



## MNI US DataWatch

By Kevin Kastner

The July 14 week starts out slow with no data Monday, but quickly picks up speed with all of the major mid-month data released this week except for CPI. Retail sales and the Empire State index will be released Tuesday, followed by PPI and industrial production Wednesday, housing starts and the Philadelphia Fed index Thursday, and leading indicators Friday. In addition, the Fed's Beige Book will be released Wednesday afternoon.

Here is a closer look at the key data for next week:

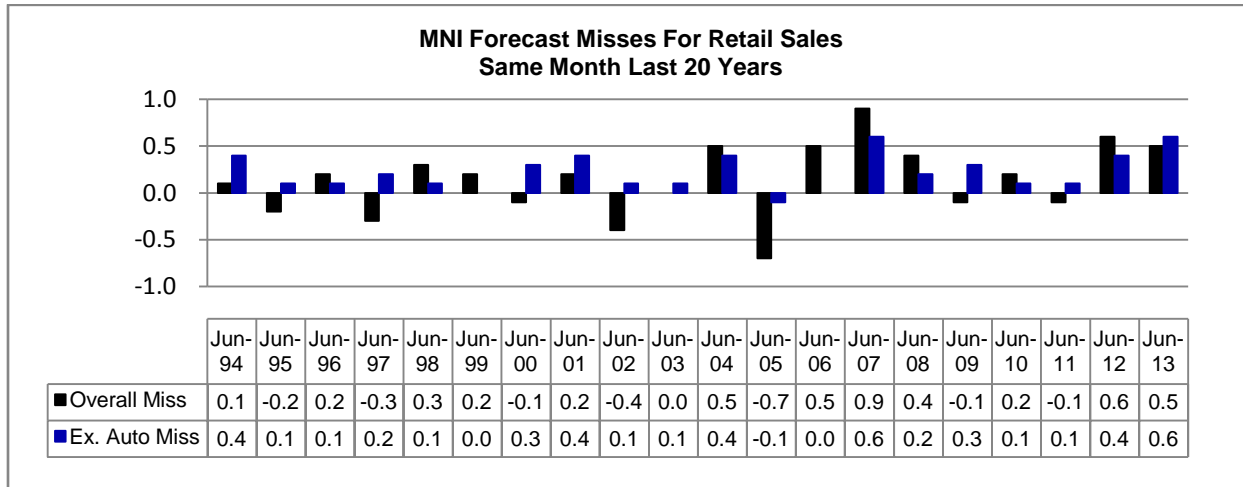
### RETAIL SALES FOR JUNE, TUESDAY, JULY 15, AT 8:30 A.M. ET

Retail sales are forecast to rise 0.6% in June after smaller-than-expected gains in the previous two months. Unadjusted motor vehicle sales were stronger than expected in the month. AAA already reported that gasoline prices were only slightly higher in mid-June, a fourth straight increase heading into the summer driving season. Retail sales are excluding motor vehicle and parts sales are also expected to see a 0.6% increase.

	Feb-14	Mar-14	Apr-14	May-14	Jun-14
<b>NA-Made Car Sales, mln units, saar</b>	5.1	5.4	5.3	5.6	5.7
<b>NA-Made Truck Sales, mln units, saar</b>	6.9	7.5	7.4	7.6	7.5
<b>AAA gasoline prices (\$/gal)</b>	3.307	3.488	3.586	3.644	3.646
<b>mo/mo pct change</b>	0.0	5.5	2.8	1.6	0.1
<b>Consumer confidence</b>	78.3	83.9	81.7	82.2	85.2
<b>Automobile</b>	13.8	13.0	10.6	11.6	12.3
<b>Home</b>	5.7	5.3	5.6	5.0	5.4
<b>Major appliance</b>	47.9	50.5	45.9	45.2	50.2

In the last 20 June reports, there have been 12 overestimates averaging 0.38 percentage point and seven underestimates averaging a significantly smaller 0.27 percentage point. The absolute average miss over the last 20 years was 0.33, about the same as in May. The average miss was +0.14 percentage point, owing to the large number of overestimates. Over the last 10 years, the absolute average miss was 0.45 percentage point and the average miss was +0.27 as there were seven overestimates during that period.

