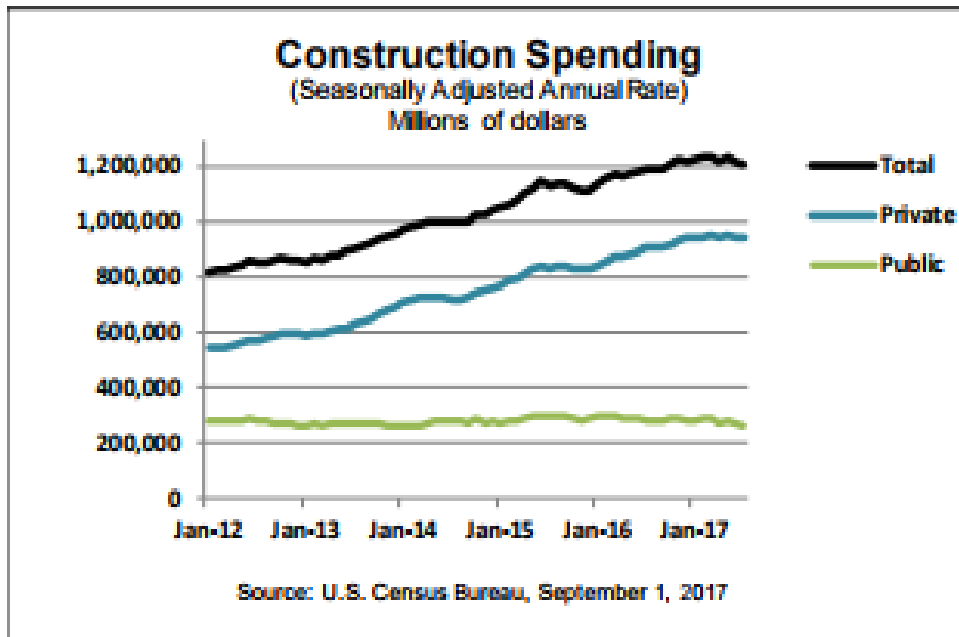


Summary: It's the first Friday of the month and job numbers are the big item in economic news with a 156,000 gain. That number is lower than expected but not bad. The revised 2nd quarter GDP growth rate is 3.0%, which is as good as it has been for a couple of years. The consumer confidence surveys are all still very high. Gas prices are up and supplies are tight.

Census Bureau

Monday, [Advance Economic Indicator Report \(International Trade, Retail and Wholesale\)](#): The preliminary report on the U.S. Balance of Trade in Goods and Services has the deficit increasing as exports fell by \$1.6 billion from June and imports declining by \$0.5 billion. Wholesale inventories added 0.4% from June and 3.1% since July 2016. Retail inventories decreased by 0.2% from June but were 3.3% higher than in July 2016.

Friday, [Construction Spending](#): In July 2017, total construction spending was down by 0.6% from June but 1.8% above the level in July 2016. Total private construction spending decreased by 0.4% though residential spending was 0.8% higher than in June but offset by a 1.9% decline in nonresidential spending. Public construction spending was off by 1.4% from June with educational spending down 4.4% but highway construction spending up 0.1%. The graph below shows construction spending since January 2012.



Bureau of Labor Statistics

Tuesday, [Consumer Expenditures \(Annual\)](#): In 2016, the average expenditures per “consumer unit” —families, single persons, and other groups sharing financial expenses—was \$57,311, an increase of 2.4% from 2015. The average before-tax income was \$74,664. The largest increases from the previous year were in “cash contributions,” “pensions and Social Security,” and “personal insurance.” There were decreases in “vehicle purchases” and “gasoline and motor oil.” There are lots of numbers here.

Wednesday, [Metropolitan Area Employment and Unemployment](#): In July 2017 compared with July 2016, unemployment rates were lower in 340 of 388 Metropolitan Statistical Areas (MSAs), higher

in 39, and unchanged in nine. The lowest unemployment rate was in Bismarck, North Dakota at 1.9% and the highest was in El Centro, California at 24.2%. Year-over-year total nonfarm employment increased in 336 MSAs, fell in 46, and was unchanged in six. Among the 10 Tennessee MSAs, six had lower unemployment rates in July compared to July 2016, one had a higher rate, and three had the same rate. Year-over-year, all 10 had lower unemployment rates. Total nonfarm employment fell in eight Tennessee MSAs between June and July 2017 —remember that these data are not seasonally adjusted—but increased in all 10 from July 2016 to July 2017.

