

The background of the slide is a cityscape at dusk, with a blue diagonal graphic element on the right side. The word "prevedere" is written in a light blue, lowercase, sans-serif font in the top left corner.

prevedere

ORIGIN: ITALIAN WORD DERIVED FROM PRAE + VIDEŌ ("SEE")

DEFINITION: TO FORESEE, TO ANTICIPATE, TO PLAN

# Economic Weekly Update Industry Indicators

*Total US Economy Dashboard*

April 12, 2021

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# US ECONOMY: Coronavirus Predictive Indicators for Economic Impact

Last Refresh: 04-12-2021

## Leading Indicators

Prevedere Economist team has handpicked this set of indicators that they consider critical leading signals for the economic recovery following this economic downturn

This dashboard provides businesses with the key “leading indicators” that typically turn early in the business cycle, and therefore provide clues to a coming change in the economic environment

Indicators are grouped into categories and each page in the dashboard represents a category.

## Indicator Selection Methodology

Specific indicators become valuable for an industry to watch based on three criteria:

**Historical leading reliability:** Some key indicators have value because of their consistent ability to signal economic downturns and recoveries throughout past business cycles

**Relevance to current crisis:** We have selected some indicators based on their unique relevance to this COVID-19 health crisis. Some indicators will highlight impacts that are especially unique to the social distancing and mandated nonessential business closings that are having an a particular impact on the economy in the near term.

**Frequency and timeliness of data:** Many traditional government data sources publish data on a monthly basis or even less frequently. And while some of these monthly datasets are still valuable to watch for economic reasons, we try to pair them with other, more frequently released datasets that will help signal current conditions faster.

All Categories: Look at these indicators to understand how they are placing upward or downward pressure on the economy.

Last Refresh: 04-12-2021

Category	Indicator	Relationship	Next Update	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Business Investment	Average Weekly Hours - Retail	Procyclic	05-04-2021	1.42%	1.32%	-0.33%	-0.66%	
	Small Business Sentiment	Procyclic	04-13-2021	-2.74%	-6.22%	-7.96%		
	Weekly Economic Index	Procyclic	04-16-2021	-1.92%	-1.83%	-1.91%	2.90%	9.52%
	Weekly Jobless Claims	Countercyclic	04-16-2021	260.73%	293.76%	289.94%	-36.55%	-85.75%
Transportation and Tourism	Google Search "Travel Cancellation"	Countercyclic	05-08-2021	-14.29%	-6.45%	-45.83%	-80.29%	
	ISM Services Index	Procyclic	05-06-2021	4.10%	4.87%	2.39%	7.50%	
	Restaurant and Bar Sales	Procyclic	04-18-2021	-17.57%	-18.26%	-18.78%		
	Sentiment: Vacation Travel Next 6 Months	Procyclic	04-17-2021	-43.43%	-42.90%	-39.65%	-33.02%	
Consumer Big Ticket Purchases	Auto Sales	Procyclic	05-07-2021	-15.35%	-15.90%	-17.68%	-4.34%	
	Consumer Sentiment - Discretionary Spend	Procyclic	05-01-2021	-14.07%	-14.68%	-13.36%	-8.65%	
	Global Luxury Index	Procyclic	05-13-2021	27.22%	35.33%	43.69%	63.25%	81.04%
	Home Building Permits Issued	Procyclic	04-24-2021	9.24%	16.03%	19.84%		
Logistics and Manufacturing	Economic Policy Uncertainty	Countercyclic	04-13-2021	89.68%	97.39%	39.08%	-50.83%	-71.88%
	Industrial Production	Procyclic	04-18-2021	-4.34%	-3.41%	-3.23%		
	Overtime for Hourly Mfg Workers	Procyclic	05-04-2021	-2.44%	0.00%	2.48%	5.88%	
	Purchasing Managers Index - Mfg	Procyclic	05-02-2021	22.95%	20.37%	20.97%	22.72%	
Financial	Financial Stress Index	Countercyclic	04-16-2021	41.18%	39.27%	131.89%	-117.49%	-141.03%
	S&P 500	Procyclic	04-13-2021	16.02%	15.47%	18.54%	46.85%	48.56%
	US High Yield Index Option - Adjusted Spread	Countercyclic	04-13-2021	10.00%	7.95%	-9.51%	-54.01%	-60.03%
	VIX Volatility Index	Countercyclic	04-13-2021	63.31%	84.84%	21.81%	-61.83%	-58.79%

## NOTES

Values represent the percentage change from the previous year.

In April, 8 out of 8 indicators are signaling economic improvement from the previous year.

In March, 12 out of 16 indicators are signaling economic improvement from the previous year.

