IT'S THE LITTLE THINGS IN LIFE THAT MAKE THE DIFFERENCE

Another week has come and gone and, by all appearances, things are looking as though, internationally, there is little about which to worry.

That would be completely wrong.

As **TARGET** () has said, many times in the past, it is the little things in life that make the difference.

One of the *'little'* things that came to light at the tail end of last week was a report from The Bureau of Labour Statistics with regard to mass layoffs, during the month of June.

That report was released, last Friday, July 23, 2010.

(A mass layoff is defined as being at least 50 people, being sacked from a single employer.)

In June, the number of mass layoff actions in the US numbered 1,647, resulting in 145,538 workers, seasonally adjusted, being given their walking papers.

The number of mass layoff events increased in June by 235, Month-On-Month.

The number of associated claims in respect of these mass-layoff events increased by 9,749 in June.

A total of 298 mass-layoff events were recorded in the manufacturing sector of the US economy, resulting in 29,384 Initial Claims for Unemployment Insurance.

In respect of the 31 months, from December 31, 2007, through to June 30, 2010, the total number of mass layoff events, seasonally adjusted, was 61,852.

The associated number of Initial Claims for Unemployment Insurance was 6,213,880.

Unemployment in the US for the month of June was down to 9.50 percent, seasonally adjusted, a drop of about 2.06 percentile points, compared with May's statistic.

More important, perhaps, was that the unemployment rate appears to be static, at this juncture – unchanged from the 9.50-percent figure, recorded in June of 2009.

The manufacturing sector of the US economy accounted for about 11 percent of the mass layoffs of June and about 12 percent of the Initial Claims for Unemployment Insurance.

The above is, just about, a comprehensive account of the Release of The Bureau of Labour Statistics.

What was not stated, of course, was how many US workers are unemployed and have not registered for work, having given up, completely, looking for employment.

Alternatively, these unemployed workers have found ways and means of earning money, ways and means that they, normally, would not have considered, but keeping the creditor wolves away from their doors is paramount.

The Conference Board

The other *'little'* thing, last week, was the release of the figures in respect of The Conference Board Index of Leading Indicators.

It fell by about 0.20 percent in June, Month-On-Month.

That was the second decline in 15 months.

In April, the Conference Board Index dropped by about 0.10 percent, rebounding in May by 0.50 percent.

A shorter working week on assembly lines and in offices and lower, stock-market prices were said to have contributed, greatly, to the fall in The Conference Board Index for the month of June.

It seems very clear that the pace of economic recovery in the US is on the wane, at least for the next few months … and, probably, until the end of the year, at least, by the looks of things, today.

In effect, the US economy has not just hit a *'soft spot'*, as some economists like to say, but a probable sinkhole.

Time will tell if that is the case.

What is indicated appears to be that there is a problem in the US labour market; there is a problem in the manufacturing sector of the US economy; and, the US economy is finding the going difficult due to, among other things, to the eurozone crises.

Last Wednesday, Dr Ben S. Bernanke, the Chairman of the US Federal Reserve, testifying before The Committee of Banking, Housing and Urban Affairs of the US Senate in Washington, D.C. said, inter alia:

> *'… An important drag on household spending is the slow recovery in the labor market and the attendant uncertainty about job prospects. After two years of job losses, private payrolls expanded at an average of about 100,000 per month during the first half of this year, a pace insufficient to reduce the unemployment rate materially. In all likelihood, a significant amount of time will be required to restore the nearly 8-1/2 million jobs that were lost over 2008 and 2009. Moreover, nearly half of the unemployed have been out of work for longer than six months. Long-term unemployment not only imposes exceptional near-term hardships on workers and their families, it also erodes skills and may have long-lasting effects on workers' employment and earnings prospects …*
>
> *'One factor underlying the Committee's somewhat weaker outlook is that financial conditions--though much improved since the depth of the financial crisis--have become less supportive of economic growth in recent months. Notably, concerns about the ability of Greece and a number of other euro-area countries to manage their sizable budget deficits and high levels of public debt spurred a broad-based withdrawal from risk-taking in global financial markets in the spring, resulting in lower stock prices and wider risk spreads in the United States. In response to these fiscal pressures, European leaders put in place a number of strong measures, including an assistance package for Greece and €500 billion of funding to backstop the near-term financing needs of euro-area countries…'*.

The trouble in eurozone is that, following a decade of growth and the seeming creation of wealth, credit just became too easy and a number of governments forgot the ancient Greek concept: *'Everything in moderation'*.

Access to credit was so easy for quite a number of eurozone companies and countries that they starting living beyond their means.

Thus, inflation increased, in many cases, out of control; bills piled up – until, whoopee! interest on the credit, having been obtained in times of plenty, could not be met, let alone paying back the original capital.

Creditor banks were, clearly, very concerned – and said so.

Today, €500 billion are in place, ready to bail out any country that is unable to meet its financial obligations to creditors as they fall due.

Income losses are almost certain to follow in the wake of this situation.

The emergency funding should be seen as a stopgap measure, only: The problems of the technically insolvent governments of certain eurozone countries are far from having been resolved.

The European Monetary Union faces a difficult task, but it is a task that it must meet, head-on, with a view to trying to work out a lasting formula in order to prevent a recurrence of the problems that, today, confront it.

What is very worrying, of course, is the knock-on effect of the eurozone crises to Asia – which is the largest supplier of goods to the eurozone – and, of course, to the US – which is still struggling to pull itself out of the depression that had its roots in December of 2007.

Lastly, on Monday, the US Government's Commerce Department announced sales of new, single-family homes for the month of June.

Ms Rebecca Blank, Under Secretary of Commerce, put out the following Press Release:

> *'The Commerce Department's U.S. Bureau of the Census today released new home sales data for June 2010. Sales of new single-family houses jumped 23.6 percent in June to 330,000 units, well above private-sector expectations of a 3.7-percent increase.*
>
> *'"This is welcome news, although month-to-month housing data are volatile," said Commerce Department Under Secretary for Economic Affairs Rebecca Blank. "But one key ingredient for a healthy housing market is job growth, and the President remains tightly focused on ensuring that the labor market continues to recover.".'*

No doubt, Ms Rebecca Blank is a loyal American and a faithful follower of US President Barack Hussein Obama.

However, that which was missing from her terse, one-paragraph statement included:

1. The June statistics, compared with those of May, represented the second, slowest pace of gains in this sector of the US economy on record; and,
2. Sales of 330,000 units in June compared with revised sales of 267,000 units in May. May's figures represented the worst month on record, going back to 1963.

The *'little'* things in life.

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