Friday, [Employment Situation](#): In August 2017, total nonfarm employment increased by 156,000 and the unemployment rate rose slightly to 4.4%. These statistics were not affected by Hurricane Harvey as the survey was conducted “largely” before the storm. The [Household Survey](#) indicates that the civilian labor force increased by 77,000 and the Labor Force Participation Rate was unchanged at 62.9%. Unemployment rates among different demographic groups inched up by 0.1% except for Teenagers, which increased by 0.4%. From the [Establishment Survey](#) total private sector employment increased by 165,000 while government employment fell by 9,000. Construction added 28,000 jobs, manufacturing employment increased by 36,000 including 13,700 in motor vehicles and parts. In the service-providing sector, professional and business services gained 40,000 jobs and education and health services added 25,000. The Total Private Diffusion Index was 63.8% and the Manufacturing index was 73.1%.

ADP.com

Wednesday, [ADP Employment Report](#): In August 2017, private sector employment increased by 237,000 with 18,000 jobs added in construction and 16,000 in manufacturing. The service sector added 204,000 jobs with trade, transportation, and utilities gaining 56,000.

Bureau of Economic Analysis

Wednesday, [Gross Domestic Product, 2nd Quarter 2017 \(Second Estimate\)](#): The revised estimate of GDP growth in the 2nd quarter of 2017 is 3.0% compared with the preliminary estimate of 2.6% and 1.2% in Q1. Prompting the higher estimate in Q2 were increases in personal consumption expenditures and nonresidential fixed investment.

Wednesday, [Corporate Profits, 2nd Quarter 2017 \(Preliminary estimate\)](#): Second quarter corporate profits increased by \$26.8 billion from the 1st quarter recovering from the \$46.2 billion decline in Q1 from Q2 2016. Compared to Q2 2016, corporate profits were up by 8.1%.

Thursday, [Personal Income and Outlays](#), July 2017: Personal Income rose 0.4% from June to July 2017 while Disposable Personal Income (DPI) increased by 0.3% and when adjusted for inflation was up by 0.2%. Similarly, Personal Consumption Expenditures (PCE) increased by 0.3% in nominal terms and by 0.2% in inflation-adjusted terms. The PCE price index was up by 0.1% in July and by 1.4% for the previous 12 months. The savings rate was 3.5%

U.S. Department of Labor

Thursday, [Initial Claims](#): New claims for unemployment insurance in the week ending August 26, 2017 increased by 1,000 from the prior week to 236,000 and the four-week moving average fell by 1,250 to 236,750. The previous week ending August 19, no states reported eight increases or decreases of 1,000 or more initial claims. Tennessee reported a decline of 192 new claims.

