



Time EST	Indicator	For	Actual*	Estimate**	Consensus***	Previous Period****
10:00 AM	Richmond Fed Manufacturing Index	Oct	15.0	24.0	24.0	29.0

*↑ 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

Richmond Fed Manufacturing Index Tumbles to Six Month Low in October

The Richmond Fed Manufacturing Index dropped to 15 in October from 29 in September, while the consensus was looking for a more modest deterioration to 24. This survey is based on data coming from the Carolinas, District of Columbia, Maryland, Virginia, and West Virginia, accounting for about 9.1 percent of U.S GDP. The aftermath of Hurricane Florence likely weighed heavy on this manufacturing index report today, painting a darker picture than underlying national manufacturing conditions this month.

Declines were seen in 10 out of 13 categories, led by shipments down 26 points to 7 closely followed by big declines in local business conditions and new order volume, down 19 points and 14 points, respectively. Moreover, the wages index also dropped 5 points to 28 and average workweek declined to August levels at 16.

Global stock markets are dropping sharply today. U.S. stocks are down for the 12th day in 14 days as concerns grow about the earnings impact of the escalating trade war with China and further Fed monetary tightening. The Dow and the S&P 500 are down 1.79% and 2.09% respectively, while the NASDAQ is also down 2.27%. Losses in the S&P 500 today are led by energy, materials, and industrials stocks.

Treasury yields are dropping across the curve as investors search for a safe haven. The 10-Year Treasury yield is currently at 3.12 – down 7.7 basis points from Monday's close. The 2-10 Treasury spread is back down to 26.4 basis points – down 2.3 basis points from Monday's close. The futures market probability of another Fed funds rate hike in December is 74.4% this morning, down from 79.6% on Monday.

The U.S. dollar is slipping a bit against the major currencies today. The Bloomberg dollar spot index is down 0.09% from yesterday's close, but still up 1.56% from a month ago. The U.S. dollar is declining the most today against the Japanese yen, euro, and British pound today.