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10 Questions for 2010

- We wish all our readers a happy, healthy, and prosperous 2010.
- Our forecast for 2010 features sluggish GDP growth, employment gains that are too slow to prevent a further modest increase in the unemployment rate, low (and probably falling) core inflation, and a Federal Reserve that "exits" from some unconventional monetary policies but keeps the funds rate at its current near-zero level. For the last *US Economics Analyst* of the year, we try to answer what we think are the 10 most important questions for 2010.
- Key questions on the economy include whether house prices have bottomed (we think not); whether banks will become more willing to lend (only very gradually), whether firms will hire vigorously (probably not); and whether the saving rate will rise further (we think so).
- Key questions on inflation are whether the amount of slack in the economy matters and whether it is large (yes to both) and how big a risk dollar depreciation would pose (small, in our view).
- Finally, key policy questions include whether Congress will pass more fiscal stimulus (of course, but not enough to overcome the move from a strongly expansionary to a neutral or even slightly restrictive stance); how the Fed will sequence its "exit" (an end to the asset purchases and perhaps some reserve draining in 2010, but with rate hikes and asset sales far off); and whether the end to Fed asset purchases in the first quarter will tighten financial conditions (probably to some degree, but we're highly uncertain).

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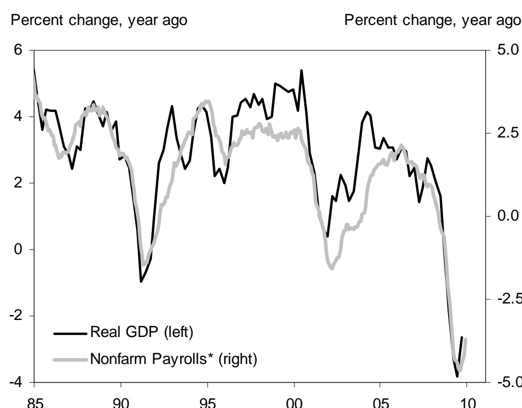
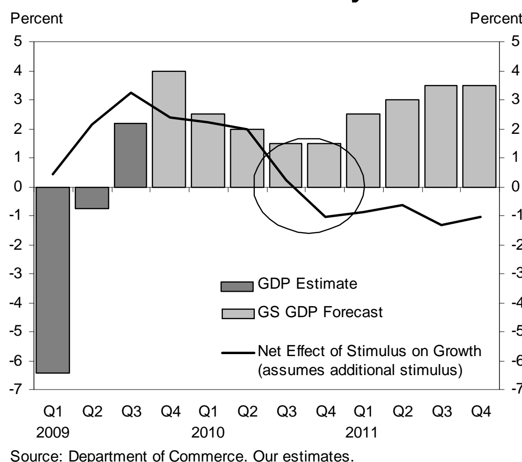


* Adjusted for preliminary 2009 benchmark revision.
Source: Department of Commerce. Department of Labor.



Source: Department of Commerce. Our estimates.

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I. 10 Questions for 2010

Our forecast for 2010 features sluggish GDP growth, employment gains that are too slow to prevent a further modest increase in the unemployment rate, low (and probably falling) core inflation, and a Federal Reserve that "exits" from some unconventional monetary policies but keeps the funds rate at its current near-zero level. For the last *US Economics Analyst* of the year, we try to answer what we think are the 10 most important questions for 2010.

1. Have house prices bottomed?

Probably not yet, but we are quite uncertain. Although US homes are no longer significantly overvalued, we believe that much of the increase in prices over the past six months has been due to three temporary factors: a) the homebuyer tax credit, which has been extended into 2010 but is likely to be less powerful in boosting demand than it was when first introduced in 2009; b) the Fed's purchases of mortgage-backed securities, which have pushed down mortgage rates but are slated to end in early 2010; and c) the temporary mortgage modifications through the Obama administration's Home Affordable Mortgage Program (HAMP), only a relatively small portion of which seem to be turning into permanent modifications. These factors suggest that home prices are at risk of declining anew, and our working assumption is a renewed 5%-10% cumulative drop in the national Case-Shiller index through 2010.

