



# U.S. Real-Time Data

No material deterioration in activity (yet)

**S&P Global**  
Ratings

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May 2025

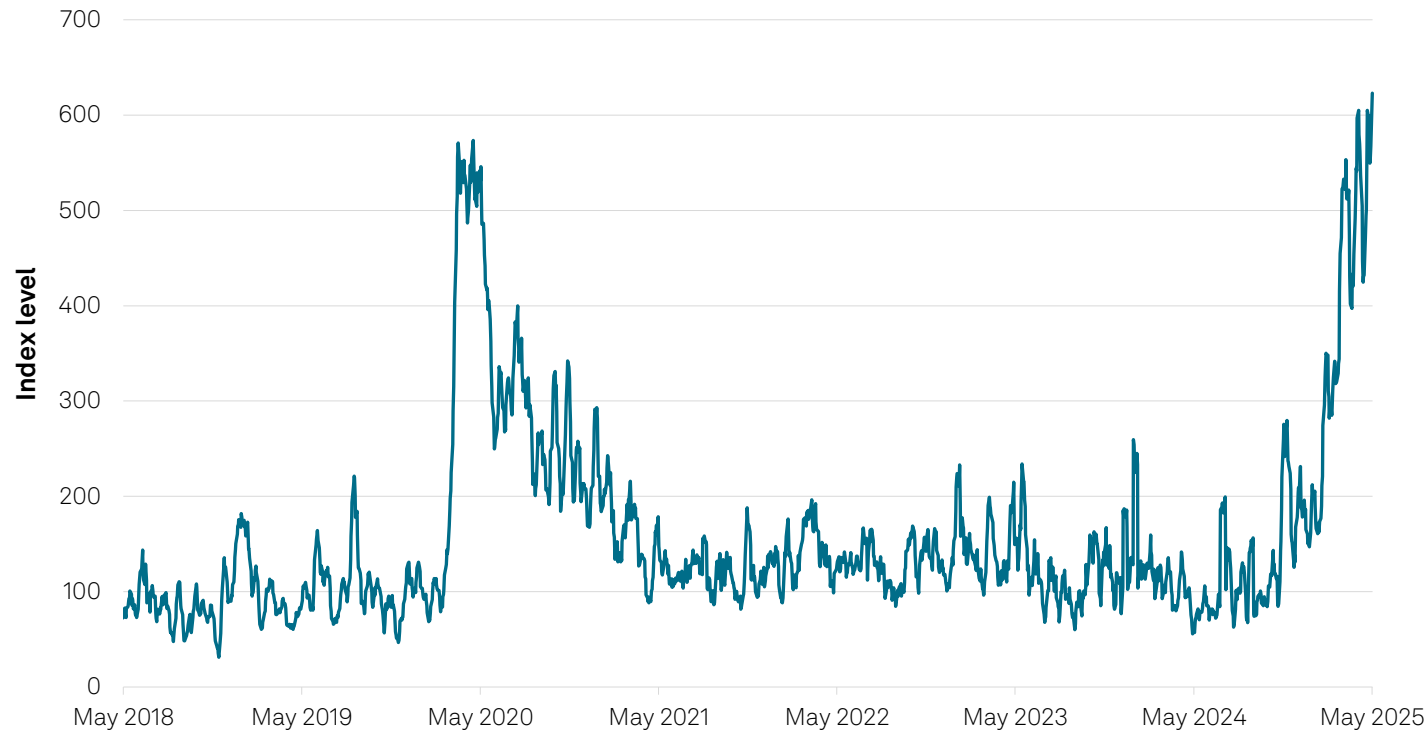
*This report does not constitute a rating action*

## Key Highlights

- Uncertainty is high, sentiments sour, and the business activity outlook remains very pessimistic. But this has not translated into meaningful deterioration of real-time current activity data.
- Weekly economic index and retail sales remain solid.
- Domestic travel and hotel bookings have held up despite headline fear.
- U.S. industrial output and utilization lag pre-pandemic levels, and economywide shortages since the pandemic have not normalized yet and look to continue with trade/tariff constraints.
- Following the U.S.-China trade truce, container ship movements appear to have found a floor (for now) after a sharp climbdown from tariff front-running.

# Uncertainty Surge: Policy Fog Clouds U.S. Growth Outlook

## U.S. economic policy uncertainty

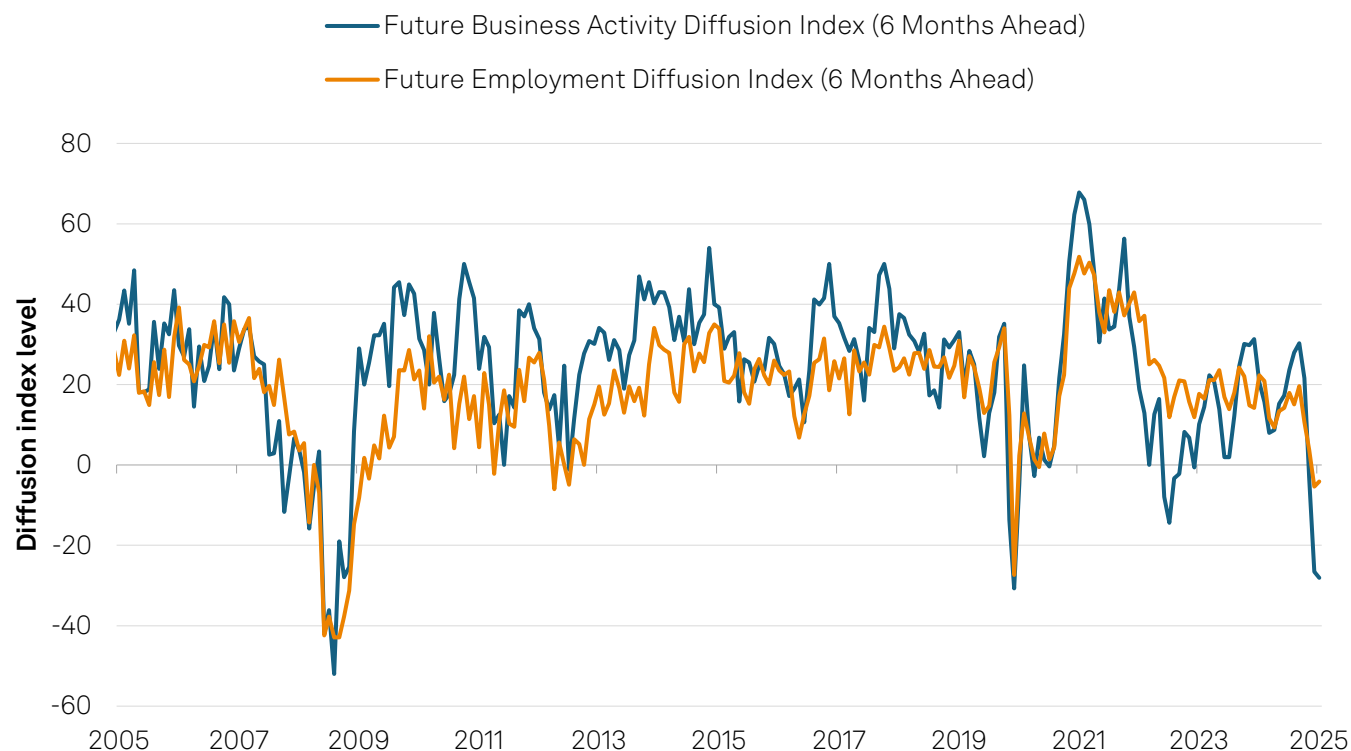


Data through May 12, 2025 (7-day moving average), daily data. Sources: US Economic Policy Uncertainty, Refinitiv, S&P Global Ratings Economics.

- Economic policy uncertainty has surged in recent months, primarily due to increasing trade and tariff-related and inflationary concerns .
- This uncertainty is hindering economic growth as businesses postpone hiring and capital investments, which dampens consumer spending and slows growth momentum.
- The uncertainty level in May 2025 is higher than May 2020, showcasing dampened outlook for inflation, business sentiment, and federal, state, and local expenditures.
- The negative outlook is exemplified by University of Michigan consumer sentiment future expectations falling for a fifth consecutive month and Empire State Manufacturing Survey with a declining business sentiment outlook for a third consecutive month in May.

