

03. Jul.2023.

Construction Spending: Resi Continues Rebound

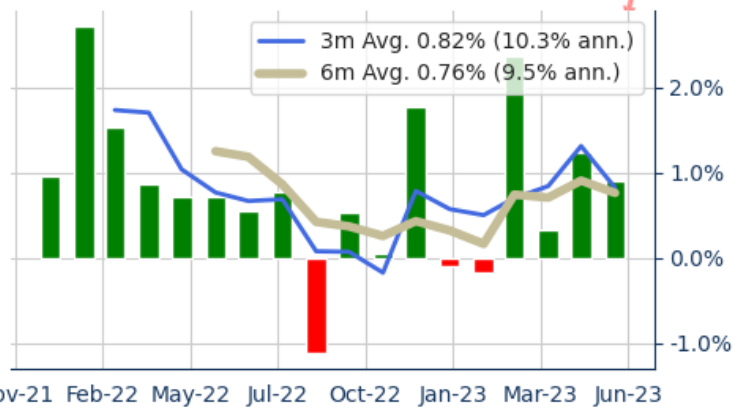
Bottom Line: Construction spending rose more than expected in May, and there were positive revisions to prior data. While these data are lagged and prone to revision, the trend improved notably late in the 1st Quarter and into the 2nd. Residential spending accelerated to the upside in May after growing for the first time in 10 months in April. Nonresidential construction was also higher, driven by continued strength in manufacturing-related construction. **Construction activity likely turned from a headwind to a tailwind in the 2nd Quarter. Constrained supply and demographic-led demand in residential combined with continued long-term investment in manufacturing and health care are now firmly offsetting the weakness in the office sector.**

US Construction Spending

May: +0.9%, consensus: +0.5%

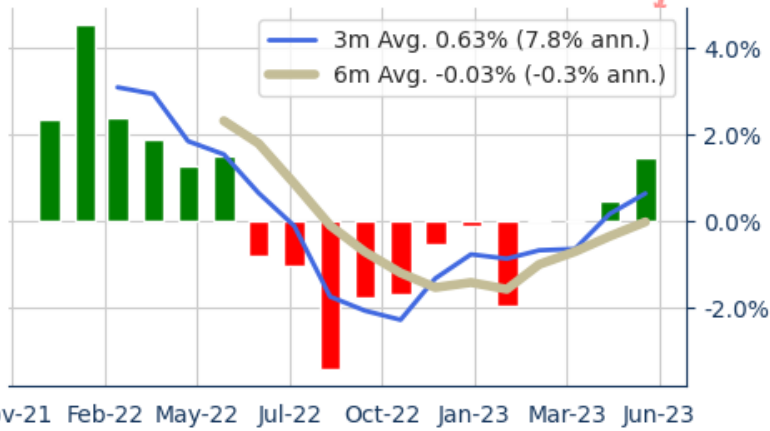
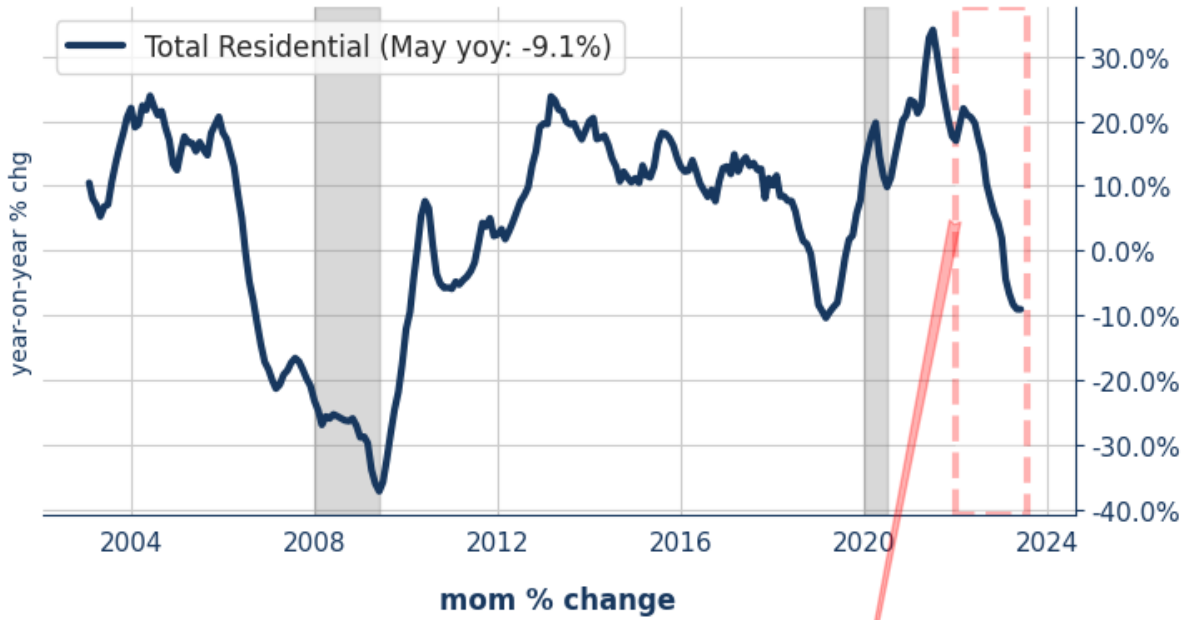


