Government Measures To Stop COVID-19 Triggering Pandemic of Fear

Check out the accompanying chart collection and podcast.

(1) Updating our assessment of COVID-19 crisis. (2) Government actions and warnings to stem virus making Panic Attack #66 the most fearsome of them all. (3) Quarantines and fears of quarantines around the world raising risk of global recession and bear market in stocks. (4) In US, CDC official warns public to prepare for school closings even though she says virus risk is low! (5) Government measures should stop virus, but risk killing us with fear. (6) Flu kills people of all ages, while COVID-19 kills old people (numerous in China) and has spared children younger than 10 so far. (7) Sick happens. (8) COVID-19 can be spread by people with no symptoms. (9) US consumers have nothing to fear but fear about COVID-19 coming to our neighborhoods.

Virology 101: Global Fear Contagion. Our rapid-response team at Yardeni Research first responded to the coronavirus outbreak in the Monday, 1/27 issue of our Morning Briefing, which was titled “Going Viral?” That was the next business day after the outbreak first hit the headlines on Friday, 1/24. Let’s review some of our initial assessments and the latest developments:

(1) Panic attack #66 could be the one that causes a global recession and a bear market. In our 1/27 analysis, we suggested that the outbreak had the potential to be added to our list of 65 panic attacks since the start of the current bull market: “Will the coronavirus outbreak that started in the Chinese city of Wuhan, Hubei turn out to be just the latest panic attack that provides yet another buying opportunity for stock investors? Fears that it could turn into a pandemic knocked stock prices down last week, especially on Friday.”

The S&P 500 peaked at 3329.62 on Friday, 1/17. It then fell 3.1% through the last day of January. Joe and I added the outbreak to our list of panic attacks on 2/3 (Fig. 1).

The S&P 500 proceeded to rally 5.0% to a record high of 3386.15 last week on Wednesday, 2/19 (Fig. 2). It dropped on Friday of last week, 2/21, by 1.1%, and plunged 3.4% on Monday, 2/24, as reports showed that the virus was spreading globally, particularly to Iran, Italy, and South Korea.
It plunged again, by 3.0%, on Tuesday after an official at the Centers for Disease Control and Prevention (CDC) that day said Americans should prepare for COVID-19 to spread in their communities and cause disruption after Iran, Italy, and South Korea reported a rapid uptick in the number of people who have been sickened.

“We really want to prepare the American public for the possibility that their lives will be disrupted because of this pandemic,” Dr. Nancy Messonnier, director of the CDC’s National Center for Immunization and Respiratory Diseases, told reporters. She said that Americans should talk to their children’s schools about contingency education and childcare plans and discuss tele-working options at work if community spread is reported in the US.

When asked by a reporter on a conference call if her tone had changed compared to previous calls, the CDC official said: “The data over the last week and the spread in other countries has certainly raised our level of concern and raised our level of expectation that we are going to have community spread here ... That’s why we are asking folks in every sector as well as within their families to start planning for this.”

Messonnier said that she herself spoke to her family over breakfast on Tuesday, and that while she feels the risk of coronavirus at this time is low, she told them they needed to be preparing for "significant disruption” to their lives. (See the Fox News article “Coronavirus disruption to ‘everyday’ life in US ‘may be severe,’ CDC official says.”)

We have come to the conclusion that even if the virus turns out to be no more dangerous to global medical and economic health than previous outbreaks (as we still expect), extreme government responses aimed at containing the virus, while effective, will create a pandemic of fear, increasing the risk of a global recession and a bear market in stocks.

(2) To be contained. We expect the coronavirus outbreak to be contained, as the previous three major viral outbreaks were. SARS (2003-04), MERS (2012), and EVD (2014-16) all were contained using traditional public health measures—e.g., testing, isolating patients, and screening people at airports and other public places. Eight months after SARS began circulating, for example, the virus died out. A 2/18 LA Times article explains how SARS, which had reached 29 countries at its peak, suddenly disappeared. The seriousness with which governments and health organizations around the world are taking the coronavirus suggests its spread likewise will be minimized.
People get sick. According to a Live Science article written last week (“How does the new coronavirus compare to the flu?”), the virus, officially “COVID-19,” infected more than 75,000 people and killed 2,000, primarily in mainland China. Not to minimize the suffering behind those numbers, this year’s flu season has had a much worse outcome so far—with a death toll of 14,000. The flu has also caused an estimated 26 million illnesses and 250,000 hospitalizations so far this season, according to the CDC.

