# FURNITURE INSIGHTS®

Smith Leonard PLLC's Industry Newsletter

**December 2023**

## HIGHLIGHTS – EXECUTIVE SUMMARY

For the record, some of you may have heard by the time you get this version of *Furniture Insights®*, but I will be retiring from Smith Leonard, effective December 31, which also means that after 30 plus years of publishing this newsletter, this will be my last episode of *Furniture Insights®*. It has been a real pleasure to get to know so many of you over the years, both in person at meetings, events and markets, as well as through this correspondence. We, at Smith Leonard, have been very blessed to count so many of you as clients, as well as those who are not clients, also as friends. However, the team here at Smith Leonard with its countless combined years of furniture industry experience will continue to carry the torch led by Mark Laferriere, who will be taking my position as the leader of our furniture practice, handling all of our stats for this letter, as well as the annual operating statistics that we compile along with other industry data. So, with that said, it's been a real pleasure to be allowed to be involved in this great industry. Thanks so much to all of you who have provided me with your information and tidbits to help the news that we provide to be a bit more meaningful.

**Ken Smith, CPA**

Now to the summary of this month's results. As we have seen for the last year or two, the monthly results have to have some explanatory comments. New orders, according to our survey, were up 12% in October versus October 2022 but the October 2022 orders were down 30% from October 2021 and were even down in the 2021 to 2020 comparison, as 2020 orders were up 40% over October 2019. As we discuss later in the results below, there are so many factors that go into the results, it is difficult to explain them all. Hopefully, the information allows participants to have some feeling for how your results stack up against the industry and why there are differences for your business.

## EXECUTIVE SUMMARY, CONT.

For outsiders, it is just difficult to understand the fluctuations in the past four years. Year to date through October, new orders were up 2%, after a 29% drop the year before.

Backlogs actually increased a bit over August but were down 43% from September 2022. It appears that backlogs are getting to something closer to pre-pandemic levels, if one can determine how much price increases are included in the numbers.

The other stats are at least somewhat in line with expectations as you can see from the full report.

Shipments were down 13% from October a year ago and down 18% from the 2022 year to date results. As expected, the majority of the participants followed along with the overall results. Shipments in late 2020 and 2021 were bolstered by the huge backlogs that were built in late 2020 and into 2021 but shipments were not always smooth as it related to volumes of shipments, and especially with imported goods, supply chain issues caused havoc for many. So, the consistency of shipments has not been what one would have expected with such huge backlogs.

Receivable levels seem to be in line and with a few exceptions, there have not been major losses through retail failures. While there are some concerns out there, most of the major retailers seem to be in pretty good shape.

Inventory levels have come down to be more in line with current business conditions. While there are spots of shortages of employees, most of the employment needs have leveled off, except for certain needs in some skilled positions. The declines in overall positions have seemingly been handled through attrition for the most part.

### National

#### Consumer Confidence

The Conference Board ***Consumer Confidence Index®*** increased in December to 110.7, up from 101.0 in November. The ***Present Situation Index*** rose to 148.5 from 136.5 last month. The ***Expectations Index***—based on consumers' short-term outlook for income, business, and labor market conditions—improved to 85.6 in December, up from 77.4 in November.

"December's increase in consumer confidence reflected more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months," said **Dana Peterson, Chief Economist at The Conference Board.** Consumers' *Perceived Likelihood of a US Recession over the Next 12 Months* fell in December to the lowest level seen this year—though two-thirds still perceive a downturn is possible in 2024."

When asked to assess their **current family financial conditions**, the proportion reporting "good" ticked down while those saying "bad" rose slightly. The report noted that "this suggests consumers' view of their current finances may paint a more tempered picture than the perception that overall conditions are better than a month ago."

## EXECUTIVE SUMMARY, CONT.

### Thoughts

Several of the economic reports appear to be a bit mixed in terms of expectations for 2024. As we have said many times before, the individual factors that make up the economy as a whole do not always move at the same pace. The same goes for the furniture industry, even when just looking at residential furniture. So, while some expectations for certain parts of the industry have struggled, others have held up fairly well in spite of the slower economy in general.

