

Economic data for the week were consistent with an ongoing moderate GDP expansion through the third quarter. Inflation data, from the CPI and the PPI will be scrutinized this fall to see if there is a pickup in the rate of inflation. Weak energy prices are expected to gradually firm up as excess inventories are absorbed through 2018.

The headline Consumer Price Index increased by 0.1 percent in July, a little less than expected. Soft energy prices kept the headline number in check. Over the 12 months ending in July, the CPI is up by 1.7 percent.

Producer price inflation was also weaker than expected in July, held down by energy and services. The Producer Price Index for final demand declined by 0.1 percent in July. Over the previous 12 months, the headline index was up 1.9 percent, well below the peak year-over-year rate of 2.5 percent in April.

Initial claims for unemployment insurance gained 3,000 to hit 244,000 for the week ending August 5. Continuing claims dropped by 16,000, to reach 1,951,000 for the week ending July 29. The four-week moving averages for both series remain very low, indicating tight labor market conditions.

The Job Openings and Labor Turnover Survey for June also showed tight labor market conditions. The job openings rate returned to the all-time high of 4 percent. The separations rate remains lower than the openings rate, staying at 3.6 percent in June.

Labor productivity increased at a 0.9 percent

annualized rate in the second quarter. This was an improvement from the very weak 0.1 percent gain in the first quarter, but it is still somewhat low. Over the year ending in Q2, labor productivity increased by 1.2 percent. Low productivity growth is correlated with low wage growth. It can also be a characteristic of a late-cycle economy.

Mortgage applications increased in the week ending August 4 as refi activity picked up. Purchase apps look soft since early July, implying lackluster new and existing home sales for the month. The rate on a 30-year fixed rate mortgage eased to 4.14 percent, down from 4.22 percent in mid-July, motivating refis.

The July 2017 Senior Loan Officer Opinion Survey from the Federal Reserve shows that lending standards for C&I loans were unchanged, but standards tightened for commercial real estate in the second quarter. Loan demand eased for most broad credit categories.

Consumer credit increased by \$12.4 billion in June, driven by an \$8.3 billion increase in nonrevolving credit. Gains in nonrevolving credit (including auto loans) are winding down. In June, nonrevolving consumer credit was up by 5.8 percent over the previous 12 months. The peak 12-month gain in this business cycle was 8.8 percent in February 2013.

According to the fed funds futures market, the implied probability of a December fed funds rate hike is about 44 percent.

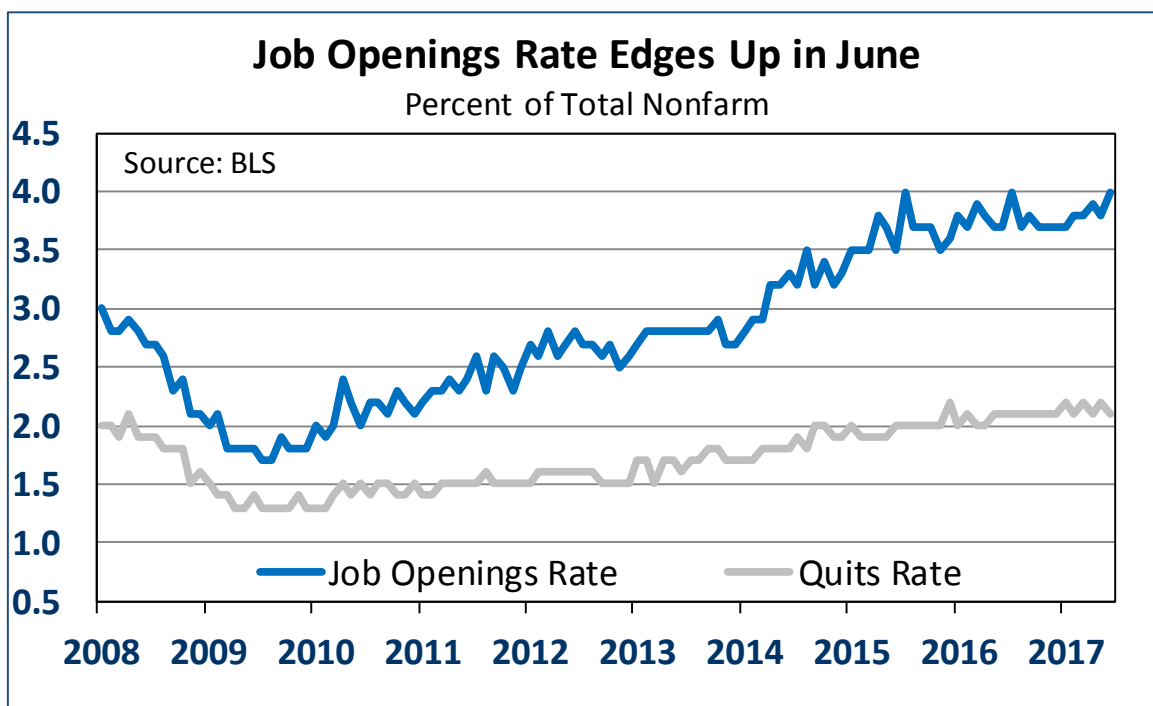
Survey	Last Actual	
Fed Funds Rate (Effective) <i>(after the FOMC meeting of 9/19-9/20)</i> 1.00 to 1.25 percent	1.16 % (Jul)	We expect the Fed to announce the start of balance sheet reduction at the September 19/20 FOMC meeting. We look for the next fed funds rate hike to come in December or later.
July Retail Sales (8/15, Tuesday) Consensus: 0.4 percent	-0.2 % (Jun)	<u>Up</u> by 0.4 percent. Auto sales were a small positive in July.
July Retail Sales Ex-Auto (8/15, Tuesday) Consensus: 0.4 percent	-0.2 % (Jun)	<u>Up</u> by 0.4 percent.
July Housing Starts (8/16, Wednesday) Consensus: 1,225 k	1,215 k (Jun)	<u>Unchanged</u> at a 1,215 k annual rate. Both single- and multifamily starts ticked up in June.

