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

Virginia Tech

Virginia Cooperative Extension
Virginia Tech • Virginia State University

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2021 Virginia Polytechnic Institute and State University VCE-ANR

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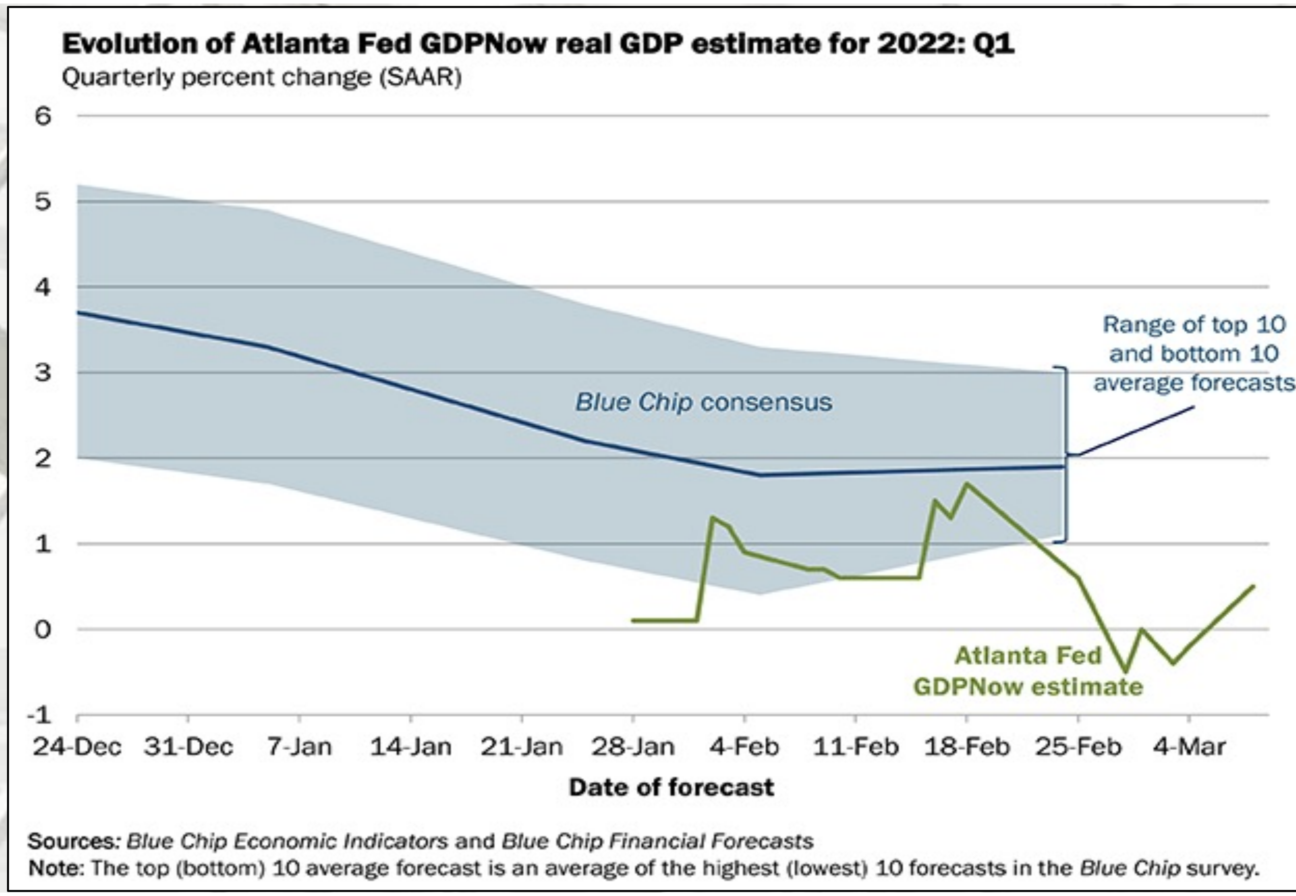
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: March 08, 2022

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2022 is 0.5 percent on March 8, up from 0.0 percent on March 1. After this morning's international trade release from the US Census Bureau and the US Bureau of Economic Analysis, the nowcast of first-quarter real personal consumption expenditures growth increased from 2.3 percent to 3.4 percent, while the nowcast of the contribution of net exports to first-quarter real GDP growth decreased from -0.94 percentage points to -1.00 percentage points." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 3/15/22

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

Index Points to a Pickup in Economic Growth in January

"The Chicago Fed National Activity Index (CFNAI) rose to +0.69 in January from +0.07 in December. All four broad categories of indicators used to construct the index made positive contributions in January, and two categories improved from December. The index's three-month moving average, CFNAI-MA3, edged down to +0.42 in January from +0.46 in December.

The CFNAI Diffusion Index, which is also a three-month moving average, decreased to +0.33 in January from +0.45 in December. Fifty-seven of the 85 individual indicators made positive contributions to the CFNAI in January, while 28 made negative contributions. Forty-seven indicators improved from December to January, while 37 indicators deteriorated and one was unchanged. Of the indicators that improved, 15 made negative contributions.

Production-related indicators contributed +0.29 to the CFNAI in January, up from –0.10 in December. Industrial production increased 1.4 percent in January after decreasing 0.1 percent in December. The contribution of the sales, orders, and inventories category to the CFNAI moved down to +0.03 in January from +0.11 in December.

Employment-related indicators contributed +0.14 to the CFNAI in January, down slightly from +0.19 in December. Nonfarm payrolls increased by 467,000 in January after rising by 510,000 in December, and the unemployment rate increased to 4.0 percent in January from 3.9 percent in the previous month. The contribution of the personal consumption and housing category to the CFNAI rose to +0.23 in January from –0.14 in December." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 2/24/22

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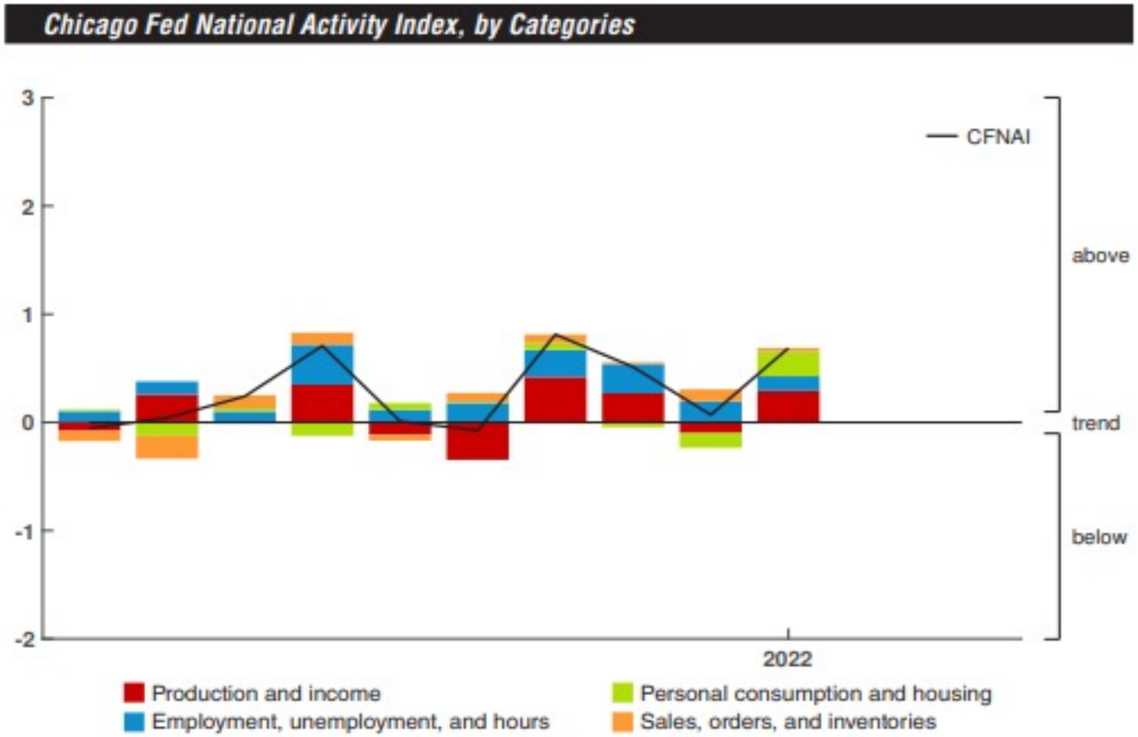
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)



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

	Jan '22	Dec '21	Nov '21	Oct '21	Sep '21	Aug '21	Jan '21
CFNAI							
Current	+0.69	+0.07	+0.51	+0.81	–0.07	+0.01	+1.24
Previous	N/A	–0.15	+0.44	+0.70	+0.05	0.00	+1.17
CFNAI-MA3							
Current	+0.42	+0.46	+0.42	+0.25	+0.21	+0.32	+0.60
Previous	N/A	+0.33	+0.40	+0.25	+0.27	+0.35	+0.58
CFNAI Diffusion							
Current	+0.33	+0.45	+0.44	+0.28	+0.21	+0.23	+0.42
Previous	N/A	+0.37	+0.42	+0.23	+0.19	+0.21	+0.38

Current and Previous values reflect index values as of the February 24, 2022, release and January 24, 2022, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 2/24/22

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

Survey Suggests Growth Picked Up in February

“The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index increased to +6 in February from –13 in January, suggesting that economic growth was near trend. The CFSBC Manufacturing Activity Index decreased to –12 in February from –11 in January, but the CFSBC Nonmanufacturing Activity Index increased to +16 in February from –15 in the previous month.

- Respondents’ outlooks for the U.S. economy for the next 12 months deteriorated, turning pessimistic on balance. Forty-four percent of respondents expected an increase in economic activity over the next 12 months.
- The pace of current hiring increased, as did respondents’ expectations for the pace of hiring over the next 12 months. The hiring index remained negative, while the hiring expectations index remained positive.
- Respondents’ expectations for the pace of capital spending over the next 12 months decreased, and the capital spending expectations index turned negative.
- The labor cost pressures index decreased, as did the nonlabor cost pressures index. However, both cost pressures indexes remained positive.” – Thomas Walstrum, Senior Business Economist, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfsbc/index; 3/10/22

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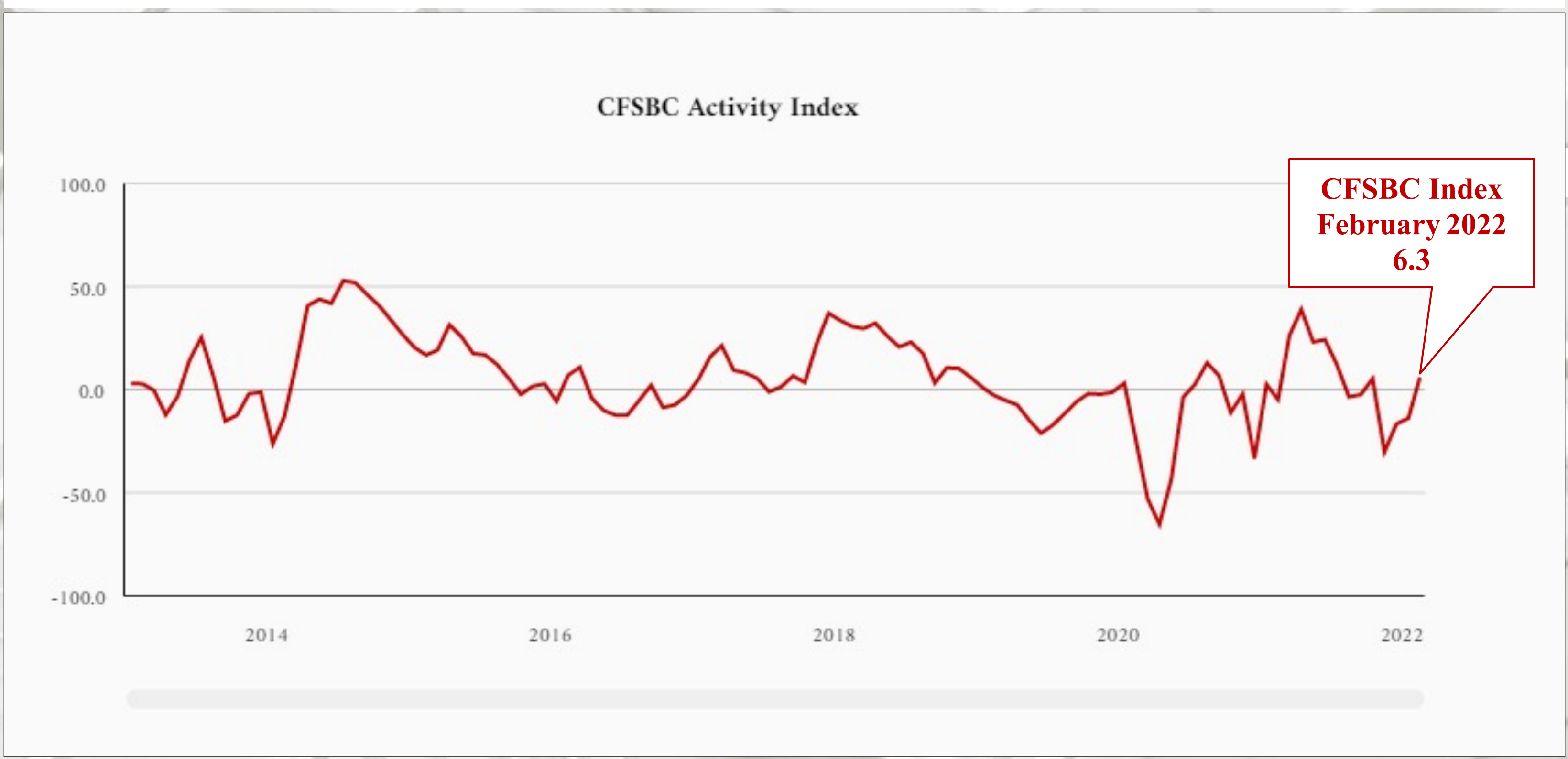
The Federal Reserve Bank of Chicago: Survey of Business Conditions (CFSBC)



Source: https://www.chicagofed.org/publications/cfsbc/index; 3/10/22

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Growth in Texas Manufacturing Activity Continues, Outlooks Improve

"Texas factory activity continued to increase but at a slightly slower pace in February, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, came in at 14.5, down two points from January but still indicative of above-average output growth.

Other measures of manufacturing activity also indicated continued growth. The new orders index pushed up three points to 23.1, while the growth rate of orders index held steady at 12.6. Both readings are significantly above average. The capacity utilization index was unchanged at 11.5, and the shipments index rebounded 15 points to 23.5 after its January drop.

Perceptions of broader business conditions improved in February. The general business activity index shot up 12 points to 14.0. The company outlook index rose to a lesser extent, moving up four points to 6.4. The uncertainty index was elevated at 17.0 but down 14 points from last month's reading.

Labor market measures indicated robust employment growth and longer workweeks, though some moderation was seen in February. The employment index came in at 18.4, down nine points from January but still highly elevated. Twenty-seven percent of firms noted net hiring, while 9 percent noted net layoffs. The hours worked index edged down to 19.0.

Prices and wages continued to increase strongly in February, with the indexes near historical highs. The raw materials prices index pushed up 11 points to 73.4, and the finished goods prices index rose eight points to 44.6. The wages and benefits index moved down from 49.6 to 44.0, still more than double its average reading of 19.8." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 2/281/22

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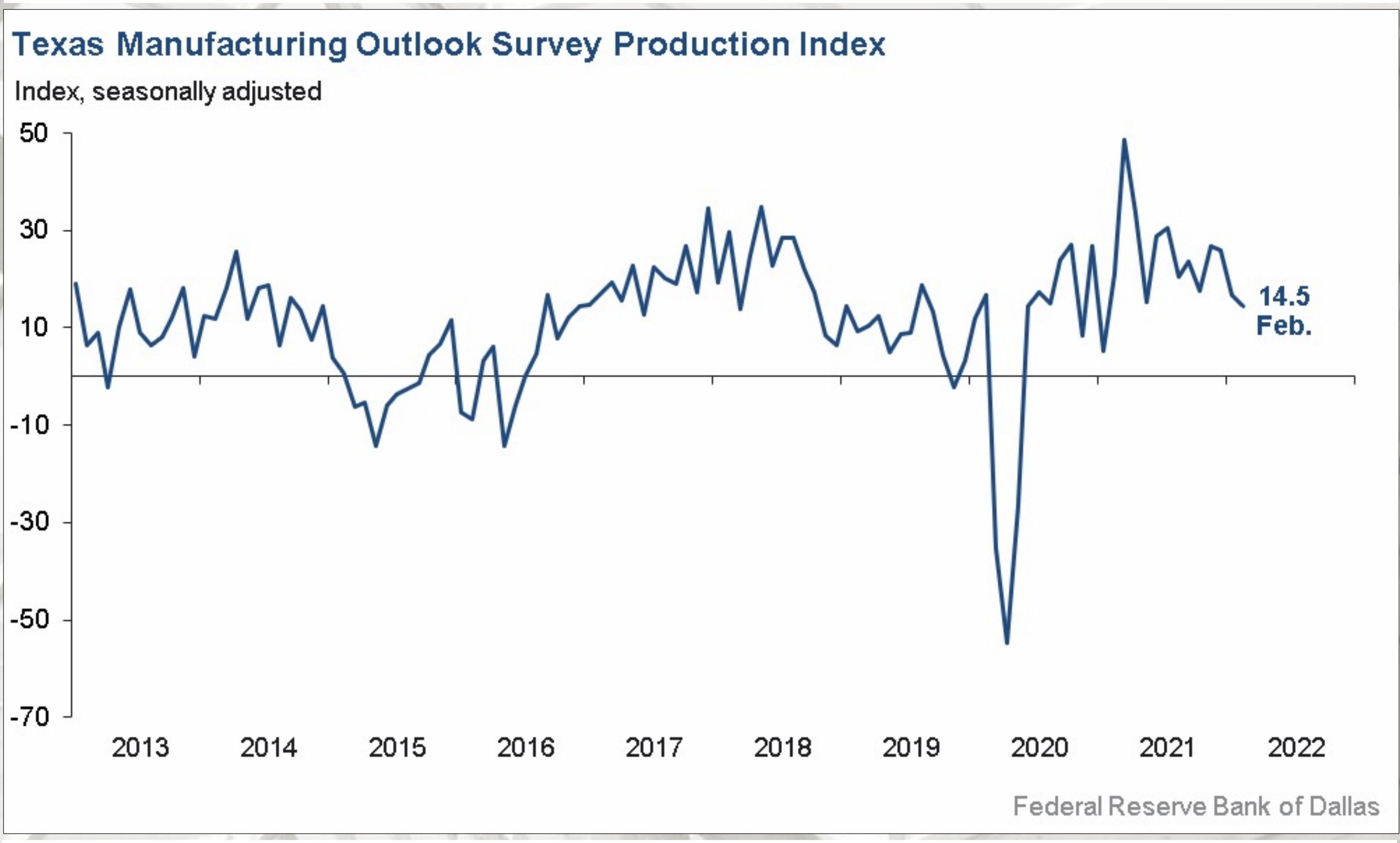
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity pushed higher in February. The future production index rose from 38.0 to 42.1, and the future general business activity index came in at 20.6, up four points from January. Other measures of future manufacturing activity such as capital expenditures and employment showed mixed movements but remained solidly in positive territory." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 2/28/22

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas Service Sector Sees Significant Acceleration in February

"Activity in the Texas service sector picked up sharply in February, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, increased from 2.8 in January to 21.9 in February.

Labor market indicators point to an acceleration in the pace of growth in hiring and hours worked. The employment index increased from 9.2 to 14.6, while the part-time employment index added three points to rise to 6.5. The hours worked index picked up from 7.4 in January to 10.4 in February.

Perceptions of broader business conditions rebounded in February. The general business activity index surged 16 points to 16.6, while the company outlook index jumped from -0.4 to 14.2. The rise in uncertainty moderated, with the outlook uncertainty index falling from 19.7 to 7.6.

Wage and price pressures remained extremely elevated in February, with indexes holding near historic highs. The wages and benefits index inched down from a record of 37.4 to 34.7, with over one-third of respondents noting month-over-month wage increases. The selling prices index was unchanged at 29.9, while the input prices index held roughly flat at 51.2, with a majority of contacts reporting monthly input price increases for the fifth consecutive month.

Respondents' expectations regarding future business activity reflected strong optimism. The future general business activity index increased from 16.7 to 21.2, while the future revenue index dipped slightly but held well above its long-term average at 51.6. Other future service sector activity indexes such as employment and capital expenditures inched up and remained in firmly positive territory." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/1/22

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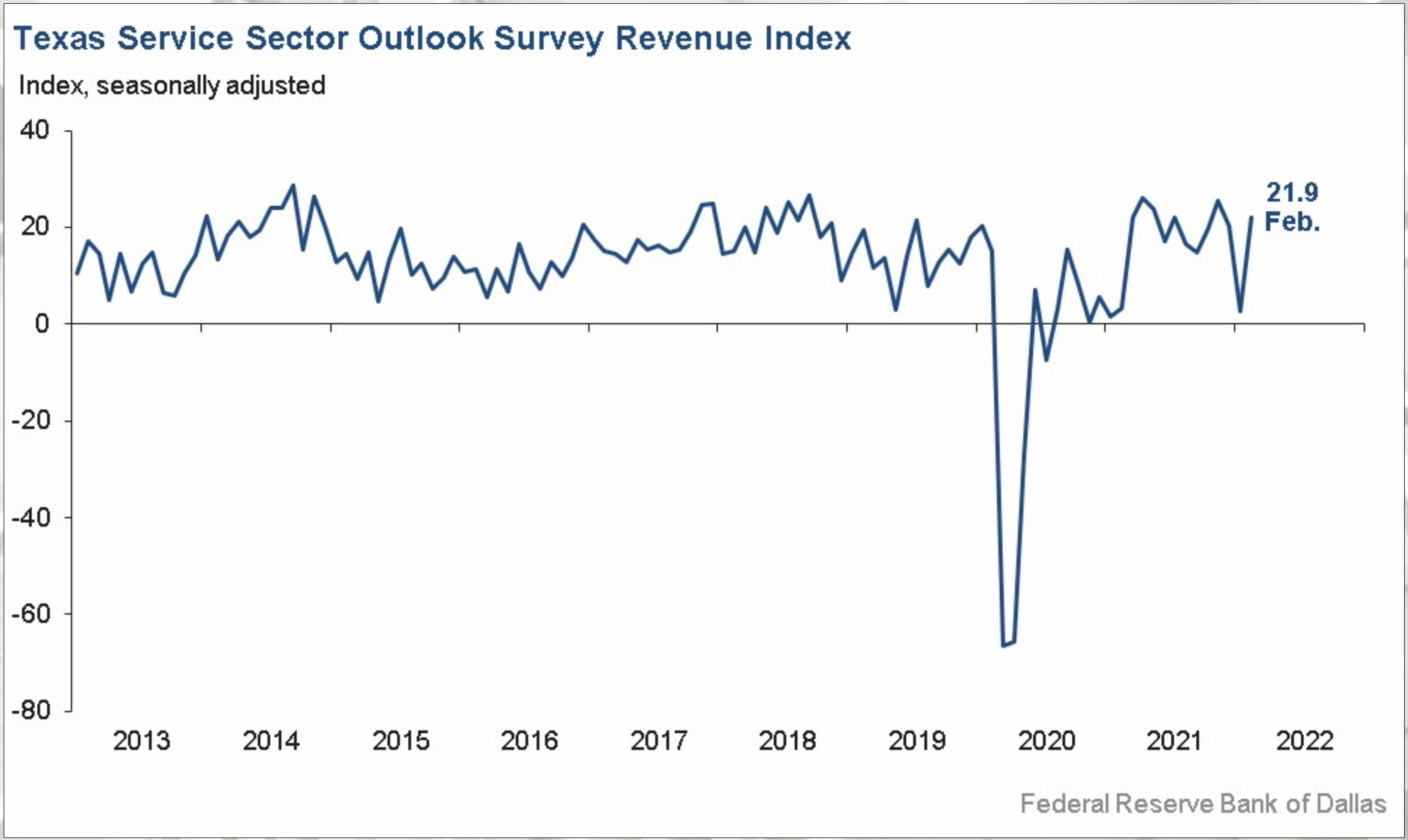
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 3/1/22

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas Retail Sales Rebound in February

"February retail sales activity climbed back into positive territory after a decline in January, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, surged 18 points to 10.2 in February — above its average over the past 12 months. Firms noted continued inventory declines, though at a slower pace, as the inventories index increased from -10.0 to -2.1.

Retail labor market indicators were strongly positive in February, with a faster pace of hiring and longer average workweek hours. The employment index added five points to rise to 11.0 — its best reading since 2018 — while the part-time employment index increased from 1.6 to 8.4. The hours worked index rebounded from negative territory to 10.6, its highest level since before the pandemic.

Retailers' perceptions of broader business conditions were generally optimistic in February. The general business activity index increased from -7.2 to 2.7, while the company outlook index surged by 18 points to 7.8. The rise in outlook uncertainty moderated following a large increase in January, as the relevant index plunged from 24.0 to 2.2.

Retail price pressures escalated further in February, while wage pressures eased modestly. The selling prices index rose six points to 49.9 — with nearly 60 percent of contacts noting an increase in their prices compared with January — while the input prices index advanced nine points to 54.3. The wages and benefits index slid from 37.1 to 34.9, though this remains far above its long-term average.

