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

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2021 Virginia Polytechnic Institute and State University VCE-ANR

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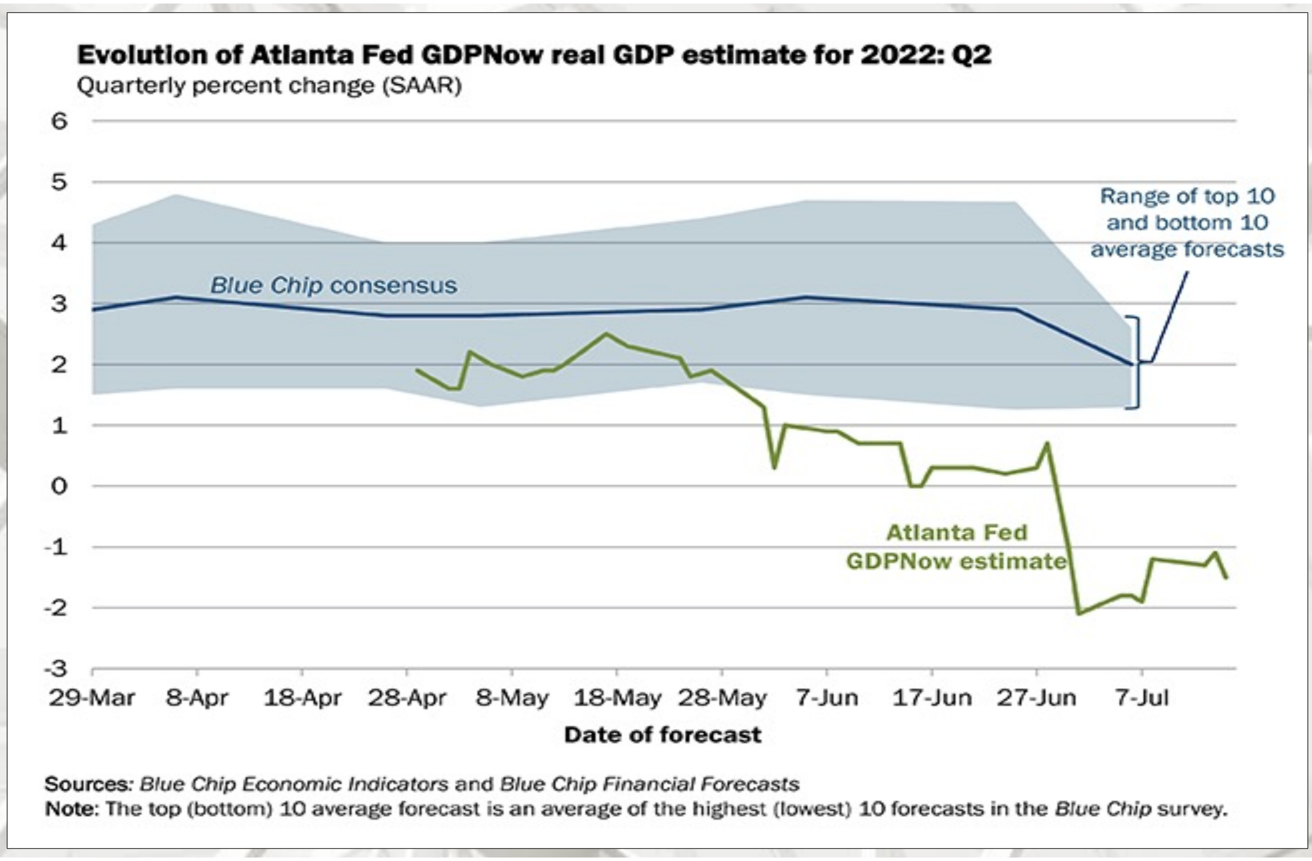
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: -1.5 percent — July 15, 2022

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2022 is **-1.5 percent** on July 15, down from -1.2 percent on July 8. After recent releases from the US Bureau of Labor Statistics, the US Census Bureau, the Federal Reserve Board of Governors, and the US Department of the Treasury's Bureau of the Fiscal Service, the nowcast of second-quarter real personal consumption expenditures growth and real gross private domestic investment growth decreased from 1.9 percent and -13.7 percent, respectively, to 1.5 percent and -13.8 percent, respectively." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 7/15/22

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

Index Suggests Economic Growth Declined in May

"The Chicago Fed National Activity Index (CFNAI) fell to +0.01 in May from +0.40 in April. Two of the four broad categories of indicators used to construct the index made negative contributions in May, and two categories deteriorated from April. The index's three-month moving average, CFNAI-MA3, decreased to +0.20 in May from +0.40 in April.

The CFNAI Diffusion Index, which is also a three-month moving average, moved down to +0.27 in May from +0.39 in April. Forty-seven of the 85 individual indicators made positive contributions to the CFNAI in May, while 38 made negative contributions. Thirty-seven indicators improved from April to May, while 47 indicators deteriorated and one was unchanged. Of the indicators that improved, 15 made negative contributions.

Production-related indicators contributed –0.01 to the CFNAI in May, down from +0.29 in April. Manufacturing industrial production decreased 0.1 percent in May after increasing 0.8 percent in April. The contribution of the sales, orders, and inventories category to the CFNAI moved up to +0.05 in May from –0.07 in the previous month.

Employment-related indicators contributed +0.08 to the CFNAI in May, up slightly from +0.07 in April. The unemployment rate was unchanged at 3.6 percent in May. The contribution of the personal consumption and housing category to the CFNAI decreased to –0.11 in May from +0.10 in April." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 6/21/22

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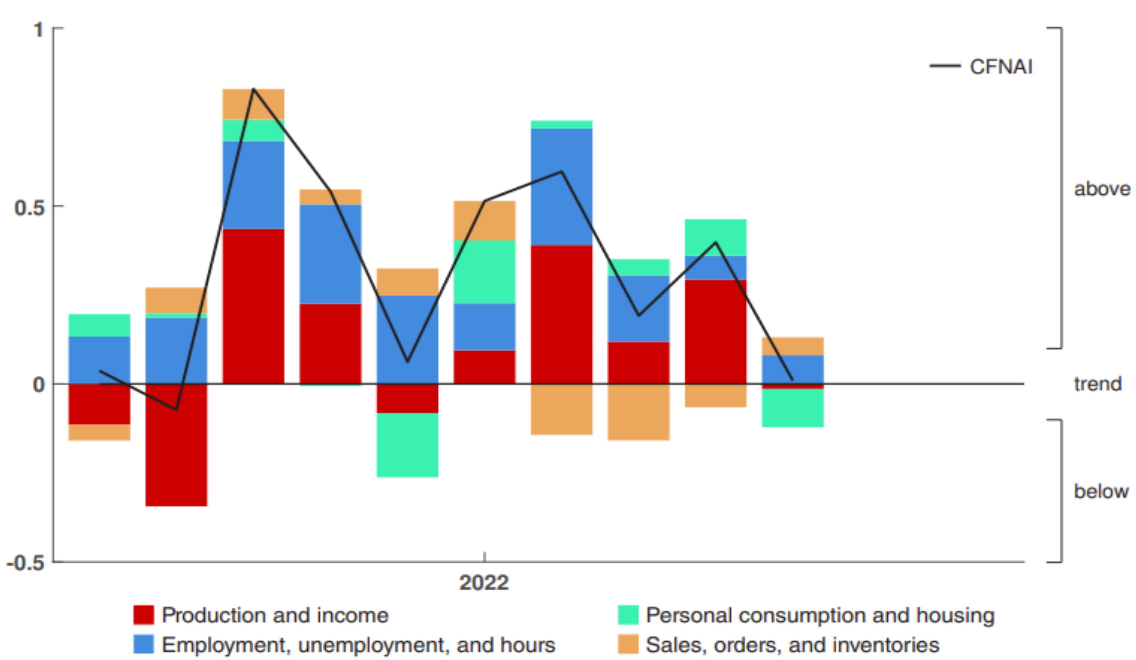
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

Chicago Fed National Activity Index, by Categories



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

	May '22	Apr '22	Mar '22	Feb '22	Jan '22	Dec '21	May '21
CFNAI							
Current	+0.01	+0.40	+0.19	+0.60	+0.51	+0.06	+0.05
Previous	N/A	+0.47	+0.36	+0.59	+0.52	+0.04	+0.04
CFNAI-MA3							
Current	+0.20	+0.40	+0.43	+0.39	+0.37	+0.48	+0.76
Previous	N/A	+0.48	+0.49	+0.39	+0.37	+0.47	+0.76
CFNAI Diffusion							
Current	+0.27	+0.39	+0.38	+0.30	+0.30	+0.46	+0.34
Previous	N/A	+0.48	+0.42	+0.29	+0.29	+0.45	+0.35

Current and Previous values reflect index values as of the June 21, 2022, release and May 23, 2022, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 6/21/22

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

Survey Suggests Growth Picked Up in May

"The *Chicago Fed Survey of Economic Conditions* (CFSEC) Activity Index decreased to –34 in June from -8 in May, suggesting that economic growth was well below trend. The CFSEC Manufacturing Activity Index decreased to –35 in June from –5 in May, and the CFSEC Nonmanufacturing Activity Index decreased to –32 in June from –10 in the previous month.

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

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 7/13/22

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

Source: https://www.chicagofed.org/research/data/cfsec/current-data; 7/13/22

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Texas Manufacturing Growth Abates, Outlooks Worsen

"Growth in Texas factory activity decelerated sharply in June, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, fell from 18.8 to 2.3, reaching its lowest reading since May 2020.

Other measures of manufacturing activity also moved down notably this month. The new orders indexed dipped into negative territory for the first time in two years, falling from 3.2 to -7.3 and signaling a decline in demand. The growth rate of orders index pushed further negative, from -5.3 to -16.2. The capacity utilization and shipments indexes remained positive but fell markedly to 3.3 and 1.2, respectively.

Perceptions of broader business conditions worsened again in June. The general business activity index declined 10 points to -17.7. The company outlook index also fell 10 points, from -10.0 to -20.2. Both indexes reached lows last seen in May 2020. The outlook uncertainty index shot up to 43.7, a 17-point jump from May.

Labor market measures continued to indicate robust employment growth and longer workweeks. The employment index moved down six points to 15.2 but remained well above its series average of 7.7. Twenty-four percent of firms noted net hiring, while 9 percent noted net layoffs. The hours worked index pushed up further, from 7.4 to 11.8.

Prices and wages continued to increase strongly. The raw materials prices index edged down to 57.5, a reading still more than twice its average of 28.0. The finished goods prices index also moved down, from 41.8 to 33.8, but remained highly elevated. The wages and benefits index came in at 49.9, unchanged from May and markedly higher than its 20.4 average." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

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

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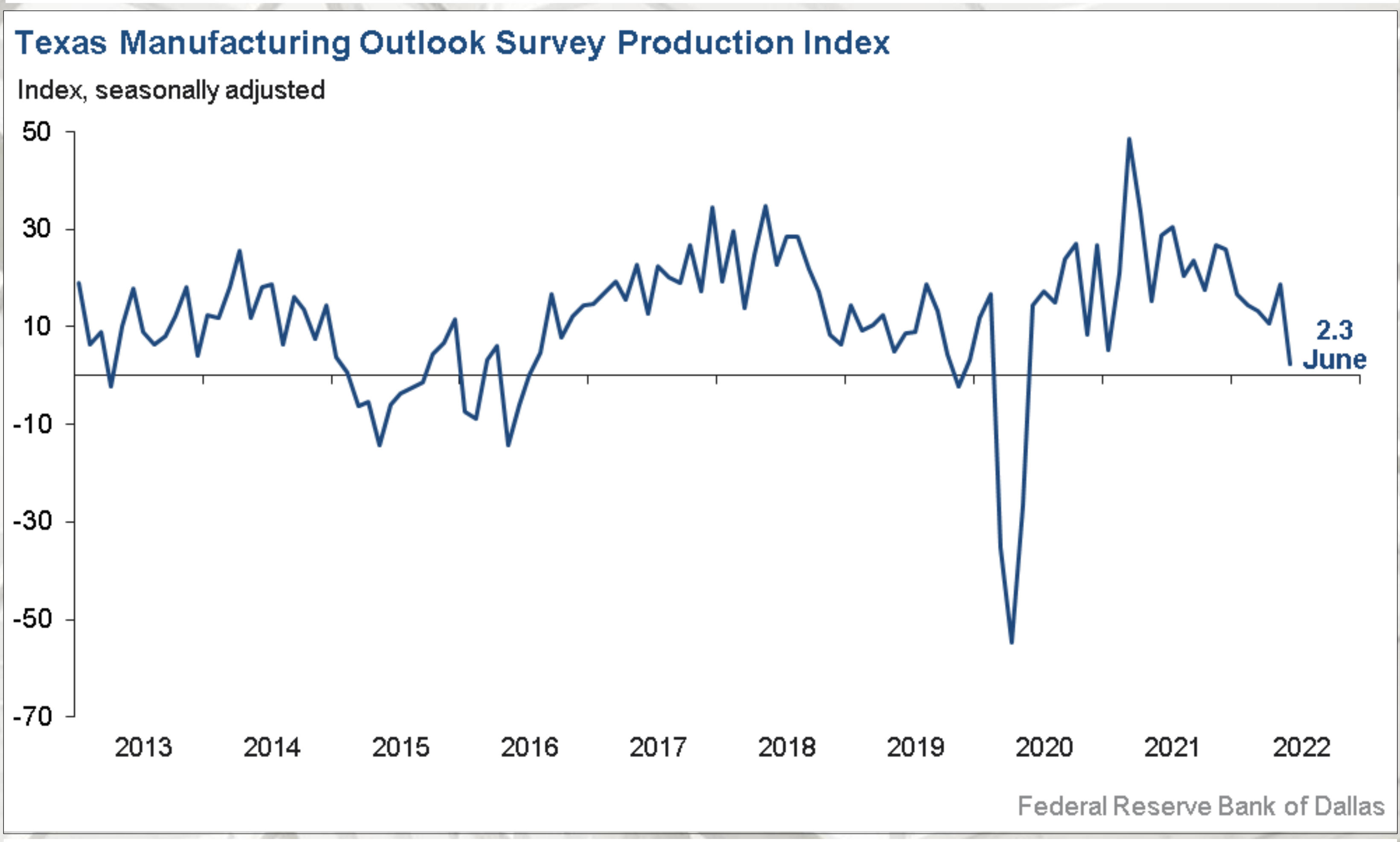
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing were notably less optimistic than in May. The future production index remained only slightly positive, retreating from 19.9 to 4.0. The future general business activity index pushed further into negative territory, falling 20 points to -26.0. Other measures of future manufacturing activity also declined, though most remained positive." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

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

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas Service Sector Growth Strengthens in June

"Activity in the Texas service sector picked up modestly in June, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, rose from 6.3 in May to 9.4 in June, as the share of firms reporting increasing revenues grew to 31 percent.

Labor market indicators continued to suggest steady growth in employment and hours worked compared with May. The employment index was roughly unchanged at 7.6, although the part-time employment index dipped one point to 1.9 – its lowest reading since early 2021. The hours worked index was flat at 4.9, with about 10 percent of firms increasing employee hours compared with 5 percent cutting hours.

Perceptions of broader business conditions plunged in June, as firms noted a surge in outlook uncertainty. The general business activity index plunged from 1.5 to -12.4, as the share of firms noting a worsening of activity rose from 20 percent to 27 percent. The company outlook index similarly dropped into negative territory at -14.7 – its worst reading since July 2020. The outlook uncertainty index surged 16 points to 41.2, nearing its record-high level during the initial onset of COVID in April 2020.

Price and wage pressures remained near record highs in June. The selling prices index moderated three points to 29.4, while the input prices index increased by two points to 55.8. The wages and benefits index was roughly flat at 34.6, though nearly 40 percent of firms noted higher wages compared with May." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

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

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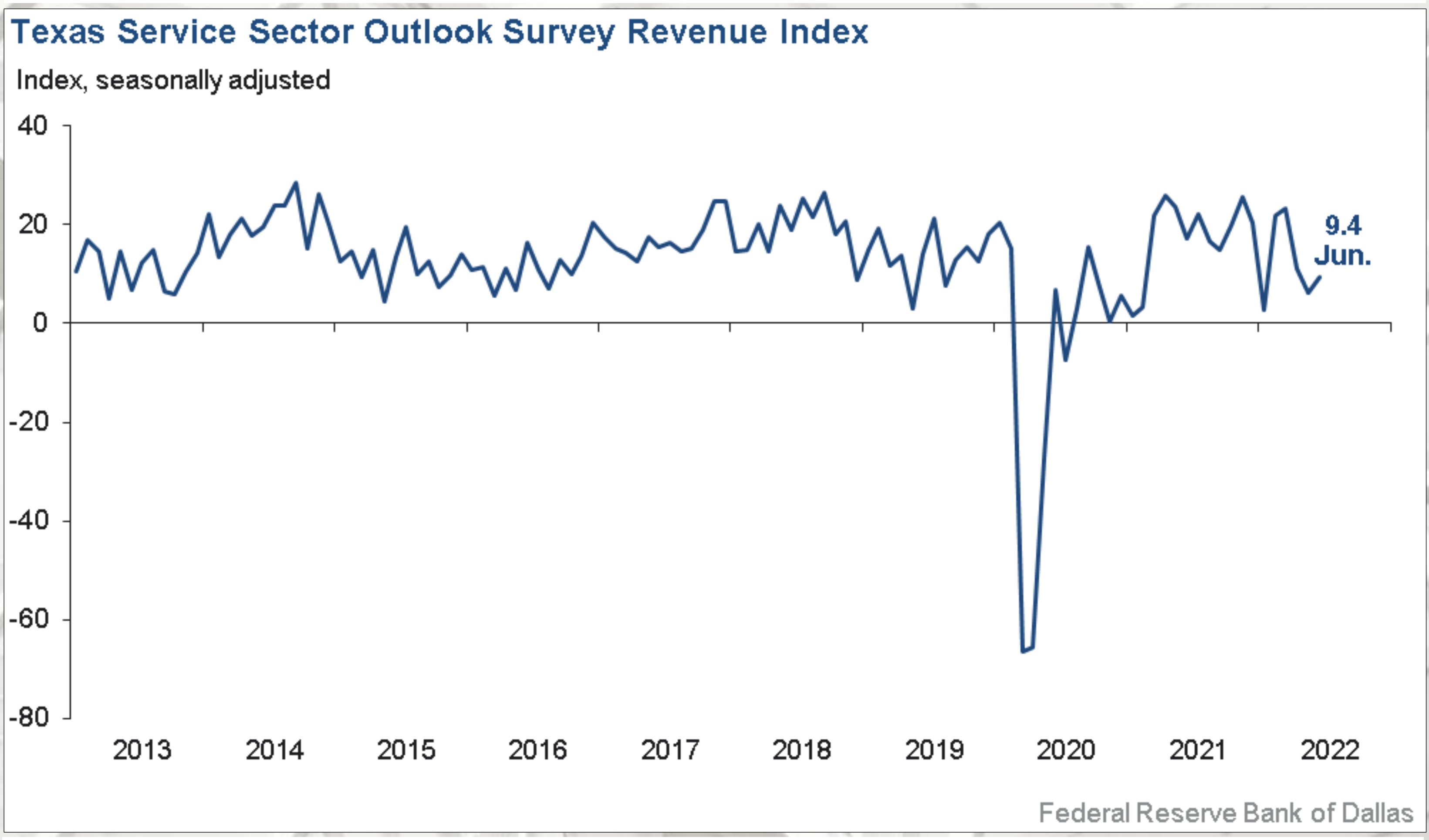
The Federal Reserve Bank of Dallas



Texas Service Sector Outlook Survey

"Respondents' expectations regarding future business activity weakened further in June. The future general business activity index dropped deeply into negative territory at -24.0, while the future revenue index declined nearly 17 points to 19.0. Other future service sector activity indexes such as employment and capital expenditures declined, suggesting expectations for weaker growth over the second half of the year." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

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

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas Retail Sales Deteriorate in June

"June retail sales activity continued to decline, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, was roughly unchanged at -11.0 in June. Retailers' inventories held mostly flat for a third consecutive month, with the inventories index reporting a near-zero reading.

Retail labor market indicators weakened in June. The employment index dipped into negative territory for the first time since July 2021, falling four points to -3.3, while the part-time employment index plunged eight points to -8.1. The hours worked index similarly declined eight points to -6.1, its weakest reading in a year.

Retailers' perceptions of broader business conditions turned sharply pessimistic this month compared with May. The general business activity index shed 22 points to -25.2, while the company outlook index fell from -4.1 to -22.2; just 12 percent of retailers noted improved outlooks compared with 35 percent expecting worsening conditions. The outlook uncertainty index surged to 42.3, its highest reading since March 2020.

Retail price and wage pressures remained highly elevated in June. The selling prices index fell five points to 37.1, although a majority of firms continued to note they increased their selling prices over the past month. The input prices index held steady at 49.9, while the wages and benefits index was also stable at 30.4.

Expectations for future retail growth deteriorated significantly in June. The future general business activity index fell 23 points to -26.8, while the future sales index declined 17 points to 0.9. Other indexes of future retail activity also declined, suggesting lowered expectations for growth for the rest of 2022." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

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

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The Federal Reserve Bank of Dallas

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

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Growth in Tenth District Manufacturing Activity Slowed Further

The pace of regional factory growth slowed further but was still expansionary. Over 85 percent of firms reported delays in shipping and product availability as continued negative impacts on their business activity, with around half of firms not expecting any improvements in the next six months.

Factory Activity Pace of Growth Slowed Further

"Growth in Tenth District manufacturing activity slowed further but remained positive. Expectations for future activity also moderated slightly but were still at solid levels overall (Chart 1). Raw materials price indexes eased slightly from last month and compared with last year. Finished goods price indexes increased slightly from a month ago but eased slightly compared with year ago levels. Expectations for future prices remained high, but slightly below previous levels.

The month-over-month composite index was 12 in June, down from 23 in May and 25 in April. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The slower pace of factory growth was driven by decreased activity at durable goods plants in June, especially electrical equipment, transportation equipment, and furniture related product manufacturing. Month-over-month indexes eased in June, with some indexes moving into negative territory. Indexes for production, shipments, new orders, and order backlog declined, while inventory indexes increased slightly. Year-over-year factory indexes decreased modestly, with a composite index of 35. The supplier delivery time index eased compared to a year ago, along with the materials inventory and employment indexes. The future composite index was 10 in June, down from 31 in May. Indexes for future production, shipments, new orders, and capital spending continued to moderate but remained positive." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 6/23/22

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Factory Activity Pace of Growth Eased Somewhat

Special Questions

This month contacts were asked special questions on supply chain disruptions/shortages, the ability to pass through costs, and future expectations. In June, firms reported the top three supply chain disruptions affecting their business were delays in shipping, lack of availability, and warehousing and storage. About 60% of firms expected supply chain disruptions and shortages to remain unchanged or worsen in the next 6 months. Over 55% of firms reported their ability to pass through costs has increased slightly or significantly since the beginning of the year. However, 33% of firms expected no change in the next 6 months and 43% expected a slight or significant increase in pass through ability." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 6/26/22

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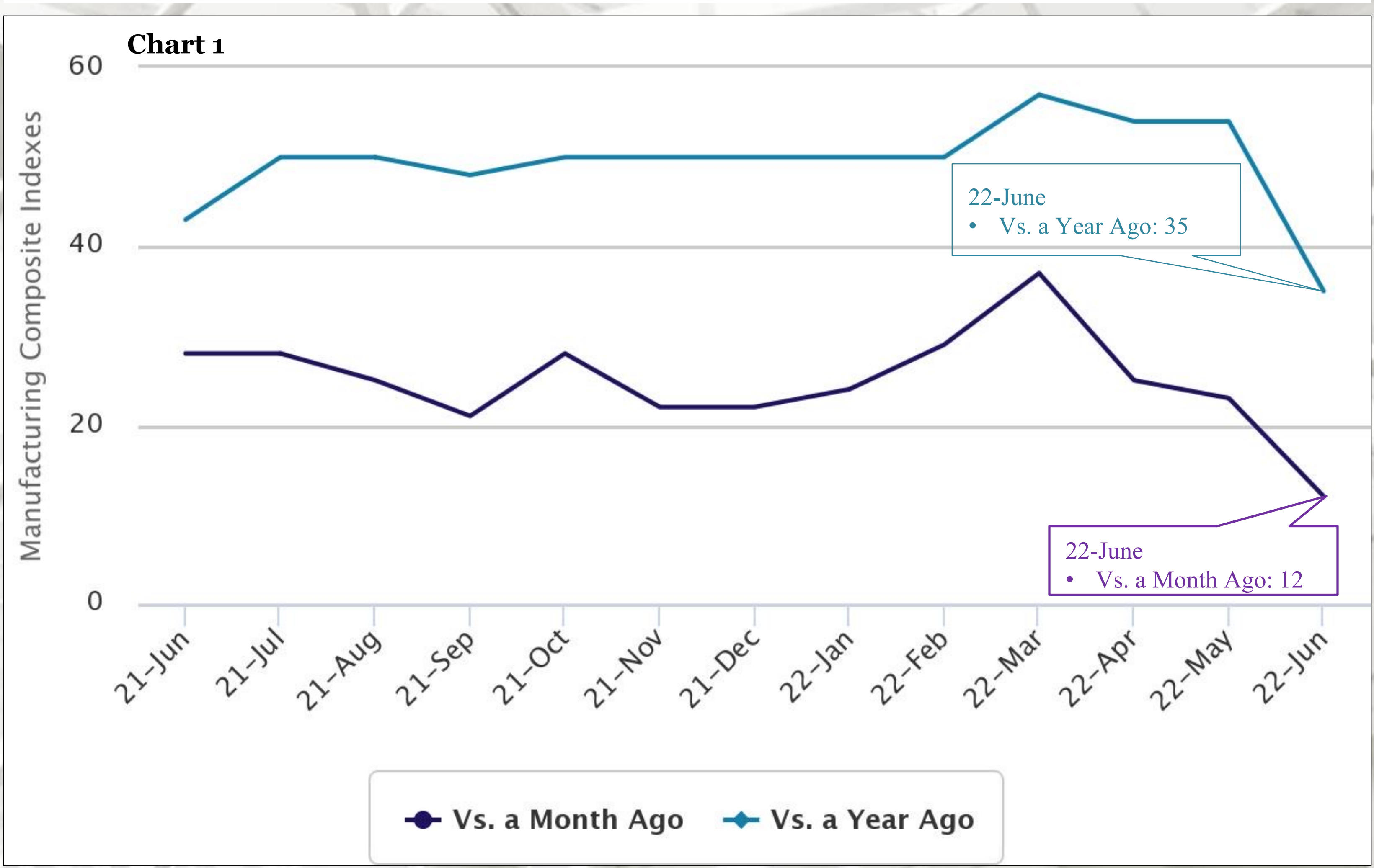
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 6/26/22

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Growth in Tenth District Services Eased Slightly

Regional services activity eased somewhat in June. Over 40% of firms reported delays in shipping and product availability as continued negative impacts on their business activity, with nearly two-thirds of firms not expecting any improvements in the next six months.

