

U.S. Data Watch

Forecast: March 20 to 31

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MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
20 <i>Fed buys up to \$0.825 bil. of 30-Year Ginnie 3.5's and 4's (11:45am)</i>	21 Current Account Balance (8:30am, Q4)* <i>Fed buys up to \$0.6 bil. of 15-Year Fannie and Freddie 3's and 3.5's (9:45am)</i>	22 FHFA House Price Index (9am, January)* EXISTING HOME SALES (10am, February) <i>Fed buys up to \$1.15 bil. of 30-Year Fannie and Freddie 3.5's and 4's (11:45am)</i>	23 JOBLESS CLAIMS (8:30am) MS Forecast: 238,000 Fed Chair Yellen gives opening remarks to Federal Reserve System Community Development Research Conference (8:30am) NEW HOME SALES (10am, February) Kansas City Fed Manufacturing Survey (11am, March)* <i>Announce 2-Year, 5-Year, and 7-Year Treasury Notes (11am)</i> <i>Fed buys up to \$0.825 bil. of 30-Year Ginnie 3.5's and 4's (11:45am)</i> <i>Auction 10-Year TIPS (1pm)</i>	24 DURABLE GOODS (8:30am, February) New York Fed President Dudley holds "Fireside Chat at York College with Business and Economics Students" (10am) <i>Fed buys up to \$1.15 bil. of 30-Year Fannie and Freddie 3.5's and 4's (11:45am)</i>
27 Dallas Fed Manufacturing Survey (10:30am, March)* <i>Auction 2-Year Treasury Note (1pm)</i>	28 Advance Indicators Report (8:30am, February)* S&P/Case-Shiller Home Price Index (9am, January)* CONFERENCE BOARD CONSUMER CONFIDENCE (10am, March) Richmond Fed Manufacturing Survey (10am, March)* <i>Auction 5-Year Treasury Note (1pm)</i>	29 Pending Home Sales Index (10am, February)* <i>Auction 7-Year Treasury Note (1pm)</i>	30 GDP REVISION (8:30am, Q4)	31 PERSONAL INCOME AND SPENDING (8:30am, February) Chicago PMI (9:45am, March)* University of Michigan Consumer Confidence Index (10am, March)*

*Items due for release, but not included in the forecast at this time.

Date	Indicator	MS Forecast	Comment
3/22/17	Existing Home Sales (February)	5.57 million units	We look for closings of existing home sales to pull back 2.1%. Sales managed to rise 3.3% to a new cycle high in January even as inventories of listed homes for sale remained near a record low. Lack of supply is liable to be a rising restraint on sales as they ramp up sharply from the normal seasonal low point in January to the peak in June, and the pending home sales index fell to a one-year low in January.
3/23/17	New Home Sales (February)	570,000	We look for a 2.7% gain in new home sales. Mortgage purchase applications slowed temporarily in February after rising to a seven-year high in January, but the homebuilders' survey surged to a twelve-year high in March, single-family housing starts also jumped to a cycle high, and the weather was favorable.
3/24/17	Durable Goods Orders Nondef Cap Gds Ex Air (February)	+ 1.7% + 0.6%	We look for a resumption of the recent recovering trend in core capital goods orders after a 0.1% dip in nondefense capital goods ex aircraft orders in January followed a 3.1% rebound in the three months through December. Our Capex Plans Index, based on aggregated regional Fed surveys, surged to a post-recession high in February, and while comments from the surveys suggested that the extent to which actual spending rises as much as capex plans will depend largely on the evolving outlook for fiscal and regulatory policy (US Economics: Capex Plans Index: Post-Recession High (01 Mar 2017)), a more limited but solid turn higher does seem to be underway already now. Our multi-industry analysts see a "very real and meaningful recovery forming" in the data they track, including at the company-specific level an upside surprise in monthly sales results from industrial distributor Fastenal, which reported a 6.1% year/year gain in daily sales in February, up from 3.8% in January (Multi-Industry: Peak ISM Play Book (06 Mar 2017)). Upside in aircraft should give headline durable goods orders an additional lift.
3/28/17	Consumer Confidence (March)	115.3	The current conditions index in the Michigan survey rose to the highest level since 2000 in early March, and the Bloomberg consumer comfort survey also showed a further rise in optimism about the economy. We look for the Conference Board survey to gain another half point to another sixteen-year high.

3/30/17	GDP (Q4, Revised)	+ 2.0%	Revisions to data released since the first revision to Q4 GDP growth left it unchanged at 1.9% point to a slight upward adjustment to 2.0% from a boost to inventories. At this point we see Q1 growth tracking at 1.0%, hurt by a temporary slowdown in consumption resulting from delayed tax refunds in February and a jump in headline inflation in January that should reverse in Q2.
3/31/17	Personal Income and Spending (February)	+ 0.4% + 0.2%	Flat auto sales, flat ex autos and gas retail sales, hurt by delayed tax refund payments, and unusually warm weather lowering heating bills are likely to lead to a sluggish gain in consumption, but a solid 0.5% rise in aggregate weekly payrolls in the employment report pointed to good gain in personal income. That combination should boost the savings rate to 5.7% from 5.5%. Based on the CPI and PPI results, we look for the core PCE price index to rise 0.18%, which would leave the year/year rate unchanged at 1.7%. Headline PCE inflation should gain 0.13%, which would raise the year/year rate to 2.1% from 1.9%, exceeding the Fed's 2% target on a headline inflation basis for the first time in five years.

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