In the largest study of COVID-19 cases to date, China’s Center for Disease Control and Protection analyzed 44,672 confirmed cases and found 80.9% to be mild, 13.8% severe, and 4.7% (2,087) critical. They estimated the death rate at 2.3%; that’s much higher than the death rate from US flu cases, at around 0.1%—but both rates are extremely low. According to the article cited above, nobody under 10 years old has died of this coronavirus to date.

What’s unknown about the new virus is the problem. Nobody knows exactly how it will spread or how many serious cases will develop. “Despite the morbidity and mortality with influenza, there’s a certainty … of seasonal flu,” Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, said in a White House press conference on 1/31, according to the Live Science article. The course of the flu is predictable, he said, down to the number of hospitalizations and mortalities to expect before cases drop off in spring. “The issue now with [COVID-19] is that there’s a lot of unknowns.”

The asymptotic difference. Unlike with previous headline-making viral outbreaks, asymptomatic people can have and spread the new coronavirus; that’s less likely with the flu, which spreads mostly from persons with symptoms. Cases have been reported on every continent but South America and Antarctica, most recently in Europe, East Asia, and the Middle East, according to the CDC’s website.

A 2/24 article in The Atlantic quoted Harvard epidemiology professor Marc Lipsitch saying he doesn’t think COVID-19 will prove containable. His “very, very rough” estimate was that 100-200 people in the US were infected (versus 35 cases confirmed cases as of Sunday, 2/23), which would be enough to spread the disease widely. The article observed that Chinese scientists reported an apparent case of asymptomatic spread of the virus from a patient with a normal chest CT scan. If this finding is not a bizarre abnormality, the scientist stated, “the prevention of COVID-19 infection would prove challenging.”
(5) Will warm weather kill the virus? Might the coming warm weather months halt COVID-19’s spread? David Heymann of the London School of Hygiene and Tropical Medicine, who led the global response to the SARS outbreak in 2003, says not necessarily. The MERS coronavirus spread in Saudi Arabia during August, he pointed out. The flu might spread less readily in summer simply because people spend less time together in confined spaces in summertime, per a 2/12 NewScientist article.

Drug manufacturers are rushing to develop a vaccine. On Monday, drug maker Moderna delivered its first experimental coronavirus vaccine for human testing, with a clinical trial scheduled for April.

The bottom line is that we aren’t too afraid of the virus right now. While we are not virologists, our take is that there are two sanguine outcomes: (#1) the virus spreads to lots more people, but most cases are mild, and we learn to live with the threat; and/or (#2) public health efforts and less togetherness during warmer months cause the virus to die out.

(6) Fear going viral. More fearsome than the virus itself is the global contagion of fear it could spawn as governments continue to react with extreme measures and the media continues to hype the threat up. Governments’ responses have been drastic, as discussed in a 2/24 WSJ article; they include China’s quarantine of 60 million people in Hubei province, halting economic activity, and the US’ travel warnings and ban on entry of any non-American who has been to China in the past 14 days. As noted above, just yesterday, the CDC warned Americans to prepare for a severe disruption to everyday life in the US in the event of an outbreak here.

We hope that people soon will have good reasons to conclude, as we have for now, that this too shall pass.

US Consumers: Fearless So Far. US consumers have no shortage of potential concerns to fret about. The novel coronavirus is spreading, US-China trade negotiations loom, Brexit has yet to be settled, global growth is unstable, and the next US presidential election could shake up the economy.

Nevertheless, the latest data show that the US consumer is optimistic and squarely focused on the rosy conditions of the here and now: plenty of jobs, low gas and fuel prices, and rising asset values. But are consumers about to get hit with a viral panic attack?
In his 2/11 and 2/12 semi-annual testimony to Congress, Federal Reserve Chairman Jerome Powell touted the strength of the job market and the US consumer. At his 1/29 presser this year, he said that “household debt is in a good place, a very good place.” However, total consumer debt (including mortgages, auto loans, student loans, and other types of debt) has climbed to new peaks quarter after quarter since Q1-2017, according to the Fed’s own data.

