

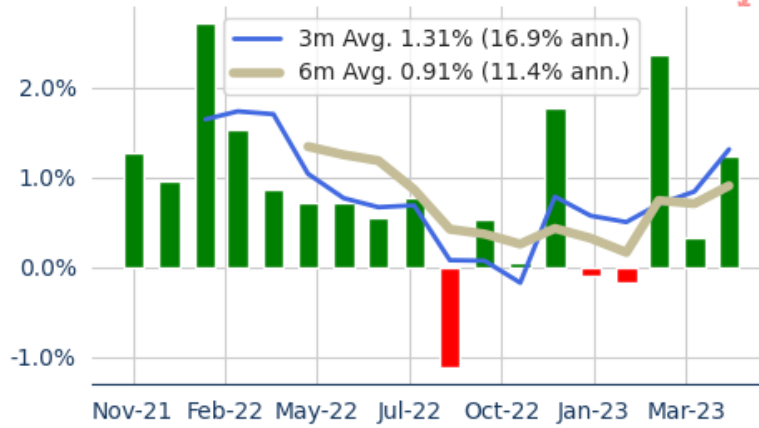
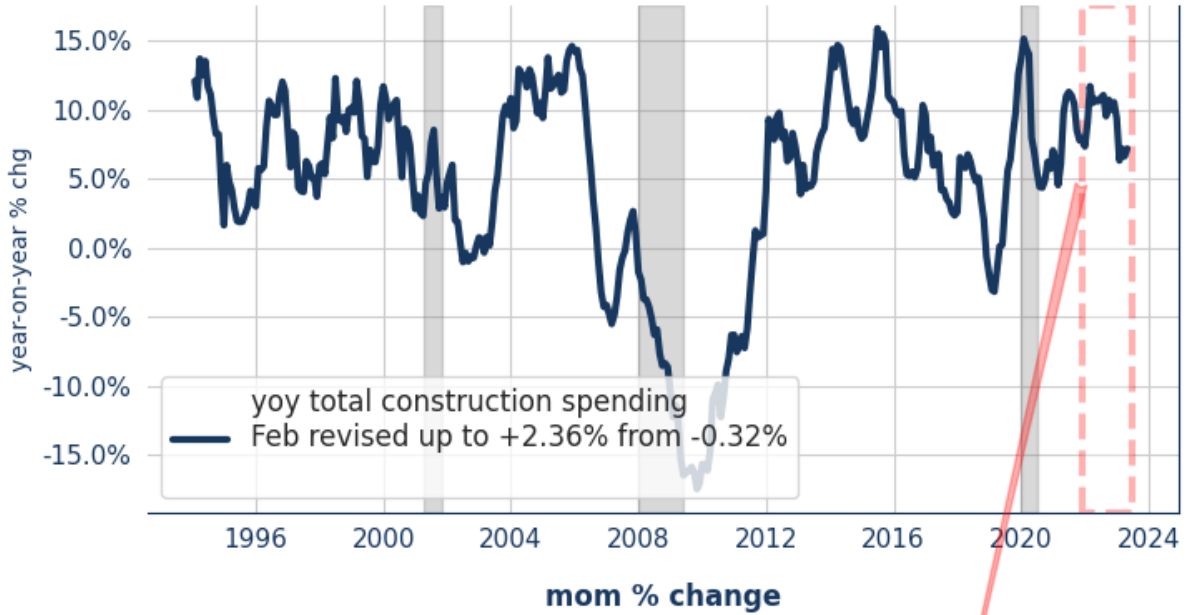
01. Jun.2023.

Construction Spending: Solid Rebound

Bottom Line: Construction spending rose more than expected in April, and there were positive revisions to prior data. While these data are lagged and prone to revision, the trends were improving late in the 1st Quarter and into the 2nd. Residential spending turned positive in April for the first time since June '22. Nearly all nonresidential sectors except for office showed continued robustness. **Construction activity likely turned from a headwind to a tailwind in the 2nd Quarter. That said, the recent sharp increase in mortgage rates could slow activity in residential. But given constrained supply and demographic-led demand, there are scenarios where residential construction surprises to the upside, despite the increase in mortgage rates.**

