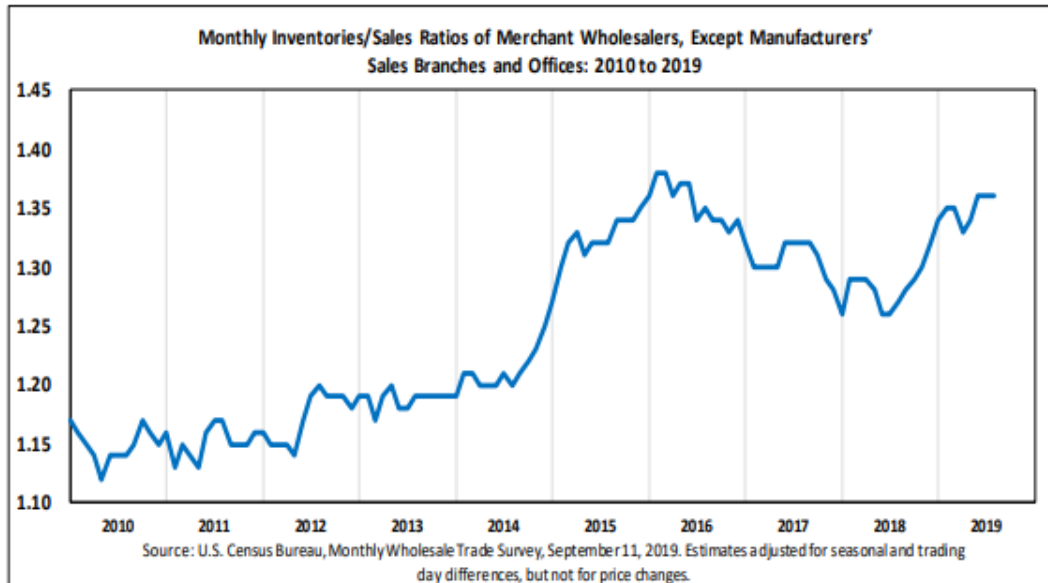


Economic Update, September 13, 2019
Submitted by Dave Keiser

Summary: A lot of the indicators, from consumer confidence to sales and inventories, were up slightly this week. The amount of freight shipped in July reached an all-time high, wages increased, and unemployment insurance claims were down. Although the output of industrial firms grew at its slowest rate since April 2016, growth rates for technology firms and consumer goods firms were the highest they had been in four months.

