



## MORNING BRIEFING

October 28, 2020

### Leaning Out

Check out the accompanying [chart collection](#).

(1) Voom = V-shaped boom. (2) Another round of lockdowns more likely under Biden or Trump? (3) Coming soon: more fiscal stimulus and a vaccine. (4) Regional business surveys strong again in October. (5) Capital spending outlook improving along with durable goods orders. (6) Big drop in the unemployment rate. (7) But people are dropping out of the labor force, especially working-age women. (8) Pandemic creates major challenges for working parents. (9) Moms & dads opting to stay at home with the kids. (10) A day in the life of one of our colleagues.

**US Economy: Voom.** The latest batch of economic indicators confirms that the US economy bottomed in April and has been in a “Voom” through October. A Voom is a V-shaped boom. Of course, past performance is no guarantee of future results if the latest wave of the pandemic leads to renewed widespread lockdown restrictions. That could happen nationwide if Joe Biden is the next President and his medical experts tell him to shut it down. It is less likely to happen if Donald Trump is reelected since he mostly ignores the experts. In any event, at least one vaccine is likely to be ready for distribution early next year and so is another round of fiscal stimulus after the election no matter who wins the White House.

For now, we take comfort in October’s regional business surveys conducted by five of the Federal Reserve district banks ([Fig. 1](#)). As Debbie discusses below, the averages of their composite, new orders, and employment indexes were very strong. Also vooming through September are durable goods orders, especially nondefense capital goods orders excluding aircraft ([Fig. 2](#)). That augurs well for capital spending. All these indicators surpassed their February pre-pandemic levels.

**Labor Force I: Dropping Out.** Considering the many challenges for working parents as a result of the pandemic, it is not surprising that those who have the option and can afford it would have one parent leave the workforce to manage the home front. Some parents, especially single ones that could not really afford it, may have been forced to do the same for lack of other options. That’s a major reason why it is important to look at those that have decided to leave the workforce in addition to those counted among the ranks of the employed and unemployed to fully understand the impact of the pandemic on the labor market.

The unemployment rate fell dramatically from a record high of 14.7% during April to 7.9% during September ([Fig. 3](#)). Over this same period, the unemployment rate for women fell from a peak of 15.5% to 7.7%, while for men it fell from 13.0% to 7.4% ([Fig. 4](#)).

But these dramatic improvements in the labor market partly resulted from people dropping out of the labor force and giving up looking for work rather than finding jobs. From January through September, the labor force fell 4.5 million with 25-54 year-old women in the labor force down 1.7 million and 25-54 year-old men down 972,000 million ([Fig. 5](#)). Over the same period, 25-54 year-old women not in the labor force rose 1.6 million, while 25-54 year-old men not in the labor force rose 953,000 million ([Fig. 6](#)). Over this same period, the labor force participation rate is down from 63.4% to 61.4%, with declines from 77.0% to 74.2% for working-age women (25-54 years old) and from 89.3% to 87.7% for men ([Fig. 7](#) and [Fig 8](#)).

Now consider the following related developments:

(1) *Mom's opt out.* In an October 6 virtual [speech](#) for the *National Association for Business Economics*, Federal Reserve Chair Jerome Powell said that measures broader than unemployment may better capture current labor market conditions “by adjusting for mistaken characterizations of job status, and for the decline in labor force participation since February.” Powell also noted in the same speech that the burdens of the downturn have been uneven with the overwhelming burden of childcare during quarantine and distance learning falling mostly on women. Lean In's founder Sheryl Sandberg recently [told](#) CNBC that many working mothers were doing a “double double shift” during the pandemic.

That's likely why a staggering 865,000 women ages 20 and over left the workforce in September compared to 235,000 men in that group, according to a National Women's Law Center [analysis](#) referenced in the CNBC article. Lean In and McKinsey & Company's recent annual “Women in the Workplace” [report](#) found that for the first time in the previous five years of the study, women are leaving the workforce at higher rates than men.

