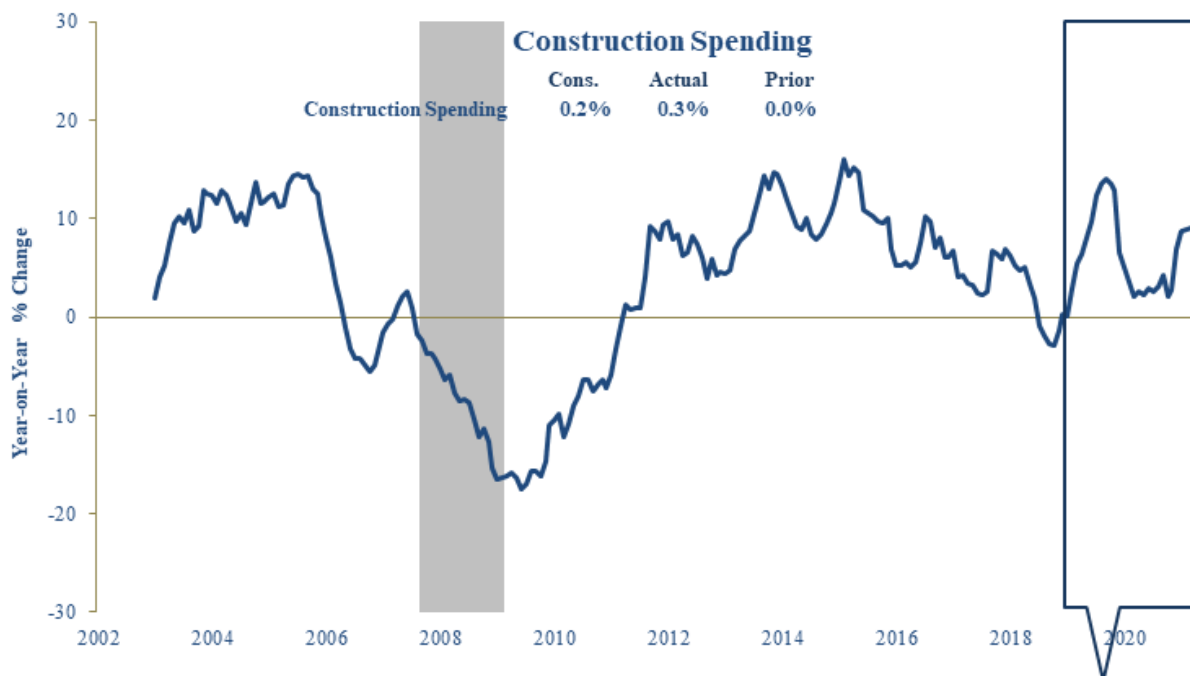
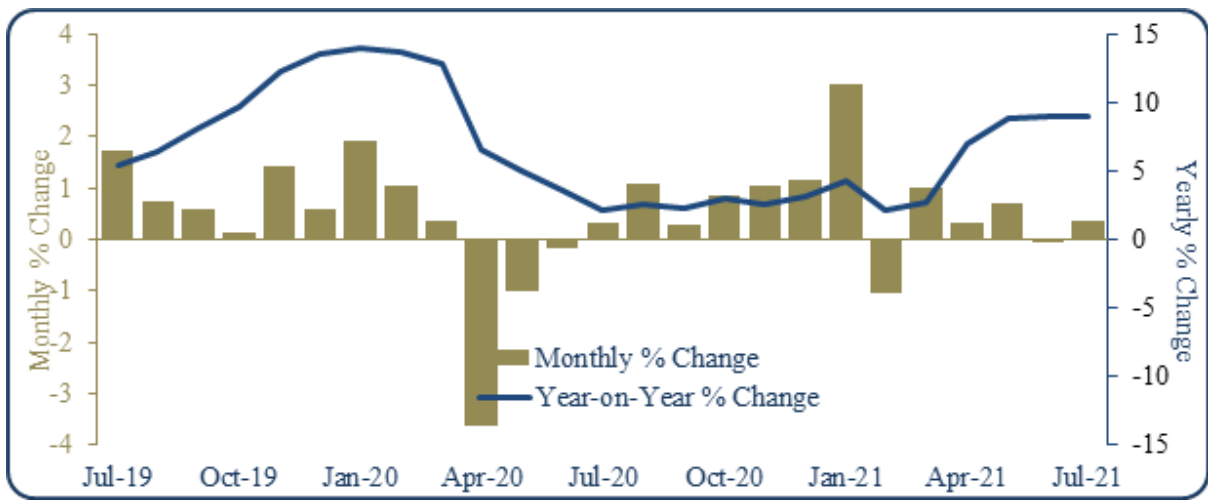


