MARKET EXPECTATIONS SURVEY

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Payroll employment jumped by a huge 313,000 in February, the biggest one-month gain in more than two years. The private sector added 287,000 jobs over the month, while government jobs rose by 26,000. Job growth in January was revised higher to 239,000, from 200,000, while December job growth was revised up to 175,000, from 160,000. The three-month moving average of job growth in February was a very solid 242,000; this is up from 142,000 in September, in the wake of Hurricanes Harvey and Irma.

Most industries saw job gains in February, with noticeable strength in construction (up 61,000), manufacturing (up 31,000), retail trade (up 50,000, after a difficult 2017), and professional/business services (up 50,000).

The unemployment rate held steady at 4.1 percent for a fifth straight month in February. Employment as measured in the household survey (different from the survey of employers) rose by an enormous 785,000, the biggest one-month gain since September of last year. The labor force increased by 806,000, the biggest increase since January 2003. The labor force participation rate jumped from 62.7 percent in January to 63.0 percent in February, to its highest since September 2017.

Average hourly earnings rose 0.1 percent in February, 0.149 percent before rounding. Wage growth in January was revised slightly lower. On a year-ago basis average hourly earnings were up 2.6 percent in February, down from 2.8 growth percent in January (revised down from 2.9 percent). Although wage growth slowed in February, the tighter job market is putting upward pressure on wages, and wage growth will accelerate in 2018.

The jobs report for February was excellent, with very strong job growth across industries and a big increase in the labor force. Although the unemployment rate held steady over the month, it will fall throughout 2018 and into 2019 as the job market continues to tighten, bottoming out at around 3.5 percent. Businesses and consumers are likely responding to the tax cut by boosting investment and spending, driving stronger demand and increasing the need for labor. Job growth will slow from its recent pace of better than 200,000 per month, but that will come from difficulty in finding workers and not weaker demand from firms.

With an acceleration in job growth, the Federal Open Market Committee will raise the federal funds rate when it meets later this month, by a quarter of a percentage point to a target range of 1.50 to 1.75 percent. The FOMC will raise the funds rate two additional times by 25 bps by year-end to let some of the steam off the economy, concerned that an overheating labor market will push inflation past the FOMC's 2 percent goal.

ACTION ECONOMICS SURVEY	Last Actual	PNC FINANCIAL SERVICES GROUP COMMENT
Fed Funds Rate Target Range Mid-Point *(after the FOMC meeting on 3/21/18)* Range: 1.50 to 1.75 percent Median: 1.625 percent	**1.13%**	Jay Powell will Chair his first meeting on March 20-21 and the economic and inflation data will easily justify a 25 bps funds rate hike to a 1.50-1.75 target range at that meeting. The Fed funds future market's current odds of a March rate hike are 90 percent.

Action Economics Survey	Last Actual	PNC Financial Services Group Comment
Feb CPI (3/13, Tuesday) Range: -0.1 to 0.3 percent Median: 0.2 percent	**0.5% (Jan)**	Up 0.2 percent (rounded up). Gasoline prices fell 0.5 percent.
Feb CPI (ex-food & energy) (3/13, Tuesday) Range: 0.1 to 0.3 percent Median: 0.2 percent	**0.3% (Jan)**	Up 0.2 percent.
Feb Retail Sales (3/14, Wednesday) Range: 0.1 to 0.6 percent Median: 0.4 percent	**-0.3% (Jan)**	A solid gain of 0.5 percent with lower taxes, big jobs gains, warmer weather and high consumer confidence lifting retail sales. Vehicle sales were flat.
Feb Retail Sales (ex-auto) (3/14, Wednesday) Range: 0.2 to 0.7 percent Median: 0.4 percent	**0.0% (Jan)**	Up 0.6 percent. Control sales (excluding, vehicle, building materials, gasoline, and restaurant sales) up 0.5 percent.
Feb PPI (3/14, Wednesday) Range: -0.1 to 0.3 percent Median: 0.1 percent	**0.4% (Jan)**	Up 0.1 percent.
Feb PPI (ex-food & energy) (3/14, Wednesday) Range: 0.0 to 0.3 percent Median: 0.2 percent	**0.4% (Jan)**	Up 0.2 percent.
Jan Business Inventories (3/14, Wednesday) Range: 0.3 to 0.6 percent Median: 0.6 percent	**0.4% (Dec)**	Up 0.6 percent. Sales down 0.3 percent.
Feb Housing Starts (3/16, Friday) Range: 1.250 to 1.325 million Median: 1.290 million	**1.326M (Jan)**	Down 2.5 percent to 1.29 million. Building permits down 6 percent to 1.31 million.
Feb Industrial Production (3/16, Friday) Range: 0.0 to 0.6 percent Median: 0.3 percent	**-0.1% (Jan)**	Up a strong 0.7 percent. Manufacturing output up 0.8 percent.
Feb Capacity Utilization (3/16, Friday) Range: 77.4 to 77.9 percent Median: 77.7 percent	**77.5% (Jan)**	Up to 78.0 percent.
Mar U. Mich Consumer Sentiment (prelim) (3/16, Friday) Range: 97.7 to 103.1 Median: 99.5	**99.7 (Feb)**	Down slightly to a still solid 97.7.
Feb Existing Homes (3/21, Wednesday) Range: 5.280 to 5.600 million Median: 5.480 million	**5.380M (Jan)**	Up to 5.60 million.