The drop in the female labor force participation rate during the pandemic has been concentrated among the 35 to 44 year-old age-group, which is the most likely group to have multiple young children at home as pointed out by Betsey Stevenson, a professor of public policy and economics at the University of Michigan in a 10/23 [article](#) for the *New Yorker*. Stevenson anecdotally said that “Zoom” school for parents of three children ages 4, 6, and 9, for example, would be difficult for anyone to manage even if both parents were available and working-at-home.

(2) *Childcare constraints.* The childcare issue seems to be paramount. McKinsey recently found that one-quarter of women were considering fewer hours, less demanding work, or leaving the workforce due to Covid-19. A Northeastern [survey](#) conducted between May 10 and June 21 referenced in the *New Yorker* article noted that 13.3% of working parents had lost their job or cut back on their working hours because of a lack of childcare options. The Federal Reserve's 10/21 [Beige Book](#) regional summary for Atlanta stated: “Employers remained concerned about workers' abilities to balance workloads with the demands of childcare and the return to school, in person or virtual.”

(3) *Dads cut back too.* Many working parents, including men and women, have had trouble keeping up with work over the course of the pandemic. Anecdotally, Melissa's local car service repair shop told her during September that repairs to her car would take longer than usual.

That was because they were understaffed recently having had lost several dads to remote learning.

A 10/22 Pew [study](#) observed that fewer parents were working and more parents had cut their hours this year versus last. Pew found that the shares of both mothers and fathers (with children under 18-years-old living at home) who were employed and at work fell, by 5.6ppts and 4.9ppts, respectively from September 2019 to September 2020. Many more moms than dads recently dropped out of the labor force, however, Pew noted. But dads cut back more on their working hours than moms did.

(4) *Long-term damage.* The long-term economic burden resulting from the pandemic may be most significant for the prime-aged individuals who have left the workforce whether by choice or not. Stevenson told the *New Yorker* that the childcare crisis may continue long after the pandemic. The industry is structured among many small providers that are unable to absorb large losses as incurred during the pandemic. Some may close. For others, charging a higher cost of care may be necessary, causing parents to make different decisions about care.

Many working dads have had to cut-back on their hours to take care of the kids, but it seems that the larger burden may fall on working moms who have already left or are considering leaving the workforce. Their professional skills may weaken, causing the loss of relevancy in a fast-paced high-tech world the longer they are out of it. They may miss months, years, or even a lifetime of opportunities for earning income, saving for retirement, and getting promoted. It's not just these women that will be financially impacted, but their families too.

**Labor Force II: Melissa's Story.** The pandemic has upset everyone's lives. It's particularly tough for working parents with children. I asked Melissa to relate her experience as the working mother of two little girls and the wife of a self-employed businessman. Here is her story:

I understand firsthand why so many working parents, especially women, are dropping out of the labor force as discussed above. Our local school was closed due to the pandemic outbreak during March when our daughter was in kindergarten. Initially, remote learning for kindergarten consisted of learning packets whereby parents were expected to walk children through up to two hours of learning per day in addition to special activities including Music, Art, and Physical Education. The lessons were not too challenging and could be done at any time during the week, which was helpful for my preexisting remote work schedule.

Nevertheless, entertaining and meeting the routine daily needs of a six-year old and her six-month old baby sister at the time, has been challenging. I no longer felt comfortable turning to Grandma for extra support given that the virus has more serious consequences for older folks. The nursery school in which we had enrolled our youngest daughter also closed due to the pandemic and remains closed to infants.

Unfortunately, my husband's commercial sign business took a major pandemic hit as his retail, gym, and restaurant clientele stopped all projects. Thankfully, however, he was available to help at home as school started up after summer break for full-time remote learning in mid-

August. But even with two adults at home, albeit one working and one aiming to reestablish a business, the situation has been challenging:

(1) *Tight schedule.* Remote school started out better than expected, but quickly became draining for me and my daughter. Remote classes taught by live teachers are scheduled to the minute in 20-minute-or-so intervals. The classes are all on Microsoft Teams. The kids were taught how to turn the camera on and off, how to use the mute button, and how to raise a virtual hand for a question.

