

## Preview of the Week Ahead

Retail sales likely rebounded in March after a poor start to 2025. Auto sales jumped in the month as consumers rushed to get new vehicles before tariffs pushed prices higher. Sales in other categories likely grew slower than autos but at a still solid rate. A strong March retail report will provide little comfort about the outlook into the rest of the year, since consumers were obviously pulling forward spending plans.

Other economic reports will likely be weaker. Headwinds from tariffs, affordability, and fears of an economic slowdown likely weighed on homebuilding last month, and homebuilder sentiment is likely lower in April, too. Industrial production probably fell as unseasonably warm weather cut into utilities output. Manufacturing was probably little changed, while mining likely rose. Consumer inflation expectations in the New York Fed's monthly survey likely jumped higher in March, echoing the higher inflation expectations reported by other recent consumer surveys.

## The Week in Review

Consumer sentiment plummeted even more than expected in the University of Michigan survey's preliminary release for April. Long term inflation expectations climbed to 4.4% from 4.1% and were again the highest since the early 1990s, and year-ahead inflation expectations soared to 6.7% and were the highest since the early 1980s. Economic expectations accordingly plummeted to the worst since the early 1980s.

The minutes of the March FOMC decision garnered less attention than usual, after tariff surprises whipsawed markets and made the Fed's forward guidance less relevant. In March, "almost all participants" saw risks to inflation to the upside and risks to employment to the downside. The "majority" were concerned that inflation could be more persistent than they had projected. Signaling their lean toward holding policy steady near-term, Committee members deemed "it appropriate to take a cautious approach" towards future monetary policy actions.

Inflation eased in March, but the good news is likely to be fleeting as tariffs on virtually all U.S. trading partners rose in April. The Consumer Price Index (CPI) fell by 0.1%, easing annual inflation to a multi-month low of 2.4%. Core CPI, which excludes food and energy, rose a modest 0.1%, resulting in the annual comparison falling to a four-year low of 2.8%. Gasoline prices plummeted by 6.3%. Led by further sharp increases in prices of meats and eggs, food at home was 0.4% higher in March. Shelter costs rose at the slowest pace since June '24. Motor vehicle insurance fell by 0.8%, the biggest drop since October 2021. New vehicle prices rose 0.1% and used vehicle prices declined by 0.7%. The Producer Price Index (PPI) declined by 0.4% in March, resulting in annual inflation easing to 2.7% from 3.2% in the prior month. Unlike in the consumer price report, producer prices of eggs were sharply lower in March; falling gasoline and diesel also helped bring down the headline. Core PPI eased by 0.1%.

The federal government was again in the red and posted a shortfall of \$161 billion in March, pushing cumulative deficits midway through the fiscal year to \$1.307 trillion, a 23% increase from the prior fiscal year.

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	Economic Indicator	Prior Release	Consensus Forecast	Comerica Forecast
Mon 14-Apr	NY Fed 1-Year Ahead Consumer Inflation Expectations (Mar)	3.1%	-	3.5%
Tue 15-Apr	No market-moving economic releases	-	-	-
Wed 16-Apr	Retail Sales (Mar)	0.2% M/M	1.4% M/M	1.4% M/M
	Core Retail Sales Excluding Auto and Gas (Mar)	0.5% M/M	0.4% M/M	0.6% M/M
	NAHB Housing Market Index (Apr)	39.0	37.0	35.0
	Industrial Production (Mar)	0.7% M/M	-0.2% M/M	-0.3% M/M
	Capacity Utilization (Mar)	78.2%	77.9%	78.0%
Thu 17-Apr	Building Permits (Mar - Preliminary)	1.459 million -1.0% M/M	1.45 million -0.6% M/M	1.42 million -2.7% M/M
	Housing Starts (Mar)	1.501 million 11.2% M/M	1.41 million -6.1% M/M	1.35 million -10.1% M/M
	Initial Jobless Claims (Week of 4/12)	223,000	-	225,000
	Continuing Jobless Claims (Week of 4/5)	1,850,000	-	1,870,000
Fri 18-Apr	Good Friday No Market-Moving Economic Releases	-	-	-

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