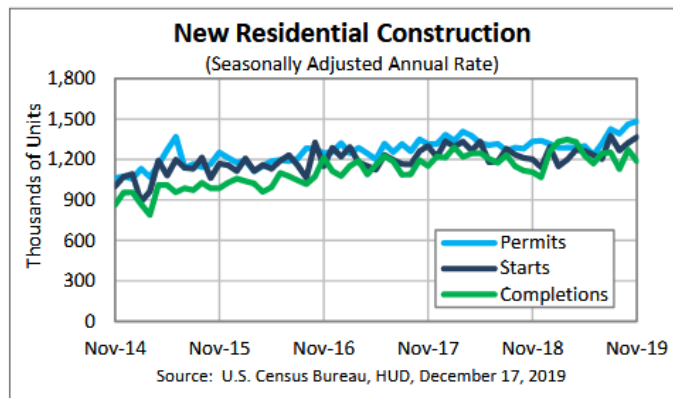


Economic Update, December 20, 2019  
Submitted by Dave Keiser

Summary: Happy Holidays! It seems like the economy is in the holiday spirit, as most of the indicators are positive this week. Unemployment is still low at 3.5 percent, and GDP increased 2.1 percent in the third quarter of 2019. Consumer confidence was unchanged. In addition, personal income increased, new home construction and building permits were up, job openings increased, and the quit rate was stable. Among the negatives, job fatalities were up from last year, corporate profits were down slightly, and international transactions were down, which can partially explain the drop in trans-border freight between our neighbors, Canada and Mexico. No surprise in the housing market, as sales and mortgage applications were down as we enter the holiday season.

Census Bureau

Tuesday, [New Residential Construction](#): “Privately-owned housing units authorized by building permits in November were at a seasonally adjusted annual rate of 1,482,000. This is 1.4 percent above the revised October rate of 1,461,000 and is 11.1 percent above the November 2018 rate of 1,334,000. . . . Privately-owned housing starts in November were at a seasonally adjusted annual rate of 1,365,000. This is 3.2 percent above the revised October estimate of 1,323,000 and is 13.6 percent above the November 2018 rate of 1,202,000. . . . Privately-owned housing completions in November were at a seasonally adjusted annual rate of 1,188,000. This is 6.6 percent below the revised October estimate of 1,272,000, but is 7.3 percent above the November 2018 rate of 1,107,000.”



Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): “The number of job openings edged up to 7.3 million (+235,000) on the last business day of October. . . . Over the month, hires and separations were little changed at 5.8 million and 5.6 million, respectively. Within separations, the quits rate was unchanged at 2.3 percent and the layoffs and discharges rate was little changed at 1.2 percent.”

Chart 1. Job openings rate, seasonally adjusted, October 2016 - October 2019

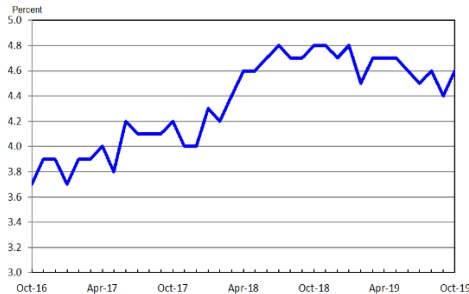
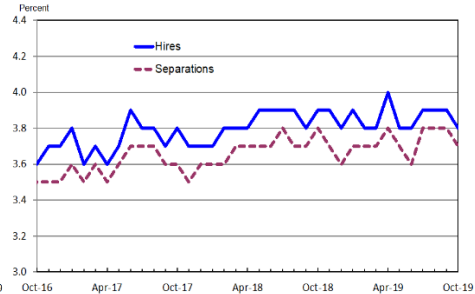
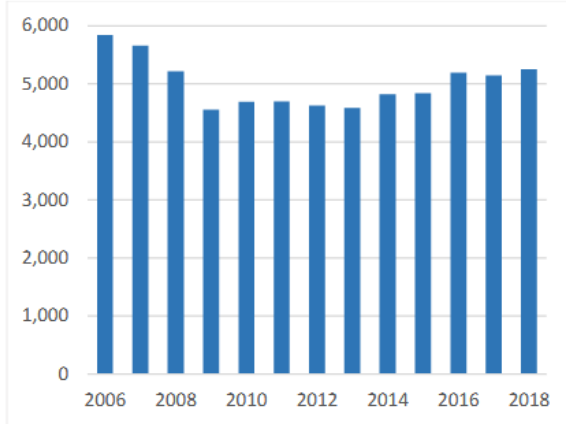


Chart 2. Hires and total separations rates, seasonally adjusted, October 2016 - October 2019

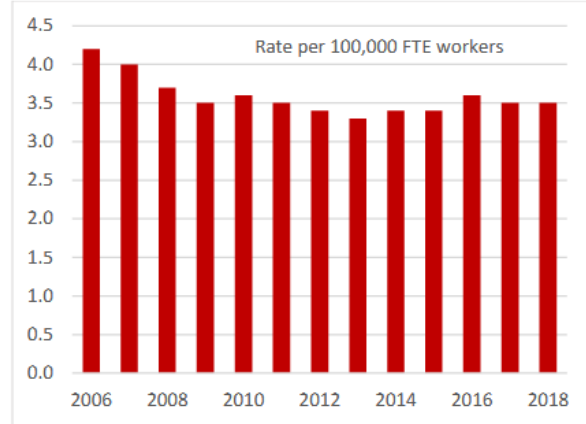


Tuesday, [Census of Fatal Occupational Injuries](#): “There were 5,250 fatal work injuries recorded in the United States in 2018, a 2 percent increase from the 5,147 in 2017. . . . The fatal work injury rate remained unchanged at 3.5 per 100,000 full-time equivalent (FTE) workers.”

