

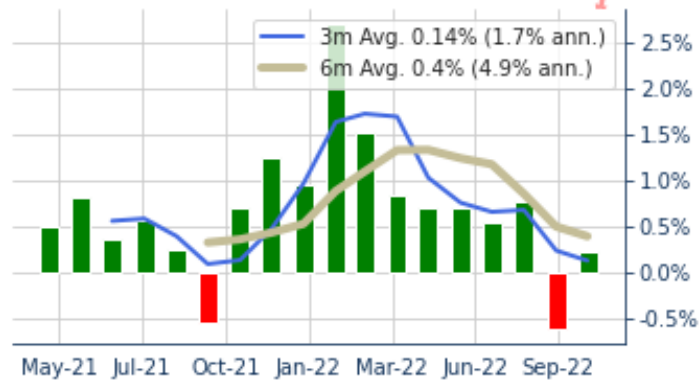
01.Nov.2022

## **Construction Spending: Surprise Spending On Manufacturing Plants**

**Bottom Line:** Construction spending unexpectedly rose in September, and there were positive revisions to data from earlier in the quarter. A sharp increase in construction related to manufacturing industries drove the gains. Despite the cyclical slowdown in manufacturing, industries invested in new capital projects that required construction after years of few, if any, investments. Residential construction, still the largest construction segment, was only down marginally in September but was still down over 8% annualized in the quarter. Overall, investments in new manufacturing facilities will help relieve the blow of sharply slower residential spending, but it won't be enough to shift construction from becoming a drag on growth over the remainder of the year.

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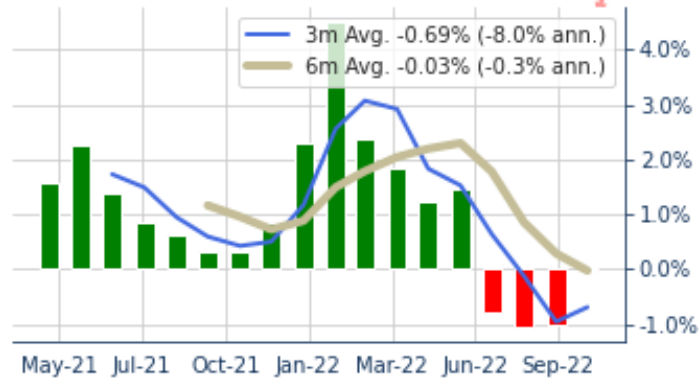
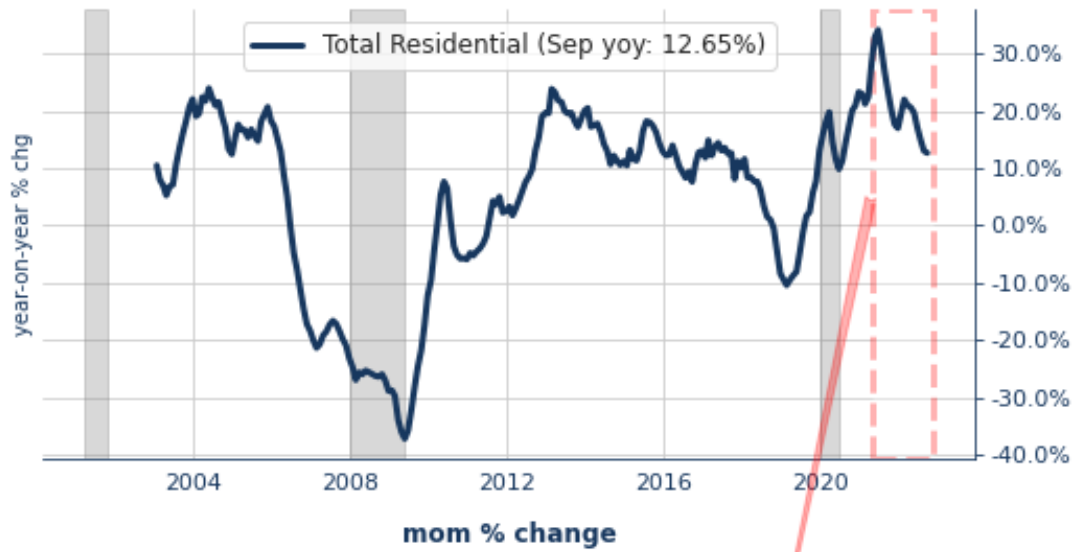
## US Construction Spending



