

December 11, 2017

Economic update

Economy



The Commerce Dept. stated that factory orders fell 0.1% and durable goods orders declined 0.8% in October. The trade deficit widened in October. The China Composite PMI rose to 51.6 in November from 51.0 in October. Services grew at a slower pace in the United States and Japan in November, Markit Economics reported.

Employment



The United States added 228,000 jobs and the unemployment rate remained unchanged at 4.1% in November, the BEA reported. Initial jobless claims fell by 2,000 to 236,000 in the week ended December 2, 2017, the Labor Dept. noted. The four-week moving average was 241,500. The ADP National Employment report found the United States added 190,000 private sector jobs in November.

Profits



As of November 30, 2017, of the 497 S&P 500 Index companies reporting third-quarter earnings, 360 — or 72.4% — beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



The preliminary University of Michigan index of consumer sentiment fell to 96.8 in December from 98.5 in November.

Europe



Eurostat reported GDP rose by 0.6% in the euro area in the third quarter. Germany's Federal Statistical Office noted factory orders increased 0.5% and industrial production fell 1.4% in October. The Markit Eurozone Composite PMI rose to 57.5 in November from 56.0 in October. Markit Economics PMI reports found retail sales increased while services growth slowed in Germany in November.

Rates



The yield on the 10-year U.S. Treasury note rose.

Risks



- China's nominal GDP growth could begin to decline
- There is a mismatch between low-volatility market environment and policy uncertainty
- Fed tightening measures could potentially contribute to inverting the yield curve in 2018

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