

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Housing Starts	Oct	=	1228k	1230k	1228k	1210k R↑
08:30 AM	Housing Starts MoM	Oct	↓	1.5%	NA	2.2%	-5.5% R↓
08:30 AM	Building Permits	Oct	↑	1263k	1260k	1260k	1270k R↑
08:30 AM	Building Permits MoM	Oct	↑	-0.6%	NA	-0.8%	1.7% R↑

\* ↑ 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.S. Housing Starts Rebound In October But Building Permits Slip

U.S. housing starts partially rebounded in October, rising 1.5% from a downwardly revised -5.5% in September. The gain was concentrated in the volatile multifamily segment with a sharp 10.3% jump while single-family starts declined 1.8%. Regionally, housing starts increased in the South and the Midwest and declined in the Northeast and the West. On a seasonally adjusted year-over-year basis, housing starts are down 2.9% with multifamily starts down 3.7% and single-family starts down 2.6%.

Building permits, a gauge of future construction, declined a modest 0.6% in October, slightly above expectations for a reading of -0.8% but down from the upwardly revised gain of 1.7% in September. The decline was broad-based with single family permits declining 0.6% and multifamily permits slipping 0.5%. The housing market is struggling amid higher mortgage rates and land and labor shortages which have led to tight inventories and higher home prices. This is hurting affordability and eliminating more potential home buyers from the market. Finally, homes under construction rose 0.5% last month to an 11-year high of 1.14 million. Builders appear to be rushing to complete homes before housing demand softens further. This will over time alleviate the inventory shortage that has plagued the housing market.

U.S. stocks are down sharply again this morning on Target's earnings miss and tech weakness. Though stocks appear to be bouncing off their morning lows as bargain hunters start to nibble. The Dow and the S&P 500 are down 1.63% and 1.50% respectively, while the NASDAQ is down 1.15%. Losses in the S&P 500 today are led by energy, financials, and information technology stocks.

Treasury yields are mixed today. The 10-Year Treasury yield is currently at 3.056 – down 0.7 basis points from Monday's close. The 2-10 Treasury spread is 26.4 basis points – down 1.1 basis points from yesterday's close. The futures market probability of another Fed funds rate hike in December is 68.2% this morning, down from 68.7% yesterday.

The U.S. dollar is rallying against the major currencies today. The Bloomberg dollar spot index is up 0.26% from yesterday's close and is up 0.78% over the last month. The U.S. dollar is gaining the most today against the euro, Canadian dollar, and Mexican peso.