



## MARKET OUTLOOK

# TAKING A BROADER ECONOMIC VIEW

By David Royal

If you pay attention to headlines these days, it's hard to miss the fluctuation in the markets. And while it's easy to focus on the day-to-day factors impacting market performance, it's important to take a look at the economy from a broader perspective.

Our more than 100 investment professionals at Thrivent always are analyzing economic information. So, what are we seeing?

This fall, U.S. manufacturing contracted by some measures, which indicates that the manufacturing portion of our economy has weakened. Now, manufacturing globally, especially in Europe, has been in recession for several quarters. So why isn't the U.S. economy in recession?

While manufacturing has struggled (likely due in part to trade tensions), it's been offset by the service portion of the economy, which is composed

of industries like healthcare and education. The service portion has been stronger, both domestically and internationally. And since manufacturing makes up a smaller part of the economy in the United States than in Europe, it's contributed to our economy's relative outperformance.

Employment in manufacturing is another important consideration. There are now nearly twice as many jobs in healthcare and education services than in manufacturing. As recently as the 1980s, that ratio was reversed. In short, the U.S. economy is now much less dependent on manufacturing jobs than it used to be and less dependent than most of the world is today.

A similar contraction in manufacturing occurred in 2016. But consumer spending and the service economy remained strong and we didn't go into recession. And then 2017 was a great year for stocks.

At Thrivent, we're watching closely to see whether the service sector and consumer spending can overcome weak manufacturing once again.



David Royal is chief investment officer at Thrivent.

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(Sleep Superheroes continued from page 3)

51 ½ bunks built by 125 volunteers for the Kenosha/Racine group (see photo).

The group was started in June 2018 by Thrivent member Mike Prudhom and his friend Wayne Pike. Prudhom enjoyed building things, and he knew he could build beds. Pike was an avid woodworker. Together with their spouses, Debbi Prudhom and Maryann Pike, they put out a call for volunteers and donations.

Thrivent member Mark Niccolai was one of the people who responded. He and his wife, Cathleen, have led Thrivent Action Teams to support the group and now serve on its local management team with the Prudhoms, the Pikes and others.

Kim Vogel, a Thrivent Financial professional in Kenosha, and his wife, Louise, also answered the call and made donations. Vogel and his daughter and business partner, Kelly Banner, helped organize events. Other Thrivent members have directed Thrivent Choice Dollars® to the group.

Local companies responded, too. One provides warehouse space for the group to keep lumber, build beds and store them for delivery. Businesses, social groups, churches and individuals donate money for supplies. And church groups supply bedding, including handmade quilts.

Every couple of months, when enough materials have accumulated, several dozen volunteers typically spend a day building about two dozen beds. With more than 300 beds built so far, you'd think they would be close to meeting the need in the area. Not so, says Niccolai. "It's surprisingly great; the requests for beds just keep coming in."

\*Source: AASM, [aasm.org/poor-sleep-can-negatively-affect-a-students-grades-increase-the-odds-of-emotional-and-behavioral-disturbance](http://aasm.org/poor-sleep-can-negatively-affect-a-students-grades-increase-the-odds-of-emotional-and-behavioral-disturbance)