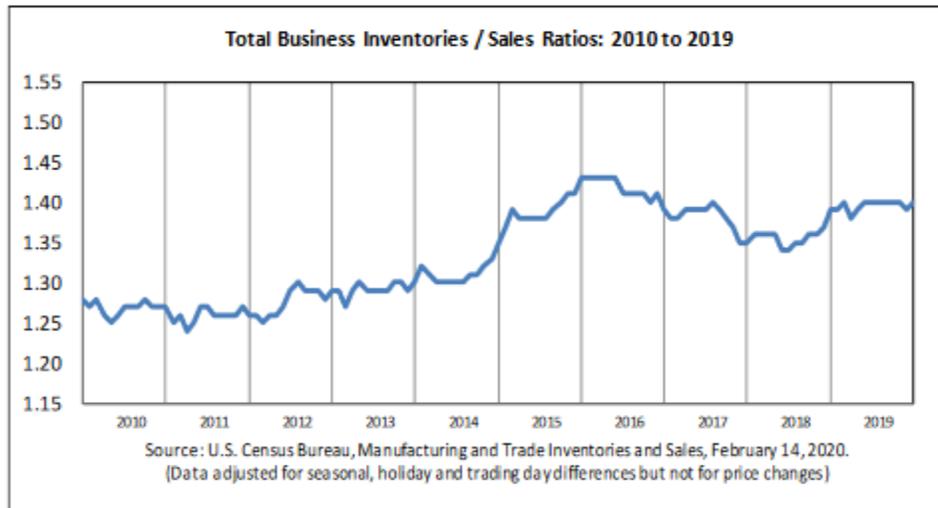


Economic Update, February 14, 2020  
Submitted by Dave Keiser

Summary: The economy is in a [good place](#) and continues to move along, though it is still too early to know what the full effect of the new coronavirus will be, according to Federal Reserve Chairman Jerome Powell. Most of the indicators were relatively unchanged, ranging from real earnings to consumer expectations to manufacturing and trade. Unemployment remains at record lows, but job openings are down, and unemployment claims are slightly up. Small business optimism is up, but the number of owners expecting better business conditions decreased slightly.

Census

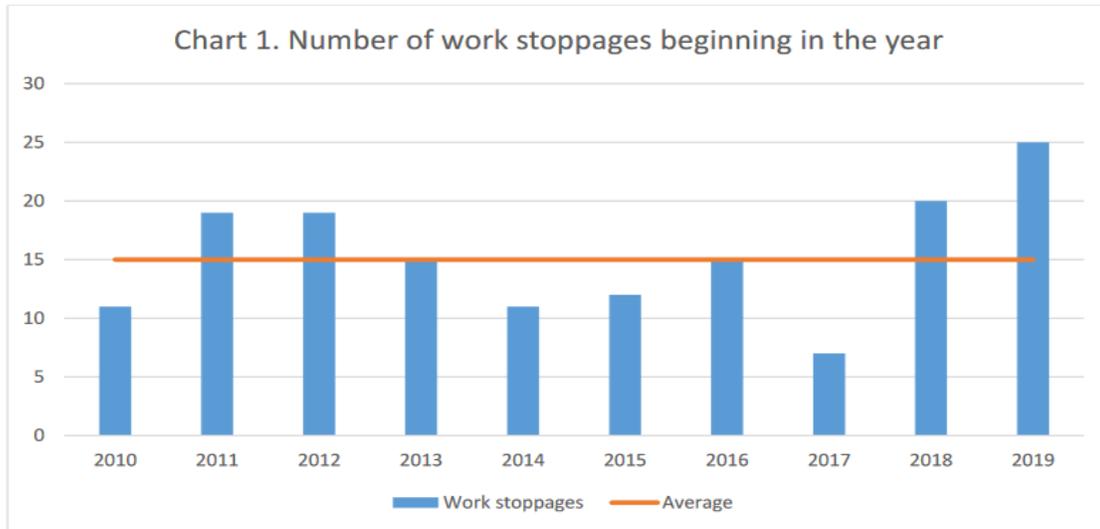
Friday, [Manufacturing and Trade](#): “The combined value of distributive trade sales and manufacturers’ shipments for December . . . was estimated at \$1,461.0 billion, down 0.1 percent from November 2019, but was up 1.7 percent from December 2018. Manufacturers’ and trade inventories for December . . . were estimated at an end-of-month level of \$2,040.0 billion, up 0.1 percent from November 2019 and were up 2.2 percent from December 2018. The total business inventories/sales ratio based on seasonally adjusted data at the end of December was 1.40. The December 2018 ratio was 1.39.”



