

Date	Indicator	For	Estimate	Consensus*	Previous Period
20-Nov-2017	Leading Index	Oct	0.6%	0.6%	-0.2%
21-Nov-2017	Chicago Fed Nat Activity Index	Oct	NA	NA	17.0%
21-Nov-2017	Existing Home Sales	Oct	5.43m	5.40m	5.39m
22-Nov-2017	Initial Jobless Claims	18-Nov	243k	NA	249k
22-Nov-2017	Durable Goods Orders	Oct P	-0.1%	0.3%	2.0%
22-Nov-2017	Durables Ex Transportation	Oct P	0.3%	0.4%	0.7%
22-Nov-2017	U. of Mich. Sentiment	Nov F	98.0	98.0	97.8
24-Nov-2017	Markit US Manufacturing PMI	Nov P	54.2	55.0	54.6
24-Nov-2017	Markit US Services PMI	Nov P	55.4	NA	55.3
24-Nov-2017	Markit US Composite PMI	Nov P	NA	NA	55.2

*Consensus from Bloomberg

Will Consumers Keep Spending Over the Holidays?

Next week is the all-important kick-off of the holiday shopping season. According to a National Retail Federation survey, 69% of Americans or 164 million people plan to shop over the Black Friday thru Cyber Monday Thanksgiving weekend. It is by far the 4 most important shopping days of the year for U.S. retailers and the economy.

The survey notes that 56% of Americans have already started their holiday shopping, but only 12% have bought at least half their holiday gifts at this point. The Retail Federation anticipates competitive promotions in stores and online this year. So this week, we take a closer look at the performance and financial health of the U.S. consumer going into this year's holiday season and discuss what it might mean for fourth quarter consumer spending.

Retail earnings have been coming out this week and retail stocks have been volatile, but the national retail sales data released this week through October reveals a U.S. consumer that hasn't been shy about opening their wallet and spending a little more freely than we have seen in recent years.

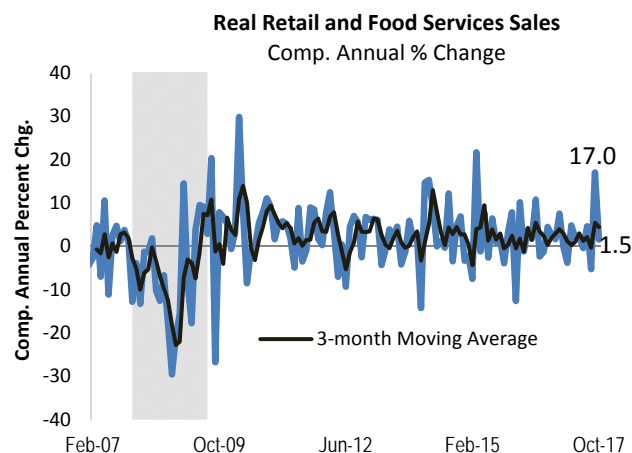
No doubt the third quarter hurricanes that hit the U.S. muddy the waters a bit on forecasts for holiday retail sales this year. Many consumers may have had to pull-forward unplanned and unbudgeted spending into the

third quarter as storm related purchases and motor vehicle replacements affected consumer activity around the country.

However, the retail sales data through October appear to show a U.S. consumer that is ready and willing to spend this holiday season. The fact that retail sales continued to climb in October after huge increases in spending in September bode well for this holiday shopping season and fourth quarter real consumer spending.

Upwardly revised retail sales figures for August and September helped push annualized inflation-adjusted retail sales growth up 4.4% over the last three months.

Real Retail Sales Jump 4.4% Annualized Over Last 3 Months

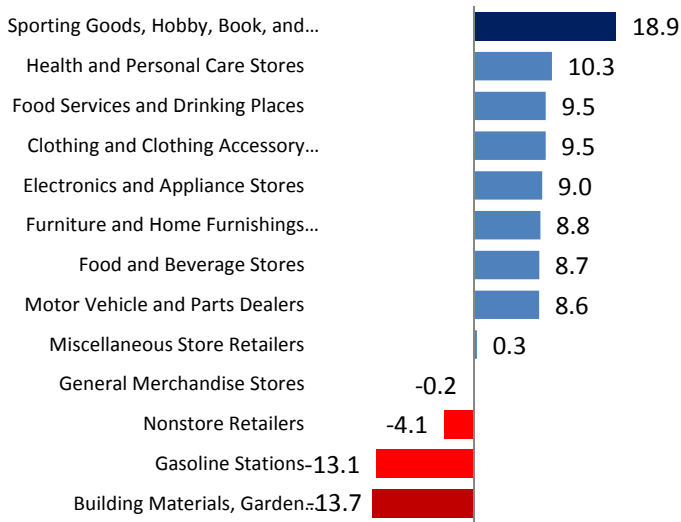


Source: Federal Reserve Bank of St. Louis

Moreover, retail sales gains remained robust across most categories of spending, despite a sharp pullback in gasoline station and building material spending last month. Gasoline prices subsided and storm-related spending dissipated in October.

