



MNI US DataWatch

By Kevin Kastner

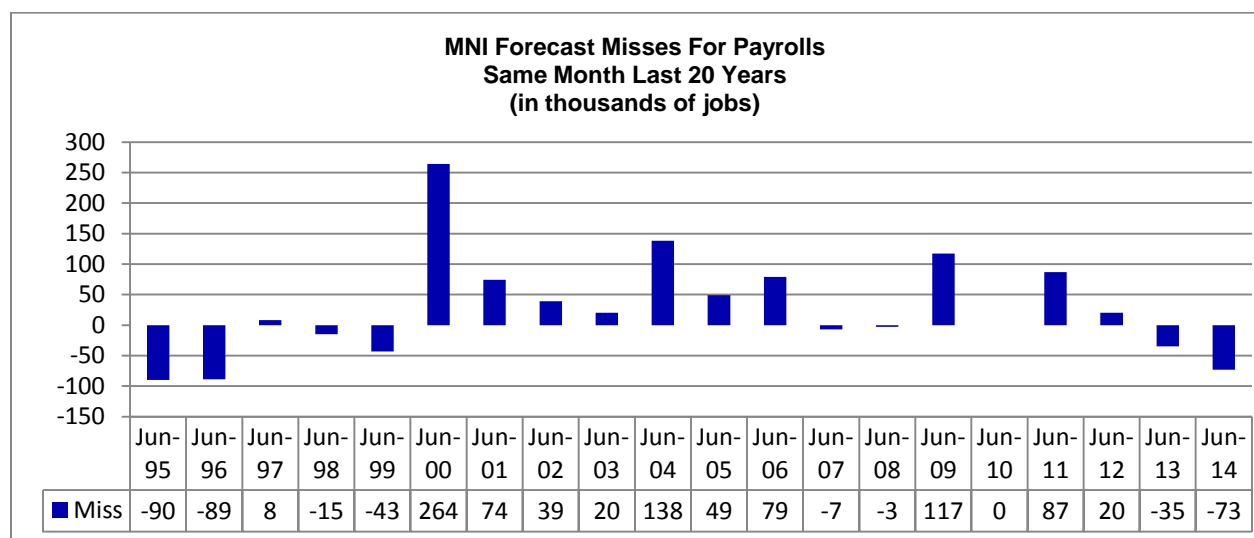
The June 29 week will be shortened by the July Fourth holiday (the government observes it on July 3 this year), but that does not diminish the amount of data released this week. The key payrolls data will be released on Thursday due to the Friday holiday, with analysts looking for a 225,000 increase and a small decline in the unemployment rate back to 5.4%. Prior to that, the usual early-month data will be released, including consumer confidence, ISM manufacturing, construction spending, and vehicle sales.

Here is a closer look at the key data in the coming week:

