The Virginia Tech – U.S. Forest Service October 2018 Housing Commentary: Section II

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2018 Virginia Polytechnic Institute and State University VCE-CNRE NP

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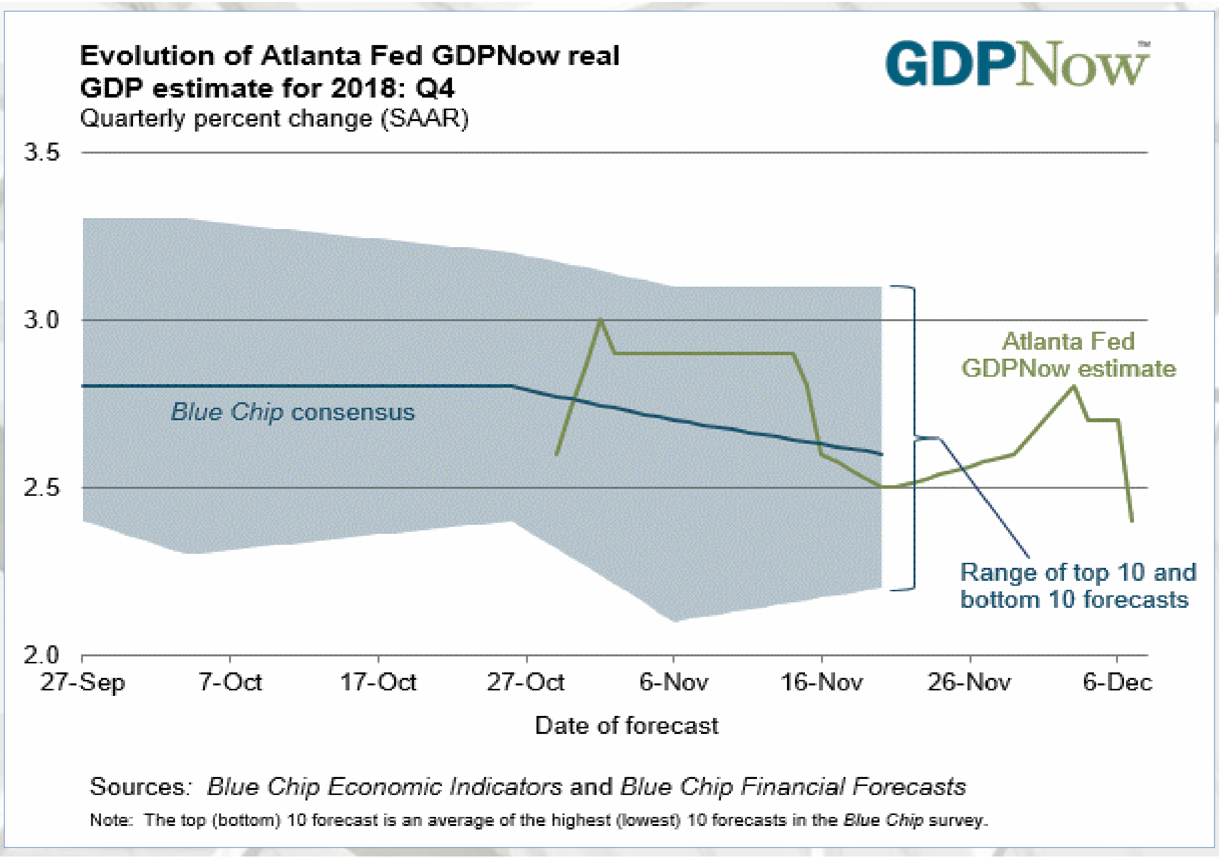
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest forecast: 2.4 percent — December 7, 2018

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2018 is **2.4 percent** on December 7, down from 2.7 percent on December 6. The nowcast of fourth-quarter real final sales of domestic product growth decreased from 2.9 percent to 2.7 percent after this morning's employment report from the U.S. Bureau of Labor Statistics. The nowcast of the contribution of inventory investment to fourth-quarter real GDP growth decreased from -0.23 percentage points to -0.33 percentage points after the employment report and this morning's wholesale trade release from the U.S. Census Bureau." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/economy-matters/regional-economics/data-digests; 12/7/18

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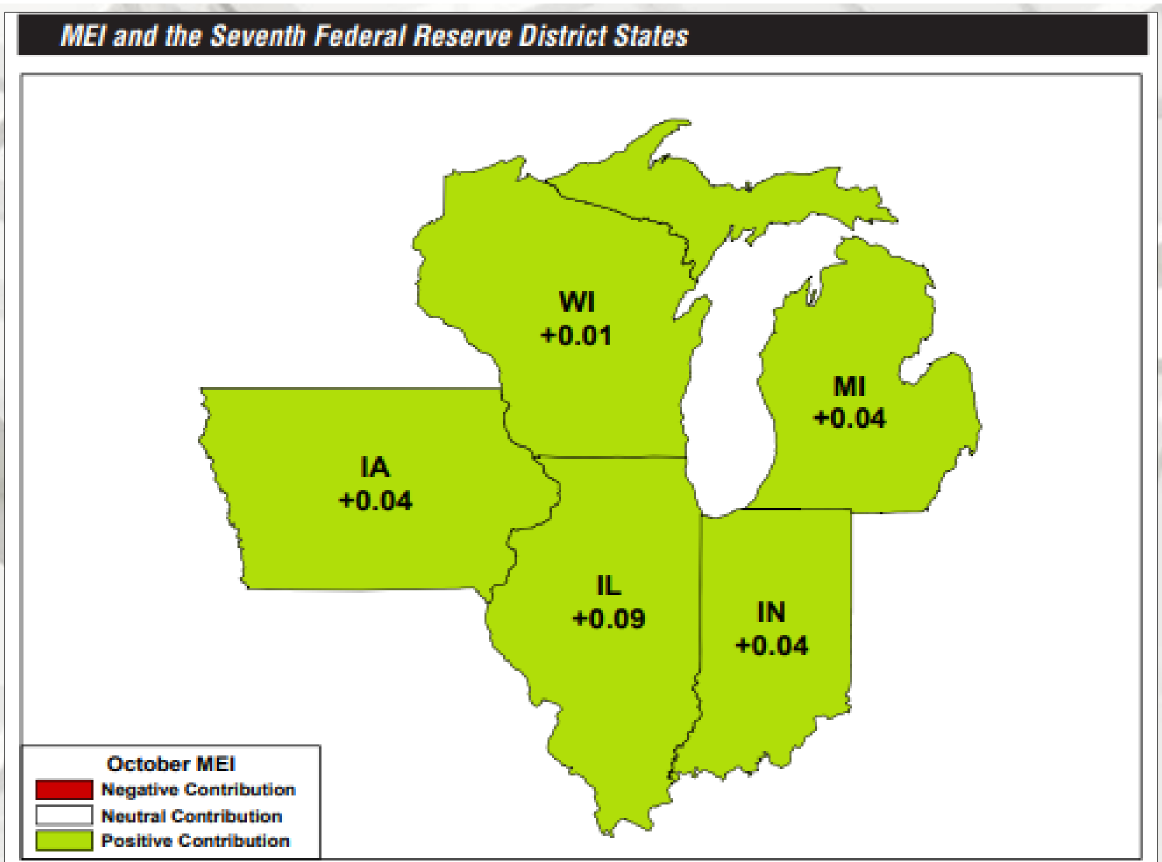
The Federal Reserve Bank of Chicago: Midwest Economy Index



Note: The map's shading summarizes the most recent contribution to growth in Midwest economic activity from each of the five states in the Seventh Federal Reserve District (Illinois, Indiana, Iowa, Michigan, and Wisconsin).

Index Points to steady slower Midwest economic growth in October

"The Midwest Economy Index (MEI) moved down to +0.23 in October from +0.31 in September. Contributions to the October MEI from all four broad sectors of nonfarm business activity and three of the five Seventh Federal Reserve District states decreased from September. The relative MEI declined to –0.22 in October from –0.11 in September. Contributions to the October relative MEI from all four sectors and two of the five states decreased from September." – Laura LaBarbera, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/~/media/publications/mei/2018/mei-october2018-pdf.pdf; 11/30/18

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The Federal Reserve Bank of Chicago: Midwest Economy Index

Index points to slower Midwest economic growth in October

“The manufacturing sector’s contribution to the MEI edged down to +0.27 in October from +0.29 in September. The pace of manufacturing activity decreased in Michigan and Wisconsin, but was unchanged in Illinois, Indiana, and Iowa. Manufacturing’s contribution to the relative MEI moved down to +0.12 in October from +0.21 in September.

The construction and mining sector contributed +0.02 to the MEI in October, down slightly from +0.03 in September. The pace of construction and mining activity was slower in Michigan, but faster in Indiana and unchanged in Illinois, Iowa, and Wisconsin. The contribution from construction and mining to the relative MEI edged down to +0.02 in October from +0.04 in September.

The service sector’s contribution to the MEI edged down to –0.07 in October from –0.05 in September. The pace of service sector activity was down in Illinois, Michigan, and Wisconsin, but up in Indiana and unchanged in Iowa. The service sector’s contribution to the relative MEI ticked down to –0.36 in October from –0.35 in September.

The contribution from consumer spending indicators to the MEI moved down to +0.02 in October from +0.05 in September. Consumer spending indicators were, on balance, down in Illinois, Michigan, and Wisconsin, but steady in Indiana and Iowa. Consumer spending’s contribution to the relative MEI ticked down to –0.01 in October from a neutral reading in September.” – Laura LaBarbera, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/~/media/publications/mei/2018/mei-october2018-pdf.pdf; 11/30/18

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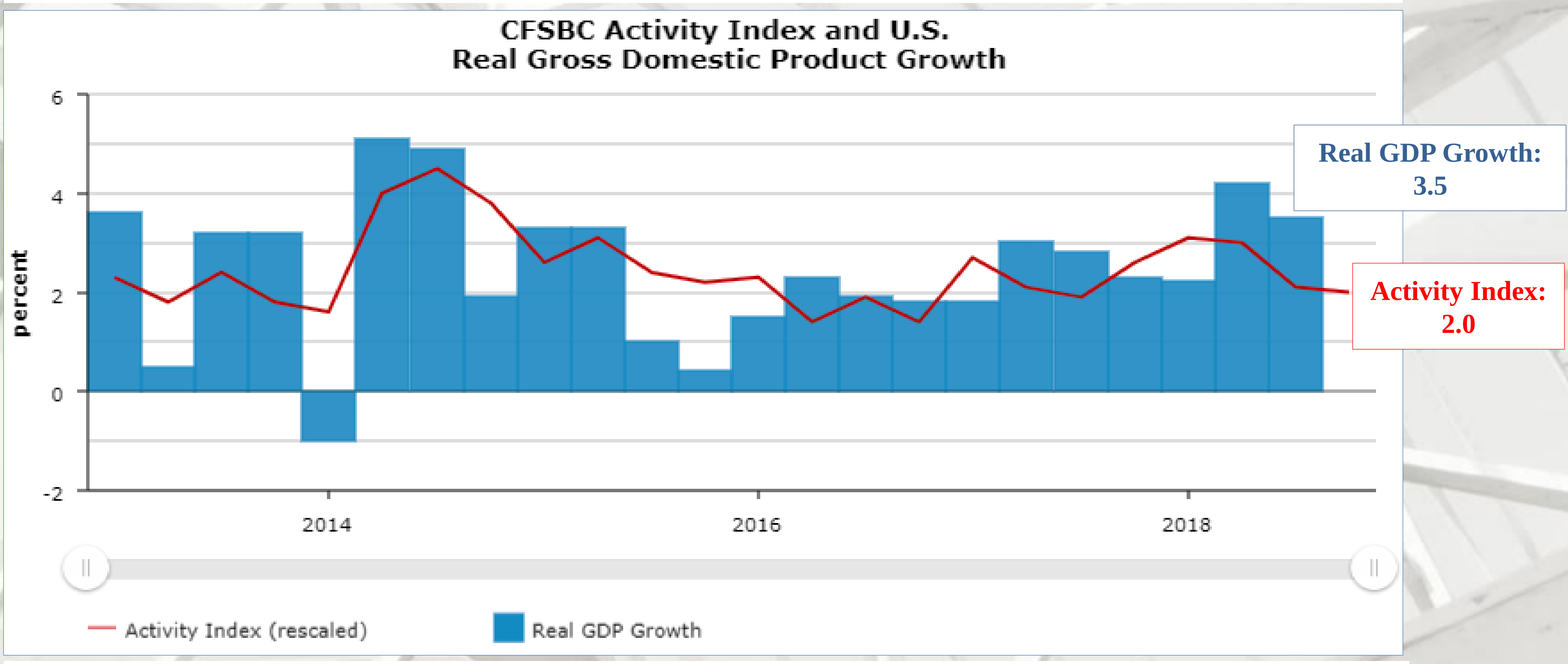
The Federal Reserve Bank of Chicago: Survey of Business Conditions



Notes: Real gross domestic product (GDP) growth is presented at an annualized quarterly rate. The CFSBC Activity Index is converted from a biquarterly to quarterly frequency by taking the quarterly average of the available data. After averaging, the CFSBC Activity Index values are rescaled by taking the fitted values from a regression of GDP growth on the CFSBC Activity Index.– The Federal Reserve Bank of Chicago

Survey Shows Growth Picked Up in October and Early November

“The *Chicago Fed Survey of Business Conditions (CFSBC) Activity Index* increased to –4 from –11, suggesting that growth in economic activity remained at a modest pace in October and early November.” – Laura LaBarbera, Media Relations, Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfsbc/index; 12/5/18

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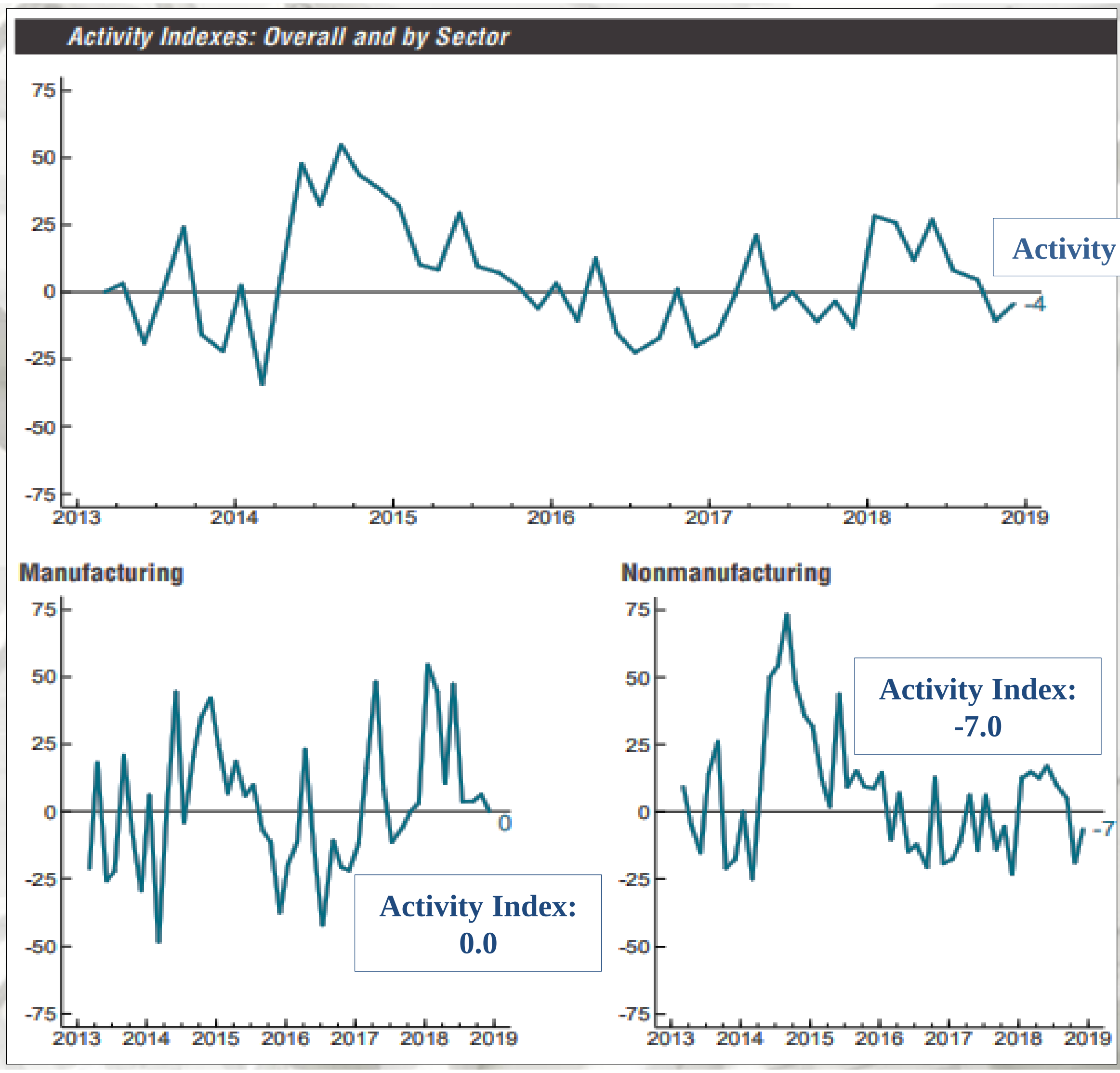
The Federal Reserve Bank of Chicago: Survey of Business Conditions



Notes: The CFSBC Activity Index is converted from a biquarterly to quarterly frequency by taking the quarterly average of the available data. After averaging, the CFSBC Activity Index values are rescaled by taking the fitted values from a regression of GDP growth on the CFSBC Activity Index.– The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfsbc/index; 12/5/18

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The Federal Reserve Bank of Chicago: Survey of Business Conditions

Survey shows growth slowed in late August and October

"The CFSBC Manufacturing Activity Index moved down to a neutral reading from +7, while the CFSBC Nonmanufacturing Activity Index moved up to −7 from −19.

- Respondents' outlooks for the U.S. economy for the next six to 12 months deteriorated a bit, but remained optimistic on balance. Respondents with optimistic outlooks highlighted good economic data, growing demand for their firms' products, and the federal tax reform. Respondents with pessimistic outlooks highlighted elevated policy uncertainty under the current U.S. presidential administration, particularly in regard to trade policy; rising interest rates; and slowing demand for their firms' products.
- The pace of current hiring slowed, and respondents expected the pace of hiring to decline over the next six to 12 months. Both hiring indexes remained negative.
- The pace of current capital spending edged up, but respondents expected the pace of capital spending to edge down over the next six to 12 months. Both capital spending indexes remained in negative territory.
- The wage cost pressures index rose, but the nonwage cost pressures index was unchanged.
- Both cost pressures indexes remained positive." – Laura LaBarbera, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfsbc/index; 12/5/18

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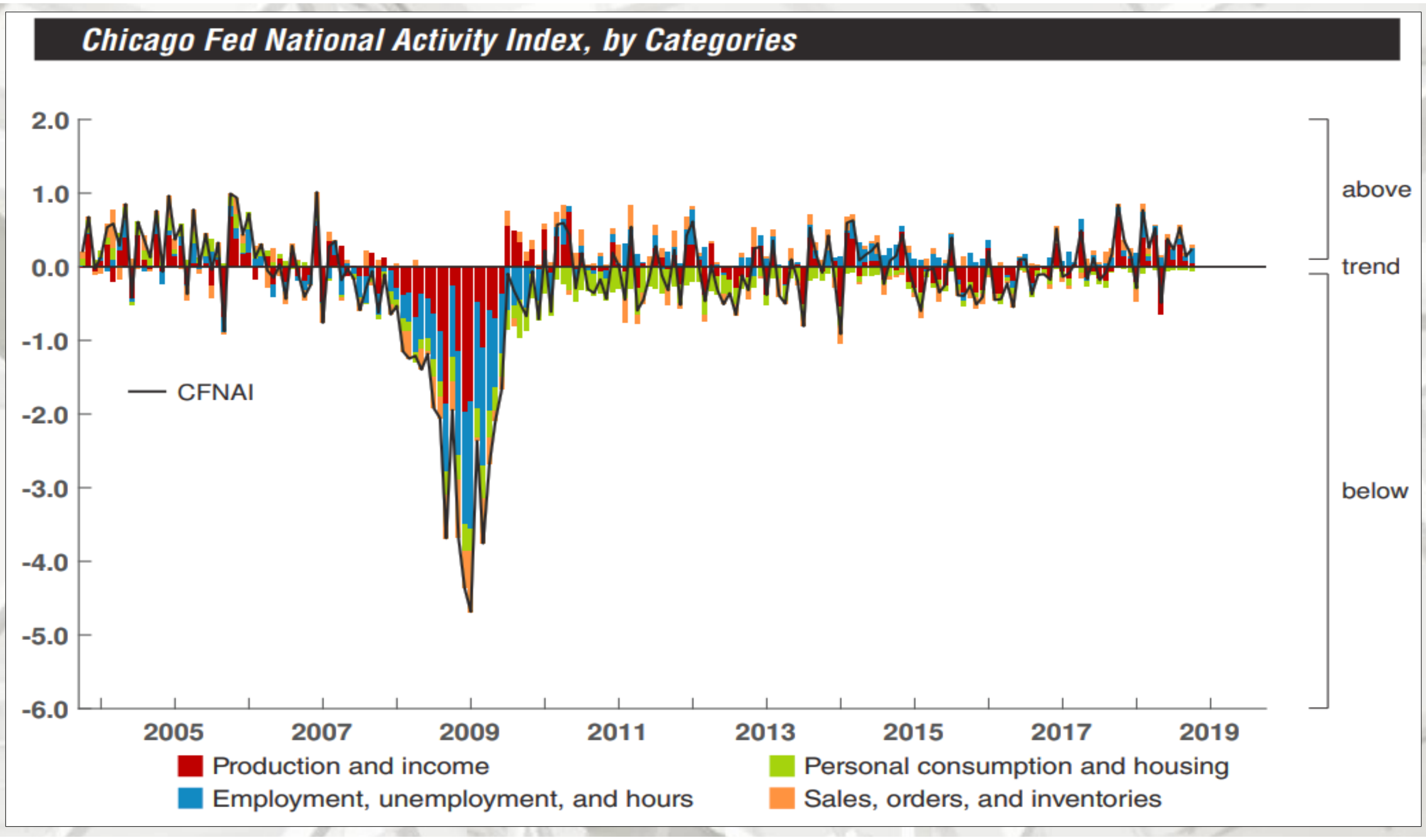
The Federal Reserve Bank of Chicago: National Activity Index



Index Points to a Slight Increase in Economic Growth in October

"The *Chicago Fed National Activity Index* (CFNAI) was +0.24 in October, up from +0.14 in September. Led by improvements in employment-related indicators, the Chicago Fed National Activity Index (CFNAI) increased to +0.24 in October from +0.14 in September. Only one of the four broad categories of indicators that make up the index increased from September, but three of the four categories made positive contributions to the index in October. The index's three-month moving average, CFNAI-MA3, ticked up to +0.31 in October from +0.30 in September." – Graham Justice, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 11/26/18

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The Federal Reserve Bank of Chicago: National Activity Index

Index Points to a slight increase in economic growth in October

"The CFNAI Diffusion Index, which is also a three-month moving average, increased to +0.32 in October from +0.24 in September. Fifty of the 85 individual indicators made positive contributions to the CFNAI in October, while 35 made negative contributions. Fifty-one indicators improved from September to October, while 33 indicators deteriorated and one was unchanged. Of the indicators that improved, 17 made negative contributions.

The contribution from production-related indicators to the CFNAI moved down to +0.06 in October from +0.09 in September. Industrial production edged up 0.1 percent in October after increasing 0.2 percent in September. The contribution from the sales, orders, and inventories category to the CFNAI was unchanged at +0.04 in October.

Employment-related indicators contributed +0.19 to the CFNAI in October, up from +0.05 in September. Total nonfarm payrolls rose by 250,000 in October after increasing by 118,000 in the previous month. The contribution of the personal consumption and housing category to the CFNAI ticked down to –0.05 in October from –0.04 in September. On balance, housing indicators weakened slightly from September, pushing down the category's overall contribution in October.

The CFNAI was constructed using data available as of November 20, 2018. At that time, October data for 50 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index. The September monthly index value was revised to +0.14 from an initial estimate of +0.17, and the August monthly index value was revised to +0.53 from last month's estimate of +0.27. Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The revision to the September monthly index value was primarily due to the former, while the revision to the August monthly index value was primarily due to the latter." – Graham Justice, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 11/26/18

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The Federal Reserve Bank of Dallas

Texas Manufacturing Continues to Moderate

"Texas factory activity continued to expand in November, albeit at a markedly slower pace, according to business executives responding to the *Texas Manufacturing Outlook Survey*. The production index, a key measure of state manufacturing conditions, remained positive but fell nine points to 8.4, indicating output growth continued to abate.

Other indexes of manufacturing activity also suggested notably slower expansion in November. The survey's demand indicators — the new orders and growth rate of new orders indexes — declined to 9.7 and 4.8, respectively, representing their lowest readings in 20 months. The capacity utilization index fell six points to 9.4, and the shipments index fell nine points to 7.7, both at their lowest levels in at least 20 months.

Perceptions of broader business conditions remained positive overall but were less optimistic than in October. The general business activity and company outlook indexes posted double-digit declines, coming in at 17.6 and 13.7, respectively. These readings are lower than what has been seen over the past year but still well above long-term averages.

The index measuring uncertainty regarding companies' outlooks rose five points to 12.3, indicating uncertainty was more widespread this month." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tmos/2018/1811.aspx; 11/26/18

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The Federal Reserve Bank of Dallas

Texas Manufacturing Continues to Moderate

“Labor market measures suggested continued but slower employment growth and longer workweeks in November. The employment index retreated eight points to 15.9, a level well above average. Twenty-three percent of firms noted net hiring, compared with 7 percent noting net layoffs. The hours worked index edged down to 4.9.

Price and wage increases eased in November. The raw materials prices index posted a 21-point decline to 33.7 after reaching a seven-year high last month. The finished goods prices index also fell, down 10 points to 7.5. However, both indexes remained well above average. Compensation costs also continued to rise at a faster clip than normal, although the pace slowed from October, with the wages and benefits index moving down eight points to 24.9.

Expectations regarding future business conditions remained positive in November, although they were less optimistic than in October. The indexes of future general business activity and future company outlook remained well above average but fell to 25.7 and 31.4, respectively. Other indexes of future manufacturing activity showed mixed movements this month but remained solidly in positive territory.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tmos/2018/1811.aspx; 11/26/18

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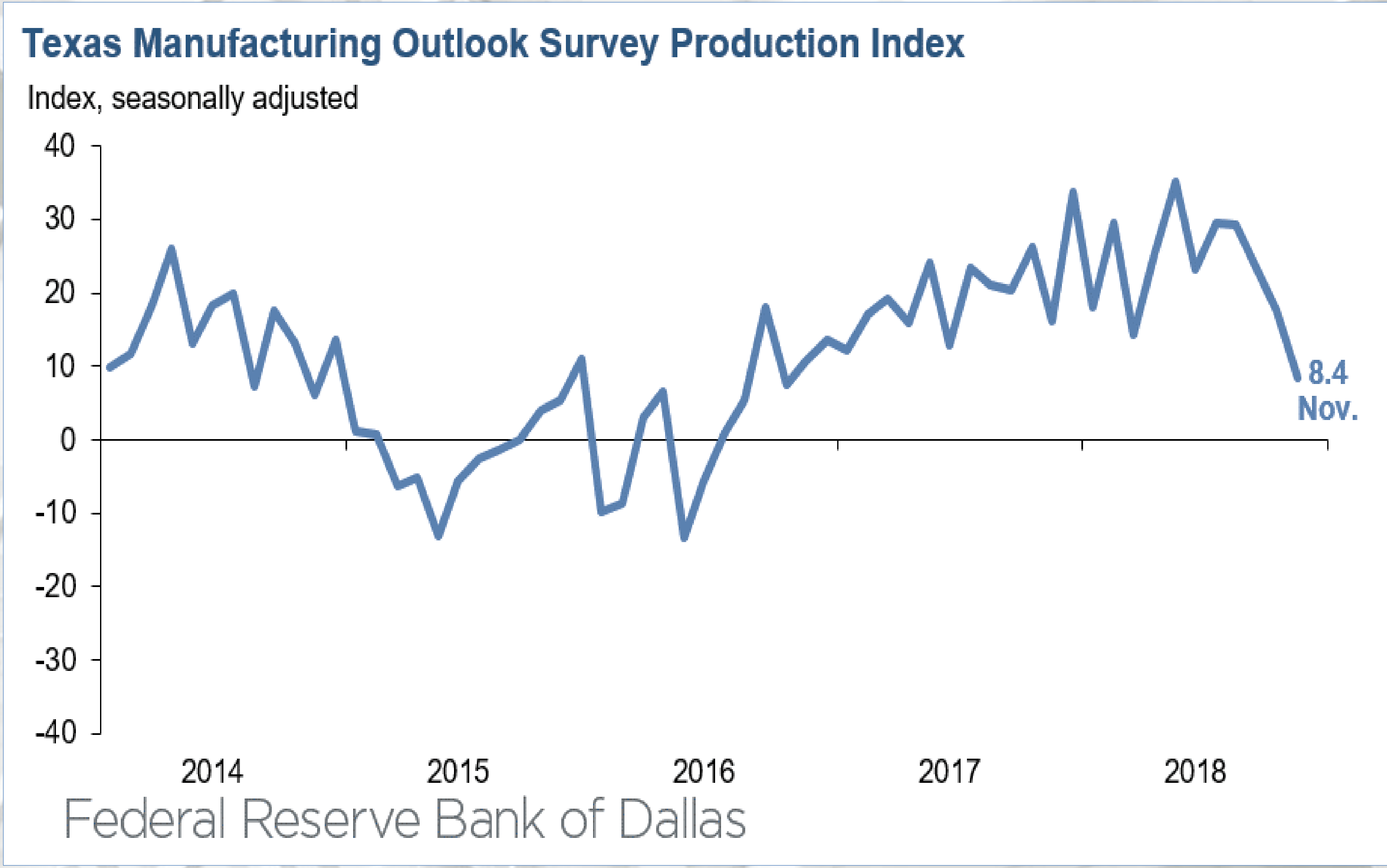
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys/tmos/2018/1811.aspx; 11/26/18

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The Federal Reserve Bank of Dallas

Texas Service Sector Activity Accelerates Slightly

"Texas service sector activity grew at a faster pace in November, according to business executives responding to the *Texas Service Sector Outlook Survey*. The revenue index, a key measure of state service sector conditions, increased two points to 21.4 in November.

Labor market indicators reflected positive but slower employment growth and longer workweeks this month. The employment index fell from 13.1 in October to 8.7 in November, while the hours worked index increased slightly from 6.2 to 7.5.

Perceptions of broader economic conditions reflected continued optimism but growing uncertainty. The general business activity index declined from 14.1 in October to 11.4 in November, while the company outlook index was roughly unchanged at 12.0. The outlook uncertainty index rose nearly five points to 12.8 in November, its highest reading since the index began in January 2018.

Price pressures eased slightly, while wage pressures remained elevated this month. The wages and benefits index was roughly unchanged at 20.9, with nearly a quarter of respondents noting increases in compensation costs. The selling price index declined nearly four points to 12.2, its lowest reading in 2018.

