

GM in the News

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Good morning!

All the headlines yesterday focused on GM closing plants in Canada, Michigan and Ohio and cutting more than 14k jobs. One main reason is consumers are no longer buying cars and shifting to SUVs and trucks. We saw Ford make this decision earlier this year. Lower gas prices are helping the move to larger vehicles.

- **GM closing plants and laying off workers was the news of the day yesterday**
 - Consumer are changing their buying habits when it comes to vehicles...most want SUVs or trucks
 - Doesn't help that rising raw-material costs are expected to make a \$1 billion dent in profit this year at the automaker
 - The GM plant in Canada that is making all the news has been winding down for years as car sales fell
 - [See more on the GM story here](#)
- **The G20 is the other headline as the long-awaited meeting between Trump and Xi**
 - **Trump started already yesterday saying he would likely push forward with plans to increase tariffs on \$200 billion of Chinese goods if negotiations fail to produce a trade deal**
 - Calling it "highly unlikely" that he would accept Beijing's request to hold off on the increase
 - Many are saying don't expect too much from the meeting this week
- **Cyber Monday was a hit, as consumers spent almost \$8 bil**
 - Overall online sales were up 20% to \$58.5bn
 - Bottom line – it would appear that despite stories about empty stores, consumers are still spending more money in 2018 than they were in 2017
- **Lots of Fed speakers coming up**
 - **First up at 8:30am is Vice Chairman Richard Clarida, who has said hiking to neutral would make sense and that policymakers must be vigilant to signs of a global economic slowdown**
 - He says inflation appears contained and sustainability of recent gains in productivity will be important for future monetary policy

- [See story here](#)
- Regional presidents Esther George, Raphael Bostic and Charles Evans are also on a panel later in the day
- Today
 - **S&P/Case-Shiller home prices were up 0.33% from last month and 5.15% from last year**
 - Story from the WSJ that some markets, like in Dallas, are becoming so expensive, sales are plummeting...affordability is becoming a huge issue...builders can't build a less expensive home and rates are moving higher
 - [See story here](#)
 - **The Conference Board's consumer confidence index for November comes out at 10am and is expected to fall to 135.8 from 137.9 a month earlier**
- News
 - [Borrowers are tapping into their home equity again, this time from cash-out re-fi's](#)
 - [China is taking repo'ing your car to a new level](#)
 - [Opinion piece in the WSJ from Martin Feldstein saying the Fed will continue to move rates higher in preparation for the next downturn](#)
- Treasuries
 - 2-yr: 2.84%
 - 10-yr: 3.07%
 - 30-yr: 3.33%
- LIBOR
 - 1-month: 2.32%
 - 3-month: 2.69%

Have a super Tuesday!

Fred

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