



MNI US DataWatch

By Kevin Kastner

The October 12 week starts off with the Columbus Day holiday and a light data day Tuesday, but it accelerates quickly with almost all of the mid-month data scheduled for the second half of the week. Retail sales and PPI data will be released Wednesday, CPI and regional manufacturing data will follow Thursday, and industrial production rounds out the week Friday.

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

TREASURY BUDGET STATEMENT FOR SEPTEMBER, TUESDAY, OCTOBER 13 AT 2:00 P.M. ET (DATE SUBJECT TO CHANGE DUE TO END OF FISCAL YEAR)

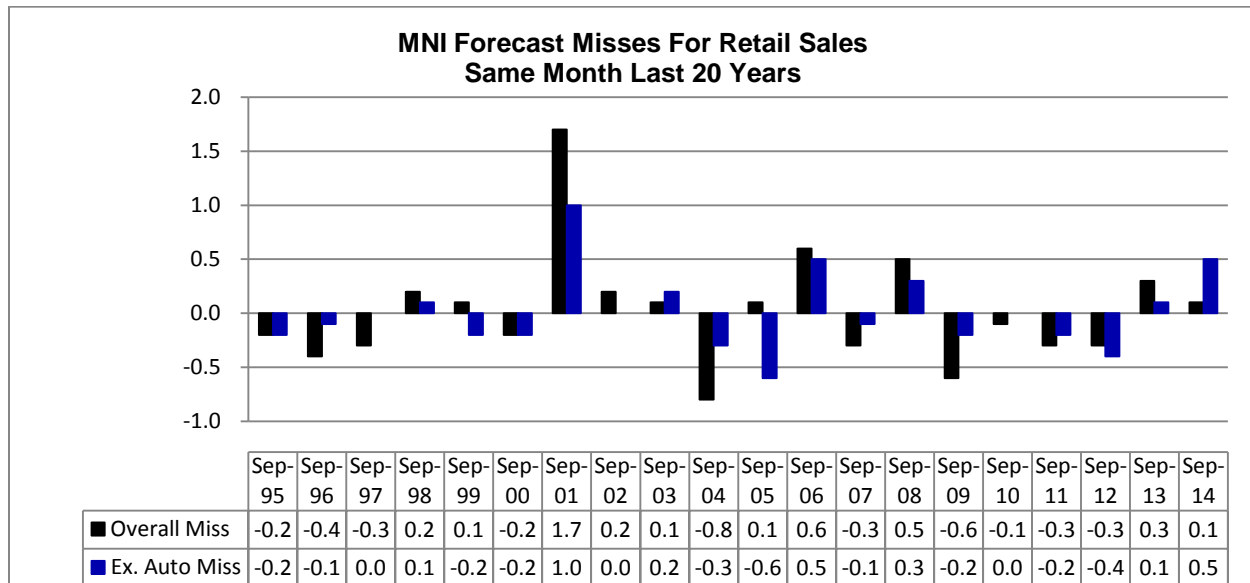
The U.S. Treasury is expected to post a \$94.8 billion budget surplus in September to finish out the fiscal year, compared with a \$105.8 billion surplus in September, 2014. As a result, the budget gap for FY 2015 should be considerably smaller than in the previous year.

RETAIL SALES FOR SEPTEMBER, WEDNESDAY, OCTOBER 14, AT 8:30 A.M. ET

Retail sales are forecast to rise 0.1% in September after a 0.2% rise in August. Unadjusted industry motor vehicle sales fell slightly in September from August, but were up sharply after seasonal adjustment, a strong positive for the headline figure. However, AAA reported that gasoline prices declined further in mid-September compared with one month earlier. Retail sales are expected to fall 0.1% excluding motor vehicles after August's 0.1% increase.

In the last 20 September reports, there have been 10 overestimates averaging 0.39 percentage point and 10 underestimates averaging 0.35 percentage point. The absolute average miss over the last 20 years was 0.37 percentage point, larger than the 0.33 average in August due to a 1.7 percentage point overestimate in September 2001 after the 9/11 attacks. Over the last 10 years, the absolute average miss was 0.32 percentage point, smaller than the 0.34 average in August, with an even split of over and under estimates.

