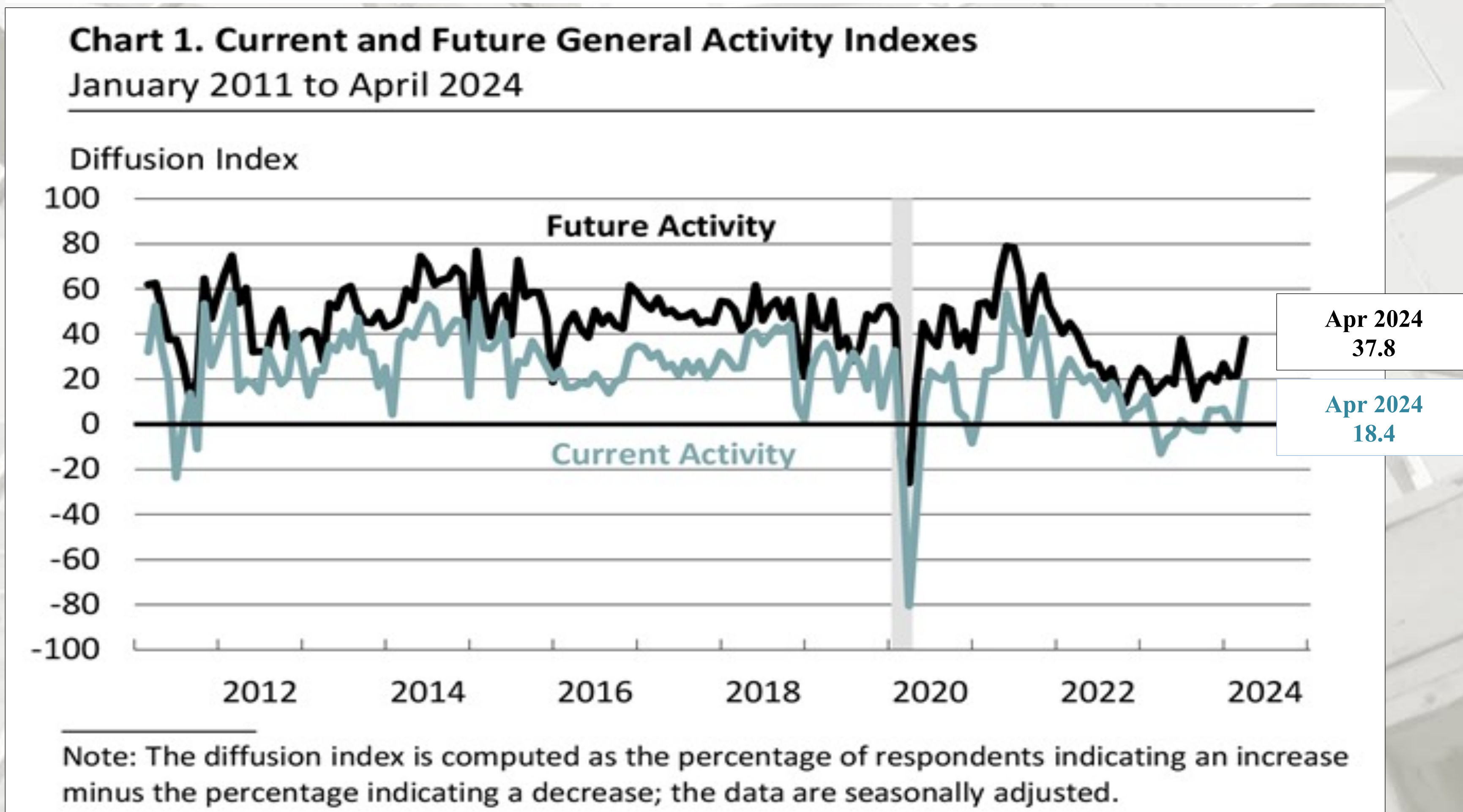
The Federal Reserve Bank of Philadelphia



Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-04; 4/23/24

The Federal Reserve Bank of Philadelphia

April 2024 Nonmanufacturing Business Outlook Survey

Firms Report Overall Increases in Employment

"The full-time employment index increased from 3.5 in March to 11.0 this month. The share of firms reporting increases in full-time employment (26 percent) exceeded the share reporting decreases (15 percent); most firms (55 percent) reported no change. After two consecutive months of negative readings, the part-time employment index increased to 4.5 this month. Most firms (58 percent) reported steady part-time employment, while the share of firms reporting increases (18 percent) exceeded the share reporting decreases (14 percent). The average workweek index turned negative, falling 6 points to -4.6.

Firms Continue to Report Overall Price Increases

Price indicator readings suggest continued increases in input prices and prices for the firms' own goods and services this month. The prices paid index increased 4 points to 31.0. More than 35 percent of the respondents reported higher input prices, while 4 percent reported decreases; 53 percent reported no change. Regarding prices for the firms' own goods and services, the prices received index fell 4 points to 12.2. Almost 18 percent of the firms reported increases in their own prices, while 5 percent reported decreases; 67 percent reported no change.

Firms Anticipate Growth

"The future general activity indexes continued to suggest firms expect growth over the next six months. The diffusion index for future general activity at the firm level rose 16 points to 37.8 in April (see Chart 1). More than 52 percent of the firms expect an increase in activity at their firms over the next six months, 15 percent expect decreases, and 31 percent of the firms expect no change. The future regional activity index was little changed at 10.8." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-04; 4/23/24

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The Federal Reserve Bank of Philadelphia

April 2024 Nonmanufacturing Business Outlook Survey

Firms Report Higher Sales/Revenues

"In special questions this month, the firms were asked about changes in wages and compensation over the past three months, as well as their expected changes to various input and labor costs for 2024. Almost 50 percent of the firms indicated wages and compensation costs had increased over the past three months, 38 percent reported no change, and 12 percent reported decreases. Most of the firms (69 percent) reported not needing to adjust their 2024 budgets for wages and compensation since the beginning of the year; while equal shares of respondents (9 percent) indicated they are planning to increase wages and compensation by more than originally planned, and sooner than originally planned. The firms still expect higher costs across all categories of expenses in 2024; however, the median expected increases were in line with or slightly lower than expectations for all categories when this question was last asked in July. Although the firms now expect somewhat lower increases in costs for health and nonhealth benefits than when asked in July, their expectations for increases in total compensation (wages plus benefits) costs remained unchanged at a median response of 4 to 5 percent.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest a decline in nonmanufacturing activity in the region. The indicators for firm-level general activity and new orders were negative this month, while the sales/revenues index fell to a near-zero reading. The full-time employment index suggests overall increases in employment but declined. The prices paid index declined, while the prices received index rose; both indexes continue to indicate overall price increases. On balance, the firms continue to expect growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-04; 4/23/24

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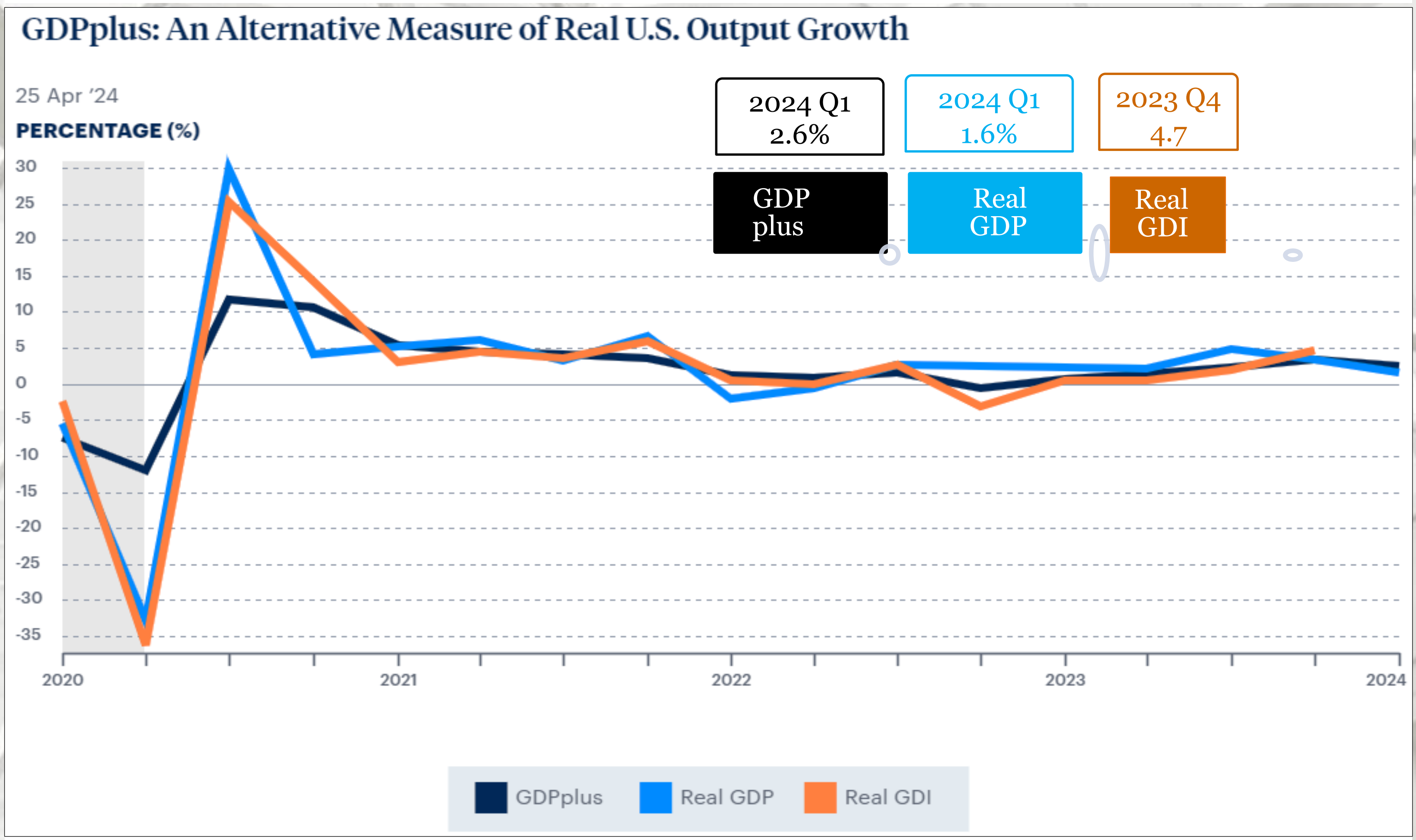
The Federal Reserve Bank of Philadelphia: GDPplus



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

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

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 4/25/24

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The Federal Reserve Bank of Richmond

April 2024 Fifth District Survey of Manufacturing Activity

Manufacturing Activity Remained Slow in April

“Fifth District manufacturing activity remained slow in April, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index increased from −11 in March to −7 in April. Of its three component indexes, shipments increased from −14 to −10, new orders increased from −17 to −9, and employment fell from 0 to −2.

Firms were more optimistic about local business conditions, as the index increased from −1 to 6. The index for future local business conditions also increased, from 12 in March to 16 in April. The future indexes for shipments and new orders rose notably in April, suggesting that firms expect improvements in these areas over the next six months.

Firms continued to report declining backlogs and vendor lead times in April, as those indexes increased but remained negative. The capacity utilization index rose from −21 to −5.

The average growth rate of prices paid decreased in April, while the average growth rate of prices received edged up slightly. Firms expect little change in these growth rates over the next 12 months.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 4/23/24

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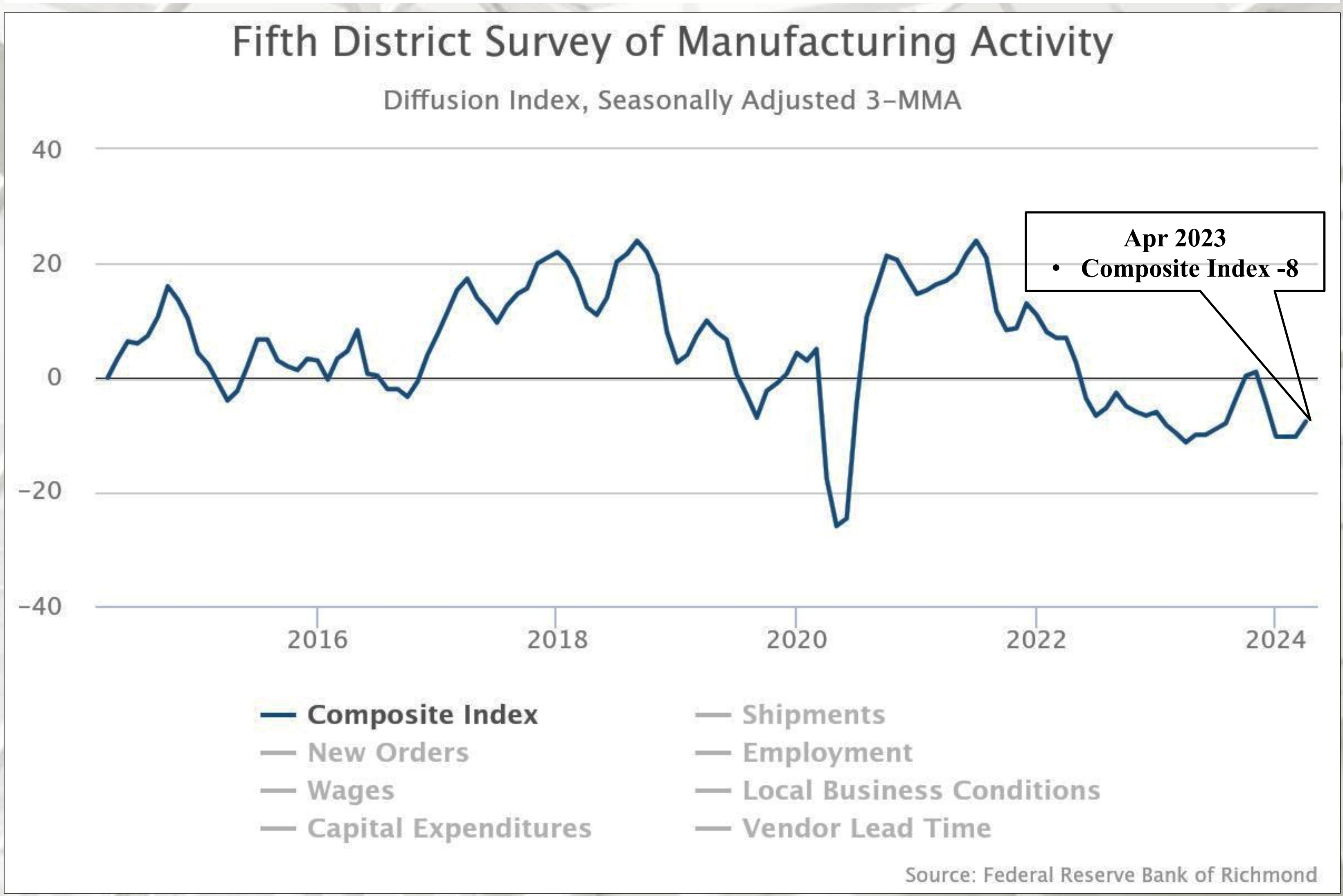
The Federal Reserve Bank of Richmond



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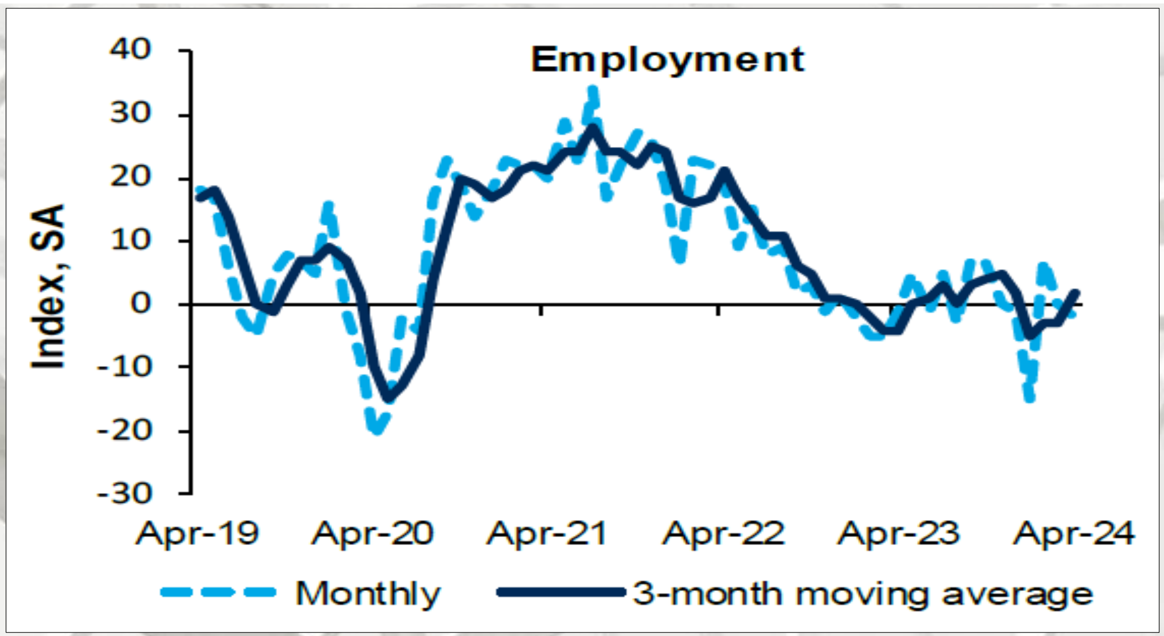
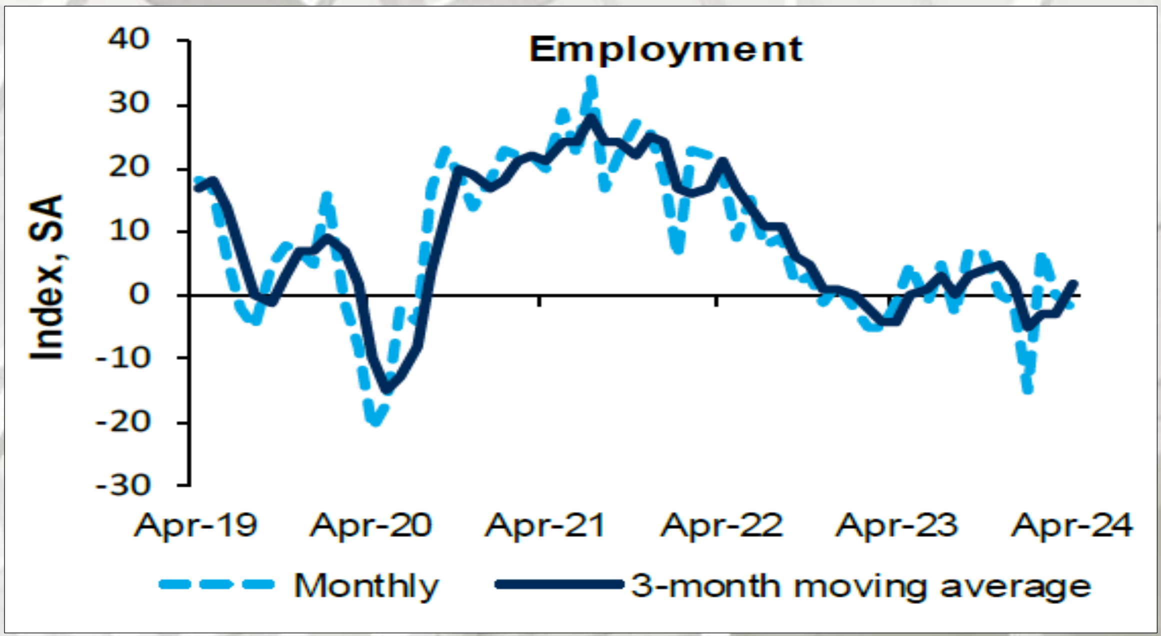
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 3/26/24

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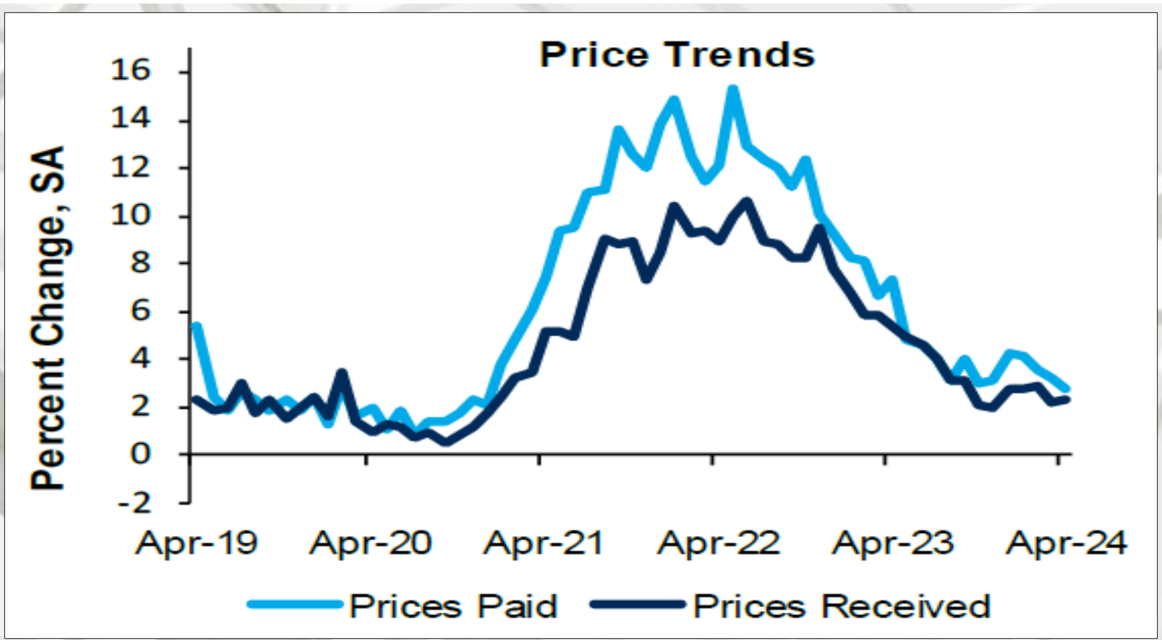
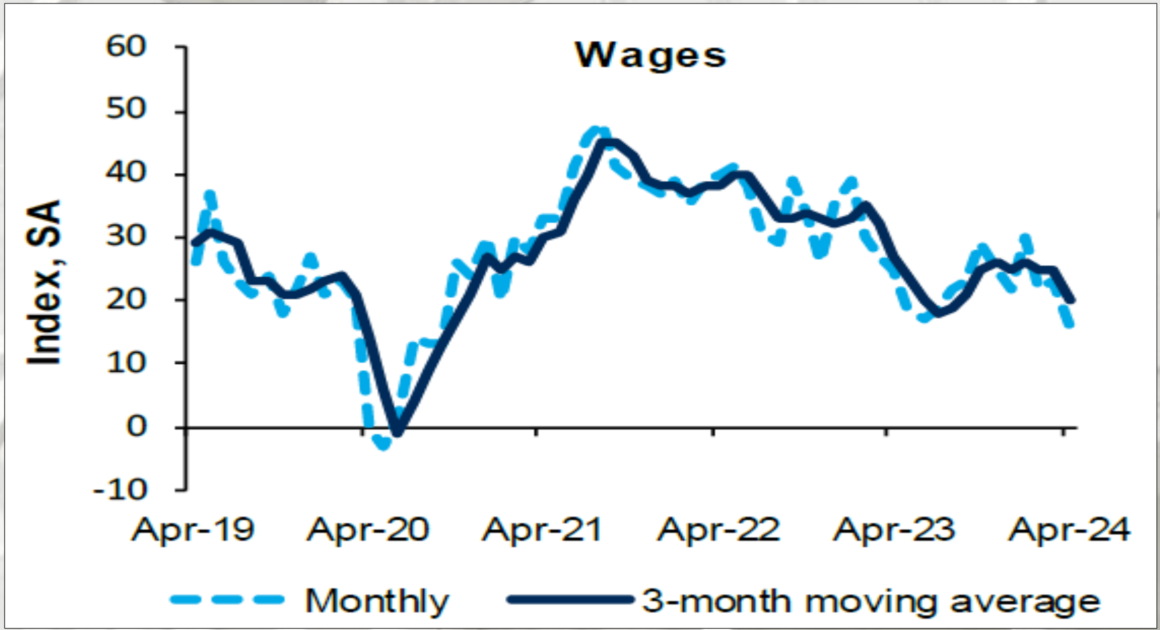
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 3/26/24

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The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Remained Soft in April

"Fifth District service sector activity remained relatively soft in April, despite increased demand, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index fell from −7 to −13, while the demand index increased notably from −9 in March to 9 in April. The indexes for future revenues and demand both increased further into positive territory.

