New York • London • Boston • Chicago

DECISION ECONOMICS, INC.
Information for Decisions™

Forecast Calendar

June 10, 2011

United States

Economic Indicators—Schedule and Forecasts

June 13 – June 24, 2011

Sinai/Ellis/Tan

f= DE forecast c=consensus a=advance s=second t=third r=revised

13

Lacker Speech (9:30)
(Manufacturing in the New Southern Economy – Southern Growth Conference, Roanoke, Virginia)

3-and 6-Month Bills (11:30)
$51.0 Billion (f)

Fisher Speech (19:00)
(Federal Reserve Functions and Economic Update – CFA Society Of Dallas-Fort Worth, Texas)

14

ICSC/Goldman Sachs Chain Sales (7:45) (6/11)

Producer Price Index (8:30)

	Total	Ex-F&E
Mar	0.7%	0.3%
Apr	0.8%	0.3%
May (f)	**0.1%**	**0.2%**
May (c)	**0.1%**	**0.2%**

Advance Retail Sales (8:30)

	Total	Ex-Auto
Mar	0.9%	1.2%
Apr	0.5%	0.6%
May (f)	**-0.5%**	**0.1%**
May (c)	**-0.5%**	**0.3%**

Redbook Chain Sales (8:55) (6/11)

Business Inventories, Sales (10:00)

	Inven.	Sales	I/S
Feb	1.0%	-1.4%	1.267
Mar	1.1%	2.4%	1.250
Apr (f)	**1.0%**	**0.2%**	**1.260**
Apr (c)	**0.9%**		

4-Week Bill (11:30)
$28.0 Billion (f)

Bernanke Speech (15:30)
(Fiscal Sustainability – Committee For a Responsible Federal Budget Conference, Washington)

15

Consumer Price Index (8:30)

	Total	Ex-F&E
Mar	0.5%	0.1%
Apr	0.4%	0.2%
May (f)	**0.2%**	**0.2%**
May (c)	**0.1%**	**0.2%**

Empire State Manufacturing Survey (8:30)

	Total	Prices
Apr	21.7	57.7
May	11.9	69.9
Jun (f)	**10.8**	**64.5**
Jun (c)	**12.7**	

Monthly TIC flows (9:00) (Apr)

Industrial Production & Capacity Utilization (9:15)

	Prod.	Util.
Mar	0.7%	77.0%
Apr	unch	76.9%
May (f)	**0.1%**	**76.7%**
May (c)	**0.2%**	**77.0%**

NAHB Housing Market Index (10:00)

Feb	16	May	16
Mar	17	**Jun (f)**	**16**
Apr	16	**Jun (c)**	**16**

16

Housing Starts (8:30)
(Units, Millions, SAAR)

	Starts	Permits
Mar	0.585	0.574
Apr	0.523	0.551
May (f)	**0.555**	**0.541**
May (c)	**0.545**	**0.557**

Current Account ($ Billions) (8:30)

10:Q3	-125.5	**11:Q1 (f)**	**-139.1**
10:Q4	-113.3	**11:Q1 (c)**	**-130.0**

Initial Claims (8:30)

5/28	426	**6/11 (f)**	**425**
6/4	427	**6/11 (c)**	**420**

Philadelphia Fed Survey (10:00)

	Total	Prices
Apr	18.5	57.1
May	3.9	48.3
Jun (f)	**1.4**	**42.0**
Jun (c)	**8.0**	

Monthly Money (16:30)
(SA, $ Billions)

	M1	M2
Mar	1890.0	8912.9
Apr	1900.9	8946.1
May (f)	**1933.0**	**8999.0**

17

U of M Cons Sentiment Index (9:55) (Prelim.)

Feb	77.5	May	74.3
Mar	67.5	**Jun (f)**	**71.5**
Apr	69.8	**Jun (c)**	**74.0**

U of M Inflation Expectations (9:55) (Prelim.)

	1-Year	5-Year
Apr	4.6%	2.9%
May	4.1%	2.9%
Jun (f)	**4.2%**	**2.9%**

Leading Indicators (10:00)

Jan	0.2%	Apr	-0.3%
Feb	0.9%	**May (f)**	**0.5%**
Mar	0.7%	**May (c)**	**0.3%**

20

3-and 6-Month Bills (11:30)
$51.0 Billion (f)

21

ICSC/Goldman Sachs Chain Sales (7:45) (6/18)

Redbook Chain Sales (8:55) (6/18)

Existing Home Sales (10:00)
(Units, Millions, SAAR)

Dec	5.220	Mar	5.090
Jan	5.400	Apr	5.050
Feb	4.920	**May (f)**	**4.697**

4-Week Bill (11:30)
$28.0 Billion (f)

22

FOMC Meeting & Statement (12:30)
(QE2 ends; more pessimistic comment on economy; same as before on inflation; holds on balance sheet and interest rates subject to economy, labor market, and price stability.)

