Yardeni Research

November 18, 2024

Morning Briefing

Trumped

Check out the accompanying chart collection.

Executive Summary: The US Constitution was designed to promote gridlock. But the benefits of gridlock are undermined by lawmakers' spending freely because the Constitution lacks a balanced budget requirement. … Gridlock is good for investing, but the stock market tends to do well no matter who is in the White House. Trump's proposals—representing a radical change from Biden's policies—are likely to materialize because he won a clean sweep. Today, Dr Ed examines their ramifications for financial markets. In the "cons" column: Trump's trade policies and expansion of the federal budget deficit. In the "pros" column: his corporate tax cuts and deregulation plans. Also, we think the inflationary impacts of Trump's policies could be offset by low energy prices. His deportations might be similar in scale to previous administrations'.

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Trump I: A Brief Discourse on Gridlock. I was rooting for gridlock to win the election because I am an old-fashioned Madisonian Constitutionalist. I am also biased by my chosen profession as an investment strategist. I think that gridlock is better for the economy and the stock market. I believe many investors agree with me. For decades, the stock market has been trending upward regardless of which party held the power in Washington (*Fig. 1*). Bear markets have occurred with both Republicans and Democrats in the White House. Nevertheless, investors have often viewed political gridlock in Washington as generally bullish. That makes sense because it protects the nation from political extremism. In any event, I've frequently observed that investors shouldn't let their political leanings affect their investment decisions.

The framers of our Constitution created a system of checks and balances that was designed to result in political gridlock more often than not. Many of the Founding Fathers were *lawyers*. Specifically, 25 of the 56 signers of the Declaration of Independence were lawyers. Additionally, 35 of the 55 delegates who attended the Constitutional Convention of

1787 had legal training. All those lawyers created a constitutional system that was purposefully designed not to work usually; that was for the good of the citizenry, to protect us from our own extremist tendencies. Of course, it is also a system that provides lots of jobs for lawyers!

A fundamental flaw in the Constitution is that it doesn't provide for any limit on our national debt. A balanced budget requirement would have forced Congress to raise taxes to pay for more spending. Politicians long ago recognized that raising taxes is not a good way to get reelected, while spending more on their constituencies is a winning strategy for sure. In other words, they discovered the magic of deficit financing their ever-increasing spending to win the next election. That approach undermines the benefit of any political gridlock because legislators on both sides of the aisle readily spend more on their pet projects. Why not? Doing so costs them nothing in political capital: They don't have to alienate voters by raising taxes in order to spend away. Everyone gets what they want!

Here are some relevant thoughts on this subject from our founders:

(1) *Thomas Jefferson* believed that public debt was one of the greatest dangers to be feared. He warned that to preserve the people's independence, “we must not let our rulers load us with perpetual debt.”

(2) *James Madison* emphasized the importance of ensuring that government appropriations should always match public engagements. He was concerned about the burden of debt on future generations.

(3) *Alexander Hamilton* acknowledged that a national debt could be beneficial if it was not excessive and was managed properly. However, he also warned about the dangers of accumulating arrears of interest, which could harm public credit.

Trump II: Gridlock Has Been Trumped. The first two years of Donald Trump's presidency corresponded with the 115th United States Congress, which lasted from January 3, 2017 to January 3, 2019. The Republican party held majorities in both the House of Representatives and the Senate. But the party's Senate majority was a narrow one, which sometimes made it challenging to pass legislation without some Democratic support. And because the late Senator John McCain (R-AZ) was absent for much of 2018, the party's majority was effectively 50-49 for a large part of that year. In the elections of November 2018, the Republicans expanded their edge in the Senate to 53-47 but lost control of the House to the Democrats.

Trump is back and with a clean sweep again. Both the House and Senate will have Republican majorities during the first two years of his second term. The Republicans could screw it up again, as they did in 2017 and 2018. This time, they might be able to maintain enough party discipline to pass most of Trump's legislative agenda, which would constitute a radical change from the policies of the previous administration. This includes lowering the corporate tax rate and selected individual tax rates and spending more on national defense and border security. Congress will also have to sign off on some of Trump's plans to reduce the size of and even eliminate some government bureaucracies. He might have more freedom to use executive orders on trade policies and deregulation.

