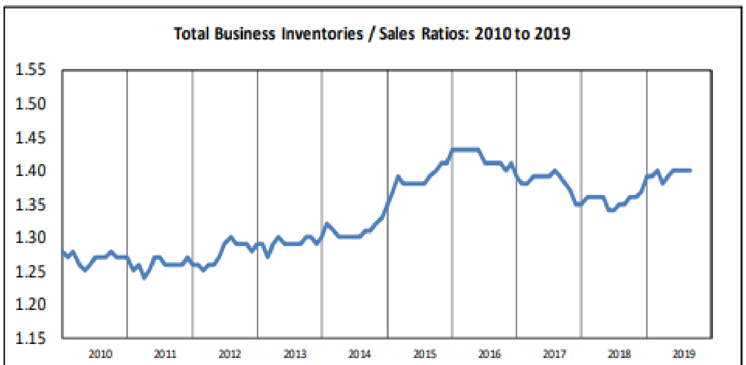
Economic Update, October 18, 2019
Submitted by Dave Keiser

Summary: Slow and steady is the theme this week. The economy grew slowly and will likely remain soft for the remainder of the year because of uncertainty and falling business expectations brought on by trade disputes and a downturn in the industrial sector, according to the Conference Board (see below). Manufacturing sales and shipments were relatively unchanged over the past month. Retail and food sales were steady over the past month but up from this point last year. On a more positive note, the housing market appears to have rebounded, wages are up, and unemployment remains at record lows (3.4 percent unemployment in Tennessee).

Census Bureau

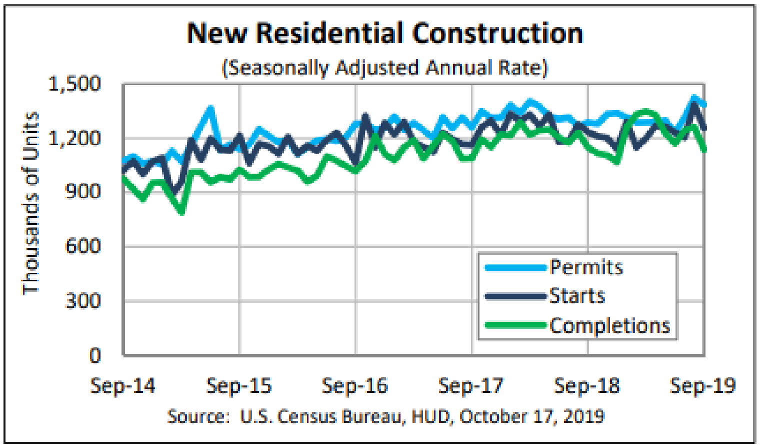
Wednesday, Manufacturing and Trade Inventories and Sales: "The combined value of distributive trade sales and manufacturers' shipments for August . . . was estimated at $1,463.9 billion, up 0.2 percent from July 2019 and was up 1.1 percent from August 2018. Manufacturers' and trade inventories . . . were estimated at an end-of-month level of $2,042.1 billion, virtually unchanged from July 2019, but were up 4.2 percent from August 2018. The total business inventories/sales ratio . . . at the end of August was 1.40. The August 2018 ratio was 1.35."



Source: U.S. Census Bureau, Manufacturing and Trade Inventories and Sales, October 16, 2019.
(Data adjusted for seasonal, holiday and trading day differences but not for price changes)

Wednesday, Advance Estimates of U.S. Retail and Food Services: "Advance estimates of U.S. retail and food services sales for September 2019 . . . were $525.6 billion, a decrease of 0.3 percent from the previous month, but 4.1 percent above September 2018. Total sales for the July 2019 through September 2019 period were up 4.0 percent from the same period a year ago. The July 2019 to August 2019 percent change was revised from up 0.4 percent to up 0.6 percent. Retail trade sales were down 0.3 percent from August 2019, but 4.0 percent above last year. Nonstore retailers were up 12.9 percent from September 2018, and miscellaneous stores were up 9.3 percent from last year."

