

# U.S. producer prices tepid; jobless claims at more than two-year high

WASHINGTON (Reuters) - U.S. producer prices were unexpectedly unchanged in November as increases in food and gasoline prices were offset by declining costs for services, pointing to muted inflation despite a recent uptick in consumer prices. Other data on Thursday showed the number of Americans filing for unemployment benefits surged to more than a two-year high last week. The jump in jobless claims, however, likely does not signal a pickup in layoffs as the data tends to be volatile in the period following the Thanksgiving Day holiday.

The reports were released a day after the Federal Reserve's decision to keep interest rates steady. The U.S. central bank indicated on Wednesday that borrowing costs were likely to remain unchanged at least through next year amid expectations the economy would continue to grow modestly and the unemployment rate remain low.

"Inflationary pressures are not an issue," said Ryan Sweet, a senior economist at Moody's Analytics in West Chester, Pennsylvania. "This supports the Fed's strong signal that if its expectations hold, monetary easing will not continue in 2020 and rate hikes are even more unlikely."

The Labor Department said the flat reading in its producer price index for final demand last month followed a 0.4% rebound in October. The PPI gained 1.1% in the 12 months through November, matching October's rise, which was the smallest increase since October 2016.

Economists polled by Reuters had forecast the PPI would rise 0.2% in November and accelerate 1.2% on a year-on-year basis. Excluding the volatile food, energy and trade services components, producer prices were also unchanged last month after edging up 0.1% in October. The so-called core PPI increased 1.3% in the 12 months through November, the smallest gain since September 2016, after advancing 1.5% in October.

The dollar .DXY ticked up against a basket of currencies, while prices of U.S. Treasuries fell. Stocks on Wall Street were trading higher, buoyed by President Donald Trump's tweet that the United States was getting very close to a "big deal" with China. The soft PPI data followed a report on Wednesday showing solid gains in consumer prices in November. The Fed, which has a 2% annual inflation target, tracks the core personal consumption expenditures (PCE) price index for monetary policy.

The core PCE price index rose 1.6% on a year-on-year basis in October and has fallen short of the target this year. November PCE price data will be published next week.



FILE PHOTO: Customers shop during Black Friday sales at a Target store in Chicago, Illinois, U.S. November 29, 2019. REUTERS/Joshua Lott/File Photo

## JOBLESS CLAIMS SURGE

In another report on Thursday, the Labor Department said initial claims for state unemployment benefits surged 49,000 to a seasonally adjusted 252,000 for the week ended Dec. 7, the highest reading since September 2017. The increase was the largest since August 2017.

Claims dropped to 203,000 in the prior week, which was a seven-month low. The decline

probably reflected a late Thanksgiving Day this year compared to 2018, which could have thrown off the model used by the government to strip out seasonal fluctuations from the data.

"The recent volatility in the claims data is likely due to seasonal adjustment issues that we often see around the holiday season, and we saw a similar pattern across the weekly claims readings around Thanksgiving in 2013 when the holiday fell on November 28 like it did this year," said Daniel Silver, an economist at JPMorgan in New York.

Economists had forecast claims would

increase to 213,000 in the latest week. The four-week moving average of initial claims, considered a better measure of labor market trends as it irons out week-to-week volatility, rose 6,250 to 224,000 last week.

The underlying trend in claims remains consistent with a strong labor market. The government reported last Friday that the economy added a robust 266,000 jobs in November and the unemployment rate fell back to 3.5%, its lowest level in nearly half a century. Other data on housing, trade and manufacturing have also been relatively upbeat and suggested the economy was growing at a moderate speed rather than stalling.

