

September 9, 2019

Economic update

Economy



- The trade deficit declined in July, according to the Census Bureau.
- Factory orders and durable goods orders both increased in July, the Census Bureau stated.
- The U.S. Composite PMI Output Index fell to 50.7 in August from 52.6 in July, according to Markit Economics.

Employment



- Initial jobless claims rose by 1,000 to 217,000 in the week ended August 31, 2019, according to the Labor Department.
- The United States added 130,000 jobs in August and the unemployment rate remained unchanged at 3.7%, the Bureau of Labor Statistics reported.

Profits



- As of August 30, 2019, of the 494 S&P 500 Index companies reporting second-quarter earnings, 363 — or 73.5% — beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



- A report from the Institute for Supply Management found that manufacturing activity contracted in August for the first time in three years and observed “a notable decrease in business confidence.”

Europe



- Eurostat reported that industrial producer prices rose 0.2% in the euro area in July.
- Retail trade declined 0.6% in July, according to Eurostat.
- The Markit Eurozone Composite PMI Output Index increased to 51.9 in August from 51.5 in July.

Rates



- The yield on the 10-year U.S. Treasury note rose.

Risks



- No resolution to China trade war, or opening a new front with Europe on autos, risks more equity market turmoil.
- Brexit, Italian debt dynamics, and the re-emergence of populism risk tipping Europe back into recession.
- Weak stimulus in China thus far is showing little sign of slowing the pace of deceleration.

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