



## Rosenthal's Economic Update and Thought for the Week



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### **Friends and Colleagues**

As we settle into the new political reality, it's time to consider it's impact on the state of the economy.

Please read on for economic insights thanks to the economists at Wells Fargo Securities (WFS).

### **Where Is Our Economy Going?**

Things seem to be rolling along....

- The US economy expanded 1.4% in Q1, which was greater than expected.
- Personal consumption rose 1.1% in Q1, which also beat expectations.
- WFS projects Q2 GDP will get a solid boost from consumption.
- Consumer confidence is very strong, hitting a cycle high in March.
- While consumers are disappointed that progress toward policy objectives has been slower than expected, they remain upbeat, particularly about the labor market.
- Personal income grew 0.4% in May, ahead of expectations.
- Inflation remains low as the PCE deflator increased only 1.4%, vs. the FOMC target of 2.0%.
- Manufacturing, while not ramping up significantly, is still faring better than it did a year ago.
- WFS projects continued slow steady improvement in manufacturing until there is some clarity on fiscal policy.

### **What's Happening Overseas?**

Consumer confidence in the Eurozone is currently booming; however, the economy itself is showing steady growth.

- The German business sentiment index increased in June to its highest level in 26 years!
- German consumer confidence just reached a 16 year high.
- In France, consumer confidence also rose to a 10 year high on the heels of President Macron's victory in May.
- The Italian index of consumer confidence also rose last month.
- German industrial production rose 2.3% in Feb-Apr vs. last year. This shows strong, but not booming growth.
- The Eurozone economy is in its fourth year of expansion and is becoming self-sustaining.
- Euro-inflation is well below the ECB target of 2.0%.
- WFS projects the ECB will "taper" its quantitative easing program later in the year and will refrain from raising interest rates until later in 2018.

### **Interest Rates?**

- WFS suggests current US economic data are "generally supportive" of higher interest rates.
- Increases in consumer confidence and real GDP growth have the US economy on a positive path, which could suggest rising rates over time.

As always, the only thing that is constant is change.  
And the best way to keep ahead is to keep informed.  
So please stay tuned....

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**THOUGHT FOR THE WEEK**

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**Slow Down and Listen**

Our world today is fast, fast, fast.  
Instant news. Instant feedback. Instant fans.  
Social media is all about saying, "Hey Look at Me!!!"

How much are we missing by spending our time and energy getting people to see us?

We are missing the stories that our loved ones have to share.  
Not their tweets or Facebook posts....their real stories....about excitement and pain and fear and goals and worries  
and.....life.

Life is not a bunch of sound-bytes for the public to see.  
Life is about what happens behind those rosy bits of news.

The only way to learn what others are going through is to slow down....and make time for them. it takes  
listening...real, heart-felt listening. Not listening, while thinking of what I can say next.

Listening is an underrated and seldom taught, essential skill.  
It requires us to put down the devices, and pay attention...with our ears, our mind, and our heart.

Listen for content.  
Listen for tone.  
Listen to learn.  
Listen to truly hear.

In the days and weeks ahead, let's do the hard work of paying attention with our whole being, when our loved ones  
and our colleagues are talking.

We may be surprised what we learn...

Make it a great week!

*David*

**David Rosenthal, MAI, FRICS**  
President & CEO  
Curtis-Rosenthal, Inc.



[www.curtisrosenthal.com](http://www.curtisrosenthal.com)  
310.215.0482