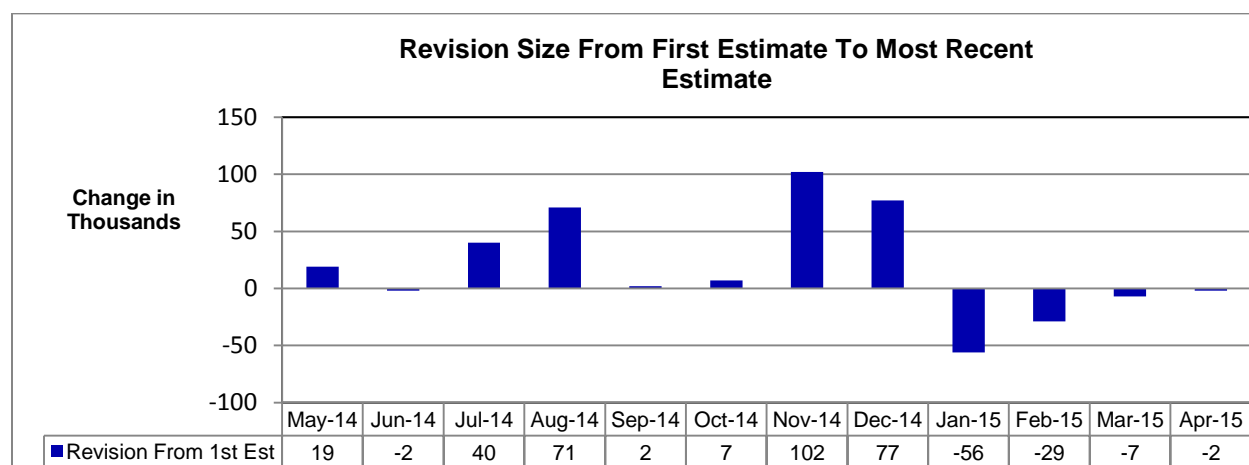
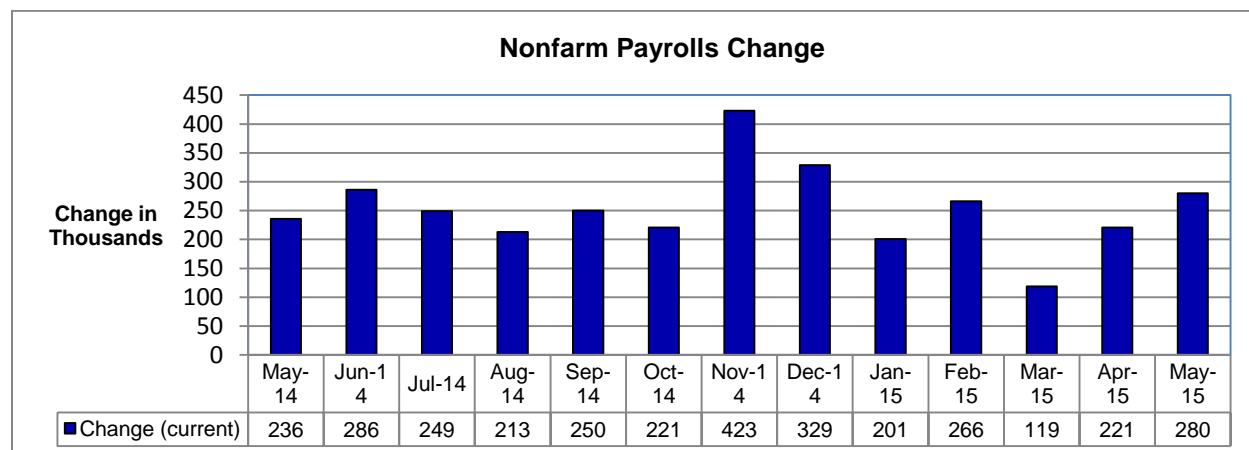
NONFARM PAYROLLS FOR JUNE, THURSDAY, JULY 2, AT 8:30 A.M. ET

Nonfarm payrolls are forecast to rise by 225,000 in June after a larger-than-expected 280,000 gain in May. The unemployment rate is expected to fall back to 5.4% after rebounding to 5.5% in May on stronger labor force participation. Hourly earnings are forecast to rise 0.2% after May's 0.3% gain, while the average workweek is expected to hold steady at 34.5 hours.

Over the last 10 years of forecasts for June payrolls, there were five overestimates, two of them fairly large, and four underestimates, including each of the last two years. The absolute average miss of 47,000 over that 10-year period was smaller than the 58,600 average over the same 10-year period for May payrolls due to a correct estimate in June 2010 and the two relatively small underestimates over the period. However, the large 73,000 underestimate in June 2014 is worth noting.



More recently, there was a sharp underestimate in May 2015, which followed a slight underestimate to April payrolls growth, but a strong upward revision to the weak March increase. Even with that upward adjustment to March, the size of the increase that month was still lower than the first estimate for that month, completing a string of four straight underestimates. This followed a nearly unbroken chain of overestimates over the previous year. As a result, downward revisions to April and May payrolls are a strong possibility.



MNI CHICAGO REPORT FOR JUNE, TUESDAY, JUNE 30 AT 9:45 A.M. ET

The MNI Chicago report's business barometer is expected to rebound to a reading of 50.2 in June after falling to 46.2 in May, only barely into positive growth territory. Other regional data already released were mixed in June.

