




CONSTRUCTION CONDITIONS IN THE NINTH DISTRICT

January 18, 2024

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FEDERAL RESERVE BANK
OF MINNEAPOLIS

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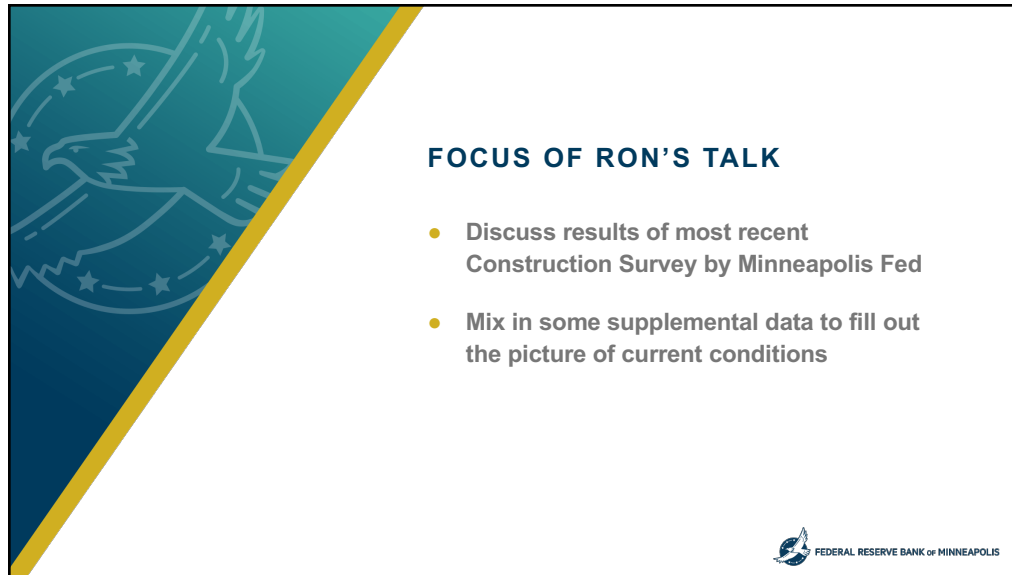
DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.



FEDERAL RESERVE BANK OF MINNEAPOLIS

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Slide 3 features a teal and blue background with a stylized eagle logo on the left. A yellow diagonal line separates the logo area from the text. The text is centered and includes a title and two bullet points. The Federal Reserve Bank of Minneapolis logo is in the bottom right corner.

FOCUS OF RON'S TALK

- Discuss results of most recent Construction Survey by Minneapolis Fed
- Mix in some supplemental data to fill out the picture of current conditions

FEDERAL RESERVE BANK OF MINNEAPOLIS

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Slide 4 has a teal background with a large, faint eagle logo. The title is centered in white text.

MINNEAPOLIS FED'S CONSTRUCTION SURVEY

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SURVEY BACKGROUND

- Largest regular, construction-focused survey among the 12 Federal Reserve District Banks
- Partner survey: Construction-trade organizations in District states distribute survey to members
 - **Shout-out to AGC-MN for its unwavering support!**
- Partner model provides Minneapolis Fed, our partners, their members, and public with timely insights on current conditions
- Conducted in mid-November, 2023; 300+ responses; most in residential and/or commercial; smaller % in infrastructure and industrial, but tend to be larger (\$)
- Results are a snapshot; not a scientifically sampled survey. *Please interpret carefully*



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SURVEY TAKE-AWAYS

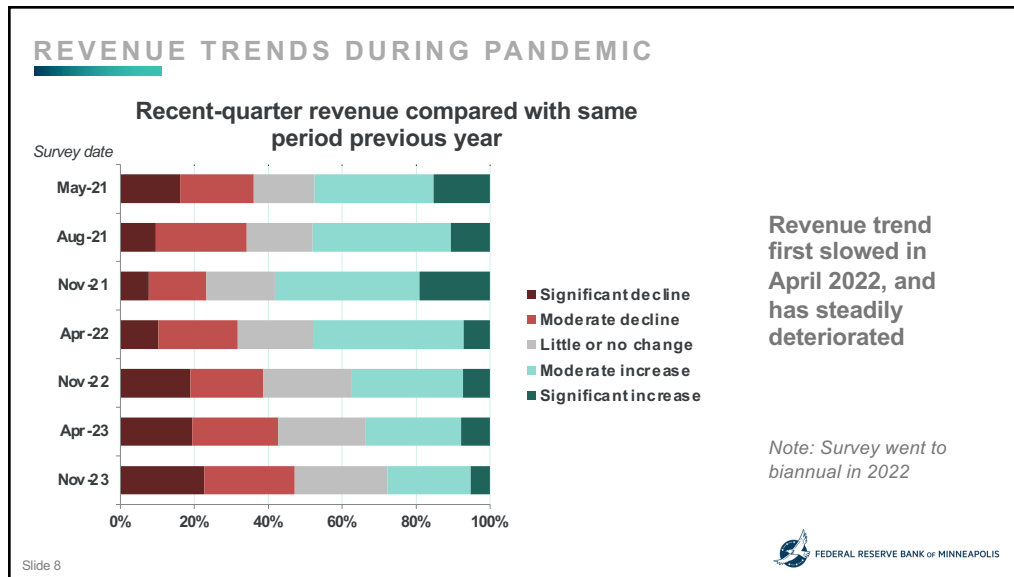
- Negative revenue and profit trends continued
- Residential seeing worst outcomes, by sizeable margin
- New/future projects declining, backlogs shrinking
- Challenges: Interest rates, high input costs & labor
- Some good news:
 - Supply chain improving; price inflation moderating; labor demand still healthy and labor availability improving
 - Results pretty similar to Nov 2022 survey
- Outlook: Lower revenues expected, but overall sentiment flat; a lot of caution



