



# NOVEMBER US CONSTRUCTION MACHINERY NEW ORDERS HIT RECORD HIGH

**While this number increased, the U.S. leading indicator decreased, but most other indicators in this report are above previous levels.**

**A**s 2022 ended, the U.S. leading indicator moved down. However, new machinery orders in the U.S. in November reached a record high of \$43.2 billion, up 15.5% from the November 2021

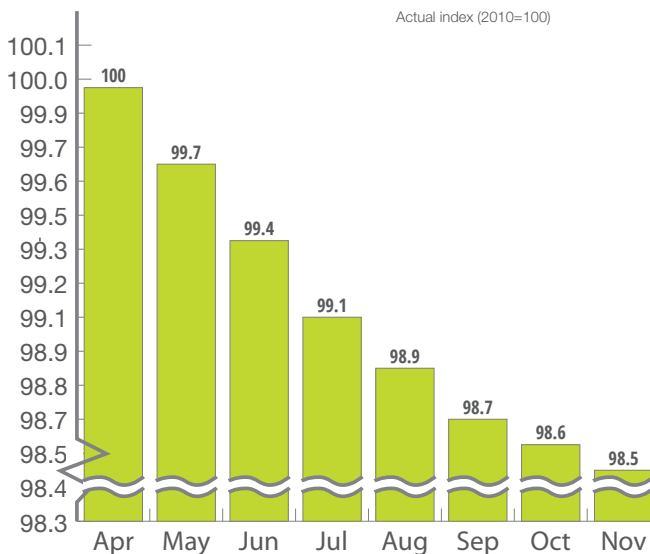
level. Several other numbers were up including U.S. farm machinery production, North American rotary rig count and U.S. Total Public Construction. |



### U.S. Leading Indicator:

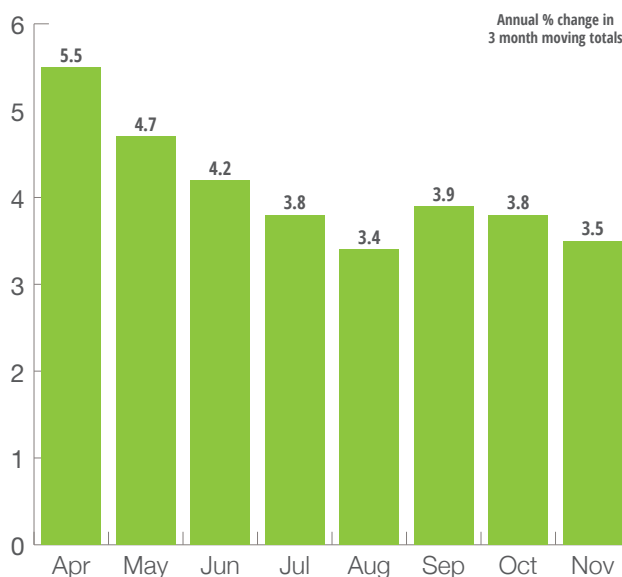
- The U.S. OECD leading indicator moved downward to end 2022, on a monthly value basis and monthly rate-of-change basis.
- Rate-of-change decline in the indicator suggests U.S. industrial production will move along the back side of the business cycle through at least the third quarter of this year.

**Editor's Note:** Please note that this chart has been modified on the Y-axis to show the trend more easily.



### U.S. Industrial Production:

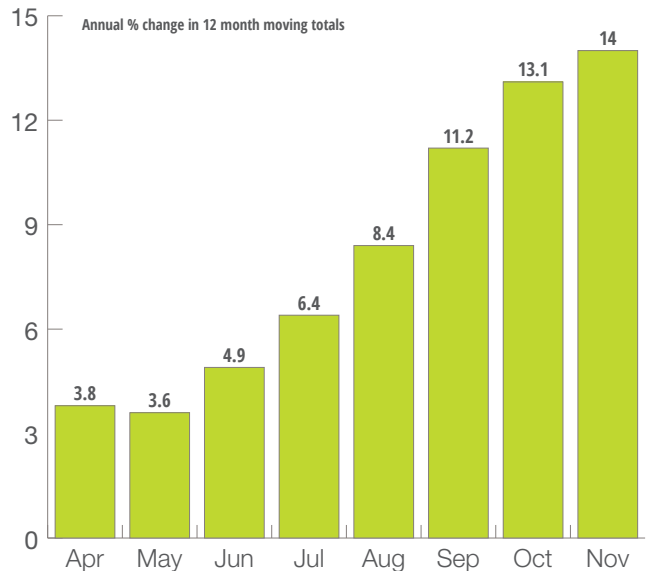
- U.S. industrial production in the fourth quarter was 2.5% above the fourth quarter of 2021.
- Leading indicators, ranging from macroeconomic indicators to utilization rates to tightening financial conditions, signal rate-of-change decline is likely to persist for production into at least late this year.





