

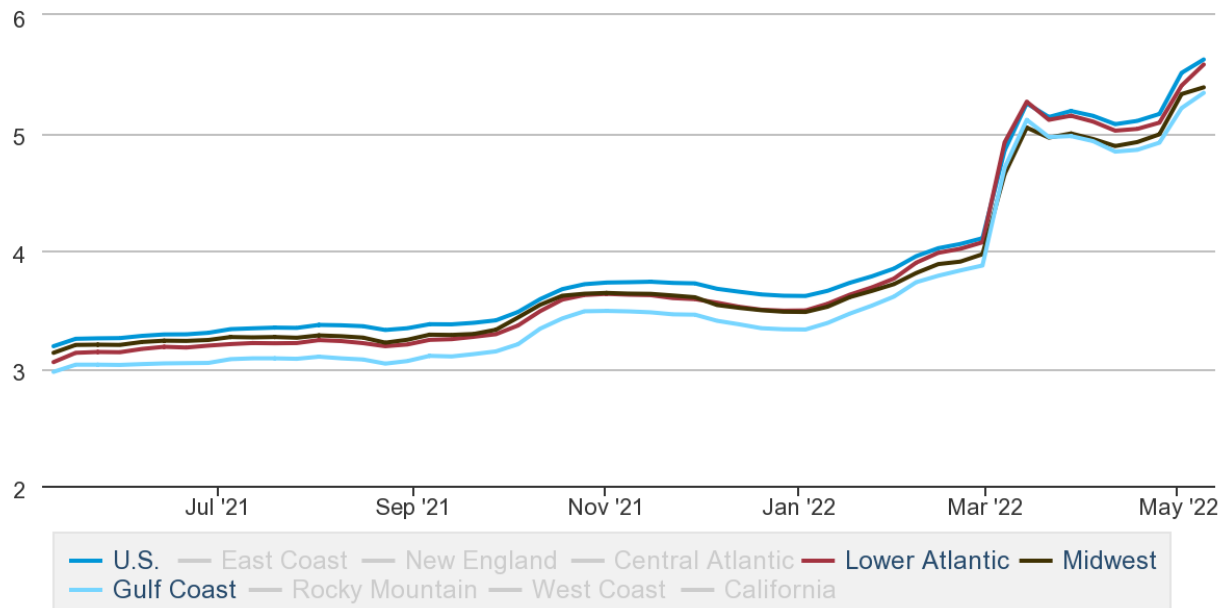
Submitted by Bob Moreo

Summary: Inflation continues to weigh heavily on the economy, but data from April showed prices increased at the slowest pace since August 2021, suggesting “[inflation has probably peaked](#),” according to Reuters. A panel of economic forecasters surveyed by the [Federal Reserve Bank of Philadelphia](#) “predict current-quarter headline CPI inflation will average 7.1 percent,” and although they agree the worst is behind us, they still revised projections upward for the next four quarters and see inflation remaining above three percent through the first half of 2023.

Record-high prices for diesel fuel are a key factor driving this inflation. “The current national average for a gallon of diesel jumped more than 10 percent in the last month,” [CNN Business](#) reported, “and is 77 percent higher than a year ago.” The article goes on to say that “about half the cars in Europe run on diesel,” where the Russian invasion of Ukraine has driven diesel prices to nearly \$9 per gallon in some countries, prompting “a huge surge in exports of diesel to Europe from U.S. and Canadian refineries that would normally be supplying U.S. truck stops and trucking companies.”

On-Highway Diesel Fuel Prices

(dollars per gallon)



 Source: U.S. Energy Information Administration

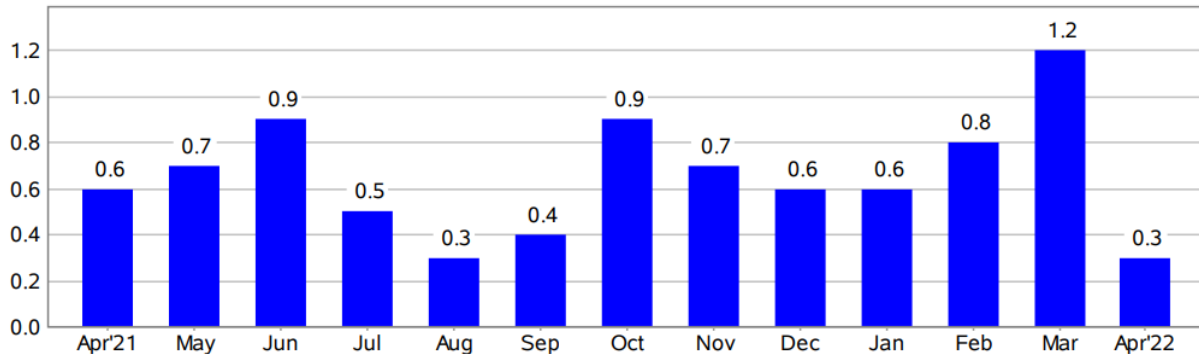
Federal Government Indicators and Reports:

Bureau of Labor Statistics

Wednesday, [Consumer Price Index](#): “The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent in April on a seasonally adjusted basis after rising 1.2 percent in March. . . . Increases in the indexes for shelter, food, airline fares, and new vehicles were the largest contributors. . . . The all items index increased 8.3 percent for the 12 months ending April, a smaller increase than the

8.5-percent figure for the period ending in March. The all items less food and energy index rose 6.2 percent over the last 12 months.”

Chart 1. One-month percent change in CPI for All Urban Consumers (CPI-U), seasonally adjusted, Apr. 2021 - Apr. 2022
Percent change



Wednesday, [Real Earnings](#): “Real average hourly earnings for all employees decreased 0.1 percent from March to April, seasonally adjusted. . . . This result stems from an increase of 0.3 percent in average hourly earnings combined with an increase of 0.3 percent in the Consumer Price Index. . . . Real average hourly earnings decreased 2.6 percent, seasonally adjusted, from April 2021 to April 2022.”

Thursday, [Producer Price Index](#): “The Producer Price Index for final demand increased 0.5 percent in April, seasonally adjusted. . . . This rise followed advances of 1.6 percent in March and 1.1 percent in February. On an unadjusted basis, final demand prices moved up 11.0 percent for the 12 months ended in April.”

Friday, [U.S. Import and Export Price Indexes](#): “U.S. import prices were unchanged in April, after increasing 2.9 percent in March. . . . Higher nonfuel prices in April offset lower fuel prices. Prices for U.S. exports advanced 0.6 percent in April following a 4.1-percent increase the previous month. . . . Import fuel prices declined 2.4 percent in April following a 39.2-percent increase from December to March.”

Bureau of Transportation Statistics

Wednesday, [Freight Transportation Services Index](#): “The Freight Transportation Services Index . . . rose 0.7 percent in March from February, rising for the seventh consecutive month. . . . From March 2021 to March 2022 the index rose 3.8 percent. . . . The level of for-hire freight shipments in March measured by the Freight TSI (141.0) was 0.7 percent below the all-time high level of 142.0 in August 2019.”

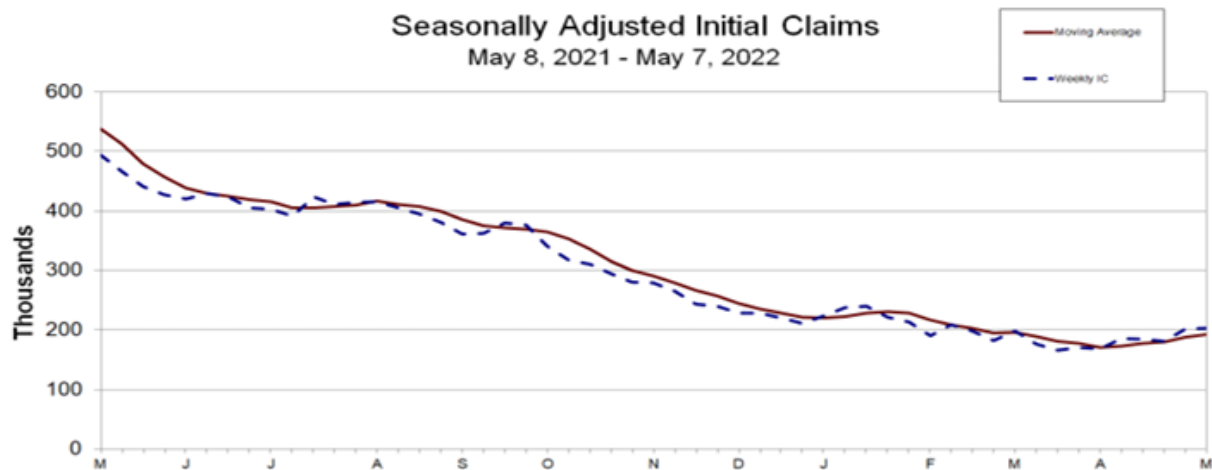
Census Bureau

Monday, [Monthly Wholesale Trade](#): “March 2022 sales of merchant wholesalers . . . were \$686.2 billion, up 1.7 percent from the revised February level and were up 22.1 percent from the revised March 2021 level. . . . [Inventories were] up 2.3 percent from the revised February level [and] up 22.0 percent from the revised March 2021 level.”