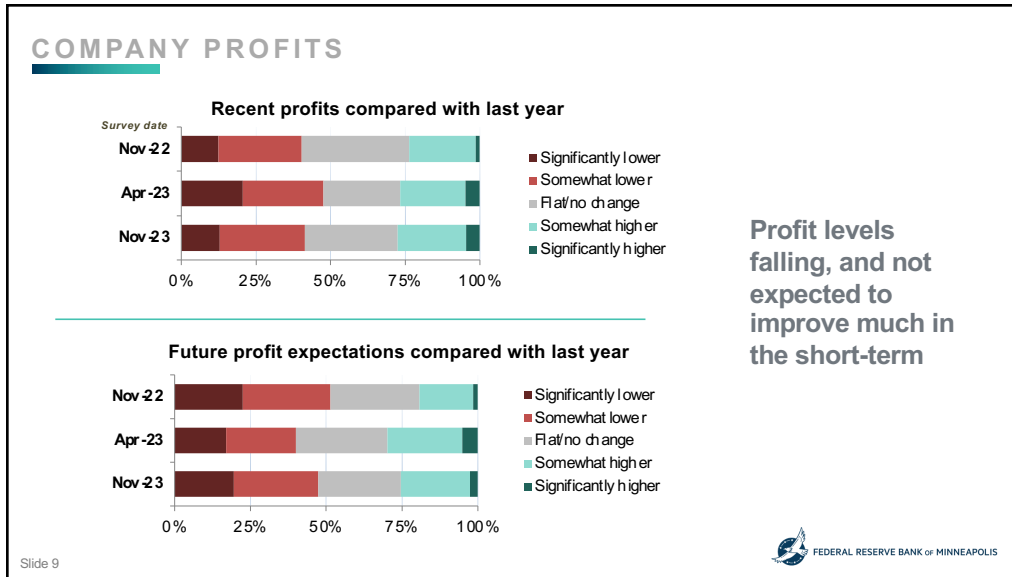
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RECENT REVENUE & PROFIT TRENDS

