

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Initial Jobless Claims	14-Jul	↓	207k	220k	220k	215k R↑
08:30 AM	Continuing Claims	07-Jul	↑	1751k	NA	1729k	1743k R↑
08:30 AM	Philadelphia Fed Business Outlook	Jul	↑	25.7	22.0	21.5	19.9
10:00 AM	Leading Index	Jun	↑	0.5%	0.4%	0.4%	0.0% 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

Labor Market Continues To Impress, Regional Manufacturing Activity and LEI Rebounds

Initial jobless claims for the week ending July 14 unexpectedly declined 8,000 to 207,000, well below the consensus estimate of 220,000. Claims are now at the lowest level since December 1969 as the labor market continues to show signs of strength. The four week moving average also fell 2,750 to 220,500 last week. The claims data cover the survey week for July's employment report. The four-week average of claims dipped 500 between the June and July survey periods, suggesting another month of solid job growth for July when the employment numbers are released in early August.

The Conference Board's Leading Economic Index was the other data point released today and it came in at 0.5% in June, up from a downwardly revised 0.0% in May and slightly above the consensus estimate of 0.4%. The LEI index gains in recent months, suggest above trend growth in the U.S. economy will continue into the second half of the year. Jobless claims, consumer goods orders, stock prices and the leading credit index were all higher in June, while housing permits declined for the third straight month.

The Philadelphia Fed Business Outlook Survey surprised to the upside in July as well with a reading of 25.7, up from 19.9 in June, indicating that regional manufacturing activity continued to expand at a moderate pace. The consensus expected a reading of 21.5. Manufacturers continued to report higher prices for both purchased inputs and their own manufactured goods. Price increases for purchased inputs were reported by 63% of the manufacturers this month, up from 54% last month. The prices paid index has now risen 30 points since January. The current prices received index, reflecting manufacturers' own prices, increased 3 points with about 36% of the firms reporting higher prices for their manufactured goods this month. Finally, the new orders index rebounded 14 points to 31.4 in July after falling 23 points in June.

U.S stocks are lower this morning on mixed earnings reports and news that China was allowing its currency to depreciate and metals prices continued to struggle. The Dow and the S&P are down 0.28% and 0.28% respectively, while the NASDAQ is down 0.13%. Declines in the S&P 500 today are being led by materials, financials and telecom stocks.

Treasury yields are lower across the curve this morning with the biggest declines at the long end. The 10-Year Treasury yield is at 2.853, down 1.7 basis points from Wednesday. The 2-10 Treasury spread is 25.5 as it continues to narrow, down 0.7 basis points from yesterday. The futures market probability of another Fed funds rate hike in September is at 76.2% this morning, down from 78.2% from yesterday's close.

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The U.S. dollar is rallying against the major currencies today. The Bloomberg dollar spot index is up 0.50% from yesterday's close. The U.S. dollar is gaining the most against the euro, Canadian dollar, and Mexican peso today.