

# **The Virginia Tech–USDA Forest Service Housing Commentary: Section II February 2021**



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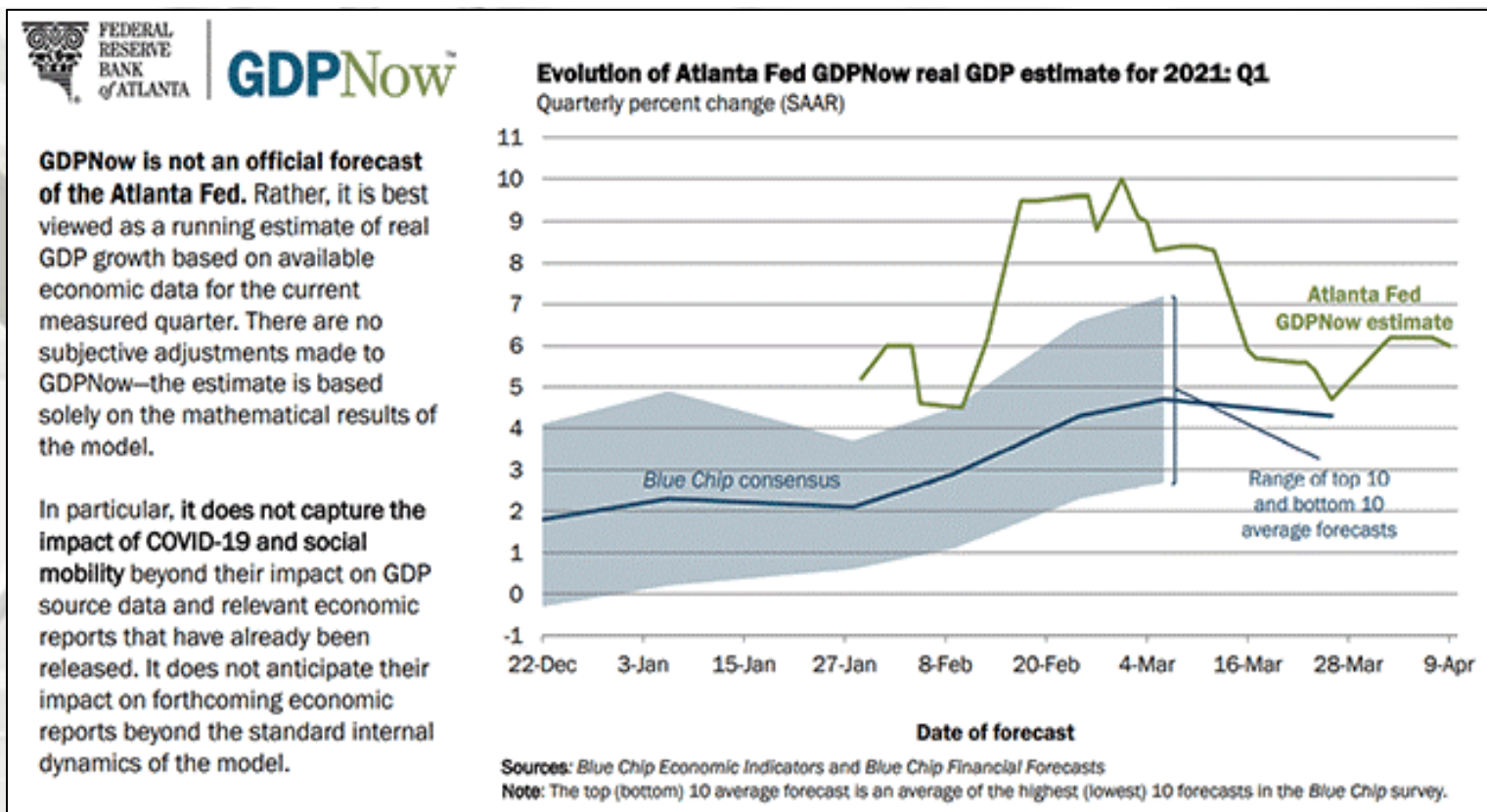
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# U.S. Economic Indicators



## Atlanta Fed GDPNow™

**Latest estimate: 6.0 percent — April 9, 2021**

“The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2021 is **6.0 percent** on April 9, down from 6.2 percent on April 7. After this morning’s wholesale trade release from the U.S. Census Bureau and this morning’s report on producer prices from the U.S. Bureau of Labor Statistics, the nowcast of the contribution of inventory investment to first-quarter real GDP growth decreased from -0.90 percentage points to -1.04 percentage points.” – Pat Higgins, Economist, Federal Reserve Bank of Atlanta



# **The Federal Reserve Bank of Boston**

## **Q1 2021: Snapshot of the New England Economy through March 27, 2021**

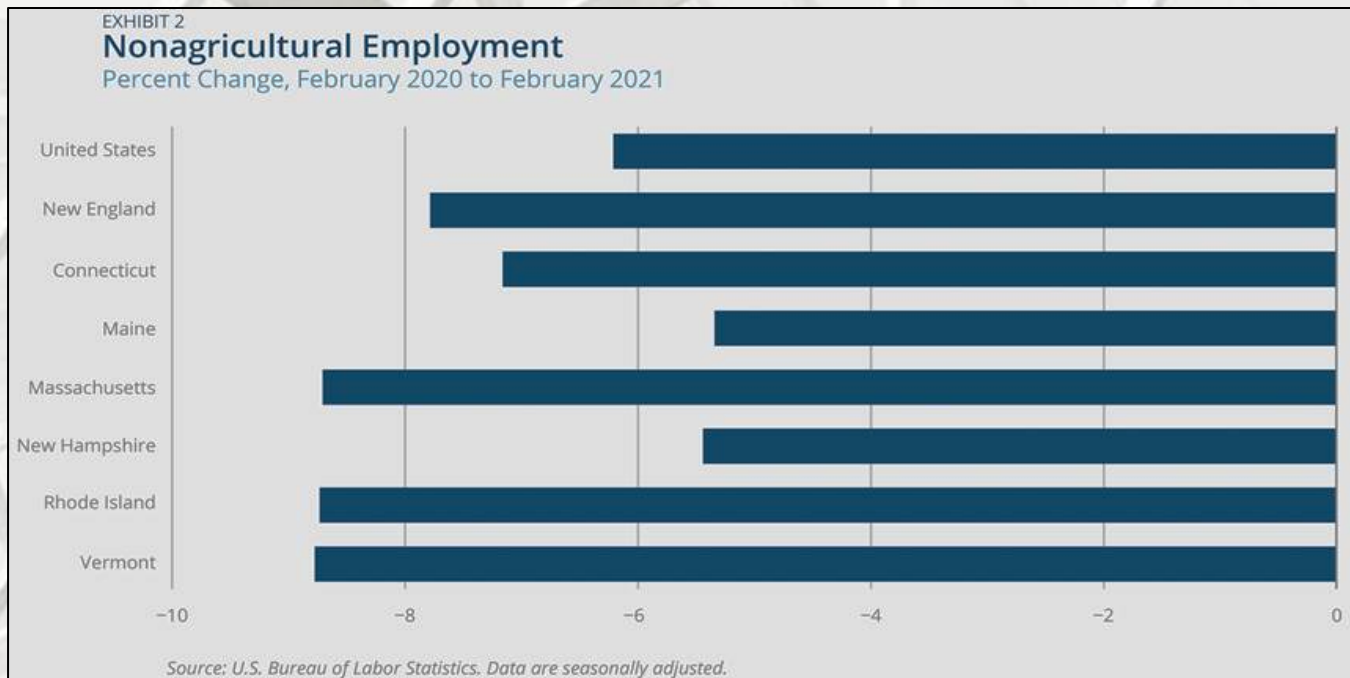
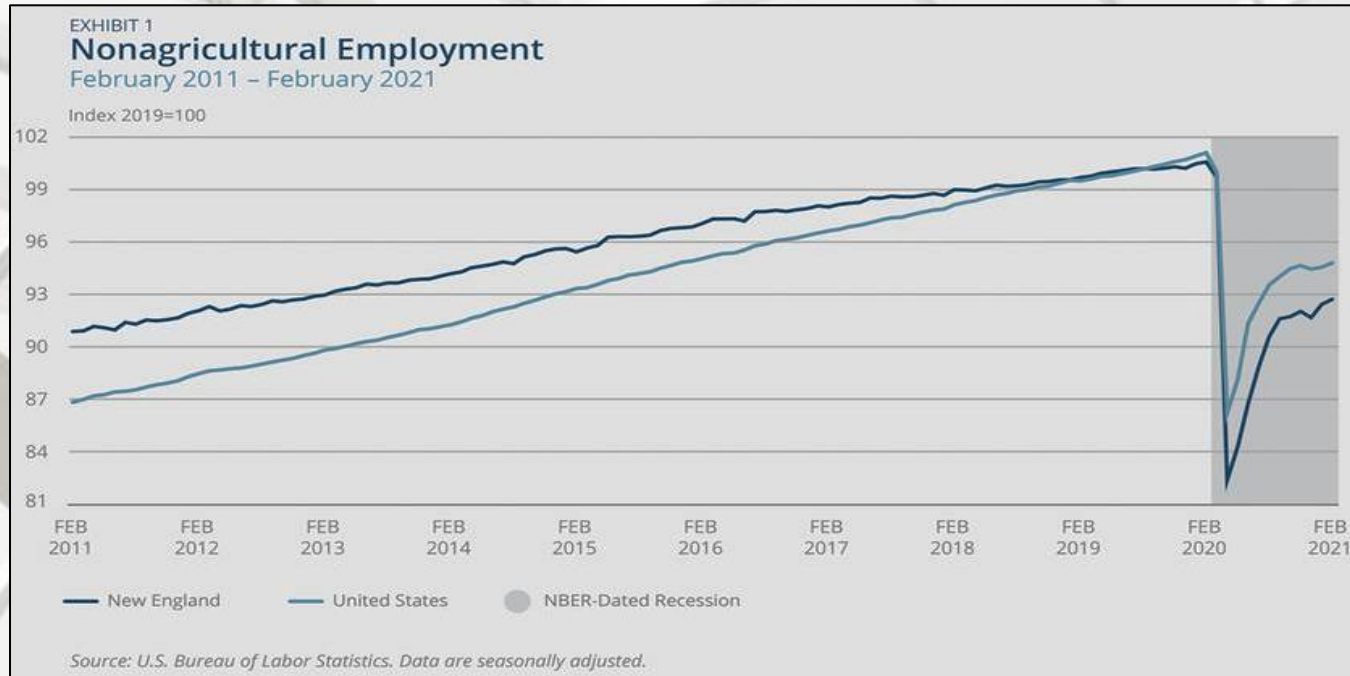
“Through February 2021, both the New England region and the United States experienced sharp declines in economic conditions relative to the first months of 2020. Payroll employment dropped and unemployment rates have risen relative to one year prior, though the February 2021 rates have improved relative to the spring of 2020. Leisure & hospitality employment is affected most among the supersectors. Through the fourth quarter of 2020, in both the region and the nation home prices appreciated compared to the same period in 2019.

### **Payroll Employment**

#### **Employment declined more sharply in four of the six New England states than in the nation**

The United States and New England experienced sharp declines in payroll employment through February 2021 (Exhibit 1). Payrolls declined 6.2 percent nationally and 7.8 percent regionally between February 2020 and February 2021 (Exhibit 2). Within New England, four of the six states posted job losses greater than the national average. The exceptions were Maine and New Hampshire with declines of 5.3 percent and 5.4 percent, respectively. The largest year-over-year decline was in Vermont (-8.8 percent) followed by Rhode Island and Massachusetts (both -8.7 percent), and Connecticut (-7.2 percent).” – Riley Sullivan, Senior Policy Analyst, New England Public Policy Center; The Federal Reserve Bank of Boston

# The Federal Reserve Bank of Boston



# The Federal Reserve Bank of Boston

## Q1 2021: Snapshot of the New England Economy through March 27, 2021

### **Leisure & hospitality job losses in New England surpass national declines**

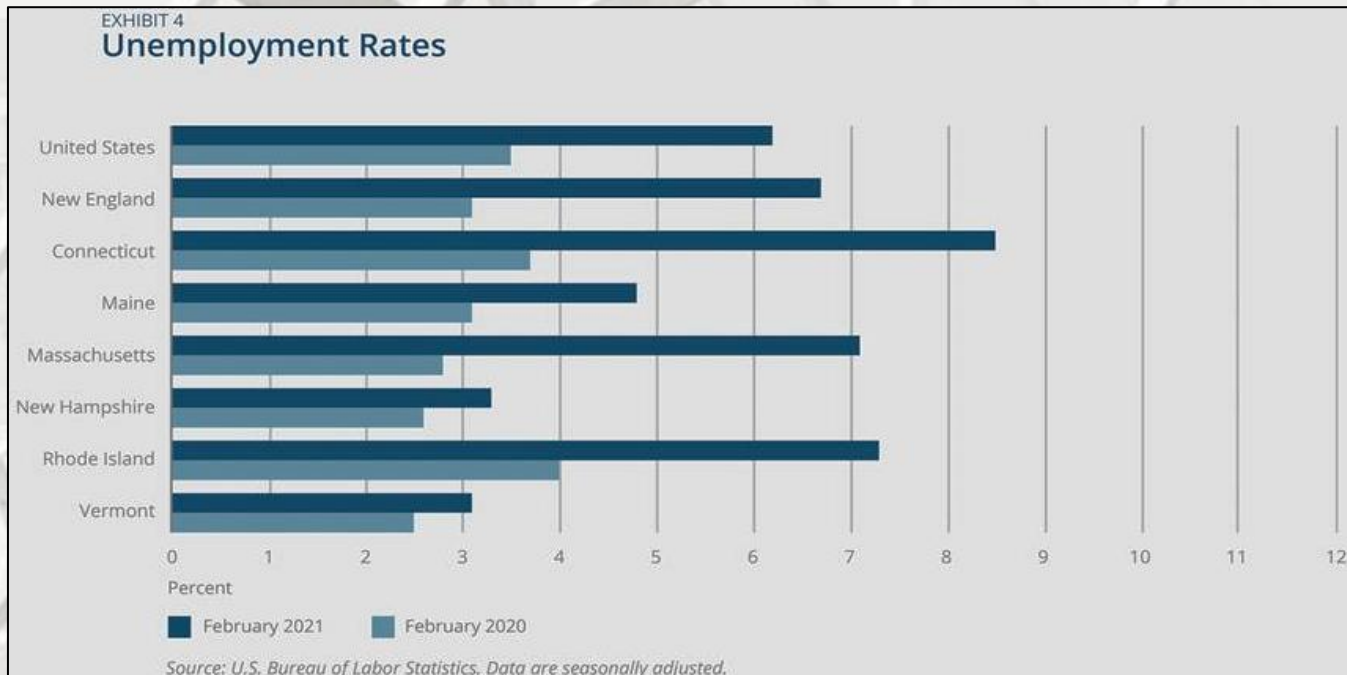
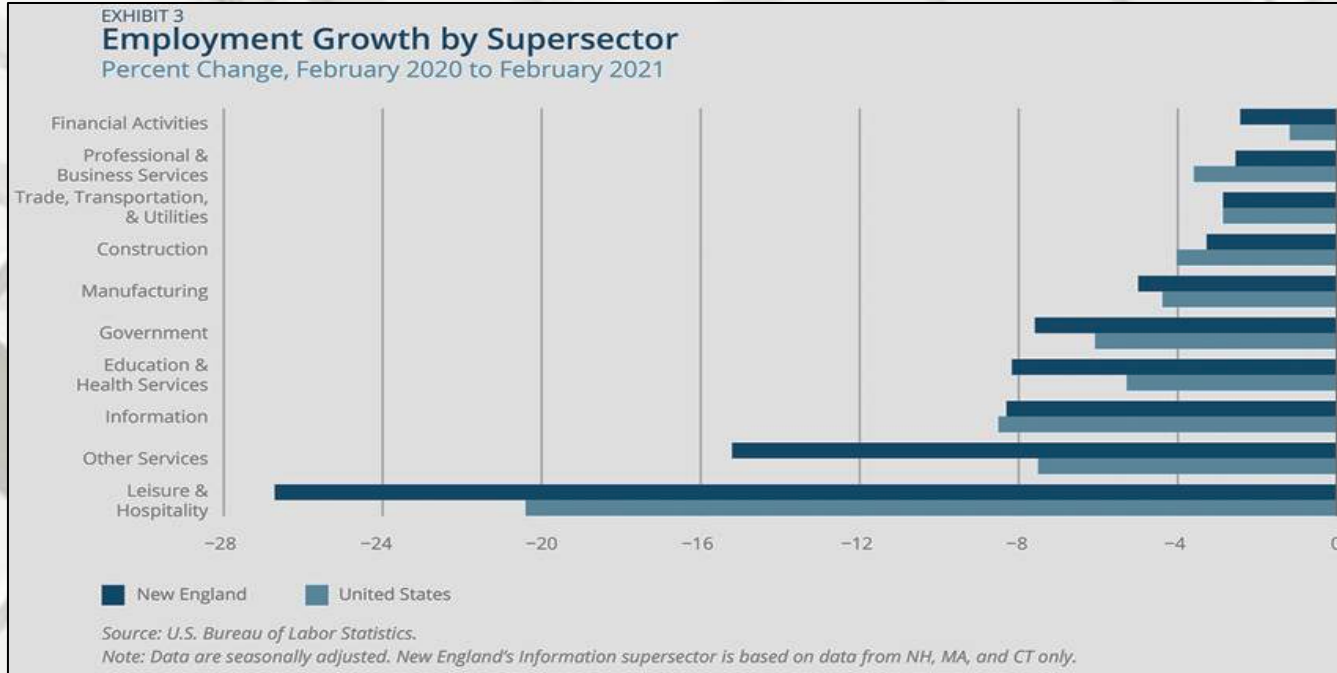
“In February, employment decreased year-over-year in every supersector in New England and the United States (Exhibit 3). The leisure & hospitality supersector had the largest declines both regionally (-26.7 percent) and nationally (-20.4 percent). Declines in the leisure & hospitality supersector were larger in five of the six New England states than the national average, ranging across the region from -17.5 percent in New Hampshire to -32.4 percent in Vermont. The regional declines in the information, construction, and professional & business services supersectors were smaller than the corresponding national losses. Losses in trade, transportation, and utilities were -2.9 percent in both New England and the US. Employment losses in all other supersectors in the region exceeded those of the nation.

### **Unemployment**

#### **Unemployment rates in CT, MA, and RI remain above the national rate**

The February 2021 unemployment rate was 6.2 percent nationally and 6.7 percent regionally. All six New England states saw unemployment rate increases between February 2020 and February 2021, with Connecticut posting the largest increase of 4.8 percentage points, landing at 8.5 percent (Exhibit 4). The unemployment rate in Massachusetts (7.1 percent) and Rhode Island (7.3 percent) were also above the national average. Maine (4.8 percent), New Hampshire (3.3 percent), and Vermont (3.1 percent) saw rates lower than the national average, but each state had significant increases compared to February 2020. ... ” – Riley Sullivan, Senior Policy Analyst, New England Public Policy Center; The Federal Reserve Bank of Boston

# The Federal Reserve Bank of Boston





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

## **Index Suggests Slower Midwest Growth Through February**

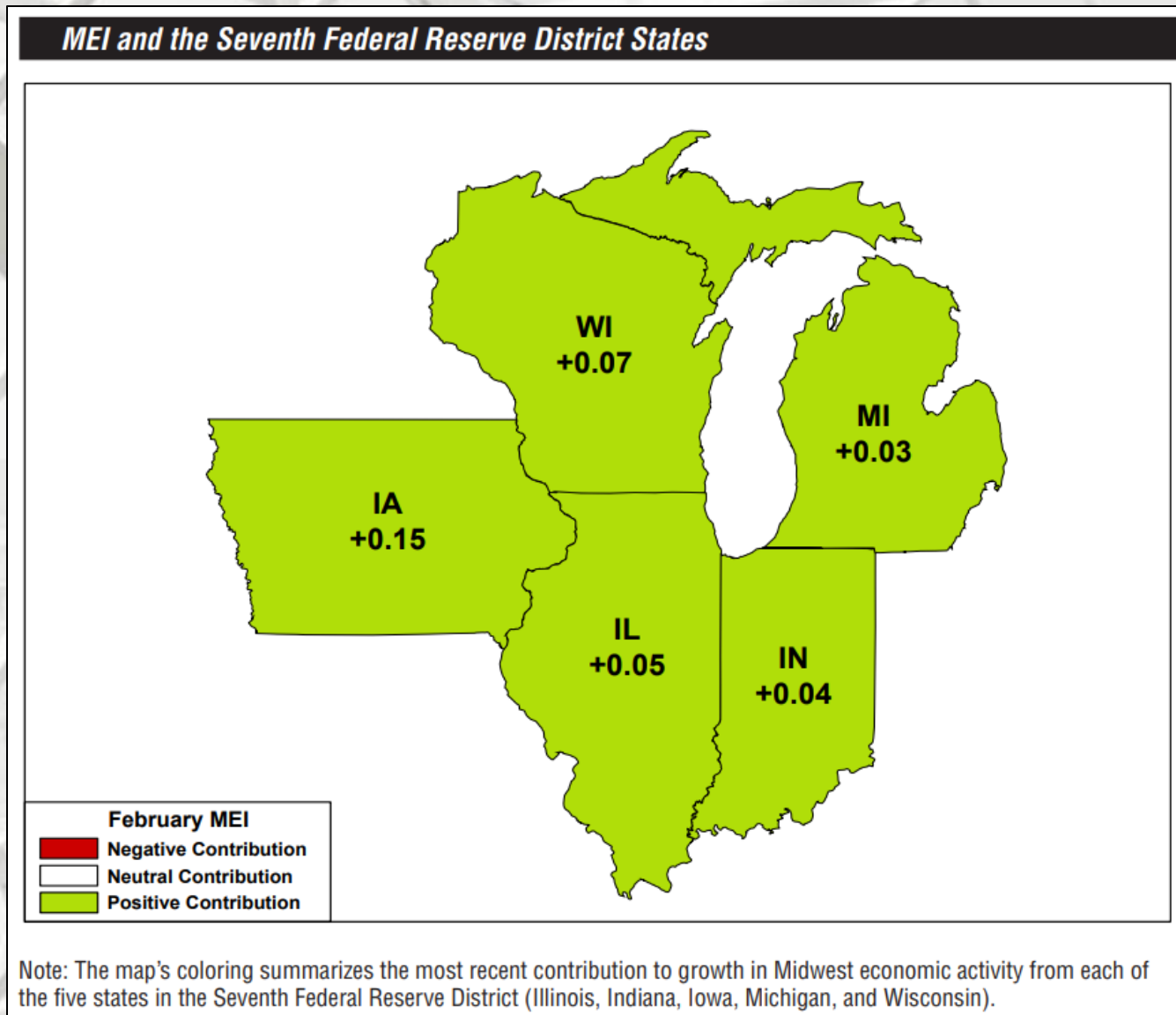
“The Midwest Economy Index (MEI), which approximates quarterly growth at a monthly frequency, fell to +0.35 in February from +0.65 in January. Contributions to the February MEI from three of the four broad sectors of nonfarm business activity and four of the five Seventh Federal Reserve District states decreased from January. The relative MEI moved down to +0.62 in February from +0.91 in January. Contributions to the February relative MEI from two of the four sectors and three of the five states decreased from January.

The manufacturing sector’s contribution to the MEI edged down to +0.25 in February from +0.27 in January. The pace of manufacturing activity decreased in Iowa and Wisconsin, but increased in Illinois and was unchanged in Indiana and Michigan. Manufacturing’s contribution to the relative MEI moved up to +0.52 in February from +0.40 in January. The construction and mining sector contributed +0.01 to the MEI in February, down from +0.16 in January. The pace of construction and mining activity was slower in all five states. Construction and mining’s contribution to the relative MEI fell to +0.01 in February from +0.24 in January.

The service sector’s contribution to the MEI moved up to +0.07 in February from –0.01 in January. The pace of service sector activity was up in Illinois, Michigan, and Wisconsin, but down in Iowa and unchanged in Indiana. The service sector’s contribution to the relative MEI moved up to +0.03 in February from –0.06 in January. Consumer spending indicators contributed +0.03 to the MEI in February, down from +0.23 in January. Consumer spending indicators were, on balance, down in all five states. Consumer spending’s contribution to the relative MEI fell to +0.06 in February from +0.33 in January.” – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago



# The Federal Reserve Bank of Chicago: Midwest Economy Index (MEI)



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

## **Index Suggests Economic Growth Declined in February**

“Led by declines in indicators related to production and personal consumption and housing, the Chicago Fed National Activity Index (CFNAI) fell to  $-1.09$  in February from  $+0.75$  in January. Two of the four broad categories of indicators used to construct the index made negative contributions in February, but all four categories decreased from January. The index’s three-month moving average, CFNAI-MA3, decreased to  $-0.02$  in February from  $+0.46$  in January.

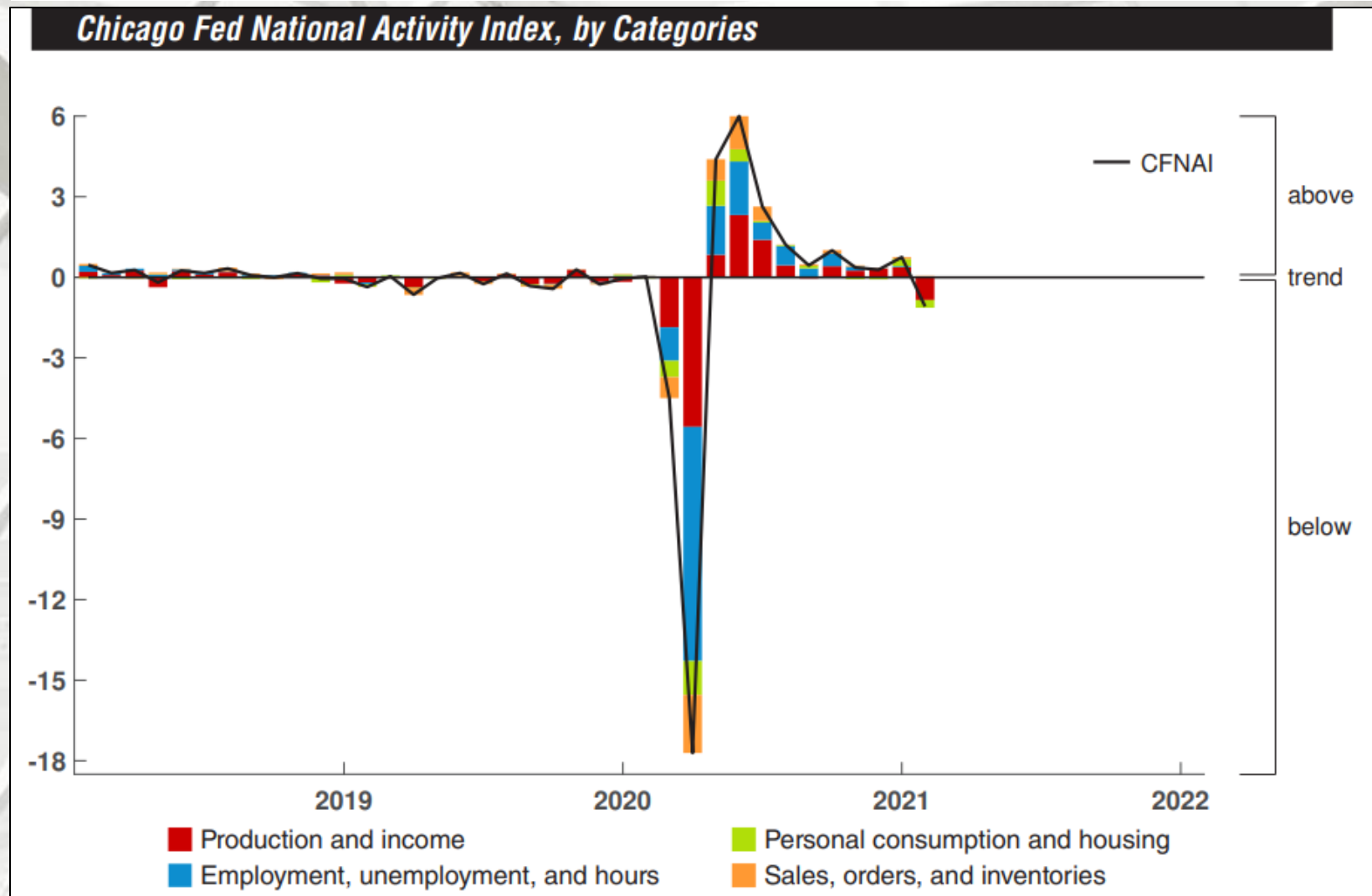
The CFNAI Diffusion Index, which is also a three-month moving average, moved down to  $+0.17$  in February from  $+0.34$  in January. Thirty-four of the 85 individual indicators made positive contributions to the CFNAI in February, while 51 made negative contributions. Thirty indicators improved from January to February, while 55 indicators deteriorated. Of the indicators that improved, eight made negative contributions

Production-related indicators contributed  $-0.85$  to the CFNAI in February, down from  $+0.37$  in January. Adverse weather played a part in industrial production declining 2.2 percent in February, after rising 1.1 percent in January. The contribution of the sales, orders, and inventories category to the CFNAI edged down to  $+0.03$  in February from  $+0.06$  in January.

