

WEEKLY ECONOMIC UPDATE

June 25, 2018

WEEKLY QUOTE

“Silent gratitude isn’t very much use to anyone.”

- Gertrude Stein

WEEKLY TIP

Business owners can risk neglecting their retirement planning as they get caught up in the daily activity of their companies. Be sure to look into a SEP IRA, SIMPLE IRA, Solo 401(k), or other retirement plans if you are growing a small business.

WEEKLY RIDDLE

You have three coins that add up to \$0.31. Two of them are not quarters. What kind of coins do you have?

Last week’s riddle:

It inhibits sight, makes the air colder, and it will come back for you before the day is done. What is it?

Last week’s answer:
Night.

TARIFF TALK INTENSIFIES

Major economic powers proposed additional import taxes last week, as investors wondered if a global trade war was now underway. Monday evening, President Trump stated that he had instructed U.S. Trade Representative Robert Lighthizer to identify another \$200 billion of Chinese products to subject to a new 10% import duty. Shortly before the trading week began, the European Union proclaimed it would place import taxes on \$3.3 billion of U.S. products, in retaliation to recently imposed metals tariffs. Friday, President Trump mulled imposing a 20% tax on autos arriving from the E.U. unless it lifts such import duties.^{1,2}

EXISTING HOME SALES WEAKEN SLIGHTLY

A National Association of Realtors report says that sales tapered off 0.4% in May. While the inventory of homes listed grew 2.8% in the fifth month of the year, the median price of an existing home hit an all-time peak of \$264,800. The sales pace was 3.0% slower than in May 2017.³

HOUSING STARTS RISE, BUT PERMITS FALL

While home sales were nearly flat last month, groundbreaking increased 5.0% according to the Census Bureau. Its latest report on U.S. residential construction also noted a 4.6% drop in building permits, far exceeding the decline seen in April.⁴

BLUE CHIPS SHED 2%

To be precise, the Dow Jones Industrial Average lost 2.03% last week, sinking to 24,580.89 at Friday’s close even with a 119-point Friday gain. Faring better, the Nasdaq Composite retreated 0.69% to 7,692.82 in the same time frame, while the S&P 500 declined 0.89% to 2,754.88.⁵

THIS WEEK: Investors react to May new home sales data and Q2 earnings from Carnival on Monday. The Conference Board’s June consumer confidence index appears Tuesday, along with the latest S&P CoreLogic Case-Shiller home price index and earnings from Lennar and Sonic. On Wednesday, Wall Street considers the NAR’s May index of housing contract activity, May durable goods orders, and earnings from Bed Bath & Beyond, General Mills, Paychex, and Rite Aid. Thursday, the third estimate of Q1 economic growth arrives, along with the latest initial claims figures and earnings announcements from Accenture, ConAgra Brands, KB Home, Nike, and Walgreens Boots Alliance. May personal spending data, the May PCE price index, and the final June University of Michigan consumer sentiment index emerge Friday, plus earnings from Constellation Brands.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-0.56	+14.88	+13.22	+10.76
NASDAQ	+11.44	+23.35	+25.83	+22.25
S&P 500	+3.04	+13.16	+14.60	+10.90
REAL YIELD	6/22 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.78%	0.46%	0.59%	1.75%

Sources: wsj.com, bigcharts.com, treasury.gov - 6/22/18^{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.

06252018-SP-4504

Richard J. Falck, CFP®, CLU, ChFC
509 Professional Drive • P.O. Box 530 Northfield, MN 55057
Phone ~ 507-645-2993 • Toll Free ~ 800-601-6638
www.falckfinancial.com • rfalck@falckfinancial.com

Securities offered through **First Heartland Capital, Inc.** Member FINRA/SIPC.
Advisory Services offered through First Heartland Consultants, Inc.
1839 Lake St. Louis Blvd., Lake St. Louis, Missouri 63367. (636) 625-0900
Falck Financial Services is not affiliated with First Heartland Capital, Inc.

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

Citations.

- 1 - npr.org/2018/06/18/621227483/trump-asks-for-200-billion-more-in-tariffs-to-impose-on-china [6/18/18]
- 2 - fortune.com/2018/06/22/trump-tariffs-european-cars/ [6/22/18]
- 3 - briefing.com/Investor/Calendars/Economic/Releases/exist.htm [6/22/18]
- 4 - investing.com/economic-calendar/ [6/19/18]
- 5 - markets.wsj.com/us [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F22%2F17&x=0&y=0 [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F22%2F17&x=0&y=0 [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F22%2F17&x=0&y=0 [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F21%2F13&x=0&y=0 [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F21%2F13&x=0&y=0 [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F21%2F13&x=0&y=0 [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F23%2F08&x=0&y=0 [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F23%2F08&x=0&y=0 [6/22/18]
- 6 - bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F23%2F08&x=0&y=0 [6/22/18]
- 7 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield [6/22/18]
- 8 - treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll [6/22/18]