Business Activity Continued at a Solid Pace

"Growth in Tenth District services activity eased slightly, and expectations for future activity decreased modestly but remained positive (Chart 1). Input and selling price indexes eased somewhat from last month and were slightly lower compared with year ago levels. Expectations for future prices remained high, but slightly below previous levels.

The month-over-month services composite index was 14 in June, down from 20 in May and 20 in April. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The slower pace of revenue and sales in June were driven by decreased activity in transportation, auto, health services, professional/high-tech services, education, and real estate. Month-over-month indexes eased somewhat in June, with a decrease in revenue/sales, hours worked, wages and benefits, and employment indexes. In contrast, inventory and capital expenditures indexes increased slightly. Most year-over-year indexes inched downward, with a composite index of 27. The employment index decreased, along with the credit, revenue/sales, and hours worked indexes. The future composite index was 16 in June, down from 26 in May. Indexes for future revenue/sales, wages and benefits, employment, and inventory were also lower from the previous month." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 6/24/22

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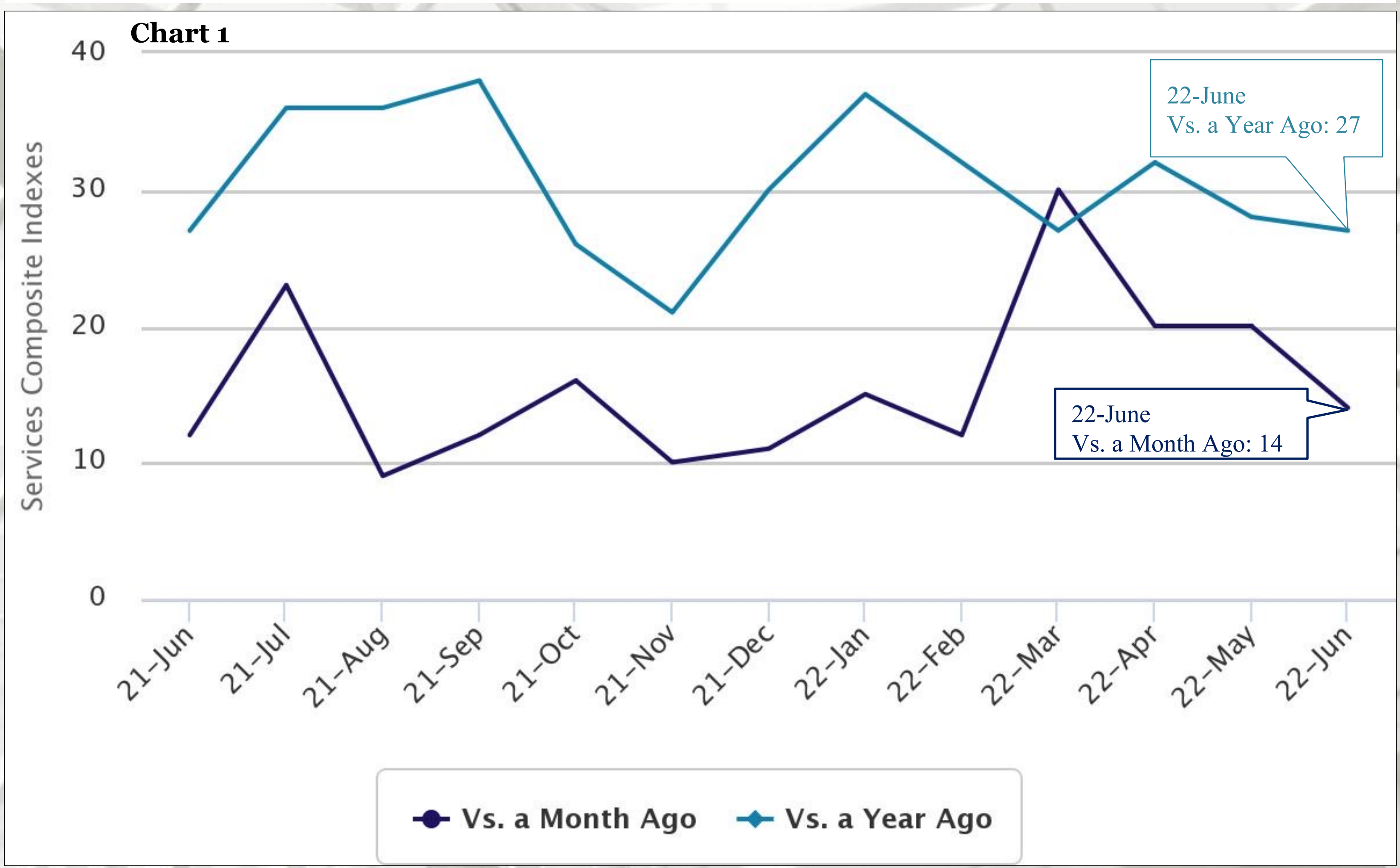
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 6/24/22

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The Federal Reserve Bank of New York

July Empire State Manufacturing Survey

Activity Grows Modestly

“Business activity increased modestly in New York State, according to firms responding to the July 2022 *Empire State Manufacturing Survey*. The headline general business conditions index climbed twelve points to 11.1. New orders increased marginally, and shipments expanded significantly. Unfilled orders edged lower for a second consecutive month. Delivery times lengthened at the slowest pace in months, and inventories picked up. Labor market indicators pointed to a solid increase in employment and a slightly longer average workweek. While still elevated, both the prices paid and prices received indexes moved significantly lower, pointing to a deceleration in price increases. Firms turned pessimistic about the six-month outlook, a rare occurrence in the survey’s history.

Manufacturing activity expanded modestly in New York State, according to the July survey. The general business conditions index climbed twelve points to 11.1. Thirty-four percent of respondents reported that conditions had improved over the month, and twenty-three percent reported that conditions had worsened. The new orders index was little changed at 6.2, pointing to a small increase in orders, while the shipments index surged to 25.3, indicating strong growth in shipments. The unfilled orders index held steady at -5.2, indicating that unfilled orders shrank for a second consecutive month. The delivery times index fell for a third consecutive month, declining six points to 8.7, suggesting that delivery times lengthened, though at the slowest pace in over a year. The inventories index was little changed at 14.8, signaling that inventories expanded.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 7/15/21

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The Federal Reserve Bank of New York

July Empire State Manufacturing Survey

Employment Growth Remains Solid

"The index for number of employees held steady at 18.0, pointing to a solid increase in employment, and the average workweek index came in at 4.3, indicating a slight increase in hours worked. While they remained elevated, price indexes moved notably lower, indicating a deceleration in price increases. The prices paid index fell fourteen points to 64.3, and the prices received index moved down twelve points to 31.3.

Firms Turn Pessimistic

Firms now expect activity to decline over the next six months, a sentiment only expressed three other times in the survey's history. The index for future business conditions plunged twenty points to -6.2. Orders are not expected to increase, and shipments are expected to be only slightly higher. Delivery times and unfilled orders are expected to decline over the next six months, and expected price increases were lower than in recent months. The capital spending and technology spending indexes fell, but remained positive." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 7/15/21

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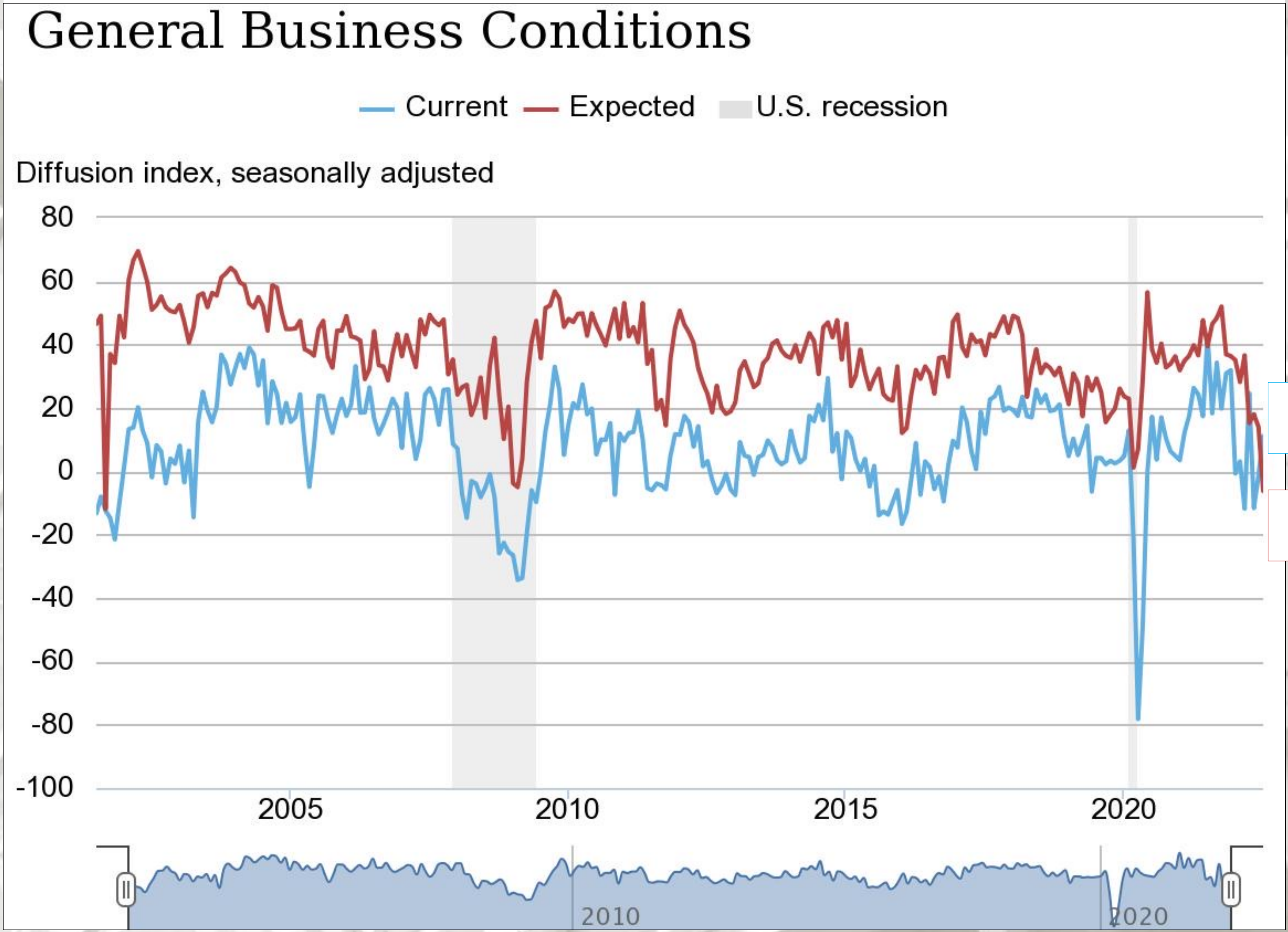
The Federal Reserve Bank of New York



July 2022
11.1

July 2022
-6.2

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 7/15/21

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The Federal Reserve Bank of New York

July Business Leaders Survey (Services)

Activity Declines For First Time In Over A Year

"Activity declined in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's July 2022 *Business Leaders Survey*. The survey's headline business activity index fell thirteen points to -10.7, its first negative reading in over a year. The business climate index was little changed at -34.3, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment growth slowed, and wage increases remained widespread. While still elevated, the prices paid and prices received indexes moved notably lower, pointing to a deceleration in price increases. Looking ahead, firms no longer expect activity to increase over the next six months, and they remained pessimistic about the expected future business climate.

Business activity in the region's service sector declined for the first time since March 2021, according to the July survey. The headline business activity index fell thirteen points to -10.7. Twenty-two percent of respondents reported that conditions improved over the month and 33 percent said that conditions worsened. The business climate index held steady at -34.3, indicating that on net, firms continued to view the business climate as worse than normal." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 7/18/22

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The Federal Reserve Bank of New York

July Business Leaders Survey (Services)

Employment Growth Slows Amid Rising Wages

"The employment index fell eleven points to 7.6, pointing to a modest increase in employment levels. The wages index was little changed at 53.5, signaling another month of strong wage growth. After reaching a record high last month, the prices paid index fell eight points to 81.3, indicating a slowing in input price increases. The prices received index fell nine points to 35.9, a sign that selling price increases also slowed. The capital spending index held steady at 6.6.

Firms No Longer Expect Activity To Increase

Firms believe activity will not increase over the next six months. The index for future business activity fell thirteen points to zero. The index for the future business climate was little changed at -21.2, indicating that firms expect the business climate to remain worse than normal. Employment is expected to grow in the months ahead, and wage and price increases are expected to remain widespread." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 7/18/22

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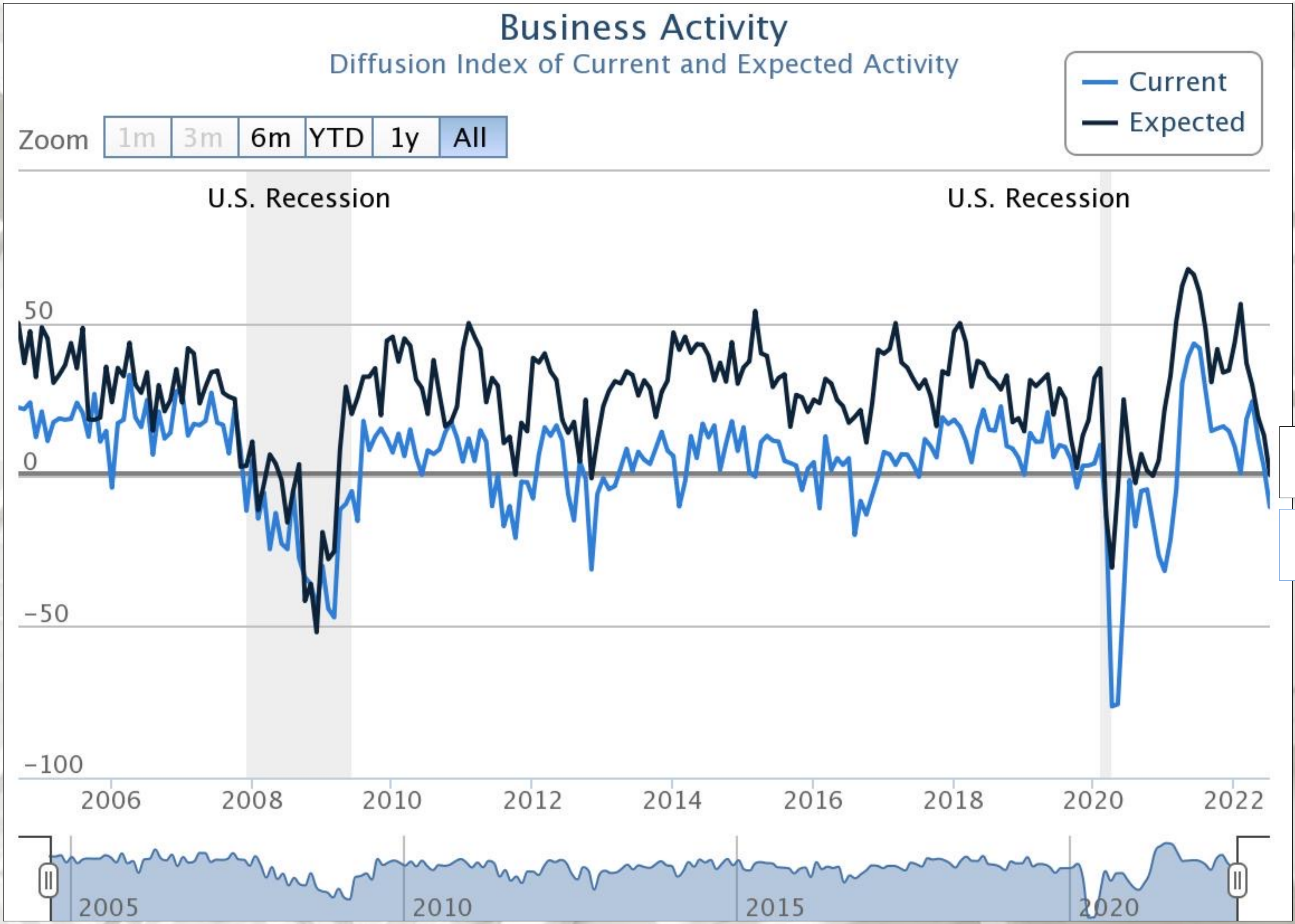
The Federal Reserve Bank of New York



July 2022
0.0

July 2022
-10.7

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 7/18/22

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The Federal Reserve Bank of Philadelphia

June 2022 Manufacturing Business Outlook Survey

"Manufacturing activity in the region weakened, according to the firms responding to the June *Manufacturing Business Outlook Survey*. The diffusion index for current general activity declined for the third consecutive month, falling 6 points to -3.3. This is the index's first negative reading since May 2020. The new orders index also turned negative, and the shipments index declined but remained positive. However, the firms reported continued increases in employment. Expectations for growth over the next six months deteriorated, as the future general activity, new orders, and shipment indexes fell sharply.

Current Indicators Weaken

The diffusion index for current general activity declined for the third consecutive month, falling 6 points to -3.3. This is the index's first negative reading since May 2020 (see Chart 1). Although most firms reported no change in activity (64 percent), the share of firms reporting decreases (20 percent) exceeded the share reporting increases (16 percent). The indicators for new orders and shipments decreased more sharply: The new orders index fell 35 points to -12.4, and the shipments index fell 25 points but remained positive at 10.8.

On balance, the firms continued to report increases in employment, and the employment index moved up from 25.5 to 28.1. More than 31 percent of the firms reported increases in employment, compared with 3 percent that reported decreases; 66 percent reported no change. The average workweek index decreased 4 points, to 11.8." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-06; 6/16/22

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The Federal Reserve Bank of Philadelphia

June 2022 Manufacturing Business Outlook Survey

Remain Widespread, but Indexes Decline

"The indicators for prices paid and prices received continue to indicate widespread price increases but decreased this month. The prices paid index declined for the second consecutive month, down 14 points to 64.5. More than 70 percent of the firms reported increases in input prices, while 6 percent reported decreases; 24 percent of the firms reported no change. The current prices received index edged down from 51.7 to 49.2. Nearly 52 percent of the firms reported increases in prices received for their own goods this month, 2 percent reported decreases, and 46 percent reported no change.

Future Indicators Decline

"The diffusion index for future general activity decreased for the fifth consecutive month, to -6.8, its first negative reading since December 2008 (see Chart 1). Almost 42 percent of the firms expect activity to decrease over the next six months (up from 22 percent last month), while 36 percent expect activity to increase (up from 24 percent). The future new orders index declined 24 points, to -7.4, and the future shipments index fell 29 points, to 3.6. The firms continued to expect overall increases in employment over the next six months; however, the future employment index fell 19 points to 10.5. Over 20 percent of the firms expect to increase employment in their manufacturing plants over the next six months; 10 percent anticipate employment declines." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-06; 6/16/22

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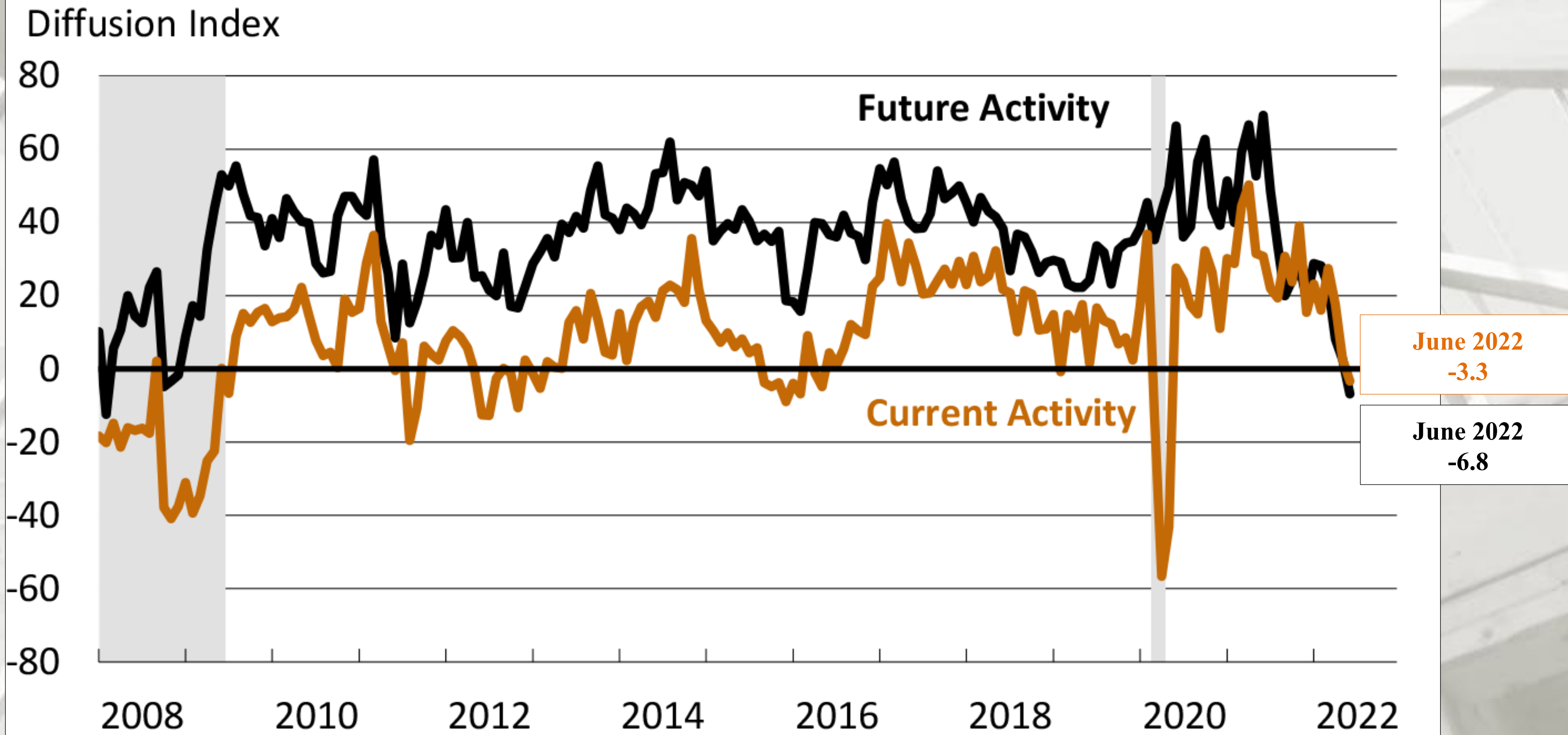
The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes

January 2008 to June 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-2022-06; 6/16/22

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The Federal Reserve Bank of Philadelphia

June 2022 Manufacturing Business Outlook Survey

Firms Report Higher Production and Capacity Utilization

In this month's special questions, the firms were asked to estimate their total production growth for the second quarter ending this month compared with the first quarter of 2022. The share of firms reporting expected increases in first-quarter production (72 percent) far exceeded the share reporting decreases (9 percent). The firms were also asked about their current capacity utilization rate for the current quarter and one year ago as well as factors constraining capacity utilization in the current quarter. Relative to last year, a higher share of firms reported a utilization rate of 90 to 100 percent (16 percent versus 7 percent, respectively). The median current capacity utilization rate reported among the responding firms was 80 to 90 percent, slightly higher than what was reported for one year ago.

Regarding factors constraining capacity utilization in the current quarter, nearly all firms reported labor supply and supply chains as constraints to some degree, with similar shares indicating each factor significantly constrained utilization (40 percent and 42 percent, respectively). Looking ahead over the next three months, the firms were evenly split (21 percent each) over whether supply chain impacts would worsen or improve. Nearly 55 percent of the firms reported that energy markets were not acting as a constraint in the current quarter; however, 44 percent expected the impacts from energy markets to worsen over the next three months."

Summary

Responses to the June *Manufacturing Business Outlook Survey* suggest weakened conditions for the region's manufacturing sector. The survey's indicators for general activity, new orders, and shipments all declined, with the former two turning negative, but the indicator for employment moved higher. The price indexes declined but continue to suggest widespread increases in prices. The survey's future indexes indicate deterioration in the respondents' expectations for growth over the next six months, as higher shares of firms expect decreases compared with last month." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2022-06; 6/16/22

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The Federal Reserve Bank of Philadelphia

June 2022 Nonmanufacturing Business Outlook Survey

"Nonmanufacturing business activity expanded this month, according to the firms responding to the June *Nonmanufacturing Business Outlook Survey.* The indexes for general activity at the firm level, sales/revenues, new orders, and full-time employment all increased this month. The prices paid and prices received indexes increased, with the prices paid index reaching a new all-time high. The respondents continued to anticipate growth over the next six months.

Current Indexes Remain Positive

The diffusion index for current general activity at the firm level edged up from a reading of 22.8 in May to 24.7 this month (see Chart 1). More than 46 percent of the firms reported increases in activity, and 21 percent reported decreases. The new orders index increased 12 points, from near neutral to 15.5 this month, more than recovering its decline in May. Over 33 percent of the firms reported increases in new orders (up from 23 percent last month), exceeding the 18 percent that reported decreases (little changed). The sales/revenues index also improved this month, increasing 18 points to 26.2. More than 47 percent of the responding firms reported increases in sales/revenues, while 21 percent reported decreases. However, the regional activity index dropped 19 points to 4.6..

Employment Indicators Strengthen

The firms reported overall increases in full- and part-time employment this month. The full-time employment index rose 12 points to a reading of 27.7 in June, its highest reading since March 2019. The share of firms reporting increases (33 percent) was higher than the share reporting decreases (5 percent). More than 58 percent of the firms reported steady full-time employment levels. The part-time employment index rose 7 points to 21.7." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2022-6; 6/21/22

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The Federal Reserve Bank of Philadelphia

June 2022 Nonmanufacturing Business Outlook Survey

Firms Continue to Report Overall Price Increases

"The prices paid and prices received indexes increased this month. The prices paid index recorded a new all-time high, increasing 7 points to 80.0. Eighty percent of the respondents reported higher input prices, 16 percent reported no change, and none reported decreases. Regarding prices for the firms' own goods and services, the prices received index increased from 30.6 to 33.6. The share of firms reporting increases in prices received (38 percent) exceeded the share reporting decreases (5 percent). More than 48 percent of the firms reported no change in prices for their own goods and services..