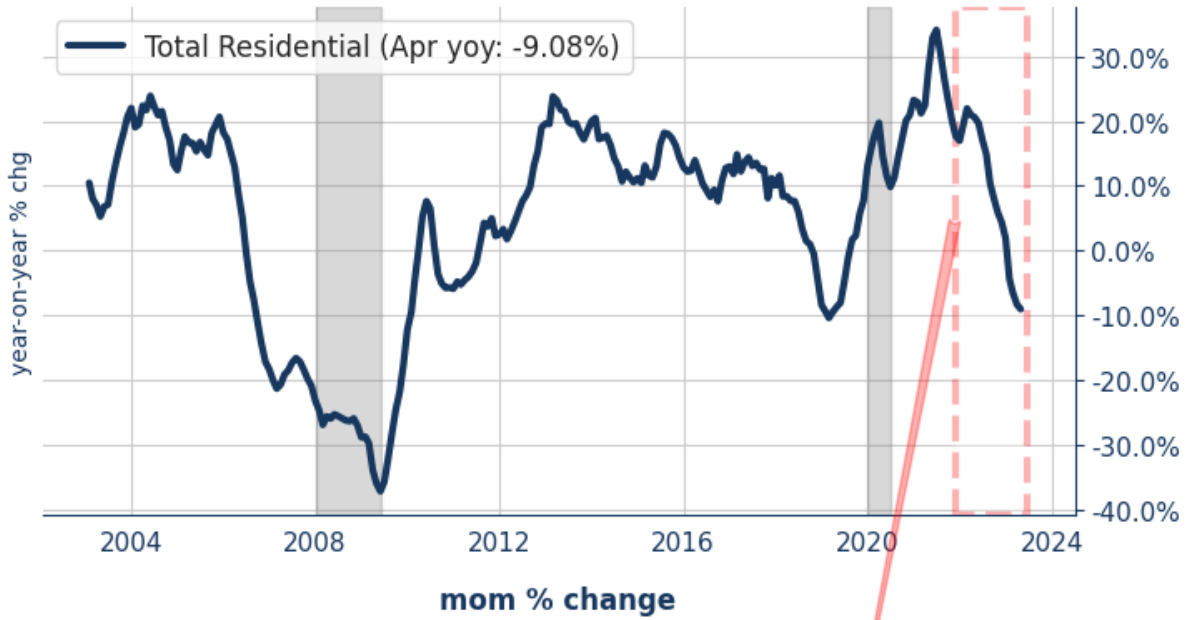
US Construction Spending

April: +1.24%, consensus: +0.2%



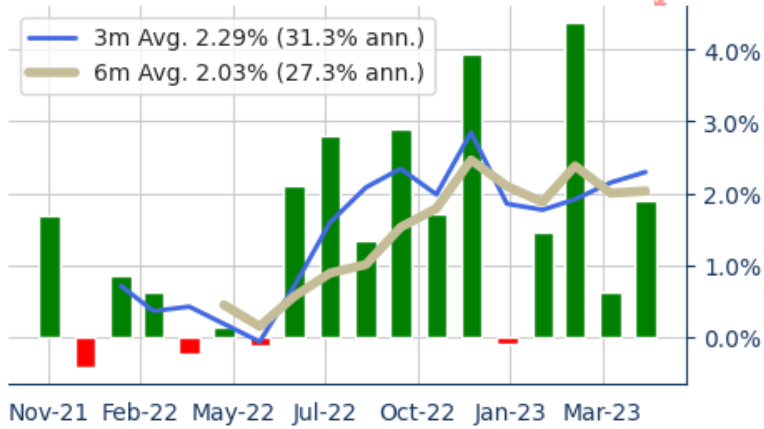
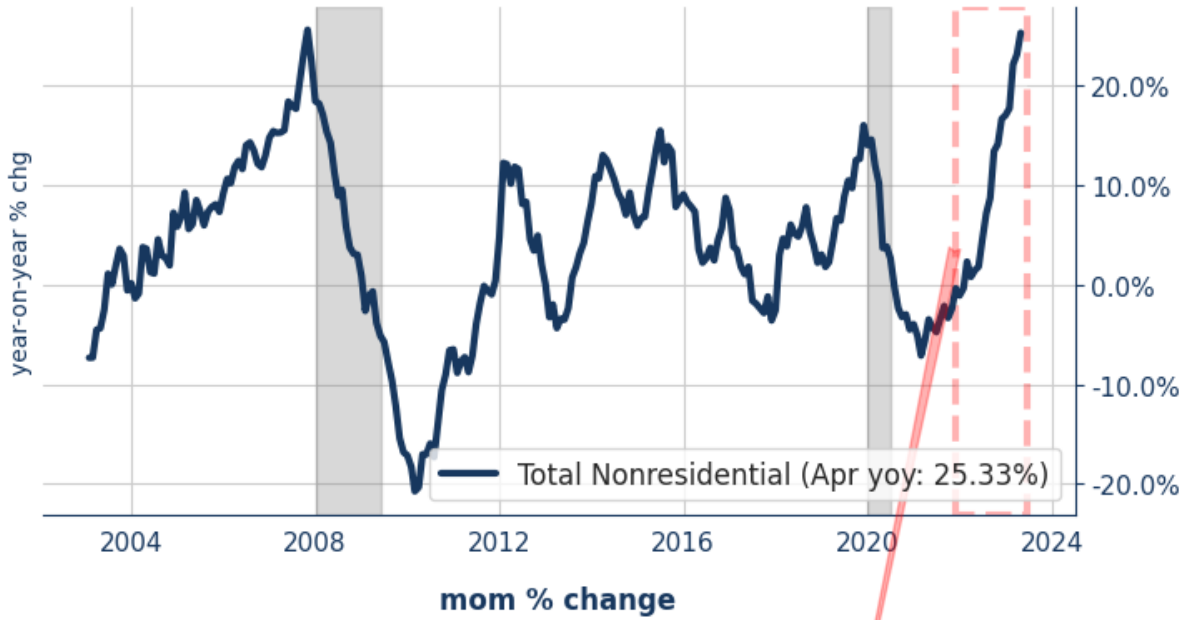