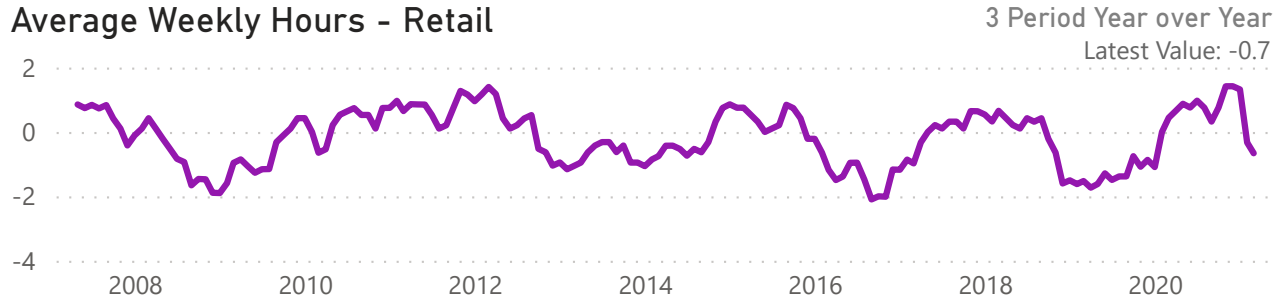
Look to subsequent pages for monthly trend analysis.

■ Upward pressure on economy

■ Downward pressure on economy

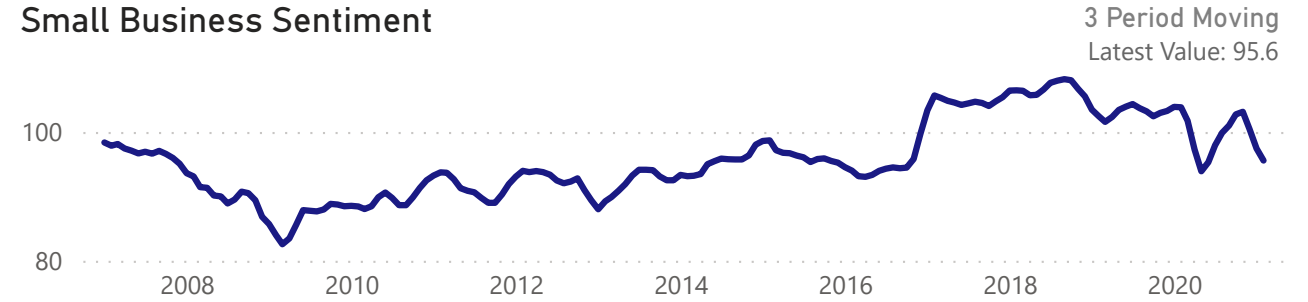
**Business Investment:** How businesses react to the health crisis by investments in labor and capital will signal timing of recovery.

Date Range: 1/1/2007 4/12/2021



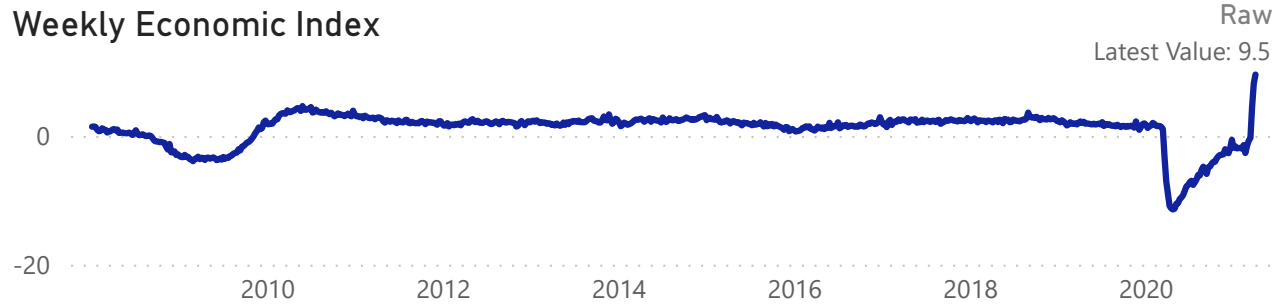
Changes in hours can signal coming job losses or need for new hiring.

Source: U.S. Bureau of Labor Statistics Data as of 03-2021



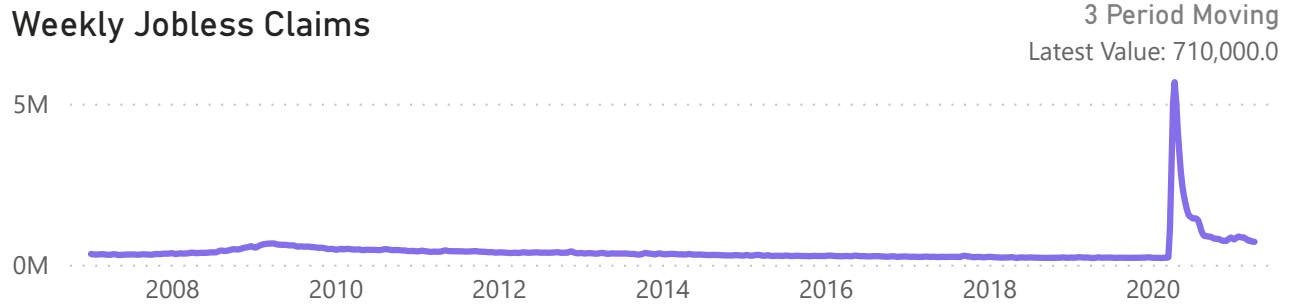
Small Businesses can be quicker to react to economic conditions than big firms.