Contingent Macro Advisors 2022 source: US Census Bureau

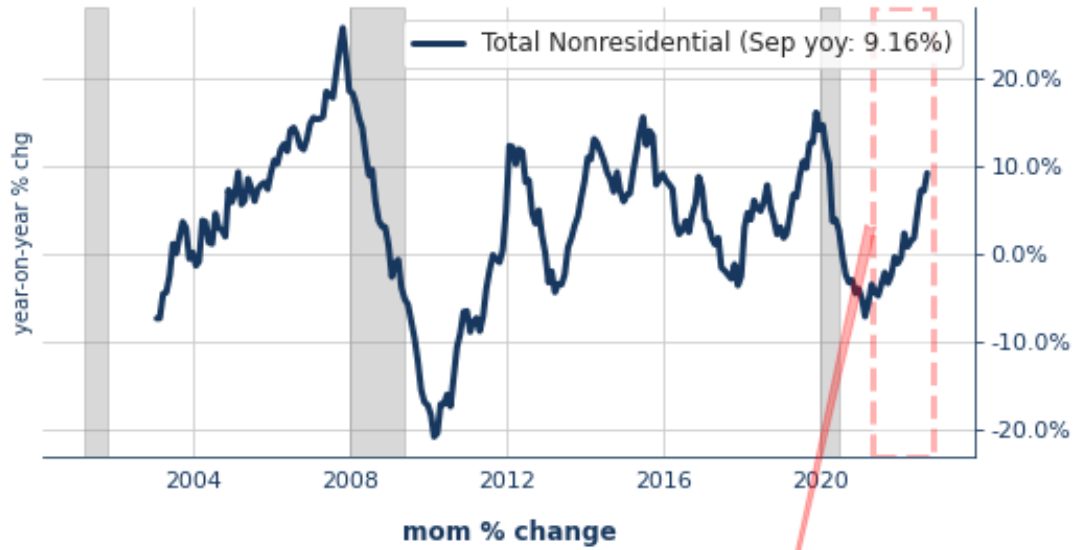
- Total Construction for July was revised up from -0.57% to +0.78%. Total Construction for August was revised up from -0.68% to -0.6%.

# Residential Construction



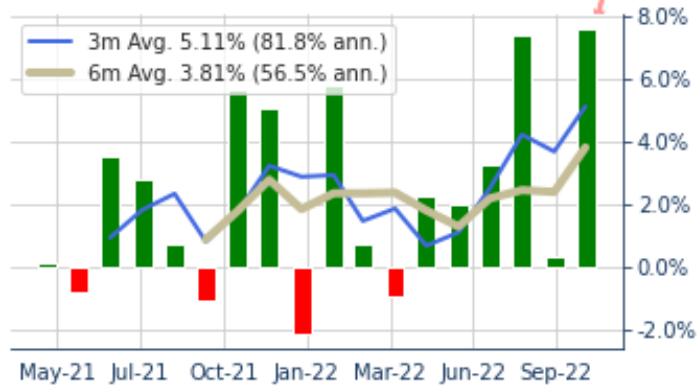
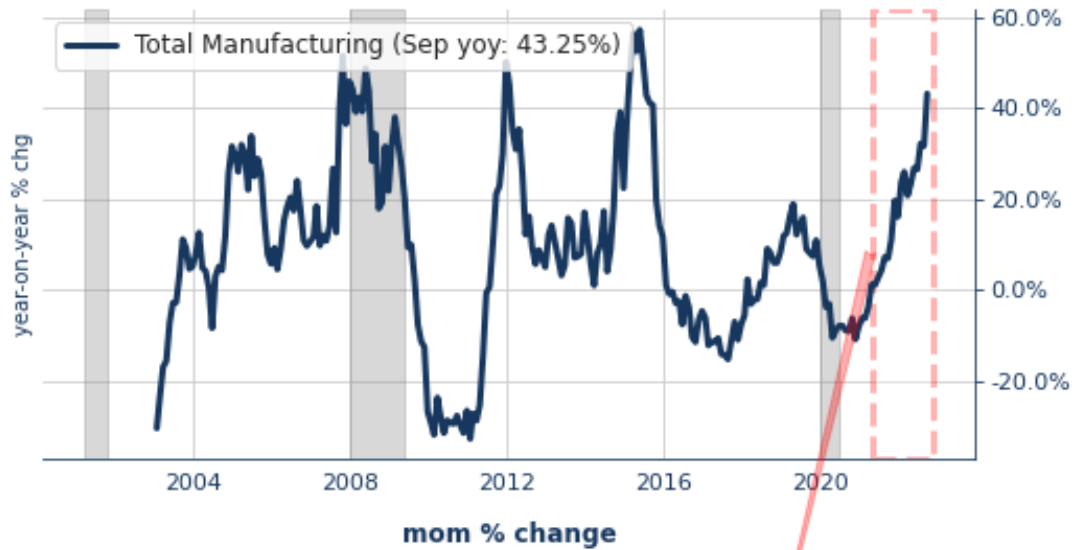
Contingent Macro Advisors 2022 source: US Census Bureau