For non-auto sales, there have been 17 overestimates in June over the last 20 years, averaging 0.26 percentage point. There was only one underestimate, a 0.1 percentage point miss in June 2005, pointing to a significant risk of an overestimate this month. The absolute average miss was 0.23 percentage point, down from 0.32 in the previous month. The average miss was +0.22 percentage point. Looking at the last 10 years, the absolute average miss was 0.28 percentage point and the average miss was +0.26 percentage point.



**EMPIRE STATE INDEX FOR JULY, TUESDAY, JULY 15, AT 8:30 A.M. ET**  
**PHILADELPHIA FED INDEX FOR JULY, THURSDAY, JULY 17, 10:00 A.M. ET**

The NY Fed Empire Index is expected to fall to a reading of 17.6 in July after ticking up to 19.28 in June, while the Philadelphia Fed index is expected to dip to 16.5 after rising to 17.8 in the previous month. These data will be the first indicators of July conditions. Both of these series suggested that overall activity growth remained solid in June, as confirmed by the ISM national data despite a modest downtick to the main ISM index.

**BUSINESS INVENTORIES FOR MAY, TUESDAY, JULY 15, AT 10:00 A.M. ET**

The value of business inventories is expected to increase 0.5% in May, reflecting an already announced 0.8% rise in factory inventories and a 0.5% increase in wholesale inventories.

<b>Components of Business Inventories and Sales To Date</b>			
<b>Monthly Seasonally Adjusted Percent Changes (except ratio)</b>			
	May-14	Apr-14	Mar-14
<b>Inventories:</b>			
<b>Factory</b>	0.8	0.5	0.2
<b>Wholesale</b>	0.5	1.0	1.1
<b>Retail (before revision)</b>	NA	0.5	0.1
<b>Sales:</b>			
<b>Factory (shipments)</b>	0.1	0.4	0.4
<b>Wholesale</b>	0.7	1.3	1.6
<b>Retail Trade (before revision)</b>	0.4	0.6	1.5
<b>Inventory/Sales Ratio</b>			
<b>Factory</b>	1.31	1.30	1.30
<b>Wholesale</b>	1.18	1.18	1.18
<b>Retail (before revision)</b>	NA	1.42	1.42

**PRODUCER PRICE INDEX FOR JUNE, WEDNESDAY, JULY 16, AT 8:30 A.M. ET**

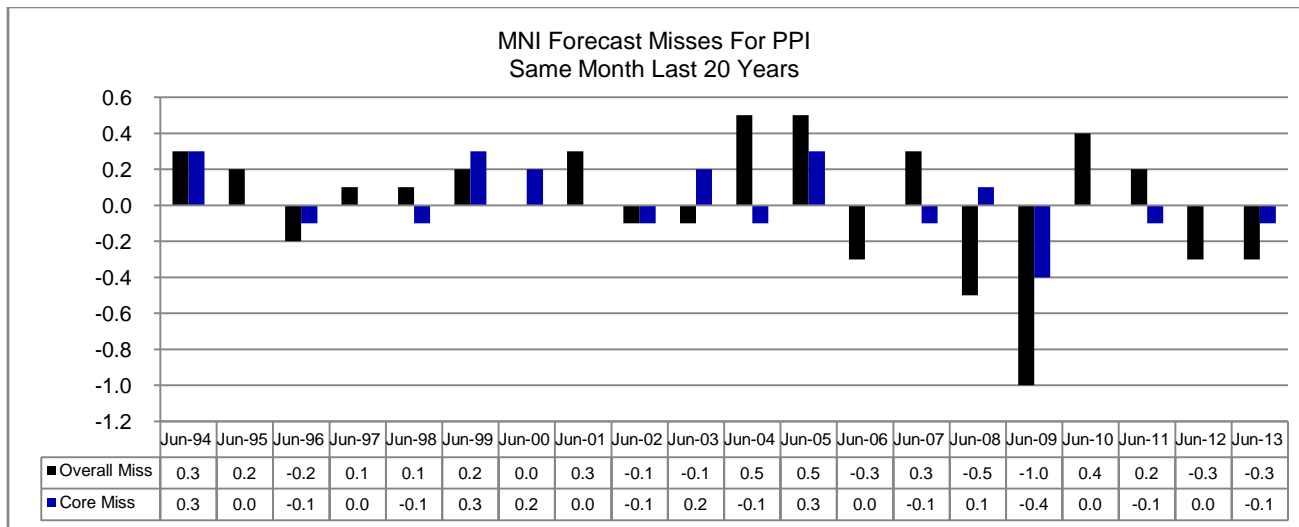
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Final demand PPI is expected to increase 0.2% in May after a 0.2% decline in May that consisted of drops in both goods and services. Food prices are expected to decline further in June, while energy prices are forecast to rise modestly after a small decline in May. Excluding food and energy prices, PPI is forecast to rise 0.3% after fall 0.2% in the previous month.

