

Financial FAQs

Economy, Employment Growing AgainBy **Harlan Green** / Special to CASA

I T LOOKS LIKE THE US ECONOMY is kicking into high gear from its winter slump, as the Conference Board's Index of Leading Indicators (LEI) just jumped 0.9 percent, the highest it's been this year.

"The LEI improved sharply in July, suggesting that the economy is gaining traction and growth should continue at a strong pace for the remainder of the year," said Ataman Ozyildirim, Economist at The Conference Board. "Although housing has been one of the weakest components this year, the sharp gain in building permits helped boost the LEI in July. Financial markets and labor market conditions have also supported recent gains, but business spending indicators remain soft and their contribution marginal."

And, real estate may finally be taking its place as another leading indicator. Total existing-home sales, which are completed transactions that include single-family homes, townhomes, condominiums and co-ops, rose 2.4 percent to a seasonally adjusted annual rate of 5.15 million in July from a slight downwardly-revised 5.03 million in June. Sales are at the highest pace of 2014 and have risen four consecutive months, but remain 4.3 percent below the 5.38 million-unit level from last July, which was the peak of 2013.

Lawrence Yun, NAR chief economist, says sales momentum is slowly building behind stronger job growth and improving inventory conditions. "The number of houses for sale is higher than a year ago and tamer price increases are giving

prospective buyers less hesitation about entering the market," he said. "More people are buying homes compared to earlier in the year and this trend should continue with interest rates remaining low and apartment rents rising."

Employment is showing the largest improvement, with weekly initial unemployment claims below 300,000 again, reports the Labor Dept. This could mean that next week's jobs report will show another drop in the unemployment rate, now at 6.2 percent.

Jobless claims continue to trend lower, pointing to month-to-month strength for the August employment report. Initial claims fell 14,000 to a better-than-expected level of 298,000 in the August 16 week, a week that is also the sample week for the monthly employment report. A comparison with the July sample week shows a 5,000 improvement. The 4-week average, at 300,750, is up 4,750 from the prior week but is down 8,500 from the July sample week.

Continuing claims, lagging data for the August 9 week are down 49,000 from the prior week to a new recovery low of 2.500 million. The 4-week average, at 2.528 million, is down 2,000 from the prior week and is down 16,000 from the July sample week. The unemployment rate for insured workers remains at a recovery low of 1.9 percent.

Harlan Green has been the 11-year Editor-Publisher of PopularEconomics.com, a weekly syndicated financial wire service. He writes a Popular Economics Weekly Blog. He is an economic forecaster and teacher of real estate finance with 30-years experience as a banker and mortgage broker.