The Virginia Tech–USDA Forest Service Housing Commentary: Section II February 2023

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2023 Virginia Polytechnic Institute and State University VCE-ANR

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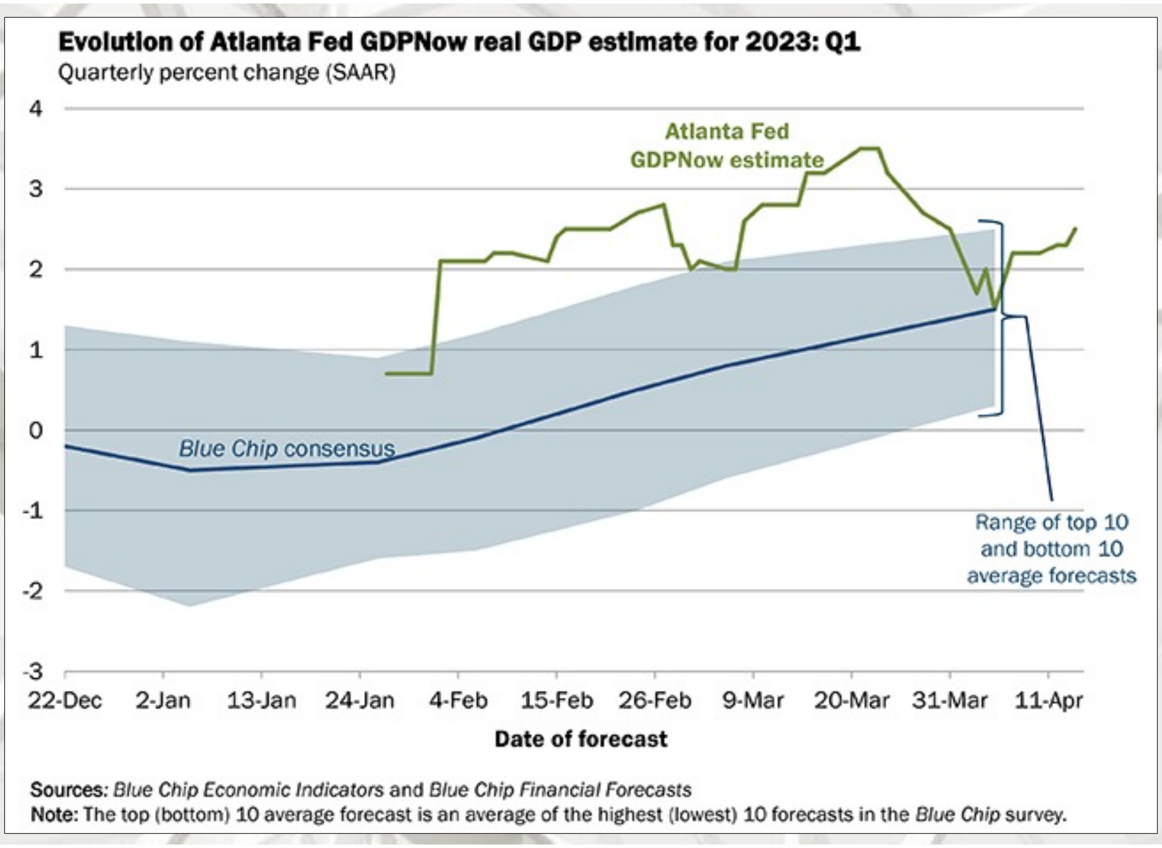
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 2.5 percent — April 14, 2023

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2023 is **2.5 percent** on April 14, up from 2.2 percent on April 10. After recent releases the US Bureau of Labor Statistics, the US Census Bureau, the US Department of the Treasury's Bureau of the Fiscal Service, and the Federal Reserve Board of Governors, the nowcasts of first-quarter real gross private domestic investment growth and first-quarter real government spending growth increased from -6.5 percent and 2.2 percent, respectively, to -5.9 percent and 2.6 percent." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 4/14/23

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The Federal Reserve Bank of Chicago: National Financial Conditions Index (NFCI)

Index Suggests Economic Growth Declined in February

"Led by declines in production-related indicators, the Chicago Fed National Activity Index (CFNAI) fell to –0.19 in February from +0.23 in January. All four broad categories of indicators used to construct the index made negative contributions in February, and three categories deteriorated from January. The index's three-month moving average, CFNAI-MA3, increased to –0.13 in February from –0.27 in January.

The CFNAI Diffusion Index, which is also a three-month moving average, moved up to +0.02 in February from –0.07 in January. Thirty-eight of the 85 individual indicators made positive contributions to the CFNAI in February, while 47 made negative contributions. Thirty-three indicators improved from January to February, while 52 indicators deteriorated. Of the indicators that improved, nine made negative contributions.

Production-related indicators contributed –0.08 to the CFNAI in February, down from +0.15 in January. Manufacturing production ticked up 0.1 percent in February after rising 1.3 percent in January. The contribution of the sales, orders, and inventories category to the CFNAI moved up to –0.02 in February from –0.12 in the previous month.

Employment-related indicators contributed –0.02 to the CFNAI in February, down from +0.10 in January. The unemployment rate ticked up to 3.6 percent in February from 3.4 percent in January. The contribution of the personal consumption and housing category to the CFNAI decreased to –0.08 in February from +0.10 in January." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 3/23/23

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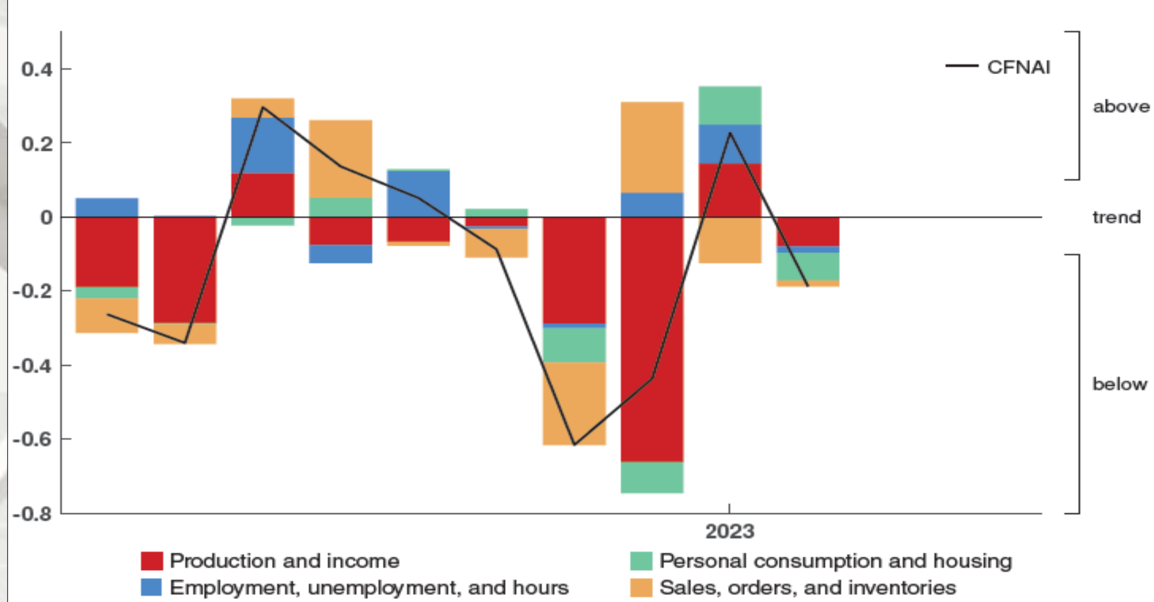
The Federal Reserve Bank of Chicago: National Financial Conditions Index (NFCI)

Chicago Fed National Activity Index, by Categories



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

	Feb '23	Jan '23	Dec '22	Nov '22	Oct '22	Sep '22	Feb '22
CFNAI							
Current	−0.19	+0.23	−0.44	−0.62	−0.09	+0.05	+0.55
Previous	N/A	+0.23	−0.46	−0.56	−0.01	+0.04	+0.54
CFNAI-MA3							
Current	−0.13	−0.27	−0.38	−0.22	+0.03	+0.16	+0.36
Previous	N/A	−0.26	−0.34	−0.18	+0.06	+0.15	+0.36
CFNAI Diffusion							
Current	+0.02	−0.07	−0.17	−0.11	+0.12	+0.25	+0.25
Previous	N/A	−0.10	−0.15	−0.10	+0.12	+0.22	+0.25

Current and Previous values reflect index values as of the March 23, 2023, release and February 23, 2023, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 3/23/23

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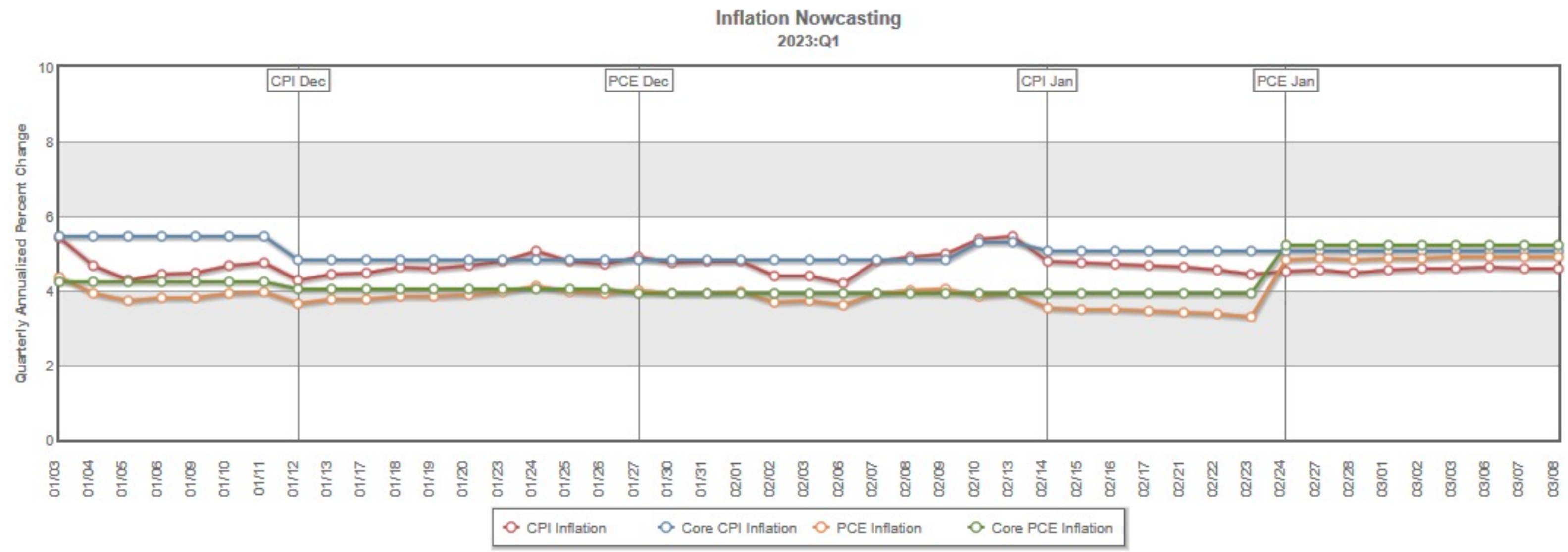
The Federal Reserve Bank of Cleveland:

Year: Quarter 2023:Q1



Source: Federal Reserve Bank of Cleveland calculations based on data from Bureau of Labor Statistics, Bureau of Economic Analysis, Energy Information Administration, Financial Times, and Haver Analytics

Source: https://www.clevelandfed.org/indicators-and-data/inflation-nowcasting; 3/8/23

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The Federal Reserve Bank of Dallas

Texas Manufacturing Outlook Survey

Modest growth resumes in Texas manufacturing, but outlooks continue to worsen

"Texas factory activity expanded slightly in March after contracting in February, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, moved up from -2.8 to 2.5, a reading suggestive of a modest increase in output.

Other measures of manufacturing activity showed mixed signals this month. The new orders index was negative for a 10th month in a row and came in at -14.3, little changed from February. The growth rate of orders index was also negative and largely unchanged, at -15.2. The capacity utilization index returned to positive territory, moving up six points to 2.3, while the shipments index pushed down from -5.0 to -10.5.

Perceptions of broader business conditions continued to worsen in March. The general business activity index slipped two points to -15.7. The company outlook index remained negative but rose four points to -13.3. The outlook uncertainty index came in at 22.0, down slightly from February but still elevated.

Labor market measures suggest a resumption of employment growth and continued lengthening of workweeks. The employment index shot up 11 points to 10.4 after dipping below zero last month. Twenty-four percent of firms noted net hiring, while 14 percent noted net layoffs. The hours worked index edged down to 2.6, a reading slightly below average.

Price and wage pressures receded in March, though wage growth remained elevated relative to average. The raw materials prices index retreated five points to 20.3, falling further below its series average of 27.9. The finished goods prices index dropped from 15.8 to 7.0, falling below its series average of 9.0 for the first time since 2020. The wages and benefits index inched down two points to 30.5." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/27/23

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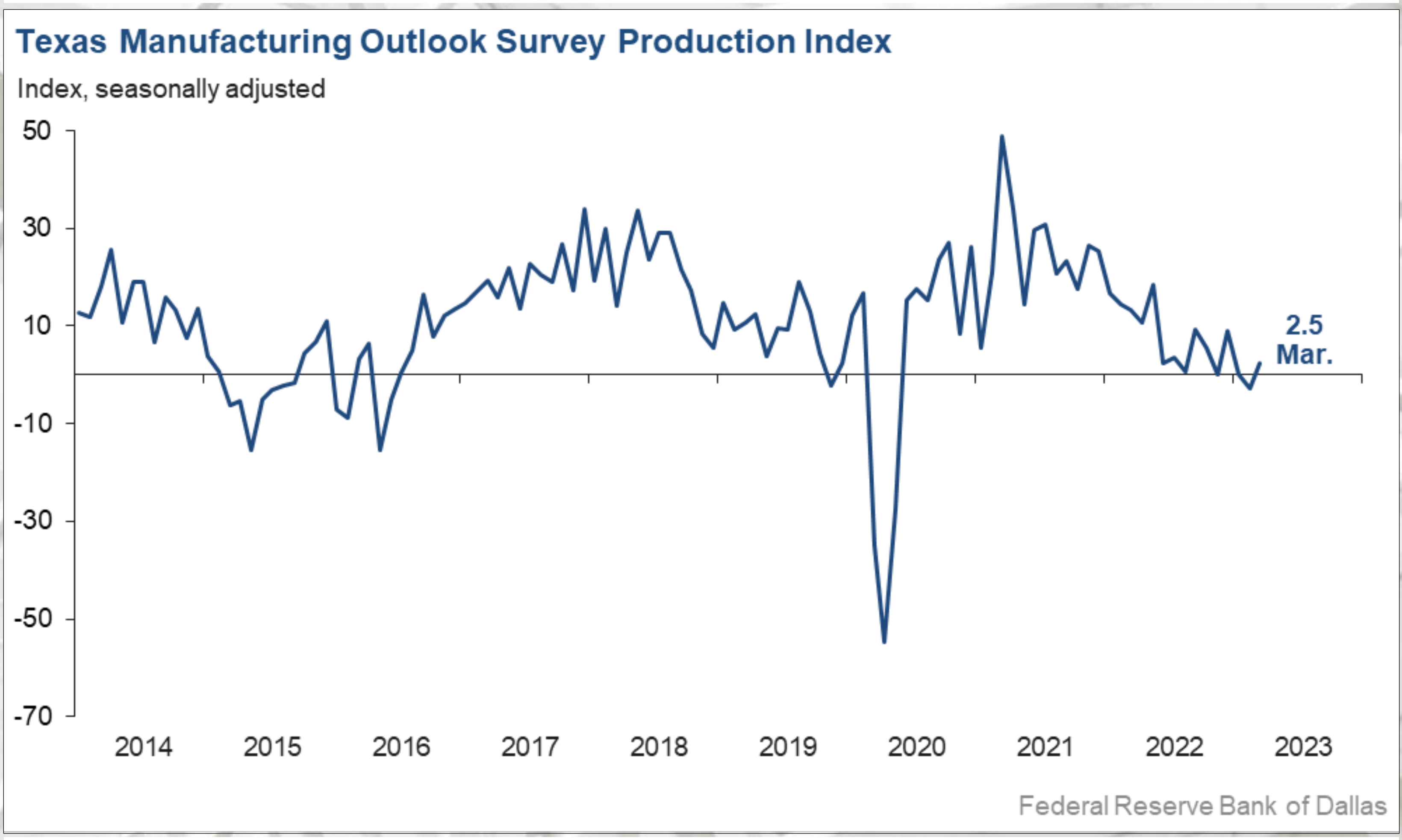
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity were mixed in March. The future production index remained positive but fell eight points to 13.5, signaling well-below-average output growth is expected over the next six months. The future general business activity index pushed further negative, from -2.9 to -11.2. Most other measures of future manufacturing activity remained positive but moved lower this month." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/27/23

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Modest expansion continues in Texas service sector, though outlooks worsen

"Growth in Texas service sector activity continued in March, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, edged down just over one point to 5.5, suggesting a slight slowdown in activity growth.

Labor market indicators pointed to mostly flat employment and a slight contraction in workweeks. The employment index fell below zero — for the first time since July 2020 — to -0.4, indicating employment growth stalled in March. The part-time employment index fell three points to 1.4, and the hours worked index moved down from 1.8 to -1.8.

Perceptions of broader business conditions worsened further in March as uncertainty picked up. The general business activity index moved down nine points to -18.0. The company outlook index also fell, from -1.7 to -11.3, while the outlook uncertainty index rose 10 points to 22.8 — above its series average of 13.5.

Price pressures eased, and wage pressures remained elevated. The input prices index ticked down from 40.6 to 38.3, and the selling prices index dropped eight points to 11.4. The wages and benefits index remained flat at 19.8, still elevated relative to its average reading of 15.7.

Respondents' expectations regarding future business activity were mixed in March. The future general business activity index remained negative, falling from -3.6 to -12.2. The future revenue index stayed positive but fell eight points to 34.4. Other future service sector activity indexes such as employment and capital expenditures also decreased but remained in positive territory, reflecting expectations for slower growth the rest of the year." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/28/23

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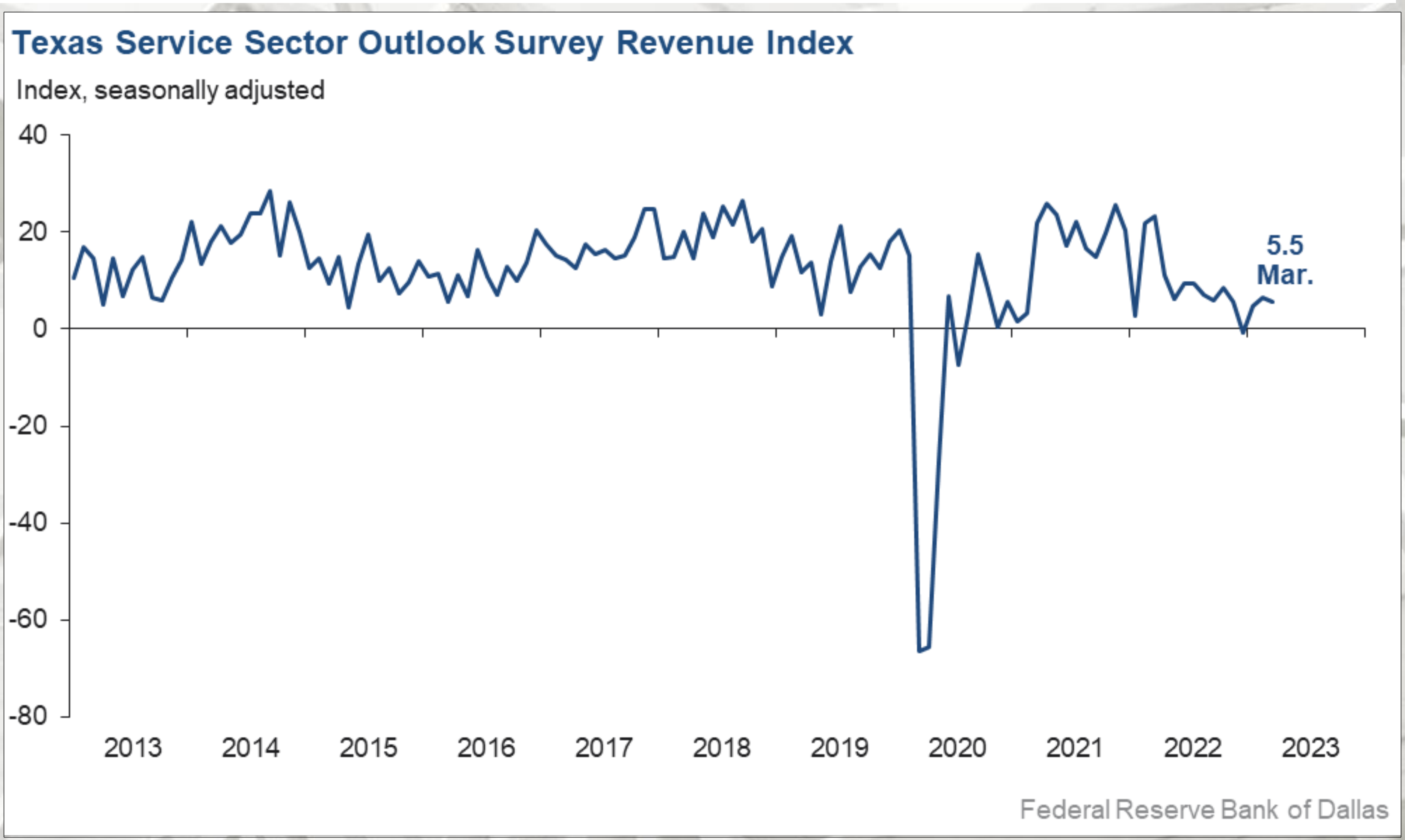
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 3/28/23

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The Federal Reserve Bank of Dallas

Texas Retail Outlook Survey

Texas Retail Sales Hold Steady

“Retail sales activity flattened in March, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, was 0.8, suggesting sales were mostly flat in March. Retailers’ inventories increased at a slower rate than last month, with the index falling from 9.6 to 4.9.

Retail labor market indicators reflected contraction in employment and notably shorter workweeks in March. The employment index dropped from 6.9 to -6.8. The part-time employment index fell from 1.7 to -0.4. The hours worked index decreased nine points to -10.9.

Retailers’ perceptions of broader business conditions continued to worsen in March as both the general business activity and company outlook indexes remained in deeply negative territory. The general business activity index fell eight points to -26.9, while the company outlook index edged up to -15.7. The outlook uncertainty index shot up 12 points to 25.4.

Price pressures eased, while wage pressures increased slightly in March. The selling prices index dropped 10 points to 6.8, and the input prices index fell four points to 30.0. The wages and benefits index rose three points to 19.7.

Expectations for future retail growth were mixed in March. The future general business activity index remained unchanged at -17.1, while the future sales index rose five points from 11.4 to 16.7. Other indexes of future retail activity such as employment and capital expenditures remained positive, reflecting expectations for growth in retail activity later in the year.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/28/23

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The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 3/28/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Stayed Flat in March

Regional factory activity stayed flat in March. Given current price pressures, around half of firms reported lower profit margins from the beginning of the year and changing prices more frequently than last year.

Factory Activity Remained Flat

"Tenth District manufacturing activity remained essentially flat for the third month in a row, and expectations for future activity increased slightly (Chart 1). Monthly price indexes were mixed with an increase in materials prices but a slight decrease in finished goods prices. Expectations for future raw materials and finished goods prices remained similar to last month.

