



Written by [Bob Adelman](#) on August 1, 2019

## Raft of Economic Reports Confirm Continuing Strength of U.S. Economy

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A cluster of economic reports just released confirm the continuing strength of the U.S. economy. This is especially impressive in light of the perceived global slowdown, including the economic powerhouses of Germany and China.



[Wednesday's report from accounting firm ADP](#) showed job growth across all sectors of the economy in July, as well as across all sizes of businesses. The goods-producing sector — mining, construction, and manufacturing — added 9,000 jobs last month, while the services sector — transportation, education, healthcare, and hospitality — gained 146,000 jobs. Small businesses (1-49 employees) hired 11,000 new people in July; medium-sized businesses (50-499 employees) added 67,000 workers; and large businesses (over 500 employees) brought on 78,000 people.

This was in line with expectations and well above the estimated 100,000 new jobs needed to keep up with population growth.

Thursday's report from the Labor Department showing further declines in initial claims for unemployment insurance benefits confirmed the health of the labor market. This was expected as Fed Chairman Jerome Powell noted in his remarks following the board's decision to cut the Fed Funds rate by one-quarter of one percent: "People who live and work in low-and middle-income communities tell us that many who have struggled to find work are now getting opportunities to add new and better chapters to their lives."

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Indeed those "new and better chapters" are characterized by remarkable growth in real (inflation-adjusted) wages, as noted by the U.S. Bureau of Economic Analysis (BEA): "Wages in the United States increased 5.48 percent in June 2019 over the same month in the previous year." According to the BEA, wage growth has been increasing since last December, staying at or above five percent on an annualized basis since February. Put another way, a worker earning \$20 an hour a year ago is now making \$21 an hour. In addition, he is keeping most of it in his pocket as inflation remains benign, at well below two percent.

Parsing the BEA report reveals another bright spot: Based on slightly different metrics, the number of employed workers increased by 247,000 last month, 91,000 higher than ADP's report. Further the number employed full-time increased by 453,000 last month, while the number of part-time workers fell by 174,000. This confirms that not only are there more full-time workers, many part-time workers are being promoted to full-time status.



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All of which continues to be reflected in healthy consumer confidence, as reported by the University of Michigan's index. It moved higher in July to 98.4 from July 2018's 97.9, while its Index of Consumer Expectations jumped by 3.2 percent, from 87.3 in July a year ago to 90.1. Said Michigan's chief economist Richard Curtin: "Consumer sentiment remained ... at quite favorable levels since the start of 2017."

Other factors, including lower gas prices thanks to increases in U.S. energy production of crude oil and lower interest rates by the Federal Reserve, all bode well for the U.S. economy into the future.

One factor missing from the conversation is the pressure increasingly being brought to bear by the passage of time on the Trump administration to get a trade deal done with China. Talks between U.S. and Chinese trade representatives start up again in September, with many critical issues remaining to be resolved. Little would please the president more than to be able to announce, well before next November, that such a deal had been consummated. It would not only give him another talking point during his reelection campaign, it would also likely reduce drastically the tariffs he has imposed on China in order to pressure them to come to the negotiating table. Those tariffs have been a significant headwind to parts of the U.S. economy, and without them the economy would enjoy another spurt forward.

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