

*In this week's recap: more downward pressure on equities, retiree incomes get a boost, yearly inflation declines, and consumer sentiment misses expectations.*

# Weekly Economic Update

---

*Presented by David H. Smith, October 15, 2018*

## UNCERTAINTY BREEDS SELLING, FOLLOWED BY A RELIEF RALLY

On Friday, Wall Street rebounded from a disquieting slump that saw the blue chips take an almost 1,400 point dive. The S&P 500 gained 1.42% to snap a 6-session losing streak, the Nasdaq Composite rose 2.29% to fight back from a correction, and the Dow rose 1.15%. A new earnings season may take investors' minds off the insecurities they have felt recently about bond yields, tariffs, and interest rate hikes. Those uncertainties weighed on equities again this past week: the Dow fell 4.19% to 25,339.99; the S&P, 4.10% to 2,767.13; the Nasdaq, 4.86% to 7,496.89. Small caps had it worse than the big three last week: the Russell 2000 lost 5.23%.<sup>1,2</sup>

## INFLATION SOFTENED LAST MONTH

Advancing only 0.1% for September, the headline Consumer Price Index showed a yearly gain of 2.3%, quite a contrast from the 2.9% increase measured in July. The core CPI also advanced 0.1%, and its 12-month gain was unchanged at 2.2%. If further deceleration in the annual inflation rate occurs, that might give the Federal Reserve some pause.<sup>3</sup>

## A LITTLE LESS CONFIDENCE ON MAIN STREET

The latest University of Michigan consumer sentiment index fell short of the heights forecast by economists surveyed by Briefing.com. They expected a preliminary October reading of 100.0. Instead, the index fell to 99.0, 1.1 points below its final September mark.<sup>4</sup>

## SOCIAL SECURITY BENEFITS WILL GROW 2.8% IN 2019

Retirees will soon see a boost in their Social Security payments. Thursday, the Social Security Administration announced that retirement benefits will receive their largest cost-of-living adjustment (COLA) since 2012 next year. The improvement will lift the average monthly payment

to an individual from \$1,422 to \$1,461. The mean monthly payment to a retired couple will rise from \$2,381 to \$2,448.<sup>5</sup>

---

#### TIP OF THE WEEK



*Looking for **more money to save or invest**? You may find it by **eating out less**. If you spend \$300 a month eating out, you could lower that to \$100 a month and free up \$2,400 a year to put into a retirement account or emergency fund.*

---

#### THIS WEEK

On Monday, Bank of America reports Q3 results and the Census Bureau releases its latest monthly retail sales snapshot. | BlackRock, Comerica, CSX, Del Taco, Domino's, J.B. Hunt, IBM, Infosys, Johnson & Johnson, Morgan Stanley, Netflix, UnitedHealth, and W.W. Grainger all announce earnings Tuesday. | Minutes from the Federal Reserve's September policy meeting surface Wednesday, along with data on September housing starts and building permits and earnings from Abbott Labs, Alcoa, Kaiser Aluminum, Kinder Morgan, Northern Trust, Union Bank, U.S. Bank, United Rentals, and Winnebago. | American Express, Bank of New York Mellon, BB&T, Blackstone Group, Celanese, E\*Trade, KeyCorp, Novartis, Nucor, PayPal, Philip Morris, Snap-On, Sonoco, Textron, Travelers Companies, and WD40 present earnings Thursday, when the latest initial jobless claims figures also appear. | Friday, Honeywell, Manpower, Procter & Gamble, Schlumberger, State Street, SunTrust, VF Corporation, and Volvo offer earnings news, and September existing home sales data emerges from the National Association of Realtors.

---

#### QUOTE OF THE WEEK



*“The most important thing in life is to learn how to give out love and how to let it come in.”*

MITCH ALBOM

---

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	2.51	10.94	13.26	16.99
NASDAQ	8.60	13.73	19.54	30.65
S&P 500	3.50	8.48	12.49	17.58

REAL YIELD	10/12 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	1.03	0.44	0.50	2.97

Sources: wsj.com, bigcharts.com, treasury.gov - 10/12/18<sup>2,6,7,8</sup>

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 gives you **information** and **control**, and without it, no work can be done – yet **it costs you nothing**. What is it?*

LAST WEEK'S RIDDLE: They can pass through state after state, all while never moving. What are they?

ANSWER: Interstate highways.

---

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

**Know someone who could use information like this?**

Please feel free to send us their contact information via phone or email. (Don't worry – we'll request their permission before adding them to our mailing list.)

---

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs and expenses, and cannot be invested into directly. All economic and performance data is historical and not indicative of future results. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. The NASDAQ Composite Index is a market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Standard & Poor's 500 (S&P 500) is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. NYSE Group, Inc. (NYSE:NYX) operates two securities exchanges: the New York Stock Exchange (the "NYSE") and NYSE Arca (formerly known as the Archipelago Exchange, or ArcaEx®, and the Pacific Exchange). NYSE Group is a leading provider of securities listing, trading and market data products and services. The New York Mercantile Exchange, Inc. (NYMEX) is the world's largest physical commodity futures exchange and the preeminent trading forum for energy and precious metals, with trading conducted through two divisions – the NYMEX Division, home to the energy, platinum, and palladium markets, and the COMEX Division, on which all other metals trade. Additional risks are associated with international investing, such as currency fluctuations, political and economic instability and differences in accounting standards. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. MarketingPro, Inc. is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

CITATIONS:

- 1 - [thetstreet.com/markets/stocks-on-wall-street-rebound-friday-14742963](http://thetstreet.com/markets/stocks-on-wall-street-rebound-friday-14742963) [10/12/18]
- 2 - [markets.wsj.com/us](http://markets.wsj.com/us) [10/12/18]
- 3 - [marketwatch.com/story/housing-costs-nudge-inflation-higher-in-september-cpi-shows-2018-10-11](http://marketwatch.com/story/housing-costs-nudge-inflation-higher-in-september-cpi-shows-2018-10-11) [10/11/18]
- 4 - [briefing.com/investor/calendars/economic/2018/10/08-12](http://briefing.com/investor/calendars/economic/2018/10/08-12) [10/12/18]
- 5 - [kiplinger.com/article/retirement/T051-C001-S001-social-security-benefits-to-increase-in-2019.html](http://kiplinger.com/article/retirement/T051-C001-S001-social-security-benefits-to-increase-in-2019.html) [10/11/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=10%2F12%2F17&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=10%2F12%2F17&x=0&y=0) [10/12/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=10%2F12%2F17&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=10%2F12%2F17&x=0&y=0) [10/12/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=10%2F12%2F17&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=10%2F12%2F17&x=0&y=0) [10/12/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=10%2F11%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=10%2F11%2F13&x=0&y=0) [10/12/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=10%2F11%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=10%2F11%2F13&x=0&y=0) [10/12/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=10%2F11%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=10%2F11%2F13&x=0&y=0) [10/12/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=10%2F13%2F08&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=10%2F13%2F08&x=0&y=0) [10/12/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=10%2F13%2F08&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=10%2F13%2F08&x=0&y=0) [10/12/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=10%2F13%2F08&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=10%2F13%2F08&x=0&y=0) [10/12/18]
- 7 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyield) [10/12/18]
- 8 - [treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll](http://treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=realyieldAll) [10/12/18]