Richard (Dick) Hokenson
rhokenson@hokenson.biz
+31 6 5518 3873

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Recap on the US Consumer

The outlook for the sustainability of strong consumer spending remains excellent. The less sanguine view that only focuses on moderate increases in wages or average weekly earnings is overlooking the following positive developments:

- **Full-time workers dominate employment growth**. Since the economic trough of June 2009, the number of full-time workers (persons who work 35 hours or more per week) has increased by 15.823 million while the number of part-time workers (persons who work less than 35 hours per week) has declined by 431,000 (see Chart 1). It goes without saying that someone who works more hours has a higher income even if increases in average hourly earnings remain modest. It is also important to note that the decline in the number of part-time workers reflects two diametrically opposite trends. The number of workers who work part-time for economic reasons declined by 4.281 million whereas the number of persons who work part-time for noneconomic reasons has increased by 3.850 million (see Chart 2). One aspect of the growth in voluntary part-time employment are persons, mainly but not entirely mothers, who are folding work around the family.
- **More workers are working year-round.** Whether a worker is full-time or part-time, the proportion that is working year-round (50 to 52 weeks) has increased for both groups (see Charts 3 and 4). Yet, another positive for consumer income.
- **Family income is improving at a faster rate.** The focus on wages or average weekly earnings describes individuals. Spending decisions, however, are made by families. The number of families with at least one unemployed member fell by 557,000 which is nearly double the decline recorded in the prior year (see Chart 5). Moreover, there are now more adults in the same family (see Chart 6). As previously discussed, there are more parents living with their adult children (14% in 2017 versus 7% in 1995). There are consumer outlays which are dependent on the number of persons in a family, e.g. food, but they are overshadowed by significant expenses that depend principally on the total family not individuals, e.g. housing. While more adults at home is a headwind for household formations, it is a major positive for income.

As this is being written, there are escalating tensions regarding international trade on top of prior and still ongoing uncertainties regarding immigration. Although we don't know what the eventual outcome regarding trade will be, one of the ways that we can monitor the potential impact of immigration is the rate of increase in foreign born employment (see Chart 7). Even though it is calculated as the percent change from a year-ago, the growth rate is very volatile. So far, however, growth has held up. It is a situation that we will continue to monitor.

