

October 16, 2017

Economic update

Economy



The CPI rose 0.5% and core CPI increased 0.1% in September, according to the Bureau of Labor Statistics. The Producer Price Index advanced 0.4% in September, the BLS reported. The Commerce Dept. noted that retail sales grew 1.6% in September. The Caixin China PMI Composite Output fell to 51.4 in September from 52.4 in August, hitting a three-month low.

Employment



Initial jobless claims fell by 15,000 to 243,000 in the week ended October 7, 2017, the Labor Department reported.

Profits



For the third quarter, FactSet estimates an earnings growth rate for the S&P 500 of 2.8%. The energy sector is expected to report the highest earnings growth rate. Seven sectors, in total, are expected to report earnings growth.

Emotion



The University of Michigan index of consumer sentiment rose to 101.1 in October from 95.1 in September. The Bloomberg Consumer Comfort Index dipped slightly to 49.5 in the week ended October 8, 2017, from 49.9 in the prior week.

Europe



Eurostat reported that industrial production rose 1.4% in the euro area in August. The U.K.'s Office for National Statistics noted that the trade deficit increased and industrial production rose 0.2% in August. Germany's Federal Statistical Office reported that exports jumped 7.2% in August.

Rates



The yield on the 10-year U.S. Treasury note fell. A rate hike is likely for December despite low inflation, according to the Federal Reserve's September meeting minutes.

Risks



- Uncertain timeline on key U.S. pro-growth measures
- Leading indicators of Chinese nominal growth rolling over
- Mismatch between low-volatility market environment and policy uncertainty

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