

AVERAGE MONTHLY CONSTRUCTION SPENDING 2002-2015 (\$ billions)



(source: U.S. Census Bureau)

2016 (percent change)

Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
2.1	-.5	.3	-1.8	-.8	-.6	0.0	-.7	-.4	.5	.9	-.2

Construction spending (CS) measures the total dollar value of construction put in place in the U.S. It captures work done on new structures and work done on existing structures in the public and private sectors. This chart stands out for the dominant theme of the post 9/11 economic housing boom and bust. Private and public construction has rebounded since 2011 thanks to a zero interest rate policy and massive printing of money by the Federal Reserve Bank. That should change in the near future as interest rates normalize at higher levels. CS is cyclical in nature, though from a structural perspective the data shows a significant reduction in the capital stock, assets that produce goods and services, over the past 15 years. This is something to be very concerned about and is directly related to trade policy with China. As the chart indicates, there is a long way to go to recover the heady days of 2006-2007. That's OK. Slow, stable asset appreciation is the best scenario for home owners. Ongoing slow net job growth will continue to be a constraint for a more robust expansion in housing and CS. CS is released monthly.