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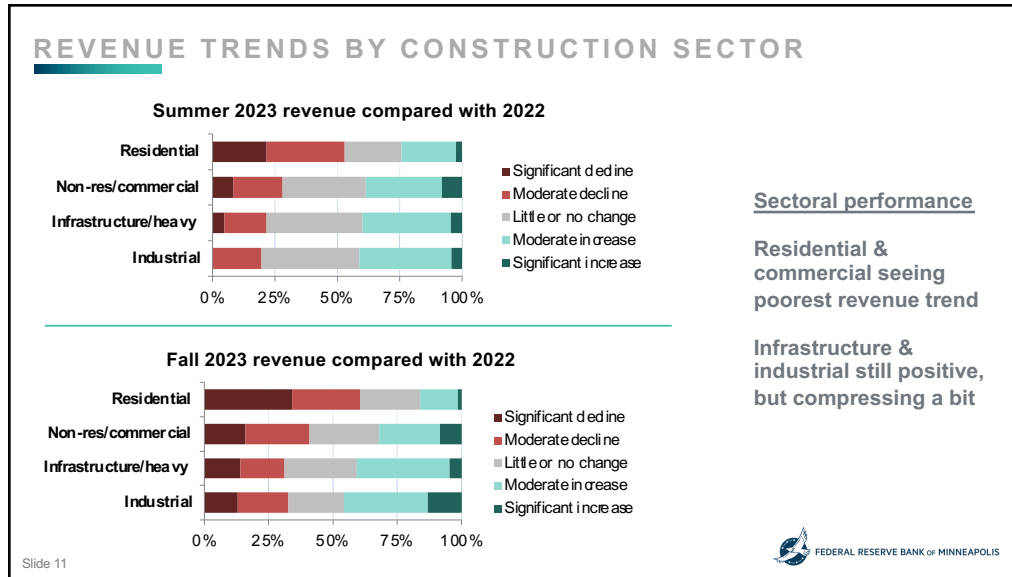
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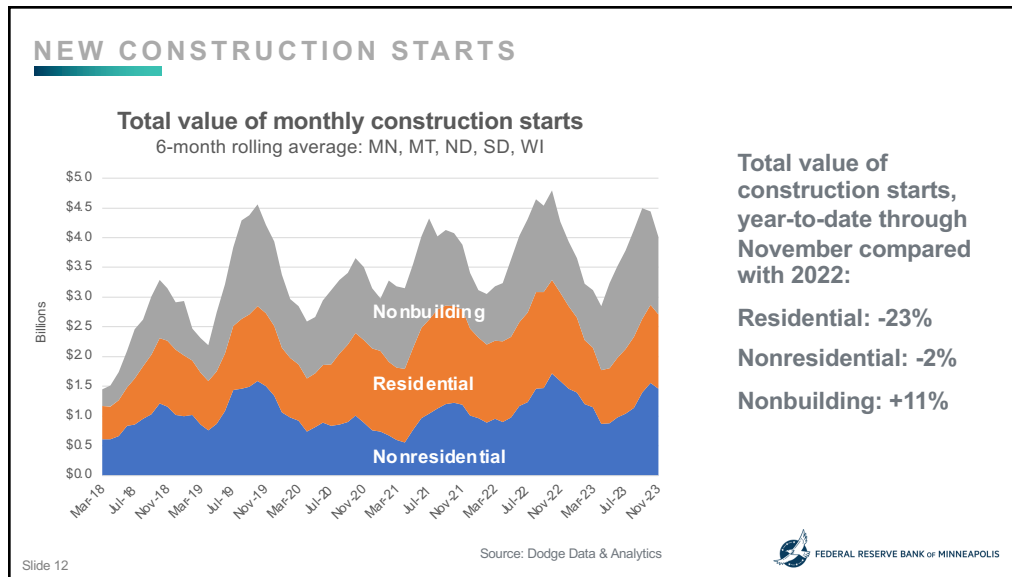
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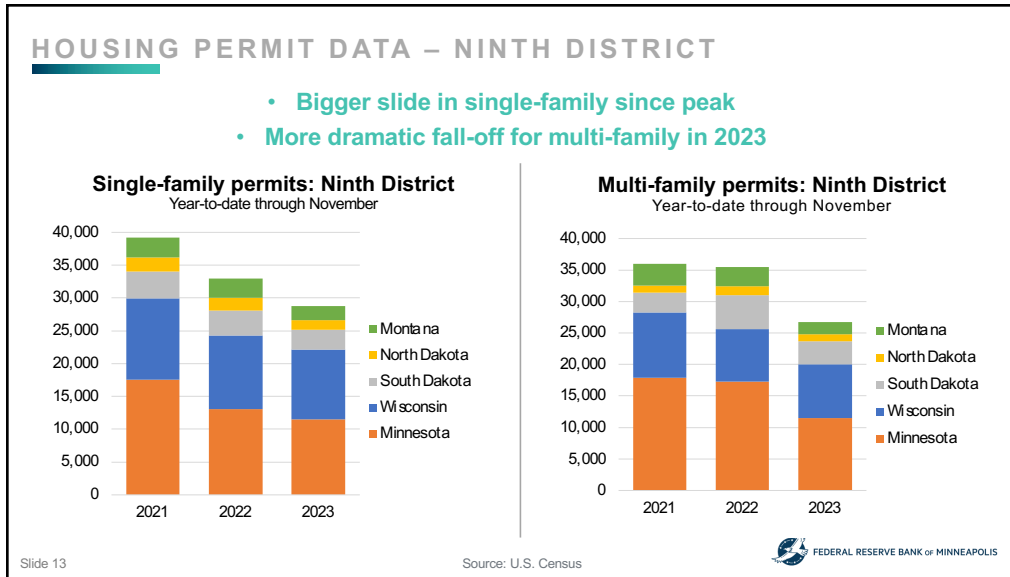