Chart 1

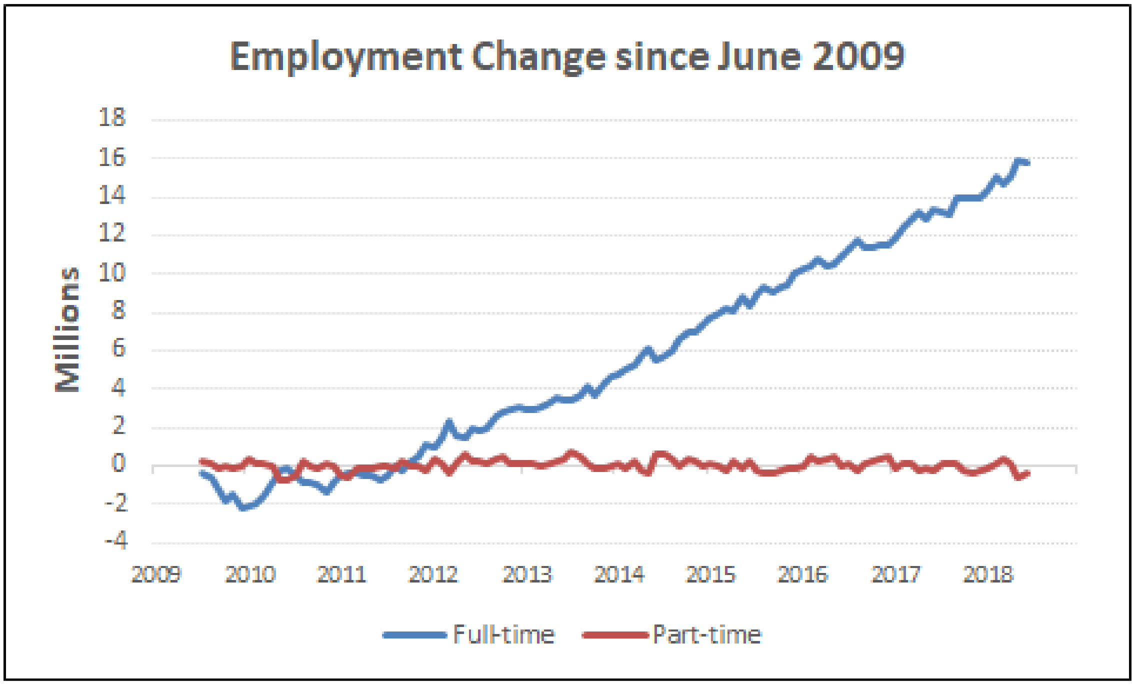

Chart 2

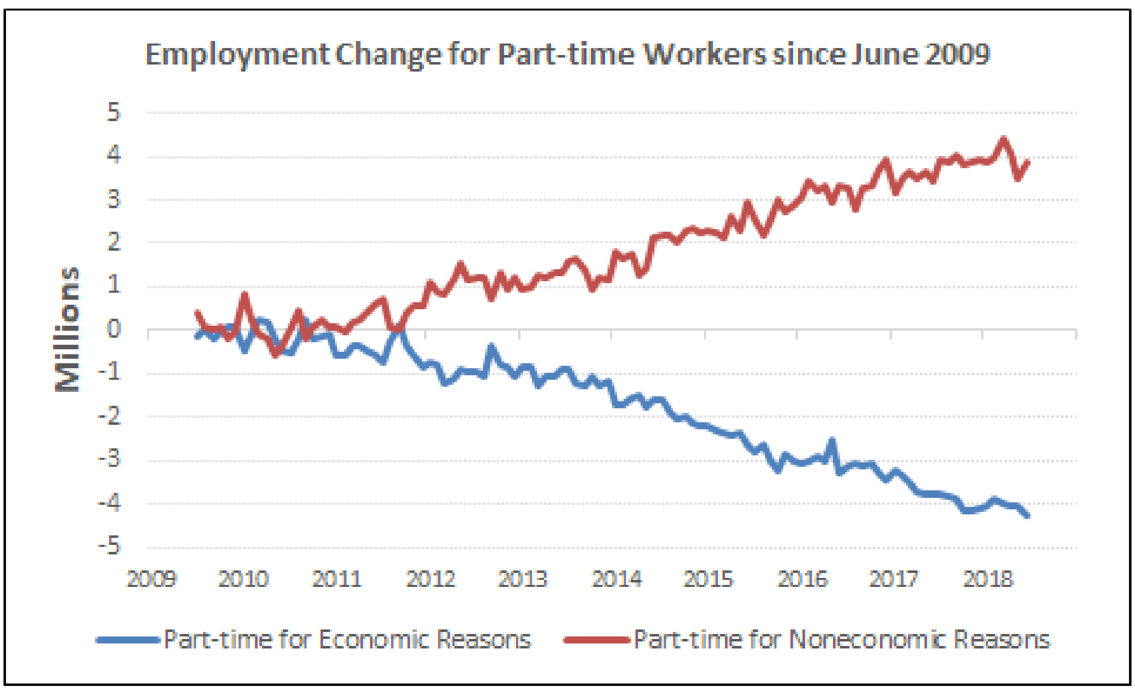

Chart 3

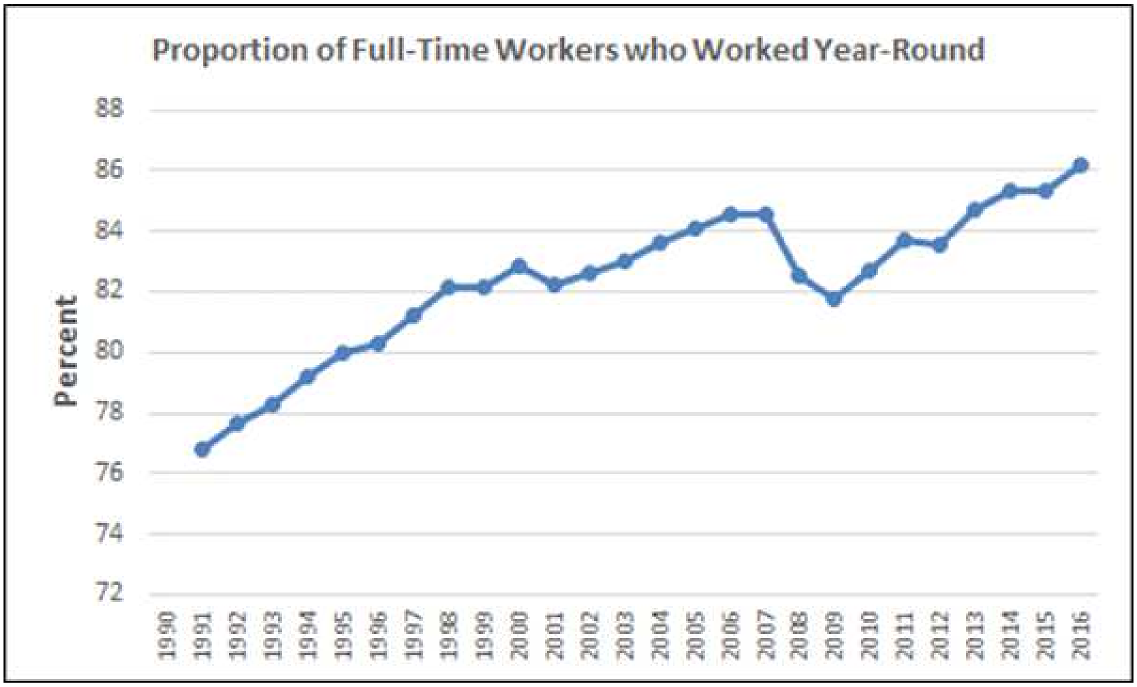

