The Virginia Tech–USDA Forest Service Housing Commentary: Section II November 2021

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2021 Virginia Polytechnic Institute and State University VCE-ANR

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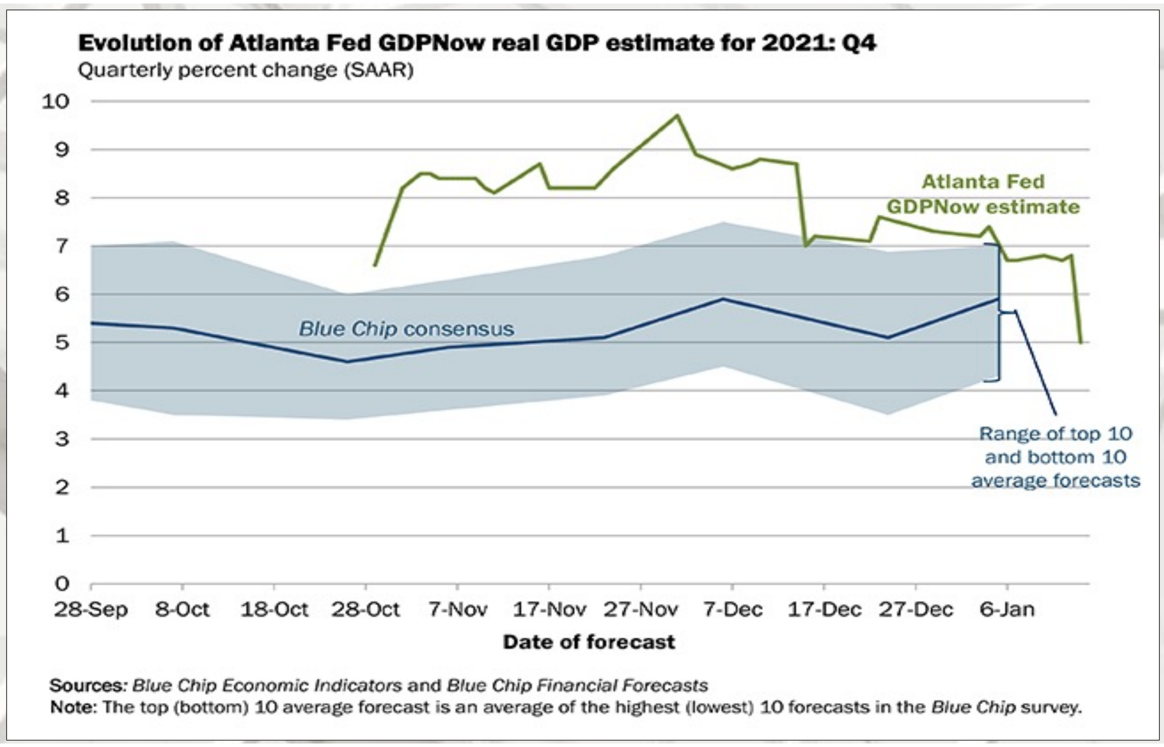
U.S. Economic Indicators



Atlanta Fed GDPNow™

Latest estimate: 5.0 percent — January 14, 2021

"The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the fourth quarter of 2021 is **5.0 percent** on January 14, down from 6.8 percent on January 10. After the January 10 GDPNow update and subsequent releases from the US Census Bureau, the US Bureau of Labor Statistics, the US Department of the Treasury's Bureau of the Fiscal Service, and the Federal Reserve Board of Governors, a decrease in the nowcast of fourth-quarter real personal consumption expenditures growth from 4.5 percent to 2.0 percent was slightly offset by an increase in the nowcast of fourth-quarter real gross private domestic investment growth from 17.8 percent to 18.1 percent. Also, the nowcast of the contribution of the change in real net exports to fourth-quarter real GDP growth decreased from 0.21 percentage points to 0.19 percentage points." – Pat Higgins, Economist, Federal Reserve Bank of Atlanta

Source: https://www.frbatlanta.org/cqer/research/gdpnow.aspx; 1/14/21

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

Index Suggests Economic Growth Moderated in November

"Led by slower growth in production-related indicators, the Chicago Fed National Activity Index (CFNAI) decreased to +0.37 in November from +0.75 in October. Three of the four broad categories of indicators used to construct the index made positive contributions in November, but all four categories deteriorated from October. The index's three-month moving average, CFNAI-MA3, moved up to +0.37 in November from +0.25 in October.

The CFNAI Diffusion Index, which is also a three-month moving average, increased to +0.35 in November from +0.18 in October. Fifty-three of the 85 individual indicators made positive contributions to the CFNAI in November, while 32 made negative contributions. Thirty-two indicators improved from October to November, while 53 indicators deteriorated. Of the indicators that improved, ten made negative contributions.

Production-related indicators contributed +0.21 to the CFNAI in November, down from +0.42 in October. Industrial production increased 0.5 percent in November after rising 1.7 percent in the previous month. The contribution of the sales, orders, and inventories category to the CFNAI edged down to +0.03 in November from +0.06 in October.

Employment-related indicators contributed +0.18 to the CFNAI in November, down slightly from +0.23 in October. Nonfarm payrolls increased by 210,000 in November after rising by 546,000 in October, but the unemployment rate decreased to 4.2 percent in November from 4.6 percent in the previous month. The contribution of the personal consumption and housing category to the CFNAI moved down to –0.05 in November from +0.04 in October. On balance, consumption indicators weakened from October, pushing down the category's overall contribution in November." – Michael Adleman, Media Relations, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfnai/index; 12/22/21

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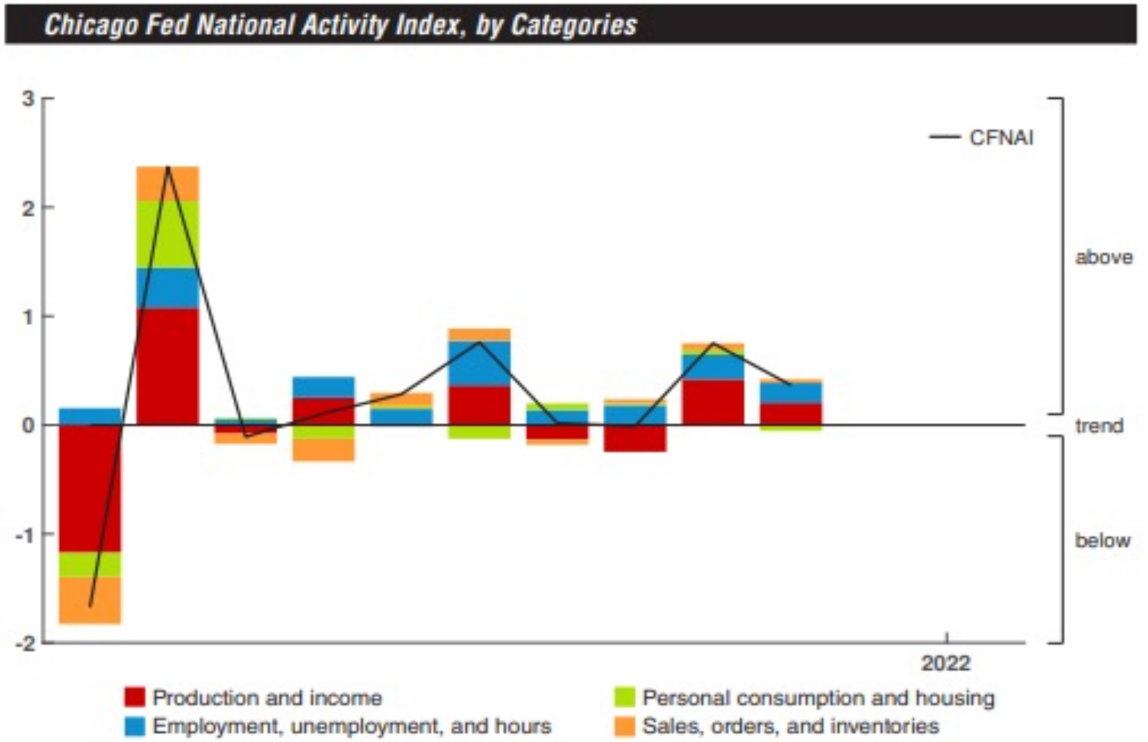
The Federal Reserve Bank of Chicago: National Activity Index (CFNAI)



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

	Nov '21	Oct '21	Sep '21	Aug '21	Jul '21	Jun '21	Nov '20
CFNAI							
Current	+0.37	+0.75	–0.01	+0.02	+0.76	+0.28	+0.26
Previous	N/A	+0.76	–0.18	+0.05	+0.78	+0.26	+0.26
CFNAI-MA3							
Current	+0.37	+0.25	+0.26	+0.35	+0.38	+0.09	+0.57
Previous	N/A	+0.21	+0.22	+0.36	+0.38	+0.08	+0.57
CFNAI Diffusion							
Current	+0.35	+0.18	+0.15	+0.20	+0.35	+0.13	+0.50
Previous	N/A	+0.17	+0.14	+0.18	+0.33	+0.09	+0.50

Current and Previous values reflect index values as of the December 22, 2021, release and November 22, 2021, release, respectively.
N/A indicates not applicable.

Source: https://www.chicagofed.org/publications/cfnai/index; 12/22/21

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

Survey Suggests Growth Picked Up in December

"The *Chicago Fed Survey of Business Conditions* (CFSBC) Activity Index increased to –19 in December from –31 in November, suggesting that economic growth was below trend. The CFSBC Manufacturing Activity Index increased to –30 in December from –37 in November, and the CFSBC Nonmanufacturing Activity Index increased to –13 in December from –24 in the previous month.

- Respondents' outlooks for the U.S. economy for the next 12 months deteriorated slightly, but remained optimistic on balance. Fifty-six percent of respondents expected an increase in economic activity over the next 12 months.
- The pace of current hiring decreased, as did respondents' expectations for the pace of hiring over the next 12 months. The hiring index remained negative, while the hiring expectations index remained positive.
- Respondents' expectations for the pace of capital spending over the next 12 months decreased, and the capital spending expectations index turned negative.
- The labor cost pressures index decreased, but the nonlabor cost pressures index increased. Both cost pressures indexes remained positive." – Thomas Walstrum, Senior Business Economist, The Federal Reserve Bank of Chicago

Source: https://www.chicagofed.org/publications/cfsbc/index; 1/12/21

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

Source: https://www.chicagofed.org/publications/cfsbc/index; 1/12/21

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The Federal Reserve Bank of Dallas

Texas Manufacturing Continues to Increase Strongly

“Texas factory activity increased at an above-average pace in December, according to business executives responding to the Texas Manufacturing Outlook Survey. The production index, a key measure of state manufacturing conditions, held fairly steady at 26.7, a reading indicative of solid output growth.

Other measures of manufacturing activity also indicated continued growth. The new orders index dipped slightly from 19.6 to 18.1 — still far above the series average of 6.7. The growth rate of orders index edged down but remained elevated at 13.4. The shipments index ticked down from 24.3 to 19.1, while the capacity utilization index inched up from 26.4 to 27.8.

Perceptions of broader business conditions showed some improvement in December. The general business activity index remained positive but eased nearly four points to 8.1. The company outlook index pushed up from 1.3 to 8.6, its highest reading since August. Uncertainty regarding outlooks continued to rise, though the index retreated to 19.2.

Labor market measures indicated robust employment growth and longer workweeks. The employment index inched up to 30.9, an eight-month high. Thirty-five percent of firms noted net hiring, while 4 percent noted net layoffs. The hours worked index also remained elevated and was largely steady at 19.7.

Prices and wages continued to increase strongly in December. The raw materials prices index remained highly elevated but dropped from its series high to 66.2. The finished goods prices index held steady at 42.3, far exceeding its historical average of 7.7. The wages and benefits index remained near its own series high, at 45.5.” – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 12/27/21

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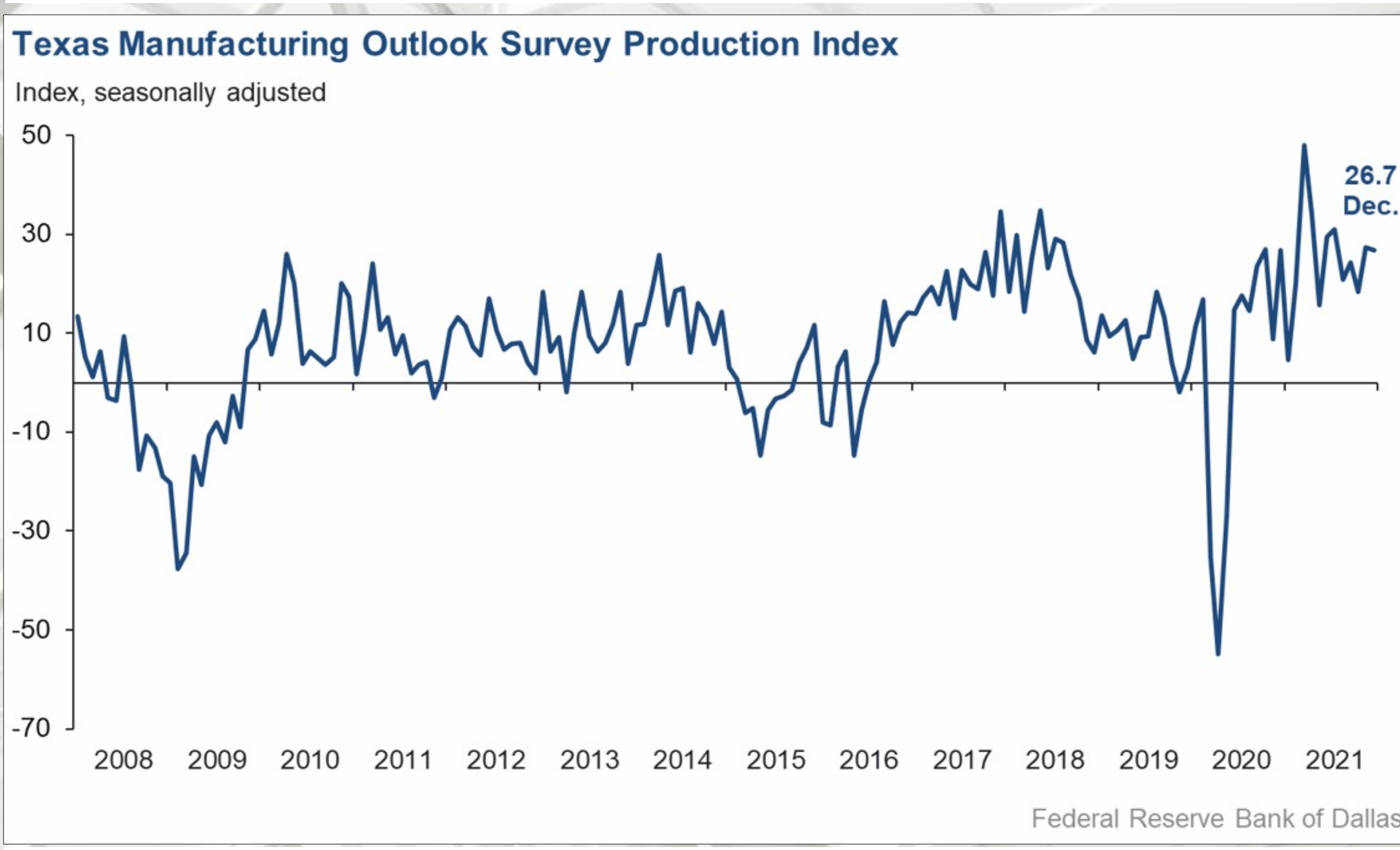
The Federal Reserve Bank of Dallas



"Expectations regarding future manufacturing activity remained positive but less so in December than in November. The future production index fell to 40.6 from 51.7, and the future general business activity index dropped 15 points to 14.0. Other measures of future manufacturing activity such as capital expenditures and employment showed mixed movements but remained solidly in positive territory." – Emily Kerr, Business Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 12/27/21

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The Federal Reserve Bank of Dallas

Texas Service Sector Outlook Survey

Texas Service Sector Growth Moderates in December

"The Texas service sector's pace of growth slowed in December, according to business executives responding to the Texas Service Sector Outlook Survey. The revenue index, a key measure of state service sector conditions, fell from 25.4 in November to 20.4 in December.

Labor market indicators suggest continued growth in hiring and hours worked. The employment index declined from 12.9 in November to 10.7 in December, while the part-time employment index weakened four points to 5.8. The hours worked index moderated from 13.3 to 10.2.

Perceptions of broader business conditions continued to improve in December, though at a slower pace compared with November. The general business activity index fell 10 points to 12.9, while the company outlook index declined from 16.8 to 13.7. Uncertainty persisted, though the outlook uncertainty index dipped from 13.0 to 10.5.

Wages and prices continued to increase in December, with indexes at or near historically high levels. The wages and benefits index was roughly unchanged at a record 35.4. The selling prices index edged down two points to 27.4, while the input prices index decreased from 51.8 to 47.8.

Respondents' expectations regarding future business activity remained solidly positive, but optimism moderated slightly compared with October. The future general business activity index fell from 30.0 to 21.9, while the future revenue index dipped one point to 53.3. Other future service sector activity indexes such as employment and capital expenditures were mixed but remained strongly positive." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 12/28/21

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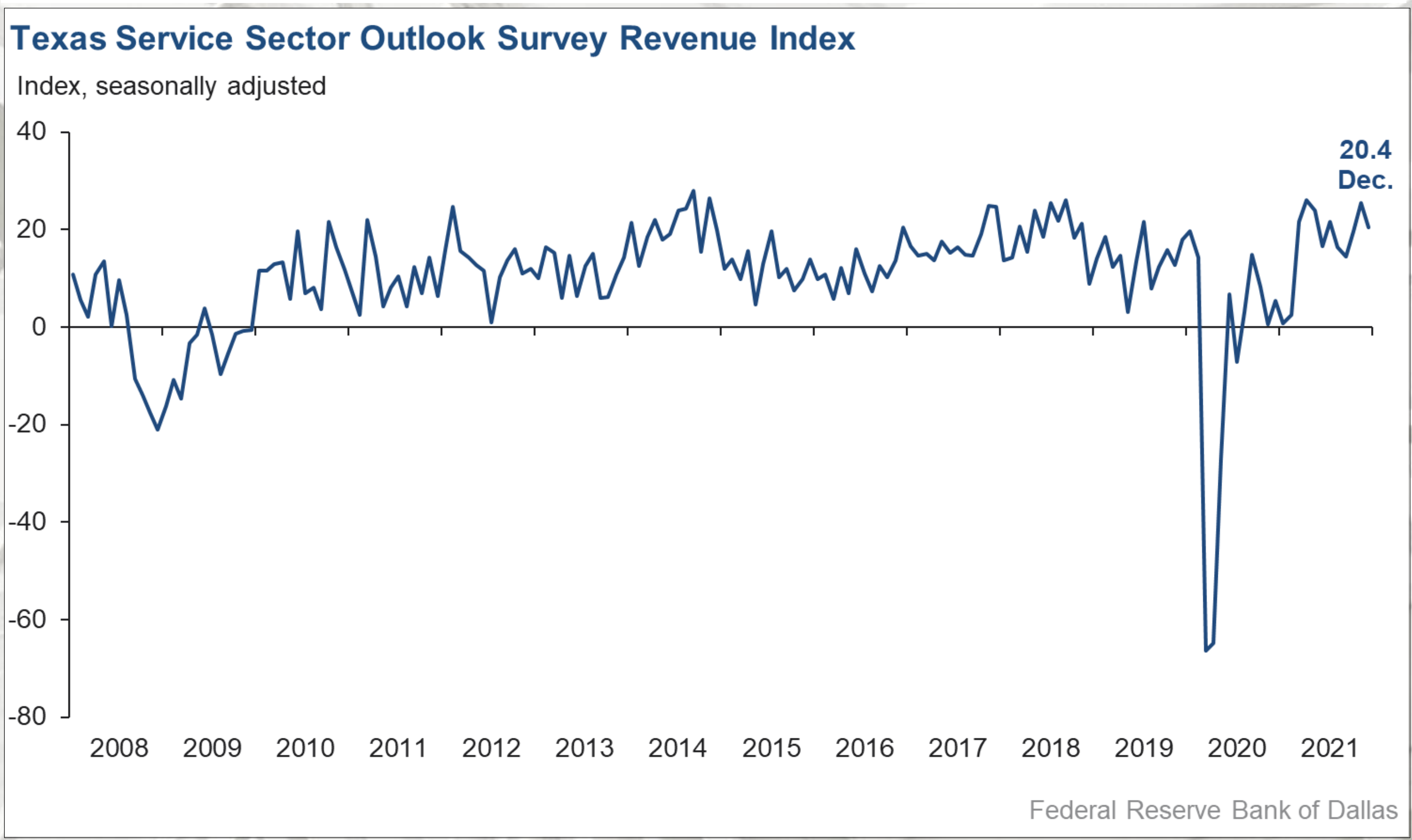
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 12/28/21

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The Federal Reserve Bank of Dallas

Growth in Texas Retail Sales Slows in December

"Retail sales activity grew at a slower pace than in November, according to business executives responding to the Texas Retail Outlook Survey. The sales index, a key measure of state retail activity, fell from 23.0 in November to 13.4 in December, still well above its annual average of 4.8. Firms continued to see a net build of inventories as the index picked up from 10.6 to 15.1 — its highest reading in nearly three years.

Retail labor market indicators point to continued improvement in December. The employment index increased from 5.9 to 7.2, with 17 percent of respondents increasing their head count this month compared with 10 percent decreasing it. The hours worked index was roughly unchanged at 4.6.

Retailers' perceptions of broader business conditions, though mixed, continued to suggest overall improvement. The general business activity index declined from 14.9 to 8.5, while the company outlook index added two points to rise to 14.6 — its highest reading since April. Outlook uncertainty leveled off compared with last month, with the index falling from 16.0 to 2.4; the share of firms noting increased uncertainty fell from 20 percent in November to 10 percent.

Retail price and wage pressures eased in December, though the indexes remained elevated. The selling prices index declined 14 points from an all-time high to 45.6, while the input prices index fell 22 points to 44.3. The wages and benefits index dipped four points to 40.5.

Expectations for future retail activity remained robust. The future general business activity index fell from 18.3 to 10.6, while the future sales index increased eight points to 44.2. Other indexes of future retail activity remained strongly positive, suggesting stronger activity going into 2022." – Amy Jordan, Assistant Economist, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/surveys; 12/28/21

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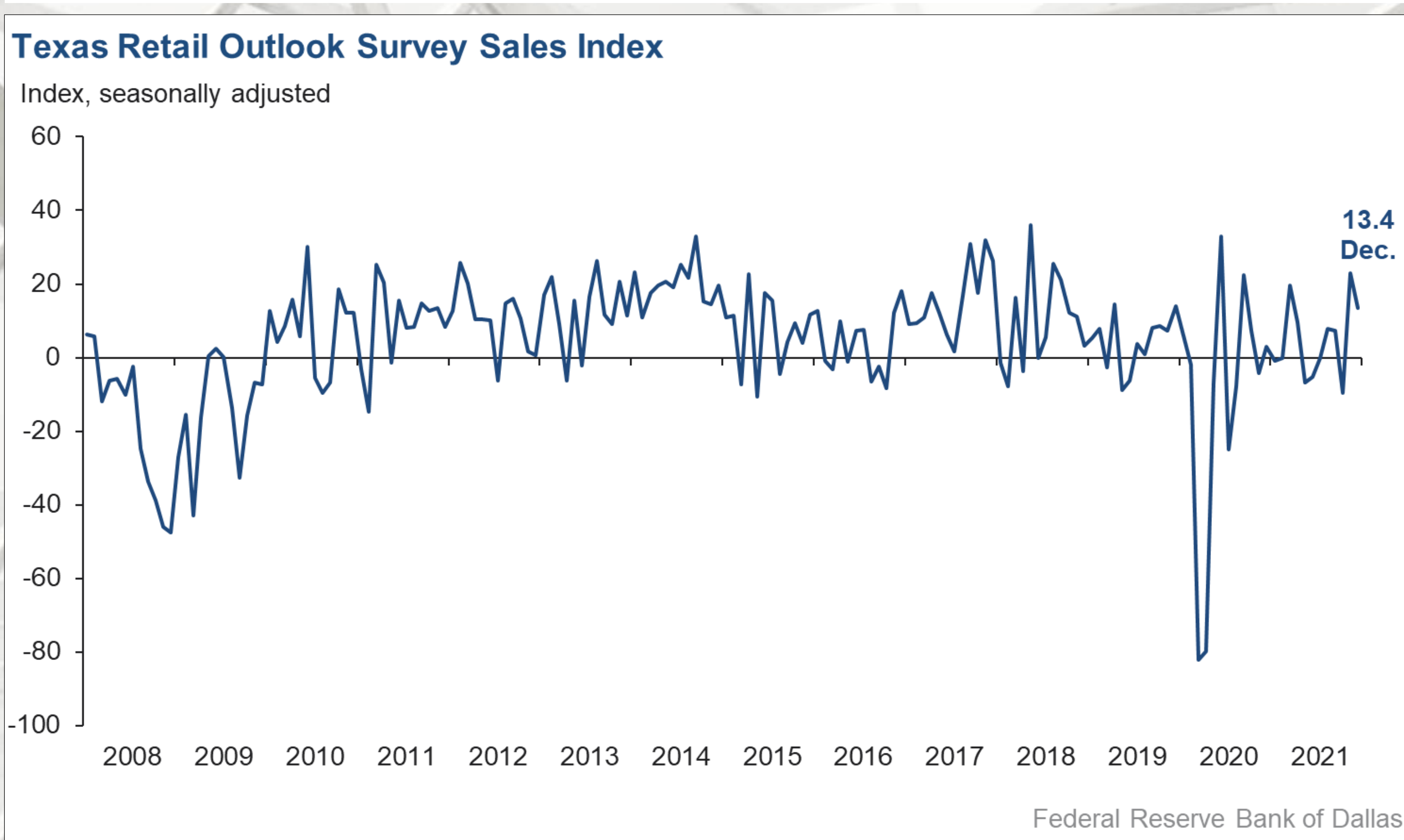
The Federal Reserve Bank of Dallas



Source: https://www.dallasfed.org/research/surveys; 12/28/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Manufacturing Activity Growth Edged Higher

Regional factory activity continued to grow modestly in December. Materials price increases slowed slightly from a month ago, and most firms expected to raise wages in 2022.

Factory Growth Edged Higher

"Tenth District manufacturing activity growth edged higher, but expectations for future activity moderated slightly (Chart 1). The monthly index of raw materials prices continued to ease slightly from a month ago, although most firms continued to report higher input prices compared to a year ago. Finished goods price indexes declined from a month ago but were also above year ago levels for most firms. Expectations for future raw materials prices rose, and a significant share of district manufacturing firms still expected finished goods prices to increase over the next six months.

The month-over-month composite index was 24 in December, the same as 24 in November, but down slightly from 31 in October. The composite index is an average of the production, new orders, employment, supplier delivery time, and raw materials inventory indexes. Factory growth was driven by increased activity at nondurable goods plants, especially for paper, chemicals, plastics, and transportation equipment manufacturing. Month-over-month indexes were positive in December, indicating expansion. The pace of growth increased for shipments, new orders, and inventories." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 12/16/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

"On the other hand, supplier delivery time eased slightly. Year-over-year factory indexes continued to expand at a steady rate, and the year-over-year composite index was 50 for the third month in a row. Inventories rose compared to a year ago, along with production, and capital expenditures. The future composite index was 25 in December, down from 35 in November. Expectations remained positive across a number of indicators, but the pace of expected growth eased slightly from November to December.

