

## Economy Steady Amid Political Sea Change

Despite momentous mid-term U.S. election results in early November that augur a possible change in the political climate, little has changed in the nation's economic trajectory. Recent data releases offered a mixed bag of positive and negative news, but on net leaned positive. For example:

- **Employment** – Non-farm payrolls increased by 214,000 in October, below expectations. The unemployment rate ticked down to 5.8% thanks (for a change) to increased employment instead of people dropped out of the labor force. Construction added 12,000 jobs while manufacturing added 15,000. However, over 60% of all non-farm jobs created were in sectors that generally command below-average wages. In fact, the number of bartenders and wait staff is close to [converging](#) with the number of manufacturing workers. On a brighter note, combined employment gains in August and September were 31,000 more than previously reported.

- **International Trade** – The U.S. goods-and-services deficit jumped to \$43.0 billion, from \$40.0 billion in August. That increase in the trade deficit likely will “ding” 3Q GDP growth. [Excluding petroleum](#), the deficit rose to \$48.3 billion, the second-highest level ever. U.S. [softwood lumber](#) exports increased 3.6% YTD relative to the same period in 2013, while imports were up 10.3%. U.S. exports of [pulp, paper and paperboard](#) declined by 0.7% YTD from the same months in 2013; meanwhile, imports increased 2.9%.

- **Construction** – Overall [construction spending](#) fell by 0.4% during September (well below [expectations](#) of +0.7%), to a SAAR of \$950.9 billion. The public construction category led the decrease in both absolute (-\$3.5 billion) and percentage (-1.3%) terms.

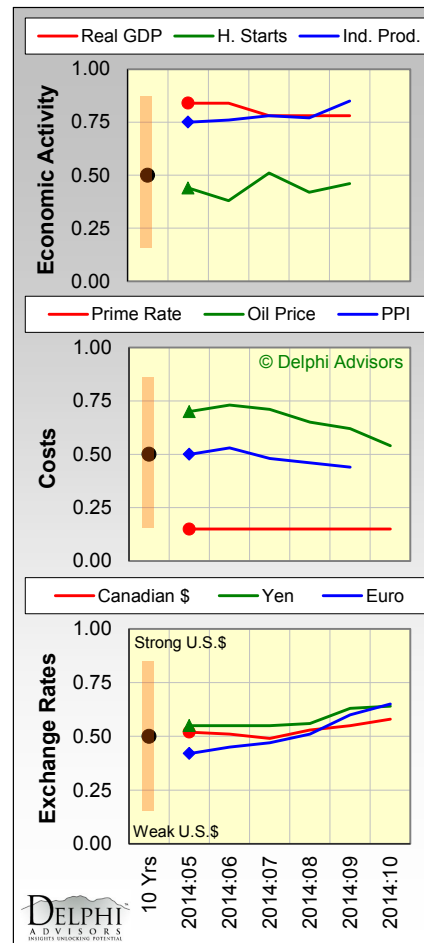
Total [housing starts](#) advanced 6.3% in September (+18.9% from a year earlier). Nearly nine-tenths of September's increase in total starts occurred in the multi-family component. Total permits increased 1.5% (+7.8% from a year earlier). The permit increase occurred entirely in the multi-family component, as single-family permits inched lower in September.

September [sales](#) of new single-family homes edged up 0.2% (+22.6% from a year earlier), to a SAAR of 467,000 units – a six-year high. Data for August was revised down, however, from 504,000 to 466,000 units. Meanwhile, the median price of new homes sold fell to \$259,000 (-\$27,800 or 9.7%).

Existing home sales advanced to 5.17 million units SAAR (+2.4% relative to August; +1.9% from a year earlier). The median price of previously owned homes sold in September dropped again (-\$8,700 or 4.0%) to \$209,700.

- **Manufacturing** – Industrial production increased 1.0% in September (+4.3% from a year earlier), and advanced at an annual rate of 3.2% in 3Q2014 – roughly its average quarterly increase since YE2010. Manufacturing output moved up 0.5% in September, or an annual rate of 3.5% for 3Q as a whole. Wood Products output fell by 0.8% while Paper rose 0.2%.

This report is a compilation of articles posted on our [website](#); those articles relate recent economic developments to the U.S. forest products sector in much greater detail. ■



Previous six month's behavior of macroeconomic variables indexed relative to their historical 10-year min, max and average (lower and upper ends of the orange bars, and black dots, respectively)