The personal consumption and housing category contributed  $-0.29$  to the CFNAI in February, down from  $+0.27$  in January. The indicators in this category broadly deteriorated from January. The contribution

of the employment, unemployment, and hours category to the CFNAI edged down  $+0.02$  in February from  $+0.04$  in January. Notably, payrolls in construction and average weekly hours worked in manufacturing declined in February.” – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

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





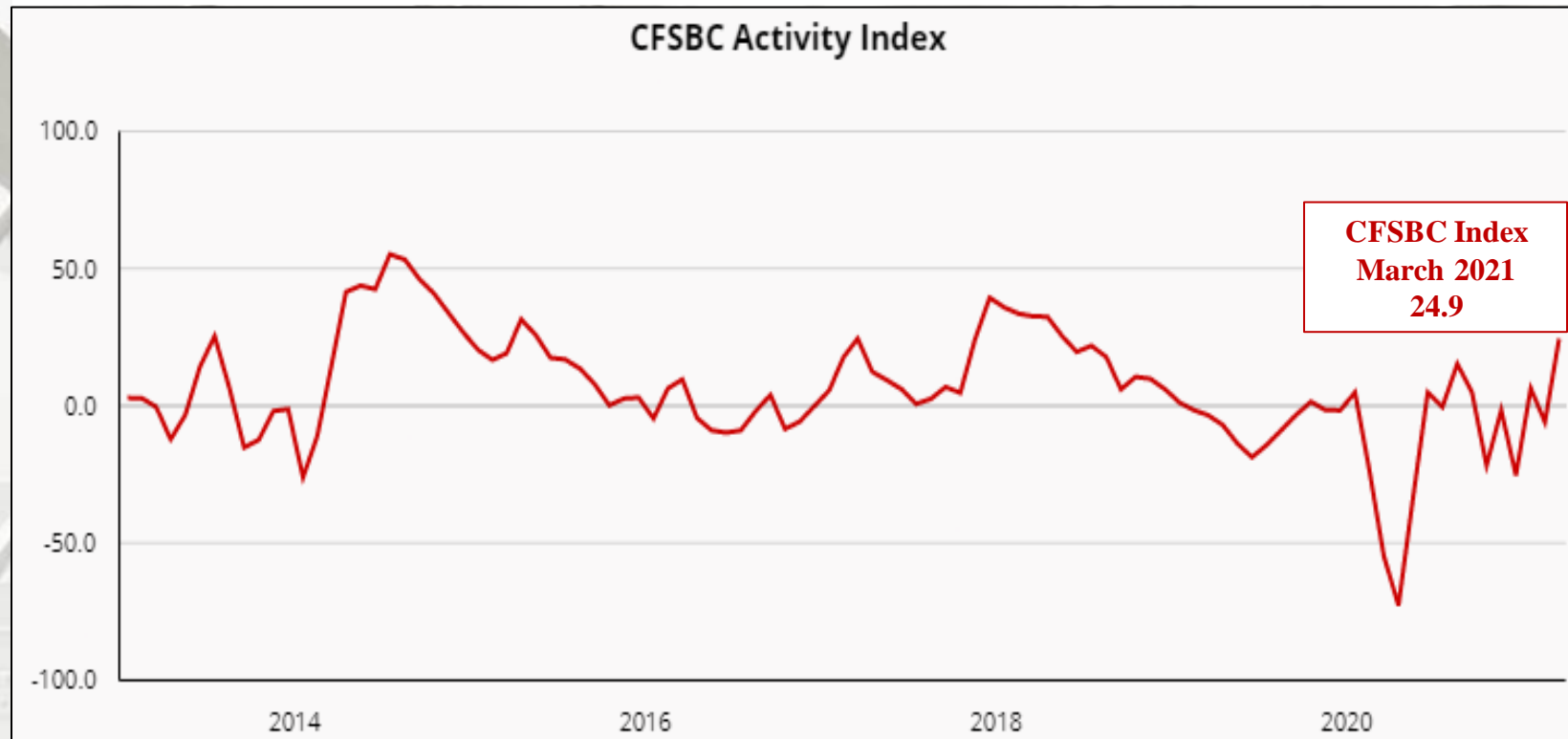
# The Federal Reserve Bank of Chicago: Survey of Business Conditions (CFSBC)

## Survey Suggests Growth Picked Up in March

“The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index increased to +25 in March from –6 in February, suggesting that economic growth was well above trend. The CFSBC Manufacturing Activity Index rose to +61 in March from +10 in February, and the CFSBC Nonmanufacturing Activity Index moved up to +12 in March from –7 in the previous month.

- Respondents’ outlooks for the U.S. economy for the next 12 months deteriorated slightly, but remained optimistic on balance. Eighty-three percent of respondents expected an increase in economic activity over the next 12 months, and 30 percent expected activity to return to its pre-pandemic level by the end of 2021.
- The pace of current hiring was unchanged, but respondents’ expectations for the pace of hiring over the next 12 months increased. Both hiring indexes remained positive.
- Respondents’ expectations for the pace of capital spending over the next 12 months increased, and the capital spending expectations index remained positive.
- The labor cost pressures index increased, as did the nonlabor cost pressures index. The labor cost pressures index moved into positive territory, and the nonlabor cost pressures index remained positive.” – Thomas Walstrum, Senior Business Economist, The Federal Reserve Bank of Chicago

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



# The Federal Reserve Bank of Dallas

## Texas Manufacturing Activity Picks Up

“Texas factory activity expanded at a markedly faster pace in March, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, surged 28 points to 48.0, its highest reading in the survey’s 17-year history.

Other measures of manufacturing activity also pointed to sharply faster growth this month. The new orders index rose 18 points to 30.5, and the growth rate of orders index rose 11 points to 22.7. The capacity utilization index rocketed from 16.5 to 46.1, an all-time high. The shipments index rose 17 points to 33.1.

Perceptions of broader business conditions improved markedly in March. The general business activity index posted another double-digit increase, rising 12 points to 28.9. The company outlook index shot up 15 points to 25.8, its highest reading since mid-2018. The outlook uncertainty index edged down to 5.5.

Labor market measures indicated robust growth in employment and work hours. The employment index came in at 18.8, up from 12.7 and well above average. Twenty-nine percent of firms noted net hiring, while 10 percent noted net layoffs. The hours worked index doubled from 11.3 to 23.4.

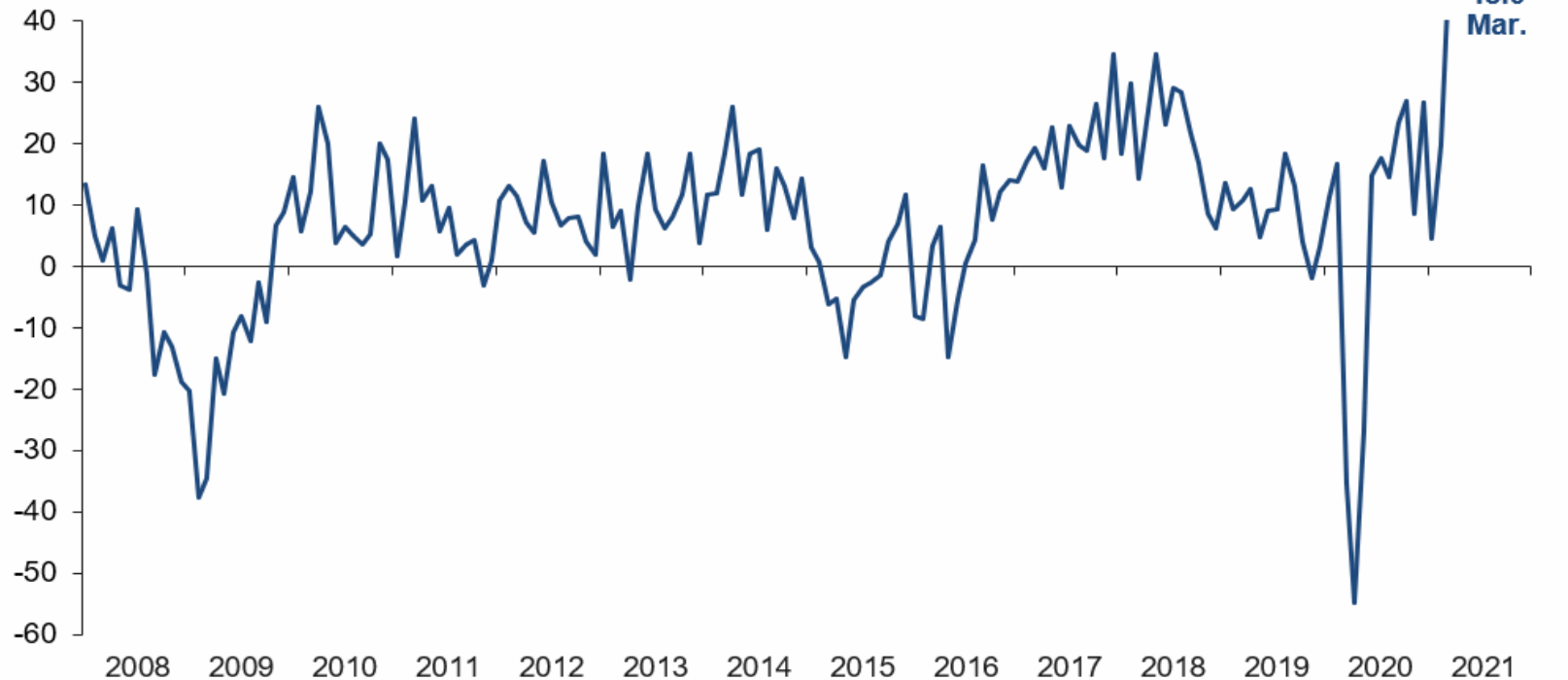
Price and wage pressures accelerated further in March. The raw materials prices index rose from 57.4 to 66.0 amid continued reports of supply-chain disruptions driving up costs. The finished goods prices index climbed nine points to 32.2, its highest reading since 2008. The wages and benefits index posted a double-digit increase, rising 12 points to 28.0.” – 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

## Texas Manufacturing Expansion Moderates

“Expectations regarding future manufacturing activity remained positive in March. The future production index was largely unchanged at 38.3, and the future general business activity index held steady at 33.7. Other measures of future manufacturing activity showed mix movements but remained solidly in positive territory.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

# **The Federal Reserve Bank of Dallas**

## **Texas Service Sector Outlook Survey**

### **Texas Service Sector Surges in March**

“Activity in the Texas service sector in March increased at its fastest pace since mid-2019, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, surged from 2.6 in February to 21.6 in March.

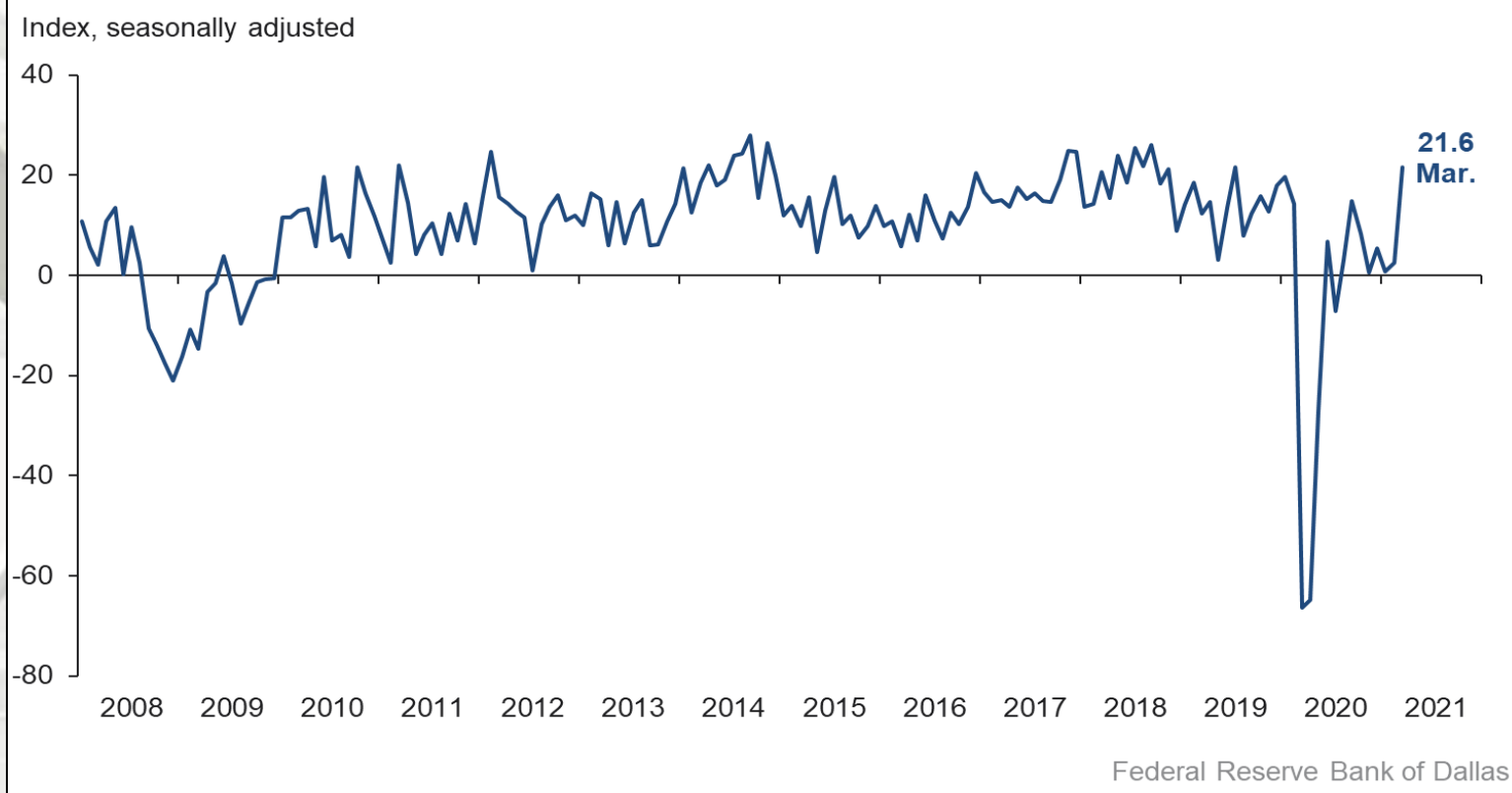
Labor market indicators suggest significant gains in employment and longer workweeks in March. The employment index added over 10 points, rising to 13.1 — its best reading since 2018 — while the hours worked index rose five points to 8.3.

Perceptions of broader business conditions improved sharply compared with February. The general business activity index spiked from 5.0 to 28.9, a record high since the survey’s inception in 2007, while the company outlook index improved from 2.7 to 26.1. Over one-third of respondents noted an increase in their outlooks, compared with just 8 percent reporting a decrease. The outlook uncertainty index fell steeply to a record low of -10.0.

Price and wage pressures continued to rise in March. The selling prices index rose nearly three points to 12.1, while the input prices index rose two points to 26.5 — both new highs since the beginning of the pandemic. The wages and benefits index increased from 12.5 to 19.9, with nearly one-quarter of firms noting increased labor costs compared with February.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

# The Federal Reserve Bank of Dallas

## Texas Service Sector Outlook Survey Revenue Index



## Texas Service Sector Outlook Survey

“Respondents’ expectations regarding future business activity reflected increased optimism this month. The future general business activity index increased to a record high of 42.4, while the future revenue index rose nine points to 55.0, with over 60 percent of businesses reporting expectations of increased revenues in the future. Other indexes of future service sector activity such as employment and capital expenditures also rose strongly, suggesting a surge in service sector growth over the next six months.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas



# **The Federal Reserve Bank of Dallas**

## **Texas Retail Sales Continue to Hold Steady**

“Retail sales activity picked up sharply in March, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, rose from -0.1 in February to 19.6 in March, its highest level since last fall. Inventories posted a steep decline, with the inventories index falling from 2.1 to -14.8.

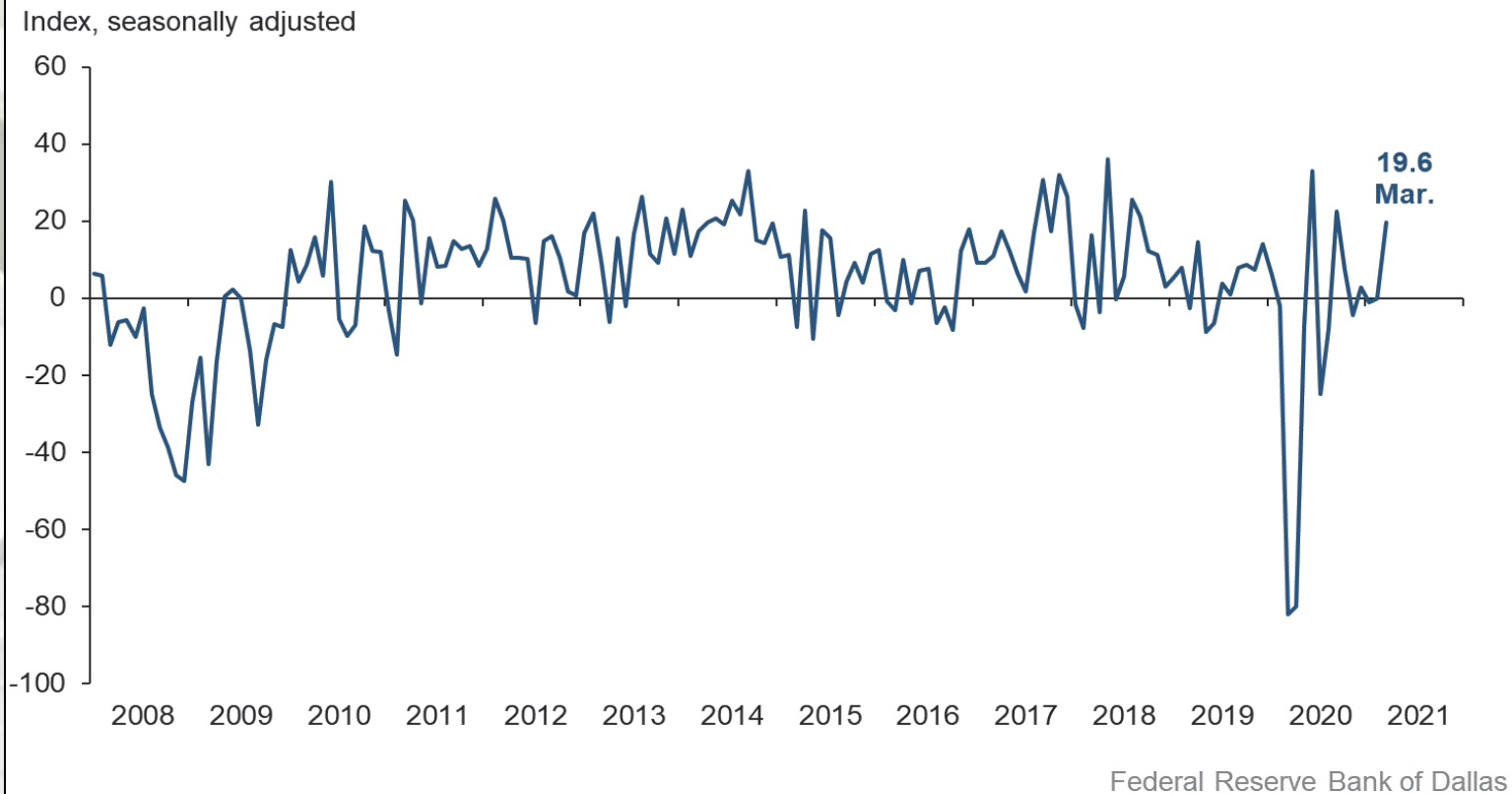
Retail labor market indicators improved, with notable growth in employment and a leveling off in average workweek length. The employment index climbed nearly seven points to 4.7, while the part-time index rose from -2.2 to 6.0. The hours worked index increased over 11 points to 0.9, suggesting little net change in employee hours worked.

Retailers’ perceptions of broader business conditions rebounded sharply into positive territory in March. The general business activity index logged its highest reading on record, rising from -3.5 to 35.2, while the company outlook index added over 40 points to reach 34.9. The outlook uncertainty index fell to a nine-month low of -9.3.

Retailers saw elevated price pressures and significant increases in wage pressures compared with February. The selling prices index slipped from 37.7 to 33.9, though it still remains near historical highs. The input prices index rose two points to 34.3, while the wages and benefits index increased nearly 15 points to 21.9.” – 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 Decline

“Retailer optimism regarding future activity rose further in March. The future general business activity index increased 10 points to 40.8, while the future sales index rose to 46.4, its best reading since early 2017. Other indexes of future retail activity such as employment also increased sharply, pointing to expectations of robust retail activity going into the second half of the year.” – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

# U.S. Economic Indicators

## The Federal Reserve Bank of Kansas City

### Tenth District Manufacturing Activity Grew Solidly

*Tenth District manufacturing activity grew solidly compared to a month ago and a year ago with positive expectations for future activity.*

#### Factory Activity Grew Solidly

“The month-over-month composite index was 26 in March, higher than 24 in February and 17 in January (Tables 1 & 2). The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. The growth in district manufacturing activity was driven more by durable goods plants for primary metals, machinery, transportation equipment, furniture, and miscellaneous manufacturing. Month-over-month indexes for shipments, new orders, and order backlog expanded at a faster pace in March and supplier delivery time was very high as well. Growth in production and employment remained positive, but slightly slower than in recent months. Materials inventories were positive while finished goods inventories dipped further from a month ago. Year-over-year factory indexes rose in March, and business conditions are now comparable to levels at the start of the pandemic last year. The year-over-year composite index increased from 8 to 16, but new orders for exports and finished goods inventories continued to lag year-ago levels. The future composite index expanded slightly from 34 to 35 with an uptick in employment expectations.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

# The Federal Reserve Bank of Kansas City

Chart 1





# The Federal Reserve Bank of Kansas City

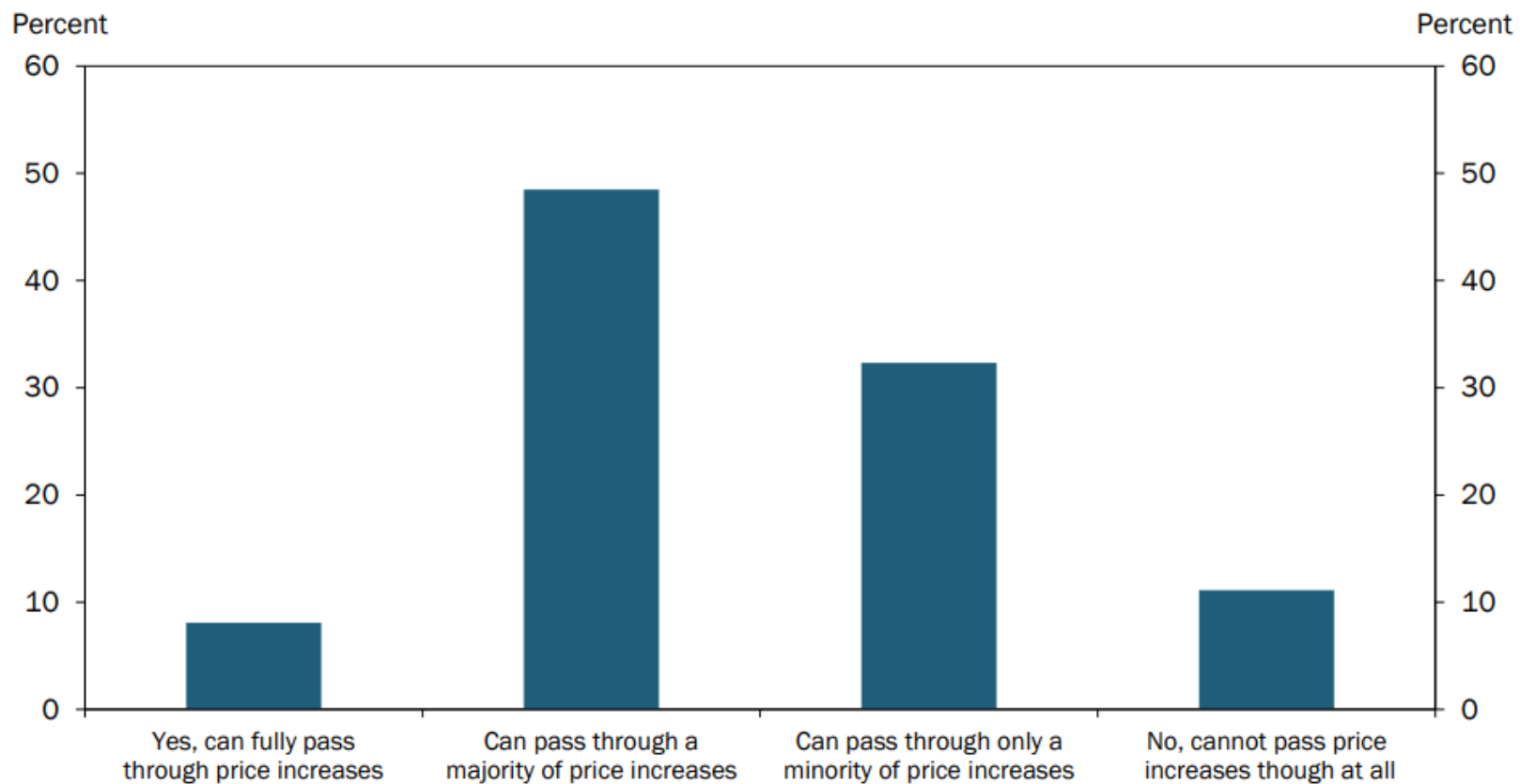
## Special questions

“This month contacts were asked special questions about materials price increases and the impact of the vaccination rollout on business conditions. While 8% of firms said they can fully pass price increases through to customers, 49% of firms recorded that they could pass through a majority of price increases (Chart 2). Another 32% of firms reported the ability to pass through only a minority of price increases through to the customer, and 11% percent were unable to pass through price increases at all. Regarding the pandemic, 42% of firms said the current pace of vaccinations and trajectory of the pandemic had not changed their business plans. On the other hand, a quarter of firms said the state of COVID-19 cases and vaccinations caused them to relax COVID cautionary measures in the workplace and increase business travel.

21% of firms also reported an increase in demand for products and 17% were hiring more workers as a result. Another 12% of contacts indicated they are considering bringing employees back to the office sooner than expected due to the drop in COVID-19 cases and vaccination progress and 9% of firms already brought employees back.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

# The Federal Reserve Bank of Kansas City

**Chart 2. Special Question: If your firm is experiencing price pressures, are you able to pass these increases through to the customer?**



# U.S. Economic Indicators

## The Federal Reserve Bank of Kansas City

### Tenth District Services Activity Rose Further

*Tenth District services activity rose further from a month ago and expectations for future activity expanded modestly.*

#### **Business Activity Rose Further**

“Tenth District services activity rose further from a month ago and expectations for future activity expanded modestly (Chart 1). The pace of growth for input prices increased to the highest level in survey history (since 2014) and selling prices also grew somewhat. Firms expected higher input and selling prices over the next six months.

The month-over-month services composite index was 22 in March, up from 1 in February and 8 in January. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. Month-over-month indexes increased in March. The general revenue and sales index increased, driven by higher retail, wholesale, transportation, as well as tourism and hospitality. On the other hand, auto and health services activity declined. Indexes for employment, employee hours, wages and benefits, access to credit, and capital expenditures rose further. However, inventory levels remained slightly negative. Year-over-year indexes were flat overall, now compared to levels at the start of the pandemic last year. The year-over-year composite index moved from -20 to 0. Expectations for future services activity expanded modestly from last month, and the composite index was up from 20 to 26, buoyed by firms’ expectations of higher sales moving forward.” – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

# U.S. Economic Indicators





# The Federal Reserve Bank of New York

## Empire State Manufacturing Survey

### Enduring Growth

“Business activity grew at a solid clip in New York State, according to firms responding to the March 2021 *Empire State Manufacturing Survey*. The headline general business conditions index climbed five points to 17.4, its highest level since last summer. New orders increased modestly, and shipments were up substantially. Delivery times continued to lengthen, and inventories were somewhat higher. Employment levels and the average workweek both increased modestly. Input price increases continued to pick up, rising at the fastest pace in nearly a decade, and selling prices increased significantly. Looking ahead, firms remained optimistic that conditions would improve over the next six months, anticipating significant increases in employment.

