

Economic Update, May 17, 2019  
Submitted by Dave Keiser

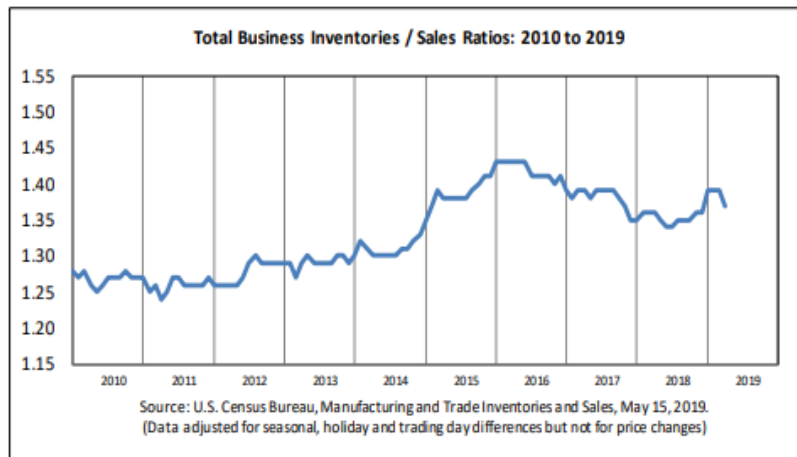
Summary: The economy has been doing really well, and indicators show that this trend will continue. Overall U.S. business revenue and E-commerce sales were both up, and E-commerce's market share is a little over 10 percent and growing. Import and export prices both rose, while trade and manufacturing increased. Unemployment remains at record lows, and consumer and homebuilder confidence are both high. However, time will tell how the U.S.-China tariffs affect the economy as a whole; low inflation in other areas of the economy is currently offsetting price increases in sectors affected by the tariffs (see chart at bottom).

Census

Monday, [Quarterly Retail E-Commerce Sales](#): "The estimate of U.S. retail e-commerce sales for the first quarter of 2019 . . . was \$137.7 billion, an increase of 3.6 percent from the fourth quarter of 2018. Total retail sales for the first quarter of 2019 were estimated at \$1,344.9 billion, virtually unchanged from the fourth quarter of 2018. The first quarter 2019 e-commerce estimate increased 12.4 percent from the first quarter of 2018 while total retail sales increased 2.7 percent in the same period. E-commerce sales in the first quarter of 2019 accounted for 10.2 percent of total sales."

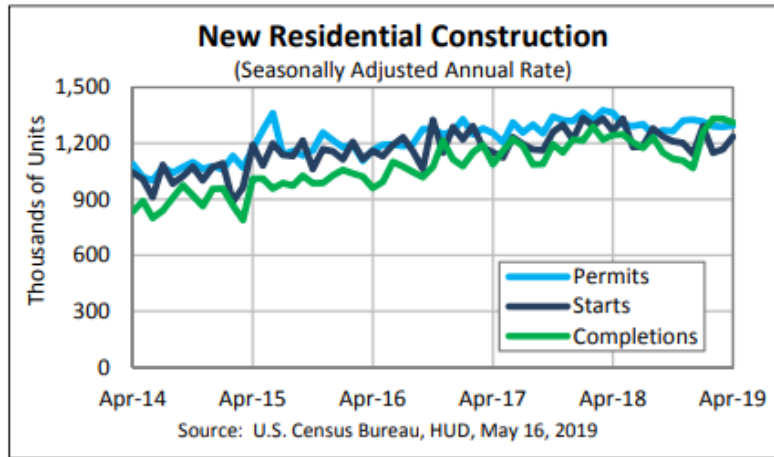
Wednesday, [Retail and Food Services](#): "Advance estimates of U.S. retail and food services sales for April 2019 . . . were \$513.4 billion, a decrease of 0.2 percent from the previous month, but 3.1 percent above April 2018. . . . Retail trade sales were down 0.2 percent from March 2019, but 2.8 percent above last year. Non-store retailers were up 9.0 percent from April 2018, while sporting goods, hobby, musical instrument, and book stores were down 8.5 percent from last year."