Trump III: Tax Cuts, Tariffs & Deficits. The stock market's initial reaction to the outcome of the November 5 elections was favorable (*Fig. 2*). That was partly because Trump's win was uncontested; there had been widespread fears that the presidential outcome might be contested. So the uncertainty of the election has now been replaced by policy uncertainty under Trump 2.0.

Stock investors initially chose to accentuate the positives of tax cuts and deregulation. The Trump administration undoubtedly will prioritize tax cuts and deregulation (including firing lots of regulators and bureaucrats). On balance, these measures should be positive for earnings, the economy, and stock prices.

During Trump 1.0, the corporate statutory tax rate was cut from 35% to 21% (*Fig. 3*). This boosted the profit margin of the S&P 500 by about one percentage point to a new record high and lifted S&P operating earnings per share by about $5 in 2018 (*Fig. 4* and *Fig. 5*). Trump 2.0 will probably include another cut to 15%, which could boost S&P 500 EPS by around $3.

On the negative side for stocks will be Trump's trade policies, which will include increasing tariffs by 10% on all imports and 60% on imports from China. He has threatened to slap a 25% tariff on imports from Mexico if the country doesn't help to stem the flow of migrants into the US. These tariffs might be inflationary, at least when they are first imposed. If they trigger trade wars, they could depress global economic growth and be deflationary. That would be bearish for stocks, of course.

Indeed, when we discuss our Roaring 2020s scenario, the pushback is that the Roaring 1920s ended badly because of trade wars unleashed by the Smoot-Hawley Tariff, which Congress passed during May 1930. Donald Trump has *compared* himself to President William McKinley (1897-1901), particularly in terms of tariff policies. Trump has praised

McKinley for his use of tariffs to protect American industries and generate revenue, even referring to him as "the Tariff King."

Trump is also planning on deporting illegal migrants. That could worsen the labor shortage in the US and drive inflation up. On the other hand, Trump's newly appointed "border czar," Tom Homan, has stated that the deportation plan will prioritize deporting criminals and national security threats first. Homan emphasized that the operation will target "the worst of the worst" to ensure a focused and effective approach.

Trump's policies, including tax cuts and increased spending, are projected to add approximately $7.5 trillion to the national debt over the next decade. This increase stems from around $10.2 trillion in deficit-increasing measures and $3.7 trillion in deficit-reducing efforts, along with $1.0 trillion in interest costs. During his first term, Trump's policies added about $8 trillion to the national debt, but that included pandemic relief measures. That's all *according* to the bipartisan Committee for a Responsible Federal Government (CRFG).

The CRFG has estimated that President Trump's proposed spending increases and cuts would roughly cancel each other out. However, renewing the Tax Cuts and Jobs Act (TCJA), which was enacted during his first term on December 22, 2017, would tip the scale: "Under Trump's plan, revenue would fall to 16.1 percent of GDP in FY 2035 rather than rising to 18.0 percent. The combined budget impact of his proposal to extend and modify the TCJA, along with several large new tax cuts, would be significantly higher than the revenue generated from increased tariffs and reduced energy tax breaks."

Trump IV: By the Numbers. Trump has said that his proposed new tax cuts will be paid for by increasing tariffs. He has implied that they wouldn't boost inflation or the federal government deficit. He counters inflation concerns by saying he will increase US production and exports of oil and gas, which will lower energy prices worldwide and offset any inflationary consequences of higher tariffs. That's plausible. On the geopolitical front, lower energy prices would also help to weaken Russia and Iran.

On the other hand, higher tariffs won't be enough to make a significant dent in the federal government budget deficit if Trump renews the TJCA. The CRFG *estimates* that extending the TCJA provisions set to expire at the end of 2025 could significantly increase the federal debt. Estimates suggest that extending these provisions would add approximately $3.9 trillion to the deficit through 2035, or $4.5 trillion including interest. This would increase the national debt by about 11% of GDP by 2035.

Trump has created a Department of Government Efficiency (DOGE) headed by Elon Musk and Vivek Ramaswamy. The commission aims to streamline federal operations, cut wasteful expenditures, and eliminate bureaucratic inefficiencies. The work of DOGE is expected to conclude by July 4, 2026, coinciding with the 250th anniversary of the US Declaration of Independence. Musk has suggested that DOGE could potentially reduce the US federal budget by $2 trillion.