# Business Activity Outlook Darkens Amid Rising Challenges

## Future Business Activity Diffusion Index

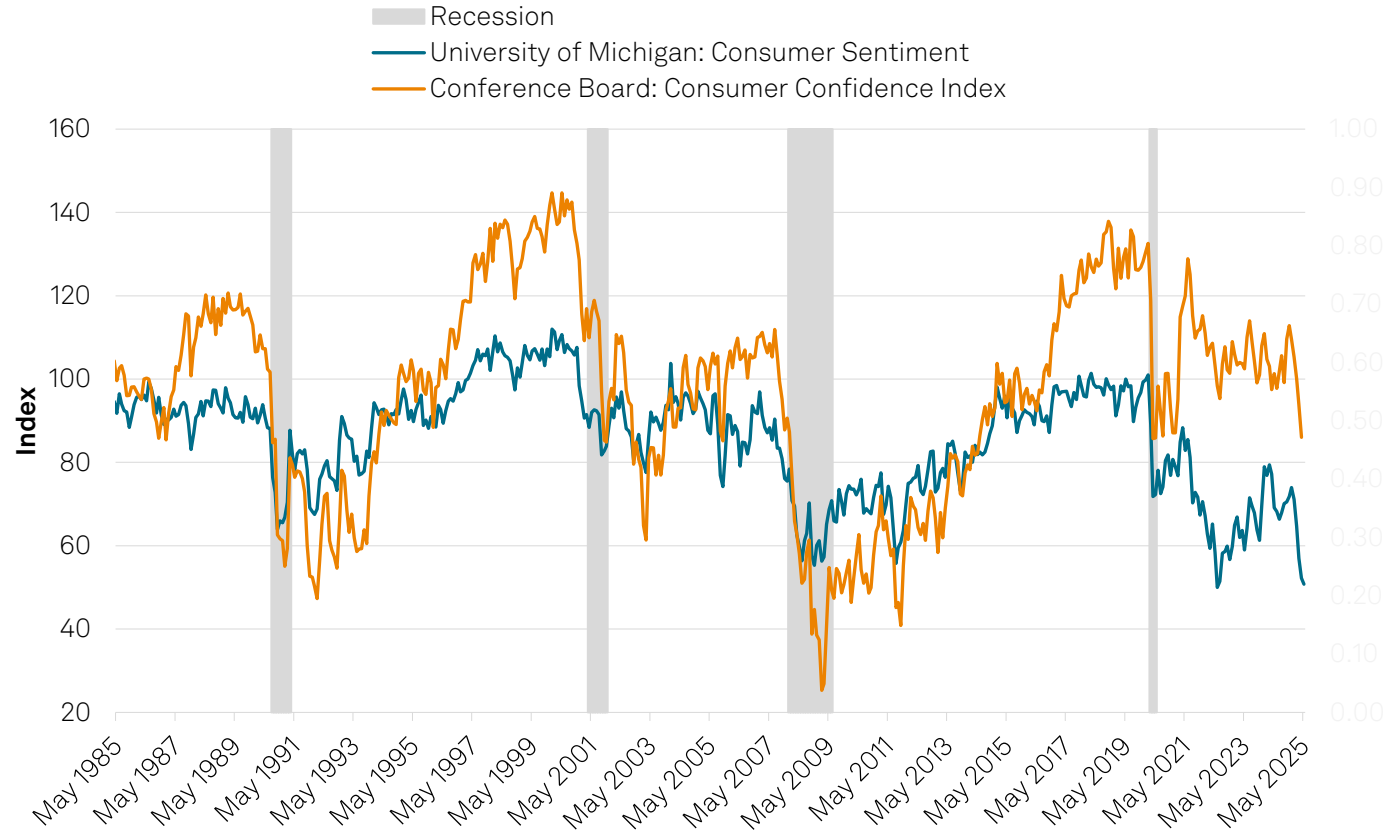


- The New York Fed's Business Leaders Survey future activity diffusion index dropped to -28.1 in May 2025, its lowest level since April 2020, indicating bleak expectations for future business activity.
- Nearly 50% of respondents anticipate sluggish future activity, while only 21% expect conditions to improve, marking the lowest optimism since the global financial crisis.
- The future employment index remains negative for the second consecutive month, and over 50% of firms foresee worsening supply availability in next six months amid elevated trade uncertainties. This is not a surprise given the current uncertain tariff levels.

Sources: Federal Reserve Bank of New York, via S&P Global Market Intelligence. Data through May 2025.

# Overall Consumer Sentiment Is Pessimistic

## Consumer sentiment

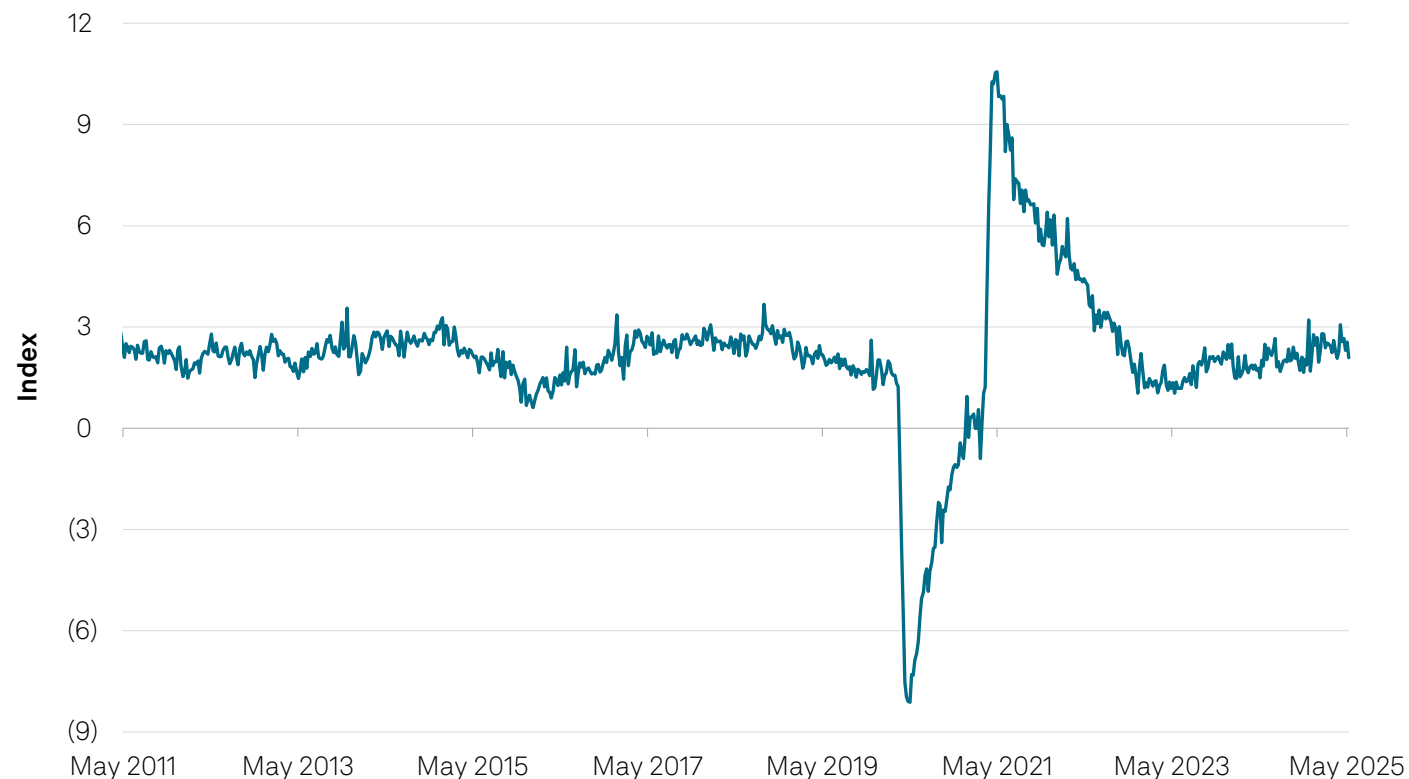


Sources: S&P Global Market Intelligence, the Conference Board, S&P Global Ratings Economics. Data through May 2025.

- The University of Michigan's consumer sentiment index fell to 50.8 in May, the lowest reading in almost three years.
- Broadly, consumer sentiment has been buffeted by volatility in both tariff policy and financial markets.
- The drop is largely due to heightening inflation concerns and job loss fears. One year inflation expectations accelerated to 7.3% from 6.5% last month. There is nothing in the hard data showing consumer retrenchment on par with the current level of gloom.
- In April, the U.S. consumer confidence index declined sharply by 7.9 points for the fifth straight month. The Expectations Index dropped to 54.4, its lowest level since October 2011, and well below the threshold of 80, usually signaling a recession ahead.
- The three expectation components—business conditions, employment prospects, and future income—all deteriorated sharply, reflecting pervasive pessimism about the future.