The month-over-month composite index was 0 in March, unchanged from 0 in February, and up slightly from -1 in January. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Nondurable goods plants reported decreased activity in March, especially printing, plastics, and chemical manufacturing, while food manufacturing increased. Month-over-month indexes continued to remain flat. Indexes for new orders, supplier delivery time, and materials inventories declined, while production, volume of shipments, and finished goods inventories increased slightly. Year-over-year factory indexes increased slightly, from a composite index of 5 to 6. The future composite index increased from 1 to 3 in March, with volume of new orders and capital expenditures indexes moving into positive territory." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/23/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Stayed Flat in March

Special Questions

"This month contacts were asked special questions about profit margins and changing prices. In March, given current price pressures, 56% of firms reported a decrease in profit margins since the beginning of the year, while 26% of firms reported no change, and 18% of firms reported an increase. Compared to last year, 47% of firms reported changing prices more often, 28% of firms reported no change, and 24% reported changing prices less often." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/23/23

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The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/23/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Declined Slightly in March

Regional factory activity declined slightly in March. With current price pressures, about 70% of firms reported lower profit margins from the beginning of the year.

Business Activity Declined Slightly

"Tenth District services activity declined slightly in March and expectations for the next six months slowed moderately (Chart 1). Monthly price indexes for March eased slightly, while firm's expectations for future price indexes were mixed with an increase in input prices and a slight decrease in selling prices.

The month-over-month services composite index was - 4 in March, down from 1 in February, and up from - 11 in January. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The decline in revenue and sales was driven by slowing in wholesale trade, auto, and professional services activity. On the other hand, real estate, restaurants, and tourism activity increased in March. Month-over-month indexes were mostly negative in March and all indexes decreased except inventory levels and capital expenditures. The year-over-year composite index declined slightly from 2 to - 6 with employee hours worked and credit conditions moving into negative territory. Expectations for future services activity slowed moderately in March, and the composite index decreased from 13 to 2." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/24/23

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Business Activity Declined Slightly

Special Questions

"This month contacts were asked special questions about profit margins and changing prices. In March, given current price pressures, 68% of firms reported a decrease in profit margins since the beginning of the year, while 23% of firms reported no change, and 9% of firms reported an increase. Compared to last year, 51% of firms reported changing prices more often, 45% of firms reported no change, and 4% reported changing prices less often." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/24/23

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The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 3/24/23

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The Federal Reserve Bank of New York

March Empire State Manufacturing Survey

Activity Continues to Contract

"Business activity continued to decline in New York State, according to firms responding to the March 2023 *Empire State Manufacturing Survey*. The headline general business conditions index fell nineteen points to -24.6. New orders dropped significantly, and shipments declined modestly. Delivery times shortened for a second consecutive month, suggesting supply availability improved, and inventories were steady. Both employment and hours worked declined for a second consecutive month. Input and selling price increases slowed somewhat. Looking ahead, businesses expect little improvement in conditions over the next six months.

Manufacturing activity continued to decline in New York State, according to the March survey. The general business conditions index fell nineteen points to -24.6, continuing the see-saw pattern of ups and downs within negative territory seen in recent months. Twenty percent of respondents reported that conditions had improved over the month, and forty-five percent reported that conditions had worsened. The new orders index fell fourteen points to -21.7, indicating that orders declined substantially, and the shipments index fell fourteen points to -13.4, pointing to a decline in shipments. The unfilled orders index came in at -6.7, a sign that unfilled orders continued to decline. At -7.6, the delivery times index was negative for a second consecutive month, indicating that delivery times shortened. The inventories index moved down eight points to -1.9, indicating that inventory levels held steady." – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 3/15/23

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The Federal Reserve Bank of New York

February Empire State Manufacturing Survey

Labor Market Indicators Weaken

“The index for number of employees fell four points to -10.1, its second consecutive negative reading, indicating that employment levels continued to decline. The average workweek index fell six points to -18.5, its lowest level since early in the pandemic, indicating that hours worked shrank for a fourth consecutive month. Input prices and selling prices increased at a somewhat slower pace than last month: the prices paid index fell three points to 41.9, and the prices received index moved down six points to 22.9.

Little Improvement Expected

The index for future business conditions fell twelve points to 2.9, suggesting that firms do not expect activity to improve much over the next six months. New orders and shipments are expected to increase modestly, and employment is expected to be somewhat higher. The index for future prices paid fell a steep eighteen points, suggesting that, looking ahead, firms expect slower input price increases than they were anticipating last month. The capital spending index and technology spending index both fell to 13.3.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 3/15/23

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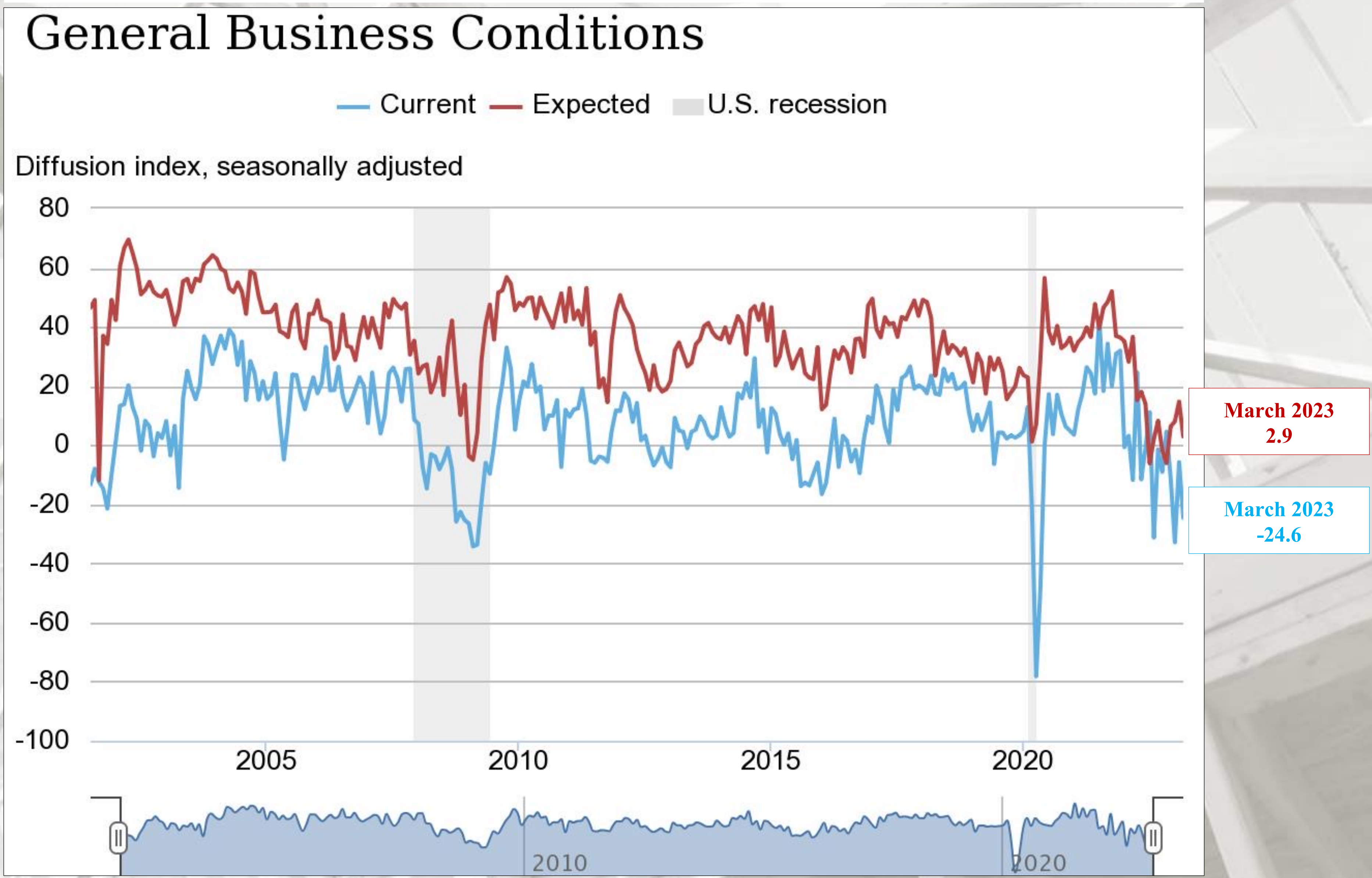
The Federal Reserve Bank of New York



Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 3/15/23

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The Federal Reserve Bank of New York

February 2023 Business Leaders Survey (Services)

Activity Continues To Contract

“Activity continued to decline modestly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s March 2023 *Business Leaders Survey*. The survey’s headline business activity index edged up three points but remained negative at -10.1. The business climate index moved down four points to -38.8, suggesting the business climate remains much worse than normal. Employment was somewhat higher, and wage increases were less widespread than last month. Input price increases slowed slightly, while selling price increases were little changed. Looking ahead, firms expect little improvement over the next six months.

Business activity declined in the region’s service sector for a sixth consecutive month, according to the March survey. The headline business activity index rose three points but remained negative at -10.1. Twenty-four percent of respondents reported that conditions improved over the month and thirty-four percent said that conditions worsened. The business climate index moved down four points to -38.8, suggesting that the business climate remains much 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; 3/16/23

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The Federal Reserve Bank of New York

March 2023 Business Leaders Survey (Services)

Activity Continues To Contract

“Activity continued to decline significantly in the region’s service sector, according to firms responding to the Federal Reserve Bank of New York’s February 2023 *Business Leaders Survey*. The survey’s headline business activity index fell four points -21.4, its lowest level in nearly two years. The business climate index came in at -41.8, suggesting the business climate remains much worse than normal. Employment growth slowed to a crawl, though wage increases remained widespread. The pace of input price increases continued to trend lower, while the pace of selling price increases moved slightly higher. Looking ahead, firms do not expect conditions to be better in six months.

Business activity declined in the region’s service sector, according to the February survey. The headline business activity index fell four points to -21.4, its fourth consecutive negative reading and its lowest level since February 2021. Nineteen percent of respondents reported that conditions improved over the month and 41 percent said that conditions worsened. The business climate index edged up but remained staunchly negative at -41.8, with more than half of respondents viewing 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; 3/16/23

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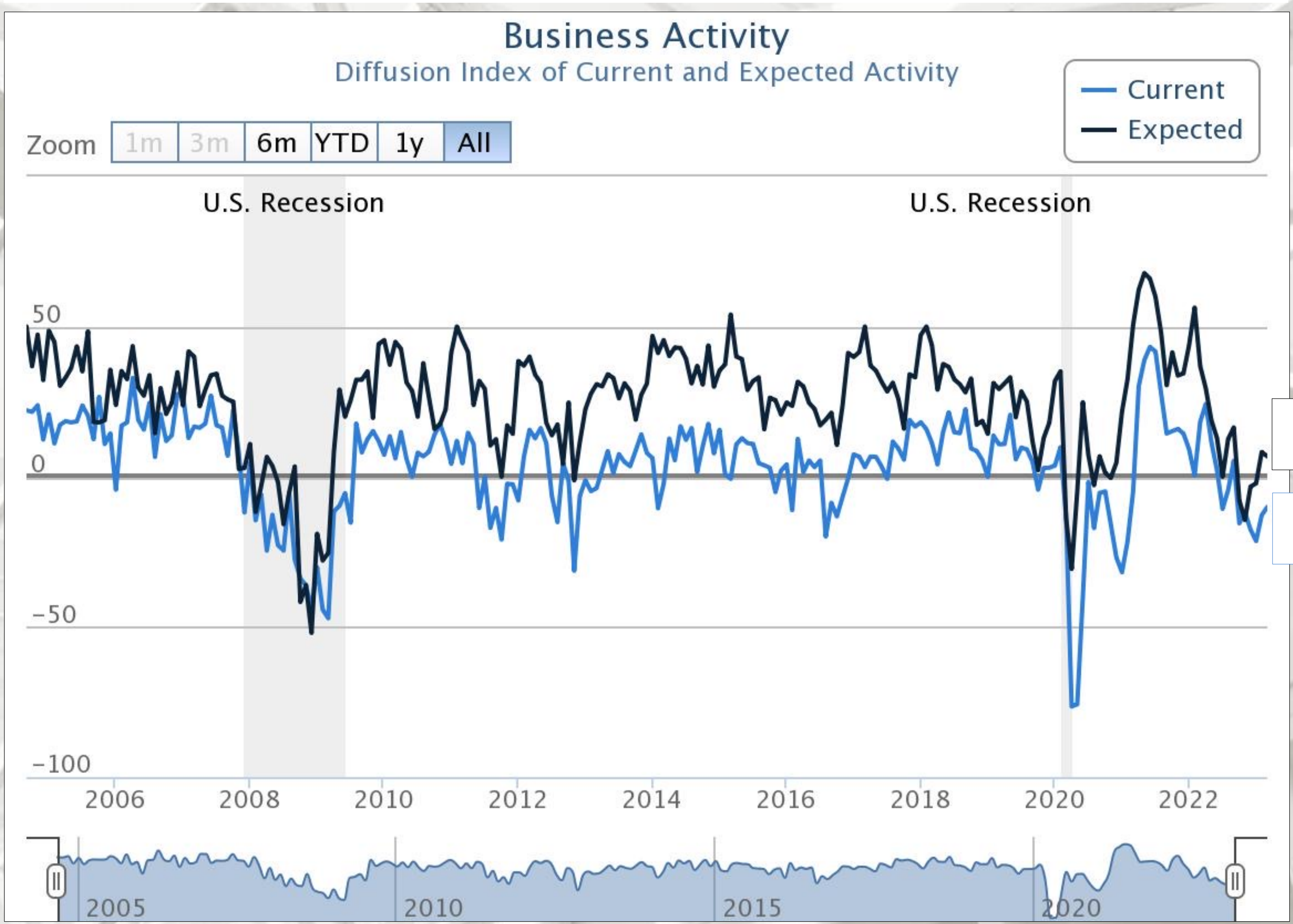
The Federal Reserve Bank of New York



March 2023
6.8

March 2023
-10.1

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 3/16/23

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The Federal Reserve Bank of New York

March 2023 Business Leaders Survey (Services)

Ongoing Modest Employment Gains

"The employment index was little changed at 6.7, signaling another month of small employment gains. At 49.7, the wages index was down seven points, indicating that wage growth was less widespread than last month. The prices paid index fell four points to 64.8, pointing to a small deceleration in input price increases, while the prices received index held steady at 33.1. Capital spending grew modestly.

Firms Expect Little Improvement

Conditions are expected to improve only slightly over the next six months. The index for future business activity held steady at 6.8, while the index for the future business climate fell eight points to -11.8. Employment is expected to grow modestly 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; 3/16/23

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The Federal Reserve Bank of Philadelphia

March 2023 Manufacturing Business Outlook Survey

Current Indicators Weaken

"Manufacturing activity in the region continued to decline overall, according to the firms responding to March's *Manufacturing Business Outlook Survey*. The diffusion index for current general activity remained negative but ticked up 1 point to -23.2, its seventh consecutive negative reading. The survey's broad indicators for current activity were all negative. On balance, the firms also reported a decline in employment. Most future indicators weakened, suggesting that the firms continue to have tempered expectations for growth over the next six months.

The diffusion index for current general activity remained negative but ticked up 1 point to -23.2, its seventh consecutive negative reading (see Chart 1). More than 34 percent of the firms reported declines in activity, while 11 percent reported increases; the majority (53 percent) reported no change. The indicators for new orders and shipments both declined to their lowest readings since May 2020: The shipments index dropped sharply from 8.7 last month to -25.4 this month, and the new orders index fell 15 points to -28.2. Over 35 percent of the firms reported declines in new orders (unchanged from last month), while 7 percent reported increases (down from 22 percent); 58 percent reported no change (up from 41 percent).

On balance, the firms reported a decline in employment. The employment index decreased from 5.1 to -10.3, the index's second negative reading since June 2020 and its lowest reading since May 2020. Over 73 percent of the firms reported steady employment levels (up from 61 percent last month), 16 percent reported lower employment (up from 15 percent), and 6 percent reported higher employment (down from 21 percent). The average workweek index fell from -3.2 to -22.0." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-03; 3/16/23

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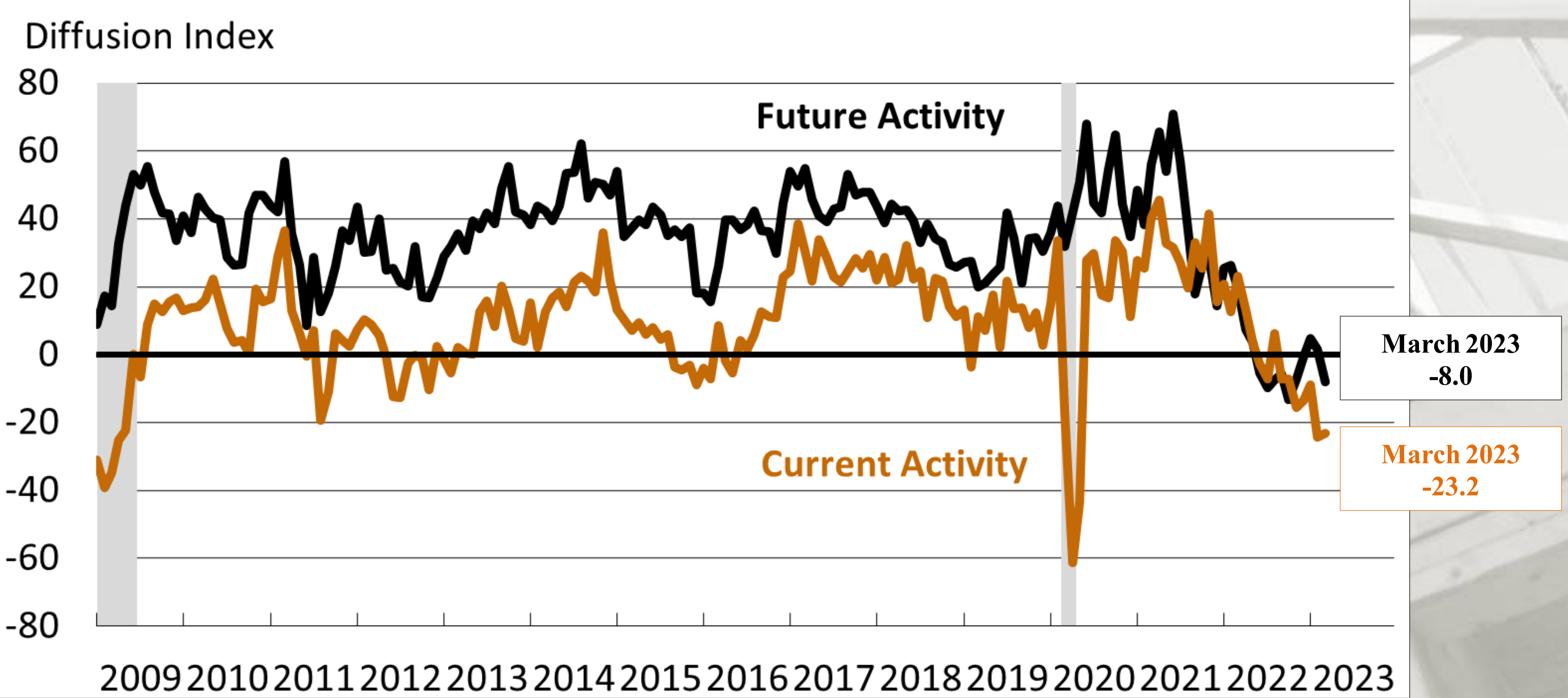
The Federal Reserve Bank of Philadelphia

March 2023 Manufacturing Business Outlook Survey

Chart 1. Current and Future General Activity Indexes

January 2009 to March 2023



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-03; 3/16/23

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The Federal Reserve Bank of Philadelphia

March 2023 Manufacturing Business Outlook Survey

Price Indexes Near Long-Run Averages

"The firms continued to report overall increases in prices, but the indexes for prices paid and prices received both declined. The current prices paid index ticked down 3 points to 23.5, its lowest reading since August 2020 and near its long-run average. Nearly 35 percent of the firms reported increases in input prices, while 11 percent reported decreases; 53 percent of the firms reported no change. The current prices received index decreased 7 points to 7.9, its lowest reading since June 2020. Roughly 23 percent of the firms reported increases in prices received for their own goods this month, while 15 percent reported decreases; 62 percent reported no change.

Firms Expect Lower Increases in Prices from Last Quarter

In this month's special questions, the firms were asked to estimate their total production growth for the first quarter ending this month compared with the fourth quarter of 2022. A higher share of firms reported an increase in production (46 percent) compared with the share reporting a decrease (32 percent). Regarding firms' capacity utilization rate for the current quarter and one year ago, the median current capacity utilization rate reported among the responding firms was unchanged at 70 to 80 percent. Although most firms reported labor supply and supply chains as slight or moderate constraints to capacity utilization, 27 percent indicated labor as a significant constraint and 12 percent indicated supply chains as a significant constraint. Looking ahead over the next three months, most firms expect the impacts of various factors to stay the same; however, 23 percent of the firms expect financial capital impacts to worsen, down slightly from 26 percent when this question was asked in December." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-03; 3/16/23

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The Federal Reserve Bank of Philadelphia

March 2023 Manufacturing Business Outlook Survey

Future Indicators Soften

"The diffusion index for future general activity decreased for the second consecutive month, falling 10 points to -8.0 (see Chart 1). The share of firms that expect decreases in activity (29 percent) exceeded the share of firms that expect increases (21 percent); 45 percent expect no change. The future new orders index declined 5 points but remained positive at 4.6, while the future shipments index increased from 4.6 to 7.8. On balance, the firms continued to expect increases in employment over the next six months, but the future employment index ticked down 1 point to 6.9. Although the future prices paid index rose 9 points to 26.8, both future price indexes were below their long-run averages. The future capital expenditures index decreased from 7.5 to -3.8, the index's first negative reading since September 2009.

Summary

Responses to the March *Manufacturing Business Outlook Survey* suggest continued declines for the region's manufacturing sector. The survey's indicators for general activity, new orders, and shipments were all negative, and the firms reported a decline in employment, on balance. The survey's broad indicators for future activity continued to suggest subdued expectations for growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2023-03; 3/16/23

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The Federal Reserve Bank of Philadelphia

March 2023 Nonmanufacturing Business Outlook Survey

Current Indicators Weaken

"Nonmanufacturing activity in the region weakened this month, according to the firms responding to the March *Nonmanufacturing Business Outlook Survey*. The index for general activity fell to a near-zero reading, and the index for new orders at the firm level turned negative. The sales/revenues index also decreased but remained positive, and the full-time employment index declined to a low but positive reading this month. The prices paid and prices received indexes both fell. Although firms continue to expect growth over the next six months on balance, expectations were less widespread.