Source: National Federation of Independent Business Data as of 02-2021



Weekly released; a composite of 7 non-financial measures of real economic activity.

Source: Stock, James H. Data as of 04-03-2021



This data is weekly, and so is one of the earliest measures of the job market.

Source: Employment and Training Administration Data as of 04-03-2021

## MONTHLY TRENDS

How have these indicators changed up or down in the past 5 months.

Indicator	Relationship	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Average Weekly Hours - Retail	Procylic	↑	↓	↓	↓	
Small Business Sentiment	Procylic	↓	↓	↓		
Weekly Economic Index	Procylic	↑	↓	↑	↑	↑
Weekly Jobless Claims	Countercyclic	↓	↓	↑	↑	↑

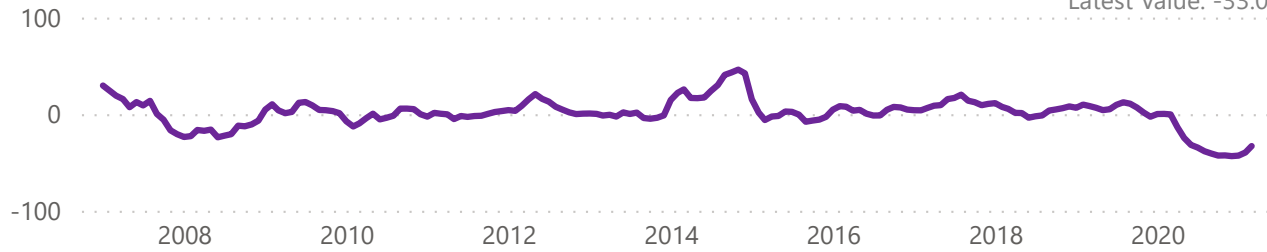
↑ Upward pressure on economy  
↓ Downward pressure on economy

**Transportation & Tourism:** Non-essential business closures is a big part of curbing the pandemic. Look to these indicators for the impact.

Date Range: 1/1/2007 4/12/2021

## Sentiment: Vacation Travel Next 6 Months

3 Period Year over Year  
Latest Value: -33.0



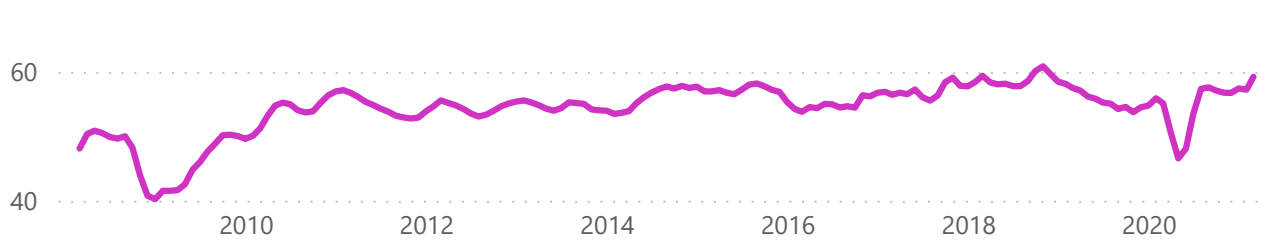
Consumers will project their intention on travelling again long before the spending occurs.

Source: Consumer Sentiment Data

Data as of 03-2021

## ISM Services Index

3 Period Moving  
Latest Value: 59.2



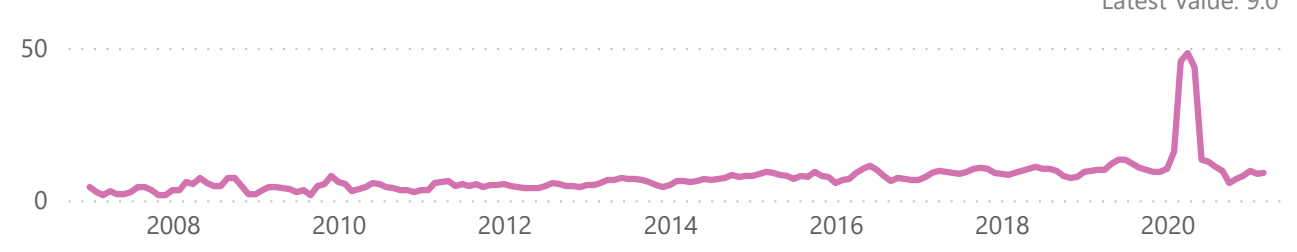
Released early in the month. Key to watch for timing of recovery.

