BANK OF THE WEST
BNP PARIBAS

Daily Update

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Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Initial Jobless Claims	19-May	↑	234k	220k	220k	223k R↑
08:30 AM	Continuing Claims	12-May		1741k	NA	1746k	1712k R↑
09:00 AM	House Price Purchase Index QoQ	1Q	↑	1.7%	NA	0.7%	1.7% R↑
09:00 AM	FHFA House Price Index MoM	Mar	↓	0.1%	0.6%	NA	0.8% R↑
10:00 AM	Existing Home Sales	Apr	↓	5.46m	5.50m	5.55m	5.60m
10:00 AM	Existing Home Sales MoM	Apr	↓	-2.5%	NA	-0.9%	1.1%
11:00 AM	Kansas City Fed Manufacturing Activity	May			20.0	23.0	26.0

* ↑ 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

Trump Administration Threatens Allies with New Tariffs, Housing Data Weakens, Jobless Claims Increase

President Trump's push for tariffs on imported cars and trucks threatened a shake-up of the global auto industry while motivating nations like China and Germany to reiterate their commitments to free trade. The U.S statement late Wednesday that it's investigating auto imports on the grounds of national security concerns elicited sharp responses from Japan, Germany and South Korea. It also ended the recent calm between the U.S. and China even though China is planning to reduce import duties on a number of consumer goods in a bid to open its market to outsiders.

Initial jobless claims increased by 11k to 234k last week, up for the second consecutive week, but still not far from cycle lows. The four week moving average, a much better indication of the state of the labor market, increased to just fewer than 220k. Despite recent increases in initial and continuing claims the labor market is still fairly robust.

Home price data released this morning also disappointed economists' forecasts. The monthly FHFA House Price Index increased a modest 0.1% in March, well-below the consensus estimate of 0.6%. However, February was revised higher to 0.8% from 0.6%. Home prices are still up 6.7% from a year ago, a historically healthy pace of home price appreciation. Year-over-year home price growth ranged from 4.7% in the New England region to 9.4% in the Mountain states. Annual home price growth slowed in seven of the nine Census divisions.

Also, existing home sales for April came in lighter than expected at 5.46 million, down from 5.6 million in March. The consensus was looking for a reading of 5.55 million. A lack of existing home inventory continues to weigh on home sales. Home sales declined 2.5% month-over-month, well below the 0.9% expected decrease. The decline was confined to the single-family category where sales were down from 4.99 million to 4.84 million. Condo sales rose from 0.61 million to 0.62 million. Finally, the number of days on market declined for the third consecutive month to 26 from 30 in March.

Treasury yields are lower across the board again this morning. The 10-Year Treasury yield is 2.959, down 3.5 basis points from yesterday. The 2-10 Treasury spread is 46.9, up 0.3 basis points from yesterday. The futures market probability of another Fed funds rate hike in June is at 82.9%, down sharply from around 96% prior to the release of the FOMC minutes yesterday.

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U.S. stock indexes are lower this morning on trade concerns. The Dow and S&P500 are down 0.91% and 0.66% respectively, while the NASDAQ is down 0.65%. Losses in the S&P 500 today are led by energy, financials, and information technology stocks.

The U.S. dollar is weaker against the major currencies today. The Bloomberg dollar spot index is down 0.06% from yesterday. The U.S. dollar is declining the most against the Japanese yen, euro and Swiss franc today.