

## Top Headline: China and U.S. Discuss Possibility of Rolling Back Tariffs

The U.S. and China continued with trade talks this past week. While China claimed that the two countries had agreed to roll back tariffs as phase one of a potential trade deal, President Trump contradicted the statement saying no such agreement had been made. It has been confirmed that talks regarding this possibility have been progressing, with both sides searching for a possible venue at which to sign such a deal. Trump has made clear that he is not willing to rollback all the tariffs. To date, the Trump administration has imposed tariffs on roughly \$360 billion in Chinese imports, with the most recent round implemented in September hitting many consumer goods directly for the first time.

## Other News

Impeachment inquiries continue, with public hearings to begin this week. This follows hearings with many witnesses, in addition to the release of the transcript with Bill Taylor, the acting ambassador to Ukraine. In the transcript, Taylor states that it was his “clear understanding” that assistance to Kyiv would remain frozen unless the Ukrainian president committed to opening an investigation into the Biden’s dealings in Ukraine. In addition to Taylor, George Kent, a deputy assistant secretary of state, and Marie Yovanovitch, former ambassador to Ukraine, are both scheduled to testify publicly this week.

## On Tap This Week

The week is highlighted by inflation data in the CPI and PPI reports.

## Past Week’s Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 11/5	International Trade	Sep	\$55.0B r↑	\$52.4B	\$52.5B	Imports and exports contracted with the deficit in line with expectations
T 11/5	ISM Non-Mfg Index	Oct	52.6	53.5	54.7	Business activity, employment and new orders all contributed to strength
Th 11/7	Initial Jobless Claims ♦	11/2	219K r↑	215K	211K	Claims remain low
F 11/8	Consumer Sentiment ♦	Nov	95.5	95.5	95.7	Sentiment was strong and in line with the year-ago reading

Actual < Expected

Actual > Expected

♦ Leading Indicator

## Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	27347	27681	1.22%	5.30%
S&P 500	3067	3093	0.85%	5.98%
USD*	97.2	98.4	1.15%	0.88%
10-Year Treasury <sup>†</sup>	1.71%	1.94%	0.23%	0.20%

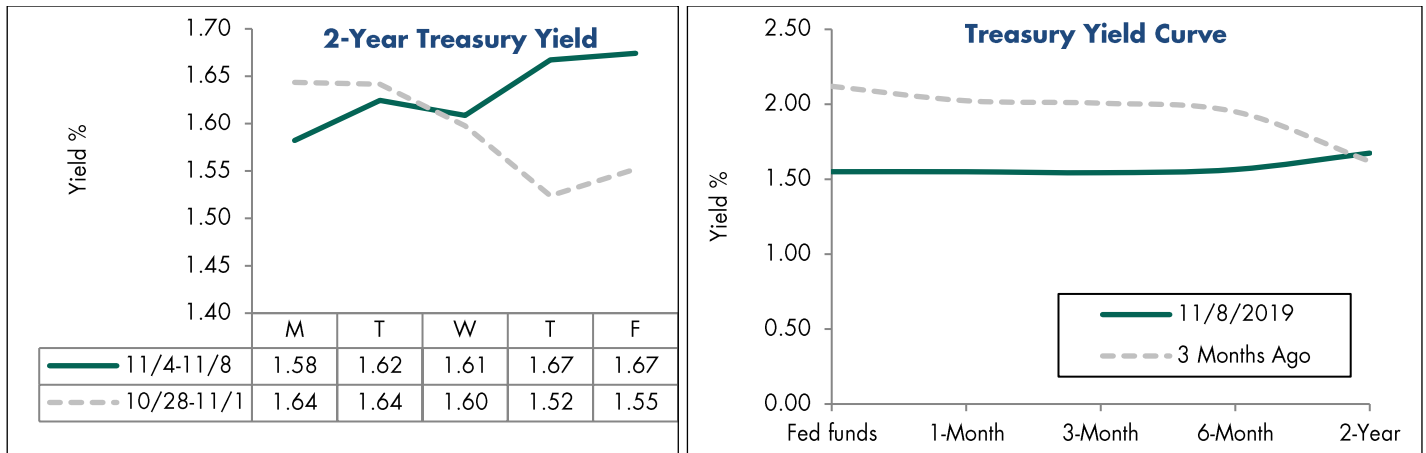
\*ICE U.S. Dollar Index Spot Price

<sup>†</sup>Absolute change in yield over specified period

## Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
W 11/13	CPI	Oct	0.0%	0.3%
W 11/13	Core CPI	Oct	0.1%	0.2%
Th 11/14	Initial Jobless Claims ♦	11/9	211K	215K
Th 11/14	PPI	Oct	-0.3%	0.3%
Th 11/14	Core PPI	Oct	-0.3%	0.2%
F 11/15	Retail Sales	Oct	-0.3%	0.2%
F 11/15	Industrial Production	Oct	-0.4%	-0.4%
F 11/15	Business Inventories	Sep	0.0%	0.1%

## Yield Curve Highlights



## Detailed Economic Releases

11/5/2019	Prev.	Exp.	Act.
International Trade	\$55B r↑	\$52.5B	\$52.5B

The trade gap was exactly in line with expectations and narrowed from August’s reading. Imports and exports continued to contract, with imports down 1.7% and exports down 0.9%. Specifically, exports of foods, feeds and beverages were down by \$1.5 billion, exports of vehicles were down \$1.0 billion, and capital goods exports were down \$0.8 billion. Meanwhile, imports of consumer goods were down by \$2.5 billion and imports of capital goods and vehicles were each down by \$1.1 billion. The deficit with China was mostly unchanged at \$31.6 billion on the month, though this is significantly larger than when it was at just \$20 billion earlier in the year. In terms of services, exports fell \$0.1 billion to \$69.2 billion, while imports were up \$0.1 billion to \$49.9 billion.

**Summary: Imports and exports both contracted by 0.8% and 0.4%, respectively, in line with the contraction reflected in other countries’ reports.**

11/5/2019	Prev.	Exp.	Act.
ISM Non-Mfg Index	52.6	53.5	54.7

The sample was above expectations and up on the month at 54.7. Business activity, employment and new orders all added to the report, with the strength in new orders reflecting increased domestic demand rather than a boost in exports. Despite this, backlogs moved into contraction. Despite positive indications in the headline reading, strength may be in part attributed to the drawdown on backlogs, which will be unsustainable over the months ahead. Despite this contribution, 13 of 18 industries tracked did report growth, with the group led by agriculture.

**Summary: The index was above expectations, with some strength attributable to drawdowns on backlogs, but nevertheless solid indications from business activity, employment and new orders.**

11/7/2019	Prev.	Exp.	Act.
Initial Jobless Claims	219K r↑	215K	211K

Claims fell below expectations to 211K, though the four-week average did move slightly higher to 215,250. Continuing claims were up 2K to 1.692M though this four-week average remained at 1.687M.

**Summary: Claims remained at historic lows.**

11/8/2019	Prev.	Exp.	Act.
Consumer Sentiment	95.5	96.0	95.7

Sentiment was favorable and up on the month at 95.7, comparing similarly with the year-ago reading of 95.9. Inflation expectations remained low at 2.5% and 2.4% for the year and five-year outlooks, respectively. Tariffs remained the most often cited concern by respondents, while impeachment proceedings were seemingly scarcely reported to be of worry at all.

**Summary: Sentiment remained strong, with tariffs the main concern for respondents.**

## About Us

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