

## Economic View U.S.

### Authors

Matt Colyar  
Economist  
[matt.colyar@moodys.com](mailto:matt.colyar@moodys.com)

Don Mathers  
Director-Data Science  
[don.mathers@moodys.com](mailto:don.mathers@moodys.com)

### Editor

Reid Kanaley  
Editor  
[reid.kanaley@moodys.com](mailto:reid.kanaley@moodys.com)

### Contact Us

Email  
[helpeconomy@moodys.com](mailto:helpeconomy@moodys.com)

U.S./Canada  
+1.866.275.3266

EMEA  
(London) +44.20.7772.5454  
(Prague) +420.224.222.929

Asia/Pacific  
+852.3551.3077

Web  
[www.economy.com/economicview](http://www.economy.com/economicview)

## U.S. B2B TRACKER

AUGUST 4, 2023

### Long term looks brighter than near term

On a seasonally adjusted basis, business-to-business, or B2B, spending slid 1.8% from May to June. Relative to a year earlier, B2B spending was down 3.2% in June. Businesses continue to pare back, but the decline in B2B spending is also a function of the meaningful easing in price growth. The producer price index for final demand, one estimation of business-to-business costs, has decelerated far more quickly than consumer prices. Relative to a year earlier, the PPI for final demand was up just 0.2% in June. For the final demand of goods, prices were down 4.2% from a year ago.

The U.S. economy showed an encouraging resilience in the first half of 2023. Though loosening, the labor market remains unusually tight. The four-week moving average for initial UI claims slid below 230,000 in July. Job openings continue to slide downward, but there remain 1.6 openings for every unemployed person in the U.S. Less than the 2:1 ratio reached a year ago, but that hardly constitutes labor market slack. This tightness will keep incomes growing and consumer spending chugging along. However, the effect is due to wane in the quarters ahead. Job growth is finally shifting into the slow lane and the drag from the Federal Reserve's restrictive policy is still making its way through the economy.

Businesses, particularly goods producers, are looking past the weakness of the next year or two. Investment in new factories and upgrades to existing facilities has increased to nearly its highest level in more than 30 years. Total spending is now more than on new office space and is set to rise further. For example, building of facilities to make computer chips will grow over the next several years. Five of the biggest producers—Intel, Texas Instruments, Samsung, TSMC and GlobalFoundries—are building factories in the U.S.

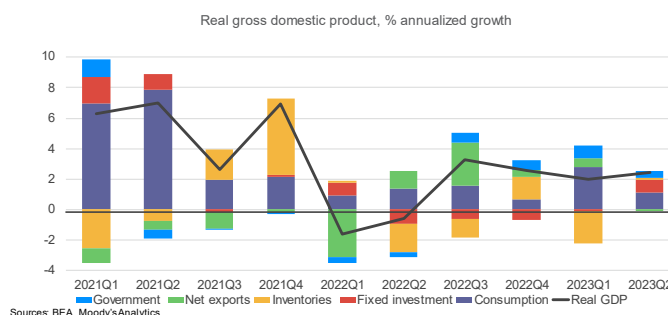
Several developments have led to this resurgence. First, U.S. output had declined from about one-third of the global total in 1990 to just over 10% in 2021. Countries including Korea, Taiwan and Singapore gained share because of their lower labor costs and greater government subsidies. Second, plant shutdowns during the pandemic suddenly reduced supply and created a global shortage. More recently, China's actions with respect to Taiwan, the home of TSMC, have raised security concerns. Once companies realized their vulnerability, they pushed for federal legislation. The result was the Chips Act in August 2022 that provides for a 25% tax credit on investment in domestic chip-making capacity.

The growth in the building of chip plants is consistent with the trend toward reshoring—relocating operations of U.S. companies that are currently in other countries back to the U.S. Many of the same factors also tend to boost foreign direct investment into the U.S. for companies that need to be close to their U.S. customers. Over the past 13 years, reshoring and foreign direct investment together resulted in the announcement of 1.6 million manufacturing jobs cumulatively, according to data collected by Reshoring Initiative. Reshoring in particular has accelerated since 2019.

