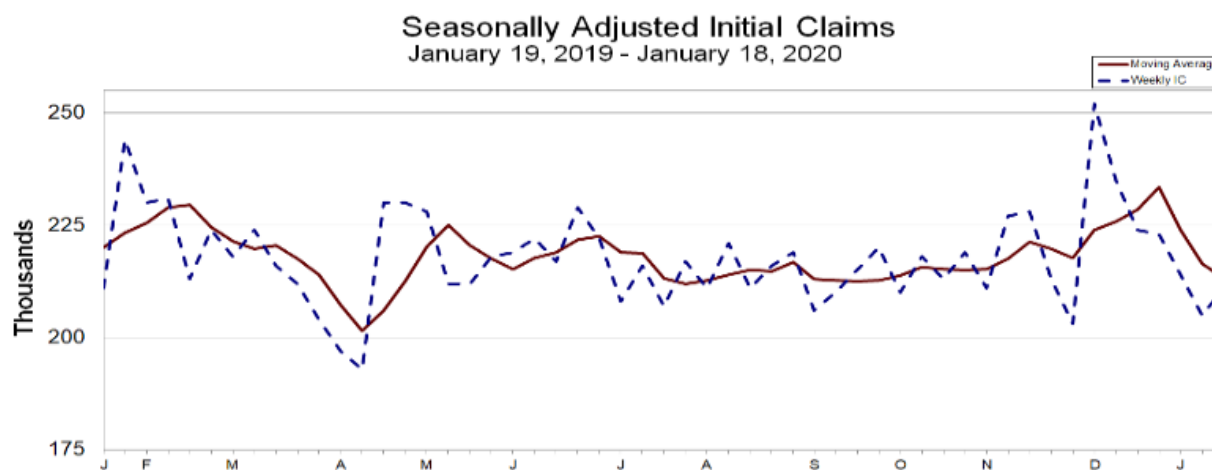


Economic Update, January 24, 2020
Submitted by Dave Keiser and Bob Moreo

Summary: Amid steady unemployment reports, one survey shows the number of U.S. companies planning to hire in the coming year is down compared to last year, with more stating concerns about low demand and economic uncertainty. Measures of business output were mixed, but realtors reported a big jump in existing home sales, and mortgage rates remain near all-time lows. Growth may have slowed at the end of 2019, but Americans are confident that economic conditions are likely to remain solid into the new year.

Department of Labor

Thursday, [Initial Claims](#): “In the week ending January 18, the advance figure for seasonally adjusted initial claims was 211,000, an increase of 6,000 from the previous week’s revised level. . . . The 4-week moving average was 213,250, a decrease of 3,250 from the previous week’s revised average.”



Bureau of Labor Statistics

Wednesday, [Union Membership](#): “In 2019, the percent of wage and salary workers who were members of unions—the union membership rate—was 10.3 percent, down by 0.2 percentage point from 2018. . . . The number of wage and salary workers belonging to unions, at 14.6 million in 2019, was little changed from 2018. In 1983, the first year for which comparable union data are available, the union membership rate was 20.1 percent and there were 17.7 million union workers.”

Friday, [State Employment and Unemployment](#): “Unemployment rates were lower in December in 11 states, higher in 4 states, and stable in 35 states and the District of Columbia. . . . Eight states had jobless rate decreases from a year earlier, 1 state had an increase, and 41 states and the District had little or no change. The national unemployment rate, 3.5 percent, was unchanged over the month but was 0.4 percentage point lower than in December 2018. . . . Over the year, 26 states added nonfarm payroll jobs, and 24 states and the District were essentially unchanged.” Tennessee gained 49,200 jobs over the year, an increase of 1.6 percent. The state’s December 2019 unemployment rate of 3.3 percent was unchanged from November and also unchanged from December 2018.