Wednesday, [Manufacturing and Trade Inventories and Sales](#): "The combined value of distributive trade sales and manufacturers' shipments for March . . . was estimated at \$1,470.1 billion, up 1.6 percent from February 2019 and was up 3.7 percent from March 2018. Manufacturers' and trade inventories . . . were estimated at an end-of-month level of \$2,018.1 billion, virtually unchanged from February 2019, but were up 5.0 percent from March 2018. The total business inventories/sales ratio . . . at the end of March was 1.37. The March 2018 ratio was 1.36."



Thursday, [New Residential Construction](#): "Privately-owned housing units authorized by building permits in April were at a seasonally adjusted annual rate of 1,296,000. This is 0.6 percent above the revised March rate of 1,288,000, but is 5.0 percent below the April 2018 rate of 1,364,000. . . . Privately-owned housing starts in April were at a seasonally adjusted annual rate of 1,235,000. This is 5.7 percent

above the revised March estimate of 1,168,000, but is 2.5 percent below the April 2018 rate of 1,267,000. . . . Privately-owned housing completions in April were at a seasonally adjusted annual rate of 1,312,000. This is 1.4 percent below the revised March estimate of 1,331,000, but is 5.5 percent above the April 2018 rate of 1,244,000.”

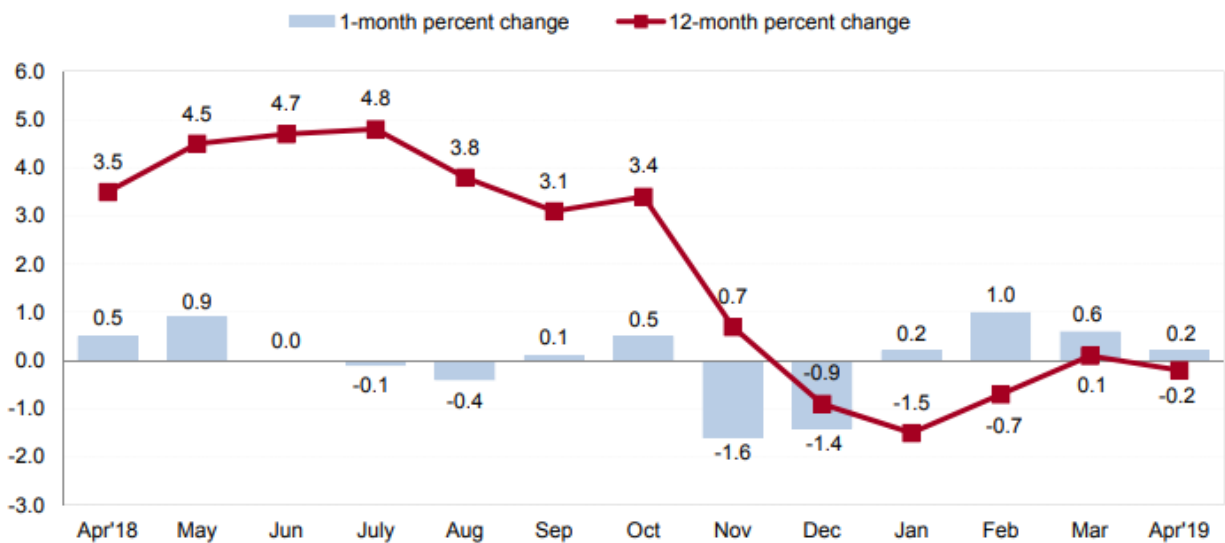


Friday, [Quarterly Services Survey](#): “Advance U.S. selected services total revenue for the first quarter of 2019 . . . was \$3,996.9 billion, an increase of 0.9 percent from the fourth quarter of 2018 and up 5.6 percent from the first quarter of 2018.”

Bureau of Labor Statistics

Tuesday, [U.S. Import and Export Price Indexes](#): “U.S. import prices advanced 0.2 percent in April . . . after increasing 0.6 percent in March. The April advance was driven by higher fuel prices, which more than offset decreasing prices for nonfuel imports. Prices for U.S. exports rose 0.2 percent in April after a 0.6-percent rise in March.”

