

## January ADP Jobs, Mortgage Apps, Consumer Confidence, Nov. House Prices

### Solid ADP Report Heading into Shakier BLS Data

- The ADP Employment Report for January showed a solid increase of 213,000 private sector jobs.
- Mortgage Applications for purchase are up 6 percent in late January from year-ago levels.
- Consumer Confidence fell noticeably in January after falling in December.
- The Case-Shiller U.S. National House Price Index for November was up 5.2 percent over the prior year.

The U.S. jobs machine rolled unabated through January, at least in the private sector, according to the ADP Employment Report. The longest ever U.S. government shutdown likely reduced the official Bureau of Labor Statistics headline job count for January, which will be released Friday morning. The ADP numbers do not include government workers, and the ADP numbers for January were positive. According to ADP, 213,000 private-sector jobs were added for the month. Small firms, with less than 50 employees, added 63,000 jobs in January. Medium-sized companies, with 50-499 workers, added 84,000 jobs. Large companies added 66,000. Construction payrolls were surprisingly strong, up 35,000 jobs in January, as were manufacturing payrolls which gained 33,000 net new jobs. Most other major categories were solid. Natural resources and mining gave up 1,000 jobs, consistent with lower oil prices. We will stick to our low-ball estimate of 150,000 net new jobs for the month in the official BLS data. We expect to see some normalization from the robust December jobs data. Also, we expect to see a drag from government employment due to the shutdown.

Mortgage apps jumped in early January on a non-seasonally adjusted basis, and then eased through the second half of the month. For the week ending January 25, purchases apps eased by 2.3 percent while refi apps gave up 5.5 percent. On a four-week moving average basis, refis are down 16.7 percent from a year ago. Purchase apps are up 6 percent from a year ago. Very cold weather at the end of January may be a moderate drag on housing data for the month. According to the Mortgage Bankers Association, the rate for a 30-year fixed-rate mortgage ticked up slightly to 4.76 percent in late January.

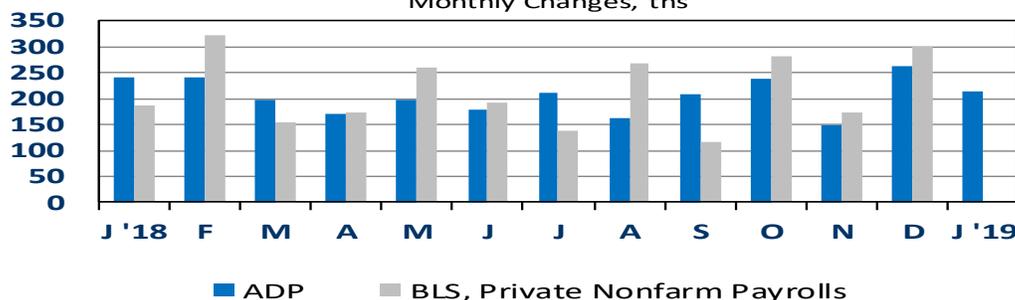
The Conference Board's Consumer Confidence Index was near an all-time high last fall. That is no longer the case after a large drop in December was followed by another large drop in January. The Consumer Confidence Index, at 120.2 for January remains above its long-term average. Changes in consumer confidence often have momentum, so we will watch this carefully going forward. Fortunately, consumer confidence does not have to equal consumer spending. Sometimes when the going gets tough, the tough go shopping. That was undoubtedly not the case for unpaid federal government workers through January who missed two paychecks. A temporary end to the federal government shutdown may help to stabilize consumer confidence. But given that it is just a temporary respite at this point it may be just a half measure that leaves lingering uncertainty.

The Case-Shiller U.S. National House Price Index was stronger than expected in November, up 5.2 percent over the previous 12 months. Most of the key 20 cities showed month-over months gains in the seasonally adjusted data for November. However, Cleveland, San Francisco and Seattle showed declines.

**Market Reaction:** U.S. equity markets opened with gains. The yield on 10-Year T-bonds is up to 2.72 percent. NYMEX crude oil is up to \$53.90/barrel. Natural gas futures are down to \$2.86/mmbtu.

### Good Start for 2019 ADP Data

Monthly Changes, ths



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