Contingent Macro Advisors 2023 source: US Census Bureau

Residential Construction



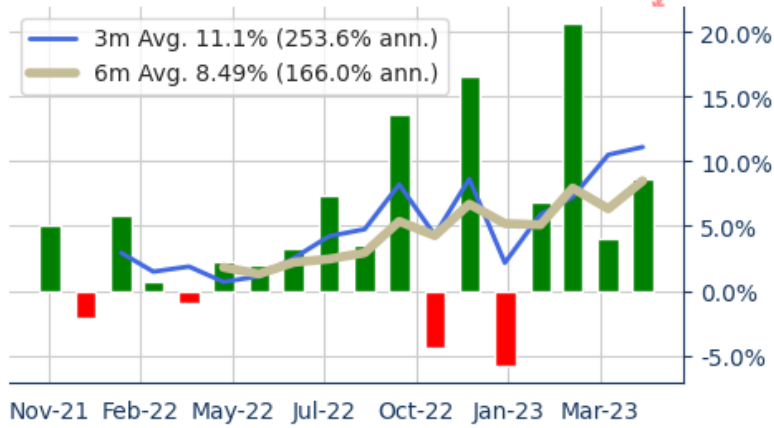
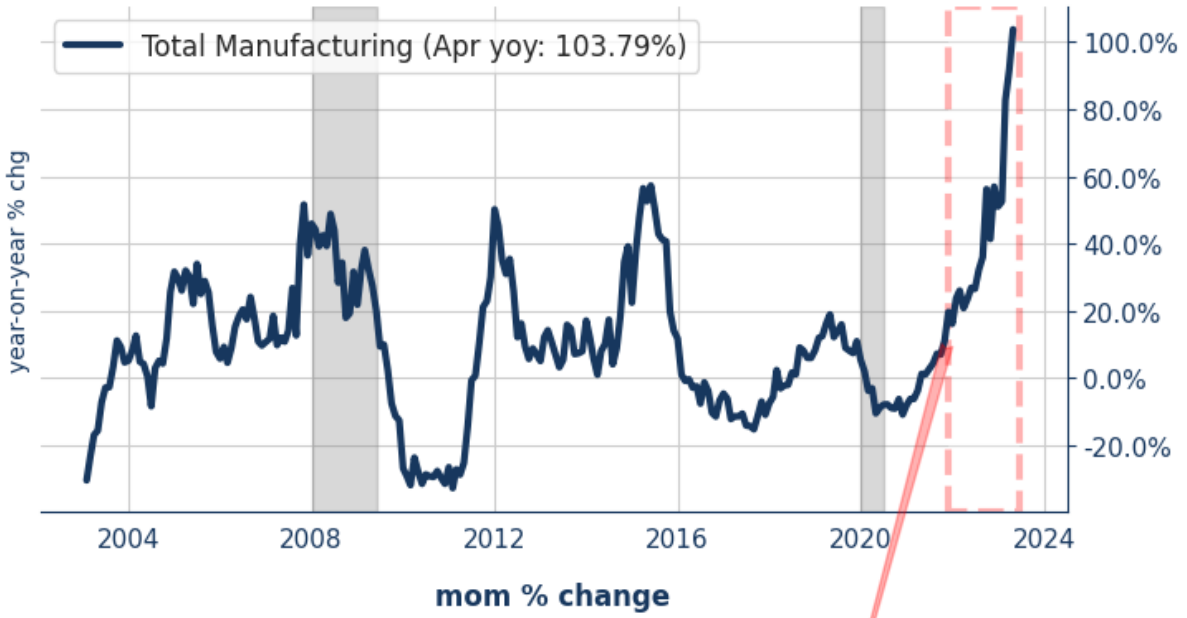
Contingent Macro Advisors 2023 source: US Census Bureau