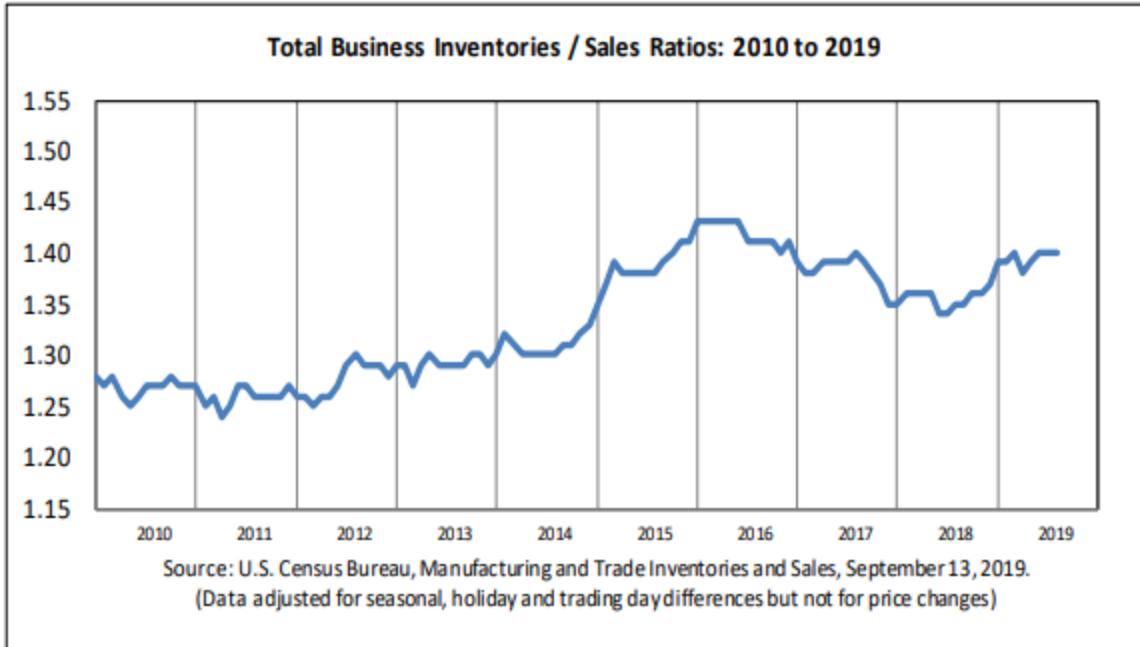
Census Bureau

Wednesday, [Wholesale Trade Sales and Inventories](#): “July 2019 sales of merchant wholesalers . . . were \$499.6 billion, up 0.3 percent from the revised June level, but were virtually unchanged from the July 2018 level. . . . Total inventories of merchant wholesalers . . . were \$679.1 billion at the end of July, up 0.2 percent from the revised June level. Total inventories were up 7.1 percent from the revised July 2018 level. . . . The July inventories/sales ratio for merchant wholesalers . . . based on seasonally adjusted data, was 1.36. The July 2018 ratio was 1.27.”



Friday, [Advance Estimates of U.S. Retail and Food Services](#): “Advance estimates of U.S. retail and food services sales for August 2019 . . . were \$526.1 billion, an increase of 0.4 percent from the previous month, and 4.1 percent above August 2018. . . . Retail trade sales were up 0.6 percent from June 2019, and 4.6 percent above last year. Non-store retailers were up 16.0 percent from August 2018, and motor vehicles and parts dealers were up 6.8 percent from last year.”

Friday, [Manufacturing and Trade Inventories and Sales](#): The combined value of distributive trade sales and manufacturers’ shipments for July . . . was estimated at \$1,462.9 billion, up 0.3 percent from June 2019 and was up 1.3 percent from July 2018. Manufacturers’ and trade inventories . . . were estimated at an end-of-month level of \$2,042.6 billion, up 0.4 percent from June 2019 and were up 4.8 percent from July 2018. The total business inventories/sales ratio based on seasonally adjusted data at the end of July was 1.40. The July 2018 ratio was 1.35.”



Bureau of Labor Statistics

Wednesday, [Producer Price Index](#): “The Producer Price Index for final demand rose 0.1 percent in August, seasonally adjusted. . . . Final demand prices moved up 0.2 percent in July and 0.1 percent in June. On an unadjusted basis, the final demand index rose 1.8 percent for the 12 months ended in August. . . . The index for final demand less foods, energy, and trade services rose 0.4 percent in August following a 0.1-percent decline in July. For the 12 months ended in August, prices for final demand less foods, energy, and trade services moved up 1.9 percent.”

Chart 1. One-month percent changes in selected PPI final demand price indexes, seasonally adjusted