Thursday, New Residential Construction: "Privately-owned housing units authorized by building permits in September were at a seasonally adjusted annual rate of 1,387,000. This is 2.7 percent below the revised August rate of 1,425,000, but is 7.7 percent above the September 2018 rate of 1,288,000. Single-family authorizations in September were at a rate of 882,000; this is 0.8 percent above the revised August figure of 875,000. . . . Privately-owned housing starts in September were at a seasonally adjusted annual rate of 1,256,000. This is 9.4 percent below the revised August estimate of 1,386,000, but is 1.6 percent above the September 2018 rate of 1,236,000. Single-family housing starts in September were at a rate of 918,000; this is 0.3 percent above the revised August figure of 915,000. . . . Privately-owned housing completions in September were at a seasonally adjusted annual rate of 1,139,000. This is 9.7 percent below the revised August estimate of 1,262,000 and is 1.0 percent below the September 2018 rate of 1,150,000. Single-family housing completions in September were at a rate of 852,000; this is 8.6 percent below the revised August rate of 932,000."



Department of Labor

Thursday, Initial Claims: "In the week ending October 12, the advance figure for seasonally adjusted initial claims was 214,000, an increase of 4,000 from the previous week's unrevised level of 210,000. The 4-week moving average was 214,750, an increase of 1,000 from the previous week's unrevised average of 213,750."

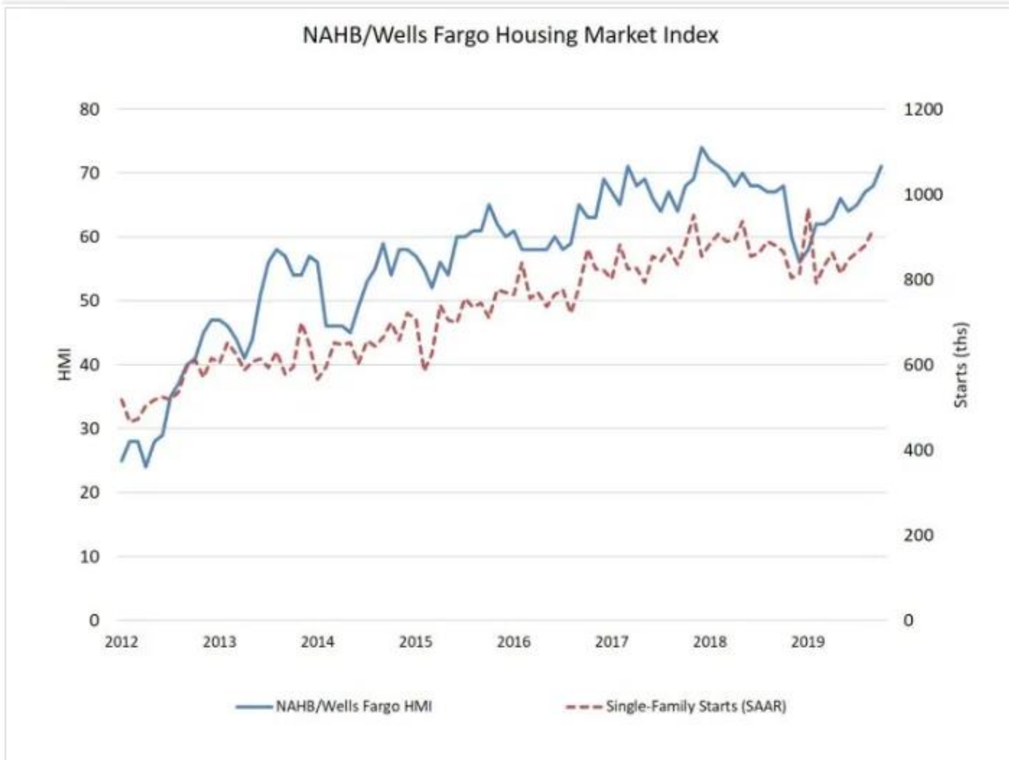
Bureau of Labor Statistics

Wednesday, Usual Weekly Earnings of Wage and Salary Workers: "Median weekly earnings of the nation's 118.4 million full-time wage and salary workers were $919 in the third quarter of 2019 (not seasonally adjusted). . . . This was 3.6 percent higher than a year earlier, compared with a gain of 1.8 percent in the Consumer Price Index for All Urban Consumers (CPI-U) over the same period."

