

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
09:00 AM	S&P CoreLogic CS 20-City MoM SA	Aug	↓	0.09%	0.20%	0.10%	0.07% R↓
10:00 AM	Conf. Board Consumer Confidence	Oct	↑	137.9	136.2	135.9	135.3 R↓

* ↑ 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. Consumer Confidence Still Climbing Hits New 18 Year high, U.S. Home Price Growth Slows

Consumer confidence rose to 137.9 in October from the downwardly revised reading of 135.3 in September. This was well above expectations for a modest increase to 135.9. The increase was broad-based with the expectations (+3.4 points) and present situation (+2.1 points) components improving in October. Confidence has increased for four consecutive months and is now at levels last seen in the fall of 2000. According to The Conference Board, the increase in the present situation index was driven by continued strong employment growth, while the increase in the expectations index suggests consumers expect the strong pace of U.S. economic growth to carry over into 2019. We have our doubts. Without faster real wage growth consumer spending is expected to slow a bit in 2019.

The S&P CoreLogic Case-Shiller National Home Price 20-City Index rose 0.09% month-on-month in August, pretty much in line with the consensus view of a 0.10% advance and up from the downwardly revised increase of 0.07% in July. Seventeen of the 20 cities had positive month-over-month gains, with prices declining in Seattle (-0.99%), New York (-0.36%) and San Diego (-0.27%). On a year-ago basis, home prices posted a 5.5% gain in August, down from 5.9% in the previous month. Las Vegas, San Francisco and Seattle recorded the biggest year-on-year gains of 13.9%, 10.6% and 9.6% respectively. The moderation in home prices in August is consistent with other recent housing data that point to a prolonged slowdown in the U.S. housing market.

U.S. stocks are rebounding today after yesterdays late sell off. The Dow and the S&P 500 are up 0.67% and 0.43% respectively, while the NASDAQ is up 0.21%. Gains in the S&P 500 today are led by industrials, technology, and materials stocks.

Treasury yields are rising across the curve this morning. The 10-Year Treasury yield is currently at 3.102 – up 1.7 basis points from Monday's close. The 2-10 Treasury spread is 26.9 basis points – down 0.1 basis points from yesterday's close. The futures market probability of another Fed funds rate hike in December is 70.9% this morning, up from 70.3% on Monday.

The U.S. dollar is gaining ground against the major currencies today. The Bloomberg dollar spot index is up 0.13% from yesterday's close and is up 1.72% over the last month. The U.S. dollar is gaining the most today against the Japanese yen, euro and British pound.