Nonresidential Construction



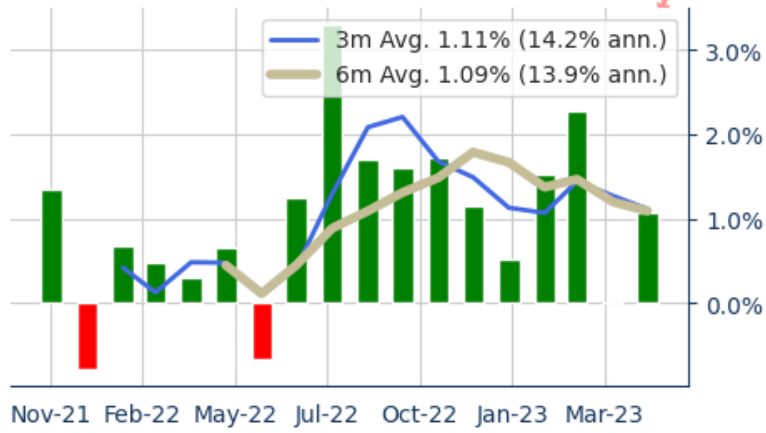
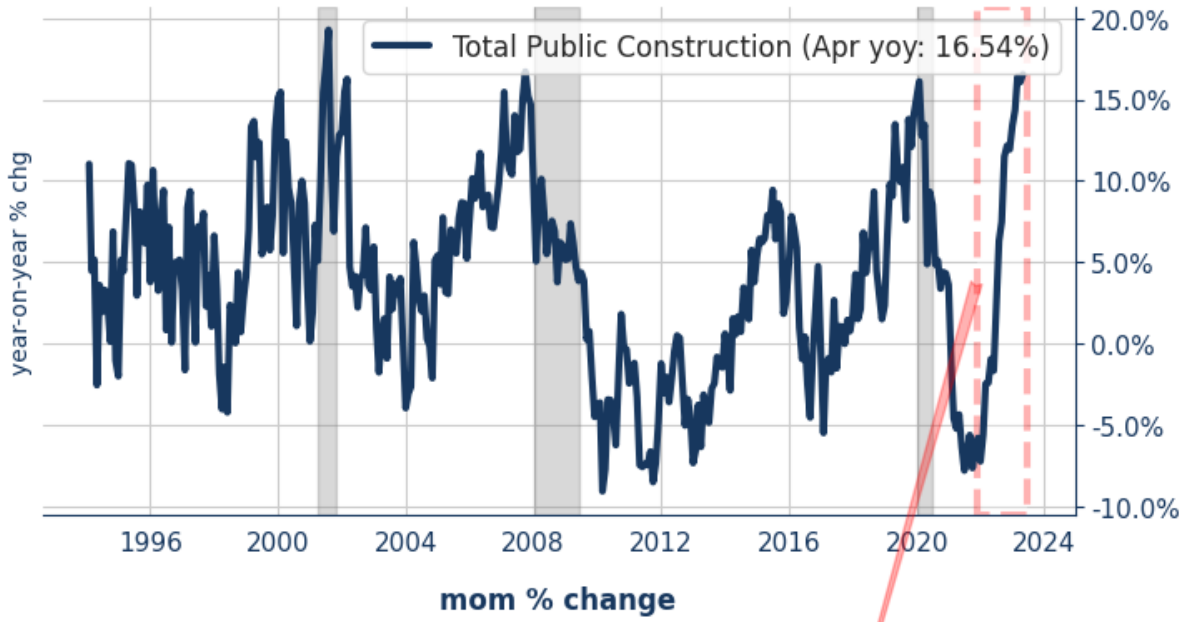
Contingent Macro Advisors 2023 source: US Census Bureau