U.S. B2B spending,  
m/m % change, SA

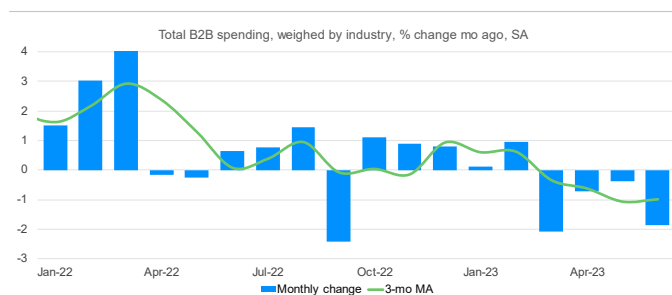
JUNE: -1.8%

First Half of 2023 Exceeded Expectations



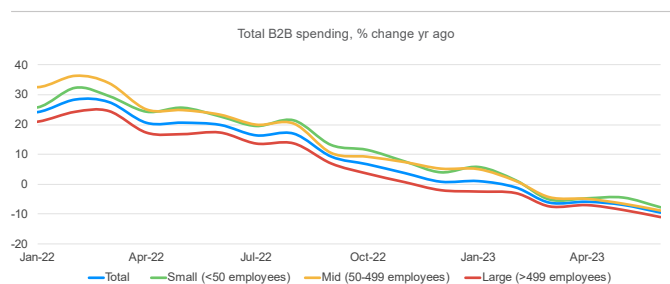
# B2B Big Picture

## Monthly B2B Spending Changes



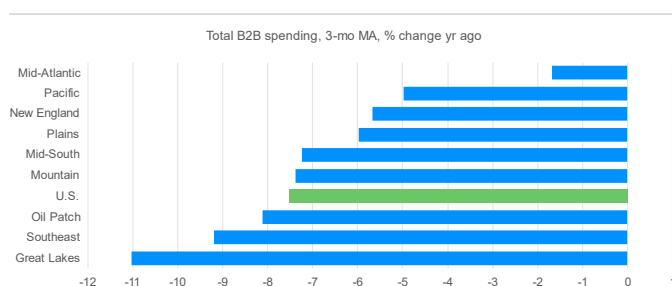
Source: Moody's Analytics Pulse

## B2B Spending by Business Size



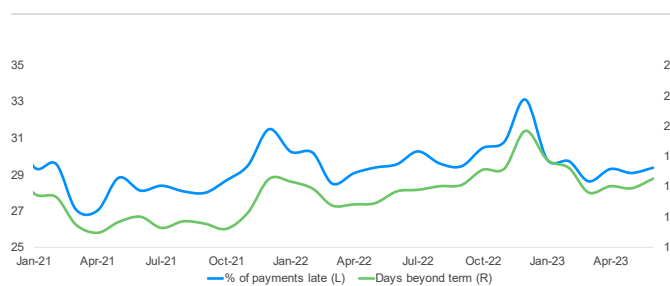
Source: Moody's Analytics Pulse

## B2B Spending by Region



Source: Moody's Analytics Pulse

## Late Payments



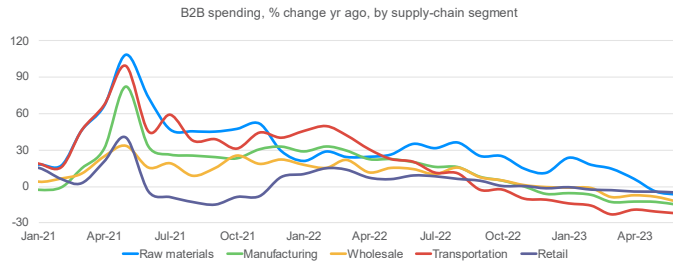
Source: Moody's Analytics Pulse

Industry	B2B spending		% of payments beyond term		# of days beyond term	
	% chg yr ago	% chg mo ago	Current	Vs. previous 6-mo avg	Current	Vs. previous 6-mo avg
Total (unweighted)	-9.6	-2.5	29.4	←	18.3	←
Agriculture	-14.6	-23.5	23.5	←	12.1	←
Mining, quarrying, oil/gas extraction	-6.6	8.4	29.6	←	15.2	←
Utilities	-1.0	8.0	21.2	←	10.0	↓
Construction	-9.4	1.9	28.5	←	15.0	↓
Manufacturing	-17.8	-0.7	26.4	←	13.4	←
Wholesale trade	-12.8	-8.9	26.1	←	14.4	←
