

# **The Virginia Tech–USDA Forest Service Housing Commentary: Section II September 2020**



## **Delton Alderman**

Economics, Statistics and  
Life Cycle Analysis Research Unit

Forest Products Laboratory



USDA Forest Service

Madison, WI

304.431.2734

[Delton.R.Alderman@usda.gov](mailto:Delton.R.Alderman@usda.gov)



## **Urs Buehlmann**

Department of Sustainable Biomaterials

College of Natural Resources &  
Environment

Virginia Tech

Blacksburg, VA

540.231.9759

[buehlmann@gmail.com](mailto:buehlmann@gmail.com)

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Virginia Polytechnic Institute and State University

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# U.S. Economic Indicators



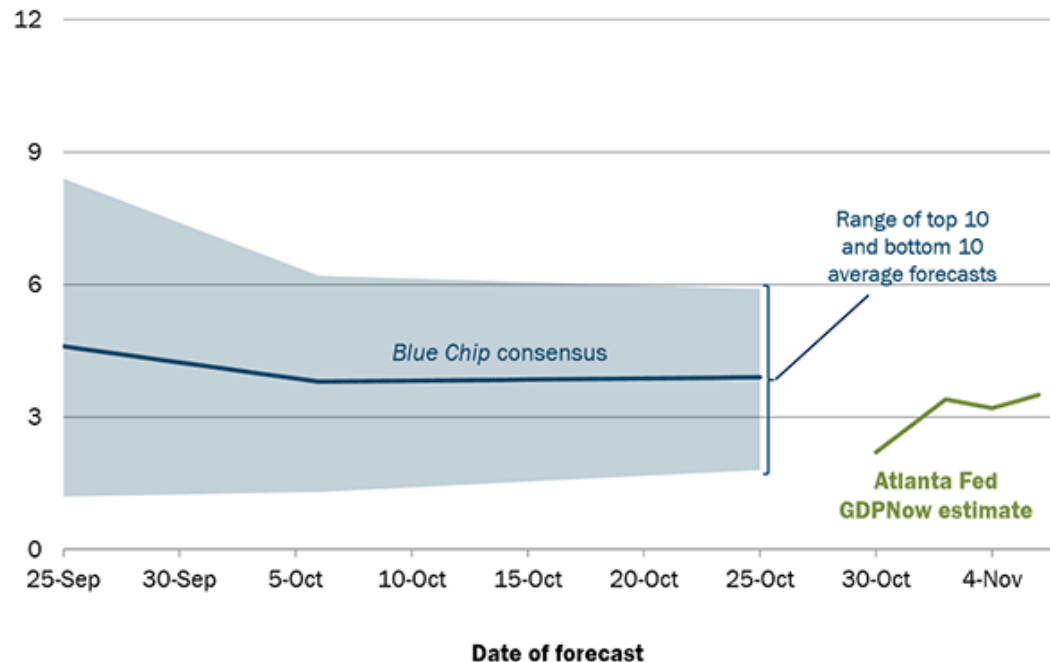
**GDPNow™**

**GDPNow is not an official forecast of the Atlanta Fed.** Rather, it is best viewed as a running estimate of real GDP growth based on available economic data for the current measured quarter. There are no subjective adjustments made to GDPNow—the estimate is based solely on the mathematical results of the model.

In particular, it does not capture the impact of COVID-19 and social mobility beyond their impact on GDP source data and relevant economic reports that have already been released. It does not anticipate their impact on forthcoming economic reports beyond the standard internal dynamics of the model.

## Evolution of Atlanta Fed GDPNow real GDP estimate for 2020: Q4

Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

## Atlanta Fed GDPNow™

### Latest forecast: 3.5 percent — November 6, 2020

“The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2020 is **3.5 percent** on November 6, up from 3.2 percent on November 4. After this morning's releases of the employment situation report by the U.S. Bureau of Labor Statistics and the wholesale trade report from the U.S. Census Bureau, the nowcasts of fourth-quarter real gross private domestic investment growth and fourth-quarter real government spending growth increased from 27.4 percent and 4.0 percent, respectively, to 28.8 percent and 4.4 percent, respectively.” – Pat Higgins, Economist, Federal Reserve Bank of Atlanta



# **The Federal Reserve Bank of Chicago: Midwest Economy Index**

## **Index suggests Midwest growth well above trend through September**

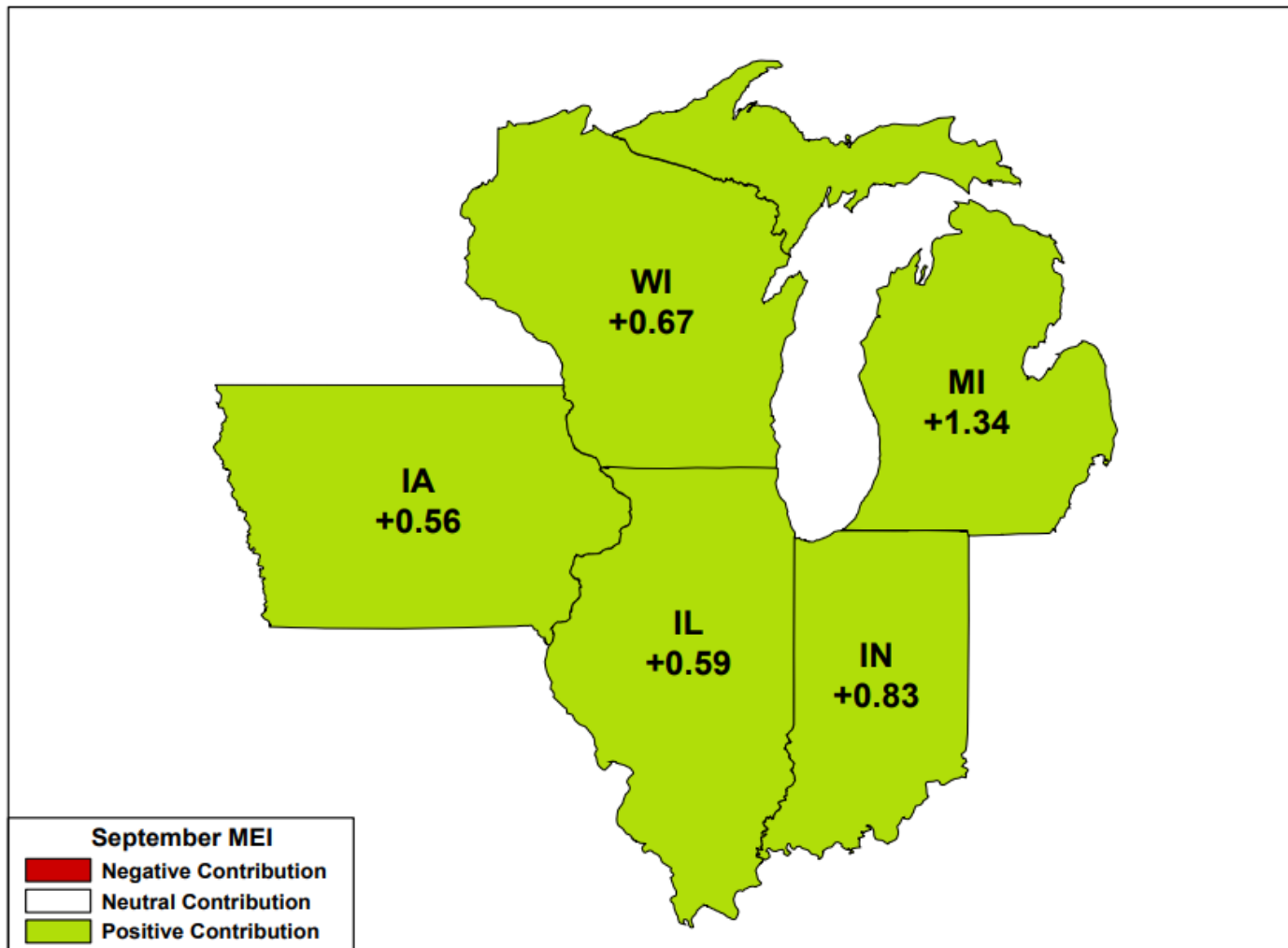
“The Midwest Economy Index (MEI), which approximates quarterly growth at a monthly frequency, rose to +4.30 in September from +1.55 in August. Contributions to the September MEI from all four broad sectors of nonfarm business activity and all five Seventh Federal Reserve District states increased from August. The relative MEI rose to +0.83 in September from –6.12 in August. Contributions to the September relative MEI from all four sectors and all five states increased from August.

The manufacturing sector’s contribution to the MEI moved up to +0.81 in September from +0.18 in August. The pace of manufacturing activity increased in all five states. Manufacturing’s contribution to the relative MEI rose to –1.17 in September from –3.33 in August. The construction and mining sector contributed +0.16 to the MEI in September, up from +0.02 in August. The pace of construction and mining activity was faster in all five states. Construction and mining’s contribution to the relative MEI moved up to –0.22 in September from –0.58 in August.

The service sector’s contribution to the MEI increased to +1.89 in September from +0.48 in August. The pace of service sector activity was up in all five states. The service sector’s contribution to the relative MEI rose to +1.14 in September from –1.58 in August. Consumer spending indicators contributed +1.45 to the MEI in September, up from +0.87 in August. Consumer spending indicators were, on balance, up in all five states. Consumer spending’s contribution to the relative MEI rose to +1.07 in September from –0.63 in August.” – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

# The Federal Reserve Bank of Chicago: Midwest Economy Index

## *MEI and the Seventh Federal Reserve District States*



Note: The map's coloring 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).

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

## **Index Suggests Slower, but Still Slightly Above-Average Growth in September**

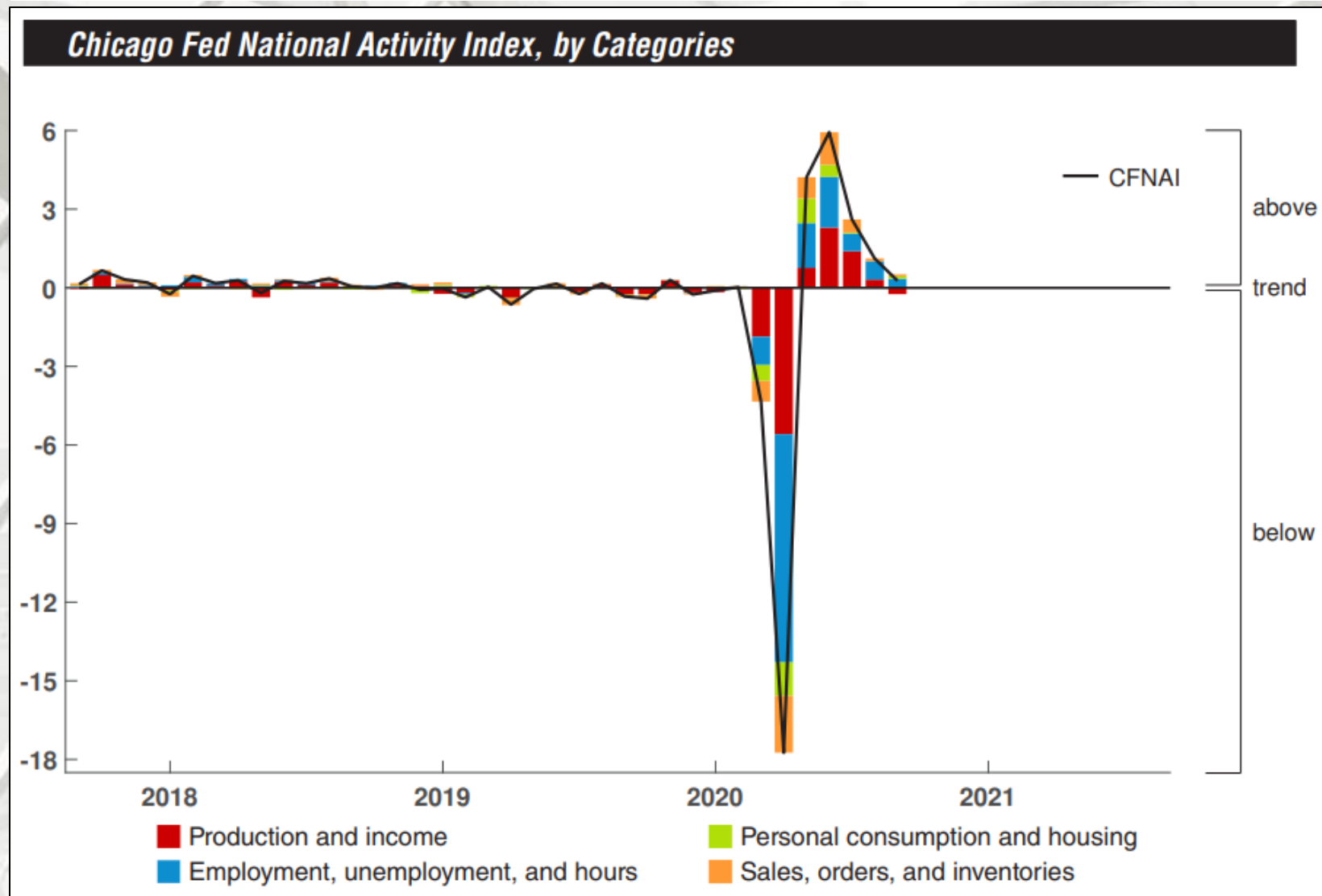
“Led by some further moderation in the growth of production - and employment-related indicators, the Chicago Fed National Activity Index (CFNAI) declined to +0.27 in September from +1.11 in August. Three of the four broad categories of indicators used to construct the index made positive contributions in September, but three of the four categories decreased from August. The index’s three-month moving average, CFNAI-MA3, moved down to +1.33 in September from +3.22 in August.

The CFNAI Diffusion Index, which is also a three-month moving average, decreased to +0.51 in September from +0.71 in August. Fifty of the 85 individual indicators made positive contributions to the CFNAI in September, while 35 made negative contributions. Forty indicators improved from August to September, while 45 indicators deteriorated. Of the indicators that improved, 12 made negative contributions.

Production-related indicators contributed –0.24 to the CFNAI in September, down from +0.31 in August. Industrial production decreased 0.6 percent in September after increasing 0.4 percent in August. The contribution of the sales, orders, and inventories category to the CFNAI edged down to +0.07 in September from +0.10 in August.

Employment-related indicators contributed +0.35 to the CFNAI in September, down from +0.71 in August. Nonfarm payrolls increased by 661,000 in September after rising by 1.5 million in August, and the unemployment rate decreased by 0.5 percentage points in September after falling by 1.8 percentage points in the previous month. The contribution of the personal consumption and housing category to the CFNAI moved up to +0.09 in September from a neutral value in August. Housing starts increased to 1,415,000 annualized units in September from 1,388,000 in the previous month.” – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

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





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

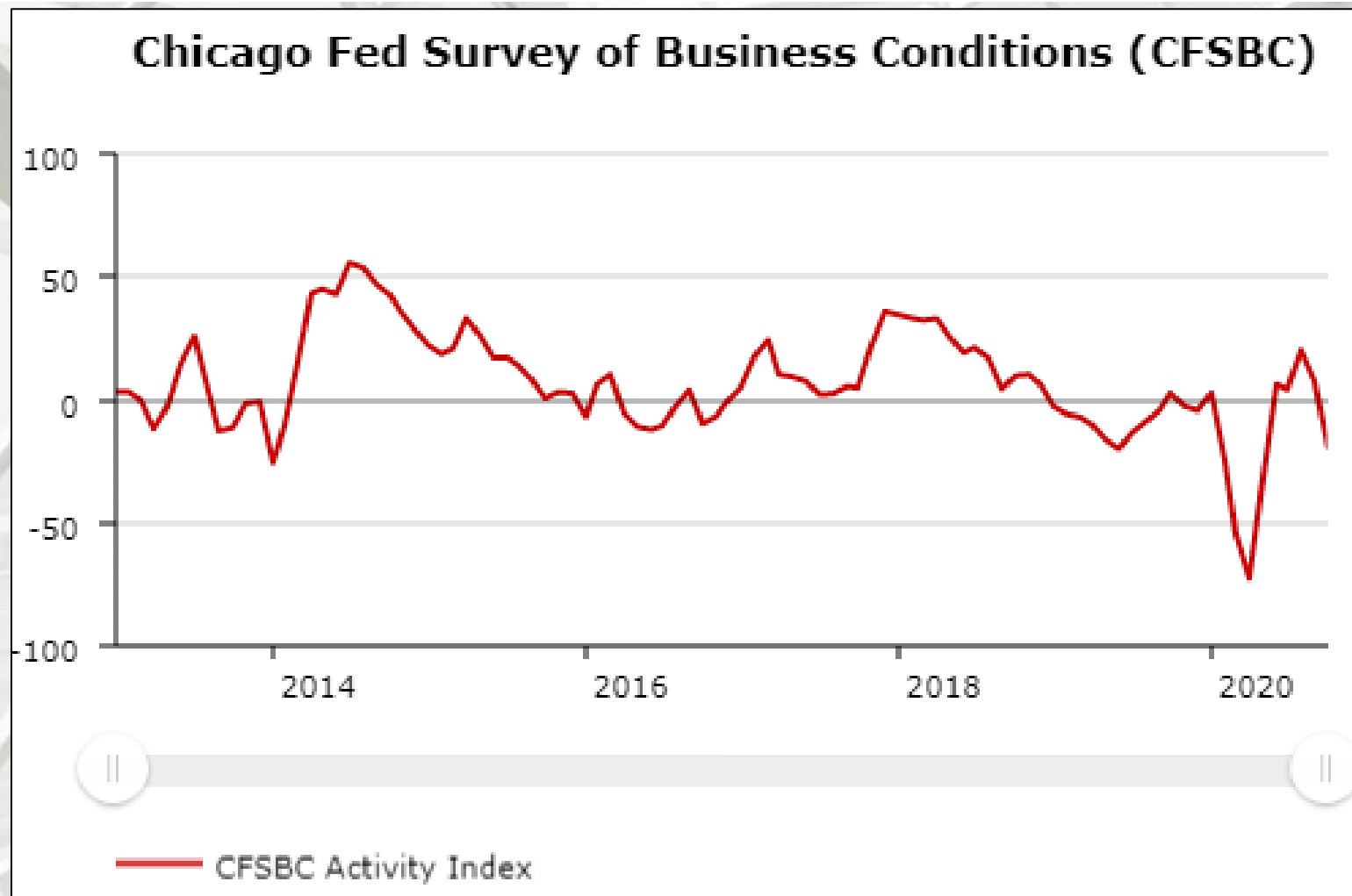
## Survey Suggests Growth Slowed in October

“The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index decreased to –20 in October from +8 in September, suggesting that economic growth was below trend. The CFSBC Manufacturing Activity Index fell to +7 in October from +41 in September, and the CFSBC Nonmanufacturing Activity Index moved down to –30 in October from –8 in the previous month.

- Respondents’ outlooks for the U.S. economy for the next 12 months deteriorated, but remained optimistic on balance. Forty percent of respondents expected an increase in economic activity over the next three months, and 40 percent expected activity to return to its pre-pandemic level by the end of 2021.
- The pace of current hiring increased, as did respondents’ expectations for the pace of hiring over the next 12 months. The hiring index remained negative, while the hiring expectations index remained positive.
- Respondents’ expectations for the pace of capital spending over the next 12 months was unchanged, so the capital spending expectations index remained positive.
- The labor cost pressures index decreased, as did the nonlabor cost pressures index. Both cost pressures indexes remained negative.” – Thomas Walstrum, Senior Business Economist, The Federal Reserve Bank of Chicago



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



# The Federal Reserve Bank of Dallas

## Texas Manufacturing Expands for Fifth Straight Month

“Texas factory activity expanded in October for the fifth month in a row following a record contraction due to the COVID-19 pandemic, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, rose three points to 25.5, indicating a slight acceleration in output growth.

Other measures of manufacturing activity also point to stronger growth this month. The new orders index advanced five points to 19.9, and the growth rate of orders index inched up to 14.3. The capacity utilization index rose from 17.5 to 23.0, while the shipments index was largely unchanged at 21.9.

Perceptions of broader business conditions continued to improve in October. The general business activity index pushed further above average, coming in at 19.8, a two-year high. The company outlook index moved up three points to 17.8, also a two-year high. Uncertainty regarding companies’ outlooks continued to rise, with the index moving up four points to 11.0.

Labor market measures indicated continued but slower growth in employment and work hours. The employment index remained positive but fell from 14.5 to 8.7, suggesting less-robust hiring. Twenty percent of firms noted net hiring, while 11 percent noted net layoffs. The hours worked index remained positive but moved down from 6.9 to 3.7.

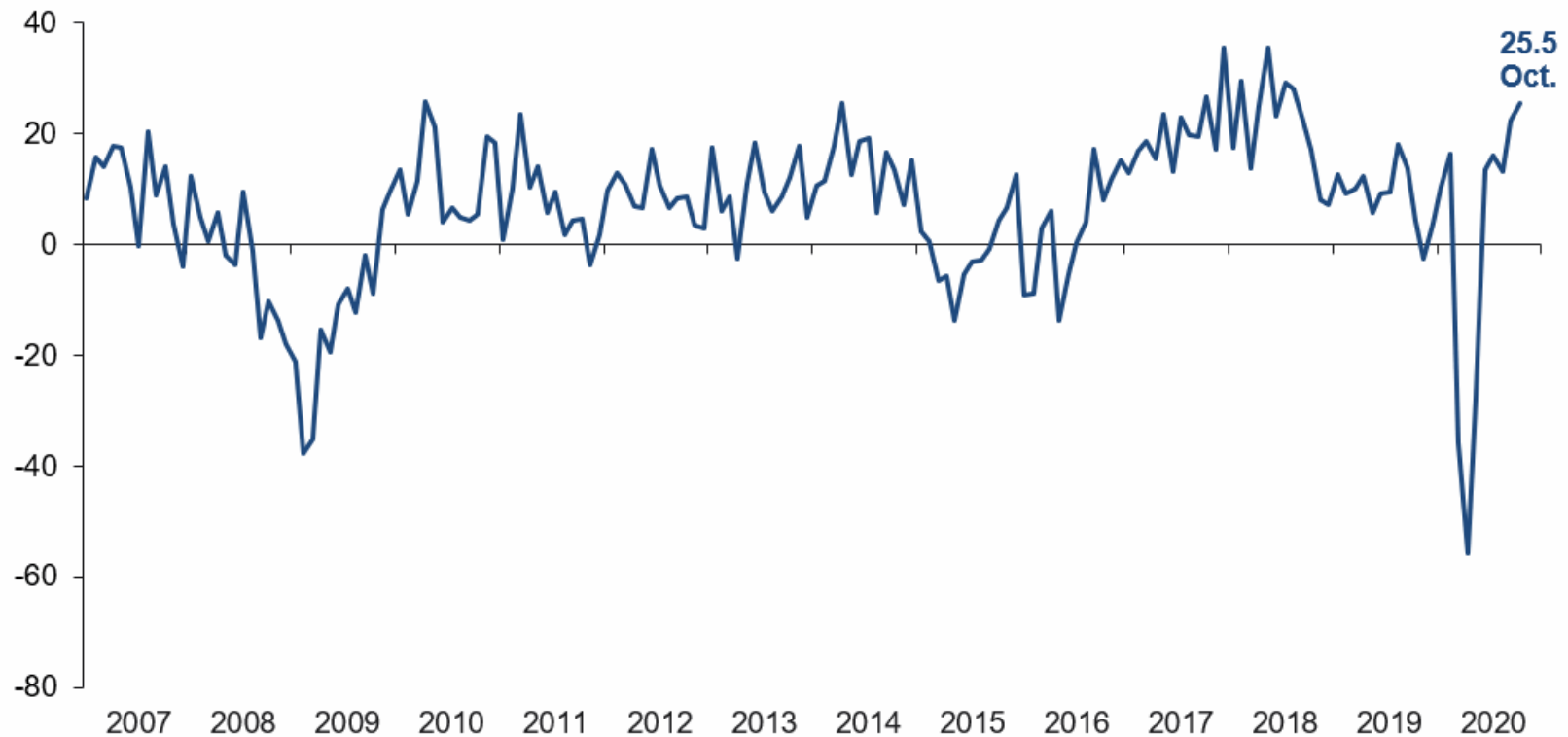
Prices and wages increased in October. The raw materials prices index edged up three points to 29.4, a reading several points above the series average. The finished goods prices and wages and benefits indexes inched up to 6.8 and 16.5, respectively. Both readings are roughly in line with their respective average readings.