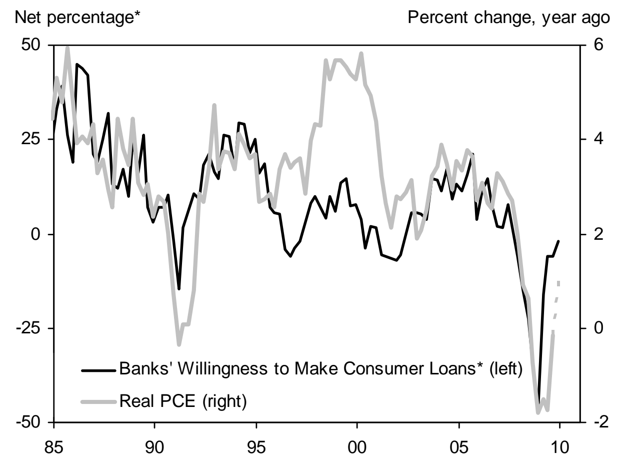
Indeed, there are some early signs that home prices are starting to fall again. In particular, the Loan Performance home price index fell more than ½% in both September and October. The S&P/Case-Shiller index, which is based on three-month moving averages, remained positive in these months but the gains were smaller—averaging just over ¼% versus more than ¾% in the preceding three months—suggesting that spot observations are turning negative.

2. Will banks become more willing to lend?

Probably yes, but at a pace that is only consistent with subdued spending growth. In thinking about banks' willingness to lend, it is important to distinguish between levels and rates of change. Conceptually, it is the *change* in lending standards that should affect the *change* in consumption, capital spending, or GDP. Exhibit 1 shows this is what we observe in the data.

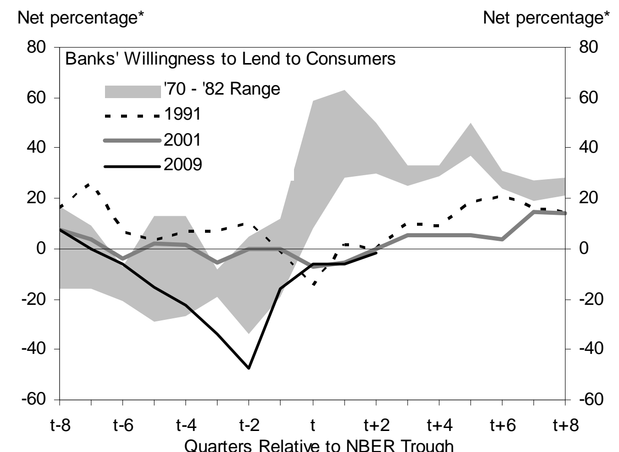
The concern in the current recovery is that the very sharp tightening of lending standards during the recession is giving way only very gradually to an easing during the recovery. As of the fourth quarter of 2009, standards for both consumer and business loans are still being tightened modestly.

Exhibit 1: Banks' Caution Consistent with Modest Growth in Consumer Spending



* Difference between percentage of banks saying they are more willing to lend to consumers and those saying they are less willing.
Source: FRB SLO Survey. Dept of Commerce. Our estimates.

Exhibit 2: Banks' Caution Lingers Despite Sharp Tightening



* Difference between percentage of banks saying they are more willing to lend to consumers and those saying they are less willing.
Source: Federal Reserve Board Senior Loan Officer Survey.

The combination of sharp tightening followed by gradual normalization puts the current cycle in a category of its own. Exhibit 2 illustrates this by plotting the net percentage of banks professing greater willingness to lend to consumers through each business cycle since 1966.[1] On the one hand, it shows that the recession phase of the current cycle was similar to those of 1969-70, 1973-75, and 1980-82. Each featured a large cumulative decline in willingness to lend before and/or during the recession (the dark line, like the shaded area, is consistently

[1] For purposes of the chart, we treat the 1980 and 1981-82 episodes as one single recession.

below the horizontal axis). On the other hand, the current *recovery* so far looks much more similar to the recoveries from the 1990-91 and 2001 recessions, in which banks tightened credit standards modestly after not having tightened them much at all during the preceding downturns. If this persists, it would be one important reason to believe that the frequently noted correlation between deep recessions and vigorous recoveries may break down in the current cycle.