For non-auto sales, there have been seven overestimates in September over the last 20 years, averaging 0.39 percentage point and 10 underestimates averaging 0.25 percentage point. The absolute average miss was 0.26 percentage point, above the 0.23 percentage point average in August, again due to a large miss in 2001. Looking at the last 10 years, the absolute average miss was 0.29 percentage point, smaller than the 0.29 percentage point miss over the same period in August, with four overestimates, and five underestimates.

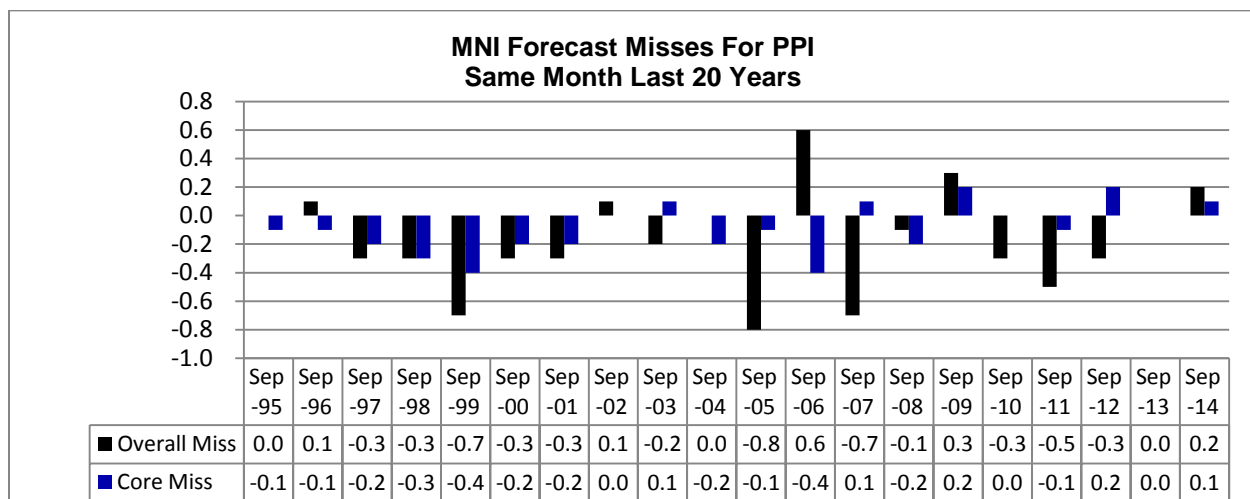


PRODUCER PRICE INDEX FOR SEPTEMBER, WEDNESDAY, OCTOBER 14, AT 8:30 A.M. ET

Final demand PPI is expected to fall 0.2% in September after a flat reading in August. Food prices are expected to rise modestly in September, while energy prices are forecast to post another decrease due to gasoline. Excluding food and energy prices, PPI is forecast to rise 0.1% after a series of 0.3% gains in recent months.

Over the last 20 years of September data, there been only five overestimates of overall PPI with an average of 0.26 percentage point, and 12 underestimates which averaged 0.40 percentage point. There was an absolute average miss of 0.31 percentage point over the 20 year period. Over the last 10 years, the absolute average miss was 0.38 percentage point, larger than the 0.32 miss in August, with three overestimates, six underestimates, and one correct estimate in 2013. The data suggest an upside surprise is possible.

The forecast history for PPI indicates greater accuracy when food and energy prices are excluded, but are still tilted toward underestimates. There were only five overestimates in the last twenty years that averaged 0.14 percentage point and 12 underestimates, averaging 0.21 percentage point. The absolute average miss over the 20-year period was 0.16 percentage point, up from 0.13 in the previous month. Over the last 10 years, the absolute average miss was 0.14 percentage point, with four overestimates, four underestimates, and two correct estimates, a better mix than in the previous ten years when underestimates were the dominant feature.