Friday, [Retail and Food Services](#): “Advance estimates of U.S. retail and food services sales for January 2020 . . . were \$529.8 billion, an increase of 0.3 percent from the previous month, and 4.4 percent above January 2019. Total sales for the November 2019 through January 2020 period were up 4.4 percent from the same period a year ago. The November 2019 to December 2019 percent change was revised from up 0.3 percent to up 0.2 percent. Retail trade sales were up 0.1 percent from December 2019, and 4.0 percent above last year. Gasoline stations were up 10.4 percent from January 2019, and non-store retailers were up 8.4 percent from last year.”

Bureau of Labor Statistics

Tuesday, [Major Work Stoppages](#): “In 2019, there were 25 major work stoppages involving 1,000 or more workers and lasting at least one shift. . . . Between 2010 and 2019 there were a total of 154 work stoppages, averaging 15 stoppages a year. There were 425,500 workers involved in major work stoppages that began in 2019, with the majority of idled workers (270,000) in the educational services industry (13 work stoppages). The average number of workers involved in work stoppages between 2010 and 2019 was 147,660, and 2018 had the largest number of workers involved (485,200).”



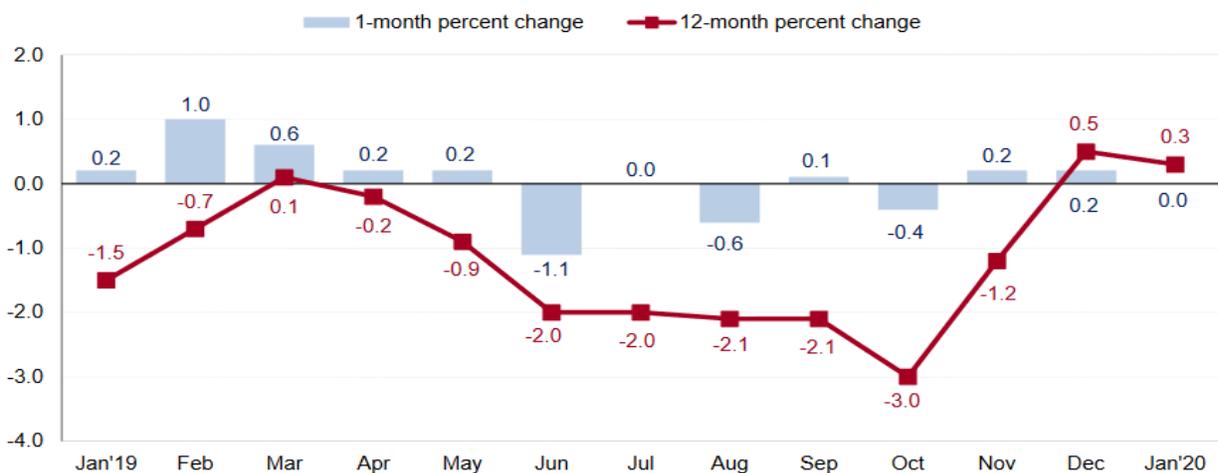
Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings fell to 6.4 million (-364,000) on the last business day of December. . . . Over the month, hires and separations were little changed at 5.9 million and 5.7 million, respectively. Within separations, the quits rate and layoffs and discharges rate were unchanged at 2.3 percent and 1.2 percent respectively.”

