

WEEKLY ECONOMIC UPDATE

December 4, 2017

WEEKLY QUOTE

“My father used to say, ‘Let them see you and not the suit.’”

- Cary Grant

WEEKLY TIP

Did you just get a great business idea? If you have a product or service offering that you sense your customers will find irresistible, perhaps they could help you finance it. Consider presenting it through a subscription model or have customers pay for the goods or services in advance.

WEEKLY RIDDLE

What round, white container hides a tasty delight within it and requires no keys to open?

Last week's riddle:

Tom figures out that an old grandfather clock is one minute fast every hour. How can Tom manipulate the clock to tell the correct time twice a day, while keeping it running at the same pace?

Last week's answer:

By making it run backwards.

CONSUMERS ACT ON THEIR CONFIDENCE

A new factoid points out just how well the economy is doing: the federal government just upgraded its estimate of third-quarter growth to 3.3%. New data on consumer spending and confidence hints at fourth-quarter strength. Personal spending improved 0.3% in October following the 0.9% leap in September, and household wages were up 0.4% in October for a second straight month. At a mark of 129.5, the Conference Board's consumer confidence index reached a YTD peak in November, having soared 9.1 points in two months.^{1,2}

TWO VERY POSITIVE HOUSING SIGNALS

New homes are selling strongly. October saw a 6.2% advance for new home buying according to the Commerce Department, with sales up 30% in the Northeast; the annualized rate of new home purchases was the best in a decade. In addition, the National Association of Realtors announced a 3.5% gain in its pending home sales index for October, a turnaround from the 0.4% September decline.^{1,3}

MANUFACTURING SECTOR MAINTAINS A HECTIC PACE

The Institute for Supply Management's October factory sector purchasing manager index came in at 58.2 last week – a sign of significant expansion. That was half a point below its September reading, but still far above the 50.0 dividing line between sector growth and contraction.⁴

MORE UPS THAN DOWNS ON WALL STREET

News from the nation's capital affected equity index performance more than anything else as November ebbed into December. When the closing bell called an end to a rollercoaster trading day on Friday, the weekly numbers looked better for the Dow Jones Industrial Average (+2.86% to 24,231.59) and S&P 500 (+1.53% to 2,642.22) than for the Nasdaq Composite (-0.60% to 6,847.59). The CBOE VIX volatility index climbed 18.20% for the week to 11.43.⁵

THIS WEEK: Monday, no major economic news items are scheduled. On Tuesday, a new ISM service sector PMI arrives, plus earnings from AutoZone, Bank of Montreal, Land's End, and Toll Brothers. Wednesday, ADP issues its November payrolls report; investors also review earnings from American Eagle Outfitters, Analogic, H&R Block, Broadcom, Fred's, Hudson's Bay Co., and Lululemon Athletica. Thursday offers the latest Challenger job-cut report, a new weekly initial claims report, and earnings from Dell Technologies, Dollar General, and Toro. Wall Street considers the Department of Labor's November employment report Friday along with the initial University of Michigan consumer sentiment index for December.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+22.61	+26.26	+17.21	+8.12
NASDAQ	+27.20	+30.40	+25.50	+15.73
S&P 500	+18.02	+20.59	+17.31	+7.84
REAL YIELD	12/1 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.51%	0.48%	-0.79%	1.63%

Sources: wsj.com, bigcharts.com, treasury.gov - 12/1/17^{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.

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