Manufacturing activity grew substantially in New York State in March. The general business conditions index rose five points to 17.4, its ninth consecutive positive reading, and its highest level since July of last year. Thirty-four percent of respondents reported that conditions had improved over the month, while 17 percent reported that conditions had worsened. The new orders index was little changed at 9.1, indicating that orders increased, and the shipments index shot up 17 points to 21.1, its highest level since before the pandemic. Delivery times again rose at the fastest pace in a year, and inventories edged higher.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

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

## **Empire State Manufacturing Survey**

### **Input Prices Continue To Accelerate**

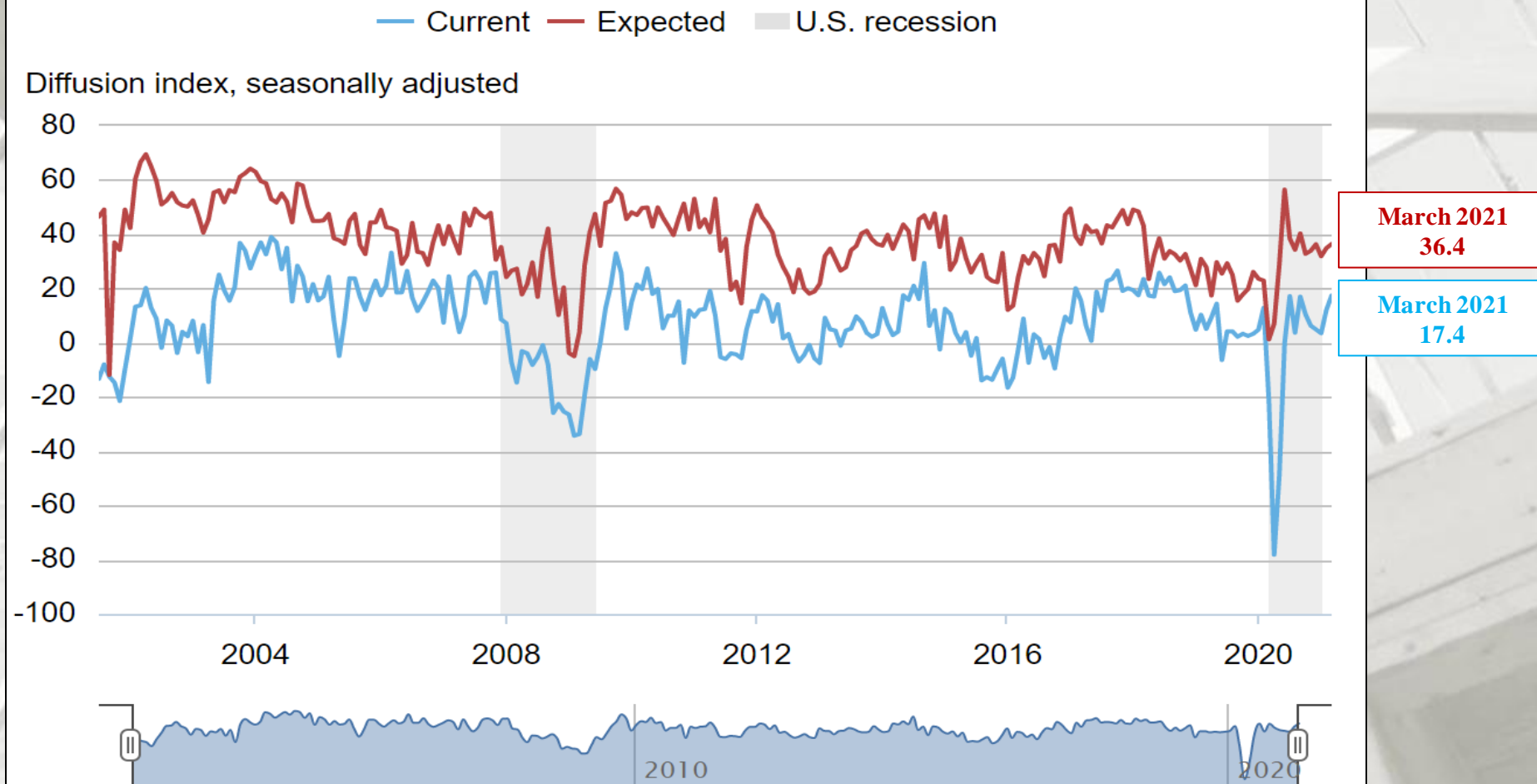
“The index for number of employees was little changed at 9.4, indicating ongoing modest gains in employment, and the average workweek index inched up to 10.9, signaling an increase in hours worked. The prices paid index rose seven points to 64.4, again reaching its highest level in a decade, pointing to sharp input price increases. The prices received index was little changed from last month’s two-year high, pointing to ongoing selling price increases.

### **Substantial Employment Increases Expected**

The index for future business conditions was little changed at 36.4, suggesting that firms remained optimistic about future conditions. The index for future shipments bounced up to 46.5. The index for future inventories rose to a multi-year high, and both the future prices paid and prices received indexes continued to march upward. The index for future employment rose to its highest level in over ten years, suggesting that firms widely expect to increase employment in the months ahead. The capital expenditures index came in at 26.8, and the technology spending index was 20.1.” – 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)

### Decline In Activity Moderates

“The ongoing decline in business activity in the region’s service sector moderated, according to firms responding to the Federal Reserve Bank of New York’s March 2021 *Business Leaders Survey*. The survey’s headline business activity index rose seventeen points to -4.8, its highest level in five months. The business climate index increased fifteen points to -50.4, indicating that firms continued to view the business climate as worse than normal, though less extensively than in recent months. Employment levels continued to decline, and wage increases continued to accelerate. Input prices increased at the fastest pace in two years, and selling price increases picked up. Capital spending fell for the twelfth consecutive month, though capital spending plans over the next six months remained positive. Looking ahead, firms expressed widespread optimism that conditions would improve, the first time such optimism has been expressed since the pandemic began, and the future employment index reached a record high.

The decline in business activity in the region’s service sector that has persisted for thirteen months moderated in March. The headline business activity index rose seventeen points but remained somewhat below zero at -4.8. Twenty-seven percent of respondents reported that conditions improved over the month, while 32 percent said that conditions worsened. The business climate index rose fifteen points to -50.4, with around two-thirds 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)**

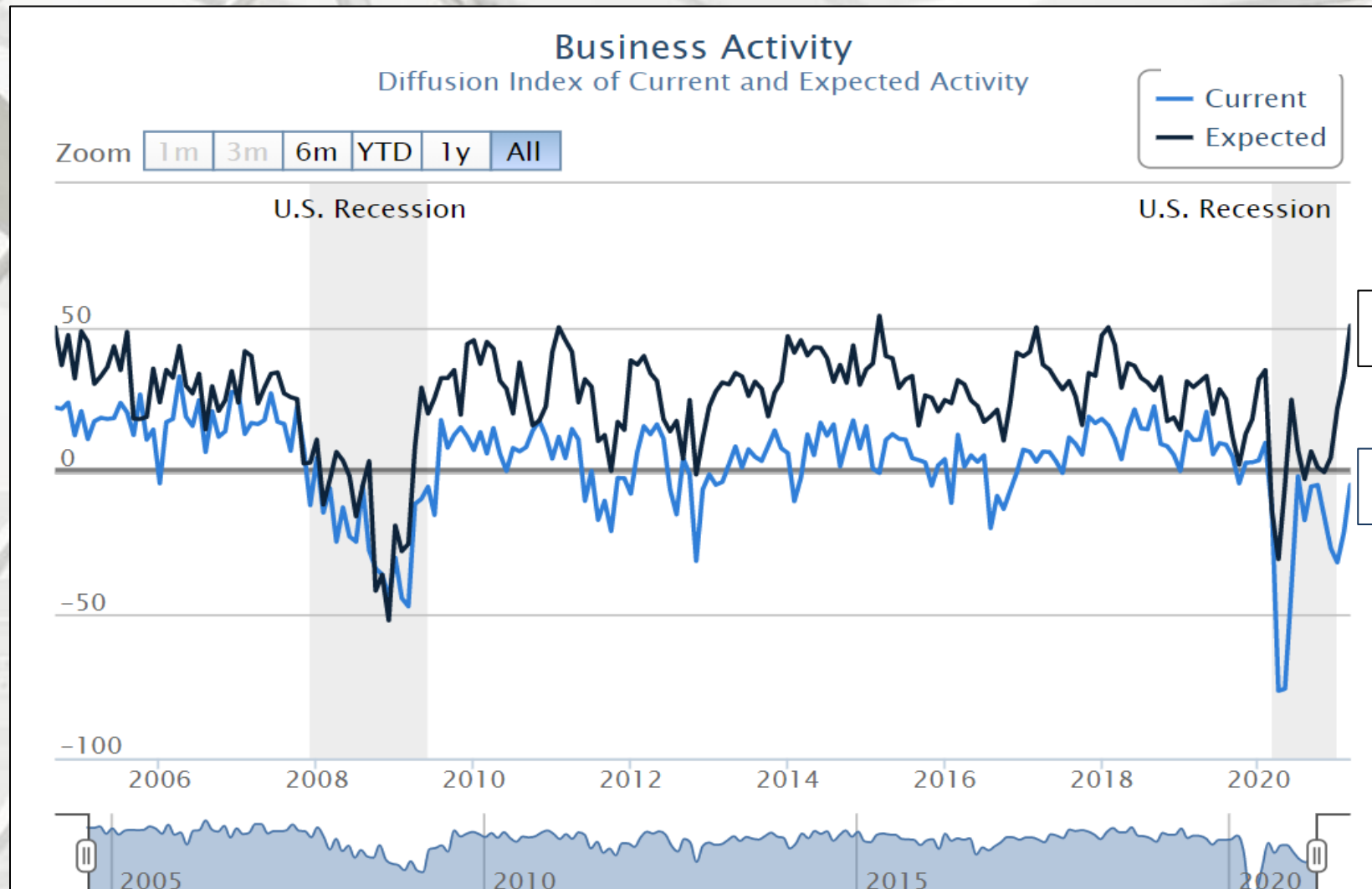
### **Price Increases Continue To Pick Up**

“The employment index rose seven points to -7.1, pointing to a modest decline in employment levels. The wages index continued to march upward, rising eight points to 34.9. As in recent months, price increases picked up in the March survey. The prices paid index rose eleven points to 53.2, its highest level in two years, and the prices received index rose five points to 14.5. The capital spending index held below zero at -6.9, suggesting a small decline in capital spending.

### **Widespread Optimism About Future Conditions**

After rising eleven points last month, the index for future business activity rose another eighteen points to 50.6, and the future business climate index rose sixteen points to 50.8, a record high, pointing to widespread optimism about future conditions. The index for future employment rose to 44.0, also a record high. Wages and prices are expected to continue to rise, and firms expect to increase capital spending in the months ahead.” – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

# The Federal Reserve Bank of New York



# U.S. Economic Indicators

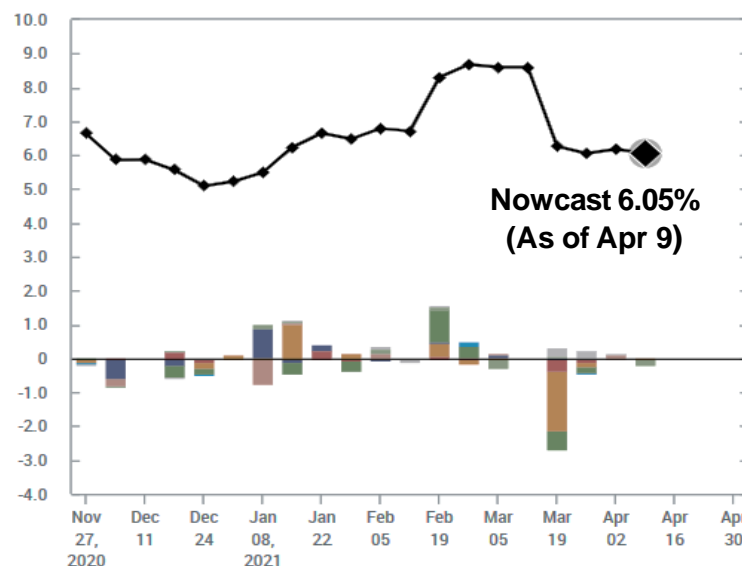
## The Federal Reserve Bank of New York Nowcast

2021:Q2 | 2021:Q1 | 2020:Q4 | 2020:Q3

Last Release 11:15am EST Apr 09, 2021

◆ The New York Fed Staff Nowcast ○ Advance GDP estimate □ Latest GDP estimate  
 ■ Housing and construction ■ Manufacturing ■ Surveys ■ Retail and consumption ■ Income ■ Labor ■ International trade ■ Others

Percent (annual rate)



### Data Flow (Apr 09, 2021)

Model Update	Release Date	Data Series	Actual	Impact	Nowcast GDP Growth
Apr 09					6.05
	8:30AM Apr 09	PPI: Final demand	0.98	0.04	
	8:30AM Apr 07	Imports: Goods and services	-0.66	-0.04	
	8:30AM Apr 07	Exports: Goods and services	-2.59	-0.13	
	10:00AM Apr 06	JOLTS: Total job openings	268.00	-0.01	
	10:00AM Apr 05	Total business inventories	0.44	0.04	
	10:00AM Apr 05	ISM non-mfg.: NMI composite index	63.70	0.00	
		Data revisions		-0.03	
Apr 02					6.18

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.

### April 9, 2020: Highlights

- “The New York Fed Staff Nowcast stands at 6.0% for 2021:Q1 and 1.5% for 2021:Q2.
- News from this week’s data releases decreased the nowcast for 2021:Q1 by 0.2 percentage point and decreased the nowcast for 2021:Q2 by 0.1 percentage point.
- A negative surprise from international trade data accounted for most of the decrease in both quarters.”  
 – The Federal Reserve Bank of New York

Source: <https://www.newyorkfed.org/research/policy/nowcast; 4/9/21>

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# U.S. Economic Indicators

## The Federal Reserve Bank of Philadelphia

### March 2020 Manufacturing Business Outlook Survey

“Manufacturing activity in the region strengthened further this month, according to firms responding to the March *Manufacturing Business Outlook Survey*. The indicators for general activity and new orders rose sharply, and the shipments and employment indexes also increased. Price pressures also rose, according to the surveyed firms. All of the survey’s indexes for future conditions increased, as the firms indicated more widespread optimism about growth over the next six months.

#### Current Activity Index Hits 50-Year High

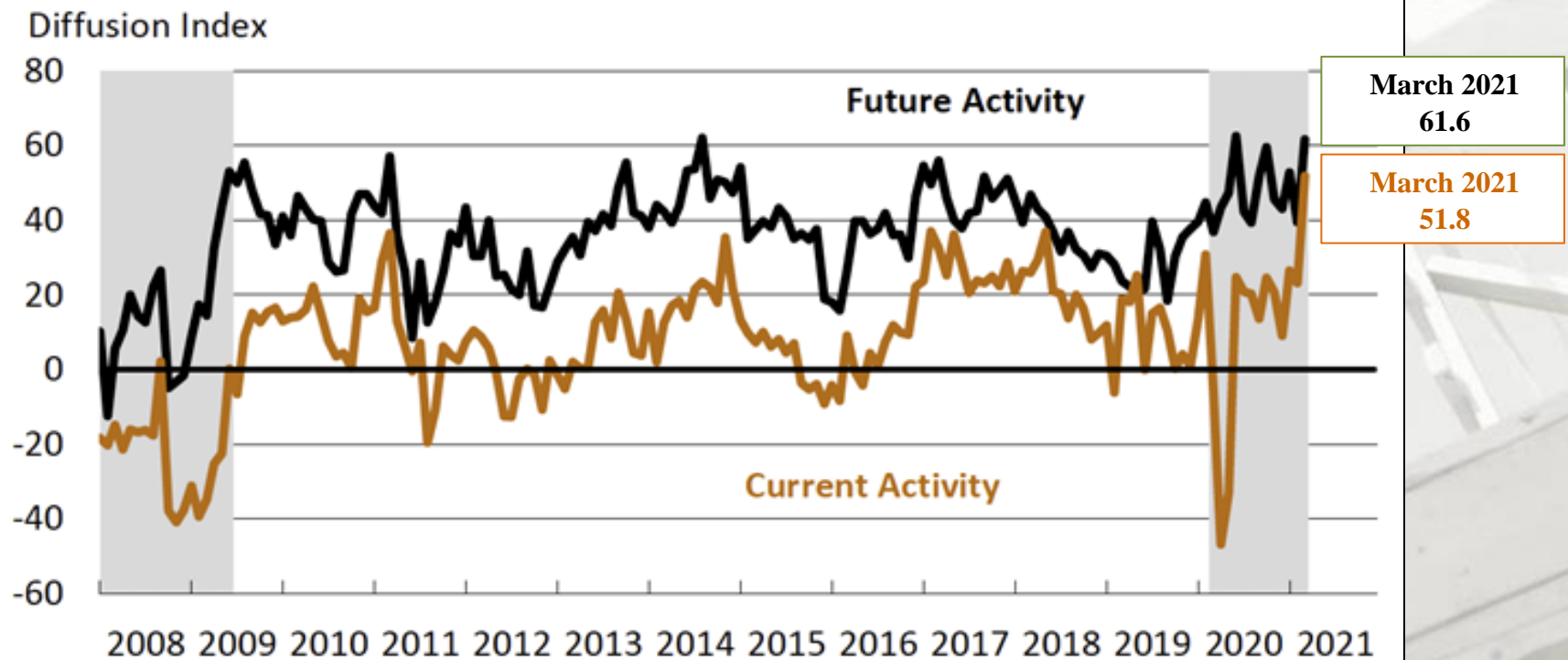
The index for current manufacturing activity in the region jumped from a reading of 23.1 in February to 51.8 this month, its highest point in nearly 50 years (see Chart 1). Nearly 59 percent of the firms reported increases in current activity this month (up from 35 percent last month), while only 7 percent reported decreases (down from 11 percent). The current new orders index also increased substantially to a 50-year high, rising 28 points to 50.9 in March. The current shipments index increased 9 points to 30.2.

The firms continued to add to their payrolls this month. The current employment index increased from a reading of 25.3 in February to 30.1 this month. Nearly 32 percent of the responding firms reported increases in employment, while only 1 percent of the firms reported decreases. The current workweek index increased 9 points to 39.7.” – 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 March 2021



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

## Firms' Optimism for Growth Expands

“The diffusion index for future general activity more than recovered from its decline last month, rising 22 points to 61.6 this month, its highest reading since June 2020 (see Chart 1). Nearly 70 percent of the firms expect increases in activity over the next six months (up from 55 percent last month), while 8 percent expect declines (down from 15 percent). The future new orders and shipments indexes also rebounded, rising 15 points and 24 points, respectively. The future employment index rose 12 points to 46.9. The percentage of firms expecting to increase employment over the next six months (51 percent) remained higher than the percentage expecting to decrease employment (4 percent). The future capital spending index rose 11 points to 35.9.

## Firms Report Difficulties Finding Skilled Workers

In special questions this month, the firms were asked generally about worker shortages, any perceived mismatches between skill requirements and labor supply, and the ways in which they were dealing with these problems (see Special Questions). Over 64 percent of the firms indicated labor shortages, while 59 percent indicated skills mismatches between requirements and available labor. Nearly 45 percent of the surveyed firms also reported that they had positions that have remained vacant for more than three months. A sizable share of firms (29 percent) reported seeing a significant shortage in qualified applicants for some skills and positions, while 18 percent of the firms reported seeing a broad labor shortage, such that it is hard to fill any position. In addition to increasing wages and stepping up recruiting efforts, the firms have adopted a mix of strategies to deal with these problems, including increasing training of existing employees and new hires. Nearly 43 percent of the firms indicated that they have hired less qualified workers to meet their labor requirements.” – Mike Trebing, Senior Economic Analyst, The Federal Reserve Bank of Philadelphia

# The Federal Reserve Bank of Philadelphia

## Price Increases Are More Widespread

“The firms continued to report price pressures from purchased inputs. The prices paid index rose sharply from 54.4 to 75.9, its highest reading since March 1980. Over 77 percent of the firms reported higher input prices this month, up from 55 percent last month. With respect to prices received for firms’ own manufactured goods, 35 percent of the firms reported higher prices, up from 18 percent last month. The prices received index increased 15 points to 31.8.

## Summary

The firms’ responses indicated widespread growth in the region’s manufacturing sector this month. The survey’s broadest measures for activity, new orders, shipments, and employment all increased, with the former two indexes reaching long-term highs. Additionally, the firms have indicated mounting price pressures. The survey’s future indexes indicate more optimism about continued growth over the next six months.

## Special Questions (March 2021)

1. Has your firm experienced any significant labor shortages or mismatch between labor skill requirements and labor supply? (Check as many as apply)\* ...

Labor shortages 64.3

Skills mismatch 58.9

Job vacancies remaining more than three months 44.6 ...” – Mike Trebing, Senior

Economic Analyst, The Federal Reserve Bank of Philadelphia

# The Federal Reserve Bank of Philadelphia

## March 2021 Nonmanufacturing Business Outlook Survey

“Responses to the March *Nonmanufacturing Business Outlook Survey* suggest expansion in nonmanufacturing activity in the region. The indexes for general activity at the firm level, sales/revenues, and new orders all posted gains. Additionally, the index for full-time employment increased. The firms continued to report overall increases in the prices of both their own goods and their inputs. The respondents continued to anticipate growth over the next six months.

### Current Indexes Improve

The diffusion index for current general activity at the firm level rose 26 points to 33.5 in March, its highest reading since February 2020 (see Chart 1). Half of the firms reported increases in activity (up from 33 percent last month), and 16 percent reported decreases (down from 26 percent). The new orders and sales/revenues indexes also registered their highest readings since February 2020: The new orders index increased 16 points to 19.9, and the sales/revenues index rose 27 points to 29.3. Nearly 56 percent of the responding firms reported increases in sales/revenues (up from 32 percent last month), while 26 percent reported decreases (down from 30 percent). The regional activity index rose 35 points to 38.6.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia



# **The Federal Reserve Bank of Philadelphia**

## **March 2021 Nonmanufacturing Business Outlook Survey**

### **Firms Report Overall Increases in Employment**

“The full-time employment index rose from a reading of 2.8 in February to 9.0 in March. Nearly 64 percent of the firms reported steady full-time employment levels, while the share of firms reporting increases (20 percent) was higher than the share reporting decreases (11 percent). The part-time employment index fell 4 points to 5.8, while the wages and benefits indicator increased 5 points to 26.6. The average workweek index rose 15 points to 15.7.

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

The prices paid index edged down 1 point to 30.3. Over 35 percent of the respondents reported increases, and only 5 percent reported decreases. Half of the respondents reported stable input prices. Regarding prices for firms’ own goods and services, the prices received index increased from a reading of 11.7 in February to 25.0 in March. The share of firms reporting increases in prices received (26 percent) far exceeded the share reporting decreases (1 percent). More than 58 percent of the firms reported no change in prices for their own goods and services.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

# **The Federal Reserve Bank of Philadelphia**

## **March 2021 Nonmanufacturing Business Outlook Survey**

### **Firms Report Some Difficulties Finding Workers**

“In special questions this month, the firms were asked generally about worker shortages, any perceived mismatches between skill requirements and labor supply, and the ways in which they were dealing with these problems (see Special Questions). Twenty percent of the firms indicated labor shortages, while 23 percent indicated skills mismatches between requirements and available labor. Over 21 percent of the surveyed firms also reported that they had positions that have remained vacant for more than three months. A sizable share of firms (33 percent) reported that they were not hiring at the moment, while few firms (6 percent) reported seeing a broad labor shortage, such that it is hard to fill any position. The firms have adopted a mix of strategies to deal with these problems, including stepping up recruiting efforts and increasing training of existing employees and new hires.

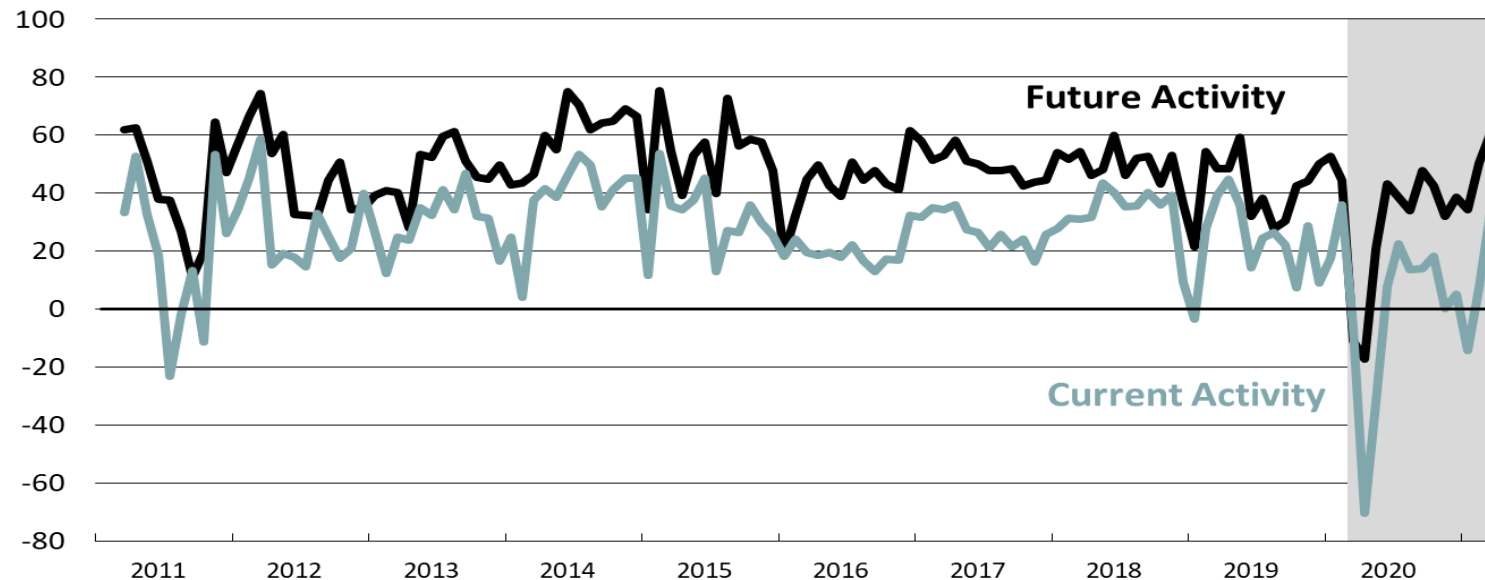
### **Firms Continue to Anticipate Growth**

Both future activity indexes suggest that firms continue to anticipate growth over the next six months. The diffusion index for future activity at the firm level rose from a reading of 50.5 in February to 60.6 this month (see Chart 1). Over 74 percent of the firms expect an increase in activity at their firms over the next six months, compared with 14 percent that expect decreases and 9 percent that expect no change. The future regional activity index increased 9 points to 62.5.” – 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 March 2021

Diffusion Index



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.

## Summary

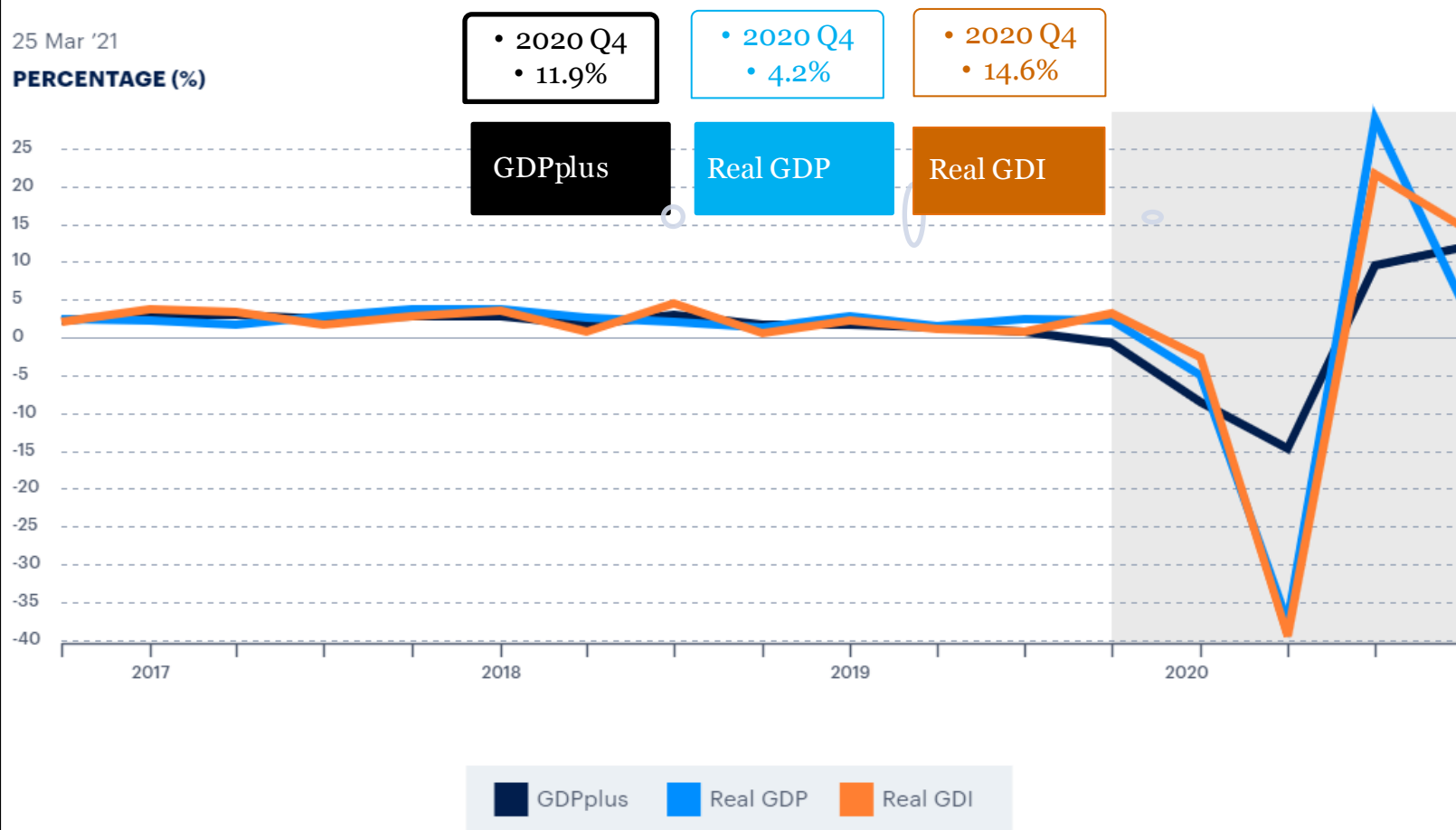
“Responses to this month’s *Nonmanufacturing Business Outlook Survey* suggest expansion in nonmanufacturing activity in the region. The indicators for firm-level general activity, new orders, and sales/revenues all increased. Additionally, firms continue to report overall increases in prices and employment. Overall, the respondents continue to expect growth over the next six months at their own firms and in the region.” – 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

25 Mar '21

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**

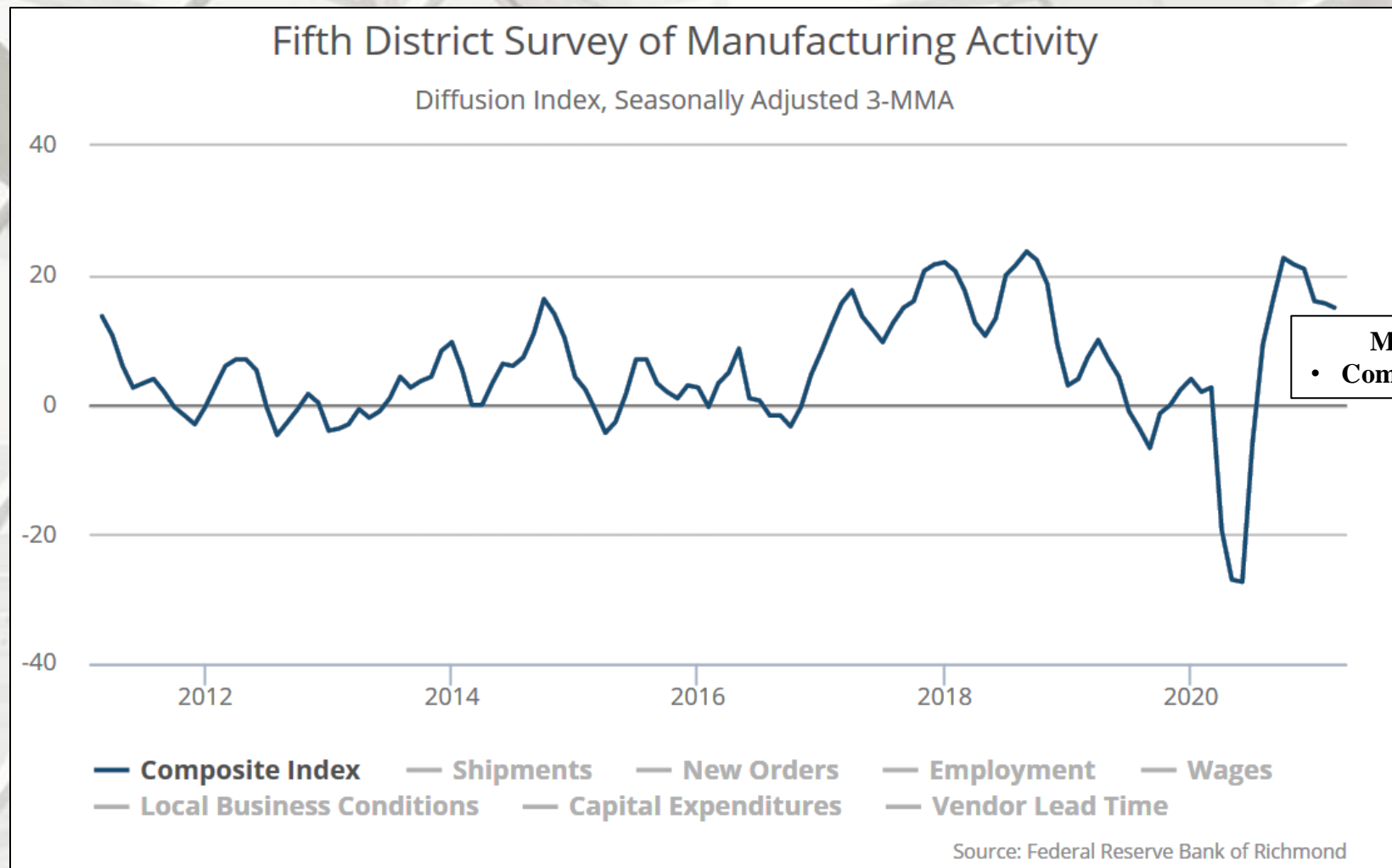
### **Manufacturing Activity Grew in March**

“Fifth District manufacturing activity expanded in March, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index rose from 14 in February to 17 in March, driven by a sharp increase in the shipments index while the other two components — new orders and employment — held steady. Businesses reported lengthened vendor lead times, as this index rose from 46 in February to 61 in March, breaking a 25-year-record for the third month in a row. Survey respondents were optimistic that conditions would continue to improve in the coming months.

