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

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2024 Virginia Polytechnic Institute and State University VCE-ANR

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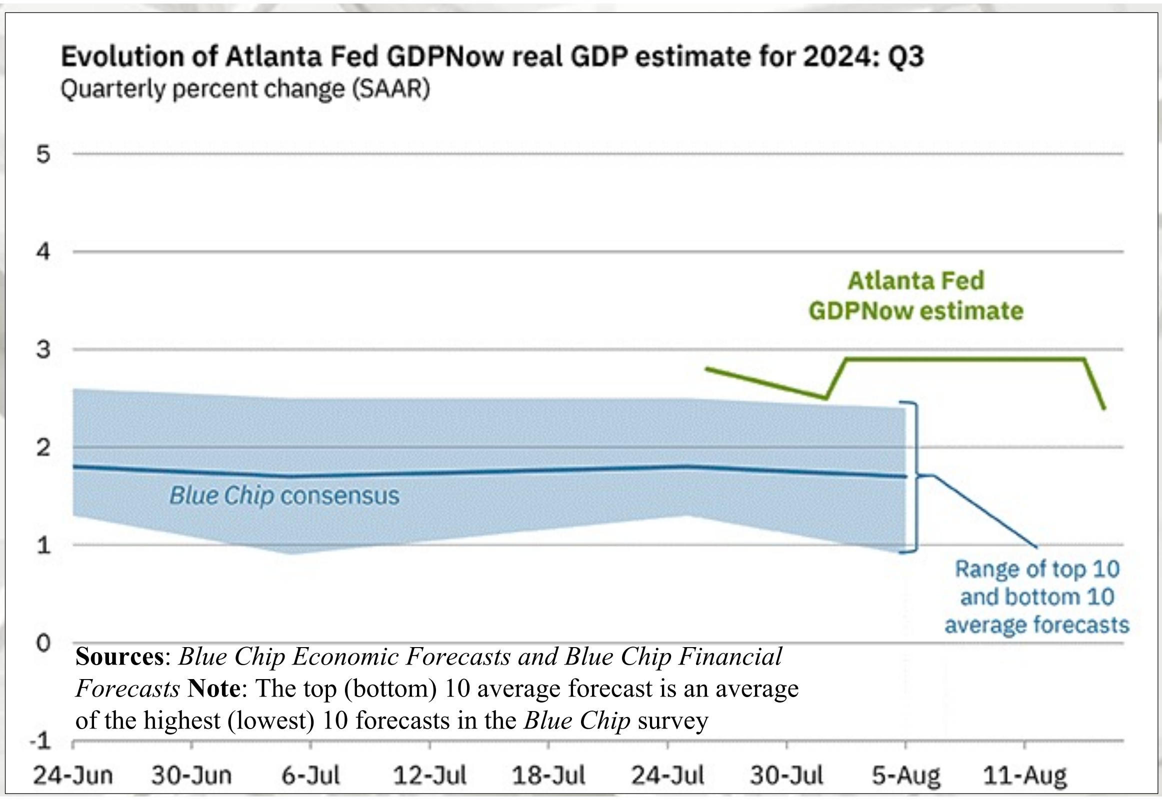
U.S. Economic Indicators



Sources: *Blue Chip Economic Forecasts and Blue Chip Financial Forecasts* **Note**: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey

Atlanta Fed GDPNow™

Latest estimate: 2.4 percent — August 15, 2024

“The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2024 is **2.4 percent** on August 15, down from 2.9 percent on August 8. After recent releases from the Treasury's Bureau of the Fiscal Service, the US Census Bureau, the US Bureau of Labor Statistics, and the Federal Reserve Board of Governors, the nowcast of third-quarter real gross private domestic investment growth decreased from 2.8 percent to 0.0 percent.” – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 8/15/24

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

Survey Suggests Growth Moved Up in July

"The *Chicago Fed Survey of Economic Conditions* (CFSEC) Activity Index increased to –12 in July from –24 in June, suggesting that economic growth was below trend. The CFSEC Manufacturing Activity Index increased to –22 in July from –23 in June, and the CFSEC Nonmanufacturing Activity Index increased to –7 in July from –19 in the previous month.

- Respondents' outlooks for the U.S. economy for the next 12 months improved, turning optimistic on balance. Thirty-nine percent of respondents expected an increase 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, but the nonlabor cost pressures index was unchanged. 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; 7/22/24

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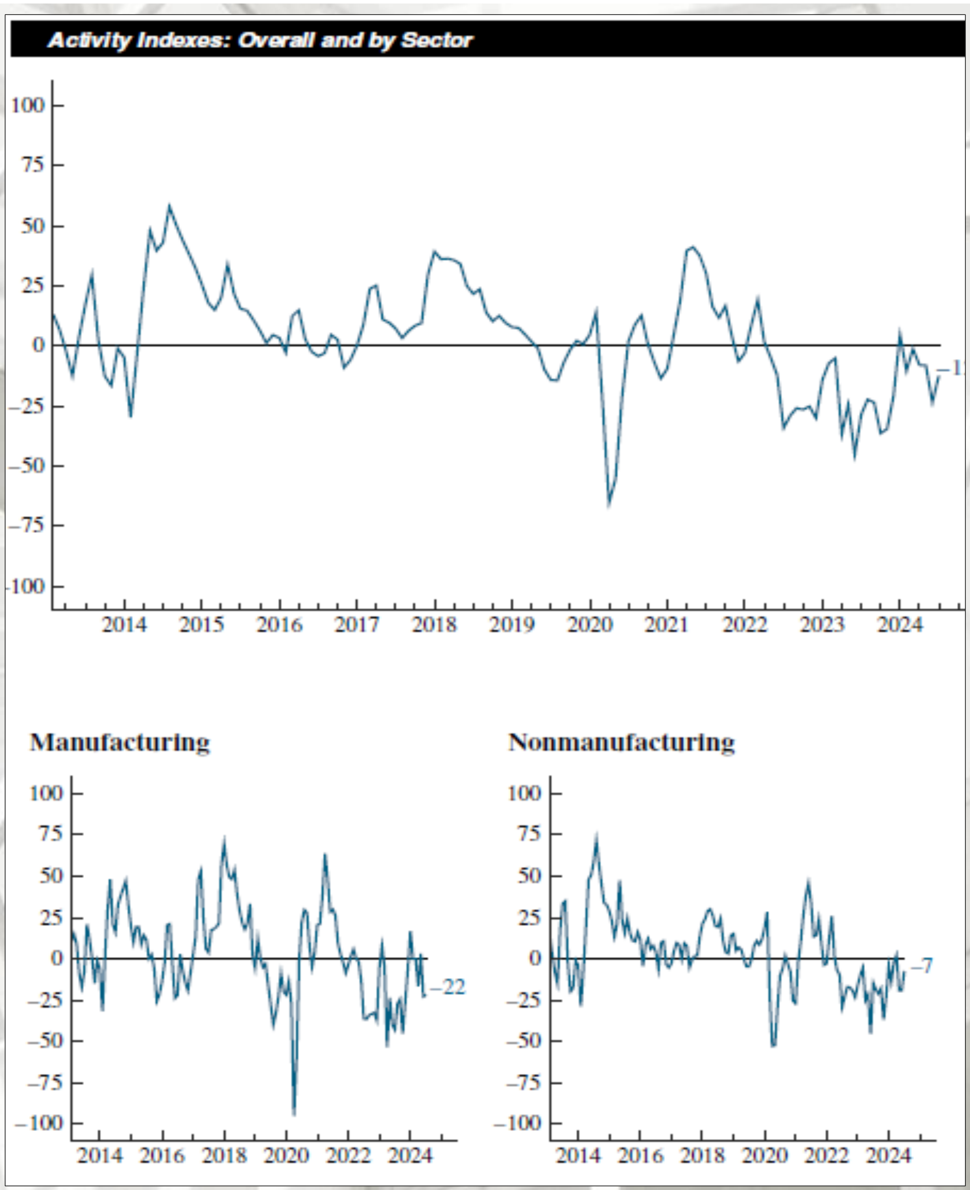
The Federal Reserve Bank of Chicago: Survey of Economic Conditions (CFSEC)



Source: https://www.chicagofed.org/research/data/cfsec/current-data; 7/22/24

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

Index Suggests Economic Growth Decreased in June

"The *Chicago Fed National Activity Index (CFNAI)* decreased to +0.05 in June from +0.23 in May. Three of the four broad categories of indicators used to construct the index decreased from May, and three categories made negative contributions in June. The index's three-month moving average, CFNAI-MA3, increased to –0.01 in June from –0.08 in May.

The CFNAI Diffusion Index, which is also a three-month moving average, increased to –0.08 in June from –0.12 in May. Forty-two of the 85 individual indicators made positive contributions to the CFNAI in June, while 43 made negative contributions. Thirty indicators improved from May to June, while 54 indicators deteriorated and one was unchanged. Of the indicators that improved, 11 made negative contributions:

- Production-related indicators contributed +0.11 to the CFNAI in June, down from +0.23 in May.
- The sales, orders, and inventories category's contribution to the CFNAI was –0.02 in June, down from +0.01 in May.
- Employment-related indicators contributed –0.02 to the CFNAI in June, down from +0.01 in May.
- The personal consumption and housing category's contribution to the CFNAI was –0.02 in June, unchanged from May." – Thomas Walstrum, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/research/data/cfnai/current-data; 7/22/24

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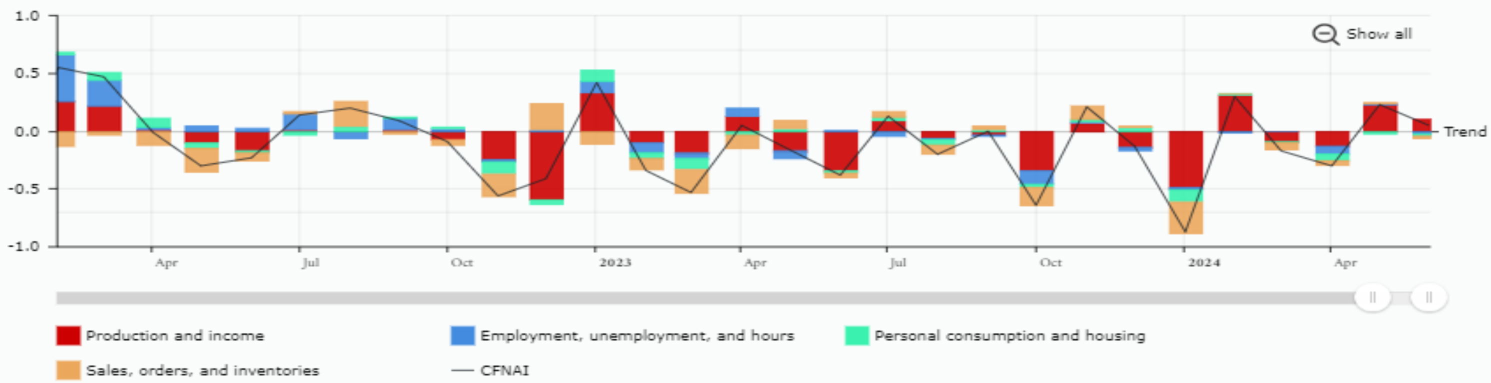
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

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

	June '24	May '24	Apr '24	Mar '24	Feb '24	Jan '23	June '23
CFNAI							
Current	0.05	0.23	−0.30	-0.17	0.30	−0.87	−0.38
Previous	N/A	0.18	−0.26	−0.18	0.29	−0.80	−0.40
CFNAI-MA3							
Current	−0.01	−0.08	−0.06	−0.25	−0.23	−0.26	−0.16
Previous	N/A	−0.09	−0.05	−0.23	−0.22	−0.24	−0.15
CFNAI Diffusion							
Current	−0.08	−0.12	−0.10	−0.13	−0.10	−0.10	−0.08
Previous	N/A	−0.16	−0.13	−0.18	−0.09	−0.10	−0.08

Current and Previous values reflect index values as of the July 22, 2024, release and June 25, 2024, release, respectively. NA indicates not applicable.

Chicago Fed National Activity Index (CFNAI)



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

Source: https://www.chicagofed.org/research/data/cfnai/current-data; 7/22/24

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Texas manufacturing activity remains flat in July amid weakening demand

"Texas factory activity was flat again in July, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, held fairly steady at -1.3, with the near-zero reading signaling little change in output from June.

Other measures of manufacturing activity weakened this month. The new orders index dropped 12 points to -12.8 in July, signaling a pullback in demand. The capacity utilization and shipments indexes also slipped, falling to -10.0 and -16.3, respectively.

Perceptions of broader business conditions continued to worsen in July. The general business activity index inched down to -17.5 and the company outlook index stumbled 12 points to -18.4. The outlook uncertainty index shot up to 30.7, its highest reading since fall 2022.

Labor market measures suggested employment increases but shorter workweeks this month. The employment index posted a 10-point gain, rising to 7.1 and its highest level in 10 months. Nineteen percent of firms noted net hiring, while 12 percent noted net layoffs. The hours worked index remained negative and fell to -13.8 from -5.0.

Upward pressure on prices and wages continued in July. The wages and benefits index edged down to 21.2, a reading in line with the historical average. The raw materials prices index was mostly unchanged at 23.1, while the finished goods prices index slid down 11 points to 3.4." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 7/29/24

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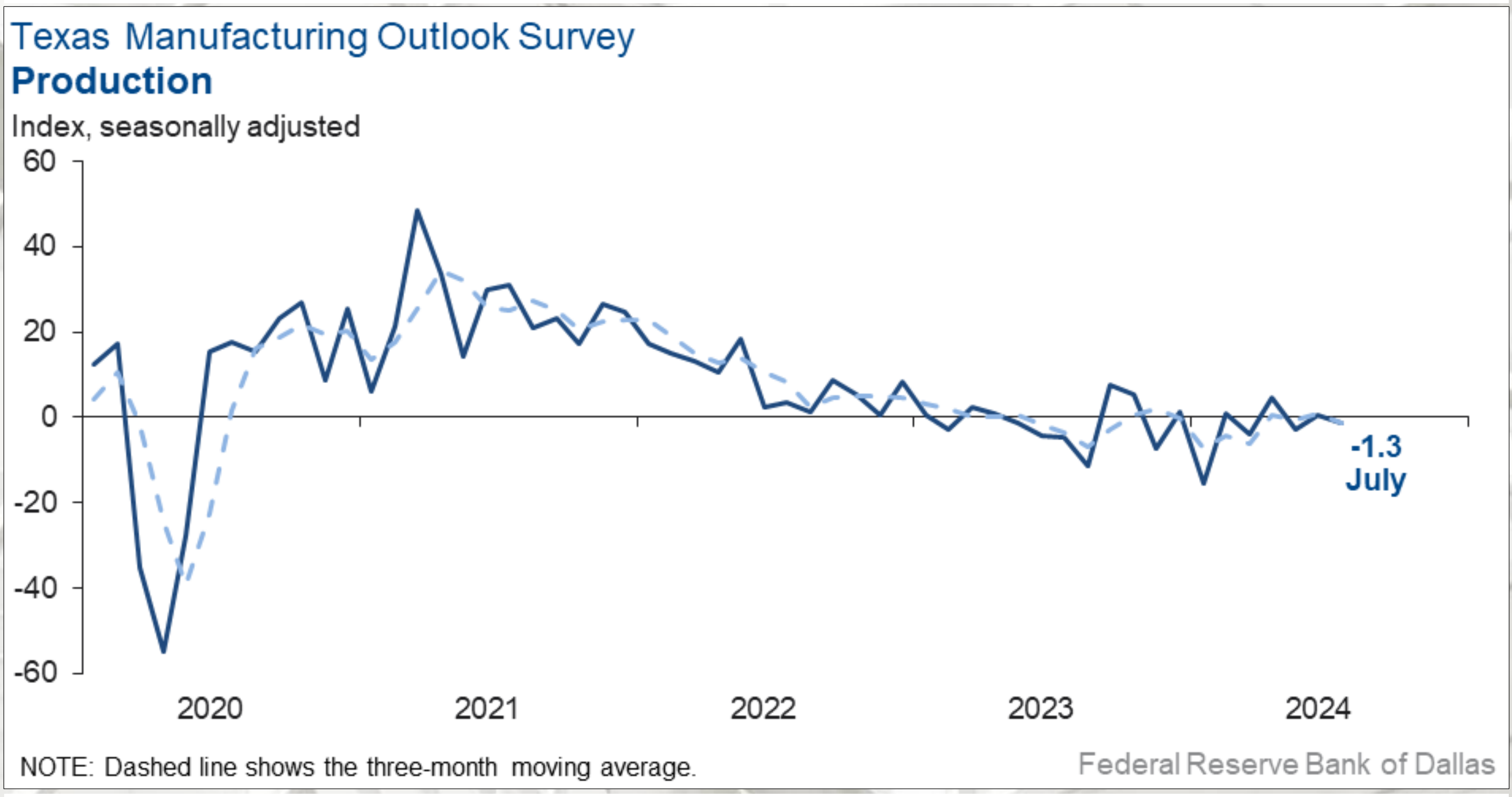
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity mostly pushed up this month. The future production index rose five points to 32.0, and the future general business activity index rose nine points to 21.6, its highest reading since fall 2021. Most other indexes of future manufacturing activity also rose in July." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 7/29/24

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas service activity improves, but moderate growth continues

"Texas service sector activity expanded at a faster pace in July than the prior month, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, increased to 7.7 in July from 1.9 in June.

Labor market measures suggested no growth in employment in July, and no change in hours worked. The employment index fell from 1.8 to -0.2. The near-zero reading signals little change in employment much like the prior period. The part-time employment index improved slightly to -2.3. The hours-worked index was unchanged at -0.9.

Perceptions of broader business conditions were basically unchanged in July compared to last month when pessimism waned slightly. The general business activity index increased from -4.1 to -0.1, with the near-zero reading signaling little change in perceptions of broader business conditions over the prior period. The company outlook index also improved from -1.3 to 1.0. The outlook uncertainty index fell from 13.6 to 8.4.

Input price and wage pressures eased slightly, while selling price pressures remained the same in July. The input price index fell from 24.7 to 21.8 and the wages and benefits index moved down from 16.4 to 13.4. The selling price index was basically unchanged at 4.9." – Jesus Cañas, Senior Business Economist; The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 7/30/24

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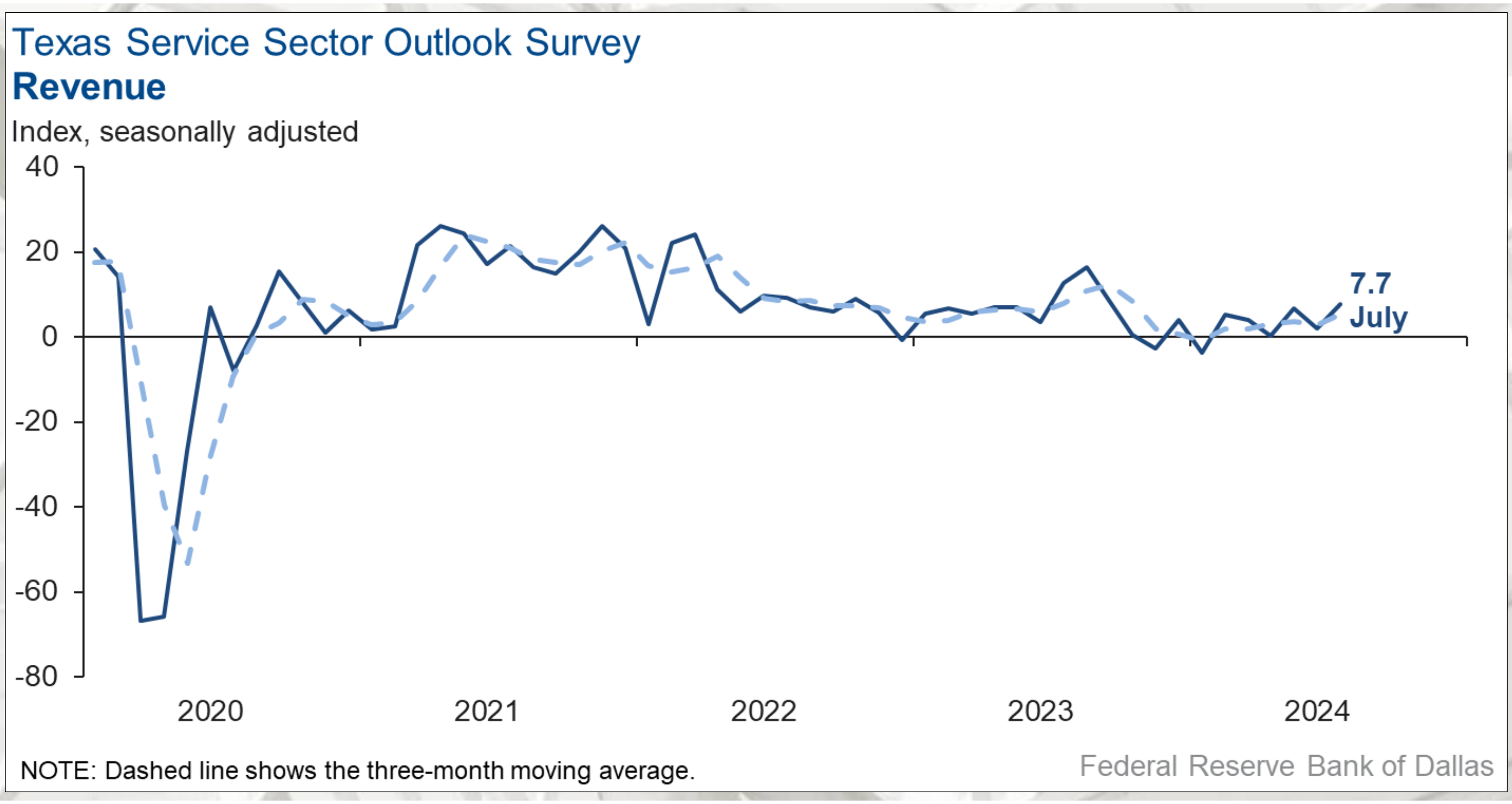
The Federal Reserve Bank of Dallas



"Respondents' expectations regarding future business activity reflected more optimism in July. The future general business activity index improved, increasing from 3.0 to 19.1. The future revenue index increased five points to 35.7. Other future service-sector activity indexes such as employment and capital expenditures remained in positive territory and increased, reflecting expectations for growth in the next six months." – Jesus Cañas, Senior Business Economist; The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 7/30/24

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas retail sales continue falling

“Retail sales activity declined in July, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, remained the same at -18.1 in July, indicating retail sales fell at about the same pace as the previous month. Retailers’ inventories fell over the month, with the July index at -7.7.

Retail labor market indicators suggested a contraction in employment and workweeks in July. The employment index fell further to -6.5 from -4.0, while the part-time employment index increased to 0.3. The hours worked index continued in negative territory and fell from -8.6 to -12.3.

Retailers continued to perceive a worsening of broader business conditions in July. The general business activity index remained in negative territory but improved from -22.7 to -18.3. The company outlook index fell from -17.3 to -20.3. Uncertainty around the outlook stabilized in July.

Selling price growth fell in July, while input price growth remained the same, and wage pressures fell considerably from the prior month. The selling price index dropped from 1.9 to -2.1. The input price index was unchanged at 11.3 , and the wages and benefits index moved down from 13.7 to 6.3.

Expectations for future business conditions in retail improved in July. The future general business activity index moved into positive territory, increasing from -6.4 to 17.0. The future sales index improved to 30.9. Other indexes of future retail activity such as employment and capital expenditures were mixed, with the future employment index turning negative for the first time since April 2020 and the capital expenditures index remaining positive.” – Jesus Cañas, Senior Business Economist; The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 7/30/24

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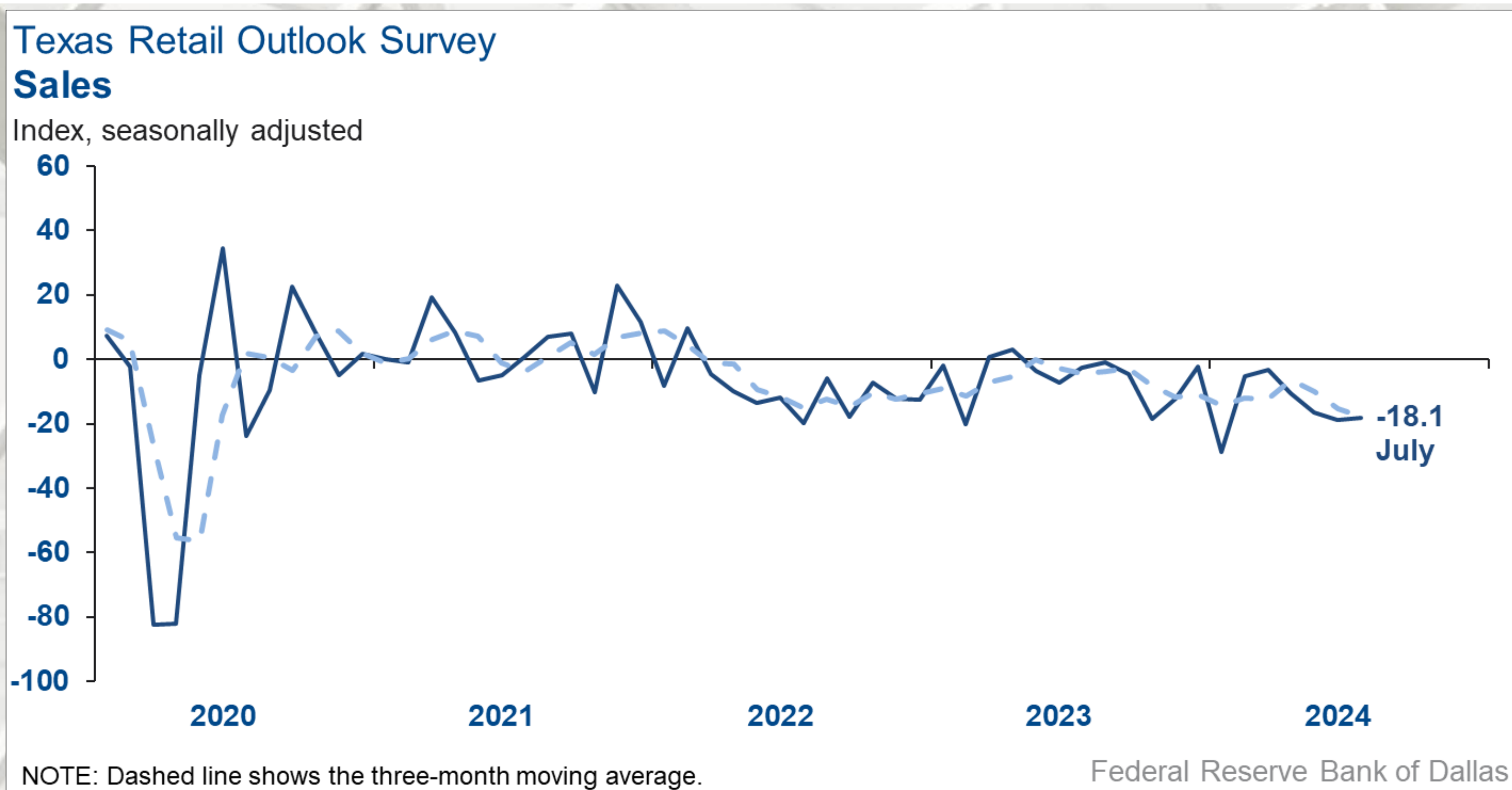
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 7/30/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Continued to Fall in July

Our regional factory index was at its lowest level in four years in July. The volume of shipments and new orders fell substantially while production and employment levels decreased at a moderate pace, but a majority of firms expect to maintain or increase current levels in the next six months.

Factory Activity Continued to Fall

"Tenth District manufacturing activity continued to fall in July, while expectations for future activity stayed positive. Price growth for raw materials increased this month while cooling slightly for finished products, further constraining profits margins. (Chart 1).

