

June 18, 2018

Economic update

Economy



- Both import and export prices increased in May, according to the Bureau of Labor Statistics.
- The CPI and core CPI both rose 0.2% in May, the Bureau of Labor Statistics found.
- In China, the Producer Price Index increased 4.1% year over year in May.

Employment



- Initial jobless claims fell by 4,000 to 218,000 in the week ended June 9, 2018, the Labor Department reported.

Profits



- As of June 6, 2018, of the 498 S&P 500 Index companies reporting first-quarter earnings, 382 — or 76.7% — beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



- The NFIB Small Business Optimism Index increased in May.
- The University of Michigan's index of consumer sentiment rose to 99.3 in June from 98.0 in May.

Europe



- The euro area posted a trade surplus in April, Eurostat reported.
- Euro area annual inflation rose to 1.9% in May from 1.3% in April, Eurostat stated.
- Industrial production in the euro area fell by 0.9% in April, Eurostat found.
- In Germany, consumer prices increased 2.2% in May, according to the Federal Statistical Agency.

Rates



- The yield on the 10-year U.S. Treasury note traded in a narrow range.
- The Federal Reserve raised the target range for the federal funds rate.
- The European Central Bank maintained the current benchmark interest rates.
- The Bank of Japan kept monetary policy steady.

Risks



- Strengthening U.S. dollar, rising interest rates, and oil prices may begin to pressure select emerging markets.
- Higher hedging costs for European and Asian investors are weighing on U.S. credit spreads.
- Political uncertainty in Italy may re-open wounds of the European sovereign credit crisis.

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