

Economic Update, May 3, 2019  
Submitted by Michael Mount

Summary: The monthly Jobs Report was good, with unemployment falling to 3.6 percent. Productivity also improved (see chart below). The Federal Reserve decided to maintain current interest rates, as expected; the trade deficit widened; and home price increases continued to slow.

US Census

Wednesday, [Construction Spending](#): Seasonally adjusted construction spending decreased 0.9 percent from February to March 2019. Private construction decreased 0.7 percent, while public construction decreased 1.3 percent from one month earlier.

Thursday, [Factory Orders](#): “New orders for manufactured goods in March, up following two consecutive monthly decreases, increased \$9.3 billion or 1.9 percent to \$508.2 billion.”

Friday, [International Trade](#): “The international trade deficit was \$71.4 billion in March, up \$0.5 billion from \$70.9 billion in February. Exports of goods for March were \$140.3 billion, \$1.4 billion more than February exports. Imports of goods for March were \$211.7 billion, \$2.0 billion more than February imports.”

Bureau of Economic Analysis

Monday, [Personal Income](#): “Personal income increased \$11.4 billion (0.1 percent) in March . . . and personal consumption expenditures (PCE) increased \$123.5 billion (0.9 percent).”

S&P/Case-Shiller

Tuesday, [Home Price](#): “The rate of home price increases across the U.S. has continued to slow.” The index “reported a 4.0% annual gain in February, down from 4.2% in the previous month.”

The Conference Board

Tuesday, [Consumer Confidence](#): The index “improved in April, after decreasing in March. The Index now stands at 129.2 (1985=100), up from 124.2 in March.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): The index “decreased 4.3 percent on a seasonally adjusted basis 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 4.42 percent from 4.46 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 3.81 percent from 3.87 percent.”

ADP

Wednesday, [Employment Report](#): “Private sector employment increased by 275,000 jobs from March to April.”

IHS Markit

Wednesday, [Purchasing Managers Index](#): The index “posted 52.6, up slightly from March's recent low of 52.4. . . . Although new business grew at a faster pace, the rate of job creation eased in April.”

Federal Reserve

Wednesday, [Interest Rate Decision](#): “Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. . . . Overall inflation and inflation for items other than food and energy have declined and are running below 2 percent. . . . The Committee decided to maintain the target range for the federal funds rate at 2-1/4 to 2-1/2 percent.”

Challenger

Thursday, [Job Cuts](#): “U.S.-based employers announced plans to cut 40,023 jobs from their payrolls in April, down 34% from the 60,587 cuts announced in March. This is the lowest monthly total since last August, when 38,472 cuts were announced.”

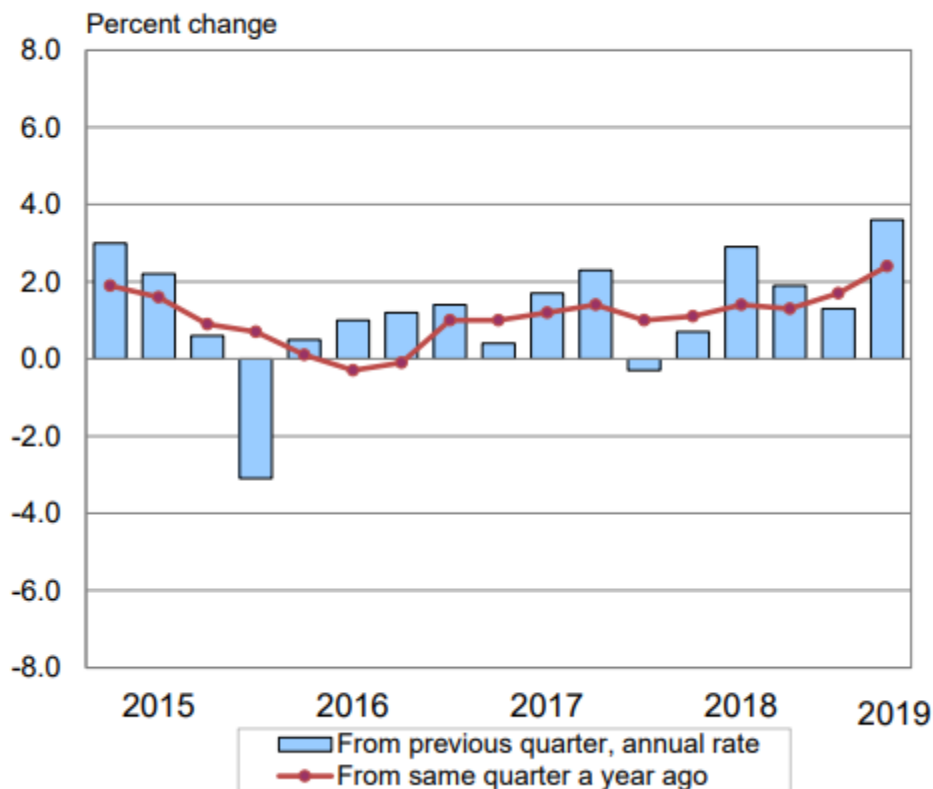
Department of Labor

Thursday, [Initial Claims](#): “In the week ending April 27, the advance figure for seasonally adjusted initial claims was 230,000, unchanged from the previous week's unrevised level of 230,000.”

Bureau of Labor Statistics

Thursday, [Productivity and Costs](#): “Nonfarm business sector labor productivity increased 3.6 percent in the first quarter of 2019 . . . as output increased 4.1 percent and hours worked increased 0.5 percent. . . . Unit labor costs in the nonfarm business sector decreased 0.9 percent in the first quarter of 2019, and increased 0.1 percent over the last four quarters—the lowest four-quarter rate since a 1.7-percent decline in the fourth quarter of 2013.

**Chart 1. Labor productivity, nonfarm business, 2015Q1 – 2019Q1**



Source: Bureau of Labor Statistics.

Friday, [Unemployment Rate](#): “Total nonfarm payroll employment increased by 263,000 in April, and the unemployment rate declined to 3.6 percent. . . . Notable job gains occurred in professional and business services, construction, health care, and social assistance.”