

WEEKLY ECONOMIC UPDATE

July 31, 2017

WEEKLY QUOTE

“Time sneaks up on you like a windshield on a bug.”

- John Lithgow

WEEKLY TIP

Are you short on retirement savings? One response may be to work longer. Even part-time work could lessen the pressure to draw down your retirement assets.

WEEKLY RIDDLE

They had weight in their stomachs, tall trees on their backs, nails in their ribs, yet feet they lacked. The world saw thousands of them centuries ago. What were they?

Last week's riddle:

After badly losing an away game, a college football team doesn't want their coach to come in and yell at them, so they put 1,000 pounds of weights against a locker room door to prevent him from opening it. He comes in and yells at them face-to-face anyway. Why are they unable to keep him from coming through the doorway?

Last week's answer:

The door opens outward.

HOUSEHOLDS ARE FEELING OPTIMISTIC

Unemployment is at a 16-year low, and the Conference Board's consumer confidence index is near a 16-year high. It reached 121.1 in July, rising 3.8 points; analysts polled by MarketWatch expected a reading of 116.9. The University of Michigan's consumer sentiment index rose to 93.4.^{1,2}

HAVE HOME SALES REACHED A PLATEAU?

Last week, the National Association of Realtors announced a 1.8% June retreat for existing home sales. New home buying only advanced 0.8% for June by Census Bureau calculations. Analysts point to tight supply limiting resales and a scarcity of affordably priced new developments discouraging new home shoppers.³

GROWTH PICKED UP IN THE SECOND QUARTER

According to the Bureau of Economic Analysis, the economy expanded at an annual rate of 2.6% in Q2, with the yearly personal spending rate at 2.8%. As it presented its Q2 estimate, the BEA also revised Q1 consumer spending up from 1.1% to 1.9%.²

THE DOW LEADS THE WAY ON WALL STREET

Ascending 1.16% in five days, the Dow Industrials closed at 21,830.24 Friday. In contrast, both the S&P 500 and Nasdaq Composite staged minor weekly retreats. The S&P declined 0.02% to 2,472.08; the Nasdaq, 0.20% to 6,374.68.⁴

THIS WEEK: On Monday, NAR releases its June pending home sales index, and CNA Financial, Loews Corp., Pandora Media, and Papa John's announce earnings. Tuesday offers earnings from Allstate, Apple, Archer Daniels Midland, Beazer Homes, Big 5 Sporting Goods, Cummins, Denny's, Extended Stay America, HanesBrands, Herbalife, Pfizer, Phillips 66, Pitney Bowes, Sprint, Under Armour, Unisys, and Xerox, plus June consumer spending figures and ISM's July factory PMI. A new ADP payrolls report appears Wednesday, along with earnings news from AmeriGas, AutoNation, Choice Hotels, Container Store, Cumulus Media, Energizer Holdings, Exelon, Fitbit, Garmin, Groupon, Humana, Icahn Enterprises, Marathon Oil, Square, Symantec, Take Two Interactive, Tesla, Time Warner, Transocean, and Vulcan Materials. On Thursday, investors review earnings from AMC Networks, Activision Blizzard, Aetna, Allergan, Avon, Berkshire Hathaway, Callaway Golf, Chesapeake Energy, Duke Energy, Fluor, GoPro, Hyatt, iHeartMedia, Kellogg, Kraft Heinz, Motorola, Noble Energy, Parker-Hannifin, RE/MAX Holdings, Shake Shack, TiVo, Viacom, Western Union, Wingstop, Wyndham Worldwide, Yelp, and Yum! Brands, plus new initial claims numbers and ISM's July services PMI. The Department of Labor's latest jobs report arrives Friday, along with earnings from Cigna, ITT, Revlon, and Sempra Energy.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+10.46	+18.28	+13.39	+6.46
NASDAQ	+18.42	+23.66	+23.10	+14.88
S&P 500	+10.42	+13.92	+15.67	+6.94
REAL YIELD	7/28 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.47%	0.00%	-0.61%	2.48%

Sources: wsj.com, bigcharts.com, treasury.gov - 7/28/17^{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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