

Submitted by Chris Belden

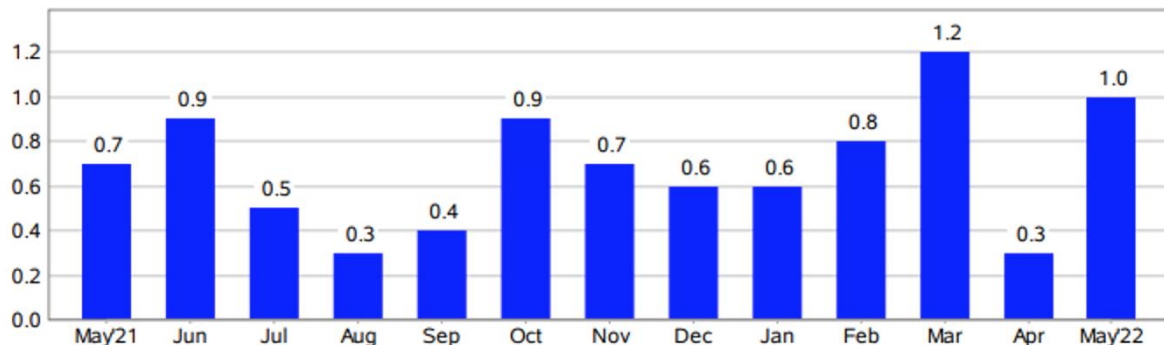
Summary: This week's highly anticipated inflation report showed an increase in the CPI of 8.6 percent in May, up from economists' predictions of 8.3 percent and curbing hopes that inflation had peaked. Gas prices, a major contributor to the increase, have risen to an average price of \$4.99 a gallon, [according to AAA](#). Consumers have taken note of these increases, and don't expect a turnaround anytime soon, with 66 percent of Americans surveyed in a [Washington Post-George Mason University poll](#) expecting inflation to get worse in the next year.

Federal Government Indicators and Reports:

Bureau of Labor Statistics

Friday, [Consumer Price Index](#): "The Consumer Price Index for All Urban Consumers (CPI-U) increased 1.0 percent in May on a seasonally adjusted basis after rising 0.3 percent in April. . . . The increase was broad-based, with the indexes for shelter, gasoline, and food being the largest contributors. . . . The all items index increased 8.6 percent for the 12 months ending May, the largest 12-month increase since the period ending December 1981. The all items less food and energy index rose 6.0 percent over the last 12 months. The energy index rose 34.6 percent over the last year, the largest 12-month increase since the period ending September 2005. The food index increased 10.1 percent for the 12-months ending May, the first increase of 10 percent or more since the period ending March 1981."

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, May 2021 - May 2022
Percent change



Friday, [Real Earnings](#): "Real average hourly earnings for all employees decreased 0.6 percent from April to May, seasonally adjusted. . . . This result stems from an increase of 0.3 percent in average hourly earnings combined with an increase of 1.0 percent in the Consumer Price Index. . . . Real average hourly earnings decreased 3.0 percent, seasonally adjusted, from May 2021 to May 2022."

Census Bureau

Tuesday, [International Trade in Goods and Services](#): "The goods and services deficit was \$87.1 billion in April, down \$20.6 billion from \$107.7 billion in March. . . . April exports were \$252.6 billion, \$8.5 billion more than March exports. April imports were \$339.7 billion, \$12.1 billion less than March imports. The April decrease in the goods and services deficit reflected a decrease in the goods deficit of \$19.1 billion to \$107.7 billion and an increase in the services surplus of \$1.5 billion to \$20.7 billion."

