

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Advance Goods Trade Balance	Sep	↑	-\$76.0b	-\$74.8b	-\$75.1b	-\$75.5b R↑
08:30 AM	Wholesale Inventories MoM	Sep P	↓	0.3%	0.7%	0.5%	0.9% R↓
08:30 AM	Retail Inventories MoM	Sep		0.1%	NA	NA	0.6% R↓
08:30 AM	Durable Goods Orders	Sep P	↑	0.8%	-2.1%	-1.5%	4.6% R↑
08:30 AM	Durables Ex Transportation	Sep P	↓	0.1%	0.1%	0.4%	0.3% R↑
08:30 AM	Cap Goods Orders Nondef Ex Air	Sep P	↓	-0.1%	NA	0.5%	-0.2% R↑
08:30 AM	Cap Goods Ship Nondef Ex Air	Sep P	↓	0.0%	NA	0.4%	0.0% R↑
08:30 AM	Initial Jobless Claims	20-Oct	-	215k	213k	215k	210k
08:30 AM	Continuing Claims	13-Oct	↓	1636k	NA	1644k	1641k R↑
10:00 AM	Pending Home Sales MoM	Sep	↑	0.5%	-0.1%	0.0%	-1.9% R↓
11:00 AM	Kansas City Fed Manufacturing Activity	Oct	↓	8.0	12.0	14.0	13.0

* ↑ 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

U.S. Goods Trade Deficit Hits All Time High In September, Durable Goods Orders Weaken

The U.S. economic calendar is very busy today. First off, the U.S. goods trade balance widened to a monthly record of \$76.0 billion in September, up from \$75.5 billion in August and above the expected \$75.1 billion. The Commerce Department report showed that imports rose 1.5% with consumer goods and capital goods each increasing 3.6%. Imports have been surging in recent months as U.S. businesses try to increase inventories prior to higher import tariffs with China. Exports climbed 1.8% in September, driven primarily by a 5.9% surge in industrial supplies. However, exports of food and beverages sank 8.9% last month. The widening of the trade deficit will likely subtract around 1.7 percentage points from third quarter GDP growth.

Headline durable goods orders rose 0.8% in September, down from the upwardly revised increase of 4.6% in August but well above consensus expectations for a decline of 1.5%. The unexpected increase was primarily due to a 1.9% jump in transportation orders. Excluding orders for transportation, durable goods orders rose just 0.1%, spot on with our estimate. Finally, the category that serves as a proxy for business investment spending – capital goods orders nondefense excluding aircraft – dipped 0.1% in September after falling 0.2% in the prior month. This may be another sign that businesses are becoming more cautious because of the U.S.-China trade war.

Finally some good news on the U.S. housing market with pending home sales rising 0.5% month-on-month in September. This was above the flat reading expected and up from a downwardly revised -1.9% in August. On a regional basis, pending home sales increased in the West (+4.5%) and the Midwest (+1.2%) but declined in the South (-1.4%) and the Northeast (-0.4%). Despite the monthly increase, pending home sales are down 1.0% from a year ago, the ninth consecutive month of annual declines. According to the National Association of Realtors, the lack of inventory of moderately priced homes and declining affordability are restraining existing home sales.



U.S. stocks are rebounding this morning after yesterday's sharp selloff. The Dow and the S&P 500 are up 1.51% and 1.76% respectively, while the NASDAQ is up 2.67%. Gains in the S&P 500 today are led by information technology, consumer discretionary and communications stocks.

Treasury yields are rising across the curve this morning. The 10-Year Treasury yield is currently at 3.136 – up 3.2 basis points from Wednesday's close. The 2-10 Treasury spread is 27.9 basis points – up 0.4 basis points from Wednesday's close. The futures market probability of another Fed funds rate hike in December is 74.7% this morning, up from 70.0% yesterday.

The U.S. dollar is gaining ground against the major currencies today. The Bloomberg dollar spot index is up 0.10% from yesterday's close and is up 1.50% over the last month. The U.S. dollar is advancing the most today against the Japanese yen, euro and British pound.