

## Economic Update, June 10, 2016

Submitted by Reuben Kyle

Summary: Once again, I apologize for missing last week, and I am still not back at full speed. But the economic news continues to be mixed with nothing suggesting that a recession is imminent, but no rebound from the slowdown of the past six months.

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

Monday: Dr. R now says that a June hike in the fed funds rate is unlikely and a July increase is a tossup. He is trying to figure out why the jobs report was so much lower than his forecast. He offers a few explanations including the Verizon strike, which idled 36,000 people, and the survey taking place before college graduations. In addition, he has a few other ideas. In hindsight, he says that his forecast should have been below 100,000 but not close to 38,000.

### Census Bureau

Thursday, [Monthly Wholesale Trade, Sales and Inventory](#): In April 2016, sales by merchant wholesalers rose 1.0% from March but were 2.8% lower than in April 2015. Inventories were up 0.6% for the month and 0.9% from a year earlier. The inventory/sales ratios was 1.35 compared with 1.36 in March and 1.31 in April 2015.

### Bureau of Labor Statistics

Tuesday, [Productivity and Costs](#): In the 1<sup>st</sup> quarter of 2016, output rose 0.9% while labor hours worked increased 1.5% with the result that productivity declined 0.6%. Unit labor costs increased 4.5% for the quarter as average hourly compensation rose 3.9% combined with the decline in productivity. Manufacturing labor productivity increased 1.3% during the 1<sup>st</sup> quarter.

Wednesday, [Job Openings and Labor Turnover Survey \(JOLTS\)](#): In April 2016, job openings numbered 5.8 million, there were 5.1 million hires, and separations numbered 5.0 million. The quit rate was 2.0%.

Wednesday, [County Employment and Wages Summary](#): In December 2015, employment increased in 308 of 343 large US counties. Williamson County, Tennessee, had the largest percentage gain in employment at 6.8%, compared with 1.9% for the nation. Rutherford County, Tennessee, ranked 27<sup>th</sup> among the 343 with a 4.2% increase in employment. In average weekly wage gains, Davidson County, Tennessee, ranked 26<sup>th</sup> with a 7.2% increase in the 4<sup>th</sup> quarter of 2015.

Thursday, [Employer Cost for Employee Compensation](#): In March 2016, average hourly employee compensation was \$33.94 of which \$23.25 was wages and salaries and \$10.70 was in the form of benefits. In the case of state and local government workers, the average compensation was \$45.23 per hour.

### Board of Governors of Federal Reserve System

[Monday, Labor Market Conditions Index](#): The index for the month of May 2016 was -4.8 compared with -3.4 in April. Remember that this index does not include the latest Employment Situation report, which means that other indicators are pointing in a negative direction.

## **US Department of Labor**

Thursday, [Initial Claims](#): New claims for unemployment insurance for the week ending June 4, 2016, were 264,000, down 4,000 from the prior week, and the four-week moving average was 269,500, a decrease of 7,500. In the previous week ending May 28, three states and Puerto Rico reported increases of 1,000 or more new claims, and one state reported a decrease of 1,000 or more. Tennessee reported an increase of 37 new claims.

## **Gallup.com**

Monday, [Consumer Spending](#): In May 2016, US consumers spent an average of \$93 per day compared with \$95 in April and \$91 in May 2015. "The May results reflect two larger trends in Gallup tracking of consumer spending habits: generally higher spending in the spring months than in the winter months and higher spending in recent years than from 2009 through early 2012."

Tuesday, [Economic Confidence Index](#): The May 2016 index was unchanged from April at -14, "a seven month low. "The latest index score was quite a bit lower than the -7 registered one year earlier, in May 2015. This year's monthly scores have consistently been lower than the comparable months in 2015, and Americans' views of the national economy have consistently skewed negative since March 2015. Still, monthly index scores from the past couple of years have been well above most of the readings in Gallup's eight-year trend, particularly the dismally low ones recorded in the years after the Great Recession."

## **Bloomberg.com**

Thursday, [Consumer Comfort Index](#): The latest index stands at 43.5 compared with 43.2 the previous week. "At 43.5 on its 0-100 scale, the CCI has gained 1.5 points in two weeks to a nearly two-month high. Even with some ups and downs, it's held within a 2.9-point band for 25 weeks straight, something that's occurred just three times previously in ongoing data since late 1985."

University of Michigan

Friday, [Consumer Sentiment Index](#): The preliminary June 2016 index is 94.3, down slightly from the 94.7 in May. We get the final June index on June 24.