

Fulcrum Financial Group Presents:

WEEKLY ECONOMIC UPDATE

May 28, 2018

WEEKLY QUOTE

"Imagination and fiction make up more than three quarters of our real life."

- Simone Weil

WEEKLY TIP

If your child is going to a faraway college this fall, this is the time to investigate housing options. Keep in mind that while off-campus rents may be cheaper than the rent for a dorm unit, utilities, food, and commuting costs may offset the apparent savings.

WEEKLY RIDDLE

Kelsey is 16, and she just learned how to drive. She was on the other side of the road yesterday morning, but did not get a ticket even though a police car saw her. Why?

Last week's riddle:
They come at night without being called.
They are lost in the day without being stolen.
What are they?

Last week's answer:
Stars.

HOME SALES DECLINE

Both new and existing home sales weakened in April, according to reports from the Census Bureau and National Association of Realtors. Resales were down 2.5%; new home buying, 1.5%. NAR chief economist Lawrence Yun cited "the utter lack of available listings on the market" as the "root cause" of the retreat in resales. Existing home sales were down 1.4% year-over-year through April; on the other hand, the pace of new home buying improved 8.4% in the same 12 months. Zillow says that existing home values soared 8.7% in the year ending in April; that is the largest annualized jump it has recorded since June 2006.^{1,2}

CONSUMER SENTIMENT TURNS SLIGHTLY LOWER

The University of Michigan's preliminary May consumer sentiment index came in at 98.0 on Friday, 0.8 points below its final April reading. The gauge was 0.9 points above its year-ago level.³

OIL TAKES A FALL

WTI crude suffered a 4.9% loss last week on the NYMEX. The price settled at \$67.88 Friday after a 4.2% single-day dive. That was the lowest close since May 1. The main reason for the drop? News that OPEC countries and Russia may boost output to counter production slumps in Iran and Venezuela.⁴

A POSITIVE FIVE DAYS FOR STOCKS

All three major Wall Street equity indices advanced last week. Leading the way, the Nasdaq Composite improved 1.08% to 7,433.85. The S&P 500 added 0.31% to settle at 2,721.33 Friday; the Dow Industrials gained 0.15% to reach 24,753.09.⁵

THIS WEEK: U.S. financial markets are closed Monday in observance of Memorial Day. The Conference Board's May consumer confidence index arrives on Tuesday, along with the latest S&P CoreLogic Case-Shiller home price index and Q1 results from Booz Allen Hamilton, HP, and Salesforce. Wednesday offers the May ADP payrolls report, a second estimate of Q1 GDP, a new Federal Reserve Beige Book, and earnings from Analog Devices, Bank of Montreal, Chico's FAS, Dick's Sporting Goods, DSW, Guess, and Michael Kors. April personal spending and pending home sales numbers surface Thursday, in addition to a new initial claims report and earnings from American Eagle Outfitters, Costco, Dollar General, Dollar Tree, Express, Kirkland's, Lululemon Athletica, and Ulta Beauty. The April jobs report from the Department of Labor appears Friday, plus the May ISM manufacturing PMI and quarterly results from Abercrombie & Fitch.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+0.14	+17.41	+12.35	+9.73
NASDAQ	+7.68	+19.80	+22.98	+19.96
S&P 500	+1.78	+12.68	+12.99	+9.64
REAL YIELD	5/25 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.84%	1.46%	-0.26%	0.45%

Sources: wsj.com, bigcharts.com, treasury.gov - 5/25/18^{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.

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