

November 19, 2018

Economic update

Economy



- Retail sales increased 0.8% in October, in an advance estimate from the Census Bureau.
- Import prices rose 0.5% and export prices rose 0.4% in October, the Bureau of Labor Statistics reported.
- The CPI increased 0.3% and core CPI advanced 0.2% in October, the Bureau of Labor Statistics reported.

Employment



- Initial jobless claims rose by 2,000 to 216,000 in the week ended November 10, 2018, according to the Department of Labor.

Profits



- As of November 7, 2018, of the 451 S&P 500 Index companies reporting third-quarter earnings, 347 — or 76.9% — beat analysts' estimates, according to S&P Dow Jones Indices.

Emotion



- The NFIB Small Business Optimism index dipped slightly in October but remained at a high level.
- The ZEW Indicator of Economic Sentiment for Germany showed a slight improvement in November.

Europe



- The euro area posted a trade surplus in September, Eurostat reported.
- GDP grew 0.2% in the euro area in the third quarter, Eurostat noted.
- Eurostat stated that industrial production fell by 0.3% in September.
- Germany's GDP slipped 0.2% in the third quarter from the second quarter, according to the Federal Statistical Office.

Rates



- The yield on the 10-year U.S. Treasury note declined.
- The Federal Reserve held rates steady.

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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