

'This newsletter is translated from the Japanese edition distributed on April 21st
Center for Risk Management Strategy at Deloitte Touche Tohmatsu LLC.

Global Risk Watch Newsletter

Would the normalized Trump regime be able to hold back
rewinding of the Trump rally?, etc.

Global Risk Watch Vol.25
28 April 2017

=====

《index》

1. [# Would the normalized Trump regime be able to hold back rewinding of the Trump rally? \(Tsuyoshi Oyama\)](#)
2. [# Restoring the Glass-Steagall Act \(Yuri Nakano\)](#)
3. [# Is the U.S. personal consumption headed to a deceleration trend? \(Toshikazu Kumagai\)](#)
4. [Seminars, Conference & Publications](#)

=====

3. Highlight of Indicator for this Month

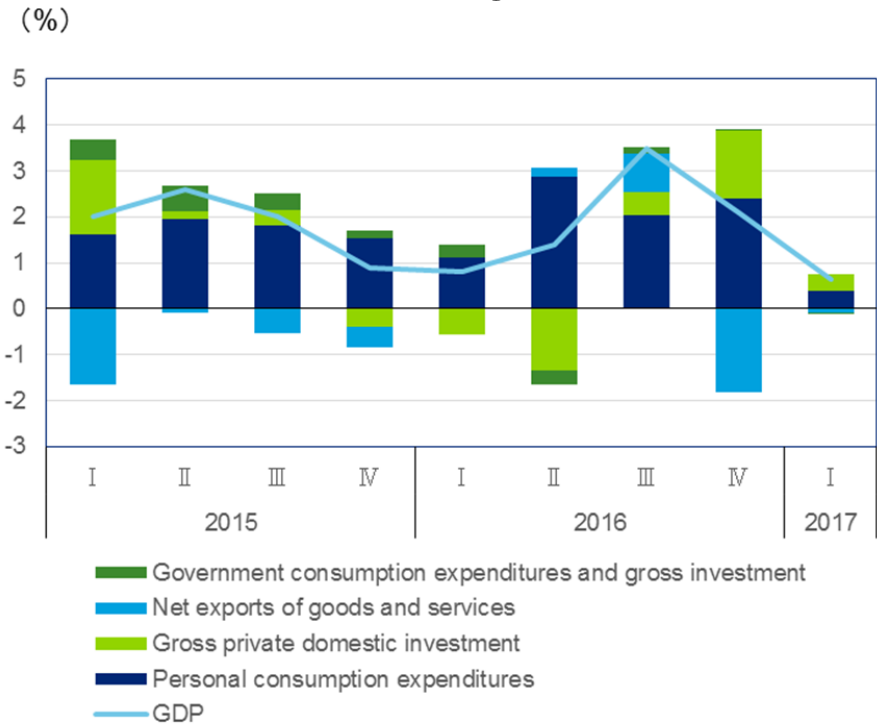
Is the U.S. personal consumption headed to a deceleration trend? (Toshikazu Kumagai, Senior Staff, Center for Risk Management Strategy at Deloitte Touche Tohmatsu LLC)

While the divergence between soft and hard data in the U.S. economy draws attention, the views on its prospect also vary. Regarding the 2017 January-March period GDP growth prospect, the New York Fed's Nowcast predicts it to be around 3%, while the Atlanta Fed says below 1%. In the data of Atlanta Fed's GDPNow, when comparing growth of demand components in this quarter to the previous one, deceleration in personal consumption is particularly remarkable (Chart 1).

In order to examine personal consumption in detail, let us have a look at monthly economic indices. The University of Michigan Consumer Sentiment Index and the Consumer Sentiment Index of the Conference Board, both representing soft data, have been improving. By contrast, the personal consumption expenditures, signifying hard data, indicate a consecutive month-on-month decline in January and February, due to decrease in services which amounts to over 60% of the entire personal consumption (Chart 2). Moreover, January experienced a notable drop in the consumption of durable goods. In order to see which components are falling, let us look into the retail sales figures, mostly indicative of consumption of goods (Chart 3). The month-on-month comparison of the retail sales shows a decline in February and March, given negative contribution from motor vehicle and parts dealers. This is also confirmed with the auto sales statistics.

Considering the above factors, the personal consumption in the 2017 January–March period is likely to slow down, if not rapidly. It requires close monitoring whether the weakest consumption since early this year, shown by the hard data, is only temporary, or it signals a trend toward deceleration.

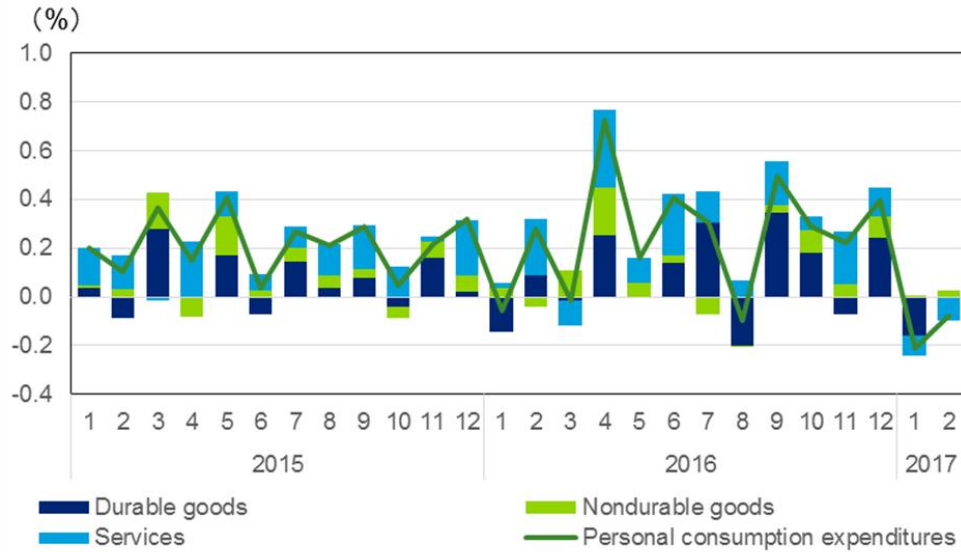
Chart1 : Trend in GDP and the Prospect for the January-March Period



*(Source) U.S. Bureau of Economic Analysis, Federal Reserve Bank of Atlanta, Deloitte Touche Tohmatsu LLC.