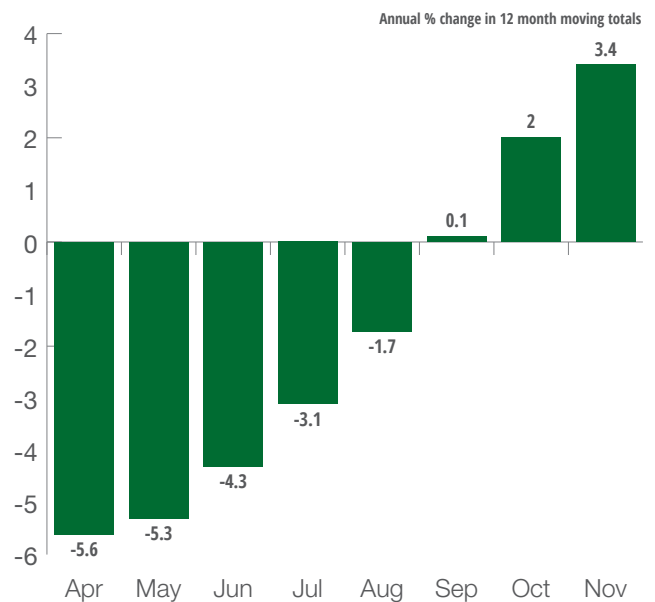
### U.S. Private Nonresidential New Construction:

- U.S. private nonresidential new construction in the three months through November came in at 14% above the same three months of 2021.
- Given the size and scope of nonresidential construction projects, spending tends to lag the macroeconomy by roughly one year. We expect the slowing growth that is currently characterizing the macroeconomy to manifest in construction spending by the end of this year.



### U.S. Total Public New Construction:

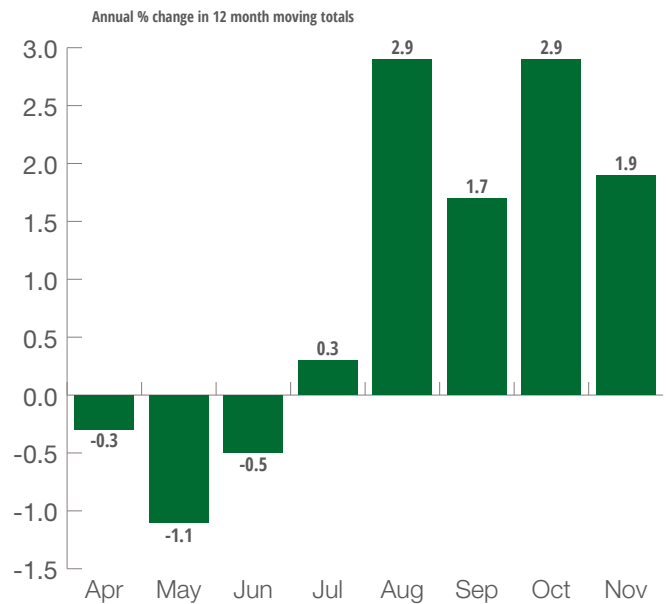
- U.S. total public construction in the 12 months through November came in at \$360.6 billion, up 3.4% from the year-ago level.
- Public funding for the federal infrastructure package has begun to be announced. Federal funding will likely buoy public construction spending in the coming years.