Expectations regarding future activity remained positive in October. The future production index held steady at 47.2, and the future general business activity index was unchanged at 28.4. Other measures of future manufacturing activity showed mixed movements but remained solidly in positive territory.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

# The Federal Reserve Bank of Dallas

## Texas Manufacturing Outlook Survey Production Index

Index, seasonally adjusted



Federal Reserve Bank of Dallas

# The Federal Reserve Bank of Dallas

## Texas Service Sector Outlook Survey

### Texas Service Sector Growth Slows in October

“Activity in the Texas service sector grew at a reduced pace in October, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell from 14.0 in September to 7.1 in October.

Labor market indicators reflected flattening employment and slower growth in hours worked in October. The employment index fell more than two points to 0.6, while the part-time employment index dropped over five points to -1.6. Meanwhile, the hours worked index dipped from 6.6 to 5.5.

Perceptions of broader business conditions point to continued improvement compared with September. The general business activity index advanced nearly two points to 13.2 — its best reading this year. The company outlook index remained positive but fell slightly from 9.7 to 7.8, with over 20 percent of respondents noting an improved outlook compared with last month. The outlook uncertainty index rose from 0.0 to 5.8.

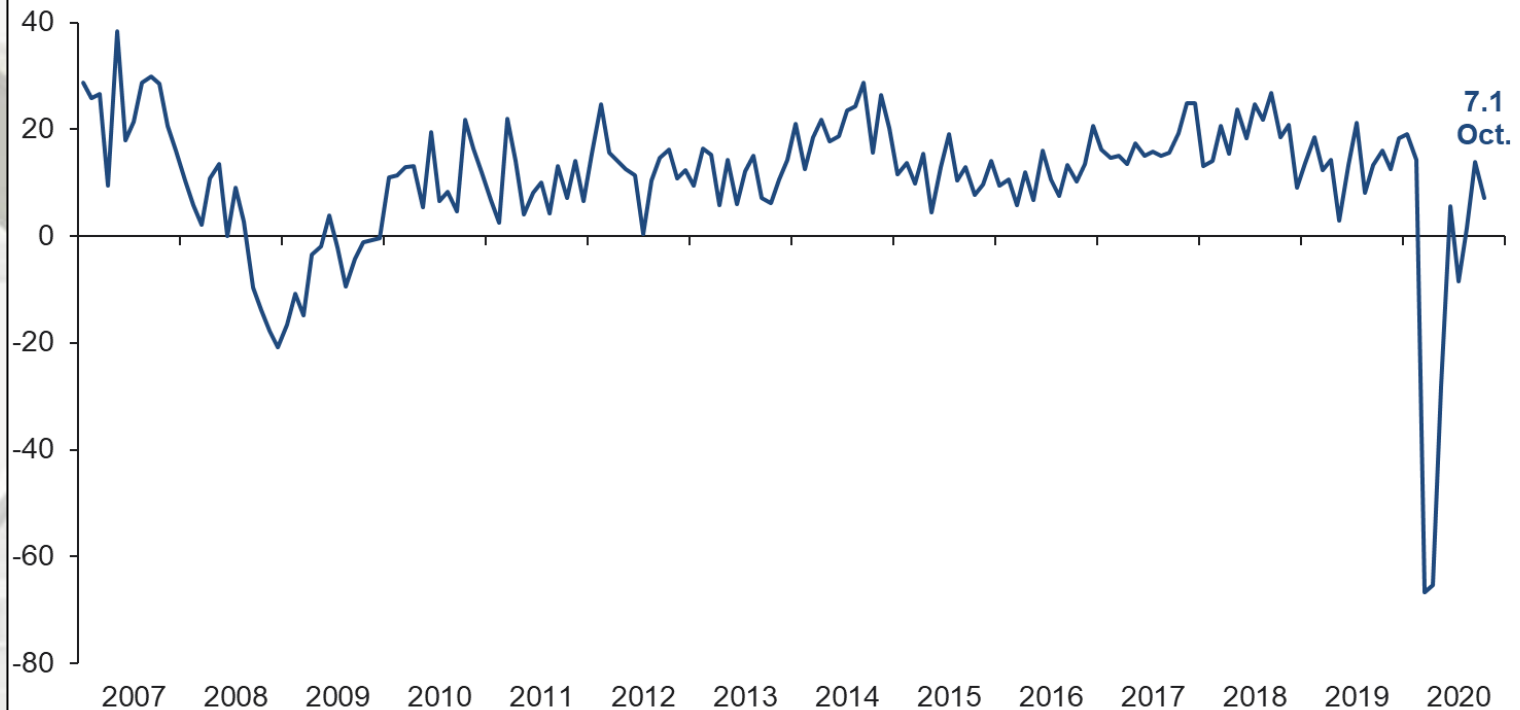
Wage and price pressures ticked up slightly in October. The wages and benefits index rose from 7.1 to a post-pandemic high of 8.6, with about 15 percent of respondents noting increases in employee compensation compared with September. The selling price index rose nearly two points to 4.1, while the input prices index remained largely unchanged at 18.4.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas



# The Federal Reserve Bank of Dallas

## Texas Service Sector Outlook Survey Revenue Index

Index, seasonally adjusted



Federal Reserve Bank of Dallas

## Texas Service Sector Growth Slows in October

“Respondents’ expectations regarding future business activity were slightly more optimistic in October. The future general business activity index rose from 18.9 to 20.1, while the future revenue index increased from 31.9 to 36.3 — its highest reading since February. Other indexes of future service sector activity such as employment were solidly positive, suggesting expectations of increased activity in the first half of 2021.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

# The Federal Reserve Bank of Dallas

## Texas Retail Sales Decelerate

“Retail sales activity grew at a slower pace in October following a surge in September, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, fell from 20.8 to 5.2, although nearly one-quarter of respondents reported increased sales compared with September. Inventories also leveled off for the first time since the pandemic began, as the inventories index increased from -4.1 to 1.9.

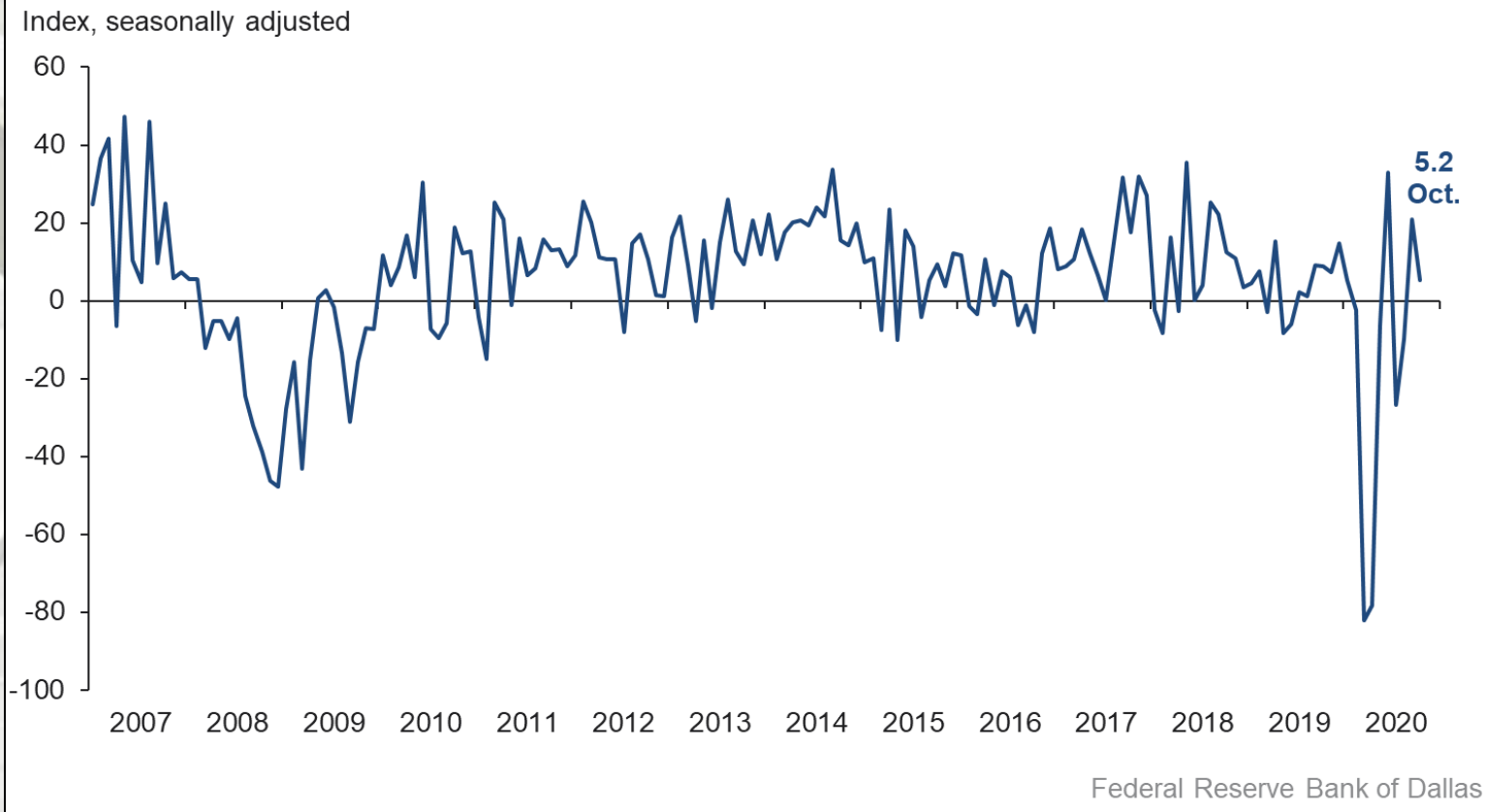
Retail labor market indicators deteriorated slightly in October, with net declines in employment and a shortening in average workweek length. The employment index fell more than four points to -2.1, with the part-time index declining to -4.0. The hours worked index shed nearly eight points to -4.8.

Retailers’ perceptions of broader business conditions improved in October. The general business activity index rose over four points to 14.6, while the company outlook index advanced nearly six points to 14.8. The outlook uncertainty index fell to -2.0, suggesting that net uncertainty declined slightly compared with September.

Retail wage pressures increased, while price pressures eased in October. The wages and benefits index picked up from 7.3 to 11.4. Over 15 percent of respondents noted increased wages, while 4.2 percent reported falling wages. The selling prices index fell from 22.6 to 19.0, while the input prices index fell from 26.3 to 18.7.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

# The Federal Reserve Bank of Dallas

## Texas Retail Outlook Survey Sales Index



## Texas Retail Sales Rise Sharply

“Retailers’ perceptions of future activity continued to reflect optimism in October, though less so than in September. The future general business activity index slipped about three points to 21.4, while the future sales index plummeted nearly 17 points but remained positive at 26.1. Other indexes of future retail activity such as employment slipped but held positive, pointing to expectations of expanding activity over the next six months.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

# **U.S. Economic Indicators**

## **The Federal Reserve Bank of Kansas City**

### **Tenth District Manufacturing Rose Again**

#### *Factory Activity Rose Again*

“Tenth District manufacturing activity rose again in October but remained lower than a year ago, while expectations for future activity continued to expand (Chart 1). Prices paid for raw materials grew at a faster pace and prices received for finished goods inched up from a month ago. District firms expected prices for both raw materials and finished goods to increase in the next six months.

The month-over-month composite index was 13 in October, up slightly from 11 in September and similar to 14 in August. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Activity at non-durable and durable goods factories expanded at a similar pace. The increase in activity was faster at fabricated metal and machinery plants in October. Nearly all of the month-over-month indexes remained positive, indicating continued expansion. Production, shipments, new orders, employment, and employee workweek indexes rose faster than in September, but order backlog and supplier delivery time increased at a slower pace. The indexes for new orders for exports and materials inventories inched higher, while finished goods inventories declined slightly. Most year-over-year factory indexes remained negative in October but less so than last month, as the composite index moved from -21 to -12. The future composite index expanded further in October, increasing from 18 to 21.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City



# The Federal Reserve Bank of Kansas City

**Chart 1**

Manufacturing Composite Indexes



# U.S. Economic Indicators

## The Federal Reserve Bank of Kansas City

### Tenth District Services Activity Expanded in October

*Tenth District services activity expanded in October but remained below year-ago levels, while expectations for future activity remained positive.*

#### Business Activity Expanded

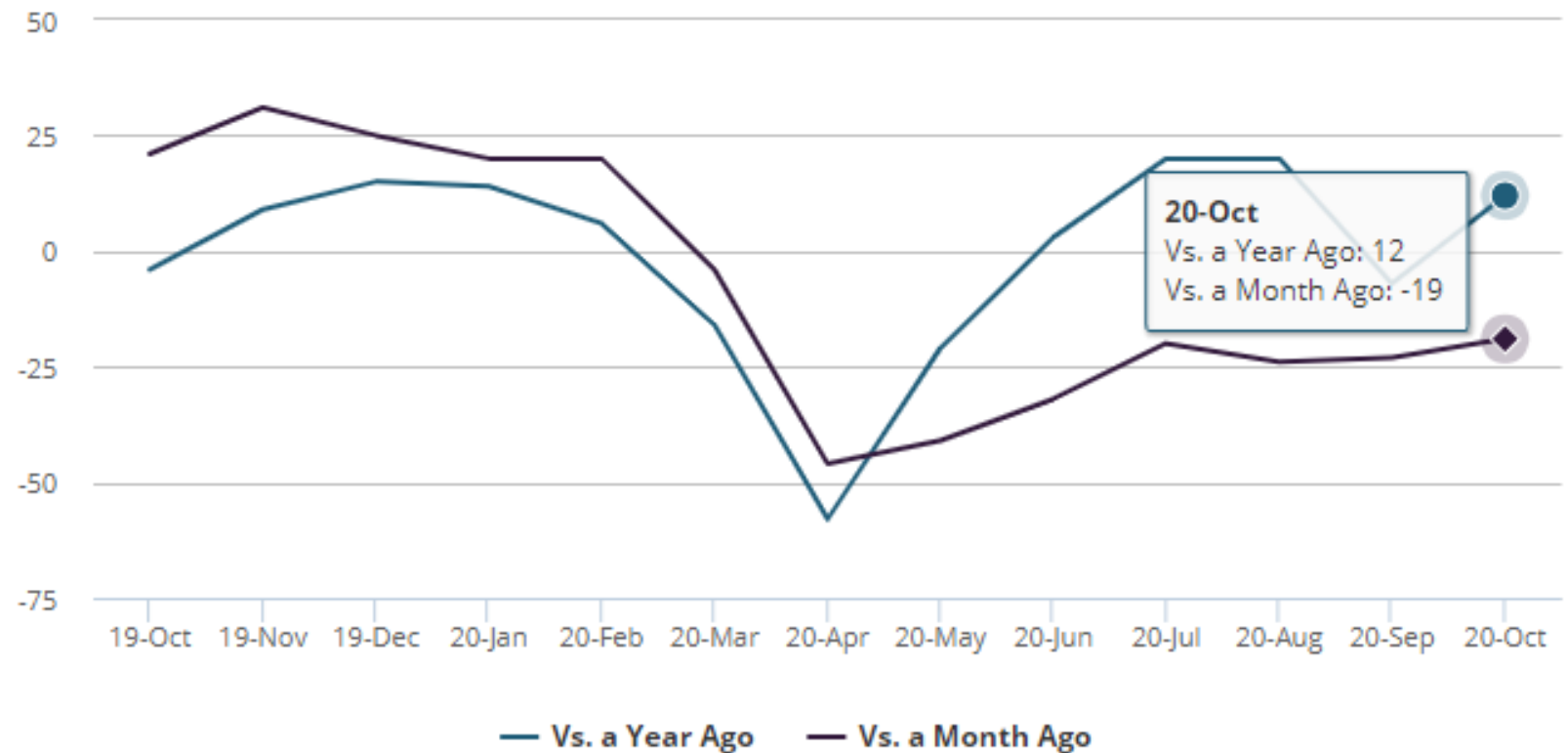
“Tenth District services activity expanded in October but remained below year-ago levels, while expectations for future activity remained positive (Chart 1). The indexes for input and selling prices rose faster in October. Firms expected input and selling prices to increase further in the next six months.

The month-over-month services composite index was 12 in October, up from -7 in September, but lower than 20 in August. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. All the month-over-month indexes were positive in October, indicating expansion. The general revenue and sales index rebounded considerably, driven by more wholesale, retail, real estate, and health services activity. The inventory index rose back into positive territory, and the indexes for employment, employee hours, part-time employment, and wages and benefits increased again in October. Additionally, the access to credit and capital expenditures expanded slightly. Year-over-year indexes were slightly less negative in October, as the year-over-year composite moved from -23 to -19. Expectations for future services activity remained positive in October, but the future composite index pace of growth slowed somewhat from 19 to 7.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

# U.S. Economic Indicators

Chart 1

Services Composite Indexes



# The Federal Reserve Bank of New York

## Empire State Manufacturing Survey

### Activity Continues To Expand

“Business activity expanded modestly in New York State, according to firms responding to the October 2020 *Empire State Manufacturing Survey*. The headline general business conditions index fell seven points to 10.5, pointing to a slower pace of growth than in September. New orders and shipments continued to increase, while unfilled orders continued to decline. Inventories moved lower, and delivery times were little changed. Manufacturers reported a small increase in employment, and a significantly longer average workweek. Input prices increased at about the same pace as last month, and selling prices continued to increase slightly. Looking ahead, firms remained optimistic that conditions would improve over the next six months, though optimism was somewhat lower than last month.

Manufacturing activity in New York State grew modestly in October. The general business conditions index fell seven points to 10.5, its fourth consecutive positive reading. Thirty-six percent of respondents reported that conditions had improved over the month, while 25 percent reported that conditions had worsened. The new orders index climbed five points to 12.3, and the shipments index rose four points to 17.8, indicating ongoing gains in orders and shipments. Delivery times were little changed, while unfilled orders and inventories declined.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York



# **The Federal Reserve Bank of New York**

## **Empire State Manufacturing Survey**

### **Average Workweek Substantially Longer This Month**

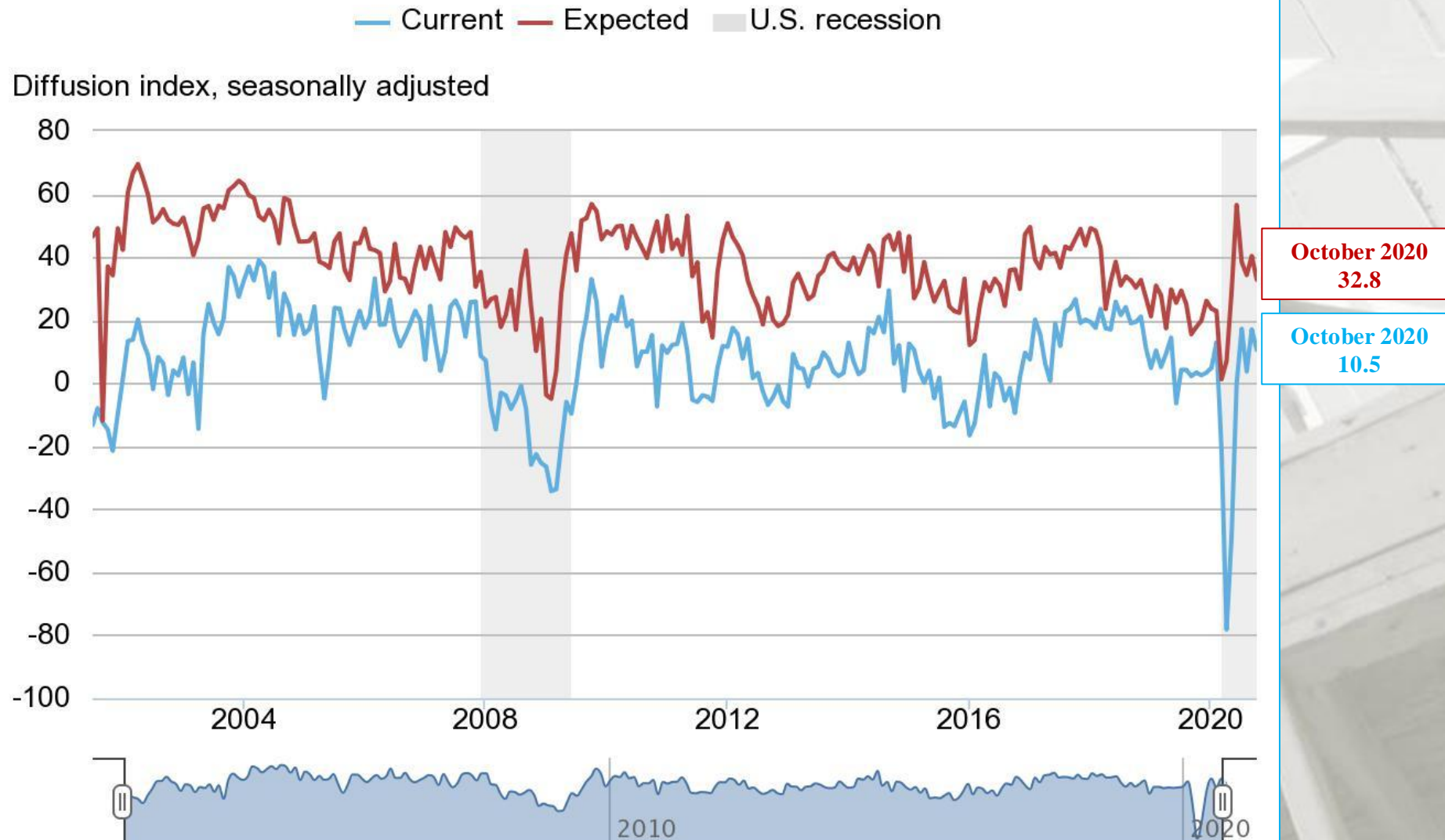
“The index for number of employees moved up five points to 7.2, indicating that employment levels grew. The average workweek index rose nine points to 16.1, a multi-year high, signaling a significant increase in hours worked. The prices paid index was little changed at 27.8, a sign that input prices rose at the same pace as last month. The prices received index held fairly steady at 5.3, indicating a small increase in selling prices for a second consecutive month.

### **Firms Remain Optimistic**

The index for future business conditions fell eight points to 32.8, suggesting that firms remained optimistic about future conditions, but were somewhat less positive than last month. The indexes for future new orders and future shipments posted similar readings. The index for future employment climbed to 23.2, with 35 percent expecting to increase employment levels in the months ahead. The capital expenditures and technology spending indexes both fell to 11.9.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

# The Federal Reserve Bank of New York

## General Business Conditions



# The Federal Reserve Bank of New York

## Business Leaders Survey (Services)

### Firms Report Little Change In Activity

“Activity in the region’s service sector declined slightly, according to firms responding to the Federal Reserve Bank of New York’s October 2020 *Business Leaders Survey*. The survey’s headline business activity index held steady but remained negative at -4.9. The business climate index was little changed at -65.9, indicating that the vast majority of firms continued to view the business climate as worse than normal. Employment levels edged lower, and wages moved somewhat higher. Input prices increased at the same pace as last month, while selling prices held steady. Capital spending fell for a seventh consecutive month. Looking ahead, firms expected little improvement in business conditions, on net, over the next six months.

