

Economic Update, June 1, 2018
Submitted by Michael Mount

Summary: Real growth in the Gross Domestic Product was revised down to 2.2 percent from 2.3 percent in the first quarter of 2018. This represents a slowdown from the roughly 3 percent growth in each of the previous three quarters. The jobs [reports](#) were good with the unemployment rate falling to 3.8 percent and wages improving. Consumer confidence increased, but investor confidence decreased.

Census

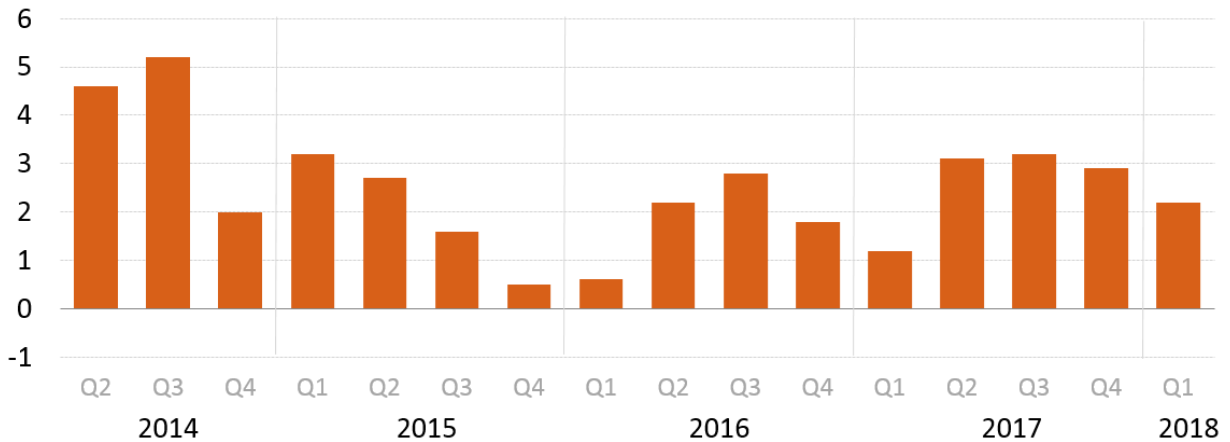
Wednesday, [Economic Indicators](#): The international trade goods deficit decreased 0.6 percent from \$68.6 billion in March 2018 to \$68.2 billion in April. Wholesale inventories increased slightly from \$629.2 billion to \$629.4 billion, while retail inventories increased 0.6 percent from \$630.0 billion to \$633.5 billion.

Friday, [Construction Spending](#): Total construction spending increased from an annual rate of \$1,286.8 billion in March 2018 to \$1,310.4 billion in April, an increase of 1.8 percent. Private spending increased 2.8 percent, while public spending decreased 1.3 percent.

Bureau of Economic Analysis

Wednesday, [Gross Domestic Product and Corporate Profits](#): “Real gross domestic product (GDP) increased at an annual rate of 2.2 percent in the first quarter of 2018 (table 1), according to the ‘second’ estimate released by the Bureau of Economic Analysis. In the fourth quarter of 2017, real GDP increased 2.9 percent. . . . Profits from current production . . . decreased \$12.4 billion in the first quarter, compared with a decrease of \$1.1 billion in the fourth quarter.”

Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Thursday, [Personal Income and Outlays](#): “Personal income increased \$49.5 billion (0.3 percent) in April. . . . Disposable personal income (DPI) increased \$60.9 billion (0.4 percent) and personal consumption expenditures (PCE) increased \$79.8 billion (0.6 percent).”

Bureau of Labor Statistics

Wednesday, [Metropolitan Area Employment and Unemployment](#): “Unemployment rates were lower in April than a year earlier in 305 of the 388 metropolitan areas, higher in 63 areas, and unchanged in 20 areas. . . . Eighty-eight areas had jobless rates of less than 3.0 percent and three areas had rates of at least 10.0 percent. . . . Of the 51 metropolitan areas with a 2010 Census population of 1

million or more, Nashville-Davidson—Murfreesboro—Franklin, TN, had the lowest unemployment rate in April, 2.2 percent.”

Friday, [Employment Situation](#): “Total nonfarm payroll employment increased by 223,000 in May, and the unemployment rate edged down to 3.8 percent. . . . Employment continued to trend up in several industries, including retail trade, health care, and construction.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending May 26, the advance figure for seasonally adjusted initial claims was 221,000, a decrease of 13,000 from the previous week’s unrevised level of 234,000.”

S&P Dow Jones

Tuesday, [Home Price Index](#): The index “reported a 6.5% annual gain in March, the same as the previous month.” David M. Blitzer, managing director and chairman of the Index Committee at S&P Dow Jones Indices, says “Looking across various national statistics on sales of new or existing homes, permits for new construction, and financing terms, two figures that stand out are rapidly rising home prices and low inventories of existing homes for sale. Months-supply, which combines inventory levels and sales, is currently at 3.8 months, lower than the levels of the 1990s, before the housing boom and bust.”

The Conference Board

Tuesday, [Consumer Confidence](#): The index “increased in May, following a modest decline in April (after a downward revision). The Index now stands at 128.0 (1985=100), up from 125.6 in April. The Present Situation Index increased from 157.5 to 161.7, while the Expectations Index improved from 104.3 last month to 105.6 this month.”

State Street

Tuesday, [Investor Confidence](#): The index “decreased to 103.5, down nearly 12 points from April’s revised reading of 115.3. Investors across all regions expressed a weakening in risk appetite, with the North American ICI decreasing from 113.5 to 104.3, the European ICI declining from 111.0 to 101.5, and the Asian ICI from 112.7 to 103.2.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 2.9 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) decreased to 4.84 percent from 4.86 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 4.24 percent from 4.31 percent.”

ADP

Wednesday, [National Employment Report](#): “Private sector employment increased by 178,000 jobs from April to May.” Goods-producing employment increased by 64,000 jobs, while service-producing employment increased by 114,000 jobs.

Challenger Gray

Thursday, [Job Cut Report](#): “Job cuts announced by U.S.-based employers fell 12.6 percent, from 36,081 in April to 31,517 in May. . . . Retail leads all sectors in job cuts this year, with 69,316, 4,946 of which occurred in May. Retailers have announced 24 percent more cuts than through the same period last year, when 55,910 cuts were announced. So far this year, Challenger has tracked 2,565 store closures.”

ISM

Friday, [Purchasing Managers' Index](#): The index “registered 58.7 percent, an increase of 1.4 percentage points from the April reading of 57.3 percent.”