The month-over-month composite index was -13 in July, down from -8 in June and -2 in May. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The decline was primarily driven by durable manufacturing, particularly transportation equipment, fabricated metal, and machinery. All month-over-month indexes were negative and fell from last month, except the price indexes. The volume of shipments, new orders, and backlogs all decreased substantially from last month, while production and employment fell at a moderate pace." – 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; 7/25/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Continued to Fall

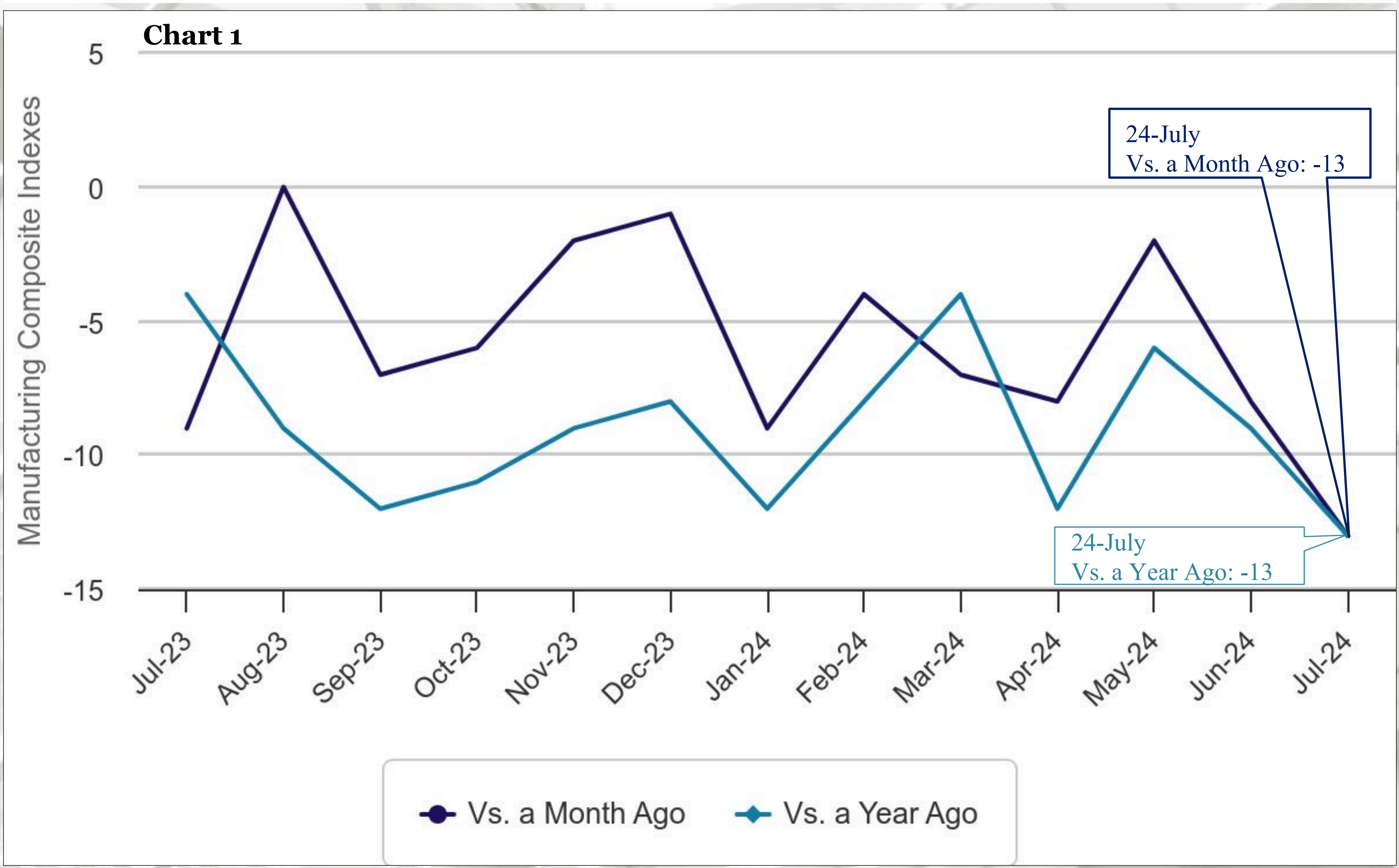
"The year-over-year composite index for factory activity ticked down from -9 to -13 as employment was flat but new orders fell sharply once again. Despite this, capital expenditures grew modestly and are expected to increase more in coming months. The future composite index ticked down from 7 to 5 in July, as firms continue to expect increases in production, new orders, and employment.

Special Questions

This month contacts were asked special questions about employee turnover. Responses concerning the change in turnover were mixed. 31% of firms reported an increase in employee turnover in the past year, while 45% reported no change in turnover, and 24% reported a decrease. Additionally, 79% of the firms that reported an increase in turnover said that it has primarily increased for production workers and 3% said it has primarily increased for managerial workers, while 18% said it has primarily increased for both production and managerial workers." – 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; 7/25/24

The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 7/25/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Declined Modestly in July

Our District services index entered slight negative territory in July, driven by decreasing sales among business and professional firms. However, employment grew this month after falling slightly in June.

Business Activity Declined Modestly

"Tenth District services growth declined modestly in July while expectations for the next six months remained expansionary (Table 1). Selling prices were flat month-over-month while input prices still grew, although the pace of growth slowed.

The month-over-month services composite index was -4 in July, down from 2 in June and 11 in May. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Activity expanded in the consumer services sector, particularly in wholesale and hospitality, while it contracted in the business and professional sector. Most month-over-month indexes were positive or basically flat, with revenues/sales as a notable exception falling from 4 to -16. The number of employees and employee hours worked indexes grew moderately while part-time employment and access to credit was essentially unchanged from last month." – 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; 7/26/24

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Activity Declined Modestly

“The year-over-year composite index fell from 8 to 3, as revenues declined slightly and employment growth eased. Capital expenditures expanded only modestly for the second consecutive month following strong readings earlier in the year. The composite expectations index for services activity cooled from 10 to 6, as firms expect employment levels to moderate and inventories to decline in the coming months.

Special Questions

This month contacts were asked special questions about employee turnover. Responses concerning the change in turnover were mixed. 23% of firms reported an increase in employee turnover in the past year, while 50% reported no change in turnover, and 27% reported a decrease. Additionally, 56% of the firms that reported an increase in turnover said that it has primarily increased for production workers and 6% said it has primarily increased for managerial workers, while 38% said it has primarily increased for both production and managerial workers.” – 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; 7/26/24

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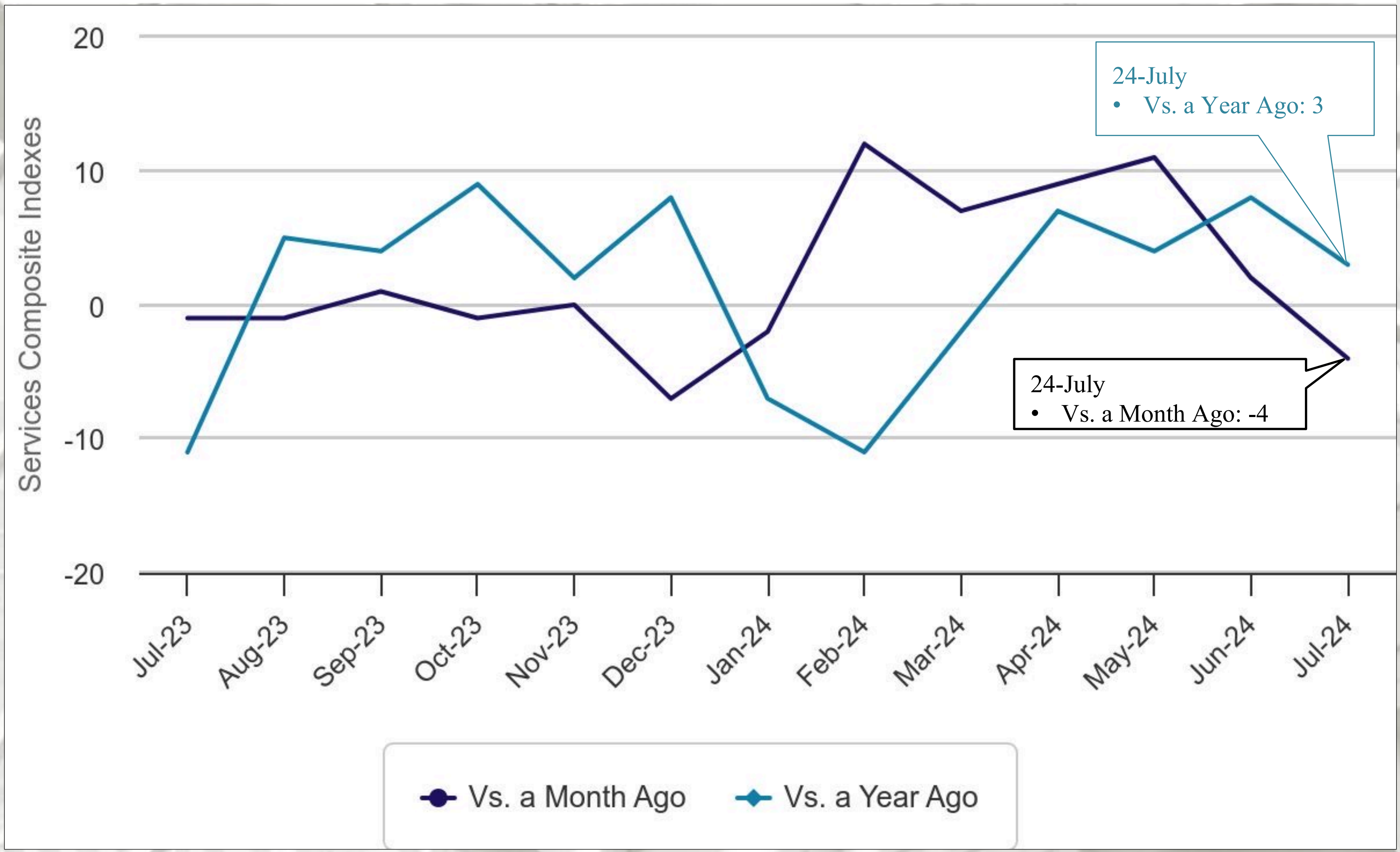
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 7/26/24

The Federal Reserve Bank of New York

August 2024 Manufacturing Survey

Conditions Remain Weak

“Business activity edged slightly lower in New York State, according to firms responding to the August 2024 *Empire State Manufacturing Survey*. The headline general business conditions index was little changed at -4.7. New orders declined modestly, while shipments held steady. Delivery times continued to shorten, and supply availability was little changed. Inventories moved lower for a second consecutive month. Labor market conditions remained weak, with employment continuing to contract and the average workweek dropping sharply. Input prices increased at a slightly slower pace than last month, while selling price increases remained steady and small. Firms were fairly optimistic that conditions would improve in the months ahead.

Manufacturing activity continued to decline in New York State, according to the August survey. The general business conditions index came in at -4.7. The new orders index fell seven points to -7.9, pointing to a decline in orders, while the shipments index fell to around zero, suggesting shipments were flat. Unfilled orders continued to decrease. The inventories index fell to -10.6, indicating that inventories moved lower. The delivery times index remained below zero at -3.2, suggesting that delivery times continued to shorten, while the supply availability index came in at -2.1, a sign that supply availability was slightly lower.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/15/24

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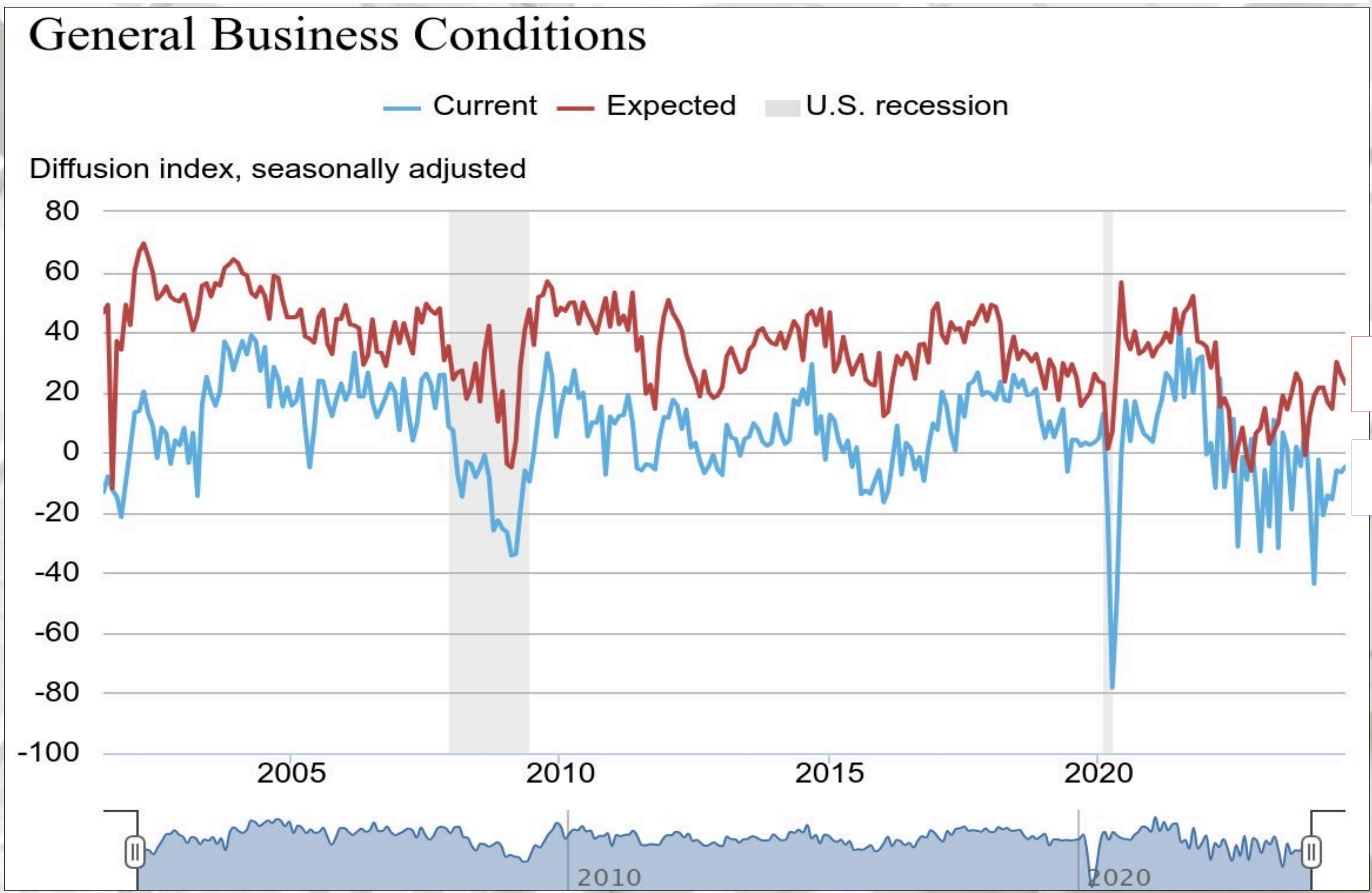
The Federal Reserve Bank of New York



August 2024
22.9

August 2024
-4.7

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/15/24

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The Federal Reserve Bank of New York

August 2024 Manufacturing Survey

Average Workweek Posts Sharp Decline

"The index for number of employees was little changed at -6.7, pointing to another month of employment reductions, while the average workweek index dropped eighteen points to -17.8, signaling a sharp decline in hours worked. The prices paid index edged down three points to 23.4, indicating a slight moderation in input price increases, while the prices received index edged up two points but remained low at 8.5, indicating that selling price increases were still modest.

Firms Relatively Optimistic About Future Conditions

Firms remained fairly optimistic about the outlook. The index for future business conditions came in at 22.9, with 45 percent of respondents expecting conditions to improve over the next six months. The outlook for employment growth picked up, and capital spending plans, while sluggish, firmed somewhat compared to last month." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 8/15/24

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The Federal Reserve Bank of New York

July 2024 Empire State Business Leaders Survey (Services)

Conditions Remain Sluggish

"Activity continued to edge slightly lower in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's July 2024 *Business Leaders Survey*. The survey's headline business activity index held steady at -4.5. The business climate index was little changed at -25.4, suggesting the business climate remains worse than normal. Employment growth continued to pick up, and wages increased at a similar pace to the prior few months. Supply availability was unchanged. Input and selling price increases remained moderate, while capital spending declined for a second consecutive month. Looking ahead, optimism about the six-month outlook waned.

Business activity continued to decline slightly in the New York-Northern New Jersey region, according to the July survey. The headline business activity index was little changed at -4.5. Twenty-seven percent of respondents reported that conditions improved over the month, and 31 percent said that conditions worsened. The business climate index edged down two points to -25.4, pointing to an ongoing worsening business climate." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 7/16/24

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The Federal Reserve Bank of New York

July Empire State Manufacturing Survey (Services)

Employment Expands

“Despite the business activity remaining weak, the employment index continued to climb, rising three points to 12.4, suggesting that employment growth picked up. The wages index came in at 35.0, a level similar to the prior few months, indicating that wage increases were steady. Both the prices paid and prices received indexes were little changed, suggesting that prices increased at about the same pace as in June. The capital spending index remained negative at -4.5.

Optimism Continues To Wane

The index for future business activity fell eight points to 8.0, its third consecutive monthly decline. The index for the future business climate remained negative at -5.1, suggesting that firms were not very optimistic that conditions would improve over the next six months.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 7/16/24

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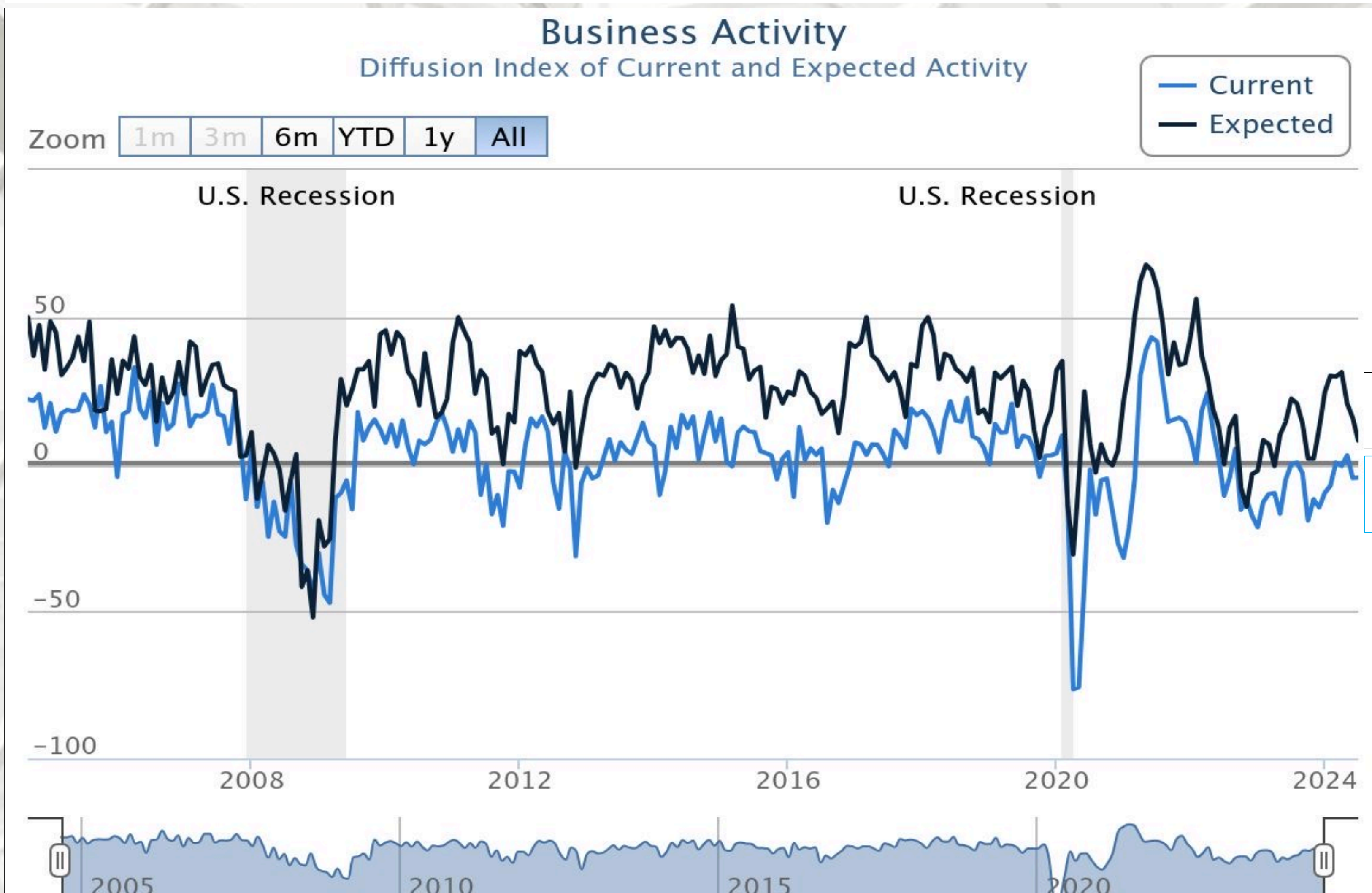
The Federal Reserve Bank of New York



August 2024
8.0

August 2024
-4.5

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 7/16/24

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The Federal Reserve Bank of Philadelphia

August 2024 Manufacturing Business Outlook Survey

Most Current Indicators Decline

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

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

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

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

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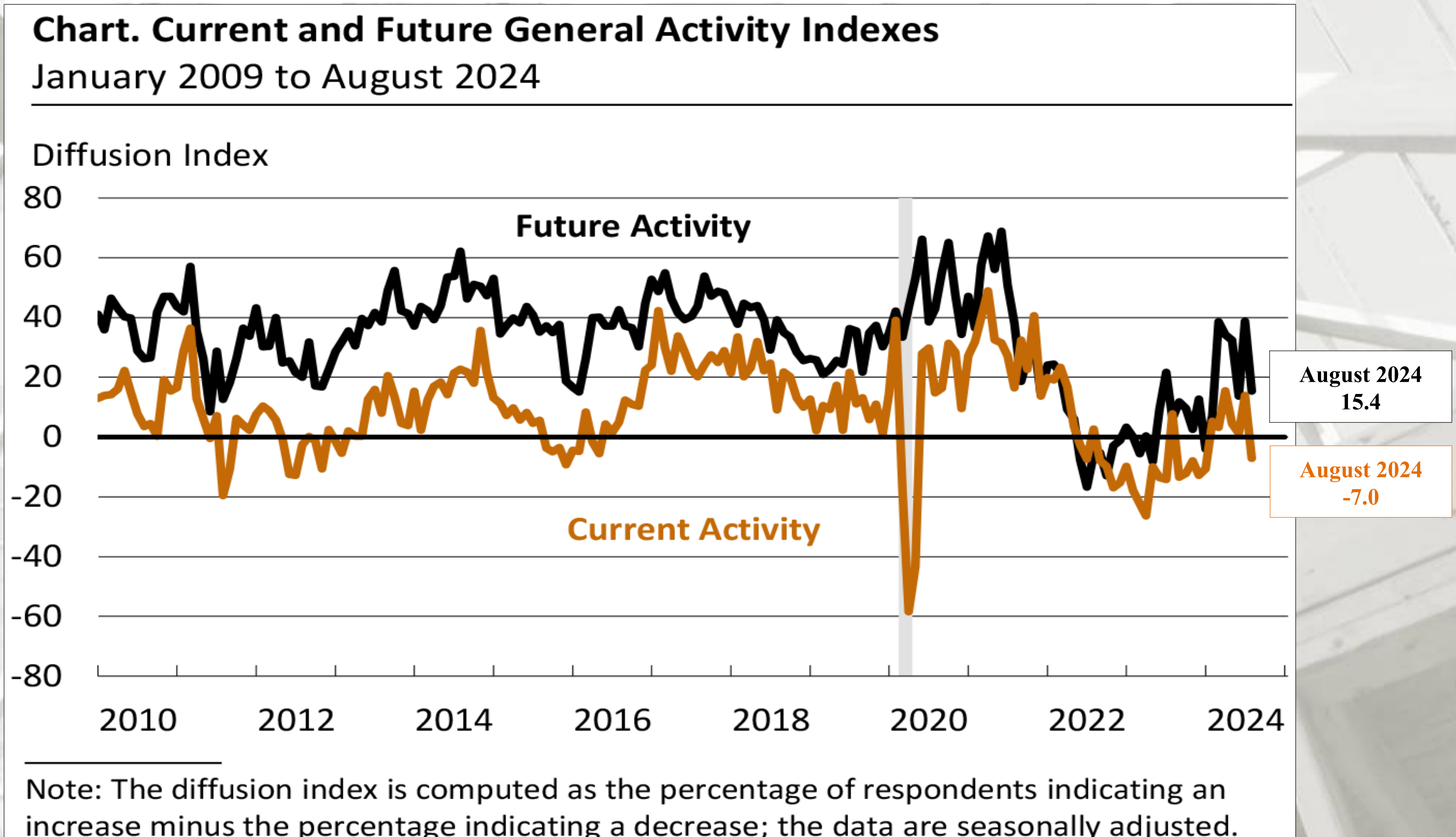
The Federal Reserve Bank of Philadelphia



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

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The Federal Reserve Bank of Philadelphia

August 2024 Manufacturing Business Outlook Survey

Price Indexes Remain Near Long-Run Averages

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

Most Future Indicators Decline

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

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

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The Federal Reserve Bank of Philadelphia

August 2024 Manufacturing Business Outlook Survey

Firms Expect Own Price Increases to Lag Inflation Slightly

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

Summary

Responses to the August *Manufacturing Business Outlook Survey* suggest softer regional manufacturing activity this month. The indicator for current activity fell into negative territory, and the new orders and shipments indexes also declined but remained positive. On balance, the firms indicated a decline in employment, and the price indexes were near their long-run averages. The survey's broad indicators for future activity suggest less widespread expectations for growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

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

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The Federal Reserve Bank of Philadelphia

July 2024 Nonmanufacturing Business Outlook Survey

Current Indicators Weaken

"Nonmanufacturing activity in the region declined this month, according to the firms responding to the July *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, and sales/revenues turned negative. The full-time employment index suggested a decline in employment. Both price indexes continued to indicate overall increases in prices and remain near nonrecession averages. The firms continue to expect growth over the next six months at their own firms and in the region, but expectations were less widespread.