CONSUMER CONFIDENCE FOR JUNE, TUESDAY, JUNE 30 AT 10:00 A.M. ET

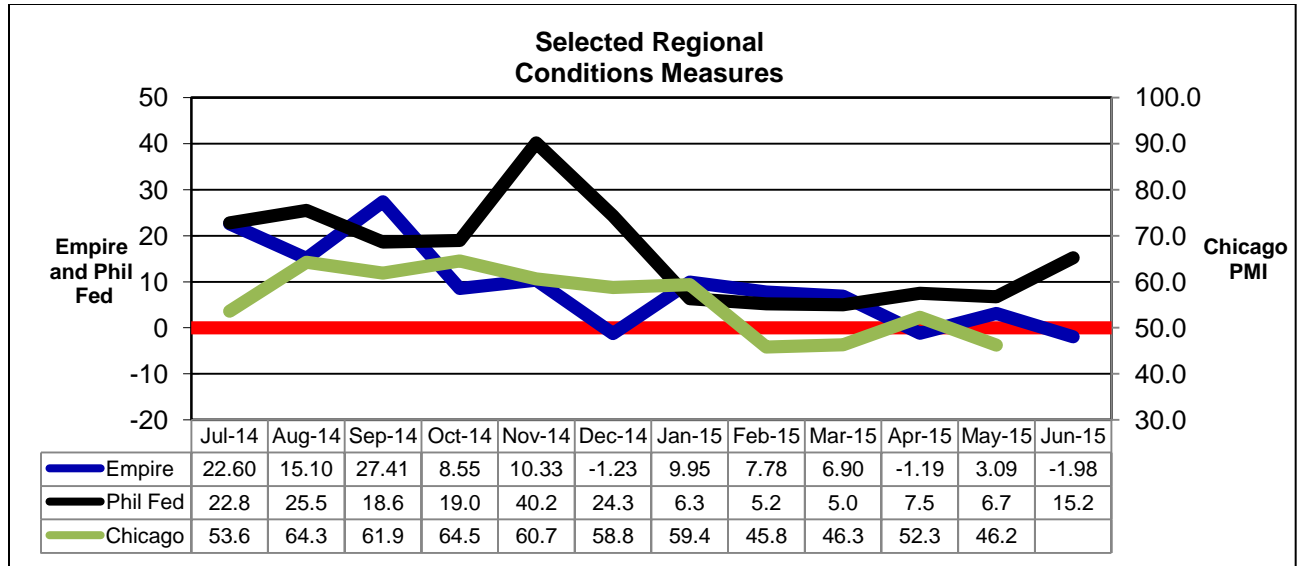
The Conference Board's index of consumer confidence is expected to rise to a reading of 96.8 in June following a May rebound. The index would still be below the recent high of 101.4 posted in March. The Michigan Sentiment index jumped by 5.4 points to a reading of 96.1 in June.

CONSTRUCTION SPENDING FOR MAY, WEDNESDAY, JULY 1 AT 10:00 A.M. ET

May construction spending is expected to rise only 0.5% after the sharp 2.2% April jump. Housing starts fell sharply in the month, but permits rose further, suggesting that residential building remained on a strong footing. Analysts see the nonresidential sector subtracting from the headline number after being a strong positive in the last three months.

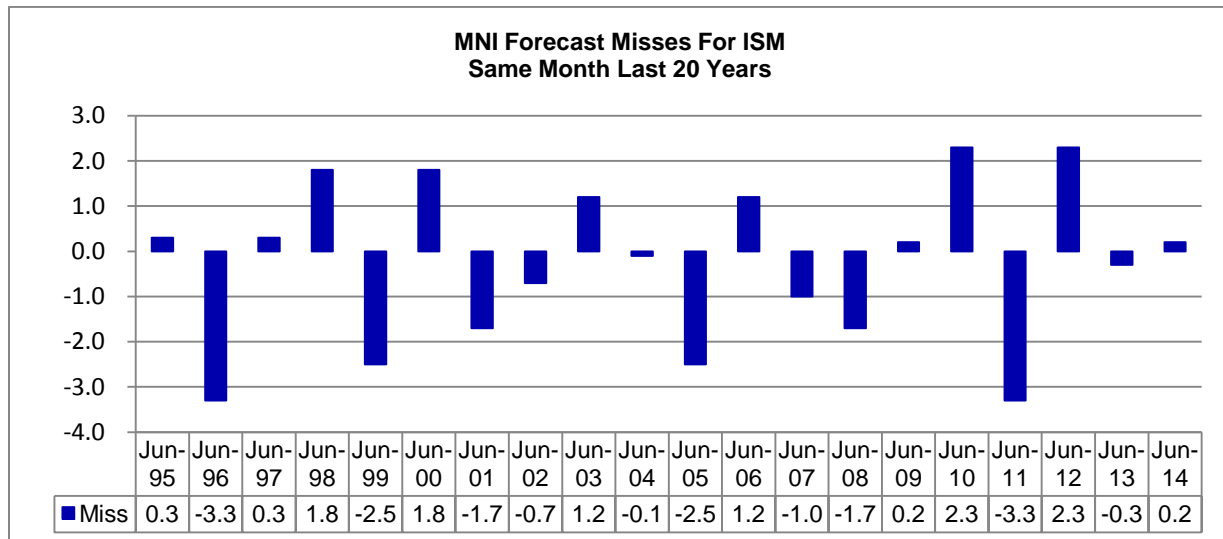
ISM MANUFACTURING INDEX FOR JUNE, WEDNESDAY, JULY 1, AT 10:00 A.M. ET

The ISM manufacturing index is expected to rise further to a reading of 53.5 in June after a small increase in May. Regional conditions were mixed in the month, based on the already released data, so analysts see only modest continued improvement from the weakness seen earlier in the year.