Expectations for future retail activity reflected solid optimism. The future general business activity index picked up from 4.2 to 10.1, while the future sales index slipped from 44.5 to 39.1. Other indexes of future retail activity increased, suggesting further strengthening in retail activity over the next six months." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/1/22

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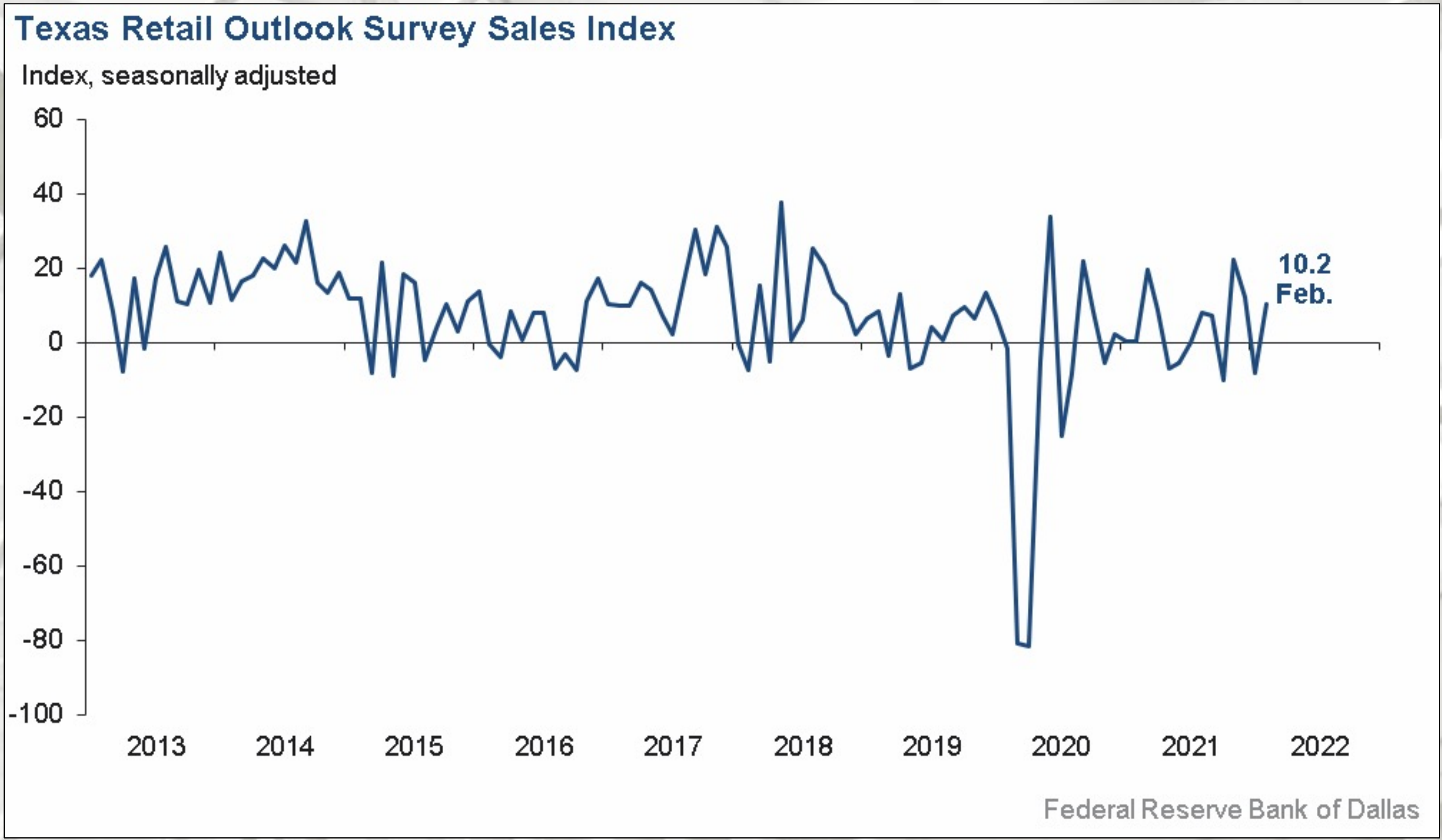
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 3/1/22

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Grew at a Strong Pace

Regional factory activity continued to increase in February. Firms noted that supply chain and shipping delays continue to cause issues. Most manufacturers reported higher business costs compared to a year ago and have passed through some of these costs to customers resulting in higher prices.

Factory Activity Grew at a Strong Pace

"Tenth District manufacturing activity grew at a strong pace, and expectations for future activity increased (Chart 1). The monthly index of raw materials prices expanded at a steady pace in February and continued to increase compared to a year ago. Finished goods price indexes eased slightly from a month ago, but were above year-ago levels for most firms. Expectations for future raw materials and finished goods prices increased further.

The month-over-month composite index was 29 in February, up from 24 in January, and 22 in December. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 2/24/22

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Grew at a Strong Pace

“Increased activity was driven by growth in machinery manufacturing, plastics, fabricated metal products, and especially transportation equipment. On the other hand, beverage manufacturing, computer and electrical equipment, textiles, and petroleum manufacturing declined. Month-over-month indexes remained positive in February, indicating expansion. Indexes for production, shipments, new orders, employment, and new orders for exports increased at a faster rate in February. However, the pace of growth for order backlog and supplier delivery time moved down. Materials and finished goods inventories expanded modestly.

Year-over-year factory indexes continued to rise at a steady pace, with a composite index of 50 for the fifth month in a row. Production, shipments, and employment indexes increased further from a year ago while growth in materials inventories eased slightly. The future composite index was 38 in February, edging higher from 37 in January as most future indexes increased. More firms expected increases in production, shipments, and new orders.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 2/24/22

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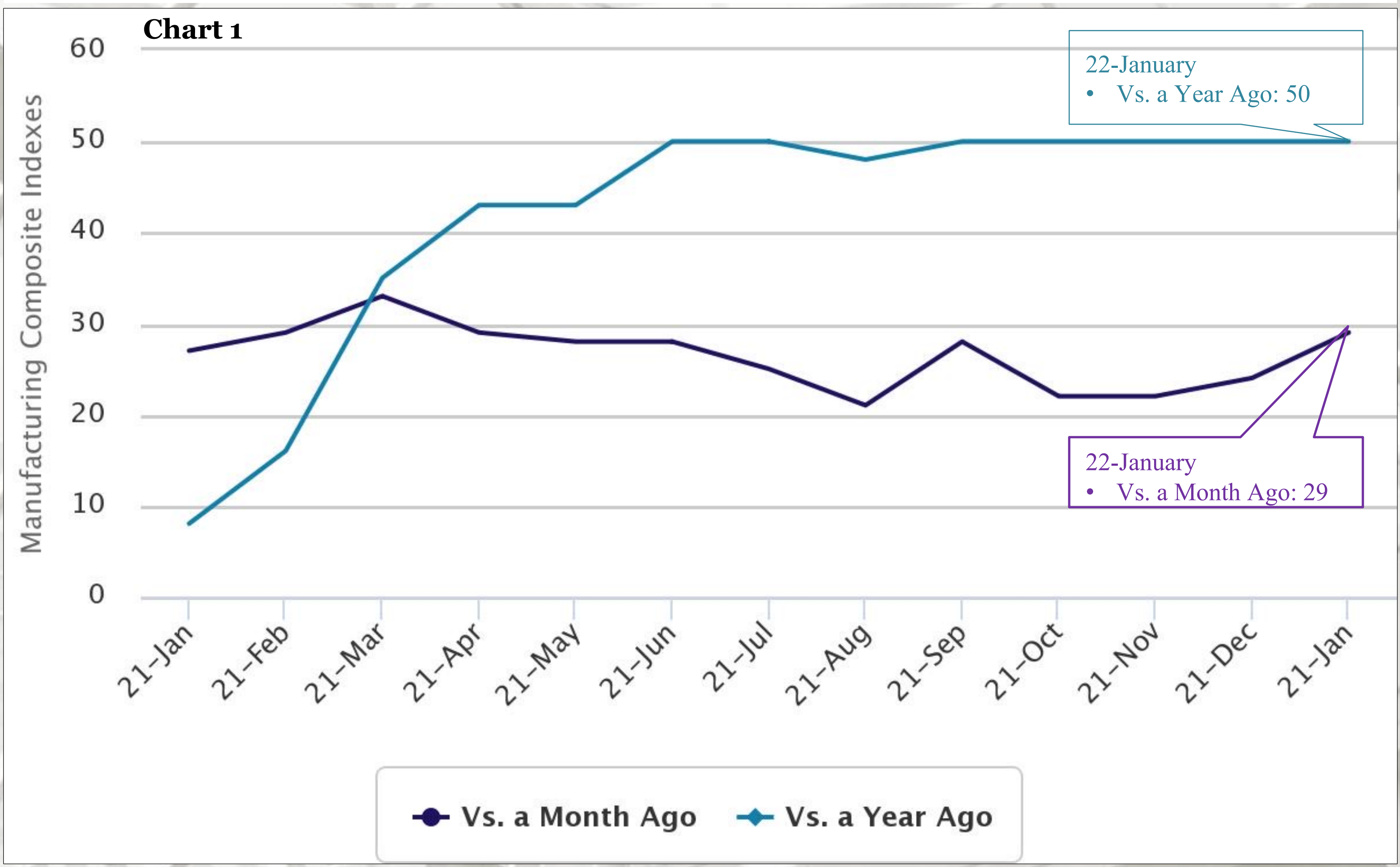
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 2/24/22

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Grew Moderately

Regional services activity increased modestly in February. Many firms reported higher cost increases for a number of input materials and operating costs. Around 46% of firms indicated they are able to pass through 20% or less of cost increases on to customers in the form of higher prices.

Business Activity Grew Moderately

"Tenth District services activity grew moderately in February, and activity was expected to expand further over the next six months (Chart 1). Indexes for input and selling prices increased more in February compared to a month ago. Most firms continued to expect input and selling prices to rise over the next six months.

The month-over-month services composite index was 12 in February, lower than 15 in January, but up slightly from 11 in December. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The increase in revenue and sales was driven by more retail, transportation, and professional and high-tech services activity. However, auto, healthcare, and restaurant activity declined. Month-over-month indexes remained positive in February, indicating expansion. In particular, the indexes for employment, wages and benefits, and capital expenditures increased at a faster pace. The inventory and access to credit indexes also edged higher. The year-over-year composite index eased modestly from 37 to 32, but capital expenditures continued to increase from year-ago levels. Expectations for services activity expanded further in February. The future composite index grew from 37 to 41, with additional increases in expectations for revenue and sales, access to credit, and capital spending." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 2/25/22

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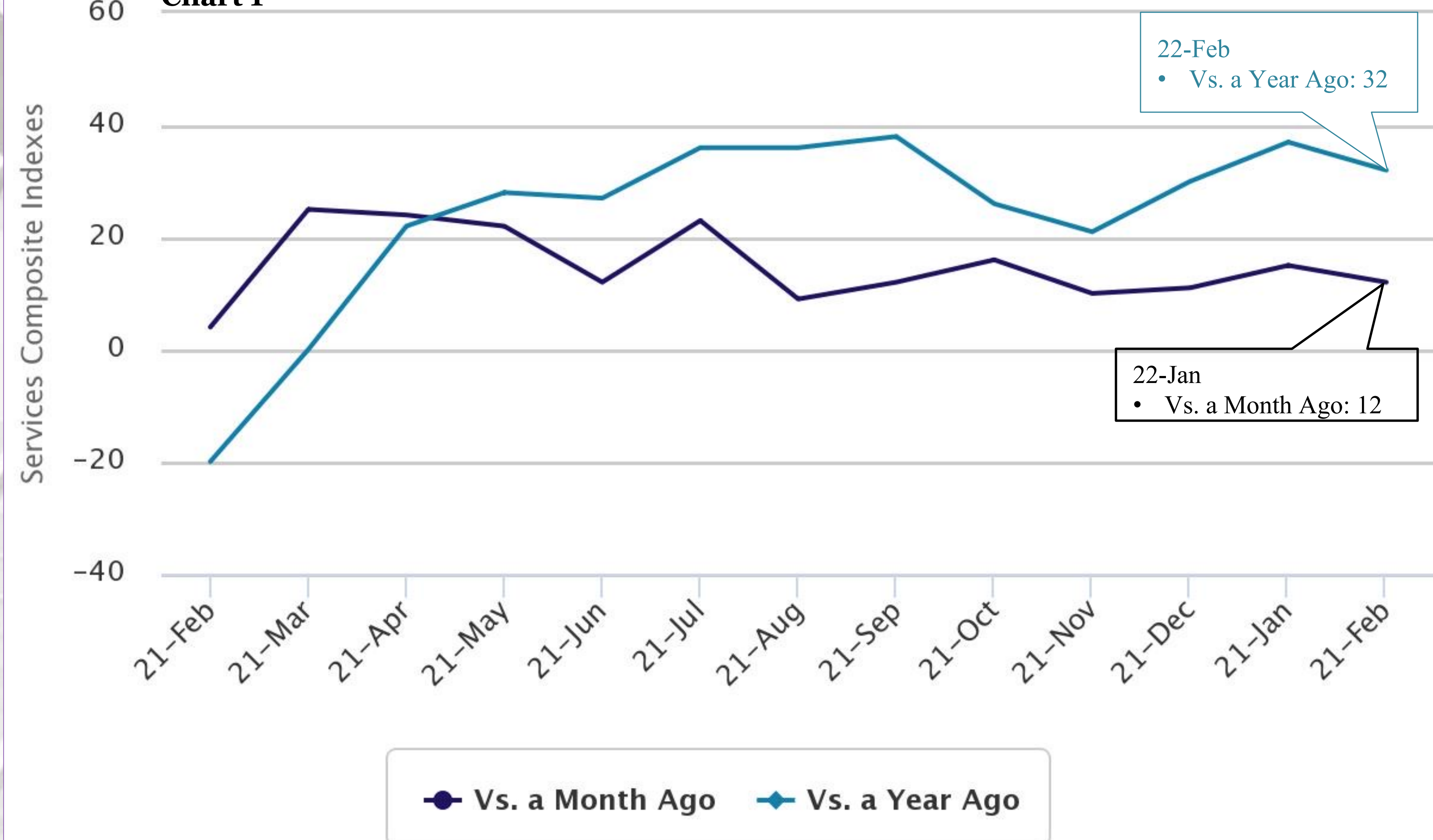
The Federal Reserve Bank of Kansas City

Chart 1



Source: https://www.kansascityfed.org; 2/25/22

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Activity Remains Flat

“Business activity was little changed in New York State, according to firms responding to the February 2022 *Empire State Manufacturing Survey*. The headline general business conditions index moved up four points to 3.1. New orders and shipments held steady, and unfilled orders increased. Delivery times continued to lengthen. Labor market indicators pointed to a solid increase in employment and a longer average workweek. The prices paid index remained near its recent peak, and the prices received index reached a new record high. Plans for capital and technology spending remained strong. Looking ahead, while firms generally expect conditions to improve over the next six months, optimism dipped to its lowest level since mid-2020.

Manufacturing activity was little changed in New York State for a second consecutive month according to the February survey. After falling to around zero last month, the general business conditions index edged up four points to 3.1. Thirty-four percent of respondents reported that conditions had improved over the month, while 30 percent reported that conditions had worsened. The new orders index came in at 1.4, and the shipments index was 2.9, signaling little change in orders and shipments over the month. The unfilled orders index came in at 14.4. The delivery times index was unchanged at 21.6, suggesting that delivery times continued to lengthen significantly, and inventories increased modestly.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 2/15/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Selling Prices Increase At A Record Pace

“The index for number of employees climbed seven points to 23.1, indicating solid gains in employment levels, and the average workweek index held steady at 10.9. The prices paid index was little changed at 76.6, while the prices received index rose a steep seventeen points to a record high of 54.1, signaling ongoing substantial increases in both input prices and selling prices.

Optimism Dips

Firms were generally optimistic about the six-month outlook, but optimism waned. The index for future business conditions fell seven points to 28.2, its lowest level since the early stages of the pandemic. Longer delivery times, higher prices, and increases in employment are all expected in the months ahead. The capital expenditures index remained near a multi-year high, suggesting that firms plan significant increases in capital spending.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 2/15/21

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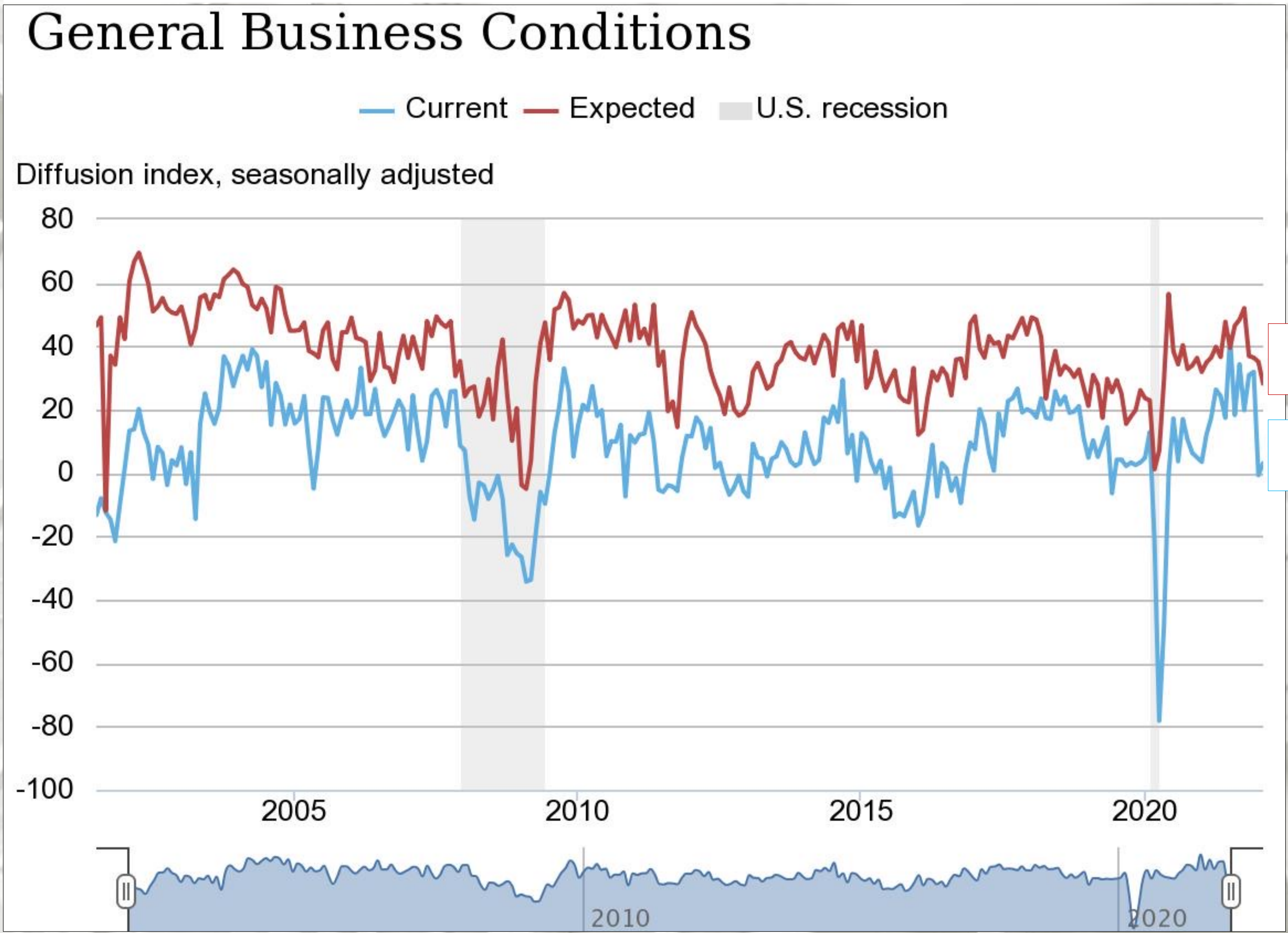
The Federal Reserve Bank of New York



February 2022
28.2

February 2022
3.1

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 2/15/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Growth Grinds To A Halt

"Business activity was flat in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's February 2022 *Business Leaders Survey*. The survey's headline business activity index fell nine points to 0.5. The business climate index was little changed at -27.1, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment levels continued to grow modestly, and wages continued to rise at a near record pace. The prices paid index hit a fresh multi-year high and the prices received index rose to a record high. Looking ahead, a majority of firms expect conditions to improve over the next six months, with optimism rising.

Business activity leveled off in the region's service sector, according to the February survey. The headline business activity index moved down nine points to 0.5, its lowest level since March of last year. Thirty-one percent of respondents reported that conditions improved over the month and 31 percent said that conditions worsened. The business climate index came in at -27.1, indicating that on net, firms continued to view the business climate as worse than normal for this time of year." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 2/16/22

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Selling Prices Increase At Record Pace

"Input and selling price increases remained substantial. The prices paid index rose nine points to 85.9, and the prices received index climbed eight points to 47.1, a record high. The employment index edged up to 12.0, pointing to a modest increase in employment levels. The wages index rose six points to 58.3, signaling another month of strong wage growth. The capital spending index fell to 3.7.

Firms Expect Conditions To Improve In Months Ahead

Though current conditions were weak, firms generally expected conditions to improve over the next six months. The index for future business activity increased thirteen points to 56.3, while the future business climate index rose ten points to 41.1, its highest level in several months. Strong gains in employment, wages, and prices are expected in the months ahead, and capital spending plans remained solid." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 2/16/22

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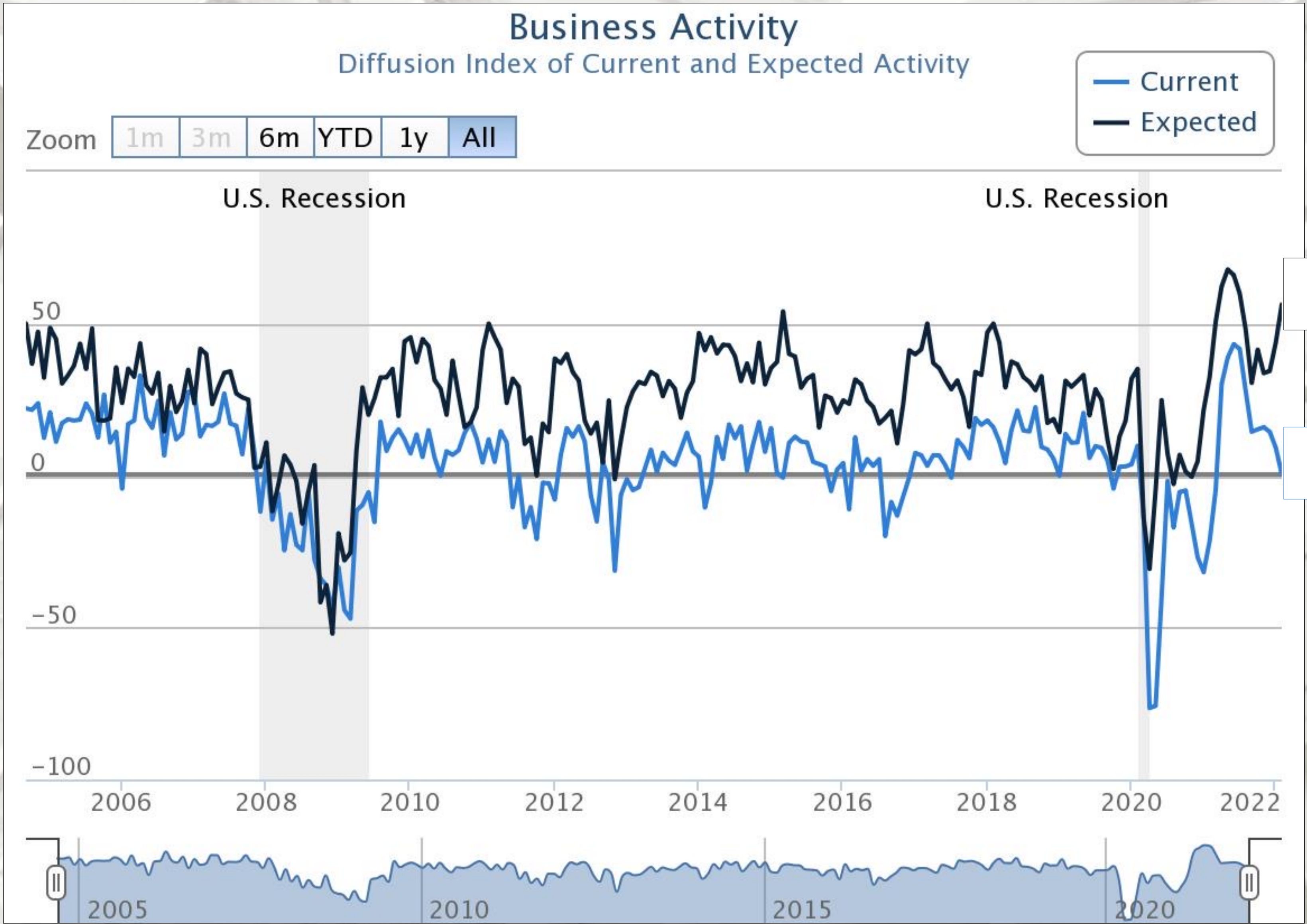
The Federal Reserve Bank of New York



February 2022
56.3

February 2022
0.5

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 2/16/22

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The Federal Reserve Bank of Philadelphia

February 2022 Manufacturing Business Outlook Survey

"Manufacturing activity in the region continued to expand this month, according to the firms responding to the February *Manufacturing Business Outlook Survey*. The survey's current indicators for general activity, new orders, and shipments declined from last month's readings but remained positive. The employment index rose, and the price indexes remained elevated. The future indexes continue to indicate that the firms expect growth over the next six months.

Current Indicators Remain Positive

The diffusion index for current activity decreased 7 points to 16.0 in February, mostly offsetting its increase from last month (see Chart). More than 26 percent of the firms reported increases in current activity this month, while 10 percent reported decreases. Most firms (63 percent) reported no change. The index for new orders declined 4 points to a reading of 14.2, and the current shipments index fell 7 points to 13.4, its lowest reading since August 2020.

On balance, the firms reported increases in manufacturing employment, and the current employment index rose 6 points to 32.3. Over 38 percent of the firms reported higher employment, 6 percent reported lower employment, and 56 percent reported no change. The average workweek index ticked up 1 point to 10.8." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-1; 2/17/22

The Federal Reserve Bank of Philadelphia

February 2022 Manufacturing Business Outlook Survey

Price Increases Remain Elevated

“The firms continued to report increases in prices for inputs and their own goods. The prices paid diffusion index edged down 3 points to 69.3. Nearly 74 percent of the firms reported increases in input prices, while 5 percent reported decreases. The current prices received index increased 3 points to 49.8. More than 54 percent of the firms reported increases in prices of their own manufactured goods, while 4 percent reported decreases.

