

Economic Update, August 9, 2019
Submitted by Michael Mount

Summary: Economic optimism remains good, though it decreased slightly in July. Market participants expect the Federal Reserve to continue cutting interest rates (see chart below), and the next Federal Open Market Committee meeting is on September 17-18. Labor market indicators remain strong, and mortgage interest rates continued to fall.

US Census

Thursday, [Wholesale Trade](#): “June 2019 sales of merchant wholesalers . . . were \$498.5 billion, down 0.3 percent from the revised May level and were down 0.2 percent from the June 2018 level. . . . Total inventories of merchant wholesalers, except manufacturers’ sales branches and offices . . . were \$678.7 billion at the end of June, virtually unchanged from the revised May level.”

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings was little changed at 7.3 million on the last business day of June. . . . Hires and separations were little changed at 5.7 million and 5.5 million, respectively.”

Friday, [Producer Price Index](#): The index “for final demand advanced 0.2 percent in July, seasonally adjusted. . . . Final demand prices moved up 0.1 percent in both June and May. . . . For the 12 months ended in July, prices for final demand less foods, energy, and trade services moved up 1.7 percent.”

Department of Labor

Wednesday, [Initial Claims](#): “In the week ending August 3, the advance figure for seasonally adjusted initial claims was 209,000, a decrease of 8,000 from the previous week’s revised level.”

IHS Markit

Wednesday, [Purchasing Managers Index](#): “Healthcare firms signaled a steep increase in business activity in July. . . . In contrast, consumer goods producers registered broadly unchanged output levels during July and were bottom of the output rankings.”

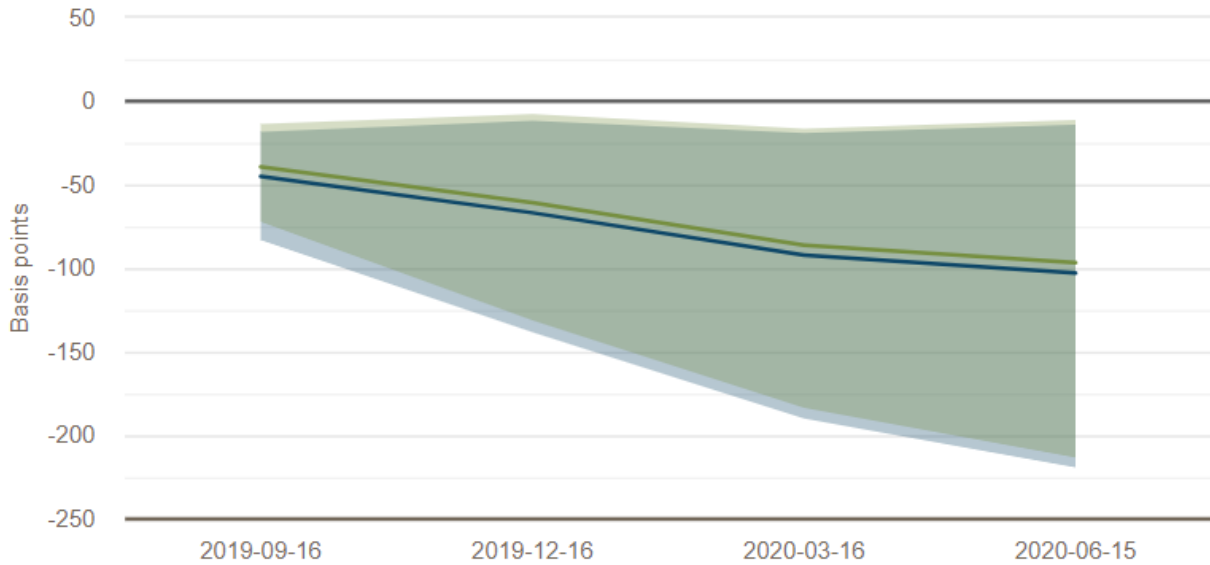
Federal Reserve

Monday, [Loan Officer Survey](#): “Banks reported basically unchanged demand for [commercial and industrial] loans from large and middle-market firms and weaker demand from small firms. Loan demand for construction and land development loans reportedly weakened, while demand for other [commercial real estate] loan types remained basically unchanged during the same period.”

Wednesday, [Consumer Credit](#): “Consumer credit increased at a seasonally adjusted annual rate of 5 percent during the second quarter. Revolving credit increased at an annual rate of 5-1/4 percent, while non-revolving credit increased at an annual rate of 4-3/4 percent. In June, consumer credit increased at an annual rate of 4-1/4 percent.”

The Expected Future Path of the Three-Month Average Fed Funds Rate

From the midpoint of the current target range: 212.5 basis points



Source: [Federal Reserve Bank of Atlanta](#).

Note: Lines represent observations from August 7, 2019 (blue) and August 8, 2019 (green).

Investor's Business Daily

Tuesday, [Economic Optimism](#): The index "slipped 1.5 points to 55.1 in the past month, but remained in solidly optimistic territory at the start of August."

Mortgage Bankers Association:

Wednesday, [Mortgage Applications](#): The index "increased 5.3 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) decreased to 4.01 percent from 4.08 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 3.37 percent from 3.48 percent."