We continue to believe that planning for 2024 should remain a bit on the conservative side. The Conference Board still suggests a short and shallow recession in the first half of 2024. We believe that maybe residential furniture may already be there. With 2024 being an election year, much of the normal advertising will be taken over by the political ads. We know that advertising does create consumers desires for new furniture so even if the economy does not go to a "light recession", we would not expect a robust recovery for the residential furniture industry. But we do believe that 2024 does give us a chance to create a new base level of business for future comparisons as price increases, due to abnormal fluctuations in freight, as well as other material and labor fluctuations, should become more like the normal changes to prices.

So, while planning conservatively, we would think that maybe the industry can start to plan for more normal fluctuations in their expectations for business.

Thanks again to all of you who have been so helpful to us and particularly to me. We appreciate your trust in sharing confidential information for us to share on a consolidated basis, as well as other comments, that you have allowed us to share without attribution. I hope to be able to see many of you in the next few markets, just to stay in touch. If I can ever be of any help to any of you, please feel free to reach out. In the meantime, please continue to respond and support Mark in the Firm's efforts, when he reaches out.

## EXECUTIVE SUMMARY, CONT.

### Housing

Existing-home sales grew in November, breaking a streak of five consecutive monthly declines. Among the four major U.S. regions, sales climbed in the Midwest and South but fell in the Northeast and West. All four regions continued to experience year-over-year sales decreases.

Total existing-home sales increased 0.8% from October to a seasonally adjusted annual rate of 3.82 million in November. Year-over-year, sales fell 7.3%.

Single-family home sales increased 0.9% from 3.38 million in October but were down 7.3% from the prior year. The median existing single-family home price was $392,100 in November, up 3.5% from November 2022.

According to Freddie Mac, the 30-year fixed-rate mortgage averaged 6.95% as of December 14, falling below 7% for the first time since August. That's down from 7.03% the previous week but up from 6.31% one year ago.

Sales of new single-family houses in November 2023 were 12.2% below the revised October rate of 672,000 but were 1.4% above November 2022. Compared to November 2022, sales were up 13.8% in the Northeast, 52.2% in the Midwest and 7.9% in the West with sales down 8.4% in the South.

### Other

**Real gross domestic product** (GDP) increased at an annual rate of 4.9% in the third quarter of 2023, according to the "third" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 2.1%.

Advance estimates of U.S. retail and food services sales for November 2023 were up 0.3% from the previous month, and up 4.1% above November 2022. Total sales for the September 2023 through November 2023 period were up 3.4% from the same period a year ago.

Sales at furniture and home furnishings stores in November were down 4.3% from November 2022 and down 5.5% year to date.

The Consumer Price Index for All Urban Consumers increased 0.1% in November on a seasonally adjusted basis, after being unchanged in October. Over the last 12 months, the all-items index increased 3.1% before seasonal adjustment. The index for shelter continued to rise in November, offsetting a decline in the gasoline index.

The leading economic indicators report noted “Despite the economy’s ongoing resilience—as revealed by the US CEI—and December’s improvement in consumer confidence, the US LEI suggests a downshift of economic activity ahead.”

## EXECUTIVE SUMMARY, CONT.

## HIGHLIGHTS – MONTHLY RESULTS

### New Orders

According to our latest survey of residential furniture manufacturers and distributors, new orders rose 12% in October 2023 compared to October 2022. As has been the case for the last couple of years, the results continue to require some background. October 2022 orders were down 30% from October 2021 and October 2021 orders were down 18% from October 2020. But October 2020 orders were up 40% over October 2019. Now factor in the effects of the Covid pandemic, up to 30% and more price increases due to material price and freight cost increases, increases in labor costs and other issues, and you could come up with probably something similar to some of the hash casseroles served at Holiday meals. Oh, and do not forget the fact that ocean freight increased over five or more times in some cases and then dropped back to more normal rates in the past year or so. But hopefully these comparisons will allow you to make some sense of your own results.

Some 62% of the participants reported increased orders in October compared to October a year ago.

Year to date, new orders were up 2% over the same period of 2022. Year to date orders for 2022 were down 29% over the same period of 2021 when orders were up 17% over the same period of 2020, again affected by the couple of months shutdown in early 2020.

### Shipments and Backlogs

Shipments in October 2023 were down 13% from October 2022. October 2022 shipments were up 2% over October 2021. Shipments in 2023 were down for 69% of the participants compared to October 2022. Year to date, shipments were down 18% over the first 10 months of 2022. Year to date shipments in 2022 were up 7% over 2021 shipments. So while new order comparisons were difficult, shipments were as well, as backlogs were built so much during 2020 and 2021. Shipments were also affected by major ocean freight issues.