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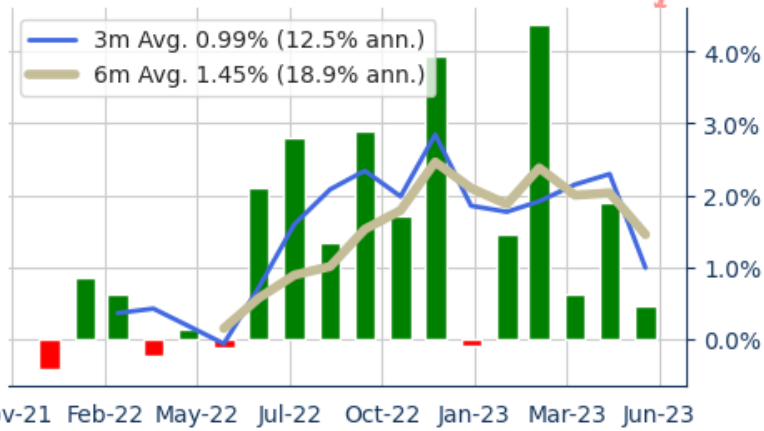
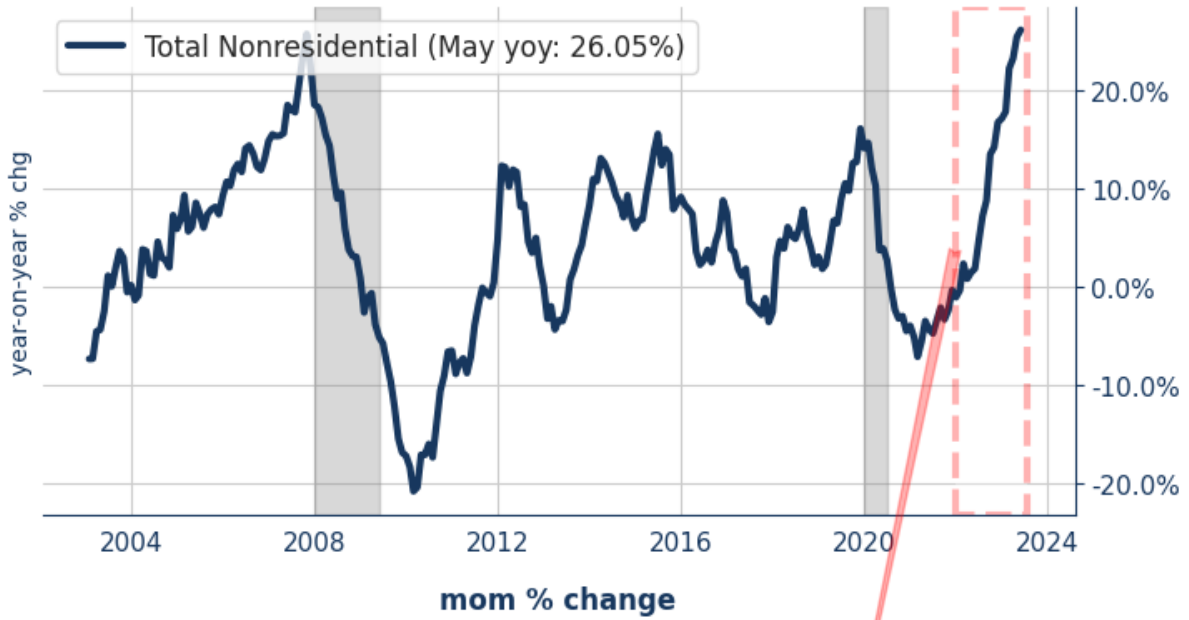
Contingent Macro Advisors 2023 source: US Census Bureau