The Conference Board

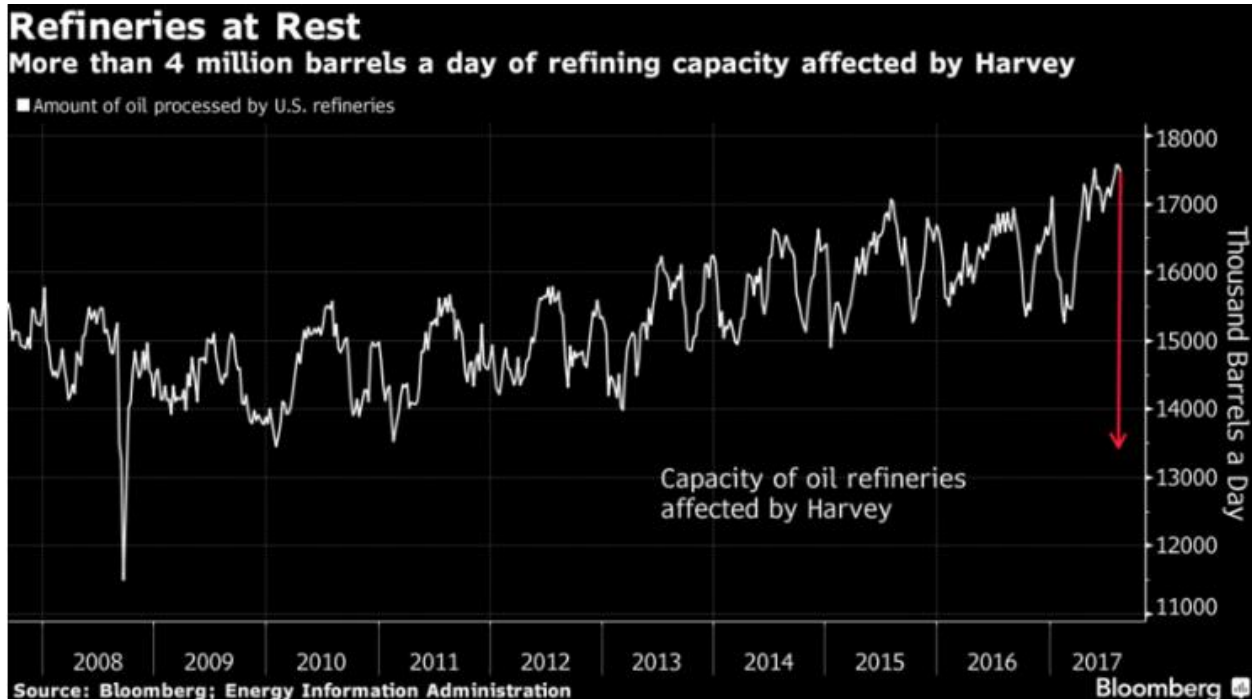
Tuesday, [Consumer Confidence Index](#): In July 2017, this index rose from 120.0 to 122.9 (1985=100). Lynn Franco, Director of Economic Indicators at The Conference Board, is quoted: “Consumers’ more buoyant assessment of present-day conditions was the primary driver of the boost in confidence, with the Present Situation Index continuing to hover at a 16-year high (July 2001, 151.3).

Consumers' short-term expectations were relatively flat, though still optimistic, suggesting that they do not anticipate an acceleration in the pace of economic activity in the months ahead."

Bloomberg.com

Thursday, [Consumer Comfort Index](#): The latest index reading is 53.3 up from 52.8 the week before.

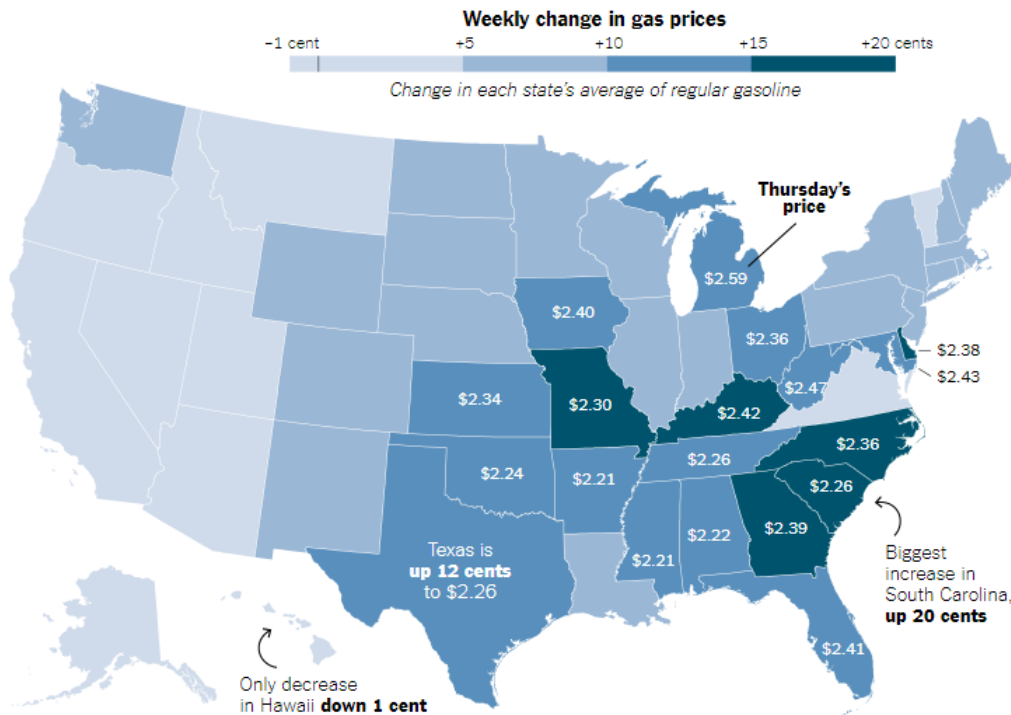
Thursday, [Largest U.S. Refiner Shuts Down as Harvey Makes Second Landfall](#): Here's an update of the impact of Hurricane Harvey on the oil refineries near Houston. The chart below shows the level of refining capacity since 2008 and impact of Harvey in the latest figures.



