



BRUXELLES
invest & export



Newsletter US April 2016



Luc Lippens
Trade & Investment Commissioner
Brussels Invest & Export
One Dag Hammarskjold Plaza
885 Second Avenue, 41st floor
New York, NY 10017
Phone: 212-399-8522
Email: newyork@sprb.brussels
Website: <http://www.brussels-in-usa.com>

Newsletter US April 2016

March US economic outlook according to NABE

According to NABE (National Association for Business Economics), the GDP is forecasted to grow 2,5% from the fourth quarter of 2015 to the fourth quarter of 2016. The median 2017 outlook calls for 2,4% annual average growth.¹

Most NABE Outlook Survey panelists do not expect the next U.S. business cycle peak to occur until 2018 or later.

US economic outlook by Kiplinger

According to Kiplinger, GDP growth in the U.S. will amount to 2,3% in 2016. Consumer spending, which makes up more than two-thirds of U.S. GDP, will be the main engine of growth, especially later in the year.²

Kiplinger also predicts that the unemployment rate will likely fall to 4,6% by the end of the year and that job growth in the U.S. will be solid this year, averaging 200.000-plus new hires a month.³

Kiplinger expects the inflation rate to average 2,4% for 2016, up from 0,7% in 2015.⁴

US economic outlook by Northern Trust

According to Northern Trust, the outlook for 2016 is positive, with economic growth expected to be close to the economy's potential capacity.⁵

Unemployment rate rose slightly in March; wages increased

As stated by the U.S. Bureau of Labor Statistics, total nonfarm payroll employment increased by 215.000 in March, and the unemployment rate rose slightly from 4,9% in February to 5% in March.⁶

According to Reuters, U.S. employment increased solidly in March and wages rebounded, signs of economic resilience that could allow a cautious Federal Reserve to gradually raise interest rates this year.⁷

As stated by Reuters, average hourly earnings increased seven cents.

While the unemployment rate rose to 5% from an eight-year low of 4,9%, it was because more Americans continued to return to the labor force, a sign of confidence in the jobs market.⁸

¹ http://nabe.com/nabe/NABE/Surveys/Outlook_Surveys/March_2016_Outlook_Survey_Summary.aspx

² <http://www.kiplinger.com/article/business/T019-C000-S010-gdp-growth-rate-and-forecast.html>

³ <http://www.kiplinger.com/article/business/T019-C000-S010-unemployment-rate-forecast.html>

⁴ <http://www.kiplinger.com/article/business/T019-C000-S010-inflation-rate-forecast.html>

⁵ <https://www.northerntrust.com/insights-research/detail?c=ae2930e8be34fc1aa773bb1a76a763bf>

⁶ <http://www.bls.gov/news.release/pdf/empsit.pdf>

⁷ "U.S. jobs growth solid, wages rise" – Reuters – April 1, 2016

⁸ "U.S. jobs growth solid, wages rise" – Reuters – April 1, 2016

Consumer Price Index increased in March

As stated by the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers (CPI-U) increased 0,1% in March. Over the last 12 months the all items index increased 0,9% before seasonal adjustment.⁹

The food index declined in March, while the indexes for energy and for all items less food and energy rose, leading to the slight seasonally adjusted increase in the all items index.

U.S. manufacturing growth expanded in March

According to the Institute for Supply Management (ISM), economic activity in the manufacturing sector expanded in March for the first time in the last six months, while the overall economy grew for the 82nd consecutive month.¹⁰

The March PMI[®] registered 51,8%, an increase of 2,3 percentage point from the February reading of 49,5%.

Industrial production decreased again in March

As stated by the Federal Reserve, industrial production decreased 0,6% in March for a second month in a row. For the first quarter as a whole, industrial production fell at an annual rate of 2,2%. A substantial portion of the overall decrease in March resulted from declines in the indexes for mining and utilities, which fell 2,9% and 1,%, respectively; in addition, manufacturing output fell 0,3%.¹¹

Building permits in the U.S. fell in March

Privately-owned housing units authorized by building permits in March were at a seasonally adjusted annual rate of 1.086.000. This is 7,7% below the revised February rate of 1.177.000.¹²

Housing starts fell in March

Privately-owned housing starts in March were at a seasonally adjusted annual rate of 1.089.000. This is 8,8% below the revised February estimate of 1.194.000.¹³

Interest rates fell slightly in March

The interest rates fell slightly in March to 0,36 from 0,38 in February.¹⁴

⁹ <http://www.bls.gov/news.release/pdf/cpi.pdf>

¹⁰ <https://www.instituteforsupplymanagement.org/ismreport/mfgrob.cfm>

¹¹ <http://www.federalreserve.gov/releases/g17/current/default.htm>

¹² <http://www.census.gov/construction/nrc/pdf/newresconst.pdf>

¹³ <http://www.census.gov/construction/nrc/pdf/newresconst.pdf>

¹⁴ <http://www.federalreserve.gov/releases/h15/current/>

Small Business Optimism Index fell slightly in March

NFIB's Small Business Optimism Index fell 0,3 point from February to 92,6, which is a two-year low.¹⁵