Nevertheless, the burden of all this debt may be more sustainable than meets the eye. Consider the following reasons why the US consumer is poised to prosper in 2020—assuming that the coronavirus doesn’t infect the US jobs market but does help keep a lid on interest rates:

(1) Optimistic & unfazed. In August 2019, the Consumer Sentiment Index had its biggest monthly decline since 2012 as US-China trade tensions heightened and generated uncertainty for consumers (Fig. 3). But by the 2019 holiday shopping season, the index recovered. The latest data show that the index rebounded to 100.9 during February, near its expansion peak of 101.4 during March 2018.

Both the current conditions and expectations components of the index remained near their expansion peaks, though the latter rose this month while the former dipped. When asked about potential impacts on their economic expectations, just 7% of respondents mentioned the coronavirus and only 10% mentioned the election, according to a statement by the survey’s chief economist, Richard Curtin.

The latest reading of the Consumer Confidence Index, for February, also turned up, led by a big move up in expectations (Fig. 4). The expectations component jumped 6.4 points this month—and 13.3 points since its recent bottom of 94.5 in October—to a seven-month high of 107.8. The present situation component continued to bounce around cyclical highs, slipping to 165.1 this month after rising from 166.6 in November to 173.9 in January.

(2) Responsible borrowers. Several Fed officials recently have repeated that the US economy, especially the US household sector, is in a good place. Consumers drive the US economy, with their spending accounting for nearly two-thirds of GDP. Are debt-laden US consumers really in a good place?
The New York Fed’s *Quarterly Report on Household Debt and Credit* shows that total household debt increased during Q4-2019 by $193.0 billion to a record $14.2 trillion, marking the 22nd consecutive quarterly increase (Fig. 5). Total household debt is now $1.5 trillion higher, in nominal terms, than the pre-recession peak of $12.7 trillion during Q3-2008.

An October 2019 analysis by the St. Louis Fed’s Center for Household Financial Stability debunked the notion that the recent high levels of US consumer debt are unsustainable, based on adjustments for inflation and the number of consumers.

Total consumer debt amounted to $13.9 trillion at the end of Q2-2019. Most represented mortgage debt at $9.4 trillion, which surpassed the previous pre-recession record of $9.3 trillion. Adjusted for inflation, total real mortgage debt during Q2-2019 was 13.2% below its 2008 peak. Adjusting for the number of potential borrowers shows that Q2-2019 total real mortgage debt was 23.0% below its 2008 peak.

Another positive can be found in the New York Fed’s household debt numbers: Less than 5% of total outstanding debt was delinquent in Q4-2019 and just 3.1% was more than 90 days past due (Fig. 6). Delinquencies increased leading into the recession during 2006 and 2007. In Q4-2009, 11.9% of debt was delinquent and 8.6% was over 90 days past due. In recent years, the percentage of overdue debt has flatlined. Defaults on first-mortgage loans also are lower than in the years prior to the financial crisis. Low interest rates are an important factor holding down delinquencies and defaults.

(3) *Thrifty spenders.* Although business spending has softened in the face of uncertainty, consumer spending has been holding up. Consumers are likely to keep spending more as long as the supports of spending remain—good jobs, low interest rates, cheap gas, and rising asset values.

Nevertheless, US consumers seem increasingly to be watching their spending. That makes sense considering that the oldest Baby Boomers over the past decade have aged into a typically more frugal time of life: retirement. At the same time, the oldest Millennials have entered their prime earning adult years. They tend to be thrifty, having grown up during the Great Recession, and tend not to spend as frivolously as their Boomer parents did at their age.

(4) *Frugal savers.* The consumer saving rate is trending upward as the consumer spending rate is rising at a slower pace than income growth. The personal savings rate as of the Fed’s
latest data was 7.6% compared to the record low of 2.2% during July 2005 (Fig. 7). It’s interesting that the Boomers are not dragging down the savings rate given that retirees tend to spend more than save; but rising asset values and the passive income that retired Boomers have generated on their accumulated assets have positioned them well to preserve their nest eggs.

(5) *Employed workers.* January jobs data suggest that US consumers are still benefitting from a strong labor market. The unemployment rate was at a near-record low of 3.6% (Fig. 8). The labor force participation rate improved to 63.4%, the highest since June 2013, rising from 62.8% last April (Fig. 9). Average hourly earnings for production & nonsupervisory workers posted a 3.3% y/y increase during January (Fig. 10). Real income per household continues to rise to record highs (Fig. 11). Net gains in household income and wealth were reported more often in February’s University of Michigan consumer sentiment survey than at any time since 1960!