One reason to expect this credit restraint to persist is that there is an important structural difference between the credit crunches of the 1970s and early 1980s and that of 2007-09. The 1970s/early 1980s crunches were primarily due to very tight Fed policy that was aimed at bringing inflation down from high levels in the late stage of the preceding expansion. Once inflation had started to come down, the Fed cut interest rates, the pressure on the banking system abated, and banks quickly normalized their lending standards. In contrast, the 2007-09 crunch was due to large-scale credit losses rather than tight Fed policy. It takes much longer for banks to recognize and absorb these losses than it takes for the Fed to normalize interest rates. This is an important reason why the recovery from the deep 2007-09 recession is likely to be substantially weaker than the recoveries from the deep 1973-75 and 1981-82 recessions.

3. Will small business activity pick up?

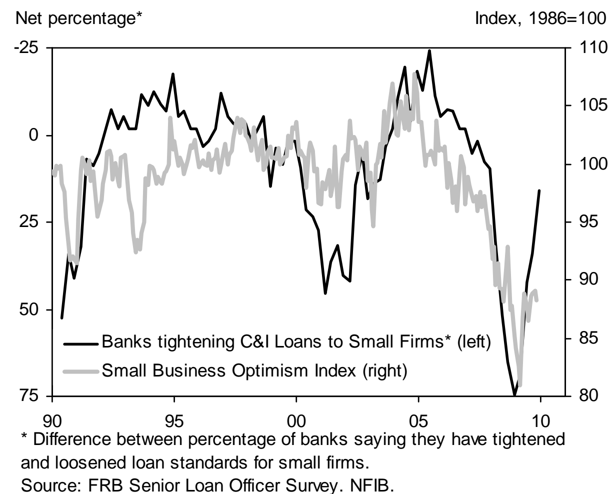
It should, but so far we are not seeing it. We have been quite concerned about the implications of the weakness in the small business sector. Since small firms aren't as well captured in the economic statistics as larger firms, their weak performance may mean that standard economic indicators currently overestimate growth in economic activity.

Assuming that the *relative* weakness of small firms reflects the difficulty of obtaining credit from banks compared with capital markets, rising willingness to lend should lead at least to a gradual pickup in small business growth. But so far, we have seen even less improvement than one would expect based on the declining pace of credit tightening. This is illustrated in Exhibit 3, which plots the change in banks' credit standards for small business loans against the small business optimism index compiled by the National Federation of Independent Business (NFIB). Although standards are now being tightened much more slowly than before, the NFIB is still mired in deeply recessionary territory.

4. Will hiring revive?

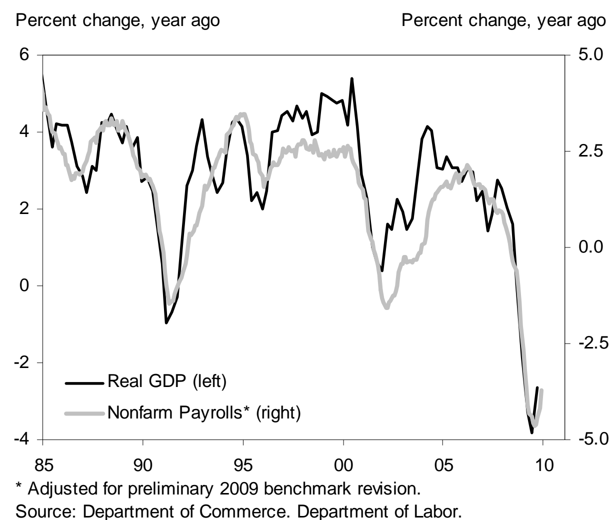
Yes, but we expect the rate of job creation to reach only about 100,000 per month by the second quarter, not enough to push the unemployment rate down in a meaningful way.[2]

Exhibit 3: Small Business Activity Weaker than Implied by Lending Standards



* Difference between percentage of banks saying they have tightened and loosened loan standards for small firms.
Source: FRB Senior Loan Officer Survey. NFIB.

Exhibit 4: Job Losses In Line with GDP



* Adjusted for preliminary 2009 benchmark revision.
Source: Department of Commerce. Department of Labor.

Some analysts argue that US businesses cut jobs more aggressively during the recession than was warranted by the decline in output out of fear that the downturn would be even more severe. If this were true, it might suggest that employment would rebound more sharply than suggested by the cumulative growth of real GDP from the business cycle trough.

