



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	CPI MoM	Nov	-	0.0%	0.0%	0.0%	0.3%
08:30 AM	CPI Ex Food and Energy MoM	Nov	-	0.2%	0.2%	0.2%	0.2%

* ↑ 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

UK Prime Minister Theresa May Faces No Confidence Vote, U.S. Consumer Inflation Meets Expectations

British Prime Minister Theresa May could survive a challenge on Wednesday when conservative lawmakers plan to hold a no confidence vote. The BBC is reporting that she has the support of 158 Members of Parliament, the minimum number needed to survive the challenge. If she loses, a leadership challenge would be announced and a general election would likely follow, potentially putting the Brexit deal at risk.

Here in the U.S., consumer inflation moderated with gasoline prices, but core inflation picked up. U.S. consumer inflation was flat month-on-month in November, in-line with our forecast and down from 0.3% in October. Gasoline prices declined 4.2% in November, offsetting increases in used cars and trucks (+2.4%) and shelter (+0.3%). Consumer inflation is 2.2% from last year. Consumer inflation excluding food and energy rose 0.2% in November, also in-line with our estimate. Over the last 12 months, consumer inflation excluding food and energy is 2.2% up from 2.1% in October. This moderation in headline consumer inflation in November does not alter our view for the Fed to raise the fed funds rate by a quarter point later this month.

U.S. stocks are higher this morning on positive developments in the U.S.-China trade dispute. The Dow and the S&P 500 are up 1.45% and 1.42% respectively, while the NASDAQ is up 2.02%. Gains in the S&P 500 today are led by energy, information technology and health care stocks.

Treasury yields are higher across the curve this morning. The 10-Year Treasury yield is currently at 2.899 – up 2.0 basis points from Tuesday’s close. The 2-10 Treasury spread is 13.2 basis points – up 1.6 basis point from Tuesday’s close. The futures market probability of another Fed funds rate hike in December is 73.9% this morning, unchanged from yesterday.

The U.S. dollar is down against the major currencies today as flight to safety flows subside. The Bloomberg dollar spot index is down 0.44% from yesterday’s close and is down 0.10% over the last month. The U.S. dollar is losing the most today against the British pound, euro and Mexican peso.

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