	Feb-14	Mar-14	Apr-14	May-14	Jun-14
<b>USDA Farm Prices Recd (pct chg)</b>	7.1	4.7	3.6	-0.9	-2.6
<b>ISM Manufacturing Index Price Index</b>	60.0	59.0	56.5	60.0	58.0
<b>ISM Nonmanufacturing Index Price Index</b>	53.7	58.3	60.8	61.4	61.2

Over the last 20 years of June data, there been 11 overestimates of PPI finished goods (the previous definition of total PPI) with an average of 0.28 percentage point, and eight underestimates which averaged 0.35 percentage point. There was an absolute average miss of 0.30 percentage point over the 20 year period, up from 0.25 percentage point in May. The average miss for April was +0.02. The absolute average miss over the last 10 years was 0.43 percentage point and the average was -0.5 percentage point, both due to a large underestimate in June 2009. If that underestimate is also excluded, then the absolute average miss would have been 0.37 percentage point and the average miss would have been +0.06 percentage point.

For core PPI, there were six overestimates over the last 20 years, averaging 0.23 percentage point and eight underestimates averaging 0.14 percentage point. The absolute average miss was 0.13 percentage point, larger than the 0.09 percentage point average in the previous month, while average miss was +0.02 percentage point, very modest due to a large number of correct estimates over the last 20 years. The absolute average miss over the last 10 years was 0.12 percentage point and the average miss was -0.04, indicating no bias, but would have been 0.00 without a larger underestimate in June 2009.



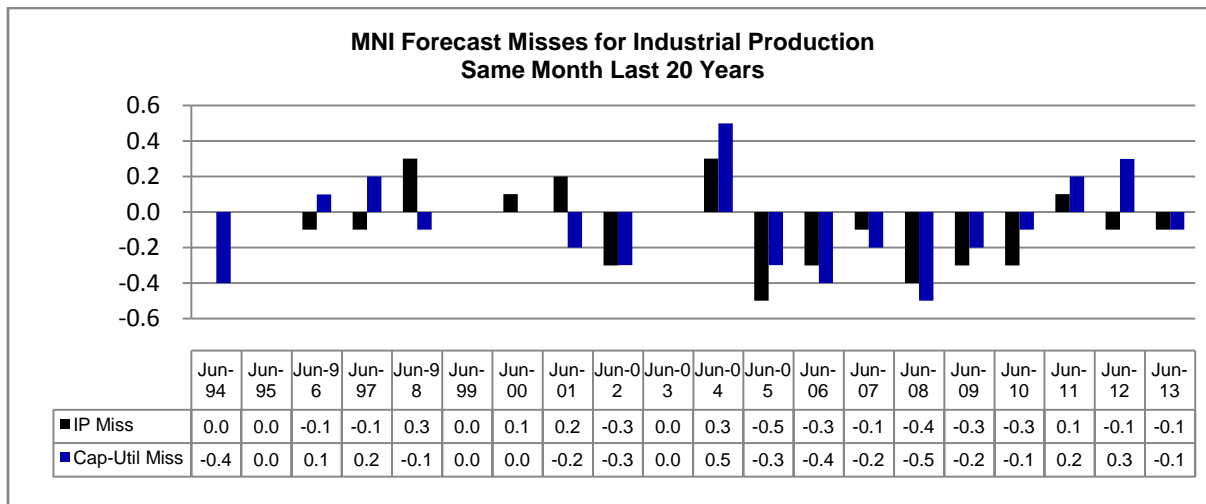
### INDUSTRIAL PRODUCTION FOR JUNE, WEDNESDAY, JULY 16, AT 9:15 A.M. ET

Industrial production is expected to increase 0.3% in June. Factory payrolls rose by 16,000 in the month, while auto production jobs were up 6,000. The factory workweek was unchanged at 41.1 hours. The ISM production index fell to 60.0 in June from 61.0 in May. Utilities production is expected to rebound modestly in the month after falling in the previous four months, as summer weather boosted air conditioning usage. Capacity utilization is forecast to increase to 79.3%.

