

June 26, 2017

# Economic update

## Economy



The Commerce Dept. noted that new home sales jumped 2.9% in May. Existing home sales increased 1.1% in May, the NAR reported. The Conference Board Leading Economic Index climbed 0.3% in May. The Markit Flash Japan Manufacturing PMI Index fell to 52.0 in June from 53.1 in May, hitting a seven-month low.

## Employment



Initial jobless claims rose by 3,000 to 241,000 in the week ended June 17, 2017, according to the Labor Department. The four-week moving average was 244,750.

## Profits



As of June 16, 2017, the estimated earnings growth rate for the S&P 500 for the second quarter was 6.5%, according to FactSet. The report noted that nine industry sectors are expected to report earnings growth for the quarter, led by the energy sector.

## Emotion



The Bloomberg Consumer Comfort Index fell to 49.4 in the week ended June 18, 2017, from 50.0 in the prior week.

## Europe



The European Central Bank reported that data points to solid growth in the eurozone in the second quarter. The Flash PMI Composite Output Index slipped to 55.7 in June from 56.8 in May. Eurostat reported that euro area production in construction was up by 0.3% in April. Germany's Federal Statistical Office noted that producer prices jumped 2.8% in May. The Markit Flash Germany PMI Composite Output Index fell to 56.1 in June from 57.4 in May.

## Rates



The yield on the 10-year U.S. Treasury note traded in a narrow range.

## Risks



- Uncertain timeline on key U.S. pro-growth measures
- Leading indicators of Chinese nominal growth rolling over
- Mismatch between low volatility market environment and policy uncertainty

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