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The Core US Economy At-a-Glance



June 2019
▼
Report

June 2019 Report

	12/12	12MMT/A	Current	2019	2020	2021	Highlights
US Industrial Production			3.7	0.5	0.7	2.0	The 12MMA will peak around the third quarter before declining into early next year.
US Nondefense Capital Goods New Orders			5.1	-0.6	4.4	4.1	New Orders will decline in the second half of this year and in early 2020.
US Private Sector Employment			2.0	1.6	1.3	2.0	Employment will rise throughout the length of this forecast, but the pace of growth will slow imminently.
US Total Retail Sales			4.2	2.4	3.1	3.0	The current slowing growth trend will persist into mid-2020.
US Wholesale Trade of Durable Goods			6.4	2.1	3.1	6.4	Wholesale Trade will rise at a slowing pace during the remainder of 2019 and in the first half of 2020.
US Wholesale Trade of Nondurable Goods			5.6	-0.2	2.2	5.9	Wholesale Trade will be relatively flat into the middle of next year.

Note: Forecast color represents what Phase the market will be in at the end of the year.

Phase Key



Phase A:
Recovery



Phase B:
Accelerating Growth



Phase C:
Slowing Growth



Phase D:
Recession

Summary

The majority of our measures of the core economy are trending along the back side of the business cycle. US Industrial Production is unlikely to rise much further this year. The Manufacturing, Mining, and Utilities components are all in Phase C, Slowing Growth, trends. Similarly, US Nondefense Capital Goods New Orders (excluding aircraft) will likely transition to a declining trend imminently. US Total Retail Sales are slowing in their pace of growth. We do not expect the consumer sector to enter a recession during this business cycle, but firms closely tied to Retail Sales should invest with caution for the next several quarters. US Wholesale Trade of Durable Goods will likely slow in its pace of growth into mid-2020, while activity in the Nondurable Goods sector will be relatively flat during that time. US Private Sector Employment has transitioned to Phase C, Slowing Growth. Even as the business cycle turns downward, conditions in the labor market will remain tight. Therefore, ensure that you have competitive compensation packages to attract new workers and retain your top performers.

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The Financial US Economy At-a-Glance



June 2019 Report

June 2019 Report

	12/12	12MMA	Current 12/12	2019	2020	2021	Highlights
US Stock Prices			6.5				Prices returned to a cyclical declining trend during a weaker-than-typical May.
US Consumer Price Index			2.3	1.7	1.7	2.5	Prices will rise at a slowing pace through the remainder of this year and the first half of next year.
US Producer Price Index			2.5	0.5	1.8	3.3	Slowing rise will persist into mid-2020.
	3/12	3MMA	Current 3MMA	2Q19	3Q19	4Q19	
US Government Long-Term Bond Yields (%)			2.35	2.23	2.22	2.32	We revised our forecast for Bond Yields downward. Yields will be relatively flat this year.
US Natural Gas Futures Prices (\$ per MMBtu)			2.57	2.55	2.48	2.64	We revised our forecast for Prices downward. Decline will persist into late this year.
US Crude Oil Futures Prices (\$ per barrel)			59.40	61.12	55.32	57.49	Prices will likely oscillate near the current level for the next few months.
US Steel Scrap Producer Price Index (12/12)			8.0*	1.1	-5.8	-12.4	Prices will decline throughout this year.

*US Steel Scrap Producer Price Index is listed as 12/12 rates-of-change instead of three-month moving averages.

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Phase Key



Phase A:
Recovery



Phase B:
Accelerating Growth



Phase C:
Slowing Growth



Phase D:
Recession

Summary

The S&P 500 12/12 resumed its declining trend in May after rising in April. Prices have rebounded in early June, but it is too early to confirm a cyclical rising trend. We revised our forecast for Bond Yields downward. Yields will likely be relatively stable near the current level throughout 2019. Both Consumer and Producer Prices will rise at a slowing pace into 2020. US Natural Gas Prices will likely decline mildly into late this year. Meanwhile, US Crude Oil Prices will likely oscillate near the current level. US Steel Scrap Producer Prices will fall through this year. If your input prices fall this year, consider passing on some of your savings to your customers to ensure that your prices remain competitive.