Firms Expect Own Price Increases to Match Inflation Rate

In this month’s special questions, the firms were asked to forecast the changes in prices of their own products and for U.S. consumers over the next four quarters. Regarding their own prices, the firms’ median forecast was for an increase of 5.0 percent, down slightly from 5.3 percent when the question was last asked in November. The firms’ reported own price change over the past year was 5.0 percent. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 5.0 percent over the next four quarters, a slight increase from 4.8 percent in November. When asked about the rate of inflation for U.S. consumers over the next year, the firms’ median forecast was 5.0 percent, the same as in November. The firms’ median forecast for the long-run (10-year average) inflation rate was 3.0 percent, a decrease from 3.5 percent in November.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-1; 2/17/22

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The Federal Reserve Bank of Philadelphia

February 2022 Manufacturing Business Outlook Survey

Future Continue to Expect Growth

"The respondents continued to anticipate growth over the next six months. The diffusion index for future general activity inched down from a reading of 28.7 in January to 28.1 in February (see Chart). Over 38 percent of the firms expect growth over the next six months, 10 percent expect a decrease in activity, and 45 percent expect no change. The future new orders index decreased 5 points to 24.9, and the future shipments index edged down 1 point to 44.8. The future employment index declined 2 points to 36.6. More than 38 percent of the firms expect to increase employment in their manufacturing plants over the next six months, 2 percent anticipate employment declines, and 55 percent expect steady employment levels.

Summary

Responses to the February *Manufacturing Business Outlook Survey* suggest continued expansion for the region's manufacturing sector. The indicators for current activity, new orders, and shipments all decreased from last month but remained positive. The firms also indicated overall increases in employment and more widespread increases in prices paid and received. The survey's future indexes continue to suggest expected 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-2022-1; 2/17/22

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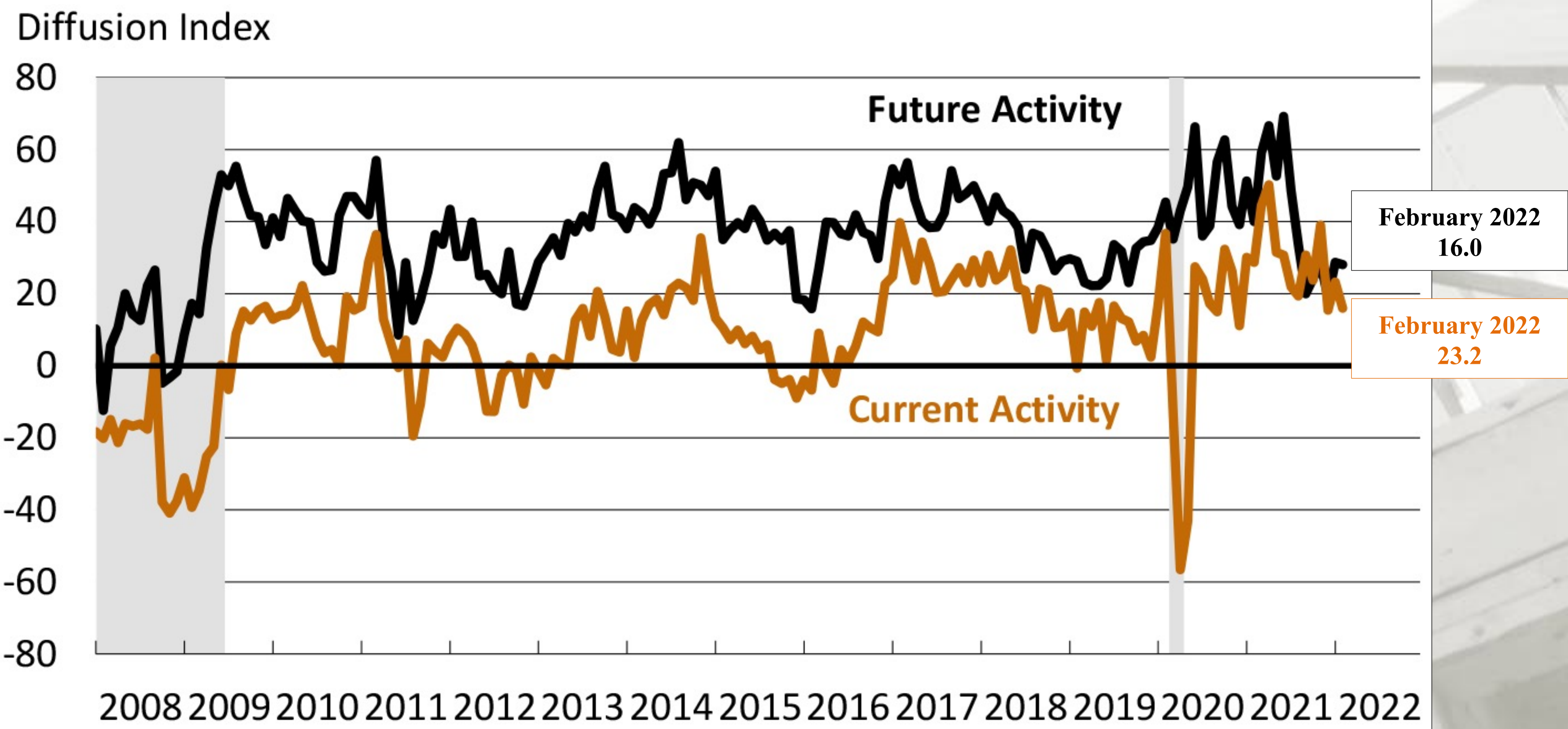
The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes

January 2008 to February 2022



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-1; 2/17/22

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The Federal Reserve Bank of Philadelphia

February 2022 Nonmanufacturing Business Outlook Survey

"Nonmanufacturing business activity expanded this month, according to the firms responding to the February *Nonmanufacturing Business Outlook Survey*. The indexes for general activity at the firm level, new orders, sales/revenues, and employment all increased this month after declining last month. The prices paid and prices received indexes rose to all-time highs. The respondents expect growth over the next six months, but both future activity indexes fell from last month's readings.

Current Indicators Improve

The diffusion index for current general activity at the firm level rose 25 points to 27.5, more than recovering from its decline in January (see Chart). The share of firms reporting increases (39 percent) exceeded the share reporting decreases (12 percent). The new orders index rose 16 points to 16.3 this month. Almost 29 percent of the firms reported increases in new orders, while 12 percent reported decreases. The sales/revenues index increased from 4.6 to 29.5. Over 45 percent of the firms reported increases in sales/revenues (up from 35 percent last month), while 16 percent reported decreases (down from 30 percent). The current regional activity index rose to 15.9 in February.

Employment Indicators Increase

The firms reported overall increases in both full- and part-time employment. The full-time employment index increased 5 points to 10.8. The share of firms reporting increases in full-time employment (19 percent) exceeded the share reporting decreases (8 percent); most firms (65 percent) reported no change. The part-time employment index increased 6 points to 8.1. Most firms (62 percent) reported steady part-time employment, while 14 percent of the firms reported increases and 6 percent reported decreases. The average workweek index increased 6 points to 15.6." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2022-2; 2/22/22

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The Federal Reserve Bank of Philadelphia

February 2022 Nonmanufacturing Business Outlook Survey

Firms Continue to Report Overall Price Increases

"Price indicator readings suggest widespread increases in prices for inputs and the firms' own goods and services, and both indexes reached new all-time highs this month. The prices paid index increased 6 points to 68.8 in February. Most respondents (70 percent) reported increases in input prices, while only 1 percent of the firms reported decreases; 20 percent reported stable prices. Regarding prices for the firms' own goods and services, the prices received index rose 6 points to 43.8 this month. More than 45 percent of the firms reported higher prices, 2 percent reported lower prices, and 36 percent reported no change.

Firms Expect Own Prices to Rise Slower Than Inflation

In this month's special questions, the firms were asked to forecast the changes in prices of their own products and for U.S. consumers over the next four quarters. Regarding their own prices, the firms' median forecast was for an increase of 5.0 percent, up from 4.0 percent when the question was last asked in November. The firms' reported own price change over the past year was 2.5 percent. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 5.0 percent over the next four quarters, unchanged from November. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 6.0 percent, up from 5.0 percent in November. The firms' median forecast for the long-run (10-year average) inflation rate was 5.0 percent, unchanged from November." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2022-2; 2/22/22

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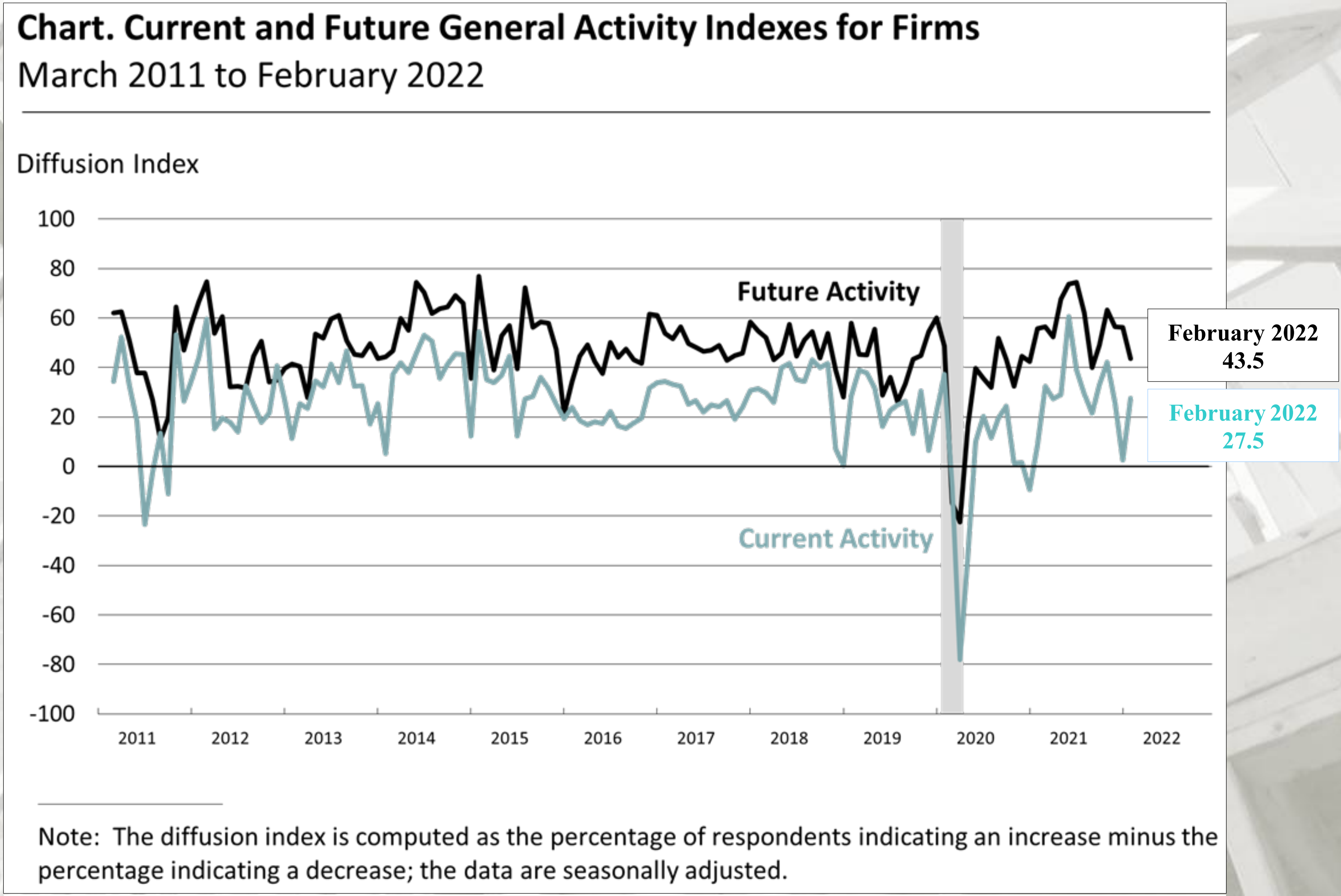
The Federal Reserve Bank of Philadelphia



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2022-2; 2/22/22

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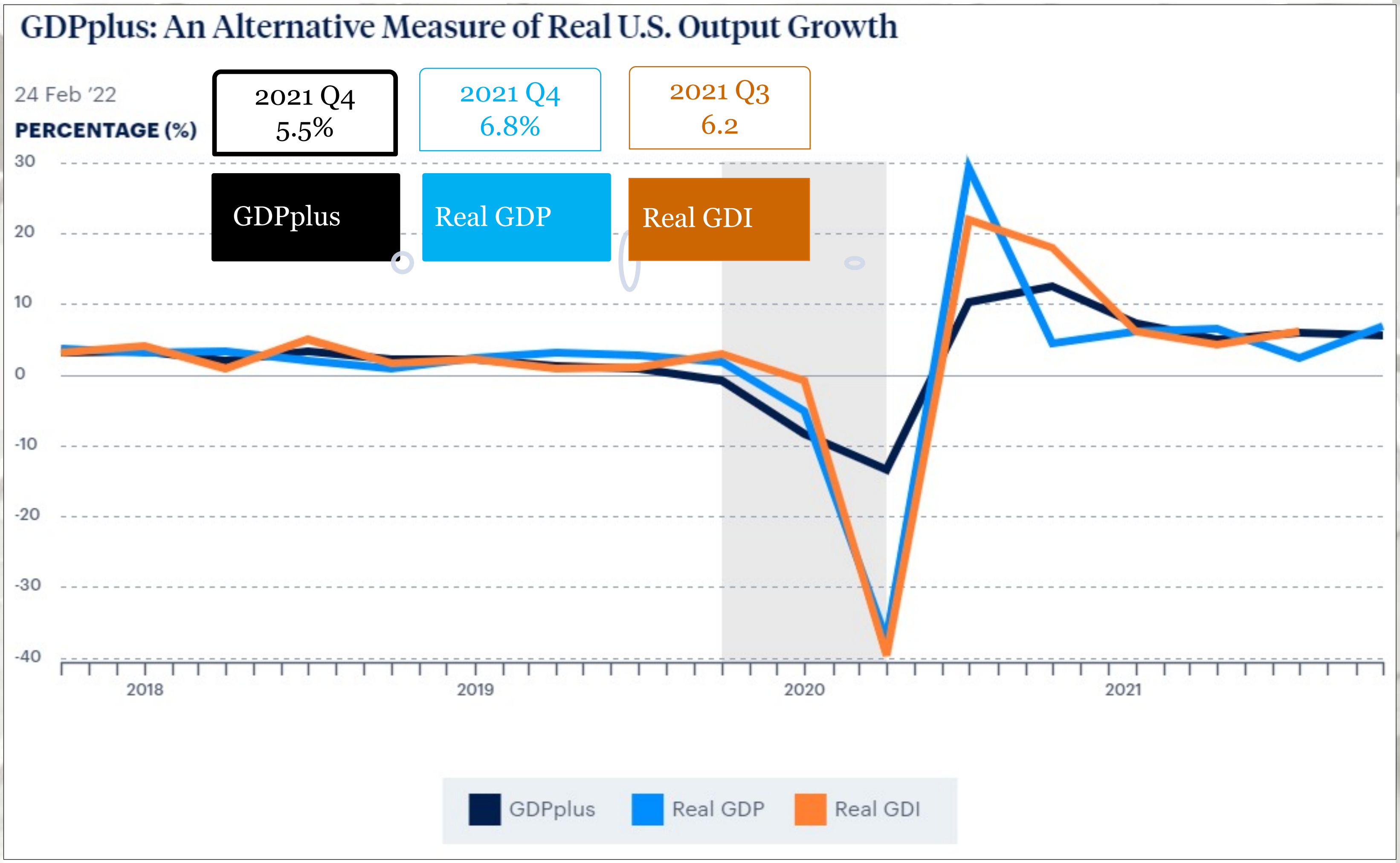
The Federal Reserve Bank of Philadelphia: GDPplus



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

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

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 2/24/22

U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Manufacturing Activity Softened Somewhat in February

"Fifth District manufacturing activity softened in February, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index fell from 8 in January to 1 in February, due to declines in the indexes for shipments and new orders. Both indexes turned negative, with the shipments index dropping notably from 14 in January to −11 in February. However, the third component in the composite index, employment, increased to 20 from 4 in January. Firms reported decreases in order backlogs, as the index became negative for the first time since June 2020. Vendor lead times increased for many firms as that index remained at near-historic highs. Firms' perceptions about changes in local business conditions remained slightly negative; however, firms remained optimistic about future conditions.

Reported hiring increased in February as more manufacturing firms increased employment. Firms continued to report increasing wages while also citing challenges finding workers with the necessary skills. Firms expect this challenge to last for at least the next six months as the expectations index remained in negative territory." – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 2/22/22

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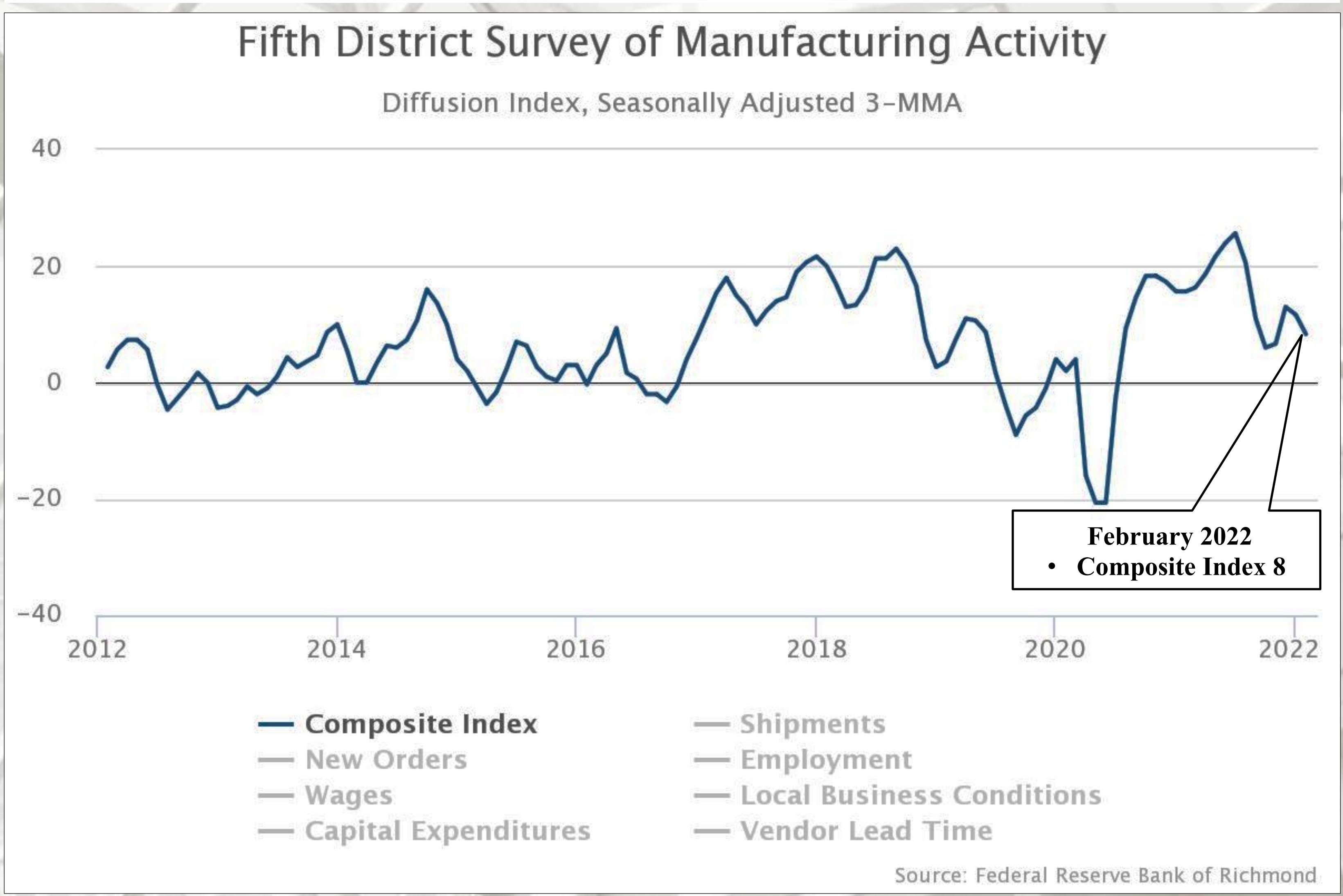
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 2/22/22

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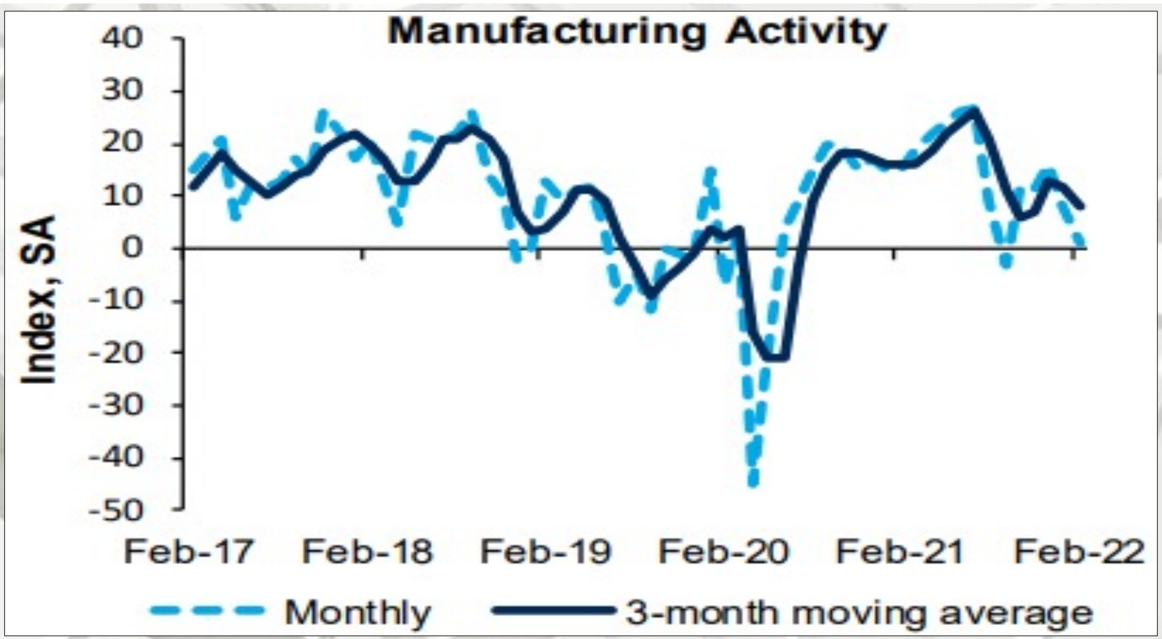
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 2/22/22

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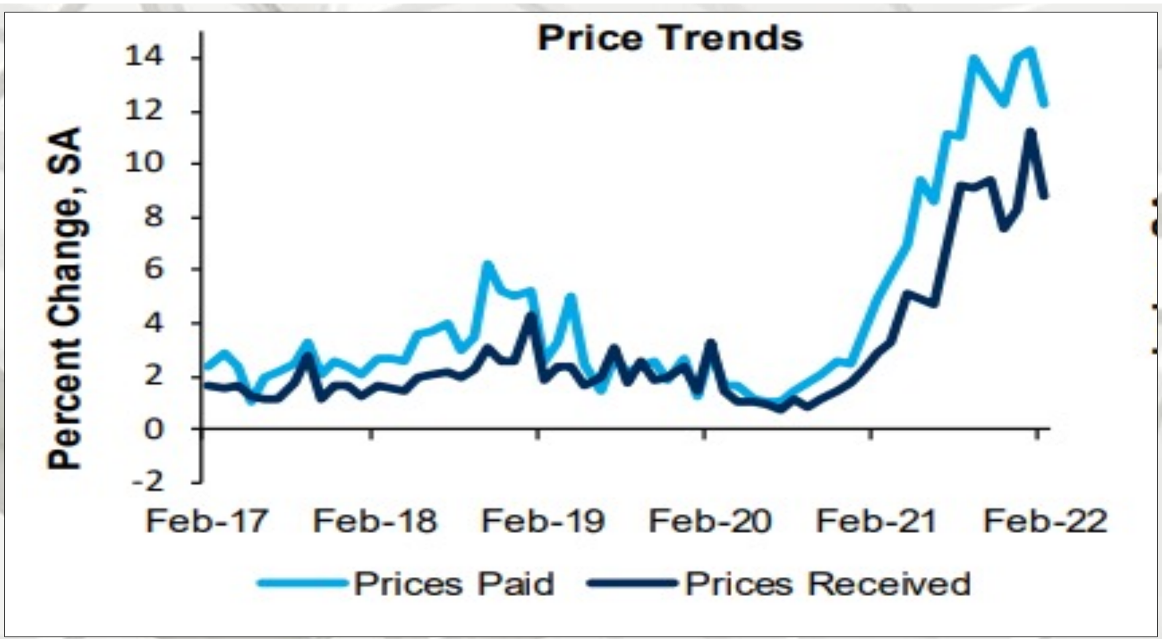
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 2/22/22

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Improved in February

"Fifth District service sector activity showed improvement in February, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues index increased from 4 in January to 11 in February. The demand index remained in expansionary territory at 23. Firms also reported increases in spending, as the index for capital expenditures, services expenditures, and equipment & software spending all increased. In addition, the local business condition index rebounded in February to 13 from −4 in January. Firms are optimistic about future business conditions as this index remained firmly in positive territory at 35.

There was little change in hiring reported in February, as the employment index inched up slightly to 14 from 12 in January. Wages remained in growth territory at an index value of 46, which is tied for the highest value on record. Firms expected to continue increasing wages in the next six months as the index for expected wages was 57 in February. Firms continued to report trouble finding workers with the necessary skills, and do not expect the difficulty to ease in the near term.

