

UNITED STATES

Gross domestic product

According to the Commerce Department's advance estimate, US real **gross domestic product** grew 0.7% in the first quarter of 2017, moderating from +2.1% in 2016's fourth quarter.

Federal Reserve policy

Minutes of the **Federal Open Market Committee** (FOMC) March meeting, at which the **federal funds rate** target range was raised to 0.75%-1.00% from 0.50%-0.75%, indicated that the labor market "continued to strengthen" and that economic activity "continued to expand at a moderate pace." Job gains remained "solid," and the unemployment rate was "little changed." Household spending continued to "rise moderately," while business fixed investment appeared to have "firmed somewhat." Inflation increased in recent quarters and moved close to the FOMC's 2% longer-run objective.

Prices and productivity

The headline **Consumer Price Index (CPI)** in March fell 0.3% month over month but rose 2.4% year over year. **Core CPI** (excluding food and energy) dipped 0.1% month over month and rose 2.0% year over year.

The **Producer Price Index (PPI)** ticked down 0.1% in March; the **core PPI** (excluding food and energy) was flat.

Import prices in March decreased 0.2% month over month from an upwardly revised base.

Housing and construction

The National Association of Home Builders' **housing market index** fell to 68 in April from 71 in March.

Housing starts declined 6.8% in March. **Building permits** rose 3.6%.

The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index of **existing home prices** in February increased 0.7% month over month (seasonally adjusted) and 5.9% year over year.

According to the Federal Housing Finance Agency's **house price index**, US home prices rose 0.8% month over month and 6.4% year over year in February.

New home sales in March rose 5.8%. **Existing home sales** increased 4.4%. **Pending home sales** fell 0.8%.

Construction spending rose 0.8% in February (month over month).

Consumer

Retail sales dipped 0.2% in March from a downwardly revised base. **Core/control retail sales** (which the Commerce Department uses to estimate consumer spending in the GDP report) increased 0.5% also from a downwardly revised base.

The Conference Board's **Consumer Confidence Index** fell from a downwardly revised 124.9 in March to 120.3 in April.

Business

The Institute for Supply Management (ISM) **manufacturing index** declined to 57.2 in March from 57.7 in February.

Industrial production rose 0.5% in March. **Capacity utilization** increased to 76.1% from an upwardly revised 75.7%.

Durable goods orders increased 0.7% in March. **Core capital goods orders** (nondefense capital goods excluding aircraft) increased 0.2%.

The **ISM nonmanufacturing index** dropped to 55.2 in March from 57.6 in February.

Wholesale inventories in March ticked down 0.1%. **Business inventories** increased 0.3%.

The Conference Board's **index of leading indicators** rose 0.4% in March.

The National Federation of Independent Business's **small business optimism index** fell to 104.7 in March from 105.3 in February.

Employment

Nonfarm payrolls increased by 98,000 in March from a downwardly revised base. The **unemployment rate** edged down to 4.5% from 4.7%. **Average hourly earnings** rose 0.2% month over month.

Trade/currency/commodities

The nominal US **trade deficit** narrowed to \$43.6 billion in February from a revised \$48.2 billion in January.

The value of the **US dollar** dipped against the euro (to \$1 = €0.92 at the end of February from \$1 = €0.93 at the end of March) and rose nominally against the yen (to \$1 = ¥111.5 at the end of April from \$1 = ¥111.4 at the end of March).

The price of West Texas Intermediate **crude oil** fell to \$49.33 per barrel at the end of April from \$50.60 per barrel at the end of March.

EUROPE/AFRICA

Gross domestic product

United Kingdom

GDP in the UK in the first quarter rose 0.3% quarter over quarter (down from 0.7% in the fourth quarter).

Central bank/fiscal policy

Euro area

The European Central Bank (ECB) left its key lending rates, the **refinancing rate** and **deposit facility rate**, unchanged at 0.00% and -0.40%, respectively. As previously announced, the bank reduced its monthly bond purchases to €60 billion (beginning in April), a pace it will maintain until the end of December, or beyond, if necessary.

Russia

The Central Bank of Russia cut its key **policy rate** by 50 basis points to 9.25%.

Business

Euro area

The euro area's **composite PMI** expanded to 56.4 in March from 56.0 in February.