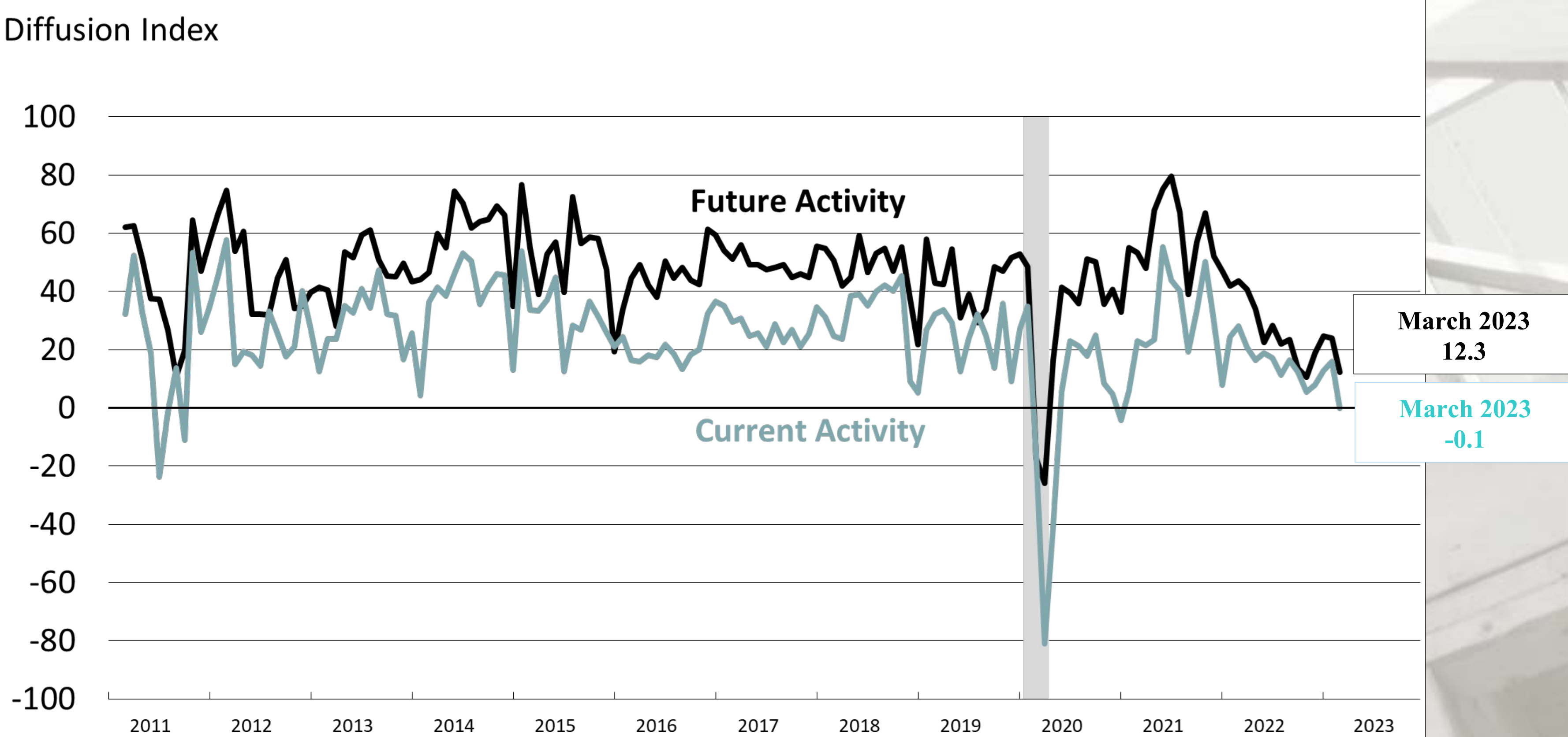
The diffusion index for current general activity at the firm level fell from a reading of 15.8 in February to -0.1 this month (see Chart 1). The firms were evenly split between reporting increases and decreases (31 percent); 37 percent reported no change in activity. The new orders index fell 22 points to -15.4 this month, its first negative reading since December. More than 18 percent of the firms reported increases in new orders (down from 33 percent), while 34 percent reported decreases (up from 27 percent). The sales/revenues index decreased 4 points to 10.3. Almost 40 percent of the responding firms reported increases in sales/revenues, while 29 percent reported decreases. The regional activity index declined from 3.2 to -12.8 this month, a reading last seen in December." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2023-03; 3/21/23

The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes for Firms

March 2011 to March 2023



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-2023-03; 3/21/23

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The Federal Reserve Bank of Philadelphia

March 2023 Nonmanufacturing Business Outlook Survey

Employment Indicators Weaken

“On balance, the firms reported increases in full-time employment this month, but the index fell 13 points to 3.2, its lowest reading since June 2021. More than 71 percent of the firms reported steady full-time employment levels, while the share of firms reporting increases (16 percent) was slightly higher than the share reporting decreases (13 percent). The part-time employment index declined from 3.2 to -6.8.

Price Increases Are Less Widespread

The prices paid and prices received indexes continued to indicate overall price increases but declined this month, suggesting less widespread increases. The prices paid index decreased 11 points to 37.9. Over 44 percent of the respondents reported higher input prices, 37 percent reported no change, and 6 percent reported decreases. Regarding prices for the firms’ own goods and services, the prices received index fell from 31.6 to 18.1. The share of firms reporting increases in the prices received (26 percent) exceeded the share reporting decreases (8 percent). Most of the firms (55 percent) reported no change in prices for their own goods and services.

Firms Anticipate Growth

The future activity indexes suggest firms expect growth at their own companies over the next six months, but optimism was less widespread compared with last month. The diffusion index for future general activity decreased 12 points to 12.3 (see Chart 1). Over 40 percent of the firms expect an increase in activity at their firms over the next six months, 28 percent expect decreases, and 29 percent expect no change. The future regional activity index decreased from 12.4 to -3.5, its first negative reading since November.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2023-03; 3/21/23

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The Federal Reserve Bank of Philadelphia

March 2023 Nonmanufacturing Business Outlook Survey

Firms Expect Lower Increases in Prices from Last Quarter

In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the first quarter ending this month compared with the fourth quarter of 2022; they were also asked about factors constraining business operations. The share of firms reporting expected increases in first-quarter sales/revenues (49 percent) was greater than the share reporting decreases (35 percent). Most of the firms indicated that supply chains and labor supply were at least slightly constraining activity in the current quarter (67 percent and 70 percent, respectively). Looking ahead over the next three months, most of the firms expect the impacts of various factors to stay the same, and 27 and 29 percent of the firms expect supply chain and labor supply impacts to improve, respectively. However, 44 percent of the firms expect financial capital impacts to worsen, up from 37 percent in December.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest weakened nonmanufacturing activity in the region. The indicator for firm-level general activity was flat, the index for new orders turned negative, and the index for sales/revenues declined but remained positive. The full-time employment index fell to a low but positive reading. Both price indexes decreased but continue to indicate overall price increases. Overall, the responding firms expect growth over the next six months at their own firms." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2023-03; 3/21/23

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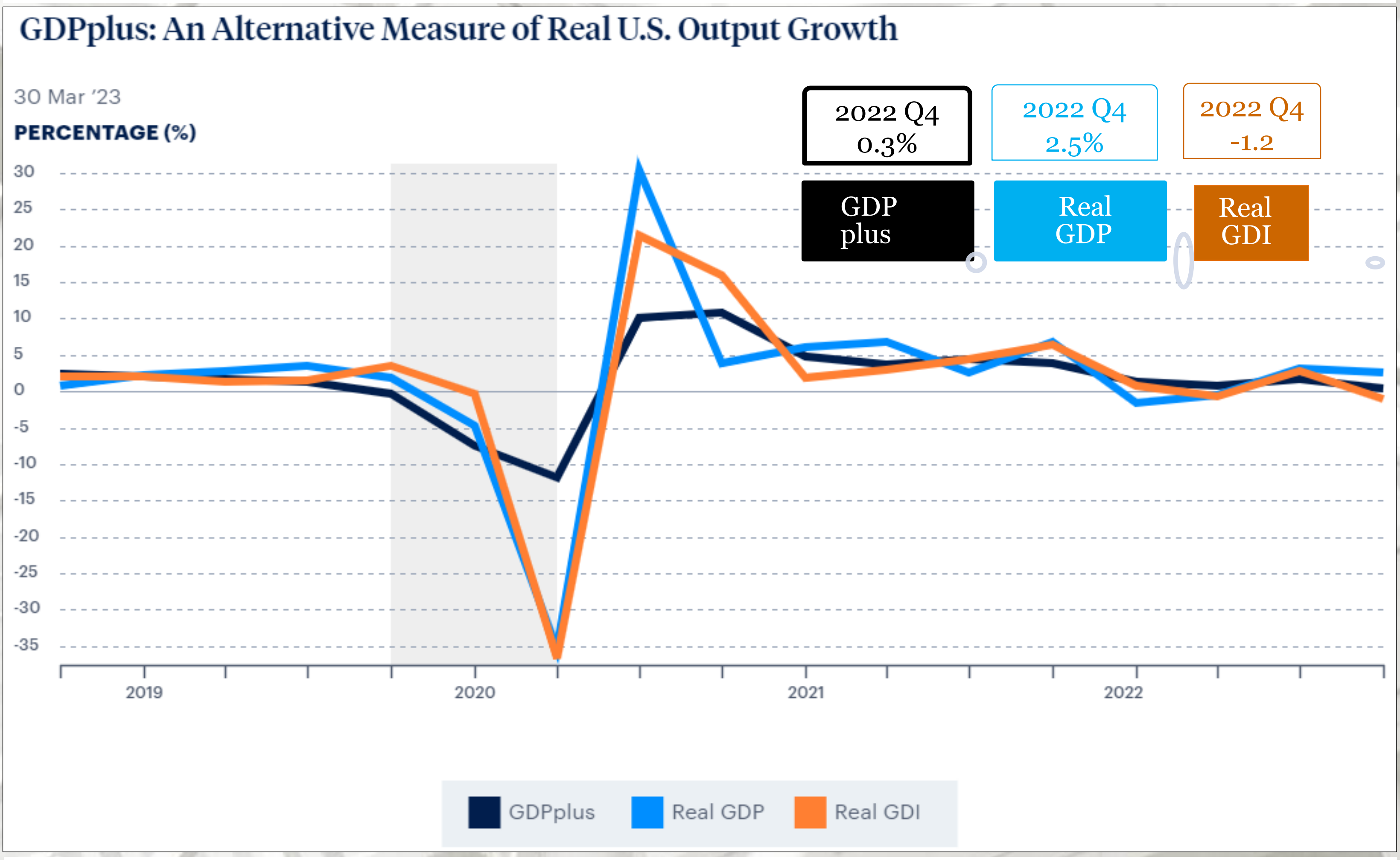
The Federal Reserve Bank of Philadelphia: GDPplus



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; 3/30/23

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The Federal Reserve Bank of Richmond

February 2023 Fifth District Survey of Manufacturing Activity

Manufacturing Activity Declined in February

“Fifth District manufacturing firms reported modest improvements in business conditions in March, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite manufacturing index rose from −16 in February to −5 in March. Of its three component indexes, shipments saw the largest change, rising notably from −15 in February to 2 in March. Both the employment and new orders indexes improved from February but remained in negative territory.

Firms remained pessimistic about local business conditions as the index registered −12 in March, nearly unchanged from last month. Furthermore, the index for future local business conditions edged down slightly.

Firms continued to report easing of supply chain constraints as the indexes for backlogs and lead times remained negative.

The average growth rate of prices paid decreased moderately, while the average growth rate of prices received changed little in March. Firms expect both to moderate over the next 12 months.” – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 3/28/23

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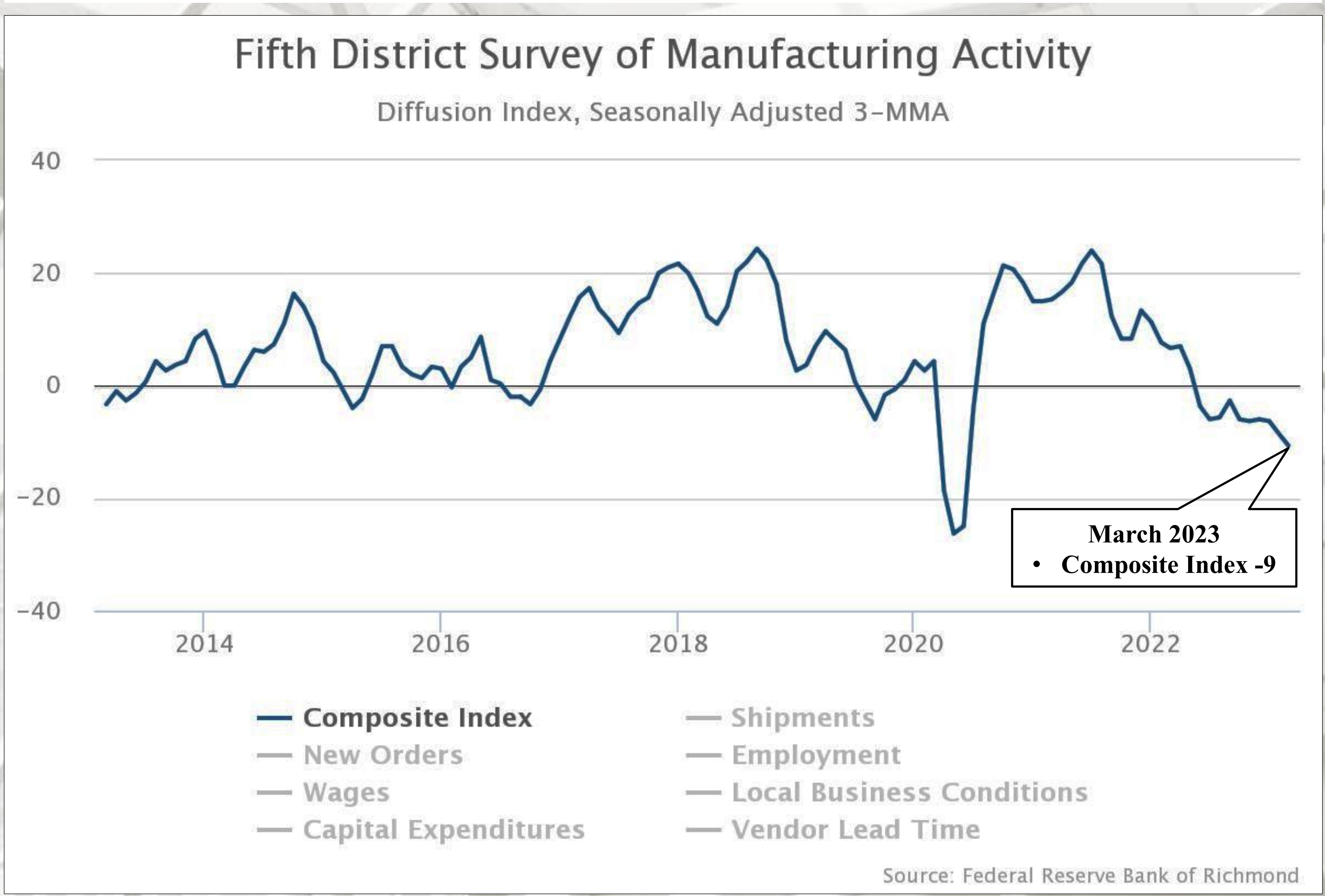
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 3/28/23

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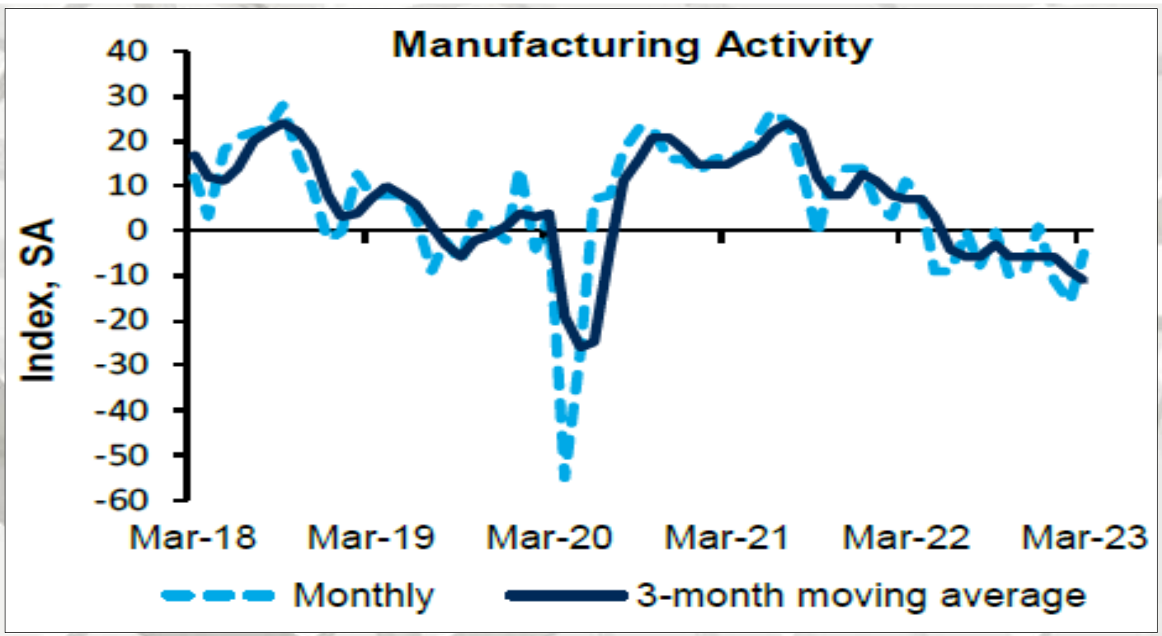
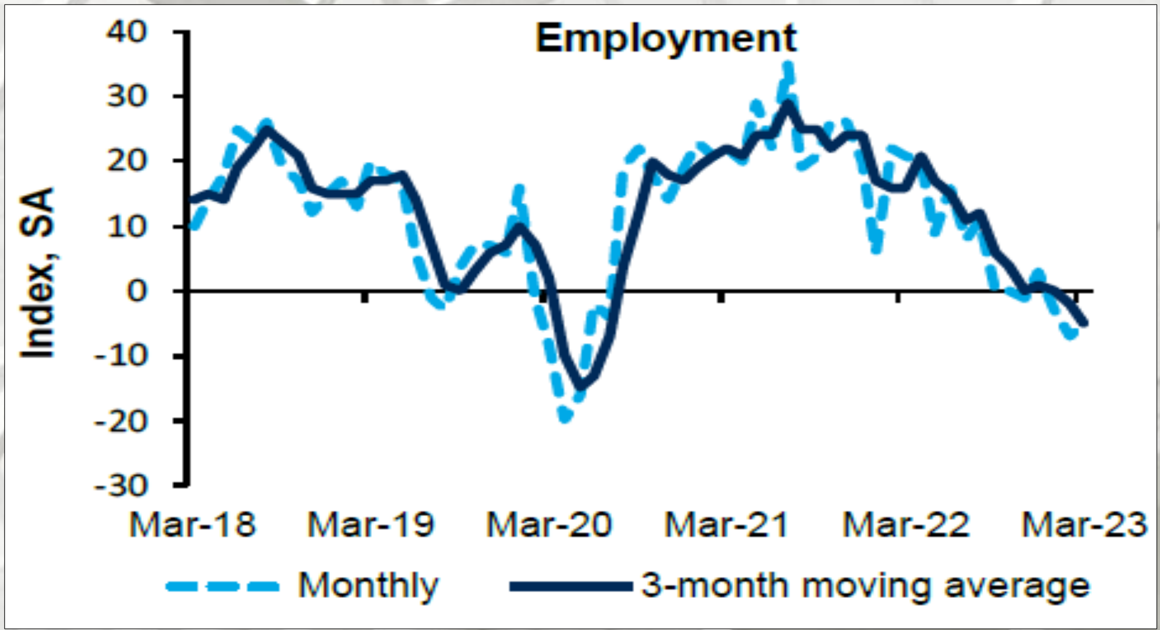
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 3/28/23

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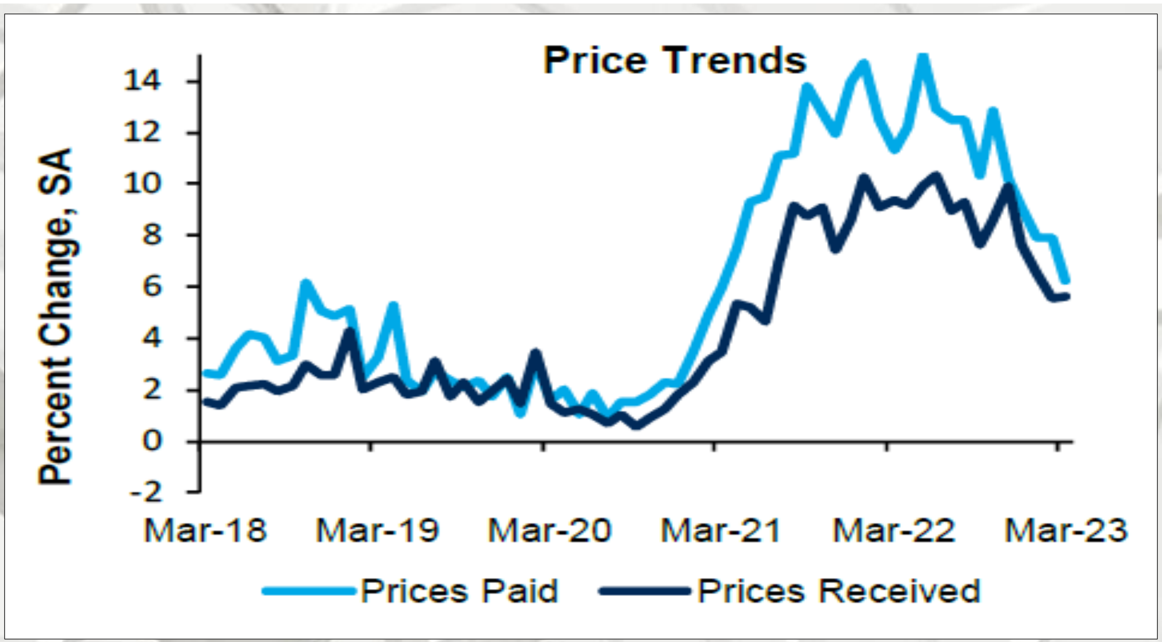
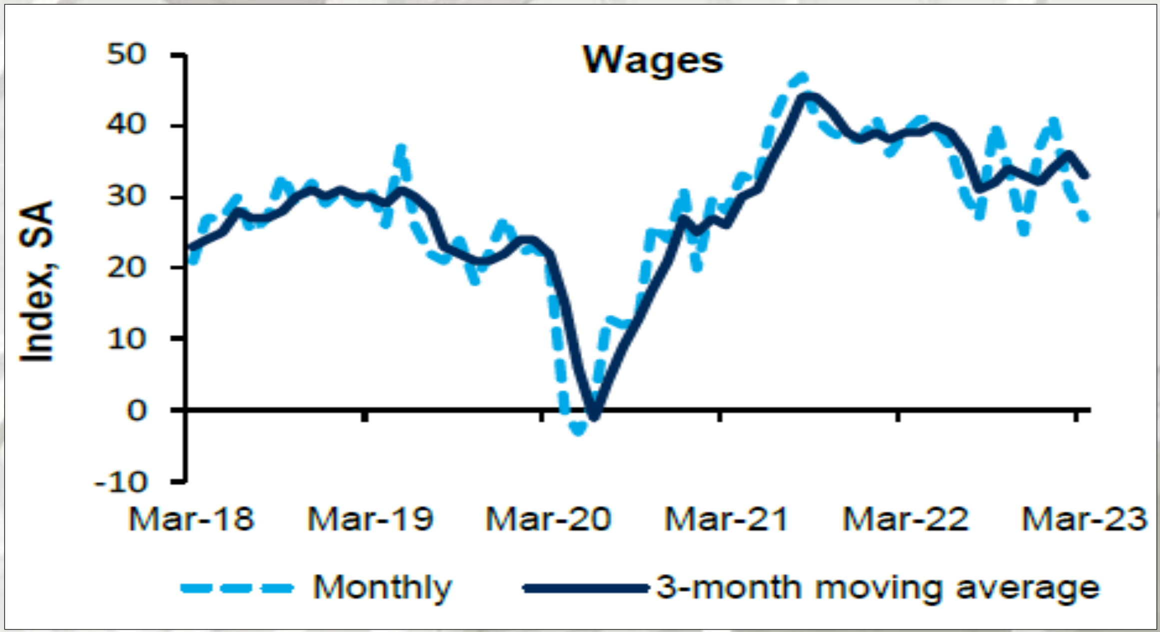
The Federal Reserve Bank of Richmond





Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 3/28/23

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The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Activity Deteriorated in March

"Fifth District service sector activity deteriorated in March, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenues and demand indexes fell to −17 and −1, respectively, down from −3 and 6 in February. Future revenue and demand expectations were more positive, with revenue expectations improving mildly, while the index for demand expectations remained positive but decreased slightly. The indexes for both current and expected local business conditions remained negative. Firms mostly reported increased business spending as the indexes for capital expenditures and equipment & software spending were both in positive territory. All three of the spending expectations indexes were positive, suggesting that firms expect spending to increase over the next six months.

The employment index registered at 1 in March, continuing its steady decline this year. Firms continued reporting wage increases and difficulty finding workers. However, the availability of skills index has been improving — from −10 in January to −2 in March. Over the next six months, firms expect to continue hiring and increasing wages, while also expecting some improvement in their ability to find workers with the necessary skills.