# Real-Time Growth Gauge: Weekly Index Continues To Show Resilience

## Weekly economic index

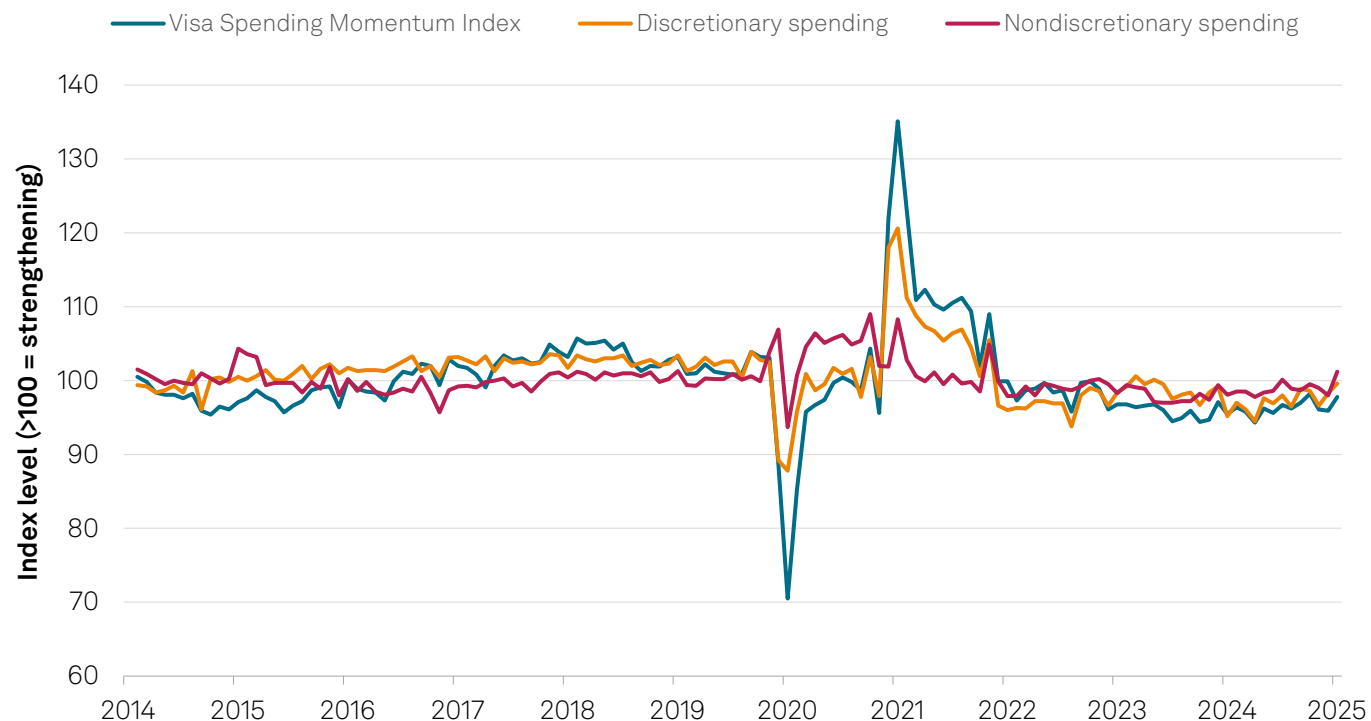


Sources: Fred, S&P Global Ratings Economics. May 10, not seasonally adjusted.

- As of May 10, U.S. economic growth momentum has strengthened in the second quarter, according to the Weekly Economic Index (WEI). The 13-week moving average is 2.44%.
- For the week ending May 10, the WEI registered at 2.09%, a decrease from 2.55% the prior week. This decline can be attributed, in part, to a slowdown in Redbook same-store sales, despite an uptick in raw steel production and railroad traffic.

# But Consumer Outlays Continue To Keep Apace

## Visa Spending Momentum Index



Source: Visa/Haver Analytics. Data through April 2025.

- The Visa Spending Momentum index is a leading economic indicator that provides a read on the health of consumer spending.
- At the start of the second quarter, Visa spending momentum appears to have picked up after a moderation in the first quarter.
- The index remains at 98.0 in April, and 97.1 average in the first four months, close to their threshold level of 100. A reading below 100 means spending momentum is weakening. This is not concerning as these numbers are comparative to a solid holiday spending in December 2024.
- Nondiscretionary spending surged in April to its highest level since February 2022, indicating a rebound in spending momentum in this category.
- Discretionary spending also increased in April, although at a slightly slower pace.

# Retail Sales Pulse Check: Redbook Same-Store Sales Remains Solid

## Redbook same-store retail sales

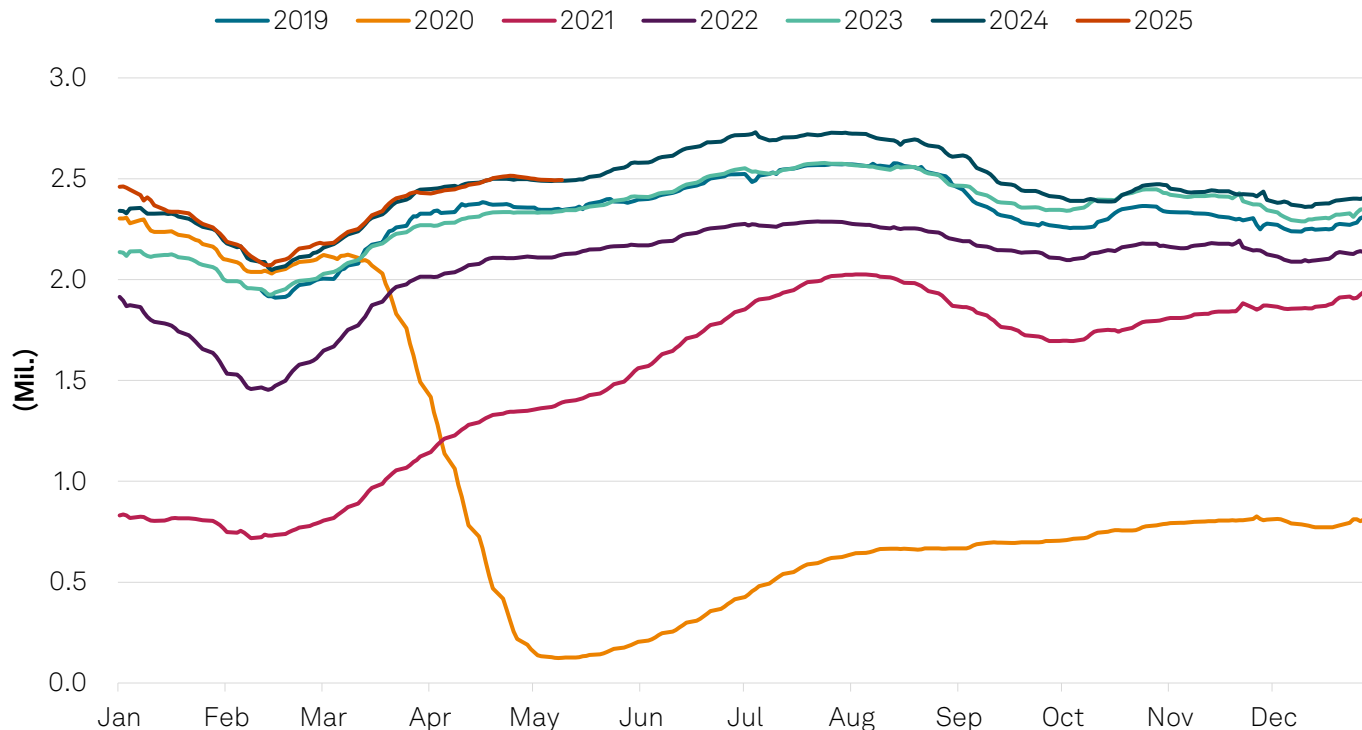


- The Redbook Same-store sales index is the percentage change in sales at stores that have been open for at least a year.
- The index averaged 6.8% year-over-year growth in April. The first four months averaged to 2.4% growth, more than the 2.2% in the last quarter of 2024.
- It remains volatile but well above the pre-pandemic average.
- Household spending continues to remain solid, underpinned by resilient labor market conditions.
- This continues to echo the narrative that consumers are spending despite sentiment showing concerns.

Source: Redbook, S&P Global Market Intelligence, S&P Global Ratings Economics. Data through May 5, 2025.

