

**US-ECONOMIC DATA FROM 1st AUGUST TO 26th SEPTEMBER, 2018**

US MACRO-ECONOMIC-DATA	MONETARY POLICY	MONETARY POLICY	DIFFERENCE
	1-Aug-18	26-Sep-18	
<b>Federal Funds Rate (%)</b>	<b>1.75-2.00</b>	<b>1.75-2.00</b>	
<b><u>Economic Data</u></b>			
Consumer Price Index-CPI (%) YoY	2.90	2.70	(0.20)
CPI (%) MoM	0.10	0.20	0.10
Core CPI (%) YoY	2.30	2.20	(0.10)
Core CPI (%) MoM	0.20	0.10	(0.10)
Core Personal Consumption Expenditure-PCE (%) YoY	1.90	2.00	0.10
Producer Price Index-PPI (%) YoY	3.40	2.80	(0.60)
PPI (%) MoM	0.30	(0.10)	(0.40)
Core PPI (%) MoM	0.20	(0.10)	(0.30)
Gross Domestic Products-GDP (%)	4.10	4.20	0.10
UnEmployment Rate (%)	4.00	3.90	(0.10)
Non-Farm Payroll change (Numbers in '000)	213	201	(12.00)
ADP-Non-Farm Employment change (Numbers in '000)	177	163	(14.00)
Employment Cost Index (%)	0.60	0.60	0.00
Average Hourly Earning (%)	0.20	0.40	0.20
Retail Sales (%)	0.50	0.10	(0.40)
Core Retail Sales (%)	0.40	0.30	(0.10)
New Home Sales (Amount in '000)	631	627	(4.00)
Existing Home Sales (Amount in mn)	5.38	5.34	(0.04)
Housing Starts (Amount in mn)	1.17	1.28	0.11
ISM Non-Manufacturing-PMI (%)	59.10	58.50	(0.60)
Current Account Deficit-CAD (Amount in bn)	(124.11)	(101.46)	22.65
Trade Deficit (Amount in bn)	(43.05)	(50.08)	(7.03)
<b><u>US Financials</u></b>			
DXY-US \$	94.41	93.75	(0.66)
Dow-Jones-DJI	25,415.19	26,492.21	1,077.02
Nasdaq-NQ100	7,272.50	7,621.75	349.25
Standard & Poor-S&P-500	2,820.00	2,927.00	107.00
London Interbank Offer Rate-LIBOR 1-Year	2.82	2.91	0.09
US-Crude Oil-WTI	68.30	72.14	3.84
<b><u>US-Treasury Bonds</u></b>			
2-Years bond	2.68	2.84	0.16
10-Years bond	2.97	3.10	0.13
Source: www.tradingeconomies.com, www.investing.com			
ReSearch Work: C&M Management (Pvt.) Ltd			

**US MONETARY POLICY 26<sup>th</sup> SEPTEMBER, 2018:**

The Federal Reserve is expected to hike interest rates by 25bps today as the FOMC concludes its 2-day policy meeting.

While The CPI has come-off slightly since the last monetary policy meeting, the up-tick in the growth rate of the US to 4.2% has provided the market to price in a 25bps hike for this monetary policy meeting. The high growth rate can be attributed to stock pile build-up by the trading partners of the US ahead of Trump tax tariffs came in to effect in the 3<sup>rd</sup> quarter of 2018. Hence a slower growth rate can be expected in the coming quarters as the tariffs imposed by all parties is going to lead to lower growth.

The economic data while showing a slowing down in consumer spending as recorded in retail sales continues to show declines, while home sales and housing related data continue to show a slowdown in the ability of the average consumer to purchase housing.

Considering that the cost of funding debt held by the average household has increased dramatically over the last 2-years, along with higher oil prices leading to higher gas prices at the pump, this has led to lower disposable income for the average family for spending or investing in new durable goods and big ticket items.

