

Economic Update, April 6, 2018
Submitted by Bob Moreo

Summary: Friday's Bureau of Labor jobs report came in below expectations, but other indicators were mixed and consumer sentiment remains optimistic. According to [Yahoo! Finance](#) and Bloomberg, economists had expected the jobs report to show 185,000 jobs created in March and the unemployment rate to fall to 4%. The 103,000 new jobs reported were the fewest in six months. Earlier in the week, Federal Reserve Bank of St. Louis President James Bullard [noted](#) that global real GDP growth increased more than expected during 2017, driving global financial market developments last year, and that inflation remains low but is expected to increase somewhat in 2018.

Census Bureau

Monday, [Monthly Construction Spending](#): "Construction spending during February 2018 was estimated at a seasonally adjusted annual rate of \$1,273.1 billion, 0.1 percent above the revised January estimate of \$1,272.2 billion." This February's estimate is a 3.0 percent increase from the February 2017 estimate of \$1,235.7 billion.

Wednesday, [Manufacturers' Shipments, Inventories, and Orders](#): Following a 1.3 percent January decrease, new orders for manufactured goods increased 1.2 percent in February to \$498.0 billion, the sixth increase in the last seven months. Orders for transportation equipment increased \$5.5 billion or 7.0 percent to lead the way among durable manufactured goods. Shipments, up fourteen of the last fifteen months, increased \$1.0 billion or 0.2 percent to \$500.5 billion. Unfilled orders increased \$1.9 billion or 0.2 percent to \$1,142.8 billion, and inventories increased \$2.3 billion or 0.3 percent to \$675.2 billion.

Institute for Supply Management

Monday, [Purchasing Manufacturers Index \(PMI\)](#): "Economic activity in the manufacturing sector expanded in March, and the overall economy grew for the 107th consecutive month, say the nation's supply executives." However, growth in the manufacturing economy was slower in March than in February. "The March PMI registered 59.3 percent, a decrease of 1.5 percentage points from the February reading of 60.8 percent. . . . A reading above 50 percent indicates that the manufacturing is generally expanding."

Autodata / Moody's

Tuesday, [New Vehicle Sales](#): "March U.S. new-vehicle sales surged to 17.49 million units at a seasonally adjusted annualized rate, which equates to a year-to-year increase of 3.9% and the first increase since October 2017. Results are far better than we or the consensus were forecasting."

Federal Reserve

Wednesday, [National Financial Conditions Index \(NFCI\)](#): "The NFCI ticked up to -0.74 in the week ending March 30. Risk indicators contributed -0.28, credit indicators contributed -0.29, and leverage indicators contributed -0.17 to the index in the latest week. . . . Positive values of the NFCI have been historically associated with tighter-than-average financial conditions, while negative values have been historically associated with looser-than-average financial conditions."

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): "Mortgage applications decreased 3.3 percent from one week earlier. . . . The refinance share of mortgage activity decreased to its lowest level since September 2008, 38.5 percent of total applications, from 39.4 percent the previous week. . . . The average contract

interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) remained unchanged at 4.69 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages remained unchanged at 4.09 percent.”

ADP National Employment Report

Wednesday, [March National Employment Report](#): “Private sector employment increased by 241,000 jobs from February to March. . . . Mark Zandi, chief economist of Moody’s Analytics, said, ‘The job market is rip-roaring. Monthly job growth remains firmly over 200,000, double the pace of labor force growth. The tight labor market continues to tighten.’”

Bureau of Economic Analysis

Thursday, [U.S. International Trade](#): The U.S. Census Bureau and the U.S. Bureau of Economic Analysis announced that the goods and services trade deficit was \$57.6 billion in February, up \$0.9 billion from January’s revised deficit of \$56.7 billion. Year-to-date, the goods and services deficit has increased \$21.1 billion, or 22.7 percent, from the same period in 2017. Exports have increased \$22.4 billion or 5.9 percent, but imports have increased more—\$43.6 billion or 9.1 percent.

Bloomberg

Thursday, [Consumer Comfort](#): “U.S. consumer sentiment advanced last week to a fresh 17-year high as greater optimism about household finances and the buying climate more than offset a deterioration in views about the economy.” The consumer comfort index rose from 56.8 to 57.2, the highest it has been since February 2001.

Department of Labor

Thursday, [Initial Claims](#): “In the week ending March 31, the advance figure for seasonally adjusted initial claims was 242,000, an increase of 24,000 from the previous week’s revised level.” Last week’s initial figure of 215,000—[a 45-year-low](#)—was revised up slightly to 218,000.

Friday, [Employment Situation Summary](#): “Total nonfarm payroll employment edged up by 103,000 in March, and the unemployment rate was unchanged at 4.1 percent”—the rate it has been for six months. “In March, average hourly earnings for all employees on private nonfarm payrolls rose by 8 cents to \$26.82. Over the year, average hourly earnings have increased by 71 cents, or 2.7 percent.”