Firms' optimism about local business conditions was nearly unchanged, as that index edged up from −8 in March to −6 in April. The index for expected local business conditions increased from −3 to 9 in April.

The employment index decreased from 6 in March to 1 in April, while firms continued to report wage increases and little change in their ability to find workers with the necessary skills. Over the next six months, firms expect to increase hiring and anticipate little improvement in their ability to find workers with the necessary skills. Most firms plan to continue increasing wages.

The average growth in prices paid increased in April, while growth in prices received decreased. Firms expect both growth rates to moderate over the coming year." – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 4/23/24

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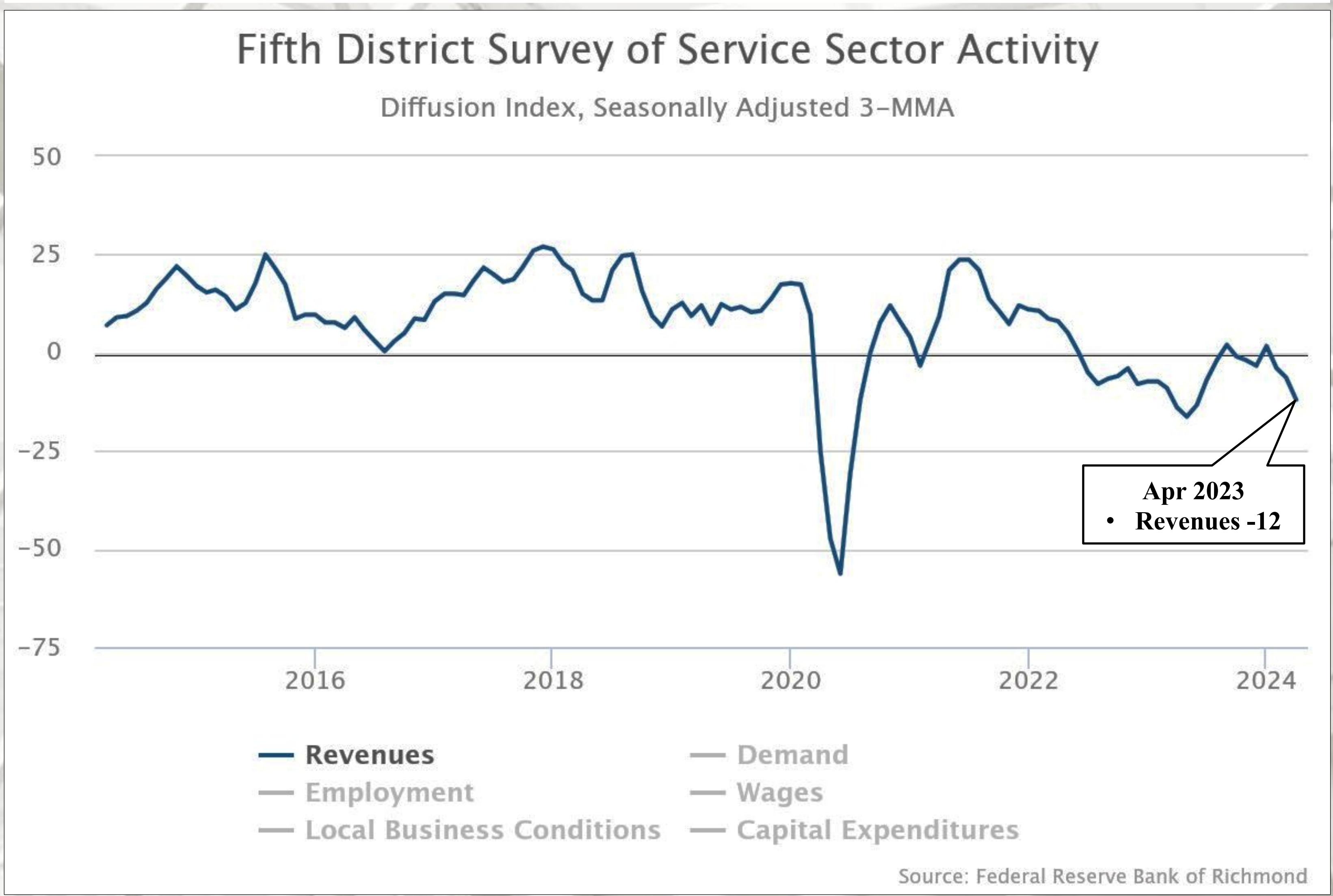
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 3/26/24

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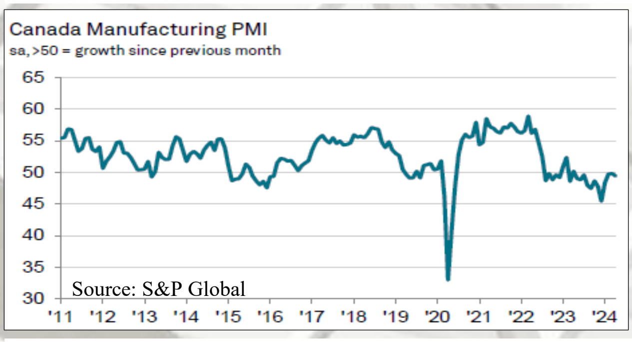
Private Indicators: Global



S&P Global Canada Manufacturing PMI®

"The seasonally adjusted **S&P Global Canada Manufacturing Purchasing Managers' Index® (PMI®)** signalled another deterioration in operating conditions during April, extending the current downturn to 12 months. However, the rate of contraction was again marginal, with the PMI registering 49.4. That was slightly down on March's 49.8 and a three-month low.

Subdued performance of Canada's manufacturing sector continues in April

"The performance of Canada's manufacturing economy continued to worsen in April as output and new orders both fell again. Firms cut their purchasing activity in response and sought to utilise inventories instead. However, efforts to keep on top of workloads led to some marginal employment growth as manufacturers retained some confidence in the outlook. Price indices both shifted upwards in April.

Output volumes declined during in April for a ninth successive month as lower sales again led firms to reduce their production levels. New orders fell for a fourteenth successive month. Although modest, the decline was the steepest since January amid reports that high prices and soft market demand were weighing on sales. Weak underlying global demand was also reported to have led to a reduction in new export orders during April, extending the current downturn to eight months. The rate of contraction was also marked and the steepest since January. … manufacturers retained confidence in the outlook, and typically expect to see output rise from present levels in the coming 12 months. Sales volumes are forecast to rise amid hopes of a pickup in demand. However, sentiment remains below trend despite improving to a three-month high. There are concerns amongst the survey panel that high interest rates will continue to weigh on market activity.

April's survey data revealed another relatively subdued performance of Canada's manufacturing sector, with both output and new orders both falling since March – and perhaps most disappointedly at slightly faster rates. This led firms to again cut their buying activity, and focus on the utilisation of existing inventory, which several panellists noted remain too high. Inflation rates are also frustratingly sticky, with supply side delays noted as a factor pushing up input costs. However, manufacturers' pricing power is being limited by market competition and subdued demand. Firms are subsequently looking to the Bank of Canada to ease interest rates soon given elevated borrowing costs remain a key factor weighing on the outlook." – Paul Smith, Economics Director, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/52a244f80ebb49ddace0aaa0caa89346; 5/1/24

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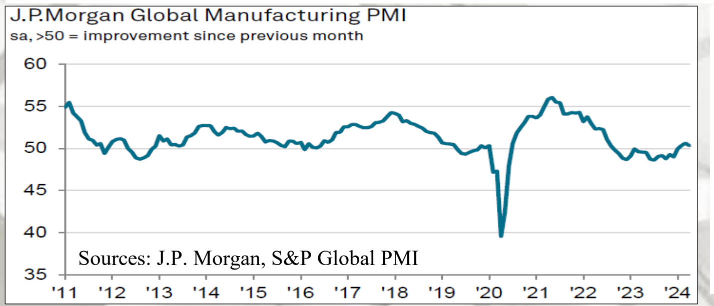
Private Indicators: Global



J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – dipped to 50.3 in April, down from March's 20-month high of 50.6 but above the neutral 50.0 mark for the third consecutive month.

Global manufacturing recovery continues in April as output and new orders rise again

"The upturn in global manufacturing was sustained into April, as rising intakes of new work and a slight expansion of international trade volumes supported mild production growth. There were also signs of price pressures building, as rates of increase in both input costs and selling prices accelerated.

Two of the PMI components, output and new orders, signalled expansions, while the trends in stocks of purchases and supplier lead times were consistent with contraction. Employment was unchanged over the month. Output increased in both the consumer and intermediate goods sub-industries. In contrast, investment goods output contracted for the first time in three months. Manufacturing production increased in 16 out of the 32 nations for which April data were available. …

Global manufacturing new orders expanded for the third successive month in April. That said, the rate of growth remained mild and eased slightly during the latest survey month. Consumer and intermediate goods producers saw new work intakes improve, in contrast to the investment goods category (where inflows deteriorated for the fourteenth straight month). Growth of total new business was supported by a slight increase in new export orders, the first time international trade volumes have risen in over two years. …

After climbing 2.5-points over the prior three months, the global manufacturing output PMI slipped 0.4-point in April. Although the latest reading took a step back, the survey remains on an upward trend consistent with a rebound in global manufacturing gathering pace. While a tick down in the new orders index is slightly concerning, the employment index showed stability in April. At the regional level, improvements across Europe and in Asia continue to close some of the gap with the US." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/40276f0bd3a74edf878244eeebfb7c86; 5/2/24

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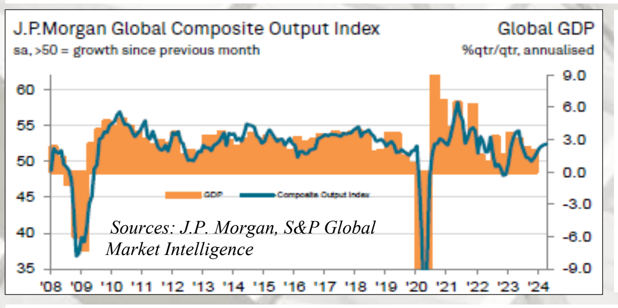
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – edged up to 52.4 in April, from 52.3 in March, to signal expansion for the sixth month running. Economic activity rose in almost all of the nations covered, the exception being Canada.

Global economic growth at ten-month high in April as new order intakes continue to rise

The rate of global economic expansion improved to a ten-month high in April, as a faster increase in service sector output offset a mild growth slowdown in manufacturing production. The economic upturn was underpinned by rising levels of new business including a slight strengthening of international trade volumes.

The global service sector outperformed its manufacturing counterpart again in April. Services business activity rose at the quickest pace since June 2023, with growth registered across the business, consumer and financial services sectors. Global manufacturing production also rose the fourth successive month, but at a slightly slower rate than the prior survey month. Expansions in the consumer and intermediate goods categories more than offset a fall back into contraction in the investment goods industry. …

Global growth looks to have gained further momentum in April, with the composite output PMI ticking up 0.1-point to a 10-month high of 52.4. Key survey details including the new orders and future output indexes declined modestly last month but remained at reasonably elevated levels. Of more concern was a sharp 1.1-point drop in the employment PMI given the importance of job growth in driving the expansion. The still-elevated levels of the pricing PMIs also underscore pressure on central banks to remain on hold until further progress on inflation is made. Regionally, while a sharp drop in the US reading poses some concern, continued improvements outside the US point to more geographic balance in the expansion." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/7a114c7d7f124b99a4935c574aa1e26e; 5/6/24

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Private Indicators
Associated Builders and Contractors

March Construction Job Openings Show Volatility, Decreasing By 182,000

"The construction industry had 274,000 job openings on the last day of March, according to an Associated Builders and Contractors analysis of data from the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey. JOLTS defines a job opening as any unfilled position for which an employer is actively recruiting. Industry job openings decreased by 182,000 last month and are down by 17,000 from the same time last year.

"Construction job openings plunged in March, falling to the lowest level since October 2020," said ABC Chief Economist Anirban Basu. "While there are many headwinds facing the industry, including the prospect of higher-for-longer interest rates, this dismal number likely reflects a statistical aberration rather than a legitimate decline in demand. We know that the construction industry added jobs at a rapid pace in March, and both backlog and contractor confidence improved for the month, according to ABC's Construction Backlog Indicator and Construction Confidence Index, respectively.

"We have seen this kind of volatility in the JOLTS data before; construction job openings also plunged last March," said Basu. "Which is to say, on a year-over-year basis, openings are only down modestly. The sizable decline in openings observed in March 2023 and 2024 may reflect seasonal hiring patterns that are not reflected in the BLS's seasonal adjustment factors. Accordingly, these data should not be viewed as a sign of an industry slowdown, at least not without another month or two of data to corroborate it.''" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/march-construction-job-openings-show-volatility-decreasing-by-182000-says-abc; 5/1/24

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Private Indicators
Associated Builders and Contractors

March Construction Job Openings Show Volatility, Decreasing By 182,000

Construction Industry Job Openings and Labor Turnover Data: March 2024

	March 2024	February 2024	March 2023	1-Month Net Change	12-Month Net Change	12-Month % Change
Total						
Job openings	274,000	456,000	291,000	-182,000	-17,000	-5.8%
Hires	341,000	400,000	414,000	-59,000	-73,000	-17.6%
Total separations	326,000	370,000	437,000	-44,000	-111,000	-25.4%
Layoffs & discharges	145,000	208,000	282,000	-63,000	-137,000	-48.6%
Quits	157,000	152,000	146,000	5,000	11,000	7.5%
Other separations	24,000	10,000	9,000	14,000	15,000	166.7%
Rate						
Job openings	3.2%	5.3%	3.5%			
Hires	4.1%	4.9%	5.2%			
Total separations	4.0%	4.5%	5.5%			
Layoffs & discharges	1.8%	2.5%	3.6%			
Quits	1.9%	1.9%	1.8%			
Other separations	0.3%	0.1%	0.1%			

Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/march-construction-job-openings-show-volatility-decreasing-by-182000-says-abc; 5/1/24

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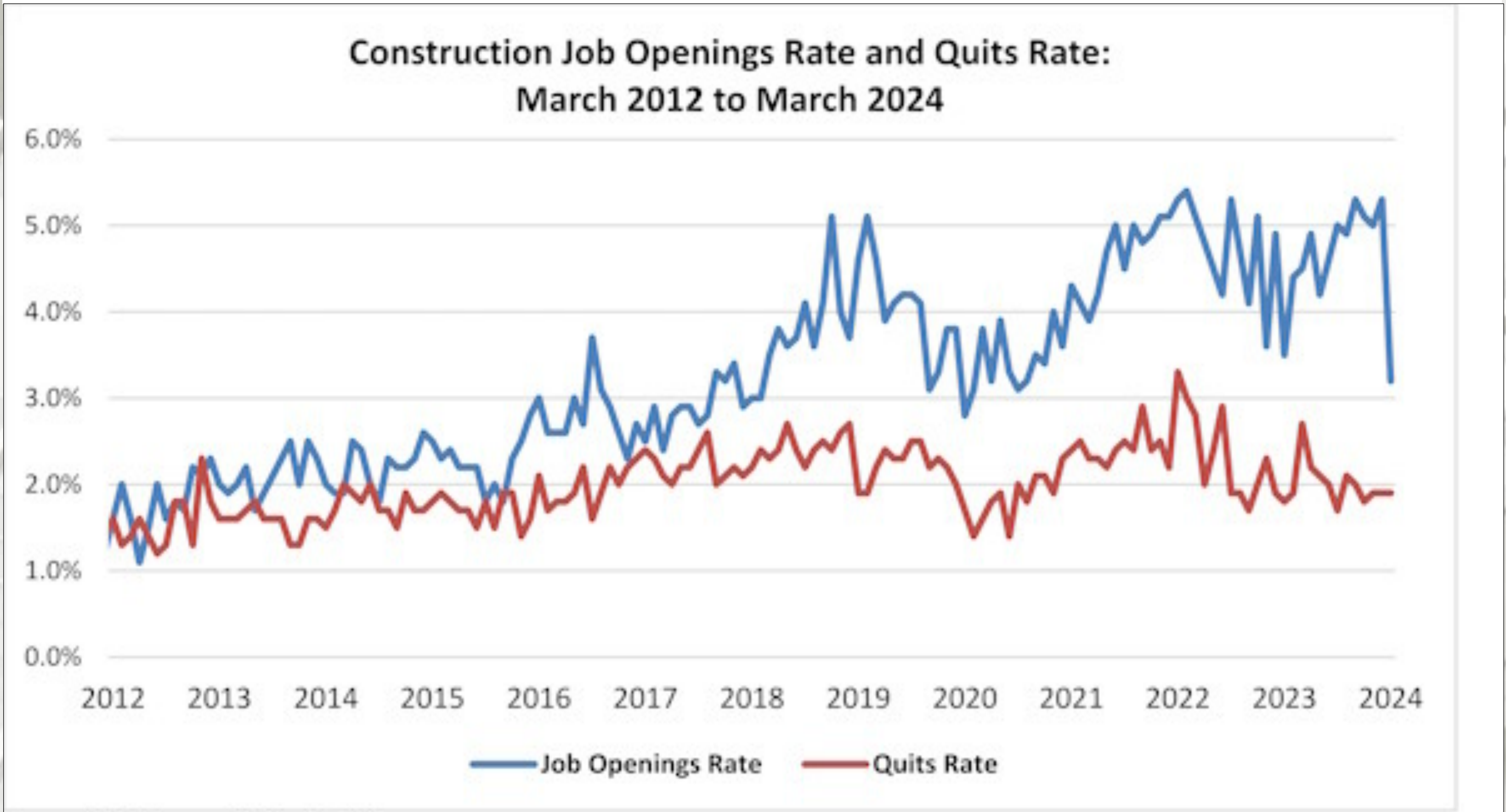
Private Indicators
Associated Builders and Contractors

March Construction Job Openings Show Volatility, Decreasing By 182,000



Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/march-construction-job-openings-show-volatility-decreasing-by-182000-says-abc; 5/1/24

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Private Indicators
Associated Builders and Contractors (ABC)

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

"Associated Builders and Contractors reported today that its Construction Backlog Indicator increased to 8.4 months in April, according to an ABC member survey conducted April 22 to May 6. The reading is down 0.5 months from April 2023, but expanded 0.2 months from the prior month.

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

Backlog declined on a monthly basis for the largest and smallest contractors by revenue and grew for those with $30-$50 million and $50-$100 million in annual revenues. On an annual basis, only contractors with $30-$50 million in annual revenues have experienced an increase in backlog.

ABC's Construction Confidence Index readings for sales and profit margins fell slightly in April, while the reading for staffing levels improved. All three readings remain above the threshold of 50, indicating expectations for growth over the next six months." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-up-in-april-contractors-remain-confident; 5/14/24

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Private Indicators
Associated Builders and Contractors (ABC)

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

"""The Federal Reserve began ratcheting up interest rates more than two years ago but one would not know it based on construction confidence and backlog," said ABC Chief Economist Anirban Basu. "ABC measurements reflect ongoing momentum in the nation's nonresidential construction sector. While there are occasional hints of softness in certain segments and over certain periods, the average contractor continues to report solid backlog and a belief that sales, employment and profit margins will expand over the next six months."

"Time will tell whether this optimism is justified," said Basu. "Coming into the year, many expected that interest rates would fall markedly in 2024. Given stubbornly elevated inflation, that will not occur. Project financing costs are poised to remain higher for longer. Project cancellations and postponements have been on the rise. Moreover, a new set of supply chain issues has emerged, driving up materials costs and prospectively weakening industry margins. Workers also are becoming more expensive, in part because the construction wage premium has shrunk over the past several years due to rapidly rising compensation levels in competing segments like logistics and retail. The implication is that construction compensation levels will need to rise for the industry to be able to staff up more fully.""" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-up-in-april-contractors-remain-confident; 5/14/24

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Private Indicators
Associated Builders and Contractors (ABC)

Construction Backlog Indicator

	April 2024	March 2024	April 2023	1-Month Net Change	12-Month Net Change
Total	**8.4**	**8.2**	**8.9**	**0.2**	**-0.5**
Industry					
Commercial and institutional	8.5	8.5	9.2	0.0	-0.7
Heavy industrial	7.5	8.8	8.4	-1.3	-0.9
Infrastructure	9.8	6.8	8.0	3.0	1.8
Region					
Middle States	7.9	8.0	7.0	-0.1	0.9
Northeast	6.9	7.4	9.1	-0.5	-2.2
South	10.5	9.7	10.7	0.8	-0.2
West	6.3	7.8	8.4	-1.5	-2.1
Company Size					
<$30 Million	7.6	7.7	8.1	-0.1	-0.5
$30-$50 Million	10.1	8.2	6.8	1.9	3.3
$50-$100 Million	10.3	9.7	13.0	0.6	-2.7
>$100 Million	9.8	10.1	11.9	-0.3	-2.1

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-up-in-april-contractors-remain-confident; 5/14/24

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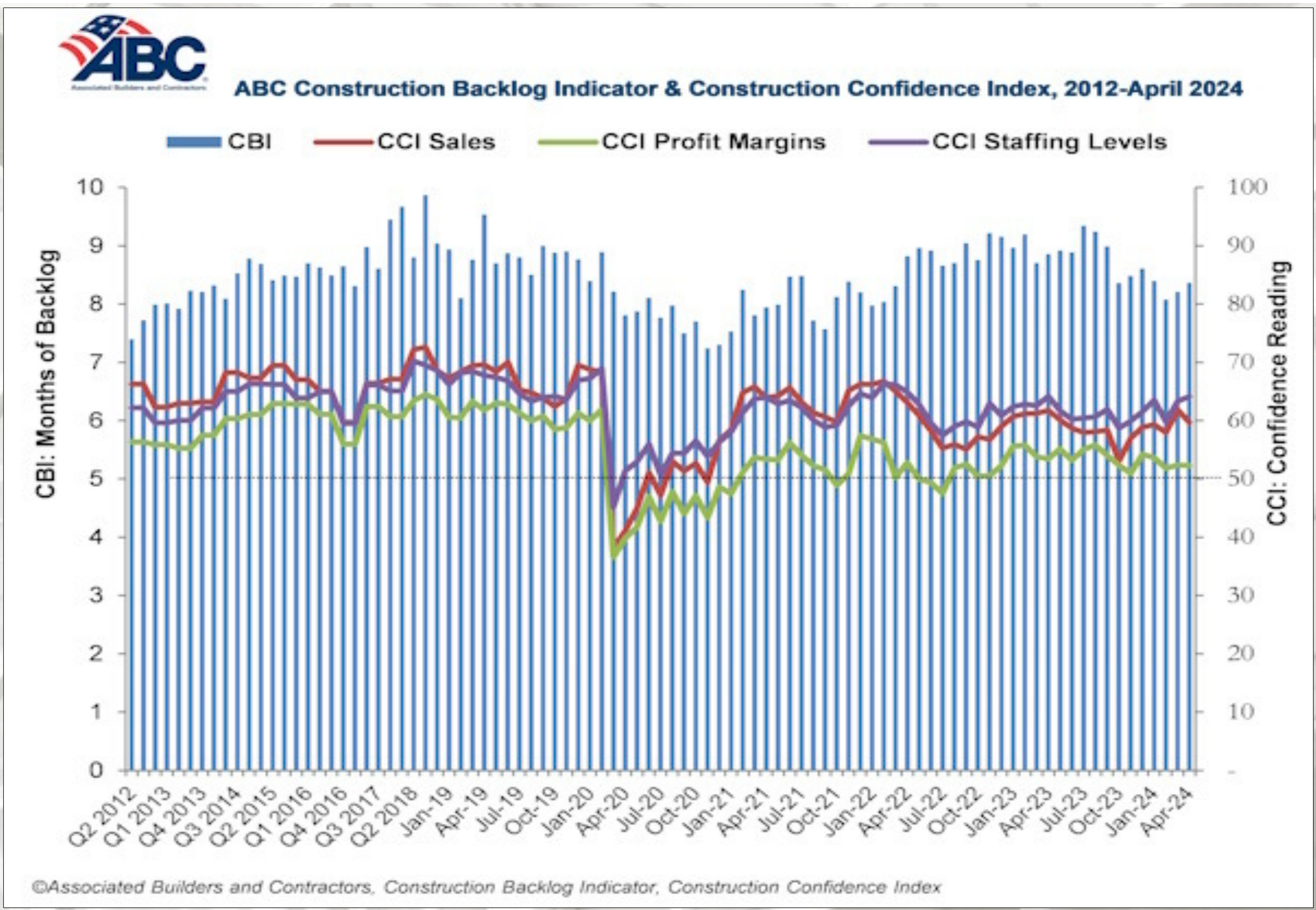
Private Indicators
Associated Builders and Contractors (ABC)

Construction Confidence Index

Response	April 2024	March 2024	April 2023
CCI Reading			
Sales	59.7	61.9	61.7
Profit margins	52.3	52.4	53.5
Staffing	64.2	63.3	64.2
Sales Expectations			
Up big	5.1%	11.9%	9.0%
Up small	52.5%	47.1%	47.0%
No change	22.0%	21.0%	28.3%
Down small	16.9%	16.6%	13.3%
Down big	3.4%	3.4%	2.4%
Profit Margin Expectations			
Up big	2.0%	3.1%	6.0%
Up small	30.5%	30.5%	31.9%
No change	45.1%	42.4%	36.7%
Down small	19.3%	21.0%	20.5%
Down big	3.1%	3.1%	4.8%
Staffing Level Expectations			
Up big	6.1%	7.8%	7.8%
Up small	51.2%	47.8%	50.0%
No change	36.9%	35.6%	34.9%
Down small	4.7%	7.5%	5.4%
Down big	1.0%	1.4%	1.8%

Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-up-in-april-contractors-remain-confident; 5/14/24

Private Indicators
Associated Builders and Contractors (ABC)



Source: https://www.abc.org/News-Media/News-Releases/abcs-construction-backlog-indicator-up-in-april-contractors-remain-confident; 5/14/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Employment Strength Persists, Jobs Up 7,800 in April

The construction industry added 9,000 jobs on net in April, according to an Associated Builders and Contractors analysis of data released by the U.S. Bureau of Labor Statistics. On a year-over-year basis, industry employment has increased by 258,000 jobs, an increase of 3.2%.