Business activity in the region’s service sector continued to decline slightly in October. At -4.9, the headline business activity index was similar to last month’s reading. Twenty-eight percent of respondents reported that conditions improved over the month, and 33 percent said that conditions worsened. The business climate index held steady at -65.9, with 76 percent of respondents viewing the business climate as worse than normal.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

# **The Federal Reserve Bank of New York**

## **Business Leaders Survey (Services)**

### **Employment Remains Stalled**

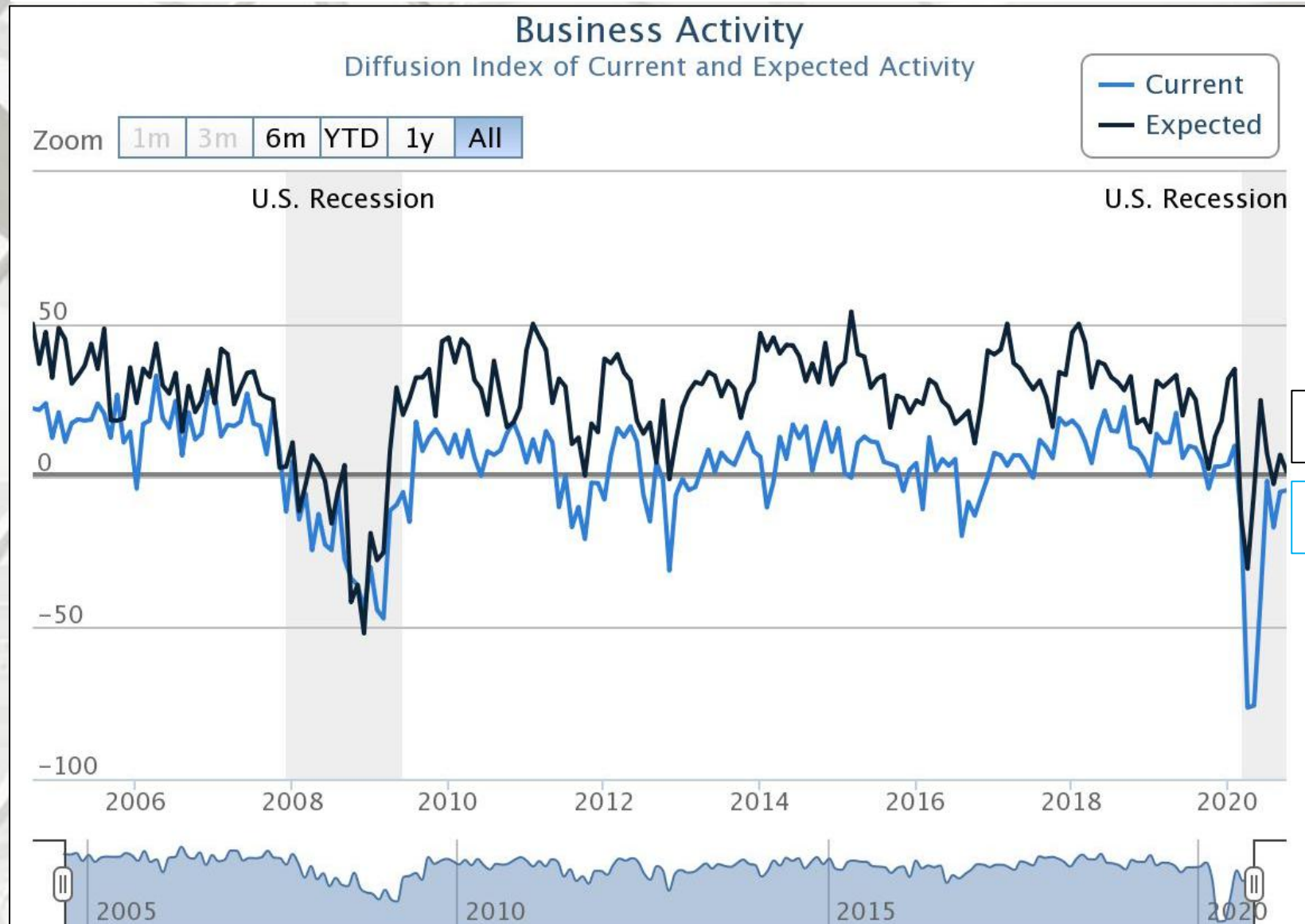
“Like last month, employment levels fell slightly, with the employment index coming in at -6.7. The wages index was essentially unchanged at 7.6, its third consecutive positive reading, signaling another small increase in wages. The prices paid index held steady at 30.4, indicating that input prices increased at the same pace as last month, while the prices received index held at around zero, a sign that selling prices were little changed. The capital spending index was -20.7, suggesting ongoing significant declines in capital spending.

### **Firms Still Not Expecting Much Improvement**

The index for future business activity moved down six points to 1.3, and the future business climate index remained negative at -16.0, suggesting that firms do not expect conditions to improve in the months ahead. Employment levels are expected to edge slightly higher six months from now, and wages are expected to increase.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York



# The Federal Reserve Bank of New York

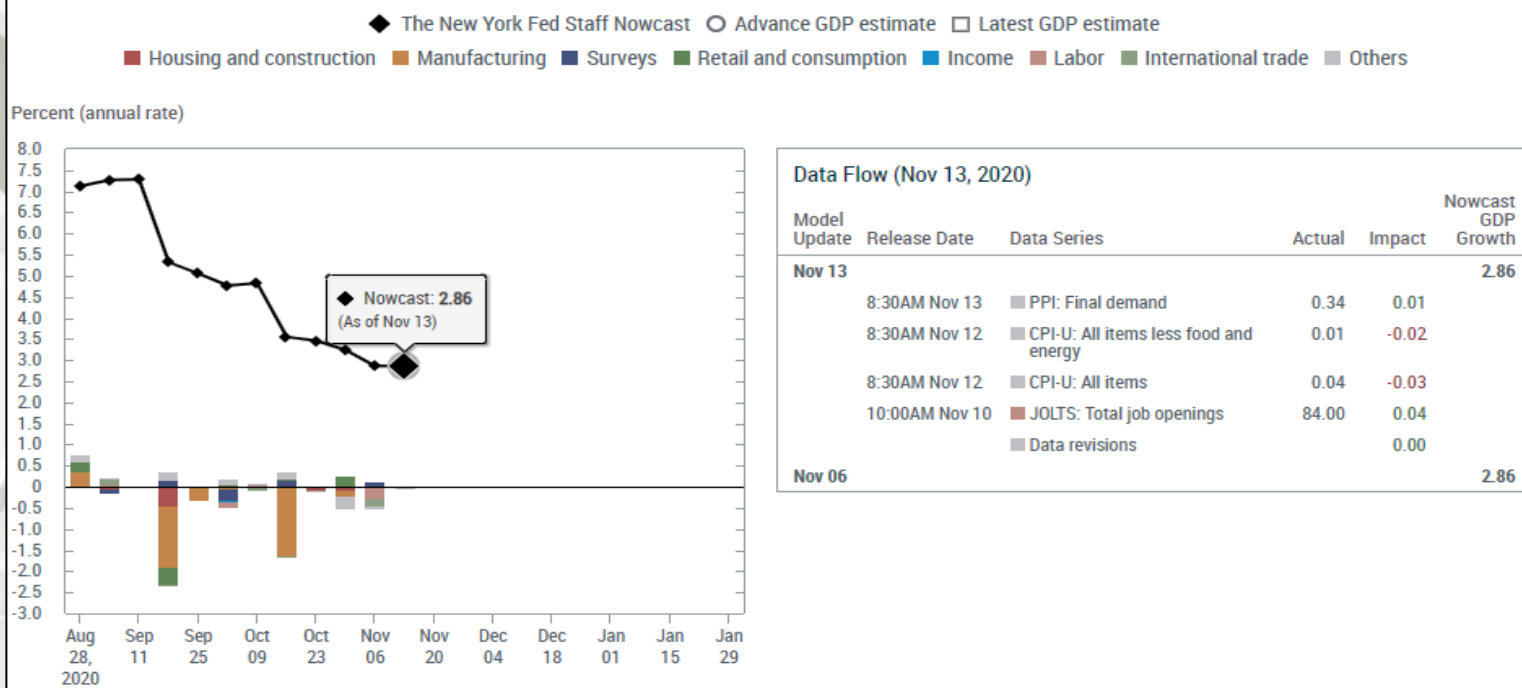


# U.S. Economic Indicators

## The Federal Reserve Bank of New York Nowcast

2020:Q4 | 2020:Q3 | 2020:Q2 | 2020:Q1

Last Release 11:15am EST Nov 13, 2020



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.

### November 13 2020: Highlights

- “The New York Fed Staff Nowcast stands at 2.86% for 2020:Q4.
- A positive impact from JOLTS data was offset by negative surprises from CPI data, leaving the nowcast broadly unchanged.” – The Federal Reserve Bank of New York

# U.S. Economic Indicators

## The Federal Reserve Bank of Philadelphia

### October 2020 Manufacturing Business Outlook Survey

“Manufacturing activity in the region picked up this month, according to firms responding to the October *Manufacturing Business Outlook Survey*. The survey’s current indicators for general activity, new orders, and shipments all showed notable improvement. Most future indexes increased and continue to reflect optimism among firms about growth over the next six months.

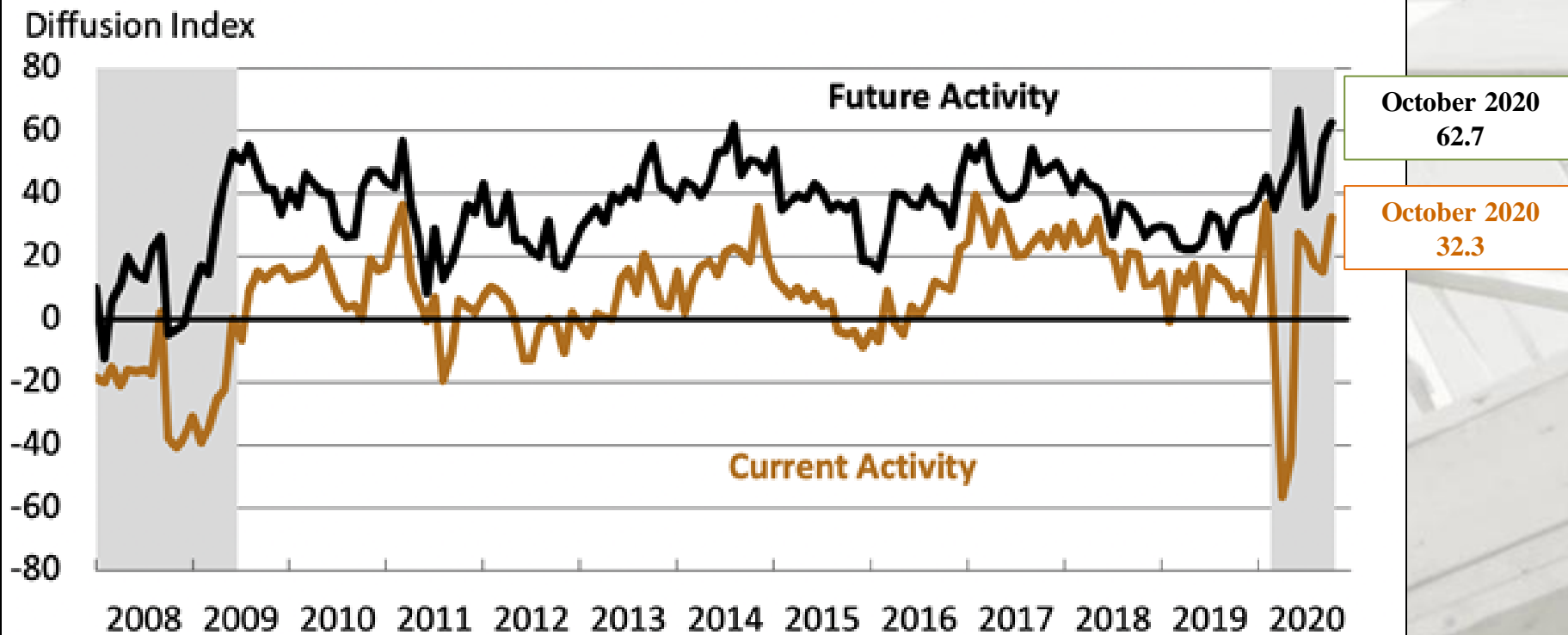
#### Most Current Indicators Show Improvement

The diffusion index for current activity increased 17 points to 32.3 in October, its fifth consecutive positive reading after reaching long-term lows in April and May (see Chart 1). The percentage of firms reporting increases this month (47 percent) exceeded the percentage reporting decreases (15 percent). The index for new orders rose 17 points to a reading of 42.6. Nearly 55 percent of the firms reported increases in new orders this month, compared with 42 percent last month. The current shipments index also increased 10 points to 46.5 in October.

On balance, the firms reported increases in manufacturing employment for the third consecutive month: The current employment index increased 7 points to 15.7 this month. Employment increases were reported by 31 percent of the firms, while 16 percent reported decreases. The average workweek index was positive for the third consecutive month but fell 4 points to 7.8.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

# The Federal Reserve Bank of Philadelphia

**Chart 1. Current and Future General Activity Indexes**  
January 2008 to October 2020



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.



# The Federal Reserve Bank of Philadelphia

## More Firms Report Steady Prices

“The survey’s price indicators suggest modest price pressure. The prices paid diffusion index increased 3 points to 28.5. Nearly 29 percent of the firms reported increases in input prices, and none reported decreases; most firms (72 percent) reported no change. The current prices received index, reflecting manufacturers’ own prices, decreased 4 points to 14.0. Just 14 percent of the firms reported increases in prices of their own manufactured goods, while 86 percent reported no change in prices.

## Total Capital Spending Influenced by Policy Uncertainty and COVID-19 Effects

For this month’s special questions, manufacturers were asked about current capacity utilization rates compared with the same time last year (see [Special Questions](#)). The median capacity utilization rate reported among the firms was 72.5 percent, down from 82.5 percent estimated one year earlier. Firms were asked to forecast total capital spending for 2021 compared with levels in 2020, and more firms indicated that they would increase spending (37 percent) than decrease spending (12 percent). The firms were also asked about their plans for different categories of capital spending next year. For all five categories of investment spending (software, noncomputer equipment, computer equipment, structure, and energy-saving investments), the share of firms expecting to increase spending was higher than the share of firms expecting to decrease spending. On balance, the firms expect larger increases for software and noncomputer equipment. The firms were also asked about the impact of economic policy uncertainty and the effects of COVID-19 on their total capital spending plans for next year. The firms indicated net negative effects from both, with more firms indicating decreases due to the pandemic (48 percent) compared with policy uncertainty (23 percent).” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

# The Federal Reserve Bank of Philadelphia

## Firms Remain Optimistic About Future Growth

“The respondents remained optimistic about growth over the next six months. The diffusion index for future general activity increased 6 points to 62.7 in October, its highest reading since June (see Chart 1). The future new orders index fell 5 points but remains at an elevated reading of 51.6, and the future shipments index edged up 4 points to 51.7 this month. The firms continued to expect increases in employment over the next six months, with the future employment index increasing 3 points. Over 52 percent of the firms expected higher employment over the next six months. The index for future capital spending increased 6 points to 36.5.

### Summary

Responses to the October *Manufacturing Business Outlook Survey* suggest a pickup in activity for the region’s manufacturing sector. The indicators for current activity, new orders, and shipments all increased this month. Special questions about firms’ current capacity utilization reflect the sizable impact of COVID-19, inasmuch as firms, on balance, report operating at notably lower levels of capacity than one year ago. The survey’s future indexes suggest continued widespread optimism about manufacturing activity over the next six months.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

# The Federal Reserve Bank of Philadelphia

## October 2020 Nonmanufacturing Business Outlook Survey

### Firms Report Continued Growth

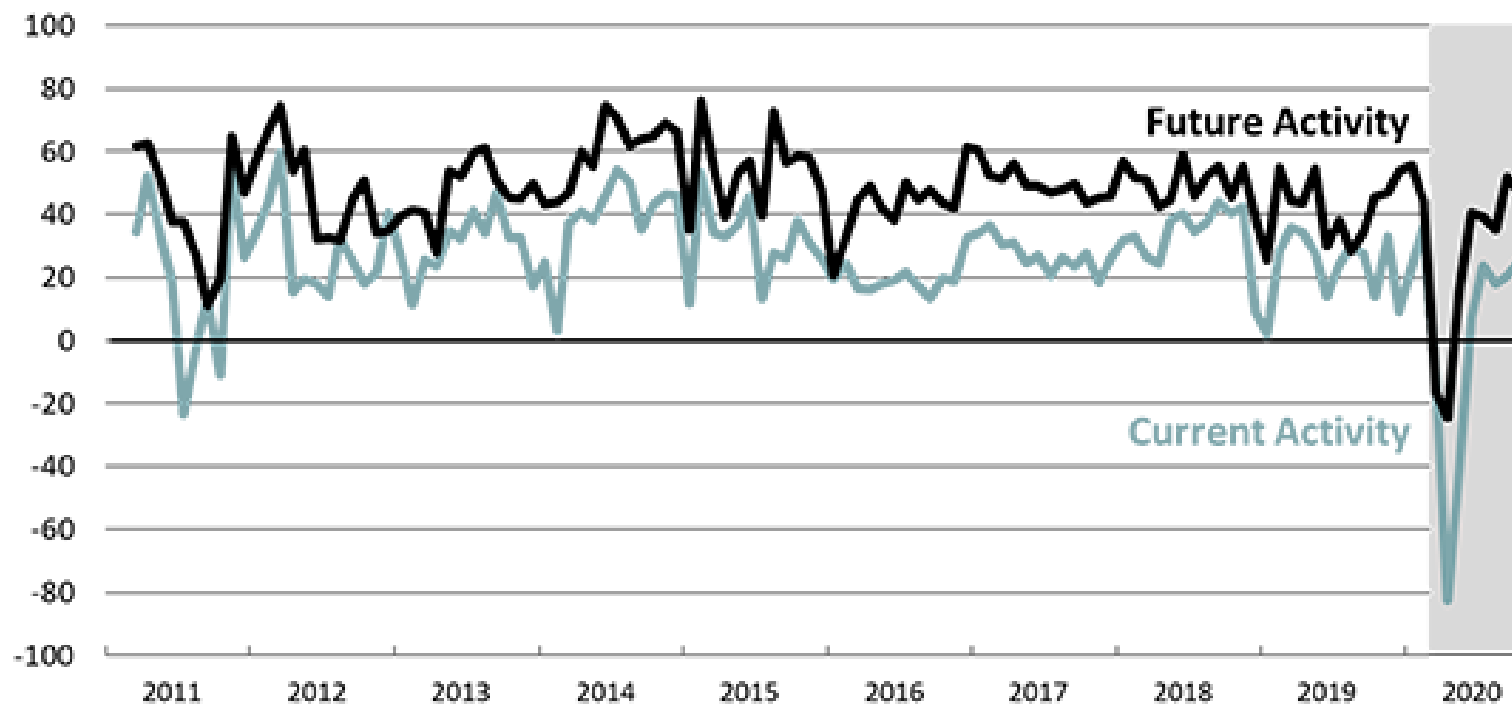
“Nonmanufacturing activity in the region continued to expand this month, according to firms responding to the *Nonmanufacturing Business Outlook Survey*. The survey’s current indicators for general activity, new orders, and sales/revenues remained positive, and the survey’s index for full-time employment increased. Respondents expect overall improvement in conditions over the next six months.

The diffusion index for current general activity at the firm level rose from 20.4 in September to 25.3 in October, its fifth consecutive positive reading since reaching record lows in the spring (see Chart 1). Over 45 percent of the firms reported increases, while 20 percent reported decreases. The new orders index decreased for the third consecutive month but remained positive, falling 4 points to 4.8 in October. Nearly 22 percent of the firms reported increases (down from 31 percent last month), exceeding the 17 percent that reported decreases. The sales/revenues index rose 4 points to 14.2 in October. Over 36 percent of the firms reported increases in sales/revenues, while 22 percent reported decreases. The regional activity index rose 8 points to 16.0.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

# The Federal Reserve Bank of Philadelphia

**Chart 1. Current and Future General Activity Indexes for Firms**  
March 2011 to October 2020

Diffusion Index



October 2020  
47.3

October 2020  
25.3

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.



# **The Federal Reserve Bank of Philadelphia**

## **October 2020 Nonmanufacturing Business Outlook Survey**

### **Indicator for Full-Time Employment Strengthens**

“The firms reported overall increases in full-time and part-time employment for the second consecutive month, after six straight months of negative readings for both employment indicators. The full-time employment index increased for the sixth consecutive month, rising 11 points to 15.7. The share of firms reporting increases in full-time employment (29 percent) exceeded the share reporting decreases (13 percent); the majority (54 percent) reported no change. The part-time employment index decreased 6 points to 1.9. A majority of firms reported steady part-time employment (59 percent), while 16 percent of the firms reported increases and 14 percent reported decreases. The wages and benefits indicator fell 3 points to 10.4, and the average workweek index rose 11 points to 20.9.

### **Firms Continue to Report Overall Price Increases**

Price indicator readings suggest overall increases in prices for inputs and prices for the firms’ own goods and services, although increases in the latter were less widespread this month. The prices paid index was little changed at 17.9 in October. Regarding prices for the firms’ own goods and services, the prices received index was positive for the second consecutive month following five months of negative readings but fell 10 points to 5.2. Nearly 21 percent of the firms reported increases for their own goods, while 15 percent reported decreases.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

# The Federal Reserve Bank of Philadelphia

## October 2020 Nonmanufacturing Business Outlook Survey

### Firms Anticipate Continued Growth

“Both future activity indexes suggest continued optimism about growth over the next six months. The diffusion index for future activity at the firm level decreased 5 points to a reading of 47.3 this month (see Chart 1). Nearly 61 percent of the firms expect an increase in activity at their firms over the next six months, compared with 14 percent that expect decreases. The future regional activity index held steady at 33.6 in October.

### Summary

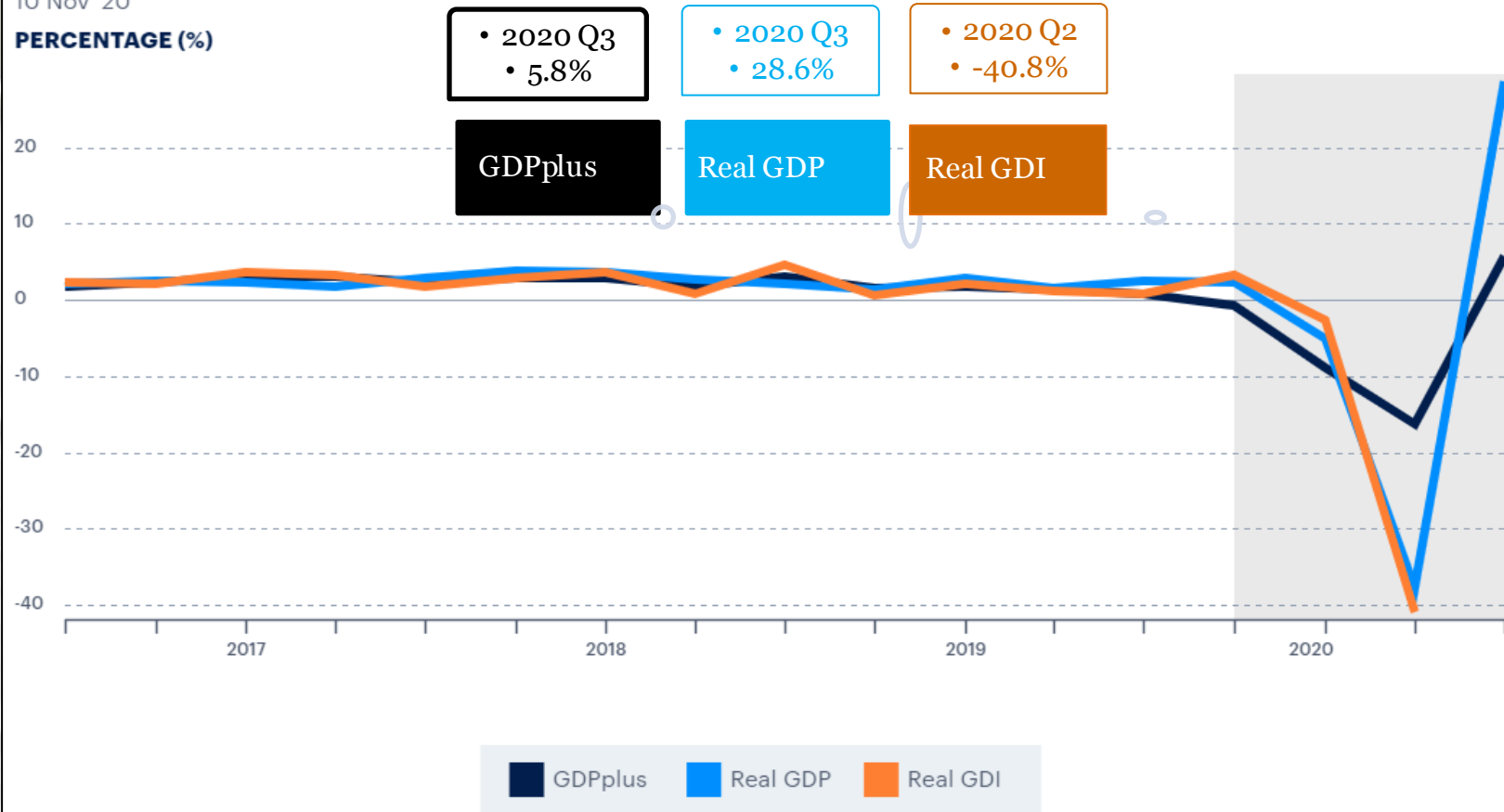
Responses to this month’s *Nonmanufacturing Business Outlook Survey* suggest continued expansion in nonmanufacturing activity in the region. The indicators for firm-level general activity, new orders, and sales/revenues remained positive after reaching all-time lows in the spring, while the index for full-time employment improved. The future activity indexes suggest that respondents expect improvement at their firms and in the region over the next six months.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

# The Federal Reserve Bank of Philadelphia: GDPplus

## GDPplus: An Alternative Measure of Real U.S. Output Growth

10 Nov '20

PERCENTAGE (%)



Notes: Shaded areas indicate NBER recessions. The data measure the quarter-over-quarter growth rate in continuously compounded annualized percentage points.  
Sources: Bureau of Economic Analysis (BEA) and NBER via Haver Analytics. Federal Reserve Bank of Philadelphia.

