

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Initial Jobless Claims	12-May	↑	222k	218k	215k	211k
08:30 AM	Continuing Claims	05-May		1707k	NA	1780k	1794k R↑
08:30 AM	Philadelphia Fed Business Outlook	May	↑	34.4	21.0	21.0	23.2
10:00 AM	Leading Index	Apr	=	0.4%	0.3%	0.4%	0.4% R↑

* ↑ indicates stronger than Consensus estimated, ↑ indicates weaker than Consensus estimated, = indicates in-line with Consensus Estimated

** Estimate from Bank of the West Economics

*** Consensus from Bloomberg

**** ↑ means prior reading revised up, ↓ means prior reading revised down

Jobless Claims Increase But Remain Historically Low, Philly Fed Index Jumps to 1 Year High

The economic data calendar is light today, but the data that was released was mostly positive. Initial jobless claims rose 11,000 to 222,000 in the May 12 week after an unrevised 211,000 in the prior week. This was slightly above our estimate of 218,000. The rise is not significant and the level of claims remained consistent with a very tight labor market. The four-week moving average of initial claims, viewed as a better measure of labor market trends as it irons out week-to-week volatility, fell 2,750 to an ultra-low 213,250 last week, the lowest level since December 1969. The number of people already collecting unemployment benefits, known as continuing claims, fell by 87,000 to 1.71 million. This was below the consensus estimate of 1.78 million. The last time fewer people were receiving jobless benefits was in 1973.

The Philadelphia Fed Business Outlook Index came in at 34.4 in May, well above the consensus estimate of 21.0 and the six-month average of 26.0. Readings for new orders soared to 40.6 from 18.4 in April. That is the highest reading since March 1973. The shipments index inched up to 25.8 from 23.9 in April. Price indexes suggested continued inflation pressures. The prices received index, reflecting manufacturers' own prices, increased 7 points to a reading of 35.4, the highest since February 1989. Firms continued to report overall increases in employment. The current employment index edged 3 points higher to 30.2, its highest reading in seven months. Looking ahead six months, firms continue to be optimistic about the outlook for manufacturing activity.

Finally, the Conference Board Leading Economic Index for the U.S. increased 0.4 percent in April to 109.4 (2016 = 100), following a 0.4 percent increase in March, and a 0.7 percent increase in February. This is in line with the consensus view. Eight of the ten components made positive contributions, led by the average workweek (+0.13%), the interest rate spread (+0.13%) and ISM new orders (+0.12%). The only two components weighing on the index were stock prices (-0.07%) and building permits (-0.05%). However, the index's six-month growth rate has moderated somewhat recently, suggesting economic growth is unlikely to strongly accelerate.

Treasury yields are mixed today. The 10-Year Treasury yield is 3.104, up 0.7 basis points from yesterday. The 2-10 Treasury spread is 53.3, up 2.0 basis points from yesterday. The futures market probability of another Fed funds rate hike in June is at 96.7%, unchanged from the last several days.

U.S. stock indexes are rising modestly today. The Dow and S&P500 are up 0.19% and 0.13% respectively, while the NASDAQ is up 0.26%. Gains in the S&P 500 today are led by energy, industrials and materials stocks.



The U.S. dollar is increasing slightly against the major currencies today. The Bloomberg dollar spot index is up 0.19% from yesterday. The U.S. dollar is increasing the most against the Japanese yen, Mexican peso and euro today.