

A Gangbusters December Employment Report

By Harlan Green / Special to VOICE

TOTAL NONFARM PAYROLL EMPLOYMENT increased by 312,000 in December, and the unemployment rate rose to 3.9 percent, the U.S. Bureau of Labor Statistics reported last week. Job gains occurred in health care, food services and drinking places, construction, manufacturing, and retail trade.

It looks like the U.S. economy isn't slowing as much as feared, contrary to the pessimists that have been driving down stock prices, while driving up bond prices, so that the 10-year Treasury bond yield is now 2.65 percent, and conforming 30-year fixed mortgage rates are at 3.875 percent with a one point origination fee for the best credit holders.

Health-care providers hired 50,000 people, professional firms filled 43,000 positions, manufacturers added 32,000 jobs, construction firms' payrolls rose by 32,000, and restaurants hired 41,000 additional workers.

The unemployment rate, meanwhile, rose to 3.9 percent from a 49-year low of 3.7 percent. The percentage of working-age Americans in the labor force climbed to a one-and-a-half-year high as more people looked for jobs. That is a good sign since it means people think more jobs are available.

Strong hiring has also given workers more bargaining power. The amount of money the average worker earns climbed eleven cents or 0.4 percent to \$27.48 an hour last month.

Who says the housing market is dead, as well? These low interest rates will stimulate more borrowing and home buying. And, Fed Chairman Jerome Powell indicated the Fed would be flexible about raising interest rates this year at a recent conference, saying, "We will be patient as we watch to see how the economy evolves" given the low inflation outlook.

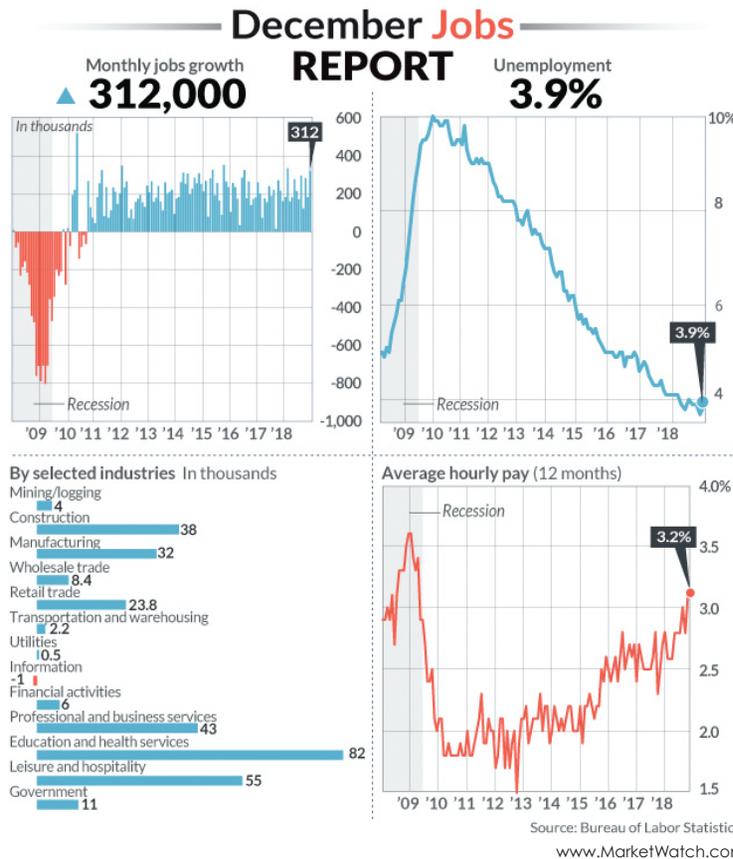
The employment report contradicted the December ISM Manufacturing Index that showed a slowdown in manufacturing hiring, falling more than five points to a 54.1 level. This is the lowest showing for this index since November 2016.

Especially noteworthy, new orders slowed by ten points to a 51.1 level that is suddenly very close to breakeven 50. It means approximately half of the supply managers surveyed saw an order slowdown. This is the lowest showing for new orders since August 2016. Weakness is entirely on the domestic side, says *Econoday*, as one of the few positives in December's data is a six-tenth rise in new export orders to 52.8 which is respectable for this particular reading.

The real question is, "What will economic growth look like in 2019?" It will depend largely on a favorable outcome of the trade talks, which means a lowering of the Trump tariffs that do little for American interests or American consumers.

This is because higher tariff fees get passed on to consumers, ultimately, which pushes up inflation, then Federal Reserve interest rates; which cuts into consumer spending. And then we have to worry about the soaring federal deficits, which means new taxes will be enacted sometime down the road.

However, this doesn't worry Nobelist Paul Krugman at the moment, who in a recent *NYTimes* Op-ed wrote, "There are things government should



be spending money on even when jobs are plentiful—things like fixing our deteriorating infrastructure and helping children get education, healthcare, and adequate nutrition. Such spending has big long-run payoff, even in purely monetary terms."

The bottom line is money is cheap at the moment with the very low interest rates, so this isn't the time to worry about budget deficits. It's much more important to be investing public monies into future growth and productivity that could even prolong this business cycle, now in its tenth year of continuous growth.

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Harlan Green has been the 16-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. To reach Harlan call (805)452-7696 or email editor@populareconomics.com

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'14	142	132	141	186	207	174	196	179	171	160	137	170
'15	142	113	235	202	226	210	207	217	155	149	124	150
'16	126	118	153	166	220	195	174	214	187	161	158	159
'17	142	132	164	149	189	257	193	224	178	173	172	170
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Participants will leave the workshop with a clearer focus of their goals and how they want to reach them. Yoga not for you? Not to worry! If you've never been to a yoga class before, this might be a good time to watch or participate. Yoga means different things to different people and it is more than just movement. You can decide

what feels good to you, and which aspects you may want to incorporate in your life. Take what works for you and leave what doesn't. You won't know until you try.

Robin Elander is the Director of Global Good Impact, (www.globalgoodimpact.com) a company dedicated to empowering individuals and building stronger communities through educational programs, community projects and specialized consulting. Robin has over 15 years of experience planning hundreds of community building projects, initiatives and events. She shows people how to overcome fears, mitigate obstacles, make a plan and turn ideas into realities. She enjoys working with individuals and organizations to make positive impacts in their lives, and fostering connected, thriving communities. Robin is also a trained yoga instructor and lover of all things outdoors. She lives in Santa Barbara, CA with her partner Rob and two teenage boys. Robin is also the Executive Director of the Summer Solstice Celebration, one of the largest parades and festivals on the West Coast. Global Good Impact is based in Santa Barbara, CA.

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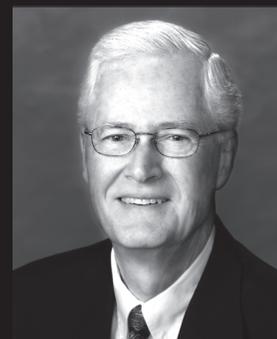
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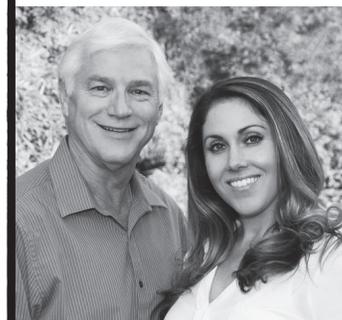


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