BANK OF THE WEST
BNP PARIBAS

Daily Update

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August 24, 2018

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Durable Goods Orders	Jul P	↓	-1.7%	-1.0%	-1.0%	0.7% R↓
08:30 AM	Durables Ex Transportation	Jul P	↓	0.2%	0.0%	0.5%	0.1% R↓
08:30 AM	Cap Goods Orders Nondef Ex Air	Jul P	↑	1.4%	NA	0.5%	0.6% R↑
08:30 AM	Cap Goods Ship Nondef Ex Air	Jul P	↑	0.9%	NA	0.3%	0.9% 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

Federal Reserve Chairman Powell Spoke Today In Jackson Hole, Durable Goods Orders Mixed

Fed Chairman Powell gave a speech today about monetary policy at the Federal Reserve Bank of Kansas City Economic Policy Symposium in Jackson Hole, Wyoming. Powell stayed on script for the most part and ignored the criticism earlier this week from President Trump about raising interest rates. Powell described the U.S. economic expansion as strong and said he believed that the gradual process of normalization remains appropriate. Stocks rose on the comments, but bond yields and the dollar were little changed.

The headline durable goods orders number was weaker than expected. Durable goods order fell 1.7% in July, below the consensus estimate of -1.0%. This is the third decline in the last four months. The decline was driven by a 5.3% decrease in the transportation category with the nondefense aircraft component down 35.4% in July.

On a more positive note, orders for non-defense capital goods excluding aircraft – a proxy for future business spending plans – rose 1.4% last month, up from 0.6% in June and well above economists' expectations for a 0.5% advance. This is the fourth straight increase and could be an early sign that corporate tax cuts are leading to some increase in business investment spending.

U.S. stocks are up this morning and adding to gains in the wake of Powell's comments in Jackson Hole. The Dow and the S&P 500 are up 0.56% and 0.57% respectively, while the NASDAQ is up 0.83%. Advances in the S&P 500 today are being led by materials, energy, and information technology stocks.

Treasury yields are rising on the short-end and falling at the longer-end of the curve. The 10-Year Treasury yield is currently trading at 2.819 – down 0.7 basis points from yesterday. The 2-10 Treasury spread is at a new expansion low of 19.4 basis points – down 1.1 basis points from yesterday. The futures market probability of another Fed funds rate hike in September is 94.6% this morning, up from 92.5% yesterday.

The U.S. dollar is falling against the major currencies today. The Bloomberg dollar spot index is down 0.55% from yesterday's close. The U.S. dollar is losing the most against the euro, Mexican peso and Australian dollar today.

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