

### Top Headline: First Charges Filed in Robert Mueller's Russia Investigation.

A federal grand jury has approved the first charges in the U.S. special counsel's investigation into Russian meddling during the 2016 election. The indictment is to remain sealed until Monday, from whence targets may be taken into custody. The special counsel's team has been seemingly ramping up its investigation in recent months following an FBI raid of former Trump campaign manager Paul Manafort's home in July, and interviews with former White House chief of staff Reince Priebus. Since its commencement, the investigation absorbed a series of concurrent inquiries including an investigation into former National Security Advisor Michael Flynn's lobbying for the Turkish government and Paul Manafort's business dealings in Ukraine. In addition, Deputy Attorney General Rob Rosenstein had authorized the special prosecutor to pursue any matters arising directly from his investigation, which could include tax-related offences, lying to federal investigators, or perjury before a grand jury.

### Other News

The Spanish government has fired Catalonia's regional government and dissolved its parliament on Friday, following a unilateral declaration of independence by the region's lawmakers. Hours after the announcement, the Spanish parliament granted special constitutional rights to the government to stop the secessionist move deemed illegal by both the Spanish government and the country's Constitutional Court. The government's action will force regional elections on December 21<sup>st</sup>. The EU, US, and the local business community have come out in favor of Spanish unity, with the EU affirming that Catalonia will be tossed out of the EU should it secede from Spain, and more than 1,500 businesses having moved their headquarters from the region to ensure they can remain under EU laws in case of secession. The region's population of 7.5 million is an even split on secession according to recent surveys

### On Tap This Week

This week is highlighted by the release of the unemployment numbers for October.

### Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W 10/25/17	Durable Goods Orders	Sept	2.0%	1.0%	2.2%	Orders continue to increase indicating a pickup in business investment.
W 10/25/17	Orders Less Transportation	Sept	0.7% r↑	0.5%	0.7%	
W 10/25/17	New Home Sales	Sept	561K r↑	554K	667K	New home sales grew at the fastest monthly pace of the last 10 years.
Th 10/26/17	Initial Jobless Claims ♦	Oct 21 <sup>st</sup>	223K r↑	235K	233K	Claims continue near historic lows.
Th 10/26/17	Wholesale Inventories ♦	Sept	0.8% r↓	0.4%	0.3%	Retail inventory demand stronger than expected.
F 10/27/17	GDP	Q3 1 <sup>st</sup>	3.1%	2.6%	3.0%	GDP Growth at 3% for the second consecutive quarter.
F 10/27/17	GDP Deflator	Q3 1 <sup>st</sup>	1.0%	1.7%	2.2%	
F 10/27/17	U. of Mich. Consumer Sentiment	Oct	101.1	100.7	100.7	Consumer sentiment strengthened reaching its highest level since 2004.

Actual < Expected

Actual > Expected

♦ Leading Indicator

### Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	23329	23434	0.45%	4.89%
S&P 500	2575	2581	0.23%	2.95%
USD*	93.70	94.92	1.30%	1.67%
10-Year Treasury*	2.39%	2.42%	0.03%	0.11%

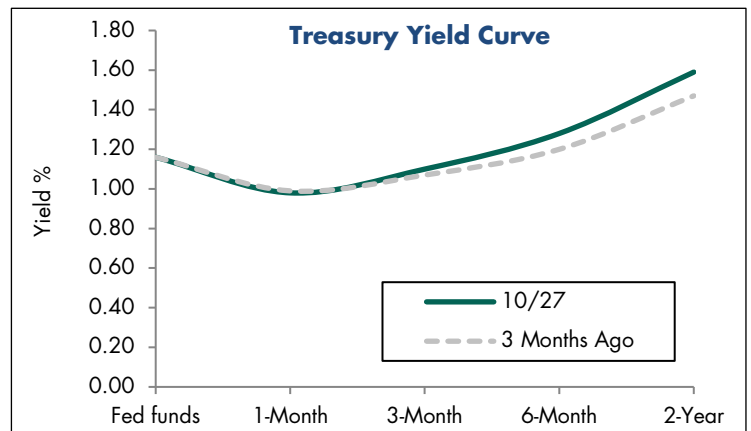
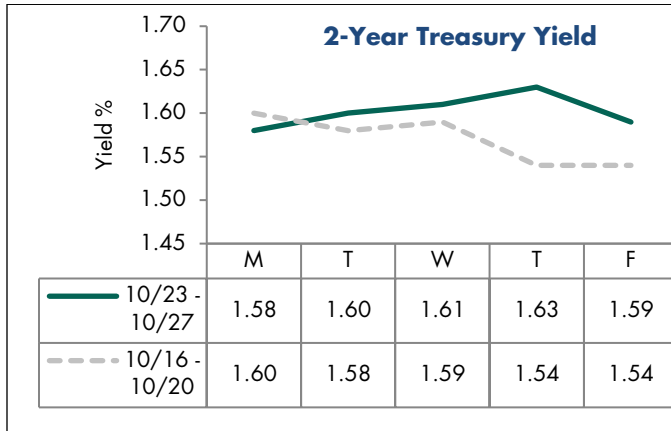
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified time period

### Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
Tu 10/31/17	Chicago Purchasing Manager	Oct	65.2	60.0
Th 11/02/17	Initial Jobless Claims	Oct 28 <sup>th</sup>	233K	235K
Th 11/02/17	Nonfarm Productivity	Q3	1.5%	2.7%
F 11/03/17	Average Hourly Earnings YoY	Oct	2.9%	2.7%
F 11/03/17	Nonfarm Payrolls	Oct		
F 11/03/17	Unemployment Rate	Oct	4.2%	4.2%

## Yield Curve Highlights



## Detailed Economic Releases

10/25/2017	Prev.	Exp.	Act.
Durable Goods Orders	2.0%	1.0%	2.2%
Orders Less Transportation	0.7% r↑	0.5%	0.7%

Durable Goods Orders exceeded expectations in September, indicating a pickup in business investment with a 2.2% increase month-over-month. Shipments for core capital goods (excluding defense and aircraft), a component of business investment in the GDP calculation, were up 0.7% continuing their moderate but positive trend. Strong aircraft orders resulted in some positive skew for the total, but even excluding transportation, orders grew by 1.3%, in line with the previous two months.

**Summary: For the second month in a row, durable goods orders indicated increasing momentum in business investment with year-on-year growth rates hitting pre-2014 highs.**

10/25/2017	Prev.	Exp.	Act.
New Home Sales	561K r↑	554K	667K

New single-family home sales soared to 667,000 in September, exceeding expectations by 20% and beating the August number by 18.9%. This was the fastest pace of month-over-month growth in 10 years. The result can be partially attributed to a mild summer and the recovery from hurricanes Harvey and Irma, with the sales in the South increasing by 25.8% from August.

**Summary: New Home Sales came in surprisingly strong in September, bouncing back from a weak summer and reflecting in part the recovery from hurricanes Harvey and Irma in the south.**

10/26/2017	Prev.	Exp.	Act.
Initial Jobless Claims	223K r↑	235K	233K

Initial jobless claims continue to track at historical lows, undershooting expectations by 2,000 and growing by 10,000 from the previous week. Claims from hurricane stricken areas seem to have levelled off though claims from Puerto Rico may see some increases in the future.

**Summary: Claims remain at historical lows.**

10/26/2017	Prev.	Exp.	Act.
Wholesale Inventories	0.8% r↓	0.4%	0.3%

Wholesale inventories grew by 0.3% for the month, which was below August's revised 0.8% increase and also below expectations of 0.4%. The lower number paints a positive picture for consumer spending, as stronger consumer demand ultimately translated into higher retail purchases from wholesalers.

**Summary: Wholesale inventories increased by less than expected in September, hinting at stronger retail activity for the month.**

10/27/2017	Prev.	Exp.	Act.
GDP	3.1%	2.6%	3.0%
GDP Deflator	1.0%	1.7%	2.2%

The first read of GDP growth for the third quarter came in higher than expected, marking it the second quarter in a row of 3% growth. Consumer and business spending contributed to the strong result despite some softness in housing construction, which subtracted from growth due to a short supply of land and skilled workers. The overall result is unlikely to affect the Fed's trajectory on interest rates and may be viewed as support for current market valuations.

**Summary: GDP growth met President Trump's goal of 3% for the second quarter in a row on strong consumer and business spending.**

10/27/2017	Prev.	Exp.	Act.
U. of Mich. Consumer Sentiment	101.1	100.7	100.7

The University of Michigan's Consumer Sentiment Survey index reached new highs in October, marking the second time the index surpassed the 100 mark since the 1990s expansion. Though slightly lower than the 101.1 read from earlier this month, the result reflects rosier assessments of economic conditions and prospects by consumers, with a majority of respondents expecting the expansion to continue over the next five years.

**Summary: Consumer sentiment improved month-over-month reaching its highest mark since 2004.**

## About Us

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