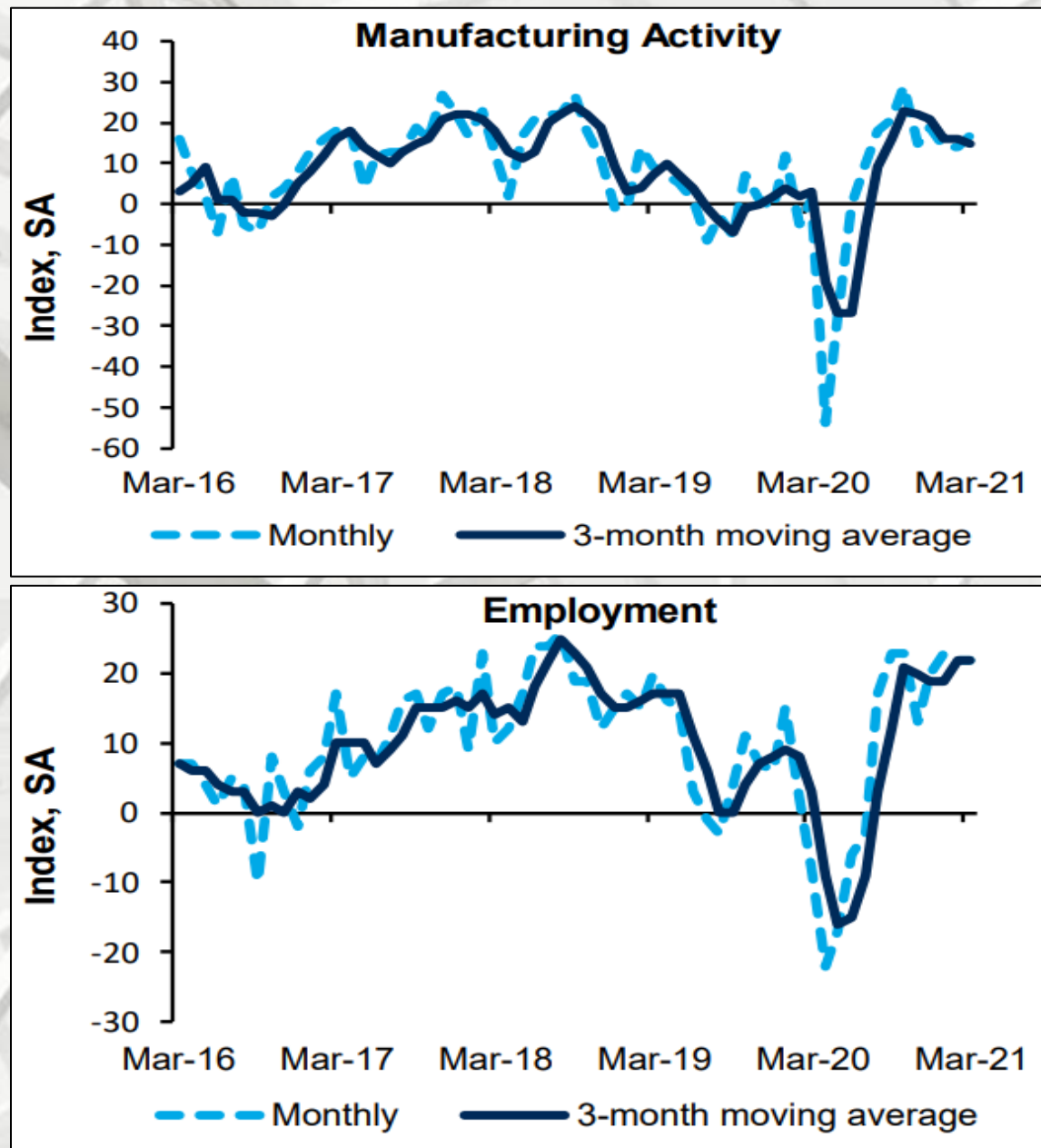
Survey results suggested that manufacturers increased employment and wages in March. However, finding workers with the necessary skills remained difficult. Survey participants expected these trends to continue in the next six months.

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

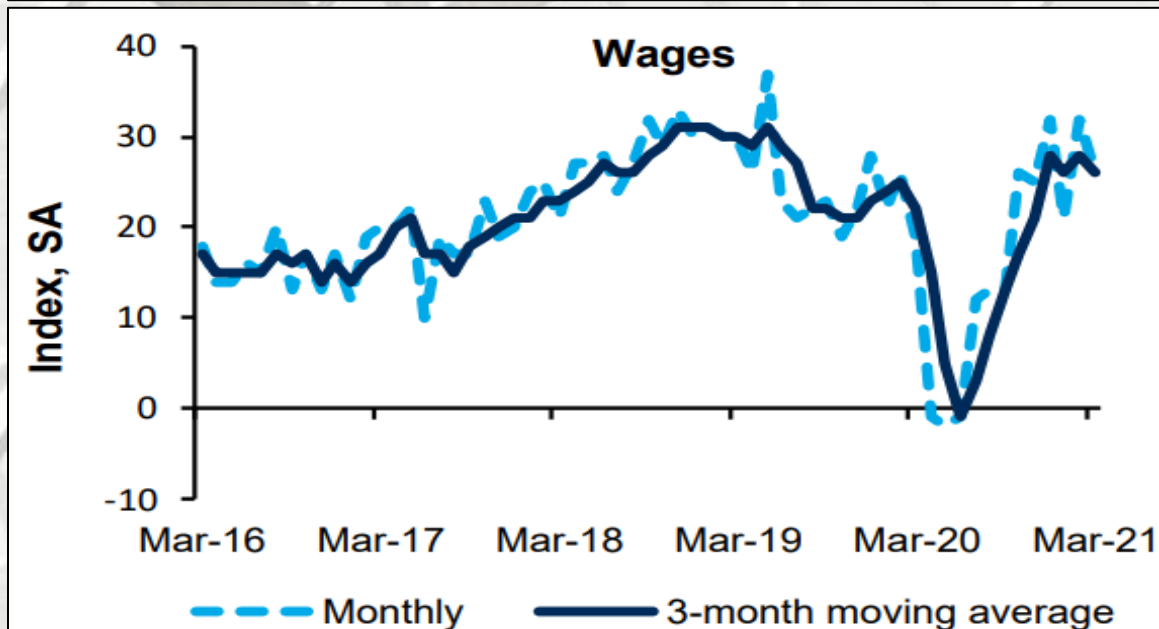
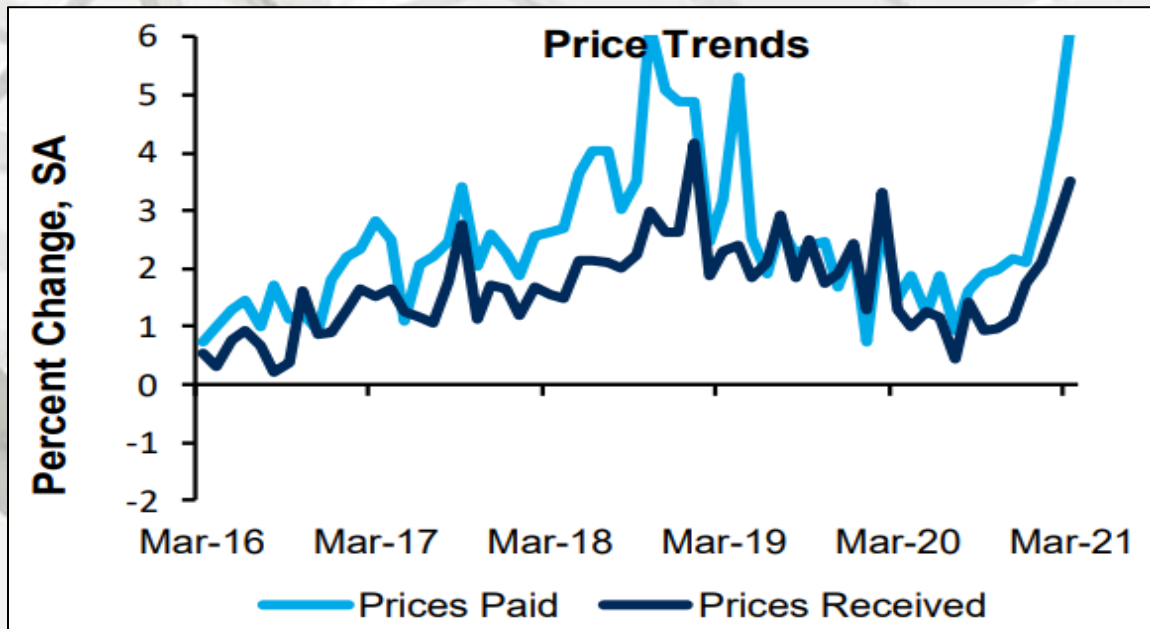
# U.S. Economic Indicators



# 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 Firms Reported Mixed Conditions**

“Fifth District service sector firms reported mixed conditions in February, according to the most recent survey from the Federal Reserve Bank of Richmond. The revenues index fell from –3 in February to –6 in February, but the demand index rose from 7 in February to 18 in February, its highest reading since last February. Many survey participants also reported increased capital spending over the month. Survey respondents were optimistic that conditions would improve in the next six months.

Many service sector firms increased employment and wages in February, but they struggled to find workers with the necessary skills. Survey participants expected this struggle to continue and employment and wages to rise further in the coming months.

The average growth rates of both prices paid and prices received by survey respondents fell in February, as growth of prices paid continued to outpace that of prices received. Survey participants expected growth of both prices paid and prices received to accelerate 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



February 2021  
• Revenues -6

Source: Federal Reserve Bank of Richmond

# U.S. Economic Indicators

## The Federal Reserve Bank of San Francisco FedViews

- “Progress continues on containment of the COVID-19 pandemic. The number of new cases in the United States has declined rapidly since January peaks and remains low, recently averaging 68,000 people over 14 days. Rates for hospitalizations and deaths due to the virus have also declined. Coupled with an acceleration in the vaccine rollouts and number of administered doses averaging 3 million per day over the past seven days, prospects for immunizing the majority of the population by the end of the year have improved significantly.
- Real GDP growth is off to a strong start in 2021 with continued support from accommodative fiscal and monetary policy. Consumer spending in particular, supported by the latest rounds of fiscal relief, is becoming more brisk. Overall, we expect a very strong second quarter of 2021, and for year-on-year GDP growth to reach 6.6% this year. We project real GDP to gradually return to its pre-pandemic trend over 2022 and 2023.
- The U.S. economy added a higher-than-anticipated 916,000 jobs in March, further supporting a positive outlook for the year. Job growth was widespread, led by 280,000 new workers in leisure and hospitality, as large parts of the United States somewhat relaxed virus-containment measures and limits on in-person business activities. The unemployment rate fell from 6.2% to 6% in March and is expected to continue declining gradually over the next few years.
- Inflation has rebounded somewhat from the low reached in April 2020, but still remains below its pre-pandemic levels. Headline personal consumption expenditures (PCE) inflation rose in February, to 1.6% on a 12-month basis. By contrast, core PCE inflation fell slightly, registering 1.4% on a 12-month basis. We expect inflation to remain below the 2% goal into 2023 after a transitory rise in 2021 due to a roll-off of the pandemic shock’s initial downward effect on prices.” – Nicolas Petrosky-Nadeau, Vice President, The Federal Reserve Bank of San Francisco

# U.S. Economic Indicators

## The Federal Reserve Bank of San Francisco

### FedViews

- “Chair Powell, during public remarks following the March 2021 meeting of the Federal Open Market Committee, reiterated the stance of monetary policy would remain accommodative until conditions in the labor market are consistent with the committee’s views on full employment, and inflation has run above 2% for some time. And while yields on long term assets such as 10-year Treasuries have increased notably recently, the increases likely reflect optimism over the prospects for U.S. economic growth being further supported by accommodative fiscal and monetary policy.
- Business closures and voluntary consumer behavioral changes made in response to the spread of the virus hit sectors and occupations employing lower-skilled workers and minorities the hardest. Employment in low-wage jobs, with earnings less than \$15 an hour, remains 14% below pre-pandemic levels. This contrasts with high-wage jobs, with earnings more than \$40 an hour, where employment has grown 9% over the course of the pandemic.
- The onset of the pandemic and massive disruption to economic activity affected women to a greater extent than men. Following sharp declines in April 2020, labor force participation rates for prime-age men and women (individuals between ages 25 and 54 ) had recovered half of their earlier declines by midsummer. Since then, their participation has failed to make further gains toward pre-recession rates, with women still faring worse than men.” – Nicolas Petrosky-Nadeau, Vice President, The Federal Reserve Bank of San Francisco



# U.S. Economic Indicators

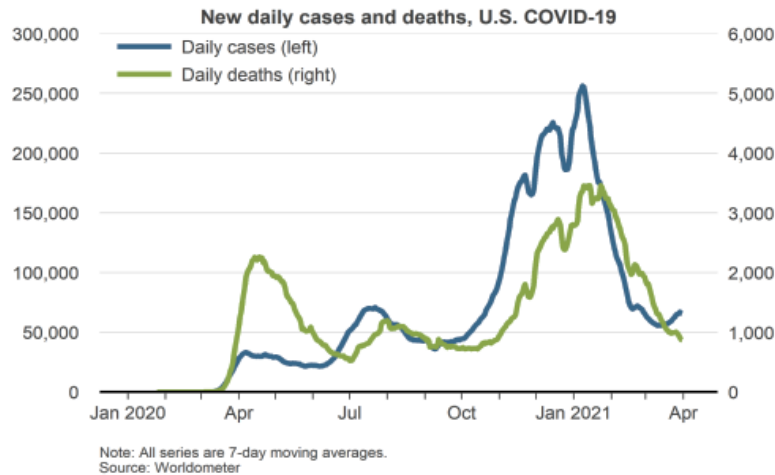
## The Federal Reserve Bank of San Francisco

### FedViews

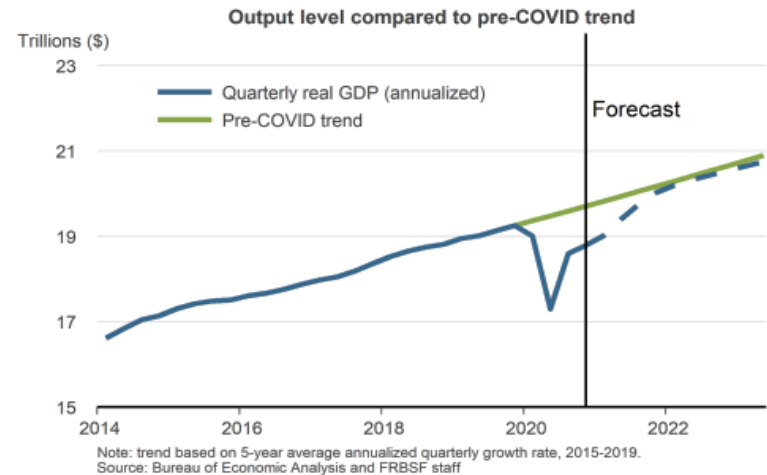
- “These gender differences are driven by the differential impacts of the pandemic on parents. The initial impact of the pandemic was much more pronounced on mothers’ participation in the labor market than on that of fathers. And while mothers’ participation partially recovered during the summer, it reversed course with the start of the new school year, falling back to April 2020 lows. This contrasts with the participation patterns of women and men without children: nonparents experienced similar declines at the onset of the pandemic, and their participation was slightly below pre-pandemic rates in December, alongside fathers.
- The disparate gender and parental labor market impacts of the pandemic are amplified across the household income distribution. Mothers in the lowest income group, households with annual income below \$50,000 per year, exited the labor force at a rate four times that of mothers in the highest household income group with incomes above \$100,000 per year. Specifically, participation for mothers in low-income households declined nearly 9%, while mothers in high-income households fell a little under 2% below their pre-pandemic participation rate.
- Racial and ethnic minorities typically fare worse in more severe recessions and the pandemic recession is no exception. The initial sharp decline in participation was more pronounced among Black and Hispanic mothers: participation between February and April 2020 fell twice as much for Black and Hispanic mothers, relative to white mothers. In addition, a robust recovery for Black and Hispanic mothers during the summer months was all but undone with the start of the school year.” – Nicolas Petrosky-Nadeau, Vice President, The Federal Reserve Bank of San Francisco

# U.S. Economic Indicators

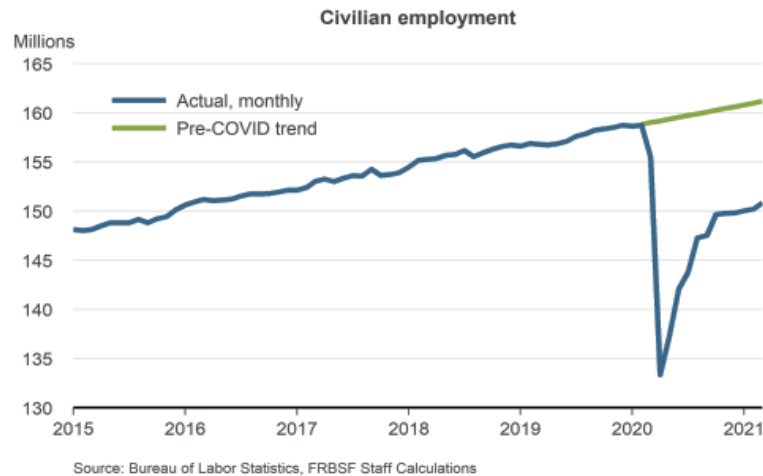
## COVID cases and deaths are low but risks remain



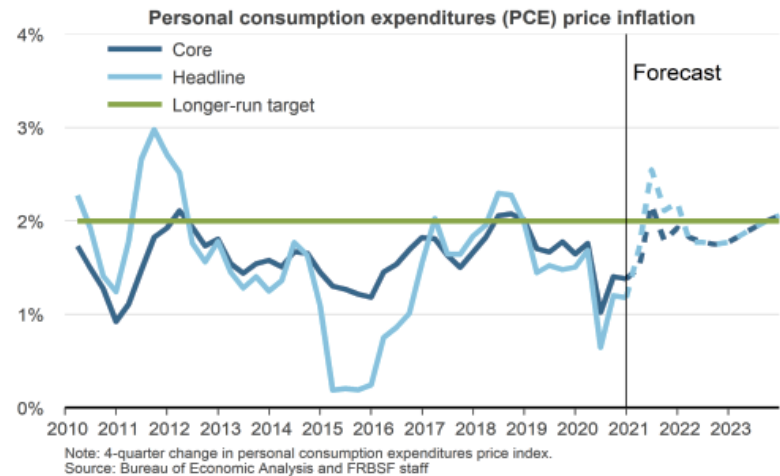
## Strong recovery supported by monetary and fiscal policy



## Employment remains depressed despite recent gains

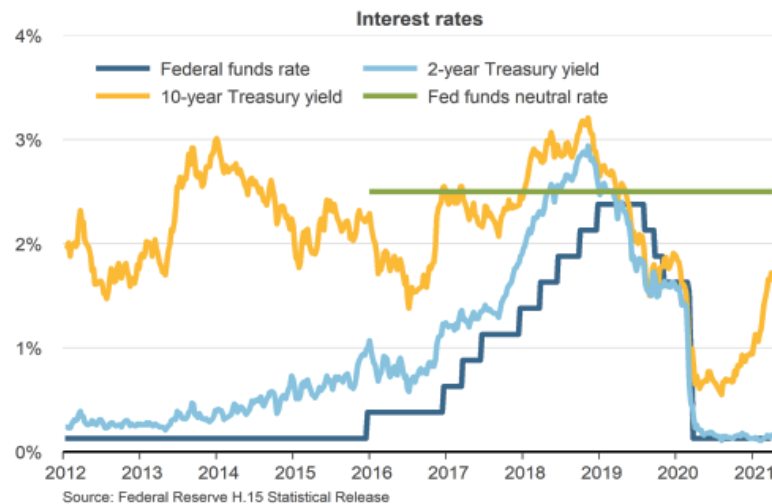


## Inflation expected to remain below target after short-run increase

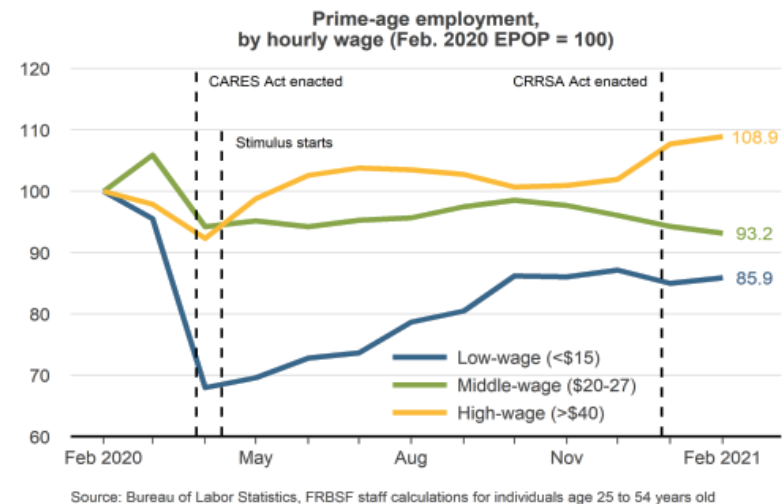


# U.S. Economic Indicators

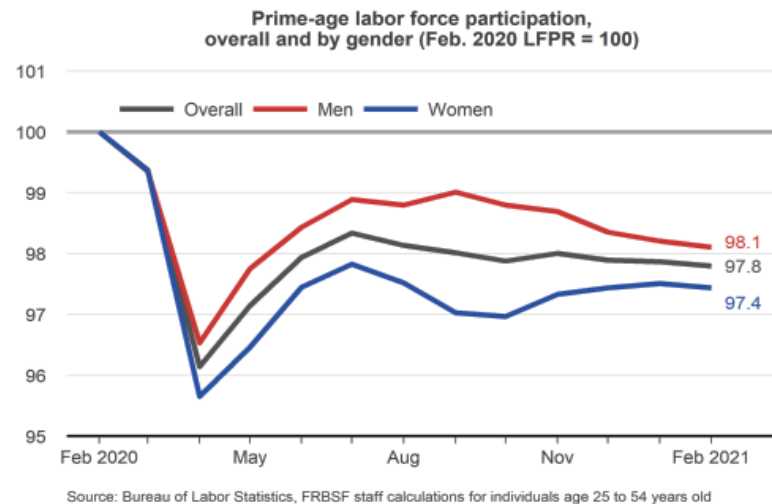
## Interest rates continue to support the recovery



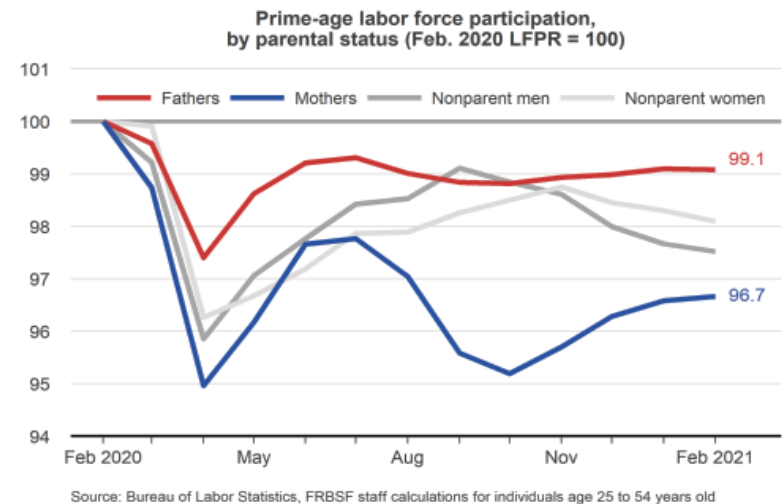
## Low-wage workers hit harder and slower to recover



## Women affected more by a pandemic recession

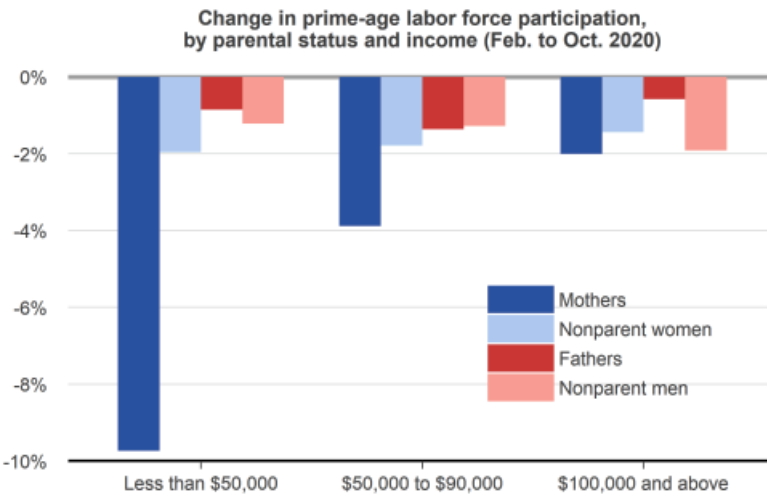


## School closures held mothers back



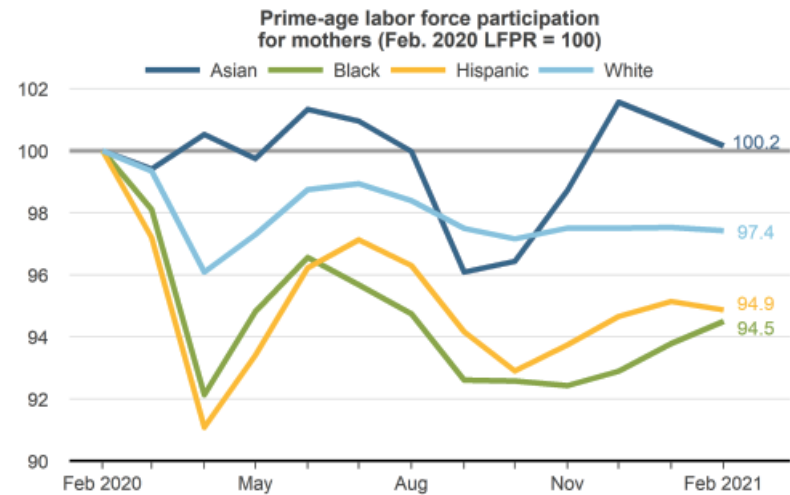
# U.S. Economic Indicators

**Mothers in low-income households affected most**



Source: Bureau of Labor Statistics, FRBSF staff calculations for individuals age 25 to 54 years old

**Unequal recoveries for mothers**



Source: Bureau of Labor Statistics, FRBSF staff calculations for individuals age 25 to 54 years old



# **U.S. Economic Indicators**

## **The Federal Reserve Bank of Dallas**

### **México Economic Update**

“México’s gross domestic product (GDP) growth was revised up slightly to an annualized 13.7 percent in fourth quarter 2020. The consensus GDP growth forecast for 2021, compiled by Banco de México, improved from 3.7 to 3.9 percent in February. The latest data available show employment, industrial production and retail sales grew, but exports fell. Inflation increased, and the peso lost ground against the dollar.