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# Editor's Choice



Demonstrators clash with riot police during a protest against Chile's government in Santiago, Chile December 12, 2019. REUTERS/Pablo Sanhueza



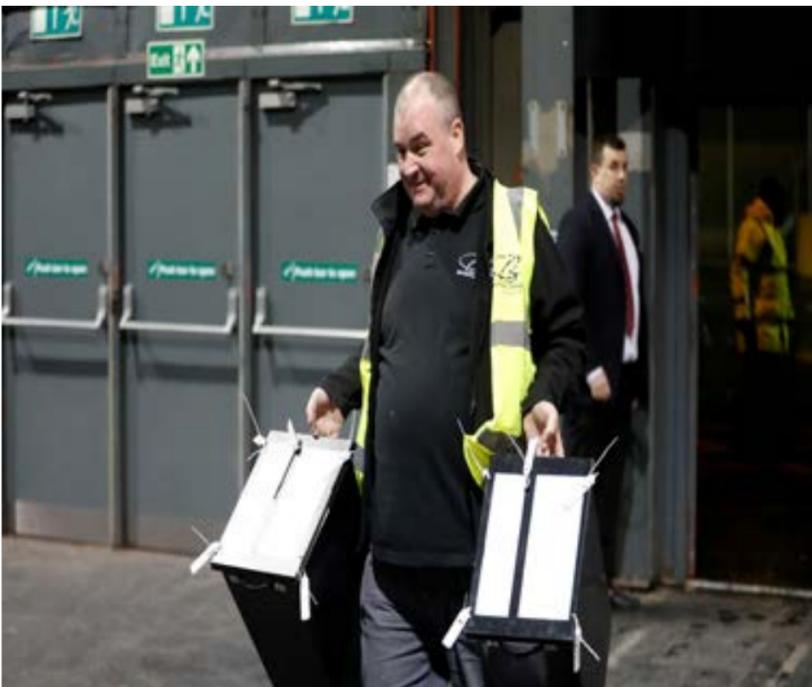
A runner carries a ballot box for the ballots to be counted at a counting centre for Britain's general election in Sunderland, Britain, December 12, 2019. REUTERS/Craig Brough



Ballots are tallied at a counting centre for Britain's general election in Bishopbriggs, Britain December 12, 2019. REUTERS/Gonzalo Fuentes



A demonstrator throws a stone while other is sprayed by riot police with a water cannon during a protest against Chile's government in Santiago, Chile December 12, 2019. REUTERS/Pablo Sanhueza



Ballot boxes arrive at a counting centre for Britain's general election in Glasgow, Britain, December 12, 2019. REUTERS/Russell Cheyne



House Judiciary Committee Debates Articles Of Impeachment Against President Trump



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The 2019 Flu Season Is Predicted To Be Bad – The Public Is Encouraged To Get A Flu Shot



Compiled And Edited By John T. Robbins, Southern Daily Editor

Flu seasons are notoriously unpredictable, but there are already clues that the upcoming season may be especially difficult.

Flu season in the Southern Hemisphere can be an indication of what's to come in the Northern Hemisphere, and the recent flu season in Australia, where winter has just ended, arrived early and with a vengeance.

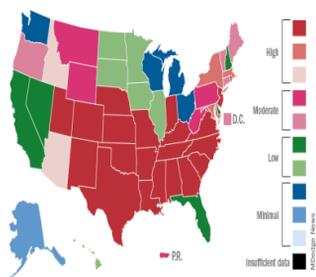
Additionally, a pediatric flu death has already been reported in the U.S. — a 4 year old in California who had underlying health problems.

"We should never forget that the flu still kills," Dr. Cameron Kaiser, a public health officer for Riverside County, California, said in a news release announcing the death.

"A death so early in the flu season suggests this year may be worse than usual," Kaiser warned.

The Centers for Disease Control and Prevention estimates that last year, there were 37 million to 43 million flu illnesses in the U.S., and 36,400 to 61,200 flu-related deaths. Last year's flu season ran from Oct. 1, 2018, to May 4.

Influenza-like illness activity level, week ending Feb. 9, 2019



Note: Based on data from the U.S. Outpatient Influenza-like Illness Surveillance Network. Source: Centers for Disease Control and Prevention

The 2019 Flu Season Has "Staying Power."

Is it too early to get the flu vaccine? No. Doctors say people should get the flu vaccine now, and certainly before Thanksgiving.