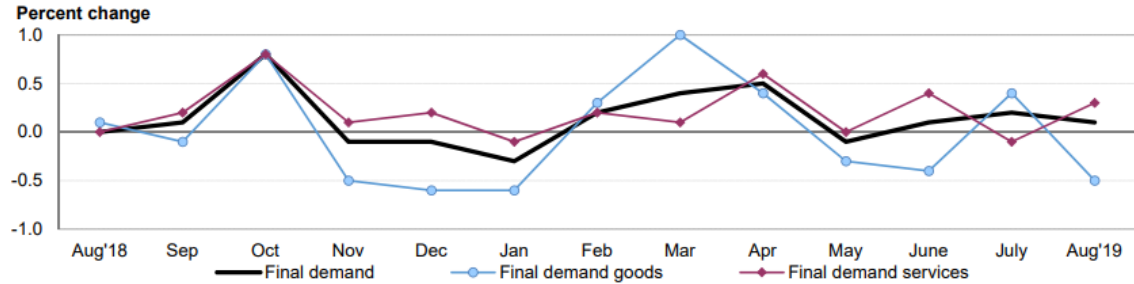
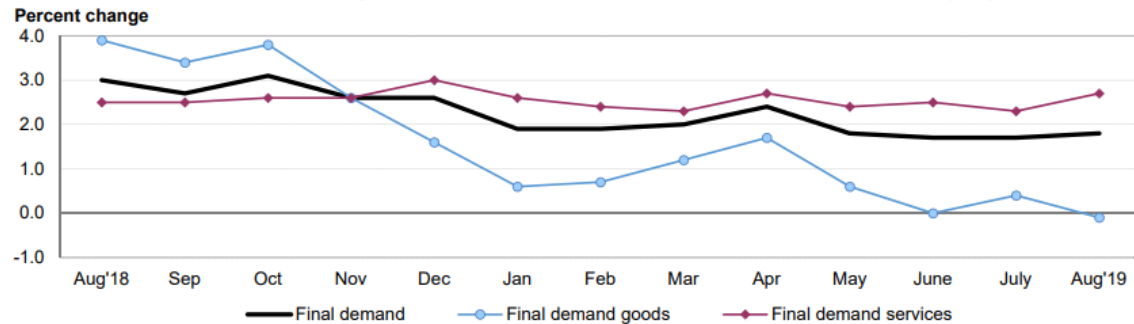
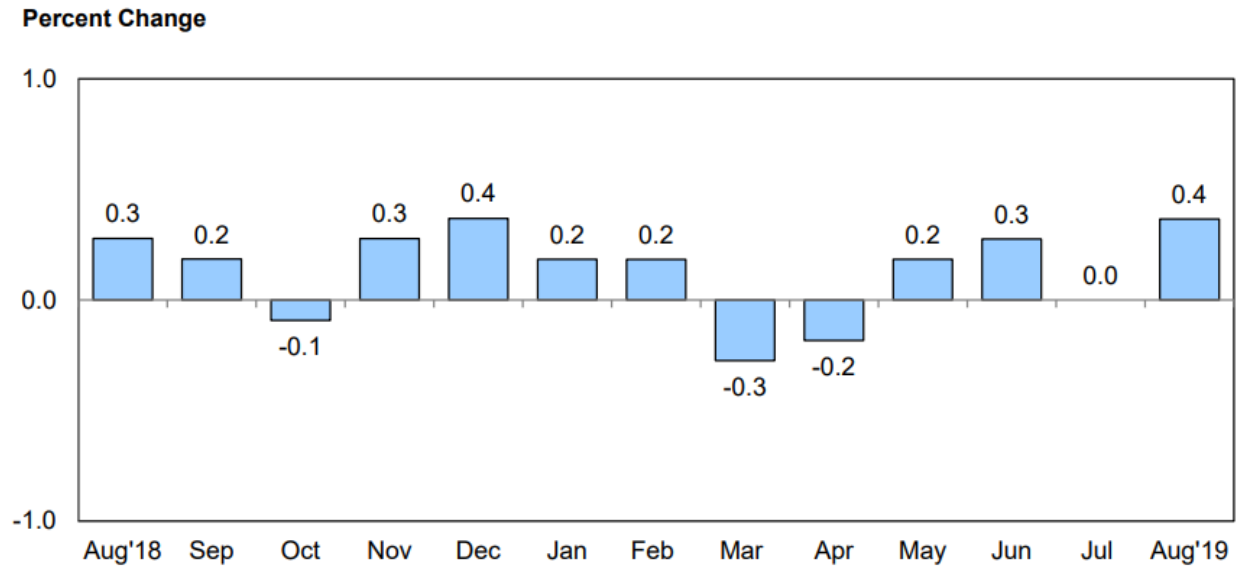


Chart 2. Twelve-month percent changes in selected PPI final demand price indexes, not seasonally adjusted



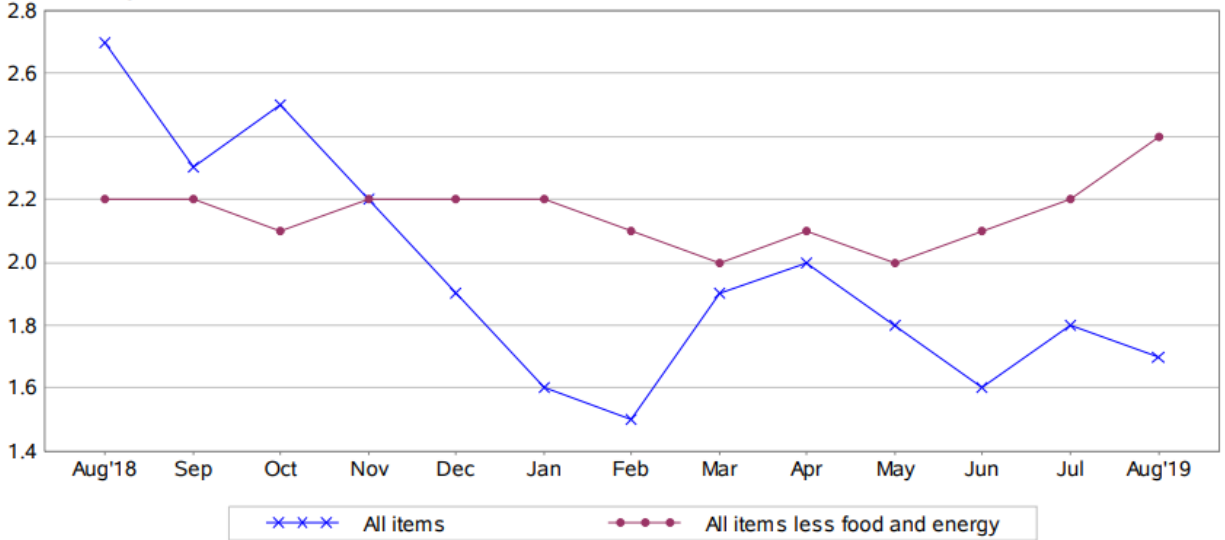
Thursday, [Real Earnings](#): “Real average hourly earnings for all employees increased 0.4 percent from July to August, seasonally adjusted. . . . This result stems from a 0.4-percent increase in average hourly earnings combined with a 0.1-percent increase in the Consumer Price Index for All Urban Consumers (CPI-U).”