**Chart 1. One-month and 12-month percent changes in the Import Price Index: April 2018 – April 2019**

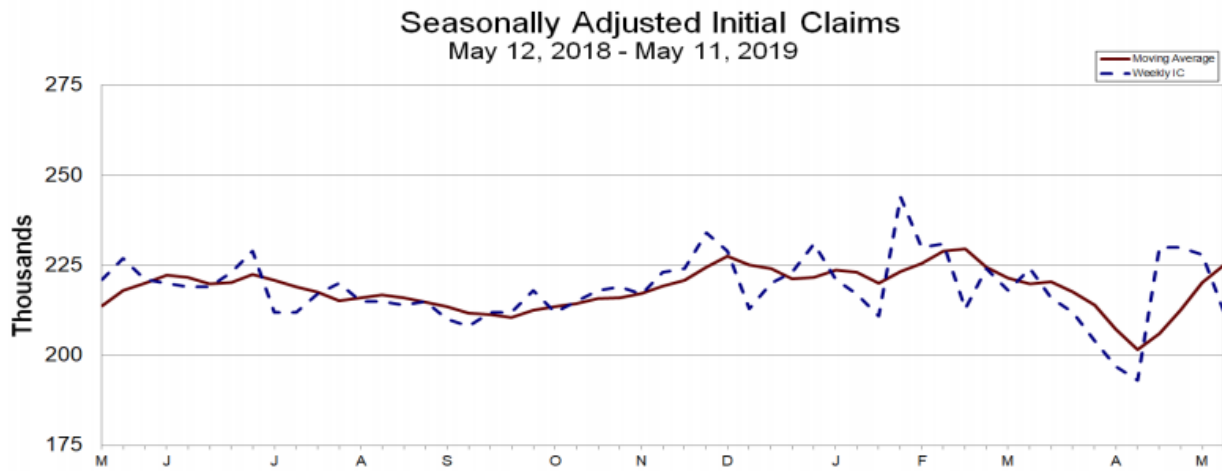


Thursday, [Labor Force Characteristics of Foreign-born Workers](#): “The unemployment rate for foreign-born persons in the United States was 3.5 percent in 2018, down from 4.1 percent in 2017. . . . The jobless rate of native-born persons was 4.0 percent in 2018, down from 4.4 percent in 2017.”

Friday, [State Employment and Unemployment Summary](#): “Unemployment rates were lower in April in 10 states and stable in 40 states and the District of Columbia. . . . Four states had jobless rate decreases from a year earlier, 1 state had an increase, and 45 states and the District had little or no change. The national unemployment rate declined by 0.2 percentage point from March to 3.6 percent and was 0.3 point lower than in April 2018.” April unemployment in Tennessee was 3.2 percent.