Respondents' expectations regarding future business conditions reflected softening optimism six months from now. The future general business activity index fell to a two-year low of 16.6, while the future company outlook index declined from 22.8 in October to 17.3 in November. Other indexes of future service sector activity, such as revenue and employment, also declined but remained solidly in positive territory." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys/tssos/2018/1811.aspx; 11/27/18

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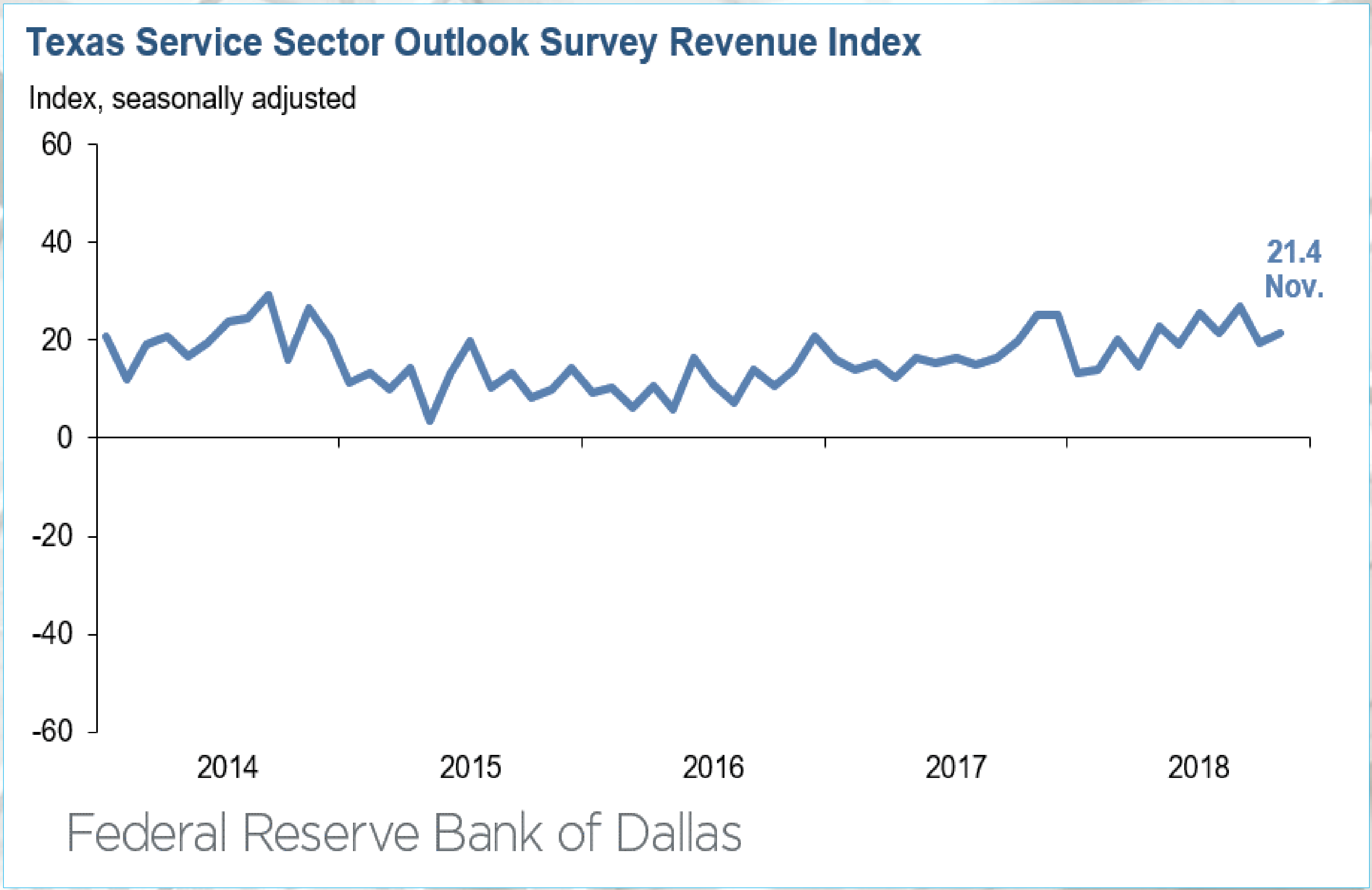
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys/tssos/2018/1811.aspx; 11/27/18

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The Federal Reserve Bank of Dallas

Retail Sales Growth Moderates

“Retail sales continued to grow but decelerated slightly in November, according to business executives responding to the *Texas Retail Outlook Survey*. The sales index declined from 14.8 in October to 13.0 in November. Growth in inventories decelerated, with the inventories index ticking down to a six-month low of 3.6.

Retail employment growth slowed and workweeks continued to lengthen this month . The employment index ticked down nearly three points to 2.9 in November, a 10-month low. The hours worked index increased from 4.4 in October to 6.1 in November.

Retailers’ perceptions of broader economic conditions reflected modestly increased optimism in October. The general business activity index turned positive, rising over eight points to 7.5, while the company outlook index increased from 2.8 in October to 4.1 in November.

Retail price pressures eased, but wage pressures increased this month. The selling prices index declined seven points to 12.7, its lowest reading since July 2017. The wages and benefits index increased from 17.5 in October to 19.7 in November.

Retailers’ perception of future economic conditions softened considerably in November. The future general business activity index fell to 1.9, a two-year low, while the future company outlook index declined over 13 points to 0.2. Other indexes of future retail sector activity, such as sales and employment, also declined but remained positive.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

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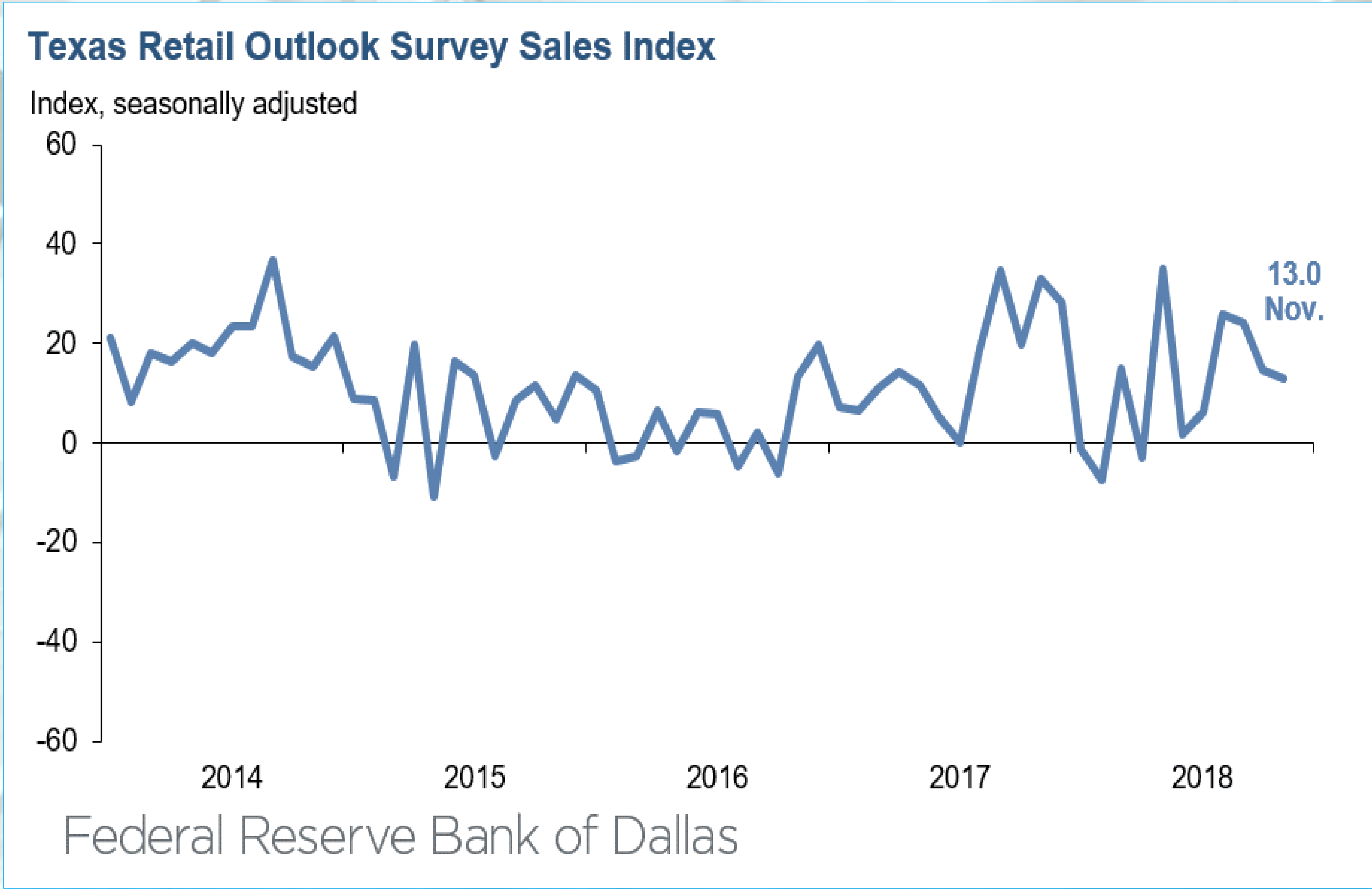
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys/tssos/2018/1811.aspx; 11/27/18

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Edged Higher

"Growth in Tenth District manufacturing activity edged higher in November, while expectations for future activity moderated slightly. Price indexes were mixed.

The month-over-month composite index was 15 in November, up from 8 in October and 13 in September (Chart 1). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The increase in factory growth was driven by both durable and nondurable goods producers, particularly metals, aircraft, food, and plastics. Most month-over-month indexes rose modestly. The production, shipments, new orders, and order backlog indexes all increased to their highest levels since the middle of the year. The new orders for exports index inched up from 3 to 6, while the employment index eased somewhat. The materials inventory index rose from 10 to 15 and the finished goods inventory index also moved higher." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org/en/research/indicatorsdata/mfg/articles/2018/mfg-activity-edged-higher-11; 11/16/18

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Edged Higher

“Most year-over-year factory indexes were lower than a year ago. The composite index eased from 45 to 40, and the production, shipments, new orders, and order backlog indexes also decreased. In contrast, the employment index was unchanged, and the capital expenditures index jumped from 30 to 48. The finished goods and raw materials inventory indexes both rebounded after falling last month.

Future factory activity expectations moderated further. The future composite index eased from 21 to 16, and the future production, shipments, new orders, and order backlog indexes also fell somewhat. On the other hand, the future employment index edged up from 15 to 20, and the future capital expenditures and new orders for exports indexes also increased moderately. The future finished goods inventory index moved into positive territory, while the future raw materials inventory index was unchanged.

Price indexes were mixed in November. The month-over-month finished goods price index inched higher from 19 to 23, and the raw materials price index increased from 33 to 41. The year-over-year raw materials price index eased from 78 to 75, while the finished goods price index was basically unchanged. The future raw materials price index rose from 37 to 46, while the future finished goods price index moved slightly lower.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org/en/research/indicatorsdata/mfg/articles/2018/mfg-activity-edged-higher-11; 11/16/18

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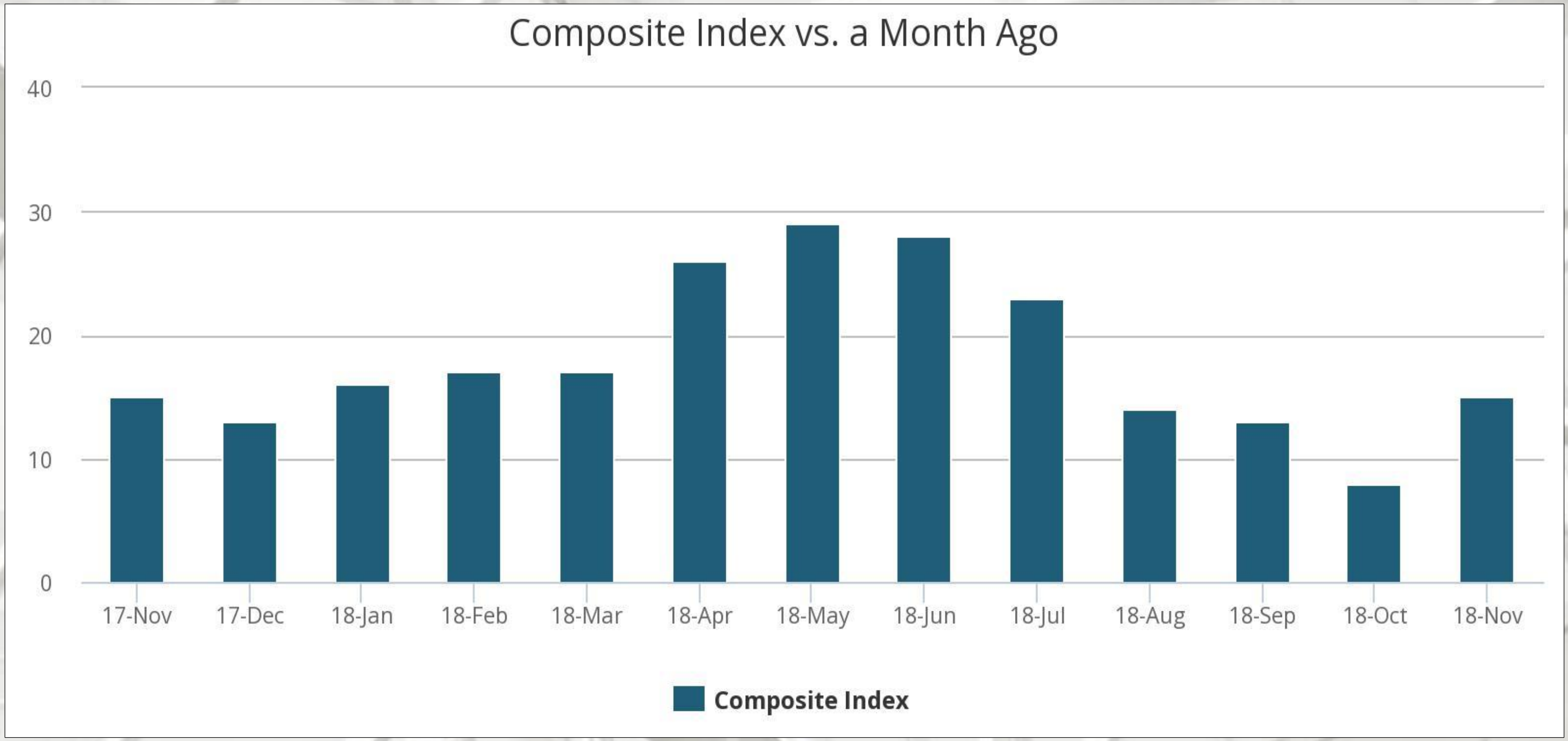
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org/en/research/indicatorsdata/mfg/articles/2018/mfg-activity-edged-higher-11; 11/16/18

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Labor Market Conditions Indicators

The KC Fed LMCI suggest the level of activity declined modestly and momentum remained high in November.

"The Kansas City Fed Labor Market Conditions Indicators (LMCI) suggest the level of activity declined modestly and momentum remained high in November. The level of activity indicator declined modestly in November from 0.98 to 0.89, while the momentum indicator was little changed at 1.27.

The table on the following page shows the five labor market variables that made the largest contributions to the increase in the activity indicator over the last six months and the five variables that made the largest positive contributions to the momentum indicator in November 2018. The activity indicator increased 0.01 over the last six months. The largest contributor to the level of activity was the percent of firms planning to increase employment (NFIB). Thirteen variables made a positive contribution, one variable made no contribution, and 10 variables made a negative contribution. The momentum indicator was 1.27 in November, where the largest contributor to momentum was initial claims. Seventeen variables made a positive contribution, and seven variables made a negative contribution. " – Bill Medley, Media Relations, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org/~/media/files/publicat/research/indicatorsdata/lmci/2018/lmci_121118.pdf; 12/11/18

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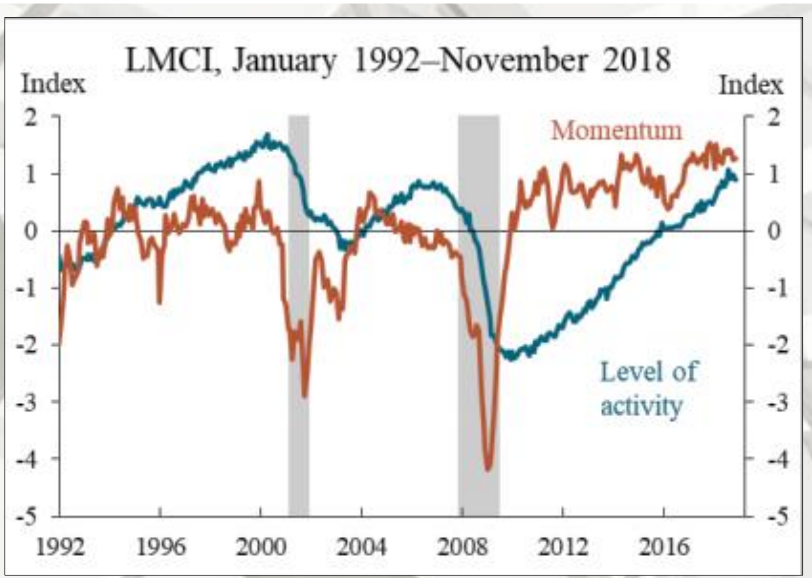
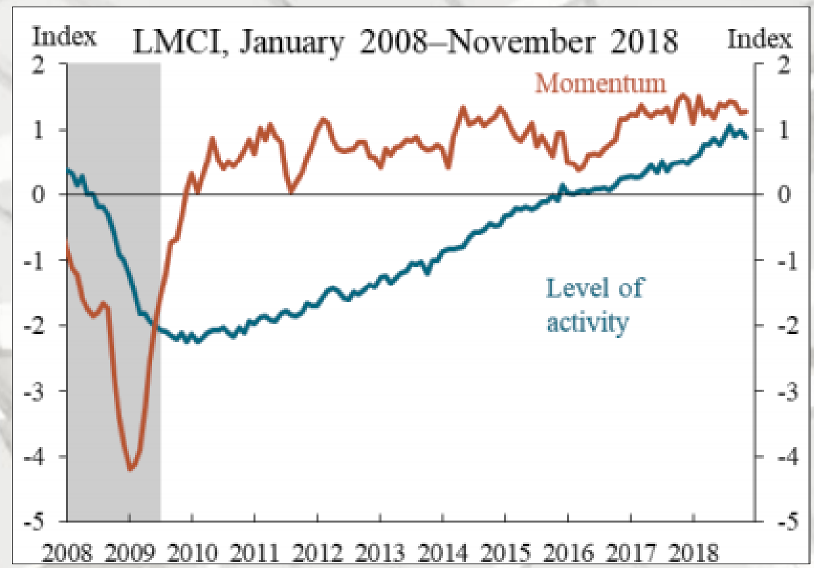
U.S. Economic Indicators





Largest Contributions to the LMCI	
Contributions to the increase in the *level of activity* indicator over the last six months	**Positive contributions to the *momentum* indicator in November 2018**
Percent of firms planning to increase employment (NFIB)	Initial claims
Job availability index (Conference Board)	Expected job availability (Conference Board)
Job flows from U to E	Manufacturing employment index (ISM)
Expected job availability (Conference Board)	Expected job availability (U of Michigan)
Unemployment forecast (Blue Chip)	Labor force participation rate
Note: Contributions are ordered from largest to smallest.	

Source: https://www.kansascityfed.org/~/media/files/publicat/research/indicatorsdata/lmci/2018/lmci_121118.pdf; 12/11/18

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Businesses Report Ongoing Gains

“Business activity continued to grow at a solid clip in New York State, according to firms responding to the November 2018 Empire State Manufacturing Survey. The headline general business conditions index edged up two points to 23.3. New orders and shipments increased moderately, while unfilled orders held steady. Delivery times continued to lengthen somewhat, and inventories moved higher. Labor market indicators pointed to an increase in employment levels and longer workweeks. The prices paid index remained elevated, and the prices received index was little changed. Looking ahead, firms remained fairly optimistic about the six-month outlook.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview.html; 12/17/18

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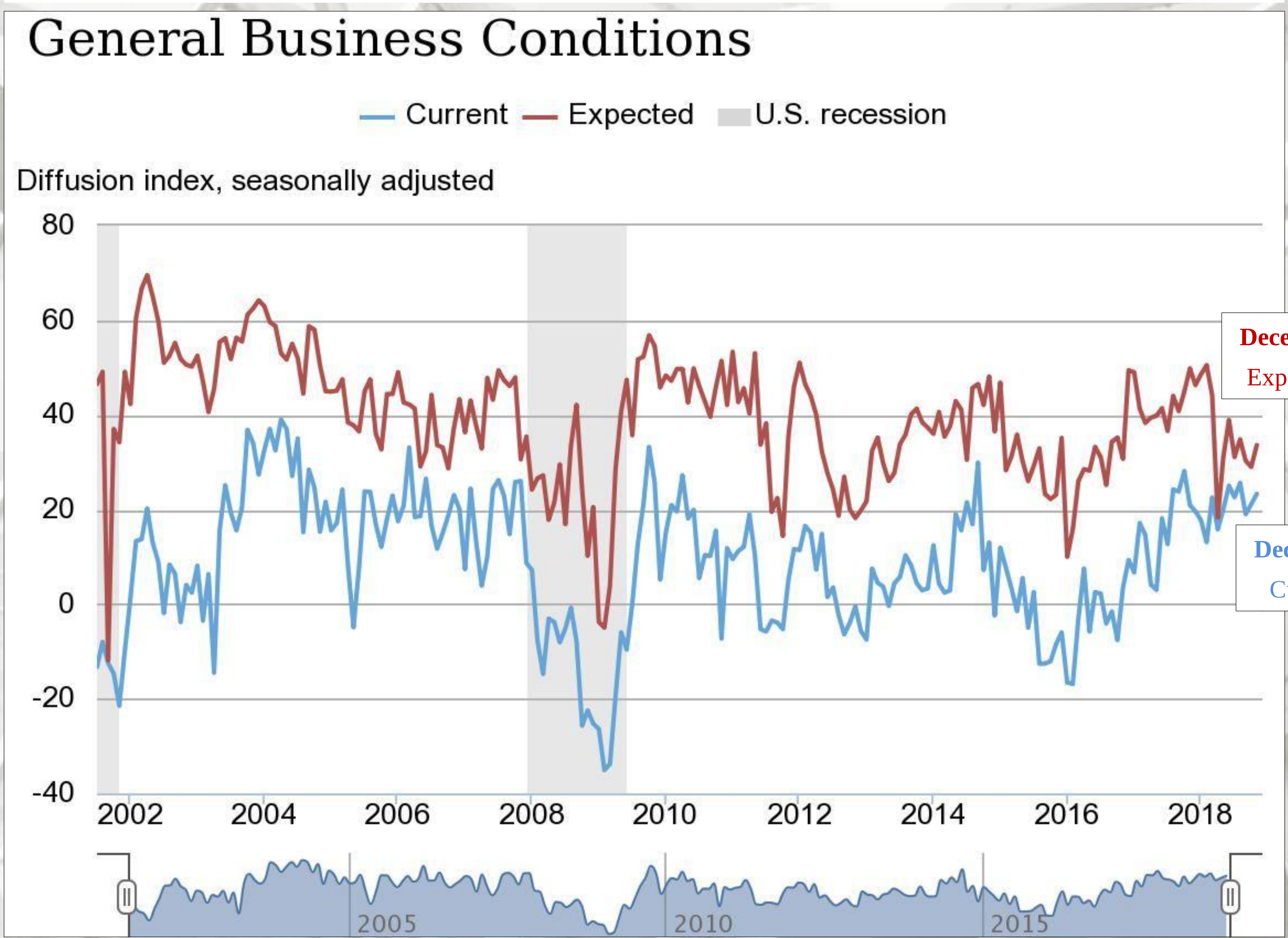
The Federal Reserve Bank of New York



December 2018
Expected: **33.6**

December 2018
Current: **23.3**

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview.html; 12/17/18

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Input Price Index Remains Elevated

“The index for number of employees moved up five points to 14.1, and the average workweek index climbed nine points to 9.2, indicating increases in both employment levels and hours worked. Input prices continued to rise, with the prices paid index edging up three points to 44.5. The prices received index was little changed at 13.1.

Firms Remain Fairly Optimistic

Firms expressed a moderate level of optimism about the six-month outlook. The index for future business conditions rose five points to 33.6. The indexes for future delivery times and future inventories both climbed above zero, suggesting that businesses expect longer delivery times and higher inventories. The index for future prices paid reached a multiyear high, and employment levels were expected to increase in the months ahead. The capital expenditures index increased to 24.8, and the technology spending index advanced to 19.7.”
– Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview.html; 12/17/18

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Growth Remains Modest

"Activity in the region's service sector expanded modestly, according to firms responding to the *Federal Reserve Bank of New York's November 2018 Business Leaders Survey*. The survey's headline business activity index was little changed at 8.6. The business climate index moved down nine points to 12.9, a sign that firms, on balance, regarded the business climate as better than normal, though to a lesser extent than last month. Employment levels increased modestly, and wage increases continued, though they were somewhat less widespread than in October. The prices paid index remained elevated at 57.1, and the selling price index fell nine points to 19.5. Optimism waned, with the index for future business climate falling to zero for the first time in over a year." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview.html; 11/16/18

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Price Indexes Remain Elevated

"The employment index fell six points to 8.6, indicating that employment increased, though at a slower pace than last month. The wages index fell six points to 34.2, suggesting that while wage gains were significant, they were somewhat less widespread than last month. The prices paid index edged down four points, but remained elevated at 57.1. The prices received index fell nine points to 19.5. The capital spending index climbed six points to 21.3, pointing to solid increases in capital spending.

Optimistic Wanes

Optimism about the six-month outlook was noticeably lower. The index for future business activity dropped fifteen points to 17.3, its lowest level in a year, and the index for future business climate fell to zero, a nearly forty-point drop from its level at the beginning of 2018. The index for planned capital spending rose to 34.2, a multiyear high." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview.html; 11/16/18

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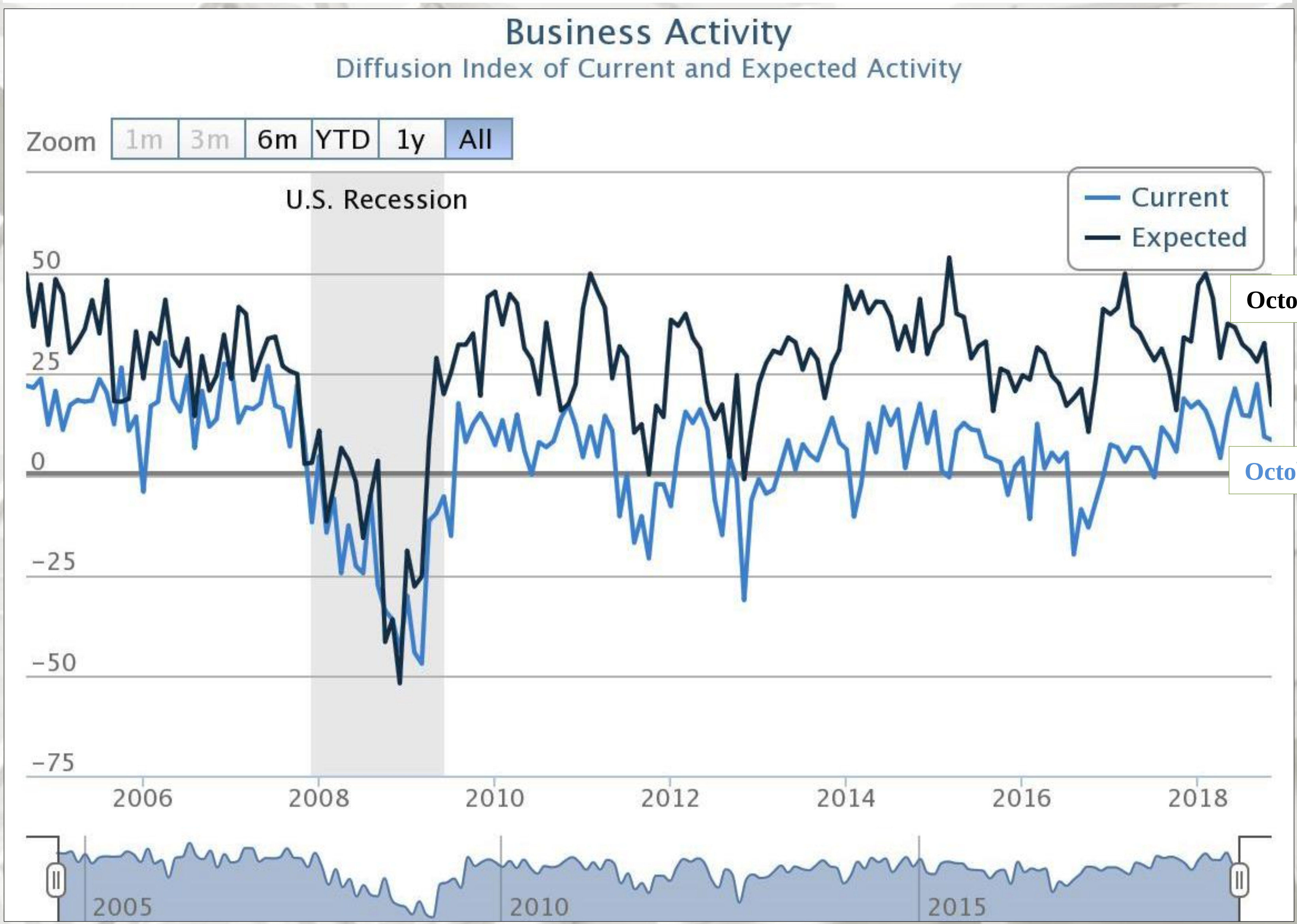
The Federal Reserve Bank of New York



October 2018: 22.3

October 2018: 8.6

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview.html; 11/16/18

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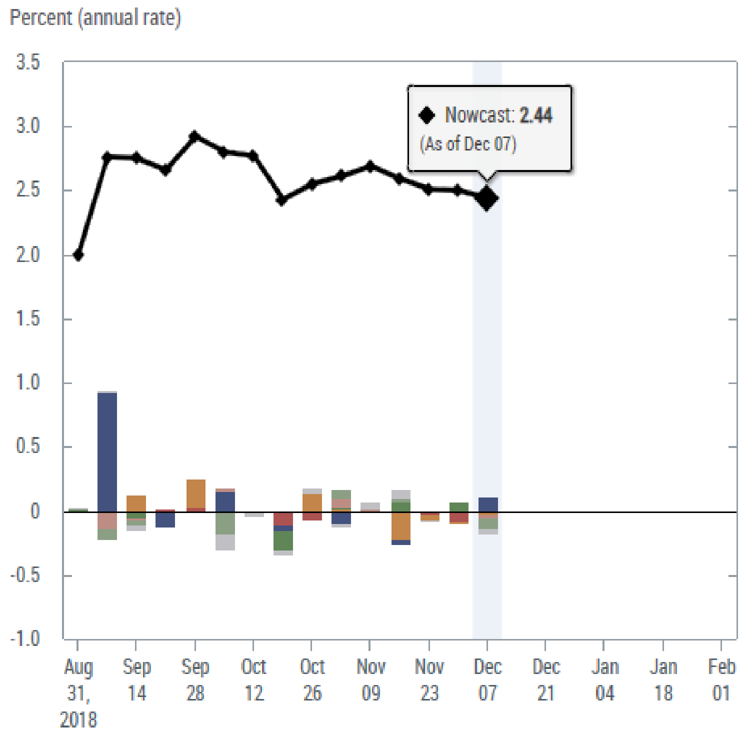
U.S. Economic Indicators

The Federal Reserve Bank of New York Nowcast



Data Flow (Dec 07, 2018)

Model Update	Release Date	Data Series	Actual	Impact	Nowcast GDP Growth
Dec 07					2.44
	8:30AM Dec 07	Civilian unemployment rate	0.00	-0.01	
	8:30AM Dec 07	All Employees: Total nonfarm	155.00	-0.01	
	10:00AM Dec 06	Total business inventories	0.56	-0.01	
	10:00AM Dec 06	ISM non-mfg.: NMI composite index	60.70	0.01	
	8:30AM Dec 06	Imports: Goods and services	0.23	-0.02	
	8:30AM Dec 06	Exports: Goods and services	-0.15	-0.06	
	8:10AM Dec 06	ADP nonfarm private payroll employment	179.00	-0.01	
	10:00AM Dec 03	ISM mfg.: Employment index	58.40	0.07	
	10:00AM Dec 03	Value of construction put in place	-0.15	-0.01	
	10:00AM Dec 03	ISM mfg.: Prices index	60.70	-0.07	
	10:00AM Dec 03	ISM mfg.: PMI composite index	59.30	0.11	
		Data revisions		-0.04	
Nov 30					2.50

Notes: We start reporting the Nowcast for a reference quarter about one month before the quarter begins; we stop updating it about one month after the quarter closes. Colored bars reflect the impact of each broad category of data on the Nowcast; the impact of specific data releases is shown in the accompanying table.
Source: Authors' calculations, based on data accessed through Haver Analytics.

