

Economic Update, March 10, 2017
Submitted by Reuben Kyle

Summary: The big economic news of the week is the BLS jobs report of an increase in employment of 235,000. There are more indicators of an improvement in the manufacturing sector in shipments as well as employment. Middle Tennessee counties are leaders in employment and wage growth. Consumer confidence remains high, which may point to increased consumer spending as reported in the Gallup consumer spending measure.

Census Bureau

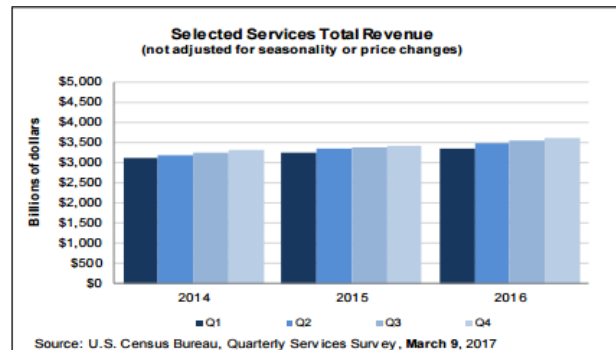
Monday, [Manufacturers' Shipments, Inventories, and Orders](#): In January 2017, new orders for manufactured goods increased by 1.2% from December led by an increase of 6.2% in transportation equipment. Shipments were up by 0.2% with a 1.3% rise in fabricated metal products. Unfilled orders declined by 0.4% while inventories rose by 0.2%.

Tuesday, [U.S. International Trade in Goods and Services](#): In January 2017, U.S. exports increased by \$1.1 billion from December, imports added \$5.3 billion with the result that the U.S. Balance of Trade in Goods and Services deficit increased by \$4.2 billion. The deficit in goods grew by \$4.0 billion while the surplus in services declined by \$0.3 billion.

Wednesday, [Monthly Wholesale Trade: Sales and Inventories](#): In January 2017, sales by merchant wholesalers fell by 0.1% from December but were 8.4% higher than in January 2016. Inventories, also 0.2% lower than in December were 2.2% higher than a year earlier. The inventory/sales ratio, 1.29, was unchanged from the previous month but lower than the 1.37 in January 2016.

Thursday, [Quarterly Services Survey](#): In the 4th quarter of 2016, the total revenue of a selected group of service industries increased by 2.3% from the 3rd quarter and by 6.0% from Q4 2015. The graphic below shows these revenues since 2014.

SELECTED SERVICES TOTAL REVENUE		
4Q 2016	\$3,615.3 billion	+2.3 %
3Q 2016	\$3,533.1 billion	+1.8 %
Next release: May 19, 2017		
Data are not adjusted for seasonality or price changes. Source: U.S. Census Bureau, Quarterly Services Survey, March 9, 2017		



Bureau of Labor Statistics

Tuesday, [County Employment and Wages](#): In the 3rd quarter of 2016, employment increased in 307 of the 344 largest U.S. counties. Williamson County, Tennessee ranked second among those large counties in the percentage increase in employment from September 2015 to September 2016. Davidson County employment increased by 4.6% ranking 11th and Rutherford County employment rose by 3.8% ranking 29th. Nationally, the average weekly wage rate was \$1,027, up by 5.4% from Q2 2016. Rutherford County's average wage was \$917 but increased by 7.9% from Q2 ranking 27th and Williamson County's average was \$1,154 up 5.7% ranking 160th.

Wednesday, [Productivity and Costs](#): In the 4th quarter 2016, nonfarm labor productivity rose by 1.3% as output increased by 2.4% and labor-hours worked increased by 1.0%. From Q4 2015 to Q4

2016, productivity increased by 1.0% as a result of a 2.2% increase in output and a 1.2% rise in labor hours worked. Unit labor costs per hour rose by 1.7% from Q3 to Q4 and by 2.0% for the year 2016. The table below shows annual productivity and unit labor costs for the years 2012-2016.

Table C1. Labor productivity growth and related measures - annual average changes: 2012-2016

Sector	Year	Labor productivity	Output	Hours worked	Hourly compensation	Real hourly compensation	Unit labor costs
Nonfarm Business	2016	0.2	1.7	1.5	2.9	1.6	2.6
	2015	0.9	3.1	2.1	2.9	2.8	2.0
	2014	0.8	3.0	2.2	2.8	1.1	2.0
	2013	0.3	2.0	1.7	1.2	-0.3	0.9
	2012	0.9	3.1	2.2	2.6	0.5	1.7
Manufacturing	2016	0.3	0.3	0.0	3.0	1.7	2.7
	2015	0.2	1.2	1.0	2.4	2.3	2.2
	2014	0.1	1.7	1.5	2.8	1.1	2.7
	2013	0.1	1.0	0.8	0.2	-1.3	0.0
	2012	1.7	4.1	2.3	1.7	-0.4	0.0

Thursday, [U.S. Import and Export Price Indexes](#): In February 2017, the U.S. Import Price Index rose by 0.2% led by nonfuel imports while fuel import prices fell by 0.7%. Since February 2016 this index has risen by 4.6%. The Export Price Index was up by 0.3% for the month and 3.1% year-over-year. The February increase was led by a 1.4% rise in the agricultural export index.