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The Manufacturing US Economy At-a-Glance



June 2019 Report

June 2019 Report

	12/12	12MMT/A	Current 12/12	2019	2020	2021	Highlights
US Metalworking Machinery New Orders			-6.8	-8.4	3.9	2.8	We revised our forecast downward. New Orders will decline into 2020.
US Industrial Machinery New Orders			0.9	-1.7	9.7	-0.6	New Orders will decline mildly during the second half of 2019.
US Construction Machinery New Orders			3.7	-4.9	6.6	3.2	Spending will generally decline this year before rising next year.
US Electrical Equipment New Orders			4.6	0.4	0.5	4.0	New Orders will peak imminently before then declining into mid-2020.
US Computers & Electronics New Orders			7.0	-1.2	4.4	2.8	Spending will decline in the latter half of this year before rising through most of 2020.
US Defense Capital Goods New Orders			20.6	4.6	16.8	-8.9	New Orders will plateau during the remainder of 2019 before growth resumes next year.
North America Light Vehicle Production			-0.2	-4.3	5.8	0.8	Decline will persist into the second half of 2020.
US Oil & Gas Extraction Production			15.9	8.7	2.7	6.0	Activity will expand through 2021, although the pace of growth will slow through the remainder of this year and much of next year.
US Mining Production (excluding oil & gas)			-0.2	-0.7	-0.9	1.2	Production will decline through the remainder of 2019 and during much of 2020.
US Chemicals & Chemical Products Production			3.7	0.4	-0.3	2.1	Decline will take hold in the second half of 2019 and persist through much of next year.
US Civilian Aircraft Equipment Production			4.7	10.2	-1.5	-1.1	Activity will rise into early next year before then declining into mid-2021.
US Medical Equipment & Supplies Production			1.8	4.3	-2.5	1.3	Production will grow into early next year.
US Heavy-Duty Truck Production			17.3	3.8	-2.3	12.6	Activity will peak around the middle of the year before declining into the second half of 2020.
US Food Production			2.0	0.0	1.6	1.1	Production will plateau into the middle of 2020.

Note: Forecast color represents what Phase the market will be in at the end of the year.

Phase Key
 Phase A: Recovery

Phase B: Accelerating Growth

Phase C: Slowing Growth

Phase D: Recession

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The Construction US Economy At-a-Glance





June 2019 Report 

June 2019 Report

	12/12	12MMT	Current 12/12	2019	2020	2021	Highlights
US Single-Unit Housing Starts			-0.8	-2.1	8.0	1.4	This market recently entered Phase D, Recession, but will recover later this year.
US Multi-Unit Housing Starts			-2.3	-9.2	-6.9	2.3	Starts will decline through the rest of 2019 and into mid-2020.
US Private Office Construction			9.4	9.6	0.3	8.7	Activity will generally rise through 2021.
US Total Education Construction			4.5	7.5	1.3	4.3	Construction will rise this year before plateauing next year.
US Total Hospital Construction			1.7	-3.0	-0.9	5.5	Construction will decline through the remainder of this year and the majority of next year.
US Private Manufacturing Construction			1.6	13.5	-2.4	0.3	Spending will rise this year and into early 2020.
US Private Multi-Tenant Retail Construction			-17.4	0.8	6.5	-4.2	Construction will enter a recovery trend in the second half of this year.
US Private Warehouse Construction			9.8	11.4	11.8	7.1	We revised our forecast downward. Spending will rise through at least 2021.
US Public Water & Sewer Facilities Construction			11.4	-1.2	2.4	2.3	Spending will decline during the latter half of this year.

Note: Forecast color represents what Phase the market will be in at the end of the year.

Phase Key

 **Phase A: Recovery**
 **Phase B: Accelerating Growth**
 **Phase C: Slowing Growth**
 **Phase D: Recession**

Summary

Much of the nonresidential construction sector will expand this year. US Private Manufacturing Construction, US Private Warehouse Construction, and US Private Office Construction will likely rise at the fastest rates out of all the construction segments included in this report. US Public Water and Sewer Facilities Construction is currently an area of strength, but we expect contraction to take hold during the latter half of the year. Meanwhile, US Private Multi-Tenant Retail Construction is an area of weakness, but this market will likely recover this year. The residential sector is underperforming the nonresidential sector. Both Single-Unit and Multi-Unit Housing Starts will end 2019 below the 2018 level. Firms in the construction sector should look to the nonresidential sector for opportunities this year. We anticipate business cycle decline for much of the construction sector in 2020. Business cycle rise will resume in 2021.