Firms Report Higher Sales/Revenues and Constraints

In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the second quarter ending this month compared with the first quarter of 2022. The share of firms reporting expected increases in second-quarter sales/revenues (63 percent) was greater than the share reporting decreases (24 percent). The firms were also asked about factors constraining business operations in the current quarter. Most firms indicated labor supply (84 percent), supply chains (79 percent), and energy markets (73 percent) as constraints to some degree. Looking ahead over the next three months, 56 percent and 42 percent of the firms expect labor supply impacts and supply chain impacts, respectively, to stay the same, while 59 percent expect energy market impacts to worsen." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2022-6; 6/21/22

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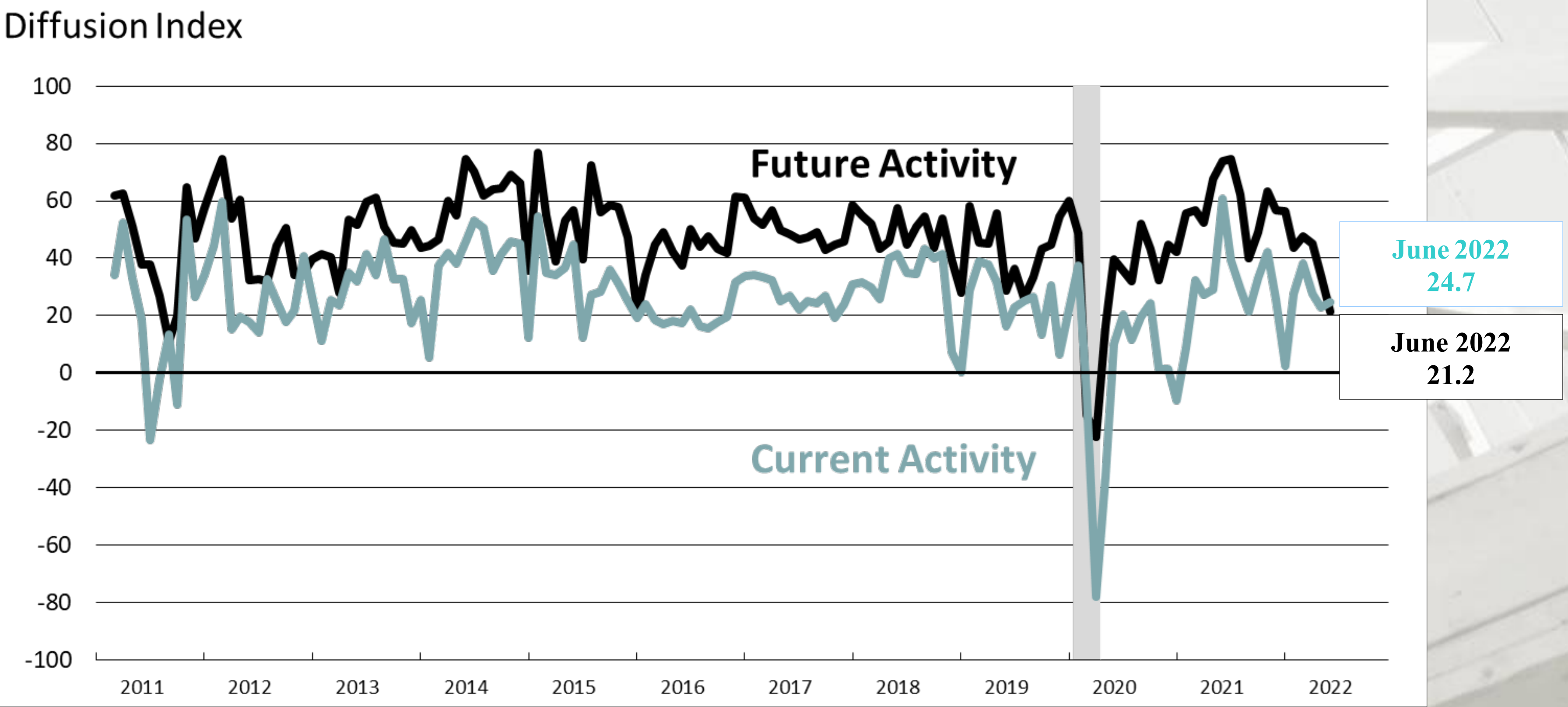
The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes for Firms
March 2011 to June 2022



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2022-6; 6/21/22

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The Federal Reserve Bank of Philadelphia

June 2022 Nonmanufacturing Business Outlook Survey

Firms Continue to Anticipate Growth

"Both future activity indexes declined but continue to suggest that firms anticipate growth over the next six months. The diffusion index for future activity at the firm level fell from a reading of 34.2 in May to 21.2 this month (see Chart 1). Over 46 percent of the firms expect an increase in activity at their firms over the next six months, compared with 25 percent that expect decreases and 27 percent that expect no change. The future regional activity index fell sharply but remained positive, declining 23 points to 7.8.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest expansion in nonmanufacturing activity in the region. The indicators for firm-level general activity, new orders, sales/revenues, and full-time employment all rose. Both price indexes remain above long-run averages. Although the future indexes declined, the responding firms continue to expect growth over the next six months overall." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2022-6; 6/21/22

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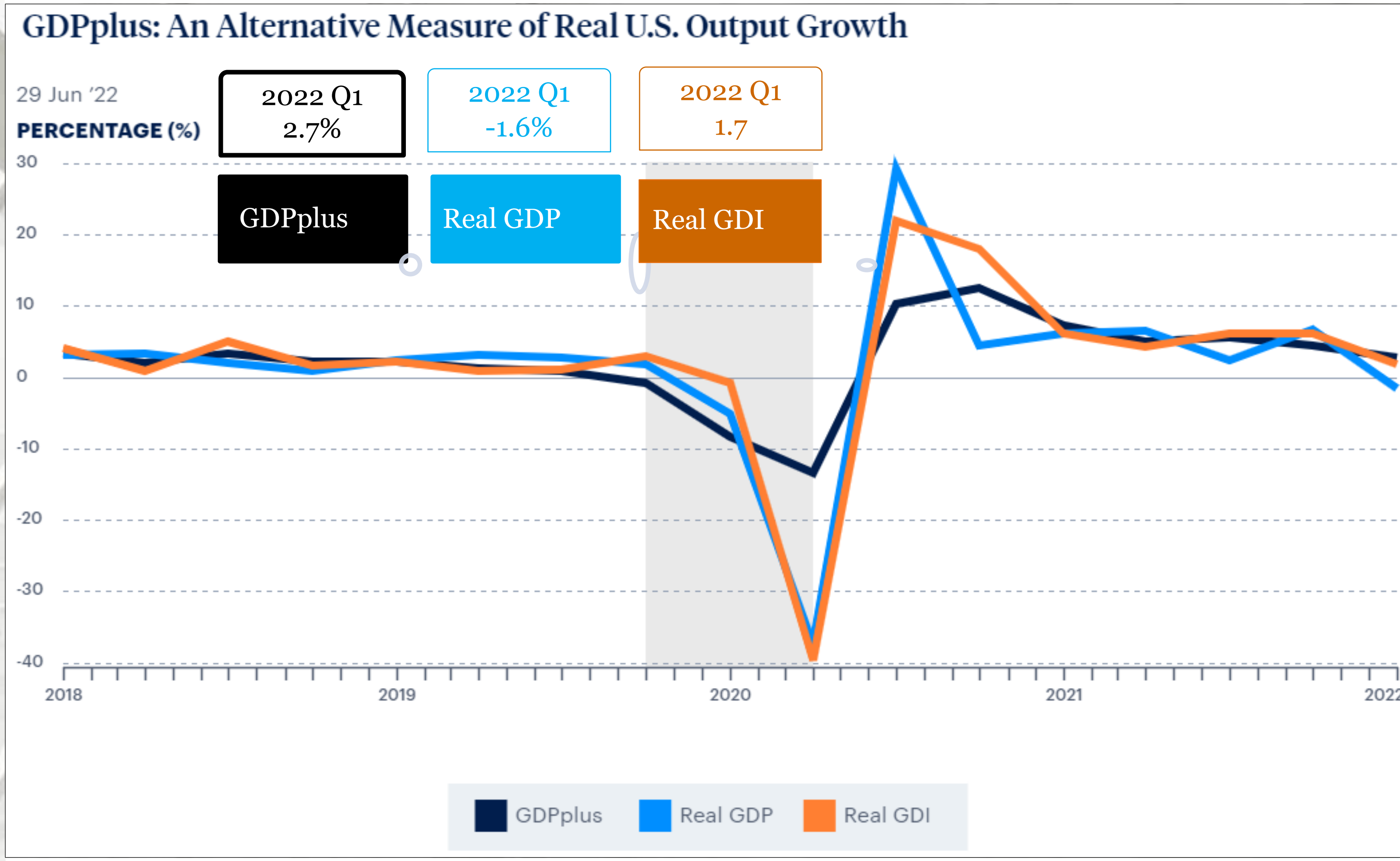
The Federal Reserve Bank of Philadelphia: GDPplus



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; 6/28/22

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Manufacturing Activity Declined in June

“Fifth District manufacturing firms reported another decline in activity in June, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index fell from −9 in May to −19 in June, as two of its three component indexes dropped further into negative territory. The indexes for shipments and volume of new orders declined from −14 and −16 in May to −29 and −38 in June, respectively. The third component, the employment index, rose to 23 from 8 in May.

The wage index also remained elevated, despite a minor downward shift, indicating that a large share of firms continue to report increasing wages. Additionally, the local business conditions index continued to slide in June, falling to −32. Firms are also less optimistic about conditions in the next six months as the expectations index decreased to −19 in June from −13 in May.

On a positive note, there was some indication of supply chain relief as the indexes for vendor lead time and order backlogs both decreased in June from record highs earlier in the year. In addition, all three spending indexes decreased in June.

The average growth rate of prices paid decreased somewhat in June. However, firms reported higher average growth in prices received in June.” – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 6/28/22

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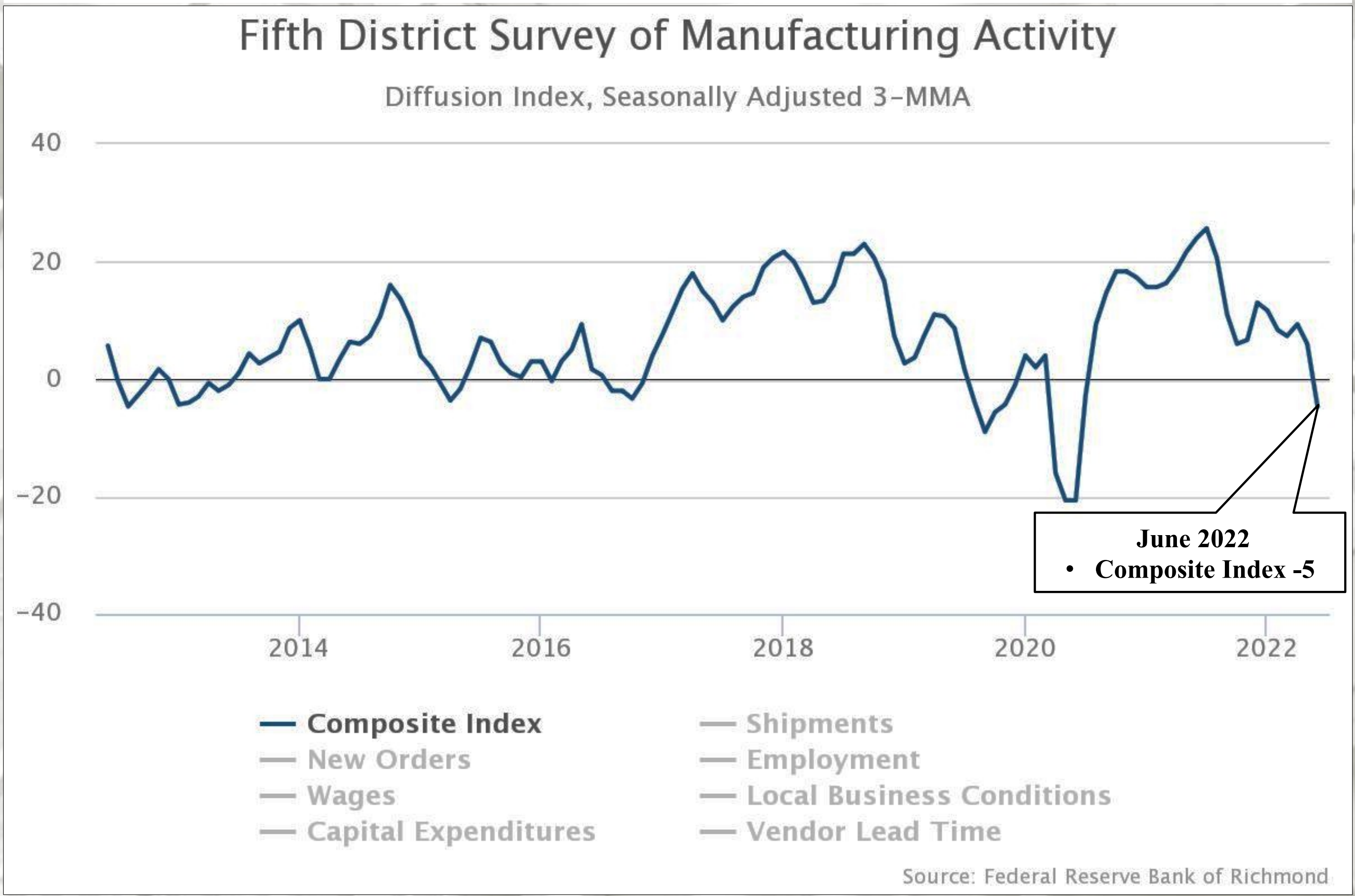
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 6/28/22

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U.S. Economic Indicators

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 6/28/22

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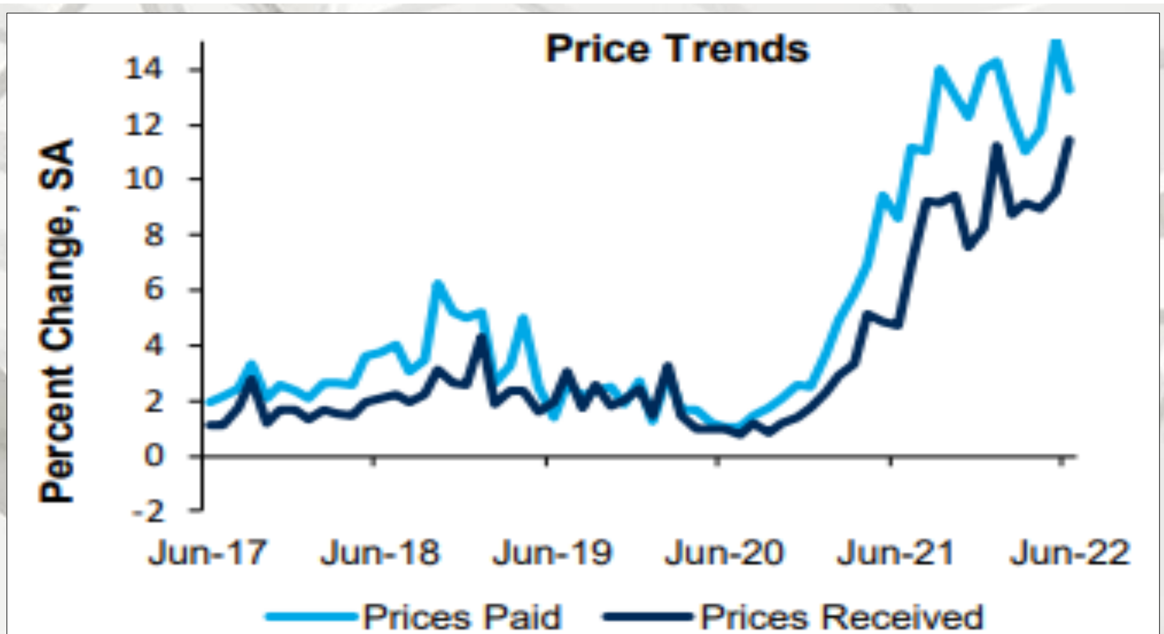
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 6/28/22

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Softened in June

“Fifth District service sector activity softened in June, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues and demand indexes both decreased in June, with the index for revenues dropping notably, from 8 to −7. The indexes for expected revenues and demand in the next six months, however, signaled some optimism, with the expected revenues index increasing from May while the expected demand index remaining unchanged. Although still positive, the indexes for capital and equipment/software spending decreased from May, indicating that fewer firms increased spending.

More firms reported deteriorating local business conditions, as the index fell to −12 in June from -5 in May. However, firms were slightly more optimistic about future business conditions, as the expected business conditions index rose to −8 from −14.

Fewer firms reported increased hiring in June as the employment index decreased slightly from May. Firms continued to report trouble finding workers with the necessary skills but expected marked improvement in the next six months. The wage index continued to drop but remained high, while firms' expectations for price growth in the next 12 months decreased in June.” – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 6/28/22

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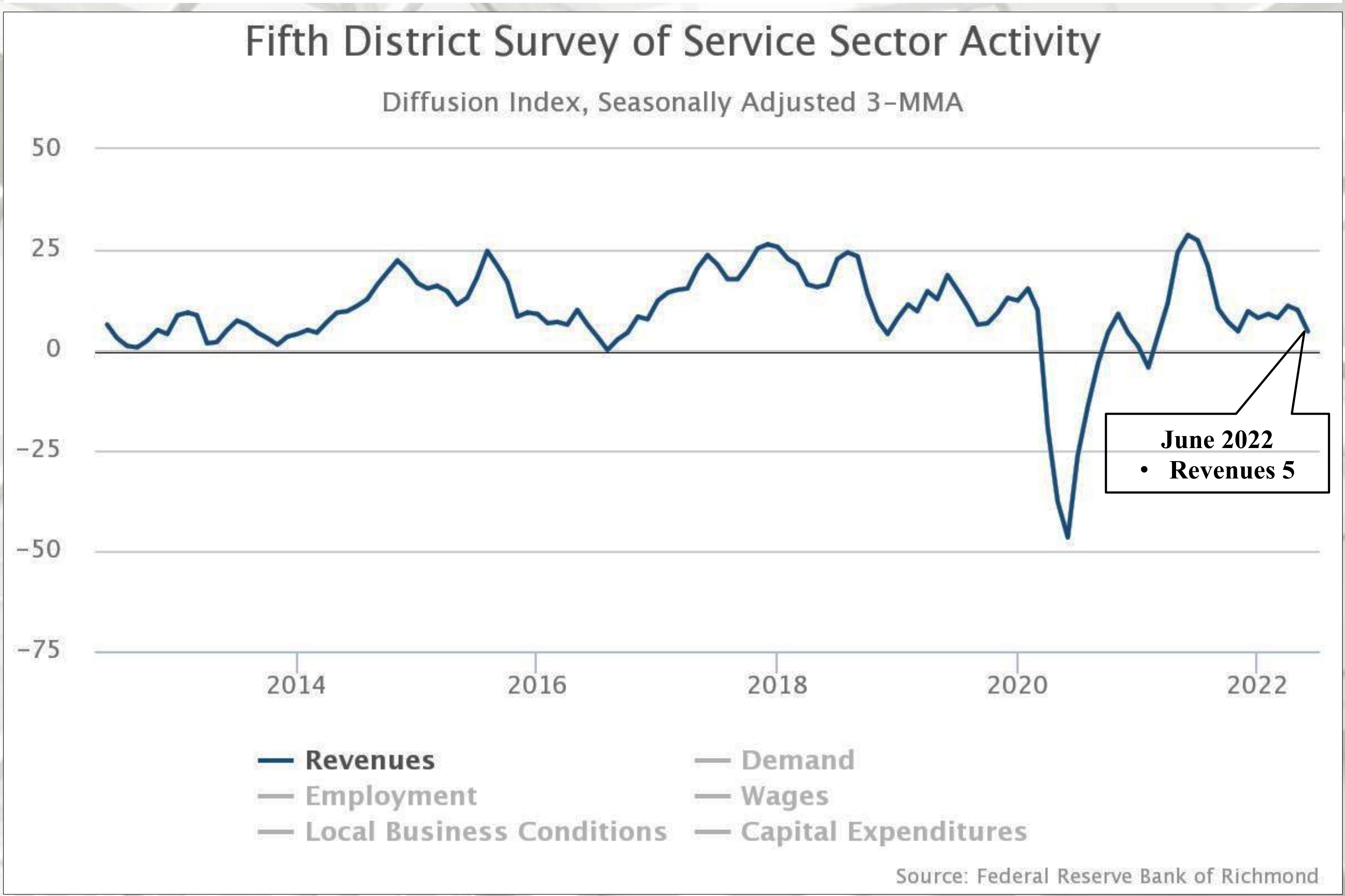
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 6/28/22

U.S. Global Economic Indicators

The Federal Reserve Bank of Dallas

México Economic Update

México's Economy Picks Up, Economic Growth Continues; Outlook Remains Unchanged

México's first-quarter economic growth was better than previously estimated as the second estimate of GDP was revised up to an annualized 4.1 percent from the initially reported 3.6 percent. In addition, México's proxy for monthly GDP growth averaged 0.4 percent during April and May. However, deceleration in global economic growth, ongoing supply-chain bottlenecks, higher inflation and tighter monetary policy remain headwinds for the Méxican economy. The consensus forecast for 2022 GDP growth (fourth quarter/fourth quarter), compiled by Banco de México, remained unchanged in May (*Table 1*).

The latest data available show exports, employment and retail sales grew, while industrial production and remittances declined. In May, the peso gained value against the dollar, but inflation remained elevated.

Economic Activity Expands

Growth in the global economic activity index (IGAE) – the monthly proxy for GDP growth – was 0.1 percent in May and 0.8 percent in April (month over month), a slight acceleration from the previous two months on average (*Chart 1*). The pickup in activity was mainly due to the goods-producing sector (including manufacturing, construction and utilities), which increased 15.1 percent in April and 0.1 percent in May. Service-related activities (including trade and transportation) fell 11.8 percent in April but grew 0.7 percent in May. On a year-over-year basis, IGAE rose 1.0 percent in May and 1.3 percent in April." – Jesus Cañas, Senior Business Economist, and Juliette Coia, Research Analyst; Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2022/2204.aspx; 7/7/22

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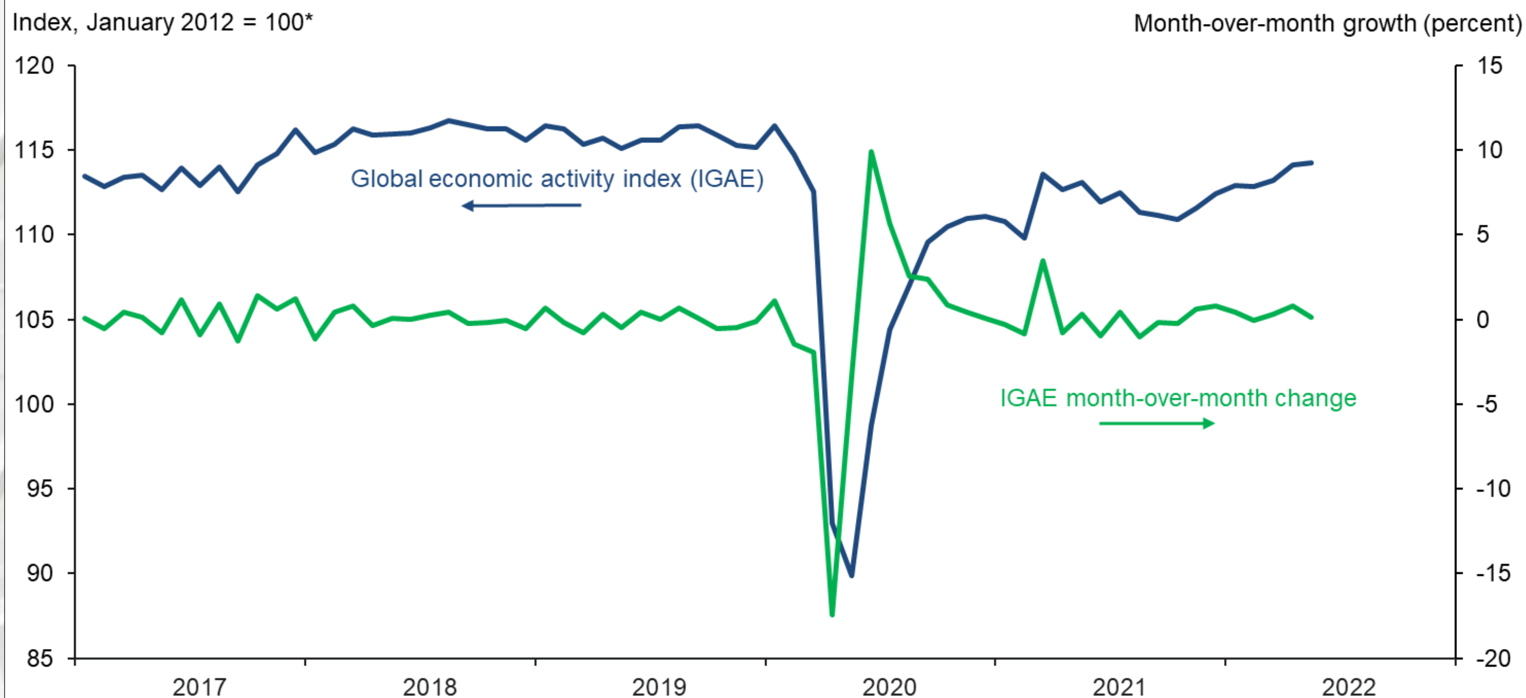
U.S. Global Economic Indicators

Table 1: Consensus Forecasts for 2022 Mexico Growth, Inflation and Exchange Rate

	May	April
Real GDP Growth (Q4/Q4)	2.1	2.1
Real GDP (average year/year)	1.8	1.7
CPI (Dec. '22/Dec. '21)	6.8	6.8
Exchange rate—pesos/dollar (end of year)	21.0	21.1

NOTE: CPI refers to consumer price index. The survey period was May 24–30.
SOURCES: Encuesta sobre las Expectativas de los Especialistas en Economía del Sector Privado: Mayo de 2022 (communiqué on economic expectations, Banco de México, May 2022).