Nonresidential construction employment increased by 7,800 positions on net, with growth registered in all three major subcategories. Nonresidential specialty trade added the most jobs, growing by 6,600 positions. Nonresidential building and heavy and civil engineering added 900 and 300 jobs, respectively.

The construction unemployment rate fell to 5.2% in April. Unemployment across all industries rose from 3.8% in March to 3.9% last month.

“It is really quite remarkable that the nation’s nonresidential construction sector continues to add jobs so consistently in an environment characterized by elevated project financing costs,” said ABC Chief Economist Anirban Basu. “At the heart of growing demand for construction workers in America is the prevalence of megaprojects in many parts of the country, including major manufacturing plants, data centers and public works.

“Based on ABC’s Construction Confidence Index, there is more hiring to come,” said Basu. “While there is observable weakness in certain industry segments, particularly in the challenging office market, ongoing spending growth in other construction segments has thus far more than fully countervailed that softness. Many megaprojects are just now beginning construction, strongly suggesting a stable U.S. nonresidential construction labor market for months to come. Such considerations are also consistent with relatively rapid increases in construction worker compensation during the balance of 2024.”

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-strength-persists-jobs-up-7800-in-april; 5/3/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Employment Strength Persists, Jobs Up 7,800 in April

Construction Employment Statistics: April 2024

	April 2024	March 2024	April 2023	1-Month Net Change	12-Month Net Change	12-Month % Change
Employment						
Construction	8,219,000	8,210,000	7,961,000	9,000	258,000	3.2%
Nonresidential	4,861,300	4,853,500	4,679,600	7,800	181,700	3.9%
Nonresidential building	917,300	916,400	869,300	900	48,000	5.5%
Nonresidential specialty trade contractors	2,797,700	2,791,100	2,706,000	6,600	91,700	3.4%
Heavy & civil engineering	1,146,300	1,146,000	1,104,300	300	42,000	3.8%
Residential	3,357,400	3,356,300	3,281,800	1,100	75,600	2.3%
Residential building	950,000	947,200	923,300	2,800	26,700	2.9%
Residential specialty trade contractors	2,407,400	2,409,100	2,358,500	-1,700	48,900	2.1%
Average Hourly Earnings						
All private industries	$34.75	$34.68	$33.44	$0.07	$1.31	3.9%
Construction	$38.02	$37.79	$36.13	$0.23	$1.89	5.2%
Average Weekly Hours						
All private industries	34.3	34.4	34.3	-0.1	0.0	0.0%
Construction	38.7	39.3	38.9	-0.6	-0.2	-0.5%
Unemployment Rate						
All private industries (SA)	3.9%	3.8%	3.4%	0.1pp	0.5pp	
Construction (NSA)	5.2%	5.4%	4.1%	-0.2pp	1.1pp	

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

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-strength-persists-jobs-up-7800-in-april; 5/3/24

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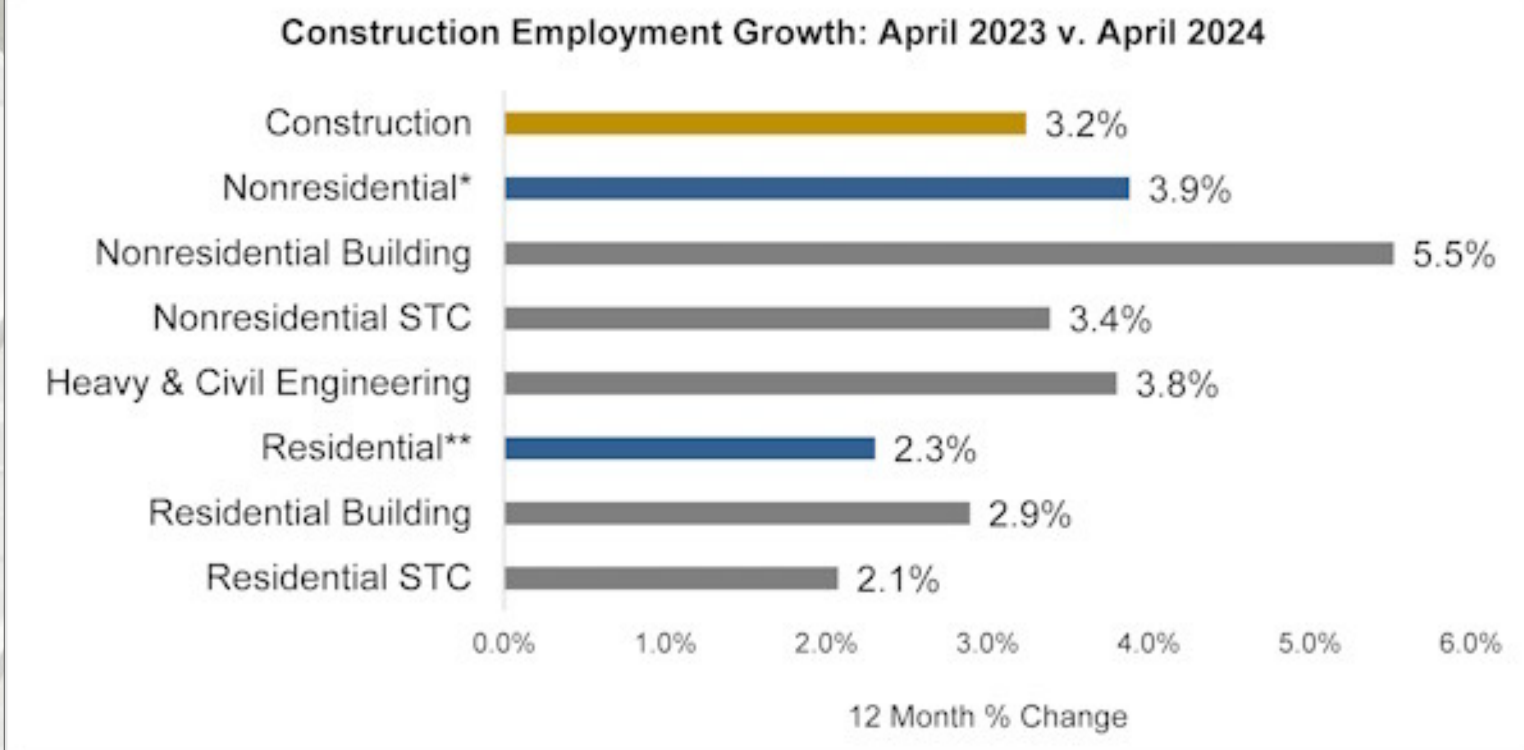
Private Indicators
Associated Builders and Contractors

Nonresidential Construction Employment Strength Persists, Jobs Up 7,800 in April



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

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-strength-persists-jobs-up-7800-in-april; 5/3/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Rebounds in March

"National nonresidential construction spending increased 0.2% in March, according to an Associated Builders and Contractors analysis of data published by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled $1.19 trillion.

Spending was up on a monthly basis in 10 of the 16 nonresidential subcategories. Private nonresidential spending decreased 0.2%, while public nonresidential construction spending was up 0.8% in March.

"Nonresidential construction spending rebounded in March, ending a streak of two straight monthly declines," said ABC Chief Economist Anirban Basu. "The increase was entirely due to increased public construction spending; private sector nonresidential spending dipped slightly lower in March. Despite wavering over the first three months of 2024, nonresidential spending is now up approximately 35% from the start of the pandemic and has outpaced economywide inflation (+20%) over that span. Ongoing spending strength, driven by both the public sector and the ascendant manufacturing category, continues to support healthy backlog for contractors, according to ABC's Construction Backlog Indicator."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-rebounds-in-march; 5/1/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate					
	March 2024	February 2024	March 2023	1-Month % Change	12-Month % Change
Total Construction	$2,083,926	$2,087,792	$1,901,401	-0.2%	9.6%
Residential	$895,926	$902,496	$856,947	-0.7%	4.5%
Nonresidential	$1,188,000	$1,185,296	$1,044,454	0.2%	13.7%
Conservation and development	$11,709	$11,393	$12,397	2.8%	-5.5%
Public safety	$17,411	$17,154	$11,910	1.5%	46.2%
Amusement and recreation	$35,562	$35,175	$29,764	1.1%	19.5%
Highway and street	$150,057	$148,706	$125,071	0.9%	20.0%
Water supply	$29,502	$29,239	$25,220	0.9%	17.0%
Educational	$128,487	$127,355	$109,604	0.9%	17.2%
Health care	$67,773	$67,388	$61,749	0.6%	9.8%
Office	$101,638	$101,362	$94,772	0.3%	7.2%
Communication	$25,477	$25,410	$24,554	0.3%	3.8%
Manufacturing	$223,429	$223,063	$177,457	0.2%	25.9%
Power	$132,860	$133,207	$117,803	-0.3%	12.8%
Transportation	$65,767	$66,028	$61,986	-0.4%	6.1%
Commercial	$128,955	$129,565	$127,474	-0.5%	1.2%
Sewage and waste disposal	$42,810	$43,316	$38,707	-1.2%	10.6%
Lodging	$22,619	$22,913	$22,744	-1.3%	-0.5%
Religious	$3,948	$4,022	$3,243	-1.8%	21.7%
Private Nonresidential	$716,495	$717,572	$644,654	-0.2%	11.1%
Public Nonresidential	$471,505	$467,724	$399,800	0.8%	17.9%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-rebounds-in-march; 5/1/24

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Private Indicators
Associated Builders and Contractors

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-rebounds-in-march; 5/1/24

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Private Indicators
American Institute of Architects (AIA) & Deltek

Architecture Billings Index March 2024

ABI Reports Moderation in the Slowdown in Business Conditions at Architecture Firms in March

"This marked the 14th consecutive month of declining billings at firms as inflation, supply chain issues, and other economic challenges continue to affect business. While inquiries into new projects have continued to grow during that period, it has been at a slower pace than in 2021 and 2022. More notably, the value of new signed design contracts was flat in March, which has generally been the trend for the last year and a half. This shows that clients are interested in starting new projects but remain hesitant to sign a contract and officially commit to those projects. However, most firms report that they still have strong project backlogs of 6.6 months, on average, so even with the ongoing soft patch, they still have work in the pipeline." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"There are indicators this month that business conditions at firms may finally begin to pick up in the coming months. Inquiries into new projects grew at their fastest pace since November, and the value of newly signed design contracts increased at their fastest pace since last summer. Given the moderation of inflation for construction costs and prospects for lower interest rates in the coming months, there are positive signs for future growth." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/resource-center/abi-march-2024-architecture-firm-billings-retreat-further-march; 4/24/24

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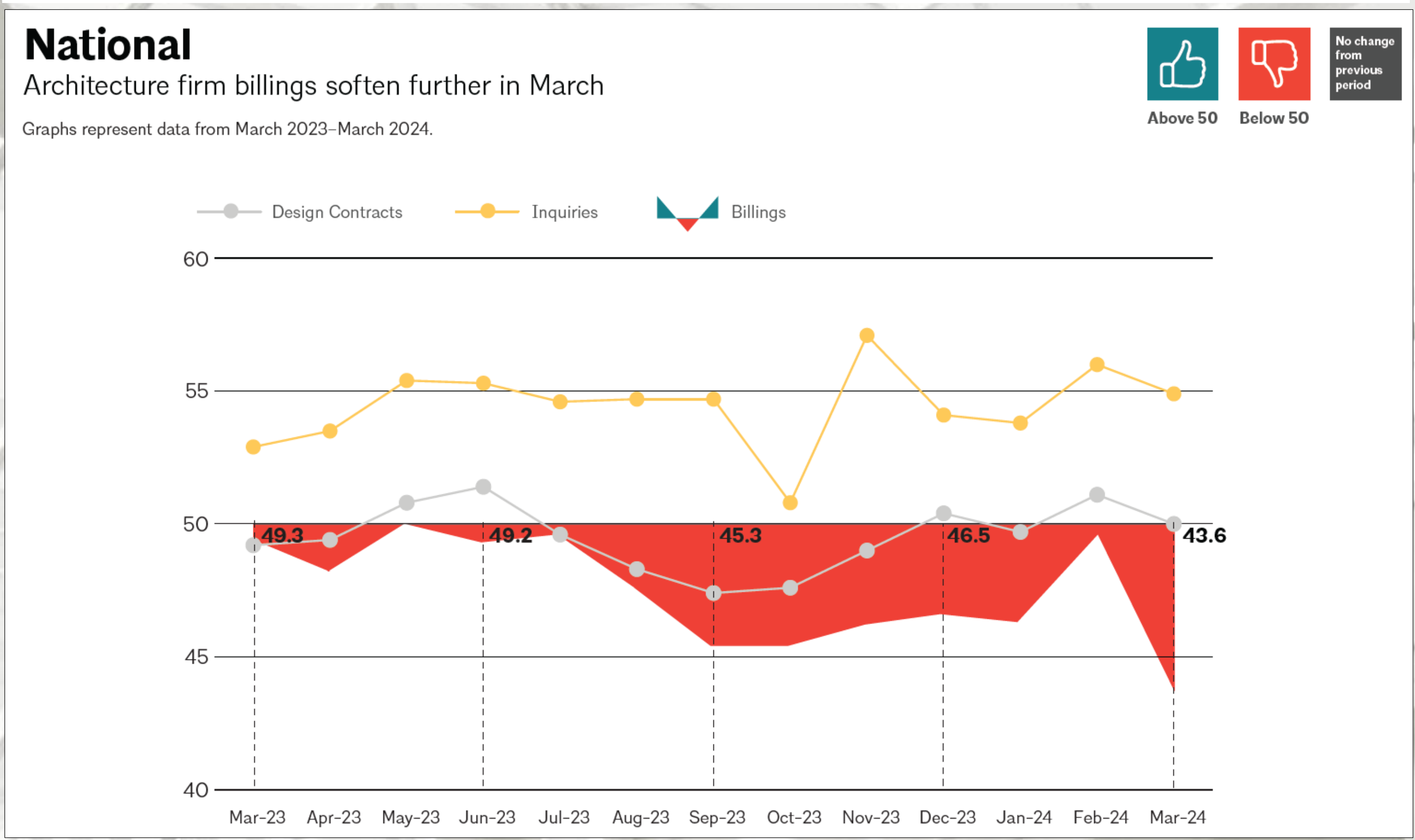
Private Indicators
American Institute of Architects (AIA) & Deltek



Source: https://www.aia.org/resource-center/abi-march-2024-architecture-firm-billings-retreat-further-march; 4/24/24

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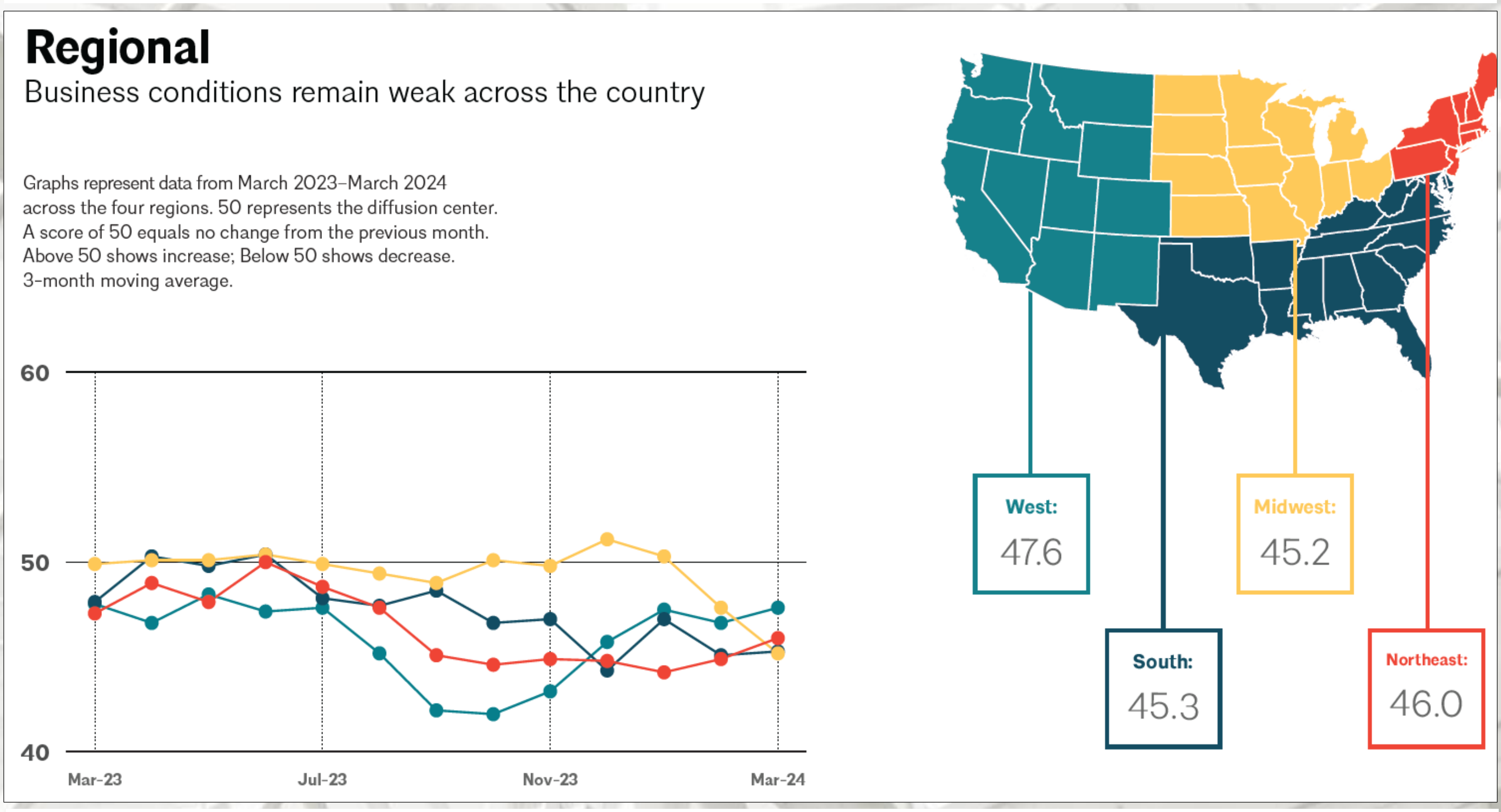
Private Indicators: AIA & Deltek



Region

"Architecture firm billings also continued to decline at firms in all regions of the country, and at firms of all specializations in March, just like in February. Regionally, business conditions were softest at firms located in the Midwest and South." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/resource-center/abi-march-2024-architecture-firm-billings-retreat-further-march; 4/24/24

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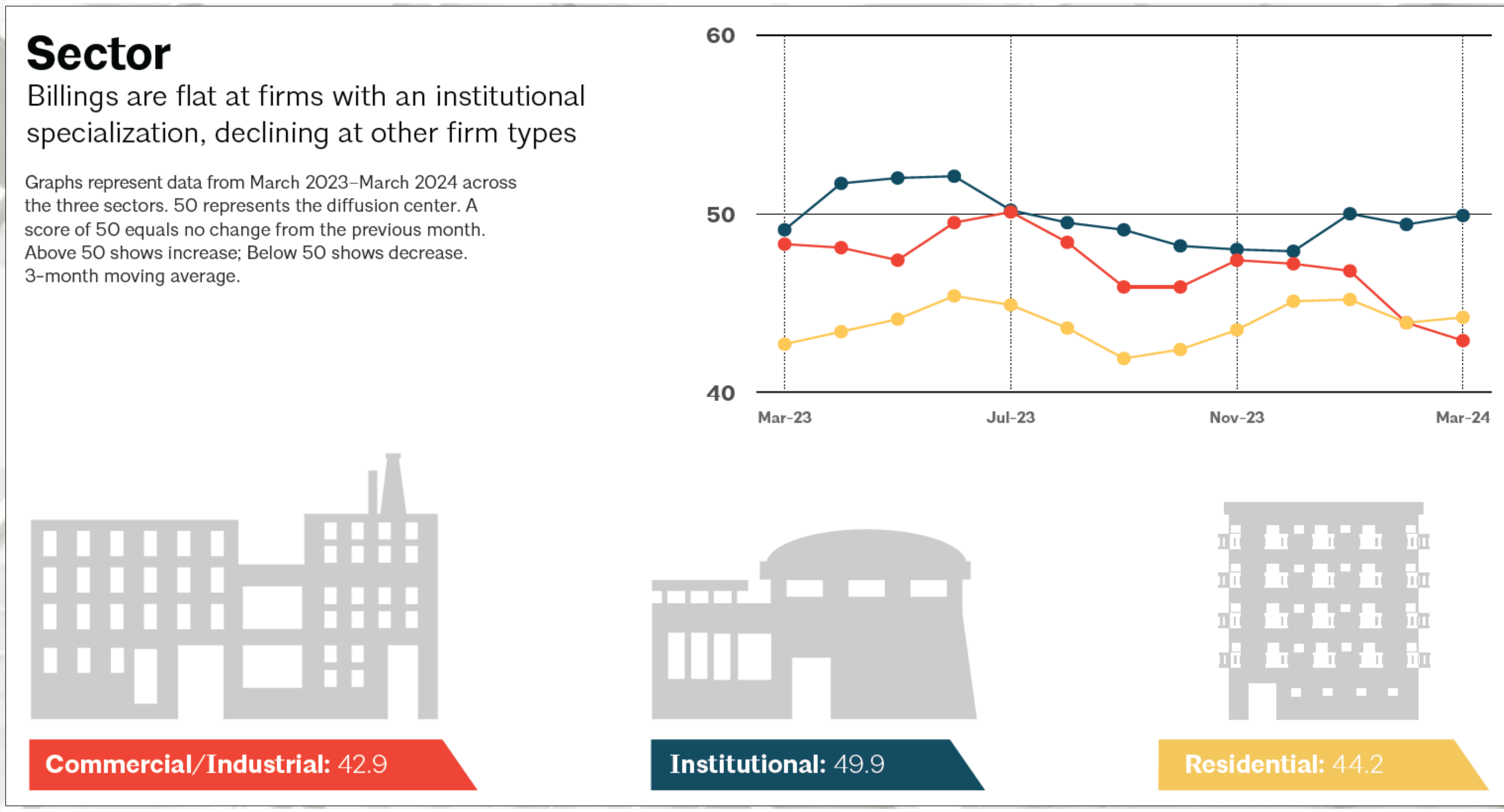
Private Indicators: AIA & Deltek



Sector

"By specialization, billings declined faster at firms with a commercial/industrial specialization and remained weak at firms with a multifamily residential specialization. However, firms with an institutional specialization reported billings that were essentially flat, marking the third straight month of that trend."– Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/resource-center/abi-march-2024-architecture-firm-billings-retreat-further-march; 4/24/24

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Private Indicators

Dodge Data & Analytics

Construction Starts lose 1% in March

Gains in single family and infrastructure starts were not enough to offset nonresidential building weakness

“Total construction starts fell 1% in March to a seasonally adjusted annual rate of $1.06 trillion, according to Dodge Construction Network. Nonresidential building starts fell 9%, while nonbuilding starts improved by 7%, and residential starts moved 1% higher. On a year-to-date basis through March total construction starts were up 13% from the first three months of 2023. Residential starts were up 24%, while nonbuilding starts gained 16% and nonresidential building starts rose 2%.

