



Weekly US Data Highlights – February 1-5

MNI US DataWatch

By Kevin Kastner

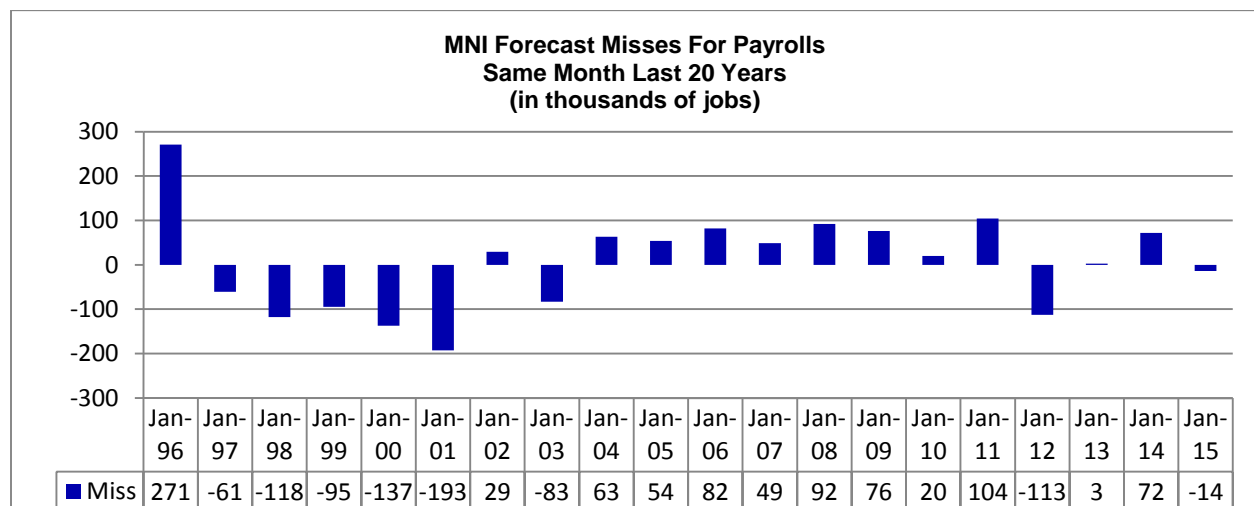
The February 1 week will include all of the early month data, with Friday’s employment report expected to show a 189,000 rise in total payrolls and a 5.0% unemployment rate. There is a clear trend toward overestimates for payrolls over the last 10 years, suggesting a softer-than-expected reading after the surprise gain in December. Annual benchmark revisions to the establishment survey will be released with Friday’s report, which could impact the payrolls, hours, and earnings data. Prior to that, the monthly ISM, construction, personal income, and motor vehicle sales data will be released.

Here is a closer look at the key data in the coming week:

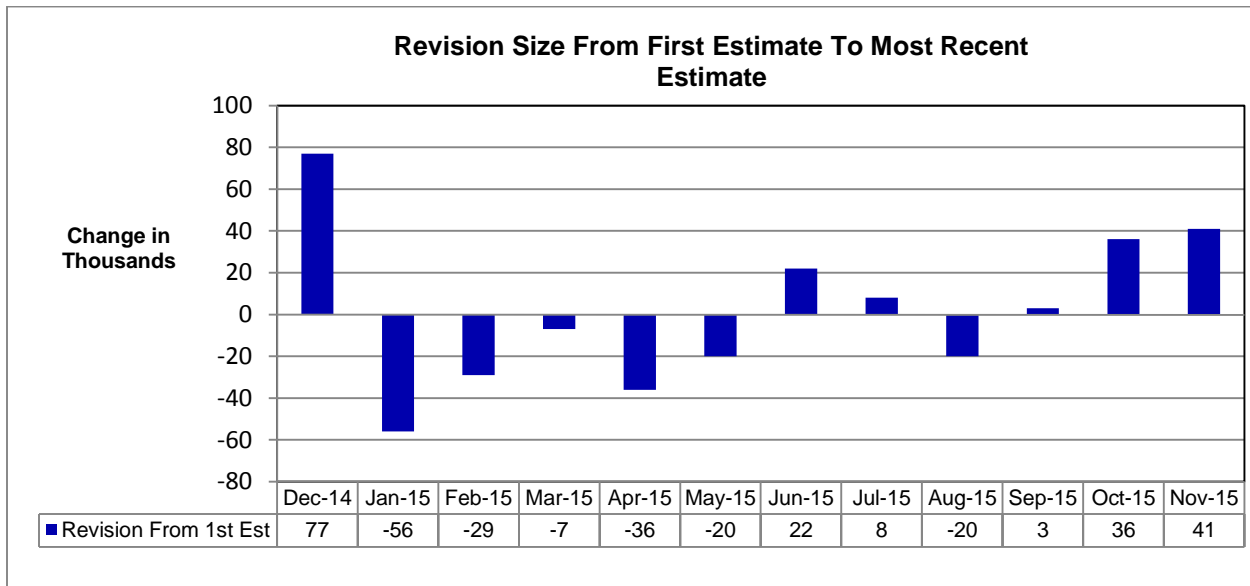
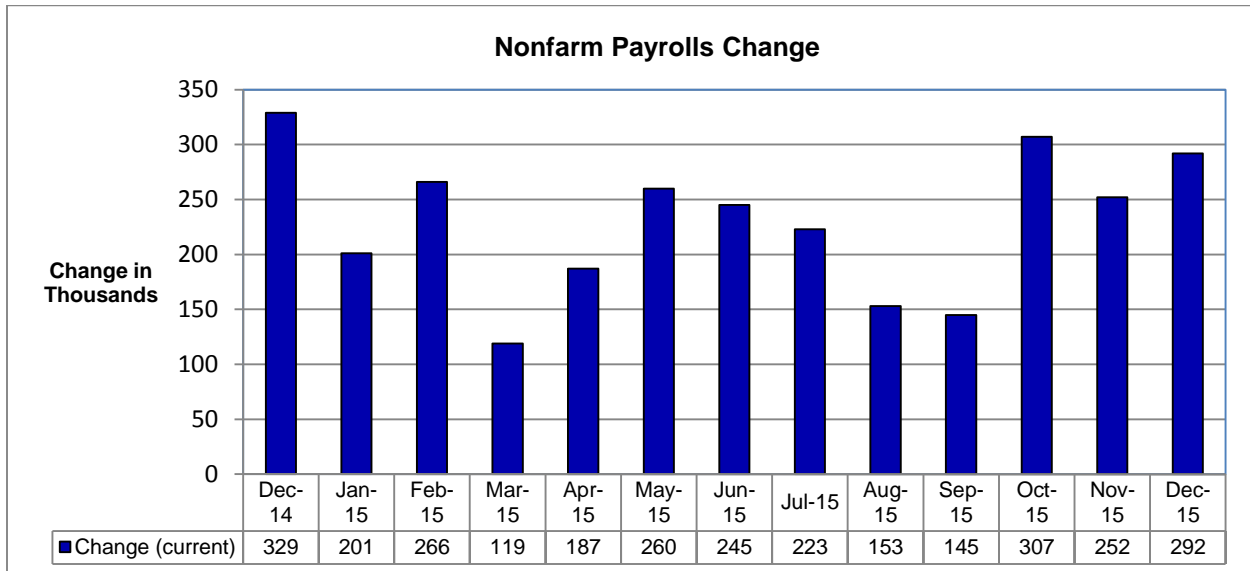
NONFARM PAYROLLS FOR JANUARY, FRIDAY, FEBRUARY 5, AT 8:30 A.M. ET

Nonfarm payrolls are forecast to rise by 189,000 in January after a 292,000 gain in December. Benchmark revisions to the establishment survey data could alter the recent history of payrolls gains, but the data are still likely to show solid gains over the last year. It should be noted that the January blizzard came too late in the month to impact January payrolls, but could have a follow-up impact to February payrolls. The unemployment rate is expected to hold steady at 5.0% in December. Hourly earnings are forecast to rise 0.3% after a flat reading in the previous month, while the average workweek is expected to remain at 34.5 hours.

Over the last 10 years of forecasts for January payrolls, there were eight overestimates and only two underestimates. The absolute average miss across all 10 years was 62,500, larger than the 59,700 average miss for December. This period of overestimates followed a more varied mix in the 1996-2005 period.



The large underestimate in November followed upward adjustments to October and November. After those adjustments, the fourth quarter average gain was 110,000 higher than the third quarter average. After downward revisions were common earlier in 2015, upward revisions dominated the latter half of the year, including the last three month.