# **U.S. Economic Indicators**

## **The Federal Reserve Bank of Richmond**

### **Manufacturing Activity Strengthened in October**

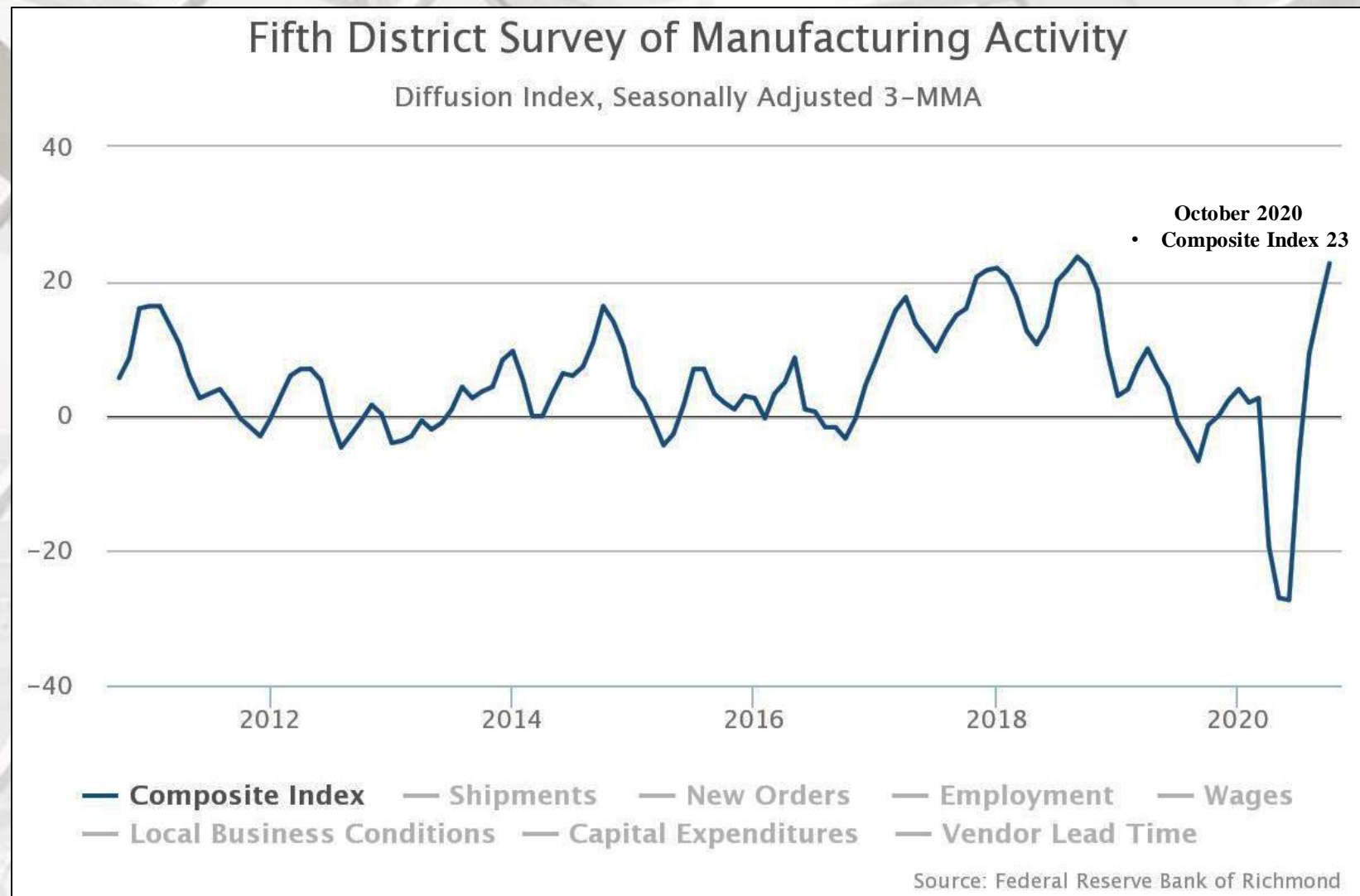
“Fifth District manufacturing activity strengthened in October, according to the most recent survey from the Richmond Fed. The composite index rose from 21 in September to 29 in October, its highest reading on record, buoyed by increases in the shipments and new orders indexes, while the third component — the employment index — was unchanged. Firms reported improving business conditions and growing backlogs of orders, overall. Manufacturers were optimistic that conditions would continue to improve in the coming months.

Survey results indicated that many manufacturers continued to increase employment and wages in October. However, firms struggled to find workers with the necessary skills. Contacts expected these trends to continue in the next six months.

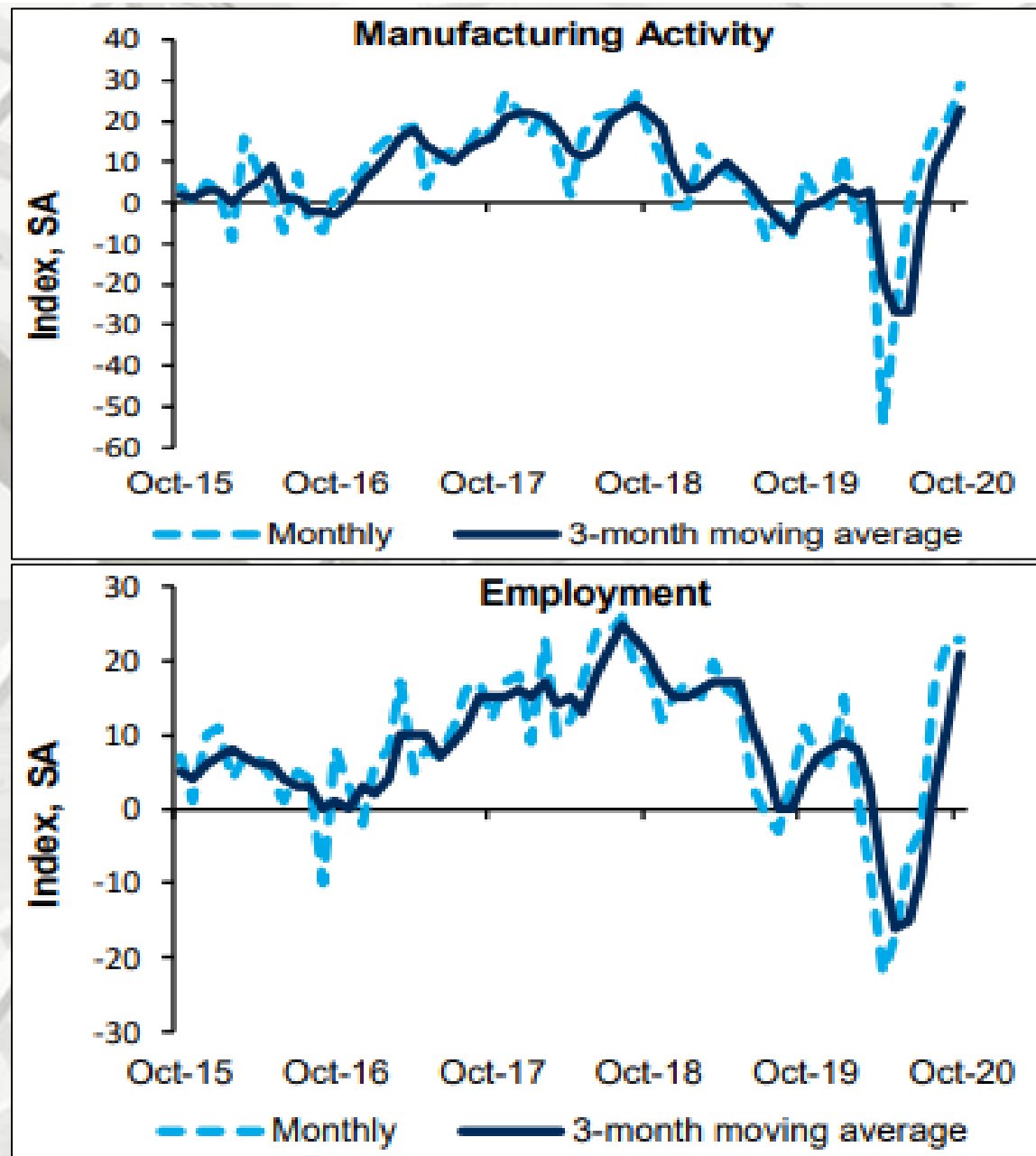
The average growth rates of both prices paid and prices received by survey participants increased slightly in October. Growth of prices paid continued to outpace that of prices received, but contacts expected the gap to narrow in the near future.” – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond



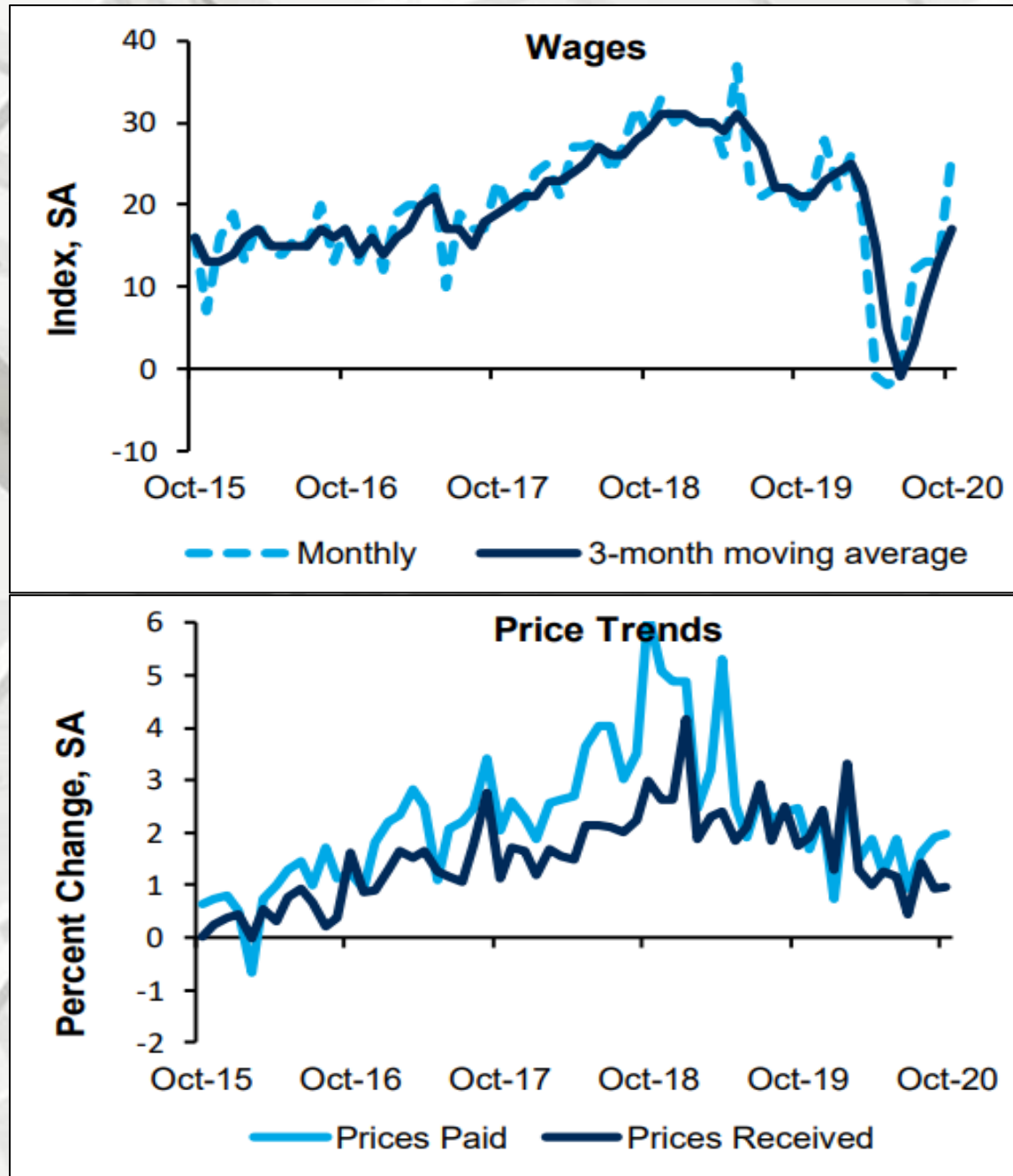
# U.S. Economic Indicators



# U.S. Economic Indicators



# U.S. Economic Indicators



# **U.S. Economic Indicators**

## **The Federal Reserve Bank of Richmond Fifth District Survey of Service Sector Activity**

### **Service Sector Showed Signs of Improvement in October**

“The service sector in the Fifth District showed signs of improvement in October, according to the results of the most recent survey from the Richmond Fed. The index for revenues increased from 6 in September to 19 in October. Meanwhile, the index for demand fell slightly but remained positive, suggesting continued growth. Firms also reported strengthening local business conditions. Contacts were optimistic that growth would continue in the next six months.

Survey results suggested that some firms increased employment in October, as this index was positive for the first time since March. Respondents also reported some wage increases and, once again, started to report challenges finding workers with the necessary skills. Contacts expected this difficulty to persist in the coming months.

The average growth rates of both prices paid and prices received by survey respondents fell in October, as growth of prices paid continued to outpace that of prices received. Contacts expected price growth to slow further in the near future.” – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond



# U.S. Economic Indicators

## Fifth District Survey of Service Sector Activity

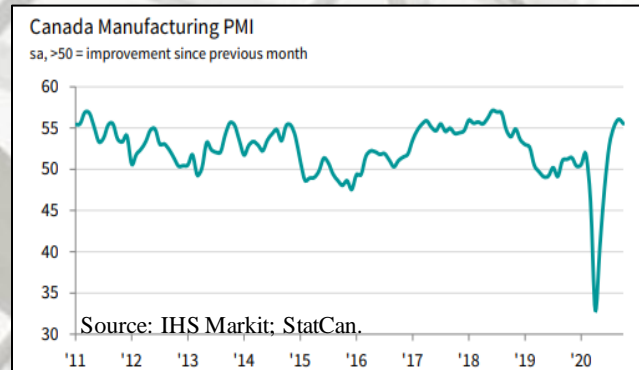
Diffusion Index, Seasonally Adjusted 3-MMA



Source: Federal Reserve Bank of Richmond

# Private Indicators: Global

## Markit Canada Manufacturing PMI™



“The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers’ Index® (PMI®) registered 55.5 in October, down slightly from 56.0 in September, indicative of another strong improvement in overall business conditions. The headline index was supported by the fastest rise in production volumes since August 2018, which partially offset softer rates of new business growth and job creation compared to the previous month.

### Strong manufacturing growth maintained in October

Canadian manufacturers recorded further solid rises in output, new orders and purchases during October, thereby signalling another marked improvement in overall business conditions. An ongoing recovery in client demand led to a further increase in employment. However, the latest survey also revealed intense supply chain pressures as lead times from vendors lengthened further, which contributed to the greatest accumulation of incomplete work since June 2018. Meanwhile, rising demand for inputs and higher prices for raw materials led to the fastest increase in average cost burdens for nearly two years. ...

October data suggests another improvement in the health of the Canadian manufacturing sector as the PMI registered at 55.5. New orders and output have increased sharply with firms remaining optimistic that production will improve over the course of the year. Companies appear to be struggling somewhat with the surge in new orders as backlogs rose further while employment increased only marginally during October, highlighting clear capacity pressures at Canadian manufacturers. Higher backlogs will help sustain the recovery in output through the winter should new orders drop off, but there are also clear supply-side risks with the latest data revealing much longer input delivery times linked to shortages. Firms are attempting to restock inputs and there was an overall rise for the first time in nearly a year in October, albeit only a fractional increase. Input price inflation rose to a 23-month high while charge inflation eased slightly, indicating upward pressure on margins.” – Tim Moore, Economics Associate Director, IHS Markit

# Private Indicators: Global

## Caixin China General Manufacturing PMI™

### Manufacturing PMI hits highest level since January 2011

“The headline seasonally adjusted Purchasing Managers’ Index™ (PMI™) – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – rose from 53.0 in September to 53.6 in October. The reading signalled a marked improvement in business conditions that was the strongest since January 2011. The headline PMI has pointed to an improvement in the health of the sector for each of the past six months.

October survey data pointed to a marked improvement in business conditions across China's manufacturing sector, with firms recording sharper rises in both output and total new work. However, growth in new export sales softened notably amid a resurgence of the coronavirus disease 2019 (COVID-19) virus across a number of export markets. Nonetheless, stronger overall market conditions led to an improvement in business confidence, which hit its highest since August 2014. Supporting the higher PMI figure was a sharper increase in total new work during October. The latest upturn in overall sales was the sharpest since November 2010, with panellists widely commenting that market conditions continued to recover from the COVID-19 pandemic earlier in the year. Although new export work also rose further, the rate of growth slowed notably and was only marginal. There were reports that the pandemic and rising infection rates across external markets had dampened growth of new business from overseas.

The substantial increase in overall workloads led manufacturers to expand their output again in October, with the rate of growth among the sharpest seen over the past decade. Greater inflows of new work also exerted further pressure on capacities, as shown by a sustained rise in the level of work-in-hand (but not yet completed). The rate of backlog accumulation was little-changed from September and solid. However, companies maintained a cautious approach to staff numbers in October amid reports of efforts to contain costs. Consequently, firms raised their staffing levels only slightly. ...” – Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis, CEBM Group

# Private Indicators: Global

## China General Manufacturing PMI

sa, >50 = improvement since previous month

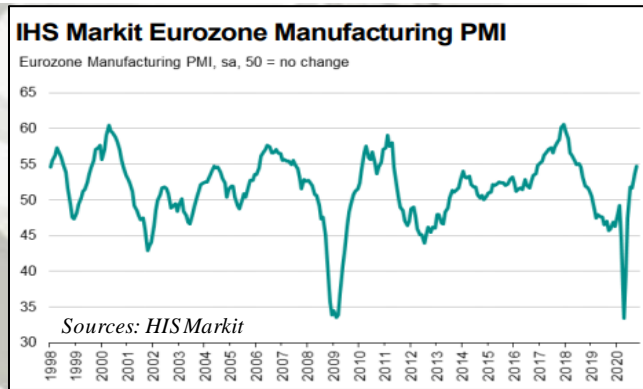


### Caixin China General Manufacturing PMI™

“Reflective of the strong improvement in overall market conditions, business confidence regarding the 12-month outlook for output improved to its highest since August 2014. Panel members generally expect the impact of the pandemic to subside and global economic conditions to recover over the next year.” – Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis, CEBM Group



# Private Indicators: Global



## Markit Eurozone Manufacturing PMI®

“The IHS Markit Eurozone Manufacturing PMI® indicated a further improvement in manufacturing sector growth during October. After accounting for seasonal factors, the headline index moved up to 54.8, from 53.7 in September and better than the earlier flash reading. October’s number was also the best recorded by the survey for 27 months and maintained the current run of continuous growth that began in July.

### Eurozone manufacturing growth continues to strengthen in October

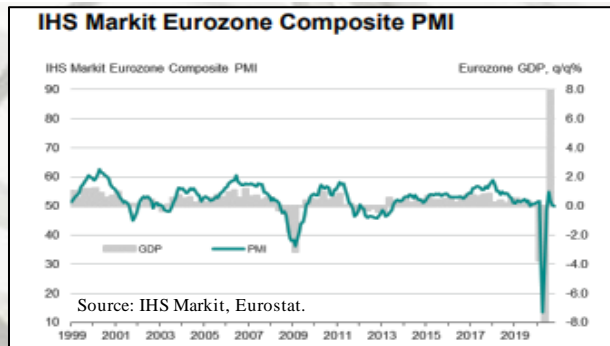
Growth was seen across all three market groups during October, albeit to varying degrees. The fastest expansion was seen in investment goods, where growth improved to its highest level for over two years. A solid gain was seen in intermediate goods, but growth weakened to a marginal pace amongst consumer goods producers. ...

Eurozone manufacturing boomed in October, with output and order books growing at rates rarely exceeded over the past two decades. However, while the data bode well for production during the fourth quarter, the expansion is worryingly uneven. By country, Germany was once again the star performer by a wide margin, as factories reported a surge in new orders that surpassed anything previously seen in the survey’s 25-year history. Italy, Spain and Austria also saw encouraging improvements in their recovery rates, but France, Ireland and the Netherlands all reported only modest growth and Greece has slipped back into contraction.

Germany’s outperformance to a large extent reflects the recent pattern of demand growth. While orders for autos, business equipment and machinery have surged as the global economy has revived after lockdowns, benefitting German producers in particular, new orders for consumer goods came close to stalling in October, with exports even showing a renewed decline, blamed on rising COVID-19 infection rates, weakened labour markets and subdued consumer sentiment.

The renewed weakness of consumer-facing businesses serves as a reminder that, while manufacturing as a whole may be booming for now, the sustainability of the recovery will depend on household behaviour returning to normal and labour markets strengthening. Given second waves of virus infections, this still looks some way off.” – Chris Williamson, Chief Business Economist, Markit®

# Private Indicators: Global



## Markit Eurozone Composite PMI®

“The eurozone’s private sector economy stagnated during October, as signalled by the **IHS Markit Eurozone PMI® Composite Output Index** posting a level of 50.0. Whilst an improvement on the earlier flash reading, the index was nonetheless down from 50.4 in September and ended a three-month period of growth.

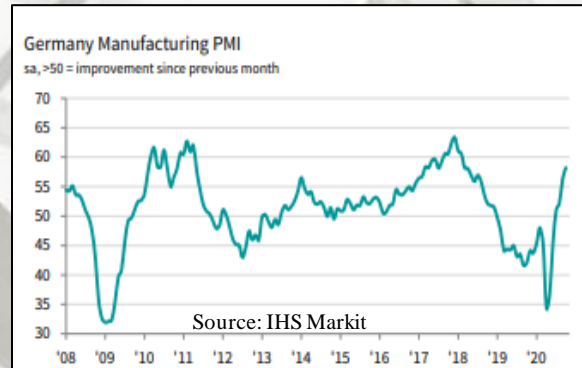
### Eurozone economy stagnates at start of fourth quarter

In line with recent developments, the headline index masked the continuation of a two-speed economy in October. Manufacturing output growth was sustained, and to the strongest degree in over two-and-a-half years. In stark contrast, service sector activity contracted again, deteriorating to the greatest degree since May. For the first time in four months, levels of incoming new business declined as strong gains in manufacturing new work were more than offset by weakness in services. There was some positive news on export sales, however, which rose for a second successive month. A twentieth successive monthly decline in backlogs of work outstanding was signalled during October, although the rate of contraction was marginal and the weakest since February. Nonetheless, firms were able to comfortably keep on top of their workloads despite another round of job losses. An eighth successive monthly decline in employment was registered during October, albeit to the weakest degree in the current sequence.

The eurozone’s economic recovery stalled in October as containment measures were stepped up to fight second waves of COVID-19 infections. Service providers have been hit especially hard, led by intensifying weakness in consumer-facing sectors such as hospitality, offsetting the brighter news seen in manufacturing during the month

Optimism about the future also slumped sharply lower, sliding to the gloomiest since May as companies grew more anxious about the damaging impact of second waves of infections. With lockdown measures being tightened, it is becoming increasingly hard to see how the eurozone economy will avoid falling back into decline, especially as some countries, including France, Italy and Spain, are already contracting again. Only in Germany has the strength of the manufacturing sector countered the renewed downturn in service sector activity, leading to increasingly polarised economic trends among the euro area’s member states. However, for all countries the outlook has grown increasingly dark.” – Chris Williamson, Chief Business Economist, Markit®

# Private Indicators: Global



## IHS Markit/BME Germany Manufacturing PMI®

“The continued improvement in operations conditions following the coronavirus disease 2019 (COVID-19) shutdowns earlier in the year was highlighted by the headline IHS Markit/BME Germany Manufacturing PMI® – a weighted aggregate of measures of new orders, output, employment, suppliers' delivery times and stock of purchases – registering 58.2 in October. This was up from September's 56.4 and the highest reading since March 2018.