December 7, 2018: Highlights

- "The New York Fed Staff Nowcast stands at 2.4% for both 2018:Q4 and 2019:Q1." – The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/research/policy/nowcast; 12/7/18

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U.S. Economic Indicators

The Federal Reserve Bank of Philadelphia

November 2018 Manufacturing Business Outlook Survey

Current Indicators Are Positive but Weaken

“Growth in manufacturing activity slowed in November, according to results from this month’s *Manufacturing Business Outlook Survey*. The survey’s broad indicators for general activity, new orders, shipments, employment, and work hours remained positive but fell from their readings last month. The firms remained generally optimistic about future growth.

The diffusion index for current general activity decreased from 22.2 in October to 12.9 in November, its lowest reading since August (see Chart 1). Nearly 35 percent of the manufacturers reported increases in overall activity this month, while 22 percent reported decreases. The new orders index decreased 10 points to 9.1, while the current shipments index decreased 3 points to 21.6. The firms reported an overall increase in inventories during November: After two months of negative readings, the inventories index increased 10 points to 9.5.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/research-and-data/regional-economy/business-outlook-survey/2018/bos1118; 11/15/18

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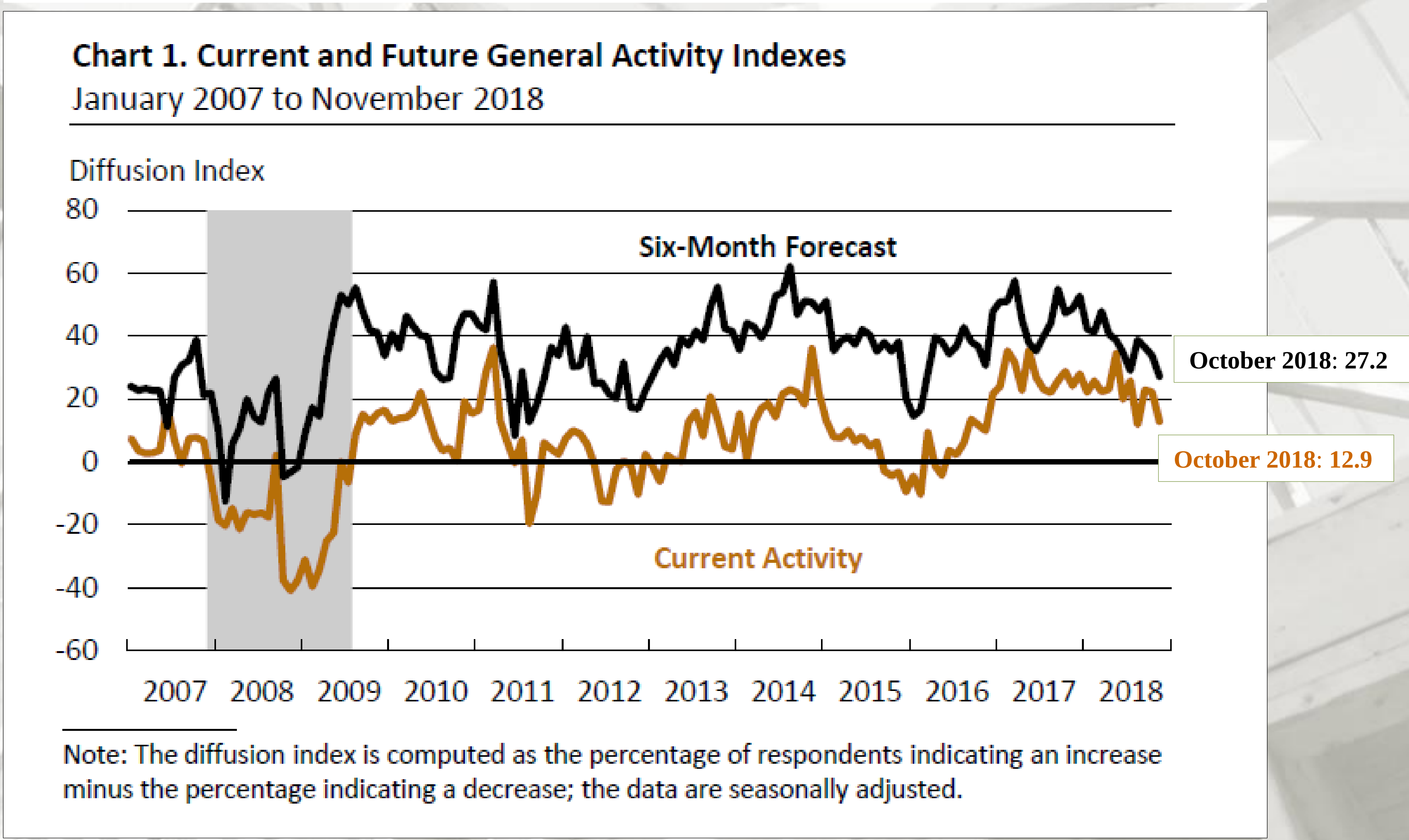
The Federal Reserve Bank of Philadelphia



Source: https://www.philadelphiafed.org/research-and-data/regional-economy/business-outlook-survey/2018/bos1118; 11/15/18

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The Federal Reserve Bank of Philadelphia

October 2018 Manufacturing Business Outlook Survey

“The firms continued to report overall higher employment. Almost 25 percent of the responding firms reported increases in employment this month, while 8 percent of the firms reported decreases in employment. The current employment index remained positive but declined 3 points to 16.3. The current workweek index fell nearly 15 points to 6.3, its lowest reading in two years.

Price Indexes Stay Positive but Lower Than Earlier in 2018

The survey’s diffusion indexes for prices remained positive but lower than their readings for most of this year. With respect to prices received for firms’ own manufactured goods, 24 percent of the firms reported higher prices compared with 2 percent that reported decreases. The prices received index decreased 2 points. On the cost side, 41 percent of the firms reported increases in the prices paid for inputs. The prices paid index edged up 1 point but remains 24 points lower than its peak in July.

Six-Month Indicators Remain Positive

The diffusion index for future general activity declined from a reading of 33.8 in October to 27.2 this month (see Chart 1). Over 42 percent of the firms expect increases in activity over the next six months, while 15 percent expect declines. The future new orders and shipments indexes, however, increased 3 points and 2 points, respectively. The future employment index also increased 2 points, with 40 percent of the firms indicating that they expect to add workers over the next six months.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/research-and-data/regional-economy/business-outlook-survey/2018/bos1118; 11/15/18

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The Federal Reserve Bank of Philadelphia

October 2018 Manufacturing Business Outlook Survey

Firms Expect Their Price Increases to Match Rate of Inflation

"In this month's special questions, the firms were asked to forecast the changes in the prices of their own products and for U.S. consumers over the next four quarters. Regarding their own prices, the firms' median forecast was for an increase of 3.0 percent, unchanged from when the same question was last asked in August. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 3.0 percent over the next four quarters, the same as the previous forecast. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 3.0 percent, unchanged from the previous survey. The firms' median forecast for the long-run (10-year average) inflation rate also remained at 3.0 percent.

Summary

The firms' responses indicated slower growth in regional manufacturing in November. The survey's broad current indicators remained positive, and firms continued to report increases in overall employment. The survey's future indexes indicate that respondents continue to expect growth over the next six months." – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/research-and-data/regional-economy/business-outlook-survey/2018/bos1118; 11/15/18

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The Federal Reserve Bank of Philadelphia

The Federal Reserve Bank of Philadelphia

November 2018 Nonmanufacturing Business Outlook Survey

Current Indicators Strengthen

"Responses to the *November Nonmanufacturing Business Outlook Survey* suggest that nonmanufacturing activity in the region continued to expand. The firm-level index of general activity, new orders, and sales/revenues all rose above last month's readings. In addition, the employment indicators remained positive, while the indexes for prices paid and prices received both increased. The survey's indexes for future activity suggest that firms expect growth to continue over the next six months.

The survey's indicators for current activity suggest continued improvement in the nonmanufacturing sector of the regional economy. The diffusion index for current general activity at the firm level increased 5 points in November to 42.4 (see Chart). Nearly 55 percent of the firms reported increases in activity, compared with 13 percent that reported decreases. The new orders index rebounded from its sharp decrease last month, rising 20 points to 28.2. The share of firms reporting increases in new orders (35 percent) exceeded the share reporting decreases (7 percent). The sales/revenues index rose from 41.3 in October to 48.9 in November. Almost 59 percent of the firms reported increases in sales/revenues, while 10 percent reported declines." – Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/research-and-data/regional-economy/nonmanufacturing-business-outlook-survey/2018/nbos1118; 11/20/18

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The Federal Reserve Bank of Philadelphia

November 2018 Nonmanufacturing Business Outlook Survey

Employment Indicators Remain Positive

"Responding firms continued to report overall increases in both full-time and part-time employment. Although it remained positive, the full-time employment index fell from 16.6 in October to 10.3 in November, marking a decrease for the second consecutive month. The share of firms reporting increases in full-time employment (19 percent) exceeded the share reporting decreases (9 percent); the majority (64 percent) reported no change. The part-time employment index edged up 4 points to 18.7, and the average workweek index inched down to 24.3. The wages and benefits indicator fell 6 points to 36.0.

Price Indicators Move Upward

The index for prices paid for inputs and the index for prices received for the firms' own products and services both rose in November. The prices paid index rose 22 points to 37.5, an all-time high for the series. Nearly 38 percent of the respondents reported increases in input prices, while no firms reported decreases. Most firms (52 percent) reported no change in input prices. The prices received index rose from 18.6 in October to 25.8 in November. Nearly 27 percent of the firms reported increases in prices received, while only 1 percent reported decreases. Sixty-three percent of the firms reported no change in their own prices."
– Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/research-and-data/regional-economy/nonmanufacturing-business-outlook-survey/2018/nbos1118; 11/20/18

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The Federal Reserve Bank of Philadelphia

November 2018 Nonmanufacturing Business Outlook Survey

Firms' Forecasts for Own Prices Decrease

"In this month's special questions, the firms were asked to forecast the changes in the prices of their own products and services and for U.S. consumers over the next four quarters (see Special Questions). Regarding their own prices, the firms' median forecast was for an increase of 2.0 percent, down from 3.0 percent when the question was last asked in August. When asked about the rate of inflation for U.S. consumers over the next year, the firms' median forecast was 2.7 percent, a decrease from the previous forecast of 3.0 percent. The firms expect their employee compensation costs (wages plus benefits on a per employee basis) to rise 3.0 percent over the next four quarters, the same as the previous forecast. The firms' forecast for the long-run (10-year) inflation rate remained at 3.0 percent.

Firms Anticipate Continued Growth

The respondents continued to expect growth in nonmanufacturing activity over the next six months. The diffusion index for future activity at the firm level increased 10 points to 53.6 (see Chart). Over 67 percent of the firms expect an increase in activity at their firms over the next six months, compared with 14 percent that expect a decline. The future regional activity index more than recovered from its decline last month, rising 22 points to 52.4.

Summary

Results from this month's Nonmanufacturing Business Outlook Survey suggest improvement in regional nonmanufacturing activity. The indicators for firm-level general activity, new orders, and sales/revenues rose, while the firms continued to report overall increases in both full-time and part-time employment. The respondents remain optimistic about growth over the next six months." – Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/research-and-data/regional-economy/nonmanufacturing-business-outlook-survey/2018/nbos1118; 11/20/18

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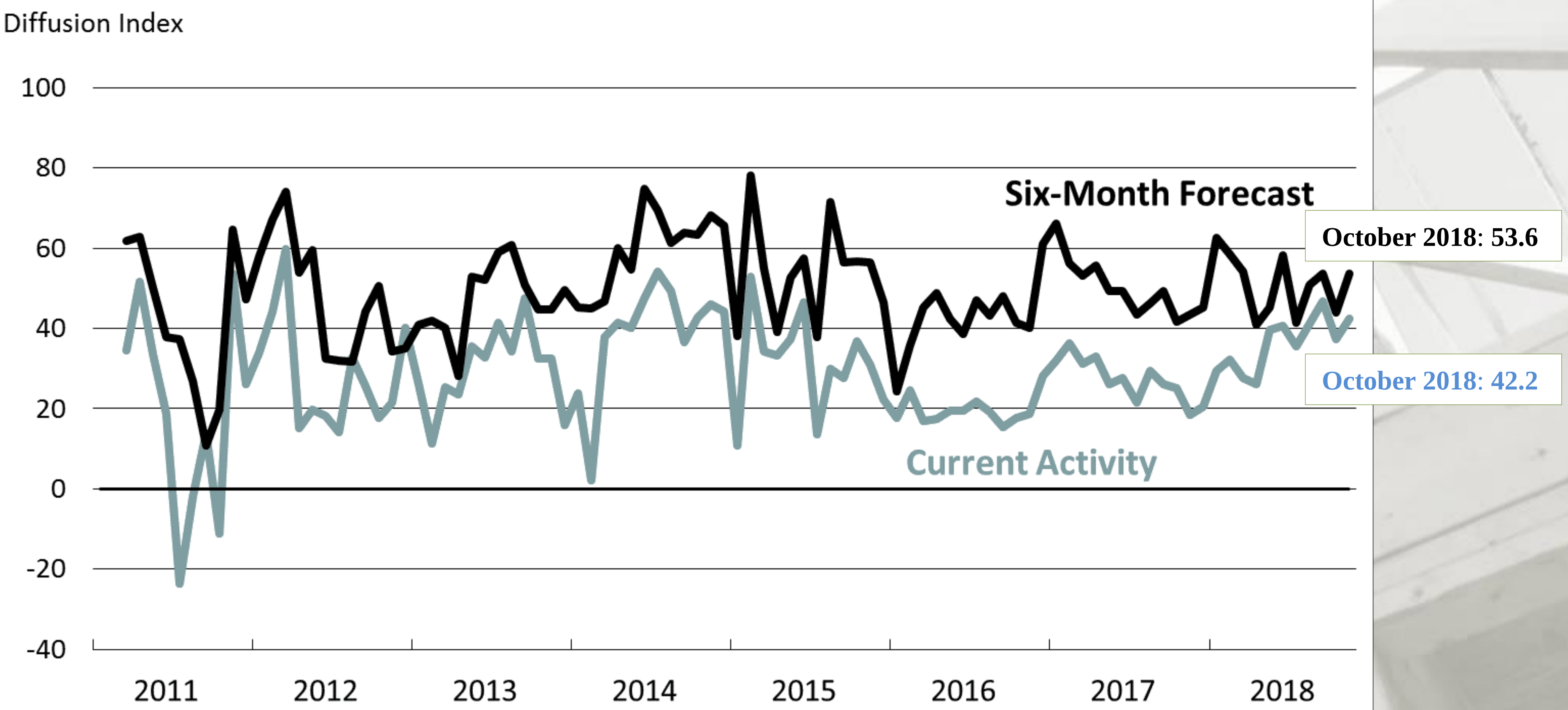
The Federal Reserve Bank of Philadelphia

Chart. Current and Future General Activity Indexes for Firms

March 2011 to November 2018



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

Source: https://www.philadelphiafed.org/research-and-data/regional-economy/nonmanufacturing-business-outlook-survey/2018/nbos1118; 11/20/18

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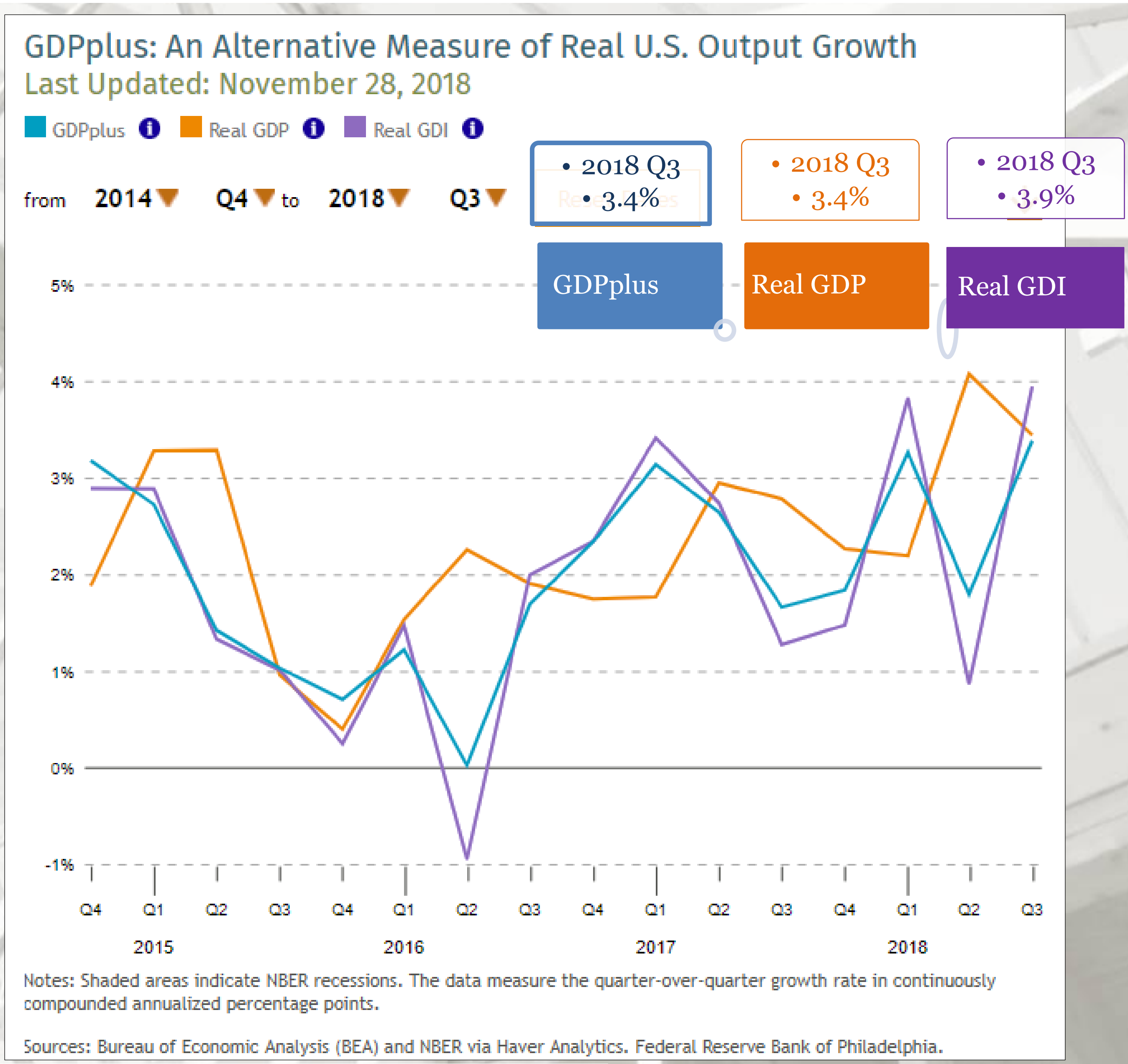
The Federal Reserve Bank of Philadelphia: GDPplus



Source: https://philadelphiafed.org/research-and-data/real-time-center/gdpplus/; 11/28/18

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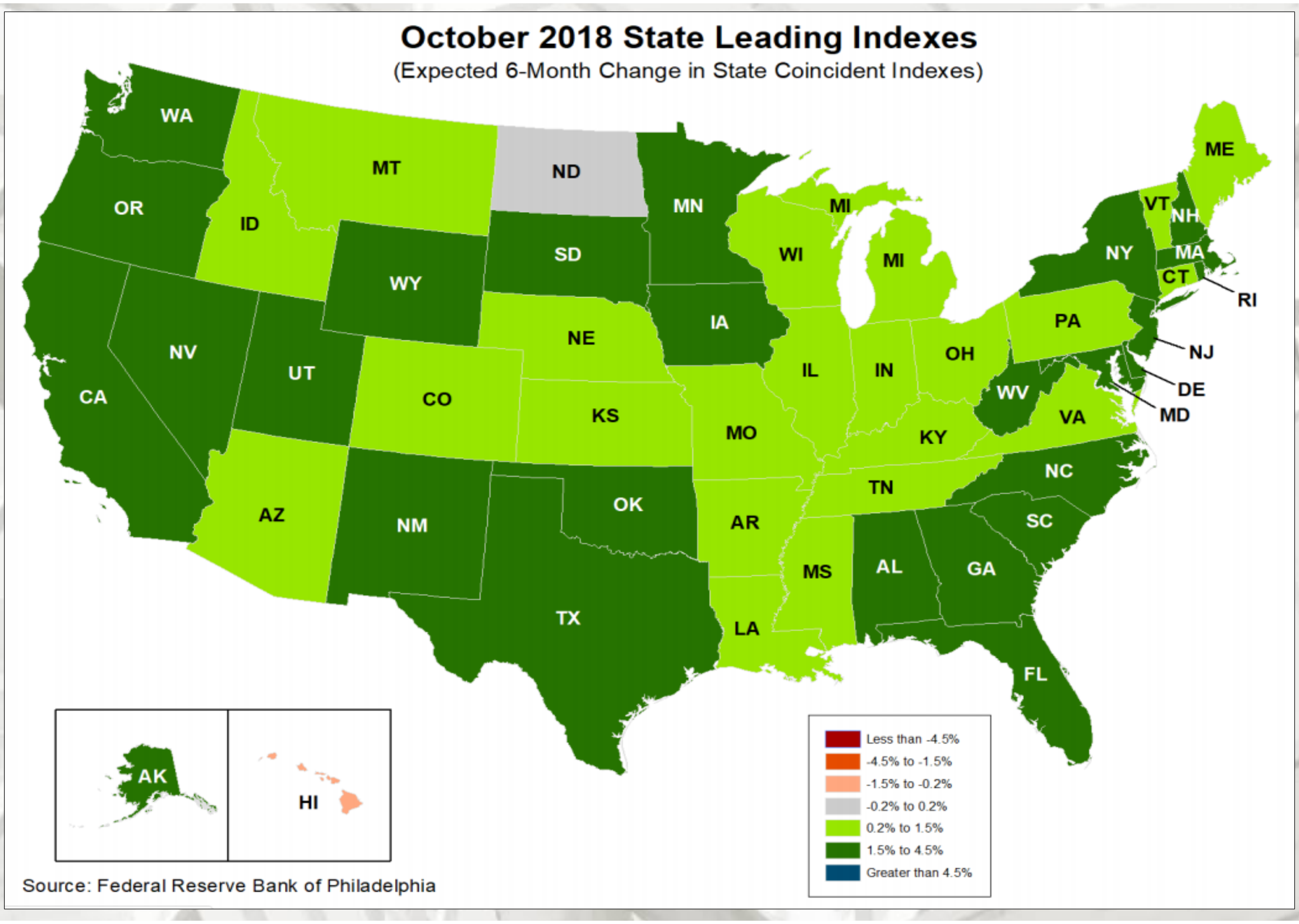
The Federal Reserve Bank of Philadelphia



"The Federal Reserve Bank of Philadelphia has released the leading indexes for the 50 states for October 2018. The indexes are a six-month forecast of the state coincident indexes (also released by the Bank). Forty-nine state coincident indexes are projected to grow over the next six months, and one is expected to decrease. For comparison purposes, the Philadelphia Fed has also developed a similar leading index for its U.S. coincident index, which is projected to grow 1.4 percent over the next six months." – Daniel Mazone, Research Department, The Federal Reserve Bank of Philadelphia

Source:; https://www.philadelphiafed.org/-/media/research-and-data/regional-economy/indexes/leading/2018/LeadingIndexes1018.pdf; 12/4/18

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Fifth District Manufacturing Activity Grew Moderately in November

"Fifth District manufacturing activity grew moderately in November, according to results of the most recent survey from the Federal Reserve Bank of Richmond. The composite index slipped from 15 in October to 14 in November, pulled down by drops in the indexes for new orders and employment, while the other component, the index for shipments, rose. However, all three continued to reflect expansion, as did most other measures of manufacturing activity. Firms were optimistic, expecting growth to continue in the next six months.

While survey results suggested growth in employment and wages among manufacturing firms in November, the struggle to find workers with the required skills persisted. The skills index dropped to a record low of −26, and respondents expected this difficulty to persist in the near future.

Both prices paid and prices received grew in November, although at a slower rate than in October. Prices paid continued to grow faster than prices received, but respondents expected growth in prices received to accelerate in the coming months." – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing/2018/mfg_11_28_18; 11/28/18

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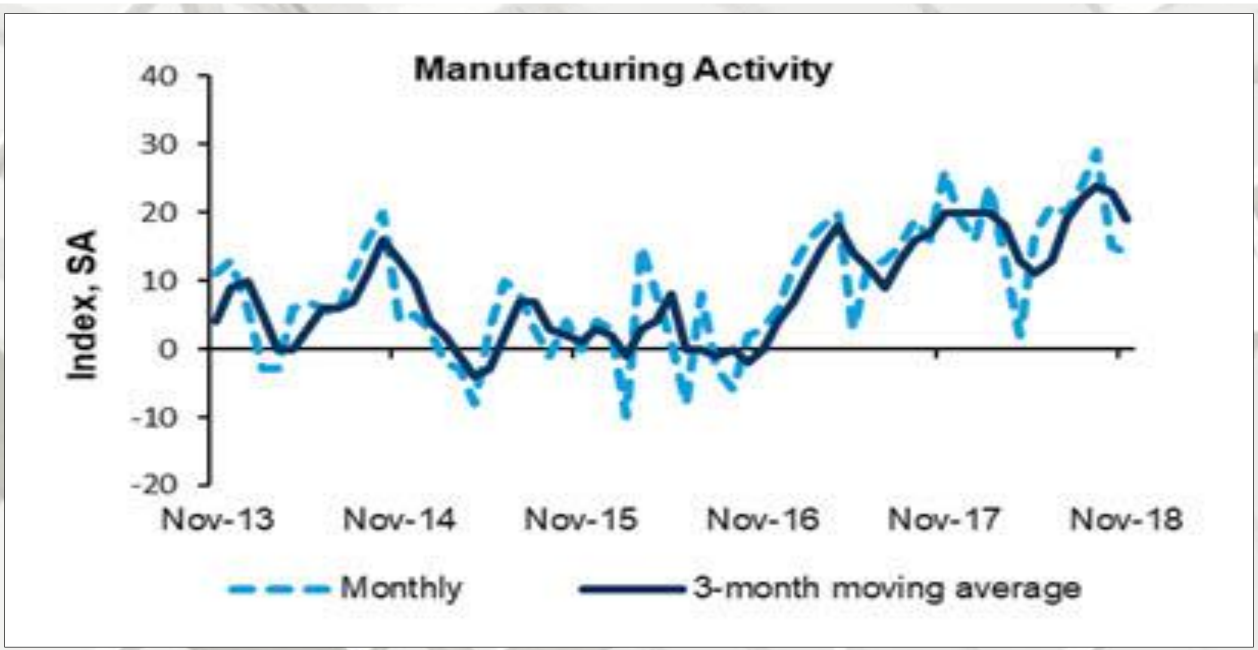
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing/2018/mfg_11_28_18; 11/28/18

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U.S. Economic Indicators

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing/2018/mfg_11_28_18; 11/28/18

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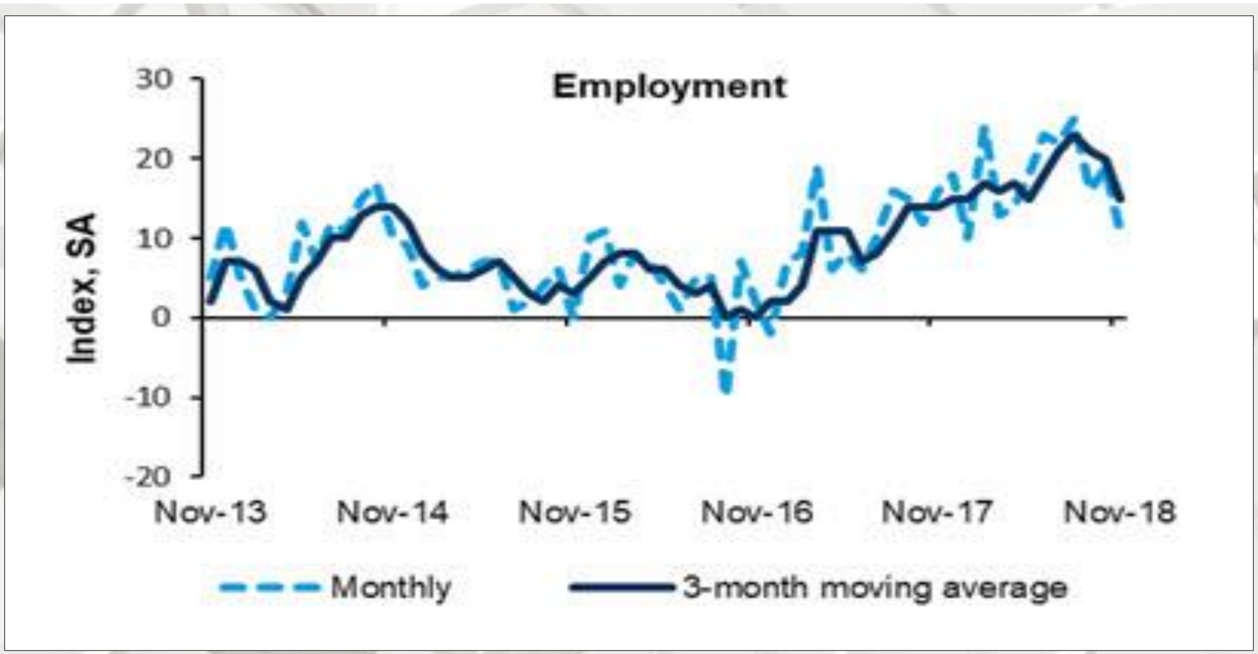
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing/2018/mfg_11_28_18; 11/28/18

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The Federal Reserve Bank of San Francisco

FRBSF FedViews

- “The economy has continued to grow at a solid pace. After a strong second quarter, real GDP grew at an annual rate of 3.5% in the third quarter according to the advance estimate of the Bureau of Economic Analysis. We forecast that GDP will grow at an annual rate of 2.4% in the fourth quarter and average 3.1% for 2018. As monetary policy continues to normalize, we expect growth to gradually fall back to our long-trend estimate of 1.7%.
- Reflecting a very strong labor market, the economy added 250,000 jobs in October. Monthly job gains have averaged over 200,000 for the past six months, well above the amount needed to absorb the flow of new workers into the labor force.
- The unemployment rate stands at 3.7% as of October. We expect it to decline to 3.4% by the end of next year as the economy continues to grow. Over the longer run, we expect the unemployment rate to gradually return back to its natural rate of 4.6% as monetary policy accommodation is removed.
- The yield curve continues to flatten as short-term rates rise while longer-term rates have remained more steady. At the November meeting, the Federal Open Market Committee (FOMC) announced its decision to keep the target range for the federal funds rate unchanged at 2 to 2.25% and is proceeding with the balance sheet normalization process initiated last year.” – Adam Shapiro, Research Advisor, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/economic-research/publications/fedviews/2018/november/november-14-2018/; 11/9/18

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The Federal Reserve Bank of San Francisco

FRBSF FedViews

- "Inflation reached the FOMC's target of 2% this past summer. The personal consumption expenditure (PCE) price index and the core PCE index both rose 2% over the last 12 months. As the labor market continues to tighten, we expect inflation to slightly overshoot the 2% target by 2019.
- Inflation can be driven by either aggregate or industry-specific factors. Price sensitivity varies by sector. Prices in some sectors are more sensitive to overall economic conditions, while prices in other sectors are more sensitive to industry-specific factors. For example, shelter prices tend to move with overall economic conditions, whereas prices for health care services tend to follow public payment growth rates set by the Centers for Medicare and Medicaid Services (CMS).
- The recent rise in inflation to the 2% target was attributable to the sectors that tend to be more sensitive to industry-specific factors, that is, acyclical factors. Acyclical inflation is now contributing 0.5 of a percentage point more to overall core inflation than it was a year ago. The inflation rate for prices that tend to be sensitive to the state of the economy, that is, cyclical inflation, has remained fairly steady over the past year, despite an improvement in economic conditions.
- Acyclical inflation is quite volatile, meaning it tends to move above and below its average level quite rapidly. The contribution of acyclical inflation to core PCE inflation is currently relatively high, implying some downside risk to the inflation outlook should this series revert back to its average level over the past 17 years. …" – Adam Shapiro, Research Advisor, The Federal Reserve Bank of San Francisco