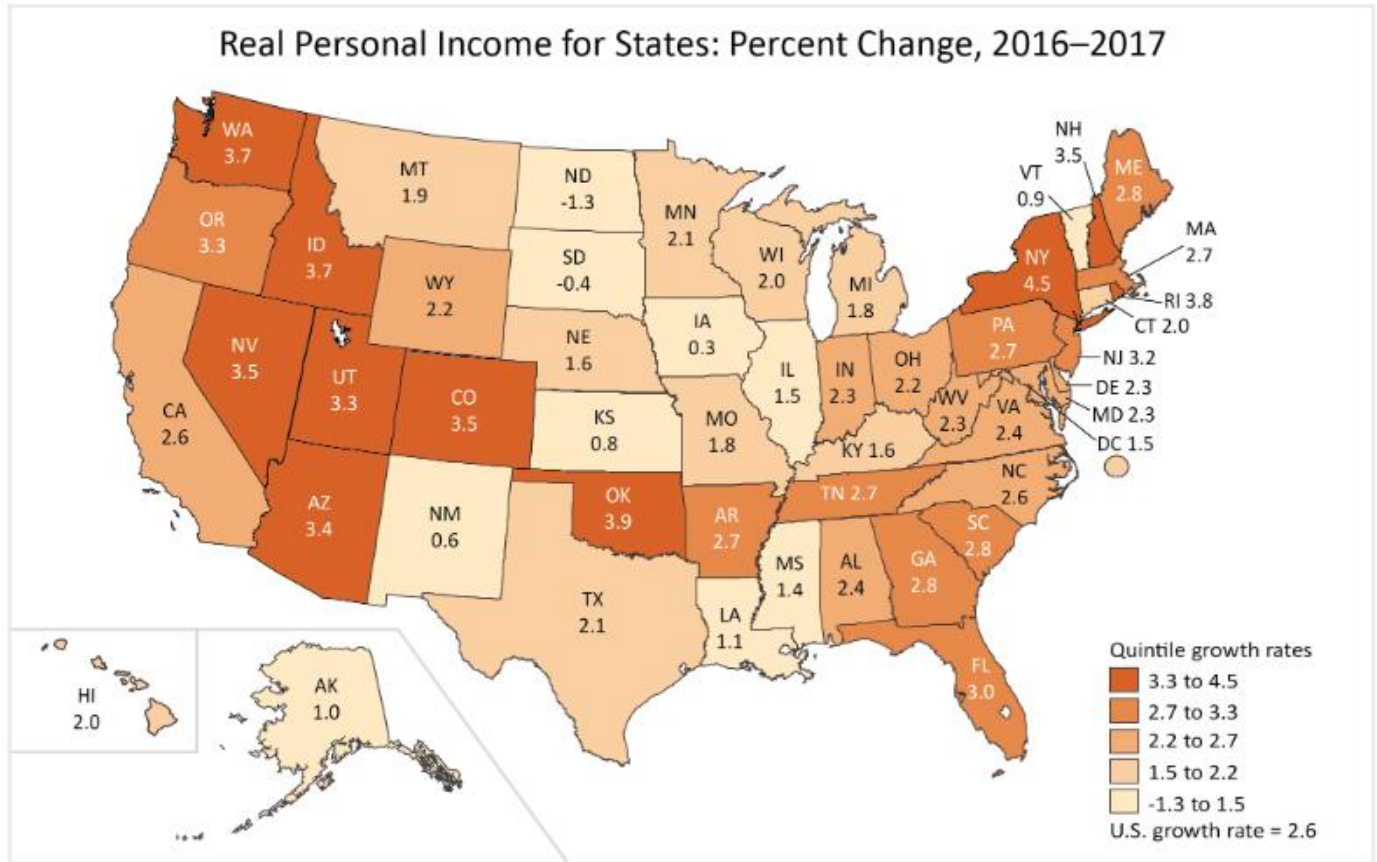
US Department of Labor

Thursday, [Initial Claims](#): “In the week ending May 11, the advance figure for seasonally adjusted initial claims was 212,000, a decrease of 16,000 from the previous week's unrevised level of 228,000. The 4-week moving average was 225,000, an increase of 4,750 from the previous week's unrevised average of 220,250.”



Bureau of Economic Analysis

Thursday, [Real Personal Income](#): “Real state personal income grew 2.6 percent in 2017, after increasing 1.5 percent in 2016. . . . Real state personal income is a state's current-dollar personal income adjusted by the state's regional price parity and the national personal consumption expenditures price index. The percent change in real state personal income ranged from 4.5 percent in New York to -1.3 percent in North Dakota. Across metropolitan areas, the percent change ranged from 14.8 percent in Midland, MI to -5.9 percent in Enid, OK.”



U.S. Bureau of Economic Analysis

#### Board of Governors of the Federal Reserve System

Wednesday, [Industrial Production and Capacity Utilization](#): “Industrial production fell 0.5 percent in April, and the rates of change for previous months were revised down on net. Output is now reported to have declined 1.9 percent at an annual rate in the first quarter. Manufacturing production moved down 0.5 percent in April after being unchanged in March. The index for mining advanced 1.6 percent in April, while the index for utilities fell 3.5 percent. At 109.2 percent of its 2012 average, total industrial production was 0.9 percent higher in April than it was a year earlier. Capacity utilization for the industrial sector decreased 0.6 percentage point in April to 77.9 percent, a rate that is 1.9 percentage points below its long-run (1972–2018) average.”

