

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
09:15 AM	Industrial Production MoM	Oct	↓	0.1%	0.2%	0.2%	0.2% R↓
09:15 AM	Capacity Utilization	Oct	↑	78.4%	78.2%	78.2%	78.5% R↑
11:00 AM	Kansas City Fed Manufacturing Activity	Nov	↑	15.0	5.0	10.0	8.0
04:00 PM	Total Net TIC Flows	Sep			NA	NA	\$108.2b
04:00 PM	Net Long-term TIC Flows	Sep			NA	NA	\$131.8b

\* ↑ 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

## Could an Alternative Brexit Plan Emerge?, U.S. Industrial Production Growth Slows In October

According to Bloomberg, five U.K. Cabinet ministers who are in favor of Brexit are attempting to overhaul Theresa May's withdrawal agreement with the EU so they can support the plan. The EU, however, has stated that they have no intention of renegotiating the deal, especially with a summit scheduled for November 25 to sign off on the deal. Meanwhile, momentum is gathering for a vote of no confidence on Theresa May's government. Under the Conservative Party's rules, 48 letters of no confidence for Theresa May will have to be submitted to generate the no confidence vote. At least 20 have been submitted so far and it's expected that the threshold will be passed today with the vote taking place early next week.

U.S. industrial production growth slowed in October, rising 0.1% from a downwardly revised increase of 0.2% in September. A gain in manufacturing (+0.3% for the fifth consecutive month) offset decreases in mining (-0.3%) and utilities (-0.5%). According to the Federal Reserve, hurricanes lowered industrial production in both September and October by less than 0.1% per month. Compared to a year ago, industrial production is up a respectable 4.1%. Finally, capacity utilization was 78.4% in October, down from the upwardly revised 78.5% in the prior month. That leaves capacity utilization 1.4 percentage points below its long run average from 1972 to 2017.

U.S. stocks are mixed this morning despite another weak tech earnings report yesterday. The Dow and S&P 500 are up 0.24% and 0.06% respectively, while the NASDAQ is down 0.48%. Losses in the S&P 500 today are led by consumer discretionary, communications and industrial stocks.

Treasury yields are down across the curve this morning with the biggest declines at the short end on dovish comments from both Fed Chairman Jerome Powell and Vice-Chair Richard Clarida over the past 48 hours. The 10-Year Treasury yield is currently at 3.083 – down 2.7 basis points from Thursday's close. The 2-10 Treasury spread is 27.4 basis points – up 1.6 basis points from Thursday's close. The futures market probability of another Fed funds rate hike in December is 70.9% this morning, down from 71.3% on Thursday.

The U.S. dollar is down sharply against the major currencies today as the currency market starts to factor in the possibility of fewer Fed rate hikes in 2019. The Bloomberg dollar spot index is down 0.46% from yesterday's close but is up 0.81% over the last month. The U.S. dollar is losing the most ground today against the euro, Japanese yen and British pound.