# Air Travel Takes Off: TSA Checkpoint Volume Remains High

## TSA checkpoint volume



Source: Transportation Security Administration (TSA), Refinitiv, S&P Global Ratings Economics, 30 day moving average. Data through May 15, 2025.

- TSA checkpoint numbers in April and mid-May 2025 have remained consistent with 2024 volumes, indicating steady domestic travel demand.
- In the first quarter, an average 2.27 million passengers have traveled per day, compared with 2.43 million passenger per day in Q4 2024.
- However, April through mid-May, the volume ticked up to 2.49 million per day without any deviation from last year's levels.
- That said, international air travel drifted down in the first quarter. Preliminary estimate suggest international travel fell by close to 3.5% from the previous quarter.
- Additionally, first-quarter GDP data showed that travel services exports fell by 1.8% from the previous quarter, marking the first decline since Q3 2020.

# Vegas Lacks Luster To Attract Tourists?

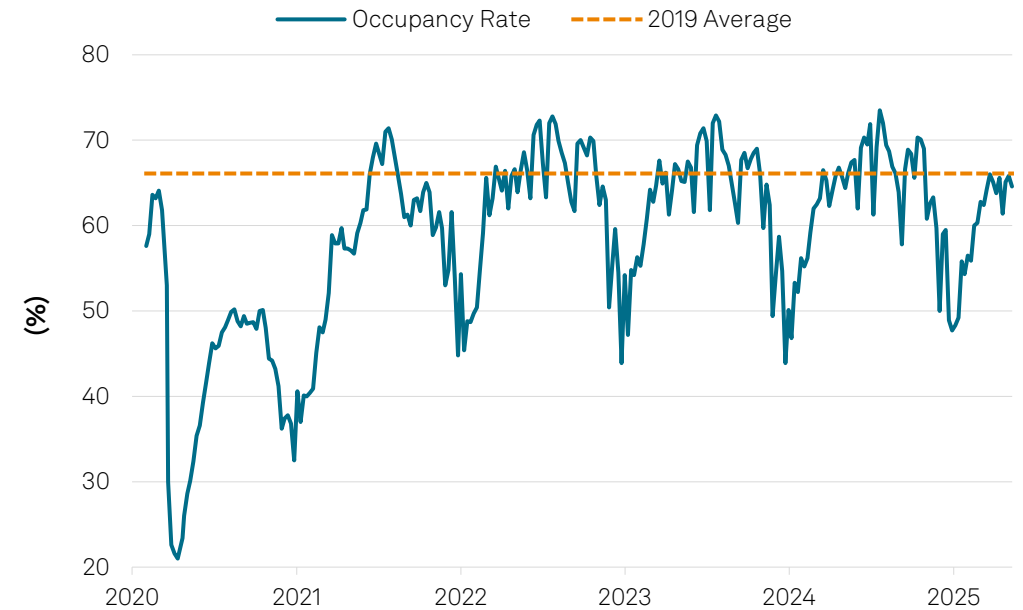
- Las Vegas visitor arrivals in the first quarter fell by nearly 7% year-over-year.
- Meanwhile, the overall hotel occupancy rate in the U.S. was 64.6% through May 10, with an average of 64.4% in the second quarter (up to that date), which is about 5.9 percentage points higher than the first quarter average of 58.5% (largely due to extreme cold weather). The rate remains below the pre-pandemic average since August 2024.

## Las Vegas visitor volume



Source: Las Vegas Convention and Visitors Authority, S&P Global Ratings Economics. Data through March 2025.

## STR hotel occupancy rate

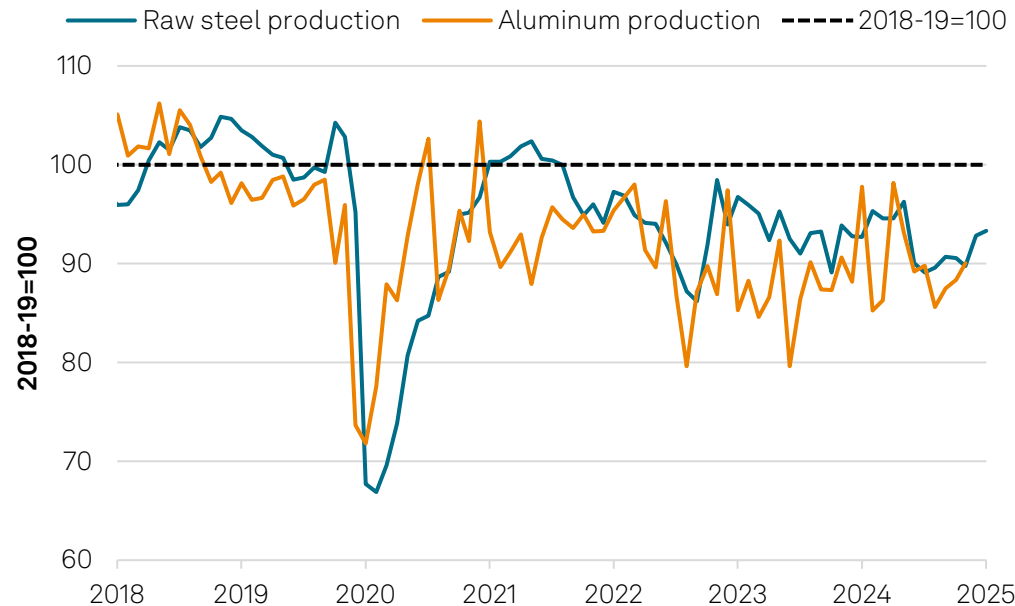


Source: Smith Travel Research (STR), S&P Global Ratings Economics. Data through May 10.

# U.S. Industrial Output And Utilization Remain Behind Pre-Pandemic Levels

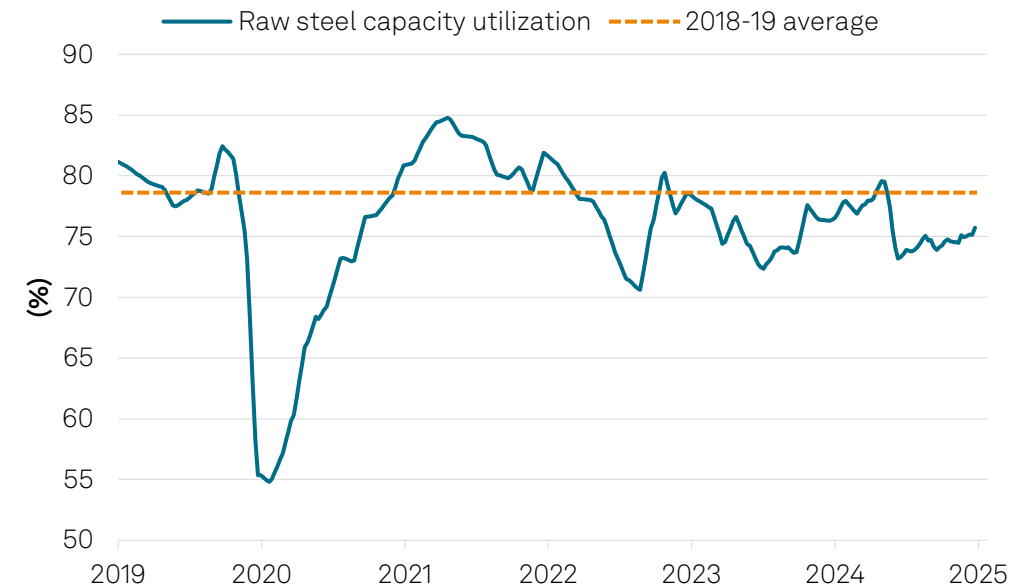
- As of May 2025, U.S. steel and aluminum production remains below 2018–2019 levels, pointing to demand challenges.
- As of April 2025, U.S. raw steel capacity utilization is around 75%, slightly below the 2018–2019 average.

## Raw steel and aluminum production



Sources: American Iron and Steel Institute, U.S. Federal Reserve, S&P Global Ratings Economics. Data through May 2025.