PERSONAL INCOME AND PCE FOR DECEMBER, MONDAY, FEBRUARY 1 AT 8:30 A.M. ET

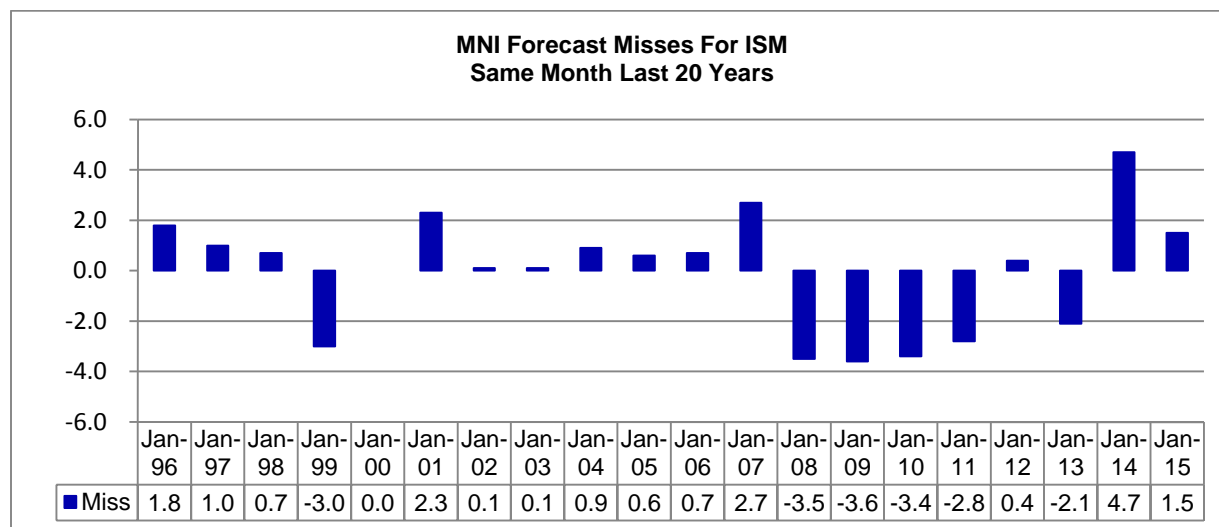
Personal income is expected to rise by 0.3% in December, as payrolls rose by 292,000, but hourly earnings and the average workweek were both unchanged from November. Nominal PCE is expected to rise by only 0.1%, though a decline in the overall prices index would lift real PCE. Retail sales were down 0.1%, both including and excluding a flat reading for motor vehicle sales. The core PCE price index is forecast to post another 0.1% increase.

Inputs To Personal Income and PCE				
	Sep-15	Oct-15	Nov-15	Dec-15
Nonfarm Payrolls Change (in thousands)	145	307	252	292
Private Payrolls Change (in thousands)	165	312	240	275
Average Workweek (in hours)	34.5	34.6	34.5	34.5
Hourly Earnings Percent Change (all workers)	0.1	0.3	0.2	0.0
Retail Sales Percent Change	-0.1	0.0	0.4	-0.1
Non-MV Retail Sales Percent Change	-0.5	0.1	0.3	-0.1
Percent changes in previous reports:				
Personal Income Percent Change	0.2	0.4	0.3	--
Current Dollar PCE Percent Change	0.2	0.0	0.3	--
Core PCE Price Index	0.2	0.0	0.1	--

ISM MANUFACTURING INDEX FOR JANUARY, MONDAY, FEBRUARY 1, AT 10:00 A.M. ET

The ISM manufacturing index is expected to post a reading of 48.3 in January. This month's data will include the annual revisions released on January 29. Regional conditions data released to this point have generally indicated continued weakness. However, the flash Markit estimate rose modestly in the month and the MNI Chicago report hit a 12-month high.

Over the last 20 years, analysts have overestimated manufacturing ISM in January 13 times, with an average miss of 1.35 and underestimated it six times by a larger 3.10 average. The overall absolute average miss was 1.80, roughly unchanged from December. Over the last 10 years, the absolute average miss was a large 2.54, with five overestimates and five underestimates.



CONSTRUCTION SPENDING FOR DECEMBER, MONDAY, FEBRUARY 1 AT 10:00 A.M. ET

December construction spending is expected to post a 0.6% rebound after falling by 0.4% in November. Housing starts declined sharply in the month, suggesting private residential construction may have contracted. Private nonresidential construction is expected to rebound after a decline in November.

DOMESTIC-MADE VEHICLE SALES FOR JANUARY, TUESDAY, FEBRUARY 2

The pace of domestic-made vehicle sales is expected to be around a 13.7 million seasonally adjusted annual rate in January, up modestly from 13.4 million in December. Seasonal adjustment factors will add substantially to unadjusted vehicle sales in January after subtracting from them in December, though the impact of the blizzard in the Northeast at the end of the month was likely a partially offsetting factor on sales.