The average growth rate of prices paid and prices received by survey participants increased in February. However, the average growth of prices paid and prices received is expected to moderate over the next 12 months." – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 2/22/22

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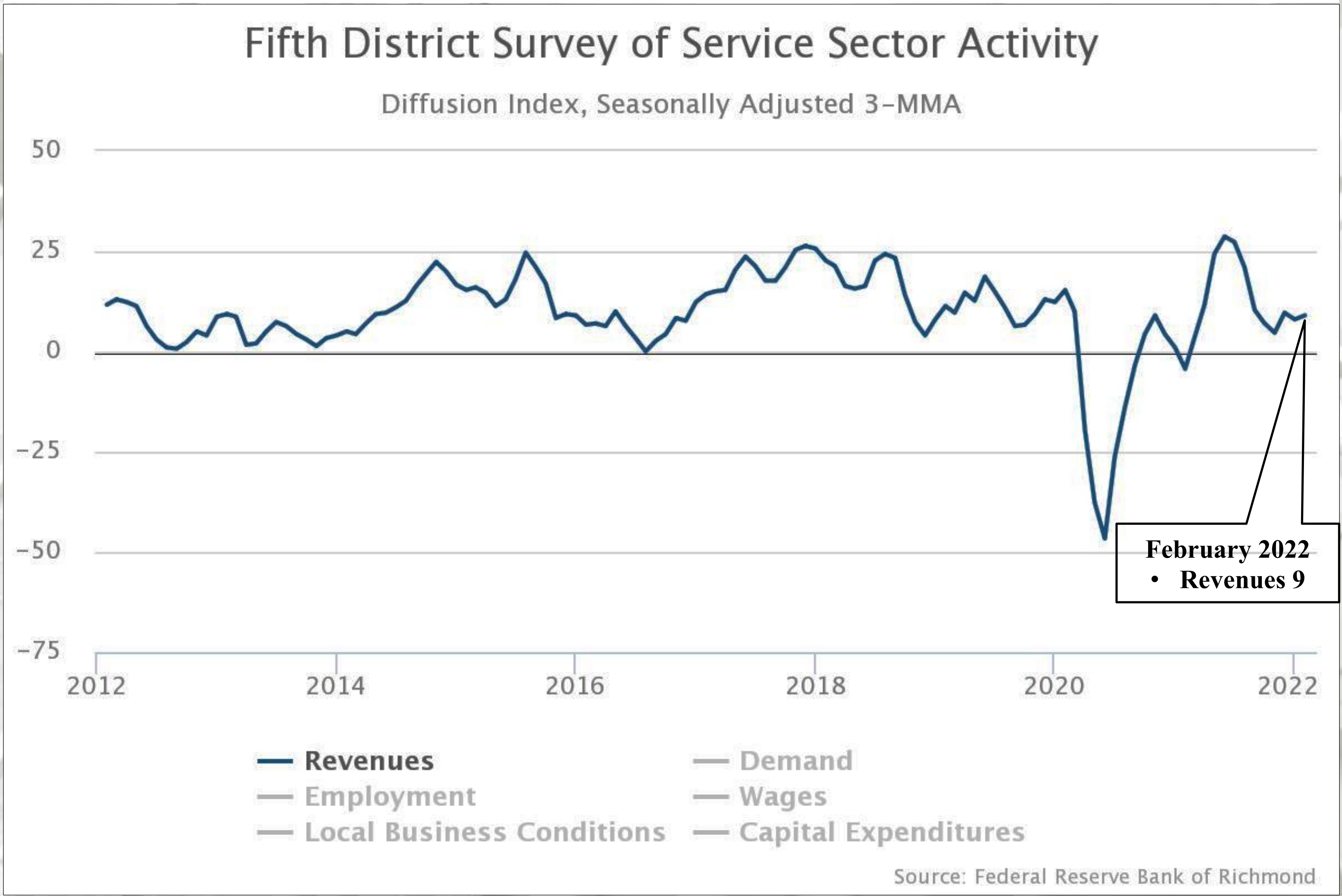
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 1/25/22

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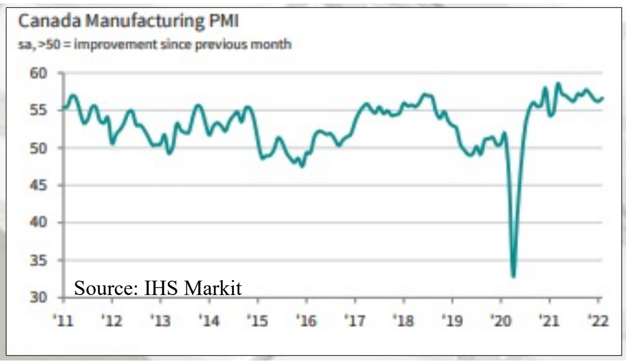
Private Indicators: Global



Markit Canada Manufacturing PMI™

"The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers' Index® (PMI®) registered at 56.6 in February, up from 56.2 in January. The latest result signalled the strongest uptick for three months, and one that continued the run of growth which began July 2020.

Operating conditions strengthen amid solid output growth

A solid uplift in output and new orders supported an improvement in business conditions in Canada's manufacturing sector during February. Output, new orders and purchasing activity all rose solidly while favourable demand conditions underpinned job creation. There were, however, ongoing supply-side issues with material scarcity leading to lengthy lead times. As a result, severe capacity pressures emerged, and backlogs rose sharply. On the cost front, sharp price pressures continued with input price inflation accelerating in February. Firms passed on part of the burden in an attempt to protect profit margins.

A key driver of the latest improvement was a quicker uplift in output. Survey respondents linked rising production volumes to higher unit orders, and greater employment. Similarly, new orders rose sharply in February amid new product launches, and greater demand following a further relaxation of COVID-19 restrictions. Contrary to the trend for domestic sales, exports fell for the first time in over a year. …

February data revealed another expansion in Canada's manufacturing sector with the headline PMI improving during the month. Growth was underpinned by a quicker expansion in output, following sharp uplifts to headcounts and supportive domestic demand conditions. That said, supplier delivery times were marked once again, a common theme since the pandemic hit in March 2020. Material shortages, poor transportation conditions and price hikes have forced firms to plan in advance, but productivity has been somewhat hit.

For now, businesses in Canada are coping with external pressures, but issues surrounding rising costs and supply are likely to persist for the duration of the year. The picture for the pandemic continues to improve, however." – Shreeya Patel, Economist, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/97c1992e718342709e466fda12bfaf2c; 3/1/22

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Private Indicators: Global

Caixin China General Manufacturing PMI™

Business conditions improve slightly in February

"The headline seasonally adjusted *Purchasing Managers' Index™ (PMI™)* – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – rose from 49.1 at the start of 2022 to 50.4 in February, to signal a renewed improvement in overall business conditions. The rate of improvement was only slight, however, and softer than the long-run series average (51.0).

Latest PMI data signalled a slight improvement in business conditions across China's manufacturing sector in February. Firms recorded a slight increase in output amid the fastest increase in total sales since last June. However, the pandemic continued to weigh on external demand, with new export orders falling again. Firms meanwhile registered a further drop in employment, which contributed to a fresh increase in unfinished business. Inflationary pressures meanwhile picked up, with both input prices and output charges rising at quicker rates. The outlook brightened, however, with optimism regarding future output improving to an eight-month high in February.

Supporting the higher headline index reading was a renewed increase in total new business placed with Chinese goods producers. Though modest, the rate of new order growth was the quickest seen for eight months, with a number of firms commenting on a relative improvement in market conditions and firmer customer demand. The increase in total sales was despite a further drop in new export business, which was often linked to the pandemic and difficulties in shipping items to clients. The improvement in overall demand conditions helped to drive a fresh increase in output in February. Production has now risen in three of the past four months, though the latest expansion was only slight. … " – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/53d3865375474bdfa99ad75d9e541b36; 3/1/22

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Private Indicators: Global

Caixin China General Manufacturing PMI™

"The Caixin China General Manufacturing PMI came in at 50.4 in February, up from 49.1 the previous month, showing manufacturing activity bounced back into expansionary territory. Overall, the Chinese manufacturing sector stayed on the track for recovery.

Supply in the manufacturing sector improved. Overall demand was strong, though external demand remained subdued. The gauges for both output and total new orders returned to expansionary territory. The gauge for total new orders hit its highest level in eight months in February. Amid the worsening effects of the pandemic, which disrupted transportation, external demand remained weak. The gauge for new export orders in February remained in contractionary territory for the seventh straight month.

The job market remained under pressure. Although supply and demand in the manufacturing sector improved, goods producers remained cautious about hiring new staff. The measure for employment remained in contractionary territory for the seventh consecutive month, but the rate of contraction was milder than the previous month.

The quantity of purchases increased slightly in February as raw material prices remained high. Stocks of purchased items fell. Logistics delivery times got longer due to pandemic disruption. Stocks of finished goods fell. Due to rising new orders and a shortage of employees, backlogs of work increased.

Inflationary pressure grew. The gauges for input and output prices rose in February, with both hitting their highest levels since October. The price increases were mainly a result of rising transportation costs and raw material prices that remained elevated.

Business owners held a positive outlook. The measure of future output expectations rose to the highest in eight months. Surveyed companies. said they were confident that market demand would further improve and domestic outbreaks of Covid-19 would be controlled.

Overall, manufacturing activity expanded in February. Supply recovered, while demand more clearly improved. The level of optimism about the future business outlook increased further. However, the job market remained under high pressure. And we still need to keep an eye on inflationary pressure. " – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/53d3865375474bdfa99ad75d9e541b36; 3/1/22

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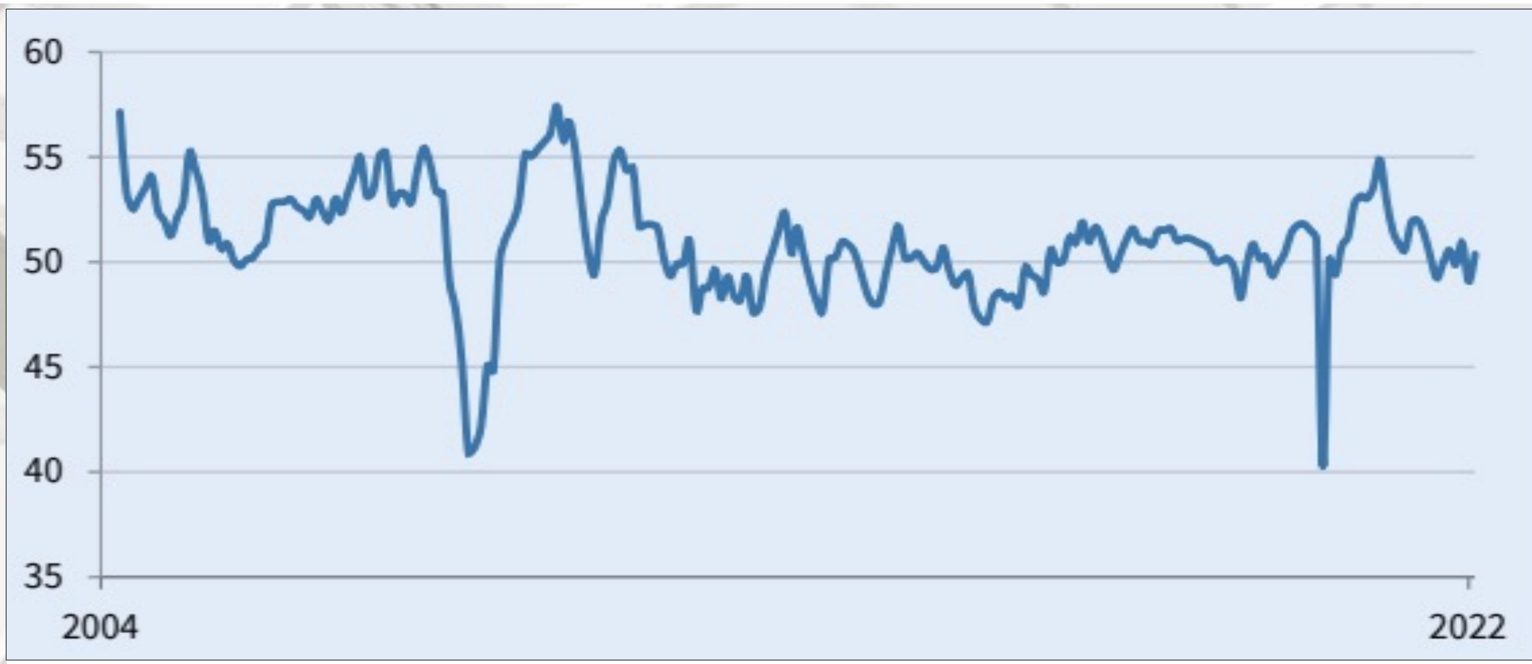
Private Indicators: Global



sa, > 50 = improvement since previous month
Sources: Caixin, IHS Markit

Caixin China General Manufacturing PMI™

"From January to February, several regions across China, including Jiangsu province and the Guangxi Zhuang and Inner Mongolia autonomous regions, suffered flare-ups of Covid-19. Epidemic control measures were strengthened, which restricted transportation and sales of manufactured goods. Under the "triple pressure" of demand contraction, supply shocks and weakening expectations, the manufacturing sector recovery is still not robust. Stabilizing economic growth remains an important focus of the government.

Policymakers should enhance support policies to encourage employment, strengthen structural support for small and midsize enterprises and effectively reduce tax burdens and fundraising costs for companies. Meanwhile, they should maintain a stable market environment, continue to stabilize commodity supply and prices, and lighten the cost burden on businesses in the middle and lower reaches of supply chains."" – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/53d3865375474bdfa99ad75d9e541b36; 3/1/22

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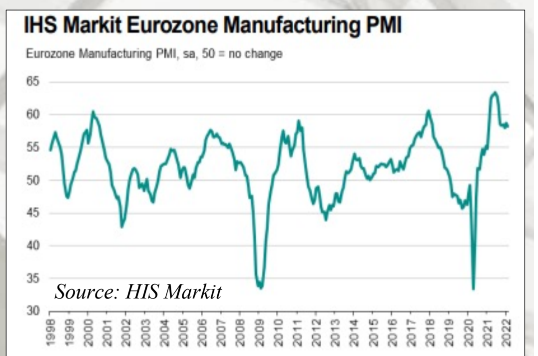
Private Indicators: Global



Source: HIS Markit

Markit Eurozone Manufacturing PMI®

"The IHS Markit Eurozone Manufacturing PMI® fell to 58.2 in February, down from 58.7 in January. Driving this result was the suppliers' delivery times gauge (which is inverted in the calculation of the headline PMI), as the respective index recorded a notable increase since January. Partly offsetting this were the largest-weighted sub-components of the PMI – output and new orders – which experienced slightly positive directional changes. Employment growth was meanwhile stable, and stocks of purchases increased a slightly weaker pace.

Manufacturing output growth supported by stronger demand and fewer delivery delays in February

More positive signals were seen in February's IHS Markit PMI® data for the eurozone manufacturing sector, with growth in both output and new orders gaining further momentum following improvements in January. There were also fewer supplier delivery delays across the month, with lead times lengthening to the weakest extent for just over a year. Nevertheless, capacities across the sector continued to be tested and, while rates of both input cost and output price inflation slowed in February, they were still among the fastest on record. Data split by the three broad market groups indicated stronger improvements at consumer and intermediate goods producers. While manufacturers of investment goods recorded a weaker expansion, they still performed strongest overall.

Don't let the drop in the headline PMI distract from what should be viewed as a largely positive month for the euro area manufacturing sector in February. Demand for goods is trending higher, with the rate of expansion accelerating to a six-month high. Underlying sales conditions are clearly strengthening as Europe overcomes the Omicron wave of COVID-19 and businesses step up their recovery efforts. Another positive move was in the suppliers' delivery times gauge, which moved up during February to its highest since the beginning of last year – signalling the least marked deterioration vendor performance since then. It was actually this move that pulled the headline PMI lower, but tentative signs of stabilisation across supply chains is a good thing because it will help production capacities increase and is what we need to see for inflation to cool. …

Now, the Russia-Ukraine situation, which also carries the risk of dampening growth, adds fresh fuel to inflation risks, and we've seen brent crude already moving higher in response. It's going to take prudent macroeconomic policy management to re-anchor inflation expectations without denting the demand recovery too heavily." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/a257d2aa90924dd1994fc0bea484412e; 3/1/22

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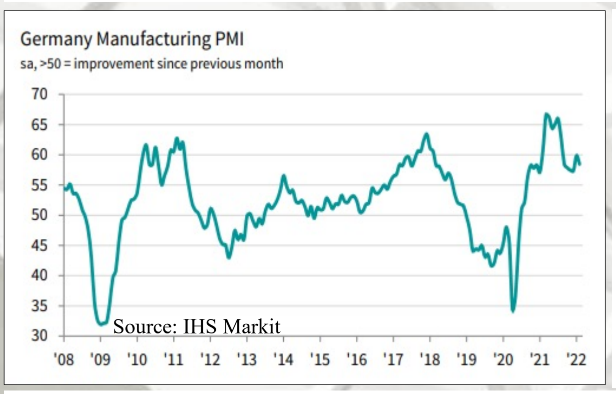
Private Indicators: Global



IHS Markit/BME Germany Manufacturing PMI®

"The headline IHS Markit/BME Germany Manufacturing PMI® – a weighted aggregate of measures of new orders, output, employment, suppliers' delivery times and stock of purchases – registered 58.4 in February. This was firmly above the 50.0 mark separating growth from contraction, but down slightly from January's five-month high of 59.8.

New order growth hits six-month high in February, but output constrained by COVID-related absences

A steep rise in new orders drove a sustained expansion of Germany's manufacturing sector in February, latest PMI® survey data showed. Growth of output remained strong but was constrained somewhat by a temporary decline in staff availability owing to COVID-related absences. Four of the five sub-components impacted a negative directional influence. The only exception was new orders, the rate of growth of which accelerated for the second month in a row to the highest since last August. As well as signalling stronger domestic demand, the survey also showed a sustained upturn in new export orders, which rose to the greatest extent for six months amid reports of sales growth across the US, Italy and other parts of southern Europe. …

Underlying demand for German manufactured goods was strong in February, with new order growth accelerating and the survey showing rising sales both domestically and internationally. Production continued to rise, but staff absences linked to the Omicron wave of the pandemic were a constraint on output and added to already stretched capacity, thereby contributing to a sharp rise in backlogs of work. However, with COVID cases in the country looking like they might have already peaked, this particular headwind will hopefully be only temporary. Furthermore, the pace of factory job creation remained rapid as manufacturers looked to address capacity shortfalls.

Supply constraints showed further tentative signs of easing in February, and one of the positives from this was a fall in the rate of input cost inflation to an 11-month low. When the survey was conducted, firms were hopeful of further progress in the supply situation and were highly optimistic about the outlook. With the escalation of the situation in Ukraine since February's survey, and the surge in oil and gas prices that's come with it, downside risks to the sector's performance in 2022 have increased." – Phil Smith, Principal Economist, IHSMarkit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/cf89d790cc45478c88a18515c49f47cd; 3/1/22

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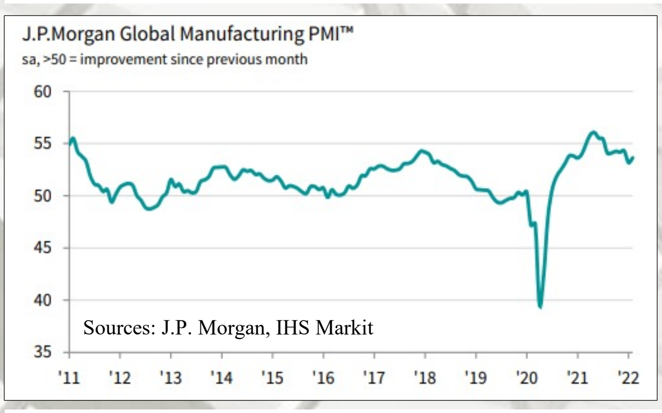
Private Indicators: Global



Sources: J.P. Morgan, IHS Markit

J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – posted 53.6 in February, up from 53.2 in January, its joint second-lowest reading over the past 16 months. Alongside faster increases in production, new business and employment, a quicker accumulation of stocks of purchases also had a positive impact on the PMI.

Global manufacturing growth gathers pace in February

February saw a mild uptick in the rate of expansion of the global manufacturing sector, as growth of output, new orders and employment all strengthened. Business optimism about the year ahead also rose to a ten-month high. February saw 22 out of the 25 nations for which data were available register PMI readings above the neutral mark of 50.0. Growth was led by Europe, with the seven top ranked countries all located on the continent (Netherlands, Germany, Austria, Italy, the UK, Ireland and Greece). The US was in eighth position overall. PMIs for China and Japan signalled expansions, but were below the global average. Russia, Mexico and Myanmar were the only nations to see contractions.

Data broken down by sector signalled expansions across the consumer, intermediate and investment goods industries. PMI readings also improved in all three categories, underpinned by rising levels of both output and new orders. Measure overall, global manufacturing production and new work received both rose for the twentieth consecutive month in February. New export business also posted a mild improvement, following a slight decrease in January, as gains at intermediate and investment goods producers offset a reduction in the consumer goods sector. China and the UK were among the nations to see new export orders contract. …

February saw PMI indices for output, new orders and employment all gain ground, raising hopes that the sector was starting to turn a corner from its recent growth slowdown. However, the darkening geopolitical backdrop and subsequent demand headwinds are likely to pose significant risk in the weeks ahead. This is also true with regard to the outlook for prices, with input cost and output charge inflation both accelerating in the latest month." – Olya Borichevska, Global Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/a87960b344c24e038d4a27d6e15d8bc2; 3/1/22

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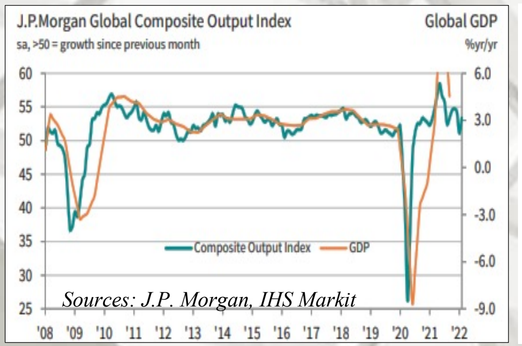
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – rose to 53.4 in February, up from 51.1 in January. The headline index has now signalled expansion in each of the past 20 months. Rates of output growth picked up at manufacturers and service providers, with the latter outperforming the former for the tenth time in the past 11 months.

Global economic growth picks up from January's one-and-a-half year low

February saw the rate of global economic expansion revive from January's one-and-a-half year low, as growth of new orders and employment accelerated and business optimism strengthened to a near record high. Price pressures remained elevated, however, with rates of increase in input costs and output charges both gathering pace. The upturn was broad-based by sector with economic activity rising across all six sub-industries covered by the survey. Growth accelerated in business services and intermediate goods, but slowed expansions in financial services and investment goods. Consumer goods and consumer services both saw resumptions in growth of activity. The strongest overall rate of expansion was in business services, followed by consumer services where activity rebounded from January's slump.

Almost all of the nations for which February data were available signalled an expansion of economic activity. The only exception was Japan, which saw output contract at the steepest rate since last August, as services activity fell sharply and manufacturing production declined. … Underpinning increased global economic activity was a further expansion of new order intakes. Incoming new business rose for the twentieth month in a row and at a faster pace than in January. There was also a modest recovery in new export order volumes following a slight decrease in the prior survey month.

Growth of new work remained sufficiently solid to test capacity, as highlighted by rising levels of outstanding business. Shortages of labor and materials, alongside stretched global supply chains, also contributed to the latest increase in backlogs of work. Companies responded by raising employment, with jobs growth seen in the euro area, the US, Japan, the UK and Australia. Average input costs rose at a quicker pace in February, reflecting stronger inflation in a number of regions including the euro area, the US and Japan. This led to increased output charges, which rose at the fastest pace since October." – Olya Borichevska, Global Economic Research, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/276213cdc9054c309ca8f9d73ba8a4fb; 3/3/22

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Weak in January

"National nonresidential construction spending was up 1.3% in January, according to an Associated Builders and Contractors analysis of data published today by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled $838.9 billion for the month.

Spending was up on a monthly basis in nine of the 16 nonresidential subcategories. Private nonresidential spending increased by 1.8%, while public nonresidential construction spending rose 0.5% in January.

"Normally, one would look at headline numbers indicating that construction investment rose in America as a reason to cheer," said ABC Chief Economist Anirban Basu. "But the construction spending data are not adjusted for inflation, and in real terms, construction spending was likely down for the month. Total construction spending is up more than 8% from last year, but materials prices are up approximately 24% over that span. Worker compensation costs have also been rising rapidly. As a result, contractor profit margin expectations have worsened in recent months, according to ABC's Construction Confidence Index.

"Circumstances are worse in the nonresidential construction segment," said Basu. "While construction spending is up 13% in the industry's residential component, nonresidential spending is up less than 4% year-over-year. In certain categories, spending is down in both real and nominal terms. The fading of pandemic-related construction spending has produced a decline of 35% in the public safety segment. Financial impacts on the education sector stemming from the pandemic have resulted in a 7% decline in education-related construction spending. Spending in the beleaguered lodging segment is down nearly 25% in nominal terms." – Erika Walter, Director of Media Relations, ABC

Source: https://abc.org/News-Media/News-Releases/entryid/19268/nonresidential-construction-spending-growth-weak-in-january-says-abc; 3/1/22

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Private Indicators
Associated Builders and Contractors

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

	January 2022	December 2021	January 2021	1-Month % Change	12-Month % Change
Total Construction	$1,677,246	$1,655,847	$1,549,793	1.3%	8.2%
Residential	$838,351	$827,621	$740,755	1.3%	13.2%
Nonresidential	$838,895	$828,226	$809,038	1.3%	3.7%
Manufacturing	$93,224	$86,039	$70,966	8.4%	31.4%
Conservation and development	$8,368	$7,758	$7,831	7.9%	6.9%
Power	$117,000	$114,474	$116,804	2.2%	0.2%
Transportation	$56,877	$56,004	$57,201	1.6%	-0.6%
Public safety	$10,201	$10,048	$15,797	1.5%	-35.4%
Sewage and waste disposal	$27,443	$27,207	$26,338	0.9%	4.2%
Health care	$51,179	$50,821	$48,731	0.7%	5.0%
Office	$84,666	$84,404	$82,472	0.3%	2.7%
Amusement and recreation	$26,043	$26,008	$25,780	0.1%	1.0%
Educational	$98,398	$98,471	$105,704	-0.1%	-6.9%
Highway and street	$106,129	$106,302	$100,474	-0.2%	5.6%
Commercial	$98,176	$98,537	$84,047	-0.4%	16.8%
Lodging	$18,000	$18,115	$23,845	-0.6%	-24.5%
Communication	$21,807	$22,057	$22,048	-1.1%	-1.1%
Water supply	$18,496	$18,995	$17,633	-2.6%	4.9%
Religious	$2,888	$2,988	$3,368	-3.3%	-14.3%
Private Nonresidential	$497,170	$488,190	$463,398	1.8%	7.3%
Public Nonresidential	$341,726	$340,036	$345,640	0.5%	-1.1%

Source: U.S. Census Bureau

Nonresidential Construction Spending Declines in January

"""The Russian invasion of Ukraine will not help," said Basu. "Oil and other key input prices are rising, placing further upward pressure on the cost of delivering construction services. Those elevated costs have already been leading some project owners to postpone projects in the hope of procuring more favorable bids in the future. Steel, copper, aluminum, neon and nickel prices are all implicated by the outbreak of war, and sanctions on Russia and limits on its exports will be in place long after hostilities end."" – Erika Walter, Director of Media Relations, ABC

Source: https://abc.org/News-Media/News-Releases/entryid/19268/nonresidential-construction-spending-growth-weak-in-january-says-abc; 3/1/22

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Weak in January

Source: https://abc.org/News-Media/News-Releases/entryid/19268/nonresidential-construction-spending-growth-weak-in-january-says-abc; 3/1/22

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Private Indicators
Associated Builders and Contractors

Construction Employment Surges in February to Near Pre-Pandemic Levels

"The construction industry added 60,000 jobs on net in February, according to an Associated Builders and Contractors analysis of data released today by the U.S. Bureau of Labor Statistics. Overall, the industry has recovered virtually all (99.0%) of the jobs lost during earlier stages of the pandemic.

