



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Import Price Index MoM	Sep	↑	0.5%	0.2%	0.2%	-0.4% R↑
08:30 AM	Import Price Index YoY	Sep	↑	3.5%	NA	3.1%	3.8% R↑
08:30 AM	Export Price Index MoM	Sep	↓	0.0%	NA	0.2%	-0.2% R↓
08:30 AM	Export Price Index YoY	Sep	↓	2.7%	NA	2.9%	3.5% R↓
10:00 AM	U. of Mich. Sentiment	Oct P	↓	99.0	99.5	100.5	100.1

* ↑ 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

Global Equity Markets Rebound After Two-Day Rout, Consumer Sentiment Slips in October

Global equity markets rebounded overnight after a steep two-day selloff. Investors' fears about the escalation of the U.S.-China trade war were eased somewhat by the news that President Trump planned to meet with Chinese leader Xi Jinping at the G-20 summit next month. Also on Friday, China reported its exports rose nearly 15% from a year-ago in September far better than the consensus forecast for 8.2% growth, suggesting it is weathering the first round of tariffs imposed this summer by the Trump Administration on \$50 billion of Chinese exports.

U.S. import prices rose 0.5% month-over-month in September, well above the consensus estimate of 0.2%. The largest increase since May was primarily driven by a 4.1% jump in petroleum prices in September. Import prices excluding petroleum were flat. On a year ago basis, import prices are up 3.5%, down from an upwardly revised 3.8% in August. Export prices were weaker - flat in September and up only 2.7% from a year ago, down from 3.5% in August.

The U.S. consumer became a little less confident in October too. The preliminary reading of consumer sentiment was 99.0. This was below expectations for a reading of 100.5 and down from 100.1 in August. The declines were broad-based with current conditions declining from 115.2 to 114.4 and expectations falling from 90.5 to 89.1. Despite the modest decline, consumer sentiment remains above the average reading of 98.5 in 2018. According to the University of Michigan, the recent sell off in the equity markets only overlapped the survey by one evening and thus had no influence on the preliminary reading.

U.S. stocks are staging a rally this morning as trade war fears ease and banks reported better-than-expected earnings. The Dow and the S&P 500 are up 1.21% and 1.48% respectively, while the NASDAQ is up 2.15%. Gains in the S&P 500 today are led by information technology, consumer discretionary and communications stocks.

Treasury yields are rising modestly across the curve this morning. The 10-Year Treasury yield is currently at 3.156 – up 0.6 basis points from Thursday's close. The 2-10 Treasury spread is 30.9 basis points – up 0.6 basis points from Thursday's close. The futures market probability of another Fed funds rate hike in December is 79.7% this morning, up from 76.2% on Thursday.

The U.S. dollar is up slightly against the major currencies today. The Bloomberg dollar spot index is up 0.08% from Thursday's close and up 0.32% over the past month. The U.S. dollar is advancing the most against the euro, British pound and Chinese Renminbi today.

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