### **Manufacturing continues to bounce back as new orders show record increase**

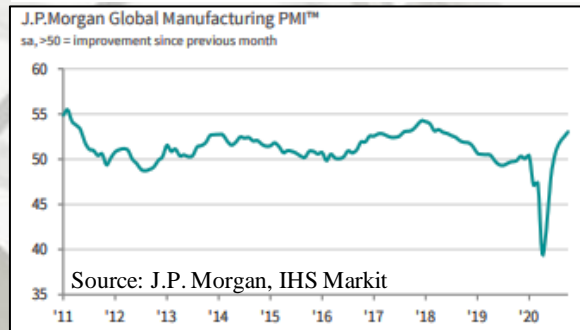
Germany's manufacturing sector carried strong growth Source: IHS Markit. momentum into the final quarter of 2020, seeing a steep and accelerated increase in output alongside a record rise in new orders, latest PMI® survey data showed. However, employment at factories continued to fall, while business confidence in the sector suffered the first setback for seven months. Contributing to the rise in the headline PMI in October was an uptick in the survey's new orders index, which pointed to the steepest growth in new business at German manufacturers since data collection began in 1996. Surveyed firms reported stronger demand both domestically and abroad, with rising sales to Asia (particularly China) helping lift new export orders to the greatest extent since December 2017. ...

Manufacturing in Germany continued to bounce back strongly in October. The standout data point was the survey's measure of new orders, which reached an all-time high on the back of a revival in demand both domestically and internationally. Less positively and perhaps a sign that growth could be about to slow as more firms get back to pre-COVID levels of output, we saw the first setback to manufacturing expectations for seven months in October. It comes amid rising numbers of coronavirus cases in Europe, and the increased threat of renewed disruption to supply and demand that comes with it.

Inflationary pressures have started to return to the manufacturing sector, with October seeing the first – albeit slight – increases in both input costs and output prices since the first half of 2019. Demand conditions across manufacturing and its supply chain look to be returning to something that resembles ‘normal’, and so more firms have started to up prices.” – Phil Smith, Principal Economist, IHSMarkit®



# Private Indicators: Global



## J.P. Morgan Global Manufacturing PMI™

“The J.P. Morgan Global Manufacturing PMI™ – a composite index produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – posted 53.0 in October, up from 52.4 in September, to post its best reading for 29 months (since May 2018). The headline PMI has signalled growth in each of the past four months.

## Global manufacturing output and new orders accelerate at start of fourth quarter

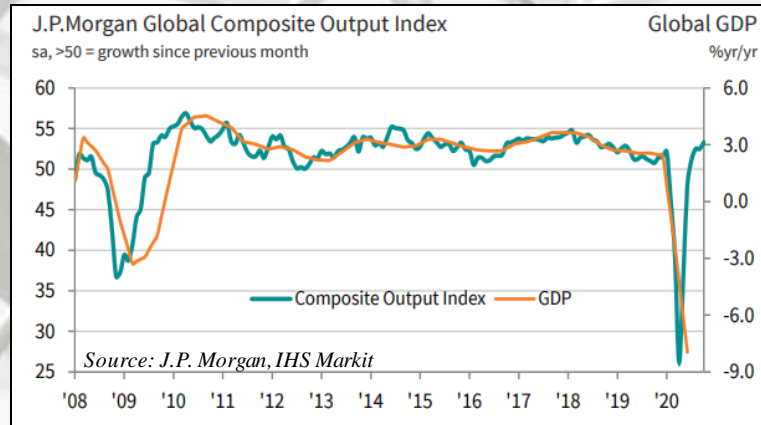
Global manufacturing output rose at the fastest pace in over two-and-a-half years in October, building on the return to growth seen during the third quarter of the year. New order intakes strengthened, assisted by a further upturn in international trade, while business optimism rose to its highest level since May 2018. Manufacturing output increased in October, with solid growth seen across the consumer, intermediate and investment goods industries. The fastest expansion was in the investment goods sector (albeit slightly slower than in September) and the weakest at consumer goods producers (slowest in the current four-month upturn). The overall acceleration was therefore centred on the intermediate goods category, where growth improved to a 33-month high.

Output growth was registered in 20 out of the 26 territories for which October data were available. In North America, both the US (11-month high) and Canada (26-month high) saw solid and accelerated increases in production. Growth also improved to a 32-month high in the euro area, led by the steepest expansion in Germany for almost a decade. Output rose at quicker rates in China, India and South Korea. The downturn in Japan continued, making it one of only six nations to record contractions (the others being Greece, Indonesia, Ireland, Malaysia and Russia). Global manufacturing new orders rose for the fourth successive month, aided by a further increase in new export business. Total new business expanded across the consumer, intermediate and investment goods sub-industries. Higher levels of production and new work received led to greater optimism among manufacturers, with business sentiment rising to a 29-month high. ...

The recovery in the global manufacturing sector continued early this quarter with the level in the PMI for output and new orders among the highest seen over the past two-and-a-half years. One risk to the goods sector recovery is the sharp increase in new virus cases which has resulted in activity restrictions across Europe.” – Olya Borichevska, Global Economic Research, J.P. Morgan



# Private Indicators: Global



## J.P. Morgan Global Composite PMI™

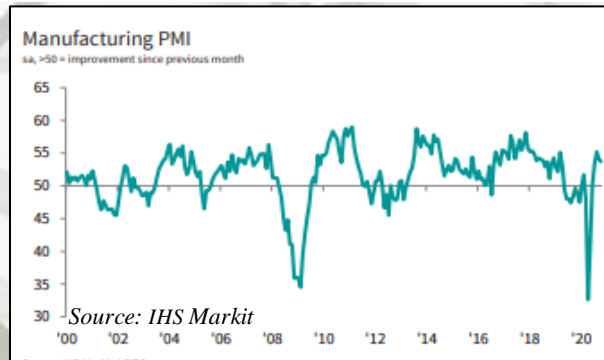
“The J.P. Morgan Global Composite Output Index – which is produced by J. P. Morgan and IHS Markit in association with ISM and IFPSM – rose to a 26-month high of 53.3 in October, up from 52.5 in September, to signal expansion for the fourth consecutive month. Growth strengthened in both the manufacturing (32-month high) and services (19-month high) industries.

## Global economic growth fastest in over two years in October

October saw the fastest expansion of global economic output for over two years. Growth was underpinned by rising intakes of new work, improving business optimism and the continued stabilisation of trends in new export orders and staffing levels. Five out of the six sub-sectors covered by the survey registered expansions of output at the start of the final quarter of 2020. Solid growth was seen in the business services, financial services, intermediate goods and investment goods categories. Consumer-facing industries tended to be a drag on the overall rate of increase. Growth at consumer goods producers slipped to its weakest in the current four-month upturn, while consumer services output contracted for the ninth successive month. ....

Companies' outlook for the global economy remained positive in October. Business sentiment rose to a 28-month high, strengthening at both manufacturers and service providers alike. All of the nations covered by the survey maintained a positive outlook for the coming 12 months.” – Olya Borichevska, Global Economic Research, J.P. Morgan

# Private Indicators: Global



## IHS Markit/CIPS UK Manufacturing PMI®

“The seasonally adjusted IHS Markit/CIPS Purchasing Managers’ Index® (PMI®) fell to 53.7 in October, down from 54.1 in September but above the earlier flash estimate of 53.3. The PMI has remained at an above-50.0 level, signalling expansion, for five months running.

### UK manufacturing upturn continues in October despite further loss of growth momentum

The recovery in the UK manufacturing sector continued at the start of the final quarter, as output and new orders rose again supported by improved demand from both domestic and overseas sources. That said, the upturn showed further signs of losing impetus, as the initial boost to growth from the economy reopening faded and job losses accelerated. Manufacturing output rose at an above survey-average rate in October, despite growth easing to a four-month low. The latest expansion reflected improved intakes of new work and companies catching up on orders delayed during lockdown. The trend in new export business meanwhile strengthened, reflecting increased demand from China and the US and a temporary boost from Brexit stock building by clients in Europe. ...

October saw the UK manufacturing recovery continue, albeit with the upturn losing momentum amid ongoing lockdown measures and signs that growth could weaken further in coming months after Brexit-related stockpiling. The main drag was a fall back into contraction for the consumer goods industry, blamed in part on lockdowns and falling demand as virus worries intensified among households.

There was positive news on the export front, with new orders from overseas rising to the greatest extent in over two-and-a-half years. However, a significant contribution to the improvement in exports came from a temporary boost of Brexit stock building by EU clients, which was evident in one-in-four companies that reported higher exports. The outlook for the remainder of the year has therefore become increasingly uncertain, with risks tilted to the downside. While most companies maintain a positive outlook, with three-fifths of manufacturers expecting output to rise over the coming year, concerns about near-term risks posed by the pandemic, changes to COVID restrictions and related stimulus measures, plus Brexit anxieties, continue to fog the future.” – Rob Dobson, Director, IHS Markit

# **Private Indicators**

## **Associated Builders and Contractors**

### **ABC's Construction Backlog Indicator Rebounds in October; Contractor Optimism Rises**

“Associated Builders and Contractors reported today that its Construction Backlog Indicator rebounded to 7.7 months in October, an increase of 0.2 months from September’s reading, according to an ABC member survey conducted from Oct. 20 to Nov. 5. Backlog is 1.2 months lower than in October 2019.

ABC’s Construction Confidence Index readings for sales, profit margins and staffing levels increased in October. Sales and staffing index readings remained above the threshold of 50, indicating expectations of expansion over the next six months. For profit margins, this is the eighth consecutive month of decreasing readings.

““Given political uncertainty, surging COVID-19 infections, a lack of additional stimulus, diminished state and local government tax revenues, tighter lending conditions and poor commercial real estate fundamentals, nonresidential contractors remain surprisingly upbeat,” said ABC Chief Economist Anirban Basu. “Both sales and staffing levels are expected to climb over the next six months. While profit margins are expected to slip, only 6% of contractors expect a large decline in margins. Backlog was down in October from the same time one year ago but up for the month, further indicating a level of industry stability that was not fully anticipated.”” – Rachel O’Grady, Media Relations Director, ABC



# Private Indicators

## Associated Builders and Contractors

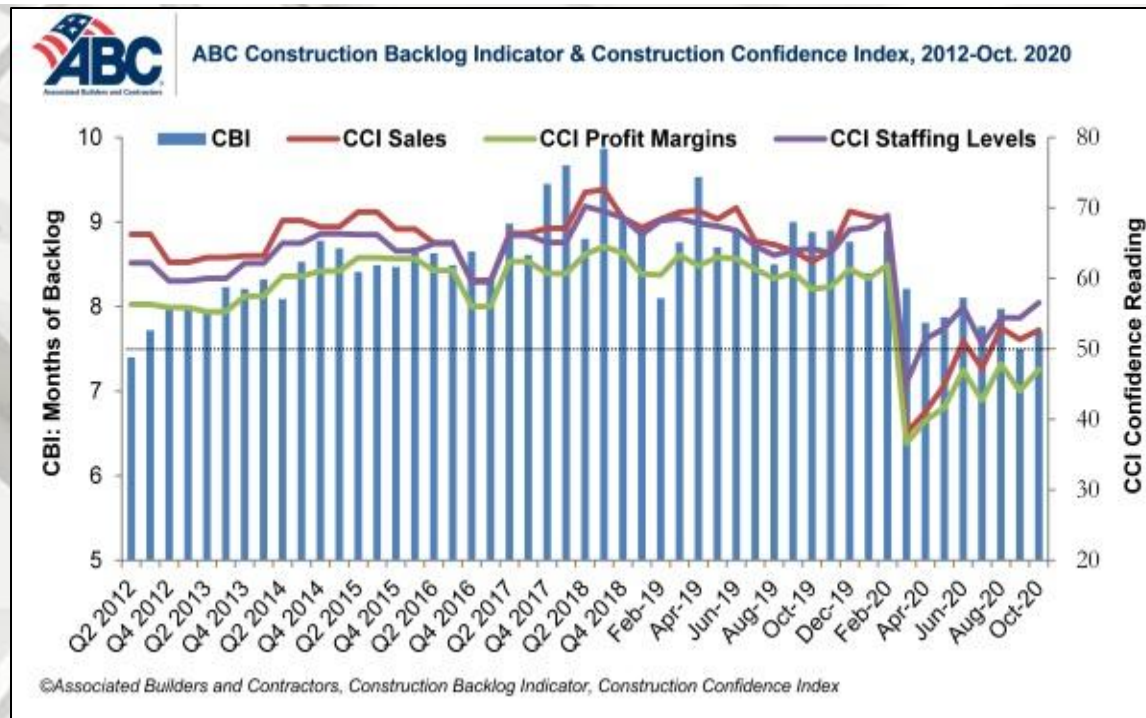
### Construction Backlog Indicator

	Oct. 2020	Sep. 2020	Oct. 2019	1-Month Net Change	12-Month Net Change
<b>Total</b>	<b>7.7</b>	<b>7.5</b>	<b>8.9</b>	<b>0.2</b>	<b>-1.2</b>
<i><b>Industry</b></i>					
Commercial & Institutional	7.5	7.4	8.9	0.1	-1.4
Heavy Industrial	7.6	8.4	6.8	-0.8	0.8
Infrastructure	9.1	7.4	11.8	1.7	-2.7
<i><b>Region</b></i>					
Middle States	6.3	6.7	7.2	-0.4	-0.9
Northeast	8.4	7.4	9.8	1.0	-1.4
South	8.4	9.5	9.6	-1.1	-1.2
West	8.3	6.3	8.8	2.0	-0.5
<i><b>Company Size</b></i>					
<\$30 Million	7.4	6.9	8.5	0.5	-1.1
\$30-\$50 Million	7.6	10.3	7.9	-2.7	-0.3
\$50-\$100 Million	7.8	7.2	8.7	0.6	-0.9
>\$100 Million	10.0	10.1	12.7	-0.1	-2.7

©Associated Builders and Contractors, Construction Backlog Indicator



# Private Indicators Associated Builders and Contractors



## ABC's Construction Backlog Indicator Rebounds in October; Contractor Optimism Rises

““While these remain treacherous times, nonresidential contractors can anticipate a better future, at least eventually,” said Basu. “Further stimulus seems likely, including additional monies for infrastructure. Large tax hikes now seem unlikely, helping to explain a surge in stock values despite incomplete information on election outcomes. Interest rates remain low, and the Federal Reserve remains accommodative. Moreover, most economists expect a significant rebound in economic activity in 2021, especially after winter’s end. That will set the stage for an eventual recovery in commercial construction spending.”” – Rachel O’Grady, Media Relations Director, ABC

# Private Indicators

## Associated Builders and Contractors

### Nonresidential Construction Spending Declines Further in September

“National nonresidential construction spending fell 1.6% in September, according to an Associated Builders and Contractors analysis of data published today by the U.S. Census Bureau. On a seasonally adjusted annualized basis, monthly spending totaled \$794.3 billion. Among the sixteen nonresidential subcategories, thirteen were down on a monthly basis. Private nonresidential spending declined 1.5% in September, while public nonresidential construction spending was down 1.7%.

“The pace of decline in nonresidential construction spending is accelerating,” said ABC Chief Economist Anirban Basu. “This is precisely what had been predicted. Coming into the crisis, the economy was rolling, helping to lift construction backlog amid elevated developer confidence, according to [ABC’s Construction Backlog Indicator and Construction Confidence Index](#). The crisis shattered that equilibrium, producing distressed commercial real estate fundamentals, diminished confidence, postponed and cancelled projects, the embrace of remote work, tighter credit conditions and damaged state and local government finances.

“Though the initial phase of economic recovery has been brisk, economic outcomes are likely to deteriorate markedly during the months ahead absent further stimulus,” said Basu. “That would further delay nonresidential construction’s eventual recovery. Nonresidential construction spending is down 4.4% from the same time last year, with lodging-related spending down more than 15% and office-related spending down nearly 7%. These are among the segments hardest hit by social distancing directives, and another round of shutdowns would further exacerbate declines in these and other segments.” – Rachel O’Grady, Media Relations Director, ABC

# Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate					
	September 2020	August 2020	September 2019	1-Month % Change	12-Month % Change
Nonresidential	\$794,266	\$807,199	\$830,512	-1.6%	-4.4%
Religious	\$3,058	\$2,980	\$3,233	2.6%	-5.4%
Educational	\$102,768	\$101,209	\$107,995	1.5%	-4.8%
Sewage and waste disposal	\$26,826	\$26,713	\$28,577	0.4%	-6.1%
Office	\$80,985	\$81,140	\$86,747	-0.2%	-6.6%
Health care	\$47,059	\$47,155	\$45,924	-0.2%	2.5%
Transportation	\$57,325	\$57,721	\$58,420	-0.7%	-1.9%
Water supply	\$18,880	\$19,029	\$16,884	-0.8%	11.8%
Lodging	\$27,893	\$28,353	\$32,951	-1.6%	-15.4%
Communication	\$22,485	\$22,858	\$22,430	-1.6%	0.2%
Commercial	\$81,330	\$82,894	\$80,838	-1.9%	0.6%
Manufacturing	\$72,304	\$73,762	\$80,204	-2.0%	-9.8%
Power	\$115,094	\$117,762	\$121,592	-2.3%	-5.3%
Amusement and recreation	\$26,396	\$27,043	\$28,505	-2.4%	-7.4%
Public safety	\$14,649	\$15,506	\$11,026	-5.5%	32.9%
Highway and street	\$89,543	\$94,796	\$95,808	-5.5%	-6.5%
Conservation and development	\$7,671	\$8,277	\$9,379	-7.3%	-18.2%
Private Nonresidential	\$464,054	\$471,343	\$493,716	-1.5%	-6.0%
Public Nonresidential	\$330,212	\$335,856	\$336,796	-1.7%	-2.0%
Source: U.S. Census Bureau					

## Nonresidential Construction Spending Declines Further in September

““The hope is that policymakers in Washington, D.C., will soon see fit to deliver on a long-awaited infrastructure financing and spending program,” said Basu. “Not only would that accelerate the broader economy’s economic recovery, a well-executed infrastructure package would make American workers more productive, unleash new private development opportunities and allow America to better compete in the global marketplace. The longer America has to wait for such a package, however, the more vulnerable its citizens will be to further economic dislocations.”” – Rachel O’Grady, Media Relations Director, ABC



# Private Indicators

## **American Society of Interior Designers (ASID) Interior Design Billings Index (IDBI)**

### **IDBI Index holding steady in September**

“Business conditions for the interior design industry remained at its current, unchanged levels for September as the Interior Design Billings Index (IDBI) recorded a score of 52.2. After dipping to 19.1 in April, the industry appears to have completed a ‘V’ shape recovery as the IDBI index has now hovered around 52 for three consecutive months (any score above 50 represents expansion and below 50 represents contraction). The three-month moving average of the IDBI index was at 52.3 in September. Although the September new projects inquiry index was at 52.7, down from an August reading of 57.6, its three-month moving average continued steadily at 53.5, a minimal difference from the August figure of 53.6.

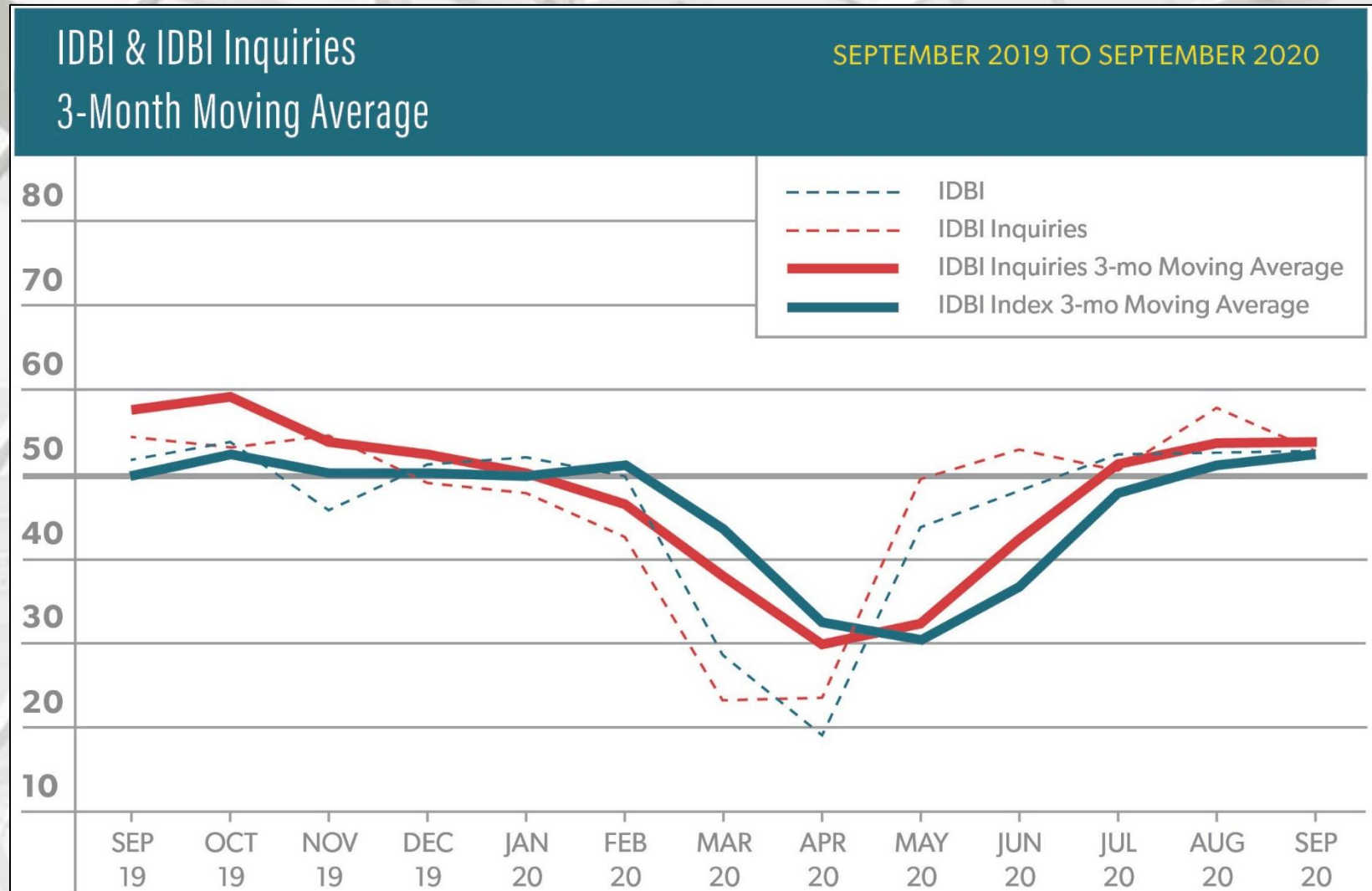
Reported as three-month moving averages, two regions moved into an expansionary mode while two remained in contractionary territory for September. Firms in the Midwest and the South indicated positive business conditions with index readings of 50.5 and 58.0 respectively, while firms in the Northeast (46.7) and West (47.2) reported upward movement but still in contraction.

