



## SEPTEMBER INFLATION DATA AND RETAIL SALES RELEASE

Good day everyone. Thank you for joining us once again here at Seifried and Brew. I am Jamie Sumner, chief analyst. And for this week's webcast we want to just review over some of the information that came out last week pertaining to the inflation numbers as well as the retail sales.

So overall with inside inflation, we can see not really big surprises here. Inflation continued to be very subdued. When we look on the producer side, the **Producer Price Index (PPI)**; we could see month-over-month up just 0.4% (that was at expectations), year-over-year at that 2.6%. When we strip out that food and energy, similar numbers; month over month 0.4%, and year-over-year 2.2%. So, no real big advancements in the inflation area when we look at the producer price index.

You can almost say the similar thing when we step over and look at the **Consumer Price Index (CPI)**. We had year-over-year for the CPI up at 2.2%, and then we have month-over-month at just 0.5%. So overall very subdued. When we look at the less food and energy, we have just a 0.1% increase month-over-month, below where we anticipated those numbers to come in. And then also year-over-year at that 1.7%, just below the 1.8% consensus. So overall inside the inflation numbers, no real need or push for the Fed to begin increasing (rates) in November or December. That's not to say they will not do that. They're still projecting, as we saw on their dot plot out in December, that they're going to increase one more time this year.

When we look at the **Retail Sales**, we anticipated an increase in retail sales in here. We're at that 1.6% month over month. We anticipated about a 1.8% retail sales number, so just under that. A lot of this growth here however is due to Hurricane Harvey and Irma and the impacts there. We can see that in some of the numbers. Look at the overall motor vehicle and parts dealers, here at a 3.6% increase. That's a very strong increase that we see in September. We also look at building materials, up 2.1% month-over-month, just building up the need for that for those items because of the hurricanes. And then we have grocery stores, up 1% in here. So, we have overall strength in the retail sales kind of lifted by those hurricanes.

When we factor these in to the **GDP forecast** that the Atlanta Fed puts out, we can see their GDP forecast jumping up here to that 2.7% for the third quarter. So that's where we are currently, at that 2.7%. It increases on the news of the retail sales and consumer price index, so that's where we are, in here at the 2.7%. As we approach the release date coming up at the end of the month, this number tends to get more accurate. So, we're getting to that point where we're pretty close, pretty confident, that this is where we're going to come in, at around this 2.5% to 2.75% mark for the third quarter GDP. Just under where we saw the second quarter GDP come out on the third estimate at that 3.1% mark. So that's what we have for you today. We hope you guys enjoy the week and we'll see you back here next week. Have a great week everyone.



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