

ECONOMIC RELEASES (WEEK OF AUGUST 14<sup>TH</sup>, 2017)

Hello everyone. Thank you for joining us once again here at Seifried & Brew for our weekly briefing. I am Jamie Sumner, chief analyst here. For this week's briefing, we just want to review over a sampling of the economic releases that came out last week. Last week was a fairly busy weekend; the economic numbers releasing and we just want to go over just a few of them.

So, overall what we want to do is start with the **retail sales**. We can see (slide 2) that the retail sales were up 0.6% month-over-month. It's a fairly strong number that compared to the consensus of 0.3%. So we had a big uptick in the retail sales. Also in June, it was revised up for the June 2017 retail sales, to 0.3%, that's coming up from that -0.2%. So, a pretty big revision in the retail sales for June. This should bode well for the next or the second release of the second quarter GDP and it should see this GDP push that up a little higher for that June number. So that's pretty important here. We continue to watch retail sales. Although it has been growing too throughout this time period, that level of growth has been petering off little by little as we look at the month over a month of releases. So, this 0.6% is a good number and a good indication that maybe we're starting to turn around in here, but we need to see that trend continue.

Also looking at **business inventories**, as you can see we're up 0.5% compared to the consensus of 0.4%. So that's another important number for the GDP in here. Businesses are beginning to build their inventories as we work into the fourth quarter spending time, so that's an important number to keep in your mind. Also, as we work through the third quarter we hope to see this continue to improve in here, building those inventories to benefit us in that fourth quarter.

Now we look at the **housing market**. We can see the overall index is up to 68 from where it was in June at 65. So that is a positive. However, we did see the new home starts pull off a little bit in July from where they were in June. So, we see a little bit of that pull off, but this underpinning the overall sentiment inside of the housing market is positive. We hope to see when we look at the second release or the second estimate of GDP that that residential real estate number begins to pick up. The change was pretty negative in the advance release so we're hoping to see that kind of muted just a little bit in here.

The **Atlanta Fed** coming out with their **business inflation expectations** and you can see it's at a 1.9%. We continue to see this low level inflation both in the consumer segment with the CPI as well in the business segment with the business prices at just that 1.9%. We'll see how this impacts the Fed's decision in September. Most likely they're not going to increase their Fed Funds rate. And you can watch last week's briefing. We go a lot over the rates in here and of probabilities but also thinking about how they're going to unwind that balance sheet, perhaps starting in September. The question is, with the minutes coming out they're kind of split on what they should do in here. So, the question is, "*should they begin that unwinding or that normalization of their balance sheet at this time period?*" So, September should be an interesting month with the numbers coming out as well as the Fed meeting.

Looking at **industrial production** up 0.2%. Just under the census of 0.3% and then we have the **manufacturing**. We can see is down by -0.1% and that consensus as you can see was up. Supposed to be at 0.2%, so we had a pull off and this kind of led by that auto manufacturing continuing to come down in here with their month-over-month changes. So, something to keep an eye on when we're looking at future growth.



Overall looking at their **leading economic indicators** index in here, you can see we're at 0.3%, meeting expectations at 0.3%. We continue to see this index grow which is positive, however the leading factor here is continually the low interest rate environment as well as the strong consumer expectations or sentiment in here. So that's something to keep an eye on. We continue to see this be rather strong. However, we just haven't seen that translated into the overall GDP. And the growth, we had a good growth number in the second quarter with the advanced estimate while looking forward to the second release and see if we can continue that stream and it increased from where it came out originally.

We hope to see you back here next week everyone. Have a great week.

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