Special Questions

This month contacts were asked special questions about employment plans and labor market conditions. Around 63% of firms expected to increase employment over the next 12 months, and a third of firms expect to leave employment unchanged. 99% of firms planned to increase employment because expected growth of sales is high, ranking it as one of the top three factors driving employment plans. Other firms noted that employment plans are driven by current staff being overworked or that the firm needs skills not possessed by current staff. 56% of firms reported they are already at or above their pre-pandemic employment levels from pre-March 2020. Another third of firms expected to meet their pre-pandemic employment level by the end of 2022, while others expected employment to recover at a later time. Only 5% of firms did not expect to return to their pre-Coronavirus pandemic employment levels." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 12/16/21

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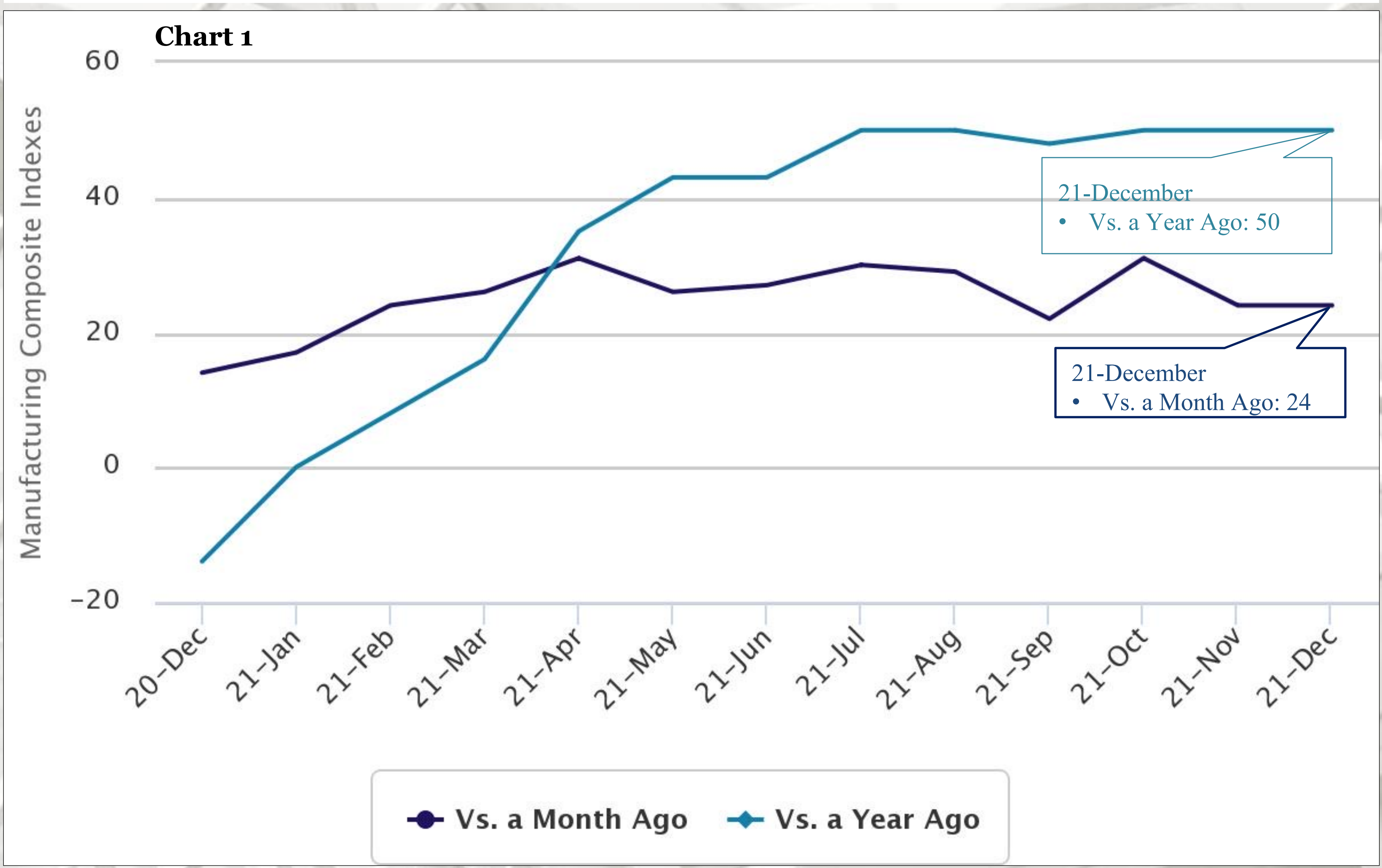
The Federal Reserve Bank of Kansas City



Source: https://www.kansascityfed.org; 12/16/21

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U.S. Economic Indicators

The Federal Reserve Bank of Kansas City

Tenth District Services Activity Grew Moderately

Regional services activity rose again in December and 75% of firms reported the lack of available labor as a key risk for their businesses in 2022. However, sales and demand have continued to increase compared to a month ago and a year ago.

Business Activity Grew Moderately

"Tenth District services activity continued to grow moderately in December, and activity was expected to expand further over the next six months (Chart 1). Compared to a month ago, indexes for input and selling prices increased at record high rates in December, and were above year-ago levels for most firms. Moving forward, firms continued to expect input and selling price increases over the next six months.

The month-over-month services composite index was 15 in December, up slightly from 14 in November, but lower than 18 in October. The composite index is a weighted average of the revenue/sales, employment, and inventory indexes. The increase in revenue and sales was driven by additional wholesale, retail, real estate, and professional and high-tech services activity. On the other hand, auto, healthcare, and restaurant activity declined in December. Most month-over-month indexes remained positive, indicating expansion. The employment index increased at a faster pace compared to a month ago while the inventories index dipped slightly. The year-over-year composite index rose from 26 to 30 with higher sales, employment, and capital expenditures. Inventory levels inched higher compared to a year ago. Expectations for services activity grew in December with higher sales and employment expectations, and the future composite index rose from 28 to 32." – Chad Wilkerson, Vice President and Oklahoma City Branch Executive, The Federal Reserve Bank of Kansas City

Source: https://www.kansascityfed.org; 12/17/21

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The Federal Reserve Bank of Kansas City

Chart 1

Source: https://www.kansascityfed.org; 12/17/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Sturdy Growth Continues

“Business activity continued to grow strongly in New York State, according to firms responding to the December 2021 *Empire State Manufacturing* Survey. The headline general business conditions index held steady at 31.9. New orders and shipments posted substantial increases, and firms had more unfilled orders. Delivery times lengthened significantly, though less so than last month. Labor market indicators pointed to a solid increase in employment and a longer average workweek. Both price indexes moved somewhat lower but remained near recent record highs. Plans for capital and technology spending were strong. Looking ahead, firms remained optimistic that conditions would improve over the next six months, though optimism is still lower than it was in the fall.

Manufacturing activity grew strongly in New York State, according to the December survey. The general business conditions index held steady at 31.9. Forty-five percent of respondents reported that conditions had improved over the month, while 13 percent reported that conditions had worsened. The new orders index and shipments indexes were both little changed at 27.1, pointing to another month of strong growth in both areas. The unfilled orders index rose six points to 19.0. The delivery times index fell nine points to 23.1, suggesting that delivery times lengthened significantly, but less so than last month. Inventories increased modestly.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 12/15/21

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The Federal Reserve Bank of New York

Empire State Manufacturing Survey

Price Increases Remain Substantial

“The index for number of employees came in at 21.4, indicating a solid increase in employment, and the average workweek index fell to 12.1, suggesting a modest increase in hours worked. The prices paid index edged down three points to 80.2, and the prices received index fell six points to 44.6, signaling ongoing substantial increases in both input prices and selling prices, though at a slightly slower pace than in November.

Firms Generally Optimistic

Firms were generally optimistic about the six-month outlook, though optimism remained below levels seen in September and October. The index for future business conditions held steady at 36.4. Longer delivery times, higher prices, and increases in employment are all expected in the months ahead. The capital expenditures index climbed three points to 38.0, and the technology spending index moved up to 31.4, suggesting that firms plan significant increases in both capital spending and technology spending.” – Richard Deitz and Jason Bram, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 12/15/21

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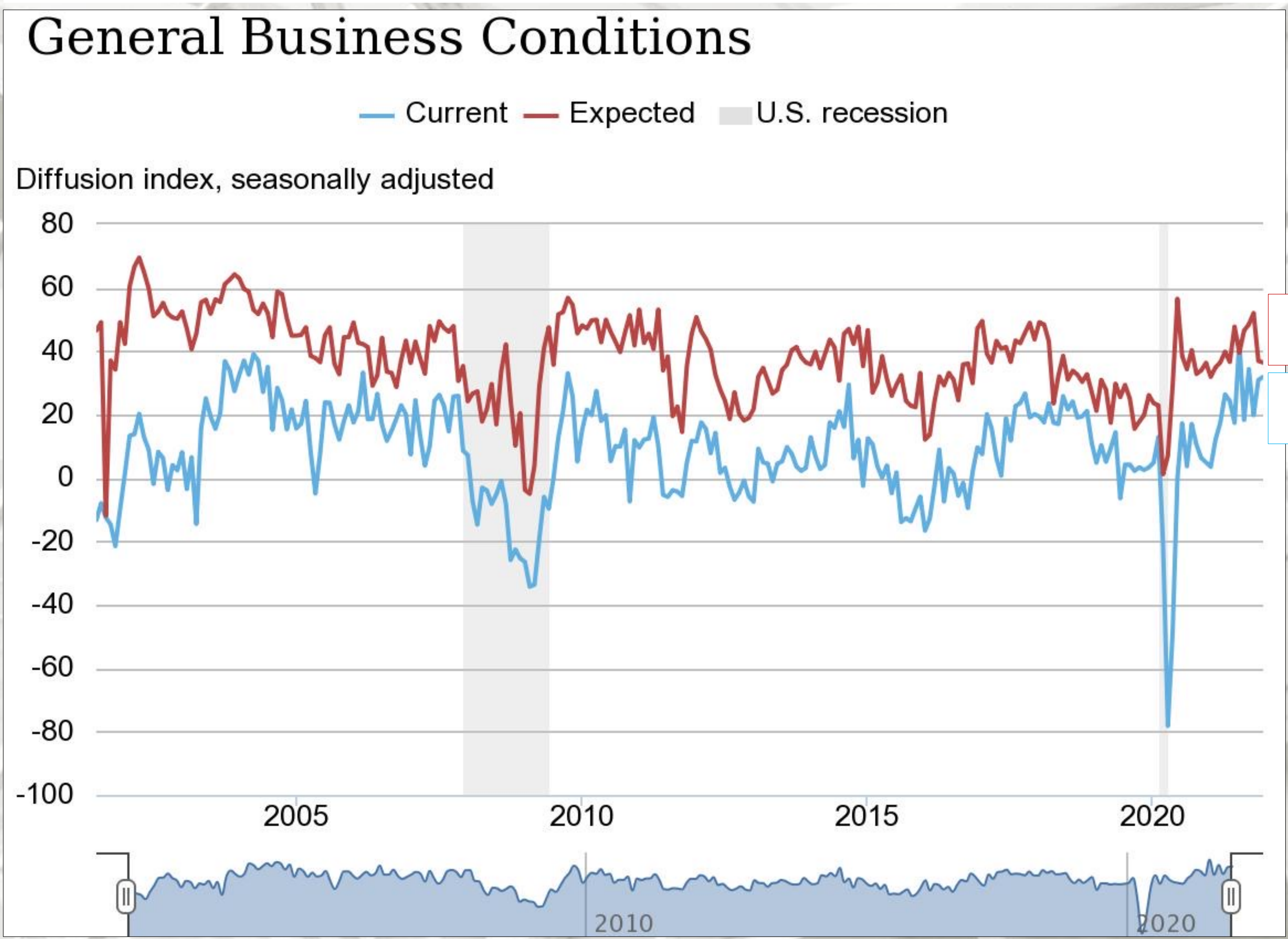
The Federal Reserve Bank of New York



December 2021
36.4

December 2021
31.9

Source: https://www.newyorkfed.org/survey/empire/empiresurvey_overview; 12/15/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Growth Remains Modest

"Business activity continued to grow modestly in the region's service sector, according to firms responding to the Federal Reserve Bank of New York's December 2021 *Business Leaders Survey*. The survey's headline business activity index held steady at 14.4. The business climate index, however, came in at -16.3, indicating that firms generally viewed the business climate as worse than normal for this time of year. Employment levels and wages continued to rise at a solid clip, and both the prices paid and prices received indexes remained near record highs. Looking ahead, firms expect conditions to improve over the next six months, though optimism remained below levels seen earlier this year.

Business activity in the region's service sector grew modestly for a fourth consecutive month, according to the December survey. The headline business activity index held steady at 14.4, a level it has hovered around since September. Thirty-eight percent of respondents reported that conditions improved over the month, while 24 percent said that conditions worsened. The business climate index remained negative at -16.3, indicating that on net, firms continued to view the business climate as worse than normal for this time of year." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 12/16/21

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The Federal Reserve Bank of New York

Business Leaders Survey (Services)

Price Increases Remain Substantial

"Both input prices and selling prices continued to increase at a near record pace in December: the prices paid index edged down slightly to 80.6, and the prices received index was little changed at 42.3. Meanwhile, the employment index was little changed at 18.4, pointing to ongoing moderate increases in employment levels, and the wages index came in at 52.3, signaling another month of strong wage growth. The capital spending index moved down eight points to 8.7.

Firms Expect Conditions To Improve

Firms were again optimistic that conditions would improve over the next six months, though their optimism remained below levels seen earlier this year. The index for future business activity held steady at 34.4, while the future business climate index edged a bit downward to 14.3. Strong gains in employment, wages, and prices are expected in the months ahead, and capital spending plans remained solid." – Jason Bram and Richard Deitz, The Federal Reserve Bank of New York

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 12/16/21

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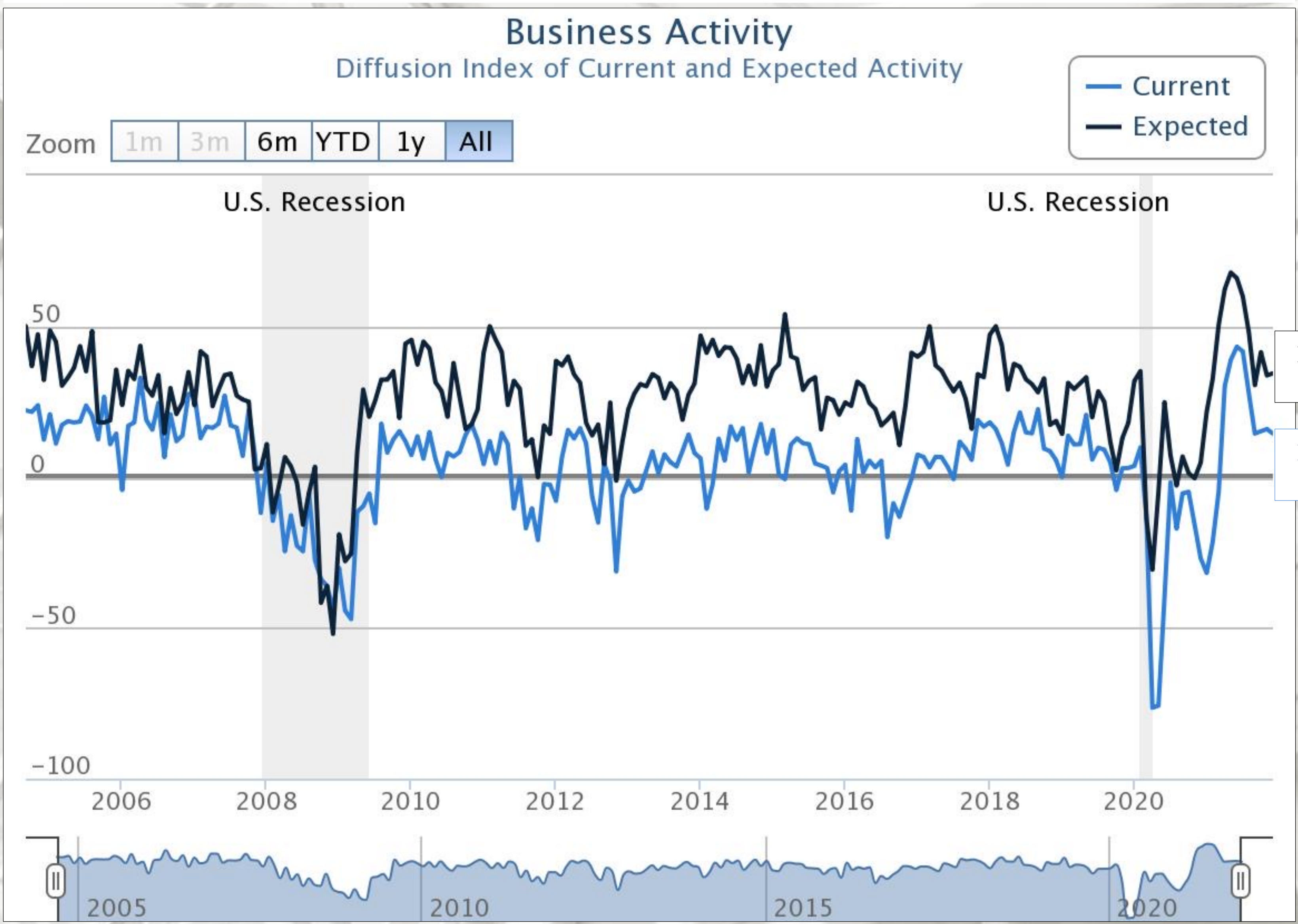
The Federal Reserve Bank of New York



December 2021
34.4

December 2021
15.9

Source: https://www.newyorkfed.org/survey/business_leaders/bls_overview; 12/16/21

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The Federal Reserve Bank of Philadelphia

December 2021 Manufacturing Business Outlook Survey

"Manufacturing growth in the region continued but was less widespread, according to the firms responding to the December *Manufacturing Business Outlook Survey*. The diffusion index for current general activity fell 24 points to 15.4 this month. The price indexes remain elevated and continue to suggest widespread increases in prices. Most of the survey's future indexes moderated this month but indicated that respondents continue to expect overall growth over the next six months.

Current Indicators Soften

The diffusion index for current general activity fell 24 points to 15.4 this month (see Chart 1). Nearly 27 percent of the firms reported increases (down from 42 percent last month) in current activity this month, while 11 percent reported decreases (up from 3 percent). The current shipments index decreased 17 points, to 15.3, in December. Over 28 percent of the firms reported increases in shipments this month, while 13 percent reported decreases. The index for new orders fell 34 points to a reading of 13.7 after two consecutive months of increases. Nearly 29 percent of the firms reported increases in new orders this month (down from 48 percent last month), while 15 percent reported decreases (up from 0 percent last month).

On balance, the firms continued to report increases in employment, and the employment index rose from 27.2 in November to 33.9 this month. The majority of responding firms (56 percent) reported steady employment levels, and the share reporting increases (39 percent) exceeded the share reporting decreases (5 percent). The average workweek index was essentially unchanged at 30.4."
– Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-12; 12/16/21

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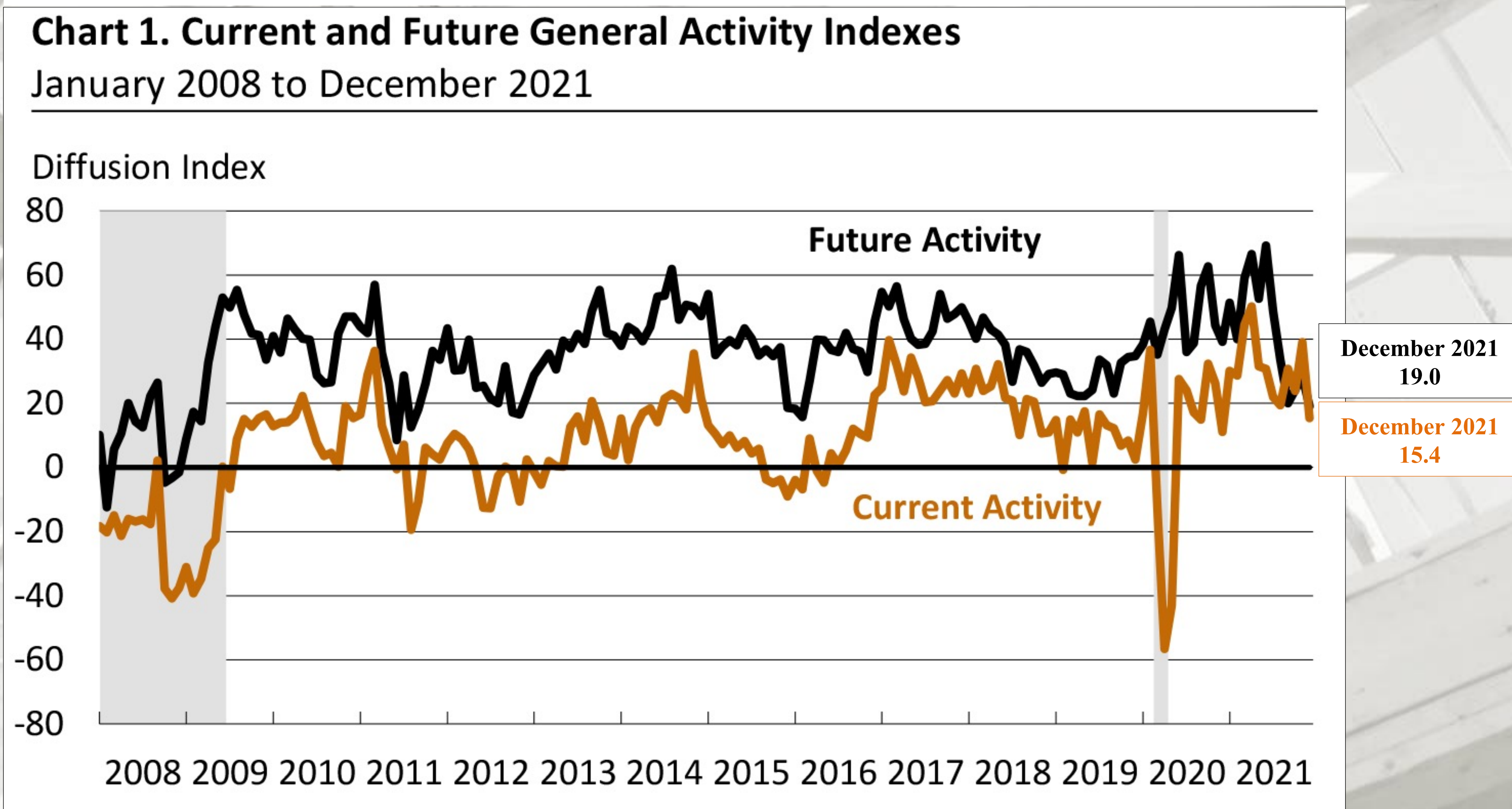
The Federal Reserve Bank of Philadelphia



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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-12; 12/16/21

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The Federal Reserve Bank of Philadelphia

December 2021 Manufacturing Business Outlook Survey

Price Increases Remain Widespread

"The indicators for prices paid and prices received remained elevated but posted declines this month. The prices paid index declined 14 points to 66.1. The percentage of firms reporting increases in input prices (68 percent) far exceeded the percentage reporting decreases (2 percent); 27 percent of the firms reported no change. The current prices received index fell 13 points to 50.4. Nearly 51 percent of the firms reported increases in prices received for their own goods this month, none reported decreases, and 49 percent reported no change.

Firms Report Higher Production and Capacity Utilization

In this month's special questions, the firms were asked to estimate their total production growth for the fourth quarter ending this month compared with the third quarter of 2021. The share of firms reporting expected increases in fourth-quarter production (50 percent) was greater than the share reporting decreases (27 percent). The firms were also asked about their current capacity utilization rate as well as their utilization rate one year ago. The median current capacity utilization rate reported among the responding firms was 80 to 90 percent, higher than the median rate of 70 to 80 percent reported for one year ago. Most firms reported supply chain (90 percent) and labor (76 percent) issues as factors constraining current capacity utilization." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-12; 12/16/21

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The Federal Reserve Bank of Philadelphia

December 2021 Manufacturing Business Outlook Survey

Future Indicators Remain Positive

"The diffusion index for future general activity fell 10 points to 19.0, its lowest reading since February 2016 (see Chart 1). Thirty-eight percent of the firms expect increases (down from 45 percent last month) in future activity this month, while 19 percent reported decreases (up from 17 percent). The future new orders index declined 4 points, while the future shipments index declined 8 points. The firms continued to expect overall increases in employment over the next six months, with the future employment index rising 7 points to 56.6. Nearly 57 percent of the firms expect to increase employment in their manufacturing plants over the next six months; none anticipate employment declines.

Summary

Responses to the December *Manufacturing Business Outlook Survey* suggest less widespread expansion in regional manufacturing conditions this month. The indicators for current activity, shipments, and new orders all fell from their November readings. The price indexes remain elevated and continue to suggest widespread increases in prices. Most of the survey's future indexes moderated this month but indicated that respondents continue to expect overall growth over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/mbos-2021-12; 12/16/21

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The Federal Reserve Bank of Philadelphia

December 2021 Nonmanufacturing Business Outlook Survey

“Responses to the December *Nonmanufacturing Business Outlook Survey* suggest continued growth in business activity in the region. The indicators for firm-level general activity and sales/revenues both declined moderately from last month, while the indicator for new orders increased slightly. The survey’s indexes for employment decreased. Overall, the respondents continued to expect improvement in conditions over the next six months, but both future activity indexes fell.

Current Indicators Moderate but Remain Positive

The diffusion index for current general activity at the firm level declined 16 points to 30.6 in December after rising 13 points last month (see Chart 1). More than 46 percent of the responding firms reported increases in general activity (down from 55 percent), while 16 percent of the firms reported decreases (up from 8 percent). The new orders index increased 2 points to 21.0 in December. The sales/revenues index fell from 44.4 in November to 30.3 in December. The share of firms reporting increases in sales/revenues (49 percent) exceeded the share reporting decreases (19 percent); nearly 31 percent reported no change (up from 15 percent last month). The current regional activity index decreased 18 points to 28.3 in December.

Employment Indexes Decline

The firms continued to report overall increases in full-time and part-time employment this month, but both indexes posted small declines. The full-time employment index edged down 1 point to 14.4. Of the firms responding, 23 percent reported increases in full-time employment, while 8 percent reported decreases. Most firms (64 percent) reported stable full-time employment. The part-time employment index fell 5 points to 8.5. Most firms reported steady part-time employment (63 percent), while 17 percent of the firms reported increases and 9 percent reported decreases.” – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2021-12; 12/21/21

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The Federal Reserve Bank of Philadelphia

December 2021 Nonmanufacturing Business Outlook Survey

Price Increases Remain Widespread

"The prices paid index remained elevated but declined 13 points this month to 51.5. More than 54 percent of the firms reported increases, 3 percent reported decreases, and 26 percent of the firms reported stable input prices. Regarding prices for the firms' own goods and services, the prices received index fell 4 points to 33.6 in December. Almost 34 percent of the firms reported increases in prices received, while no firms reported decreases. Nearly 51 percent of the firms reported no change in prices for their own goods and services.