But the evidence for the "excess layoffs" hypothesis is weak. The simplest way to see this is to look at

[2] This excludes the impact from the decennial 2010 Census, which will sharply boost the "headline" payroll figures and may also push down the unemployment rate temporarily by a tenth or two. See "The 2010 Census Jobs Effect: Easy Come, Easy Go," *US Daily*, December 12, 2009.

Exhibit 4, which plots nonfarm payrolls against real GDP. (The payroll data are adjusted to incorporate the preliminary benchmark revision of -824,000 for March 2009, announced in October 2009.) Visually, the relationship looks similar to the prior two cycles, although both series have of course dropped more sharply in the current cycle. Indeed, a slightly more sophisticated analysis that looks at the relationship between GDP and either the unemployment rate or nonfarm payrolls comes to the same conclusion.[3]

Indeed, it seems more likely that companies will hire *fewer* workers per dollar of additional GDP than in the average recovery of the postwar period. This would be in keeping with our *Brave New Business Cycle* research, which says that greater competitive pressures since the 1980s have made companies more cautious in their hiring, capital spending, and inventory management. In the two "jobless" recoveries since then, it took significantly more GDP growth to achieve the same amount of payroll growth than in prior recoveries. Moreover, Exhibit 5 shows that the same is true for the current recovery, at least so far.

5. Does the saving rate have further to rise?

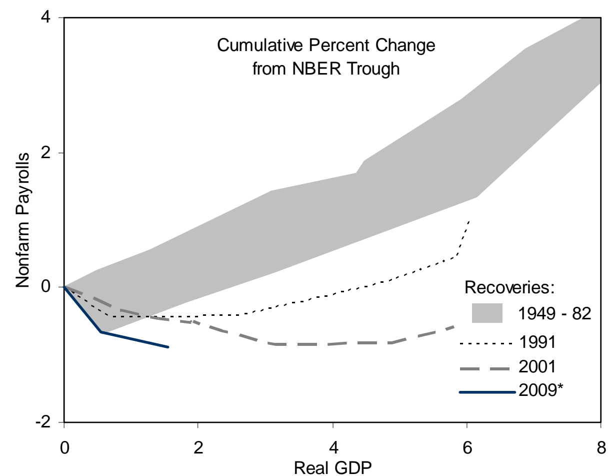
Yes, we think so. The current saving rate of just over 4% remains below the 6%-10% range that we estimate is needed to stabilize the ratio of household net worth to disposable income in a "normal" environment for capital gains on existing assets. This is admittedly a very long-term perspective. But in addition, the current level of household net worth also seems to imply an increase in the saving rate on simple short-term "wealth effect" grounds. Hence, we project a gradual increase to around 6% by the end of 2011.

The main reason why we see only a very slow increase is the weakness in household income growth. Household debt is already contracting sharply, so an increase in saving would need to reflect a pickup in gross saving—i.e. purchases of financial and physical assets—from its current, depressed level. This will be difficult for households to accomplish if income growth remains anemic.

6. Will inflation fall further?

Very likely yes, at least as far as the "core" indexes are concerned. As we demonstrated in a comprehensive study recently, "slack" is the best predictor of inflation both at the aggregate level and in individual sectors of the economy.[4] Moreover, Exhibit 6 shows that slack is pervasive throughout the economy, not just in the well known data on unemployment and industrial capacity utilization.

Exhibit 5: So Far Payrolls are Following the "Jobless" Path



* Assuming 6/09 trough. Calculated with 2009 Q4 GDP/payrolls estimates.
Source: Department of Labor.

One particular area in which slack could put significant further downward pressure on inflation is actual and imputed rents. There is a clear inverse relationship between the rental vacancy rate and the pace of rent inflation. With rental vacancies at a record, we expect further significant declines in year-on-year rent inflation into negative territory.