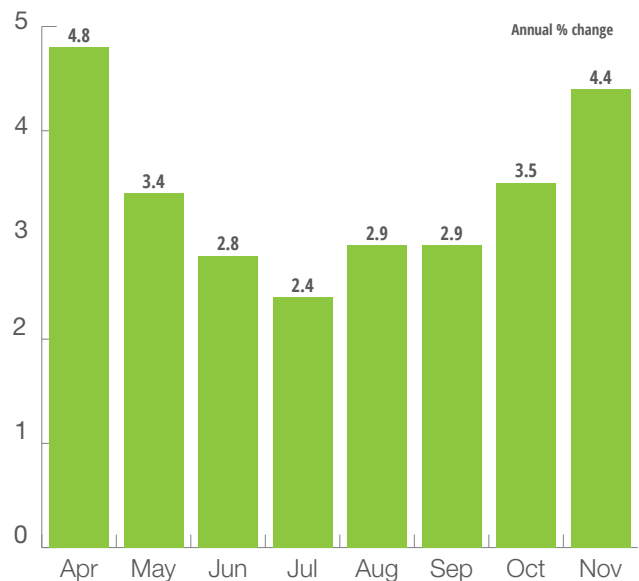
### U.S. Farm Machinery Production:

- U.S. farm machinery and equipment shipments in the 12 months through November were 1.9% above the year-ago level.
- Elevated interest rates could mute domestic demand for farm equipment, while a strong U.S. dollar could favor imports and reduce demand for U.S. exports.



### Europe Ag & Forestry Machinery Production:

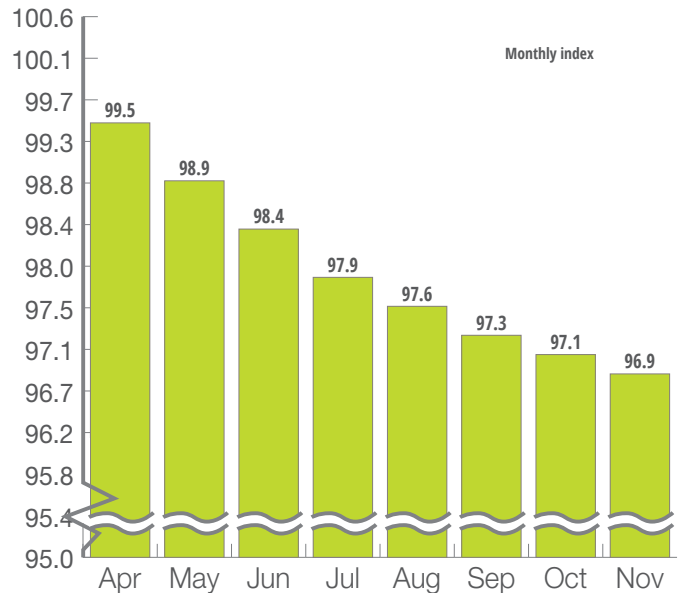
- Europe agricultural and forestry machinery production in the 12 months through November was 4.4% above the year-ago level.
- Annual production is at the highest level since before the Great Recession. Uncertainty over the reliability of Ukraine food exports may bolster other European countries' agricultural sectors in the near term.



### € Europe Leading Indicator:

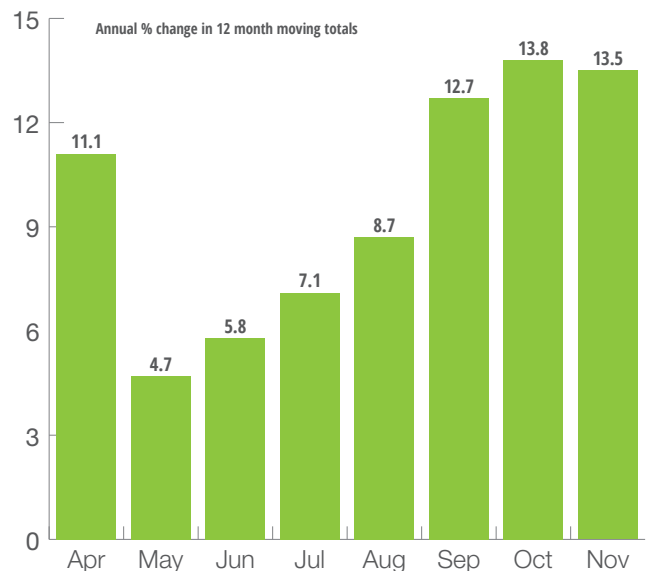
- The four big European nations (France, Germany, Italy, and United Kingdom) leading indicator monthly rate-of-change ticked up in December. More data will be needed to confirm a rate-of-change low for the indicator. The monthly value declined mildly to end the year.
- Recovery in the automotive sector may buoy European industrial production in the coming quarters, but leading indicators are pointing decidedly downward.

