

U.S. economic data this week was consistent with our expectation for ongoing moderate economic growth through the third quarter. We will see if that actually happened when the first estimate of Q3 GDP is released next Friday morning, October 28.

Consumer inflation increased about as expected, up 0.3 percent in September as energy prices firmed up. The energy prices sub-index gained 2.9 percent for the month with both gasoline and natural gas prices increasing. Consumer food prices were unchanged for the month, as they have been since July. The core CPI (less food and energy) was up a little less than expected, 0.1 percent for the month. Over the last 12 months, core CPI was up by 2.2 percent. Headline CPI was up by 1.5 percent over the past 12 months.

Industrial production increased by 0.1 percent in September, a little less than expected. Manufacturing output was up by 0.2 percent, supported by a small gain in vehicle production. Utility output fell by 1.0 percent.

The Federal Reserve Bank of Philadelphia's manufacturing index showed improving conditions there in October. The New York Fed's Empire State showed worsening conditions farther up I-95.

The National Association of Home Builders' Hous-

ing Market Index dipped in early October to 63 from September's 65. There is still an overall improving trend in the index. Housing starts unexpectedly fell by 9.0 percent in September, to a 1,047,000 unit annual rate, due to a sharp contraction in multifamily projects. The large drop in multifamily building in September is a statistical outlier, but it is not unprecedented. Permits for new residential construction increased by a strong 6.3 percent in September to a 1,225,000 unit rate as multifamily permits surged.

Existing home sales increased by 3.2 percent in September, to a 5.47 million unit annual rate. Months' supply of available existing homes for sale dipped to a tight 4.5 months' worth. The median sales prices of an existing home was up by 5.6 percent in September over the previous 12 months.

The Conference Board's Leading Economic Index flipped back to the positive, gaining 0.2 percent after declining by 0.2 percent in August. Both the coincident and the lagging indexes also gained 0.2 percent in September.

Initial claims for unemployment insurance increased by 13,000 for the week ending October 15, to hit 260,000, still a very low number. Continuing claims increased by 7,000 for the week ending October 8, to reach 2,057,000, also still a very low number.

Survey	Last Actual	Comerica Economics Commentary
Fed Funds Rate (Effective) <i>(after the FOMC meeting of 11/1-11/2)</i>	0.40 % (Sep)	We expect to see a 25 basis point increase in the fed funds rate on December 14.
August Case-Shiller 20-City (10/25, Tuesday) Consensus: 5.1 percent	5.0 % (Jul)	<u>Up</u> by 5.1 percent. Prices are still up solidly for the year, but some markets are cooling on a month-to-month basis.
September New Home Sales (10/26, Wednesday) Consensus: 602 k	609 k (Aug)	<u>Up</u> to a 620,000 unit annual rate. Existing home sales increased in September and mortgage apps for purchase were strong early in the month.
September Durable Goods (10/27, Thursday) Consensus: 0.1 percent	0.0 % (Aug)	<u>Up</u> by 0.3 percent. New orders were positive in the September ISM Manufacturing Index.
2016Q3 GDP, 1st Estimate (10/28, Friday) Consensus: 2.5 percent	1.4 % (2016Q2)	<u>Up</u> by 3.1 percent. There is a lot of wiggle room around this number due to the potential impact of inventories.
2016Q3 GDP Price Index (10/28, Friday) Consensus: 1.3 percent	2.3 % (2016Q2)	<u>Up</u> by 1.6 percent.

