

## February 27, 2023 – Economic Commentary

Additional data this week is expected to confirm the ongoing strength of economic growth in the United States and the economic resilience of Europe in the face of rising interest rates and the disruptions of the war in Ukraine. Results from purchasing managers' surveys in both areas are anticipated to yield index numbers consistent with economic expansion --- i.e., a 50+ on the index scale—although it would not be surprising to get numbers just slightly under that critical mark. US durable goods orders for January showed a notable decline, but this appears to be primarily due to the not-unusual swings in orders for transportation equipment, specifically aircraft. Labor markets in both regions remain tight, while businesses are signaling a growing optimism over the ability to fill job openings and maintain normal operating schedules. The productivity of new hires—and the workforce, in general-- may or may not be improving. However, an issue that will take on high relevance when businesses do not find it as easy to pass along price increases to consumers as they do now. Globally, residential and commercial real estate markets are receiving appropriate scrutiny with respect to the impact of rising interest rates and workforce and production changes and a skeptical stance regarding future economic growth is still warranted, given the outlook for further interest rate increases.

### Data to Watch:

1. US Goods Trade Balance for January (preliminary), released Tuesday, February 28
2. US Institute of Supply Management Purchasing Managers Index, Manufacturing, for February, released Wednesday, March 1
3. US Non-Farm Productivity, Q4 2022, released Thursday, March 2
4. Euro Area Unemployment Rate for January, released Thursday, March 2

### Suggested Reading:

[The small European nation of Switzerland beat sky-high inflation. Here's how.](#)

[Apartment rents fall as crush of new supply hits market](#)

[What Layoffs? Many employers are eager to hang on to workers](#)

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