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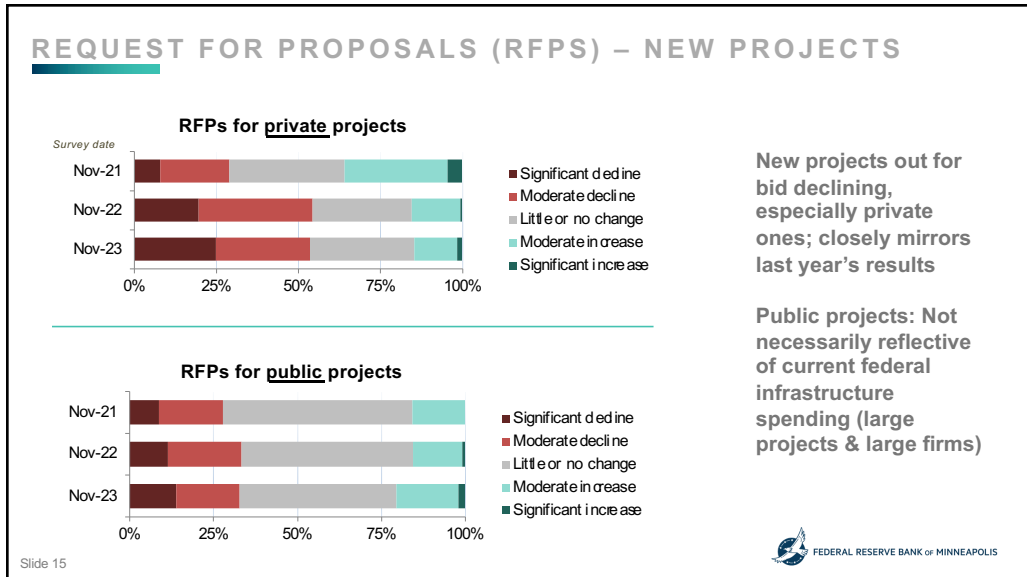
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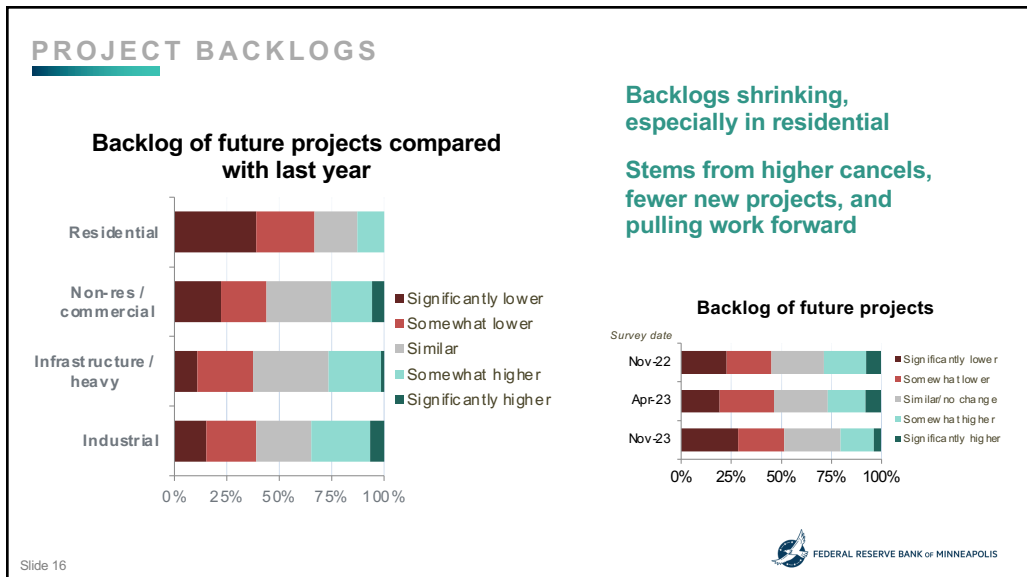
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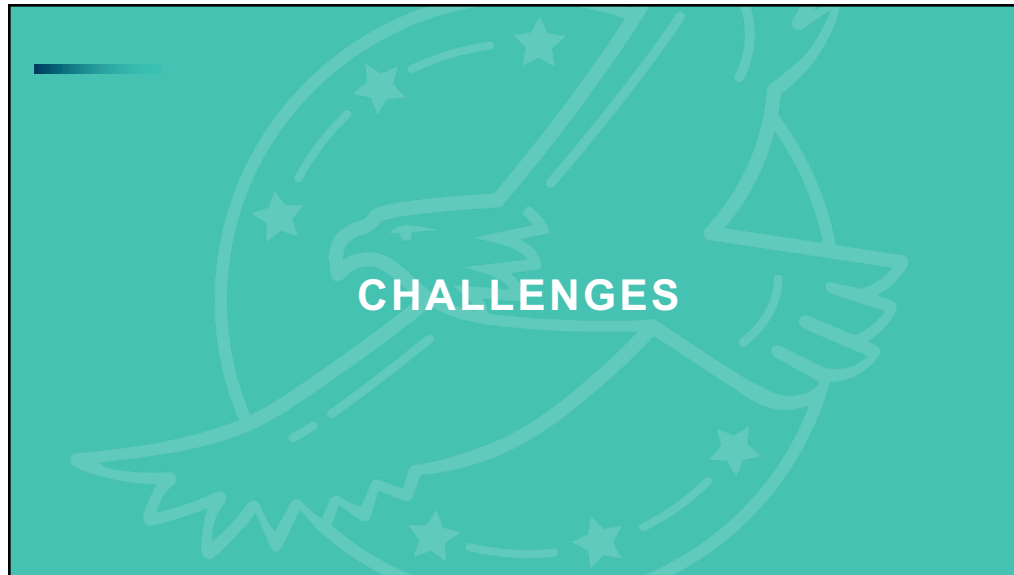
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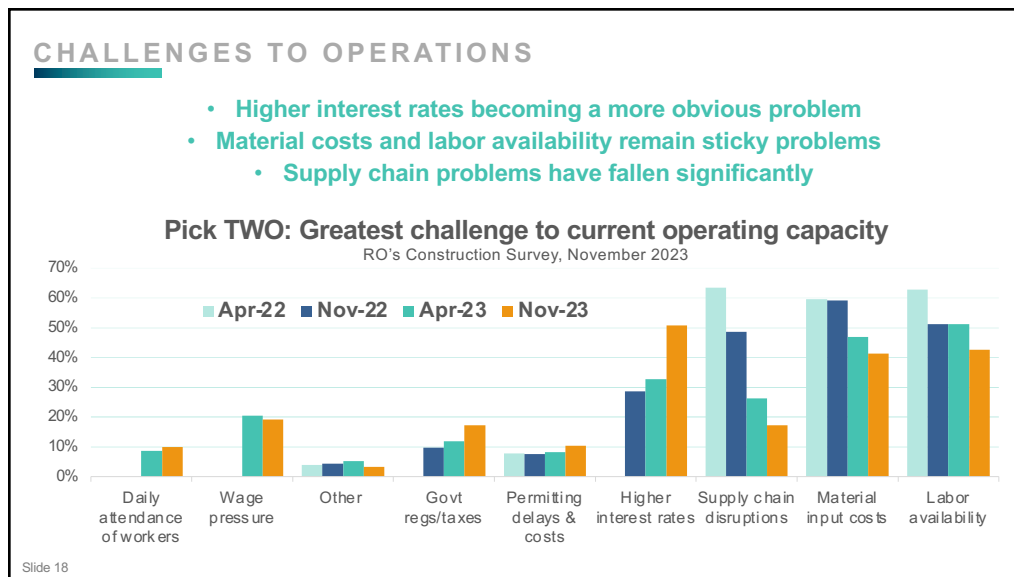