For the 12 months ending March 2024, total construction starts were up 1% from the 12 months ending March 2023. Nonresidential building starts were down 8% while residential starts were flat, and nonbuilding starts were up 18% on a 12-month rolling sum basis.

“The construction sector has hit a soft patch to start 2024,” said Richard Branch, chief economist for Dodge Construction Network. “However, this should not be overly surprising given high rates and restrictive credit. There are bright spots though as single family starts are moving higher and federal dollars are lifting nonbuilding starts. The recent hot inflation readings likely mean that rate cuts won’t happen until later in the year, and as a result, the commercial and multifamily sectors will continue to languish.”” – Cailey Henderson, Account Manager, 104 West Partners

Source: https://www.construction.com/company-news/construction-starts-fell-8-in-March/; 4/23/24

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Private Indicators

Dodge Data & Analytics

“**Nonresidential building starts** fell 9% in March to a seasonally adjusted annual rate of $363 billion. Manufacturing starts were down 58%, while commercial starts fell 1% due to a pullback in office and hotel starts. Institutional starts gained 4% in March, which was largely the result of some very large healthcare projects getting underway. On a year-to-date basis through March, total nonresidential starts were up 2%. Institutional starts were 12% higher, while commercial starts were flat, and manufacturing starts lost 15% on a year-to-date basis through March.

For the 12 months ending March 2024, nonresidential building starts were 8% lower than the previous 12 months. Manufacturing starts were down 30% and commercial starts were down 10%, while institutional starts were 7% higher for the 12 months ending March 2024.

The largest nonresidential building projects to break ground in March were the $1.3 billion Rady Children’s Hospital Intensive Care Unit in San Diego, California, the $600 million Google data center in The Dalles, Oregon, and a $532 million Federal prison in Leavenworth, Kansas.

Residential

Residential building starts moved 1% higher in March to a seasonally adjusted annual rate of $400 billion. Single family starts improved 9% while multifamily starts lost 14%. On a year-to-date basis through three months, total residential starts were 24% higher. Single family starts improved 34% and multifamily starts were 9% higher on a year-to-date basis.

For the 12 months ending March 2024, residential starts were unchanged from the previous 12 months. Single family starts were 4% higher, while multifamily starts were 7% lower on a 12-month rolling sum basis.

The largest multifamily structures to break ground in March were the $385 million One Naples Ritz Carlton residences in Naples, Florida, the $261 million 100 North Main mixed-use project in Memphis, Tennessee, and the $190 million The August at Steelpointe Harbor project in Bridgeport, Connecticut.

Regionally, total construction starts in March rose in the South Central and West regions, but fell elsewhere.” – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/company-news/construction-starts-fell-8-in-March/; 4/23/24

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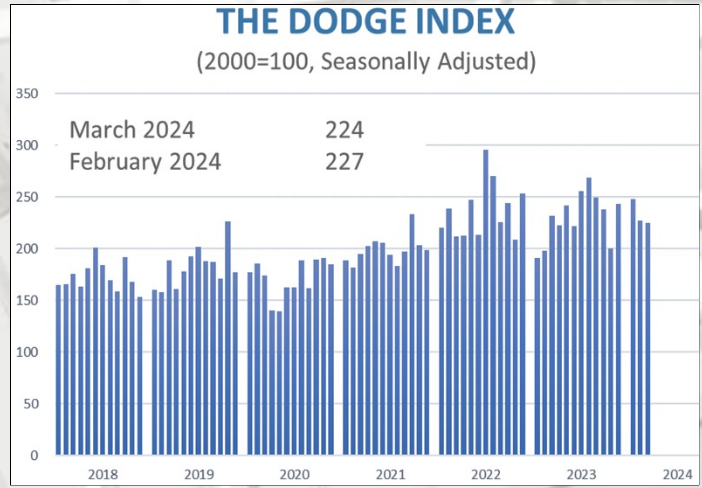
Private Indicators

MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Mar 2024	Feb 2024	% Change
Nonresidential Building	$363,194	$398,535	-9
Residential Building	399,714	394,837	1
Nonbuilding Construction	297,894	278,794	7
Total Construction	$1,060,802	$1,072,166	-1



YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	3 Mos. 2024	3 Mos. 2023	% Change
Nonresidential Building	$96,192	$94,112	2
Residential Building	97,648	78,442	24
Nonbuilding Construction	66,918	57,782	16
Total Construction	$260,759	$230,336	13

Source: Dodge Data & Analytics

Source: https://www.construction.com/company-news/construction-starts-fell-8-in-March/; 4/23/24

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Private Indicators

MNI Chicago

April 2024 Chicago Report™ – Dipped to 37.9

"**The Chicago Business Barometer™**, produced with MNI, descended 3.5 points to 37.9 in April. This is the fifth consecutive monthly fall, pushing the index to its lowest levels since November 2022. We also note that this print is 7.5 points below the 2023 average.

- Four out of five subcomponents fell. With the move driven lower significantly by falls in New Orders, Production, Employment, and to a lesser extent Supplier Deliveries, whilst Order Backlogs offset some of this differentiation.
- In particular, Production was down for the fifth consecutive month by 6.9 points and is now at similar levels to November 2022." – Tim Davis, Head of Fixed Income Research, and Amana Hussain, Junior Economic Data Analyst, MNI Indicators

Source: https://chicago.ismworld.org/news-publications/reports/research-survey/; 4/30/24

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Private Indicators

April 2024 Chicago Report™ – Declines to 41.4

- "New Orders dropped by 5.1 points, to a similar level to September 2023, and the lowest reading since November 2022. This was due to an increase in respondents reporting fewer new orders (around 40%), again similar to September 2023 levels.
- Employment stalled 8.5 points, more than reversing the rebound seen last month and second lowest since the beginnings of the pandemic. This was due to both hiring remaining subdued, and the proportion of respondents reporting lower employment at the highest level since July 2023.
- Meanwhile, Order Backlogs increased 6.2 points, although it remains below the average of the prior 12 months of 36.4.
- Prices Paid rose 6.7 points, the highest level since August 2023, and 5.7 points above the prior 12- month average. This was driven by the highest proportion of respondents reporting rising prices since August 2023.
- Inventories increased by 6.3 points, the highest since November 2023, more than reversing last month's decline, which was driven by delays to planned restocking.
- Lastly, Supplier Deliveries edged down for the third consecutive month by 0.8 points." – Tim Davis, Head of Fixed Income Research, and Tim Cooper, Chief Economist, MNI Indicators

Source: https://chicago.ismworld.org/news-publications/reports/research-survey/; 4/30/24

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Private Indicators

The Conference Board Leading Economic Index® (LEI)

LEI for the U.S. Fell in March

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. decreased by 0.3 percent in March 2024 to 102.4 (2016=100), after increasing by 0.2 percent in February. Over the six-month period between September 2023 and March 2024, the LEI contracted by 2.2 percent – a smaller decrease than the 3.4 percent decline over the previous six months.

February's uptick in the U.S. LEI proved to be ephemeral as the Index posted a decline in March. Negative contributions from the yield spread, new building permits, consumers' outlook on business conditions, new orders, and initial unemployment insurance claims drove March's decline. The LEI's six-month and annual growth rates remain negative, but the pace of contraction has slowed. Overall, the Index points to a fragile – even if not recessionary – outlook for the U.S. economy. Indeed, rising consumer debt, elevated interest rates, and persistent inflation pressures continue to pose risks to economic activity in 2024. The Conference Board forecasts GDP growth to cool after the rapid expansion in the second half of 2023. As consumer spending slows, US GDP growth is expected to moderate over Q2 and Q3 of this year.

The Conference Board Coincident Economic Index® (CEI) for the U.S. rose by 0.3 percent in March 2024 to 112.0 (2016=100), after a 0.1 percent increase in February. As a result, the CEI rose by 0.6 percent over the six-month period ending March 2024, down from a 0.9 percent increase over the previous six months. The CEI's component indicators – payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production – are included among the data used to determine recessions in the US. All four components of the index improved last month. Industrial production and personal income less transfer payments made the largest positive contributions to the Index.

The Conference Board Lagging Economic Index® (LAG) for the U.S. was unchanged in March 2024 at 119.0 (2016 = 100), after a 0.3 percent increase in February. The LAG is up by 1.0 percent over the six-month period from September 2023 to March 2024, after recording no growth over the previous six months." – Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 4/18/24

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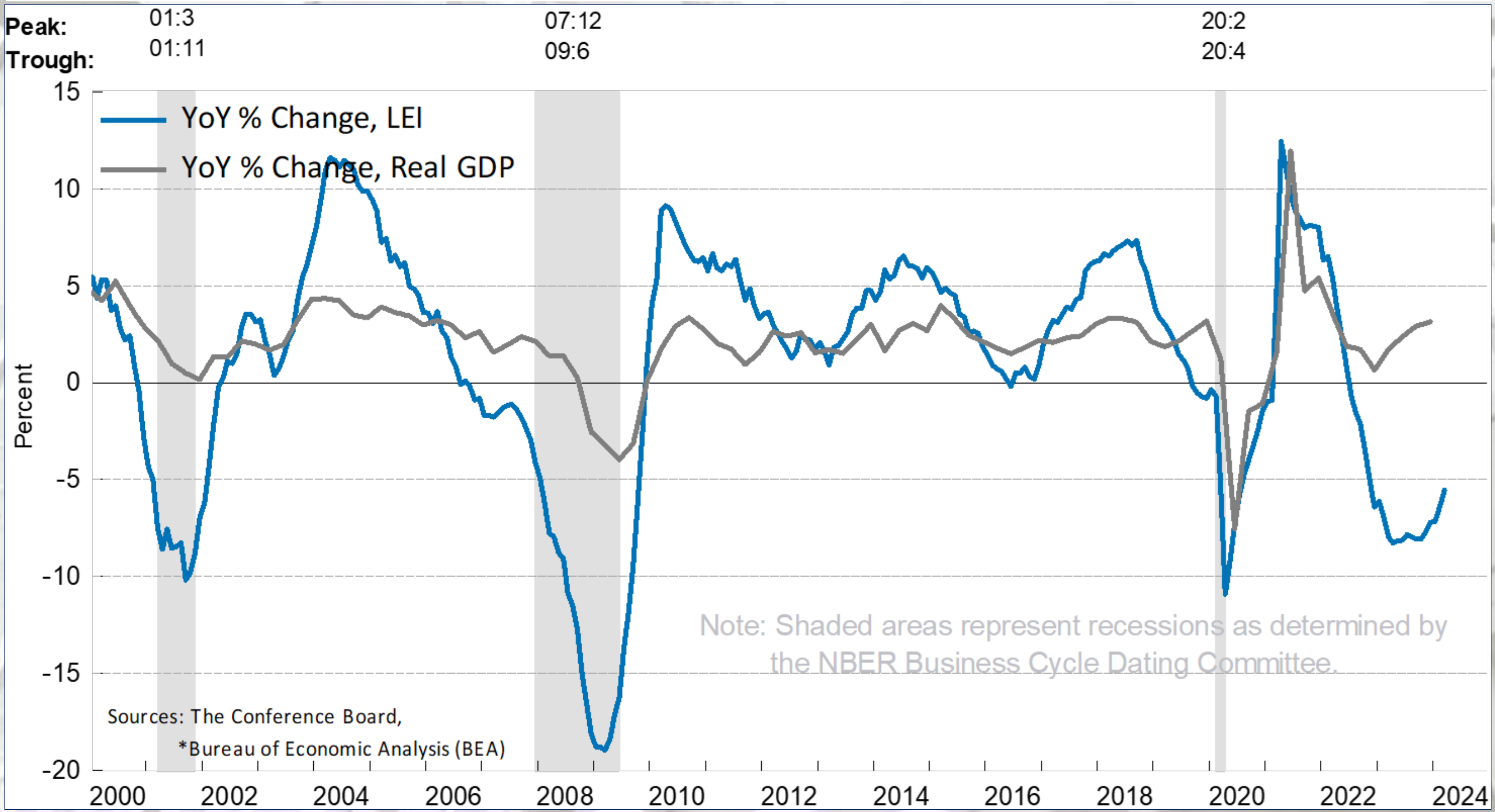
Private Indicators

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

LEI for the U.S. Fell in March

The LEI's year-over-year growth remains negative, but is on an upward trend



Source: https://www.conference-board.org/data/bcicountry.cfm; 4/18/24

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Private Indicators

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

March New Business Down 7% Year-over-year; Up 18% Month-to-month and 0.5% Year-to-date

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25.** The index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the $1 trillion equipment finance sector, showed their overall new business volume for March was $9.3 billion, down 7% year-over-year from new business volume in March 2023. Volume was up 18% from $7.9 billion in February. Year-to-date, cumulative new business volume was up 0.5% compared to 2023.

Receivables over 30 days were 2.1%, down from 2.2% the previous month and up from 1.9% in the same period in 2023. Charge-offs were 0.5%, up from 0.4% the previous month and up from 0.3% in the year-earlier period.

Credit approvals totaled 77%, up from 76% in February. Total headcount for equipment finance companies was up 1.5% year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in April is 52.9, a decrease from the March index of 55.2." – Amy Vogt, Vice President, Communications and Marketing, ELFA

Source: https://www.elfaonline.org/news-and-publications/press-room/press-releases/; 4/23/24

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Private Indicators

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

"Some pullback in new business volume in March largely reflects the effect of banks tightening their lending. Instead of a customary end-of-quarter spike, banks saw originations fall more than 20% in March, while other respondents enjoyed a stronger month. Credit quality is mixed, with receivables continuing to improve while charge-offs ticked back up. Interestingly, results of an informal poll of MLFI-25 respondents indicate some customers are limiting their equipment acquisitions until interest rates come down, which supports our Foundation's forecast that equipment and software investment should pick up in the latter part of the year when the Fed is expected to begin its rate cuts. Along with the improved GDP growth forecast, we remain cautiously optimistic for continued growth for our industry." – Leigh Lytle, President and CEO, ELFA

"The equipment leasing and finance industry has historically been an excellent predictor of economic times. There was much confidence as we entered this year that originations and portfolio performance would continue to improve as witnessed by the strength of the U.S. economy. However, the punch bowl may have been taken away with March's inflation report. We are seeing industry benchmark rates returning to November levels. As a result, the thought of a Fed rate cut may be delayed. We already saw a dip in small business optimism and persistent higher levels of inflation may further dampen it. Middle market businesses had seemed more optimistic in Q1 to spend, but CFOs may hit the pause button as well. All this suggests rougher waters to navigate over the next few months on both sides – front end originations and back-end portfolio management." – Miles Herman, Chief Executive Officer, LEAF Commercial Capital, Inc.

Source: https://www.elfaonline.org/news-and-publications/press-room/press-releases/; 4/23/24

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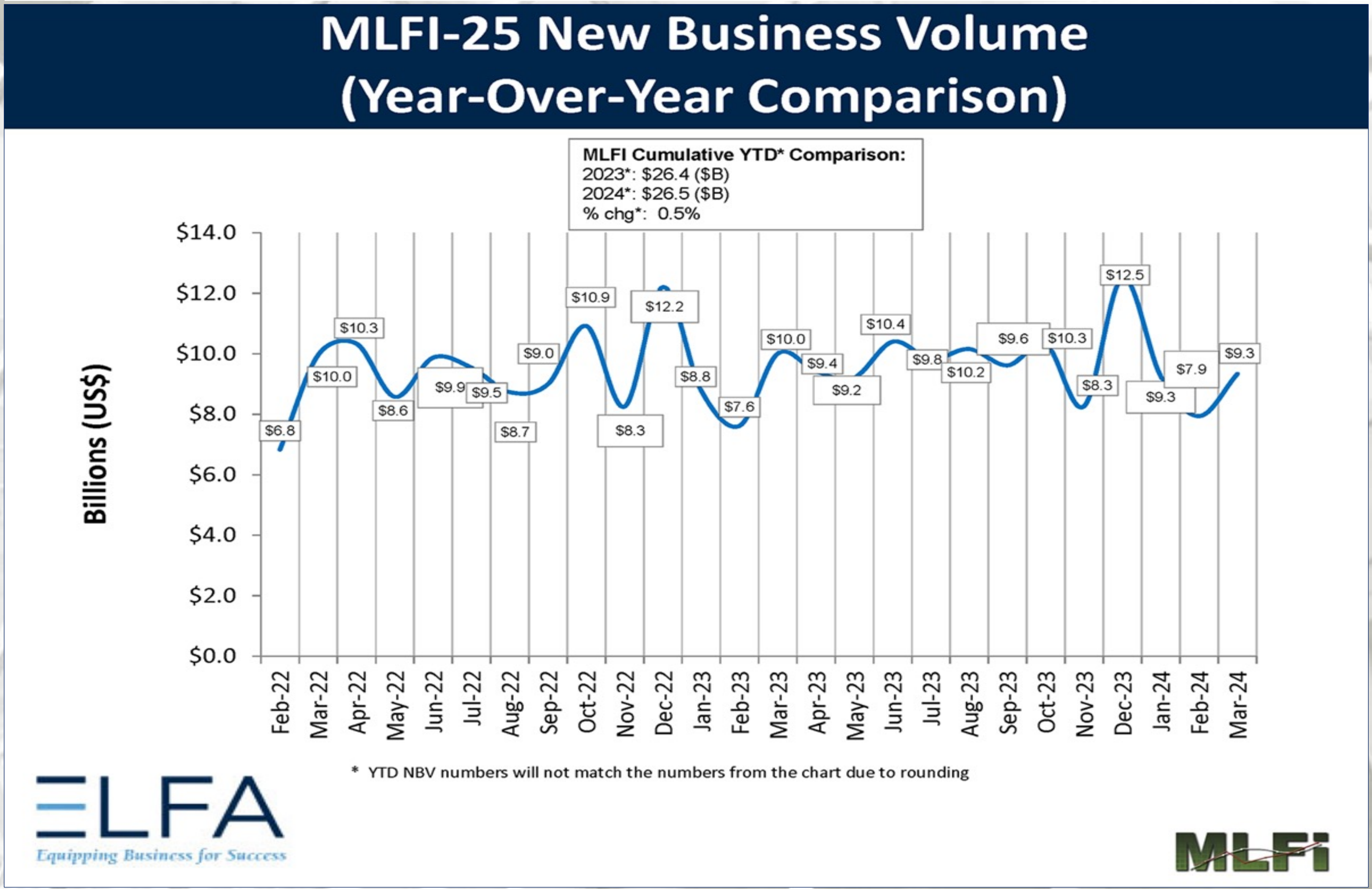
Private Indicators

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



Source: https://www.elfaonline.org/news-and-publications/press-room/press-releases/; 4/23/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

New orders down for first time in four months

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI™) posted in line with the 50.0 no-change mark in April to point to stable business conditions at the start of the second quarter. The reading was down from 51.9 in March and signaled an end to a three-month sequence of improving operating conditions.

The US manufacturing sector suffered a setback in April as new orders decreased for the first time in 2024 so far. Work on outstanding business helped to keep production in growth territory, however, while firms continued to take on extra staff, in part due to positive expectations for the coming months.

Manufacturers scaled back their purchasing activity in response to lower new orders, with pre-production inventories also down. Meanwhile, output prices increased at a slower pace but the rate of input cost inflation quickened to hint at sustained near-term upward pressure on selling prices.

Manufacturing new orders decreased for the first time in four months during April, albeit modestly. Respondents signaled caution among clients and a reluctance to commit to new business amid subdued market conditions. The reduction in total new business was recorded in spite of sustained growth in new export orders. New business from abroad increased for the third month running, but only slightly." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/80eccb80b56c4fb2b372d96fb0fcb4cf; 5/1/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

New orders down for first time in four months

"Manufacturing production increased for the third consecutive month, albeit at the slowest pace in this sequence. With new orders down, output was often supported by work on previously received orders.

Work on backlogged orders led to a further depletion of outstanding business, with the latest solid decline the most pronounced since January.

The latest expansion in manufacturing production was supported by a fourth successive month of job creation, with the pace of hiring quickening to the fastest in nine months. According to respondents, the increase in employment reflected the replacement of leavers and positive expectations regarding output requirements in the months ahead.

Indeed, firms remained confident that production will rise over the coming year, in part linked to capacity expansions but also hopes that demand conditions will improve. That said, the reduction in new business in the latest survey period acted to dampen optimism, with sentiment at a five-month low.

While staffing levels were raised over the month, manufacturers scaled back their purchasing activity in response to the reduction in new orders." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/80eccb80b56c4fb2b372d96fb0fcb4cf; 5/1/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

New orders down for first time in four months

“The fall in purchasing and a general reluctance to hold excess inventories at a time of declining new orders fed through to a further solid reduction in stocks of purchases, with the pace of depletion the most marked since last November. On the other hand, stocks of finished goods increased marginally following a fall in March. The reduction in new orders meant that finished products were sometimes kept in stock awaiting sale.

Input costs increased sharply, with the rate of inflation quickening for the second consecutive month. Higher prices for oil and metals were mentioned in particular. The overall rise was much slower than those seen during 2021 and 2022, but the second-highest seen over the past year. Meanwhile, output prices increased solidly, but to the least extent in three months.

Reduced demand for inputs and sufficient stock holdings at suppliers resulted in a further shortening of lead times on the delivery of purchased items, the third in as many months. The rate of improvement was only marginal, however.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/80eccb80b56c4fb2b372d96fb0fcb4cf; 5/1/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

New orders down for first time in four months

Comment

"Business conditions stagnated in April, failing to improve for the first time in four months and pointing to a weak start to the second quarter for manufacturers. Order inflows into factories fell for the first time since December, meaning producers had to rely on orders placed in prior months to keep busy.

However, there are some encouraging signs. The drop in orders appears to have been largely driven by reduced demand for semi-manufactured goods – inputs produced for other firms – as factories adjust their inventories of inputs. In contrast, consumer goods producers reported a further strengthening of demand, hinting that the broader consumer-driven economic upturn remains intact.

Producers on the whole also seem confident enough in the business outlook to continue adding to payroll numbers at a pace that compares well with the average seen over the past two years, investing further in operating capacity.