Over the last 20 years, analysts have overestimated manufacturing ISM in June 10 times, with an average miss of 1.16 and underestimated it 10 times by a larger 1.71 average. The overall absolute average miss was 1.44, smaller than 1.54 in May. When sign is considered, the average miss was -0.28 due to the larger size of the underestimates.

Looking at the most recent 10 years, there is still an equal mix of five overestimates and five underestimates. Over the 10 year period, the absolute average miss was 1.50, much larger than the 1.19 average in May. More recently, there have been three overestimates in the last five months, one correct estimate, and an underestimate last month.



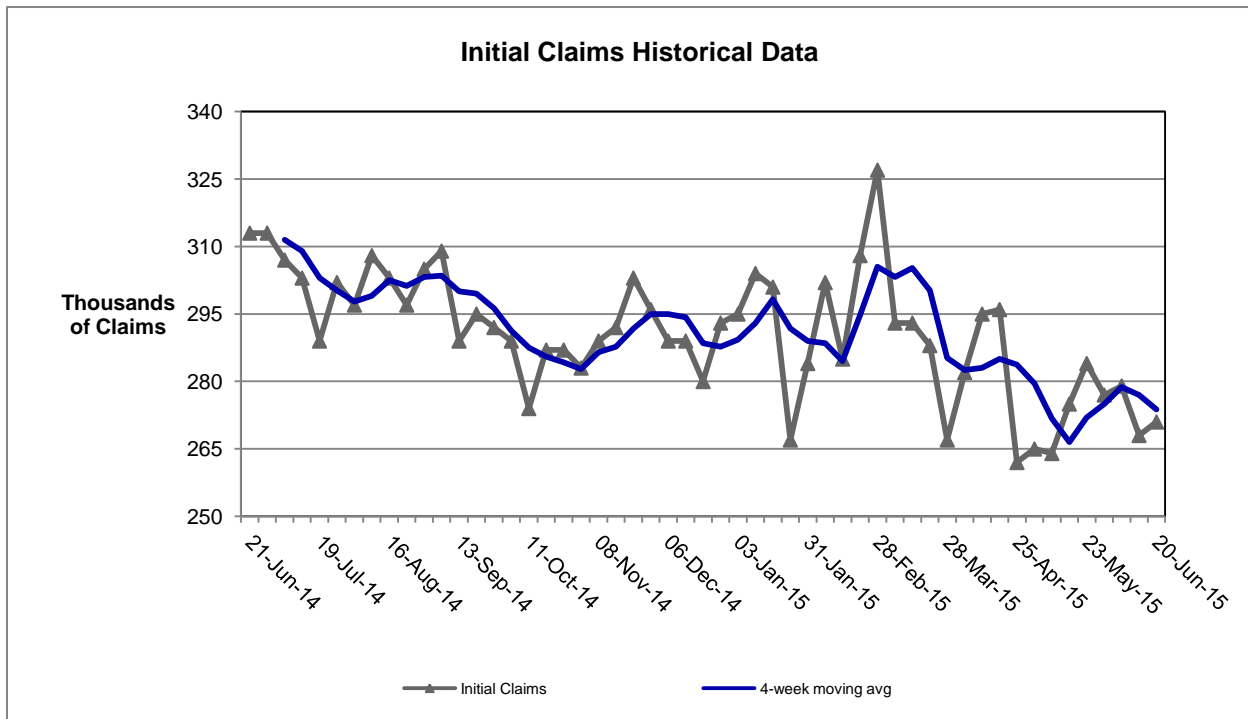
DOMESTIC-MADE VEHICLE SALES FOR JUNE, WEDNESDAY, JULY 1

The pace of domestic-made vehicle sales is expected to fall to a 13.8 million seasonally adjusted annual rate in June after a sharp May increase that depleted inventories at some lots. Seasonal adjustment factors in June will subtract less from unadjusted sales than they did in May, but unadjusted sales are likely to trim a bit from the torrid May pace.