(6) *Record number of homeowners.* It takes a lot of confidence in the future to become a homeowner, considering the upfront financial commitment and the 30-some-odd-years of payments to follow. Mortgage rates on 30-year fixed arrangements are likely to remain below 4.0% during 2020. Low interest rates have boosted homeownership rates, especially for younger buyers. The number of owner-occupied households increased to a record high of 79.3 million during Q4-2019 (Fig. 12). Older Millennials may finally be taking the leap into homeownership. The rate for homeowners under 35 improved to 37.6% during Q4-2019 from a low of 34.1% during Q2-2016 (Fig. 13).

(7) *Cheap gas.* “Falling Fuel Costs Buoy U.S. Consumers” was the title of a 2/23 WSJ article. The article speculated that the fall in gas prices and its support to the consumer could soften the blow to the US economy from the economic fallout of the coronavirus.

(8) *A word on subprime auto lending.* Wolf Richter of Wolf Street recently explored the recent stress in subprime auto loans. We share his view that the recent run-up in subprime auto loan delinquencies isn’t a reflection of the US economy but rather of an idiosyncratic auto industry issue. Since Q2-2009, total auto loans and leases outstanding have surged by 76% to $1.3 trillion, according to the New York Fed’s quarterly debt report.

It revealed that over-90-day auto-loan delinquencies in Q4-2019 increased to 4.9% of the total outstanding, the largest percentage since Q3-2011 (Fig. 14).
2016 has been delinquencies on credit card debt. The delinquency rate on student loans has been relatively stable around 11.0% since Q1-2014. The good news is that delinquency rates for mortgages and HELOCs remain well below the elevated readings during the Great Financial Crisis.

While large banks have been conservative in underwriting subprime auto loans, Wolf explains that despite its risks, subprime lending historically has been very profitable for more specialized lenders. Subprime auto loan originations composed about 20% of all originations in Q2-2019. It’s been the aggressive sales practices targeted at sub-prime borrowers that have gotten lenders into trouble, not a weaker consumer outlook overall (Fig. 15).

**CALENDARS**

**US:** **Wed:** New Home Sales 713k, MBA Mortgage Applications, DOE Crude Oil Inventories. **Thurs:** GDP & PCE 2.1%/1/7%, GDP & PCE Price Deflators 1.4%/1.3%, Durable Goods Orders Total & Ex Transportation -1.5%/0.2%, Core Capital Goods Orders & Shipments 0.1%/0.1%, Jobless Claims 212k, Kansas City Fed Manufacturing Index -2, Pending Home Sales 2.0%, EIA Natural Gas Storage, Evans. (DailyFX estimates)

**Global:** **Wed:** Lagarde. **Thurs:** Eurozone Economic Confidence 102.6, Japan Industrial Production 0.2%m/m/-3.1%y/y, Japan Jobless Rate 2.2%, Japan Retail Trade -1.0% y/y, Guindos, Lane, Cunliffe, Schnabel. (DailyFX estimates)

**STRATEGY INDICATORS**

**S&P 500 Earnings, Revenues, Valuation & Margins** ([link](https)): Consensus S&P 500 forward revenues rose w/w to a record high, and forward earnings improved to 0.1% below its record on 2/6. Analysts expect forward revenues growth of 4.9% and forward earnings growth of 8.3%. The revenues measure was steady w/w, but earnings dropped 0.1ppt. Forward revenues growth is 0.1ppt above its 41-month low a week earlier and 1.4ppt below its seven-year high of 6.3% in February 2018. Forward earnings growth is down 8.5ppts from a six-year high of 16.9% in February 2018 but is still comfortably above its 34-month low of 5.9% in February 2019. Prior to the passage of the Tax Cuts and Jobs Act (TCJA), forward revenues growth was 5.5% and forward earnings growth was 11.1%. Turning to the annual growth expectations, analysts expect revenues growth to improve to 4.8% in 2020 from 4.2% in 2019, but that’s down from 8.5% in 2018. They’re calling for earnings growth to improve to 7.3% in
2020 from 1.7% in 2019, but that’s down sharply from the TCJA-fueled 24.0% rise in 2018. The forward profit margin remained steady w/w at 12.0%, which is up 0.1ppt from a 22-month low of 11.9% in late December and is down only 0.4ppt from a record high of 12.4% in September 2018. That compares to 11.1% prior to the passage of the TCJA in December 2017 and a 24-month low of 10.4% in March 2016. Analysts are expecting the profit margin to improve 0.3ppt y/y to 11.8% in 2020 from 11.5% in 2019, which would match the 11.8% recorded for 2018. Before the market’s selloff, the S&P 500’s forward P/E was steady w/w at 19.1, which is the highest since May 2002. That’s up from 14.3 during December 2018, which was the lowest reading since October 2013 and down 23% from the 16-year high of 18.6 at the market’s valuation peak in January 2018. The S&P 500 price-to-sales ratio was also unchanged w/w at a record high of 2.29. That’s up from 1.75 during December 2018, when it was the lowest since November 2016, and down 19% from its then-record high of 2.16 in January 2018.

