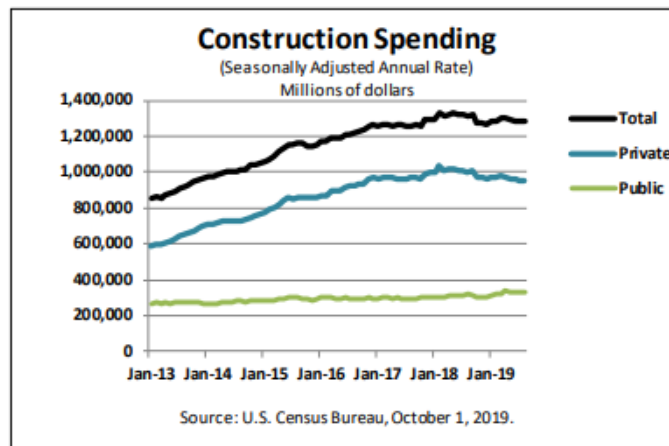


Summary: The economic news this week is cautiously mixed. Unemployment is still at all-time lows and dropped to 3.8 percent in August and 3.5 percent in September. Unemployment insurance claims were relatively unchanged. Economic activity in the non-manufacturing sector grew in September but less so than in August, given concerns about tariffs, labor resources, and the direction of the economy. The same can be said about consumer confidence. Construction spending is flattening out, while manufacturing new orders, shipments, and inventories are all down. The trade deficit also increased slightly.

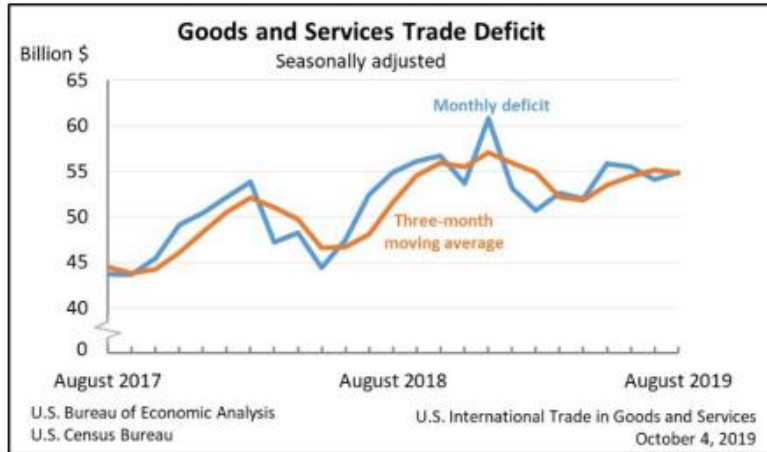
Census Bureau

Tuesday, [Construction Spending](#): “Construction spending during August 2019 was estimated at a seasonally adjusted annual rate of \$1,287.3 billion, 0.1 percent above the revised July estimate of \$1,285.6 billion. The August figure is 1.9 percent below the August 2018 estimate of \$1,312.2 billion. During the first eight months of this year, construction spending amounted to \$851.3 billion, 2.3 percent below the \$871.3 billion for the same period in 2018.”



Thursday, [Manufacturers' Shipments, Inventories, and Orders](#): “New orders for manufactured goods in August, down following two consecutive monthly increases, decreased \$0.4 billion or 0.1 percent to \$499.8 billion. . . . This followed a 1.4 percent July increase. Shipments, down two consecutive months, decreased \$0.7 billion or 0.1 percent to \$503.0 billion. This followed a 0.3 percent July decrease. Unfilled orders, up two consecutive months, increased \$1.1 billion or 0.1 percent to \$1,162.9 billion. This followed a 0.1 percent July increase. The unfilled orders-to-shipments ratio was 6.66, down from 6.67 in July. Inventories, down following eight consecutive monthly increases, decreased \$0.3 billion or virtually unchanged to \$695.9 billion. This followed a 0.1 percent July increase. The inventories-to-shipments ratio was 1.38, unchanged from July.”

Friday, [U.S. International Trade in Goods and Services](#): “August exports were \$207.9 billion, \$0.5 billion more than July exports. August imports were \$262.8 billion, \$1.3 billion more than July imports. The August increase in the goods and services deficit reflected an increase in the goods deficit of \$0.8 billion to \$74.4 billion and a decrease in the services surplus of less than \$0.1 billion to \$19.5 billion. Year-to-date, the goods and services deficit increased \$28.3 billion, or 7.1 percent, from the same period in 2018. Exports decreased \$3.2 billion or 0.2 percent. Imports increased \$25.1 billion or 1.2 percent.”