Employment

United Kingdom

The UK's **unemployment rate** held steady at 4.7% in the three-month period ended in February. **Average weekly earnings** rose 2.3% year over year.

ASIA/PACIFIC

Gross domestic product

China

China's **GDP** in the first quarter expanded 1.3% sequentially (not annualized) and 6.9% year over year.

South Korea

South Korea's **GDP** in the first quarter expanded 0.9% quarter over quarter (seasonally adjusted), accelerating from +0.5% in 2016's final quarter.

Central bank/fiscal policy*India*

The Reserve Bank of India maintained its **repo rate** at 6.25%.

Indonesia

Bank Indonesia maintained its **7-day reverse repo rate** at 4.75%, its **deposit rate** at 4.0%, and its **lending rate** at 5.5%.

Japan

The Bank of Japan (BOJ) made no changes to its **monetary policy**.

South Korea

The Bank of Korea maintained its **policy rate** at 1.25%.

Prices and productivity*China*

China's **CPI** in March rose 0.4% month over month (annualized, seasonally adjusted) and 0.9% year over year. The **PPI** climbed 6.0% month over month (annualized, seasonally adjusted) and 7.8% year over year.

Japan

Japan's **CPI** (excluding fresh food) ticked up 0.2% year over year in February. **Core CPI** (excluding fresh food and energy) dipped 0.1% year over year.

Consumer*China*

Retail sales in China increased 10.9% year over year in March.

Japan

Japan's **real household spending** in March fell 1.3% (year over year); **core household spending** declined 1.9% (year over year).

Retail sales in March rose 2.1% (year over year).

Business*China*

China's Caixin **manufacturing PMI** fell to 51.2 in March from 51.7 in February.

Industrial production increased 7.6% year over year in March.

India

India's **industrial production** in February dropped 1.2% year over year.

Employment*Japan*

Japan's **unemployment rate** held steady at 2.8% in March, its lowest level since June 1994.

Trade*China*

China's **trade balance** moved to a US\$23.9 billion surplus in March from a US\$9.1 billion deficit in February (not seasonally adjusted). Year over year, **exports** rose 16.4% while **imports** increased 20.3%.

THE AMERICAS

Gross domestic product

Brazil

Brazil's **GDP** in February expanded 1.3% month over month (seasonally adjusted) but contracted 0.7% year over year.

Mexico

Mexico's **GDP** expanded 2.7% year over year in the first quarter, up from +2.4% year over year in 2016's fourth quarter.

Central bank/fiscal policy

Brazil

Brazil's central bank cut its **Selic rate** by 100 basis points to 11.25%.

Chile

Chile's central bank cut its **policy rate** another 25 basis points to 2.75%.

Consumer

Brazil

Broad **retail sales** in Brazil in February rose 1.4% month over month (seasonally adjusted) but declined 4.2% year over year. **Core/control retail sales** (excluding autos and building materials) fell 0.2% in the month and 3.2% over the year.

Mexico

Retail sales in Mexico in February rose 2.4% month over month (seasonally adjusted) and 3.6% year over year.

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Employment

Brazil

Brazil's national **unemployment rate** was 13.7% in the 3-month period ended in March, up from 10.9% a year ago. In seasonally adjusted terms, the unemployment rate rose to 13.2% in March, from 13.1% in February and 10.4% a year ago. **Employment** declined 1.9% year over year, while the **active labor force** grew 1.4%. **Average real wages** rose 2.5% year over year.

Mexico

Mexico's **unemployment rate** was 3.2% in March, down from 3.7% in March 2016.

Sources: FactSet, Goldman Sachs, Bloomberg, *MarketWatch*, *The New York Times*, *The Washington Post*, *The Wall Street Journal*, Reuters, McClatchy, US Department of Commerce, US Treasury Department, Federal Reserve, US Labor Department, US Bureau of Labor Statistics, Institute for Supply Management, National Association of Home Builders/Wells Fargo, Case-Shiller, Standard & Poor's, The Conference Board, National Bureau of Economic Research, Energy Information Administration. The comments, opinions, and estimates contained herein are based on or derived from publicly available information. Investors cannot invest directly in an index.

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