Here's a [map](#) of the weekly change in gasoline prices.

Where Gas Prices Are Rising

The national average for regular gasoline was \$2.45 on Thursday, up 10 cents from a week ago. The states with the greatest increases were largely in the Southeast and the southern Plains.



Source: AAA | By Karl Russell/The New York Times

University of Michigan

Friday, [Consumer Sentiment Index](#): The final August 2017 index reading is 96.8 up from 93.4 in July. "Consumer confidence has remained at a very favorable level, although slipping somewhat from mid-month. The Sentiment Index has been higher during the first eight months of 2017 than in any year since 2000, which was the peak year of the longest expansion in U.S. history. The renewed strength in 2017 was mainly due to consumers' favorable assessments of their own financial situations."

Standard & Poor's

Tuesday, [S&P CoreLogic Case-Shiller House Price Index](#): In June 2017, the U.S. National Home Price Index increased, on an annual basis, by 5.8%, up from 5.7% in May. "The trend of increasing home prices is continuing," says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "Price increases are supported by a tight housing market. Both the number of homes for sale and the number of days a house is on the market have declined for four to five years. Currently the months-supply of existing homes for sale is low, at 4.2 months. In addition, housing starts remain below their pre-financial crisis peak as new home sales have not recovered as fast as existing home sales."

National Association of Realtors

Thursday, [Pending Home Sales](#): The Pending Home Sales Index fell by 0.8% in July 2017 from 110.0 to 109.1. Lawrence Yun, Chief NAR Economist, stated: "With the exception of a minimal gain in the West, pending sales were weaker in most areas in July as house hunters saw limited options for sale and highly competitive market conditions ...The housing market remains stuck in a holding pattern with

little signs of breaking through. The pace of new listings is not catching up with what's being sold at an astonishingly fast pace.”

Autodata.com

Friday, [Motor Vehicle Sales](#): August 2017 light vehicle sales totaled 16.14 million units on a seasonally-adjusted annual rate down from 16.77 million in July and the fifth month of eight in which sales were less than 17 million units. Once again there were mixed results for the three Tennessee assemblers. General Motors car sales were down, year-over-year, 13.2% and their year-to-date sales are down 19.3% though their total sales are up by 4.7%. Nissan's car sales were 18.8% lower than in August 2016 while their year-to-date sales are 12.3% below those of 2016. Volkswagen is the bright spot with a 9% increase in sales over August 2016 and their year-to-date sales are up 6.4%.

Institute for Supply Management

Friday, [August 2017 Manufacturing Purchasing Managers' Index Report on Business](#): The August 2017 index was 58.8% up 2.5 percentage points from July's 56.3% and the overall economy expanded for the 99th consecutive month. The survey of purchasing managers covers 18 industry sectors of which 14 reported expansion and three reported contracting. Below are some comments by respondents.

- "Steady demand across businesses." (Chemical Products)
- "Demand for light construction equipment continues strong; usually at this time of year, demand slackens." (Machinery)
- "Overall very steady; starting to pick up as expected." (Computer & Electronic Products)
- "Overall optimism about the market, both for 2017 and 2018." (Miscellaneous Manufacturing)

Markit Economics

Friday, [Purchasing Managers' Index Manufacturing](#): The August 2017 index was 52.8 down slightly from 53.3 in July. Chris Williamson, Chief Business Economist at HIS Markit, writes: "Although still above the 50 'no change' level, the decline in the PMI shows signs of a renewed stuttering of the manufacturing economy during August. The latest reading indicates one of the weakest improvements in the overall health of the sector seen over the past year, and translates into disappointing signals for comparable official data."