

*In this week's recap: a consumer spending miss, a slight decline in confidence, a wave of new home buying, and the end of a good quarter for equities.*

# Weekly Economic Update

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*Presented by Fulcrum Financial Group, July 2, 2018*

## **INCOME AND SPENDING RISE, ALONG WITH CORE INFLATION**

According to the latest monthly Department of Commerce snapshot, personal incomes improved 0.4% in May. Personal spending, however, advanced just 0.2% (half the gain forecast by economists polled by Reuters) and was actually flat when adjusted for inflation. May also brought the sixth straight 0.2% monthly increase for the core PCE price index, which the Federal Reserve uses as its inflation yardstick. The core PCE was up 2.0% year-over-year through May, reaching the central bank's annualized inflation target for the first time in more than six years.<sup>1</sup>

## **CONSUMER CONFIDENCE GAUGES SHOW JUNE DECLINES**

The University of Michigan consumer sentiment index and the Conference Board consumer confidence index both came in lower for June. The UMich index dipped 1.1 points from its previous reading to a final June mark of 98.2; meanwhile, the CB's gauge dipped 2.4 points to a still-impressive 126.4.<sup>2</sup>

## **NEW HOME SALES JUMP 6.7%**

In part, this May gain can be credited to a 17.9% surge in the South, which left new home buying in that region at its best annual pace in 11 years. The Census Bureau also noted that the median new home sale price fell 3.3% across the 12 months ending in May.<sup>3</sup>

## A LOSING WEEK, BUT A WINNING QUARTER

All three of the major Wall Street indices retreated last week. The S&P 500 lost 1.33%; the Nasdaq Composite, 2.37%; the Dow Jones Industrial Average, 1.26%. Friday's settlements: S&P, 2,718.37; Nasdaq, 7,510.30; Dow, 24,271.41. This data aside, all three benchmarks were in the green in the second quarter – the S&P advanced 2.93%; the Nasdaq, an impressive 6.33%; the Dow, 0.70%.<sup>4,5</sup>

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### TIP OF THE WEEK



*Are you concerned about your elderly parent's ability to manage financial matters? **Consider accompanying your mom or dad when they meet with their financial professional or CPA.** You may gain some insight.*

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### THIS WEEK

Monday, the Institute for Supply Management releases its June manufacturing PMI. | Nothing major is scheduled for Tuesday. | Wednesday is July 4th; U.S. financial markets are closed for the holiday. | Minutes from the Federal Reserve's June policy meeting appear Thursday, in addition to the latest initial claims numbers, the June Challenger job-cut report, the June ADP payrolls report, and a new ISM service sector PMI. | The Department of Labor presents its June employment report Friday.

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## QUOTE OF THE WEEK



*“Age is mind over matter. If you don't mind, it doesn't matter.”*

SACHEL PAIGE

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% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-1.81	14.02	12.56	11.38
NASDAQ	8.79	22.23	24.14	22.75
S&P 500	1.67	12.34	13.85	11.24

REAL YIELD (%)	6/29 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.74	0.55	0.53	1.48

Sources: wsj.com, bigcharts.com, treasury.gov - 6/29/18<sup>4,6,7,8</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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## THE WEEKLY RIDDLE



*You see them every day, but never together. They appear everywhere, but never at the same time. **What are they?***

*LAST WEEK'S RIDDLE: You have three coins that add up to \$0.31. Two of them are not quarters. What kind of coins do you have?*

*ANSWER: A penny, a nickel, and a quarter.*

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Sarah



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