**S&P 500 Sectors Earnings, Revenues, Valuation & Margins** ([link](#)): Consensus forward revenues rose w/w for five of the 11 S&P 500 sectors last week and forward earnings was higher for 3/11 sectors. Communication Services, Tech, and Utilities had both measures rise w/w. Energy and Industrials posted notable declines in both measures w/w. Forward revenues and earnings are at or around record highs for 3/11 sectors: Consumer Discretionary, Health Care, and Tech. Forward P/S and P/E ratios remain near record or cyclical highs for Communication Services, Consumer Discretionary, Information Technology, Real Estate, and Utilities. Health Care’s valuation has only recently improved from its multi-year low during December 2018. Due to the TCJA, the profit margin for 2018 was higher y/y for all sectors but Real Estate. All sectors except Health Care and Real Estate are expected to record higher margins y/y in 2020, up from just two sectors improving y/y in 2019: Financials and Utilities. The forward profit margin rose to record highs during 2018 for 8/11 sectors, all but Energy, Health Care, and Real Estate. Since then, it has moved lower for nearly all the sectors. Utilities is the only sector with its forward profit margin at a record high. Here’s how the sectors rank based on their current forward profit margin forecasts versus their highs during 2018: Information Technology (22.1%, down from 23.0%), Financials (18.1, down from 19.2), Real Estate (15.7, down from 17.0), Communication Services (14.8, down from 15.4), Utilities (13.5, new record high this week), S&P 500 (12.0, down from 12.4), Health Care (10.5, down from 11.2), Industrials (10.0, down from its record high of 10.5% in mid-December), Materials (9.9, down from 11.6), Consumer Staples (7.4, down from 7.7), Consumer Discretionary (7.4, down from 8.3), and Energy (5.9, down from 8.0).
S&P 500 Q4 Earnings Season Monitor (link): With nearly 89% of S&P 500 companies finished reporting revenues and earnings for Q4-2019, revenues and earnings are beating the consensus forecasts by 0.9% and 5.5%, respectively. That compares to their respective 0.9% and 4.8% beats at the same point in Q3. The percentage of companies showing a positive revenue surprise in Q4 is higher than during Q3, but the percentage of positive earnings surprises is lower. On a positive note, y/y earnings growth is exceeding y/y revenue growth for the first time since Q4-2018. Of the 446 companies in the S&P 500 that have reported through mid-day Tuesday, 71% exceeded industry analysts’ earnings estimates. Collectively, these reporters have a y/y earnings gain of 4.3%. On the revenue side, 65% of companies beat their Q4 sales estimates so far, with results 3.4% higher than a year earlier. Overall Q4 earnings growth results are positive y/y for 67% of companies, and revenues have risen y/y for 69%. The FAANGM aggregate has recorded a 14.3% earnings surprise and 21.6% y/y earnings growth. That compares to a sharply lower S&P 500 ex-FAANGM surprise of 4.0% and 1.5% earnings growth. On the revenue side, the FAANGMs exceeded forecasts by 1.9% and recorded whopping y/y revenue growth of 15.7%. Those were well above the S&P 500 ex-FAANGM figures of a 0.8% revenue surprise and 2.2% revenue growth. The S&P 500’s figures will continue to change as more Q4-2019 results are reported in the coming weeks, but less markedly so. The main focus will be on what companies say about their growth and margin prospects for 2020 and the effects of the coronavirus on their businesses.