Chart 4

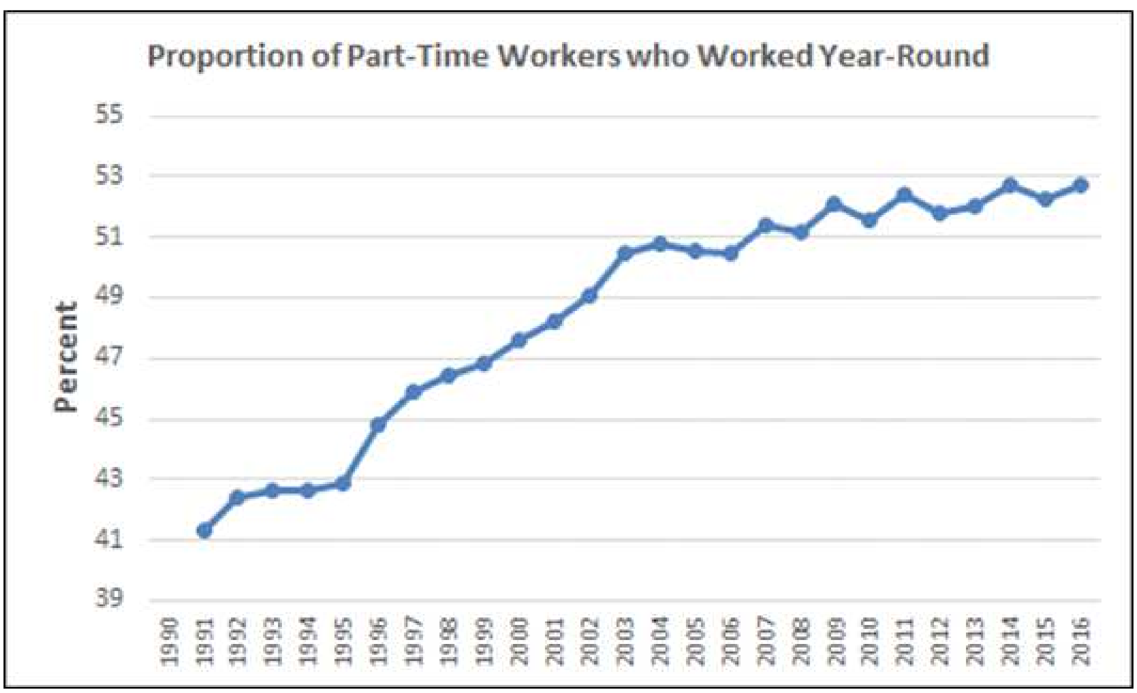

Chart 5

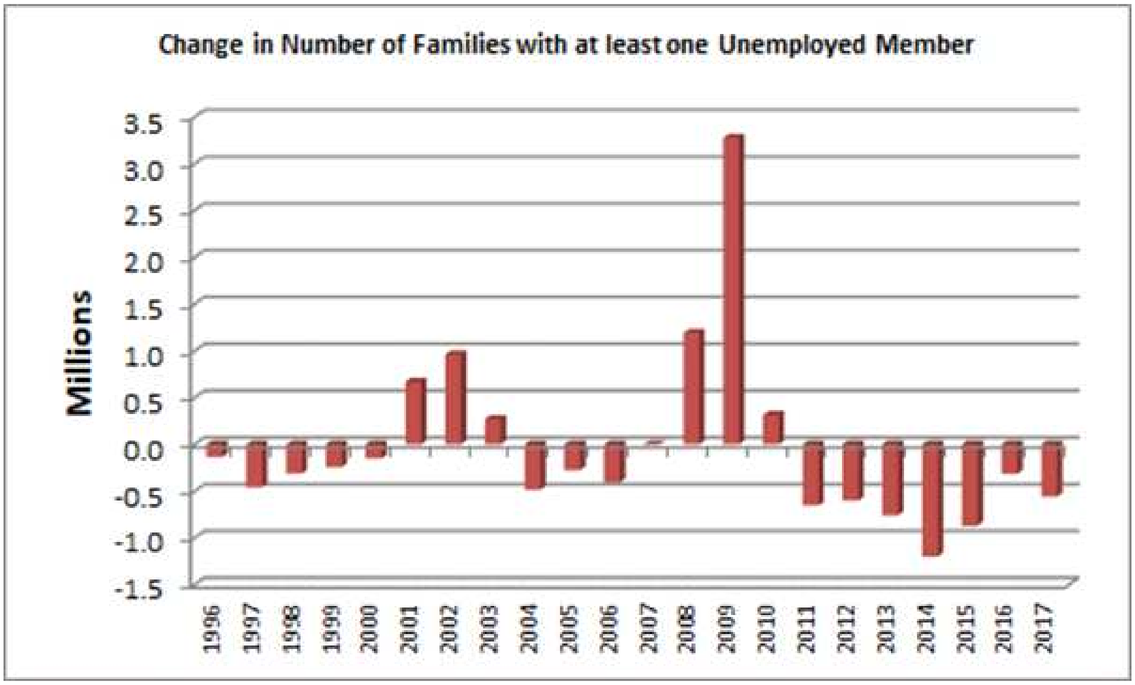
Change in Number of Families with at least one Unemployed Member
Millions
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
-0.5
-1.0
-1.5
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017