"The concern with delaying it is that some people who might have the opportunity to get vaccinated now may not have that opportunity later," said Dr. Robert Atmar, a professor of medicine and an infectious disease expert at Baylor College of Medicine in Houston.

"The most important thing is for people to get their flu vaccine, and get it before the epidemic starts," he said.

Most healthy people who get the shot in September can expect some protection through the spring. But older adults may want to schedule their vaccination for sometime in October.

"There is a concern that some older people may have their immunity wane simply because their immune system is more frail, less robust," Dr. William Schaffner, a professor of preventive medicine and infectious diseases at Vanderbilt University Medical Center.

Flu activity usually picks up in October and November, peaks around February, and can last well into the spring months. The CDC recommends everyone over age 6 months be vaccinated against the flu, especially expectant mothers.

Pregnant women who get the flu tend to have complications similar to those over 65. The shot offers protection for both the woman and her unborn baby.

It takes about two weeks to build immunity to influenza after getting the vaccine. But even then, the flu vaccine offers only partial protection. Last year, the vaccine didn't work well: Its overall effectiveness was 29 percent.

Doctors blamed the poor match on a surprise second wave of H3N2 flu activity late in the season.



Why should I get the flu vaccine even if it doesn't work well?

There is plenty of evidence that the vaccine can ease the severity of the flu if you do get sick. Doctors say people who

get the vaccine generally don't feel as sick if they do wind up with the flu, and they're less likely to develop complications of the virus, including pneumonia and death.

"Partial protection frequently gets overlooked, and we shouldn't forget that," Schaffner said.

"Because it's those complications that do you in."

What's more, research published last year found the risk for heart attack or stroke increases the month after a person is diagnosed with the flu. The mechanism is likely one of inflammation and stress in the body caused by the virus.

A specific flu shot call Fluzone may be best for older adults. "For people over age 65, there is evidence that the high-dose vaccine will provide greater than a standard dose vaccine," Atmar said.



Fluzone and the standard dose shots available this year include protection against several influenza strains, including H1N1 and H3N2.

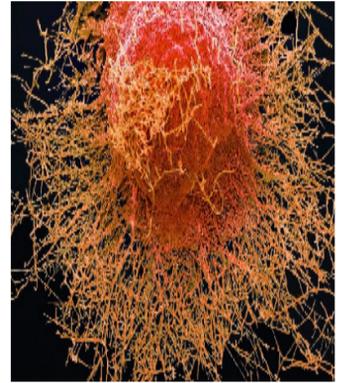
FluMist, the nasal spray favored by kids and anyone else averse to needles, is also back this year. (Courtesy nbcnews.com)

Related

Australia Just Had a Bad Flu Season. That May Be a Warning for the U.S. The flu season just ending in Australia

is one of the country's most severe ever, sickening more than 272,000 and killing 662:

•It also started in April, two months earlier, and peaked in June and July compared to the usual peak between August and September.



A human cell infected with the H3N2 flu virus, responsible for Australia's and the U.S.'s worst recent flu outbreaks. The same strain may dominate this year, too. Steve Gschmeissner/Science Source

•The 2017 flu season was Australia's deadliest in 20 years and was followed by the 2017-18 US season that killed nearly 80,000.

•In the US, there has already been one pediatric death recorded after a 4-year-old boy from California died from flu-related complications last year. (Courtesy https://www.dailymail.co.uk/ )

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**Unemployment Rate Falls Again To Match 50-Year Low Of 3.5%**

**U.S. Sees November Hiring Surge As Economy Adds 266,000 New Jobs**



Compiled And Edited By John T. Robbins, Southern Daily Editor

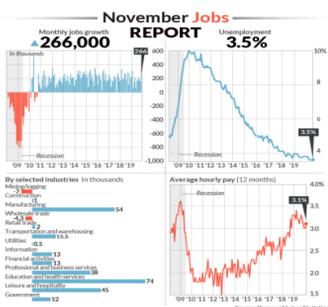
The U.S. economy added 266,000 jobs in November, above the 187,000 economists expected, the government said on Friday, as the unemployment rate fell back to a 50-year low of 3.5%.