Optimism about the next six months retreated in September but still remains in positive territory. The six-month expectations index shifted down from 58.1 in August to 54.2 for September.” – American Society Of Interior Designers



# Private Indicators

## ASID Interior Design Billings Index (IDBI)



# **Private Indicators**

## **American Institute of Architects (AIA)**

### **Architecture Billings Index September 2020**

**Despite an ongoing decline in architecture firm billings,  
indicators of future work continue to improve**

**However, many firms project continued revenue losses into 2021**

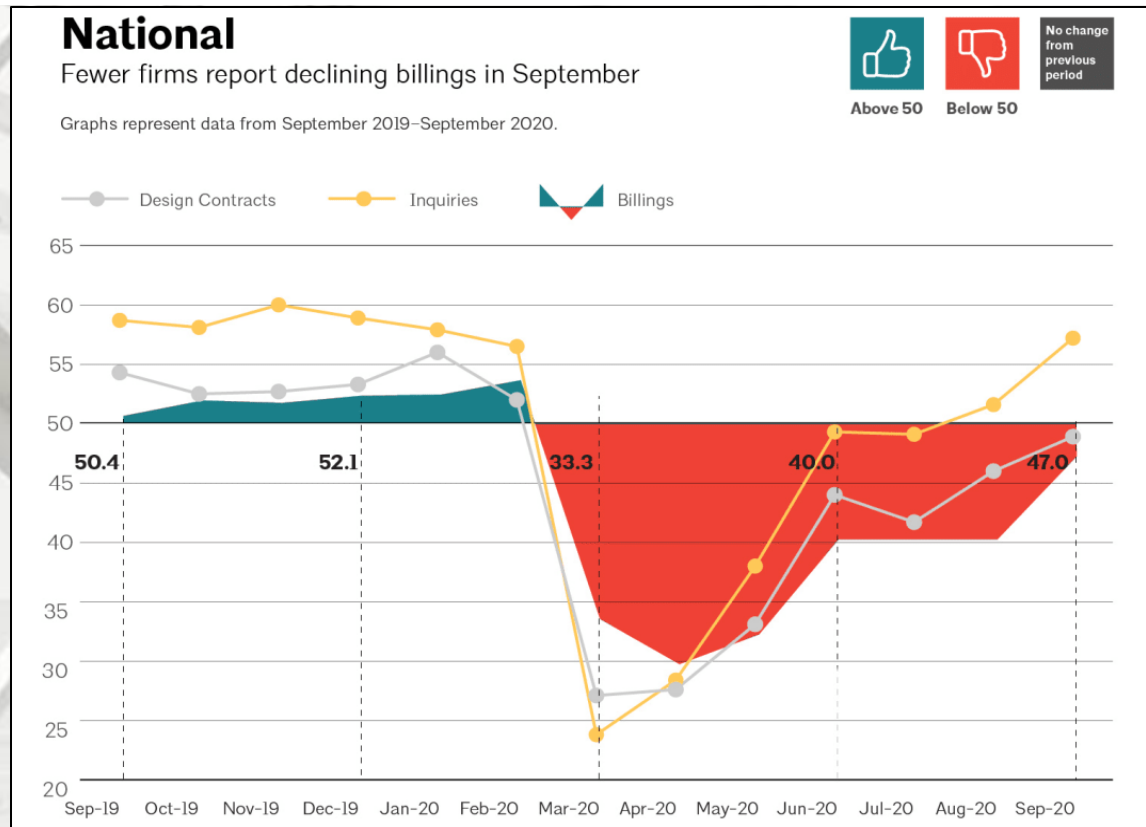
“AIA’s ABI score for September was 47.0 compared to 40.0 in August (any score below 50 indicates a decline in firm billings). Last month’s score indicates overall revenue at U.S architecture firms continued to decline from August to September, however, the pace of decline slowed significantly. Inquiries into new projects during September grew for the second time since February, with a score of 57.2 compared to 51.6 in August. The value of new design contracts moderated to a score of 48.9 in September from 46.0 the previous month.

The third quarter of 2020 ended on a more promising note for architecture firms, as fewer firms reported declining billings in September than in recent months. While the ABI score of 47.0 for the month means that the majority of firms still saw a decline in their firm billings, things have taken a more encouraging turn from the last three months where the recovery had all but stalled.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

“Despite the multi-family residential sector showing signs of improvement, overall business conditions are recovering at a disappointingly slow pace. Other sectors may begin to stabilize in the coming months, but across the board improvement shouldn’t be expected until the economic impact of the pandemic subsides significantly.” – Kermit Baker, Chief Economist, The American Institute of Architects

# Private Indicators

## American Institute of Architects (AIA)



### Architecture Billings Index September 2020

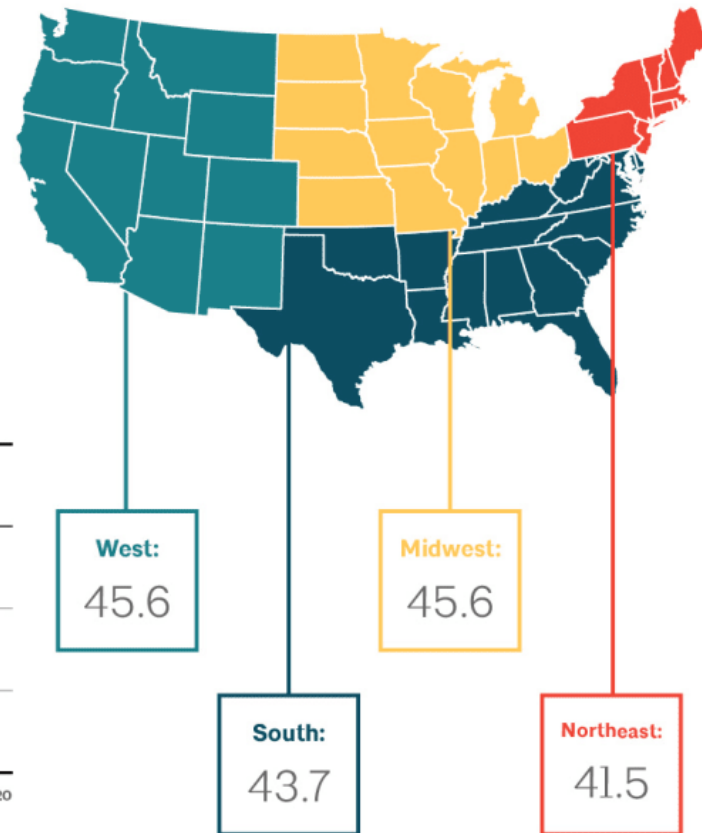
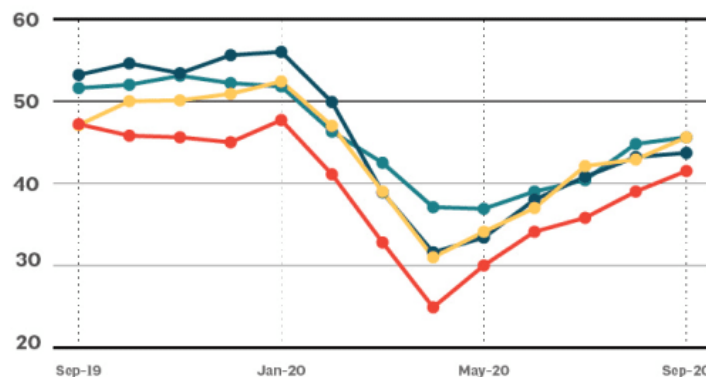
“In addition, indicators of work in the pipeline at firms also looked more encouraging in September than in August. Firms reported an increase in the number of inquiries into new projects for the second month in a row, and also reported a relatively modest decrease in the value of new signed design contracts, which looks likely to turn positive again soon. And firms reported a modest uptick in the length of their backlogs as well, which grew to 5.4 months in September, after plummeting from 6.3 months in December 2019 to just 5.0 months in March.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

# Private Indicators: AIA

## Regional

Business conditions remain weak across the country, but are moving toward a recovery

Graphs represent data from September 2019–September 2020 across the four regions. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



## Region

“Despite these encouraging signs, many architecture firms across the country continue to struggle. While billings at firms located in the Northeast have moved gradually toward a recovery every month since April, business conditions still remain quite soft there. Firms located in the Midwest and West look likely to be the first to return to billings growth, but even those firms still have a way to go.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

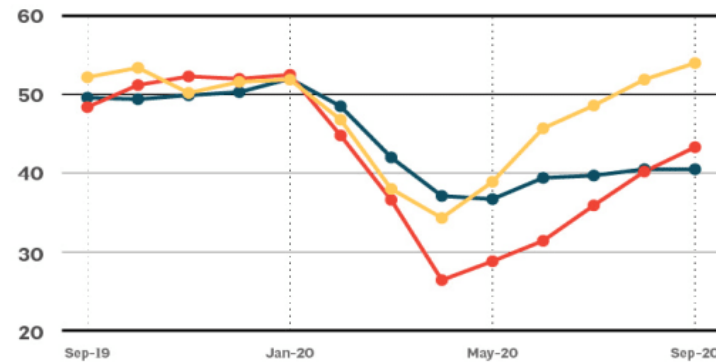


# Private Indicators: AIA

## Sector

Firms with a multifamily residential specialization report a strong increase in billings

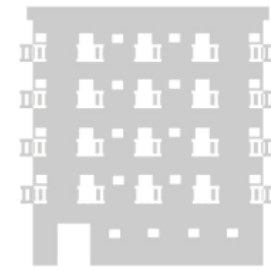
Graphs represent data from September 2019–September 2020 across the three sectors. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



**Commercial/Industrial: 43.3**



**Institutional: 40.5**



**Residential: 54.0**

## Sector

“By firm specialization, business came roaring back at firms with a multifamily residential specialization in both September and August, where firms reported an increase in their billings for the first time since January. On the other hand, billings have stalled at firms with an institutional specialization, and remain quite soft at firms with a commercial/industrial specialization as well.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

# Private Indicators

## Dodge Data & Analytics

### Construction Starts Step Back in September

#### Sizeable pullbacks in building activity pulls month lower

“Total construction starts dipped 18% in September to a seasonally adjusted annual rate of \$667.7 billion, essentially taking back August’s gain. While some of this decline is certainly payback from several large projects entering start in August, the drop in activity brought total construction starts below levels seen in June and July. Nonresidential starts fell 24%, while residential building dropped 21% over the month. Nonbuilding starts were 5% lower than August.

Year-to-date through nine months, total construction starts were down 14% from the same period in 2019. Nonresidential starts were lower by 26% and nonbuilding was down 18%, while residential starts gained 1%. For the 12 months ending September 2020, total construction starts were down 8% from the 12 months ending September 2019. Nonresidential building starts were 19% lower and nonbuilding starts were 11% lower, while residential building starts rose 4% over the 12 months ending September 2020. In September, the Dodge Index fell 18% to 141 (2000=100) from the 173 reading in August. September’s Dodge Index was down 23% compared to a year earlier and 21% lower than its pre-pandemic level in February.

“That construction starts took a significant step back in September is disappointing, but also not surprising,” stated Richard Branch, Chief Economist for Dodge Data & Analytics. “The economic recovery has lost momentum and is showing strain since support provided to consumers and businesses from expanded unemployment insurance benefits and the Paycheck Protection Program have expired. The worsening budget crisis for state and local areas has also slowed growth in public project starts, particularly in the face of a somewhat uncertain outlook for federal infrastructure spending programs. The road to recovery will continue to be uneven and fraught with potholes until a vaccine is developed and widely adopted across the U.S.” – Nicole Sullivan, Public Relations & Social Media, AFFECT

# Private Indicators

## Dodge Data & Analytics

“**Residential building** starts lost 21% in September, falling to a seasonally adjusted annual rate of \$314.0 billion. Single family starts dropped 6% in the month as multifamily starts tumbled 54%.

The two largest multifamily structures to break ground in September were the \$130 million AJ Railyards Mixed Use building in Sacramento CA and the \$130 million Sage Valley Apartments in West Valley City UT. The \$125 million Avenir Mixed Use building in Jersey City was the next largest project to break ground.

Through the first nine months of 2020, residential construction starts were 1% higher than in the same period of 2019. Single family starts were up 6%, but multifamily starts were down 12%. For the 12 months ending in September, total residential starts were 4% higher compared to the 12 months ending September 2019. Single family starts were up 7%, while multifamily starts were down 5%.

**Nonresidential building** starts were down sharply over the month of September, falling 24% to \$177.4 billion. There was little good news in the detail: institutional starts fell 8%, manufacturing starts were 48% lower, and commercial starts dropped 36%. Only two building types posted a gain in September – retail and public buildings. ...

Year-to-date through nine months, total nonresidential building starts were down 26%. Commercial starts declined 27%, while institutional starts were 18% lower. Manufacturing starts dropped a painful 56% compared to the first nine months of 2019. For the 12 months ending September 2020 total nonresidential building starts slid 19%. Institutional building starts were 16% lower, commercial starts down 19% and manufacturing starts plummeted 30% in the 12 months ending September 2020.” – Richard Branch, Chief Economist, Dodge Data & Analytics



# Private Indicators

## September 2020 Construction Starts

### MONTHLY CONSTRUCTION STARTS

(Millions of Dollars, Seasonally Adjusted Annual Rate)

	September 2020	August 2020	% Change
Nonresidential Building	\$177,432	\$234,569	-24
Residential Building	313,986	395,858	-21
Nonbuilding Construction	176,314	185,278	-5
Total Construction	\$667,733	\$815,705	-18

### YEAR-TO-DATE CONSTRUCTION STARTS

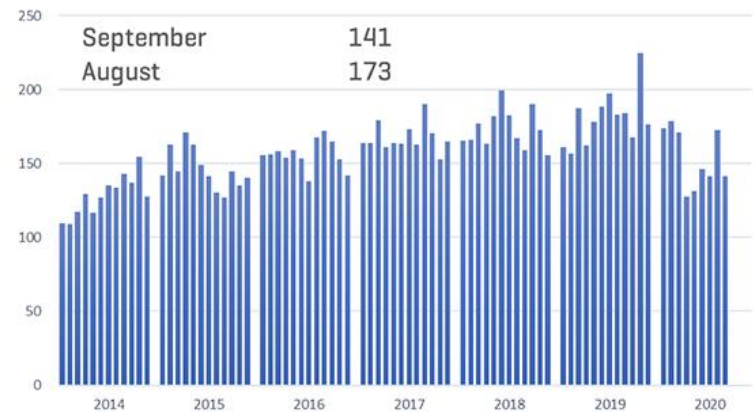
Unadjusted Totals, in Millions of Dollars

	9 Mos. 2020	9 Mos. 2019	% Change
Nonresidential Building	\$175,024	\$235,820	-26
Residential Building	248,697	246,120	1
Nonbuilding Construction	130,314	159,596	-18
Total Construction	\$554,035	\$641,535	-14

## September 2020 Construction Starts

### THE DODGE INDEX

(2000=100, Seasonally Adjusted)



Source: Dodge Data & Analytics



# Private Indicators



## MNI Chicago

“The Chicago Business Barometer™, produced with MNI, eased to 61.1 in October, edging lower after a sharp increase in September. However, it still marks the fourth consecutive reading above the 50-mark after sitting below it for a year.

## Chicago Business Barometer™ Dips to 61.1 in October

Among the five main indicators, New Orders was the only category to show a monthly uptick, while Production recorded the largest decline. Demand picked up modestly in October with New Orders rising 0.2 points, its highest level since November 2018. Production saw the largest fall, falling 5.9 points. Anecdotal evidence provided mixed signals, with some firms noting a drop in demand, while others saw a stable level of orders and production or a gradual improvement in business activity. Order Backlogs eased 2.4 points to a two-month low. The index remains in expansion territory for the second month in a row. Inventories cooled marginally by 0.2% in October, little changed from the 47.8 recorded in September.

Employment is the only major category to record a sub-50 reading. It backtracked in October with firms noting staff reductions as a result of the pandemic. Supplier Deliveries eased in October with firms emphasizing the impact of the current crisis. Prices at the factory gate were stable in October, dipping 0.1 points with firms reporting higher prices for wood, steel and chemicals.

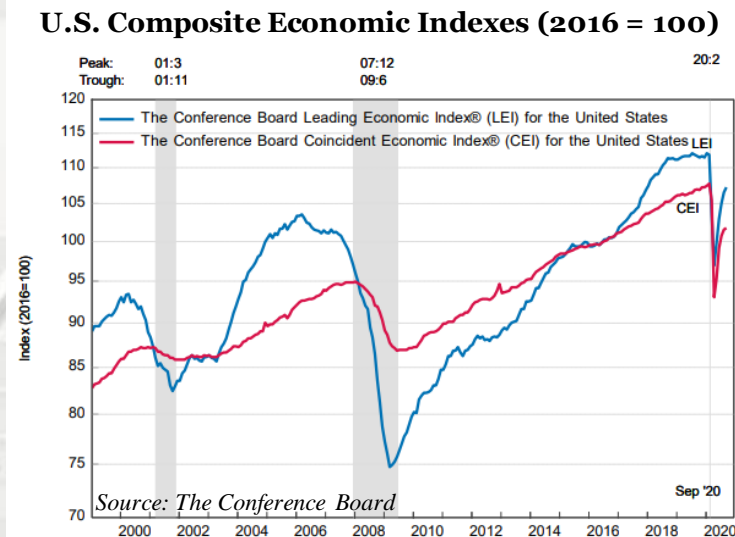
This month’s special question asked: “Are you planning to make working remotely a permanent option for your employees after the pandemic?” The majority 45.8% were unsure, 35.6% are not planning to make it a permanent option, while 18.6% support it. The second question asked: “Have you re-evaluated your supply chains, attempting to take China out of the equation?” The majority 47.4% had not re-evaluated their supply chains, while one third of respondents had adjusted their supply chains.” – Les Commons, Senior Economist and Irene Prihoda, Economist, MNI Indicators

# Private Indicators

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

***Slowing pace of improvement suggests economy could be losing momentum***

**The Conference Board Leading Economic Index® (LEI)** for the U.S. increased 0.7 percent in September to 107.2 (2016 = 100), following a 1.4 percent increase in August and a 2.0 percent increase in July.



“The US LEI increased in September, driven primarily by declining unemployment claims and rising housing permits. However, the decelerating pace of improvement suggests the US economy could be losing momentum heading into the final quarter of 2020. The US economy is projected to expand in Q4, but at a substantially slower rate of 1.5 percent (annual rate) according to The Conference Board’s GDP forecast. Furthermore, downside risks to the recovery may be increasing amid rising new cases of COVID-19 and continued labor market weakness.” – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

**“The Conference Board Coincident Economic Index® (CEI)** for the U.S. increased 0.2 percent in September to 101.7 (2016 = 100), following a 0.8 percent increase in August and a 1.6 percent increase in July.

**The Conference Board Lagging Economic Index® (LAG)** for the U.S. decreased 0.1 percent in September to 107.6 (2016 = 100), following a 0.1 percent decrease in August and a 1.0 percent decrease in July.

# Private Indicators

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

**September New Business Volume Down 13 Percent Year-over-year, Up 24 Percent Month-to-Month, and Down 5 Percent Year-to-date**

“The [Equipment Leasing and Finance Association's](#) (ELFA) [Monthly Leasing and Finance Index \(MLFI-25\)](#), which reports economic activity from 25 companies representing a cross section of the \$900 billion equipment finance sector, showed their overall new business volume for September was \$8.7 billion, down 13 percent year-over-year from new business volume in September 2019. Volume was up 24 percent month-to-month from \$7 billion in August. Year-to-date, cumulative new business volume was down 5 percent compared to 2019.

Receivables over 30 days were 2.00 percent, down from 2.40 percent the previous month and up from 1.70 percent the same period in 2019. Charge-offs were 0.82 percent, up from 0.75 percent the previous month and up from 0.40 percent in the year-earlier period.

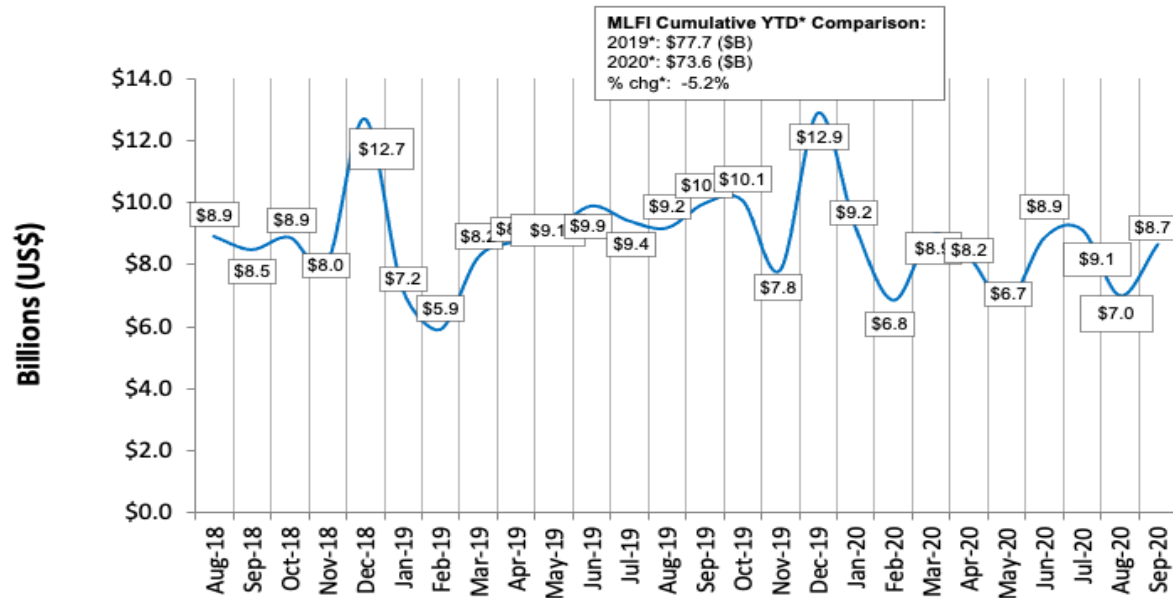
Credit approvals totaled 72.9 percent, up from 71.0 percent in August. Total headcount for equipment finance companies was down 2.7 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in October is 55.0, easing from the September index of 56.5.” – Amy Vogt, Vice President, Communications and Marketing; Equipment Leasing & Finance Association

“Despite the drop in September year-over-year new business, a look at the data beginning with the advent of the pandemic in February shows that the industry, in general, is holding its own. In fact, anecdotal evidence from some ELFA member companies indicates they are enjoying a very strong year. Tempering this positive data point, however, is a spike in losses – not surprising, given that the losses, in all likelihood, reflect customers in distressed industry sectors significantly impacted by the economic downturn resulting from the COVID pandemic.” – Ralph Petta, President and CEO, ELFA

# Private Indicators

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



**ELFA**  
Equipping Business for Success

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

**MLFI**

### Monthly Leasing and Finance Index: September 2020

“The pandemic continues to have a negative impact on the overall economy, and this data demonstrates that our industry is not immune. However, the 24 percent growth in month-to-month volume in the September 2020 MLFI-25 is promising. Within any disruption, there is opportunity. Here at TDEF, we have seen our customers find innovative ways to continue to grow, and we ourselves have been able to increase our portfolio. The low interest rate environment, combined with rising spot rates within trucking, presents a good opportunity for those companies who are in a position to expand.” – Anthony Sasso, Head of TD Equipment Finance



# **October 2020 Manufacturing ISM® Report On Business®**

**PMI® at 59.3%**

**New Orders; Production and Employment Growing  
Supplier Deliveries Slowing at Faster Rate; Backlog Growing  
Raw Materials Inventories Growing; Customers' Inventories Too Low  
Prices Increasing; Exports and Imports Growing**

“Economic activity in the **manufacturing sector grew in October, and the overall economy notching a sixth consecutive month of growth**, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**. The October PMI® registered 59.3 percent, up 3.9 percentage points from the September reading of 55.4 percent and the highest since September 2018 (59.3 percent). This figure indicates expansion in the **overall economy** for the sixth month in a row after a contraction in April, which ended a period of 131 consecutive months of growth. .

The New Orders Index registered 67.9 percent, an increase of 7.7 percentage points from the September reading of 60.2 percent.

The Production Index registered 63 percent, an increase of 2 percentage points compared to the September reading of 61 percent.

The Backlog of Orders Index registered 55.7 percent, 0.5 percentage point higher compared to the September reading of 55.2 percent.

The Employment Index registered 53.2 percent, an increase of 3.6 percentage points from the September reading of 49.6 percent.

The Supplier Deliveries Index registered 60.5 percent, up 1.5 percentage points from the September figure of 59 percent.” – Timothy R. Fiore, CPSM, CPSD, Chair of the ISM® Manufacturing Business Survey Committee

## **October 2020 Manufacturing ISM® *Report On Business*®**

“The Inventories Index registered 51.9 percent; 4.8 percentage points higher than the September reading of 47.1 percent.

The Prices Index registered 65.5 percent, up 2.7 percentage points compared to the September reading of 62.8 percent.

The New Export Orders Index registered 55.7 percent; an increase of 1.4 percentage points compared to the September reading of 54.3 percent.

The Imports Index registered 58.1 percent, a 4.1-percentage point increase from the September reading of 54 percent.

