

July 16, 2018

# Economic update

## Economy



- Wholesale sales jumped 2.5% in May, the Census Bureau announced.
- The Producer Price Index for final demand rose 0.3% in June, according to the Bureau of Labor Statistics.
- The CPI rose 0.1% and core CPI advanced 0.2% in June, the Bureau of Labor Statistics reported.
- Import prices fell 0.4% and export prices rose 0.3% in June, the Bureau of Labor Statistics stated.

## Employment



- Initial jobless claims fell by 18,000 to 214,000 in the week ended July 7, 2018, according to the Labor Department.

## Profits



- The estimated earnings growth rate for the S&P 500 Index is 20.0% for the second quarter, according to FactSet. If the final rate is 20.0%, it will be the second highest earnings growth rate since the third quarter of 2010 (34%), the report stated.

## Emotion



- The University of Michigan's index of consumer sentiment fell to 97.1 in July from 98.2 in June.
- The NFIB small-business optimism index fell 0.6 points to 107.2 in June.
- The Survey of Consumer Expectations showed no change in inflation expectations in June, according to the New York Federal Reserve.

## Europe



- The ZEW Indicator of Economic Sentiment for Germany declined in July.
- In Germany, exports fell 1.3% in May, the Federal Statistical Office stated.
- The United Kingdom's Index of Production fell 0.6% for the three months ending in May, the Office for National Statistics noted.

## Rates



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

## Risks



- The strengthening U.S. dollar, widening credit spreads, and higher oil prices are putting pressure on select emerging-market countries.
- Worries of dwindling global spare capacity in oil production may cause prices to spike, risking an inflation scare.
- The Fed appears to be on course to invert the yield curve.

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