To subscribe to our publications or for questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/economics>.
Follow us on Twitter: @Comerica_Econ.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information.

Survey	Last Actual	Comerica Economics Commentary
July Housing Permits (8/16, Wednesday) Consensus: 1,240 k	1,254 k (Jun)	<u>Down</u> to a 1,240 k unit annual rate. Both single- and multifamily permits have been flat to down this year.
July Industrial Production (8/17, Thursday) Consensus: 0.3 percent	0.4 % (Jun)	<u>Up</u> by 0.2 percent. Less of a push by mining with a flatter rig count in July.
July Capacity Utilization (8/17, Thursday) Consensus: 76.7 percent	76.6 % (Jun)	<u>Up</u> to 76.7 percent.
July Leading Indicators (8/17, Thursday) Consensus: 0.3 percent	0.6 % (Jun)	<u>Up</u> by 0.3 percent. Manufacturing indicators are a little cooler. Housing may be flat. Stocks were supportive.

Chart of the Week



To subscribe to our publications or for questions, contact us at ComericaEcon@comerica.com. Archives are available at <http://www.comerica.com/economics>.
Follow us on Twitter: @Comerica_Econ.

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only, and such information does not necessarily reflect the thoughts and opinions of Comerica or its management team. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources we believe to be reliable, neither the authors nor Comerica guarantee its accuracy, and such information may be incomplete or condensed. Neither the authors nor Comerica shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information.

August 2017

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
7	8	9	10	11
			UNEMPLOYMENT CLAIMS (ths) May Jun Jul Aug 236 245 250 244 233 238 248 235 242 234 255 244 245 241 PRODUCER PRICE INDEX Total Core Apr 0.0% -0.1% Jun 0.1% 0.2% Jul -0.1% 0.0%	CONSUMER PRICE INDEX Total Core May -0.1% 0.1% Jun 0.0% 0.1% Jul 0.1% 0.1%
Consumer Credit	NFIB JOLTS	Productivity		
14	15	16	17	18
	RETAIL SALES Total Ex-Autos Apr 0.3% 0.3% May -0.1% -0.3% Jun -0.2% -0.2%	HOUSING (ths) Starts Permits Apr 1,154 1,228 May 1,122 1,168 Jun 1,215 1,254	LEADING INDICATORS Apr 0.2% May 0.2% Jun 0.6% IND PROD CAP UTIL Apr 0.8% 76.4% May 0.1% 76.4% Jun 0.4% 76.6%	
	Empire State Survey Business Inventories	FOMC Minutes	Philly Fed Survey	U of M Consumer Sentiment (Preliminary)
21	22	23	24	25
		NEW HOME SALES (ths-SAAR) Apr 577 May 605 Jun 610	EXISTING HOME SALES (ths) Apr 5,560 May 5,620 Jun 5,520	ADV DURABLE GOODS Total Ex-Trans Apr -0.8% -0.4% May -0.1% 0.6% Jun 6.5% 0.2%
CFNAI	Richmond Fed Survey		Kansas City Fed Survey	
28	29	30	31	September 1
	CASE-SHILLER HPI COMP-20 (SA) Mar 198.5 Apr 198.1 May 198.4	GROSS DOMESTIC PRODUCT Real GDP Price Index '16Q4 1.8% 2.0% '17Q1 1.2% 2.0% '17Q2 2.6% 1.0%	INCOME and SPENDING Income Spending Apr 0.2% 0.3% May 0.3% 0.2% Jun 0.0% 0.1% CONSTRUCTION SPENDING Apr -1.8% May 0.3% Jun -1.3%	EMPLOYMENT REPORT U. Rate Jobs (ths) May 4.3% +145 Jun 4.4% +232 Jul 4.3% +209 ISM MFG INDEX May 54.9 Jun 57.8 Jul 56.3 AUTO SALES (mln-SAAR) May 16.8 Jun 16.7 Jul 16.8
TX MFG Survey	Consumer Confidence	ADP Employment	Pending Home Sales	U of M Consumer Sentiment (Final)