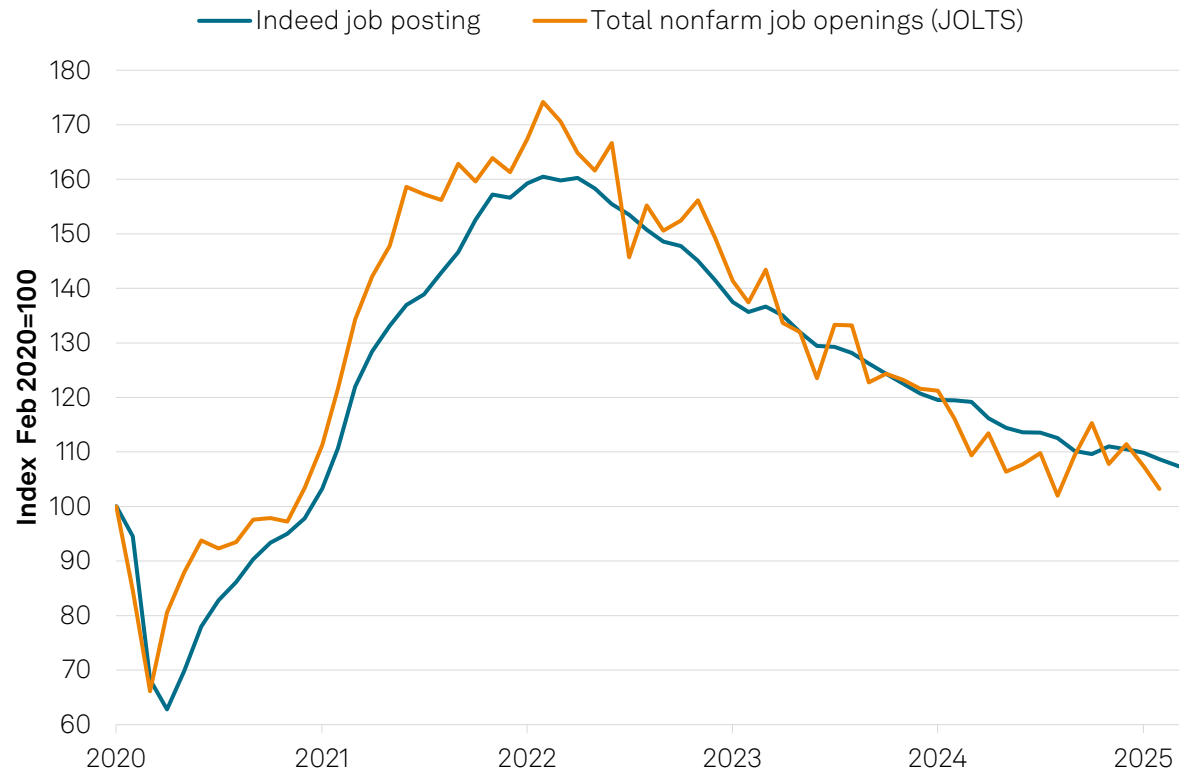
## Raw steel capacity utilization



Sources: American Iron and Steel Institute, S&P Global Ratings Economics. Data through May 4, 2025 (four-week moving average).

# Job Seekers Face Longer Wait Times As Job Openings Decline

## Indeed job posting



Note : Indeed job posting is monthly average of daily index; BLS job openings is indexed to February 2020. Sources: Indeed; Bureau of Labor Services via Fred; S&P Global Ratings Economics. Data through May 2025 for Indeed and March for BLS JOLTS.

- The consistent decline of job openings through 2025, indicates that businesses are reducing recruitment efforts in response to economic uncertainty.
- In April, Indeed job postings fell by 9.8% compared with last April, with significant declines in specific sectors: Scientific R&D saw a sharp drop of 22%, followed by childcare at 20%, and media and communications at 18.8%.
- JOLTs data revealed a substantial decline in job openings in February and March, with a total reduction of over 570,000 job openings. Retail trade and education, and health services each had a loss of 141,000 openings, while professional and business services saw a decrease of 104,000 openings.
- Additionally, government job openings fell by 69,000 in the last two months and can be attributed to government's hiring freeze and replanning budgets.

# Gasoline Prices Stabilized In Recent Weeks

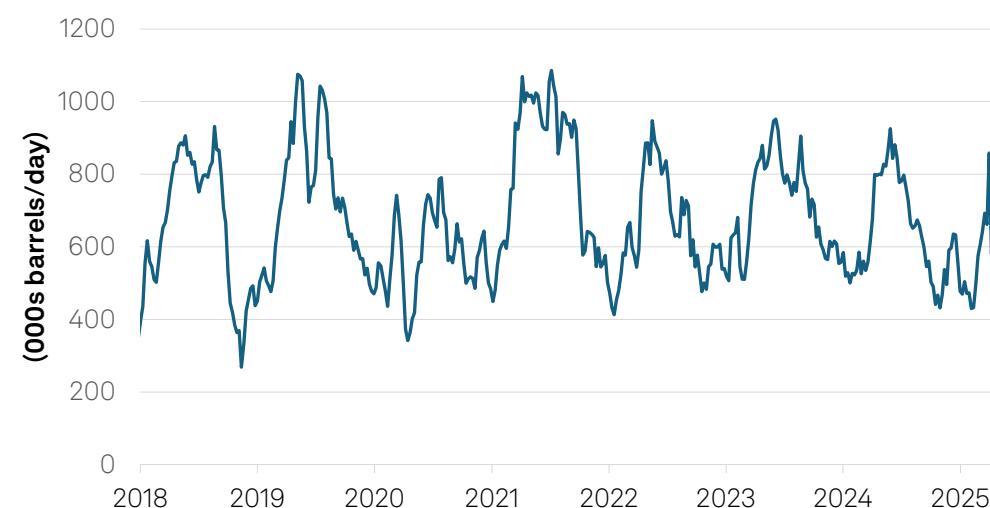
- Retail gasoline prices stabilized the second week of May after experiencing an upward trend in April on a sequential basis.
- Year-over-year, gasoline prices have decreased by nearly 13%, likely due to muted demand outlook. This decline in gasoline prices has contributed to keeping the headline CPI low over the past three months.
- Additionally, import volumes have shown an average decline in the first five months of the year compared with full-year 2024 , perhaps an indication of moderation in demand.

## Retail gasoline prices



Sources: Energy Information Association (EIA), S&P Global Ratings Economics. Data through May 12, 2025.

## Imports of total gasoline

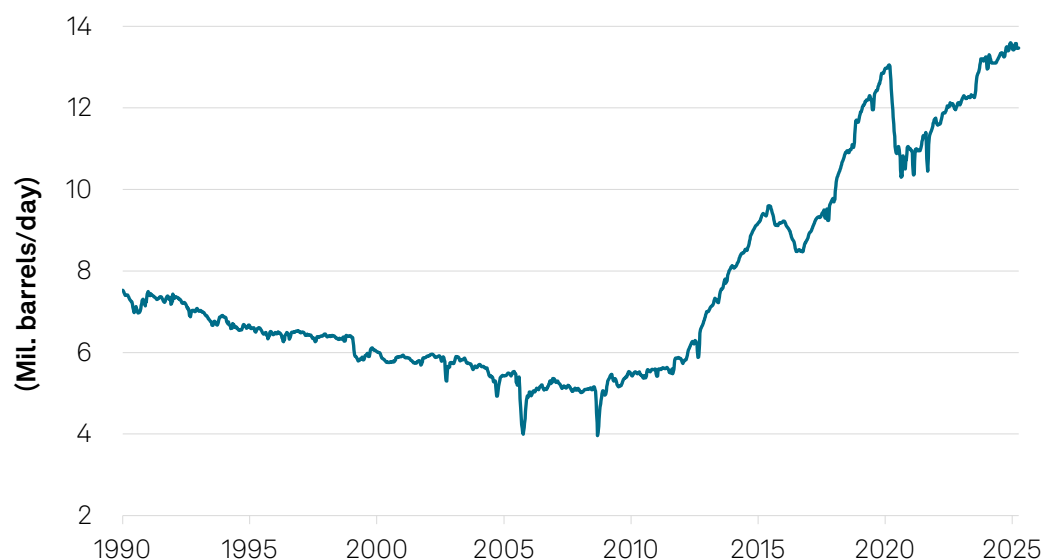


Sources: Energy Information Association (EIA), S&P Global Ratings Economics. Data through May 9, 2025.

