

Economic Update, April 12, 2019
Submitted by Michael Mount

Summary: Labor markets continued improving, but inflation ticked up, and growth expectations remain subdued. Initial claims for unemployment insurance decreased to 196,000 last week, a level not seen since 1969. Inflation increased 0.4 percent, bringing real earnings down 0.3 percent from February to March 2019 (see chart below). Economists continue to expect slower growth in 2019 than in 2018, and nearly half of economists [surveyed by the Wall Street Journal](#) expect a recession to start in 2020 (see chart at the bottom).

US Census

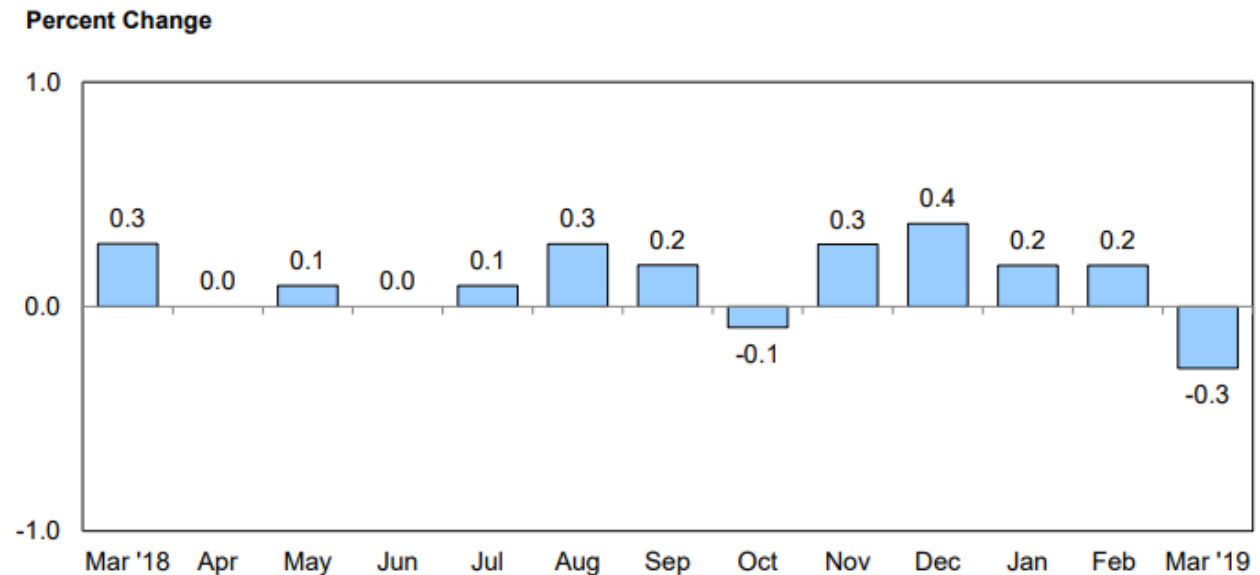
Monday, [Factory Orders](#): “New orders for manufactured durable goods in February decreased \$4.2 billion or 1.6 percent to \$250.6 billion. . . . This decrease, down following three consecutive monthly increases, followed a 0.1 percent January increase. Excluding transportation, new orders increased 0.1 percent.”

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings fell to 7.1 million on the last business day of February. . . . Over the month, hires and separations were little changed at 5.7 million and 5.6 million, respectively.”

Wednesday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.3 percent from February to March, seasonally adjusted. . . . This result stems from a 0.1-percent increase in average hourly earnings combined with a 0.4-percent increase in the Consumer Price Index for All Urban Consumers (CPI-U).”

Chart 1: Over-the-month percentage change in real average hourly earnings for all employees, seasonally adjusted, March 2018 – March 2019



Source: Bureau of Labor Statistics.

Department of Labor

Thursday, [Initial Claims](#): “In the week ending April 6, the advance figure for seasonally adjusted initial claims was 196,000, a decrease of 8,000 from the previous week's revised level. This is the lowest level for initial claims since October 4, 1969 when it was 193,000.”

Thursday, [Producer Price Index](#): “The Producer Price Index for final demand rose 0.6 percent in March. . . . Final demand prices edged up 0.1 percent in February and decreased 0.1 percent in January. On an unadjusted basis, the final demand index increased 2.2 percent for the 12 months ended in March, the largest 12-month rise since a 2.5-percent advance in December 2018.”

Federal Reserve

Monday, [Consumer Inflation Expectations](#): “Median inflation expectations at the one-year horizon remained stable at 2.8% in March, while increasing by 0.1 percentage point to 2.9% at the three-year horizon.”

Wednesday, [FOMC Minutes](#): “Labor market conditions remained strong, although growth in real gross domestic product (GDP) appeared to have slowed markedly in the first quarter of this year from its solid fourth-quarter pace. Consumer price inflation . . . was somewhat below 2 percent in December.”

Thursday, [Clarida Speech](#): “The incoming data have revealed signs that U.S. economic growth is slowing somewhat from 2018’s robust pace. Prospects for foreign economic growth have been marked down, and important international risks, such as Brexit, remain.”

NFIB

Tuesday, [Small Business Optimism](#): The index “increased 0.1 points to 101.8 in March, a historically strong level and an indication that small businesses continue to power the economy. . . . Overall, the Index anticipates solid growth, keeping the economy at “full employment” with no signs of a recession in the near term.”

IBD/TIPP

Tuesday, [Economic Optimism](#): The index “dipped 1.5 points to 54.2 in early April, even as the Dow Jones neared record territory. The overall index still indicates that Americans are moderately optimistic. Yet views of the near-term economic outlook turned slightly negative.”

University of Michigan

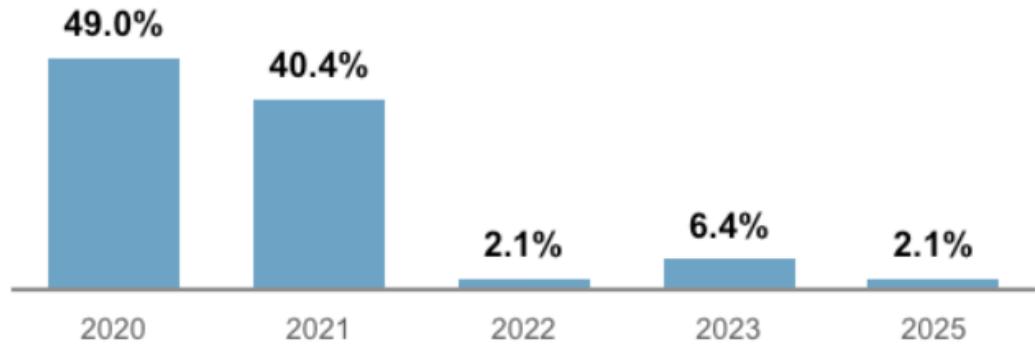
Friday, [Consumer Sentiment](#): “Consumer confidence continued its sideways shuffle in early April, posting an insignificant decline following the small gain recorded last month. Overall, the level of the Sentiment Index during the past 30 months was higher than any other time since 1997 to 2000, the final phase of the record 10-year expansion; a record that will be soon overtaken by the current expansion.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): The index “decreased 5.6 percent on a seasonally adjusted basis from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$484,350 or less) increased to 4.40 percent from 4.36 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 3.83 percent from 3.78 percent.”

Q&A: The Next Slowdown

When do you expect the next recession to start?



Source: Wall Street Journal Economic Forecasting Survey.