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### U.S. Heavy-Duty Truck Production:

- U.S. heavy-duty truck production for 2022 was 10.7% above the 2021 level.
- Lower freight prices, along with higher borrowing costs, may hinder demand for investment in newer trucks.

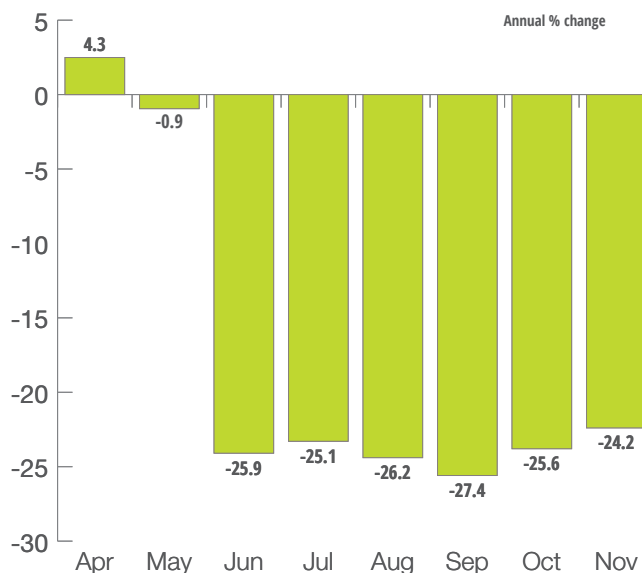






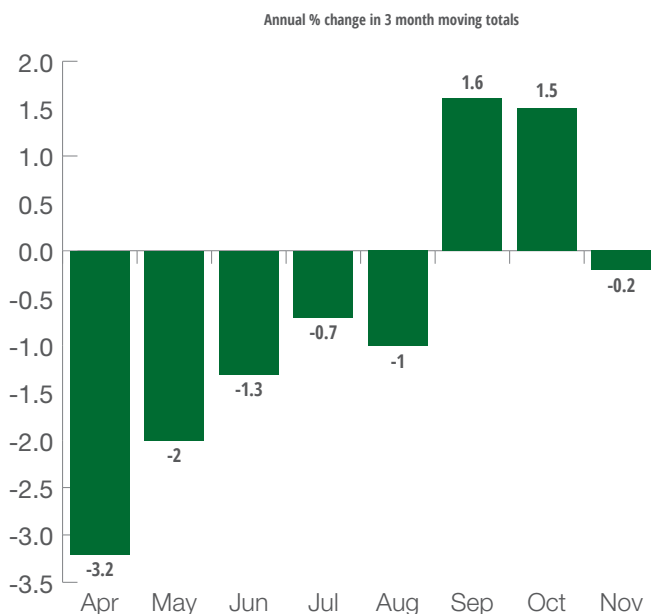
### China Diesel Bus Production:

- China large diesel bus production in the 12 months through November was at 16.5 thousand units, 24.2% lower than one year prior.
- China is rapidly electrifying its transport networks, suggesting limited demand for diesel buses in the country.