**Chart 1. Number of fatal work injuries, 2006-18**



**Chart 2. Fatal work injury rate, 2006-18**



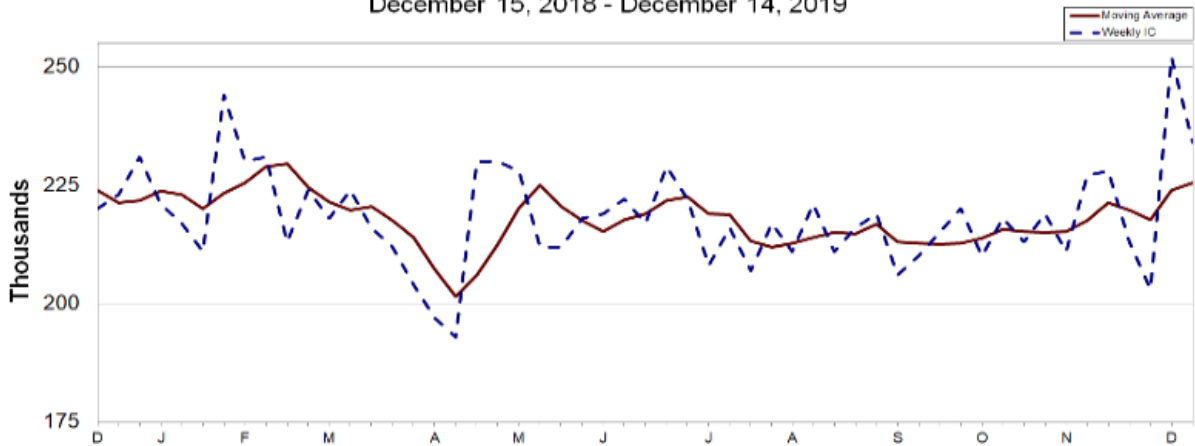
Wednesday, [Employer Cost for Employee Compensation](#): “State and local government compensation averaged \$51.66 per hour worked in September 2019. . . . Wages and salaries averaged \$32.19 per hour worked and represented 62.3 percent of total compensation costs, while benefit costs averaged \$19.47 and accounted for the remaining 37.7 percent.”

Friday, [State Employment and Unemployment](#): “Unemployment rates were lower in November [than in October] in 7 states, higher in 5 states, and stable in 38 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, 3.5 percent, was little changed over the month and from November 2018.” The unemployment rate in Tennessee was 3.3 percent in November 2019 a decrease of 0.1 percent from October and unchanged from a year earlier. Non-farm payrolls in Tennessee increased by 0.3 percent in November 2019, trailing only Michigan (0.6 percent) and Virginia (0.4 percent).

Department of Labor

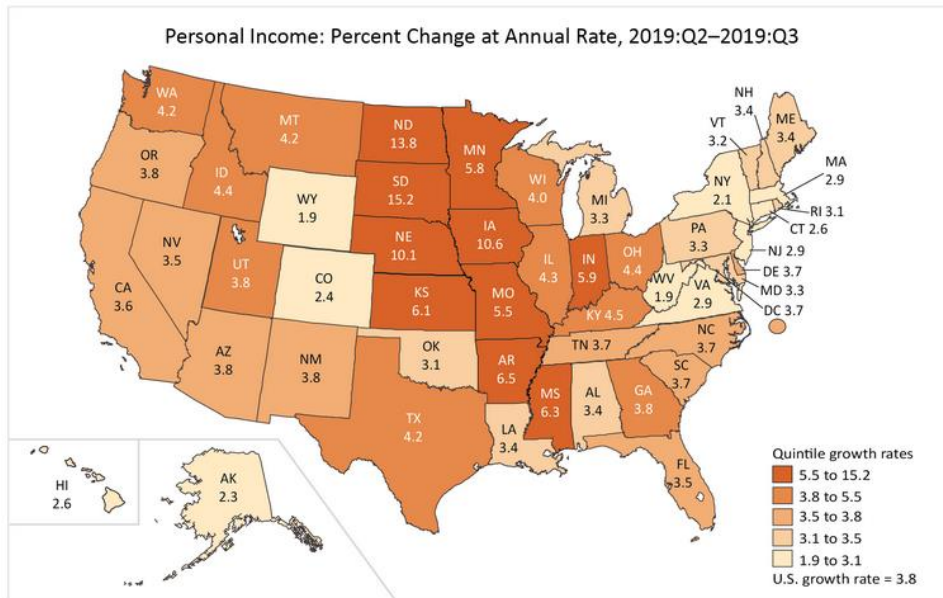
Thursday, [Initial Claims](#): “In the week ending December 14, the advance figure for seasonally adjusted initial claims was 234,000, a decrease of 18,000 from the previous week’s unrevised level of 252,000. The 4-week moving average was 225,500, an increase of 1,500 from the previous week’s unrevised average of 224,000.”

