



The Daily Dish

May 8th Edition

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This month we will get to see if last month's struggling numbers were an omen or aberration. With only 126,000 jobs created and downward revisions of 69,000 in January and February the public is looking to leave the first quarter behind as quickly as possible. Will April's report leave the cold months behind for higher temperatures (and earnings)? For a reminder, here is a recap of key economic indicators since last month's report:

- The price index of U.S. imports decreased 0.3 percent in March;
- The Producer Price Index for final demand increased 0.2 percent in March;
- The Consumer Price was increased 0.2 percent in March;
- Real average hourly earnings increased 1 cent from February to March;
- Orders for durable goods increased 4.0 percent;
- Consumer Confidence index decreased from 101.4 to 95.2;
- New home sales decreased 11.4 percent in March;
- ISM manufacturing index was unchanged at 51.5 percent in April;
- ISM non-manufacturing increased to 57.8 percent in April;
- ADP reported private-sector employment was up by 169,000 jobs in April.

Eakinomics: April Employment Report

The March jobs report was [awful](#), raising the question of whether it was an omen for a weak outlook or a weather and data aberration. Since then, Bureau of Economic Analysis has [reported](#) that Gross Domestic Product (GDP) grew at an annual rate of only 0.2 percent. Given that we just [learned](#) that in March, the U.S. international trade deficit was \$51.4 billion, up \$15.5 billion from \$35.9 billion in February it is practically guaranteed that GDP growth will be revised into negative territory. This places considerable importance on the April jobs report: will it be a continuation of the weak first quarter performance or a rebound to what seemed a faster trend at the end of 2014. For the last 3 months of 2014, job growth averaged 324,000 a month; it downshifted to 197,000 a month in the first three months of this year.

There has been some data suggesting more trouble. The [ADP Employment Report](#) for April came in below expectations at 169,000 and the March data were revised downward. For April, the [Institute for Supply Management](#) survey of manufacturing was unchanged from March and at the lowest level in a year. The

employment specific index fell 1.7 percentage points to 48.3 percent. This is the lowest since September 2009 and indicates that employment actually fell. The non-manufacturing were a bit stronger, rising 1.3 percentage points to 57.8 percent. The employment index was essentially flat.

The strongest data in the other direction came in the April [Consumer Sentiment Index](#) which ended at 95.9; up 2.9 points from 93.0 in March. Consumers felt better about both current conditions and the outlook for the future.

What does that mean for April? I expect more of the same as in March — the unemployment rate will stay at 5.5 percent and the economy will create 170,000 jobs.

From the Forum

[Pioneer ACOs: Not Exactly a Success](#) by Brittany La Couture, AAF Health Care Counsel

[Breakdown of Part D Drugs with Highest Spending](#) by Jonathan Keisling, AAF Health Care Data Analyst