Source: https://www.frbsf.org/economic-research/publications/fedviews/2018/november/november-14-2018/; 11/9/18

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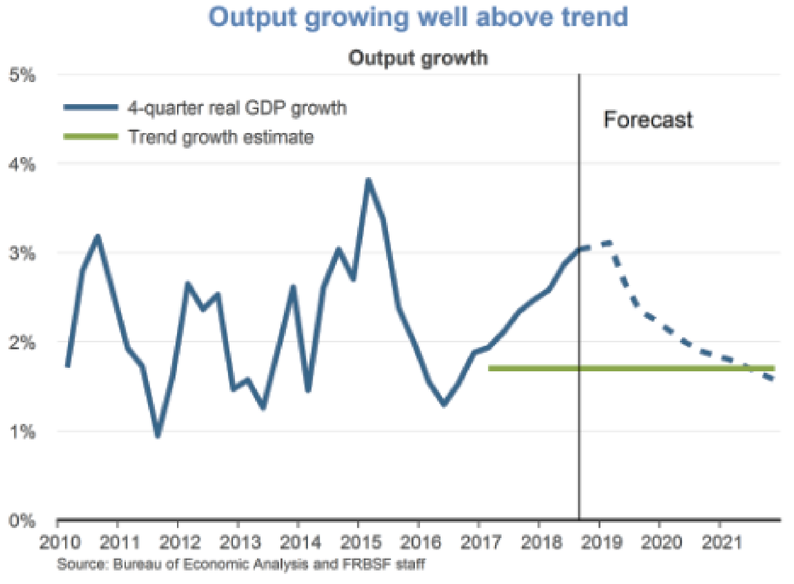
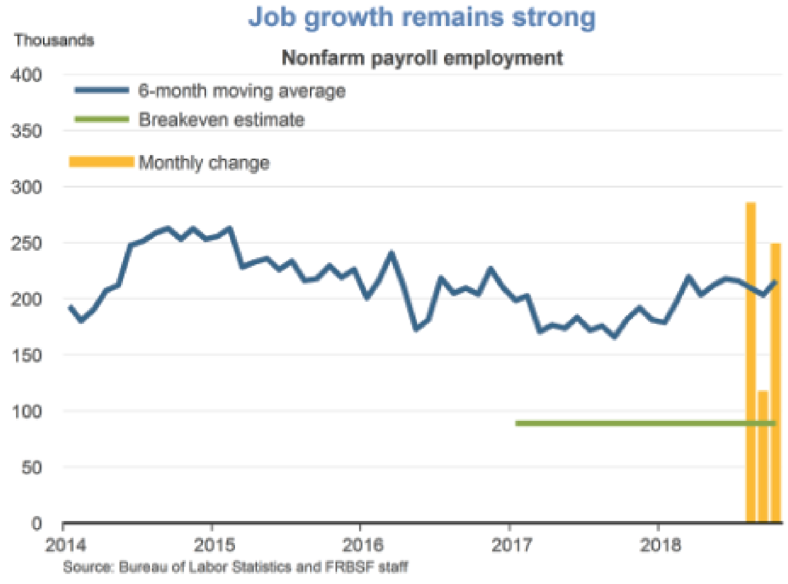
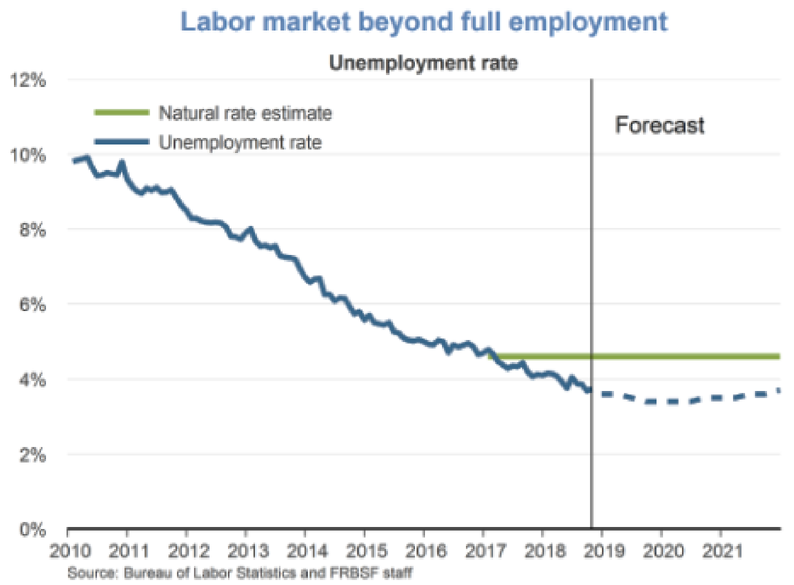
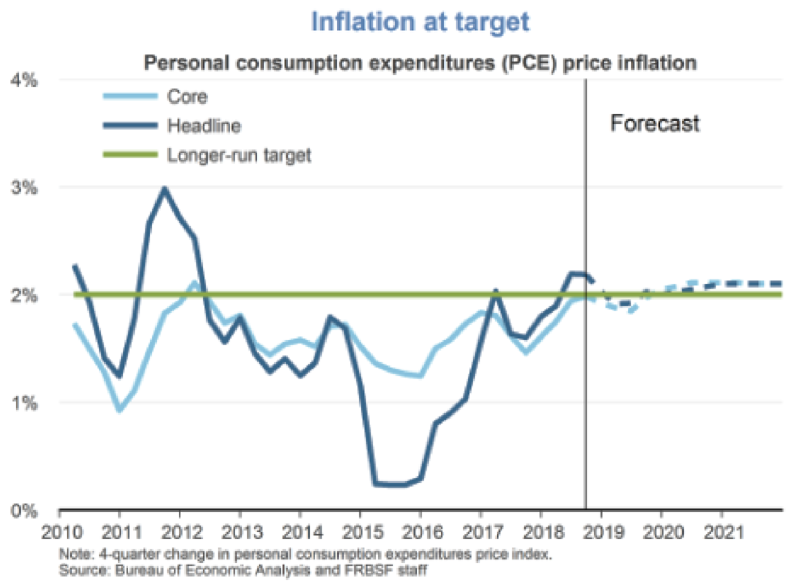
U.S. Economic Indicators









Source: https://www.frbsf.org/economic-research/publications/fedviews/2018/november/november-14-2018/; 11/9/18

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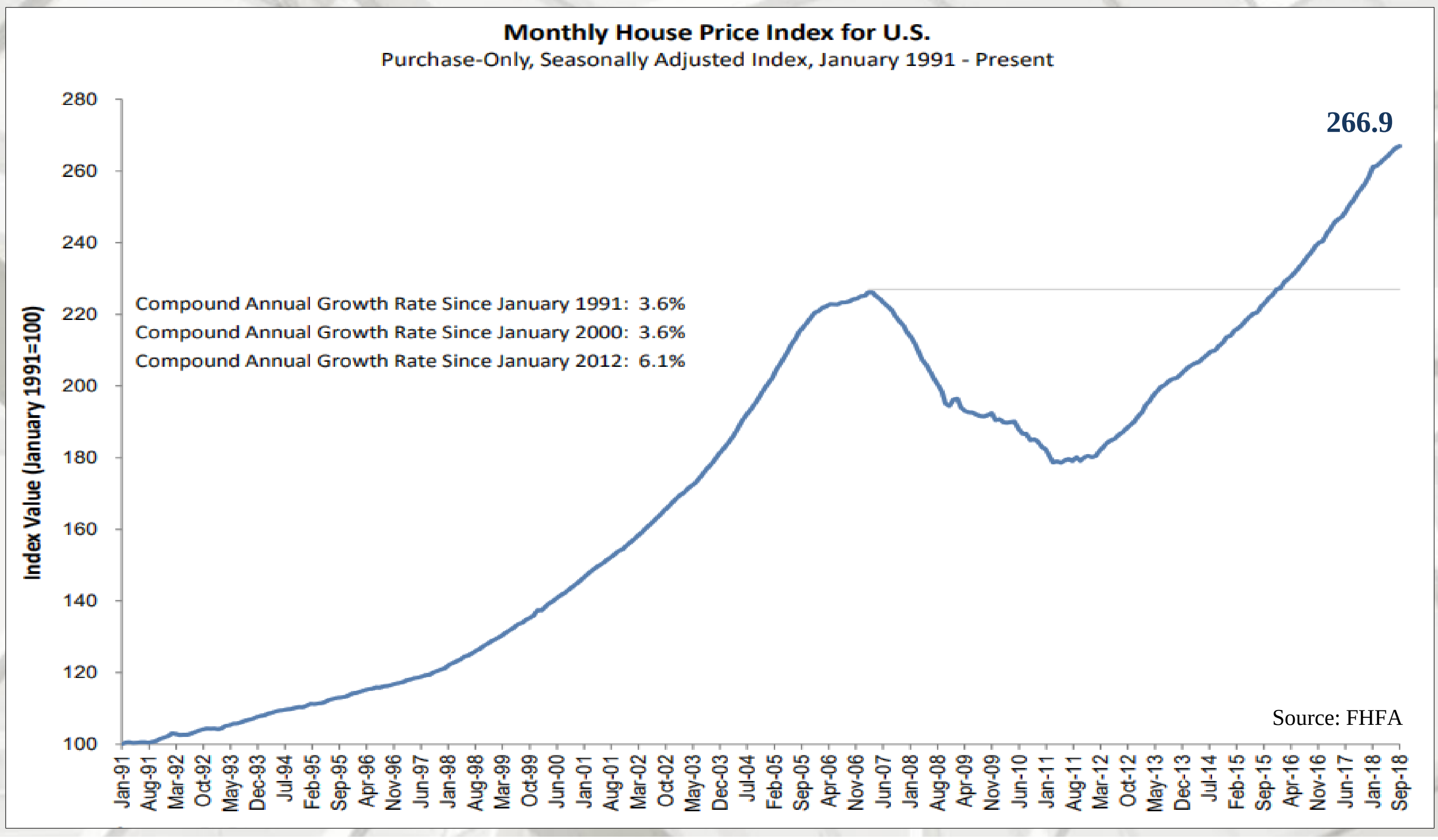
U.S. Economic Indicators



U.S. FHFA House Price Index Report – 3Q 2018

U.S. House Prices Rise 1.3 Percent in Third Quarter

"U.S. house prices rose **1.3 percent** in the third quarter of 2018 according to the Federal Housing Finance Agency (FHFA) House Price Index (HPI). House prices rose **6.3 percent** from the third quarter of 2017 to the third quarter of 2018. FHFA's seasonally adjusted monthly index for September was up **0.2 percent** from August." – Stefanie Johnson and Corinne Russell, FHFA

"Home prices continued to rise in the third quarter but their upward pace is slowing somewhat. Rising mortgage rates have cooled down housing markets – several regions and over two-thirds of states are showing slower annual gains." – Dr. William Doerner, Supervisory Economist

Source: https://www.fhfa.gov/Media/PublicAffairs/Pages/US-House-Prices-Rise-1pt3-Percent-in-Third-Quarter-2018.aspx; 11/27/18

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U.S. Indicators for Mexico

The Federal Reserve Bank of Dallas
Mexico Economic Update
Mexico's Economy Posts Strong Third-Quarter Growth

"Mexico's economic output recovered sharply in the third quarter, rising an annualized 3.6 percent after contracting in the second quarter. The consensus growth forecast for 2018 held steady in October at 2.1 percent.

More recent data are mostly positive. Exports, employment and industrial production posted positive growth, but retail sales declined. Inflation ticked up, and the peso depreciated slightly against the dollar in October.

GDP Bounces Back in the Third Quarter

Mexico's third-quarter real gross domestic product (GDP) grew an annualized 3.6 percent after the second quarter's weak showing of -0.6 percent (Chart 1). Growth was broad based. Service-related activities (wholesale and retail trade, transportation and business services) grew 3.2 percent. Goods-producing industries (including manufacturing, construction and utilities) expanded 2 percent, and agricultural output increased 3.2 percent.

Export Growth Solid in August and September

Total exports rose 0.8 percent in September after rising 3.6 percent in August. Manufactured-goods exports rose 1 percent, and oil exports ticked up 0.5 percent in September. As a result, the three-month moving averages of oil, manufacturing and total exports rose in September (Chart 2). Year to date, total exports are up 8.7 percent, with manufacturing exports up 6.9 percent and oil exports up nearly 40 percent, compared with the same period last year. The rise in oil exports in 2017 and 2018 stems largely from higher oil prices, not an increase in the volume of exports. … " – Jesus Cañas, Senior Business Economist and Benjamin Meier, Research Assistant, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2018/1807.aspx; 11/19/18

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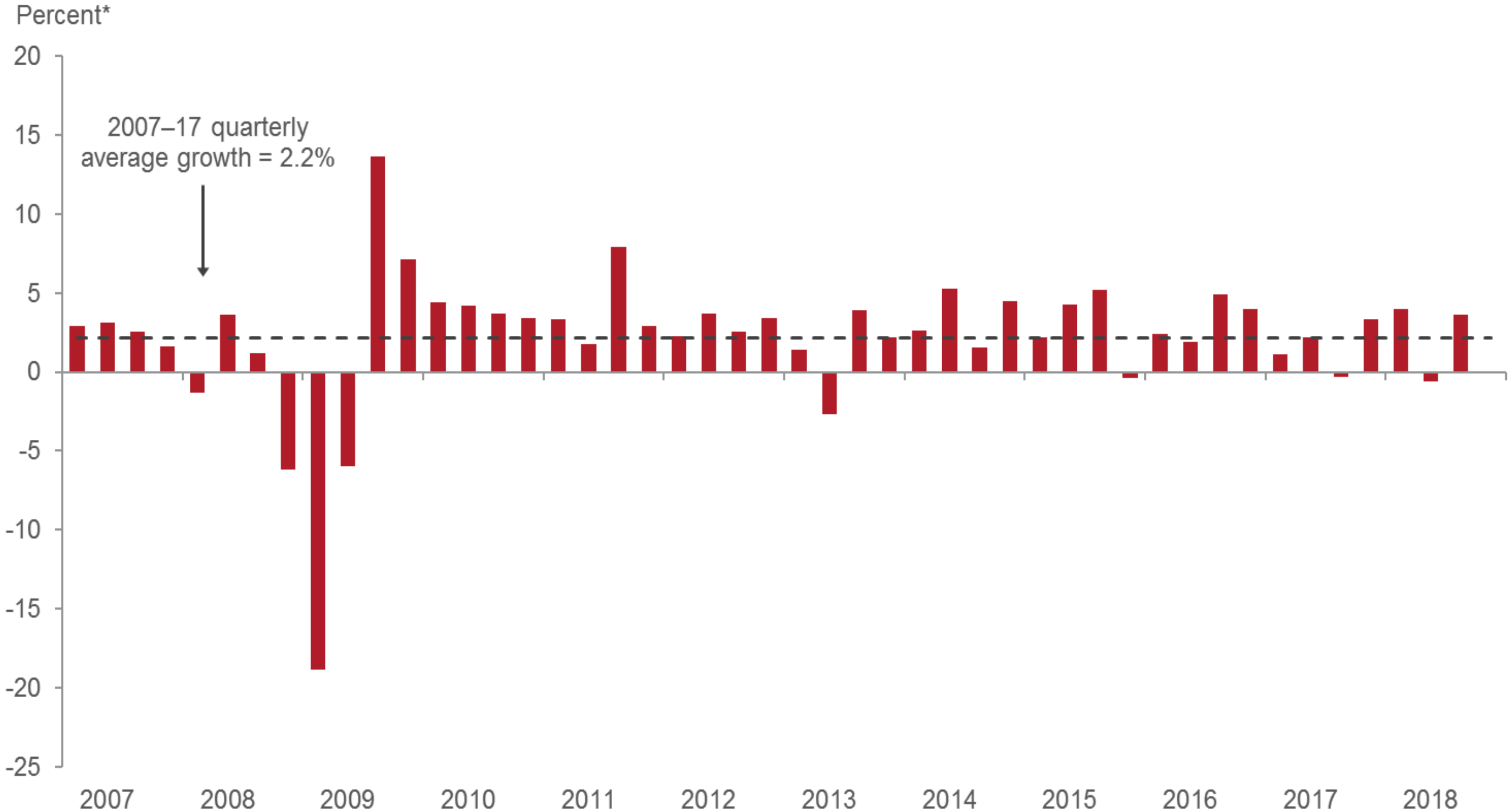
U.S. Indicators for Mexico

Chart 1
Gross Domestic Product Rebounds in Third Quarter



*Quarter/quarter, real pesos; seasonally adjusted, annualized rate.
NOTE: Data are through third quarter 2018.
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Source: https://www.dallasfed.org/research/update/mex/2018/1807.aspx; 11/19/18

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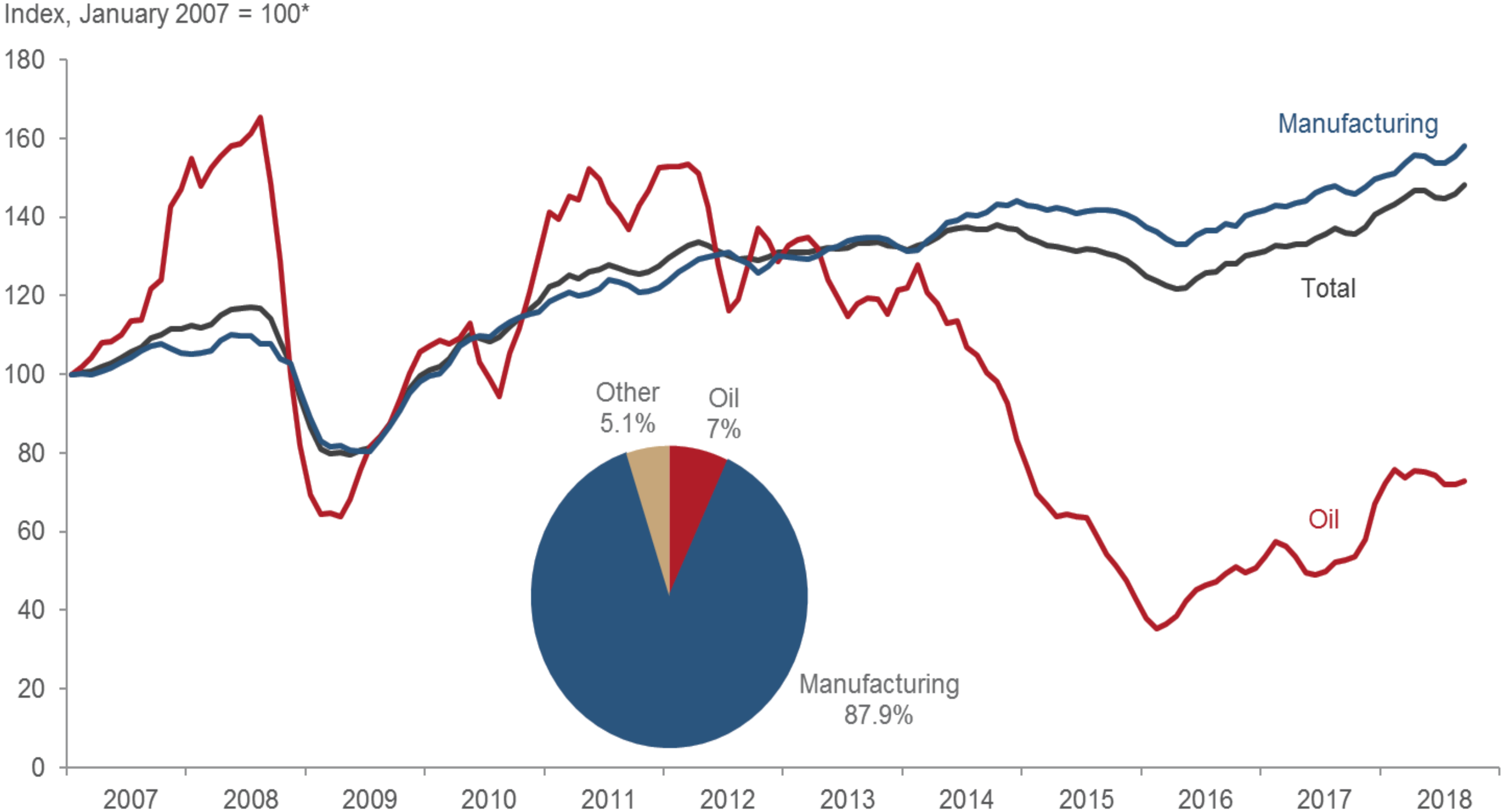
U.S. Indicators for Mexico

Chart 2
Exports Pick Up in September After Second-Quarter Slowdown



*Seasonally adjusted, three-month moving average; real dollars.
NOTES: All data are through September 2018. The pie chart reflects the share of total exports year to date in 2018.
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

Source: https://www.dallasfed.org/research/update/mex/2018/1807.aspx; 11/19/18

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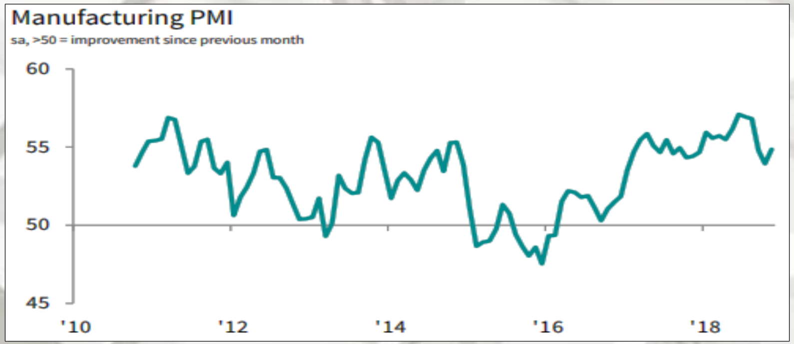
Private Indicators: Global



Markit Canada Manufacturing PMI™

"The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers' Index® (PMI®) registered 54.9 in November, up from 53.9 in October, to signal the sharpest improvement in business conditions since August.

Manufacturing PMI hits three-month high, driven by survey-record rise in employment

November data pointed to a positive month overall for the Canadian manufacturing sector, although growth rates for output and new orders remained softer than seen on average in the third quarter of 2018. The most encouraging aspect of the latest survey was a strong and accelerated upturn in job creation, which manufacturers attributed to rising business investment in plant capacity. Additionally, input cost inflation moderated in November, with lower oil-related prices helping to offset higher costs for imported materials (particularly metals). …

Manufacturers remain optimistic overall about their growth prospects for the next 12 months. However, the degree of confidence was up only slightly since October and still among the weakest seen over the past two years . Some firms noted that slower economic growth in Europe had weighed on business sentiment in November. Meanwhile, there were positive developments in terms of inflationary pressures during November. Input costs increased at the slowest rate since February, which meant that factor gate price inflation remained much softer than the survey-record highs seen during the summer. …

Canadian manufacturers enjoyed an overall rebound in growth during November, with business conditions improving at the strongest pace for three months. Stronger rises in output and new orders were supported by the fastest upturn in employment numbers since the survey began in October 2010. The latest robust increase in staffing levels was widely linked to capacity pressures and a subsequent rise in investment spending across the manufacturing sector. Survey respondents commented on a boost to sales from improving U.S. economic conditions. However, there were also signs that worldwide trade frictions continued to hold back client demand, with new export order growth still weaker than seen on average in the first half of the year. Canadian manufacturers signalled that business optimism remained close to the lowest seen over the past two years, which many linked to heightened global economic uncertainty." – Christian Buhagiar, President and CEO, SCMA

Source: https://www.markiteconomics.com/Survey/PressRelease.mvc/12e1a2d94e8f47e695cd896db59aa83c; 10/1/18

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Private Indicators: Global

Caixin China General Manufacturing PMI™

Manufacturing output remains stable in November

"The headline seasonally adjusted *Purchasing Managers' Index™ (PMI™)* – was little-changed from October's reading of 50.1 at 50.2 in November. This signalled a further fractional improvement in the health of China's manufacturing sector.

November data pointed to a marginal improvement in Chinese manufacturing operating conditions. Companies signalled a slightly stronger increase in total new work, despite reduced amounts of export orders. Production was meanwhile stable for the second month in a row. Relatively muted client demand and efforts to lower costs contributed to a further reduction in staff numbers, while confidence towards the year ahead remained subdued. At the same time, inflationary pressures eased, with input costs increasing at the softest pace for seven months and selling prices falling for the first time in a year-and-a-half amid efforts to attract new business.

Chinese goods producers saw a slightly quicker, but still marginal, increase in total new orders during November. Data indicated that weaker external demand continued to weigh on overall sales, as export orders declined further midway through the final quarter. New business from abroad has now fallen in each of the past eight months. According to panellists, a combination of relatively subdued sales and stricter environmental policies meant that production levels were unchanged for the second month in a row.

The Caixin China General Manufacturing PMI inched up to 50.2 in November from the previous month. The subindex for new orders continued to rise, pointing to improved demand, which may be due to a recent raft of government policies aiming to support the private sector. The gauge for new export orders dropped further into contractionary territory in November," – Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis, CEBM Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/d8bf2895434243c7af39a6c1dcdc75dc; 12/3/18

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Private Indicators: Global

Caixin China General Manufacturing PMI™

Manufacturing output remains stable in November

“The employment subindex likewise dipped further into negative territory. The output subindex dropped to the dividing line of 50 that separates expansion from contraction, marking its lowest level since June 2016, which implied production was facing a slowing trend.   One key reason for the slowdown may be the obvious increase in stocks of finished goods.

The subindex for stocks of purchased items remained unchanged and stayed in positive territory. The measure for future output, which reflects manufacturers’ production outlook over the next year, stayed in positive territory and rose modestly, suggesting business confidence was relatively stable.   The subindex for suppliers’ delivery times picked up marginally despite remaining in negative territory, implying capital turnover among goods producers slightly improved slightly.

The gauges for output charges and input costs both dropped significantly, in line with the weakening domestic commodities market, which was impacted by plummeting oil prices across the globe, expectations about the loosening of restrictions on factory production that governments impose on the grounds of environmental protection, and weakening demand. Upward pressure on prices of industrial products was eased somewhat.

Overall, domestic demand across the manufacturing sector improved in November, while overseas demand was still subdued. Production slowed, confidence was relatively stable, capital turnover was improved, and upward pressure on industrial product prices eased. China’s economy was weak, but did not show significant signs of deterioration.””” – Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis, CEBM Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/d8bf2895434243c7af39a6c1dcdc75dc; 12/3/18

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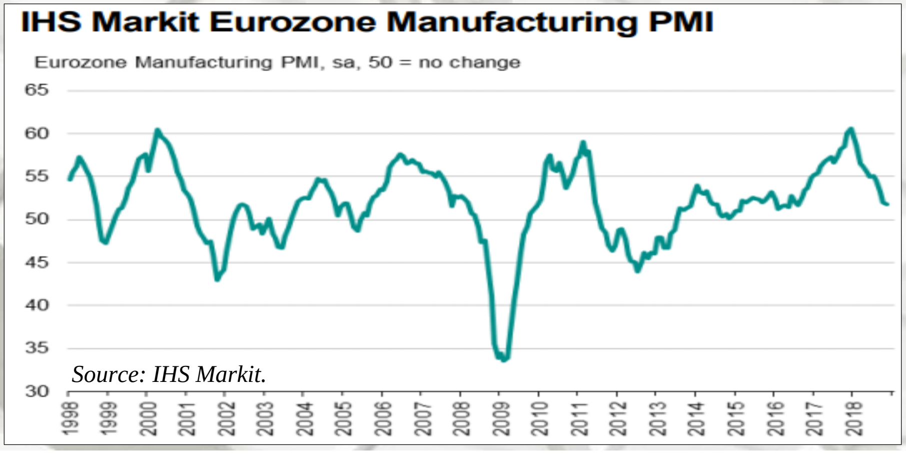
Private Indicators: Global



Markit Eurozone Manufacturing PMI®

"November's IHS Markit Eurozone Manufacturing PMI signalled the continued growth slowdown of the single currency area's manufacturing economy. Although remaining above the crucial 50.0 no change mark for a sixty-fifth month running, the final PMI came in at 51.8 in November, down from 52.0 in October and the lowest reading since August 2016.

Weakest growth of manufacturing economy since August 2016

Weakness was centred on the investment goods sector, according to market groups data. Capital goods producers registered net falls in both production and new work. Export trade was also down for a third month running, whilst cost pressures remained elevated. In contrast, solid growth continued to be recorded amongst consumer goods producers. The euro area's 'big-four' economies posted the lowest manufacturing PMI readings of all countries covered by the survey during November. Most notably, Italy recorded a second successive monthly deterioration in manufacturing operating conditions, registering its lowest PMI reading in nearly four years. France saw growth ease towards stagnation, whilst Germany saw its weakest expansion in over two-and-a-half years. In contrast, Spain saw a slight improvement in growth, whilst there were also stronger gains seen in Austria, Greece and Ireland. The Netherlands continued to register the highest expansion, despite the pace of growth slipping to its lowest in over two years.

November's PMI data underscore the extent to which manufacturing conditions have become more challenging, indicating that production could act as a drag on the eurozone economy in the fourth quarter. Manufacturers reported that demand is now falling in Germany, France and Italy, while only modest growth was recorded in Spain. The darker outlook is linked to trade wars and tariffs as well as intensifying political uncertainty and has led to increased risk aversion and a commensurate cutting back on expenditure, notably for investment. Producers of investment goods such as plant and machinery reported the steepest drop in demand in November, with reduced capital spending by companies compounded by on-going disruption of business in the autos sector.

Hopes that the soft patch may prove short-lived are countered by business optimism about prospects for the year ahead remaining among the gloomiest seen since the sovereign debt crisis in 2012, suggesting companies are bracing themselves for further weak demand in the coming months. The survey also indicates that households could rein-in spending if companies continue to pull-back on their hiring, adding to downside risks to the outlook." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Survey/PressRelease.mvc/4246b90671af433d9e8b7d2a5ccbffdc; 12/3/18

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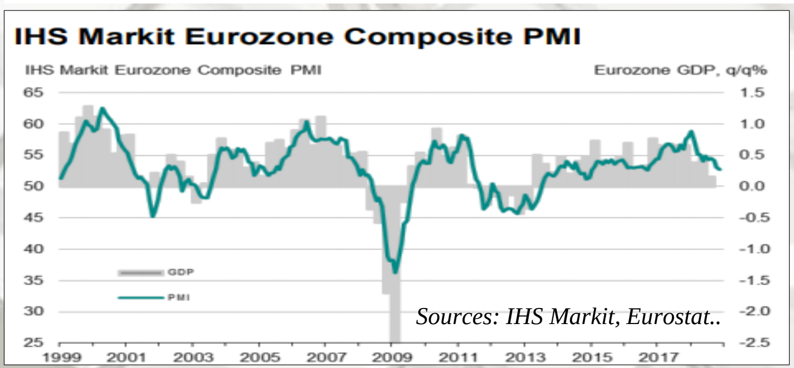
Private Indicators: Global



Markit Eurozone Composite PMI®

"After accounting for seasonal factors, November's final **IHS Markit Eurozone PMI® Composite Output Index** registered its lowest level since September 2016. Posting 52.7 in November, the index was down from October's 53.1 though slightly higher than the earlier flash estimate of 52.4.

Eurozone economic growth continues to slow in November

It was in Germany where the euro area's growth slowdown was centred, with latest data showing the weakest expansion here in nearly four years. However, Italy remained the weakest-performing country, with activity slightly down for a second successive month. In contrast, firmer growth was seen in Ireland, France and Spain, although rates of expansion remained down on those seen earlier in the year. Despite the latest slowdown at the composite euro area level, growth has now been registered throughout the past five-and-a-half years, with both the manufacturing and service sectors continuing to expand in November. Goods producers did, however, record only a marginal increase in output, the weakest in the current expansionary cycle which began in July 2013. Service sector growth remained at a solid level, albeit the weakest seen in over two years.