The diffusion index for current general activity at the firm level turned negative, falling from a reading of 15.1 in June to -10.0 this month, its lowest reading since April 2023 (see Chart 1). Nearly 31 percent of the firms reported decreases, while 21 percent reported increases; 44 percent reported no change in activity. The new orders and sales/revenues indexes also turned negative this month. The new orders index fell from 6.7 to -7.1. More than 22 percent of the firms reported decreases in new orders, while 15 percent reported increases. The sales/revenues index dropped 18 points to -3.5. More than 25 percent of the firms reported decreases in sales/revenues, while 22 percent reported increases. The regional activity index fell 22 points to -19.1, its lowest reading since December 2020." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-07; 7/23/24

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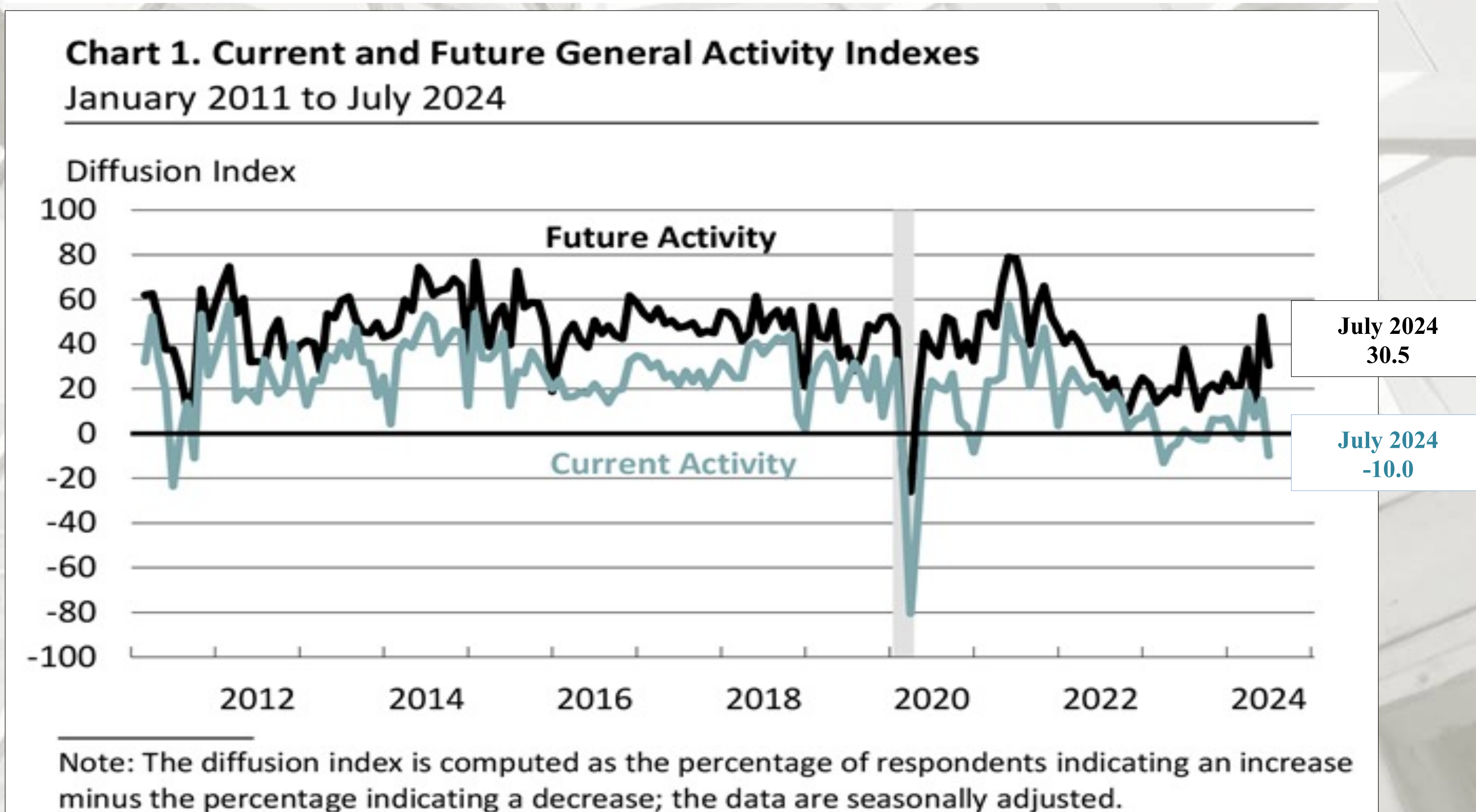
The Federal Reserve Bank of Philadelphia



Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-07; 7/23/24

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The Federal Reserve Bank of Philadelphia

June 2024 Nonmanufacturing Business Outlook Survey

Firms Report Overall Decrease in Full-Time Employment

“On balance, the firms reported a decrease in full-time employment; however, most firms continued to report no change in employment. The full-time employment index fell 20 points to -4.9 this month, its first negative reading since June 2023. Almost 19 percent of the firms reported decreases, while 14 percent reported increases; nearly 66 percent of the firms reported no change. The part-time employment index declined from 13.1 to 4.0. Most firms (63 percent) reported steady part-time employment, while the share of firms reporting increases (15 percent) exceeded the share reporting decreases (11 percent). The average workweek index turned negative, falling 11 points to -1.0.

Price Indexes Near Long-Run Averages

Price indicator readings suggest continued increases in input prices and prices for the firms’ own goods and services this month. Both price indexes were near their long-run averages. The prices paid index rose 6 points to 30.2. Over 32 percent of the respondents reported higher input prices, while 2 percent reported decreases; 59 percent reported no change. Regarding prices for the firms’ own goods and services, the prices received index declined from 16.6 to 13.9. Twenty-three percent of the firms reported increases in their own prices, while 9 percent reported decreases; 59 percent reported no change.

Firms Continue to Anticipate Growth

The future general activity indexes continued to suggest firms expect growth in the next six months. The index for future general activity at the firm level fell to 30.5 this month (see Chart 1). Over 48 percent of the firms expect an increase in activity at their firms over the next six months, 18 percent expect decreases, and 32 percent of the firms expect no change. The future regional activity index fell to 19.7.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-07; 7/23/24

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The Federal Reserve Bank of Philadelphia

June 2024 Nonmanufacturing Business Outlook Survey

Firms Expect Smaller Increases for Wages

"In special questions this month, the firms were asked about changes in wages and compensation in the past three months as well as their expected changes to various input and labor costs for 2024. Almost 30 percent of the firms indicated wages and compensation costs had increased in the past three months, 68 percent reported no change, and 2 percent reported decreases. Most firms (60 percent) reported not adjusting their 2024 budgets for wages and compensation since the start of the year, while similar shares indicated they are planning to increase wages and compensation more than originally planned (18 percent) and sooner than originally planned (16 percent). The firms still expect higher costs across most expense categories in 2024; however, the median expected increases were in line with or slightly lower than expectations for all categories when this was last asked in April. Although the firms now expect somewhat lower increases in costs for wages, intermediate goods, and nonhealth benefits than when asked in April, expectations for increases in total compensation (wages plus benefits) costs remained at a median of 4 to 5 percent.

Summary

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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2024-07; 7/23/24

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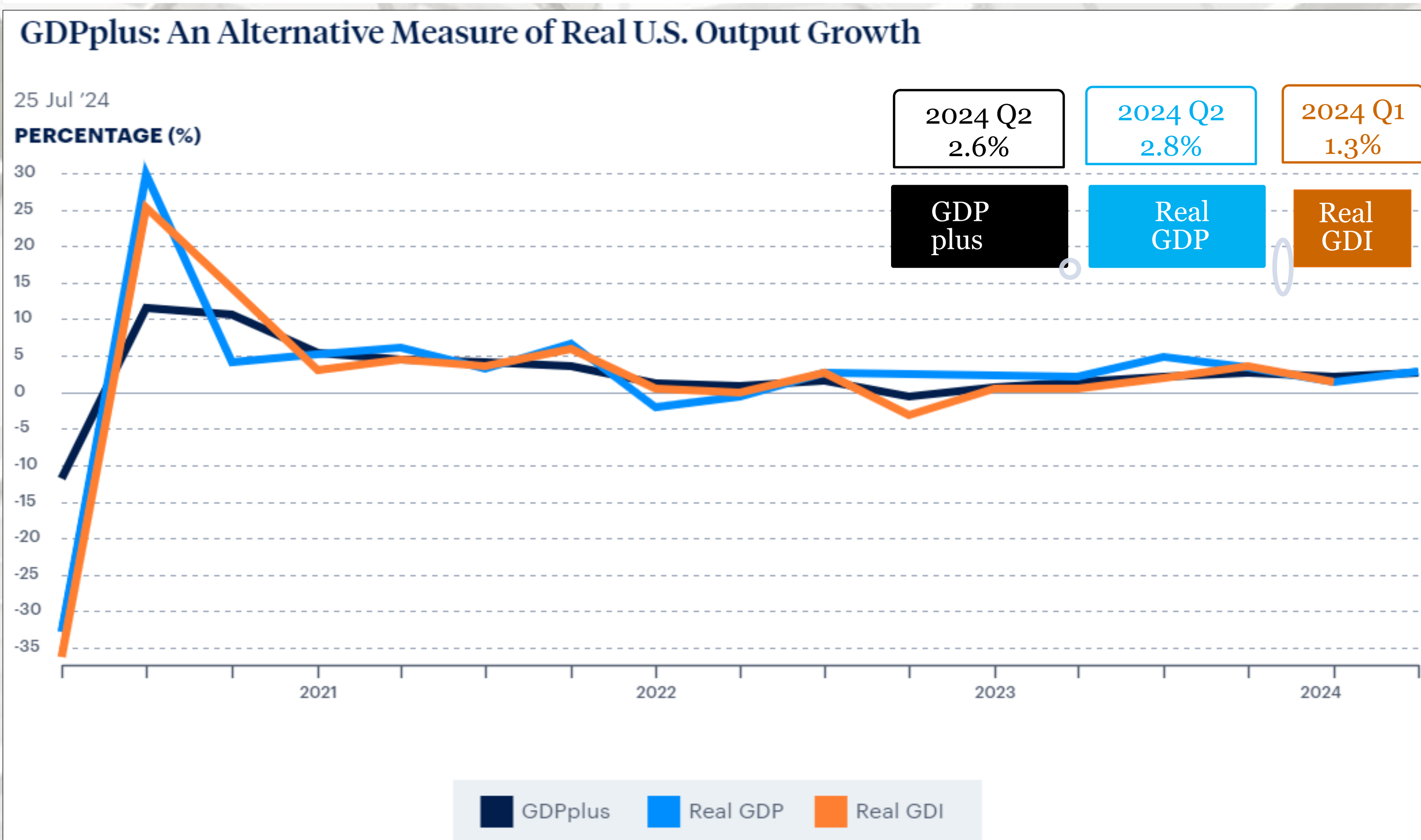
The Federal Reserve Bank of Philadelphia: GDPplus



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; 7/25/24

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The Federal Reserve Bank of Richmond

July 2024 Fifth District Survey of Manufacturing Activity

Manufacturing Activity Improved but Remained Sluggish in June

“Fifth District manufacturing activity worsened in July, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index decreased from −10 in June to −17 in July. Of its three component indexes, shipments fell notably from −9 to −21, new orders decreased from −16 to −23, and employment edged down from −2 to −5.

Firms grew less optimistic about local business conditions, as the index fell from −13 to −21. The index for future local business conditions edged down from 9 to 7 in July. The future indexes for shipments and new orders remained solidly in positive territory, suggesting that firms continued to expect improvements in these areas over the next six months.

The vendor lead time index increased into slightly positive territory for only the second time in two years. Firms continued to report declining backlogs in July as that index remained negative.

The average growth rate of prices paid and prices received decreased in July. Firms expected little change in price growth over the next 12 months.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/23/24

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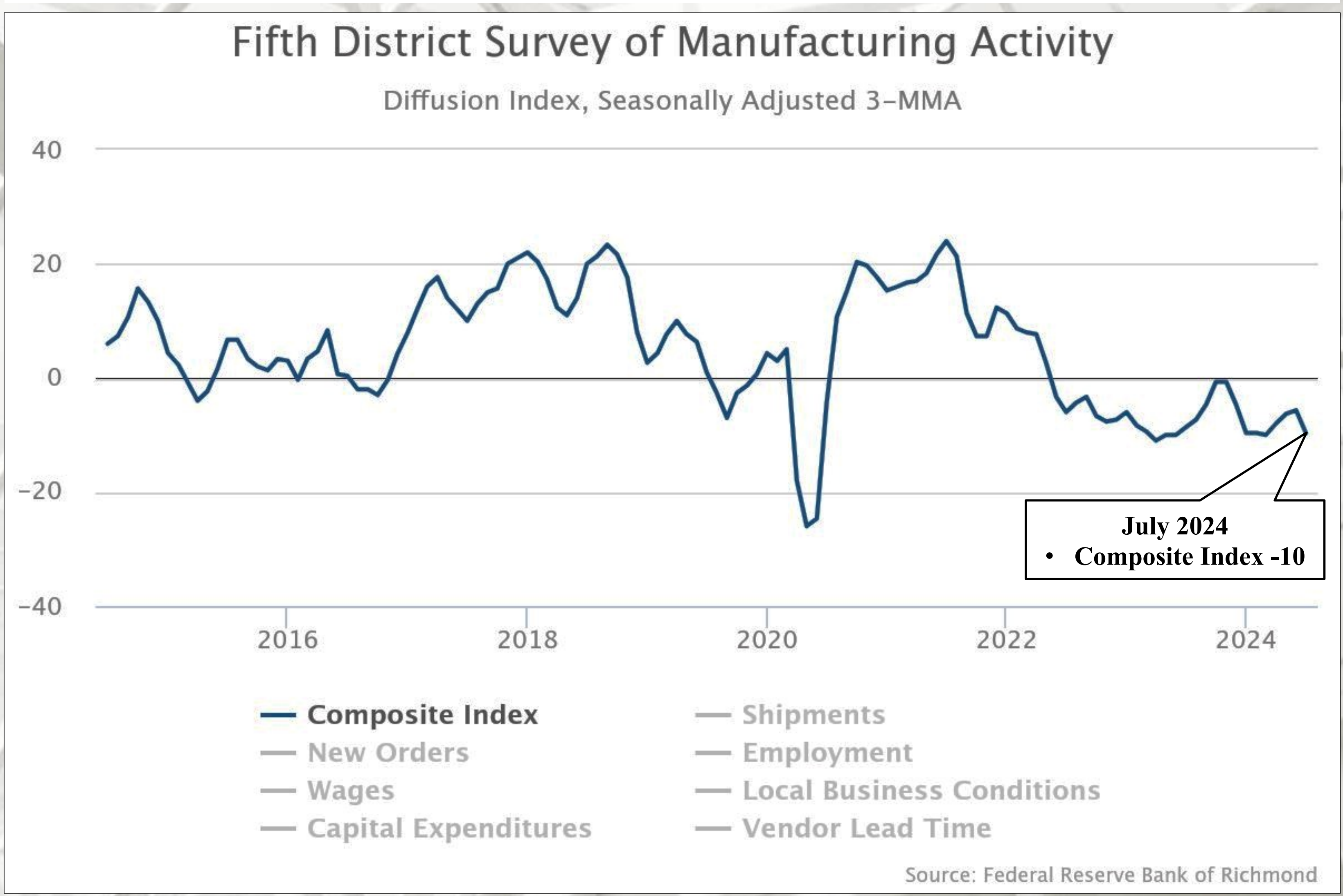
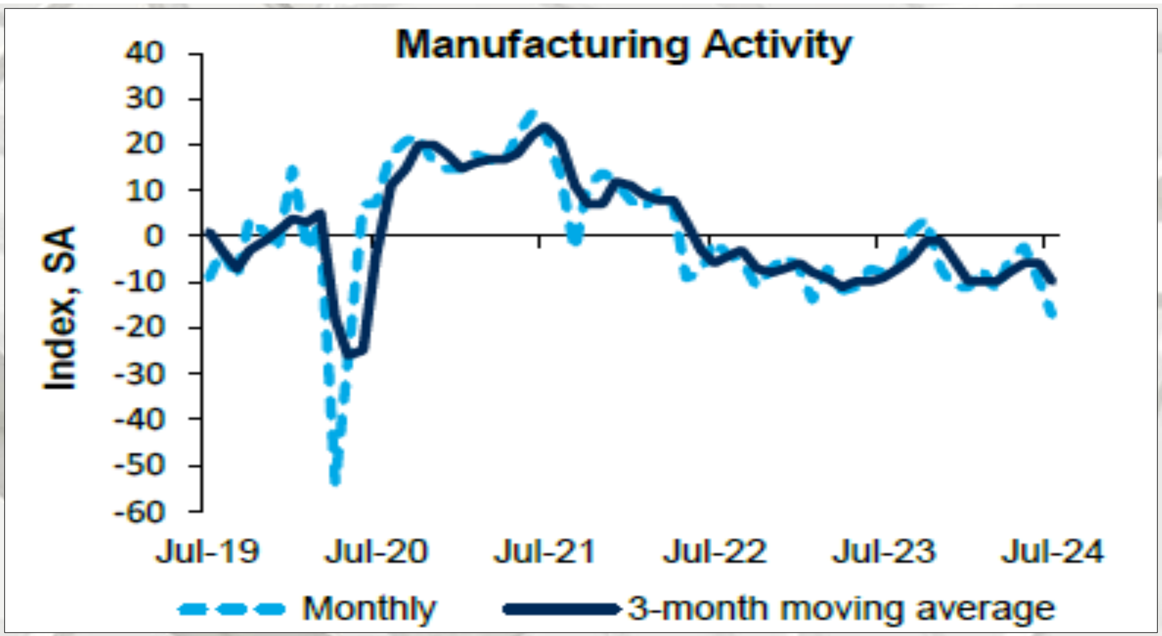
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/23/24

The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/23/24

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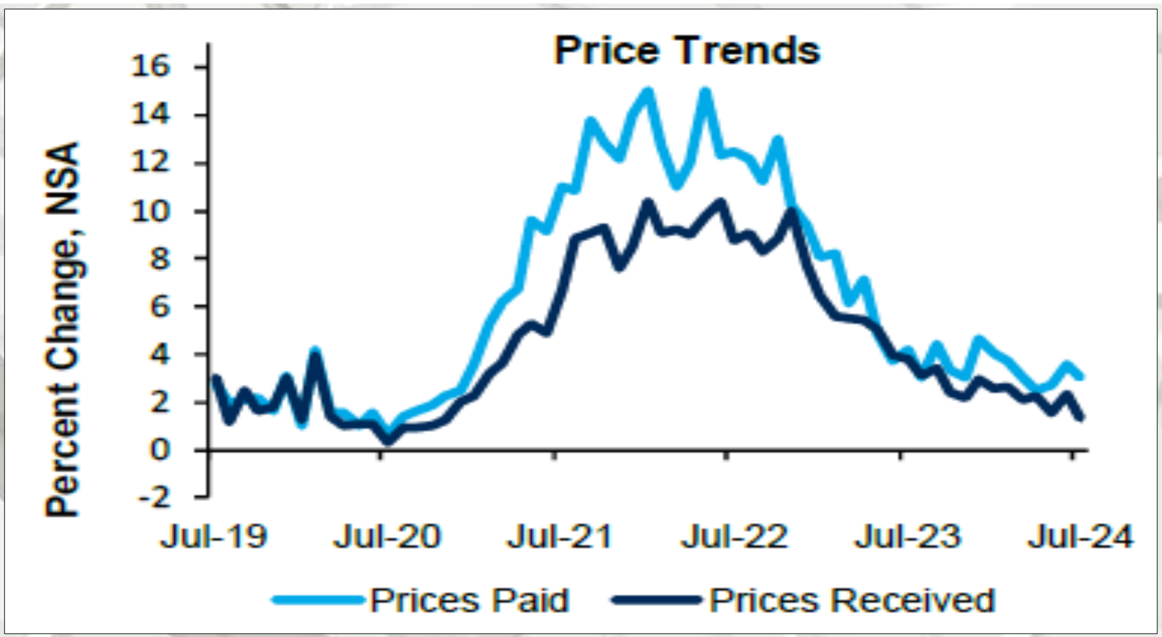
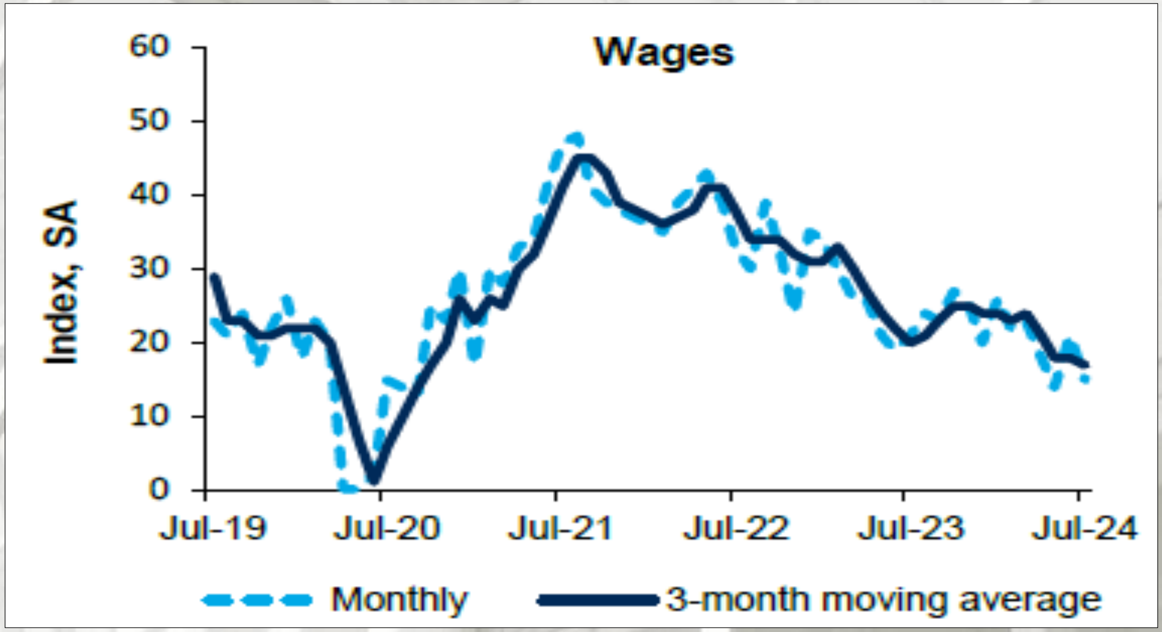
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 7/23/24

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The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Slowed in July

“Fifth District service sector activity improved slightly in July, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index rose from −7 to 5 and the demand index edged up from 0 in June to 1 in July. The indexes for future revenues and demand rose further into positive territory.

There was little change from last month in firms' views on local business conditions, as that index edged down from −8 in June to −9 in July. The index for expected local business conditions edged up from 0 to 3 in July.

The employment index decreased from 4 in June to −4 in July, while firms continued to report wage increases. The availability of skills index decreased notably from 6 to −8 in July, signaling a decrease in firms' ability to find workers with the necessary skills. Over the next six months, firms expect to increase hiring and anticipate some improvement in their ability to find workers with the necessary skills. Most firms plan to continue increasing wages.

The average growth rate of prices paid and prices received increased in July. Firms expected growth in prices 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; 7/23/24

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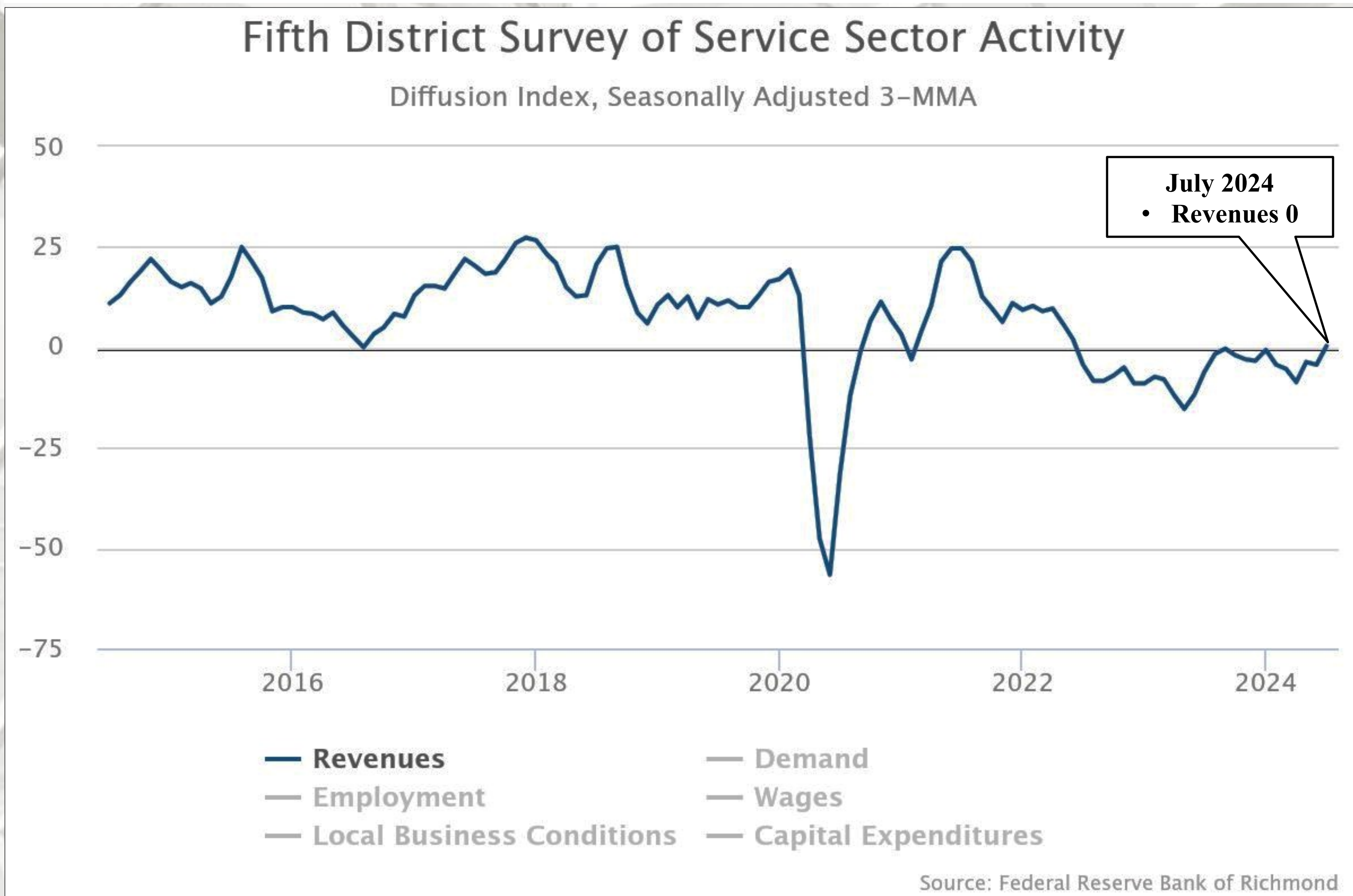
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 7/23/24

Global Economic Indicators

The Federal Reserve Bank of Dallas

México Economic Update

México's economy softens in the second quarter

"México's economic activity slowed in the second quarter of 2024, missing market expectations. GDP slowed to an annualized 0.8 percent growth from 1.1 percent the previous quarter due to a loss of momentum in services and an extended contraction in the agricultural sector. Recent data are mixed. While industrial production and retail sales ticked up, exports fell and employment growth stalled. Inflation accelerated further, and the peso fell against the dollar. Market analysts were expecting twice as much growth for the second quarter. As a result, the consensus forecast for 2024 GDP growth (fourth quarter/fourth quarter), compiled by Banco de México was down slightly in July (*Table 1*).

Output growth slows in the second quarter

México's second-quarter GDP grew an annualized 0.8 percent (*Chart 1*). On a nonannualized basis, the goods-producing sectors (manufacturing, construction, utilities and mining) expanded 0.3 percent after contracting 0.4 percent the previous quarter. Activity in the services-providing sectors (wholesale and retail trade, transportation and business services) grew 0.3 percent, slower than the previous quarter's 0.7 percent increase, and agricultural output fell 1.7 percent." – Jesus Cañas, Senior Business Economist and Diego Morales-Burnett, Research Analyst, Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2024/2405; 8/14/24

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Global Economic Indicators

June 2024 economic report			
GDP, real Q2 '24	Employment, formal June '24	CPI July '24	Peso/dollar July '24
0.8% q/q	3,125 jobs m/m	5.6% y/y	18.1

Table 1: Consensus Forecasts for 2024 México Growth, Inflation, and Exchange Rate

	June	July
Real GDP growth in Q4, year over year	2.0	1.9
Real GDP growth in 2024	2.0	1.8
CPI December 2024, year over year	4.2	4.6
Peso/dollar exchange rate at end of year	18.7	18.8

Note: CPI refers to the consumer price index. The survey period was July17–30.
Source: Encuesta sobre las Expectativas de los Especialistas en Economía del Sector Privado: Julio de 2024 (communiqué on economic expectations, Banco de México, July 2024).

