Key pieces of 4th quarter economic data was released last week of by Bureau of Economic Analysis and Bureau of Labor Statistics. The Gross Domestic Product (GDP) advanced estimate for the 4th quarter of 2019 was positive climbing half a percent from the previous quarter and 2.3% over 2018’s 4th quarter. The U.S. has not posted a negative GDP quarter since the 4th quarter of 2009, and over the last four years gains have been over 2%. GDP estimates have three step revision process, and will not be final for a few more months. This still points to a positive U.S. economy. Revisions are unlikely to be so large to pull the U.S. GDP number into negative territory.

The U.S. personal savings rate declined slightly from the previous quarter down to 7.7%, while personal disposable income rose 4.3%. Personal disposable income growth has been positive but 4.3% is the smallest increase since first quarter of 2017. Unemployment continued to fall, and previous quarters were revised. This early estimate for the end of last year is 3.53%

Personal Consumption expenditures also rose, up 4.1% from last year. Expenditures soared in recreational goods and vehicles, up 7.2% from last year. The next highest spending was in healthcare, up 5.2% from last year. Total service expenditures increased 4.2% and all but financial services and insurance categories rose by more than 4%.

Overall, 2019 ended the year with the consumers still spending and overall positive outlook on economy. However, the first quarter of 2020 may have hit a pause in the decade long growth cycle with the emergence of a deadly coronavirus. China is in a state of medical emergency, while the world continues to see new cases emerge. As of Monday, the death toll had exceeded that of SARS, severe acute respiratory syndrome, an epidemic that struck China in 2002 and 2003.

The revelation of how quickly this virus is spreading shook the U.S. stock market last week. Livestock markets, particularly the lean hog futures contract also saw plummeting values. There are many unknowns at this point regarding the coronavirus, but it is expected to continue to spread in the near term. As of January 31 there were confirmed cases in 27 countries. The U.S. has 11 reported confirmed cases. The first confirmed case was reported on December 31, 2019 in Wuhan, China.

The escalation of this disease has the potential to cause overhanging supply in the U.S. Pork, chicken and beef industries are expected to increase already large supplies of red meat and poultry in 2020. Much of that is built on the expectation for greater exports. An economic slow down in China or in the U.S. could have adverse price impacts on meat industries this year.