#### **Economic Activity Slows in Recent Months**

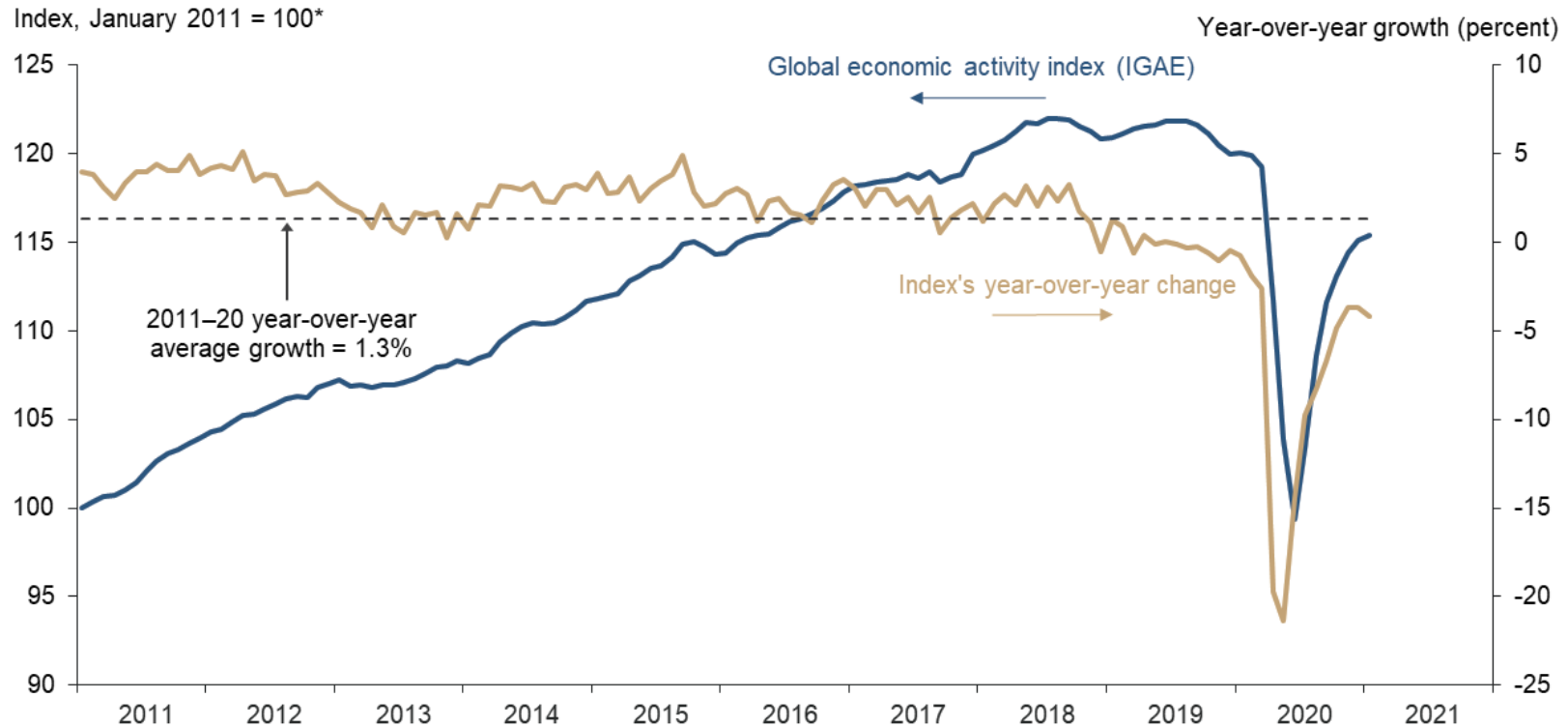
Growth in México’s global economic activity index – the monthly proxy for GDP – slowed to 0.3 percent based on a three-month moving average (Chart 1). The index rose 0.1 percent in January after being flat in December. Service-related activities (including trade and transportation) were down 0.1 percent. Goods-producing industries (including manufacturing, construction and utilities) increased 0.2 percent and agricultural output grew 1.8 percent.

#### **Exports Fall**

The three-month moving average of total exports fell 0.7 percent in February as manufacturing exports were down 0.9 percent – offsetting the 3.1 percent increase in oil exports (Chart 2). On a month-over-month basis, total exports fell 4.0 percent in February, and manufacturing exports decreased 4.4 percent. Through February, exports are up 0.3 percent compared with the same period in 2020. ... ” – Jesus Cañas, Senior Business Economist, and Chloe Smith, Research Analyst; Research Department, The Federal Reserve Bank of San Francisco

# U.S. Economic Indicators

**Chart 1**  
**Economic Growth Slows in January, Down Year over Year**



\*Seasonally adjusted, three-month moving average; real pesos.

NOTE: Data are through January 2021.

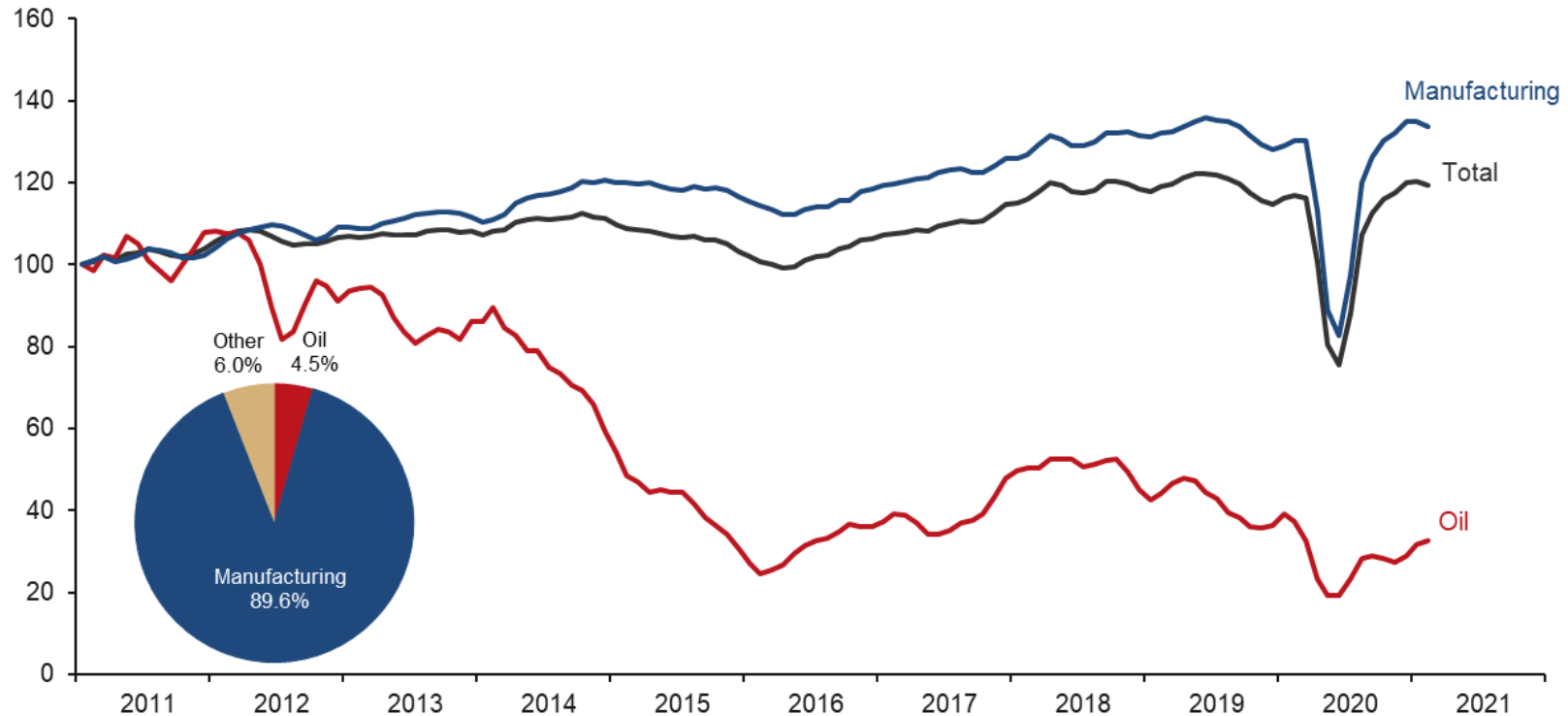
SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

# U.S. Economic Indicators

**Chart 2**

**Exports Tick Down in February**

Index, January 2011 = 100\*

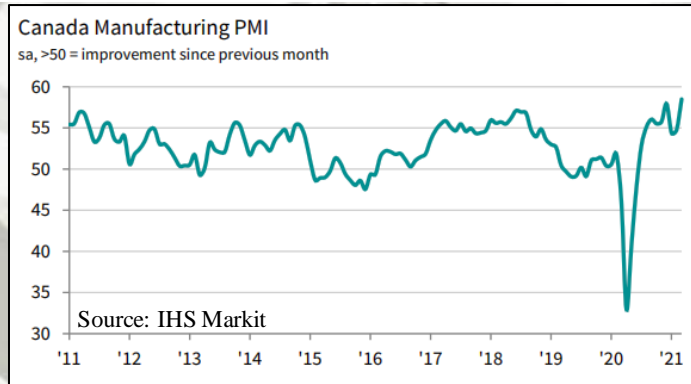


\*Seasonally adjusted, three-month moving average; real dollars.

NOTES: Data are through February 2021. The pie chart reflects the share of total exports year to date in 2021.

SOURCE: Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography).

# Private Indicators: Global



## Markit Canada Manufacturing PMI™

“The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers’ Index® (PMI®) registered 58.5 in March, up considerably from 54.8 in February, to become the highest reading in over ten years of data collection.

### Manufacturing PMI hits survey-record high in March

Canadian manufacturers ended the first quarter with a survey record improvement in overall business conditions. A substantial rise in new work boosted production volumes and stimulated job creation in March. The surge in demand contributed to a strong rise in backlogs, the second-fastest on record. However, material shortages and border restrictions linked to the coronavirus disease 2019 (COVID-19) pandemic continued, which contributed to the greatest lengthening in lead times since April 2020. Rising prices for inputs including lumber and metals led to the fastest increase in average cost burdens since August 2018. The improved demand environment allowed firms to pass on higher expenses, however. ...

Canadian manufacturers ended the first quarter of 2021 on an upbeat note, with the headline PMI figure improving to the strongest in the ten-year history of the survey. The growth was driven by stronger demand as COVID-19 restrictions continue to ease across the provinces. Meanwhile, a near-record rise in backlogs suggests greater employment in the months ahead. Turning to areas of concern, global supply chain pressures continued in March. Border restrictions and tighter COVID-19 measures in international markets continued to hinder the supply of inputs. As a result, firms have had to incur rising costs and production delays. That said, the more resilient demand environment has allowed firms to protect profit margins by raising selling prices. ...

Overall, the Canadian manufacturing sector has performed well throughout the first quarter, but external pressures have somewhat weighed on the rate of expansion. Nevertheless, the sector is on course for a return to industrial production growth in 2021.” – Tim Moore, Economics Associate Director, IHS Markit



# Private Indicators: Global

## Caixin China General Manufacturing PMI™

### Manufacturing output continues to expand modestly in March

“At 50.6 in March, 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 – signalled a sustained improvement in the health of China’s manufacturing sector. The reading was down from 50.9 in February, however, to indicate a marginal rate of improvement that was the softest seen in the current 11-month period of expansion.

Chinese manufacturing companies signalled a further improvement in operating conditions in March. Production and new orders continued to expand, albeit at mild rates, while employment moved closer to stabilisation. New export business meanwhile returned to growth, as global economic conditions continued to recover from the coronavirus disease 2019 (COVID-19) outbreak. At the same time, inflationary pressures intensified, with both input costs and output charges rising at steeper rates. ...

The Caixin China General Manufacturing PMI came in at 50.6 in March, down from 50.9 the previous month. The March reading was the lowest since April 2020, despite marking the 11th consecutive month of expansion. That indicates the post-epidemic recovery was continuing to falter.

1. Both supply and demand in the manufacturing sector continued to expand, but the pace of expansion has slowed for four straight months. Overseas demand became a bright spot, with the gauge of new export orders reaching into positive territory for the first time this year. Surveyed manufacturers said overseas demand largely increased as the epidemic situation improved.
2. The slower growth in both supply and demand added pressure to the labor market. Employment in March shrank for a fourth straight month, though at a slower pace than in February. Employment remained low because manufacturers weren’t very motivated to replace departing workers.” – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

# Private Indicators: Global

## Caixin China General Manufacturing PMI™

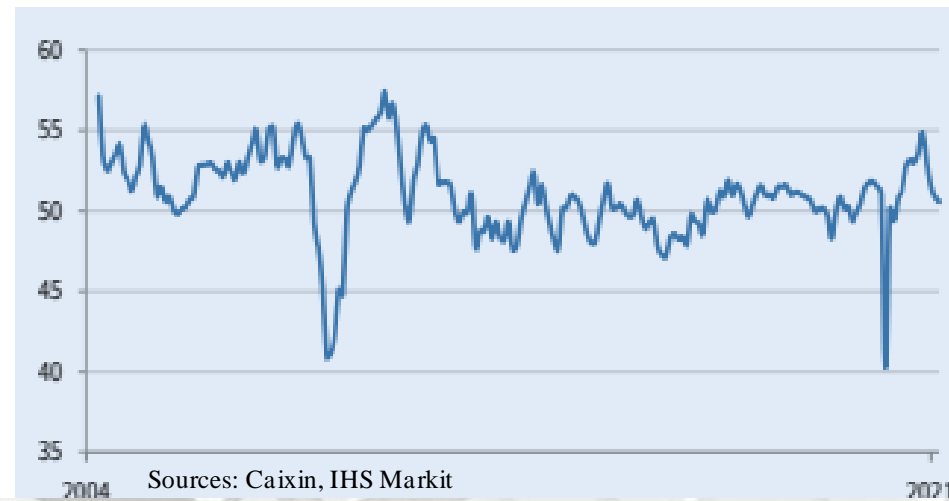
3. “The gauges for input and output prices both rose at a faster pace, indicating added inflationary pressure. Prices of raw materials, including industrial metals and crude oil, further rose, causing costs for manufacturing enterprises to soar. The gauge for input costs in March hit the highest level since November 2017. As a result, the gauge for factory gate prices reached the highest since November 2016. Surveyed companies said that rising prices also suppressed any further recovery of demand.
4. The economic slowdown further weakened manufacturers’ motivation to replenish their stocks. The measure for stocks of purchased items remained in negative territory for the third consecutive month, and the measure for quantity of purchases plunged into contractionary territory. Stocks of finished goods remained stable. The gauge for suppliers’ delivery times increased, though it was still in negative territory, indicating that logistic delays were getting shorter.

Overall, the manufacturing sector continued to recover in March, but the momentum of both supply and demand weakened. Overseas demand largely improved. The sector remained under employment pressure. Manufacturing enterprises were still confident that the economy will continue to recover and that the pandemic will be brought under control, with the gauge for future output expectations exceeding the long-term average. We should pay attention to inflation in future as the gauges for input and output prices have been rising for several months. The growing inflationary pressure limits the room for future policies and is not a good thing for sustaining an economic recovery in the post-epidemic period.” – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

# Private Indicators: Global

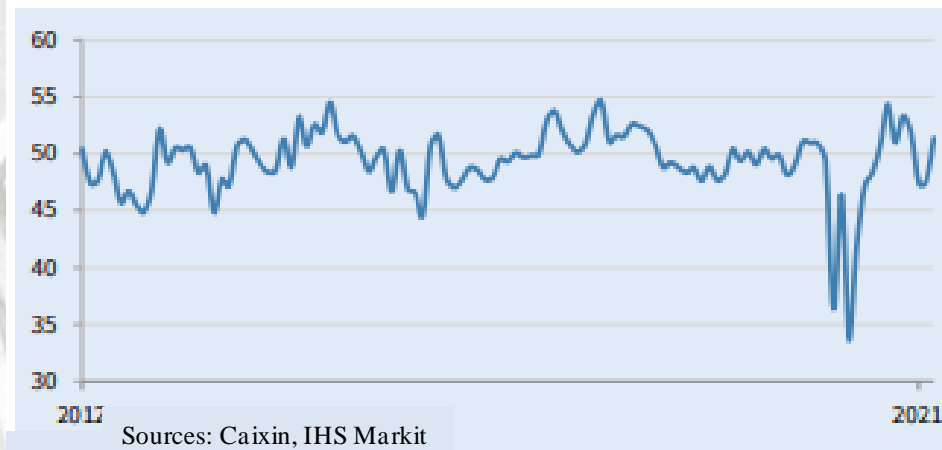
## China General Manufacturing PMI

sa, >50 = improvement since previous month



## New Export Orders Index

sa, >50 = growth since previous month



# Private Indicators: Global

## IHS Markit Eurozone Manufacturing PMI



## Markit Eurozone Manufacturing PMI®

“The eurozone’s manufacturing economy performed extremely strongly during March, with operating conditions improving to the greatest degree in nearly 24 years of data collection. After accounting for seasonal factors, the headline PMI® surged to 62.5, up from February’s 57.9 and indicative of a considerable strengthening of sector performance. The index has now registered above the 50.0 no change mark that separates growth from contraction for nine months in succession.

### Fastest growth of eurozone manufacturing sector for three years

Once again, all three broad market groups recorded a month-on-month strengthening of operating conditions. Growth rates were also higher in all instances, although gains were especially strong amongst investment and intermediate goods producers with series record highs seen in each case during March. ... Underpinning the headline Eurozone PMI were record rises in both output and new orders in March. A general strengthening in demand, on the back of increasing confidence about future economic conditions, helped to drive the record increases in production and output. Latest data showed that new export orders rose for a ninth successive month and at a series record pace.

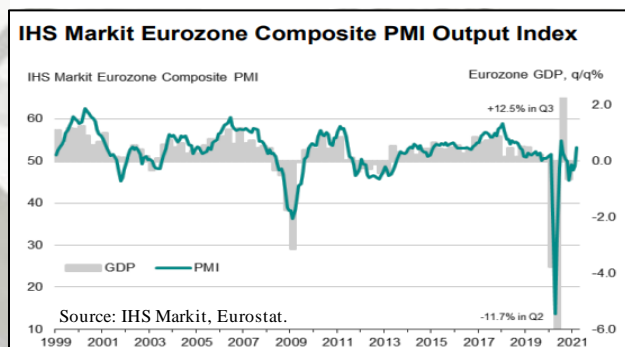
Eurozone manufacturing is booming, with production and order books growing at rates unprecedented in nearly 24 years of PMI survey history during March. Although centred on Germany, which saw a particularly strong record expansion during the month, the improving trend is broad based across the region as factories benefit from rising domestic demand and resurgent export growth. Driving the upturn has been a marked improvement in business confidence in recent months, with expectations of growth in the year ahead running at record highs in February and March. This has not only boosted spending but has also led to rising investment and restocking, as firms prepare for even stronger demand following the vaccine roll-out.

The picture is blighted, however, by record supply chain disruptions, which will likely be exacerbated further by delays arising from the Suez Canal blockage. Prices are already rising at the fastest rate for a decade as demand outstrips supply, resulting in a sellers’ market for many goods. While the forces driving prices higher appear to be temporary, linked to the initial rebound from COVID19 lockdowns, any further upward pressure on firms’ costs and selling prices is unwelcome.

Encouragingly, the recent expansion of output means production in the eurozone is likely to have surpassed its pre-COVID peak, and hiring has already accelerated markedly as producers seek to build additional capacity to meet higher demand.” – Chris Williamson, Chief Business Economist, Markit®



# Private Indicators: Global



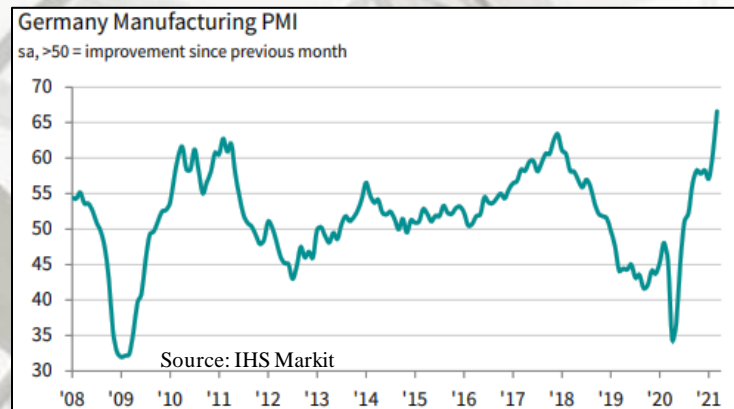
## Markit Eurozone Composite PMI®

“Underpinned by a series record increase in manufacturing output, the eurozone private sector economy returned to growth during March. After accounting for seasonal effects, the **IHS Markit Eurozone PMI® Composite Output Index** posted 53.2, up from 48.8 and the highest level since last July. The index was also above the earlier flash reading for March.

## Eurozone private sector returns to growth on back of strong manufacturing performance

The second-fastest increase in private sector output in two-and-a-half years was driven in the main by a surge in manufacturing production, the strongest in nearly 24 years of data collection. In contrast, services output fell again, although only marginally and at the slowest rate in the current seven-month sequence of contraction. The improved activity picture was broadly seen across the eurozone, with all nations experiencing a rise in their headline indices during March. Growth was led by Germany, where a resurgent manufacturing economy helped drive the country’s best overall activity performance in just over three years. Eurozone business activity bounced back in March, returning to growth after four months of decline with an even stronger expansion than signaled by the forecast-beating ‘flash’ data. Manufacturing is booming, led by surging production in Germany, and the hard-hit service sector has come close to stabilizing as optimism about the outlook improved further during the month. Firms’ expectations of growth are running at the highest for just over three years amid growing hopes that the vaccine roll-out will boost sales in the coming months. Strengthening demand has already led to the largest rise in backlogs of uncompleted work seen for almost three years, encouraging increasing numbers of firms to take on additional staff. Improving labour markets trends should help further lift consumer confidence and spending as we head into the second quarter. The survey therefore indicates that the economy has weathered recent lockdowns far better than many had expected, thanks to resurgent manufacturing growth and signs that social distancing and mobility restrictions are having far less of an impact on service sector businesses than seen this time last year. This resilience suggests not only that companies and their customers are looking ahead to better times, but have also increasingly adapted to life with the virus.” – Chris Williamson, Chief Business Economist, Markit®

# Private Indicators: Global



## IHS Markit/BME Germany Manufacturing PMI®

“The headline IHS Markit/BME Germany Manufacturing PMI® – a weighted aggregate of measures of new orders, output, employment, suppliers’ delivery times and stock of purchases – moved to an all-time high of 66.6 in March, up sharply from 60.7 in February and above the previous survey high in December 2017 (63.3).”

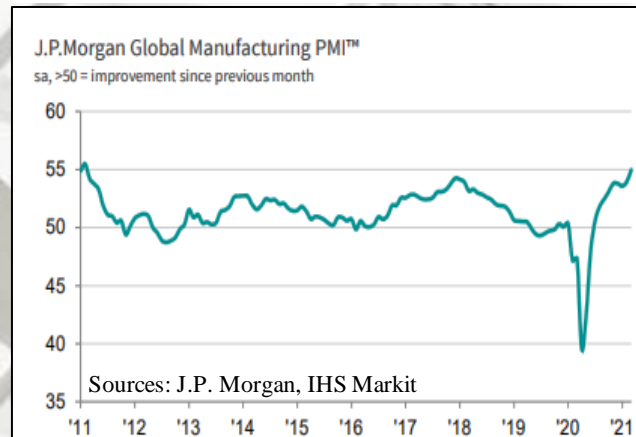
### PMI at all-time high in March amid unprecedented growth in new orders and record supply delays

Latest PMI® data showed a marked upswing in the pace of growth of Germany's manufacturing sector at the end of the first quarter, with goods producers reporting the steepest rises in new orders and output since the survey began in 1996. Growing pressure on capacity and strong confidence about the outlook meanwhile led to the first rise in sector employment in more than two years. At the same time, however, the survey indicated a further deterioration in supply-side conditions, with March seeing unprecedented reports of input delivery delays which helped push cost inflation to the highest in over a decade. ...

The German Manufacturing PMI marked its 25th anniversary in March with a record-high reading of 66.6, showing the goods-producing sector going from strength to strength. It was a record-breaking month on many fronts including new export orders, which have benefited from synchronised upturns in sales to the US and China and seen an unprecedented number of German manufacturers reporting growth.

However, the Suez Canal blockage could not have come at a worse time, with more than three-quarters of German manufacturers already reporting increasing lead times on inputs in March, with the potential for those numbers to increase further given the backlog of containers it created and the anticipated congestion at ports in the coming days and weeks. We eagerly await the April flash PMI data to see the impact it will have, including on output prices, which were already rising more quickly than ever before in the series history due to a combination of acute cost pressures and an unabating upturn in demand.” – 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 – rose to 55.0 in March, a 121-month high and its best reading since February 2011. The level of the PMI was supported by stronger growth of output, new orders and employment. A slower decrease in stocks of purchases and lengthening of vendor lead times also had a positive impact.

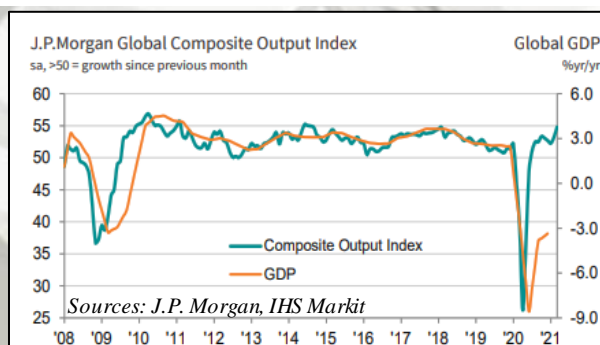
## Global Manufacturing PMI rises to ten-year high as growth of output, new orders and employment gather pace

Conditions in the global manufacturing sector continued to brighten at the end of the first quarter, despite the potential for growth to be stymied by rising cost inflationary pressures and supply-chain disruptions. PMI readings were above 50.0 – signalling improvement – in 23 out of the 27 surveys for which March data were available. Five of the six top-ranked nations were located in the euro area (Germany, the Netherlands, Austria, Italy and France), taking the combined PMI for the currency bloc to its highest on record, with unsurpassed readings also registered in both Germany and the Netherlands. Outside the euro area, the strongest improvements were seen in Taiwan and the US. Improvements were signalled for Japan and China, but both PMIs were below the global average. ...

The performance of the global manufacturing sector continued to strengthen in March consistent with the idea that global activity is rebounding as vaccinations become more available. In the latest PMI surveys, both the output and new orders PMIs increased by a solid amount. The new orders to finished goods inventory ratio at 1.2 stood out as it marked a high since 2010 suggesting strength in the manufacturing sector near-term. However, the high ratio also likely reflects bottlenecks and supply-chain disruption which are feeding into pricing. Both the input and output prices PMIs increased again in March with the output prices PMI marking a record high in the series that dates back to 2009.” – Olya Borichevska, Global Economist, 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 79-month high of 54.8 in March and posted one of its best readings over the past decade. The headline index has now signalled expansion for nine consecutive months.

## Global economic expansion accelerates as growth improves in manufacturing and services

The pace of global economic expansion remained close to decade highs in March, as manufacturing growth stayed solid and the service sector shows signs of revival. Intakes of new business strengthened, supporting improved job creation and brighter business optimism. Manufacturing production rose at one of the quickest rates since early-2011, despite the sector still being beset by severe supply-chain disruptions. Service sector business activity growth accelerated to a 33-month high.

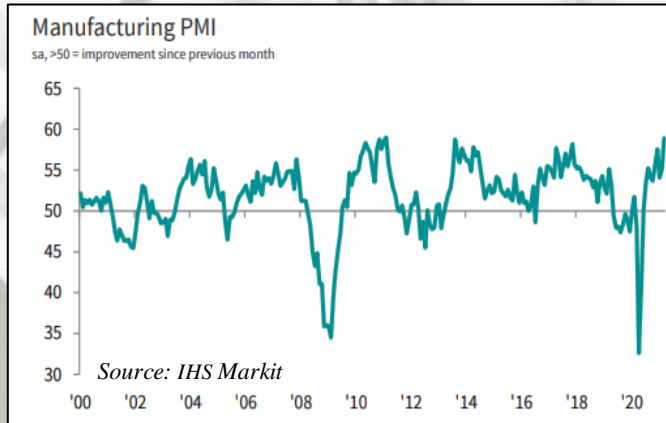
Five out of the six broad sub-sectors covered by the survey registered expansions during March. The fastest growth was again seen at financial service providers. Rates of increase improved in the consumer goods, intermediate goods and business services categories, but slowed in the financial services and investment goods industries. The rate of contraction at consumer service providers eased to its weakest during the current 14-month downturn. ...

The J.P. Morgan Global Services Business Activity Index posted 54.7 in March, a 33-month high, as the sector showed renewed signs of vigour. Inflows of new work were a major contributor to the growth revival, as total new business rose to the greatest extent for two years. International trade in services remained in the doldrums, however, decreasing for the twentieth month in a row (albeit at the weakest pace since January 2020).

The upturn encouraged stronger job creation and business optimism at the end of the first quarter. Employment rose at the second-quickest pace since July 2019, while business optimism hit levels last seen over seven years ago.” – 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®) rose to a decade-high of 58.9 in March, its best outcome since February 2011. The PMI level was supported by improved growth of output, new orders and employment along with increased supplier lead times. A slower decrease in stocks of purchases also had a positive impact on the latest reading compared to one month ago.