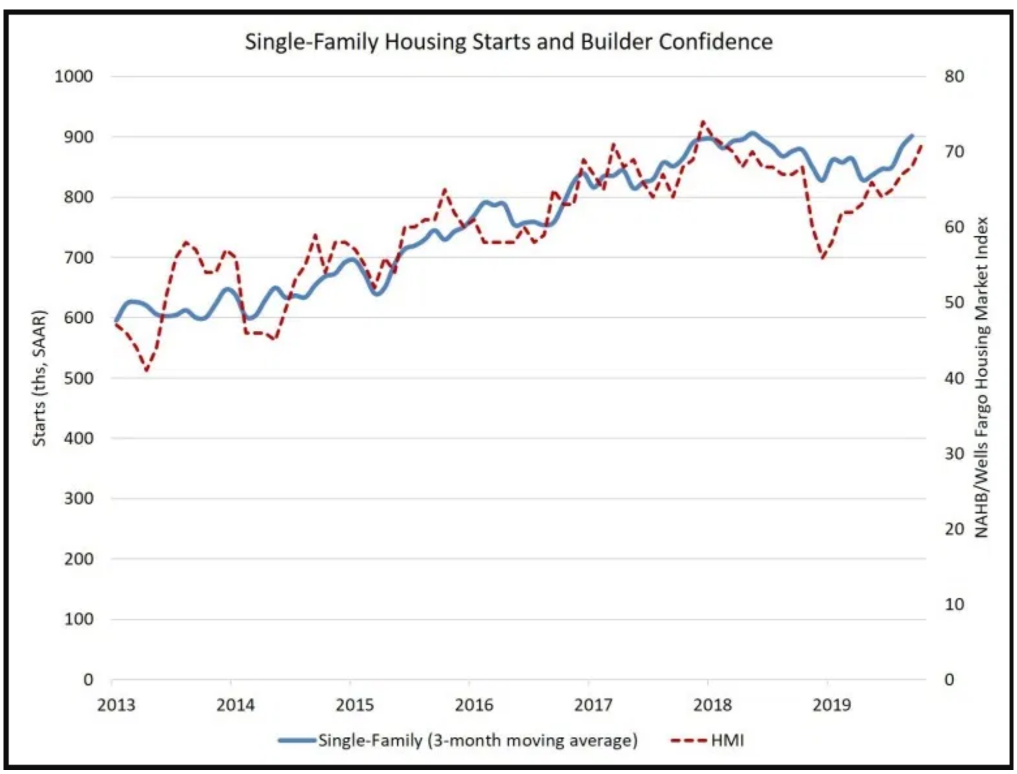
Friday, State Employment and Unemployment: "[Compared with August] unemployment rates were lower in September in 7 states, higher in 4 states, and stable in 39 states and the District of Columbia. . . . Seven states had jobless rate decreases from a year earlier, 2 states had increases, and 41 states and the District had little or no change. The national unemployment rate declined by 0.2 percentage point from August to 3.5 percent, but was little changed from September 2018." The unemployment rate in Tennessee was 3.4 percent, down 0.1 percentage point from August and unchanged from September 2018.

