

# MARKET EXPECTATIONS SURVEY

Gus Faucher  
Chief Economist

Stuart Hoffman  
Senior Economic Advisor

William Adams  
Senior Economist

Kurt Rankin  
Economist

Abbey Omodunbi  
Economist

THE PNC FINANCIAL SERVICES GROUP | The Tower at PNC Plaza | 300 Fifth Avenue | Pittsburgh, PA 15222-2401

The unemployment rate fell to 3.6 percent in April from 3.8 percent in March, the lowest it has been since December 1969. However, the rate fell because the number of people in the labor force fell; the labor force participation rate fell by 0.2 percent point to 62.8 percent in April, and is down from 63.2 percent in February. Still, the historically low unemployment rate is just one measure that the labor market is in excellent shape in the spring of 2019 and the current economic expansion will celebrate its 10<sup>th</sup> birthday next month, the longest ever in the U.S.

The U.S. economy added 263,000 payroll jobs in April, well above the consensus expectation of 190,000. Private-sector job growth was 236,000 in April, while government added 27,000 jobs. After a weak initial gain of just 20,000 jobs in February (since revised up to 56,000), the economy added 189,000 jobs in March (revised down slightly from 196,000) and 263,000 jobs in April, clearly demonstrating that all of the recession talk last winter was much ado about nothing. The three-month moving average of payroll job growth through April was 169,000, well above the pace needed to keep up with underlying growth in the labor force, although down from an average of 223,000 per month in 2018. The April jobs report is not quite as strong as it looks with the labor force, household jobs and the length of the workweek all declining. **This jobs report is not going to change the mind of “Patient Powell”. The Fed’s funds rate target range will remain on hold for a long time.**

Manufacturing added 4,000 jobs in April, while construction job growth increased 33,000 up from 20,000 in March. Private service-providing industries added 202,000 jobs in April, up from a gain of 158,000 in March. April included increases of 76,000 in professional/business services (including 18,000 temp jobs), 62,000 in education/healthcare, 34,000 in leisure/hospitality services, and 12,000 in financial activities. However, retail employment fell by 12,000 in April, the third straight monthly decline, as online sales continue to replace traditional brick-and-mortar retailing.

Average hourly earnings rose 0.2 percent in April, and were up a decent 3.2 percent from one year earlier, the same year-over-year pace as in March. The tight job market is forcing businesses to raise pay to retain their current workers and attract new ones. Wage growth will continue to pick up as businesses find it more and more difficult to attract qualified workers.

The economic fundamentals are generally solid. Job growth is likely to slow from its pace of 223,000 per month in 2018 to around 175,000 per month this year, as the tighter labor market will constrain hiring. The unemployment rate may move up a bit over the next couple of months, but is set to reach a cyclical low of around 3.5 percent at the end of this year.

ACTION ECONOMICS SURVEY	Last Actual	PNC FINANCIAL SERVICES GROUP COMMENT
<b>Fed Funds Rate Target Range Mid-Point</b> (after the FOMC meeting on 6/19/19) Range: 2.25 to 2.50 percent Median: 2.38 percent	<b>1.88%</b>	At their May 1 meeting, the Federal Open Market Committee kept the fed funds rate in its current 2.25 to 2.50 target range percent where it has been since late 2018. Once again, citing “global economic and financial developments and muted inflation pressures,” the FOMC said it will be “patient” in making changes to the fed funds rate. The decision was unanimous. Fed funds futures are pricing in a 52 percent chance of at least one 25 bps rate CUT by December 2019.

