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Economic Review

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- The Labor Department reported that **initial jobless claims** decreased more than expected last week, even as COVID case numbers continue to rise around the country and efforts to reopen the economy start to stall out. Last week was the lowest count of claims since the week ended March 14th when claims were 282,000. Claims were 709,000 for the week ending November 7th after reporting an upwardly revised 757,000 initial claims the prior week. The four-week moving average declined to 755,250 from 788,500 the prior week. The total number of people continuing to receive jobless benefits, a report which is lagged one week, decreased 436,000 to 6,786 million for the week ending October 31st.
- The **National Federation of Independent Business** reported sentiment among small businesses was unchanged in October, reflecting a pre-pandemic level for the second straight month. The index remained unchanged at 104.0 in October.
- The Labor Department reported that **job openings** increased slightly in September and more workers quit their jobs, signaling the churn rate is climbing and the labor market is beginning to heal. There are 1.95 unemployed job seekers for each available job. The increase in voluntary quits reflected more people leaving jobs in the food services industry, construction and professional and business services. Job openings increased by 84,000 in September to 6.436 million, from a downwardly revised 6.352 million in August.
- The Labor Department reported the **consumer price index** remained unchanged in October reflecting declines in apparel prices, moderation in the recent spike in used vehicle prices and a drop in hotel and medical care costs. The year-on-year change in consumer prices is 1.2% in October. Service prices climbed 0.1% in October after gaining 0.1% in September and prices of commodity based manufactured goods dropped 0.1%. The **core CPI**, which excludes volatile food and energy prices, remained unchanged in October. The year-on-year change in core CPI is 1.6%.
- The Treasury Department reported a **budget deficit** of \$284.1 billion for the month of October with the government collecting \$237.7 billion and spending \$521.8 billion. This compares to a deficit of \$134.5 billion a year earlier. In fiscal 2020, which ended last month, we incurred a record deficit of \$3.132 trillion.
- The Labor Department reported the **producer price index** increased more than expected in October, reflecting a 2.4% jump in food prices and a gain of 0.8% in energy costs, the most in three months. Prices along the production chain climbed 0.3% in October after increasing 0.4% in September. Goods prices, which make up 33% of the weighting rose 0.5% in October after climbing 0.4% in September. Services, which make up 66% of the index rose 0.2% in October after climbing 0.4% the prior month. Year-on-year wholesale prices were up 0.5% in October after reporting 0.4% in September. The **core PPI**, which excludes volatile food and energy prices, rose 0.1% in October after gaining 0.4% the previous month, with a year-on-year gain of 1.1%. **PPI ex food, energy and trade** gained 0.2%. Economists consider this the true "core" measure of PPI, but ex food and energy is still the market convention.
- The **University of Michigan's preliminary index of consumer sentiment** unexpectedly declined in November, with the deterioration entirely due to expectations. The outcome of the presidential election and the resurgence in virus infections drove the decline in expectations. The index fell to 77.0 in November from an 81.8 reading in October. The **index of current conditions** edged lower to 85.8 from 85.9 the prior month while the **index of expectations** dropped to 71.3 in November from 79.2 in October.
- The Mortgage Bankers Association reported the **MBA index of mortgage applications** decreased by 0.5% for the week ending November 6th after increasing 3.8% the prior week. **Refinancing applications** increased 0.6% to 3,973 from 3,950 the prior week. **Home purchase mortgage applications** fell 2.6% to 293.5. The **average contract rate** on a 30-year fixed-rate mortgage decreased to 2.98% from 3.01% the prior week.



BOND MARKET REVIEW

Friday's yields for the 2-, 5-, 10- & 30-year Treasury benchmarks securities were 0.18%, 0.41%, 0.90%, and 1.65%. The 2yr/5yr, 5yr/10yr, 10yr/30yr and 2yr/30yr spreads closed at 23, 49, 75, and 147 basis points respectively.

Economic/Events Calendar

Monday	November 16	Nov Empire Manufacturing (13.5)	7:30 Central
Tuesday	November 17	Oct Retail Sales (0.5%)	7:30 Central
		Oct Retail Sales Ex Auto & Gas (0.6%)	7:30 Central
		Oct Import Price Index (0.0%)	7:30 Central
		Oct Import Price Index ex Petroleum (0.4%)	7:30 Central
		Oct Industrial Production (1.0%)	8:15 Central
		Oct Capacity Utilization (72.3%)	8:15 Central
		Sep Business Inventories (0.6%)	9:00 Central
		Nov NAHB Housing Market Index (85)	9:00 Central
Wednesday	November 18	Nov 13 th MBA Mortgage Applications	6:00 Central
		Oct Housing Starts (1,457k)	7:30 Central
		Oct Building Permits (1,567k)	7:30 Central
Thursday	November 19	Nov 14 th Initial Jobless Claims (700k)	7:30 Central
		Oct Leading Index (0.7%)	9:00 Central
		Oct Existing Home Sales (6.45m)	9:00 Central

Source: Bloomberg Finance L.P.

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