

WEEKLY ECONOMIC UPDATE

November 6, 2017

WEEKLY QUOTE

“All generalizations are dangerous, even this one.”

- Alexandre Dumas

WEEKLY TIP

While many company benefits plans offer short-term disability insurance, that coverage usually lasts just 90 days. Because of this, parents (especially single parents) really need to consider some form of long-term disability coverage.

WEEKLY RIDDLE

I am heartless and spineless and live mostly in the dark. When you encounter me, I may try to sting you. What am I?

Last week's riddle:

Isabella's mother has three children. The first child's name is April. The second child's name is May. What is the third child's name?

Last week's answer:

Isabella.

HIRING REBOUNDS, INDUSTRIES EXPAND

According to the Department of Labor, October brought a net gain of 261,000 jobs. (Last month's net loss of 33,000 was revised to a net gain of 18,000.) The headline unemployment rate ticked down to 4.1%, while the broader U-6 rate fell to 7.9% (down 1.3% in 12 months). Wages were up 2.4% year-over-year. The Institute for Supply Management's purchasing manager indices alternately rose and fell in October. The readings were strong: 58.7 for the factory PMI (down 2.1 points), 60.1 for the service sector PMI (up 0.3 points).^{1,2}

CONSUMER SPENDING, CONFIDENCE IMPRESS

Personal spending rose 1.0% in September, helped by households replacing vehicles and goods damaged in hurricanes and floods. This was the largest monthly advance in more than eight years. Personal wages improved 0.4%. The Conference Board's consumer confidence index climbed 6.1 points to 125.9 in October; economists surveyed by MarketWatch expected a reading of 121.3.^{2,3}

JEROME POWELL NOMINATED TO LEAD FED

If his nomination is approved, the Federal Reserve governor and former investment banker will become chairman when Janet Yellen's term ends in February. He is expected to maintain the Fed's current strategy for normalizing monetary policy. The central bank held interest rates steady at its November meeting. Bloomberg puts the odds of a December rate hike at 85%.^{4,5}

ANOTHER ADVANCE FOR STOCKS

All three major indices rose last week, with the gains paralleling those of the previous week. The respective improvements: S&P 500, 0.26% to 2,587.84; Nasdaq Composite, 0.94% to 6,764.44; Dow Jones Industrial Average, 0.45% to 23,539.19.⁶

THIS WEEK: On Monday, AMC Entertainment, Avis Budget Group, CVS Health, Etsy, GoDaddy, Michael Kors, Priceline, Sysco, TripAdvisor, and Weight Watchers announce earnings. Tuesday's earnings roll call includes news from Container Store, Dean Foods, Extended Stay America, Green Dot, Invacare, Marcus & Millichap, Marriott International, Snap, Take-Two Interactive, Valeant Pharmaceuticals, and Zynga. AmeriGas, Hostess Brands, Humana, Square, Starwood Hotels & Resorts, Twenty-First Century Fox, Valvoline, and Wendy's release earnings Wednesday. Thursday, earnings news streams in from AstraZeneca, D.R. Horton, Walt Disney Co., Hertz Global Holdings, Lionsgate, News Corp., and Time. November's initial University of Michigan consumer sentiment index appears Friday, plus Q3 results from ArcelorMittal.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	+19.11	+31.28	+15.96	+7.31
NASDAQ	+25.66	+33.73	+25.37	+14.07
S&P 500	+15.59	+23.90	+16.60	+7.14
REAL YIELD	11/3 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.48%	0.14%	-0.73%	1.92%

Sources: wsj.com, bigcharts.com, treasury.gov - 11/3/17^{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.

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Citations.

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