

*In this week's recap: households buy more but feel less upbeat about the near future, the Dow rises, and homebuilders start more projects.*

# Weekly Economic Update

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*Presented by RTN Financial & Retirement Group, August 20, 2018*

## MID-SUMMER MEANT BUYING FOR CONSUMERS

According to new Census Bureau data, retail sales were 0.5% improved in July. Core retail sales (all categories except car and truck buying) rose 0.6% last month. The only sour note was the revision the Bureau made to June's headline and core retail sales advances. The overall June retail sales gain was reduced to 0.2% from 0.5%; the core gain, to 0.2% from 0.4%.<sup>1,2</sup>

## HOUSEHOLD SENTIMENT GAUGE DISAPPOINTS

In its initial August edition, the University of Michigan's index of consumer sentiment fell 2.6 points to 95.3. That was a miss: analysts polled by Briefing.com expected a reading of 97.8. This preliminary August reading was also an 11-month low for the index.<sup>1,2</sup>

## A MINOR JULY GAIN FOR HOUSING STARTS

A new federal government report showed residential construction activity up 0.9% last month. Building permits increased 1.5% after three months of retreats.<sup>3</sup>

## DOW LEADS THE WAY ON WALL STREET

Ascending 1.41% over five market days, the Dow Jones Industrial Average closed Friday's trading session at 25,669.32. The S&P 500 also had a positive week, advancing 0.59% to 2,850.13. The same was not true for the Nasdaq Composite. The tech-heavy benchmark lost 0.29% last week to finish at 7,816.33, Friday. Also notable: gold's weekly loss of 2.9%. A strong dollar has put pressure on the yellow metal of late, and this past week was gold's worst on the COMEX in 15 months.<sup>2,4</sup>

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## TIP OF THE WEEK



*Many people plan for retirement without giving much thought to **life expectancy**. What if you **live much longer** than you think you will? As you near retirement, take this possibility into account.*

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## THIS WEEK

On Monday, Estee Lauder presents second-quarter results. | Tuesday's earnings roll call includes announcements from Coty, Kohl's, La-Z-Boy, Medtronic, J.M. Smucker, and Urban Outfitters. | Analog Devices, Lowe's, Stein Mart, and Target offer earnings on Wednesday; in addition, investors will consider minutes from the most recent Federal Reserve policy meeting and July existing home sales figures. | July new home sales data is out Thursday, plus the latest initial claims report and earnings from Alibaba Group, Gap, Hormel Foods, HP, Intuit, and Toro. | Federal Reserve Chairman Jerome Powell gives a speech on monetary policy Friday morning at the Kansas City Fed's annual Jackson Hole economic policy symposium; away from Jackson Hole, Foot Locker announces quarterly earnings and data on July hard goods orders arrives.

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## QUOTE OF THE WEEK



***"Nature does nothing uselessly."***

ARISTOTLE

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% CHANGE

Y-T-D

1-YR CHG

5-YR AVG

10-YR AVG

DJIA	3.84	18.02	14.04	12.36
NASDAQ	13.22	25.63	23.39	22.34
S&P 500	6.60	17.30	14.43	12.29

REAL YIELD	8/17 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.79	0.42	0.68	1.67

Sources: wsj.com, bigcharts.com, treasury.gov - 8/17/18<sup>4,5,6,7</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.

## THE WEEKLY RIDDLE



What is *ready* when you *add a letter* at its end?

*LAST WEEK'S RIDDLE: A cargo truck hauling a load of lumber can carry 2 tons. It approaches a bridge with a sign, which notes that the bridge can support up to 2 tons of weight. The driver sees the sign and reckons that the bridge should hold up under the weight of the truck. Is the driver right?*

*ANSWER: No, the driver is wrong. If the truck carries no load, it might make it across. The lumber the truck is carrying, however, will push the weight above 2 tons.*



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- 1 - [briefing.com/investor/calendars/economic/2018/08/13-17](#) [8/17/18]
- 2 - [marketwatch.com/story/weaker-gold-heads-for-3-weekly-drop-2018-08-17](#) [8/17/18]
- 3 - [reuters.com/article/us-usa-economy-housingstarts/us-housing-starts-rise-less-than-expected-in-july-idUSKBN1L11F1](#) [8/16/18]
- 4 - [markets.wsj.com/us](#) [8/17/18]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=8%2F17%2F17&x=0&y=0](#) [8/17/18]
- 5 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=8%2F17%2F17&x=0&y=0](#) [8/17/18]
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