

Economic Update, September 6, 2024
Submitted by Michael Mount

Summary: The jobs report created a bit [fewer jobs than expected](#) and, according to one economist, “[suggests the Federal Reserve will have a tough decision later this month on how much to cut interest rates.](#)” The U.S. added 142,000 jobs in August, and the unemployment rate decreased to 4.2 percent. Private sector employment was up 99,000, but publicly announced job cuts increased to 75,891. Manufacturing decreased for the first time in seven months, while services expanded. Governing published an [article](#) about the end of the post-pandemic surge in state government revenues.

Federal Government Indicators and Reports

U.S. Census

Tuesday, [Construction Spending](#): “Construction spending during July 2024 was estimated at a seasonally adjusted annual rate of \$2,162.7 billion, 0.3 percent below the revised June estimate of \$2,169.0 billion. The July figure is 6.7 percent above the July 2023 estimate of \$2,027.4 billion.”

Wednesday, [International Trade](#): “July exports were \$266.6 billion, \$1.3 billion more than June exports. July imports were \$345.4 billion, \$7.1 billion more than June imports. The July increase in the goods and services deficit reflected an increase in the goods deficit of \$5.6 billion to \$103.1 billion and a decrease in the services surplus of \$0.2 billion to \$24.3 billion.”

Wednesday, [Manufactures’ New Orders](#): “New orders for manufactured goods in July, up following two consecutive monthly decreases, increased \$28.2 billion or 5.0 percent to \$592.1 billion. . . . This followed a 3.3 percent June decrease.” Excluding transportation, the increase was 0.4 percent.

Bureau of Labor Statistics

Wednesday, [Job Openings and Labor Turnover](#): “The number of job openings was little changed at 7.7 million on the last business day of July. . . . Over the month, hires changed little at 5.5 million. Total separations increased to 5.4 million.”

Thursday, [Productivity and Costs](#): “Nonfarm business sector labor productivity increased 2.5 percent in the second quarter of 2024 . . . as output increased 3.5 percent and hours worked increased 1.0 percent. (All quarterly percent changes in this release are seasonally adjusted annualized rates.)”

Friday, [Jobs Report](#): “Total nonfarm payroll employment increased by 142,000 in August, and the unemployment rate changed little at 4.2 percent. . . . Job gains occurred in construction and health care.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending August 31, the advance figure for seasonally adjusted initial claims was 227,000, a decrease of 5,000 from the previous week’s revised level.”

Economic Indicators and Confidence

Logistics Managers’ Index

Tuesday, [Logistic Managers’ Index](#): The index “reads in at 56.4, down slightly (-0.1) from July’s reading of 56.5. . . . The LMI score is a combination of eight unique components that make up the logistics industry, including: inventory levels and costs, warehousing capacity, utilization, and prices, and transportation capacity, utilization, and prices. . . . Any reading above 50.0 indicates that logistics is expanding; a reading below 50.0 is indicative of a shrinking logistics industry.”

S&P Global

Tuesday, [Manufacturing PMI](#): “U.S. manufacturing production decreased for the first time in seven months during August as sales continued to fall amid increasing reports of demand weakness. A renewed reduction in employment was also recorded amid spare capacity in the sector.” The index decreased from 49.6 to 47.9, from July to August 2024.

US Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 12-27 August 2024.

Thursday, [Services PMI](#): “Growth strengthened in the U.S. service sector during August. Business activity rose at the fastest pace in almost two-and-a-half years amid stronger new order inflows. Less positively, however, employment decreased following two months of job creation.” The index increased from 55.0 to 55.7, from July to August 2024.

RealClear Markets

Tuesday, [Economic Optimism](#): The index “improved by 3.6 percent in September to 46.1, posting its 17-month high since May 2023. Since September 2021, the index has remained in negative territory for 37 consecutive months. . . . The index and its components range from 0 to 100. A reading above 50.0 signals optimism, and below 50.0 indicates pessimism. 50 is neutral.”

Federal Reserve

Wednesday, [Beige Book](#): “Employment levels were steady overall, though there were isolated reports that firms filled only necessary positions, reduced hours and shifts, or lowered overall employment levels through attrition. Still, reports of layoffs remained rare. . . . District contacts generally expected economic activity to remain stable or to improve somewhat in the coming months, though contacts in three Districts anticipated slight declines.”

Challenger, Gray, and Christmas, Inc.

Thursday, [Job Cuts](#): “U.S.-based employers announced 75,891 cuts in August, a 193 percent increase from the 25,885 cuts announced one month prior. It is up 1 percent from the 75,151 cuts announced in the same month in 2023.”

ADP

Thursday, [Private Sector Employment](#): “Private sector employment increased by 99,000 jobs in August and annual pay was up 4.8 percent year-over-year. . . . ‘The job market’s downward drift brought us to slower-than-normal hiring after two years of outsized growth,’ said Nela Richardson, chief economist, ADP.”

State Finances

Governing

Tuesday, [State Collections](#): “As of mid-2024, after more than a year of quarterly inflation-adjusted tax revenue declines, the pandemic-era surge had clearly ended.”

Fiscal 50: State Trends And Analysis

In Most States, the Revenue Wave Broke in 2023

State collections compared with their 2019 baselines, Q1 2020 to Q3 2023

