

Top Headline: Macri Seeks Help from IMF

This past week President Mauricio Macri announced that Argentina was seeking to open a line of credit with the IMF in hopes of stabilizing its finances. The country has been hit hard by a sharp devaluation in its currency stemming from higher than expected inflation and rising interest rates in developed markets. Just this past week the central bank raised short-term interest rates to 40% in an attempt to stem capital outflows, which could potentially lead to a revival of the debt crises so often seen by the country over the past few decades. Macri was elected in 2015 on promises to reform the political system and reduce the country's debt burden. However, Argentina's capital markets remain woefully underdeveloped, meaning businesses are still largely reliant on foreign-currency denominated debt.

Other News

Cleveland Fed President Loretta Mester said Monday that the changing outlook for the U.S. economy could have an impact on her prescription for monetary policy this calendar year. Specifically, "with fiscal policy turning from restrictive to stimulative, the economy growing above trend, and investment rising" the case for a faster pace of rate hikes is increasing. This comes after Chair Jerome Powell's comments earlier in the week, which were focused on the impact of Fed policy on emerging markets. Powell acknowledged that the dollar plays a special role in the global economy but pushed back against the idea that U.S. monetary policy is the primary driver of emerging market capital flows.

On Tap This Week

This week is highlighted by retail sales data for April.

Past Week's Releases

	Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W	5/9/18	PPI	Apr	0.3%	0.3%	0.1%	Headline PPI fall from 3.0% to 2.6% y-o-y
W	5/9/18	Core PPI	Apr	0.3%	0.2%	0.2%	
Th	5/10/18	CPI	Apr	-0.1%	0.3%	0.2%	Core CPI remains at 2.1% y-o-y
Th	5/10/18	Core CPI	Apr	0.2%	0.2%	0.1%	
Th	5/10/18	Initial Jobless Claims♦	May 5	211K	220K	211K	Claims unchanged from historic lows

Actual < Expected
 Actual > Expected
 ♦ Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	24262	24831	2.34%	2.65%
S&P 500	2663.4	2727.7	2.41%	4.13%
USD*	92.59	92.54	-0.03%	2.32%
10-Year Treasury*	2.95%	2.97%	0.02%	0.12%

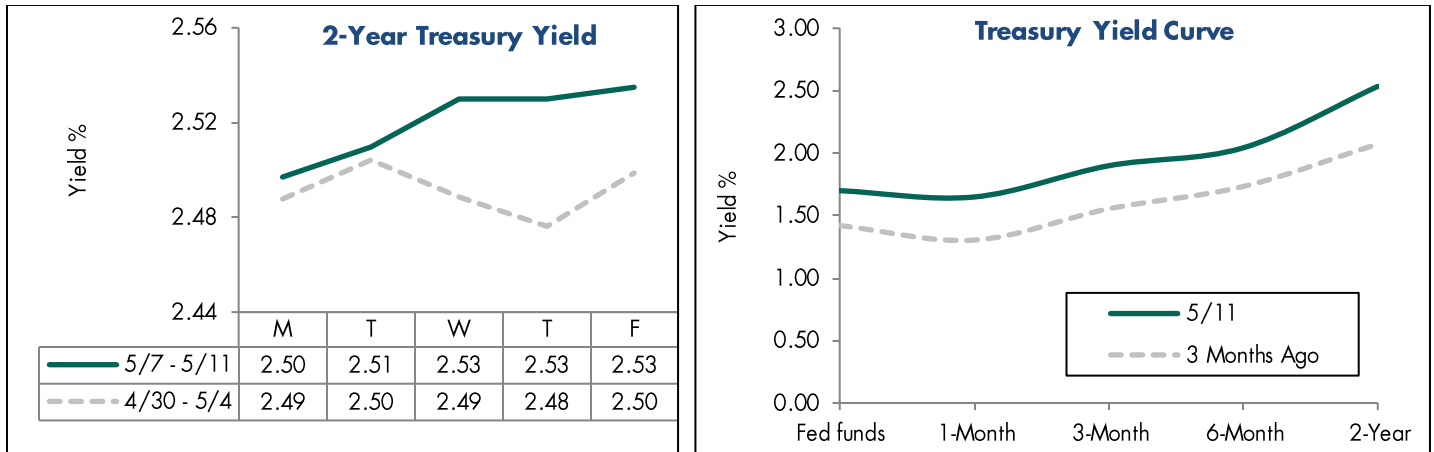
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

	Date	Indicator	Period	Prev.	Exp.
T	5/15/18	Retail Sales	Apr	0.6%	0.3%
T	5/15/18	Sales Less Autos	Apr	0.2%	0.5%
W	5/16/18	Housing Starts	Apr	1319K	1310K
W	5/16/18	Building Permits	Apr	1354K	1350K
W	5/16/18	Industrial Production	Apr	0.5%	0.6%
W	5/16/18	Capacity Utilization	Apr	78.0%	78.4%
Th	5/17/18	Initial Jobless Claims♦	May 12	211K	215K

Yield Curve Highlights



Detailed Economic Releases

5/9/2018	Prev.	Exp.	Act.
PPI	0.3%	0.3%	0.1%
Core PPI	0.2%	0.2%	0.2%

April's producer price index came in in-line with expectations for the month. PPI less food & energy finished at 0.2%, while the headline price index rose by 0.1%. As a result of the weaker monthly data, year-over-year headline PPI fell from 3.0% to 2.6%, core PPI came in at 2.3%, and PPI less food, energy, & trade services dropped to 2.5%.

Summary: Monthly PPI numbers suggest an easing of supply-side price pressures.

5/10/2018	Prev.	Exp.	Act.
CPI	-0.1%	0.3%	0.2%
Core CPI	0.2%	0.2%	0.2%

Consumer prices increased by 0.2% in April after falling by 0.1% the month before. Excluding food and energy price effects, the data was similar with core prices rising by 0.2% following an equivalent rise in the prior month. Gasoline led the price gains for the month, rising by 3.0%, and housing prices rose by 0.3%. Year-over-year headline CPI and core CPI rose by 2.5% and 2.1%, respectively.

Summary: Core prices rose in line with expectations for the month, keeping year-over-year core CPI above 2%.

5/10/2018	Prev.	Exp.	Act.
Initial Jobless Claims	211K	220K	211K

First time claims for jobless benefits were unchanged in the week ending on May 5th at 211,000. The four-week average of initial claims, which smooths volatility inherent in the weekly number, was down slightly to 216,000. Continuing claims for unemployment benefits, in lagging data for the week of April 28th, rose to 1.79 million. The insured unemployment rate, which tends to track the overall jobless rate, rose to 1.3%.

Summary: Initial jobless claims remain near all-time low levels.

About Us

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