Nondiscretionary spending, also known as “mandatory spending,” includes programs that are required by law to be funded, such as Social Security, Medicare, and Medicaid. This category makes up a significant portion of the US federal budget: In the fiscal year ended September 2023, mandatory spending totaling approximately $3.8 trillion accounted for about 69% of total federal spending.

Discretionary spending, on the other hand, requires annual approval by Congress and includes funding for defense, education, and transportation, among other areas. In fiscal 2023, discretionary spending was about $1.7 trillion, making up the remaining 31% of the federal budget.

Here are some more numbers that put Trump’s plans into perspective:

(1) *Inflation.* On its website, the Bureau of Labor Statistics notes that it “does not include tariffs in estimates derived for the US Import and Export Price Indexes. However, tariffs may still have an impact on the index values as market participants change behavior on the basis of stockpiling, substitution, and pass-through effects. Data users can track the US Import and Export Price Indexes before, during, and after tariff announcements to gain insight on tariff-based price changes.”

There’s no sign that tariffs imposed under Trump 1.0 had any measurable impact on the core CPI (*Fig. 6*). That’s because imports of goods account for only about 12% of nominal GDP (*Fig. 7*). The planned 10% across-the-board tariff and a doubling of the effective tariff on Chinese imports to 60% probably won’t have any significant impact on measures of headline inflation if Trump succeeds in depressing oil prices by boosting US energy production.

(2) *Tariffs & government revenues.* Over the 12 months through October, the Treasury collected just $84 billion in customs duties from tariffs (*Fig. 8*). That was just 2% of US imports of goods and services. A 10% across-the-board tariff would raise $423 billion (*Fig. 9*). That could cover most of the loss of revenues from a cut in the corporate tax rate and

perhaps also the elimination of taxes on tips and overtime pay. It’s doubtful that it would also replace the revenues lost by eliminating taxes on Social Security. Then again, a 20% tariff, which Trump mentioned a few times, would generate over $800 billion per year in revenues, assuming that it doesn’t start a trade war.

(3) *Government spending.* Over the past 12 months through October, federal government spending totaled $6.9 trillion (*Fig. 10*). Nondiscretionary spending on Social Security, Medicare, health, income security, and net interest together represented $4.9 trillion of that total, leaving exactly $2 trillion in discretionary spending, which includes $890 billion that is spent on defense.

In other words, Musk and Ramaswamy might find slim pickings when they look for areas of government spending to cut. They might find ways to generate more revenues by cutting so-called “tax expenditures.” These are special provisions of the tax code such as exclusions, deductions, deferrals, credits, and tax rates that benefit specific activities or groups of taxpayers. They cost the government well over $1.0 trillion in revenues.

(4) *Deportations.* During President Ronald Reagan's administration, deportations were relatively high, with 3.5 million in his first term and 4.4 million in his second. President George H.W. Bush saw a slight increase to 4.7 million. Under President Bill Clinton, deportations surged, reaching 5.4 million in the first term and peaking at 6.9 million in the second. The George W. Bush administration maintained high numbers, with 5.3 million in the first term and 4.8 million in the second. President Barack Obama’s first term saw 3.2 million deportations, decreasing to 2.9 million in his second term. Under Trump, the count was 2.1 million. Under Biden as of 2022, deportations numbered 2.8 million. (Source: *Infographic* based on *US 2022 Yearbook of Immigration Statistics, Department of Homeland Security*.)

Calendars

US: Mon: NAHB Housing Market Index 42; Goolsbee. **Tues:** Housing Starts & Building Permits 1.34mu/1.44mu; Atlanta GDPNow 2.5%; Weekly Crude Oil Inventories. (FXStreet estimates)

Global: Mon: Buba Monthly Report; Lagarde; De Guindos; Lane; Mauderer; Nagel; Kent; RBA Meeting Minutes. **Tues:** Eurozone Headline & Core CPI 0.3%m/m/2.0%y/y & 0.2%m/m/2.7%y/y; Canada CPI 0.3%; China PBoC Prime Rate 3.10%; Buba Monthly

Report; BoE MPC Treasury Committee Hearings; Mauderer; Balz; Elderson; Bailey. (FXStreet estimates)