7. Does the dollar pose an inflation risk?

Only to a very limited degree. For one thing, the dollar just isn't that weak—and that was even true prior to the most recent round of risk reduction. It has certainly depreciated substantially over the past nine months, but we view this as the flip side of the normalization that has taken place in global financial markets. Indeed, according to the Fed's broad trade-

Exhibit 6: Spare Capacity Remains Quite High

Sector of economy	Current level (%)	Long-term avg. (%)	*Data since*	Excess capacity (std. deviations)
Goods sector				
Manufacturing capacity utilization	68.4	80.8	*1948*	2.5
ISM manufacturing operating rate	70.1	82.3	*1985*	2.7
Mining capacity utilization	85.2	87.3	*1967*	0.6
Service sector				
ISM non-mfg operating rate	81.3	85.9	*1998*	2.1
Hotel occupancy rate*	53.8	62.4	*1987*	3.5
Utilities capacity utilization	77.9	87.7	*1967*	2.0
Housing/real estate sector				
Rental vacancy rate	11.1	7.2	*1956*	2.5
Owner-occupied vacancy rate	2.6	1.5	*1956*	2.7
Office vacancy rate	16.5	15.1	*1986*	0.6
Industrial vacancy rate	12.9	7.8	*1981*	2.2
Retail vacancy rate	18.6	14.0	*1982*	1.7
Labor market				
Unemployment rate	10.0	5.6	*1948*	2.8
Underemployment rate**	17.2	9.4	*1994*	3.8

* Seasonally adjusted by GS using Census X-12 procedure.
** Labor Department's "U-6" unemployment rate.
Source: Dept. of Labor. Dept. of the Census. Federal Reserve. Institute for Supply Mgmt. CB Richard Ellis. Property and Portfolio Research. Smith Travel Research.

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[3] See "Companies Haven't Overshot on Layoffs," *US Daily*, December 17, 2009.

[4] See "Deflating Inflation Fears," *Global Economics Paper* No. 190, September 29, 2009.

weighted index, the dollar currently is slightly stronger than the average of the past two years.

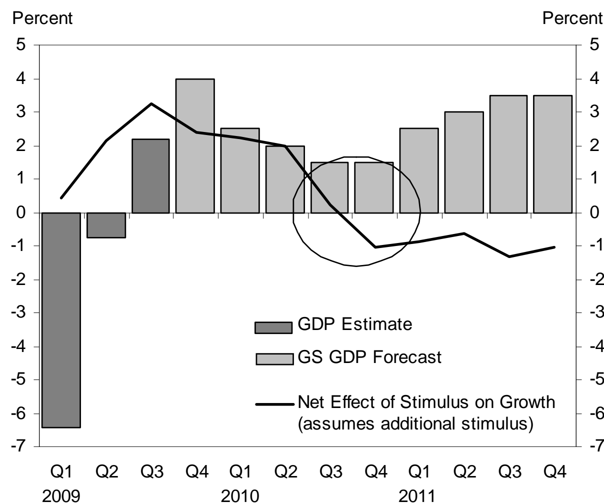
Moreover, the currency is less important to inflation in the United States than elsewhere given the relatively small size of the trade sector. Thus, while Fed officials certainly take account of its impact on financial conditions, the impact of currency changes on inflation, in particular, is quite minor. A common rule of thumb is that a 10% depreciation in the trade-weighted dollar raises the level of the CPI by just ¼%. So it would take a very large depreciation indeed to start ringing alarm bells about imported inflation.

8. Will Congress pass more fiscal stimulus?

Yes. Beyond the extension of the homebuyer tax credit (and other tax relief measures) enacted in early November, the Congress has passed and the president has signed a two-month extension of unemployment benefits. More is coming as the House has passed a much larger bill providing additional unemployment insurance (four more months) as well as more aid to states, and more infrastructure spending. The Senate is likely to follow suit early next year, and the ultimate legislation may well include provisions such as a hiring tax credit and/or extended bonus depreciation for companies.

But even with these likely measures, the boost from fiscal policy to real GDP growth is likely to decline in the first half and vanish (or even reverse) in the second half of 2010. This is because it is the *change* in spending and taxes that governs the impact of fiscal policy on real GDP growth. Even with the latest round of packages—worth about $200bn altogether—the change will not be nearly as positive as it was in the wake of the $787bn package enacted almost a year ago. Indeed, Exhibit 7 illustrates that the longer-term perspective is one of gradual fiscal restraint, though this is mostly an issue for 2011 and beyond.

Exhibit 7: Fiscal Stimulus Fades by Late 2010



Source: Department of Commerce. Our estimates.