Residential Construction



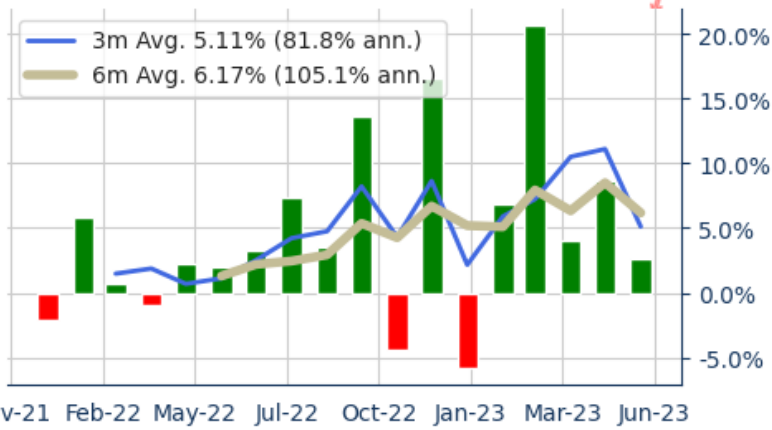
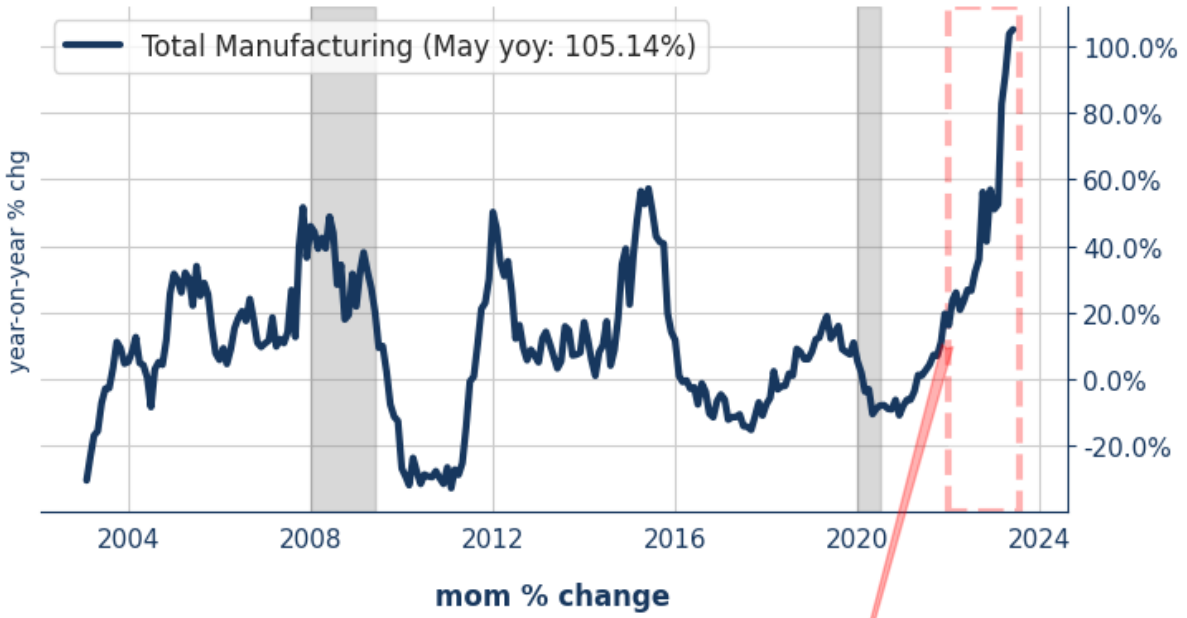
Contingent Macro Advisors 2023 source: US Census Bureau