Source: Institute for Supply Management

Data as of 03-2021

## Google Search "Travel Cancellation"

3 Period Moving  
Latest Value: 9.0



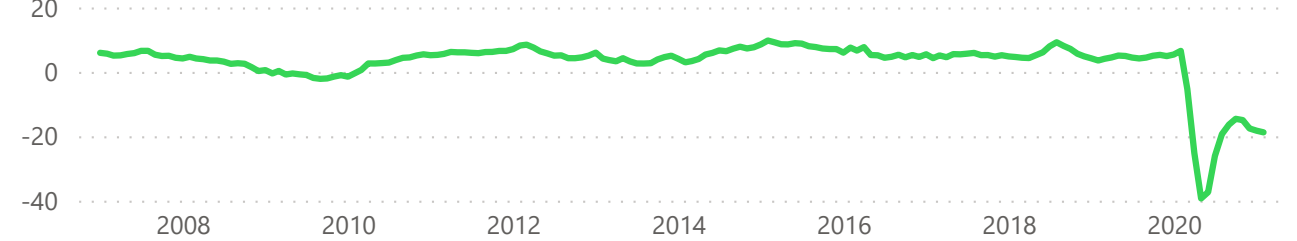
Intent to change plans will signal future disruption or recovery.

Source: Google Trends

Data as of 03-2021

## Restaurant and Bar Sales

3 Period Year over Year  
Latest Value: -18.8



A major impacted sector. How it recovers will be important in the aftermath.

Source: United States Census Bureau

Data as of 02-2021

## MONTHLY TRENDS

How have these indicators changed up or down in the past 5 months.

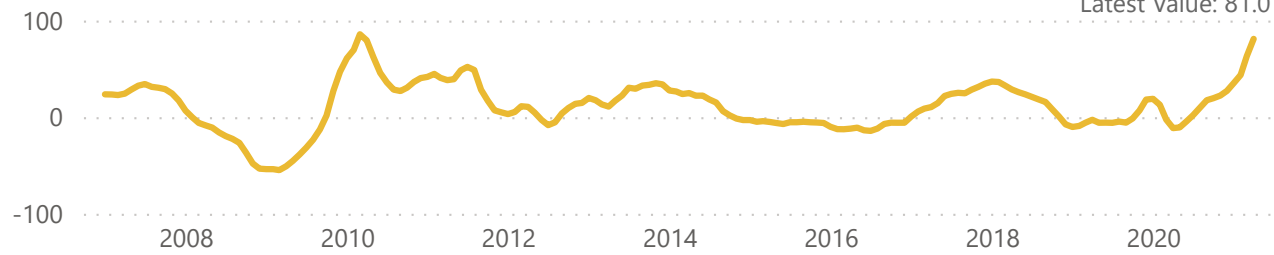
Indicator	Relationship	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Google Search "Travel Cancellation"	Countercyclic	↓	↓	↑	↓	
ISM Services Index	Procylic	↓	↑	↓	↑	
Restaurant and Bar Sales	Procylic	↓	↓	↓		
Sentiment: Vacation Travel Next 6 Months	Procylic	↓	↑	↑	↑	

↑ Upward pressure on economy  
↓ Downward pressure on economy

**Consumer Big Ticket Purchases:** Typically the first categories to decline when a recession hits. They can also signal a recovery taking hold.

Date Range: 1/1/2007 4/12/2021

## Global Luxury Index

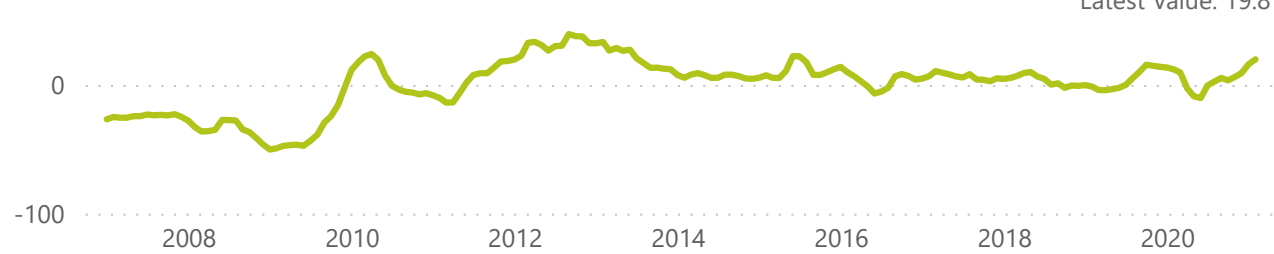


Composite of stock performance of top companies that sell luxury goods and services.