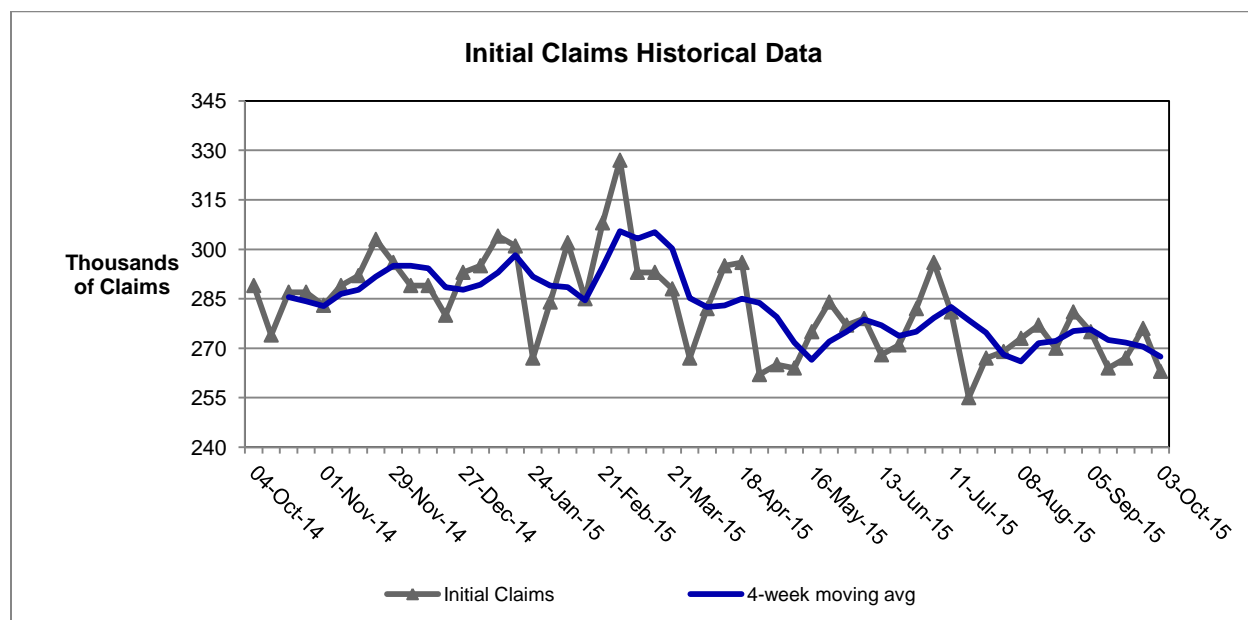
BUSINESS INVENTORIES FOR AUGUST, WEDNESDAY, OCTOBER 14, AT 10:00 A.M. ET