Bernanke Press Conference (14:15)
(Following FOMC Decision)

23

Initial Claims (8:30)

5/28	426	**6/11 (f)**	**425**
6/4	427	**6/18 (f)**	**420**

New Home Sales (10:00)
(Units, Thousands, SAAR)

Dec	331	Mar	301
Jan	310	Apr	323
Feb	278	**May (f)**	**341**

30-Year TIPS (13:00)
$11.0 Billion (f)

24

Gross Domestic Product (8:30)

(Third)	Real	Final Sales	Chain Prices
10:Q4	3.1%	6.7%	0.4%
11:Q1 (s)	1.8%	0.6%	1.9%
11:Q1 (f)	**1.9%**	**0.7%**	**1.9%**

Durable Goods (8:30)

	Orders	Ex-Def.	Ships.
Mar	4.4%	4.1%	3.1%
Apr	-3.6%	-3.6%	-1.0%
May (f)	**2.0%**	**2.0%**	**1.0%**

Recent History-Latest Results

6

3-and 6-Month Bills (11:30)
$51.0 Billion

7

ICSC/Goldman Sachs Chain Sales (7:45) (6/4)

Redbook Chain Sales (8:55) (6/4)

4-Week Bill (11:30)
$28.0 Billion

3-Year Note (13:00)
$32.0 Billion

8

10-Year Note (13:00)
$21.0 Billion

FOMC Beige Book (14:00)

9

Trade Balance (8:30)
($ Billions, BOP Basis)

	Total	Merch.	Serv.
Feb	-46.0	-59.7	13.7
Mar	-46.8	-61.1	14.3
Apr	-43.7	-58.1	14.4

Initial Claims (8:30)

5/14	414	5/28	426
5/21	429	6/4	427

Wholesale Inventories (10:00)

Nov	unch	Feb	1.0%
Dec	1.2%	Mar	1.3%
Jan	1.0%	Apr	0.8%

30-Yr Bond (13:00)
$13.0 Billion

10

Import Prices (Non-Fuel, Y/Y) (8:30)

Dec	3.0%	Mar	4.4%
Jan	3.4%	Apr	4.4%
Feb	3.8%	May	4.4%

Treasury Statement (14:00)
($ Billions)

	2011	2010
Mar	-188.2	-65.4
Apr	-40.5	-82.7
May	-57.6	-135.9

Indicator Highlights

The Producer Price Index (Tue., Jun. 14, 8:30 a.m.) should be watched for information on whether any abatement of high commodity price inflation. A big deal for the Fed now is Retail Sales (Tue., Jun. 14, 8:30 a.m.), a key indicator for consumption, sometimes marking well the direction of aggregate consumer spending. The consumer is central to the expansion, its risks, and extent. The Consumer Price Index (CPI-U) (Wed., Jun. 15, 8:30 a.m.) is important for its overall and "core" readings on inflation, the latter for the Fed. The Empire State Manufacturing (Wed., Jun. 15, 8:30 a.m.) and Philadelphia Fed (Thu., Jun. 16, 10:00 a.m.) Surveys are indicators of regional manufacturing activity that can foreshadow the national picture. Trouble on exports, tied to the global economy, would show up here. The indices have retreated in the last two months, suggesting that the recent strength in industry may be fading. Industrial Production & Capacity Utilization (Wed, Jun. 15, 9:15 a.m.) will give a detailed read on industrial-side activity and be watched for evidence on how much help manufacturing is getting from exports. Also of interest is slack, as measured by capacity utilization. Housing Starts (Thu., Jun. 16, 8:30 a.m.) will provide a forward look at residential construction, a component of real GDP, though less than 3% of real GDP now. Builders remain pessimistic about demand prospects. The Reuters/University of Michigan Consumer Sentiment Index (Fri., Jun 17, 9:55 a.m.) will provide a look at consumer attitudes in early June. Consumer sentiment retreated steeply in March on gasoline price concerns, but has recovered in the last couple of months. Inflation expectations in the survey are also important, particularly for Fed-watching.