Chart 1
Economic Activity Improves



*Seasonally adjusted; real pesos.
NOTE: Data are through February 2022. Data for March and April 2022 are estimated by the National Institute of Statistics and Geography (INEGI) using its timely indicator of economic activity (IOAE).
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Source: https://www.dallasfed.org/research/update/mex/2022/2204.aspx; 7/7/22

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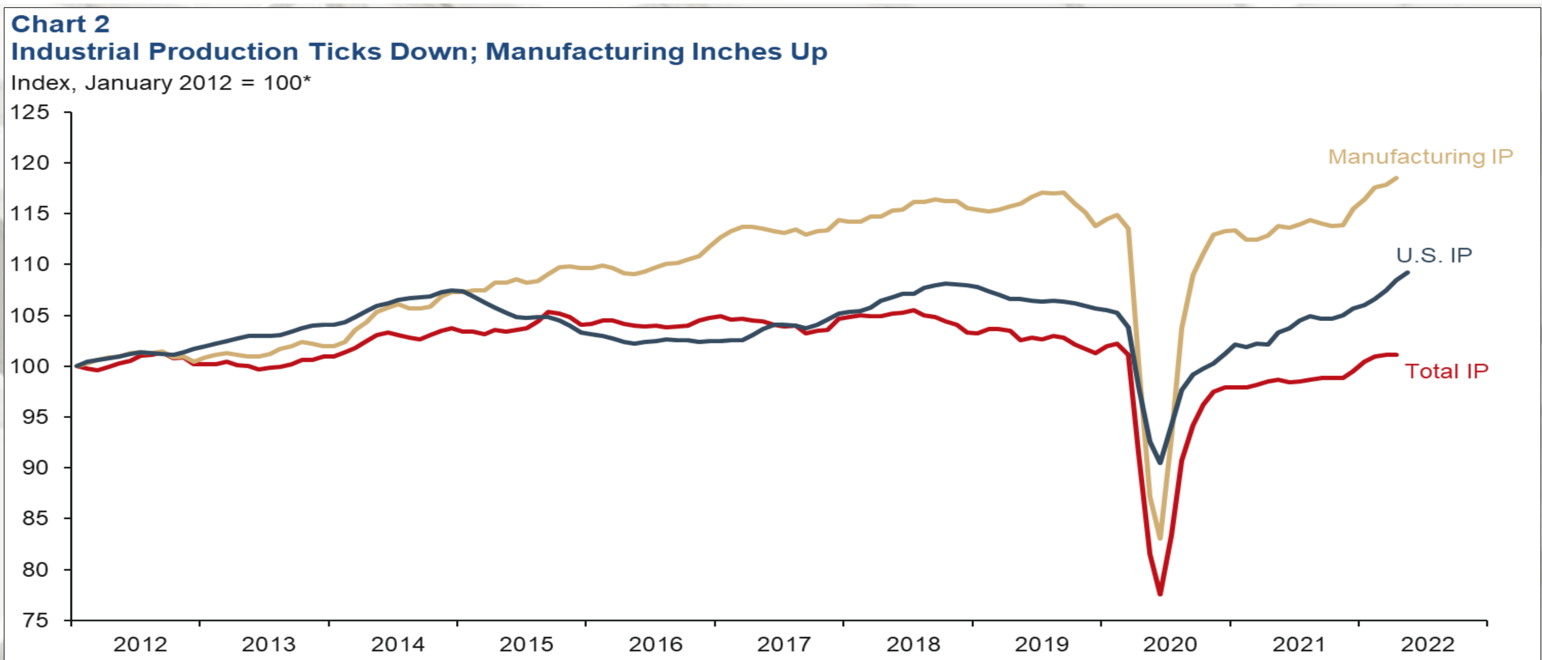
U.S. Global Economic Indicators



*Seasonally adjusted, three-month moving average.
NOTES: Total and manufacturing IP refer to Mexico. U.S. IP refers to total industrial production in the United States. Mexico data are through April 2022. U.S. data are through May 2022.
SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); Federal Reserve Board.

México Economic Update

Industrial Production Slows

"The three-month moving average of México's industrial production (IP) index – which includes manufacturing, construction, oil and gas extraction, and utilities – dipped in April from March even as manufacturing production rose (*Chart 2*). On a month-over-month and unsmoothed basis, IP was down 0.1 percent in April. North of the border, U.S. IP increased 0.7 percent in May after rising 1.0 percent in April. The correlation between IP in México and the U.S. increased considerably with the rise of intra-industry trade between the two countries since the early 1990s. México's manufacturing sector could experience some slowdown in the second quarter, particularly if U.S. consumer demand decelerates as a result of rising prices and higher interest rates." – Jesus Cañas, Senior Business Economist, and Juliette Coia, Research Analyst; Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2022/2204.aspx; 7/7/22

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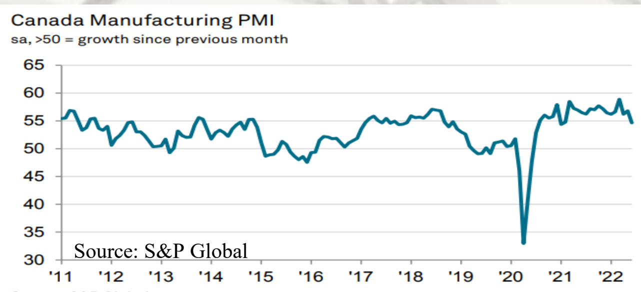
Private Indicators: Global



S&P Global Canada Manufacturing PMI®

"The seasonally adjusted S&P Global Canada Manufacturing Purchasing Managers' Index® (PMI®) registered 54.6 in June, down from 56.8 in May. The latest reading signalled 24 continuous months of growth, although the improvement was the third-weakest in this sequence.

PMI dips to 17-month low in June

Canadian manufacturers concluded the second quarter of the year with a softer improvement in operating conditions, according to latest survey data. Notably, output expanded at the softest pace for two years, while new orders rose only moderately. At the same time, weaker uplifts were recorded for employment and purchasing activity, while exports fell for the first time in four months. Panel comments indicated that persistent price hikes and material shortages weighed on demand and output growth, as input price inflation ticked higher. Weaker growth of new orders fed through to a dip in sentiment to a 17-month low. Firms indicated concerns over the global economy and the lingering implications of COVID-19.

The two largest components of the PMI by weight – output and new orders – were behind the latest moderation. Both sub-indices dipped notably from May and fell to 24- and 23-month lows, respectively. Production volumes rose in June, with expansions now seen in each month for the last two years. That said, growth eased considerably from May and was only marginal overall. Softer inflows of new work, material delays and higher costs were reportedly behind the slowdown. …

There were signs of difficulty in Canada's manufacturing sector in June. The PMI dipped to the lowest for 17 months amid softer uplifts in output, new orders, purchases and employment. Global supply issues and steep price pressures were at the heart of the issue, and are expected to continue to disrupt the manufacturing economy this year.

Canadian manufacturers particularly struggled with sourcing key materials. A notable slowdown in purchasing activity could hinder production significantly over the coming months. Sales was also hit hard, but more so from international markets at the end of the quarter.

A dip in confidence indicates firms are aware of the real difficulties that could hit the global economy in the next 12 months. Firms have recovered well from the pandemic and will now have to gear up for further hardship." – Shreeya Patel, Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/e3da5733fcdc4425ae4306e6776626dd; 7/4/22

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Private Indicators: Global

S&P Global Caixin China General Manufacturing PMI™

Manufacturing output rebounds as pandemic restrictions recede

“The headline seasonally adjusted headline seasonally adjusted *Purchasing Managers’ Index™ (PMI™)* – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – increased from 48.1 in May to 51.7 in June, to signal the first improvement in the health of the sector for four months. Though modest, the rate of increase was the strongest seen since May 2021.

The reduction in COVID -19 case numbers and subsequent easing of containment measures across China led to a renewed improvement in manufacturing business conditions in June. Output expanded sharply as disruption to operations receded, with the rate of growth the quickest seen for just over a year-and-a-half. New orders and new export sales also returned to growth, though rates of expansion were modest overall. Supply chains were meanwhile broadly stable, which ended a two-year streak of worsening lead times. While firms registered a further marked increase in input costs, prices charged were cut once again as part of efforts to attract sales.

Chinese manufacturers registered the first expansion of output since February at the end of the second quarter. The rate of growth was the quickest seen since November 2020 and sharp, with a number of firms linking the rise to the return to more normal operations and reopening of production lines as COVID-19 restrictions were eased.

Total new orders likewise returned to growth in June, though the rate of increase was only modest. A number of firms mentioned that the lingering impact of the pandemic and relatively subdued demand conditions had impacted new order intakes. New export business also rose modestly.” – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/6ac5e60da664495b83007e1a8aed215e; 7/1/22

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Private Indicators: Global

S&P Global Caixin China General Manufacturing PMI™

"The return to more normal business conditions also helped to alleviate pressure on supply chains, as highlighted by a broad stabilisation of vendor performance in June. Notably, this ended a 24-month period of lengthening delivery times for inputs.

Although companies saw a rebound in activity in June, they remained relatively cautious in terms of staffing levels. Employment declined for the third month in a row, albeit modestly, with a number of firms linking this to the non-replacements of voluntary leavers as new business intakes were relatively subdued. Furthermore, there appeared little pressure on operating capacities as production schedules resumed, with companies registering a renewed fall in backlogs of work in the latest survey period.

Reflective of the trend seen for new orders, purchasing activity rose modestly in June. Inventories of purchased inputs expanded only fractionally, and stocks of finished goods fell marginally, as some companies were reluctant to build inventories in light of relatively muted demand conditions.

Higher costs for raw materials and transport drove a further sharp increase in input costs in June. Nonetheless, companies cut their selling prices for the second month in a row amid greater market competition and efforts to stimulate sales.

Business confidence regarding the 12-month outlook for output improved to a four-month high in June. Companies were generally upbeat in their forecasts as they anticipated further increases in production as the pandemic recedes and further improvements in client demand." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/6ac5e60da664495b83007e1a8aed215e; 7/1/22

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Private Indicators: Global

S&P Global Caixin China General Manufacturing PMI™

"The Caixin China General Manufacturing PMI rose to 51.7 in June, up 3.6 points from the month before and marking the highest reading for 13 months. The easing of regional Covid-19 lockdowns and other restrictions contributed to the recovery.

Manufacturing supply surged, and demand improved. As Covid restrictions were loosened, production in the manufacturing sector gradually moved toward normality. After three months of contraction, the gauge for output returned to expansionary territory and jumped to its highest point since November 2020. The recovery of manufacturing demand was not as strong as that of supply, but the subindex for total new orders rose above 50 for the first time in four months, and the gauge for new export orders returned to positive territory for the first time since last July.

Employment remained weak. Improvement in manufacturing supply and demand did not spill over into the labor market, with companies being cautious about expanding recruitment. The gauge for employment remained in negative territory for the 10th time in the past 11 months.

Divergence between input costs and output prices continued. The prices of raw materials and freight remained high, adding to manufacturers' costs. The gauge for input costs remained in expansionary territory for the 25th consecutive month. As the recovery in demand was limited, the measure for output prices remained in contractionary territory for the second month. But the survey showed that consumer goods companies had stronger bargaining power than their investment and intermediate goods counterparts." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/6ac5e60da664495b83007e1a8aed215e; 7/1/22

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Private Indicators: Global

S&P Global Caixin China General Manufacturing PMI™

"Logistics gradually stabilized. While supply has not fully recovered from lockdown-induced disruption, some companies reported sharp decreases in suppliers' delivery times. The gauge for suppliers' delivery times topped 50 for the first time in two years. The quantity of manufacturing purchases greatly increased, while backlogs of work declined.

Entrepreneurs remained optimistic. The measure for future output expectations climbed to the highest since February, yet was still lower than the long-term average. Business owners expressed concern over the negative impact of future domestic Covid outbreaks and the state of the global economy.

Overall, Covid lockdowns and other restrictions eased in June, facilitating a gradual recovery in manufacturers' operations. Supply and demand were on the rise, with supply improving more. Delivery and logistics recovered hand in hand. The job market lagged the positive signs, remaining in negative territory. Input costs and output prices continued to diverge, posing profit challenges.

Restoration in the post-pandemic era remained the focus of the current economy, yet its base was far from strong. Deteriorating household income and expectations caused by a weak labor market dampened the demand recovery. Correspondingly, supportive policies should target employees, gig workers and low-income groups impacted by the outbreaks." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/6ac5e60da664495b83007e1a8aed215e; 7/1/22

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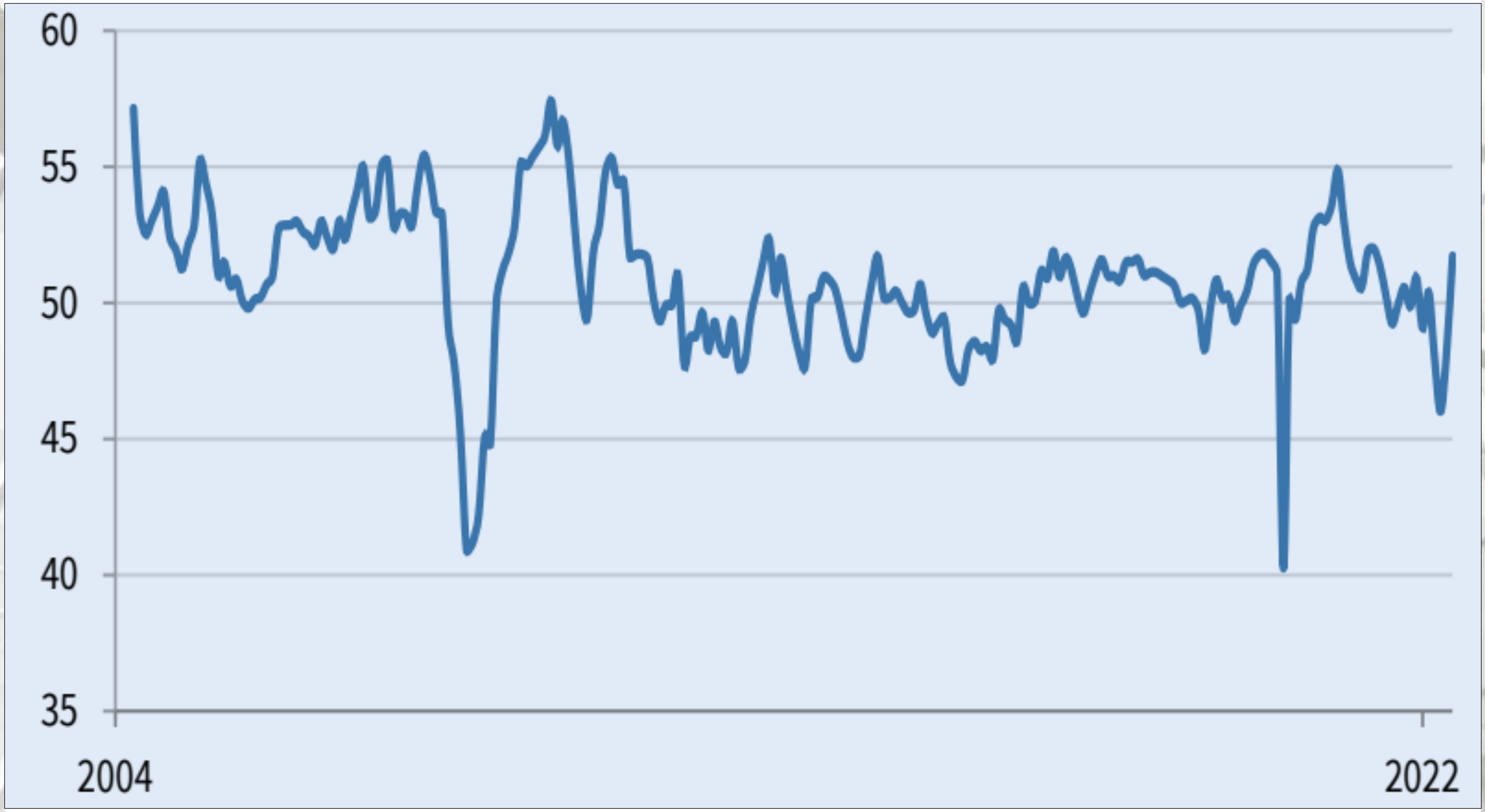
Private Indicators: Global

China General Manufacturing PMI



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

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/6ac5e60da664495b83007e1a8aed215e; 7/1/22

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Private Indicators: Global

S&P Global Eurozone Manufacturing PMI®

"The S&P Global Eurozone Manufacturing PMI® fell from 54.6 in May to 52.1 in June, its lowest reading since August 2020 and a fifth consecutive month of decline in the headline measure.

Manufacturing output falls for first time since depths of initial COVID-19 lockdowns in 2020

June PMI® survey data showed the eurozone manufacturing economy ending the second quarter on a low as production levels fell for the first time in two years. Evidence of worsening conditions for goods producers was seen across many of the sub-indices of the latest PMI survey as total new business intakes and export orders both declined, while business confidence slid to a 25-month low. Backlogs of work, which have been built up significantly throughout the pandemic, also fell for the first time in almost two years as companies focused on completing unfilled orders due to falling demand. …

Eurozone manufacturing has moved into decline in June, with production dropping for the first time for two years amid a steepening downturn in demand. Orders for goods have fallen at an accelerating rate over the past two months, dropping in June in every country surveyed with the exception of the Netherlands, and even here the rate of growth has weakened markedly in recent months. Demand is now weakening as firms report customers to be growing more cautious in relation to spending due to rising prices and the uncertain economic outlook.

The downturn looks set to gain momentum in coming months. Inventories of both raw materials and unsold stock are rising due to lower than expected production and sales volumes respectively, hinting that an inventory correction will act as an additional drag on the sector in coming months. Backlogs of work are meanwhile falling, which is often a prelude to firms reducing operating capacity, and business confidence in the outlook has fallen to the gloomiest for just over two years.

Supply for many important inputs also remains constrained, and concerns over energy and food supply have added to nervousness about the future. One upside to the recent weakening of demand is an alleviation of some supply chain constraints, which has in turn helped cool inflationary pressures for industrial goods. With the survey data indicating an increasing likelihood of the manufacturing sector slipping into a recession, these price pressures should ease further in the third quarter." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/393fc1e5fe83458897d91fafee2d434b; 7/1/22

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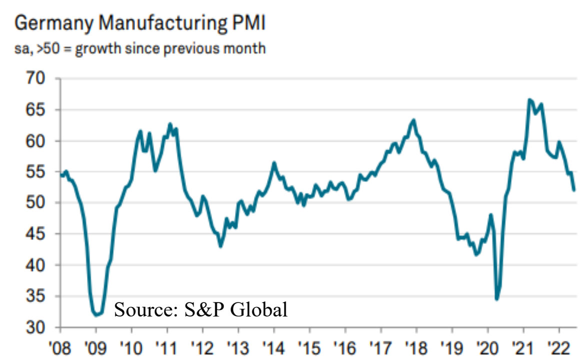
Private Indicators: Global



S&P Global/BME Germany Manufacturing PMI®

"The headline the seasonally adjusted S&P Global/BME Germany Manufacturing PMI® – a single-figure measure of sector performance derived from measures of new orders, output, employment, suppliers' delivery times and stocks of purchases – registered 52.0 in June, down from 54.8 in May and its lowest reading for almost two years. It stayed above the 50.0 no-change threshold thanks to its employment, stocks of purchases and supplier delivery times components (the last of which is inverted in the PMI's calculation).

Manufacturing outlook darkens as sharp fall in demand for goods weighs on factory output

Latest PMI® data highlighted a difficult end to the second quarter for Germany's manufacturing sector, with new orders falling further amid growing headwinds to demand, and output also in decline. Firms grew more pessimistic about the outlook, owing to concerns about a combination of high inflation, continued supply disruption and shrinking order books. Elsewhere, whilst still elevated, rates of increase in both factory input costs and output prices slowed for the second month in a row in June, as the survey showed an easing of some supply chain pressures. …

Alongside concerns over high inflation and supply disruption, worries about the outlook for demand saw firms' expectations towards the year-ahead outlook for output turn more pessimistic in June. Still, latest data showed another robust rise in employment at factories, reflecting long-running efforts to expand capacity. The pace of job creation did, however, ease since May.

We're seeing a rapid correction in underlying demand for German goods. Inflows of new orders across the sector showed a deepening decline in June, as firms reported a degree of demand destruction from higher prices, growing market uncertainty, and multiple headwinds to export sales. However, though steep, the decline in new orders has merely brought the level more into line with that of output after a long period of outperformance, which helps explain why we've not seen a similarly sharp fall in production.

Still, the data for the three months to June pointed to the sector's weakest quarterly trend in production for two years. With backlogs now in decline, firms have downgraded their expectations for output over the next 12 months to the gloomiest for over two years. We're starting to see some relief on the inflation front, with rates of increase in both input costs and output prices slowing down for a second straight month. However, it's difficult to untangle any alleviation of pressure coming from the supply side from the effects of weaker demand." – Phil Smith, Principal Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/b903b6473ce9455a8441fb6b02a63693; 7/1/22

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Private Indicators: Global

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

J.P. Morgan Global Manufacturing PMI™

"The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – fell to a 22-month low of 52.2 in June, from 52.3 in May, but remained above the neutral mark of 50.0 for the twenty-fourth successive month. 24 out of the 29 nations covered by the survey registered PMI readings above the no-change level, with only the Czech Republic, Myanmar, Poland, Taiwan and Turkey signalling contractions.

Global manufacturing PMI at 22-month low despite rebound in China

Global factory output returned to growth in June, as an easing in COVID restrictions in China started a recovery in the world's largest manufacturing economy. However, several underlying weaknesses and headwinds remained, including tapering growth of new order intakes, lower business confidence, elevated inflationary pressures and stretched global supply chains. Global manufacturing production increased for the first time in three months in June. One of the main drivers of the rebound was China, where output growth was the strongest since November 2020 following three months of contraction. …

Data broken down by sector signalled a broad-based expansion of global production volumes in June. Growth was strongest in the consumer goods industry, hitting a seven month high. Both the intermediate and investment goods categories returned to expansion following back-to-back contractions in April and May. The demand picture remained relatively weak at the end of the second quarter, however. Growth of new order intakes eased to a near-standstill pace, the weakest rise during the current two-year sequence of increase. International trade flows continued to decline, as the volume of new export business contracted for the fourth straight month (albeit to the weakest extent during that sequence). …

Apart from the subdued demand environment, the global manufacturing sector continued to be buffeted by ongoing headwinds. Business optimism dipped to a two-year low, inflationary pressure remained elevated and supply chains also stayed stretched. That said, weaker increases in input costs, output prices and supplier delivery times indicated that the pressure on these factors was passed its peak. … " – Olya Borichevska, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/a306552ba01f4444bfbd97ca6960022b; 7/1/22

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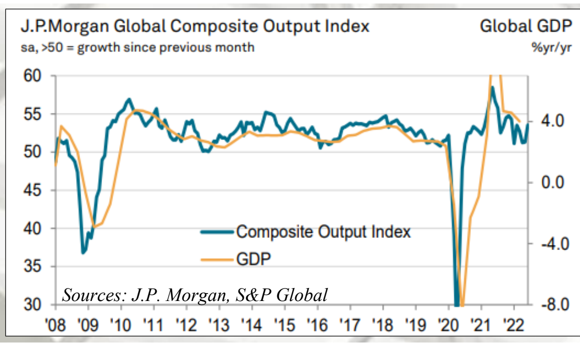
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – posted 53.5 in June, up from 51.3 in May. However, after excluding China from the calculation, the index fell from 53.9 to 53.1, further highlighting how recent volatility in the Chinese economy has impacted global economic trends.

Global growth accelerates following upturn in China

The rate of global economic expansion accelerated to a four month high in June. The rebound mainly reflected a revival in China, where an easing of COVID lockdowns underpinned a solid return to growth. However, several survey indicators highlighted the ongoing fragility of the global economic upturn. New order growth eased to a near two-year low, international trade declined and business confidence slumped to its lowest since September 2020.

Worldwide manufacturing production returned to growth in June, after back-to-back contractions in April and May. Growth of service sector business activity accelerated to a four-month high. Sub-sector data indicated expansion across the six industries covered by the survey, including returns to growth for the financial services, intermediate goods and investment goods categories. Faster rates of increase were seen in the business services and consumer goods sectors, while growth slowed at consumer services firms. …

Underlying market conditions remained tough at the end of the second quarter. New order intakes rose at the slowest pace since July 2020, with new export business contracting for the fourth consecutive month (albeit to the weakest extent during that sequence). …

Underlying economic weaknesses, heightened risk and continued uncertainties impacted business confidence during June. Optimism surrounding the year-ahead outlook for growth dipped to its lowest level in 21 months. Sentiment eased in the majority of the countries covered, the exceptions being China, Japan, Brazil and Russia.

Underlying economic weaknesses, heightened risk and continued uncertainties impacted business confidence during June. Optimism surrounding the year-ahead outlook for growth dipped to its lowest level in 21 months. Sentiment eased in the majority of the countries covered, the exceptions being China, Japan, Brazil and Russia. …" – Olya Borichevska, Global Economic Research, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/a17a779f6c004745b2ff3154dcd282cd; 7/6/22

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Slightly Dips in May

"National nonresidential construction spending was down by 0.6% in May, 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 $832.5 billion for the month.

Spending was down on a monthly basis in 10 of the 16 nonresidential subcategories. Private nonresidential spending was down 0.4%, while public nonresidential construction spending was down 0.8% in May. Nonresidential construction spending is up 1.0% over the past year, though spending is down in 10 of 16 categories over that span. The best performer is manufacturing, a segment in which construction spending is up 26.3% on a year-over-year basis.

"Many contractors continue to report that they are operating at capacity despite a lack of strong nonresidential construction spending recovery," said ABC Chief Economist Anirban Basu. "That juxtaposition provides solid evidence that the supply side of the U.S. economy remains heavily constrained by worker shortages, domestic and global supply chain disruptions and resulting high prices.

"Since the early months of the pandemic, contractors have reported that they are able to pass along their cost increases to project owners, according to ABC's Construction Confidence Index," said Basu. "But there are growing concerns among industry leaders that the ability to pass along cost increases will dissipate during the months ahead as financial conditions tighten and confidence in economic performance wanes.