Both the teachers and the children participate as well as they can, but many of the first graders, including my daughter, don't possess the skills to keep track of their schedules and determine what class they needed to join and how.

(2) *Dependent work.* As a result, I have been constantly doing so during the school day. I also found that I needed to sit with my daughter most of the time to aid her understanding and keep her on task. Like many of the kids, she already had fallen behind at the end of the previous school year at the onset of the pandemic.

Interspersed during live instruction, the first grader was instructed to do independent work on a software platform but doing so completely independently was a challenge. My daughter and I were not the only ones challenged by remote school as many other children and parents in the class shared the same frustrations. The school and the teachers were giving remote learning their best effort, but the format just does not lend itself well to teaching young kids.

(3) *Groundhog Day.* From about 7:30 am until 2:00 pm during the week from mid-August to mid-October, I managed remote elementary school while my husband cared for our infant. Then from about 2:00 pm until 5:00 pm, we juggled the kids, the household chores, and my work before preparing dinner, facilitating bath time, and bedtime.

After the kids went to bed, I found myself exhausted, but working as late into the night as possible to keep on top of my work. Before the pandemic, I found that time for leisure, health, or personal growth pursuits was limited, but it became nonexistent with my added pandemic-era responsibilities. It was all about school, the children, and work in a routine-driven mode every day.

(4) *Lucky one.* Thankfully, my boss is very understanding. Also, I already worked remotely on a flexible schedule. I also had the help from my husband. My older daughter also learned to entertain herself after school hours with virtual playdates over FaceTime. Despite being completely wiped out, I consider myself very lucky. I am still relatively able to manage my major responsibilities, while many other family scenarios undoubtedly make that impossible.

I wonder: How must single parents of grade school children with in-person jobs be faring? How about parents of children with disabilities, or health problems? How about parents who are both working full-time from home and juggling the school schedules of multiple children? These situations seem completely unmanageable.

Some parents may have opted to send their child to daycare centers that have reopened since the lockdowns and created programs for older children to plug into their respective classrooms through “virtual learning lounges.” But these programs are expensive and may not seem to make financial sense for many families. That’s especially true for those that have either recently lost their jobs, or income due to the pandemic.

Some families understandably are fearful of contracting the virus because of vulnerable individuals in their households or close family circles. Many continue to play it safe despite the challenges of remote learning even with the option to send their kids back to physical school. In my daughter’s school district, parents were given the opportunity to send their children back to school for face-to-face learning in mid-October. We opted for our daughter to return with masks and social distancing required, but the school reported that 40% of families had opted to continue with remote learning at least for the rest of the semester.

(5) *Once again.* Some families, expecting that the school doors would not remain open for long, may have opted for at-home learning for continuity’s sake. Many parents that sent their kids back to in-person school worry too that their child’s school may close again. It’s already happened at a local high school that had recent Covid cases in my area.

What are parents to do if these closures arise again with no warning and they already have returned to in-person work? Or, if a parent lost their previous job due to the pandemic, would it be worth it for them to find a new one just now given the uncertainty around the virus and childcare?

