Comerica Economic Weekly

Comerica Bank

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U.S. economic data this week was generally positive and consistent with an increase in the pace of real GDP growth in the second quarter, following a weak first quarter.

Residential construction data was weaker than expected in April as total housing starts dipped by 2.6 percent to a 1,172,000 unit annual rate. Single-family starts were little changed for the month, easing slightly to an 835,000 unit rate. Multifamily starts (5+ units) dropped by 9.6 percent to a 328,000 unit rate. Multifamily construction has clearly lost momentum.

The National Association of Homebuilders' Builder Confidence Survey for May showed increasing builder confidence, with expectations of future sales conditions very high.

Industrial production increased in April by 1.0 percent, looking strong in most industry groups and market groups. Manufacturing output increased by 1.0 percent in April as vehicle assemblies increased to an 11.9 million vehicle rate, the strongest assemblies rate so far this year.

A sour note for manufacturing came from the Federal Reserve Bank of New York. Their Empire State manufacturing index dropped into negative territory in May, indicating a slight deterioration of regional manufacturing conditions. However, that was countered by the Philadelphia Fed's manufacturing survey which remained solidly positive for the month.

Labor markets remain tight. Initial claims for unemployment insurance fell by 4,000, to hit 232,000 for the week ending May 13. Continuing claims fell by 22,000 for the week ending May 6, to reach an exceptionally low 1,898,000.

The Conference Board's Leading Economic Index increased by 0.3 percent in April, as did both the coincident and the lagging indexes. Eight out of 10 components of the leading index were positive in April.

Mortgage applications for the week ending May 12 were soft as purchase apps fell 2.7 percent and refi apps fell 5.7 percent, according to the Mortgage Bankers Association. Their gauge of mortgage rates has been very steady, with a 30-year FRM at 4.23 percent.

U.S. oil inventories eased less than expected for the week ending May 12. Crude oil prices ended the week higher, with WTI crude hitting $50/barrel Friday morning.

Survey	Last Actual	Comerica Economics Commentary
Fed Funds Rate (Effective) *(after the FOMC meeting of 6/13-6/14)*	**0.90 %** **(Apr)**	We expect to see a 25 basis point increase in the fed funds rate range announced on June 14. The implied probability of that has eased to 73.8 percent according to the fed funds futures market.
April New Home Sales *(5/23, Tuesday)* Consensus: 615 k	**621 k** **(Mar)**	Down to a 605 k unit annual rate. Resetting after three positive months, still on an upward trend.
April Existing Home Sales *(5/24, Wednesday)* Consensus: 5,670 k	**5,710 k** **(Mar)**	Down to a 5,600 k unit annual rate. Constrained by tight inventory.
April Durable Goods *(5/26, Friday)* Consensus: -1.8 percent	**0.7 %** **(Mar)**	Down by 1.5 percent. Resetting after three monthly gains.
2017Q1 GDP, 2nd Estimate *(5/26, Friday)* Consensus: 0.9 percent	**0.7 %** **(1st Est.)**	Up to a 0.9 percent annual rate. Still disappointingly weak but influenced by seasonal factors.
2017Q1 GDP Price Index 2nd Est. *(5/26, Friday)* Consensus: 2.3 percent	**2.3 %** **(1st Est.)**	Unchanged.

May/June 2017

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
15 **Empire State Survey**	16 **HOUSING (ths)** Starts / Permits Feb 1,288 1,219 Mar 1,203 1,260 Apr 1,172 1,229 **IND PROD / CAP UTIL** Feb 0.2% 75.8% Mar 0.4% 76.1% Apr 1.0% 76.7%	17	18 **UNEMPLOYMENT CLAIMS (ths)** Feb / Mar / Apr / May 237 252 235 236 248 246 234 232 247 261 243 227 259 257 238 (Apr) **LEADING INDICATORS** Feb 0.5% Mar 0.3% Apr 0.3% **Philly Fed Survey**	19
22 **CFNAI**	23 **NEW HOME SALES (ths-SAAR)** Jan 585 Feb 587 Mar 621 **Richmond Fed Survey**	24 **EXISTING HOME SALES (ths)** Jan 5,690 Feb 5,470 Mar 5,710 **FOMC Meeting Minutes**	25 **Kansas City Fed Survey**	26 **GROSS DOMESTIC PRODUCT** Real GDP / Price Index '16Q3 3.5% 1.4% '16Q4 2.1% 2.1% '17Q1 0.7% 2.3% **ADV DURABLE GOODS** Total / Ex-Transp Jan 2.4% 0.3% Feb 2.3% 0.7% Mar 0.7% -0.2%
29 **Memorial Day**	30 **INCOME and SPENDING** Income / Spending Jan 0.4% 0.2% Feb 0.3% 0.0% Mar 0.2% 0.0% **CASE-SHILLER HPI COMP-20 (SA)** Dec 193.7 Jan 195.4 Feb 196.7 **TX MFG Survey** **Consumer Confidence**	31 **Beige Book** **Pending Home Sales**	June 1 **AUTO SALES (mln-SAAR)** Feb 17.6 Mar 16.6 Apr 16.9 **ISM MFG INDEX** Feb 57.7 Mar 57.2 Apr 54.8 **CONSTRUCTION SPENDING** Jan 0.8% Feb 1.8% Mar -0.2% **Productivity** **ADP Employment**	2 **EMPLOYMENT REPORT** U. Rate / Jobs (ths) Feb 4.7% +232 Mar 4.5% +79 Apr 4.4% +211 **TRADE BALANCE (bln)** Jan -$48.2 Feb -$43.8 Mar -$43.7
5 **ISM NON-MFG INDEX** Feb 57.6 Mar 55.2 Apr 57.5	6 **JOLTS**	7 **Consumer Credit**	8	9