9. How will the Fed "sequence the exit"?

In theory, Fed officials have four choices for "exiting" from their current, highly accommodative stance: (1) terminating the current program of asset purchases, (2) draining excess bank reserves via reverse repos and/or term deposit facilities, (3) hiking short-term rates via parallel increases in the federal funds rate and the interest rate on reserves (IOR), and (4) selling assets outright.

In 2010, the main form of "exit" is likely to be an end to asset purchases. In addition, Fed officials will probably drain some excess reserves, mainly in order to prove to market participants that they are capable of doing so.[5] In contrast, we expect neither a hike in the funds rate nor outright sales of assets on the Fed's balance sheet in 2010 (or for that matter in 2011).

10. Will the end to the asset purchases tighten financial conditions?

Possibly, although the degree is highly uncertain. Over the past 12 months, the Fed has bought a net $1.3 trillion in Treasury coupon debt, agency debt, and agency mortgage-backed securities, about three-quarters of the total amount of net issuance in these markets. These purchases are already diminishing and will likely stop by the end of the first quarter, while net issuance is likely to remain at levels similar to the recent pace through 2010. This means that non-Fed buyers will need to absorb a far greater amount of "flow supply" of securities.

This could put upward pressure on long-term interest rates. But two points are worth noting. First, our bond strategists' models do not find any misvaluation of US Treasury yields at present. If this means that the asset purchases didn't have a dramatic impact on the level of yields, it would suggest that end of the purchases might also not have a significant effect. Second, and presumably related to this, the policy shift away from asset purchases has been very well flagged and there are plenty of market participants who have a much darker view of the outlook for federal solvency than we do. For this reason, a sizable short base in the rates markets has been established in anticipation of the end to the Fed's purchases. This means that much of the impact may already be discounted in the current level of interest rates.

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[5] Our own view is that excess reserves don't matter much. We are fairly confident in the Fed's ability to raise the funds rate via an increase in IOR and do not view excess reserves as important determinants of bank lending, overall financial conditions, or economic activity in their own right.

II. Forecast Highlights

1. We expect real GDP to rise at a 4% annual rate during the fourth quarter of 2009. This strong growth pace is largely due to two factors: (a) a continued boost from federal fiscal stimulus, and (b) an even bigger swing in the inventory cycle toward reduced liquidation than in the third quarter.

2. However, recovery in 2010 is apt to be more anemic. The growth contributions from inventories and federal stimulus, currently about 4 percentage points at an annual rate in combination, will peter out by the second half of 2010. Meanwhile, the US economy faces several structural headwinds. Among them: (a) efforts by households to boost saving out of current income, aggravated by (b) weakness in labor income, reflecting the impact of high unemployment on wages and employers' reluctance to rehire aggressively, (c) fiscal drag from the state and local sector, (d) large overhangs of vacant homes and unused industrial capacity, which limit the potential for major improvements in private-sector investment, and (e) limited credit availability from a financial sector that is still on the mend. As a result, we expect growth to slow gradually to an annual rate of 1½% in the second half of 2010 before reaccelerating in 2011.

3. The unemployment rate should continue to drift up, to about 10¾% by early 2011. We think the "jobless recovery" pattern of the 1991-1992 and 2001-2003 economic recoveries provides a better template for corporate hiring decisions over the next year or two than the more robust payroll rebounds of earlier cycles. If this judgment is right, then net hiring will not absorb all of the influx into the labor force that is apt to occur during this period, in which case the cyclical peak in unemployment will again lag far behind the bottom in real GDP.

4. Inflation is not a significant threat, at least for the next few years. Although highly expansionary fiscal and monetary policies have caused many market participants to worry about inflation, these concerns miss the point that the policies have been undertaken to combat a large and growing gap between actual and potential output. Under any reasonable economic scenario, the aggregate US output gap is huge—currently about 8% of GDP and potentially as large as 10%—and thus will require years of above-trend growth to eliminate. Given this prospect, we expect inflation in the core consumer price index—now at 1½% year-over-year—to trend down further.