Backlogs fell 5% from September and were down 43% from 2022 levels. Our survey results have been affected by several participants adjusting their backlog levels, since backlogs are not tracked in general ledgers, so over time, as orders were cancelled and other issues came up, several have had to restate their backlog numbers.

**ESTIMATED BUSINESS ACTIVITY (MILLIONS)**

| | 2023 | | |
|---|---|---|---|
| | OCT | SEP | 10 MOS |
| New Orders | 2,353 | 2,632 | 22,841 |
| Shipments | 2,307 | 2,273 | 23,942 |
| Backlog (R*) | 2,664 | 2,790 | |

(R* Affected by change in participants)

| | 2022 | | |
|---|---|---|---|
| | OCT | SEP | 10 MOS |
| New Orders | 1,922 | 2,328 | 22,451 |
| Shipments | 2,510 | 2,859 | 29,154 |
| Backlog | 4,675 | 5,120 | |

### Receivables and Inventories

Receivable levels were up 4% from September, somewhat in line with the 2% increase in shipments. Receivable levels were down 22% from October 2022, again somewhat in line with the year to date 18% decline in shipments.

Inventories fell 1% from September and were down 31% from October 2022, the same decline as reported last month. We hope that most have, by now, rebalanced their inventories to levels that really seem to make sense for current business conditions.

### Factory and Warehouse Employees and Payroll

The number of factory and warehouse employees was down 7% from October a year ago but actually up 1% from September. It appears that most of the people we talk with feel that the employee situation has become more manageable although there continues to be issues with finding the skills that many manufacturing companies continue to need.

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## MONTHLY RESULTS – DECEMBER 2023

| KEY MONTHLY INDICATORS (PERCENT CHANGE) | Oct 2023 from Sep 2023 | Oct 2023 from Oct 2022 | 10 Mos 2023 vs 10 Mos 2022 |
|---|---|---|---|
| **New Orders** | -11 | +12 | +2 |
| **Shipments** | +2 | -13 | -18 |
| **Backlog** | -5 | -43 | |
| **Payrolls** | +1 | -5 | -8 |
| **Employees** | +1 | -7 | |
| **Receivables** | +4 | -22 | |
| **Inventories** | -1 | -31 | |

| PERCENT INCREASE/DECREASE COMPARED TO PRIOR YEAR | New Orders | Shipments | Backlog | Employment |
|---|---|---|---|---|
| **2022** | | | | |
| October | -30 | +2 | -47 | -1 |
| November | -35 | +1 | -52 | -2 |
| December | -31 | +3 | -43 | -2 |
| **2023** | | | | |
| January | -25 | -3 | -40 | -4 |
| February | -17 | -6 | -62 | -5 |
| March | -14 | -16 | -63 | -6 |
| April | -19 | -28 | -64 | -9 |
| May | +15 | -18 | -61 | -9 |
| June | +23 | -28 | -58 | -9 |
| July | +28 | -21 | -54 | -8 |
| August | +29 | -17 | -51 | -8 |
| September | +13 | -20 | -45 | -7 |
| October | +12 | -13 | -43 | -7 |

## A DEEPER DIVE – NATIONAL

### Consumer Confidence

The Conference Board ***Consumer Confidence Index***® increased in December to 110.7 (1985=100), up from a downwardly revised 101.0 in November. The ***Present Situation Index***—based on consumers' assessment of current business and labor market conditions—rose to 148.5 (1985=100) from 136.5 last month. The ***Expectations Index***—based on consumers' short-term outlook for income, business, and labor market conditions—improved to 85.6 (1985=100) in December, up from its downwardly revised reading of 77.4 in November. This sharp increase brings expectations back to the levels of optimism last seen in July of this year.

"December's increase in consumer confidence reflected more positive ratings of current business conditions and job availability, as well as less pessimistic views of business, labor market, and personal income prospects over the next six months," said **Dana Peterson, Chief Economist at The Conference Board.** "While December's renewed optimism was seen across all ages and household income levels, the gains were largest among householders aged 35-54 and households with income levels of $125,000 and above. December's write-in responses revealed the top issue affecting consumers remains rising prices in general, while politics, interest rates, and global conflicts all saw downticks as top concerns. Consumers' *Perceived Likelihood of a US Recession over the Next 12 Months* abated in December to the lowest level seen this year—though two-thirds still perceive a downturn is possible in 2024."