Industrial production rises

The three-month-moving average of México's industrial production (IP) index, which includes manufacturing, construction, oil and gas extraction and utilities, rose 0.2 percent in June. The smoothed manufacturing IP index ticked up 0.2 percent (*Chart 2*). North of the border, the smoothed U.S. IP index climbed 0.5 percent in June after rising 0.2 percent in May. …" – Jesus Cañas, Senior Business Economist and Diego Morales-Burnett, Research Analyst, Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2024/2405; 8/14/24

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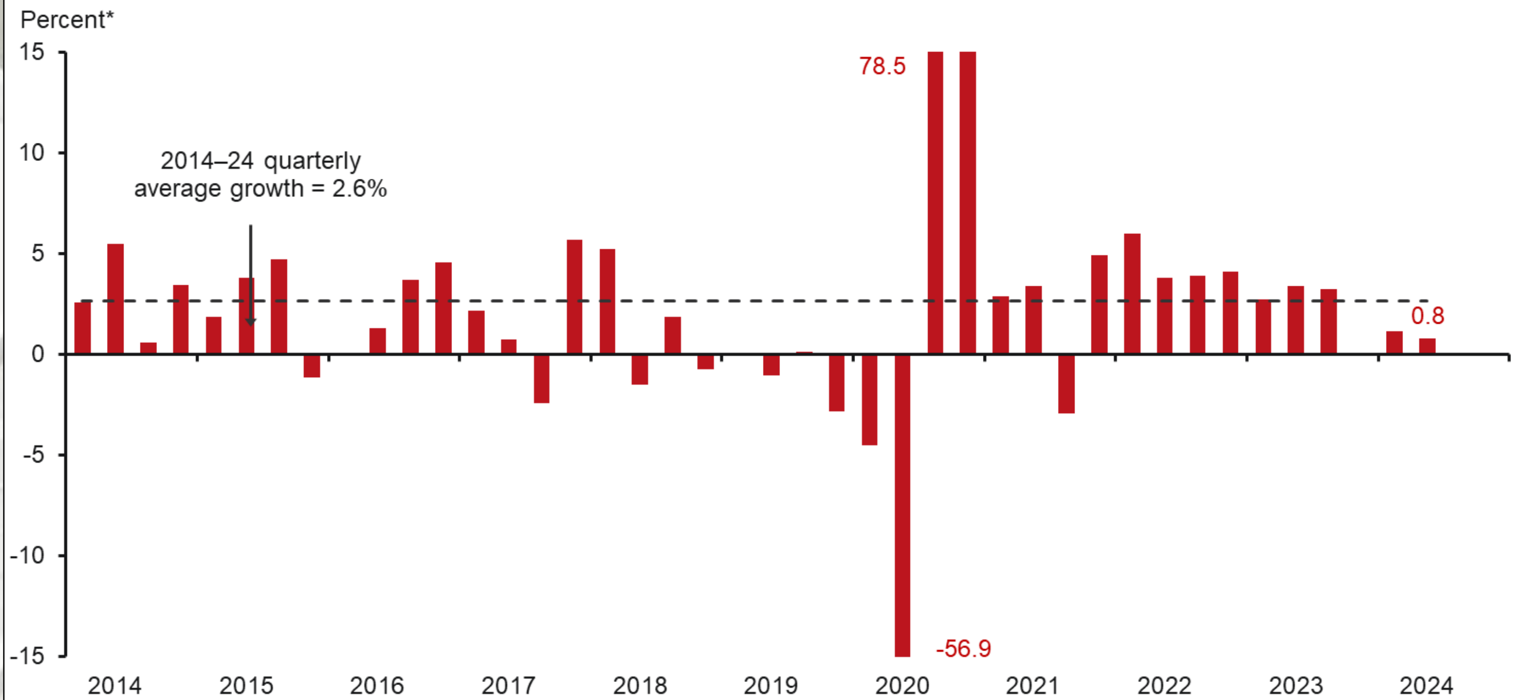
Global Economic Indicators

Chart 1
Mexico second-quarter GDP growth slow



*Quarter-on-quarter, seasonally adjusted, annualized rate in real pesos.
NOTES: Chart shows GDP growth in Mexico. Data are through the second quarter of 2024.
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Source: https://www.dallasfed.org/research/update/mex/2024/2405; 8/14/24

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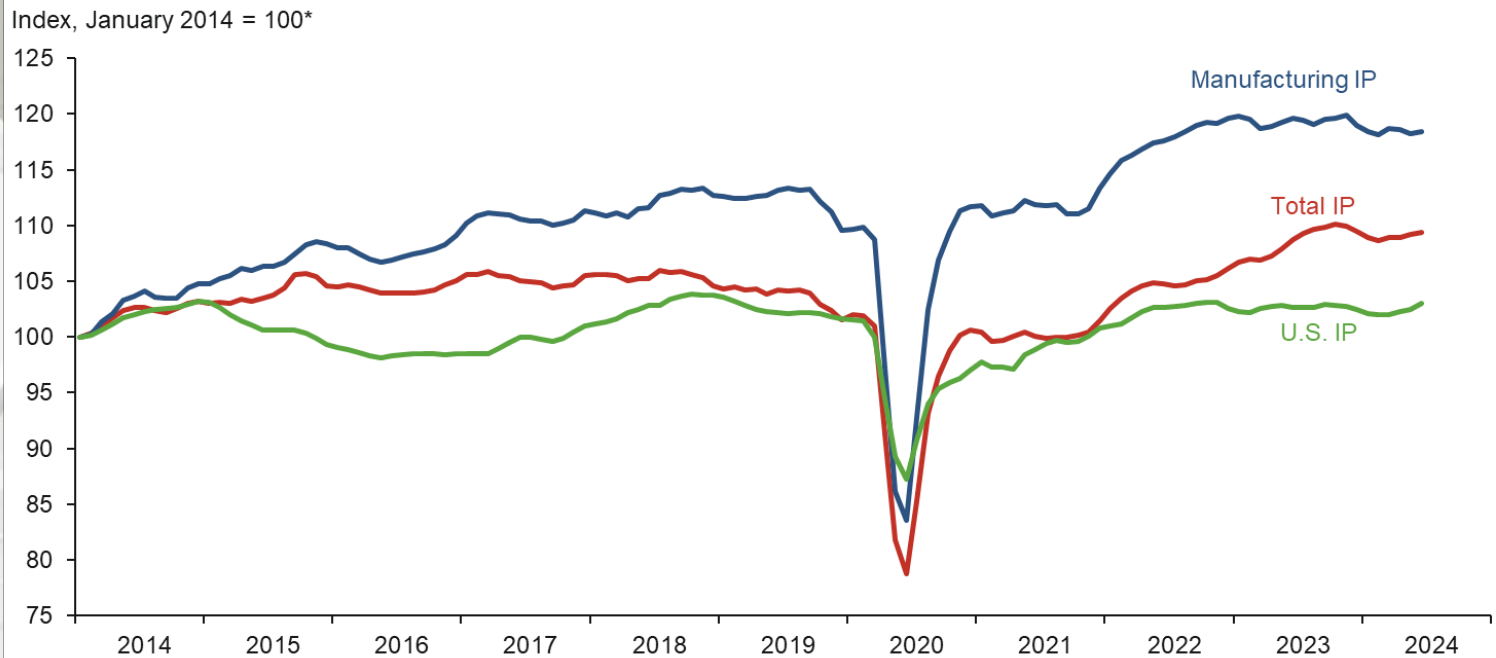
Global Economic Indicators

Chart 2
Mexico total industrial production increases



*Seasonally adjusted, three-month moving average.
NOTES: Total and manufacturing industrial production (IP) figures refer to Mexico. U.S. IP refers to total industrial production in the United States. Data are through June 2024 for the U.S. and Mexico.
SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); Federal Reserve Board.
Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2024/2405; 8/14/24

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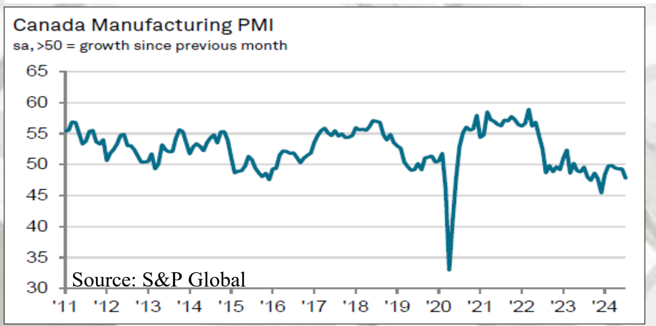
Private Indicators: Global



S&P Global Canada Manufacturing PMI®

"The seasonally adjusted **S&P Global Canada Manufacturing Purchasing Managers' Index® (PMI®)** remained below the crucial 50.0 no-change mark in July to extend the current period of deterioration to 15 months. Moreover, a fall in the PMI to 47.8, from 49.3 in June, signalled the steepest worsening of operating conditions in 2024 to date.

Operating conditions deteriorate markedly in July

July marked a challenging month for the Canadian manufacturing economy with the health of the sector deteriorating to the steepest degree since December. Output and new orders both fell at sharper rates amid reports of challenging market conditions. Supply chain delays were also noted, whilst firms reduced their purchasing activity and reported a fall in sentiment to its lowest level since May 2020. On the prices front, cost inflation remained solid but well below trend. Charges rose only marginally.

Undermining the PMI in July was a reduction in manufacturing production. It was the twelfth successive month in which a decline in output has been registered and the latest fall was the steepest since last December. The downturn was closely linked to a similar sized deterioration in new orders. Panellists noted that market uncertainty – linked to inflation and geopolitical tensions – continued to undermine demand, both at home and abroad. Sales to foreign clients declined in July for an eleventh successive month and to the steepest degree since May 2020. …

The latest manufacturing data disappointed in July, with accelerated declines in both output and new orders both recorded as we enter the second half of 2024. Panellists were subsequently circumspect in their purchasing and input inventory management by adjusting these both downwards to reflect the weaker and uncertain operating environment.

Although employment growth was sustained, this was on the back of what looks like dwindling hopes for future output growth. Confidence about next year's output may remain positive, but sentiment is at its lowest level since May 2020. It seems that the Bank of Canada's recently announced second cut in interest rates could not have come soon enough as firms look to lower borrowing costs and reduced inflation to help reinvigorate demand in the coming months." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/7a5be2d9574640ccad1321ab01c4fe1e; 8/1/24

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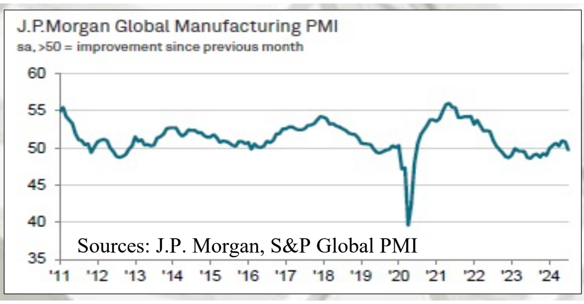

Sources: J.P. Morgan, S&P Global PMI

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 – posted 49.7 in July, down from 50.8 in June and below the neutral 50.0 mark separating expansion from contraction for the first time in 2024 so far.

Global Manufacturing PMI slips below 50.0 as output growth slows and new orders decline

"The global manufacturing sector experienced a growth setback at the start of the second half of 2024, with July seeing output expand at the weakest rate in the current seven-month sequence of increases. The slowdown reflected weaker expansions in the US and China, an ongoing downturn in the euro area and a fall back into contraction in Japan. Declining new order intakes were also a major factor underlying the weaker expansion, as new business fell for the first time since January.

Two out of the five PMI components (new orders and of purchases) were consistent with a deterioration in operating conditions, employment signalled no change and the trend in output had a much less positive effect than in recent months. Although vendor lead times lengthened this was mainly due to supply-chain disruptions as opposed to improving demand for raw materials.

Data broken down by sector signalled output growth in the consumer and intermediate goods industries (albeit weaker than in the prior survey month). Investment goods production fell for the second successive month, the first back-to-back contractions in the sector since late-2023. The sector picture was bleaker in the case of new business, with all three sub-industries seeing declines. The steepest was in the investment goods category, whereas the declines at consumer and intermediate goods producers were only mild. …

The J.P. Morgan global manufacturing output PMI fell 2.0-pt to 50.2 in July, its largest single-month drop since June 2023. In addition to a slowdown in output growth, survey details suggested declining new order intakes and moderation in the pace of hiring. Although the Euro area remained the weakest performing region, output growth slowed sharply in both the US and China according to the July surveys. The pricing PMIs eased in July, but cost concerns remain, especially given the ongoing inflationary impact of higher shipping costs." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/8902a6fbaa7948948a64e81aa7f95e39; 8/1/24

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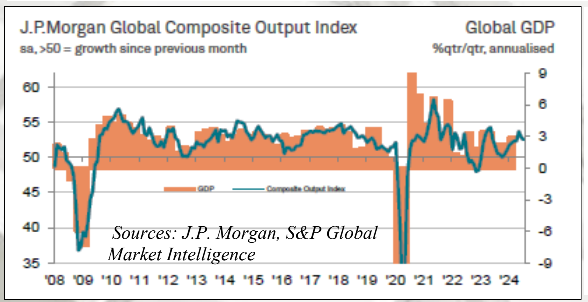
Private Indicators: Global



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 – fell to 52.5 in July, down further from May's 12-month high of 53.7. The headline index has signalled expansions in each of the past nine months, although the latest reading was the weakest since April.

Global economic growth eases for second month running as manufacturing upturn slows

The rate of global economic expansion slowed for the second successive month in July, but remained among the best registered over the past year. Although jobs growth was sustained for the third successive month, business optimism dipped to its lowest level since last November amid heightened geopolitical uncertainty and slower growth of new business.

Although July saw the rate of increase in service sector activity improve slightly, the upturn at manufacturers eased to near stagnation. This reflected the diverging trends in new business between the sectors. Service providers saw new work intakes rise for the ninth successive month, in contrast to a first drop in manufacturing new orders since January. …

Job creation was sustained for the third successive month in July, with the rate of increase staying at June's 12-month high. Staffing levels were raised in almost all of the nations covered, the sole exception being Germany. The latest increase in global employment reflected solid jobs growth in the service sector, as manufacturing employment was unchanged compared to the previous survey month.

Input price inflation accelerated to a ten-month high in July. The rate of increase in service sector costs was the quickest since March and remained above that signalled for manufacturing purchase prices for the twenty-seventh successive month. Part of the increase in costs was passed on to clients in the form of higher charges in July. However, the rate of selling price inflation eased to the weakest since October 2020. The rate of increase in global manufacturing remained below the service sector.

Business optimism regarding the year-ahead outlook for business activity dipped to an eight-month low in July, remaining below the survey's long-run average for the second-month in a row. Developed markets were (on average) more positive about the future than emerging markets." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/1ab92992a48a4200bfacfdbdd9623c20; 8/5/24

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Private Indicators
Associated Builders and Contractors (ABC)

ABC's Contractor Confidence Tumbles in July, Construction Backlog Unchanged

"Associated Builders and Contractors reported that its Construction Backlog Indicator held steady at 8.4 months in July, according to an ABC member survey conducted July 22 to Aug. 6. The reading is down 0.9 months from July 2023.

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

Only the largest contractors, those with greater than $100 million in annual revenues, have longer backlog than one year ago. On a monthly basis, the decline in backlog was driven by declines among the smallest contractors, those with less than $50 million in annual revenue.

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

"Contractor confidence regarding profit margins now stands at the lowest level since November 2022, which comes as little surprise," said ABC Chief Economist Anirban Basu. "There are now strong indications that elevated interest rates have finally taken their toll on a number of privately financed construction segments as well as the broader economy." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-contractor-confidence-tumbles-in-july-construction-backlog-unchanged; 8/14/24

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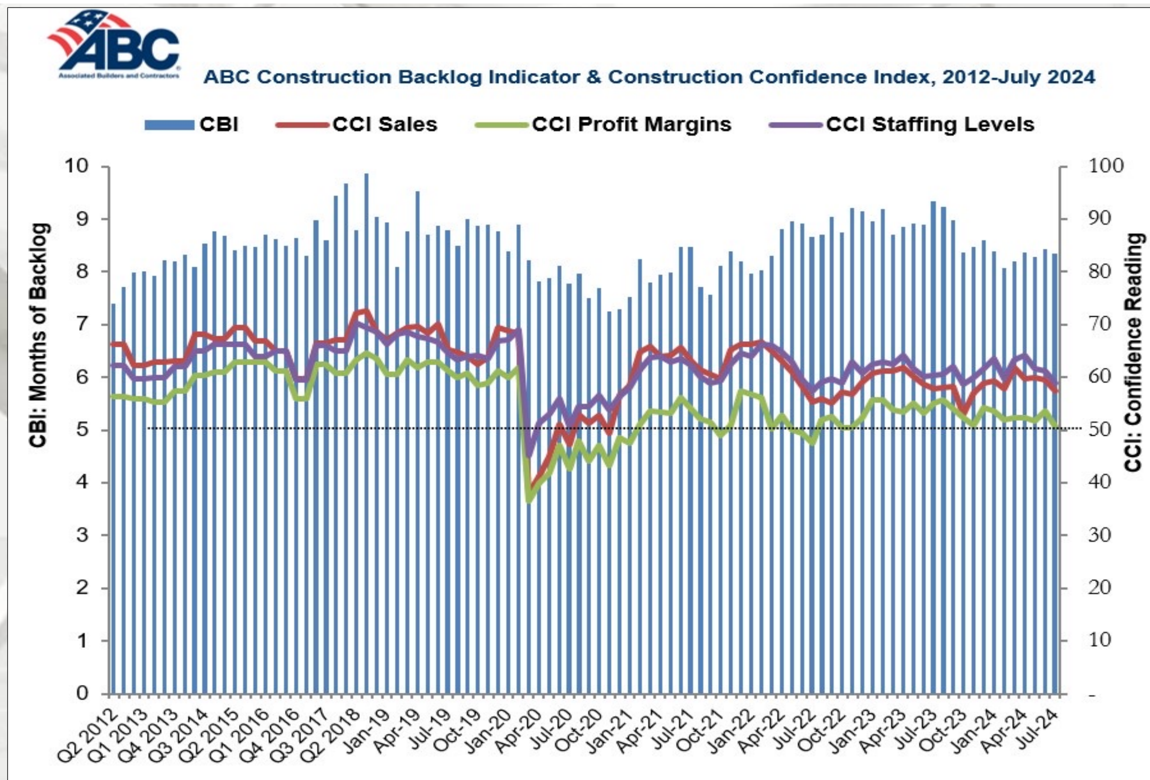
Private Indicators
Associated Builders and Contractors (ABC)



©Associated Builders and Contractors, Construction Backlog Indicator, Construction Confidence Index

ABC's Contractor Confidence Tumbles in July, Construction Backlog Unchanged

"""While inflation has moderated in recent months, construction materials prices remain almost 40% above pre-pandemic levels," said Basu. "With construction spending down for the past two months, the industry eagerly awaits lower interest rates. Given recent economic turmoil, the Federal Reserve will begin cutting rates at its September meeting." " – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-contractor-confidence-tumbles-in-july-construction-backlog-unchanged; 8/14/24

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Private Indicators
Associated Builders and Contractors (ABC)

Construction Backlog Indicator

	July 2024	June 2024	July 2023	1-Month Net Change	12-Month Net Change
Total	**8.4**	**8.4**	**9.3**	**0.0**	**-0.9**
Industry					
Commercial and institutional	8.6	8.5	9.8	0.1	-1.2
Heavy industrial	11.1	9.6	5.2	1.5	5.9
Infrastructure	7.5	8.2	8.2	-0.7	-0.7
Region					
Middle States	7.2	7.4	8.1	-0.2	-0.9
Northeast	7.2	8.0	9.6	-0.8	-2.4
South	9.8	9.5	10.6	0.3	-0.8
West	8.6	8.4	8.9	0.2	-0.3
Company Size					
<$30 Million	7.2	7.7	8.7	-0.5	-1.5
$30-$50 Million	9.0	10.0	11.0	-1.0	-2.0
$50-$100 Million	9.5	9.5	12.9	0.0	-3.4
>$100 Million	12.2	10.0	10.6	2.2	1.6

Source: https://www.abc.org/News-Media/News-Releases/abc-contractor-confidence-tumbles-in-july-construction-backlog-unchanged; 8/14/24

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Private Indicators
Associated Builders and Contractors (ABC)

Construction Confidence Index

Response	July 2024	June 2024	July 2023
CCI Reading			
Sales	57.4	59.4	57.9
Profit margins	50.6	53.6	55.0
Staffing	58.8	61.3	60.4
Sales Expectations			
Up big	5.7%	5.7%	4.7%
Up small	43.1%	48.2%	45.9%
No change	29.2%	28.1%	30.0%
Down small	19.2%	14.0%	15.3%
Down big	2.8%	3.9%	4.1%
Profit Margin Expectations			
Up big	1.3%	2.2%	2.4%
Up small	28.3%	31.6%	38.2%
No change	44.7%	46.5%	38.8%
Down small	23.3%	18.0%	18.2%
Down big	2.5%	1.8%	2.4%
Staffing Level Expectations			
Up big	4.4%	3.9%	1.8%
Up small	41.5%	46.1%	50.6%
No change	39.6%	41.7%	36.5%
Down small	13.8%	7.9%	10.0%
Down big	0.6%	0.4%	1.2%

Source: https://www.abc.org/News-Media/News-Releases/abc-contractor-confidence-tumbles-in-july-construction-backlog-unchanged; 8/14/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Decreased in June

"National nonresidential construction spending declined 0.2% in June, according to an Associated Builders and Contractors analysis of data published by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled $1.21 trillion. Nonresidential construction has expanded 5.3% from a year ago.

Spending was down on a monthly basis in 7 of 16 nonresidential subcategories. Private nonresidential spending fell 0.1%, while public nonresidential construction spending was down 0.4% in June.

"A new trend in nonresidential construction is emerging, and it's not a good thing," said ABC Chief Economist Anirban Basu. "Despite a bevy of megaprojects in certain parts of the nation, overall nonresidential construction spending appears to have entered a period of stagnation. The flattening of momentum has been apparent for the better part of a year, but the impact of higher interest rates, tighter credit conditions and a softening economy is increasingly apparent in the most recent data, which indicate that aggregate nonresidential construction spending is in decline."

"Despite a recent loss in spending growth momentum, many contractors remain upbeat, according to ABC's Construction Confidence Index, anticipating growth in revenues and payrolls over the next six months," said Basu. "But with interest rates staying higher for longer, it appears that many projects are being put on hold, limiting construction starts, suppressing backlog and perhaps eventually eroding current contractor confidence."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-decreased-in-june; 8/1/24

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Private Indicators
Associated Builders and Contractors

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

	June 2024	July 2024	June 2023	1-Month % Change	12-Month % Change
Total Construction	$2,148,444	$2,154,816	$2,023,013	-0.3%	6.2%
Residential	$939,806	$943,162	$875,539	-0.4%	7.3%
Nonresidential	$1,208,638	$1,211,653	$1,147,474	-0.2%	5.3%
Conservation and development	$12,202	$11,581	$11,671	5.4%	4.5%
Water supply	$31,252	$30,834	$28,444	1.4%	9.9%
Public safety	$18,832	$18,656	$14,707	0.9%	28.0%
Amusement and recreation	$38,436	$38,224	$36,897	0.6%	4.2%
Transportation	$67,130	$66,866	$65,009	0.4%	3.3%
Lodging	$23,350	$23,273	$25,891	0.3%	-9.8%
Manufacturing	$235,532	$235,406	$197,693	0.1%	19.1%
Office	$98,481	$98,520	$97,709	0.0%	0.8%
Communication	$28,355	$28,368	$28,037	0.0%	1.1%
Highway and street	$144,470	$145,034	$136,774	-0.4%	5.6%
Power	$143,880	$144,687	$128,241	-0.6%	12.2%
Religious	$3,907	$3,932	$3,686	-0.6%	6.0%
Educational	$126,104	$127,015	$120,756	-0.7%	4.4%
Sewage and waste disposal	$45,251	$45,667	$42,548	-0.9%	6.4%
Commercial	$125,171	$126,491	$144,770	-1.0%	-13.5%
Health care	$66,283	$67,101	$64,643	-1.2%	2.5%
Private Nonresidential	$736,608	$737,712	$707,218	-0.1%	4.2%
Public Nonresidential	$472,030	$473,941	$440,255	-0.4%	7.2%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-decreased-in-june; 8/1/24

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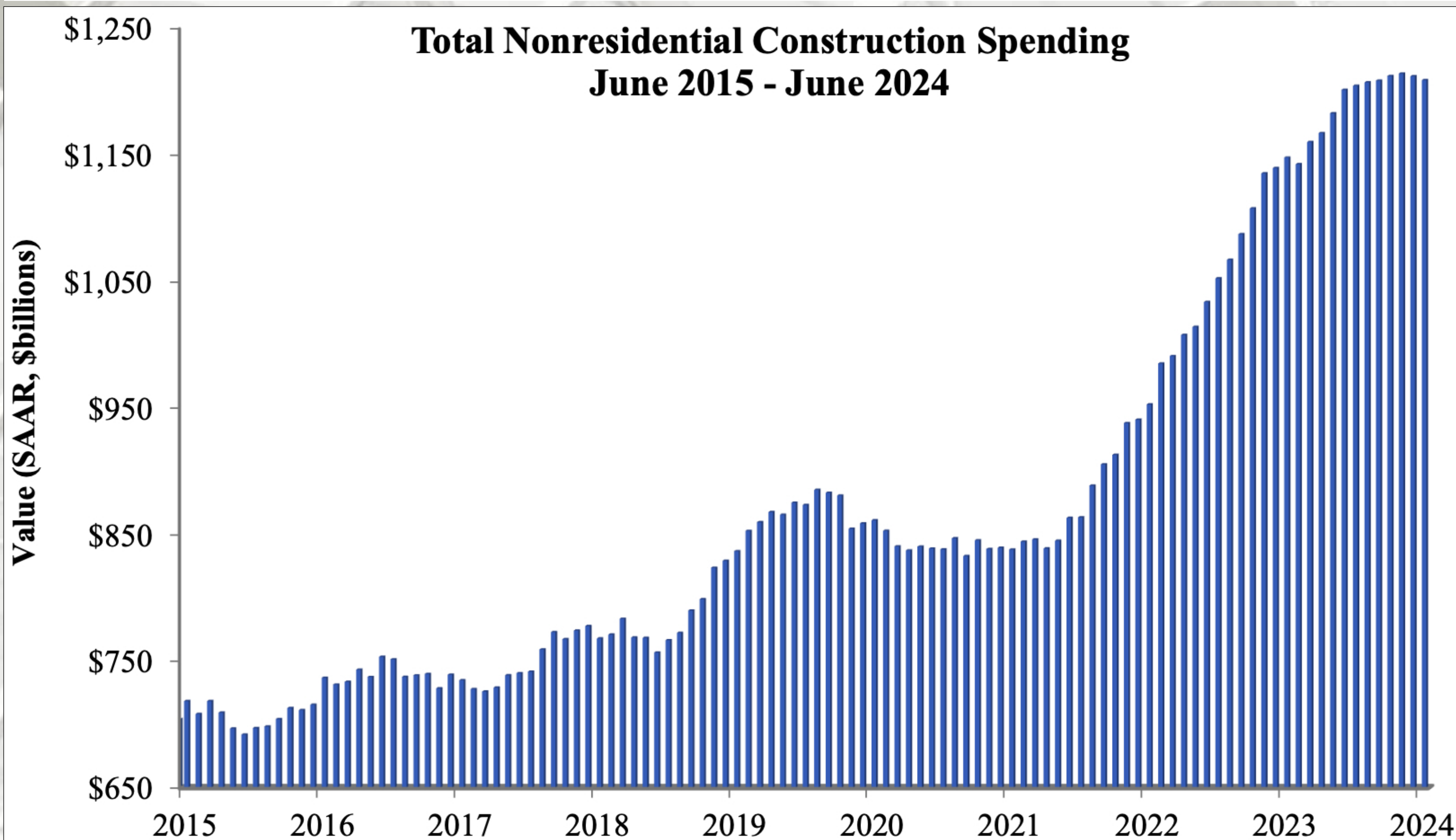
Private Indicators
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-spending-decreased-in-june; 8/1/24

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Private Indicators
Associated Builders and Contractors

Construction Job Openings Plummet by 71,000 in June

“The construction industry had 295,000 job openings on the last day of June, 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 71,000 in June and are down by 119,000 from the same time last year.

