

In this week's recap: stocks continue their win streak despite a mediocre jobs report and dips for the ISM indices; household spending and confidence rise.

Weekly Economic Update

Presented by Fulcrum Financial Group, August 6, 2018

ECONOMY ADDS 157,000 NET NEW JOBS

Employers expanded their payrolls in July, but new Department of Labor data showed the hiring pace slowing down. May and June gains, however, were revised up by a combined 59,000, bringing average monthly job growth over the past three months to 224,000. Even with fewer hires, the headline unemployment rate ticked down to 3.9%, and the U-6 rate (factoring in underemployed workers) dropped 0.3% to 7.5%, underneath where it was in July 2017. Last month, wages had improved 2.7%, year-over-year.¹

GOOD NEWS FOR CONSUMER SPENDING AND CONSUMER CONFIDENCE

Personal spending, according to the Department of Commerce, rose 0.4% during June on the heels of a 0.5% May climb. Personal incomes improved by 0.4% in June, duplicating the number from May. Beating the 127.0 forecast of analysts surveyed by MarketWatch, the Conference Board's July consumer confidence index rose 0.3 points to 127.4.²

ISM PURCHASING MANAGER INDICES DECLINE

While still in fine shape, the Institute for Supply Management's twin gauges measuring economic activity in the factory and service sectors fell last month. The Institute's manufacturing PMI went from a 60.2 June reading to a 58.1 July mark. ISM's non-manufacturing PMI lost 3.4 points on the month, heading down to 55.7.³

STOCKS ADVANCE FOR A FIFTH STRAIGHT WEEK

Up 0.76% over five trading sessions, the S&P 500 settled at 2,840.35, Friday. The Nasdaq Composite added 0.96% for the week, reaching 7,812.01 at Friday's closing bell. Blue chips were flat for the week: the Dow Industrials gained but 0.05% to 25,462.58. All three indices

were positive for Friday, even with news that China planned to levy import taxes on \$60 billion more of American exports.^{4,5}

TIP OF THE WEEK



*Usually, there is little point in trying to **negotiate a financial aid package** for a student at one university by referencing another offer made by a different school. Most colleges have tight financial aid budgets to begin with and firm award guidelines for financial aid officers to follow.*

THIS WEEK

Monday's earnings parade includes announcements from Andeavor, Boise Cascade, Hertz Global Holdings, Marriott International, Mosaic, Sempra Energy, Tyson Foods, and Weight Watchers. | Tuesday, Wall Street considers earnings from Aramark, Avis Budget Group, Camping World, Dean Foods, Discovery Channel, Hostess Brands, Invacare, Office Depot, Papa John's, Snap, Walt Disney Co., and Wendy's. | Earnings from CVS Health, Green Dot, Horizon Pharma, Keurig Dr. Pepper, Manulife, Michael Kors, Monster Beverage, Roku, Sinclair Broadcasting, Starwood Hotels & Resorts, Sunoco, TiVo, Twenty-First Century Fox, U.S. Auto Parts, Weibo, Wyndham Destinations, and Yelp appear Wednesday. | Thursday, the July Producer Price Index arrives, along with a new initial jobless claims report and earnings from Gannett, Lions Gate, News Corp., Norwegian Cruise Line, Planet Fitness, Tronc, Viacom, and Vista Outdoor. | Friday marks the appearance of the July Consumer Price Index.

QUOTE OF THE WEEK



“The greatest obstacle to discovery is not ignorance - it is the illusion of knowledge.”

DANIEL BOORSTIN

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	3.01	15.60	12.52	12.56
NASDAQ	13.16	23.21	22.35	24.18
S&P 500	6.24	14.89	13.23	12.74

REAL YIELD	8/3 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.83	0.46	0.42	1.64

Sources: wsj.com, bigcharts.com, treasury.gov - 8/3/18^{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.

THE WEEKLY RIDDLE



Gary drops an egg onto a sidewalk. The egg doesn't break after falling 3 feet. Why?

LAST WEEK'S RIDDLE: What can you feel but never touch, hear but never see?

ANSWER: *The wind.*

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