Nonresidential Construction



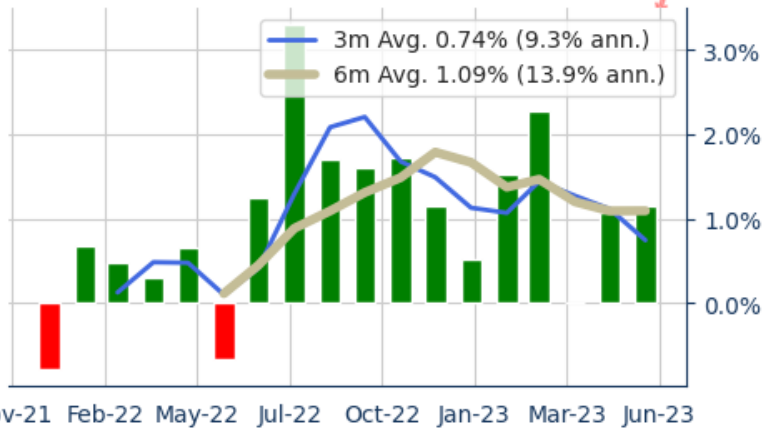
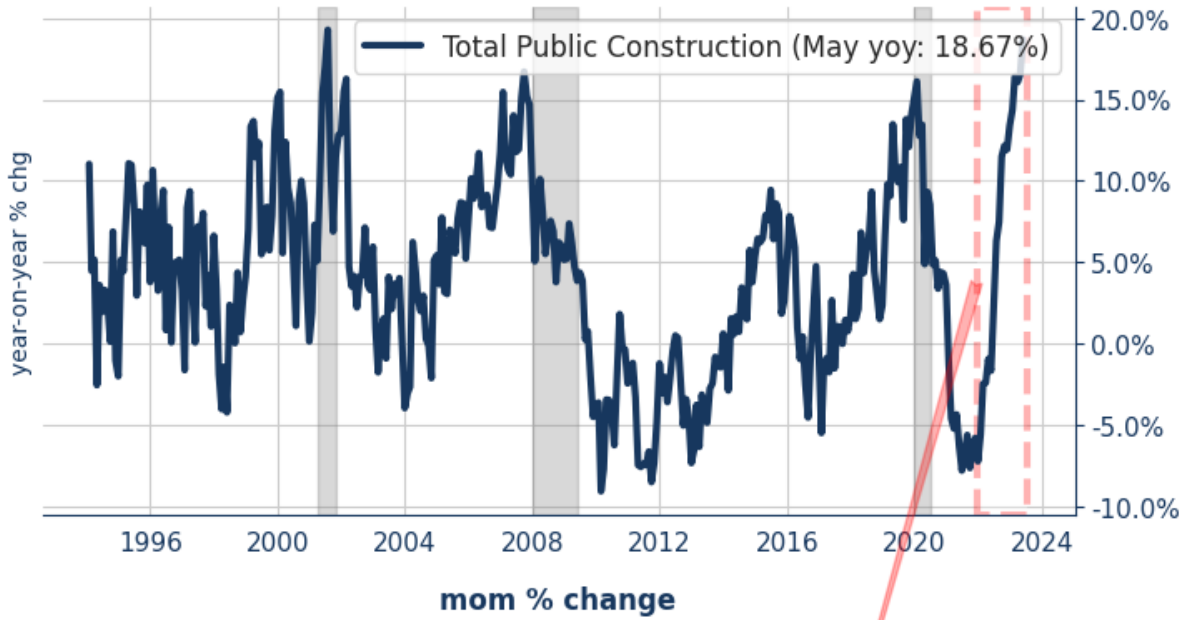
Contingent Macro Advisors 2023 source: US Census Bureau

