

Economic Update, May 31, 2019
Submitted by Dave Keiser

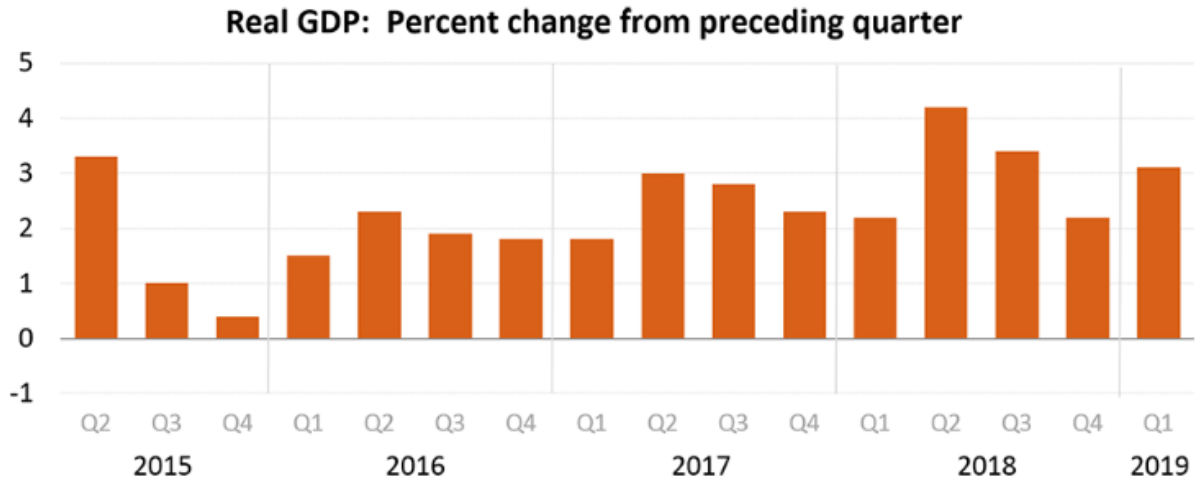
Summary: The big news this is week is gross domestic product, which was up 3.1 percent in the first quarter of 2019 after a 2.2 percent increase in the fourth quarter of 2018. Unemployment remains very low, consumer confidence remains high, and personal income increased. North American trade with our partners, Mexico and Canada, was up in March, and the U.S. produced more oil and relied less on foreign oil this past month. At the same time, the housing market has softened and returned to single-digit annual gains, while mortgage applications decreased.

Census

Thursday, [Economic Indicators](#): “The international trade deficit was \$72.1 billion in April, up \$0.2 billion from \$71.9 billion in March. . . . Wholesale inventories for April, adjusted for seasonal variations but not for price changes, were estimated at an end-of-month level of \$674.5 billion, up 0.7 percent from March 2019, and were up 7.4 percent from April 2018. . . . Retail inventories for April, adjusted for seasonal variations but not for price changes, were estimated at an end-of-month level of \$660.9 billion, up 0.5 percent from March 2019, and were up 4.5 percent from April 2018.”

Bureau of Economic Analysis

Thursday, [Gross Domestic Product and Corporate Profits](#): “Real gross domestic product (GDP) increased at an annual rate of 3.1 percent in the first quarter of 2019, according to the ‘second’ estimate. . . . In the fourth quarter, real GDP increased 2.2 percent. . . . Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) decreased \$65.4 billion in the first quarter, compared with a decrease of \$9.7 billion in the fourth quarter.”



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

Friday, [Personal Income and Outlays](#): “Personal income increased \$92.8 billion (0.5 percent) in April. . . . Disposable personal income (DPI) increased \$69.3 billion (0.4 percent) and personal consumption expenditures (PCE) increased \$40.8 billion (0.3 percent).”

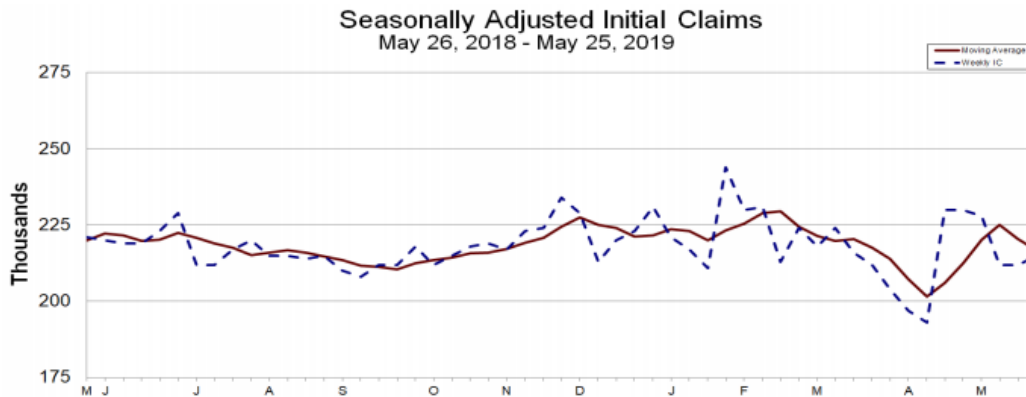
Bureau of Labor Statistics

Wednesday, [Metropolitan Area Employment and Unemployment](#): “Unemployment rates were lower in April than a year earlier in 306 of the 389 metropolitan areas, higher in 57 areas, and unchanged in 26 areas. . . . A total of 149 areas had jobless rates of less than 3.0 percent and 2 areas had

rates of at least 10.0 percent. Nonfarm payroll employment increased over the year in 46 metropolitan areas and was essentially unchanged in 343 areas. The national unemployment rate in April was 3.3 percent, not seasonally adjusted, down from 3.7 percent a year earlier.”