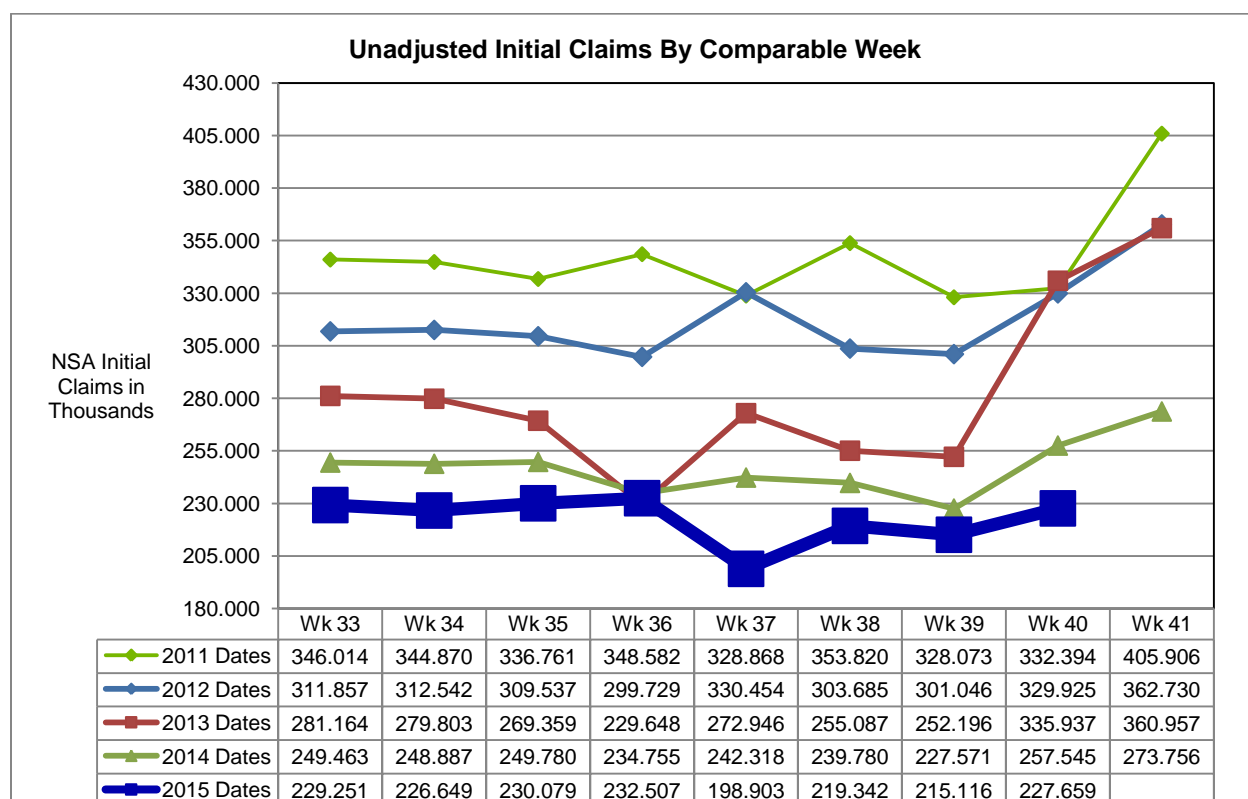
Business inventories are forecast to rise 0.1% in August, as wholesale inventories rose 0.1% and factory inventories fell 0.3%. As for sales, the 0.1% rise in retail trade sales in the advance estimate, if unrevised, will be more than offset by a 0.7% decline in factory shipments and a 1.0% plunge in wholesale sales, leaving total business sales down.

Components of Business Inventories and Sales To Date Monthly Seasonally Adjusted Percent Changes (except ratio)			
	Aug-15	Jul-15	Jun-15
Inventories:			
Factory	-0.3	-0.3	0.3
Wholesale	0.1	-0.3	0.7
Retail (before revision)	NA	0.6	1.0
Sales:			
Factory (shipments)	-0.7	-0.2	0.6
Wholesale	-1.0	-0.3	0.4
Retail Trade (before revision)	0.1	0.8	-0.1
Inventory/Sales Ratio			
Factory	1.35	1.34	1.35
Wholesale	1.31	1.30	1.30
Retail (before revision)	NA	1.46	1.46

WEEKLY JOBLESS CLAIMS FOR OCTOBER 10 WEEK, THURSDAY, OCTOBER 15, AT 8:30 A.M. ET

The level of initial jobless claims is expected to fall by 2,000 in the Oct. 10 week to 265,000 after a 13,000 decline in the previous week. The four-week moving average fell by 3,000 to 267,500 in the Oct. 3 week, a fourth straight decline. The 264,000 level in the Sept. 12 week will roll off the four-week average calculation as the current week is added.