Average growth in prices paid and prices received remained relatively unchanged in March, and firms broadly expected both to moderate over the coming year." – Jason Kosakow, Research Department, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 3/28/23

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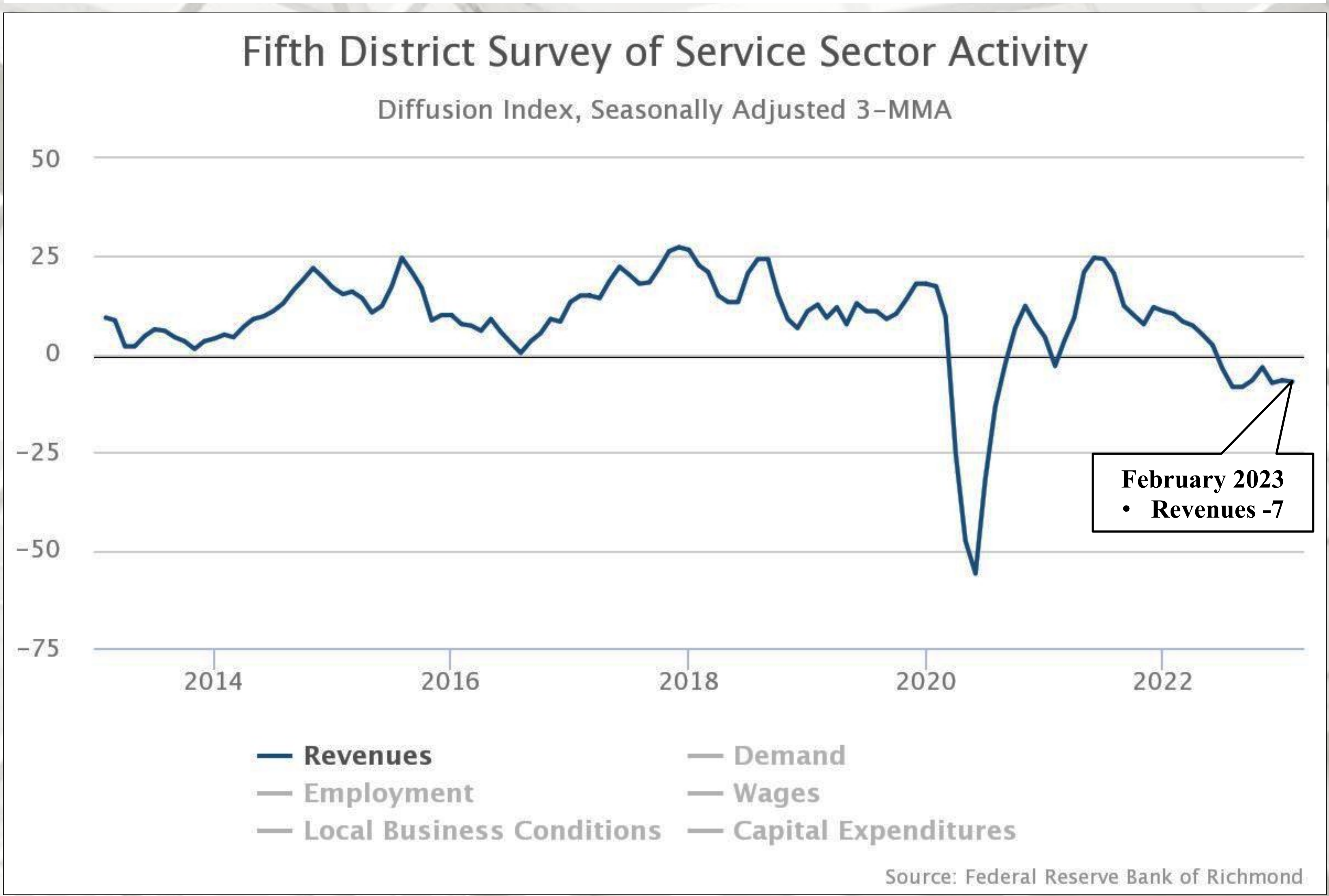
The Federal Reserve Bank of Richmond



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/service_sector; 2/24/23

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U.S. Global Economic Indicators

The Federal Reserve Bank of Dallas

México Economic Update

México's economic growth continues, inflation moderates

"México's proxy for monthly GDP growth averaged a 0.4 percent increase in the first two months of 2023. Nevertheless, the economy is expected to slow considerably this year because tight monetary conditions will likely weaken domestic demand and slower U.S. growth will affect Mexican manufacturing exports.

The consensus forecast for 2023 GDP growth (fourth quarter/fourth quarter), compiled by Banco de México, held steady in February at 0.7 percent (*Table 1*). The latest data available show industrial production, retail sales and employment increased while exports fell. In February, the peso strengthened against the dollar, and inflation slowed.

Economic growth continues

México's global economic activity index (IGAE) — the monthly proxy for GDP growth — rose 0.3 percent month-over-month in February after growing 0.4 percent in January (*Chart 1*). Driving this increase was the goods-producing sector (including manufacturing, construction and utilities), which rose 1.0 percent in both January and February. Service-related activities (including trade and transportation) posted no growth during the period. On a year-over-year basis, IGAE was up 3.5 percent in February.

Industrial Production rises in January

The three-month moving average of México's industrial production (IP) index — which includes manufacturing, construction, oil and gas extraction, and utilities — rose 0.3 percent in January over December (*Chart 2*). On a month-over-month and unsmoothed basis, IP was unchanged in January. North of the border, the three-month moving average of U.S. IP fell 0.3 percent in February — its fourth consecutive decline. With the rise of intra-industry trade between the U.S. and México since the early 1990s, the correlation between Méxican and U.S. IP has increased considerably. If U.S. manufacturing activity continues slowing, it is likely that México's manufacturing sector will follow." – Jesus Cañas, Senior Business Economist, and Ana Pranger, Research Analyst; Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2023/2302; 4/4/23

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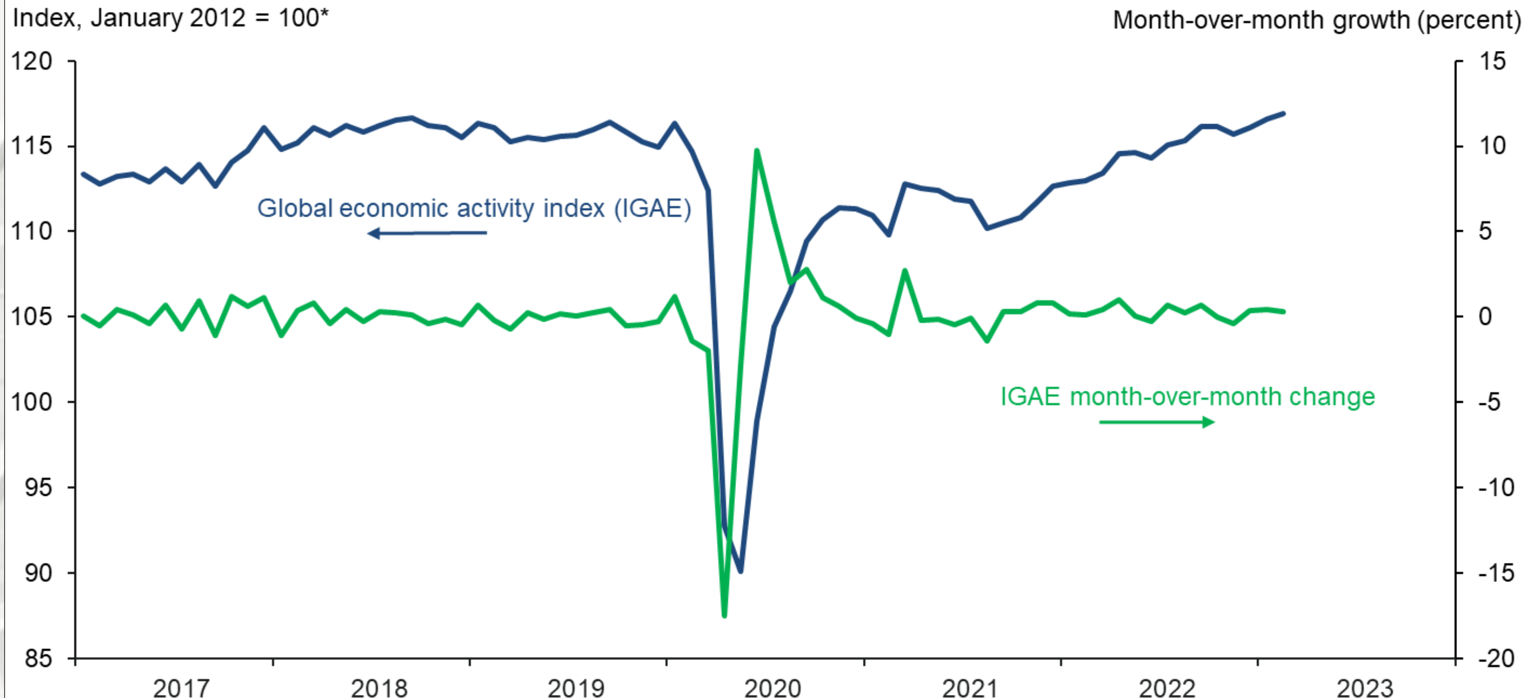
U.S. Global Economic Indicators

Table 1: Consensus Forecasts for 2023 México Growth, Inflation and Exchange Rate

	January	February
Real GDP growth (Q4/Q4)	0.7	0.7
Real GDP (average year/year)	1.0	1.2
CPI (Dec. '23/Dec. '22)	5.2	5.3
Exchange rate—pesos/dollar (end of year)	20.2	19.8

NOTES: CPI refers to consumer price index. The survey period was Feb. 21–28.
SOURCE: Encuesta sobre las Expectativas de los Especialistas en Economía del Sector Privado: Febrero de 2023 (communiqué on economic expectations, Banco de México, February 2023).

Chart 1
Economic activity picks up in January and February



*Seasonally adjusted; real pesos.
NOTE: Data are through December 2022. Data for January 2023 and February 2023 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/2023/2302; 4/4/23

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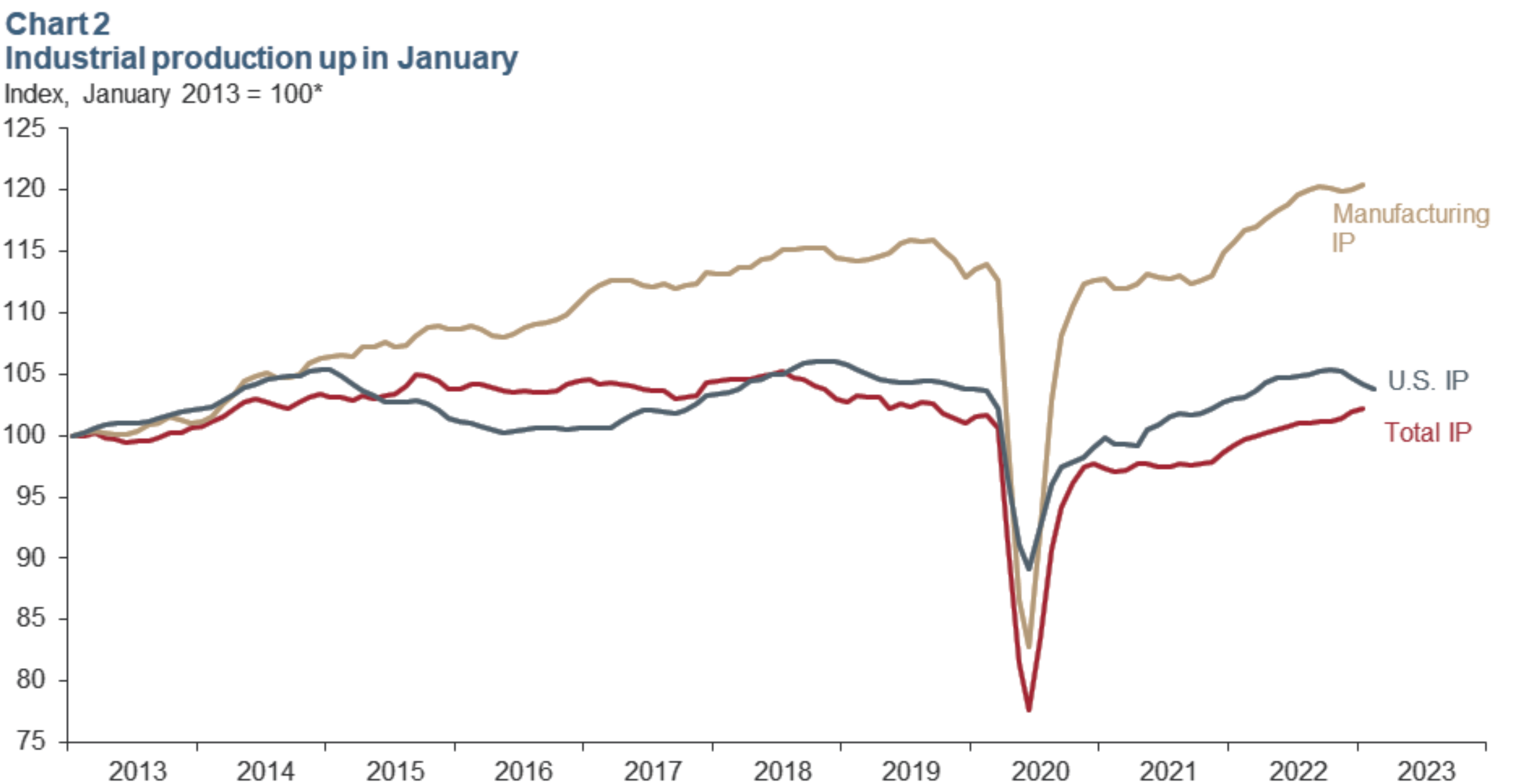
U.S. Global Economic Indicators



*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. U.S. data are through February 2023; Mexico data are through January 2023.
SOURCES: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography); Federal Reserve Board.

Source: https://www.dallasfed.org/research/update/mex/2023/2302; 4/4/23

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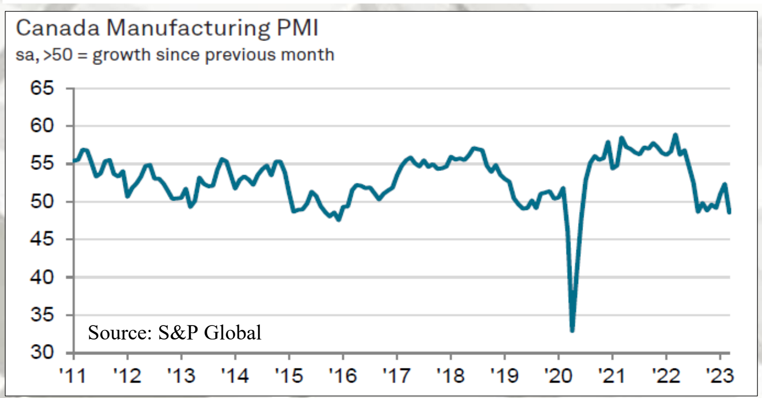
Private Indicators: Global



S&P Global Canada Manufacturing PMI®

"After accounting for seasonal factors, the S&P Global Canada Manufacturing Purchasing Managers' Index® (PMI®) registered 48.6, down noticeably from 52.4 in February. It was the lowest reading recorded by the index since June 2020 and represented a modest deterioration in operating conditions.

PMI slips back into contraction territory during March

Canada's manufacturing sector returned to contraction territory during March, with the downturn led by concurrent falls in both production and new orders. Higher prices remained a challenge, with costs rising again sharply, although with supply-side shortages generally reported to be less widespread, inflation trends remained downward. Firms also hired additional workers as confidence in the future improved.

There were concurrent falls in both output and new orders during March, the first contractions of the year so far. The rate of decline in production was modest, with firms signalling the fall was closely linked to the steepest contraction of new orders since last October. Panellists noted that product markets were characterised by uncertainty and that purchasing power had been eroded by elevated inflation. These factors were common for both domestic and external clients: new export orders fell in March for a tenth successive month and to the sharpest degree since December. …

The recovery of Canada's manufacturing economy stalled during March, with renewed falls in both production and new orders signalled. Broader macroeconomic uncertainty, and the negative impact of rising prices on client purchasing power were key factors that weighed on market demand. Nonetheless, despite these setbacks, there were some positive news to take from the survey, namely that price pressures continued to fall over the month amid reports of better supply-side stability. These are welcome developments given their roles in constraining manufacturing sector performance since the onset of the pandemic in 2020. And despite some residual challenges persisting – cost inflation remains high for instance – firms are growing in confidence, with optimism rising to its strongest in nearly a year and hiring activity being sustained." – Paul Smith, Economics Director, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/c1ef7b014612404d8278addbf7b3e0f7; 4/3/23

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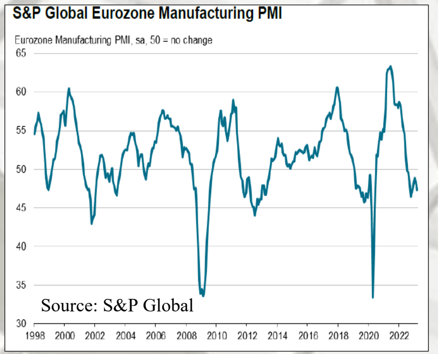
Private Indicators: Global



S&P Global Eurozone Manufacturing PMI®

"The S&P Global Eurozone Manufacturing PMI® posted 47.3 in March, down from 48.5 in February to a four-month low. While indicative of a sharper deterioration in the health of the euro area manufacturing sector, much of the month-on-month decline was due to the Suppliers' Delivery Times Index (which is inverted in the calculation of the headline PMI) surging to a survey-record. The key sub-components of the headline indicator measuring factory health such as output, new orders and employment were little-changed on the whole.

Factory output rises slightly and input prices fall in March amid survey-record improvement in suppliers' delivery times

Manufacturing production across the euro area grew marginally during March, but nonetheless signalled the strongest monthly performance in factory output since May last year. Eurozone factory order books continued to shrink at the end of the first quarter, but a survey-record shortening in suppliers' delivery times boosted the supply of critical raw materials and components, thereby supporting greater production levels. Additionally, reflecting the receding supply constraints, eurozone manufacturers recorded a decline in average input prices during March for the first time since the early stages of the COVID-19 pandemic in 2020. …

Eurozone manufacturing remains in troubled waters, with factories reporting a fall in demand for goods for an eleventh straight month amid the surging cost of living, tighter monetary policy, a shift to inventory destocking and subdued customer confidence. Fortunately, a record improvement in supplier lead times and greater input availability has allowed firms to fulfil orders placed in prior months, meaning output has been broadly flat over the past two months. However, this current level of output is clearly not sustainable, and it is inevitable that production will weaken in the coming months unless order book growth revives.

In the meantime, the lack of demand has led to a major shift in pricing power away from the seller to the buyer. Lower energy prices are also helping to drive down costs, hence prices paid for inputs by factories are now falling sharply on average, dropping for the first time since demand collapsed in the initial pandemic lockdowns of 2020. These lower costs are feeding through to slower increases in selling prices, which should in turn feed through to lower prices paid for goods by consumers." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/9a41a1c84c4740e5815e4a9ffcba9b70; 4/3/23

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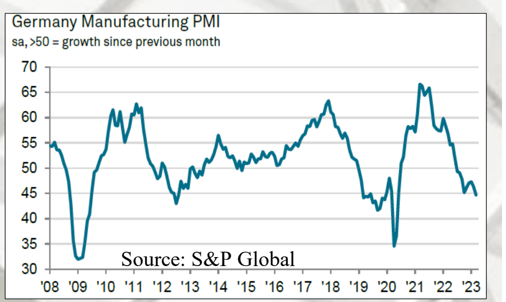
Private Indicators: Global



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 44.7 in March. This was down from 46.3 in February and the lowest reading since May 2020. The fall was driven mainly by the supplier delivery times sub-component, which is inverted in the calculation of PMI and thereby has a negative directional influence as it rises.

Output rises slightly whilst input costs plummet amid rapidly improving supply conditions

German manufacturing output edged slightly higher for the second month running in March, aided by increased availability of components and materials, latest PMI® survey data showed. The improvement in supplier performance was by far the greatest seen in the series history and represented an unwinding of the unprecedented disruption brought about by the pandemic. The decline in manufacturing input costs meanwhile gathered pace. Less positively, demand remained under pressure as customers refrained from placing new orders due to low confidence, rising borrowing costs and a desire to run down inventories. Accordingly, the degree of optimism towards the outlook remained low. …

The headline PMI pointed to a deepening downturn in the manufacturing sector in March, but, having been heavily influence by the supplier delivery times sub-index, it masked a second successive, albeit slight, uptick in production levels during the month. Falling input costs were another plus-point, with lower pipeline price pressures a welcome development for inflation, although this is in large part a symptom of cooling demand.

There are clear signs of disinflationary forces taking hold in the manufacturing sector, with input costs falling for the second month running and at the quickest rate since May 2020. Furthermore, a sharp slowdown in factory gate price inflation to a 26-month low shows that more and more manufacturers are losing pricing power, particularly producers of intermediate goods who are exposed to a decline in demand for inputs. We're seeing a general preference for lower buffer stocks now that lead times on materials and parts have greatly improved. The decrease in supply-chain pressures is self-fulfilling, as quicker delivery times prompts attempts to unwind excess stocks, which in turn leads to lower input demand.

Confidence among manufacturers towards the year ahead generally remained subdued in March, amid continued concerns towards future demand. However, underlying data showed that investment goods producers were more optimistic than most, having seen some promising signs on the order book front and an upswing in output." – Phil Smith, Principal Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/c7bf60b6dad843c3b234a920f63ea7fd; 4/3/23

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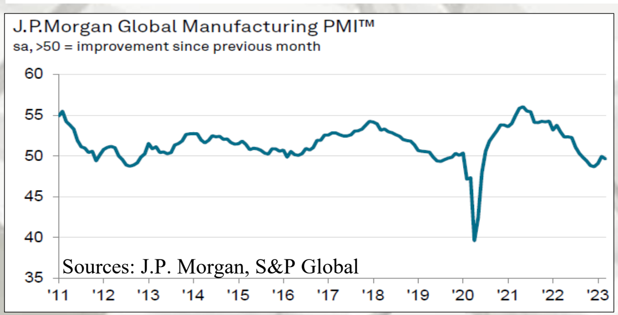
Private Indicators: Global



J.P. Morgan Global Manufacturing PMI™

"At 50.0 in February, up from 49.1 in February, 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 49.6 in March, down from 49.9 in February, staying below the 50.0 no-change mark for the seventh successive month.

Global manufacturing output rises as new order intakes show signs of stabilising and supply chain pressures ease

The upturn in global manufacturing production was sustained at the end of the opening quarter. Output rose for the second successive month, as manufacturers benefited from a near-stabilisation of new order inflows and improving supply chain conditions.

Manufacturing production expanded for the second consecutive month in March, albeit to a fractionally less marked extent than in the prior survey month. Output growth eased in both the consumer and investment goods subindustries. Although intermediate goods production fell for the ninth month running, the rate of decline was the joint weakest during that sequence. …

March saw new order intakes decrease for the ninth consecutive month. However, the rate of contraction was only mild and the weakest during that sequence. The US and Japan both saw new business intakes fall at slower rates, while the downturn (on average) across the euro area accelerated slightly. New work received rose for the second straight month in China, albeit at a reduced pace, and returned to (fractional) growth in the UK. Data suggested that any demand revival tended to be focused on 'domestic' new order intakes in certain nations, as international trade flows deteriorated at a faster rate.