Peterson added: "Assessments of the present situation rose in December, as seen by the more positive views of **business conditions** and the **employment situation**. By contrast, when asked to assess their **current family financial conditions** (a measure not included in calculating the *Present Situation Index*), the proportion reporting "good" ticked down while those saying "bad" rose slightly. This suggests consumers' view of their current finances may paint a more tempered picture than the perception that overall conditions are better than a month ago."

"Consumer expectations for the next six months also increased in December, reflecting improved confidence about **future business conditions**, **job availability**, and **incomes.** Expectations that interest rates will rise in the year ahead plummeted to the lowest levels since January 2021, and consumers' outlook for stock prices rose to levels of optimism last seen in mid-2021. Meanwhile, **average 12-month inflation expectations** continued to recede, and now stands at 5.6%. Consumers' views of their **expected family financial situation, six months hence** (not included in calculating the *Expectations Index*) also improved in December. Likewise, on a month-to-month basis, **buying plans** for autos, homes, and big-ticket appliances rose moderately across the board, ending the year on a slightly more positive note."

### Present Situation

Consumers' assessment of current **business conditions** was more positive in December.

- 21.7% of consumers said business conditions were "good," up from 18.6% in November.
- 16.5% said business conditions were "bad," down from 18.9%.

## NATIONAL UPDATE

### Leading Economic Indicators

**The Conference Board Leading Economic Index®** (LEI) for the U.S. declined by 0.5% in November 2023 to 103.0 (2016=100), following a (downwardly revised) decline of 1.0% in October. The LEI contracted by 3.5% over the six-month period between May and November 2023, a smaller decrease than its 4.3% contraction over the previous six months (November 2022 to May 2023).

"The US LEI continued declining in November, with stock prices making virtually the only positive contribution to the index in the month," said **Justyna Zabinska-La Monica, Senior Manager, Business Cycle Indicators, at The Conference Board.** "Housing and labor market indicators weakened in November, reflecting warning areas for the economy. The Leading Credit Index™ and manufacturing new orders were essentially unchanged, pointing to a lack of economic growth momentum in the near term. Despite the economy's ongoing resilience—as revealed by the US CEI—and December's improvement in consumer confidence, the US LEI suggests a downshift of economic activity ahead. As a result, The Conference Board forecasts a short and shallow recession in the first half of 2024."

**The Conference Board Coincident Economic Index®** (CEI) for the U.S. rose by 0.2% in November 2023 to 111.2 (2016=100), after no change in October. The CEI is now up 1.0% over the six-month period between May and November 2023, compared to 0.7% growth over the previous six months. The CEI's component indicators—payroll employment, personal income less transfer payments, manufacturing and trade sales, and industrial production—are included among the data used to determine recessions in the US. All four components of the index were positive in November, with personal income less transfer payments being the strongest contributor, followed by much smaller positive contributions from the remaining three components.

The **Conference Board Lagging Economic Index®** (LAG) for the U.S. rose by 0.5% in November 2023 to 119.2 (2016 = 100), following an increase of 0.3% in October. The LAG is up by 0.8% over the six-month period from May to November 2023, an improvement compared to 0.5% growth over the previous six months.

# A DEEPER DIVE – NATIONAL, CONT.

## Consumer Confidence, Cont.

### Present Situation, cont.

Consumers' appraisal of the **labor market** was also more positive in December.

- 40.7% of consumers said jobs were "plentiful," up from 38.6% in November.
- 13.2% of consumers said jobs were "hard to get," down from 15.6%.

### Expectations Six Months Hence

Consumers were less pessimistic about the **short-term business conditions outlook** in December.

- 18.7% of consumers expect business conditions to improve, up from 17.2% in November.
- 16.0% expect business conditions to worsen, down from 20.1%.

Consumers' assessment of the **short-term labor market outlook** was more optimistic in December.

- 17.8% of consumers expect more jobs to be available, up from 16.7% in November.
- 17.2% anticipate fewer jobs, down from 20.1%.

Consumers' assessment of their **short-term income prospects** improved in December.

- 18.7% of consumers expect their incomes to increase, up from 17.7% in November.
- 12.6% expect their incomes to decrease, virtually unchanged from 12.7%.

Consumers' assessment of their **Family's Current Financial Situation** pulled back slightly in December.

## Gross Domestic Product

**Real gross domestic product** (GDP) increased at an annual rate of 4.9% in the third quarter of 2023, according to the "third" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 2.1%.

