

December 10, 2018

Economic update

Economy



- Construction spending fell 0.1% in October, the Commerce Department stated.
- The trade deficit surged in October, reaching a 10-year high, the Commerce Department reported.
- Factory orders declined 2.1% in October, the Commerce Department noted.
- Durable goods orders fell 4.3% in October, according to the Commerce Department.

Employment



- Initial jobless claims fell by 4,000 to 231,000 in the week ended December 1, 2018, according to the Labor Department.
- The U.S. added 155,000 jobs and the unemployment rate remained unchanged at 3.7% in November, according to the Bureau of Labor Statistics.

Profits



- As of November 30, 2018, of the 488 S&P 500 Index companies reporting third-quarter earnings, 376 — or 77.0% — beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



- The University of Michigan's index of consumer sentiment remained unchanged at 97.5 in December.

Europe



- Eurostat reported that retail trade rose 0.3% in October.
- GDP grew 0.2% in the third quarter, Eurostat stated.
- Eurozone industrial producer prices rose 0.8% in October, according to Eurostat.
- Germany's Federal Statistical Office reported that factory orders advanced 0.3% in October.

Rates



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

Risks



- The strengthening U.S. dollar and widening credit spreads are putting pressure on select emerging markets.
- The risk of a no-deal Brexit and a looming confrontation between the European Commission and Italy could tip Europe back into recession.
- The Fed appears to be on course to invert the yield curve.

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