














US Consumer Report


ECONOMIC ANALYSIS:


CONSUMER SPENDING BUOYED BY RISING WAGES AND LOWER UNEMPLOYMENT

- The US unemployment rate in October edged down to 4.9%, which was in line with the consensus estimate and lower than the September reading of 5.0%.
- In the US, real PCE in September increased by 0.3% month over month, reflecting an increase in spending on durable goods.
- The core PCE deflator, which excludes food and energy prices, increased by 1.7% year over year for the month; the rate was still slightly below the Federal Reserve's target of 2%.
- The gas price has been range-bound between US\$2.15 and US\$2.26 from October to the middle of November, and closed at US\$2.187 on November 10, 2016.
- In the US, advance estimates of October retail sales were US\$465.9 billion, up by 0.8% month over month and 4.3% year over year.



INDICATOR	PERIOD	ACTUAL	SURVEY	PRIOR	INTERPRETATION*
Job Market					
Unemployment Rate	Oct	4.9%	4.9%	5.0%	
Labor Force Participation Rate	Oct	62.8%	–	62.9%	=
Prices					
PCE Deflator (YoY)	Sep	1.2%	1.2%	1.0%	
Core PCE Deflator (YoY)	Sep	1.7%	1.7%	1.7%	
CPI (NSA, YoY)	Sep	1.5%	1.5%	1.1%	
Core CPI (NSA, YoY)	Sep	2.2%	2.3%	2.3%	
Consumer Spending					
Consumer Sentiment	Nov	91.6	87.5	87.2	
Real PCE (MoM)	Sep	0.3%	0.2%	(0.2)%	
Retail Sales Advance (MoM)	Oct	0.8%	0.4%	1.0%	
Consumers' Disposable Income and Credit					
Real Disposable Income (SAAR, US\$ Bil.)	Sep	12,694.1	–	12,687.7	
Personal Savings Rate	Sep	5.7%	–	5.7%	
Consumer Credit Outstanding (US\$ Bil.)	Sep	3,706.8	–	3,687.5	

* indicates a positive signal for the country's economy,

 indicates a negative signal and = indicates not significantly positive or negative.

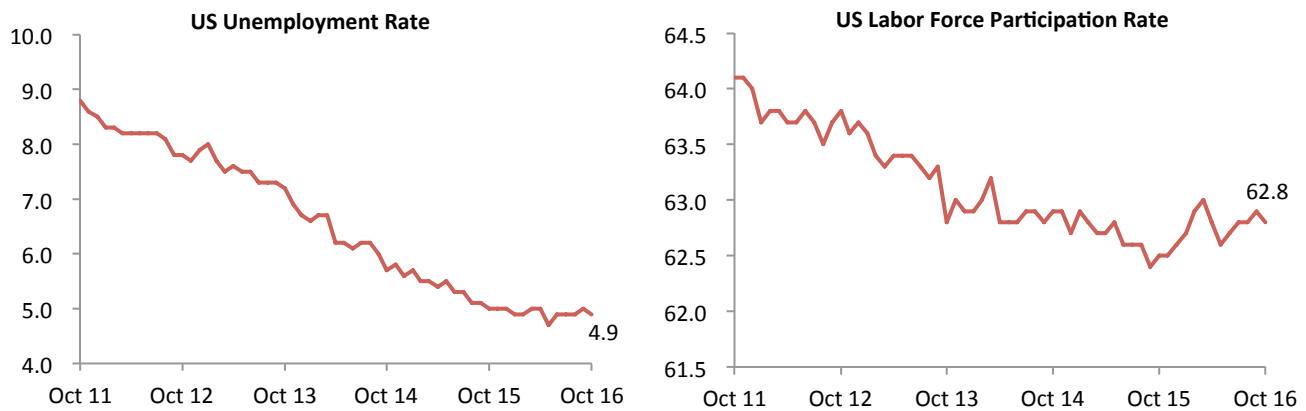
Source: US Bureau of Labor Statistics/US Bureau of Economic Analysis/US Energy Information Administration (EIA)/University of Michigan/US Census Bureau/Federal Reserve Board/Fung Global Retail & Technology

Job Market

The US unemployment rate in October edged down to 4.9%, in line with the consensus estimate and lower than the September reading of 5.0%.

