

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Durable Goods Orders	Apr P	↓	-1.7%	-1.7%	-1.3%	2.7% R↑
08:30 AM	Durables Ex Transportation	Apr P	↑	0.9%	0.3%	0.5%	0.4% R↑
08:30 AM	Cap Goods Orders Nondef Ex Air	Apr P	↑	1.0%	NA	0.7%	-0.9% R↓
08:30 AM	Cap Goods Ship Nondef Ex Air	Apr P	↑	0.8%	NA	0.4%	-0.7% R↑
10:00 AM	U. of Mich. Sentiment	May F	↓	98.0	98.8	98.8	98.8

\* ↑ 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

## President Trump Backtracks on North Korea, Durable Goods Orders and Consumer Sentiment Slip

President Trump told reporters that his summit with North Korean President Kim Jong Un could still happen later this year after he canceled it yesterday. North Korea's First Vice Foreign Minister Kim Kye Gwan said today that his country still wanted to pursue peace and said they would give Washington more time to reconsider talks. Despite the apparent goodwill, U.S. stocks bounced between gains and losses as investors weighed the possible outcome.

Durable goods orders fell 1.7% in April, a larger decline than the consensus expectation of -1.3% but spot on with our estimate. Transportation orders, which tend to be volatile from month to month, declined 6.1% in April and were the main driver behind the drop. Excluding transportation, new orders were up 0.9%, well above the consensus estimate of 0.5%. Orders for computers, appliances and other electrical equipment and motor vehicles all increased strongly last month. Meanwhile, the important capital goods non-defense excluding aircraft category, a proxy for future business spending, was up 1.0% from a downwardly revised -0.9% in March. Business investment spending is off to a weak start so far this year, but may gain some momentum in the months ahead.

The final reading on May consumer sentiment was revised down to 98.0 from the preliminary reading of 98.8. The current economic conditions component was responsible for most of the decline, dropping from the preliminary reading of 113.3 to 111.8. The consumer expectations component also declined modestly from 89.5 to 89.1. The May survey revealed that consumers anticipated smaller income gains than a month or year ago, even though they anticipate the unemployment rate will stabilize at its current eighteen year low. According to the University of Michigan, this level of consumer sentiment is consistent with growth in real personal consumption of about 2.6% during the year ahead.

Treasury yields are lower across the board again this morning with the biggest declines at the long end of the curve. The 10-Year Treasury yield is 2.931%, down 4.6 basis points from yesterday. The 2-10 Treasury spread is 45.3, down 1.7 basis points from yesterday. The futures market probability of another Fed funds rate hike in June is at 82.9%, down from 87.5% yesterday.

U.S. stock indexes are mixed this morning as investors weigh geopolitical concerns. The Dow and S&P500 are down 0.16% and 0.05% respectively, while the NASDAQ is up 0.19%. Losses in the S&P 500 today are led by energy, financials, and material stocks.

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The U.S. dollar is stronger against the major currencies today. The Bloomberg dollar spot index is up 0.25% from yesterday. The U.S. dollar is gaining the most against the euro, Canadian dollar and British pound today.