Strategy Indicators

Global Stock Markets (US$ Performance) (*link*): It was a losing week across the board for all the MSCI indexes that we follow. The US MSCI index fell 2.0% w/w after soaring 4.8% a week earlier to a record high. The AC World ex-US index fell 3.0% w/w and is now back down to 8.7% below its June 15, 2021 record high after being just 0.7% below at the end of September. EM Latin America was the best performing region last week, albeit with a decline of 1.9%, followed by EMU (-2.2%), EAFE (-2.6), Europe (-2.7), EMEA (-2.8), and the AC World ex-US. EM Asia was the worst regional performer, with a drop of 5.0%, followed by EM (-4.5). All of the 18 major selected country markets that we follow fell last week. The Canada MSCI performed the best, albeit with a decline of 0.4%, followed by Spain (-1.0), Brazil (-1.1), and Germany (-1.8). Korea was the worst performer, falling 6.5%, followed by China (-6.1), Hong Kong (-6.1), and South Africa (-5.7). The US MSCI's 23.2% ytd gain remains well ahead of the AC World ex-US index's (3.8). EM Asia is still ahead of the pack as the leading region ytd with a gain of 10.2%, followed by EM (6.0) and the AC World ex-US. The worst performing regions so far in 2024: EM Latin America (-22.0), Europe (0.0), EMU (0.2), EMEA (1.2), and EAFE (1.8). Looking at the major selected country markets that we follow, Taiwan is the best ytd performer with a gain of 30.5%, followed by the United States (23.2), China (14.6), Canada (12.3), and India (11.3). The worst performing countries ytd: Mexico (-26.5), Brazil (-23.3), Korea (-19.2), France (-7.3), and Hong Kong (-3.8).

US Stock Indexes (*link*): Just two of the 48 major US stock indexes that we follow rose w/w, up from all 48 rising a week earlier. The S&P 500 LargeCap Pure Value index was the best performer, with a gain of 0.5%, ahead of Dow Jones 15 Utilities (0.2%), S&P 500 Transportation (-0.1), Dow Jones 20 Transports (-0.7), and Dow Jones 65 Composite (-0.9). The Russell 2000 Growth index was the worst performer with a decline of 5.0%, followed by Russell 2000 (-4.0), Nasdaq 100 (-3.4), S&P 400 MidCap Pure Growth (-3.4), and S&P 400 MidCap Growth (-3.4). Looking at their ytd performances, all 48 indexes are now positive so far. The S&P 500 LargeCap Growth index remains in the top spot as the best performer so far in 2024, with a gain of 30.8%, ahead of S&P 500 LargeCap Pure Growth (28.4), Russell 1000 Growth (27.9), Russell 3000 Growth (27.3), and S&P 100 MegaCap (26.8). The worst performing major US stock indexes ytd: S&P 600 SmallCap Pure Value (5.3), S&P 400 MidCap Pure Value (6.5), S&P 500 Transportation (7.3), S&P 600 SmallCap Equal Weighted (7.7), and S&P 600 SmallCap Value (8.2).

S&P 500 Sectors Performance (*link*): Two of the 11 S&P 500 sectors rose last week, and five were ahead of the S&P 500's 1.3% decline. That compares to all 11 sectors rising a week earlier when five were ahead of the composite index's 4.7% gain. The outperformers last week: Financials (1.4%), Energy (0.6), Utilities (0.0), Consumer Discretionary (-1.1), and Consumer Staples (-1.2). The underperformers last week: Health Care (-5.5), Materials (-3.3), Information Technology (-3.2), Industrials (-2.1), Real Estate (-2.1), and Communication Services (-2.1). The S&P 500 is up 23.1% ytd, with all 11 sectors in positive territory and four sectors ahead of the index. During the September 6 week, a ytd high of five sectors were ahead of the index for the first time since mid-May. Financials now wears the crown as the best ytd performer with a gain of 32.3%, ahead of Communication Services (32.1), Information Technology (31.8), and Utilities (24.7). These sectors are lagging the S&P 500 so far in 2024: Health Care (3.9), Materials (6.3), Real Estate (7.0), Energy (12.8), Consumer Staples (12.9), Consumer Discretionary (21.4), and Industrials (21.7).

