

March 2019 ADP Jobs, ISM Non-MF, Mortgage Apps

ADP Jobs Report Below Expectations

- The ADP Employment Report for March showed an increase of 129,000 private sector jobs.
- The ISM Non-Manufacturing Index for March eased to a still-positive 56.1 percent.
- Mortgage Applications increased through March on both purchases and refis.

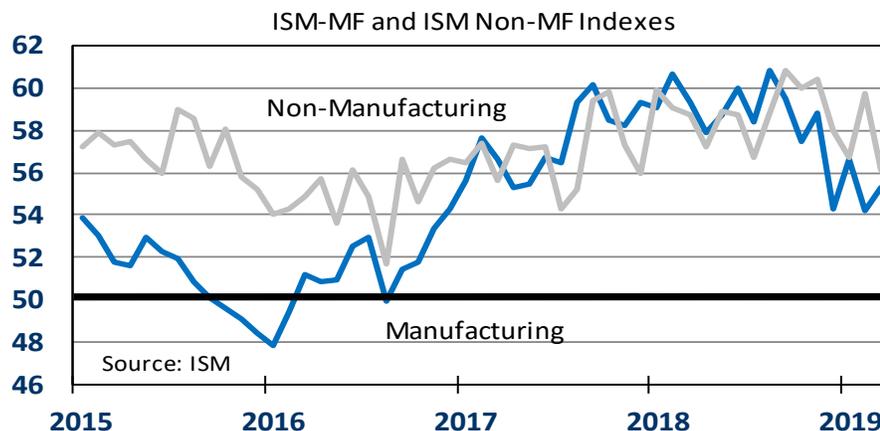
ADP's count of private-sector payrolls jobs for March showed a net increase of 129,000 jobs, below market expectations of about 175,000. This reduces expectations for the official Bureau of Labor Statistics job count for March which will be released Friday morning. For February, the BLS showed a net gain of only 20,000 payroll jobs for the month. We still expect to see a bounce back, but the weaker-than-expected ADP numbers for March temper our expectations from the BLS. According to ADP small businesses, with less than 50 employees, added just 6,000 net new jobs in March, well off the recent average of about 60,000. Like other payroll numbers, occasionally this series falls flat and one or two weak months does not make a trend. However, it definitely bears watching in the months ahead. Medium sized businesses with 50-499 employees added a reasonable 63,000 net new jobs in March. Large businesses added 60,000. The construction industry shed about 6,000 net jobs, Manufacturing lost 2,000 jobs. Service-providing industries added a reasonable 135,000 net new jobs in March. This report was not terrible, but it does add to the perception that labor markets may be starting to change after a multi-year hiring spree.

The ISM Non-manufacturing Purchasing Managers' Index eased to a still-solid 56.1 percent in March, after posting a strong 59.7 in February. Production, new orders and employment were all positive in March. Sixteen non-manufacturing industries reported expansion for the month. Only two, educational services and retail trade, reported contraction. Anecdotal comments were generally favorable. Another positive reading from this broad-based economic indicator is a good sign for the U.S. economy. Even through global manufacturing conditions have deteriorated, U.S. non-manufacturing businesses are still doing well.

Mortgage applications increased strongly for the week ending March 29 with gains in both purchase and refi apps. This was the fourth consecutive weekly increase in the total mortgage apps index. Purchase apps have been up for four consecutive weeks, gaining 3.4 percent for the week ending March 29. Refi apps are up for the third consecutive week, gaining 38.5 percent in the recent data. On a four-week moving-average basis, purchase apps are up 4 percent from a year ago, while refis are up 16.2 percent from a year ago. Lower mortgage rates have boosted both series. According to the Mortgage bankers Association the rate for a 30-year fixed-rate mortgage was down to 4.36 percent at the end of March.

Market Reaction: U.S. equity markets opened with gains. The yield on 10-Year T-bonds is up to 2.51 percent. NYMEX crude oil is down to \$62.29/barrel. Natural gas futures are down to \$2.66/mmbtu.

ISM Indexes Off Peak but Still Good



To subscribe to our publications or for questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/insights>. Follow us on Twitter: @Comerica_Econ.