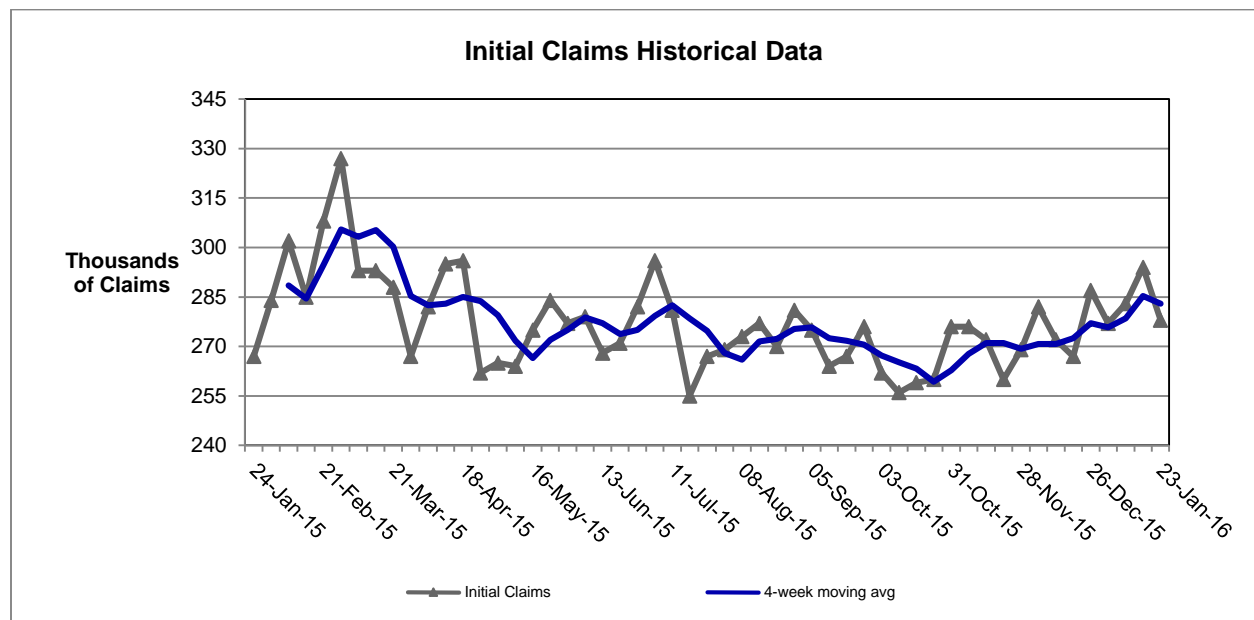
Relevant seasonal adjustment factors			
	Jan-16	Dec-15	Jan-15
Cars	79.36	104.42	83.86
Light Trucks	77.39	119.51	81.65