Wednesday, [Business Formation Statistics](#): “Business Applications for April 2022, adjusted for seasonal variation, were 423,153, an increase of 1.6 percent compared to March 2022. . . . Projected Business Formations (within 4 quarters) . . . were 29,849, an increase of 0.4 percent compared to March 2022.”

Department of Labor

Thursday, [Unemployment Insurance Weekly Claims](#): “In the week ending May 7, the advance figure for seasonally adjusted initial claims was 203,000, an increase of 1,000 from the previous week's revised level. . . . The 4-week moving average was 192,750, an increase of 4,250 from the previous week's revised average.” In Tennessee, the unadjusted advance figure for initial claims the week ending May 7 was 2,085, an increase of 138 from the week prior. 11,183 Tennesseans received state unemployment the week ending April 23, 290 fewer than the week before.



Economic Indicators and Confidence:

Federal Reserve Bank of New York

Monday, [Survey of Consumer Expectations](#): “Median inflation expectations decreased in April at the one-year horizon to 6.3 percent from 6.6 percent in March. In contrast, median three-year-ahead inflation expectations rose by 0.2 percentage point to 3.9 percent. . . . Median one-year-ahead expected earnings growth remained unchanged in April at its series high of 3.0 percent. . . . Median household nominal spending growth expectations increased by 0.3 percentage point to 8.0 percent, marking a new series high. . . . Perceptions about households’ current financial situations compared to a year ago improved slightly, but remain close to their series low. Year-ahead expectations about households’ financial situations also improved.”

Federal Reserve Bank of Philadelphia

Friday, [Quarterly Survey of Professional Forecasters](#): “The outlook for the U.S. economy looks weaker now than it did three months ago, according to 34 forecasters surveyed by the Federal Reserve Bank of Philadelphia. . . . The panel expects real GDP will grow at an annual rate of 2.5 percent this year, 2.3 percent in 2023, and 2.0 percent in 2024. . . . The forecasters have revised upward the chance of a contraction in real GDP in any of the next four quarters. For the current quarter, the forecasters predict a 19.6 percent chance of negative growth, up from 14.8 percent in the survey of three months ago.”

University of Michigan

Friday, [Index of Consumer Sentiment](#): “Consumer sentiment declined by 9.4 percent from April, reversing gains realized that month. . . . Consumers' assessment of their current financial situation relative to a year ago is at its lowest reading since 2013, with 36 percent of consumers attributing their negative assessment to inflation. . . . The median expected year-ahead inflation rate was 5.4 percent, little changed over the last three months, and up from 4.6 percent in May 2021.”

Preliminary Results for May 2022

	May	Apr	May	M-M	Y-Y
	2022	2022	2021	Change	Change
Index of Consumer Sentiment	59.1	65.2	82.9	-9.4%	-28.7%
Current Economic Conditions	63.6	69.4	89.4	-8.4%	-28.9%
Index of Consumer Expectations	56.3	62.5	78.8	-9.9%	-28.6%

Employment and Businesses:

National Federation of Independent Business

Tuesday, [Small Business Optimism Index](#): “The Optimism Index was unchanged in April, remaining at 93.2. This is the fourth consecutive month below the 48-year average of 98. . . . Thirty-two percent of owners reported that inflation was their single most important problem in operating their business, an increase of 1 point from March. This is the highest reading since Q4 1980. Owners expecting better business conditions over the next six months decreased 1 point to a net negative 50 percent, the lowest level recorded in the 48-year-old survey. . . . Forty-seven percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, unchanged from March. . . . The difficulty in filling open positions is particularly acute in the construction, manufacturing, and retail sectors. . . . Fifty-four percent reported capital outlays in the last six months, down 2 points from March. A recovery in investment will be needed to spark an improvement in productivity, but this is unlikely to occur while owners remain pessimistic about future business conditions.”

Mortgages and Housing Markets:

Freddie Mac

Thursday, [Primary Mortgage Market Survey](#): “[The] 30-year fixed-rate mortgage averaged 5.30 percent with an average 0.9 point as of May 12, 2022, up from last week when it averaged 5.27 percent.”

Mortgage Bankers Association

Wednesday, [Weekly Mortgage Applications Survey](#): “Mortgage applications increased 2.0 percent from one week earlier . . . for the week ending May 6, 2022. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$647,200 or less) increased to 5.53 percent from 5.36 percent.”