### UK Manufacturing PMI at decade high as growth of output, new orders and employment gather pace

The upturn in the UK manufacturing sector gained further momentum at the end of the third quarter. March saw the fastest output growth since late-2020, as inflows of new business from both domestic and overseas markets strengthened. The sector remained beset by severe supply chain and logistic issues, however, leading to delivery delays from suppliers and disruption to production and distribution schedules. Manufacturing output increased for the tenth successive month and at the quickest pace since last November. Solid and accelerated growth was signalled in both the intermediate and investment goods industries. Consumer goods production returned to expansion following back-to-back contractions. ...

Signs of Spring have appeared in the UK manufacturing sector, with the PMI hitting its highest level in a decade. Growth of output, order books and employment all gathered momentum and optimism about the year ahead improved further. The domestic market remained the prime source of new orders, as companies reported that the vaccine roll-out and clients’ preparations for the loosening of lockdown restrictions underpinned the expansion. Many expect this process to be supportive during the year ahead as well, raising business optimism and jobs growth to their highest levels for seven years. Weak export sales and supply-chain issues are likely to remain constraints on growth moving forward, however, with shipping issues already leading to severe disruption to production schedules, raw material availability and the onward distribution of finished products to clients, especially abroad. The extent to which supply chains have worsened through much of the past year has been unsurpassed during the near three-decade survey history.

Demand outstripping supply to such a wide extent is meanwhile driving up prices, with rates of inflation in input costs and selling prices both accelerating to near record highs. The longer these inflationary and supply chain worries persist, the greater the potential to curb the strength of the upturn as the economy unlocks in the coming weeks and months.” – Rob Dobson, Director, IHS Markit

# **Private Indicators**

## **Associated Builders and Contractors**

### **Nonresidential Construction Spending Down 1.3% in February**

“National nonresidential construction spending declined 1.3% in February, according to an Associated Builders and Contractors analysis of data published today by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled \$789.5 billion for the month.

On a monthly basis, spending was down in 13 of 16 nonresidential subcategories. Private nonresidential spending was down 1.0%, while public nonresidential construction spending fell 1.8% in February. Nonresidential construction spending has declined by 6.1% from the same time last year.

“We remain in the midst of the COVID-19 pandemic, which has shattered commercial real estate fundamentals,” said ABC Chief Economist Anirban Basu. “This too shall pass, but there continues to be downward pressure on nonresidential construction activity, and that was apparent in February, when weakness in spending was apparent in private and public segments alike.

“But past is not prologue in this instance,” said Basu. “America is about to experience a massive resurgence in economic growth as vaccinations proceed. Many ABC members report that backlog has already been climbing as projects that had been postponed earlier in the crisis come back to life. While some residual weakness may persist in the next few months, nonresidential construction spending is poised to stabilize during the summer and enter 2022 with substantial momentum, though some private construction segments will continue to lag.” – Erika Walter, Director of Media Relations, ABC

# Associated Builders and Contractors

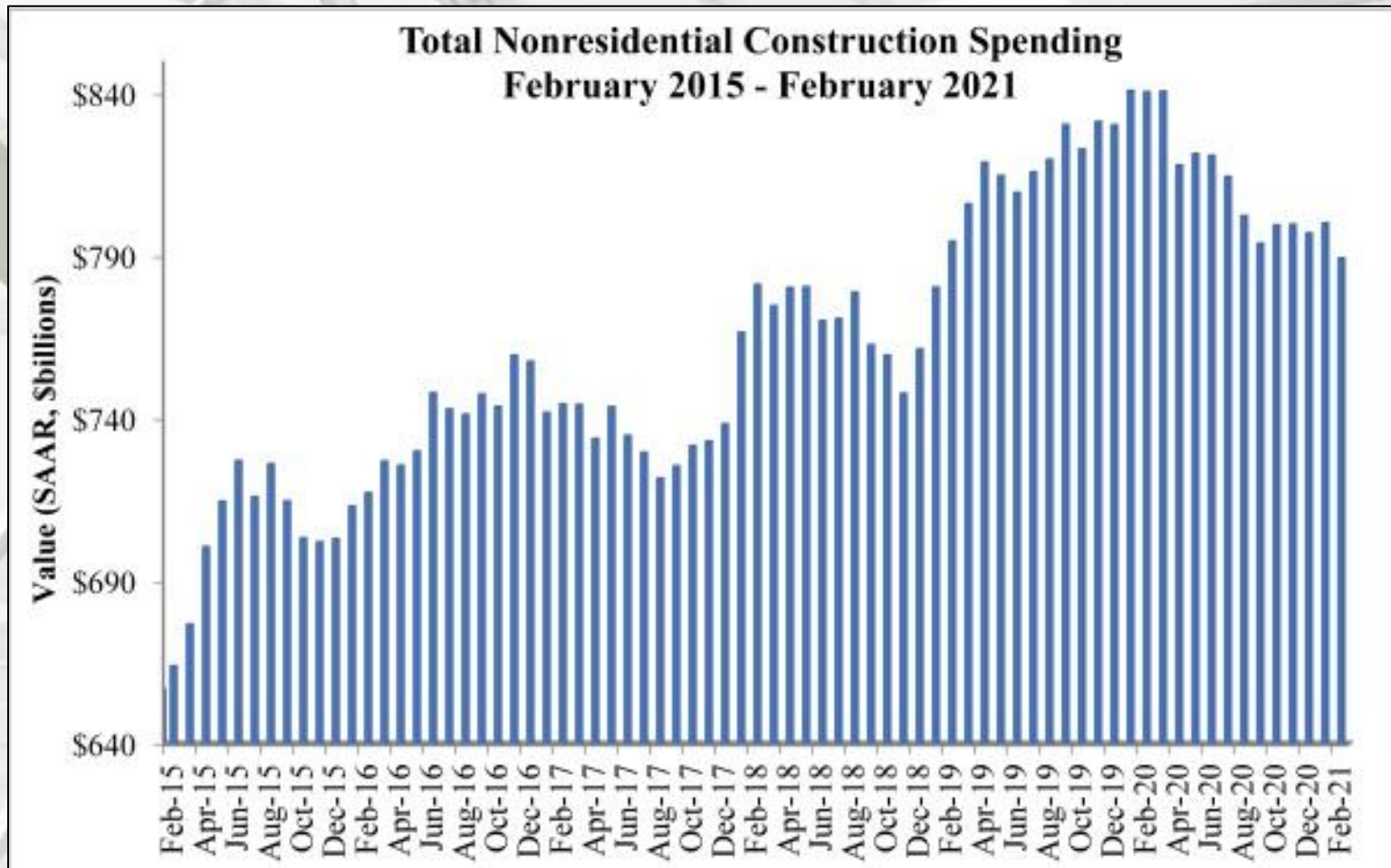
Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate					
	February 2021	January 2021	February 2020	1-Month % Change	12-Month % Change
Nonresidential	\$789,507	\$800,239	\$840,564	-1.3%	-6.1%
Public safety	\$16,765	\$16,619	\$13,403	0.9%	25.1%
Manufacturing	\$68,904	\$68,682	\$76,913	0.3%	-10.4%
Water supply	\$18,149	\$18,146	\$17,687	0.0%	2.6%
Power	\$114,639	\$115,137	\$126,506	-0.4%	-9.4%
Office	\$79,136	\$79,527	\$83,305	-0.5%	-5.0%
Highway and street	\$102,594	\$103,235	\$103,853	-0.6%	-1.2%
Communication	\$22,069	\$22,334	\$22,806	-1.2%	-3.2%
Commercial	\$78,201	\$79,471	\$84,527	-1.6%	-7.5%
Transportation	\$56,095	\$57,017	\$57,500	-1.6%	-2.4%
Religious	\$3,028	\$3,089	\$3,390	-2.0%	-10.7%
Amusement and recreation	\$24,535	\$25,039	\$28,729	-2.0%	-14.6%
Lodging	\$24,096	\$24,825	\$31,356	-2.9%	-23.2%
Educational	\$102,580	\$105,715	\$107,890	-3.0%	-4.9%
Sewage and waste disposal	\$26,338	\$27,148	\$25,627	-3.0%	2.8%
Health care	\$44,970	\$46,494	\$47,982	-3.3%	-6.3%
Conservation and development	\$7,409	\$7,761	\$9,091	-4.5%	-18.5%
Private Nonresidential	\$447,809	\$452,263	\$495,820	-1.0%	-9.7%
Public Nonresidential	\$341,698	\$347,977	\$344,744	-1.8%	-0.9%
Source: U.S. Census Bureau					

## Nonresidential Construction Spending Down 1.3% in February

““Consequently, the nature of the challenges facing contractors will shift dramatically during the months ahead,” said Basu. “While many contractors have indicated that demand for construction services has been among their leading sources of concern during the pandemic, by the end of this year, the greatest challenge for many will be securing a [sufficient workforce](#) with which to compete for and complete projects. This will likely be even more of an issue in 2022 and 2023 as the pace of economic recovery progresses.”” – Erika Walter, Director of Media Relations, ABC



# Associated Builders and Contractors



Sources: ABC and U.S. Census Bureau



# **Private Indicators**

## **Associated Builders and Contractors**

### **ABC's Construction Backlog Slips in March; Contractor Optimism Continues to Improve**

“Associated Builders and Contractors reported today that its Construction Backlog Indicator fell to 7.8 months in March, according to an ABC member survey conducted from March 22 to April 5, a decrease of 0.4 months from both the February 2021 and March 2020 readings. ABC’s Construction Confidence Index readings for sales, profit margins and staffing levels increased in March. All three indices remain above the threshold of 50, indicating expectations of growth over the next six months.

“There are two countervailing forces influencing backlog,” said Basu. “On the one hand, design work on new projects declined during most of the pandemic. Some of this is attributable to the need to socially distance, risk aversion and the jarring effects of the crisis on commercial real estate. The result has been fewer projects presently available for bid, which is consistent with declining backlog.

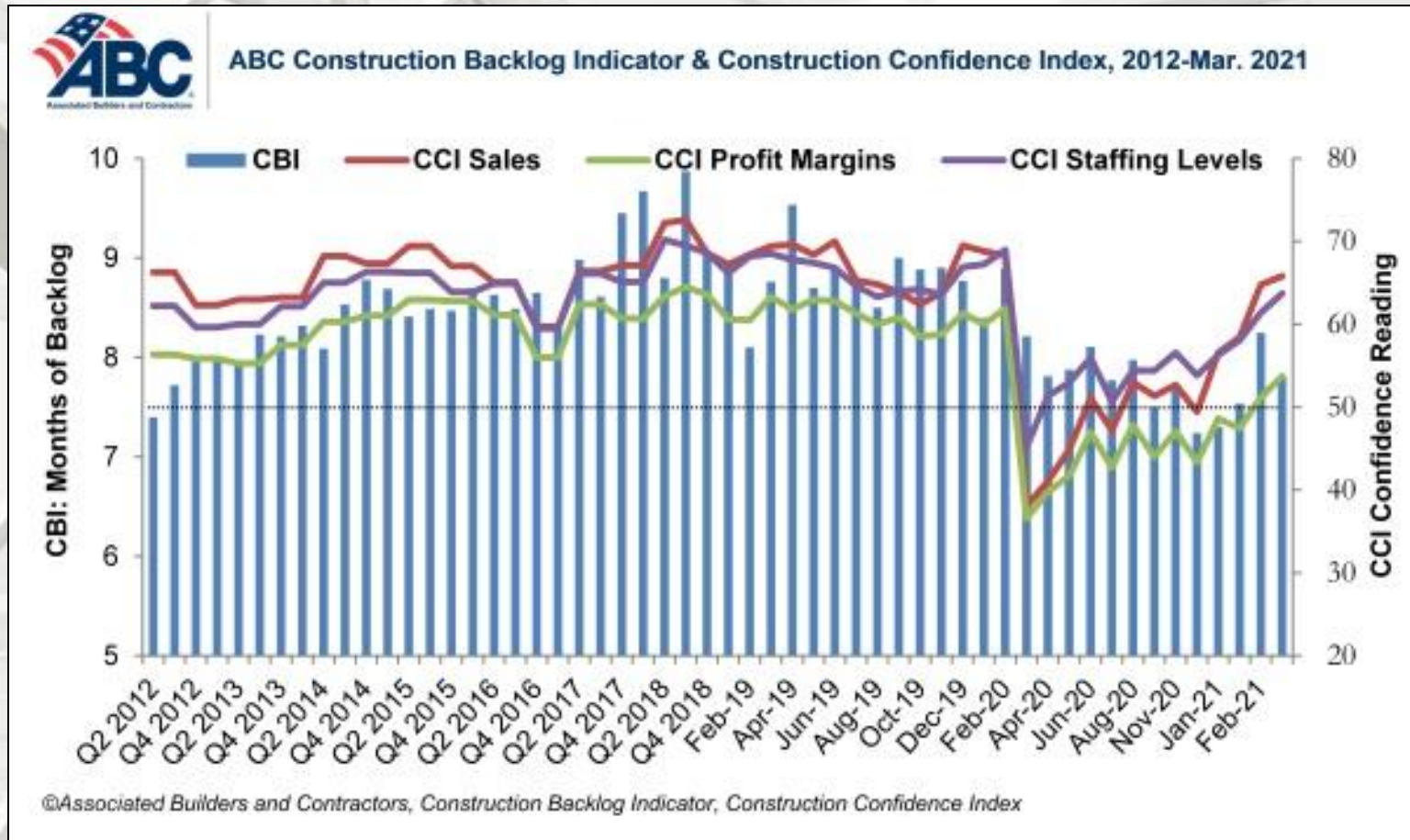
“On the other hand, the surprisingly strong economic recovery has brought projects that seemed dead back to life,” said Basu. “The boom in e-commerce and other tech segments has also produced greater levels of demand for construction of fulfillment and data centers. The overall result is that backlog is roughly where it was six months ago. Given that contractors remain confident regarding sales, employment and profit margins over the balance of the year, the expectation is that more projects will enter the design phase, bidding opportunities are set to rise and at some point backlog will reestablish an upward trajectory.”” – Erika Walter, Director of Media Relations, ABC

# Associated Builders and Contractors

Construction Confidence Index			
Response	March 2021	February 2021	March 2020
<b>CCI Reading</b>			
Sales	65.8	64.8	38.1
Profit Margins	53.7	51.2	36.6
Staffing	63.7	61.4	45.2
<b>Sales Expectations</b>			
Up Big	13.8%	11.1%	4.7%
Up Small	55.2%	56.7%	24.5%
No Change	14.4%	15.8%	14.1%
Down Small	13.5%	12.9%	31.8%
Down Big	3.1%	3.5%	24.9%
<b>Profit Margins Expectations</b>			
Up Big	4.3%	2.3%	2.9%
Up Small	36.8%	33.3%	16.6%
No Change	32.2%	36.8%	25.3%
Down Small	22.7%	21.6%	34.3%
Down Big	4.0%	5.8%	20.9%
<b>Staffing Level Expectations</b>			
Up Big	7.1%	3.5%	3.2%
Up Small	49.7%	49.1%	27.4%
No Change	35.0%	38.6%	31.0%
Down Small	7.4%	7.0%	23.5%
Down Big	0.9%	1.8%	14.8%

© Associated Builders and Contractors, Construction Confidence Index

# Associated Builders and Contractors





# **Private Indicators**

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

### **Architecture Billings Index February 2021**

#### **Architecture firm billings return to positive territory for the first time since the start of the pandemic one year ago**

Firms expect fewer employees working in the office full-time post-pandemic, although many expect office space needs to be unchanged to accommodate better social distancing

“Continuing the positive momentum of a nearly three-point bump in January, the Architecture Billings Index (ABI) reached its first positive mark since February 2020, according to a new report today from The American Institute of Architects (AIA). Architecture firm billings returned to the positive side in February for the first time in a year, with the AIA’s Architecture Billings Index (ABI) score climbing by more than eight points from January to a score of 53.3. Indicators of future work also returned to the positive side this month, with inquiries climbing above 60 for the first time in nearly two years, and the value of new design contracts returning to growth for the first time since February 2020. All of these indicators are encouraging signs that business is beginning to return to many firms that had been struggling, and should continue to improve as the pace of vaccinations accelerates and the impact of the latest government stimulus continues to spread.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

“We’re not quite ready to pop the champagne cork just yet. We’d like to see another month, or at least two months, before we feel confident a recovery is underway for design firms. Hopefully, this is the start of a more sustained recovery. It is possible that scores will continue to bounce above and below 50 for the next few months, as recoveries often move in fits and starts. Beyond the encouraging billing data, architecture employment added 700 new positions in January and has now regained 45 percent of the jobs that were lost since the beginning of the pandemic.” Kermit Baker, Chief Economist, AIA



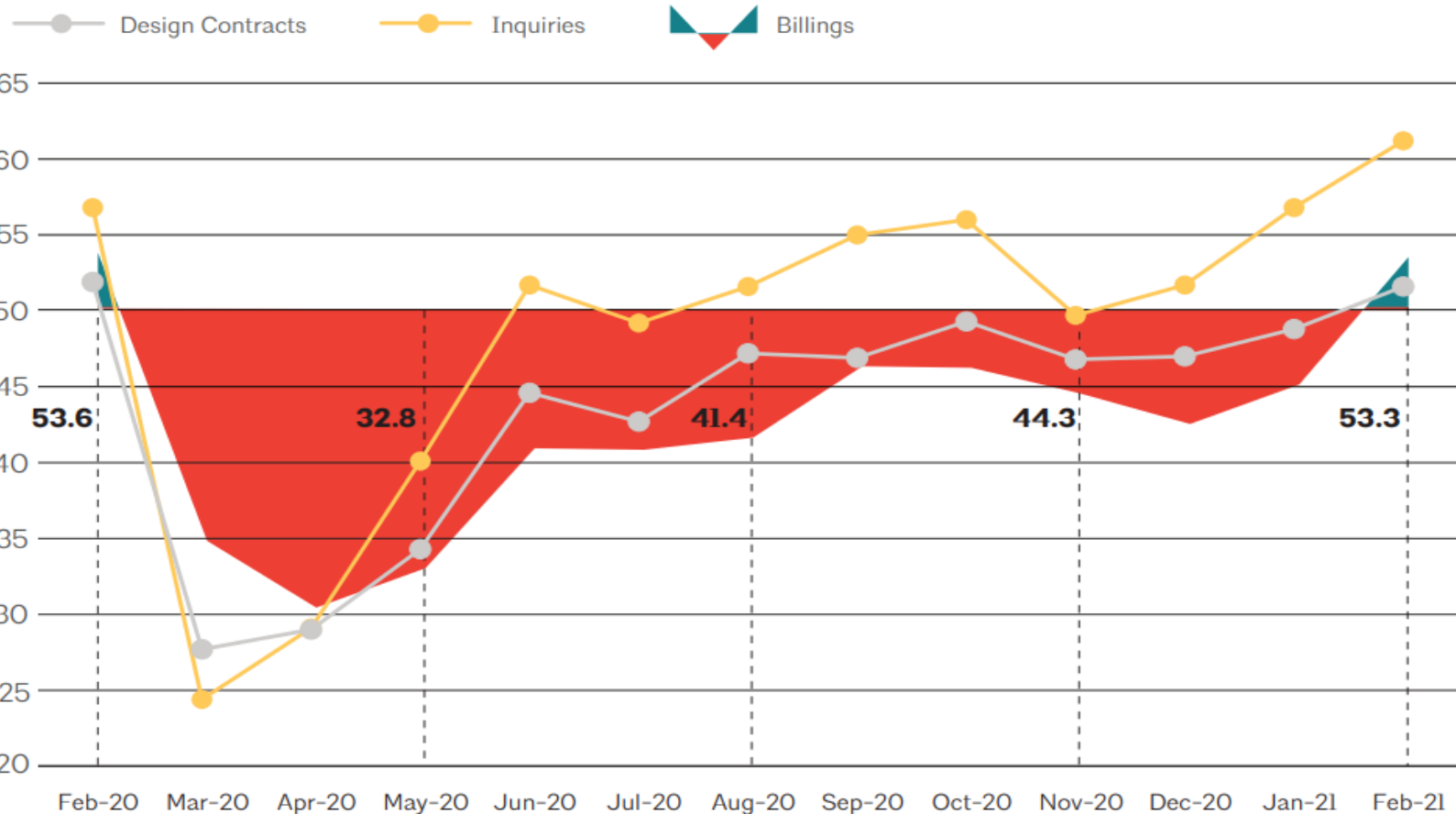
# Private Indicators

## American Institute of Architects (AIA)

### National

Architecture firm billings increased in February for the first time in a year

Graphs represent data from February 2020–February 2021.

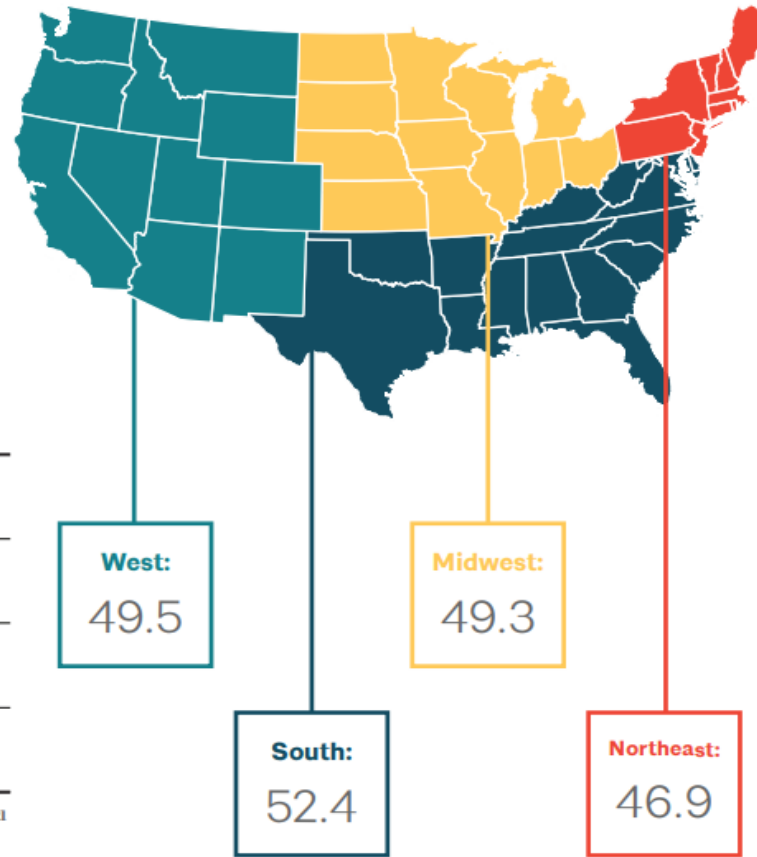
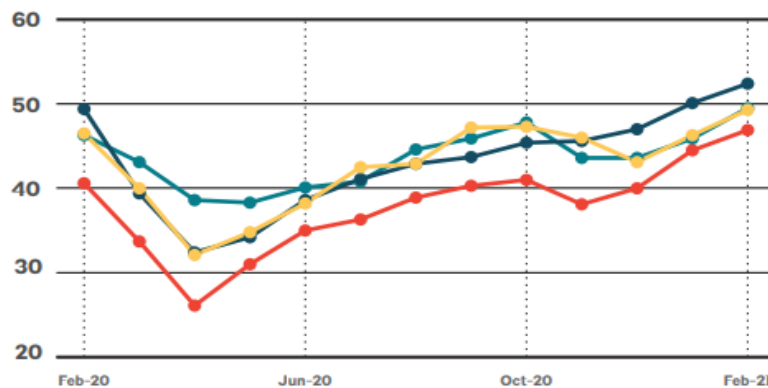


# Private Indicators: AIA

## Regional

Firms in the South report billings growth, as most other regions approach also a turnaround

Graphs represent data from February 2020–February 2021 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

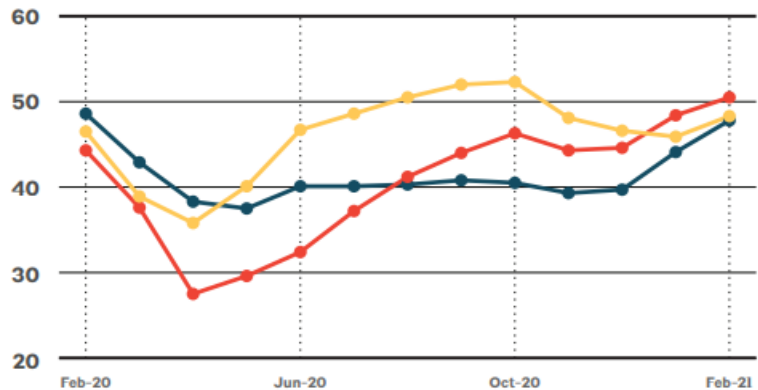
“Firms located in the South region of the country reported billings growth for the second consecutive month in February, while firms located in the West and Midwest saw only small declines, and look likely to return to growth soon themselves. Conditions remained softest at firms located in the Northeast, but the pace of the decline in firm billings slowed for the third month in a row.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

# Private Indicators: AIA

## Sector

Firms with a commercial/industrial specialization finally see a modest improvement in business conditions

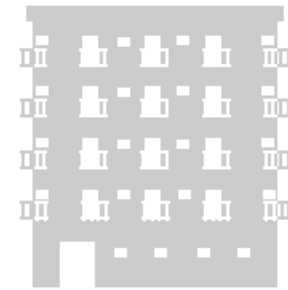
Graphs represent data from February 2020–February 2021 across the three sectors. 50 represents the diffusion center. A score of 50 equals no change from the previous month. Above 50 shows increase; Below 50 shows decrease. 3-month moving average.



**Commercial/Industrial: 50.5**



**Institutional: 47.8**



**Residential: 48.3**

## Sector

“And firms with a commercial/industrial specialization, among the hardest hit by the pandemic, reported a very modest improvement in their business conditions this month, as industrial activity remains strong, and some restaurants and stores began to reopen. In addition, the pace of the decline in billings slowed at both multifamily residential and institutional firms.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

# Private Indicators

## Dodge Data & Analytics

### **Despite Hope for Strong Economic Recovery, February Sees Further Decline in National Construction Starts**

An increase in nonbuilding construction starts not enough to  
offset a decline in buildings

“Total construction starts fell 2% in February to a seasonally adjusted annual rate of \$797.3 billion. Nonbuilding construction starts posted a solid gain after rebounding from a weak January, however, residential and nonresidential building starts declined, leading to a pullback in overall activity. The Dodge Index fell 2% in February, to 169 (2000=100) from January’s 171.

“With spring just around the corner, hope is building for a strong economic recovery fueled by the growing number of vaccinated Americans,” said Richard Branch, Chief Economist for Dodge Data & Analytics. “But the construction sector will be hard-pressed to take advantage of this resurgence as rapidly escalating materials prices and a supply overhang across many building sectors weighs on starts through the first half of the year.”” – Nicole Sullivan, Public Relations & Social Media, AFFECT



# Private Indicators

## Dodge Data & Analytics

- **“Residential building** slipped 7% in February to a seasonally adjusted annual rate of \$388.9 billion. Both single family and multifamily starts fell during the month, with each losing 7%.

For the 12 months ending February 2021, total residential starts were 4% higher than the 12 months ending February 2020. Single family starts gained 12%, while multifamily starts were down 15% on a 12-month sum basis.

**The largest multifamily structures to break ground in February** were Bronx Point’s \$349 million mixed-use development in The Bronx NY, the \$215 million Broadway Block mixed-use building in Long Beach CA, and the \$200 million GoBroome mixed-use building in New York NY.

- **Regionally**, February’s starts fell lower in the South Central and West regions but moved higher in the Midwest, Northeast, and South Atlantic Regions.

**Nonresidential building starts** fell 7% in February to a seasonally adjusted annual rate of \$208.1 billion. Institutional starts dropped 8% during the month despite a strong pickup in healthcare. Warehouse starts fell back during the month following a robust January, offsetting gains in office and hotel starts, and dragging down the overall commercial sector by 8%.

For the 12 months ending February 2021, nonresidential building starts dropped 28% compared to the 12 months ending February 2020. Commercial starts declined 30%, institutional starts were down 19%, and manufacturing starts slid 58% in the 12 months ending February 2021.

**The largest nonresidential building projects to break ground in February** were Ohio State University’s \$1.2 billion Wexner Inpatient Hospital Tower in Columbus OH, ApiJect Systems’ \$785 million Gigafactory in Durham NC, and Sterling EdgeCore’s \$450 million data center in Sterling VA.” – Richard Branch, Chief Economist, Dodge Data & Analytics

# Private Indicators

## MONTHLY CONSTRUCTION STARTS

[Millions of Dollars, Seasonally Adjusted Annual Rate]

	February 2021	January 2021	% Change
<b>Nonresidential Building</b>	\$208,139	\$223,694	-7
<b>Residential Building</b>	388,859	418,994	-7
<b>Nonbuilding Construction</b>	200,344	166,963	20
<b>Total Construction</b>	\$797,342	\$809,652	-2

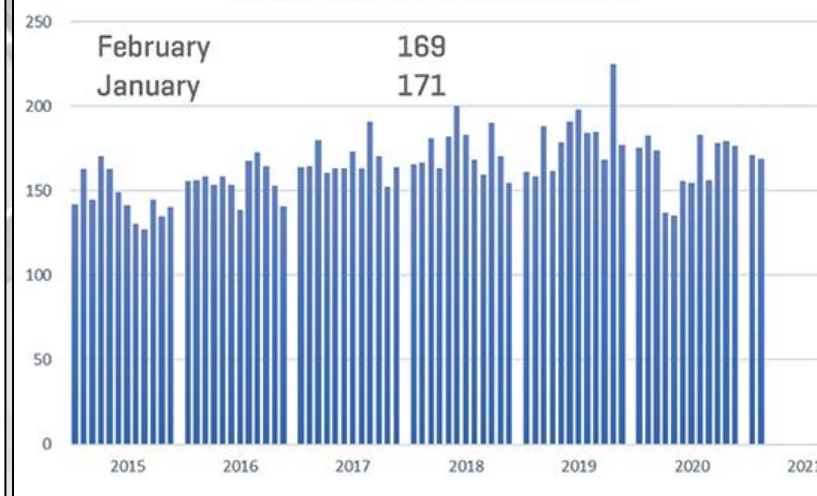
## YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	2 Mos. 2021	2 Mos. 2020	% Change
<b>Nonresidential Building</b>	\$31,485	\$45,552	-31
<b>Residential Building</b>	58,287	55,459	5
<b>Nonbuilding Construction</b>	26,410	25,881	2
<b>Total Construction</b>	\$116,182	\$126,893	-8

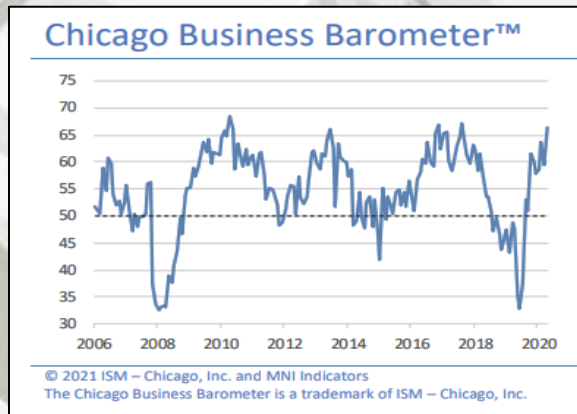
## THE DODGE INDEX

(2000=100, Seasonally Adjusted)



Source: Dodge Data & Analytics

# Private Indicators



## MNI Chicago

“The Chicago Business Barometer™, produced with MNI, rose to 66.3 in March, the highest level since July 2018. Through Q1 the index gained 4.4 points to 63.2, the strongest reading since Q3 2018.