Manufacturing Construction



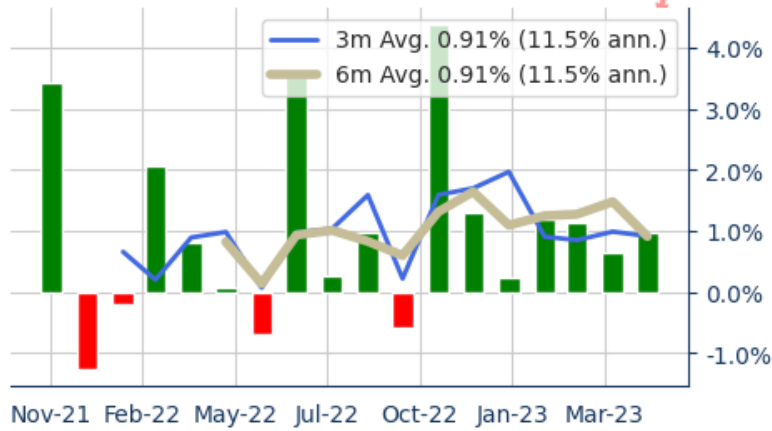
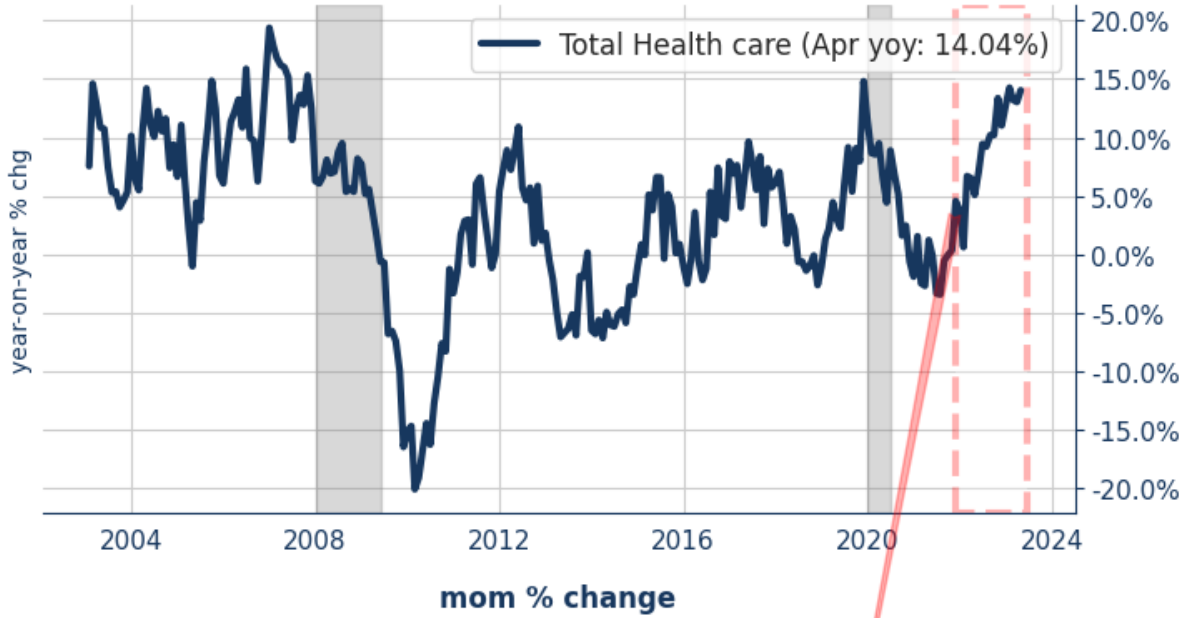
Contingent Macro Advisors 2023 source: US Census Bureau

