

Time EST	Indicator	For		Actual*	Estimate**	Consensus***	Previous Period****
08:30 AM	Current Account Balance	3Q	↓	\$124.8b	NA	-\$125.0b	-\$101.2b R↓
10:00 AM	Existing Home Sales	Nov	↑	5.32m	5.19m	5.20m	5.22m
10:00 AM	Existing Home Sales MoM	Nov	↑	1.9%	NA	-0.4%	1.4%
02:00 PM	FOMC Rate Decision (Upper Bound)	19-Dec			2.50%	2.50%	2.25%
02:00 PM	FOMC Rate Decision (Lower Bound)	19-Dec			2.25%	2.25%	2.00%

* ↑ 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

Fed Expected To Raise Interest Rates Today, U.S. Existing Home Sales Rise Again In November

The Federal Reserve is expected to raise the fed funds rate by a quarter point today but much more important to Fed watchers will be their forward guidance for next year. We expect the FOMC to trim the number of rate hikes it anticipates next year to two from three, given the recent equity market volatility and the sharp decline in oil prices. If the Fed does lift rates today as expected, it will be the fourth hike this year and ninth since the Fed started the tightening cycle in December 2015.

Better news on the U.S. housing market as existing home sales rose 1.9% month-on-month in November, up from 1.4% in October and above consensus expectations for a decline of 0.4%. Sales have now increased for two consecutive months. Increases were broad-based with single-family home sales advancing 1.9% and condos rising 1.7%. Total existing home sales, however, are down 7.0% from a year ago with single-family homes declining 6.7% and condos down 9.0%.

On a regional basis, home sales increased in the Northeast (+7.2%), the Midwest (+5.5%) and the South (+2.3%) but declined 6.3% in the West. Total housing inventory at the end of November decreased to 1.74 million homes for sale from 1.85 million in October. The median existing home price rose 4.2% year-over-year in November, the 81st consecutive month of year-ago gains.

U.S. stocks are up slightly as investors wait for the Fed announcement. The Dow and the S&P 500 are up 0.78% and 0.74% respectively, while the NASDAQ is up 0.96%. Gains in the S&P 500 today are led by materials, energy and communications stocks.

Treasury yields are mixed this morning. The 10-Year Treasury yield is currently at 2.808 – down 0.9 basis points from Tuesday's close. The 2-10 Treasury spread is 16.0 basis points – down 1.5 from Tuesday's close. The futures market probability of a Fed funds rate hike today is 71.6% up from 68.3% on Tuesday.

The U.S. dollar is losing ground against the major currencies today. The Bloomberg dollar spot index is down 0.33% from yesterday's close and is down 0.16% over the last month. The U.S. dollar is losing the most against the euro, Japanese yen and Canadian dollar today.