# U.S. Domestic Oil Production Near Record Levels (Despite Lower Rig Counts)

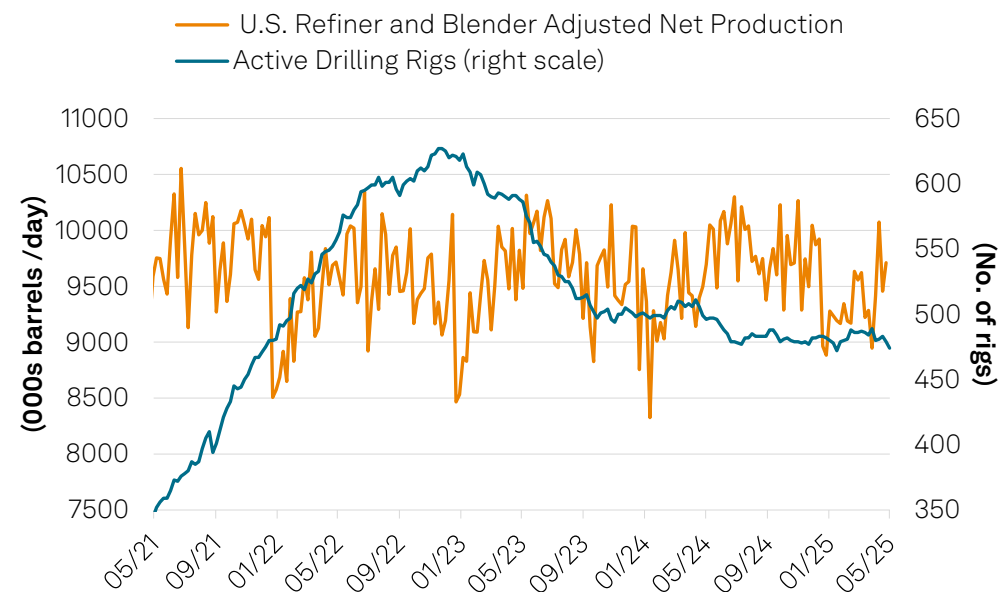
- Crude oil production continues to rise despite a drop in prices, primarily driven by strong output from the shale region, particularly in the Permian Basin. So far this year, the average production is 13.25 million barrels per day, consistent with 2024 levels.
- Increased global supply and moderating economic growth expectations is driving oil prices lower. Meanwhile, falling rig counts indicate a cautious drilling environment, but sustained high production suggests improved efficiency per rig due to technological advancements.

## Crude oil domestic production



Sources: Energy Information Association (EIA), S&P Global Ratings Economics. Data through May 9, 2025.

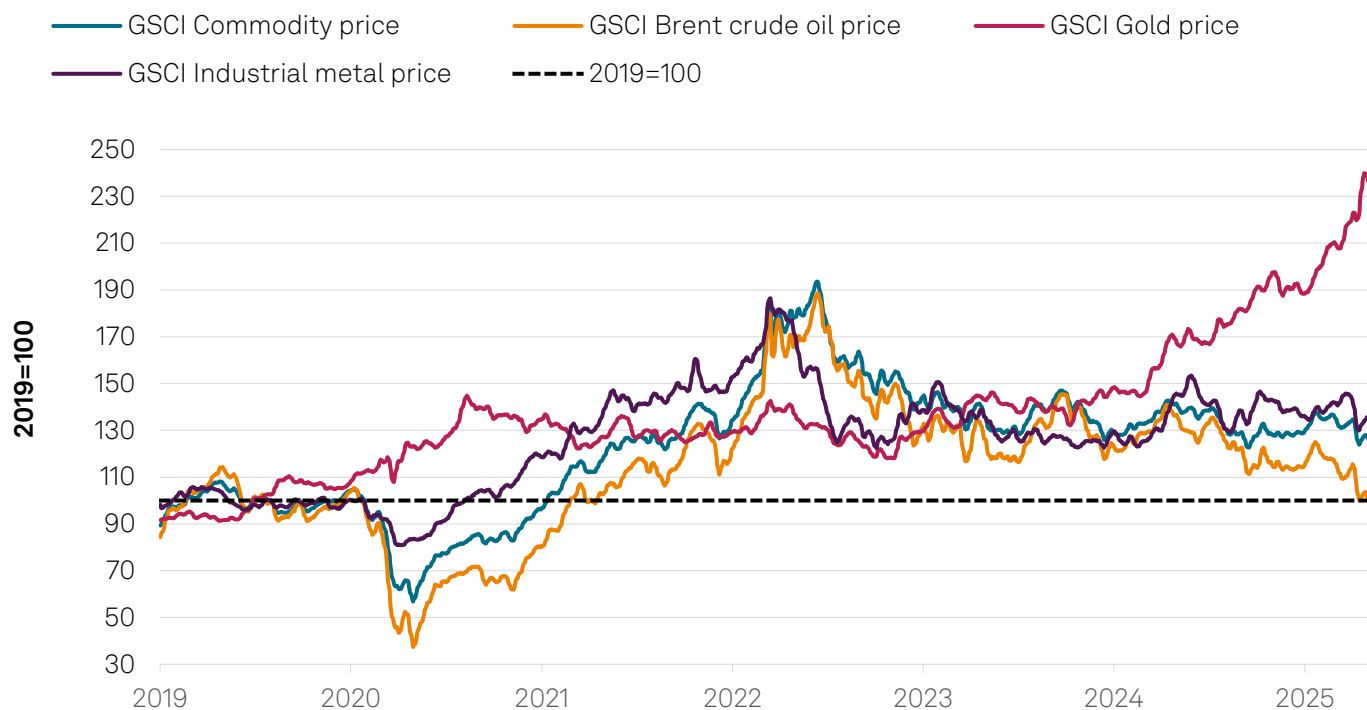
## Rigs count



Sources: Energy Information Association (EIA), Backer Hughes and S&P Global Ratings Economics. Data through May 9, 2025.

# The Great Divergence: Gold Climbs As Oil And Metals Retreat

## Commodity price



- As of May 13, global commodity prices have declined nearly 7% from their peak in the second week of April.
- Brent crude oil prices dropped by 15%, and industrial metal prices fell by 5% during this period.
- In contrast, gold prices continue to rise due to heightened investor anxiety and aggressive purchases by central banks, driven by safe haven demand amid recession fears and volatile equity markets.
- Additionally, slower global growth prospects, particularly in China, are dampening overall commodity markets.

Sources: S&P Global GSCI, S&P Global Ratings Economics. Data through May 13, 2025 (seven-day moving average).

# Mortgage Slowdown And Potential Tariffs Cast Shadow On Lumber Prices

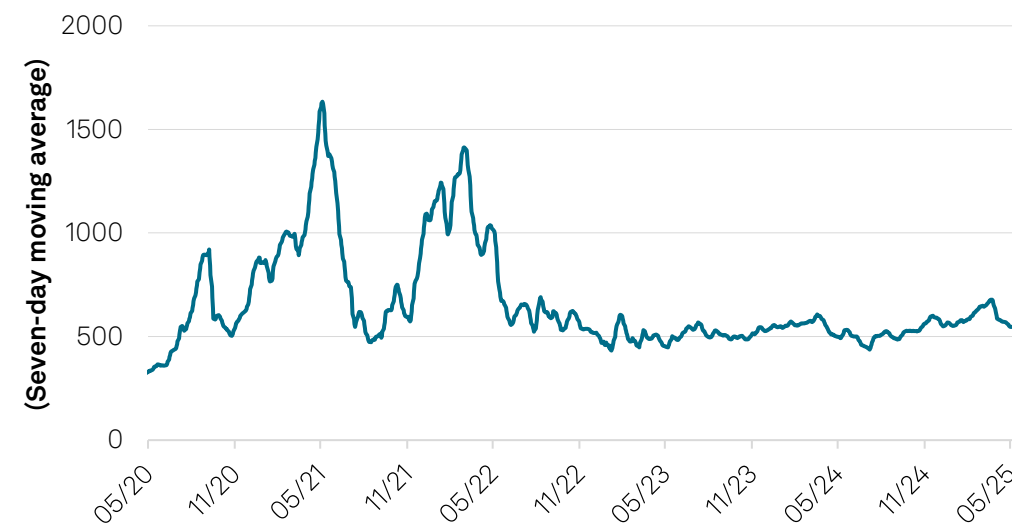
- Mortgage applications picked up in recent weeks from its lows in the fourth quarter of 2024. In Q2 (through May 9), purchase applications, on average, grew by 6.3% from Q1. Meanwhile, fixed 30-year mortgage rates moved down by 50 basis points from 7.1% in early January to 6.6% through April 4, before rising back to 6.9%.
- Lumber futures dropped nearly 20% through mid-May after peaking in March, likely due to softer demand resulting from elevated interest rates and sluggish housing activity.

## Mortgage purchase application



Sources: Mortgage Bankers Association (MBA) and S&P Global Ratings Economics. Data through May 9, 2025.

