Key Indicators: Week of May 6, 2024

Consumer Credit, Seasonally Adjusted (SA), billions

Figure 1 - Source: FactSet

- Reported as $6.3 billion for March, nearly $9 billion below expectations for $15 billion and well below the previous month's reading of $15 billion.
- Consumer Credit reports on the growth of consumer credit and likely fell due to higher interest rates across the credit spectrum for consumers.
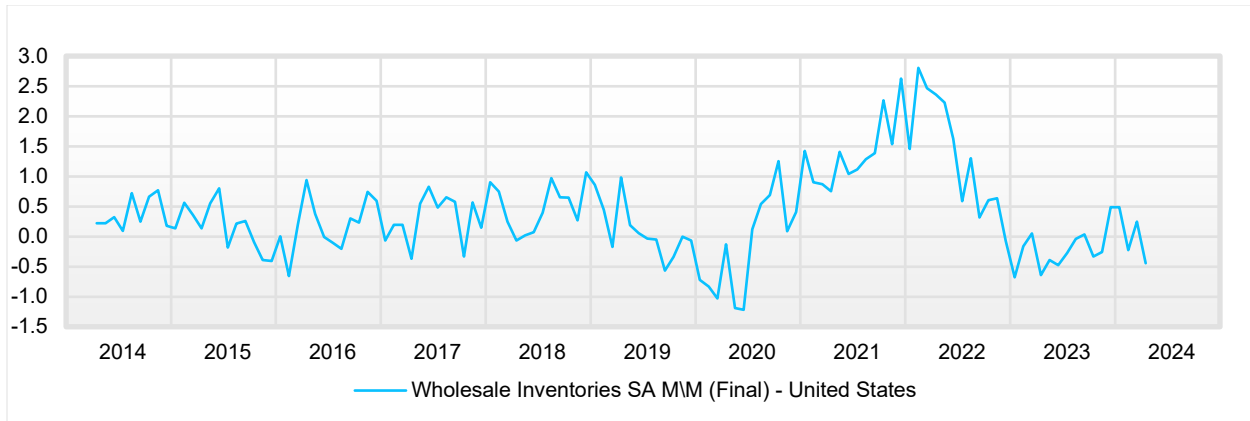
Wholesale Inventories SA, Month over Month (MoM), %

Figure 2 - Source: FactSet

- Wholesale inventories came in as expected for March, down 0.40%.
- While it is too early to tell if inventories peaked at the end of 2023, the trend for 2024 has, thus far, been down. Inventories tend to work on a lag to factory orders with lower orders working through to lower inventories a month or two later. Since Factory Orders have been fairly volatile since last summer (see last week's Key Indicators), we would expect inventories to show, potentially, similar volatility.
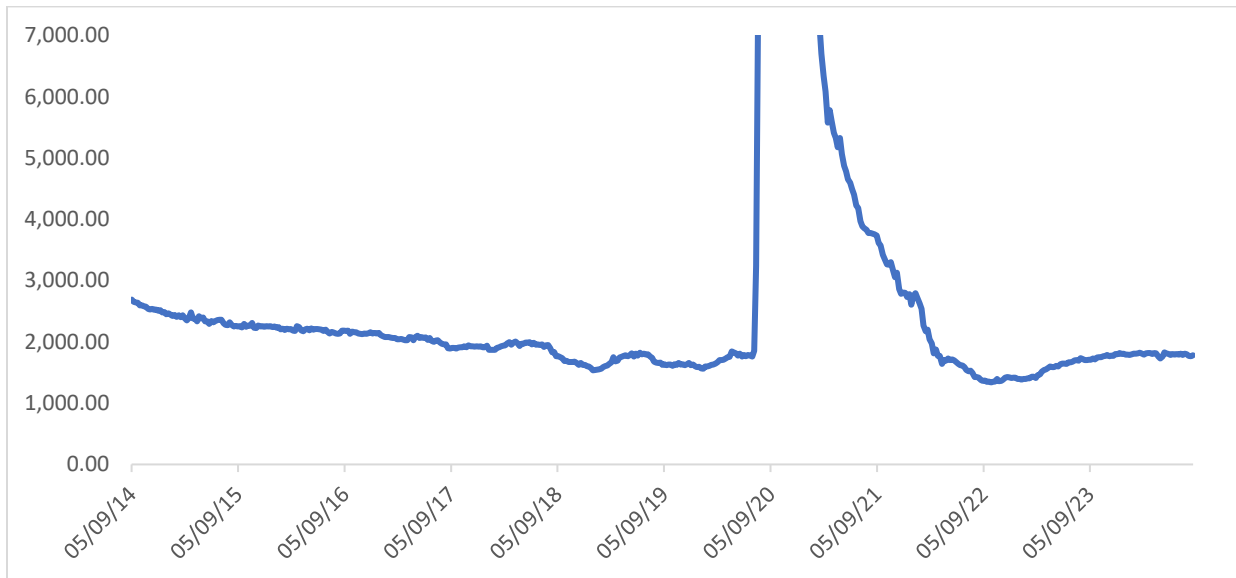
Continuing Jobless Claims SA, thousands

Figure 3 - Source: FactSet (max claims limit has been reduced in order to make current data more visible.)

- Continuing Jobless Claims for the week of April 27 came in right on top of expectations at 1.785 million, and slightly higher than the previous week's reading of 1.768 million.

