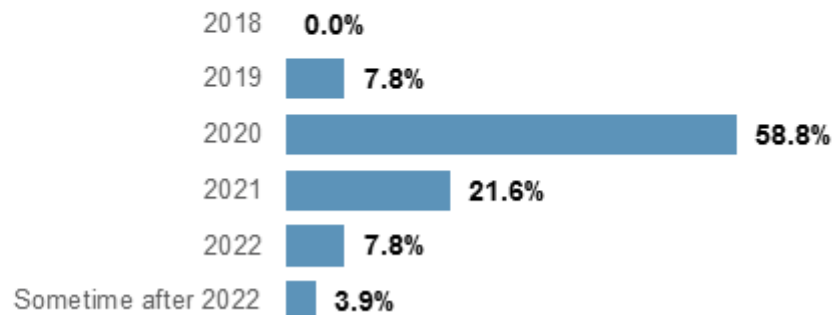


Note: Because of the May 3-4, 2018, Commission meeting, there was no economic update published last week. Highlights from last week have been included in this update.

Summary: Gas prices increased, continuing an [upward trend](#) since February of 2016. Other news was mostly good, with initial claims for unemployment insurance staying very low. Inflation didn't increase much but neither did wages. The Wall Street Journal has an [article](#) saying the next US recession could begin in 2020 (see chart below), based on a survey of 60 economists.

Q&A: The Next Recession

The current U.S. economic expansion began in mid-2009. When is it most likely to end?



Source: The Wall Street Journal Economic Forecasting Survey (May 2018).

Census

Last Thursday, [International Trade](#): “[T]he goods and services deficit was \$49.0 billion in March, down \$8.8 billion from \$57.7 billion in February, revised.” This reverses an upward trend in the trade deficit since fall 2017. Exports increased 2.0 percent to \$208.5 billion, and imports decreased 1.8 percent to \$257.5 billion.

Last Thursday, [Manufactured Goods](#): New orders for manufactured goods increased 1.6 percent to \$507.7 billion in March 2018. Shipments increased 0.4 percent to \$250.4 billion, and inventories increased 0.1 percent to \$411.5 billion.

Wednesday, [Wholesale Trade](#): Monthly wholesale inventories increased 0.3 percent to \$627.4 billion in March 2018. Sales increased 0.3 percent to \$497.9 billion. The inventory to sales ratio was 1.26 in March 2018 versus 1.28 in March 2017.

Bureau of Economic Analysis

Last Friday, [State Gross Domestic Product](#): States’ real annualized GDP growth for the fourth quarter of 2017 ranged from -1.3 percent (North Dakota) to 5.2 percent (Texas). Tennessee’s increased 3.0 percent, down from a 5.2 percent increase in the third quarter of 2017.

Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover Survey](#): “The number of job openings increased to 6.6 million on the last business day of March. . . . Over the month, hires and separations were little

changed at 5.4 million and 5.3 million, respectively. Within separations, the quits rate was little changed at 2.3 percent and the layoffs and discharges rate was unchanged at 1.1 percent.”

Wednesday, [Producer Price Index](#): “The index for final demand less foods, energy, and trade services edged up 0.1 percent in April after increasing 0.4 percent in March. For the 12 months ended in April, prices for final demand less foods, energy, and trade services advanced 2.5 percent.”

Thursday, [Real Earnings](#): “Real average hourly earnings for all employees were unchanged from March to April. . . . This result stems from a 0.1-percent increase in average hourly earnings being offset by a 0.2-percent increase in the Consumer Price Index for All Urban Consumers (CPI-U).”

Thursday, [Consumer Price Index](#): “The all items index rose 2.5 percent for the 12 months ending April; this figure has been mostly trending upward since it was 1.6 percent for the period ending June 2017. The index for all items less food and energy rose 2.1 percent for the 12 months ending April. The food index increased 1.4 percent, and the energy index rose 7.9 percent.”

Friday, [Import and Export Prices](#): “U.S. import prices increased 0.3 percent in April . . . following a 0.2-percent decline in March. Prices for fuel and nonfuel imports advanced in April. Prices for U.S. exports rose 0.6 percent in April, after increasing 0.3 percent in March. Higher prices for nonagricultural exports more than offset declining agricultural export prices in April.”

Department of Labor

Thursday, [Initial Claims](#): “In the week ending May 5, the advance figure for seasonally adjusted initial claims was 211,000, unchanged from the previous week's unrevised level of 211,000.”

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): “The Small Business Optimism Index sustained record-high levels increasing to 104.8 in April, driven by reports of improved profits.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 0.4 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$453,100 or less) decreased to 4.78 percent from 4.80 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 4.20 percent from 4.21 percent.”

Bloomberg

Thursday, [Consumer Comfort](#): “U.S. household sentiment dropped last week to the lowest level since early February as views of the buying climate and personal finances dimmed, possibly reflecting higher fuel prices and unimpressive wage growth.”

University of Michigan

Friday, [Consumer Sentiment](#): “Consumer sentiment remained unchanged in early May from the April survey. . . . What is likely to capture attention, however, are the small uptick in near term inflation expectations, the downward slippage in income expectations, and the expected stabilization of the national unemployment rate at decade lows.”