Nonresidential construction employment increased by 29,400 positions in February, with all three subsectors experiencing growth, and is up 3.9% over the past twelve months. The residential sector added 31,000 in February and is up 4.5% since February 2021.

The construction unemployment rate fell to 6.7% in February. Unemployment across all industries declined to 3.8%, down from 4.0% in January.

"Bottom line: The U.S. economy is charging into the post-pandemic world with significant momentum, and nonresidential construction is part of that story," said ABC Chief Economist Anirban Basu. "At the heart of America's economic momentum is rapid workforce growth, with more people re-entering the workforce to take advantage of higher wages and to better contend with rapidly rising prices.

"Evidence indicates that contractors have had a somewhat easier time filling available positions recently," said Basu. "There are also indications that supply chain issues have improved slightly, though the Ukraine/Russia war may create new issues on that front. With demand strong and the supply side of the economy in repair, 2022 is setting up to be a strong year for contractors. At some point, federal infrastructure dollars will begin to flow more freely, and that will help support additional contractor backlog, which declined to 8.0 months in ABC's latest Construction Backlog Indicator report." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19274/construction-employment-surges-in-february-to-near-pre-pandemic-levels-says-abc; 3/4/22

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Private Indicators
Associated Builders and Contractors

Construction Employment Statistics: February 2022

	February 2022	January 2022	February 2021	1-Month Net Change	12-Month Net Change	12-Month % Change
Employment						
Construction	7,613,000	7,553,000	7,308,000	60,000	305,000	4.2%
Nonresidential	4,478,400	4,449,000	4,309,000	29,400	169,400	3.9%
Nonresidential Building	801,900	799,700	782,100	2,200	19,800	2.5%
Nonresidential Specialty Trade Contractors	2,611,900	2,592,000	2,508,200	19,900	103,700	4.1%
Heavy & Civil Engineering	1,064,600	1,057,300	1,018,700	7,300	45,900	4.5%
Residential	3,134,600	3,103,600	2,999,200	31,000	135,400	4.5%
Residential Building	891,100	884,400	849,000	6,700	42,100	5.0%
Residential Specialty Trade Contractors	2,243,500	2,219,200	2,150,200	24,300	93,300	4.3%
Average Hourly Earnings						
All Private Industries	$31.58	$31.57	$30.04	$0.01	$1.54	5.1%
Construction	$33.91	$33.83	$32.27	$0.08	$1.64	5.1%
Average Weekly Hours						
All Private Industries	34.7	34.6	34.6	0.1	0.1	0.3%
Construction	39.6	38.8	38.5	0.8	1.1	2.9%

Source: Bureau of Labor Statistics

Construction Employment Surges in February to Near Pre-Pandemic Levels

"“But there remain many reasons for concern,” said Basu. “Despite stepped-up federal investment in infrastructure, overall federal spending will be down sharply in 2022, creating substantial fiscal drag. Inflation has been draining households of accumulated savings and could trigger rapid slowing in consumer outlays. Interest rates are poised to rise as the Federal Reserve readies itself to deal more forcefully with what has turned out to be nontransitory inflation. Elevated oil prices are likely already doing damage to the economy, damage that is not yet apparent in key macroeconomic indicators. Elevated oil and other prices are also driving the cost of delivering construction services higher, which could result in the postponement or cancellation of some projects.”" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19274/construction-employment-surges-in-february-to-near-pre-pandemic-levels-says-abc; 3/4/22

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Private Indicators
Associated Builders and Contractors

ABC Construction Backlog Indicator Unchanged in February; Contractors Remain Confident

"Associated Builders and Contractors reported today that its Construction Backlog Indicator remained unchanged at 8.0 months in February, according to an ABC member survey conducted Feb. 21 to March 8. The reading is down 0.2 months from February 2021.

Survey respondents in all four regions cited labor and material availability and costs as the factors chipping away at their backlog, while a few respondents in the Midwest cited winter weather as a frustrating factor.

ABC's Construction Confidence Index readings for sales and staffing increased in February, while the reading for profit margins inched lower. All three indices remain above the threshold of 50, indicating expectations of growth over the next six months.

"The level of demand for construction services is simply staggering," said ABC Chief Economist Anirban Basu. "Despite sky-high materials prices, surging compensation costs and attendant impacts on bids, many project owners continue to move forward with projects because they recognize construction costs could rise even further. There is also significant investment capital flowing through the economy in search of yield. Real estate projects often satisfy the need to deploy considerable capital quickly, but only if construction is permitted to move forward.

"Accordingly, despite elevated costs and workforce challenges, construction backlog remains stable," said Basu. "Backlog would likely be rising rapidly if costs were more stable. Nonetheless, construction confidence indicators continue to improve. Collectively, contractors expect sales and employment to expand over the next six months. But what is far more remarkable is the expectation that profit margins will expand, indicating that demand for construction services remains elevated enough to countervail cost increases as we head into the heart of 2022."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19290/abc-construction-backlog-indicator-unchanged-in-february-contractors-remain-confident; 3/15/22

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Private Indicators
Associated Builders and Contractors

Construction Confidence Index

Response	February 2022	January 2022	February 2021
	CCI Reading		
Sales	66.8	66.2	64.8
Profit Margins	56.2	56.9	51.2
Staffing	66.3	63.9	61.4
	Sales Expectations		
Up Big	10.6%	11.1%	11.1%
Up Small	58.4%	55.3%	56.7%
No Change	19.3%	21.2%	15.8%
Down Small	11.2%	12.5%	12.9%
Down Big	0.6%	0.0%	3.5%
	Profit Margin Expectations		
Up Big	4.3%	2.9%	2.3%
Up Small	39.8%	45.7%	33.3%
No Change	33.5%	30.8%	36.8%
Down Small	21.1%	17.3%	21.6%
Down Big	1.2%	3.4%	5.8%
	Staffing Level Expectations		
Up Big	8.1%	7.7%	3.5%
Up Small	56.5%	51.9%	49.1%
No Change	29.2%	30.8%	38.6%
Down Small	5.0%	7.7%	7.0%
Down Big	1.2%	1.9%	1.8%

Source: https://www.abc.org/News-Media/News-Releases/entryid/19290/abc-construction-backlog-indicator-unchanged-in-february-contractors-remain-confident; 3/15/22

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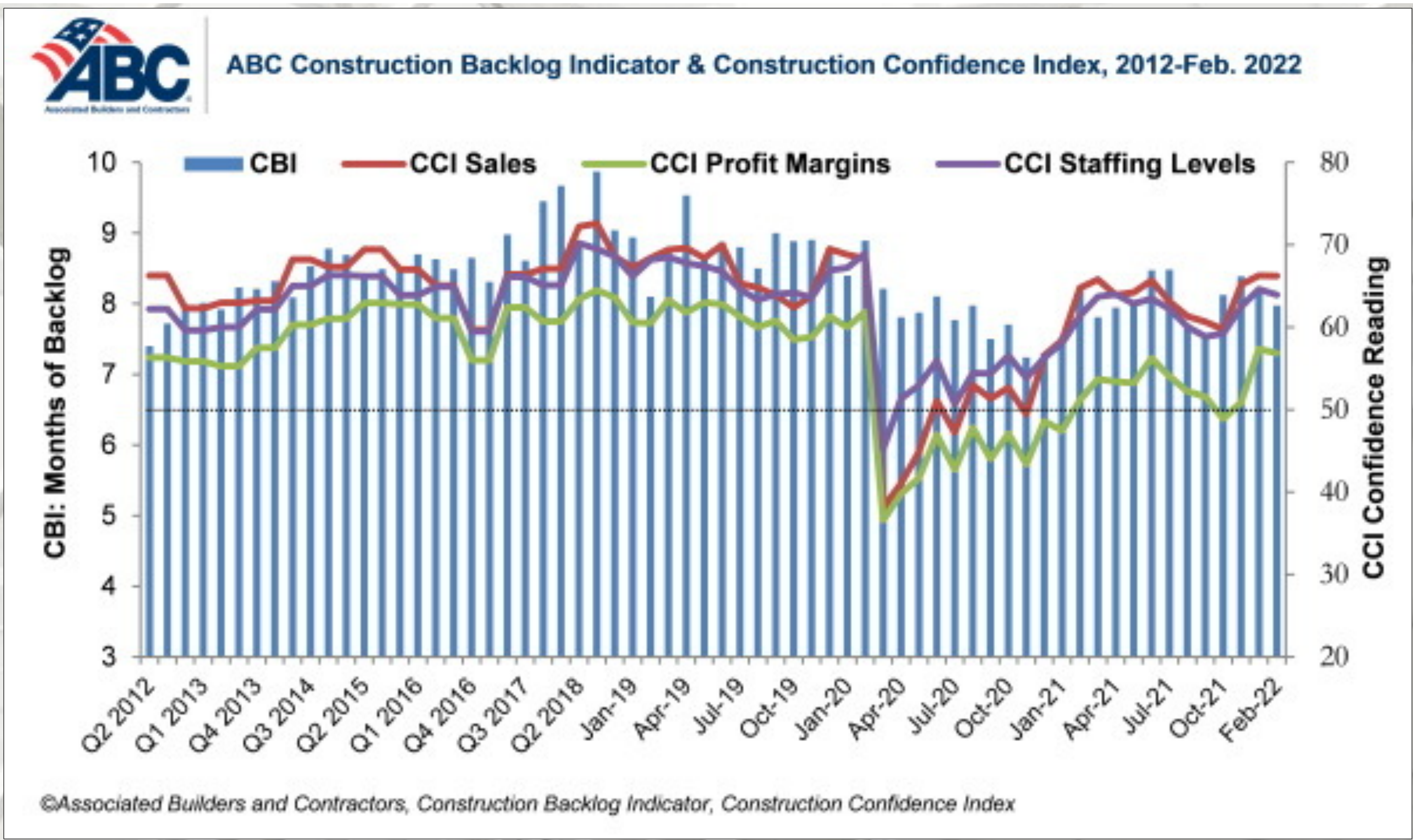
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/entryid/19290/abc-construction-backlog-indicator-unchanged-in-february-contractors-remain-confident; 3/15/22

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Private Indicators
Associated Builders and Contractors

Construction Industry Faces Workforce Shortage of 650,000 in 2022

"“ABC's 2022 workforce shortage analysis sends a message loud and clear: The construction industry desperately needs qualified, skilled craft professionals to build America," said Michael Bellaman, ABC president and CEO. "The Infrastructure Investment and Jobs Act passed in November and stimulus from COVID-19 relief will pump billions in new spending into our nation's most critical infrastructure, and qualified craft professionals are essential to efficiently modernize roads, bridges, energy production and other projects across the country. More regulations and less worker freedom make it harder to fill these jobs."

ABC's proprietary model uses the historical relationship between inflation-adjusted construction spending growth, sourced from the U.S. Census Bureau's Value of Construction Put in Place survey, and payroll construction employment, sourced from the U.S. Bureau of Labor Statistics, to convert anticipated increases in construction outlays into demand for construction labor at a rate of approximately 3,900 new jobs per billion dollars of additional construction spending. This increased demand is added to the current level of above-average job openings. Projected industry retirements, shifts to other industries and other forms of anticipated separation are also factored into the model.

Based on historical Census Bureau Job-to-Job Flow data, an estimated 1.2 million construction workers will leave their jobs to work in other industries in 2022. It is expected that this will be offset by an anticipated 1.3 million workers who will leave other industries to work in construction.

"The workforce shortage is the most acute challenge facing the construction industry despite sluggish spending growth," said ABC Chief Economist Anirban Basu. "After accounting for inflation, construction spending has likely fallen over the past 12 months. As outlays from the infrastructure bill increase, construction spending will expand, exacerbating the chasm between supply and demand for labor." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19255/abc-construction-industry-faces-workforce-shortage-of-650-000-in-2022; 2/23/22

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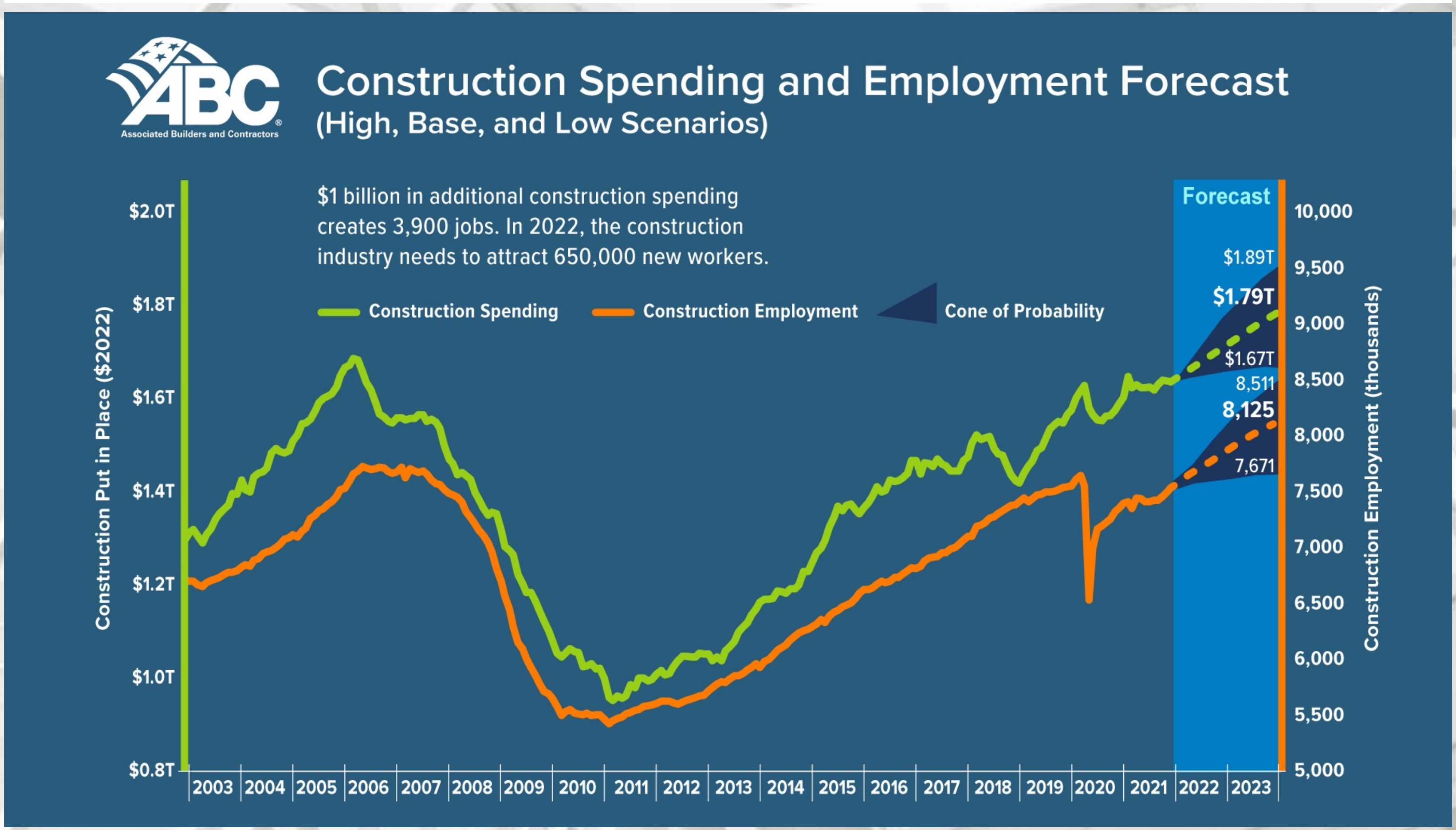

"“An added concern is the decline in the number of construction workers ages 25-54, which fell 8% over the past decade. Meanwhile, the share of older workers exiting the workforce soared,” said Basu. “According to the Centers for Disease Control and Prevention, the industry’s average age of retirement is 61, and more than 1 in 5 construction workers are currently older than 55.” – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19255/abc-construction-industry-faces-workforce-shortage-of-650-000-in-2022; 2/23/22

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Private Indicators
Associated Builders and Contractors

Construction Industry Faces Workforce Shortage of 650,000 in 2022

"""The scarcity of qualified skilled workers is an even more pressing issue," said Basu. "Since 2011, the number of entry-level construction laborers has increased 72.8%, while the number of total construction workers is up just 24.7%. For reference, the number of electricians was up 23.9% over that span while the number of carpenters actually declined 7.5%. The number of construction managers has increased by just 2.1%. More than 40% of construction workforce growth over the past decade is comprised of low-skilled construction laborers, who represent just 19% of the workforce.

"The roughly 650,000 workers needed must quickly acquire specialized skills," said Basu. "With many industries outside of construction also competing for increasingly scarce labor, the industry must take drastic steps to ensure future workforce demands are met."

In 2023, the industry will need to bring in nearly 590,000 new workers on top of normal hiring to meet industry demand, and that's presuming that construction spending growth slows next year.

"Now is the time to consider a career in construction," said Bellaman. "The vocation offers competitive wages and many opportunities to both begin and advance in an industry that builds the places where we work, play, worship, learn and heal. ABC member contractors use flexible, competency-based and market-driven education methodologies to build a construction workforce that is safe, skilled and productive. This all-of-the-above approach to workforce development has produced a network of ABC chapters and affiliates across the country that offer more than 800 apprenticeship, craft, safety and management education programs — including more than 300 registered apprenticeship programs across 20 different occupations — to build the people who build America.""" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19255/abc-construction-industry-faces-workforce-shortage-of-650-000-in-2022; 2/23/22

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index January 2022

Entering 2022, architecture firms continue to see steady growth

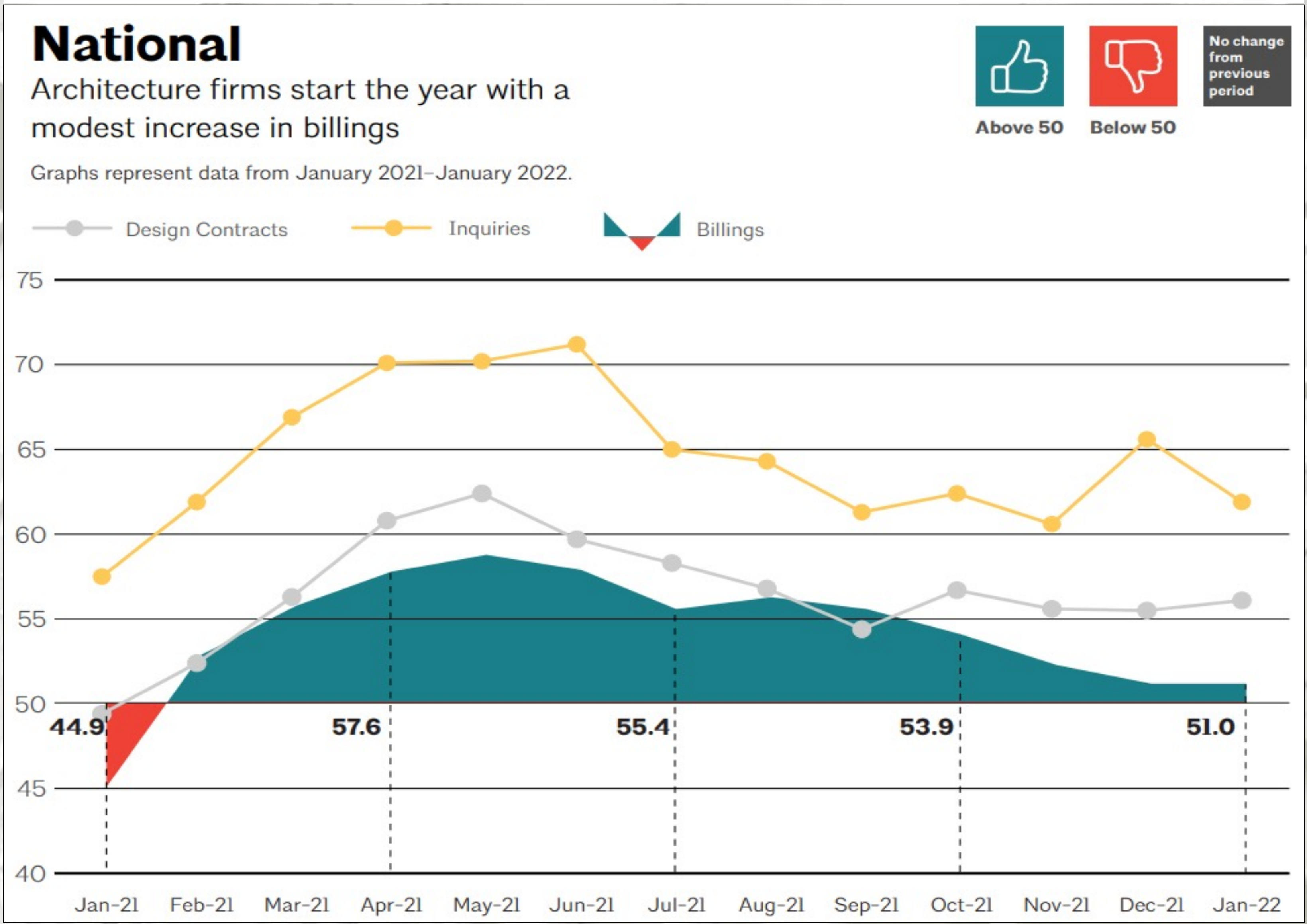
"Business conditions at architecture firms entering 2022 were essentially the same as when they ended 2021, with an Architecture Billings Index (ABI) score of 51.0 in January, the same as the revised December score (any score over 50 indicates billings growth). This makes 12 straight months of positive readings for the ABI. However, over this period the pace of growth of the ABI has clearly moderated. For the first nine months of this design recovery, the average ABI score was almost 56, an unusually high level for such an extended period. Over the past three months, the average score was barely over 51. This more modest growth in the ABI no doubt reflects challenges in the construction sector – supply challenges for both labor and materials – as well as ongoing staffing constraints at architecture firms.

In spite of this moderation in ABI scores, workloads at architecture firms should continue to be robust. New project inquiries remain very strong, and new design projects continue to come into architecture firms at a healthy pace. The monthly new design contracts score has exceeded the billings score at firms in ten of the 12 months since the design upturn got underway, suggesting that project backlogs at firms continue to grow. This expanding backlog will serve as a cushion to ensure healthy future workloads over the coming quarters." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"Since demand for design projects has been healthy over the last year, recruiting architectural staff to keep up with project workloads has been a growing concern for firms. Architecture is one of the few industries where payrolls have already surpassed their pre-pandemic high, so meeting future staffing needs is a challenge that most firms will need to confront." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6478946-abi-january-2022-entering-2022-architectur; 2/20/22

Private Indicators
American Institute of Architects (AIA)



Source: https://www.aia.org/pages/6478946-abi-january-2022-entering-2022-architectur; 2/20/22

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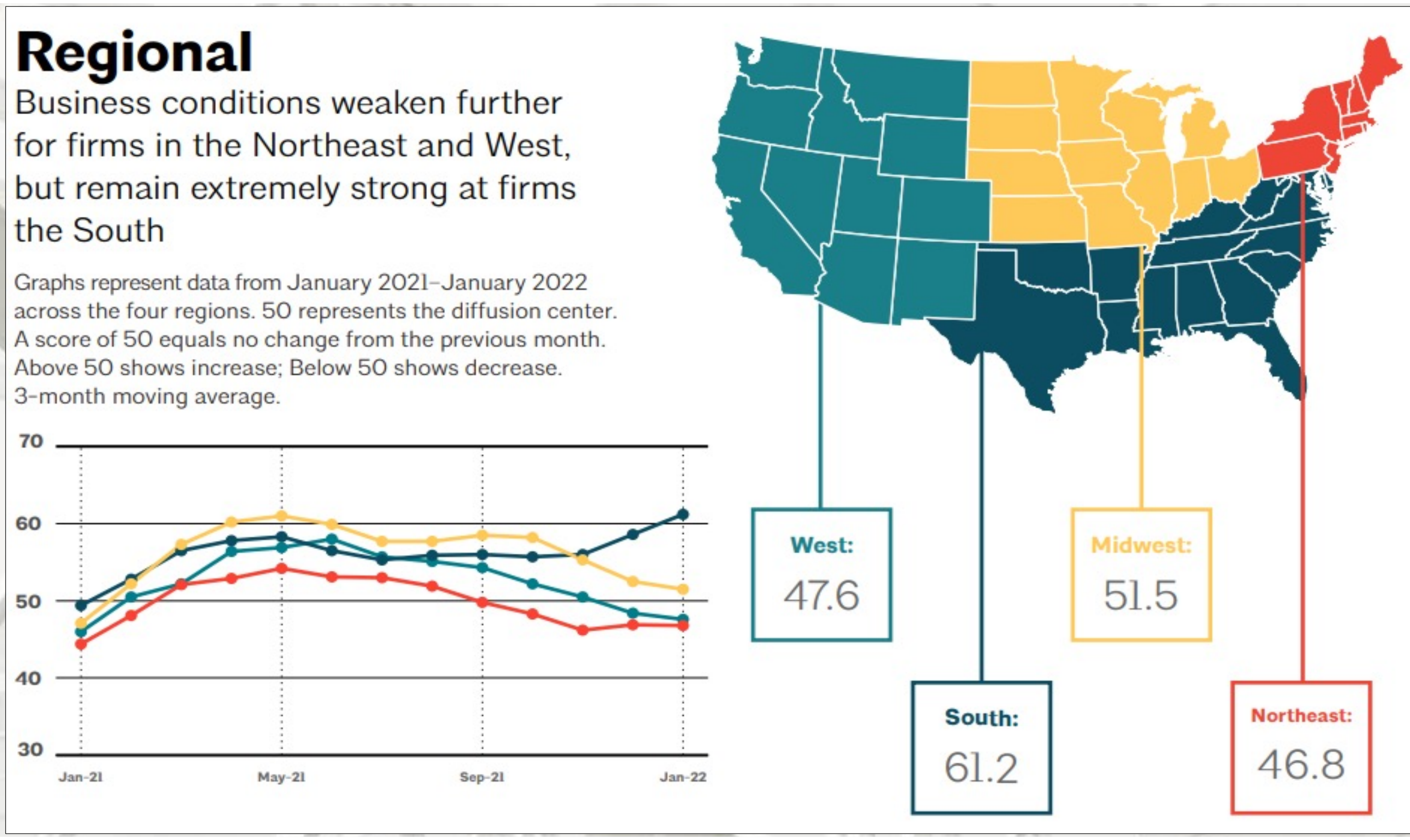
Private Indicators: AIA



Region

"Despite these healthy workloads, there remains considerable variation in business conditions geographically and by firm specialization. Firms in the Northeast continue to see the weakest conditions, reporting five straight monthly declines in billings. Firms in the West are also reporting billings declines in recent months. Firms in the South, however, are reporting accelerating growth in billings activity, and in January saw their strongest monthly increase in billings since well before the Great Recession." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6478946-abi-january-2022-entering-2022-architectur; 2/20/22

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Private Indicators: AIA

Sector

"Likewise with firm specialization, firms focusing on the commercial/industrial market are seeing billings accelerate, institutional firms are reporting billing declines, while multifamily residential firms are reporting stable business conditions." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6478946-abi-january-2022-entering-2022-architectur; 2/20/22

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Private Indicators

Dodge Data & Analytics

Total Construction Increased in January

Nonresidential building and nonbuilding move higher; residential slips

"Total construction starts increased 4% in January to a seasonally adjusted annual rate of $923.4 billion, according to Dodge Construction Network. Nonresidential building starts increased 4%, and nonbuilding starts rose 18%. Residential starts fell 1%.