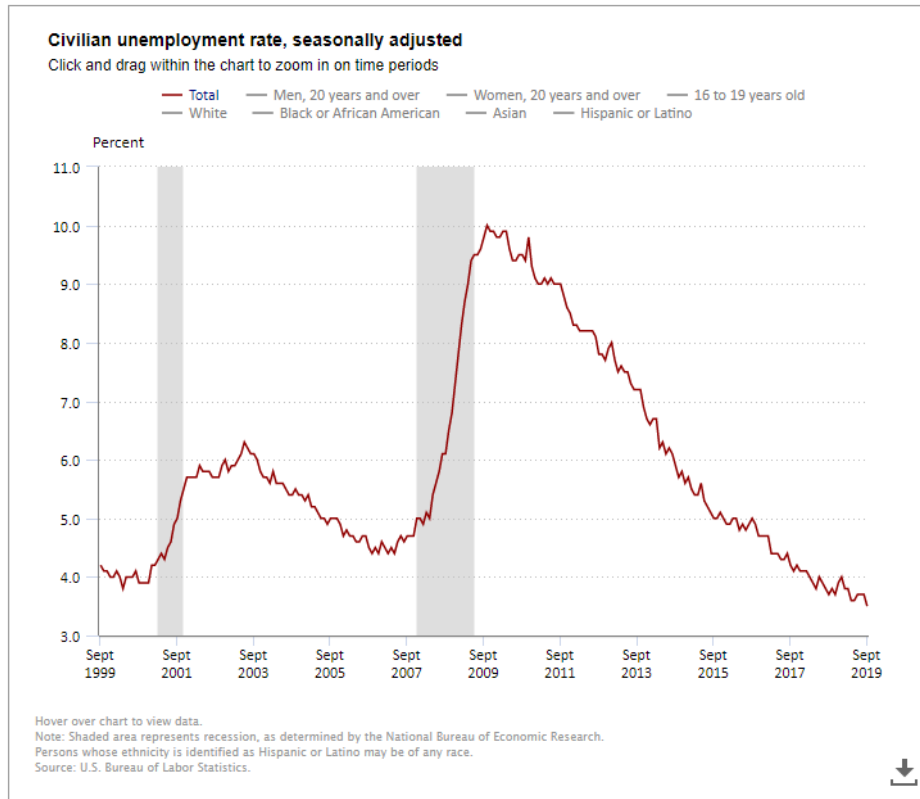


Bureau of Labor Statistics

Wednesday, [Metropolitan Area Employment and Unemployment—August 2019](#):

“Unemployment rates were lower in August than a year earlier in 224 of the 389 metropolitan areas, higher in 132 areas, and unchanged in 33 areas. . . . A total of 82 areas had jobless rates of less than 3.0 percent and 2 areas had rates of at least 10.0 percent. Nonfarm payroll employment increased over the year in 52 metropolitan areas and was essentially unchanged in the remaining 337 areas. The national unemployment rate in August was 3.8 percent, not seasonally adjusted, little changed from a year earlier.” Among metropolitan areas in Tennessee, August 2019 unemployment rates ranged from 2.7 percent in the Nashville-Davidson-Murfreesboro-Franklin metropolitan area to 4.2 percent in both Clarksville and Memphis.

Friday, [Employment Situation](#): “The unemployment rate declined to 3.5 percent in September, and total nonfarm payroll employment rose by 136,000. . . . Employment in health care and in professional and business services continued to trend up.”

