

# WEEKLY ECONOMIC UPDATE

March 19, 2018

## WEEKLY QUOTE

“One person with a belief is equal to a force of 99 who have only interests.”

- John Stuart Mill

## WEEKLY TIP

Are you worried that long-term care expenses might eat up your parents' financial resources? Urge them to develop a plan for funding their health care needs through insurance products or other resources.

## WEEKLY RIDDLE

It has two rings. It moves upon request. If a mixture is not right, it simply sits and rests. What is it?

## Last week's riddle:

Nate gets messages every day from people who want his services, yet he gets paid when he drives away his customers. What does he do for a living?

## Last week's answer:

He is a rideshare driver.

## PRICE GAINS EASE

There was no half-percent spike in inflation in February. In contrast to January's big jump, the headline Consumer Price Index rose 0.2% in the second month of 2018, with the core CPI following suit; the year-over-year CPI gain ticked slightly higher to 2.2%. The headline and core Producer Price Index also increased 0.2% last month; yearly wholesale inflation rose just 0.1% to 2.8%.<sup>1</sup>

## THE CONSUMER IS CONFIDENT

Displaying a preliminary March reading of 102.0, the University of Michigan's consumer sentiment index reached a 14-year peak last week. Analysts polled by Reuters expected the gauge to decline 0.6 points to 99.3. As for consumer habits, the Department of Commerce just noted a 0.1% retreat for retail sales in February; sales advanced 0.3% with gas and auto buying factored out.<sup>1,2</sup>

## RESIDENTIAL CONSTRUCTION FLAGS

Overall housing starts fell 7.0% last month, according to the Census Bureau. The silver lining: groundbreaking on single-family projects increased 2.9%. Building permits decreased 5.7%.<sup>3</sup>

## INVESTORS SELL AS THEY WAIT ON THE FED

During the trading week before the Federal Reserve's March policy meeting, all three major Wall Street benchmarks staged retreats. The Nasdaq Composite declined 1.04% across the week to 7,481.99; the S&P 500 fell 1.24% to 2,752.01. Blue chips took the biggest hit: the Dow Jones Industrial Average settled 1.54% lower for the week, slipping to 24,946.51 Friday. Rising 6.56% in five days, the CBOE VIX concluded the week at 15.60.<sup>4</sup>

**THIS WEEK:** Oracle announces quarterly results on Monday. Tuesday, FedEx and Steelcase present earnings. Wednesday, investors anticipate an interest rate hike from the Federal Reserve; in addition to the Fed's latest policy announcement, the news stream also includes February existing home sales and earnings from Five Below, General Mills, Guess, and Winnebago. Thursday, Wall Street reviews new initial jobless claims figures and earnings news from Accenture, BP Midstream Partners, Carnival, Cintas, ConAgra Brands, Darden Restaurants, KB Home, Lands' End, Michaels Companies, Micron Technology, and Nike. On Friday, reports on February hard goods orders and new home sales arrive.

| % CHANGE   | Y-T-D     | 1-YR CHG | 5-YR AVG  | 10-YR AVG  |
|------------|-----------|----------|-----------|------------|
| DJIA       | +0.92     | +19.16   | +14.38    | +10.84     |
| NASDAQ     | +8.38     | +26.80   | +26.06    | +24.37     |
| S&P 500    | +2.93     | +15.56   | +15.27    | +11.56     |
| REAL YIELD | 3/16 RATE | 1 YR AGO | 5 YRS AGO | 10 YRS AGO |
| 10 YR TIPS | 0.77%     | 0.51%    | -0.55%    | 1.05%      |

Sources: wsj.com, bigcharts.com, treasury.gov - 3/16/18<sup>4,5,6,7</sup>

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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