The GDP current estimate released is based on more complete source data than were available for the "second" estimate issued last month. In the second estimate, the increase in real GDP was 5.2%. The update primarily reflected a downward revision to consumer spending. Imports, which are a subtraction in the calculation of GDP, were revised down.

The increase in **real GDP** reflected increases in consumer spending, private inventory investment, exports, state and local government spending, federal government spending, residential fixed investment, and nonresidential fixed investment. Imports increased.

Compared to the second quarter, the acceleration in **real GDP** in the third quarter primarily reflected an upturn in exports and accelerations in consumer spending and private inventory investment that were partly offset by a deceleration in nonresidential fixed investment. Imports turned up.

# A DEEPER DIVE – HOUSING

## Existing-Home Sales

Existing-home sales grew in November, breaking a streak of five consecutive monthly declines, according to the National Association of REALTORS®. Among the four major U.S. regions, sales climbed in the Midwest and South but receded in the Northeast and West. All four regions continued to experience year-over-year sales decreases.

Total existing-home sales – completed transactions that include single-family homes, townhomes, condominiums and co-ops – increased 0.8% from October to a seasonally adjusted annual rate of 3.82 million in November. Year-over-year, sales fell 7.3% (down from 4.12 million in November 2022).

Single-family home sales increased to a seasonally adjusted annual rate of 3.41 million in November, up 0.9% from 3.38 million in October but down 7.3% from the prior year. The median existing single-family home price was $392,100 in November, up 3.5% from November 2022.

# A DEEPER DIVE – HOUSING, CONT.

## Existing-Home Sales, Cont.

Existing condominium and co-op sales recorded a seasonally adjusted annual rate of 410,000 units in November, identical to October and down 6.8% from one year ago. The median existing condo price was $350,100 in November, up 8.6% from the previous year ($322,400).

"The latest weakness in existing home sales still reflects the buyer bidding process in most of October when mortgage rates were at a two-decade high before the actual closings in November," said NAR Chief Economist Lawrence Yun. "A marked turn can be expected as mortgage rates have plunged in recent weeks."

According to Freddie Mac, the 30 year fixed-rate mortgage averaged 6.95% as of December 14th, falling below 7% for the first time since August 10th. That's down from 7.03% the previous week but up from 6.31% one year ago.

Total housing inventory registered at the end of November was 1.13 million units, down 1.7% from October but up 0.9% from one year ago (1.12 million). Unsold inventory was at a 3.5-month supply at the current sales pace, down from 3.6 months in October but up from 3.3 months in November 2022.

The median existing-home price for all housing types in November was $387,600, an increase of 4.0% from November 2022 ($372,700). All four U.S. regions posted price increases.

"Home prices keep marching higher," Yun added. "Only a dramatic rise in supply will dampen price appreciation."

First-time buyers were responsible for 31% of sales in November, up from 28% in October 2023 and November 2022. NAR's 2023 *Profile of Home Buyers and Sellers* – released in November – found that the annual share of first-time buyers was 32%.

## Regional

Existing-home sales in the Northeast slipped 2.1% from October to an annual rate of 470,000 in November, down 13.0% from November 2022. The median price in the Northeast was $428,600, up 4.8% from the prior year.

In the Midwest, existing-home sales rose 1.1% from the previous month to an annual rate of 940,000 in November, down 8.7% from one year ago. The median price in the Midwest was $280,800, up 4.9% from November 2022.

Existing-home sales in the South improved 4.7% from October to an annual rate of 1.77 million in November, a decline of 4.3% from the prior year. The median price in the South was $351,500, up 3.4% from last year.

In the West, existing-home sales slumped 7.2% from a month ago to an annual rate of 640,000 in November, down 8.6% from one year before. The median price in the West was $603,200, up 5.3% from November 2022.

## New Residential Sales

Sales of new single-family houses in November 2023 were at a seasonally adjusted annual rate of 590,000, according to estimates released jointly by the U.S. Census Bureau and the Department of Housing and Urban Development. This was 12.2% below the revised October rate of 672,000 but was 1.4% above the November 2022 estimate of 582,000.

The median sales price of new houses sold in November 2023 was $434,700. The average sales price was $488,900.

The seasonally adjusted estimate of new houses for sale at the end of November was 451,000. This represents a supply of 9.2 months at the current sales rate.