5. Monetary tightening is highly unlikely before the end of 2010, and we do not expect it in 2011 either. The outlook for Fed policy hinges on how strong the incipient recovery will be, and what the strength of that recovery means for inflation. We think most members of the Federal Open Market Committee (FOMC) will be reluctant to raise the funds rate target—even from its near-zero current setting—until they have some confidence that the unemployment rate has reached its cyclical peak or will do so shortly. This is especially true if our outlook for further disinflation is right. Accordingly, we see the FOMC's strong commitment to low interest rates as expressed in its most recent policy statement as consistent with our outlook for stability in the funds rate through year-end 2011.

6. Treasury yields should come down. The Treasury curve still builds in too much Fed tightening next year. We expect 10-year note yields to slide back toward 3% over the next few months as final demand remains sluggish and disinflation continues. We also remain convinced that the increase in Treasury supply is less important for bond yields than many investors believe, for two reasons. First, increased saving by households and businesses creates a potential demand for Treasury securities as well as less competition for lenders' funds; flow of funds data and bank balance sheet reports confirm that the domestic private sector is increasing its allocation to Treasury securities. Second, the Treasury's auction schedule for coupon securities is now more than adequate to meet funding needs over the next few years; as this becomes evident, concerns about further increases in auction sizes should abate.

THE US ECONOMIC AND FINANCIAL OUTLOOK

(% change on previous period, annualized, except where noted)

	2008 (f)	2009 (f)	2010 (f)	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4
OUTPUT AND SPENDING											
Real GDP				**-6.4**	**-0.7**	**2.2**	4.0	2.5	2.0	1.5	1.5
Year-to-year change	**0.4**	-2.5	2.3	**-3.3**	**-3.8**	**-2.6**	-0.3	2.0	2.7	2.5	1.9
Consumer Expenditure	**-0.2**	-0.6	1.3	**0.6**	**-0.9**	**2.8**	1.5	1.5	1.0	1.0	1.0
Residential Fixed Investment	**-22.9**	-19.5	12.4	**-38.2**	**-23.3**	**18.9**	25.0	15.0	10.0	10.0	10.0
Business Fixed Investment	**1.6**	-18.2	-5.2	**-39.2**	**-9.6**	**-5.9**	-3.5	-7.5	-5.0	-2.5	0.0
Industrial Production, Mfg	**-3.2**	-11.3	4.6	**-21.9**	**-8.9**	**8.2**	6.0	5.5	5.0	4.0	4.0
INFLATION											
Consumer Price Index				**-2.4**	**1.3**	**3.6**	3.4	2.0	1.2	0.6	0.3
Year-to-year change	**3.8**	-0.3	2.0	**-0.2**	**-0.9**	**-1.6**	1.5	2.6	2.5	1.8	1.0
Core Indexes (% chg, yr/yr)											
CPI	**2.3**	1.7	0.9	**1.7**	**1.8**	**1.5**	1.7	1.5	1.1	0.7	0.4
PCE*	**2.4**	1.5	1.0	**1.7**	**1.6**	**1.3**	1.5	1.4	1.1	0.9	0.6
Unit Labor Costs (% chg, yr/yr)	**1.0**	-0.9	0.2	**-0.1**	**0.3**	**-1.4**	-2.6	-0.2	-0.6	0.4	1.2
LABOR MARKET											
Unemployment Rate (%)	**5.8**	9.3	10.3	**8.1**	**9.2**	**9.6**	10.1	10.2	10.2	10.3	10.5
FINANCIAL SECTOR											
Federal Funds** (%)	**0.16**	0.15	0.15	**0.18**	**0.21**	**0.15**	0.15	0.15	0.15	0.15	0.15
3-Month LIBOR (%)	**1.83**	0.30	0.30	**1.27**	**0.62**	**0.30**	0.30	0.30	0.30	0.30	0.30
Treasury Yield Curve** (%)											
2-Year Note	**0.82**	0.75	1.00	**0.93**	**1.18**	**0.96**	0.75	0.90	0.90	0.95	1.00
5-Year Note	**1.52**	2.00	2.20	**1.82**	**2.71**	**2.37**	2.00	2.00	2.00	2.10	2.20
10-Year Note	**2.42**	3.00	3.25	**2.82**	**3.72**	**3.40**	3.00	3.00	3.00	3.10	3.25
Profits*** (% chg, yr/yr)	**-2.0**	-8.1	9.5	**-19.7**	**-15.3**	**-9.7**	17.5	17.5	17.5	5.0	0.0
Federal Budget (FY, $ bn)	**-455**	**-1,417**	-1,602	–	–	–	–	–	–	–	–
FOREIGN SECTOR											
Current Account (% of GDP)	**-4.9**	-2.9	-3.0	**-2.9**	**-2.8**	**-3.0**	-3.0	-3.1	-3.1	-3.0	-2.9
Exchange Rates											
Euro ($/€)**	**1.35**	1.55	1.35	**1.31**	**1.40**	**1.46**	1.55	1.55	1.45	1.35	1.35
Yen (¥/$)**	**91**	98	105	**98**	**97**	**91**	98	98	102	105	105

