

Economic Update, June 14, 2019
Submitted by Michael Mount

Summary: Retail sales were good in May, increasing 0.5 percent from a month earlier. Mortgage applications increased 26.8 percent from a week earlier, probably helped by declining interest rates. With inflation easing and the prospect of slow growth or a recession, most economists surveyed by the Wall Street Journal expect the Federal Reserve to cut interest rates by September 2019 (see chart below).

Census

Friday, [Retail and Food Services](#): “Retail and food services sales for May 2019 . . . were \$519.0 billion, an increase of 0.5 percent from the previous month, and 3.2 percent above May 2018.”

Friday, [Manufacturing and Trade](#): “The combined value of distributive trade sales and manufacturers’ shipments for April . . . was estimated at \$1,462.0 billion, down 0.2 percent from March 2019, but was up 2.8 percent from April 2018.”

Bureau of Labor Statistics

Monday, [Job Openings and Labor Turnover](#): “The number of job openings was little changed at 7.4 million on the last business day of April. . . . Over the month, hires edged up to 5.9 million, and separations were little changed at 5.6 million.”

Tuesday, [Producer Price Index](#): “The Producer Price Index for final demand rose 0.1 percent in May, seasonally adjusted. . . . Final demand prices advanced 0.2 percent in April and 0.6 percent in March.”

Wednesday, [Real Earnings](#): “Real average hourly earnings for all employees increased 0.2 percent from April to May, seasonally adjusted. . . . This result stems from a 0.2-percent increase in average hourly earnings combined with a 0.1-percent increase in the Consumer Price Index for All Urban Consumers (CPI-U).”

Wednesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in May on a seasonally adjusted basis after rising 0.3 percent in April. . . . Over the last 12 months, the all items index increased 1.8 percent before seasonal adjustment.”

Thursday, [Import and Export Prices](#): “Prices for U.S. imports declined 0.3 percent in May . . . following an increase of 0.1 percent the previous month. Lower fuel and nonfuel prices contributed to the May decline in import prices. U.S. export prices fell 0.2 percent in May, after advancing 0.1 percent in April, 0.8 percent in March, and 0.6 percent in February.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending June 2, the advance figure for seasonally adjusted initial claims was 222,000, a decrease of 1,000 from the previous week’s revised level.”

Federal Reserve

Monday, [Inflation Expectations](#): “The May survey shows median inflation expectations declined by 0.1 percentage point at both the one- and three-year horizons, to 2.5 percent and 2.6 percent, respectively, again marking their lowest readings since late 2017.”

NFIB

Tuesday, [Small Business Optimism](#): “The Small Business Optimism Index posted another solid gain, increasing 1.5 points to 105.0. . . . Capital spending plans increased sharply accompanied by a significant increase in actual outlays in the preceding months.”

Investor’s Business Daily

Tuesday, [Economic Optimism](#): “The IBD/TIPP Economic Optimism Index slid 5.4 points to 53.2 in early June, an abrupt comedown from May’s 15-year high.”

Mortgage Bankers Association

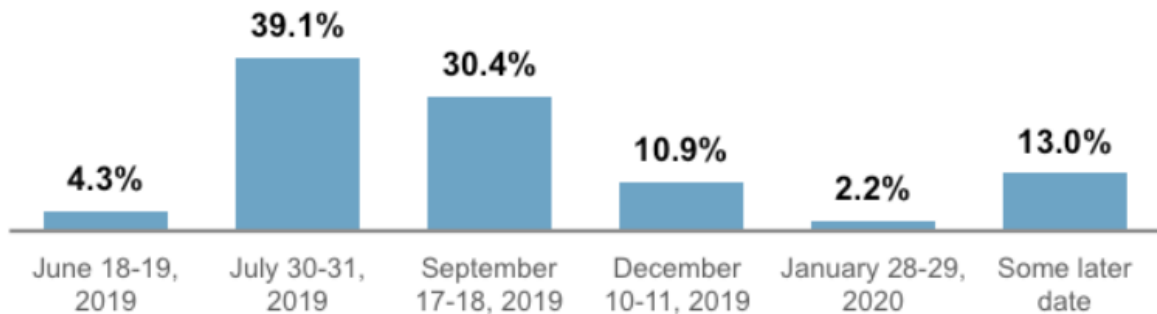
Wednesday, [Mortgage Applications](#): “Mortgage applications increased 26.8 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$484,350 or less) decreased to 4.12 percent from 4.23 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 3.53 percent from 3.65 percent.

University of Michigan

Friday, [Consumer Sentiments](#): “In early June, consumer sentiment reversed the May gain due to tariffs as well as slowing gains in employment. Some of the decline was due to expected tariffs on Mexican imports, which may be reversed in late June, but most of the concern was with the 25% tariffs on nearly half of all Chinese imports.”

Q&A: A Rate Cut on the Horizon?

When do you expect the Fed to cut rates?



Source: Wall Street Journal Economic Forecasting Survey.