Comerica Economic Weekly

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U.S. economic data through mid-May remained consistent with an economy that is expanding while it feels the pressures of low oil prices and increasing oil prices at the same time.

Retail sales increased in April by 1.3 percent, the strongest monthly gain since March 2015. Two forces were at work in April. First, auto sales bounced back after dipping in March. On a unit basis, auto sales fell from a 17.4 million unit rate in February, to a 16.6 million unit rate in March, and then rebounded to 17.3 in April. On a dollar basis, retail sales of autos and parts increased by a strong 3.2 percent in April. The second factor was the price of gasoline, which has increased from a low of $1.72 per gallon (national average for unleaded) in mid-February to $2.21 per gallon by the end of April. The nominal value of gasoline station retail sales increased by 2.2 percent in April. Other components of retail sales were generally positive in April, with the exception of building materials, which declined by 1.0 percent. Overall, this was a good report, but that should have been no surprise. After adjusting for price effects, there is a little less to the topline number than meets the eye.

The producer price index for final demand increased by 0.2 percent in April. The energy price index for final demand goods was up by 0.2 percent, following a 1.8 percent gain in March. On a year-over-year basis, the change in the PPI for final demand is back up to zero after an excursion into the negative, which began in February 2015. We expect firming oil prices to support further gains in inflation indicators through May.

The Job Openings and Labor Turnover Survey for March showed an uptick in the job opening rate to 3.9 percent. This tied the mark for the strongest job opening rate since the series began in December 2000.

However, weekly initial claims numbers for unemployment insurance have drifted up. For the week ending May 7, initial claims for unemployment insurance increased by 20,000, to hit 294,000. The April 16th initial claims number of 248,000 was a multi-decade low. The bounce off of the mid-April low was fed by an increase in manufacturing layoffs. This trend bears watching. We expect that initial claims will level out in the coming weeks.

Total business inventories increased by 0.4 percent in March as the nominal value of retail inventories gained 1.0 percent. Since this is a first quarter number, it does not impact our Q2 GDP estimate.

The National Federation of Independent Business's Small Business Optimism Index for April increased to 93.6. The index has been on a generally downward trend since hitting a recent peak in December 2015.

The preliminary University of Michigan Consumer Sentiment Index for May increased to 95.8, despite rising gasoline prices.

According to the CME Group, there is only a 7.5 percent chance the Federal Reserve will increase the fed funds rate at the upcoming FOMC meeting over June 14/15. The implied odds of at least one rate hike this year are 62.4 percent.

Survey	Last Actual	Comerica Economics Commentary
Fed Funds Rate (Effective) *(after the FOMC meeting of 6/14-6/15)*	**0.36 %** **(Mar)**	We expect the Fed to strongly telegraph their next rate hike, which they have not yet done. No change to the fed funds rate in mid-June.
April CPI *(5/17, Tuesday)* Consensus: 0.4 percent	**0.1 %** **(Mar)**	Up by 0.3 percent. Higher oil and petroleum product prices.
April CPI Less Food and Energy *(5/17, Tuesday)* Consensus: 0.2 percent	**0.1 %** **(Mar)**	Up by 0.2 percent. Core inflation is still moderate, supported by housing.
April Industrial Production *(5/17, Tuesday)* Consensus: 0.3 percent	**-0.6 %** **(Mar)**	Up by 0.3 percent. Supported by moderate gains in manufacturing output and normalization in utility output.
April Capacity Utilization *(5/17, Tuesday)* Consensus: 75.0 percent	**74.8 %** **(Mar)**	Up to 75.2 percent.

