



Basis Points – December 5, 2019

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Above the Fold

ADP Miss, but Services Strong

Automatic Data Processing's monthly jobs report released Wednesday showed the fewest jobs added in six months. The data showed 67,000 new payrolls in November — the second-lowest total since 2010. Economists were expecting double that number. Some economists, like Mark Zandi of Moody's (who produces these data along with ADP), are moderately concerned about the slowing job growth, even though the trend remains bullish. Unemployment held at a 50-year low of

3.6%. The Labor Department's employment data due Friday is expected to show private payrolls increased by 178,000 in November, and is adjusted for the thousands of workers back on the job after the strike at GM ended at the end of October.

Contrasting the weakness in the ADP report was the latest data from the Institute for Supply Management's non-manufacturing index. It showed a reading of 53.9, besting consensus estimates and offering some year-end positivity. The upbeat report was bolstered by separate data from IHS Markit, which said on Wednesday its U.S. services index was 51.6 in November, up from 50.6 in October.

Three Things

1. *Speedier Santa?* – Logistics companies like FedEx, UPS, USPS and Amazon, already dealing with capacity issues, face a mathematical problem this year. A record 2 billion packages are expected to be shipped this holiday season, but in nearly a week's less time. 2019 has the shortest gap between Thanksgiving and Hanukkah/Christmas since 2013. So don't be surprised if some of your shipments don't arrive at their scheduled time, especially if a premium shipping option is not selected.
2. *Silicon Valley's Alphabet Soup* – As Google parent Alphabet matures, co-founders Larry Page and Sergey Brin decided it best to step down as CEO and president, respectively, and hand over full control of Alphabet Inc. to Sundar Pichai, who was formerly CEO of Google alone.
3. *Gum's Got a Social Problem* – Chewing gum sales have dropped 4% globally over the last eight years, even more in the U.S. alone. Experts blame social changes, jaw pain and the rise of mints and other non-chewy candies. But the gum industry is fighting back by customizing gum's flavor to last longer and even offer various health benefits, from weight loss and energy boosters to treating headaches and sleep disorders. Science has proven that certain supplements can be absorbed faster by chewing rather than swallowing.

Did You Know?

Seasonal Workers, Strange Trucks and Lost Guarantees

U.S. companies hired more than 700,000 seasonal workers overall in 2018 according to Challenger, Gray & Christmas, with this year expected to be slightly more. UPS may add around 100,000 temporary jobs, with FedEx adding about 50,000 to help fulfill this year's short and busy seasonal demand.

But humans aren't the only seasonal additions you're likely to spot this year. UPS and FedEx have had to resort to renting a record amount of trucks from companies like Penske, Budget and others to carry the sheer volume of packages being delivered. So if you see a strange rental truck or van outside, it might very well be your delivery person.

And if you happen to be shipping or receiving anything this holiday season, be sure to check your shipper's website, as most major shippers suspend their delivery guarantees between mid-December and early January.

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