



| Time EST | Indicator | For | | Actual* | Estimate** | Consensus*** | Previous Period**** |
|----------|-----------------------------|-------|---|---------|------------|--------------|---------------------|
| 09:45 AM | Markit US Manufacturing PMI | Sep P | ↑ | 55.6 | 54.5 | 55.0 | 54.7 |
| 09:45 AM | Markit US Services PMI | Sep P | ↓ | 52.9 | 54.6 | 55.0 | 54.8 |
| 09:45 AM | Markit US Composite PMI | Sep P | | 53.4 | NA | NA | 54.7 |

* ↑ 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

Dow and S&P 500 Hit Record Highs, U.S. Manufacturing PMI Rises In September

Both the Dow and S&P 500 hit record-high levels yesterday. A combination of a pause in the U.S.-China trade war and decent U.S. economic data released yesterday – jobless claims declined again for the week ending September 15 and are at the lowest level since 1969 – resulted in a risk on mentality by investors. According to S&P Dow Jones Indices, Thursday was the 100th record close in the Dow since President Trump’s election.

There was only one U.S. data release today and the data was mixed. The preliminary September reading of the IHS Markit US Manufacturing PMI was 55.6, above the consensus of 55.0 and up from 54.7 in August. This the highest level since May 2018. According to IHS Markit, the main factors for the increase were stronger rates of output and new order growth, although stock building also made a positive contribution with pre-production inventories increasing at the quickest pace since December 2016. But manufacturers have become more cautious about the future with manufacturers growth outlook over the year ahead dropping to its lowest level since March 2017.

The IHS Markit US Services PMI disappointed with a preliminary reading of 52.9 for September. This is well below the consensus expectation of 55.0 and down from 54.8 in August. This is the weakest reading since March 2017. Expectations for growth over the coming year dropped to the lowest level since last December, but the rate of job creation was the fastest since May 2015 in response to a rise in the backlogs of work and stronger new business growth, according to IHS Markit. Finally, there was some evidence of price pressures in the report with input costs rising and average prices charged by service providers increasing at the fastest rate since the survey began in October 2009.

U.S. stocks are mixed this morning. The Dow and the S&P 500 are up 0.26% and 0.15% respectively, while the NASDAQ is down 0.08%. Gains in the S&P 500 today are led by telecommunications, industrials, and energy stocks.

Treasury yields are rising today. The 10-Year Treasury yield is currently at 3.072 – up 0.9 basis points from Thursday’s close. The 2-10 Treasury spread is 26.6 basis points – up 0.5 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 Thursday.

The U.S. dollar is gaining ground against the major currencies today. The Bloomberg dollar spot index is up 0.33% from yesterday’s close. The U.S. dollar is increasing the most against the British pound, euro and Japanese yen.

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Theresa May announced the U.K. and EU are at an impasse in their Brexit negotiations. The dollar has weakened about 0.40% over the past month.