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In this week's recap: retail sales impress again, groundbreaking suddenly tails off, stocks tread water, and more tariffs might be in store for China.

Giesting Financial Weekly Update

July 23, 2018

ANOTHER GOOD MONTH FOR RETAIL SALES

Americans are spending freely, as new Census Bureau data confirms. Retail sales advanced 0.5% last month, matching the consensus forecast of economists surveyed by Reuters, in the wake of a revised 1.3% May gain. (May was the best month for buying since last September.) The only negative note: core retail sales were flat in June. (Core sales exclude food, fuel, auto, and home improvement purchases.)[1]

HOUSING STARTS SINK TO A 9-MONTH LOW

Taking their biggest monthly fall since November 2016, starts unexpectedly dropped 12.3% in June. New Census Bureau data showed building permits declining 2.2% in June as well. In May, groundbreaking reached an 11-year peak.[2]

ARE MORE TARIFFS COMING ON CHINESE GOODS?

The possibility has just been raised. During a CNBC *Squawk Box* interview Friday, President Trump noted that perhaps all Chinese imports should face U.S. tariffs, explaining that he was "ready to go to 500" – a reference to the $505.5 billion total in Chinese products that came to America in 2017. The U.S. exported $129.9 billion of goods to China last year.[3]

A FLAT WEEK ON WALL STREET

While earnings and headlines certainly impacted market sectors, the major indices were little changed from where they began the week at Friday's closing bell. Up 0.15% across five trading days, the Dow Jones Industrial Average concluded the week at 25,058.12. Moving north but 0.02% last week, the S&P 500 reached 2,801.83. Losing 0.07% on the week, the Nasdaq Composite settled at 7,820.20, Friday.[4]

TIP OF THE WEEK

Are you a self-employed professional or a small business owner? You should seriously consider ***disability insurance****. As your salary may be your household's main (or only) source of income, an extended interruption in your earnings could disrupt your lifestyle and prove financially disastrous.*

THIS WEEK

Monday, earnings announcements emerge from Alphabet, Halliburton, Hasbro, Kaiser Aluminum, Lennox International, Netgear, TD Ameritrade, Whirlpool, and Zions Bancorp; Wall Street also looks at June existing home sales. | 3M, Ameriprise Financial, AT&T, Avery Dennison, Biogen, Chubb, Eli Lilly, Harley-Davidson, JetBlue, Kimberly-Clark, Lockheed Martin, Peabody Energy, Quest Diagnostics, Smith Micro, Stryker, Texas Instruments, TransUnion, UBS Group, and Verizon present earnings, Tuesday. | On Wednesday, the earnings roster includes Anthem, Boeing, Citrix, Coca-Cola, Corning, Dolby Labs, Equifax, Extended Stay Hotels, Facebook, Fiat Chrysler, Ford Motor Co., Freeport-McMoRan, General Motors, General Dynamics, Gilead Sciences, GlaxoSmithKline, GrubHub, Hilton Worldwide Holdings, Ingersoll-Rand, Mattel, Mondelez, NextEra Energy, Norfolk Southern, Northrop Grumman, O'Reilly, Owens Corning, PayPal, Qualcomm, Raymond James, Rockwell Automation, Ryder Systems, Sempra Energy, Sirius XM, Six Flags Entertainment, Smart & Final, T. Rowe Price, Trivago, Universal Health Services, UPS, Visa, and Waste Management; in other news, a June new home sales report appears. | Data on June hard goods orders and initial jobless claims surfaces Thursday, along with earnings news from Aflac, Alaska Air, Allergan PLC, Ally Financial, Altria Group, Amazon.com, American Airlines, Amgen, Anheuser-Busch, Beazer Homes,

Bristol-Myers, Celgene, Chipotle, CME Group, Comcast, Conoco-Phillips, D.R. Horton, Daimler AG, Del Taco, Discover, Dunkin' Brands, Edison International, Electronic Arts, Expedia, GNC, Hershey, Intel, International Paper, Live Nation, Marathon Petroleum, Mastercard, McDonalds, NCR, Nokia, Penske, Praxair, Pulte Group, Raytheon, Royal Dutch Shell, SkyWest, Spirit Airlines, Spotify, Starbucks, SuperValu, The Hartford, Under Armour, Valero Energy, Verisign, Western Digital, W.R. Grace, and Xerox. | On Friday, the first estimate of Q2 GDP arrives, plus the final July University of Michigan consumer sentiment index and earnings from Chevron, Colgate-Palmolive, Exxon Mobil, Merck, Phillips 66, Twitter, and Weyerhaeuser.

QUOTE OF THE WEEK

*"**It is wise to remember** that you are one of those who can be fooled some of the time."*

LAURENCE J. PETER

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	1.37	15.95	12.24	11.85
NASDAQ	13.28	22.38	23.60	24.31
S&P 500	4.80	13.28	13.12	12.24

REAL YIELD	7/20 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.78	0.50	0.28	1.80

Sources: wsj.com, bigcharts.com, treasury.gov - 7/20/18[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.

THE WEEKLY RIDDLE

Scott has math 4 times a week. If he has math at 8:00 Monday, 9:00 on Tuesday and Wednesday, and 8:00 on Friday, ***when*** *does he have math on Thursday?*

LAST WEEK'S RIDDLE: How many times can you subtract 100 from 1,000?

ANSWER: Just once, because after that, you will be subtracting 100 from 900, 800, and so on.

Know someone who could use information like this?

Please feel free send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

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