## Chicago Business Barometer™ – Expanded to 66.3 in March

Among the main five indicators, Production saw the largest gain, while Order Backlogs saw the biggest drop. Production jumped 10.1 points in March and now stands at a 3-year high, while production increased to 68.4 in Q1, its highest level since Q4 2017. New Orders increased 7.1 points in March, while the quarterly index improved to 61.3 in Q1. Companies were optimistic in March and noted that business is picking up. Order Backlogs was the only major category to fall in March, down 6 points. However, over Q1 the index rose to 60, its highest level since Q3 2018.

Inventories ticked up 5.1 points in March, leaving the indicator above the 50-mark for a third consecutive month, mainly driven by supply chain issues. Quarterly inventories rose to 53.7 in Q1. Employment shifted into expansion territory in March, up 5.5 points, the first reading above 50 since June 2019. Employment rose to 49.0 in Q1. Supplier Deliveries lengthened to a 47-year high in March, surpassing April’s recent peak when supply chain issues pushed the index up to 77.5. In Q1 the index rose to 73.8, its highest level since Q2 1974. Prices paid at the factory gate escalated for the seventh month in a row and the index now stands at the highest since August 2018. Quarterly prices rose to 76.9 in Q1. Anecdotal evidence suggests that prices for steel continued to rise in March.

This month’s special question asked, “As the first quarter of 2021 comes to an end, are you planning to amend your inventory position due to any of the following conditions?” The majority, at 67.6%, planned changes to their inventory levels due to supplier lead-times, while 43.2% noted logistical issues as a reason.” – Les Commons, Senior Economist and Irene Prihoda, Economist, MNI Indicators

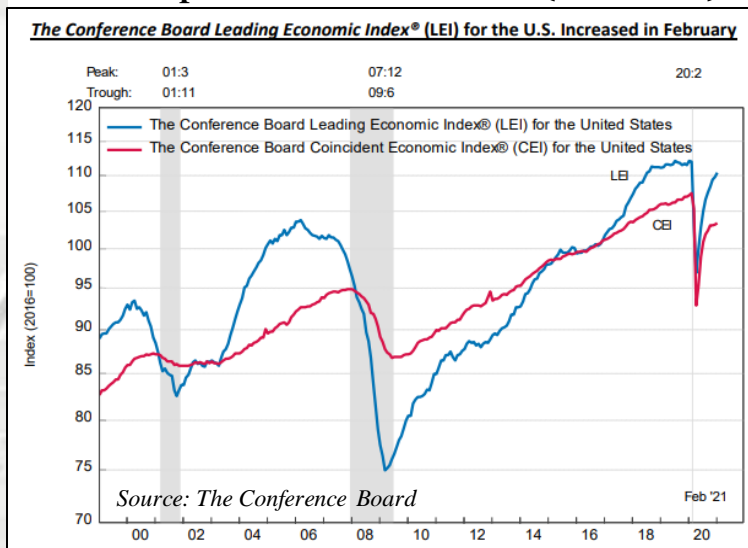


# Private Indicators

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

“**The Conference Board Leading Economic Index® (LEI)** for the U.S. increased 0.2 percent in February to 110.5 (2016 = 100), following a 0.5 percent increase in January and a 0.4 percent increase in December.”

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



“The U.S. LEI continued rising in February, suggesting economic growth should continue well into this year. Indeed, the acceleration of the vaccination campaign and a new round of large fiscal supports are not yet fully reflected in the LEI. With those developments, The Conference Board now expects the pace of growth to improve even further this year, with the U.S. economy expanding by 5.5 percent in 2021.” – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

“**The Conference Board Coincident Economic Index® (CEI)** for the U.S. decreased 0.1 percent in February to 103.0 (2016 = 100), following a 0.2 percent increase in January and a 0.1 percent decrease in December.

**The Conference Board Lagging Economic Index® (LAG)** for the U.S. increased 0.2 percent in February to 104.5 (2016 = 100), following a 2.3 percent decrease in January and 0.4 percent increase in December.”



# Private Indicators

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

### **February New Business Volume Up 9 Percent Year-over-year, Down 9 Percent Month-to-month, Down Almost 4 Percent Year-to-date**

“The [Equipment Leasing and Finance Association's \(ELFA\) Monthly Leasing and Finance Index \(MLFI-25\)](#), which reports economic activity from 25 companies representing a cross section of the \$900 billion equipment finance sector, showed their overall new business volume for February was \$7.4 billion, up 9 percent year-over-year from new business volume in February 2020. Volume was down 9 percent month-to-month from \$8.1 billion in January. Year-to-date, cumulative new business volume was down almost 4 percent compared to 2020.

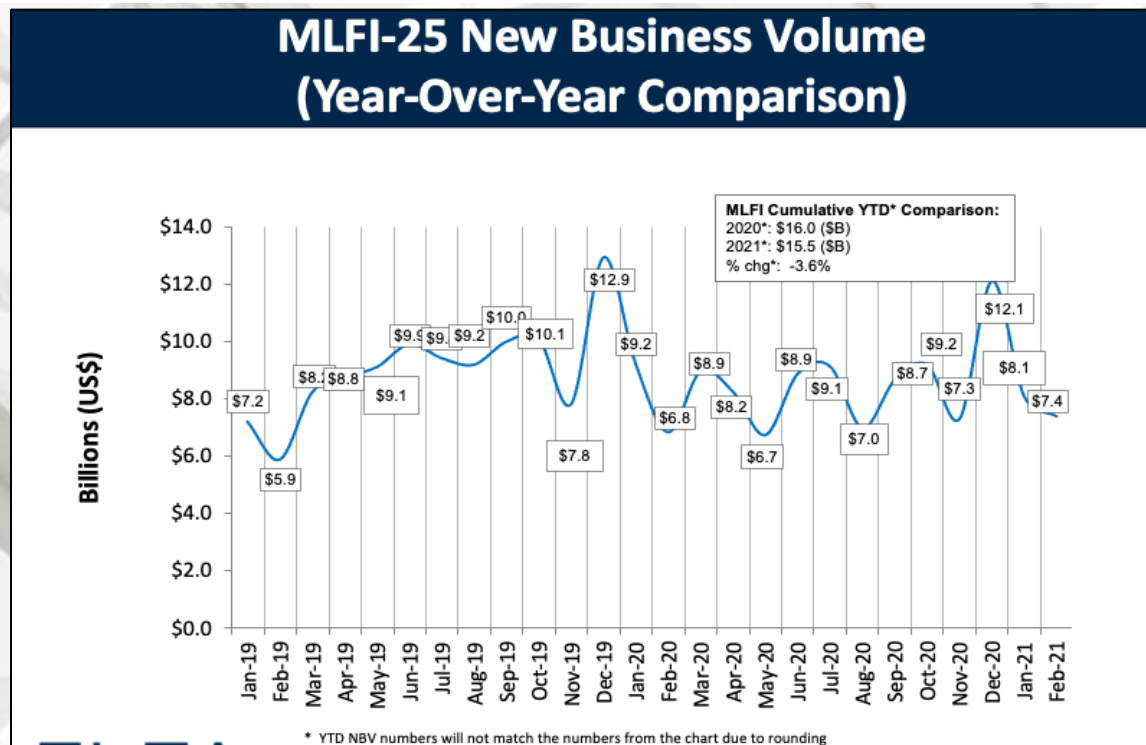
Receivables over 30 days were 2.1 percent, down from 2.2 percent the previous month and up from 2.0 percent in the same period in 2020. Charge-offs were 0.55 percent, up from 0.47 percent the previous month and up from 0.51 percent in the year-earlier period.

Credit approvals totaled 75.8 percent, down from 76.2 percent in January. Total headcount for equipment finance companies was down 4.2 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in March is 67.7, an increase from the February index of 64.4, and the highest level since April 2018.” – Amy Vogt, Vice President, Communications and Marketing; Equipment Leasing & Finance Association

“February metrics show healthy new business growth compared to the same period pre-pandemic last year. As vaccine distribution picks up across the country, labor markets improve and interest rates remain low, the U.S. economy will only improve as we move into Q2. Business confidence is at an historic high as measured by our Foundation's Monthly Confidence Index (MCI). All this bodes well for business growth and expansion and the accompanying accelerating demand for productive equipment.” – Ralph Petta, President and CEO, ELFA

# Private Indicators



## Monthly Leasing and Finance Index: February 2021

“It’s encouraging to see new business volume and confidence levels increase as organizations continue to deal with the financial impact of the pandemic. The results should provide a glimmer of hope to small- and lower middle-market businesses in particular — they’ve been hit the hardest and have found it much more difficult to secure capital than larger companies. The pandemic may have been a setback to many of these businesses, but they are poised to come out of the crisis stronger as they are well positioned to capture the upswing in growth. While we did see an initial uptick in delinquency, in line with the market, our portfolio has performed well through the pandemic. Now is the time for the lending community to step up and support these businesses who are an important segment of our economy. Pitney Bowes has over 100 years of experience supporting our 750,000 small business clients. We have a robust history of lending, we have access to capital, and we have been firm in our commitment to Main Street.” – Christopher Johnson, President, Financial Services, Pitney Bowes

# Private Indicators

## FreightWaves

### **Transportation Costs Keep Rising As Service Deteriorates: Carrier Trucking Compliance Levels Drop Below 75% While Rates Increase 6% In February**

“Truckload carriers have continued to struggle to provide consistent coverage through the first quarter of 2021, and in return costs have increased. This relationship seems counterintuitive at a base level – why would you spend more to get less? – but it is a common result of demand exceeding supply in just about any industry. And the effects are becoming evident as trucking compliance with applicable routing guide requirements deteriorate.

National van truckload [tender rejection rates](#) the percent of electronic requests for capacity declined by carriers – have exceeded 20% since early August outside of a single day in February. The truckload market appeared to be on a path toward stability with rejection rates sliding slowly through the first month of the year before winter storms disrupted trucking networks and shipper production cycles. The result has been rejection rates consistently above 25% since Feb. 18, implying a direct return to losses in routing guide trucking compliance.

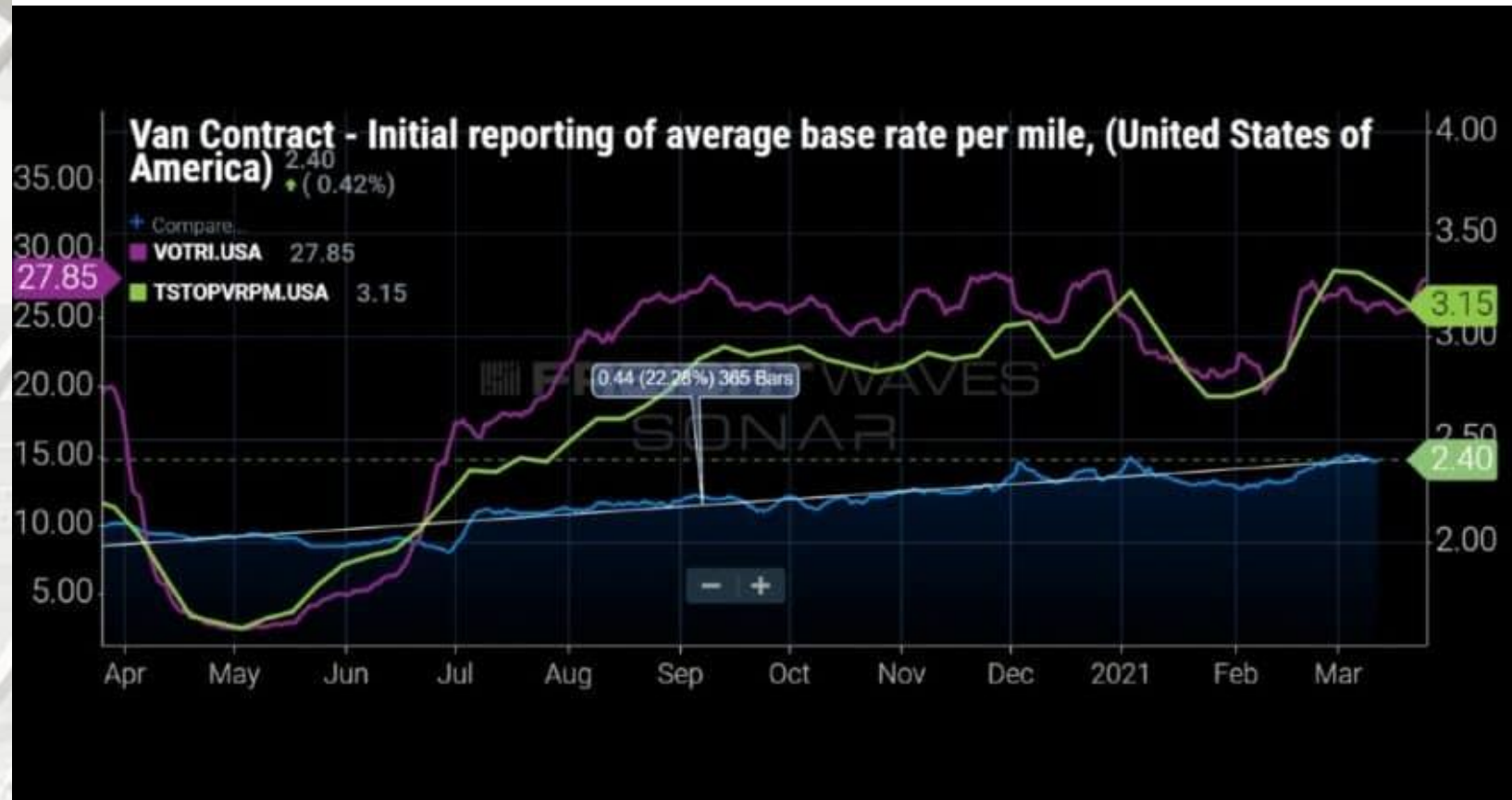
With decreasing carrier or trucking compliance come increasing transportation rates, which was reiterated several years ago by [Inbound Logistics](#). The average van truckload spot rate increased 20% from the beginning to the end of February. Spot rates are much more volatile and represent roughly 10%-20% of the for-hire truckload market freight volume. Most of the freight moves under a more consistent pricing structure or “[contract](#)” rates.” – Todd Maiden, Finance Editor, FreightWaves



# Private Indicators

## FreightWaves

[Chart of the Week](#): Van Contract Base Rate per Mile Initial, Van [Outbound Tender Reject Index](#), Truckstop Average Van Spot Rate per Mile – USA SONAR: VCRPM1.USA, VOTRI.USA, TSTOPVRPM.USA.





# Private Indicators

## FreightWaves

“The overall average cost of a dry van truckload move increased 6% over the same period, according to FreightWaves’ [Van Contract Index](#), which measures the average median base rate per mile of truckload invoices on a daily basis. This index largely consists of long-term contracted freight rates and excludes loads under 250 miles.

It should be noted that retail fuel costs also increased last month as well, which influences the spot rates, but fuel surcharges have been removed from the contract rates.

Contract or long-term rates do not change quickly compared with spot rates, but as shippers fall down their list of providers, looking for someone to move their freight, rates tend to increase and service expectations deteriorate. This is largely the increase shown here. A portion of the increase could also be due to rate increase implementations, but that is difficult to determine with precision in such a volatile space.

The big question is, just now what can shippers do about it? Looking at this week’s chart, it is apparent that most contract rates were underpriced for the market conditions for most of the past year. Compliance levels fell rapidly, leading to surging spot pricing.

As mentioned, contract rates are slow to move and remain well below spot levels, especially as trucking compliance risks remain in the spot market. The further the contract rate is below spot, the lower the trucking compliance and service level shippers experience.

Unlike previous years when the market was more stable, shippers will have a tough time finding the sweet spot that balances price and service/compliance levels. Optimizing this function with so many uncertainties makes budgeting transportation spend a nightmare. The traditional strategy of relying on leverage will probably not work as well this year.” – Todd Maiden, Finance Editor, FreightWaves

# Private Indicators

## Markit U.S. Manufacturing PMI™

### **March PMI at second-highest on record amid marked new order growth and supply chain disruptions**

“The seasonally adjusted IHS Markit U.S. Manufacturing Purchasing Managers’ Index™ (PMI™) posted 59.1 in March, up from 58.6 in February but broadly in line with the earlier released ‘flash’ estimate of 59.0. The latest reading was the second-highest on record and signalled a marked improvement in operating conditions across the U.S. manufacturing sector.

March PMITM data from IHS Markit indicated the second strongest improvement in the health of the U.S. manufacturing sector since data collection began in May 2007. The overall expansion was supported by the steepest rise in new orders since June 2014, although production was reportedly held back by supply shortages. Supplier lead times lengthened to the greatest extent on record. At the same time, inflationary pressures intensified, with cost burdens rising at the quickest rate for a decade. Firms partially passed on higher input costs to clients through the sharpest increase in charges in the survey's history. Goods producers registered the fastest upturn in new business for almost seven years in March. Anecdotal evidence suggested the expansion was due to a broad-based strengthening of client demand, though led by a record surge in new orders for consumer goods. Some companies also reported stockpiling efforts among their customers amid soaring input prices. New export orders also increased, albeit at the softest pace for three months.

While output rose for a ninth successive month, the faster rise in demand did not translate into sharper production growth as output was reportedly constrained by supply shortages and unprecedented extensions to lead times. Although still strong overall, the rate of expansion in output was the slowest since last October.” – Chris Williamson, Chief Economist, Markit®

# Private Indicators

## Markit U.S. Manufacturing PMI™

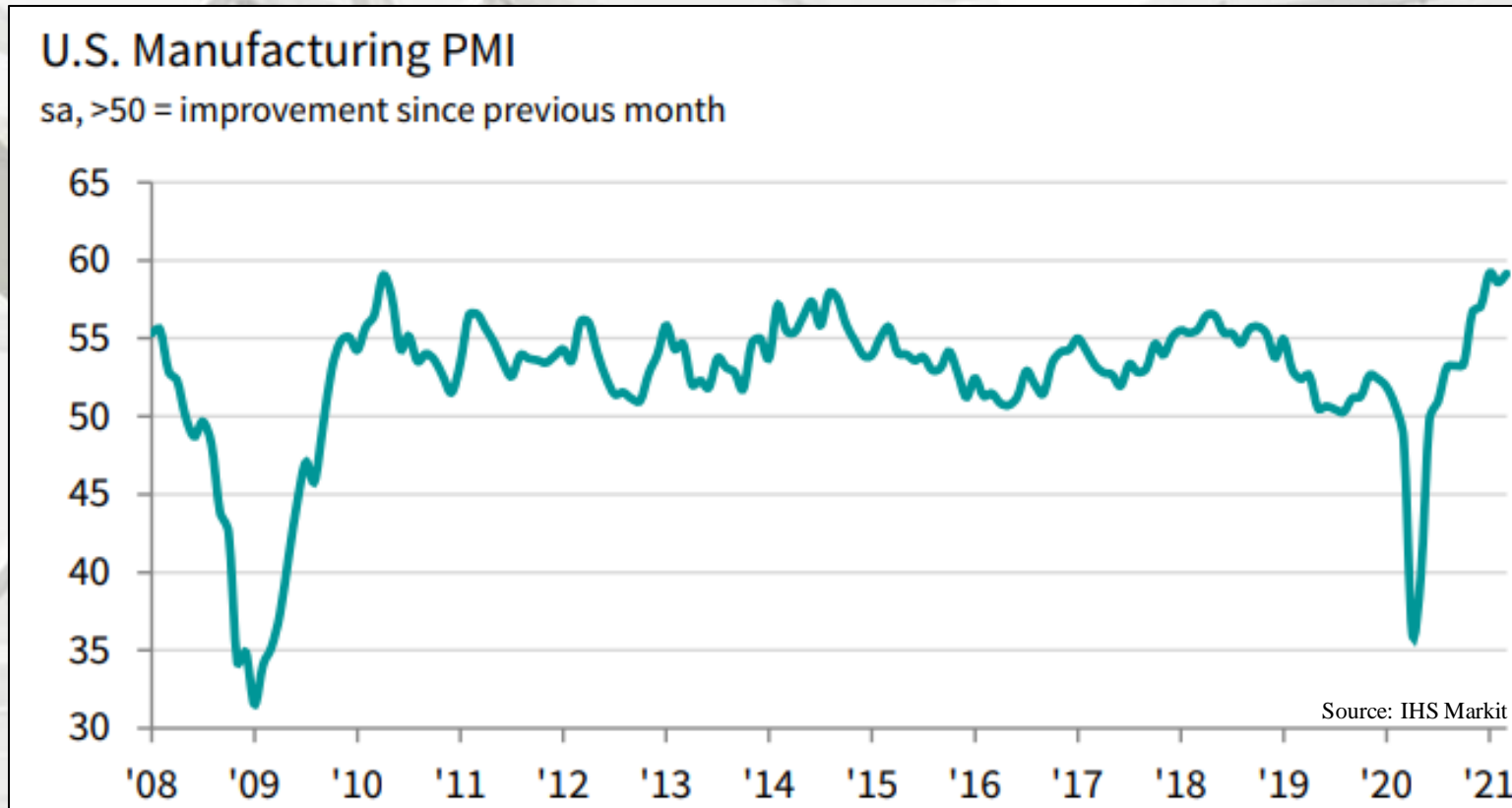
“Manufacturers signalled the greatest deterioration in vendor performance since data collection began in May 2007. Transportation delays, supplier shortages and coronavirus disease 2019 (COVID-19) restrictions reportedly caused logistical difficulties. Subsequently, input prices rose markedly. The rate of cost inflation was the steepest since March 2011, with firms stating that supply shortages and transportation delays often drove prices up and led to additional fees.

Firms were, however, able to pass on part of the hike in costs to clients, as selling price inflation accelerated to a fresh series peak. The rate of increase quickened for the fifth successive month. In line with capacity constraints, backlogs of work accumulated at the fastest pace on record in March. As a result, firms expanded their workforce numbers further and at a solid rate. Companies also noted that increased work-in-hand led to a strong depletion of post-production inventories, as current holdings of finished goods were used to fulfil new orders.

Meanwhile, manufacturers stepped up their efforts to stockpile inputs to avoid further delays and safeguard future production. Purchasing activity rose at the quickest pace since September 2018. Consequently, pre-production inventories were broadly unchanged, following a solid contraction in February. Finally, output expectations strengthened in March. The degree of confidence was the second-highest for over six years, as firms were buoyed by hopes of a successful vaccine roll-out, fresh stimulus and a resulting boost to new sales.

March saw manufacturers struggle to cope with surging inflows of new orders. Although output continued to rise at a solid pace, capacity is being severely strained by the combination of soaring demand and supply chain disruptions: supply chain delays and backlogs of uncompleted orders are growing at rates unprecedented in the survey’s 14-year history, meaning inventories of finished goods are falling at a steep rate. Pricing power has risen accordingly as demand outstrips supply: raw material prices are increasing at the sharpest rate for a decade and factory gate selling prices have risen to a degree not seen since at least 2007.” – Chris Williamson, Chief Economist, Markit®

# Private Indicators



## Markit U.S. Manufacturing PMI™

“The fastest rates of increase for both new orders and prices was reported among producers of consumer goods, as the arrival of stimulus cheques in the post added fuel to a marked upswing in demand as the economy continued to pull out of the malaise caused by the pandemic. With business expectations becoming even more optimistic in March, further strong production growth looks likely in the second quarter, but the big question will be whether rising price pressures also become more entrenched.” – Chris Williamson, Chief Economist, Markit®



# Private Indicators

## IHS Markit U.S. Services PMI™

### **Fastest rise in business activity since July 2014 as new order growth reaches six-year high**

“The seasonally adjusted final IHS Markit US Services PMI Business Activity Index registered 60.4 in March, up from 59.8 in February and above the earlier released ‘flash’ estimate of 60.0. The rate of output growth signalled was the fastest since July 2014. Service providers often stated that the stronger expansion in business activity was due to greater client demand and the easing of virus containment restrictions in some states.

March PMI™ data indicated a substantial increase in business activity across the U.S. service sector, and one that was the steepest for almost seven years. Contributing to the marked upturn in output was the fastest expansion in new business for six years, reflecting strengthening client demand. Firms also registered a renewed rise in new export orders. Meanwhile, rates of input cost and output charge inflation reached fresh record peaks, as firms sought to pass on steep rises in input prices to clients. Meanwhile, sentiment among service providers about business in the year ahead improved, helping drive employment growth to a three-month high.

At the same time, new business increased further in March, with the rate of growth accelerating for the third successive month. The pace of the upturn in client demand was the quickest since March 2015. Firms attributed the expansion to greater spending by existing customers as well as the acquisition of new clients, often through more sales and marketing activities. Others suggested that higher confidence stemming from the vaccine roll-out had driven up customer spending.

Total sales were also supported by a renewed increase in new export orders, which rose for the second time in the past four months due to increased demand following easing lockdown restrictions in some markets.” – Chris Williamson, Chief Economist, Markit®

# Private Indicators

## IHS Markit U.S. Services PMI™

### **Fastest rise in business activity since July 2014 as new order growth reaches six-year high**

“On the price front, input costs soared in March. The rate of inflation accelerated to the fastest since data collection for the services survey began in October 2009. Anecdotal evidence widely linked the uptick in costs to higher prices for key inputs such as PPE, paper, plastics, fuel and transportation. Subsequently, firms sought to pass on higher costs to clients through a sharper rise in selling prices. A number of companies also stated that stronger client demand allowed a greater proportion of the hike in costs to be passed through. The resulting rate of charge inflation was the quickest on record.

Meanwhile, business expectations regarding the outlook for output over the coming year improved in March. The degree of confidence was robust overall and among the strongest for six years. Optimism was commonly attributed to the ongoing vaccine roll-out and hopes of a substantial boost to new sales if social distancing measures are further eased during 2021.

Stronger positive sentiment was also reflected in a solid rise in employment at the end of the first quarter. The rate of job creation was the quickest for three months, as greater new business inflows sparked an increased need for additional staff. Softer pressure on capacity was evident in only a fractional rise in backlogs of work, and the slowest in the current nine-month sequence of expansion. ...

The recent surge in service sector growth shows no sign of abating, with another impressive performance in March rounding off a quarter in which the PMI surveys indicate that the economy grew at an annualized rate of approximately 5%.

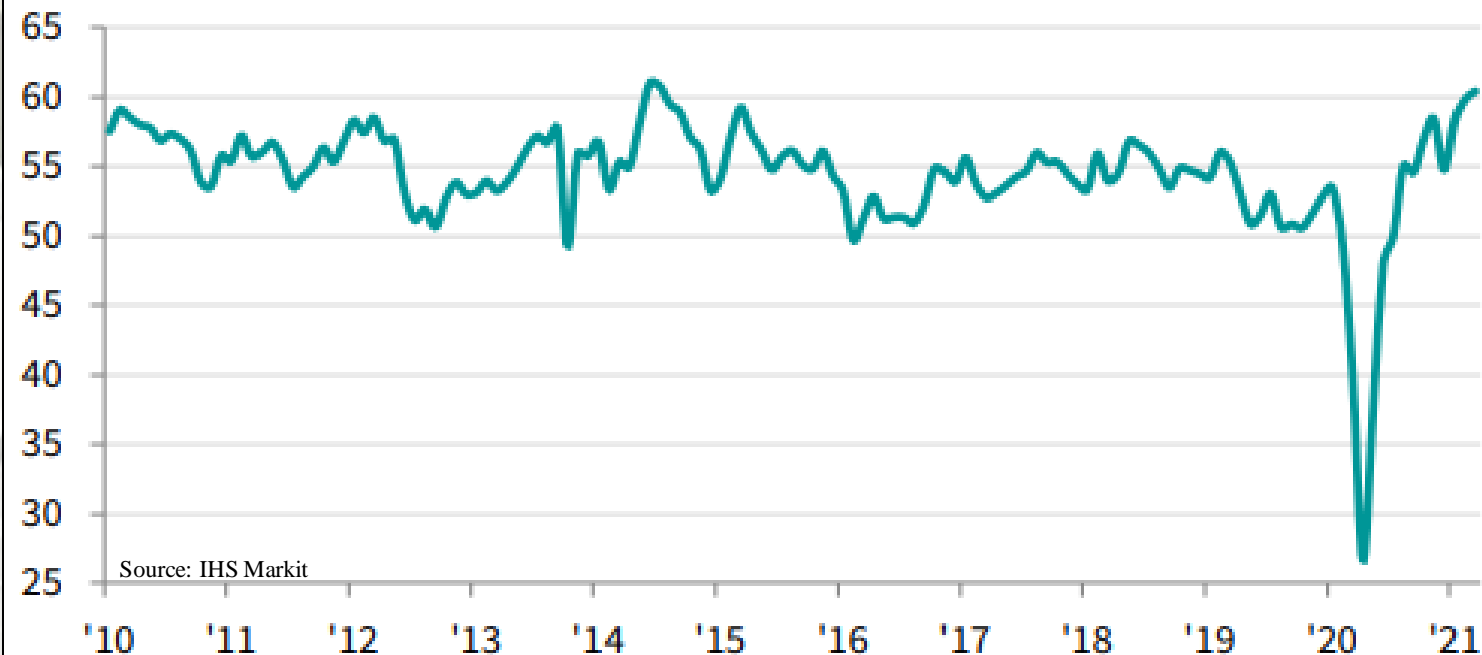
While consumer demand is rising especially strongly for goods, the surveys are now also showing rising activity in the consumer services sector, linked to the vaccine roll-out, looser virus containment measures and the fresh injection of stimulus in March. Financial services growth is also booming, in part reflecting buoyant housing and equity markets, and business spending on services is likewise picking up as firms look ahead to better times, resulting in a very broad-based and powerful looking upturn in the economy.”

