

Economic Update, April 5, 2024
Submitted by Michael Mount

Summary: The jobs report for March was better than expected, with nonfarm payrolls increasing 303,000, while the unemployment rate decreased from 3.9 percent to 3.8 percent. Construction hiring also increased, “a positive for the housing market given the lack of supply,” according to the Mortgage Bankers Association. Construction spending dipped slightly in February but remains well above where it was last year. Both manufacturing and services continued to expand in the U.S.; however, Adriana Kugler, a Federal Reserve Governor, expects “consumption growth to slow some this year, as households have drawn down large balances of excess savings accumulated during the pandemic and are facing restrictive financial conditions.”

Federal Government Indicators and Reports

U.S. Census

Monday, [Construction Spending](#): “Construction spending during February 2024 was estimated at a seasonally adjusted annual rate of \$2,091.5 billion, 0.3 percent below the revised January estimate of \$2,096.9 billion. The February figure is 10.7 percent above the February 2023 estimate of \$1,889.6 billion.”

Tuesday, [Manufacturers’ New Orders](#): “New orders for manufactured goods in February, up following two consecutive monthly decreases, increased \$8.2 billion or 1.4 percent to \$576.8 billion. . . . This followed a 3.8 percent January decrease.”

Thursday, [International Trade](#): “[T]he goods and services deficit was \$68.9 billion in February, up \$1.3 billion from \$67.6 billion in January, revised. . . . February exports were \$263.0 billion, \$5.8 billion more than January exports. February imports were \$331.9 billion, \$7.1 billion more than January imports.”

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings changed little at 8.8 million on the last business day of February. . . . Over the month, the number of hires and total separations were little changed at 5.8 million and 5.6 million, respectively.”

Friday, [Jobs Report](#): “Total nonfarm payroll employment rose by 303,000 in March, and the unemployment rate changed little at 3.8 percent. . . . Job gains occurred in health care, government, and construction.”

Chart 1. Unemployment rate, seasonally adjusted, March 2022 – March 2024

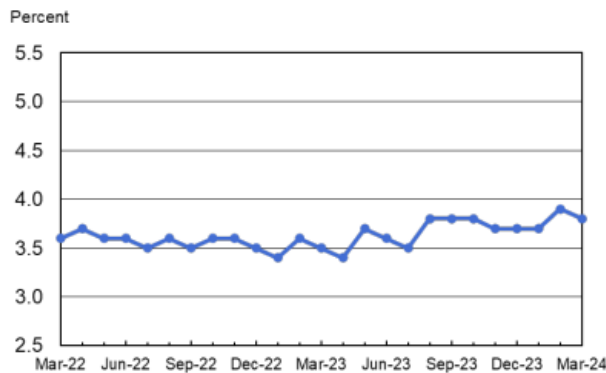
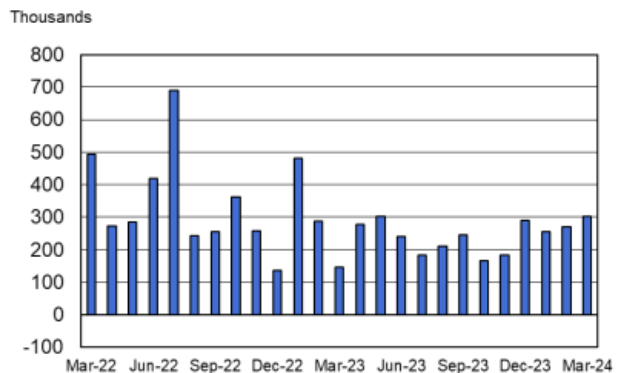


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, March 2022 – March 2024



Department of Labor

Thursday, [Initial Claims](#): “In the week ending March 30, the advance figure for seasonally adjusted initial claims was 221,000, an increase of 9,000 from the previous week's revised level.”

Economic Indicators and Confidence

S&P Global

Monday, [Manufacturing Purchasing Managers' Index \(PMI\)](#): “Signs of improving wider economic conditions and market demand fed through to a further expansion of U.S. manufacturing production in March, with the rate of expansion hitting a 22-month high. The rate of job creation also quickened, but new order growth softened.”

Wednesday, [Services PMI](#): “The U.S. service sector remained in growth territory at the end of the opening quarter of the year as success in securing new business led companies to expand their output. Rates of expansion eased in both cases, however. Firms nevertheless continued to increase their staffing levels amid improved optimism about business prospects in the year ahead.”

Wednesday, [Sector PMI](#): “For the second successive month, all seven monitored U.S. sectors recorded an expansion in business activity during March. The Consumer Goods sector remained the top performer, as production rose at a solid pace that was little changed from February.”

Institute for Supply Management

Monday, [Manufacturing PMI](#): The index “registered 50.3 percent in March, up 2.5 percentage points from the 47.8 percent recorded in February. The overall economy continued in expansion for the 47th month after one month of contraction in April 2020.”

Logistics' Managers Index

Tuesday, [Logistics' Managers Index](#): The index “reads in at 58.3 in March 2024. This is up (+1.8) from February's reading of 56.5. This is the fastest rate of expansion in the overall index since the reading of 61.2 from 18 months ago in September of 2022.”

ADP

Wednesday, [Private Sector Employment](#): “Private sector employment increased by 184,000 jobs in March and annual pay was up 5.1 percent year-over-year.”

Federal Reserve

Wednesday, [Kugler Speech](#): “I expect the disinflationary trend to continue. . . . There is still a bit of room for further supply improvement, especially in the services sector, where solid labor supply growth will continue to ease wage and inflation pressures. . . . On the demand side, I expect consumption growth to slow some this year, as households have drawn down large balances of excess savings accumulated during the pandemic and are facing restrictive financial conditions.”

Wednesday, [Powell Speech](#): The overall picture “continues to be one of solid growth, a strong but rebalancing labor market, and inflation moving down toward 2 percent on a sometimes bumpy path. Labor market rebalancing is evident in data on quits, job openings, surveys of employers and workers, and the continued gradual decline in wage growth. On inflation, it is too soon to say whether the recent readings represent more than just a bump. We do not expect that it will be appropriate to lower our policy rate until we have greater confidence that inflation is moving sustainably down toward 2 percent. Given the strength of the economy and progress on inflation so far, we have time to let the incoming data guide our decisions on policy.”

Challenger, Gray, & Christmas

Thursday, [Job Cuts](#): “U.S.-based employers announced 90,309 cuts in March, up 7 percent from the 84,638 cuts announced in February, and virtually the same as (+0.7 percent) the 89,703 cuts announced in the same month last year. It is the highest monthly total since 102,943 cuts occurred in January 2023.”

Mortgage Bankers Association

Friday, [Jobs Report Commentary](#): Mike Fratantoni, chief economist for the Mortgage Bankers Association, said that “the job market is still quite strong . . . well above what would be expected at this point in the cycle. Although the job gains remain concentrated in sectors like health care, government, and leisure and hospitality, there was also a pickup in construction hires, a positive for the housing market given the lack of supply.”

Mortgages and Housing Markets

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): According to Joel Kan, MBA vice president and deputy chief economist, “mortgage rates moved lower last week, but that did little to ignite overall mortgage application activity. The 30-year fixed mortgage rate declined slightly to 6.91 percent, while the 15-year fixed rate decreased to its lowest level in two months at 6.35 percent.” But he added that “elevated mortgage rates continued to weigh down on home buying.”