**Why it matters:** The number reflects, in part, striking GM workers returning to work. The report, which also included upward revisions for prior months' job gains, also shows employers haven't pulled back on hiring, despite fears of a trade-war driven economic slowdown.

**The numbers:** The economy produced a robust 266,000 new jobs in November and the unemployment rate returned to a 50-year low, reflecting the resilience of the U.S. labor market.

The increase in employment — the biggest since January — was partly inflated by the return of nearly 50,000 striking auto workers at General Motors GM, -0.57%. Yet it was still a surprisingly strong report. Economists surveyed by MarketWatch had predicted a more modest 180,000 gain.

Hiring was strong almost across the board, with health care, hospitality and professional occupations leading the way.



The unemployment rate dipped to 3.5% from 3.6% to match the lowest level since the end of 1969.

The stock market DJIA, +0.00% soared in early Friday trades after the jobs report.

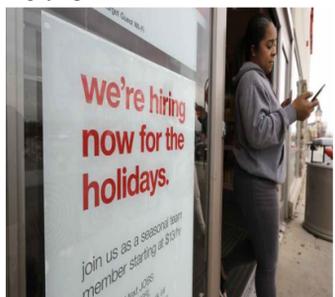
**What happened:** Health-care providers hired 45,000 people, hotels and restaurants boosted staff by 45,000 and white-collar professional firms added 38,000 workers.

Employment in manufacturing jumped by 54,000, but almost all of the gains stemmed from General Motors GM, -0.58% employees returning to work after a month-long strike. Manufacturers have added virtually no jobs this year,

hurt by a slowing global economy and by the U.S. trade war with China.

Retailers added just 2,000 new jobs a month before the holiday shopping season. Builders filled just 1,000 positions. And oil-and-gas companies shed 7,000 jobs, reflecting lower energy prices.

The amount of money the average worker earns, meanwhile, rose 7 cents to \$28.29 an hour. The increase in pay in the past 12 months slowed to 3.1% from 3.2%, however, indicating that many of the newly created jobs are likely lower-paying ones.



Wage gains climbed steadily from 2014 until early this year before leveling out at just over 3% a year.

Adding to the positive tone of the November jobs report, the government revised up employment gains for October and September by a combined 41,000.

Over the past three months, the economy had added an average of 205,000 new jobs. That's down from a 223,000 average in 2018, but still quite vigorous more than a decade into an economic recovery. Most economists don't think it can last, though.

The slowing economy has caused some companies to scale back hiring while skilled and even unskilled labor has become hard to find in the tightest labor market in decades. Many firms say they have had to leave positions unfilled because of a lack of talent.

**Big picture:** Businesses are still hiring at a healthy pace and laying off very few workers. New applications for unemployment benefits fell again at the end of November, leaving them just slightly above a half-century low.

Read: U.S. jobless claims tumble again to 203,000 and return to near a 50-year low

The strong labor market has given consumers the confidence to keep spending and extend a U.S. economic expansion now in a record 11th straight year.



**What they are saying?:** "This was a strong report, with a solid rise in payrolls, another drop in the unemployment rate, and decent growth in hourly earnings," said chief economist Chris Low of FHN Financial.

"All these new jobs will only put an extra spring in the step of holiday shoppers," said senior economist Sal Guatieri of BMO Capital Markets.

"Over 10 years since the official end of the Great Recession, the labor market continues to add more jobs than needed to keep up with population growth and the growth of the labor force," said research director Nick Bunker of Indeed Hiring Lab. "As we start the new year, maybe our resolution should be to not count out this labor market."

**Market reaction:** The Dow Jones Industrial Average DJIA, +0.01% and S&P 500 SPX, +0.02% both rose sharply, with the Dow gaining as much as 300 points. The 10-year Treasury yield TMUBMUSD10Y, +1.14% jumped 1.86%. (Courtesy <https://www.marketwatch.com/>)



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