



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 32<sup>nd</sup> 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.