

Date	Indicator	For	Estimate	Consensus*	Previous Period
23-Nov-2020	Chicago Fed Nat Activity Index	Oct	NA	NA	27.0%
23-Nov-2020	Markit US Manufacturing PMI	Nov P	53.0	53.0	53.4
23-Nov-2020	Markit US Services PMI	Nov P	54.5	55.0	56.9
23-Nov-2020	Markit US Composite PMI	Nov P	NA	NA	56.3
24-Nov-2020	FHFA House Price Index MoM	Sep	1.0%	0.9%	1.5%
24-Nov-2020	S&P CoreLogic CS 20-City MoM SA	Sep	0.9%	0.9%	0.5%
24-Nov-2020	Conf. Board Consumer Confidence	Nov	98.0	97.9	100.9
25-Nov-2020	Advance Goods Trade Balance	Oct	-\$80.0b	-\$79.9b	-\$79.4b
25-Nov-2020	Wholesale Inventories MoM	Oct P	0.4%	NA	0.4%
25-Nov-2020	GDP Annualized QoQ	3Q S	33.1%	33.1%	33.1%
25-Nov-2020	GDP Price Index	3Q S	3.6%	3.6%	3.6%
25-Nov-2020	Initial Jobless Claims	21-Nov	750k	730k	742k
25-Nov-2020	Durable Goods Orders	Oct P	0.8%	0.9%	1.9%
25-Nov-2020	Durables Ex Transportation	Oct P	0.3%	0.4%	0.9%
25-Nov-2020	Personal Income	Oct	0.2%	0.0%	0.9%
25-Nov-2020	Personal Spending	Oct	0.4%	0.3%	1.4%
25-Nov-2020	PCE Deflator MoM	Oct	0.1%	0.0%	0.2%
25-Nov-2020	PCE Core Deflator MoM	Oct	0.1%	0.0%	0.2%
25-Nov-2020	U. of Mich. Sentiment	Nov F	76.8	77.0	77.0
25-Nov-2020	New Home Sales	Oct	965k	975k	959k
30-Nov-2020	Pending Home Sales MoM	Oct	1.0%	NA	-2.2%
30-Nov-2020	Dallas Fed Manufacturing Activity	Nov	14.5	NA	19.8
1-Dec-2020	ISM Manufacturing	Nov	57.3	57.8	59.3
1-Dec-2020	Construction Spending MoM	Oct	0.8%	0.8%	0.3%
1-Dec-2020	Wards Total Vehicle Sales	Nov	16.1	NA	16.21m
2-Dec-2020	ADP Employment Change	Nov	345k	NA	365k
3-Dec-2020	Initial Jobless Claims	28-Nov	NA	NA	NA
3-Dec-2020	Markit US Services PMI	Nov F	54.5	NA	NA
3-Dec-2020	Markit US Composite PMI	Nov F	NA	NA	NA
3-Dec-2020	ISM Services Index	Nov	56.0	56.5	56.6
4-Dec-2020	Change in Nonfarm Payrolls	Nov	540k	665k	638k
4-Dec-2020	Change in Manufacturing Payrolls	Nov	29k	NA	38k
4-Dec-2020	Unemployment Rate	Nov	6.7%	6.9%	6.9%
4-Dec-2020	Average Hourly Earnings MoM	Nov	0.1%	0.1%	0.1%
4-Dec-2020	Average Weekly Hours All Employees	Nov	34.8	34.8	34.8
4-Dec-2020	Trade Balance	Oct	-\$65.0b	-\$65.4b	-\$63.9b
4-Dec-2020	Factory Orders	Oct	0.9%	NA	1.1%

\*Consensus from Bloomberg

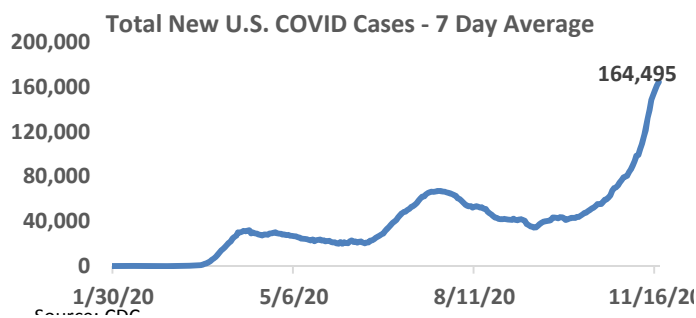
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### A Happy Holiday For Retailers?

A resurgence in coronavirus cases across nearly all states and the weaker-than-expected October retail sales report released earlier this week puts the strength of the upcoming holiday shopping season in doubt. We thought as folks gear up for their first, and hopefully last, coronavirus Thanksgiving, now would be a good time to share our holiday retail sales outlook for 2020.

