

June 24, 2019

Economic update

Economy



- The Conference Board Leading Economic Index remained unchanged in May.
- Housing starts fell by 0.9% in May, according to the Census Bureau and the Department of Housing and Urban Development.
- Existing home sales jumped 2.5% in May, the National Association of Realtors stated.

Employment



- For the week ended June 15, 2019, initial jobless claims fell by 6,000 to 216,000, according to the Labor Department.

Profits



- As of June 13, 2019, of the 500 S&P 500 Index companies reporting first-quarter earnings, 368 — or 73.6% — beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



- The ZEW Indicator of Economic Sentiment for Germany fell in June.

Europe



- Eurostat reported that annual inflation fell to 1.2% in May from 1.7% in April.
- Germany's Federal Statistical Office noted that producer prices jumped 1.9% year over year in May.
- The United Kingdom's Office for National Statistics noted that annual inflation dropped to 1.9% in May from 2.0% in April.
- Euro area construction output declined 0.8% in April, Eurostat reported.

Rates



- The yield on the 10-year U.S. Treasury note declined.
- The Federal Reserve held rates steady, indicated they would continue to monitor incoming data, and "will act as appropriate to maintain the expansion."
- The Bank of Japan maintained the current interest rates.
- The Bank of England maintained the current bank rate at 0.75%.

Risks



- No resolution to China trade war, or opening a new front with Europe on autos, risks more equity market turmoil.
- Brexit, Italian debt dynamics, and the re-emergence of populism risk tipping Europe back into recession.
- Weak stimulus in China thus far is showing little sign of slowing the pace of deceleration.

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