* PCE = Personal consumption expenditures. ** Denotes end of period. *** Profits are after taxes as reported in the national income and product accounts (NIPA), adjusted to remove inventory profits and depreciation distortions.

NOTE: Published figures are in bold

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US Calendar

Focus for the Week Ahead

- The bellwether manufacturing survey from the Institute for Supply Management should show a further headline increase, although we expect the strength to shift from "leading" components such as new orders towards other areas such as production and employment (January 4).
- We suspect payrolls still did not grow in December, with sluggish hiring likely to push the unemployment rate up another tick and keep wage growth anemic (January 8).
- The minutes from the Federal Open Market Committee's latest confab will be interesting for any detail they provide on thinking about the forward-looking language in the policy statement as well as the sequencing of the "exit strategy" (January 6).

Economic Releases and Other Events

		Time		Estimate		
Date		(EST)	Indicator	GS	Consensus	Last Report
Sun	**Jan 3**	10:15	Bernanke/Kohn/Lockhart spk at policy forum; Atlanta, GA			
Mon	**Jan 4**	**10:00**	**ISM Manufacturing Index (Dec)**	**55.0**	**54.1**	**53.6**
		10:00	**Construction Spending (Nov)**	**-0.5%**	**-0.5%**	**Flat**
		10:15	Atlanta Fed Pres Lockhart moderates financial crisis panel			
		13:15	Fed Gov Duke spks at econ forecast forum; Raleigh, NC			
Tue	**Jan 5**	8:00	KC Fed Pres Hoenig spks on panel; Atlanta, GA			
		10:00	**Factory Orders (Nov)**	**Flat**	**+0.5%**	**+0.6%**
		10:00	Pending Home Sales (Nov)	n.a.	-3.0%	+3.7%
			Lightweight Motor Vehicles (Dec)	**11.2M**	**11.0M**	**10.9M**
			Domestic Motor Vehicles (Dec)	**8.4M**	**8.3M**	**8.4M**
Wed	**Jan 6**	8:15	ADP Employment Change (Dec)	n.a.	-75,000	-169,000
		10:00	**ISM Nonmanufacturing Index (Dec)**	**51.0**	**50.5**	**48.7**
		14:00	FOMC Minutes from Dec 15-16 FOMC Meeting			
Thu	**Jan 7**		St Louis Fed Pres Bullard spks at forum; Shanghai, China			
		8:30	Initial Jobless Claims	n.a.	449,000	432,000
		8:30	Continuing Claims	n.a.	n.a.	4,981,000
		11:00	GS Retail Index (Dec)	n.a.	n.a.	+0.4%
		11:00	Treasury 3, 10, 30-yr notes & 10-yr TIPS announcements			
		13:00	KC Fed Pres Hoenig spks on econ outlook; Kansas City			
Fri	**Jan 8**	**8:30**	**Unemployment Rate (Dec)**	**10.1%**	**10.0%**	**10.0%**
		8:30	**Nonfarm Payrolls (Dec)**	**-25,000**	**Flat**	**-11,000**
		8:30	**Average Hourly Earnings (Dec)**	**+0.1%**	**+0.2%**	**+0.1%**
		10:00	Wholesale Inventories (Nov)	n.a.	-0.1%	+0.3%
		10:15	Boston Fed Pres Rosengren spks at econ summit; CT			
		13:35	Richmond Fed Pres Lacker spks on econ outlook; MD			
		15:00	Consumer Credit (Nov)	n.a.	-$5.0bn	-$3.5bn