The final eurozone PMI for November came in higher than the flash reading but still only points to modest GDP growth of approximately 0.3% in the fourth quarter, suggesting the region remains stuck in a soft-patch. Output and order books are growing at the slowest rates for over two years as a manufacturing-led slowdown showed further signs of spreading to the service sector. The survey responses highlighted intensifying headwinds of Brexit and trade war worries, a struggling autos sector and rising uncertainty regarding the economic and political outlook. Business optimism is running at its lowest since late 2014, adding to downside risks for growth as we move into 2019. Furthermore, hiring, which has hitherto shown surprising resilience as firms have hoarded labour despite the slowdown in demand, is now also showing signs of weakness. Employment growth in November was the lowest for almost two years. Hardest hit has been Italy, where business activity declined for a second successive month in November, suggesting the economy is on course to contract again in the fourth quarter. However, with Germany reporting the weakest growth for nearly four years, the survey raises question marks about the extent to which GDP will rebound in the fourth quarter. Growth looks more resilient in France and Spain, thanks mainly to robust service sector performances." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Survey/PressRelease.mvc/677a520b5bd947cfb2dd78a8cd698a46; 12/5/18

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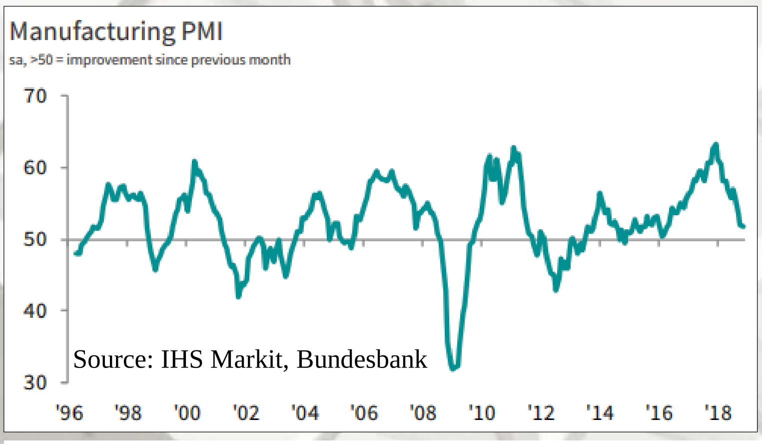
Private Indicators: Global



IHS Markit/BME Germany Manufacturing PMI®

"November saw the headline IHS Markit/BME Germany Manufacturing PMI – a single-figure snapshot of the performance of the manufacturing economy – slip to a 31-month low of 51.8, from 52.2 in October. It marked the tenth time in 2018 so far that the PMI has fallen, signalling a sustained cooling of growth from the record high seen at the end of 2017.

Manufacturing PMI slide slips to 31-month low as downturn in new orders deepens

Germany's manufacturing sector lost further momentum in November, according to the latest PMI® survey data from IHS Markit, as goods producers recorded a decrease in new orders for the second time in as many months. Output rose only marginally and at the slowest rate in over five-and-ahalf years, while job creation in the sector also slowed as firms maintained a pessimistic view towards the outlook. November's decrease in new orders was the steepest seen in four years. In many cases, lower order books reflected a drop in demand from abroad, with overall export sales down for a third straight month and to the greatest extent since June 2013. A number of firms commented on a drop in orders from China.

Output growth was sustained despite the further contraction in order books, with firms reporting the clearing of backlogs of work and the build up of finished goods stocks. The increase in production, however, was only marginal and the weakest seen since the current upturn began in May 2013. By sector, slight increases in the production of consumer and intermediate goods contrasted with a decline in the level of capital goods output.

Manufacturers scaled back their buying levels for the second month running in November, though lead times on purchases continued to lengthen. Shortages of inputs, resource constraints among suppliers and a lack of available freight capacity all contributed to delivery delays, according to the survey's anecdotal evidence. … Finally, expectations among manufacturers towards the outlook for output remained subdued, with confidence improving only slightly from October's six-year low. Surveyed businesses highlighted concerns surrounding political uncertainty, trade tensions and weakness in the auto industry."
– Phil Smith, Principal Economist, IHSMarkit®

Source: https://www.markiteconomics.com/Survey/PressRelease.mvc/997f97da94604aafbdff0d65ef49f18c; 12/3/18

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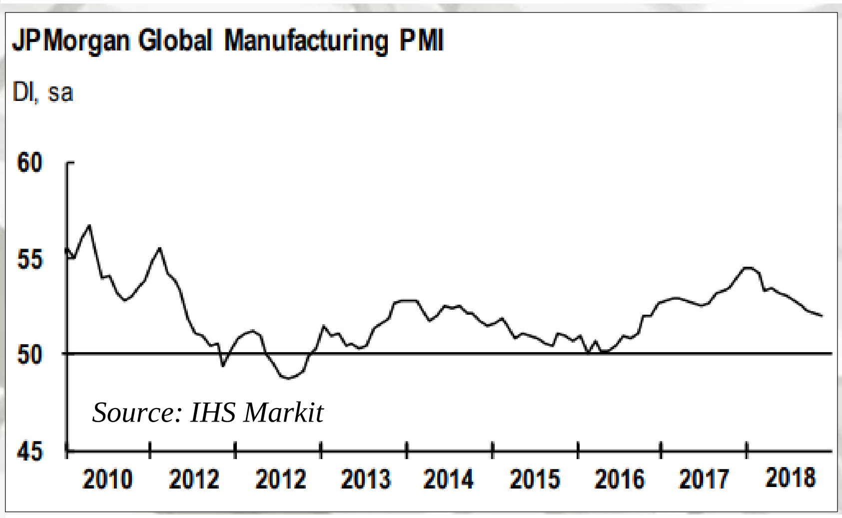

JP Morgan Global Manufacturing PMI™

"Conditions in the global manufacturing sector remained lacklustre in November. The J.P. Morgan Global Manufacturing PMI™ – a composite index1 produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – posted 52.0, unchanged from October's 23-month low as growth of output and new orders remained below their respective long-run averages.

Global manufacturing remains subdued in November

PMI readings signalled expansions across the consumer, investment and intermediate goods sectors. The sharpest growth was seen in the first and the weakest in the latter. All three sub-industries saw output and new orders rise. Among the largest nations covered by the survey, manufacturing business conditions improved in the USA, the eurozone, Japan, China, the UK, Brazil and India. Deteriorations were seen in South Korea, Italy, Taiwan, Mexico, Poland, Turkey, Thailand and Malaysia. Production growth ticked higher in November, but remained among the weakest seen over the past two-and-a-half years. Efforts to raise output were constrained by the relatively muted trend in new business. New orders rose at a pace unchanged from October's 25-month low, with international trade flows the main drag.

The level of incoming new export business fell for the third straight month in November. Developed nations registered (on average) a marginal increase, as gains in the USA and Japan offset reductions in the euro area and the UK. Emerging markets saw a reduction for the eighth straight month, mainly due to ongoing declines in China. Global manufacturing employment rose for the twenty-seventh consecutive month in November. However, the rate of job creation was weaker than in October and a tick below the average for the current sequence of increase. Growth in staffing levels was seen in almost all of the nations covered by the survey, the main exceptions being losses in China, France and South Korea.

Inflationary pressures eased in November. Input costs increased at the slowest pace since August 2017, while output charge inflation eased to a 16-month low." – David Hensley, Global Economist, J.P. Morgan

Source: https://www.markiteconomics.com/Survey/PressRelease.mvc/403136e9058c4fdb939bbd58ebeef5f0; 12/3/18

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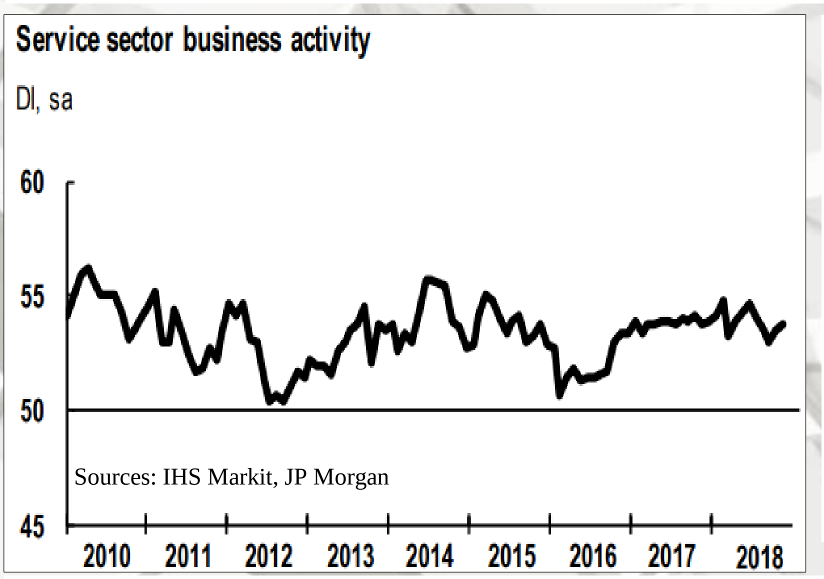
Private Indicators: Global



JP Morgan
Global Services PMI™

"November saw the rate of expansion in global service sector business activity improve for the second successive month. The J.P. Morgan Global Services Business Activity Index – a composite index produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – rose to a four-month high of 53.7, up from 53.4 in October, and has now signalled growth throughout the past 112 months.

Global service sector growth edges higher in November

The upturn remained broad-based by sub-sector, with output rising at faster rates across the business, consumer and financial services categories. The steepest increase was seen at business service providers and the slowest at consumer services companies. All of the nations covered by the survey saw business activity expand during November. Output increased (on average) at identical rates across developed and emerging markets, the first time since July 2016 that growth in developed nations has not surpassed that of emerging markets. …

November saw a further solid increase in new business in the global service economy. That said, the rate of growth was the slowest in over one-and-a-half years. A new index tracking services export orders indicated that growth remained muted during the latest survey month, despite improving slightly since October. The outlook for the global service sector remained positive in November, with companies forecasting that business activity (on average) would be higher in one year's time. This combined with continued current growth encouraged firms to further raise employment, albeit to the weakest extent since April 2017. Job creation was seen in almost all of the nations covered, the exception being Brazil.…" – David Hensley, Global Economist, JPMorgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/806e8a6eb279446581c3c853a1a740c5; 12/6/18

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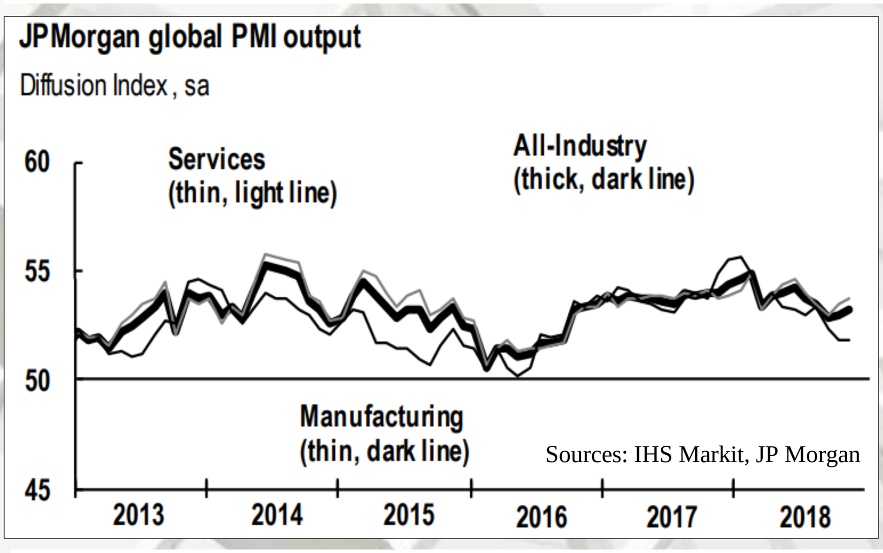
Private Indicators: Global



JP Morgan Composite PMI™

"The J.P. Morgan Global Composite Output Index – which is produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – rose for the second successive month to reach a three-month high of 53.2, up from 53.0 in October. That said, the latest reading was still among the weakest registered over the past two years.

Global economic growth edges higher in November

November saw a further mild acceleration in the rate of global economic expansion, as output growth picked up slightly in both the manufacturing and service sectors. Forward-looking indicators for the survey raised some potential headwinds regarding the outlook for output growth. After a further slight easing in November, the rate of increase in new business received was the slowest since October 2016. The trend in new export orders was particularly weak, as a slight gain in the service sector was offset by a downturn at manufacturers. Business expectations regarding the outlook for economic activity during the year ahead dropped to the lowest level since September 2016. …

November also saw a broad-based expansion by nation, with almost all of the nations for which all-industry data are compiled seeing economic activity increase. By virtue of its size, the US was the main contributor to the latest expansion (despite seeing growth slow slightly over the month). Above global average increases were also seen in France, Spain, India, Russia, Australia and Ireland." – David Hensley, Global Economist, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/47eb8665dc0b43cfaab40dd28870f25b; 12/6/18

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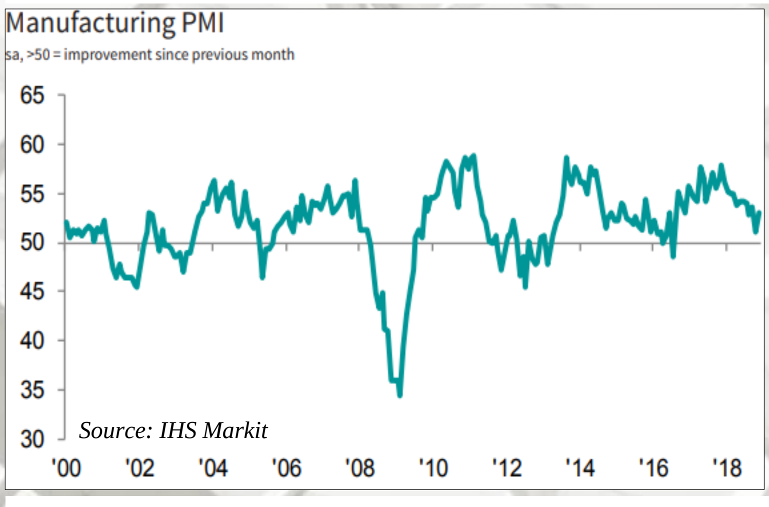
Private Indicators: Global



Markit/CIPS UK Manufacturing PMI™

"November saw a slight acceleration in the rate of improvement of UK manufacturing business conditions. The seasonally adjusted IHS Markit/CIPS Purchasing Managers' Index® (PMI®) rose to 53.1, up from October's 27-month low of 51.1. However, the performance of the sector remained comparatively lacklustre, with the latest PMI reading still among the weakest registered over the past two-and-a-half years.

UK manufacturing sector remains subdued as new export order inflows fall further

The trend in output strengthened slightly during November, as new order intakes rose following October's decline. The domestic market remained the prime source of new contract wins. Where an increase was reported, this was linked to new product launches and client stock-building. Output and new orders rose across the consumer, intermediate and investment goods sub-industries. The level of new export business dropped for the second straight month in November, the first back-to-back contractions since early-2016. Companies focused on reduced client interest from overseas and ongoing Brexit uncertainties as the main factors underlying the latest decline in foreign demand. Only the consumer goods sector saw an increase in new export business.

The latest survey provided a mixed picture regarding the outlook for the UK manufacturing sector. Companies remained confident on balance, with 46% forecasting output would be higher in one year's time and less than one-in-ten expecting a contraction. A hoped for recovery in market demand, planned marketing strategies, new product launches, investment in new machinery and planned business expansions were all cited as reasons for optimism by manufacturers. However, the overall degree of optimism dipped to a 27-month low, as Brexit uncertainty, exchange rate concerns and a slowing economy weighed on confidence. November saw a mild rebound in the level of UK manufacturing employment, with staffing levels rising following a decline in October. Jobs growth reflected increased activity, new product launches and preparations for expected future demand. Staff headcounts rose in the intermediate and investment goods sectors, but fell at consumer goods producers." – Rob Dobson, Director & Senior Economist, IHS Markit

Source: https://www.markiteconomics.com/Survey/PressRelease.mvc/f63d993f2f524e6db5cab500c5f6e237; 12/3/18

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Private Indicators

Dodge Data & Analytics

October Construction Starts Soar 21 Percent

Nonresidential Building Rebounds Sharply from Recent Subdued Activity

"New construction starts in October climbed 21% to a seasonally adjusted annual rate of $864.0 billion, according to Dodge Data & Analytics. The substantial increase followed three straight months of decline, during which the pace of total construction starts fell 22% from the exceptionally strong volume reported back in June. Nonresidential building in October surged 53%, as several very large projects lifted the manufacturing plant, office building, and transportation terminal categories. Nonbuilding construction in October advanced 14%, supported by growth for public works while the electric utility/gas plant category bounced back from depressed activity in September. Residential building in October edged up a slight 2%, helped by improvement for multifamily housing. During the first ten months of 2018, total construction starts on an unadjusted basis were $679.1 billion, up 1% from the same period a year ago. The year-to-date gain for total construction starts was restrained by a 45% slide for the electric utility/gas plant category. If the electric utility/gas plant category is excluded, total construction starts during the first ten months of 2018 would be up 3% relative to the same period a year ago.

October's data raised the Dodge Index to 183 (2000=100), up from September's 150, marking the second highest reading for the Dodge Index so far in 2018 after June's 192. Through the first ten months of 2018, the Dodge Index averaged 169, up slightly from the full year 2017 average of 166." – Benjamin Gorelick, Spector & Associates

Source: https://www.construction.com/news/october-construction-starts-soar-21-percent-nov-2018; 11/20/18

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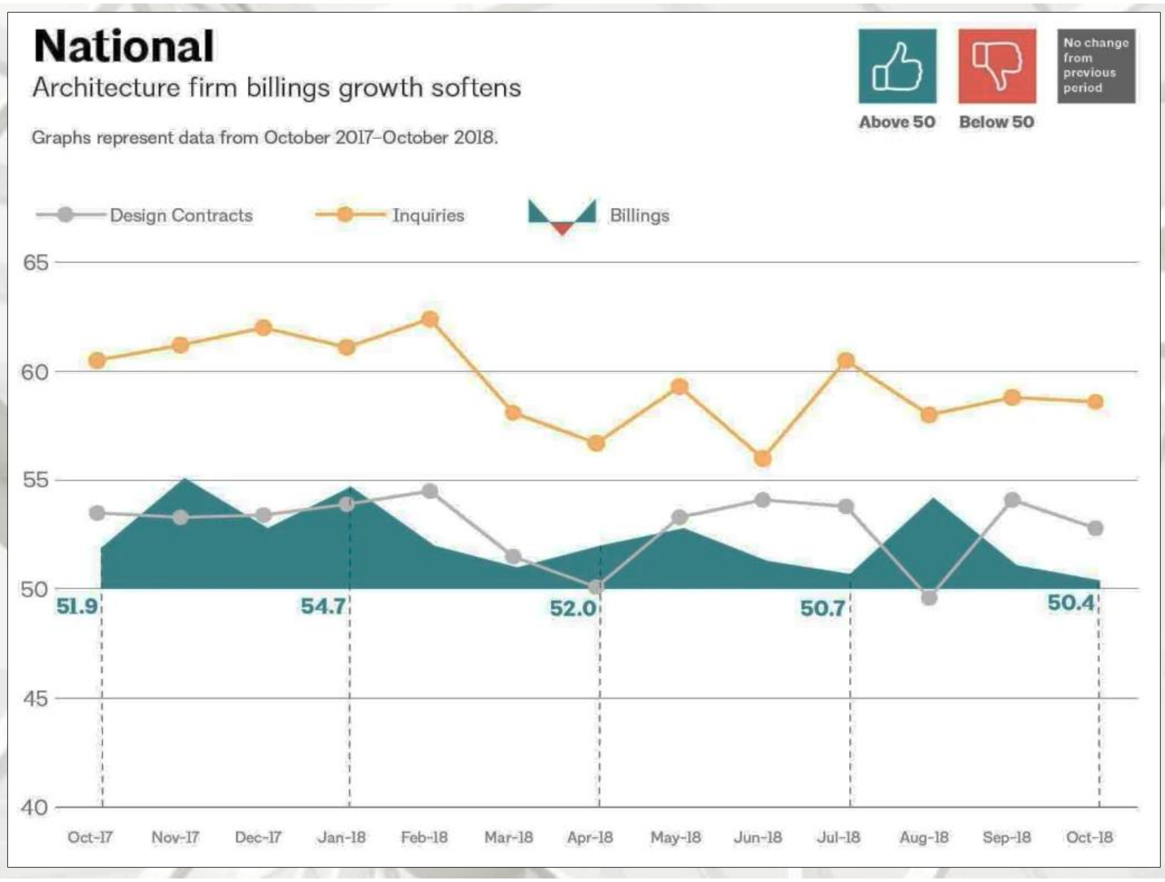
Private Indicators
American Institute of Architects (AIA)



October Architecture Billings Index

Business conditions improve modestly at architecture firms

"Billings growth at architecture firms softened again in October, as AIA's Architecture Billings Index score declined to 50.4, from 51.1 in September (any score over 50 indicates billing growth). Although growth is still occurring, the pace of that growth has continued to ebb and flow through much of the year. But the outlook still remains positive, as inquiries into new work remain strong, and the value of new signed design contracts remains relatively strong as well." – The American Institute of Architects

Source: https://www.aia.org/pages/6076318-abi-october-2018-business-conditions-impro; 11/24/18

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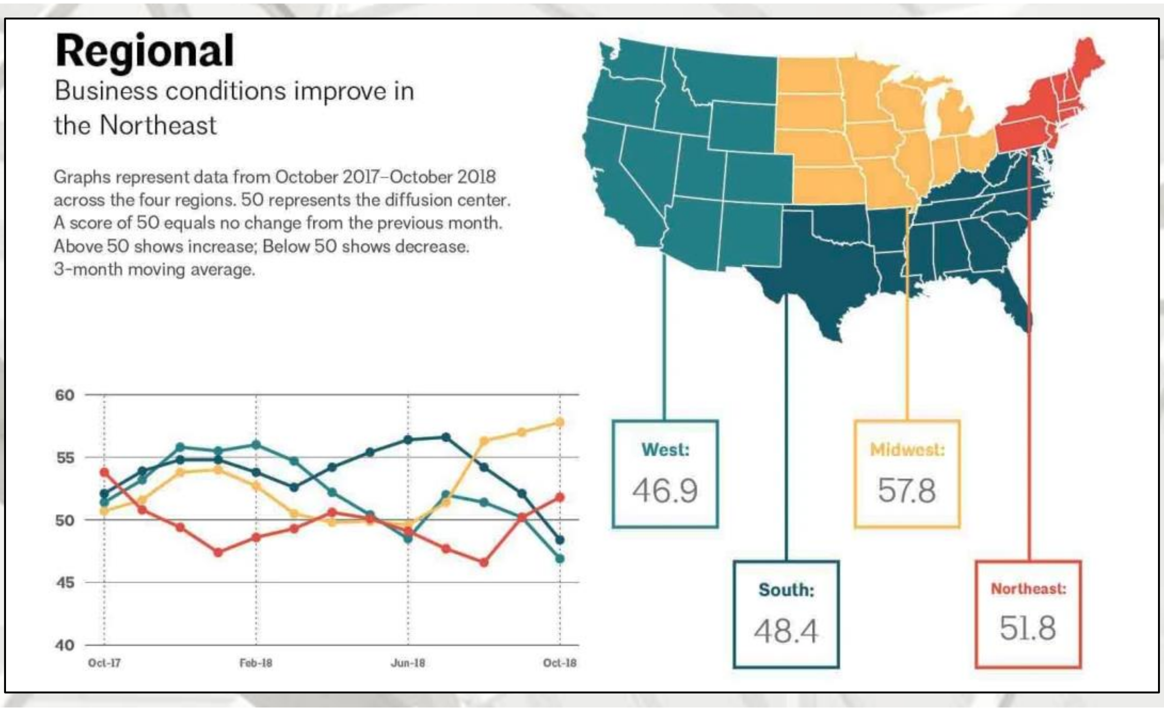
Private Indicators: AIA



Region

“Regionally, conditions look to be changing from the trends that have dominated so far this year. Billings at firms in the Northeast rebounded modestly in October, following several months of softness, while billings declined at firms located in the South and West, where conditions have been strong recently. However, it is too early to say if this is a one-month blip or a more protracted change.” – The American Institute of Architects

Source: https://www.aia.org/pages/6076318-abi-october-2018-business-conditions-impro; 11/24/18

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Private Indicators: AIA

Sector

"Business conditions also softened slightly at firms with a commercial/industrial practice specialization in October, while growth continued at firms with residential and institutional specializations." – The American Institute of Architects

Source: https://www.aia.org/pages/6076318-abi-october-2018-business-conditions-impro; 11/24/18

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Private Indicators

Dodge Data & Analytics

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Source: https://www.construction.com/news/october-construction-starts-soar-21-percent-nov-2018; 11/20/18

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Private Indicators

Dodge Data & Analytics

“During 2018, the presence of very large projects in a given month has played a considerable role in shaping the monthly pattern of activity, and in October it was nonresidential building that especially benefitted from the start of very large projects. These included a $2.4 billion petrochemical plant in Texas, the $1.4 billion Terminal One building at Newark Liberty International Airport, the $860 million expansion to the Las Vegas Convention Center, a $750 million Facebook data center in Utah, and a $655 million concourse expansion at Denver International Airport that’s part of that facility’s extensive upgrade. Earlier, decreasing construction starts for nonresidential building during this year’s third quarter raised some concern, suggesting that this sector may have already peaked and is now in decline. The strong October performance indicates that nonresidential building construction starts continue to proceed at an elevated pace, at least for the present.”

The current year has also witnessed moderate growth for public works construction, helped by the greater federal funding for fiscal 2018 passed by Congress back in March as part of the omnibus appropriations legislation. For fiscal 2019 which began on October 1, the federal-aid highway program and EPA construction-related programs are operating under a continuing resolution through December 7, waiting for Congress to finalize spending levels. As for **residential building**, multifamily housing has shown renewed expansion this year after settling back in 2017, yet a more cautious lending stance by banks towards multifamily development may dampen multifamily construction starts next year.” – Robert A. Murray, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/october-construction-starts-soar-21-percent-nov-2018; 11/20/18

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Private Indicators

Dodge Data & Analytics

“**Residential building** in October was $321.7 billion (annual rate), rising 2%. The lift came from multifamily housing, which increased 15% in October. There were 13 multifamily projects valued at $100 million or more that were reported as October starts, compared to six such projects in September. The large multifamily projects in October included the $580 million multifamily portion of the Winthrop Square Tower in Boston MA, the $535 million Veyoel Moshe Gardens residential development in the Poughkeepsie NY area, the $300 million Laurel multifamily complex in Philadelphia PA, and the $184 million multifamily portion of Detroit’s $1.0 billion mixed-use development.

Through the first ten months of 2018, the top five metropolitan areas ranked by the dollar amount of multifamily starts (with their percent change from a year ago) were – New York NY (up 3%), Boston MA (up 91%), Miami FL (up 44%), Washington DC (up 20%), and Seattle WA (up 25%). Metropolitan areas ranked 6 through 10 were – San Francisco CA (up 11%), Los Angeles CA (down 31%), Dallas-Ft. Worth TX (up 24%), Atlanta GA (down 15%), and Chicago IL (down 43%).

Single family housing in October decreased 4%, as affordability constraints continue to make it difficult for this project type to register any sustained upward movement during 2018. By geography, October showed single family declines in four of the five major regions – the Northeast, down 10%; the South Central, down 8%; the West, down 6%; and the Midwest, down 5%. Only the South Atlantic, growing 4%, was able to post a single family gain in October.” – Robert A. Murray, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/october-construction-starts-soar-21-percent-nov-2018; 11/20/18

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Private Indicators

Dodge Data & Analytics

"The 1% increase for total construction starts on an unadjusted basis during the first ten months of 2018 was due to mixed behavior by the three major construction sectors. **Residential building** maintained its 6% lead over last year, with the dollar amount for both single family housing and multifamily housing up 6%. Nonresidential building year-to-date slipped 2%, with institutional building down 8%, commercial building down 3%, and manufacturing building up 32%. Nonbuilding construction year-to-date dropped 4%, as a 5% increase for public works was outweighed by the 45% plunge for electric utilities/gas plants.

By major region, total construction starts during the January-October period of 2018 showed this pattern compared to a year ago – the South Central, up 11%; the Midwest and South Atlantic, each up 5%; the West, down 1%; and the Northeast, down 18%. The year-to-date decline in the Northeast was relative to the robust first ten months of 2017 that included such construction starts as the $7.6 billion LaGuardia Airport project in Queens NY, a $5.8 billion ethane cracker facility in Monaca PA, the $1.7 billion 50 Hudson Yards office tower in New York NY, the $1.6 billion Moynihan Station rail terminal project in New York NY, and the $1.4 billion Penn Medicine Patient Pavilion in Philadelphia PA." – Robert A. Murray, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/october-construction-starts-soar-21-percent-nov-2018; 11/20/18

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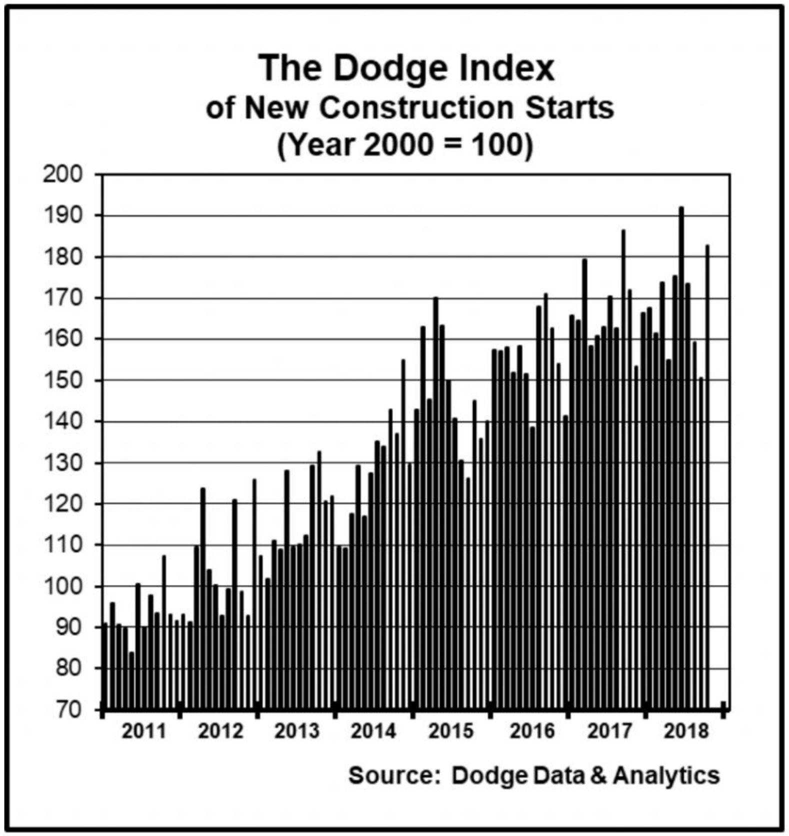
Private Indicators

October 2018 Construction Starts



Monthly Summary of Construction Starts

Prepared by Dodge Data & Analytics

Monthly Construction Starts

Seasonally Adjusted Annual Rates, in Millions of Dollars

	October 2018	September 2018	% Change
Nonresidential Building	$358,327	$233,792	+53
Residential Building	321,677	316,592	+2
Nonbuilding Construction	183,964	161,159	+14
Total Construction	$863,968	$711,543	+21

The Dodge Index

Year 2000=100, Seasonally Adjusted

October 2018……..183

September 2018...150

Year-to-Date Construction Starts

Unadjusted Totals, in Millions of Dollars

	10 Mos. 2018	10 Mos. 2017	% Change
Nonresidential Building	$242,562	$248,696	-2
Residential Building	278,523	261,908	+6
Nonbuilding Construction	157,983	164,369	-4
Total Construction	$679,068	$674,973	+1
Total Construction, excluding electric utilities/gas plants	$663,673	$646,915	+3

Source: https://www.construction.com/news/october-construction-starts-soar-21-percent-nov-2018; 11/20/18

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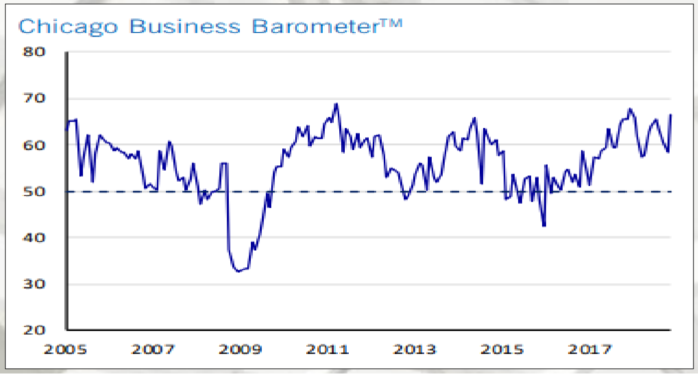
Private Indicators



MNI Chicago Business Barometer Surges to 66.4 in November

"The MNI Chicago Business Barometer surged to an 11-month high of 66.4 in November, up 8.0 points from October's 58.4.