Compared to one year ago, total construction was 8% higher in January 2022 than in January 2021. Nonresidential building starts were up 14%, nonbuilding starts rose 12% and residential starts gained 2%. For the 12 months ending January 2022, total construction starts were 13% above the 12 months ending January 2021. Nonresidential starts were 14% higher, residential starts gained 19%, and nonbuilding starts were up 3%.

"Construction starts continue to climb, mostly unimpeded by rising materials prices and shortages of labor and key materials," stated Richard Branch, chief economist for Dodge Construction Network. "The number of projects in the planning pipeline suggests that the rising trend in construction should continue for the time being and will be spread across more sectors than last year. While the outlook is positive, the many challenges facing the sector will limit upside potential."" – Nicole Sullivan, Public Relations & Social Media, AFFECT

Source: https://www.construction.com/news/Total-Construction-Increase-in-January-2022; 2/16/22

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Private Indicators

Dodge Data & Analytics

“**Residential building starts** fell 1% in January to a seasonally adjusted annual rate of $430.9 billion. Single family starts moved 2% higher, but multifamily starts fell 10%.

For the 12 months ending January 2022, residential starts improved 19% from the 12 months ending January 2021. Single family starts were 2% lower, while multifamily starts were 26% stronger on a 12-month rolling sum basis.

The largest multifamily structures to break ground in January were the $370 million Seattle House mixed-use building in Seattle, WA, the $300 million Broad & Washington mixed-use building in Philadelphia, PA, and the $275 million Gateway II development in White Plains, NY.

Regionally, total construction starts in January rose in the Northeast, South Central and West, but fell in the Midwest and South Atlantic.

Nonresidential building starts rose 4% in January to a seasonally adjusted annual rate of $293.7 billion. The commercial sector moved 8% higher due to an increase in retail, office and warehouse starts. Institutional building starts gained 10% on gains in healthcare, transportation and recreation starts. Manufacturing starts fell 42%.

For the 12 months ending January 2022 nonresidential building starts were 14% higher than in the 12 months ending January 2021. Commercial starts were up 11%, institutional starts rose 8%, and manufacturing starts gained 82% on a 12-month rolling sum basis.

The largest nonresidential building projects to break ground in January were the $1.5 billion JFK Terminal 4 expansion in Queens, NY, the $647 million Rutgers Cancer Institute in New Brunswick, NJ, and the $550 million JM Smucker Uncrustables manufacturing facility in McCalla, AL.. …” – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/Total-Construction-Increase-in-January-2022; 2/16/22

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Private Indicators

MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

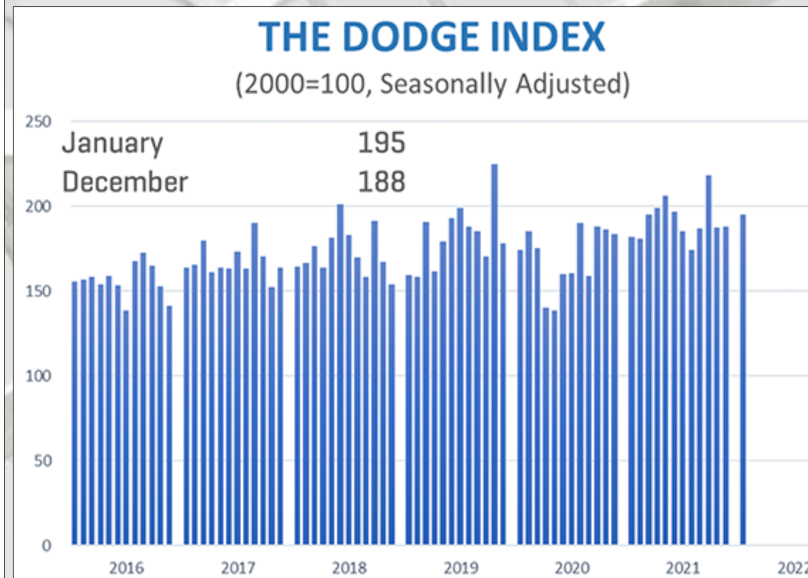
	Jan 2022	Dec 2021	% Change
Nonresidential Building	$293,656	$282,606	4
Residential Building	430,911	436,854	-1
Nonbuilding Construction	198,873	167,953	18
Total Construction	$923,440	$887,413	4

YEAR AGO CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	2022	2021	% Change
Nonresidential Building	$22,349	$19,520	14
Residential Building	32,557	31,943	2
Nonbuilding Construction	15,050	13,414	12
Total Construction	$69,956	$64,877	8

Source: Dodge Construction Network



Source: Dodge Data & Analytics

Source: https://www.construction.com/news/Total-Construction-Increase-in-January-2022; 2/16/22

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Private Indicators

MNI Chicago

"The Chicago Business Barometer™, produced with MNI, fell 8.9 points to 56.3 in February, weakening for the first time since November 2021. New Orders slowed, with almost a quarter of firms surveyed seeing a decline.

Chicago Business Barometer™ – Fell to 56.3 in February

- All five of the main five indicators fell, with New Orders and Supplier Deliveries taking the largest hit. Only Inventories edged up over the month.
- In February, Production fell for the second consecutive month, dipping 5.2 points to 55.4, the lowest reading since August 2020. Firms were seeing more orders unfilled due to materiel shortages.
- Employment dropped to 43.5 following January's recovery, fading 5.6 points, to the lowest since October 2020. Firms stated that vaccine mandates and seasonal factors were causing resignations.
- New Orders slowed to a 20-month low of 53.0, falling 12.3 points.
- Supplier Deliveries eased 12.3 points through February to 75.3, although firms still report suppliers struggling to manage demand and increasing prices.
- Order Backlogs ticked down by 0.1 points to 61.8. Raw material shortages and delays increased lead times.
- Inventories grew following last month's slowdown, 2.5 points higher at 57.3 and 6.5 points stronger than the 12-month average. Firms continued stocking up due to persistent supply chain disruptions.
- Prices Paid declined 2.5 points to an 11-month low of 86.5 in February. Some firms noted price gouging by suppliers, whilst others saw prices levelling off. … " – Les Commons, Senior Economist and Irene Prihoda, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 2/28/22

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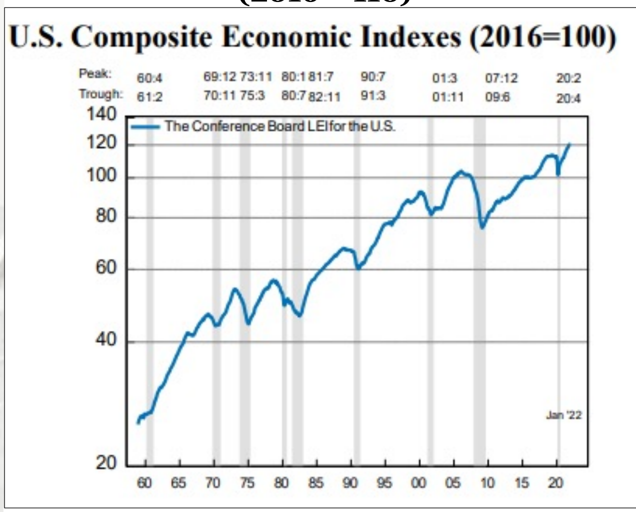
Private Indicators

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

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. decreased by 0.3 percent in January to 119.6 (2016 = 100), following a 0.7 percent increase in December and a 0.8 percent increase in November."

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



Source: The Conference Board

"The U.S. LEI posted a small decline in January, as the Omicron wave, rising prices, and supply chain disruptions took their toll. Initial claims for unemployment insurance, consumers' outlook and declines in stock prices, and the average work week in manufacturing all contributed to the decline – the first since February 2021. Despite this month's decline and a deceleration in the LEI's six-month growth rate, widespread strengths among the leading indicators still point to continued, albeit slower, economic growth into the spring. However, labor shortages, inflation, and the potential of new COVID-19 variants pose risks to growth in the near term. The Conference Board forecasts GDP growth for Q1 to slow somewhat from the very rapid pace of Q4 2021. Still, the US economy is projected to expand by a robust 3.5 percent year-over-year in 2022 – well above the pre-pandemic growth rate, which averaged around 2 percent." – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

"**The Conference Board Coincident Economic Index®** (CEI) for the U.S. increased by 0.5 percent in January to 107.9 (2016 = 100), following a 0.2 percent increase in both December and November.

The Conference Board Lagging Economic Index® (LAG) for the U.S. increased by 0.7 percent in January to 110.2 (2016 = 100), following a 0.4 percent increase in December and a 0.1 percent increase in November."

Source: https://www.conference-board.org/data/bcicountry.cfm; 1/20/22

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Private Indicators

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

January New Business Volume Up 2 Percent Year-over-year

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the $900 billion equipment finance sector, showed their overall new business volume for January was $8.3 billion, up 2 percent year-over-year from new business volume in January 2021. Volume was down 30 percent month-to-month from $11.8 billion in December following the typical end-of-quarter, end-of-year spike in new business activity.

Receivables over 30 days were 1.8 percent, down from 2.0 percent the previous month and down from 2.2 percent in the same period in 2021. Charge-offs were 0.17 percent, down from 0.25 percent the previous month and down from 0.47 percent in the year-earlier period.

Credit approvals totaled 78.4 percent, down from 78.6 percent in December. Total headcount for equipment finance companies was down 11 percent year-over-year, a decrease due to significant downsizing at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in February is 61.8, a decrease from 63.9 in January." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"Despite persistent supply chain disruptions in several collateral categories and nagging inflation, the equipment finance industry picks up in January where it left off last year: new business volume is robust and portfolios continue to perform. The impact of impending higher interest rates on industry performance in the coming weeks and months bears watching, however." – Ralph Petta, President and CEO, ELFA

"As we end February and look forward, we have conflicting pressures on the market. The pandemic subsiding and the prospect of a return to some sense of normalcy, as well as a robust backlog, raises optimism. These positives are countered with the ongoing supply chain disruptions, inflation, a rising interest rate environment and international tensions. With that said, overall, we think the headwinds are manageable and are bullish on market growth through 2022." – Eric Gross, Chief Operating Officer, Dext Capital

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2022/02/24/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 2/24/22

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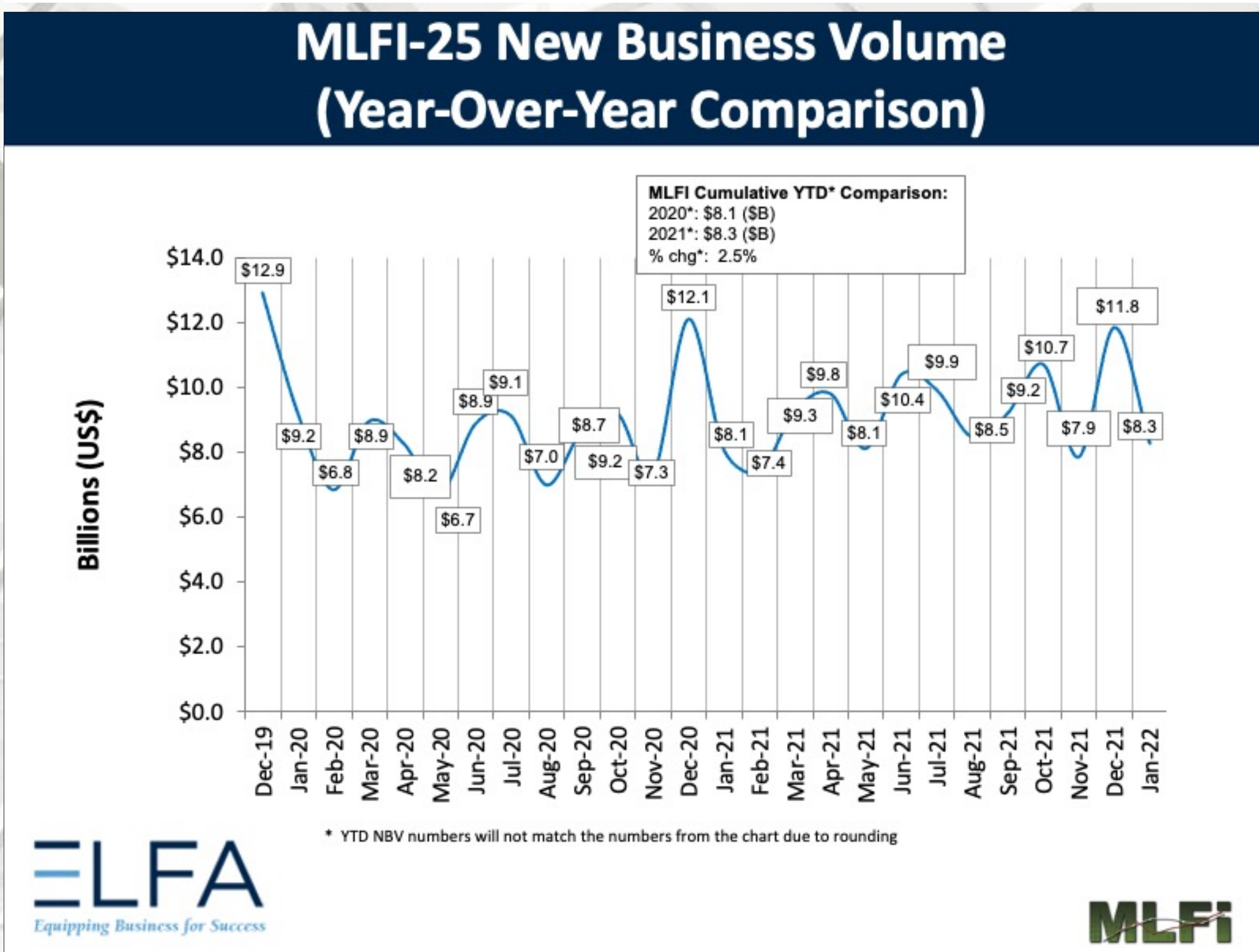

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2022/02/24/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 2/24/22

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Private Indicators

Markit U.S. Manufacturing PMI™

Output growth picks up amid stronger demand and easing supply disruption

"The seasonally adjusted IHS Markit US Manufacturing Purchasing Managers' Index™ (PMI™) posted 57.3 in February, up from 55.5 in January and only slightly lower than the earlier released 'flash' estimate of 57.5. The headline figure was below the peaks seen in 2021, but signalled a stronger upturn in the health of the manufacturing sector, with sharper output and new order expansions contributing to overall growth.

The US manufacturing sector registered a stronger improvement in operating conditions midway through the opening quarter of 2022, according to February PMI™ data from IHS Markit. Although only modest overall, output rose at a faster pace amid signs of easing supply chain disruption and the sharpest expansion in new orders since last October. Stronger new sales growth spurred manufacturers to increase staffing numbers and boost stocks of purchases. Pressure on capacity softened as backlogs rose at the slowest pace in a year as material shortages eased. Although input costs increased at the slowest pace for nine months, selling prices ticked higher at the sharpest rate since last November.

February data indicated a modest upturn in production across the manufacturing sector. The expansion was much softer in comparison with the marked rates of growth seen throughout 2021 due to ongoing material and labor shortages, but where a rise was noted this was reportedly driven by a steeper increase in new sales and efforts to clear backlogs.

Manufacturers recorded a sharper uptick in new orders midway through the first quarter, supported by stronger demand from new and existing customers. The rate of growth quickened from January's 16-month low and was the quickest since last October. At the same time, foreign client demand also strengthened, as new export orders rose at the fastest pace for five months." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/80a6fe05c661482e9aa569ea565e520c; 3/1/22

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Private Indicators

Markit U.S. Manufacturing PMI™

“There was some reprieve for goods producers amid reports of softer deteriorations in supplier performance in February. Delivery delays were the least severe since last May. Firms often noted that although material shortages eased, transportation and logistics delays extended lead times.

Less severe supply disruption was reflected in a slower increase in input prices. The rate of cost inflation eased to the softest for nine months, but remained historically elevated amid higher material and transportation fees. Despite a softer rise in input costs, firms were able to increase their selling prices at a sharper pace in February amid more accommodative demand conditions. Companies widely attributed the rise in output charges to the pass-through of greater costs to clients. The rate of charge inflation accelerated to a three-month high and was marked.

In line with stronger demand conditions, firms stepped up their purchasing activity. Input buying expanded at a steeper pace as firms sought to build safety stocks. Efforts to protect against future shortages and price hikes led to the fastest rise in pre-production inventories since last July. That said, stocks of finished goods were depleted at a quicker rate as manufacturers struggled to replenish inventories.

Increased new order inflows spurred greater optimism among manufacturing firms in February. Output expectations for the coming year were the strongest since November 2020, as firms were buoyed by hopes of a reduction in supply-chain disruption and a greater ability to retain employees.” – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/80a6fe05c661482e9aa569ea565e520c; 3/1/22

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Private Indicators

Markit U.S. Manufacturing PMI™

Comment

“The US manufacturing sector rebounded in February after the Omicron wave brought production close to a standstill in January. However, output remains heavily constrained both by ongoing raw material supply bottlenecks and labor shortages, albeit with some signs that the supply chain crisis has continued to ease. The decline in virus case numbers should also help alleviate labor shortages as we head into the spring.

Demand is clearly continuing to run well ahead of supply, meaning it is a sellers’ market for a wide variety of goods. Although the survey’s price gauges covering companies’ costs and selling prices are off the peaks seen last year, they remain very high by historical standards and point to persistent elevated inflation in coming months. With rising oil prices adding further to soaring costs, and the Ukraine crisis likely to add to global supply disruptions, the inflation outlook is an increasing concern.

With the survey data collected prior to the escalation of the conflict in Ukraine, the full impact of the situation is yet to appear in the data. Supply chains are likely to be further disrupted, with existing shortages exacerbated by safety stock building, and prices will likely come under further upward pressure. Perhaps most important will be the effect on business optimism and whether the improvement in prospects seen in February will be reversed, which could lead to reduced spending and investment.”” – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/80a6fe05c661482e9aa569ea565e520c; 3/1/22

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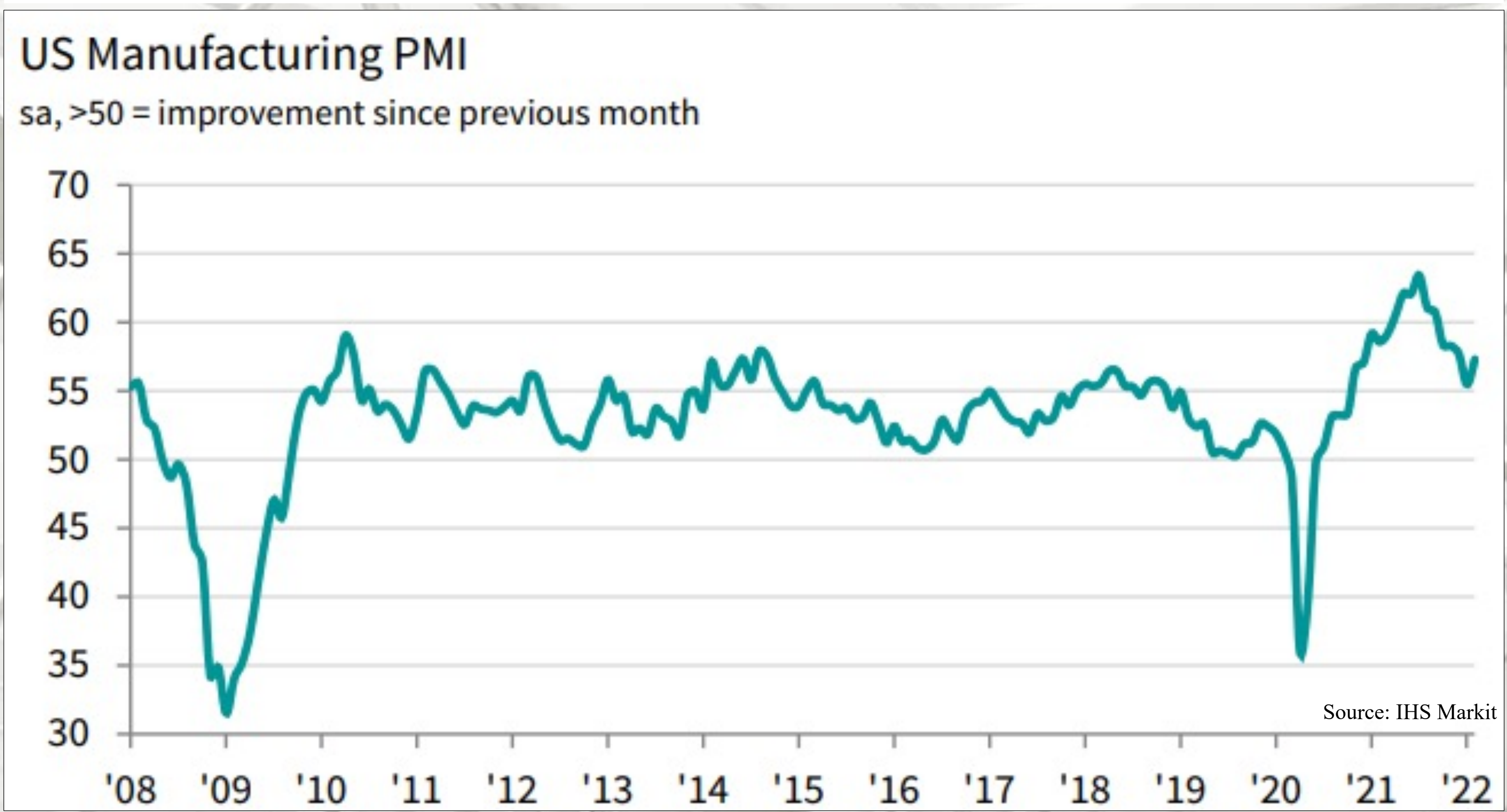

Source: https://www.markiteconomics.com/Public/Home/PressRelease/80a6fe05c661482e9aa569ea565e520c; 3/1/22

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Private Indicators

IHS Markit U.S. Services PMI™

Sharp upturn in activity amid stronger demand conditions, but selling price inflation reaches new high

"The seasonally adjusted final IHS Markit US Services PMI Business Activity Index registered 56.5 in February, up notably from 51.2 in January and down only slightly on the earlier released 'flash' estimate of 56.7. The steep expansion in service sector business activity was reportedly indicative of stronger demand conditions and a quicker rise in new orders as the Omicron wave of COVID-19 slowed. Although softer than the peaks seen in 2021, the rate of output growth was historically elevated.

Business activity across the US service sector increased sharply in February, according to the latest PMI™ data. The faster rise in output was supported by the steepest upturn in new sales for seven months. Total new orders were also aided by a solid increase in foreign client demand. In line with improved demand conditions, firms expanded their workforce numbers at the fastest pace since last May. At the same time, business confidence was buoyed by new opportunities for growth following the easing of COVID-19 restrictions, with the degree of optimism reaching the strongest since November 2020. On the price front, inflationary pressures intensified again in February. In response to another marked rise in input costs, firms hiked their selling prices at the fastest rate on record.

Supporting the overall upturn in output was the fastest increase in new business for seven months. Service providers largely attributed the expansion to greater demand from new and existing customers, with some noting an uptick in advanced ordering due to material and labor shortages. Concurrently, foreign client demand picked up. The rise in new export orders was the steepest since last June and solid overall. Survey respondents reported that easing travel restrictions had aided growth." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/b1c01498302642fb994a010cf65b57d3; 3/3/22

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Private Indicators

IHS Markit U.S. Services PMI™

"Meanwhile, output charges increased at the sharpest pace since data collection began in October 2009. Service sector firms reacted to another substantial hike in cost burdens by passing through greater input prices to customers where possible. The rate of cost inflation accelerated amid higher material, transportation, fuel and labour bills. Greater new orders led to a steeper upturn in workforce numbers midway through the opening quarter of 2022. Firms were also keen to clear backlogs of work, which continued to expand. The rate of job creation was strong overall and quickened to the sharpest since last May.