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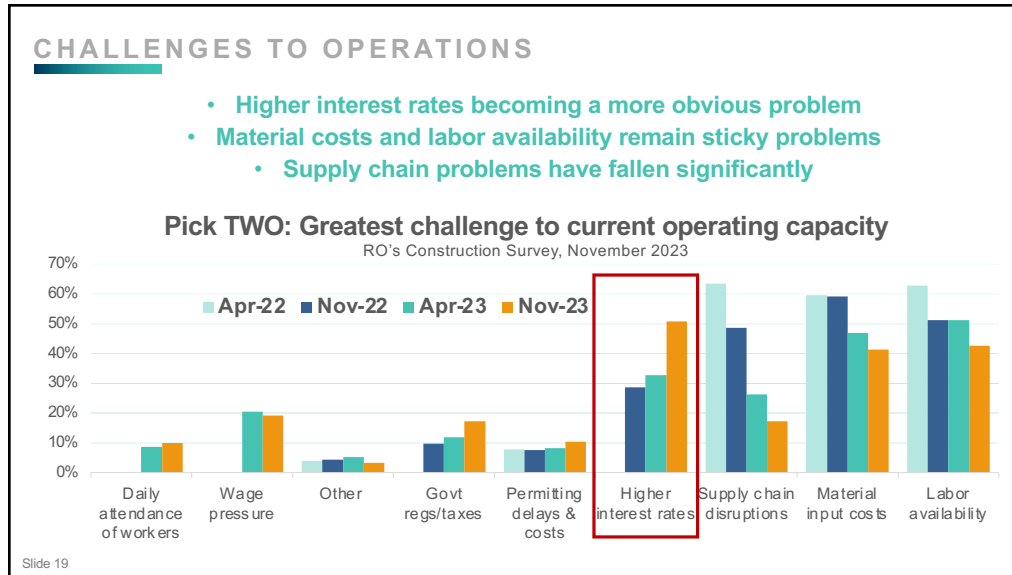
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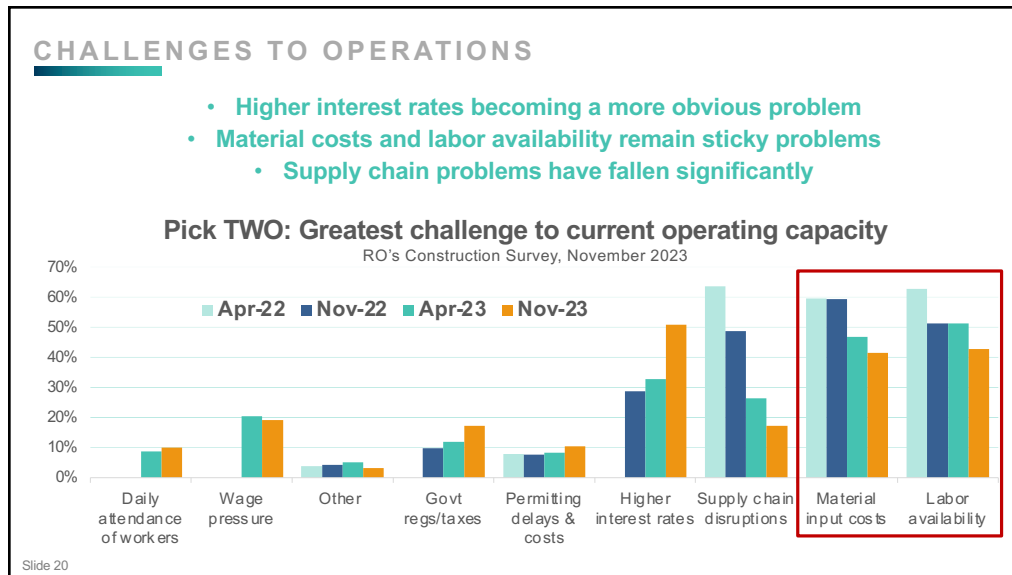
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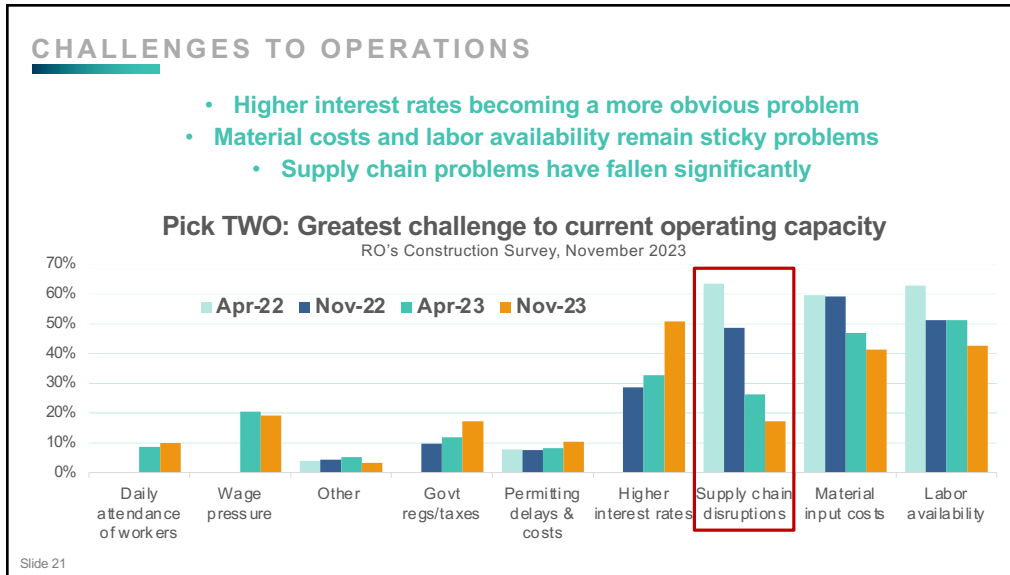