Firms Report Higher Sales/Revenues and Labor Issues

In this month's special questions, the firms were asked to estimate their total sales/revenues growth for the fourth quarter ending this month compared with the third quarter of 2021. The share of firms reporting expected increases in fourth-quarter sales/revenues (54 percent) was greater than the share reporting decreases (14 percent), with a median response of an increase of 0 to 5 percent. Among the factors constraining current business operations, 50 percent of the firms reported labor issues, 40 percent reported supply chain issues, and 33 percent reported COVID-19 mitigation measures." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2021-12; 12/21/21

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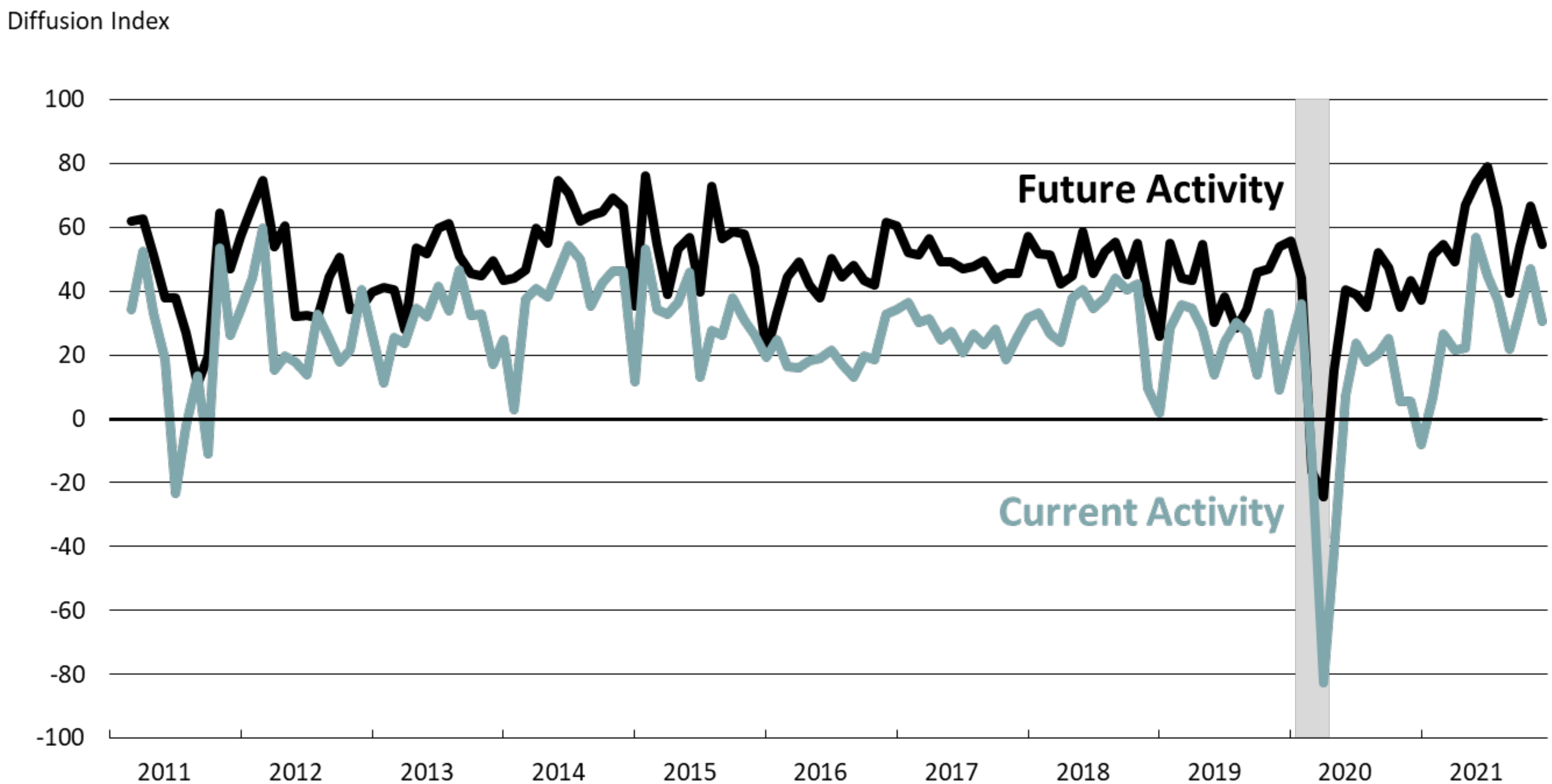
The Federal Reserve Bank of Philadelphia

Chart 1. Current and Future General Activity Indexes for Firms

March 2011 to December 2021



December 2021
54.6

December 2021
30.6

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

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2021-12; 12/21/21

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The Federal Reserve Bank of Philadelphia

December 2021 Nonmanufacturing Business Outlook Survey

Future Indicators Remain Positive

"Both future activity indexes declined but continue to suggest that the respondents expect overall improvement in nonmanufacturing activity over the next six months. The diffusion index for future activity at the firm level fell 12 points to 54.6 this month, reversing its improvement last month. Nearly 63 percent of the firms expect an increase in activity at their firms over the next six months, compared with 8 percent that expect decreases. The future regional activity index fell 13 points to 41.5.

Summary

Responses to this month's *Nonmanufacturing Business Outlook Survey* suggest continued growth in nonmanufacturing activity in the region. The indicators for current general activity and sales/revenues declined but remained positive. The full-time and part-time employment indexes decreased slightly, and the prices paid and prices received indexes remain at high levels. The future activity indexes suggest that respondents expect improvement at their firms and in the region over the next six months." – Elif Sen, Research Department, The Federal Reserve Bank of Philadelphia

Source: https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/nbos-2021-12; 12/21/21

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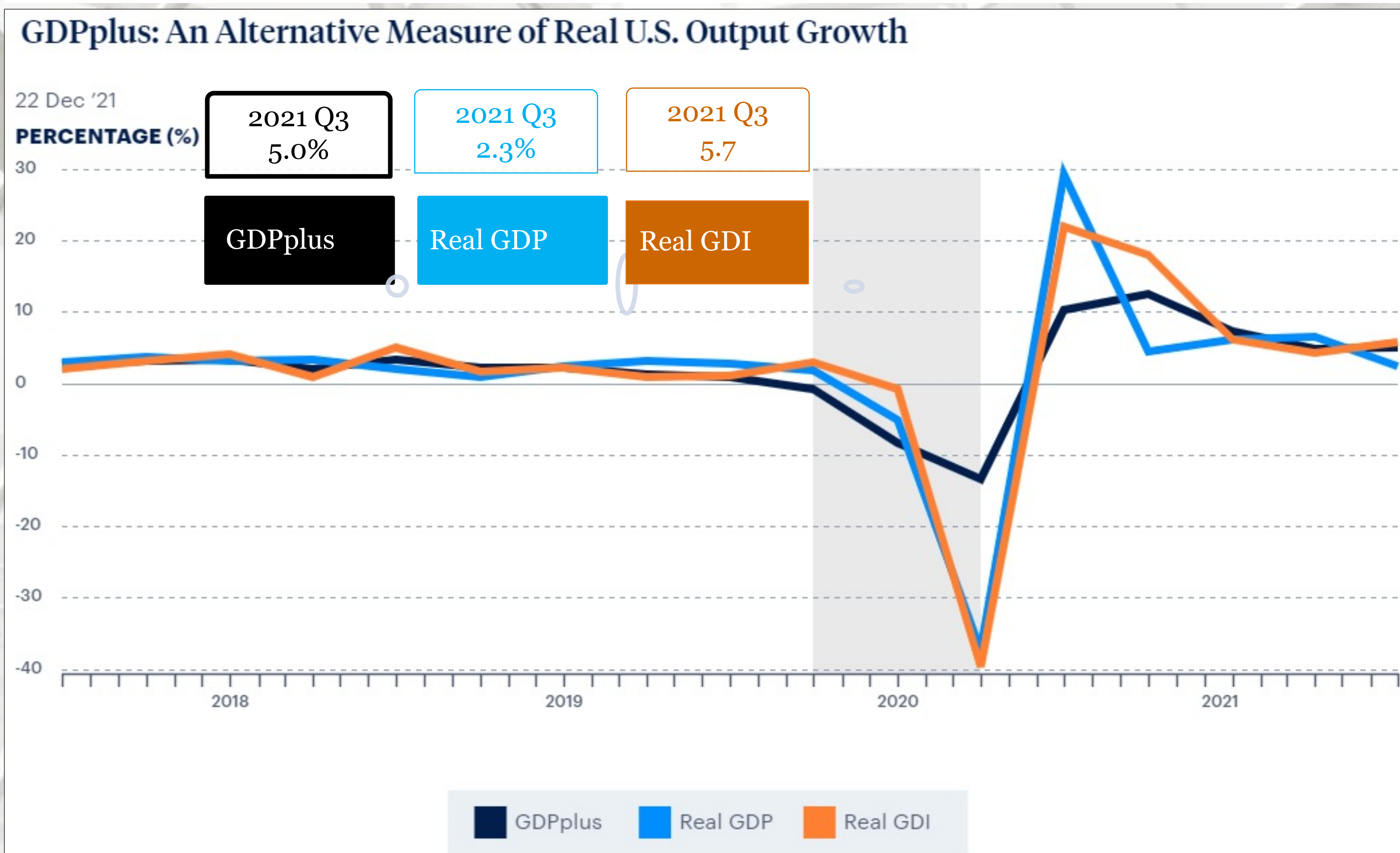
The Federal Reserve Bank of Philadelphia: GDPplus



Notes: Shaded areas indicate NBER recessions. The data measure the quarter-over-quarter growth rate in continuously compounded annualized percentage points.

Sources: Bureau of Economic Analysis (BEA) and NBER via Haver Analytics. Federal Reserve Bank of Philadelphia.

Source: https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/gdpplus; 12/22/21

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Manufacturing Activity Strengthened in December

“Fifth District manufacturing activity strengthened in December, according to the most recent survey from the Federal Reserve Bank of Richmond. The composite index rose from 12 in November to 16 in December, driven by increases in shipments and new orders. The third component in the composite index, employment, moderated but remained in expansionary territory. Backlogs of new orders registered their second highest index value on record, as vendor lead times remained high and inventories remained low. Meanwhile, manufacturers reported continued investment spending.

More manufacturing firms reported increasing employment than decreasing in December. Respondents continued to report difficulty finding workers with the necessary skills and are expecting this difficulty to continue. Many firms increased wages in December and are planning to keep increasing wages. Our expected wage index reached a record high of 74 in December.

The average growth rate of prices paid and prices received by survey participants increased in December. Firms expect the growth rate of prices paid and prices received to slow over the next year.” – Jeannette Plamp, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/28/21

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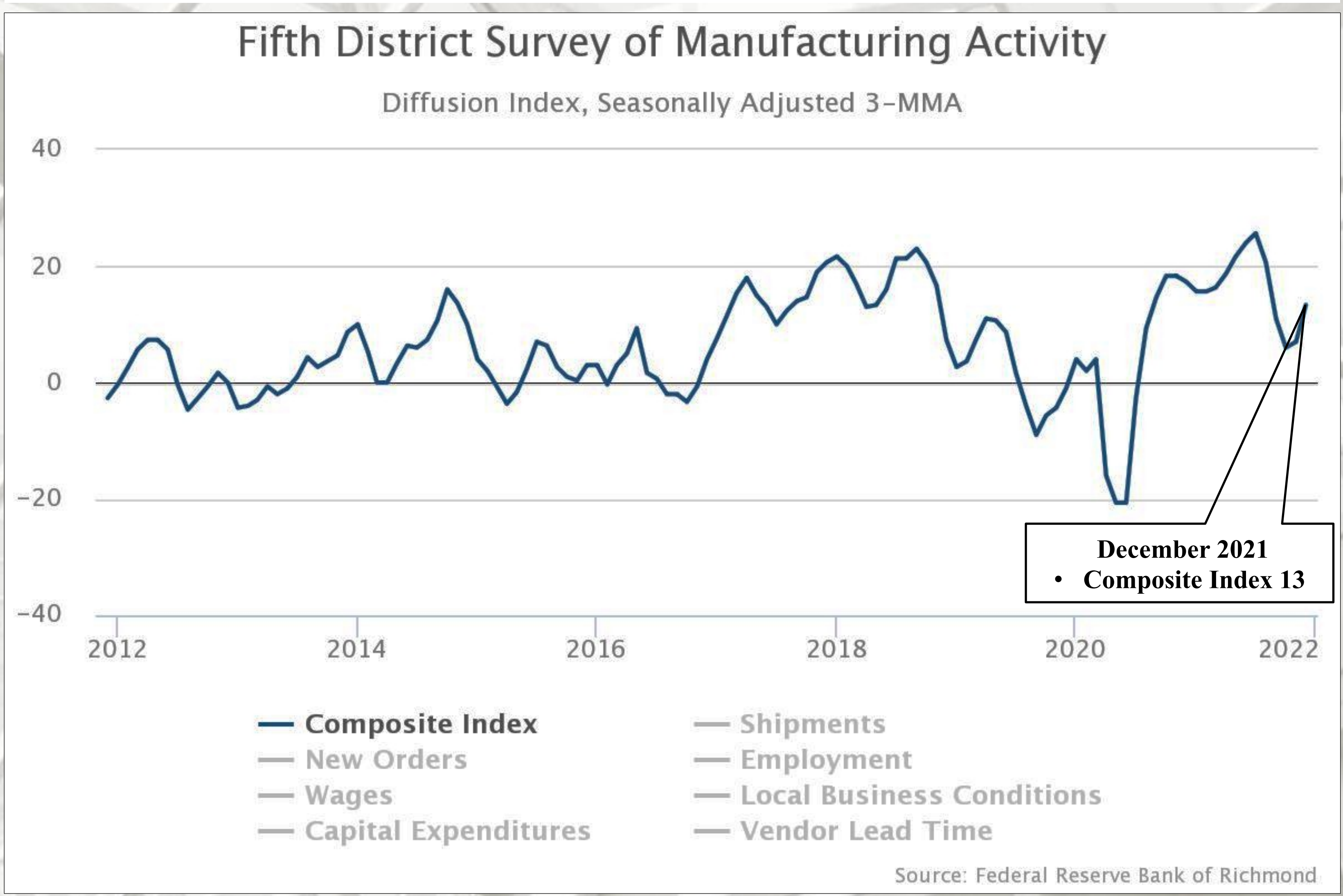
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/28/21

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U.S. Economic Indicators

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/28/21

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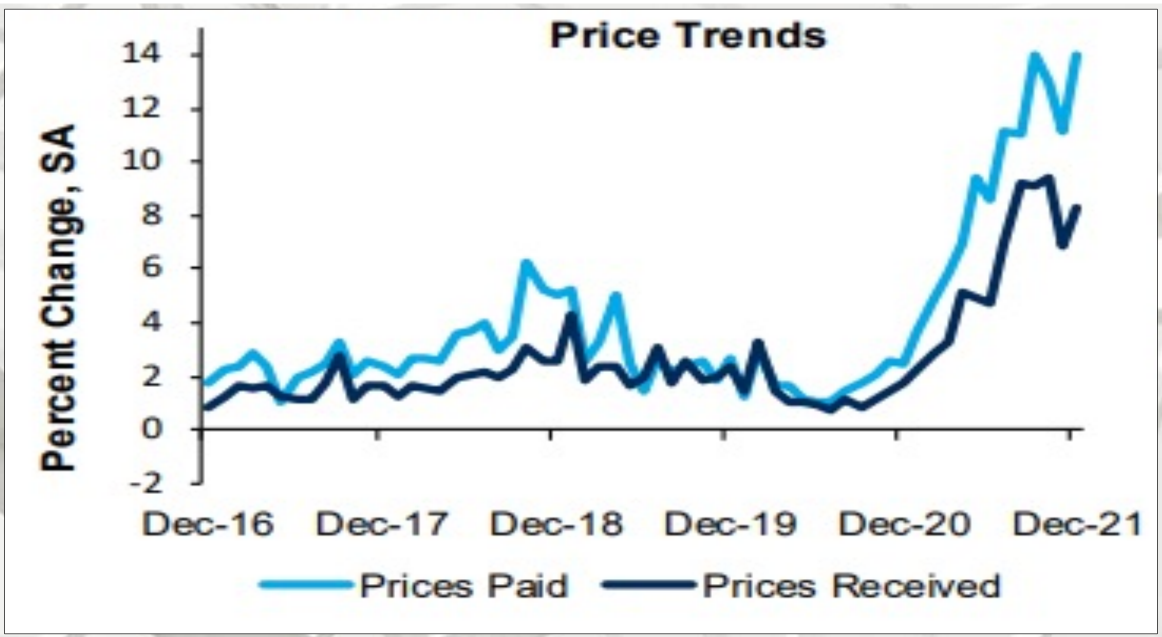
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/28/21

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U.S. Economic Indicators

The Federal Reserve Bank of Richmond

Fifth District Survey of Service Sector Activity

Service Sector Firms Reported Growth in December

"Fifth District service sector activity expanded in December, according to the most recent survey by the Federal Reserve Bank of Richmond. The revenue index remained at 12 this month, whereas the demand index increased to 21 (compared to 13 in November). More firms reported increased capital spending in December compared to November. Additionally, firms were more positive about local business conditions this month.

More service sector firms increased employment than decreased it in December, as our employment index remained in expansionary territory at 14. Wages remained firmly in growth territory at an index value of 40, and firms expect to continue increasing wages in the next six months as our index for expected wages was 60 in December. Firms continued to report trouble finding workers with the necessary skills, and don't expect the difficulty to ease in the near term.

The average growth rate of prices paid and prices received by survey participants increased in December. Survey respondents expected the growth of both prices paid and prices received to slow in the next 12 months." – Roisin McCord, Economic Analyst, The Federal Reserve Bank of Richmond

Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/28/21

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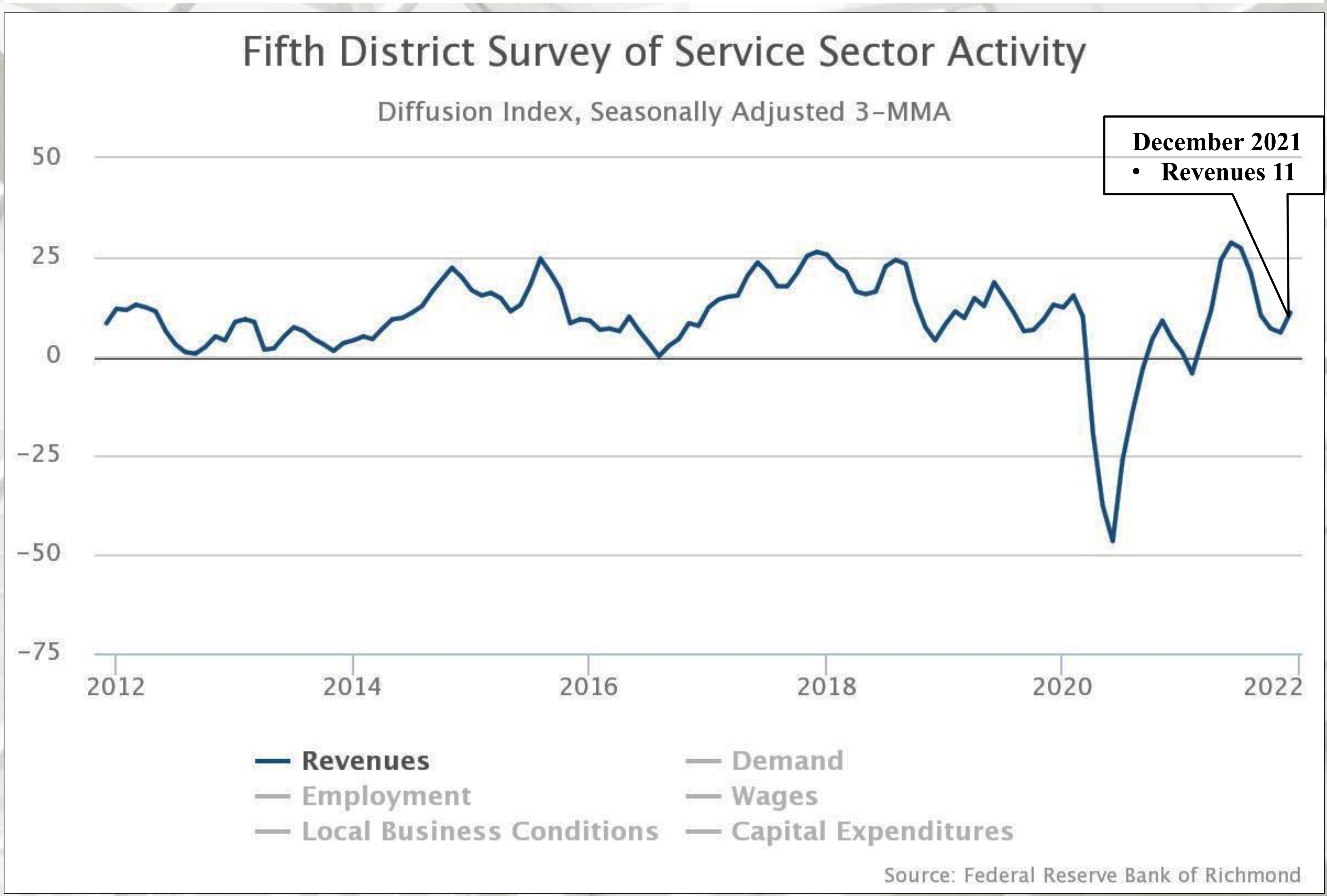
U.S. Economic Indicators



Source: https://www.richmondfed.org/research/regional_economy/surveys_of_business_conditions/manufacturing; 12/28/21

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U.S. Global Economic Indicators

The Federal Reserve Bank of Dallas

México Economic Update

México's Economic Growth Continues Slowing; Outlook Worsens

México's gross domestic product (GDP) contracted an annualized 1.7 percent in third quarter 2021, a downward revision from the initial estimate of a 0.8 percent decline. In addition, the monthly proxy for GDP decelerated in the fourth quarter. The consensus forecast for GDP growth in 2021, compiled by Banco de México, was revised down from 3.9 percent in August to 3.6 percent in September (fourth quarter/fourth quarter).

The latest data available show that exports fell, but employment, retail sales and industrial production improved. The peso lost ground against the dollar, while inflation soared to a 20-year high in November.

As in the rest of the world, new COVID-19 cases are on the rise in Mexico. However, new average daily infections are only 15 percent of the peak reported in mid-August. The vaccination rate has improved to 58 percent of the population..

Economic Growth Slowing Since September

Year-over-year growth in México's global economic activity index — the monthly proxy for GDP — slowed from 2.8 percent in September to 1.2 percent in November (*Chart 1*). Service-related activities (including trade and transportation) grew 1.1 percent in November after expanding 2.2 percent in September. Goods-producing industries (including manufacturing, construction and utilities) increased 1.4 percent in November after expanding 4.0 percent in September." – Jesus Cañas, Senior Business Economist, and Juliette Coia, Research Analyst; Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2021/2108.aspx; 12/31/21

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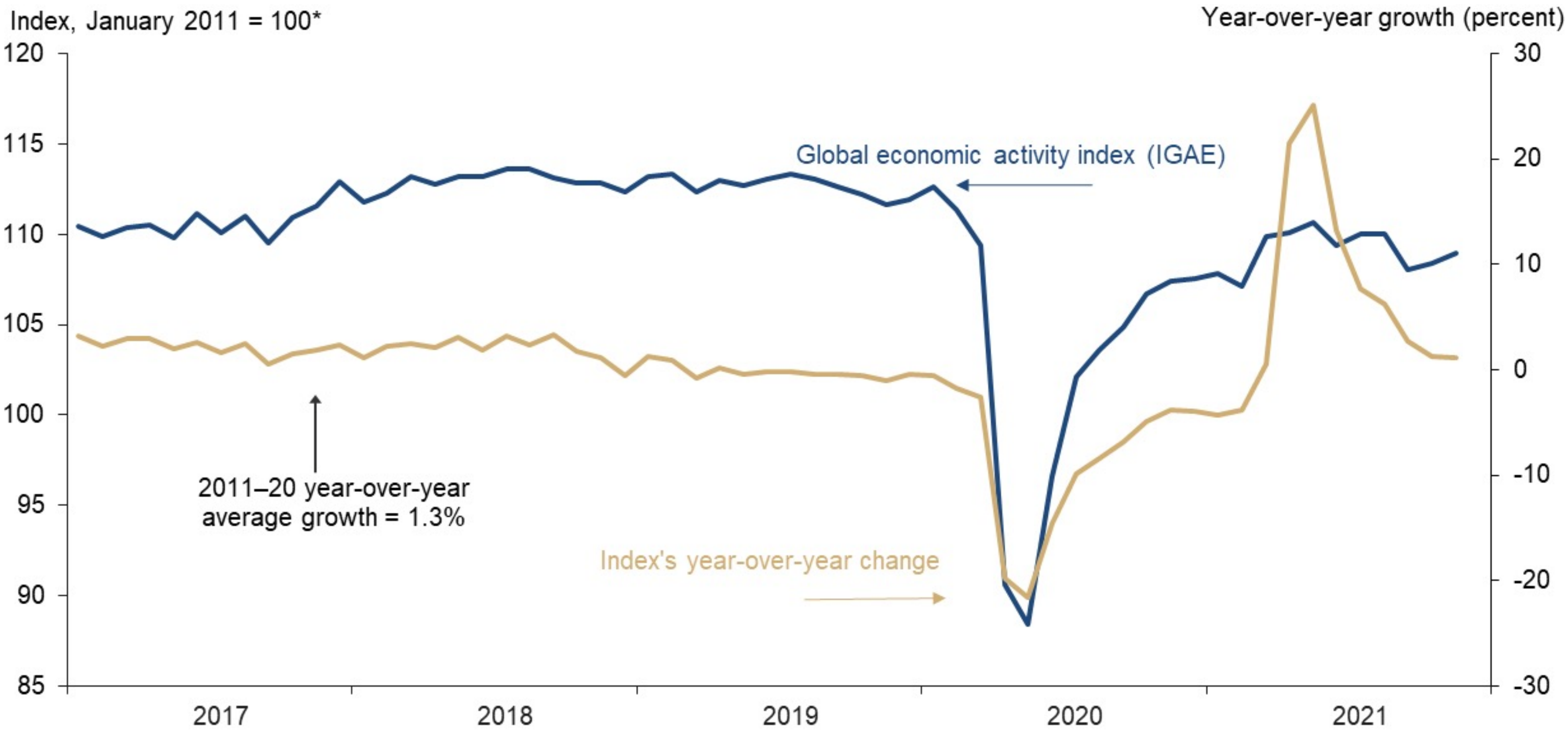
U.S. Global Economic Indicators

Chart 1
Economic Growth Slows Year over Year



*Seasonally adjusted; real pesos.
NOTE: Data are through November 2021. Data for October and November 2021 are estimated by Mexico's Instituto Nacional de Estadistica y Geografia (National Institute of Statistics and Geography, or INEGI) using its timely indicator of economic activity (IOAE).
SOURCE: INEGI.