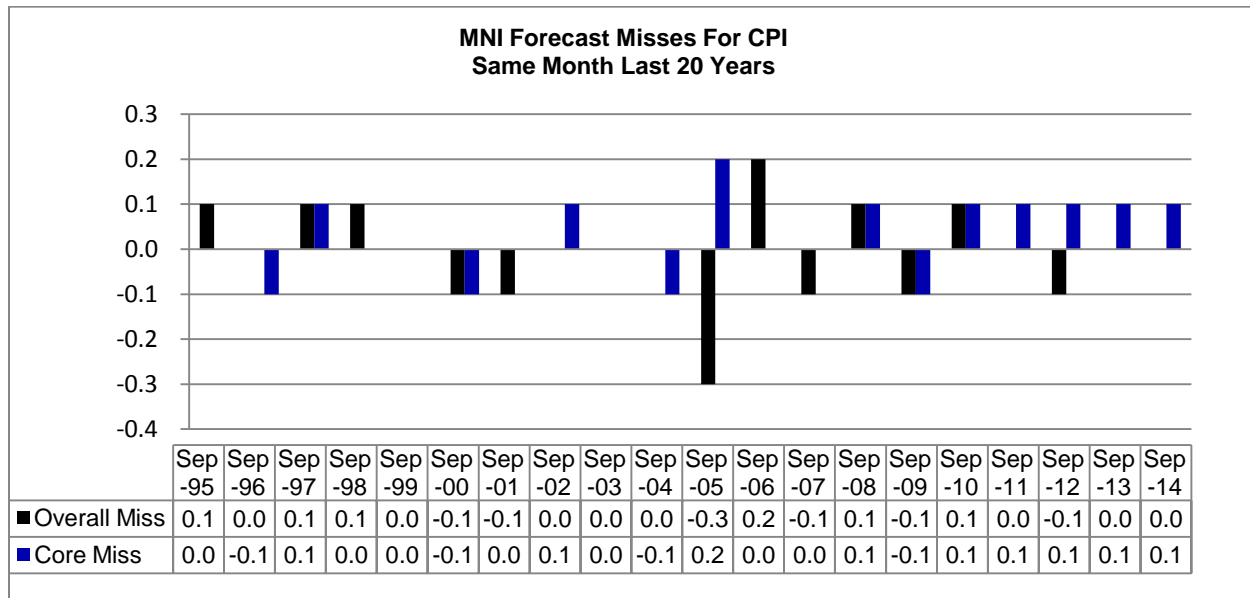
CONSUMER PRICE INDEX FOR SEPTEMBER, THURSDAY, OCTOBER 15, AT 8:30 A.M. ET

The CPI is expected to fall 0.2% in September. Analysts expect energy prices to decline further after a sharp 2.0% August decline, while food prices are seen up slightly for another month. AAA reported unadjusted gas prices decreased further in mid-September from a month earlier. The core CPI is expected to rise 0.1%.

	May-15	Jun-15	Jul-15	Aug-15	Sep-15
AAA Self-serve Reg Unleaded (\$/gal)	2.658	2.745	2.775	2.579	2.391
mo/mo pct change	11.3	3.3	1.1	-7.1	-7.3
ISM Manufacturing Index Price Index	49.5	49.5	44.0	39.0	38.0
ISM Nonmanufacturing Index Price Index	55.9	53.0	53.7	50.8	48.4