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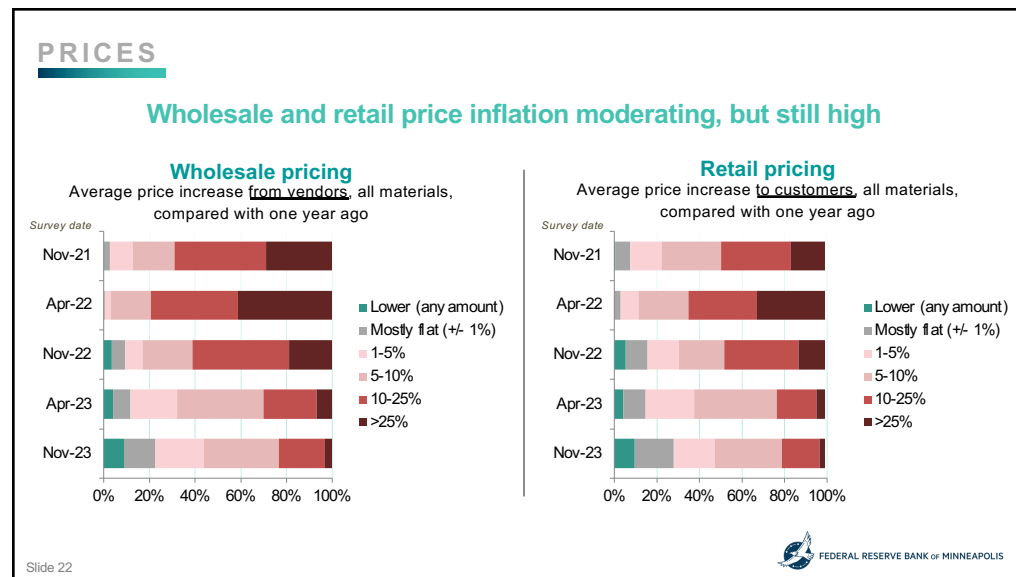
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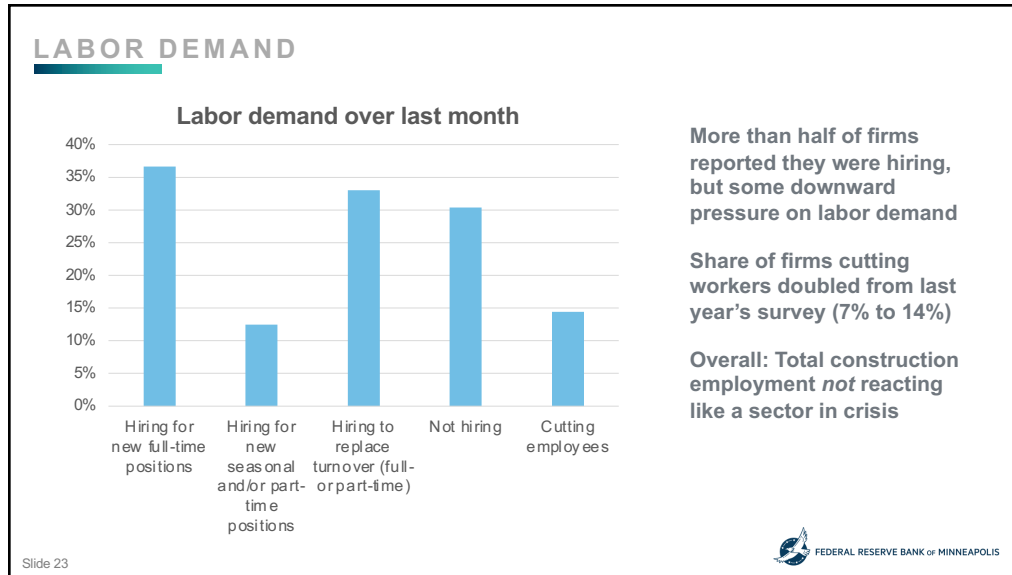
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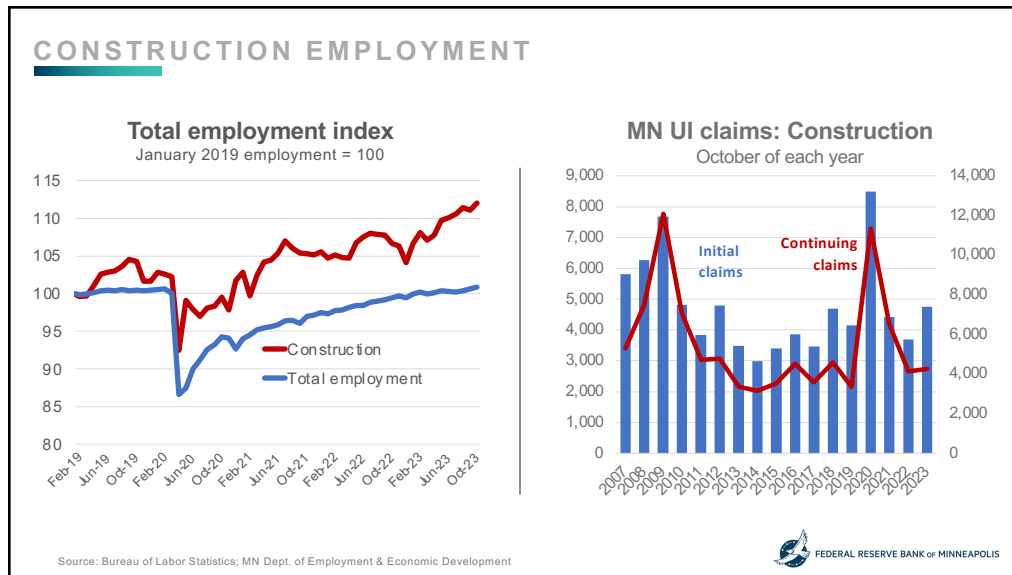
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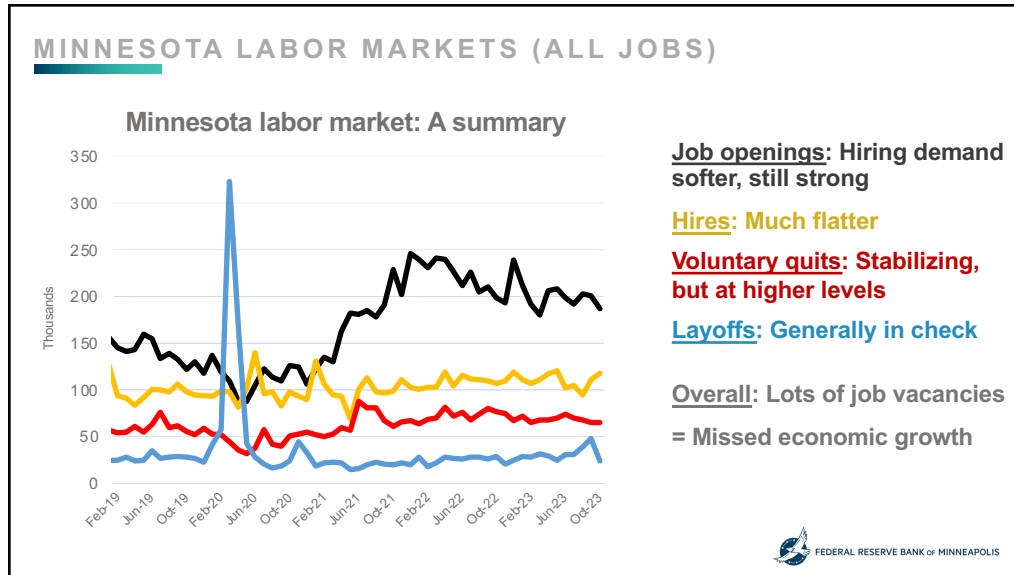
