In this week’s recap: the Dow returns to record territory, home sales flatten, housing starts surge, and the price of oil rises.

Weekly Economic Update

RTN Financial and Retirement Group, September 24, 2018

BLUE CHIPS HIT A 2018 HIGH

On Thursday, the Dow Jones Industrial Average saw its best close since January. Friday took the index even higher, to another record settlement of 26,743.50. That capped a 2.25% weekly advance. The Dow was not the only major benchmark shattering records last week. The S&P 500 also settled at a historic peak Thursday before drifting slightly lower to 2,929.67 a day later; in five days, it rose 0.85%. For the Nasdaq Composite, the story was different: it declined 0.29% last week to 7,986.96.¹²

AUGUST WAS A FLAT MONTH FOR HOME BUYING

The National Association of Realtors declared the pace of existing home sales unchanged from July in its August snapshot of the residential real estate market. Economists surveyed by Reuters anticipated an advance of 0.3% after four consecutive months of retreats. Sales were down 1.5%, year-over-year, through August, but existing home inventory grew 2.7% during the same 12 months; that marked the first annualized increase in the supply of homes for sale since 2015. The median existing home price in August: $264,800, 4.6% higher than a year ago.³

HOUSING STARTS JUMP; BUILDING PERMITS FALL

Starts and permits went opposite ways during August, according to the Census Bureau’s latest look at U.S. residential construction activity. Groundbreaking increased 9.2% in the eighth month of the year, but permits for new developments declined by 5.7%.⁴

OIL CLIMBS TO A 2-MONTH PEAK

WTI crude settled at $70.78 per barrel on the New York Mercantile Exchange on Friday, charging 2.6% for the week. This was crude’s best closing price since July 13, preceding a critical meeting of OPEC nations and their allies to address potential supply problems in the fourth quarter.⁵
In a **two-parent household**, both parents may want to consider **life insurance coverage**, even if one of them does not work. Money from the life insurance policy can help a surviving spouse pay for **child care** and **education expenses**.

**THIS WEEK**

Monday offers no major earnings calls or economic reports. | The Conference Board’s latest consumer confidence index arrives Tuesday, plus a new S&P CoreLogic Case-Shiller home price index and earnings from Cintas, Jabil, KB Home, and Nike. | The Federal Reserve makes an interest rate decision Wednesday; in addition, August new home sales figures and earnings from Bed Bath & Beyond, CarMax, and Worthington Industries appear. | Accenture, ConAgra Brands, and Rite Aid present earnings Thursday, complementing the latest initial jobless claims numbers, the third estimate of Q2 economic expansion, and reports on August housing contract activity and hard goods orders. | Friday, August personal spending figures are released, plus the August PCE price index, the final September consumer sentiment index from the University of Michigan, and earnings from BlackBerry.

**QUOTE OF THE WEEK**

“**Learning** to ignore things is one of the **great paths** to inner peace.”
% CHANGE | Y-T-D | 1-YR CHG | 5-YR AVG | 10-YR AVG
---|---|---|---|---
DJIA | 8.19 | 19.61 | 14.62 | 14.28
NASDAQ | 15.70 | 24.36 | 22.32 | 26.65
S&P 500 | 9.58 | 17.16 | 14.27 | 14.27

REAL YIELD | 9/21 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO
---|---|---|---|---
10 YR TIPS | 0.92 | 0.44 | 0.52 | 1.85

Sources: wsj.com, bigcharts.com, treasury.gov - 9/21/18\(^2,5,7,8\)
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

You go into the forest and **get it,** you sit down to **find it,** and then you go home, just wanting to **get it out.** What is it?

LAST WEEK’S RIDDLE: It takes eight workers four hours to dig a 30’ hole in the ground. How long would it take them to dig half a hole?

**ANSWER:** No time at all, for you cannot dig half a hole.

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CITATIONS:

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