ACTION ECONOMICS SURVEY	Last Actual	PNC FINANCIAL SERVICES GROUP COMMENT
<b>Mar Consumer Credit</b> (5/7, Tuesday) Range: \$12.8 to \$21.0 billion Median: \$16.5 billion	<b>\$15.2B</b> <b>(Feb)</b>	<u>Up</u> \$20 billion.
<b>Apr PPI</b> (5/9, Thursday) Range: 0.1 to 0.3 percent Median: 0.2 percent	<b>0.6%</b> <b>(Mar)</b>	<u>Up</u> 0.2 percent.
<b>Apr PPI (ex-food &amp; energy)</b> (5/9, Thursday) Range: 0.1 to 0.3 percent Median: 0.2 percent	<b>0.0%</b> <b>(Mar)</b>	<u>Up</u> 0.2 percent.
<b>Mar Trade Balance</b> (5/9, Thursday) Range: -\$54.2 to -\$48.8 billion Median: -\$50.0 billion	<b>-\$49.4B</b> <b>(Feb)</b>	A <u>widening</u> to -\$50.3 billion.
<b>Apr CPI</b> (5/10, Friday) Range: 0.2 to 0.5 percent Median: 0.4 percent	<b>0.4%</b> <b>(Mar)</b>	<u>Up</u> 0.4 percent. Gasoline prices jumped 6.5 percent.
<b>Apr CPI (ex-food &amp; energy)</b> (5/10, Friday) Range: 0.1 to 0.4 percent Median: 0.2 percent	<b>0.1%</b> <b>(Mar)</b>	<u>Up</u> 0.2 percent.
<b>Apr Export Price Index</b> (5/14, Tuesday) Range: 0.2 to 0.7 percent Median: 0.6 percent	<b>0.7%</b> <b>(Mar)</b>	<u>Up</u> 0.2 percent.
<b>Apr Import Price Index</b> (5/14, Tuesday) Range: 0.4 to 0.8 percent Median: 0.7 percent	<b>0.6%</b> <b>(Mar)</b>	<u>Up</u> 0.8 percent, parting reflecting higher imported crude oil prices.
<b>Apr Retail Sales</b> (5/15, Wednesday) Range: -0.1 to 0.6 percent Median: 0.3 percent	<b>1.6%</b> <b>(Mar)</b>	<u>Down</u> 0.1 percent. Vehicle sales fell by close to 3 percent.

ACTION ECONOMICS SURVEY	Last Actual	PNC FINANCIAL SERVICES GROUP COMMENT
<b>Apr Retail Sales (ex-auto)</b> (5/15, Wednesday) Range: 0.4 to 0.8 percent Median: 0.6 percent	<b>1.2%</b> <b>(Mar)</b>	<u>Up</u> 0.6 percent, mostly reflecting higher gasoline prices. Control sales (excluding vehicle, build material, gas station and restaurant sales) <u>rose</u> a modest 0.3.
<b>Apr Industrial Production</b> (5/15, Wednesday) Range: -0.1 to 0.4 percent Median: 0.1 percent	<b>-0.1%</b> <b>(Mar)</b>	<u>Up</u> 0.1 percent. Manufacturing output also <u>up</u> 0.1 percent.
<b>Apr Capacity Utilization</b> (5/15, Wednesday) Range: 78.6 to 79.1 percent Median: 78.7 percent	<b>78.8%</b> <b>(Mar)</b>	<u>Unchanged</u> at 78.8 percent.
<b>Mar Business Inventories</b> (5/1, Wednesday) Range: 0.0 to 0.3 percent Median: 0.3 percent	<b>0.3%</b> <b>(Feb)</b>	<u>Unchanged</u> . Sales <u>up</u> a strong 0.9 percent.
<b>Apr Housing Starts</b> (5/16, Thursday) Range: 1.200 to 1.226 million Median: 1.220 million	<b>1.139M</b> <b>(Mar)</b>	<u>Up</u> by 5 percent to 1.20 million. Building permits <u>up</u> 1% to 1.32 million.
<b>May U. Mich. Consumer Sentiment (prelim)</b> (5/17, Friday) Range: 96.0 to 97.8 Median: 97.5	<b>97.2</b> <b>(Apr)</b>	<u>Up</u> to 97.8.
<b>Apr Leading Indicators</b> (5/17, Friday) Range: 0.2 to 0.3 percent Median: 0.2 percent	<b>0.4%</b> <b>(Mar)</b>	<u>Up</u> 0.3 percent. Coincident indicators <u>up</u> 0.2 percent.