Public Construction



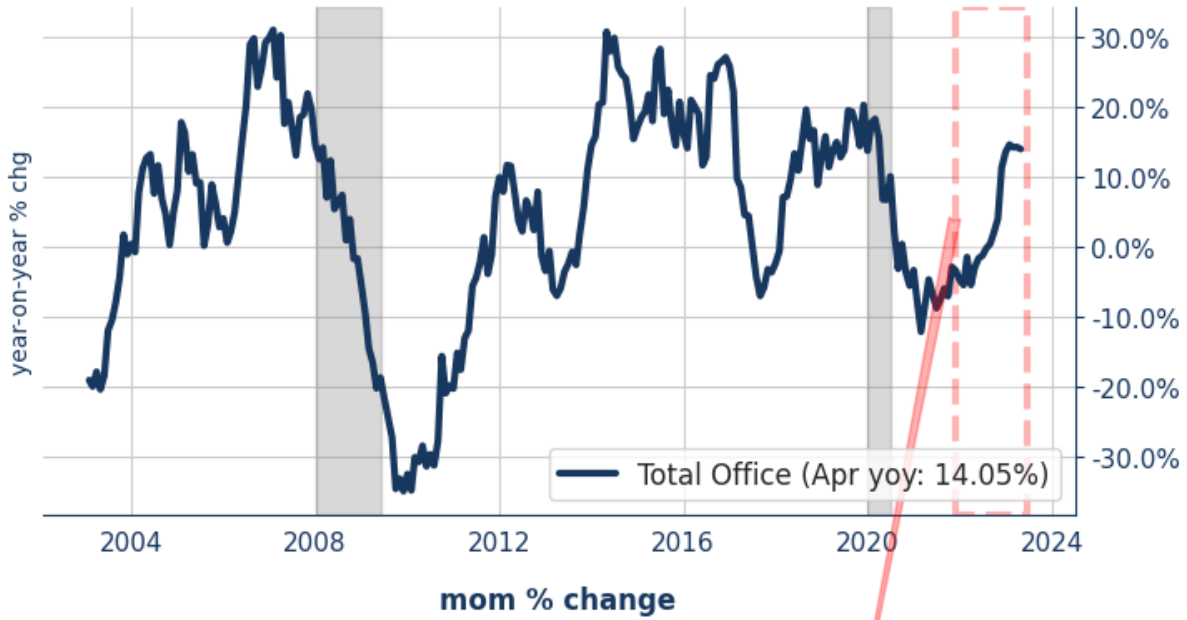
Contingent Macro Advisors 2023 source: US Census Bureau

Health care Construction



Contingent Macro Advisors 2023 source: US Census Bureau

Office Construction



Contingent Macro Advisors 2023 source: US Census Bureau

US Construction Spending	Apr-23	Mar-23	Feb-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Total Construction	1.24%	0.33%	2.36%	16.86%	11.37%	7.16%	9.37%	7.32%	9.64%
Total Residential	0.44%	-0.01%	0.04%	1.88%	-4.28%	-9.08%	1.89%	16.97%	12.70%
Total Nonresidential	1.90%	0.61%	4.37%	31.09%	27.08%	25.33%	17.05%	-1.07%	7.54%
Total Lodging	2.65%	0.26%	2.11%	21.94%	16.95%	40.78%	39.44%	-32.20%	-5.30%
Total Office	0.78%	-0.29%	-0.08%	1.63%	16.93%	14.05%	13.59%	-4.65%	4.15%
Total Commercial	0.73%	-0.91%	1.00%	3.30%	5.03%	23.72%	27.62%	17.45%	13.03%
Total Health care	0.96%	0.65%	1.13%	11.52%	11.46%	14.04%	12.70%	3.78%	6.58%

Total Manufacturing	8.62%	4.05%	20.63%	245.48%	156.12%	103.79%	51.07%	16.17%	29.53%
Total Public Construction	1.07%	0.01%	2.27%	14.16%	13.87%	16.54%	13.39%	-7.24%	6.33%

Source: US Census Bureau via FRED