

Top Headline: Trade Talks Go Nowhere

Despite talks between the U.S. and China to end the trade war last week, the meeting ended with no significant signs of progress. The meetings mostly repeated what had been discussed in previous talks, and there was no mention of follow-up conversations or notable decisions made. One senior U.S. official said that in order for progress to be made China must address issues raised by the U.S. China has grouped U.S. demands into three categories related to: additional Chinese purchases of U.S. goods, changes in market openings, and changes to industrial policy. When talks ended on Thursday, the U.S. implemented tariffs on \$16 billion more worth of Chinese goods, raising the total to \$50 billion. The U.S. has plans for another round of tariffs on \$200 billion worth of Chinese goods, with tariffs up to 25%

Other News

Federal Reserve Chairman, Jerome Powell, gave his first speech at the annual conference in Jackson Hole, Wyoming on Friday. Powell reinforced his strategy of basing monetary policy not only on the Fed's internal models, but on how the economy performs according to economic data. His speech also further strengthened expectations of another rate hike in September.

On Tap This Week

This week is highlighted by personal income and consumer spending data for July, as well as the first revision to second quarter GDP.

Past Week's Releases

	Date	Indicator	Period	Prev.	Exp.	Act.	Comment
W	8/22/18	Existing Homes	July	5.38M	5.42M	5.34M	Existing home sales continue downwards trend
Th	8/23/18	New Home Sales	July	638K	649K	627K	Supply of homes increases by 2%
Th	8/23/18	Initial Jobless Claims♦	Aug 18 th	212K	215K	210K	Claims indicate strong demand for labor

Actual < Expected
 Actual > Expected
 ♦Leading Indicator

Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25669	25790	0.47%	3.94%
S&P 500	2850.1	2874.7	0.86%	5.39%
USD*	96.10	95.15	-1.17%	1.28%
10-Year Treasury*	2.86%	2.81%	-0.05%	-0.17%

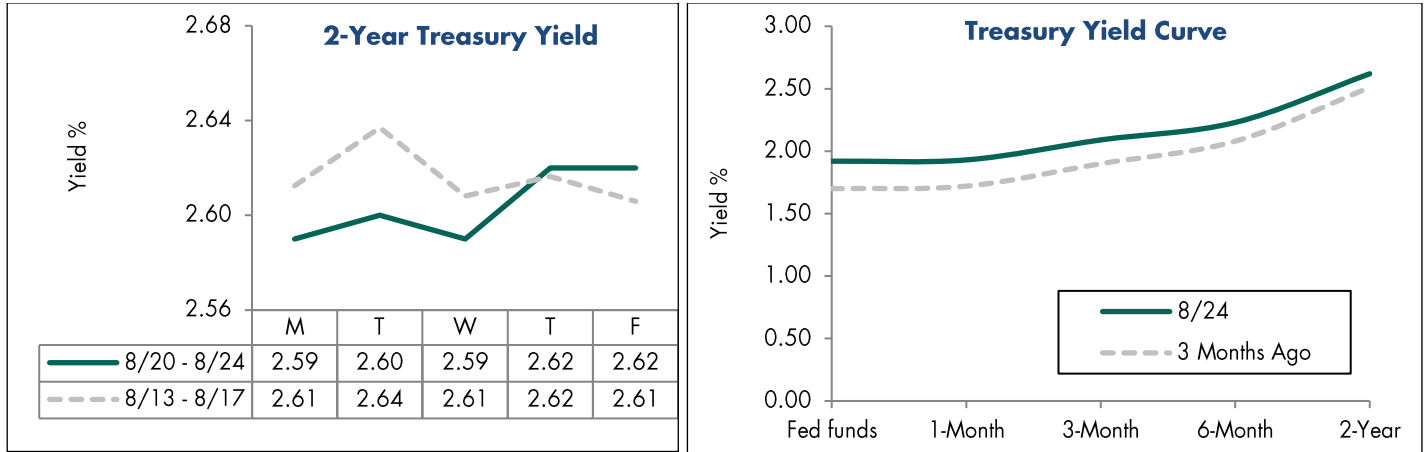
*ICE U.S. Dollar Index Spot Price

*Absolute change in yield over specified period

Upcoming Releases

	Date	Indicator	Period	Prev.	Exp.
T	8/28/18	Consumer Confidence♦	Aug	127.4	126.5
W	8/29/18	GDP	Q2 2 nd	4.1%	4.0%
W	8/29/18	GDP Deflator	Q2 2 nd	3.0%	3.0%
Th	8/30/18	Initial Jobless Claims♦	Aug 25 th	210K	214K
Th	8/30/18	Personal Income	Jul	0.4%	0.4%
Th	8/30/18	Consumer Spending	Jul	0.4%	0.4%
F	8/31/18	U of Mich. Consumer Sentiment	Aug	95.3	95.3

Yield Curve Highlights



Detailed Economic Releases

8/22/2018	Prev.	Exp.	Act.
Existing Homes	5.38M	5.42M	5.42M

Existing home sells were below the lower end of the consensus range at 5.42M, reflecting a 0.7% decline from June. This decline is the lowest seen in 2-1/2 years. Additionally, resales decreased by 1.5% year-on-year. Single-family homes and condos fell by 0.2% and 1.2%, respectively. All regions drove the downhill, except for the West which showed increases of 4.4% in July. Supply also decreased by 0.5% to 1.920 resales, and supply remains constant at 4.3 months. Similarly, prices declined by 1.5% on the month to \$269,600. Rising mortgage rates and construction constraints work to slow the existing home sales even more.

Summary: Sales continue to be slow, driven partially by lack of supply, rising mortgage rates and construction constraints on labor and materials.

8/23/2018	Prev.	Exp.	Act.
New Home Sales	638K	649K	627K

New home sales fell by 1.7% to 627K, below the consensus by 22K and below the low end of the range by 3K. However, supply increased by 2% to 209K new homes for sale. More homes for sale will give buyers more options and likely improve sales in the upcoming months. Prices have also increased by 6% to \$328,7000, reflecting a 1.8% increase on the year. The West, Midwest and South are all showing growth at 18.5%, 18.2%, and 17.2%, respectively, however the North is down almost 50%.

Summary: Despite a decrease in new home sales, supply increased substantially and is expected to improve sales in the coming months.

8/23/2018	Prev.	Exp.	Act.
Initial Jobless Claims	212K	215K	210K

Initial jobless claims fell 2,000 for the week of 8/18, and the four-week average fell by 1,750 to 213,750. Continuing claims also dropped by 2,000 and the four-week average dropped by 5,000 to 1.736 million. The unemployed rate for insured workers remains very low at 1.2%.

Summary: All indicators of this report suggest a strong demand for labor.

About Us

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