01.Sep.2021

Construction Spending: Modest Rebound

Bottom Line: Construction spending rebounded modestly in the first month of the 3rd Quarter as residential activity continued to lead. There were modest downward revisions to June data, mostly showing slower gains in residential than previously reported. Still, the trend in residential remains robust, even if decelerating modestly. Moreover, residential remained the most positive driver. That said, nonresidential construction stabilized and showed signs of life in sectors like commercial- and manufacturing-related construction. Even office construction rebounded modestly in the three months ended in July. Public construction remained weak even in the face of a potential federal infrastructure spending bill. Overall, construction will have a more mixed impact on 3Q GDP after several quarters of aiding growth. While volatile and prone to revisions, these data suggest we still get a slight positive contribution from construction.





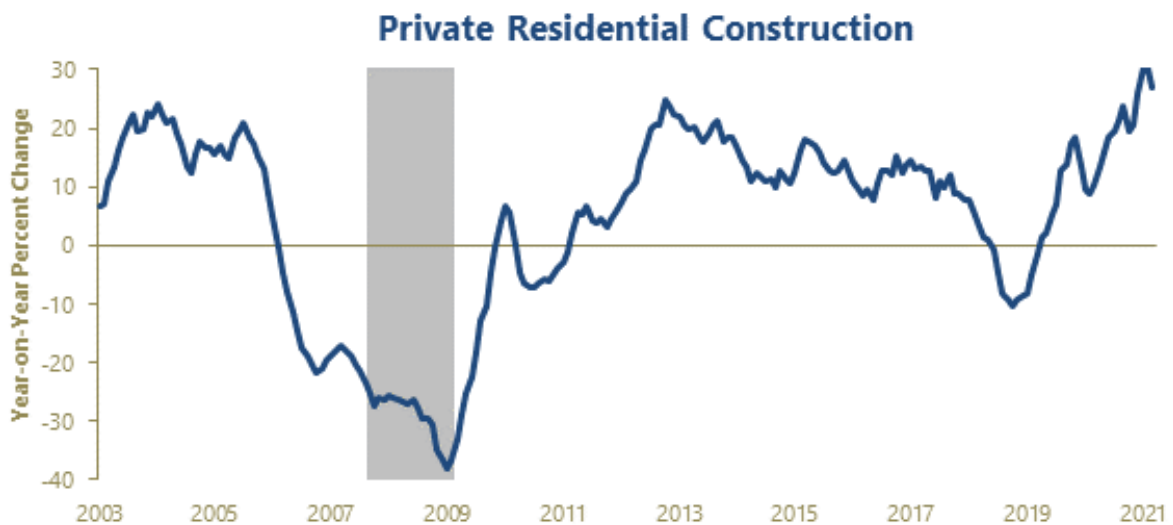
Construction Spending ROSE by 0.34% in July, compared with market expectations for an increase of 0.2%.

The June estimate was revised modestly lower from 0.06% to -0.04%, while the May estimate was revised modestly higher from -0.2% to 0.7%. Construction spending is now 9.0% ABOVE its year-ago level.

Residential Construction ROSE by 0.5%, Homebuilding is now 27.0% ABOVE its year-ago level.

Nonresidential Construction FELL by 0.2%. Nonresidential construction growth is now 3.6% BELOW its year-ago level.

