

In this week's recap: swift service sector expansion, sustained consumer optimism, a surge in wholesale inflation, and gains for equities.

Weekly Economic Update

Presented by Frank DeMaio, November 12, 2018

SERVICE SECTOR KEEPS BOOMING

At a lofty October mark of 60.3, the Institute for Supply Management's non-manufacturing purchasing manager index was a bit lower than the record 61.6 reading seen in September, but it also beat the 59.3 consensus forecast from Refinitiv. Across the 12 months ending in October, the mean reading for the index was a strong 58.5.^{1,2}

IS THIS THE BEST YEAR FOR CONSUMER SENTIMENT SINCE 2000?

It could turn out that way, if the University of Michigan's influential index maintains its current level. Its preliminary November edition came in at 98.3, slightly below the final October mark of 98.6 and slightly above the 98.0 reading projected in a Bloomberg analyst poll. The gauge has averaged a reading of 98.4 in 2018, a level unseen in the past 18 years.³

WHOLESALE INFLATION JUMPS 0.6% IN A MONTH

Higher costs for fuel and industrial supplies were significant factors, according to the Bureau of Labor Statistics. The PPI rose 2.9% across the 12 months ending in October.⁴

A NEW MONTH, A NEW DIRECTION FOR STOCKS

In November, the market is doing its best to erase the memory of October. All three major indices advanced again last week, with the Dow Industrials adding 2.84%; the S&P 500, 2.13%; the Nasdaq Composite, 0.68%. At Friday's close, their settlements were: Dow, 25,989.30; S&P, 2,781.01; Nasdaq, 7,406.90.⁵

TIP OF THE WEEK



*If the **terms on one of your credit cards change unfavorably**, you may consider dropping the card. Think twice about doing so. If you have had the account for years and the payment history is good, closing it out could possibly hurt your FICO score. Instead, **use that card for minor purchases only**.*

THIS WEEK

Monday marks the observance of Veterans Day; the bond market will be closed, but stocks, currencies, and commodities will be actively traded, with no major earnings news scheduled. | Tuesday, earnings roll in from Advance Auto Parts, Aramark Holdings, Bayer, Beazer Homes, Cumulus Media, Home Depot, and Tyson Foods. | On Wednesday, the latest Consumer Price Index surfaces, and investors also consider earnings news from Cisco, Griffon, Macy's, NetApp, NetEase, and Smart & Final. | October retail sales figures appear Thursday, along with a new initial jobless claims report and earnings from America's Car-Mart, Applied Materials, Energizer Holdings, JCPenney, Nordstrom, Nvidia, Shoe Carnival, Sonos, and Walmart. | Friday, Viacom announces Q4 results.

QUOTE OF THE WEEK



*“The **best and most beautiful things in the world cannot be seen or even touched – they must be felt with the heart.**”*

HELEN KELLER

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	5.14	10.77	12.98	19.30
NASDAQ	7.29	9.73	17.80	35.81
S&P 500	4.02	7.60	11.41	20.25

REAL YIELD	11/9 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	1.15	0.46	0.59	2.84

Sources: wsj.com, bigcharts.com, treasury.gov - 11/9/18^{5,6,7,8}

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



*A young man runs away from home. Cheered on by onlookers, he makes **three lefts**, then finds **two masked men** ahead of him, but he runs toward them. Can you explain why?*

LAST WEEK'S RIDDLE: It floats when born, lies down when alive, and runs as it dies. What is it?

ANSWER: Snow.

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