

Top Headline: FOMC Minutes

Minutes from the FOMC's January meeting revealed that the committee is gaining increasing confidence over its outlook for 2018. Lingering inflation concerns have started to dissipate amidst rising wage growth and a bounce back in inflation expectations. Furthermore, upcoming fiscal stimulus could act to further bolster inflation and employment numbers.

As such, the minutes suggest that the Fed is beginning to coalesce around its projection for three rate hikes this calendar year. Increasing optimism about the economy is easing doves' fears of an inflation undershoot, while also not yet posing material risks to the upside. This story is subject to change, however, depending on how the actual inflation data comes in.

Other News

UK Labour Party leader Jeremy Corbyn issued his party's support for a strong relationship with the EU post-Brexit on Monday. Corbyn argued that Britain would need to make a "bespoke relationship of its own" with the EU, but that it could do so with the goal of largely remaining in the single market. The move comes as a surprise to some, given the Labour party's divisions over what Britain's relationship with the EU should be. However, Corbyn's proposal seems likely to be embraced by the majority of Labour MPs. Theresa May is also set to give a major Brexit-related speech this week, in which she will set out a proposed trading relationship with the EU.

On Tap This Week

This week is highlighted by Jerome Powell's first hearing as Fed Chair.

Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W 2/21/18	Existing Home Sales	Jan	5.56M r↓	5.65M	5.38M	Sales slow in January; housing stock remains tight
Th 2/22/18	Initial Jobless Claims♦	Feb 17 th	229K r↓	230K	226K	Claims remain near four-decade lows

Actual < Expected Actual > Expected ♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25219	25310	0.36%	7.58%
S&P 500	2732.2	2747.3	0.55%	5.78%
USD*	89.10	89.88	0.88%	-3.58%
10-Year Treasury*	2.87%	2.87%	0.00%	0.55%

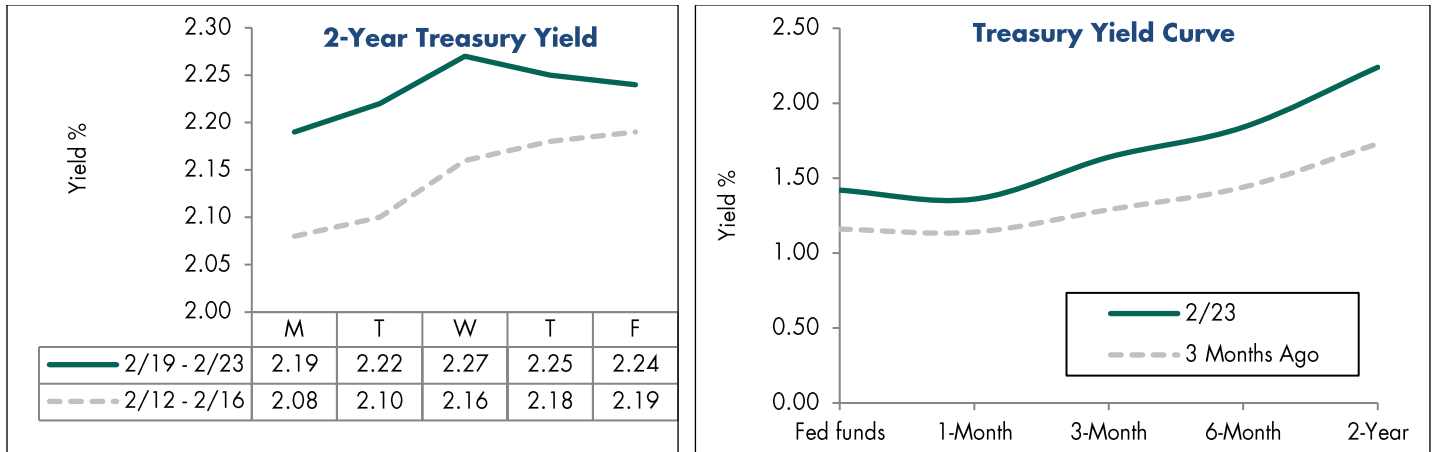
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
M 2/26/18	New Home Sales	Jan	625K	647K
T 2/27/18	Durable Goods Orders	Jan	2.8%	-2.0%
T 2/27/18	Orders Less Transportation	Jan	0.7%	0.5%
T 2/27/18	Consumer Confidence	Feb	125.4	126.4
W 2/28/18	GDP	Q4 2 nd	2.6%	2.5%
W 2/28/18	GDP Deflator	Q4 2 nd	2.4%	2.4%
Th 3/1/18	Initial Jobless Claims♦	Feb 24 th	225K	222K
Th 3/1/18	Personal Income	Jan	0.4%	0.3%
Th 3/1/18	Consumer Spending	Jan	0.4%	0.2%
Th 3/1/18	ISM Manufacturing Index	Feb	59.1	58.7
F 3/2/18	U. Michigan Consumer Sentiment	Feb	99.9	99.5

Yield Curve Highlights



Detailed Economic Releases

2/21/2018	Prev.	Exp.	Act.
Existing Home Sales	5.56M r↓	5.65M	5.38M

Existing home sales decreased 3.2%, to a 5.38 million annualized pace in January. The supply of houses on the market saw an increase in supply to 1.52 million homes. Relative to the pace of sales that leaves the available stock at just 3.4 months, amongst the lowest on record. Prices fell for a month to a median of \$240,500, a trend which is likely to reverse if the housing supply remains so tight. Year-over-year, existing home sales are down 4.8%, while the inventory of homes is down by almost 10%.

Summary: Existing home sales posted their worst January in two decades.

2/22/2018	Prev.	Exp.	Act.
Initial Jobless Claims	229K r↓	230K	222K

First time claims for jobless benefits fell to 222,000 in the week ended February 17th. The four-week average of initial claims, which smooths volatility inherent in the weekly number, fell to 226,000 from 228,250. Continuing claims for unemployment benefits decreased to 1.88 million in the week ended February 10th. The insured unemployment rate, which tends to track the overall jobless rate, fell to 1.3%.

Summary: Initial jobless claims fall back close to four-decade low.

About Us

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