Source: https://www.dallasfed.org/research/update/mex/2021/2108.aspx; 12/31/21

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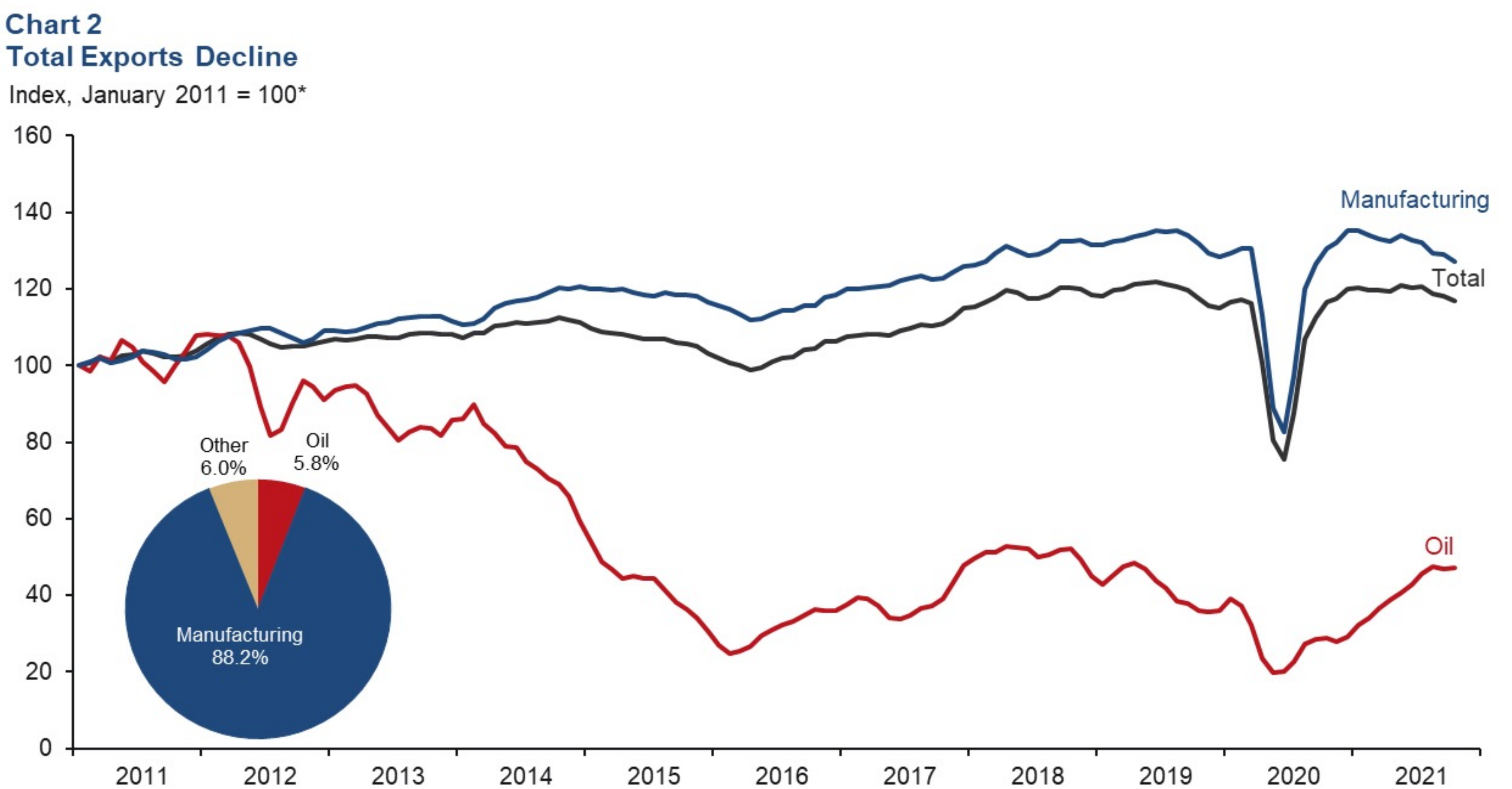
U.S. Global Economic Indicators



*Seasonally adjusted, three-month moving average; real dollars.
NOTE: Data are through October 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).

Exports Slip in October

The three-month moving average of total exports fell 1.1 percent in October as oil exports grew 0.9 percent but the dominant manufacturing category decreased 1.4 percent (*Chart 2*). On a month-over-month basis, total exports declined 0.8 percent in October as manufacturing exports decreased 2.3 percent but oil exports rose 10.4 percent. Mexico's total monthly exports in October were up 6.6 percent compared with prepandemic levels in February 2020." – Jesus Cañas, Senior Business Economist, and Juliette Coia, Research Analyst; Research Department, The Federal Reserve Bank of Dallas

Source: https://www.dallasfed.org/research/update/mex/2021/2108.aspx; 12/31/21

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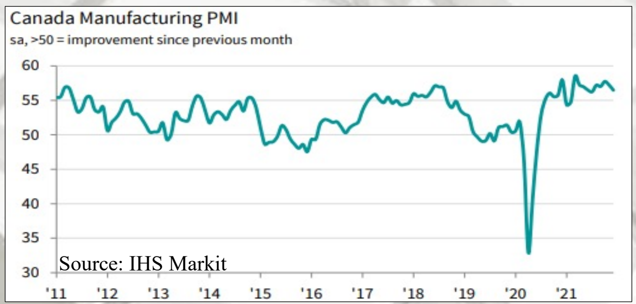
Private Indicators: Global



Markit Canada Manufacturing PMI™

"The headline seasonally adjusted IHS Markit Canada Manufacturing Purchasing Managers' Index® (PMI®) registered at 56.5 in December, down from 57.2 in November. Growth has been seen in each month since July 2020, but the latest expansion was the weakest for five months.

Operating conditions continue to improve, but shortages weigh on growth during December

The concluding month of 2021 revealed another robust expansion in operating conditions at Canada's manufacturing sector. Sustained increases in output, new orders and employment were recorded as well as the fastest uptick in pre-production inventories for over 11 years of data collection. There were, however, further signs that material shortages and delivery delays were constraining the sector with output growth softening and backlogs rising markedly. In addition, firms were less upbeat about their outlook for production over the coming year with sentiment falling to a five-month low. In other areas, cost pressures were sharp, but moderated further in December. Rising expenses were partially passed through in the form of higher selling charges.

A moderation in output growth was a key factor weighing on the headline PMI in December. Survey comments suggested that whilst demand for Canadian manufactured goods was strong, there were staff shortages and delays in the receipt of inputs. Exports also rose during the month, with sales to international markets expanding in each month since February. …

Canadian manufacturers closed 2021 with a robust expansion in operating conditions as the sector continues to reap the benefits of strong domestic and international demand. Moreover, anticipation of greater customer orders encouraged firms to stockpile at record rates during December. Whilst on the whole latest data are positive, it is difficult to ignore the impacts of the pandemic on the sector. Over the last year or so, material shortages have been prominent, and whilst production has continued to expand, the latest uptick was the softest for ten months. In addition, another marked rise in backlogs suggests persisting skill shortages. …

Finally, the Omicron variant and supply-side issues caused some concern over the long-term expectations for output. Firms were nevertheless optimistic that greater consumer demand will support production growth in 2022." – Shreeya Patel, Economist, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/819a4beb9ae248ce83036d8bf1ec1edf; 1/4/22

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Private Indicators: Global

Caixin China General Manufacturing PMI™

Production increases at quickest rate for a year

"The headline seasonally adjusted *Purchasing Managers' Index™ (PMI™)* – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – rose from 49.9 in November to 50.9 in December, to signal a renewed improvement in the health of the sector. Though marginal, the rate of improvement was the strongest seen since June. Helping to lift the PMI reading was a stronger increase in production at the end of 2021. Output rose at the quickest rate for 12 months and solidly overall, supported by improved market conditions and stronger customer demand.

Operating conditions across China's manufacturing sector improved slightly at the end of the year, according to latest PMI data. Firms signalled the strongest increase in output for a year amid a renewed uptick in total sales. However, foreign demand remained lacklustre, with export orders broadly stagnant. Improved demand prompted a fresh rise in purchasing activity, but backlogs rose again amid a further drop in staffing levels. Supplier performance meanwhile deteriorated at a softer pace, and inflationary pressures weakened. Notably, average input costs rose at the slowest pace for 19 months.

Greater amounts of overall new business exerted further pressure on capacity, as shown by a slightly quicker rise in backlogs of work. Firms also commented that insufficient staff numbers had led to increased amounts of incomplete business. Employment fell for the fifth month in a row, and at the fastest rate since February. Companies indicated that the non-replacement of voluntary leavers and retirees had contributed to lower workforce numbers. In line with the trend for total sales, purchasing activity also returned to growth at the end of the year. Though modest, the upturn was the quickest seen since June. Stocks of inputs and finished goods meanwhile rose slightly, as some firms noted efforts to build up their inventory levels amid firmer demand conditions. …

The Caixin China General Manufacturing PMI came in at 50.9 in December, up from 49.9 the previous month. The index returned to expansionary territory and reached the highest level since June." – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/d2b199e3c96546699eac61822f6f40e7; 1/3/22

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Private Indicators: Global

Caixin China General Manufacturing PMI™

“Supply was strong and demand rebounded. With the easing of supply constraints, output expanded for the second month in a row and at a faster pace. Total new orders increased, the third expansion over the past four months, as the impact of scattered Covid-19 flare-ups was under control. Overseas demand remained sluggish because of the pandemic’s impact in foreign countries and rising logistics costs due to a shortage of containers. The gauge for new export orders stayed in contractionary territory for the fifth consecutive month.

Employment pressure intensified. Despite better demand and supply, firms were still cautious about hiring. The subindex of employment stayed in negative territory for the fifth consecutive month in December and hit the lowest point since February.   Surveyed enterprises were not enthusiastic about filling the vacancies left by staff resignation or retirement.   Inflationary pressure eased as costs rose at a slower clip. The gauge for input costs remained in expansionary territory but was lower than the previous month. Prices of some raw materials such as steel dropped considerably as government measures to ensure supply and to stabilize prices took effect. Output prices dropped for the first time since April 2020 as enterprises cut prices to promote sales. The decline in factory-gate prices of investment goods was more obvious than that of consumer goods and intermediate goods.

Inventories increased slightly. With the recovery of the market, manufacturers’ purchases increased significantly compared with the previous month. Inventories of finished goods and raw materials both rose. The survey shows that some manufacturers with brisk sales began to actively replenish inventory. Entrepreneurs became less optimistic. Manufacturers remained overall upbeat on the market outlook but the gauge for future output expectations hit the lowest point since April 2020. Surveyed enterprises were worried about the negative impact of the pandemic and its shock to supply chains.” – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/d2b199e3c96546699eac61822f6f40e7; 1/3/22

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Private Indicators: Global

Caixin China General Manufacturing PMI™

“To sum up, manufacturing demand and supply improved in December with easing inflationary pressure. But the job market was still under pressure and businesses were less optimistic, indicating unstable economic recovery. The repeated Covid-19 flare-ups and sluggish overseas demand were factors of instability. As policymakers said at the Central Economic Work Conference that China’s economic growth is facing triple pressures of “demand contraction, supply shock and weakening expectation,” stabilizing the economy will become the key priority of economic work in 2022.

We are aware that the employment subindex under the Caixin manufacturing PMI and the official surveyed unemployment data both indicated a weakening momentum of the job market. Policymakers should focus on shoring up employment as well as on targeted support to small and midsize businesses. They should make polices more consistent, stable and predictable."” – Dr. Wang Zhe, Senior Economist, Caixin Insight Group

Source: https://www.markiteconomics.com/Public/Home/PressRelease/d2b199e3c96546699eac61822f6f40e7; 1/3/22

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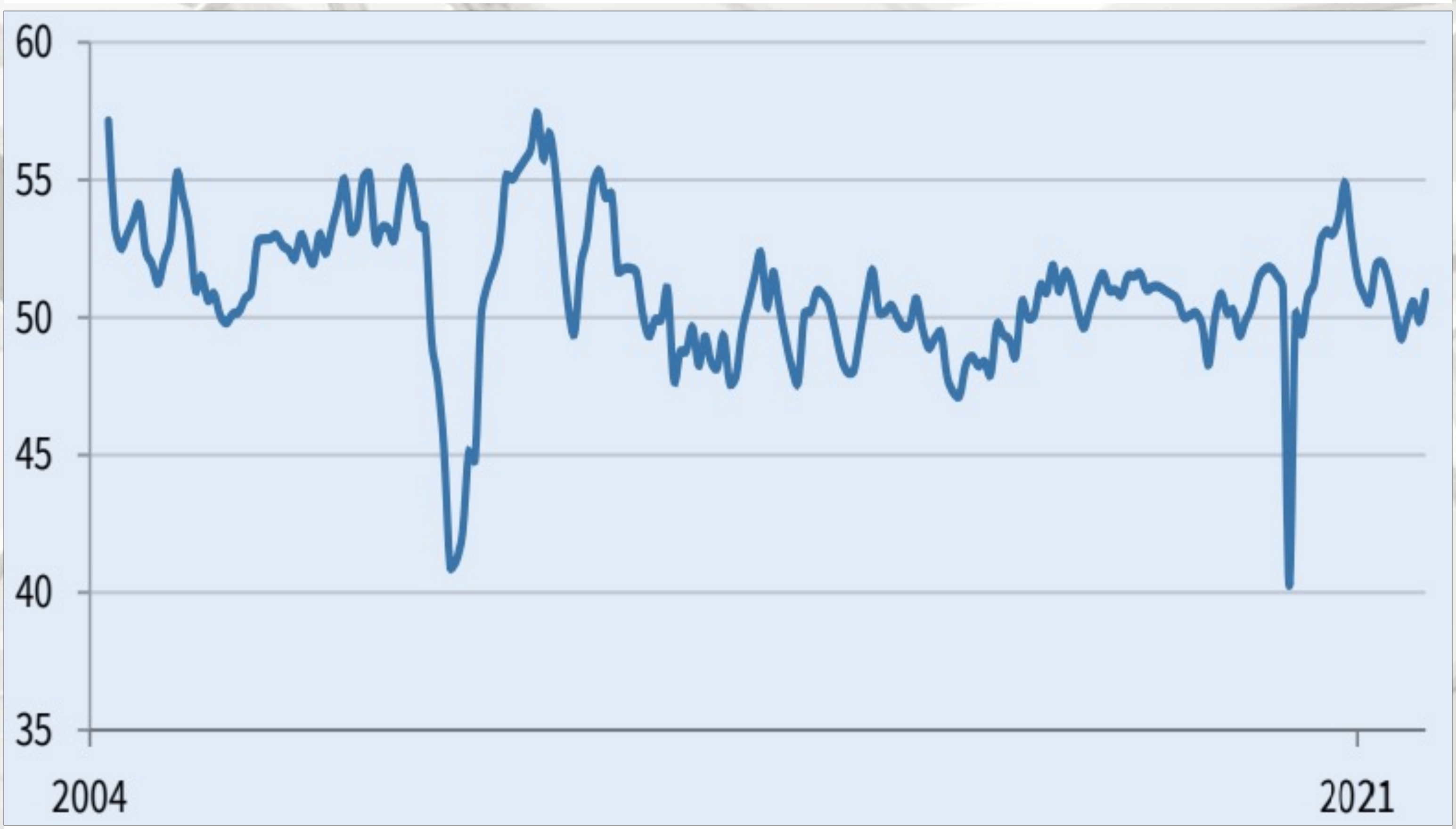
Private Indicators: Global

China General Manufacturing PMI



sa, > 50 = improvement since previous month
Sources: Caixin, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/d2b199e3c96546699eac61822f6f40e7; 1/3/22

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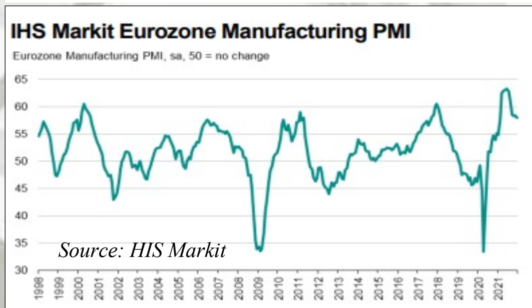
Private Indicators: Global



Markit Eurozone Manufacturing PMI®

"The IHS Markit Eurozone Manufacturing PMI® fell to 58.0 during December, down from 58.4 in November and its lowest reading in ten months. Sector data revealed that consumer goods makers drove the slower improvement in manufacturing conditions, with intermediate and capital goods producers registering marginally quicker upturns

Stocks of purchases rise at survey-record rate as supply chain pressures ease

December PMI® data showed a further easing of the supply chain crisis as average lead times lengthened to the softest extent since February. Firms took advantage of this relative gain and added purchases to their inventories at the fastest rate ever recorded by the survey, outpacing the previous record set in November by a notable margin. However, despite alleviating pressures on supply chains, manufacturing sector conditions continued to disappoint, with output growth remaining unchanged from that seen during November (which was the second-weakest seen since production growth resumed in July 2020). Meanwhile, rates of input cost and output price inflation eased, but remained among the fastest ever seen by the survey.

The main highlight of the December survey centred on supplier performance, with the latest data showing average input lead times lengthening to the weakest extent since February. Times lengthened to lesser degrees in all monitored euro area countries except Italy. In turn, eurozone manufacturers increased their purchases of raw materials and other semi-finished items at a sharp pace. The combination of these two factors enabled firms to stockpile inputs, with inventories rising at a rate which was unparalleled in over 24 years of data collection. That said, despite a record surge in pre-production stocks, manufacturing output growth remained unchanged from November, which saw the second weakest since the sector began its recovery in July 2020. Many firms continued to feel the impact of shortages at suppliers, while others noted subdued demand pressures. …

Lastly, December survey data showed easing rates of inflation across the eurozone manufacturing sector. Input costs increased at a pace that was substantial overall, but the slowest since April. Meanwhile, output charge inflation eased from November's survey peak to a four-month low." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/fbff346b33ff422a8b78963179ff9118; 1/3/22

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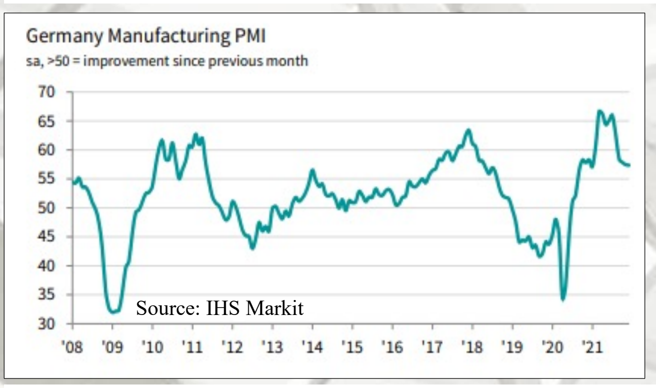
Private Indicators: Global



IHS Markit/BME Germany Manufacturing PMI®

"At 57.4 in December, 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 – was unchanged since November and remained at its lowest since January 2021.

Supply bottlenecks continue to hold back factory growth, but tentative signs of constraints easing

German manufacturing production continued to be held back by supply constraints in December, latest PMI® survey data showed. However, with firms recording the lowest incidence of input delivery delays since January 2021, the rate of output growth picked up slightly. This coincided with a partial correction in the rate of cost inflation from recent record highs as well as an improvement in expectations towards future production. Still, conditions on the supply side remained among the toughest seen in the survey's history, leading firms to rapidly build up buffer stocks of inputs during the month.

After having slowed throughout much last year, the rate of manufacturing output growth picked up slightly for the second month in a row in December. That said, it was still subdued compared to the historical average, as a number of firms once again indicated that supply shortages had weighed on output levels. …

After a promising start to 2021, the German manufacturing sector's performance faded as the year went on as unprecedented supply chain constraints took their toll. However, although growth in December was only modest with supply shortages still an issue, the survey's output index has now ticked up in each of the last two months, to offer some hope that the final quarter of 2021 can be a turning point from which growth starts to pick up as we move through 2022. Buoyed by full order books, German manufacturers are confident about growth prospects in the coming year, though much still depends on an improvement in the supply situation.

Latest data provided some signs of encouragement, as expectations improved, the incidence of lengthening lead times eased to an 11-month low, and firms were able to rapidly build up stocks of inputs. Nevertheless, supply chains remain under intense pressure by historical standards, and there's still a risk of fresh disruption as a result of flare-ups in the pandemic." – Phil Smith, Principal Economist, IHSMarkit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/89970866e83444a284aa145fa78d92e5; 1/3/22

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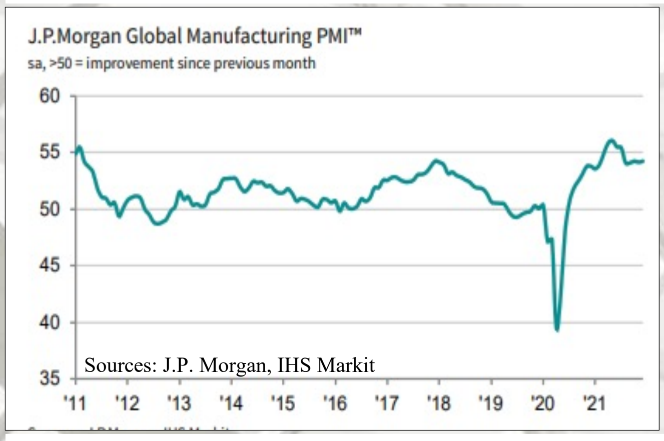
Private Indicators: Global



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 – continued to track sideways in December, posting 54.2 for the third successive month. PMI readings signalled growth for all three broad sub-sectors covered by the survey, with faster growth at investment goods producers offset by slightly weaker rates of expansion in the consumer and intermediate goods industries.

Global manufacturing upturn continues at end of 2021

The global manufacturing sector ended 2021 on a positive note. Rates of increase in output, new orders and employment all accelerated, while business optimism data indicated companies expect output to rise further over the coming year. Although the sector remained beset by price inflationary and supply chain pressures, there were at least tentative signs that these were also starting to ease. Business conditions improved in all except four of the nations covered by the survey in December. … Global manufacturing production and new orders both rose for the eighteenth consecutive month in December, with rates of expansion accelerating slightly. Output growth strengthened at investment goods producers but slowed in both the consumer and intermediate goods industries. International trade flows also continued to improve, with new export business rising for the sixteenth straight month, albeit to a lesser extent than in November.

The continued upturns in output and new orders, alongside rising backlogs of work, encouraged companies to increase staff headcounts in December. Employment rose for the fourteenth month in a row, with jobs growth signalled by almost all of the PMI surveys for which data were available (including the US, euro area and Japan). China and India were among the nations to register decreases. There were also a number of countries reporting staff and skill shortages. …

The global manufacturing sector showed strength at the end of 2021 with the output PMI increasing 0.8-pt to a solid 53.3 level. Although price inflation and supply chain pressures remain a constraint on growth, there was better news on these fronts with tentative signs that these headwinds were also passed their respective peaks." – Olya Borichevska, Global Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/a19eb305f24a4325aff5178adaee8af3; 1/4/22

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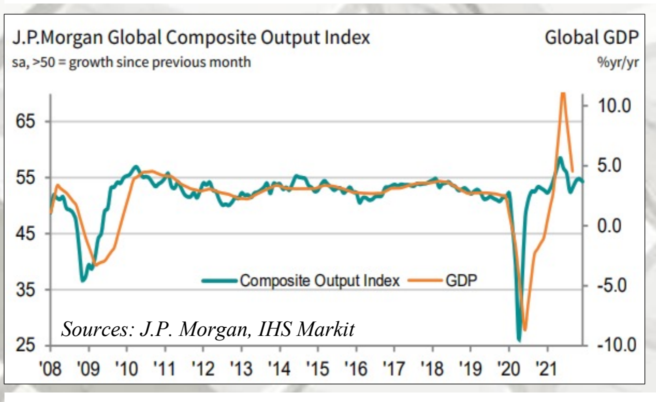
Private Indicators: Global



J.P. Morgan Global Composite PMI™

"The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and IHS Markit in association with ISM and IFPSM – slipped to a three-month low of 54.3 in December, down from 54.8 in November. The headline index has now signalled expansion in each of the past 18 months.

Global growth slows to three-month low at end of 2021

The rate of global economic expansion slowed slightly at the end of 2021, as a weaker increase in services activity offset faster growth of manufacturing production. Although growth of services business activity eased to a three-month low, the sector continued to outperform its manufacturing counterpart (which nonetheless saw output growth accelerate to a five-month high). Five out of the six sub-industries covered by the survey (consumer and intermediate goods producers and business, consumer and financial service providers) saw their rates of expansion decelerate during December. The exception was the investment goods category, where the rate of increase surged to a seven-month record – taking the sector to first position in the growth rankings. Business services was edged into second place, with an output index reading of 56.0 (a tick behind the 56.1 registered for investment goods). …

December saw the rate of increase in incoming new business remain close to that signalled in the prior survey month. There was also a modest improvement in international trade flows, as new export business expanded for the eleventh straight month. Rising new order intakes tested capacity at both manufacturers and service providers, leading to further increases in both backlogs of work and employment. …

We are seeing a loss of momentum in global growth concentrated in the services sector based on the December PMIs. The Global Composite Output Index dipped 0.5pts to 54.3, as a rise in the manufacturing index was offset by a point drop in the services PMI. While manufacturing has been boosted by supply chain bottlenecks starting to moderate, services has felt the greater brunt of rising COVID cases, hurting consumer services providers in particular. The underlying dynamics of the survey still remain broadly solid." – Olya Borichevska, Global Economic Research, J.P. Morgan

Source: https://www.markiteconomics.com/Public/Home/PressRelease/a91a62ff97ff476a9f9cb52bad5aa44b; 1/6/22

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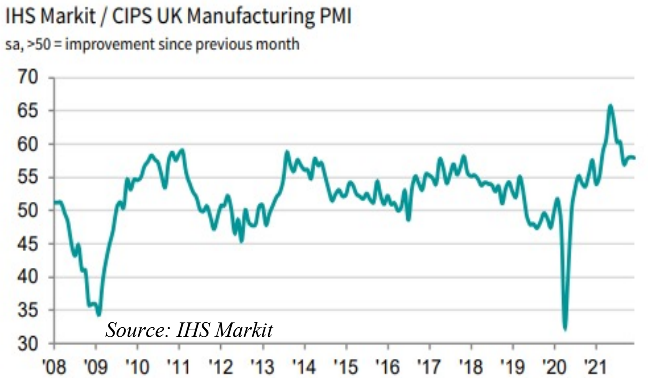
Private Indicators: Global



IHS Markit/CIPS UK Manufacturing PMI®

"The seasonally adjusted IHS Markit/CIPS Purchasing Managers' Index® (PMI®) rose to 57.9 in December, little changed from November's three-month high of 58.1. The PMI has remained above the neutral 50.0 mark for 19 months.

Manufacturing upturn continues at end of 2021

The manufacturing sector saw further growth of production, new orders and employment at the end of 2021. Although a slight easing in supply chain delays helped lift output volumes and take some of the heat out of input price increases, logistic disruptions and staff shortages were nonetheless still stymieing the overall pace of expansion. Output rose across the consumer, intermediate and investment goods sectors during December, with the overall pace of expansion improving to a four-month high. Increased output was underpinned by rising intakes of new business, as domestic market conditions continued to strengthen. …

UK manufacturing production rose at the quickest pace in four months in December, supported by increased intakes of new work, efforts to reduce backlogs of work and higher employment. While the uptick in growth is a positive step, the upturn remains subdued compared to the middle of the year, as supply chain constraints and weak export performance constrained attempts to raise production further. Manufacturers indicated that logistic issues, Brexit difficulties and the possibility of further COVID restrictions (at home and overseas) had all hit export demand at the end of the year.

Although supply chains remain severely stretched, there are at least signs that the situation is stabilising, with vendor delivery times lengthening to the weakest extent for a year in December. This helped take some of the heat out of input price increases, but cost inflation remained sufficiently steep to necessitate the sharpest rise in factory gate selling prices on record. With restrictions and Omicron cases both rising, the growth and inflation backdrops could change again in the early part of 2022." – Rob Dobson, Director, IHS Markit

Source: https://www.markiteconomics.com/Public/Home/PressRelease/e8bdeca53491463a81a02d6b9c8eb4e0; 1/4/22

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Private Indicators
Associated Builders and Contractors

Nonresidential Construction Spending Flat in November

"National nonresidential construction spending was virtually unchanged in November on a monthly basis, 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 $820.6 billion for the month.

Spending was up on a monthly basis in seven of the 16 nonresidential subcategories, with spending in the commercial and office subcategories unchanged. Private nonresidential spending was up 0.1%, while public nonresidential construction spending declined 0.1% in November.

"If no news is good news, then this was a fine report," said ABC Chief Economist Anirban Basu. "There is little in the data for November 2021 that was earth-shattering. It is interesting to note, however, that the streak of meaningful monthly increases in nonresidential construction spending effectively ended in November, strongly suggesting that supply chain issues and worker shortages continue to constrain the pace of recovery in nonresidential construction (the same issues that continue to suppress contractor margins, according to ABC's Construction Confidence Index).

