



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Philadelphia Fed Business Outlook	Sep	↑	22.9	15.0	18.0	11.9
08:30 AM	Initial Jobless Claims	15-Sep	↓	201k	210k	210k	204k
08:30 AM	Continuing Claims	08-Sep	↓	1645k	NA	1705k	1696k
10:00 AM	Leading Index	Aug	↓	0.4%	0.4%	0.5%	0.7% R↑
10:00 AM	Existing Home Sales	Aug	↓	5.34m	5.38m	5.37m	5.34m
10:00 AM	Existing Home Sales MoM	Aug	↓	0.0%	NA	0.5%	-0.7%
12:00 PM	Household Change in Net Worth	2Q			NA	NA	\$1028b

* ↑ 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

Fed Chair Powell Meets with Congress to Protect Fed's Independence, Philly Fed Index Rebounds in September

Fed Chair Jerome Powell has been meeting with members of Congress to stress the Fed's need for independence after President Trump criticized the Fed's decision to raise interest rates, according to an article on CNBC.com. Powell has met or called lawmakers 48 times in his first six months in office to protect the Fed's freedom in setting monetary policy. He also has had his congressional staff reaching out to both Democrats and Republicans to advocate on the Fed's behalf.

Meanwhile, the Philadelphia Fed Business Outlook Index rebounded sharply to 22.9 in September, above the consensus expectation of 18.0 and almost double the 11.9 in August. Driving the index higher were new orders (+11.5 points), unfilled orders (+7.0 points) and delivery time (+4.7 points). The index is now close to the six-month average reading of 23.0. Over 38% of manufacturers reported increases in overall activity this month while 15% reported decreases. Price pressures eased with the prices paid index dropping from 55.0 in August to 39.6 in September. Finally, manufacturers' expectations for the next six months remained optimistic but moderated with the general business activity index dropping 2.5 points this month.

In another sign that the housing market continues to cool off, existing home sales were flat in August compared to the previous month. The consensus expected a 0.5% increase. Existing home sales have declined for the last four months on a seasonally adjusted basis. Sales of both single-family homes and condos were flat. Regionally, sales gains in the Northeast and Midwest offset declines in the South and West. Total housing inventory at the end of August was also unchanged from July at 1.92 million homes available for sale, up from 1.87 million a year ago. Unsold inventory is at a 4.3-month supply at the current sales pace, consistent with last month and up from 4.1 months a year ago. Inventory continues to show modest year-over-year gains, and median existing home prices have dropped over the last two months. Even so, median existing home prices are still 4.6% above year ago levels, the 78th straight month of annual increases.

Finally, the Conference Board's Leading Index rose 0.4% in August, in-line with our forecast, but down from an upwardly revised 0.7% in July. Seven of the 10 components made positive contributions led by ISM New Orders (0.20%), Leading Credit Index (0.13%) and Interest Rate Spread (0.11%). Building permits, average workweek,



and nondefense capital goods orders subtracted from the leading index last month. The leading index gains through August are consistent with solid economic growth for the second half of 2018.

U.S. stocks are higher as trade war fears diminish. The Dow and the S&P 500 are up 0.87% and 0.58% respectively, while the NASDAQ is up 0.84%. The Dow and S&P 500 both hit new record-highs today. Gains in the S&P 500 today are led by materials, information technology, and financials stocks.

Treasury yields are rising this morning. The 10-Year Treasury yield is currently at 3.072 – up 0.9 basis points from Wednesday's close. The 2-10 Treasury spread is 26.6 basis points – down 0.8 basis points from yesterday's close. The futures market probability of another Fed funds rate hike in September is 100.0% this morning, unchanged from Wednesday.

The U.S. dollar is losing ground against the major currencies today. The Bloomberg dollar spot index is down 0.28% from Wednesday's close. The U.S. dollar is declining the most against the euro, British pound, and Swiss franc.