

# US Macroeconomics

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SMBC US Forecasts (May 6 - May 16)						
Date	Indicator	SMBC	Market Consensus (Median)	Prior	Range of Est.	Notes:
May 10	U Mich Consumer Sentiment	76.6	77.0	77.2	76.0 - 78.5	Downside risk because of higher gasoline and lower news sentiment. Watch out for long term inflation expectations.
May 14	PPI MoM	0.3%	0.3%	0.2%	0.2% - +0.3%	Upside risks due to quickly rising energy costs.
May 14	Core PPI MoM	0.3%	0.3%	0.2%	0.2% - +0.3%	
May 15	CPI MoM	0.45%	0.3%	0.4%	0.3% - +0.4%	CPI energy +2.1%. CPI food +0.2% MoM. Gasoline up +5.4%. Ag prices up 1.4%.
May 15	CPI YoY	3.55%	3.4%	3.5%	3.4%	Consensus of economists has underestimated inflation in each of the last three months.
May 15	Core CPI MoM	0.36%	0.3%	0.4%	0.3% - +0.4%	<b>Could see a modest reacceleration in rent and OERR.</b>
May 15	Core CPI YoY	3.82%	3.6%	3.8%	3.6%	<b>Watch out for highly predictive NRB (5/14) and NY Fed (5/13) data.</b>
May 15	Retail Sales	1.0%	0.4%	0.7%	0.3% - +0.5%	Retail sales nominally could be quite strong, considering that inflation could be hot and gasoline prices were up 5.4%.
May 15	Retail Sales ex autos	0.8%	0.2%	1.1%	0.2% - +0.4%	<b>Total vehicle sales were up +1.3% in April.</b>
May 16	Housing Starts	8.0%	8.6%	-14.7%	5.6% - +9.8%	Look out for a possible mechanical rebound following last month's 15% decline.
May 16	Industrial production	-0.3%	0.2%	0.4%	0.1% - +0.2%	Steel production down 28%. ISM mfg production down 3.3 points (largest drop since June 2023)!

**\*Forecasts subject to change\***

Source: SMBC Nikko Securities US Economics Forecasts

Indicator	2023	2024	2025	Notes:
<b>GDP YoY</b>	<b>3.1</b>	<b>1.6</b>	<b>1.9</b>	Below-trend '24 growth. Consumer default cycle picks up steam. CC and auto DLQs now at 2011 levels.
Fed's Forecast	2.6	2.1	2.0	Longest yield curve inversion on record.
<b>Fed Funds (target)</b>	<b>5.38</b>	<b>5.13</b>	<b>3.13</b>	Strong growth + hot inflation = Fed cuts pushed back. We expect a December cut. Slower liquidity drawdown bc of QT tapering.
Fed's Forecast	5.4	4.6	3.9	Fed rhetoric drifting steadily more hawkish.
Futures	5.4	4.9	4.1	
<b>Core PCE Inflation</b>	<b>3.2</b>	<b>2.8</b>	<b>2.0</b>	CPI Inflation has been reaccelerating last ~6 months.
Fed's Forecast	3.2	2.6	2.2	Cyclical sectors reaccelerating --> higher inflation.
<b>UST 10 Year</b>	<b>4.0</b>	<b>4.1</b>	<b>4.0</b>	Expect some overshoot in 2024 for treasury yields.
<b>Unemployment</b>	<b>3.7</b>	<b>4.5</b>	<b>4.2</b>	Unemployment rises reflecting below trend growth.
Fed's Forecast	3.8	4.0	4.1	<u>Sahm rule suggests 3.9% unemployment leads to recession.</u>

Source: SMBC Nikko, BLS, BEA, FRB, Census, University of Michigan, Haver

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