"While the monthly data is overall not jarring, the year-over-year numbers are more noteworthy," said Basu. "After declining during much of the pandemic, spending in the office segment has stabilized and is up 3.3% from a year ago. That may reflect data center construction spending more than traditional office space construction, however." – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19172/nonresidential-construction-spending-flat-in-november-says-abc; 1/3/22

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Private Indicators
Associated Builders and Contractors

Nonresidential Spending Growth, Millions of Dollars, Seasonally Adjusted Annual Rate	November 2021	October 2021	November 2020	1-Month % Change	12-Month % Change
Nonresidential	$820,583	$820,369	$793,406	0.0%	3.4%
Lodging	$17,477	$17,280	$25,749	1.1%	-32.1%
Manufacturing	$83,697	$82,914	$68,249	0.9%	22.6%
Public safety	$10,754	$10,662	$15,898	0.9%	-32.4%
Transportation	$57,825	$57,397	$57,476	0.7%	0.6%
Communication	$21,969	$21,881	$21,684	0.4%	1.3%
Power	$115,662	$115,371	$104,888	0.3%	10.3%
Educational	$98,546	$98,412	$105,017	0.1%	-6.2%
Commercial	$94,184	$94,146	$82,812	0.0%	13.7%
Office	$83,297	$83,274	$80,653	0.0%	3.3%
Religious	$3,068	$3,070	$3,481	-0.1%	-11.9%
Sewage and waste disposal	$28,301	$28,329	$26,435	-0.1%	7.1%
Amusement and recreation	$25,747	$25,820	$25,892	-0.3%	-0.6%
Water supply	$19,769	$19,841	$17,968	-0.4%	10.0%
Highway and street	$102,564	$103,424	$102,151	-0.8%	0.4%
Health care	$50,011	$50,627	$46,733	-1.2%	7.0%
Conservation and development	$7,712	$7,923	$8,321	-2.7%	-7.3%
Private Nonresidential	$477,299	$476,612	$447,290	0.1%	6.7%
Public Nonresidential	$343,284	$343,757	$346,116	-0.1%	-0.8%

Source: U.S. Census Bureau

Nonresidential Construction Spending Flat in November

"""Among all segments, the one experiencing the largest year-over-year decline is public safety," said Basu. "During the pandemic's early stages, spending in this category grew rapidly as America prepared for a public health crisis. That dynamic reversed itself in 2021. The other category suffering a major decline in construction spending over the past year is lodging.

With business travel still slow to return and the omicron variant wreaking havoc on airlines, occupancy will remain subpar for months to come, limiting the pace of construction spending recovery in this segment. The nonresidential construction category experiencing the largest year-over-year growth in spending is manufacturing, a reflection of the ongoing efforts of producers to expand supply to meet demand."" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19172/nonresidential-construction-spending-flat-in-november-says-abc; 1/3/22

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Private Indicators
Associated Builders and Contractors

ABC's Construction Backlog Indicator Rebound in November

"Associated Builders and Contractors reports today that its Construction Backlog Indicator fell to 8.2 months in December, according to an ABC member survey conducted from Dec. 16 to Jan. 4. The reading is down 0.2 months from November 2021, but up 0.9 months from December 2020.

ABC's Construction Confidence Index readings for sales, profit margins and staffing levels increased in December. All three indices stand above the threshold of 50, indicating expectations of growth over the next six months.

"Demand for construction services in America remains strong," said ABC Chief Economist Anirban Basu. "Contractors have been upbeat about sales and employment prospects for months. What changed in December is that a growing fraction of contractors now believe that profit margins will rise during the next six months despite rising costs due to labor shortages and volatile materials prices.

"Backlog fell in the infrastructure category, but activity in that category is set to heat up in 2022 as federal infrastructure funds tied to the Infrastructure Investment and Jobs Act of 2021 begin to flow," said Basu. "Backlog in the heavy industrial category also declined on a monthly basis, but over the past year backlog in this segment has climbed dramatically as manufacturers attempt to address goods shortages and more CEOs consider bringing some of their supply chains back to America. Industry backlog could be negatively impacted by elevated steel and other materials prices, with some projects cancelled and others redesigned to shift away from intense steel use.''" – Erika Walter, Director of Media Relations, ABC

Source: https://www.abc.org/News-Media/News-Releases/entryid/19179/abc-s-construction-backlog-slips-in-december-contractor-confidence-continues-to-improve; 1/11/22

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Private Indicators
Associated Builders and Contractors

Construction Confidence Index

Response	December 2021	November 2021	December 2020
	CCI Reading		
Sales	66.3	65.2	56.6
Profit Margins	57.4	50.9	48.6
Staffing	64.6	62.5	56.3
	Sales Expectations		
Up Big	11.5%	12.8%	5.6%
Up Small	53.6%	52.1%	47.5%
No Change	25.1%	19.7%	21.7%
Down Small	8.2%	13.8%	18.2%
Down Big	1.6%	1.6%	7.1%
	Profit Margins Expectations		
Up Big	2.7%	2.7%	5.1%
Up Small	45.4%	31.9%	24.7%
No Change	33.3%	39.4%	35.4%
Down Small	15.8%	18.6%	29.3%
Down Big	2.7%	7.4%	5.6%
	Staffing Level Expectations		
Up Big	7.7%	4.8%	2.5%
Up Small	53.0%	50.0%	39.9%
No Change	31.1%	37.2%	40.4%
Down Small	6.6%	6.4%	14.6%
Down Big	1.6%	1.6%	2.5%

Source: https://www.abc.org/News-Media/News-Releases/entryid/19179/abc-s-construction-backlog-slips-in-december-contractor-confidence-continues-to-improve; 1/11/22

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Private Indicators
Associated Builders and Contractors

Construction Backlog Indicator

	Dec. 2021	Nov. 2021	Dec. 2020	1-Month Net Change	12-Month Net Change
Total	**8.2**	**8.4**	**7.3**	**-0.2**	**0.9**
Industry					
Commercial & Institutional	8.5	8.7	7.3	-0.2	1.2
Heavy Industrial	7.7	9.9	4.2	-2.2	3.5
Infrastructure	7.3	8.6	8.9	-1.3	-1.6
Region					
Middle States	8.2	8.1	6.2	0.1	2.0
Northeast	7.5	7.7	7.9	-0.2	-0.4
South	9.0	10.2	8.3	-1.2	0.7
West	8.4	8.0	6.7	0.4	1.7
Company Size					
<$30 Million	7.6	7.7	7.0	-0.1	0.6
$30-$50 Million	8.7	8.9	7.2	-0.2	1.5
$50-$100 Million	11.3	10.2	8.5	1.1	2.8
>$100 Million	10.7	15.0	10.0	-4.3	0.7

Source: https://www.abc.org/News-Media/News-Releases/entryid/19179/abc-s-construction-backlog-slips-in-december-contractor-confidence-continues-to-improve; 1/11/22

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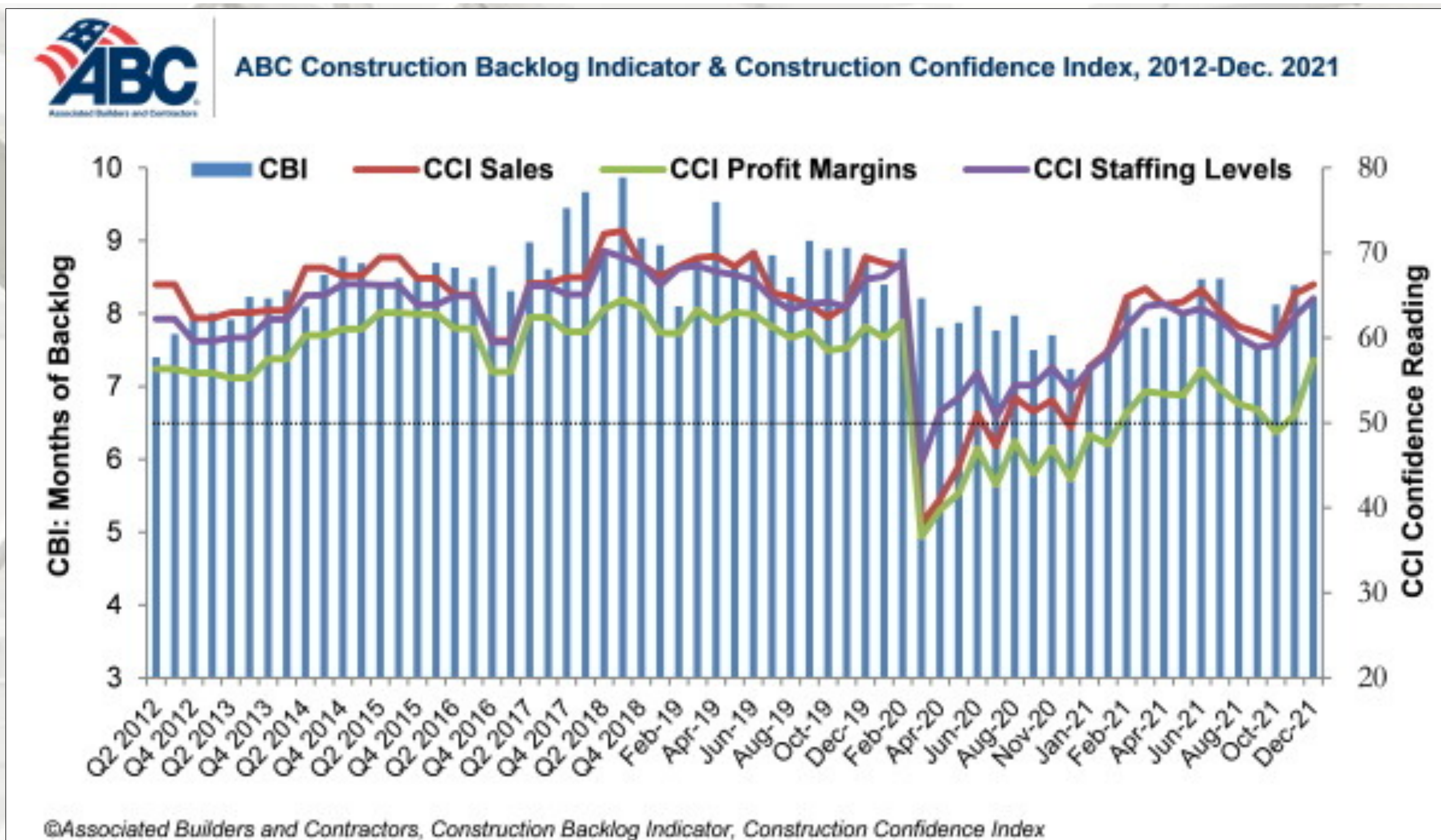
Associated Builders and Contractors



Source: https://www.abc.org/News-Media/News-Releases/entryid/19179/abc-s-construction-backlog-slips-in-december-contractor-confidence-continues-to-improve; 1/11/22

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Private Indicators
American Institute of Architects (AIA)

Architecture Billings Index November 2021

Most architecture firms still reporting billings growth, but pace of growth continues to soften

Issues related to firm and project management, staffing top list of biggest business-related concerns for architecture firms in 2022

“While architecture firms reported an increase in billings for the tenth consecutive month in November, the pace of growth continued to moderate from its peak in the summer. An ABI score of 51.0 for the month still means that the majority of architecture firms saw billings growth at their firms this month, but that fewer are seeing growth now than earlier this year. However, a growth rate like what was experienced this past spring and summer is difficult to maintain for long, and firm billings have now shifted closer to the pace of growth seen in previous recovery periods. In addition, firms continue to report a very strong amount of work in the pipeline, with inquiries and the value of new design contracts remaining near all-time high levels.” – Katharine Keane, Senior Associate Editor, The American Institute of Architects

“We are at a point where there is a potential for an upside but also a potential for things to get worse. The uncertainty surrounding the overall health of the economy is leading developers to proceed with more caution on new projects. ” – Kermit Baker, Chief Economist, AIA

Source: https://www.aia.org/pages/6462667-abi-november-2021-most-architecture-firms-; 12/23/21

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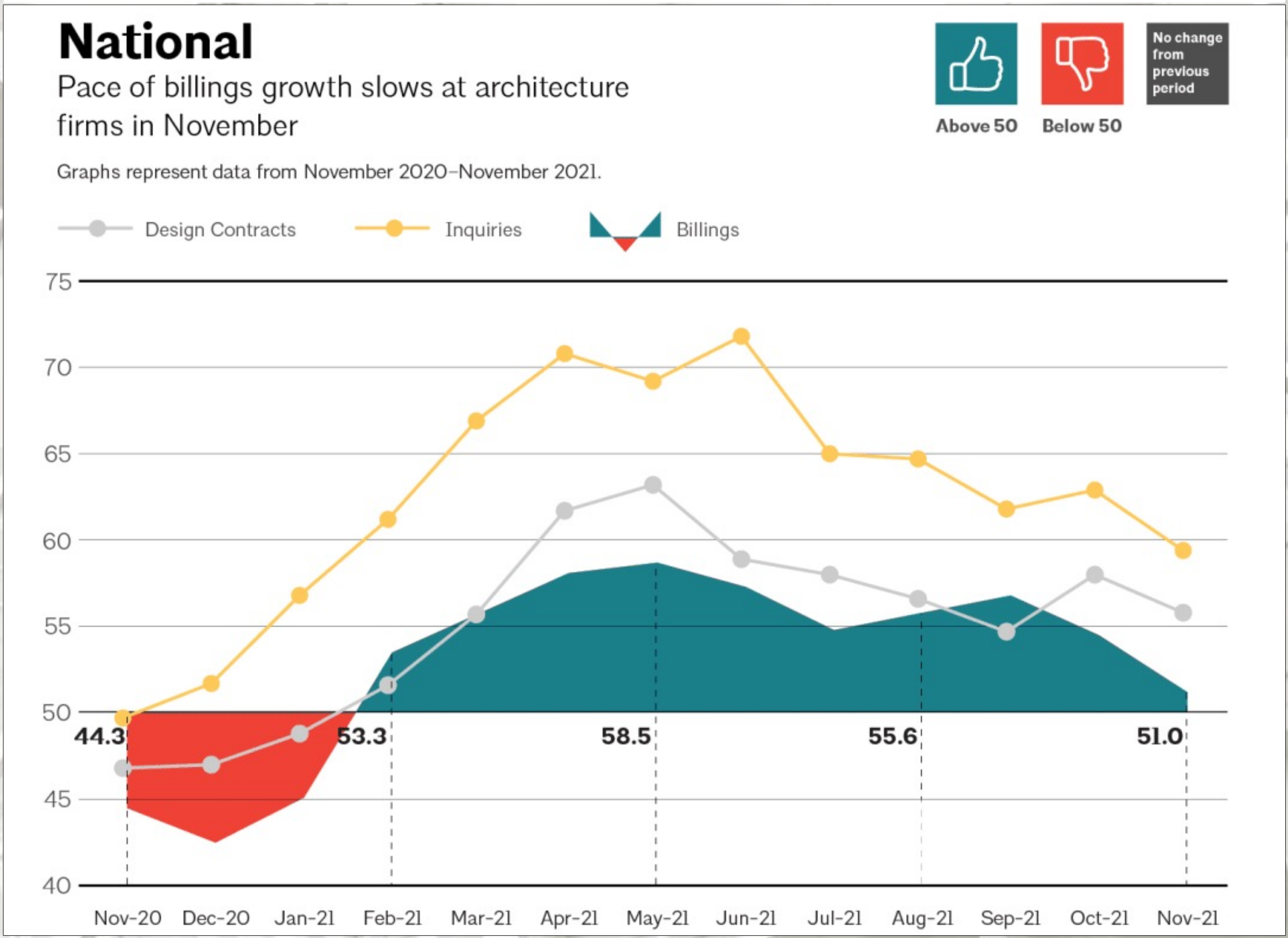
Private Indicators
American Institute of Architects (AIA)



Source: https://www.aia.org/pages/6462667-abi-november-2021-most-architecture-firms-; 12/23/21

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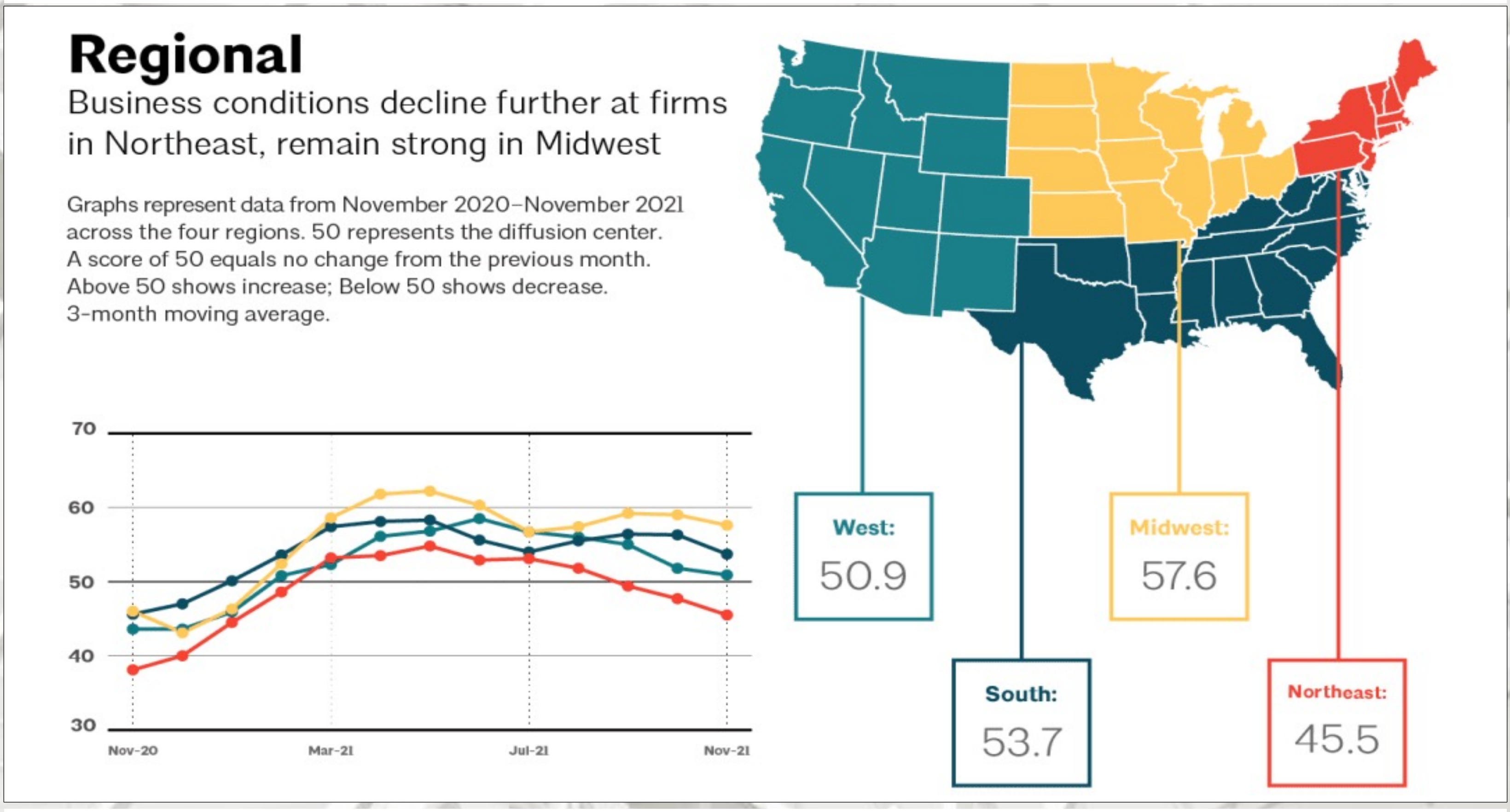
Private Indicators: AIA



Region

"However, business conditions did slide further in November at firms located in the Northeast, marking the third month in a row of declining billings. Conditions in the Northeast have been up and down over the last several years, even prior to the pandemic, and it appears that trend is continuing now. On the other hand, billings in other regions of the country remain fairly strong, particularly at firms located in the Midwest, where the highest scores have generally been reported during this most recent recovery period." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6462667-abi-november-2021-most-architecture-firms-; 12/23/21

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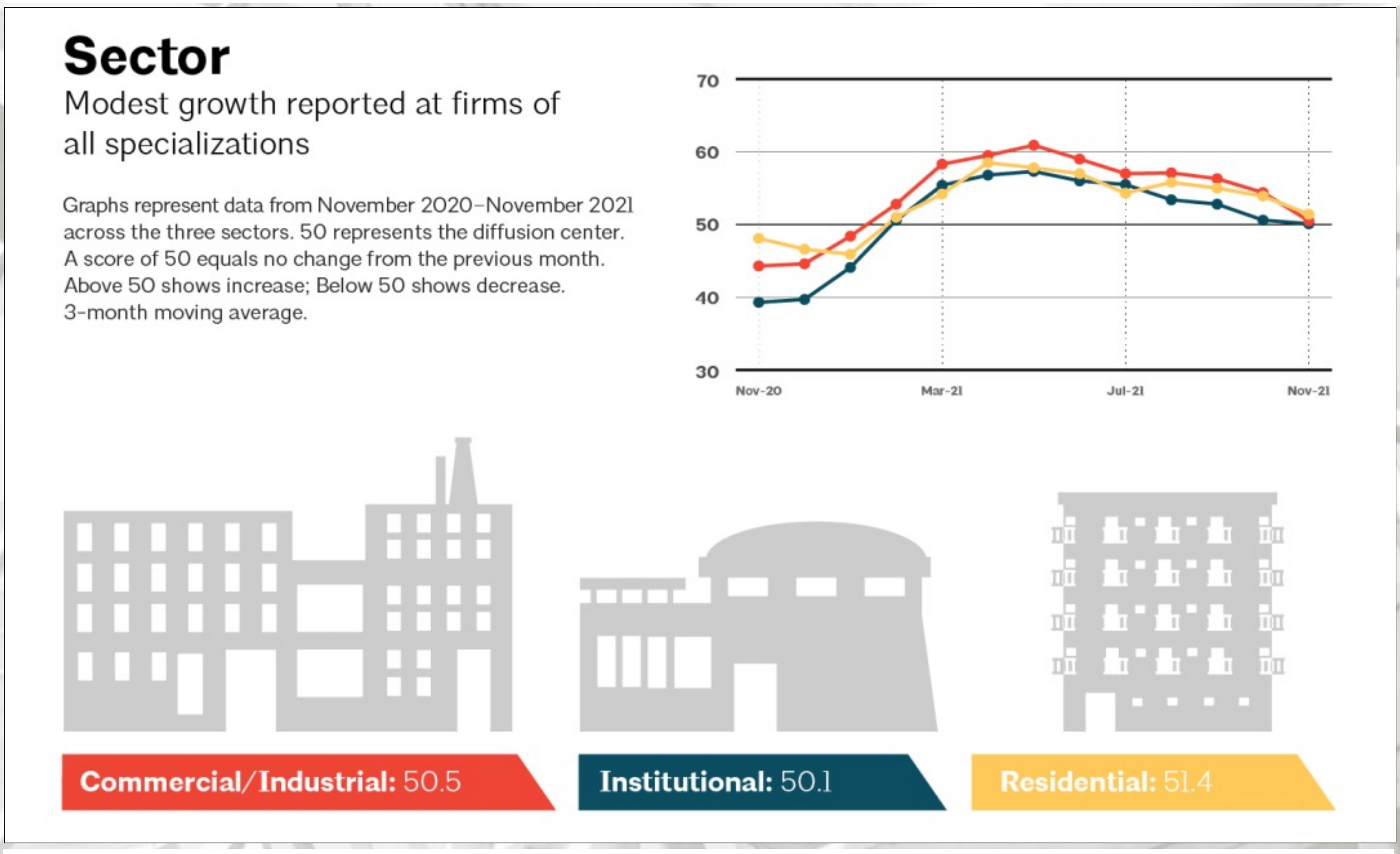
Private Indicators: AIA



Sector

"Firms of all specializations also reported improving business conditions in November, although the pace of growth did slip for all. Business conditions remain strongest at firms with a multifamily residential specialization, although it seems like that market may be slowing somewhat now too." – Katharine Keane, Senior Associate Editor, The American Institute of Architects

Source: https://www.aia.org/pages/6462667-abi-november-2021-most-architecture-firms-; 12/23/21

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Private Indicators

Dodge Data & Analytics

Total Construction Falls Sharply In November

Absence of large projects pushes nonresidential starts lower; underlying trend remains positive

“Total construction starts fell 14% in November to a seasonally adjusted annual rate of $867.8 billion, according to Dodge Construction Network. Nonbuilding and nonresidential building starts bore the brunt of the decline, falling 30% and 21% respectively after seeing sharp increases in October as three large projects broke ground. Residential starts gained a modest 3%. Without October’s large projects, total construction starts in November would have increased by 5%.

“Large projects aside, the underlying trend continues to point to a modest recovery in construction starts,” stated Richard Branch, chief economist for Dodge Construction Network. “However, even as projects continue to move forward, the short-term outlook remains cloudy due to continued escalation in material prices and labor shortages. While construction should see some reprieve in 2022, these challenges will restrain the industry’s ability to fully capitalize on both the large number of projects in planning and funding resulting from the infrastructure package. The result will be moderate growth in construction starts over the near-term.”” – Nicole Sullivan, Public Relations & Social Media, AFFECT

Source: https://www.construction.com/news/Total-Construction-Falls-Sharply-In-November-2021; 12/16/21

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Private Indicators

Dodge Data & Analytics

“**Residential building starts** rose 3% in November to a seasonally adjusted annual rate of $398.6 billion. Multifamily starts moved 16% higher, while single family starts slipped 2%. Through the first 11 months of 2021, residential starts were up 20% over the same period one year ago. Single family starts gained 20%, and multifamily start rose 23%.

The largest multifamily structures to break ground in November were the $300 million first phase of the High St. Atlanta mixed-use projects in Dunwoody, GA, the $237 million North Loop Green 3 Project in Minneapolis, MN, and the $200 million 60 Kilmarnock St. residential building in Boston, MA.

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

Nonresidential building starts lost 21% in November, falling to a seasonally adjusted annual rate of $281.1 billion. This decline is due to the start of two large manufacturing projects beginning in the previous month. Without these two projects in the data, nonresidential building projects would have increased 5% in November. In November, commercial building starts fell 10%, with only parking structures and warehouses showing small gains. Manufacturing fell by a sharp 96%. Institutional starts, by contrast, gained 28%, with all categories rising. In the first 11 months of 2021, nonresidential building starts were 11% higher. Commercial starts increased 7%, manufacturing starts were 86% higher, and institutional starts were up 5%. …” – Richard Branch, Chief Economist, Dodge Data & Analytics

Source: https://www.construction.com/news/Total-Construction-Falls-Sharply-In-November-2021; 12/16/21

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Private Indicators

MONTHLY CONSTRUCTION STARTS

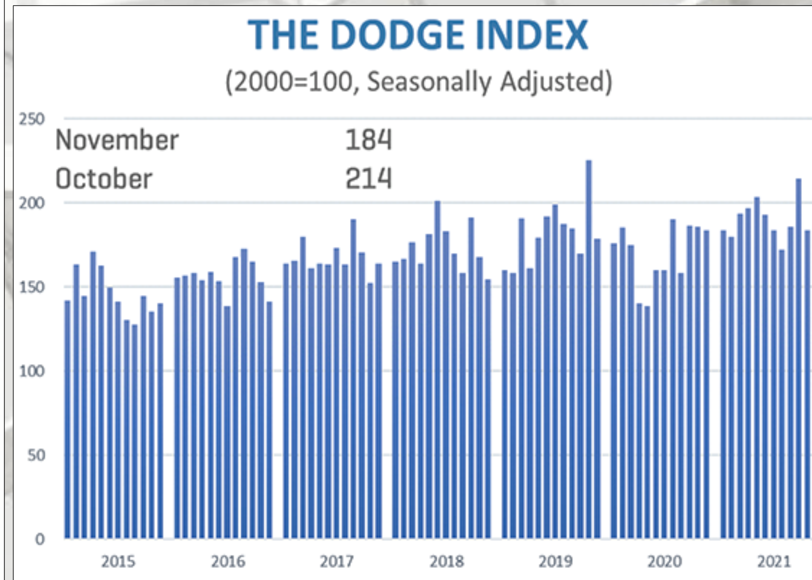
(Millions of Dollars, Seasonally Adjusted Annual Rate)

	Nov 2021	Oct 2021	% Change
Nonresidential Building	$281,090	$355,335	-21
Residential Building	398,570	388,386	3
Nonbuilding Construction	188,140	268,532	-30
Total Construction	$867,800	$1,012,253	-14

YEAR-TO-DATE CONSTRUCTION STARTS

Unadjusted Totals, in Millions of Dollars

	11 Mos. 2021	11 Mos. 2020	% Change
Nonresidential Building	$261,969	$235,997	11
Residential Building	386,086	320,518	20
Nonbuilding Construction	180,649	178,101	1
Total Construction	$828,704	$734,616	13



Source: Dodge Data & Analytics

Private Indicators

MNI Chicago

"The Chicago Business Barometer™, produced with MNI, rose to 63.1 in December, picking up again after last month's decline. Inventories hit a four-year high as firms created buffers for longer lead times. Among the main five indicators, Production and New Orders and were higher. Order Backlogs, Employment and Supplier Deliveries fell across the month.

