

*In this week's recap: a gain in existing home sales, a dip for consumer sentiment, more pain for the oil sector, and more losses for the big three.*



# Weekly Economic Update

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*November 26, 2018*

## SUDDENLY, MORE HOMES SELL

Existing home sales improved in October for the first time in seven months. The National Association of Realtors announced a 1.4% monthly increase, while also noting that the annualized sales pace was 5.1% slower than it had been 12 months earlier. Across the year ending in October, the median sales price for an existing home rose 3.8%. There were 4.3 months of housing inventory listed last month, corresponding to the definition of a “tight” market among real estate professionals.<sup>1</sup>

## AT THANKSGIVING, CONSUMER SENTIMENT WEAKENS

In its final November edition, the University of Michigan’s consumer sentiment index fell to a mark of 97.5, 1.1 points under its final October level. Analysts polled by Refinitiv anticipated a reading of 98.3. In March, the gauge reached a 14-year peak of 101.4; it has trended downward since.<sup>2</sup>

## WHEN WILL OIL RECOVER?

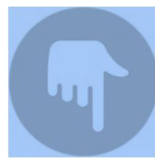
Next week? Next month? Last week, the commodity lost value again, slumping 7.7% on Friday alone (albeit in thin, post-Thanksgiving trading) to a NYMEX settlement of \$50.42. That left light sweet crude 34% below its close on October 3. Oil industry analysts widely believe that OPEC will announce supply cuts at its December 6 meeting.<sup>3</sup>

## A SHORT WEEK BRINGS SIGNIFICANT DESCENTS

Oil's troubles also affected equities, which were already hindered by investor pessimism in the days near Thanksgiving. The S&P 500 stumbled 3.79% across an abbreviated trading week, down to 2,632.56 at Friday's closing bell. Thanksgiving week also saw the Dow Industrials slide 4.44% to 24,285.95. The Nasdaq Composite lost 4.26% in three-and-a-half trading sessions to fall to 6,938.98.<sup>4</sup>

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### TIP OF THE WEEK



*If your college student has a chance to enter a work-study program, you may worry that the part-time job and the course load will prove too much to handle. Most work-study programs set reasonable limits on the hours students work, however, and the job experience can help build your student's resume.*

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## THIS WEEK

On Monday, nothing major is scheduled. | The Conference Board's November consumer confidence index appears Tuesday, plus earnings from Cracker Barrel, Salesforce, and Stein Mart. | Federal Reserve Chairman Jerome Powell delivers a speech on monetary policy in New York on Wednesday, shortly before the closing bell; investors will also interpret the latest new home sales report from the Census Bureau, the second estimate of Q3 GDP, and earnings news from Burlington Stores, Chico's FAS, Dick's Sporting Goods, Guess, La-Z-Boy, J.M. Smucker, and Sportsman's Warehouse. | Thursday, minutes from the most recent Federal Reserve policy meeting arrive, along with October consumer spending figures, the NAR's October pending home sales report, a new initial jobless claims report, and earnings from Abercrombie, Dell Technologies, Dollar Tree, Express, GameStop, HP, Kirkland's, and TD Bank. | Friday, the G20 summit starts in Buenos Aires, and with it, the possibility of renewed trade talks between the U.S. and China.

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## QUOTE OF THE WEEK



*“Sometimes the questions are complicated, and the answers are simple.”*

THEODORE SEUSS GEISEL

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% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-1.75	3.09	10.24	18.76
NASDAQ	0.52	0.72	14.77	37.14
S&P 500	-1.54	1.16	9.17	20.91
REAL YIELD	11/23 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	1.09	0.50	0.56	3.11

Sources: ft.com, bigcharts.com, treasury.gov - 11/23/18<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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## THE WEEKLY RIDDLE



*What two things will you never eat for dinner?*

LAST WEEK'S RIDDLE: *What goes back and forth all the time while keeping time, causing a bit of noise only some of the time?*

ANSWER: *A pendulum.*

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