Existing Home Sales (Tue., Jun. 21, 10:00 a.m.) will offer a glimpse of demand conditions in the broad housing market. Underlying demand for homes appears to have stabilized, but at a low level. The "Third" Report on Gross Domestic Product (Fri., Jun. 24, 8:30 a.m.) will provide the final reading on the economy in Q1, and the early impact of higher oil prices.

Indicator	Forecast	Consensus	Analysis
Producer Price Index			
Total	+0.1%	+0.1%	Energy prices decline, modestly. 'Core' inflation stays on trend.
Ex-Food & Energy	+0.2%	+0.2%	
Advance Retail Sales			
Total	-0.5%	-0.5%	Auto sales fall; gasoline price weakness holds down ex-auto total.
Ex-Auto	+0.1%	+0.3%	
Business Inventories, Sales			
Inventories	+1.0%	+0.9%	Fairly stable conditions.
Sales	+0.2%		
I/S	1.260		
Consumer Price Index			
Total	+0.2%	+0.1%	Energy prices a bit less firm.
Ex-Food & Energy	+0.2%	+0.2%	
Empire State Manufacturing Survey			
Total	10.8	12.7	Small move downward.
Prices	64.5		
Industrial Production	+0.1%	+0.2%	Another soft manufacturing month.
Capacity Utilization	76.7%	77.0%	
NAHB Housing Market Index	16	16	No improvement in builders' sentiment.
Housing Starts (Units, SAAR)	0.555 Million	0.545 Million	Bouncing along the bottom.
Housing Permits (Units, SAAR)	0.541 Million	0.557 Million	No signs of revival.
Current Account	-$139.1 Billion	-$130.0 Billion	Deficit widens out severely, on goods trade.
Philadelphia Fed Manufacturing Survey			
Total	1.4	8.0	Downward motion continues.
Prices	42.0		
Monthly Money (SA)			
M1	+$32.1		Money supply expands relatively sharply.
M2	+$52.9 Billion		
U. of M. Consumer Sentiment Index (Prelim.)	71.5	74.0	Strength fades.
U. of M. Inflation Expectations (Prelim.)			
1-Yr Ahead (Median)	4.2%		Small move upward.
5-Yr Ahead (Median)	2.9%		Stable.
Leading Indicators	+0.5%	+0.3%	Boosted by consumer expectations and yield curve, held down by ISM.
Existing Home Sales (Units, SAAR)	4.697 Million		Pending sales plunge in April, signaling weak closings in May.
New Home Sales (Units, SAAR)	341,000		Up-tick in mortgage applications points to slightly higher sales.
Gross Domestic Product (Second)			
Real	+1.9%		Marginal upward revision to final sales.
Final Sales	+0.7%		
Chain Prices	+1.9%		
Durable Goods			
Orders	+2.0%		Commercial aircraft orders rebound, but increases elsewhere more tentative.
Ex-Defense	+2.0%		
Shipments	+2.0%		

Assessment

Economic growth – in the U.S. and globally – has softened, probably on higher inflation, especially energy costs, and the early effects from Japan's downturn – on both supply and demand sides. Industrial side of the U.S. economy has been strong, now weakening. A question is how much crude oil, gasoline and energy price hikes will take from growth in Q2 and Q3. Other "off-shore" risks remain from the European sovereign debt crisis and China's attempt to disinflate. Employment weakness reinforces Fed's conviction to hold, not tighten, post-QE2 – still aiming to raise growth, raise inflation, and lower the unemployment rate, with a long way to go.

Decision Economics, Inc.
555 5th Avenue, 15th Floor
New York, New York 10017
Telephone: 212-884-9440
Facsimile: 212-884-9451

Decision Economics, Inc.
288 Bishopsgate, 3rd Floor
London EC2M 4QB
Telephone: 011-44-20-7814-6706
Facsimile: 011-44-20-7959-3344

Decision Economics, Inc.
One Boston Place, 16th Floor
Boston, Massachusetts 02108
Telephone: 617-994-0500
Facsimile: 617-994-0501/0502

Decision Economics, Inc.
2 North La Salle, Suite 1200
Chicago, IL 60602
Telephone: 312-476-7504

© 2011. Decision Economics, Inc. All rights reserved. Reproduction in whole or in part without the written permission of the copyright owner is prohibited.