

In this week's recap: the Nasdaq reaches new heights, consumer confidence and spending numbers impress, and a new trade deal could take the place of NAFTA.

Weekly Economic Update

Presented by Rebecca S. Gaylor

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OPTIMISM REIGNS ON MAIN STREET

In August, the Conference Board's respected consumer confidence index made a remarkable leap, rising 5.5 points to 133.4. This was its highest reading in almost 18 years. (Economists surveyed by Briefing.com forecast an August reading of 126.5.) The University of Michigan's consumer sentiment index also improved in its final August edition, ending the month at a mark of 96.2, 0.9 points above its preliminary reading.^{1,2}

STRONG SHOWING FOR PERSONAL SPENDING, IMPROVEMENT FOR Q2 GDP

Households boosted their outlays by 0.4% in July, according to the Department of Commerce. The seventh month of the year also saw a 0.3% gain in personal incomes. In June, both indicators displayed an advance of 0.4%. The Department also issued its first revision to second-quarter economic growth last week, taking the number up 0.1% to an even stronger 4.2%.¹

WILL NAFTA BE REPLACED NEXT YEAR?

Last week, the U.S., Mexico, and Canada progressed toward a new trade deal that would supplant the North American Free Trade Agreement. The proposed new accord, which would be in place for the next 16 years and reviewed every six years, stipulates that 75% of the value of a vehicle sold in North America must be produced in either America, Canada, or Mexico, up from 62.5%. It would require Mexico to put higher wages in place for workers, while keeping Mexican farm exports free from U.S. tariffs. By law, President Trump must give Congress 90 days of notice prior to signing any new trade deal. The Trump administration urged Canada to join the new agreement by September 1, but it actually has until the end of this month to submit a fully detailed trade pact to Congress for review. Capitol Hill lawmakers are unlikely to vote on the deal until mid-2019.^{3,4}

NASDAQ PUSHES PAST 8,000

Another week, another market milestone: the tech benchmark settled at 8,109.68 Wednesday, a record. It ended the week just a hair lower at 8,109.54, advancing 2.06% in five trading sessions. Up 0.93% for the week, the S&P 500 closed out August at 2,901.52. Rising 0.68% in five days, the Dow Industrials finished the month at 25,964.82.^{5,6}

TIP OF THE WEEK



*Retirement plans should be **updated with time**. As your financial situation changes, your plan should **change and evolve**.*

THIS WEEK

Monday is Labor Day, so Wall Street has the day off. | The Institute for Supply Management's August manufacturing PMI appears Tuesday. | Nothing major is scheduled for Wednesday. | ADP's August payrolls report, the latest Challenger job-cut numbers, a fresh Department of Labor initial jobless claims snapshot, and a new ISM service sector PMI all surface Thursday. | On Friday, the Department of Labor presents its August employment report.

QUOTE OF THE WEEK



"Look before you leap."

AESOP

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	5.04	18.30	15.06	12.54
NASDAQ	17.47	26.15	25.18	24.52
S&P 500	8.52	17.39	15.54	12.71

REAL YIELD	8/31 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.78	0.36	0.68	1.68

Sources: wsj.com, bigcharts.com, treasury.gov - 8/31/18^{6,7,8,9}

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



*It can hurt and make people bleed, but in **another environment**, its smaller version can also be instrumental in making them well. What is it?*

LAST WEEK'S RIDDLE: It drapes the hills in white, it does not swallow, but it does bite. What is it?

ANSWER: Frost.

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