"A primary implication is that contractor margins may be squeezed going forward, and there is growing anecdotal evidence that this is already occurring," said Basu. "There is also a growing risk of a significant number of project postponements in both private and public construction segments due to high materials prices and labor costs."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19488/nonresidential-construction-spending-slightly-dips-in-may-says-abc; 7/1/22

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Private Indicators
Associated Builders and Contractors

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

	May 2022	April 2022	May 2021	1-Month % Change	12-Month % Change
Total Construction	$1,779,800	$1,782,458	$1,621,942	-0.1%	9.7%
Residential	$947,272	$945,051	$797,728	0.2%	18.7%
Nonresidential	$832,528	$837,407	$824,214	-0.6%	1.0%
Religious	$2,758	$2,562	$2,960	7.7%	-6.8%
Public safety	$10,989	$10,826	$12,223	1.5%	-10.1%
Transportation	$55,472	$54,774	$57,682	1.3%	-3.8%
Manufacturing	$94,305	$93,214	$74,660	1.2%	26.3%
Office	$84,835	$84,692	$86,775	0.2%	-2.2%
Communication	$23,530	$23,526	$25,275	0.0%	-6.9%
Sewage and waste disposal	$29,851	$29,926	$27,886	-0.3%	7.0%
Lodging	$16,404	$16,455	$18,568	-0.3%	-11.7%
Educational	$96,403	$96,913	$99,471	-0.5%	-3.1%
Water supply	$19,448	$19,559	$19,733	-0.6%	-1.4%
Commercial	$102,214	$103,148	$93,086	-0.9%	9.8%
Power	$113,226	$114,424	$119,854	-1.0%	-5.5%
Amusement and recreation	$26,093	$26,477	$26,089	-1.5%	0.0%
Health care	$49,829	$50,731	$47,375	-1.8%	5.2%
Highway and street	$98,737	$101,109	$104,996	-2.3%	-6.0%
Conservation and development	$8,434	$9,073	$7,581	-7.0%	11.3%
Private Nonresidential	$497,848	$499,938	$480,155	-0.4%	3.7%
Public Nonresidential	$334,680	$337,469	$344,059	-0.8%	-2.7%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/entryid/19488/nonresidential-construction-spending-slightly-dips-in-may-says-abc; 7/1/22

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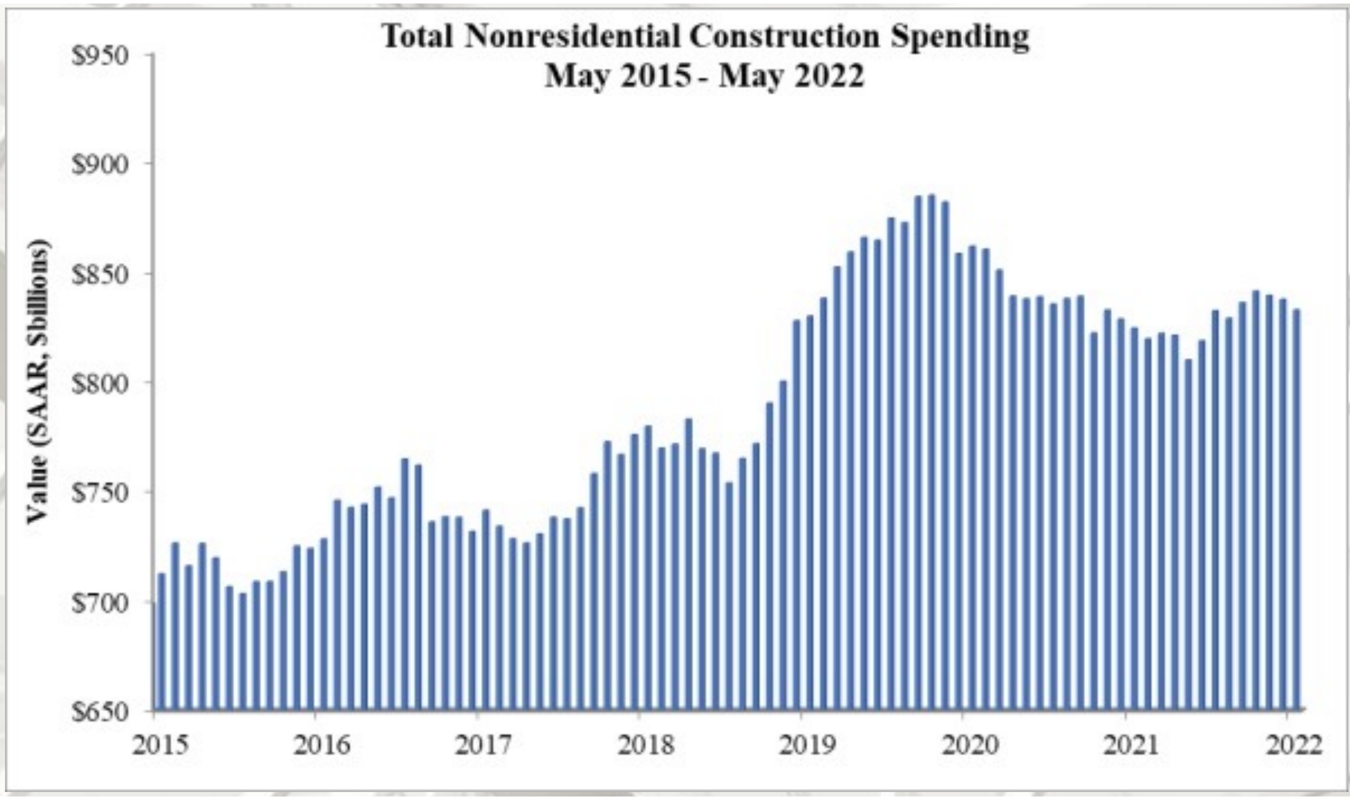

Nonresidential Construction Spending Slightly Dips in May

"""The key to sustaining nonresidential construction's recovery will be slower inflation," said Basu. "As long as inflation remains elevated, monetary policy will continue to tighten and project owners will be less willing to move forward with projects in an effort to preserve cash. Unfortunately, ongoing efforts to limit inflation are likely to result in recession or at least further economic slowing, which will create additional issues for many contractors. However, less inflation and more favorable construction materials prices would create a foundation for renewed construction spending vigor."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19488/nonresidential-construction-spending-slightly-dips-in-may-says-abc; 7/1/22

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Inches Lower in June; Contractor Confidence Falters

"Associated Builders and Contractors reports today that its Construction Backlog Indicator fell 0.1 months in June and stands at 8.9 months, according to an ABC member survey conducted June 21 to July 5. The reading is up 0.4 months from June 2021.

ABC's Construction Confidence Index readings for sales, profit margins and staffing levels declined in June. The indices for sales and staffing remain above the threshold of 50, indicating expectations of growth over the next six months, while the reading for profit margins fell below the threshold of 50 for the first time since October 2021.

"Several months ago, there was conjecture that contractors were generally too upbeat regarding their collective future," said ABC Chief Economist Anirban Basu. "Increasingly, the data suggest that they were. At the time, many contractors reported surging backlog and an ability to pass along hefty cost increases to project owners. For months, contractors expected sales, employment and margins to expand. The most recent ABC survey indicates that, to secure work and to induce project starts, a growing fraction of contractors is having to trim margins.

"While circumstances are hardly catastrophic, the nonresidential construction marketplace is not as strong as it was expected to be," said Basu. "Many factors are involved, including materials prices that have remained stubbornly elevated and construction skills shortages that have refused to dissipate." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19495/abcs-construction-backlog-inches-lower-in-june-contractor-confidence-falters; 7/12/22

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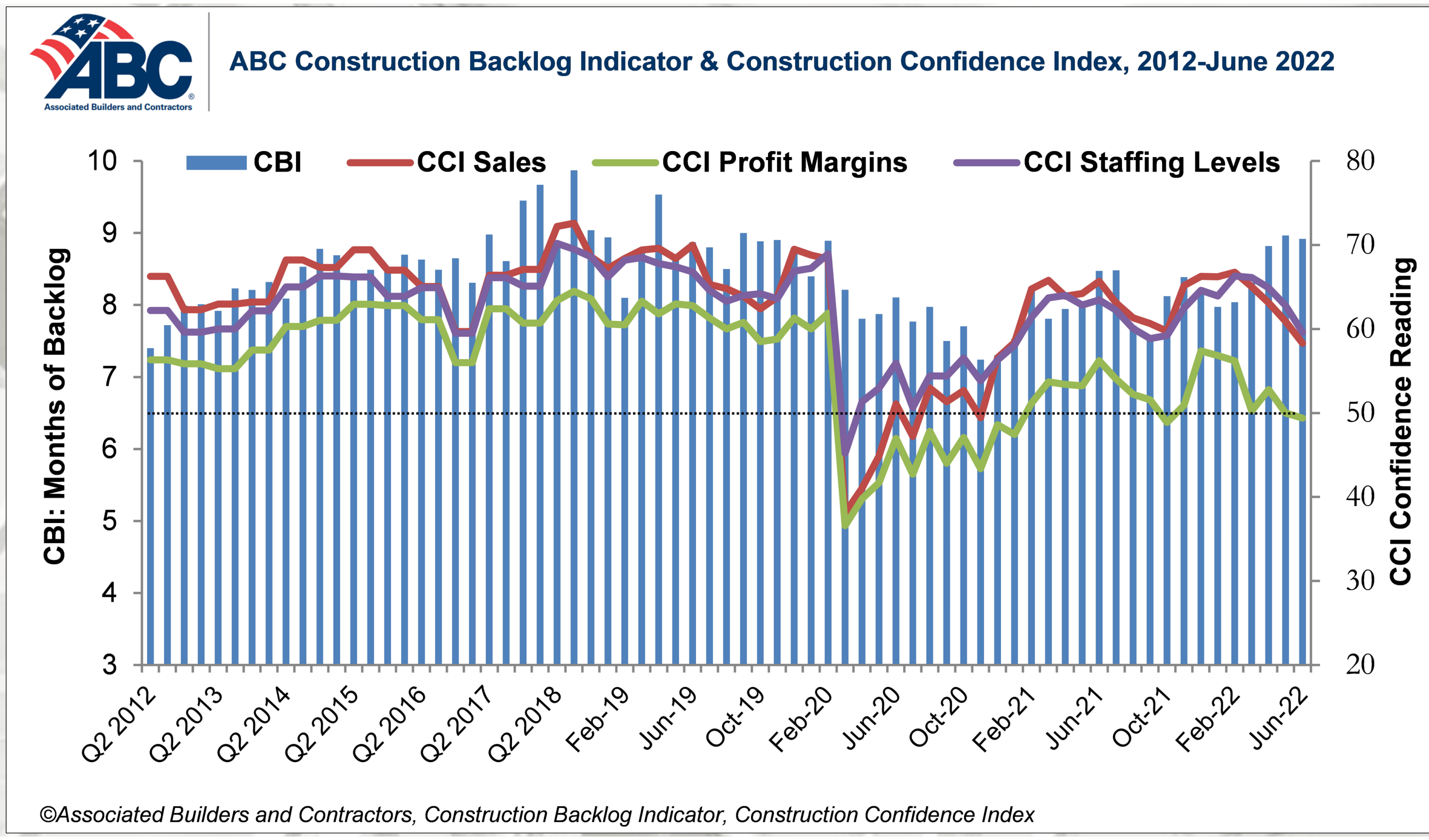
Associated Builders and Contractors



ABC's Construction Backlog Inches Lower in June

"“In the context of rising fears of recession and rising borrowing costs, the stage has been set for softer nonresidential construction activity going forward,” said Basu. “That said, public contractors can expect to remain busy in the context of a significant infrastructure spending package. Still, the market may not prove as robust as anticipated given delayed project start dates as public agencies determine the right moment to purchase construction services. Despite all of these considerations, contractors continue to expect industry sales and employment to expand over the next six months.”" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19495/abcs-construction-backlog-inches-lower-in-june-contractor-confidence-falters; 7/12/22

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Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator

	June 2022	May 2022	June 2021	1-Month Net Change	12-Month Net Change
Total	**8.9**	**9.0**	**8.5**	**-0.1**	**0.4**
Industry					
Commercial & Institutional	9.4	9.1	8.5	0.3	0.9
Heavy Industrial	7.7	8.8	4.6	-1.1	3.1
Infrastructure	7.9	9.3	10.2	-1.4	-2.3
Region					
Middle States	8.3	8.1	8.0	0.2	0.3
Northeast	8.2	9.6	8.9	-1.4	-0.7
South	10.0	9.6	8.4	0.4	1.6
West	9.0	8.2	8.5	0.8	0.5
Company Size					
<$30 Million	8.6	8.2	8.0	0.4	0.6
$30-$50 Million	8.0	11.0	8.5	-3.0	-0.5
$50-$100 Million	8.5	10.8	9.4	-2.3	-0.9
>$100 Million	13.6	13.2	12.8	0.4	0.8

Source: https://www.abc.org/News-Media/News-Releases/entryid/19495/abcs-construction-backlog-inches-lower-in-june-contractor-confidence-falters; 7/12/22

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index May 2022

Business conditions at architecture firms remain strong despite economic headwinds

Firms report that approximately 17% of their projects are designed to meet a rating system

"Architecture firms continued to report strong business conditions in May, despite increasing headwinds in the economy. While the Architecture Billings Index (ABI) score of 53.5 for the month means that fewer firms reported an increase in billings in May than in April (when the score was 56.5), the majority of firms reported billings growth for the 16th consecutive month. In addition, both inquiries into new projects and the value of new design contracts ticked up this month, indicating that there is still both strong interest in new projects and a substantial number of projects in the pipeline for which contracts have already been signed." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"The strength in design activity over the past three months has produced a broader base of gains. The Northeast region and Institutional sector have struggled with slow billings activity, but now have posted consecutive months of positive scores. With the improvement in inquiries and new design projects, demand for design services will likely remain high for the next several months, despite strong economic headwinds." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6519151-abi-may-2022-business-conditions-at-archit; 6/22/22

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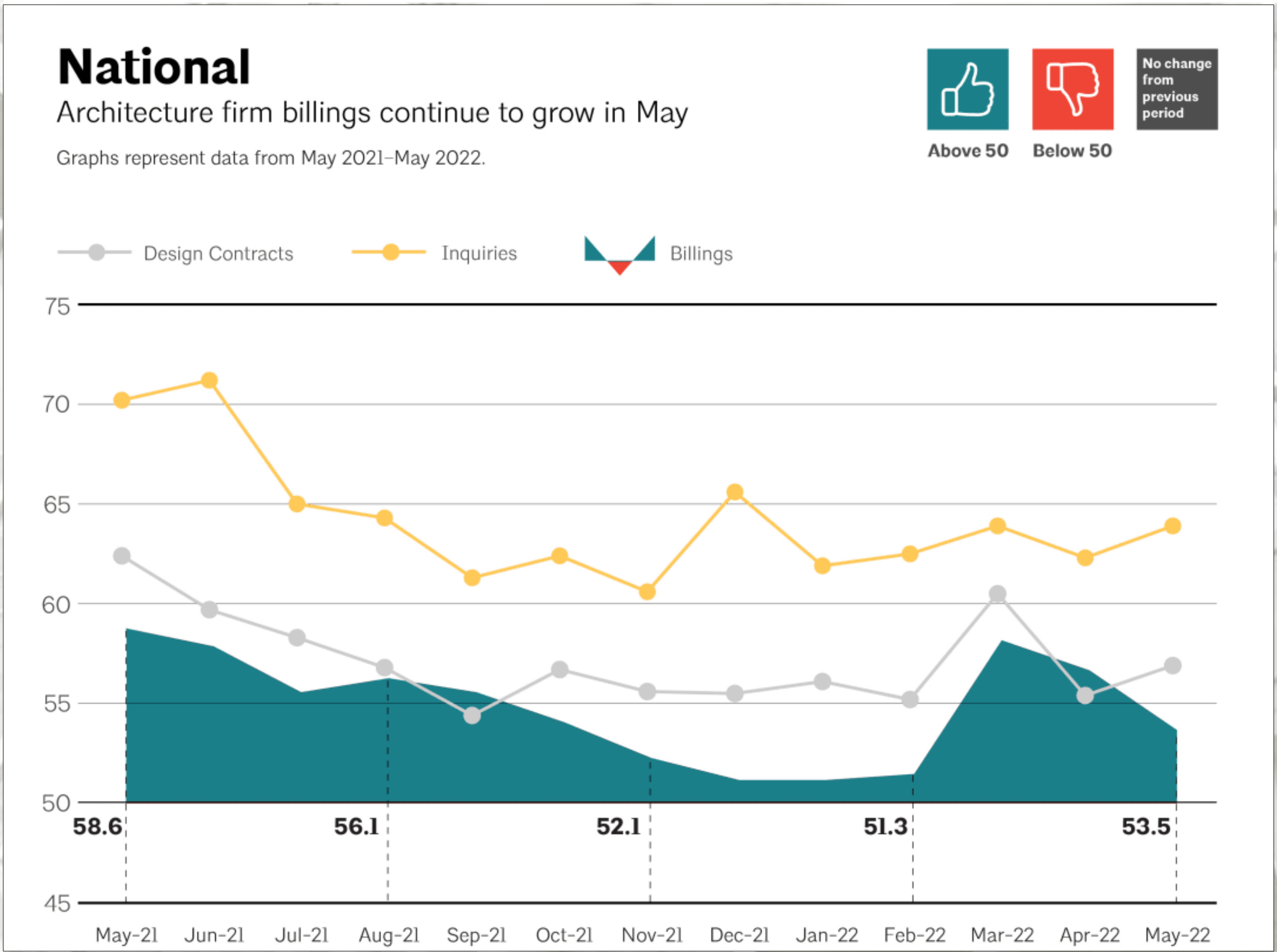
Private Indicators
American Institute of Architects (AIA)



Source: https://www.aia.org/pages/6519151-abi-may-2022-business-conditions-at-archit; 6/22/22

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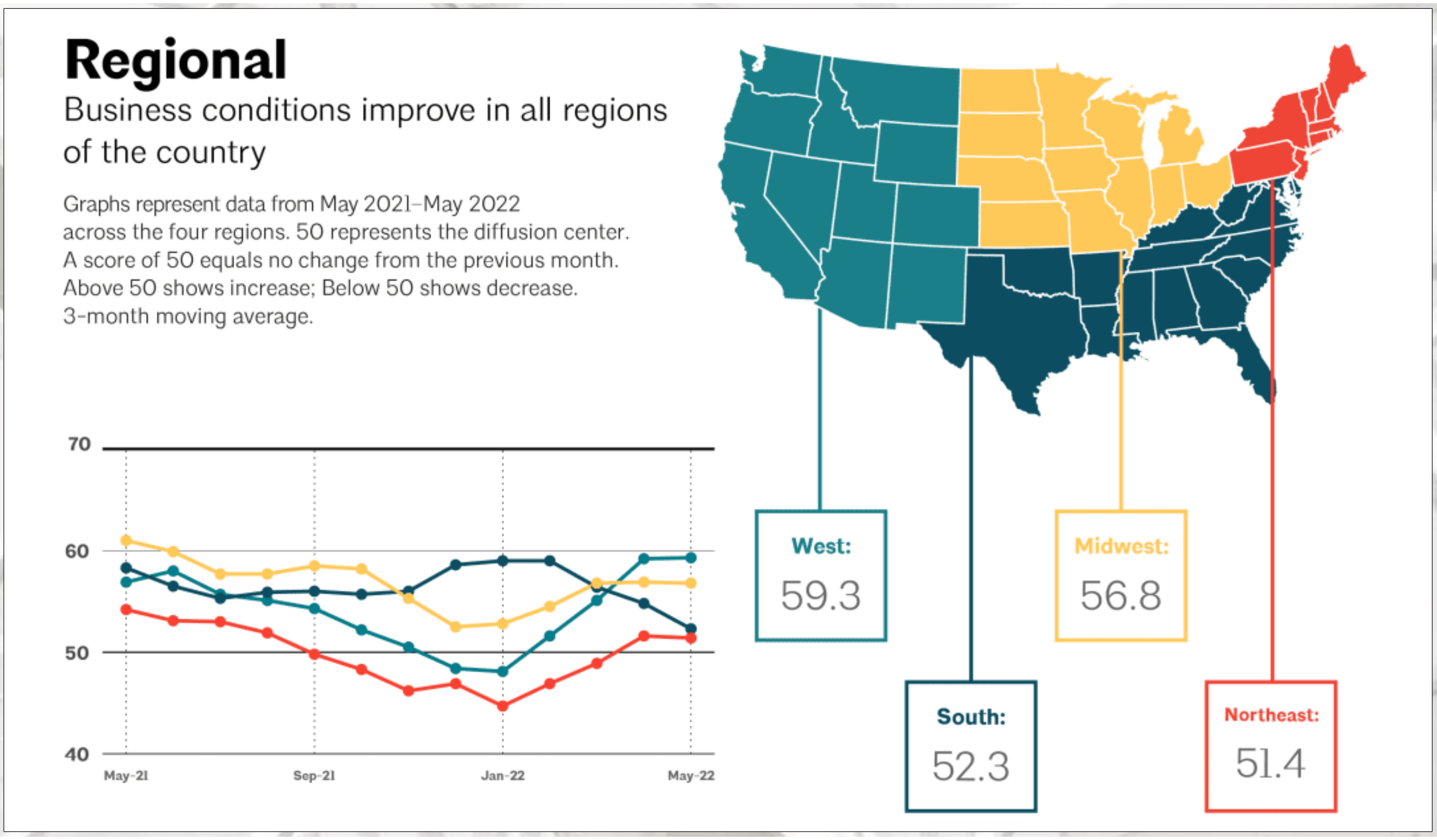
Private Indicators: AIA



Region

"Business conditions also improved at firms in all regions of the country for the second consecutive month in May, with firms in the Northeast continuing to report modest growth after seven straight months of declining billings. Business conditions remained strongest at firms located in the West, followed by firms located in the Midwest." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6519151-abi-may-2022-business-conditions-at-archit; 6/22/22

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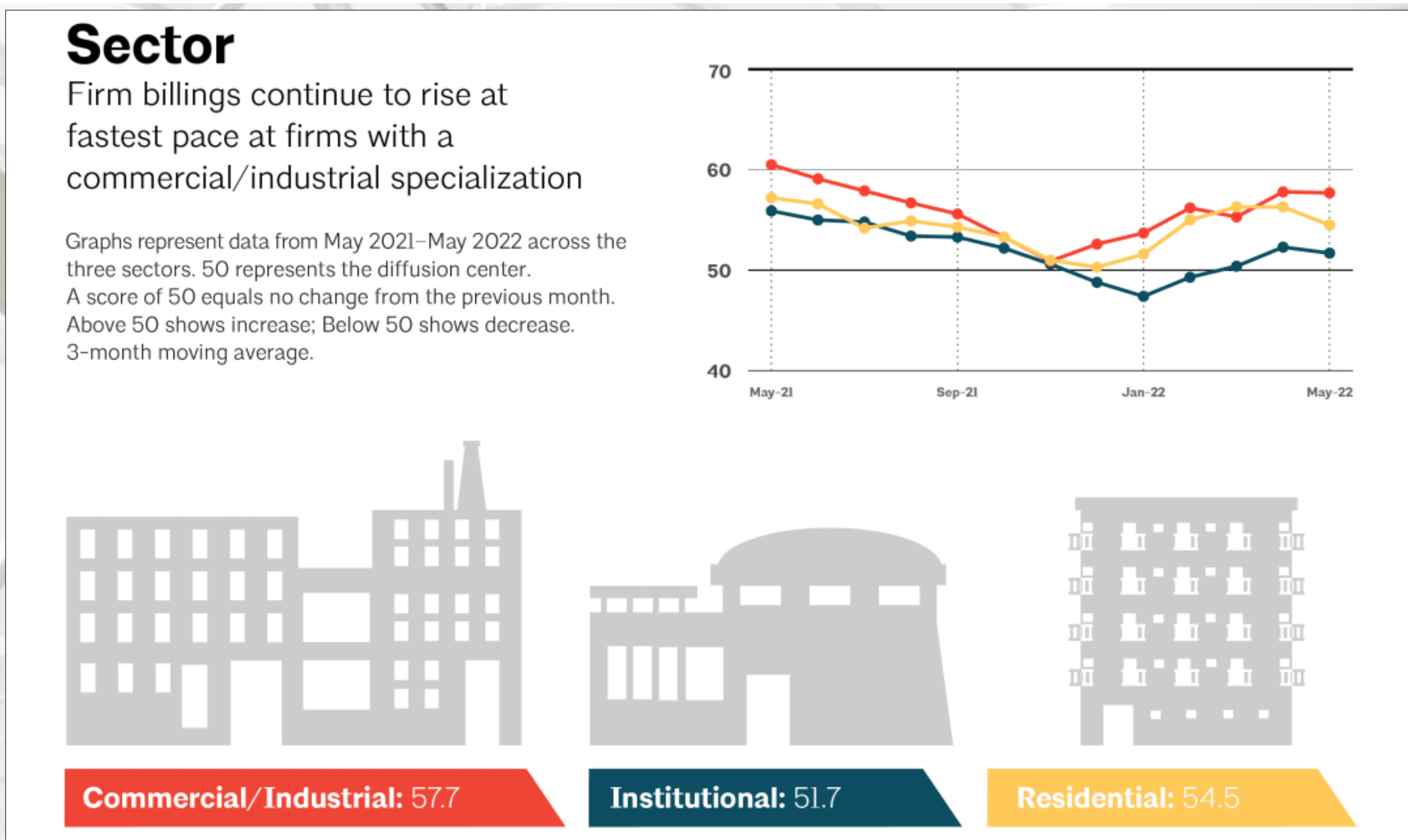
Private Indicators: AIA



Sector

"By firm specialization, while billings continued to increase at a steady clip at firms with a multifamily residential specialization, the pace of growth has slowed somewhat in recent months. Firms with a commercial/industrial specialization are still seeing the strongest conditions overall, as has been the case for much of the last year, while billings growth remained more modest at firms with an institutional specialization." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6519151-abi-may-2022-business-conditions-at-archit; 6/22/22

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Private Indicators

Dodge Data & Analytics

Total Construction Starts Increase in May

Strength in nonresidential building starts drove the month higher

"Total construction starts rose 4% in May to a seasonally adjusted annual rate of $979.5 billion, according to Dodge Construction Network. Nonresidential building starts rose 20%, while residential starts fell by 4% and nonbuilding lost 2% during the month.

Year-to-date, total construction was 6% higher in the first five months of 2022 compared to the same period of 2021. Nonresidential building starts rose 17% and residential starts gained 3%, while nonbuilding starts were 5% lower. For the 12 months ending May 2022, total construction starts were 10% above the 12 months ending May 2021. Nonresidential starts were 20% higher, residential starts gained 8% and nonbuilding starts were down 3%.

"The construction sector has become increasingly bifurcated over the past several months," said Richard Branch, chief economist for Dodge Construction Network. "Nonresidential building construction is clearly trending higher with broad-based resilience across the commercial, institutional and manufacturing spaces. However, growth in the residential market has been choked off by higher mortgage rates and rapidly falling demand for single family housing. Nonbuilding starts, meanwhile, have yet to fully realize the dollars authorized by the infrastructure act. While the overall trend in construction starts is positive, the very aggressive stance taken by the Federal Reserve to combat inflation risks slowing the momentum in construction."'" – Nicole Sullivan, Public Relations & Social Media, AFFECT

Source: https://www.construction.com/news/May-2022-Starts; 6/17/22

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Private Indicators

Dodge Data & Analytics

“**Residential building starts** fell 4% in May to a seasonally adjusted annual rate of $442.2 billion. Single family starts dropped 10% and multifamily starts rose 8%. Through the first five months of 2022, residential starts were 3% higher than in the first five months of 2021. Multifamily starts were up 21%, while single family housing slipped 3%.

For the 12 months ending May 2022, residential starts improved 8% from the same period ending May 2021. Single family starts were 2% higher and multifamily starts were 27% stronger on a 12-month rolling sum basis.

The largest multifamily structures to break ground in May were the $800 million Two Bridges building in New York, NY, the $329 million Reston Next residential building in Reston, VA and the $294 million 500 Main Street residential building in New Rochelle, NY.

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

Nonresidential building starts rose 20% in May to a seasonally adjusted annual rate of $355.1 billion. In May, commercial starts rose 35% due to a large gain in office starts. Institutional starts rose 9% and manufacturing starts fell 5%. Through the first five months of 2022, nonresidential building starts were 17% higher than during the first five months of 2021. Commercial starts advanced 17% and institutional starts rose 2%, while manufacturing starts were 97% higher on a year-to-date basis.

For the 12 months ending May 2022, nonresidential building starts were 20% higher than in the 12 months ending May 2021. Commercial starts grew 18%, institutional starts rose 9%, and manufacturing starts swelled 116% on a 12-month rolling sum basis.

