



Time EST	Indicator	For	Actual*	Estimate**	Consensus***	Previous Period****
07:30 AM	Challenger Job Cuts YoY	Oct	153.6%	NA	NA	70.9%
08:30 AM	Nonfarm Productivity	3Q P	↑ 2.2%	1.9%	2.1%	3.0% R↑
08:30 AM	Unit Labor Costs	3Q P	↑ 1.2%	1.1%	1.0%	-1.0%
08:30 AM	Initial Jobless Claims	27-Oct	↑ 214k	213k	212k	216k R↑
08:30 AM	Continuing Claims	20-Oct	↓ 1631k	NA	1640k	1638k R↑
09:45 AM	Markit US Manufacturing PMI	Oct F	↓ 55.7	55.8	55.8	55.9
10:00 AM	ISM Manufacturing	Oct	↓ 57.7	59.0	59.0	59.8
10:00 AM	Construction Spending MoM	Sep	- 0.0%	0.1%	0.0%	0.8% R↑
12:00 AM	Wards Total Vehicle Sales	Oct		16.9m	17.05m	17.40m

* ↑ 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

ISM Manufacturing Index Declines More Than Forecast in October

The ISM Manufacturing Index retreated to 57.7 in October from 59.8 in September. This was below expectations for a reading of 59.0. Six of the ten indexes declined from the previous month, led by new orders (-4.4 points), production (-4.0 points) and new export orders (-3.8 points). The prices paid index registered the largest increase (+4.7 points), indicating higher raw materials prices for the 32nd consecutive month according to the Institute for Supply Management. Recent tariffs on Chinese imports are likely adding to manufacturers' cost pressures.

U.S. productivity growth slowed to a 2.2% annualized rate in the third quarter, down from an upwardly revised 3.0% in the previous period. Unit labor costs increased just 1.2%, slightly above the expected gain of 1.0%. Compared to a year ago, productivity is up 1.3%, reflecting a 3.7% increase in output and a 2.4% increase in hours worked. Unit labor costs grew just 1.5% from a year ago and growth has been decelerating each quarter since reaching 2.5% in the third quarter of 2017. Unit labor costs remain well contained despite the drum-tight labor market.

Finally, construction spending ground to a halt in September after strong gains in August. Construction spending was flat month-on-month in September in-line with consensus expectations. The previous month, however, was revised sharply higher to 0.8% from the initial reading of 0.1%. Residential construction advanced 0.5% while nonresidential construction declined 0.3%. The 0.5% rise in residential construction was driven by a 0.6% increase in private residential construction. The 0.3% decline in nonresidential construction was entirely due to a 0.8% decrease in public nonresidential construction. Private nonresidential construction managed a 0.1% increase in September. On a year-ago basis, construction spending is up 7.2%, with residential and nonresidential spending up 4.9% and 8.9% respectively.

U.S. stocks are up for the third consecutive day today. The Dow and the S&P 500 are up 0.87% and 0.72% respectively, while the NASDAQ is up 1.13%. Gains in the S&P 500 today are led by materials, industrials and consumer discretionary stocks.



Treasury yields are mostly lower today. The 10-Year Treasury yield is currently at 3.144 – up 0.2 basis points from Wednesday’s close. The 2-10 Treasury spread is 29.1 basis points – up 1.2 basis points from yesterday’s close. The futures market probability of another Fed funds rate hike in December is 70.7% this morning, down from 73.1% on Wednesday.

The U.S. dollar is down sharply against the major currencies today after hitting a 17 month high. The Bloomberg dollar spot index is down 0.69% from yesterday’s close but is up 0.80% over the last month. The U.S. dollar is declining the most today against the euro, British pound, and Mexican peso.