Source: S&P Dow Jones Indices

Data as of 04-2021

## Home Building Permits Issued

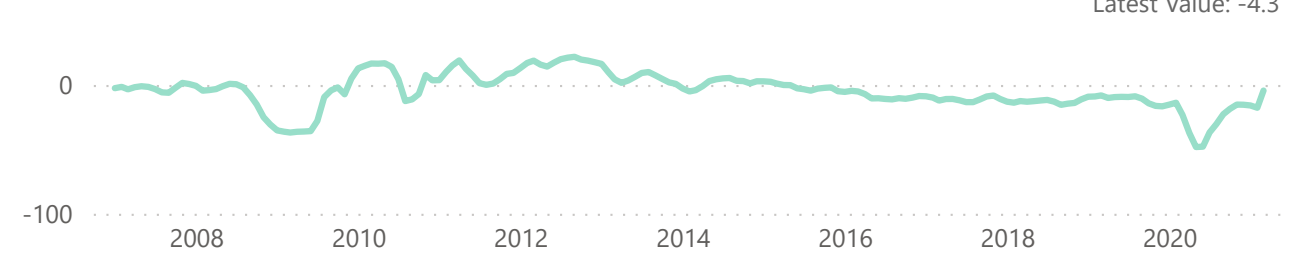


A good indicator for construction, home sales and the whole US economy.

Source: United States Census Bureau

Data as of 02-2021

## Auto Sales

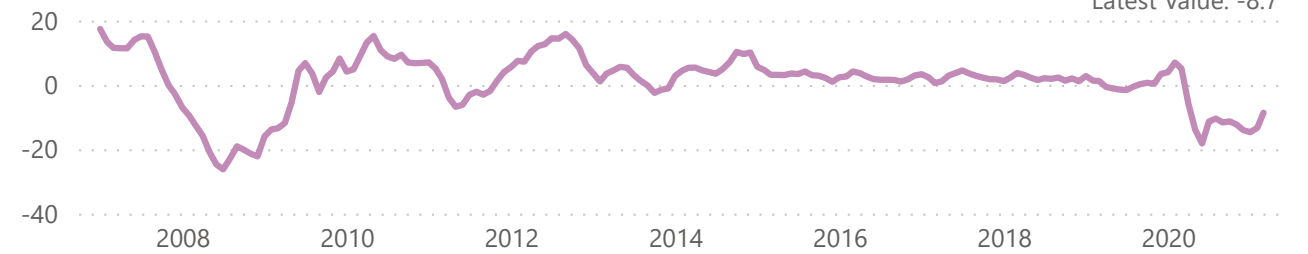


An important sector and data is released sooner than other areas of retail.

Source: U.S. Bureau of Economic Analysis

Data as of 03-2021

## Consumer Sentiment - Discretionary Spend



Consumer durables that can signal future discretionary spend.

Source: Consumer Sentiment Data

Data as of 03-2021

## MONTHLY TRENDS

How have these indicators changed up or down in the past 5 months.

Indicator	Relationship	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Auto Sales	Procyclic	↓	↓	↓	↑	
Consumer Sentiment - Discretionary Spend	Procyclic	↓	↓	↑	↑	
Global Luxury Index	Procyclic	↑	↑	↑	↑	↑
Home Building Permits Issued	Procyclic	↑	↑	↑		

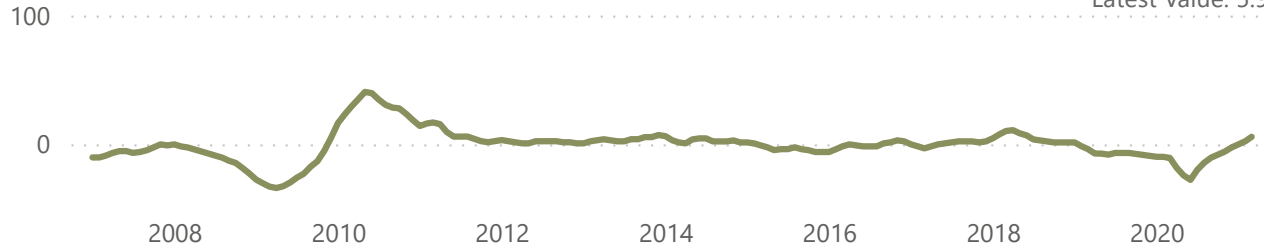
↑ Upward pressure on economy  
↓ Downward pressure on economy

Logistics & Manufacturing: Weakened globally by the trade war, now impacted by both supply and demand disruptions due to COVID-19.

Date Range: 1/1/2007 4/12/2021

## Overtime for Hourly Mfg Workers

3 Period Year over Year  
Latest Value: 5.9



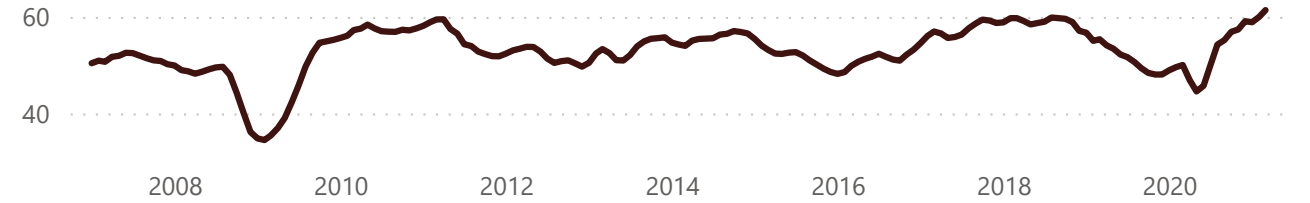
Impacted industries will likely cut hours before cutting positions.