Thursday, [Real Earnings](#): “Real average hourly earnings for all employees increased 0.1 percent from December to January, seasonally adjusted. . . . This result stems from an increase of 0.2 percent in average hourly earnings combined with an increase of 0.1 percent in the Consumer Price Index for All Urban Consumers (CPI-U).”

Wednesday, [Consumer Price Index](#): The index “rose 0.1 percent in January on a seasonally adjusted basis, after rising 0.2 percent in December. . . . Over the last 12 months, the all items index increased 2.5 percent before seasonal adjustment.”

Friday, [Import and Export Prices](#): “U.S. import prices were unchanged in January . . . following 0.2-percent advances the 2 previous months. In January, falling fuel prices offset increasing prices for nonfuel imports. Prices for U.S. exports advanced 0.7 percent in January, after declining 0.2 percent the previous month.”

**Chart 1. One-month and 12-month percent changes in the Import Price Index: January 2019 – January 2020**



## Department of Labor

Thursday, [Initial Claims](#): “In the week ending February 8, the advance figure for seasonally adjusted initial claims was 205,000, an increase of 2,000 from the previous week’s revised level. . . . The 4-week moving average was 212,000, unchanged from the previous week’s revised average.”

## Federal Reserve

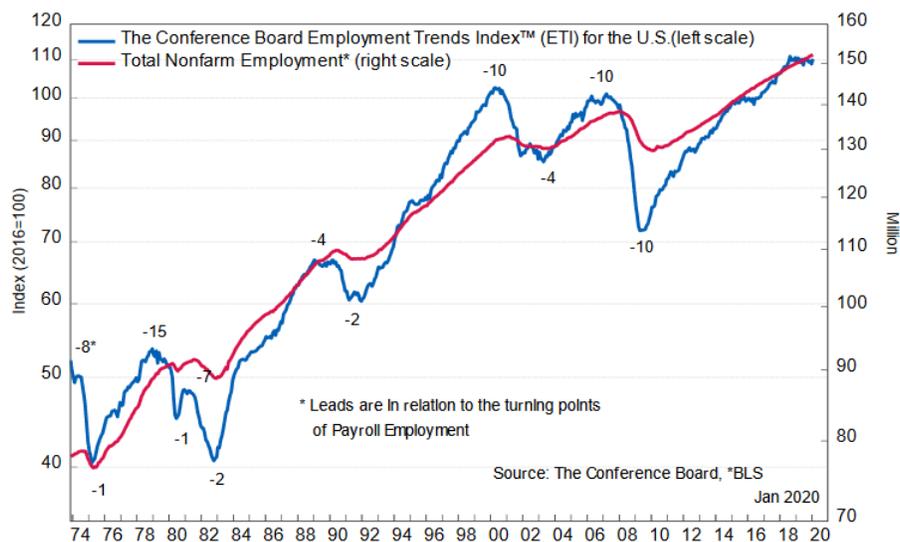
Monday, [Consumer Expectations](#): “Median inflation expectations at both the one-year and three-year horizons were unchanged at 2.5% in January. . . . Median one-year ahead expected earnings growth increased to 2.6% in January, from 2.2% in December. The reading is above the 12-month trailing average of 2.4%. The increase was broad-based across age and income groups. Mean unemployment expectations—or the mean probability that the U.S. unemployment rate will be higher one year from now—increased slightly to 34.8% in January, from 34.6% in December.”

## NFIB

Tuesday, [Small Business Optimism](#): The index “started the New Year in the top 10% of all readings in the 46-year history of the survey, rising 1.6 points to 104.3 in the month of January. Six of the 10 Index components improved, two declined, and two were unchanged, with the Uncertainty Index edging up slightly. Owners expecting better business conditions dipped slightly, but sales expectations and earnings trends improved significantly. As was reported last week, actual job creation surged in January.”