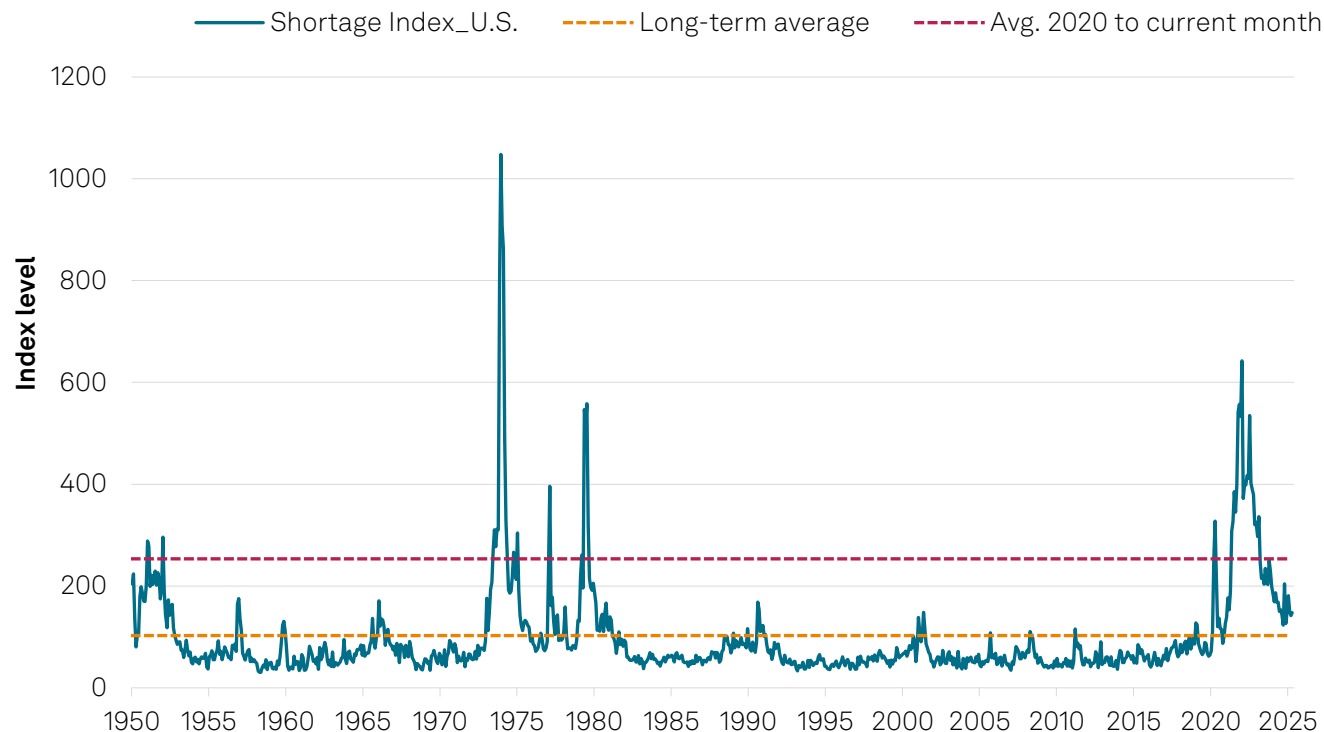
## Lumber futures (US\$/1,000 board feet)



Sources: CME Group, S&P Global Ratings Economics. Data through May 14, 2025.

# Shortages Reflect Persistent Inflationary Impulse

## Shortages index

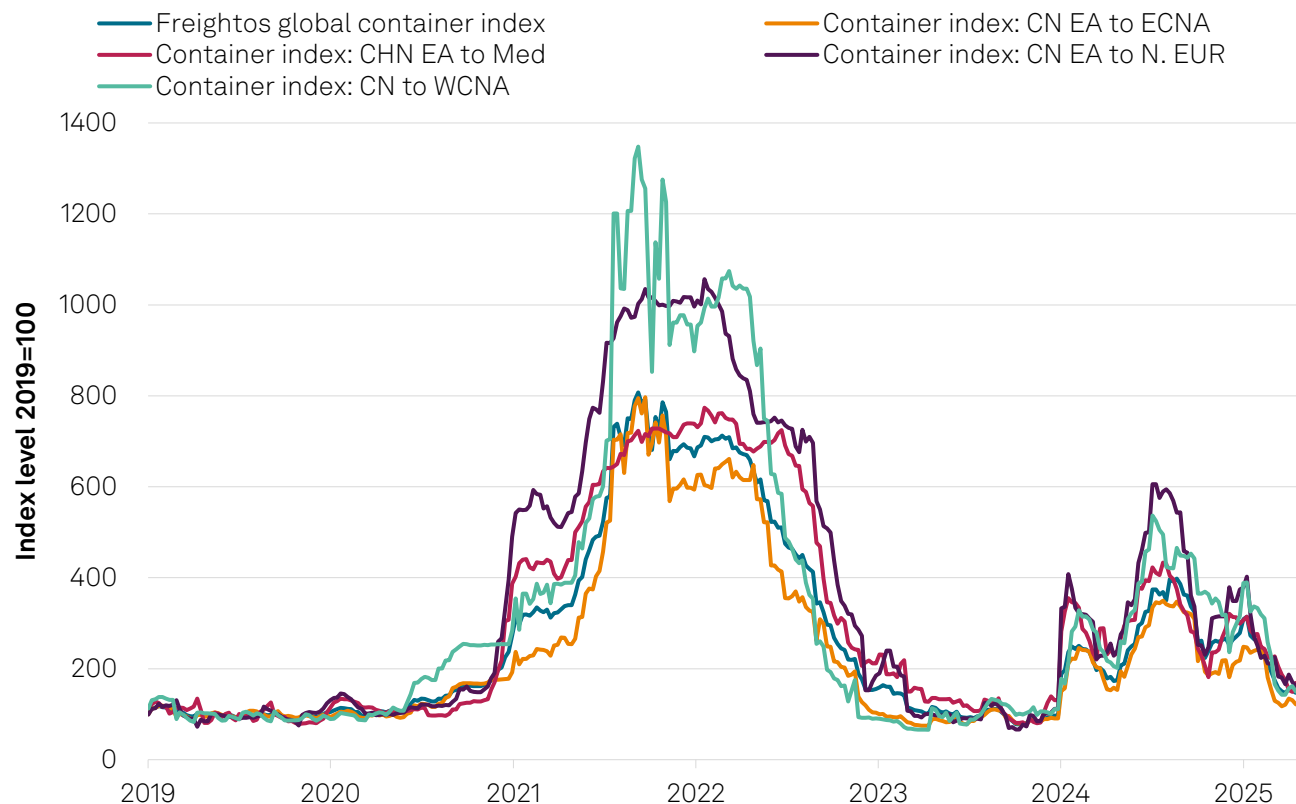


Source: Caldara, Dario, Matteo Iacoviello, and David Yu (2025), "Measuring Shortages since 1900," working paper. Note: Matteo Iacoviello, Dario Caldara and David Yu construct a monthly news-based index for the U.S. of shortages of industrial goods, energy, food and labor covering the years from 1900 through present. Data through April 2025; long term average period (2000-2025).

- The shortage index, constructed from 25 million newspaper articles, captures the extent of shortages in the U.S. economy. The shortages are associated with persistently high inflation and lower economic activity.
- The index remains elevated compared with its long-term average, indicating persistent shortages in the economy.
- Recent trade and tariff shocks have exacerbated the shortages, particularly affecting industrial goods and food items. Widespread disruptions in workforce availability has resulted in labor shortages.
- The current shortages remain significantly lower than the last spike in 2022, driven by global supply bottlenecks as economies reopened after COVID-19.

