

### Top Headline: Senate Tax Plan

Senate GOP leadership unveiled their own plan for tax reform this past Thursday. The plan is largely in line with the House plan in reducing taxes and simplifying the tax code. However, there are several differences between the two plans. Most notably, the Senate plan waits until 2019 to cut the corporate tax rate from 35% to 20%, and allows certain “pass-through” businesses to deduct 17.4% of their income on their individual returns. On the personal side, the Senate plan lowers rates but keeps the seven existing tax brackets. Similar to the House bill it eliminates all state and local tax deductions and doubles the standard deduction, but unlike the House bill it retains deductions for medical expense and student loans.

An initial estimate from the nonpartisan JCT suggests that middle income people would see the largest windfall from the plan. Furthermore, unlike the House plan the tax cuts would not be reversed toward the back end of the budget horizon.

### Other News

Volatility in the British pound picked up over the past week, as reports of turmoil within the British government continued to swirl. The Sunday Times reported over the weekend that forty British MPs signed a letter of no confidence in Prime Minister Teresa May in response to the growing list of scandals within her administration. Just this past week, development secretary Priti Patel was forced to resign after engaging in a series of unsanctioned meetings with Israeli officials, and prior to this Defense Secretary Michael Fallon quit his post after allegations of sexual misconduct emerged. On top of the scandals, the government appears to have very little leverage in the ongoing Brexit talks, evidenced by the two-week deadline given by the EU to resolve a set of key issues. Resolution to these issues is likely key to May’s political survival, as well as to the future of the UK economy.

### On Tap This Week

This week is highlighted by the ongoing debate over the GOP tax plans, as well as retail sales data for October.

### Past Week’s Releases

Date	Indicator	Period	Prev.	Exp.	Act.	Comment
T 11/7/17	Consumer Credit	Sept	\$13.1B	\$17.4B	\$20.8B	Revolving credit jumps by \$6.4 billion
T 11/7/17	Job Openings	Sept	6.09M r↑	6.08M	6.09M	Job openings abundant, quits rate at 2.2%
Th 11/9/17	Initial Jobless Claims ♦	Nov 4 <sup>th</sup>	229K	232K	239K	Four-week average falls to four-decade low

Actual < Expected     
 Actual > Expected     
 ♦ Leading Indicator

### Market Activity

Indicator	Open	Close	ΔWeek	Δ3M
DJIA	23539	23422	-0.50%	7.22%
S&P 500	2587.8	2582.3	-0.21%	5.91%
USD*	94.94	94.39	-0.58%	1.06%
10-Year Treasury*	2.33%	2.40%	0.07%	0.20%

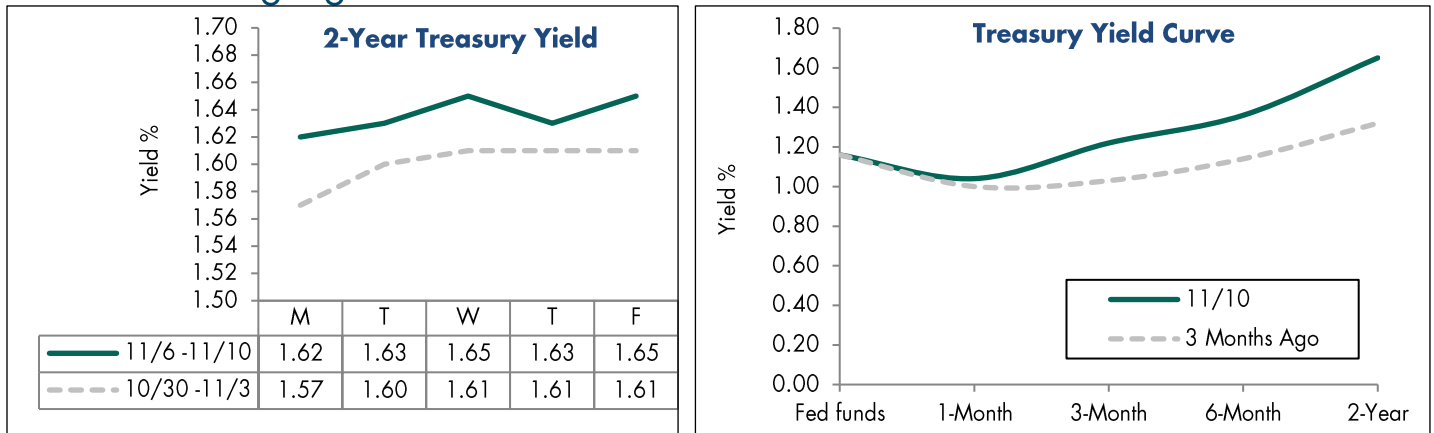
\*ICE U.S. Dollar Index Spot Price

\*Absolute change in yield over specified time period

### Upcoming Releases

Date	Indicator	Period	Prev.	Exp.
T 11/14/17	PPI	Oct	0.4%	0.1%
T 11/14/17	Core PPI	Oct	0.2%	0.4%
W 11/15/17	CPI	Oct	0.1%	0.5%
W 11/15/17	Core CPI	Oct	0.2%	0.1%
W 11/15/17	Retail Sales	Oct	1.6%	0.0%
W 11/15/17	Sales Less Autos	Oct	0.2%	1.0%
Th 11/16/17	Initial Jobless Claims ♦	Nov 11	239K	235K
Th 11/16/17	Phil. Fed Business Outlook	Nov	27.9	24.1
Th 11/16/17	Import Prices	Oct	0.4%	0.7%
Th 11/16/17	Industrial Production	Oct	0.3%	0.5%
Th 11/16/17	Capacity Utilization	Oct	76.0%	76.3%
F 11/17/17	Housing Starts	Oct	1127K	1190K
F 11/17/17	Building Permits	Oct	1215K	1250K

## Yield Curve Highlights



## Detailed Economic Releases

11/7/2017	Prev.	Exp.	Act.
Consumer Credit	\$13.1B	\$17.4B	\$20.8B

Consumer credit rose a greater-than-expected \$20.8 billion in September, partially due to a sharp gain in revolving credit. The component for revolving credit rose to \$6.4 billion, which will renew talk of slackening credit standards among lenders. Furthermore, non-revolving credit also came in above expectations at \$14.4 billion due to a jump in auto lending.

**Summary: Consumer credit continues to expand at a rapid pace.**

11/7/2017	Prev.	Exp.	Act.
Job Openings	6.09M r↑	6.08M	6.09M

September's JOLTS report revealed that job openings were unchanged for the month, at a very abundant 6.09 million. Hire and separations were also little changed during September, at 5.3 and 5.2 million, respectively. Within the separations component both the quits and layoffs rates were largely unchanged, at 2.2% and 1.2%. The report shows only mild effects from Hurricanes Irma and Harvey on the labor market.

**Summary: September's JOLTS report confirms that the effects of the hurricanes on the labor market sentiment was relatively minimal, as job openings remain abundant and the quits rate continues to rise.**

11/9/2017	Prev.	Exp.	Act.
Initial Jobless Claims	229K	232K	239K

First time claims for jobless benefits increased by 10,000 to 239,000 in the week ended November 4<sup>th</sup>. The four-week average of initial claims, which smooths volatility inherent in the weekly number, fell to 231,250 from 232,500. Continuing claims for unemployment benefits rose to 1.90 million in the week ended October 28<sup>th</sup>. The insured unemployment rate, which tends to track the overall jobless rate, rose to 1.4%.

**Summary: Four-week moving average of claims hits four-decade low.**

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## About Us

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