

January 16, 2018

Economic update

Economy



The BLS reported that the CPI increased 0.1% and core CPI rose 0.3% in December. The Producer Price Index fell 0.1% in December. Import prices rose and export prices fell in December. The Commerce Dept. found that retail sales rose 0.4% in December, and wholesale sales increased 1.5% in November. China's National Bureau of Statistics noted that producer prices rose in December.

Employment



Initial jobless claims rose by 11,000 to 261,000 in the week ended January 6, 2018, according to the Labor Dept. The four-week moving average was 250,750.

Profits



The estimated year-over-year revenue growth rate for the S&P 500 Index in 2018 is 5.6%, according to FactSet. All industry sectors are expected to report growth in revenues, led by the information technology sector, the report noted.

Emotion



The NFIB Small Business Optimism Index reached a record high level of confidence in 2017.

Europe



Eurostat reported that industrial production rose 1.0% and retail trade was up by 1.5% in November. Germany's Federal Statistical Office noted industrial production jumped 3.4% in November. The European Commission's Economic Sentiment and Business Climate indicators both advanced in December.

Rates



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

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

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