Source: U.S. Bureau of Labor Statistics

Data as of 03-2021

## Purchasing Managers Index - Mfg

3 Period Moving  
Latest Value: 61.4



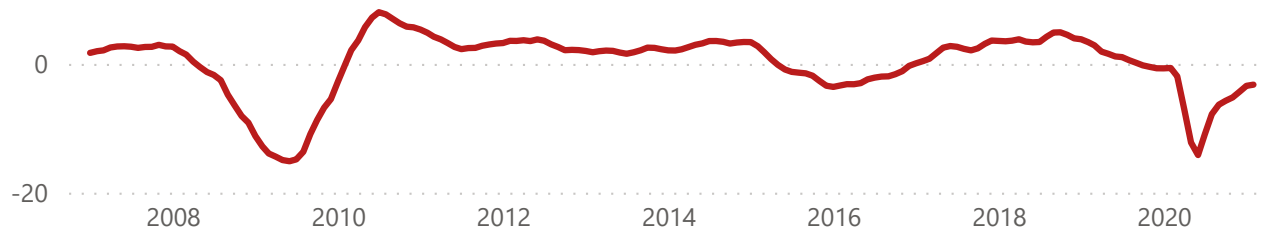
Released early in the month. A good first moving indicator.

Source: Institute for Supply Management

Data as of 03-2021

## Industrial Production

3 Period Year over Year  
Latest Value: -3.2



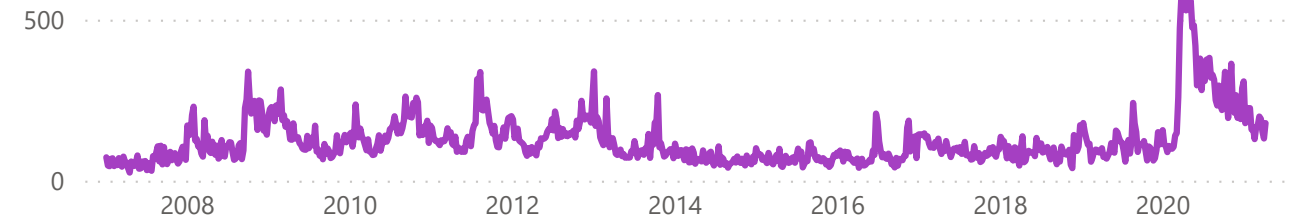
Measures Mfg, Mining, Utilities. A directional signal of future GDP.

Source: Board of Governors of the Federal Reserve System

Data as of 02-2021

## Economic Policy Uncertainty

Weekly Avg  
Latest Value: 178.8



Daily news based composite. Can signal supply chain disruptions and upcoming slack or tightening demand.

Source: Federal Reserve Bank of St. Louis

Data as of 04-08-2021

## MONTHLY TRENDS

How have these indicators changed up or down in the past 5 months.

Indicator	Relationship	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Economic Policy Uncertainty	Countercyclic	↓	↑	↑	↑	↓
Industrial Production	Procylic	↑	↑	↑		
Overtime for Hourly Mfg Workers	Procylic	↑	↑	↑	↑	
Purchasing Managers Index - Mfg	Procylic	↑	↓	↑	↑	

