

Economic Update, May 13, 2016

Submitted by Reuben Kyle

Summary: Friday the 13th takes its toll! The economic numbers this week are not particularly inspiring. Start with a jump of 20,000 in initial claims, a decline in the freight index, and a drop in the number of hires adding up to an ugly week. On the positive side, however, manufacturing showed some rebound, as did retail sales, and finishing with a sharp increase in one consumer confidence measure, things don't look so bad. This week there are two news stories about the job market, and they were both written by two-handed economists. There is just no getting away from a good-news-bad-news situation.

Dr. Ratajczak's [Weekly Commentary](#)

Monday: Dr. R begins by warning not to rely on headlines of news stories, rather read the entire article. As a result, he disagrees with any notion that the economy is slowing, even if job growth did. In this week's analysis, he thoroughly dissects employment prospects by sector. His current forecast for 2nd quarter GDP growth is 1.9% compared with 1.7% by the Atlanta Fed. Finally, he is optimistic about wage growth and forecasts real weekly earnings to increase 0.4% this month.

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover Survey \(JOLTS\)](#): The number of job openings in March 2016 rose by about 150,000 from February; hires fell slightly, as did total separations. The quit rate was 2.1%. "Over the 12 months ending in March, hires totaled 62.4 million, and separations totaled 59.6 million, yielding a net employment gain of 2.8 million. These totals include workers who may have been hired and separated more than once during the year."

Thursday, [US Import and Export Price Indexes](#): In April 2016, the US Import Price Index rose 0.3%, and that was the second consecutive monthly increase. Fuel prices were the source of the increase in both months. Excluding food and energy, the index was up 0.1%. The US Export Price Index increased 0.5% with both agricultural and non-agricultural indexes rising the same 0.5%. Since April 2015, the import index has fallen 5.7%, and the export index has declined by 5.0%.

Friday, [Producer Price Index \(PPI\)](#): The PPI for final demand in April 2016 increased 0.2%. Over the previous 12 months, the index is unchanged. Excluding food, energy, and trade, the index rose 0.3%, and since April 2015, the index is up 0.9%. For goods alone, the index increased 0.2%, while for services alone, it rose 0.1%.

US Department of Transportation

Wednesday, [Freight Transportation Services Index](#): This index is "based on the amount of freight carried by the for-hire transportation industry. In March 2016, the index fell 0.9% from February, and that was the second consecutive monthly decline. At 120.0, the index is 26.7% above the level in April 2009, the lowest point during the Great Recession, but 2.8% below the post-recession peak of 123.5 in November 2014. The index is a composite of tons carried by all modes and ton-miles. In contrast, the passenger index was up 0.4% from February to March.

Census Bureau

Tuesday, [Monthly Wholesale Trade: Sales and Inventories](#): In March 2016, sales of merchant wholesalers were 0.7% higher than in February but down 2.0% from March 2015. Inventories rose 0.1%, and the inventory/sales ratio was 1.32, down from 1.36 the month before.

Friday, [Advance Monthly Sales for Retail and Food Services](#): The preliminary report on retail and food service sales in April 2016 is an increase of 1.3% from March and 3.0% above those of April 2015.

Friday, [Manufacturing and Trade: Inventories and Sales](#): In March 2016, the combined value of “distributive trade sales” and manufacturers’ shipments was up 0.3% from February but 1.7% lower than in March 2015. Inventories increased by 0.4% for the month and by 1.5% year-over-year. The inventory/sales ratio was 1.41, unchanged from February.

US Department of Labor

Thursday, [Initial Claims](#): Up by 20,000, new claims for unemployment insurance were 294,000 in the week ending May 7, 2016, and the four-week moving average increased by 10,250 to 268,250. This latest number of initial claims was the highest level since February 28, 2015. In the week ending April 30, seven states, including Tennessee, reported new claims of 1,000 or more, and six states reported a decrease in claims of 1,000 or more. Tennessee reported an increase of 1,546 with no comment to explain the jump.

Board of Governors of the Federal Reserve

Monday, [Labor Market Conditions Index](#): This index is released on the first Monday after the BLS jobs report is issued, though the results of that report are not included in the composite index. In any case, the latest index number is -0.9, which is up from the index of -2.1 in March and -2.6 in February. To find these numbers, look for the link to a spreadsheet in the document. There is no accompanying commentary.

Bloomberg.com

Thursday, [Consumer Comfort Index](#): The latest index stands at 41.7, down from 42.0 the previous week and marking the low for the year. “Americans’ ratings of the national economy dropped this week, joining last week’s declines in views of personal finances and the buying climate to push the Bloomberg Consumer Comfort Index to a new low for the year.”

University of Michigan

Friday, [Consumer Sentiment Index](#): The preliminary May 2016 index is 95.8 compared with 89.0 in April and 90.7 a year earlier. “Consumer sentiment rebounded in early May due to more frequent income gains, an improved jobs outlook, and the expectation of lower inflation and interest rates. The largest gains were recorded among lower income and younger households, although the gains were recorded among all income and age subgroups as well as across all regions.”

The Wall Street Journal

Thursday, [Just How Good \(or Bad\) Are All the Jobs Added to the Economy Since the Recession?](#): Here is an interesting article on the numbers of jobs added since 2009 and the average wages of those jobs. The picture is complicated as some low wage jobs have increased while medium-wage jobs have declined, but the opposite is also true. The article contains some excellent interactive graphics.

The New York Times

Wednesday, [It’s a Tough Job market for the Young Without College Degrees](#): The unemployment rate among young high school graduates is 17.8%. Remember that to be “unemployed” a person has to be “actively seeking work.” That means that students are not likely to be included nor are those who have stopped looking for a job.