The largest nonresidential building projects to break ground in May were the $950 million Meta Hyperscale data center in Temple, TX, the $940 million Digital Dulles data center in Dulles, VA and a $540 million mixed-use building in New York, NY.” – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/May-2022-Starts; 6/17/22

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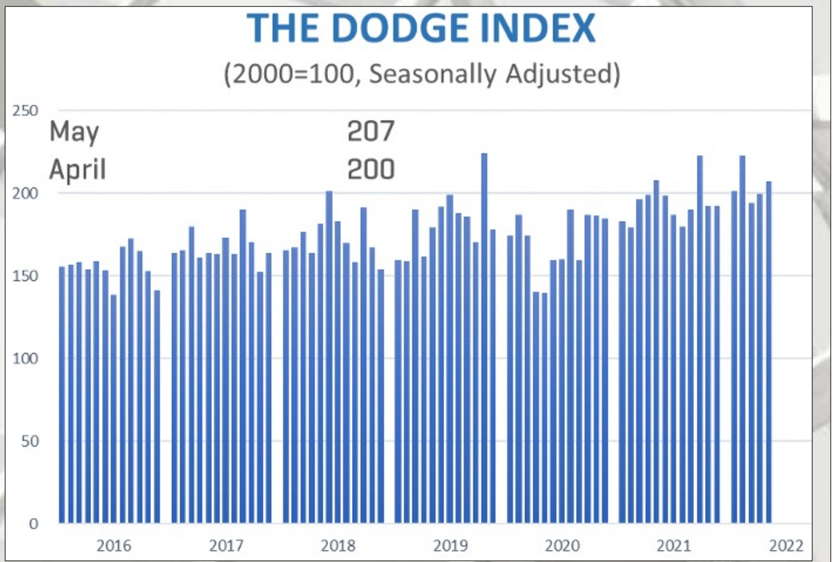
Private Indicators



MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

	May 2022	Apr 2022	% Change
Nonresidential Building	$355,139	$296,132	20
Residential Building	442,159	461,622	-4
Nonbuilding Construction	182,175	186,268	-2
Total Construction	$979,473	$944,022	4

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	5 Mos. 2022	5 Mos. 2021	% Change
Nonresidential Building	$128,287	$109,637	17
Residential Building	182,722	176,974	3
Nonbuilding Construction	78,166	82,041	-5
Total Construction	$389,175	$368,653	6

Source: Dodge Data & Analytics

Source: https://www.construction.com/news/May-2022-Starts; 6/17/22

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Private Indicators

MNI Chicago

"The Chicago Business Barometer™, produced with MNI, tumbled to the lowest since August 2020 in June, giving back last month's recovery. This month we asked firms "with employment costs increasing, are you looking at slowing hiring in the upcoming months?" The majority (43.9%) said no, whilst only 14.6% of respondents said yes. A further 17.1% were somewhat looking to slow hiring, and 24.4% were unsure, as growth outlooks remained uncertain.

Chicago Business Barometer™ – Tumbled to 56.0 in June

- All main indicators decreased except for employment, which hit the highest level since November 2021.
- Production slowed 5.7 points in June, 4.7 points below the 12-month average. Firms cited waning demand and slowing production.
- New Orders saw the largest decrease this month, dropping 9.8 points to 49.9, the lowest in two years. A quarter of firms saw fewer new orders received in June.
- Order Backlogs saw the second-largest decline, falling 9.4 points to a 19-month low of 55.2. As new orders fell, backlogs saw a substantial decrease.
- Employment grew 4.6 points to 50.7, the highest since November last year as firms saw relatively stable employment conditions for the month.
- Supplier Deliveries edged down 0.2 points to 69.1. This was again the lowest since November 2020 as deliveries remained slow and lead times lengthened. Offshore supply lead times were reported at double that of domestic, however, some materials became substantially more available due to lower demand.
- Inventories dipped 5.2 points to 63.9, coming off last month's near 50-year high. With some supply chain issues easing, pressures to stock up saw slight relief.
- Prices Paid eased 9.0 points to 79.6 to the lowest reading since February 2021. 13% fewer" – Les Commons, Senior Economist and Lucy Hager, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 6/30/22

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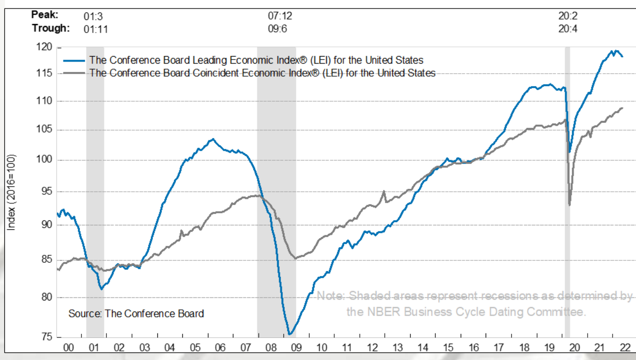
Private Indicators

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

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. decreased by 0.4 percent in May 2022 to 118.3 (2016 = 100), following a 0.4 percent decline in April 2022. The LEI is now down 0.4 percent over the six-month period from November 2021 to May 2022."

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



"The US LEI fell again in May, fueled by tumbling stock prices, a slowdown in housing construction, and gloomier consumer expectations. The index is still near a historic high, but the US LEI suggests weaker economic activity is likely in the near term – and tighter monetary policy is poised to dampen economic growth even further" – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

"**The Conference Board Coincident Economic Index®** (CEI) for the U.S. increased by 0.2 percent in May 2022 to 108.8 (2016 = 100), following a 0.5 percent increase in April 2022. The CEI is up 1.3 percent over the six-month period from November 2021 to May 2022.

The Conference Board Lagging Economic Index® (LAG) for the U.S. increased by 0.8 percent in May 2022 to 112.9 (2016 = 100), following a 0.4 percent increase in April 2022. The LAG is up 3.7 percent over the six-month period from November 2021 to May 2022."

Source: https://www.conference-board.org/data/bcicountry.cfm; 6/17/22

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Private Indicators

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

May New Business Volume Up 16 Percent Year-over-year, Down 10 Percent Month-to-month, Up Nearly 8 Percent Year-to-date

"The **Equipment Leasing and Finance Association's** (ELFA) **Monthly Leasing and Finance Index (MLFI-25)**, which reports economic activity from 25 companies representing a cross section of the $900 billion equipment finance sector, showed their overall new business volume for May was $9.4 billion, up 16 percent year-over-year from new business volume in May 2021. Volume was down 10 percent from $10.5 billion in April. Year-to-date, cumulative new business volume was up nearly 8 percent compared to 2021.

Receivables over 30 days were 1.6 percent, down from 2.1 percent the previous month and down from 1.9 percent in the same period in 2021. Charge-offs were 0.12 percent, up from 0.05 percent the previous month and down from 0.30 percent in the year-earlier period. Credit approvals totaled 76.8 percent, down from 77.4 percent in April. Total headcount for equipment finance companies was down 3.0 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in June is 50.9, an increase from 49.6 in May." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"May activity for MLFI-25 equipment finance company participants shows strong origination volume and very stable credit quality metrics. The economy continues to provide jobs and corporate America, in general, reports strong balance sheets—all in the face of a waning health pandemic. Offsetting this good news is high inflation, creating havoc for many consumers, and continued supply chain disruptions and higher interest rates, which are squeezing much of the business sector. As a result, many equipment finance providers approach the summer months with guarded optimism." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2022/06/24/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 6/24/22

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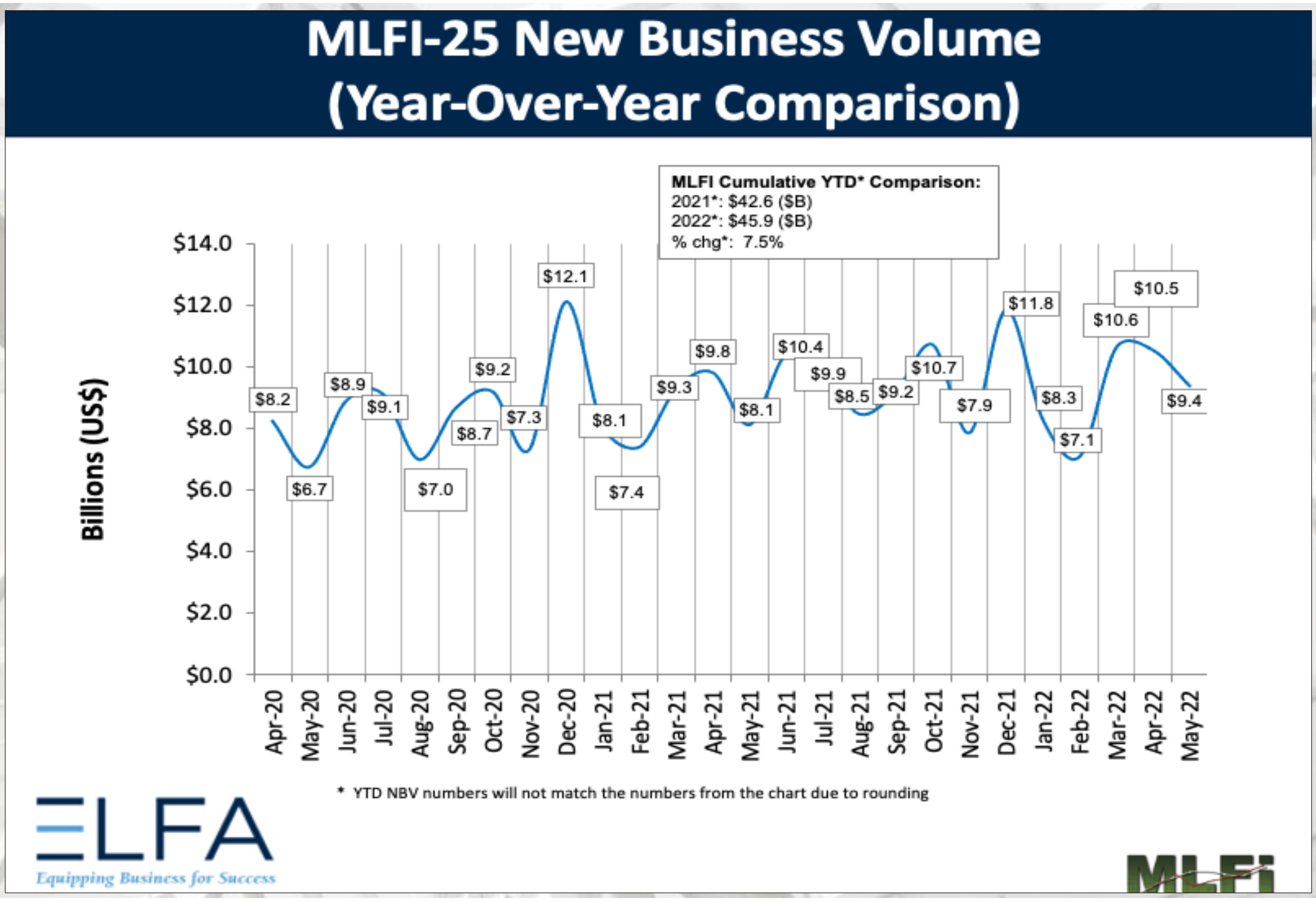

Equipment Leasing and Finance Association's Survey of Economic Activity

"The sustained rising interest rate environment coupled with pandemic overhang and extreme supply chain bottlenecks have pushed for a greater need in the equipment financing industry. With this in mind, the market has continued a year-over-year increase in new business volume which leads us to continue to be cautiously optimistic going forward with nearly half the year complete." – Scott Dienes, Senior Vice President & Head of Equipment Finance and Leasing, Associated Bank

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2022/06/24/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 6/24/22

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Private Indicators

S&P Global U.S. Manufacturing PMI™

PMI falls to near two-year low in June amid contraction in client demand

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI™) posted 52.7 in June, down notably from 57.0 in May but up slightly on the earlier released 'flash' estimate of 52.4. The latest headline index reading was the lowest for almost two years and pointed to a relatively subdued improvement in operating conditions.

The US manufacturing sector signalled subdued improvements in operating conditions during June, according to latest PMI™ data from S&P Global. The headline PMI dropped to its lowest level since July 2020 amid a near-stagnation of factory output and a fall in new orders. The decrease in sales was the first since May 2020, with domestic and foreign client demand falling. As a result, firms utilised their current holdings of inputs and finished goods to supplement production, with input buying stagnating and supply chain delays easing. A reduction in new orders, combined with a sustained rise in employment led to greater success clearing backlogs of work, which increased at a notably weaker pace.

At the same time, inflationary pressures remained historically elevated, but increases in input costs and output charges eased to three-month lows.

Contributing to the drop in the headline index was a renewed fall in new orders at manufacturing firms in June. The decrease in client demand was the first in over two years. Although only marginal overall, the drop in sales signalled a marked contrast to the sharp upturn seen in May. Firms stated that inflationary pressures, weak client confidence in the outlook and supply-chain disruption drove the decline.

Similarly, new exports returned to contraction territory in June. The fall in foreign client demand was the quickest since June 2020, albeit marginal overall." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/2d28f20f99144f25bd47db453ee995a8; 7/1/22

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Private Indicators

S&P Global U.S. Manufacturing PMI™

"Reduced new order inflows weighed on production volumes in June. The respective seasonally adjusted index fell to its lowest for two years. Some companies also highlighted that supplier shortages had constrained production capacity. Average supplier delivery times nevertheless lengthened to the smallest extent since November 2020, signalling some easing in the pandemic-induced supply squeeze.

Meanwhile, input costs and output charges continued to rise at substantial rates amid marked increases in supplier prices. Alongside hikes in material costs, firms noted that greater fuel and transportation charges pushed up operating expenses. The rate of input cost inflation was the slowest for three months, however. Output charge inflation also moderated. That said, firms reiterated the need to passthrough higher costs to their clients through greater selling prices.

Inflationary concerns were once again cited by firms, as business confidence regarding the year-ahead outlook slumped to the lowest level since October 2020. Firms were also more cautious regarding their forecasts due to weak customer demand and further disruption to supply chains.

Nevertheless, firms expanded their workforce numbers further in June. Hiring activity reportedly stemmed from efforts to clear backlogs of work and the filling of long-held vacancies. As a result, pressure on capacity eased and the level of work-in-hand was broadly unchanged on the month, a stark contrast to the sharp expansion seen in May.

Buying activity stagnated during June, as weak client demand led firms to work through their current holdings of inputs. As such, stocks of purchases were at a similar level to that seen in May. Firms also used post-production inventories to supplement output, as stocks of finished goods fell once again." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/2d28f20f99144f25bd47db453ee995a8; 7/1/22

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Comment

“The PMI survey has fallen in June to a level indicative of the manufacturing sector acting as a drag on GDP, with that drag set to intensify as we move through the summer. Forward-looking indicators such as business expectations, new order inflows, backlogs of work and purchasing of inputs have all deteriorated markedly to suggest an increased risk of an industrial downturn.

Demand growth is cooling from households amid the cost-of-living crisis, and capital spending by companies is also showing signs of moderating due to tightening financial conditions and the gloomier outlook. However, most marked has been a steep drop in orders for inputs by manufacturers, which hints at an inventory correction.

Some welcome news is that the drop in demand for inputs has brought some pressure off supply chains and calmed prices for a wide variety of goods, which should help alleviate broader inflationary pressures in coming months.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/2d28f20f99144f25bd47db453ee995a8; 7/1/22

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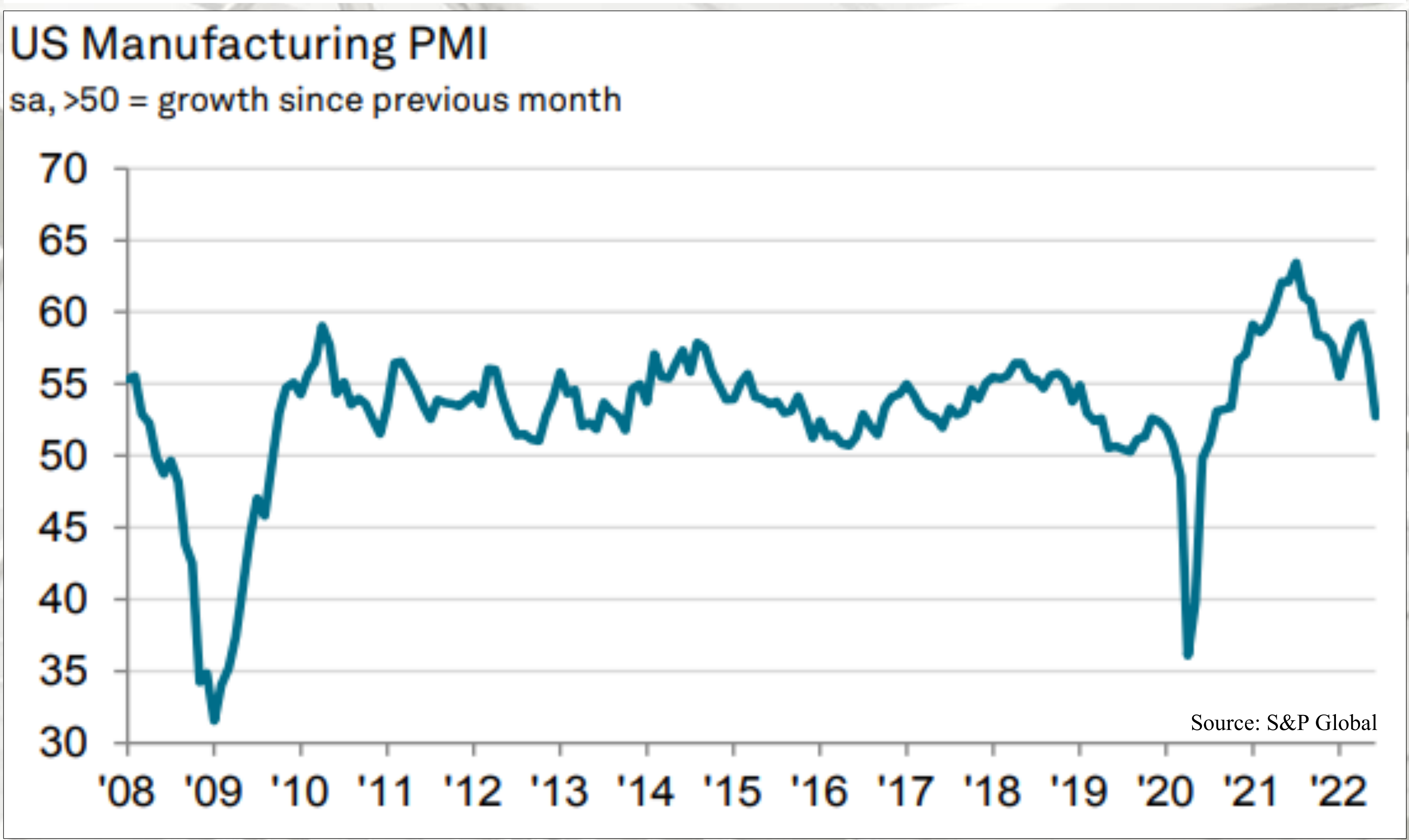

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/2d28f20f99144f25bd47db453ee995a8; 7/1/22

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Private Indicators

S&P Global U.S. Services PMI™

New orders decline for first time since July 2020

"The seasonally adjusted final S&P Global US Services PMI Business Activity Index registered 52.7 in June, remaining above the 50.0 no-change mark and thereby signalling a further increase in business activity. A recent spell of new order growth amid a lack of pandemic disruption supported continued output expansion. That said, the index dropped for the third month running and was down from 53.4 in May, pointing to the weakest rise in activity since January.

US service providers saw new orders decrease midway through the year, according to the latest PMI™ data, with sustained price pressures and economic uncertainty hitting demand. The decline in new business was the first in almost two years and contributed to a slowdown in growth of activity. Meanwhile, business confidence regarding the year ahead outlook dropped to a 21-month low. On a more positive note, employment continued to increase sharply.

A further substantial rise in input prices was recorded in June, although inflation did ease from May's survey peak. Rising wages played a key role in higher input costs, with increased fuel charges also widely mentioned. Firms often passed on higher costs to their customers, but efforts to stimulate demand led to a further slowdown in charge inflation.

Some firms highlighted the negative impact of inflationary pressures on business activity, and this was also the case with regards to new orders, which decreased for the first time since July 2020. Economic uncertainty was also a factor leading new business to fall, according to respondents." – Chris Williamson, Chief Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/3452986ad2ac477eb93e80152561a0b0; 7/6/22

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S&P Global U.S. Services PMI™

"Alongside a decline in total new business was a renewed contraction in new export orders, which decreased at a solid pace. The reduction ended a seven-month sequence of growth.

Steep price pressures were recorded again in June. The rate of input cost inflation slowed from May's survey record, but was still among the fastest since the series began in October 2009. Higher wages were one of the main drivers of rising input costs in the latest survey period, with increasing fuel prices also widely mentioned. Some 56% of respondents signalled a rise in input costs over the month.

The passing on of higher input costs to customers resulted in a further marked increase in selling prices in the US service sector. That said, the rate of inflation slowed sharply for the second month running and was the softest since last September. Some panellists reported trying to price competitively to attempt to stimulate new business in a weakening demand environment.

Service providers continued to raise their staffing levels rapidly, with firms hiring to support growth of activity and fill previously vacant positions. The sharp increase in employment was recorded despite some reports of difficulties finding suitable staff.

The combination of rising staffing levels and falling new orders meant that companies were able to deplete their backlogs of work in June. The drop in outstanding business was the first in two years and represented a marked turnaround from the record accumulation seen as recently as March.

Concerns around customer demand, in some cases linked to inflationary pressures and rising interest rates, led to a sharp drop in confidence regarding activity over the coming year. Sentiment was the lowest since September 2020. Those companies continuing to predict growth of activity mentioned rising workforce numbers, the start of new projects and hopes for an improvement in new orders. …" – Chris Williamson, Chief Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/3452986ad2ac477eb93e80152561a0b0; 7/6/22

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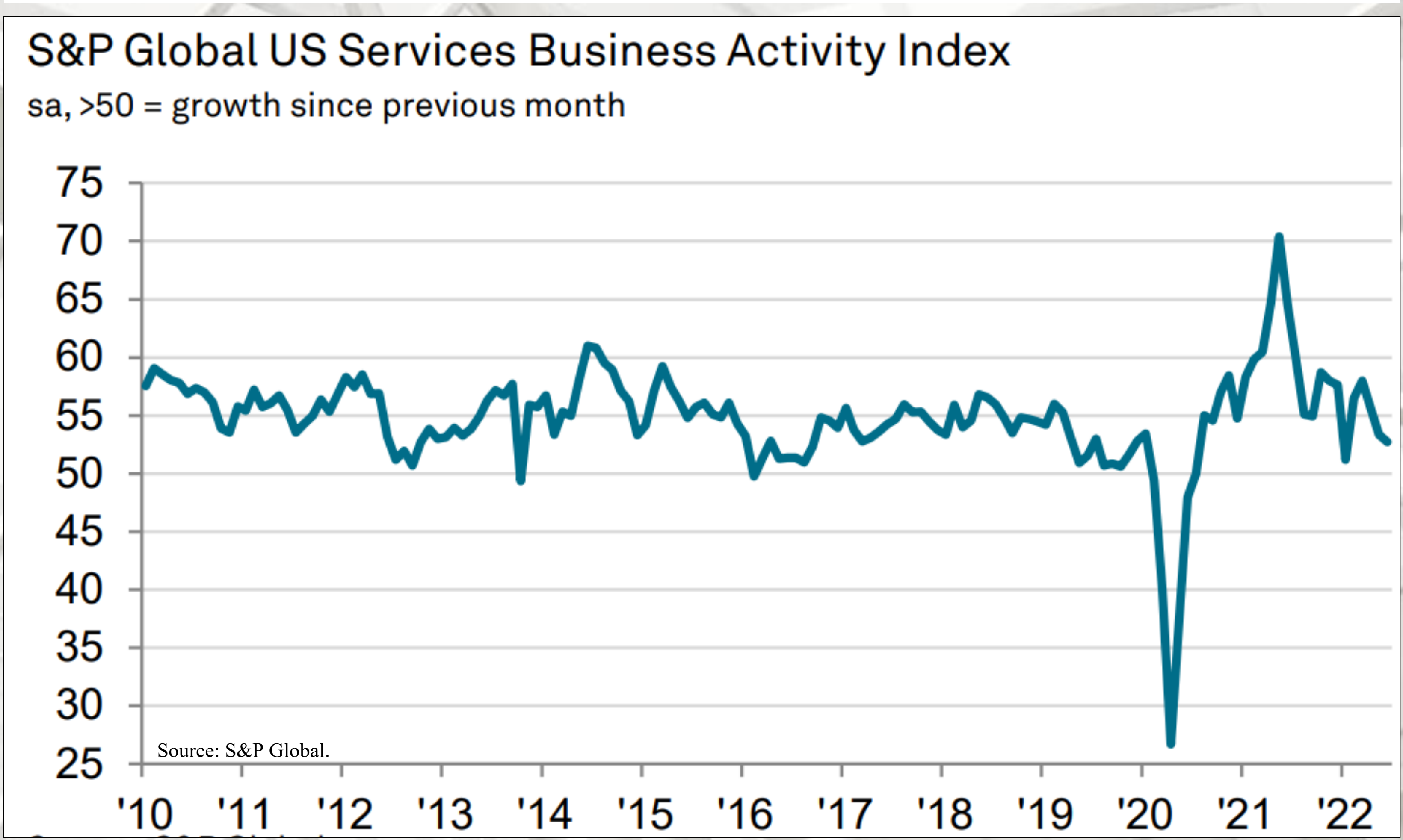

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/3452986ad2ac477eb93e80152561a0b0; 7/6/22

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for June 2022: Combined Sectors

"The National Association of Credit Management's seasonally adjusted Credit Managers' Index (CMI) for June fell to its lowest level since November driven by declines in favorable factors. These changes are consistent with the reported shifts in consumer buying patterns from goods to services as Covid-related restrictions and fear have abated, businesses react to overbuilt inventories and inflation takes a bite out of everyone's pocketbook, said NACM Economist Amy Crews Cutts, Ph.D., CBE®.

"The Fed's Open Market Committee decided to raise the Fed Funds Target Rate by 75 basis points last week, taking a firm stance against inflation," Cutts said. "This will take some time to affect the economy as monetary policy is a rather blunt and slow-impact instrument. But the comments made by committee members, notably Chairman Jerome Powell, indicate that the Fed is worried about a recession and is cognizant of the potential for these rate hikes to bring it on faster or to make it deeper than it otherwise may be. However, the impact of higher than desired inflation is worse in their view.

"We've been hearing quite a bit in the news recently of companies having excess inventories after months of empty warehouses. This should be good news for consumers as retailers are likely to offer discounts again, but food and fuel inflation may limit demand even if TVs and toys become much cheaper. The Fed's goal is to weaken demand in order to take pressure off prices. Market forces are already doing some of that with mortgage rates coming close to 6%, a rise of nearly 3% over the past six months, which is impacting home purchase demand, falling new light vehicle sales and the advance retail sales data indicating a slowing in May."" – Andrew Michaels, Editorial Associate, NACM

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

Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for June 2022: Combined Sectors

"The combined March CMI fell by 0.9 points to an index value of 56.6. The index of favorable factors slid 3.3 points in June to 64.8, a level that is 1.4 points lower than a year ago. All categories in the favorable factors list dropped for the third month in a row and fell at a faster rate in June. Sales led the decline with a dramatic 5-point drop to 66.6, and dollar collections dropped 4.6 points to 60.9. The amount of credit extended recorded an index value that was 2.7 points lower than in May while new credit applications lost a more modest 0.6 points. The declines in the favorable factor indexes are notable but the levels of the indexes still indicate strong expansionary conditions. The CMI is centered on a value of 50, with values greater indicating expansion and values lower indicating economic contraction.