Chicago Business Barometer™ – Rose to 63.1 in December

In December, Production continued to increase, rising modestly by 0.4 point to the highest reading since July 2021. Employment dipped again for the second month in a row, dropping 7.0 points to the lowest since June 2021. Firms stated that finding new hires to fill empty positions is challenging.

After the sharp November fall, New Orders recovered almost to October's level, picking up 8.2 points to stand at 66.5. Supplier Deliveries dropped through December to 80.5, with firms again reporting port congestion and trucking issues. Deliveries were slow, due to labour and raw material shortages.

Order Backlogs dropped 5.2 points to the lowest reading this year. Inventories rose for the third consecutive month, rising 3.0 points to 62.7. Firms expressed the importance of stocking up due to persistent supply chain disruptions. Prices Paid dropped 4.2 points to a seven-month low of 89.6 in December. This is still above the 12-month average of 88.0, as shortages of certain materials led to inflated costs.

This month we asked firms what they anticipated was "the biggest challenge to executing plans for the holiday season?" The largest share (36.4%) said global shortages, followed by logistics (25.0%) and staff shortages (22.7%). " – Les Commons, Senior Economist and Irene Prihoda, Economist, MNI Indicators

Source: https://www.ism-chicago.org/index.cfm; 12/30/21

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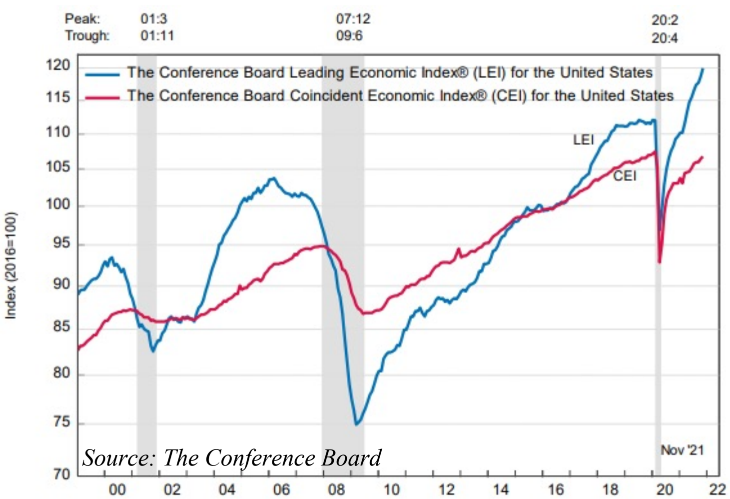
Private Indicators

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

"**The Conference Board Leading Economic Index®** (LEI) for the U.S. increased by 1.1 percent in November to 119.9 (2016 = 100), following a 0.9 percent increase in October and a 0.3 percent increase in September."

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



Source: The Conference Board

"The U.S. LEI rose sharply again in November, suggesting the current economic expansion will continue into the first half of 2022. Inflation and continuing supply chain disruptions, as well as a resurgence of COVID-19, pose risks to GDP growth in 2022. Still, the economic impact of these risks may be contained. The Conference Board forecasts real GDP growth to strengthen in Q4 2021 to about 6.5 percent (annualized rate), before moderating to a still healthy rate of 2.2 percent in Q1 2022." – Ataman Ozyildirim, Senior Director of Economic Research, The Conference Board

"**The Conference Board Coincident Economic Index®** (CEI) for the U.S. increased by 0.3 percent in November to 106.7 (2016 = 100), following a 0.5 percent increase in October and no change in September.

The Conference Board Lagging Economic Index® (LAG) for the U.S. decreased by 0.1 percent in November to 107.2 (2016 = 100), following a 0.5 percent increase in October and a 0.9 percent increase in September."

Source: https://www.conference-board.org/data/bcicountry.cfm; 12/20/21

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Private Indicators

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

November New Business Volume Up 8 Percent Year-over-year, Down 26 Percent Month-to-month, and Up 10 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 November was $7.9 billion, up 8 percent year-over-year from new business volume in November 2020. Volume was down 26 percent month-to-month from $10.7 billion in October. Year-to-date, cumulative new business volume was up 10 percent compared to 2020.

Receivables over 30 days were 2.2 percent, up from 1.7 percent the previous month and down from 2.3 percent in the same period in 2020. Charge-offs were 0.20 percent, up from 0.16 percent the previous month and down from 0.61 percent in the year-earlier period.

Credit approvals totaled 77.2 percent, down from 78 percent in October. Total headcount for equipment finance companies was down 9.9 percent year-over-year, a decrease due to significant downsizing at an MLFI reporting company.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in December is 63.9, a decrease from the November index of 64.6." – Amy Vogt, Vice President, Communications and Marketing, ELFA

"As we get ready to close out 2021, industry volume is still holding up, with portfolio quality improved relative to the same period last year. Supply chain disruptions continue to plague an otherwise strong economy, creating inflationary pressures that are a concern for many Americans. With the Federal Reserve recently announcing an accelerated tapering of asset purchases as well as several planned interest rate hikes in 2022, the hope is that the Fed does not choke off the recovery in its efforts to control further inflation." – Ralph Petta, President and CEO, ELFA

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2021/12/22/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 12/22/21

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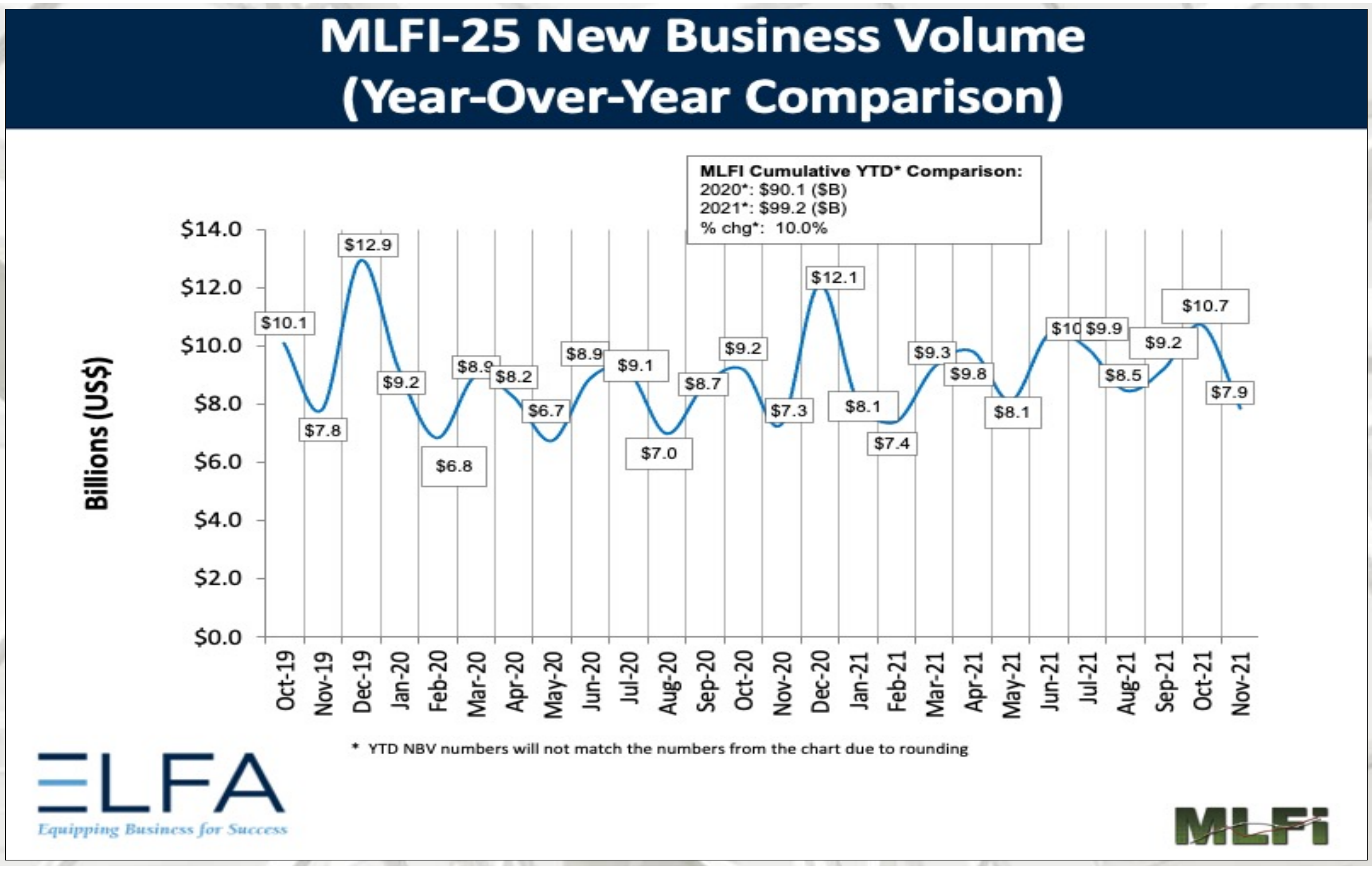

Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index

"The November MLFI-25 reflects both a monthly and cumulative year-over-year increase in business equipment investment as our economy recovers from the impact of the COVID pandemic. While there are headwinds — supply chain disruptions, increasing labor and material costs, and now the potential for rising borrowing costs to offset inflationary pressures — businesses in many capital-intensive industries remain poised to capitalize on pent-up demand as soon as equipment is available." – Kirk Phillips, President and CEO, Wintrust Commercial Finance

Source: https://www.elfaonline.org/news/press-room/press-releases/details/2021/12/22/equipment-leasing-and-finance-association-s-survey-of-economic-activity-monthly-leasing-and-finance-index; 12/22/21

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Private Indicators

Markit U.S. Manufacturing PMI™

Manufacturing production growth remains constrained by shortages in December

"The seasonally adjusted IHS Markit U.S. Manufacturing Purchasing Managers' Index™ (PMI™) posted 57.7 in December, down from 58.3 in November but broadly in line with the earlier released 'flash' estimate of 57.8. The improvement in the health of the US manufacturing sector was the slowest in 2021 amid subdued output and new order growth. Ongoing efforts to build safety stocks and a severe deterioration in vendor performance, ordinarily signs of improving conditions, continued to lift the headline PMI, however.

December PMI™ data from IHS Markit indicated a further subdued upturn in production across the US manufacturing sector. With the exception of October and November, the pace of output growth was the slowest since October 2020. At the same time, companies recorded the softest rise in new orders for a year and a further substantial deterioration in vendor performance amid severe material shortages. Longer lead times for inputs also led to another sharp increase in backlogs of work, albeit the slowest for ten months. Meanwhile, cost burdens continued to increase markedly despite the rate of inflation softening to the slowest since June. Efforts to pass-through greater costs to clients were hampered by softer demand conditions, as charges rose at the slowest rate since April.

The rate of output growth picked up slightly to the fastest for three months, but was much slower than those seen earlier in the year. Manufacturers noted further constraints on production due to severe material shortages and input delivery delays. An inability to source key inputs also weighed on new orders, which expanded at the softest rate for a year. Although some firms stated that demand was sustained at a strong pace, many suggested that customers were working through their stocks of goods before placing orders. The rise in foreign client demand was only marginal overall." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/51d060f7a3314d1b8bb8d948e035d4c7; 1/3/22

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Private Indicators

Markit U.S. Manufacturing PMI™

"Higher transportation and freight fees, alongside shortages of key items, led to a further marked increase in input costs during December. Although slowing to the softest for six months, the pace of increase remained among the quickest seen in the series history (since May 2007). Reflecting a slightly softer uptick in cost burdens, firms raised their output charges at the slowest rate for eight months. Nonetheless, the pace of increase was marked as firms sought to partially pass on higher costs to clients.

Input delivery delays were extensive in December, albeit the least marked since May. Material shortages, port congestion and a lack of availability of trucking and shipping containers all reportedly led to a substantial deterioration in vendor performance. As a result, backlogs of work rose sharply. That said, the pace of accumulation was the slowest for ten months. Some firms highlighted that this was linked to softer demand conditions. Others stated that a quicker upturn in employment had helped to ease pressure on capacity.

Amid severe material shortages, firms mentioned notable challenges building sufficient safety stocks as inputs were often required to supplement production and stocks of finished goods were depleted as sales were made from current holdings. Subsequently, input buying rose sharply.

Finally, output expectations for the year ahead strengthened to the highest since November 2020. Optimism stemmed from hopes of reduced supply disruption and a greater ability to hire suitable workers." – Chris Williamson, Chief Business Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/51d060f7a3314d1b8bb8d948e035d4c7; 1/3/22

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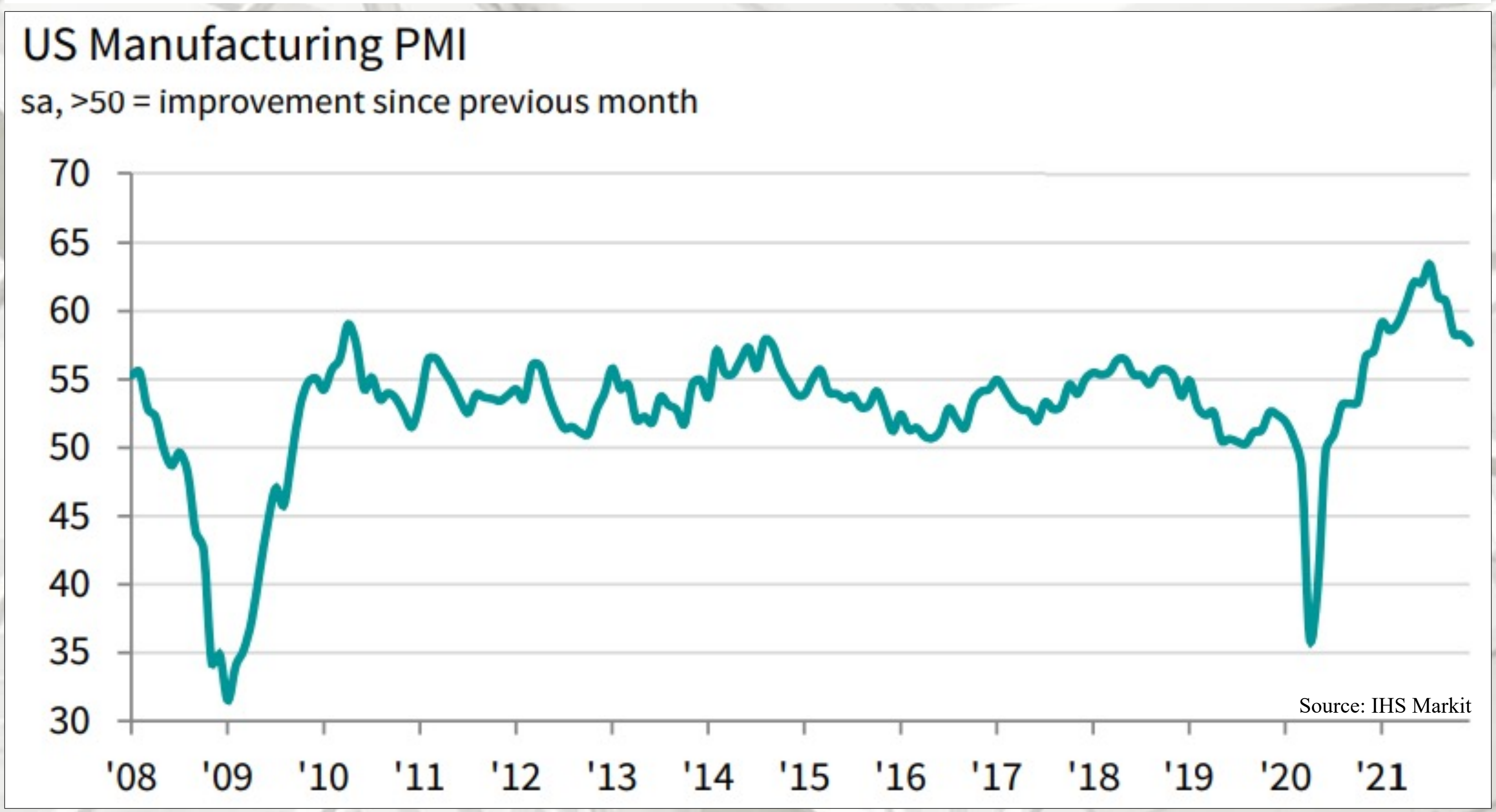

Source: https://www.markiteconomics.com/Public/Home/PressRelease/51d060f7a3314d1b8bb8d948e035d4c7; 1/3/22

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Private Indicators

IHS Markit U.S. Services PMI™

Demand conditions strengthen in December, but labor shortages exacerbate cost pressures

"US services providers registered another steep expansion in business activity at the end of 2021, according to the latest PMI™ data. The upturn eased slightly to the slowest for three months, but was supported by a sharper increase in new business. The rise in new orders was the fastest for five months, as demand conditions strengthened. Although firms sought to expand workforce numbers to tackle strong growth in backlogs of work, labor shortages and challenges retaining staff hampered progress, with employment rising only marginally. Nevertheless, hopes of further upticks in demand drove business confidence to the highest since November 2020. Meanwhile, soaring wage bills and greater supplier prices led to the steepest increase in cost burdens on record. Charges also rose markedly, albeit at the softest rate for three months amid reports of competition for customers.

The seasonally adjusted final IHS Markit US Services PMI Business Activity Index registered 57.6 in December, down from 58.0 in November, but broadly in line with the earlier released 'flash' estimate of 57.5. The latest data signalled a sharp upturn in service sector business activity, despite the pace of growth easing to a three-month low. The expansion was driven by stronger client demand, according to survey respondents. Contributing to the sustained upturn in output was a faster rise in new business during December. Service providers recorded the sharpest increase in client demand since July, amid new customer acquisitions and contract gains.

At the same time, new export orders grew at a solid pace. Although the rate of expansion in foreign client demand softened from November, it was stronger than the 2021 average." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/407ef6783b8047b0af4ac0ff226d736e; 1/5/22

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IHS Markit U.S. Services PMI™

"Greater new business and increased backlogs of work led firms to expand their staffing numbers during December. That said, labor shortages and difficulties retaining workers hampered the rate of job creation, which was only marginal overall. Overall, the pace of employment growth eased to the slowest for three months. Sustained pressure on capacity led to another strong rise in backlogs of work at the end of 2021, albeit one that was the slowest since September. Anecdotal evidence suggested the increase was due to labor and input shortages, alongside a further sharp uptick in client demand.

Meanwhile, service providers recorded the steepest increase in input prices on record (since October 2009) in December. The series-record rise in cost burdens was commonly attributed to greater transportation and distribution fees. That said, many firms stated that upward pressure on expenses from higher wage bills was a key factor, as companies sought to retain current staff and encourage new workers.

Despite a sharper uptick in costs, service providers signalled a softer rise in output prices. The rate of charge inflation was, however, little-changed from October's series high. Where firms sought to ease hikes in charges, this was linked to competition.

Buoyed by stronger client demand and hopes of an end to pandemic and supply-chain uncertainty, the degree of optimism at service providers regarding the year-ahead outlook was the highest since November 2020. Some firms were also more upbeat on hopes of improving labor market conditions.

Buoyant services output growth supports sharp upturn in private sector activity

The IHS Markit US Composite PMI Output Index* posted 57.0 in December, down slightly from 57.2 in November. The latest data signalled a steep increase in private sector business activity, albeit largely driven by the service sector as manufacturing production rose at a relatively muted pace." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/407ef6783b8047b0af4ac0ff226d736e; 1/5/22

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Private Indicators

IHS Markit U.S. Services PMI™

"At the same time, new business rose sharply amid a pick-up in service sector client demand. Overall new order growth was the quickest for five months. New export orders, meanwhile, increased for the second month running amid greater client demand at manufacturers and service providers. Input shortages, transportation delays and upticks in labor costs drove the rate of private sector input price inflation to a fresh series high in December. Although manufacturing firms recorded a moderation in cost pressures, input prices rose faster at service providers. Overall selling prices also rose steeply, albeit at the slowest pace for three months.

Challenges hiring suitable workers and retaining current staff blighted the private sector again, as employment growth slowed to only a marginal pace. Material and labor shortages exacerbated pressure on capacity as backlogs of work rose strongly.

Comment

Service sector business activity growth remained strong in December, supporting indications of a solid uptick in economic growth at the end of 2021. Although the expansion in output softened slightly, the flow of new orders picked up, with buoyant client demand rising at the fastest pace for five months.

The service sector continued to aid overall growth, as the manufacturing sector saw output hampered again by material and labor shortages. The impact of the latter, however, had a burgeoning effect on service providers as job creation rose at only a marginal pace amid challenges keeping hold of staff and enticing new starters. Subsequently, soaring wage bills and increased transportation fees drove the rate of cost inflation up to a fresh series high.

Business confidence strengthened at the end of the year to the highest since November 2020, as firms were hopeful of more favorable labor market and supply-chain conditions going into 2022. The swift spread of the Omicron variant does lace new downside risks into the economic outlook heading into 2022, however. Any additional headwinds or disruption faced by firms are likely to temper sentiment." – Chris Williamson, Chief Economist, Markit®

Source: https://www.markiteconomics.com/Public/Home/PressRelease/407ef6783b8047b0af4ac0ff226d736e; 1/5/22

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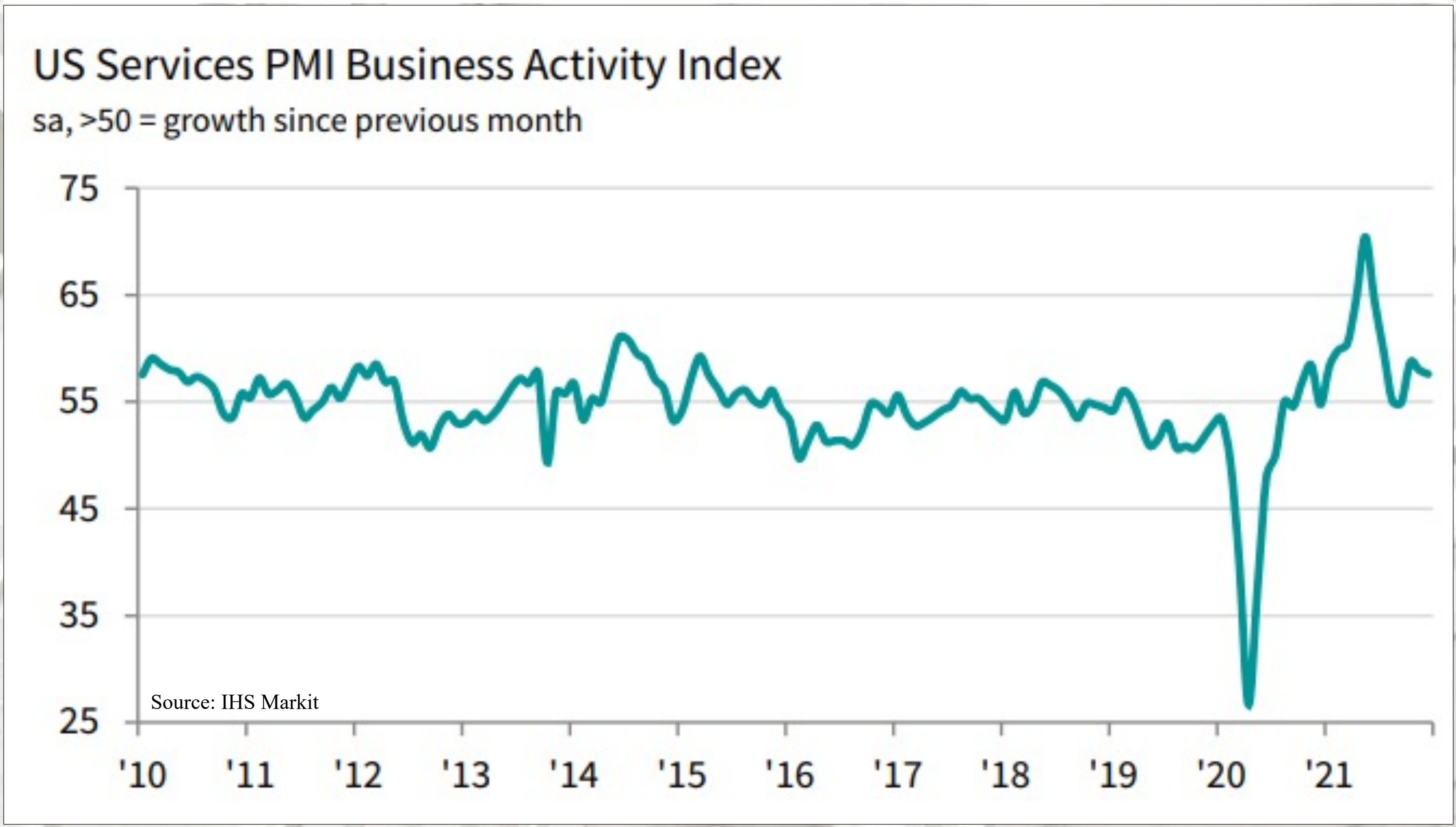

Source: https://www.markiteconomics.com/Public/Home/PressRelease/407ef6783b8047b0af4ac0ff226d736e; 1/5/22

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Private Indicators

National Association of Credit Management – Credit Managers' Index

Report for December 2021: Combined Sectors

"December's combined score for the National Association of Credit Management's Credit Managers' Index is up to the highest reading seen since May — reaching 58.9 with a 1.5-point gain from last month. This month's improvement comes despite the second year of economic challenges brought on by the pandemic.

"Every time the signals suggest a strong rebound there is a setback, and every time it seems the issues are too overwhelming to recover from there is a surge of consumer activity that pushes growth again," said NACM Economist Chris Kuehl, Ph.D. "This month's iteration of the Credit Managers' Index is another in a long line of trend reversals. The end of the year was expected to be something of a disappointment but it turns out the year ended in far better condition than expected."

The combined index of favorable factors improved with a 2.7-point gain, reaching the highest reading for the year since last January. The dollar collections category improved the most with a 4-point jump. New credit applications followed with a 2.2-point gain. Amount of credit extended reached its highest reading all year with a 2.7-point gain and sales numbers jumped 1.5 points.

Unfavorable factors improved as well, but not as dramatically with a 0.8-point gain. Dollar amount beyond terms improved the most with a 5.9-point jump, escaping contraction territory. However, disputes fell deeper into the contraction zone with a 0.9-point drop. Rejections of applications fell 1.4 points while accounts placed for collection improved by 0.3 points . Dollar amount of customer deductions improved 0.9 pints but remains in the contraction zone. Bankruptcy filings slipped by one-tenth of a point.