Manufacturing Construction



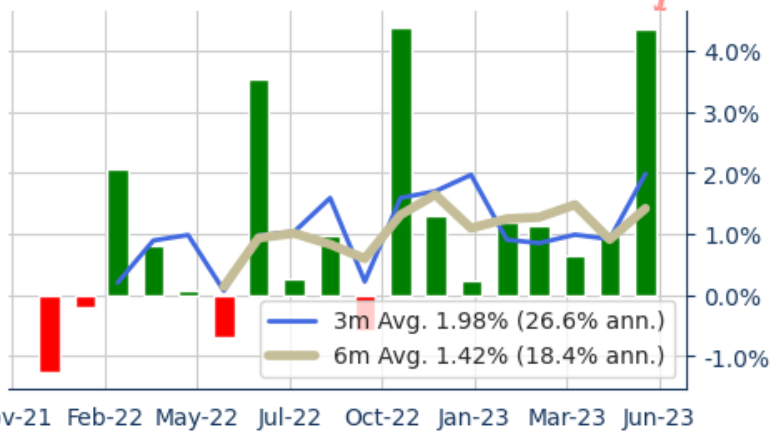
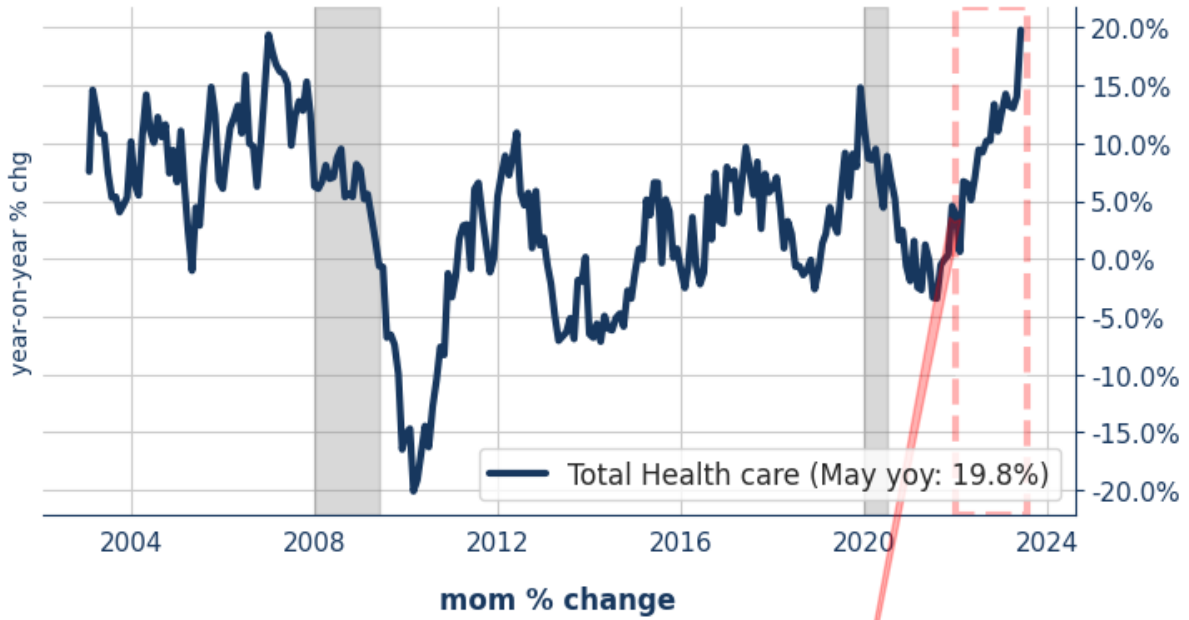
Contingent Macro Advisors 2023 source: US Census Bureau

