



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	CPI MoM	Oct	-	0.3%	0.3%	0.3%	0.1%
08:30 AM	CPI Ex Food and Energy MoM	Oct	-	0.2%	0.2%	0.2%	0.1%
08:30 AM	CPI YoY	Oct	-	2.5%	NA	2.5%	2.3%
08:30 AM	CPI Ex Food and Energy YoY	Oct	↓	2.1%	NA	2.2%	2.2%

\* ↑ 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.K.-EU Agree To Brexit Deal, U.S. Consumer Inflation in October Mostly In Line With Expectations

According to CNBC, the U.K. and EU have come to a conditional agreement on Brexit. Details are not yet known but U.K. Prime Minister Theresa May now has to get her cabinet of ministers and then a majority of parliament to sign off on the deal. Passage of the deal in parliament is not assured with the Labor party saying they will vote against it. The deal purportedly includes new proposals over the Ireland/Northern Ireland border and an agreement to retain the U.K. within the EU's customs union after Brexit for a predetermined length of time. Investors are giving their light applause on the announcement with the FTSE 100 up 0.18%, and the Pound and euro rising against the dollar today.

Meanwhile, U.S. overall consumer inflation rose 0.3% month-on-month in October, up from 0.1% in September spot on with our forecast. The largest increases were in used cars and trucks (+2.6%) and energy (+2.4% with gasoline rising 3.0%). Consumer inflation excluding food and energy increased a more modest 0.2% for the month, also in-line with our forecast. On a year-ago basis, overall consumer inflation rose 2.5% in October while inflation excluding food and energy increased 2.1%. This is down from 2.2% in September and below the consensus view for an increase of 2.2%. Despite the slight year-over-year moderation in core consumer inflation, the Fed is still expected to raise the fed funds rate by a quarter-point at their next meeting in December.

U.S. stocks are up this morning on the lighter-than-expected inflation data and news of the Brexit deal. The Dow and the S&P 500 are up 0.18% and 0.24% respectively, while the NASDAQ is up 0.18%. Gains in the S&P 500 today are led by energy, consumer discretionary and industrial stocks.

Treasury yields are rising across the curve this morning with the biggest increases at the long end. The 10-Year Treasury yield is currently at 3.158 – up 1.8 basis points from Tuesday's close. The 2-10 Treasury spread is 26.7 basis points – up 1.6 basis points from Tuesday's close. The futures market probability of another Fed funds rate hike in December is 75.5% this morning, down from 75.8% yesterday.

The U.S. dollar is losing ground against the major currencies today. The Bloomberg dollar spot index is down 0.20% from yesterday's close but is up 1.71% over the last month. The U.S. dollar is declining the most today against the euro, Mexican peso and British pound.