“Construction industry job openings plunged to the lowest level since March 2023,” said ABC chief economist Anirban Basu. “This sharp decline is at least partially due to cyclical factors and slowing activity in the residential sector. More new housing units were completed in June than in any month since January 2007, and high interest rates have weighed on homebuilders’ backlogs.

“Nonresidential construction retains momentum due to strength in certain segments like manufacturing and infrastructure, and that should keep the demand for labor elevated,” said Basu. “A majority of contractors intend to increase their staffing levels over the next six months, according to ABC’s Construction Confidence Index, while fewer than 9% of contractors expect their staffing levels to decrease over that span.””” – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-plummet-by-71000-in-june; 7/30/24

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Private Indicators
Associated Builders and Contractors

Construction Industry Job Openings and Labor Turnover Data: June 2024

	June 2024	May 2024	June 2023	1-Month Net Change	12-Month Net Change	12-Month % Change
Total						
Job openings	295,000	366,000	414,000	-71,000	-119,000	-28.7%
Hires	328,000	369,000	374,000	-41,000	-46,000	-12.3%
Total separations	274,000	354,000	310,000	-80,000	-36,000	-11.6%
Layoffs & discharges	133,000	150,000	121,000	-17,000	12,000	9.9%
Quits	124,000	188,000	175,000	-64,000	-51,000	-29.1%
Other separations	17,000	15,000	14,000	2,000	3,000	21.4%
Rate						
Job openings	3.5%	4.3%	4.9%			
Hires	4.0%	4.5%	4.7%			
Total separations	3.3%	4.3%	3.9%			
Layoffs & discharges	1.6%	1.8%	1.5%			
Quits	1.5%	2.3%	2.2%			
Other separations	0.2%	0.2%	0.2%			

Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-plummet-by-71000-in-june; 7/30/24

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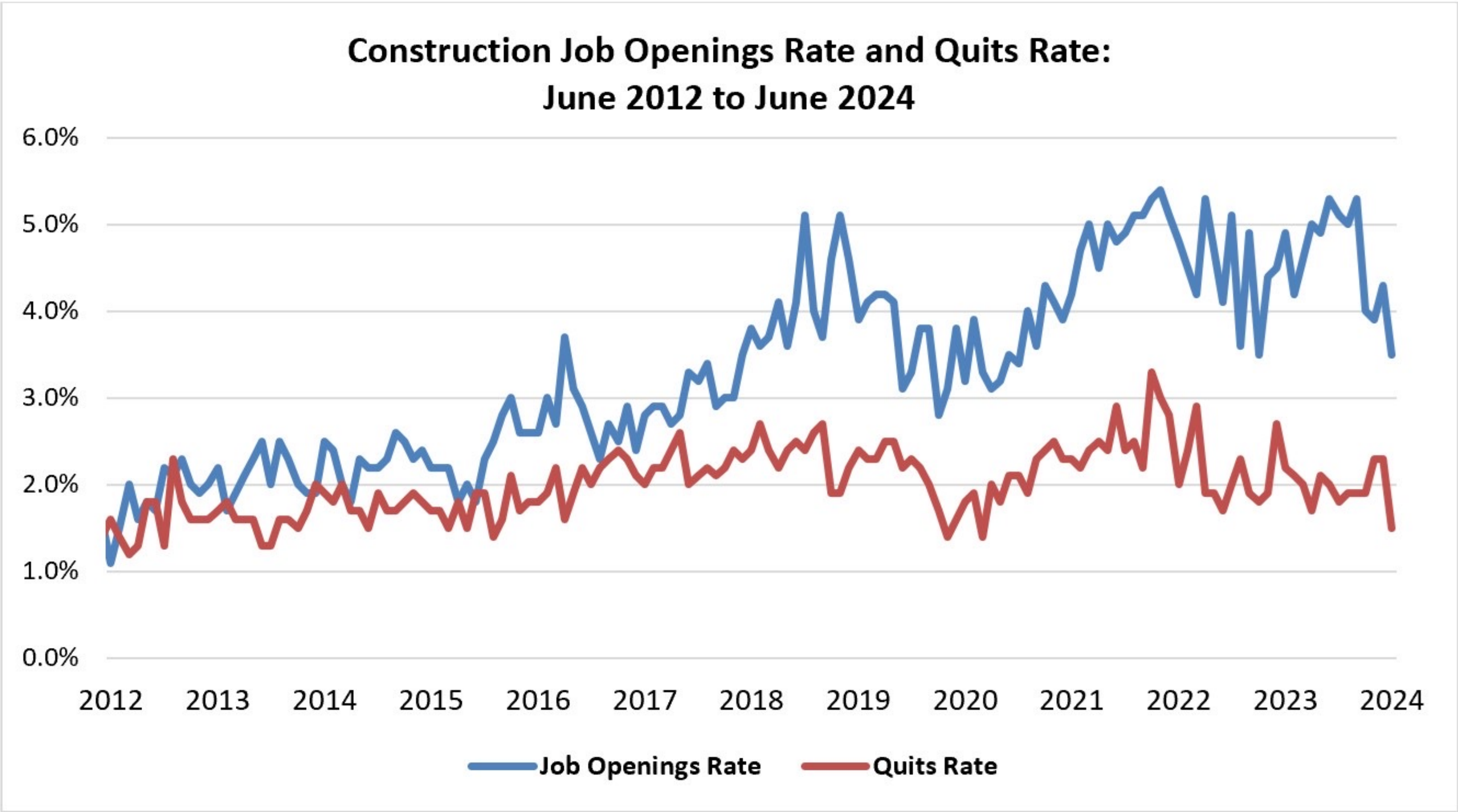
Associated Builders and Contractors



Source: U.S. Bureau of Labor Statistics

Source: https://www.abc.org/News-Media/News-Releases/abc-construction-job-openings-plummet-by-71000-in-june; 7/30/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Employment Increases in July, But Recession Looms

"The construction industry added 25,000 jobs on net in July, 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 expanded by 239,000 jobs, an increase of 3.0%.

Nonresidential construction employment increased by 16,200 positions on net, with growth in all three subcategories. Nonresidential specialty trade contractors added the most jobs, increasing by 11,300 positions. Heavy and civil engineering and nonresidential building added 2,900 and 2,000 jobs, respectively.

The construction unemployment rate rose to 3.9% in July. Unemployment across all industries rose from 4.1% in June to 4.3% last month.

"It appears that America is headed into recession," said ABC Chief Economist Anirban Basu. "While it is true that many economists have been suggesting this for more than two years, the recent slowing in economic activity feels different. Unemployment is climbing rapidly. Consumer spending growth has become more sluggish. U.S. equity markets are generating large losses, an indication that America is caught in a growth scare and that there is a growing consensus that the Federal Reserve has waited too long to begin reducing interest rates."– Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-increases-in-july-but-recession-looms; 8/2/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Employment Increases in July, But Recession Looms

"""Given that macroeconomic backdrop, it may seem peculiar that the U.S. construction industry managed to add 25,000 jobs in July," said Basu. "How can one suggest that the U.S. economy is heading into recession when contractors are still eagerly hiring workers? In this regard, history is instructive. Nonresidential construction industry performance has tended to lag the performance of the overall economy by 12 to 18 months. According to ABC's Construction Confidence Index, contractors collectively remain upbeat regarding their prospects for the next six months. But if the economy continues to weaken, and it appears poised to do precisely that, contractor confidence will begin to ebb. Indeed, the June construction spending data released on Aug. 1 indicate that many construction segments are already in slowdown mode.

"An exception to this is construction related to manufacturing," said Basu. "The fastest segment of growth in construction spending has been in building construction, which encompasses massive investments in chip-making facilities and other industrial projects. Much of that is fueled in part by federal subsidies. But many construction segments do not benefit from federal subsidies, and those are the sectors that stand to experience the most erosion in performance as the economy softens and elevated borrowing costs linger."""" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-increases-in-july-but-recession-looms; 8/2/24

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Adds 25,000 Jobs in July

Construction Employment Statistics: July 2024

	July 2024	June 2024	July 2023	1-Month Net Change	12-Month Net Change	12-Month % Change
Employment						
Construction	8,260,000	8,235,000	8,021,000	25,000	239,000	3.0%
Nonresidential	4,890,600	4,874,400	4,718,300	16,200	172,300	3.7%
Nonresidential building	930,900	928,900	886,800	2,000	44,100	5.0%
Nonresidential specialty trade contractors	2,812,300	2,801,000	2,713,300	11,300	99,000	3.6%
Heavy & civil engineering	1,147,400	1,144,500	1,118,200	2,900	29,200	2.6%
Residential	3,369,800	3,360,700	3,302,200	9,100	67,600	2.0%
Residential building	950,200	948,500	920,300	1,700	29,900	3.2%
Residential specialty trade contractors	2,419,600	2,412,200	2,381,900	7,400	37,700	1.6%
Average Hourly Earnings						
All private industries	$35.07	$34.99	$33.84	$0.08	$1.23	3.6%
Construction	$38.26	$38.11	$36.67	$0.15	$1.59	4.3%
Average Weekly Hours						
All private industries	34.2	34.3	34.3	-0.1	-0.1	-0.3%
Construction	38.8	39.4	39.0	-0.6	-0.2	-0.5%
Unemployment Rate						
All private industries (SA)	4.3%	4.1%	3.5%	0.2pp	0.8pp	
Construction (NSA)	3.9%	3.3%	3.9%	0.6pp	0.0pp	

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

Source: https://www.abc.org/News-Media/News-Releases/abc-nonresidential-construction-employment-increases-in-july-but-recession-looms; 8/2/24

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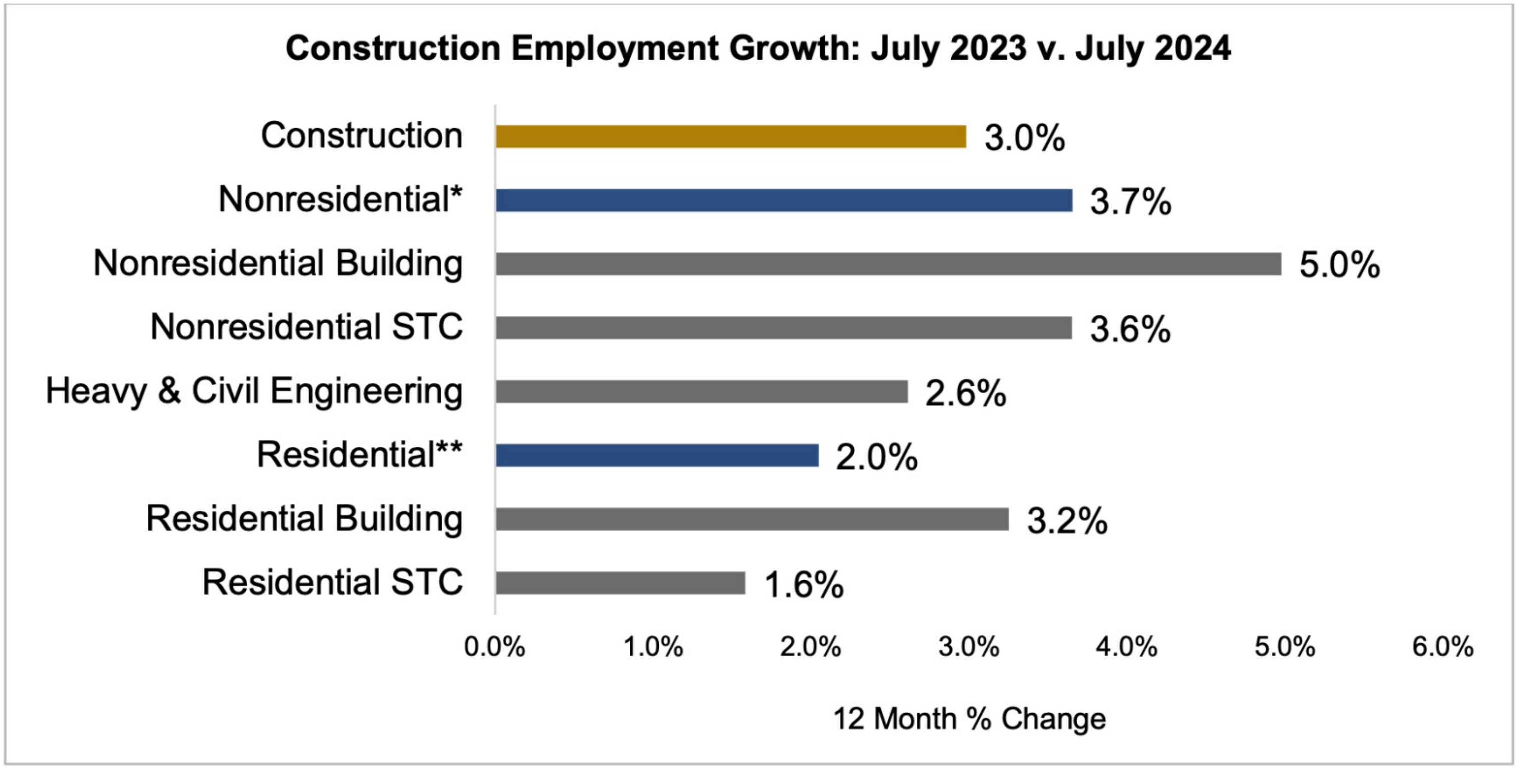
Private Indicators
Associated Builders and Contractors

Nonresidential Construction Adds 25,000 Jobs in July



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-increases-in-july-but-recession-looms; 8/2/24

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Private Indicators
American Institute of Architects (AIA) & Deltek

Architecture Billings Index June 2024

Business conditions remained soft at architecture firms in June.

"Billings at firms decreased for the seventeenth consecutive month, with an AIA/Deltek Architecture Billings Index (ABI) score of 46.4 (any score below 50 means that billings declined). Although somewhat fewer firms reported a decline in billings in June than in May, the majority continued to experience a decrease from the previous month. Indicators of future work remained generally soft as well, with only slightly more than half of responding firms reporting an increase in inquiries into new work. Firms also reported a decline in the value of newly signed design contracts for the third consecutive month. While many firms still have a healthy backlog of projects in the pipeline, 6.4 months on average, this is the smallest that backlogs have been in more than three years. Despite this ongoing softness, firms remain generally optimistic that conditions will start to improve once interest rates begin to decline but are likely to continue experiencing challenges at least until then." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"Architecture firms continue to face a period of headwinds in the construction sector, driven by elevated interest rates, high construction costs, and generally weak property values. This is the seventeenth consecutive month of a billings decrease and yet, despite the softness firms remain generally optimistic that conditions will start to improve once interest rates begin to ease." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/resource-center/abi-june-2024-business-conditions-remain-soft-architecture-firms; 7/23/24

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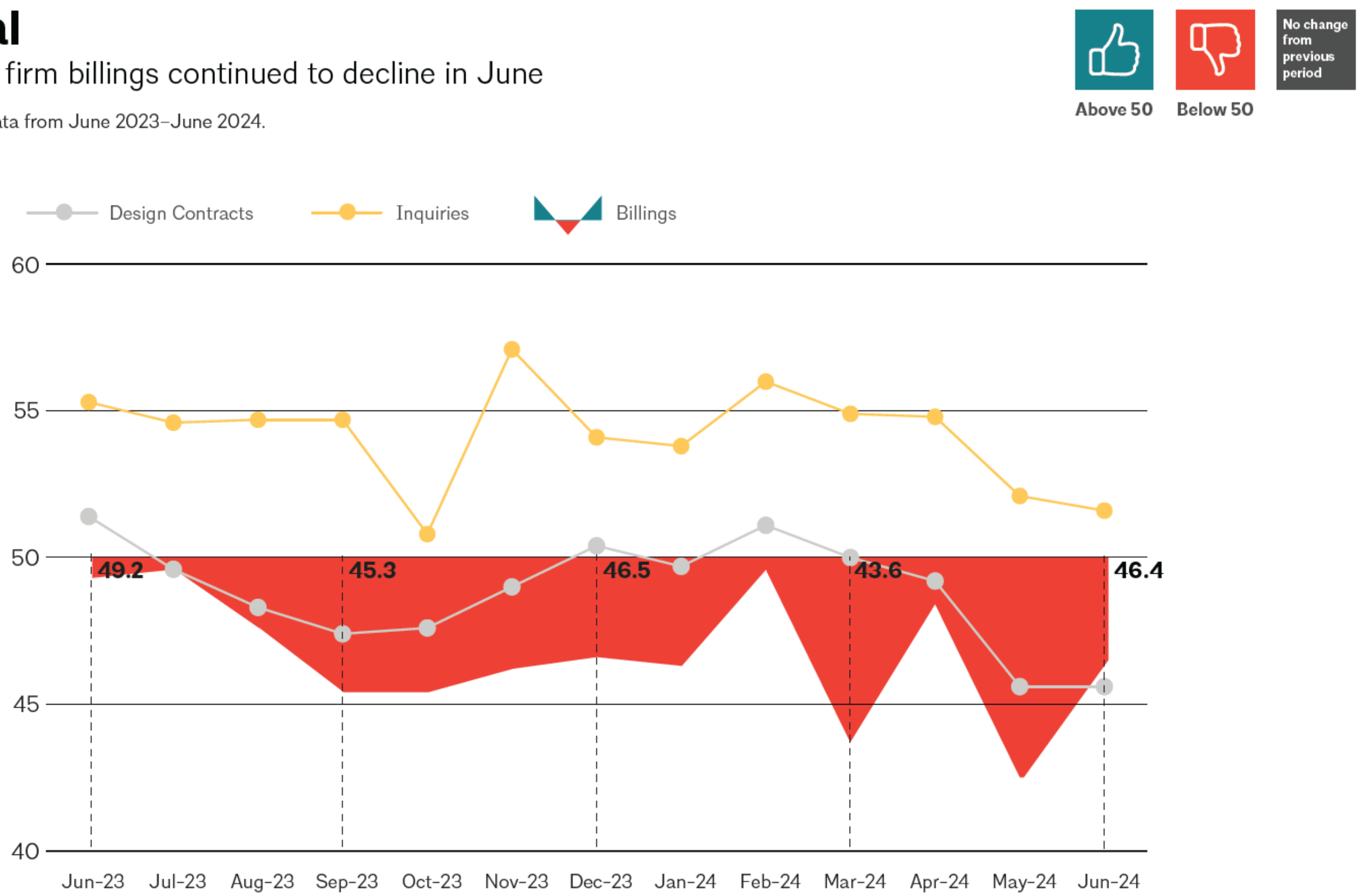
Private Indicators
American Institute of Architects (AIA) & Deltek

National

Architecture firm billings continued to decline in June

Graphs represent data from June 2023–June 2024.



Source: https://www.aia.org/resource-center/abi-june-2024-business-conditions-remain-soft-architecture-firms; 7/23/24

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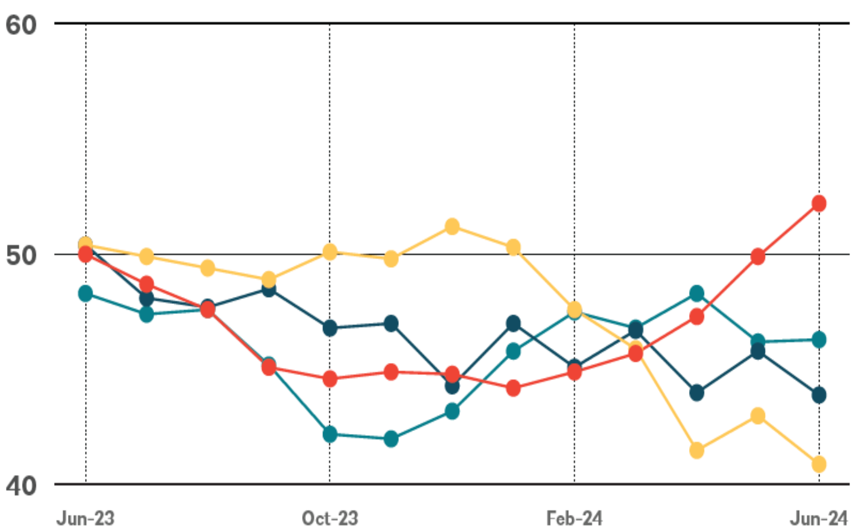
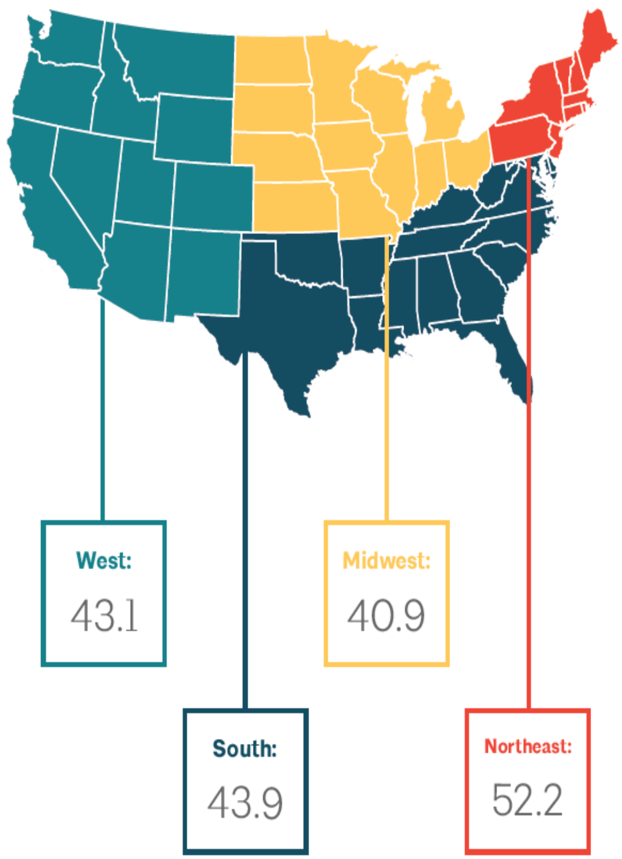
Private Indicators: AIA & Deltek

Regional

Billings declined further in all regions except the Northeast

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





Source: https://www.aia.org/resource-center/abi-june-2024-business-conditions-remain-soft-architecture-firms; 7/23/24

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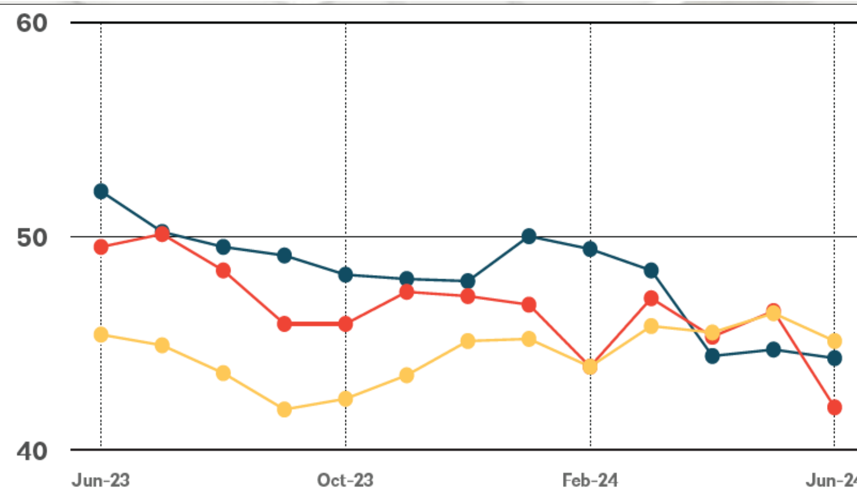
Private Indicators: AIA & Deltek

Sector

Firms of all specializations continue to experience soft business conditions

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



Commercial/Industrial: 42.0

Institutional: 44.3

Residential: 45.1

Source: https://www.aia.org/resource-center/abi-june-2024-business-conditions-remain-soft-architecture-firms; 7/23/24

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Private Indicators

Dodge Data & Analytics

Construction Starts Fall 19% in June

Decline in utility starts powers total activity lower; residential starts continue upward momentum

“Total construction starts lost 19% in June, falling to a seasonally adjusted annual rate of $1.0 trillion, according to Dodge Construction Network. Much of the decline was due to a stark decline in utility/gas starts following a strong May that saw several megaprojects get underway. During the month, nonbuilding starts fell 46% (following a 49% gain in May), while nonresidential starts fell 13%. Residential starts rose 9% during the month. On a year-to-date basis through June, total construction starts were up 7% from the first six months of 2023. Residential starts were up 14%, while nonbuilding starts gained 8%, and nonresidential building starts rose 1%.

For the 12 months ending June 2024, total construction starts were up 1% from the 12 months ending June 2023. Nonresidential building starts were down 7%, residential starts were up 7%, and nonbuilding starts were up 8% on a 12-month rolling sum basis.

“The construction market remains sluggish as high interest rates continue to reverberate through the sector,” said Richard Branch, chief economist of Dodge Construction Network. “However, the Dodge Momentum Index, which tracks nonresidential building projects entering the planning phase, has been reasonably steady over the last year indicating that owners and developers remain cautiously optimistic that the conditions will be more conducive to construction in the future. But moribund starts activity means that these projects are piling up like water behind a dam. Lower rates in 2024 will allow these projects to start flowing again, resulting in a quicker pace of activity towards year-end.”” – Amy Roepke, Media Contact, Construction.com

Source: https://www.construction.com/company-news/construction-starts-fall-19-in-june/; 7/23/24

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Private Indicators

Dodge Data & Analytics

“**Nonresidential building starts** lost 13% in June to a seasonally adjusted annual rate of $359 billion. Manufacturing starts tumbled 34%, while institutional starts retreated 19%. On the plus side, commercial starts rose 4% in June due to an increase in office and data center activity along with increased retail starts. On a year-to-date basis through June, total nonresidential starts were up 1%. Institutional starts were 11% higher, while commercial starts were down 3%, and manufacturing starts were 19% lower on a year-to-date basis through June.

For the 12 months ending June 2024, nonresidential building starts were 7% lower than the previous 12 months. Manufacturing starts were down 33% and commercial starts were down 9%, while institutional starts were 8% higher for the 12 months ending June 2024.

Residential building starts moved 9% higher in June to a seasonally adjusted annual rate of $396 billion. Multi-family starts rose 23%, while single-family starts gained 4%. On a year-to-date basis through six months, total residential starts were 14% higher. Single-family starts improved 25%, and multi-family starts were 6% lower on a year-to-date basis.

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

The largest multi-family structures to break ground in June were the $1 billion Bentley Residences in Sunny Isles Beach, Florida, the $600 million Cipriani Residences in Miami, Florida, and the $434 million The Marketplace apartments in Irvine, California.