National Association of Realtors

Wednesday, [Existing Home Sales](#): “Existing-home sales grew in December, bouncing back after a slight fall in November. . . . Total existing-home sales, completed transactions that include single-family homes, townhomes, condominiums and co-ops, increased 3.6% from November to a seasonally-

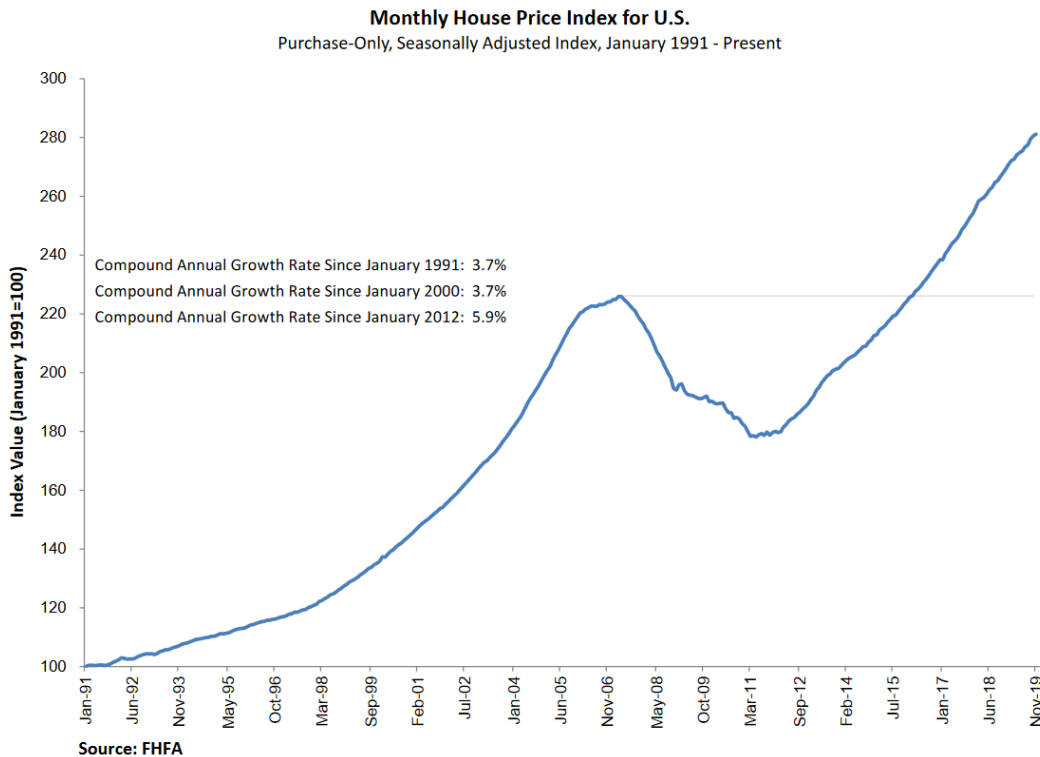
adjusted annual rate of 5.54 million in December. Additionally, overall sales took a significant bounce, up 10.8% from a year ago (5.00 million in December 2018).”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 1.2 percent from one week earlier. . . . ‘Mortgage applications dipped slightly last week after two weeks of healthy increases, but even with a slight decline, the total pace of applications remains at an elevated level. The purchase market has started 2020 on a strong note, running 8 percent higher than the same week a year ago,’ said Joel Kan, MBA’s Associate Vice President of Economic and Industry Forecasting. ‘Refinance applications remained near the highest level since October 2019, as the 30-year fixed rate was unchanged at 3.87 percent, while the 15-year fixed rate decreased to its lowest level [3.25 percent] since November 2016. . . . Our expectation is that rates will stay along this same narrow range.’”

Federal Housing Finance Agency

Wednesday, [House Price Index](#): “U.S. house prices rose in November, up 0.2 percent from the previous month. . . . House prices rose 4.9 percent from November 2018 to November 2019. The previously reported 0.2 percent increase for October 2019 was revised upward to 0.4 percent.”