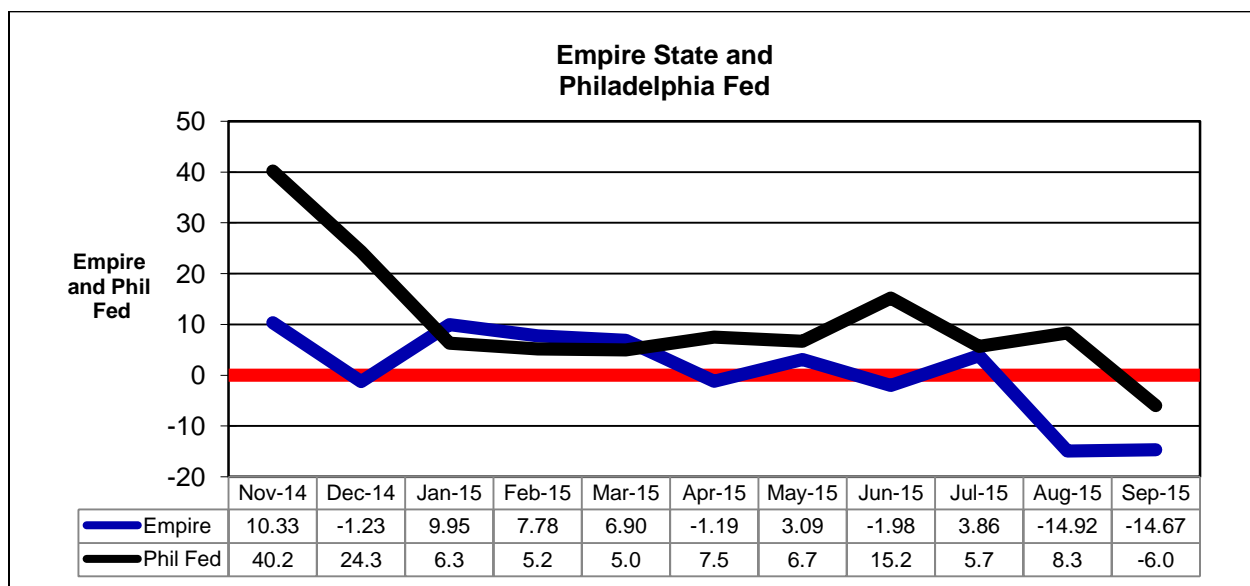
Over the last 20 September releases, the absolute average miss was only 0.08 percentage point, smaller than the miss for other indicators, as usual. There were six overestimates and six underestimates, most of which were by only 0.1 percentage point. Over the last 10 years, there was a 0.10 percentage point absolute miss, slightly larger than the 0.08 in August, but still extremely small. There were three overestimates, four underestimates, and three correct estimates, including in 2013 and 2014.

For core CPI, there were nine overestimates and only four underestimates over the last 20 years, almost all by 0.1 percentage point, and seven correct estimates. The absolute average miss over that period was 0.07 percentage point. Over the last 10 years, the absolute average was 0.09 percentage point, with seven overestimates, including each of the last five years, one underestimate and two correct estimates. The bottom line is that forecasts for CPI are extremely accurate and rarely result in major surprises in any month, including September.



EMPIRE STATE INDEX FOR OCTOBER, THURSDAY, OCTOBER 15 AT 8:30 A.M. ET
PHILADELPHIA FED INDEX FOR OCTOBER, THURSDAY, OCTOBER 15 AT 10:00 A.M. ET

The regional indicators released this week will give the first peek at conditions in the Northeast for October. The Empire State index is seen climbing to a reading of -7.0 in October after very weak contractionary readings in the previous two months, while the Philadelphia Fed index is expected to be flat after plunging to -6.0 in the previous month.