S&P 500 Sectors Net Earnings Revisions (link): The S&P 500’s NERI weakened m/m in February for the first time in three months from a six-month high in January, and was negative for the 14th time in 16 months. NERI fell to -4.4% in February from -4.1% in January, which compares to a 43-month low of -8.9% in November and a record high of 22.1% in March 2018. NERI improved m/m for five of the 11 sectors; that compares to 8/11 improving in January, which was the highest since all 11 improved m/m in May 2019. NERI was positive in February for two sectors, down from four in January, which was the most since June 2019. Materials has the worst track record, with 17 months of negative NERI, followed by Industrials (16), Consumer Discretionary (15), and Utilities (13). Financials’ NERI turned flat m/m in February. That follows a positive reading in January, which was its first since November 2018. Consumer Staples’ had been positive in January for the first time since July, but turned negative m/m. Here are the sectors’ February NERIs compared with their January readings: Tech (6.1% in February [16-month high], up from 4.7% in January), Health Care (4.0, 3.8), Financials (0.0, 1.4 [14-month high]), Utilities (-3.0, -4.9), Communication Services (-3.1, -6.7), Consumer Staples (-3.2, 0.1), Real Estate (-3.7 [10-month low], -1.0), Consumer Discretionary (-6.5, -8.0),
Energy (-12.4, -12.1), Industrials (-15.4, -13.9), and Materials (-24.2 [47-month low], -17.5).

**US ECONOMIC INDICATORS**

**Consumer Confidence** ([link](#)): Confidence improved in February for the fourth straight month, climbing from 126.1 in October to a six-month high of 130.7 this month—driven by a more positive assessment in expectations. The expectations component (to 107.8 from 101.4) added to its recent move up, climbing from 94.5 last October—posting a sizable jump this month. Meanwhile, the present situation component slipped to 165.1 this month after rising from 166.6 in November to 173.9 in January. Lynn Franco, senior director of economic indicators at The Conference Board, noted: “Despite the decline in the present situation index, consumers continue to view current conditions quite favorably. Consumers’ short-term expectations improved, and when coupled with solid employment growth, should be enough to continue to support spending and economic growth in the near term.” Consumers’ appraisal of business conditions deteriorated slightly this month, with the percentage of respondents saying business conditions are good (to 38.6% from 40.0% last month) edging lower and the percentage claiming times are bad (11.9 from 10.4) edging higher. In the meantime, the percentage of those expecting conditions to be better (20.4 from 18.4) six months from now improved, while those expecting conditions to worsen (7.4 from 8.6) inched lower—the wide majority (72.2) expect conditions to stay the same. Consumers’ appraisal for the current labor market show the percentage saying jobs are plentiful (to 44.6 from 47.2) bouncing around cyclical highs, while those saying jobs are hard to get (14.8 from 11.9) bouncing around cyclical lows. As for the job outlook, the percentage of respondents expecting more jobs (16.2 from 16.5) once again outpaced those expecting fewer jobs (11.1 from 12.9), with the spread widening for the second month; still, a wide majority (72.7%) expect employment conditions to remain the same.

**Regional M-PMIs** ([link](#)): Four Fed districts now have reported on manufacturing activity for February—Philadelphia, New York, Dallas, and Richmond—and show a slight improvement. Collectively, the composite reading was the best since November 2018. The regions, however, are showing a mixed picture. The composite index rose to 12.2 from 10.4 in January and -0.6 in December, as activity in the Philly (to 36.7 from 17.0) and New York (12.9 from 4.8) regions accelerated notably, while Richmond’s (-2.0 from 20.0) contracted (after expanding sharply in January), and the Dallas (1.2 from -0.2) region showed little growth. Orders (to 13.5 from 13.9) were little changed from January, though an improvement from December’s 0.4, following a fairly similar script to the composite index: Billings in the Philadelphia (33.6 from 18.2) and
New York (22.1 from 6.6) regions grew at the best pace since May 2018 and September 2017, respectively, while Richmond’s (-10.0 from 13.0) contracted and Dallas’ (8.4 from 17.6) eased from January’s 15-month high. In the meantime, employment increased at half the pace of last month, slipping to 5.9 from 12.6 in January—with manufacturers in the Philly (9.8 from 19.3), New York (6.6 from 9.0), and Richmond (8.0 from 20.0) regions hiring at a slower pace, while factories in the Dallas (-0.9 from 1.9) region failed to add to payrolls for the first time since the end of 2016.