#### National Association of Home Builders

Tuesday, [Housing Market Index \(HMI\)](#): “Builder confidence in the market for newly-built single-family homes rose three points to 66 in May. . . . Builder sentiment is at its highest level since October 2018. . . . All the HMI indices posted gains in May. . . . Looking at the three-month moving averages for regional HMI scores, the Northeast posted a six-point gain to 57, the West increased two points to 71, the Midwest gained one point to 54, and the South rose a single point to 68.”

#### The Conference Board

Thursday, [Leading Economic Index \(LEI\)](#): The index “increased 0.2 percent in April to 112.1 (2016 = 100), following a 0.3 percent increase in March, and a 0.2 percent increase in February. ‘The US LEI rose in April, the third consecutive increase, with a majority of the leading indicators making positive

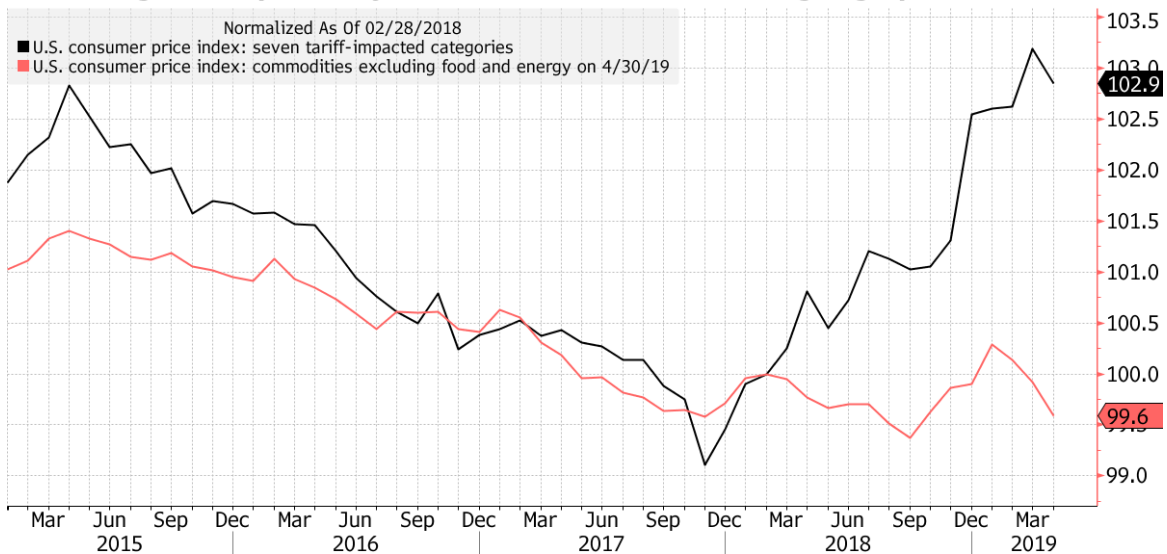
contributions,' said Ataman Ozyildirim, Director of Economic Research at The Conference Board. 'Stock prices, financial conditions, and consumers' outlook on the economy buoyed the US LEI, although the manufacturing sector showed continuing weakness. The Conference Board expects economic growth to moderate toward 2 percent by year end. The current expansion will enter its 11th year in July, becoming the longest expansion in US history.'"

University of Michigan

Friday, [Consumer Sentiment](#): "The Index of Consumer Sentiment surged in early May to its highest level in fifteen years. All of the May gain was in the Expectations Index, which also rose to its highest level since 2004, while the Current Conditions Index was virtually unchanged and well below the cyclical peak set in March 2018. Consumers viewed prospects for the overall economy much more favorably, with the economic outlook for the near and longer term reaching their highest levels since 2004."

## It's Working

### Prices of goods impacted by U.S.-China tariffs have been going up



Source: U.S. Department of Labor, Goldman Sachs, Bloomberg

Source: [Bloomberg](#)