## CALENDARS

**US:** **Wed:** Advanced Goods Trade Balance, MBA Mortgage Applications, EIA Crude Oil Inventories. **Thurs:** Real GDP 31.0%, GDP Price Index & Core PCED 2.8%/4.0%, Initial & Continuing Claims 775k/7.7m, Pending Home Sales 3.5%, EIA Natural Gas Storage. (DailyFX estimates)

**Global:** **Wed:** BOC Rate Decision 0.25%, BOJ Rate Decision -0.10%, China Communist Party Annual Meeting. **Thurs:** Eurozone Economic Sentiment 89.6, Germany Unemployment Change & Unemployment Rate -5k/6.3%, Japan Unemployment Rate 3.1%, Japan Industrial Production 3.2%, ECB Rate Decision & Deposit Facility Rate 0.0%/-0.5%, European Council Video Conference. (DailyFX estimates)

## STRATEGY INDICATORS

**MSCI World & Region Net Earnings Revisions** ([link](#)): Analysts’ recent earnings revisions through October continues to suggest greater optimism about US profits and fewer worries

about the rest of the world. The US's NERI was positive in October for a third straight month after 14 negative readings, rising to a 31-month high of 15.5% from 14.0% and is up from an 11-year low of -36.9% in May. It remains well below its corporate-tax-rate-cut-boosted record high of 21.8% in March 2018. The AC World ex-US MSCI's NERI was positive for the first time in 31 months, rising to a 32-month high of 0.6% from -0.6%, which compares to an 11-year low of -23.9% in May. Most of the Europe-centric indexes outside of the British isles still have negative NERIs, but improved m/m. Here are October's scores among the regional MSCIs: US (15.5% in October [31-month high], up from 14.0% in September), AC World (4.4 [31-month high], 3.1), EM Asia (2.3 [highest since January 2011], 1.5), Emerging Markets (2.1 [highest since January 2011], 1.2), EM Eastern Europe (1.0, 1.6 [21-month high]), AC World ex-US (0.6 [32-month high], -0.6), EM Latin America (0.1 [51-month high], -2.1), Europe (-0.6 [25-month high], -2.0), Europe ex-UK (-1.0 [25-month high], -2.8), EAFE (-2.4 [25-month high], -4.3), and EMU (-3.2 [24-month high], -4.9).

**MSCI Countries Net Earnings Revisions** ([link](#)): NERI was positive for 22/44 MSCI countries in October, up from 18/44 in September and compared to zero from April to June. October's count is the highest since 24/44 countries were positive in March 2018. NERI improved m/m in October for 27/42 countries, down from 38/42 in September and a record-high 42/44 countries improving in August. Among the countries with improving NERI in October, Ireland was the highest since May 2007 (162 months), India since October 2009 (132), Sweden and Korea since January 2011 (117). Seventeen countries had NERIs drop m/m; New Zealand dropped to a 13-month low and the remaining 16 were at two-month lows. Among the 22 countries with positive NERI, nine have been positive for three-months. Mexico's NERI has been negative for 48 straight months, followed by the 31-month negative streaks of Indonesia, Malaysia, and Thailand. These six countries had NERI turn positive m/m: Austria, Brazil, Germany, Pakistan, Peru, and Switzerland. The highest NERI readings in October: the US (15.5%), Ireland (14.5), Sweden (13.0), Canada (11.7), Taiwan (9.9), and India (8.8). The weakest NERIs occurred this month in Hong Kong (-14.5), Spain (-12.1), Portugal (-11.8), Chile (-11.6), and Thailand (-10.7).

**AC World ex-US MSCI** ([link](#)): This index has risen 1.5% in dollar terms so far in October, but is down 5.8% ytd. In local-currency terms, the index is up a much lower 0.7% in October to a slightly worse 7.0% decline for 2020 to date. The US dollar price index is up 41.8% since its March 23 low but is still in a correction at 13.2% below its cyclical high in January 2018. It had been down as much as 38.8% on March 23. The local-currency price index is up 31.0% since its March 23 low but is now out of a correction at 9.3% below its record high on January 2020.