US Economic Indicators

Retail Sales (*link*): Retail sales came in a tick above expectations in October, while sales ex autos came in slightly below expectations. *Total retail sales* rose 0.4% last month (vs 0.3% expected), while September sales rose a revised 0.8%, double the preliminary estimate of 0.4%. Some of the slowdown in October sales was weather related. Autos sales were strong in October, rising 1.6%, with sales *ex autos & gas* ticking up only 0.1%, below the consensus estimate of a 0.3% gain. Sales in the *control group*—which excludes autos, gasoline, building materials, and food services—fell 0.1% in October, below the 0.3% gain expected, though saw an upward revision to September sales to 1.2% from a preliminary increase of 0.7%. These sales expanded at an annualized 4.6% pace over the three months through October. This measure correlates closely with the consumer spending component of GDP. *Of the 13 nominal retail sales* categories, eight rose in October, while five fell. *October sales performance versus that of a year ago*: electronics & appliance stores (2.3% m/m & -2.3% y/y), motor vehicles & parts (1.6 & 3.4), food services & drinking places (0.7 & 4.3), building materials & garden equipment (0.5 & 2.8), non-store retailers (0.3 & 7.0), general merchandise stores (0.2 & 3.1), food & beverage stores (0.1 & 2.7), gasoline stations (0.1 & -7.1), clothing & accessories stores (-0.2 & 2.9), health & personal care stores (-1.1 & 1.6), sporting goods & hobby stores (-1.1 & -3.4), furniture & home furnishings (-1.3 & 1.5), and miscellaneous store retailers (-1.6 & 4.0).

Business Sales & Inventories (*link*): Both nominal and real business sales have been in volatile flat trends around record highs. *Nominal business sales* returned to July's record high in September after slipping below in August. Meanwhile, *real business sales* rose 1.8% in the three months through July, to a new record high, and remained at that level in August.

Industrial Production (*link*): Industrial production fell for the second straight month in October, as hurricanes and a Boeing strike depressed output. *Headline* production fell 0.3% (matching expectations) in October, following a downwardly revised 0.5% decline in September—steeper than the preliminary loss of 0.3%. The Fed estimates that the Boeing strike depressed output by 0.3% in September and 0.2% in October, while the effects of Hurricane Milton and the lingering effects of Hurricane Helene subtracted an additional 0.1% in October. *By industry*, *manufacturing production* fell for the fourth time in five months, by 0.5% in October and 0.9% over the period. Both headline and manufacturing production were 0.3% below a year ago in October. *Durable goods* manufacturing production sank 1.2% in October, as aerospace production tumbled 5.8% and motor vehicle output slid 3.1%. Meanwhile, nondurable goods output barely budged last month, edging up 0.1%, as gains in petroleum & coal products (+0.9%), chemicals (+0.6), and paper (+0.5) offset declines in printing & support (-2.6%), plastics & rubber products (-1.0), apparel & leather (-0.4), and textile mills (-0.4). *By market group*, *consumer goods* output was flat in October, with consumer durable goods output falling 1.4%, while nondurable goods output rose 0.4% during the month. *Business equipment* production sank for the second month, by 2.7% in October and 6.2% over the period, with production of transit equipment (-13.9) posting a double-digit decline for the second straight month in October, while production of industrial equipment (-0.8) fell for the third month and while information processing equipment (+1.3) rose for the first time in three months. Defense & space equipment output rose 1.1% in October—its third successive increase.

Capacity Utilization (*link*): The *headline* capacity utilization rate slipped for the second month from 77.9% in August to 77.1% in October. October's rate is 2.6ppts below its long-run (1972-2023) average. The *manufacturing* utilization rate followed a similar pattern, falling to 76.2% in October after rising from 76.7% in July to 77.0% in August, before heading south in September and October. October's rate was 2.1ppts below its long-run average. The utilization rate for mining increased to 88.7% in October—a rate 2.2ppts above its long-run average—after falling from 90.0% in August to 88.4% in September, while the utilities' rate edged up to 71.4% in October from 71.1% in both September and October, well below its long-run average

Regional M-PMI (*link*): The New York Fed was the first regional Fed bank to report on manufacturing activity in its district during November, and the results blew past forecasts, soaring to its highest level in nearly three years! The *headline general business conditions* surged 43.1 points (to 31.2 from -11.9) to its highest reading since December 2021—after being in contractionary territory for ten of the prior 11 months. Both the new orders (28.0 from -10.2) and *shipments* (32.5 from -2.7) measures jumped back above the breakeven point of zero this month, soaring 38.2 points and 35.2 points, respectively. Meanwhile, inventories (1.0 from -7.5) held relatively stable. Turning to the *labor market*, conditions were stable, with *employment* (0.9 from 4.1) levels little changed and the average workweek (6.1 from 4.1) indicating a slightly longer workweek. *As for pricing*, both the prices-paid (27.8 from 29.0) and prices-received (12.4 from 10.8) measures remained modest and similar to last month's. *Looking ahead*, firms expect conditions to improve over the next six months, with the index of *future business activity* (33.2 from 38.7) measure remaining near last month's multi-year high; half of the respondents expect conditions to improve and only 16.4% expect them to deteriorate over the period. *Capital spending plans* (13.4 from 9.7) continue to expand, while employment (23.9 from 1.5) is expected to grow modestly.