Public Construction



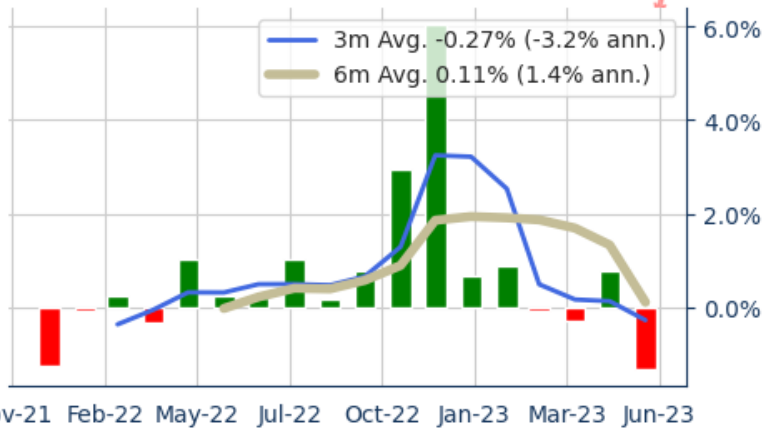
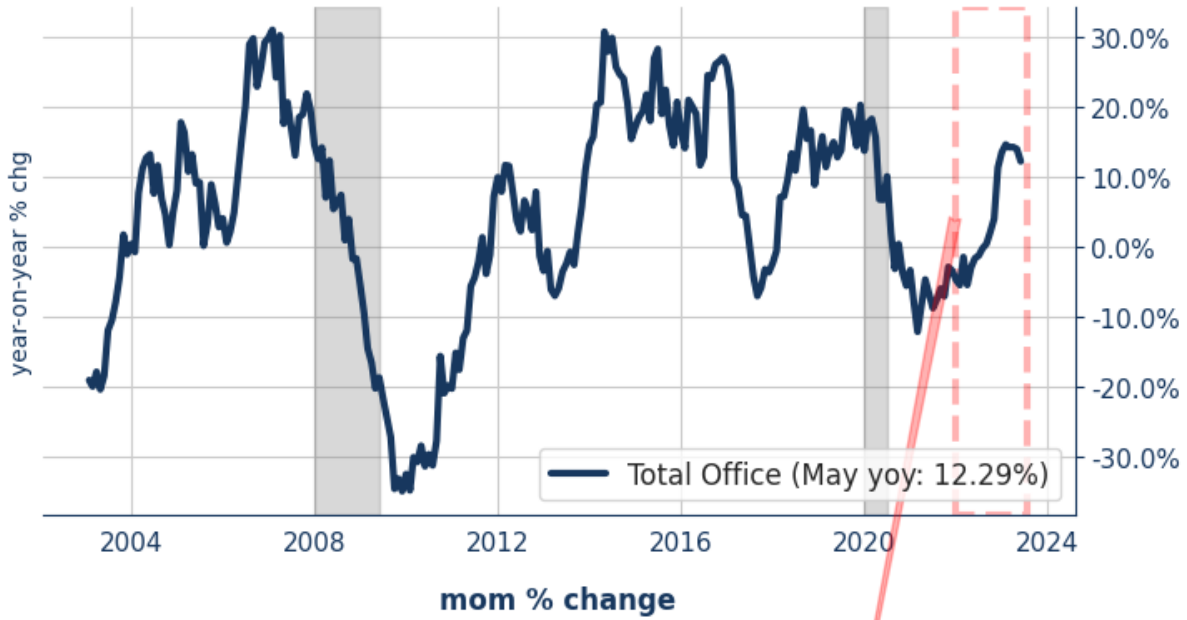
Contingent Macro Advisors 2023 source: US Census Bureau

Health care Construction



Contingent Macro Advisors 2023 source: US Census Bureau

Office Construction



Contingent Macro Advisors 2023 source: US Census Bureau

US Construction Spending	May-23	Apr-23	Mar-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Total Construction	0.90%	1.24%	0.33%	10.33%	9.48%	7.35%	9.37%	7.32%	9.90%
Total Residential	1.45%	0.44%	-0.01%	7.78%	-0.39%	-9.10%	1.89%	16.97%	13.17%
Total Nonresidential	0.45%	1.90%	0.61%	12.48%	18.71%	26.05%	17.05%	-1.07%	7.67%
Total Lodging	-2.47%	2.65%	0.26%	1.49%	11.97%	35.60%	39.44%	-32.20%	-5.66%
Total Office	-1.30%	0.78%	-0.29%	-3.23%	1.32%	12.29%	13.59%	-4.65%	3.84%
Total Commercial	-3.41%	0.73%	-0.91%	-13.59%	-7.90%	16.45%	27.62%	17.45%	11.91%
Total Health care	4.34%	0.96%	0.65%	26.38%	18.26%	19.80%	12.70%	3.78%	7.73%

Total Manufacturing	2.65%	8.62%	4.05%	81.17%	98.48%	105.14%	51.07%	16.17%	30.84%
Total Public Construction	1.16%	1.07%	0.01%	9.27%	13.89%	18.67%	13.39%	-7.24%	6.63%

Source: US Census Bureau via FRED