

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Housing Starts	Mar	↑	1319k	1276k	1267k	1295k R ↑
08:30 AM	Housing Starts MoM	Mar	↓	1.9%	NA	2.5%	-3.3% R ↑
08:30 AM	Building Permits	Mar	↑	1354k	1330k	1321k	1321k R ↑
08:30 AM	Building Permits MoM	Mar	↑	2.5%	NA	0.0%	-4.1% R ↑
09:15 AM	Industrial Production MoM	Mar	↑	0.5%	0.3%	0.3%	1.0% R ↓
09:15 AM	Capacity Utilization	Mar	↑	78.0%	77.9%	77.9%	77.7% R ↓

* ↑ indicates stronger than Consensus estimated, ↓ indicates weaker than Consensus estimated, = indicates in-line with Consensus Estimated

** Estimate from Bank of the West Economics

*** Consensus from Bloomberg

**** ↑ means prior reading revised up, ↓ means prior reading revised down

Investors Shift Focus to Earnings, Housing Starts and Permits Rebound and Industrial Production Rises

U.S. stocks advanced alongside stocks in Europe as investors shifted their focus to earnings season following the market turmoil of recent weeks. Goldman Sachs gave a boost to sentiment with solid earnings across the board, also saying it would raise its dividend. The dollar neared the lowest level in two months after President Trump latest comments on exchange rate manipulations, but recovered to edge higher. This latest intervention in currency markets comes at a time of already elevated geopolitical tension and ongoing fears of a movement toward global protectionism.

U.S. economic data was mostly positive today. Housing starts advanced 1.9% from the prior month in March and are up 10.9% compared to a year ago. The gains over the last 12 months have been led by multifamily starts (+23.8%) while single family starts have increased just 5.2%. Similarly, building permits partially rebounded in March (+2.5%) from February's (-4.1%) decline and are up 2.5% from a year ago. The results seem to indicate that a tight labor market, improved household finances and consumers' elevated confidence continue to support healthy rates of construction activity. Home building is expected to contribute to economic growth in the second quarter.

Meanwhile, U.S. industrial production increased 0.5% in March from the previous month, above the consensus estimate of 0.3%. Mining output rose 1.0%, mostly due to gains in oil and gas extraction, and utilities output jumped 3.0% after being suppressed in February due to warmer-than-usual temperatures. Industrial production advanced 4.5% at an annual rate for the first quarter as a whole. Manufacturing production stalled out, however, slipping to a 0.1% growth rate from 1.5% in February. This is consistent with the regional manufacturing PMIs that have been deteriorating in April. The economic data released today do not alter our outlook for Fed action this year.

Treasury yields across the board are rising this morning. The 10-Year Treasury yield is currently up 0.6 basis points to 2.832%. The 2-10 Treasury spread decreased to 44.0, a new expansion low, and down 1.1 basis points from yesterday. The futures market probability of another Fed funds rate hike in June is 92.1%, up from 86.7% yesterday.

U.S. stock indexes are rising strongly this morning. The Dow and S&P 500 are up 1.11% and 1.08%, respectively, while the NASDAQ is up 1.63%. Gains in the S&P 500 today are led by information technology, consumer discretionary and industrial stocks.

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The U.S. dollar is up slightly against the major currencies today. The Bloomberg dollar spot index is up 0.07% from yesterday. The U.S. dollar is increasing the most against the Euro, Swiss Franc and the British Pound today.