

Time EST	Indicator	For	Actual	Estimate*	Consensus**	Previous Period
08:30 AM	Housing Starts	Aug	1180k	1132K	1174k	1190k R
08:30 AM	Housing Starts MoM	Aug	-0.8%	NA	1.7%	-4.8%
08:30 AM	Building Permits	Aug	1300k	1215K	1220k	1230k R
08:30 AM	Building Permits MoM	Aug	5.7%	NA	-0.8%	-3.5% R
08:30 AM	Current Account Balance	2Q	-\$123.1b	-\$110.9b	-\$116.0b	-\$113.5b R
08:30 AM	Import Price Index MoM	Aug	0.6%	0.4%	0.4%	0.1%
08:30 AM	Import Price Index YoY	Aug	2.1%	NA	2.2%	1.5%
08:30 AM	Export Price Index MoM	Aug	0.6%	NA	0.2%	0.4%
08:30 AM	Export Price Index YoY	Aug	2.3%	NA	NA	0.8%

* Estimate from Bank of the West Economics

**Consensus from Bloomberg

Steady Home Construction in August Despite Hurricane Harvey, Trade Price Gains Exceed Expectations

The FOMC, beginning their September meeting today, will have a new batch of steady home construction data and stronger than expected import and export price inflation for August to mull over. Total housing starts slipped -0.8% in August but beat consensus expectations. Single-family starts increased 1.6% last month, while multi-family starts dropped 6.5%, extending the declines in multi-family construction to two consecutive months. Multi-family starts are now 24.7% below year ago levels.

However, multi-family construction is poised to rebound. Housing permits increased 5.7% last month and multi-family permits increased by 19.6%. Banks have tightened credit standards on some construction loans and builders have taken a bit of breather in order to clear current levels of inventory, but the underlying drivers for multi-family housing demand remain positive. Fall Atlantic hurricanes will drive a temporary rebuilding boom for housing.

Trade price inflation exceeded consensus expectations in August with import and export prices both gaining 0.6% last month. Monthly price gains of this magnitude, if sustained longer than a month or two, will help to put a floor under below-average consumer inflation expectations. The shutdown of U.S. oil refining and increasing global demand for petroleum drove robust gains in August import prices. Petroleum import prices increased 4.8% last month. On the export side, export prices for industrial supplies lead the price increases, jumping 1.6% last month.

Treasury yields are a bit lower this morning, consolidating recent gains and awaiting the outcome of the September FOMC decision. The 10-Year Treasury yield is down 1.1 basis points from yesterday's close to 2.218%. The 2-10 Treasury spread widened a bit to 83.7 up 0.3 basis points from yesterday's close. The futures market probability of another Fed funds rate hike by December 2017 was unchanged from yesterday at 50.6%.

U.S. stocks opened higher today. Dow and S&P 500 are up 0.10% and 0.15% respectively, while the NASDAQ is up 0.11%. The U.S. dollar is trading lower this morning against most major currencies, with the Bloomberg dollar spot index falling 0.15% from yesterday. The Euro, Pound, and Yen are all gaining on the dollar today. WTI crude oil prices are holding above \$50 per barrel up another 0.58% today at \$50.22.

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