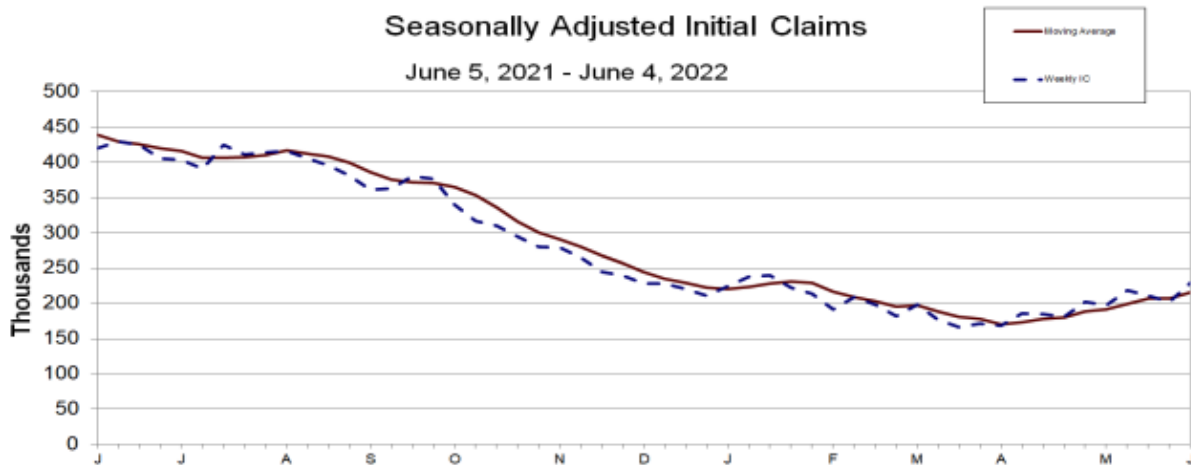
Wednesday, [Monthly Wholesale Trade](#): "April 2022 sales of merchant wholesalers . . . were \$691.6 billion, up 0.7 percent from the revised March level and were up 20.9 percent from the revised

April 2021 level. . . . Total inventories of merchant wholesalers . . . were \$861.8 billion at the end of April, up 2.2 percent from the revised March level [and] up 24.0 percent from the revised April 2021 level.”

Thursday, [Business Formation Statistics](#): “Business Applications for May 2022, adjusted for seasonal variation, were 420,586, a decrease of 0.6 percent compared to April 2022. . . . Projected Business Formations (within 4 quarters) for May 2022, adjusted for seasonal variation, were 30,707, an increase of 3.3 percent compared to April 2022.”

Department of Labor

Thursday, [Initial Jobless Claims](#): “In the week ending June 4, the advance figure for seasonally adjusted initial claims was 229,000, an increase of 27,000 from the previous week's revised level. . . . The 4-week moving average was 215,000, an increase of 8,000 from the previous week's revised average. . . . The advance seasonally adjusted insured unemployment rate was 0.9 percent for the week ending May 28, unchanged from the previous week's unrevised rate.”



Economic Indicators and Confidence:

University of Michigan

Friday, [Index of Consumer Sentiment](#): “Consumer sentiment declined by 14 percent from May, continuing a downward trend over the last year and reaching its lowest recorded value, comparable to the trough reached in the middle of the 1980 recession. . . . Consumers' assessments of their personal financial situation worsened about 20 percent. Forty-six percent of consumers attributed their negative views to inflation, up from 38 percent in May. . . . Consumers expect gas prices to continue to rise a median of 25 cents over the next year, more than double the May reading and the second highest since 2015.”

Preliminary Results for June 2022

	Jun	May	Jun	M-M	Y-Y
	2022	2022	2021	Change	Change
Index of Consumer Sentiment	50.2	58.4	85.5	-14.0%	-41.3%
Current Economic Conditions	55.4	63.3	88.6	-12.5%	-37.5%
Index of Consumer Expectations	46.8	55.2	83.5	-15.2%	-44.0%

Conference Board

Monday, [Employment Trends Index](#): The index “declined slightly in May to 119.77, down from 120.60 in April 2022.” According to Agron Nicaaj, an associate economist at The Conference Board: “The Employment Trends Index fell slightly in May, signaling slowing, but positive job growth in the months ahead. The labor market may have less room for more growth with overall employment down only 0.5 percent compared to the pre-pandemic level. . . . However, leisure and hospitality and in-person services industries have yet to fully recover job losses incurred since the pandemic. Employment growth is still expected in these industries as consumers continue to shift more spending away from goods and towards services.”

Mortgages and Housing Markets:

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 6.5 percent from one week earlier . . . for the week ending June 3, 2022.” MBA’s Associate Vice President Joel Kan explained that “weakness in both purchase and refinance applications pushed the market index down to its lowest level in 22 years. The 30-year fixed rate increased to 5.4 percent after three consecutive declines. While rates were still lower than they were four weeks ago, they remain high enough to still suppress refinance activity.”

CoreLogic

Tuesday, [Home Price Index](#): “Home prices nationwide, including distressed sales, increased year over year by 20.9 percent in April 2022 compared with April 2021. On a month-over-month basis, home prices increased by 2.6 percent. . . . The CoreLogic HPI Forecast indicates that home prices will increase on a month-over-month basis by 1.2 percent from April 2022 to May 2022 and on a year-over-year basis by 5.6 percent from April 2022 to April 2023.” According to the HPI, Tennessee saw an increase in home prices of 27.2 percent year over year in April, the third highest in the nation.