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Figure 1. US: Unemployment Rate (Seasonally Adjusted, %); Labor Force Participation Rate (Seasonally Adjusted, %)



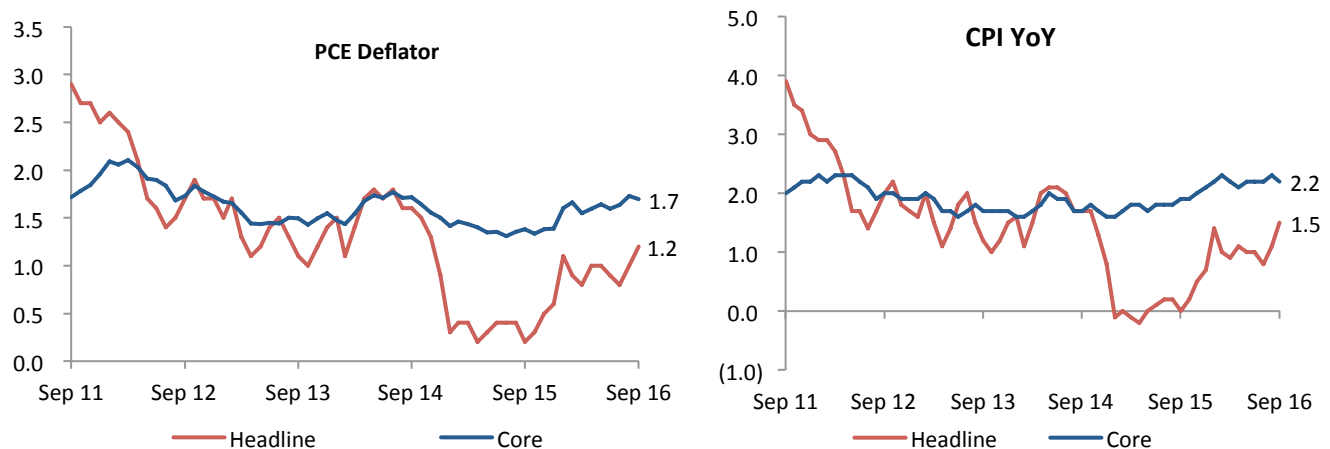
Source: US Bureau of Labor Statistics

Consumer Prices

The core PCE deflator, which excludes food and energy prices, increased by 1.7% year over year in September, slightly below the Fed's 2% target.

The PCE deflator, which is the Fed's preferred measurement of the inflation rate, ticked up by 1.2% year over year in September. The core PCE deflator, which excludes food and energy prices, increased by 1.7% year over year; the rate was still slightly below the Fed's 2% target, but was in line with the consensus estimate.

Figure 2. US: PCE Deflator, YoY % Change; CPI, YoY % Change



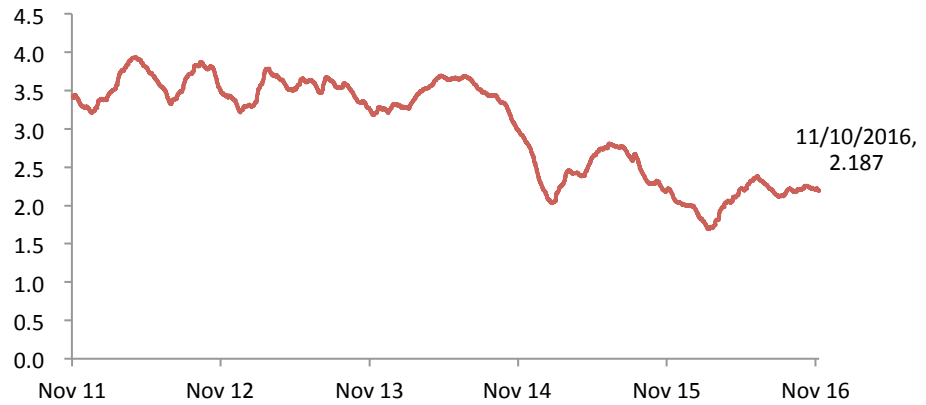
Source: US Bureau of Economic Analysis

The US CPI increased by 1.5% year over year in September and by 0.3% month over month. Core CPI, which excludes food and energy price movements, was up by 2.2% year over year, achieving the Fed's target of 2%. However, the Fed considers next week's PCE deflator to be a better inflation measure.

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The gas price has been range-bound between US\$2.15 and US\$2.26 from October to the midst of November, and closed at US\$2.187 on November 10, 2016. The OPEC production cut has failed to drive oil prices higher or sustain at levels above US\$50 per barrel.

