

## Top Headline: OPEC Production

As oil prices continue to rise, Saudi Arabia and OPEC are considering what action to take to reduce production without implementing outright production cuts. A possible solution entails reiterating plans to maintain output targets initially set in 2016. Saudi Arabia currently overproduces by about 1 million barrels per day, meaning that reiterating those targets would result in a decrease in production. OPEC members and Saudi Arabia prefer this solution to outright production cuts because they believe it is less likely to result in backlash from President Trump, who is loudly advocating for maintaining low oil prices. Saudi Arabia hopes to maintain a positive relationship with President Trump in lieu of the recent CIA report which concluded that Crown Prince Mohammed bin Salman ordered the killing of journalist Jamal Khashoggi.

## Other News

Randal Quarles, the Fed's vice chairman for bank supervision, is expected to be named the next chair of the Financial Stability Board, the global body supervising financial regulations. While the Obama administration pushed for more stringent banking regulations, Quarles believes existing regulation can be simplified without increasing systemic risk. Quarles recently supported a proposal to loosen capital and liquidity requirements for some large U.S. lenders.

## On Tap This Week

The Commerce Department releases new-home sales data for October on Wednesday, and personal income, consumer spending and inflation data for October on Thursday.

## Past Week's Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 11/20	Housing Starts	Oct	1.210M r↑	1.240M	1.228M	Starts rose while permits fell; both indicators are significantly down on the year
T 11/20	Building Permits ♦	Oct	1.241M r↑	1.260M	1.263M	
W 11/21	Initial Jobless Claims ♦	11/17	221K r↑	215K	224K	Claims increased following an upward revision in the previous month
W 11/21	Consumer Sentiment ♦	Nov	98.3	98.3	97.5	Fell short of expectations, though still at a healthy level
W 11/21	Existing Home Sales	Oct	5.15M	5.20M	5.220M	Sales rose for the first time in seven months

Actual < Expected     
 Actual > Expected     
 ♦ Leading Indicator

## Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	25413	24286	-4.44%	-5.83%
S&P 500	2736.3	2632.6	-3.79%	-8.42%
USD*	96.47	96.92	0.47%	1.86%
10-Year Treasury*	3.06%	3.04%	-0.02%	0.23%

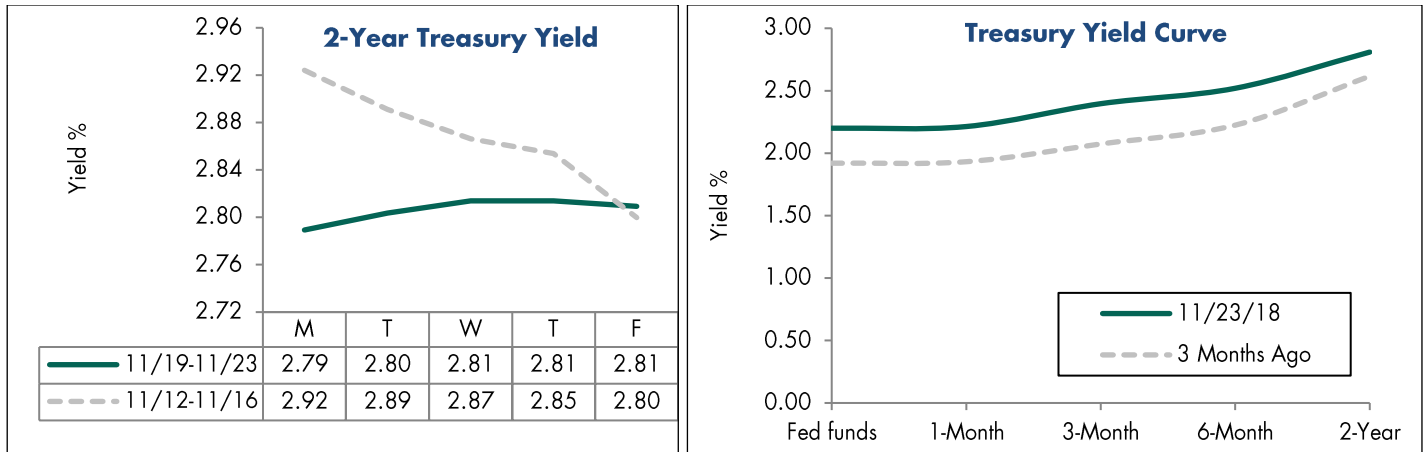
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified period

## Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
T 11/27	Consumer Confidence ♦	Nov	137.9	136.7
W 11/28	GDP	Q3	3.5%	3.5%
W 11/28	GDP Deflator	Q3	1.7%	1.7%
W 11/28	New Home Sales	Oct	553K	575K
Th 11/29	Initial Jobless Claims ♦	11/24	224K	220K
Th 11/29	Personal Income	Oct	0.2%	0.4%
Th 11/29	Consumer Spending	Oct	0.4%	0.4%
Th 11/29	FOMC Minutes	Nov	N/A	N/A

## Yield Curve Highlights



## Detailed Economic Releases

11/20/2018	Prev.	Exp.	Act.
Housing Starts	1.210M r↑	1.240M	1.228M
Building Permits	1.270M r↑	1.260M	1.263M

Housing starts rose by 1.5% to 1.228M, in the middle of the consensus range, while permits declined by 0.6% to 1.263M. Starts were supported by a 10.3% increase in multi-family units, which offset a second consecutive monthly decline for single-family starts, down by 1.8%. On the other hand, developments in permits data were negative, with single-family down by 0.6% and multi-units down 0.5%. Permits were weighed down by a decrease in the West of 7.9% on the month, adding to a 17.2% decrease year-on-year. Despite strength in monthly starts, year-on-year starts dropped by 2.9% and permits dropped by 6.0%, reflecting the underlying weaknesses in the housing market.

**Summary: High mortgage rates, material and labor shortages are all contributing factors to an overall weak housing market.**

11/21/2018	Prev.	Exp.	Act.
Jobless Claims	221K r↑	215K	224K

Last month's jobless claims were upwardly revised from 214K to 221K ahead of even higher claims of 224K in this week's report. The four-week average of 218,500 is 6,750 higher than the report from the middle of last month. This is the highest level in three months, but still extremely low from a historical perspective.

**Summary: Claims remain at healthy levels.**

11/21/2018	Prev.	Exp.	Act.
Consumer Sentiment	98.3	98.3	97.5

Despite the stock market decline, consumer sentiment fell only slightly from the previous month, from 98.3 to 97.5. Current conditions were down by 0.8 points, while expectations were down 1.2 points. Meanwhile, inflation expectations for the year-ahead were down by 0.1% to 2.8%, while inflation expectations for the five-year outlook were up 0.2% to 2.6%.

**Summary: Consumer sentiment fell slightly but remained strong given fluctuations in the stock market.**

11/21/2018	Prev.	Exp.	Act.
Existing Home Sales	5.150M	5.210M	5.220M

For the first time in seven months, existing home sales came in above expectations at 5.220M. Despite the improvement on the month, the year-on-year rate fell further following the report to negative 5.1%. Sales in the South, West, and Northeast all increased while sales in the Midwest decreased. The median price fell by 0.6%, though the year-on-year median price is still up by 3.8%, suggesting prices could continue to fall. Supply contracted in October for the second consecutive month, while mortgage rates continued to rise.

**Summary: This report shows the first increase in resales since March, however year-over-year trends suggest that housing activity is likely to remain weak.**

## About Us

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