

March 19, 2018

Economic update

Economy



The Bureau of Labor Statistics reported that both the CPI and core CPI rose 0.2% in February. Import prices climbed 0.4% and export prices advanced 0.2% in February. The Producer Price Index inched up 0.2% in February. The Commerce Dept. found that retail sales dipped 0.1% and housing starts plunged 7.0% in February.

Employment



Initial jobless claims fell by 4,000 to 226,000 in the week ended March 10, 2018, according to the Labor Department. The four-week moving average was 221,500.

Profits



As of March 8, 2018, of the 495 S&P 500 Index reporting fourth-quarter earnings, 371 — or 75% — beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



The University of Michigan index of consumer sentiment jumped to 102 in March from 99.7 in February, reaching a 14-year high. The NFIB Small Business Optimism Index rose in February.

Europe



Eurostat reported that industrial production declined 1.0% in January. Euro area annual inflation fell to 1.1% in February, from 1.3% in January. Euro area labor costs grew 1.5% in the fourth quarter. Germany's Federal Statistical Office noted that the CPI increased 1.4% and wholesale prices jumped 1.2% in February.

Rates



The yield on the 10-year U.S. Treasury note declined.

Risks



- China's nominal GDP growth could begin to decline
- There is a mismatch between low-volatility market environment and policy uncertainty
- Fed tightening measures could potentially contribute to inverting the yield curve in 2018

All economic and performance information is historical and does not guarantee future results. The views and opinions expressed are those of Putnam Investments, are subject to change with market conditions, and are not meant as investment advice.

The information provided relates to Putnam Investments and its affiliates, which include The Putnam Advisory Company, LLC and Putnam Investments Limited®.

Issued in the United Kingdom by Putnam Investments Limited®. Putnam Investments Limited is authorized and regulated by the Financial Conduct Authority (FCA).