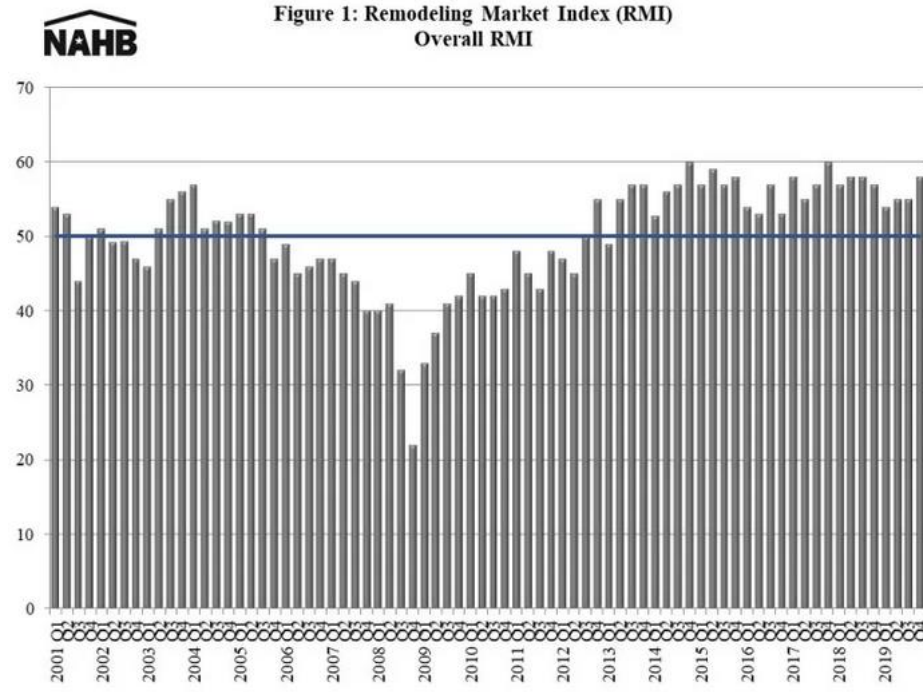


Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “Rates fell to the lowest level in three months and are about a quarter point above all-time lows. The very low rate environment has clearly had an impact on the housing market as both new construction and home sales have surged in response to the decline in rates, the rebound in the economy and improving financial market sentiment.”

National Association of Home Builders

Thursday, [Remodeling Market Index \(RMI\)](#): The index “posted a reading of 58 in the fourth quarter of 2019, up three points from the previous quarter. The RMI has been consistently above 50—indicating that more remodelers report market activity is higher compared to the prior quarter than report it is lower—since the second quarter of 2013. The overall RMI averages current remodeling activity and future indicators.”



Federal Reserve Bank of Chicago

Wednesday, [Chicago Fed National Activity Index \(CFNAI\)](#): “Led by declines in production-related indicators, the Chicago Fed National Activity Index (CFNAI) fell to -0.35 in December from $+0.41$ in November. Three of the four broad categories of indicators that make up the index decreased from November, and three of the four categories made negative contributions to the index in December. The index’s three-month moving average . . . moved up to -0.23 in December from -0.31 in November.” Negative values are associated with below-average growth and positive values with above-average growth.

Thursday, [National Financial Conditions Index \(NFCI\)](#): “The NFCI ticked down to -0.82 in the week ending January 17. Risk indicators contributed -0.34 , credit indicators contributed -0.33 , and leverage indicators contributed -0.15 to the index in the latest week.”

Challenger

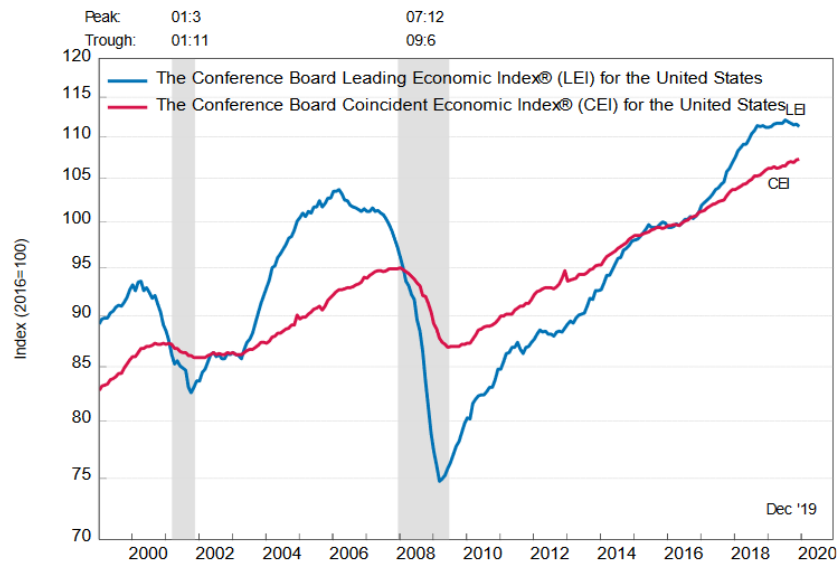
Thursday, [Hiring Outlook](#): “Just over 51% of companies plan to hire this year . . . compared to nearly 55% of companies that reported they would be hiring in 2019 in the same survey conducted at the end of 2018. Meanwhile, nearly double the companies reported that economic fears and soft demand would negatively impact hiring. Over 18% of companies stated low demand and economic uncertainty would slow hiring, compared to 9% of respondents who reported this in the 2018 survey.”