Retail trade	-5.4	-1.4	28.0	←	17.6	←
Transportation and warehousing	-22.0	-2.4	38.1	←	29.1	↑
Information	15.5	4.0	30.9	←	20.6	←
Finance and insurance	-9.2	3.3	31.3	←	22.8	↑
Educational services	11.0	-40.5	33.4	↑	18.5	↑
Healthcare and social assistance	-1.9	-1.7	24.3	←	15.6	←
Arts, entertainment and recreation	7.8	0.2	25.3	←	15.0	↓
Accommodation and food services	-1.6	-3.5	32.7	↓	22.2	↓

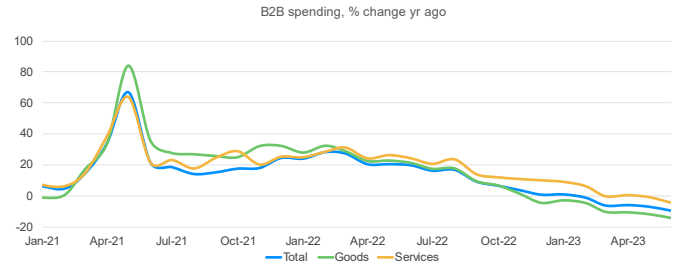
Source: Moody's Analytics Pulse

# B2B Trends

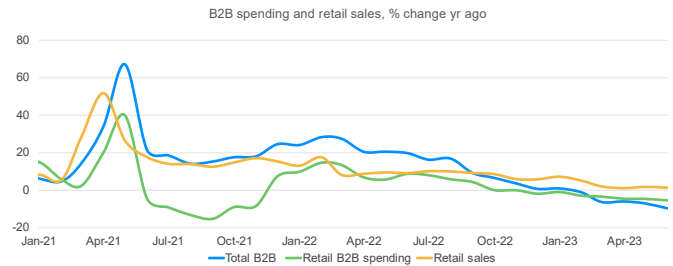
## Supply Chains



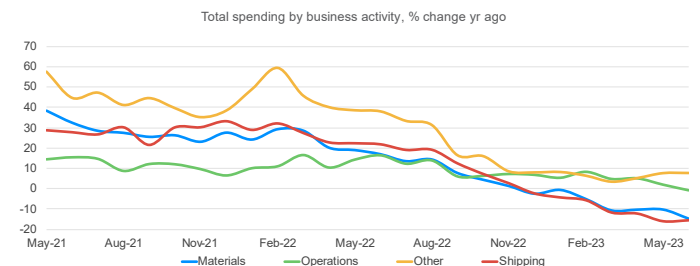
## Goods vs. Service Industries



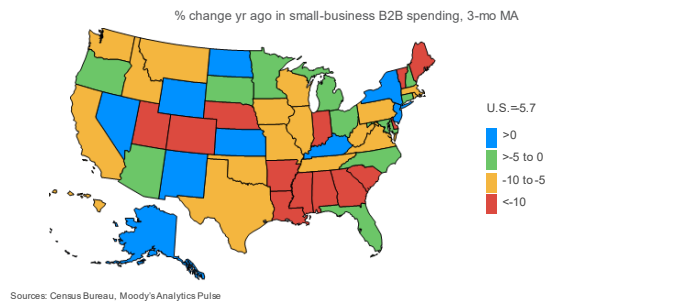
## Retail Sales & B2B Spending



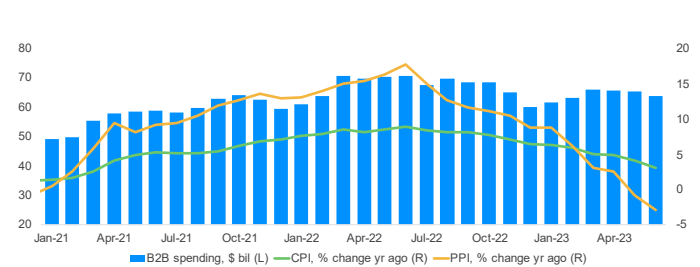
## Composition of Spending



## Small-Business Spending



## Inflation and B2B Spending



© 2023 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Investor Relations — Corporate Governance — Charter Documents Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3, respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.