From an inflation perspective, it was also reassuring to see prices charged for goods rise at a slower rate than the 11-month high seen in March. The rate of increase nevertheless remains elevated by historical standards – and well above the average seen in the decade prior to the pandemic – as firms continued to pass higher commodity prices on to customers." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/80eccb80b56c4fb2b372d96fb0fcb4cf; 5/1/24

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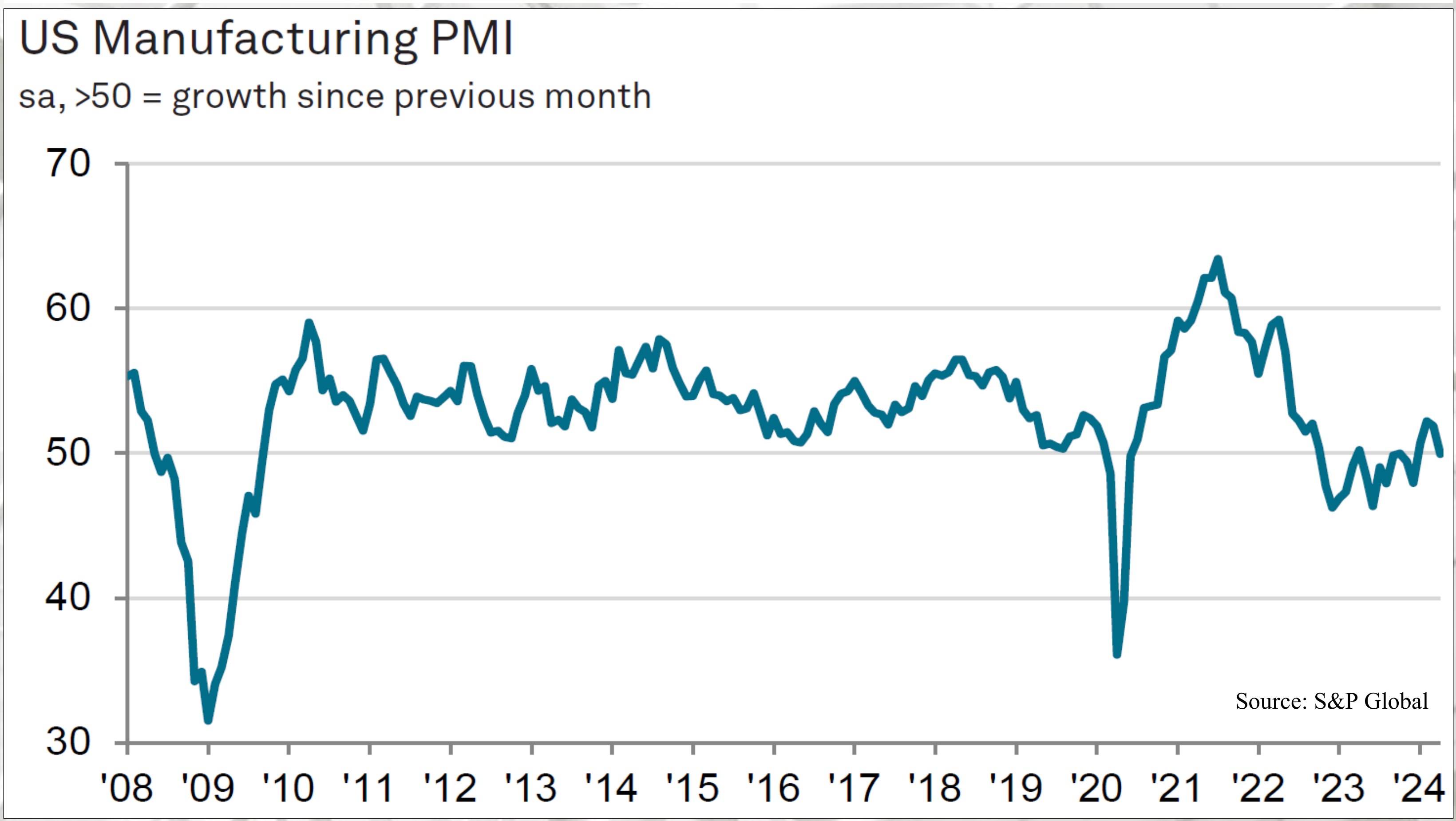

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/80eccb80b56c4fb2b372d96fb0fcb4cf; 5/1/24

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Private Indicators

S&P Global U.S. Services PMI™

Slower rise in services activity amid renewed fall in new orders

“The seasonally adjusted final S&P Global US Services PMI Business Activity Index fell for the third month running in April to 51.3 from 51.7 in March. The index pointed to a modest monthly increase in business activity, and one that was the slowest since last November.

Business activity in the US services sector continued to increase in April, but the rate of expansion slowed amid the first reduction in new orders since last October. Employment was also reduced as firms showed a reluctance to replace departed staff.

On the price front, rates of both input cost and output price inflation softened at the start of the second quarter, although in each case the latest increase was faster than the pre-pandemic average. Rises in wages, plus higher oil and gas prices, were widely reported by companies.

Rising service sector output was sometimes linked by respondents to marketing activity, while other companies cited the impact of securing new orders. New business fell overall, however, leading to the slowdown in growth of activity.

The reduction in new business was the first in six months and often linked by companies to a reluctance among clients to spend or commit to new projects. In some cases, this hesitancy was due to high interest rates. That said, the drop in new orders was only slight.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/68793e4a444c4f8c8aaa120c2a82686b; 5/3/23

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Private Indicators

S&P Global U.S. Services PMI™

Slower rise in services activity amid renewed fall in new orders

"New business from abroad was also down modestly at the start of the second quarter, and has now fallen for three consecutive months.

The drop in total new orders meant that incoming work was insufficient to replace completed projects, thereby leading service providers to deplete outstanding business. Backlogs were down for the third month running, albeit at a modest pace that was the softest in this sequence. Employment also decreased in April, thereby ending a period of job creation stretching back to July 2020. Those respondents that lowered their workforce numbers often suggested that this was done through not backfilling positions after staff had left.

Despite the drop in employment, wage pressures remained a key factor pushing up input costs in April. Higher oil and gas prices were also reported. As a result, input costs rose sharply again and at a pace that was faster than the pre-pandemic average for the series. That said, the rate of inflation eased from that seen in March and was only slightly above the 40-month low seen in February.

Higher labor costs were often mentioned by those respondents that increased their selling prices in April. Charges have now increased on a monthly basis for almost four years, but as was the case with input costs the pace of output price inflation moderated from that seen in March." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/68793e4a444c4f8c8aaa120c2a82686b; 5/3/23

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Private Indicators

S&P Global U.S. Services PMI™

Slower rise in services activity amid renewed fall in new orders

"US service providers remained optimistic that business activity will rise over the coming year, although sentiment fell to a five-month low. Some firms were confident that current marketing efforts would bear fruit in the months ahead, while others hoped to see interest rates start to come down. There were also some predictions that demand conditions will pick up following the presidential election.

Comment

Service sector growth slowed in April to point to a sluggish start to the second quarter for the US economy. Alongside a concomitant cooling in the rate of growth of manufacturing output, the weaker service sector performance means overall business activity grew in April at the slowest rate seen so far this year. At current levels, the PMI indicates that GDP is expanding at a modest annualized rate of approximately 1.5% so far in the second quarter.

Demand has weakened, as signaled by the first fall in new orders for goods and services for six months, in part a reflection of both businesses and households adjusting to higher costs and the prospect of higher for longer interest rates. Business optimism has likewise cooled, dropping to the lowest since November, and companies are taking a more cautious approach to staffing levels.

From an inflation perspective, the April survey brought some good news in that prices charged for services rose at a much reduced rate, registering one of the smallest increases seen over the past four years as greater competition and lower wage growth were reported to have taken some of the heat out of price setting." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/68793e4a444c4f8c8aaa120c2a82686b; 5/3/23

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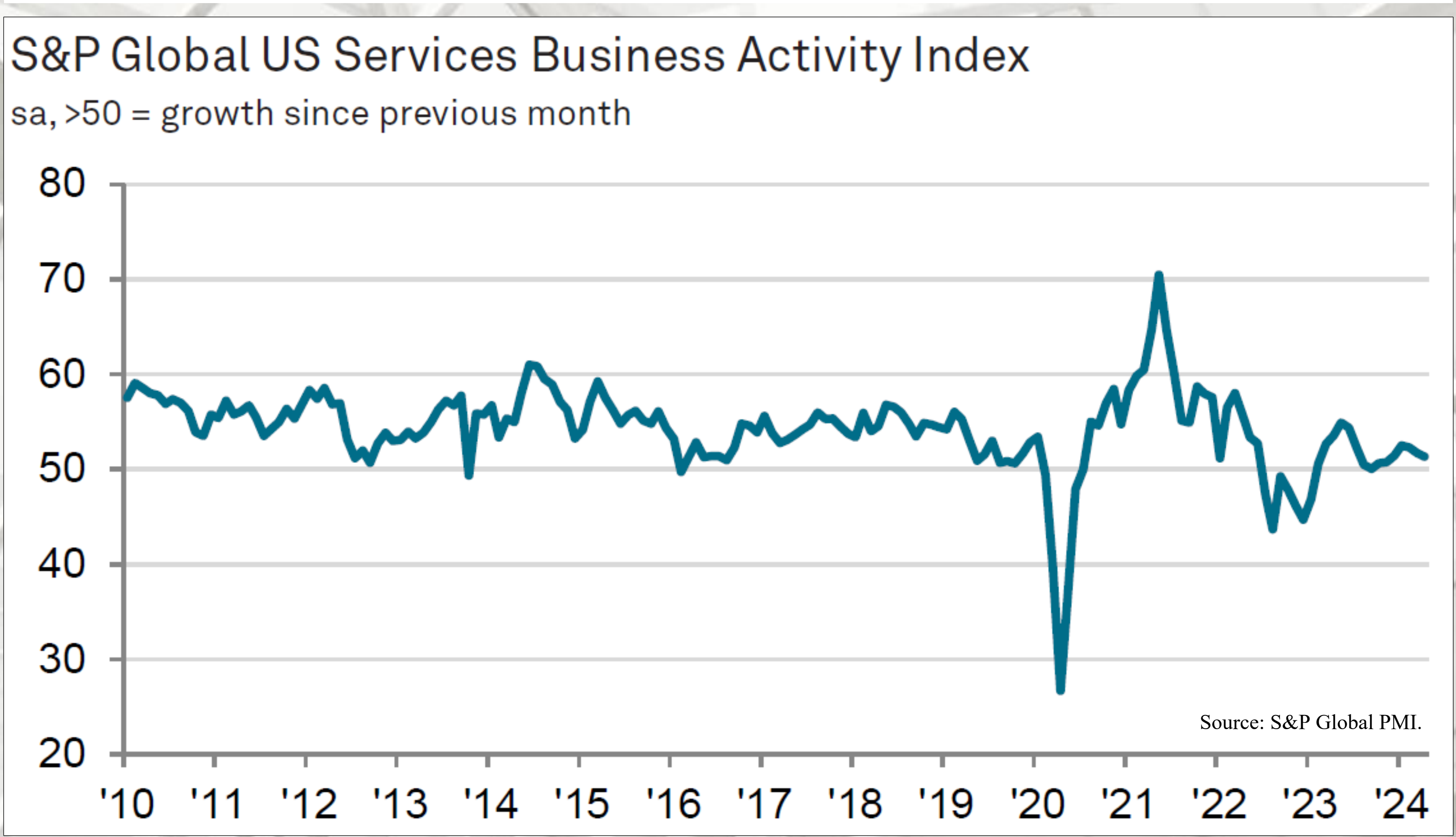

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/68793e4a444c4f8c8aaa120c2a82686b; 5/3/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for April 2024: Combined Sectors

"The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for April 2024 deteriorated 3.1 points to a seasonally adjusted 51.8. "After two months of improvements, the CMI has fallen back to near where it started the year, in expansion but weakly so," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"Most factor indexes deteriorated this month but, alarmingly, the factor index for the dollar amount beyond terms lost over 10 points. This shift is both large and notable for being so deep into contraction territory. It is strongly indicative of weakening business conditions in the face of rising inflation and what looks now to be higher interest rates for a considerably longer time."

"CMI Survey respondents indicated a rise in NSF payments and difficulty collecting payments generally," said Cutts. "But many noted that this is the start of their busier season and I sense some optimism despite the challenge of getting payments from customers."

"It looks for now that the Fed is unlikely to cut the target interest rate until much later in the year if at all in 2024. Higher for longer is the new mindset among economists. I think it is worth noting however that even if the Fed embarks on some rate cuts this year, they likely only to change the Fed's stance from two feet on the brake pedal to merely one, meaning we will still be in a phase of monetary tightening for a considerable amount of time."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 4/30/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

"“It seemed last month as though the two sector indexes might be setting out on new paths with two months of improvement. But the April CMI survey brings them both back in line with the previous trend of bouncing around a value of about 52. The manufacturing sector seems somewhat more volatile, but otherwise the trends are the same.”

“Last month I was sensing some optimism in the manufacturing sector,” Cutts said. “But the April 2024 CMI Survey indicates that was more of an anomaly. All but one of the unfavorable factor indexes is in contraction and the one that isn't, rejections of credit applications, is essentially unchanged. The favorable factor indexes continue to do well, but I wonder what the value of rising sales is when so many companies are reporting difficulty getting paid on time and in full.”

“I have been thinking a recession starting over the next twelve months is more likely than not since the Fed began raising interest rates in early 2022,” said Cutts. “My colleagues in the forecasting profession have started to ask why I am still so down and the reason is that I don't see how the business sector can continue to record rising numbers of accounts being placed for collection and dollars going past terms month after month. The sales department only has to get a contract signed, but it's the credit managers who have the job of making sure that the orders get paid. This environment is challenging and we're seeing rising numbers of bankruptcies as a result.’”" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 4/30/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

CMI Combined Sectors Factor Indexes

Key Findings:

- "The index for unfavorable factor deteriorated by 2.2 points to 47.8, back to contraction territory where it has been for 10 of the last 12 months.
- The index for dollar amount beyond terms is giving the loudest warning signal regarding deteriorating business conditions with a value of 43.9, which is deep into contraction territory and indicates widespread experiences of companies not getting paid on time. Adding to this, the index for accounts placed for collection is at 44.7 this month, its 23rd month in contraction.
- The index for favorable factors remains solidly in expansion, but deteriorated by 4.5 points to 57.7, led by a 6.3-point drop in the dollar collections index to 54.9 points and a 4.5-point fall in the sales factor index to 57.6 points.
- Only three factor indexes improved, but all were small changes. The biggest gain was in the index for filings for bankruptcies, which gained 0.4, but at a level of 49.8 remains in contraction." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 4/30/24

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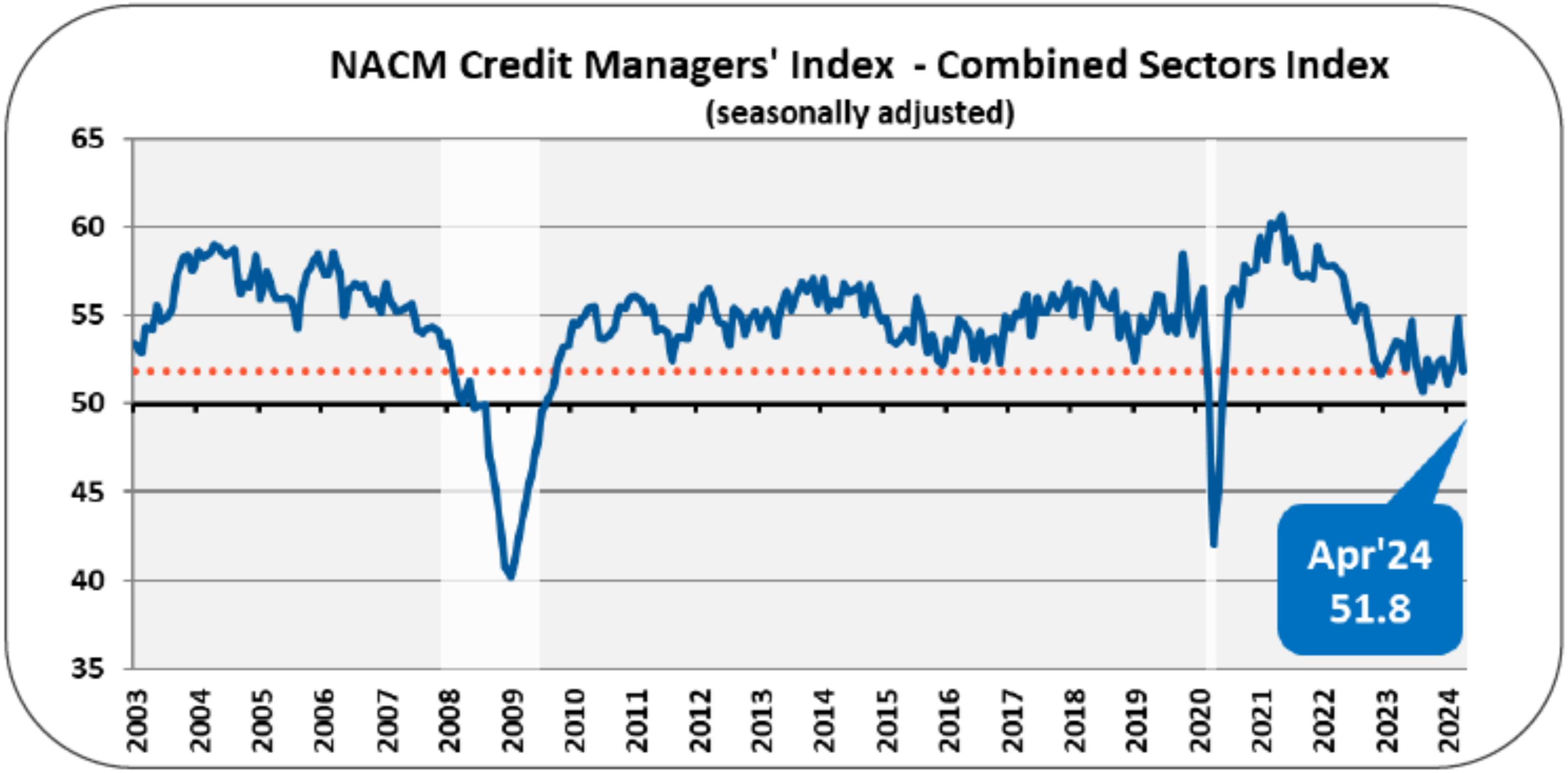
Private Indicators

National Association of Credit Management – Credit Managers' Index



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

Source: https://nacm.org/cmi.html; 4/30/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	Apr '23	May '23	Jun '23	Jul '23	Aug '23	Sep '23	Oct '23	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24
Sales	58.4	53.4	61.0	54.7	49.4	58.3	52.6	55.9	53.6	52.7	57.6	62.1	57.6
New credit applications	58.2	57.3	58.0	56.5	56.5	56.5	56.6	58.4	60.4	55.1	59.5	61.2	57.6
Dollar collections	61.0	56.7	61.0	56.3	52.5	58.6	56.5	59.4	58.7	56.1	59.0	61.2	54.9
Amount of credit extended	58.4	56.0	60.5	56.7	55.2	61.5	58.7	58.3	58.1	57.9	56.1	64.2	60.8
Index of favorable factors	**59.0**	**55.9**	**60.1**	**56.1**	**53.4**	**58.7**	**56.1**	**58.0**	**57.7**	**55.4**	**58.1**	**62.2**	**57.7**
Rejections of credit applications	47.8	48.8	53.3	50.5	50.0	49.2	49.7	48.8	49.1	50.7	47.9	51.5	49.0
Accounts placed for collection	46.7	45.7	48.1	47.7	44.9	47.0	45.4	44.6	45.8	44.6	42.9	45.7	44.7
Disputes	49.5	48.4	51.0	49.9	49.5	47.4	48.4	49.9	49.4	48.6	48.2	49.6	49.7
Dollar amount beyond terms	53.2	50.8	51.1	45.8	48.6	49.6	45.5	48.9	48.2	43.6	50.6	54.1	43.9
Dollar amount of customer deductions	49.6	52.8	50.8	50.7	50.6	47.4	48.8	51.2	50.5	50.1	49.5	49.9	50.0
Filings for bankruptcies	51.4	49.5	52.4	52.0	49.8	50.0	50.5	47.7	51.1	51.7	52.6	49.4	49.8
Index of unfavorable factors	**49.7**	**49.3**	**51.1**	**49.4**	**48.9**	**48.4**	**48.1**	**48.5**	**49.0**	**48.2**	**48.6**	**50.0**	**47.8**
NACM Combined CMI	**53.4**	**52.0**	**54.7**	**52.1**	**50.7**	**52.5**	**51.3**	**52.3**	**52.5**	**51.1**	**52.4**	**54.9**	**51.8**

Source: https://nacm.org/cmi.html; 4/30/24

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Private Indicators

National Federation of Independent Business (NFIB) April 2024 Report

Inflation Continues to Hinder Small Business Operations

"The NFIB Small Business Optimism Index rose by 1.2 points in April to 89.7, marking the first increase of this year but the 28th consecutive month below the 50-year average of 98. Twenty-two percent of owners reported that inflation was their single most important problem in their business, down three points from March but still the number one problem for small business owners." – Holly Wade, NFIB

"Cost pressures remain the top issue for small business owners, including historically high levels of owners raising compensation to keep and attract employees. Overall, small business owners remain historically very pessimistic as they continue to navigate these challenges. Owners are dealing with a rising level of uncertainty but will continue to do what they do best – serve their customers." – Bill Dunkelberg, Chief Economist, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 5/14/24

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Private Indicators

National Federation of Independent Business (NFIB) April 2024 Report

Key findings include:

- "The net percent of owners who expect real sales to be higher rose six points from March to a net negative 12% (seasonally adjusted).
- A seasonally adjusted net 12% of owners reported planning to create new jobs in the next three months, up one point from March's lowest level since May 2020.
- A net 26% (seasonally adjusted) of owners plan price hikes in April, down seven points and the lowest reading since April of last year.
- Forty percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up three points from March, which was the lowest reading since January 2021.
- The net percent of owners raising average selling prices fell three points from March to a net 25% seasonally adjusted.

As reported in NFIB's monthly jobs report, 56% of owners reported hiring or trying to hire in April, and of those hiring or trying to hire, 91% of owners reported few or no qualified applicants for the positions they were trying to fill.

Fifty-six percent of owners reported capital outlays in the last six months, unchanged from March. Of those making expenditures, 38% reported spending on new equipment, 24% acquired vehicles, and 16% improved or expanded facilities. Eleven percent spent money on new fixtures and furniture and 6% acquired new buildings or land for expansion. Twenty-two percent (seasonally adjusted) plan capital outlays in the next few months." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 5/14/24

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Private Indicators

National Federation of Independent Business (NFIB) April 2024 Report

"A net negative 13% of all owners (seasonally adjusted) reported higher nominal sales in the past three months. The net percent of owners expecting higher real sales volumes rose six points to a net negative 12% (seasonally adjusted).

The net percent of owners reporting inventory gains rose one point to a net negative 6%. Not seasonally adjusted, 12% reported increases in stocks and 17% reported reductions. A net negative 4% (seasonally adjusted) of owners viewed current inventory stocks as "too low" in April. A net negative 6% of owners plan inventory investment in the coming months.

The net percent of owners raising average selling prices fell three points from March to a net 25% seasonally adjusted. Twenty-two percent of owners reported that inflation was their single most important problem in operating their business, down three points from March.

Thirteen percent of owners reported lower average selling prices and 41% reported higher average prices. Price hikes were the most frequent in the finance (54% higher, 7% lower), retail (49% higher, 8% lower), construction (48% higher, 7% lower), manufacturing (40% higher, 7% lower), and wholesale (40% higher, 10% lower) sectors. Seasonally adjusted, a net 26% of owners plan price hikes in April.

Seasonally adjusted, a net 38% reported raising compensation in April. A net 21% (seasonally adjusted) of owners plan to raise compensation in the next three months, unchanged from March."
– Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 5/14/24

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Private Indicators

National Federation of Independent Business (NFIB) April 2024 Report

"Eleven percent of owners cited labor costs as their top business problem, up one point from March and two points below the highest reading of 13% reached in December 2021. Nineteen percent said that labor quality was their top business problem, remaining behind inflation as the number one issue.

The frequency of reports of positive profit trends was a net negative 27% (seasonally adjusted), two points better than March but still a very poor reading. Among owners reporting lower profits, 33% blamed weaker sales, 14% blamed the rise in the cost of materials, 13% cited usual seasonal change, and 12% cited labor costs. For owners reporting higher profits, 43% credited sales volumes, 26% cited usual seasonal change, and 11% cited higher selling prices.

Three percent of owners reported that all their borrowing needs were not satisfied, up one point from March. Twenty-eight percent of owners reported all credit needs met and 60% said they were not interested in a loan. A net 8% reported their last loan was harder to get than in previous attempts.