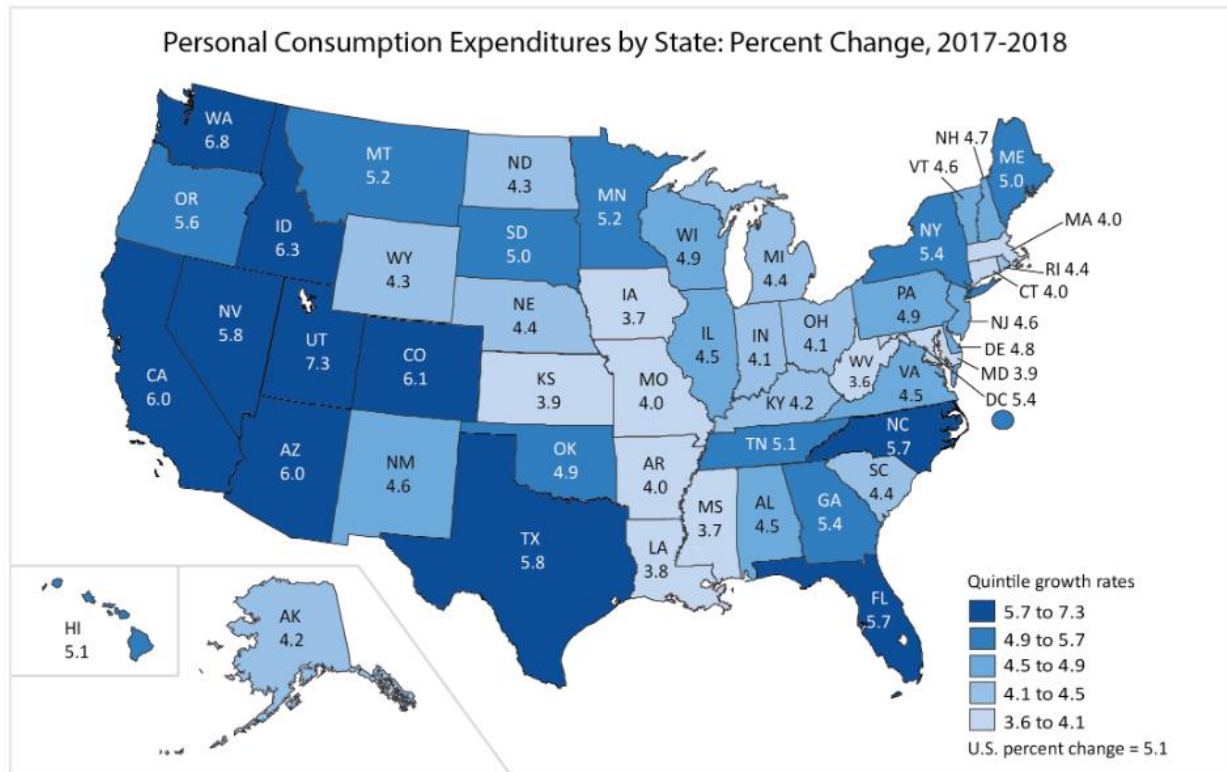


ADP.com

Wednesday, [ADP Employment Report](#): Private sector employment increased by 135,000 in September 2019. Construction gained 9,000 jobs, manufacturing was up by 2,000 jobs, the leisure and hospitality sector added 18,000 jobs, education and health services added 42,000 jobs, professional and business services added 20,000 jobs, information services added 5,000 jobs, and trade, transportation, and utilities added 28,000 jobs. In contrast, natural resources and mining lost 3,000 jobs. Mark Zandi, chief economist of Moody’s Analytics, said, “Businesses have turned more cautious in their hiring. Small businesses have become especially hesitant. If businesses pull back any further, unemployment will begin to rise.”

Bureau of Economic Analysis

Wednesday, [Personal Consumption Expenditures by State, 2018](#): “State personal consumption expenditures (PCE) increased 5.1 percent in 2018, an acceleration from the 4.4 percent increase in 2017. . . . The percent change in PCE across all states ranged from 7.3 percent in Utah to 3.6 percent in West Virginia.” After Utah, the states with the greatest growth in PCE by percent were Washington, Idaho, and Colorado. After West Virginia, the states with the least growth in PCE by percent were Mississippi, Iowa, Louisiana, Kansas, and Maryland.