ACTION ECONOMICS SURVEY	Last Actual	PNC FINANCIAL SERVICES GROUP COMMENT
Feb Leading Indicators (3/22, Thursday) Range: 0.2 to 0.5 percent Median: 0.3 percent	**1.0% (Jan)**	Up 0.3 percent. Coincident index up 0.4 percent.
Feb Durable Goods Orders (3/23, Friday) Range: 0.4 to 3.1 percent Median: 1.5 percent	**-3.6% (Jan)**	Up 2.0 percent as civilian aircraft and dense goods orders rebound from a big January decline. Shipments up 0.6 percent.
Feb New Home Sales (3/23, Friday) Range: 0.580 to 0.640 million Median: 0.610 million	**0.593M (Jan)**	Up to 0.630 million.

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MONTHLY CALENDAR OF ECONOMIC DATA

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Mar 2018

Monday 5

ISM NON-MFG INDEX

Dec	56.0
Jan	59.9
Feb	59.5

Tuesday 6

MANUFACTURERS'

	Ship	Inv	Orders
Nov	1.4%	0.5%	1.7%
Dec	0.7	0.7	1.8
Jan	0.6	0.3	-1.4

3/7

TRADE BALANCE ($B)

Nov	-$50.8
Dec	-$53.9
Jan	-$56.6

CONSUMER CREDIT($B)

Nov	+$30.9
Dec	+$19.2
Jan	+$13.9

Wednesday 7

Nonfarm Business (Q4 2nd) Productivity & Costs

	Productivity	Unit Labor Costs
4Q'16	1.1	-5.7
1Q'17	0.2	4.8
2Q'17	1.7	-1.2
3Q'17	2.6	1.0
4Q'17(1st)	-0.1	2.0
4Q'17(2nd)	0.0	2.5

ADP Employment (Feb)
Fed Beige Book

Thursday 8

Unemployment Claims (000)

Dec	Jan	Feb	Mar
236	261	223	231
225	216	229	
245	231	220	
247	230	210	
250			

Friday 9

EMPLOYMENT REPORT

	U.Rate	Jobs(000)
Dec	4.1	+175
Jan	4.1	+239
Feb	4.1	+313

Monday 12

Federal Budget (Feb)

Tuesday 13

CONSUMER PRICE INDEX

	Total	Core
Dec	0.2%	0.2%
Jan	0.5	0.3
Feb		

Wednesday 14

PRODUCER PRICE INDEX

	Total	Core
Dec	0.0%	0.1%
Jan	0.4	0.4
Feb		

RETAIL SALES

	Total	Ex-Autos
Dec	0.0%	0.1%
Jan	-0.3	0.0
Feb		

MFG and TRADE

	Inv	Sales
Nov	0.4%	1.4%
Dec	0.4	0.6
Jan		

Thursday 15

Import Price (Feb)
Philly Fed Survey (Mar)

Friday 16

HOUSING(000)

	Starts	Permits
Dec	1,209	1,300
Jan	1,326	1,396
Feb		

	IND PROD	CAP UTIL
Dec	0.4%	77.7%
Jan	-0.1	77.5
Feb		

U of M Mar Consumer Sentiment (Prelim)

Monday 19

Tuesday 20

Wednesday 21

CURRENT ACCOUNT

Q4'2016	-$114.0
Q1'2017	-$113.5
Q2'2017	-$124.4
Q3' 2017	-$100.6
Q4'2017	

EXISTING HOME SALES(000)

Dec	5,560
Jan	5,380
Feb	

FOMC Statement - 2pm

Thursday 22

LEADING INDICATORS

Dec	0.6%
Jan	1.0
Feb	

Friday 23

ADV DURABLE GOODS

	Total	Ex-Transp
Dec	2.7%	0.8%
Jan	-3.6	-0.3
Feb		

NEW HOME SALES(000)

Dec	643
Jan	593
Feb	

Monday 26

Tuesday 27

CASE-SHILLER HPI 20-City Composite(SA)

	M/M	Y/Y
Nov	0.7%	6.4%
Dec	0.6	6.3
Jan		

CB CONSUMER CONFIDENCE

	Total	Current	Expect
Jan	124.3	154.7	104.0
Feb	130.8	162.4	109.7
Mar			

Wednesday 28

GROSS DOMESTIC PRODUCT 4th Qtr (3rd estimate)

	Real GDP	Price Index
2Q'17	3.1%	1.0%
3Q'17	3.2	2.1
4Q'17(1st)	2.6	2.4
4Q'17(2ND)	2.5	2.3
4Q'17(3rd)		

Thursday 29

PERSONAL

	Income	Spending
Dec	0.4%	0.4%
Jan	0.4	0.2
Feb		

U of M Mar Consumer Sentiment (Final)

Friday 30

Markets Closed for Good Friday Holiday

Chicago PMI (Mar)