



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	PPI Final Demand MoM	Oct	↑	0.6%	0.3%	0.2%	0.2%
08:30 AM	PPI Ex Food and Energy MoM	Oct	↑	0.5%	0.2%	0.2%	0.2%
08:30 AM	PPI Final Demand YoY	Oct	↑	2.9%	NA	2.5%	2.6%
08:30 AM	PPI Ex Food and Energy YoY	Oct	↑	2.6%	NA	2.3%	2.5%
10:00 AM	Wholesale Inventories MoM	Sep F	↑	0.4%	0.3%	0.3%	0.3%
10:00 AM	Wholesale Trade Sales MoM	Sep	↓	0.2%	NA	0.4%	0.7% R↓
10:00 AM	U. of Mich. Sentiment	Nov P	↑	98.3	98.1	98.0	98.6

\* ↑ 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

## Oil Prices Hit Eight-Month Low, Producer Price Inflation Heats Up In October

U.S. WTI oil fell below \$60 overnight and is down more than 20% since early October. Prices are at an eight-month low despite the sanctions put in place on Iran by the Trump Administration earlier this week that were designed to curtail Iranian oil exports. U.S. oil producers stepped in to fill the void, with production increasing to 11.6 million barrel per day according to the Energy Information Administration. U.S. production is now up two million barrels per day from the same period last year and production now exceeds that of Saudi Arabia and Russia. OPEC's Joint Ministerial Monitoring Committee is meeting this weekend and is expected to discuss oil production levels.

Meanwhile, final demand producer prices rose 0.6% month-on-month in October, well above the consensus view of a 0.2% rise and up from 0.2% in September. The increase in October was the biggest in six years. Increases were broad-based with goods prices up 0.6% in October and services prices up 0.7%. Food (+1.0%) and energy (+2.7%) drove goods prices higher, while trade (1.6%) and transportation and warehousing (+0.6%) led the way in the services category. Excluding food and energy, prices rose 0.5% in October, also above the expected 0.2% increase. Rising import tariffs and hurricane demand pressures likely added to the higher rate of producer inflation last month. On a year-over-year basis, final demand producer prices are up 2.9% and a more muted 2.6% excluding food and energy. This report suggests the Fed will remain on track to increase interest rates by a quarter point in December.

The preliminary reading on consumer sentiment in November was slightly above expectations at 98.3, down from 98.6 in October. The current conditions component rose to 113.2 from 113.1 in October while the expectations component dipped to 88.7 from 89.3. Compared to a year ago, consumer sentiment is down 0.2% with declines in both current conditions (-0.3%) and expectations (-0.2%). The still-solid reading puts the average for the index at 98.4 so far this year, higher than any other year since 2000.

U.S. stocks are down this morning amid worries that the sharp decline in oil prices is signaling slower global growth. The Dow and the S&P 500 are down 0.73% and 0.97% respectively, while the NASDAQ is down 1.46%. Losses in the S&P 500 today are led by materials, information technology and energy stocks.



Treasury yields are down across the curve this morning. The 10-Year Treasury yield is currently at 3.191 – down 4.6 basis points from Thursday’s close. The 2-10 Treasury spread is 25.7 basis points – down 1.8 basis points from Thursday’s close. The futures market probability of another Fed funds rate hike in December is 75.0% this morning, up from 74.4% on Thursday.

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 1.69% over the last month. The U.S. dollar is advancing the most today against the Mexican peso, euro and Canadian dollar.