

August 19, 2019

Economic update

Economy



- Retail sales increased 0.7% in July, the Census Bureau noted in an advance report.
- The Federal Reserve reported that industrial production slipped 0.2% in July.
- The Bureau of Labor Statistics found that both import and export prices rose 0.2% in July.
- The CPI and core CPI both rose 0.3% in July, the Bureau of Labor Statistics stated.

Employment



- Initial jobless claims rose by 9,000 to 220,000 in the week ended August 10, 2019, according to the Department of Labor.

Profits



- As of August 9, 2019, with 90% of S&P 500 Index companies reporting second-quarter earnings, 75% reported a positive EPS surprise and 57% reported a positive revenue surprise, according to FACTSET.

Emotion



- The University of Michigan's index of consumer sentiment dropped to 92.1 in August from 98.4 in July.
- The NFIB Small Business Optimism Index increased in July.

Europe



- Eurozone GDP rose by 0.2% in the second quarter, according to Eurostat.
- Germany's GDP declined 0.1% in the second quarter, the Federal Statistical Office reported.
- Eurostat found that the eurozone recorded a trade surplus in June.

Rates



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

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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