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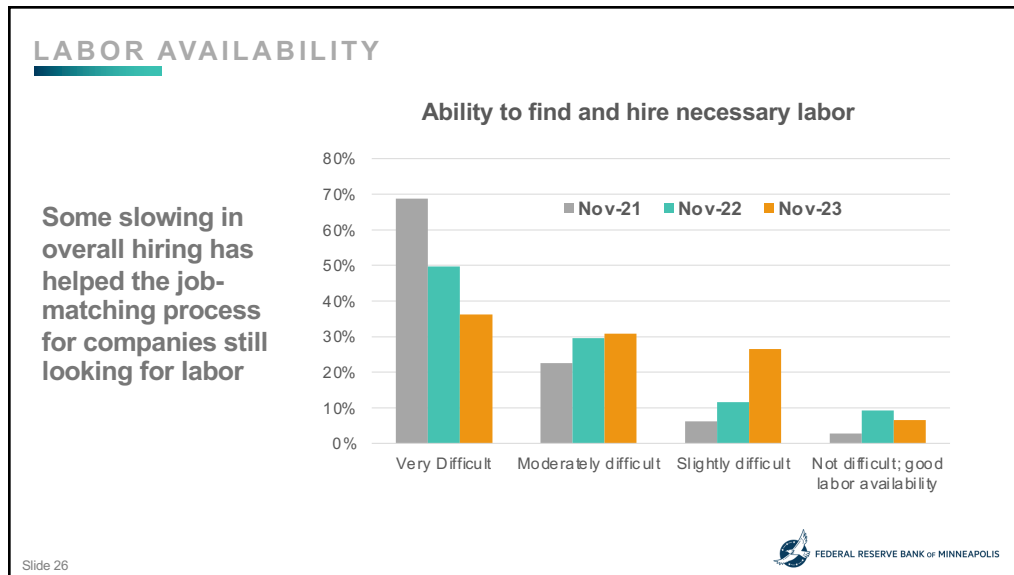
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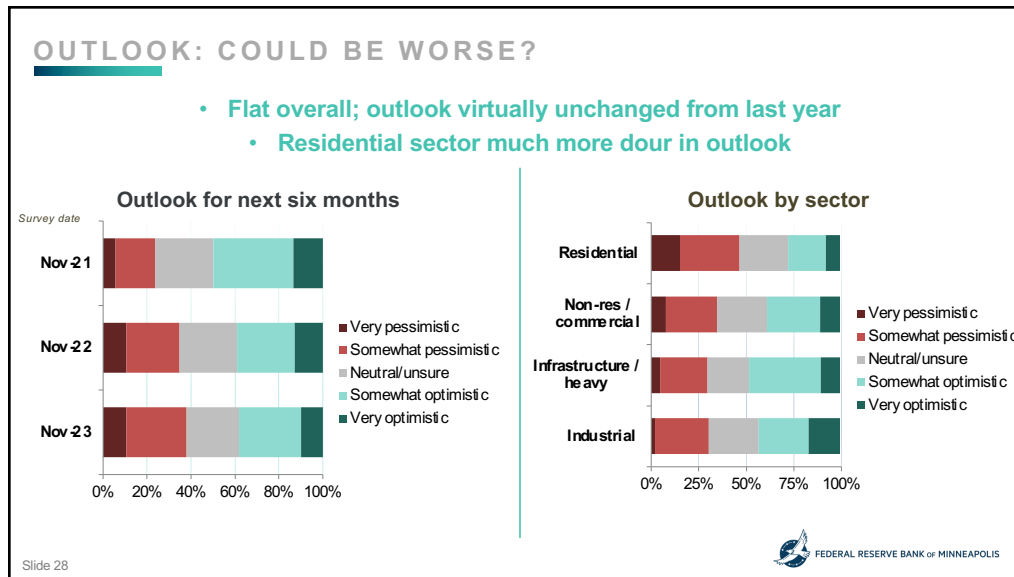
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AND FINALLY... OUTLOOK & FORECAST