Although the rate of growth in backlogs of work eased for the fourth successive month to the slowest since May 2021, it was still quicker than the series trend. Ongoing supply chain disruptions and challenges in hiring and retaining staff stymied efforts to clear outstanding business.

Increased staffing numbers reflected a wider trend of greater optimism among service sector firms during February. The degree of confidence in the outlook regarding output for the coming year was the highest since November 2020. Alongside hopes of further upticks in client demand, companies noted that opportunities for growth are likely to increase following the easing of travel restrictions and the waning impact of the Omicron wave of COVID-19.

Faster private sector output expansion in February amid broad-based pick-up in demand

The IHS Markit US Composite PMI Output Index posted 55.9 in February, up from January's Omicron-induced low of 51.1. The latest data signalled a sharp expansion in private sector business activity, as output growth regained momentum at manufacturers and service providers.

Stronger demand conditions at private sector firms led to the fastest upturn in new business since July 2021. Greater new sales were supported by increased foreign client demand, as new export orders rose solidly." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/b1c01498302642fb994a010cf65b57d3; 3/3/22

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Private Indicators

IHS Markit U.S. Services PMI™

"Inflationary pressures remained elevated across the private sector, despite manufacturers recording a slight slowdown in hikes in supplier costs. The rate of charge inflation quickened to a four-month high amid the sharpest rise in service sector output prices on record. Further expansions in backlogs of work at private sector firms led to a greater impetus to hire new staff. Despite ongoing reports of labor shortages, firms were able to increase workforce numbers at the steepest pace since May 2021.

Comment

US service sector companies reported a strong rebound in business activity during February as virus containment measures were eased to the loosest since November. The data add to evidence from manufacturing surveys that the Omicron wave appears to have had only a modest and short-lived impact on the economy. February's PMI surveys are broadly consistent with GDP rising at an annualised rate of 3.5%, representing a substantial improvement on the 0.9% rate signalled by the January surveys. First quarter GDP growth is therefore currently averaging just over 2%.

Supply chain bottlenecks and poor labor availability remain widespread constraints on output, however, limiting economic growth in manufacturing and services, meaning demand continues to rise faster than output, resulting in unprecedented price pressures.

The Ukraine conflict is leading to further upward movements in energy and broader commodity prices, which will add further to US inflationary pressures. More uncertain will be the extent to which business confidence is being affected by the war. Business optimism about the year ahead had surged across manufacturing and services in February to the highest for 15 months, as firms looked ahead to looser COVID-19 restrictions and saw signs of easing supply constraints. However, the resilience of this optimism will be tested by the conflict in Europe and will need to be monitored in the coming weeks as a barometer of risk appetite in terms of both spending and investment." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/b1c01498302642fb994a010cf65b57d3; 3/3/22

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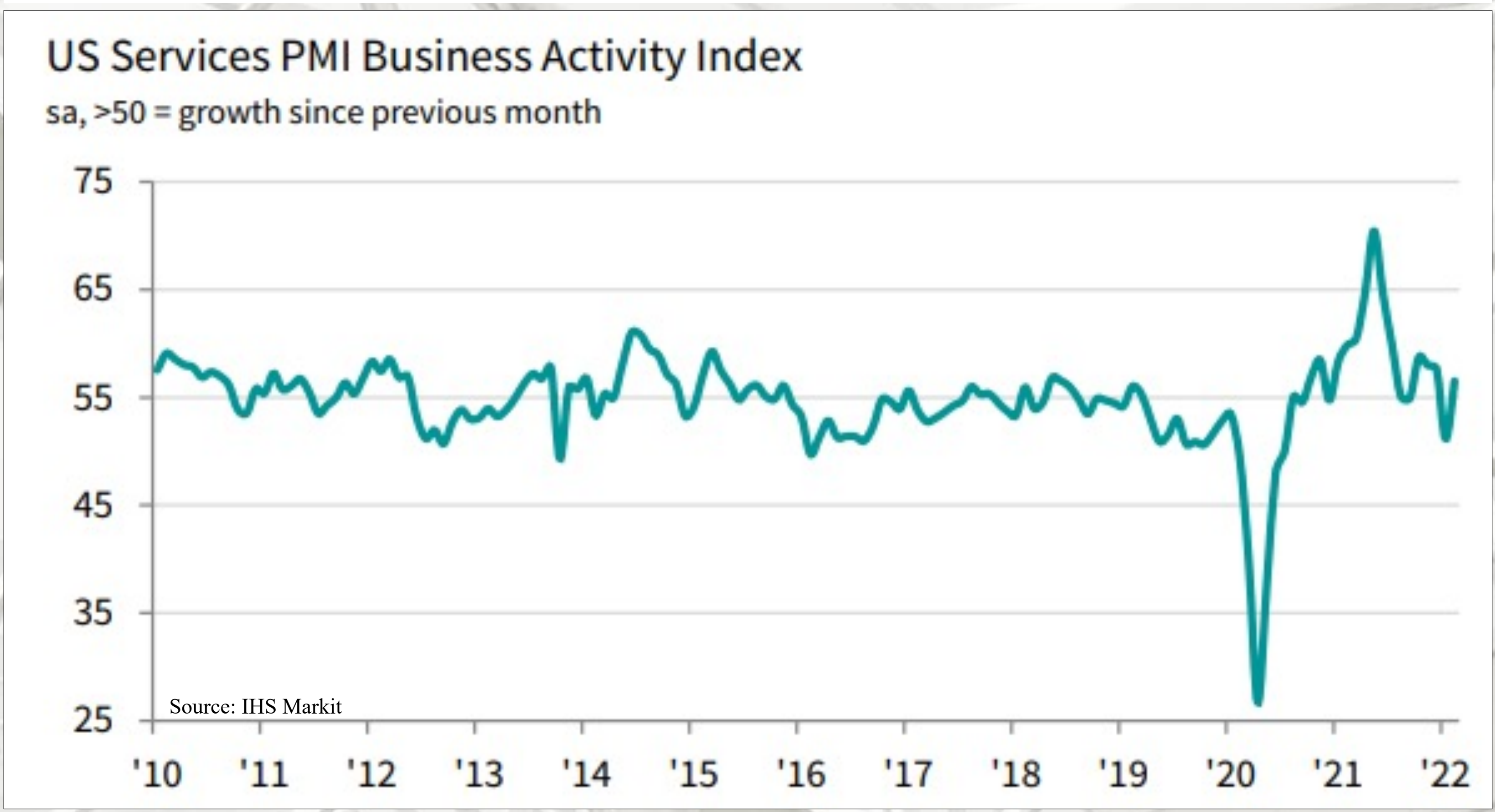
Private Indicators



Source: https://www.markiteconomics.com/Public/Home/PressRelease/b1c01498302642fb994a010cf65b57d3; 3/3/22

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for February 2022: Combined Sectors

"The National Association of Credit Management's seasonally adjusted Credit Managers' Index (CMI) for February rose as the effects from the Omicron surge of COVID cases started to diminish, but many respondents indicated that supply chain issues were having a negative impact on their businesses with no end in sight. They also cited hoarding among some buyers, taking on more inventory than needed to ensure against possible supply issues in the future, which was hampering efforts to fulfill orders for other customers, said NACM Economist Amy Crews Cutts.

"Inflation also is remaining stubbornly high globally," Cutts said. "Whether it's prices for inputs to production like commodity prices, or the cost of shipping, or labor and capital inputs, businesses and their customers are all feeling it. This is not an easy problem to solve, and clearly economists and central bankers are considering many possible solutions. But then we have continued shocks to the system, like the rising tensions in the Ukraine over a possible military incursion by Russia that have led to a run up in crude oil prices. Or the trucker strike in Canada that stopped border traffic at the Ambassador Bridge that will have lasting effects on transportation and production on both sides, in addition to the inflationary forces already in place. Our CMI respondents also are indicating that they are having to raise prices.

"Despite these issues, the U.S. economy is expected to grow about 3.5% in 2022, which is an above average rate for real GDP. Responses in the CMI support a strong growth outlook, with consistently robust index levels. But with anticipated action by the Fed in March to increase interest rates and the geopolitical tensions rising, we will be looking to the CMI to indicate impacts on the economy.

For example, now that the revised payroll employment figures have been released by the U.S. Bureau of Labor Statistics, the CMI values from last summer make more sense, or rather the employment numbers are less confusing. The CMI indicated then that the economy was not as hot as we thought given the high jobs numbers. The employment revisions took out 1.7 million jobs from the second quarter counts, leaving a net gain that was half the original estimate. That the CMI indicated this good-but-not-great economic situation in real time shows just how valuable this index is."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 3/1/22

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for February 2022: Combined Sectors

"The combined February CMI rose by 0.7 points to an index value of 57.8. The gain is led by the rise in the index for favorable factors from 65.4 to 66.8, especially new credit applications which rose by 3.4 points to 64.0. Notably every factor in the combined CMI rose over the month except for the dollar amount beyond terms, which fell to 50.9 from 53.5 last month. Two factors remain in contraction territory, disputes with an index value of 48.9 and the dollar amount of customer deductions at 49.9, but both are higher than they were in January.

Among the other elements in the index of favorable factors, the amount of credit extended rose 1.5 points to 68.7, dollar collections gained 0.7 points pushing the index to 63.2, and sales grew 0.1 points hitting 71.3. Some respondents noted that while orders were remaining strong, actual sales were weaker than they'd like because of their inability to fulfill orders on time due to materials shortages or transportation problems.

The index of unfavorable factors improved 0.3 points to 51.8, the highest reading since September. Accounts placed for collection advanced 1.6 points to 52.7, the best reading since last June. Filings for bankruptcies improved to 56.4 from 55.2 and rejections of credit applications to 52.3 from 51.5.

"The rise in new credit applications (demand) and the reduction in denials of credit applications (supply) indicate good financial conditions for businesses," Cutts said. "At the same time, we are seeing the effects of supply constraints in production and transportation through the back end, as customers are disputing more accounts, demanding higher deductions and are less timely in payment. Hopefully these constraints will diminish over coming months."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 2/28/22

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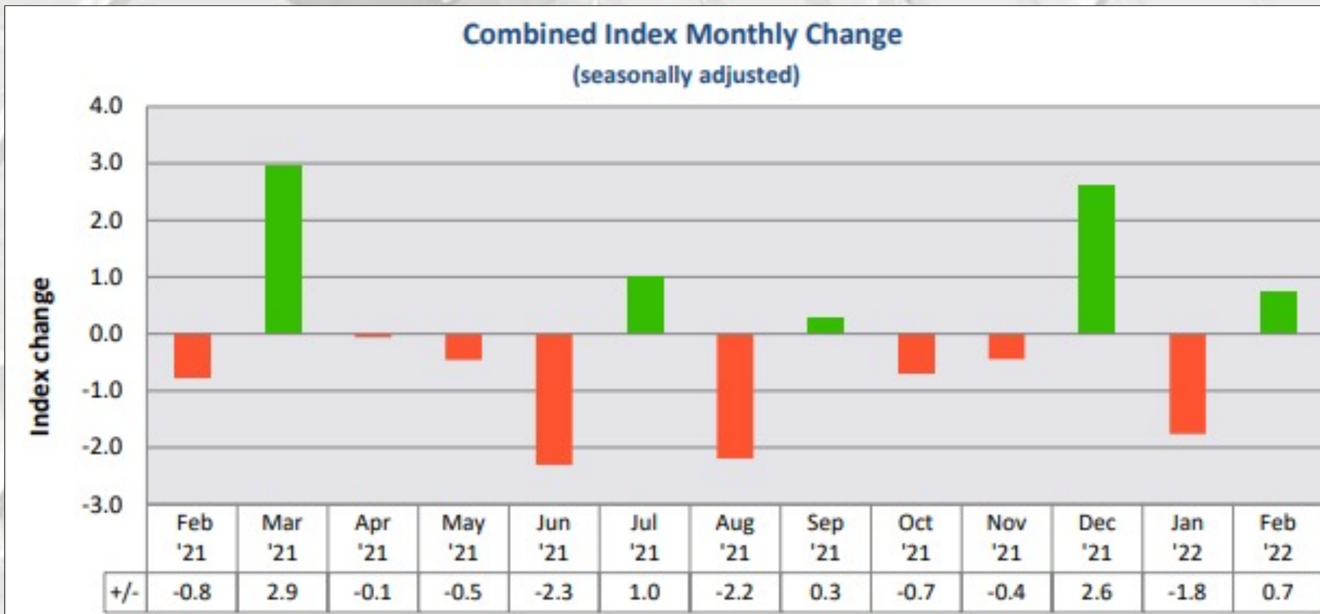
Private Indicators

Combined Manufacturing and Service Sectors (seasonally adjusted)	Feb '21	Mar '21	Apr '21	May '21	Jun '21	Jul '21	Aug '21	Sep '21	Oct '21	Nov '21	Dec '21	Jan '22	Feb '22
Sales	72.1	80.3	76.7	74.3	69.9	75.4	66.0	67.8	67.4	67.4	75.1	71.2	71.3
New credit applications	65.5	68.4	67.5	65.8	65.1	66.2	63.0	63.5	62.1	62.9	67.6	60.6	64.0
Dollar collections	63.0	67.6	65.2	65.4	61.2	64.4	61.5	60.4	61.3	59.2	63.5	62.5	63.2
Amount of credit extended	66.7	70.1	71.1	70.2	68.8	68.4	68.6	67.2	67.6	67.7	71.7	67.2	68.7
Index of favorable factors	66.8	71.6	70.1	68.9	66.2	68.6	64.8	64.7	64.6	64.3	69.5	65.4	66.8
Rejections of credit applications	51.4	51.9	53.0	53.1	52.1	52.0	52.2	52.1	52.3	53.2	51.7	51.5	52.3
Accounts placed for collection	51.9	55.0	54.1	54.1	52.8	51.5	51.4	51.4	52.1	52.0	52.1	51.1	52.7
Disputes	50.6	50.5	51.3	53.5	50.1	49.1	49.6	51.2	48.3	48.6	48.2	48.4	48.6
Dollar amount beyond terms	52.7	58.5	60.9	56.7	51.8	56.9	51.4	50.6	49.5	47.1	53.3	53.5	50.9
Dollar amount of customer deductions	52.6	52.2	52.9	53.6	52.4	51.8	49.9	51.9	49.4	48.2	49.3	49.5	49.9
Filings for bankruptcies	54.8	56.3	57.5	58.9	58.5	56.9	57.3	57.1	56.4	55.9	55.7	55.2	56.4
Index of unfavorable factors	52.3	54.1	55.0	55.0	52.9	53.0	51.9	52.4	51.3	50.8	51.7	51.5	51.8
NACM Combined CMI	58.1	61.1	61.0	60.6	58.3	59.3	57.1	57.3	56.6	56.2	58.8	57.1	57.8



Source: https://nacm.org/cmi.html; 2/28/22

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Private Indicators

National Federation of Independent Business (NFIB) February 2022 Report

Small Business Owners Reporting Inflation as Biggest Problem Reaches Highest Level Since Q3 1981

In February, **the NFIB Optimism Index decreased by 1.4 points to 95.7, the second consecutive month below the 48-year average of 98. Twenty-six percent of owners reported that inflation was their single most important problem in operating their business, a four-point increase since December and the highest reading since the third quarter of 1981.**

"Inflation continues to be a problem on Main Street, leading more owners to raise selling prices again in February. Supply chain disruptions and labor shortages also remain problems, leading to lower earnings and sales for many." – Bill Dunkelberg, Chief Economist, NFIB

"Key findings include:

- The net percent of owners raising average selling prices increased seven points to a net 68% (seasonally adjusted), a 48-year record high reading.
- Owners expecting better business conditions over the next six months decreased two points to a net negative 35%.
- Forty-eight percent of owners reported job openings that could not be filled, an increase of one point from January.
- Inventory accumulation plans fell one percentage point, following a five-point decline in January, following the massive inventory build in Q4." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 3/8/22

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Private Indicators

National Federation of Independent Business (NFIB) February 2022 Report

"Price raising activity over the past 12 months has continued to escalate, reaching levels not seen since the early 1980s when prices were rising at double-digit rates. Unadjusted, 4% of owners reported lower average selling prices and 68% reported higher average prices. Price hikes were the most frequent in retail (79% higher, 4% lower), wholesale (77% higher, 4% lower), construction (73% higher, 3% lower), and manufacturing (72% higher, 6% lower). Seasonally adjusted, a net 46% of owners plan price hikes.

As reported last week in NFIB's monthly jobs report, 48% of all owners reported job openings they could not fill in the current period. Ninety-three percent of owners hiring or trying to hire reported few or no qualified applicants for their open positions.

Fifty-seven percent of owners reported capital outlays in the last six months, down one point from January. Of those owners making expenditures, 41% reported spending on new equipment, 21% acquired vehicles, and 14% improved or expanded facilities. Seven percent acquired new buildings or land for expansion and 11% spent money for new fixtures and furniture. Twenty-seven percent of owners plan capital outlays in the next few months, down two points from January.

Seasonally adjusted, a net 0% of all owners reported higher nominal sales in the past three months, down two points from January. The net percent of owners expecting higher real sales volumes decreased three points to a net negative 6%.

The net percent of owners reporting inventory increases fell four points to a net 5%, a historically strong figure. Eighteen percent of owners reported increases in stocks while 18% reported reductions." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 3/8/22

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Private Indicators

National Federation of Independent Business (NFIB) February 2022 Report

"Thirty-seven percent of owners report that supply chain disruptions have had a significant impact on their business. Another 33% report a moderate impact and 21% report a mild impact. Only 8% of owners report no impact from the recent supply chain disruptions.

A net 7% of owners viewed current inventory stocks as "too low" in February, unchanged from last month. A net 2% of owners plan inventory investment in the coming months.

Seasonally adjusted, a net 45% of owners reported raising compensation, down five points from January's 48-year record high reading. A net 26% of owners plan to raise compensation in the next three months. Eleven percent of owners cited labor costs as their top business problem and 22% said that labor quality was their top business problem.

The frequency of reports of positive profit trends was a net negative 17%. Among owners reporting lower profits, 28% blamed the rise in the cost of materials, 28% blamed weaker sales, 8% cited labor costs, 15% cited the usual seasonal change, 7% cited lower prices, and 1% cited higher taxes or regulatory costs. For owners reporting higher profits, 50% credited sales volumes, 18% cited usual seasonal change, and 17% cited higher prices explicitly.

Two percent of owners reported that all of their borrowing needs were not satisfied. Twenty-five percent reported all credit needs met and 60% said they were not interested in a loan. A net 2% reported their last loan was harder to get than in previous attempts. Zero percent reported that financing was their top business problem. A net 6% of owners reported paying a higher rate on their most recent loan, up two points from January." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 3/8/22

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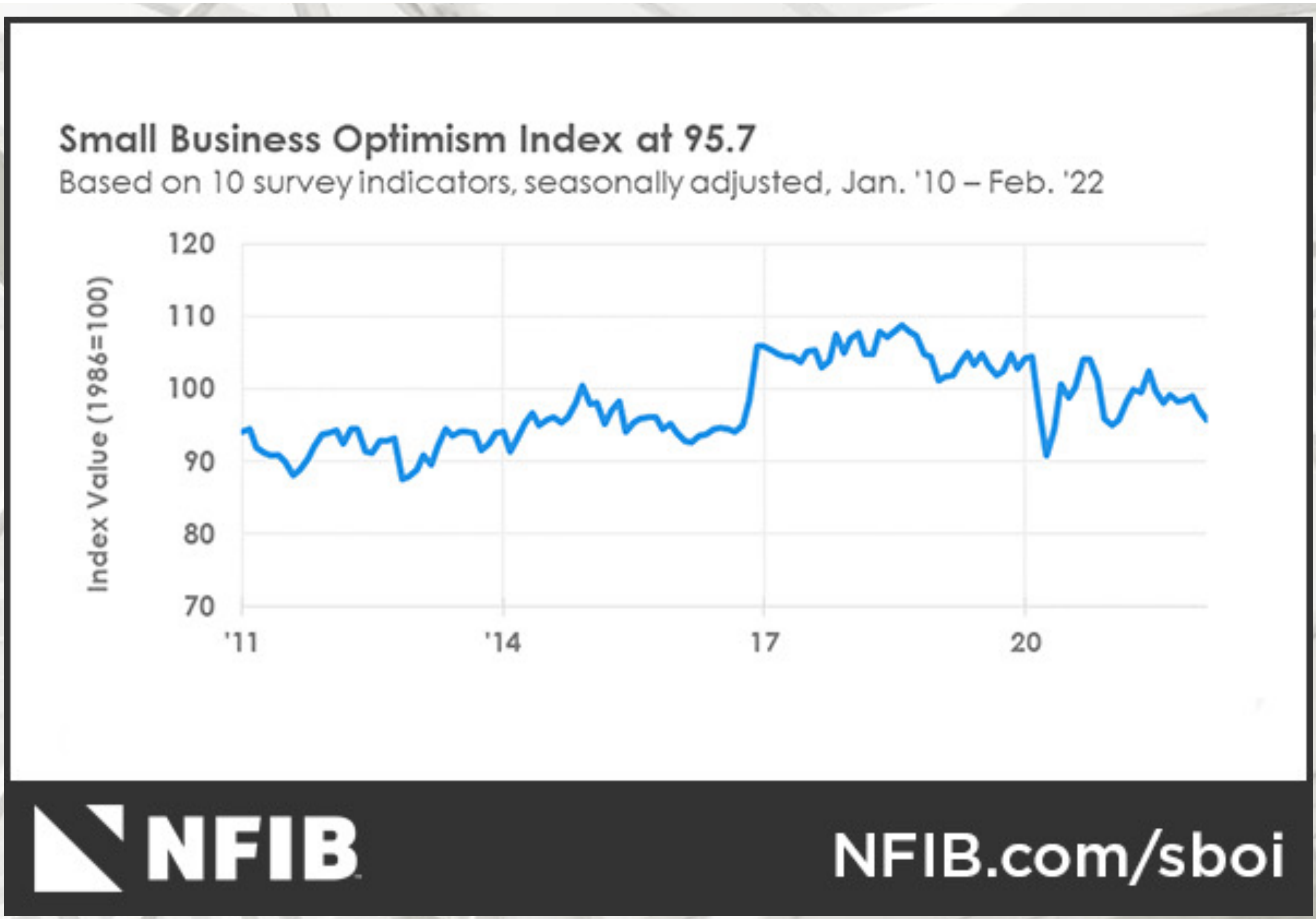

Source: http://www.nfib.com/surveys/small-business-economic-trends; 3/8/22

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Private Indicators

Small Business Optimism

Index Component	Net %	From Last Month	
Plans to Increase Employment	19%	▼	-7
Plans to Make Capital Outlays	27%	▼	-2
Plans to Increase Inventories	2%	▼	-1
Expect Economy to Improve	-35%	▼	-2
Expect Real Sales Higher	-6%	▼	-3
Current Inventory	7%	—	0
Current Job Openings	48%	▲	1
Expected Credit Conditions	-4%	—	0
Now a Good Time to Expand	8%	▼	-1
Earnings Trends	-17%	—	0

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 3/8/22

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

Small Business Hiring Maintains Pace; Workers Continue to See Stronger Wage Gains in February

"National small business job growth remained at consistent levels in February and hourly earnings growth continued to increase for workers, according to the latest Paychex | IHS Markit Small Business Employment Watch. The national jobs index was unchanged for the month at 101.33, matching the record level set in January and increasing 7.83 percent over the past year. Hourly earnings growth reached a new record high, growing to 4.82 percent year-over-year." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

"Small business employment gains maintained their recovery pace in February with broad-based gains now somewhat less reliant on leisure and hospitality jobs," – James Diffley, Chief Regional Economist, IHS Markit

"U.S. small business job growth and significant hourly earnings increases continue versus last year. The West leads regions for the highest job index result and the South has the highest hourly earnings growth this month, topping five percent." – Martin Mucci, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 3/1/22

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

"In further detail, the February report showed:

- At 101.33, the Small Business Jobs Index has improved 7.83 percent from last year (93.97).
- Following eight consecutive one-month increases, the Small Business Jobs Index was flat from the previous month.
- Hourly earnings growth continued its nine-month climb from 2.75 percent in May 2021 to 4.82 percent in February 2022.
- One-month annualized hourly earnings growth (6.83 percent) also reached a new record level in February.
- The South leads all regions in hourly earnings growth.
- Leisure and hospitality leads all sectors with 10.40 percent hourly earnings growth.
- North Carolina surpassed Texas as the top state for small business job growth.
- Dallas extended its position for the sixth month as the top metro for small business hiring." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 3/1/22

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

February Job Index	February Wage Data
Index	Hourly Earnings
101.33	$29.92
12-Month Change	12-Month Growth
+7.83%	+4.82% (+$1.38)

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 3/1/22

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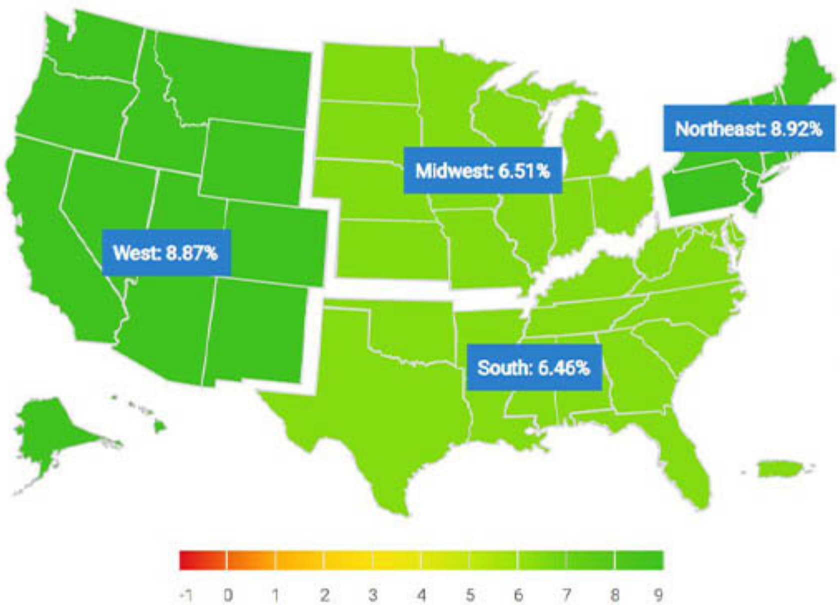
Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	100.33	6.51%
Northeast	101.41	8.92%
South	101.50	6.46%
West	101.77	8.87%