Friday, [Employment Situation](#): In February 2017, total nonfarm employment increased by 235,000 jobs and the unemployment rate remained at 4.7%. The [Household Survey](#) shows that the labor force increased by 340,000 and the Labor Force Participation Rate nudged up by 0.1 percentage point to 63.0. Unemployment rates for most demographic groups changed little except for Black or African American workers and their rate increased by 0.4 percentage points. From the [Establishment Survey](#), total private employment was up by 227,000 jobs and government employment rose by 8,000. Construction added 58,000 jobs, manufacturing gained 28,000 but motor vehicles and parts lost 3,500 jobs. In the service-producing sector, professional and business services employment increased by 37,000 and education and health services gained 62,000 led by health care and social assistance with 32,500 jobs. Average weekly hours worked was unchanged at 34.4. The total private industry diffusion index was 63.0 and the diffusion index for 78 manufacturing industries was 65.4.

ADP.com

Wednesday, [Employment Report](#): In February 2017, private sector employment increased by 298,000. Construction added 66,000 jobs, manufacturing employment rose by 32,000, and the service-producing sector gained 193,000 jobs.

U.S. Department of Labor

Thursday, [Initial Claims](#) for unemployment insurance rose by 20,000 for the week ending March 4, 2017 to 243,000 and the four-week moving average increased by 2,250 to 236,500. For the prior week ending February 25, one state reported an increase of 1,000 or more new claims and 11 states reported decreases of 1,000 or more. Tennessee reported a decline of 435 initial claims.

U.S. Department of Transportation

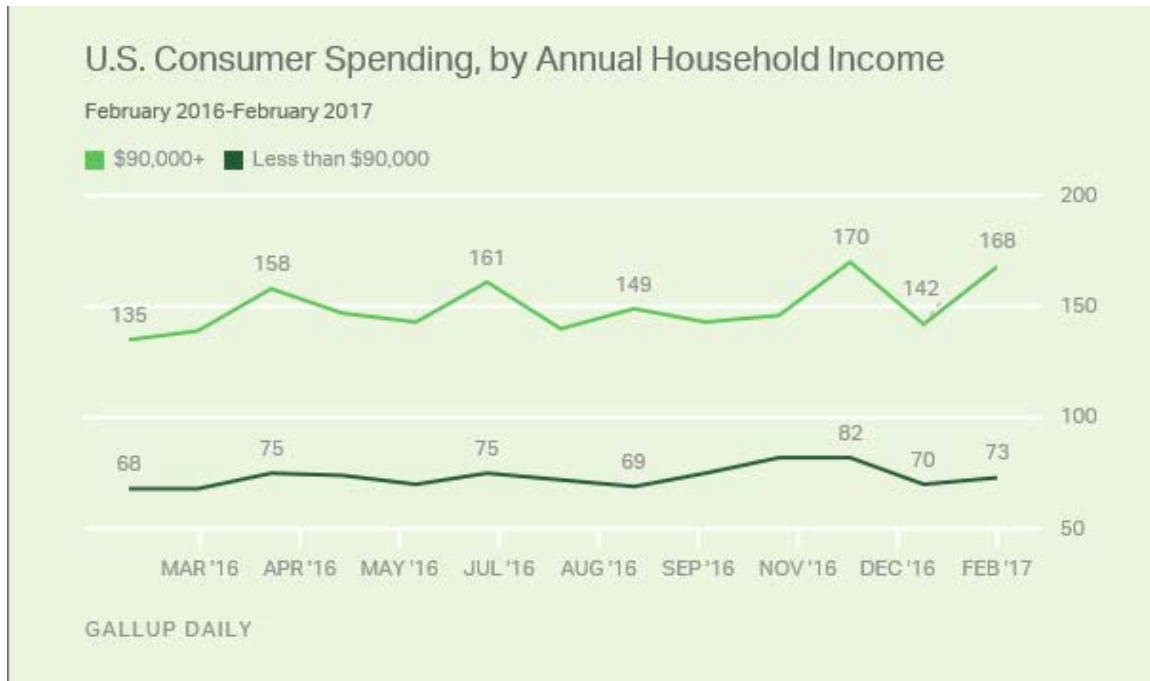
Wednesday, [Transportation Freight Services Index](#): In January 2017, the index of freight carried by for-hire transportation service providers was 123.2 (2000= 100) was unchanged from December but up by 30.1% from its recession low though 1.6% below its all-time high of 125.2 in July 2016. "In January, there were increases in air freight, water, and rail carloads, while trucking, pipeline, and rail intermodal declined, resulting in no change in the Freight TSI."

Bloomberg.com

Thursday, [Consumer Comfort Index](#): The latest index reading was 50.6 up from 49.8 the previous week.

Gallup.com

Monday, [Consumer Spending Measure](#): In February 2017, Americans spent an average of \$101 per day, up \$13 from January and the highest average for February since 2008. The difference in spending between households with incomes of \$90,000 or more and those with less than \$90,000 widened as seen in the graphic below.



Tuesday, [Economic Confidence Index](#): In February 2017, the monthly average index was +8 down slightly from +11 in January. However, the weekly average for the week ending March 5 reached an all-time high at +16 up seven points. "Gallup's U.S. Economic Confidence Index is the average of two components: how Americans rate current economic conditions and whether they feel the economy is improving or getting worse. The index has a theoretical maximum of +100 if all Americans were to say the economy is doing well and improving, and a theoretical minimum of -100 if all Americans were to say the economy is doing poorly and getting worse."

Thursday, [Good Jobs Rate](#): In February 2017, the Good Jobs Rate, which tracks the percentage of U.S. adults, aged 18 and older, who work for an employer full time (at least 30 hours per week), was 44.4%, down slightly from 44.8% in January and 44.6% in February 2016. The graph below shows the monthly rate since the inception of this measure by Gallup in 2010.

U.S. Gallup Good Jobs Rate, Monthly Trend

January 2010-February 2017

■ Gallup Good Jobs rate %



Rates shown are for February of each year

GALLUP DAILY