U.S. Department of Labor

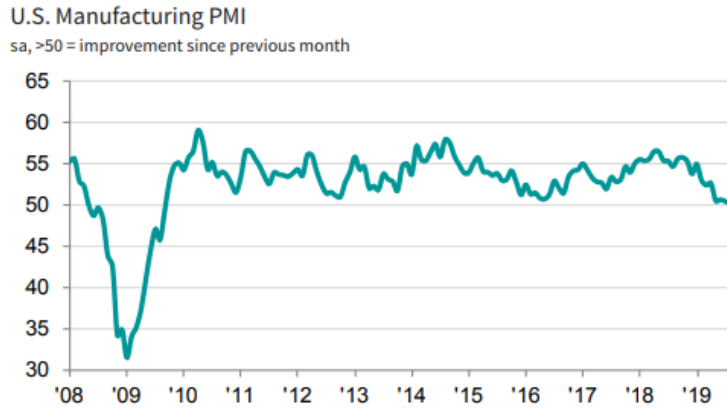
Thursday, [Initial Claims](#): “In the week ending September 28, the advance figure for seasonally adjusted initial claims was 219,000, an increase of 4,000 from the previous week’s revised level. . . . The 4-week moving average was 212,500, unchanged from the previous week’s revised average.”

Institute for Supply Management (ISM)

Thursday, [September 2019 Non-Manufacturing ISM Report on Business](#): The index decreased to 52.6 in September 2019 from 56.4 in August, though “economic activity in the non-manufacturing sector grew in September for the 116th consecutive month.” According to Anthony Nieves, chair of the Institute for Supply Management, “The non-manufacturing sector pulled back after reflecting strong growth in August. The respondents are mostly concerned about tariffs, labor resources and the direction of the economy.”

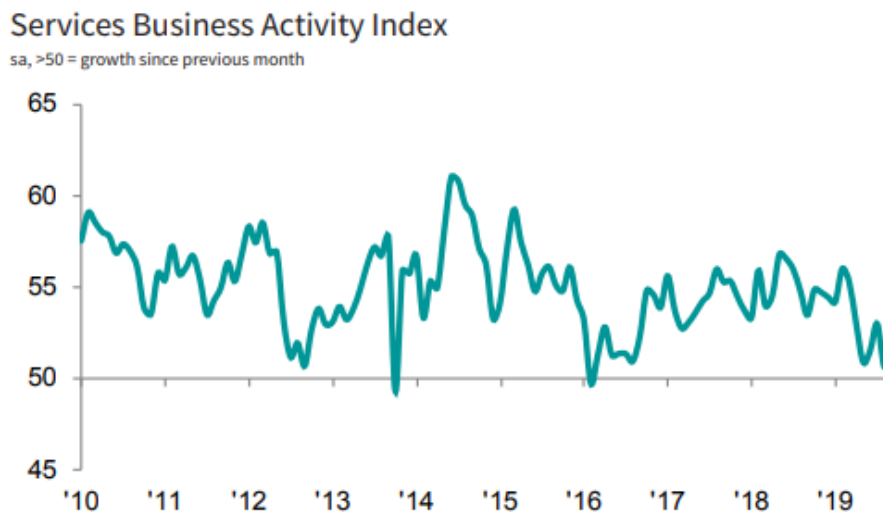
IHS Markit Economics

Monday, [U.S. Manufacturing Purchasing Managers’ Index \(PMI\)](#): “September PMI data indicated a marginally faster rate of improvement in the health of U.S. manufacturing, though the overall picture remained one of a struggling goods producing sector that has suffered its worst quarter since 2009. Expansions in production and new orders remained only modest, meaning firms were encouraged to increase their workforce numbers only tentatively. Business confidence remained relatively gloomy due to muted demand conditions.”



Source: IHS Markit.

Thursday, [U.S. Services PMI](#): The index “registered 50.9 in September, in line with the earlier ‘flash’ figure and up slightly from 50.7 in August, but nonetheless signaled one of the slowest increases in output for over three years. Many firms noted that less robust client demand held back the expansion. Moreover, the third quarterly average for 2019 signaled the weakest business activity performance across the sector since the same period three years ago.”



Source: IHS Markit

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment continued to post small increases throughout September due to more favorable income trends, especially among middle income households. The overall trends in the Sentiment Index remain quite favorable, but show signs of a slow erosion. The Sentiment Index for the 3rd quarter of 2019 (93.8) was only slightly below the averages for the first half of 2019 (96.5) as well as for 2017 and 2018 (97.6). Despite the high levels of confidence, consumers have also expressed rising levels of economic uncertainty. Some of these concerns are rooted in partisanship, some due to conditions in the global economy, and some are tied to domestic economic policies. . . . These and other policy concerns have so far been held in check by positive finances, although fewer consumers now anticipate higher wages or lower rates of unemployment in the year ahead”