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# MONTHLY CALENDAR OF ECONOMIC DATA

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**Apr/May 2019**

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>
<b>EXISTING HOME SALES(000)</b> Jan 4,930 Feb 5,480 Mar 5,210	<b>NEW HOME SALES(000)</b> Jan 625 Feb 662 Mar 692		<b>ADV DURABLE GOODS</b> <b>Total Ex-Transp</b> Jan 0.1% -0.1% Feb -1.1 -0.2 Mar 2.7 0.4	<b>GROSS DOMESTIC PRODUCT</b> <b>1<sup>st</sup> Qtr (1st estimate)</b> <b>Real GDP Price Index</b> 1Q'18 2.2% 2.0% 2Q'18 4.2 3.0 3Q'18 3.4 1.8 4Q'18 2.2 1.7 1Q'19(1 <sup>st</sup> ) 3.2 0.9  <b>Apr U Mich Consumer Sentiment (final)</b>
<b>29</b>	<b>30</b>	<b>May 1</b>	<b>2</b>	<b>3</b>
<b>PERSONAL</b> <b>Income Spending</b> Jan -0.1% 0.3% Feb 0.2 0.1 Mar 0.1 0.9	<b>Employment Cost Index</b> <b>Total W&amp;S Fringes</b> 1Q'18 0.8 0.9 0.7 2Q'18 0.6 0.5 0.9 3Q'18 0.8 0.9 0.4 4Q'18 0.7 0.6 0.7 1Q'19 0.7 0.7 0.7  <b>CASE-SHILLER HPI</b> <b>20-City Composite(SA)</b> <b>M/M Y/Y</b> Dec 0.2% 4.1% Jan 0.1 3.5 Feb 0.2 3.0  <b>CB CONSUMER CONFIDENCE</b> <b>Total Current Expect</b> Feb 131.4 172.8 103.8 Mar 124.2 163.0 98.3 Apr 129.2 168.3 103.0  <b>Chicago PMI (Apr)</b>	<b>ISM MFG INDEX</b> Feb 54.2% Mar 55.3 Apr 52.8  <b>CONSTRUCTION SPENDING</b> Jan 0.7% Feb 0.7 Mar -0.9  <b>5/2</b> <b>Nonfarm Business (Q1 1st)</b> <b>Productivity &amp; Costs</b> <b>Productivity Unit Labor Costs</b> 1Q'18 0.7 3.5 2Q'18 2.9 -2.8 3Q'18 1.9 1.6 4Q'18 1.3 2.5 1Q'19(1 <sup>st</sup> ) 3.6 -0.9  <b>Apr ADP Employment Survey</b>	<b>MANUFACTURERS'</b> <b>Ship Inv Orders</b> Jan -0.3% 0.5% 0.0% Feb 0.5 0.3 -0.3 Mar 0.7 0.4 1.9  <b>Unemployment Claims (000)</b> Jan Feb Mar Apr 216 235 223 197 212 239 224 193 200 217 216 230 253 226 212 230 204  <b>Autos Light</b> <b>Dom For Truck Total</b> Feb 3.6 1.4 11.6 16.6 Mar 3.8 1.5 12.2 17.5 Apr 3.5 1.4 11.5 16.4	<b>EMPLOYMENT REPORT</b> <b>U.Rate Jobs(000)</b> Feb 3.8% +56 Mar 3.8 +189 Apr 3.6 +263  <b>ISM NON-MFG INDEX</b> Feb 59.7 Mar 56.1 Apr 55.5
<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
	<b>CONSUMER CREDIT(\$B)</b> Jan +\$17.7 Feb +\$15.2 Mar		<b>PRODUCER PRICE INDEX</b> <b>Total Core</b> Feb 0.1% 0.1% Mar 0.6 0.0 Apr  <b>TRADE BALANCE (\$B)</b> Jan -\$51.1 Feb -\$49.4 Mar	<b>CONSUMER PRICE INDEX</b> <b>Total Core</b> Feb 0.2% 0.1% Mar 0.4 0.1 Apr
<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>
	<b>Apr Import Price Index</b>	<b>RETAIL SALES</b> <b>Total Ex-Autos</b> Feb -0.2% -0.2% Mar 1.6 1.2 Apr  <b>MFG and TRADE</b> <b>Inv Sales</b> Jan 0.9% 0.3% Feb 0.3 0.1 Mar  <b>IND PROD CAP UTIL</b> Feb 0.1% 79.0% Mar -0.1 78.8 Apr	<b>HOUSING(000)</b> <b>Starts Permits</b> Feb 1,142 1,291 Mar 1,139 1,269 Apr	<b>LEADING INDICATORS</b> Feb 0.1% Mar 0.4 Apr  <b>May U Mich Consumer Sentiment (prelim)</b>