The data from the unfavorables was not as impressive but the trend is in the right direction," Kuehl noted. "The bottom line is that the unfavorables are still showing distress in some circles even as the overall data has been improving."" – Andrew Michaels, Editorial Associate, NACM

Source: https://nacm.org/cmi.html; 12/30/21

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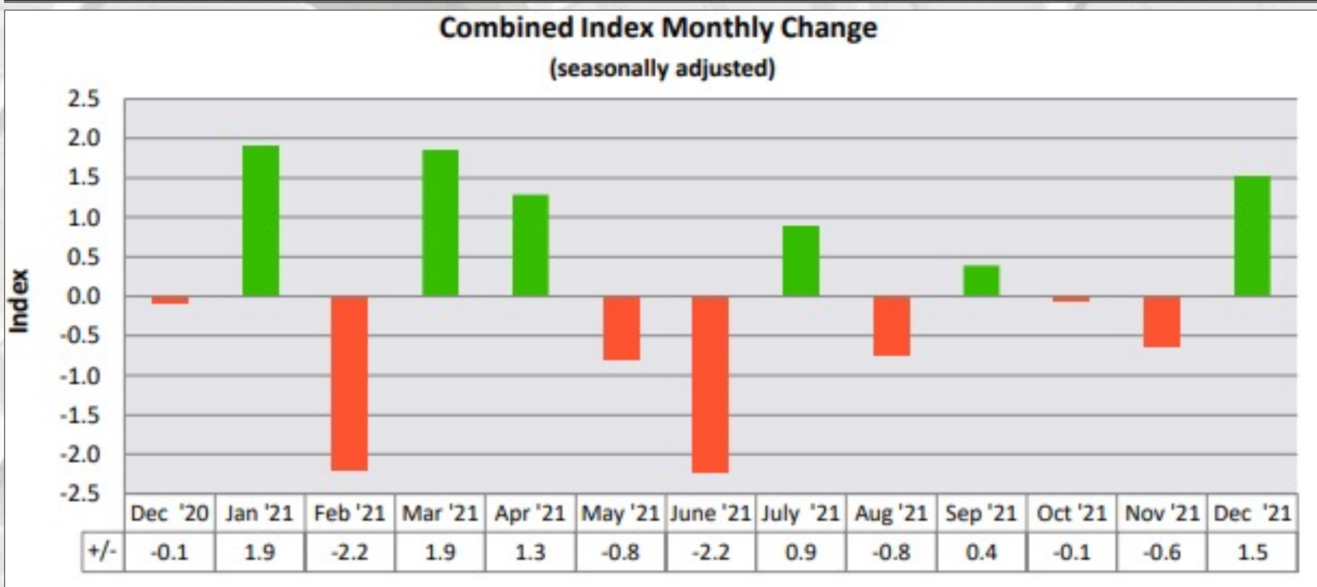
Private Indicators

Combined Manufacturing and Service Sectors (seasonally adjusted)	Dec '20	Jan '21	Feb '21	Mar '21	Apr '21	May '21	June '21	July '21	Aug '21	Sep '21	Oct '21	Nov '21	Dec '21
Sales	70.2	75.9	69.9	73.9	74.7	73.2	67.7	73.3	68.6	70.4	72.7	70.3	71.8
New credit applications	64.4	67.8	65.5	63.9	65.9	64.6	63.1	69.8	64.4	65.0	64.6	65.4	67.6
Dollar collections	62.8	66.0	59.2	64.5	63.1	60.0	61.1	63.8	62.8	61.1	63.4	60.4	64.4
Amount of credit extended	65.3	69.2	66.8	68.4	69.0	69.0	67.4	61.1	68.4	67.5	70.0	69.6	72.3
Index of favorable factors	65.7	69.7	65.3	67.7	68.2	66.7	64.8	67.0	66.0	66.0	67.7	66.4	69.1
Rejections of credit applications	51.3	51.6	51.5	52.0	53.0	53.1	52.3	52.2	52.2	52.1	52.1	53.2	51.8
Accounts placed for collection	51.6	52.9	51.6	55.1	59.6	54.2	53.2	52.0	51.7	51.7	51.5	52.1	52.4
Disputes	51.2	50.9	51.0	50.6	51.3	53.7	50.4	49.4	49.5	51.3	48.5	49.0	48.1
Dollar amount beyond terms	57.0	58.9	52.0	57.0	59.4	57.1	49.5	52.4	51.6	51.9	50.9	49.1	55.0
Dollar amount of customer deductions	51.5	51.3	52.8	52.2	53.0	53.6	52.6	52.2	50.1	52.3	49.5	48.5	49.4
Filings for bankruptcies	52.5	52.3	54.5	55.7	57.1	59.3	58.3	58.2	57.4	57.3	56.8	56.0	55.9
Index of unfavorable factors	52.5	53.0	52.2	53.8	55.6	55.2	52.7	52.7	52.1	52.8	51.5	51.3	52.1
NACM Combined CMI	57.8	59.7	57.5	59.3	60.6	59.8	57.5	58.4	57.7	58.1	58.0	57.4	58.9



Source: https://nacm.org/cmi.html; 12/30/21

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Private Indicators

National Federation of Independent Business (NFIB) November 2021 Report

Small Business Owners Reporting Inflation as Biggest Problem Highest Since 1981

“Small businesses unfortunately saw a disappointing December jobs report, with staffing issues continuing to impact their ability to be fully productive. Inflation is at the highest level since the 1980’s and is having an overwhelming impact on owners’ ability to manage their businesses.” – Bill Dunkelberg, Chief Economist, NFIB

“The NFIB Small Business Optimism Index increased slightly in December to 98.9, up 0.5 points from November. Twenty-two percent of small business owners reported that inflation was their single most important problem encountered in operating their business. Price raising activities has reached levels not seen since the early 1980’s when prices were rising at double digit rates.

Key findings include:

- Twenty-two percent report inflation as the single most important problem operating their business, a 20-point increase from the beginning of 2021 and the highest level since Q4 1981.
- Owners expecting better business conditions over the next six months increased three points to a net negative 35%. Owners remain pessimistic about future economic conditions as this indicator has declined 23 points over the past six months.
- Forty-nine percent of owners reported job openings that could not be filled, an increase of one point from November.

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/11/22

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Private Indicators

National Federation of Independent Business (NFIB) November 2021 Report

As reported in NFIB's monthly jobs report, a net 48% (seasonally adjusted) of owners reported raising compensation, up four points from November and a 48-year record high reading. A net 32% plan to raise compensation in the next three months. Thirteen percent cited labor costs as their top business problem, up three points and a 48-year record high reading and 25% said that labor quality was their top business problem.

Fifty-seven percent of owners reported capital outlays in that last six months, up two points from November. Of those making expenditures, 41% reported spending on new equipment, 25% acquired new vehicles, and 19% improved or expanded facilities. Six percent of owners acquired new buildings or land for expansion and 13% spent money for new fixtures and furniture. Twenty-nine percent plan capital outlays in the next few months, up two points from November and two points higher than the 48-year average.

A net 1% of all owners (seasonally adjusted) reported higher nominal sales in the past three months. The net percent of owners expecting higher real sales volumes increased by one point to a net 3%.

The net percent of owners reporting inventory change increased four points to a net 7%. Thirty-six percent of owners report that supply chain disruptions have had a significant impact on their business. Another 30% report a moderate impact and 21% report a mild impact. Only 11% report no impact from recent supply chain disruptions.

A net 9% of owners viewed current inventory stocks as "too low" in December, down six points from November. A net 8% of owners plan inventory investment in the coming months, down two points from November but five points above the 48-year historical average." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/11/22

Private Indicators

National Federation of Independent Business (NFIB) November 2021 Report

"The net percent of owners raising average selling prices decreased two points to a net 57% (seasonally adjusted). Unadjusted, 5% of owners reported lower average selling prices and 58% reported higher average prices. Price hikes were the most frequent in wholesale (85% higher, 0% lower), construction (74% higher, 5% lower), and retail (70% higher, 7% lower). Seasonally adjusted, a net 49% plan price hikes (down five points).

The frequency of reports of positive profit trends increased three points to a net negative 14%. Among the owners reporting lower profits, 29% blamed the rise in the cost of materials, 22% blamed weaker sales, 17% cited labor costs, 10% cited the usual seasonal change, 8% cited lower prices, and 4% cited higher taxes or regulatory costs. For owners reporting higher profits, 63% credited sales volumes, 11% cited usual seasonal change, and 15% cited higher prices.

Two percent of owners reported that all their borrowing needs were not satisfied. Twenty-six percent reported all credit needs met and 62% said they were not interested in a loan. A net 4% reported that their last loan was harder to get than in previous attempts. Zero percent reported that financing was their top business problem. A net 4% of owners reported paying a higher rate on their most recent loan." – Holly Wade, NFIB

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/11/22

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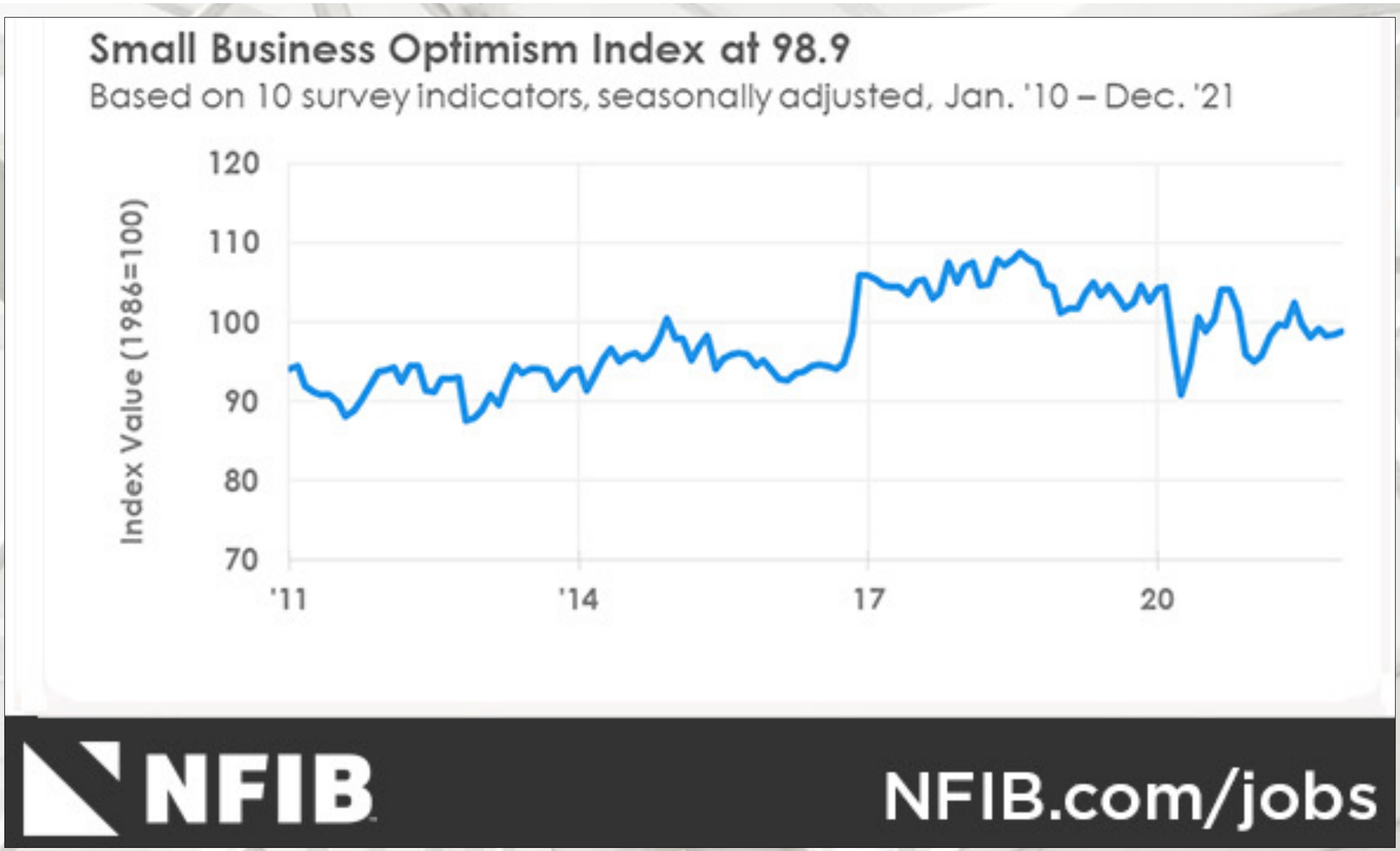

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/11/22

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Private Indicators

Small Business Optimism

Index Component	Net %	From Last Month
Plans to Increase Employment	28%	▲ -6
Plans to Make Capital Outlays	29%	▲ 2
Plans to Increase Inventories	8%	▼ -2
Expect Economy to Improve	-35%	▲ 3
Expect Real Sales Higher	3%	▲ 1
Current Inventory	9%	▼ -6
Current Job Openings	49%	▲ 1
Expected Credit Conditions	-4%	▼ -1
Now a Good Time to Expand	11%	▲ 1
Earnings Trends	-14%	▲ 3

NFIB NFIB.com/sboi

Source: http://www.nfib.com/surveys/small-business-economic-trends; 1/11/22

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

Employees of Small Businesses See Record High Hourly Earnings Growth in November; Job Growth Also Continues to Increase

“Workers saw record hourly earnings growth and employment levels continued to rise as 2021 drew to a close. This is according to the aggregated payroll data of approximately 350,000 Paychex clients with fewer than 50 employees, released monthly in the Paychex | IHS Markit Small Business Employment Watch. The December data shows hourly earnings growth improved to 4.27 percent, the highest level since reporting began ten years ago. Hiring at small businesses also ended the year on a high note with the Small Business Jobs Index improving 7.31 percent from the prior year and 0.22 percent for the month.” – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

“Small business employment continues to rise as we end 2021, contributing jobs and rapid earnings growth to our sharp recovery from the COVID-19 downturn.” – James Diffley, Chief Regional Economist, IHS Markit

“Over the past several months, we’ve seen steady and sustained increases in our hourly earnings growth. In December, average hourly earnings reached $30.00. Employers are responding to the pressures of the tight labor market by raising wages and workers are benefiting.” – Martin Mucci, President and CEO, Paychex

Source: https://www.paychex.com/employment-watch; 1/4/22

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Private Indicators

The Paychex | IHS Markit
Small Business Employment Watch

"In further detail, the December report showed:

- Hourly earnings growth and weekly earnings growth are both above four percent. Each measure was at less than three percent growth as recently as June.
- Hourly earnings grew 4.27 percent during 2021, resulting in an average hourly wage of $30.00.
- Hourly earnings growth exceeded four percent in all regions of the U.S.
- Leisure and hospitality hit double-digit hourly earnings growth (10.69 percent) to lead all industry sectors.
- The Small Business Jobs Index increased to 100.94 in December, its highest level since August 2014. The rate of growth, however, has slowed for the past two months (0.50 percent in October, 0.27 percent in November, and 0.22 percent in December).
- The West overtook the South as the top region for small business employment growth.
- Texas remained the top state for small business hiring, and Dallas the top metro." – Lisa Fleming, Kate Smith, and Tess Flynn, Paychex, Inc.

Source: https://www.paychex.com/employment-watch; 1/4/22

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Private Indicators

The Paychex | IHS Markit Small Business Employment Watch

December Job Index	December Wage Data
Index	Hourly Earnings
100.94	$30.00
12-Month Change	12-Month Growth
+7.31%	+4.27% (+$1.23)

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 1/4/22

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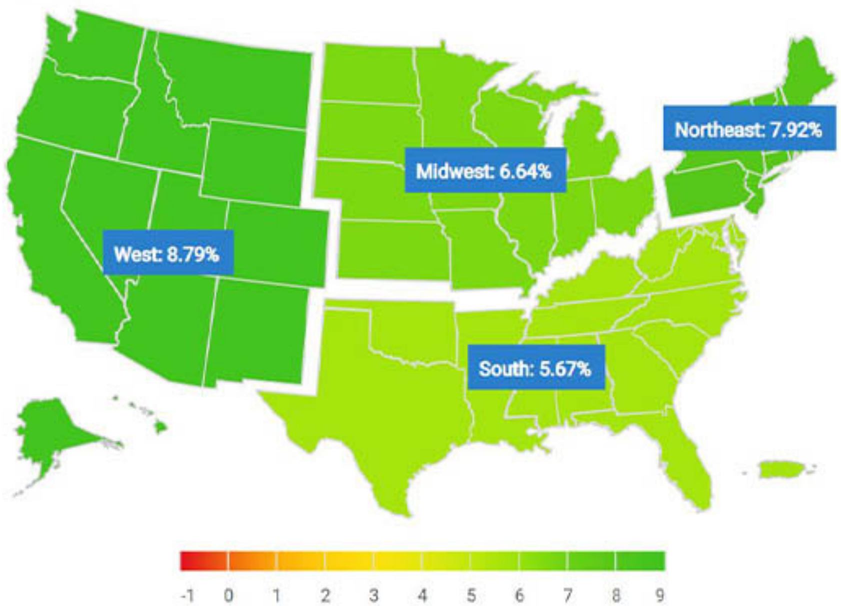
Private Indicators

The Paychex | IHS Markit Regional Jobs Index

Regional Performance



Region	Index	Change
Midwest	100.41	6.64%
Northeast	100.89	7.92%
South	101.08	5.67%
West	101.22	8.79%

Change 12-Month

Source: Paychex | IHS Markit Small Business Employment Watch

Source: https://www.paychex.com/employment-watch; 1/4/22

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Demographics

PropertyShark

Gen Z Less Optimistic About Home Ownership

“Re-issuing a survey first completed three years ago, PropertyShark, a property research firm for commercial and residential tracts, found that Millennials have become more pessimistic about their housing options than they were three years ago while Generation Z’s feelings have also dampened.

According to the survey, the “wild optimism” that Gen Z expressed three years ago about owning a home in the future has yet to come to fruition as only 29% of them have purchased a home thus far. In addition, 38% of Gen Z respondents reported that they were living with their parents.

“Overall, home-sharing is most popular among adult Gen Z, with nearly one-quarter of respondents currently living with friends or roommates, compared to only 7% of Millennials and 5% of Gen X who reside in a similar setup,” the survey said. “Gen Z respondents are also the most likely to live in an intergenerational household, with 14% sharing their home with two or more other generations. That’s similar to 11% of Gen Xers, who are living in the same type of household.”

Millennials were also found to be dissatisfied with their homes at a rate of 55%, the most among the three generations surveyed for this report.

“Conversely, for those happy with their homes – regardless of what generation they belong to – the affordability, size, and location of their current homes, along with the neighborhood community are among the leading factors for their satisfaction across all three generations. However, when it comes to available green space, that factor is more significant for Gen X and Millennial respondents, while Gen Z prizes the convenience of commuting conferred by their homes.”

In terms of migration trends, the most popular states to move to were also the most populous with Florida, California, and Texas being the top choices, followed by an outlier, Colorado, which ranks 21st in terms of population.” – Daily Dose, DSNews

Source: https://dsnews.com/daily-dose/01-10-2022/gen-z-less; 1/10/22

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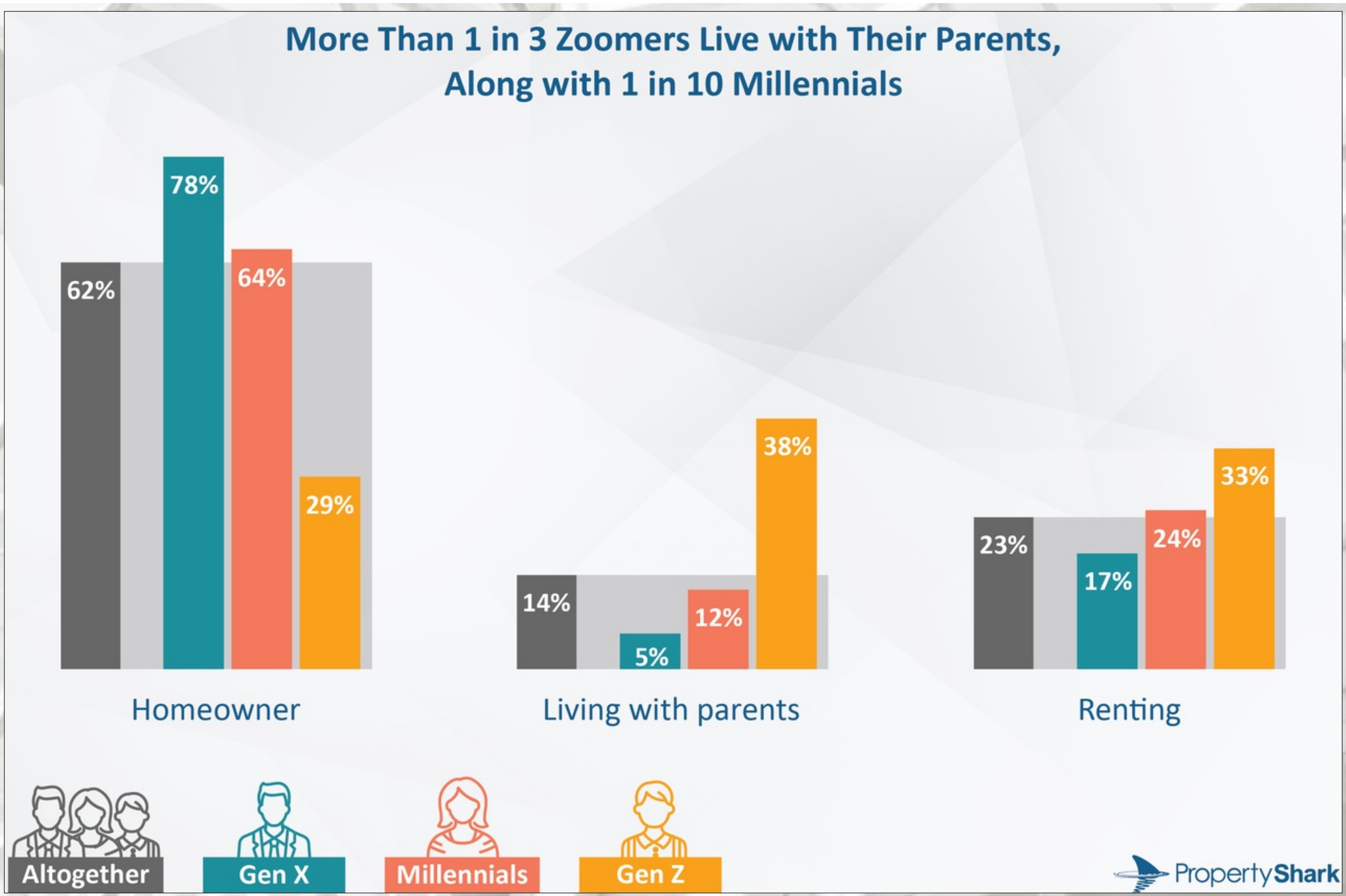
Demographics

PropertyShark

Gen Z Less Optimistic About Home Ownership



Source: https://dsnews.com/daily-dose/01-10-2022/gen-z-less; 1/10/22

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Demographics

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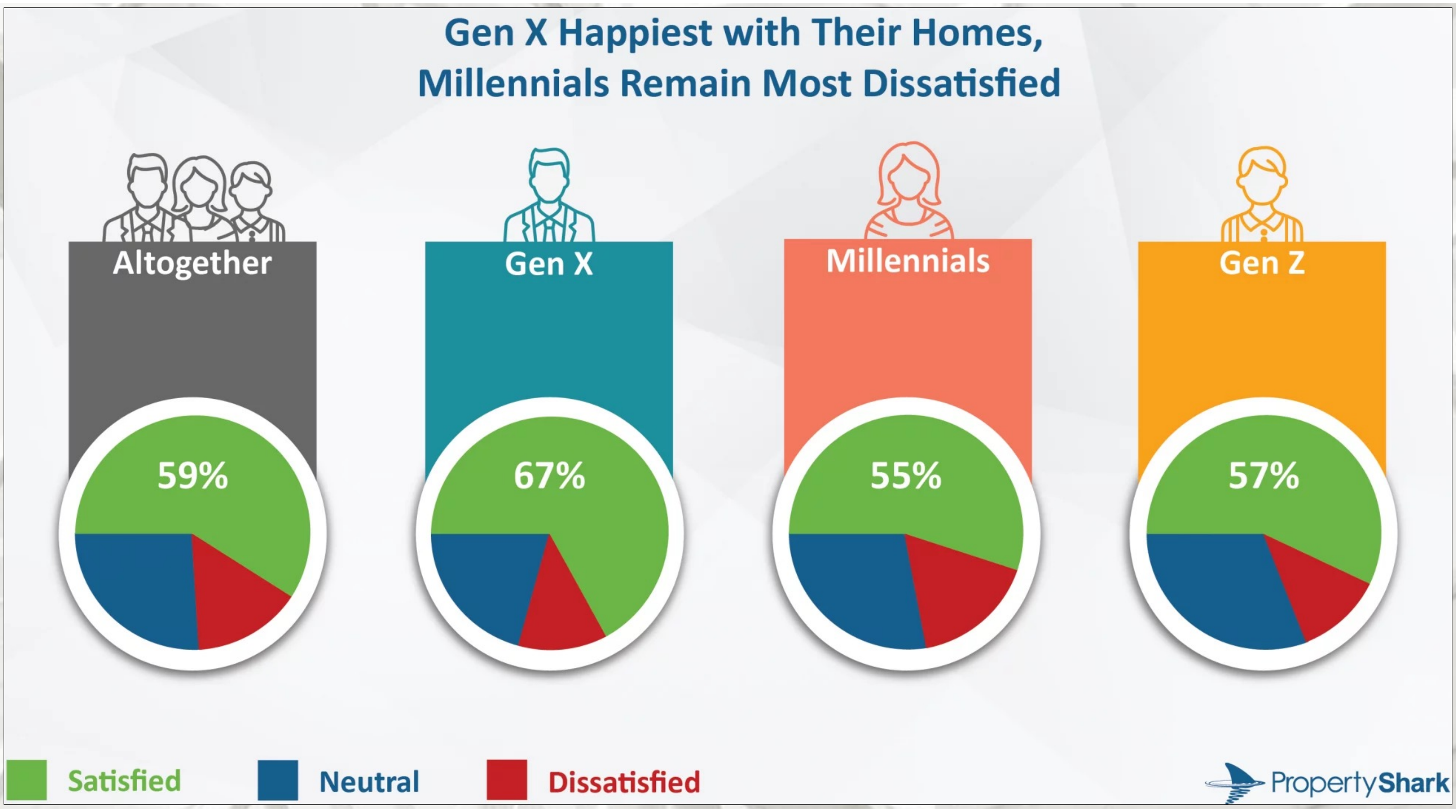

"“‘At a generational level, Gen X respondents would like to relocate to Florida first, with Colorado barely the ninth-most popular option. In comparison, Gen Z would choose California first, with Colorado fifth – outranked by New York. For Millennials, however, Florida ranks first, followed by Texas and California at a tie and Colorado third.’”" – Daily Dose, DSNews

Source: https://dsnews.com/daily-dose/01-10-2022/gen-z-less; 1/10/22

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Demographics

PropertyShark

Gen Z Less Optimistic About Home Ownership

"PropertyShark noted that most home seekers were looking to move in order to be closer to family or for a more hospitable climate over concerns about the local job market and housing prices. And in order to move, the survey found that 90% people saved for a down payment for an average of five years.

"With the eldest Gen Xers now 56 years old, elder Millennials looking at 41 this year, and the forefront of Gen Z hitting 27 in 2022, homeownership rates among respondents from the three generations stand at 78%, 64% and 29%, respectively. So, what's keeping 22% of Gen X, 36% of Millennials and 71% of adult Gen Z out of the housing market?"

