



Time EST	Indicator	For	Actual	Estimate*	Consensus**	Previous Period
08:30 AM	Philadelphia Fed Business Outlook	Dec	26.2	20.5	21.0	22.7
08:30 AM	GDP Annualized QoQ	3Q T	3.2%	3.2%	3.3%	3.3%
08:30 AM	GDP Price Index	3Q T	2.1%	2.1%	2.1%	2.1%
08:30 AM	Core PCE QoQ	3Q T	1.3%	NA	1.4%	1.4%
08:30 AM	Initial Jobless Claims	16-Dec	245k	NA	233k	225k
08:30 AM	Continuing Claims	09-Dec	1932k	NA	1898k	1889k R
08:30 AM	Chicago Fed Nat Activity Index	Nov	0.15	NA	0.50	0.76 R
09:00 AM	FHFA House Price Index MoM	Oct	0.5%	0.4%	0.4%	0.5% R
10:00 AM	Leading Index	Nov	0.4%	0.4%	0.4%	1.2%

* Estimate from Bank of the West Economics

**Consensus from Bloomberg

Q3 GDP Third Estimate Revised Down to 3.2%, Philly Fed index and Home Price Increases Solid

The third estimate of Q3 GDP was revised down to 3.2% from 3.3% growth, but higher than the initial estimate for Q3 GDP at 3.0%. Much of the downward revision today was due in part to more accurate estimates of the downwardly revised change in inventories and net-export, which were revised down to \$38.5 billion from \$39.0 billion and -\$597.5 billion from -\$594.4 billion.

Today's estimate showed a bit less growth in consumer spending of services and business investment in structures and intellectual property, but more growth in consumer spending of durable goods, business investment in equipment, and state and local government spending. Both the GDP Price index and PCE price index remained unchanged at 2.1% and 1.5%, respectively, while the core PCE price index was revised down to 1.3% from 1.4%.

On a positive note, Philly Fed index for December recovered about 4 points to 26.2 from a discouraging 5.2 drop in November, while the consensus expected another drop to 21.0. Gains were led by new orders and shipment components last month, while price paid and employee sub-indexes softened. Likewise, FHFA home price index increased another 0.5% in October from an upwardly revised 0.5% in the prior month. Tight existing home inventory has bolstered home prices, but this could create a bigger obstacle for first time home buyers to find affordable housing.

Treasury yields are up on the short term yield and down on the long term yield this morning. The 2-Year Treasury yield is up from Wednesdays close to 1.871%, while the 10-Year Treasury yield is down 1.1 basis points from yesterdays close to 2.486%. The 2-10 Treasury spread narrowed to 61.7 down 2.5 basis points from Wednesday. The futures market probability of another Fed funds rate hike in March dropped to 63.7% from 68.8% this morning.

U.S. stock indexes are climbing up this morning as the tax bill is passed by Congress. The Dow Jones and S&P 500 indexes are up 0.47% and 0.45%, respectively, while NASDAQ index is up 0.45%. Energy, financials and telecommunications sector stocks are rising strongly in the S&P 500 today.

The discussions and information contained in this document are the opinions of BOTW chief economist Dr. Scott Anderson and should not be construed or used as a specific recommendation for the investment of assets, and is not intended as an offer, or a solicitation of an offer, to purchase or sell any security or financial instrument. Nor does the information constitute advice or an expression of the Bank's view as to whether a particular security or financial instrument is appropriate for you or meets your financial objectives. Economic and market observations and forecasts, such as those offered by Dr. Anderson reflect subjective judgments and assumptions, and unexpected events may occur. There can be no assurance that developments will transpire as forecasted. Nothing in this document should be interpreted to state or imply that past results are an indication of future performance.



The U.S. dollar is rising against major currencies with the Bloomberg dollar spot index up 0.07% from yesterday.

The U.S. dollar is increasing against the Mexican peso, euro, and yen today.