New Orders Hits 54-Month High to Propel Barometer to Calendar-Year High

Business activity recorded its most impressive performance so far this year in November, ending a three-month run of declines. Although broad-based, with increases across all five of the Barometer's subcomponents, resurgent orders, solid output and higher unfinished orders were the month's key drivers. This month's result means the Barometer has signalled expansion, sitting above the neutral 50-mark, for 33 consecutive months. Moreover, the headline index has registered above-60 for all but three of the past 15 months.

Driving the November rise were soaring orders and higher output. After easing in each of the last two months, November saw New Orders jump to the highest level since May 2014. Production, meanwhile, rose for a second straight month, settling at a threemonth high. Some firms said that while they were seeing increased orders in November, there were also demands from customers for earlier delivery on existing orders. Order Backlogs, which reversed October's decline and hit a four month high, also helped propel the overall index higher this month. Firms reported labor struggles continuing to restrain the ability to tackle backlogs over what is considered the busiest time of the year for many firms. Meanwhile, supply-side issues continued to weigh on firms. The Supplier Deliveries indicator rose to its highest level since April 2004 in November, with some firms citing delays in sourcing deliveries from offshore suppliers.

The MNI Chicago Business Barometer clipped a run of three consecutive declines in emphatic style in November, boosted primarily by resurgent orders – stronger than typically seen at this time of year and enough to push the Barometer to its best level since December. However, many firms reported seeing the effects of higher China tariffs on their invoices for the first time, and voiced concern that business could be stifled going forward." – Jamie Satchi, Economist, MNI Indicators

Source: https://s3.amazonaws.com/images.chaptermanager.com/chapters/b742ccc3-ff70-8eca-4cf5-ab93a6c8ab97/files/mni-chicago-press-release-2018-11.pdf; 11/30/18

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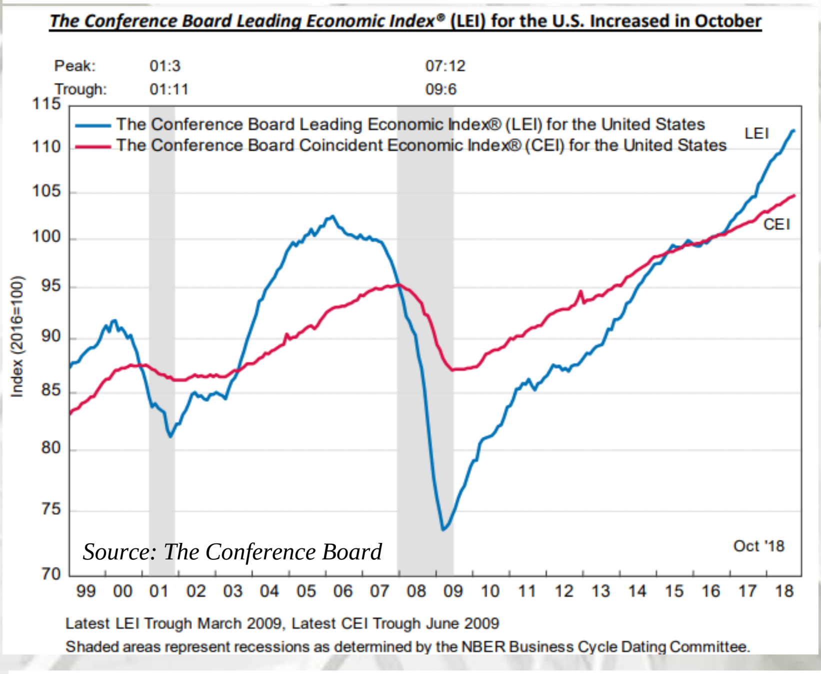
Private Indicators

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

The Conference Board Leading Economic Index® (LEI) for the U.S. increased 0.1 percent in October to 112.1 (2016 = 100), following a 0.6 percent increase in September, and a 0.5 percent increase in August.

U.S. Composite Economic Indexes (2016 = 100)



But Pace of Growth May be Slowing

"The US LEI increased slightly in October, and the pace of improvement slowed for the first time since May. The index still points to robust economic growth in early 2019, but the rapid pace of growth may already have peaked. While near term economic growth should remain strong, longer term growth is likely to moderate to about 2.5 percent by mid to late 2019." – Ataman Ozyildirim, Director of Business Cycles and Growth Research, The Conference Board

"**The Conference Board Coincident Economic Index® (**CEI) for the U.S. increased 0.2 percent in October to 104.7 (2016 = 100), following a 0.1 percent increase in September, and a 0.3 percent increase in August.

The Conference Board Lagging Economic Index® (LAG) for the U.S. increased 0.4 percent in October to 105.5 (2016 = 100), following a 0.2 percent decline in September and a 0.3 percent increase in August." – The Conference Board

Source: https://www.conference-board.org/data/bcicountry.cfm; 11/21/18

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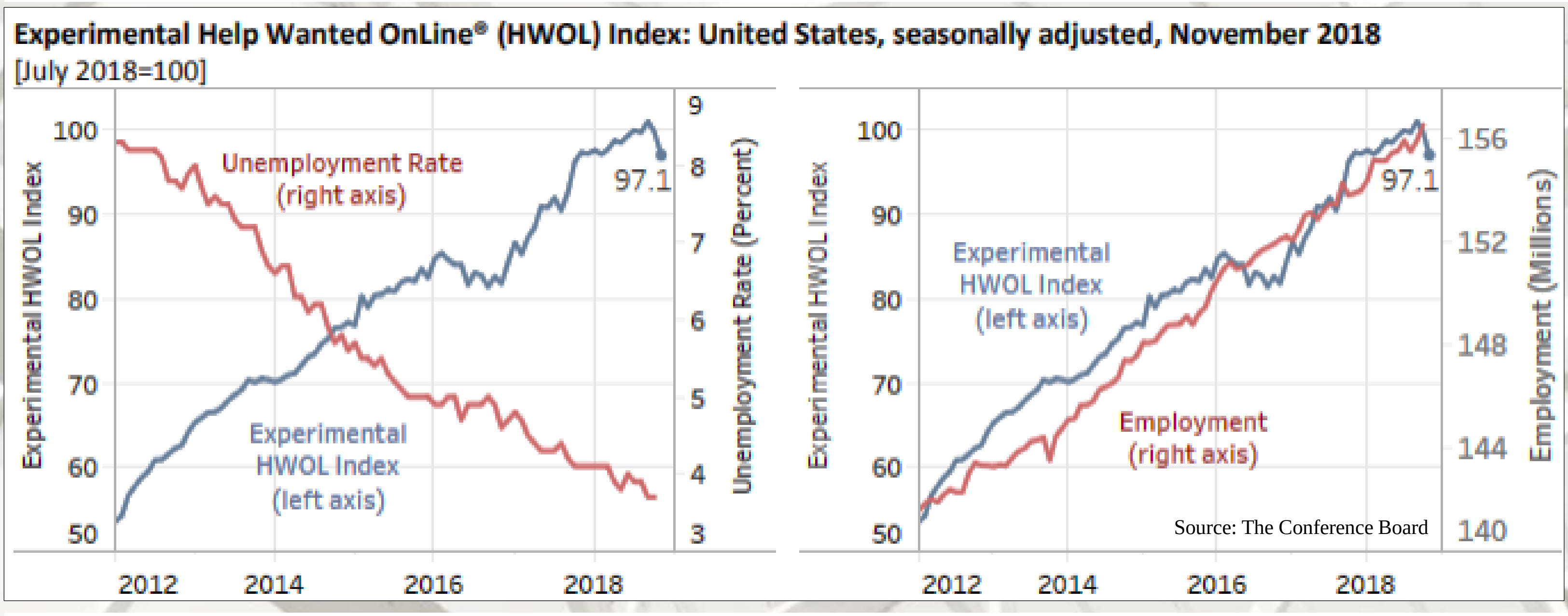

The Conference Board Help Wanted OnLine® (HWOL) Online Labor Demand Declined in November

- "Online demand in mining grew by 22 percent over the past year, faster than all other industries
- Among occupation groups, computer and legal related ads experienced the fastest growth in the past 12 months.
- The Northeast region saw the fastest job ads growth in the past year.

The Conference Board ***Help Wanted OnLine (HWOL) Index*** declined in November. The Index now stands at 97.1 (July 2018=100), down from 99.8 in October.

Despite the declines in October and November, the HWOL Index still remains at a level consistent with strong hiring activity. We expect employment growth to remain strong and labor turnover rates to increase as the labor market gets tighter. Recruiters will be as busy as ever finding qualified workers for new jobs and replacing workers who have moved on to other jobs. With the slack in the labor market shrinking, the average time to fill job openings is likely to keep breaking records. In such an environment, we expect employers to continue raising wages faster, accelerating wage growth by about 0.5 percentage points by the end of 2019." – Gad Levanon, Chief Economist, North America, at The Conference Board

Source: https://www.conference-board.org/data/helpwantedonline.cfm; 11/3/18

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Private Indicators

Equipment Leasing and Finance Association

Equipment Leasing and Finance Industry Confidence Eases Further in November

"The **Equipment Leasing & Finance Foundation** (the Foundation) releases the November 2018 **Monthly Confidence Index for the Equipment Finance Industry** (MCI-EFI). Designed to collect leadership data, the index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by key executives from the $1 trillion equipment finance sector. Overall, confidence in the equipment finance market eased further in November to 58.5, a decrease from the October index of 63.2." – Anneliese DeDiemar, Author, Equipment Leasing & Finance Association

"The conclusion of the midterm elections will hopefully bring a renewed focus to completion of transactions for the quarter at hand. The recent stock market gyrations usually have an impact on the confidence of the small business customer. We will see how that translates to business for 2019." – Valerie Hayes Jester, President, Brandywine Capital Associates

"Demand in small ticket and middle market has softened, which is compressing margins from increased, year-end competition. I believe the political climate has created business uncertainty which leads to postponed capex." – Paul Menzel, CLFP, President and CEO, Financial Pacific Leasing, Inc., an Umpqua Bank Company

"The equipment finance industry is experiencing the broad U.S. market expansion for capital equipment. This is generating growth in activity across most, if not all, equipment and customer segments." – Anthony Cracchiolo, President and CEO, U.S. Equipment Finance

"I expect the traditional year-end jump in new business volume to continue for 2018 given the continual upswing in capital expenditures." – Thomas Jaschik, President, BB&T Equipment Finance

Source: https://www.leasefoundation.org/industry-resources/monthly-confidence-index/; 11/15/18

Private Indicators

Equipment Leasing and Finance Association

Equipment Leasing and Finance Industry Confidence Eases Further in November

November 2018 Survey Results:

"The overall MCI-EFI is 58.5, a decrease from 63.2 in October.

- When asked to assess their business conditions over the next four months, 10.7% of executives responding said they believe business conditions will improve over the next four months, a decrease from 18.5% in October. 78.6% of respondents believe business conditions will remain the same over the next four months, a decrease from 81.5% the previous month. 10.7% believe business conditions will worsen, an increase from none who believed so the previous month.

- 7.1% of survey respondents believe demand for leases and loans to fund capital expenditures (capex) will increase over the next four months, a decrease from 25.9% in October. 82.1% believe demand will "remain the same" during the same four-month time period, an increase from 70.4% the previous month. 10.7% believe demand will decline, up from 3.7% who believed so in October.

- 14.3% of the respondents expect more access to capital to fund equipment acquisitions over the next four months, down slightly from 14.8% in October. 85.7% of executives indicate they expect the "same" access to capital to fund business, a slight increase from 85.2% last month. None expect "less" access to capital, unchanged from last month." – Anneliese DeDiemar, Author, Equipment Leasing & Finance Association

Source: https://www.leasefoundation.org/industry-resources/monthly-confidence-index/; 11/15/18

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Private Indicators

Equipment Leasing and Finance Association

November 2018 Survey Results:

- "When asked, 42.9% of the executives report they expect to hire more employees over the next four months, a decrease from 44.4% in October. 46.4% expect no change in headcount over the next four months, a decrease from 48.2% last month. 10.7% expect to hire fewer employees, up from 7.4% last month.

- 57.1% of the leadership evaluate the current U.S. economy as "excellent," an increase from 51.9% in October. 42.9% of the leadership evaluate the current U.S. economy as "fair," a decrease from 48.2% last month. None evaluate it as "poor," unchanged from last month.

- 3.6% of the survey respondents believe that U.S. economic conditions will get "better" over the next six months, a decrease from 11.1% in October. 78.6% of survey respondents indicate they believe the U.S. economy will "stay the same" over the next six months, an increase from 74.1% the previous month. 17.9% believe economic conditions in the U.S. will worsen over the next six months, an increase from 14.8% in October.

- In November, 42.9% of respondents indicate they believe their company will increase spending on business development activities during the next six months, a decrease from 44.4% in October. 57% believe there will be "no change" in business development spending, an increase from 55.6% the previous month. None believe there will be a decrease in spending, unchanged from last month." – Anneliese DeDiemar, Author, Equipment Leasing & Finance Association

Source: https://www.leasefoundation.org/industry-resources/monthly-confidence-index/; 11/15/18

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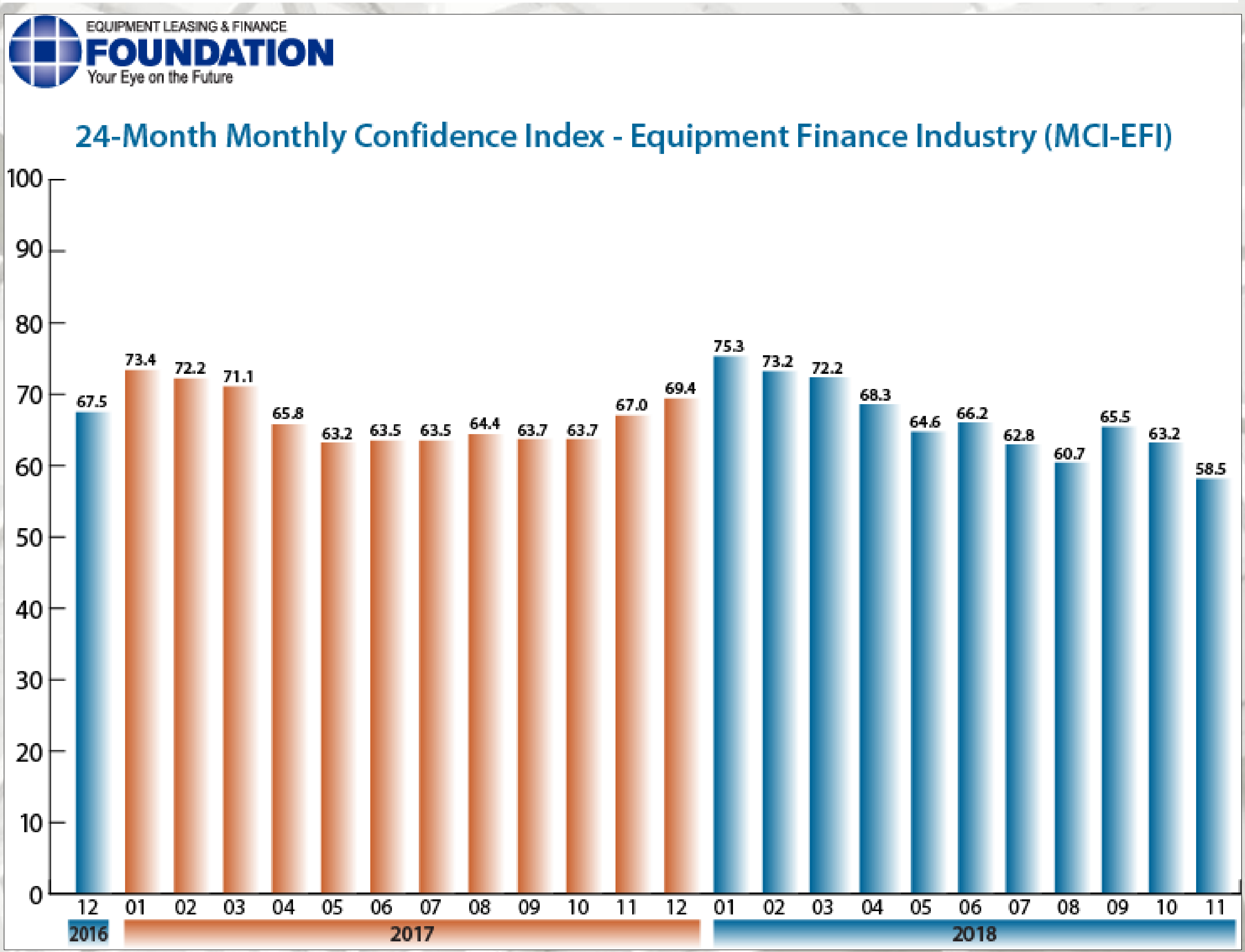

Source: https://www.leasefoundation.org/industry-resources/monthly-confidence-index/; 11/15/18

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Private Indicators

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

October New Business Volume Up 6 Percent Year-over-year, Up 5 Percent Month-to-Month, and Up 4 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 October was $8.9 billion, up 6 percent year-over-year from new business volume in October 2017. Volume was up 5 percent month-to-month from $8.5 billion in September. Year to date, cumulative new business volume was up 4 percent compared to 2017.

Receivables over 30 days were 1.70 percent, up from 1.60 the previous month and up from 1.40 percent the same period in 2017. Charge-offs were 0.37 percent, down from 0.40 percent the previous month, and down from 0.41 in the year-earlier period.

Credit approvals totaled 76.5 percent in October, up from 75.7 percent in September. Total headcount for equipment finance companies was up 0.5 percent year over year. During 2017, headcount was elevated due to acquisition activity at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in November is 58.5, down from the October index of 63.2." – Amy Vogt, Author, Equipment Leasing & Finance Association

Source: https://www.elfaonline.org/data/mlfi-25-monthly-leasing-and-finance-index/view-mlfi/monthly-leasing-and-finance-index-november-2018; 11/21/18

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Private Indicators

Equipment Leasing and Finance Association

Monthly Leasing & Finance Index: October 2018

"October new business generation by MLFI-25 respondents shows no apparent signs of slowing down, despite slight – and steady – increases in short-term interest rates and reports of tariff concerns in some sectors of the economy. Underlying fundamentals in the U.S. economy continue to support a favorable environment for business growth. Third quarter GDP grew 3.5 percent, labor markets are strong and federal tax legislation containing lower corporate tax rates and immediate depreciation write-offs have been in effect now for 10 months. These factors, coupled with a seemingly benign credit market, are propelling the equipment finance industry forward. With the midterm elections now behind us and another round of interest rate hikes scheduled before year-end, we will be monitoring closely any changes in business conditions to gauge their impact on the equipment finance industry and broader economy." – Ralph Petta, President and CEO, ELFA

"Overall, the business environment for Volvo Financial Services remains sound and stable. Strong originations and low customer delinquencies point to continued good performance in the equipment finance sector as we close 2018 and enter into 2019. North America is benefiting from a top cycle business climate, requiring all lenders to prepare for the eventual slowdown. Overall, however, I'm pleased with how the equipment finance industry performed this month and thus far in 2018." – Scott Rafkin, President, Volvo Financial Services

Source: https://www.elfaonline.org/data/mlfi-25-monthly-leasing-and-finance-index/view-mlfi/monthly-leasing-and-finance-index-november-2018; 11/21/18

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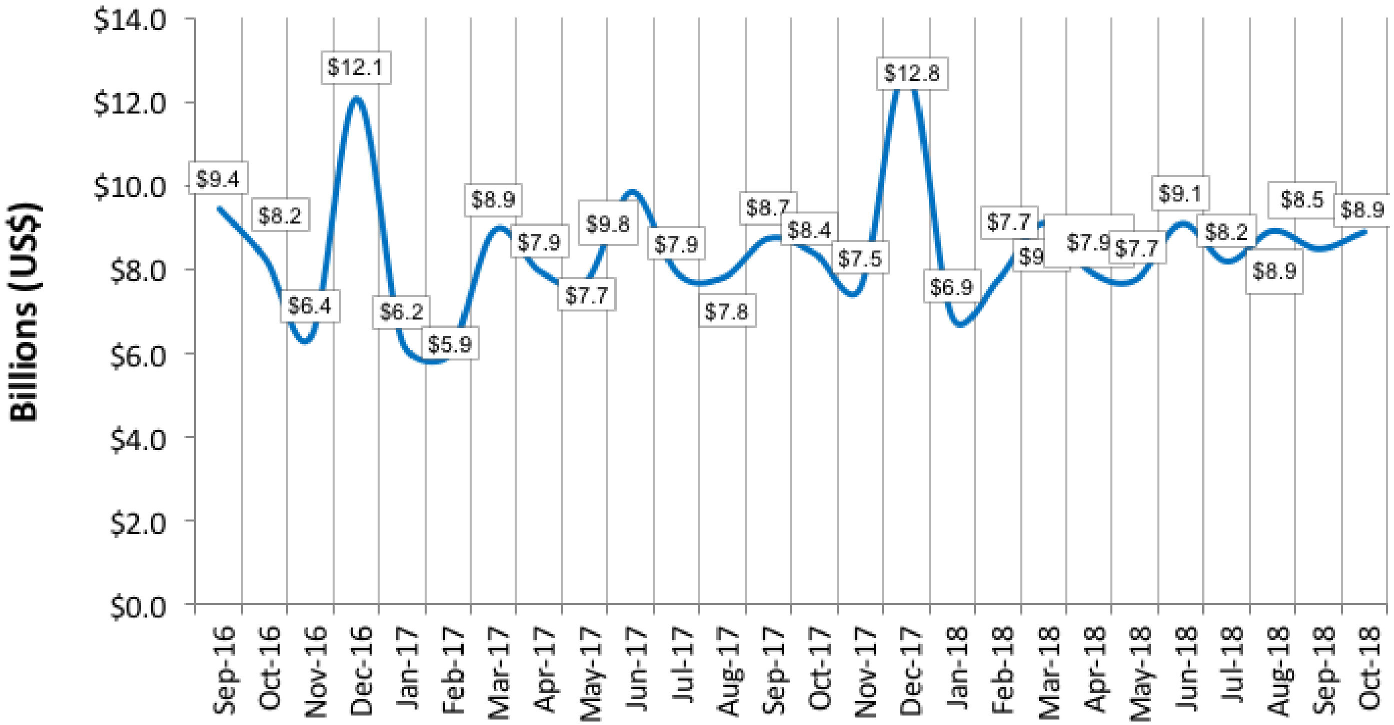
Private Indicators

MLFI-25 New Business Volume (Year-Over-Year Comparison)

MLFI Cumulative YTD* Comparison (2017/2018): 2017*: $79.4 ($B) 2018*: $82.9 ($B) % chg*: +4.5



* YTD NBV numbers will not match the numbers from the chart due to rounding

ELFA
Equipping Business for Success

MLFi

Source: https://www.elfaonline.org/data/mlfi-25-monthly-leasing-and-finance-index/view-mlfi/monthly-leasing-and-finance-index-november-2018; 11/21/18

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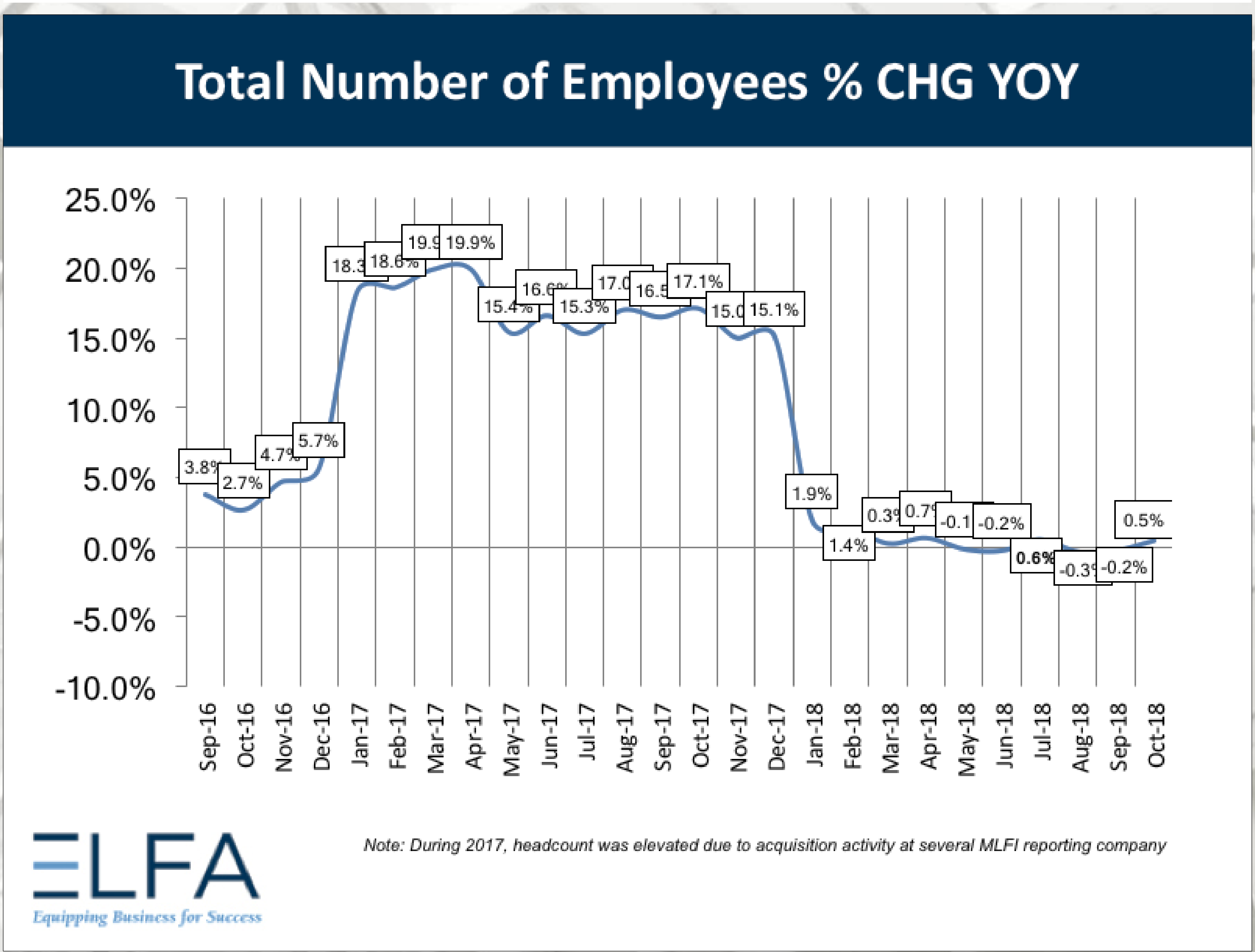

Source: https://www.elfaonline.org/data/mlfi-25-monthly-leasing-and-finance-index/view-mlfi/monthly-leasing-and-finance-index-november-2018; 11/21/18

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Private Indicators

Freight Waves

Trucking rates continue to climb as carriers retain pricing power

“Data on producer prices shows that overall inflation pressure calmed in November, weighed down by declines in gasoline prices. Industry detail showed that trucking rates continues to surge, however, driven by another large gain in long-distance trucking rates. …

Industry detail in this morning’s release showed continued strength within trucking, as producer prices for General Freight Trucking rose 1.2% in November on the heels of a 0.5% gain in the previous month. This pace has been enough to keep year-over-year rate inflation above 8% in recent months, registering 8.3% in November despite difficult comparisons to last year.

Gains during the month were largely driven by long-distance truckload services, which posted a second consecutive monthly gain above 1% with a 1.3% gain in November. Both truckload and LTL services enjoyed healthy gains during the month, with rates rising 1.2% and 1.6%, respectively. Local trucking rates also experienced a respectable 0.5% increase during the month, and are now 10.1% higher than at this point last year. ” – Ibrahiim Bayaan, Chief Economist, FreightWaves

Source: https://www.freightwaves.com/news/economics/trucking-rates-continue-to-climb; 12/11/18

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Private Indicators

Freight Waves

Trucking rates continue to climb as carriers retain pricing power

“Behind the Numbers:

Inflation numbers have gotten some renewed attention since Fed Chairman Powell hinted last month that policy might already be close to neutral and the pace of rate increases may die down after an expected 4th increase next week. There was little in this morning’s report to discourage a slower pace of rate increases; the softer headline number was largely expected after the massive decline in oil prices over the past couple of months, and the core PPI readings were a bit high but not alarmingly high. PPI readings, and data on consumer prices set for release tomorrow, remain important trends to monitor but for now suggest relatively muted inflation in the overall economy.

On the trucking side, there have been quite a few signs that capacity generally is gaining some ground and demand growth is slowing as we near the end of the year. The PPI data would suggest that carriers still retain some pricing power in this environment, and have been able to extract higher rates across many different types of freight. Year-over-year rate inflation probably will not reach the multi-year highs seen in July of the year, but the pace of rate increases is still well above average as we head into next year.” – Ibrahiim Bayaan, Chief Economist, FreightWaves

Source: https://www.freightwaves.com/news/economics/trucking-rates-continue-to-climb; 12/11/18

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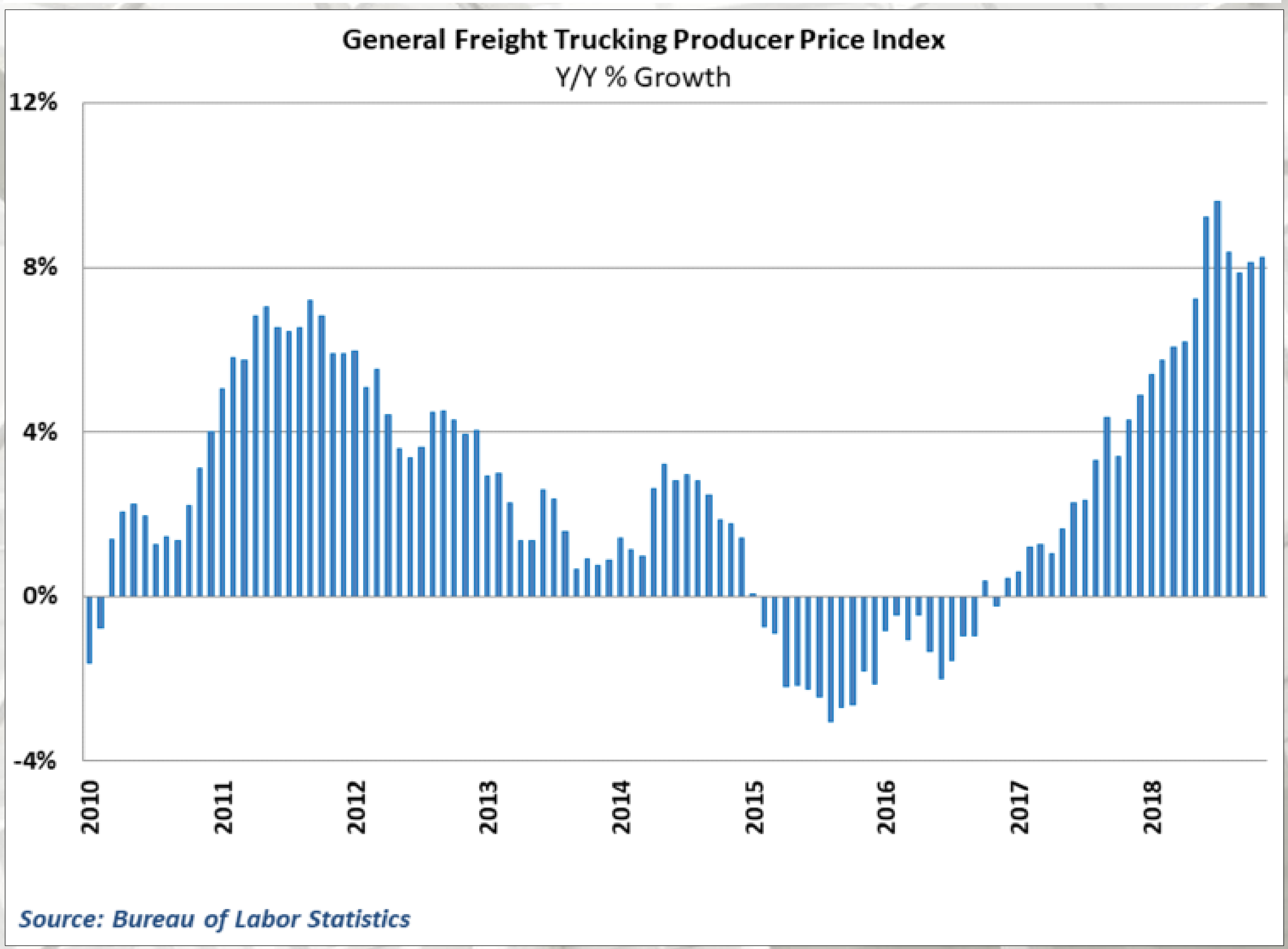
Private Indicators

Trucking Rate Inflation Has Eased From Earlier Highs But Remains Strong



Source: https://www.freightwaves.com/news/economics/trucking-rates-continue-to-climb; 12/11/18

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November 2018 Manufacturing ISM® Report On Business®

November PMI® at 59.3%

New Orders, Production, and Employment Growing

Supplier Deliveries Slowing at Slower Rate; Backlog Growing

Raw Materials Inventories Growing; Customers' Inventories Too Low

Prices Increasing at Slower Rate; Exports and Imports Growing

"Economic activity in the **manufacturing sector** expanded in October, and the **overall economy** grew for the 115th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM®** ***Report On Business®***. The November PMI® registered 59.3 percent, an increase of 1.6 percentage points from the October reading of 57.7 percent.