Compared to November 2022, sales overall were up 1.4% with sales up 13.8% in the Northeast,52.2% in the Midwest and 7.9% in the West with sales down 8.4% in the South.

## Housing Starts

Privately-owned housing starts in November were at a seasonally adjusted annual rate of 1,560,000. This was 14.8% above the revised October estimate of 1,359,000 and was 9.3% above the November 2022 rate of 1,427,000. Single-family housing starts in November were at a rate of 1,143,000; this was 18.0% above the revised October figure of 969,000 and up 42.2% above November 2022.

Single family starts compared to November 2022 were up 33.9 in the Northeast, 83.2% in the Midwest, 35.7% in the South and 40.5% in the West.

# A DEEPER DIVE – OTHER NATIONAL

## Housing Completions

Privately-owned housing completions in November were at a seasonally adjusted annual rate of 1,447,000. This was 5.0% above the revised October estimate of 1,378,000 but was 6.2% below the November 2022 rate of 1,543,000. Single-family housing completions in November were at a rate of 960,000; this was 3.2% below the revised October rate of 992,000.

Single family completions compared to November 2022 were down 12.9% in total and down 12.5% in the Northeast, 15.3% in the Midwest, 13.4% in the South and 10.0% in the West.

## Retail Sales

Advance estimates of U.S. retail and food services sales for November 2023, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $705.7 billion, up 0.3% from the previous month, and up 4.1% above November 2022. Total sales for the September 2023 through November 2023 period were up 3.4% from the same period a year ago.

Retail trade sales were up 0.1% from October 2023, and up 3.1% above last year. Nonstore retailers were up 10.6% from last year, while food services and drinking places were up 11.3% from November 2022.

Sales at furniture and home furnishings stores were down 4.3% from November 2022 and down 5.5% year to date.

## Consumer Prices

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1% in November on a seasonally adjusted basis, after being unchanged in October, according to the U.S. Bureau of Labor Statistics report. Over the last 12 months, the all-items index increased 3.1% before seasonal adjustment.

The index for shelter continued to rise in November, offsetting a decline in the gasoline index. The energy index fell 2.3% over the month as a 6.0% decline in the gasoline index more than offset increases in other energy component indexes. The food index increased 0.2% in November, after rising 0.3% in October. The index for food at home increased 0.1% over the month and the index for food away from home rose 0.4%.

The index for all items less food and energy rose 0.2% in October, after rising 0.3% in September. Indexes which increased in October include rent, owners' equivalent rent, motor vehicle insurance, medical care, recreation, and personal care. The indexes for lodging away from home, used cars and trucks, communication, and airline fares were among those that decreased over the month.

The index for all items less food and energy rose 0.3% in November, after rising 0.2% in October. Indexes which increased in November include rent, owners' equivalent rent, medical care, and motor vehicle insurance. The indexes for apparel, household furnishings and operations, communication, and recreation were among those that decreased over the month.

The all-items index rose 3.1% for the 12 months ending November, a smaller increase than the 3.2% increase for the 12 months ending October. The all items less food and energy index rose 4.0% over the last 12 months, as it did for the 12 months ending October. The energy index decreased 5.4% for the 12 months ending November, while the food index increased 2.9% over the last year.

## Employment

Total nonfarm payroll employment increased by 199,000 in November, and the unemployment rate edged down to 3.7%, the U.S. Bureau of Labor Statistics reported. Job gains occurred in health care and government. Employment also increased in manufacturing, reflecting the return of workers from a strike. Employment in retail trade declined.

The unemployment rate edged down to 3.7% in November, and the number of unemployed persons showed little change at 6.3 million.

## Durable Goods Orders and Factory Shipments

New orders for manufactured durable goods in November, up two of the last three months, increased $15.1 billion or 5.4% to $295.4 billion, according to the U.S. Census Bureau. This followed a 5.1% October decrease. Excluding transportation, new orders increased 0.5%. Excluding defense, new orders increased 6.5%. Transportation equipment, also up two of the last three months, led the increase at 15.3%.

Shipments of manufactured durable goods in November, up following two consecutive monthly decreases, increased 1.0% to $283.2 billion. This followed a 0.8% October decrease. Transportation equipment, also up following two consecutive monthly decreases, led the increase, $2.0 billion or 2.3% to $90.3 billion.

According to the final report, orders for furniture and related products were down 0.5% and shipments were down 2.3%. Year to date, orders and shipments were down 0.2%