

In this week's recap: a bit more inflation pressure, a big fall retail sales gain, another setback for light sweet crude, and a down week on Wall Street.



Weekly Economic Update

November 19, 2018

IN OCTOBER, INFLATION JUMPED THE MOST SINCE JANUARY

The Consumer Price Index rose 0.3% last month, according to the Bureau of Labor Statistics. This was the largest monthly gain for the headline CPI since its 0.5% move in the first month of the year. A 3.0% leap in gasoline prices played a significant role. Core consumer inflation, which does not include volatile food and energy costs, increased by 0.2% in October.¹

RETAIL SALES RISE 0.8%

Consumers certainly entered fall in a buying mood. Even with car and truck sales factored out, the gain was still 0.7% in October, and that left overall U.S. retail purchases up 4.6% year-over-year. In September, retail purchases tailed off 0.1% (the Department of Commerce first reported a 0.1% advance).²

WTI CRUDE FALLS INTO A BEAR MARKET

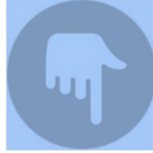
Oil's fourth-quarter slide continued last week. Friday, light sweet crude ended the week at \$56.46 on the New York Mercantile Exchange after its price slid 6.2% across five trading sessions, hitting a 12-month closing low of \$55.69 on Tuesday. The commodity is now on a 6-week losing streak.³

MAJOR INDICES RETREAT

Investors were left cold by some of last week's key earnings reports, and the significant October inflation advance seemed to provide additional substantiation for a year-end Federal Reserve interest rate hike. The S&P 500 lost 1.61% in five days, falling to 2,736.27 at Friday's closing bell. It fared better than both the Dow Industrials and Nasdaq Composite; last week,

the blue chips slumped 2.22% to 25,413.22, while the tech-heavy benchmark dipped 2.15% to 7,247.87.⁴

TIP OF THE WEEK



Did you know mortgage rates fluctuate daily during the week? If you are looking for a home loan, be sure to assess the terms of different loans on the same day. If you finalize negotiations on a loan, ask your lender to lock in the terms.

THIS WEEK

Agilent Technologies, Intuit, Jack in the Box, and Urban Outfitters present earnings on Monday. | Analog Devices, Barnes & Noble, Best Buy, BJ's Wholesale Club, Campbell Soup, Foot Locker, Gap, Hormel Foods, Kohl's, Lowe's, Medtronic, Ross Stores, Stage Stores, Target, and TJX all announce earnings on Tuesday; in addition, the Census Bureau releases a report on October housing starts. | Wednesday sees the release of the final November University of Michigan consumer sentiment index, the October existing home sales report from the National Association of Realtors, the October leading indicator index from the Conference Board, and a new monthly report on capital goods orders from the Census Bureau. | U.S. financial markets are closed Thursday in observance of Thanksgiving. | Friday, stock and bond markets reopen for a shortened trading session, with no major economic news or earnings announcements scheduled.

QUOTE OF THE WEEK



"We must learn to be still in the midst of activity and to be vibrantly alive in repose."

INDIRA GANDHI

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	2.81	8.33	11.84	20.72
NASDAQ	4.99	6.69	16.37	38.90
S&P 500	2.34	5.83	10.43	22.16
REAL YIELD	11/16 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	1.06	0.53	0.53	2.85

Sources: wsj.com, bigcharts.com, treasury.gov - 11/16/18^{4,5,6,7}

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 goes back and forth all the time while keeping time,
causing a bit of noise only some of the time?*

*LAST WEEK'S RIDDLE: A young man runs away from home. Cheered on by onlookers, he makes three
lefts, then finds two masked men ahead of him, but he runs toward them. Can you explain why?*

ANSWER: He is rounding the bases in a baseball game and heading toward home plate.

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