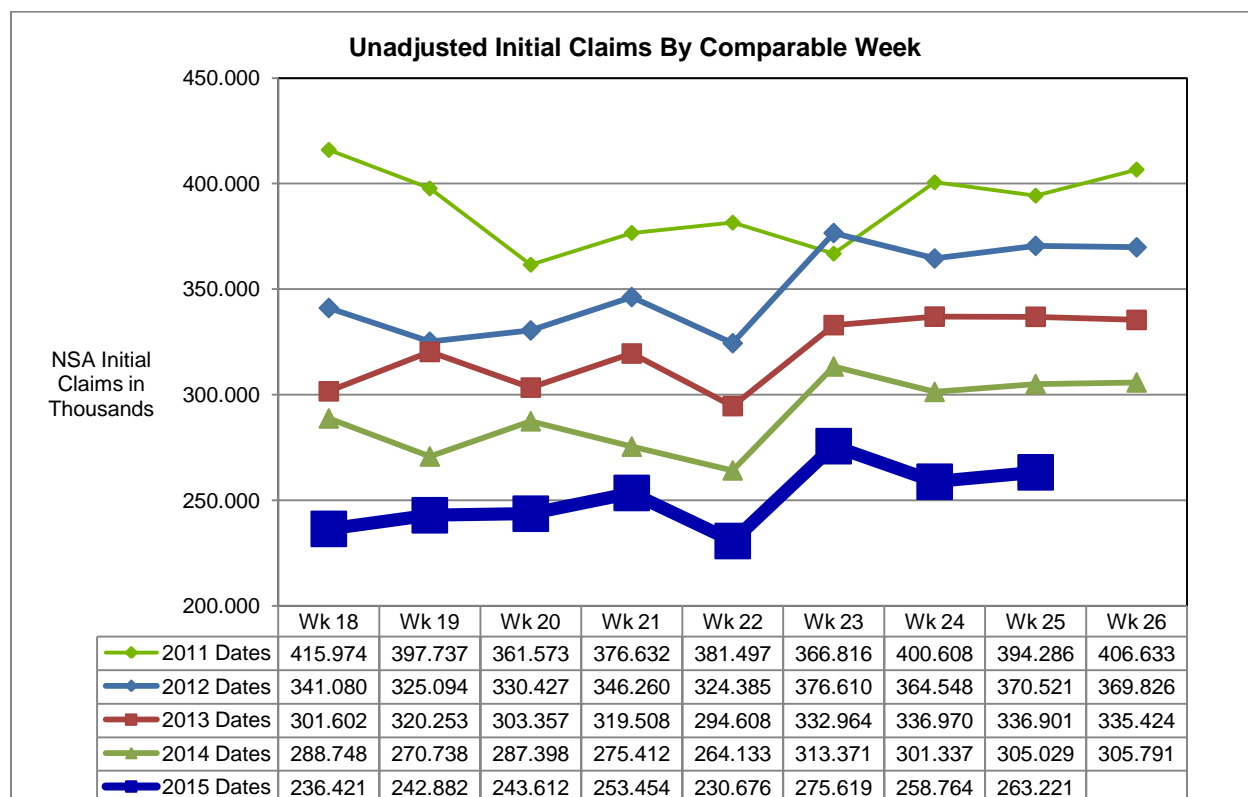
Relevant seasonal adjustment factors			
	Jun-15	May-15	Jun-14
Cars	105.75	115.48	102.99
Light Trucks	103.30	108.42	101.08

WEEKLY JOBLESS CLAIMS FOR JUNE 27 WEEK, THURSDAY, JULY 2, AT 8:30 A.M. ET

The level of initial jobless claims is expected to rise by only 1,000 to 272,000 in the June 27 week after a 3,000 increase in the previous week. The four-week moving average fell by 3,250 to 273,750 in the June 20 week. The 277,000 level in the May 30 week will roll off the four-week average calculation as the current week's is added, which would pull the moving average down by 1,250 if the MNI forecast is realized, all else being equal.



Seasonal adjustment factors expect unadjusted claims hold virtually steady in the June 27 week after rising by only 4,457 in the previous week. In the comparable week a year ago, unadjusted claims rose by only 762, as seasonal factors had expected, resulting in no change in the seasonally adjusted figure for the second straight week.



FACTORY ORDERS FOR MAY, THURSDAY, JULY 2, AT 10:00 A.M. ET

Factory orders are expected to fall 0.2% in May, as durable goods orders were already reported down 1.8% on a sharp decline in transportation orders. This should be partially offset by another modest increase in the month.