The manufacturing economy continued its recovery in October. Survey Committee members reported that their companies and suppliers continue to operate in reconfigured factories; with every month, they are becoming more proficient at expanding output. Panel sentiment was optimistic (two positive comments for every cautious comment), a slight decrease compared to September. Demand expanded, with the (1) New Orders Index growing at strong levels, supported by the New Export Orders Index expanding moderately, (2) Customers’ Inventories Index at its lowest figure since June 2010 (35.8 percent), a level considered a positive for future production, and the (3) Backlog of Orders Index expanding at a slightly faster rate compared to the prior three months.” – Timothy R. Fiore, CPSM, CPSD, Chair of the ISM® Manufacturing Business Survey Committee

## October 2020 Manufacturing ISM® *Report On Business*®

“**Consumption** (measured by the Production and Employment indexes) contributed positively (a combined 5.6-percentage point increase) to the Manufacturing PMI® calculation, with five of the top six industries continuing to expand output strongly. The Employment Index broke into expansion territory for the first time since July 2019. **Inputs** – expressed as supplier deliveries, inventories and imports – continued to indicate input-driven constraints to production expansion, but at slower rates compared to September, due to a return to growth in inventory levels. Inputs improved compared to September and contributed positively to the Manufacturing PMI® calculation, with a combined 6.3-percentage point increase. (The Supplier Deliveries and Inventories indexes directly factor into the Manufacturing PMI®; the Imports Index does not.) Prices continued to expand at higher rates, reflecting a continued shift to seller pricing power.

Manufacturing performed well for the third straight month, with demand, consumption and inputs registering growth indicative of a normal expansion cycle. While certain industry sectors are experiencing difficulties that will continue in the near term, the overall manufacturing community continues to exceed expectations.

Of the 18 manufacturing industries, 15 reported growth in October, in the following order: Apparel, Leather & Allied Products; Fabricated Metal Products; Nonmetallic Mineral Products; Food, Beverage & Tobacco Products; Plastics & Rubber Products; Machinery; Furniture & Related Products; Paper Products; Wood Products; Chemical Products; Primary Metals; Computer & Electronic Products; Transportation Equipment; Electrical Equipment, Appliances & Components; and Miscellaneous Manufacturing. The two industries reporting contraction in October are: Textile Mills; and Printing & Related Support Activities.” – Timothy R. Fiore, CPSM, CPSD, Chair of the ISM® Manufacturing Business Survey Committee

# Private Indicators

## October 2020 Services PMI™ Report On Business®

**NMI® at 56.6%**

**Business Activity Index at 61.2%;**

**New Orders Index at 58.8%**

**Employment Index at 50.1%;**

**Supplier Deliveries Index at 56.2%**

“Economic activity in the **non-manufacturing sector** grew in October for the fifth month in a row, say the nation’s purchasing and supply executives in the latest **Services PMI™ Report On Business®**. The Services PMI™ registered 56.6 percent, 1.2 percentage points lower than the September reading of 57.8 percent. This reading represents a fifth straight month of growth for the services sector, which has expanded for all but two of the last 129 months..

The Supplier Deliveries Index registered 56.2 percent, up 1.3 percentage points from September’s reading of 54.9 percent. (Supplier Deliveries is the only ISM® *Report On Business®* index that is inversed; a reading of above 50 percent indicates slower deliveries, which is typical as the economy improves and customer demand increases.)

The Prices Index figure of 63.9 percent is 4.9 percentage points higher than the September reading of 59 percent, indicating that prices increased in October at a faster rate. According to the Services PMI™, 16 services industries reported growth. The composite index indicated growth for the fifth consecutive month after a two month contraction in April and May. There has been a slight pull back in the rate of growth in the Services Sector in the month of October. Respondents’ comments are cautiously optimistic about business conditions and the economy. There is a degree of uncertainty due to the pandemic, capacity constraints, logistics and the elections.” – Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM, Chair of the Institute for Supply Management® (ISM®) Non-Manufacturing Business Survey Committee



# Private Indicators

ISM <sup>®</sup> SERVICES SURVEY RESULTS AT A GLANCE COMPARISON OF ISM <sup>®</sup> SERVICES AND ISM <sup>®</sup> MANUFACTURING SURVEYS* October 2020									
Index	Services PMI <sup>™</sup>						Manufacturing PMI <sup>®</sup>		
	Series Index Oct	Series Index Sep	Percent Point Change	Direction	Rate of Change	Trend** (Months)	Series Index Oct	Series Index Sep	Percent Point Change
Services PMI <sup>™</sup>	56.6	57.8	-1.2	Growing	Slower	5	59.3	55.4	+3.9
Business Activity/ Production	61.2	63.0	-1.8	Growing	Slower	5	63.0	61.0	+2.0
New Orders	58.8	61.5	-2.7	Growing	Slower	5	67.9	60.2	+7.7
Employment	50.1	51.8	-1.7	Growing	Slower	2	53.2	49.6	+3.6
Supplier Deliveries	56.2	54.9	+1.3	Slowing	Faster	17	60.5	59.0	+1.5
Inventories	53.1	48.8	+4.3	Growing	From Contracting	1	51.9	47.1	+4.8
Prices	63.9	59.0	+4.9	Increasing	Faster	7	65.5	62.8	+2.7
Backlog of Orders	54.4	50.1	+4.3	Growing	Faster	5	55.7	55.2	+0.5
New Export Orders	53.7	52.6	+1.1	Growing	Faster	3	55.7	54.3	+1.4
Imports	52.5	46.6	+5.9	Growing	From Contracting	1	58.1	54.0	+4.1
Inventory Sentiment	51.1	55.4	-4.3	Too High	Slower	3	N/A	N/A	N/A
Customers' Inventories	N/A	N/A	N/A	N/A	N/A	N/A	36.7	37.9	-1.2
Overall Economy				Growing	Slower	5			
Services Sector				Growing	Slower	5			

Services ISM<sup>®</sup> Report On Business<sup>®</sup> data is seasonally adjusted for the Business Activity, New Orders, Prices and Employment indexes. Manufacturing ISM<sup>®</sup> Report On Business<sup>®</sup> data is seasonally adjusted for New Orders, Production, Employment and Inventories indexes.  
 \*\*Number of months moving in current direction.

## Industry Performance

“The 16 services industries reporting growth in October — listed in order — are: Transportation & Warehousing; Construction; Accommodation & Food Services; Health Care & Social Assistance; Agriculture, Forestry, Fishing & Hunting; Educational Services; Finance & Insurance; Management of Companies & Support Services; Wholesale Trade; Mining; Professional, Scientific & Technical Services; Utilities; Retail Trade; Real Estate, Rental & Leasing; Information; and Other Services. The two industries reporting a decrease in October are: Arts, Entertainment & Recreation; and Public Administration.” – Anthony Nieves, CPSM, C.P.M., A.P.P., CFPM, Chair of the Institute for Supply Management<sup>®</sup> (ISM<sup>®</sup>) Non-Manufacturing Business Survey Committee

# Private Indicators

## Markit U.S. Manufacturing PMI™

### PMI improves to highest since January 2019

“The seasonally adjusted IHS Markit final U.S. Manufacturing Purchasing Managers’ Index™ (PMI™) posted 53.4 at the start of the fourth quarter, up slightly from 53.2 in September and broadly in line with the earlier released ‘flash’ estimate of 53.3. The latest improvement in operating conditions was solid overall and the fastest since January 2019, marking a further move away from April's nadir.

October PMI™ data from IHS Markit signalled a further improvement in the health of the U.S. manufacturing sector. The rise in the PMI stemmed largely from rates of output and new order growth accelerating during the month, despite export orders contracting. Meanwhile, signs of reduced pressure on capacity led to a slower rise in employment, with business confidence also historically subdued though picking up compared to September. At the same time, input prices rose at the fastest rate since the start of 2019 fuelled by supplier shortages, but average charges increased only modestly.

Contributing to the rise in the headline figure was a quicker upturn in production in October. The rate of output growth accelerated to the sharpest since November 2019. Companies often stated that greater output was driven by stronger client demand and higher new order inflows.

The rate of new order growth picked up once again in October, following a slight slowdown in September. The increase in total sales was attributed to more robust client demand, with some firms noting larger orders being placed. Although domestic demand ticked higher, new export orders fell for the first time since July. The decline was only marginal overall, but was reportedly due to reimposed coronavirus disease 2019 (COVID19) lockdown restrictions across key export destinations in Europe.” – Chris Williamson, Chief Economist, Markit®

# Private Indicators

## Markit U.S. Manufacturing PMI™

### PMI improves to highest since January 2019

“Despite a faster rise in new orders, manufacturers were better able to process outstanding business, with the rate of backlog accumulation slowing to only a fractional rate. Reflecting weaker pressure on capacity, firms increased their workforce numbers at a softer pace in October. That said, some companies attributed the slower rate of employment growth to difficulties finding suitable candidates. Meanwhile, average cost burdens increased at an accelerated pace that was the steepest since January 2019 in October. Higher input prices were often linked to greater raw material costs and supplier shortages. ...

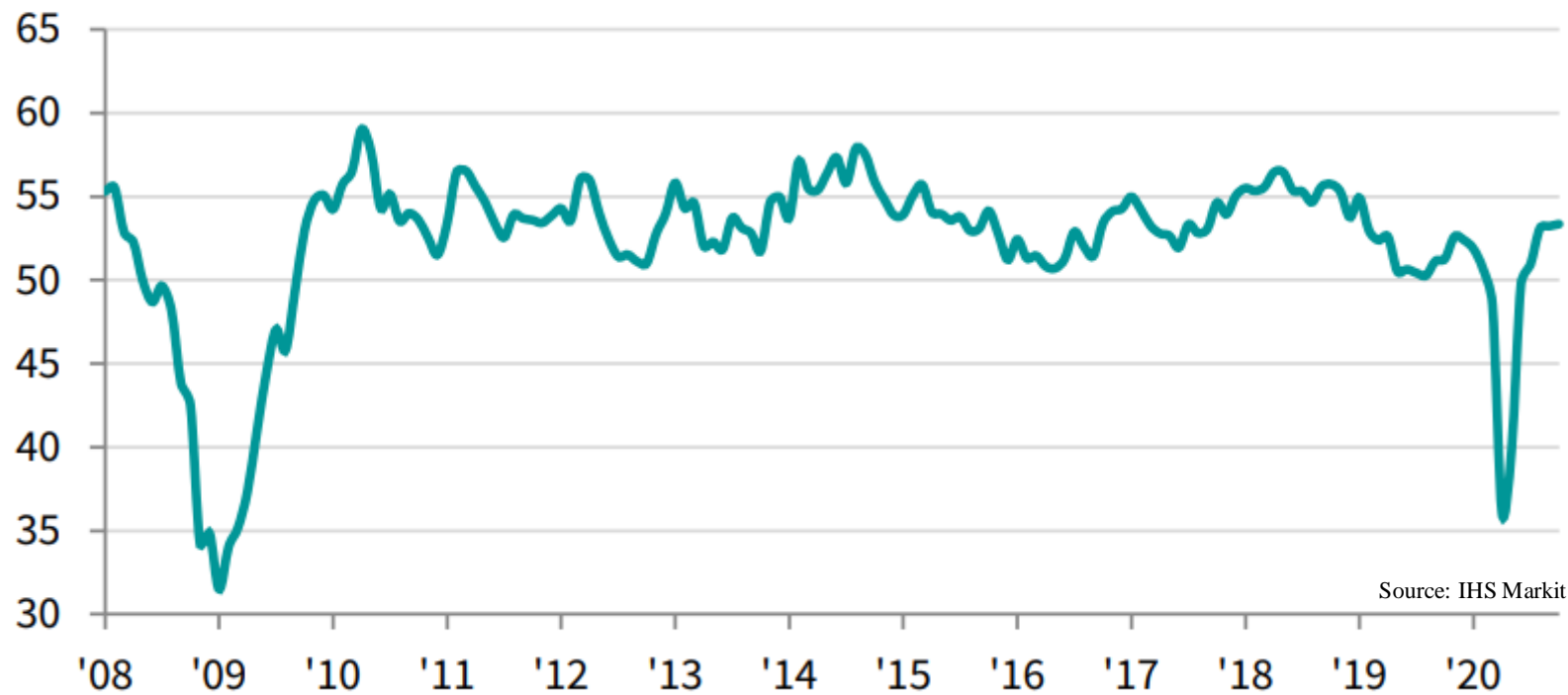
Business expectations remained positive in October, improving on September’s four-month low, as firms foresee a rise in output over the coming year. The degree of confidence was historically muted, however, as fears regarding the pandemic weighed on optimism. Finally, manufacturers registered further delays to suppliers’ delivery times in October, with lead times lengthening markedly. Travel restrictions and supplier shortages meant firms largely utilised their current stocks of purchases to supplement production, despite a rise in input buying.

With clues being sought as to whether the economy can sustain its recovery after rebounding from lockdowns, the rise in the PMI in October is encouraging news. It’s inevitable that the pace of economic expansion will weaken after the surge seen in the third quarter, but the strength of the PMI hints at a recovery for which the underlying trend continues to strengthen at the start of the fourth quarter. Producers of investment goods such as business equipment and machinery are leading the upturn in a welcome sign of rising business confidence and corporate investment, but it was worrying to see consumer goods producers report weakened order book growth, reflecting rising virus-related worries. Going forward, much will naturally depend on the extent to which the economy can remain open and functioning in the face of rising virus case numbers.” – Chris Williamson, Chief Economist, Markit®

# Private Indicators

## U.S. Manufacturing PMI

sa, >50 = improvement since previous month



Source: IHS Markit



# Private Indicators

## IHS Markit U.S. Services PMI™

### **Business activity expands at fastest pace since April 2015**

“The seasonally adjusted final IHS Markit US Services PMI Business Activity Index registered 56.9 in October, up from 54.6 in September and higher than the earlier released 'flash' estimate of 56.0. The improvement indicated that the rate of growth regained momentum at the start of the fourth quarter to the sharpest since April 2015. Greater output was often attributed to stronger demand conditions and a further uptick in new business.

October PMI™ data signalled a strong expansion in business activity across the U.S. service sector. The quicker rate of growth was largely linked to more robust demand conditions, despite a slower upturn in new export business. Firms continued to work through backlogs accumulated during lockdown, but pressure on capacity eased and employment consequently rose at the softest pace for three months. Optimism about business levels in one year's time improved to the strongest since April 2018 principally amid hopes of an end to the coronavirus disease 2019 (COVID-19) crisis and additional stimulus during the pandemic. Meanwhile, inflationary pressures softened, with some noting greater efforts to boost sales through discounts and offers.

October data indicated a steep upturn in new business at service providers, with the rate of expansion accelerating for the second month running. Some companies noted that looser coronavirus restrictions had encouraged sales. The pace of growth was the most marked since February 2019. That said, new export orders rose at a softer pace in October, as reimposed lockdown measures in key external markets dampened demand. . . .” – Chris Williamson, Chief Economist, Markit®

# Private Indicators

## IHS Markit U.S. Services PMI™

### **Business activity expands at fastest pace since April 2015**

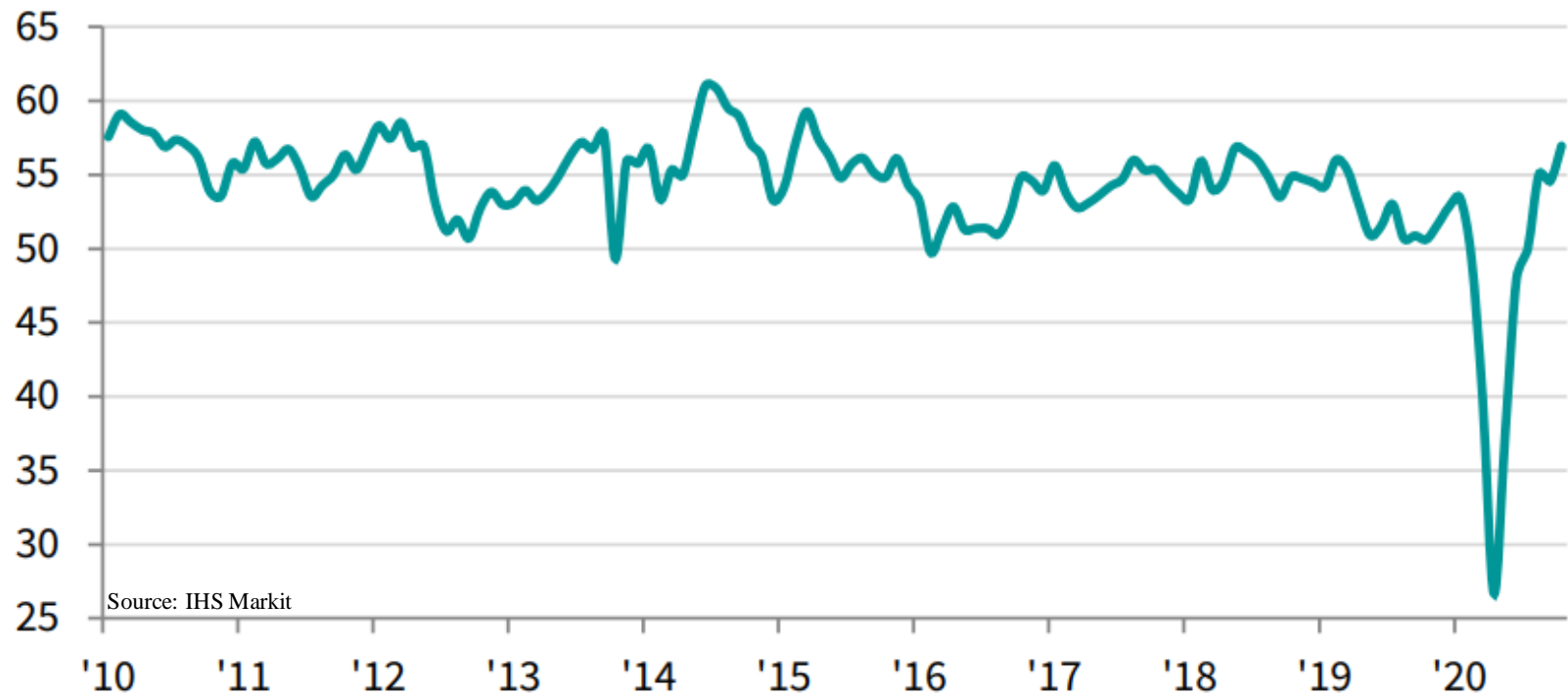
“Service sector firms also reported stronger optimism regarding a rise in activity over the coming year. The record survey improvement in optimism took confidence to the highest since April 2018, which reportedly stemmed from hopes of notably looser virus-related restrictions in one year's time and additional stimulus. Meanwhile, greater new order inflows encouraged companies to increase their workforce numbers in October. Employment growth nevertheless softened to a three-month low amid some reports of fewer requirements due to excess capacity.

Growth of business activity accelerated markedly in October, indicating that the underlying health of the US economy continued to recover at the start of the fourth quarter. While fourth quarter GDP will invariably fail to match the strong rebound seen in the third quarter, the economy looks to be continuing to grow at an above-trend rate. Encouragingly, future business optimism showed a record surge, pulling prospects for the year ahead up to the highest for more than two years. Hopes of a brighter outlook were pinned on a vaccine ending the COVID-19 pandemic over the coming year and additional stimulus supporting the economy in the meantime.” – Chris Williamson, Chief Economist, Markit®

# Private Indicators

## Services Business Activity Index

sa, >50 = growth since previous month



# Private Indicators

## **National Association of Credit Management – Credit Managers' Index October Combined Sectors**

“This is the point where hyperbole and comparisons seem to fail. How does one even attempt to describe the economic situation the U.S. and the world face right now? There has been so much of this crisis that has been unexpected, and so much of it has been artificial. The recession was not organic, and thus, took everybody by surprise. “The downturn in 2008 was predicted by credit managers as they saw significant distress showing up in 2007,” said NACM Economist Chris Kuehl, Ph.D. “There was no such warning this time. This was an utter collapse and one that nobody could have anticipated.” Since then, there has been a dramatic rebound in some areas and continued distress in others. This is a dramatic turnaround to be sure but needs to be put in some perspective. It is estimated that third quarter GDP will have climbed by over 20%, but remember that second quarter GDP was down by over 35%. The bottom line is that month to month comparisons will be very unreliable for a few more months.

The current combined index holds at the highest level seen in years – 58.4. This is in contrast to the reading in April when it was at 40.6. That gain of nearly twenty points is a bounce back to be sure but not really as impressive as it would appear at first glance. The combined index for the favorable factors has staged the biggest gains with a reading of 68 compared to 63.3 last month and 32 in April. The combined index for the unfavorables has not shown this wild variability. This month, it registers a reading of 51.9 and last month the reading was 51.1. In April, when the favorables were crashing, the unfavorables read a much less dramatic 46.3. “The fact is that this recession has been so sudden and so unusual there has not been time for many businesses to get into the kind of situation that would trigger unfavorable readings,” said Kuehl.

As one would expect the biggest jump occurs in the sales category. Last month, was impressive in its own right as it had jumped to 65.5. Now it stands at 74.2, and that is nearly unprecedented in the history of the survey. The new credit applications data stayed a little closer to last month with a reading of 65.2 compared to 63.6 in September.” – Andrew Michaels, Editorial Associate, NACM



# Private Indicators

## National Association of Credit Management – Credit Managers' Index

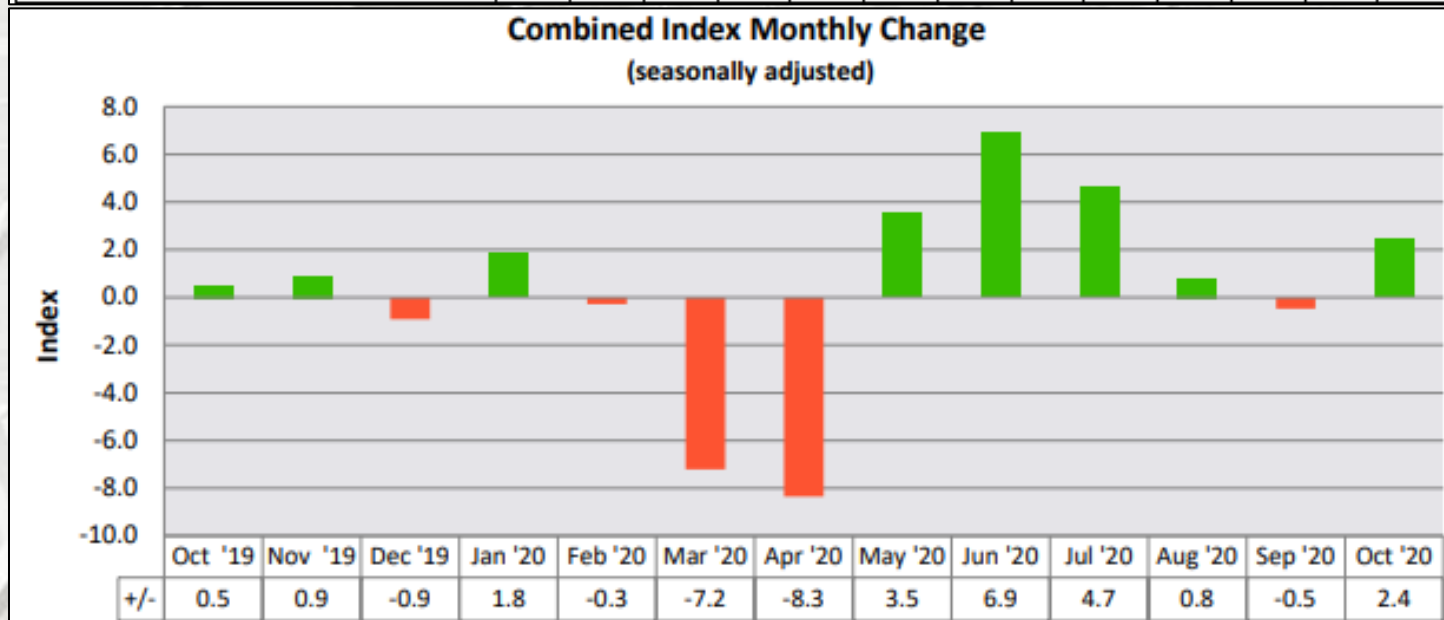
### October Combined Sectors

“The dollar collections numbers also stayed a little closer to September levels, but they still improved quite a lot as they went from 63.3 to 64.6. The amount of credit extended jumped almost as dramatically as the sales numbers with a reading of 68 compared to 60.8 last month. In April, this reading was down to 41.6. “The trend seems to be that companies that have been able to emerge from the lockdown are seeing significant demand and new opportunities and are asking for more credit. This is actually a hallmark of a short and sharp recession. Weaker companies fail and stronger companies move aggressively to gain market share given up by those that have gone out of business.”