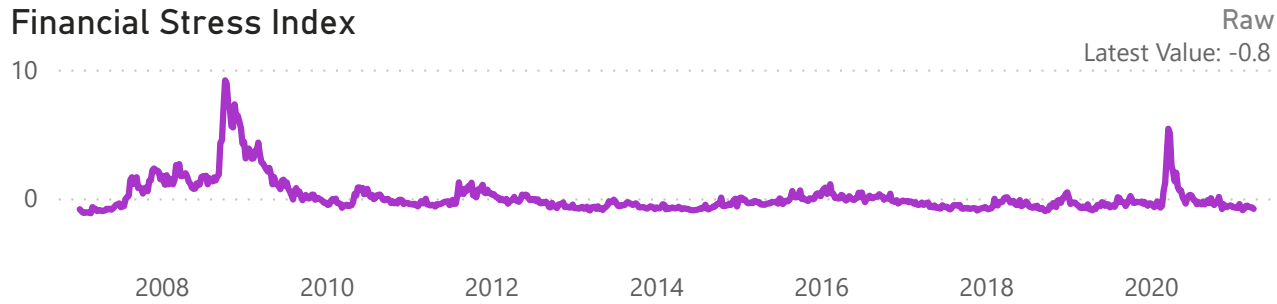
↑ Upward pressure on economy

↓ Downward pressure on economy

# US ECONOMY: Coronavirus Predictive Indicators for Economic Impact

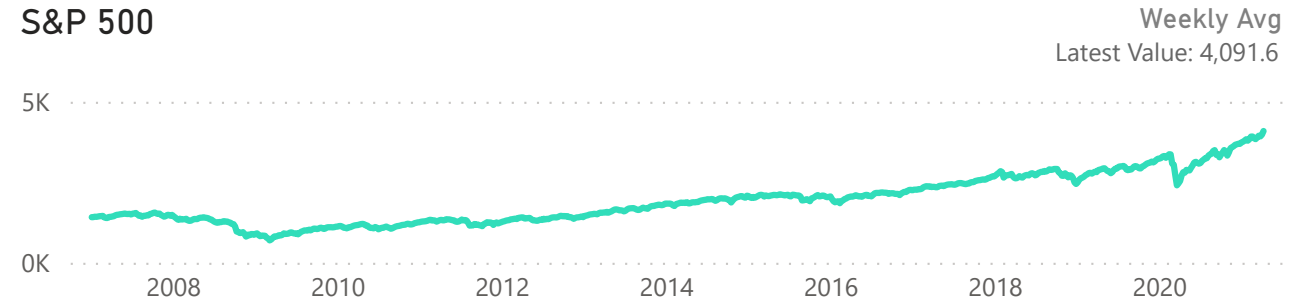
**Financial:** A good source of real-time information, versus data release lags in other sectors. Many signals of future economic health.

Date Range: 1/1/2007 4/12/2021



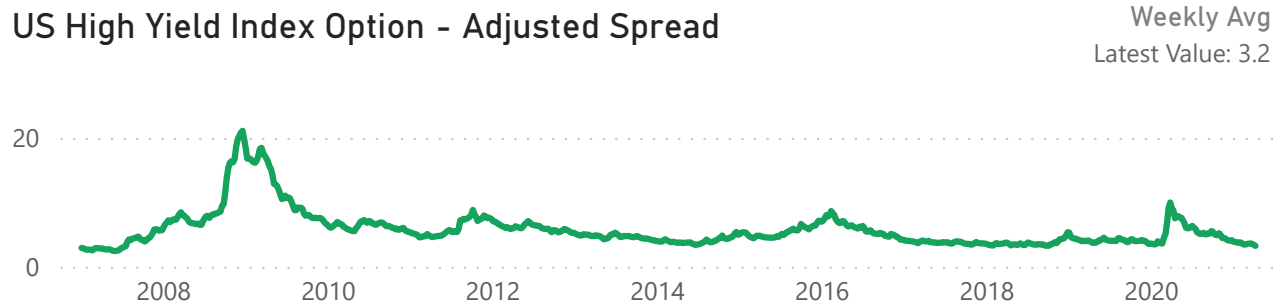
Composite of 18 weekly data series measuring financial stress in the markets.

Source: Federal Reserve Bank of St. Louis Data as of 04-02-2021



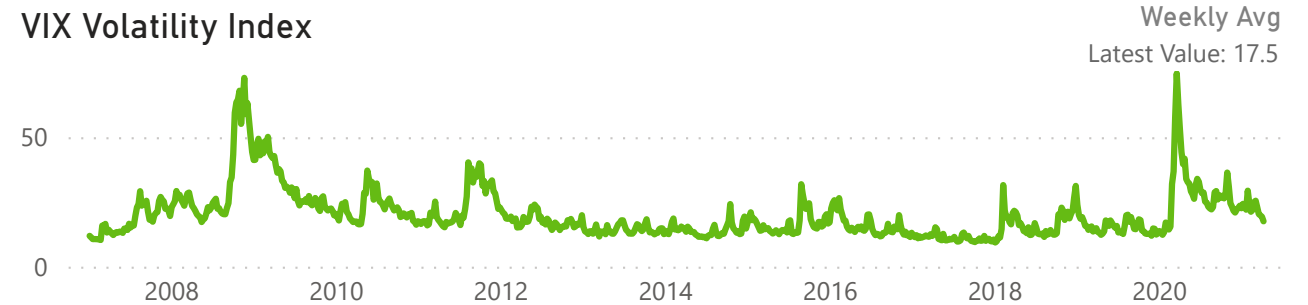
Commonly watched stock composite, but an important indicator for a signal of broad recovery

Source: S&P Dow Jones Indices Data as of 04-09-2021



Rises in times of higher risk of business defaults.

Source: Bank of America Merrill Lynch Data as of 04-08-2021



Measures future volatility. An increase is a leading signal for economic decline.

Source: Chicago Board Options Exchange Data as of 04-08-2021

## MONTHLY TRENDS

How have these indicators changed up or down in the past 5 months.

Indicator	Relationship	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
<b>Financial Stress Index</b>	Countercyclic	↓	↓	↑	↑	↑
<b>S&amp;P 500</b>	Procylic	↑	↑	↑	↑	↑
<b>US High Yield Index Option - Adjusted Spread</b>	Countercyclic	↑	↑	↑	↓	↑
<b>VIX Volatility Index</b>	Countercyclic	↓	↓	↑	↑	↑

↑ Upward pressure on economy  
↓ Downward pressure on economy



## Anatomy of the Dashboard

### Data Grouped by Logical Categories

We have organized our leading indicators into four. These categories are meant to be a logical grouping that an economist would look for when studying an industry or an entire economy.

