

Economic Update, November 9, 2017
Submitted by Michael Mount

Summary: Economic news was a little light because of the holiday. Some measures, like initial claims, were a bit disappointing but still good. The [FRED Blog](#) talked about the retiring Baby Boomers and predicts US workforce growth will flatten in about 10 years. Bloomberg has an interesting [article](#) about the “retail apocalypse” as store closings outpace openings. The Monthly Wholesale Trade report and the Consumer Sentiment Index will be released Friday, but we will be out for the holiday.

Bureau of Labor Statistics

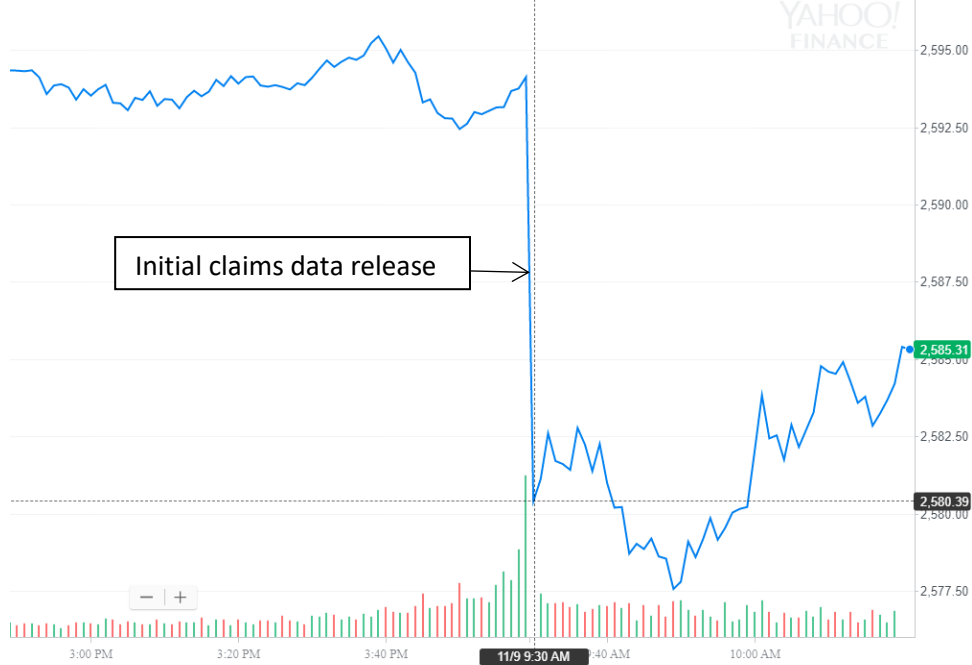
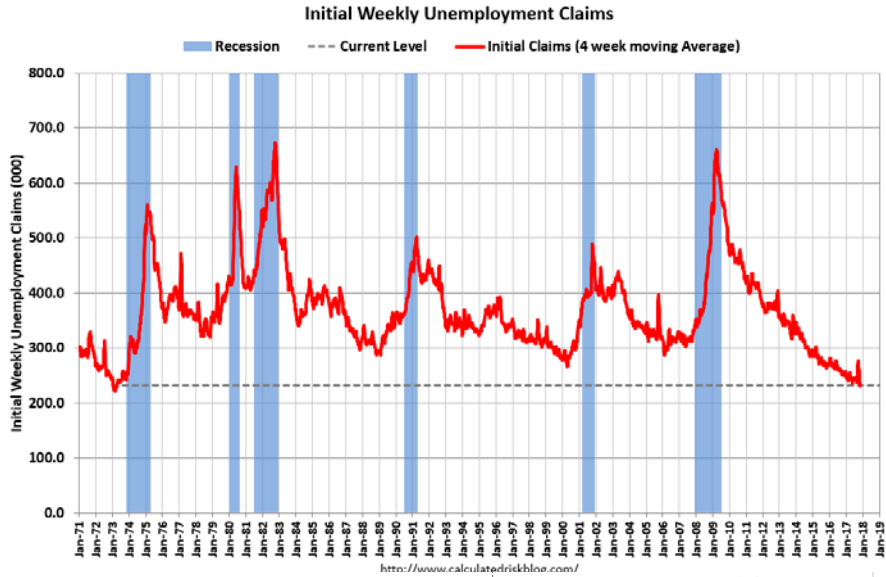
Tuesday, [Job Openings and Labor Turnover Survey \(JOLTS\)](#): “The number of job openings was little changed at 6.1 million on the last business day of September. Over the month, hires and separations were also little changed at 5.3 million and 5.2 million, respectively. Within separations, the quits rate and the layoffs and discharges rate were little changed at 2.2 percent and 1.2 percent, respectively.”

Wednesday, [Business Employment Dynamics](#): “From December 2016 to March 2017, gross job gains from opening and expanding private-sector establishments were 7.3 million, a decrease of 127,000 jobs over the quarter. Over this period, gross job losses from closing and contracting private-sector establishments were 6.7 million, a decrease of 391,000 jobs from the previous quarter. The difference between the number of gross job gains and the number of gross job losses yielded a net employment gain of 654,000 jobs in the private-sector during the first quarter of 2017.”

Thursday, [Employer-Reported Workplace Injuries and Illnesses](#): “There were approximately 2.9 million nonfatal workplace injuries and illnesses reported by private industry employers in 2016, which occurred at a rate of 2.9 cases per 100 full-time equivalent (FTE) workers. . . . Private industry employers reported nearly 48,500 fewer nonfatal injury and illness cases in 2016 compared to a year earlier.”