The March global manufacturing PMI suggests that output slipped slightly last month. That said, the PMI level remains consistent with soft global IP growth and hopes remain that the goods sector upturn that started early this year will be sustained as new order intakes stabilize and cost inflation and supply chain pressures ease further in coming months. Much will depend on whether the US and Euro area can maintain positive momentum, and if China can continue recovering once the initial boost from re-opening has abated. The signal from the bellwether Asian export economies was mixed in March." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/5c9ad0804dd34d4ab5e1af7f16072fef; 4/3/23

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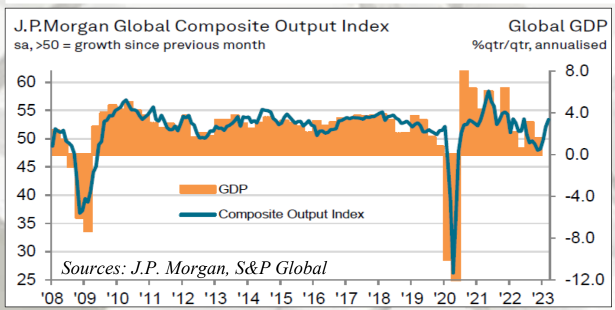
Private Indicators: Global



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 – rose to 53.4 in March, from 52.1 in February, to remain above the neutral 50.0 mark for the second successive month.

Global economic growth accelerates as upturn in service sector strengthens

The rate of global economic expansion accelerated further at the end of the opening quarter, with growth of output and new orders hitting nine- and 12-month highs respectively. Job creation also strengthened as companies forecast further output growth over the coming year. The upturn remained heavily reliant on the service sector during March. Services business activity rose at the quickest pace since December 2021, with growth strengthening across the business, consumer and financial services categories. Service providers benefited from rising intakes of new work, as the rate of increase in new business hit a 12-month high. …

Output growth stayed lacklustre in the manufacturing industry. Although production volumes were scaled up for the second month in a row, the rate of increase was mild and fractionally weaker than in February. Growth slowed in both the consumer and investment goods sub-sectors, while the downturn at intermediate goods producers continued. …

March saw backlogs of work edge higher, the first increase registered since June last year. Although service sector outstanding business rose at an accelerated pace, manufacturing work-in-hand fell for the ninth month running – possibly casting doubt on the sustainability of the recent upturn in goods production volumes. …

The global composite PMI rose by 1.3-points to 53.4 in March, a nine-month high for the series. New orders and employment also strengthened. A wide disparity remains between the performance of the manufacturing and service sectors. The service sector is powering ahead with sufficient momentum to achieve a sustained recovery, while manufacturing remains lackluster in comparison, with the latest survey flagging still-modest demand and rising inventories." – Bennett Parrish, Global Economist, J.P. Morgan

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/f6e97649cb0940f99469bc377171d1a3; 4/6/23

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Continues to Increase in February

"National nonresidential construction spending increased 0.4% in February, according to an Associated Builders and Contractors analysis of data published by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled $982.2 billion for the month.

Spending declined on a monthly basis in 9 of the 16 nonresidential subcategories. Private nonresidential spending was up 0.7%, while public nonresidential construction spending was down 0.2% in February.

"Nonresidential construction spending increased for the eighth time in the past nine months in February," said ABC Chief Economist Anirban Basu. "Importantly, almost all of the nonresidential sector's momentum is attributable to manufacturing-related construction, which accounted for nearly 35% of the year-over-year growth in spending. Excluding the manufacturing segment, spending in the other 15 nonresidential segments collectively declined in February.

"While the manufacturing segment should continue to see elevated levels of investment, tightening credit conditions will likely hinder nonresidential construction momentum in the near term," said Basu. "Contractors maintain a healthy level of backlog, according to ABC's Construction Backlog Indicator, but a gloomy economic outlook and difficulty securing financing are potential headwinds for the industry for the rest of 2023."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19884/nonresidential-construction-spending-continues-to-increase-in-february-says-abc; 4/3/23

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Private Indicators
Associated Builders and Contractors

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

	February 2023	January 2023	February 2022	1-Month % Change	12-Month % Change
Total Construction	$1,844,105	$1,845,407	$1,753,123	-0.1%	5.2%
Residential	$861,940	$866,756	$912,047	-0.6%	-5.5%
Nonresidential	$982,165	$978,650	$841,077	0.4%	16.8%
Manufacturing	$140,667	$137,044	$91,664	2.6%	53.5%
Public safety	$11,575	$11,301	$10,291	2.4%	12.5%
Power	$113,273	$111,874	$117,391	1.3%	-3.5%
Sewage and waste disposal	$35,220	$34,874	$29,085	1.0%	21.1%
Office	$96,709	$96,401	$84,608	0.3%	14.3%
Highway and street	$121,638	$121,336	$102,413	0.2%	18.8%
Lodging	$22,272	$22,240	$16,582	0.1%	34.3%
Communication	$25,001	$25,018	$23,826	-0.1%	4.9%
Health care	$56,753	$56,863	$50,611	-0.2%	12.1%
Amusement and recreation	$28,883	$29,001	$26,249	-0.4%	10.0%
Transportation	$61,839	$62,107	$54,895	-0.4%	12.6%
Commercial	$126,870	$127,739	$104,434	-0.7%	21.5%
Educational	$105,361	$106,324	$98,546	-0.9%	6.9%
Conservation and development	$10,270	$10,373	$8,170	-1.0%	25.7%
Religious	$3,044	$3,081	$2,869	-1.2%	6.1%
Water supply	$22,791	$23,073	$19,444	-1.2%	17.2%
Private Nonresidential	$601,023	$596,656	$503,217	0.7%	19.4%
Public Nonresidential	$381,143	$381,994	$337,860	-0.2%	12.8%

Source: U.S. Census Bureau

Source: https://www.abc.org/News-Media/News-Releases/entryid/19884/nonresidential-construction-spending-continues-to-increase-in-february-says-abc; 4/3/23

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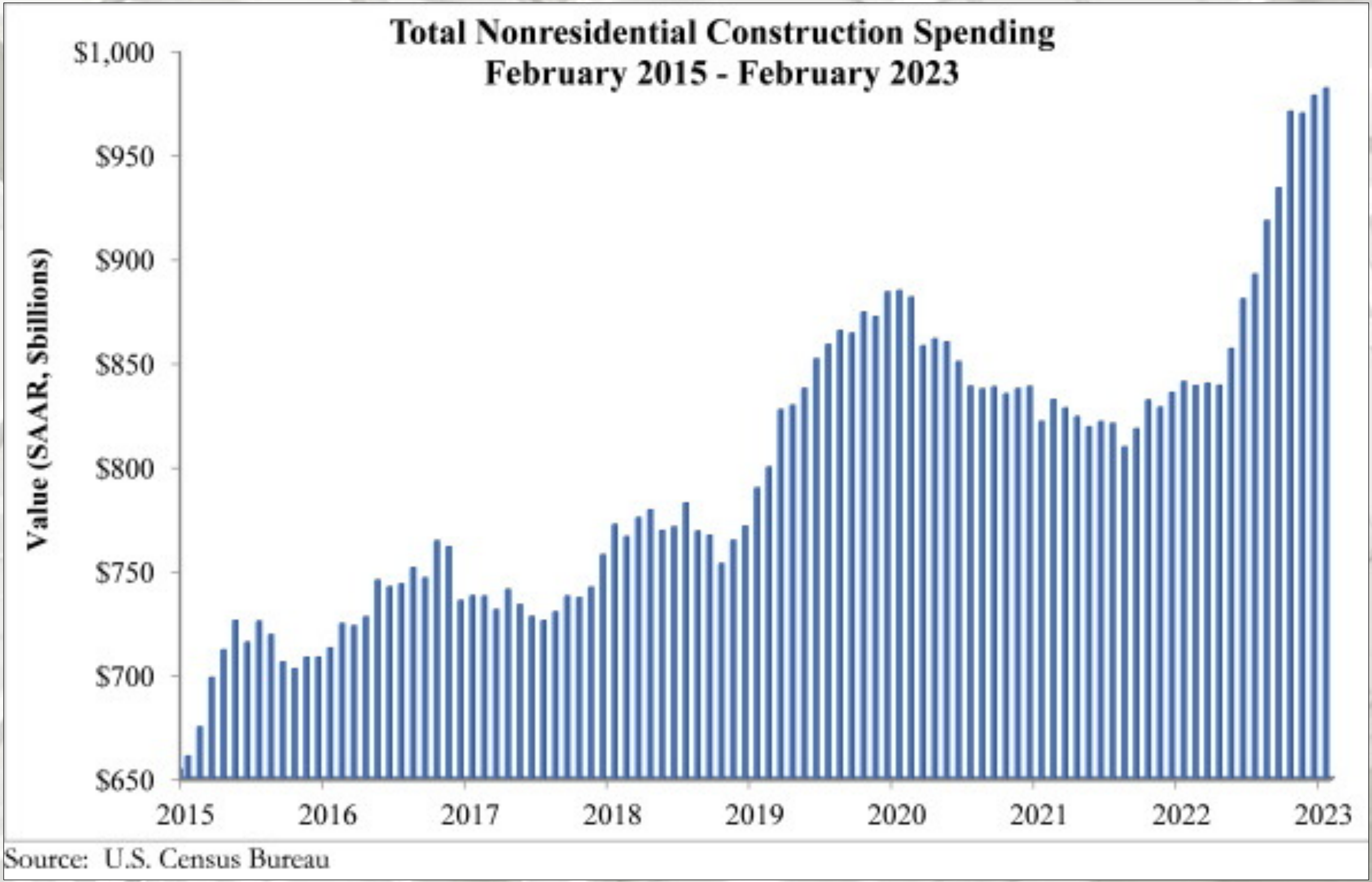
Private Indicators
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/entryid/19884/nonresidential-construction-spending-continues-to-increase-in-february-says-abc; 4/3/23

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Down to Lowest Level Since August 2022

"Associated Builders and Contractors reported today that its Construction Backlog Indicator declined to 8.7 months in March, according to an ABC member survey conducted March 20 to April 3. The reading is 0.4 months higher than in March 2022.

View the historic Construction Backlog Indicator and Construction Confidence Index data series. Backlog slipped in March and is now at its lowest level since August 2022. Backlog is down on a monthly basis in every region except for the South, which continues to be associated with elevated levels of current and future construction activity.

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

"The deceleration in nonresidential construction activity may have started," said ABC Chief Economist Anirban Basu. "With widespread fears of recession, credit conditions tightening and more decision-makers turning their attention to cost containment, new construction work may be more difficult for contractors to line up.

"While the confidence and backlog data weakened in March, they indicate a slowing of activity rather than a shift into reverse," said Basu. "There is a widely held view that financial conditions are tightening in the aftermath of the failures of Silicon Valley Bank and Signature Bank. To the extent that this is true, one could anticipate further slowing and less industry confidence during the months ahead."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19892/abcs-march-construction-backlog-indicator-down-to-lowest-level-since-august-2022; 4/11/23

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Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator

	Mar 2023	Feb 2023	Mar 2022	1-Month Net Change	12-Month Net Change
Total	**8.7**	**9.2**	**8.3**	**-0.5**	**0.4**
Industry					
Commercial & Institutional	9.3	9.4	8.6	-0.1	0.7
Heavy Industrial	8.8	10.4	6.3	-1.6	2.5
Infrastructure	7.1	10.0	8.2	-2.9	-1.1
Region					
Middle States	7.3	8.3	7.5	-1.0	-0.2
Northeast	8.0	8.8	8.6	-0.8	-0.6
South	11.4	11.0	9.7	0.4	1.7
West	7.9	8.7	6.3	-0.8	1.6
Company Size					
<$30 Million	7.5	8.2	7.7	-0.7	-0.2
$30-$50 Million	11.2	8.8	8.4	2.4	2.8
$50-$100 Million	14.4	14.8	9.6	-0.4	4.8
>$100 Million	12.9	12.4	13.8	0.5	-0.9

Source: https://www.abc.org/News-Media/News-Releases/entryid/19892/abcs-march-construction-backlog-indicator-down-to-lowest-level-since-august-2022; 4/11/23

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Private Indicators
Associated Builders and Contractors

Construction Confidence Index

Response	Mar 2023	Feb 2023	Mar 2022
CCI Reading			
Sales	61.3	61.2	65.0
Profit Margins	53.8	55.8	50.2
Staffing	62.6	62.8	66.1
Sales Expectations			
Up Big	5.8%	8.6%	10.3%
Up Small	50.9%	50.7%	55.7%
No Change	28.1%	20.4%	19.7%
Down Small	12.9%	17.8%	12.3%
Down Big	2.3%	2.6%	2.0%
Profit Margin Expectations			
Up Big	1.8%	3.9%	2.5%
Up Small	36.8%	37.5%	31.0%
No Change	39.8%	38.8%	35.5%
Down Small	18.1%	17.1%	27.1%
Down Big	3.5%	2.6%	3.9%
Staffing Level Expectations			
Up Big	3.5%	5.3%	8.4%
Up Small	53.2%	49.3%	56.2%
No Change	33.9%	37.5%	27.6%
Down Small	8.8%	7.2%	7.4%
Down Big	0.6%	0.7%	0.5%

Source: https://www.abc.org/News-Media/News-Releases/entryid/19892/abcs-march-construction-backlog-indicator-down-to-lowest-level-since-august-2022; 4/11/23

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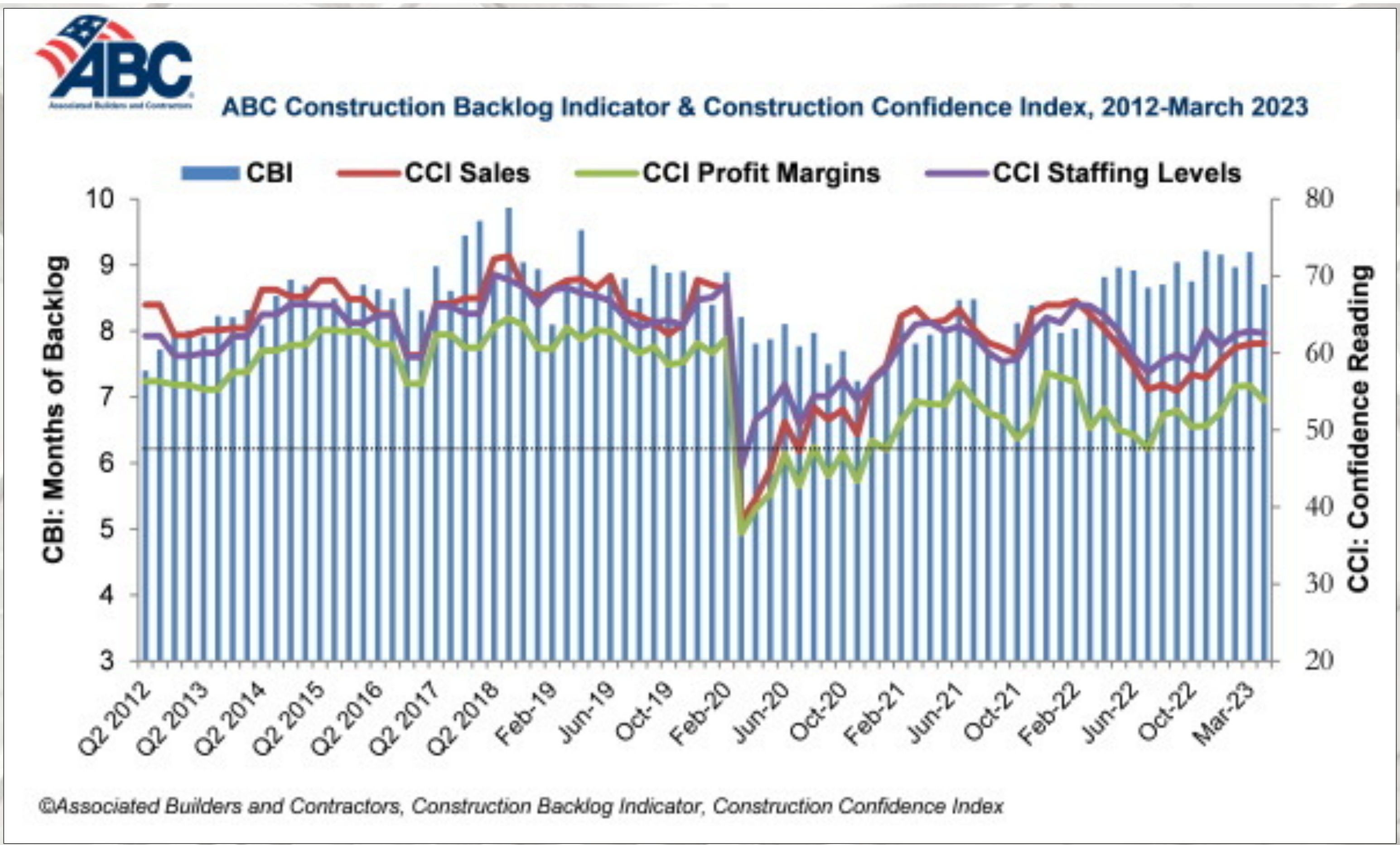
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/entryid/19892/abcs-march-construction-backlog-indicator-down-to-lowest-level-since-august-2022; 4/11/23

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index February 2022

Slowdown Continues into February

Business conditions remain soft at architecture firms

"Architecture firm billings remained soft for the fifth consecutive month in February. The Architecture Billings Index (ABI) score of 48.0 indicates softer business conditions than in January. However, while overall billings have declined every month since October 2022, the pace of the decline remains relatively modest, and has not accelerated dramatically. This could potentially indicate a shorter slowdown at firms, rather than a more dramatic downturn and full-blown recession. In addition, inquiries into new projects continued to grow at a steady pace this month, as did the value of new signed design contracts. Even while billings have slowed, there continues to be client interest in starting new projects." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

"More architecture firms reported a decline in billings in February, indicating an extension of a recent downturn in design activity according to a new report released today from The American Institute of Architects (AIA). The combination of an unsettled economy and high interest rates is causing investors and property owners to take a closer look at their plans for construction projects. While this is producing delays for some projects under design, architecture firms are reporting that prospects for future project work remain generally positive." – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/press-releases/6606680-architecture-billings-index-abi-slowdown-c; 3/22/23

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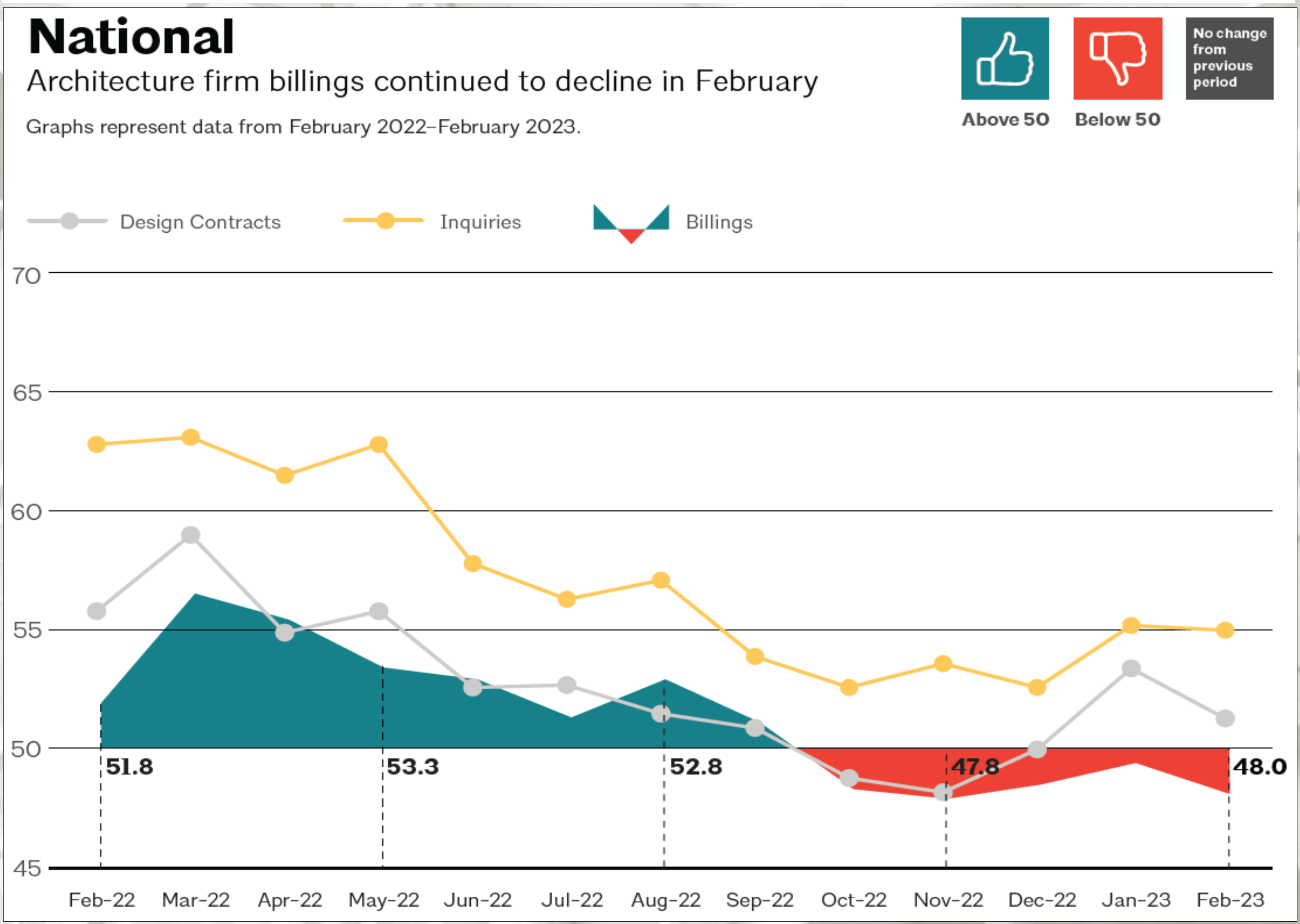
Private Indicators
American Institute of Architects (AIA)



Source: https://www.aia.org/press-releases/6606680-architecture-billings-index-abi-slowdown-c; 3/22/23

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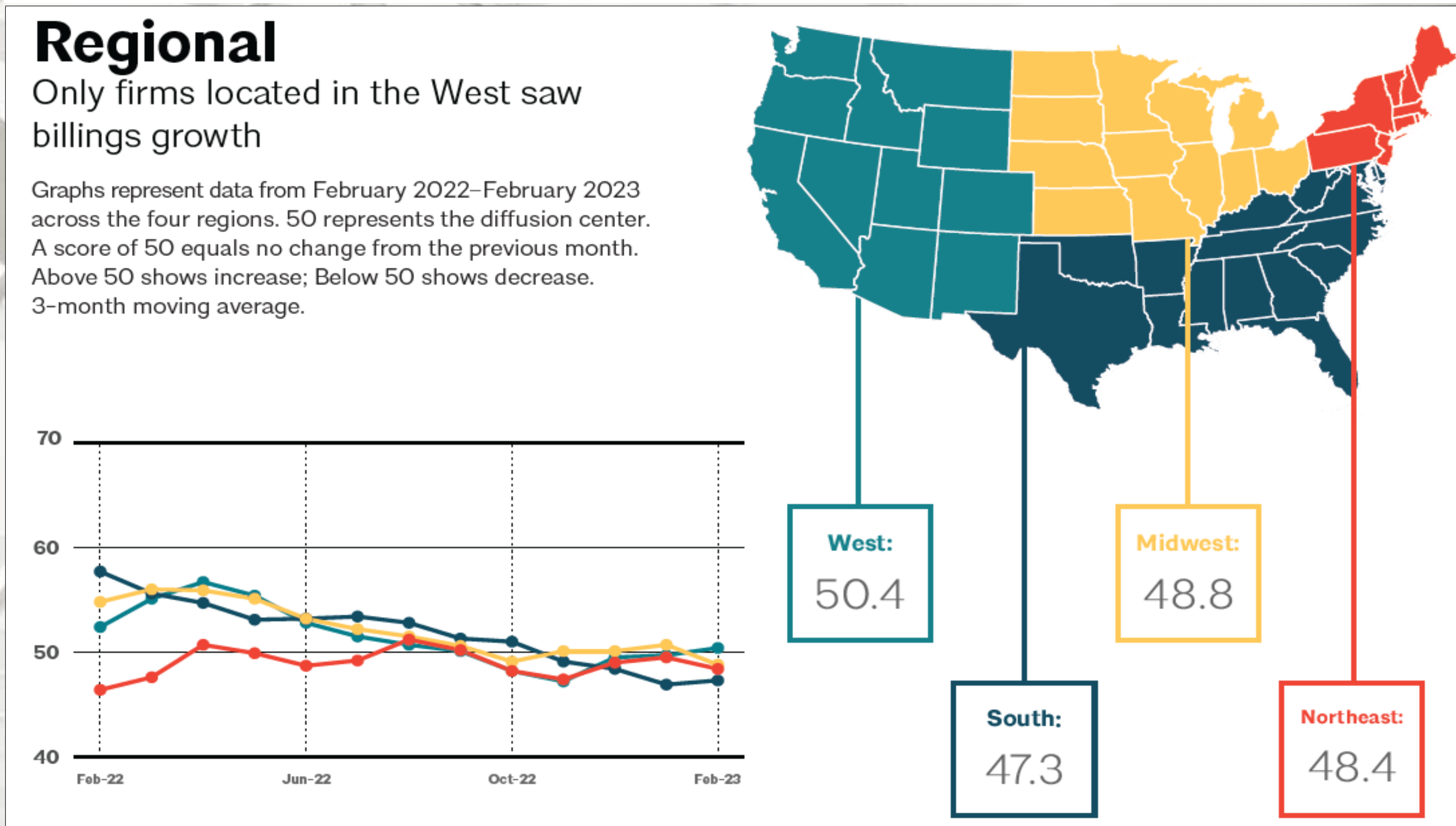
Private Indicators: AIA