The unfavorables are not showing as much drama but there has been movement, nonetheless. The good news is that the rate of rejections of credit applications has not moved much, and most importantly, it has stayed in the expansion zone with a reading of 51.4 as compared to 51.6 in September. “This is good given the surge in new applications as it suggests that those newly applying for credit are indeed creditworthy,” Kuehl said. The data for accounts placed for collection have remained more or less stable. The reading last month was 49.4 and this month it is 49.5. It is still in the contraction zone below 50 but hovering very close to breaking back into expansion. There had been an expectation these numbers would look worse by now but those who took on debt have been able to keep current. The disputes category surged back into expansion territory with a reading of 51, contrasting nicely with the 48.7 registered in September. The dollar amount beyond terms shot back into expansion territory with a vengeance as it registered a gain to 58 after a respectable 54.6 in September. This is as interesting as the improved performance in dollar collections as it signals that debtors want to stay on good terms with those they are seeking credit from. The dollar amount of customer deductions held steady and in expansion territory with a reading of 51 compared to 51.1 in the prior month. The filings for bankruptcies slipped a bit from 51.3 to 50.7, but the important point is that these numbers stayed in expansion territory.” – Andrew Michaels, Editorial Associate, NACM

# Private Indicators

<b>Combined Manufacturing and Service Sectors (seasonally adjusted)</b>	<b>Oct '19</b>	<b>Nov '19</b>	<b>Dec '19</b>	<b>Jan '20</b>	<b>Feb '20</b>	<b>Mar '20</b>	<b>Apr '20</b>	<b>May '20</b>	<b>Jun '20</b>	<b>Jul '20</b>	<b>Aug '20</b>	<b>Sep '20</b>	<b>Oct '20</b>
Sales	57.9	61.6	58.8	63.0	64.0	39.5	20.0	28.6	54.1	64.3	65.8	65.5	74.2
New credit applications	59.0	61.2	59.4	61.1	62.2	44.0	31.1	43.3	57.9	62.4	63.4	63.6	65.2
Dollar collections	62.1	59.2	57.9	61.7	58.8	49.3	35.5	43.2	53.9	62.5	61.2	63.3	64.6
Amount of credit extended	61.6	64.3	61.1	62.9	63.6	53.2	41.6	42.8	55.2	57.3	61.3	60.8	68.0
<b>Index of favorable factors</b>	<b>60.1</b>	<b>61.6</b>	<b>59.3</b>	<b>62.2</b>	<b>62.2</b>	<b>46.5</b>	<b>32.0</b>	<b>39.5</b>	<b>55.3</b>	<b>61.6</b>	<b>62.9</b>	<b>63.3</b>	<b>68.0</b>
Rejections of credit applications	52.1	51.3	52.0	52.0	53.8	53.5	52.7	51.9	49.8	50.0	51.5	51.6	51.4
Accounts placed for collection	49.1	49.8	50.3	50.6	50.6	50.6	47.4	49.1	46.7	50.8	51.6	49.4	49.5
Disputes	48.1	50.3	50.8	52.4	50.3	52.1	50.8	51.5	49.6	50.7	51.8	48.7	51.0
Dollar amount beyond terms	52.0	52.6	51.0	54.2	53.5	43.9	27.6	32.4	44.4	57.3	58.2	54.6	58.0
Dollar amount of customer deductions	50.9	51.4	51.3	52.2	51.5	50.4	49.4	50.9	50.6	52.4	52.2	51.1	51.0
Filings for bankruptcies	53.4	53.5	53.4	54.4	53.3	53.2	50.2	47.3	47.7	48.8	47.7	51.3	50.7
<b>Index of unfavorable factors</b>	<b>50.9</b>	<b>51.5</b>	<b>51.5</b>	<b>52.6</b>	<b>52.2</b>	<b>50.6</b>	<b>46.3</b>	<b>47.2</b>	<b>48.1</b>	<b>51.7</b>	<b>52.2</b>	<b>51.1</b>	<b>51.9</b>
<b>NACM Combined CMI</b>	<b>54.6</b>	<b>55.5</b>	<b>54.6</b>	<b>56.4</b>	<b>56.2</b>	<b>49.0</b>	<b>40.6</b>	<b>44.1</b>	<b>51.0</b>	<b>55.6</b>	<b>56.5</b>	<b>56.0</b>	<b>58.4</b>



# Private Indicators

## National Federation of Independent Business (NFIB) October 2020 Report

### Small Business Optimism Improves, Uncertainty Index Remains High

“The NFIB Optimism Index rose 3.8 points to 104.0 in September, a historically high reading. Nine of the 10 Index components improved and one declined. The NFIB Uncertainty Index increased 2 points to 92, up from 75 in April.

Other key findings include: Earnings trends over the past 3 months improved 13 points to a net negative 12% reporting higher earnings. Owners expecting better business conditions over the next 6 months improved 8 points to a net 32%. Real sales expectations in the next 3 months increased 5 points to a net 8%. Inventory investment plans over the next 3 to 6 months increased by 5 points to a net 11%. The percent of owners thinking it’s a good time to expand increased 1 point to 13%.

Included in NFIB’s monthly jobs report, a net 23% (seasonally adjusted) of owners plan to create new jobs in the next 3 months, up 2 points from the August report and 22 points above April’s report. However, 36% (seasonally adjusted) of all owners reported job openings that they could not fill in the current period.” – Holly Wade, NFIB

# Private Indicators

## National Federation of Independent Business (NFIB) October 2020 Report

“As parts of the country continue to open, small businesses are seeing some improvements in foot traffic and sales. However, some small businesses are still struggling financially to operate at full capacity while navigating state and local regulations and are uncertain about what will happen in the future.” – Bill Dunkelberg, Chief Economist, NFIB

“Fifty-three percent of owners reported capital outlays in the last 6 months, up 6 points from August. Of those making expenditures, 38% reported spending on new equipment (up 4 points), 23% acquired vehicles (up 2 points), and 16% improved or expanded facilities (down 4 points). Four percent acquired a new building or land for expansion (down 2 points) and 8% spent money on new fixtures and furniture (down 1 point).

A net negative 6% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, an improvement of 9 points from August but still below pre-crisis levels. The net percent of owners expecting higher real sales volumes increased 5 points to a net 8% of owners. ...

The frequency of reports of positive profit trends rose 13 points to a net negative 12% reporting quarter on quarter profit improvement. Among owners reporting weaker profits, 51% blamed weak sales, 9% cited lower prices, 6% cited usual seasonal change, and 5% cited labor costs. For owners reporting higher profits, 73% credited sales volumes and 12% cited usual seasonal change. ... .” – Holly Wade, NFIB



# Private Indicators

## Small Business Optimism Index at 104.0

Based on 10 survey indicators, seasonally adjusted, Jan. '10 – Oct. '20



[NFIB.com/sboi](https://www.nfib.com/sboi)

# Private Indicators

## Small Business Optimism

*Abrupt Turn in Small Business Optimism Ends 39-Month Historic Run*

Index Component	Net %	Change From Oct.
Plans to Increase Employment	18%	▼ -5
Plans to Make Capital Outlays	27%	▼ -1
Plans to Increase Inventories	12%	▲ 1
Expect Economy to Improve	27%	▼ -5
Expect Real Sales Higher	11%	▲ 3
Current Inventory	4%	▼ -1
Current Job Openings	33%	▼ -3
Expected Credit Conditions	-4%	▲ 1
Now a Good Time to Expand	13%	— 0
Earnings Trends	-3%	▲ 9



[NFIB.com/sboi](http://NFIB.com/sboi)

# Private Indicators

## **The Paychex | IHS Markit Small Business Employment Watch**

### **Small Business Jobs Index Moderates as COVID-19 Cases Rise Throughout the U.S.**

The report by Paychex and IHS Markit showed a 0.13 percent moderation in national job growth; however, job growth increased in the South for the second consecutive month

“The latest Paychex | IHS Markit Small Business Employment Watch shows a moderation in small business hiring from the previous month, declining 0.13 percent nationally to 94.32. Hourly earnings growth stood at 2.88 percent in October, while weekly hours worked remained positive, up 0.38 percent from last year.

“The Small Business Jobs Index dipped again in October, coinciding with the recent surge in COVID-19 cases,” said James Diffley, chief regional economist at IHS Markit.

“As we mark more than seven months since the CARES Act passed, a new round of federal stimulus will play an important role in alleviating some of the ongoing financial challenges impacting small businesses as a result of the COVID-19 pandemic,” said Martin Mucci, Paychex president and CEO. “Our latest survey of small business owners revealed that 44 percent of businesses strongly support a second round of Paycheck Protection Program (PPP) loans.”” Martin Mucci, President and CEO, Paychex

# Private Indicators

## **The Paychex | IHS Markit Small Business Employment Watch**

“The report also includes regional, state, metro, and industry level analysis, showing:

- The South remains the top-ranked region for small business hiring and has improved its pace of job growth for the second month in a row.
- Ranking last among regions, job growth in the West slowed 0.26 percent in October and 0.99 percent during the past quarter.
- The Northeast has ranked first among regions in weekly hours worked growth for the past six months.
- With index levels above 96, Florida and Texas are the top two states for small business employment growth.
- New Jersey, Massachusetts, and Pennsylvania lead hourly earnings growth among states.
- At 3.89 percent, hourly earnings growth is strong in Construction and the sector leads in employment growth as well.
- At 88.22 in October and down 0.48 percent from the previous month, Leisure and Hospitality’s employment growth is well below all other sectors.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.



# Private Indicators

## The Paychex | IHS Markit Small Business Employment Watch

### October Jobs Index

Index  
**94.32**

12-Month Change  
**-3.89%**

### October Wage Data

Hourly Earnings  
**\$28.22**

12-Month Growth  
**+2.88% (+\$0.79)**

Source: Paychex | IHS Markit Small Business Employment Watch

# Private Indicators

## U.S. Bank Freight Payment Index™

### Q3 2020 National Freight Market Overview

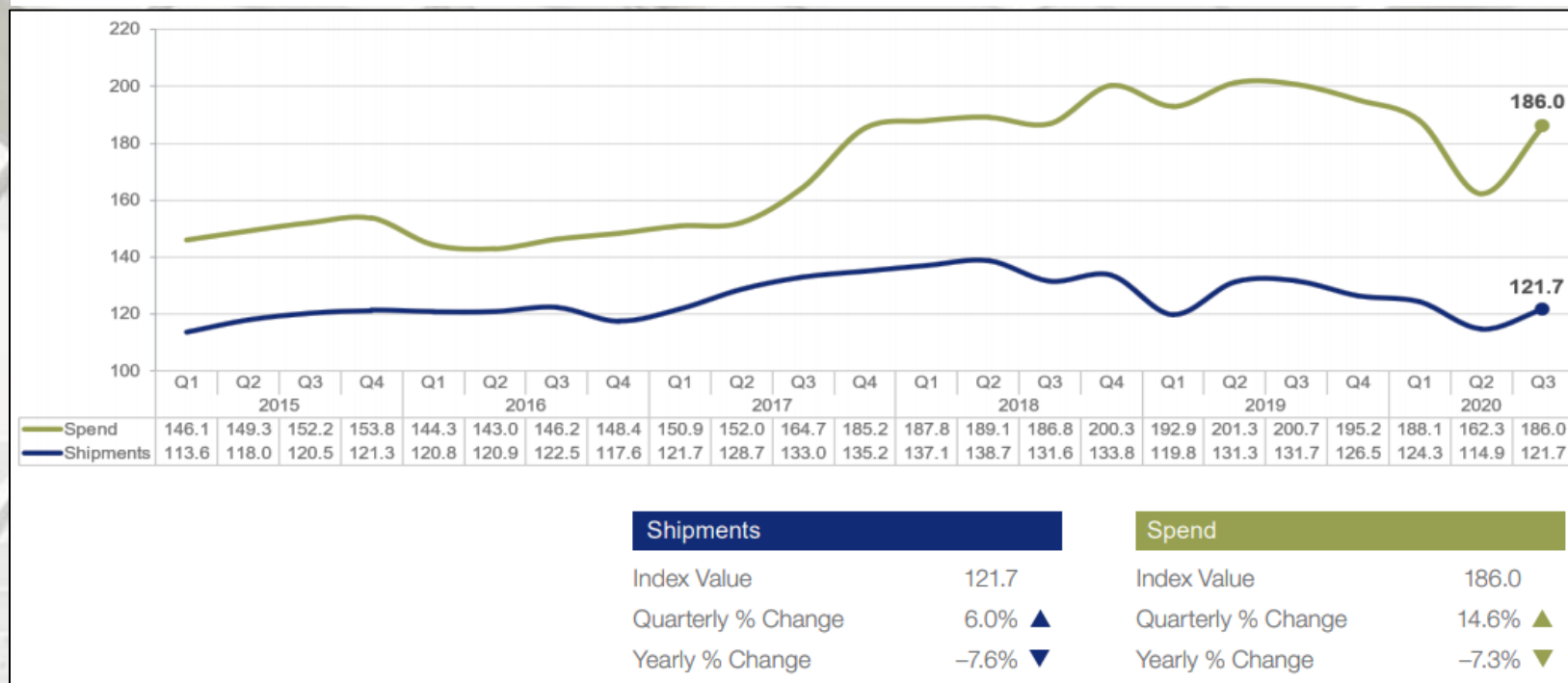
“The Q3 2020 U.S. Bank National Shipment and Spend Indexes point to a trucking industry, and an economy, managing through a recession. Gains in both shipment volumes and spend from the previous quarter confirm that many sectors in the goods economy are doing well despite the pandemic. Spending during this period appears to have shifted from services to goods, which is more truck-dependent. One area of continued strength in the third quarter was e-commerce sales, although traditional brick-and-mortar sales rose as well. Additionally, as households spent more purchasing goods, retail inventories were depleted over the summer. This led to a restocking effort by retailers in the third quarter, which provided carriers in those supply chains an added boost.

Not all trucking sectors or shippers saw freight growth during the third quarter though. For example, some parts of the tanker truck industry continued to struggle with the lower energy consumption and production, as well as soft chemical output. Flatbed carriers hauling for residential construction witnessed strong volumes, but the industrial side of flatbed freight was less robust. For example, primary metal production during the quarter was off roughly 20% from a year earlier.

As total shipments rallied, spending increased along with freight rates because trucking capacity tightened during the quarter. Factors contributing to the tighter capacity include increased shipment volumes, for-hire fleets operating fewer trucks, difficulties training new drivers during the pandemic and the return of the truck driver shortage.” – Bob Costello, Contributing Economist, U.S. Bank

# Private Indicators

## Q3 2020 National Freight Market Overview



# Private Indicators

## U.S. Bank Freight Payment Index™

### National Shipments and Spend — Quarter-over-Quarter, Year-over-Year

“The U.S. Bank National Shipment Index increased 6% from the second quarter, which was the largest quarterly gain since Q2 2019. However, the index was still off 7.6% from a year earlier. During the third quarter, sectors that saw strong freight volumes included e-commerce retailers, home improvement stores, grocery stores and residential construction. Additionally, inventories throughout the supply chain, especially at the retail level, were very lean which led to restocking throughout the quarter. This gave volumes an added boost.

As carriers saw better volumes, including spot market and contract freight, industry capacity tightened. In fact, capacity became very tight for those supply chains that saw the strongest volumes. Once again, the driver shortage is a problem for the for-hire, over-the-road (i.e., non-local) truckload sector. The lack of qualified drivers was exacerbated by the inability of driver training schools to train needed new truck drivers because of social distancing mandates. This strained the industry labor supply and resulted in price increases to move freight. Capacity was tight enough that shippers saw spending for truck services rise at a faster pace than volumes.

The U.S. Bank National Spend Index improved 14.6% from the second quarter due to the combination of rising shipments and increases in freight rates. Despite the solid quarterly gain, the spend index was still off 7.3% from a year earlier. This is due to the COVID-19 overall impact on economic activity, which impacts freight.

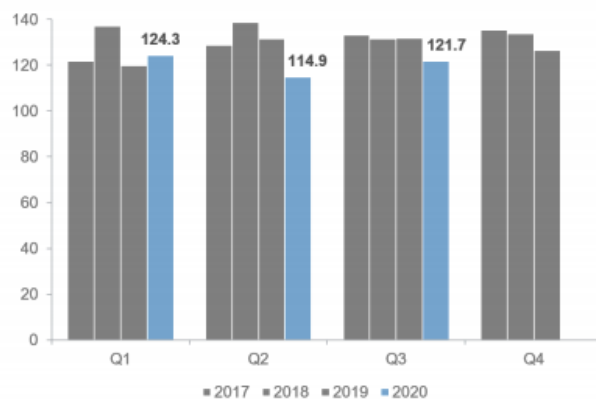
If current trends continue, it could be a solid peak season this year. This includes household spending remaining muted while retail spending, especially for e-commerce, continues to rebound.” – Bob Costello, Contributing Economist, U.S. Bank



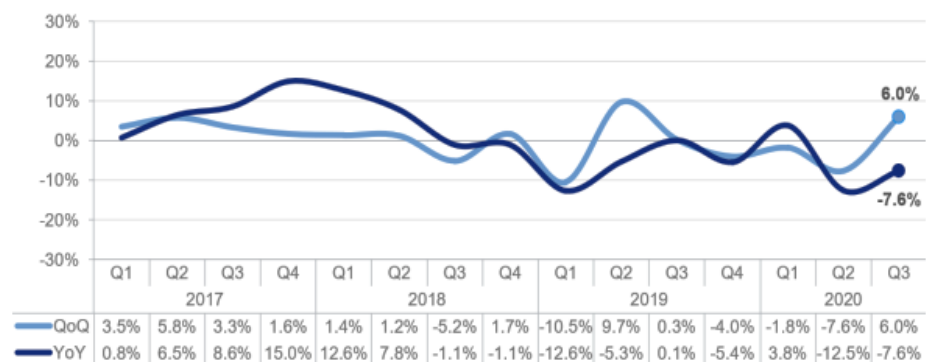
# Private Indicators

## 2020 National Shipments

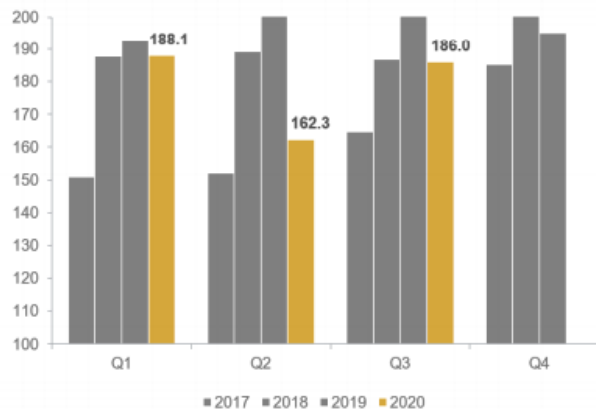
Shipments – Index Value



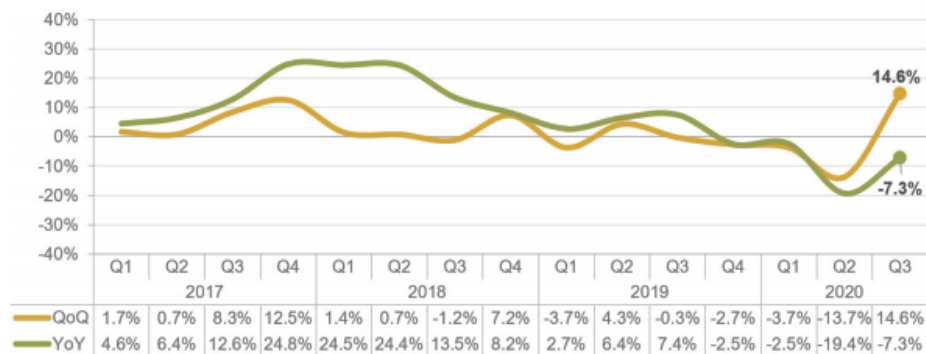
Shipments – % Change



Spend – Index Value



Spend – % Change



# Demographics

## The Conference Board

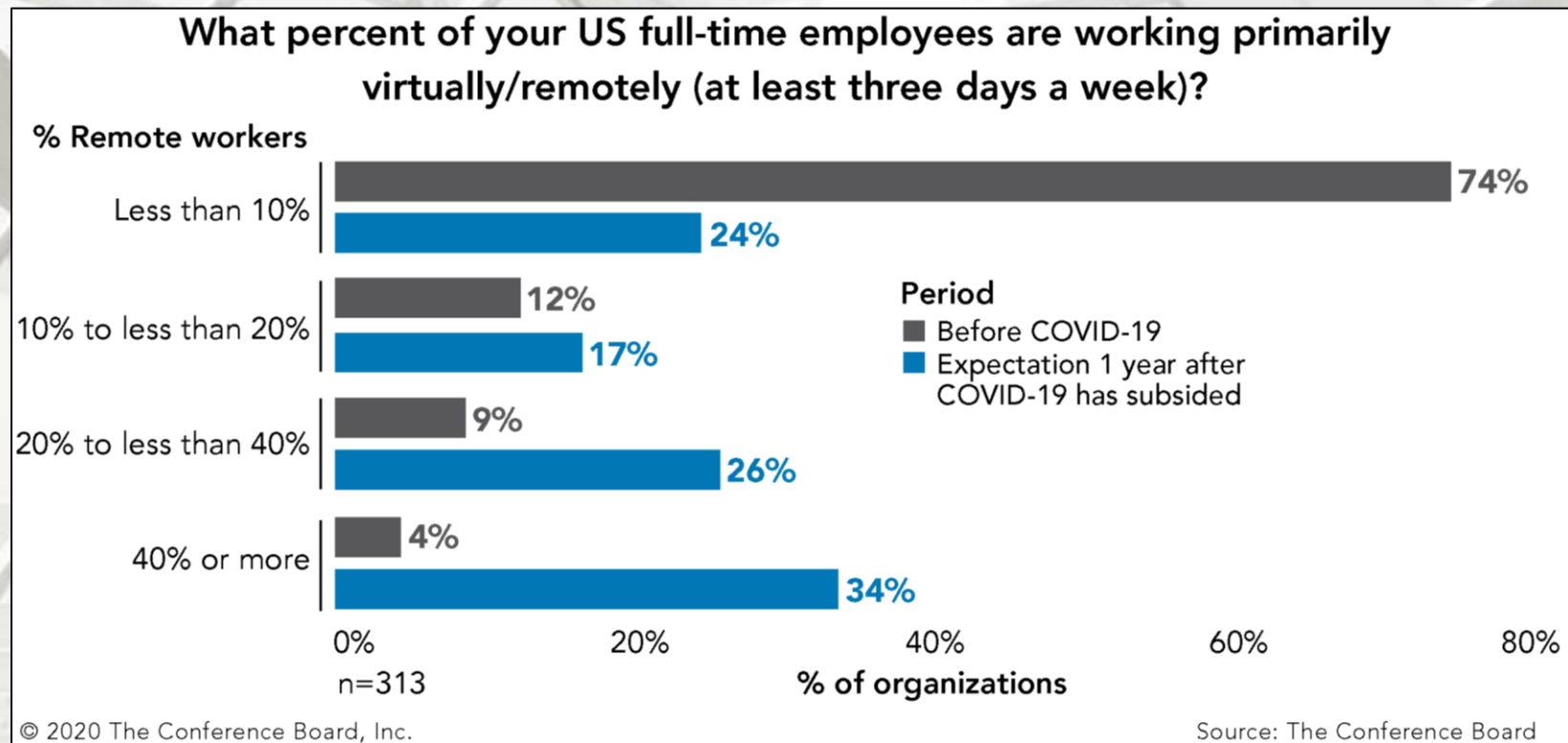
### Remote Work One of COVID-19's Main Legacies

**One-third of respondents now expect that 40 percent or more of their employees will work primarily from home 12 months post-pandemic**

“There is little question that more employees will be working remotely after COVID-19, as our September survey of 330 HR executives clearly shows. Just 4 percent of companies report that at least 40 percent of their employees were working remotely prior to the pandemic, whereas 34 percent now expect that 40 percent or more of their employees will work remotely 12 months post-pandemic.

With more than six months of experience working remotely, it may be clearer to organizations that remote work does not hurt productivity. In addition to causing long-term human capital process changes, however, continuing remote work will require significant changes in establishing team culture and developing employee engagement.” – Frank Steemers, Economist, Robin Erickson, Principal Researcher, Amanda Popiela, Researcher and Gad Levanon, Vice President; The Conference Board

# Demographics



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