

*In this week's recap: exceptional jobs data, a rally on Wall Street, high marks for consumer confidence and spending, and a dip for a key factory indicator.*

# Weekly Economic Update

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*Presented by David H. Smith, November 5, 2018*

## HIRING SURGED LAST MONTH

The Department of Labor's latest employment report painted a picture of a thriving economy. Payrolls expanded with 250,000 net new hires in October, with wages improving 3.1% year-over-year (that was the best 12-month wage increase in nine years). Unemployment remained remarkably low at 3.7%; underemployment, as measured by the U-6 rate, ticked down 0.1% to 7.4%. October marked the labor market's 97th straight month of expansion; the main jobless rate has been under 5% for two years. Last month, there were 7.1 million job openings and 6.1 million unemployed Americans.<sup>1,2</sup>

## HOUSEHOLD SPENDING, CONFIDENCE REMAIN STRONG

The Department of Commerce reported an advance of 0.4% for personal spending in September, though personal incomes improved by only half that. The Conference Board's consumer confidence index displayed an excellent 137.9 reading for October.<sup>2,3</sup>

## ISM'S FACTORY SECTOR PMI DECLINES

Slipping to 57.7 for October, the Institute for Supply Management's purchasing manager index of manufacturing activity remained far above the 50 mark that serves as the index's line between sector expansion and contraction. In September, this PMI reached 59.8.<sup>3</sup>

## RED TURNS TO GREEN ON WALL STREET

Last week saw all three major U.S. equity benchmarks add value. A 2.36% weekly gain left the Dow Jones Industrial Average at 25,270.83 when Friday's trading day concluded. The Nasdaq Composite rose even more, improving 2.65% in five days to wrap up the week at 7,356.99. Not to be outdone, the S&P 500 advanced 2.42%. At Friday's closing bell, it stood at 2,723.06. Thanks to these performances, the big three turned positive again for the year.<sup>4</sup>

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## TIP OF THE WEEK



*The **cost of traveling** can surprise you over the holidays. It can be less of a surprise if that cost is factored into your household's **monthly budget**.*

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## THIS WEEK

The Institute for Supply Management releases its monthly non-manufacturing PMI on Monday; investors will consider its latest reading and earnings from Avis Budget Group, Brighthouse Financial, CNA, Invacare, Kemper, Loews, Marriott International, Mosaic, Rent-A-Center, Sysco, and Valvoline. | Earnings appear Tuesday from Archer Daniels Midland, Bausch Health, Boise Cascade, CVS Health, Eli Lilly, Etsy, Frontier Communications, GoDaddy, Martin Marietta, Papa John's, Planet Fitness, Ralph Lauren, and Wendy's. | Wednesday, earnings news emerges from Coty, Dean Foods, Dish Network, Green Dot, Groupon, Horizon Pharma, Hostess Brands, Humana, Keurig Dr. Pepper, Marathon Oil, Michael Kors, Monster Beverage, News Corp., Office Depot, Prudential Financial, Qualcomm, Rockwell Automation, Roku, Sempra Energy, Square, Sunoco, Take-Two Interactive, TiVo, TripAdvisor, and Twenty-First Century Fox. | The Federal Reserve makes an interest rate decision on Thursday, when Activision Blizzard, AMC Entertainment, AstraZeneca, D.R. Horton, Discovery, Dropbox, Hertz Global Holdings, Icahn Enterprises, Lions Gate Entertainment, Redfin, Unisys, Walt Disney Co., and Yelp all present earnings. | The University of Michigan releases its initial consumer sentiment index for November on Friday, complementing the latest wholesale inflation data from the federal government and earnings news from GNC Holdings and Starwood Properties.

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## QUOTE OF THE WEEK



*“Creativity can solve almost any problem. The creative act, the defeat of habit by **originality**, overcomes everything.”*

GEORGE LOIS

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% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	2.23	7.46	12.37	17.12
NASDAQ	6.57	9.56	17.52	32.62
S&P 500	1.85	5.55	10.92	18.18

REAL YIELD	11/2 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	1.16	0.48	0.50	3.09

Sources: wsj.com, bigcharts.com, treasury.gov - 11/2/18<sup>4,5,6,7</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.

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#### THE WEEKLY RIDDLE



*It **floats** when born, **lies down** when alive, and **runs** as it dies.  
What is it?*

*LAST WEEK'S RIDDLE: In a thousand years, you will never find it. In a minute, you will notice it once. In a moment, you will see it twice. What is it?*

ANSWER: The moon.

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#### CITATIONS:

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- 4 - [markets.wsj.com/us](http://markets.wsj.com/us) [11/2/18]
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