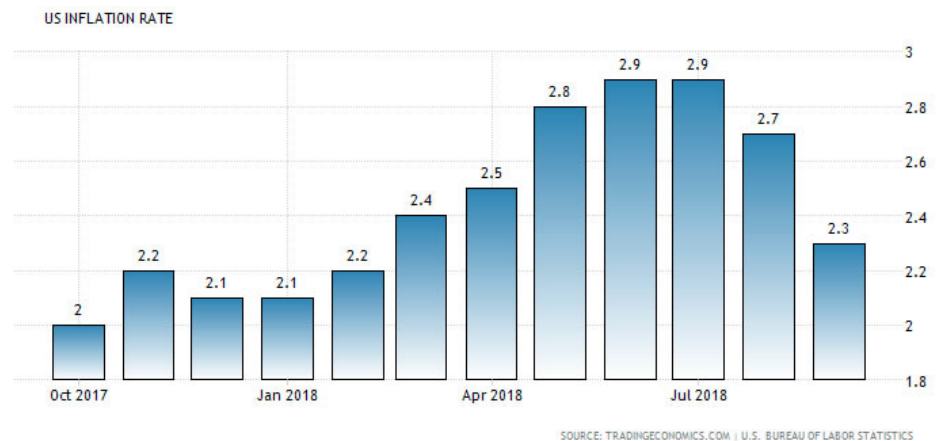


GLOBAL ECONOMIC UPDATE

US INFLATION COOLS TO 2.3% IN SEPTEMBER

US headline inflation as measured in the CPI cooled to 2.3% (versus a forecast of 2.4%) in September after seeing a high of 2.9% in June and July. The drop in the general prices of goods and services partly reflects a decline in used-car costs and housing rents. Meanwhile, the core CPI number, which excludes volatile food and energy prices, rose by 2.2% (versus forecast of 2.3%) in September, equaling the prior month's score. Despite the slowdown down in inflation in the past 2 months, the market is still pricing in a 78.1% chance of a rate hike to 2.5% this coming December.



OCTOBER 15, 2018

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