Conference Board

Thursday, [Leading Economic Index \(LEI\)](#): The index “for the U.S. declined 0.3 percent in December to 111.2 (2016 = 100), following a 0.1 percent increase in November, and a 0.2 percent

decline in October. ‘The US LEI declined slightly in December, driven by large negative contributions from rising unemployment insurance claims and a drop in housing permits,’ said Ataman Ozyildirim, Senior Director of Economic Research at The Conference Board. ‘The LEI has now declined in four out of the last five months. Its six-month growth rate turned slightly more negative in the final quarter of 2019, with the manufacturing indicators pointing to continued weakness in the sector. However, financial conditions and consumers’ outlook for the economy remain positive, which should support growth of about 2 percent through early 2020.’”

The Conference Board Leading Economic Index® (LEI) for the U.S. Declined in December



IHS Markit

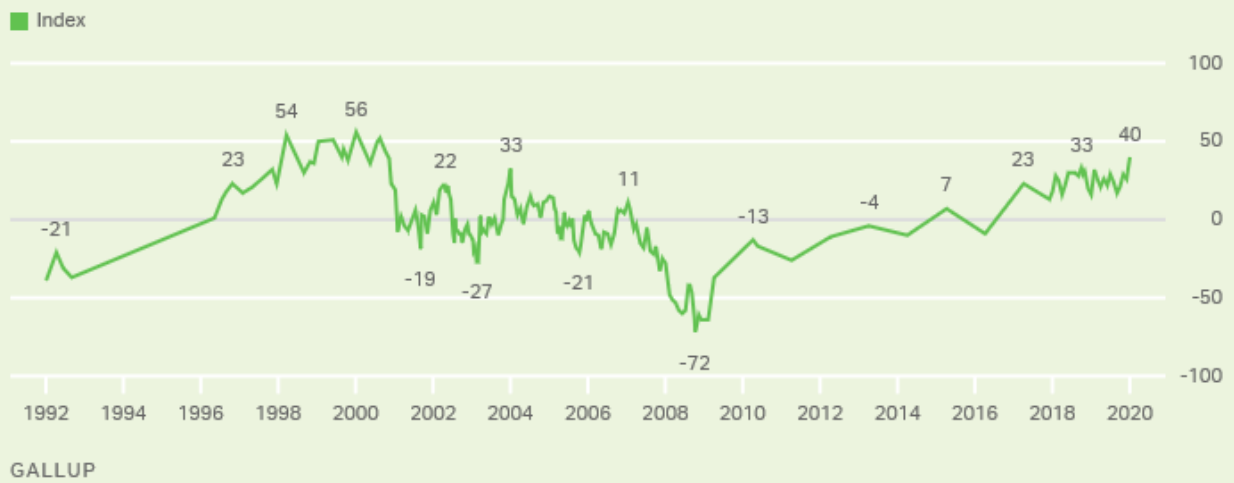
Friday, [U.S. Flash Composite PMI](#): The index “posted 53.1 in January, up from 52.7 in December, to indicate the quickest rise in output since last March. The increase in output was solid overall, despite the pace of growth remaining below the series long-run trend.” Siân Jones, an economist at IHS Markit, commented, “The recovery of growth momentum across the U.S. private sector continued to quicken at the start of 2020, with overall output rising at the sharpest pace since last March.” Jones added, “Although firms remain wary of the potential for headwinds through 2020, business confidence crept higher for the second month running.”

Gallup

Thursday, [U.S. Economic Confidence](#): “Americans’ confidence in the U.S. economy is higher than at any point in about two decades. The latest figure from Gallup’s Economic Confidence Index is +40, the highest reading recorded since +44 in October 2000.”

Gallup's Economic Confidence Index, 1992-2020

Among U.S. adults



Friday, [U.S. Satisfaction](#): “Forty-one percent of Americans are satisfied with the way things are going in the U.S., a level not seen in nearly 15 years.”

Satisfaction With the Way Things Are Going in the U.S.

Trend since 2004

