

Economic Update, June 7, 2019
Submitted by Michael Mount

Summary: The jobs report came in worse than expected—75,000 jobs were added in May when 175,000 were expected. The ADP report had nonfarm private employment increasing by just 27,000 (see chart below). Labor productivity continued to improve, but indicators show slowing private sector growth. However, the unemployment rate remained at record levels—3.6 percent.

US Census

Monday, [Construction Spending](#): Construction spending for April 2019 was \$1,298.5 billion, \$700 million less than the \$1,299.2 billion spent in March 2019 and \$16.2 billion less than in April 2018.

Tuesday, [Factory Orders](#): “New orders for manufactured goods in April, down two of the last three months, decreased \$4.0 billion or 0.8 percent to \$499.3 billion. . . . This followed a 1.3 percent March increase.”

Wednesday, [Manufacturing Profits](#): “U.S. manufacturing corporations’ seasonally adjusted after-tax profits in the first quarter of 2019 totaled \$164.2 billion, up \$11.0 billion from the after-tax profits of \$153.2 billion recorded in the fourth quarter of 2018, and up \$7.3 billion from the after-tax profits of \$156.9 billion recorded in the first quarter of 2018.”

Wednesday, [Retail Trade Profits](#): “Seasonally adjusted after-tax profits of U.S. retail corporations with assets of \$50 million and over totaled \$29.9 billion, up \$10.0 billion from the \$19.9 billion recorded in the fourth quarter of 2018, and up \$5.7 billion from the \$24.2 billion recorded in the first quarter of 2018.”

Thursday, [International Trade](#): “April exports were \$206.8 billion, \$4.6 billion less than March exports. April imports were \$257.6 billion, \$5.7 billion less than March imports. The April decrease in the goods and services deficit reflected a decrease in the goods deficit of \$1.0 billion to \$71.7 billion and an increase in the services surplus of \$0.1 billion to \$20.9 billion.”

Friday, [Wholesale Trade](#): “April 2019 sales of merchant wholesalers, except manufacturers’ sales branches and offices . . . were \$503.1 billion, down 0.4 percent from the revised March level, but were up 2.7 percent from the April 2018 level.”

Bureau of Labor Statistics

Thursday, [Productivity and Costs](#): “Nonfarm business sector labor productivity increased 3.4 percent in the first quarter of 2019 . . . as output increased 3.9 percent and hours worked increased 0.5 percent. . . . Unit labor costs in the nonfarm business sector decreased 1.6 percent in the first quarter of 2019, and decreased 0.8 percent over the last four quarters—the lowest four-quarter rate since a 1.7-percent decline in the fourth quarter of 2013.”

Friday, [Nonfarm Payrolls](#): “Total nonfarm payroll employment edged up in May (+75,000), and the unemployment rate remained at 3.6 percent. . . . Employment continued to trend up in professional and business services and in health care.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending June 1, the advance figure for seasonally adjusted initial claims was 218,000, unchanged from the previous week’s revised level.”

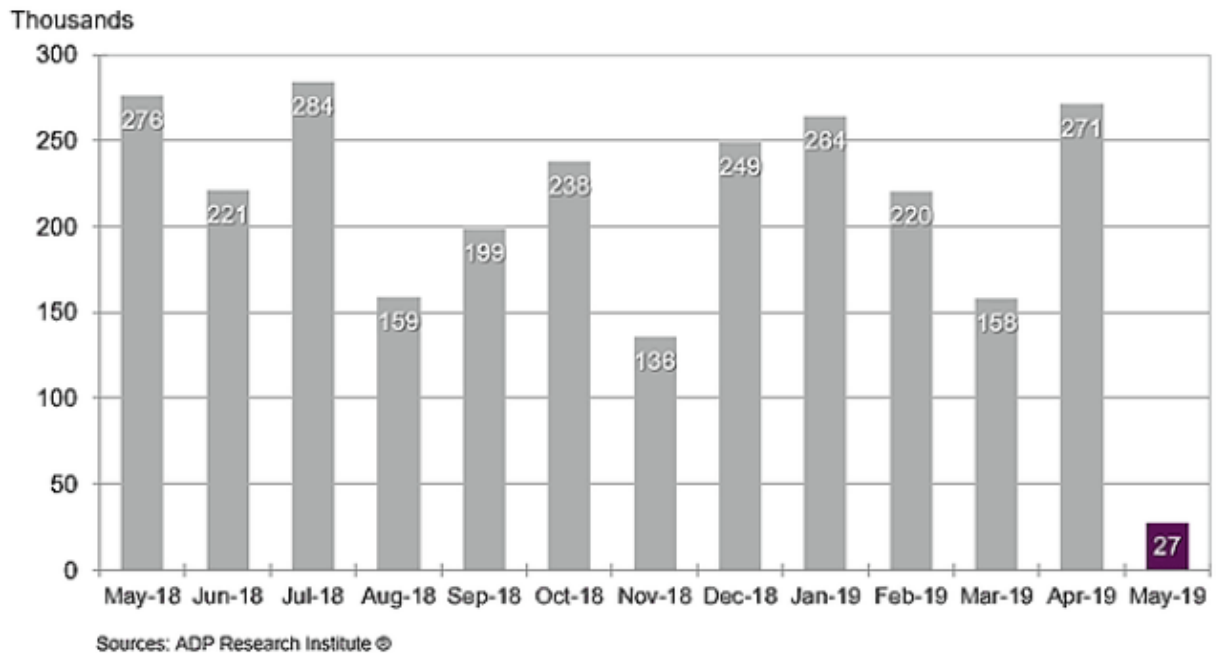
Challenger

Thursday, [Job Cuts](#): “U.S.-based employers announced plans to cut 58,577 jobs from their payrolls in May, up 46 percent from the 40,023 cuts announced in April.”

ADP

Wednesday, [Private Sector Employment](#): “Private sector employment increased by 27,000 jobs from April to May.”

Change in Nonfarm Private Employment



“Following an overly strong April, May marked the smallest gain since the expansion began,” said Ahu Yildirmaz, vice president and co-head of the ADP Research Institute. “Large companies continue to remain strong as they are better equipped to compete for labor in a tight labor market.”

ISM

Monday, [Purchasing Managers Index](#): The index “registered 52.1 percent, a decrease of 0.7 percentage point from the April reading of 52.8 percent.” Values greater than 50 indicate economic expansion.

Wednesday, [Services Index](#): The index “registered 56.9 percent, which is 1.4 percentage points higher than the April reading of 55.5 percent.”

Markit

Wednesday, [US Composite](#): The index “registered 50.9 in May, down from 53.0 in April. The slowdown in private sector growth was driven by a softer service sector output expansion. The overall rise in business activity was the slowest since May 2016 and only marginal overall.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications increased 1.5 percent 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 4.23 percent from 4.33 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 3.65 percent from 3.73 percent.”