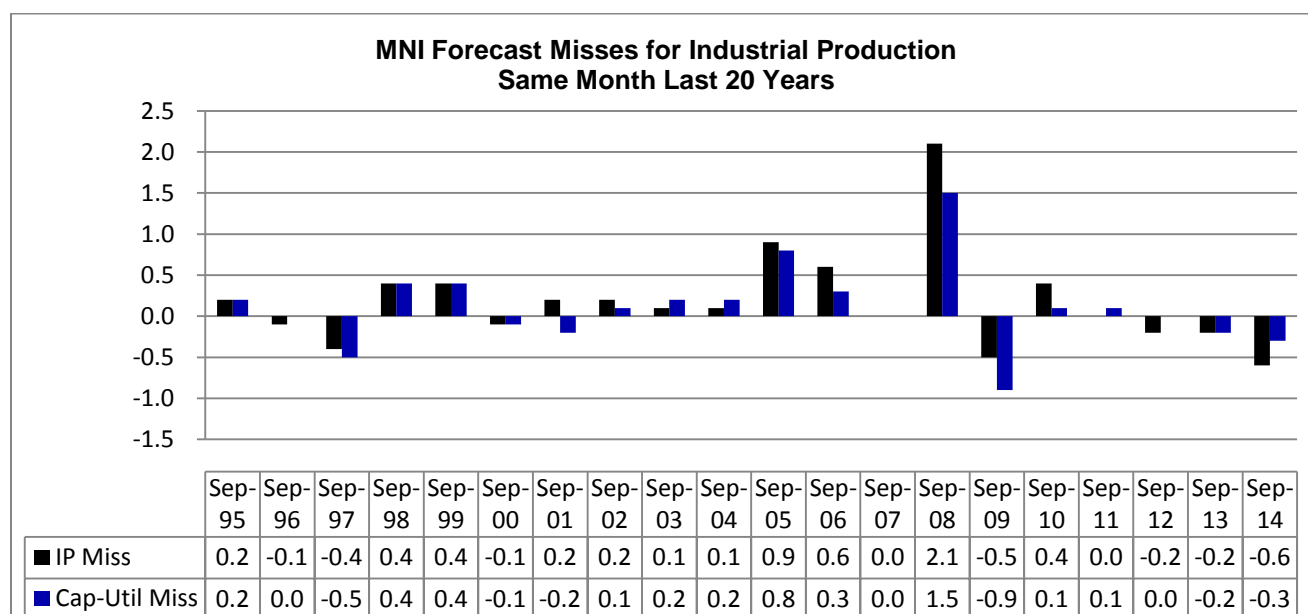
INDUSTRIAL PRODUCTION FOR SEPTEMBER, FRIDAY, OCTOBER 16, AT 9:15 A.M. ET

Industrial production is expected to fall 0.3% in September after a sharp reversal in August that was led by manufacturing, specifically auto production. Following on that, early manufacturing data do not suggest a rebound, as factory payrolls fell by 9,000 in the month and the factory workweek shortened by 0.1 hours to 34.5 hours in the month. The ISM production index fell to 51.8 in September from 53.6 in August. Utilities production is expected to moderate in the month after an August rebound, while mining production is expected to remain weak due to soft energy price. Capacity utilization is forecast to fall to 77.3%.

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September data over the last 20 years include 11 overestimates which averaged 0.51 percentage point and six underestimates over that period that averaged 0.25 percentage point. The absolute average miss was 0.39 percentage point over the 20-year period, up from 0.35 in August. Over the last 10 years, the absolute average miss was 0.55 percentage point, larger than the 0.34 percentage point average in August due to a large overestimate in 2008. When that was excluded, the absolute average miss was 0.38 percentage point. There were a mix of four overestimates, four underestimates, and two correct estimates over the last ten years, but with underestimates in each of the last three years.

Capacity utilization was overestimated 11 times over the last 20 years, averaging 0.39 percentage point, and underestimated six times by 0.37 percentage point. The absolute average miss in September over the last 20 years was 0.33 percentage points, down from 0.38 in August. Over the last 10 years, the absolute average miss was a relatively large 0.42 percentage point, with five overestimates and three underestimates.



PRELIMINARY MICHIGAN SENTIMENT FOR OCTOBER, FRIDAY, OCTOBER 16, AT 10:00 A.M. ET

The University of Michigan index is expected to rise to 87.5 in early-October from 87.2 in September.

	Sep-15	Aug-15	Jul-15	Jun-15	May-15	Apr-15
Michigan Consumer Sentiment						
Final	87.2	91.9	93.1	96.1	90.7	95.9
Preliminary	85.7	92.9	93.3	94.6	88.6	95.9
Current Conditions						
Final	101.2	105.1	107.2	108.9	100.8	107.0
Preliminary	100.3	107.1	106.0	106.8	99.8	108.2
Expectations						
Final	78.2	83.4	83.8	87.8	84.2	88.8
Preliminary	76.4	83.8	85.2	86.8	81.5	88.0