Consumer Confidence Index improved in March

The Conference Board Consumer Confidence Index, which had decreased in February, improved in March. The Index now stands at 96,2 (1985=100), up from 94,0 in February.¹⁶

Consumer sentiment fell in April

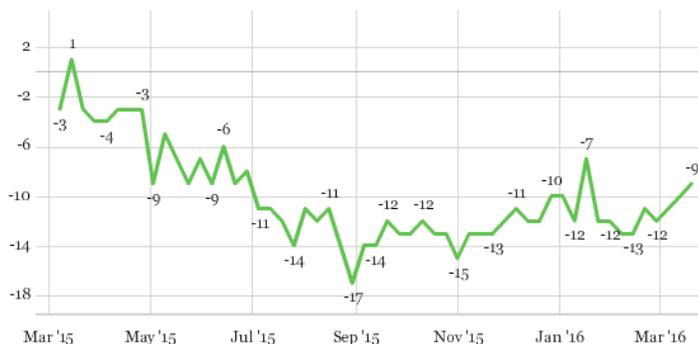
Consumer confidence continued its slow overall decline in early April, marking the fourth consecutive monthly decline. The University of Michigan's consumer sentiment index fell in early April to 89,7 from 91,0 in March.¹⁷

Gallup's U.S. Economic Confidence Index rose in March

Gallup's U.S. Economic Confidence Index averaged -9 for the week ending March 20. This is up slightly from this year's low of -13 in February and up significantly from a weekly reading of -17 in late August.¹⁸

U.S. Economic Confidence Index -- Weekly Averages Since March 2015

Latest results for week ending March 20, 2016



Gallup U.S. Daily tracking

GALLUP

Wells Fargo/Gallup Investor and Retirement Optimism Index fell in Q1 2016

The Wells Fargo/Gallup Investor and Retirement Optimism Index fell to +40 this quarter from +59 in the fourth quarter of 2015. While still positive, the index is 30 points below the post-recession high of +70 recorded last May, and is the lowest it has been since July 2014.¹⁹

¹⁵ <http://www.nfib.com/research-foundation/surveys/small-business-economic-trends>

¹⁶ <https://www.conference-board.org/data/consumerconfidence.cfm>

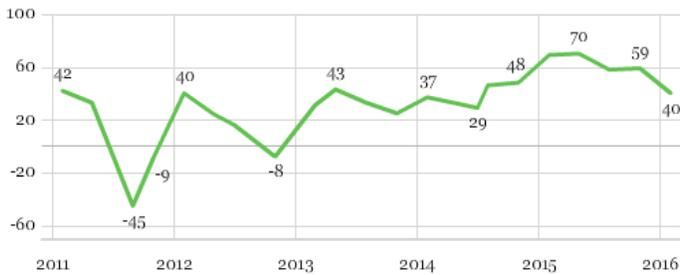
¹⁷ <http://www.sca.isr.umich.edu/>

¹⁸ http://www.gallup.com/poll/190124/economic-confidence-index-averages-last-week.aspx?g_source=Economy&g_medium=newsfeed&g_campaign=tiles

¹⁹ http://www.gallup.com/poll/189923/investor-optimism-slips-two-year-low-quarter.aspx?g_source=Marketplace&g_medium=newsfeed&g_campaign=tiles

Wells Fargo/Gallup Investor and Retirement Optimism Index

Recent trend



GALLUP

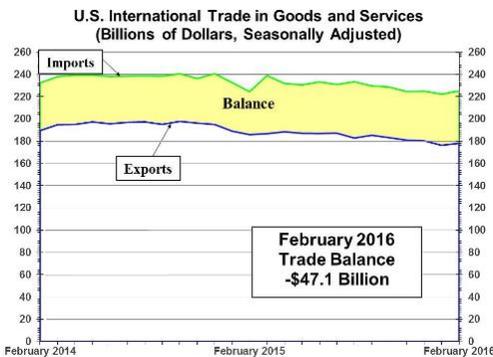
Retail sales fell in March

According to the U.S. Census Bureau, retail sales for March were \$446,9 billion, a decrease of 0,3% from the previous month.²⁰

U.S. trade deficit increased in February but exports are rising

The trade deficit in the U.S. in goods and services increased to \$47,1 billion in February from \$45,9 billion in January, as imports increased more than exports.²¹

According to Reuters, in February exports of goods rose 1,6% to \$118,6 billion, increasing for the first time since September. Overall exports of goods and services advanced 1% to \$178,1 billion. Exports have been undercut by a buoyant dollar, which has made U.S.-manufactured goods expensive relative to those of its main trading partners. Slowing growth in Europe and China has also eroded demand for U.S. goods. But with the dollar rally fading, February's nascent increase in exports is likely to be sustained.²²



²⁰ http://www.census.gov/retail/marts/www/marts_current.pdf

²¹ <http://www.census.gov/foreign-trade/data/>

²² <http://www.reuters.com/article/usa-economy-idUSL2N1780H7>

“U.S. trade deficit widens, but rising exports offer hope” – Reuters – April 5, 2016