Region

"Softness remained pervasive at firms across most of the country in February as well. Firms located in the West reported very minor growth, while firms located in all other regions saw declining billings. Conditions remained softest at firms located in the South for the third consecutive month." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/press-releases/6606680-architecture-billings-index-abi-slowdown-c; 3/22/23

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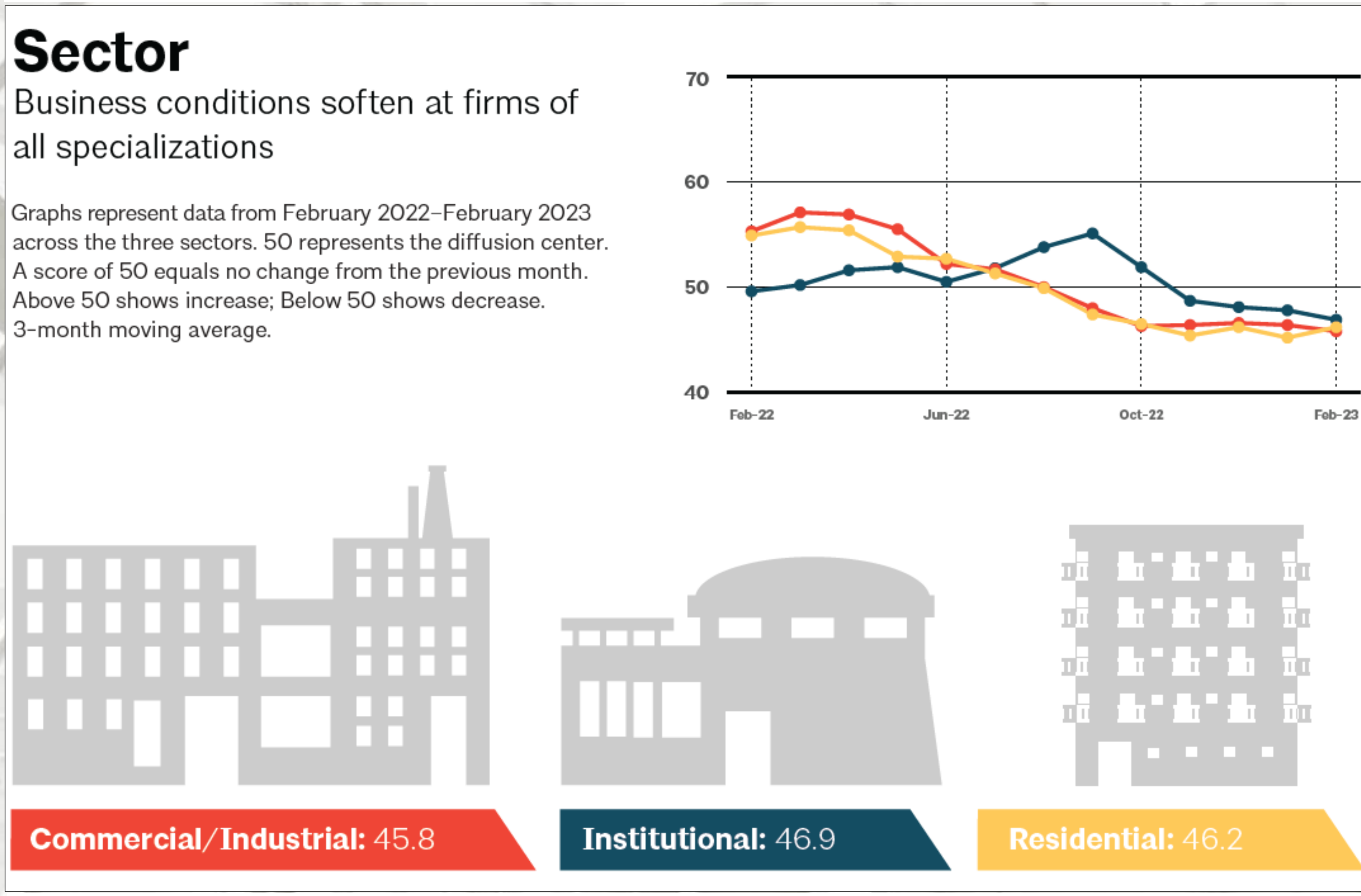
Private Indicators: AIA



Sector

“Billings also continued to decline at firms of all specializations this month. The one exception is at firms with a mixed specialization, meaning that they do not receive 50% or more of their annual billings from any one of the three major sectors (multifamily residential, commercial/industrial, institutional). These firms have reported consistent growth every month for the last two years.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/press-releases/6606680-architecture-billings-index-abi-slowdown-c; 3/22/23

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Private Indicators

Dodge Data & Analytics

Total Construction Starts Moves Higher in February

Manufacturing starts surge; single family, offsetting losses elsewhere

“Total construction starts rose 6% in February to a seasonally adjusted annual rate of $912.8 billion, according to Dodge Construction Network. During the month, residential and nonresidential building starts rose 11% and 9% respectively, and nonbuilding starts declined by 5%.

For the first two months of 2023, total construction starts were 17% below that of 2022. On a year-over-year basis, residential starts were down 31%, nonresidential starts were off 14%, while nonbuilding starts gained 6%. For the 12 months ending February 2023, total construction starts were 9% higher than the 12 months ending February 2022. Nonresidential and nonbuilding starts were 27% and 19% higher respectively, while residential starts lost 9%.

“February construction starts were a mixed bag that led to marginal growth,” said Richard Branch, chief economist for Dodge Construction Network. “Single family units posted a gain for the first time in 13 months, and manufacturing starts continued to be very robust, showing signs of promise early into 2023. However, the downturn in commercial and institutional building starts could very well be the beginning of an anticipated slow-down as the construction sector pulls back in the face of higher interest rates and lagging economic growth. While this ebbing should be comparatively mild, some construction verticals could face extreme stress as the year progresses.””” – Cailey Henderson, Account Manager, 104 West Partners

Source: https://www.construction.com/news/February-Starts; 3/20/23

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Private Indicators

Dodge Data & Analytics

- "**Nonresidential starts** gained 9% in February to a seasonally adjusted annual rate of $368 billion. Driving the gain was a 218% gain in manufacturing starts due to the start of a large EV battery plant in Ohio. Commercial starts decreased 2% in February as office and parking structure starts fell, offsetting increases in retail, hotels and warehouse activity. Institutional starts also fell during the month, following a decline in education and healthcare projects.
- For the 12 months ending February 2023, total nonresidential building starts were 27% higher than the 12 months ending February 2022. Manufacturing starts were 91% higher, and both institutional and commercial starts gained 18% on a 12-month rolling sum basis.
- **The largest nonresidential building projects to break ground in February** were the $3.5 billion Honda EV battery plant in Jeffersonville, Ohio, the $1.4 billion expansion of Concourse D at Hartsfield Jackson Airport in Atlanta, Georgia, and the $500 million Apex-1 Sustainable Lithium-Ion battery plant in Hopkinsville, Kentucky.
- **Residential building starts** rose 11% in February to a seasonally adjusted annual rate of $320 billion. Single family and multifamily starts rose 4% and 22% respectively. For the 12 months ending in February 2023, residential starts were 9% lower than the 12 months ending in February 2022. Single family starts were 20% lower, while multifamily starts were up 18% on a rolling 12 month basis.
- **The largest multifamily structures to break ground in February** were a $350 million mixed-use building in New York, the $215 million Four Season condominium in Washington, DC, and the $140 million Palomar Heights mixed-use building in Escondido, California.
- **Regionally**, total construction starts in February rose in the Northeast, Midwest, and South Central regions, but fell in the South Atlantic and West." – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/February-Starts; 3/20/23

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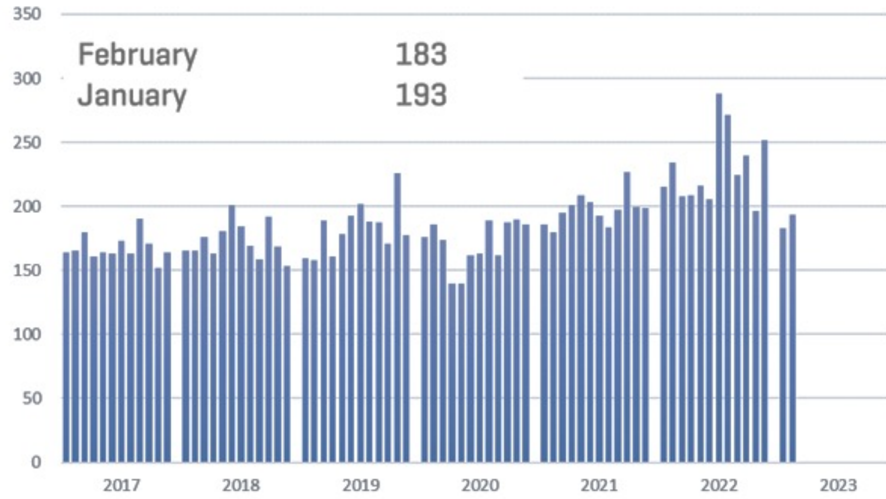
Private Indicators

THE DODGE INDEX

(2000=100, Seasonally Adjusted)



MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Feb 2023	Jan 2023	% Change
Nonresidential Building	$367,909	$337,452	9
Residential Building	319,731	288,556	11
Nonbuilding Construction	225,113	236,996	-5
Total Construction	$912,753	$863,004	6

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	2 Mos. 2023	2 Mos. 2022	% Change
Nonresidential Building	$50,786	$58,910	-14
Residential Building	47,139	68,691	-31
Nonbuilding Construction	33,692	31,743	6
Total Construction	$131,617	$159,345	-17

Source: Dodge Data & Analytics

Source: https://www.construction.com/news/February-Starts; 3/20/23

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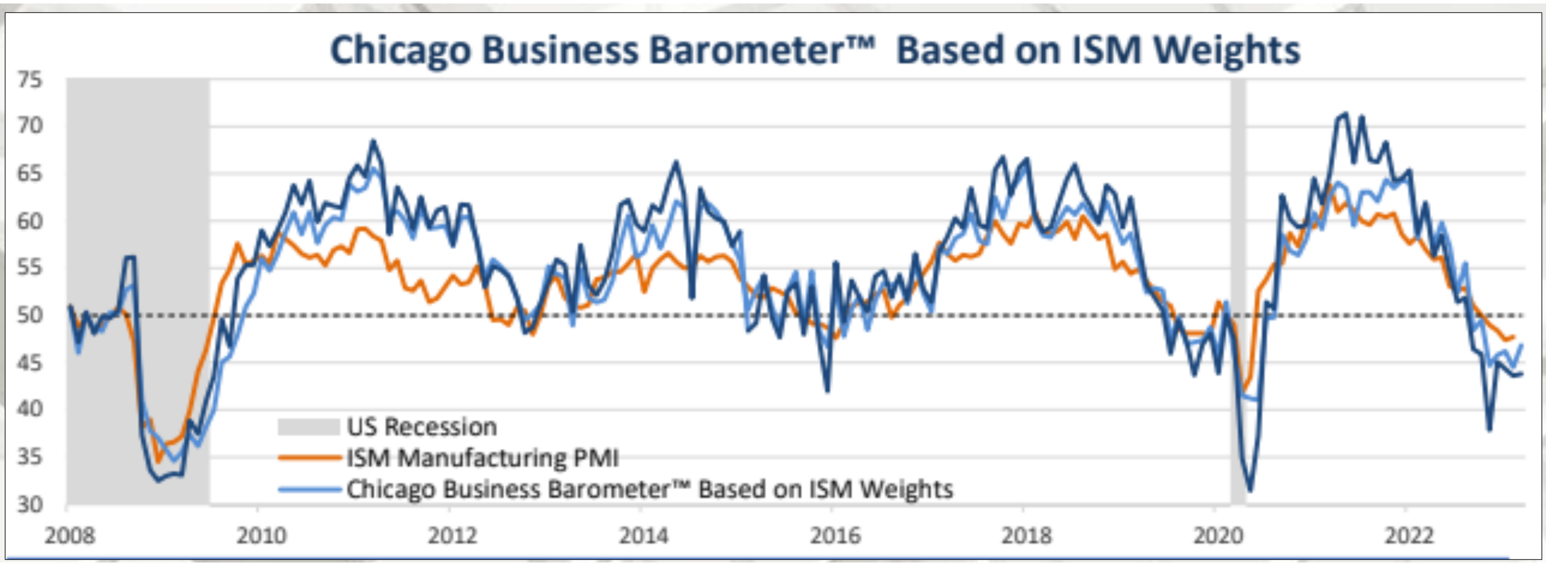
Private Indicators



MNI Chicago

Chicago Business Barometer™ – Edges up to 43.8 in March

March Chicago Report Signals Continued Demand Weakness

"The Chicago Business Barometer™, produced with MNI, inched up by 0.2 points to 43.8 in March. Despite increasing for the first time since December 2022, the headline index signaled a seventh consecutive month of contractionary business activity in March.

New Orders and Supplier Deliveries declined in March, the latter recording the steepest fall since February 2022. All other sub-indexes increased in March. Barring Inventories and Prices Paid, all sub-indexes were in contractive territory.

Production improved 2.6 points in March, after a marked 10.2-point fall in February. Firms continued to flag softening demand, also noting that semiconductor shortages continue to drag on auto and countless other applications.

New Orders softened -1.0 points; a tenth consecutive month of declining orders. Responses were mixed, with some firms seeing a small pick-up whilst others noted a slowdown due to clients' inflated orders over earlier months." – Les Commons, Senior Economist and Lucy Hager, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 3/31/23

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Private Indicators

MNI Chicago

Chicago Business Barometer™ – Edges up to 43.8 in March

March Chicago Report Signals Continued Demand Weakness

"Order Backlogs picked up again in March, rising 5.6 points but marking three months of falling backlogs.

Employment increased by 5.4 points on the month, moving to similar levels seen in both December and January. Note that the February reading was the lowest since 2009, barring the pandemic. 21.4% of firms saw lower employment levels in March, compared to 34.4% in February.

Supplier Deliveries fell -9.3 points, moving below 50 for the first time since June 2016, with some respondents finding substantial improvements in deliveries as supply chain pressures ease further.

Inventories jumped 13.6 points in March, re-entering expansive territory and returning to November levels. This follows three months of contraction as firms actively reduced stock levels.

Prices Paid edged up by 0.3 points after the substantial February deceleration. Just below half of respondents continued to see prices increase in March. Price reductions from commodity suppliers were supported by reduced container transit costs." – Les Commons, Senior Economist and Lucy Hager, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 3/31/23

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Private Indicators

The Conference Board Leading Economic Index® (LEI)

LEI for the U.S. Continued to Decline in February

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. fell again by 0.3 percent in February 2023 to 110.0 (2016=100), after also declining by 0.3 percent in January. The LEI is down 3.6 percent over the six-month period between August 2022 and February 2023 — a steeper rate of decline than its 3.0 percent contraction over the previous six months (February–August 2022).

The LEI for the US fell again in February, marking its eleventh consecutive monthly decline. Negative or flat contributions from eight of the index's ten components more than offset improving stock prices and a better-than-expected reading for residential building permits. While the rate of month-over-month declines in the LEI have moderated in recent months, the leading economic index still points to risk of recession in the US economy. The most recent financial turmoil in the US banking sector is not reflected in the LEI data but could have a negative impact on the outlook if it persists. Overall, The Conference Board forecasts rising interest rates paired with declining consumer spending will most likely push the US economy into recession in the near term.

The Conference Board Coincident Economic Index® (CEI) for the U.S. increased by 0.1 percent in February 2023 to 109.8 (2016=100), after an increase of 0.2 percent in January. The CEI is now up 0.6 percent over the six-month period between August 2022 and February 2023 — slightly lower than 0.7 percent growth it recorded over the previous six months. The CEI's component indicators — payroll employment, personal income less transfer payments, manufacturing trade and sales, and industrial production — are included among the data used to determine recessions in the US.

The Conference Board Lagging Economic Index® (LAG) for the U.S. increased by 0.2 percent in February 2023 to 118.5 (2016 = 100), following an increase of 0.1 percent in January. The LAG is up 2.1 percent over the six-month period from August 2022 and February 2023, less than half the growth rate of 4.6 percent over the previous six months." – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 3/17/23

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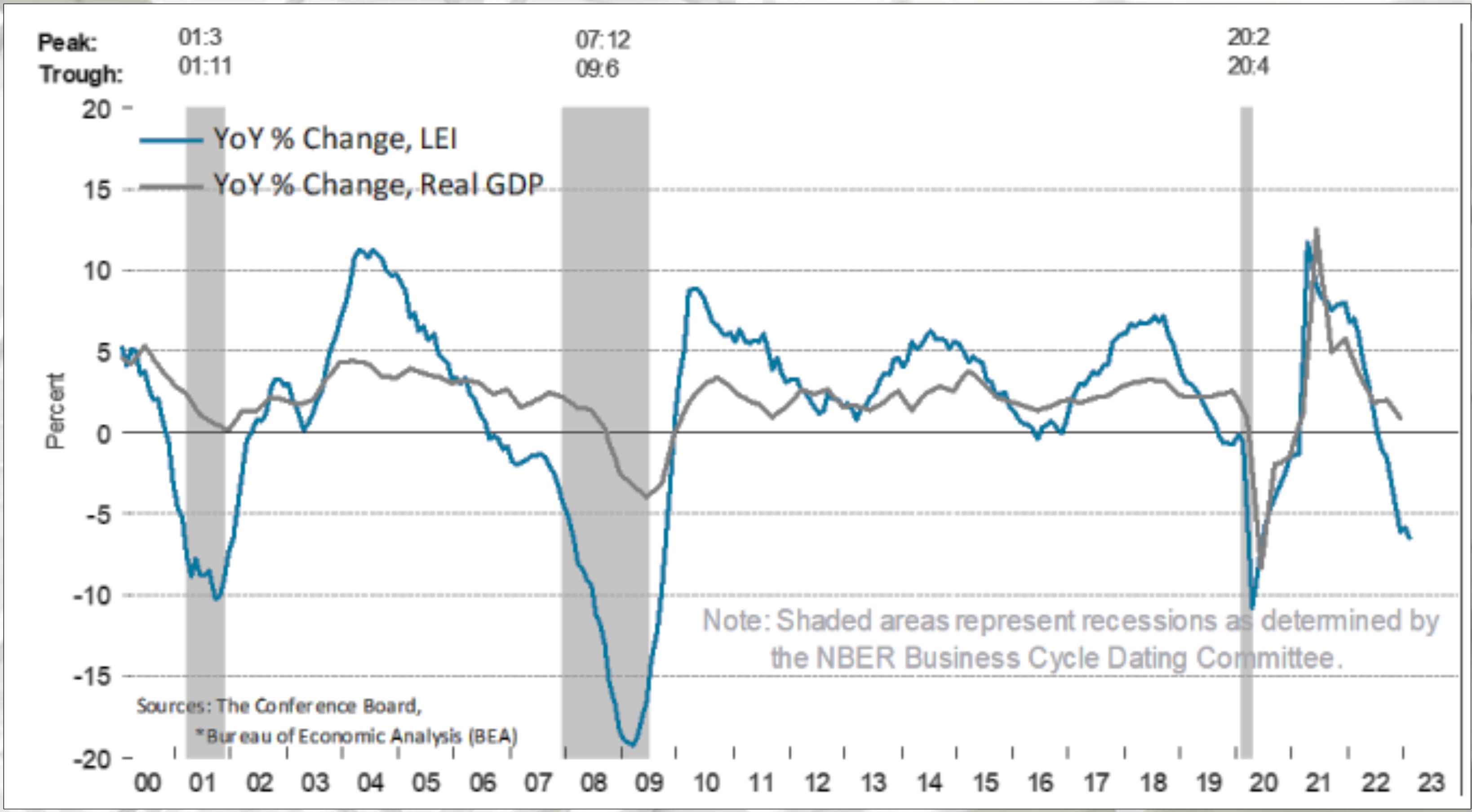
Private Indicators

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

LEI for the U.S. Continued to Decline in February

The annual growth rate of the US LEI continued to decline in February



Source: https://www.conference-board.org/data/bcicountry.cfm; 3/17/23

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Private Indicators

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

February New Business Volume Up 11 Percent Year-over-year, Down 10 Percent Month-to-month and Up Nearly 9 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 $1 trillion equipment finance sector, showed their overall new business volume for February was $7.9 billion, up 11 percent year-over-year from new business volume in February 2022. Volume was down 10 percent from $8.8 billion in January. Year-to-date, cumulative new business volume was up nearly 9 percent compared to 2022.

Receivables over 30 days were 1.8 percent, down from 1.9 percent the previous month and up from 1.7 percent in the same period in 2022. Charge-offs were 0.32 percent, down from 0.34 percent the previous month and up from 0.09 percent in the year-earlier period.