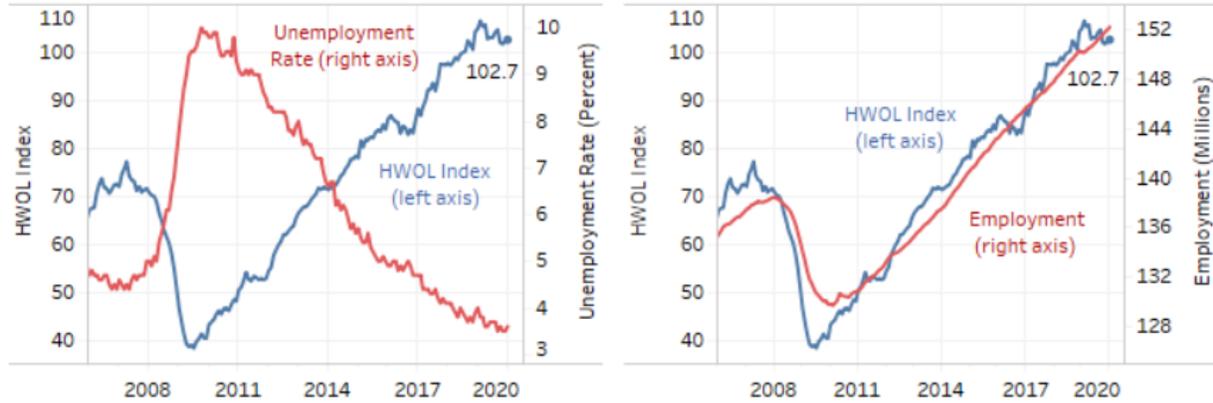
## The Conference Board

Monday, [Employment Trends Index](#): The index “increased in January, following a decline in December. The index now stands at 110.24, up from 108.84 (a downward revision) in December. The index is up 0.7 percent from a year ago. ‘The Employment Trends Index increased in January, signaling solid job growth in early 2020,’ said Gad Levanon, Head of The Conference Board Labor Markets Institute. ‘The improvement in the ETI, along with Friday’s job report and other indicators, suggest that employment growth has been accelerating after several weak quarters in 2019. The improvement in labor force participation—especially for women—and the noticeable, yet still modest, improvement in labor productivity is providing the US economy with more room to grow in 2020, despite historically tight labor markets.’”



Wednesday, [Help Wanted Online Index \(HWOL\)](#): The index “increased slightly in January and now stands at 102.7 (July 2018=100), up from 102.4 in December. The Index increased 0.6 percent from November to December but is down 2.2 percent from a year ago.”

**Help Wanted OnLine™ (HWOL) Index: United States, seasonally adjusted, January 2020**  
[July 2018=100]



Sources: The Conference Board, Burning Glass Technologies, Bureau of Labor Statistics  
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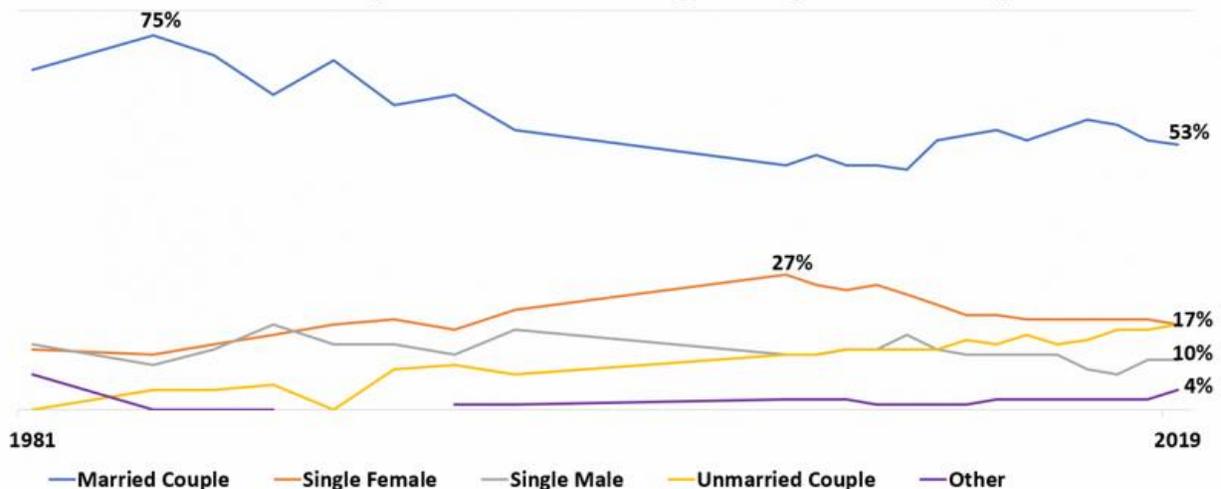
Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 1.1 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$510,400 or less) increased to 3.72 percent from 3.71 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 3.20 percent from 3.19 percent.”