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October/November

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY																																																																					
<p>17</p> <p>IND PROD CAP UTIL</p> <table> <tr> <td>Jul</td> <td>0.5%</td> <td>75.8%</td> </tr> <tr> <td>Aug</td> <td>-0.5%</td> <td>75.3%</td> </tr> <tr> <td>Sep</td> <td>0.1%</td> <td>75.4%</td> </tr> </table> <p>Empire State Survey</p>	Jul	0.5%	75.8%	Aug	-0.5%	75.3%	Sep	0.1%	75.4%	<p>18</p> <p>CONSUMER PRICE INDEX</p> <table> <tr> <td></td> <td>Total</td> <td>Core</td> </tr> <tr> <td>Jul</td> <td>0.0%</td> <td>0.1%</td> </tr> <tr> <td>Aug</td> <td>0.2%</td> <td>0.3%</td> </tr> <tr> <td>Sep</td> <td>0.3%</td> <td>0.1%</td> </tr> </table> <p>Richmond Fed Survey Consumer Confidence</p>		Total	Core	Jul	0.0%	0.1%	Aug	0.2%	0.3%	Sep	0.3%	0.1%	<p>19</p> <p>HOUSING</p> <p>(ths)</p> <table> <tr> <td></td> <td>Starts</td> <td>Permits</td> </tr> <tr> <td>Jul</td> <td>1,218</td> <td>1,144</td> </tr> <tr> <td>Aug</td> <td>1,150</td> <td>1,152</td> </tr> <tr> <td>Sep</td> <td>1,047</td> <td>1,225</td> </tr> </table> <p>Beige Book</p>		Starts	Permits	Jul	1,218	1,144	Aug	1,150	1,152	Sep	1,047	1,225	<p>20</p> <p>UNEMPLOYMENT CLAIMS</p> <p>(ths)</p> <table> <tr> <td>Jul</td> <td>Aug</td> <td>Sep</td> <td>Oct</td> </tr> <tr> <td>254</td> <td>266</td> <td>259</td> <td>246</td> </tr> <tr> <td>254</td> <td>262</td> <td>260</td> <td>247</td> </tr> <tr> <td>252</td> <td>261</td> <td>251</td> <td>260</td> </tr> <tr> <td>266</td> <td>263</td> <td>254</td> <td></td> </tr> <tr> <td>267</td> <td></td> <td></td> <td></td> </tr> </table> <p>EXISTING HOME SALES</p> <p>(ths)</p> <table> <tr> <td>Jul</td> <td>5,380</td> </tr> <tr> <td>Aug</td> <td>5,300</td> </tr> <tr> <td>Sep</td> <td>5,470</td> </tr> </table> <p>LEADING INDICATORS</p> <table> <tr> <td>Jul</td> <td>0.5%</td> </tr> <tr> <td>Aug</td> <td>-0.2%</td> </tr> <tr> <td>Sep</td> <td>0.2%</td> </tr> </table> <p>Philadelphia Fed Survey</p>	Jul	Aug	Sep	Oct	254	266	259	246	254	262	260	247	252	261	251	260	266	263	254		267				Jul	5,380	Aug	5,300	Sep	5,470	Jul	0.5%	Aug	-0.2%	Sep	0.2%	<p>21</p>
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<p>31</p> <p>INCOME and SPENDING</p> <table> <tr> <td></td> <td>Income</td> <td>Spending</td> </tr> <tr> <td>Jun</td> <td>0.3%</td> <td>0.5%</td> </tr> <tr> <td>Jul</td> <td>0.4%</td> <td>0.4%</td> </tr> <tr> <td>Aug</td> <td>0.2%</td> <td>0.0%</td> </tr> </table> <p>TX Mfg Survey</p>		Income	Spending	Jun	0.3%	0.5%	Jul	0.4%	0.4%	Aug	0.2%	0.0%	<p>November 1</p> <p>ISM MFG INDEX</p> <table> <tr> <td>Jul</td> <td>52.6</td> </tr> <tr> <td>Aug</td> <td>49.4</td> </tr> <tr> <td>Sep</td> <td>51.5</td> </tr> </table> <p>CONSTRUCTION SPENDING</p> <table> <tr> <td>Jun</td> <td>0.9%</td> </tr> <tr> <td>Jul</td> <td>-0.3%</td> </tr> <tr> <td>Aug</td> <td>-0.7%</td> </tr> </table> <p>AUTO SALES</p> <p>(mln-SAAR)</p> <table> <tr> <td>Jul</td> <td>17.9</td> </tr> <tr> <td>Aug</td> <td>17.0</td> </tr> <tr> <td>Sep</td> <td>17.8</td> </tr> </table> <p>FOMC Meeting</p>	Jul	52.6	Aug	49.4	Sep	51.5	Jun	0.9%	Jul	-0.3%	Aug	-0.7%	Jul	17.9	Aug	17.0	Sep	17.8	<p>2</p> <p>ISM NON-MFG INDEX</p> <table> <tr> <td>Jul</td> <td>55.5</td> </tr> <tr> <td>Aug</td> <td>51.4</td> </tr> <tr> <td>Sep</td> <td>57.1</td> </tr> </table> <p>ADP Employment FOMC Meeting</p>	Jul	55.5	Aug	51.4	Sep	57.1	<p>3</p> <p>EMPLOYMENT REPORT</p> <table> <tr> <td></td> <td>U. Rate</td> <td>Jobs (ths)</td> </tr> <tr> <td>Jul</td> <td>4.9%</td> <td>+252</td> </tr> <tr> <td>Aug</td> <td>4.9%</td> <td>+167</td> </tr> <tr> <td>Sep</td> <td>5.0%</td> <td>+156</td> </tr> </table> <p>TRADE BALANCE</p> <p>(bln)</p> <table> <tr> <td>Jun</td> <td>-\$44.7</td> </tr> <tr> <td>Jul</td> <td>-\$39.5</td> </tr> <tr> <td>Aug</td> <td>-\$40.7</td> </tr> </table> <p>Productivity and Costs</p>		U. Rate	Jobs (ths)	Jul	4.9%	+252	Aug	4.9%	+167	Sep	5.0%	+156	Jun	-\$44.7	Jul	-\$39.5	Aug	-\$40.7	<p>4</p>															
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