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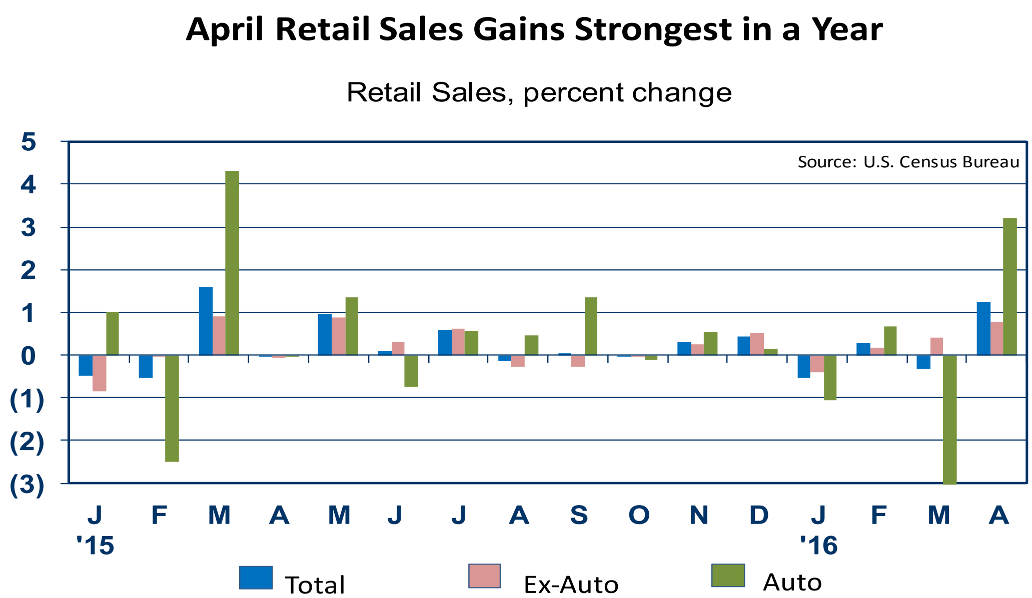
Survey	Last Actual	Comerica Economics Commentary
April Housing Starts *(5/17, Tuesday)* Consensus: 1,120 k	**1,089 k** **(Mar)**	Up to a 1,150 k unit annual rate. A modest increase over May.
April Housing Permits *(5/17, Tuesday)* Consensus: 1,128 k	**1,086 k** **(Mar)**	Up to a 1,180 k unit annual rate.
April Leading Indicators *(5/19, Thursday)* Consensus: 0.4 percent	**0.2 %** **(Mar)**	Up by 0.3 percent. Consistent with an increase in Q2 real GDP growth.
April Existing Home Sales *(5/20, Friday)* Consensus: 5,400 k	**5,330 k** **(Mar)**	Up to a 5,380 k unit annual rate. Mortgage apps for purchase were up in early April.

Chart of the Week



May/June

Monday 9

Tuesday 10

NFIB

JOLTS

Wednesday 11

Thursday 12

UNEMPLOYMENT CLAIMS (ths)

Feb	Mar	Apr	May
259	253	266	294
260	259	253	
264	265	248	
262	276	257	
		274	

Friday 13

RETAIL SALES

	Total	Ex-Autos
Feb	0.3%	0.2%
Mar	-0.3%	0.4%
Apr	1.3%	0.8%

PRODUCER PRICE INDEX

	Total	Core
Feb	-0.2%	0.1%
Mar	-0.1%	0.0%
Apr	0.2%	0.3%

U of M Consumer Sentiment (Prelim)

Monday 16

Empire State Survey

Tuesday 17

CONSUMER PRICE INDEX

	Total	Core
Jan	0.0%	0.3%
Feb	-0.2%	0.3%
Mar	0.1%	0.1%

	IND PROD	CAP UTIL
Jan	0.5%	75.8%
Feb	-0.6%	75.3%
Mar	-0.6%	74.8%

HOUSING (ths.)

	Starts	Permits
Jan	1,117	1,204
Feb	1,194	1,177
Mar	1,089	1,086

Wednesday 18

Thursday 19

LEADING INDICATORS

Jan	-0.2%
Feb	-0.1%
Mar	0.2%

CFNAI

Philadelphia Fed Survey

Friday 20

EXISTING HOME SALES (ths)

Jan	5,470
Feb	5,070
Mar	5,330

Monday 23

Tuesday 24

NEW HOME SALES (ths-SAAR)

Jan	521
Feb	519
Mar	511

Wednesday 25

Thursday 26

ADV DURABLE GOODS

	Total	Ex-Transp
Jan	4.3%	1.4%
Feb	-3.1%	-1.3%
Mar	0.8%	-0.2%

Friday 27

GROSS DOMESTIC PRODUCT

	Real GDP	Price Index
'15Q3	2.0%	1.3%
'15Q4	1.4%	0.9%
'16Q1	0.5%	0.7%

U of M Consumer Sentiment (Final)

Monday 30

Tuesday 31

CASE-SHILLER HPI COMP-20 (SA)

Dec	182.5
Jan	182.4
Feb	182.8

INCOME and SPENDING

	Income	Spending
Jan	0.4%	0.2%
Feb	0.1%	0.2%
Mar	0.4%	0.1%

Consumer Confidence

Wednesday June 1

AUTO SALES (mln-SAAR)

Feb	17.6
Mar	16.6
Apr	17.4

ISM MFG INDEX

Feb	49.5
Mar	51.8
Apr	50.8

CONSTRUCTION SPENDING

Jan	-0.3%
Feb	1.0%
Mar	0.3%

Beige Book

Thursday 2

ADP Employment

Friday 3

EMPLOYMENT REPORT

	U. Rate	Jobs (ths)
Feb	4.9%	+233
Mar	5.0%	+208
Apr	5.0%	+160

TRADE BALANCE (bln)

Jan	-$45.9
Feb	-$47.0
Mar	-$40.4

ISM NON-MFG INDEX

Feb	53.4
Mar	54.5
Apr	55.7