Chart 1: Over-the-month percent change in real average hourly earnings for all employees, seasonally adjusted, August 2018–August 2019



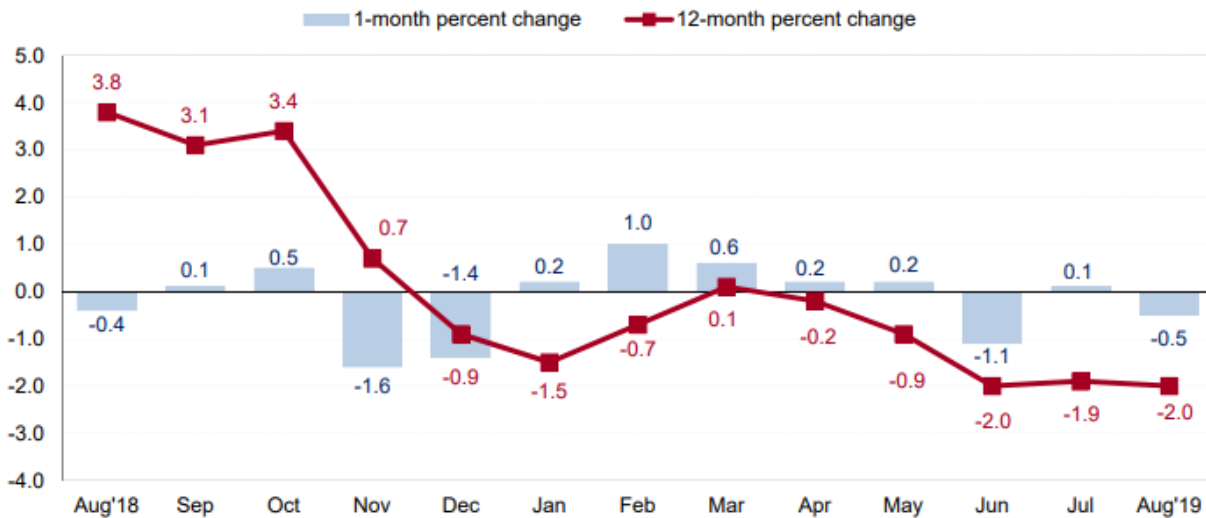
Thursday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in August on a seasonally adjusted basis after rising 0.3 percent in July Over the last 12 months, the all items index increased 1.7 percent before seasonal adjustment. Increases in the indexes for shelter and medical care were the major factors in the seasonally adjusted all items monthly increase, outweighing a decline in the energy index. The energy index fell 1.9 percent in August as the gasoline index declined 3.5 percent. The food index was unchanged for the third month in a row.”

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, Aug. 2018 - Aug. 2019



Friday, [U.S. Import and Export Price Indexes](#): “Import prices decreased 0.5 percent in August . . . after rising 0.1 percent the previous month. The August decline was driven by a drop in fuel prices; prices for nonfuel goods were unchanged. Prices for U.S. exports fell 0.6 percent in August following a 0.2-percent increase in July.”

Chart 1. One-month and 12-month percent changes in the Import Price Index: August 2018 – August 2019



U.S. Department of Labor

Thursday, [Initial Claims](#): “In the week ending September 7, the advance figure for seasonally adjusted initial claims was 204,000, a decrease of 15,000 from the previous week’s revised level. . . . The 4-week moving average was 212,500, a decrease of 4,250 from the previous week’s revised average.”