Industrial Production Inputs					
	Feb-14	Mar-14	Apr-14	May-14	Jun-14
<b>Manufacturing Aggregate Hrs Index %chg</b>	0.5	0.8	-0.4	0.6	0.1
<b>Factory Jobs Change (000's)</b>	20	4	9	11	16
<b>Auto Jobs Change (000's)</b>	12	-1	2	6	6
<b>Mining Jobs Change (000's)</b>	4	3	6	2	4
<b>Utilities Jobs Change (000's)</b>	0	2	-1	0	0
<b>Levels:</b>					
<b>ISM Manufacturing PMI</b>	53.2	53.7	54.9	55.4	55.3
<b>ISM Manufacturing Production</b>	48.2	55.9	55.7	61.0	60.0
<b>Factory Workweek</b>	40.8	41.1	40.9	41.1	41.1
<b>Factory Overtime</b>	3.3	3.5	3.5	3.5	3.5

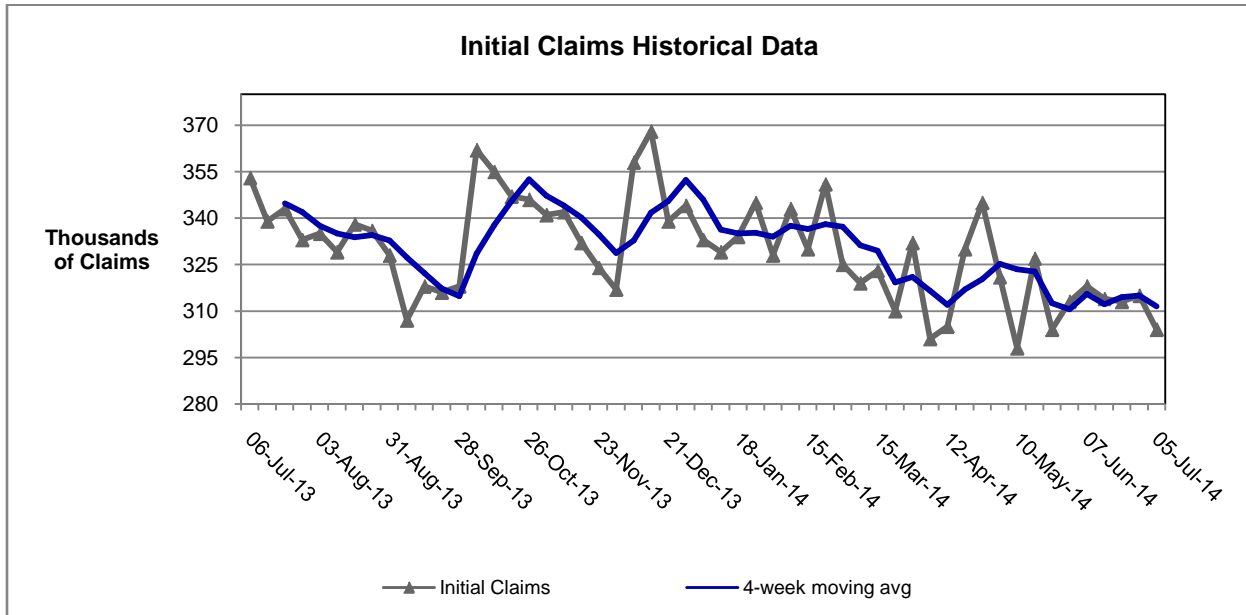
June data over the last 20 years include five overestimates which averaged 0.20 percentage point and 11 underestimates over that period that averaged 0.24 percentage point. The absolute average miss was 0.18 percentage point, smaller than 0.21 in May, while the average miss over the last 20 years was -0.08 percentage point due to the large number of underestimates. Over the last 10 years, the absolute average miss was 0.25 percentage point, larger than over the 20-year period. The average miss was -0.17 percentage point, with underestimates in eight of the last 10 years, a clear risk for a stronger-than-expected reading.

