



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:15 AM	ADP Employment Change	Jul	↑	219k	185k	186k	181k R↑
09:45 AM	Markit US Manufacturing PMI	Jul F	↓	55.3	55.5	55.5	55.5
10:00 AM	Construction Spending MoM	Jun	↓	-1.1%	0.2%	0.3%	1.3% R↑
10:00 AM	ISM Manufacturing	Jul	↓	58.1	59.5	59.4	60.2
14:00 PM	FOMC Rate Decision (Upper Bound)	01-Aug	=	2.00%	2.00%	2.00%	2.00%
14:00 PM	FOMC Rate Decision (Lower Bound)	01-Aug	=	1.75%	1.75%	1.75%	1.75%
	Wards Total Vehicle Sales	Jul			17.1m	17.0m	17.38m

\* ↑ 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

## August FOMC Statement Nearly Identical to June's Statement

The Fed kept its future interest rate hike plans close to its vest today. As expected, there was no change the Fed funds target rate range which remains at 1.75% to 2.00%. The August statement was nearly identical to the June statement with very minor teaks to the language. The FOMC upgraded their assessment of current economic conditions, describing economic activity as “strong” rather than merely “solid” as in the June statement - a nod to the 4.1% Q2 GDP print that was released last week. The FOMC noted that the unemployment rate has stayed low and household spending and business fixed investment have grown strongly.

Bottom-line: Get ready for another quarter point interest rate hike from the Fed at the next FOMC meeting on September 26th. This steady as it goes...mail it in FOMC statement likely means the Fed will stick with their median Fed funds interest rate hike plan this year, raising the Fed funds rate in September and again in December. The outlook for additional rate hikes in 2019 remains clouded. While U.S. growth has been impressive of late, I still see this expansion as more fragile than most and aggressive interest rate hikes next year could put the expansion at risk. Our baseline forecast is for only one additional rate hike from the Fed in March 2019 before they pause.

Following the FOMC announcement today, the Fed funds futures market puts about an 80% probability of a September rate hike. The Treasury yield curve is rising today on the quarterly refunding announcement, but yields are off their highs on the day and have been mainly been trading water since the FOMC statement release. The U.S. dollar is very modestly higher today, but has lost some ground since the FOMC statement release.