# Ocean Freight Rates On The Move After US-China Trade Deal

## Container Shipping Cost Index



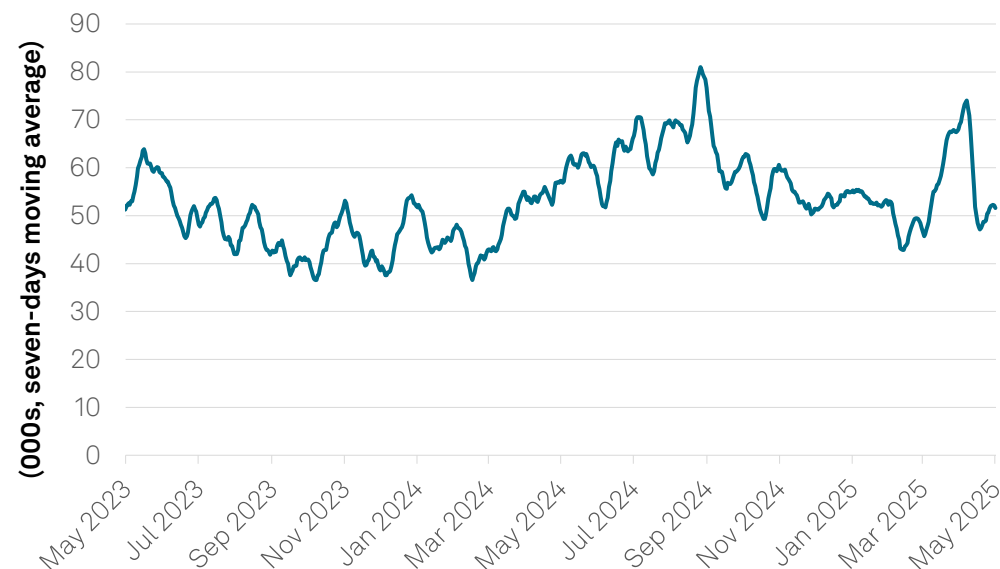
CN—China. ECNA—East Coast North America. Med—Mediterranean. N. Eur—Northern Europe. WCNA—West Coast North America. Source: Refinitiv (Freightos), S&P Global Ratings Economics. Data through May 16, 2025.

- After the trade deal announced on May 12 between the U.S. and China, container prices increased, with the global container index rising 8% since the beginning of the month and rates from all trade routes from China gaining in the past week.
- However, shipping rates sharply plummeted after the Trump administration took office in January, due to the new administration's stance on raising tariffs, particularly against China, in anticipation of lower volume demand.
- Global container prices have decreased by nearly 42% since the beginning of the year. Specifically, the trade route from China to the East Coast dropped by 38% as of May 16, the route to Northern Europe fell by over 51.7%, and the route to the West Coast plunged by 44%.

# Tariffs And Tonnage: Mapping The Decline In China-U.S. Maritime Trade

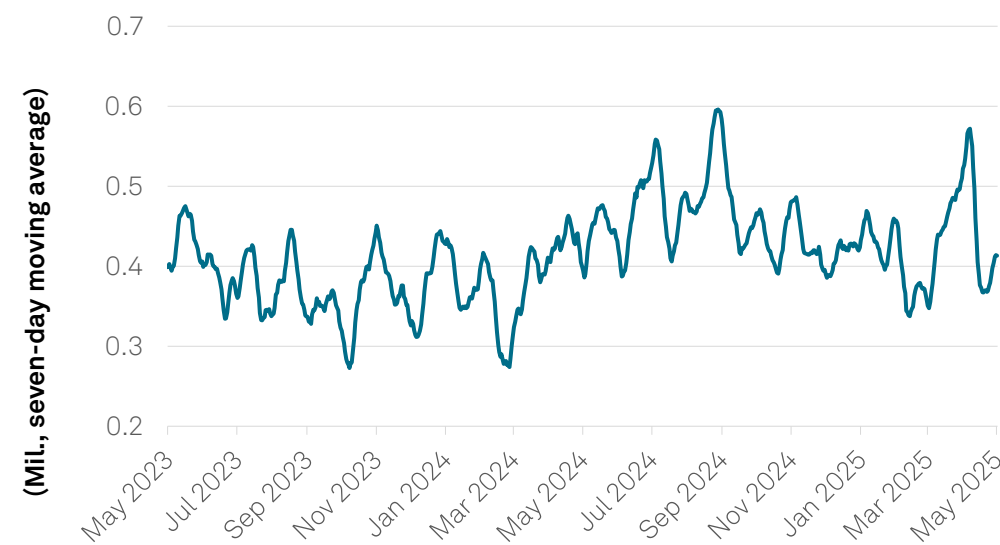
- After the early April tariffs and subsequent retaliatory tariffs by China, there was a sharp decline in trade volumes, leading to a drop in container ship count and tonnage in April. But that followed a sharp increase in container ship count (presumably reflecting front-running of tariffs).
- In value terms, China's exports to the U.S. plunged 21% from a year ago. However, after the recent temporary trade truce between the U.S. and China, which agreed to pause tariff escalations for 90 days, shipment volumes began to increase again.

Container ship count--departures from China to the U.S.



Sources: Bloomberg, S&P Global Ratings Economics. Data through May 14, 2025.

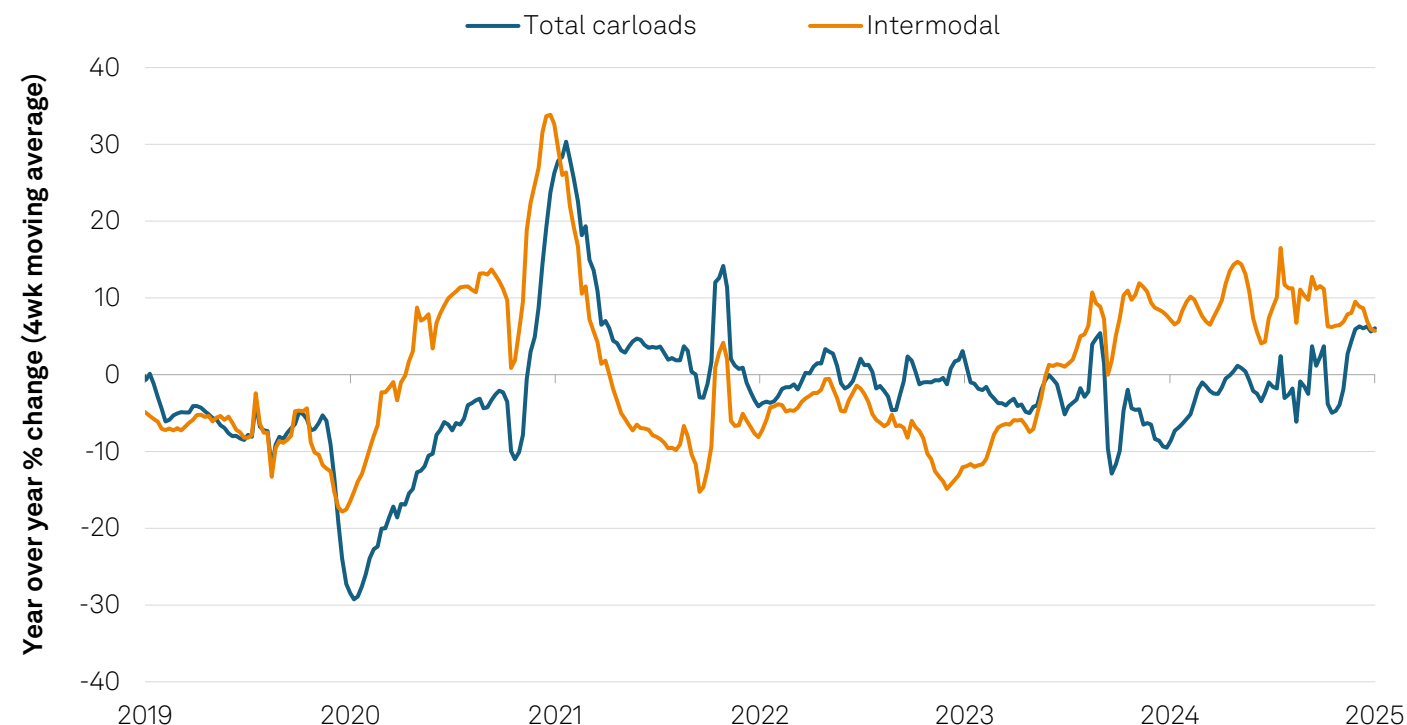
Container ship tonnage--departure from China to the U.S.



Sources: Bloomberg, S&P Global Ratings Economics. Data through May 14, 2025.

# Railroad Freight Traffic Does Not Signal A Slowdown In Economic Momentum

## Railroad traffic



- Railroad traffic has been on the rise since early March this year, despite increasing policy and trade uncertainties.
- Total carloads have increased at an average rate of 5.1% year-over-year since March, indicating strong movement in domestic cargo.
- In April, U.S. railroads originated 0.9 million carloads, representing growth of more than 6.3% compared with the same period last year.
- This solid year-over-year growth reflects a stable economy supported by robust production and consumption patterns.
- The need to “front run” tariffs has buoyed manufacturers as the goods are being transferred from the ports to warehouses to avoid high rates in the future.

Note: Cars loaded and intermodal traffic originated. Sources: Association of American Railroads (via S&P Global MI), S&P Global Ratings Economics. Data through May 10, 2025.

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