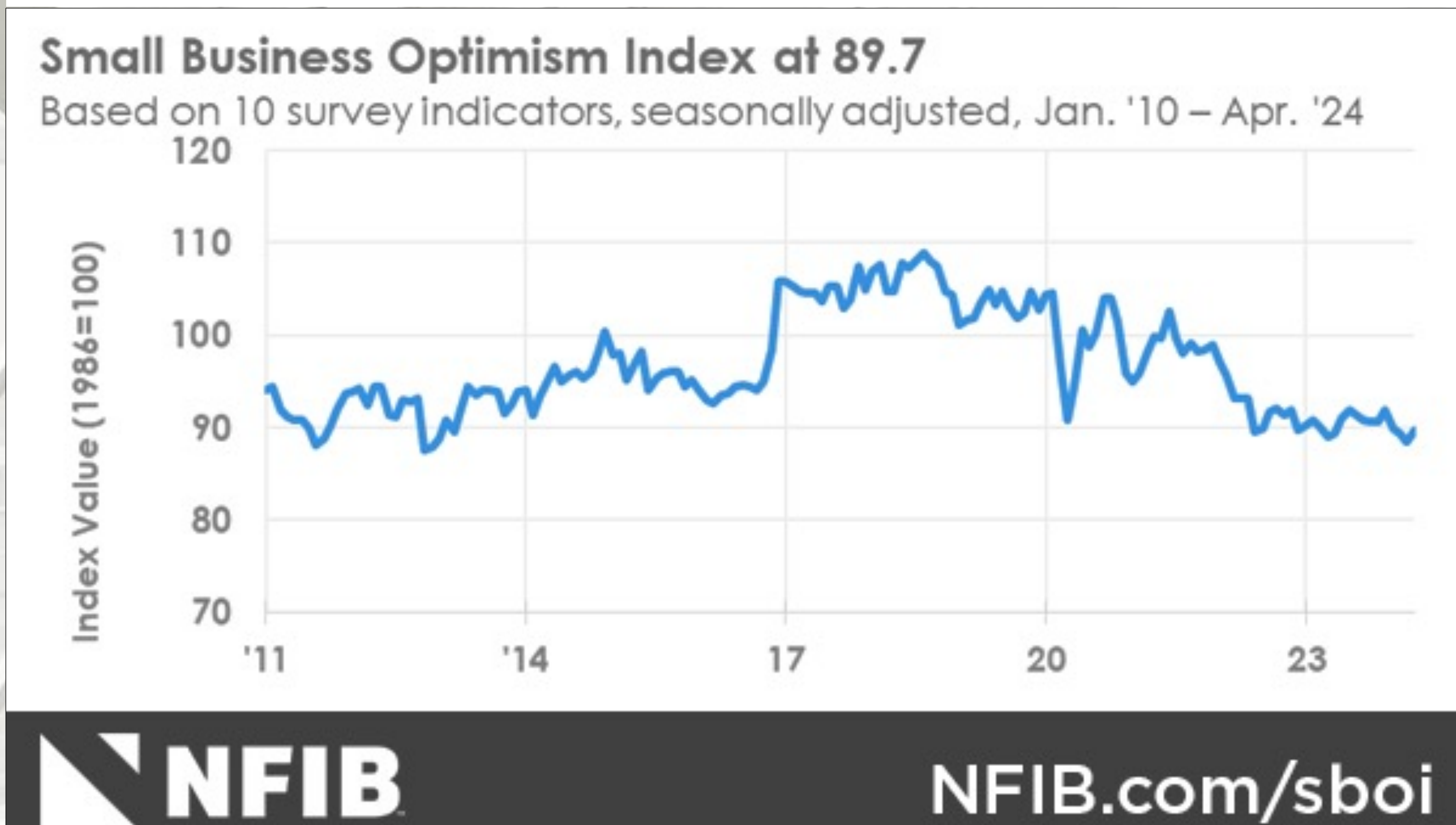
Four percent of owners reported that financing was their top business problem in April. A net 21% of owners reported paying a higher rate on their most recent loan, up four points from March.

The **NFIB Research Center** has collected Small Business Economic Trends data with quarterly surveys since the fourth quarter of 1973 and monthly surveys since 1986. Survey respondents are randomly drawn from NFIB's membership. The report is released on the second Tuesday of each month. This survey was conducted in April 2024." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 5/14/24

Private Indicators

National Federation of Independent Business (NFIB) April 2024 Report



Source: http://www.nfib.com/surveys/small-business-economic-trends; 5/14/24

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Private Indicators

National Federation of Independent Business (NFIB)
April 2024 Report

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	12%	▲ 1
Plans to Make Capital Outlays	22%	▲ 2
Plans to Increase Inventories	-6%	▲ 1
Expect Economy to Improve	-37%	▼ -1
Expect Real Sales Higher	-12%	▲ 6
Current Inventory	-4%	▲ 1
Current Job Openings	40%	▲ 3
Expected Credit Conditions	-9%	▼ -1
Now a Good Time to Expand	4%	— 0
Earnings Trends	-27%	▲ 2

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 5/14/24

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

U.S. Small Businesses Continue to Show Moderate Job Growth and Wage Inflation Continues to Moderate

"According to the Paychex Small Business Employment Watch, hourly earnings growth increased slightly to 3.34%, ending a nearly two-year trend of deceleration, and job growth slowed in April. U.S. small businesses with fewer than 50 employees continued to add jobs but at a slower pace with the Small Business Jobs Index standing at 100.12. The growth in weekly hours worked for employees also slowed for the 13th consecutive month, down -0.41% in April." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"Our jobs index remains over 100, indicating continued year-over-year employment growth, yet the pace of growth has slowed. Demand for qualified workers continues to outweigh supply, which may be forcing employers to consider offering higher wages to attract and retain talent.

Hourly earnings growth increased to 3.34% in April, ending a decline that began in mid-2022. We continue to see employers controlling hours worked as weekly earnings growth is below three percent again in April, indicating that while some workers are seeing increases in their hourly rate, they may not be taking more home" – John Gibson, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 4/30/24

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Jobs Index and Wage Data Highlights

- "At 100.12, the national jobs index continues to represent positive job gains but is down 1.06 percentage points from last year (101.18).
- Hourly earnings growth increased to 3.34% in April, marking the end of a steady deceleration that began mid-2022. However, as weekly hours worked growth (-0.41%) remains negative year-over-year, weekly earnings growth is below three percent again in April (2.88%).
- The West (3.75%) leads regional hourly earnings growth for the 11th consecutive month. Washington (4.91%) and Seattle (5.11%) tops states and metros, respectively, for hourly earnings growth among U.S. small business workers.
- The rate of small business job growth decelerated across all industries in April, though Education and Health Services (101.60) remains one of the strongest sectors for job growth.
- For the sixth consecutive month, Construction led growth among sectors in hourly earnings (3.85%), weekly earnings (3.80%), and weekly hours worked (0.28%)." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 4/30/24

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Private Indicators

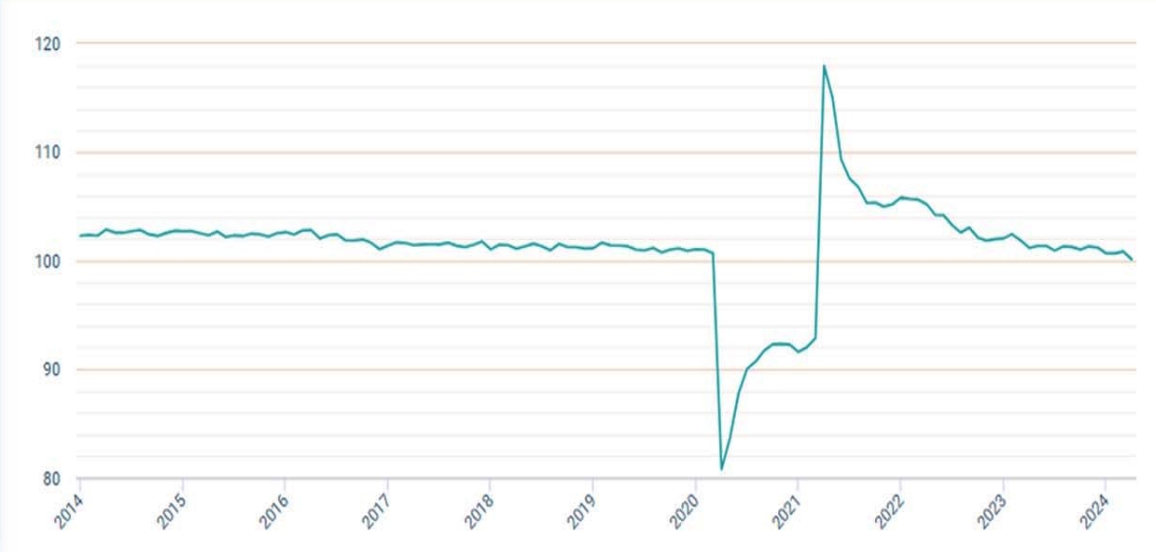
The Paychex | IHS Markit
Small Business Employment Watch

Small Business Jobs Index

Index

100.12

Historical Jobs Index Trend



Source: https://www.paychex.com/employment-watch; 4/30/24

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Demographics

Urban Institute

Why Are Fewer Young People Buying Homes When They Leave Their Parents' Place?

"Today's young adults are more likely to live longer with their parents and less likely to move into their own home when they leave. That's according to our new analysis of young adults' living arrangements, which found the average age young adults left their parents' homes rose from about 23 in the 1990s to roughly 26 in the 2010s. The share of young adults moving out of their parent's place and straight into home ownership has also steadily declined.

Although some young adults may live with their parents to save for home ownership, our prior research has shown those who stay with their parents longer are less likely to be home owners 10 years later, compared with those who moved out as either home owners or renters. People who buy their homes after age 35 also have substantially less housing wealth in their sixties compared with those who buy before age 35. This suggests that if we don't address these challenges, delaying home ownership is likely to have long-term financial consequences for many of today's young people.

Using data from the Panel Study of Income Dynamics, we explored what factors might be driving more young people to delay home ownership and instead stay with their parents longer or move out as renters. We found that since 1990, the share of young adults starting as home owners in states with the highest home prices has fallen substantially, suggesting that increasingly unaffordable housing markets play a role in whether young people move into home ownership." – Jung Hyun Choi, Principal Research Associate and Amalie Zinn, Research Analyst; Urban Institute

Source: https://www.urban.org/urban-wire/why-are-fewer-young-people-buying-homes-when-they-leave-their-parents-place; 4/17/24

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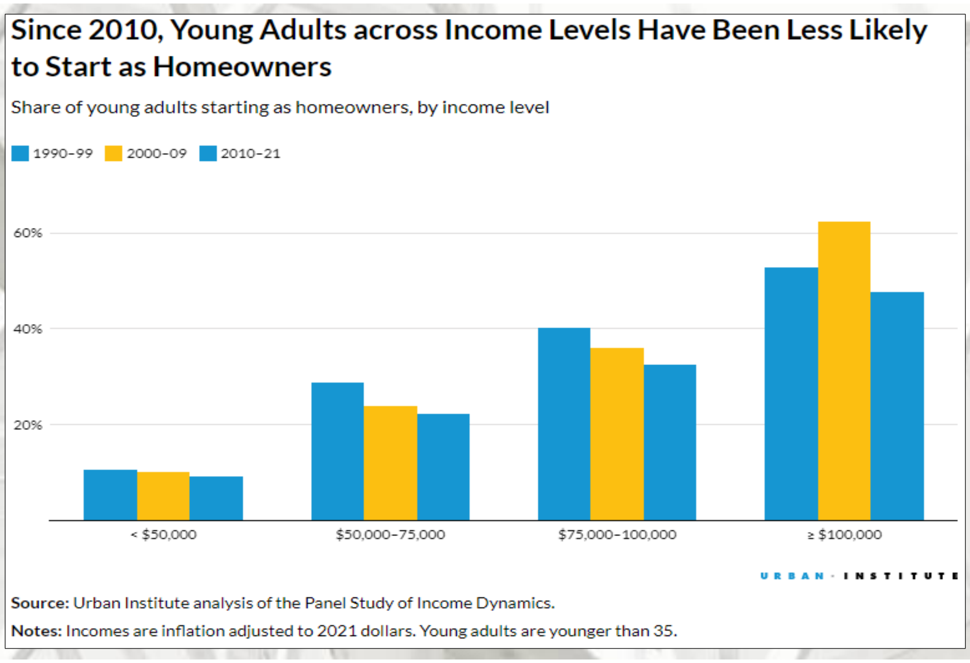
Demographics

Urban Institute

Even young adults with higher incomes are less likely to start as home owners



"Between 1990 and 2009, young adults were more likely to leave their parents at a later age than in prior decades, but about 20 percent of young adults became home owners when they left. Since 2010, this number has dropped below 18 percent. Home prices, especially at the lower end of the market, increased rapidly during this period. Although young adults with higher incomes are more likely to start as home owners, even those in the highest-earning group have been less likely to start as home owners since 2010." – Jung Hyun Choi, Principal Research Associate and Amalie Zinn, Research Analyst; Urban Institute

Source: https://www.urban.org/urban-wire/why-are-fewer-young-people-buying-homes-when-they-leave-their-parents-place; 4/17/24

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Urban Institute

The likelihood of young adults starting as home owners has declined in states with high home prices

"To understand how local housing markets might affect home ownership rates among young people, we put states into three categories – high-, medium-, and low-cost markets – using median home sales prices in January 2021. Because the 10 states with the highest home prices have higher populations, we grouped these states into the high-cost category and divided the remaining states into the medium- and low-cost groups.

From 2010 to 2021, the average age young adults moved out was around 26 or 27 years old in all three categories. This suggests that even in the most expensive markets, young adults do not delay moving out once they reach a certain age.

The share of young adults starting as home owners has remained relatively stable over time in lower-cost markets, but it has fallen in the 10 most expensive states. Even as home prices have increased, young people have continued to move to areas with the highest housing costs, such as California; Washington, DC; New York; Massachusetts; and Washington, attracted by their superstar cities, which offer better job opportunities and amenities.

According to Census Bureau data, overall home ownership rates in the US have remained largely stable in all three cost categories in recent decades. In the highest-cost states, the overall home ownership rate increased from 57 percent in 1990 to 59 percent in 2022, while the home ownership rate among young adults declined by 3 percentage points over the same period. This suggests that starting as home owners has become more difficult for young adults, especially in areas where housing became more unaffordable." – Jung Hyun Choi, Principal Research Associate and Amalie Zinn, Research Analyst; Urban Institute

Source: https://www.urban.org/urban-wire/why-are-fewer-young-people-buying-homes-when-they-leave-their-parents-place; 4/17/24

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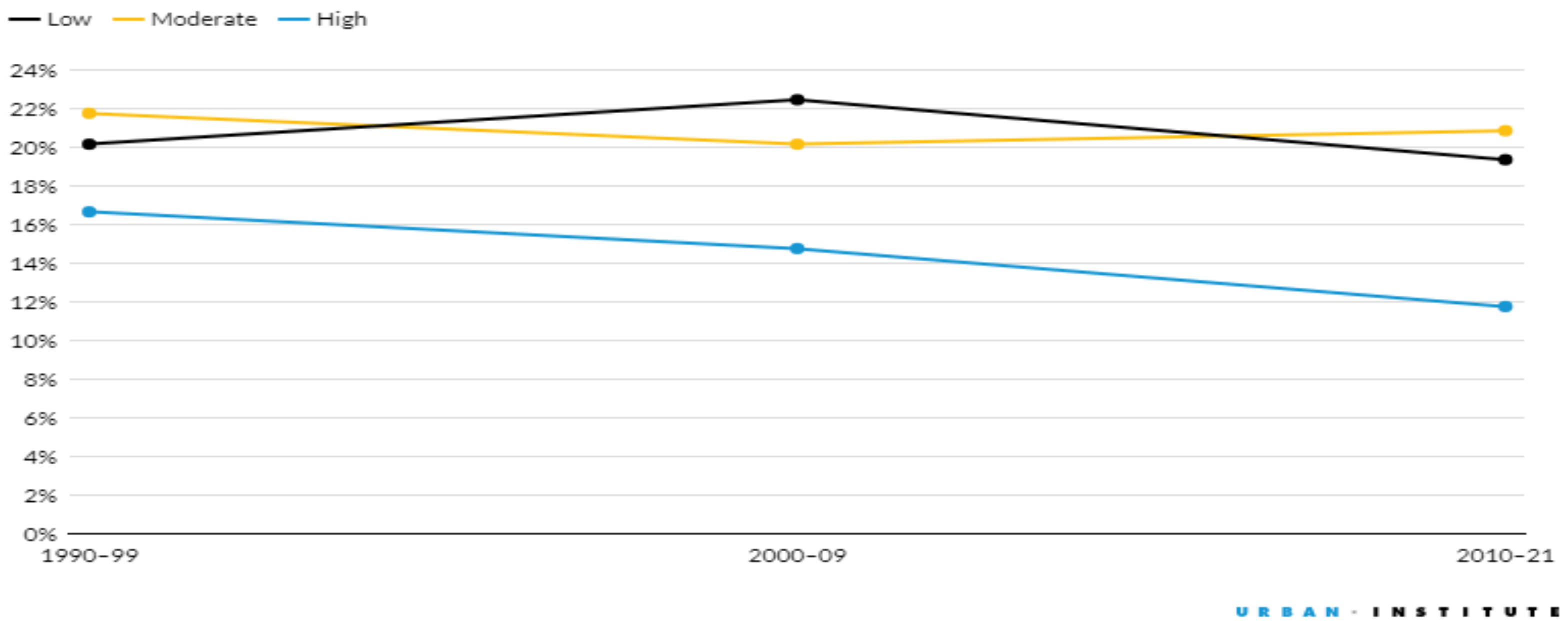
Urban Institute

The likelihood of young adults starting as home owners has declined in states with high home prices

The Share of Young Adults Starting as Homeowners in High-Cost Markets Has Steadily Declined since 1990

Share of young adults starting as homeowners, by cost of housing market



Source: Urban Institute analysis of 1990–2021 Panel Study of Income Dynamics.

Notes: High, moderate, and low housing-cost categories are calculated based on 2021 median home values. Washington, DC, is included as a high-cost market. Young adults are younger than 35.

Source: https://www.urban.org/urban-wire/why-are-fewer-young-people-buying-homes-when-they-leave-their-parents-place; 4/17/24

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Demographics

Urban Institute

Parent home ownership and wealth still matter but less so in today's high-cost markets

"Children of home owning parents are more likely to start as home owners when they move out. About 21 percent of young adults whose parents owned a home started as home owners from 2010 to 2021, compared with just 10 percent of those with parents who rent. This percentage has remained largely the same since 1990.

Parental wealth also matters. In general, young adults with wealthier parents have been more likely to own a home when they move out. Recently, however, this trend has shifted: since 1990, the share of young adults who start as home owners has continuously declined among those with the wealthiest parents.

Although more research is needed, one potential explanation is that parents whose wealth exceeds $200,000 are concentrated in higher-cost markets, which have become unaffordable for younger adults. More than 80 percent of young adults who moved out of their parent's home continue to live in the same state as their parents. Among young adults with the wealthiest parents who have moved out of their parent's home, the highest share (about 41 percent) live in high-cost markets.

As homes have become more unaffordable, more young adults plan to get family support to buy a home. According to a nationally representative Redfin survey, 36 percent of young Americans plan to use cash from their family to fund a down payment on a home in 2024 – double the share in 2019. For young adults without family resources to rely on, accessing home ownership will likely become more challenging." – Jung Hyun Choi, Principal Research Associate and Amalie Zinn, Research Analyst; Urban Institute

Source: https://www.urban.org/urban-wire/why-are-fewer-young-people-buying-homes-when-they-leave-their-parents-place; 4/17/24

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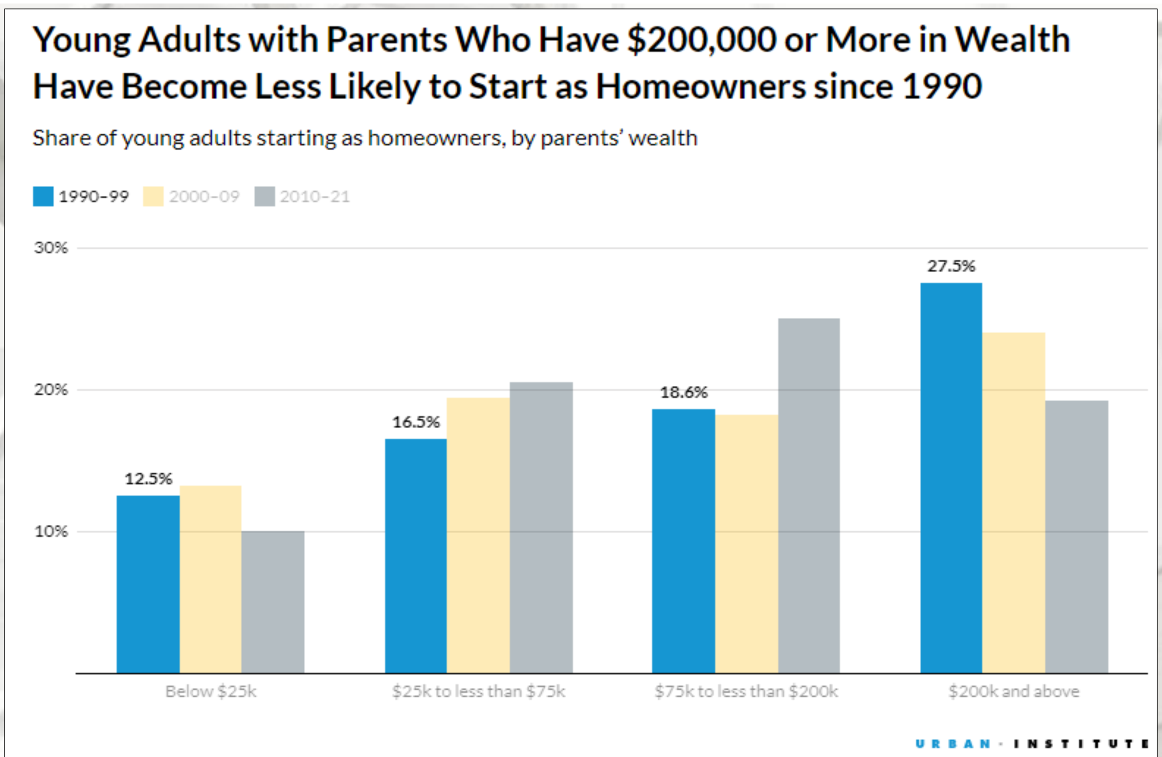
Parent home ownership and wealth still matter but less so in today's high-cost markets



Source: Urban Institute analysis of the Panel Study of Income Dynamics.
Notes: Parent wealth is inflation adjusted to 2021 dollars. Young adults are younger than 35.

"Given the substantial rise in interest rates over the past two years, it's likely the share of young adults starting as home owners has continued to decline, even in less expensive markets." – Jung Hyun Choi, Principal Research Associate and Amalie Zinn, Research Analyst; Urban Institute

Source: https://www.urban.org/urban-wire/why-are-fewer-young-people-buying-homes-when-they-leave-their-parents-place; 4/17/24

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Urban Institute

How policymakers can support young home buyers

"Addressing barriers to moving into home ownership will require a comprehensive approach. Policymakers could consider policies that make buying a home more financially feasible for young, first-time home buyers. The Biden administration's recent proposals – which would provide tax credits to first-time home buyers and down payment support to first-generation home buyers, who are more likely to have less financial support from their parents– could help more young people become home owners.

Improving young adults' home ownership outlook will also require increasing the supply of affordable homes. Policymakers at the local level could reform zoning and other land-use laws to allow for increased density and more types of housing, such as multifamily housing, low-density infill housing, and manufactured housing, which is inherently less expensive.

Federal policymakers could also provide communities incentives to increase their housing supply. They could reward communities who update local zoning and land-use laws to increase the supply of affordable housing, as proposed in the Biden administration's competitive innovations grants (PDF) program. Alternatively, federal policymakers could take a more punitive approach and condition federal funds on land-use rules that encourage development.

By improving housing supply and creating opportunities for young people – especially those with lower incomes or whose parents have less wealth – to become home owners, policymakers can help millions of young people move out of their parents' basement and into their own homes." – Jung Hyun Choi, Principal Research Associate and Amalie Zinn, Research Analyst; Urban Institute

Source: https://www.urban.org/urban-wire/why-are-fewer-young-people-buying-homes-when-they-leave-their-parents-place; 4/17/24

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Demographics

Redfin

'Til Death Do Us Part: More Than Three-Quarters of Baby Boomers Plan to Stay In Their Home As They Grow Older

Older Americans who own their home are staying put largely because they're financially incentivized to do so. It's contributing to the shortage of homes for sale.

"We asked baby boomers in a recent survey what they anticipate their living situation to be as they grow older. The most common response: staying right where they are. More than three-quarters (78%) of older American home owners plan to stay in their current home as they age. That's by far the most common aging plan for older home owners.

The next most common plan is moving to a 55+ community; one in five (20%) baby boomers are considering moving into a 55+ community or have already done so. Next comes moving in with adult children, with 10% of baby boomers citing that as a possible plan, and moving to an assisted-living facility (10%). Those are followed by moving in with friends (6%).

