

# Pittsfield Cooperative Bank's Economic Update

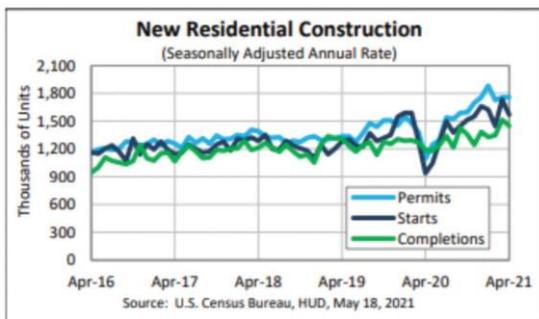
May 17-21, 2021

U.S. Indicator	Period of Time	Result	Forecasted	Previous
Housing Starts	April	1.57mm	1.70mm	1.73mm
Building Permits	April	1.76mm	1.77mm	1.76mm
Markit Manufacturing	PMI May	61.50	60.50	60.50
Existing Home Sales (millions)	April	5.85	6.02	6.01

## Bottom Line

Somewhat quiet week in terms of economic indicators, however, on Wednesday we got a look into the Federal Reserve minutes from the April meeting. Overall, participants noted that vaccinations, pent-up demand and stimulus was generating a strong tailwind to consumer spending and employment. The sectors that were most adversely affected by the pandemic (Leisure & Hospitality) remained weaker, however, are beginning to show improvement. The committee highlighted that “consumer spending would continue to be bolstered by these factors as well as by the elevated level of accumulated household savings”. Lastly, various participants noted that it would likely be some time until the economy had made substantial further progress toward the Committee’s maximum-employment and price-stability goals relative to the conditions prior to the pandemic.

- A. Housing Starts & Building Permits:** Overall there was a 9% monthly drop across the country in housing starts for the month of April, however, the pace of permits grew again ~.30% showing the pipeline for new construction continues to accelerate. Single-family housing starts and permits declined ~13% and ~4% while multifamily starts increased ~4%. Permits for buildings with five or more housing units also increased slightly ~.12%. A slowdown in new-home construction in the Midwest and South were the major contributors to the monthly decline. Both the Northeast and West saw an uptick in housing starts, though single-family starts declined or remained flat across all regions. Home completions fell more than 4% on the month, although not cited in census bureau notes, there is speculation that increasing supply costs and ability for developers to fully staff has impacted pace of completions.



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	New Privately-Owned Housing Units Authorized in Permit-Issuing Places											
(units in thousands)	Total United States				Northeast		Midwest		South		West	
	Total	1 unit	2 to 4 units	or more	Total	1 unit	Total	1 unit	Total	1 unit	Total	1 unit
March	1755	1194	58	503	155	78	253	174	908	661	439	281
April	1760	1149	52	559	168	76	228	158	943	652	421	263
MoM % Change	0.3%	-3.8%	-10.3%	11.1%	8.4%	-2.6%	-9.9%	-9.2%	3.9%	-1.4%	-4.1%	-6.4%

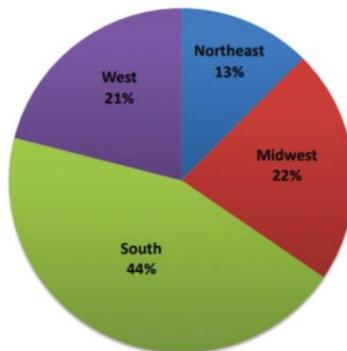
**B. Manufacturing PMI:** U.S. factory activity gathered speed in early May amid strong domestic demand, but backlogs of uncompleted work are piling up as manufacturers struggle to find raw materials and labor, boosting costs for both businesses and consumer. The Data firm IHS Markit, who provides the indicator, said that the May was the highest reading since the survey was expanded to cover all manufacturing industries in October 2009.

Total Existing Home Sales, SA Annual Rate



**C. Existing Home Sales:** existing home sales declined for the third consecutive month, a result of the low inventory of properties for sale and rising prices. The housing statistics are remarkable- the median existing-home price in April was \$341,600, a new record high that represents a 19.1% increase from the previous year. Properties stayed on the market for 17 days in April on average, and 88% of homes sold last month were on the market for less than a month.

Existing Home Sales by Region



\*Charts and statistics provided by National Association of Realtors.

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