### See the Data How Our Economists See It

Our economists have determined for the reader what the best frequency and calculation the data should be viewed at if you are looking for real signals of economic change. If you look at data too granularly (such as by the hour, or day) the signal can get lost in the volatility. So we utilize moving averages and growth rates to help isolate sustained trends.

### Historical Context

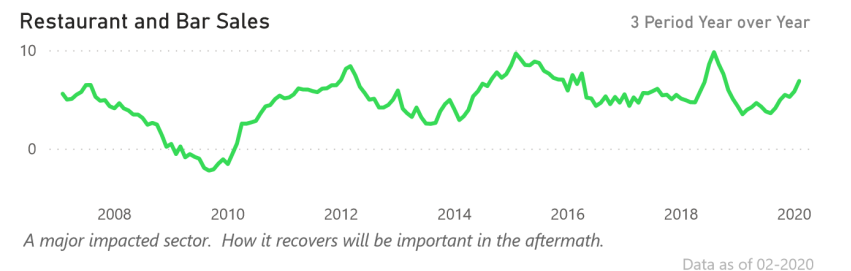
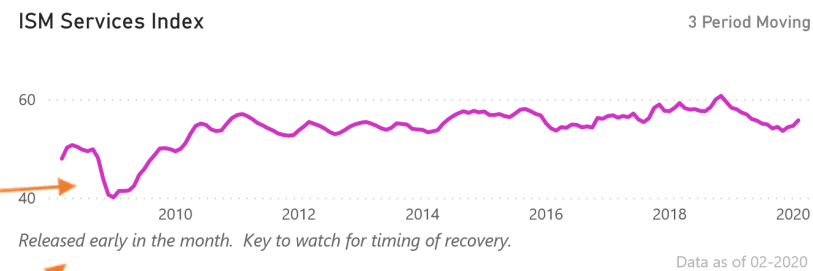
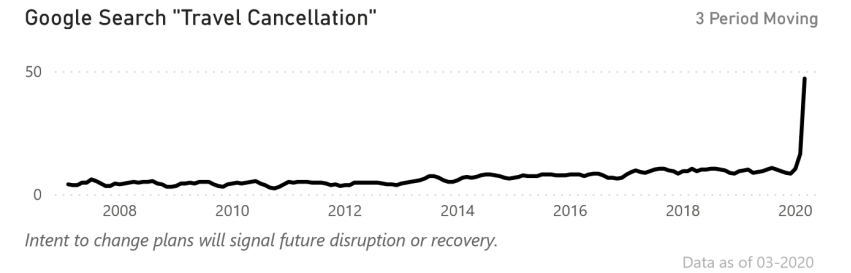
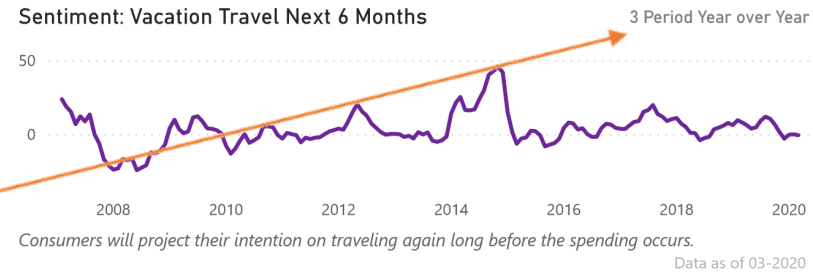
We want to show enough data history, when available, to compare to the "Global Financial Crisis" in 2008-10. This should help a reader visually compare the recent negative movements to prior cases where the indicator showed recessionary or weaker conditions.

### The Reason for the Indicator

Under each indicator there is a description of why that indicator was chosen by the Economist team as a top indicator to watch.

## Coronavirus: Predictive Indicators for Economic Impact

**Transportation & Tourism:** A big part of this pandemic is keeping people from moving and spreading the disease. Look to these indicators for the impact.



### MONTHLY TRENDS

How have these indicators changed up or down in the past 4 months.

Indicator	Relationship	Dec 2019	Jan 2020	Feb 2020	Mar 2020
Google Search "Travel Cancellation"	Countercyclic	↑	↓	↓	↓
ISM Services Index	Procyclic	↑	↑	↑	
Restaurant and Bar Sales	Procyclic	↓	↑	↑	
Sentiment: Vacation Travel Next 6 Months	Procyclic	↓	↑	↑	↓

↑ Upward pressure on economy  
↓ Downward pressure on economy

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### Simple Signal Summary

To simplify the interpretation of the indicators, a table is provided that highlights the data compared to the previous month. If the indicator is signaling improvement from the previous month, then it gets a green arrow.

### The Cycle

The Economists know that some indicators may rise, and that signals negative pressure on the economy or industry. We call that a countercyclic relationship and account for it appropriately in the summary table.