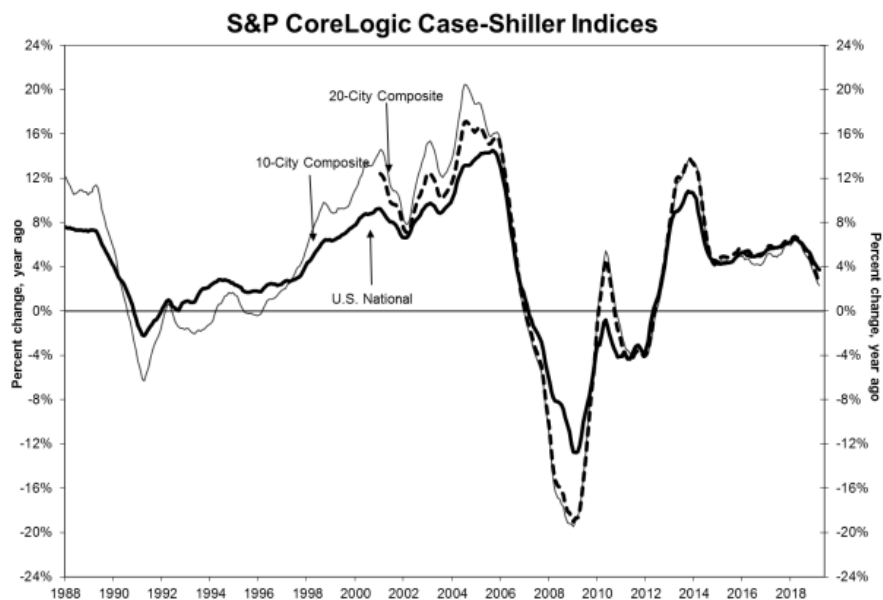
Department of Labor

Thursday, [Initial Claims](#): “In the week ending May 25, the advance figure for seasonally adjusted initial claims was 215,000, an increase of 3,000 from the previous week’s revised level. The previous week’s level was revised up by 1,000 from 211,000 to 212,000. The 4-week moving average was 216,750, a decrease of 3,750 from the previous week’s revised average.”



S&P Dow Jones

Tuesday, [Home Price Index](#): The index “reported a 3.7% annual gain in March, down from 3.9% in the previous month.” David M. Blitzer, managing director and chairman of the Index Committee at S&P Dow Jones Indices, says “Home price gains continue to slow. The patterns seen in the last year or more continue: year-over-year price gains in most cities are consistently shrinking. Double-digit annual gains have vanished. The largest annual gain was 8.2% in Las Vegas; one year ago, Seattle had a 13% gain. In this report, Seattle prices are up only 1.6%. . . . The shift to smaller price increases is broad-based and not limited to one or two cities where large price increases collapsed.”



Sources: S&P Dow Jones Indices & CoreLogic

Bureau of Transportation Statistics

Wednesday, [North American Transborder Freight](#): Transborder freight between the United States and other North American countries (Canada and Mexico) was \$107.2 billion in March 2019, up 1.4 percent from March 2018. Most of the freight—totaling \$67.4 billion—was transported by truck, up 1.3 percent from March 2018. Rail came in second with \$16.2 billion, up 0.6 percent from March 2018.

The Energy Information Administration

Thursday, [Weekly Petroleum Status Report](#): “U.S. crude oil refinery inputs averaged 16.8 million barrels per day during the week ending May 24, 2019, which was 189,000 barrels per day more than the previous week’s average. . . . U.S. crude oil imports averaged 6.9 million barrels per day last week, down by 81,000 barrels per day from the previous week. Over the past four weeks, crude oil imports averaged about 7.0 million barrels per day, 8.5% less than the same four-week period last year. . . . U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) decreased by 0.3 million barrels from the previous week. At 476.5 million barrels, U.S. crude oil inventories are about 5% above the five year average for this time of year.”

The Conference Board

Tuesday, [Consumer Confidence](#): The index “improved in May, following an increase in April. The Index now stands at 134.1 (1985=100), up from 129.2 in April. The Present Situation Index—based on consumers’ assessment of current business and labor market conditions—increased from 169.0 to 175.2. The Expectations Index—based on consumers’ short-term outlook for income, business and labor market conditions—increased from 102.7 last month to 106.6 this month.”

Federal Housing Finance Agency

Tuesday, [House Price Index](#): “U.S. house prices rose 1.1 percent in the first quarter of 2019. . . . House prices rose 5.1 percent from the first quarter of 2018 to the first quarter of 2019. FHFA's seasonally adjusted monthly index for March was up 0.1 percent from February.” Dr. William Doerner, Supervisory Economist added that “house prices have risen consistently over the last 31 quarters. Although price growth is still positive, the upward pace is softening across the country, especially among states with the largest supplies of housing.”

State Street

Wednesday, [Investor Confidence](#): The index “increased to 79.5, up 6.6 points from April’s revised reading of 72.9. Confidence among North American and European investors improved, with the North American ICI rising from 71.3 to 76.7, and the European ICI rising from 86.6 to 92.5. By contrast, the Asia ICI dropped by 4.2 points to 88.4.”

Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 3.3 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$484,350 or less) remained unchanged from 4.33 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages decreased to 3.73 percent from 3.78 percent.”

University of Michigan

Friday, [Consumer Sentiment](#): “Although consumer sentiment remained at very favorable levels, confidence significantly eroded in the last two weeks of May. The late-month decline was due to unfavorable references to tariffs, spontaneously mentioned by 35% of all consumers in the last two

weeks of May, up from 16% in the first half of May and 15% in April and equal to the peak recorded last July in response to the initial imposition of tariffs.”