It had been down as much as 30.8% on March 23. Local-currency forward revenues has risen 2.2% since it bottomed at the end of July at 11.9% below its record high of May 2019. Local-currency forward earnings has gained 6.6% since it bottomed in late July at 26.8% below its record high of October 2018. Revenues are expected to fall 6.3% in 2020 and rise 8.2% in 2021 following a gain of 2.2% in 2019, and earnings are expected to fall 22.4% (2020) and rise 36.5% (2021) after falling 6.2% (2019). The industry analysts' sales forecasts imply short-term 12-month forward revenue growth (STRG) of 4.8% and short-term 12-month forward earnings growth (STEG) of 22.9%, compared to 4.1% and 10.0% before Covid-19 hit the news. These measures bottomed at -0.1% and -0.3%, respectively, at the end of May. The profit margin implied by analysts' earnings and revenue estimates calls for a drop to 5.8% in 2020 from 7.0% in 2019, and an increase to 7.4% in 2021. The forward profit margin forecast of 7.0% is up from a 10-year low of 6.6% at the end of May but is down from a nine-year high of 8.3% in October 2018. The Net Earnings Revision Index (NERI) for the AC World ex-US MSCI was positive in October for the first time in 31 months. It improved for a fifth month to a 32-month high of 0.6% from -0.6% and compares to an 11-year low of -23.9% in May. That compares to a 76-month high of 2.7% in May 2017. Due to substantially lower forward earnings, the forward P/E of 16.2 remains near its 18-year high of 17.0 in late July but drops to 14.7 using normalized forward earnings. Those readings are up from their March lows of 10.8 and 10.2, respectively. The index's current 17% discount to the World MSCI P/E remains near its record low 19% discount during March.

**EMU MSCI** ([link](#)): The EMU's MSCI price index is down 0.5% in dollar terms so far in October and down 10.1% for 2020 to date. In euro terms, the price index is down 1.2% in October, compared to a 14.6% decline ytd. The US dollar price index is up 40.0% since its March 23 low but is still in a correction at 18.7% below its cyclical high in January 2018. It had been down as much as 41.9% on March 23. The local-currency price index is up a sharply lower 27.6% since its March 23 low and still in a correction at 18.0% below its cyclical high on February 19. It had been down as much as 35.7% on March 23. The US currency price index remains a whopping 35.3% below its record high in October 2007, while the local price index is down 27.0% from its March 2000 record high. Consensus forward revenues has risen 0.8% since its bottom in mid-September. Euro-based forward revenues is now 12.0% below its five-year high in November 2018. Euro-based forward earnings has gained 6.6% since it bottomed in late July at 32.4% below its cyclical high in November 2018. However, it's still down 39.2% from its record high in January 2008. Analysts expect revenues to fall 7.4% in 2020 and rise 6.3% in 2021, compared to a 2.4% gain in 2019. They're looking for earnings to fall 38.4% in 2020 and rise 52.7% in

2021 following a drop of 4.8% in 2019. Forecasted STRG of 4.1% is at a three-year high and up from a record low of -0.9% at the end of April. It's now above the 3.2% expected before Covid-19 and also compares to a six-year high of 5.0% in April 2017. Forecasted STEG of 31.0% is at a 17-year high and up from a record low of -6.7% at the end of April. That compares to 9.9% before Covid-19 and a 78-month high forecast of 21.0% during February 2017. The forward profit margin of 6.2% is up from a record low of 6.0% at the end of July, but down from 7.7% before Covid-19. That compares to a nine-year high of 7.9% in January 2019. The implied profit margin is expected to drop from 7.0% in 2019 to 4.6% in 2020 before improving to 6.6% in 2020. NERI was negative in October for a 25th straight month and in 35 of the past 38 months. NERI improved for a fifth month to a 24-month high of -3.2% from -4.9% in September and a record low of -35.9% in May. That compares to an 11-year high of 8.1% in May 2017. The forward P/E of 17.1 remains close to its 18-year high of 18.3 in late July due to substantially lower forward earnings but drops to 15.1 using normalized forward earnings. Those readings are up from their March lows of 10.2 and 9.7, respectively. The index's current 12% discount to the World MSCI P/E has improved from an eight-year-low 18% discount during March. That compares to a record-low 25% discount during 2011 and is well below the 1% premium during April 2015—the post-euro-inception record high.