The New Orders Index registered 62.1 percent, an increase of 4.7 percentage points from the October reading of 57.4 percent.

The Production Index registered 60.6 percent, a 0.7 percentage-point increase compared to the October reading of 59.9 percent.

The Employment Index registered 58.4 percent, an increase of 1.6 percentage points from the October reading of 56.8 percent.

The Supplier Deliveries Index registered 62.5 percent, a 1.3-percentage point decrease from the October reading of 63.8 percent.

The Inventories Index registered 52.9 percent, an increase of 2.2 percentage points from the October reading of 50.7 percent.

The Prices Index registered 60.7 percent, a 10.9-percentage point decrease from the October reading of 71.6 percent, indicating higher raw materials prices for the 33rd consecutive month." – Timothy R. Fiore, CPSM, CPSD, Chair of the ISM® Manufacturing Business Survey Committee

Source: https://www.instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?navItemNumber=31086; 12/3/18

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November 2018 Manufacturing ISM® Report On Business®

"Comments from the panel reflect continued expanding business strength. **Demand** remains strong, with the New Orders Index rebounding to above 60 percent, the Customers' Inventories Index declining and remaining too low, and the Backlog of Orders Index steady. **Consumption** strengthened, with production and employment continuing to expand, both at higher levels compared to October. **Inputs** — expressed as supplier deliveries, inventories and imports — gained as a result of inventory growth. Supplier delivery easing improved factory consumption as well as inventory growth, and import expansion was relatively stable. Lead-time extensions continue, while steel and aluminum prices are declining. Supplier labor issues and transportation difficulties are at more manageable levels, but they continue to limit production potential.

The expansion of new export orders was stable and at a recent historical low. However, four of six major industries contributed, down from five in October. Prices pressure continues, but at notably lower levels than in prior periods. The manufacturing community continues to expand, with November adding positively to the three-month rolling PMI® average." – Timothy R. Fiore, CPSM, CPSD, Chair of the ISM® Manufacturing Business Survey Committee

Source: https://www.instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?navItemNumber=31086; 12/3/18

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November 2018 Non-Manufacturing ISM®
Report On Business®

November PMI® at 60.7%

Business Activity Index at 65.2%; New Orders Index at 62.5%; Employment Index at 58.4%

"Economic activity in the **non-manufacturing sector** grew in November for the 106th consecutive month, say the nation's purchasing and supply executives in the latest **Non-Manufacturing ISM® Report On Business®**.

The NMI® registered 60.7 percent, which is 0.4 percentage point higher than the October reading of 60.3 percent. This represents continued growth in the non-manufacturing sector, at a slightly faster rate.

The Non-Manufacturing Business Activity Index increased to 65.2 percent, 2.7 percentage points higher than the October reading of 62.5 percent, reflecting growth for the 112th consecutive month, at a faster rate in November.

The New Orders Index registered 62.5 percent, 1 percentage point higher than the reading of 61.5 percent in October.

The Employment Index decreased 1.3 percentage points in November to 58.4 percent from the October reading of 59.7 percent.

The Prices Index rose 2.6 percentage points from the October reading of 61.7 percent to 64.3 percent, indicating that prices increased in November for the 33rd consecutive month.

According to the NMI®, 17 non-manufacturing industries reported growth. The non-manufacturing sector continued to reflect strong growth in November. However, concerns persist about employment resources and the impact of tariffs. Respondents remain positive about current business conditions and the direction of the economy." – Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM, Chair of the Institute for Supply Management® (ISM®) Non-Manufacturing Business Survey Committee

Source: https://www.instituteforsupplymanagement.org/ISMReport/NonMfgROB.cfm?navItemNumber=31090; 12/5/18

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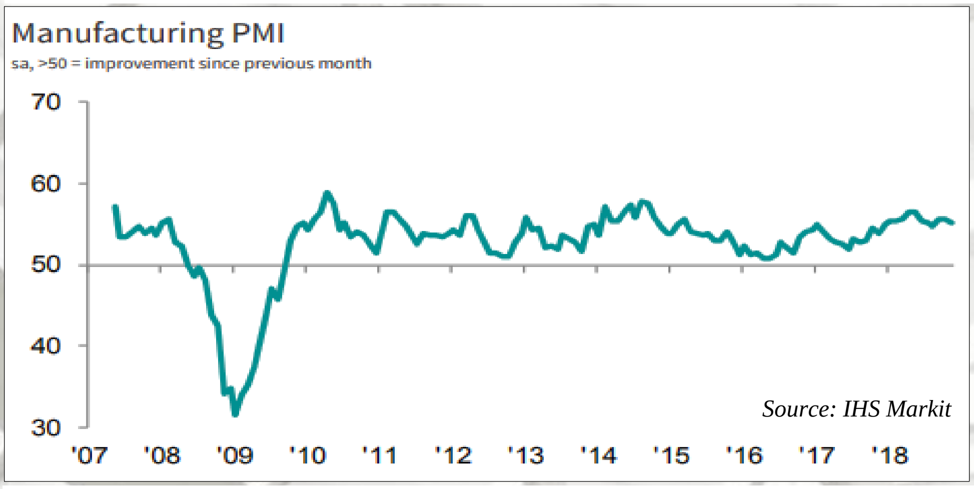

Markit U.S. Manufacturing PMI™

"The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 55.3 in November, down slightly from 55.7 in October. Although the headline figure dipped to a three-month low, it indicated a solid improvement in the health of the sector that was above the series trend.

Output expands at joint-weakest rate since September 2017

November survey data signalled a solid improvement in operating conditions across the U.S. manufacturing sector, despite the headline PMI dipping to a three-month low. The upturn was supported by the fastest increase in new orders since May and a sharp rise in employment. Output also rose solidly, despite growth easing to the joint-weakest in over a year. Capacity pressures were also evident through a further rise in backlogs. Panellists continued to highlight stockpiling activity amid expectations of further rises in raw material prices, with input buying increasing strongly. Cost burdens rose markedly as shortages at suppliers and tariffs pushed up input prices. …

Despite the headline PMI slipping to a three-month low, November saw manufacturers enjoy another encouragingly solid month of improving business conditions. Dig deeper behind the headline number and the picture brightens further. New orders rose at the fastest rate for six months, prompting manufacturers to continue to expand capacity to meet demand. The pace of job creation remained among the highest seen over the past decade. The survey acts as a reliable guide to the official manufacturing data, and suggests that factory output is growing at an annualised rate of around 1.5% so far in the fourth quarter, providing a material but by no means impressive contribution to GDP. As such, the data corroborate the flash PMI's signal that the economy will likely see growth slow to a 2.5% rate in the fourth quarter.

In a further sign that growth has peaked, business optimism about the year ahead waned to the lowest for over a year, albeit with the proportion of companies expecting output to be higher in a year's time outnumbering those expecting a decline by 36% to 3%." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Survey/PressRelease.mvc/cb9e0e3abcec4084aa62ba08c96af884; 12/3/18

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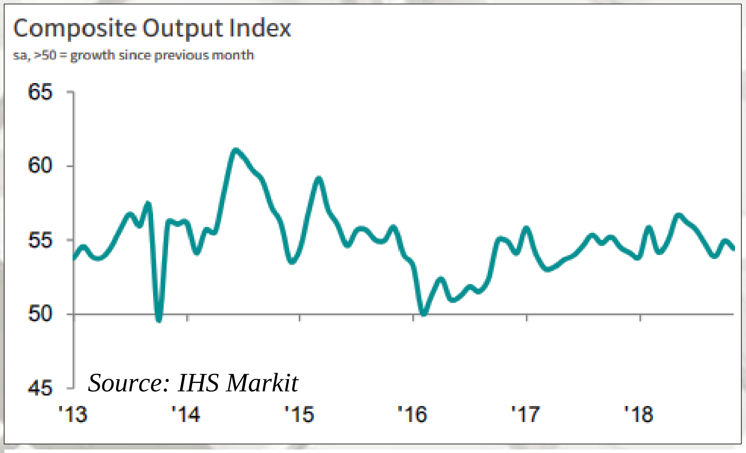

Markit U.S. Services PMI™

"The seasonally adjusted final **IHS Markit U.S. Services Business Activity Index** registered 54.7 in November, broadly in line with a figure of 54.8 seen in October. The strong rise in business activity was linked by service providers to a sustained rise in new business and robust client demand. Although down on rates of expansion seen earlier in the year, the increase was faster than the previously released flash figure of 54.4.

Slowest new business growth since October 2017

Growth momentum in business activity across the U.S. service sector was maintained in November, with firms registering a strong expansion in output. Foreign demand strengthened, leading to the fastest rise in new export business for six months. However, the upturn in overall new business moderated from rates seen earlier in the year. In line with a slowdown in new order growth, workforce numbers were expanded at the weakest rate since June 2017. Meanwhile, input prices continued to rise at a historically sharp rate. Subsequently, firms increased output prices charged further. New business received by service providers continued to expand in November, extending the trend seen since data collection began in late-2009. Panellists suggested the rise in new orders was due to new client acquisitions and more favourable market conditions. Although the rate of growth was strong overall, it was the slowest for 13 months and signalled a moderation in growth momentum compared to earlier in the year.

The PMI surveys paint a picture of an economy growing at a solid annual rate of 2.5% so far in the fourth quarter, and continuing to add jobs in impressive numbers. Although some cooling in the rate of job creation was seen in November, the surveys are still pointing to payrolls growing at monthly rate of around 185,000. The surveys therefore add to evidence that the domestic economy remains in good health, generating balanced growth across both manufacturing and services and increasingly outperforming other major economies. However, while new business growth remained encouragingly resilient, it has eased to the lowest in over a year as demand showed some signs of softening, linked partly to growing concerns over trade wars, slower global demand growth, rising political uncertainty and tighter financial conditions. Such concerns have also dampened business expectations about the year ahead, adding to signs that growth may have peaked, though any slowing in growth looks likely to be only modest." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Survey/PressRelease.mvc/fee6330c7c654e39b79192fc5261dab6; 12/6/18

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Private Indicators

National Association of Credit Management – Credit Managers' Index

"It was not a big bounce back, but the good news is the data certainly didn't get any worse. This is not an unusual pattern for this year – comparisons have been made to a rollercoaster for months. It seems that a dip one month is followed by a recovery the next. Thus far, there have been few longer-lasting trends.

The combined score moved from 54.5 to 55.8. This takes the measurement back to levels last seen in August. In fact, there has been quite a lot of consistency with the overall data. The lowest point in the last 12 months was the 53.7 notched in April. The high point was 56.6. That was reached twice – once in February and again in May. The important thing is these readings have all been close to the mid-50s for the last couple of years. That means general expansion has been in place. The index of favorable factors also rebounded – moving from 61.6 to 63.2. This is not as robust as it had been the last two months, but it is headed in the right direction. The index of unfavorable factors crept back into expansion territory (anything over 50) with a reading of 50.9 up from 49.7 the month previous. There has been a consistent pattern with these nonfavorable readings as the range has been from 49.4 to 50.9. This month actually marked the highest reading in the last 12 months.

The detail is, as always, the most interesting data. The sales category made something of a comeback with a reading of 64.5 up from 62.7 last month. This is still a little short of where the readings stood in August (65) and September (68.8), but trending in the right direction. The new credit applications data also improved as it went from 61.7 to 62.2. The dollar collections data moved back into the 60s with a reading of 60.9 compared to the 57.5 last month. The amount if credit extended shifted up as well (64.5 to 65.3)." – Adam Fusco, Associate Editor, NACM

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 11/30/18

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National Association of Credit Management – Credit Managers' Index

"There was also some interesting and encouraging data coming from the nonfavorable categories. The rejections of credit applications remained static at 51.4, which leaves this category just slightly under the norm for the last several months. The accounts placed for collection reading worsened just a little and remained in the contraction zone (dropping from 48.8 to 48.2). The disputes reading emerged from contraction territory, but only by a hair as it went from 49.9 to 50.1. The dollar amount beyond terms made a bigger leap out of contraction with a reading of 52.3 after one of 47.7 the month prior. The dollar amount of customer deductions was little changed with a reading of 49.6 after the previous month's reading of 49.5. It is still in contraction territory, but at least it is slowly heading in the right direction. There was more progress in the filings for bankruptcies category as it has moved from 52.1 to 53.6..

Manufacturing Sector

The combined score went from 54.4 to 55.6, back to the levels seen in the last few months (although not yet back to the 56.4 reading in September). The favorable factors improved from 61.5 to 63.2, but remained below the 64.4 that was noted in both August and September. The unfavorable index climbed free of the contraction zone with a reading of 50.5. Last month it has fallen to 49.6. The more indicative data is in the subcategories.

The sales category recovered from the 62.3 reading in October – the lowest level seen since July. It is now at 64.2. That is still lower than it has been for several months, but at least the trend is in the right direction. The new credit applications numbers (61.7) remained very close to what they had been in October (61.5). There was a significant improvement in the dollar collections data as it climbed back into the 60s with a reading of 61.6 after sinking to 58.5 in October. The amount of credit extended also improved with a reading of 65.4 compared to 63.7." – Adam Fusco, Associate Editor, NACM

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 10/31/18

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National Association of Credit Management – Credit Managers' Index

Service Sector

"The overall CMI for service went from 54.6 to 56, nearly as positive as the data showed in September. The index of favorable factors improved as well – moving from 61.7 to 63.2, but that remains short of the 65.9 level hit in September. The index of unfavorable factors escaped contraction territory by moving from 49.8 to 51.2, back to levels that have been common these last several months.

There has been the usual variability in the specific categories. The sales data improved with a reading of 64.9 as compared to the 63.2 the month before. The new credit applications category also went back up a little – from 61.9 to 62.7. The all-important dollar collections data jumped back into the 60s with a reading of 60.1 after slumping to 56.4 last month. This is not at the exalted levels seen in September when it hit 66.5, but the current numbers are about where they had been prior to the surge. The amount of credit extended stayed right where it was last month – at 65.2

The unfavorables moved around some as well. The rejections of credit applications fell back into contraction territory with a reading of 49.7. Last month the category was holding on with a 50.9 score, but the last time this category was under 50 was in May of this year. The accounts placed for collection went from 48.4 to 47.2 – deeper into contraction territory. The category of disputes emerged from the contraction zone with a reading of 50.6 after languishing at 49.1 the month prior. The dollar amount beyond terms made a truly spectacular comeback from the month before. It was buried in contraction with a reading of 46.3 and this month the number is 54.3. He explained that there is evidence many retailers were doing their best to get caught up in advance of the big selling season to come. The dollar amount of customer deductions slipped a bit from 51.1 to 50.7, but stayed out of contraction. The filings for bankruptcies improved a little from 53.2 to 54.9 – still less robust than it has been for the last few months." – Adam Fusco, Associate Editor, NACM

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 10/31/18

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Private Indicators

National Association of Credit Management – Credit Managers' Index

"The more pertinent data is showing some consistent concerns within the nonfavorable categories as well as some consistently good news within the favorable categories. The reason for this split in performance is that some sectors are doing very well (the oil and gas business, automotive and health care), but other sectors are consistently struggling (some retail, agriculture and aerospace).

The manufacturing sector continues to expect the other shoe to drop at any moment, but thus far, the impact has been delayed. From the moment the steel tariffs were announced, there was an expectation prices would surge to the point that many manufacturers would have to lose money by holding prices constant to hang on to market share, or they would have to jack up those prices and risk alienating consumers. The tariff is 25% for steel and 10% for aluminum, but the price hikes have been far greater than this. On average, the hike has been between 40% and 45%. The full impact is just starting to be felt as many companies sought to buy as much steel as they could prior to the price hike. That inventory is now vanishing. That will mean buying the much higher-priced steel. This month the data has been solid enough and an improvement over what it had been the month before, but the issues and concerns are starting to manifest.

The sense is that some retailers are under some stress. There has been a lot of buying from China with the expectation that many of these goods will be hit with tariffs and other trade restrictions.

If the retailers have the holiday sales, they are expecting there should be some good readings in December CMI. But there might also be weaker data from construction given the early arrival of winter. There was a divergence this time around. The favorable factors showed considerable improvement, but the unfavorable categories were slumping." – Dr. Chris Kuehl, Economist, NACM

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 10/31/18

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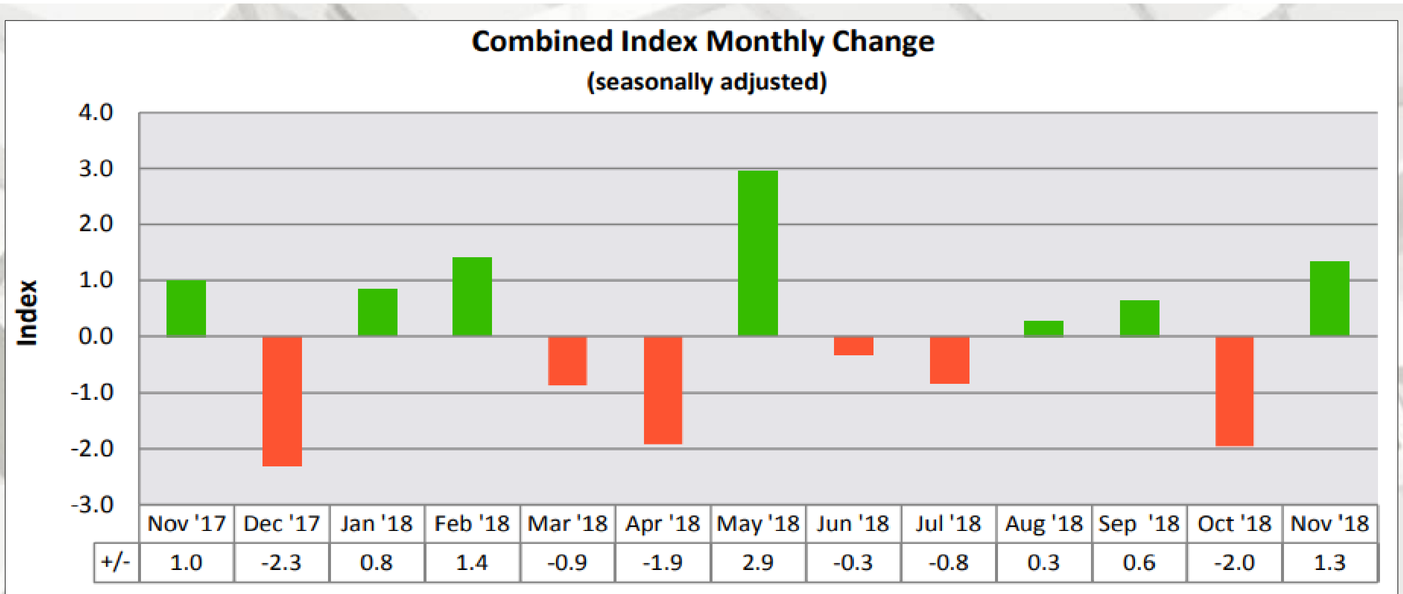
Private Indicators



Combined Manufacturing and Service Sectors (seasonally adjusted)	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18	Apr '18	May '18	Jun '18	Jul '18	Aug '18	Sep '18	Oct '18	Nov '18
Sales	68.3	59.2	63.0	66.8	64.1	65.8	69.6	69.6	63.9	65.0	68.8	62.7	64.5
New credit applications	63.7	57.3	59.8	63.3	62.7	62.2	63.8	60.5	61.2	62.5	61.9	61.7	62.2
Dollar collections	63.1	59.1	58.7	62.9	59.6	46.7	62.5	63.2	61.0	62.6	62.8	57.5	60.9
Amount of credit extended	67.8	61.8	64.3	66.4	66.2	66.1	66.8	66.2	66.1	66.9	67.1	64.5	65.3
Index of favorable factors	**65.7**	**59.4**	**61.4**	**64.9**	**63.2**	**60.2**	**65.7**	**64.9**	**63.1**	**64.3**	**65.2**	**61.6**	**63.2**
Rejections of credit applications	52.4	51.4	51.8	51.5	53.3	51.0	51.3	51.2	52.5	52.2	51.8	51.4	51.4
Accounts placed for collection	50.5	49.8	51.7	49.8	50.4	48.7	49.0	51.3	49.9	49.0	50.2	48.8	48.2
Disputes	48.3	49.7	49.6	49.6	47.7	48.0	48.1	48.3	47.7	46.4	47.6	48.9	50.1
Dollar amount beyond terms	47.5	49.3	47.0	49.9	47.2	46.4	49.4	49.2	47.4	48.5	49.9	47.7	52.3
Dollar amount of customer deductions	48.9	49.7	49.7	49.1	49.8	48.4	49.7	48.1	47.9	48.7	48.6	49.5	49.6
Filings for bankruptcies	55.1	55.0	55.2	55.4	55.2	53.8	56.4	55.7	57.4	55.9	55.6	52.1	53.6
Index of unfavorable factors	**50.4**	**50.8**	**50.8**	**50.9**	**50.6**	**49.4**	**50.6**	**50.6**	**50.5**	**50.1**	**50.6**	**49.7**	**50.9**
NACM Combined CMI	**56.6**	**54.2**	**55.1**	**56.5**	**55.6**	**53.7**	**56.6**	**56.3**	**55.5**	**55.8**	**56.4**	**54.5**	**55.8**

Source: http://web.nacm.org/CMI/PDF/CMIcurrent.pdf; 10/31/18

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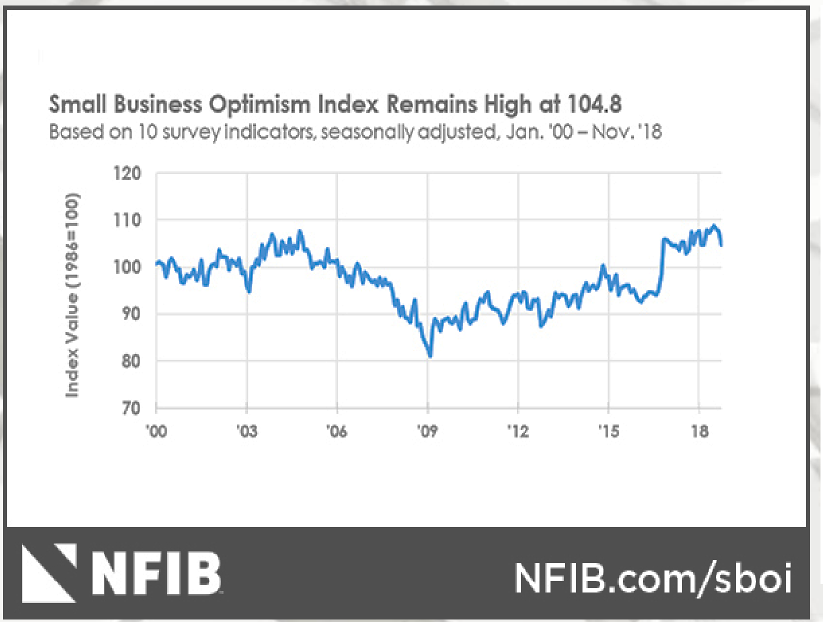

November 2018 Report:

"Small business optimism posted a modest decline in November with a reading of 104.8, while continuing its exceptionally strong two-year trend, according to the NFIB Small Business Optimism Index. Slightly more than half of the decline was attributable to Expected Business Conditions and Expected Real Sales. Increases in compensation tied a near 30-year high as owners seek to attract more qualified candidates. An increasing percentage of owners reported capital outlays and higher sales.

Small Business Optimism Remains Historically High In November

"When viewing the responses received prior to and after the election, the value of the Index was basically unchanged after the election results were known. Capital spending and job creation plans improved. Job openings lost four points but remained very strong. Inventory investment plans declined but remained positive as owners reported additions to current stocks. Expected real sales and expected business conditions six months out fell four and eleven points respectively, and the percent viewing the current period as a good time to expand fell one point.

A net nine percent of all owners (seasonally adjusted) reported higher nominal sales in the past three months, up one point and historically very strong. Thirty percent or more of the owners in construction, manufacturing, retail, and transportation reported quarterly improvements in sales." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 12/11/18

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Private Indicators

Small Business Optimism Remains Historically High In November

"Small business owners are enthusiastic about the economy and have demonstrated their optimism by raising wages, creating new jobs, and investing in their businesses throughout 2018. Overall, small business owners have shown a historic trend in optimism for their businesses and the economy and continue to be the driving force behind economic growth." – Juanita Duggan, President and CEO, NFIB

"Small business employs about half of the private workforce, so investment and training in that sector is critical to improving overall worker productivity over the next five years." – William C. Dunkelberg, Chief Economist, NFIB

"Sixty-one percent of owners reported capital outlays, up two points from October, with 45 percent of those making expenditures, purchasing new equipment (up two points), 22 percent acquiring vehicles (down four points), and 18 percent improving or expanding facilities (unchanged). Twenty-nine percent plan capital outlays in the next three to six months, down one point, but among the strongest readings in the recovery period. Plans to invest were most frequent in manufacturing (34 percent), transportation (32 percent), and the wholesale trades (38 percent).

As reported in the November jobs report, small business job creation increased slightly, rising to a net addition of 0.19 workers per firm. Sixteen percent of owners reported increasing employment an average of 2.9 workers per firm, unchanged from October, and 11 percent reported reducing employment and average of 1.9 workers per firm. Matching the August 2018 record high and up two points from last month, 25 percent of owners cited the difficulty of finding qualified workers as their 'Single Most Important Business Problem.'" – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends/; 12/11/18

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Private Indicators

"The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 5.5% annual gain in September, down from 5.7% in the previous month. The 10-City Composite annual increase came in at 4.8%, down from 5.2% in the previous month. The 20-City Composite posted a 5.1% year-over-year gain, down from 5.5% in the previous month.

Annual Home Price Gains Slow According To S&P CoreLogic Case-Shiller Index

Home prices plus data on house sales and construction confirm the slowdown in housing. The S&P CoreLogic Case-Shiller National Index showed a 5.5% year-over-year gain, weaker for the second month in a row as 16 of 20 cities showed smaller annual price gains. On a monthly basis, nine cities saw prices decline in September compared to August. In Seattle, where prices were rising at double-digit annual rates a few months ago, prices dropped last month. The few places reporting larger gains including some of the cities which had the biggest gains and largest losses 10 years ago: Las Vegas, Phoenix and Tampa.

Sales of both new and existing single family homes peaked one year ago in November 2017. Sales of existing homes are down 9.3% from that peak. Housing starts are down 8.7% from November of last year. The National Association of Home Builders sentiment index dropped seven points to 60, its lowest level in two years. One factor contributing to the weaker housing market is the recent increase in mortgage rates. Currently the national average for a 30-year fixed rate loan is 4.9%, a full percentage point higher than a year ago." – David Blitzer, Managing Director and Chairman of the Index Committee, S&P Dow Jones Indices

Source: https://www.spice-indices.com/idpfiles/spice-assets/resources/public/documents/821961_cshomeprice-release-1127.pd; 11/27/18

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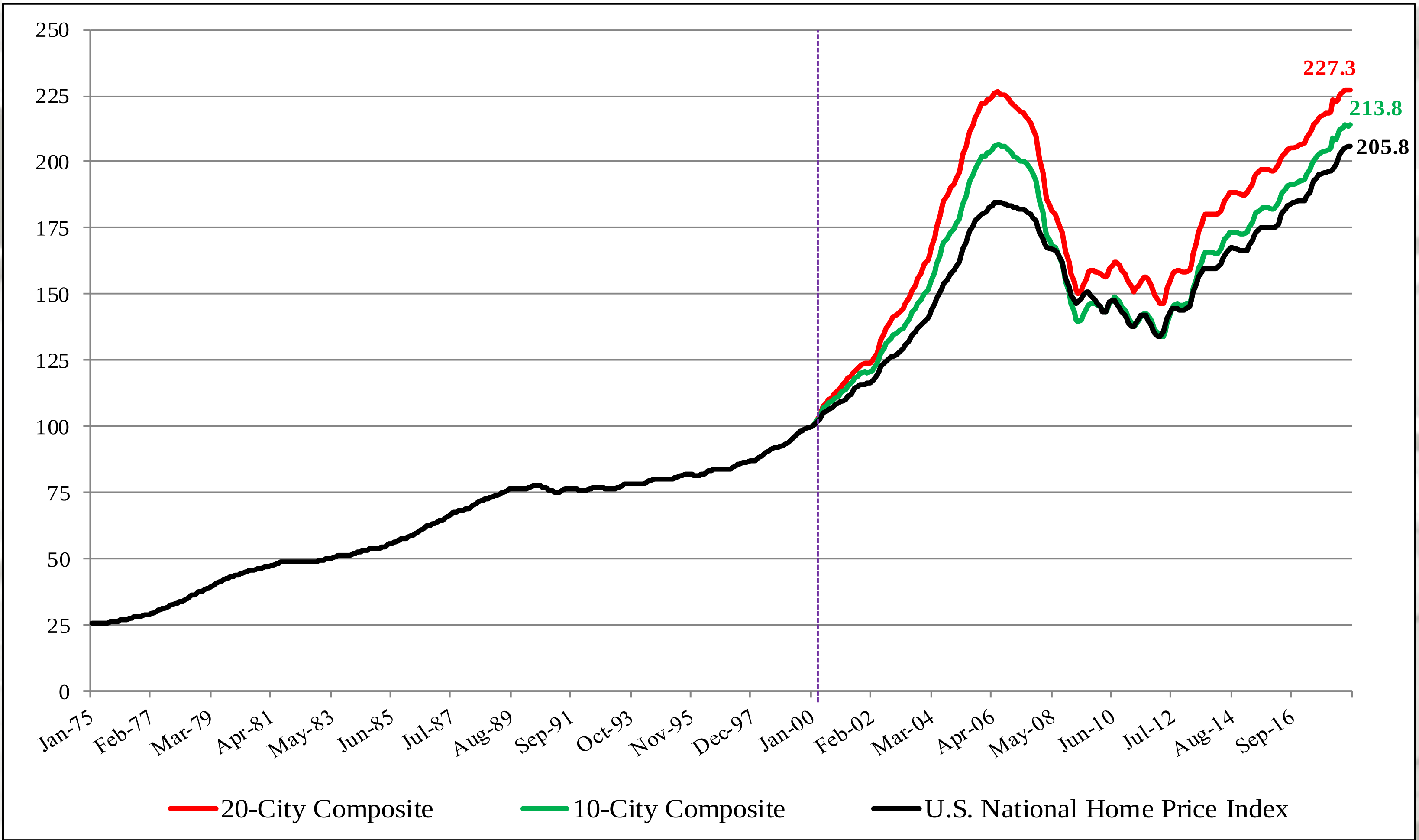
Private Indicators

S&P/Case-Shiller Home Price Indices



"Las Vegas, San Francisco and Seattle reported the highest year-over-year gains among the 20 cities. In September, Las Vegas led the way with a 13.5% year-over-year price increase, followed by San Francisco with a 9.9% increase and Seattle with an 8.4% increase. Four of the 20 cities reported greater price increases in the year ending September 2018 versus the year ending August 2018." – Soogyung Jordan, Global Head of Communications, S&P CoreLogic

Source: https://www.spice-indices.com/idpfiles/spice-assets/resources/public/documents/821961_cshomeprice-release-1127.pd; 11/27/18

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Demographics

U.S. Census Bureau

2018 Families and Living Arrangements

"Adults in the United States are increasingly delaying saying "I Do" as the median age at first marriage continues to climb, according to new data released by the Census Bureau.

