

Economic Update, January 11, 2019
Submitted by Michael Mount

Summary: Jobs numbers were very good, with 312,000 jobs added in December. According to Gallup, most Americans predict a positive situation in 2019 for employment and the stock market but only half for the economy (see table below). Growth in both manufacturing and services slowed, and it appears the Federal Reserve will hold off interest rate increases, at least until June (see chart at the end). Some federal sources of data are not available because of the government shutdown.

Gallup

Last Wednesday, [Americans' Outlook for 2019](#): "Americans are generally optimistic about the nation's employment levels and stock market performance in 2019, even as most are pessimistic about the prospects for political cooperation and world peace."

Summary of Americans' Outlook for 2019		
	Predict positive situation	Predict negative situation
	%	%
Rate of employment	59	39
Stock market	54	43
Economy	49	49
U.S. power in the world	49	49
Crime rate	41	57
World peace	28	70
Political cooperation	11	87

See survey topline for exact question wording

GALLUP, DEC. 3-12, 2018

Department of Labor

Thursday, [Initial Claims](#): "In the week ending January 5, the advance figure for seasonally adjusted initial claims was 216,000, a decrease of 17,000 from the previous week's revised level."

Bureau of Labor Statistics

Last Thursday, [Metropolitan Area Employment](#): "Unemployment rates were lower in November than a year earlier in 290 of the 388 metropolitan areas, higher in 69 areas, and unchanged in 29 areas . . ." November 2018 unemployment rates for Tennessee's metropolitan areas ranged from 2.6% (Nashville-Davidson—Murfreesboro—Franklin) to 3.8% (Clarksville and Memphis).

Last Friday, [Employment](#): "Total nonfarm payroll employment increased by 312,000 in December, and the unemployment rate rose to 3.9 percent . . ."

Tuesday, [Job Openings and Turnover](#): "The number of job openings fell to 6.9 million on the last business day of November . . . Over the month, hires edged down to 5.7 million, quits edged down to 3.4 million, and total separations were little changed at 5.5 million."

ADP

Last Thursday, [Employment Report](#): "Private sector employment increased by 271,000 jobs from November to December . . ."

“We wrapped up 2018 with another month of significant growth in the labor market,” said Ahu Yildirmaz, vice president and co-head of the ADP Research Institute. “Although there were increases in most sectors, the busy holiday season greatly impacted both trade and leisure and hospitality. Small businesses also experienced their strongest month of job growth all year.”

Challenger

Last Thursday, [Job Cuts](#): “While December was quieter than the previous three months, as employers at U.S.-based companies announced plans to cut 43,884 workers from their payrolls during the month, the year-to-date total is nearly 29 percent higher than last year and the highest total since 2015 . . . In 2018, 538,659 job cuts were announced, 28.6 percent higher than the 418,770 announced in 2017. This is the highest annual total since 598,510 cuts were recorded in 2015 . . .”

Federal Reserve

Wednesday, [Minutes of FOMC](#): “. . . labor market conditions continued to strengthen in recent months and that real GDP growth was strong. Consumer price inflation, as measured by the 12-month percentage change in the price index for personal consumption expenditures (PCE), was 2 percent in October. Survey-based measures of longer run inflation expectations were little changed on balance.”

Institute for Supply Management

Last Thursday, [Purchasing Managers Index](#): The index “registered 54.1 percent, a decrease of 5.2 percentage points from the November reading of 59.3 percent.” It “recorded a substantial softening in December and retreated to a level not seen since November 2016 . . .”

Monday, [Services Index](#): The index “registered 57.6 percent, which is 3.1 percentage points lower than the November reading of 60.7 percent. This represents continued growth in the non-manufacturing sector, at a slower rate.”

Markit Economics

Last Friday, [Services](#): “The U.S. service sector signaled a solid expansion in business activity in December, albeit the slowest for three-months. The rate of growth in new business eased to a 14-month low, but the pace of job creation picked up.”

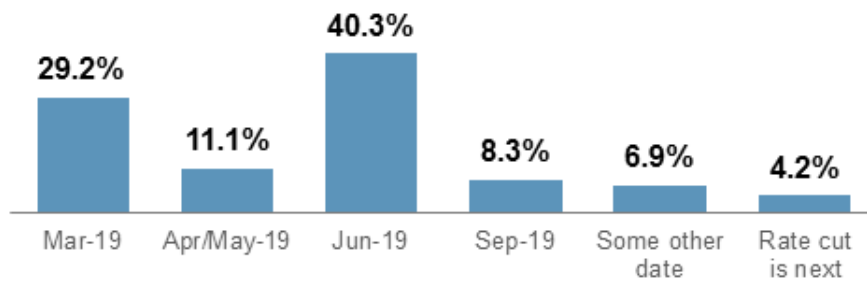
Tuesday, [US Sector PMI](#): “Firms in the basic materials sector registered the first fall in output since May 2016 in December . . . The consumer services sector signaled a further pick-up in growth momentum, with the rate of expansion accelerating for the fourth month running.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 23.5 percent from one week earlier . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$484,350 or less) decreased to its lowest level since April 2018, 4.74 percent, from 4.84 percent . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to its lowest level since April 2018, 4.16 percent, from 4.25 percent . . .”

Bureau of Transportation Statistics

Wednesday, [Transportation Services](#): “The Freight Transportation Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, rose 1.3 percent in November from October, rising for the fourth consecutive month to reach a new all-time high . . . The November 2018 index level (140.0) was 47.7 percent above the April 2009 low during the most recent recession.”



Source: Wall Street Journal.