

Economics Group

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Dodge Momentum Index Rises in April

The Dodge Momentum Index (DMI) rose 0.6 percent in April, as a downwardly revised March reading pointed to additional weakness. Gains were broad-based with commercial and institutional increasing on the month.

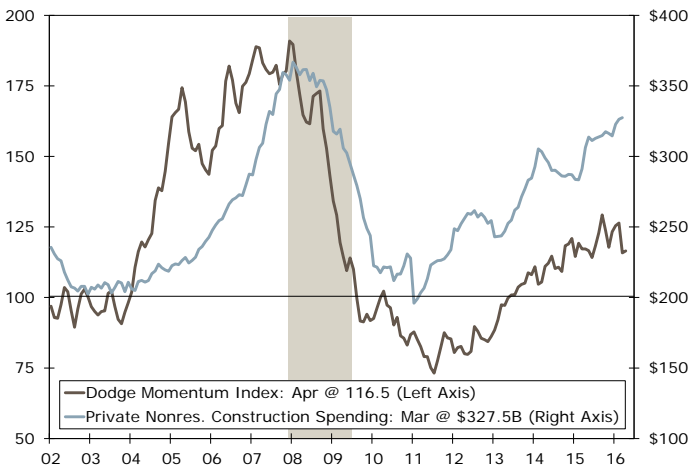
Sluggish Start to Nonresidential Structures

- DMI saw a modest increase of 0.6 percent in April, pushing the index up to 116.5. On a year-ago basis, the index is down 0.6 percent due to slower growth in commercial planning. Recently released Q1 GDP data showed that private nonresidential structures, excluding mining, was up 2.5 percent from the previous quarter. That said, we expect additional growth in private nonresidential structures later this year and in 2017 as forward-looking indicators point to growth.

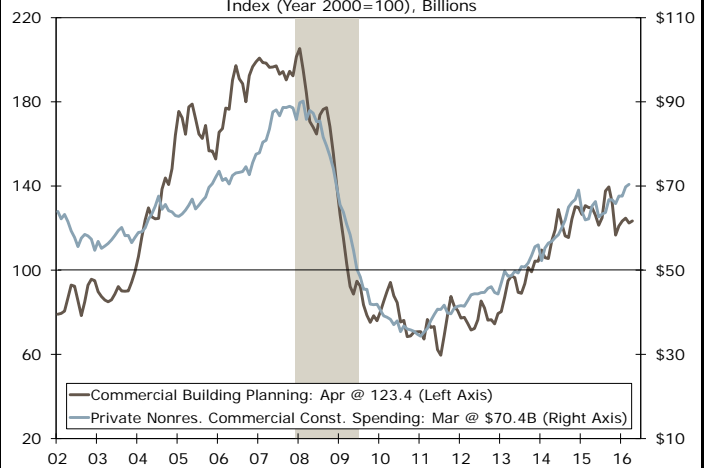
Broad-Based Gains by Sector

- Institutional planning started 2016 with impressive growth before falling 16 percent in March. With April's slight gain, institutional is up 6.2 percent year over year. Activity in the commercial sector has slowed and is now down 11.6 percent from its cycle peak seen late last year, and is down 4.8 percent from a year earlier. In April, six projects entered the planning stages with the most notable in Anaheim and Jacksonville (commercial) and Los Angeles and Tahlequah (institutional).

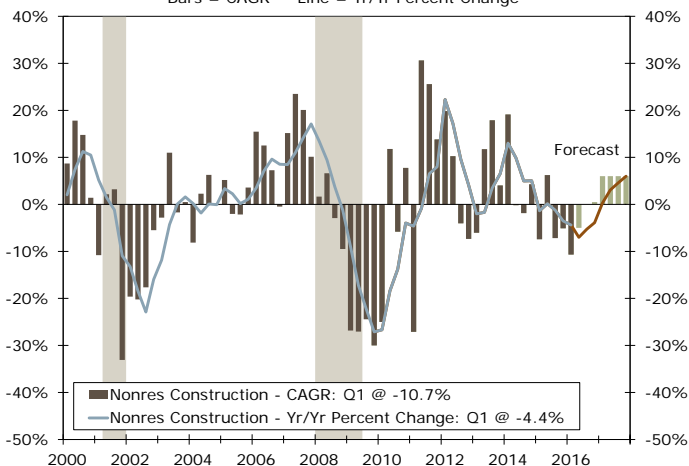
DMI vs. Private Nonresidential Construction Spending
Excl. Manufacturing, (Year 2000=100), Billions



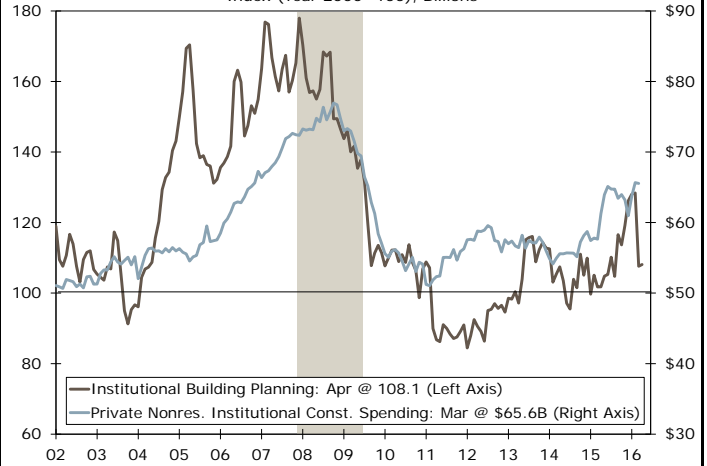
DMI Commercial Building Planning Index
vs. Private Nonres. Commercial Construction Spending
Index (Year 2000=100), Billions



Real Nonresidential Construction
Bars = CAGR Line = Yr/Yr Percent Change



DMI Institutional Building Planning Index
vs. Private Nonres. Institutional Construction Spending
Index (Year 2000=100), Billions



Source: Dodge Data & Analytics, U.S. Department of Commerce and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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