National Association of Realtors

Thursday, [First-Time Homebuyers](#): “The first-time buyer composition is mirroring the change in marriage rates. In the 1980s, there was at one point a peak of 75% of first-time buyers entering the market as a married couple. Today only 53% of first-time buyers were married couples.”

## First-time Buyers: Wedding Ring Not Required

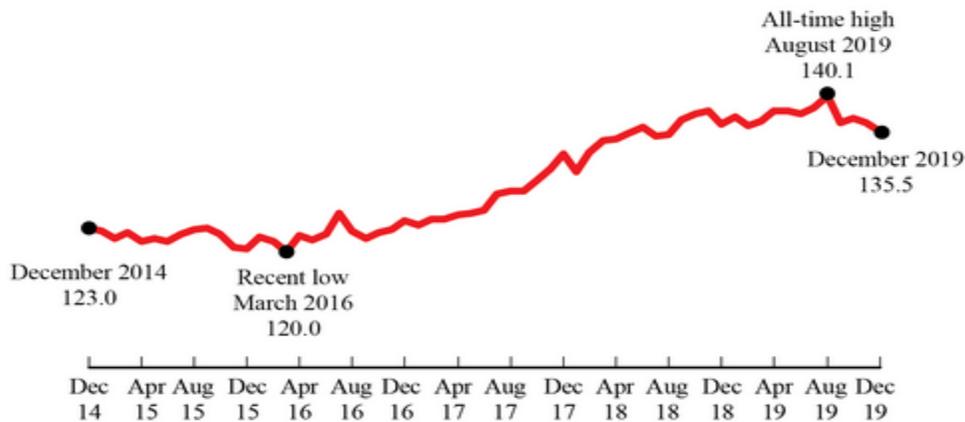


National Association of Realtors: *Profile of Home Buyers and Sellers*

Bureau of Transportation Statistics

Wednesday, [Transportation Services Index \(TSI\)](#): “The Freight Transportation Services Index (TSI), which is based on the amount of freight carried by the for-hire transportation industry, fell 0.9% in December from November, falling for the second consecutive month to its lowest level since August 2018. . . . However, it remained above any level it had reached before the high of June 2018. In effect, the Freight TSI rose 13.5% from March 2016 to June 2018, but has been essentially stable (declining by 0.5%) since then.”

**(Seasonally Adjusted, Monthly Average of 2000 = 100)**



**Source:**

Bureau of Transportation Statistics

Middle Tennessee State University

Wednesday, [Tracking Tennessee’s Economy](#): “Economic indicators have strengthened in November when considering the decrease in initial unemployment insurance claims and the declining unemployment rate. In addition, nonfarm employment rates are at a high for 2019, and average hourly earnings are matching the highest rates since the recession. Despite the decline over the month for single-family home construction, there has been a substantial increase over the year.”

University of Michigan

Friday, [Consumer Expectations](#): “Consumer sentiment rose to 100.9 in early February to nearly match the expansion peak of 101.4, set two years ago in March 2018. The Expectations Index, the main gauge of future economic conditions, rose to 92.6, also its second highest level in this long expansion. Both measures were still significantly below the levels recorded twenty years ago when the Sentiment Index reached a peak of 112.0 and the Expectations Index peaked at 108.6.”