

WEEKLY ECONOMIC UPDATE

April 2, 2018

WEEKLY QUOTE

“Silence is more musical than any song.”

- Christina Rossetti

WEEKLY TIP

About to start a business? Then be sure to file the correct forms with state government. Get in touch with your Secretary of State’s office (and your city and county) to see what licenses and forms you may need.

WEEKLY RIDDLE

Weight within my stomach, trees on my back, nails in my ribs, and feet I lack. What am I?

Last week’s riddle:

There are 43 hikers walking toward a desert peak. On the way, 6 decide to hike another peak, 12 head back, and 25 make it to the peak. What happens to the rest of them?

Last week’s answer:

There are no more, $6 + 12 + 25 = 43$.

HAS CONSUMER SPENDING MAINTAINED ITS PACE?

A new Department of Commerce report states that consumer spending rose 0.2% in February as consumer incomes improved 0.4%. These numbers replicated January’s gains. Even so, the personal savings rate hit a 6-month peak of 3.4% in February, suggesting that spending may have leveled off in the first quarter. Newly revised data shows that the economy was very healthy in the fourth quarter. Real consumer spending (personal spending adjusted for inflation) increased 4.0% while Gross domestic product expanded at a 2.9% annual rate. (The previous Q4 GDP estimate was 2.5%.)^{1,2}

STILL PLENTY OF OPTIMISM ON MAIN STREET

Last week, the Conference Board announced a reading of 127.7 for the latest edition of its monthly consumer confidence index, not far from the outstanding mark of 130.0 it reached in February. The University of Michigan’s consumer sentiment index also fell slightly, declining to a final, impressive March mark of 101.4 from its preliminary reading of 102.0.²

PENDING HOME SALES INDEX POSTS A GAIN

The National Association of Realtors said that its gauge of housing contract activity rose 3.1% for February, even with seeming obstacles like a thin inventory of existing homes on the market and a scarcity of affordable properties. Pending sales were still down 4.1% year-over-year.³

CHOPPY WEEK ENDS EVENTFUL QUARTER

After sizable advances and retreats across four trading sessions, the three major U.S. equity benchmarks ended higher for the abbreviated market week. The S&P 500 settled Friday at 2,640.87; the Nasdaq Composite, at 7,063.44; the Dow Jones Industrial Average, at 24,103.11. The S&P rose 2.03% in four trading days; the Nasdaq, 1.01%; the Dow, 2.42%.⁴

THIS WEEK: The Institute for Supply Management releases its March factory PMI Monday. Nothing major is scheduled for Tuesday. ISM’s March service sector PMI arrives Wednesday, plus a new ADP payrolls snapshot and earnings from CarMax and Lennar. New initial claims figures and the March Challenger job-cut report appear Thursday. On Friday, the Department of Labor presents its March employment report, and Federal Reserve chair Jerome Powell delivers a speech on the U.S. economic outlook in Chicago.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-2.49	+16.67	+13.07	+9.73
NASDAQ	+2.32	+19.77	+23.23	+21.24
S&P 500	-1.22	+11.85	+13.66	+10.08
REAL YIELD	3/29 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.69%	0.41%	-0.64%	1.13%

Sources: barrons.com, bigcharts.com, treasury.gov - 3/29/18^{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.

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