The CMI component factors are indicating some important early signs of a turn, but the favorable and unfavorable factor subindexes both remain in solid expansionary territory with values well above the 50-point threshold reversing the downward trend recorded in May, the combined CMI index for unfavorable factors rose 0.6 points in the June CMI Survey. Note that the scale for unfavorable factors is inverted so that gains in the index align with improvements in those factors. Half of the unfavorable factors recorded deterioration: rejections of credit applications lost 0.5 points to register an index value of 50.2; accounts placed for collections lost 1.3 points to fall back into contraction territory with a reading of 49.7; and filings for bankruptcies dropped 0.6 points to 55.8." – Andrew Michaels, Editorial Associate, NACM

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

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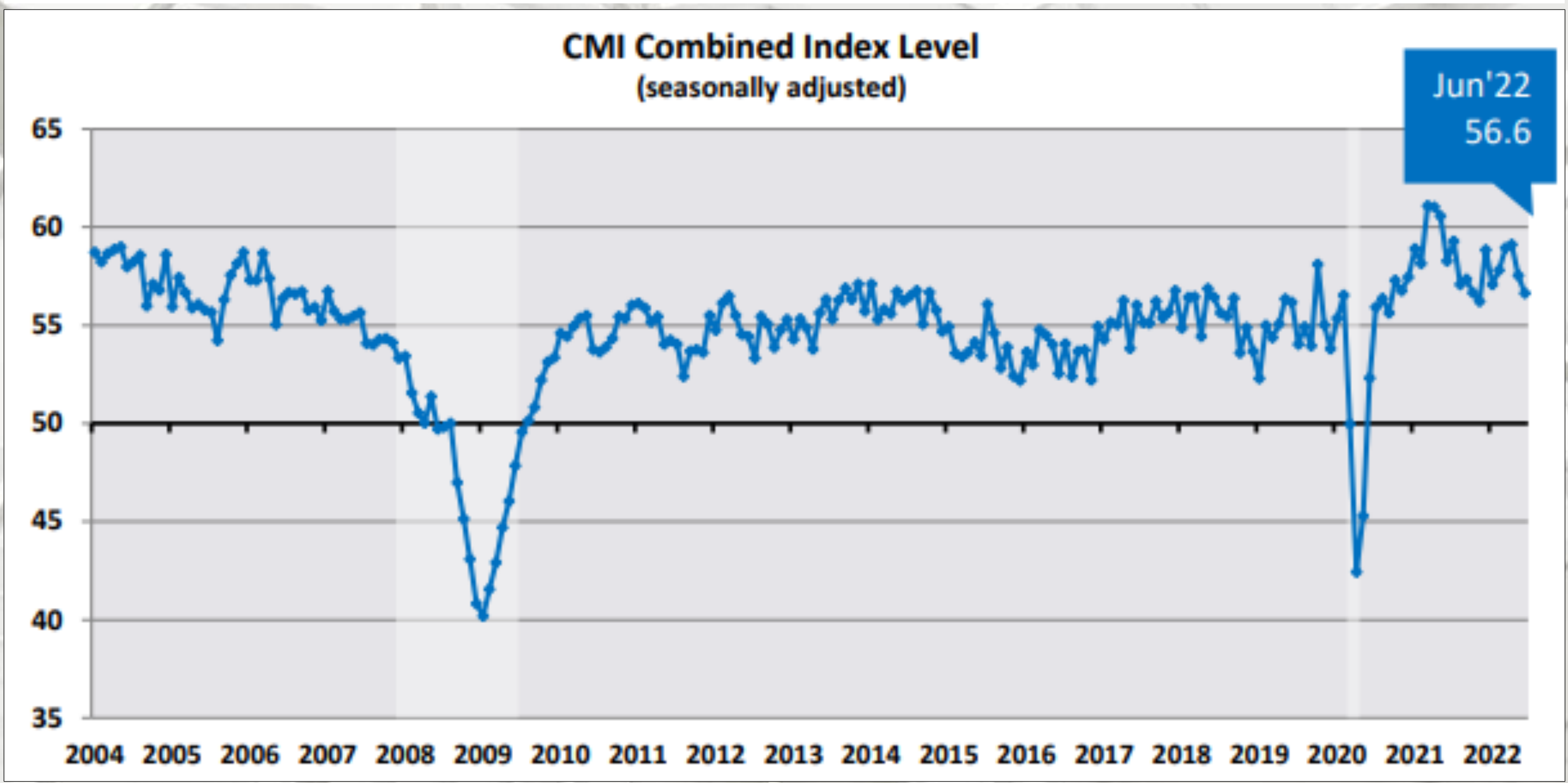

Source: https://nacm.org/cmi.html; 6/30/22

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for June 2022: Combined Sectors

"Disputes gained 0.3 points but remains in contraction territory with a value of 49.4. The dollar amount of customer deductions improved by 2.0 points, enough to push the factor into the expansion side at 50.7. This factor has danced around the 50-point threshold all year, but the June survey reading is the strongest since September 2021. The surprise reading for the month is the factor dollar amount beyond terms, which declined sharply in the May survey, regained more than half the difference in June by rising 3.9 points to 51.1.

"On the one hand, the fact that favorable factors remain so solidly in the expansion column suggests continued strength in the economy yet the widespread deterioration in the indexes, especially sales, suggests that we may have passed the peak," Cutts said. "Many survey respondents noted that they are still having significant issues with the supply chain and logistics. For example, as has been reported by trade newsletters, one respondent indicated that companies that use cement are having to find alternatives due to severe shortages of materials or truck drivers or both, which impacts infrastructure investments and construction. Respondents also noted that they did not think these supply chain problems would improve much in the near term."" – Andrew Michaels, Editorial Associate, NACM

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

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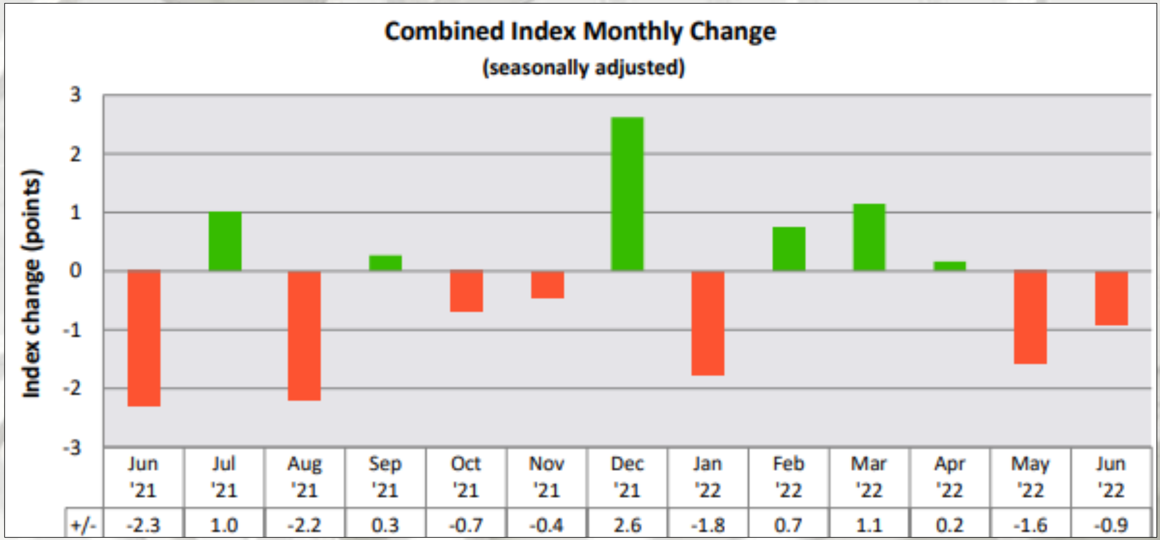
Combined Manufacturing and Service Sectors (seasonally adjusted)	Jun '21	Jul '21	Aug '21	Sep '21	Oct '21	Nov '21	Dec '21	Jan '22	Feb '22	Mar '22	Apr '22	May '22	Jun '22
Sales	69.9	75.4	66.0	67.8	67.4	67.4	75.1	71.2	71.3	77.1	74.7	71.6	66.6
New credit applications	65.1	66.2	63.0	63.5	62.1	62.9	67.6	60.6	64.0	68.8	67.1	64.7	64.1
Dollar collections	61.2	64.4	61.5	60.4	61.3	59.2	63.5	62.5	63.2	67.0	65.9	65.5	60.9
Amount of credit extended	68.8	68.4	68.6	67.2	67.6	67.7	71.7	67.2	68.7	69.2	72.1	70.4	67.7
Index of favorable factors	66.2	68.6	64.8	64.7	64.6	64.3	69.5	65.4	66.8	70.5	69.9	68.1	64.8
Rejections of credit applications	52.1	52.0	52.2	52.1	52.3	53.2	51.7	51.5	52.3	51.9	51.3	50.7	50.2
Accounts placed for collection	52.8	51.5	51.4	51.4	52.1	52.0	52.1	51.1	52.7	51.5	50.6	51.0	49.7
Disputes	50.1	49.1	49.6	51.2	48.3	48.6	48.2	48.4	48.6	48.0	49.1	49.1	49.4
Dollar amount beyond terms	51.8	56.9	51.4	50.6	49.5	47.1	53.3	53.5	50.9	51.2	54.2	47.2	51.1
Dollar amount of customer deductions	52.4	51.8	49.9	51.9	49.4	48.2	49.3	49.5	49.9	49.0	50.5	48.7	50.7
Filings for bankruptcies	58.5	56.9	57.3	57.1	56.4	55.9	55.7	55.2	56.4	55.8	55.7	56.4	55.8
Index of unfavorable factors	52.9	53.0	51.9	52.4	51.3	50.8	51.7	51.5	51.8	51.2	51.9	50.5	51.1
NACM Combined CMI	58.3	59.3	57.1	57.3	56.6	56.2	58.8	57.1	57.8	58.9	59.1	57.5	56.6



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

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Private Indicators

National Federation of Independent Business (NFIB) June 2022 Report

Small Business Expectations for Future Conditions Hits All-Time Low

"The NFIB Small Business Optimism Index dropped 3.6 points in June to 89.5, marking the sixth consecutive month below the 48-year average of 98. Small business owners expecting better business conditions over the next six months decreased seven points to a net negative 61%, the lowest level recorded in the 48-year survey. Expectations for better conditions have worsened every month this year.

Inflation continues to be a top problem for small businesses with 34% of owners reporting it was their single most important problem in operating their business, an increase of six points from May and the highest level since quarter four in 1980." – Holly Wade, NFIB

"As inflation continues to dominate business decisions, small business owners' expectations for better business conditions have reached a new low. On top of the immediate challenges facing small business owners including inflation and worker shortages, the outlook for economic policy is not encouraging either as policy talks have shifted to tax increases and more regulations." – Bill Dunkelberg, Chief Economist, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 7/12/22

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Private Indicators

National Federation of Independent Business (NFIB) June 2022 Report

"Key findings include:

- The net percent of owners who expect real sales to be higher decreased 13 points from May to a net negative 28%, a severe decline.
- Fifty percent of owners reported job openings that could not be filled, down one point from May, but historically very high.
- The net percent of owners raising average selling prices decreased three points to a net 69% seasonally adjusted, following May's record high reading.

As reported in NFIB's monthly jobs report, owners' plans to fill open positions remain elevated, with a seasonally adjusted net 19% planning to create new jobs in the next three months, but down seven points from May. Ninety-four percent of those hiring or trying to hire reported few or no qualified applicants for the positions they were trying to fill.

Fifty-one percent of owners reported capital outlays in the last six months, down two points from May. Of those making expenditures, 37% reported spending on new equipment, 23% acquired vehicles, and 14% improved or expanded facilities. Five percent acquired new buildings or land for expansion and 13% spent money for new fixtures and furniture. Twenty-three percent of owners plan capital outlays in the next few months, down two points from May.

A net negative 2% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down three points from May. The net percent of owners expecting real sales volumes decreased 13 points to a net negative 28%." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 7/12/22

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Private Indicators

National Federation of Independent Business (NFIB) June 2022 Report

"The net percent of owners reporting inventory increases fell three points to a net negative 4%. Thirty-nine percent reported that supply chain disruptions have had a significant impact on their business. Another 30% report a moderate impact and 23% report a mild impact. Only 6% report no impact from recent supply chain disruptions.

A net 5% of owners viewed current inventory stocks as "too low" in June, down three points from May and still surprisingly high. By industry, shortages are reported most frequently in manufacturing (19%), retail (18%), agriculture (18%), construction (16%), and non-professional services (15%). A net negative 2% of owners plan inventory investment in the coming months.

The net percent of owners raising average selling prices decreased three points from May to a net 69% (seasonally adjusted). Price raising activity over the past 12 months has escalated, 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 69% reported higher average prices. Price hikes were the most frequent in retail trades (80% higher, 3% lower), transportation (78% higher, 0% lower), construction (75% higher, 4% lower), and wholesale (69% higher, 7% lower). Seasonally adjusted, a net 44% plan price hikes." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 7/12/22

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Private Indicators

National Federation of Independent Business (NFIB) June 2022 Report

“A net 48% (seasonally adjusted) reported raising compensation, down one point from May. A net 28% of owners plan to raise compensation in the next three months, up three points from May and historically very high. Eight percent of owners cited labor costs as their top business problem and 23% said that labor quality was their top business problem.

The frequency of reports of positive profit trends was a net negative 25%, down one point from May. Among the owners reporting lower profits, 30% blamed the rise in the cost of materials, 16% blamed weaker sales, 14% cited labor costs, 14% cited lower prices, 7% cited the usual seasonal change, and 2% cited higher taxes or regulatory costs. For owners reporting higher profits, 51% credited sales volumes, 19% cited higher prices, and 17% cited usual seasonal change.

One percent of owners reported that all their borrowing needs were not satisfied. Twenty-seven percent reported all credit needs met and 61% said they were not interested in a loan. A net 3% reported their last loan was harder to get than in previous attempts. Only 1% reported that financing was their top business problem.

The **NFIB Research Center** has collected Small Business Economic Trends data with quarterly surveys since the 4th quarter of 1973 and monthly surveys since 1986. Survey respondents are randomly drawn from NFIB’s membership. The report is released on the second Tuesday of each month. This survey was conducted in June 2022.” – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 7/12/22

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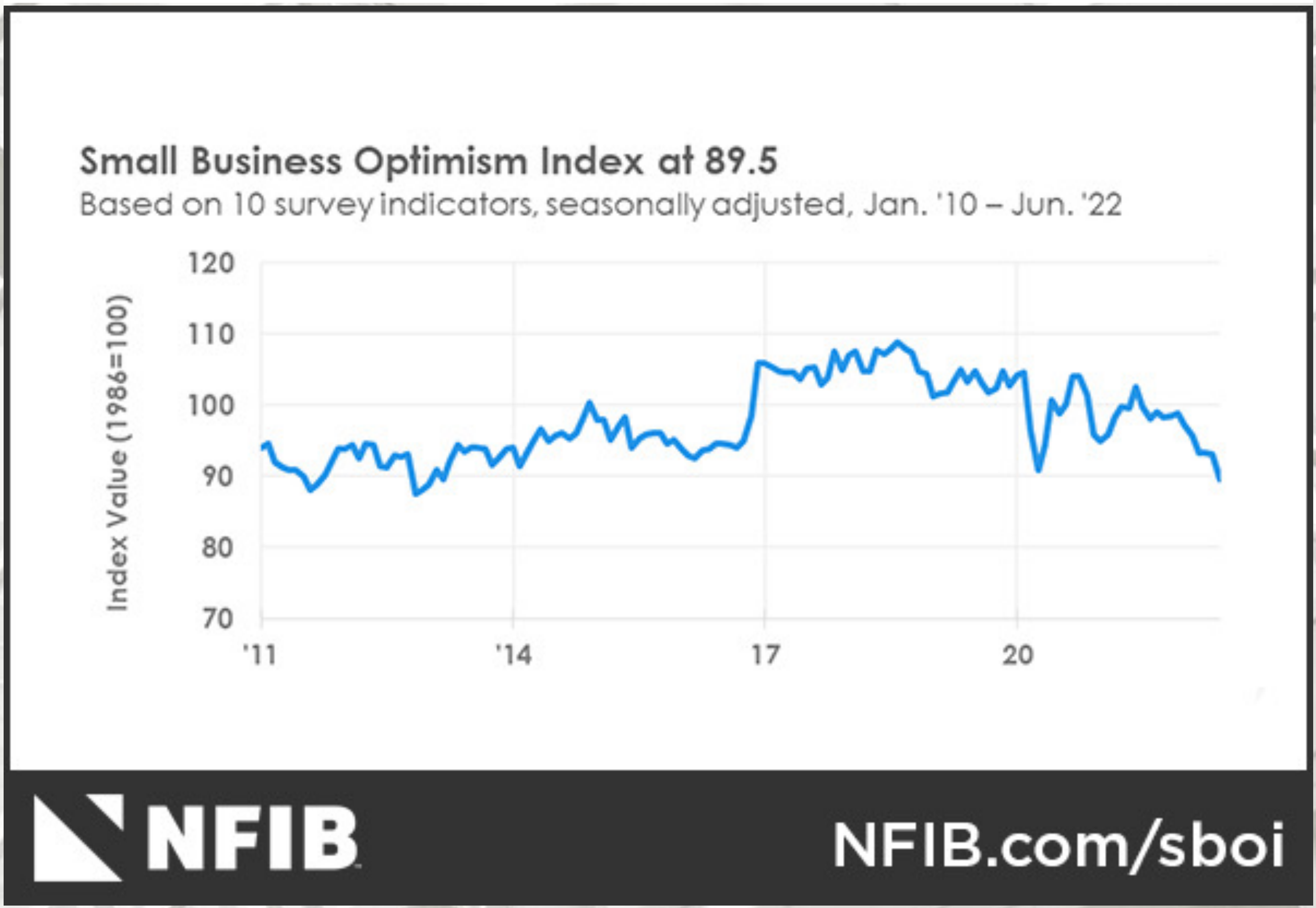

Source: http://www.nfib.com/surveys/small-business-economic-trends; 7/12/22

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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	23%	-2
Plans to Increase Inventories	-2%	-3
Expect Economy to Improve	-61%	-7
Expect Real Sales Higher	-28%	-13
Current Inventory	5%	-3
Current Job Openings	50%	-1
Expected Credit Conditions	-5%	-1
Now a Good Time to Expand	3%	-3
Earnings Trends	-25%	-1

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 7/12/22

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

Small Business Hiring and Wage Growth Strength Continues; Growth Rates Moderate Slightly from Previous Month

“Small businesses continued to add jobs in June and worker wages continued to grow at a strong rate, but the pace of growth moderated slightly from the previous month. These insights are according to the latest Paychex | IHS Markit Small Business Employment Watch. The Small Business Jobs Index for June was 100.81, up 2.32 percent from over a year ago and -0.06 percent from the previous month. Average hourly earnings growth for the month stood at 5.10 percent, compared to 5.16 percent from May 2022.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“The small business economy still is in recovery phase with continued job gains, and, surprisingly, moderating wage gains.” – James Diffley, Chief Regional Economist, IHS Markit

“Our June report shows continued job growth for small businesses. The pace of that growth slowed slightly from the previous month; however, this month’s data also showed a slight decline in hourly earnings growth, the first decrease in 13 months. Despite this, growth remains strong, above five percent.” – Martin Mucci, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 7/5/22

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

"In further detail, the June report showed:

- At 100.81, the national jobs index is up 2.32 percent over a year ago.
- Hourly earnings have increased $1.48 during the past year, now reaching $30.42.
- The South continued as the top region for small business job growth, with Texas and Dallas leading among states and metros, respectively.
- The South was also the top region for hourly earnings growth.
- Ohio was the top state for hourly earnings growth, followed closely by Arizona and Florida.
- Leisure and hospitality reported the strongest hourly earnings growth among industry sectors for the 16th consecutive month.
- Hourly earnings growth in the Construction sector hit 5.00 percent and again posted a new record level since reporting began in 2011." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 7/5/22

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The Paychex | IHS Markit
Small Business Employment Watch

June Job Index	June Wage Data
Index	Hourly Earnings
100.81	$30.42
12-Month Change	12-Month Growth
+2.32%	+5.10% (+$1.48)

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 7/5/22

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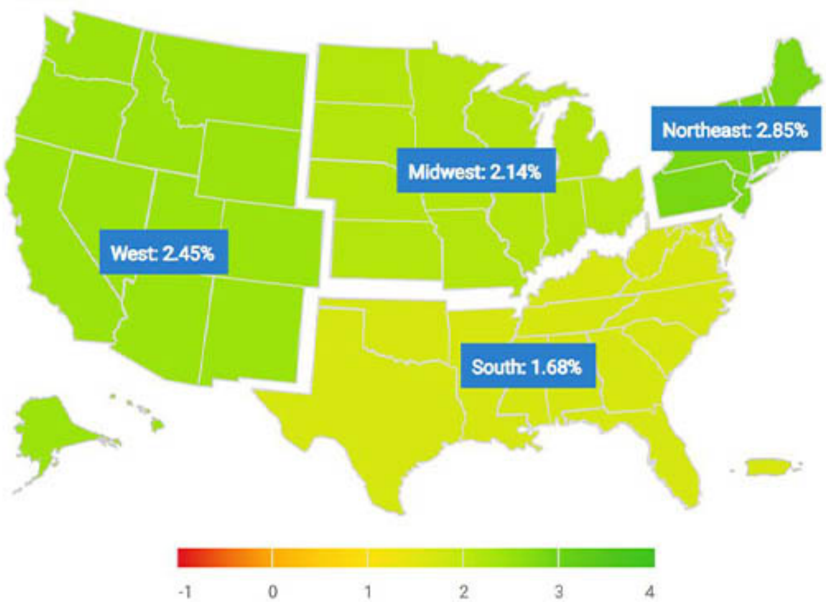
Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	100.33	2.14%
Northeast	100.93	2.85%
South	101.10	1.68%
West	100.65	2.45%

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 7/5/22

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Private Indicators

U.S. Bank Freight Payment Index™

Q1 2022 National Freight Market Overview

"As the national economy slowed during the first quarter of the year, the U.S. Bank National Shipments index dipped 2.2% versus the final quarter of 2021. Both the national economy, and the freight market, were affected by global issues including COVID-19 variant cases and spiking energy prices. The temporary closure of the Ambassador Bridge, a key trade route between the U.S. and Canada, had a significant ripple effect that impacted freight volumes in the first quarter, while consumer inflation also played a role as households spent more for necessities, reducing the total volumes of goods purchased.

Despite these recent challenges, the shipments index, which often slows during the first quarter due to seasonal patterns, remains at healthy levels with several economic forces keeping the demand for freight shipping high. U.S. businesses added nearly 1.7 million workers to payrolls, according to the Department of Labor, factory output hit its highest level since 2008, according to the Federal Reserve, and retail sales were solid.

Even with the small decline in shipment volumes, the U.S. Bank National Spend index increased 1.2% versus the fourth quarter of 2021. Constrained capacity, due to an incredibly tight driver market and the difficulty for motor carriers to secure new and used trucks and trailers, contributed to the spending increase.

The major factor contributing to the increased spending in Q1; however, was the surge in fuel prices. According to the Energy Information Administration, diesel fuel rose to historic levels in March, and fuel surcharges, as a part of overall freight spend, also rose commensurately." – Bob Costello, Chief Economist & Senior Vice President, International Trade Policy and Cross-Border Operations, American Trucking Associations (ATA)

Source: https://www.usbank.com/dam/documents/pdf/commercial-banking/payment-solutions/transportation-solutions/Freight/04-0170-03_Freight-Index-2022-Q1_FINAL_041822.pdf; 6/29/22

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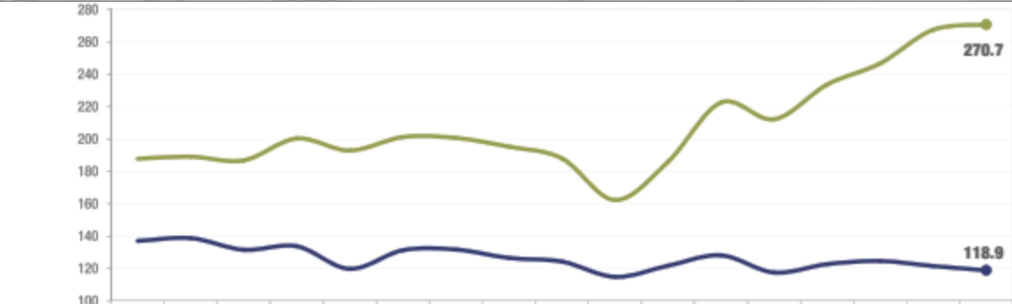
Private Indicators

Q1 2022 National Freight Market Overview

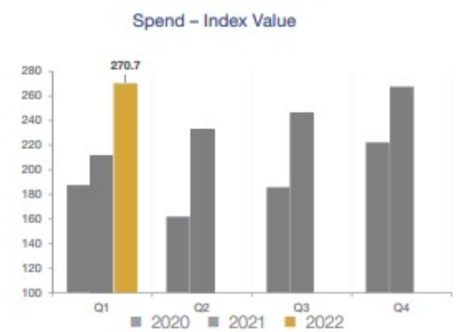


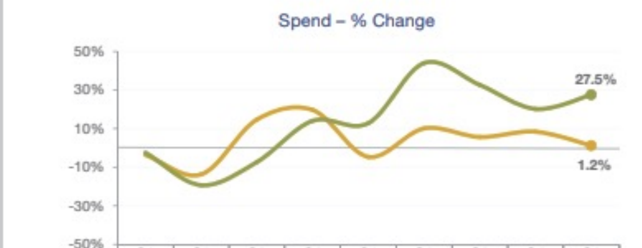
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Spend	187.8	189.1	186.8	200.3	192.9	201.3	200.7	195.2	188.1	162.3	186.0	222.6	212.2	233.6	246.8	267.5	270.7
Shipments	137.1	138.7	131.6	133.8	119.8	131.3	131.7	126.5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

Shipments	
Index Value	118.9
Quarterly % Change	-2.2% ▼
Yearly % Change	1.1% ▲

Spend	
Index Value	270.7
Quarterly % Change	1.2% ▲
Yearly % Change	27.5% ▲

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





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

Source: https://www.usbank.com/dam/documents/pdf/commercial-banking/payment-solutions/transportation-solutions/Freight/04-0170-03_Freight-Index-2022-Q1_FINAL_041822.pdf; 6/29/22

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Private Indicators

U.S. Bank Freight Payment Index™

National Shipments and Spending – Quarter over Quarter, Year over Year

"Typically, the Q1 shipments index will contract from the final quarter of the previous year, primarily due to softer post-holiday freight volumes in January and February. March tends to see increased volume for freight, but it's rarely strong enough to make up for the lower volumes of the first two months.

