

In this week's recap: households buy more but feel less upbeat about the near future, the Dow rises, and homebuilders start more projects.

Weekly Economic Update

Presented by David H. Smith, August 20, 2018

MID-SUMMER MEANT BUYING FOR CONSUMERS

According to new Census Bureau data, retail sales were 0.5% improved in July. Core retail sales (all categories except car and truck buying) rose 0.6% last month. The only sour note was the revision the Bureau made to June's headline and core retail sales advances. The overall June retail sales gain was reduced to 0.2% from 0.5%; the core gain, to 0.2% from 0.4%.^{1,2}

HOUSEHOLD SENTIMENT GAUGE DISAPPOINTS

In its initial August edition, the University of Michigan's index of consumer sentiment fell 2.6 points to 95.3. That was a miss: analysts polled by Briefing.com expected a reading of 97.8. This preliminary August reading was also an 11-month low for the index.^{1,2}

A MINOR JULY GAIN FOR HOUSING STARTS

A new federal government report showed residential construction activity up 0.9% last month. Building permits increased 1.5% after three months of retreats.³

DOW LEADS THE WAY ON WALL STREET

Ascending 1.41% over five market days, the Dow Jones Industrial Average closed Friday's trading session at 25,669.32. The S&P 500 also had a positive week, advancing 0.59% to 2,850.13. The same was not true for the Nasdaq Composite. The tech-heavy benchmark lost 0.29% last week to finish at 7,816.33, Friday. Also notable: gold's weekly loss of 2.9%. A strong dollar has put pressure on the yellow metal of late, and this past week was gold's worst on the COMEX in 15 months.^{2,4}

TIP OF THE WEEK



*Many people plan for retirement without giving much thought to **life expectancy**. What if you **live much longer** than you think you will? As you near retirement, take this possibility into account.*

THIS WEEK

On Monday, Estee Lauder presents second-quarter results. | Tuesday's earnings roll call includes announcements from Coty, Kohl's, La-Z-Boy, Medtronic, J.M. Smucker, and Urban Outfitters. | Analog Devices, Lowe's, Stein Mart, and Target offer earnings on Wednesday; in addition, investors will consider minutes from the most recent Federal Reserve policy meeting and July existing home sales figures. | July new home sales data is out Thursday, plus the latest initial claims report and earnings from Alibaba Group, Gap, Hormel Foods, HP, Intuit, and Toro. | Federal Reserve Chairman Jerome Powell gives a speech on monetary policy Friday morning at the Kansas City Fed's annual Jackson Hole economic policy symposium; away from Jackson Hole, Foot Locker announces quarterly earnings and data on July hard goods orders arrives.

QUOTE OF THE WEEK



"Nature does nothing uselessly."

ARISTOTLE

% CHANGE

Y-T-D

1-YR CHG

5-YR AVG

10-YR AVG

DJIA	3.84	18.02	14.04	12.36
NASDAQ	13.22	25.63	23.39	22.34
S&P 500	6.60	17.30	14.43	12.29

REAL YIELD	8/17 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.79	0.42	0.68	1.67

Sources: wsj.com, bigcharts.com, treasury.gov - 8/17/18^{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.

THE WEEKLY RIDDLE



*What is **ready** when you **add a letter** at its end?*

LAST WEEK'S RIDDLE: A cargo truck hauling a load of lumber can carry 2 tons. It approaches a bridge with a sign, which notes that the bridge can support up to 2 tons of weight. The driver sees the sign and reckons that the bridge should hold up under the weight of the truck. Is the driver right?

ANSWER: No, the driver is wrong. If the truck carries no load, it might make it across. The lumber the truck is carrying, however, will push the weight above 2 tons.

David H. Smith may be reached at 810-733-6600 or DSmith@CompleteWA.com
www.completewa.com

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