Regionally, total construction starts in June fell in all regions.” – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/company-news/construction-starts-fall-19-in-june/; 7/23/24

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Private Indicators

MONTHLY CONSTRUCTION STARTS

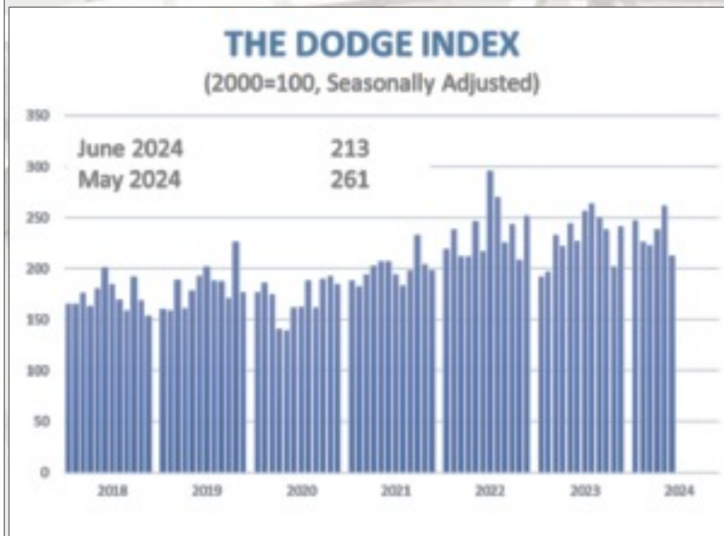
(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Jun 2024	May 2024	% Change
Nonresidential Building	$358,587	$410,629	-13
Residential Building	395,581	363,509	9
Nonbuilding Construction	250,831	460,877	-46
Total Construction	$1,004,999	$1,235,015	-19

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	6 Mos. 2024	6 Mos. 2023	% Change
Nonresidential Building	$198,639	$197,579	1
Residential Building	200,773	176,120	14
Nonbuilding Construction	157,403	145,524	8



Source: Dodge Data & Analytics

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Private Indicators

MNI Chicago

July 2024 Chicago Report™ – Decreases to 45.3 in July

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

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

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

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Private Indicators

July 2024 Chicago Report™ – Decreases to 45.3 in July

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

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

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Private Indicators

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

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. declined by 0.2 percent in June 2024 to 101.1 (2016=100), following a decline of 0.4 percent (upwardly revised) in May. Over the first half of 2024, the LEI fell by 1.9 percent, a smaller decrease than its 2.9 percent contraction over the second half of last year.

The U.S. LEI continued to trend down in June, but the contraction was smaller than in the past three months. The decline continued to be fueled by gloomy consumer expectations, weak new orders, negative interest rate spread, and an increased number of initial claims for unemployment. However, due to the smaller month-on-month rate of decline, the LEI's long-term growth has become less negative, pointing to a slow recovery. Taken together, June's data suggest that economic activity is likely to continue to lose momentum in the months ahead. We currently forecast that cooling consumer spending will push US GDP growth down to around 1 percent (annualized) in Q3 of this year.

The Conference Board Coincident Economic Index® (CEI) for the U.S. rose by 0.3 percent in June 2024 to 112.6 (2016=100), after increasing by 0.4 percent in May. The CEI grew 0.6 percent over the first half of 2024, about half its growth rate of 1.3 percent 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 in June, with industrial production making the largest positive contribution to the CEI for the second consecutive month.

The Conference Board Lagging Economic Index® (LAG) for the U.S. inched up by 0.1 percent in June 2024 to 119.5 (2016=100), partially reversing a decline of 0.2 percent in May. The LAG's six-month growth rate rebounded to 1.2 percent over the first half of this year, substantially higher than its 0.3 percent increase over the second half of 2023." – Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 7/18/24

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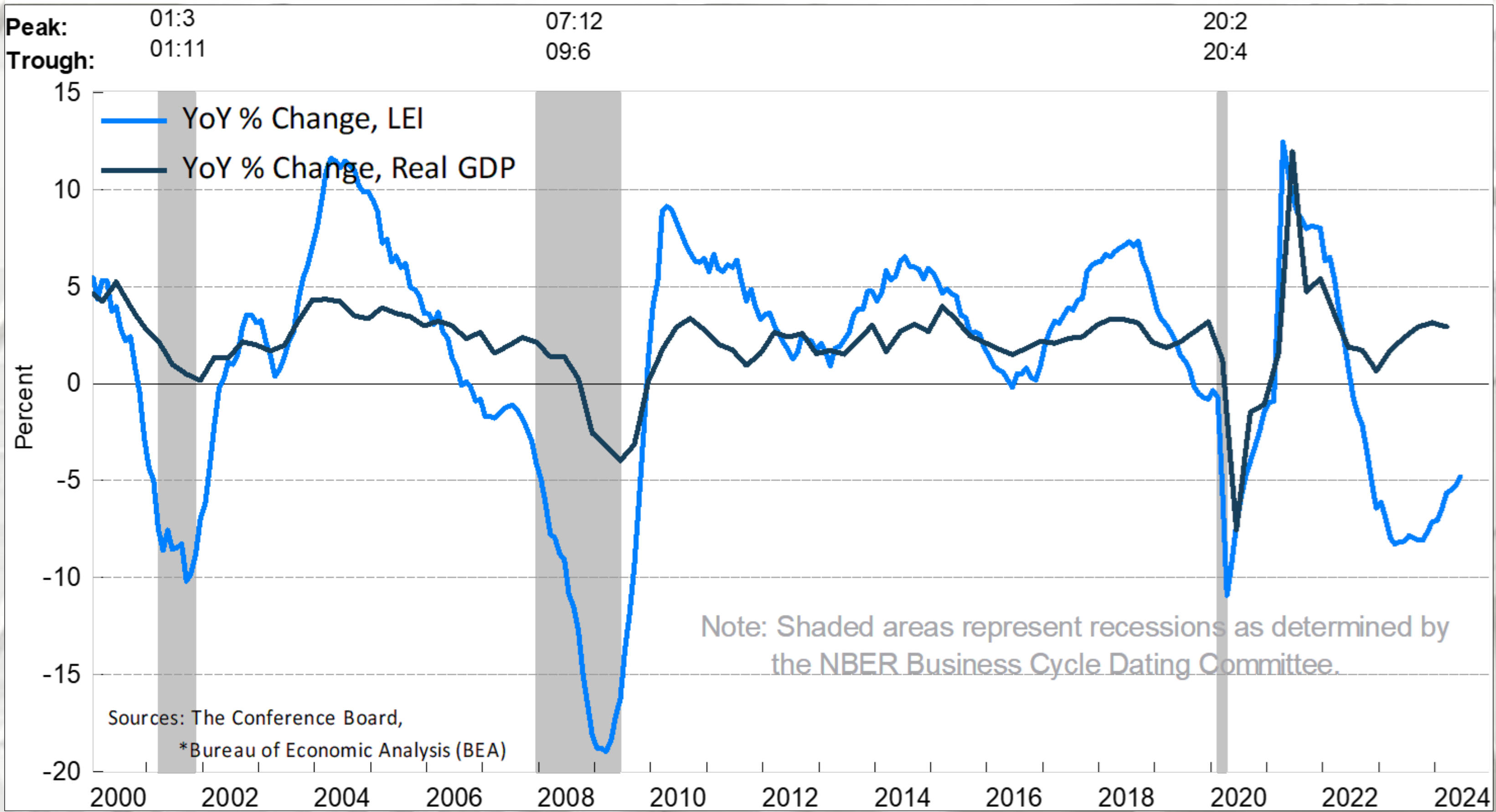
Private Indicators

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

Fell Slightly in June

The LEI's year-over-year growth rate was negative but to a lesser degree compared to prior months



Source: https://www.conference-board.org/data/bcicountry.cfm; 7/18/24

Private Indicators

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

NBV Down 4% Y/Y, Up 4.1% YTD

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

- New business volume (NBV) was $10.0 billion, down 4% from June 2023.
- Month over month, NBV was down 2% from $10.2 billion in May 2024.
- Year to date, cumulative NBV was up 4.1% compared to 2023.

Additional findings include:

- Receivables over 30 days were 2.0%, down from 2.3% the previous month and up from 1.8% in the same period in 2023.
- Charge-offs were 0.5%, up from 0.4% the previous month and up from 0.4% in the year-earlier period.
- Credit approvals totaled 75%, unchanged for the second consecutive month.
- Total headcount for equipment finance companies was down 0.9% year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index in July is 50.7, steady with the June index of 50.2." – Amy Vogt, Vice President, Communications and Marketing, ELFA

Source: https://www.elfaonline.org/news-and-publications/industry-news/read/2024/07/24/equipment-leasing-and-finance-association-s-monthly-leasing-and-finance-index-nbv-down-4--y-y--up-4.1--ytd; 7/24/24

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Private Indicators

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

"Our latest MFLI report shows modest cooling in the equipment leasing and finance industry. A pullback in origination activity at banks caused overall new business volume to dip in June after double-digit growth in the previous two months. That said, portfolio quality remained consistent, fluctuating within a narrow range as receivables improved and losses dipped. We expect financial conditions to remain solid in 2024 as recent inflation data leads the Fed to begin easing borrowing costs in September. That would boost equipment demand, which in turn should bolster economy-wide investment through the end of the year." – Leigh Lytle, President and CEO, ELFA

"The current moment, while not simple, is a very interesting one for Amur and other well-capitalized independents. Banks have been so dominant in our industry for so long, but with banks looking to lend less, we expect to see continued opportunities to be the go-to source of financing in the marketplace. Given our 28-year track record and time-tested platform, we are proud that we have been able to stay consistent and reliable with our partners regardless of market fluctuations."
– Todd Wainwright, SVP, Head of Commerce & Strategic Partnerships, Amur

Source: https://www.elfaonline.org/news-and-publications/industry-news/read/2024/07/24/equipment-leasing-and-finance-association-s-monthly-leasing-and-finance-index-nbv-down-4--y-y--up-4.1--ytd; 7/24/24

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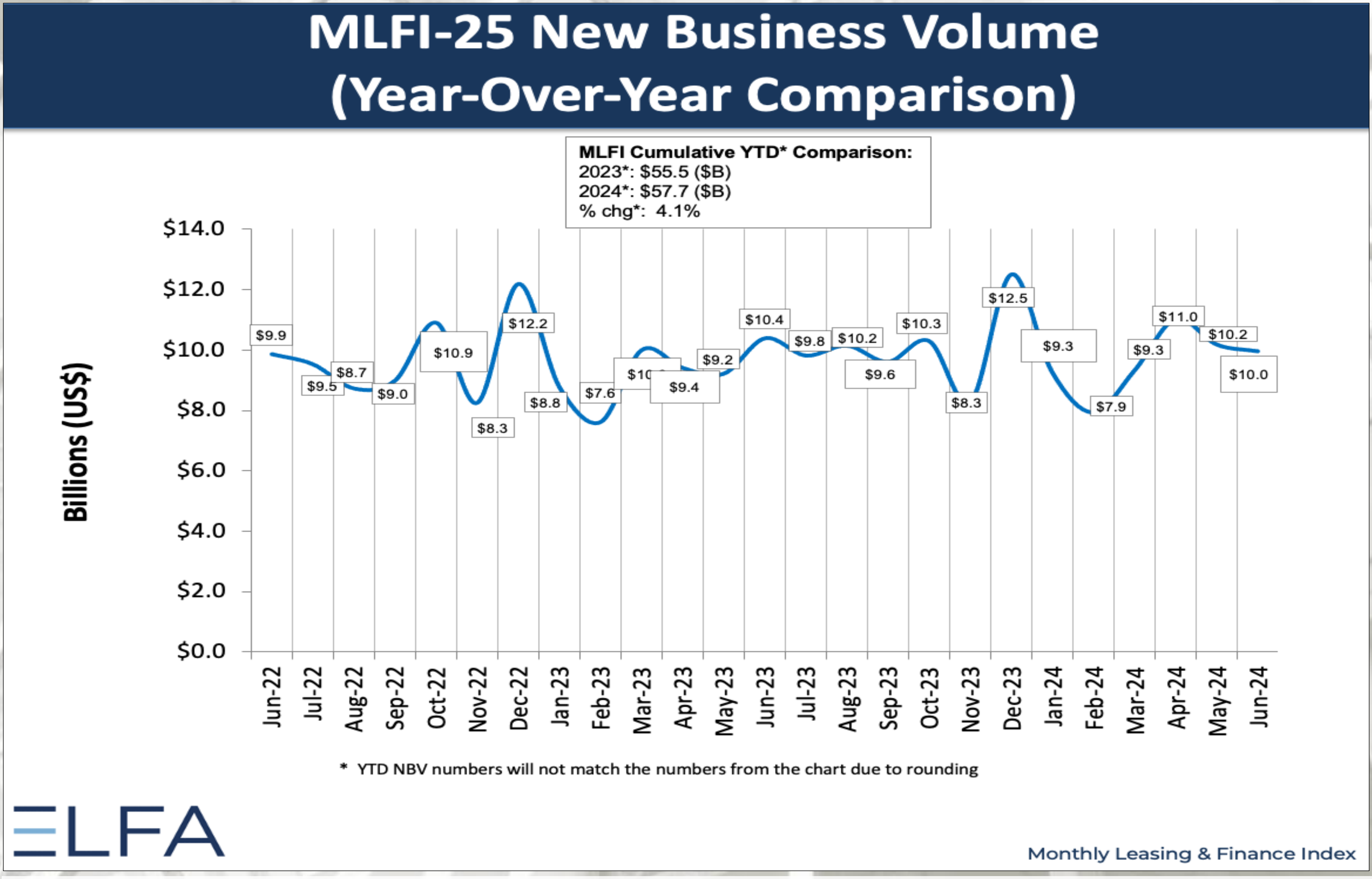
Private Indicators

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



Source: https://www.elfaonline.org/news-and-publications/industry-news/read/2024/07/24/equipment-leasing-and-finance-association-s-monthly-leasing-and-finance-index-nbv-down-4--y-y--up-4.1--ytd; 7/24/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

New orders decrease for first time in three months

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI®) fell to 49.6 in July from 51.6 in June, below the 50.0 no-change mark for the first time in seven months and signaling a slight deterioration in the health of the manufacturing sector.

The start of the third quarter saw a deterioration in business conditions at US manufacturers as new orders declined for the first time in three months. Work on outstanding business and a near-record replenishment of stocks of finished goods helped to keep output rising, although the pace of expansion was only marginal. Employment also rose at a slower pace. Output prices increased only marginally and at the slowest pace for a year, despite a further marked increase in input costs.

Central to the worsening of overall business conditions was a first reduction in new orders for three months. New business decreased solidly, and at the fastest pace in 2024 so far. Firms reported a general slowdown in market demand, with clients often reluctant to commit to new projects at the current time. New export orders also decreased, albeit to a lesser extent than total new business. A number of respondents highlighted demand weakness in Canada.

Manufacturing production continued to rise in July, although the drop in new orders meant that the rate of expansion eased to a marginal pace that was the slowest in the current six-month sequence of growth." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/d95f4d0bf69142a4a971ad9e3368d65a; 8/1/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

New orders decrease for first time in three months

"Continued increases in production at a time of falling new orders meant that firms were able to work through outstanding business again in July. The rate of depletion in backlogs of work was solid and the fastest in three months.

Rises in output also contributed to an increase in stocks of finished goods as some firms looked to build inventories in anticipation of future demand improvements. That said, the drop in sales was also a factor behind rising stock levels. In fact, the accumulation of post-production inventories was the strongest since November 2022 and among the fastest since the series began in May 2007.

Confidence in the future path of production also supported job creation in July, while some firms hired staff to replace previously departed workers. Employment increased for the seventh month running, but at the softest pace since January.

The positive outlook was evident in data on business sentiment, which showed optimism regaining some ground at the start of the third quarter. Hopes that the current soft patch in demand will prove temporary, with new business improving following the Presidential Election, supported confidence in the outlook for production." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/d95f4d0bf69142a4a971ad9e3368d65a; 8/1/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

New orders decrease for first time in three months

"Input costs increased markedly in July amid reports of higher prices for energy, freight, labor and raw materials. That said, the rate of inflation eased to a four-month low.

Meanwhile, manufacturers increased their own selling prices at only a marginal pace, with the rate of inflation easing to a one-year low as firms restricted price rises in an attempt to secure sales in a competitive market.

Purchasing activity decreased for the second month running, with firms reluctant to purchase additional inputs given falling new orders and rising prices. The modest drop in purchasing fed through to a further reduction in stocks of inputs, the fifth in as many months.

Reduced demand for inputs led some suppliers to speed up deliveries, but this was cancelled out by shortages of staff and materials, plus shipping delays. Supplier performance was therefore broadly unchanged in July." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/d95f4d0bf69142a4a971ad9e3368d65a; 8/1/24

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Private Indicators

S&P Global U.S. Manufacturing PMI™

New orders decrease for first time in three months

Comment

"The manufacturing recovery moved into reverse in July, though the gloomier growth picture was accompanied by a marked cooling of inflation in the goods-producing sector.

Business conditions worsened in July as the first fall in new orders since April caused a near-stalling of production. Purchasing activity is falling and hiring has slowed amid concerns over weaker-than-anticipated sales.

Many firms are expecting the weakness to be temporary, linked to paused spending and investment ahead of the Presidential Election. However, firms' expectations for output in one year's time remain subdued by historical standards, reflecting additional concerns over the impact of higher interest rates and persistent inflation. While orders for investment goods such as plant and machinery fell especially sharply in July, underscoring the recent pull-back in capital spending, producers of consumer goods also reported a modest fall in demand.

There was better news on the inflation front. Input cost inflation cooled for a second month after having risen to a 13-month high in May. This welcome lowering of cost pressures helped take further heat out of selling price inflation, which moderated sharply in July to the lowest for a year to signal only a marginal increase in prices during the month. This near-abeyance of producer price inflation should feed through to lower consumer price inflation in the coming months." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/d95f4d0bf69142a4a971ad9e3368d65a; 8/1/24

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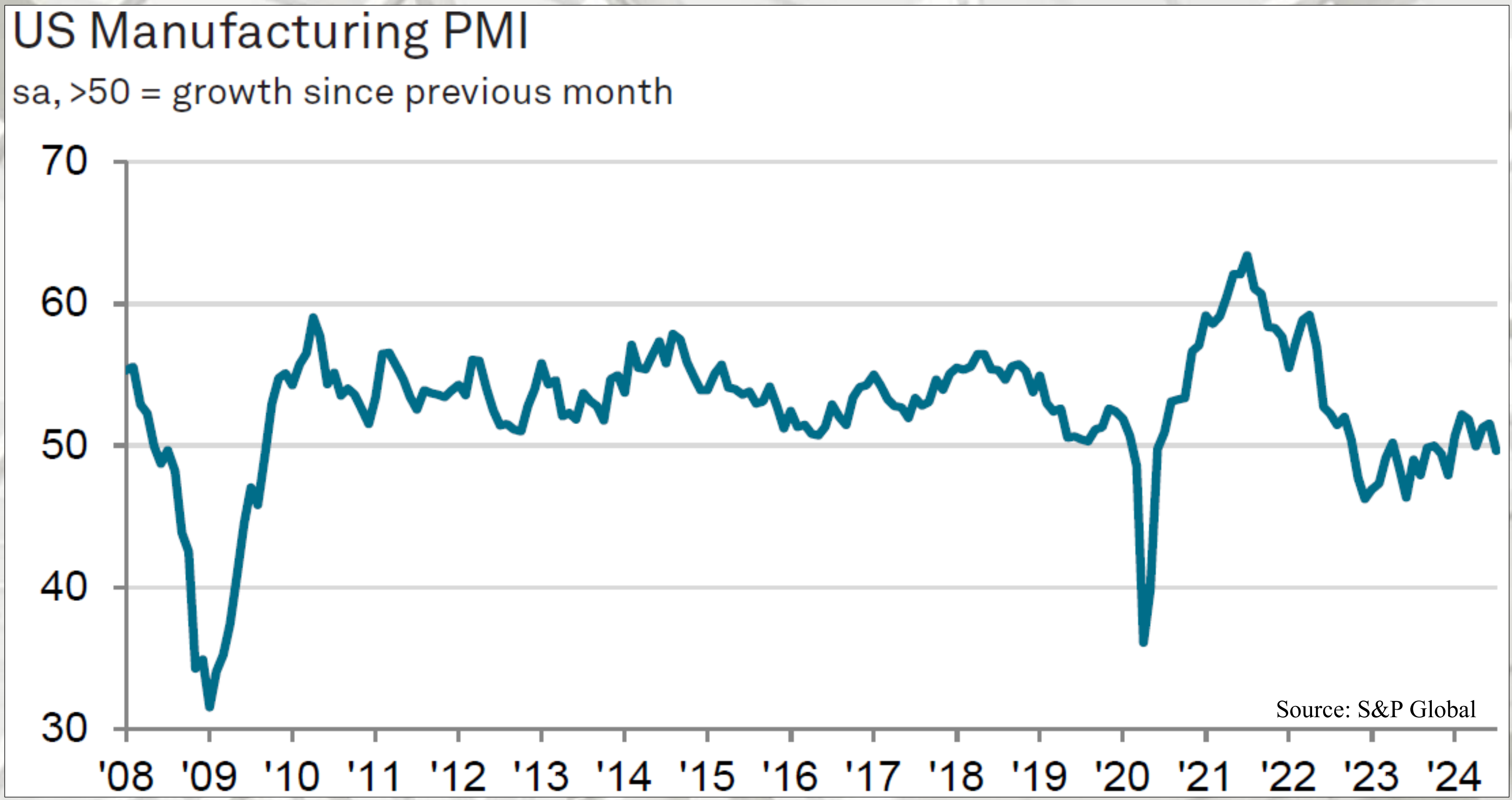

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/d95f4d0bf69142a4a971ad9e3368d65a; 8/1/24

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Private Indicators

S&P Global U.S. Services PMI™

Activity rises markedly again in July

“The seasonally adjusted S&P Global US Services PMI® Business Activity Index posted well above the 50.0 no-change mark again in July, dipping only slightly from 55.3 in June to 55.0. The reading signalled a marked monthly expansion in services activity, extending the current sequence of growth to 18 months.

The US service sector began the second half of the year as it ended the first, seeing a marked expansion of business activity in July on the back of a rise in new orders. Growth of new business also encouraged firms to take on extra staff, as did positive expectations for the future.

Meanwhile, the rate of input cost inflation quickened, but companies increased their selling prices at a softer pace amid competitive pressures.

Where output increased, companies often linked this to higher new orders. New business rose for the third consecutive month and at a solid pace, albeit with the rate of expansion easing slightly from that seen in June. According to respondents, customer referrals had played a role in them being able to secure new business during the month.

New business from abroad increased for the first time in six months, albeit only marginally and to a much lesser extent than total new orders.” – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4ee1909e4b054d3984d8ab4d4e62059b; 8/5/23

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Private Indicators

S&P Global U.S. Services PMI™

Activity rises markedly again in July

"Service providers remained optimistic that business activity will rise over the coming year, although confidence eased to an eight-month low. A greater focus on marketing and sales efforts is predicted to bear fruit. Meanwhile, a reduction in interest rates and an improvement in demand following the Presidential Election were also factors supporting confidence.

Positive projections for the coming year, allied with solid new order growth in the latest survey period, encouraged companies to take on additional staff as the second half of the year got underway. Employment increased for the second month running, albeit modestly and to a lesser extent than in June.

The modest increase in employment was not sufficient to fully keep up with new order growth in July, resulting in a second consecutive monthly rise in backlogs of work. The rate of accumulation in outstanding business was only slight, however.

Service providers signalled a further sharp rise in input costs, with the rate of inflation quickening to a four-month high. The latest increase was also sharper than the series average. Respondents indicated that higher wage and transportation costs had been the main factors pushing up input prices.

While a number of companies responded to higher input costs by increasing their selling prices accordingly, there were other reports that competitive pressures led some firms to lower their charges. The rate of output price inflation was solid, but eased for the second month running to the slowest since January." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4ee1909e4b054d3984d8ab4d4e62059b; 8/5/23

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Private Indicators

S&P Global U.S. Services PMI™

Activity rises markedly again in July

Comment

"The PMI surveys bring encouraging news of a welcome combination of solid economic growth and cooler selling price inflation in July.

Another strong expansion of business activity in the service sector, which over the past two months has enjoyed its best growth spell for over two years, contrasts with the deteriorating picture seen in the manufacturing sector, where output came close to stalling in July.

While manufacturers are reporting reduced demand for goods, this in part reflects a further switching of spending from consumers towards services such as travel and recreation. However, healthcare and financial services are also reporting buoyant growth, fueling a wide divergence between the manufacturing and service economies.

Thanks to the relatively larger size of the service sector, the July PMI surveys are indicative of the economy continuing to grow at the start of the third quarter at a rate comparable to GDP rising at a solid annualized 2.2% pace.

A further cooling of selling price inflation in the service sector meanwhile brings encouraging news for the Fed. Combined with a near-stalling of price increases in the manufacturing sector, the latest survey data point to average prices charged for goods and services rising at a rate which is indicative of consumer price inflation moving closer to the 2% target. However, the surveys saw some upward pressures on costs, especially in the service sector, which policymakers will likely be eager to see soften before being confident of inflation falling sustainably to target." – Chris Williamson, Chief Business Economist, S&P Global Market Intelligence

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4ee1909e4b054d3984d8ab4d4e62059b; 8/5/23

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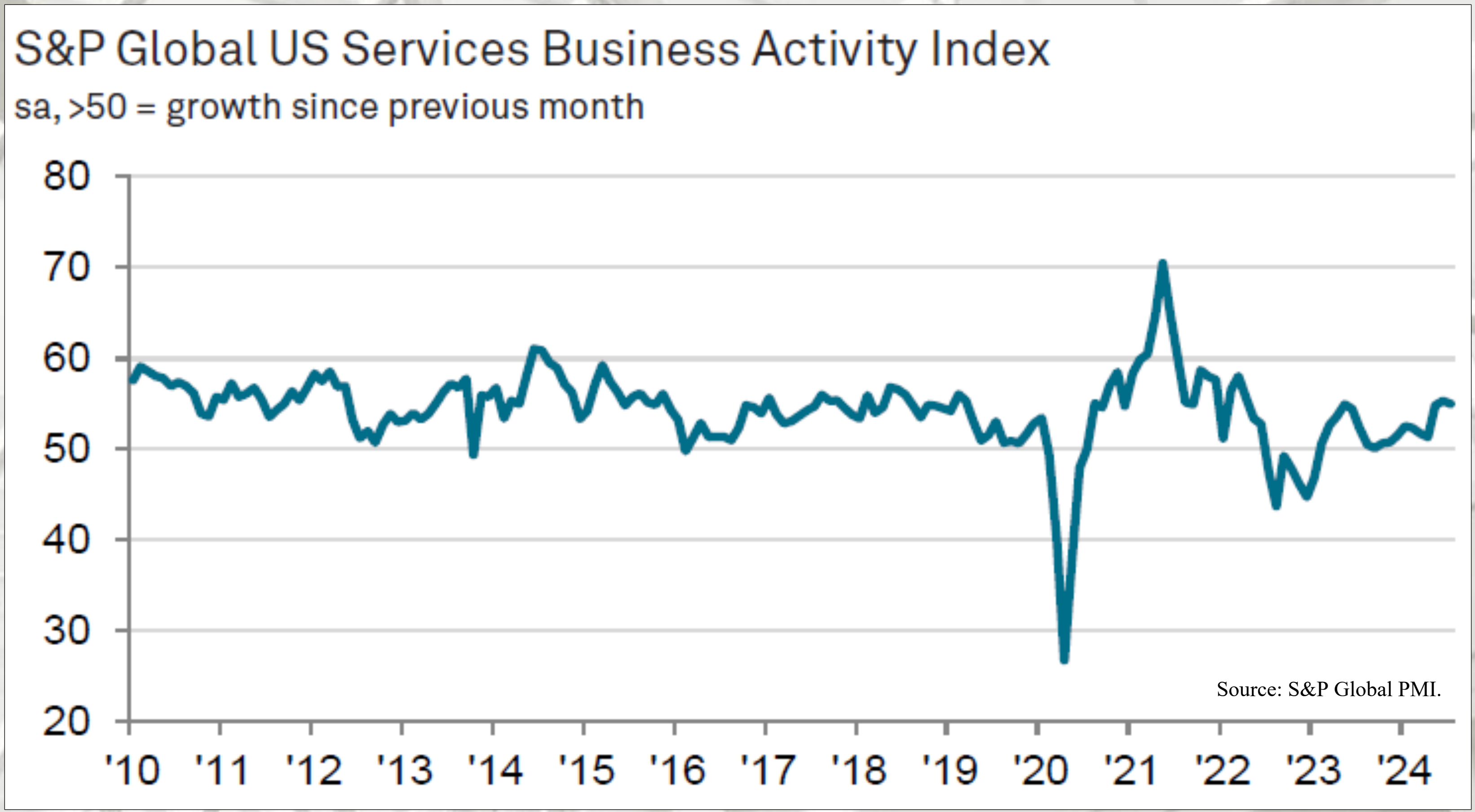

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/4ee1909e4b054d3984d8ab4d4e62059b; 8/5/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for July 2024: Combined Sectors

"The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for July 2024 deteriorated 1.6 points to a 52.3. "Despite the strong 2Q 2024 GDP report, the July Credit Managers Index, which reports on June's accounts receivables trends, fell noticeably. While it remains on the expansion side there appears to be rising economic risk," said NACM Economist Amy Crews Cutts, Ph.D., CBE. "The Credit Managers' Index is back to near non-recession lows. Negative factors like slow or nonpayment of accounts are driving this.""

