In this week's recap: wage growth picks up, the factory and service sectors hum with activity, oil retreats, and new tariffs could be imposed on China.

FALCK
FINANCIAL SERVICES

Weekly Economic Update

September 10, 2018

LATEST JOBS REPORT CONFIRMS WAGE GROWTH IS ACCELERATING

According to the Department of Labor's newest employment report, average pay for U.S. private sector workers improved 2.9% in the 12 months ending in August. That is the best annualized wage boost since the end of the Great Recession in 2009 and an improvement from 2.7% in July. The economy added 201,000 net new jobs last month. The headline jobless rate remained at 3.9%; the U-6 rate, which includes both unemployed and underemployed Americans, declined 0.1% to 7.4%, a 17-year low.[1]

STRONG AUGUST SHOWINGS FOR THE ISM INDICES

Both purchasing manager indices maintained by the Arizona-based Institute for Supply Management rebounded last month. ISM's PMI tracking the U.S. service sector rose 2.8 points to 58.5, and its factory sector PMI climbed to an impressive 61.3 from the previous mark of 58.1.[2]

OIL TAKES A WEEKLY LOSS

Retreating 2.9% in four trading days, West Texas Intermediate crude ended the week at $67.75 on the NYMEX. Light sweet crude had its first down week since August, and its Friday closing value was its lowest since August 21. The big concern: the potential impact of tariffs on global oil demand.[3]

STOCKS DECLINE; POSSIBLE NEW TARIFFS ON CHINA ANNOUNCED

Friday, President Trump told reporters that he was willing to authorize import taxes on another $267 billion of Chinese goods entering the U.S.; this would effectively put an across-the-board

tax on Chinese imports in place. This development and a broad tech selloff impacted Wall Street during a shortened trading week. In trading Tuesday through Friday, the S&P 500 fell 1.02%, to 2,871.68; the Dow Jones Industrial Average 0.27%, to 25,916.54; the Nasdaq Composite 2.30%, to 7,902.54.[4,5,6]

TIP OF THE WEEK

If you plan to age in place, think about the future upkeep of your home. Could the cost of maintenance and "senior upgrades" to enhance safety and accessibility prove too much to handle financially? Or does it appear to be manageable?

THIS WEEK

Hovnanian Enterprises and Sonos present earnings on Monday. | Tuesday, nothing major is scheduled. | On Wednesday, Apple holds its iPhone XS launch event, and the August Producer Price Index and a new Federal Reserve Beige Book appear. | Thursday, investors pay attention to the August Consumer Price Index and quarterly results from Kroger. | On Friday, Wall Street considers August retail sales figures and the preliminary September consumer sentiment index from the University of Michigan.

QUOTE OF THE WEEK

"Part of being a hero is knowing when you don't need to be one anymore."

ALAN MOORE

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	4.84	18.97	14.73	12.52
NASDAQ	14.47	23.52	23.18	24.82
S&P 500	7.41	16.49	14.70	12.65

REAL YIELD	9/7 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.84	0.26	0.87	1.68

Sources: wsj.com, bigcharts.com, treasury.gov - 9/7/18[6,7,8,9]

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 long and narrow, yet can look far and wide?

LAST WEEK'S RIDDLE: It can hurt and make people bleed, but in another environment, its smaller version can also be instrumental in making them well. What is it?

ANSWER: A knife.

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