

Economic Update, May 18, 2018
Submitted by Dave Keiser

Summary: Homebuilders' confidence grew. Although the annualized rate of construction permits authorized for private homes went down compared with March, it was up compared with April of last year. Unemployment rates continue to be low, but consumer comfort is starting to wane as gas prices increase. However, consumers are spending more on food and retail, with more and more of those purchases being done online.

Census

Tuesday, [Retail and Food Services](#): "Advance estimates of US retail and food services sales for April 2018 . . . were \$497.6 billion, an increase of 0.3 percent from the previous month, and 4.7 percent above April 2017. Total sales for the February 2018 through April 2018 period were up 4.6 percent from the same period a year ago."

Tuesday, [Manufacturing and Trade Inventories and Sales](#): "The combined value of distributive trade sales and manufacturers' shipments for March . . . was estimated at \$1,438.3 billion, up 0.5 percent from February 2018 and was up 6.4 percent from March 2017. Manufacturers' and trade inventories . . . were estimated at an end-of-month level of \$1,929.6 billion, virtually unchanged from February 2018, but were up 3.8 percent from March 2017. The total business inventories/sales ratio based on seasonally adjusted data at the end of March was 1.34. The March 2017 ratio was 1.38."

Wednesday, [New Residential Construction](#): "Privately-owned housing units authorized by building permits in April [2018] were at a seasonally adjusted annual rate of 1,352,000. This is 1.8 percent below the revised March rate of 1,377,000, but is 7.7 percent above the April 2017 rate of 1,255,000. . . . Privately-owned housing starts in April were at a seasonally adjusted annual rate of 1,287,000. This is 3.7 percent below the revised March estimate of 1,336,000, but is 10.5 percent above the April 2017 rate of 1,165,000. . . . Privately-owned housing completions in April were at a seasonally adjusted annual rate of 1,257,000. This is 2.8 percent above the revised March estimate of 1,223,000 and is 14.8 percent above the April 2017 rate of 1,095,000."

Thursday, [Quarterly Retail E-Commerce Sales](#): "The estimate of U.S. retail e-commerce sales for the first quarter of 2018 . . . was \$123.7 billion, an increase of 3.9 percent from the fourth quarter of 2017. Total retail sales for the first quarter of 2018 were estimated at \$1,306.7 billion, an increase of 0.2 percent from the fourth quarter of 2017. The first quarter 2018 e-commerce estimate increased 16.4 percent from the first quarter of 2017 while total retail sales increased 4.5 percent in the same period. E-commerce sales in the first quarter of 2018 accounted for 9.5 percent of total sales."

Bureau of Labor Statistics

Thursday, [Labor Force Characteristics of Foreign-born Workers](#): "The unemployment rate for foreign-born persons in the United States was 4.1 percent in 2017, down from 4.3 percent in 2016. The jobless rate of native-born persons was 4.4 percent in 2017, down from 5.0 percent in 2016. . . . In 2017, there were 27.4 million foreign-born persons in the U.S. labor force, comprising 17.1 percent of the total. Hispanics accounted for 47.9 percent of the foreign-born labor force in 2017, and Asians accounted for 25.2 percent. Foreign-born workers were more likely than native-born workers to be employed in service occupations and less likely to be employed in management, professional, and related occupations. The median usual weekly earnings of foreign-born full-time wage and salary workers were \$730 in 2017, compared with \$885 for their native-born counterparts."

Thursday, [Productivity and Costs by Industry, Selected Service-Producing Industries](#): “Labor productivity rose in 20 of 28 selected service-providing industries in 2017 . . . the same as in 2016. Output increased in 19 industries in 2017, fewer than in 2016, while hours increased in more industries.”

Friday, [State Employment and Unemployment Summary](#): “Unemployment rates were lower in April [2018] in 4 states and stable in 46 states and the District of Columbia. . . . Twelve states had jobless rate decreases from a year earlier and 38 states and the District had little or no change. The national unemployment rate edged down from March to 3.9 percent and was 0.5 percentage point lower than in April 2017. Nonfarm payroll employment increased in 3 states in April 2018 and was essentially unchanged in 47 states and the District of Columbia. Over the year, 28 states added nonfarm payroll jobs, 1 state lost jobs, and 21 states and the District were essentially unchanged. Hawaii had the lowest unemployment rate in April, 2.0 percent. The rates in California (4.2 percent), Hawaii (2.0 percent), and Wisconsin (2.8 percent) set new series lows. . . . Alaska had the highest jobless rate, 7.3 percent. In total, 16 states had unemployment rates lower than the U.S. figure of 3.9 percent, 10 states and the District of Columbia had higher rates, and 24 states had rates that were not appreciably different from that of the nation.” The April 2018 unemployment rate in Tennessee was 3.4 percent (see link for table 1 at bottom of press release).

US Department of Labor

Thursday, [Initial Claims](#): “In the week ending May 12, the advance figure for seasonally adjusted initial claims was 222,000, an increase of 11,000 from the previous week's unrevised level of 211,000. The 4-week moving average was 213,250, a decrease of 2,750 from the previous week's unrevised average of 216,000. This is the lowest level for this average since December 13, 1969 when it was 210,750.”

Board of Governors of the Federal Reserve System

Wednesday, [Industrial Production and Capacity Utilization](#): “Industrial production rose 0.7 percent in April for its third consecutive monthly increase. The rates of change for industrial production for previous months were revised downward, on net; for the first quarter, output is now reported to have advanced 2.3 percent at an annual rate. After being unchanged in March, manufacturing output rose 0.5 percent in April. The indexes for mining and utilities moved up 1.1 percent and 1.9 percent, respectively. At 107.3 percent of its 2012 average, total industrial production in April was 3.5 percent higher than it was a year earlier. Capacity utilization for the industrial sector climbed 0.4 percentage point in April to 78.0 percent, a rate that is 1.8 percentage points below its long-run (1972–2017) average.”

National Association of Home Builders

Tuesday, [Housing Market Index \(HMI\)](#): “In a further sign that the housing market continues to strengthen, builder confidence in the market for newly-built single-family homes rose two points in May to a level of 70. . . . This is the second highest HMI reading since the downturn. . . . Two of the three HMI components registered gains in May. The index charting sales expectations in the next six months jumped four points to 79 while the index gauging current sales conditions increased two points to 76. Meanwhile, the component measuring buyer traffic edged one point down to 51.”

The Conference Board

Thursday, [Leading Economic Index \(LEI\)](#): The index “increased 0.4 percent in April to 109.4 (2016 = 100), following a 0.4 percent increase in March, and a 0.7 percent increase in February. ‘April’s increase and continued uptrend in the U.S. LEI suggest solid growth should continue in the second half

of 2018. However, the LEI's six-month growth rate has recently moderated somewhat, suggesting growth is unlikely to strongly accelerate,' said Ataman Ozyildirim, Director of Business Cycles and Growth Research at The Conference Board. 'In April, stock prices and housing permits were the only negative contributors, whereas the labor market components, which made negative contributions in March, improved.'"

Bloomberg.com

Thursday, [U.S. Consumer Comfort Index](#): "After reaching a 17-year high in mid-April, the weekly comfort index has stumbled 3.5 points as Americans' pocketbooks get squeezed by the highest fuel prices since late 2014. Sentiment fell across most income groups and in three of four U.S. regions. Comfort was unchanged in the Midwest."