NONMANUFACTURING ISM FOR JANUARY, WEDNESDAY, FEBRUARY 3, AT 10:00 A.M. ET

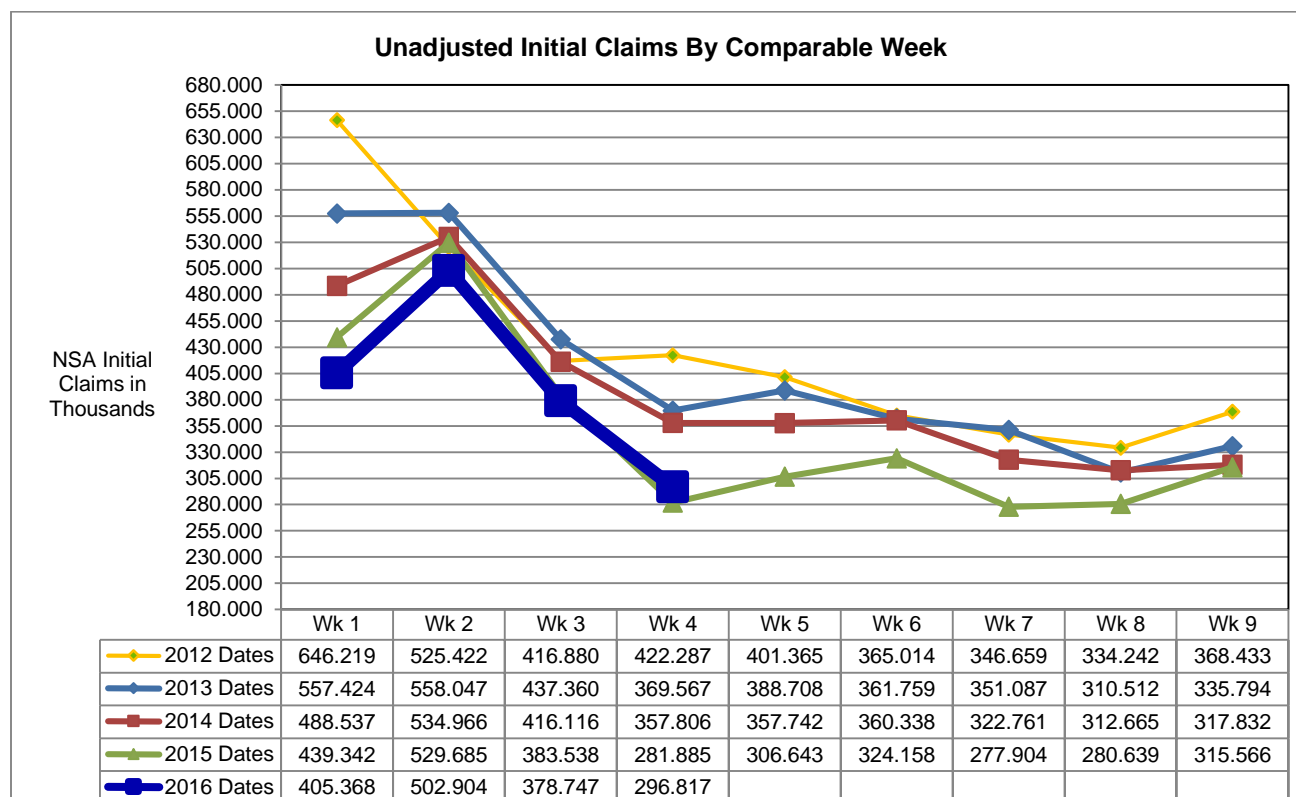
The ISM non-manufacturing index is expected to post a reading of 55.0 in January, suggesting continued expansion. Annual revisions released on January 29 will be included in the data. Regional data from the Richmond and Dallas Fed districts were mixed, while the flash Markit Services index fell to 53.7 from 54.3 in December.

WEEKLY JOBLESS CLAIMS FOR JANUARY 30 WEEK, THURSDAY, FEBRUARY 4, AT 8:30 A.M. ET

The level of initial jobless claims is expected to hold steady at 278,000 in the January 30 week after a decrease of 16,000 in the previous week. The four-week moving average fell by 2,250 to 283,000 in the January 23 week. The average should be roughly unchanged in the current week, rising by only 250 as the 277,000 level in the January 2 week will roll off the four-week average calculation, assuming the MNI forecast is correct and there are no revisions.



Seasonal adjustment factors expect unadjusted claims rebound in the January 30 week after falling by 81,930 in the previous week. In the comparable week a year ago, unadjusted claims rose by 24,758, a larger increase than seasonal adjustment factors had expected, so seasonally adjusted claims rose by 17,000 that week.



PRELIMINARY NONFARM PRODUCTIVITY FOR 4Q, THURSDAY, FEBRUARY 4, AT 8:30 A.M. ET

Nonfarm productivity is expected to fall by 2.0% in the preliminary estimate for the fourth quarter following a 2.2% gain in the previous quarter, as GDP growth slowed dramatically from the third quarter and hours worked growth accelerated. Unit labor costs are expected to surge by 4.0% after rising by 1.8% in the previous quarter.

FACTORY ORDERS FOR DECEMBER, THURSDAY, FEBRUARY 4 AT 10:00 A.M. ET

Factory orders are expected to fall by 2.8% in December, as durable goods orders were already reported as down 5.1% and nondurable goods orders are expected to decline due to soft energy prices. Durables orders were still down 1.2% in the advance estimate excluding a 12.4% plunge in transportation orders, suggesting a negative reading for total factory orders ex-transportation.

INTERNATIONAL TRADE FOR DECEMBER, FRIDAY, FEBRUARY 5, AT 8:30 A.M. ET

The international trade gap is expected to widen to \$43.1 billion in December after narrowing to \$42.4 billion in November. The advance report on goods trade already released for December indicated a widening to a \$61.5 billion gap, with imports up modestly and exports down. Because revisions to the goods deficit have been small between the advance and final readings and the services surplus is usually little changed, a widening in the overall trade gap is possible.

CONSUMER CREDIT FOR DECEMBER, FRIDAY, FEBRUARY 5, AT 3:00 P.M. ET

Consumer credit usage is forecast to post a \$17.5 billion increase in December after a \$14.0 billion gain in November. Retail sales fell 0.1% in the month, both including and excluding motor vehicles, suggesting that revolving credit use was soft. Nonrevolving credit use should be again the core of the overall increase after a smaller than expected reading in November.