Figure 3. US: Gasoline Prices (Non-seasonally Adjusted), US\$ per Gallon



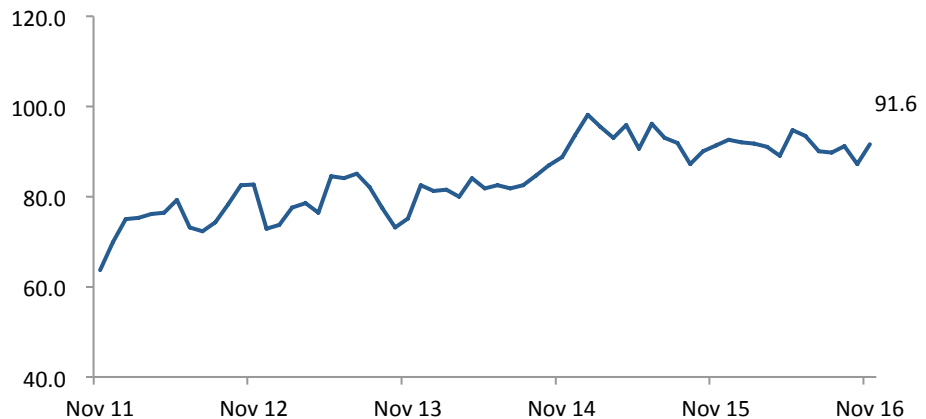
Source: EIA

Consumer Spending

In November, US consumer sentiment hit 91.6, which was better than the market's expectation of 87.5 and the prior month's reading of 87.2.

US consumer sentiment, as measured by the University of Michigan Index of Consumer Sentiment, hit 91.6 in November, above the market's expectation of 87.5 and the prior month's reading of 87.2. The gain was driven by an improved outlook for the economy. However, the November data were collected prior to the November 8 US presidential election, so further evidence may be needed from the coming months in order to confirm that consumer sentiment has indeed picked up.

Figure 4. US: University of Michigan Index of Consumer Sentiment

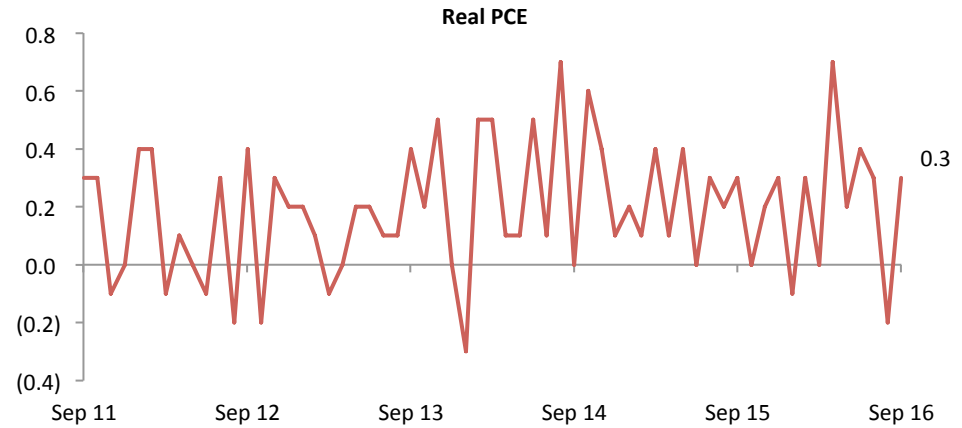


Source: University of Michigan

In the US, real PCE increased by 0.3% month over month in September.

In the US, real PCE in September increased by 0.3% month over month, reflecting an increase in spending on durable goods, as consumer spending has been supported by rising wages and low unemployment rates.

Figure 5. US: Real PCE (Seasonally Adjusted), MoM % Change

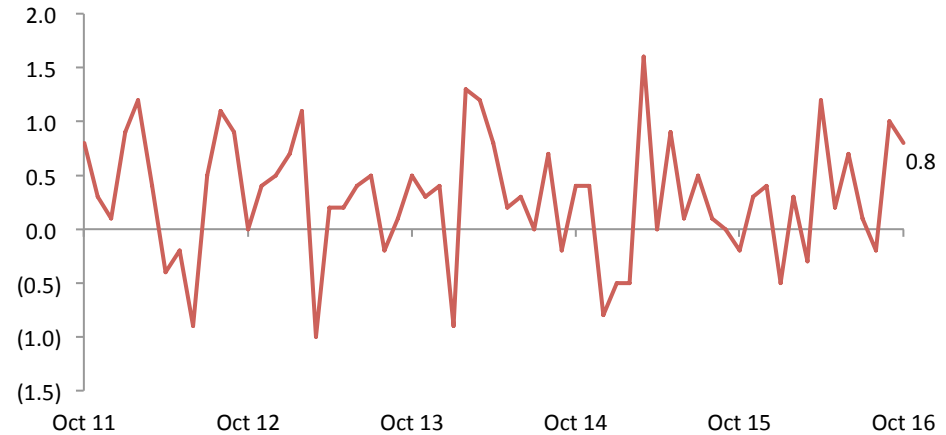


Source: US Bureau of Economic Analysis

In the US, advance estimates of October retail sales were US\$465.9 billion, up by 0.8% month over month and 4.3% year over year.

Retail sales were buoyed partly by stronger auto sales. Auto retail sales increased by 1.1% month over month and retail sales of gas stations increased by 2.2% month over month.

