

WEEKLY ECONOMIC UPDATE

March 5, 2018

WEEKLY QUOTE

“Prejudice is the child of ignorance.”

- William Hazlitt

WEEKLY TIP

If you are on the verge of retiring, you may want to defer some income until you do retire (and presumably find yourself in a lower tax bracket). That choice could lead to tax savings.

WEEKLY RIDDLE

It can hold back cattle, pets, and even people, but never with an order or a command. What is it?

Last week's riddle:

You can crack it, share it, tell it, make it, play it. What is it, can you name it?

Last week's answer:

A joke.

CB: PLENTY OF CONFIDENCE IN THE ECONOMY

The Conference Board's monthly consumer confidence index soared to 130.8 in February – the highest reading seen since November 2000. In January, the gauge was at 124.3. (In the middle of the Great Recession, the index hovered near 25.)¹

SOLID READINGS ON SOME KEY INDICATORS

Further fundamental economic data released last week looked strong. Personal incomes improved 0.4% in January, according to the Bureau of Economic Analysis; that matched the December increase. Personal spending advanced 0.2% last month. The Institute for Supply Management's manufacturing purchasing manager index reached 60.8 in February, up 1.7 points from its impressive January level. Lastly, the BEA made its third, concluding estimate of Q4 GDP last week: 2.5%.²

NEW HOME SALES RETREATED 7.8% IN JANUARY

This decline occurred even as new home inventory reached a 9-year high. With mortgage rates reaching 4.4% and the median new home price up 2.5% in a month to \$323,000, prospective buyers were deterred. The Census Bureau says the rate of new home purchases was down 1.0% year-over-year through January.³

MAJOR INDICES TAKE WEEKLY LOSSES

All three of Wall Street's big benchmarks fell as February gave way to March. Losing 1.08% for the week, the Nasdaq Composite settled at 7,257.87 Friday. The S&P 500 retreated 2.04% in five days, ending the week at 2,691.25. Hit hardest, the Dow Jones Industrial Average slumped 3.05% across the week to 24,538.06.⁴

THIS WEEK: ISM releases its latest service sector PMI on Monday. Tuesday, earnings announcements arrive from Autodesk, H&R Block, Ross Stores, Target, and Urban Outfitters. Wednesday, the Street reviews earnings from Abercrombie & Fitch, Caesars Entertainment, Casey's General Stores, Costco, Dollar Tree, Thor Industries, and Vivint Solar; in addition, the Federal Reserve offers a new Beige Book, and ADP provides its February payrolls snapshot. A new Challenger job-cut report comes out Thursday, along with the latest initial jobless claims figures and earnings results from Dell Technologies, Hovnanian, Global Partners, Kroger, Navistar, Stage Stores, and Verifone. Friday, investors will consider the Department of Labor's February jobs report and Q4 results from Revlon.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-0.73	+16.83	+14.83	+10.02
NASDAQ	+5.13	+23.83	+25.79	+22.13
S&P 500	+0.66	+12.99	+15.45	+10.21
REAL YIELD	3/2 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.74%	0.48%	-0.67%	1.08%

Sources: wsj.com, bigcharts.com, treasury.gov - 3/2/18^{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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