

have sent all our manufacturing jobs overseas. Rubbish. Did you know that the number of job openings in the U.S. in manufacturing is the highest it has been in over 8.5 years (three-month moving average basis), and we are just shy of April's 15-year high in job openings?

Wages in many industries are at, or near, record-high levels, and that includes manufacturing. The average hourly wage of manufacturing employees in July is virtually even with the May record high (it is normal for the summer numbers to weaken slightly).

Lastly, Foreign Direct Investment is showing a positive inflow into the U.S., and the latest number is above the 20-year average. That means more companies are coming in than are moving out. Manufacturing in the U.S. is just four percent below the June 2007 record high (monthly data trend).

You may be hearing other things that make you wonder about the health of the economy. I look forward to talking with you about them all when we meet in November. See you then! **CS**

which will support double-digit growth in the single-unit market through year end. The U.S. multi-unit market is experiencing turbulence as permit issuances in the second quarter contracted by almost double digits from one year ago. However, leading indicator inputs signal the downturn will be short-lived.

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It is important that you stay optimistic about 2017 and plan accordingly. Brexit is not going to hurt you and China is not likely to fall apart and throw the world into recession in the next 6-12 months. Oil prices are not going to spike to injurious levels unless we see an incredible amount of terrorist activity, or extremely disruptive acts of God, over the next few quarters.

There is an incredible amount of rhetoric making the rounds as we near November. One of my favorites is that we don't manufacture anything here anymore and we

The Personal Consumption Expenditure for Hand Tools fell at a steeper-than-normal clip of -0.7 percent from March to June, and some softness in orders may have shown up at your company. The difficult second quarter was the result of an absolutely terrible May, which posted the steepest April-to-May drop in 36 years. The good news is that the June rise was the best on record at 2.9 percent.



BEAULIEU

The monthly volatility does not help anyone's planning process. ITR's rates-of-change methodology smooths out the noise and leaves us with a better indication of business cycle momentum. Through June, the rate-of-change is moving higher with a healthy 4.5 percent (12-month growth rate). STAFDA members should expect more demand from consumers in the coming quarters. We will look at consumer trends in terms of how strong and how long at the annual meeting in Atlanta on Nov. 8th.

U.S. single-unit housing starts decelerated through mid-year, in line with our expectations. Signs of encouragement emerged recently as luxury home sales regained a trend of accelerating rise,

2017 ECONOMIC PREVIEW

GET READY TO ROLL IN 2017!

The 2017 cycle holds the promise of better days, and it has nothing to do with who wins the Presidential election. Our studies show that the economy will move in response to normal business-cycle pressures, as signaled by leading indicators, and it will not be moved higher or lower based on a November win for either party.

The good news for STAFDA members is that all our leading indicators are moving higher. The preponderance of evidence supports our long-standing forecast of a strong U.S. economy and healthy consumer activity in 2017. That bodes particularly well for STAFDA members.

Consumers are in a good place, though the rate of rise in retail sales (deflated, without gasoline) is decelerating. This is most likely the result of a decline in the average hours worked in the private sector over the last few months, which in turn, slows the growth in Total Personal Income. The leading indicators are suggesting that the industry will be asking for more hours later this year and in 2017, boosting incomes and consumer spending.

WHEN AND WHERE

Renowned economist Alan Beaulieu, president of the Institute for Trend Research, will present his annual economic update and 2017 preview for STAFDA members on **Tuesday, Nov. 8** from **8:00 to 10:00 a.m.**

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