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 3/1/22

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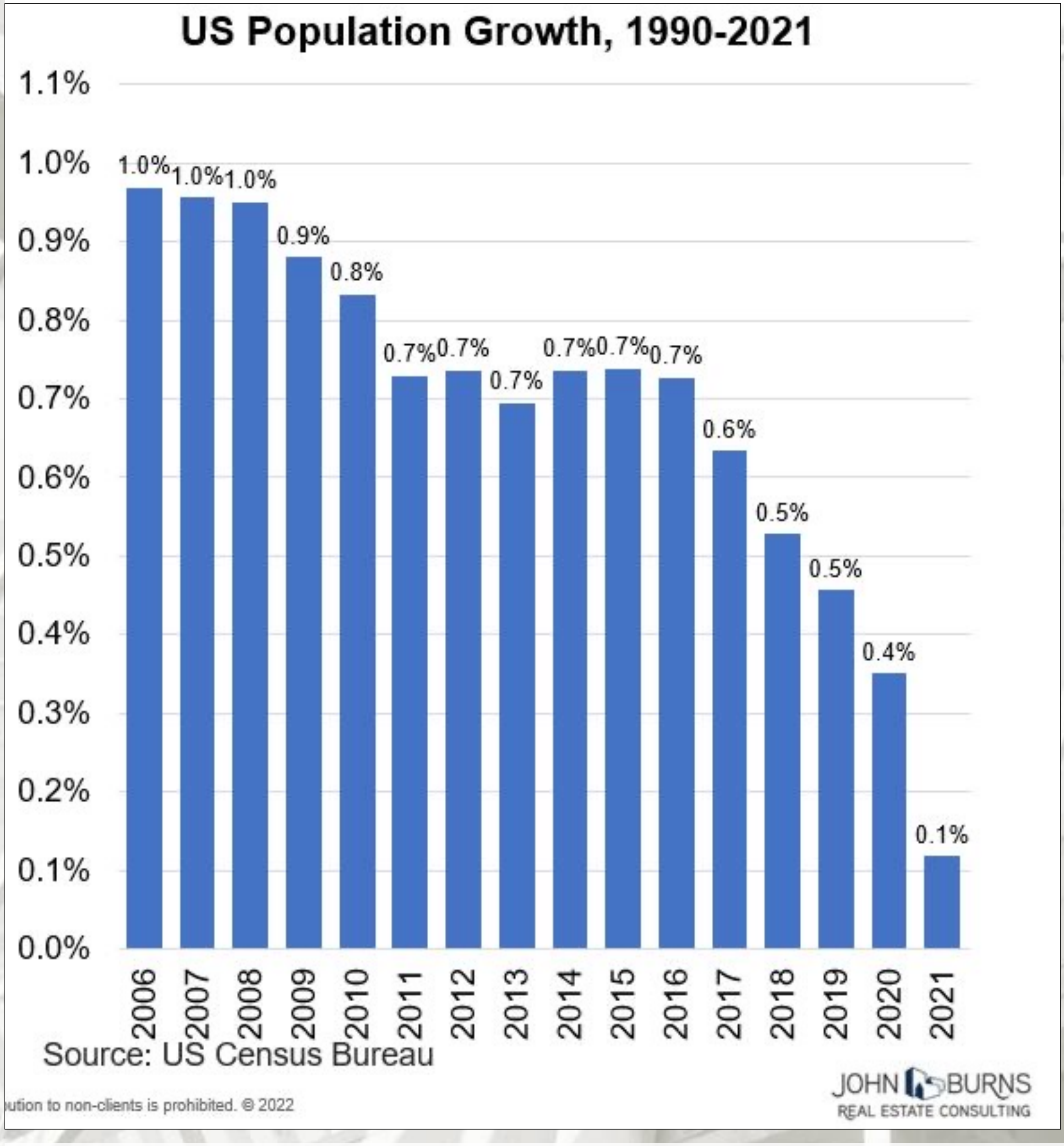
Demographics

John Burns Real Estate Consulting LLC



"How can both rental & for sale housing demand be so hot when population growth looks like this?

We think a lot of house-holds that were going to get formed in the next few years have been getting formed now.

This level of demand does not seem sustainable unless something changes." – John Burns, Chief Executive Officer, John Burns Real Estate Consulting LLC

Source: https://twitter.com/johnburnsjbrec/status/1498811583375581187?cxt=HBwWhoC9xbXM7MwpAAAA&cn=ZmxleGlibGVfcmVjcw%3D%3D&refsrc=email; 3/1/22

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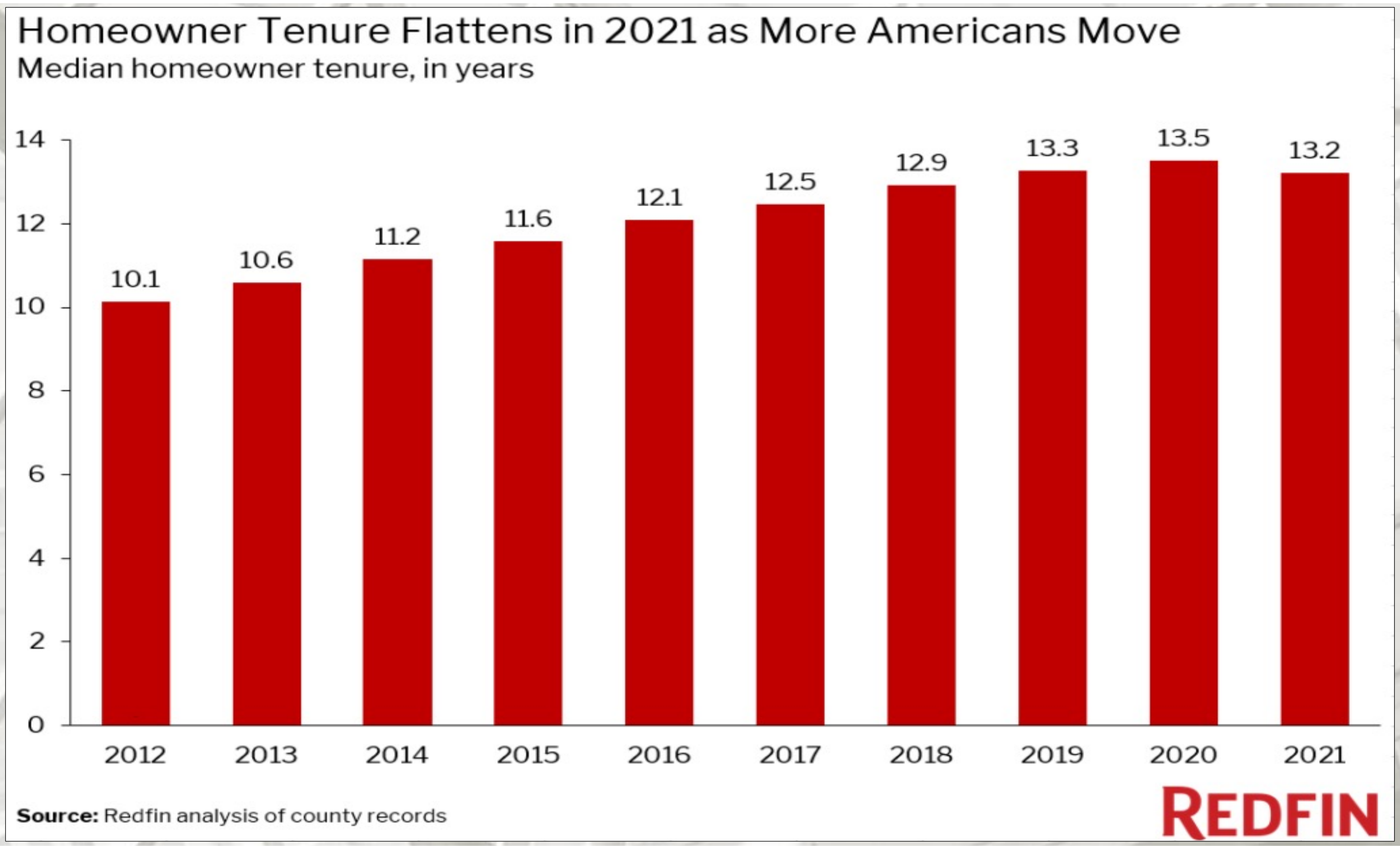
Housing Demographics

Redfin

Homeowner tenure flattened near its peak in 2021 after steadily rising for nearly a decade



“The typical American homeowner in 2021 had spent 13.2 years in their home. That’s down slightly from the peak of 13.5 years in 2020 but up significantly from 10.1 years in 2012.” – Dana Anderson, Data Journalist, Redfin

Source: https://www.redfin.com/news/2021-homeowner-tenure/; 3/2/22

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Housing Demographics

Redfin

Homeowner tenure flattened near its peak in 2021 after steadily rising for nearly a decade

“The data in this report is from a Redfin analysis of median homeowner tenure by year in the U.S., using historical county records. Home tenure for 2021 is defined as the number of years between the most recent sale date of a home and Nov. 1, 2021.

Homeowner tenure flattened last year partly because so many Americans moved during the pandemic, with record-low mortgage rates encouraging home buyers to dive into the market. Additionally, pandemic-fueled remote work led to a record share of Americans relocating, often to more affordable areas.

But overall, Americans are still living in their homes longer than before because of older homeowners aging in place, a shortage of homes for sale and relatively low monthly payments. Many Americans have refinanced their homes over the last decade to get a favorable mortgage rate. Some homeowners who refinanced would have locked in last year’s historically low rates, disincentivizing them from moving, which could lead to tenure increasing in the next few years. Rising rents could be another factor, as some homeowners may choose to rent out their homes rather than sell.

The supply shortage is one reason why homeowners stay put, and the reverse is also true. Long homeowner tenure is one factor in the ongoing housing-supply shortage and the ultra-competitive market, with the number of homes for sale down nearly 50% from before the pandemic.” – Dana Anderson, Data Journalist, Redfin

Source: https://www.redfin.com/news/2021-homeowner-tenure/; 3/2/22

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Redfin

Homeowner tenure flattened near its peak in 2021 after steadily rising for nearly a decade

"""Homeowner tenure may have already peaked, or the decline in 2021 could be a blip before it climbs back up," said Redfin Chief Economist Daryl Fairweather. "There are competing forces at work. Remote work is encouraging homeowners to sell their homes in expensive cities and move to more affordable areas, which could pull tenure down. But on the flip side, rising mortgage rates may discourage people from selling and older Americans are staying put longer, which could push it back up."

"The migration trend is encouraging for supply because more people moving typically means more people selling their homes," Fairweather continued. "Adding supply will help the housing market keep up with demand and start relieving buyers from heated competition and rapidly rising prices."

Americans are aging in place, contributing to long homeownership tenure

Redfin data shows that older Americans are now making up a larger share of the population than they were a decade ago.

One-third (33%) of U.S. household heads were at least 65 years old in 2019, up from 28% in 2012. The share of Americans who are 65 and older is expected to increase substantially in the next few decades. The fact that Americans are aging, combined with older homeowners staying put, is a factor in rising homeowner tenure. Prior to the pandemic, older Americans were staying in their homes longer than previous generations, according to a 2019 report from Freddie Mac, accounting for an estimated 1.6 million homes held back from the real estate market at that time." – Dana Anderson, Data Journalist, Redfin

Source: https://www.redfin.com/news/2021-homeowner-tenure/; 3/2/22

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Housing Demographics

Redfin

"Additionally, as the coronavirus pandemic surged in nursing homes and senior-living communities, nursing-home occupancy rates fell from about 85% pre-pandemic to a low of 69% in February 2021. Fewer Americans opting to move into nursing homes — and instead presumably staying in their homes — may have contributed to homeowner tenure reaching a record high in 2020, though the decline in occupancy rates could also be partly due to coronavirus-related deaths. Nursing-home occupancy rates were back up to roughly 74% in January 2022.

Homeowners stay put longest in California

The typical Los Angeles homeowner had spent 18 years in their home as of 2021, the longest tenure of the metros in this analysis. It's followed by Honolulu and Oxnard, CA, both with median tenures of 17 years. The typical amount of times homeowners held onto their homes in each of those metros increased by roughly four years in the last decade.

Homeowners tend to stay in their homes for a particularly long time in California — the median tenure is also longer than the national average in Anaheim, the Bay Area, Bakersfield, Fresno, Riverside and San Diego — because of the state's unique property tax laws. California's Proposition 13 incentivizes homeowners to hang onto their homes because it limits property-tax increases.

"Even if you've owned your home for 10, 20 or 30 years, you're still paying close to your original property tax," said Karen Ulloa, a Redfin agent in Southern California. "If you were to sell and buy a different home, you'd be paying much higher taxes. For some people, that means they literally can't afford to move. Even if people move to a different area or a different house, they may hang onto their original home and rent it out because the low tax base makes those homes great investment properties."" – Dana Anderson, Data Journalist, Redfin

Source: https://www.redfin.com/news/2021-homeowner-tenure/; 3/2/22

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Housing Demographics

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Homeowner tenure flattened near its peak in 2021 after steadily rising for nearly a decade

"“One of the original reasons for Proposition 13 was to protect retirees from big tax increases,” Ulloa continued. “Now there are new laws on the books that allow people aged 55 and over to transfer their original property tax cost to a new primary residence, in hopes of encouraging older Californians to sell their homes. But I meet seniors all the time who don't know how they can benefit from the updated rules, and I think more people here would sell their homes if they were aware of the newer laws.”

Homeowner tenure rose by about five years in three Midwestern metros — St. Louis, Detroit and Chicago — the biggest increases of all the metros in this analysis. The typical amount of time people own a home increased over the last decade in 59 of the 74 U.S. metros included in this analysis.

Supply shortages are a problem for home buyers in most U.S. metros, and they're exacerbated by increasing home ownership tenure. The number of homes for sale in both Los Angeles and Oxnard, for instance, fell by about 30% year over year in December, versus about 19% nationwide.

Homeowner tenure declined over the last decade in 15 metros, several of which are popular migration destinations. Median tenure declined by about one year in Atlanta, Las Vegas, Phoenix and Tampa, FL, all places that attract a lot of new residents." – Dana Anderson, Data Journalist, Redfin

Source: https://www.redfin.com/news/2021-homeowner-tenure/; 3/2/22

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Economics

Fannie Mae

U.S. Economy and Consumer Demand

- "In Q1 2022, lenders reported greater pessimism toward the economy, with roughly 3-in-5 believing the economy is on the wrong track, reaching a new survey high (since survey inception in Q1 2014).
- Purchase mortgage demand growth for the prior three months continued its downward trend. The net share of lenders reporting demand growth over the prior three months reached the lowest reading for any first quarter over the past two years across all loan types. For the next three months, the net share of lenders expecting demand growth climbed significantly from last quarter across all loan types, but still showed the lowest reading for any first quarter in survey history.
- For refinance mortgages, the net share of lenders reporting demand growth over the prior three months, as well as the net share expecting demand growth for the next three months, remained similar to last quarter but generally continued its downward trend across all loan types – reaching the lowest readings in three years (since Q1 2019). For government loans, the net share expecting demand growth over the next three months reached a new survey low." – Mortgage Lender Sentiment Survey®, Q1 2022 Full Report, Fannie Mae

Source: https://www.fanniemae.com/media/43041/display/; 3/10/22

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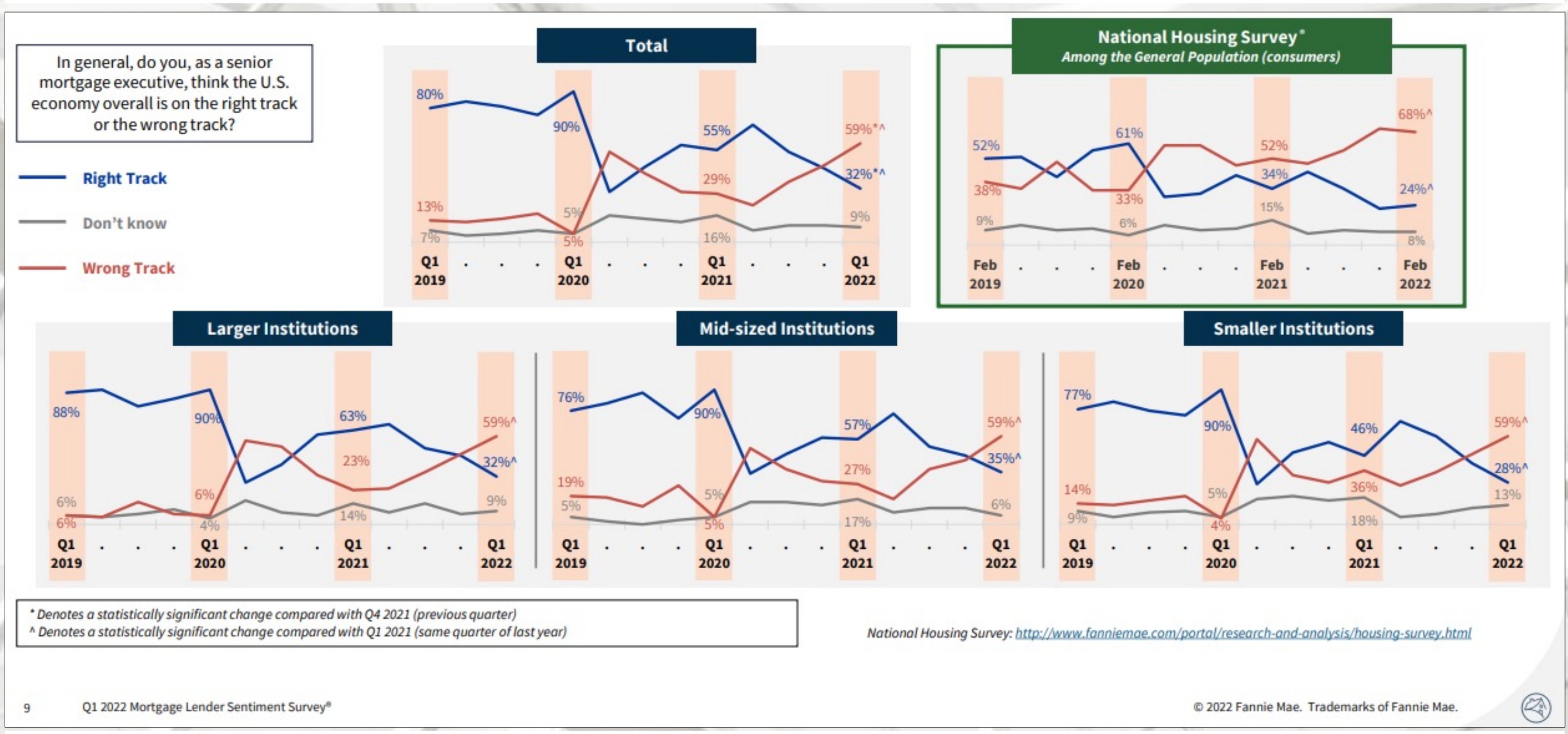
Economics



Fannie Mae

U.S. Economy Overall

"In Q1 2022, lenders reported greater pessimism toward the economy, with roughly 3-in-5 believing the economy is on the wrong track, reaching a new survey high (since survey inception in Q1 2014)." – Mortgage Lender Sentiment Survey®, Q1 2022 Full Report, Fannie Mae

Source: https://www.fanniemae.com/media/43041/display/; 3/10/22

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

February 2022

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	FEB 2022	419,518	64,581	69,853	188,900	96,184
	FEB 2022 / JAN 2022	-2.1%	-2.8%	-2.0%	-2.5%	-0.9%
High-Propensity	FEB 2022	135,382	22,488	21,584	57,205	34,105
	FEB 2022 / JAN 2022	-3.0%	-1.0%	-2.1%	-3.3%	-4.2%
With Planned Wages	FEB 2022	48,215	6,986	8,460	20,429	12,340
	FEB 2022 / JAN 2022	-1.6%	-0.1%	-1.0%	-1.6%	-2.8%
From Corporations	FEB 2022	49,196	10,753	6,270	17,169	15,004
	FEB 2022 / JAN 2022	-4.9%	+0.1%	-3.6%	-1.0%	-12.5%

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.

"Business Applications for February 2022, adjusted for seasonal variation, were 419,518, a decrease of 2.1 percent compared to January 2022.

The U.S. Census Bureau announced the following seasonally adjusted business application and formation statistics for February 2022. The Business Application Series describe the business applications for tax IDs as indicated by applications for an Employer Identification Number (EIN) through filings of the IRS Form SS-4. The Business Formation Series describe employer business formations as indicated by the first instance of payroll tax liabilities for the corresponding business applications." – U.S. Census Bureau, Economic Indicators Division, Business Formation Statistics

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 3/9/22

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

February 2022

BUSINESS APPLICATIONS

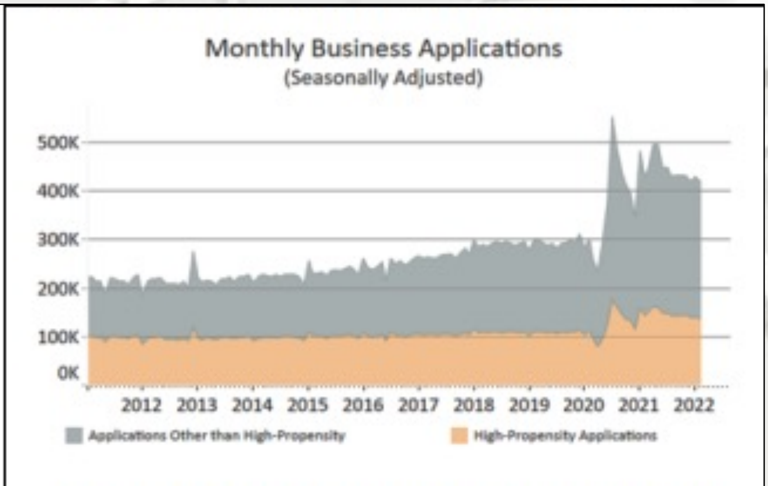
U.S. Business Applications:	FEB 2022	FEB 2022 / JAN 2022
Total	419,518	-2.1%*
High-Propensity	135,382	-3.0%*
With Planned Wages	48,215	-1.6%*
From Corporations	49,196	-4.9%*

Next release: April 13, 2022

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, March 09, 2022



Source: U.S. Census Bureau, Business Formation Statistics, March 09, 2022

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 3/9/22

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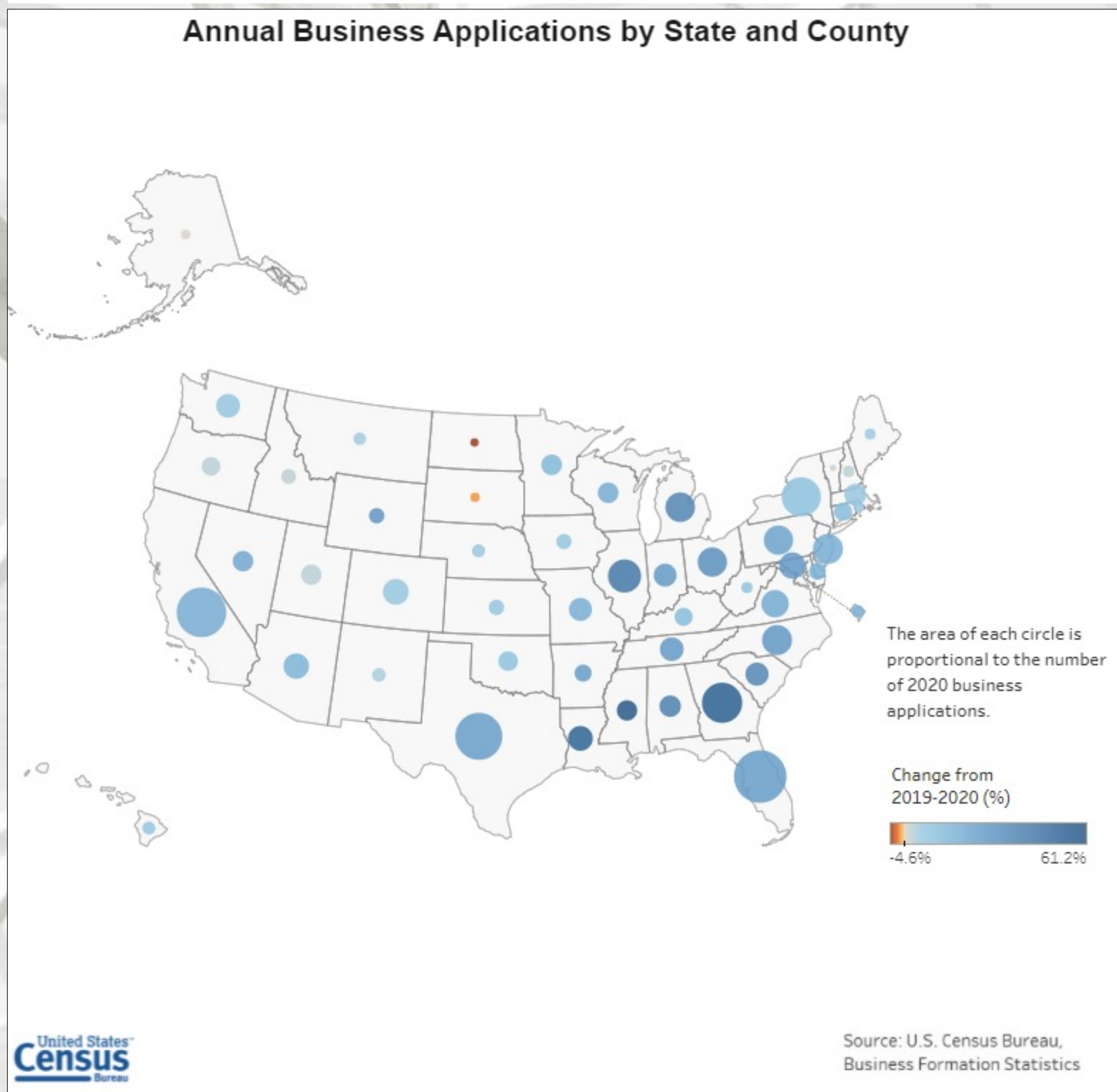
Economics

NEW Business Formation Statistics

February 2022



Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 3/9/22

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