

# WEEKLY ECONOMIC UPDATE

August 21, 2017

## WEEKLY QUOTE

“One man practicing sportsmanship is better than a hundred teaching it.”

- Knute Rockne

## WEEKLY TIP

Business owners should dedicate one hour per month to collect and sort receipts. This is vital for independent contractors, whose tax liability is linked to the expenses they deduct.

## WEEKLY RIDDLE

I follow you during the daytime, but at night I can't be seen. What am I?

**Last week's riddle:**  
Shake me and I'll do what you want, but first you must extract me from the earth. I may be on the tip of your tongue and over your shoulder. What am I?

**Last week's answer:**  
Salt.

## RETAIL SALES RISE IMPRESSIVELY

In July, they were up 0.6% – the largest monthly increase seen so far in 2017. This gain suggests the economy has gathered momentum in the third quarter. Core retail sales (which do not include food, construction, gas, and auto buying) advanced 0.6% for July as well. The Department of Commerce also revised some spring numbers: retail purchases improved 0.3% in June and were flat a month earlier.<sup>1</sup>

## AN UPTURN FOR CONSUMER SENTIMENT

The University of Michigan's monthly gauge of how U.S. households view current and future economic conditions rose 4.5 points in its preliminary August edition to 97.6. Not since January has the index been so high. In the past 12 months, it has gained 8.7 points.<sup>2</sup>

## HOUSING STARTS RETREAT

Groundbreaking decreased 4.8% in July, according to the latest monthly Census Bureau snapshot of American construction activity. Building permits were also down for the month, with the pace of permits issued declining by 4.1%.<sup>3</sup>

## WALL STREET BENCHMARKS SEE WEEKLY LOSSES

The Barcelona terror attack and concerns over the federal government's potential to adjust U.S. economic policy impeded equities last week. During August 14-18, the S&P 500 lost 0.65%, settling at 2,425.55 Friday. In its fourth straight weekly retreat, the Nasdaq Composite fell 0.64% to 6,216.53. Like the S&P, the Dow Jones Industrial Average took a second straight weekly loss, ceding 0.84% to reach 21,674.51. In contrast, the Dow Jones Utility Average notched a 1.09% gain across five days. At the end of Friday's trading session, gold stood at \$1,291.60, and WTI crude, at \$48.51.<sup>4,5</sup>

**THIS WEEK:** Ruby Tuesday announces earnings on Monday. Coty, DSW, Intuit, Kirkland's, La-Z-Boy, Medtronic, Salesforce, and Toll Brothers join the earnings parade Tuesday. Wednesday offers a Census Bureau report on July new home sales and earnings from American Eagle Outfitters, Eaton Vance, Express, HP, Lowe's, Regis Corp., and Williams-Sonoma. Wall Street learns about July existing home sales Thursday, while also scrutinizing new initial unemployment claims numbers and earnings news from Abercrombie & Fitch, Autodesk, Broadcom, Burlington Stores, Dollar Tree, GameStop, Hormel Foods, Michaels Companies, J.M. Smucker, Staples, Toro, and Ulta Beauty. Federal Reserve chair Janet Yellen speaks on the topic of “financial stability” at the Kansas City Fed's annual Jackson Hole economic symposium Friday; investors will also consider a report on July hard goods orders.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+9.67	+16.54	+12.65	+6.57
NASDAQ	+15.48	+18.63	+20.41	+14.82
S&P 500	+8.34	+10.90	+14.21	+6.77
REAL YIELD	8/18 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.43%	0.06%	-0.43%	2.45%

Sources: wsj.com, bigcharts.com, treasury.gov - 8/18/17<sup>5,6,7,8</sup>

Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.

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## Citations.

- 1 - [reuters.com/article/us-usa-economy-retail-idUSKCN1AV1BZ](https://www.reuters.com/article/us-usa-economy-retail-idUSKCN1AV1BZ) [8/15/17]
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- 3 - [tradingeconomics.com/united-states/housing-starts](https://tradingeconomics.com/united-states/housing-starts) [8/16/17]
- 4 - [marketwatch.com/story/dow-set-to-fight-for-direction-but-flirts-with-biggest-two-week-drop-in-nearly-a-year-2017-08-18](https://www.marketwatch.com/story/dow-set-to-fight-for-direction-but-flirts-with-biggest-two-week-drop-in-nearly-a-year-2017-08-18) [8/18/17]
- 5 - [markets.wsj.com/us](https://markets.wsj.com/us) [8/18/17]
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