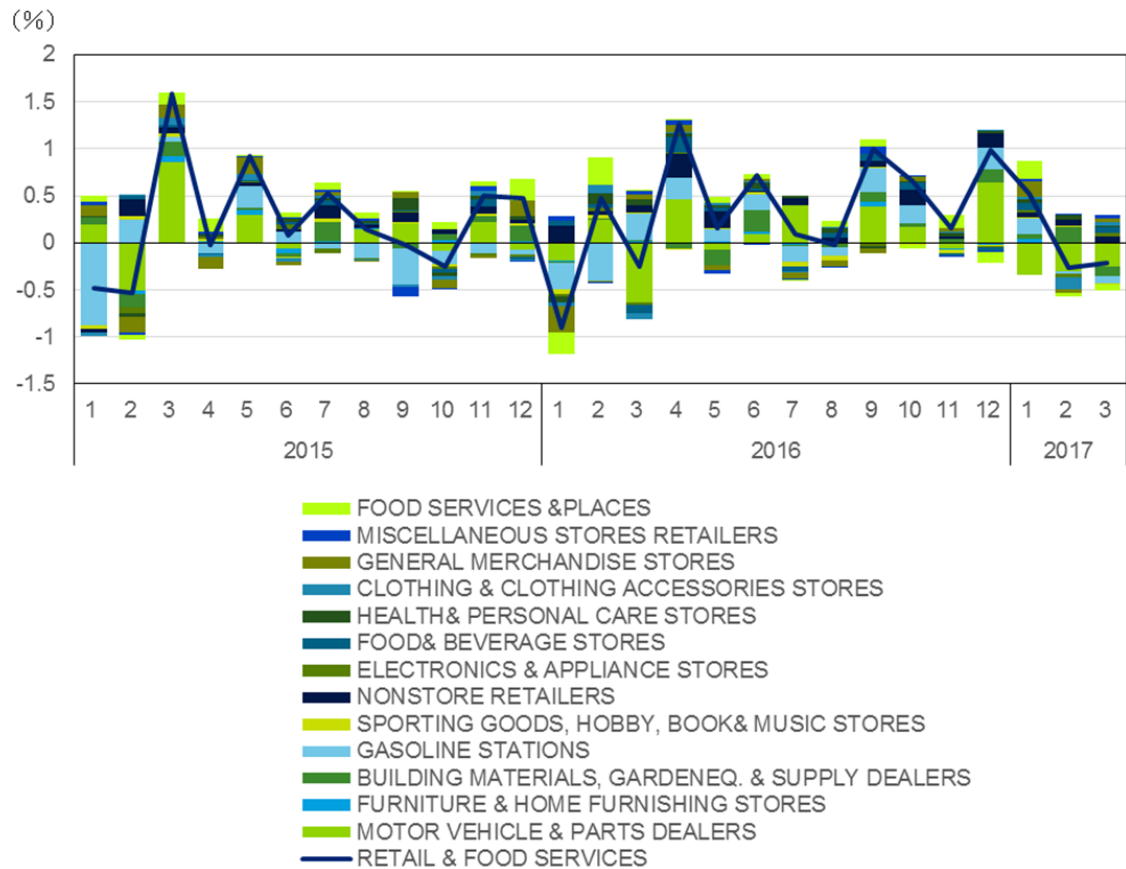
*(Source) 2017 1Q data from Federal Reserve Bank of Atlanta, "GDP Now"

Chart2 : Trend in Personal Consumption Expenditures



*(Source) U.S. Bureau of Economic Analysis, Deloitte Touche Tohmatsu LLC.

Chart3 : Trend in Retail Sales



*(Source) U.S. Bureau of Economic Analysis, Deloitte Touche Tohmatsu LLC.

[Home](#) | [Security](#) | [Legal](#) | [Privacy](#)

Deloitte Tohmatsu Group (Deloitte Japan) is the name of the Japan member firm group of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee, which includes Deloitte Touche Tohmatsu LLC, Deloitte Tohmatsu Consulting LLC, Deloitte Tohmatsu Financial Advisory LLC, Deloitte Tohmatsu Tax Co., DT Legal Japan, and all of their respective subsidiaries and affiliates. Deloitte Tohmatsu Group (Deloitte Japan) is among the nation's leading professional services firms and each entity in Deloitte Tohmatsu Group (Deloitte Japan) provides services in accordance with applicable laws and regulations. The services include audit, tax, legal, consulting, and financial advisory services which are delivered to many clients including multinational enterprises and major Japanese business entities through over 9,400 professionals in nearly 40 cities throughout Japan. For more information, please visit the Deloitte Tohmatsu Group (Deloitte Japan)'s website at www.deloitte.com/jp/en.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on [Facebook](#), [LinkedIn](#), or [Twitter](#).

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2017. For information, contact Deloitte Touche Tohmatsu LLC.