

Economic Update, February 9, 2018
Submitted by Michael Mount

Summary: The stock market stole the show this week, “correcting” to where it was a few months ago. It finally dawned on investors that interest rates would have to increase soon. Other indicators of economic health continue to look good. For instance, initial claims for unemployment insurance decreased. Look for measures of optimism to decrease next week following the stock market correction.

Census Bureau

Tuesday, [US International Trade in Goods and Services](#): “[T]he goods and services deficit was \$53.1 billion in December, up \$2.7 billion from \$50.4 billion in November, revised. December exports were \$203.4 billion, \$3.5 billion more than November exports. December imports were \$256.5 billion, \$6.2 billion more than November imports.”

Friday, [Wholesale Trade](#): Monthly wholesale inventories increased 0.4 percent to \$612.1 billion in December 2017 from \$609.7 billion in November. Sales increased 1.2 percent over the same period. The inventory to sales ratio decreased to 1.22 in December 2017 from 1.29 in December 2016.

Bureau of Labor Statistics

Tuesday, [Metropolitan Area Employment and Unemployment](#): “Unemployment rates were lower in December than a year earlier in 314 of the 388 metropolitan areas, higher in 61 areas, and unchanged in 13 areas. . . . Of the 51 metropolitan areas with a 2010 Census population of 1 million or more, Nashville-Davidson—Murfreesboro—Franklin, TN, had the lowest unemployment rate in December, 2.4 percent.”

Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings was little changed at 5.8 million on the last business day of December, the U.S. Bureau of Labor Statistics reported today. Over the month, hires and separations were little changed at 5.5 million and 5.2 million, respectively. Within separations, the quits rate and the layoffs and discharges rate were little changed at 2.2 percent and 1.1 percent, respectively.”

Friday, [Major Work Stoppages](#): “In 2017, there were 7 major work stoppages involving 1,000 or more workers and lasting at least one shift. . . . Since the series began in 1947 this is the second lowest number of major work stoppages recorded in a year, the lowest annual total was 5 in 2009.” The information sector had the highest number of workers idled by work stoppages in 2017, followed by public administration, educational services, and retail trade.

Department of Labor

Thursday, [Initial Claims](#): “In the week ending February 3, the advance figure for seasonally adjusted initial claims was 221,000, a decrease of 9,000 from the previous week's unrevised level of 230,000. The 4-week moving average was 224,500, a decrease of 10,000 from the previous week's unrevised average of 234,500. This is the lowest level for this average since March 10, 1973 when it was 222,000.”

ISM

Monday, [Non-manufacturing Index](#): The index “registered 59.9 percent, which is 3.9 percentage points higher than the seasonally adjusted December reading of 56 percent. This represents continued growth in the non-manufacturing sector at a faster rate. The Non-Manufacturing Business Activity Index

increased to 59.8 percent, 2 percentage points higher than the seasonally adjusted December reading of 57.8 percent, reflecting growth for the 102nd consecutive month, at a faster rate in January.”

CME Group

Sunday, [PMI Services Index](#): “December's final for PMI services came in at 53.7, down noticeably from 54.5 in November but also up substantially from December's mid-month flash of 52.4. The 1.3 point gain from the flash to the final implies a roughly 55 reading for the last two weeks of the month which actually points to acceleration and solid strength.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “The Market Composite Index, a measure of mortgage loan application volume, increased 0.7 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 (\$453,100 or less) increased to its highest level since April 2014, 4.50 percent.”

Bloomberg

Thursday, [Consumer Comfort](#): The index decreased from 54.6 to 54.4. “U.S. consumer comfort last week held near the highest level since 2001 even as stocks fell on concerns about higher interest rates, the Bloomberg Consumer Comfort Index showed Thursday.”

Investor’s Business Daily

Tuesday, [Economic Optimism](#): “The IBD/TIPP Economic Optimism Index climbed 1.6 points to 56.7 in February.”

After Breaking Records, The Dow Headed Down This Week

Daily closing price in the Dow Jones industrial average, Feb. 8, 2017, through Feb. 8, 2018



Source: [Yahoo Finance](#)

Credit: [Katie Park/NPR](#)