



Frank DeMaio Presents:

# WEEKLY ECONOMIC UPDATE

June 4, 2018

## WEEKLY QUOTE

“The mystery of life isn’t a problem to solve, but a reality to experience.”

- Frank Herbert

## WEEKLY TIP

All business owners should work on a formal succession plan long before the endgame for their company begins. A solid succession plan addresses tax, legal, and financial issues central to business ownership transfer.

## WEEKLY RIDDLE

You can put me on a table and cut me, but you will never eat me. What am I?

### Last week’s riddle:

Kelsey is 16, and she just learned how to drive. She was on the other side of the road yesterday morning, but did not get a ticket even though a police car saw her. Why?

### Last week’s answer:

She was not driving when she was on the other side of the road.

## HIRING, HOUSEHOLD SPENDING STRENGTHEN

Net job growth surprised to the upside in May: companies added 223,000 more workers than they laid off or fired. At 3.8%, the unemployment rate is now where the Federal Reserve thought it would be at the end of 2018, and it is also at its lowest level since April 2000. Underemployment, as measured by the Department of Labor’s U-6 jobless rate, fell 0.2% in May to a 17-year-low of 7.6%. Year-over-year wage growth was measured at 2.7% in this latest labor market snapshot. In another sign of a strong economy, the Department of Commerce said that consumer spending grew by a noteworthy 0.6% in April, with consumer incomes rising 0.3%.<sup>1,2</sup>

## CONSUMER CONFIDENCE REBOUNDS

The Conference Board’s closely watched consumer confidence index improved to 128.0 in May, rising 2.4 points from its April mark. Analysts polled by MarketWatch expected a reading of 127.5.<sup>2</sup>

## FACTORY SECTOR CONTINUES TO BOOM

Growth picked up in U.S. manufacturing last month, according to the Institute for Supply Management’s May purchasing manager index. At an impressive reading of 58.7, the PMI was 1.4 points better than it was in April and matched its average reading over the past 12 months. The index has not been below 56.5 for a year. Any reading above 50.0 indicates expansion.<sup>3</sup>

## WALL STREET SHRUGS AT NEW IMPORT TAXES

The Trump administration is following through on its pledge to impose tariffs on metals imported from Mexico, Canada, and the European Union – and all those trading partners are responding in kind. Incipient trade war or not, investors felt confident last week – confident enough to send the Nasdaq Composite another 1.62% higher in four days. The S&P 500 added 0.49% in those four sessions, but the Dow Jones Industrial Average fell 0.48% last week. Their respective Friday settlements: Dow, 24,635.21; Nasdaq, 7,554.33; S&P, 2,734.62.<sup>4,5</sup>

**THIS WEEK:** On Monday, Apple kicks off its weeklong 2018 developer conference, and Dell Technologies and Palo Alto Networks announce earnings. The ISM service sector PMI appears Tuesday. Wednesday, Thor Industries reports quarterly results. On Thursday, Wall Street reviews the latest initial jobless claims data and earnings from Broadcom and J.M. Smucker. Friday, nothing major is scheduled.

% CHANGE	Y-T-D	1-YR CHG	5-YR AVG	10-YR AVG
DJIA	-0.34	+16.51	+12.60	+9.70
NASDAQ	+9.43	+20.93	+23.72	+20.32
S&P 500	+2.28	+12.53	+13.54	+9.74
REAL YIELD	6/1 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.80%	0.40%	-0.05%	1.51%

Sources: wsj.com, bigcharts.com, treasury.gov - 6/1/18<sup>5,6,7,8</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.

**Please feel free to forward this article to family, friends or colleagues. If you would like us to add them to our distribution list, please reply with their address.**

**We will contact them first and request their permission to add them to our list.**

Frank DeMaio, CPF®, CFA is a Registered Principal Offering Securities through UNITED PLANNERS' FINANCIAL SERVICES OF AMERICA, A Limited Partnership. Member: FINRA, SIPC. JTD Financial Services and United Planners' are not affiliated. Frank may be reached at 603-641-1010 or [fdemaio@jtdfinancial.com](mailto:fdemaio@jtdfinancial.com).

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 - [reuters.com/article/us-usa-economy/u-s-job-growth-surges-unemployment-rate-falls-to-3-8-percent-idUSKCN1IW1NX](http://reuters.com/article/us-usa-economy/u-s-job-growth-surges-unemployment-rate-falls-to-3-8-percent-idUSKCN1IW1NX) [6/1/18]
- 2 - [marketwatch.com/economy-politics/calendars/economic](http://marketwatch.com/economy-politics/calendars/economic) [6/1/18]
- 3 - [instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?SSO=1](http://instituteforsupplymanagement.org/ISMReport/MfgROB.cfm?SSO=1) [6/1/18]
- 4 - [thetreet.com/markets/stocks-post-sharp-gains-after-jobs-report-14607822](http://thetreet.com/markets/stocks-post-sharp-gains-after-jobs-report-14607822) [6/1/18]
- 5 - [markets.wsj.com/us](http://markets.wsj.com/us) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F1%2F17&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F1%2F17&x=0&y=0) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F1%2F17&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F1%2F17&x=0&y=0) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F1%2F17&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F1%2F17&x=0&y=0) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F31%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=5%2F31%2F13&x=0&y=0) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=5%2F31%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=5%2F31%2F13&x=0&y=0) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=5%2F31%2F13&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=5%2F31%2F13&x=0&y=0) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F2%2F08&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=DJIA&closeDate=6%2F2%2F08&x=0&y=0) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F2%2F08&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=COMP&closeDate=6%2F2%2F08&x=0&y=0) [6/1/18]
- 6 - [bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F2%2F08&x=0&y=0](http://bigcharts.marketwatch.com/historical/default.asp?symb=SPX&closeDate=6%2F2%2F08&x=0&y=0) [6/1/18]
- 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) [6/1/18]
- 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) [6/1/18]