This is according to a Redfin survey conducted in February 2024. This report focuses on the 838 responses from baby boomers (60-78 years old) and 62 members of the Silent Generation (79+; over half of respondents from the Silent Generation were aged 79-81) who own their home, and their responses to a question about how likely they are to consider each of the aging plans outlined above. Respondents could choose "definitely considering," "probably will consider," "have already done this," "might or might not consider," "probably will not consider" or "definitely not considering" for each option. When we say "plan" in this report, we're referring to the respondents who said they're definitely or probably considering or "have already done this." A more detailed methodology is at the end of this report.

The results from baby boomers who *rent* their home are similar to the results for home owners noted in this report. " – Dana Anderson, Data Journalist; Redfin

Source: https://www.redfin.com/news/baby-boomers-aging-in-place/; 4/2/24

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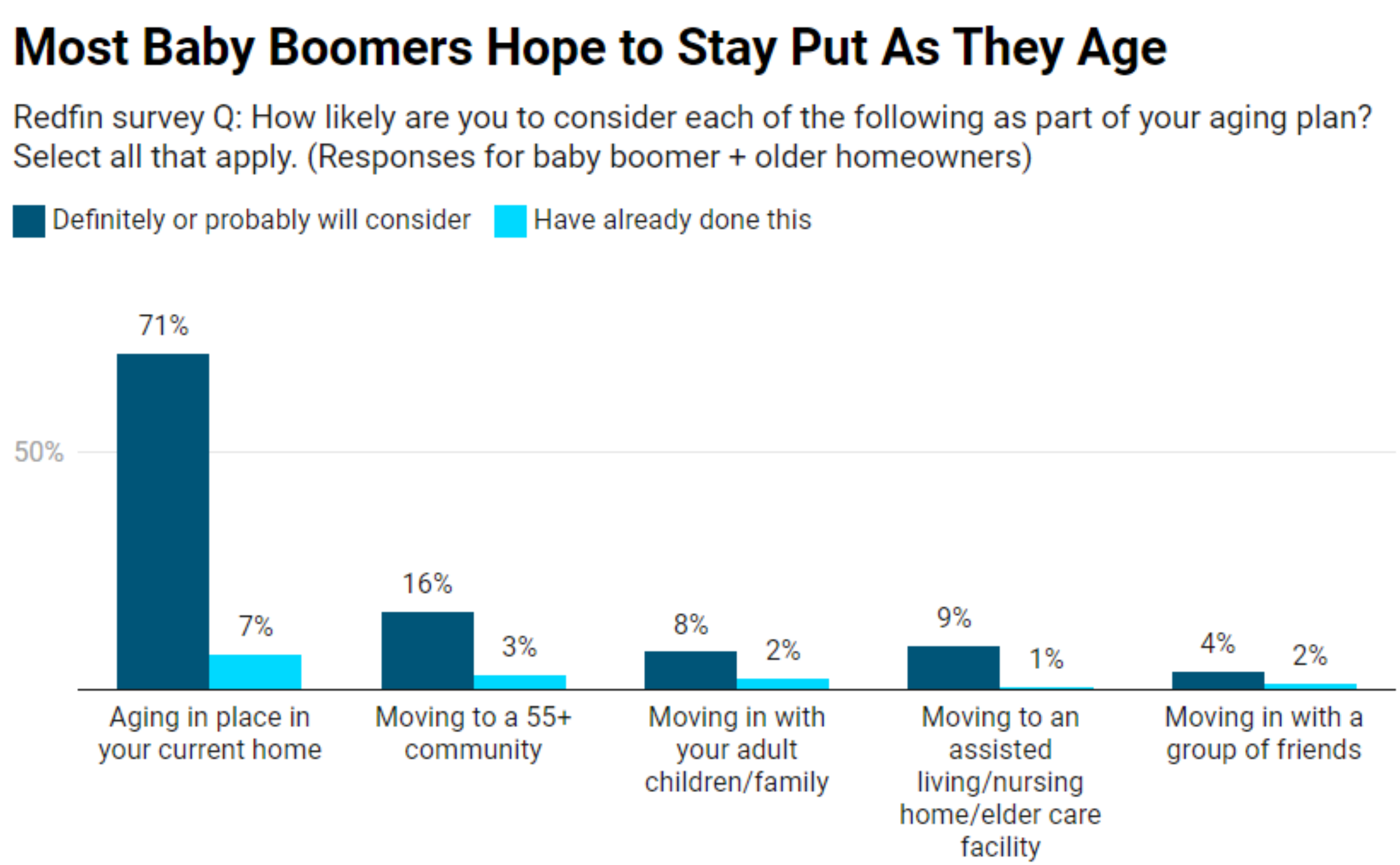
Demographics



Source: https://www.redfin.com/news/baby-boomers-aging-in-place/; 4/2/24

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Demographics

Redfin

'Til Death Do Us Part: More Than Three-Quarters of Baby Boomers Plan to Stay In Their Home As They Grow Older

Aging in place is already contributing to the housing shortage, and is likely to continue doing so

"The fact that the vast majority of baby boomer home owners plan to age in place could prolong the shortage of homes for sale. Inventory is sitting at historically low levels (though new listings have started climbing in recent months) in large part because home owners who scored ultra low mortgage rates during the pandemic are staying put to avoid taking on a new rate at today's elevated levels. Many of those home owners are baby boomers.

Baby boomers staying put is one reason young Americans are having a hard time finding a family home, according to a separate Redfin analysis. It found that empty-nest baby boomers own 28% of three-bedroom-plus U.S. homes, while millennials with kids own just 14%. Baby boomers have an outsized impact on the housing market because they're most likely to own homes: Nearly 80% of boomers own the home they live in, compared to 55% of millennials.

Another Redfin analysis found that older Americans staying in their homes is already a driving force behind increasing home owner tenure and the lack of homes for sale: More than half of baby boomers have lived in their home for over 10 years. Low inventory pushes home prices up, exacerbating the housing affordability problem in this country." – Dana Anderson, Data Journalist; Redfin

Source: https://www.redfin.com/news/baby-boomers-aging-in-place/; 4/2/24

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Demographics

Redfin

'Til Death Do Us Part: More Than Three-Quarters of Baby Boomers Plan to Stay In Their Home As They Grow Older

Older Americans are staying put because it makes financial sense

"Baby boomers are holding onto their homes largely because there's not much financial incentive to let go of them. Most (54%) boomers who own homes have no mortgage, and for those who *do* have a mortgage, nearly all have a much lower interest rate than they would if they sold and bought a new home. Tax systems in some states, like California and Texas, also make it financially beneficial for people to stay in their homes as they age. And with medical and tech advancements, it's increasingly possible for people to stay in their homes as they get older.

"Older Americans are aging in place because it makes financial sense, but also because it's human nature to avoid thinking about challenging scenarios such as needing help as you get older," said Redfin Chief Economist Daryl Fairweather. "In reality, many home owners and renters will need to move somewhere that better meets their needs as they age, like a senior-living community or a one-story home in an accessible neighborhood. But the government isn't prioritizing building housing for seniors, which is further encouraging older Americans to stay put, exacerbating the inventory shortage. Politicians should focus on expanding housing stock that meets the needs of older Americans, which could help with housing affordability and availability for all."

More than half (51%) of baby boomers who aren't planning to sell their home anytime soon say it's because they like their home and have no reason to move, according to the same Redfin survey. More than a quarter (27%) say it's because their home is completely or almost paid off, and roughly one in five (21%) are staying put because home prices are now too high. " – Dana Anderson, Data Journalist; Redfin

Source: https://www.redfin.com/news/baby-boomers-aging-in-place/; 4/2/24

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Economics

U.S. Bank Freight Payment Index™

Q1 2024

Q1 2024 National Freight Market Overview

"The truck freight market continued to underperform the broader economy during the first quarter. This is reflected in the U.S. Bank National Shipments Index, as it contracted significantly from both the final quarter of 2023 and a year earlier. Several factors contributed to declining truck freight levels during the first three months of the year, including bad winter weather in many parts of the country. While there are indications that freight levels rebounded slightly in February, a strong March freight market didn't materialize as it would during a typical first quarter.

While this was a tough season for motor carriers, shipper spend fell substantially during the first quarter. In the end, shipping capacity was still high compared with the amount of freight available, leading to lower spend.

Many sectors of the economy generate truck freight, but household consumption of goods was one major factor in freight volumes contracting during the first quarter. While retail sales grew modestly, they were far too low to generate significant additional truck freight. Reviewing available Census Bureau data, retail sales were up in the 0.5% to 1.5% range compared with a year ago. However, if adjusted for inflation, retail sales likely fell in the 1.5% to 2.5% range, which is a better indicator of freight volumes because it removes price effects." – Bob Costello, Chief Economist and Senior Vice President of International Trade and Security Policy; American Trucking Associations

Source: https://engage.usbank.com/index.php/email/emailWebview; 5/2/24

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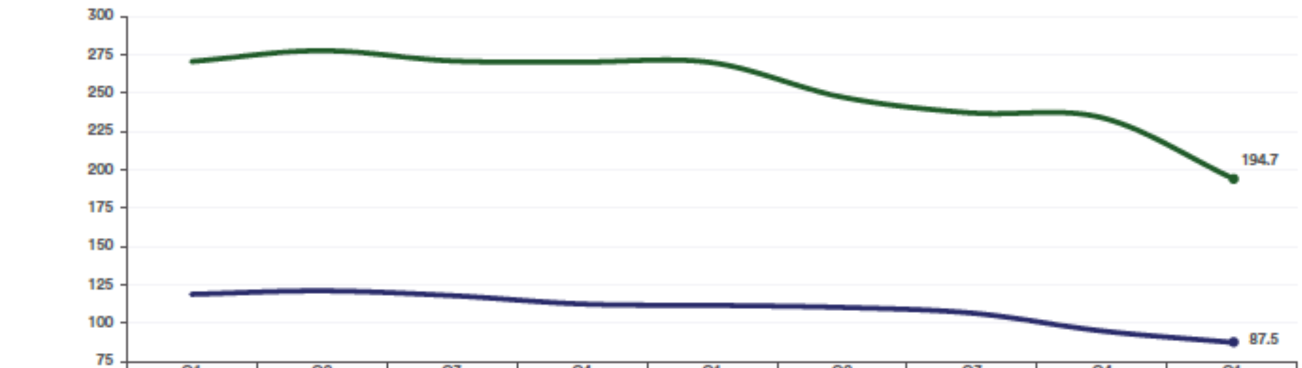
Economics

U.S. Bank Freight Payment Index™

Q1 2024



	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Spend	270.7	277.6	271.0	270.4	269.9	247.4	237.1	233.9	194.7
Shipments	118.9	121.1	118.0	112.6	111.7	110.3	106.6	95.0	87.5

Shipments	
Index value	87.5
Quarterly % change	-7.8% ▼
Yearly % change	-21.6% ▼

Spend	
Index value	194.7
Quarterly % change	-16.8% ▼
Yearly % change	-27.9% ▼

Q1 2024 National Freight Market Overview

"Other sources of freight, like home construction and factory output, were flat during the quarter, also impacting shipment volumes. Furthermore, international trade was affected by various factors that slowed shipments, including the conflict in the Red Sea targeting cargo ships. According to the 2024 Q1 U.S. Trade Report, West Coast ports saw an increase in imports, while reductions occurred in southern and eastern ports due to re-routing from the Suez and Panama Canals. Many ships were forced to adjust routes, adding significantly (up to two weeks) to transit times, making for a challenging quarter for truck freight." – Bob Costello, Chief Economist and Senior Vice President of International Trade and Security Policy; American Trucking Associations

Source: https://engage.usbank.com/index.php/email/emailWebview; 5/2/24

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Economics

The Federal Reserve Bank of St. Louis

The Broad, Continuing Rise in U.S. Credit Card Debt Delinquency

"In August 2023, a *Regional Economist* article described a recent rise in credit card debt delinquencies. In this blog post, we highlight that the increase in U.S. credit card delinquencies has continued. While the incidence varies, rising delinquency is pervasive across geographies and different metrics.

We base our analysis on quarterly data from the Federal Reserve Bank of New York's Equifax Consumer Credit Panel. A credit card account is delinquent if payments are 30 days or more late. We look at two variables – the percentage of people in delinquency and the percentage of debt in delinquency – from the first quarter of 1999 through the first quarter of 2024, a 25-year period, for those ages 20 to 64. In addition, we divide U.S. ZIP codes into deciles based on per capita aggregate gross income in 2019, derived from IRS individual income tax data. To better understand the broadness of the surge in credit card delinquency, we display data for the U.S., the Federal Reserve's Eighth District, the richest 10% of ZIP codes and the poorest 10% of ZIP codes.

The Growing Share of Individuals in Credit Card Delinquency

The figure below depicts the percentage of people in delinquency. This is an important statistic because it describes the share of the population that is struggling to repay its debt. Delinquency rates are plotted on a logarithmic scale, which makes it easier to compare how they have changed over time despite differences in level." – Juan Sánchez, Economist and Senior Economic Policy Advisor and Masataka Mori, Research Associate; The Federal Reserve Bank of St. Louis

Source: https://www.stlouisfed.org/on-the-economy/2024/may/broad-continuing-rise-us-credit-card-debt-delinquency; 5/14/24

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Economics

The Federal Reserve Bank of St. Louis

The Broad, Continuing Rise in U.S. Credit Card Debt Delinquency

“It is worth noting that delinquency in the populations we examined showed an increase for the last eight to 11 quarters. Although widespread, the increase is more notable in the poorest ZIP codes, where delinquency grew from 11% in the second quarter of 2021 to 17.4% in the first quarter of 2024 – 58% in relative terms. Furthermore, in the first quarter of 2024, the U.S., Eighth District and poorest 10% of ZIP codes were at 94.8%, 93.7% and 93.6% of their peaks, respectively, for the period we examined.

The Increasing Percentage of Credit Card Debt in Delinquency

The following figure shows the percentage of U.S. credit card debt in delinquency. This statistic is most commonly used to describe the incidence on lenders’ balance sheets. This variable grew in every region we examined for the last three to seven quarters. And for each region, the percentage of debt in delinquency has increased at least 32.2% in relative terms since its last trough. The richest 10% of ZIP codes have experienced the greatest proportional increase; their delinquency rate climbed from 4.8% in the second quarter of 2022 to 7.4% in the first quarter of 2024, or 54% in relative terms. For the poorest 10% of ZIP codes, the delinquency rate increased from 14.9% in the third quarter of 2022 to 21% in the first quarter of 2024, or 41% in relative terms.” – Juan Sánchez, Economist and Senior Economic Policy Advisor and Masataka Mori, Research Associate; The Federal Reserve Bank of St. Louis

Source: https://www.stlouisfed.org/on-the-economy/2024/may/broad-continuing-rise-us-credit-card-debt-delinquency; 5/14/24

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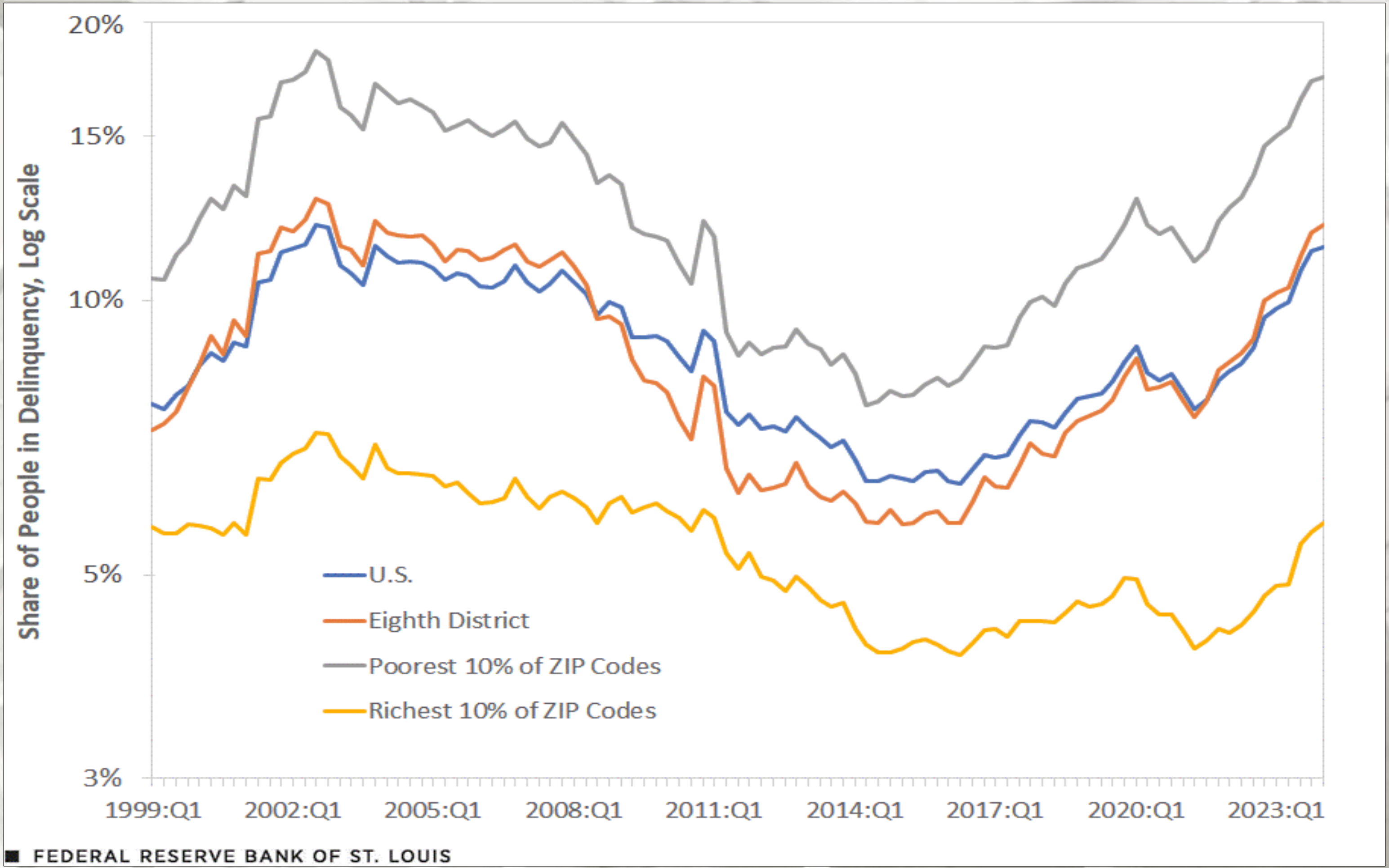
The Federal Reserve Bank of St. Louis

The Percentage of People with Delinquent Credit Card Debt Continues to Rise



Source: https://www.stlouisfed.org/on-the-economy/2024/may/broad-continuing-rise-us-credit-card-debt-delinquency; 5/14/24

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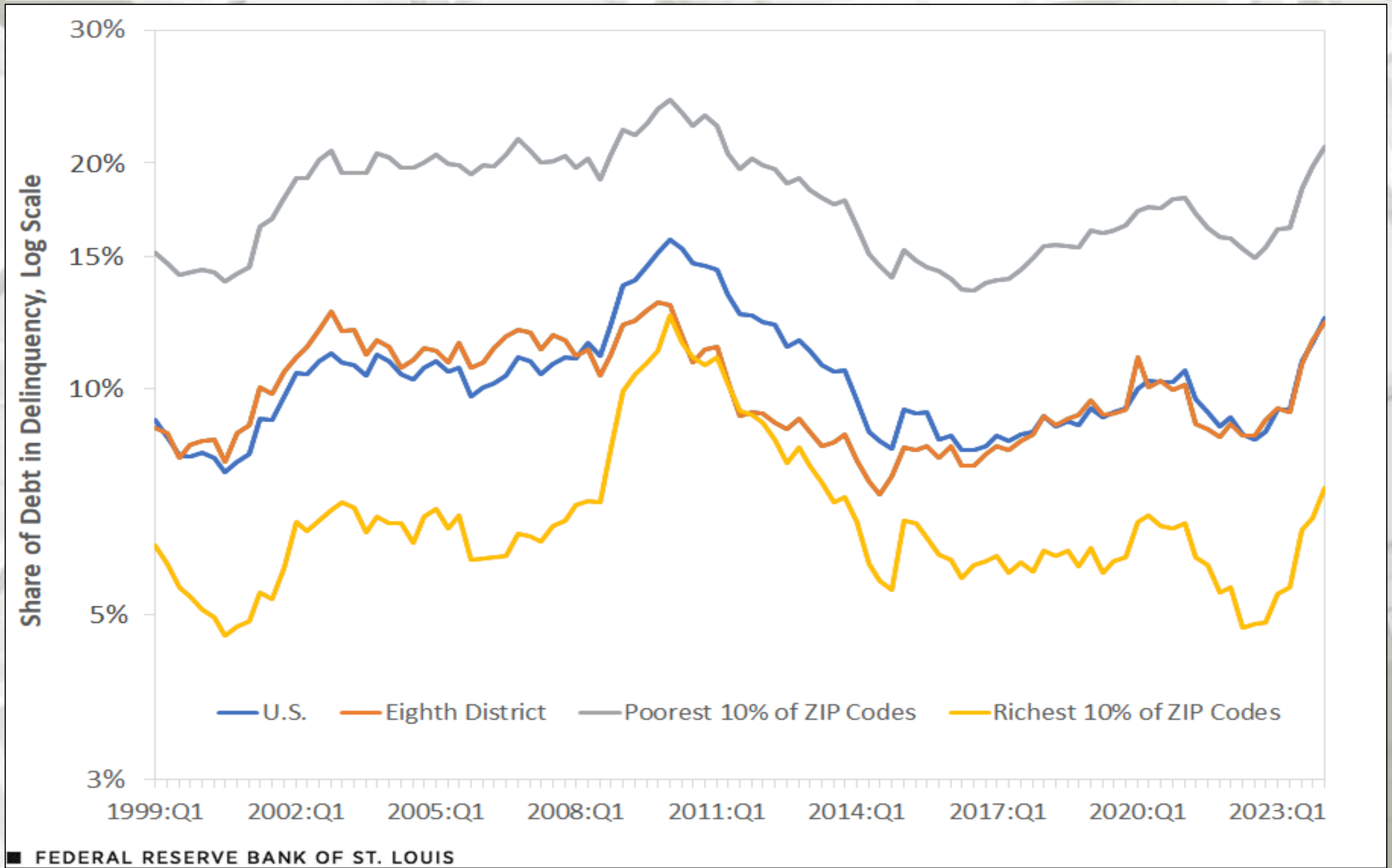
The Federal Reserve Bank of St. Louis

The Percentage of Credit Card Debt That Is Delinquent Continues Climbing



Source: https://www.stlouisfed.org/on-the-economy/2024/may/broad-continuing-rise-us-credit-card-debt-delinquency; 5/14/24

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The Federal Reserve Bank of St. Louis

The Broad, Continuing Rise in U.S. Credit Card Debt Delinquency

The Increasing Percentage of Credit Card Debt in Delinquency

"What's behind this trend of rising credit card delinquency? One likely explanation is that delinquency rates are returning to historically more normal levels following extraordinarily low numbers during the COVID-19 pandemic, probably caused by temporary assistance programs.

However, present levels of credit card delinquency are greater than pre-pandemic levels, suggesting that a trend which began prior to the pandemic has accelerated. How much of this increase can be attributed to higher interest rates and tighter monetary policy? How long will it take for deterioration in household financial conditions to impact consumption? Examining these questions is part of our ongoing research." – Juan Sánchez, Economist and Senior Economic Policy Advisor and Masataka Mori, Research Associate; The Federal Reserve Bank of St. Louis

Source: https://www.stlouisfed.org/on-the-economy/2024/may/broad-continuing-rise-us-credit-card-debt-delinquency; 5/14/24

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

March 2024

Business Applications

“Business Applications for March 2024, adjusted for seasonal variation, were 435,629, virtually unchanged from March 2024.

Business Formations

Projected Business Formations (within 4 quarters) for March 2024, adjusted for seasonal variation, were 28,492, a decrease of 0.2 percent compared to March 2024. The projected business formations are forward looking, providing an estimate of the number of new business startups that will appear from the cohort of business applications in a given month. It does not provide an estimate of the total number of business startups that appeared within a specific month. In other words, the Census Bureau is projecting that 28,492 new business startups with payroll tax liabilities will form within 4-quarters of application from all the business applications filed during March 2024. The 0.2 percent decrease indicates that for March 2024 there will be 0.2 percent fewer businesses projected to form within 4-quarters of application, compared to the analogous projections for March 2024.” – U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 4/11/24

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Economics

Deloitte Touche Tohmatsu Limited

State of the US Consumer: April 2024

Financial well-being holds steady, but sticky inflation likely weighs on spending sentiment

Rising costs in major categories like housing could drive consumers to seek more cost-saving opportunities.

