

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Personal Income	Oct	↑	0.5%	0.4%	0.4%	0.2%
08:30 AM	Personal Spending	Oct	↑	0.6%	0.4%	0.4%	0.2% R↓
08:30 AM	Real Personal Spending	Oct	↑	0.4%	NA	0.2%	0.1% R↓
08:30 AM	PCE Deflator MoM	Oct	=	0.2%	0.2%	0.2%	0.1%
08:30 AM	PCE Deflator YoY	Oct	↓	2.0%	NA	2.1%	2.0%
08:30 AM	PCE Core MoM	Oct	↓	0.1%	0.2%	0.2%	0.2%
08:30 AM	PCE Core YoY	Oct	↓	1.8%	NA	1.9%	1.9% R↓
08:30 AM	Initial Jobless Claims	24-Nov	↑	234k	220k	220k	224k
08:30 AM	Continuing Claims	17-Nov	↑	1710k	NA	1663k	1660k R↓
10:00 AM	Pending Home Sales MoM	Oct	↓	-2.6%	0.3%	0.5%	0.7% R↑
02:00 PM	FOMC Meeting Minutes	08-Nov					

* ↑ 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. Consumer Spending Accelerates in October, Pending Home Sales Fizzle

U.S. consumer spending rose 0.6% month-on-month in October, up from the downwardly revised advance of 0.2% in September and above the consensus view of a 0.4% increase. The largest increase in seven months was broad-based with spending on goods rising 0.5% and outlays on services jumping 0.7%. Meanwhile, personal income increased a healthy 0.5% in October, mainly due to increases in wages and salaries, proprietors' income and government social benefits. On a year-ago basis, spending is up 5.0% while personal income has risen 4.3%.

On an inflation adjusted basis, consumer spending rose 0.4% in October, double consensus expectations for a 0.2% increase and up from the downwardly revised gain of 0.1% in September. Compared to a year ago real consumer spending is up 2.9%. Real consumer spending in the fourth quarter is off to a solid start.

Meanwhile consumer inflation remains relatively tame, PCE inflation increased 0.2% month-on-month in October, up from 0.1% in September and spot on with our forecast. PCE core inflation excluding food and energy rose a modest 0.1% in October, below the consensus of 0.2% and down from 0.2% in the previous month. Compared to a year ago, core inflation is up 1.8% just a touch below the Fed's 2.0% intermediate target.

Pending home sales fell 2.6% in October, well below consensus expectations for a 0.5% increase and down from the upwardly revised advance of 0.7% in September. Pending home sales are now 6.7% below a year ago levels. Sales declined in the three of the four regions, led by the West (-8.9%) and the Midwest (-1.8%). The Northeast was the only region to show an increase (0.7%). According to the National Association of Realtors, higher mortgage rates are limiting the number of eligible homebuyers.

U.S. stocks are down after yesterday's sharp Fed-induced rally. The Dow the S&P 500 are down 0.36% and 0.40% and the NASDAQ is down 0.36%. Losses in the S&P 500 today are led by information technology, financials and utilities stocks.



Treasury yields are down across the curve this morning. The 10-Year Treasury yield is currently at 3.024 – down 3.5 basis points from Wednesday’s close. The 2-10 Treasury spread is 22.6 basis points – down 2.7 basis points from Wednesday’s close. The futures market probability of another Fed funds rate hike in December is 82.3% this morning, up from 79.6% on Wednesday.

The U.S. dollar is down slightly against the major currencies today. The Bloomberg dollar spot index is down 0.06% from yesterday’s close but is up 0.35% over the last month. The U.S. dollar is losing the most ground against the euro, Japanese yen, and Indian rupee today.