**Emerging Markets MSCI ([link](#)):** The EM MSCI price index has risen 4.5% in US dollar terms so far in October to a gain of 1.4% ytd. In local-currency terms, EM is up 3.5% in October and has risen 4.4% ytd. The US dollar price index is up 49.1% since its March 23 low, but still in a correction at 11.2% below its cyclical high in January 2018. It had been down as much as 40.4% on March 23 from its cyclical high. The local-currency price index is up 43.5% since its March 23 low to only 2.5% below its record high in January 2018. It had been down as much as 32.1% on March 23. Local-currency forward revenues has risen 5.2% since its bottom in early June but is still down 9.6% from its record high in May 2019. Local-currency forward earnings is up 9.0% since its bottom in mid-June but remains 15.7% below its record high in October 2018. Revenues are expected to decline 1.2% in 2020 and rise 11.1% in 2021 from a 5.5% gain in 2019. That's expected to lead to an earnings decline of 8.9% in 2020 and a gain of 32.8% in 2021, following a 2.3% drop in 2018. Forecasted STRG of 8.8% is up from a five-year low of 3.6% at the end of April, which compares to a four-year high of 9.6% in January 2017. STEG has risen from a 14-month low of 7.5% in April to a 10-year high of 24.5%. The implied profit margin is expected to drop from 6.1% in 2019 to 5.6% in 2020 before improving to 6.7% in 2021. The forward profit margin of 6.5% is up from a four-year low of 6.1% at the end of May and compares to a six-year high of 7.4% in April 2018 and a 10.3% record high in December



2007. NERI was positive in October for a second month and improved for a fifth month to a 117-month high of 2.1% from 1.2% in August and compares to an 11-year low of -18.7% in May. NERI had been positive for only three months through January 2018 after 80 months of negative readings through October 2017. Emerging Markets' forward P/E of 14.6 is near the highest level since 2008 due to sharply lower forward earnings but drops to 13.3 using normalized forward earnings. That's up from those figures' March lows of 10.1 and 9.3, respectively. The index is trading at a 25% discount to the World MSCI P/E, which is near the biggest discount of the past 14 years.

## US ECONOMIC INDICATORS

**Durable Goods Orders & Shipments** ([link](#)): Both core capital goods orders and shipments have bounced further above their pre-pandemic levels, while total durable goods measure is within 3.7% of its pre-Covid reading. Nondefense capital goods orders ex aircraft (a proxy for future business investment) advanced for the fifth month, by 1.0% in September and 12.1% over the period, while core capital goods shipments (used in calculating GDP) increased 0.3% and 10.5% over the comparable periods. The latter rebounded 28.8% (saar) during Q3, suggesting a big double-digit rebound in real capital spending during Q3 from Q2's 21.3% plunge. Orders for total durable goods also climbed for the fifth month, advancing 1.9% in September and 41.5% over the period. Motor vehicle & parts orders, a big contributor to the April to July rush in overall orders, was back in positive territory in September rising 1.5%, after a 4.1% dip in August; these orders are up a whopping 182.7% since April (5.0% above its pre-pandemic level). Excluding transportation, orders climbed 0.8% in September and 13.1% the past five months, more than recovering its COVID-related decline.

**Regional M-PMIs** ([link](#)): We now have five Fed districts (New York, Philadelphia, Kansas City, Dallas, and Richmond) reporting on manufacturing activity for October and they show the manufacturing sector expanded at its fastest clip since September 2018, led by a sharp acceleration in the Philadelphia region. The composite index climbed to 20.9 this month, improving every month since April's record low of -58.6. Activity in the Philadelphia (to 32.3 from 15.0) region accelerated at its fastest pace in eight months, with Richmond's (29.0 from 21.0) the fastest on record and Dallas' (19.8 from 13.6) the best since October 2018. Meanwhile, growth in the Kansas City (13.0 from 11.0) region was only slightly faster than September, while New York's (10.5 from 17.0) slowed—though remained at a respectable rate. New orders (to 26.6 from 19.5) accelerated at the fastest pace since May 2018, with this month's rate double August's pace. Once again, Philadelphia (to 42.6 from 25.2) led the gain,