National Association of Home Builders

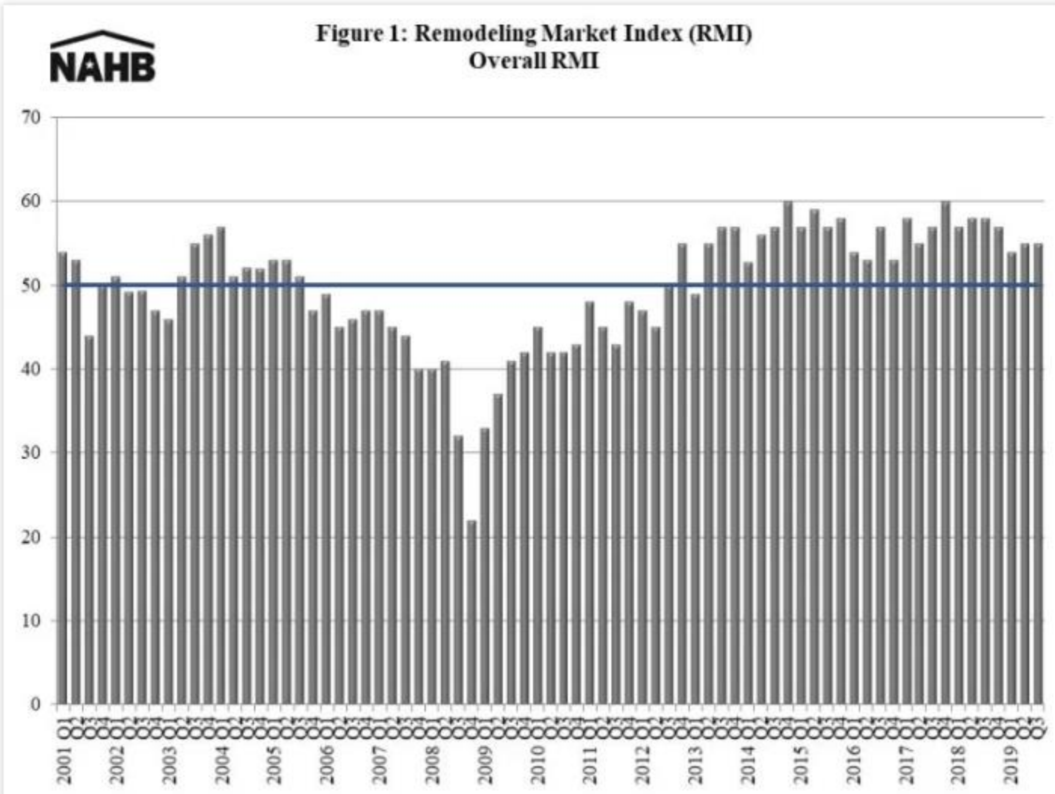
Wednesday, Housing Market Index: "Builder confidence in the market for newly-built single-family homes rose three points to 71 in October. . . . The housing rebound that began in the spring continues, supported by low mortgage rates, solid job growth and a reduction in new home inventory. The second half of 2019 has seen steady gains in single-family construction, and this is mirrored by the gradual uptick in builder sentiment over the past few months. However, builders continue to remain cautious due to ongoing supply side constraints and concerns about a slowing economy."



Thursday, [Housing Starts, Permits](#): "Single-family starts increased 0.3% to a 918,000 seasonally adjusted annual pace in September. Multifamily starts declined 28.2% to a 338,000 annualized rate after a strong reading of 471,000 in August. On a year-to-date basis, single-family starts are 1.8% lower than the first nine months of 2018."



Thursday, Remodeling Market Index (RMI): The index "posted a reading of 55 in the third quarter of 2019, unchanged from last quarter. Since the second quarter of 2013, the RMI has been above its breakeven point of 50, which indicates that more remodelers report market activity is higher than report it is lower, compared to the prior quarter."



The Conference Board

Friday, Leading Economic Index (LEI): The index "for the US declined 0.1 percent in September to 111.9 (2016 = 100), following a 0.2 percent decline in August, and a 0.4 percent increase in July. 'The US LEI declined in September because of weaknesses in the manufacturing sector and the interest rate spread which were only partially offset by rising stock prices and a positive contribution from the Leading Credit Index,' said Ataman Ozyildirim, Senior Director of Economic Research at The Conference Board. 'The LEI reflects uncertainty in the outlook and falling business expectations, brought on by the downturn in the industrial sector and trade disputes. Looking ahead, the LEI is consistent with an economy that is still growing, albeit more slowly, through the end of the year and into 2020.'"

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