PPI (*link*): The PPI for final demand and core PPI excluding trade services were both in line with expectations during October, while the yearly rates were a tick above expectations. The *PPI for final demand* rose 0.2% in October, following gains of 0.1% and 0.2% the prior two months, while the yearly rate accelerated to 2.4% after easing from 2.9% in June to a seven-month low of 1.9% in September. It was at a recent low of 0.8% last November. *Core prices excluding trade services* increased 0.3% following gains of 0.1% and 0.2% the prior two months, with the yearly rate moving back up to 3.5% in October after easing to a five-month low of 3.3% in September. *Final demand goods* ticked up 0.1% in October after posting downticks of 0.2% and 0.1% the prior two months. The yearly rate moved back above zero, though barely, to 0.2% from declines of 1.1% and 0.1% during September and August, respectively. *Final demand services* rose 0.3% in October, averaging gain of 0.3% the past three months, after falling 0.2% in July, with the yearly rate climbing from 2.8% in July to 3.5% in October. The PPI for *personal consumption* rose 2.5% y/y in October after easing the prior three months from June's 3.1% to an eight-month low of 1.9% y/y in September; it was at 0.9% last November. The yearly rate for *personal consumption excluding food & energy* rose from a recent low of 2.1% last November to 3.4% y/y this June—which was the highest since February 2023—easing to 2.7% in July before moving up to 3.1% in October. The former and latter reached record highs of 10.4% and 8.1%, respectively, in March 2022.

Import Prices (*link*): Import prices rose unexpectedly in October, boosted by higher fuel costs. *Import prices* climbed 0.3% last month, the largest monthly increase since April's

0.9% gain, following declines of 0.4% in September and 0.3% in August. The yearly rate had jumped from -2.4% last December to a recent high of 1.7% this July before slipping below zero, to -0.1% in September. It was back above zero in October at 0.8%. Fuel prices rebounded 1.5% in October, the largest increase since April's 3.9% gain, after sinking 7.5% in September. *Import prices excluding fuel* edged up 0.2% for the second successive month in October, not recording a decline since May. The yearly rate rose to 2.3% in October, the largest gain since October 2022.

Global Economic Indicators

Eurozone Industrial Production (*link*): Eurozone industrial production dropped more than expected in September, with Germany posting the biggest decline among the bloc's largest nations. *Headline* production, which excludes construction, sank 2.0% (vs -1.4% expected), following a downwardly revised 1.5% in August—first reported up 1.8%. Among the *main industrial groups*, there were ups and downs in output during the month. Capital goods posted the largest decline in September, contracting 3.8%, following a 3.8% gain and a 1.0% loss the previous two months. Energy output fell 1.5% after little growth the prior two months—edging up 0.3% in August and no change in July. Meanwhile, production of consumer nondurable goods increased for the third straight month, climbing 1.6% in September and 3.4% over the period; production had dropped 2.2% in June. Consumer durable goods production rose 0.5% in September and 2.4% over the two months through September, following July's 3.1% shortfall. Production of intermediate goods was flat in September after falling four of the prior five months by 2.4% over the period. *Compared to a year ago*, total production fell 2.8%, with capital goods (-6.4%) production posting the steepest decline, followed by intermediate (-2.6) and consumer durable (-1.7) goods. Consumer nondurable goods (4.8) production and energy (1.9) output were above year-ago levels. Looking at the *largest Eurozone economies*, production rose on both a monthly and a yearly basis in September only in Spain (0.9% m/m & 0.6% y/y), while declines in France (-0.9 & -0.7%) were below 1.0% under both time spans. Meanwhile, Germany (-2.7 & -4.5) posted the biggest monthly and yearly declines during September, while Italy (-0.4 & -4.0) was near zero on a monthly basis though contracted sharply versus a year ago.

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