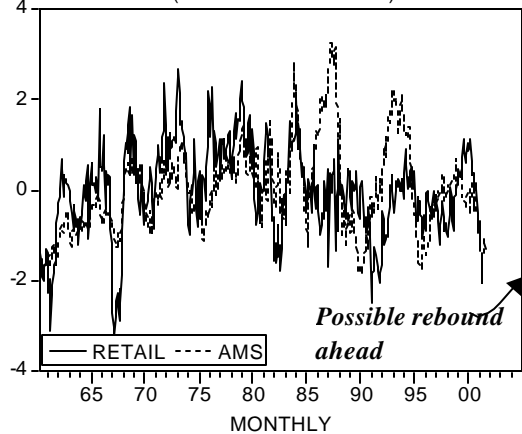


US retail sales fall in March

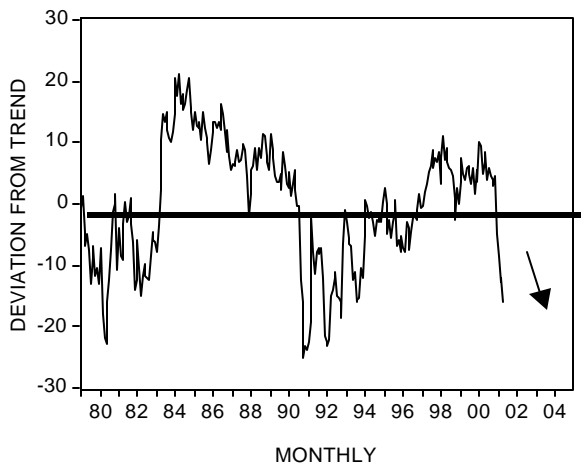
Retail sales seasonally adjusted fell by **0.2%** in March after being unchanged in the previous month. Year-on-year the rate of increase in sales fell to **1.9%** from **3%** in February. As a result of a rebound in the momentum of growth of money AMS, we can suggest that there is a high likelihood of a rebound in the momentum of growth of retail sales in the months ahead, all other things being equal. (Year-on-year AMS rose by **2.2%** in March against the **0.3%** rate of growth in January).

Y/Y%CHNG:RETAIL SALES VS MONEY AMS LAGGED 4
(NORMALISED SCALE)



In the meantime the University of Michigan consumer sentiment index fell to **87.8** in April from **91.5** in March—well below the **90.5** expected by analysts. Consumers were more pessimistic about both the current situation and the immediate future. The cyclical component of the index has fallen strongly below the long-term trend (see chart).

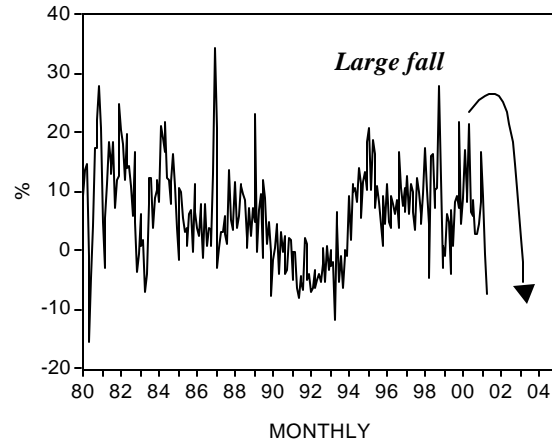
CYCLICAL COMPONENT SENTIMENT INDEX



Softening in economic activity is also depicted by commercial bank lending to businesses. At an annualised rate business loans fell by **7.3%** in early April after a fall

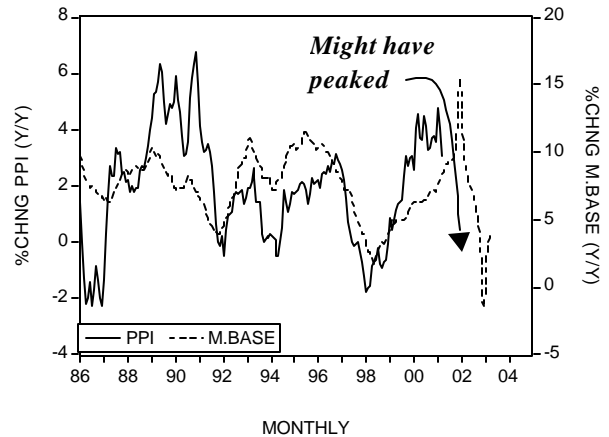
of **0.5%** in March (see chart). Moreover, at an annualised rate commercial bank loans & leases fell by **0.1%** after growing by **4.7%** in March.

%CHNG BUSINESS LOANS



The producer price index (PPI), seasonally adjusted, fell by **0.1%** in March after rising by **0.1%** in February. Year-on-year the rate of increase in the PPI fell to **3.1%** from **4%** in February. Our analysis raises the possibility that the momentum of the PPI growth has peaked (see chart).

%CHNG PPI VS M.BASE LAGGED 24



Financial News

- Australian employment seas adj fell by **8,500** in March.
- Japan's corporate failures fell **0.5%** in March y/y.
- In w/e March 31 US jobless claims up **9,000**.
- US business sales fell **0.3%** in Feb.

Thought for today

Anyone who stops learning is old, whether this happens at twenty or at eighty.

Anonymous