Credit approvals totaled 75.7, up from 75.1 percent in January. Total headcount for equipment finance companies was down 3.7 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in March is 50.3, a decrease from the February index of 51.8." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"Monthly data for February shows a substantial rise in new business volume compared to the same period last year. The steady rise in short-term interest rates and stubborn inflationary pressures do not seem to have suppressed demand for productive equipment by U.S. businesses. A mild winter and steady return to a more normalized supply chain in a number of important sectors also contributed to the strong February data. Portfolios of MLFI respondents continue to perform well." – Ralph Petta, President and CEO, ELFA

"The February MLFI index and increase in year-over-year new business volume are reflective of our results in our core markets. In the transportation sector, we expect origination growth during 2023 as these supply-chain issues diminish and accelerating deliveries fulfill a healthy backlog. Alternative fuel vehicles are gaining some traction with extensive customer interest, but we foresee very limited volumes as there remains limited qualified long-haul applications. Overall, we remain optimistic but sensitive to credit quality as economic conditions are volatile." – Marc Gingold, CLFP, Vice President of Syndication, Fleet Advantage

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2023/02/24/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 3/23/23

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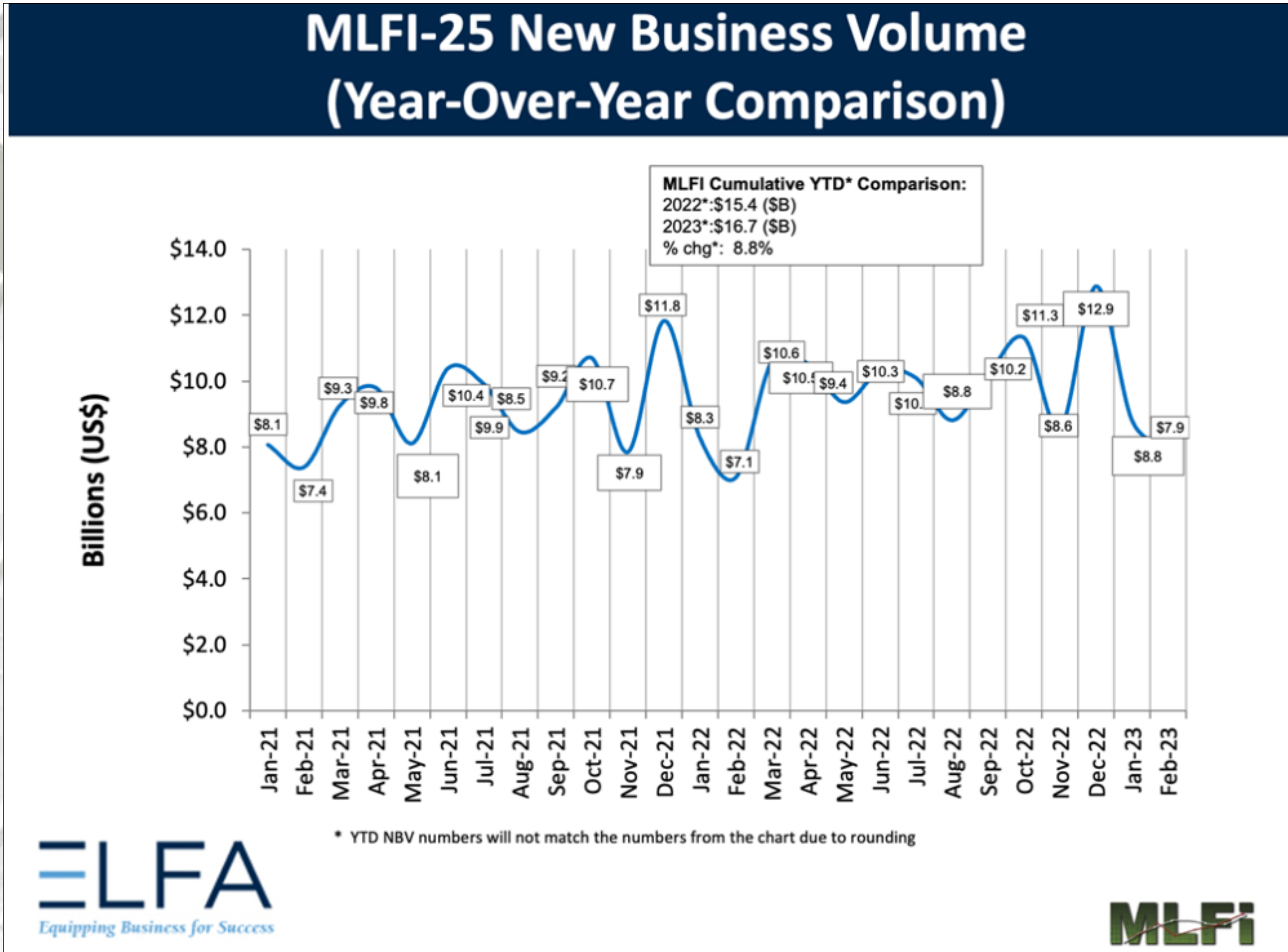

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2023/02/24/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 3/23/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Manufacturing decline eases amid renewed rise in output in March

"The seasonally adjusted S&P Global US Manufacturing Purchasing Managers' Index™ (PMI™) posted 49.2 in March, up from 47.3 in February and broadly in line with the earlier released 'flash' estimate of 49.3. The index reading rose for the third month running to signal the slowest deterioration in operating conditions at US manufacturers in the current five-month sequence of decline.

March data indicated a marginal deterioration in the health of the US manufacturing sector, according to the latest PMI™ survey from S&P Global. The decline stemmed from a further drop in client demand and only a slight rise in output. Domestic and foreign demand conditions remained subdued as inflation weighed on purchasing power.

Manufacturers also engaged in cost-cutting initiatives as input buying and pre-production inventories fell. Weak demand for materials drove the quickest improvement in lead times on record. This, in part, supported a softer uptick in cost burdens as suppliers were able to offer lower prices for some items. Subsequently, and in an effort to drive sales, firms moderated hikes in selling prices.

Goods producers registered a renewed, albeit only fractional, rise in production during March. The increase ended a four-month sequence of contraction, but was subdued in the context of the series history. The upturn in output was linked to the timely delivery of inputs which allowed firms to work through incomplete orders.

Despite an increase in output, client demand remained muted, as new orders fell further at the end of the first quarter. Panel members indicated that new sales decreased due to higher interest rates and inflationary pressures, which continued to exert strain on customer purchasing power. Nonetheless, the rate of contraction softened notably to only a marginal pace." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/70b28232e2b943e9ba0cc7b4fe1d6ffe; 4/3/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Manufacturing decline eases amid renewed rise in output in March

"Weak foreign client demand and global economic uncertainty were reportedly key drivers behind a tenth successive monthly decline in new export orders. The pace of decrease quickened to the fastest since last November.

Supporting the upturn in output and a further fall in backlogs was the greatest improvement in vendor performance on record (since May 2007). Shorter lead times were attributed to reduced supply chain issues, weak demand for inputs and improved material availability.

Purchasing activity fell again in March, and some suppliers reportedly adjusted their prices to reflect weaker demand for inputs. Average cost burdens rose at the slowest rate since July 2020, with the rate of inflation softening for the second month running. Although still strong, the pace of increase was weaker than the long-run series average.

Manufacturers recorded a slower rise in average selling prices in March. Though solid, the rate of increase in output charges was the weakest since October 2020. Companies stated that efforts to drive sales led to price discounting at some firms.

Meanwhile, manufacturers continued to fill long-held vacancies, with employment rising at a modest pace. Although easing from February, the rate of job creation was the second-fastest seen since last September." – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/70b28232e2b943e9ba0cc7b4fe1d6ffe; 4/3/23

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Private Indicators

S&P Global U.S. Manufacturing PMI™

Manufacturing decline eases amid renewed rise in output in March

“The ability to work through backlogs was reflected in broadly unchanged stocks of finished goods in March. Where firms noted an increase, this was linked to greater output and customer order postponements. That said, efforts to run down pre-production inventories and reduce costs continued as stocks of purchases fell again.

Goods producers remained strongly upbeat in their outlook for output over the coming year in March. Hopes of greater client demand drove optimism. Confidence slipped to the lowest level in three months amid inflation concerns, however.

Comment

The US manufacturing sector continued to signal concerning trends during March. Although output rose for the first time since last October, growth was fractional, and largely supported by ramping up production following an unprecedented reduction in supply chain pressures. The timely delivery of inputs allowed firms to work through backlogs, but sparse demand amid pressure on customer spending due to higher interest rates and inflation spoke to challenges ahead for goods producers if there is little change in domestic and international client appetite.

Weak demand for inputs resulted in some relief for manufacturers as input cost inflation slowed again. A paucity of new orders sparked efforts to entice customers, however, as selling price inflation eased notably to the weakest since October 2020. Nonetheless, inflationary concerns weighed on business confidence once again amid pressure on margins.” – Chris Williamson, Chief Business Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/70b28232e2b943e9ba0cc7b4fe1d6ffe; 4/3/23

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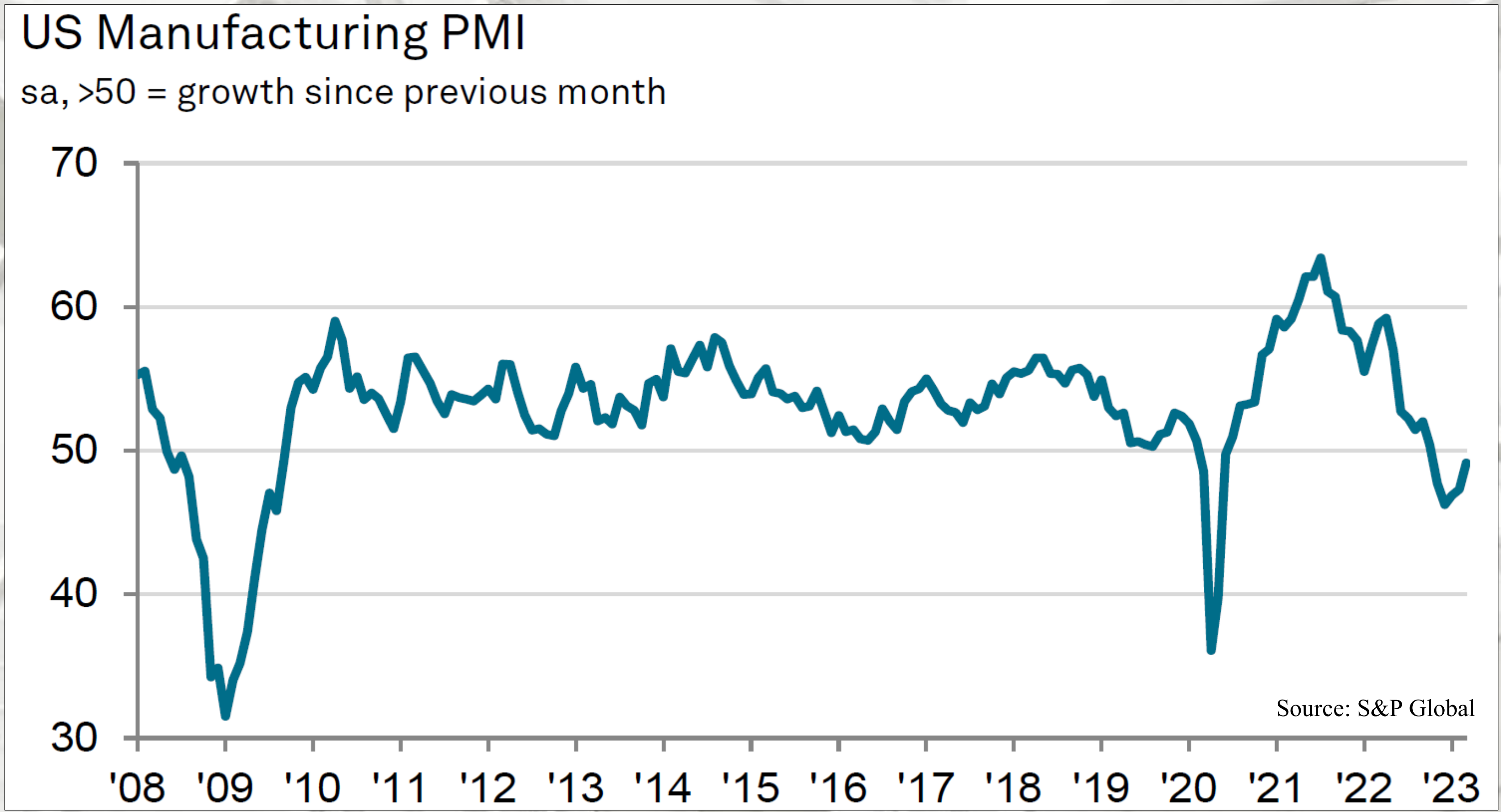

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/70b28232e2b943e9ba0cc7b4fe1d6ffe; 4/3/23

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Private Indicators

S&P Global U.S. Services PMI™

Renewed rise in service sector new orders, but selling price inflation quickens again

"The seasonally adjusted final S&P Global US Services PMI Business Activity Index registered 52.6 in March, up from 50.6 in February. The latest data signalled a modest rise in output that was the sharpest since June 2022. Where an increase in business activity was noted, firms attributed this to stronger client demand, a renewed rise in orders and the acquisition of new customers. Consumer Services recorded by far the strongest rate of output expansion in March (index at 55.0), which was its best performance since June 2022.

US service sector firms recorded a faster upturn in business activity during March, according to the latest PMI™ data. The rise in output was driven by a renewed increase in new business, the first expansion since last September. Domestic demand continued to support the increase, as new export orders fell further, albeit at only a fractional pace. Pressure on capacity built following greater new orders, as firms registered a modest accumulation of backlogs of work. Subsequently, companies engaged in another round of job creation. Despite stronger demand conditions, business confidence was below the series average and dipped from February amid inflation concerns.

On the price front, input costs rose at the second-slowest pace since October 2020. Nevertheless, efforts to pass through higher costs to clients resulted in a steep and accelerated increase in selling prices.

Service sector firms recorded a return to new order growth at the end of the first quarter, thereby ending a five-month sequence of contraction. Although only marginal, the rate of expansion was the joint-fastest since May 2022. The upturn in client demand was often linked to increased client activity and greater customer referrals." – Siân Jones, Senior Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/c9479e7315af4c8e98992177848e5ba1; 4/5/23

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Private Indicators

S&P Global U.S. Services PMI™

"Concurrently, new export orders continued to decline in March, extending the current sequence of contraction that began in June 2022. Service providers mentioned some signs of improving global client confidence, however, as the pace of decrease slowed to only a fractional rate.

Price pressures across the service sector remained historically elevated during March. Cost inflation was reportedly driven by higher supplier prices and hikes in wage bills. That said, the rate of increase in input prices softened again and was the second-slowest since October 2020. Output charges, however, rose at a steeper pace in March. Companies continued to highlight the pass-through of greater cost burdens and increased wages to customers. The rate of charge inflation quickened for the second month running and was the fastest since last September.

In line with an expansion in new business, service providers registered a renewed increase in backlogs of work at the end of the first quarter. The uptick in incomplete business was the first for six months, and the fastest for almost a year.

In response, firms expanded their workforce numbers at a moderate pace. Although slower than the long-run series average, the rate of job creation was the sharpest since last September as firms sought to relieve capacity pressures.

Service providers remained upbeat with regards to the outlook for activity over the coming year in March. Hopes of greater investment in new service lines and a further uptick in client demand spurred optimism. That said, inflationary concerns continued to dampen positive sentiment, as the degree of confidence dipped from that seen in February." – Siân Jones, Senior Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/e608e2be35cd44799c677b56b2d976fa; 3/3/23

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Private Indicators

S&P Global U.S. Services PMI™

Comment

"Business activity across the service sector expanded at a faster pace in March, as a return to new order growth offered a tonic to the US economy, which saw the fastest rise in private sector output since last June. Improvements in customer spending across the service economy counteracted another fall in manufacturing sales.

Greater service sector demand and increased pressure on capacity spurred another round of job creation, with the rate of employment growth quickening slightly to a six-month high.

Concerns regarding the impact of inflation and higher interest rates on customer spending remained apparent, however. Optimism at goods producers and service providers dipped since February amid elevated cost pressures. Nonetheless, selling price inflation accelerated again due to more accommodative demand conditions. A sharper rise in charges contrasted with the trend for input prices, which increased at the second slowest pace since October 2020." – Siân Jones, Senior Economist, S&P Global

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/e608e2be35cd44799c677b56b2d976fa; 3/3/23

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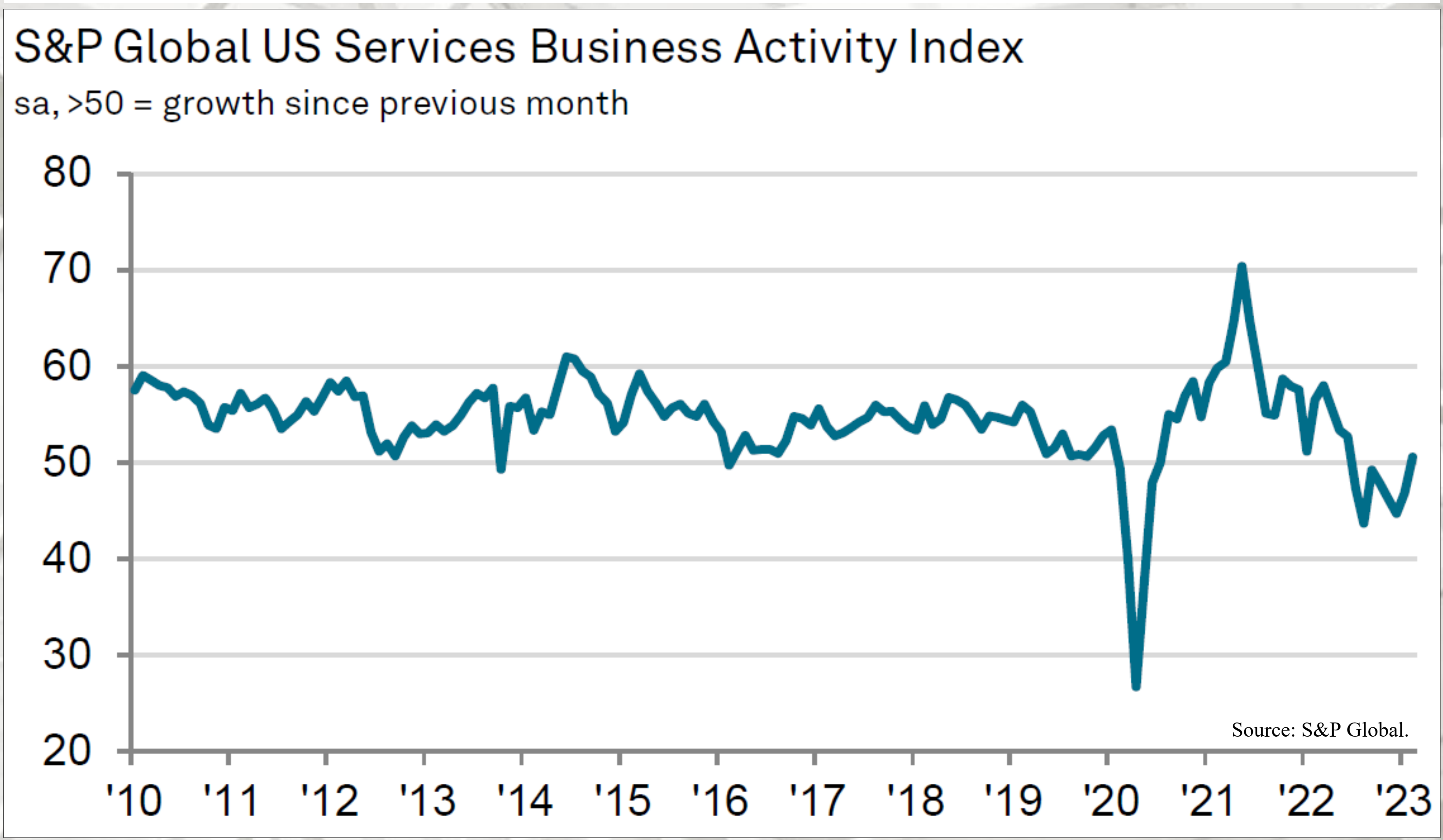

Source: https://www.pmi.spglobal.com/Public/Home/PressRelease/e608e2be35cd44799c677b56b2d976fa; 3/3/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for March 2023: Combined Sectors

"The National Association of Credit Management's Credit Managers' Index (CMI) for March 2023 came in at 53.5 points, up 1.1 points from February and the best reading for the index since September. The main driver of the improvement came from unfavorable factors, which was led by a large improvement in dollar amounts beyond terms, filings for bankruptcies and the number of accounts being referred for collections. However, respondents in the CMI survey expressed a sense of slower payments and more distress among their smaller, weaker clients, with some noting the likelihood of higher bankruptcy rates and more merger activity this year, said NACM Economist Amy Crews Cutts, Ph.D., CBE®.

"After the large movements we've been seeing in the CMI since December, it's refreshing to have a quieter month from a credit management perspective," Cutts said. "While there are still many concerns about the economy and questions about whether we will enter a recession earlier or later, the CMI is now indicating that the recession risk is fading for the near-term. In April we will see what, if any, effects the banking turmoil may have on the CMI and recession timing."

Although I don't think the CMI survey respondents were thinking about bank failures when they wrote about bankruptcies, the failure of Silicon Valley Bank (SVB) this month is notable due to its size and commercial accounts concentration," Cuts said. "Normally, when a bank is insolvent, regulators will seize the bank assets and depositors will get made whole only up to $250,000 per account type. Had they followed this playbook with SVB holding fast to the FDIC limits, they would have caused the instant failure of thousands of firms that would have been unable to make payroll or meet other obligations. Between extending the insurance to cover all depositors and a special program that allows banks to maintain liquidity without realizing losses on their capital reserves, the crisis seems to have been quelled."
– Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 3/31/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

"**Key Findings:**

- The index for favorable factors is up 0.3 to 58.3, led by a 0.9-point improvement in the new credit applications factor index to 58.8 points. The remaining factors were little changed.
- The sales factor index stayed steady at 56.5 points this month, its highest reading since September 2022when it was at 63.6 points.
- The index for unfavorable factors rose 1.8 points to 50.4, its first improving value since October 2022.
- All but one of the unfavorable factor indexes saw gains of at least 1.2 points this month; the index for rejections of new credit applications improved by just 0.2 points.
- All but one unfavorable factor moved from contraction to expansion territory in March. The accounts placed for collection factor improved by 1.1 but remains in contraction territory at 46.4." – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 3/31/23

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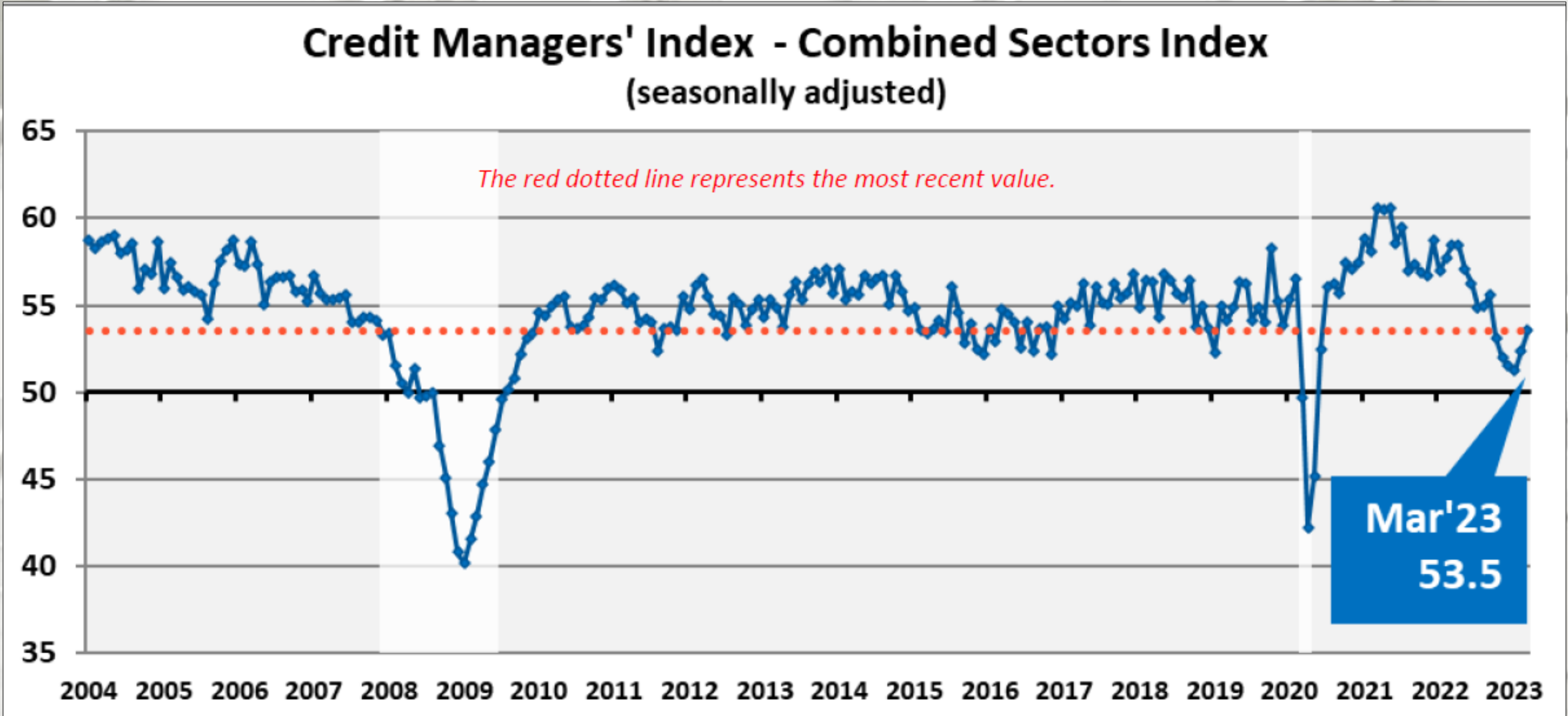
Private Indicators