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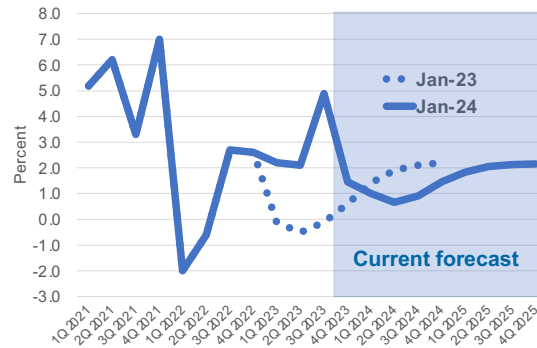


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PRIVATE GDP FORECASTS: BLUE CHIP

Blue Chip consensus forecasts for GDP

Forecasts in January 2023 vs January 2024



Source: Blue Chip Financial Forecasts®, CCH Incorporated

Forecasts one year apart

Private forecasts *consistently wrong*

Q3 forecast *in October* was 3.5%; it turned out to be 4.9%

Subsequent forecasts for Q4 '23 and 2024 expect some slowing

Chart hides a lot of variation among forecasts



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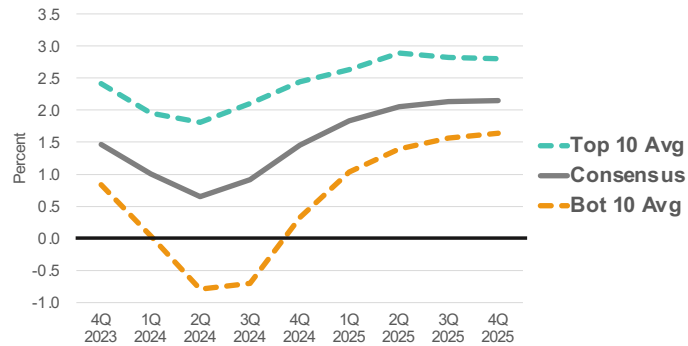
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FUTURE GDP: PRIVATE FORECASTERS

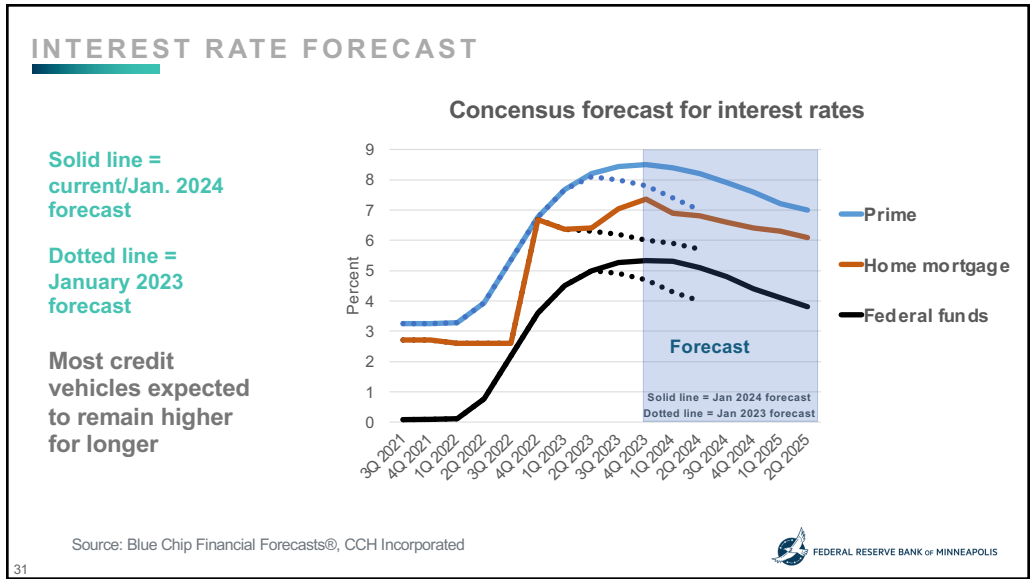
Blue Chip forecasts for future GDP

Consensus, Top 10 and Bottom 10

Direction tends to be agreed on, but the degree of change sees wide variation

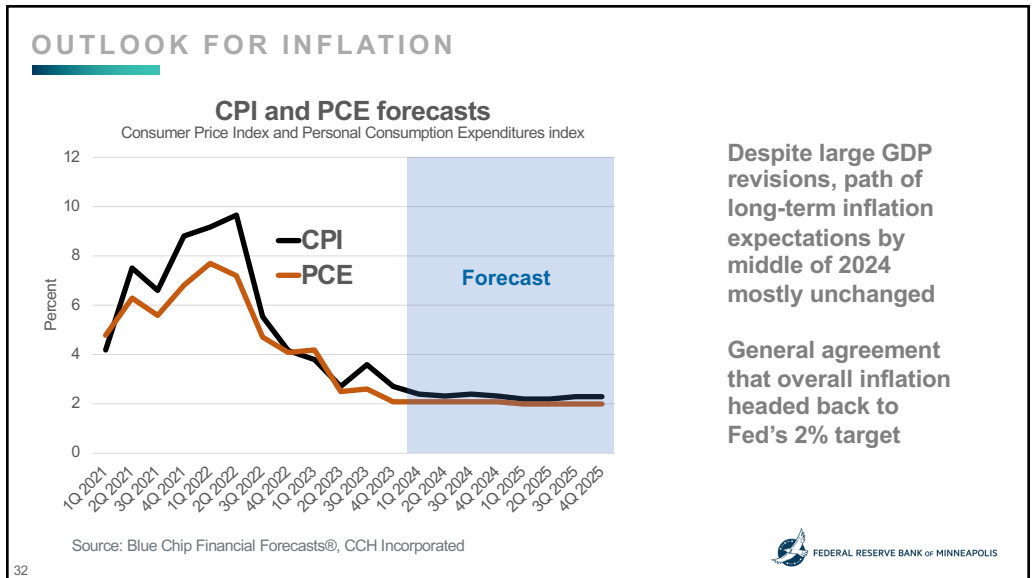


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CURRENT CONDITIONS RESEARCH

- Next Construction Survey will be conducted in April!
- Also have a suite of other surveys to help us gauge current economic conditions
 - General Business (Jan/July)
 - Manufacturing (December – results next week!)
 - Tourism & Hospitality (January)
 - Professional Services (June)
 - Monthly pulse/business conditions survey
 - Worker Experience (ad hoc, but working on it!)
- We also host many webinars (free!) to inform public
 - minneapolisfed.org



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THANK YOU! QUESTIONS?

SPEECH/WEBINAR REFERRALS WELCOME!

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