### Germany Industrial Production:

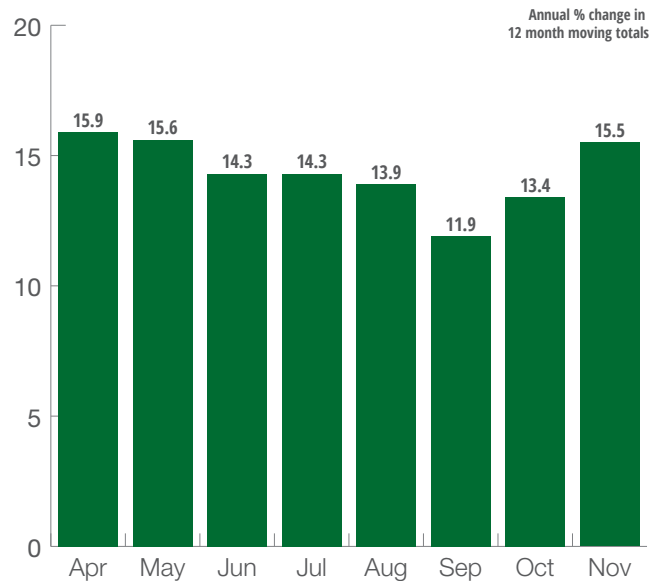
- In the three months through November, German industrial production was 0.2% below the same three months of 2021.
- Leading indicators such as Markit Economics' Germany Purchasing Managers Index suggest business cycle decline will persist for German industrial production as the country continues to contend with energy uncertainty.





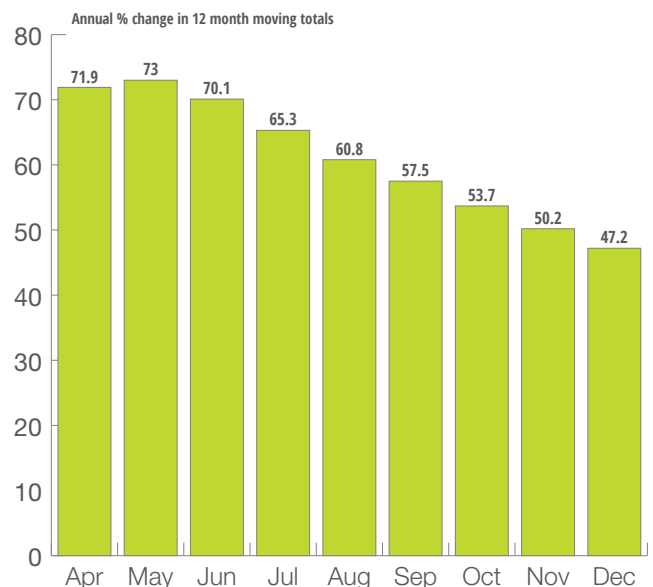
### U.S. Construction Machinery, New Orders:

- Annual U.S. construction machinery new orders in November totaled a record-high \$43.2 billion, up 15.5% from the year-ago level.
- Signals from the housing market suggest annual new orders are likely to peak in the near term. Spending stemming from the federal infrastructure package could provide some opportunity.



### North American Rotary Rig Count:

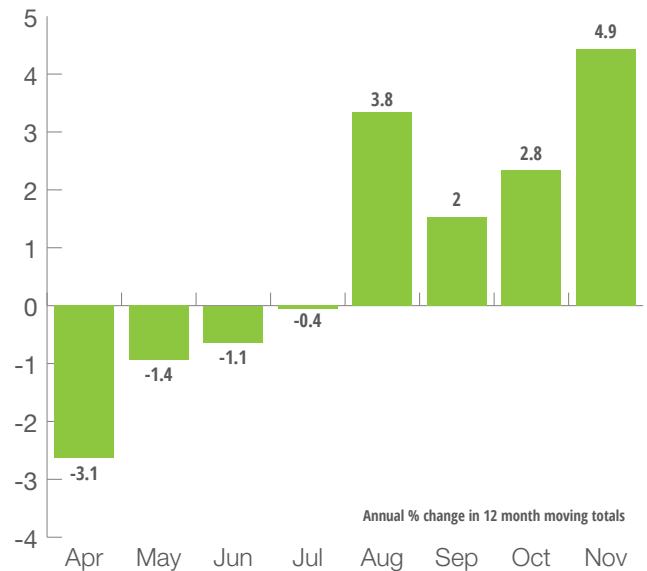
- The North America rotary rig count averaged 911 rigs in 2022, up 47.2% from the 2021 level.
- Oil and gas firms continue to contend with supply chain disruptions and elevated pricing, contributing to a lack of investment in the sector.





### U.S. Defense Industry, New Orders:

- Annual U.S. defense capital goods new orders in November totaled \$166.2 billion, 4.9% above the year-ago level.
- Elevated global uncertainty bodes well for defense spending. The U.S. defense budget increased for FY2023.



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