Initial Jobless Claims, SA, thousands
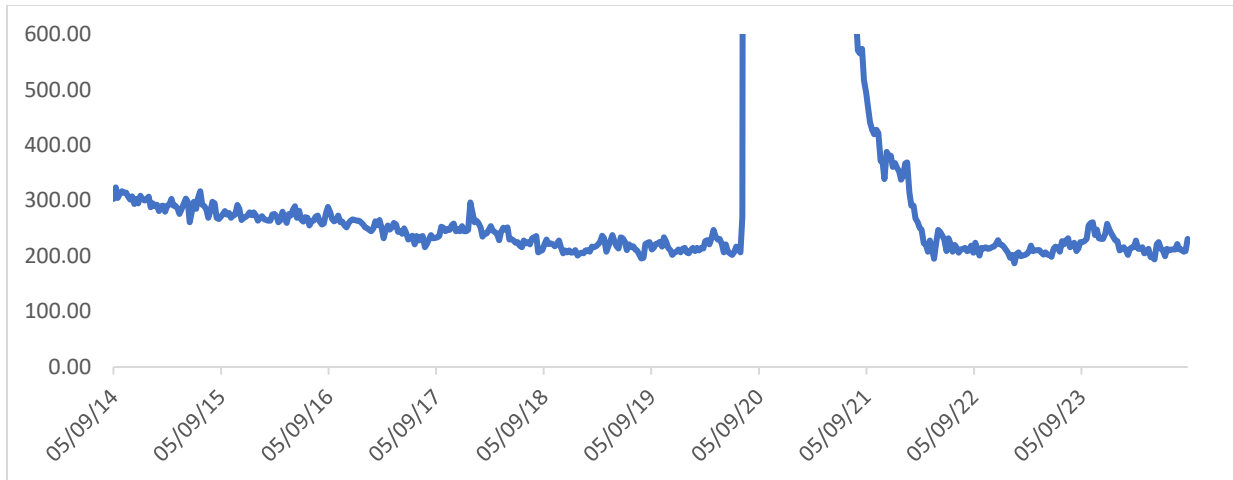
Figure 4 - Source: FactSet (Max data has been limited in order to make non-covid related data more visible.)

- Initial Jobless Claims for the week ending May 4 were reported higher than expected with 231,000 filing for initial claims versus expectations for 213,000, which was also higher than the previous week's reading of 209,000.
- This reading is the highest initial claims print since the week ended August 25 when initial claims were reported as 234,000. While one reading does not a trend make, this may encourage those who are looking for a Fed rate move earlier rather than later.

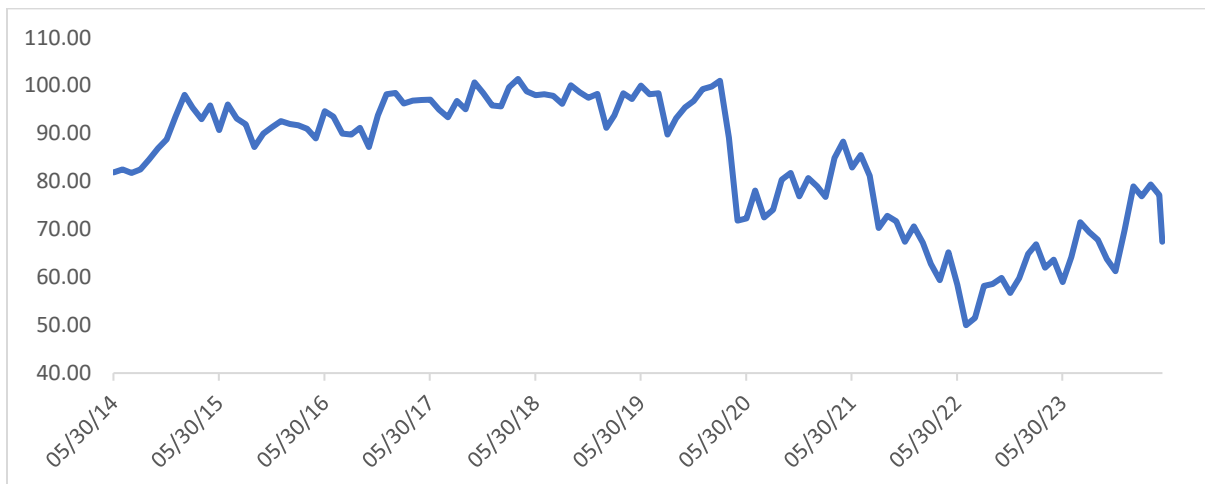**Michigan Sentiment Not Seasonally Adjusted (NSA), Preliminary**

Figure 5 - Source: FactSet

- The preliminary reading of the Michigan Consumer Sentiment (Michigan Sentiment) was reported significantly lower than expectations with a reading of 67.4 versus expectations of 76.9 and April's final reading of 77.2.
- We would caution that two items may be significantly impacting this reading: It is a preliminary reading and (therefore) subject to revision and there were significant changes in survey methodology (move to online vs phone calls). That said, the decline is significant.

- Sentiment is volatile on a month-over-month basis (see chart above), so trends are most important (the current trend remains upward from its late spring 2023 bottom). That said, the decline was across both segments that make up the composite index: Current Conditions (68.8 vs 79 in April) and Expectations (66.5 vs 76 in April). We will reserve judgement on the importance of this early signal of potential economic downturn until or if we get confirmation from other economic indicators.