"As expected, the main issue is affordability. Of all non-owners who participated in our survey, 53% view today's housing market as just as inaccessible or even more inaccessible than in 2018, with Millennials most pessimistic. And, for those living with parents or other family members, the outlook is even more stark than it is for renters, with 59% of Millennials who live at home feeling that the prospect of homeownership is now even further removed."

Millennials seem to be the most impacted by the current affordability crisis. Nearly three-quarters of Millennial respondents claimed they were barred from homeownership due to the cost, compared to the roughly 60% of other generations. Of Millennials that live at home, 70% say they cannot afford a home or rent, or are saving up for a down payment.

For the purposes of the report, PropertyShark interviewed 2,399 individuals that either own their own home, rent, or live with family. The individuals surveyed were between the ages of 18- and 56-years-old. Baby boomers were not targeted for this report; the individuals that were selected were intended to create a statistical cross section of the population. Generation X were born between 1965 and 1980, Millennials were born between 1981 and 1994, and Generation Z were Born between 1995 and 2010. " – Daily Dose, DSNews

Source: https://dsnews.com/daily-dose/01-10-2022/gen-z-less; 1/10/22

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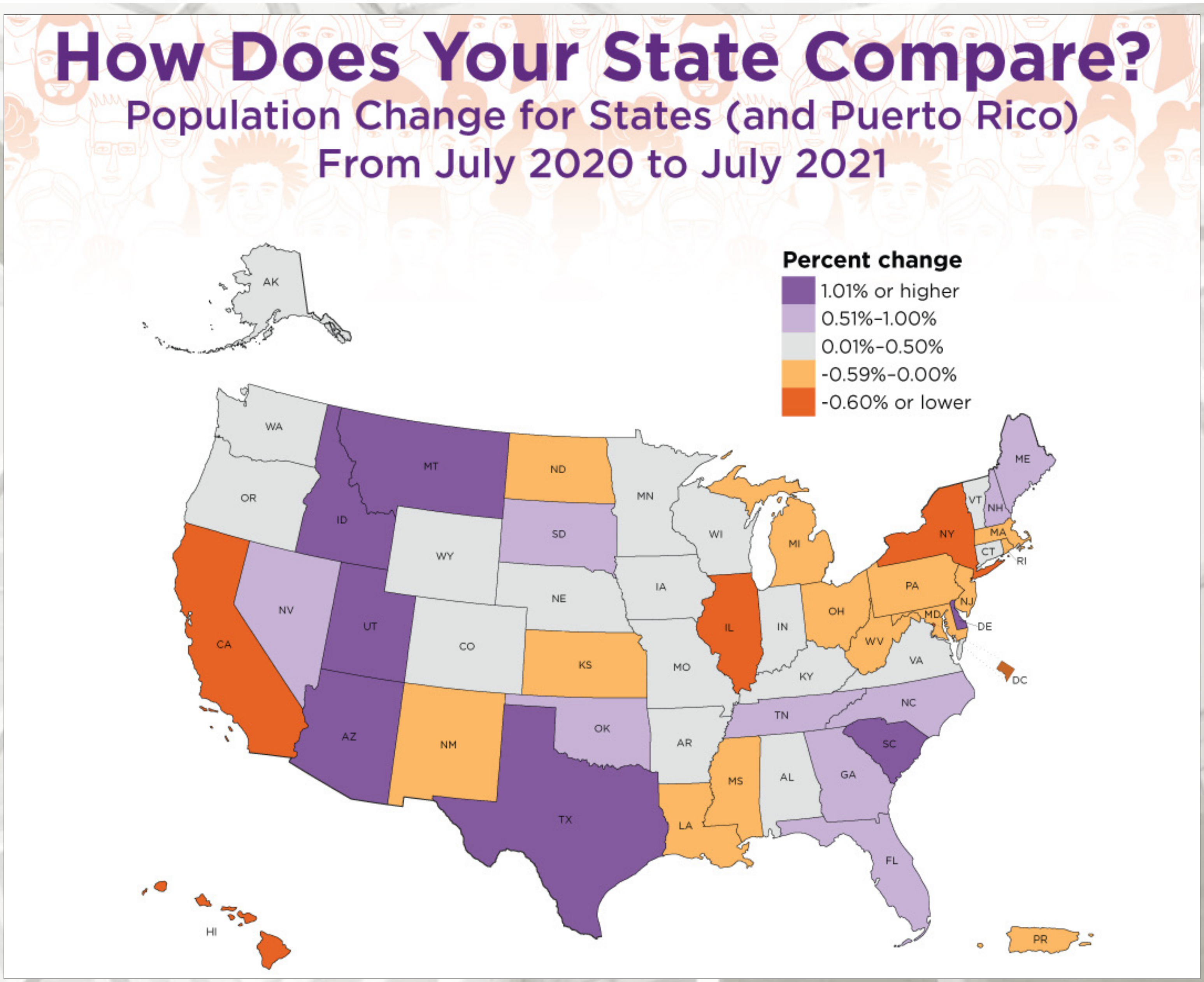

Source: https://www.census.gov/library/visualizations/2021/comm/how-does-your-state-compare.html; 12/21/21

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Economics

The Wall Street Journal

Supply-Chain Issues Leave New Homes Without Garage Doors and Gutters

"Supply-chain backlogs are roiling the new home market, upending efforts to accelerate construction, limiting home-buyer choices, and causing some new owners to move into unfinished homes.

Home builders have increased activity in the past year in response to robust home-buying demand and a shortage of homes in the existing-home market. In many cases, the surge in demand in late 2020 and early 2021 overwhelmed builders, forcing many to halt sales in some markets while they caught up.

Now the industry is struggling with global supply-chain woes. Pandemic-related factory closures, transportation delays and port-capacity limits have stymied the flow of many goods and materials critical for home building, including windows, garage doors, appliances and paint. Freezing weather and power outages in Texas in February led to a shortage of resin, which is used in many home-building products.

While supply-chain delays for some products showed signs of easing at the end of last year, builders say it is still taking weeks longer than normal to finish homes. About 90% of home builders surveyed by housing-market research firm Zonda in November said they were experiencing supply disruptions, up from 75% in January 2021.

Delivery delays can cause a domino effect of rescheduling work crews, which is worsened by a shortage of skilled tradespeople in many markets.

Many builders so far have been able to pass increased material costs along to home buyers. But with home prices higher than ever – the median price of a newly built home in November rose 18.8% from a year earlier to a record $416,900 – some builders are concerned about pricing out potential buyers." – Nicole Friedman, Reporter, Wall Street Journal

Source: https://www.realtor.com/news/trends/soaring-home-prices-are-roiling-appraisals-and-upending-sales/; 1/10/22

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Economics

The Wall Street Journal

Supply-Chain Issues Leave New Homes Without Garage Doors and Gutters

"Builders are scrambling to find new suppliers, stock up on building products and use substitute materials. Some are scouring retail big-box stores for products they can't find through the normal supply channels.

That was the case with builder Epcon Communities in Dublin, OH, which bought metal shower grab bars online because they weren't available through its typical commercial suppliers, said Stew Walker, Epcon's vice president of construction. The company's electrical subcontractor resorted to buying electrical boxes in hardware stores, he said.

"From one week to the next, the only thing we know is that we're going to get notified of something else that is unavailable," Mr. Walker said. Epcon sold some homes last year without gutters and downspouts, then installed those features after buyers had already moved in, Mr. Walker said.

Homes by WestBay LLC in Riverview, FL, has started ordering windows six months in advance, up from the typical 60 days of lead time, said President and CEO Willy Nunn. The company's homes are 30 to 60 days behind their normal schedule.

"About the time we're getting ready to pave streets in a new subdivision…we're ordering windows for 100 homes," Mr. Nunn said.

Many builders are selling houses later in the construction process, when they can better predict their costs and schedule, said Ali Wolf, chief economist at Zonda. Some are limiting options for floor plans or design features. "In the home-building industry, timeline is king, because there are so many moving parts," Ms. Wolf said.

California-based Williams Homes Inc. planned to build about 500 homes last year but only completed 400 due to supply-chain constraints, said Chief Executive Lance Williams. "It was spotty and across the spectrum – just hiccups in the supply chain that we just historically haven't seen," he said. A shortage of garage doors, in particular, prompted the company to "scour the Western United States" to find more, he said." – Nicole Friedman, Reporter, Wall Street Journal

Source: https://www.realtor.com/news/trends/soaring-home-prices-are-roiling-appraisals-and-upending-sales/; 1/10/22

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Economics

The Wall Street Journal

Supply-Chain Issues Leave New Homes Without Garage Doors and Gutters

"Garage-door delays in Sacramento, CA, prompted city officials in November to establish a provisional policy allowing builders to close homes with temporary garage doors.

The delays are causing havoc for buyers who are planning moves. And if mortgage-interest rates continue rising, buyers might face higher borrowing costs if their home closings are delayed.

Coby and Tierrah Finger signed a contract with M/I Homes Inc. to build a new home in the Houston suburbs in January 2021 and expected it to be completed by August or September. That was convenient because their apartment lease was up at the end of September, and Mrs. Finger was due with their second child in October.

But construction was delayed by city permits, freezing weather in Texas and materials shortages. M/I Homes asked the Fingers to choose new exterior bricks three times, because the options they had selected were no longer available. The family moved in with Mr. Finger's parents after their lease ended and were living there when their baby was born.

"It was incredibly frustrating," Mr. Finger said. They closed on their home purchase Nov. 29.

M/I Homes said it faced similar supply-chain issues to those of other builders in the Houston market, and it has been upfront with buyers about delays.

Home builders have built up a huge backlog of uncompleted homes. The number of single-family homes currently under construction surged 28.3% in November from a year earlier to the highest seasonally adjusted level since 2007, according to the Commerce Department.

Homes by WestBay's Mr. Nunn expects demand in his market to stay robust as more remote workers relocate to Florida. "This is a terrific environment for us long-term, but we have to get through this supply chain unraveling," he said." – Nicole Friedman, Reporter, Wall Street Journal

Source: https://www.realtor.com/news/trends/soaring-home-prices-are-roiling-appraisals-and-upending-sales/; 1/10/22

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Economics

Zelman & Associates

High-End Housing in Focus as Loan Limits Rise

"While housing's strength since the pandemic began has been fairly broad-based, it is informative to delineate sales trends by price point. Although overall existing home sales have started to inflect lower on a year-over-year basis in recent months, the high-end segment of the market has continued to post growth, remaining an outsized contributor to transaction activity into 4Q21 and putting it in the spotlight amidst the 2022 loan limit increases announced last week by FHFA and HUD.

Leveraging our **Real Estate Broker Survey**, high-end outperformance began last summer and has accelerated through 2021. In fact, the spread between our *overall* homebuyer demand rating and our *high-end* demand rating narrowed to its lowest level in our most recent survey, a signal of comparative strength continuing in the upper price points. Framed differently, *our overall demand rating has been lower on a year-over-year basis for the past four months versus difficult comparisons, whereas the high-end demand rating has continued to expand slightly.*

Our survey results are supported by data from the National Association of Realtors, with overall existing home closings declining year over year since August, but home closings at prices north of $750,000 still growing approximately 30% over this timeframe. *As of October, the share of existing home closings at prices above $750,000 equaled 13%, compared to 9% a year ago and just 6% in October 2019 and October 2018. Similarly, the share of closings above $1 million equaled 7% this October versus 5% in October 2020 and 3% in October 2018-19.*

To be sure, the surge in home prices over the last 18 months has shifted the entire sales spectrum higher, with Case-Shiller "tier data" highlighting average year-over-year home price growth of 17-19% over the last six months across the high, mid- and low-tiers. That said, even after accounting for mix-related benefits, it is still the case that the higher-end segment has slightly taken share year over year, and has expanded significantly versus pre-pandemic trends." – Kevin Kaczmarek and Ryan McKeveny, Zelman & Associates

Source: https://www.zelmanassociates.com/resources/blog/2021-12-(1)/high-end-housing-in-focus-as-loan-limits-rise; 12/6/21

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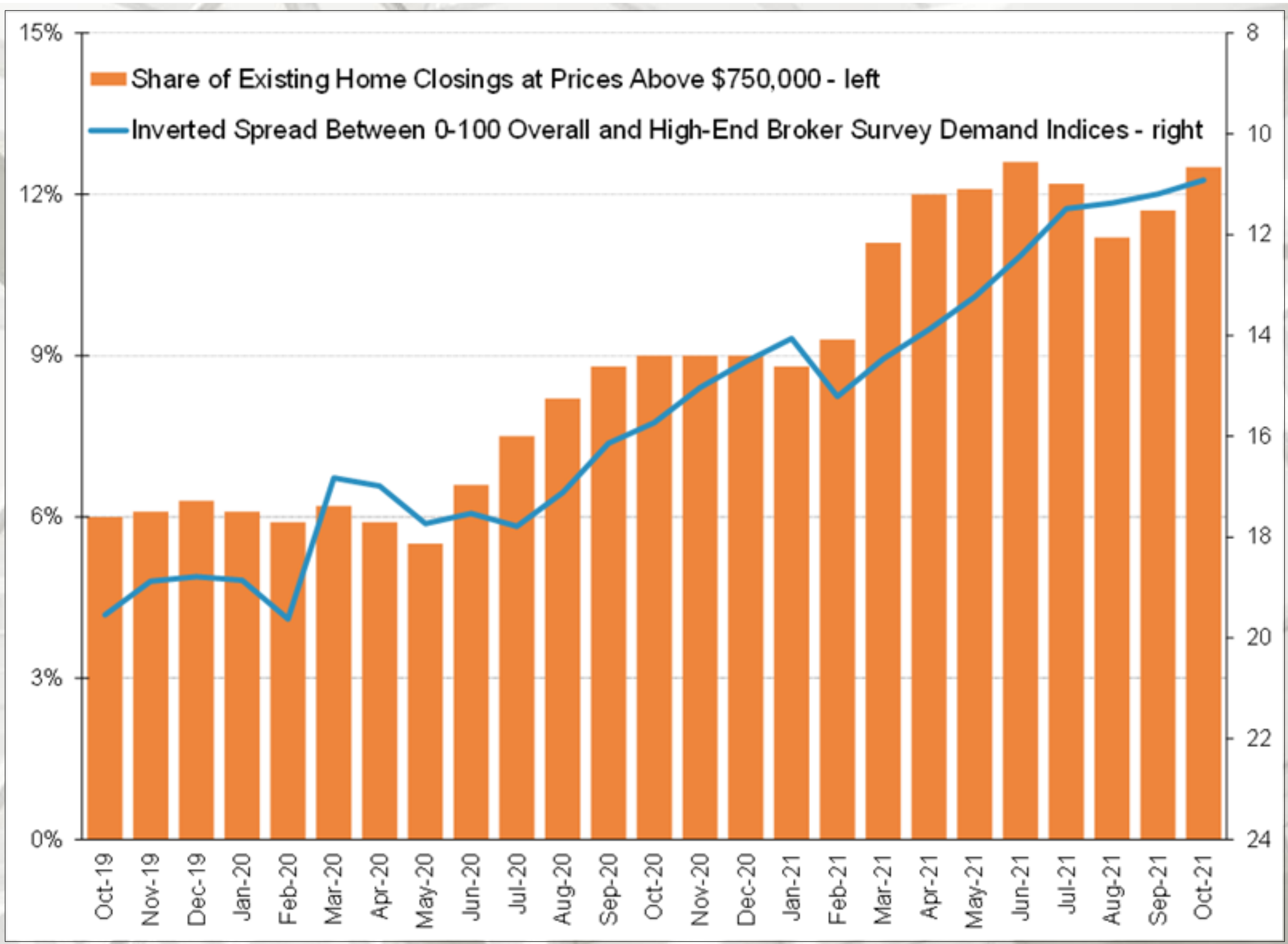

Source: https://www.zelmanassociates.com/resources/blog/2021-12-(1)/high-end-housing-in-focus-as-loan-limits-rise; 12/6/21

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Economics

Zelman & Associates

High-End Housing in Focus as Loan Limits Rise

“Specific to loan limit increases, the media and some politicians have honed in on the small subset of the highest-cost markets seeing GSE loan limits rise to $970,800, fueling rhetoric around the nature of government support for housing. Of note, across all markets designated as “high cost,” 55% of purchase originations were in markets where GSE loan limits are increasing at a *slower* pace than home price appreciation over the last year, effectively *contracting* government support within those locations including Boston, Denver, San Diego and Seattle. On the other hand, 45% of originations in high-cost markets occurred in areas that will see loan limits expand by more than the rate of local-market home price growth, including metro New York and San Francisco, implying incremental government support in these select areas.

Overall, since the pandemic began, catalysts to high-end strength have included compelling mortgage rates, the desire for larger homes, mobility of luxury consumers out of high-cost urban centers into their suburban counterparts, the wealth-effect of a rising stock market and diversification into real estate amongst high-net worth individuals – including second homes. *Though underlying strength remains apparent for now, we would expect moderation in 2022 as a portion of discretionary activity was pulled ahead – regardless of changes to loan limits – which is included in our expectation for a low-to-mid single digit decline in existing home closings versus 2021.*” – Kevin Kaczmarek and Ryan McKeveny, Zelman & Associates

Source: https://www.zelmanassociates.com/resources/blog/2021-12-(1)/high-end-housing-in-focus-as-loan-limits-rise; 12/6/21

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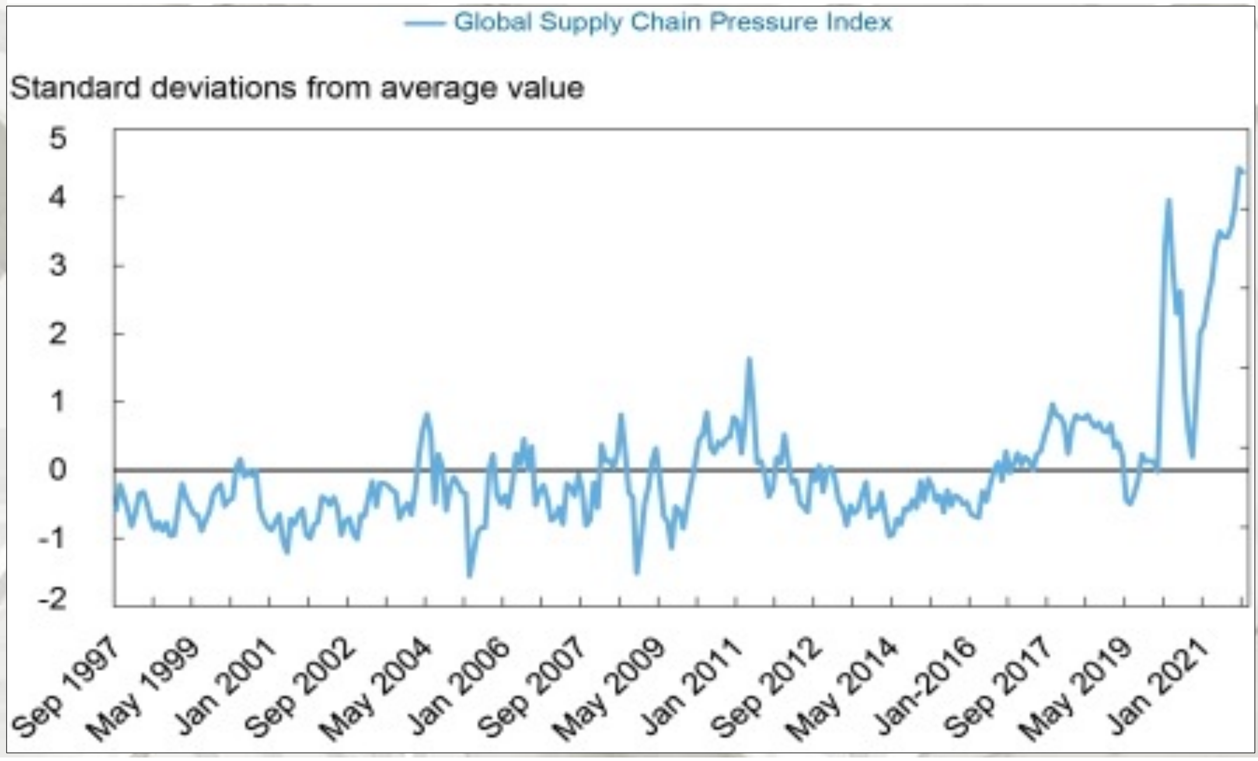
Economics

The Federal Reserve Bank of New York

A New Barometer of Global Supply Chain Pressures

Global Supply Chain Pressures Remain High but May Have Begun to Moderate



"Supply chain disruptions have become a major challenge for the global economy since the start of the COVID-19 pandemic. Factory shutdowns (particularly in Asia) and widespread lockdowns and mobility restrictions have resulted in disruptions across logistics networks, increases in shipping costs, and longer delivery times. Several measures have been used to gauge these disruptions, although those measures tend to focus on selected dimensions of global supply chains." – Gianluca Benigno, Julian di Giovanni, Jan Groen, and Adam Noble, Federal Reserve Bank of New York

Source: https://libertystreeteconomics.newyorkfed.org/2022/01/a-new-barometer-of-global-supply-chain-pressures; 1/4/22

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

December 2021

Business Applications - At a Glance

		US	Northeast	Midwest	South	West
Total	DEC 2021	418,380	65,456	68,556	192,087	92,281
	DEC 2021 / NOV 2021	-2.8%	-0.7%	-1.5%	-2.9%	-4.7%
High-Propensity	DEC 2021	137,254	22,863	21,524	58,891	33,976
	DEC 2021 / NOV 2021	-4.6%	-3.5%	-4.2%	-5.1%	-4.5%
With Planned Wages	DEC 2021	48,483	7,002	8,551	20,562	12,368
	DEC 2021 / NOV 2021	-6.6%	-6.3%	-4.0%	-6.9%	-7.9%
From Corporations	DEC 2021	50,851	10,770	6,664	18,522	14,895
	DEC 2021 / NOV 2021	-4.3%	-4.0%	-4.8%	-2.3%	-6.7%

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.

"Business Applications for December 2021, adjusted for seasonal variation, were 418,380, a decrease of 2.8 percent compared to November 2021.

The U.S. Census Bureau announced the following seasonally adjusted business application and formation statistics for November 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." – U.S. Census Bureau, Economic Indicators Division, Business Formation Statistics

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 1/12/22

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Economics

U.S. Census Bureau

NEW Business Formation Statistics

December 2021

BUSINESS APPLICATIONS

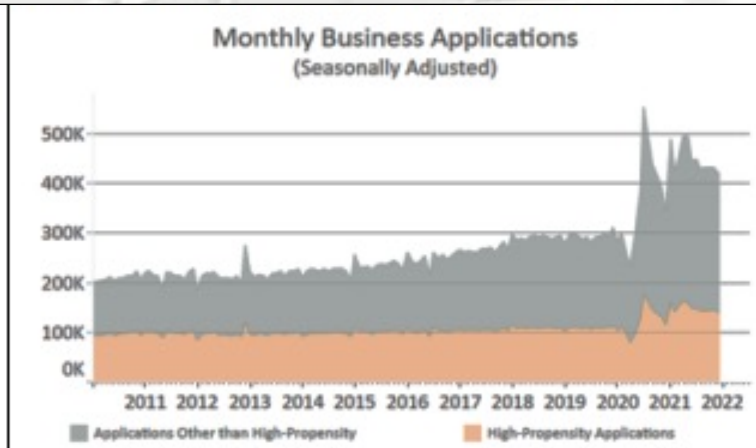
U.S. Business Applications:	DEC 2021	DEC 2021 / NOV 2021
Total	418,380	-2.8%*
High-Propensity	137,254	-4.6%*
With Planned Wages	48,483	-6.6%*
From Corporations	50,851	-4.3%*

Next release: February 14, 2022

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

Data adjusted for seasonality.

Source: U.S. Census Bureau, Business Formation Statistics, January 12, 2022



Source: U.S. Census Bureau, Business Formation Statistics, January 12, 2022

Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 1/12/22

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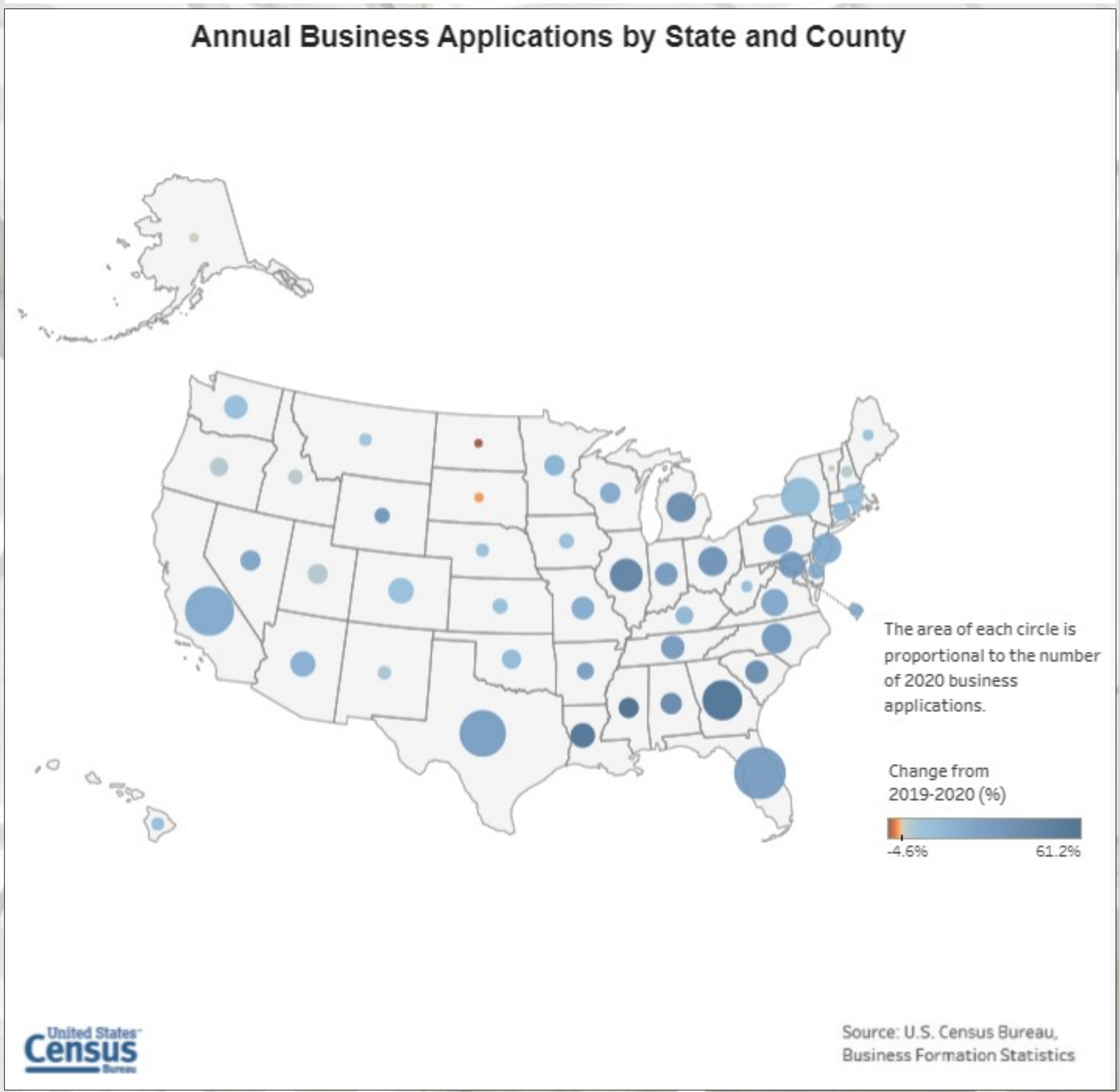
NEW Business Formation Statistics

December 2021



Source: https://www.census.gov/econ/bfs/pdf/bfs_current.pdf/; 1/12/22

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