### Seasonally Adjusted Initial Claims December 15, 2018 - December 14, 2019



Bureau of Economic Analysis

Wednesday, [State Personal Income](#): “State personal income increased 3.8 percent at an annual rate in the third quarter of 2019, a deceleration from the 4.4 percent increase in the second quarter. . . . The percent change in personal income across all states ranged from 15.2 percent in South Dakota to 1.9 percent in West Virginia and Wyoming.” The percent increase in Tennessee was 3.7 compared to 4.6 in the second quarter and 6.6 percent this time last year.



U.S. Bureau of Economic Analysis

Thursday, [U.S. International Transactions](#): “The U.S. current account deficit, which reflects the combined balances on trade in goods and services and income flows between U.S. residents and residents of other countries, narrowed by \$1.1 billion, or 0.9 percent, to \$124.1 billion in the third quarter of 2019. . . . The revised second quarter deficit was \$125.2 billion.”

### Quarterly U.S. Current Account Transactions



U.S. Bureau of Economic Analysis

Seasonally adjusted

Friday, [Gross Domestic Product](#): “Real gross domestic product (GDP) increased at an annual rate of 2.1 percent in the third quarter of 2019. . . . In the second quarter, real GDP increased 2.0 percent.”

### Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

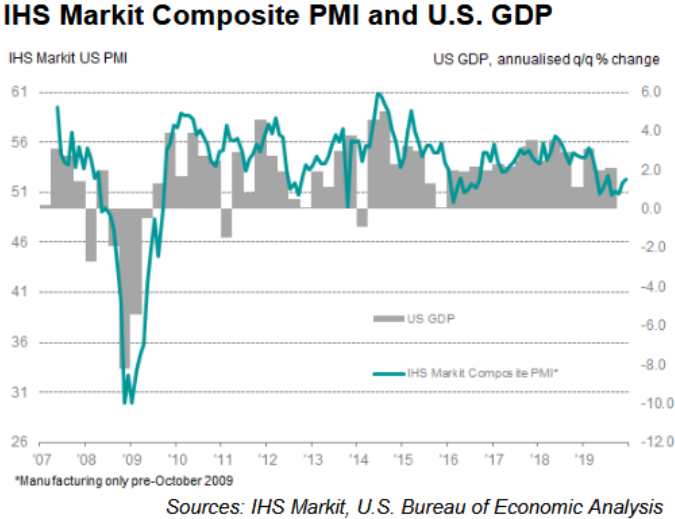
Friday, [Corporate Profits](#): “Profits from current production . . . decreased \$4.7 billion in the third quarter, in contrast to an increase of \$75.8 billion in the second quarter.”

Friday, [Personal Income and Outlays](#): “Personal income increased \$101.7 billion (0.5 percent) in November. . . . Disposable personal income (DPI) increased \$87.7 billion (0.5 percent) and personal consumption expenditures (PCE) increased \$64.9 billion (0.4 percent). . . . The increase in personal income in November primarily reflected increases in compensation of employees, farm proprietors’ income, and personal interest income.”

HIS Markit

Monday, [U.S. Composite PMI](#): “Private sector firms across the U.S. registered a slightly stronger expansion in business activity at the end of 2019. The upturn quickened to a five-month high as service sector growth accelerated and manufacturing conditions continued to improve.” The index “posted

52.2 in December, up from 52.0 in November, to indicate the quickest rise in output since July. Nonetheless, the rate of growth was below the series trend and only moderate overall.”



Conference Board

Thursday, [Leading Indicators](#): The index “for the U.S. was unchanged in November, remaining at 111.6 (2016= 100), following a 0.2 percent decline in both October and September. ‘The US LEI was unchanged in November after three consecutive monthly declines. Strength in residential construction, financial markets, and consumers’ outlook offset weakness in manufacturing and labor markets,’ said Ataman Ozyildirim, Senior Director of Economic Research at The Conference Board. ‘While the six-month growth rate of the LEI remains slightly negative, the Index suggests that economic growth is likely to stabilize around 2 percent in 2020.’”



The unadjusted Purchase Index decreased 6 percent compared with the previous week and was 10 percent higher than the same week one year ago.”

University of Michigan

Friday, [Consumer Confidence](#): With a reading of 99.3, “the Sentiment Index remained largely unchanged in late December at the same very favorable level recorded at mid-month. Most of the December gain was among upper income households, with those in the top third of the income distribution gaining 7.5% from last month and those in the bottom two-thirds posting a gain of just 0.8%. The recent shift favoring higher income households is in the opposite direction when compared with all-time peaks in the late 1990’s.”