The Pace of Spending Remains Robust Across Categories

Retail Sales Growth
Oct 2017 - Comp. Annual Percent

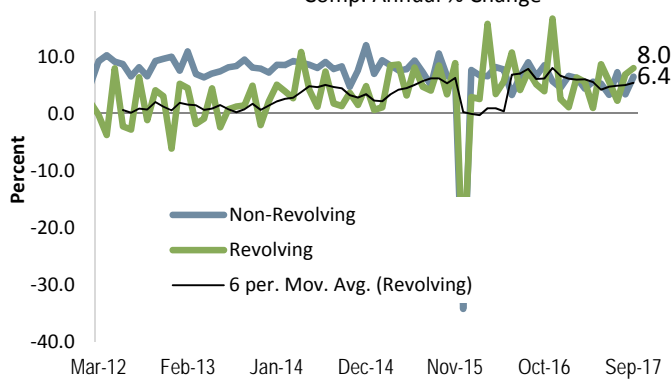


Source: U.S. Bureau of the Census

At the same time, consumers are not afraid to take out their credit cards to spend. The latest data from the Federal Reserve on consumer credit shows acceleration in the growth of both revolving and nonrevolving credit in September. Both categories of consumer credit are now growing above their six month average.

Consumers Not Afraid To Exercise Their Credit Cards

Consumer Credit: Revolving and Non-Revolving
Comp. Annual % Change

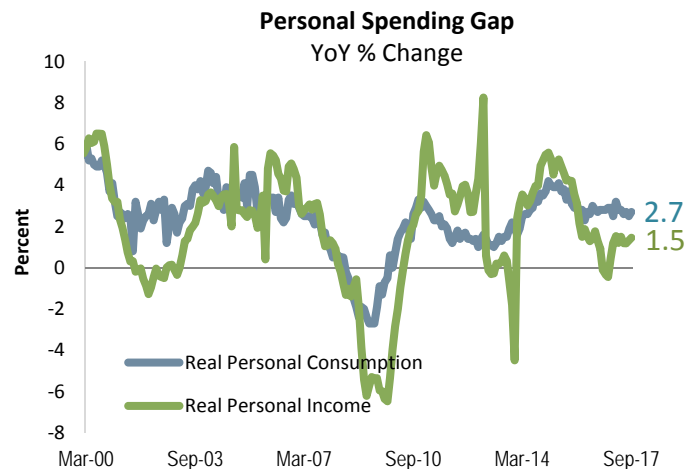


Source: Federal Reserve System

With record stock prices, rising home values, improved confidence and low levels of unemployment across the country, what could possibly hold the U.S. consumer back this holiday season?

Income growth continues to lag consumer spending. Over the past year real consumer spending has been nearly a percentage point higher than real personal income, according to Bureau of Economic Analysis data.

Loans Outstanding at High Historical Levels



Source: U.S. Bureau of Economic Analysis

This has pushed the personal savings rate for consumers down more than a percentage point from last year to 3.1%, the lowest level since December 2007.

In short, we believe U.S. retailers will be reporting good sales results this holiday season, and Thanksgiving weekend should be no exception. We are forecasting nearly 3.0% real consumer spending growth in the fourth quarter. This is a robust forecast for the current economic expansion. However, we do see the drop in the personal savings rate and increasing use of credit cards as a sign that consumers may need to take a breather on spending in the not too distant future, especially if real wage and income growth doesn't pick up in the coming months. But that's probably more of an issue for next year. Happy Thanksgiving everyone! We will not be publishing our weekly outlook report next week due to the holiday. I will be shopping along with nearly everyone else.