National Association of Credit Management – Credit Managers' Index



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

Source: https://nacm.org/cmi.html; 3/31/23

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Combined Manufacturing and Service Sectors (seasonally adjusted)	Mar '22	Apr '22	May '22	Jun '22	Jul '22	Aug '22	Sep '22	Oct '22	Nov '22	Dec '22	Jan '23	Feb '23	Mar '23
Sales	75.6	72.6	70.1	65.8	65.5	63.0	63.6	55.5	54.5	54.8	49.8	56.5	56.5
New credit applications	68.0	65.9	64.2	63.5	60.0	62.6	61.2	58.7	56.7	55.5	56.3	57.9	58.8
Dollar collections	66.3	64.6	64.2	60.5	60.3	58.0	63.4	54.9	56.2	57.8	57.3	59.8	59.7
Amount of credit extended	69.2	71.4	69.5	67.0	67.2	64.8	65.9	58.7	57.1	55.4	56.8	57.9	58.1
Index of favorable factors	**69.8**	**68.6**	**67.0**	**64.2**	**63.2**	**62.1**	**63.5**	**56.9**	**56.1**	**55.9**	**55.1**	**58.0**	**58.3**
Rejections of credit applications	51.6	51.2	50.5	50.4	51.0	49.5	52.1	52.0	51.1	51.0	50.5	50.4	50.6
Accounts placed for collection	50.9	50.3	50.7	49.6	47.3	49.5	49.3	47.6	46.5	46.2	45.0	45.3	46.4
Disputes	47.9	49.0	49.0	49.1	48.4	49.2	48.4	50.3	48.4	49.0	48.8	48.1	50.4
Dollar amount beyond terms	50.8	53.3	47.2	51.0	46.6	46.1	49.0	49.0	47.6	45.7	47.4	49.6	52.8
Dollar amount of customer deductions	49.0	50.7	48.6	50.4	49.2	49.4	49.4	51.3	49.3	49.3	50.2	48.5	50.4
Filings for bankruptcies	55.6	55.5	56.4	55.4	53.4	57.2	53.4	53.5	52.2	50.9	50.5	49.8	51.6
Index of unfavorable factors	**51.0**	**51.7**	**50.4**	**51.0**	**49.3**	**50.2**	**50.3**	**50.6**	**49.2**	**48.7**	**48.7**	**48.6**	**50.4**
NACM Combined CMI	**58.5**	**58.5**	**57.0**	**56.3**	**54.9**	**54.9**	**55.6**	**53.2**	**52.0**	**51.6**	**51.3**	**52.4**	**53.5**

Source: https://nacm.org/cmi.html; 3/31/23

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Private Indicators

National Federation of Independent Business (NFIB) March 2023 Report

Small Business Optimism Declines Slightly in March

"The **NFIB Small Business Optimism Index** decreased 0.8 points in March to 90.1, marking the 15th consecutive month below the 49-year average of 98. Twenty-four percent of owners reported inflation as their single most important business problem, down four points from last month. Small business owners expecting better business conditions over the next six months remain at a net negative 47%." – Holly Wade, NFIB

"Small business owners are cynical about future economic conditions. Hiring plans fell to their lowest level since May 2020, but strong consumer spending has kept Main Street alive and supported strong labor demand." – Bill Dunkelberg, Chief Economist, NFIB

Key findings include:

- "Forty-three percent of owners reported job openings that were hard to fill, down four points from February and remaining historically very high.
- The net percent of owners raising average selling prices decreased one point to a net 37% seasonally adjusted.
- The net percent of owners who expect real sales to be higher deteriorated six points from February to a net negative 15%." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/11/23

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Private Indicators

National Federation of Independent Business (NFIB) March 2023 Report

"As reported in NFIB's monthly jobs report, a seasonally adjusted net 15% of owners are planning to create new jobs in the next three months. Twenty-six percent of owners reported few qualified applicants for their open positions and 27% reported none. Eleven percent of owners cited labor costs as their top business problem and 23% said that labor quality was their top business problem. Labor quality remains in second place behind inflation by one point as the top business problem.

Fifty-seven percent of owners reported capital outlays in the next six months, down three points from February. Of those making expenditures, 40% reported spending on new equipment, 23% acquired vehicles, and 11% spent money for new fixtures and furniture. Fifteen percent improved or expanded facilities and 6% acquired new buildings or land for expansion. Twenty percent of owners are planning capital outlays in the next few months, down one point from February. Overall, the small business sector shows little strength from capital spending.

A net negative 6% of all owners (seasonally adjusted) reported higher nominal sales in the past three months. Sales are trending down. The net percent of owners expecting higher real sales volumes deteriorated six points to a net negative 15%.

The net percent of owners reporting inventory increases was unchanged at a net negative 1%. Not seasonally adjusted, thirteen percent reported increases in stocks and 17% reported reductions. Nineteen percent of owners reported that supply chain disruptions still have a significant impact on their business. Another 31% reported a moderate impact and 35% reported a mild impact." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/11/23

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Private Indicators

National Federation of Independent Business (NFIB) March 2023 Report

"A net 1% of owners viewed current inventory stocks as "too low" in March, up five points from February. By industry, shortages are reported most frequently in transportation (18%), retail (17%), manufacturing (16%), and wholesale (16%). Complaints of shortages in construction (3%) have been reduced because home sales have slowed due to higher interest rates. A net negative 4% of owners plan inventory investment in the coming months, up three points from February.

The net percent of owners raising average selling prices decreased one point from February to a net 37% seasonally adjusted, the lowest since April 2021. Unadjusted, 11% reported lower average selling prices and 50% reported higher average prices. Price hikes were the most frequent in wholesale (71% higher, 16% lower), retail (61% higher, 8% lower), construction (57% higher, 8% lower), and finance (56% higher, 8% lower). Seasonally adjusted, a net 26% plan price hikes, up one point.

Seasonally adjusted, a net 42% reported raising compensation, down six points from February. A net 22% plan to raise compensation in the next three months.

The frequency of positive profit trends was a net negative 18%, five points better than in February. Among owners reporting lower profits, 31% blamed weaker sales, 23% blamed the rise in the cost of materials, 13% cited the usual seasonal change, 9% cited lower prices, 8% cited labor costs, and 3% cited higher taxes or regulatory costs. For owners reporting higher profits, 48% credited sales volumes, 21% cited higher prices, 18% cited usual seasonal change, and 5% cited lower labor costs." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/11/23

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Private Indicators

National Federation of Independent Business (NFIB) March 2023 Report

"Three percent reported that financing was their top business problem. A net 26% of owners reported paying a higher rate on their most recent loan, up two points. Rates are rising, but credit is still available.

The **NFIB Research Center** has collected Small Business Economic Trends data with quarterly surveys since the fourth quarter of 1973 and monthly surveys since 1986. Survey respondents are randomly drawn from NFIB's membership. The report is released on the second Tuesday of each month. This survey was conducted in March 2023." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/11/23

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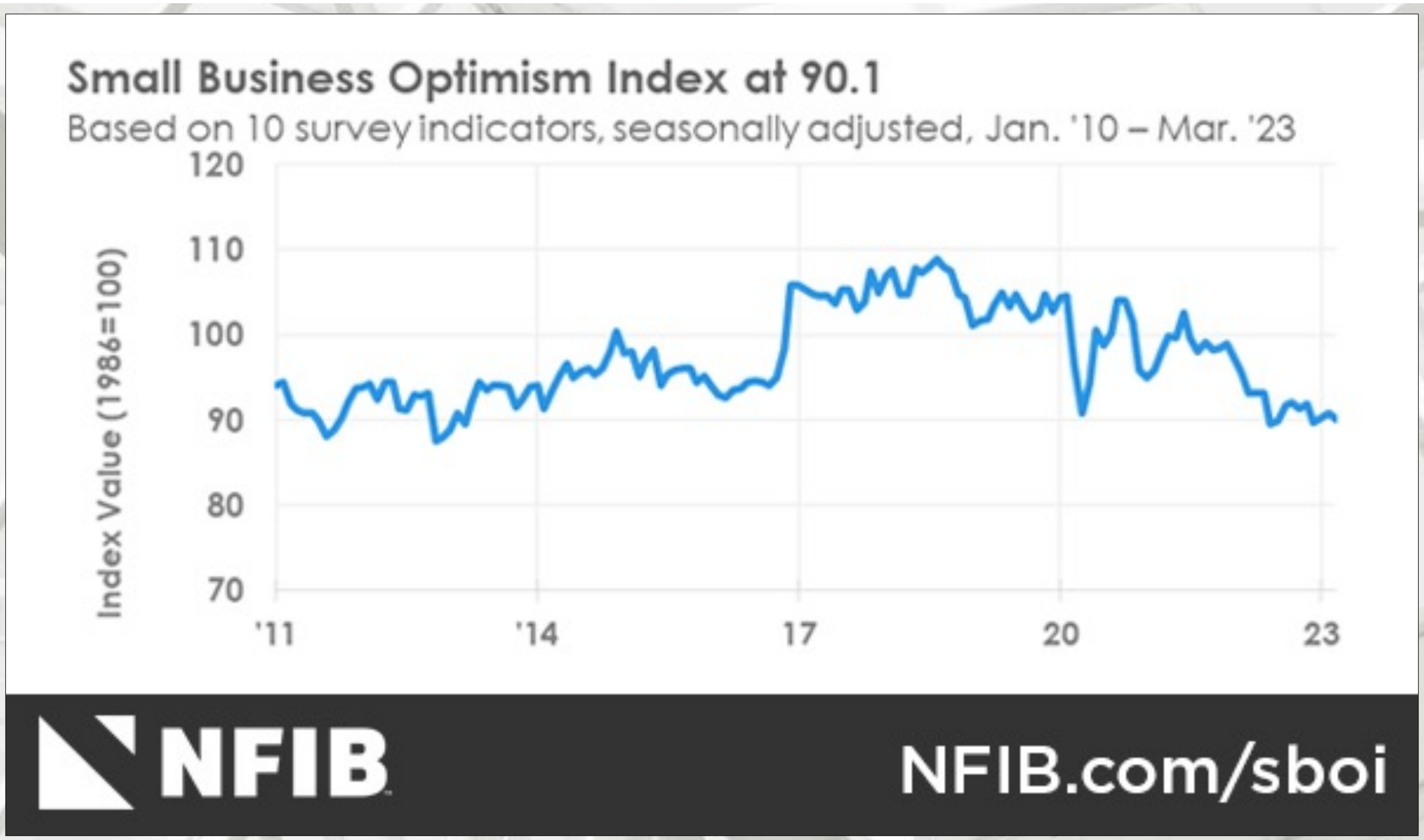

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/11/23

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Private Indicators

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	15%	▼ -2
Plans to Make Capital Outlays	20%	▼ -1
Plans to Increase Inventories	-4%	▲ 3
Expect Economy to Improve	-47%	▬ 0
Expect Real Sales Higher	-15%	▼ -6
Current Inventory	1%	▲ 5
Current Job Openings	43%	▼ -4
Expected Credit Conditions	-9%	▼ -3
Now a Good Time to Expand	2%	▼ -4
Earnings Trends	-18%	▲ 5

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 4/11/23

Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

Small Business Jobs and Wages Increase Modestly in March

“Small business employment has grown consistently during the first quarter of 2023, according to the Paychex | IHS Markit Small Business Employment Watch. The Small Business Jobs Index, which measures employment growth, increased modestly (0.06%) from the previous month to 99.73. The March report also showed average hourly earnings increased slightly from the previous month to 4.64 percent.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“The small business economy continues to demonstrate durability with the jobs index advancing each month this year along with moderate wage gains.” – James Diffley, Chief Regional Economist, IHS Markit

“The Main Street small- and mid-sized business owners continued to show their resiliency in the first quarter of 2023. This is an encouraging start to the year and policymakers are going to need to carefully consider their next actions as the full impact of the recent banking disruptions on SMB’s access to capital is still not fully understood.” – John Gibson, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 4/4/23

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

"In further detail, the March report showed:

- Following several months of moderation, national hourly earnings growth increased slightly to 4.64 percent in March as one-month annualized growth reached 5.34 percent.
- The national jobs index has risen for three consecutive months, with the South's growth — the only region with an index above 100 — continuing to lead the country.
- Weekly hours worked rose 0.21 percent YOY (to 32.63) while one-month annualized growth moderated for the first time since August 2022.
- The South led regions for the twelfth consecutive month and is the only region with an index above 100 (100.68). Still, the South reported its first decrease (-0.14 percent) since September 2022.
- Despite its job growth slowing by 0.42 percent, North Carolina's robust performance continued in March, with the state's index hitting 102.13.
- Illinois' growth rate rose 0.25 percent last month and 1.70 percent year-over-year. At 101.92 and second among states, Illinois' performance in March is the strongest it's seen since 2014.
- Small business employment growth remained strong in Houston (103.10), making the city the first among metros for the fifth consecutive month.
- Leisure and hospitality led sectors in jobs growth (101.32) and hourly earnings growth (5.96 percent)." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 4/4/23

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

March Job Index	March Wage Data
Index	Hourly Earnings
99.73	$31.40
12-Month Change	12-Month Growth
-1.55%	+4.64% (+$1.39)

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 4/4/23

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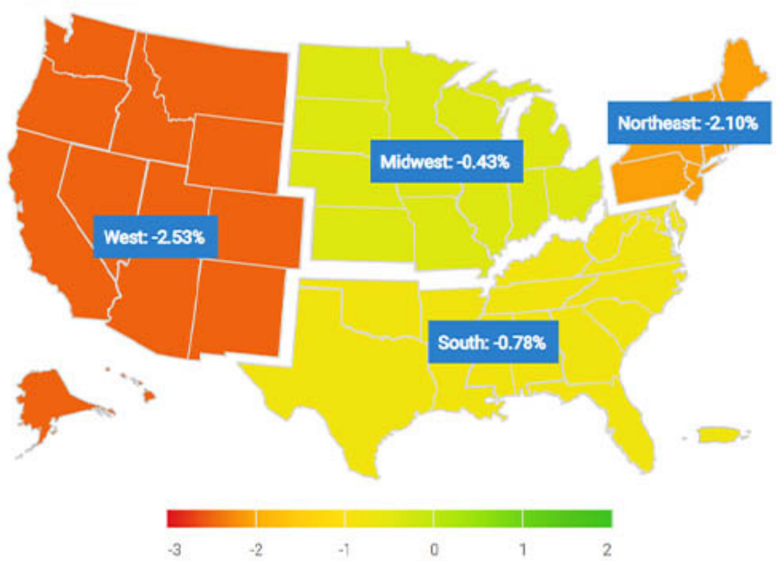
Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	99.96	-0.43%
Northeast	99.29	-2.10%
South	100.68	-0.78%
West	99.03	-2.53%

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 4/4/23

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

February 2023

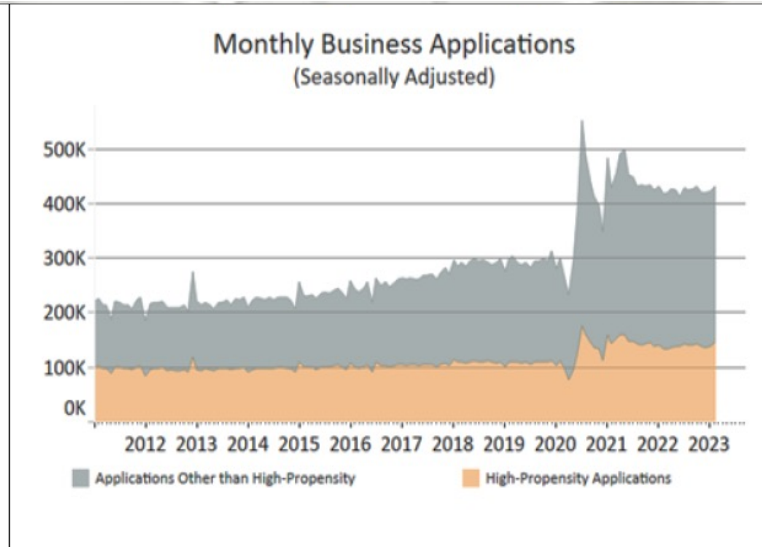
BUSINESS APPLICATIONS		
U.S. Business Applications:	FEB 2023	FEB 2023 / JAN 2023
Total	429,800	1.9%°
High-Propensity	144,868	4.8%°
With Planned Wages	48,844	3.9%°
From Corporations	48,966	1.7%°

Next release: April 17, 2023

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, March 10, 2023



Source: U.S. Census Bureau, Business Formation Statistics, March 10, 2023

Business Formation Statistics, February 2023

Business Applications

"The U.S. Census Bureau announced the following seasonally adjusted business application and formation statistics for February 2023. The Business Application Series describe the business applications for tax IDs as indicated by applications for an Employer Identification Number (EIN) through filings of the IRS Form SS-4. The Business Formation Series describe employer business formations as indicated by the first instance of payroll tax liabilities for the corresponding business applications. Business Applications for February 2023, adjusted for seasonal variation, were 429,800, an increase of 1.9 percent compared to February 2023." – U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 3/10/23

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Economics

U.S. Census Bureau

February 2023

BUSINESS FORMATIONS

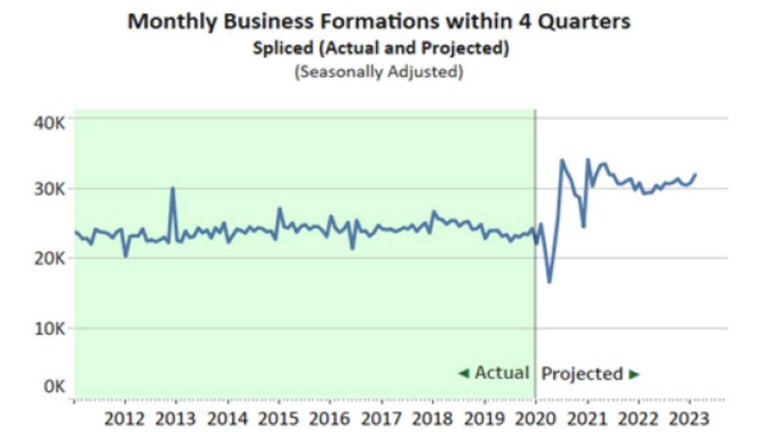
U.S. Total Projected Business Formations:	FEB 2023	FEB 2023 / JAN 2023
Within 4 Quarters	31,888	3.7%°
Within 8 Quarters	41,331	4.2%°

Next release: April 17, 2023

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

Spliced - Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, March 10, 2023



Source: U.S. Census Bureau, Business Formation Statistics, March 10, 2023

Projected Business Formations - At a Glance

		US	Northeast	Midwest	South	West
Within 4 Quarters	FEB 2023	31,888	5,157	5,158	12,440	9,133
	FEB 2023 / JAN 2023	+3.7%	+4.7%	+3.4%	+0.5%	+8.2%
Within 8 Quarters	FEB 2023	41,331	6,682	6,627	16,314	11,708
	FEB 2023 / JAN 2023	+4.2%	+5.0%	+3.2%	+1.0%	+9.1%

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; 3/10/23

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Economics

U.S. Census Bureau

Business Formation Statistics, February 2023

Business Formations

“Projected Business Formations (within 4 quarters) for February 2023, adjusted for seasonal variation, were 31,888, an increase of 3.7 percent compared to February 2023. 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 31,888 new business startups with payroll tax liabilities will form within 4-quarters of application from all the business applications filed during February 2023. The 3.7 percent increase indicates that for February 2023 there will be 3.7 percent more businesses projected to form within 4-quarters of application, compared to the analogous projections for February 2023.

Statistics on actual business formations are available up to the latest quarter for which administrative data identifies employer business startup activity based on first payroll observation, currently the fourth quarter of 2020. Given the forward-looking nature of business formations, the Census Bureau can only state actual business formations within 4-quarters up to December 2019, and business formations within 8-quarters up to December 2018. Projected business formations within 4-quarters start in February 2020 and projected business formations within 8-quarters start in February 2019 and both end in February 2023. The most recent quarter for which administrative data on payroll is available is updated annually in the twelfth month based on new data on actual business formations. ” – U.S. Census Bureau

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 3/10/23

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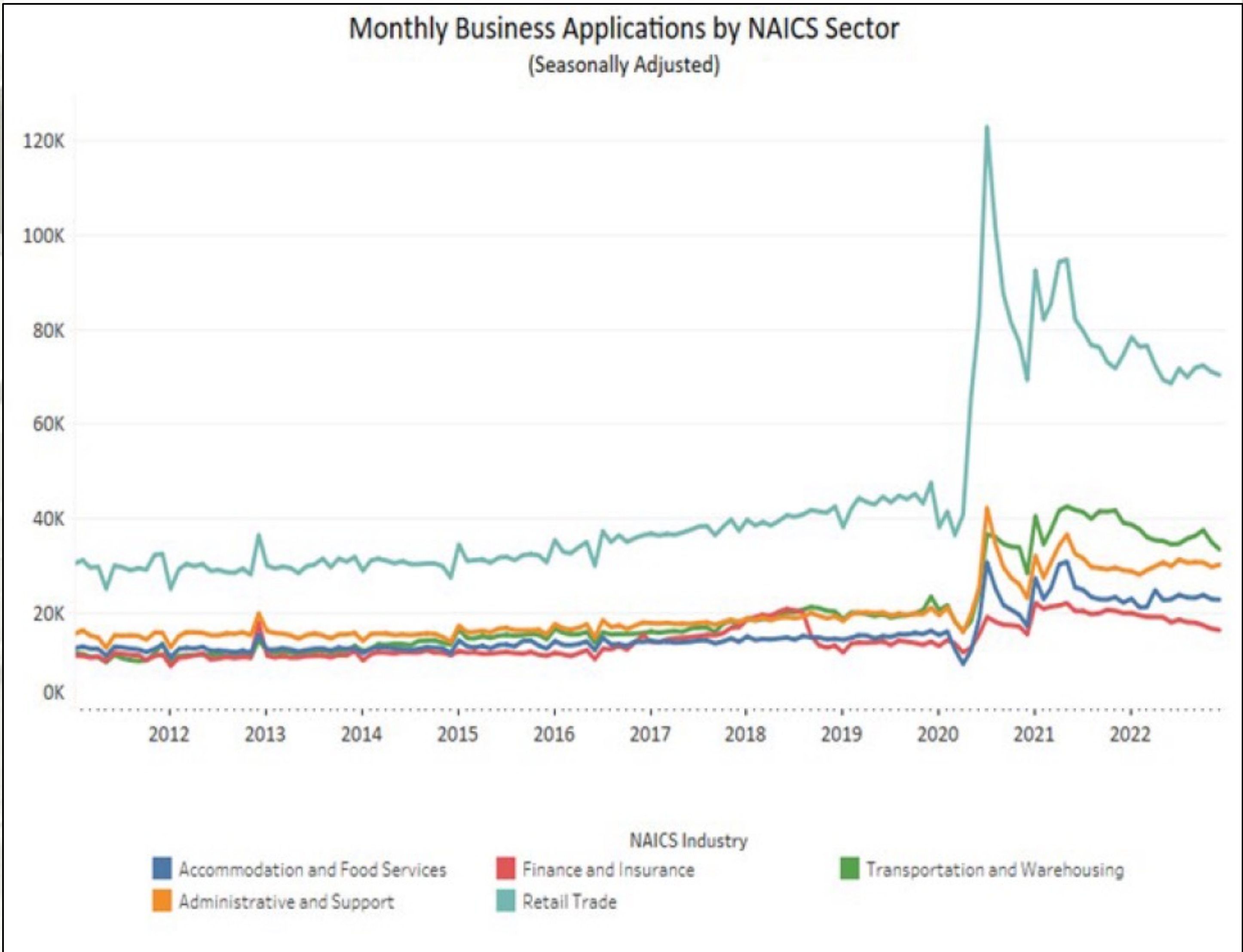
Economics

NEW Business Formation Statistics

February 2023



Source: U.S. Census Bureau, Business Formation Statistics, January 17, 2023

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf; 3/10/23

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