

U.S. Data Review

- Housing starts: rebound to an elevated level
- Industrial production: firm manufacturing activity; weather-related softness at utilities

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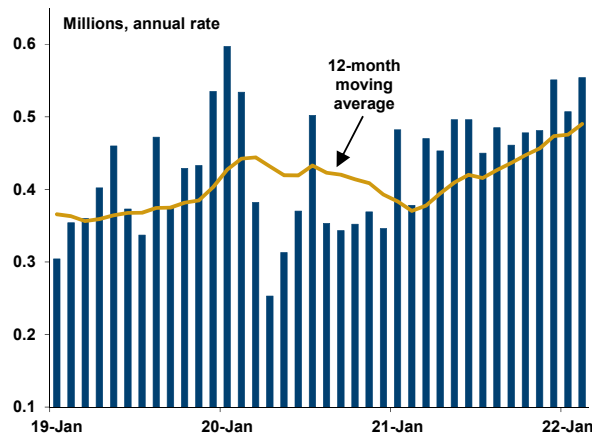
Housing Starts

Housing starts jumped 6.8 percent in February, better than the expected advance of 3.8 percent (1.769 million units, annual rate versus an expectation of 1.700 million). Moreover, results in the prior two months were revised higher, as activity in the two months combined was 1.9 percent firmer than previously reported.

Both single-family and multi-family activity contributed to the increase, although we view the jump of 9.3 percent in the multi-family area (to 554,000) as more notable (charts). The February reading added to the firm performance in 2021 (results for February were 17.1 percent above the 2021 average of 473,000), perhaps signaling that housing preferences are shifting. Sky-high prices in the market for single-family homes, and rekindled interest in city living, likely are contributing. Multi-family permits slipped 4.4 percent to 652,000 (following a drop of 9.9 percent in January), but the declines followed a surge of 23.9 percent in December 2021 and the latest reading was only modestly below the highest observation of the prior expansion.

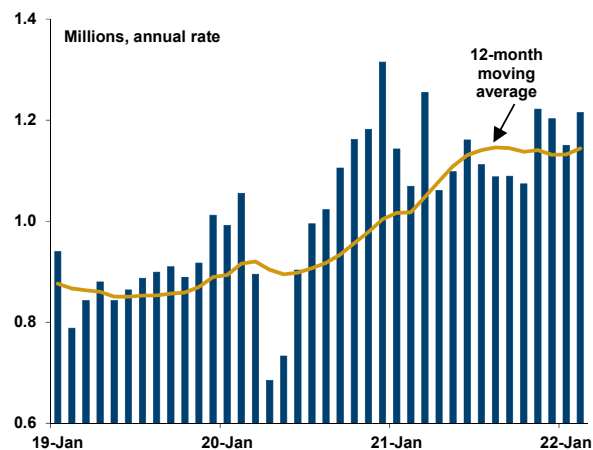
Single-family starts rose 5.7 percent to 1.215 million, reversing most of the slide in the prior two months. The latest reading is off last year's high of 1.222 million in November, but it is 7.4 percent above last year's average of 1.131 million and compares favorably to readings in prior expansions (excluding those in the frothy period in the early and mid-2000s). Single-family permit issuance eased in February (-0.5 percent), but the dip followed a jump of 7.5 percent in the prior month. The combined results of the past two months raise the prospect of further improvement in single-family starts in March.

Multi-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

Single-Family Housing Starts



Source: U.S. Census Bureau via Haver Analytics

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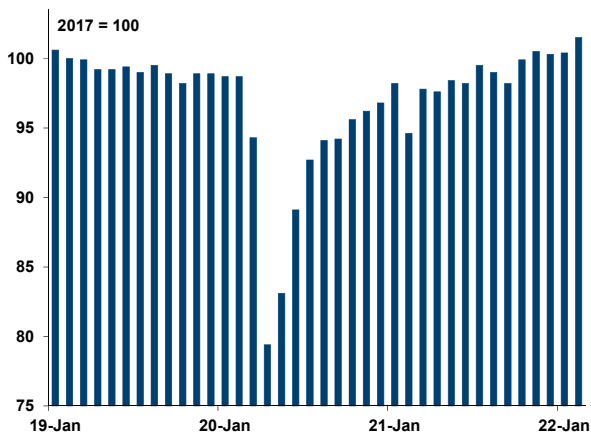
Industrial Production

The industrial production index rose 0.5 percent in February, matching the consensus estimate. The components of the headline index also were largely in line with expectations, as manufacturing activity posted a brisk gain (1.2 percent), while the utility sector lost ground as temperatures returned to normal after an unseasonably cold conditions in January (off 2.7 percent).

The increase in manufacturing activity was broadly based, as only two of the 20 major industries in the report posted declines (motor vehicles off 3.5 percent and miscellaneous off 0.4 percent). Several industries posted gains in excess of two percent. The increase in February continued the upward trend in manufacturing and pushed the index further above its pre-pandemic level (2.8 percent above; chart, left).

Mining activity rose modestly (up 0.1 percent), a mildly disappointing performance, as increases in employment and the rotary rig count suggested a larger gain. Net downward revisions in prior months added to the soft tone in mining (the cumulative effect of the revisions left the mining index in January 1.3 percent lighter than the previous estimate). The mining index has trended upward since mid-2020, but the advance has been less than robust and the index is still 7.7 percent below the pre-pandemic level in January 2020 (chart, left).

Industrial Production: Manufacturing



Source: Federal Reserve Board via Haver Analytics

Industrial Production: Mining