– Chris Williamson, Chief Economist, Markit®

# Private Indicators

## U.S. Services Business Activity Index

sa, >50 = growth since previous month



Source: IHS Markit

## IHS Markit U.S. Services PMI™

“High levels of new business inflows, rising business confidence and an increasing appetite to hire new staff suggest the economy will also see a strong second quarter, especially if the vaccine roll-out continues apace. The biggest concern is inflation, with price gauges hitting new survey highs in March as demand often exceeded supply for a wide variety of goods and services.” – Chris Williamson, Chief Economist, Markit®

# Private Indicators

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

### Report for March 2021: Combined Sectors

“Typically, economists look for the dark cloud that surrounds the silver lining. This month’s Credit Managers’ Index (CMI), however, is liable to cost membership in the “dismal science” club. CMI numbers look far better than anyone had anticipated.

Expectations for recovery were cautiously optimistic at the start of 2021 due to the arrival of COVID-19 vaccines and the potential for a loosening of lockdown protocols. Then, the pace of vaccine distributions slowed. Additionally, it was not clear when the government would issue another economic stimulus or what it would look like. The latest assessment from the Federal Reserve Bank of Atlanta states that first quarter GDP numbers could reach 10%. Many suggest annual growth will be in the vicinity of 6.5% or higher. Although stimulus cash has fed the surge in consumer spending, the advancement in vaccinations has triggered expectations for the end of lockdowns.

In the January CMI, favorable factors captured a sporadic surge in consumer enthusiasm. By February, these same readings dipped a bit. Now, in March, these factors have tracked back toward levels seen at the start of the year. At 59.3, the combined index closely mirrors January’s high of 59.7. The index of favorable factors also recovered some ground, going from 65.3 in February to 67.7 in March. With a score of 53.8, the index of unfavorable factors not only recovered ground, but it gained on the previous high of the past 12 months set in November (53.5).

“This is the highest reading seen in well over two years; it points to better months ahead,” said NACM Economist Chris Kuehl, Ph.D. “The details in the subcategories are likewise instructive.” Sales numbers have been high for several consecutive months. Three of the last four months saw scores above 70 — with January hitting the high point at 75.9. “It appears credit managers are not getting soft on credit requirements just to appease the salesforce,” Kuehl noted. ” – Andrew Michaels, Editorial Associate, NACM



# Private Indicators

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

“Despite a small slip from 65.5 to 63.9 month on month, data on new credit applications remains solid. “There has been a slight slowdown in credit demand; but overall, the numbers are still good,” Kuehl explained. Dollar collections gained more than five points as it moved from 59.2 to 64.5. Amount of credit extended also improved month on month — 66.8 to 68. “This surge in activity means credit requests are larger than they have been,” Kuehl said.

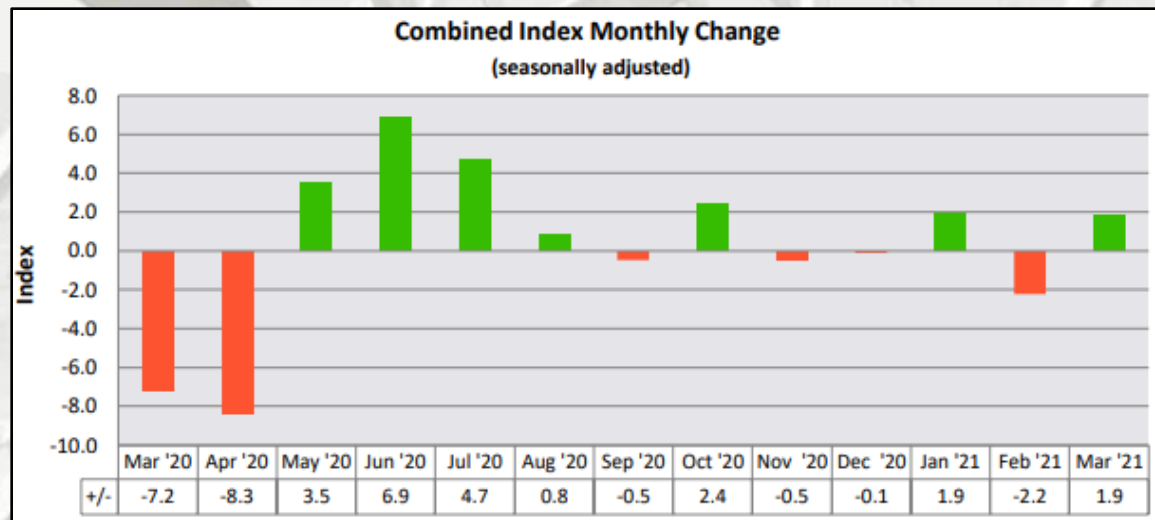
The most significant improvements were noted in unfavorable categories, he added. Rejections of credit applications improved only half a point to 52, but it reached a high not registered since March 2020 before the pandemic hit. Accounts placed for collection moved upward to 55.1 from 51.6, while disputes took a slight downward trend as it went from 51 to 50.6. “The important point at this stage is that the number stayed above 50,” Kuehl said.

Dollar amount beyond terms reflects one of the most significant improvements month on month as it went from 52 to 57. “Although it not quite at the level seen in January, it shows an attempt to get caught up on credit,” Kuehl explained. With a 0.8 decline, dollar amount of customer deductions held close to the previous month with a reading of 52.2. Filings for bankruptcies also remained similar, but the just more than one-point increase was an improvement.

“The truly encouraging news is that the CMI reflects five straight months with readings of 50 or above in the unfavorable categories,” Kuehl said. “Not one of the readings has been in the contraction zone since October 2020. This bodes very well for future economic growth readings.”” – Andrew Michaels, Editorial Associate, NACM

# Private Indicators

Combined Manufacturing and Service Sectors (seasonally adjusted)	Mar '20	Apr '20	May '20	Jun '20	Jul '20	Aug '20	Sep '20	Oct '20	Nov '20	Dec '20	Jan '21	Feb '21	Mar '21
Sales	39.5	20.0	28.6	54.1	64.3	65.8	65.5	74.2	66.5	70.2	75.9	69.9	73.9
New credit applications	44.0	31.1	43.3	57.9	62.4	63.4	63.6	65.2	63.9	64.4	67.8	65.5	63.9
Dollar collections	49.3	35.5	43.2	53.9	62.5	61.2	63.3	64.6	62.6	62.8	66.0	59.2	64.5
Amount of credit extended	53.2	41.6	42.8	55.2	57.3	61.3	60.8	68.0	64.8	65.3	69.2	66.8	68.4
Index of favorable factors	46.5	32.0	39.5	55.3	61.6	62.9	63.3	68.0	64.4	65.7	69.7	65.3	67.7
Rejections of credit applications	53.5	52.7	51.9	49.8	50.0	51.5	51.6	51.4	51.5	51.3	51.6	51.5	52.0
Accounts placed for collection	50.6	47.4	49.1	46.7	50.8	51.6	49.4	49.5	56.2	51.6	52.9	51.6	55.1
Disputes	52.1	50.8	51.5	49.6	50.7	51.8	48.7	51.0	50.6	51.2	50.9	51.0	50.6
Dollar amount beyond terms	43.9	27.6	32.4	44.4	57.3	58.2	54.6	58.0	58.1	57.0	58.9	52.0	57.0
Dollar amount of customer deductions	50.4	49.4	50.9	50.6	52.4	52.2	51.1	51.0	51.7	51.5	51.3	52.8	52.2
Filings for bankruptcies	53.2	50.2	47.3	47.7	48.8	47.7	51.3	50.7	53.0	52.5	52.3	54.5	55.7
Index of unfavorable factors	50.6	46.3	47.2	48.1	51.7	52.2	51.1	51.9	53.5	52.5	53.0	52.2	53.8
NACM Combined CMI	49.0	40.6	44.1	51.0	55.6	56.5	56.0	58.4	57.9	57.8	59.7	57.5	59.3



# Private Indicators

## National Federation of Independent Business (NFIB) March 2021 Report

### Small Business Owners Struggle To Find Qualified Workers

“The [NFIB Small Business Optimism Index](#) rose 2.4 points in March to 98.2. March’s reading is the first return to the average historical reading since last November. The NFIB Uncertainty Index increased six points to 81, which was primarily driven by owners being more uncertain about whether it is a good time to expand their business and make capital expenditures in the coming months.” – Holly Wade, NFIB

“Main Street is doing better as state and local restrictions are eased, but finding qualified labor is a critical issue for small businesses nationwide. Small business owners are competing with the pandemic and increased unemployment benefits that are keeping some workers out of the labor force. However, owners remain determined to hire workers and grow their business.” – Bill Dunkelberg, Chief Economist, NFIB

“Other key findings include:

- Seven of the 10 Index components improved and three declined.
- Sales expectations over the next three months improved eight points to a net 0% of owners, a historically low level.
- Earnings trends over the past three months declined four points to a net negative 15%.” – Holly Wade, NFIB

# Private Indicators

## National Federation of Independent Business (NFIB) March 2021 Report

“As reported in [NFIB’s monthly jobs report](#), 42% of owners reported job openings that could not be filled, a record high reading. Owners continue to have difficulty finding qualified workers to fill jobs as they compete with increased unemployment benefits and the pandemic keeping some workers out of the labor force.

A net 28% of owners reported raising compensation (up three points) and the highest level in the past 12 months. A net 17% plan to raise compensation in the next three months, down two points.

Seven percent of owners cited labor costs as their top business problem and 24% said that labor quality was their top business problem. Finding eligible workers to fill open positions will become increasingly difficult for small business owners.

Fifty-nine percent of owners reported capital outlays in the next six months, up two points from February. Of those making expenditures, 41% reported spending on new equipment, 26% acquired vehicles, and 14% improved or expanded facilities. Six percent acquired new buildings or land for expansion and 11% spent money for new fixtures and furniture.

Twenty percent of owners plan capital outlays in the next few months, down three points from February. Owners are not planning on investing in their businesses as expected future sales and business conditions remain below average.

A net negative 6% of all owners (seasonally adjusted) reported higher nominal sales in the past three months, down eight points from February. The net percent of owners expecting higher real sales volumes improved eight points to a net negative 0%.” – Holly Wade, NFIB



# Private Indicators

## National Federation of Independent Business (NFIB) February 2021 Report

“The net percent of owners reporting inventory increases decreased two points to a net negative 5%. A net 3% of owners view current inventory stocks as “too low” in March, down two points but remaining at historically high levels. A net 4% of owners plan inventory investment in the coming months, up two points from February.

The net percent of owners raising average selling prices increased one point to a net 26% (seasonally adjusted). Eight percent of owners reported lower average selling prices and 36% reported higher average prices. Price hikes were the most frequent in wholesale (65% higher, 5% lower) and retail (48% higher, 5% lower). A net 34% (seasonally adjusted) plan price hikes.

The frequency of reports of positive profit trends declined four points to a net negative 15% reporting quarter on quarter profit improvements. Sales have not yet improved enough for owners to report higher earnings.

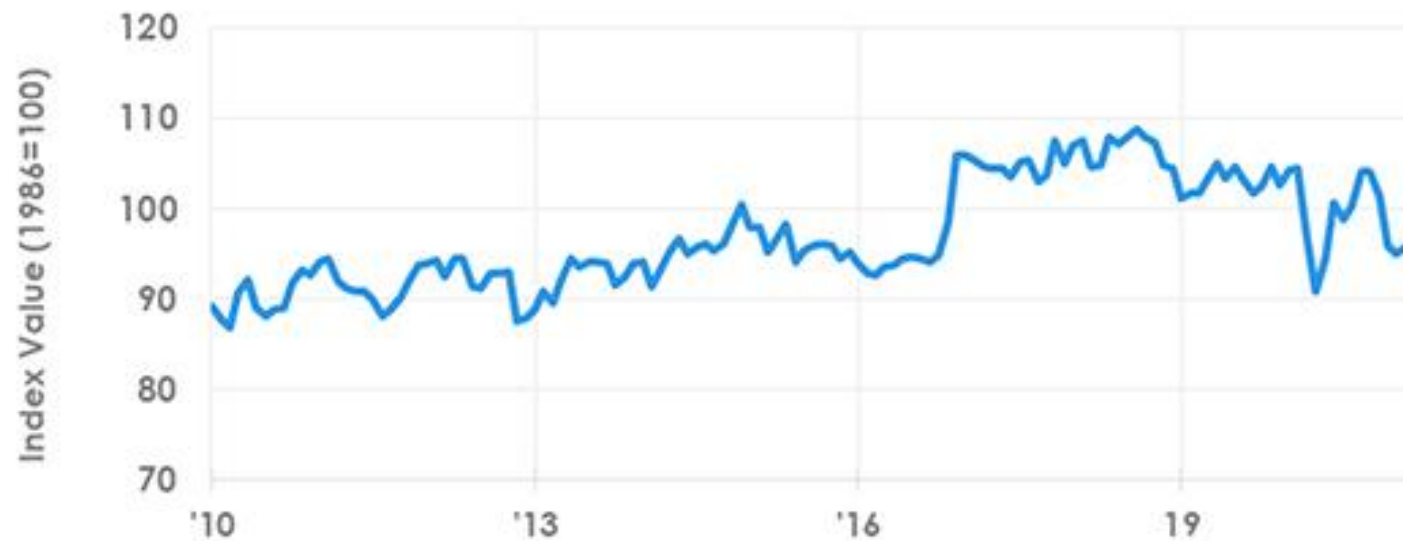
Among those owners reporting lower profits, 46% blamed weaker sales, 15% cited the usual seasonal change, 10% cited a higher cost of materials, 5% cited labor costs, 5% cited lower prices, and 4% cited higher taxes or regulatory costs. For owners reporting higher profits, 68% credited sales volumes, 12% cited usual seasonal change, and 7% cited higher prices.

Two percent of owners reported that all of their borrowing needs were not satisfied. Twenty-seven percent reported all credit needs were met and 59% said they were not interested in a loan. A net 1% reported that their last loan was harder to get than in previous attempts. One percent of owners reported that financing was their top business problem. The net percent of owners reporting paying a higher rate on their most recent loan was 0%, up two points from February.” – Holly Wade, NFIB

# Private Indicators

## Small Business Optimism Index at 98.2

Based on 10 survey indicators, seasonally adjusted, Jan. '10 – Mar. '21



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

# Private Indicators

## Small Business Optimism

Index Component	Net %	Change From Feb.	
Plans to Increase Employment	22%	▲	4
Plans to Make Capital Outlays	20%	▼	-3
Plans to Increase Inventories	4%	▲	2
Expect Economy to Improve	-8%	▲	11
Expect Real Sales Higher	0%	▲	8
Current Inventory	3%	▼	-2
Current Job Openings	42%	▲	2
Expected Credit Conditions	-3%	▼	3
Now a Good Time to Expand	11%	▲	5
Earnings Trends	-15%	▼	-4



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

# Private Indicators



## Thomas Manufacturing Index (TMX)

“The Thomas Manufacturing Index, or “TMX”, is an index that measures industrial activity in the United States and Canada. TMX leads the stock market when industrial activity is driven by long term investments or major shifts in the manufacturing sector.

Conversely, the index lags the market when there are sustained sharp upward or downward trends in stock prices. This is particularly the case when the market is in an investment regime where sourcing is highly impacted by the availability of capital. As a manufacturing sector fundamentals index, TMX sheds light on key dynamics that drive market performance.

Occasionally, some extraordinary events such as trade conflicts or the coronavirus outbreak result in major disruptions in the supply chain. In these particular cases, TMX was an early indicator as it temporarily diverged from the market.” – Thomas Publishing Company



# Private Indicators

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

### **Small Business Jobs Growth Shows First Significant Gain Since the Start of the Pandemic in the U.S.**

The leisure and hospitality industry led job growth, improving a full percentage point from the previous month

“The latest Paychex | IHS Markit Small Business Employment Watch shows notable increases in jobs growth in March across all four U.S. regions and nearly all states and metros analyzed in the report. The Small Business Jobs Index increased to 94.25 in March. While the index remains 4.03 percent below its March 2020 level, last month’s 0.30 percent increase has been the most significant one-month gain since 2013.

Another leading indicator of economic strength, hourly earnings, reached 2.98 percent, its fourth month of growth. Weekly earnings also increased, rising to 3.58 percent, a result of growth in weekly hours worked.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“The Small Business Jobs Index revealed a meaningful increase in March. But there remains much ground to make up.” – James Diffley, Chief Regional Economist, IHS Markit

“With vaccinations ramping up across the country and business restrictions easing as a result, small business employment growth is starting to move in a positive direction. Increased hiring and wage growth in the leisure and hospitality industry, which was particularly impacted over the past year, are promising signs. The extension of the Paycheck Protection Program for two more months provides additional support as the loans should help qualifying businesses weather remaining challenges resulting from the COVID-19 pandemic.” – Martin Mucci, President and CEO, Paychex

# Private Indicators

## The Paychex | IHS Markit Small Business Employment Watch

“In further detail, the March report showed:

- Jobs growth improved in all four U.S. regions in March, as well as in 18 of the 20 states, and 16 of the 20 metros analyzed.
- The South continues to lead all regions in small business job growth.
- Florida remains the top state for job growth.
- Leisure and hospitality saw the greatest improvement among industry sectors, up 1.00 percent.
- Leisure and hospitality also saw a significant gain in hourly earnings growth.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

# Private Indicators

## The Paychex | IHS Markit Small Business Employment Watch

### March Jobs Index

Index  
**94.25**

12-Month Change  
**-4.03%**

### March Wage Data

Hourly Earnings  
**\$29.03**

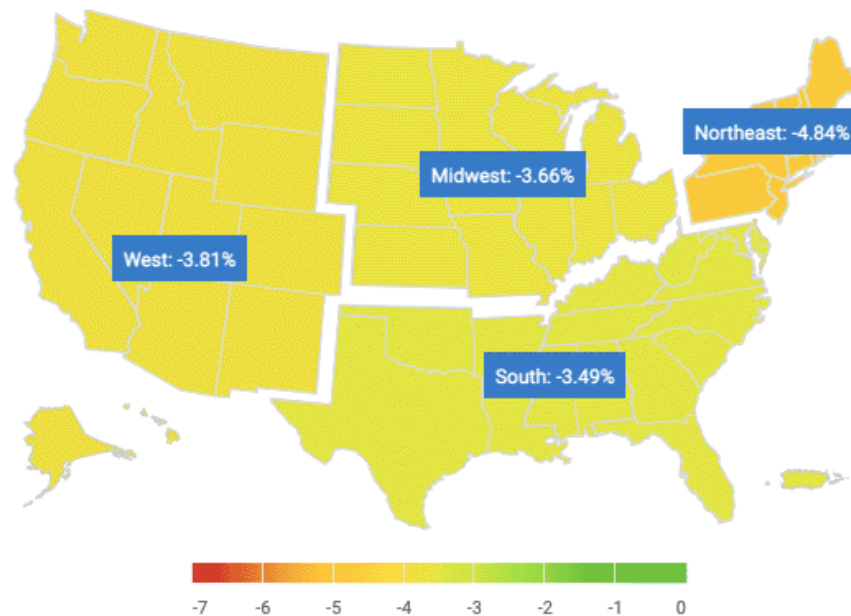
12-Month Growth  
**+2.98% (+\$0.84)**

Source: Paychex | IHS Markit Small Business Employment Watch

# Private Indicators

## The Paychex | IHS Markit Regional Jobs Index

### Regional Performance



Region	Index	Change
Midwest	94.50	-3.66%
Northeast	93.44	-4.84%
South	95.57	-3.49%
West	93.74	-3.81%

Change 12-Month ▼

Source: Paychex | IHS Markit Small Business Employment Watch








# Economics

## U.S. Census Bureau

### NEW Business Formation Statistics

March 2021

Business Applications - At a Glance						
		US	Northeast	Midwest	South	West
Total	MAR 2021	440,165	65,051	74,710	205,161	95,243
	MAR 2021 / FEB 2021	+3.4%	+0.7%	+3.0%	+4.1%	+4.1%
High-Propensity	MAR 2021	153,186	23,722	25,779	66,350	37,335
	MAR 2021 / FEB 2021	+4.7%	+3.3%	+5.4%	+3.3%	+7.7%
With Planned Wages	MAR 2021	53,213	7,330	9,449	23,154	13,280
	MAR 2021 / FEB 2021	+3.6%	+3.1%	+1.8%	+3.5%	+5.5%
From Corporations	MAR 2021	52,099	10,419	6,409	18,837	16,434
	MAR 2021 / FEB 2021	+5.7%	+4.4%	+2.0%	+0.8%	+14.5%

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

“The U.S. Census Bureau announced the following seasonally adjusted business application and formation statistics for March 2021. The Business Application Series describe the business applications for tax IDs as indicated by applications for an Employer Identification Number (EIN) through filings of the IRS Form SS-4. The Business Formation Series describe employer business formations as indicated by the first instance of payroll tax liabilities for the corresponding business applications.

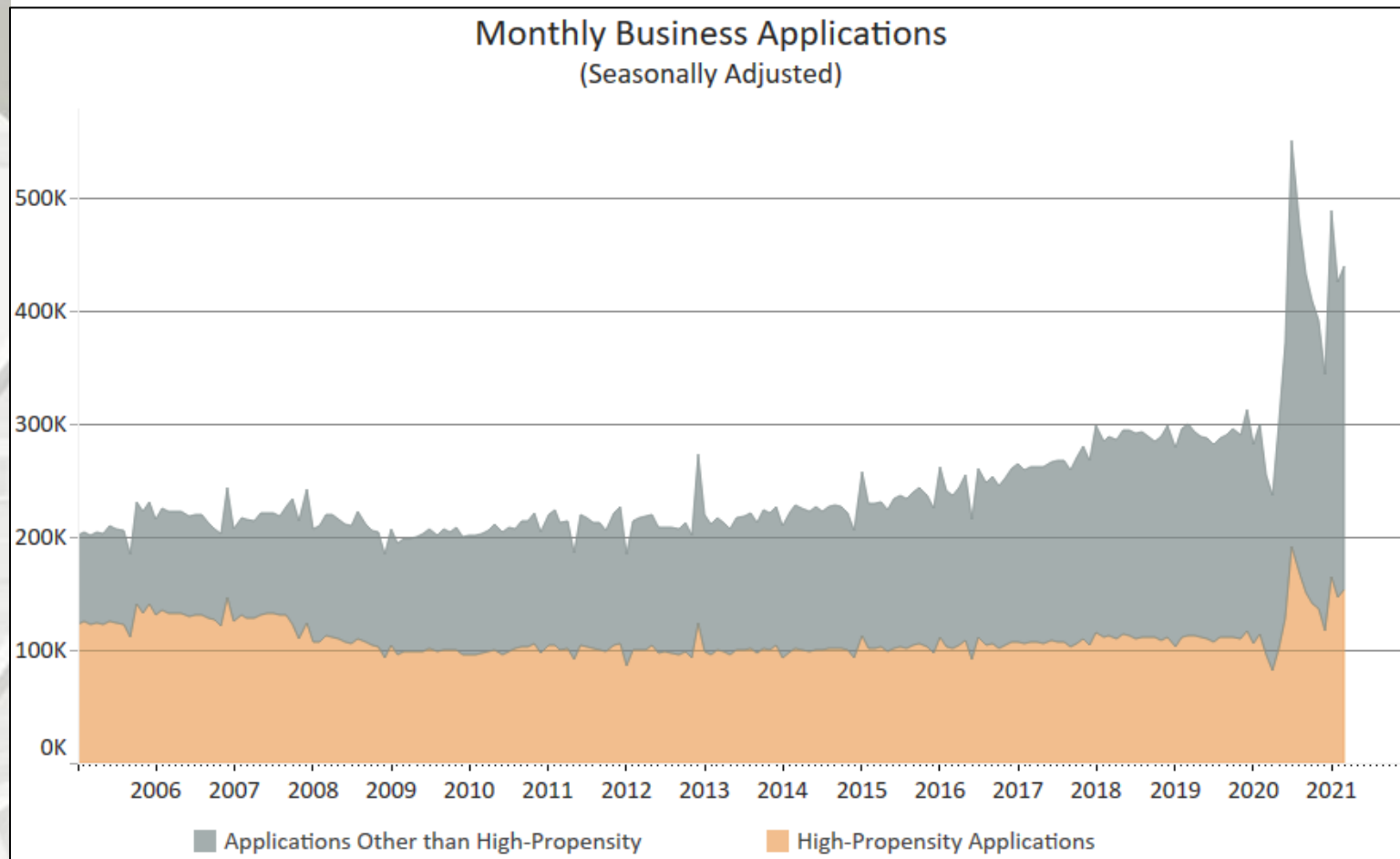
Business Applications for March 2021, adjusted for seasonal variation, were 440,165, an increase of 3.4 percent compared to February 2021.” – U.S. Census Bureau, Economic Indicators Division, Business Formation Statistics

# Economics

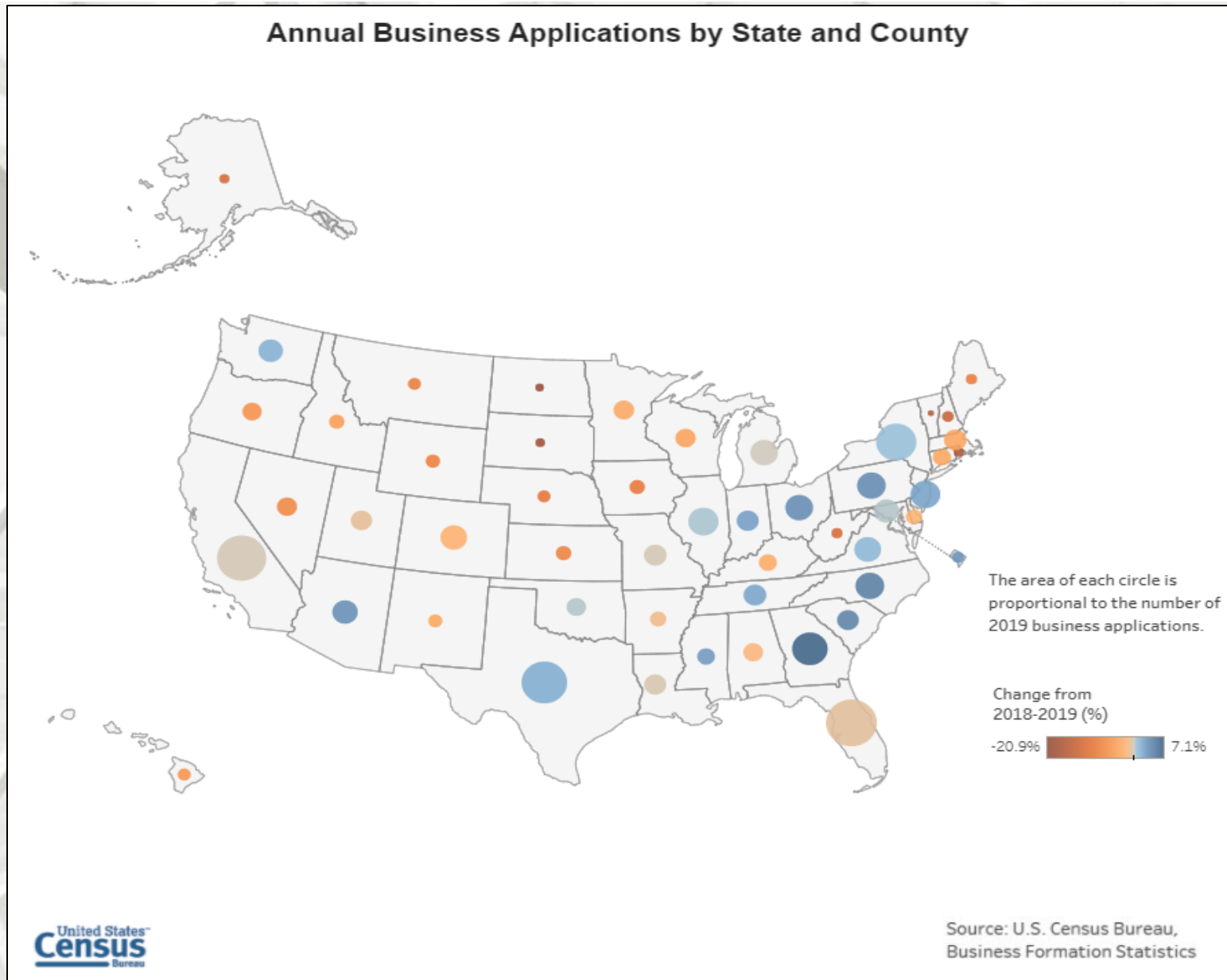
U.S. Census Bureau

***NEW* Business Formation Statistics**

**March 2021**



# Economics



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