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Major Economic Indicators

Economic Data	History								Forecast				Yr/Yr % chg or Annual Avg.			
	2016.1	2016.2	2016.3	2016.4	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2	2018.3	2018.4	2015	2016	2017	2018
Real GDP*	0.6	2.2	2.8	1.8	1.2	3.1	3.0	2.7	2.1	2.1	2.1	2.2	2.6	1.5	2.2	2.4
Personal Consumption Expenditures*	1.8	3.8	2.8	2.9	1.9	3.3	2.4	2.9	2.5	2.4	2.3	2.3	3.2	2.7	2.7	2.6
Non-residential Fixed Investment*	-4.0	3.3	3.4	0.2	7.2	6.7	3.9	5.1	3.8	3.4	3.9	4.2	2.1	-0.6	4.5	4.3
Private Housing Starts (000s units)	1,153	1,158	1,150	1,248	1,238	1,167	1,165	1,256	1,263	1,265	1,275	1,285	1,108	1,177	1,207	1,272
Vehicle Sales (mill. Units, annualized)	17.3	17.2	17.5	17.8	17.1	16.8	17.1	17.4	16.9	16.6	16.6	16.5	17.4	17.5	17.1	16.7
Industrial Production*	-1.3	-0.7	0.8	0.7	1.5	5.6	-1.5	1.9	2.2	2.3	2.2	2.2	0.3	-1.2	1.5	1.9
Nonfarm Payroll Employment (mil.)	143.4	144.0	144.7	145.2	145.7	146.2	146.7	147.2	147.7	148.2	148.6	149.1	141.8	144.3	146.5	148.4
Unemployment rate	4.9	4.9	4.9	4.7	4.7	4.4	4.3	4.1	4.0	3.9	4.0	4.1	5.3	4.9	4.4	4.0
Consumer Price Index* (percent)	0.1	2.3	1.8	3.0	3.1	-0.3	2.0	2.2	2.2	2.0	2.0	2.0	0.1	1.3	2.0	2.0
"Core" CPI* (percent)	2.5	2.1	2.1	2.0	2.5	0.6	1.7	2.0	2.1	2.1	2.1	2.1	1.8	2.2	1.8	1.9
PPI (finished goods)* (percent)	-3.9	3.0	1.7	3.4	6.3	0.8	0.6	2.8	2.1	1.8	1.6	1.6	-3.3	-1.0	3.0	1.8
Trade Weighted Dollar (Fed BOG, major)	93.1	89.5	90.3	93.6	94.4	93.1	88.4	89.0	90.2	90.8	90.5	90.2	90.9	91.6	91.2	90.4
Crude Oil Prices -WTI (\$ per barrel)	33	45	45	49	52	48	48	53	52	52	53	53	50	43	50	53

*Quarterly Data Percent Change At Annual Rate; Annual Data Year-on-Year % Chg, or Annual Average.

Financial Data	History								Forecast				Annual Average			
	2016.1	2016.2	2016.3	2016.4	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2	2018.3	2018.4	2015	2016	2017	2018
S & P 500	1,951	2,075	2,162	2,185	2,326	2,398	2,467						2,061	2,093		
Dow Jones Industrial Average	16,663	17,764	18,372	18,865	20,406	20,994	21,891						17,591	17,916		
Federal Funds Rate (effective)	0.36	0.37	0.39	0.45	0.70	0.94	1.15	1.21	1.38	1.46	1.63	1.71	0.13	0.39	1.00	1.55
Treasury-3 Month Bills (yield)	0.29	0.26	0.30	0.43	0.61	0.91	1.05	1.12	1.28	1.38	1.57	1.67	0.05	0.32	0.92	1.48
Treasury-2 Year Notes (yield)	0.84	0.77	0.73	1.01	1.24	1.30	1.36	1.55	1.81	2.02	2.17	2.29	0.69	0.84	1.36	2.07
Treasury-5 Year Notes (yield)	1.37	1.24	1.13	1.61	1.95	1.81	1.81	1.96	2.23	2.41	2.60	2.71	1.53	1.34	1.88	2.49
Treasury-10 Year Notes (yield)	1.91	1.75	1.56	2.14	2.45	2.26	2.24	2.44	2.58	2.80	2.96	3.07	2.14	1.84	2.35	2.85
Treasury-30 Year Notes (yield)	2.72	2.57	2.28	2.83	3.05	2.90	2.82	2.89	3.02	3.28	3.45	3.57	2.84	2.60	2.92	3.33
Prime Rate	3.50	3.50	3.50	3.55	3.80	4.05	4.25	4.30	4.50	4.58	4.75	4.83	3.26	3.51	4.10	4.67
Libor 3-Mo. U.S. Dollar	0.62	0.64	0.79	0.92	1.07	1.21	1.31	1.39	1.51	1.59	1.75	1.83	0.34	0.74	1.25	1.67
Mortgage-30 Year (yield)	3.74	3.59	3.45	3.84	4.17	3.98	3.88	4.00	4.15	4.40	4.56	4.67	3.85	3.66	4.01	4.45
BAA Corporate (yield)	5.30	4.66	4.26	4.64	4.66	4.49	4.33	4.40	4.58	5.03	5.28	5.55	5.00	4.71	4.47	5.11

Source: Bank of the West Economics, Bloomberg, Federal Reserve