



Time EST	Indicator	For	Actual*	Estimate**	Consensus***	Previous Period****
07:30 AM	Challenger Job Cuts YoY	Sep	70.9%	NA	NA	13.7%
08:30 AM	Initial Jobless Claims	29-Sep	↓ 207k	218k	215k	215k R↑
08:30 AM	Continuing Claims	22-Sep	↓ 1650k	NA	1665k	1663k R↑
10:00 AM	Factory Orders	Aug	↑ 2.3%	1.8%	2.1%	-0.5% R↑
10:00 AM	Factory Orders Ex Trans	Aug	0.1%	NA	NA	0.1% R↓
10:00 AM	Durable Goods Orders	Aug F	↓ 4.4%	NA	4.5%	4.5%
10:00 AM	Durables Ex Transportation	Aug F	0.0%	NA	NA	0.1%
10:00 AM	Cap Goods Orders Nondef Ex Air	Aug F	-0.9%	NA	NA	-0.5%
10:00 AM	Cap Goods Ship Nondef Ex Air	Aug F	-0.2%	NA	NA	0.1%

\* ↑ 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

## U.S. Treasury Yields Surge to Highest Level since Mid-2011, Headline Factory Orders Rebound

The above-consensus U.S. economic data released yesterday sent the 10-year Treasury yield to the highest level since mid-2011, pushing global bond yields higher. Also contributing to the rise in yields were comments by Fed Chair Powell that the U.S. economy’s performance was “remarkably positive” and that rates might have to rise above “neutral” according to Reuters. Investors pulled back on risk in response to the sharp rise in yields with most equity markets around the globe declining.

Adding to the positivity today, initial jobless claims fell to an almost 49-year low of 207,000 for the week ending September 29. This was below the consensus view of 215,000 and down 8,000 from the prior week. The four week moving average rose 500 to 207,000 last week but is still at a very low level. Finally, the Labor Department reported that claims in North and South Carolina were impacted by Hurricane Florence which hit the region in mid-September.

Data on the U.S. manufacturing sector surprised to the upside today with factory orders rising 2.3% in August. This is above consensus expectations for a 2.1% advance and up sharply from an upwardly revised -0.5% in July. The largest gain in 11 months was driven by a 13.1% surge in transportation orders with orders for nondefense aircraft rising 69.1%. Factory orders excluding the volatile transportation category rose a more modest 0.1%.

U.S. stocks are falling this morning in response to yesterday’s rising bond yields. Rising interest rates reduce discounted forward earnings for companies leading to lower stock market valuations all else being equal. The Dow and the S&P 500 are down 0.80% and 0.73% respectively, while the NASDAQ is down a sharper 1.23%. Losses in the S&P 500 today are led by communications, information technology, and consumer discretionary stocks.

Treasury yields are rising again this morning. The 10-Year Treasury yield is currently at 3.191 – up 1.0 basis point from Wednesday’s close. The 2-10 Treasury spread is 31.7 basis points – up 0.3 basis points from yesterday’s close and at its highest level since the beginning of April. The futures market probability of another Fed funds rate hike in December is 72.4% this morning, down from 75.9% on Wednesday.

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The U.S. dollar is down slightly against the major currencies today. The Bloomberg dollar spot index is down 0.02% from yesterday's close. The U.S. dollar is declining the most against the Japanese yen, British pound, and euro.