



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

What Recession? Jobs, Manufacturing, Consumer Sentiment All Up in January

Three reports released on Friday were good news for everyone involved in the U.S. economy, except for forecasters who once again underestimated its strength. From the Department of Labor came news that [in January the economy gained 304,000 new jobs](#), far exceeding “expert” predictions of 172,000. And even that blowout number failed to appreciate just how strong the economy really is as it overcame both the normal post-holiday layoffs and the partial shutdown of the federal government.



And that job growth is getting stronger, not weaker. The economy has added an average of 241,000 new jobs a month since November, one of the best stretches during the nearly 10-year-old economic expansion. And job gains in 2018 were the strongest in three years.

Omar Sharif, an economist at French banking firm Société Générale, nailed it: “Payrolls crushed expectations. Not bad for an economy that is supposedly softening.”

Other indicators of an economy growing and not “softening” include the labor force “participation” rate, which has, over the last year, improved by half a percentage point. That may not sound like much, but in a labor force of more than 160 million, that is a huge improvement. Wage gains of more than three percent are increasingly enticing formerly unemployed or part-time workers back into the labor market.

The second indicator released on Friday was the University of Michigan’s consumer sentiment index, which improved in January compared to December.

The third indicator was issued by the Institute for Supply Management (ISM), which showed an increase in its manufacturing index to 56 percent in January from December’s already robust 54.3 percent. Any reading over 50 percent indicates that companies are expanding; any reading over 55 percent is considered exceptional.

Inside that indicator were even more signs of a robust economy: Its New Orders Index jumped seven percent last month, while its Production Index rose 6.4 percent. And, for the first time in nearly three years, its Prices Paid Index dropped more than five percent from December, making manufacturers even more profitable as demand for their products continued to increase.

If the Federal Reserve refrains from interfering, the economy will continue its magnificent advance, setting new records along the way and likely further embarrassing forecasters.

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