- "Deloitte's US financial well-being index held steady at 98.7 in March, unchanged from the previous month and down slightly from 99.7 a year ago (figure 1).
- Inflation rose to 3.5% in March due to increased monthly energy prices and elevated shelter-related inflation (figure 10).
- Consumers' forward-looking monthly spending intentions for housing and utilities have gradually climbed over the past year (figure 3).
- Rising cost pressures – particularly in major categories like housing and energy – likely continue to weigh on consumer spending sentiment. Consumer monthly spending intentions remain weak across discretionary categories relative to 2021 (figure 2).
- Decreased monthly spending intentions have been particularly pronounced in discretionary categories such as clothing. While more moderate, decreases occur in non-discretionary categories like groceries (figure 3)." – Anthony Waelter, US Consumer Industry Leader and Stephen Rogers, Managing Director; Deloitte Touche Tohmatsu Limited

Source: https://engage.usbank.com/index.php/email/emailWebview; 5/2/24

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Economics

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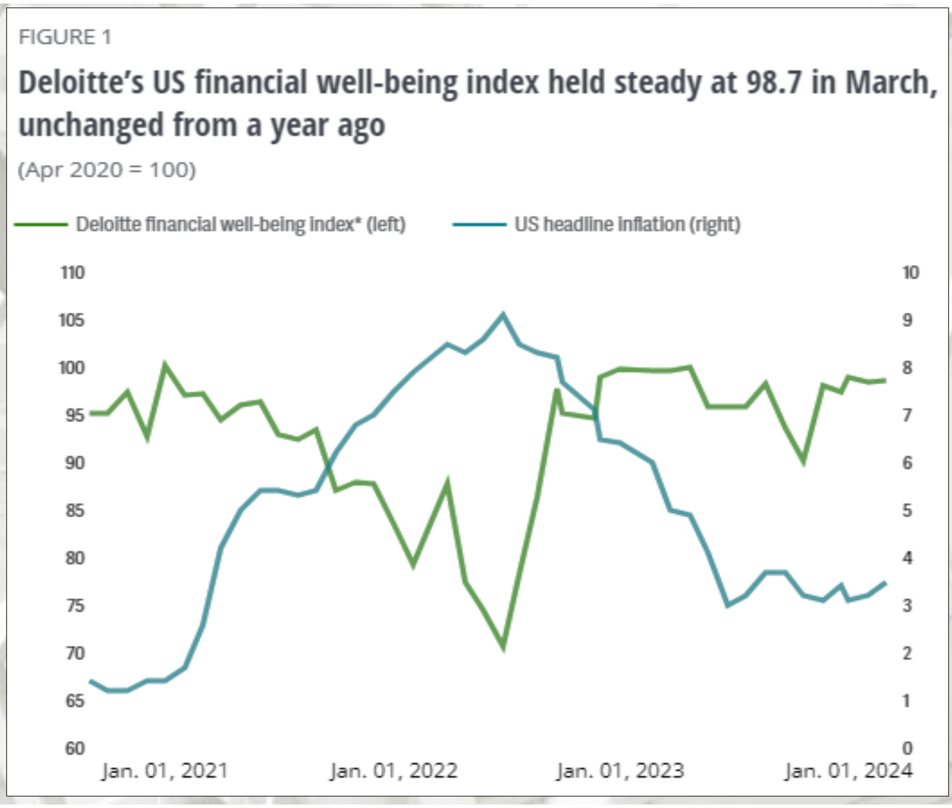
State of the US Consumer: April 2024

Financial well-being holds steady, but sticky inflation likely weighs on spending sentiment



- "In contrast, leisure travel sentiment remains exceptionally strong. Leisure travel spending intentions and hotel and flight-booking intentions are even year on year, suggesting a solid summer 2024 travel season similar to 2023 (figures 3 and 4)." – Anthony Waelter, US Consumer Industry Leader and Stephen Rogers, Managing Director; Deloitte Touche Tohmatsu Limited

Source: https://engage.usbank.com/index.php/email/emailWebview; 5/2/24

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Economics

Deloitte Touche Tohmatsu Limited

State of the US Consumer: April 2024

Financial well-being holds steady, but sticky inflation likely weighs on spending sentiment

FIGURE 2

Total monthly spending intentions continue moving sideways, with discretionary spending still traveling below the 2021 baseline

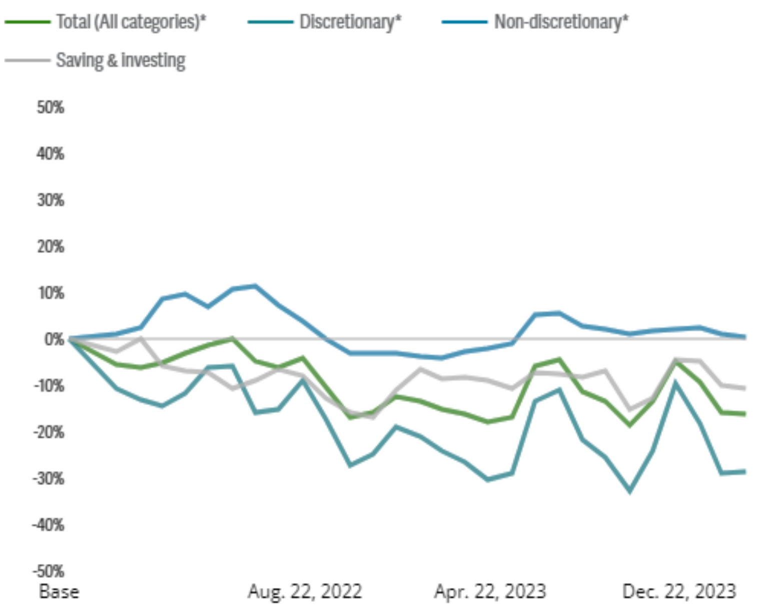
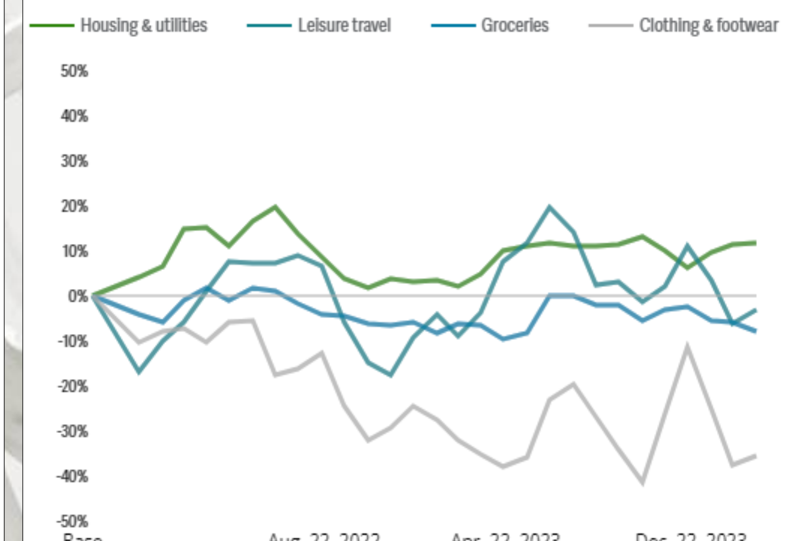


FIGURE 3

Spending intentions for housing continue to climb, potentially driving consumers to other categories for cost-saving opportunities

Estimated monthly spending intentions (% change, exponential moving avg., Sept/Oct/Nov as base)



Source: https://engage.usbank.com/index.php/email/emailWebview; 5/2/24

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Economics

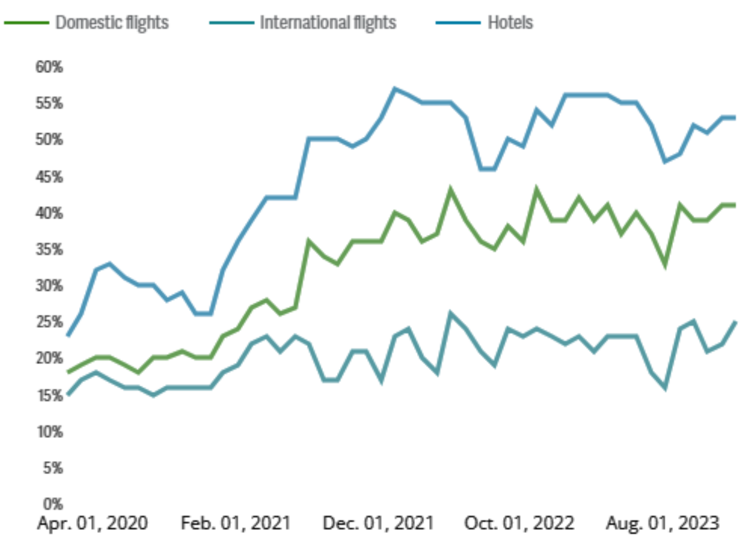
Deloitte Touche Tohmatsu Limited

State of the US Consumer: April 2024

FIGURE 4

Forward-looking leisure travel booking intentions remain healthy ahead of the 2024 summer season

% of respondents very likely/likely to book for leisure within the next 3 months



"Notes: In figure 1, Deloitte's financial well-being index* is measured across six dimensions of financial health: (1) confidence in the ability to meet current financial obligations; (2) comfort with level of savings; (3) income relative to spending; (4) delays in making large purchases; (5) assessment of current personal financial situation compared to prior year; and (6) expectations of personal financial situation for the year ahead. Higher index values represent stronger financial well-being. In figure 2, total spending intentions include housing (including utilities and maintenance), transportation, groceries, health care, clothing, household goods, personal care, education, internet and data, recreation and entertainment, leisure travel, restaurants, electronics, and home furnishings. Non-discretionary categories include housing, transportation, groceries, and health care. Discretionary categories include clothing, household goods, personal care, education, internet and data, recreation and entertainment, leisure travel, restaurants, electronics, and home furnishings." – Anthony Waelter, US Consumer Industry Leader and Stephen Rogers, Managing Director; Deloitte Touche Tohmatsu Limited

Source: https://engage.usbank.com/index.php/email/emailWebview; 5/2/24

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Economics

Morgan Stanley

Why Recession Is No Longer a Remote Risk

Amid robust growth and stubborn inflation, a boom-bust scenario for the economy looms larger.

Key Takeaways

- "Despite a likely delay to Fed rate cuts, stocks have held up well, due to solid corporate earnings and optimism about a near-term "no landing" economic scenario.
- Morgan Stanley's intermediate-term outlook has dimmed, however, with odds of a recessionary "hard landing" or "stagflation" rising to 25%-30%.
- Widening economic disparities between companies and households may be leaving the U.S. more vulnerable to such a boom-bust scenario.
- In this environment, investors should focus on portfolio diversification and consider adding exposure to international stocks, real assets and hedge funds.

Equity investors spent most of April adjusting to the reality that economic growth is proving stronger – and inflation stickier – than previously expected. This means that the Federal Reserve may keep interest rates higher for longer: Morgan Stanley Chief U.S. Economist Ellen Zentner has raised her estimates for U.S. gross domestic product (GDP) growth in 2024 and 2025, while reducing her forecasts for Fed rate cuts." – Lisa Shalett, Chief Investment Officer, Wealth Management; Morgan Stanley

Source: https://www.morganstanley.com/ideas/recession-2024-2025-odds-rise; 5/1/24

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Economics

Morgan Stanley

Why Recession Is No Longer a Remote Risk

Amid robust growth and stubborn inflation, a boom-bust scenario for the economy looms larger.

"Considering that the prospect of interest rate cuts had helped buoy stocks in the first quarter, equities have actually held up reasonably well against this backdrop. The S&P 500 Index closed up 2.7% last week, only 2.9% off its late-March all-time high, thanks to decent first-quarter 2024 company earnings results thus far as well as investors' hope that above-trend economic growth could offset any negative effects from higher rates. While that view may prove correct, Morgan Stanley's Global Investment Committee now sees more risk in the intermediate term.

Uncertainty Rises

Previously, the markets had priced in virtually zero chance of a recession and nearly 80% probability of a "soft landing," in which the economy slows and inflation cools, over the next year or so. Investors' expectation of this ideal scenario helped power the stock market's bull run from October 2023 through March 2024.

However, with inflation still running hotter than expected, a soft landing now looks more like a 50%-probability event and a "no landing" about 20%.

Meanwhile, however, odds of the more concerning recessionary "hard landing," in which the economy slows sharply, have jumped to about 25%-30%. There was also a hint of potential "stagflation," a scenario in which growth stalls while inflation persists, coming from last week's first-quarter GDP report that showed lower-than-expected growth alongside stubborn inflation." – Lisa Shalett, Chief Investment Officer, Wealth Management; Morgan Stanley

Source: https://www.morganstanley.com/ideas/recession-2024-2025-odds-rise; 5/1/24

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Economics

Morgan Stanley

Why Recession Is No Longer a Remote Risk

Amid robust growth and stubborn inflation, a boom-bust scenario for the economy looms larger.

"Haves" and "Have Nots"

"Why the shift in our outlook? We believe the economy has grown more vulnerable to a boom-bust scenario as disparity grows between the largest companies and wealthiest households and other, more vulnerable sectors.

First, consider what we call the "haves." Today, the outlook for mega-capitalization companies and large-cap multinationals, especially those tied to global manufacturing markets, appears to have brightened:

- Global economic-surprise indices, which measure the extent to which economic data are beating or missing consensus forecasts, have turned up.
- Commodities are rallying and global manufacturing purchasing-manager indices (PMIs) have rebounded, suggesting a pick-up in global growth.
- The Conference Board's measures of CEO confidence are rebounding while capital-spending and hiring intentions are above average.

Most critically, this fortunate group seems to have been virtually immune to Fed rate hikes – whether because they possess ample extra cash, have been able to borrow at low spreads above a "risk-free" Treasury rate, or simply have a solid track record of covering the interest costs on their outstanding debt." – Lisa Shalett, Chief Investment Officer, Wealth Management; Morgan Stanley

Source: https://www.morganstanley.com/ideas/recession-2024-2025-odds-rise; 5/1/24

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Economics

Morgan Stanley

Why Recession Is No Longer a Remote Risk

Amid robust growth and stubborn inflation, a boom-bust scenario for the economy looms larger.

“Now, think about the “have nots,” namely:

- **Small businesses**: Unlike their large-cap peers, small and mid-sized companies have seen their confidence, capital-spending intentions and hiring enthusiasm reverse sharply downward. Delays in interest-rate cuts directly affect their access to credit and capital.
- **Commercial real estate, regional banks and venture-backed firms**: Tighter financial conditions extend the pain for such companies in need of recapitalization. For small and regional banks, the sustained high cost of deposits and inability to lend profitably can swamp results.
- **Less-wealthy consumers**: U.S. consumer credit scores have fallen for the first time in a decade. Credit-card balances are at a record $1.1 trillion, while the default rate, at 6.4%, is about a full percentage point above the 15-year average.

Where these two worlds overlap and currently remain somewhat in balance is the U.S. labor market, which continues to defy expectations, with unemployment at 3.8% and private-sector hiring robust. That said, without much of a buffer, the odds that even a small uptick in unemployment could cause a boom-bust scenario or stagflation are no longer virtually zero. …” – Lisa Shalett, Chief Investment Officer, Wealth Management; Morgan Stanley

Source: https://www.morganstanley.com/ideas/recession-2024-2025-odds-rise; 5/1/24

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

April 2024

Business Applications

"Business Applications for April 2024, adjusted for seasonal variation, were 432,517, a decrease of 0.5 percent compared to March 2024.

Business Formations

Projected Business Formations (within 4 quarters) for April 2024, adjusted for seasonal variation, were 27,806, a decrease of 2.2 percent compared to March 2024. The projected business formations are forward looking, providing an estimate of the number of new business startups that will appear from the cohort of business applications in a given month. It does not provide an estimate of the total number of business startups that appeared within a specific month. In other words, the Census Bureau is projecting that 27,806 new business startups with payroll tax liabilities will form within 4-quarters of application from all the business applications filed during April 2024. The 2.2 percent decrease indicates that for April 2024 there will be 2.2 percent fewer businesses projected to form within 4-quarters of application, compared to the analogous projections for March 2024." – Economic Indicators Division, Business Formation Statistics; U.S. Census Bureau

Source: https://www.morganstanley.com/ideas/recession-2024-2025-odds-rise; 5/1/24

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

April 2024

BUSINESS APPLICATIONS

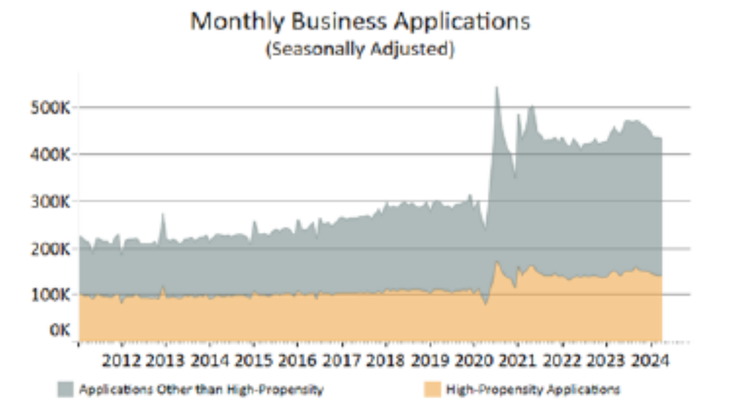
U.S. Business Applications:	APR 2024	APR 2024 / MAR 2024
Total	432,517	-0.5%°
High-Propensity	139,496	-0.7%°
With Planned Wages	44,875	-2.6%°
From Corporations	50,912	7.1%°

Next release: June 12, 2024

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, May 09, 2024



Source: U.S. Census Bureau, Business Formation Statistics, May 09, 2024

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	APR 2024	432,517	61,289	72,168	197,439	101,621
	APR 2024 / MAR 2024	-0.5%	-4.2%	-1.7%	+1.4%	-0.7%
High-Propensity	APR 2024	139,496	22,381	21,470	59,580	36,065
	APR 2024 / MAR 2024	-0.7%	-4.1%	-4.0%	-0.4%	+3.0%
With Planned Wages	APR 2024	44,875	6,555	8,017	18,637	11,666
	APR 2024 / MAR 2024	-2.6%	+1.1%	-2.7%	-4.6%	-1.1%
From Corporations	APR 2024	50,912	10,421	5,750	18,455	16,286
	APR 2024 / MAR 2024	+7.1%	-3.0%	-2.6%	+13.1%	+11.7%

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

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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 4/9/24

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Economics

U.S. Census Bureau

April 2024

BUSINESS FORMATIONS

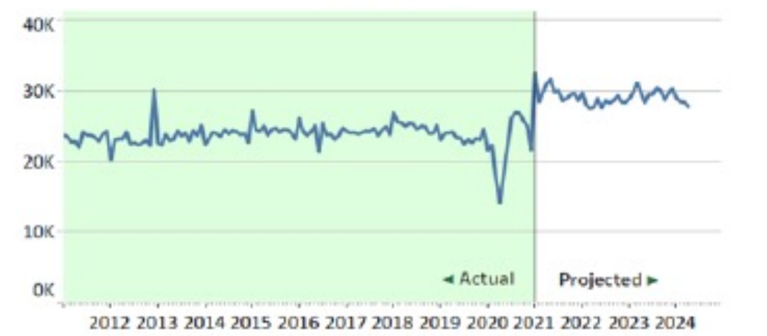
U.S. Total Projected Business Formations:	APR 2024	APR 2024 / MAR 2024
Within 4 Quarters	27,806	-2.2%°
Within 8 Quarters	37,747	-1.1%°

Next release: June 12, 2024

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

Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, May 09, 2024



Source: U.S. Census Bureau, Business Formation Statistics, May 09, 2024

Projected Business Formations - At a Glance

		US	Northeast	Midwest	South	West
Within 4 Quarters	APR 2024	27,806	4,420	4,480	10,720	8,186
	APR 2024 / MAR 2024	-2.2%	-3.1%	-2.7%	-3.8%	+1.0%
Within 8 Quarters	APR 2024	37,747	6,027	6,045	14,819	10,856
	APR 2024 / MAR 2024	-1.1%	-3.2%	-2.0%	-1.3%	+0.9%

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

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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 4/9/24

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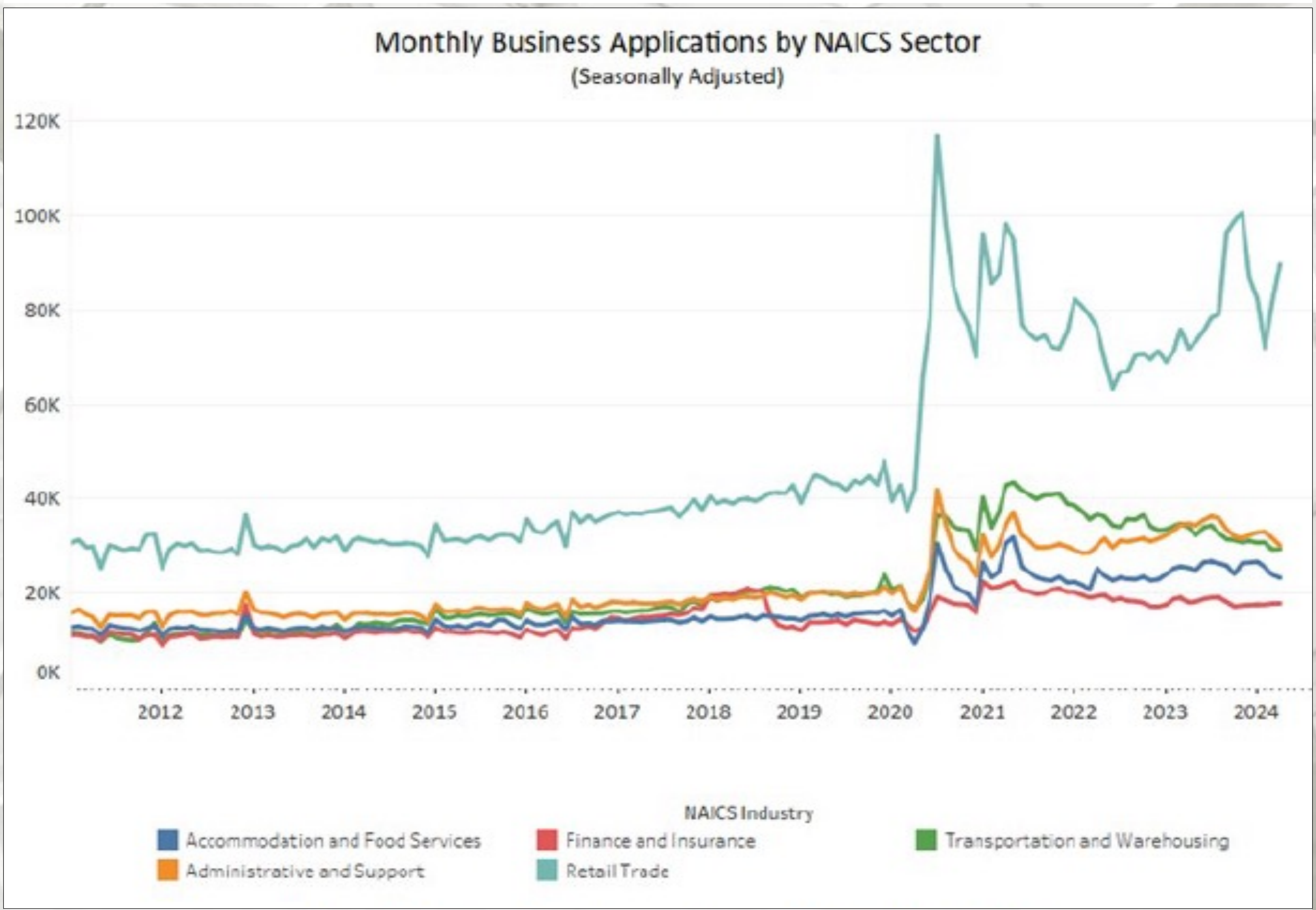
Economics

NEW Business Formation Statistics

April 2024



Source: U.S. Census Bureau, Business Formation Statistics, May 9, 2024

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 4/9/24

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