

February 19, 2019

Economic update

Economy



- The CPI remained unchanged and the core CPI increased 0.2% in January, the Bureau of Labor Statistics stated.
- The Producer Price Index for final demand slipped 0.1% in January, the Bureau of Labor Statistics noted.
- The Census reported that retail sales fell 1.2% in December.

Employment



- Initial jobless claims rose by 4,000 to 239,000 in the week ended February 9, 2019, according to the Labor Department.

Profits



- As of February 8, 2019, with 66% of the S&P 500 Index companies reporting fourth-quarter earnings, 71% have reported a positive EPS surprise and 62% reported a positive revenue surprise, according to FactSet.

Emotion



- The NFIB Small Business Optimism Index slipped in January.
- The University of Michigan's preliminary index of consumer sentiment rose to 95.5 in February from 91.2 in January.

Europe



- Eurostat reported that industrial production fell by 0.9% in the euro area in December.
- Germany's Federal Statistical Office reported that fourth quarter GDP remained flat from the third quarter and rose 0.9% year over year.
- The Office for National Statistics for the United Kingdom found the GDP grew 0.2% in the fourth quarter.

Rates



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

Risks



- The Fed risks a policy error if they do not re-evaluate the interest-rate path and terminal size of the balance sheet.
- 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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