Capacity utilization was overestimated five times over the last 20 years, with an average miss of 0.26 percentage point, and underestimated 11 times by an average of 0.25 percentage point. The absolute average miss was 0.21 percentage points, about the same as in May, while the average miss was -0.08 percentage point. Over the last 10 years, the absolute average miss was 0.28 and the average miss was -0.08.

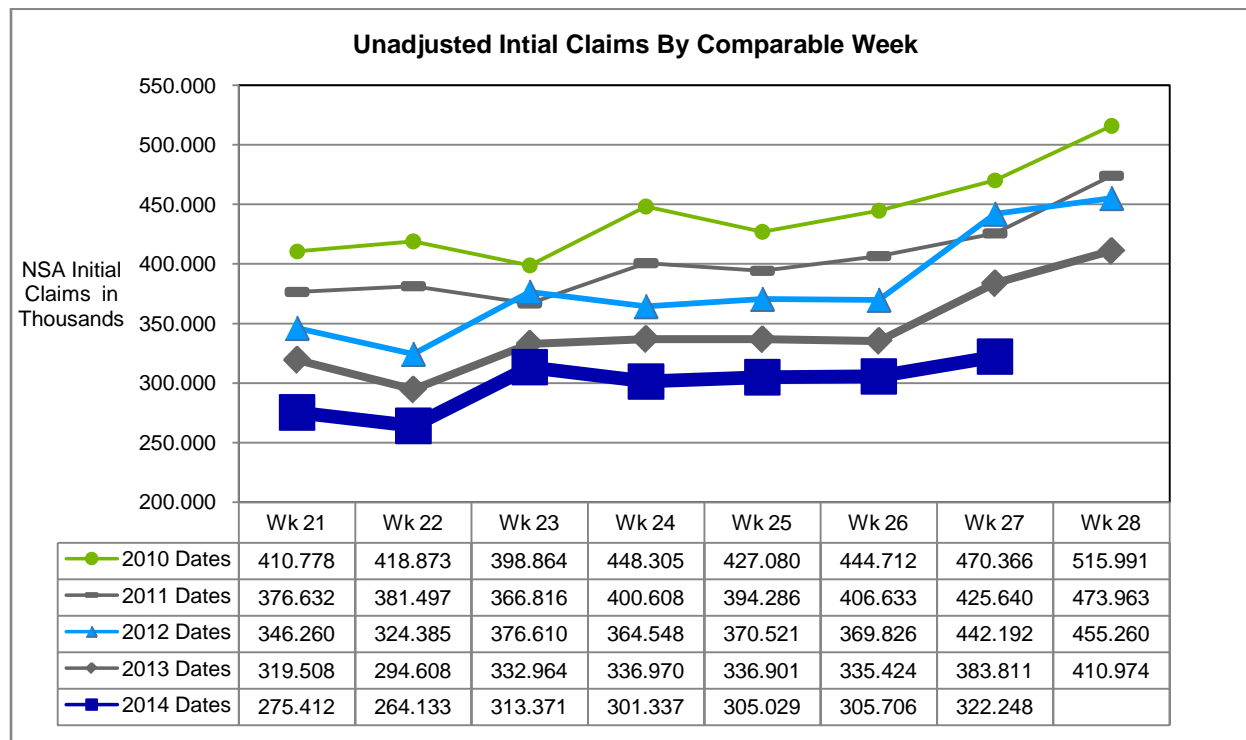


#### WEEKLY JOBLESS CLAIMS FOR JULY 12 WEEK, THURSDAY, JULY 17 AT 8:30 A.M. ET

The level of initial jobless claims is expected to fall to 308,000 in the July 12 employment survey week after falling by 11,000 in the previous week. Claims were at a level of 314,000 in the June 14 employment survey week. The four-week moving average fell by 3,500 to 311,500 in the July 7 week, keeping it in the 310,000-315,000 range for the seventh straight week. Because the June 14 week's 314,000 level will roll off the four-week average calculation as the current week's is added, the average should rise by about 1,500 if the MNI forecast is realized, all else being equal. As a result of auto retooling shutdowns, unadjusted claims usually rise in the first two weeks of July before declining in the last two weeks of the month.