The median age at first marriage in the United States has continued to rise in recent years from 27.1 and 25.3 years in 2003 for males and females, respectively, to 29.8 and 27.8 years in 2018. This upward trend is consistent with other changes to U.S. households and family structure according to new tables released today by the Census Bureau.

As the nation's household and family structure continues to change and median age at first marriage rises, the proportion of young adults who are married has decreased. In 2018, 29 percent of young adults ages 18 to 34 were married, a decrease of 30 percentage points when compared to 59 percent of young adults being married in 1978.

Along with changes in the age of first marriage and marriage rates, there have been changes in the number of young adults living with an unmarried partner. In 2018, 15 percent of young adults ages 25 to 34 lived with an unmarried partner, up from 12 percent in 2008. Among those ages 18 to 24, cohabitation is now more prevalent than living with a spouse; 9 percent of these young adults lived with an unmarried partner, compared to 7 percent who lived with a spouse in 2018." – Jewel Jordan, Public Information Office, U.S. Census Bureau

Source: https://www.census.gov/newsroom/press-releases/2018/families.html; 11/14/18

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Demographics

U.S. Census Bureau

2018 Families and Living Arrangements

"Other Highlights:

Households

- In 2018, there are 35.7 million single-person households, composing 28 percent of all households. In 1960, single-person households represented only 13 percent of all households.

Marriage and Family

- In 2018, 32 percent of all adults age 15 and over have never been married, up from 23 percent in 1950.
- Over a quarter (27 percent) of children under the age of 15 who live in married-couple families have a stay-at-home mother, compared to only 1 percent who have a stay-at-home father.

Living Arrangements of Adults and Children

- Over half (54 percent) of young adults ages 18 to 24 live in the parental home, compared to 16 percent of young adults ages 25 to 34.

Unmarried Couples

- In 2018, there were 8.5 million unmarried opposite-sex couples living together.

These statistics come from the 2018 Current Population Survey Annual Social and Economic Supplement, which has collected statistics on families for more than 60 years. The data shows characteristics of households, living arrangements, married and unmarried couples, and children." – Jewel Jordan, Public Information Office, U.S. Census Bureau

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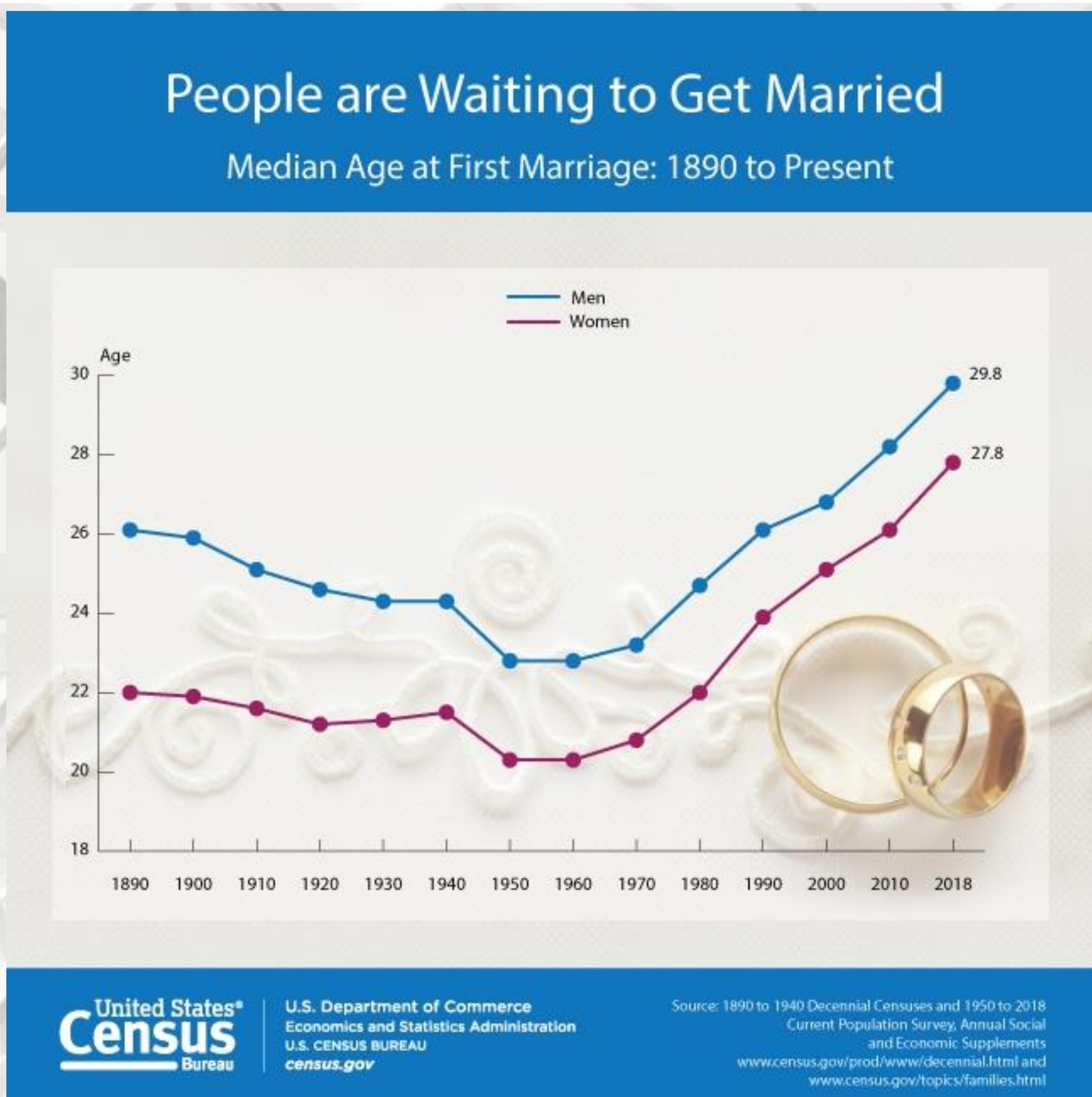
Demographics



Source: https://www.census.gov/newsroom/press-releases/2018/families.html; 11/14/18

Economics

The Federal Reserve Bank of New York

Research and Statistics Group-Center for Microeconomic Data

Household Debt Registers Faster Growth in Q3 2018

"The CMD's latest Quarterly Report on Household Debt and Credit reveals that total household debt rose by $219 billion to reach $13.51 trillion in the third quarter of 2018 – an increase of 1.6 percent, up from a rise of 0.6 percent in the second quarter. Balances climbed 1.6 percent on mortgages, 2.2 percent on auto loans, 1.8 percent on credit cards, and 2.6 percent on student loans this past quarter.

Mortgage balances, shown on consumer credit reports on September 30 stood at $9.1 trillion, an increase of $141 billion from the second quarter of 2018.

Balances on home equity lines of credit (HELOC), on a declining trend since 2009, decreased by $10 billion in the third quarter and are now at $422 billion, the lowest level seen in 14 years.

Non-housing balances jumped by $88 billion in the third quarter, with auto loans increasing by $27 billion, credit card balances going up by $15 billion, and student loan balances seeing a seasonally typical $37 billion increase." – The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/microeconomics/hhdc; 11/18

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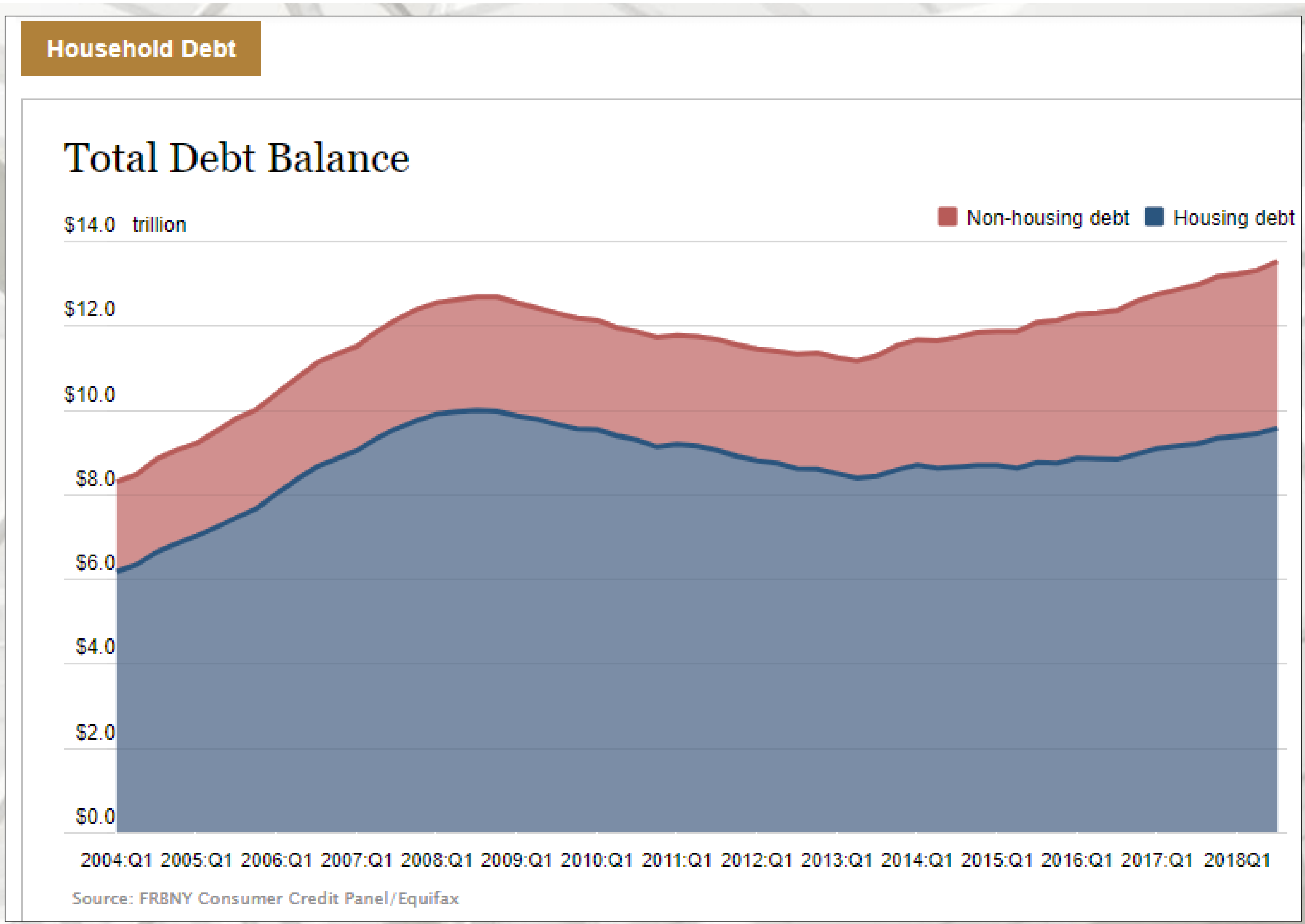
Economics



Source: https://www.newyorkfed.org/microeconomics/hhdc; 11/18

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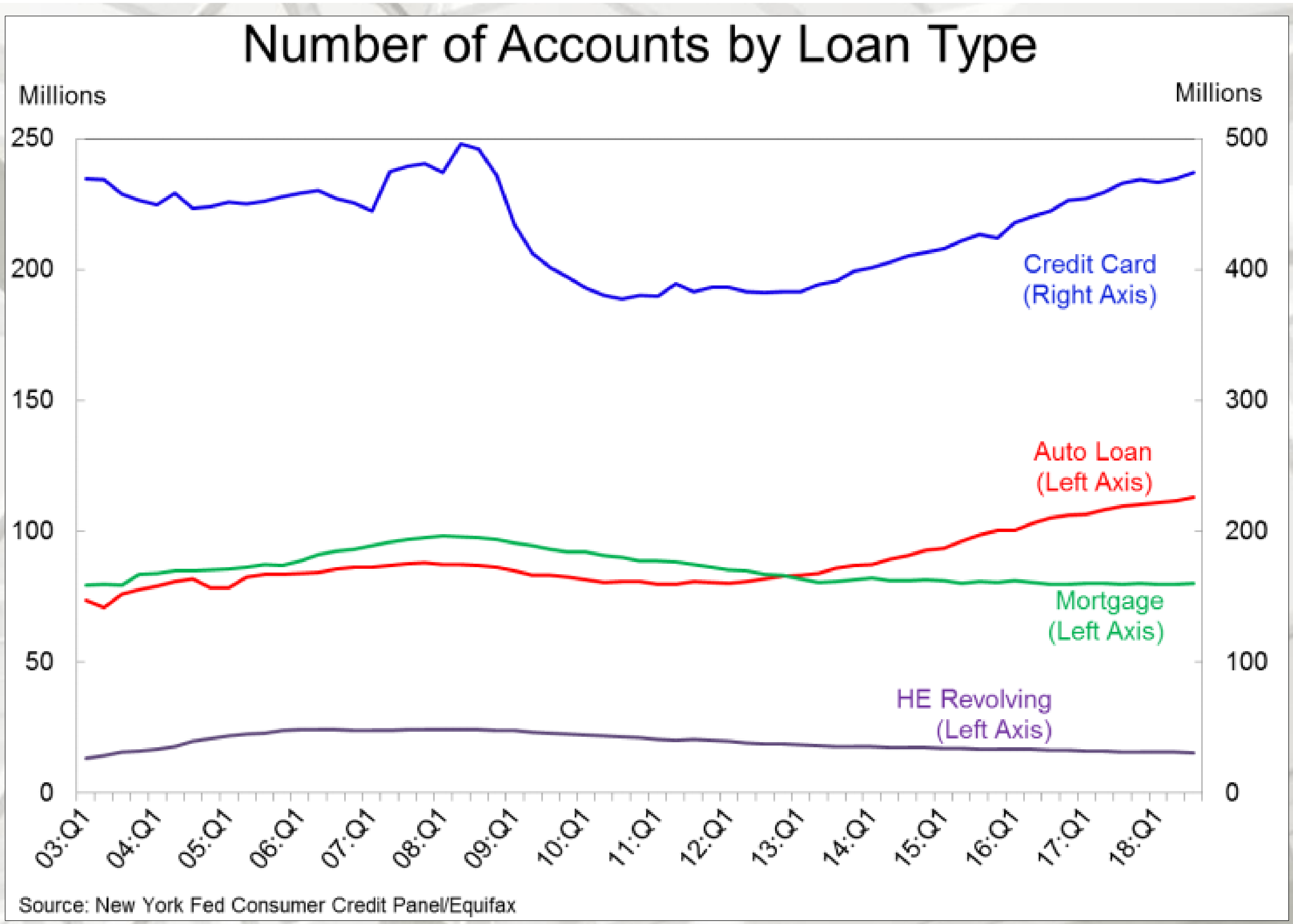
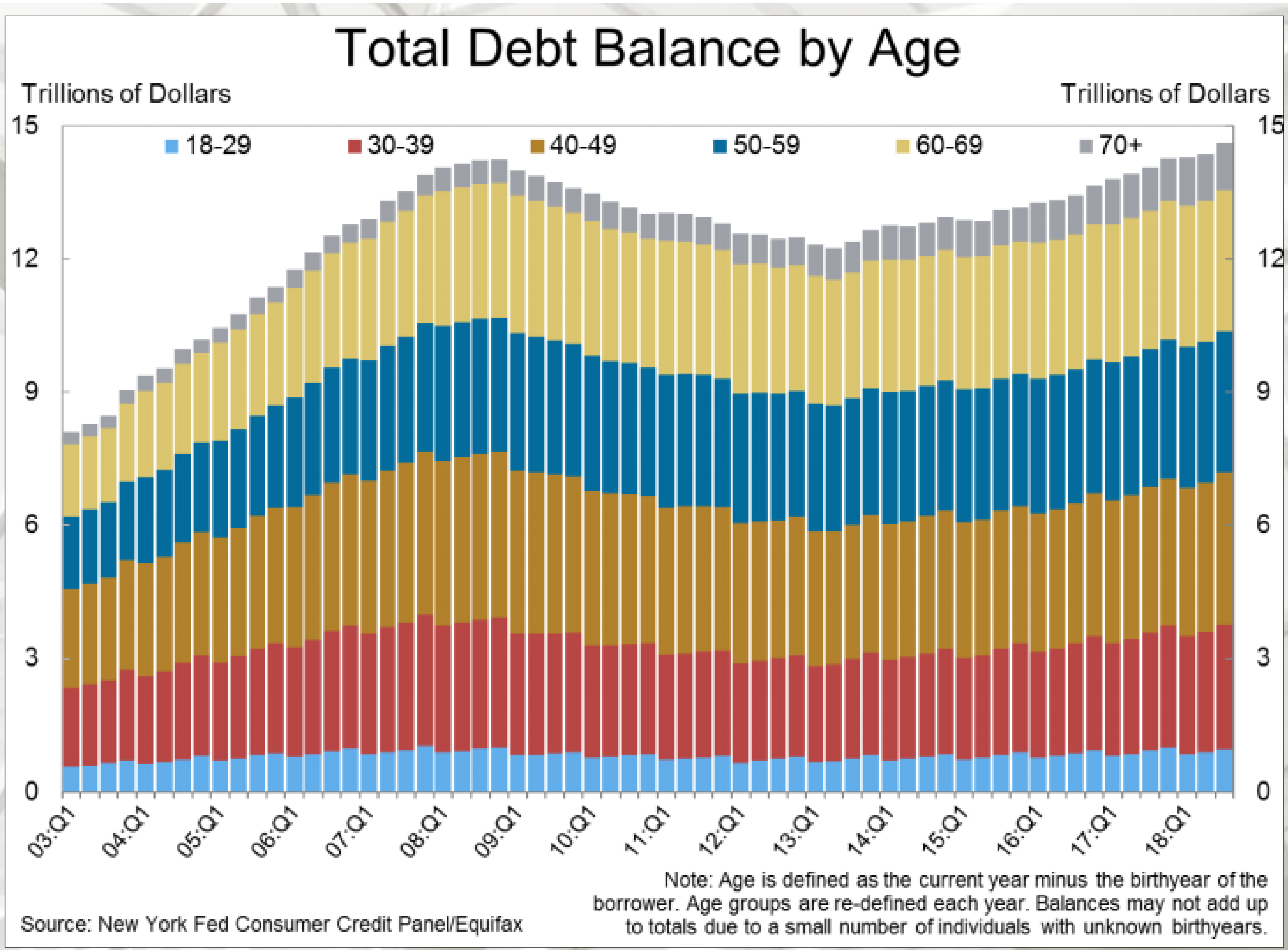


Source: https://www.newyorkfed.org/microeconomics/hhdc; 11/18

Economics



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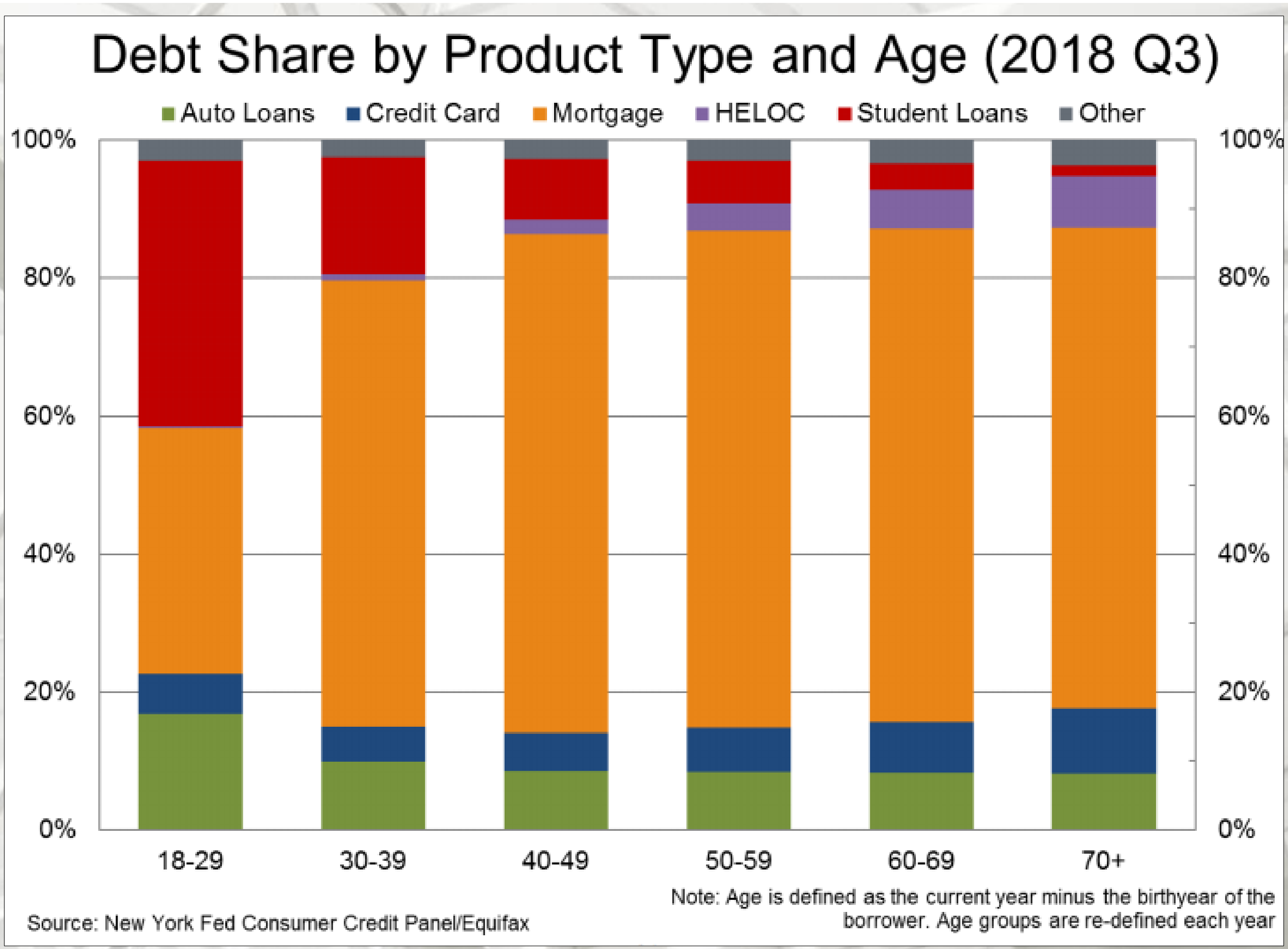

Source: https://www.newyorkfed.org/microeconomics/hhdc; 11/18

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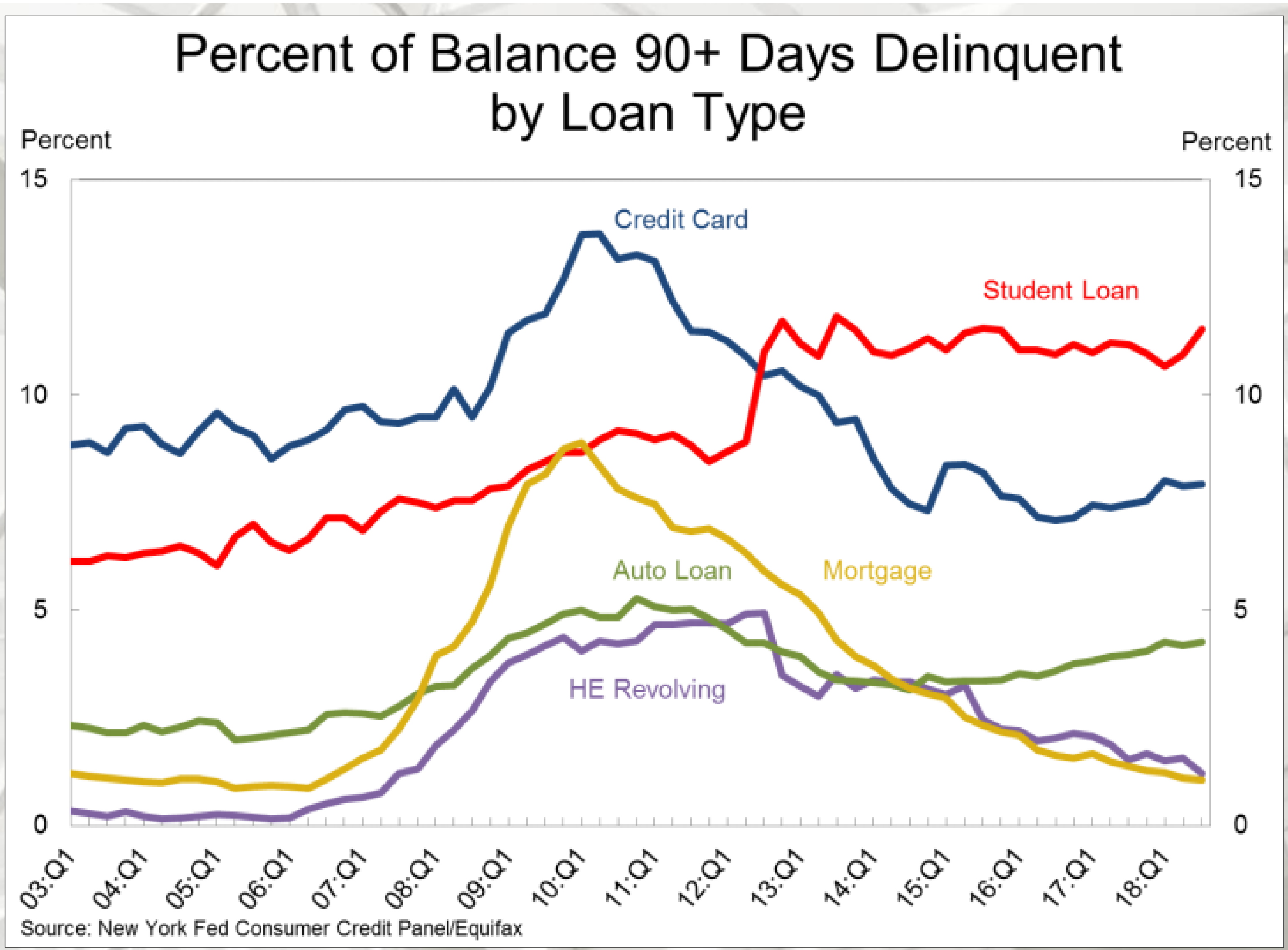

Source: https://www.newyorkfed.org/microeconomics/hhdc; 11/18

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Economics

Visualizing the Poverty Rate of Each U.S. State

"In three southern states, Mississippi, Louisiana, and New Mexico, nearly 20% of the population lives below the poverty line. Two Appalachian states round out the top five: West Virginia (19.1%) and Kentucky (17.2%). Here are the five states with the highest levels of poverty today:

Rank	State	Poverty Rate (2017)
#1	Mississippi	19.8%
#2	Louisiana	19.7%
#3	New Mexico	19.7%
#4	West Virginia	19.1%
#5	Kentucky	17.2%

On the flipside, here are the five states with the **lowest levels** of poverty:"

Rank	State	Poverty Rate (2017)
#47	Connecticut	9.6%
#48 (t)	Minnesota	9.5%
#48 (t)	Hawaii	9.5%
#50	Maryland	9.3%
#51	New Hampshire	7.7%

– Jeff Desjardins, Editor-in-Chief, Visual Capitalist

Source: http://www.visualcapitalist.com/visualizing-poverty-rate-u-s-states/; 11/26/18

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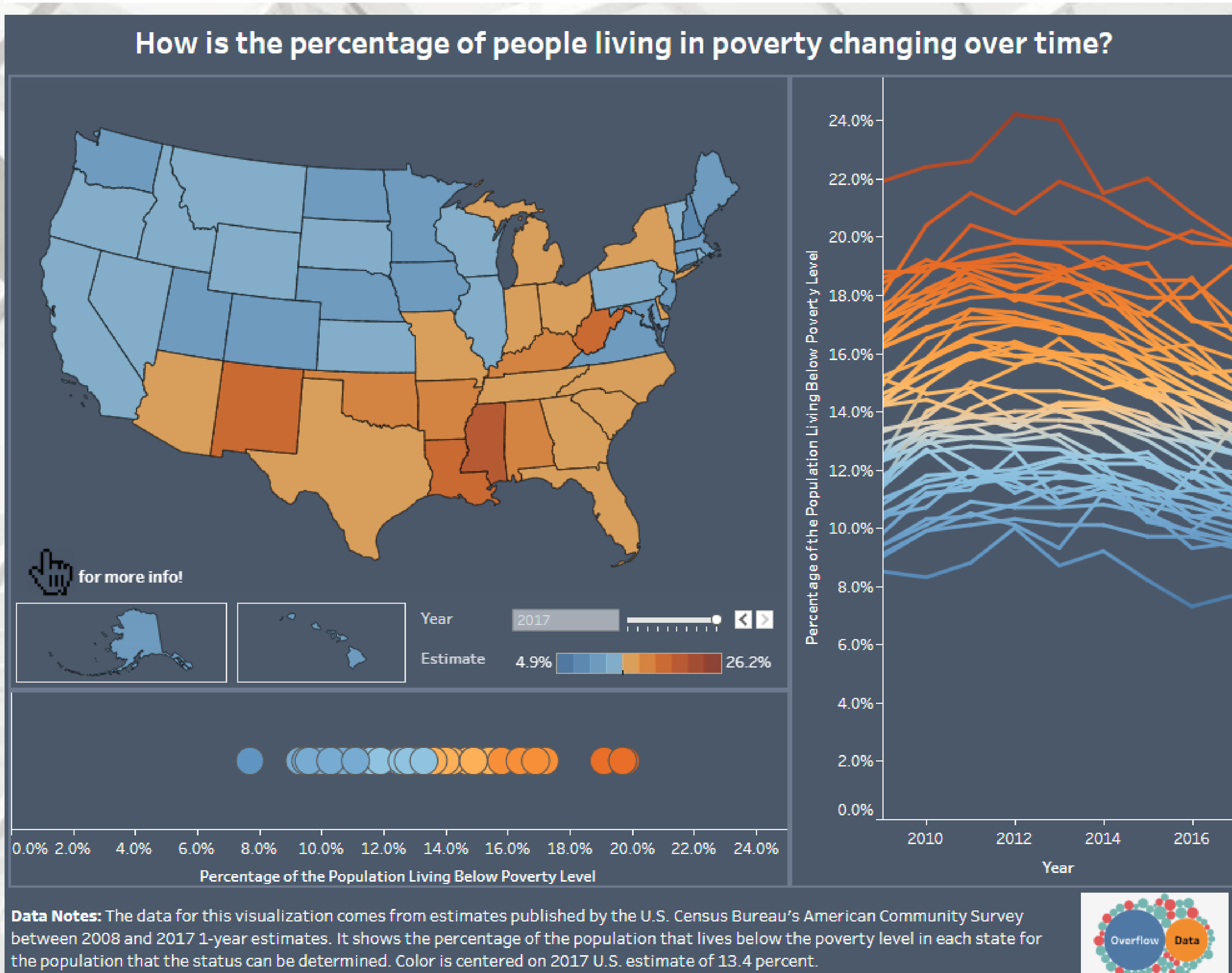
Economics



Source: http://www.visualcapitalist.com/visualizing-poverty-rate-u-s-states/; 11/26/18

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