

**FOR BETTER OR FOR WORSE:
WHERE IS THE U.S. ECONOMY HEADED ?**

Is There A Light At The End Of The Tunnel ?

The Secretary of Labour of The United States of America informed the world, on March 4, 2016, that the *'February's report (in respect of the labour situation in the largest, single economy of the world) demonstrates the nation's continued economic vitality, with the addition of 242,000 new jobs ... the unemployment rate held steady at 4.9 percent, the first time it has been below 5 percent for two months in a row since the fall of 2007 ...'*

But, when the March report was released by the Department of Labour, Mr Thomas E. Perez stated, inter alia, that the US unemployment rate was little changed ... at five percent!

Secretary Thomas E. Perez referred to the US economy as being *'remarkable'*.

In the first paragraph of this statement, he said:

'The remarkable U.S. recovery continues, as total nonfarm employment increased by 215,000 in March. Beginning just a year after President Obama inherited the worst economic crisis in generations, businesses have been adding jobs at an extended, record-setting clip: a total of 14.4 million jobs over the last 73 consecutive months of private-sector job growth. The March unemployment rate was little changed at 5.0 percent. The labor force participation rate and employment-population ratio are trending up, reaching two-year and seven-year highs respectively.'

Unless, **TARGET** () is completely ignorant of a knowledge basic arithmetic, March's figure of the creation of 215,000 new jobs is about 11.16 percent less than the number of new jobs, created in the month of February.

Also, on scanning the first paragraph of the April 1, 2016 statement of Secretary Thomas E. Perez, one could hardly be mistaken in coming to the conclusion that his subjectivism was more akin to a political mien than that of his high office at The Department of Labour.

However, one must remember that this gentleman is a lawyer by profession.

Secretary Thomas E. Perez, in his final missive with regard to the March figures, said:

'The wind is once again at our back; now we have to make sure it propels everyone forward. Building an economy that works for everyone – helping working people get a bigger slice of a growing pie they helped bake – is the unfinished business we will continue tackling in the remaining months of this Administration.'

Numbers Prove

As every student of philosophy learns in his/her first year in the study of this discipline, statistics can prove

something or nothing.

With regard to the US labour statistics, compiled by The Department of Labour, month after month, adjustments are made by this department's pen-pushers as to the way in which (a) the statistics are collected, collated and analysed and (b) how the resultant statistics are presented to The US Congress and to the 321 million-plus human population of the country.

It is, therefore, somewhat difficult, at times, to try to compare one month's labour statistics with another month's.

Be that as it may, what appears to be an undisputed fact is that, since the beginning of the 2016 calendar year, the labour situation in the US has been little changed.

Which cannot be considered a positive factor, no matter how one cuts it.

And, as **TARGET** has stated, only recently, the addition of 242,000 new jobs per month is hardly sufficient to write home to mom in an attempt make use of that labour statistic in order to try to make a determination as to the future direction of the US economy and/or to interpolate that which the statistic is likely to suggest.

Also, the addition of 215,000 new jobs, created in the month of March, must rub salt into the mental wound for anybody who had had the chutzpah to make a positive pronouncement with regard to the February, labour statistic.

The facts appear to be only too clear: The US economy, today, is unable to create a sufficiency of new jobs in order to meet the number of new people, entering the workforce, monthly.

There is, also, the matter of the March statistic with regard to the long-term unemployed (out of work for 27 weeks or more), now standing in excess of 2.20 million people.

There has been little movement since June 2015 in respect of this category of unemployed workers, The Labour Department has stated.

Those 2.20 million, unemployed workers represent about 27.50 percent of the total number of unemployed people in the US, now said to be about 8.00 million, pounding the sidewalks of the country, looking for work.

Before passing onto other aspects of the US economy, The Labour Department has a category of worker that is labelled as being '*marginally attached to the labour force*'.

This category of worker numbers some 1.70 million people.

In the March count of the unemployment situation in the US in respect of those workers, marginally attached to the labour force, it is stated:

'These individuals were not in the labour force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the four weeks, preceding the survey.'

(The above-statement is copied verbatim.)

Would it be correct, therefore, to suggest that the number of unemployed workers in the US was closer to 10 million than to 8.00 million?

Profits and Progress, Elsewhere

To list the number of companies, around the world, the senior managements of which have, of late, announced flagging profits, during the past year, with '*a challenging future*' for the current year, would be a

complete waste of time and of paper.

Suffice it to state that such revelations are not suggestive of any material increases in profits for the 2016 year ... and, perhaps, in the 2017 year.

Selling some of the family silverware in order for a company to boost its bottom line in any one financial year is not the way to win new investors or to keep existing shareholders for very long.

There are, of course, exceptions to any rule, but, by and large, things do not appear to be bullish for most industries, not only in the US, but in Europe and in Asia, also.

The US Department of Commerce has gone on record, stating recently that *'the goods and services deficit was \$47.1 billion in February, up \$1.2 billion from \$45.9 billion in January, revised. February exports were \$178.1 billion, \$1.8 billion more than January exports. February imports were \$225.1 billion, \$3.0 billion more than January imports.'*

The US Department of Commerce went on record, earlier this year, stating that the January goods and services deficit was \$US45.70 billion ... up \$US1.00 billion from the figure of \$US44.70 billion in respect of December 2015, revised.

This division of the US Government went on to state that the value of January's exports was about \$US176.50 billion, representing a fall of about \$US3.80 billion, compared with the December 2015 export figure.

With regard to imports, January's statistic was about \$US222.10 billion, representing a drop of about \$US2.80 billion, compared with the December 2015 import figure.

The latest statistic, released on April 5, 2016, with regard to goods and services stated:

'The February increase in the goods and services deficit reflected an increase in the goods deficit of \$0.9 billion to \$64.7 billion and a decrease in the services surplus of \$0.3 billion to \$17.7 billion.'

'Year-to-date, the goods and services deficit increased \$10.8 billion, or 13.1 percent, from the same period in 2015. Exports decreased \$20.5 billion or 5.5 percent. Imports decreased \$9.7 billion or 2.1 percent.'

This medium could continue with statistics, statistics and more statistics in order to suggest, definitively, that the ginger, grown in the West is no longer as pungent as the ginger grown in the East.

One has only to note the market value of many a major international bank and/or manufacturer and take note as to how their share prices has been whittled down of late.

For those conservative Asian investors who, only a few short years ago, thought that buying the scrip of HSBC Holdings plc () (Code: 5, Main Board, The Stock Exchange of Hongkong Ltd) would be a method to safeguard their savings, have had to bite the proverbial bullet in the realisation that the share price of this once 'safe' bank has dropped by about 26 percent in the first four months of this year to about \$HK45 – and its share price continues to fall.

It is estimated, by many economists, that the share price of this bank could drop below the figure of \$HK30.

According to the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, the share price of HSBC Holdings plc has fallen by 46.36 percent since August 15, 2014, when it hit a high of \$HK83.90.

Very similar situations, as have befallen the share price of HSBC Holdings plc, could be said of the scrip of

many hundreds of other publicly listed companies, throughout Asia.

As the situation in the **European Union (EU)**, the second-largest market for many Asian manufacturers, flounders, so the revenues/profits of their Asian suppliers get hit where it hurts most.

And there is not a glimmer of light at the end of this tunnel, at least, not at this time.

-- **END** --

*While **TARGET** makes every attempt to ensure accuracy of all data published, **TARGET** cannot be held responsible for any errors and/or omissions.*

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*