



Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Housing Starts	Nov	↑	1256k	1240k	1226k	1217k R↓
08:30 AM	Housing Starts MoM	Nov	↑	3.2%	NA	-0.2%	-1.6% R↓
08:30 AM	Building Permits	Nov	↑	1328k	1260k	1260k	1265k R↑
08:30 AM	Building Permits MoM	Nov	↑	5.0%	NA	-0.4%	-0.4% 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

## WTI Oil Prices Fall Sharply Overnight, U.S. Housing Starts And Permits Rebound In November

Oil prices dropped over 4.0% overnight on rising inventories and forecasts of record output by the U.S. and Russia. OPEC and other oil producers agreed to reduce output earlier this month, by those cuts aren't scheduled to occur until January and the amount agreed to only represents approximately 1% of global demand. Oil prices have now declined for three consecutive sessions. WTI crude oil is currently trading at around \$48.88 per barrel.

There was finally some better news on the U.S. housing front today with housing starts rising 3.2% month-on-month in November. This was above consensus expectations for a flat reading and up from a downwardly revised -1.6% in October. The increase was driven by a sharp 22.4% jump in multifamily starts with single-family starts still dropping 4.6% from October. Construction of single-family homes is now at the lowest level since May 2017. Starts are down 3.6% from a year ago with single-family starts down 13.1% and multifamily starts up 21.7%. On a regional basis starts rose 6.8% in the South (where over 50% of homebuilding takes place) but declined in the West (-24.4%), the Northeast (-9.5%) and the Midwest (-3.2%). Impact on our GDP estimate for Q4 will be minimal - no change in our current GDP forecast of 2.4% growth in Q4.

Building permits – a good indicator of future homebuilding – rose 5.0% month-on-month in November, up from -0.4% in October and well-above the consensus view for a reading of -0.4%. Much like the housing starts data, the gain was primarily in the multifamily segment (+14.8%) with single-family permits increasing just 0.1%.

U.S. stocks are rebounding this morning after another sharp selloff yesterday. The Dow and the S&P 500 are up 0.99% and 0.81% respectively, while the NASDAQ is up 0.93%. Gains in the S&P 500 today are led by industrials, information technology and communications stocks.

Treasury yields are down across the curve this morning. The 10-Year Treasury yield is currently at 2.843 – down 1.4 basis points from Monday's close. The 2-10 Treasury spread is 17.2 basis points – up 0.5 basis points from Monday's close. The futures market probability of another Fed funds rate hike in December is higher this morning as the FOMC meeting gets underway and stronger housing data helps reduce market panic. The probability of another interest rate hike this week is 70.8% up from 63.3% on Monday.

The U.S. dollar is weaker against the major currencies today. The Bloomberg dollar spot index is down 0.06% from yesterday's close and is up a modest 0.08% over the last month. The U.S. dollar is losing the most today against the euro, Indian rupee, and Japanese yen.

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