US Department of Labor

Thursday, [Initial Claims](#): “In the week ending November 4, the advance figure for seasonally adjusted initial claims was 239,000, an increase of 10,000 from the previous week's unrevised level of 229,000. The 4-week moving average was 231,250, a decrease of 1,250 from the previous week's unrevised average of 232,500. This is the lowest level for this average since March 31, 1973 when it was 227,750.” Initial claims are low (see 1st chart for historical perspective), but I suspect the report was disappointing based on the stock market reaction (2nd chart). Initial Claims is one report that really moves markets.



IDB/TIPP

Tuesday, [Economic Optimism Index](#): “The IBD/TIPP Economic Optimism Index rose 3.3 points to an eight-month high of 53.6 in November, remaining in optimistic territory for a 14th straight month, but high-earning households stood out as the only group feeling particularly bullish. Among households earning more than \$75,000, IBD/TIPP’s optimism gauge jumped 4.6 points in November to 56.6, firmly above the neutral level of 50. By contrast, households earning less than \$30,000 and those with earnings from \$50,000 to \$75,000 both reflected slight pessimism at 49.5. Modest optimism prevailed among those earning between \$30,000 and \$50,000, with a 51.3 reading.”

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): “The NFIB Index of Small Business Optimism tumbled in September from 105.3 to 103 led by a steep drop in sales expectations, not just in hurricane-affected states, but across the country.”

IHS Markit Economics

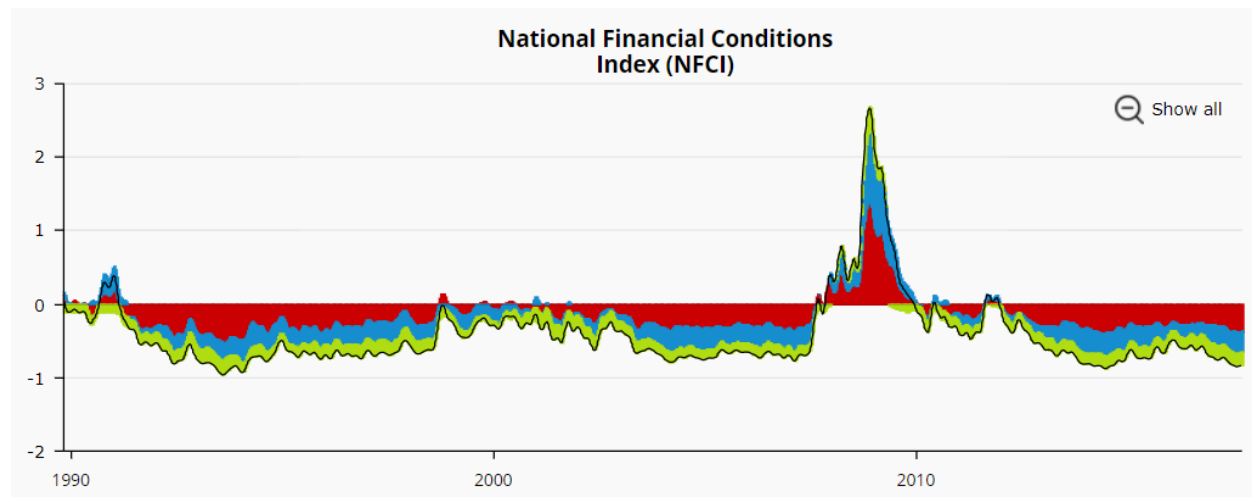
Wednesday, [US Sector PMI](#): The Technology sector signaled its strongest growth in more than three years. As for other sectors, “the financial sector continued to expand sharply, despite the growth rate easing from September. Overall, the sector indicated the second-quickest upturn. Consumer services signaled a further increase in output levels, with firms in the sector reporting strong and accelerated growth. Production levels in the basic materials sector continued to grow in October, but the pace of the expansion softened from September’s strong rate. Following modest output growth in September, upturns in the consumer goods and healthcare sectors accelerated and were solid overall. That said, the rates of increase were weaker than the long-run series average for both sectors.”

Gallup.com

Tuesday, [US Economic Confidence Index](#): The index increased to 7 from 3 the previous week. “Gallup’s Economic Confidence Index is based on the combined responses to two questions, the first asking Americans to rate economic conditions in this country today, and second, whether they think economic conditions in the country as a whole are getting better or getting worse. Results are based on telephone interviews with approximately 3,500 national adults.”

Federal Reserve

Wednesday, [Chicago Fed Financial Conditions Index](#): For this index, negative numbers are better. “The NFCI ticked down to -0.91 in the week ending November 3. Risk indicators contributed -0.38 , credit indicators contributed -0.33 , and leverage indicators contributed -0.19 to the index in the latest week.” Here’s what the NFCI looks like over time:



Bloomberg

Thursday, [Consumer Comfort Index](#): Consumer Comfort stayed high, a positive sign for the US economy. Americans’ confidence was little changed (down 0.2) last week from elevated levels, underpinned by optimism about the buying climate and the economy. Weekly consumer comfort was at 51.5 after last week’s 51.7.

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): Mortgage applications remained unchanged from one week earlier as key interest rates fell. “The Market Composite Index, a measure of mortgage loan application volume, remained unchanged on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index decreased 1 percent compared with the previous week. The Refinance Index decreased 1 percent from the previous week. The seasonally adjusted Purchase Index increased 1 percent from one week earlier. The unadjusted Purchase Index decreased 2 percent compared with the previous week and was 9 percent higher than the same week one year ago.”