with billings posting the fastest growth since the 1970s, while Richmond's (32.0 from 27.0) matched its best rate since 2005; Kansas City's (26.0 from 23.0) was back up at August's pace—which was the fastest since May 2018. Growth in billings in the Dallas (19.9 from 14.7) and New York (12.3 from 7.1) regions was also faster, though not as robust as the other three regions. In the meantime, factories added to payrolls at roughly the same pace as last month, ticking down to 12.1 from 12.6 in September. Philadelphia (to 12.7 from 15.7) and Dallas (8.7 from 14.5) manufacturers hired at a slower pace than last month, while Kansas City's (9.0 from 7.0) and New York's (7.2 from 2.6) hired at a slightly faster pace—though were south of Philadelphia's pace. Richmond's reading was unchanged at September's 25-month high of 23.0.

**Consumer Confidence** ([link](#)): A new wave of coronavirus cases across the country pushed consumer confidence slightly lower in October. “Consumers assessment of current conditions improved while expectations declined, driven primarily by a softening in the short-term outlook for jobs,” according to the Conference Board’s Lynn Franco. “There is little to suggest that consumers foresee the economy gaining momentum in the final months of 2020, especially with Covid-19 cases on the rise and unemployment still high,” she noted. The Consumer Confidence Index (CCI) slipped to 100.9 this week after rebounding 15.0 points in September to a six-month high of 101.3; it was at 132.6 in February. The present situation component of the CCI climbed for the second month, to a seven-month high of 104.6, after sliding from 95.9 in July to 85.8 in August, while the expectations component sank to 98.4 after rebounding 16.3 points in September to 102.9. Consumers’ assessment of present-day conditions improved slightly this month: The percentage of consumers claiming business conditions are good (to 17.5% from 17.6%) was little changed from September’s five-month high, while those claiming business conditions are bad (33.9 from 37.0) fell to seven-month low. Consumers’ appraisal of the current job market was also favorable. The percentage of consumers saying jobs are plentiful (to 26.5% from 23.6%) climbed to a seven-month high, while the percentage claiming jobs are hard to get (19.9 from 20.3) fell to a seven-month low. Meanwhile, the consumer’s short term outlook deteriorated a bit this month: The percentage of consumers expecting business conditions to improve (to 36.3% from 36.7%) held steady this month, while those expecting business conditions to worsen (17.0 from 15.8) rose; 46.7% expect things to remain the same—a four-month low. Consumers’ outlook for employment showed the percentage expecting more jobs (to 33.2% from 32.9%) was slightly higher, though the percentage expecting fewer jobs (20.2 from 16.1) increased; 46.6% expect employment conditions to remain the same, down from 51.0% last month. Worth noting, those expecting more jobs is

within 8.0ppts of April's record high of 41.2%.

Contact us by [email](#) or call 480-664-1333.

Ed Yardeni, President & Chief Investment Strategist, 516-972-7683  
Debbie Johnson, Chief Economist, 480-664-1333  
Joe Abbott, Chief Quantitative Strategist, 732-497-5306  
Melissa Tagg, Director of Research Projects & Operations, 516-782-9967  
Mali Quintana, Senior Economist, 480-664-1333  
Jackie Doherty, Contributing Editor, 917-328-6848  
Valerie de la Rue, Director of Institutional Sales, 516-277-2432  
Mary Fanslau, Manager of Client Services, 480-664-1333  
Sandy Cohan, Senior Editor, 570-775-6823

Copyright (c) Yardeni Research, Inc. Please read complete [copyright and hedge clause](#).