

WEEKLY ECONOMIC UPDATE

November 27, 2017

WEEKLY QUOTE

“There are two ways of spreading light: to be the candle or the mirror that reflects it.”

- Edith Wharton

WEEKLY TIP

Some investors play a guessing game: they watch Wall Street and try to pick future winners. Other investors recognize that diversification may improve their chances of holding shares in such companies without a lot of guessing.

WEEKLY RIDDLE

Tom figures out that an old grandfather clock is one minute fast every hour. How can Tom manipulate the clock to tell the correct time twice a day, while keeping it running at the same pace?

Last week's riddle:

They can darken the dark; they can also lighten the intensity of the light. What are they?

Last week's answer:

Sunglasses.

CONSUMER SENTIMENT DECLINES FOR NOVEMBER

The University of Michigan's monthly gauge of how households perceive current and future economic conditions ended the month at a mark of 98.5. Compared to the 100.7 final October reading, this was a disappointment. Still, the index was up 5.0 points year-over-year. Richard Curtin, the economist in charge of the consumer survey, noted that the index has hovered near “the highest levels since 2004” since January.¹

HOME BUYING GETS A FALL BOOST

Existing home sales rose 2.0% in October, surpassing the consensus 0.7% gain forecast by analysts polled by Investing.com. Elsewhere in its latest monthly report, the National Association of Realtors revised September's minor advance in home buying down to 0.4%.²

LEADING INDICATORS TAKE A MAJOR LEAP

After a decline of 0.2% in September, the Conference Board's index of leading economic indicators soared 1.2% for October. This was double the gain forecast in a Reuters survey of economists. This surge in the 10-component index may signal an impressive fourth quarter.³

A NEW MILESTONE FOR A MARKET BENCHMARK

Stocks regained their momentum in time for Thanksgiving. During an abbreviated trading week, the S&P 500 settled above 2,600 for the first time, closing at 2,602.42 Friday and going +0.93% across three-and-a-half days. Weekly gains also came for the Nasdaq Composite (1.57%) and the Dow Jones Industrial Average (0.86%); the Nasdaq finished the week at 6,889.16; the Dow, at 23,557.99. The Nasdaq was up 5.07% month-over-month as of Friday's closing bell.^{4,5}

THIS WEEK: Monday, the Census Bureau presents data on October new home sales. The latest S&P/Case-Shiller home price index and the October Conference Board consumer confidence index both appear Tuesday. On Wednesday, Federal Reserve chair Janet Yellen testifies on the U.S. economic outlook in Congress, and investors also consider the second federal government take on Q3 GDP, a new Fed Beige Book, and the NAR's latest pending home sales index. October personal spending data, the October PCE price index, and a new initial unemployment claims report arrive Thursday. The Institute for Supply Management releases its November snapshot of the U.S. factory sector Friday.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+19.20	+23.00	+16.22	+8.15
NASDAQ	+27.98	+27.60	+26.44	+16.53
S&P 500	+16.24	+17.58	+16.94	+8.06
REAL YIELD	11/24 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.50%	0.47%	-0.72%	1.63%

Sources: wsj.com, bigcharts.com, treasury.gov - 11/24/17^{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.

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Sarah



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Website: www.fulcrumfinancialgroup.com



Sarah Carlson CFP[®], CLU, CHFC.

1403 S. Grand Blvd. Suite 201 N.
Spokane, WA 99203
p. 509-747-2075
f. 509-456-2438

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