

MORNING MARKET COMMENTARY

Friday, December 15, 2017

| | Last end of day | Previous end of day |
|---------------------|--------------------|------------------------|
| Fed Funds (open) | 1.16% | 1.16% |
| 3- Month T-Bill | 1.29% | 1.29% |
| 6-Month T-Bill | 1.45% | 1.44% |
| 1-Year T-Bill | 1.64% | 1.63% |
| 2-Year T-Note | 1.819% | 1.799% |
| 10-Year T-Note | 2.351% | 2.367% |
| 30-Year T-Bond | 2.703% | 2.741% |
| 1-Month LIBOR | 1.47703% | 1.47195% |
| DJIA ↓ 76.77 | 24,508.66 | 24,585.43 |
| Japanese Yen/USD | 112.39 | 112.53 |
| Canadian Dollar/USD | 1.28 | 1.28 |
| USD/Euro | 1.18 | 1.18 |
| Gold-London Fix | 1,252.93 | 1,255.70 |
| Crude Oil | 57.04 | 56.60 |

December 15, 2017: U.S. Retail Sales Jump More Than Forecast in Broad Advance (Bloomberg)

U.S. retail sales rose more than forecast in November and the previous month was revised higher, indicating a broad strengthening of consumer demand as the holiday shopping season got under way, according to Commerce Department figures released Thursday.

Overall sales climbed 0.8% (est. 0.3% gain) after a 0.5% increase in prior month (revised from 0.2% rise). Sales minus motor-vehicle dealers increased 1% after an upwardly revised 0.4% gain. So-called retail control group sales, which are used in GDP calculations and exclude food services, auto dealers, building materials stores and gasoline stations, also rose 0.8% following a revised 0.4% rise 11 of 13 major retail categories showed

gains.

The firm advance along with the October revision bodes well for consumer spending, the biggest part of the economy. Solid hiring, gains in stock prices and property values, and limited inflation are expected to sustain household demand in the final stretch of this year following two quarters of above-3 percent economic growth.

Sales in the retail control group increased at a three- month annualized pace of 6.6 percent, the most since June 2014. Economists usually look at November-December sales together to assess performance during the holiday shopping period. Early accounts of the Thanksgiving weekend -- the traditional start to the season -- had suggested consumers were willing to spend more, though brick-and-mortar stores failed to boost customer traffic while online shopping stayed popular.

Excluding automobiles and gasoline, sales jumped 0.8 percent, after a 0.4 percent gain the previous month; sales at auto and parts dealers fell 0.2 percent, reflecting cooling purchases of vehicles.