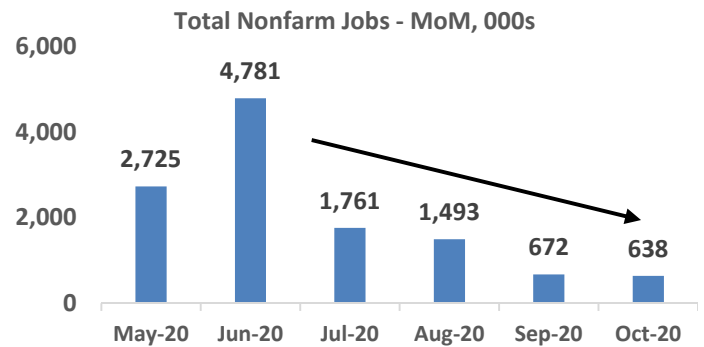
The number of new COVID-19 cases began to rise sharply in mid-October and has become truly exponential over the past week. A new record-high number of cases on a 7-day moving average basis has been reached 26 consecutive days since October 24. This has resulted in many states backtracking on their in-person restaurant and bar reopenings, instituting new curfews between 10PM and 5AM, and placing stricter capacity constraints on businesses that have been allowed to stay open. The list of states and metro areas that are going down this road continue to increase. At least 18 states are undertaking one or more of these reopening roll-back strategies by our count, including California New Mexico, Oregon, Michigan, Washington, Wisconsin, New York, and Illinois just to name a few. Consumer driven small businesses that have been holding on by their fingernails over the past eight months are about to get challenged again with worsening financials and less government support.

### New Coronavirus Cases Continue to Hit Record Highs



U.S. retail sales already increased at its slowest pace since April last month. The labor market recovery is fading, adding to the coronavirus headwinds for many consumer service businesses. Nonfarm payroll gains moderated to 638,000 in October, the smallest monthly gain since job growth returned in May. We forecast about 100,000 fewer net jobs will be created in November.

### Employment Gains Have Moderated Since June



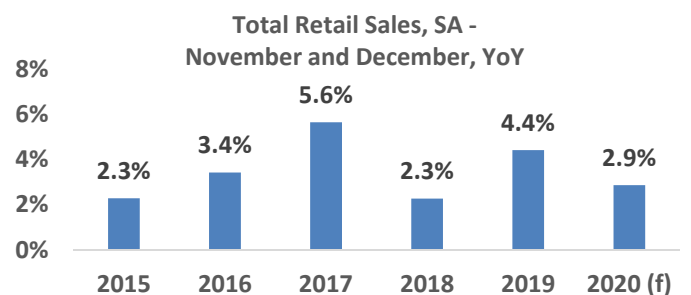
Source: BLS

### Looks Like A Modest Holiday Sales Season Ahead

We expect a pretty modest holiday sales season this year. It will likely be neither a boom nor a bust for retail sales. We are forecasting retail sales growth for November and December of 2.9% from a year ago, down from a 4.4% increase over the same period in 2019. Moreover a lackluster retail sales gain as low as 1.0% can't be completely ruled out, depending on how bad the coronavirus restrictions get by the end of the year.

Moderating income growth will weigh on consumer demand even as the coronavirus shutdowns keep tens of millions of more people at home. Less holiday travel and mall shopping, fewer holiday office parties, and declining consumer confidence could rob many retailers and restaurants of much needed profits this holiday season. Retailers are trying to salvage what they can with early Black Friday sales and numerous on-line deals to get people spending sooner and longer this year than we have seen in the past. So far in November, retail sales appear to be off to a respectable start, but an early start to the holiday shopping season could also mean an early end to the shopping season in December.

### 2020 Holiday Spending Outlook Not As Strong Last Year



Source: Census Bureau, BOTW Economics

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Key Economic and Interest Rate Forecasts