Key Findings:

- "The index for unfavorable factors deteriorated by 1.5 points to 48.8, moving back to the contraction side after only one month in expansion. This index has only been in expansion territory twice in the past 12 months.
- The index for accounts placed for collection is at 46.6 this month, its 26th month in contraction.
- The index for the dollar amount beyond terms had the largest deterioration, losing 5.4 points to 45.7, after spending the last two months above 50 points.
- The index for favorable factors remains solidly in expansion even with a 1.8-point decline in July and a 1.7-point decline in June. This index now stands at 57.6." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 8/1/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

"“This month we heard a definite change in respondent comments to the negative,” said Cutts. “Supply chains are again an issue with continued geopolitical events around the world as well as weather problems. Several respondents noted having to file more liens, send more accounts to collections, and a general sense that payment speeds are slowing.”

“While the dollar amount of sales is still strong according to respondents in the CMI Survey, they are noting that it is requiring much more effort to do due diligence on new accounts and a distressing amount of time and expense tracking down payments. Bankruptcies are on the rise and according to the US Courts, business bankruptcy filings in the second quarter are up 38% over last year and now exceed pre-pandemic levels.”

The Manufacturing Sector CMI deteriorated 1.9 points in the July CMI survey to a level of 52.7. The Service Sector CMI also deteriorated, by 1.3 points, and now stands also stands at 51.9. “The sector CMIs are moving in lock step, although the services sector is showing a bit more weakness. This has been the consistent theme over the past few months.”

“The manufacturing CMI is showing significant signs of weakness even as it hangs on in expansion territory,” said Cutts. “Surprisingly, the accounts placed for collections rebounded back to expansion after 11 months in contraction.”" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 8/1/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

"“One respondent neatly summed up what several others also indicated in part, 'the number of Dunn and Bradstreet alerts have tripled. Meaning higher risk, collections, suits, judgements and tax liens. Accounts sent to collection agencies are equal to what was placed in 2008.' The sea change in the tenor of comments was unexpected given how strong the second quarter economic growth figures were."

"Respondents from the services sector were also quite negative in their comments this month," said Cutts. "One noted that customers are attempting more payment delays and that bankruptcies in the middle of the country are inching up noticeably. Bad weather was also noted as affecting customer payments from companies located in Texas."

"Another respondent noted that 'this year has been a rollercoaster, but the drop in sales from May to June was dramatic.' They continued with 'Sales are also down month over month vs 2023 and down palpably YTD for same period 2023. Delinquencies have ticked up to their highest level since January.' The CMI is showing some of this change but had more factors improve this month than last, so the change in respondent sentiment is especially alarming."”' – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 8/1/24

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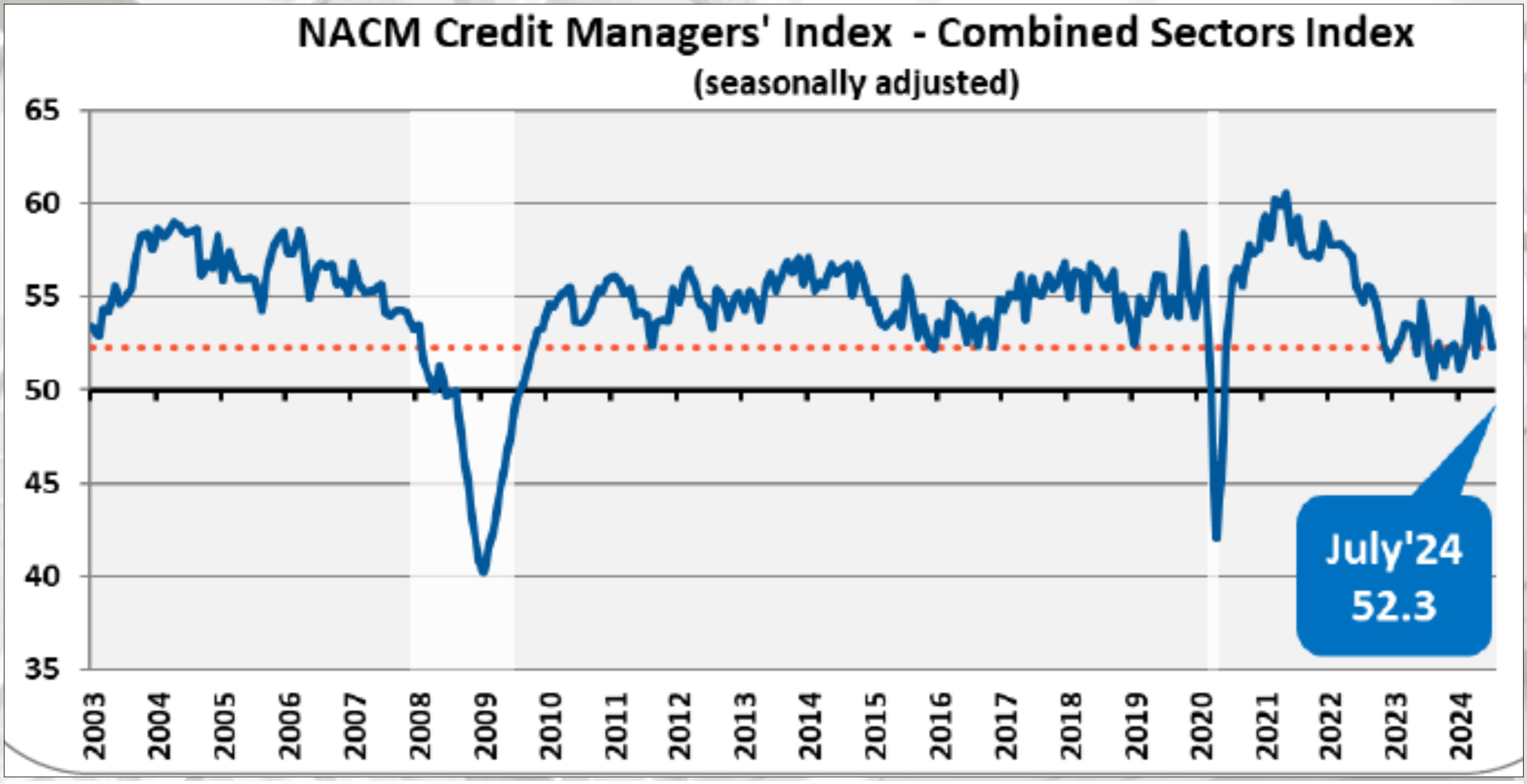
National Association of Credit Management – Credit Managers' Index



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

Source: https://nacm.org/cmi.html; 8/1/24

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	Jul '23	Aug '23	Sep '23	Oct '23	Nov '23	Dec '23	Jan '24	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24
Sales	54.7	49.4	58.3	52.6	55.9	53.6	52.7	57.6	62.1	57.6	62.9	61.1	55.1
New credit applications	56.5	56.5	56.5	56.6	58.4	60.4	55.1	59.5	61.2	57.6	60.6	58.8	58.4
Dollar collections	56.3	52.5	58.6	56.5	59.4	58.7	56.1	59.0	61.2	54.9	59.9	58.1	55.6
Amount of credit extended	56.7	55.2	61.5	58.7	58.3	58.1	57.9	56.1	64.2	60.8	60.8	59.6	61.1
Index of favorable factors	**56.1**	**53.4**	**58.7**	**56.1**	**58.0**	**57.7**	**55.4**	**58.1**	**62.2**	**57.7**	**61.1**	**59.4**	**57.6**
Rejections of credit applications	50.5	50.0	49.2	49.7	48.8	49.1	50.7	47.9	51.5	49.0	51.0	51.2	50.0
Accounts placed for collection	47.7	44.9	47.0	45.4	44.6	45.8	44.6	42.9	45.7	44.7	44.9	46.2	46.6
Disputes	49.9	49.5	47.4	48.4	49.9	49.4	48.6	48.2	49.6	49.7	49.6	49.3	49.0
Dollar amount beyond terms	45.8	48.6	49.6	45.5	48.9	48.2	43.6	50.6	54.1	43.9	51.0	51.1	45.7
Dollar amount of customer deductions	50.7	50.6	47.4	48.8	51.2	50.5	50.1	49.5	49.9	50.0	52.3	51.5	50.9
Filings for bankruptcies	52.0	49.8	50.0	50.5	47.7	51.1	51.7	52.6	49.4	49.8	50.6	52.3	50.6
Index of unfavorable factors	**49.4**	**48.9**	**48.4**	**48.1**	**48.5**	**49.0**	**48.2**	**48.6**	**50.0**	**47.8**	**49.9**	**50.3**	**48.8**
NACM Combined CMI	**52.1**	**50.7**	**52.5**	**51.3**	**52.3**	**52.5**	**51.1**	**52.4**	**54.9**	**51.8**	**54.4**	**53.9**	**52.3**

Source: https://nacm.org/cmi.html; 8/1/24

Private Indicators

National Federation of Independent Business (NFIB)

July 2024 Report

Inflation Continues to Plague Main Street

“The NFIB Small Business Optimism Index rose 2.2 points in July to 93.7, the highest reading since February 2022. However, this is the 31st consecutive month below the 50-year average of 98. Inflation remains the top issue among small business owners, with 25% reporting it as their single most important problem in operating their business, up four points from June.” – Holly Wade, NFIB

“Despite this increase in optimism, the road ahead remains tough for the nation’s small business owners. Cost pressures, especially labor costs, continue to plague small business operations, impacting their bottom line. Owners are heading towards unpredictable months ahead, not knowing how future economic conditions or government policies will impact them.” – Bill Dunkelberg, Chief Economist, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/13/24

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Private Indicators

National Federation of Independent Business (NFIB)

July 2024 Report

Key findings include:

- "Seasonally adjusted, a net 33% reported raising compensation in July, down five points from June and the lowest reading since April 2021.
- A net 2% (seasonally adjusted) of owners plan inventory investment in the coming months, up four points from June. The last time inventory investment plans were positive was in October 2022.
- The net percent of owners expecting higher real sales volumes rose four points in July to a net negative 9% (seasonally adjusted), the highest reading of this year.
- The net percent of owners raising average selling prices fell five points from June to a seasonally adjusted net 22%.
- Seasonally adjusted, a net 24% plan price hikes in July (down two points). This is the lowest reading since April 2023.
- Thirty-eight percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up one point from June.

As reported in [NFIB's monthly jobs report], a seasonally adjusted 38% of all small business owners reported jobs openings they could not fill in their current period, down five points from June. Of the 57% of owners hiring or trying to hire in July, 86% reported few or no qualified applicants for the positions they were trying to fill." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/13/24

Private Indicators

National Federation of Independent Business (NFIB)

July 2024 Report

"Fifty-four percent of owners reported capital outlays in the last six months, up two points from June. Of those making expenditures, 36% reported spending on new equipment, 22% acquired vehicles, and 15% improved or expanded facilities. Ten percent spent money on new fixtures and furniture and 7% acquired new buildings or land for expansion. Twenty-three percent (seasonally adjusted) plan capital outlays in the next six months, unchanged for the third consecutive month.

A net negative 16% of all owners (seasonally adjusted) reported higher nominal sales in the past three months. The net percent of owners expecting higher real sales volumes rose four points to a net negative 9% (seasonally adjusted), the highest reading of this year.

The net percent of owners reporting inventory gains fell six points to a net negative 9%, the lowest since August 2020. Not seasonally adjusted, 11% reported increases in stocks and 17% reported reductions.

A net negative 4% (seasonally adjusted) of owners viewed current inventory stocks as "too low" in July, down two points from June. A net 2% (seasonally adjusted) of owners plan inventory investment in the coming months, up four points from June. The last time this was positive was in October 2022.

The net percent of owners raising average selling prices fell five points from June to a net 22% seasonally adjusted. Twenty-five percent of owners reported that inflation was their single most important problem in operating their business. Unadjusted, 13% reported lower average selling prices and 36% reported higher average prices." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/13/24

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Private Indicators

National Federation of Independent Business (NFIB)

July 2024 Report

"Price hikes were the most frequent in the finance (57% higher, 6% lower), wholesale (47% higher, 9% lower), retail (40% higher, 14% lower), and construction (38% higher, 7% lower) sectors. Seasonally adjusted, a net 24% plan price hikes in July. This is the lowest reading since April 2023.

Seasonally adjusted, a net 33% reported raising compensation, down five points from June and the lowest reading since April 2021. A seasonally adjusted net 18% plan to raise compensation in the next three months, down four points from June. Nine percent of owners cited labor costs as their top business problem, down two points from June and only four 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 30% (seasonally adjusted), one point worse than June. Among owners reporting lower profits, 33% blamed weaker sales, 17% blamed the rise in the cost of materials, 11% cited labor costs, and 10% cited lower selling prices. For owners reporting higher profits, 45% credited sales volumes, 31% cited usual seasonal change, and 11% cited higher selling prices.

Two percent of owners reported that all their borrowing needs were not satisfied. Twenty-five percent reported all credit needs met and 62% said they were not interested in a loan. A net 6% reported their last loan was harder to get than in previous attempts." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/13/24

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Private Indicators

National Federation of Independent Business (NFIB)

July 2024 Report

“Three percent of owners reported that financing was their top business problem in July, down one point from June.

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 July 2024.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/13/24

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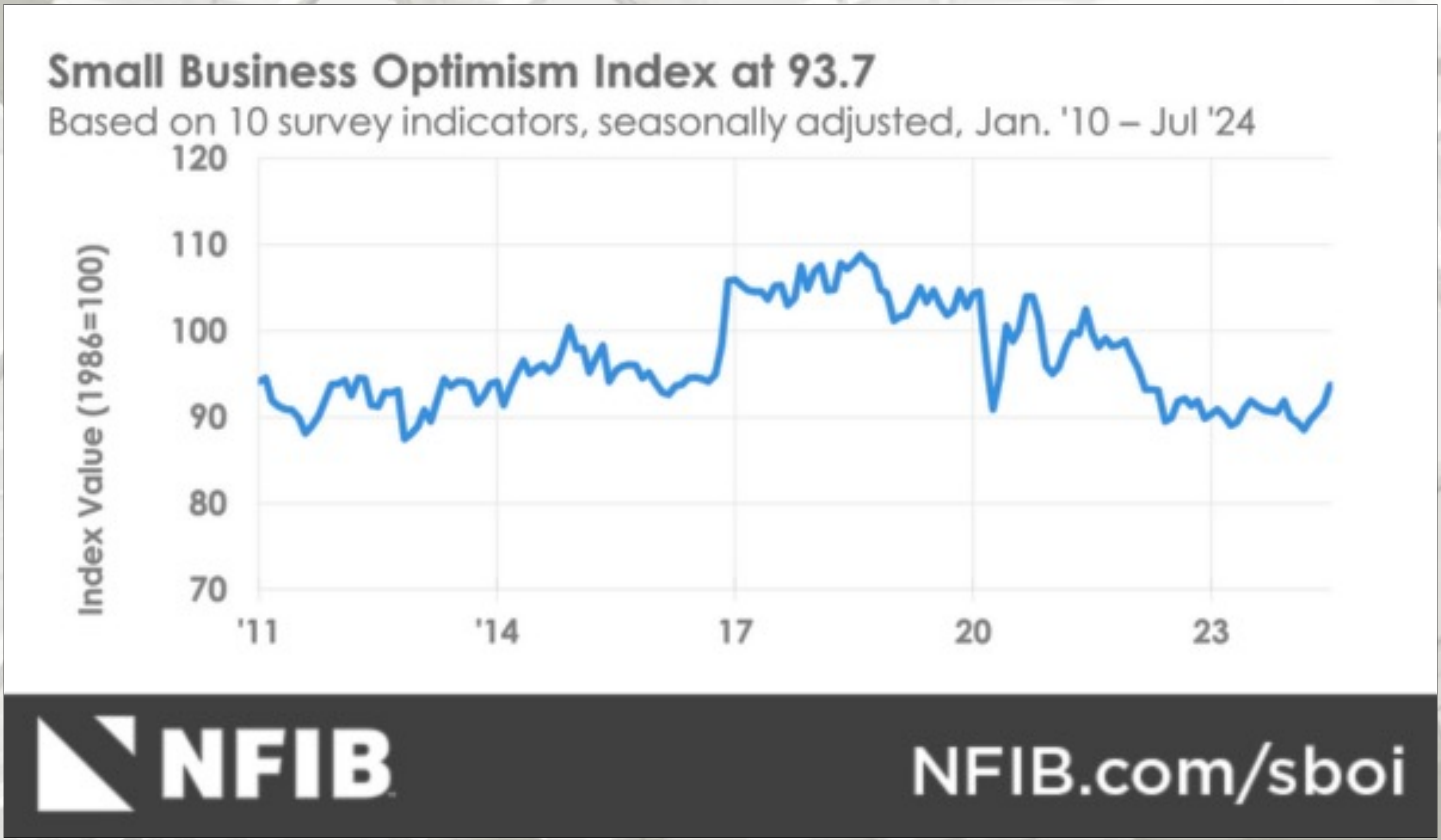
National Federation of Independent Business (NFIB)
July 2024 Report



Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/13/24

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Private Indicators

National Federation of Independent Business (NFIB)
July 2024 Report

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	15%	0
Plans to Make Capital Outlays	23%	0
Plans to Increase Inventories	2%	▲ 4
Expect Economy to Improve	-7%	▲ 18
Expect Real Sales Higher	-9%	▲ 4
Current Inventory	-4%	▼ -2
Current Job Openings	38%	▲ 1
Expected Credit Conditions	-7%	0
Now a Good Time to Expand	5%	1
Earnings Trends	-30%	▼ -1

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 8/13/24

Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Wage Growth for U.S. Small Business Employees Remains Consistent in July, While Job Growth Continues to Moderate

Hourly earnings growth for small business workers holds steady

"According to the Paychex Small Business Employment Watch, hourly earnings growth for U.S. workers in businesses with fewer than 50 employees has held steady since May, reporting 3.16% growth in July, and weekly earnings growth remains below three percent for the sixth consecutive month. The Small Business Jobs Index has reported moderate gains on average through the first seven months of 2024." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"Overall, small businesses are looking to hire but continue to face a tight labor market. Inflationary pressures and an evolving regulatory environment are making it difficult for these organizations to compete for scarce qualified employees. While job growth has moderated compared to last year, small businesses continue to be resilient and are finding ways to navigate the changing economic environment."

Hiring dynamics by region, state, and industry are diverging with the strongest job growth happening in the Midwest and a notable slowdown in Construction hiring across the country. Small businesses are also continuing to carefully manage hours worked, which remains negative year-over-year for the 16th-straight month." – John Gibson, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 7/30/24

Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

Jobs Index and Wage Data Highlights

- "The national small business jobs index has averaged moderate employment gains (100.44) through seven months of 2024. The July reading stands at 99.87.
- The majority of states are reporting an index level above 100 in July, but others are driving the national index to trend down.
    - The top four states for small business employment growth in July are all located in the Midwest region (Indiana, Michigan, Missouri, and Ohio).
    - Employment growth in California dropped again in July to 98.74 indicating more significant year-over-year job losses.
- At 2.87%, weekly earnings growth has trended just below three percent for the past six months. Weekly hours worked growth (-0.20%) remains negative year-over-year for the 16th consecutive month.
- The Construction sector has the largest one-month change among industries, down 0.67 percentage points to an index level of 99.77 in July, yet it continues to lead growth among sectors in hourly earnings (3.84%), weekly earnings (3.79%), and weekly hours worked (0.16%) for the ninth consecutive month.
- Education and Health Services (102.04) remains the top industry for small business employment growth in July yet reports the weakest hourly earnings growth at 2.67%." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 7/30/24

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Small Business Jobs Index

Index

99.87

Historical Jobs Index Trend

Small Business Wage Data

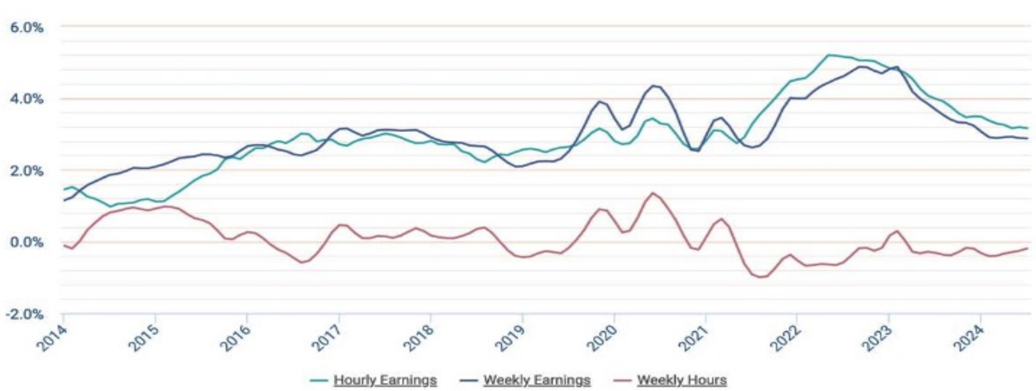
Hourly Earnings

$32.58

12-Month Growth

3.16% ($1.00)

Historical 12-Month Growth Trend



Source: https://www.paychex.com/employment-watch; 7/30/24

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Demographics

Apartment List

More young adults now live with their parents than at any point since 1940

Introduction

"Moving out of one's parents' house is often thought of as a key milestone on the path to adulthood. But in the face of waning housing affordability, a growing number of Americans are continuing to live with their parents into adulthood. In 1970, just 7 percent of 25 to 35 year-olds lived in their parents' homes, but as of 2022, that share has more than doubled to 17 percent.

Those young adults who live at home today are also more likely to be there out of necessity rather than choice – fewer than one-in-five are earning incomes that would allow them to comfortably afford local rent prices, a far lower share than in the past. The prevalence of young adults living with parents is increasing in all parts of the country, and for both those with and without college degrees. In this report, we explore the long-term evolution of this trend.

The share of 25-35 year-olds living with parents is at its highest since the 1940s

When viewed over a long horizon, the share of young adults who live with their parents1 exhibits a U-shaped trend. In 1940, with the Great Depression still close in the rearview mirror, 17 percent of 25 to 35 year-olds lived at home. But in the ensuing decades, the postwar economic boom and rapid buildup of America's suburbs enabled more young people to strike out on their own. From 1940 to 1960, the share of young adults living at home fell by more than half to 8 percent, and remained fairly stable at that level through 1980." – Chris Salviati, Senior Housing Economist, Apartment List

Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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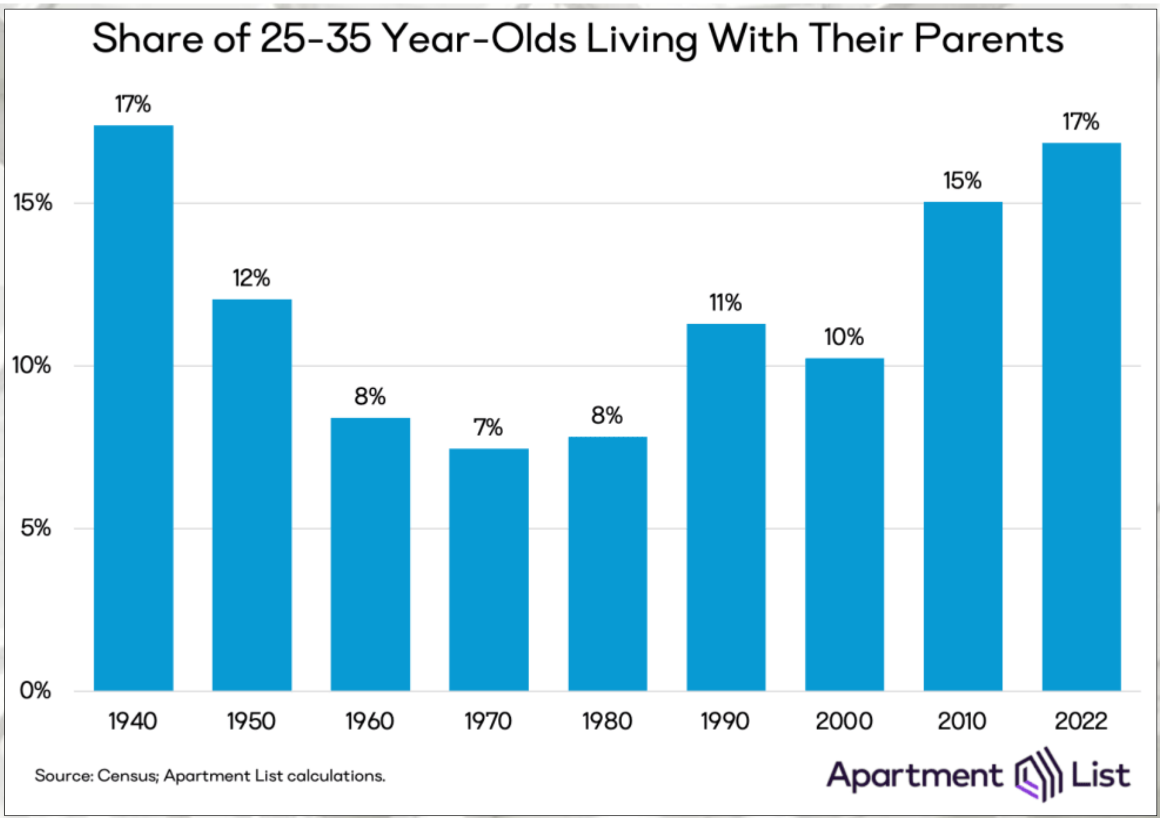
Demographics

Apartment List

More young adults now live with their parents than at any point since 1940



Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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More young adults now live with their parents than at any point since 1940

The share of 25-35 year-olds living with parents is at its highest since the 1940s

"In the time since, however, the trend has reversed itself. Living with parents became slightly more common from 1980 to 2000, and from 2000 to today that growth has picked up even more steam. As of 2022 (the most recent Census data currently available) 17 percent of America's young adults live with their parents, a rate that is more than double what it was during the low period from 1960 through 1980. The likelihood of 25 to 35 year-olds living with their parents has returned to a level not seen since 1940.

Another way of thinking about this trend is to make the comparison across generational cohorts. The chart below shows the percentage of adults who live with their parents at each age from 25 to 35, broken out by generation. As expected, we see living with parents become less common with age (i.e., it is more likely at age 25 than at age 35). More importantly, we also see the curves gradually shift up for each consecutive generation, as living with parents has become increasingly common over the course the past half-century.

