

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
06:00 AM	NFIB Small Business Optimism	Jun	↑	107.2	106.5	106.9	107.8
10:00 AM	JOLTS Job Openings	May	↑	6638	NA	6,620	6,840 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

Oil Prices Moving Higher, Labor Market Continues To Sizzle

Escalating concerns over potential supply shortages had oil prices rising overnight with Brent crude trading near a multi-year high of close to \$79 per barrel. Hundreds of workers on Norwegian offshore oil and gas rigs went on strike on Tuesday after rejecting a proposed wage deal, leading to the closure of one Shell-operated oilfield. Separately, Libya's oil production fell to 527,000 barrels per day from a high of 1.28 million in February following the recent closure of oil ports. There is a concern that these supply-constraints could push Brent above \$85 per barrel and impact consumer spending.

The economic data calendar in the U.S. was light today but the data was uniformly positive. The NFIB Small Business Optimism Index came in at 107.2 in June. This was higher than the consensus estimate of 106.9 but down slightly from 107.8 in May. It was also higher than our forecast of 106.5, but we maintain our number one ranking on Bloomberg for our forecasting performance on this indicator over the past two years.

Since December 2016, the index has averaged an unprecedented 105.4, well above the 45-year average of 98. Plans to hire rose to a net 20% in June from 18% in May and a net 36% reported an open position they were unable to fill, up from 33% in May. This survey data is consistent with a labor market that continues to tighten with the unemployment rate at just 4.0% in June.

The number of job openings edged down to a still high 6.64 million in May from an upwardly revised 6.84 million in April, the U.S. Bureau of Labor Statistics reported today. The decline in the number of job openings was broad-based in May, with professional and business services, education and healthcare, manufacturing, information and leisure and hospitality all declining from April. Conversely, only mining and logging and government showed more open positions, while construction and trade, transportation and utilities were unchanged from the previous month. Finally, the number of job seekers per open position was just 0.9 in May, further evidence of a drum-tight labor market.

U.S stocks are rising modestly this morning as the second quarter earnings season begins. The Dow and the S&P 500 are up 0.55% and 0.37%, while the NASDAQ is up 0.16%. Gains in the S&P 500 today are being led by consumer staples, energy, and utility stocks.

Treasury yields are rising across the board this morning. The 10-Year Treasury yield is at 2.864 up 0.7 basis points from Tuesday. The 2-10 Treasury spread is down to 29.6 basis points, down 0.3 basis points from yesterday. The futures market probability of another Fed funds rate hike in September is 75.6% this morning, up from 73.4% on Monday's close.

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The U.S. dollar is higher against the major currencies today. The Bloomberg dollar spot index is up 0.06% from yesterday's close. The U.S. dollar is increasing the most against the Japanese yen, euro, and Chinese Renminbi today.