Economic Data	History				Forecast								Yr/Yr % chg or Annual Avg.			
	2019.1	2019.2	2019.3	2019.4	2020.1	2020.2	2020.3	2020.4	2021.1	2021.2	2021.3	2021.4	2018	2019	2020	2021
Real GDP*	2.9	1.5	2.6	2.4	-5.0	-31.4	33.1	4.0	1.9	2.8	2.9	3.0	3.0	2.2	-3.5	3.5
Personal Consumption Expenditures*	1.8	3.7	2.7	1.6	-6.9	-33.2	40.7	4.0	2.0	3.1	2.8	2.7	2.7	2.4	-3.8	4.1
Non-residential Fixed Investment*	4.2	0.0	1.9	-0.3	-6.7	-27.2	20.3	5.8	1.4	2.4	3.2	3.1	6.9	2.9	-4.7	2.8
Private Housing Starts (000s units)	1,204	1,257	1,288	1,433	1,484	1,064	1,435	1,385	1,365	1,360	1,350	1,365	1,208	1,296	1,342	1,360
Vehicle Sales (mill. Units, annualized)	16.9	17.0	17.0	16.8	15.0	11.4	15.4	16.3	15.0	15.2	15.3	15.5	17.2	16.9	14.5	15.3
Industrial Production*	-1.9	-2.3	1.1	0.4	-6.8	-42.9	39.8	2.5	4.8	5.3	4.5	4.4	3.9	0.9	-7.4	4.1
Nonfarm Payroll Employment (mil.)	150.2	150.6	151.2	151.8	151.9	133.7	140.8	142.4	143.6	144.8	146.0	147.2	146.6	150.9	142.2	145.4
Unemployment rate	3.9	3.6	3.6	3.5	3.8	13.0	8.8	6.8	7.0	6.7	6.5	6.2	4.4	3.7	8.1	6.6
Consumer Price Index* (percent)	0.9	3.0	1.8	2.4	1.2	-3.5	5.2	1.6	1.4	1.4	1.4	1.4	2.4	1.8	1.2	1.6
"Core" CPI* (percent)	2.2	2.2	2.8	2.0	2.0	-1.6	4.4	2.0	1.3	1.4	1.4	1.5	2.1	2.2	1.7	1.7
PPI (finished goods)* (percent)	-2.7	4.7	-1.2	3.0	-3.4	-11.4	7.1	2.2	0.1	0.9	1.6	1.7	3.0	0.8	-1.4	1.0
Trade Weighted Dollar (Fed BOG, major)	114.5	115.4	116.5	116.4	117.9	122.2	117.7	116.5	116.0	115.8	115.7	115.5	91.1	115.7	118.6	115.8
Crude Oil Prices -WTI (\$ per barrel)	55	60	56	57	45	28	42	39	40	40	41	41	51	57	38	40

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

Financial Data	History				Forecast								Annual Average			
	2019.1	2019.2	2019.3	2019.4	2020.1	2020.2	2020.3	2020.4	2021.1	2021.2	2021.3	2021.4	2018	2019	2020	2021
S & P 500	2,721	2,882	2,958	3,083	3,056	2,932	3,320						2,449	2,911		
Dow Jones Industrial Average	25,147	26,096	26,676	27,537	26,554	24,571	27,299						21,745	26,364		
Federal Funds Rate (effective)	2.40	2.40	2.20	1.65	1.23	0.06	0.09	0.13	0.13	0.13	0.13	0.13	1.00	2.16	0.38	0.13
Treasury-3 Month Bills (yield)	2.44	2.35	2.03	1.61	1.10	0.14	0.11	0.10	0.11	0.12	0.12	0.13	0.95	2.11	0.36	0.12
Treasury-2 Year Notes (yield)	2.49	2.13	1.69	1.59	1.08	0.19	0.14	0.15	0.18	0.20	0.21	0.23	1.40	1.97	0.39	0.20
Treasury-5 Year Notes (yield)	2.46	2.12	1.63	1.61	1.14	0.36	0.27	0.34	0.34	0.37	0.40	0.42	1.91	1.96	0.53	0.38
Treasury-10 Year Notes (yield)	2.65	2.34	1.80	1.79	1.37	0.69	0.65	0.75	0.75	0.78	0.85	0.90	2.33	2.15	0.86	0.82
Treasury-30 Year Notes (yield)	3.01	2.78	2.29	2.25	1.87	1.38	1.36	1.55	1.53	1.56	1.64	1.70	2.90	2.58	1.54	1.60
Prime Rate	5.50	5.50	5.31	4.83	4.43	3.25	3.25	3.25	3.25	3.25	3.25	3.25	4.10	5.29	3.54	3.25
Libor 3-Mo. U.S. Dollar	2.69	2.51	2.20	1.93	1.53	0.60	0.25	0.23	0.23	0.23	0.23	0.23	1.26	2.33	0.65	0.23
Mortgage-30 Year (yield)	4.37	4.01	3.66	3.70	3.52	3.24	2.95	3.00	3.05	3.05	3.05	3.10	3.99	3.94	3.18	3.06
BAA Corporate (yield)	4.97	4.60	4.03	3.91	3.91	3.91	3.32	3.48	3.65	3.78	4.05	4.10	4.44	4.38	3.65	3.89

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