One trend to watch is the continued growth in the U.S. Bank National Spend index. During the first quarter, this metric rose 1.2% from the previous quarter, which was the fourth straight quarter-over-quarter gain, although the smallest increase over that period. Compared with a year earlier, spending was up 27.5%.

While capacity constraints from a continued driver shortage and a particularly tough equipment market pressured spending in the first quarter, much higher diesel fuel prices added to the pressure. The national average price of diesel fuel ended 2021 at $3.62 per gallon, which was up roughly $1 from a year earlier, according to data from the Energy Information Administration. Diesel then climbed rapidly to $4.06 and spiked to $5.25 per gallon before ending the quarter at $5.19. This is significant because diesel is often the second highest expense for a fleet and is passed on to shippers as fuel surcharges.

Quarter-over-quarter shipments fell in four of five regions during the first three months of 2022. Only the West region saw a gain in overall shipment volumes from the final quarter in 2021. The largest decline was in the Southeast region, which has experienced decreasing volumes for a few quarters. The Midwest is a major auto production region, but the Southeast region also has a significant amount and slowing auto manufacturing affected freight volumes there. Both car-producing regions felt the impact from the closing of the Ambassador Bridge between the U.S. and Canada. Freight was unable to cross this key trade route, and as a result, many auto and auto-related plants, already hurt by the lack of semiconductors, reduced shifts or even closed temporarily on both sides of the border. …" – Bob Costello, Chief Economist & Senior Vice President, International Trade Policy and Cross-Border Operations, American Trucking Associations (ATA)

Source: https://www.usbank.com/dam/documents/pdf/commercial-banking/payment-solutions/transportation-solutions/Freight/04-0170-03_Freight-Index-2022-Q1_FINAL_041822.pdf; 6/29/22

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Demographics

Visual Capitalist

Mapped: A Decade of Population Growth and Decline in U.S. Counties

A Decade of Population Growth and Decline in U.S. Counties

"There are a number of factors that determine how much a region's population changes. If an area sees a high number of migrants, along with a strong birth rate and low death rate, then its population is bound to increase over time. On the flip side, if more people are leaving the area than coming in, and the region's birth rate is low, then its population will likely decline.

Which areas in the United States are seeing the most growth, and which places are seeing their populations dwindle?

This map [next slide], using data from the U.S. Census Bureau, shows a decade of population movement across U.S. counties, painting a detailed picture of U.S. population growth between 2010 and 2020.

Counties With The Biggest Population Growth from 2010-2020

To calculate population estimates for each county, the U.S. Census Bureau does the following calculations:

A county's base population → plus births → minus deaths → plus migration = new population estimate

From 2010 to 2020, Maricopa County in Arizona saw the highest increase in its population estimate. Over a decade, the county gained 753,898 residents. The counties that saw the biggest increases in population are presented in slide 92.

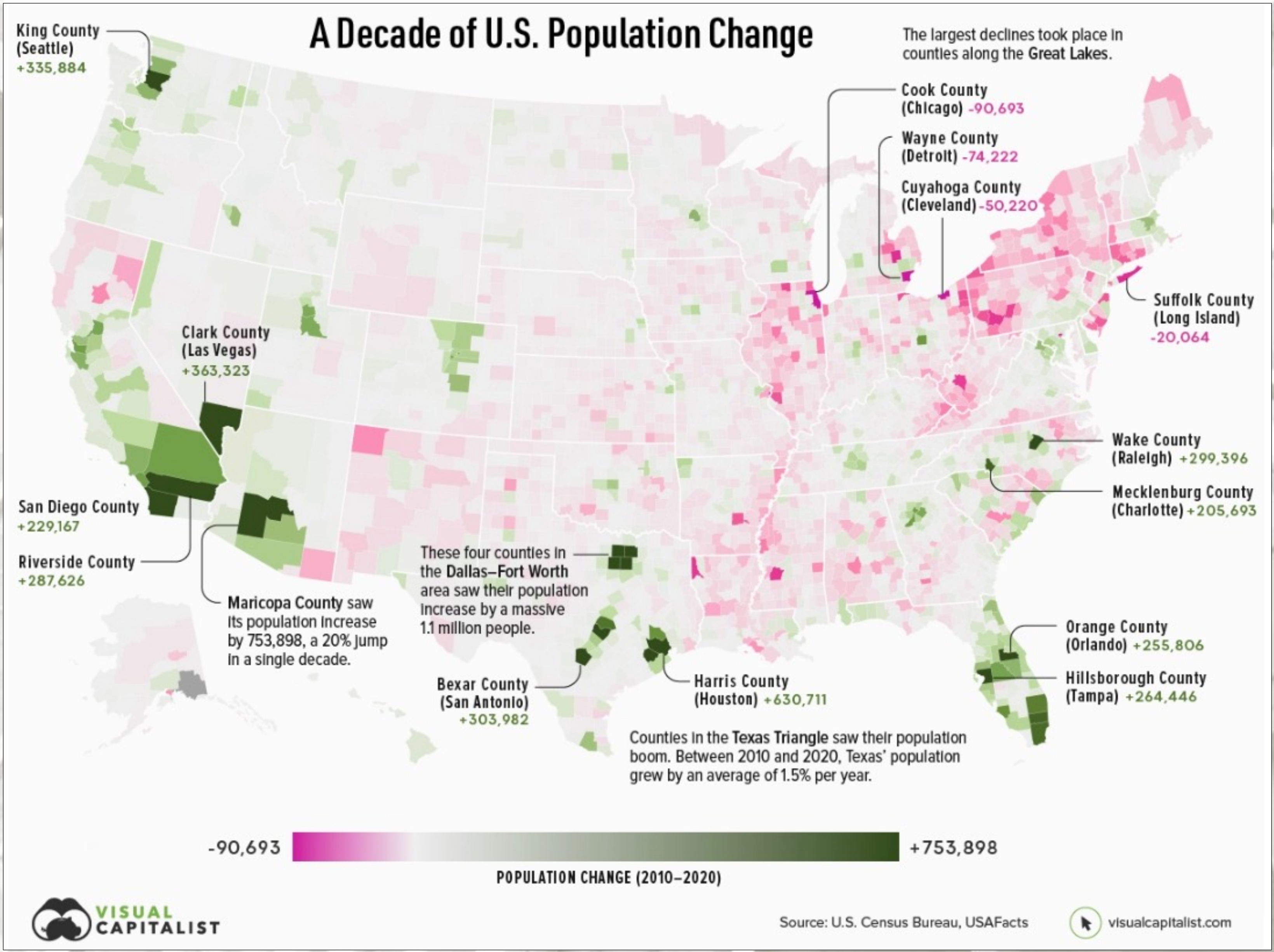
Phoenix and surrounding areas grew faster than any other major city in the country. The region's sunny climate and amenities are popular with retirees, but another draw is housing affordability. Families from more expensive markets – California in particular – are moving to the city in droves. This is a trend that spilled over into the pandemic era as more people moved into remote and hybrid work situations.

Texas counties saw a lot of growth as well, with five of the top 10 gainers located in the state of Texas. A big draw for Texas is its relatively affordable housing market. In 2021, average home prices in the state stood at $172,500 – **$53,310** below the national average." – Nick Routley, Author, Visual Capitalist

Source: https://www..com/mapping-a-decade-of-us-population-growth/; 6/16/22

Demographics

Visual Capitalist



Source: https://www..com/mapping-a-decade-of-us-population-growth/; 6/16/22

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Economics

Deloitte & Touche LLP

State of the US consumer: June 2022

More signs point to weakening financial sentiment

"Key insights about US consumers from Deloitte's State of the Consumer Tracker

- The surge in inflation (8.6% in May) is raising consumers' concerns about declining purchasing power. For example, the percentage of Americans concerned about rising prices for everyday purchases hit 84% in May, up from 72% in September (figure 1). It's not just everyday purchases that consumers appear to be worried about. High inflation is also forcing a greater share of Americans (especially lower- and middle-income earners) to hold off on making large purchases this year compared to 2021 (figure 2).
- As inflation bites into household budgets, the ability to save money has gone down. The share of Americans concerned about their level of savings has nearly doubled over the past year, while worries about credit card debt have also gone up during this period (figure 3). Rising interest rates in response to rate hikes by the Fed will likely add to the pressure on those worried about servicing debt as cost of borrowing rises.
- As sentiment about personal finances weakens, spending intentions are suffering. In May, Americans planned to allocate 32% of their monthly budgets on discretionary spending, for example, on leisure and food services, down from 38% in September. This drop is more severe for middle-income consumers (figure 4)." – Anthony Waelter, partner, Risk & Financial Advisory, Deloitte & Touche LLP and Stephen Rogers, Managing Director, Consumer Industry Center, Deloitte Services LP.

Source: https://www2.deloitte.com/us/en/insights/economy/consumer-pulse/state-of-the-us-consumer.htm; 6/28/22

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Economics

Deloitte & Touche LLP

State of the US consumer: June 2022

Figure 1. Inflation concerns are nearly ubiquitous

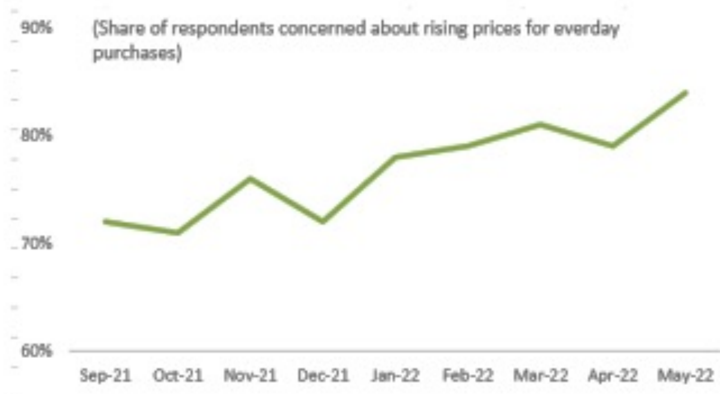


Figure 2. More Americans are delaying large purchases in 2022 compared to 2021

Figure 3. Concerns around savings and credit debt continue to rise

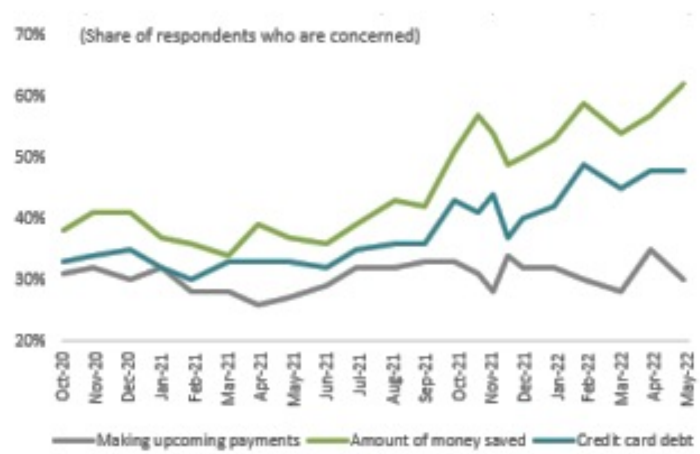
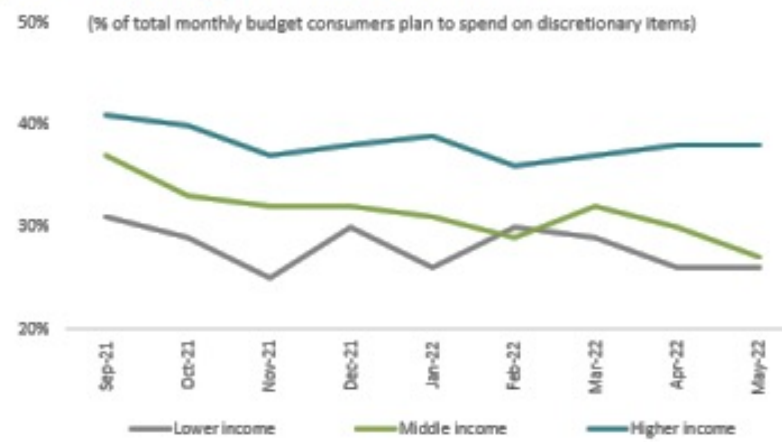


Figure 4. Discretionary spending intentions continue to fall—particularly among middle-income consumers



Sources: Deloitte's State of the Consumer Tracker; Haver Analytics; United States Department of Transportation; Deloitte economic analysis.

Source: https://www2.deloitte.com/us/en/insights/economy/consumer-pulse/state-of-the-us-consumer.htm; 6/28/22

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Economics

Deloitte & Touche LLP

High inflation has hit real earnings, thereby posing risks for consumer spending

A roundup of key consumer-related economic data

Figure 5. Consumer spending went up by 0.7% in April, with spending on durable goods rising by 2.3% during the month

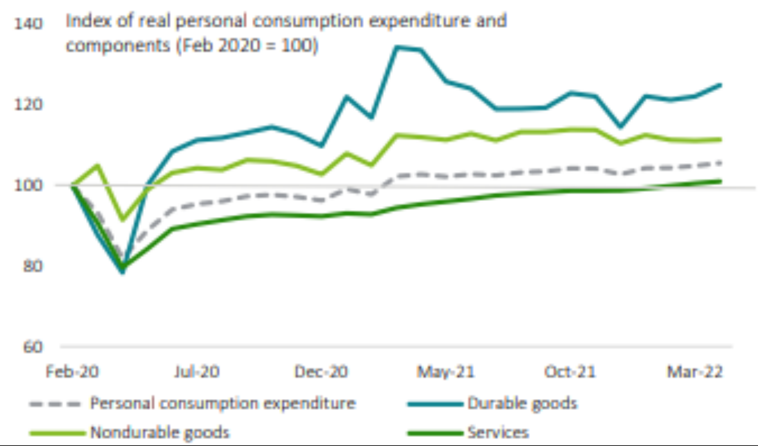


Figure 6. The labor market remains strong, with unemployment at 3.6% and the employment-to-population ratio edging up slowly

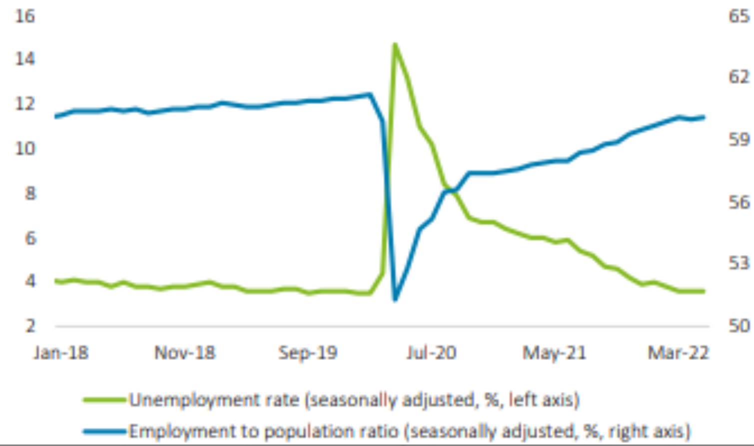


Figure 7. Retail sales grew by 1% in April and were up 8.2% compared to a year back

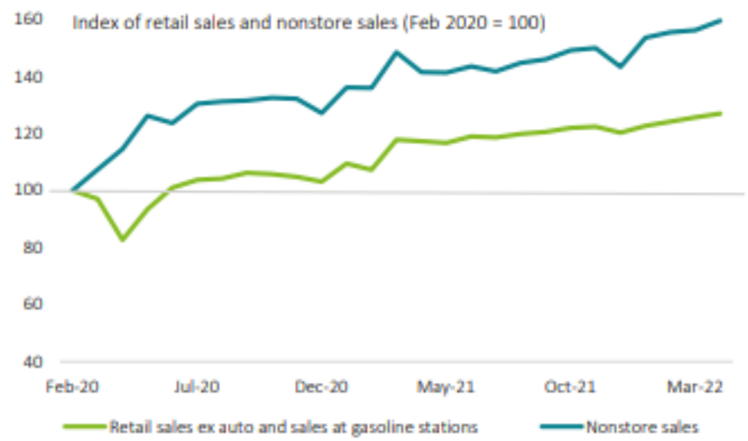
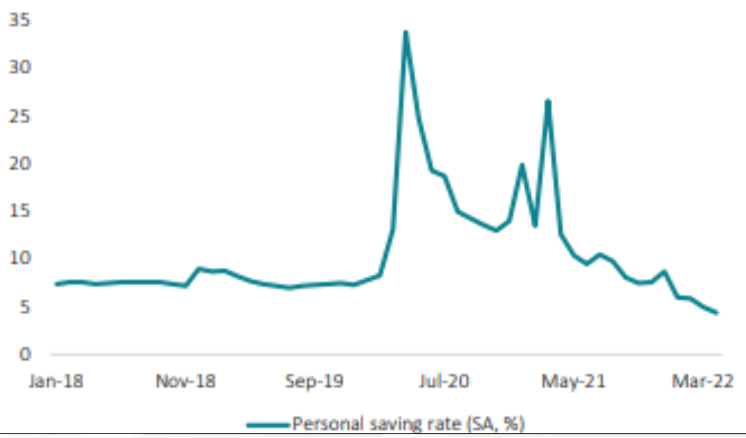


Figure 8. The personal savings rate fell to 4.4% in April, the lowest since September 2008



Sources: US Department of Commerce, US Bureau of Labor Statistics, *Wall Street Journal* (all sourced through Haver Analytics); Deloitte analysis.

Source: https://www2.deloitte.com/us/en/insights/economy/consumer-pulse/state-of-the-us-consumer.htm; 6/28/22

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Economics

Deloitte & Touche LLP

High inflation has hit real earnings, thereby posing risks for consumer spending

A roundup of key consumer-related economic data

Figure 9. Mortgage rates went up again in May and are now at levels last seen in mid-2009

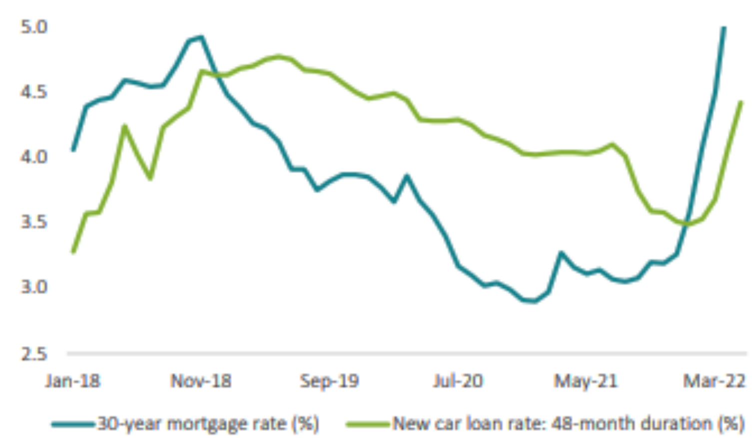
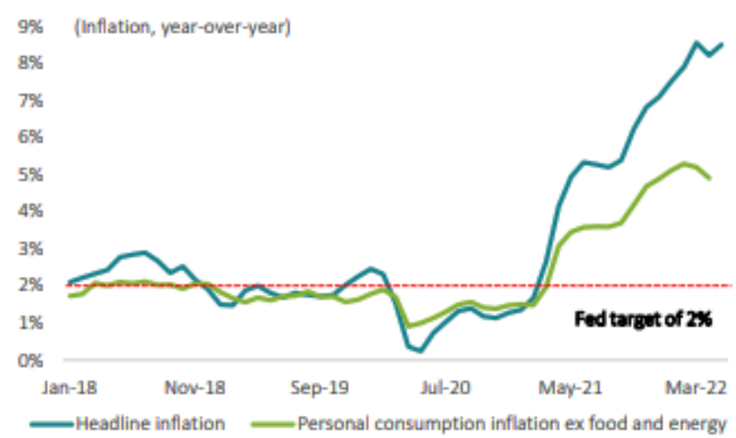


Figure 10. Inflation surged to 8.6% in May, the highest in about 41 years; core inflation also remains high relative to the Fed's 2% target



Sources: US Department of Commerce, US Bureau of Labor Statistics, *Wall Street Journal* (all sourced through Haver Analytics); Deloitte LP economic analysis.

Source: https://www2.deloitte.com/us/en/insights/economy/consumer-pulse/state-of-the-us-consumer.htm; 7/28/22

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

June 2022

Business Applications

"Business Applications for 2022, adjusted for seasonal variation, were 410,348, a decrease of 2.5 percent compared to May 2022.

Business Formations

Projected Business Formations (within 4 quarters) for June 2022, adjusted for seasonal variation, were 29,813, a decrease of 2.6 percent compared to May 2022. The projected business formations are forward looking, providing an estimate of the number of new business startups that will appear from the cohort of business applications in a given month. It does not provide an estimate of the total number of business startups that appeared within a specific month. In other words, the Census Bureau is projecting that 29,813 new business startups with payroll tax liabilities will form within 4 quarters of application from all the business applications filed during June 2022. The 2.6 percent decrease indicates that for June 2022 there will be 2.6 percent fewer businesses projected to form within 4 quarters of application, compared to the analogous projections for May 2022. " – Census Bureau, Economic Indicators Division, Business Formation Statistics

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 7/15/22

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

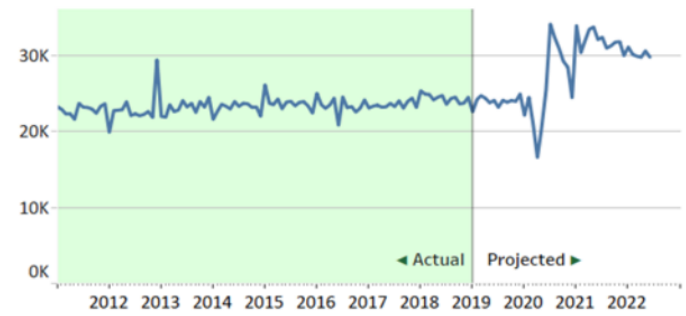
June 2022

BUSINESS FORMATIONS

U.S. Total Projected Business Formations:	JUN 2022	JUN 2022 / MAY 2022
Within 4 Quarters	29,813	-2.6%°
Within 8 Quarters	38,337	-2.1%°

Next release: August 11, 2022
(°) Statistical significance is not applicable or not measurable.
Spliced - Data adjusted for seasonality.
Source: U.S. Census Bureau, Business Formation Statistics, July 14, 2022

Monthly Business Formations within 4 Quarters
Spliced (Actual and Projected)
(Seasonally Adjusted)



Source: U.S. Census Bureau, Business Formation Statistics, July 14, 2022

Projected Business Formations - At a Glance

		US	Northeast	Midwest	South	West
Within 4 Quarters	JUN 2022	29,813	4,627	4,670	12,075	8,441
	JUN 2022 / MAY 2022	-2.6%	-5.6%	-5.4%	-1.7%	-0.7%
Within 8 Quarters	JUN 2022	38,337	5,879	6,005	15,714	10,739
	JUN 2022 / MAY 2022	-2.1%	-7.1%	-4.1%	-0.4%	-0.6%

Details may not equal totals due to rounding. Regions defined by Census Bureau Geography Program. Statistical significance is not applicable or not measurable.
Data adjusted for seasonality. Green Percentage changes are greater than zero (+). Red Percentage changes are less than zero (-). Z = absolute value < 0.05.

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 7/15/22

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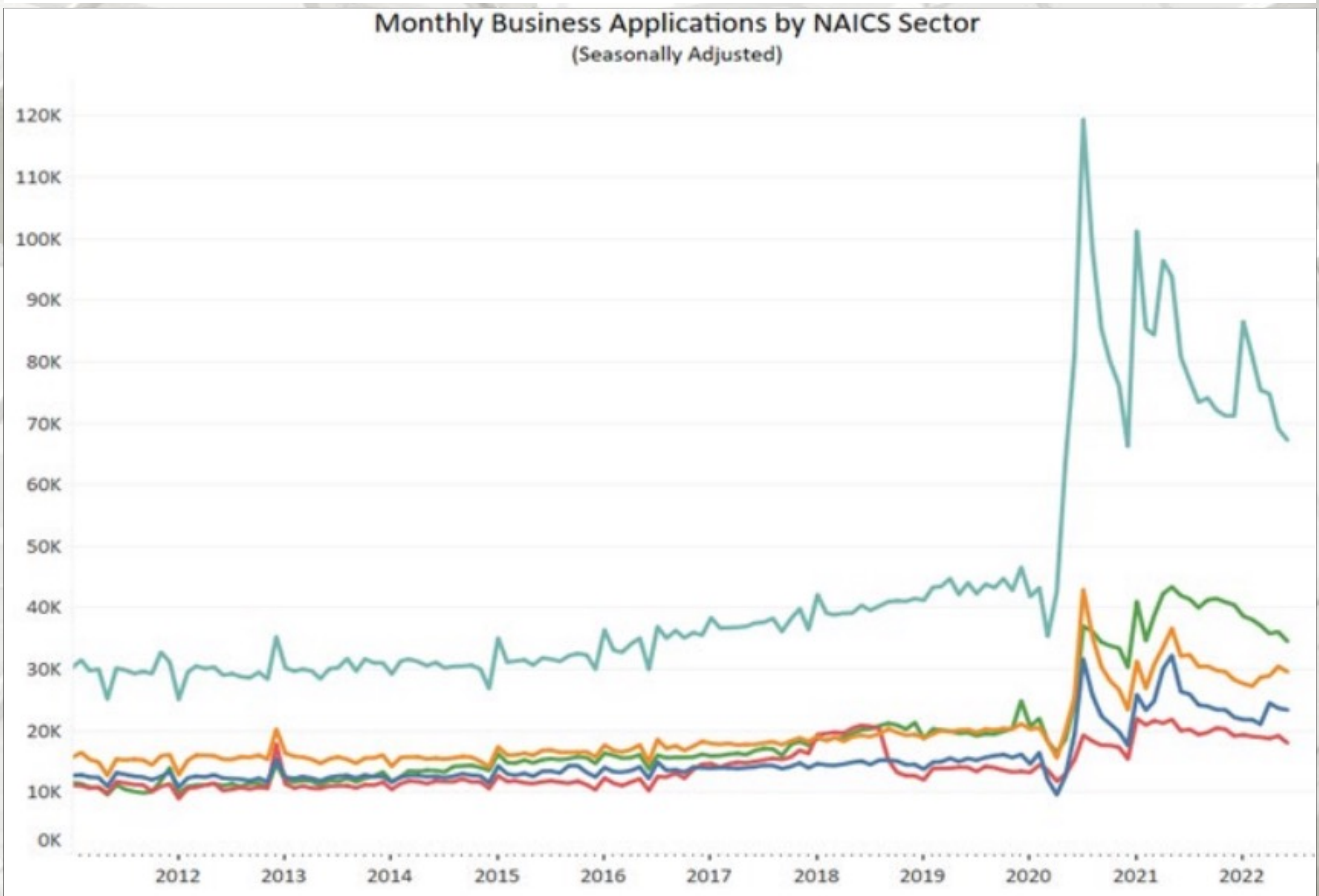
Economics

NEW Business Formation Statistics

June 2022



Source: U.S. Census Bureau, Business Formation Statistics, July 14, 2022

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 7/15/22

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