



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Wholesale Inventories MoM	May P	↑	0.5%	0.2%	0.2%	0.1%
08:30 AM	Durable Goods Orders	May P	↑	-0.6%	-1.4%	-1.0%	-1.0% R↑
08:30 AM	Durables Ex Transportation	May P	↓	-0.3%	0.4%	0.5%	1.9% R↑
08:30 AM	Cap Goods Orders Nondef Ex Air	May P	↓	-0.2%	NA	0.5%	2.3% R↑
08:30 AM	Cap Goods Ship Nondef Ex Air	May P	↓	-0.1%	NA	0.3%	1.0% R↑
08:30 AM	Advance Goods Trade Balance	May	↑	-\$64.8	-\$69.0b	-\$69.0b	\$67.3b R↓
08:30 AM	Retail Inventories MoM	May		0.4%	NA	NA	0.5% R↓
10:00 AM	Pending Home Sales MoM	May	↓	-0.5%	1.0%	0.5%	-1.3%

\* ↑ 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 Holds His Fire on China Investments

U.S. stocks were rising at the open on news that the Trump Administration's restrictions on Chinese tech investments might end up being less harsh than previously indicated. The government decided to ask Congress to pass new legislation to strengthen the Committee on Foreign Investment in the United States (CFIUS) to deal with concerns about foreign purchase of sensitive domestic technologies and better protect U.S. companies against violations of intellectual property rights. This eases the possibility of a multi-front trade war with China – at least momentarily.

U.S. economic data were mixed today, but a stronger than expected trade report for May is causing economists to boost their tracking forecasts for Q2 GDP growth. U.S. goods exports jumped 2.1% in May led by food and beverage, consumer, and capital goods, according to the Commerce Department's advance goods trade report. While imports increased only 0.2% as imports of autos, industrial supplies, and consumer goods all fell back last month.

Durable goods orders also surprised to the upside with a decline of 0.6% in May, up from an upwardly-revised -1.0% in April. Economists were expecting a reading of -1.0%. The volatile transportation equipment sector led the decline, falling 1.0% over the month. Nondefense aircraft was the largest contributor to transportation's decline, decreasing 7.0%. However, new orders excluding the transportation sector also fell 0.3% and nondefense capital goods shipments excluding aircraft – a proxy for business spending – declined 0.1% in May, suggesting business equipment spending will remain sluggish.

In contrast, the pending home sales Index declined 0.5% in May, well below the consensus estimate of a 0.5% increase but up from the -1.3% reading in April. This is the fifth consecutive month the index has fallen. The decline was concentrated in the South where pending homes sales dipped 3.5%. Pending home sales in the other three regions were positive with gains of 2.9%, 2.0% and 0.6% in the Midwest, Northeast and West respectively. The lackluster spring selling season, according to the National Association of Realtors, is primarily due to a supply issue, not weakening demand.

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.



U.S. stocks are rising this morning as trade tensions ease. The Dow and the S&P 500 are up 0.62% and 0.35%, while the NASDAQ is up 0.08%. Gains in the S&P 500 today are led by energy, materials, and telecommunication stocks.

Treasury yields are still declining sharply across the board this morning. The 10-Year Treasury yield is at 2.840 down 3.4 basis points from yesterday. The 2-10 Treasury spread is 32.8 basis points, down 1.8 basis points from yesterday. The futures market probability of another Fed funds rate hike in September is 61.3% this morning, down from 62.9% on yesterday's close.

The U.S. dollar is up against the major currencies today. The Bloomberg dollar spot index is up 0.38% from Tuesday. The U.S. dollar is increasing the most against the euro, British pound, and Japanese yen today.