Figure 6. US: Retail Sales (Seasonally Adjusted), MoM % Change



Source: US Census Bureau

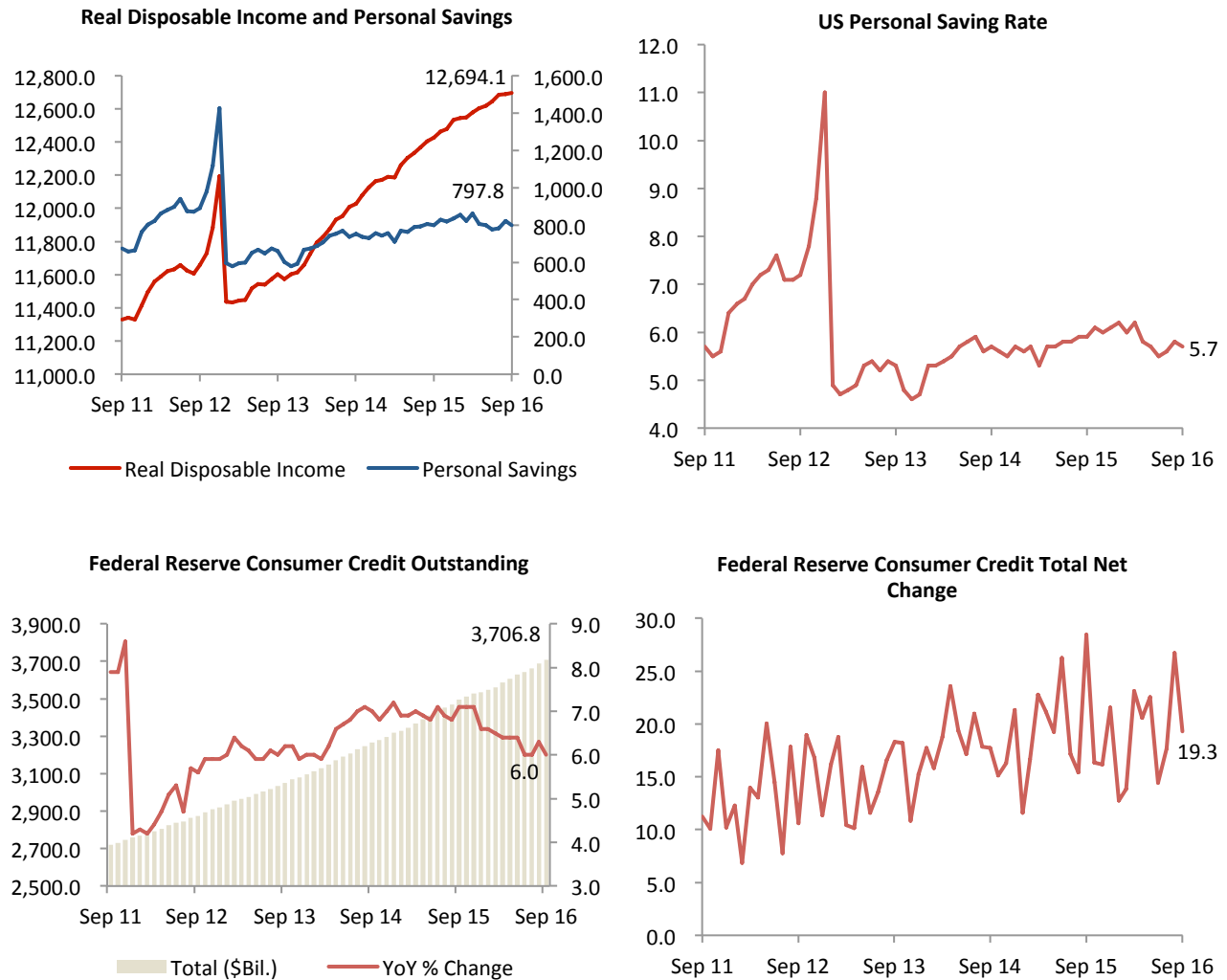
Real disposable personal income was flat month over month in September for the second consecutive month, as inflation eroded most of the gains in employees' compensation and in nonfarm proprietors' income.

Consumers' Disposable Income and Credit

Real disposable personal income totaled US\$12,694 in September, which was flat month over month for the second consecutive month, as inflation eroded most of the gains in employees' compensation and in nonfarm proprietors' income.

In September, consumer credit outstanding totaled US\$3,706.8 billion, up 6.0% year over year, or US\$19.3 billion month over month.

Figure 7. US: Real Disposable Income and Personal Savings (Seasonally Adjusted Annual Rate), \$ Bil.; Federal Reserve Consumer Credit Outstanding (Seasonally Adjusted)



Source: US Bureau of Economic Analysis/Federal Reserve Board

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