

In this week's recap: an impressive Q2 GDP reading, a consumer sentiment dip, a falloff in home buying, and the end of a long stock market correction.

Weekly Economic Update

Presented by RTN Financial & Retirement Group, July 30, 2018

FIRST ESTIMATE OF Q2 GDP: 4.1%

Not since the third quarter of 2014 has the economy grown at such a pace. In its report released Friday, the Bureau of Economic Analysis noted 4.0% growth in consumer outlays during the quarter, a 7.3% improvement in business spending, and 3.5% more federal government spending. The BEA also revised the first-quarter GDP number up 0.2% to 2.2%.¹

CONSUMER SENTIMENT FALLS TO A 6-MONTH LOW

The University of Michigan's final July consumer sentiment index came in at 97.9, 0.8 points higher than its preliminary reading earlier in the month, but 0.3 points below its final June mark. This minor month-over-month descent left the gauge at its lowest level since January.²

HOME SALES RETREAT

Existing home purchases slowed 0.6% in June, and new home buying weakened 5.3%. June was the third straight month to see a pullback in resales, according to the National Association of Realtors, and existing home sales were down 2.2%, year-over-year, as the first half of 2018 ended. In its monthly report, the Census Bureau noted that new home sales are up 6.9% YTD.³

STOCKS PULL OUT OF CORRECTION MODE

On Wednesday, the S&P 500 – the Wall Street index that the financial media typically uses as shorthand for the broad stock market – exited its longest correction in nearly 34 years by settling at 2,846.07. (A correction is defined as a descent of at least 10% from an index's peak close; an index recovers from a correction when it climbs 10% above a closing low.) The S&P gained 0.61% for the week, finishing Friday at 2,818.82. The Dow Industrials bettered that, adding 1.57% in five days to reach 25,451.06 at Friday's closing bell. Losing 1.06% for the week, the Nasdaq Composite declined to 7,737.42.^{4,5}

TIP OF THE WEEK



*It is better to **create an emergency fund with gradual amounts from your paycheck** than with a lump sum taken from an investment account. Retirement savings will not grow and compound if they are drawn down early.*

THIS WEEK

On Monday, the NAR presents its June pending home sales index, and Acadia Healthcare, AK Steel, Bloomin' Brands, Booz Allen Hamilton, Caterpillar, CNA Financial, Denny's, KBR, Kemper, Loews, Logitech, Nautilus, Nutrisystem, Rent-A-Center, Seagate Technology, and Transocean offer earnings news. | Tuesday, June personal spending data emerges, along with the June PCE price index, the Conference Board's latest consumer confidence index, and earnings from Anadarko Petroleum, Apple, Archer Daniels Midland, Baidu, BP, Charter Communications, Container Store, Credit Suisse, Cummings, Extra Space Storage, Fidelity National, Fortis, Fresh Del Monte Produce, Frontier Communications, Genworth, Huntsman, Hyatt Hotels, Pandora Media, Pfizer, Procter & Gamble, Ralph Lauren, Sony, Unisys, Vulcan Materials, WestJet, and William Lyon Homes. | On Wednesday, the Federal Reserve issues its latest policy statement, ADP puts out its latest payrolls report, the Institute for Supply Management unveils its June manufacturing PMI, and earnings arrive from Alamo Group, Allstate, AMC Entertainment, AmeriGas, Arcelor Mittal, AutoNation, Chesapeake Energy, Cirrus Logic, Diebold Nixdorf, Energizer Holdings, Express Scripts, Fitbit, Garmin, Hanesbrands, Herbalife, Humana, Macerich, Marathon Oil, MetLife, Molson Coors, Pitney Bowes, Prudential Financial, Public Storage, Sprint, Square, Taylor Morrison, Tesla, TripAdvisor, U.S. Steel, Valvoline, Voya Financial, Wyndham Hotels & Resorts, and Zynga. | Thursday's earnings roll call includes Activision Blizzard, Aetna, AMC Networks, AIG, Avon, Blue Apron, CBRE Group, CBS, Cigna, Clorox, DowDuPont, Duke Energy, Fluor, GoDaddy, GoPro, Icahn Enterprises, Kellogg, MGM Resorts, Motorola Solutions, Parker Hannifin, Pinnacle Foods, RE/MAX Holdings, Shake Shack, Spectra Energy, Symantec, Take-Two Interactive, Teva Pharmaceutical, Western Union, Wingstop, and Yum! Brands. | A new employment report from the Department of Labor appears Friday, plus ISM's June non-manufacturing PMI and earnings from Kraft Heinz.

QUOTE OF THE WEEK



“No act of kindness, no matter how small, is ever wasted.”

AESOP

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	2.96	16.59	12.72	12.86
NASDAQ	12.08	21.38	22.83	24.17
S&P 500	5.43	14.03	13.33	12.84

REAL YIELD	7/27 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.84	0.49	0.43	1.70

Sources: wsj.com, bigcharts.com, treasury.gov - 7/27/18^{5,6,7,8}

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.

THE WEEKLY RIDDLE



What can you feel but never touch, hear but never see?

LAST WEEK'S RIDDLE: Scott has math 4 times a week. If he has math at 8:00 Monday, 9:00 on Tuesday and Wednesday, and 8:00 on Friday, when does he have math on Thursday?

ANSWER: Scott does not have math on Thursday, as he already has math at the four other times.



781.736.9877

Know someone who could use information like this?

Please feel free send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

Representatives are registered, securities sold, advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member [FINRA/SIPC](#), a registered broker/dealer and investment advisor, which is not an affiliate of the credit union. CBSI is under contract with the financial institution to make securities available to members. **Not NCUA/NCUSIF/FDIC insured, May Lose Value, No Financial Institution Guarantee. Not a deposit of any financial institution.**

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

CITATIONS:

- 1 - cnbc.com/2018/07/27/us-gdp-q2-2018.html [7/27/18]
- 2 - bloomberg.com/news/articles/2018-07-27/u-s-consumer-sentiment-falls-to-six-month-low-on-trade-concern [7/27/18]
- 3 - nytimes.com/aponline/2018/07/25/us/politics/ap-us-new-home-sales.html [7/25/18]
- 4 - marketwatch.com/story/the-sp-500-just-ended-its-longest-stint-in-correction-territory-since-1984-2018-07-25 [7/25/18]
- 5 - markets.wsj.com/us [7/27/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=7%2F28%2F17&x=0&y=0 [7/27/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=7%2F28%2F17&x=0&y=0 [7/27/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=7%2F28%2F17&x=0&y=0 [7/27/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=7%2F26%2F13&x=0&y=0 [7/27/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=7%2F26%2F13&x=0&y=0 [7/27/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=7%2F26%2F13&x=0&y=0 [7/27/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=7%2F28%2F08&x=0&y=0 [7/27/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=7%2F28%2F08&x=0&y=0 [7/27/18]

6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=7%2F28%2F08&x=0&y=0 [7/27/18]

7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [7/27/18]

8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [7/27/18]