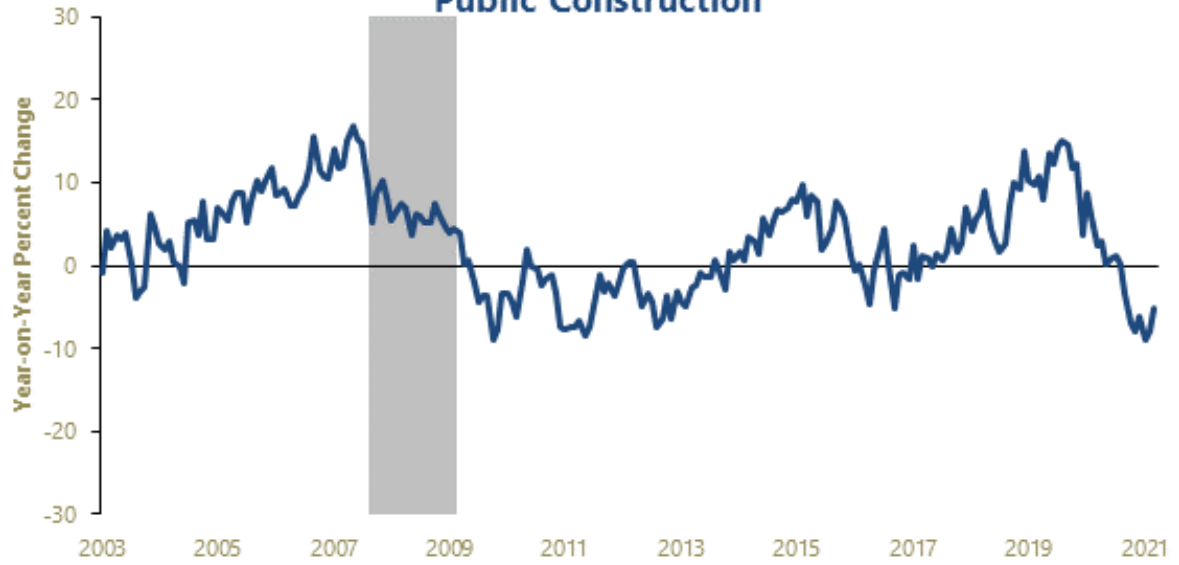
Public Construction ROSE by 0.7%, and is now 5.1% BELOW its year-ago level.



Private Nonresidential Construction



Public Construction



	Relative Weight *	Percent Change									
		Monthly % Change			Annual Rates of % Change for						
		Jul-21	Jun-21	May-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
Construction Spending <i>previous estimate</i>	100.0%	0.34	0.0 <i>0.1</i>	0.7 <i>-0.2</i>	4.0	2.5	9.0	3.1	13.5	5.2	6.7
Private Construction	78.5%	0.3	0.4	1.1	7.2	6.2	13.6	4.1	13.0	5.7	8.7
Residential	49.3%	0.5	0.8	1.3	11.1	11.7	27.0	21.2	12.6	9.2	11.4
Nonresidential	29.2%	-0.2	-0.3	0.7	0.9	-2.3	-3.6	-15.0	13.4	1.3	5.6
Commercial	5.4%	0.0	0.0	2.2	9.1	11.9	4.6	-8.0	13.6	2.4	8.5
Power	6.7%	-0.7	0.3	-1.4	-7.0	-8.3	-0.9	-20.4	44.9	0.7	2.6
Office	4.4%	-0.1	0.0	0.6	1.9	-4.4	-6.1	-13.2	12.8	6.7	11.8
Manufacturing	4.8%	-0.1	-1.2	4.6	13.5	10.4	1.9	-16.3	4.6	-3.3	7.7
Health Care	2.4%	0.2	-0.2	0.5	2.1	-4.7	-2.4	-7.1	12.8	4.0	2.2
All Other	5.5%	0.0	-0.6	-1.3	-7.5	-13.5	-15.4	-17.1	-3.8	0.5	4.2
Public Construction	21.5%	0.7	-1.6	-0.8	-6.7	-9.5	-5.1	0.1	15.1	3.8	2.0
Education	5.1%	-0.5	-2.7	-2.3	-19.9	-21.3	-6.4	-0.9	8.3	5.4	2.4
Highways & Streets	6.0%	1.9	-5.4	0.7	-11.1	-11.0	-0.1	6.1	7.8	0.8	2.3
All Other	10.4%	0.5	1.3	-0.9	3.6	-1.8	-7.2	-2.8	23.9	5.0	1.6

Source: Bureau of the Census, Department of Commerce via Bloomberg. Our calculations.

* Weights are relative to total construction spending.

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September 1, 2021

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