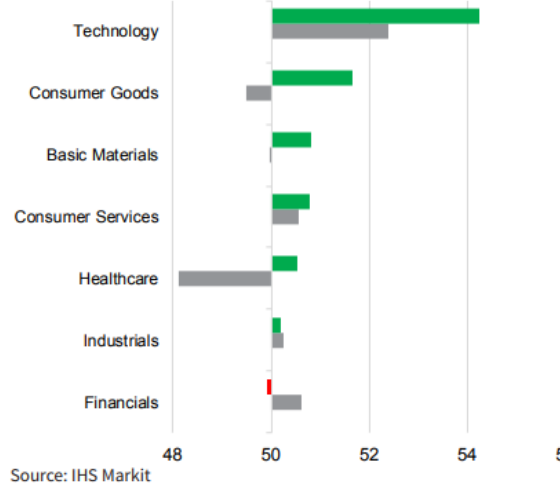
The Conference Board

Monday, [Employment Trends Index \(ETI\)](#): The index “declined slightly in August, following an increase in July. The index now stands at 110.62, almost unchanged from 110.72 (a downward revision) in July. The decrease marks a 0.5 percent decline in the ETI over the past 12 months. ‘In August, for only the second time since the financial crisis, the year-over-year growth in the Employment Trends Index turned negative. And indeed, job growth has clearly slowed in 2019,’ said Gad Levanon, Head of The Conference Board Labor Market Institute. ‘However, there is no reason to worry for now, since the stable behavior of the ETI is consistent with a slowdown in employment growth and is still far from indicating a decline in the number of jobs. Beyond economic growth, it is difficult to maintain strong employment growth in such a tight labor market. For the remainder of 2019, employment will continue growing at a more moderate but still healthy pace.’”

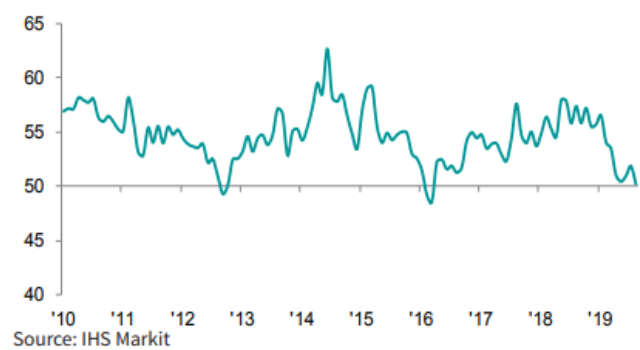
IHS Markit

Monday, [Purchasing Managers’ Index \(PMI\)](#): Industrials firms signaled only a fractional increase in output during August. . . . The rate of expansion eased to the slowest in the current sequence of growth that began in April 2016. Of the monitored sectors that indicated an expansion, industrials registered the weakest rise. . . . In contrast, technology and consumer goods firms recorded the fastest rates of expansion for four months, with the former topping the output growth rankings table.”

Output Index / Employment Index, Aug'19
sa, >50 = growth since previous month



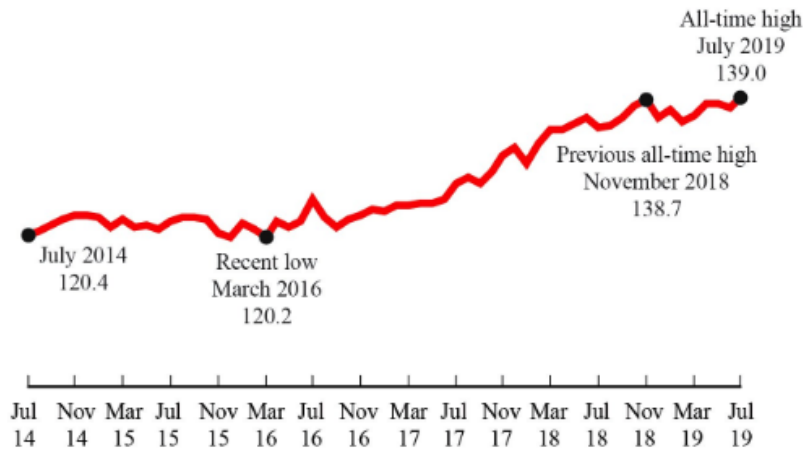
US Industrials Output Index
sa, >50 = growth since previous month



Bureau of Transportation Statistics

Thursday, [Freight 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, rose 0.9% in July from June, rising to a new all-time high after declining for two consecutive months. . . . From July 2018 to July 2019, the index rose 2.9% compared to a rise of 6.0% from July 2017 to July 2018.”

(Seasonally Adjusted, Monthly Average of 2000 = 100)



Source:
 Bureau of Transportation Statistics

University of Michigan

Friday, [Surveys of Consumers](#): “Consumer sentiment posted a small rebound from the sharp August decline, marking the third lowest level since [President] Trump’s election. While the uptick was across both current and expected economic conditions, the early September rebound was not widespread across age or income subgroups as it only fell among consumers under age 45 and among households with incomes in the top third—these two groups account for about half of all spending.”