The Silent Generation – the earliest cohort shown here – were born between 1928 and 1945, meaning that the oldest members of that generation turned 25 in 1953, while its youngest members turned 35 in 1980. In other words, the young adulthood of this generation largely coincided with the decades when the likelihood of living with parents was at its lowest.[2] 14 percent of the silent generation lived with their parents at age 25, and just 4 percent lived with parents at age 35." – Chris Salviati, Senior Housing Economist, Apartment List

Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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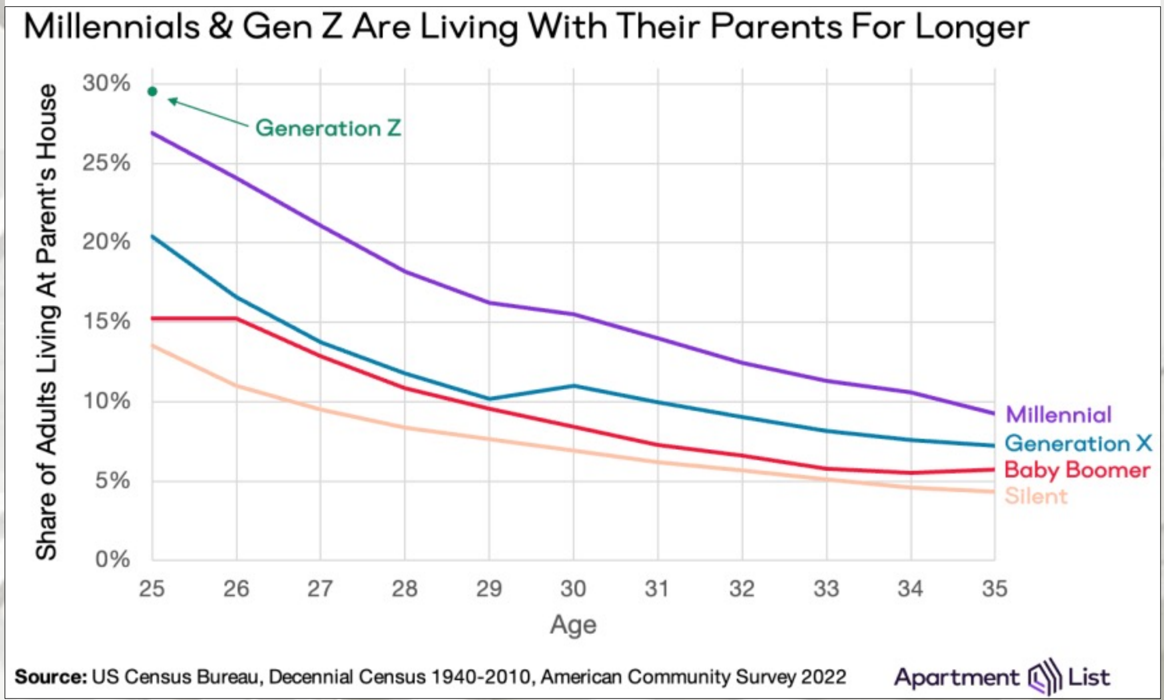
More young adults now live with their parents than at any point since 1940

The share of 25-35 year-olds living with parents is at its highest since the 1940s



Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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The share of 25-35 year-olds living with parents is at its highest since the 1940s

"From there, each generation has become more likely to live at home longer compared to the generation that preceded it. Baby Boomers and Generation X saw modest increases, while the bigger jump over the past two decades is represented by Millennials. 27 percent of Millennials lived with their parents at age 25, and 9 percent continued to do so at age 35. The oldest members of Gen Z are just beginning to enter the age range we analyze here, but early indications suggest that they are on track to continue the trend. In 2022, 30 percent of 25 year-old Gen Z members lived at home, an even higher share than that of Millennials at the same age.

The increased prevalence of living at home reflects waning housing affordability

While the charts above present a clear and persistent trend, they do not necessarily explain its causes. However, when we take a closer look at the economic characteristics of those living with parents, a clearer picture begins to emerge. For one, the incomes earned by this group have gradually declined in recent decades. In 2022, the median annual income of employed 25 to 35 year-olds who lived with their parents was $32,000. After adjusting for inflation, this was down by 10 percent compared to 2000.

More importantly, this drop off in income has been compounded by an even more dramatic increase in housing costs. Among young adults who live at home, the share who could comfortably afford to live independently has fallen dramatically. For the purpose of this analysis, we assume that an individual was in a financial position to move out of their parents' home if they could have paid the median rent for studio and 1-bedroom apartments in the county where they lived without spending more than 30 percent of their individual income on rent.[34]" – Chris Salviati, Senior Housing Economist, Apartment List

Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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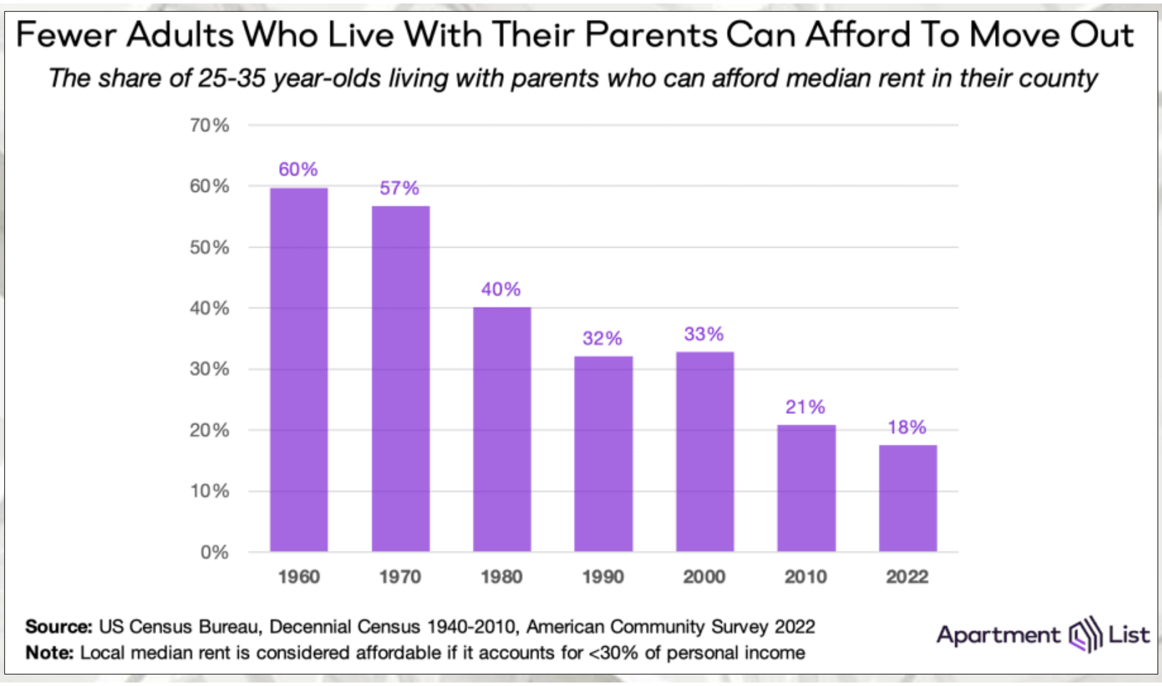
Demographics

Apartment List



The increased prevalence of living at home reflects waning housing affordability

"By our estimates, many of the young adults who lived with their parents in the past appear to have chosen that living situation as a matter of preference rather than financial necessity. We estimate that in 1960, 60 percent of the 25 to 35 year-olds who live with their parents could have afforded to rent their own nearby apartment. But in the ensuing decades, that share has consistently declined as rents have grown increasingly unaffordable. As of 2022, just 18 percent of young adults living at home were earning incomes that would have allowed them to comfortably strike out on their own." – Chris Salviati, Senior Housing Economist, Apartment List

Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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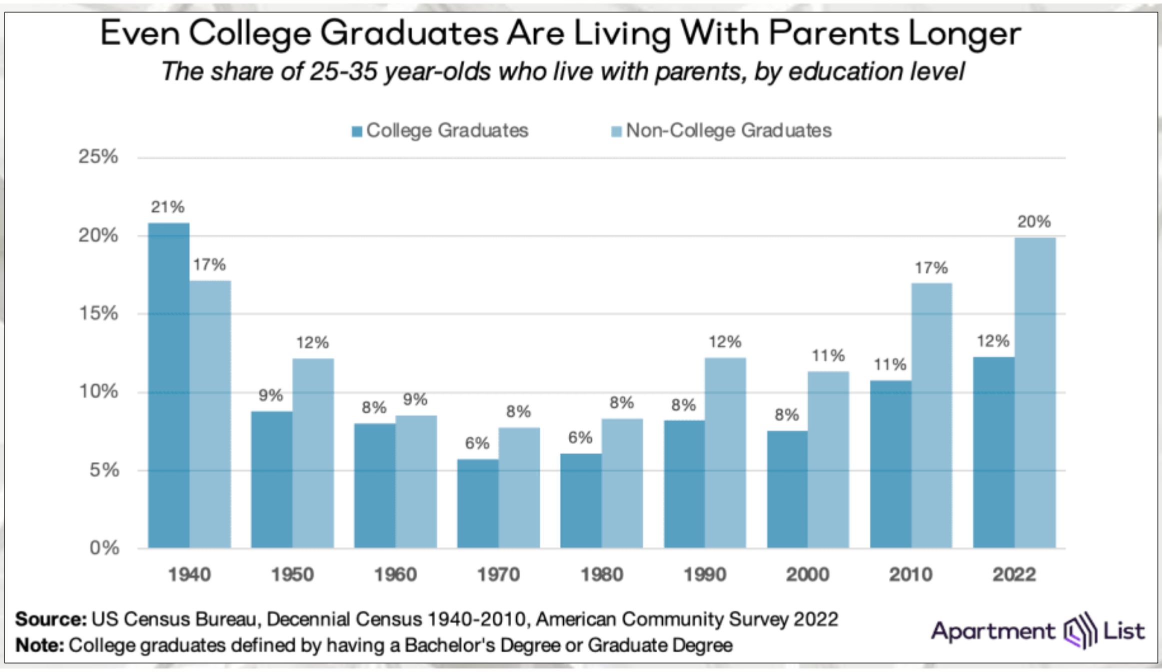

Those with college degrees are less likely to live with parents, but the share is growing even for the highly educated

"Over the long horizon that we analyze here, the U.S. has gradually shifted to a more knowledge-based economy, with a much greater share of Americans earning college degrees. Compared to prior generations, a college education has increasingly come to be seen as the safest path to economic security for today's young people. This would seem to be validated by the fact that young-adults without college degrees are far more likely to live with their parents; one-in-five of them live at home, a rate that has more than doubled from just 8 percent in 1980. The non-college-educated make up 71 percent of all 25 to 35 year-olds who live with their parents." – Chris Salviati, Senior Housing Economist, Apartment List

Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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Demographics

Apartment List

Those with college degrees are less likely to live with parents, but the share is growing even for the highly educated

"But as higher education has grown more important, so too has its cost, to the point that student debt has risen to crisis levels. Even though college-educated young adults are less likely to live with their parents, the rate of living at home has increased substantially for this group as well. In 2022, 12 percent of 25 to 35 year-olds with a four-year degree or higher lived with their parents, up from 6 percent in 1980. Even though the college-educated account for less than one-third of young adults living at home, that share is higher than it's ever been. And among degree-holding young adults who live with their parents, the share who could comfortably afford to rent their own place is lower than it's ever been, without even taking into account student debt.

Living with parents is most common in expensive markets and those with stagnant local economies

This prevalence of living at home varies significantly across different parts of the country, but it's rising virtually everywhere. Every single one of the nation's 50 largest metros has seen the share of young adults who live with their parents increase between 2000 and 2022. In the Riverside, CA metro, that share has tripled over that period, from 10 percent in 2000 to 30 percent in 2022. This represents both the highest present-day rate among large metros, and the sharpest increase over the past two decades. The neighboring Los Angeles metro ranks second on both counts, highlighting the stark worsening of housing affordability in Southern California." – Chris Salviati, Senior Housing Economist, Apartment List

Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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Apartment List

Living with parents is most common in expensive markets and those with stagnant local economies

"And at the other end of the spectrum, some of the markets where living at home is least common have seen rapid increases in housing costs. The Nashville, Austin, Denver, and Seattle metros all rank in the top five for the lowest shares of young adults living with their parents. These markets have all experienced a notable waning of housing affordability to varying degrees, but they have also all experienced booming economic growth. Large numbers of young adults have moved to these markets for high-paying job opportunities, offsetting rising housing costs.

Conclusion

As housing affordability worsens, more young people are remaining in their parents' homes for longer. Some of these young adults are likely living at home by choice in order to build up a financial foundation more quickly. A majority, however, appear to be responding to financial necessity, finding themselves in positions where their incomes simply can't match local rent prices. Living at home is more prevalent among those without degrees, but the number of college-educated young adults who live with their parents is also higher than it's ever been, as growing student debt exacerbates the pressure of high housing costs. This trend speaks to the way in which today's economic realities are forcing many of America's younger generations to delay major milestones on the path to adulthood." – Chris Salviati, Senior Housing Economist, Apartment List

Source: https://www.apartmentlist.com/research/most-young-adults-live-with-parents-since-1940; 7/24/24

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Economics

U.S. Bank

Q2 2024 U.S. Bank Freight Payment Index

"The national truck freight market continued its downward trend during the second quarter. Both the U.S. Bank shipments and spending indexes contracted from the first quarter, although the declines lessened when compared with recent quarters. Three of five regions posted sequential shipment gains from the first quarter, which may suggest that the market is nearing a bottom.

In the second quarter, the truck freight market continued to be affected by consumers spending more of their money on services, especially experiences, at the expense of goods purchases. This trend has contributed to a freight decline over the past two years. Roughly 65% of consumer spending is on services, and while this does generate freight, carriers a re much more reliant on the goods economy for freight volume.[1]

Shipper spend fell slightly faster than shipment volume did from Q1, however, the decline is likely due more to fewer shipments and falling diesel prices in the second quarter, than from freight rate decreases. For example, the national average price of diesel fuel averaged 12.5 cents less during the second quarter than during the first quarter.[2] Diesel fuel surcharges are part of which can explain why spending fell more than volume during the April through June period.

During the second quarter of 2024, and for the eighth consecutive quarter, the U.S. Bank National Shipments Index contracted as compared with the previous quarter. Specifically, shipments declined 2.2% compared with the first quarter. The number of shipments in the second quarter was 32.3% below the final quarter in 2019, suggesting the market is well below pre-pandemic levels. National shipments were off 22.4% from the second quarter of 2023." – Bob Costello, Chief Economist & Senior Vice President, International Trade & Security Policy, American Trucking Associations (ATA)

Source: https://engage.usbank.com/freight-payment-index.html; 8/1/24

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Economics

U.S. Bank

Q2 2024 U.S. Bank Freight Payment Index

“The U.S. Bank National Spend Index fell 2.8% from the first quarter of 2024, but as mentioned previously, it is likely that the decrease came from lower volume and falling fuel prices rather than significant freight rate cuts. Compared with a year earlier, the spend index contracted 23.5%, a slightly larger decline than in shipments over the same period. Many factors continue to weigh on the truck freight supply chain, affecting carriers and shippers. These include rising consumer spending on experiences versus goods, and slower growth in the job market.

Furthermore, consumer debt is rising. While retail inflation for goods is slowing, most goods prices remain at higher levels. This can affect the volume of goods moved as households watch their expenses. The overall housing market softened in the second quarter in the face of continued elevated mortgage rates, and factory output had slower growth as well.[3] These factors all impact shipment volume. Higher costs also impact carriers. In the current market, the combination of lower volumes, suppressed rates, and higher costs is a triplicate problem for the industry. This “stagflation” is a difficult situation that is likely to cause further capacity reductions in the industry.[4]

While the national freight market was down during the second quarter, regional impacts fared differently in shipment volume. Three of the five regions posted increases in freight levels compared with the first quarter, including the Northeast, Southeast, and West. This is further evidence that the freight market may be nearing its bottom. Excluding the 13.6% sequential decrease in Southwest freight volumes, the overall freight market looks different during the second quarter, compared to Q1 2024.

However, year-over-year, shipments were off significantly. This highlights the continued freight market weakness, despite the modest sequential gains in some regions. The largest drop was in the Southwest, falling more than 26%. Although much of that decline can be attributed to freight in the region being at very high levels during the second quarter of 2023.” – Bob Costello, Chief Economist & Senior Vice President, International Trade & Security Policy, American Trucking Associations (ATA)

Source: https://engage.usbank.com/freight-payment-index.html; 8/1/24

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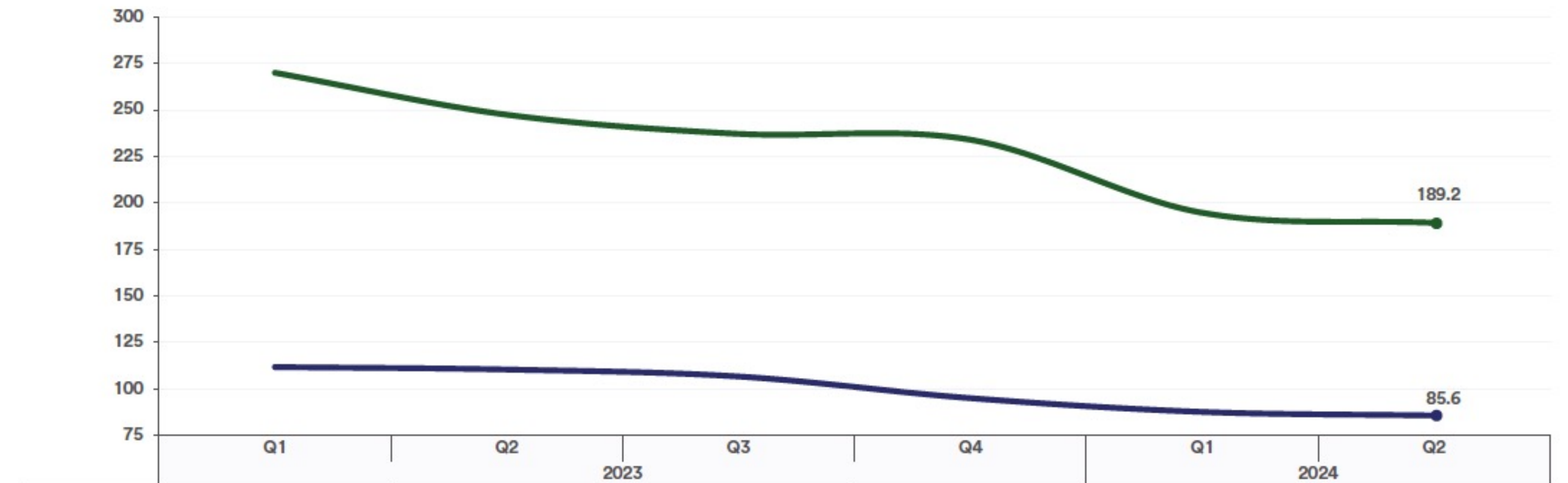
U.S. Bank

Q2 2024 U.S. Bank Freight Payment Index



	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Spend	269.9	247.4	237.1	233.9	194.7	189.2
Shipments	111.7	110.3	106.6	95.0	87.5	85.6

Shipments	
Index value	85.6
Quarterly % change	-2.2% ▼
Yearly % change	-22.4% ▼

Spend	
Index value	189.2
Quarterly % change	-2.8% ▼
Yearly % change	-23.5% ▼

Source: https://engage.usbank.com/freight-payment-index.html; 8/1/24

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

July 2024

Business Applications

"Business Applications for July 2024, adjusted for seasonal variation, were 420,802, a decrease of 2.1 percent compared to July 2024.

Business Formations

Projected Business Formations (within 4-quarters) for July 2024, adjusted for seasonal variation, were 28,110, a decrease of 0.2 percent compared to June 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 28,110 new business startups with payroll tax liabilities will form within 4-quarters of application from all the business applications filed during July 2024. The 0.2 percent decrease indicates that for July 2024 there will be 0.2 percent fewer businesses projected to form within 4-quarters of application, compared to the analogous projections for June 2024." – Economic Indicators Division, Business Formation Statistics; U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 8/14/24

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

July 2024

BUSINESS APPLICATIONS

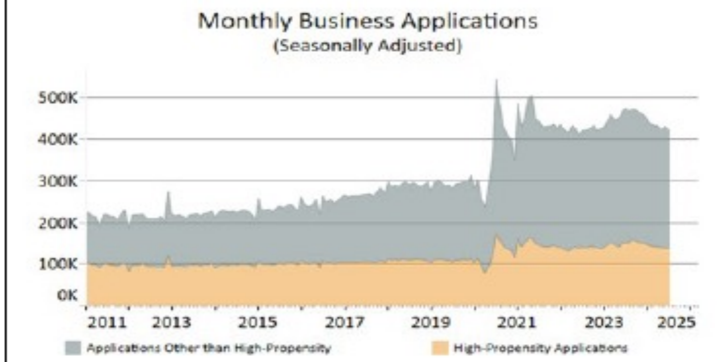
U.S. Business Applications:	JUL 2024	JUL 2024 / JUN 2024
Total	420,802	-2.1%°
High-Propensity	135,465	-2.1%°
With Planned Wages	45,120	-1.2%°
From Corporations	46,992	-0.9%°

Next release: September 12, 2024

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, August 14, 2024



Source: U.S. Census Bureau, Business Formation Statistics, August 14, 2024

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	JUL 2024	420,802	63,076	70,463	188,167	99,096
	JUL 2024 / JUN 2024	-2.1%	-0.8%	-2.9%	-2.9%	-0.6%
High-Propensity	JUL 2024	135,465	22,417	21,949	57,146	33,953
	JUL 2024 / JUN 2024	-2.1%	-2.0%	-0.5%	-3.1%	-1.5%
With Planned Wages	JUL 2024	45,120	6,417	8,040	19,120	11,543
	JUL 2024 / JUN 2024	-1.2%	-2.5%	-0.2%	-2.7%	+1.5%
From Corporations	JUL 2024	46,992	10,367	6,102	15,580	14,943
	JUL 2024 / JUN 2024	-0.9%	-2.9%	+5.0%	-3.0%	+0.5%

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

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

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 8/14/24

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Economics

U.S. Census Bureau

July 2024

BUSINESS FORMATIONS

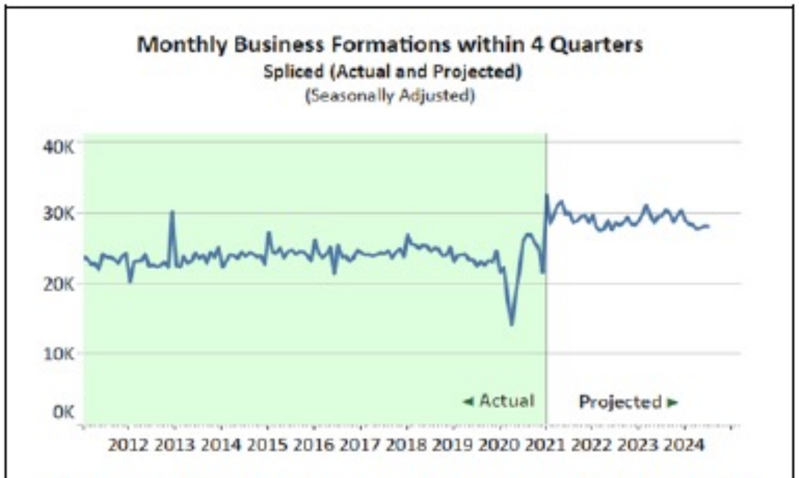
U.S. Total Projected Business Formations:	JUL 2024	JUL 2024 / JUN 2024
Within 4 Quarters	28,110	-0.2%°
Within 8 Quarters	37,972	-1.7%°

Next release: September 12, 2024

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

Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, August 14, 2024



Source: U.S. Census Bureau, Business Formation Statistics, August 14, 2024

Projected Business Formations - At a Glance

		US	Northeast	Midwest	South	West
Within 4 Quarters	JUL 2024	28,110	4,530	4,562	10,924	8,094
	JUL 2024 / JUN 2024	-0.2%	-1.1%	-0.1%	-0.4%	+0.5%
Within 8 Quarters	JUL 2024	37,972	6,135	6,135	14,957	10,745
	JUL 2024 / JUN 2024	-1.7%	-1.2%	-0.3%	-4.1%	+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; 8/14/24

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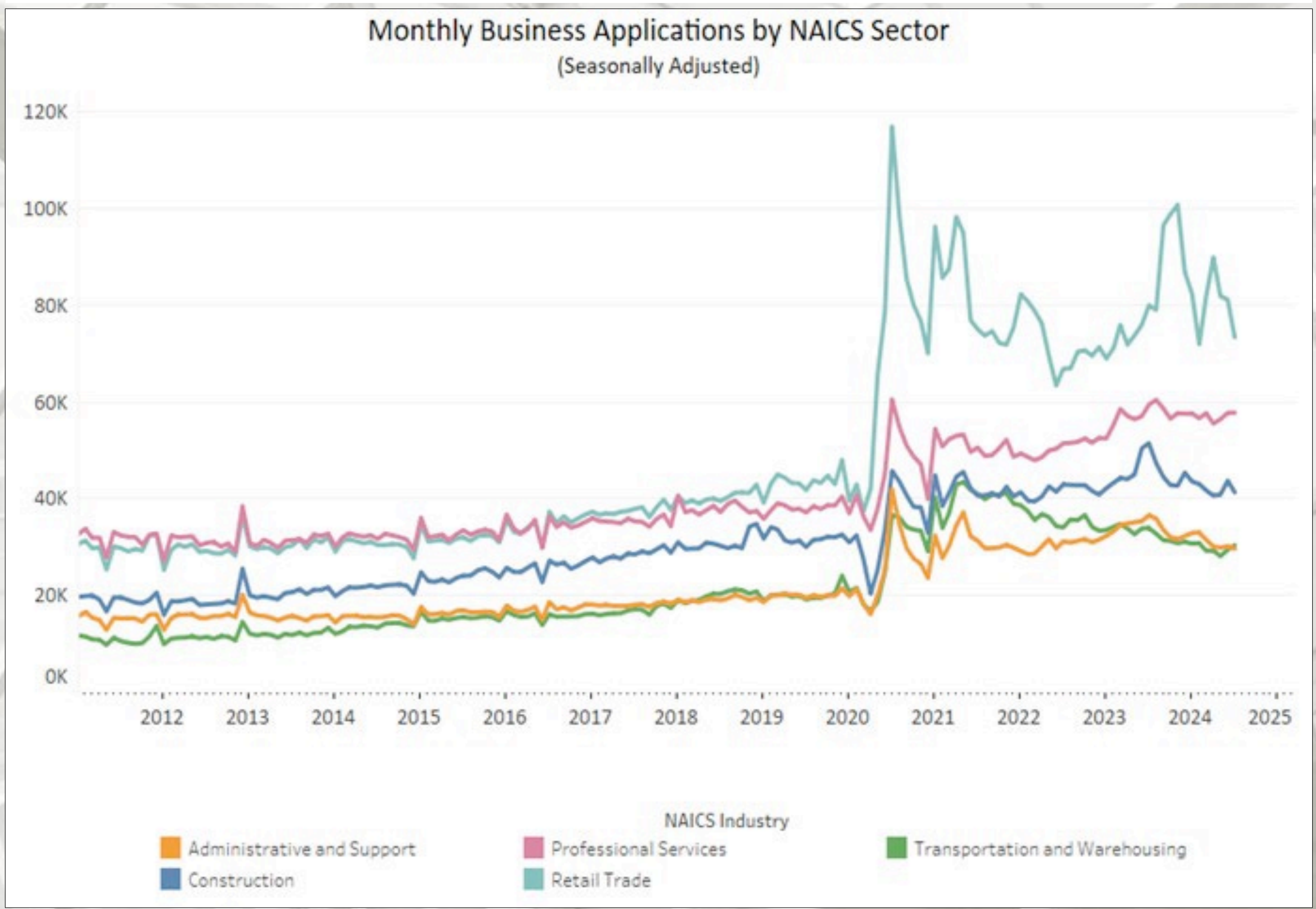
NEW Business Formation Statistics

July 2024



Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 8/14/24

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