# Nonresidential Construction



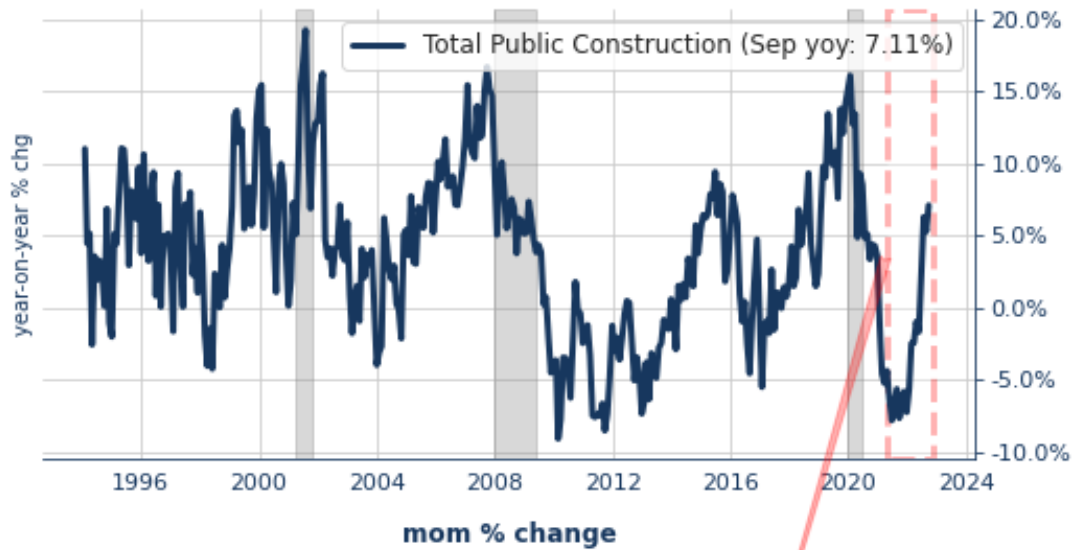
Contingent Macro Advisors 2022 source: US Census Bureau

# Manufacturing Construction



Contingent Macro Advisors 2022 source: US Census Bureau

# Public Construction



Contingent Macro Advisors 2022 source: US Census Bureau

## Health care Construction



Contingent Macro Advisors 2022 source: US Census Bureau

US Construction Spending	Sep-22	Aug-22	Jul-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
<b>Total Construction</b>	<b>0.23%</b>	<b>-0.60%</b>	<b>0.78%</b>	<b>1.64%</b>	<b>4.92%</b>	<b>10.92%</b>	<b>7.32%</b>	<b>7.03%</b>	<b>7.58%</b>
Total Residential	-0.01%	-1.03%	-1.04%	-8.02%	-0.38%	12.65%	16.97%	23.25%	12.47%
Total Nonresidential	0.48%	-0.14%	2.79%	13.17%	10.95%	9.16%	-1.07%	-3.97%	3.82%
Total Lodging	0.80%	1.28%	0.96%	12.87%	28.63%	16.12%	-32.20%	-30.57%	-7.59%
Total Office	0.17%	-0.64%	1.04%	2.30%	4.19%	0.75%	-4.65%	-3.28%	4.16%
Total Commercial	-0.73%	0.03%	2.74%	8.33%	22.25%	22.44%	17.45%	-0.02%	5.94%
Total Health care	-2.56%	0.14%	0.26%	-8.41%	1.33%	7.12%	3.78%	-1.91%	3.20%

Total Manufacturing	7.57%	0.36%	7.39%	80.63%	55.89%	43.25%	16.17%	-8.05%	12.12%
Total Public Construction	-0.35%	-0.36%	3.30%	10.67%	7.81%	7.11%	-7.24%	3.60%	3.85%

Source: US Census Bureau via FRED