Chart 6

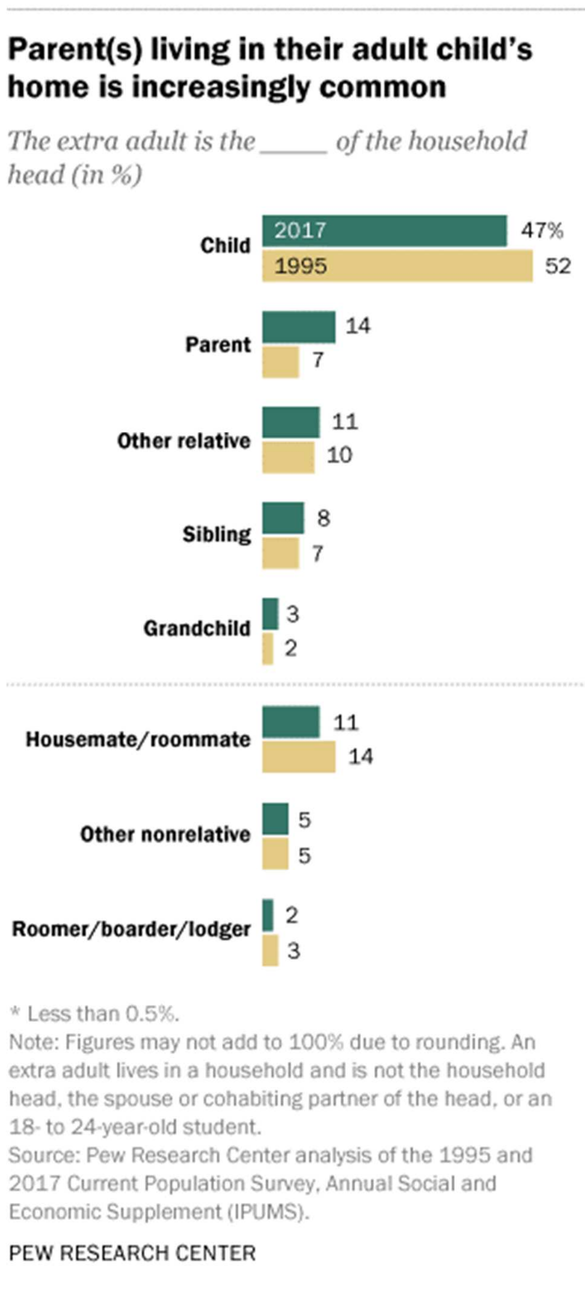
Parent(s) living in their adult child's home is increasingly common
The extra adult is the _____ of the household head (in %)
Child
2017
47%
1995
52
Parent
14
7
Other relative
11
10
Sibling
8
7
Grandchild
3
2
Housemate/roommate
11
14
Other nonrelative
5
5
Roomer/boarder/lodger
2
3
* Less than 0.5%.
Note: Figures may not add to 100% due to rounding. An extra adult lives in a household and is not the household head, the spouse or cohabiting partner of the head, or an 18- to 24-year-old student.
Source: Pew Research Center analysis of the 1995 and 2017 Current Population Survey, Annual Social and Economic Supplement (IPUMS).
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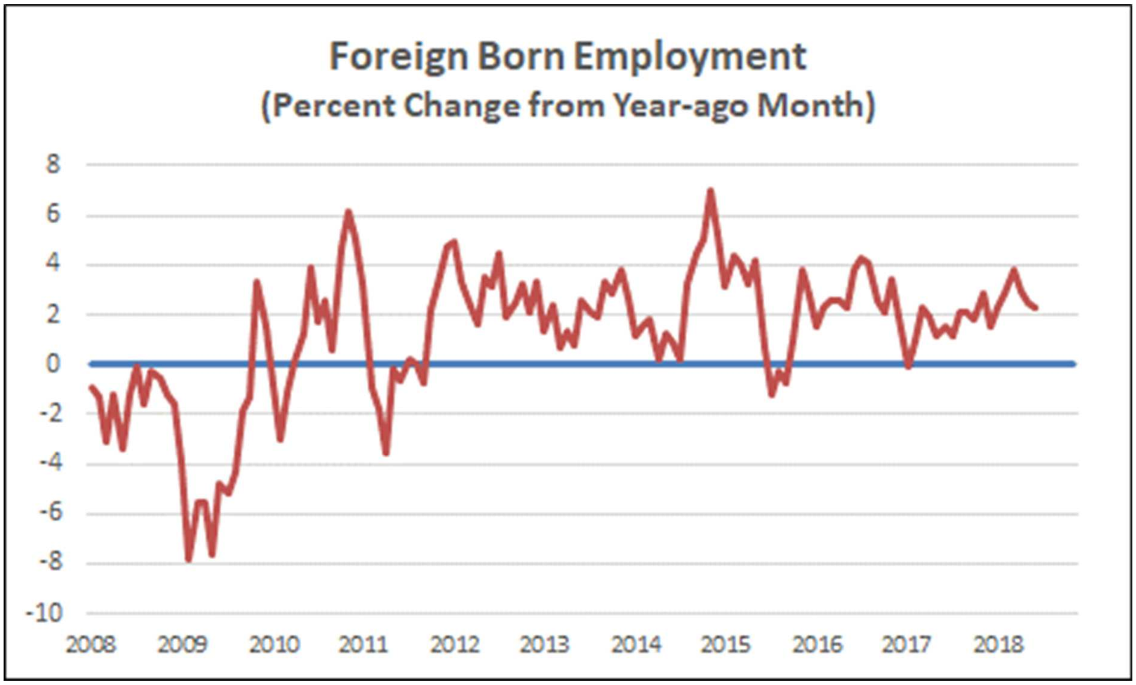
Chart 7


Foreign Born Employment
(Percent Change from Year-ago Month)
8
6
4
2
0
-2
-4
-6
-8
-10
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018