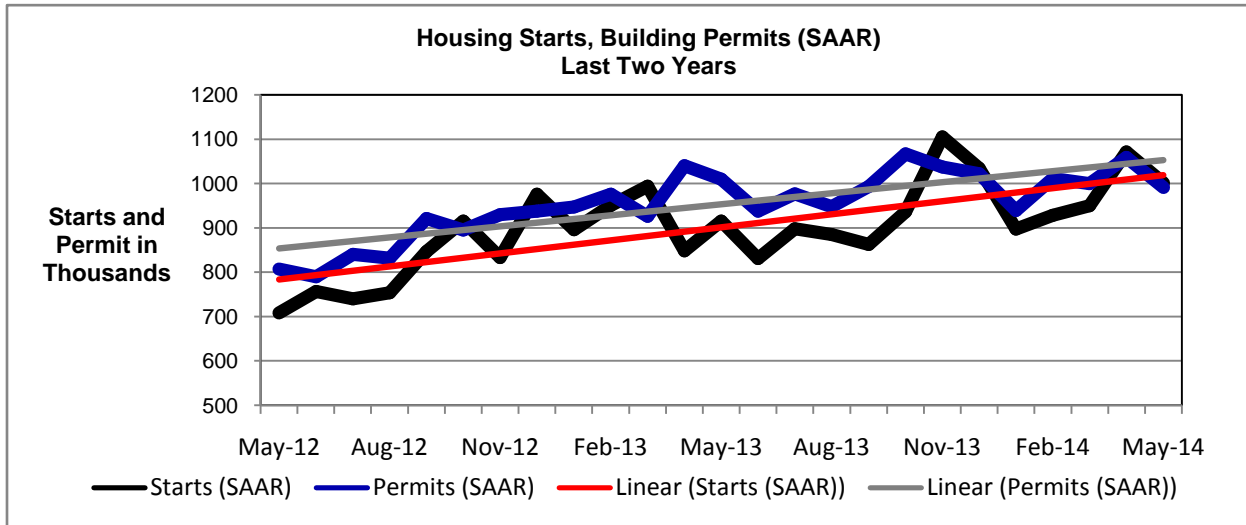


Seasonally adjusted factors expect unadjusted claims to continue their usual early-July ascent in the July 12week after rising by 16,542in the previous week. Inthe comparable week a year ago, unadjusted claimsrose by 27,163 following a larger-than-expected gain in the previous week. Seasonal adjustment factors expected a larger rise that week, so the seasonally adjusted level of claims fellby 14,000.



**HOUSING STARTS FOR JUNE, THURSDAY, JULY 17 AT 8:30 A.M. ET**

The pace of housing starts is expected to increase to a 1.010 million annual rate in May after falling to 1.001 million in the previous month. The NAHB's index rebounded in June before revision, suggesting a fairly strong pace of growth in home building.



#### PRELIMINARY MICHIGAN SENTIMENT FOR JULY, FRIDAY, JULY 18, AT 9:55 A.M. ET

The Michigan Sentiment index is expected to increase to a reading of 83.0 in early-July following a rebound to 82.5 in June.

	Jun-14	May-14	Apr-14	Mar-14	Feb-14	Jan-14
<b>Michigan Consumer Sentiment</b>						
Final	82.5	81.9	84.1	80.0	81.6	81.2
<b>Current Conditions</b>						
Final	96.6	94.5	98.7	95.7	95.4	96.8
<b>Expectations</b>						
Final	73.5	73.7	74.7	70.0	72.7	71.2

#### LEADING INDICATORS FOR MAY, FRIDAY, JUNE 19, 10:00 A.M. ET

The index of leading indicators is expected to increase 0.5% in June, reflecting positive contributions from new orders, consumer expectations, and stock prices that should offset negative contributions from a shorter factory workweek and slightly higher initial jobless claims.

Components to Leading Indicators To Date			
	Jun-14	May-14	Apr-14
Average Factory Workweek Prod Workers (hours)	42.1	42.2	41.9
Initial Claims (average weekly level)	315.0	310.3	320.4
Factory New Orders Ex Defense (% chg)	NA	0.2	Flat
ISM New Orders Index	58.9	56.9	55.1
Nondef. Cap Gds Orders Ex Air (% chg)	NA	0.7	-1.1
Building Permits (thousands of units)	NA	1005	1059
Dow Jones Average (last day of month)	16826.6	16717.17	16580.84
Consumer Expectations	85.2	83.5	83.9