

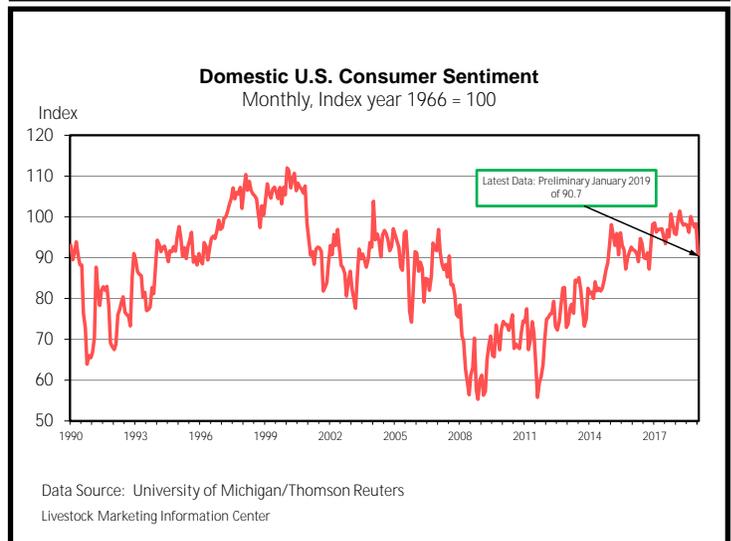
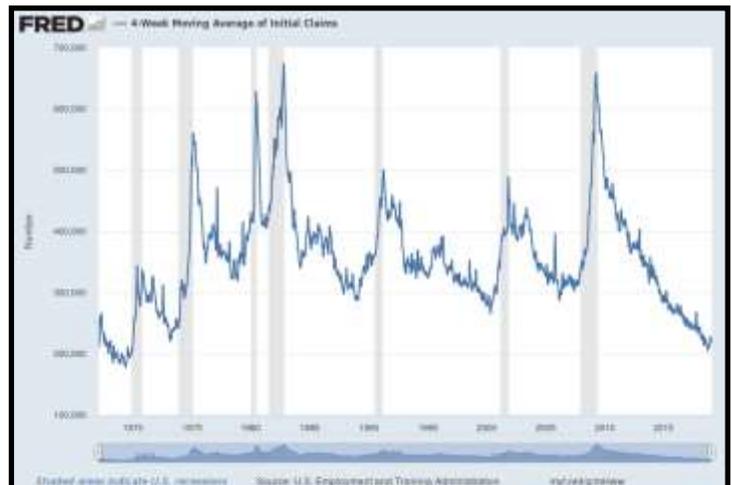
Recently released U.S. macroeconomic indicators have been a mixed bag, ranging from positive to concerning as we look ahead. On balance, the first six months of 2019 appears to be an environment of slowing economic growth. Manufacturing sector data have shown signs of a slow-down, but some recent regional and sector reports have had some modest month-over-month improvement.

Initial unemployment insurance claims reported by the U.S. Department of Labor last Thursday were better than anticipated (the report is [here](#)). That is, unemployment claims were lower than expected. The data are volatile, but the FRED graphic provided (4-week moving average) shows the lowest levels since the 1960's. (The FRED site is by the Federal Reserve Bank of St. Louis and is an excellent data and graphics resource, the website is [here](#).) Those data remain a very positive underpinning for consumer spending.

In contrast to the low unemployment claims, consumer confidence has fallen in early 2019. On Friday, the University of Michigan surveys of consumers preliminary January results were released (the web link is [here](#)). For the Index of Consumer Sentiment, the average of pre-report estimated was for the number to come in at 96.4, but the result was only 90.7. As mentioned, this is their first number for January, and it could be revised. At 90.7 the index was the lowest for any month since October 2016. The month-over-month drop was 7.7%, and the year-over-year decline was 5.2%. Still, that sentiment index is favorable compared to a few years ago,

Per the summary comments on January's decline in consumer sentiment — "The decline was primarily focused on prospects for the domestic economy, with the year-ahead outlook for the national economy judged to be the worst since mid-2014. The loss was due to a host of issues including the partial government shutdown, the impact of tariffs, instabilities in financial markets, the global slowdown, and the lack of clarity about monetary policies. While the January falloff in optimism is certainly consistent with a slowdown in the pace of growth, it does not yet indicate the start of a sustained downturn in economic activity."

Of the issues concerning consumers highlighted in the prior paragraph, some could be mitigated. In fact, recent statements, presentations, etc., by Chairman Powell and other Federal Reserve Bank officials seem to be an attempt to improve the clarity of U.S. monetary policy. Instabilities in financial markets (especially the stock markets), may be less of a concern than it was during late December and early January. The partial Federal government shutdown also could be removed as factor dampening consumer sentiment.



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